
MINUTES
of the
AUDIT SUBCOMMITTEE MEETING
held
1.36pm Thursday, 24 March 2016
at
Constance Barnicoat Room, 280 Queen Street, Richmond

Present: Councillors M J Higgins (Chair), M J Greening, T B King, J L Inglis

In Attendance: Corporate Services Manager (M J Drummond), Executive Assistant (P White),
Martyn Solomon (Crowe Howarth), Bede Kearney (Audit New Zealand)

Part Attendance: Finance Manager (R Holden), Financial Accountant (B Grammer)

1 OPENING, WELCOME

2 APOLOGIES AND LEAVE OF ABSENCE

Apologies for absence were received from Councillor Paul Sangster and Mr Graham Naylor.

Moved Cr King/Cr Greening
FNAU16-03-1

That apologies Councillor Paul Sangster and Mr Graham Naylor for absence, be accepted.
CARRIED

3 DECLARATIONS OF INTEREST

Nil

4 CONFIRMATION OF MINUTES

Moved Cr Greening/Cr King
FNAU16-03-2

That the minutes of the Audit Subcommittee meeting held on Wednesday, 16 September 2015, be confirmed as a true and correct record of the meeting.

CARRIED

5 REPORTS OF COMMITTEE

Nil

6 PRESENTATIONS

Nil

7 REPORTS

7.1 Action Sheet (RFNAU16-03-07)

The Subcommittee reviewed the Action sheet and noted that some action items would be addressed later in the meeting.

**Moved Cr Greening/Cr Inglis
FNAU16-03-3**

**That the Audit Subcommittee receives the Action Sheet report (RFNAU16-03-07).
CARRIED**

7.2 Audit Management Report for the Annual Report 2014/15

Russell Holden, Finance Manager presented the report. Bede Kearney confirmed that the Audit process had gone well this year. He confirmed that 'open item' meant that there had been no progress.

There was a discussion on the Waimea Community Dam capitalisation of costs that has arisen from the audit report. In particular, what costs in work in progress could be capitalised and what would need to be written off as operation costs.

**Moved Cr King/Cr Greening
FNAU16-03-4**

**That the Audit Subcommittee receives the Audit Management Report for the Annual Report 2014/15 report (RFN16-03-01).
CARRIED**

7.3 Internal audit update

Bryce Grammer, Financial Accountant presented the report. The members noted the break-in of the tenders lockbox at Richmond reception.

Mr Grammer talked about the planned revaluing of the port and aerodrome assets. Mr Drummond added that this would allow for a fair value to be recorded for the assets. The review was due to be signed off in June for the 2015/2016 Annual Report.

He said that the land and buildings will also be revalued this year as per the three-yearly revaluation cycle. The Council was due to put the valuations contract out for tender, but this would occur for the next round of revaluations, not this one.

Mr Grammer asked the Subcommittee if they would like to contribute to the plan for the Annual Report. The members said they'd just like to be kept informed. He said that the 2015/2016

Annual Report would be reporting on the measures (including new measures) in the Long Term Plan.

Mr Kearney said he would roll forward the June date to finalise the audit so that it could be tabled, at least, if not contained in the agenda, for the 23 June 2016 Audit Subcommittee meeting.

Mr Holden talked about the Accounts Receivable Review that staff were currently working on. The current debt management system was quite cumbersome and there were some longstanding debt legacy issues. The review would cover reporting of debt and 'best practice' on managing accounts receivable. This is a long-term project and the Subcommittee would be kept up to date with progress.

In regard to the internal audit function, and the function of the Audit Subcommittee, Mr Drummond was currently working with Subcommittee member Mr Naylor's list of matters he suggested for the audit and risk function. He is creating a matrix for discussion on where the respective matters could be dealt with. Any change to governance (ie the role and function of the Audit Subcommittee) would occur post-local body elections.

Moved Cr Inglis/Cr Higgins

FNAU16-03-5

**That the Audit Subcommittee receives the Internal audit update report (RFNAU16-03-04).
CARRIED**

7.4 NZTA Investment Audit

Bryce Grammer spoke to the report in the agenda. He confirmed that the comment on 'succession planning' meant having more than one person in the organisation capable to do the work, rather than a replacement in his role.

Moved Cr King/Cr Inglis

FNAU16-03-6

**That the Audit Subcommittee receives the NZTA Investment Audit report (RFNAU16-03-03).
CARRIED**

7.5 2015/2016 Audit Arrangements Letter (RFNAU16-03-06)

The members were concerned about the references to 'city council' within the audit arrangement letter, and Mr Kearney said this would be corrected for the copy due to be signed.

Mr Kearney said that it would be good to build into the audit timetable time to allow the Subcommittee to review the draft audit report before the audit process was completed. He clarified that the role for the Subcommittee would be around the narrative, the story being told to the community. Mr Drummond said if there were large issues the Subcommittee would of course be notified as early as possible.

The Subcommittee anticipated reviewing the draft Annual Report at its 8 September 2016 meeting.

The Subcommittee asked that the Mayor be involved in this process. Mr Drummond would look at

who was involved in the process with the draft report and when it would be appropriate to circulate the draft to the Subcommittee (on or around 19 August 2016, and ahead of the 8 September 2016 Audit meeting).

**Moved Cr King/Cr Greening
FNAU16-03-7**

That the Audit Subcommittee receives the 2015/2016 Audit Arrangements Letter report (RFNAU16-03-06), and approves the audit arrangements, with amendments to the timetable and corrections to the references to 'city council'.

CARRIED

8 CONFIDENTIAL SESSION

8.1 Procedural motion to exclude the public

**Moved Cr Higgins/Cr Inglis
FNAU16-03-8**

THAT the public be excluded from the following part(s) of the proceedings of this meeting. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

8.1 Review of leasing procedures

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

8.2 Reputational Risk Register

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely	s7(2)(c)(ii) - The withholding of the information is necessary to	s48(1)(a) The public conduct of the part

to result in the disclosure of information for which good reason for withholding exists under section 7.	protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.	of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
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8.3 Internal Audit - Payroll Control Review

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

CARRIED

Councillor Inglis left the meeting at 3.34 pm

The meeting concluded at 3.40 pm.

Date Confirmed:

Chair: