

MINUTES

FRIDAY 10 MARCH 2006

9.20AM

**Committee Room One
Ground Floor, Council Offices
101 Wakefield Street
Wellington**

PRESENT:

Mayor Prendergast
Councillor McKinnon (Chair)
Councillor Ruben
John Milne
David Pilkington

APOLOGIES:

Councillor Pepperell

001/06QA **APOLOGIES**
(1215/52/01/IM)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

- 1. Receive apologies for absence from Councillor Pepperell.*

002/06QA **CONFLICT OF INTEREST DECLARATIONS**
(1215/52/01/IM)

NOTED:

1. John Milne declared that he had a conflict in Report 7 (on page 88 of the agenda) relating to the Electricity supply request. He indicated that should this matter be raised in discussion he would withdraw from the table.

003/06QA **MINUTES FOR CONFIRMATION**
(1215/52/01/IM)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

1. *Approve the minutes of the meeting held on Monday 15 December 2005, having been circulated, be taken as read and confirmed as an accurate record of the meeting.*

004/06QA **PUBLIC PARTICIPATION**
(1215/52/01/IM)

NOTED:

There was no public participation.

005/06QA **AUDIT ARRANGEMENTS LETTERS**
Report of Helen Rogers – Manager Financial Accounting and Audit New Zealand.
(1215/52/01/IM) (REPORT 1)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

1. *Receive the information.*
2. *Authorise the Mayor and Chief Executive Officer to sign the final 2006/16 LTCCP Audit Arrangements Letter (attached as Appendix One to the officers report).*

3. *Receive and approve for finalisation the draft NZIFRS Audit Arrangements letter (attached as Appendix Two to the officers report).*
4. *Receive and approve for finalisation the draft 2005/06 financial statements Audit Arrangements letter (attached as Appendix Three to the officers report).*

006/06QA AUDITING OF SENSITIVE AREAS AND FRAUD RISKS

Report of John Scott – Director, Risk Assurance (and Standards).

(1215/52/01/IM)

(REPORT 2)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

1. *Receive the information.*
2. *Note that Risk Assurance will work with business units to determine the nature and extent of reviews of risky activities, transactions and locations carried out by the business units and Risk Assurance and to ensure these reviews satisfactorily meet the requirements of the Council's external auditors.*
3. *Note that Risk Assurance will still carry out its own work to provide independent assurance that sensitive areas are being adequately managed and controlled.*
4. *Note that Risk Assurance will report quarterly to the Management Board and Audit and Risk Management Subcommittee on the results of its fraud programme testing.*

007/06QA PROGRESS IN IMPLEMENTING AUDIT NEW ZEALAND'S RECOMMENDATIONS

Report of Helen Rogers – Manager Financial Accounting.

(1215/52/01/IM)

(REPORT 3)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

1. *Receive the information.*
2. *Note the progress made in implementing the recommendations.*

**008/06QA REVIEW OF PROCUREMENT AND PROJECT MANAGEMENT
FOR THE WAITANGI PARK DEVELOPMENT**

Report of John Scott – Director, Risk Assurance (and Standards).

(1215/52/01/IM)

(REPORT 4)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

1. *Receive the information.*
2. *Agree to Risk Assurance carrying out an audit of Wellington Waterfront Limited in April 2006 to review:*
 - i) *WWL's progress in addressing the findings of the Audit New Zealand report on Procurement Processes and Project Management for the Waitangi Park Development;*
 - ii) *the robustness of revised cost forecasts in relation to Waitangi Park.*
3. *Note that WWL and the original contractor are currently in mediation and that this process aims to address the issues in dispute between the two parties.*
4. *Note that in accordance with an earlier Council directive, the Chief Executive has commissioned PriceWaterhouseCoopers to review the structure, monitoring and reporting mechanisms of the Council Controlled Organisations.*
5. *Note that communication processes between WWL and the Council have been strengthened and that senior Council officers meet with WWL officers regularly to monitor progress of the Waterfront development.*

**009/06QA IMPLICATIONS FOR COUNCIL OF NEW AND PROPOSES
FINANCIAL REPORTING STANDARDS (IFRS)**

Report of Helen Rogers – Manager Financial Accounting.

(1215/52/01/IM)

(REPORT 5)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

1. *Receive the information.*

2. *Note the developments in New Zealand generally accepted accounting practice (GAAP) since the last Subcommittee meeting in December 2005.*

(The meeting adjourned for morning tea at 11.00am)

(The meeting reconvened at 11.19am)

010/06QA **RESOLUTION TO EXCLUDE THE PUBLIC**
(1215/52/01/IM)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

1. *Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:*

REPORT 6: Risk Management Update

REPORT 7: Status of Audit Programme/Summary of Work Completed

REPORT 8: Summary of Incidents (to be distributed at meeting)

REPORT 9: Council Debtors Report (to be distributed at the meeting)

Grounds: Section 48(1)(a) Local Government Official Information and Meetings Act – that public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

Section 7(2)(b) protect information where the making available of the information would be likely to unreasonably prejudice the commercial position of Council.

2. *Permit Audit New Zealand to remain at this meeting after the public has been excluded, because of their specialist knowledge of the matters under discussion.*

(The meeting entered into public excluded session at 11.20am.)

(For Items 011/06QA to 14/06QA please see the public excluded minutes.)

The meeting concluded at 1.14pm.

Confirmed: _____
Chair / /