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**MINUTES**

**TUESDAY 27 JUNE 2006**

**11.31AM**

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

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**PRESENT:**

Mayor Prendergast (11.31am – 2.25pm, 2.32 - 2.40pm.)  
Councillor Pepperell  
Councillor McKinnon (Chair)  
Councillor Ruben  
David Pilkington (11.46am – 2.40pm.)

**APOLOGIES:**

John Milne  
David Pilkington (for lateness)

**IN ATTENDANCE:**

Councillor Armstrong (11.31am – 12.04pm.)  
Councillor Shaw (11.58am – 12.30pm.)

015/06QA **APOLOGIES**  
(1215/52/01/IM)

**RESOLVED:**

*THAT the Audit and Risk Management Subcommittee:*

- 1. Receive apologies for absence from John Milne.*
- 2. Receive apologies for lateness from David Pilkington.*
- 3. Note apologies from Audit New Zealand for absence.*

016/06QA **CONFLICT OF INTEREST DECLARATIONS**  
(1215/52/01/IM)

**NOTED:**

There were no conflicts of interest declared.

017/06QA **MINUTES FOR CONFIRMATION**  
(1215/52/01/IM)

**RESOLVED:**

*THAT the Audit and Risk Management Subcommittee:*

1. *Approve the minutes of the meeting held on Friday 10 March 2006, having been circulated, be taken as read and confirmed as an accurate record of the meeting.*

018/06QA **PUBLIC PARTICIPATION**  
(1215/52/01/IM)

**NOTED:**

1. Bernie Harris addressed the subcommittee about issues of depreciation and accounting practices. He highlighted advice he had received from the Office of the Auditor General to confirm the accuracy of Wellington City Council's accounting practices, although he challenged the opinion provided by them. Mr Harris' concerns related to alleged breaches of the Local Government Act (2002), the setting of rates, and renewal accounting.

(David Pilkington joined the meeting at 11.46pm.)

019/06QA **ANNOUNCEMENT OF THE CHAIR**  
(1215/52/01/IM)

**NOTED:**

Councillor McKinnon noted the recent success of officers in winning the Best Annual Report for a Local Authority as well as the Supreme Award at the 2006 Institute of Chartered Accountants Annual Report awards. He extended the subcommittee's congratulations to the Chief Financial Officer and other officers involved in preparing the Annual Report.

Councillor McKinnon, as Chair, noted that it was important that Audit and Risk Management Subcommittee dates were set to ensure if at all possible, the attendance of the external committee members.

020/06QA **FOLLOW UP OF AUDIT NEW ZEALAND'S REVIEW OF THE WAITANGI PARK PROJECT**

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

(1215/52/01/IM)

(REPORT 1)

**RESOLVED:**

*THAT the Audit and Risk Management Subcommittee:*

1. *Receive the information;*
2. *Note the progress that Wellington Waterfront Limited has made against the Audit New Zealand recommendations;*
3. *Note that Wellington Waterfront Limited are indicating likely costs of Waitangi Park to be \$22.1 million, approximately \$0.4 million lower than the figure advised to Council in December, although the final cost verification process has not yet been completed;*
4. *Note that the mediation process has recently been superseded by summary judgement proceedings issued with the High Court by the Receivers representing the contractor (CSC).*
5. *Note that Risk Assurance has scheduled a follow up audit of Wellington Waterfront Limited in its 2006/07 work programme.*

(Councillor Shaw joined the meeting at 11.58pm.)

(Councillor Armstrong left the meeting at 12.04pm.)

021/06QA **STATUS REPORT ON AUDIT NEW ZEALAND AUDIT ARRANGEMENTS, PROGRESS AND FINDINGS**

Report of Helen Rogers – Manager Financial Accounting, in conjunction with Audit New Zealand.

(1215/52/01/IM)

(REPORT 2)

**RESOLVED:**

*THAT the Audit and Risk Management Subcommittee:*

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

(Councillor Shaw left the meeting at 12.30pm.)

022/06QA **IMPLICATIONS FOR COUNCIL OF NEW AND PROPOSED FINANCIAL REPORTING STANDARDS (IFRS)**  
 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 developments in New Zealand generally accepted accounting practice (GAAP) since the last Subcommittee meeting in March 2006.*

(The meeting adjourned at 1.07pm for lunch and reconvened at 1.30pm. When the meeting reconvened Mayor Prendergast, Councillors McKinnon, Pepperell, Ruben and David Pilkington were present.)

023/06QA **DRAFT 2005/06 FINANCIAL STATEMENTS TEMPLATE AND PROPOSED SIGN-OFF PROCESS**  
 Report of Helen Rogers – Manager Financial Accounting.  
 (1215/52/01/IM) (REPORT 4)

**RESOLVED:**

*THAT the Audit and Risk Management Subcommittee:*

1. *Receive the information.*
2. *Note that the draft 2005/06 financial statements reporting template has been reviewed by Audit New Zealand and that their comments/recommendations have been adopted as appropriate.*
3. *Approve the proposed format and disclosures for the 2005/06 financial statements as amended subject to:*
  - (a) *the determination and disclosure of the final results of operations, cashflows and financial position for the year ending 30 June 2006 (and any subsequent impact on the Notes to the financial statements); and*
  - (b) *receiving final clearance by Audit New Zealand.*
  - (c) *consideration of feedback from John Milne*

4. *Approve the sign-off process for the 2005/06 financial statements (refer Appendix 1 of the officer's report).*

**NOTED:**

1. The resolution differs to the recommendations contained in the officer's report as follows:

The Committee added the text in **bold**.

024/06QA **RISK MANAGEMENT UPDATE**

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

(1215/52/01/IM)

(REPORT 5)

**RESOLVED:**

*THAT the Audit and Risk Management Subcommittee:*

1. *Receive the information;*
2. *Note the progress that has been made to date;*
3. *Note that Risk Assurance's work programme for 2006/07 has taken into account the risks identified and held in Methodware;*
4. *Note that Management Board has agreed to the introduction of quarterly assessment and reporting of risks;*
5. *Note that further work is being carried out to:*
  - a. *develop a new Risk Management Standard and that this will be subsequently presented to the Audit and Risk Management Subcommittee for approval;*
  - b. *ensure that the risk management standard is integrated with other key Council standards;*
  - c. *establish a list of significant internal controls, which will ultimately be mapped against the raw risks to determine residual risks;*
  - d. *determine acceptable levels of risk;*
  - e. *promulgate good risk management practice throughout the organisation.*

025/06QA **RESOLUTION TO EXCLUDE THE PUBLIC**  
(1215/52/01/IM)

**RESOLVED:**

*THAT the Audit and Risk Management Subcommittee:*

*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 Assurance Summary of Work Completed**

*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*

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

**Report 7: Audit Programme for 2006/07**

*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*

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

**Report 8: Summary of Incidents**

*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*

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

**Report 9:** *Council Debtors Report*

*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*

*Reason: Section 7(2)(a) protect the privacy of natural persons, including that of deceased natural persons.*

*Section 7(2)(i) to enable the Council to carry out negotiations without prejudice or disadvantage.*

(The meeting entered into public excluded session at 2.08pm.)

(For Items 026/06QA to 029/06QA please see the public excluded minutes.)

The meeting concluded at 2.40pm.

Confirmed: \_\_\_\_\_  
Chair / /