

AUDIT AND RISK MANAGEMENT SUBCOMMITTEE



WEDNESDAY 12 DECEMBER 2012

**10.30AM – 11.11AM
11.13AM – 11.59AM (PUBLIC EXCLUDED)**

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

MEMBERS:

Councillor McKinnon (Chair) (10.30am – 11.59am.)
Councillor Best (10.30am – 11.59am.)
Councillor Lester (10.30am – 11.59am.)
Kevin Simpkins (External) (10.30am – 11.59am.)

APOLOGIES:

Mayor Wade-Brown
David Pilkington (External)

OFFICERS IN ATTENDANCE:

Garry Poole – Chief Executive
Sally Dossor – Director CEO's Office
Peter Garty – Chief Financial Officer
Anthony Wilson – Chief Asset Officer
Vincent Fallon – Manager, Risk Assurance
Nicky Blacker – Manager, Financial Accounting

EXTERNAL AUDITORS:

Andy Burns – Audit New Zealand
David Kidman – Audit New Zealand

DEMOCRATIC SERVICES OFFICERS IN ATTENDANCE:

Antoinette Bliss – Committee Advisor

080/12QA **APOLOGIES**
(1215/52/01/IM)

Moved Councillor McKinnon, seconded Councillor Best, the motion that the Audit and Risk Management Subcommittee accept apologies for absence from Mayor Wade-Brown and David Pilkington.

The motion was put and declared CARRIED.

RESOLVED:

THAT the Strategy and Policy Committee:

- 1. Accept apologies for absence from Mayor Wade-Brown and David Pilkington.*

081/12QA **CONFLICT OF INTEREST DECLARATIONS**
(1215/52/01/IM)

NOTED:

Please see 086/12QA Report 3 – Implications for Council of proposed Financial Reporting Standards for a conflict of interest from Kevin Simpkins.

082/12QA **MINUTES FOR CONFIRMATION**
(1215/52/01/IM)

Moved Councillor Best, seconded Councillor Lester, the motion that the Audit and Risk Management Subcommittee approve the minutes of the meeting held on Monday 8 October 2012, having been circulated, that they be taken as read and confirmed as an accurate record of the meeting.

The motion was put and declared CARRIED.

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

- 1. Approve the minutes of the meeting held on Monday 8 October 2012, having been circulated, that they be taken as read and confirmed as an accurate record of those meetings.*

083/12QA **ACTION POINTS**
(1215/52/01/IM)

NOTED:

The Subcommittee raised various matters of interest at the meeting of Monday 8 October 2012. The action to be taken/ or taken by officers are communicated as follows:

Action points / points raised	Responsibility	Due Date/Action	Response/Action
Update on the Wellington Waterfront assets for the next Audit and Risk Management Subcommittee meeting – circulate the key points prior to the meeting	Manager, Financial Accounting	Dec 2012 (circulate key points as soon as audit has signed off)	Accounts still not signed. A verbal update will be given in the Audit and Risk Management Subcommittee meeting
Send audit management reports for the Council Controlled Organisations to the Subcommittee members (hard copy with covering note not e-mailed)	Manager, Financial Accounting	As soon as all audits are signed off	Waterfront audit is still not complete, other reports have been requested from Council Controlled Organisations
How many people have access to the IT room? – feedback to IT management that this should be based on “absolute need”	Manager, Financial Accounting	As soon as possible	This was communicated to IT. An initial review has been done and only those with valid requirement now have access
Communicate concern re Subcommittee member’s password- update to IT	Manager, Financial Accounting	As soon as possible	This was communicated to IT and the appropriate change made to require a password change every 90 days (in line with policy)
Communicate Subcommittee member’s concern re security to IT (e.g. being able to send e-mails on behalf of others)	Manager, Financial Accounting	As soon as possible	The concern was communicated to IT management
Ensure that the Audit and Risk Management Subcommittee members are informed in advance of any concerns we have on the	Manager, Financial Accounting	Prior to Dec 2012	N/A – submission is included in the December Audit and Risk Management Subcommittee

new PBE standards / any significant impacts			papers for discussion. There are no new standards where we have significant concerns
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084/12QA **AUDIT ARRANGEMENTS FOR THE 2012/13 AUDIT** (10.46AM– 10.52 AM)
 Report of Audit New Zealand.
 (1215/52//01/IM) (REPORT 1)

Moved Kevin Simpkins, seconded Councillor Best, the substantive motion.

The motion was put and declared CARRIED.

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

1. *Receive the information.*
2. *Note the draft Audit Arrangements Letter prepared by Audit New Zealand (attached in Appendix 1 of the officers report).*
3. *Authorise the Mayor to finalise and sign the Audit Arrangements Letter.*

085/12QA **PROGRESS AGAINST AUDIT NEW ZEALAND RECOMMENDATIONS** (10.52AM – 10.56AM)
 Report of Nicky Blacker, Manager – Financial Accounting.
 (1215/52//01/IM) (REPORT 2)

Moved Councillor Lester, seconded Councillor Best, the substantive motion.

The motion was put and declared CARRIED.

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

1. *Receive the information.*

2. *Note the progress made in implementing the Audit New Zealand recommendations attached in Appendix 1 (of the officers report).*

NOTED:

1. Gerard Paver, Group Manager, IT Operations was in attendance for this item.

086/12QA **IMPLICATIONS FOR COUNCIL OF PROPOSED FINANCIAL REPORTING STANDARDS** (10.56AM – 11.12AM)
Report of Nicky Blacker, Manager – Financial Accounting.
(1215/52//01/IM) (REPORT 3)

NOTED:

1. Kevin Simpkins declared a conflict of interest in relation to Report 3 – Implications for Council of proposed Financial Reporting Standards and advised that he would not take part in discussion or vote on the matter.

(Kevin Simpkins withdrew from the table due to a conflict of interest.)

Moved Councillor Best, seconded Councillor Lester, the substantive motion.

The motion was put and declared CARRIED.

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 regular Subcommittee meeting on 2 April 2012.*
3. *Note the implications of the Local Government (Financial Reporting) Regulations 2011 on the Council's financial reporting.*

(Kevin Simpkins returned to the table.)

087/12QA **RESOLUTION TO EXCLUDE THE PUBLIC**
(1215/52/01/IM)

Moved Kevin Simpkins, seconded Councillor Lester, the motion to exclude the public.

The motion was put and declared CARRIED.

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 3 – Risk Management Framework Update

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 4 - 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 5 - 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 6 - 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.

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 went into public excluded session at 11.13am.

For items 088/13QA – 092/13QA see the public excluded minutes.

The meeting concluded at 11.59am.

Confirmed: _____

Chair

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