
MINUTES

FRIDAY 17 JUNE 2005

9.15 AM

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

PRESENT:

Councillor McKinnon (Chair)
Councillor Pepperell
Councillor Ruben
Councillor Shaw
John Milne
David Pilkington

APOLOGIES:

Mayor Prendergast

017/05QA **APOLOGIES**
(1215/55/IM)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

- 1. Accept apologies for absence from Mayor Prendergast.*

018/05QA **CONFLICT OF INTEREST DECLARATIONS**
(1215/55/IM)

NOTED:

1. Councillors Shaw and Pepperell noted an interest due to their involvement with the Capacity Board. Councillor McKinnon noted an interest due to his involvement with the St James Theatre Trust. It was noted these interests were not disqualifying interests.

019/05QA **PUBLIC PARTICIPATION**
(1215/55/IM)

NOTED:

There was no public participation.

020/05QA **PROGRESS IN IMPLEMENTING AUDIT NEW ZEALAND'S
RECOMMENDATIONS**
Report of Helen Rogers – Manager, Financial Accounting.
(1215/55/IM) (REPORT 1)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

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

021/05QA **IMPLICATIONS FOR COUNCIL OF NEW AND PROPOSED
FINANCIAL REPORTING STANDARDS**
Report of Helen Rogers – Manager, Financial Accounting.
(1215/55/IM) (REPORT 2)

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 Subcommittee meeting in March 2005*
3. *Note that a full briefing on NZ IFRS will be provided to **members of the Audit and Risk Management Subcommittee** and all Councillors during phase three of the project.*

NOTED:

The resolution differs from the recommendations in the officer's report as follows:

1. The Subcommittee added the words in **bold**.

022/05QA **HEDGE ACCOUNTING**

Report of Helen Rogers – Manager, Financial Accounting.
(1215/55/IM)

(REPORT 3)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

1. *Receives the information.*
2. *Notes that derivative financial instruments will be recognised within the financial statements in accordance with NZ IFRS.*
3. *Notes that changes in fair value of derivative financial instruments will be recognised within the Statement of Financial Performance, unless the Council achieves hedge accounting in which case they will be deferred within the Statement of Financial Position.*
4. *Approves the recommendation that the Council seek to achieve hedge accounting for derivative instruments from 1 July 2005.*

023/05QA **RISK ASSURANCE REPORTING STRUCTURES AND INDEPENDENCE**

Report of John Scott – Acting Director, Risk Assurance.
(1215/55/IM)

(REPORT 4)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

1. *Receive the information.*
2. *Note that Risk Assurance has a Charter, mission statement and values that clearly set out the authority that Risk Assurance operates under, its independence from management and its reporting lines.*
3. *Note that Risk Assurance is currently researching best practice in terms of internal audit/risk assurance structures and independence issues.*
4. *Note that a final paper including the results of the research, into best practice **and the comments from the Subcommittee**, will be presented to the Subcommittee in September 2005.*

NOTED:

1. The resolution differs from the recommendations in the officer's report. The Subcommittee added the words in **bold**.
2. The Chairman raised the issue of the terms of reference of the Subcommittee and noted that he had discussed these with the Chief Executive and the Acting Director Risk Assurance. It was agreed that the review of the terms of reference of the Subcommittee should include research into best practice for audit committees and ensure that the 'best practice' findings are reflected in the terms of reference. This review would also be reported back to the Subcommittee.

024/05QA **TRIAL BALANCE AND LEVEL OF ACCRUALS**

Report of John Scott – Acting Director, Risk Assurance.
(1215/55/IM)

(REPORT 5)

RESOLVED:

THAT the Audit and Risk Management Subcommittee:

1. *Receive the information.*
2. *Note that several requests for information on accounts 910300 and 910301 have been made and that these requests have been responded to.*
3. *Note that the Office of the Auditor-General conducted a special review of the accounts in question at the request of Councillor Pepperell and confirmed that the balances were appropriate.*
4. *Note that Audit New Zealand conduct a range of standard audit tests on creditor and accrual accounts to ensure completeness and valuation.*
5. *Note that Risk Assurance has also reviewed the 30 June 2004 accrual workpapers and is satisfied as to their validity and valuation.*
6. *Agree that there is sufficient assurance as to the truth and fairness of creditor and accrual balances from the systems put in place by Council Officers, the annual audit work performed by Audit New Zealand, and the independent review conducted by the Office of the Auditor-General.*
7. *Agree that the Subcommittee is satisfied that no further work is required on this matter by the Subcommittee.*

NOTED:

The resolution differs from the recommendations in the officer's report as follows:

1. The Subcommittee added the words in **bold**.

025/05QA **RESOLUTION TO EXCLUDE THE PUBLIC**

(1215/55/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 Assurance – Summary of Work Completed*

REPORT 7: *Review of the Risk Management Framework*

REPORT 8: *Risk Assurance – Audit Programme for Year Ending 30 June 2006*

REPORT 9: *March 2005 Control Self Assessment (CSA) – Summary of Results*

REPORT 10: *Summary of Incidents*

REPORT 11: *Council Debtors Report*

Grounds:

Section 48(1)(a) 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.

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 entered into public excluded session at 12.17pm.)

(For Items 026/05QA - 031/05QA please see the public excluded minutes.)

The meeting concluded at 1.25pm.

Confirmed: _____
Chair / /