

## Governance

Council complies with the laws of New Zealand, and adheres to good business practice, by relying on the processes and systems which constitute the fabric of the organization. Stakeholders rely on these processes to obtain information on Council operations, and to obtain assurance that Council is working in the best interest of the community. This section identifies the parameters within which the business of Council is run.

### Division of responsibility between Council and management

A key to the efficient running of the Council is the clear division between the role of Council and that of management. The Council concentrates on setting policy and strategy, then reviews progress. Management is concerned with implementing the policies and strategies.

While many of the Council's functions have been delegated, the overall responsibility for achieving the vision and goals of the city ultimately rests with the Council. The Council discharges this responsibility by maintaining effective systems of internal control. Internal control includes the policies, systems and procedures established to provide measurable assurance that specific objectives of the Council will be achieved. The Council has acknowledged its responsibility with their signing of the Statement of Compliance and Responsibility.

### Training elected representatives

After each election the Council holds training sessions for all councillors to review their responsibilities as elected members. These sessions include meeting procedures, and an overview of the legislative parameters within which local authorities operate.

### Legislative compliance

Being a regulatory body, the Council administers various regulations and laws. As such, it is vital the Council also complies with all relevant legislation. The Council makes use of an internal legal department and external consultants to ensure this happens.

### Audit

The Local Government Act 2002 requires the Council to prepare financial statements that fairly reflect the organisation's financial position, performance and cash flows. In addition, the Council is required to report on the achievement of non-financial objectives, set three yearly as part of the Long Term Council Community Plan process.

Section 15 of the Public Audit Act 2001 requires the auditor-general to audit both financial and non-financial statements. Audit New Zealand is contracted to perform the audit on behalf of the auditor-general.

### Internal audit

The Council has an internal audit function which is responsible for monitoring the Council's systems of internal control and the quality and reliability of financial information reported to the Council. The work programme is developed and overseen by PricewaterhouseCoopers who report on a quarterly basis to the CEO and the Audit and Risk Committee. Internal audit staff help deliver the programme. The Council liaises closely with the external auditors who review the internal control systems to support their audit opinion.

### Risk management

The Council has an Audit and Risk Committee made up of representatives of the Council and staff. The committee was strengthened during the year with the appointment of two external members experienced in financial and risk management.

Risk management is organisation wide. During the year the Council undertook a "health check" of the risk management framework and reporting. Improvements will be made during 2007.

The Council manages its infrastructure assets in accordance with New Zealand Standard 4360.

### Monitoring Council-controlled organisations

The Council has interests in other organisations. The most important of these is Christchurch City Holdings Limited (CCHL), a wholly owned subsidiary of the Council. CCHL was established to group the Council's trading activities under one umbrella, and to provide an interface between the Council and the commercial activities of its Council-controlled trading organisations (CCTOs). CCHL also borrows in the capital markets to provide a cost-efficient source of funding for the Council. CCHL's key subsidiaries are Orion Group Ltd, Christchurch International Airport Ltd, Lyttelton Port Company Ltd, Red Bus Ltd and City Care Ltd.

Other subsidiaries of the Council are Christchurch City Facilities Ltd, Jade Stadium Ltd and Tuam Ltd. Each CCTO is required to produce a Statement of Intent, developed in consultation with the Council. This document sets out the organisation's objectives, the nature and scope of its activities, its performance targets and the measures by which these can be judged. CCTOs are required to report both quarterly and annually.