

CHRISTCHURCH CITY COUNCIL
MINUTES OF A MEETING OF THE
AUDIT AND RISK MANAGEMENT SUBCOMMITTEE

Held in the No 1 Committee Room, Civic Offices
on Monday 5 May 2008 at 10am

PRESENT: Councillor David Cox (Chairman),
Mayor Bob Parker, (from 10.04am),
Councillors Bob Shearing, Gail Sheriff, Chrissie Williams
and John Hooper and Michael Rondel.

IN ATTENDANCE: **Christchurch City Council**
Paul Anderson, (General Manager Corporate Services),
Diane Brandish (Corporate Finance Manager),
Graeme Nicholas (Senior Auditor) and
Tony McKendry (Committee Adviser).

PriceWaterhouseCoopers
Murray Harrington (Partner).

Audit New Zealand
Scott Tobin and Andrew Timlin

APOLOGY: An apology for lateness was received and accepted from
Mayor Bob Parker.

	ACTION
<p>1. MINUTES OF PREVIOUS MEETING</p> <p>It was resolved on the motion of Councillor Gail Sheriff, seconded by John Hooper, that the minutes of the Subcommittee meeting held on 8 February 2008 be confirmed.</p>	
<p>2. MATTERS ARISING</p> <p>The Chairman reported on his recent meeting with the General Manager Corporate Services at which the following points were agreed to:</p> <ul style="list-style-type: none">• Copies of correspondence from auditors to Council staff to be circulated to members of the subcommittee.• Subcommittee to meet auditors without staff present ie one on one• Ascertain main issues to be addressed eg risk issues of significance and likelihood –current/future	<p>Paul Anderson</p> <p>Chairman</p> <p>Paul Anderson</p>

	ACTION
<ul style="list-style-type: none"> • Audit NZ to provide a detailed audit plan document during the ‘no staff’ session, talk members through the plan with comment on internal/external timetable 	Audit NZ
<ul style="list-style-type: none"> • Comment on Christchurch City Council processes; are they smooth and timely? <ul style="list-style-type: none"> - Reports received, are they sufficient/appropriate? - Efficiency gains –internal, are there better ways? - Compliance gains –external 	Paul Anderson
<ul style="list-style-type: none"> • Internal audit programme. Looking at present/future schedule, interrelate programme for internal/external staff. 	
<ul style="list-style-type: none"> • Annual Reports. Time line for report(s) to allow sufficient time for review (written words not just financial) 	Paul Anderson
<ul style="list-style-type: none"> • Legislation reporting to focus on compliance and to be included for assurance in quarterly CCC Performance Report to Council: <ul style="list-style-type: none"> (a) High impact, high likelihood = immediate action (b) High impact, low likelihood = considered action and have a contingency plan (c) Low impact, high likelihood = considered action (d) Low impact, low likelihood = keep under annual review • Audit appointment with performance measures by Christchurch City Council of Audit NZ, of internal auditors (staff/PWC) reports –quality, timeliness, value and length of contracts, contract fees. • Auditor General – report on Audit NZ with sector brief – circulated to sub committee members. 	Paul Anderson / General Managers
<p>3. CORRESPONDENCE</p>	
<p>Audit New Zealand – Audit engagement</p>	
<p>The Committee Adviser reported the audit engagement and arrangement letter for the 2008 audit had just been received. An electronic version was available from the Corporate Finance Manager. Correspondence to be circulated to sub committee members.</p>	Diane Brandish
<p>The subcommittee received the information.</p>	
<p>Mr Anderson reported on his meeting with Mr Tobin relating to the 2008 audit. Discussion points included:</p>	
<ul style="list-style-type: none"> • Timetable • Fees • Timetable with CCHL 	

<p>It was resolved on the motion of Councillor Bob Shearing, seconded by Councillor Gail Sheriff that the Chairman and Chief Executive of CCHL be notified that if the Council incurs additional audit costs attributable to delays caused by CCHL and / or its associates, then such costs will be recovered from CCHL.</p>	<p>ACTION</p> <p>Paul Anderson</p>
<p>4. SUPPLEMENTARY REPORTS</p> <p>The Chairman referred to the following late reports which were not available at the required time:</p> <ul style="list-style-type: none">• Internal Audit Activity Report – December 2007• Treasury Management Report <p>The Chairman also advised that in terms of section 46(vii) of the Local Government Official Information and Meetings Act 1987, while not being available at the required time, the reports were urgent and cannot wait for the next meeting of the Subcommittee.</p> <p>It was resolved on the motion of the Chairman, seconded by Councillor Shearing, that the late reports be considered at the present meeting.</p>	
<p>5. INTERNAL AUDIT ACTIVITY REPORT – DECEMBER 2007/MARCH 2008 QUARTER</p> <p>Murray Harrington (PWC) spoke to the report prepared by PriceWaterhouse Coopers (PWC) and Graeme Nicholas (Senior Auditor), being a status report on internal audit activities within the Council including:</p> <ul style="list-style-type: none">• The status of audit projects in the current year’s programme• Executive summaries for reports completed during the quarters ending December 2007 and March 2008• Issues outstanding from previous quarters <p>While on track with the internal audit plan, there are three exceptions:</p> <ul style="list-style-type: none">• Annual Residents Survey – to be considered for inclusion in 2008/09• Procurement effectiveness – to be rescheduled in the 2008/09 year• Remuneration policies – deferred pending arrival of new General Manager Human Resources. Dates to be confirmed.	<p>Paul Anderson</p>
<p>They also reported that there are a number of reviews relating to the 2007/08 year in an ‘in progress’ state, and a number awaiting review with the sponsoring General Manager before being reported to the Subcommittee. Executive summaries of the following activities were considered by the Subcommittee:</p>	

	ACTION
<p>Building Inspections Objective of review was to ensure that the Building Inspection processes are well controlled and operating in line with expectations of best practice</p>	
<p>Public Records Objective to ascertain the extent of compliance by the Council of the Public Records Act 2005</p>	
<p>Leased Sports Facilities An examination of current management/lease arrangements for major leased facilities by sports codes and to suggest options to improve effectiveness</p>	
<p>It was agreed by consensus that senior management in the Community Services group prepare a report on issues of concern to the General Manager Corporate Services. These should include:</p>	
<p>Transparency of Council leases on sports facilities Cash control at golf courses Asset management plans</p>	Michael Aitken
<p>Library IT controls A high-level assessment of the controls and procedures over the general computer environment and governance framework supporting the Council libraries</p>	
<p>Revenue – Various activities The review tested the recognition and collection of revenue from debtors The review identified seven issues of which five were now complete. The two outstanding are scheduled for completion Dec 2008</p>	
<p>Software Development Identification and evaluation of planning processes The review identified nine areas where improved opportunities exist. Of these, four have been identified from a risk perspective. The remaining five July 2008.</p>	
<p>Project Office Methodology An assessment of the effectiveness of controls over a Project office, governance and methodology The review identified a number of areas where improvement opportunities exist, and, lessons learnt to date, which the new Team Leader will address</p>	
<p>Internet Usage Testing compliance with the Council’s ‘Policy for the acceptable use of internet and email services’ The test revealed that the policy was out of date</p>	
<p>Cash Handling A review of cash handling and storage processes and assessment of controls</p>	

	ACTION
<p>Subdivision consents A review of subdivision regulatory approvals under the RMA and compliance with accepted practice and legal requirements</p>	
<p>6. TREASURY MANAGEMENT REPORT</p> <p>Paul Anderson spoke to the report which updated the Subcommittee on the Council's key treasury and debtor financial ratios and KPI's.</p> <p>Treasury The Council remains well within it's financial ratio policy limits</p> <p>Debtors The deteriorating position in the balance of overdue accounts (60 days and over) has been addressed with an action plan that will reduce aged debtors by 30 June 2008.</p> <p>It was resolved on the motion of the Chairperson, seconded by Councillor Sheriff, that the report be received.</p>	Diane Brandish
<p>7. ISSUES FOR FUTURE MEETINGS</p> <p>The Subcommittee resolved that the following issue be considered at a future meeting:</p> <p>Council property and asset management – determine terms of reference for a review of key risk areas</p>	Paul Anderson
<p>8. RESOLUTION TO EXCLUDE THE PUBLIC</p> <p>It was resolved on the motion of Councillor Sheriff, seconded by Mayor Bob Parker, that the public be excluded from the following part of the proceedings of this meeting, namely item 9.</p> <p>The general subject to be considered was item 9, Minutes of the previous meeting of 8 February 2008 with the public excluded.</p> <p>The reason for passing this resolution in relation to this matter: Good reason to withhold exists under Section 7. Grounds under Section 48(1) for the passing of the resolution: Section 48(1)(a).</p>	

ACTION

This resolution was made in reliance on Section 48(1)(a) of the Local Government Official Information and meetings Act 1987 and the particular interest protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

Item 6 Prejudice Commercial Position (Section 7(2)(b)(ii))
Conduct of Negotiations (Section 7(2)(i))

It was further **resolved** on the motion of Councillor Sheriff, seconded by Mayor Bob Parker, that Murray Harrington, Scott Tobin and Andrew Timlin be permitted to attend the meeting due to their specialist knowledge of the matter under discussion.

9. **NEXT MEETING**

Tuesday 5 August 2008 at 2pm.

The meeting concluded at 10.45am

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PUBLIC EXCLUDED

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on Monday 5 May 2008 at 10am

PRESENT: Councillor David Cox (Chairman),
Mayor Bob Parker (from 10.04am),
Councillors Bob Shearing, Gail Sheriff, Chrissie Williams
and John Hooper (Associate Senior Partner, BDO Spicers)
and Michael Rondel (Associate, Assurance and Business
Consulting Services, at Poulson Higgs, Christchurch).

IN ATTENDANCE: **Christchurch City Council**
Paul Anderson, (General Manager Corporate Services),
Diane Brandish (Corporate Finance Manager),
Graeme Nicholas (Senior Auditor) and
Tony McKendry (Committee Adviser).

PriceWaterhouseCoopers
Murray Harrington (Partner).

Audit New Zealand
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10. MINUTES OF PREVIOUS MEETING OF 5 MAY 2008

Sections 7(2)(b)(iii) and 7(2)(i)

It was **resolved** on the motion of Councillor Chrissie Williams, seconded by Mayor Bob Parker, that the minutes of the Subcommittee meeting held on 8 February 2008 be confirmed.

ACTION

The meeting concluded at 10.45am