

CHRISTCHURCH CITY COUNCIL

**MINUTES OF A MEETING OF THE
AUDIT AND RISK MANAGEMENT SUBCOMMITTEE**

**Held in the Meeting Room No 1, Civic Offices
on Tuesday, 9 February 2010 at 12.30 pm**

PRESENT: Councillor David Cox (Chairman), Mayor Bob Parker,
Councillors Bob Shearing, Gail Sheriff, Chrissie Williams
and Mr John Hooper.

IN ATTENDANCE: **Christchurch City Council**
Paul Anderson, (General Manager Corporate Services),
Diane Brandish (Corporate Finance Manager), Chris
Gilbert (Legal Services Manager), Graham Nicholas
(Internal Audit Manager) and Warren Brixton (Committee
Adviser).

PriceWaterhouseCoopers
Murray Harrington (Partner).

Audit New Zealand
Scott Tobin and Andrew Timlin.

APOLOGIES: An apology for absence was received and accepted from
Mr Michael Rondel (Polson Higgs).

	ACTION
<p>2. MINUTES OF PREVIOUS MEETING</p> <p>It was resolved that the minutes of the meeting of 2 December 2009 be confirmed.</p>	<p>Warren Brixton</p>
<p>8. CORPORATE FINANCE REPORT FOR THE PERIOD ENDED JANUARY 2010</p> <p>Diane Brandish provided an update on key financial and treasury matters for the four months ending January 2010.</p> <p>Debtors</p> <p>A Schedule of Debtors over \$20,000, as at 31 January 2010, was tabled and it was explained that the majority of these are related to Resource Consent Appeal actions.</p>	

Audit New Zealand Management Report on 2008/09 Annual Report

Scott Tobin noted that the Council had focused on improvements and this was to be encouraged, Murray Harrington adding it could be seen as a responsive and commercial approach.

In the discussion that followed comment was made regarding:

- P20 6.2 - Management comment – vendor linkage not only applies to employees but also elected representatives.
- P22 6.5 - Review of loan agreements – Is there a problem with ‘loan schemes’?
- Appendix 3 - Status of issues reported after the 2007/08 audit – A “score card” type rating would be helpful.
- Network Security – An update on “security” aspects of the Council’s Network System including whether there has been attempts to infiltrate it was requested.

It was noted that an IT controls audit is to be conducted in the near future.

It was **resolved** that the Report be received.

Diane Brandish

11. UPDATE FROM GENERAL MANAGER CORPORATE SERVICES

Paul Anderson provided an update on:

- Local Government Debt Vehicle – Local Government New Zealand is leading an initiative looking at the establishment of a local government debt vehicle (a centralised bond bank). The Government was supportive and following a scoping study the project is moving into the detailed design phase.
- Half year financials – The current forecast, adjusted for carry-forwards is for a surplus of approximately \$3.0 million. Management is also aware of the possibility of the need for a \$1.1 million payment to Riskpool, lowering the surplus to around \$2 million. This is an acceptable position for a mid-year forecast and allows some flexibility for any unexpected costs that may arise. The main driver is lower interest rates and a higher rate take.

For capital carry-forwards, the current forecast is for 15.2 per cent carry forward, although management expect this to increase to around 20-22 per cent. However there is likely to be a positive budget variance in the capital programme as a result of good tender pricing this year and a strong focus on delivering projects to scope.

	ACTION
<ul style="list-style-type: none">• Performance Framework – The process adopted by the Council’s Executive Team to deliver the annual plan programme was explained and examples of how this was incorporated in the “Plan on a Page”, given.	
<p>3. RESOLUTION TO EXCLUDE THE PUBLIC</p> <p>It was resolved that the resolution to exclude the public as set out on page 5 of the agenda be adopted.</p>	
<p>10. NEXT MEETING</p> <p>Tuesday, 4 May at 12.15 pm (Meeting Room No. 1).</p> <p>The meeting concluded at 2.00pm.</p>	Warren Brixton