

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

Held in the Committee Room 1, Civic Offices
on Tuesday, 29 September 2010 at 12.30pm

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

IN ATTENDANCE: **Christchurch City Council**
Paul Anderson (General Manager Corporate Services),
Diane Brandish (Corporate Finance Manager),
Bernie Biggs (Senior Financial Accountant),
Warren Brixton (Committee Adviser).

Audit New Zealand
Scott Tobin and Andrew Timlin.

PricewaterhouseCoopers
Murray Harrington.

APOLOGIES: An apology for absence was received and accepted from
Councillor Bob Shearing.

2. DRAFT ANNUAL REPORT

Diane Brandish in introducing the subject commented that:

- The Report was a fortnight later than expected due to the disruption caused by the earthquake on 4 September 2010.
- The Committee's approval was now being sought to enable it to be considered by the Council the following day.
- The Financial team was there to answer questions.

Mrs Brandish then provided an overview of the Report covering:

- Initial Position – accounting surplus \$16.8 million or 13.9 per cent below plan
- Forecast Difficulty – this occurred with development contributions and depreciation.
- Write Downs – Tuam Limited, the Theatre Royal and Heritage Trust buildings contributed to the situation.

ACTION

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In the discussion that followed comment or questions were asked as to:

- The timing of the completion of the new Aranui Library, (in light of the earthquake).
- That a comment be added drawing the reader's attention to the change in ratios from those reported in prior years.

In response, Scott Tobin reported that from the Audit Office perspective:

- The audit process went well and an unqualified audit opinion would be issued.
- It was too early to put out information related to the impact of the 4 September 2010 earthquake but a meeting would be held with Council financial staff to work through changes to the LTP.
- While the focus of the audit was financial, roading and water levels of service were well handled.
- The government's change to the treatment of depreciation on buildings accounted for the large movement in the deferred tax balance within the accounts.

The discussion then turned to the affect of the earthquake, it being pointed out that the Council may have to make changes to the Capital Works programme and Levels of Service.

It was **resolved** that

- (a) The General Manager Corporate Services be authorised to make changes as required by Audit New Zealand to correct errors in preparation for presentation to the Council on 30 September 2010.
- (b) The Christchurch City Council 2010 Annual Report be forwarded to the Council for adoption.

The meeting concluded at 1.10pm with reciprocal thankyou's being exchanged between the Committee members, Audit New Zealand officials and Council staff.