

## AUDIT COMMITTEE

**MINUTES:** of a meeting of the Audit Committee which commenced at 11.35 a.m. in the Committee Room, Centreway Road, Orewa on Tuesday, 6 July 2010.

**PRESENT:** Stuart Bauld (Chairperson)  
Alan Curtis  
Cr John Kirikiri (Deputy Mayor)  
Roy Tiffin

**IN ATTENDANCE:** Director: Corporate Services (Kevin Ramsay)  
Manager: Finance (Morna Macfarlane)  
Group Manager: Financial Services (Warren Stevens)  
Democracy Services Officer (Raewyn Morrison)

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*Note: Karen MacKenzie, Audit Director from Audit New Zealand was also present at the meeting.*

**411/07/10                      APOLOGIES**

**AGENDA ITEM NO.        1**

There were no apologies.

**412/07/10                      CONFLICTS OF INTEREST**

**AGENDA ITEM NO.        2**

Mr Tiffin reminded members of the Audit Committee that he was the General Manager for the Accounting Standards Review Board and that he was also a member of the Auckland City Council Risk and Audit Committee.

Mr Bauld wished it to be noted that he was a member of the interviewing panel for the Auckland Transition Agency.

Mr Curtis wished it to be noted that he was a ratepayer in Rodney District and also that he was on the Planning Committee of the Museum of Transport and Technology (MOTAT).

6 July 2010

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**413/07/10**                    **ACKNOWLEDGEMENTS OF MINUTES**  
**FILE REF**                    CF/1/1  
**AGENDA ITEM NO.**        3

Karen MacKenzie, Audit Director from Audit New Zealand, requested that clarification be noted on two points in the minutes of the previous meeting:

Regarding the comments noted in the previous meeting on presenting a draft arrangements letter, Ms MacKenzie requested the following clarification;

*In relation to the audit of the Statement of Service Performance, Ms MacKenzie advised that the Auditor-General's revised standard changed the opinion that Audit New Zealand would be issuing, as they were required to consider whether the performance framework was appropriate and whether it fairly reflected the sort of activities the Council had been involved in and what it had achieved.*

Ms MacKenzie also requested that the comments in the previous minutes regarding Appendix 2 of the Management Report and the issue of Araparera Joint Venture be clarified;

*Ms MacKenzie informed that the Annual Report adoption and public release dates noted in Appendix 2 of the Management Report had subsequently been advised to the Office of the Auditor-General and that the Council needed to form a view on the status of the Araparera Joint Venture as it was not on the list of Council Controlled Organisations being considered by the Auckland Transition Agency. If Rodney District Council did not resolve the status of the Joint Venture then the new Auckland Council would need to determine its status.*

Director: Corporate Services (Kevin Ramsay) responded to questions from the Audit Committee in regard to Penlink and Rodney Properties Ltd. It was agreed that the draft minutes would be circulated to Ms MacKenzie in the future.

**Bauld/Kirikiri**

**That subject to the above points noted, the minutes of the meeting dated 9 February 2010 be acknowledged and received.**

**Carried**

6 July 2010

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**414/07/10                      EXTERNAL AUDIT ARRANGEMENTS****FILE REF                      CF/1/1****AGENDA ITEM NO.        4**

Karen MacKenzie, Audit Director from Audit New Zealand, gave an overview of the Audit Arrangements Letter and document for the 16 month period ending 31 October 2010.

Audit Committee members requested that under the heading 'Governance' the wording be amended to better reflect that the Rodney District Council had to *prepare* the annual report but the new Auckland Council had the responsibility *for adopting it*. The Audit Committee noted the increased audit risk in regard to protecting assets as the new Auckland Council structure was implemented.

Other items of discussion included:

- Possible risks arising around transition time including the possibility of two invoices being generated for the same job, one to the former Council and the other to the new Auckland Council.
- The auditing governance part of reviewing the annual report was missing from the Audit Arrangement document (previously this had been the role of the Audit Committee).
- Clarification on signing off the Audit Report.
- The possibility of the Audit Committee members continuing with some role under the Auckland Council structure so that the knowledge be used in finalising the Rodney District Council's annual report. Ms Mackenzie to investigate whether this could be as a sub committee (for example) to the new Auckland Council.
- The loss of institutional knowledge and the risk factors associated with this.
- Assurance that Rodney District Council's management structure had adequate resourcing available.
- Intangible assets and how they would be dealt with.
- The issue of Araparera Forest which was unresolved in terms of accountability requirements and the fact that the Inland Revenue Department needed to make a decision on its status as an entity.
- Audit New Zealand fees (at the moment an estimate).

Director: Corporate Services (Kevin Ramsay) said it was intended that critical staff would be somehow retained to work on the annual report.

Manager: Finance (Morna Macfarlane) informed that as a result of the new Auckland Council taking effect, some of Rodney District Council's land and buildings would be revalued and that some would be transferred to Council Controlled Organisations (CCOs) Watercare and the Regional Transport Agency. There had been discussion with Audit New Zealand in regard to whether revaluations should be booked and therefore included in Rodney District Council's closing balance or whether that should only be reflected in the opening balances of the new Auckland Council. Following discussion the Audit Committee agreed that revaluations and other adjustments should be reflected in the closing financial statements of Rodney District Council.

Audit Committee members considered that it would be necessary to meet in August and October (in addition to the meeting scheduled in September). Mr Ramsay said he would identify and circulate suggested meeting dates. Audit Committee members requested that clarity be provided at the next meeting in regard to the annual report; the letters of representation and its adoption.

**Tiffin/Curtis**

**That the information be received and that the Audit Committee recommend to the Council that the Audit Arrangements Letter be signed.**

**Carried**

6 July 2010

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12.58 p.m. - 1.32 p.m. Luncheon adjournment.

**415/07/10**                    **UPDATE ON AUCKLAND REGIONAL GOVERNANCE**  
**FILE REF**                    CF/1/1  
**AGENDA ITEM NO.**        5

Director: Corporate Services (Kevin Ramsay) updated the Audit Committee on Auckland Regional Governance. Mr Ramsay informed that the third piece of legislation had now been enacted and that the Rodney District Council's Local Bill would be re-tabled at Parliament on 21 July 2010.

**Curtis/Tiffin**

**That the update on Auckland Regional Governance be received.**

**Carried**

6 July 2010

**416/07/10 PUBLIC EXCLUDED**  
**AGENDA ITEM NO. 6**

**Curtis/Tiffin**

**Recommendation:**

That the public be excluded from the following parts of the proceedings of this meeting, namely:

Minute No(s) 417/07/10, 418/07/10, 419/07/10 and 420/07/10

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under section 48(1) for the passing of this resolution
RDC Business Continuity Arrangements	The disclosure of information would not be in the public interest because of the greater need to protect the privacy of natural persons, including that of deceased natural persons (section 7(2)(a) Local Government Official Information and Meetings Act 1987).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist, under section 6 or section 7 (except section 7(2)(f)(i) of the Act). (section 48(1)(a) Local Government Official Information and Meetings Act 1987.)
Weather Tightness Issue	The disclosure of information would not be in the public interest because of the greater need to maintain legal professional privilege (section 7(2)(g) Local Government Official Information and Meetings Act 1987).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist, under section 6 or section 7 (except section 7(2)(f)(i) of the Act). (section 48(1)(a) Local Government Official Information and Meetings Act 1987.)
Booking Transaction Investigation	The disclosure of information would not be in the public interest because of the greater need to maintain legal professional privilege (section 7(2)(g) Local Government Official Information and Meetings Act 1987).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist, under section 6 or section 7 (except section 7(2)(f)(i) of the Act). (section 48(1)(a) Local Government Official Information and Meetings Act 1987.)
Financial Contributions	The disclosure of information would not be in the public interest because of the greater need to maintain legal professional privilege (section 7(2)(g) Local Government Official Information and Meetings Act 1987).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist, under section 6 or section 7 (except section 7(2)(f)(i) of the Act). (section 48(1)(a) Local Government Official Information and Meetings Act 1987.)

**Carried**

6 July 2010

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The meeting closed at 2.45 p.m.

CONFIRMED AS A TRUE AND CORRECT RECORD THIS 19TH DAY OF AUGUST 2010

MAYOR

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6 July 2010

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**CONFIDENTIAL**