

## **Audit and Risk Management Committee**

### **AGENDA**

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#### **Notice of Meeting:**

An ordinary meeting of the Audit and Risk Management Committee will be held on:

**Date:** Friday 5 March 2021  
**Time:** 2pm  
**Venue:** Council Chambers, Level 2, Civic Offices,  
53 Hereford Street, Christchurch

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#### **Membership**

Chairperson	Ms Kim Wallace
Deputy Chairperson	Councillor Sam MacDonald
Members	Mayor Lianne Dalziel
	Ms Jacqueline Robertson Cheyne
	Mr Michael Rondel
	Councillor Pauline Cotter
	Deputy Mayor Andrew Turner

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**1 March 2021**

#### **Principal Advisor**

Diane Brandish  
Acting General Manager Finance and  
Commercial  
Tel: 941 8454

Mark Saunders  
Committee and Hearings Advisor  
941 6436  
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Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any reports, please contact the person named on the report.

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<https://www.ccc.govt.nz/the-council/meetings-agendas-and-minutes/>

# Developing Resilience in the 21st Century

Strategic Framework



Whiria ngā whenu o ngā papa,  
honoa ki te maurua tāuiki

Bind together the strands of each mat and join  
together with the seams of respect and reciprocity

## Ōtautahi–Christchurch is a city of opportunity for all

Open to new ideas, new people and new ways of doing things – a city where anything is possible

### Principles

Being open,  
transparent and  
democratically  
accountable

Promoting  
equity, valuing  
diversity and  
fostering inclusion

Taking an inter-generational approach  
to sustainable development,  
prioritising the social, economic  
and cultural wellbeing of  
people and communities  
and the quality of the  
environment, now  
and into the  
future

Building on the  
relationship with  
Te Rūnanga o Ngāi Tahu  
and the Te Hononga–Council  
Papatipu Rūnanga partnership,  
reflecting mutual understanding  
and respect

Ensuring  
the diversity  
and interests of  
our communities  
across the city and the  
district are reflected in  
decision-making

Actively collaborating and  
co-operating with other  
local, regional  
and national  
organisations

### Community Outcomes

#### Resilient communities

Strong sense of community  
Active participation in civic life  
Safe and healthy communities  
Celebration of our identity  
through arts, culture, heritage,  
sport and recreation  
Valuing the voices of all cultures  
and ages (including children)

#### Liveable city

Vibrant and thriving city centre  
Sustainable suburban and  
rural centres  
A well connected and accessible  
city promoting active and  
public transport  
Sufficient supply of, and  
access to, a range of housing  
21st century garden city  
we are proud to live in

#### Healthy environment

Healthy water bodies  
High quality drinking water  
Unique landscapes and  
indigenous biodiversity are  
valued and stewardship  
exercised  
Sustainable use of resources  
and minimising waste

#### Prosperous economy

Great place for people, business  
and investment  
An inclusive, equitable economy  
with broad-based prosperity  
for all  
A productive, adaptive and  
resilient economic base  
Modern and robust city  
infrastructure and community  
facilities

### Strategic Priorities

Enabling active  
and connected  
communities  
to own their future

Meeting the challenge  
of climate change  
through every means  
available

Ensuring a high quality  
drinking water supply  
that is safe and  
sustainable

Accelerating the  
momentum  
the city needs

Ensuring rates are  
affordable and  
sustainable

### Ensuring we get core business done while delivering on our Strategic Priorities and achieving our Community Outcomes

Engagement with  
the community and  
partners

Strategies, Plans and  
Partnerships

Long Term Plan  
and Annual Plan

Our service delivery  
approach

Monitoring and  
reporting on our  
progress

## **AUDIT AND RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE / NGĀ ĀRAHINA MAHINGA**

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<b>Chair</b>	Kim Wallace (Independent)
<b>Deputy Chair</b>	Councillor Sam MacDonald
<b>Membership</b>	Mayor Lianne Dalziel Deputy Mayor Andrew Turner Councillor Pauline Cotter  External Members: Mr Michael Rondel Ms Jacqueline Robertson Cheyne
<b>Quorum</b>	Half of the members if the number of members (including vacancies) is even, or a majority of members if the number of members (including vacancies) is odd.
<b>Meeting Cycle</b>	Quarterly and as required
<b>Reports To</b>	Council

### ***Purpose***

To assist the Council to discharge its responsibility to exercise due care, diligence and skill in relation to the oversight of:

- the robustness of the internal control framework;
- the integrity and appropriateness of external reporting, and accountability arrangements within the organisation for these functions;
- the robustness of risk management systems, process and practices;
- internal and external audit;
- accounting policy and practice;
- compliance with applicable laws, regulations, standards and best practice guidelines for public entities; and
- the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.

The foundations on which this Committee operates, and as reflected in this Terms of Reference, includes: independence; clarity of purpose; competence; open and effective relationships and no surprises approach.

### ***Procedure***

- In order to give effect to its advice the Committee should make recommendations to the Council and to Management.
  - The Committee should meet the internal and the external auditors without Management present as a standing agenda item at each meeting where external reporting is approved, and at other meetings if requested by any of the parties.
  - The external auditors, the internal audit manager and the co-sourced internal audit firm should meet outside of formal meetings as appropriate with the Committee Chair.
-

- The Committee Chair will meet with relevant members of Management before each Committee meeting and at other times as required.

## ***Responsibilities***

### Internal Control Framework

- Consider the adequacy and effectiveness of internal controls and the internal control framework including overseeing privacy and cyber security.
- Enquire as to the steps management has taken to embed a culture that is committed to probity and ethical behaviour.
- Review the processes or systems in place to capture and effectively investigate fraud or material litigation should it be required.
- Seek confirmation annually and as necessary from internal and external auditors, attending Councillors, and management, regarding the completeness, quality and appropriateness of financial and operational information that is provided to the Council.

### Risk Management

- Review and consider Management's risk management framework in line with Council's risk appetite, which includes policies and procedures to effectively identify, treat and monitor significant risks, and regular reporting to the Council.
- Assist the Council to determine its appetite for risk.
- Review the principal risks that are determined by Council and Management, and consider whether appropriate action is being taken by management to treat Council's significant risks. Assess the effectiveness of, and monitor compliance with, the risk management framework.
- Consider emerging significant risks and report these to Council where appropriate.

### Internal Audit

- Review and approve the annual internal audit plan, such plan to be based on the Council's risk framework. Monitor performance against the plan at each regular quarterly meeting.
- Monitor all internal audit reports and the adequacy of management's response to internal audit recommendations.
- Review six monthly fraud reporting and confirm fraud issues are disclosed to the external auditor.
- Provide a functional reporting line for internal audit and ensure objectivity of internal audit.
- Oversee and monitor the performance and independence of internal auditors, both internal and co-sourced. Review the range of services provided by the co-sourced partner and make recommendations to Council regarding the conduct of the internal audit function.
- Monitor compliance with the delegations policy.

### External Reporting and Accountability

- Consider the appropriateness of the Council's existing accounting policies and practices and approve any changes as appropriate.
  - Contribute to improve the quality, credibility and objectivity of the accounting processes, including financial reporting.
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- Consider and review the draft annual financial statements and any other financial reports that are to be publicly released, make recommendations to Management.
- Consider the underlying quality of the external financial reporting, changes in accounting policy and practice, any significant accounting estimates and judgements, accounting implications of new and significant transactions, management practices and any significant disagreements between Management and the external auditors, the propriety of any related party transactions and compliance with applicable New Zealand and international accounting standards and legislative requirements.
- Consider whether the external reporting is consistent with Committee members' information and knowledge and whether it is adequate for stakeholder needs.
- Recommend to Council the adoption of the Financial Statements and Reports and the Statement of Service Performance and the signing of the Letter of Representation to the Auditors by the Mayor and the Chief Executive.
- Enquire of external auditors for any information that affects the quality and clarity of the Council's financial statements, and assess whether appropriate action has been taken by management.
- Request visibility of appropriate management signoff on the financial reporting and on the adequacy of the systems of internal control; including certification from the Chief Executive, the Chief Financial Officer and the General Manager Corporate Services that risk management and internal control systems are operating effectively;
- Consider and review the Long Term and Annual Plans before adoption by the Council. Apply similar levels of enquiry, consideration, review and management sign off as are required above for external financial reporting.
- Review and consider the Summary Financial Statements for consistency with the Annual Report.

#### External Audit

- Annually review the independence and confirm the terms of the audit engagement with the external auditor appointed by the Office of the Auditor General. Including the adequacy of the nature and scope of the audit, and the timetable and fees.
  - Review all external audit reporting, discuss with the auditors and review action to be taken by management on significant issues and recommendations and report to Council as appropriate.
  - The external audit reporting should describe: Council's internal control procedures relating to external financial reporting, findings from the most recent external audit and any steps taken to deal with such findings, all relationships between the Council and the external auditor, Critical accounting policies used by Council, alternative treatments of financial information within Generally Accepted Accounting Practice that have been discussed with Management, the ramifications of these treatments and the treatment preferred by the external auditor.
  - Ensure that the lead audit engagement and concurring audit directors are rotated in accordance with best practice and NZ Auditing Standards.
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#### Compliance with Legislation, Standards and Best Practice Guidelines

- Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Best Practice Guidelines.

#### Appointment of Independent Members

- Identify skills required for Independent Members of the Audit and Risk Management Committee. Appointment panels will include the Mayor or Deputy Mayor, Chair of Finance & Performance Committee and Chair of Audit & Risk Management Committee. Council approval is required for all Independent Member appointments.
- The term of the Independent members should be for three years. (It is recommended that the term for independent members begins on 1 April following the Triennial elections and ends 31 March three years later. Note the term being from April to March provides continuity for the committee over the initial months of a new Council.)
- Independent members are eligible for re-appointment to a maximum of two terms. By exception the Council may approve a third term to ensure continuity of knowledge.

#### ***Long Term Plan Activities***

Consider and review the Long Term and Annual Plans before adoption by the Council. Apply similar levels of enquiry, consideration, review and management sign off as are required above for external financial reporting.

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## Audit and Risk Management Committee Forward Work Programme 2021

2021	Feb – Draft LTP	Mar - Quarterly	Jun – Quarterly & Final LTP	Sep – Quarterly	Sep - Annual Report	Dec – Quarterly
<b>Quarterly Update Reports</b>		<ul style="list-style-type: none"> <li>• Risk Management</li> <li>• Internal Audit</li> <li>• Procurement</li> <li>• Health, Safety &amp; Wellbeing</li> <li>• Cyber Security</li> <li>• Litigation</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management</li> <li>• Internal Audit</li> <li>• Procurement</li> <li>• Health, Safety &amp; Wellbeing</li> <li>• Cyber Security</li> <li>• Litigation</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management</li> <li>• Internal Audit</li> <li>• Procurement</li> <li>• Cyber Security</li> <li>• Litigation</li> </ul>	<ul style="list-style-type: none"> <li>• Health, Safety &amp; Wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management</li> <li>• Internal Audit</li> <li>• Procurement</li> <li>• Cyber Security</li> <li>• Litigation</li> </ul>
<b>Other Reports</b>		<ul style="list-style-type: none"> <li>• Fraud</li> <li>• Holidays Act Remediation</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Fraud</li> </ul>		
<b>Annual Report</b>		<ul style="list-style-type: none"> <li>• Audit NZ Management Letter from prior year's audit</li> </ul>	<ul style="list-style-type: none"> <li>• External Audit Plan for current year</li> <li>• Critical judgments, estimates &amp; assumptions for current year</li> <li>• Audit NZ Management Letter for current year interim audit</li> </ul>	<ul style="list-style-type: none"> <li>• Update on critical judgments, estimates &amp; assumptions</li> <li>• Financial Statements Update - Valuations</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Statements and Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>• Debenture trust audit report</li> <li>• Audit NZ Management Letter from prior year's audit</li> </ul>
<b>LTP</b>	<ul style="list-style-type: none"> <li>• Draft LTP</li> </ul>	<ul style="list-style-type: none"> <li>• LTP Update</li> </ul>	<ul style="list-style-type: none"> <li>• Final LTP</li> </ul>			

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Part A	Matters Requiring a Council Decision
Part B	Reports for Information
Part C	Decisions Under Delegation

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## **1. Apologies / Ngā Whakapāha**

At the close of the agenda no apologies had been received.

## **2. Declarations of Interest / Ngā Whakapuaki Aronga**

Members are reminded of the need to be vigilant and to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

## **3. Confirmation of Previous Minutes / Te Whakaāe o te hui o mua**

That the minutes of the Audit and Risk Management Committee meeting held on [Friday, 19 February 2021](#) be confirmed (refer page 10).

## **4. Public Forum / Te Huinga Whānui**

A period of up to 30 minutes may be available for people to speak for up to five minutes on any issue that is not the subject of a separate hearings process.

## **5. Deputations by Appointment / Ngā Huinga Whakaritenga**

There were no deputations by appointment at the time the agenda was prepared.

## **6. Petitions / Ngā Pākikitanga**

There were no petitions received at the time the agenda was prepared.

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## Audit and Risk Management Committee OPEN MINUTES

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**Date:** Friday 19 February 2021  
**Time:** 3.05pm  
**Venue:** Council Chambers, Level 2, Civic Offices,  
53 Hereford Street, Christchurch

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**Present**

Chairperson	Ms Kim Wallace – by audio visual link
Deputy Chairperson	Councillor Sam MacDonald
Members	Mr Michael Rondel
	Councillor Pauline Cotter
	Deputy Mayor Andrew Turner

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**19 February 2021**

**Principal Advisor**

Diane Brandish  
Acting General Manager Finance  
and Commercial  
Tel: 941 8454

Mark Saunders  
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<b>Part A</b>	<b>Matters Requiring a Council Decision</b>
<b>Part B</b>	<b>Reports for Information</b>
<b>Part C</b>	<b>Decisions Under Delegation</b>

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The agenda was dealt with in the following order.

The Deputy Chair assumed the chair for the duration of the meeting.

## **1. Apologies / Ngā Whakapāha**

### **Part C**

#### **Committee Resolved ARCM/2021/00001**

That the apologies received from Ms Robertson Cheyne and Mayor Dalziel for absence, and Deputy Mayor Turner for lateness, be accepted.

Mr Rondel/Councillor Cotter

**Carried**

## **2. Declarations of Interest / Ngā Whakapuaki Aronga**

### **Part B**

Mr Rondel noted in relation to Item 7, Consideration of the Council's Long Term Plan 2021-31, his interest as a trustee on the Arts Centre Trust Board.

## **3. Confirmation of Previous Minutes / Te Whakaāe o te hui o mua**

### **Part C**

#### **Committee Resolved ARCM/2021/00002**

That the open minutes of the Audit and Risk Management Committee meeting held on Wednesday, 2 December 2020 be confirmed.

AND

That the public excluded minutes of the Audit and Risk Management Committee meeting held on Wednesday, 2 December 2020 be confirmed.

Councillor Cotter/Mr Rondel

**Carried**

## **4. Public Forum / Te Huinga Whānui**

### **Part B**

There were no public forum presentations.

## **5. Deputations by Appointment / Ngā Huinga Whakaritenga**

### **Part B**

There were no deputations by appointment.

## **6. Presentation of Petitions / Ngā Pākikitanga**

### **Part B**

There was no presentation of petitions.

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Deputy Mayor Turner joined the meeting at 3.16pm.

## **7. Consideration of the Council's Long Term Plan 2021-31 Process**

### **Committee Comment**

The Committee accepted the Staff Recommendations and noted that Audit New Zealand has requested further information be included in the draft Consultation Document. The Committee also noted that staff have now provided this information in an updated document that will be provided at 5pm today (19 February 2021).

Andy Burns of Audit New Zealand joined the table during this item.

### **Officer Recommendations / Ngā Tūtohu**

That the Audit and Risk Management Committee:

1. Notes it has reviewed the general checklist and sign-off by management, including the significant forecasting assumptions, in respect of the information that provides the basis for the Long Term Plan 2021-2031.
2. Advises the Council that in the Committee's opinion an appropriate process has been followed in the preparation of this information.

### **Committee Resolved ARCM/2021/00003**

#### **Part C**

That the Audit and Risk Management Committee:

1. Notes it has reviewed the general checklist and sign-off by management, including the significant forecasting assumptions, in respect of the information that provides the basis for the Long Term Plan 2021-2031.
2. Advises the Council that in the Committee's opinion an appropriate process has been followed in the preparation of this information.
3. Notes that Audit New Zealand has requested further information be included in the draft Consultation Document, and that staff have now provided this information in an updated document that will be provided at 5pm today (19 February 2021).

Councillor MacDonald/Deputy Mayor

**Carried**

**Meeting concluded at 3.30pm.**

**CONFIRMED THIS 5<sup>th</sup> DAY OF MARCH 2021**

**KIM WALLACE  
CHAIRPERSON**

## 7. Audit New Zealand Management Report 2019/20

Reference / Te Tohutoro: 21/158524

Report of / Te Pou

Matua:

Len van Hout, Manager External Reporting and Governance

General Manager /

Pouwhakarae:

Diane Brandish, Acting General Manager Finance and Commercial

### 1. Brief Summary

- 1.1 The purpose of this report is for the Audit and Risk Management Committee to receive the Audit New Zealand Management Report relating to the audit of the financial statements and annual report for the year ended 30 June 2020.

### 2. Officer Recommendations / Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Receive the information and consider the recommendations made by Audit New Zealand in the Audit New Zealand Management Report relating to the audit of the financial statements and annual report for the year ended 30 June 2020 and management's responses to these.
2. Recommend to Council that the Audit New Zealand Management Report relating to the audit of the financial statements and annual report for the year ended 30 June 2020 is received.

### 3. Context / Background / Te Horopaki

#### Key Points

- 3.1 The Report to the Council on the audit of Christchurch City Council and group for the year ended 30 June 2020 is **Attachment A**.
- 3.2 The report sets out Audit New Zealand's findings from their audit of the Council for the year ended 30 June 2020.
- 3.3 There is one unadjusted item within the financial statements of the Group relating to related party lease arrangements that is likely to remain an issue over time. CCHL believe that the benefit gained from making the adjustment is minimal and therefore not warranted.
- 3.4 The report draws attention to areas where the Council is doing well or where Audit New Zealand has made recommendations for improvement.

#### Report back on Audit Plan items

- 3.5 The 2019/20 audit sought to focus on the following matters:
  - 3.5.1 Valuation of PPE;
  - 3.5.2 Fair value assessment of non-revalued PPE;
  - 3.5.3 Provision for holiday pay liabilities;
  - 3.5.4 Capital asset additions and work in progress;
  - 3.5.5 The risk of management override of internal controls;
  - 3.5.6 Procurement, contract management and project governance;
  - 3.5.7 Prudent expenditure decisions; and
  - 3.5.8 Group issues.

- 3.6 Overall Audit New Zealand were satisfied with the accounting for these items, or verified that they were treated appropriately.
- 3.7 Audit New Zealand have reported detailed findings on their review of procurement and contract management and Project Governance.

#### **Update on previous Audit New Zealand Recommendations**

- 3.8 Four previous recommendations from Audit New Zealand have now been implemented or closed:
  - 3.8.1 To ensure that interest register is updated or refreshed was completed, this was categorised as necessary.
  - 3.8.2 A post-implementation review of the Town Hall project has been implemented, this was categorised as necessary.
  - 3.8.3 To review rateable properties as highlighted in the interim review, this was categorised as beneficial.
  - 3.8.4 To review the sensitive expenditure policies as highlighted during the interim review, this was categorised as beneficial.
- 3.9 Three previous recommendations from Audit New Zealand are still in progress.
  - 3.9.1 The work associated with procurement, contract management and project governance remains on-going, this was categorised as necessary.
  - 3.9.2 The practice of undertaking timely reviews of Human Resources Masterfile changes remains on-going, this was categorised as necessary.
  - 3.9.3 The practice of having the Mayor approve expense claims of the Chief Executive is being implemented, this was categorised as beneficial.

#### **Key findings from the audit**

- 3.10 As public sector audits have a wider scope than the private sector, Audit New Zealand reviews not only the financial statements of the Council but also its activity and services statements. See page 24 of their report for a full explanation of the potential issues covered in their review.
- 3.11 The following areas of interest reviewed by Audit New Zealand have resulted in recommendations to management for comment with a view to enhancement in the future:
  - 3.11.1 Audit New Zealand recommend that Council adequately records and discloses the de-recognition cost for swap arrangements that have been amended through “blends and extends”, this is categorised as necessary; and
  - 3.11.2 Audit New Zealand recommend that Council understand why the value of the Annual Leave Liability Report from the Payroll system differs from the general ledger balance through timely reconciliations, this is categorised as beneficial.
- 3.12 Staff have provided comments on the recommendations made by Audit New Zealand.

## Attachments / Ngā Tāpirihanga

No.	Title	Page
A <a href="#">↓</a>	Audit New Zealand Management Report 2019/20	16

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
Not applicable	Not applicable

## Confirmation of Statutory Compliance / Te Whakatūturutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

## Signatories / Ngā Kaiwaitohu

<b>Author</b>	Len Van Hout - Manager External Reporting & Governance
<b>Approved By</b>	Diane Brandish - Acting General Manager Finance and Commercial (CFO)

# Report to the Council on the audit of

Christchurch City Council and  
group

For the year ended 30 June 2020



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## Key messages

We have completed the audit of Christchurch City Council and group (the Council) for the year ended 30 June 2020. This report sets out our findings from the audit and draws attention to areas where the Council is doing well and where we have made recommendations for improvement.

### Audit opinion

We issued an unmodified audit opinion dated 10 December 2020.

#### *Emphasis of matter - Impact of Covid-19*

Without modifying our opinion, we included an 'emphasis of matter' paragraph in the audit opinion referring to the Council's disclosure of the impact of the Covid-19 pandemic. This paragraph also includes specific reference to the significant valuation uncertainty associated with the investment property valuation that the valuer has included in their valuation report.

### Matters identified during the audit

While Covid-19 has had an operational impact on both the Council and its subsidiaries, it has also raised a number of significant audit risks. Covid-19 also had an impact on the level of disclosures required in the financial statements, and has impacted the non-financial reporting with a number of performance targets not being achieved for the year.

Consequently, there were delays in completing some of the valuations and draft financial statements of Council's subsidiary entities which contributed to a delay in completing some audits within the group.

The other significant matter in the audit was the assessment and conclusion that Ōtautahi Community Housing Trust is controlled by Council in terms of the accounting standards. As a result, the Trust has now been consolidated into the group at 30 June 2020 for the first time.

There were also a number of other matters that were resolved late which contributed to a delay in completing the audit this year, the biggest matter being the Vbase valuation of the Town Hall and Arena. Before the advent of Covid-19, we had agreed to complete the audit of Council on 8 October 2020. The audit was completed in early December and the audit opinion was issued on 10 December 2020.

### Thank you

We would like to thank the Council, management and staff for their assistance and the open and constructive working relationship during the audit.



Andy Burns  
Appointed Auditor  
23 February 2021

## 1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Explanation	Priority
<b>Needs to be addressed <i>urgently</i></b> These recommendations relate to a significant deficiency that exposes the Christchurch City Council to significant risk or for any other reason need to be addressed without delay.	Urgent
<b>Address at the earliest reasonable opportunity, <i>generally within six months</i></b> These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.	Necessary
<b>Address, <i>generally within six to 12 months</i></b> These recommendations relate to areas where the Local Government - City Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.	Beneficial

### 1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
<b>Derivatives – blend and extend interest rate swaps</b> At each revaluation date going forward, the hedge reserve in equity should be adjusted to the lesser of the following (in absolute amounts): <ul style="list-style-type: none"> <li>the cumulative gain or loss on the hedging instrument (IRS fair value) from the inception of the hedge; and</li> <li>the cumulative change in fair value of the expected future cash flows on the hedged item (reference hedge fair value) from inception of the hedge.</li> </ul>	4.4	Necessary
<b>Annual leave liability report differs from the general ledger balance</b> The annual leave liability report be reconciled to the annual leave liability balance in the general ledger at balance date.	4.5	Beneficial

**1.2 Status of previous recommendations**

Set out below is a summary of the action taken against previous recommendations.  
 Appendix 1 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open recommendations	0	2	1	3
Implemented or closed recommendations	0	2	2	4
<b>Total</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>7</b>

## 2 Our audit report

### 2.1 We issued an unmodified audit report



We issued an unmodified audit report on 10 December 2020. This means we were satisfied that the financial statements and statement of service performance present fairly the Council's activity for the year and its financial position at the end of the year.

Without modifying our opinion, we included an 'emphasis of matter' paragraph in the audit opinion referring to the Council's disclosure of the impact of the Covid-19 pandemic. This paragraph also includes specific reference to the significant valuation uncertainty associated with the investment property valuation that the valuer has included in their valuation report.

In forming our audit opinion, we considered the matters below in sections 3 and 4.

### 2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. The misstatements that have not been corrected are listed below along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

Current year uncorrected misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
		\$000	\$000	\$000	\$000
<b>Total parent</b>		0	0	0	0
<b>Total group</b>	1	6,110	(6,110)	(1,742)	1,742

#### Explanation of uncorrected misstatements

- City Care Limited (CCL) is a tenant in two of Christchurch International Airport Limited's (CIAL) investment properties, meaning that the relevant portion of total property should be treated as PP&E rather than Investment Property for revaluation purposes in accounts.

This matter was not detected in FY19 and one of CCL's two tenancies is expected to cease by the end of FY21.

### Management comment

*The complexity of the required adjustment to disclosures (including potential future reversal) is not material and is not likely to add value and confuse the readers of the accounts.*

### 2.3 Uncorrected disclosure deficiencies

All significant disclosure deficiencies identified during the audit were corrected.

### 2.4 Corrected misstatements

We also identified misstatements that were corrected by management. The total adjustments made to the financial statements during the audit was:

Current year corrected misstatements	Assets	Liabilities	Equity	Financial performance
	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000
<b>Total parent</b>	<b>(787)</b>	<b>2,993</b>	<b>0</b>	<b>(2,206)</b>
<b>Total group</b>	<b>60,125</b>	<b>(13,228)</b>	<b>58,430</b>	<b>(105,327)</b>

The significant adjustments in the group figures related to asset impairment and revaluation movements.

### 2.5 Corrected disclosure deficiencies

We also identified disclosure deficiencies in the financial and non-financial information that were corrected by management. These changes include the disclosures of remuneration and severance payments, new disclosures of valuation uncertainties and changes to capital commitments. Four material performance measures were restated and the achievement status of several Covid-19 impacted performance measures were changed to not achieved.

### 2.6 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the Council. This includes the draft annual report with supporting working papers.

We agreed a timetable with management for the provision of information as part of the audit plan issued on 20 February 2020. This included the dates we required the information to be provided to assist us in meeting the Council's annual report adoption timetable which was 8 October 2020 in the audit plan.

This date was unable to be met. Firstly, due to the impact of Covid-19 this year, there have been significant delays in the completion of audits of the subsidiaries. While Covid-19 has had an operational impact on both the Council and its subsidiaries, it has also raised a number of significant audit risks, particularly around the uncertainty of property, plant and equipment asset values at balance date, irrespective of whether the asset class was revalued, or an impairment assessment was undertaken.

The more significant other matters that impacted the audit this year included the adjustments required for the consolidation of Ōtautahi Community Housing Trust, and the consolidation of Vbase, which was impacted by the requirement for a valuation of the Town Hall and Christchurch Arena. The valuation report was made available on 29 October 2020. The latter also required an adjustment to the Council parent's investment value in Vbase. We received the final draft of the Council's financial statements on 3 December 2020.

The audit of Council was finally completed in early December 2020.

The draft financial statements and associated supporting information and documentation provided to us was of a good quality. We acknowledge the effort of staff required to prepare the annual report document and the coordination that is needed across multiple areas of Council to obtain the necessary information.

In our view, we had a good working relationship with the Council's finance team throughout the audit. We held regular meetings with the finance team and engaged on issues in a timely manner during the audit. The finance team were open to debating and resolving these issues along with any other suggestions and recommendations we made.

In particular, we acknowledge the assistance of Len van Hout (External Reporting and Governance Manager), Benjamin Lo (Financial Accountant), Renee Mau (Financial Accountant – Control) and Boyd Kedzlie (Senior Business Analyst PM) in leading the efforts of the finance team and other areas of the Council in preparing the annual report.

The audit has incurred significant overruns due to the delays described above. We will discuss with management the recovery of some of these overruns in February 2021.

### 3 Matters raised in the Audit Plan



In our Audit Plan of 20 February 2020, we identified the following matters as the main audit risks and issues. Please refer to the Audit Plan for more detail on audit risks and issues. We summarise the work we have completed to address the risk and our conclusion.

#### 3.1 Valuation of property, plant and equipment

Council carried out asset valuations on each of the three water infrastructure asset classes as at 30 June 2020. These assets were previously valued at 30 June 2017. The valuations were performed by independent valuers, WSP. Our review of these valuations focussed on the valuation methodology, the key assumptions, unit rates and the source data reliability. Overall, we concluded that the three valuations were prepared in accordance with the relevant accounting and valuation standards, and are appropriately reflected in the 30 June 2020 financial statements. We comment on each valuation following.

#### 3.2 Fair value assessment of non-revalued property, plant and equipment

The following asset classes disclosed at fair value were not revalued at 30 June 2020:

- Land.
- Buildings.
- Roading.
- Marine structures.
- Heritage assets.
- Artwork.
- Public art.

For the significant asset classes included above (land, buildings and roading), Council prepared in-house assessments of whether the carrying value at 30 June 2020 is materially different from fair value. We reviewed these assessments, and agreed that the carrying value of these asset classes at 30 June 2020 is not materially different from fair value at 30 June 2020, and therefore no revaluation is required.

#### 3.3 Provision for Holiday Pay liabilities

Council has taken steps over the last few years to determine its compliance with the Holidays Act 2003 to ensure that it fully complies with the requirements of the Act and all staff are paid correctly.



Based on advice from the Ministry of Business, Innovation and Employment (MBIE), an early estimate of the liability was calculated at \$5 million. This was revised in June 2020 to \$7.5 million.

We also note that Council has recently implemented a Holidays Act remediation project. This included the formation of a steering committee in January 2020 to oversee the project and the appointment of a project manager and project sponsors, together with a project team.

Council has engaged Ernst & Young (EY) to calculate the liability and any payments owing to current and ex-employees, initially for the period April 2011 to December 2019. Work is also underway to ensure that current processes and systems are amended as required to ensure compliance.

Once Council has made the changes necessary to the SAP system, processes and contracts to ensure future compliance with the Act, there will be a wash up of the remaining historical payroll data from 1 January 2020 to the date of the completion of this work.

No provision has been recognised in the financial statements at 30 June 2020. While a liability of uncertain timing and amount exists, it does not fully meet the recognition criteria in PBE IPSAS 19, *Provisions, contingent liabilities and contingent assets*. It is clear that Council has a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle this obligation. However, a reliable estimate of the amount of liability cannot be made at balance date, as required by PBE IPSAS 19. Therefore, the liability is appropriately disclosed as a contingent liability at 30 June 2020.

### 3.4 New accounting standards (the Council and group)

We obtained and reviewed all of the Council's assessments under the new accounting standards. The Council did not identify any additional or new entities that should be consolidated into the Council group.

We completed our own assessments and sought internal technical advice to ensure that significant related entities that are currently not consolidated, were appropriately accounted for.

Our assessment concluded that the Ōtautahi Community Housing Trust was controlled by Council (from an accounting perspective) and therefore should be consolidated into the Council group. This conclusion was reached principally due to the predetermination of the relevant activities of the Trust, and the way in which these relevant activities can be directed, and whether they were predetermined either by Council or by another party on its behalf. The OAG concurred with our conclusion.

Following this, the Council has consolidated the Trust into its group financial statements at 30 June 2020.

In respect of IFRS 16 which applied to group 'for-profit' entities for the first time this year, we note that Council has correctly made an adjustment, when consolidating these entities into its group financial statements to remove the impact of IFRS 16. IFRS 16 required 'for-profit' subsidiaries to recognise a 'right of use' asset and an associated liability in the balance sheet

for leased assets. This requirement does not apply to the Council, which is a 'public benefit entity'.

### 3.5 Capital asset additions and work in progress

Council has an extensive capital works programme. Total property, plant and equipment additions were \$411 million for the year.

We reviewed the accounting for costs incurred on capital projects, including:

- the correct classification of costs as either capital or operating in nature;
- the appropriate capitalisation point for completed assets, including transfers from work in progress;
- the reasonableness of depreciation rates and useful lives applied to asset components; and
- the disclosures within the financial statements.

No issues were identified and we are satisfied that asset additions and work in progress is appropriately reflected in the financial statements at balance date.

### 3.6 The risk of management override of internal controls

We completed sufficient and appropriate audit procedures around journal entries and significant transactions considered outside the normal course of the business. We assessed the accounting treatment for identified transactions fitting the criteria as reasonable. We noted that journal entries were adequately supported by appropriate evidence to substantiate the journal entry. No issues were identified.

### 3.7 Procurement, contract management and project governance

During our audit we undertook a limited review of aspects of procurement, contract management and project governance. This covered the following areas:

- review of the terms of reference for an independent review of the Town Hall restoration work; and
- review of implementation of procurement framework.

#### Terms of Reference for independent review of Town Hall restoration work

The Town Hall restoration project is now completed and Council are proposing to engage an independent review of the project.

We reviewed the draft terms of reference (ToR) for the review and provided comments which were considered by management. Following this, we were advised that the ToR have been updated and will go out to market (probably through an RFP) to commission the review.

Additionally, the Council Procurement Manual includes a ‘lessons learned’ process and we understand that this will be undertaken alongside the external review, thereby complying with the Council’s procedure.

#### **Review of implementation of procurement framework**

Last year, we undertook a review of the procurement framework but did not review the implementation of the framework. This year, we followed-up the issues identified in last year’s management report and have sampled three procurements to assess the implementation of the procurement framework.

We are aware that work is taking place to develop the procurement framework

In assessing the implementation of the framework, we reviewed procurement and contract documentation relating to three capital procurements:

- St Albans Community Centre.
- Highsted First Flush Outfall Piping.
- Banks Peninsula Roading Maintenance.

While Council’s procurement framework is extensive and it is not possible to review every aspect, our overall finding is that the process applied to all three procurements reviewed, is in line with Council’s current framework. Documentation is clear and well-ordered and there is consistency of approach across all three procurements.

### **3.8 Prudent expenditure decisions**

During our audit, in reviewing expenditure transactions, we remained alert to public sector concerns, including issues and risks about effectiveness and efficiency, waste, and a lack of probity or financial prudence to ensure expenditure is in line with the public sector principles.

This included performing specific testing across a sample of sensitive transactions including Mayor, Chief Executive (CEO) and senior management expenses. No issues were identified.

### **3.9 Group issues**

We considered and noted a number of group matters in our audit, including:

- The setup of a new entity after balance date – CMUA Project Delivery Limited, to provide independent project governance and financial control over the construction of the new stadium. The adoption of the constitution and appointment of directors for the company that will deliver the construction of the new Canterbury Multi-use Arena was approved by Council on 25 August 2020.
- The change in accounting policy by LPC to revalue its PPE assets which were previously recognised at cost. This change is consistent with the accounting policy of the Council group. Given the specialised nature of LPC’s assets, this revaluation was

a complex area of judgement and was highly sensitive to forecast assumptions. The revaluation resulted in a decrease in asset values of \$190 million for LPC.

- Christchurch International Airport Limited (CIAL) undertook a valuation of its car parking assets as at 30 June 2020 resulting in an increase of \$32.3 million. CIAL also valued its investment properties which increased \$80.5 million to \$572 million. Much of the increase relates to new completed projects. For both of these valuations, the valuer advised that the valuation was subject to significant valuation uncertainty due to the impact of Covid-19. An impairment assessment was performed of the other asset classes recognised at fair value, including the new hotel. The valuer assessing the impairment of CIAL's land advised that the assessment is subject to significant valuation uncertainty.

CIAL's operations were also significantly impacted by Covid-19.

During the year, CIAL commenced a project to construct a new airport in Central Otago. As at 30 June 2020, CIAL had purchased land at a cost of \$42.7 million. This project is expected to take many years to complete.

Also during the year, the new Novotel hotel was completed at a cost of \$92 million. The hotel was completed two years late and CIAL received liquidated damages of \$14 million in relation to this.

- Red Bus experienced difficult trading conditions during the year and a decision was made by Council to divest the company's operational assets, including the routes (excluding land and buildings). We understand an agreement was reached with a purchaser and the sale was completed in December 2020.
- The audit of Vbase has been protracted this year with the valuation of the Christchurch Arena and Town Hall completed in early November 2020. Post balance date, Council agreed to purchase an additional \$12,000,000 of shares in Vbase Limited as part of the Christchurch Town Hall repair and restoration project.
- As previously noted, the Ōtautahi Community Housing Trust, was identified and consolidated into the group for the first time this year.

## 4 Other matters



Other matters arising from the audit include:

### 4.1 Valuation of equity investment in subsidiaries

Council engaged Deloitte to value its equity investments in subsidiaries to fair value at 30 June 2020. There was a change in the valuer this year, with PricewaterhouseCoopers (PwC) performing the valuation in previous years.

The valuation of the equity investments increased by \$129 million in 2019/20 to \$2.3 billion. There were two significant increases: Christchurch City Holdings Limited (CCHL) \$104 million and Vbase Limited \$26 million. The reasons for these increases are:

#### 4.1.1 CCHL

CCHL is the Council's investment arm, holding shares in, and monitoring the performance of Council's trading companies on behalf of the Council. These include: Orion New Zealand Limited (89.28% owned), Christchurch International Airport Limited (75% owned), Lyttelton Port Company Limited, Enable Services Limited, City Care Limited, Red Bus Limited, EcoCentral Limited, and Development Christchurch Limited (all 100% owned).

The increase in value for CCHL comprises a revaluation increase of \$96.4 million and new shares issued to Council of \$7.4 million. As in previous years, the valuation was performed using a "sum of parts" approach which considers the value of each subsidiary in CCHL and the assets and liabilities of CCHL parent itself.

The significant revaluation movements in CCHL subsidiaries are:

- Orion New Zealand Limited (Orion) increase \$228.4 million
- Enable Services Limited (ESL) increase \$66.2 million
- Lyttelton Port Company Limited (LPC) decrease \$110.5 million
- Christchurch International Airport Limited (CIAL) decrease \$61.1 million

Apart from these, City Care Limited increased \$10 million, and Development Christchurch Limited increased \$8 million.

**We were satisfied the valuation met accounting standard requirements.**

#### 4.1.2 Vbase

Vbase was revalued at 30 June 2020 by Deloitte using a 'Net Asset' approach. This approach is consistent with previous years and is an appropriate approach for an entity that is not profit-oriented and whose assets primarily comprise property, plant and equipment. The valuation

of Vbase increased \$22 million to \$173.6 million, which included the impact of the revaluation of the Christchurch Arena and Town Hall building.

We reviewed the valuation methodology and assumptions, and concluded that these were reasonable and in accordance with the accounting standards. As for the airport company, Covid-19 has had a significant impact on Vbase's operation during the year, and this is likely to continue for the foreseeable future.

#### 4.2 Impact of Covid-19

Covid-19 has resulted in economic uncertainty, and significantly impacted the operations, activities and services of both the Council and its trading subsidiaries. Covid-19 will continue to have an impact on the economy for the foreseeable future.

We noted that the impacts on Council during the 30 June 2020 year include:

- Reduced dividend income from subsidiaries. Dividend income reduced from \$56 million in 2019 to \$28.7 million in 2020 (this excludes special dividends paid in 2019 of \$140 million). In particular, Christchurch International Airport Limited's profitability was significantly reduced due to Covid-19, with passenger movements down approximately 25% for the year. Additionally, the lockdown periods significantly affected the airport company's tenants in the terminal building and surrounding airport owned investment properties which rely heavily on passenger movements for business. The airport company did not pay a final dividend for 2020 and does not propose to pay dividends until the 2023 financial year. Other Council subsidiary operations also significantly affected by Covid-19, but not to the same degree, include Lyttelton Port Company Limited and Vbase Limited.
- A decline in fees and charges income due to the closure of Council facilities during the lockdown period.
- An increase in rate receivables due to Council providing rates relief, allowing deferment of rates payments for up to six months for ratepayers facing financial hardship.
- An increase in the doubtful debts provision due to financial impact on Council debtors affecting their ability to pay.
- A decrease in the value of Council's subsidiaries due to the impact of Covid-19 on future cashflows of subsidiaries.

Despite these impacts, Council parent still achieved an operating surplus of \$141.6 million. This is largely due to vested assets revenue of \$96 million and grants and subsidies, excluding NZTA, of \$117 million. The latter included an \$81 million grant from the Christchurch Regeneration Accelerator Fund to fund central city regeneration projects.

We note that Council is in a reasonable position going forward despite Covid-19. While dividends will be adversely affected, this is offset to some extent by Council having stable rates revenue and access to substantial bank borrowing facilities available that are undrawn

against, and the LGFA has provided borrowing flexibility to Council by allowing it to increase its borrowing ratio of 250% net debt to revenue to 300% for the 2021 financial year, although this reduces progressively to 280% by 2024. This will assist Council to ride-out the impact of Covid-19.

#### 4.3 Global settlement agreement with the Crown

The Council and the Crown negotiated a global settlement agreement that finalised each party's respective obligations following the Christchurch earthquakes. The agreement was approved by Council and formally ratified by Cabinet on 23 September 2019.

Overall, the agreement is not substantially different from the initial cost sharing agreement signed in 2013. It clarifies the respective contributions to various anchor projects and the timing and amount of asset transfers.

The Council will be recognising a vested asset of circa \$14 million relating to residential red zone land in Brooklands and Southshore being transferred from the Crown to Council.

#### 4.4 Derivatives – blend and extend interest rate swaps

During the year, Council entered into nine blend and extend interest rate swaps to reduce its borrowing costs. These swaps have a lower fixed rate. The nine swaps were all designated as a hedging arrangement.

We reviewed the documentation to ensure that the original swaps were de-designated and a new hedge relationship was re-designated. We also checked that the loss at the time of de-designation was frozen and amortised over the period of the original swap to surplus/deficit and confirmed that the new hedge relationship at the time of re-designation was effective.

While no issues were identified, we have made a recommendation:

##### Recommendation

For the blend and extend interest rate swaps, at each revaluation date going forward, the hedge reserve in equity should be adjusted to the lesser of the following (in absolute amounts):

- the cumulative gain or loss on the hedging instrument (IRS fair value) from the inception of the hedge; and
- the cumulative change in fair value of the expected future cash flows on the hedged item (reference hedge fair value) from inception of the hedge.

##### Management comment

*Council has included an additional valuation step in the "Blend and Extend" review process to determine the amount that would need to be systematically recognised / amortised following the de-recognition of Swap agreements.*



#### 4.5 Annual leave liability report differs from the general ledger balance

We noted that the annual leave liability report differs from the general ledger balance each month. We were advised that the balance in the report does not reconcile to the general ledger for the following reasons:

- The leave liability changes daily in the system but isn't always updated daily in the general ledger.
- There are timing differences between the date of month end and the pay period end date.

While we accept that these are valid reasons, we noted that the difference at balance date was \$1.8 million. Due to this large variance, we recommend that the systems are reconciled at balance date.

##### **Recommendation**

The annual leave liability report at balance date be reconciled to the annual leave liability balance in the general ledger at balance date.

##### **Management comment**

*The provision for holiday pay is reconciled to the general ledger (see 24690 Prov for Holiday General Ledger Reconciliation 30.06.2020). However, the reconciliation includes a variance due to the issues raised above and those set out below.*

*In addition to the timing issues noted above, the payroll system within Council reports the value of leave outstanding for individuals at the current salary, however, the general ledger is updated each fortnight or week (depending on the payroll frequency) using the current salary for the increase in entitlement and the higher of ordinary weekly pay or average weekly earnings for the proceeding twelve months is the method used for any payments in the pay cycle. This automatically creates a variance between the supporting information and the general ledger.*

*Also transactions in the general ledger are combined to create anonymity and cannot be separated out to align with individual balances in the payroll report. Any attempt to align the general ledger with the SAP payroll liability cannot be completed without changing the software interface between the two systems that processes the aggregation of the information.*

*Staff will work with audit staff to minimise any residual risks in understanding the reason for any variances in the existing reconciliation.*



## 5 Public sector audit



The Council is accountable to their local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the Council carrying out its activities effectively and efficiently;
- the Council incurring waste as a result of any act or failure to act by a public entity;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by a public entity or by one or more of its members, office holders, or employees.

There were no instances of any of the above items that came to our attention during the audit. We have some policy improvements and control improvements raised in the prior year that remain outstanding (see Appendix 1).

## 6 Group audit



The group comprises the City Council parent, the substantive Council Controlled Organisations (CCOs) listed below, and multiple smaller CCOs and other controlled entities. The following CCOs have been identified as material to the group, due to their financial significance or the nature of their services and activities:

- Christchurch City Holdings Limited; and
- Vbase Limited.

In the year ended 30 June 2020, the City Council added Ōtautahi Community Housing Trust (OCHT) to the consolidated group. OCHT is not considered as a CCO under section 6 under the Local Government Act 2002 but meets the definition of a controlled entity under current PBE accounting standards.

We have not identified any of the following during our audit for the year ended 30 June 2020:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.

Issues arising during the audits of the individual group entities have been reported to their respective governing bodies. There are no additional significant group matters to include within this report to the Council.

## 7 Useful publications



Based on our knowledge of the Council, we have included some publications that the Council and management may find useful.

Description	Where to find it
<b>Sensitive expenditure</b>	
The Auditor-General has updated his good practice guide on sensitive expenditure. The guide provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders “setting the tone from the top”. It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.	On the OAG’s website under publications. Link: <a href="#">Sensitive expenditure</a>
<b>Model financial statements</b>	
Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes: <ul style="list-style-type: none"> <li>• significant accounting policies are alongside the notes to which they relate;</li> <li>• simplifying accounting policy language;</li> <li>• enhancing estimates and judgement disclosures; and</li> <li>• including colour, contents pages and subheadings to assist the reader in navigating the financial statements.</li> </ul>	Link: Model Financial Statements
<b>Tax matters</b>	
As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.  This includes new guidance on the reduction in deferred tax on buildings that was	On our website under good practice. Link: <a href="#">Tax matters</a> Link: <a href="#">Reduction in deferred tax on buildings</a>

Description	Where to find it
reintroduced as part of the Covid-19 response package.	
<b>Client substantiation file</b>	
<p>When you are fully prepared for an audit, it helps to minimise the disruption for your staff and make sure that we can complete the audit efficiently and effectively.</p> <p>We have put together a tool box called the Client Substantiation File to help you prepare the information you will need to provide to us so we can complete the audit work that needs to be done. This is essentially a tool box to help you collate documentation that the auditor will ask for.</p>	<p>On our website under good practice.</p> <p>Link: <a href="#">Client Substantiation File</a></p>
<b>Long-term Plans and consultation documents</b>	
<p>Having audited Long-term Plans (LTPs) since 2006, we understand the significant effort that councils invest in preparing an LTP.</p> <p>We want to make the audit process for the 2021-31 LTPs and consultation documents as straightforward as possible, so we've put together some information to help councils to:</p> <ul style="list-style-type: none"> <li>• understand our responsibilities and our main focus areas in the audit;</li> <li>• prepare better documents for their communities; and</li> <li>• develop project plans that make their LTP process go smoothly.</li> </ul>	<p>On our website under good practice.</p> <p>Link: <a href="#">Long-term plans and consultation documents</a></p>
<b>Conflicts of interest</b>	
<p>The Auditor-General has recently updated his guidance on conflicts of interest. A conflict of interest is when your duties or responsibilities to a public organisation could be affected by some other interest or duty that you have.</p> <p>The update includes a printable A3 poster, an animated video on predetermination and bias, gifts and hospitality, and personal dealings with a tenderer. There is also an interactive quiz.</p>	<p>On the Office of the Auditor-General's website under 2019 publications.</p> <p>Link: <a href="#">Conflicts of interest</a></p>

Description	Where to find it
These can all be used as training resources for your own employees.	
<b>Severance payments</b>	
Because severance payments are discretionary and sometimes large, they are likely to come under scrutiny. The Auditor-General has released updated good practice guidance on severance payments. The guide is intended to help public sector employers when considering making a severance payment to a departing employee. It encourages public organisations to take a principled and practical approach to these situations. The update to the 2012 good practice guidance reflects recent case law and changes in accounting standards.	On the OAG's website under 2019 publications. Link: <a href="#">Severance payments</a>
<b>Good practice</b>	
The OAG's website has been updated to make it easier to find good practice guidance. This includes resources on: <ul style="list-style-type: none"> <li>• audit committees;</li> <li>• conflicts of interest;</li> <li>• discouraging fraud;</li> <li>• good governance;</li> <li>• service performance reporting;</li> <li>• procurement;</li> <li>• sensitive expenditure; and</li> <li>• severance payments.</li> </ul>	On the OAG's website under good practice. Link: <a href="#">Good practice</a>
<b>Procurement</b>	
The OAG are continuing their multi-year work programme on procurement.  They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.  Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.	On the OAG's website under publications. Link: <a href="#">Procurement article</a>

## Appendix 1: Status of previous recommendations

### Open recommendations

Recommendation	First raised	Status
<b>Necessary</b>		
<b>Procurement</b>		
<ul style="list-style-type: none"> <li>• Council consider implementing a Contract Management System. This should be used for all Council contracts not just those managed by the Procurement and Contracts Unit.</li> <li>• Council should undertake an earlier review of the Procurement Policy than currently planned taking into account matters referred to in this report.</li> <li>• Council consider broadening the role of the Procurement and Contracts Unit to include providing contract management support and advice for all Council procurement.</li> <li>• Council consider a wider role for the Procurement and Contracts Unit in the delivery of most procurement related training for the organisation. Training should cover areas such as contract management and purchasing and could also be considered in an area of risk that we often identify across the public sector – the management of conflicts of interest.</li> <li>• Council continue with the development of the Procurement Manual and in particular review the Rules and guidance related to the departure process, other contracting approaches, the risk assessment tool, the requirements for due diligence, the complaints process and the use of evergreen contracts.</li> </ul>	2019	In progress. Council are addressing these recommendations. Refer to section on 'Procurement, contract management and project governance' above.

Recommendation	First raised	Status
<b>Practice timely review of Human Resources Masterfile changes</b>		
Ensure the independent review of Masterfile changes by Human Resources is performed on a timely basis.	2020	In progress. HR are currently developing a report with IT to identify all masterfile changes to facilitate the checking of payroll masterfile changes. This is expected to be available by the end of the 2020 year.
<b>Beneficial</b>		
<b>Approval of expense claims</b>		
Expense claims submitted by the CEO are approved by the Mayor or Chair of the Audit and Risk Committee.	2019	We note that the CEO's expense claims are approved by the GM Finance and Commercial.

## Implemented or closed recommendations

Recommendation	First raised	Status
<b>Necessary</b>		
<b>Interest register</b>		
Ensure that Councillors update or refresh their interest declarations at least annually.	2019	All Councillors provided an updated return in December 2019 or January 2020 except for one Councillor who declined to provide a return.
<b>Project governance – Town Hall</b>		
Council initiates its own independent post-implementation review of this project to identify the lessons learned from this project and to inform any future projects.	2019	Council has initiated an independent review of the Town Hall restoration project. Audit New Zealand has reviewed the terms of reference for the review and provided management with our comments.
<b>Beneficial</b>		
<b>Review of rateable properties</b>		
Regularly review rateable properties set up in the rates system as 50% rateable or 100% non-rateable to confirm correct classification.	2020	An extensive check was performed during the lockdown period. A total of 3096 cases were reviewed with 344 of those requiring further in-depth review. The majority of the 344 have been corrected effective from 1 July 2021 and the affected ratepayers are being contacted to be advised of the change.
<b>Review sensitive expenditure policies</b>		
<p>Consider updating the policies to cover some minor areas:</p> <ul style="list-style-type: none"> <li>Set out requirements regarding allowances, or not, for credit card cash advances.</li> <li>Include guidance on taking annual leave, or staying away over weekends during work related travel.</li> <li>Specify the most economical type and size of rental car for the planned travel (taking into account the number of passengers, distance to be travelled) to be used.</li> </ul>	2020	<p>The travel policy and procedures have been updated.</p> <p><b>Advances</b> - is mentioned in the Travel Procedures.</p> <p><b>Personal travel as part of business travel</b> – is mentioned in both the policy and the procedures.</p> <p><b>Rental car</b> – is mentioned in the procedures.</p>



## Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the City Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit of the City Council and its subsidiaries, excluding Lyttelton Port Company (audited by KPMG), ChirstchurchNZ (audited by BDO) and Ōtautahi Community Housing Trust (audited by BDO) we carried out other audit and assurance engagements for the City Council and its subsidiary companies.</p> <p>The engagement we carried out for the City Council parent was:</p> <ul style="list-style-type: none"> <li>• An assurance engagement of the City Council's Debenture Trust Deed.</li> </ul> <p>The engagements for the City Council's subsidiaries were:</p> <ul style="list-style-type: none"> <li>• an assurance engagement in respect of Orion's annual regulatory information disclosures, prepared under the Electricity Distribution Information Disclosure Determination 2012;</li> <li>• an assurance engagement in respect of Orion's annual compliance statement, prepared under the Electricity Distribution Services Default Price-Quality Path Determination 2010;</li> </ul>

Area	Key messages
	<ul style="list-style-type: none"> <li>an assurance engagement in respect of Christchurch International Airport Limited's (CIAL) annual regulatory information disclosures, prepared under the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010; and</li> <li>an assurance engagement of CIAL's bond registry.</li> </ul> <p>These engagements are compatible with those independence requirements. Other than the audits and the other audit and assurance engagements, we have no relationship with or interests in the City Council or any of its subsidiaries.</p>
Fees	<p>The audit fee for the year is \$341,756, as detailed in our audit proposal letter.</p> <p>Other fees charged in the period are \$4,500, for the audit of the Debenture Trust Deed.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the City Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the City Council or its subsidiaries during or since the end of the financial year.</p>

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Christchurch, 8140

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## 8. LTP 2021 Update

Reference / Te Tohutoro: 21/206237

Report of / Te Pou Matua: Peter Ryan, Head of Performance Management,  
peter.ryan@ccc.govt.nz

General Manager / Pouwhakarae: Diane Brandish, Acting General Manager Finance & Commercial,  
diane.brandish@ccc.govt.nz

### 1. Brief Summary

- 1.1 The Audit and Risk Management Committee requested brief monthly updates on the implementation of the Long Term Plan (LTP) 2021 project plan and Elected Members' Letter of Expectation.
- 1.2 The Draft Long Term Plan 2021-31 was adopted in principle by the Council on 23 February 2021 subject to the inclusion of Audit NZ's opinion to be received at the Council meeting of 4 March 2021.
- 1.3 The Office of the Auditor-General is currently reviewing a second updated version of the Consultation Document and will provide further feedback by 2 March 2021.
- 1.4 On receiving this feedback, an LTP update will be circulated to the Audit and Risk Management Committee for its meeting of 5 March, including the updated Consultation Document.
- 1.5 A close-out briefing on the LTP is to be received by the Finance and Performance Committee from the Project Sponsor and Project Manager in July 2021.
- 1.6 The remaining key project milestones for the LTP 2021 are summarised below:

Fri 12-Mar	Consultation starts
Sun 18-Apr	Consultation ends
3 May to 19 May	Council Hearings and Submissions
24, 26, 31 May, 2 June	Council LTP Deliberations
Mon 21-Jun	Council Meeting to adopt Final LTP
Wed 23-Jun	Council Meeting to adopt Final LTP

### 2. Officer Recommendations / Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Notes the information provided in the report.

## Attachments / Ngā Tāpirihanga

No.	Title	Page
A <a href="#">↓</a>	LTP Update	47
B	Draft LTP 2021 - Consultation Document ( <i>Under Separate Cover</i> )	

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
Not applicable	Not applicable

## Confirmation of Statutory Compliance / Te Whakatūturutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

## Signatories / Ngā Kaiwaitohu

<b>Author</b>	Peter Ryan - Head of Performance Management
<b>Approved By</b>	Diane Brandish - Acting General Manager Finance and Commercial (CFO)

## Attachment A

### LTP Process Update

Audit NZ has provided advice to CCC on its draft Consultation Document (CD). The issues raised primarily revolve around what options are being provided to the reader, and how the reader can form a view (or submit their view) in an informed way.

Since that initial advice CCC staff have worked closely with Audit NZ to produce a series of approximately six updated draft CDs. The new draft provides more detailed information on the proposed option, as well as the implications of options that were considered but not included in the CD.

It should be noted that Legal Services have advised that, in their view, CCC's draft Consultation Document complies with legal requirements.

On Wednesday 24 February Audit NZ referred the draft CD to the Office of the Auditor-General for 'hot review.' This is a standard step that occurs for all local authorities.

Advice received from Audit NZ early on Friday 26 February set out matters raised by the Office of the Auditor-General. These focused on how options can be represented, and how the implications of affordability and deliverability can be represented. There was also technical advice on reflecting water reforms in line with guidelines.

In response the Legal Services team worked closely with the CD authors (in the communications team) to respond to the issues raised. Their advice remains consistent: the draft CD complies with legislation.

A modified CD document (with changes highlighted) was supplied to a meeting with Audit NZ at 2.30pm on 26 February. The advice received from Audit NZ in that meeting was that the modifications to the CD will enable it to proceed with an unqualified audit opinion being provided to the Council meeting of 4 March.

### LTP Next Steps

Audit NZ have confirmed that they will set up their opinion review for Tuesday 2 March, in preparation for the Council meeting scheduled for 4 March to adopt the Long Term Plan.

These milestones are reflected in the current LTP project plan.

### Current LTP 2021-31 Deadlines and Timeline

<i>Preparation for publication of LTP documents start on 26 Feb 2021</i>		
Thu 4-Mar	tba	Council Meeting to adopt Draft LTP - Audit NZ
Fri 12-Mar	9am	Consultation starts
Sun 18-Apr	midnight	Consultation ends
3 May to 19 May		Council Hearings and Submissions

24, 26 31 May, 2 June	Council LTP Deliberations
Mon 21-Jun	Council Meeting to adopt Final LTP
Wed 23-Jun	Council Meeting to adopt Final LTP

However, should the Council meeting of 4 March be compromised for any reason two fall back positions have been developed in conjunction with Council support staff:

**Plan B (preferred fall back position)**

Council reconvenes on Tuesday 9 March (briefing day so will need to let OCE know).

- Public consultation commences Wednesday 17 March (5 working days)  
Hearings/deliberations/final meeting - to be confirmed depending on when consultation opens.

**Plan C**

- Council reconvenes on Thursday 11 March (using some of the regular council meeting time)
- Public consultation commences on Friday 19 March (5 working days)
- Hearings/deliberations/final meeting - to be confirmed depending on when consultation opens.



## 9. Health, Safety and Wellbeing Dashboard

Reference / Te Tohutoro: 21/150974

Report of / Te Pou Mark Saunders, Committee and Hearings Advisor

Matua: mark.saunders@ccc.govt.nz

General Manager / Diane Brandish, Acting General Manager Finance and Commercial,

Pouwhakarae: diane.brandish@ccc.govt.nz

### 1. Brief Summary

- 1.1 The purpose of this report is to forward to the Committee the Christchurch City Council Health, Safety and Wellbeing Dashboards (**Attachments A and B**), which were received and considered by the Health, Safety and Wellbeing Committee of Council at its last meetings on 4 December 2020 and 19 February 2021.

### 2. Officer Recommendations / Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Notes the Christchurch City Council Health, Safety and Wellbeing Dashboards as received and considered by the Health, Safety and Wellbeing Committee (HSWC) on 4 December 2020 and 19 February 2021.
2. Notes that the Council has tasked the HSWC with assisting it to discharge its due diligence responsibilities as a Person Conducting a Business or Undertaking (PCBU), and the Audit and Risk Management Committee does not replicate HSWC's task, but notes that there are risk management and assurance processes in place.

### Attachments / Ngā Tāpirihanga

No.	Title	Page
A <a href="#">↓</a>	Health, Safety and Wellbeing Dashboard - received by HSWC on 4 December 2020	51
B <a href="#">↓</a>	Health, Safety and Wellbeing Dashboard - recieved by HSWC on 19 February 2021	54

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
Not applicable	Not applicable

### Confirmation of Statutory Compliance / Te Whakatūturutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

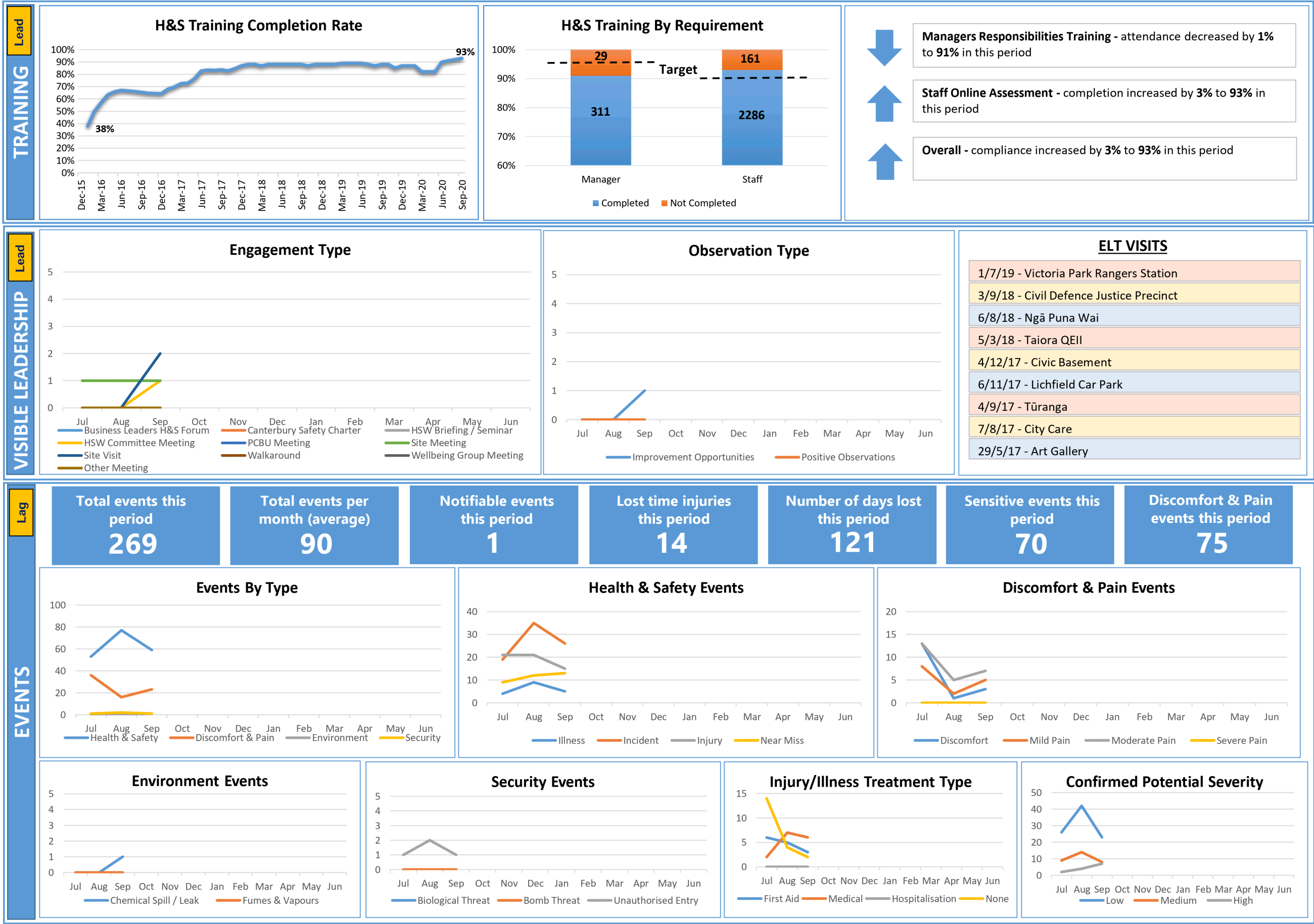
(a) This report contains:

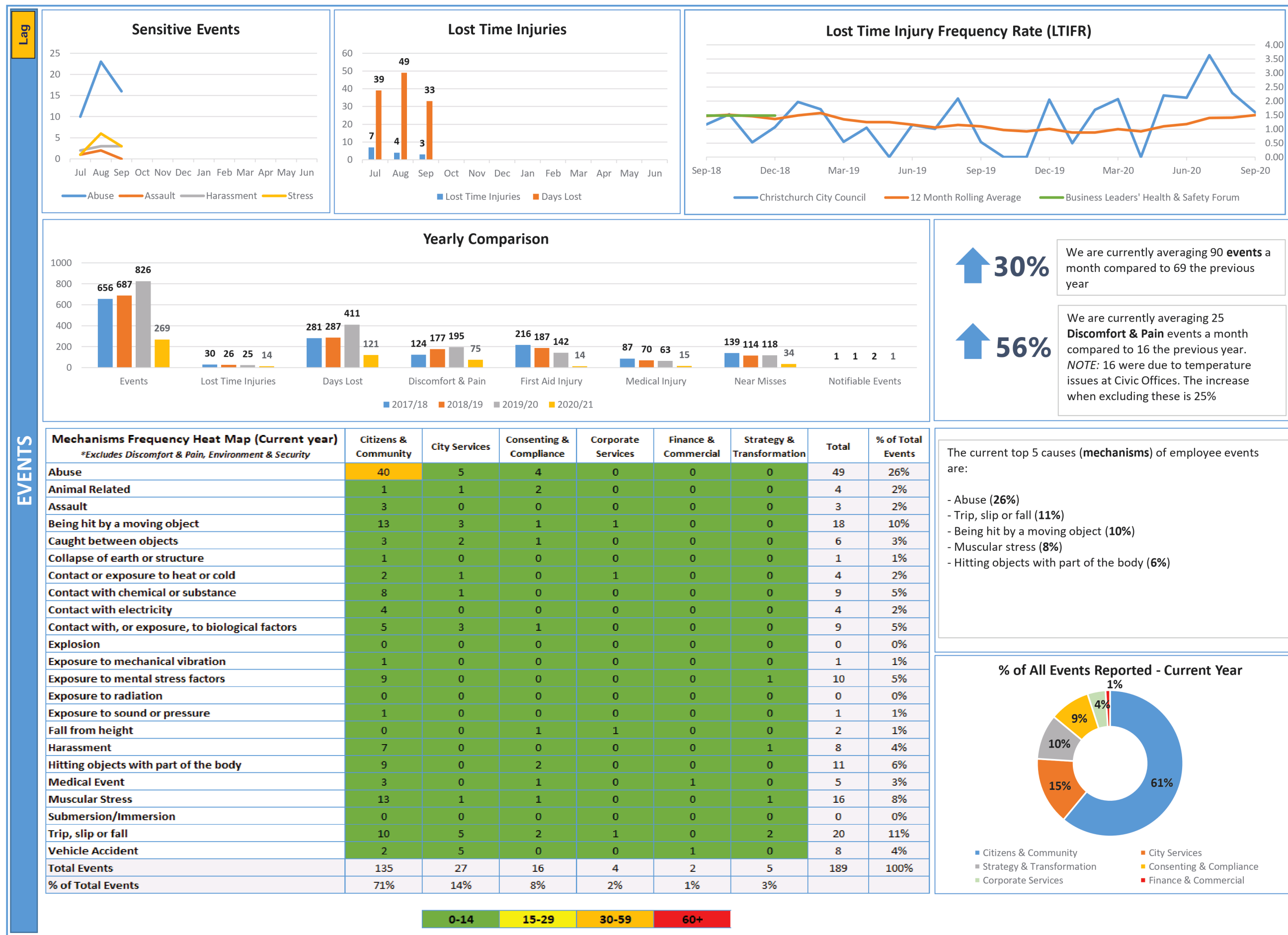
- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

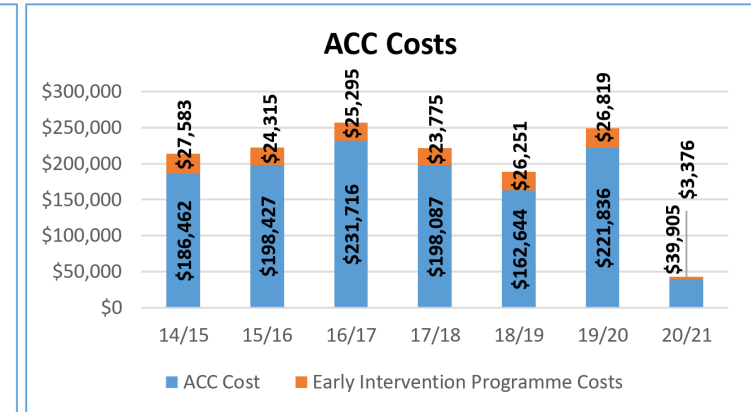
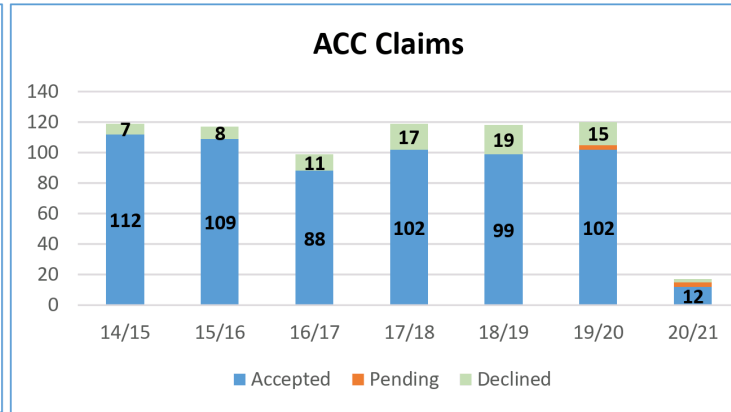
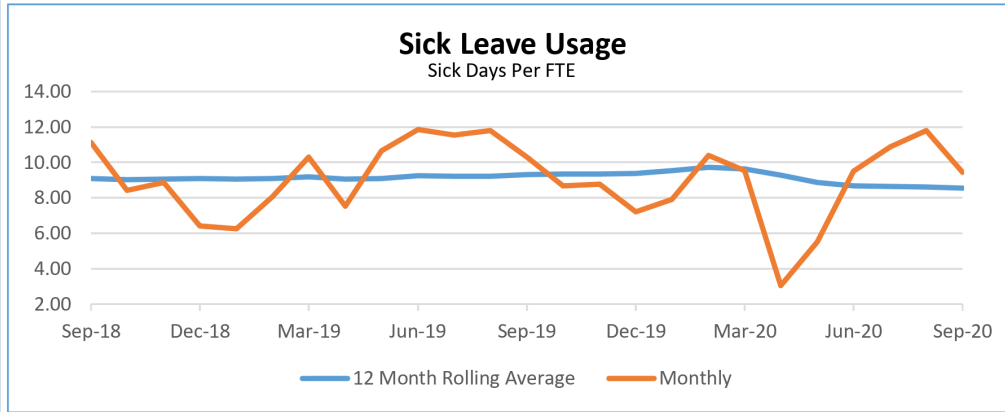
(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

### Signatories / Ngā Kaiwaitohu

<b>Author</b>	Mark Saunders - Committee and Hearings Advisor
<b>Approved By</b>	Diane Brandish - Acting General Manager Finance and Commercial (CFO)





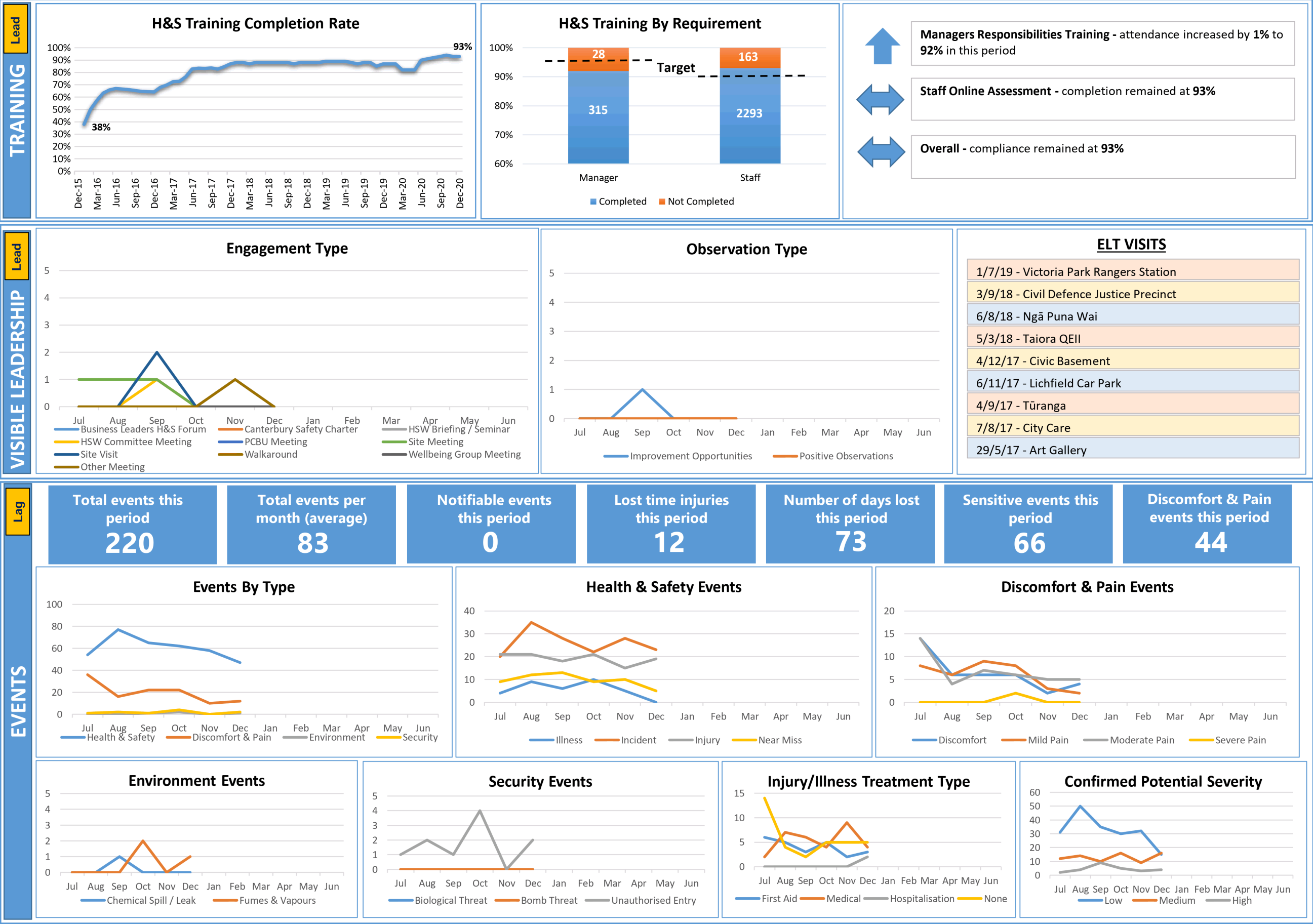


#### Wellbeing Group - Upcoming Events/Activities

**October** - ['The Big Blood Pressure Check'](#) - An opportunity for staff members to come and have their blood pressure checked at Civic Offices on 14 October

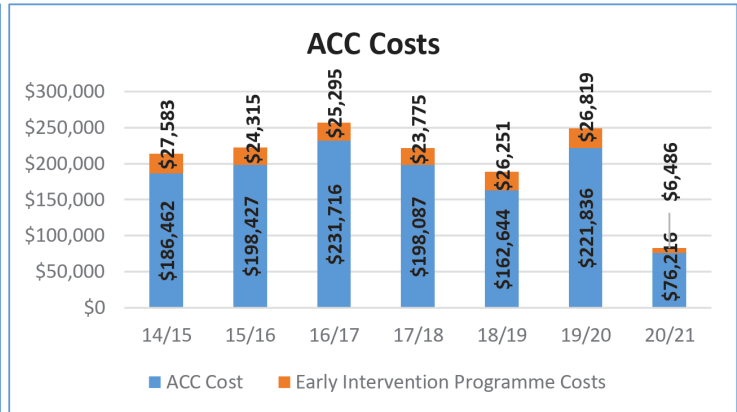
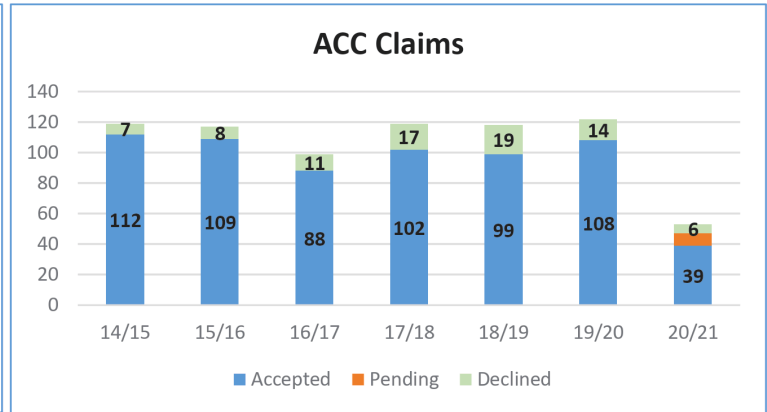
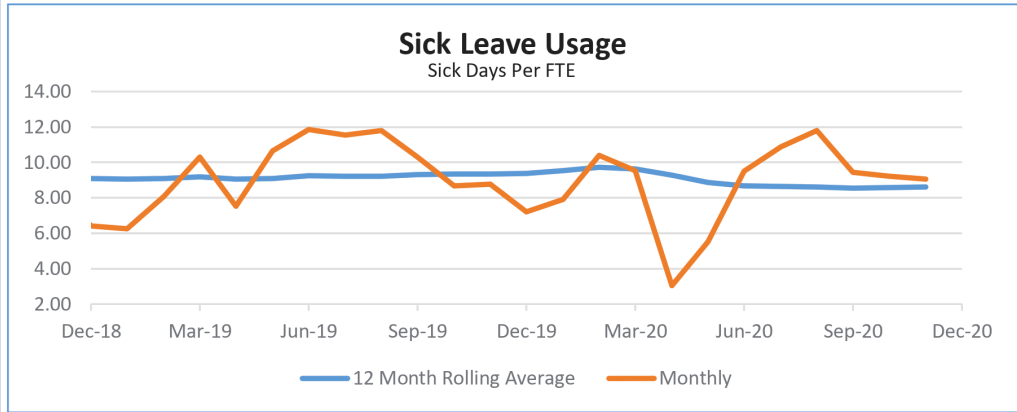
**November** - Health Promotion - 'Preventing Discomfort & Pain at work'. (*Wellbeing Survey Initiative*)

**December** - Health Promotion - 'Keeping Well over Christmas and Summer'









#### Wellbeing Group - Upcoming Events/Activities

**January** - Health promotion - looking after yourself and getting back into a healthy routine.  
Health promotion - Reminding people to stay sunsmart, especially when working outdoors.

**February** - Heart health awareness month.  
Get active - sign up to the 'Aotearoa Bike Challenge'.

**March** - Lunchtime Tai Chi and mindfulness sessions.



## 10. Resolution to Exclude the Public

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*Section 48, Local Government Official Information and Meetings Act 1987.*

I move that the public be excluded from the following parts of the proceedings of this meeting, namely items listed overleaf.

Reason for passing this resolution: good reason to withhold exists under section 7.

Specific grounds under section 48(1) for the passing of this resolution: Section 48(1)(a)

### **Note**

Section 48(4) of the Local Government Official Information and Meetings Act 1987 provides as follows:

- “(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):
- (a) Shall be available to any member of the public who is present; and
  - (b) Shall form part of the minutes of the local authority.”

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests 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:

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ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON UNDER THE ACT	PLAIN ENGLISH REASON	WHEN REPORTS CAN BE RELEASED
11.	UPDATE ON THREATENED LITIGATION - BUILDING ACT 2004	S7(2)(G)	MAINTAIN LEGAL PROFESSIONAL PRIVILEGE	THE CONTENT OF THIS REPORT IS LEGALLY PRIVILEGED.	WHEN THE HEAD OF LEGAL SERVICES CONSIDERS THAT THE STATUTORY REASONS FOR WITHHOLDING THE REPORT NO LONGER APPLY. THIS REPORT WILL BE REVIEWED BY THE HEAD OF LEGAL SERVICES AT LEAST ANNUALLY FOR THAT PURPOSE.
12.	QUARTERLY PROCUREMENT REPORT	S7(2)(B)(II), S7(2)(H), S7(2)(I)	PREJUDICE COMMERCIAL POSITION, COMMERCIAL ACTIVITIES, CONDUCT NEGOTIATIONS	TO PREVENT INFORMATION BEING RELEASED THAT COULD BE USED FOR IMPROPER COMMERCIAL ADVANTAGE OR THAT NEEDS TO BE WITHHELD TO AVOID PREJUDICE TO THE COUNCIL'S OR ITS SUPPLY CHAIN'S COMMERCIAL POSITION.	DUE TO THE NATURE AND SENSITIVITY OF THIS INFORMATION, IT IS NOT ANTICIPATED THAT THERE WILL BE A SPECIFIC DATE OR EVENT THAT ALLOWS FOR THE RELEASE OF THIS INFORMATION. THE INFORMATION WILL BE RELEASED IN FULL OR PART, AS APPROPRIATE UPON PERIODICAL REVIEW BY THE HEAD OF

					PROCUREMENT AND CONTRACTS, WHEN IT IS NO LONGER DEEMED TO IDENTIFY SENSITIVE COMMERCIAL INFORMATION FOR THE COUNCIL OR ITS SUPPLY CHAIN.
13.	CYBER SECURITY PROGRAMME - QUARTERLY UPDATE	S7(2)(C)(II)	PREVENT DAMAGE TO THE PUBLIC INTEREST	DISCLOSURE OF OUR APPROACH TO CYBER SECURITY MAY INCREASE THE RISK OF COUNCIL BEING A TARGET, RESULTING IN POTENTIAL SERVICE DISRUPTIONS AND / OR INFORMATION BREACHES THAT WILL NOT BE IN THE PUBLIC INTEREST.	THIS CYBER SECURITY PROGRAMME STATUS REPORT MAY ONLY BE RELEASED IF THE CHIEF EXECUTIVE HAS DETERMINED THAT THERE ARE NO LONGER ANY REASONS UNDER THE LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT TO WITHHOLD THE INFORMATION.
14.	HOLIDAYS ACT REMEDIATION PROJECT UPDATE	S7(2)(B)(II), S7(2)(I)	PREJUDICE COMMERCIAL POSITION, CONDUCT NEGOTIATIONS	THE INFORMATION IN THIS REPORT RELATES TO REMUNERATION OF PAST AND CURRENT EMPLOYEES. THE FINAL POSITION IS STILL BE BE DETERMINED THEREFORE THIS INFORMATION SHOULD BE NOT BE MADE PUBLIC UNTIL THIS OCCURS	AT THE COMPLETION OF THE HOLIDAYS ACT REMEDIATION PROJECT WHEN ALL PAYMENTS HAVE BEEN MADE

15.	INTERNAL AUDIT STATUS REPORT	S7(2)(E), S7(2)(F)(II), S7(2)(J)	PREVENTION OF MATERIAL LOSS, PROTECTION FROM IMPROPER PRESSURE OR HARASSMENT, PREVENTION OF IMPROPER ADVANTAGE	TO PREVENT THE USE OF INTERNAL AUDIT FINDINGS AND IDENTIFIED CONTROL WEAKNESSES FROM BEING USED FOR IMPROPER ADVANTAGE.	DUE TO THE NATURE AND SENSITIVITY OF THIS INFORMATION, IT IS NOT ANTICIPATED THAT THERE BE A SPECIFIC DATE OR EVENT THAT ALLOWS FOR THE RELEASE OF THIS INFORMATION. THE INFORMATION WILL BE RELEASED IN FULL OR PART AS APPROPRIATE UPON PERIODICAL REVIEW BY THE HEAD OF AUDIT AND RISK TO CONFIRM WHEN IT IS NO LONGER DEEMED TO REQUIRE PUBLIC EXCLUSION FOR THE APPLICABLE REASONS ABOVE.
16.	RISK MANAGEMENT STATUS REPORT	S7(2)(C)(II), S7(2)(F)(II)	PREVENT DAMAGE TO THE PUBLIC INTEREST, PROTECTION FROM IMPROPER PRESSURE OR HARASSMENT	TO PREVENT IMPROPER USE OR MISINTERPRETATION OF THIS INFORMATION.	DUE TO THE NATURE AND SENSITIVITY OF THIS INFORMATION, IT IS NOT ANTICIPATED THAT THERE BE A SPECIFIC DATE OR EVENT THAT ALLOWS FOR THE RELEASE OF THIS INFORMATION. THE INFORMATION

					WILL BE RELEASED IN FULL OR PART AS APPROPRIATE UPON PERIODICAL REVIEW BY THE HEAD OF AUDIT AND RISK AND WHEN IT IS NO LONGER SUBJECT TO AN OBLIGATION OF CONFIDENCE OR BEING PROVIDED UNDER COMPULSION WHERE RELEASE WOULD LIKELY DAMAGE THE PUBLIC INTEREST AND NO LONGER NEEDS TO BE WITHHELD TO PROTECT FROM IMPROPER PRESSURE OR HARASSMENT AFFECTING THE CONDUCT OF PUBLIC AFFAIRS.
17.	FRAUD STATUS REPORT	S7(2)(F)(II)	PROTECTION FROM IMPROPER PRESSURE OR HARASSMENT	TO ALLOW FOR PROTECTED DISCLOSURES AND THE ONGOING EFFECTIVE MANAGEMENT OF CONCERNS RAISED.	DUE TO THE NATURE AND SENSITIVITY OF THIS INFORMATION, IT IS NOT ANTICIPATED THAT THERE WILL BE A SPECIFIC DATE OR EVENT THAT ALLOWS FOR THE RELEASE OF

					THIS INFORMATION. THE INFORMATION WILL BE RELEASED IN FULL OR PART AS APPROPRIATE UPON PERIODICAL REVIEW BY THE HEAD OF AUDIT AND RISK AND WHEN IT NO LONGER NEEDS PUBLIC EXCLUSION ACCORDING TO THE REFERENCED EXCLUSION GROUNDS ABOVE.
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