

Audit and Risk Management Committee

AGENDA

Notice of Meeting:

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

Date: Friday 8 March 2019
Time: 12.30pm
Venue: Council Chambers, Level 2, Civic Offices,
53 Hereford Street, Christchurch

Membership

Chairperson	Ms Kim Wallace
Deputy Chairperson	Councillor Raf Manji
Members	Councillor Vicki Buck
	Councillor Phil Clearwater
	Councillor Pauline Cotter
	Mayor Lianne Dalziel
	Councillor David East
	Deputy Mayor Andrew Turner
	Mr Mark Russell
	Mr Michael Rondel

4 March 2019

Principal Advisor

Carol Bellette
General Manager Finance and
Commercial

Mark Saunders
Committee and Hearings Advisor
941 6436
mark.saunders@ccc.govt.nz
www.ccc.govt.nz

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.

To view copies of Agendas and Minutes, visit:

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

Strategic Framework

The Council’s Vision – 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.

<p>Whiria ngā whenu o ngā papa Honoa ki te maurua tāukiuki</p> <p>Bind together the strands of each mat And join together with the seams of respect and reciprocity.</p> <p>The partnership with Papatipu Rūnanga reflects mutual understanding and respect, and a goal of improving the economic, cultural, environmental and social wellbeing for all.</p>	<p>Overarching Principle</p> <p>Partnership – Our people are our taonga – to be treasured and encouraged. By working together we can create a city that uses their skill and talent, where we can all participate, and be valued.</p>	<p>Supporting Principles</p> <table border="0"> <tr> <td>Accountability</td> <td>Collaboration</td> </tr> <tr> <td>Affordability</td> <td>Prudent Financial Management</td> </tr> <tr> <td>Agility</td> <td>Stewardship</td> </tr> <tr> <td>Equity</td> <td>Wellbeing and resilience</td> </tr> <tr> <td>Innovation</td> <td>Trust</td> </tr> </table>	Accountability	Collaboration	Affordability	Prudent Financial Management	Agility	Stewardship	Equity	Wellbeing and resilience	Innovation	Trust
Accountability	Collaboration											
Affordability	Prudent Financial Management											
Agility	Stewardship											
Equity	Wellbeing and resilience											
Innovation	Trust											

Community Outcomes

What we want to achieve together as our city evolves

<p>Strong communities</p> <p>Strong sense of community</p> <p>Active participation in civic life</p> <p>Safe and healthy communities</p> <p>Celebration of our identity through arts, culture, heritage and sport</p> <p>Valuing the voices of children and young people</p>	<p>Liveable city</p> <p>Vibrant and thriving central city, suburban and rural centres</p> <p>A well connected and accessible city</p> <p>Sufficient supply of, and access to, a range of housing</p> <p>21st century garden city we are proud to live in</p>	<p>Healthy environment</p> <p>Healthy waterways</p> <p>High quality drinking water</p> <p>Unique landscapes and indigenous biodiversity are valued</p> <p>Sustainable use of resources</p>	<p>Prosperous economy</p> <p>Great place for people, business and investment</p> <p>An inclusive, equitable economy with broad- based prosperity for all</p> <p>A productive, adaptive and resilient economic base</p> <p>Modern and robust city infrastructure and community facilities</p>
---	---	---	---

Strategic Priorities

Our focus for improvement over the next three years and beyond

Enabling active citizenship and connected communities	Maximising opportunities to develop a vibrant, prosperous and sustainable 21st century city		
Climate change leadership	Informed and proactive approaches to natural hazard risks	Increasing active, public and shared transport opportunities and use	Safe and sustainable water supply and improved waterways

AUDIT AND RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE

Chair	Kim Wallace (Independent)
Deputy Chair	Councillor Manji as the Chair of the Finance and Performance Committee
Membership	Mayor Dalziel and Deputy Mayor Turner The Chair of the following committees: <ul style="list-style-type: none">• Innovation and Sustainable Development Committee• Social and Community Development Committee• Infrastructure, Transport and Environment Committee• Regulatory Performance Committee 2 External Members
Quorum	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.
Meeting Cycle	To be separately considered
Reports To	Council

Purpose

- 1.1 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.
- 1.2 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

- 2.1 In order to give effect to its advice the Committee should make recommendations to the Council and to Management.
- 2.2 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.
- 2.3 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.

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

Responsibilities

3.1 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.

3.2 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.

3.3 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.

3.4 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.
- 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.

3.5 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.

3.6 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.

3.7 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

- 4.1 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.

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

TABLE OF CONTENTS

C	1.	Apologies.....	8
B	2.	Declarations of Interest	8
C	3.	Confirmation of Previous Minutes.....	8
B	4.	Public Forum.....	8
B	5.	Deputations by Appointment.....	8
B	6.	Presentation of Petitions	8

STAFF REPORTS

C	7.	Audit New Zealand - 2018/19 Audit Plan.....	13
C	8.	Status of Christchurch City Council Water Safety Plans.....	35
C	9.	Resolution to Exclude the Public.....	40

1. Apologies

An apology was received from Mayor Dalziel.

2. Declarations of Interest

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

That the minutes of the Audit and Risk Management Committee meeting held on [Friday, 1 February 2019](#) be confirmed (refer page 9).

4. Public Forum

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

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

6. Petitions

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

Audit and Risk Management Committee OPEN MINUTES

Date: Friday 1 February 2019
Time: 3:31pm
Venue: Council Chambers, Level 2, Civic Offices,
53 Hereford Street, Christchurch

Present

Chairperson	Ms Kim Wallace
Deputy Chairperson	Deputy Chair Raf Manji
Members	Councillor Vicki Buck
	Councillor Phil Clearwater
	Councillor Pauline Cotter
	Mayor Lianne Dalziel
	Deputy Mayor Andrew Turner
	Mr Mark Russell
	Mr Michael Rondel

1 February 2019

Principal Advisor

Carol Bellette
General Manager Finance and
Commercial

Mark Saunders
Committee and Hearings Advisor
941 6436
mark.saunders@ccc.govt.nz
www.ccc.govt.nz

To view copies of Agendas and Minutes, visit:
www.ccc.govt.nz/Council/meetingminutes/agendas/index

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

The agenda was dealt with in the following order.

1. Apologies

Part C

Committee Resolved ARCM/2019/00001

Committee Decision

That the apology from Councillor East be accepted.

Ms Wallace/Councillor Cotter

Carried

2. Declarations of Interest

Part B

There were no declarations of interest recorded.

3. Confirmation of Previous Minutes

Part C

Committee Resolved ARCM/2019/00002

Committee Decision

That the minutes of the Audit and Risk Management Committee meeting held on Monday, 12 November 2018 be confirmed.

Ms Wallace/Deputy Chair Manji

Carried

4. Public Forum

Part B

There were no public forum presentations.

5. Deputations by Appointment

Part B

There were no deputations by appointment.

6. Presentation of Petitions

Part B

There was no presentation of petitions.

7. Committee-Only Time with Auditors for Public Excluded Items

Part B

It was noted that under its Terms of Reference, the Committee should meet with the internal and the external auditors without Management present at each meeting where external reporting is approved, and at other meetings if requested by any of the parties. This Committee-only time with the auditors to be part of the consideration of a relevant item on the public excluded agenda and requested during the consideration of the item.

8. Audit NZ Report to Council on the 2017/18 Audit of the Christchurch City Council

Committee Resolved ARCM/2019/00003 (Original Staff Recommendations Accepted without Change)

Part C

That the Audit and Risk Management Committee:

1. Receives the information and notes 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 2018 and management's responses to these.

Mr Russell/Councillor Clearwater

Carried

Committee Decided ARCM/2019/00004 (Original Staff Recommendations Accepted without Change)

Part A

That the Audit and Risk Management Committee recommends that the Council:

1. Receives the Audit New Zealand Management Report relating to the audit of the financial statements and annual report for the year ended 30 June 2018.

Deputy Mayor/Ms Wallace

Carried

9 Resolution to Exclude the Public

Committee Resolved ARCM/2019/00005

Part C

That David Seath of Deloitte remain after the public have been excluded for Item 11, Draft Annual Plan 2019/20 to be presented to the Council Annual Plan meeting on 12 Feb 2019, of the public excluded agenda as he has knowledge that is relevant to that item and will assist the Committee.

AND

That at 3:52pm the resolution to exclude the public set out on pages 42 to 43 of the agenda be adopted.

Ms Wallace/Councillor Clearwater

Carried

The public were re-admitted to the meeting at 4:25pm.

Meeting concluded at 4:26pm.

CONFIRMED THIS 8th DAY OF MARCH 2019

KIM WALLACE
CHAIRPERSON

7. Audit New Zealand - 2018/19 Audit Plan

Reference: 19/224394

Presenter(s): Len van Hout, Manager External Reporting and Governance

1. Purpose of Report

- 1.1 The purpose of this report is for the Audit and Risk Management Committee to confirm with Audit New Zealand the audit arrangements for the audit of the financial statements for the year ending 30 June 2019 for the Council and Consolidated Group.

2. Executive Summary

- 2.1 Audit New Zealand highlighted in their 2017/18 Report to Council on the Audit of the Council, the priority of work for 2018/19. This plan builds on the work to be undertaken and timeframe for delivery.

3. Staff Recommendations

That the Audit and Risk Management Committee:

1. Consider the Audit Plan for Christchurch City Council and Consolidated Group from Audit New Zealand and recommend to the Council that it:
 - a. Note that property, plant and equipment will again be a focus for the audit team in 2019;
 - b. Note that internal controls to prevent fraud and the compliance with continuous disclosure requirements will also be reviewed in-depth as part of the 2019 audit; and
 - c. Note the timetable for deliverables to ensure the audit proceeds smoothly.
2. Note that Council staff will report at the next meeting any critical judgements, estimates and assumptions that will be made during the preparation of the Annual Report in accordance with accounting and audit standards for public benefit entities.
3. Note that the Committee will be further updated on these issues and any other issues that arise at its 28 August 2019 meeting prior to the audit clearance scheduled for 16 September 2019.

4. Key Points

- 4.1 The Audit Plan Letter is issued each year outlining audit issues, audit timetable and audit process. The letter is at Attachment A.
- 4.2 In accordance with the terms of reference of the Audit and Risk Management Committee, it is the role of the Audit and Risk Management Committee to consider the nature and scope of the audit and audit timetable.
- 4.3 The main audit issues for 2019 include:
 - 4.3.1 Valuation of property, plant and equipment. Roading assets, storm water infrastructure and art works are due to be revalued this year on a triennial cycle.
 - 4.3.2 Fair value assessment of non-revalued property, plant and equipment. Asset categories that are outside of the revaluation cycle this year will be reviewed to determine whether there is a material difference with the carrying values of these asset categories.

- 4.3.3 Capital asset additions and work in progress. Work on well head replacement and the repair of the Town Hall will undergo additional scrutiny during the 2018/19 audit including a review of project governance.
- 4.3.4 Early adoption of accounting standards (the Council and group). This year will see Council early adopt PBE IFRS 9 – Financial Instruments, review of the revised disclosures will form part of this year’s work plan.
- 4.3.5 Risk of management override of internal controls. Audit New Zealand will perform targeted audit procedures to minimise this inherent risk.
- 4.3.6 Other ongoing accounting issues to be reviewed that are included in this plan are:
- Recognising aspects of the cost sharing agreement with the Crown.
 - Accounting treatment of asset transfers for the Otautahi Community Housing Trust.
 - Procurement and contract management.
 - Project Governance, especially in relation to well head upgrade programme and Town Hall repair.
 - Prudent expenditure decisions (the Council and group).

Attachments

No.	Title	Page
A ↓	Audit Plan 2019	15

Confirmation of Statutory Compliance

<p>Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).</p> <p>(a) This report contains:</p> <ul style="list-style-type: none"> (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. <p>(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.</p>

Signatories

Author	Len Van Hout - Manager External Reporting & Governance
Approved By	Diane Brandish - Head of Financial Management Carol Bellette - General Manager Finance and Commercial (CFO)

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit plan

Christchurch City Council and
group

For the year ending 30 June 2019

Attachment A Item 7

Audit plan

I am pleased to present our audit plan for the audit of Christchurch City Council (the Council) and group for the year ending 30 June 2019. The purpose of this audit plan is to discuss:

Audit risks and issues	2
Group audit	9
Our audit process.....	10
Reporting protocols	14
Audit logistics	15
Expectations.....	17

The contents of this plan reflect the discussions we have had to date with management and should provide a good basis for discussion when we meet with you.

We will be happy to elaborate further on the matters raised in this plan.

Our work improves the performance of, and the public's trust in, the public sector. Our role as your auditor is to give an independent opinion on the financial statements and performance information. We also recommend improvements to the internal controls relevant to the audit.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely



Andy Burns
Appointed Auditor
28 February 2019

Audit risks and issues

Specific focus areas for the audit of Christchurch City Council



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit.

Audit risk/issue	Our audit response
Valuation of property, plant and equipment	
<p>Council's property, plant and equipment assets are significant components of its statement of financial position. Many of these asset classes are subject to periodic revaluation in accordance with Council's accounting policies.</p> <p>The accounting standard PBE IPSAS 17 <i>Property, Plant and Equipment</i>, requires that valuations are carried out with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value.</p> <p>From discussions with management to date, Council has identified that the following asset categories are due to be revalued in the 2018/19 year:</p> <ul style="list-style-type: none"> • roading assets; • stormwater; and • artworks (not a significant asset class). <p>Due to the significance of the balances involved and the judgemental nature of the revaluation process, this is a specific area of audit focus.</p> <p>Audit risk:</p> <p>Asset classes subject to revaluation are misstated in the financial statements.</p>	<p>For the asset classes that will be subject to a revaluation, we will:</p> <ul style="list-style-type: none"> • review the valuation performed to assess whether it complies with the relevant valuation and accounting standards; • assess that the controls in place and assumptions applied to the valuation are reasonable and applied consistently; • obtain an understanding of the underlying data; • evaluate the qualifications, competence and expertise of the external valuer used; • confirm that any fair value movements have been accounted for correctly; and • verify that all the assets in the class have been revalued. <p>We will liaise with management to understand the timing of the valuation work. Ideally, as in previous years, we would like to complete our review of the valuation in advance of the final audit visit commencing in late July 2019.</p>
Fair value assessment of non-revalued property, plant and equipment	
<p>Council has other classes of infrastructure and operational assets that are outside of their revaluation cycle this year. Council will need to complete a fair value assessment to determine whether there is a significant difference between their carrying amounts and their fair values. If this assessment identifies that there is a material</p>	<p>We will review the Council's assessment of whether there is any significant difference between the carrying amount and fair value of those asset classes that are not being revalued in 2018/19.</p> <p>We encourage the Council to perform this assessment early so that if a revaluation is</p>

Audit risk/issue	Our audit response
<p>difference in the carrying values of these asset classes, a revaluation is required.</p> <p>In performing this assessment, Council will need to identify and apply relevant independent information to support its position. This may include independent input from Council’s valuers due to knowledge of market and industry factors as well as their knowledge of Council’s assets.</p> <p>Audit risk:</p> <p>The carrying value of property, plant and equipment is materially different from its fair value within the financial statements.</p>	<p>required, there is time to complete it without it impacting on the annual report process.</p>
<p>Capital asset additions and work-in-progress</p>	
<p>The Council continues to have a significant ongoing capital programme. Accounting for capital projects, that are either completed during the year or in progress at balance date, requires assumptions and judgements to be made that can have a significant effect on the financial statements, including:</p> <ul style="list-style-type: none"> • assessing the nature of costs and either capitalising these as work in progress, or recognising these as expenses; • identifying asset components and assigning appropriate useful lives to these components; and • identifying the appropriate date of capitalising the asset, transferring costs from work in progress to asset additions and the commencement of depreciation of the asset. <p>Audit risk:</p> <p>Incorrect classification of expenditure between capital and operating expenditure.</p>	<p>Our audit work on property, plant and equipment will review the accounting for costs incurred on capital projects, including:</p> <ul style="list-style-type: none"> • the correct classification of costs as either capital or operating in nature; • appropriate capitalisation point for completed assets, including transfers from work in progress; • assessing the reasonableness of depreciation rates and useful lives applied to asset components; and • reviewing the disclosures within the financial statements. <p>We will obtain an update on the progress with the wellhead replacement programme, the costs incurred to date (and accounting treatment of those costs), the expected costs to complete the programme and timeframes for Council to obtaining its secure status.</p> <p>We will also review the accounting for the costs associated with the Town Hall and its transfer from work in progress to additions, as the majority of the facility has been completed and due to open in March 2019.</p>

Audit risk/issue	Our audit response
Early adoption of accounting standards (the Council and group)	
<p>Effective for financial years beginning on or after 1 January 2021, PBE IFRS 9 <i>Financial Instruments</i> becomes effective and replaces PBE IPSAS 29 <i>Financial Instruments: Recognition and Measurement</i>. The Council has decided to early adopt the standard from the period beginning 1 July 2018.</p> <p>This will also ensure consistent application of accounting standards and accounting policies throughout the group, as Council's profit oriented entities are required to adopt this standard for their 2019 financial reporting.</p> <p>Audit risk:</p> <p>Non-compliance with the requirements of the newly adopted accounting standards.</p>	<p>We will review the Council and group's assessment of the impact of PBE IFRS 9.</p> <p>We will review the accounting treatment (including comparative information and related disclosures) to ensure that the standard has been appropriately applied in the 2019 financial statements.</p>
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p> <p>Audit risk:</p> <p>Fraud arising from management override of internal controls.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; • evaluating any unusual or one-off transactions, including those with related parties; • evaluating significant transactions that are outside the normal course of business or those that appear to be unusual given our understanding of Council and its environment; and • review of any changes in Council's accounting policies.

Additional areas of focus

Audit risk/issue	Our audit response
Other issues	
<p>We summarise below other areas of audit focus for the 2019 audit:</p> <p>Global settlement negotiations with the Crown</p> <p>Council continues to be in negotiations with the Crown over a global settlement of earthquake related issues originally set out in the cost share agreement.</p> <p>Otautahi Community Housing Trust</p> <p>In 2018 potential accounting issues were identified in the agreement between Council and the Otautahi Community Housing Trust (the Trust) in place at the time. Management undertook to review the agreement between Council and the Trust in the 2019 financial year to ensure that the arrangement remained fit for purpose and is set up to achieve the intended outcomes for both parties. The accounting treatment for the more significant transfers of housing stock to the Trust is expected to occur in 2019.</p>	<p>In response to the areas of audit focus we will perform the following work:</p> <p>Global settlement negotiations with the Crown</p> <p>We will make enquiries of appropriate Council management and the governing body as to any developments with the negotiations that could have an impact on the annual report, including potential post balance date events up to the date of signing the annual report in October 2019.</p> <p>Otautahi Community Housing Trust</p> <ul style="list-style-type: none"> • review the agreement between Council and the Trust; and • confirm the accounting for transfers of housing stock between Council and the Trust, including Council's assessment of the carrying value of any loans or receivables relating to the transfer of assets.
Procurement and contract management	
<p>Procurement and contract management have been areas of focus for Council recently. They are also focus areas of the Office of the Auditor-General (OAG) for its auditors in the public sector.</p> <p>Council continues to develop its procurement and contract management practices through the recent adoption of its procurement policy. Work is currently underway developing the business rules to operationalise the policy throughout Council and align practices where previously these had been inconsistent.</p> <p>This work is also expected to address previous internal audit recommendations and improve procurement reporting to management and governors.</p>	<p>We plan to complement the work of the Council's internal audit function, to understand and provide input where appropriate to the next steps in Council's development of its procurement and contract management process.</p> <p>We intend to utilise a specialist from our Specialist Audit and Assurance Services team to perform this work that will include:</p> <ul style="list-style-type: none"> • A review of the current framework for procurement policy and guidance; • A specific review of any refreshed policy and guidance for procurement; and • Review of selected procurement and contract management practices as appropriate.

Audit risk/issue	Our audit response
Project governance	
<p>There are a number of major construction and infrastructure projects underway at various stages of development, from conception through to completion.</p> <p>These large projects are high risk due to their scale, prominence, the complexity of the procurement arrangements, and their financial impact. Therefore, it is vital that the Council has an appropriate monitoring and governance framework over these projects to manage delivery to timeline and budget.</p> <p>Two projects of interest this year are Council's progress with the wellhead replacement programme (that commenced as a result of the city losing its secure drinking water status), and the Town Hall restoration project.</p>	<p>We will obtain an update on the progress with both projects, and steps being taken to consider lessons learned from these for future projects, specifically in relation to the Council's project management policy, guidance and capability.</p> <p>We are aware that the Council commissioned an independent review of aspects of the performance of its well head programme last year. We will consider how the Council responds to the findings of this review in identifying and implementing any necessary improvements to its governance processes.</p>
Prudent expenditure decisions (the Council and group)	
<p>We expect all public entities to apply a number of principles to expenditure decisions, including that the expenditure has a justifiable business purpose, preserves impartiality, is made with integrity, is moderate and conservative in respect of the circumstances and is made transparently.</p> <p>Audit risk:</p> <p>Expenditure decisions are not in line with our expectations of a public sector entity.</p>	<p>We will remain alert to public sector concerns, including issues and risks about effectiveness and efficiency, waste, and a lack of probity or financial prudence. This means looking at some transactions or other arrangements in more detail to ensure expenditure is in line with the public sector principles.</p> <p>Aside from specific testing across a sample of sensitive transactions, this will also involve making certain enquiries of the Council, management, and staff, and maintaining awareness of public sector concerns throughout our audit work.</p>
Group issues	
<p>In our audit planning we consider potential audit risks within the Council group. The significant components of the Council group are the Christchurch City Holdings group and Vbase Limited.</p> <p>We work with the component auditors to ensure that any changes in group structure or group audit risks are communicated and appropriately addressed on consolidation into Council's group financial statements. We also review related party transactions throughout the group.</p>	<p>We will maintain a watching brief on group items, including decisions made by Council that may impact the group up to the date of signing the annual report.</p> <p>From discussions to date with management, the Vbase restructure may not take effect until the start of the 2019/20 financial year.</p>

Audit risk/issue	Our audit response
Issues that we have identified to date include the proposed restructure of Vbase Limited separating the event management and facilities management activities into separate companies.	

Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. In considering fraud risk, two types of intentional misstatements are relevant – misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. We will discuss the following questions with you:

- What role does Council play in relation to fraud? How do you monitor management’s exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management’s investigation been reported to Council? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;

- perform substantive audit procedures; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.govt.nz/reports/fraud-reports.

Group audit



Our auditor’s report covers the group as a whole. Our audit approach is developed to ensure we have sufficient information to give an opinion on the group. In designing our group audit approach, we considered the structure of the group and identified the entities which are included in the group financial statements.

Each entity is referred to as a component. We have assessed the risks of material misstatement and have identified our approach for each component. The table below shows the work planned for each significant component.

Significant component	Work to be performed
Christchurch City Holdings Limited	<p>This will be audited by the same Appointed Auditor using the Audit New Zealand audit team.</p> <p>There are no specific audit risks to bring to your attention.</p> <p>The audit work on this component will be a full financial statement and performance report audit.</p>
Vbase Limited	<p>This will be audited by the same Appointed Auditor using the Audit New Zealand audit team.</p> <p>The area of audit focus relevant to this component is the proposed change in company structure.</p> <p>More information on this audit risk can be found in the Audit Risks and Issues section above.</p> <p>The audit work on this component will be a full financial statement and performance report audit.</p>

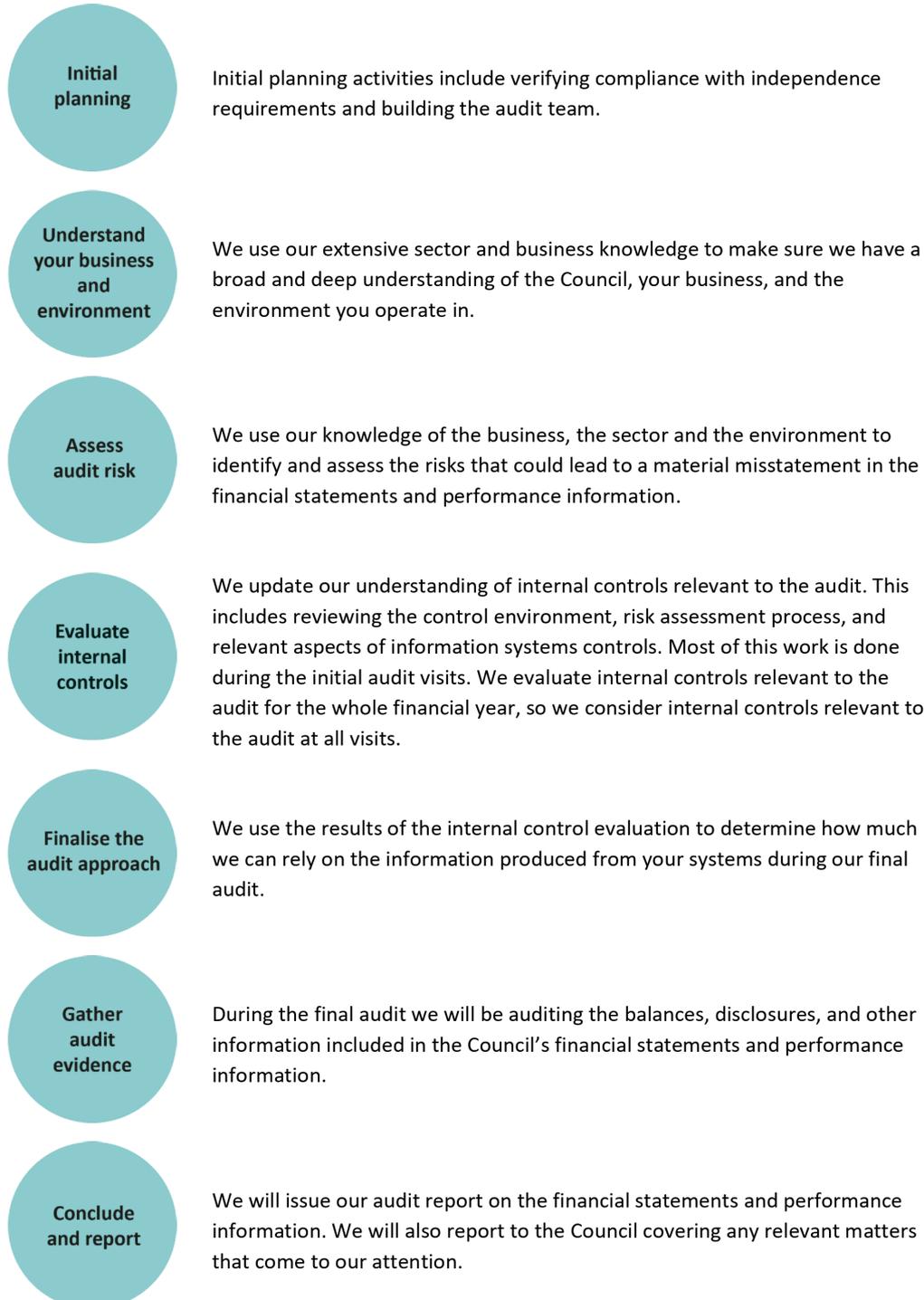
For non-significant components, we will perform analytical procedures at the group level to identify unexpected movements.

We will report any significant internal control deficiencies to the Council and management of the group. This will include any deficiencies identified by the group engagement team or brought to our attention by the component auditor. We will communicate deficiencies related to:

- group-wide internal control; or
- Internal controls at each component.

We will also communicate any fraud identified by the group engagement team or brought to our attention by the component auditor.

Our audit process



Enhancing year-end processes

The year-end financial statement close process and the preparation of the annual report requires a large number of resources to be committed to complete it effectively. This diverts the attention of your staff away from the current financial year and focuses them on past events. We want the audit process to run smoothly and we will work with management to bring forward the timing of audit procedures where possible.

Bringing forward audit procedures

Substantive audit procedures are traditionally performed after the year-end. Where possible, we will aim to perform certain audit procedures earlier in the year. This will be focused on year-to-date transactions for revenue and expenditure, property, plant and equipment testing and review of asset valuations. Completion of these tests earlier in the year should allow for more timely identification and resolution of errors.

This testing will be completed during the pre-final interim audit. If we can complete this work earlier in the year, we expect this to take some pressure off the final audit. This requires us to have the right information available during this visit to enable us to complete this work.

We will work with management to agree what can be achieved. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.

Materiality

In performing our audit, we apply the concept of materiality. In the public sector, materiality refers to something that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

Accounting standards also require the Council and management to consider materiality in preparing the financial statements. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities.

Whether information is material is a matter of judgement. We consider the nature and size of each item judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Materiality will be lower for some items due to their sensitivity.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and performance information. During the audit, we will provide details of any such misstatements we identify to an appropriate level of management.

We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from representatives of the Council that specify the reasons why the corrections will not be made.

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements and performance information.

The term "opinion" reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything we are told at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

How we consider compliance with laws and regulations

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

Wider public sector considerations

A public sector audit also examines whether:

- the Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by the Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by the Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the Council or by one or more of its members, office holders, or employees.

Reporting protocols

Communication with management and the Council



We will meet with management and the Council throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Reports to governors



We will provide a draft of all reports to management for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide its comments on the draft within 10 working days. Once management comments are received, we will finalise the report and provide it to Council.

We will also follow up on your progress in responding to our previous recommendations.

As part of our final reporting to Council we set out non-trivial unadjusted misstatements, along with reasons why the adjustments have not been made. As part of our continued focus on improving the efficiency of the annual reporting and audit process, this year we will also report adjusted misstatements in the report to Council. The adjusted misstatements will be any made to the draft annual report received at the start of the audit.

Audit logistics

Our team



Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

Andy Burns	Appointed Auditor
Karen MacKenzie	Engagement Quality Control Review Director
Andrew Timlin	Audit Manager
Ben Wright	Assistant Manager
Alan Clifford/Sharon Bowler	Information Systems Audit Specialists

The Engagement Quality Control Review (EQCR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. The EQCR Director is an experienced Audit Director who has sufficient and appropriate experience to objectively evaluate the judgements made by the audit team. They are independent from the day to day audit field work, and so can provide an independent challenge to the audit team on their judgements. The EQCR will work with your Appointed Auditor and the audit team, but will not have direct contact with you.

Timetable



Our proposed timetable for the audit is:

4 March 2019	First interim audit
15 April 2019	Draft interim report to the Council issued
30 May 2019	ARMC meeting
17 June 2019	Second interim audit begins
25 June 2019	ARMC meeting to consider critical judgements, estimates and assumptions
29 July 2019	Draft financial statements available for audit (including notes to the financial statements) with actual year-end figures
29 July 2019	Final audit begins
5 August 2019	Draft Council activities and services sections available for audit
12 August 2019	Draft group financial statements available for audit
21 August 2019	Full draft annual report available for audit
28 August 2019	ARMC meeting
28 August 2019	Final annual report available for audit including Mayor's and Chief Executive's overview or reports
28 August 2019	Draft summary annual report available for audit
16 September 2019	Verbal audit clearance given
16 September 2019	Final report to the Council issued (in draft)
16 September 2019	Final summary annual report available for audit
25 September 2019	ARMC meeting – to approve the 2019 annual report
3 October 2019	Council meeting to adopt annual report
3 October 2019	Audit opinion issued

Expectations



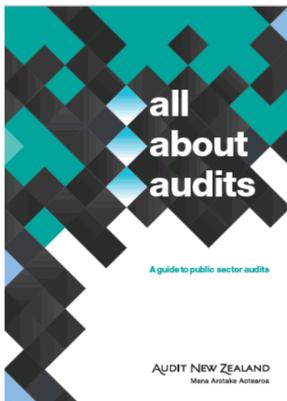
For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our audit engagement letter dated 26 May 2017.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We have also published information to explain what to expect from your audit:



Health and safety



The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

www.auditnz.govt.nz

Level 3, 335 Lincoln Road, Addington
PO Box 2, Christchurch 8140



8. Status of Christchurch City Council Water Safety Plans

Reference: 19/177771

Presenter(s): John Moore, Head of Three Waters & Waste

1. Purpose and Origin of Report

Purpose of Report

- 1.1 The purpose of this report is for the Audit and Risk Management Committee to be updated on the status of Water Safety Plans for community water supplies, prepared under the Health Act 1956 and the Drinking Water Standards for New Zealand 2005 (revised 2018).

Origin of Report

- 1.2 This report is staff generated and provides:
 - 1.2.1 Information about the legislative requirements around the preparation of Water Safety Plans and the associated audits
 - 1.2.2 A summary of existing Water Safety Plans including the findings of recent Plan implementation audits
 - 1.2.3 Information on the new Ministry of Health Water Safety Plan Framework and the work the Council is required to undertake in 2019.

2. Significance

- 2.1 The information in this report are of medium significance in relation to the Christchurch City Council's Significance and Engagement Policy.
 - 2.1.1 The level of significance was determined by completing the Significance and Engagement Policy Worksheet.
 - 2.1.2 The community engagement and consultation outlined in this report reflect the assessment.

3. Staff Recommendations

That the Audit and Risk Management Committee:

1. Notes the status of the Water Safety Plans for community drinking water supplies including the actions required to address the non-conformances identified in recent Drinking Water Assessor's Water Safety Plan Implementation Audit reports.
2. Notes the agreement to update all Water Safety Plans in accordance with the new Ministry of Health framework.
3. Recommends that the Council receives this report on the status of its Water Safety Plans.

4. Key Points

- 4.1 The Council has eight approved Water Safety Plans (Plans) covering its 11 public water supplies.
- 4.2 The Drinking Water Assessor carries out 3-yearly implementation audits to ensure that water suppliers operate their water supplies in accordance with the Plans. Where non-conformances are identified by the Drinking Water Assessor the water supplier is required to put in place an action plan to mitigate the non-conformances.

- 4.3 The Council has a register in place for non-conformances and their associated corrective actions and actively works through the issues. Agreements have been reached with the Drinking Water Assessor and staff are actively working through an action plan to address each of the non-conformances.
- 4.4 Five of the Plans for Banks Peninsula settlements are due to be reviewed and updated in 2019.
- 4.5 The Ministry of Health released a new Framework for these Plans in December 2018 to align more closely with international best practice. This new framework strengthens the focus on preventative measures across the whole system, promotes a multi-barrier approach to managing risk, and supports continuous improvement.
- 4.6 Following discussions with the Drinking Water Assessor and officials from the Ministry of Health in January this year the Council has agreed to update its Plans in accordance with the new framework. This includes five supplies on Banks Peninsula (due May through to September 2019) and the urban Christchurch supply by July 2019.

5. Context/Background

Christchurch City Council drinking water supplies

- 5.1 The Council owns and operates 11 public water supplies which are registered in the Ministry of Health register of community drinking water supplies as follows:

Urban Christchurch

3 registered water supplies using 140 operating bores sourced from the Christchurch-West Melton aquifer system:

- Christchurch Central CHR001 (population served 255,500) – comprising the Central, West, Parklands, Riccarton, Rawhiti and Rocky Point pressure zones
- Northwest Christchurch NOR012 (80,000)
- Brooklands / Kainga BRO012 (1,600)

Lyttelton Harbour

- Lyttelton LYT001 (4,450) – comprising Lyttelton, Governors Bay and Diamond Harbour zones – sourced from the Christchurch-West Melton aquifer system (Central zone bores)

Banks Peninsula

- Akaroa AKA001 (1,350) – surface water (four small streams) and groundwater (two bores)
- Takamatua TAK002 (150) – connected Akaroa water treatment plant
- Birdlings Flat BIR001 (150) – groundwater (one bore)
- Duvauchelle DUV001 (250) – surface water (Pipers Stream)
- Little River LIT001 (240) – surface water (Police Creek) and groundwater (one bore)
- Pigeon Bay PIG001 (26) – surface water (Dicks Stream)
- Wainui WAI138 (200) – groundwater (one bore)

- 5.2 The urban Christchurch, Lyttelton Harbour and Wainui supplies are sourced solely from groundwater and are usually not treated. The remaining Banks Peninsula supplies rely on streams, which are subject to potential contamination from land use activities, and include treatment plants for disinfection.

Legislative framework

- 5.3 The Health (Drinking Water) Amendment Act 2007 requires that all community drinking water supplies with a population of greater than 500 develop a Water Safety Plan (Plan) for their drinking water supply.
- 5.4 The Plan assesses and manages the risks to the safety of drinking water associated with that supply and identifies improvements that are necessary to protect public health. Risks are identified from the source water through to the point when water is supplied to the customer.
- 5.5 Plans are reviewed, approved and audited by a Drinking Water Assessor from the Canterbury District Health Board. The Drinking Water Assessor carries out Plan Implementation Audits every 3 years. In addition to annual internal reviews the water supplier is required to carry out a detailed review every 5 years and resubmit the updated plan to the Drinking Water Assessor for approval.

Status of our Water Safety Plans

- 5.6 The Council has developed Plans for Christchurch City (including Lyttelton Harbour Basin), Akaroa, Takamatua, Birdlings Flat, Duvauchelle, Little River, Pigeon Bay and Wainui. These Plans include information about the water supply infrastructure, water source, water quality monitoring, water treatment (where undertaken), barriers to contamination and an assessment of risks and their mitigation.
- 5.7 All Plans have been approved and audited by the Drinking Water Assessor. The audit reports identified several non-conformances that need addressing and also include some recommendations. The table in **Attachment A** provides a summary of all Plans.
- 5.8 Non-conformances require a signed agreement sheet that outlines actions to be put in place to mitigate the non-conformances. All agreement sheets have been accepted by the Drinking Water Assessor and staff are working through the action plan.
- 5.9 The reviews of the Plans and the follow up actions from reviews and audits are monitored and managed by a Water Safety Plan Project Control Group.

Work to be undertaken under the new Ministry of Health Water Safety Plan Framework

- 5.10 In December 2018 the Ministry of Health released an updated framework for these Plans to align more closely with international best practice. This new framework strengthens the focus on preventative measures across the whole system, promotes a multi-barrier approach to managing risk, and supports continuous improvement.
- 5.11 Following discussions with the Drinking Water Assessor and officials from the Ministry of Health in January this year the Council has agreed to update its Plans in accordance with the new framework. This includes Plans for five supplies on Banks Peninsula (due May through to September 2019) and the urban Christchurch area by July 2019.
- 5.12 A collaborative approach to identifying and managing risks will be taken. It is envisaged that the Drinking Water Assessor and Ministry of Health representatives will attend risk management workshops to ensure that the updated Plans are fully aligned with the Drinking Water Assessor and Ministry of Health expectations.
- 5.13 Workshops are expected to take place in March and April 2019.

Reporting on Water Safety Plans

- 5.14 Following discussions with the Chairs staff propose to report on the status of the Plans to the Audit and Risk Management Committee annually, and on the status and detailed progress against the action plans, to address any non-conformances, to the Infrastructure, Transport and Environment Committee as part of the bimonthly report on the three waters and waste services.

Attachments

No.	Title	Page
A ↓	Summary of CCC Water Safety Plans	39

Confirmation of Statutory Compliance

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

Authors	Daniela Murugesu - Asset Engineer John Moore - Head of Three Waters & Waste Helen Beaumont - Programme Manager - Water Supply
Approved By	John Moore - Head of Three Waters & Waste David Adamson - General Manager City Services

Water Supply	Supply Population	Community Code	Current Approved WSP		Approved WSP Documents		3-Yearly DWA Implementation Audit			Implementation Audit Details	
			Current WSP Status	DWA WSP Approval Date	WSP Document	Approval Letter & Adequacy Report	Date of DWA Implementation Audit Report	Implementation Audit Report	Signed Agreement Sheet	Number of Non-Conformances	Number of Recommendations
Urban Christchurch / Lyttelton Harbour Basin											
Christchurch Central	255,500	CHR001	Approved	9/03/2018	18/630080	18/320433	23/11/2018	18/1269202	18/1188049	5	1
Northwest Christchurch	80,000	NOR012									
Brooklands/Kainga	1,600	BRO012									
Lyttelton Harbour Basin	4,450	LYT001									
Banks Peninsula											
Akaroa	1,350	AKA001	Approved	27/09/2017	17/1181668	17/1178693	10/01/2019	19/63869	19/139216	3	4
Birdlings Flat	150	BIR001	Approved	29/09/2017	17/1181679	17/1178683	18/11/2015	16/730182	N/A (no non-conformances)	-	-
Duvauchelle	250	DUV001	Approved	14/05/2014	14/717188	14/528855	9/04/2014	17/0067163	N/A (no non-conformances)	-	3
Little River	240	LIT001	Approved	10/04/2014	14/717237	14/629331	13/10/2014	17/0067294	N/A (no non-conformances)	-	3
Takamatua	150	TAK002	Approved	1/07/2014	14/1069502	14/1069547	10/01/2019	19/63869	19/139216	1	2
Wainui	200	WAI138	Approved	26/06/2014	14/716808	14/716688	10/01/2019	19/63869	19/139216	2	3
Pigeon Bay	26	PIG001	Approved	1/08/2014	14/1069597	14/1069625	10/01/2019	19/63869	19/139216	2	2

9. Resolution to Exclude the Public

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:

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
10	PUBLIC EXCLUDED AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES - 1 FEBRUARY 2019			REFER TO THE PREVIOUS PUBLIC EXCLUDED REASON IN THE AGENDAS FOR THESE MEETINGS.	
11	CYBER SECURITY PROGRAMME UPDATE AND VULNERABILITY ASSESSMENT	S7(2)(C)(II)	PREVENT DAMAGE TO THE PUBLIC INTEREST	DISCLOSURE OF OUR APPROACH TO CYBER SECURITY AND IDENTIFIED AREAS OF LOW MATURITY WILL 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.	WHEN THE CHIEF EXECUTIVE IS SATISFIED THAT THERE IS NO LONGER GROUNDS FOR WITHHOLDING THE INFORMATION
12	QUARTERLY PROCUREMENT REPORT - QUARTER 2 - 2018/19	S7(2)(B)(II), S7(2)(H), S7(2)(I)	PREJUDICE COMMERCIAL POSITION, COMMERCIAL ACTIVITIES, CONDUCT NEGOTIATIONS	THE FOLLOWING INFORMATION MAY PREJUDICE THE COUNCIL'S COMMERCIAL POSITION.	WHEN THE CHIEF EXECUTIVE DETERMINES THERE ARE NO LONGER ANY REASONS TO WITHHOLD THE INFORMATION UNDER THE ACT.
13	INTERNAL AUDIT STATUS REPORT	S7(2)(E), S7(2)(F)(II), S7(2)(J)	PREVENTION OF MATERIAL LOSS, PROTECTION FROM IMPROPER PRESSURE OR HARASSMENT,	PREVENT THE USE OF INTERNAL AUDIT FINDINGS BEING UTILISED FOR IMPROPER ADVANTAGE.	WHEN THE CHIEF EXECUTIVE DETERMINES THERE ARE NO LONGER ANY REASONS TO

			PREVENTION OF IMPROPER ADVANTAGE		WITHHOLD THE INFORMATION UNDER THE ACT AND THE RELEVANT INTERNAL AUDIT FINDINGS HAVE BEEN RESOLVED.
14	RISK MANAGEMENT STATUS REPORT	S7(2)(C)(II), S7(2)(F)(II)	PREVENT DAMAGE TO THE PUBLIC INTEREST, PROTECTION FROM IMPROPER PRESSURE OR HARASSMENT	PREVENT THE IMPROPER USE AND MISINTERPRETATION OF INFORMATION	WHEN THE CHIEF EXECUTIVE DETERMINES THERE ARE NO LONGER ANY REASONS TO WITHHOLD THE INFORMATION UNDER THE ACT
15	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.	WHEN THE CHIEF EXECUTIVE DETERMINES THERE ARE NO LONGER ANY REASONS TO WITHHOLD THE INFORMATION UNDER THE ACT.