

# MINUTES

**TITLE:** Audit Subcommittee  
**DATE:** Thursday 19 October 2006  
**TIME:** 3.00 pm  
**VENUE:** Heaphy Room, 189 Queen Street, Richmond  
**PRESENT:** Cr M J Higgins (Chair), Mayor J C Hurley, Crs R G Currie, E M O'Regan

**IN ATTENDANCE:** Corporate Services Manager (D G Ward), Accounting Manager (M W Staite), Financial Accountant (B Grammer), Minute Secretary (V M Gribble)

## 1 MINUTES – AUDIT SUBCOMMITTEE, 1 SEPTEMBER 2005

Moved Crs O'Regan/Higgins  
FN06/10/08

**THAT the minutes of the Audit Subcommittee meeting held on 1 September 2005, containing resolutions numbered FN05/09/01 to FN05/09/05 be received.**  
**CARRIED**

## 2 2006 DRAFT ANNUAL REPORT

Mr Ward presented the draft Annual Report and acknowledged the work of B Grammer and M Staite in putting the Annual Report together.

Mr Ward reported that Audit will be issuing an unqualified audit opinion to attach to the report. The process is that the Audit Subcommittee approve it for audit signoff and a copy will be couriered to Audit tonight and a signed audit opinion will be delivered tomorrow.

Mr Ward said Council has fallen significantly below in collection of development contributions, and whilst there is no expenditure impact, it was money that we would have saved. Consents income was not as much as budgeted either.

Mayor Hurley said there should be a comment that Council recognises there is a problem with refuse and has moved to correct it.

Cr Higgins noted that refuse collections have increased.

Mr Staite said since the price change for refuse we are now much more aligned to Nelson City and people are coming to Richmond transfer station and the revenue has picked up. The contract is a fixed price contract.

Mr Ward said the working capital is not in a healthy position, but \$27 million worth of assets were purchased and only raised \$16 million loans. We also repaid term loans of \$900,000 more than we planned.

Mr Ward reported that Council had a positive cashflow of \$8.7 million for the first two months of this financial year.

Mr Ward said for next year we need to look at what we planned to do this year and what we didn't do.

Cr Higgins said given that Council is looking to promote community associations and remove community boards, he suggested that it be noted on the committees page that Lakes/Murchison, Richmond, and Moutere/Waimea Wards have established community associations which maintain a working relationship with ward councillors and council staff in a manner that is proving to be mutual beneficial and cost effective.

Cr Higgins noted the ownership of roads in the district. He wondered if we should be more specific. A legal opinion suggested that ownership lay with local authorities.

Mr Staite said the wording comes from Audit New Zealand and they asked Council to put those words in.

Mr Ward suggesting acknowledging the concern and pursue it with Audit.

Mayor Hurley asked what happens in the case of a state highway that comes back to Council.

Mr Staite said if it is on Council's books it would remain with Council. Normally it is a book-keeping entry only, with no money changing hands.

Cr O'Regan said the balance sheet shows a \$4.9 million surplus for the year. A significant portion is from revaluation of assets, but the value of the assets is an estimate that doesn't bring more revenue.

Mr Staite said Council assets are normally revalued every three years. When we increase asset value it goes into reserve in the balance sheet. If Council receives assets, that goes into revenue.

Cr O'Regan noted the Mapua account doesn't actually show that Council has an asset.

Mr Staite said Council recognises it will be up to \$2 million and it has paid some and owes another \$1.4 million and once the job is done that will be paid. Council is holding a contingency.

**Moved Crs O'Regan/Currie  
FN06/10/09**

**THAT the Audit Subcommittee adopts Councils draft 2006 Annual Report for audit approval.  
CARRIED**

### **3 2007/2008 DRAFT ANNUAL PLAN – PREPARATION PROCESS**

Mr Ward said six days have been put aside for when Council is looking at the review in late November 2006. He asked Councillors to look at the revenue very closely.

Cr O'Regan talked about the massive time lag when zonings are done which has financial implications.

**4                    2006 CREDIT CARD EXPENDITURE REPORT**

Mr Ward tabled a report showing credit card expenditure for the year ended 30 June 2006.

**Moved Crs O'Regan/Currie  
FN06/10/10**

**THAT the staff report detailing credit card payments for the year ended 30 June 2006 be received.  
CARRIED**

The meeting concluded at 4.00 pm.

Date Confirmed:

Chair: