

Report 11.482
Date 22 September 2011
File CFO/13/02/01

Committee Council
Author Bruce Simpson, Chief Financial Officer

Report on the Audit, Risk and Assurance Committee meeting held on 22 September 2011

1. Purpose

To update the Council on the meeting of the Audit, Risk and Assurance Committee held on 22 September 2011.

2. The decision-making process and significance

No decision is being sought in this report.

3. Reports

3.1 Year end review

The year end reviews for the People and Capability Group and Investments were received by the Committee. The Committee noted the positive outcomes in the People and Capability area, particularly the improving Gallup results and the favourable ACC experience rating.

Investment Management was of particular note and the Committee commended the excellent result achieved by the Treasury. The \$2.9M favourable to budget is of direct bottom line benefit to the Council.

The Committee also noted the excellent progress being made across the Local Government sector and in relation to Greater Wellington on the establishment of the Local Government Funding Agency (LGFA).

3.2 Annual report for the year ended 30 June 2011

The draft annual report was received and reviewed by the Committee. A number of changes were proposed by the Committee and these are incorporated into the report presented to Council.

3.3 Oral update from Audit New Zealand

Karen Young and Beverley Alloway from Audit NZ attended the meeting for the review of the annual report. Audit NZ thanked Greater Wellington for the cooperation received on the audit. One issue of substance relating to the accounting treatment of GWRL was raised that flows through to WRC Holdings Ltd and the final GW accounts. This concerned the company's status in regard to financial reporting requirements. GW has accounted for the entity on the basis of it being a Profit Oriented Entity (POE) since its inception. Audit NZ have questioned this classification this year, suggesting it was in fact a Public Benefit Entity (PBE). The Committee challenged the Audit NZ view and Audit NZ verbally agreed that it would not qualify the audit opinion if GW elected to continue with the POE treatment. The Committee noted the technical nature of the discussion and that the real business impact was not material.

4. Recommendations

That the Council:

- 1. Receives the report.*
- 2. Notes the content of the report.*

Report prepared by:

Report approved by

Judith Aitken
Chair
Audit, Risk and Assurance
Committee

Bruce Simpson
Chief Financial Officer