

HAURAKI DISTRICT COUNCIL

AUDIT & RISK COMMITTEE

MINUTES OF MEETING OF THE AUDIT & RISK COMMITTEE HELD IN THE HAURAKI ROOM, PAEROA OFFICE, WILLIAM STREET, PAEROA ON FRIDAY 29 APRIL 2016 COMMENCING AT 9.00AM

PRESENT

Mr P Bennett (In the Chair), His Worship the Mayor Mr J P Tregidga, Crs B A Gordon, G R Leonard, D A Adams (from 9:30am to 1.16pm) and A A Tubman

IN ATTENDANCE

Cr P A Milner (9.00am-11.54am), Messrs L Pieterse (Audit NZ), L D Cavers (Chief Executive), D Peddie (Finance Manager), Ms Katina Conomos, Mrs H Byrne (Accounting Team Leader), M Buttimore (Strategic Planning Projects Manager) and Ms C Black (Council Secretary)

APOLOGIES

RESOLVED

THAT the apology of for lateness of Cr D A Adams be received and sustained.

ARC16/13

Tubman/Leonard

CARRIED

LATE ITEMS

There were no late items.

DECLARATIONS OF INTEREST

There were no declarations.

CONFIRMATION OF MINUTES

AUDIT & RISK COMMITTEE MEETING HELD ON TUESDAY 16 FEBRUARY 2016 (1495695)

RESOLVED

THAT the minutes of the meeting held on Tuesday 16 February 2016 be taken as read and confirmed.

ARC16/14

Bennett/Leonard

CARRIED

BUSINESS

TREASURY REPORT AS AT 31 MARCH 2016 (1519357)

The Corporate Services Manager provided an update on the current position of the loan/debt status, against the parameters outlined in the Council's Financial Strategy and Liability Management Policy.

RESOLVED

THAT the report be received.

ARC16/15

Gordon/Leonard

CARRIED

1

The Corporate Services Manager explained that Council is currently breaching the recommended maturity ratio limits of its swaps, by 1%, but that this matter will correct itself on 15 June when one of the "5 year plus" swaps shifts into the "3-5 year" swap band. The Corporate Services Manager advised that it was possible to correct this breach now, but it would cost approximately \$1,500 to do so and as such, his recommendation is that no action be taken.

Mr Bennett agreed that it would be appropriate that no action be taken regarding the 1% breach as it is relatively minor and will be fixed in a short time period.

RESOLVED

THAT no action be taken regarding the 1% breach of the 60% recommended cap on swaps with a life greater than five years.

ARC16/16

Bennett/Tregidga

CARRIED

INTERNAL DEBT/TREASURY (1519771)

The Corporate Services Manager reported on Council's internal debt position.

RESOLVED

THAT the report be received.

ARC16/17

Bennett/Gordon

CARRIED

HEALTH AND SAFETY REPORM (1517575)

The Chief Executive presented the quarterly report from the Health & Safety Advisor and Human Resources Advisor which briefed the Committee on key matters to ensure the Hauraki District Council continues to meet its health and safety responsibilities under the Act.

It was noted that Council staff are working closely with Work Safe NZ as regards to Health and Safety implementation.

RESOLVED

THAT the report be received.

ARC16/18

Bennett/Tregidga

CARRIED

MATTERS TO BE TAKEN WITH THE PUBLIC EXCLUDED

RESOLVED

THAT the public be excluded from the following parts of the proceedings of this meeting.

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

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) Under Section 48(1) for the Passing of this Resolution
1	KPMG Internal Audit Report – Cash Handling, Invoicing and Credit Notes	Section 7(2)(f)(i) – Maintain the effective conduct of public affairs through: (i) free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) of this Act applies, in the course of their duty.	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

ARC16/19

Leonard/Bennett

CARRIED

RESOLVED

THAT the public be readmitted to the meeting and that the business in committee discussed be confirmed.

ARC16/21

Tregidga/Tubman

CARRIED

AUDIT NZ MANAGEMENT REPORT FOR YEAR ENDED 30 JUNE 2015 (1519375, 1519374)

The Strategic Planner presented a progress report to the Audit Management Report regarding items raised by Audit New Zealand in their Audit report, year ended 30 June 2015.

RESOLVED

THAT the report be received.

ARC16/22

Tregidga/Adams

CARRIED

Leon Pieterse

Mr Pieterse spoke to the report and outlined the audit process to the Committee. Mr Pieterse explained that at the interim audit stage the auditors examine the control environment and determine the reliability of the controls. If the auditors deem that they cannot rely on controls than there is more substantive audit work required. This is also likely to mean that these control areas will be identified as areas for improvement.

Paul Bennett asked if there are likely to be any staffing issues which could hold up clearing up issues listed needing resolution. The members were advised that a new management accountant is starting next week so there would be more staff available to address issues requiring resolution, and that short-term assistance will likely be sought to aid the completion of the annual report.

The Committee discussed the Audit NZ priority rating in the report and requested that a management ranking be included in the table to show the priority rating from the management perspective. Mr Pieterse also acknowledged that ideally there be reasonable consensus over the rankings and content of the report and the audit team will endeavour to work with HDC staff more closely during the preparation of the next report.

AUDIT NEW ZEALAND – AUDIT ARRANGEMENTS LETTER FOR 2015/16 AUDIT (1520086, 1520461, 1520463, 1520466)

Mr Pieterse presented the Audit New Zealand Audit Arrangements Letter for the 2015/16 audit to the Committee for approval.

RESOLVED

THAT the report be received.

ARC16/23

Adams/Bennett

CARRIED

Councillor Adams queried why the actual audit costs for 2014 were substantially higher than the other years. Staff and Audit NZ will investigate this matter further as an answer was not available at the meeting.

Mr Pieterse queried the level of expose and risk that the Council has in light of the north wall slip at the mine. The Chief Executive outlined the risks and bond securities to the Committee, advising that the risk is believed to be di minimus at this stage.

The Chief Executive and Strategic Planning Projects Manager also advised that the bonds are due to be renegotiated with the mine company in August 2016 and that preparation for this negotiation is substantial to ensure that the council has sufficient evidence to inform the amount of bond(s) required.

The Audit Arrangements Letter also invited the Committee to advise Audit New Zealand of any additional matters or significant business risks which are not set out in the letter, but that should be covered by the audit. After consideration, it was agreed that there were no additional matters or significant business risks that the Committee wished to advise Audit New Zealand of.

Mr Pieterse also asked the Committee whether they were aware of any actual or substantive fraud, to which the Committee advised they were not aware of any.

RESOLVED

THAT the Committee approves that the Mayor sign the Audit Arrangements Letter.

ARC16/24

Leonard/Gordon

CARRIED

RISK MANAGEMENT REPORT (1520164, 1510259)

The Strategic Planner presented an update and PowerPoint regarding the Risk Management project and in particular the distinction between the roles of elected members and staff with respect to risk management.

The corporate risks, with controls, were presented to the Committee for discussion. It was advised that the Executive Leadership Team had reviewed the Corporate Risks register on Tuesday 26 April. A copy of this document was pre-circulated and tabled.

The Committee suggested that a workshop be held specifically on risk management, and the corporate risks with the entire council to discuss in more detail.

RESOLVED

THAT the report be received,

THAT the corporate risks be considered at a workshop of full Council.

ARC16/25

Adams/Tubman

CARRIED

Cr Milner left the meeting at 11.54am.

CROWN REVIEW OF 60/40 COST SHARING ARRANGEMENT (1520189)

The Chief Executive and Corporate Services Manager advised the Committee of potential changes to Council's disaster recovery arrangements.

RESOLVED

THAT the report be received.

ARC16/26

Leonard/Bennett

CARRIED

RATES BILLING WORKING PARTY – MATTERS ARISING (1516171, 1497167, 1494718)

The Corporate Services Manager presented a report which was circulated prior to the meeting on matters arising as a result of discussions had by the rates billing working party.

The Committee discussed ideas for increasing awareness of the rates rebate scheme. The Mayor suggested that having staff attend local marae and assist rates rebate applicants may be beneficial. The Committee also discussed the value of public meetings in the town halls as a way of getting information out on rate billing/paying options, as well as existing community meetings, and having information in the council libraries.

The Corporate Services Manager advised that progress has been made with respect to the application of water penalties and he expects this to be operational by May/June 2016. The Committee were supportive of water penalties being applied at the first opportunity.

RESOLVED

THAT the report be received, and

THAT staff explore opportunities with the local marae and the public libraries as a way of informing the public of the rates rebate and rates payment options, and

THAT, in accordance with Council's Revenue and Financing Policy and Funding Impacts Statements, water penalties be applied as the mechanism is available to do so.

ARC16/27

Leonard/Tregidga

CARRIED

With regards to changes to frequency of rates and water rates instalments it was discussed that due to the policy parameters the council has to work in, the earliest that any changes could take effect would be 1st July 2017. An assessment will need to be made regarding the level of community engagement that is required surrounding this proposal.

The Corporate Services Manager advised that only approximately 1% of ratepayers are receiving their rates instalments electronically, but that there has been no campaign or effort specifically designed to increase this update. The Committee discussed it's preference to move more ratepayers to electronic billing as this is the norm for most other utilities.

RESOLVED

THAT a proposal for payment of rates on a two monthly instalment schedule be developed, to be enacted from 1st July 2017, and

THAT a proposal for water rates be changed to two monthly readings for properties with consumption over 10,000kl be developed, to be enacted from 1st July 2017, and

THAT the promotion of emailing rates notices be further investigated and undertaken, and

THAT a trial direct debit campaign drive be further developed and undertaken as possible.

ARC16/28

Adams/Bennett

CARRIED

AUDIT AND RISK COMMITTEE WORK PROGRAMME REPORT (1519376, 1252510)

The Strategic Planner presented the forward work programme for the Audit & Risk Committee and the Terms of Reference.

RESOLVED

THAT the report be received, and

THAT work programme is approved with an amendment to the 21 June agenda, removing the review of risks item because of the intention to hold a workshop with the full council on this topic.

ARC16/29

Bennett/Adams

CARRIED

MATTERS TO BE TAKEN WITH THE PUBLIC EXCLUDED

RESOLVED

THAT the public be excluded from the following parts of the proceedings of this meeting.

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2	Rates in Arrears	Section 7(2)(a) – Protect the privacy of natural persons, including that of deceased natural persons.	Section 48(1)(a) That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

ARC16/30

Leonard/Adams

CARRIED

RESOLVED

THAT the public be readmitted to the meeting and that the business in committee discussed be confirmed.

ARC16/32

Tubman/Gordon

CARRIED

The meeting closed at 1.16pm.

P Bennett
Chairperson

15 June 2016