

HAURAKI DISTRICT COUNCIL

AUDIT & RISK COMMITTEE

MINUTES OF A MEETING OF THE AUDIT & RISK COMMITTEE HELD IN THE HAURAKI ROOM, PAEROA OFFICE, WILLIAM STREET, PAEROA ON TUESDAY 21 JUNE 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 and A A Tubman

IN ATTENDANCE Cr P A Milner, Messrs L D Cavers (Chief Executive), D Peddie (Group Manager – Corporate Services) and Ms C Black (Council Secretary)

APOLOGIES

RESOLVED

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

ARC16/33

Tregidga/Gordon

CARRIED

LATE ITEMS

There were no late items

CONFIRMATION OF MINUTES

AUDIT & RISK COMMITTEE MEETING HELD ON FRIDAY 29 APRIL 2016 (1521528)

RESOLVED

THAT the minutes of the meeting held on Friday 29 April 2016 be taken as read and confirmed.

ARC16/34

Leonard/Tubman

CARRIED

BUSINESS

TREASURY REPORT AS AT 21 MAY 2016 (1549006)

The Group Manager - Corporate Services presented 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, and

THAT a Treasury report for year ending 30 June is provided to Council at the July/August meetings.

ARC16/35

Tregidga/Gordon

CARRIED

Swaps

There are currently more fixed rates than floating.
It was noted that the interest rate swaps are no longer breaching the recommended cap.

Loan Maturities

The debt has reduced due to big projects being completed.
Debt is lower than what was originally forecast in the LTP.
Loan profiles – all in compliance at present.

Guarantee of the Paeroa Centennial Park Board

The Group Manager Corporate Services explained that Council had received a copy of a letter sent from the Board to their bank asking for the guarantee to be discharged.

Paeroa Promotions Trust - Bike Race

The Paeroa Promotions Trust debt has been repaid.

Goldfields Railway Inc.

Goldfields Railway was given a 5 year loan of \$30,000. \$20,500 remains to be paid off. They are keeping up with the repayments.

AUDIT NZ MANAGEMENT REPORT FOR YEAR ENDED 30 JUNE 2015 (1541006, 1541013)

The Group Manager 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.

ARC16/36

Bennett/Tubman

CARRIED

Discussion was held on the progress of audit NZ actions required.

The members were taken through the status of actions required as recommended by Audit NZ:

Item No. 1 (Creditors Masterfile changes)

Status:

Undertaking preparation of the business case for a Procurement Manager role and this will help progress. It was agreed that actions revolve around the processes.

Item No. 2 (*Necessity of \$100 delegation to all staff.*)

Status:

The potential use of purchase cards as opposed to purchase orders on \$100.00 expenditure will affect the process.

Item No. 3 (*Enhance the use of Authority System to improve process and cost efficiencies.*)

Expenditure Controls

Status:

Issues with reduction in staff due to illness have delayed addressing this matter.

Item No. 6 (*Update policies and procedures to ensure good control and consistency of procurement and contract across the Council*).

Status:

The Group Manager – Corporate Services and CEO advised that additional staff are being employed. This will assist with support for asset managers to undertake financial analysis of projects on options.

The Chief Executive emphasised the importance that project estimates are accurate and procurement is undertaken correctly.

HEALTH & SAFETY (1548429)

The Chief Executive presented a report and information submitted by the Health & Safety Advisor and Human Resources Advisor. The report outlined the implementation of the requirements of the Health and Safety at Work Act 2015.

RESOLVED

THAT the report be received.

ARC16/37

Gordon/Tregidga

CARRIED

The Chief Executive spoke on focus to health and safety within the organisation due to the recent changes to the Health and Safety Act. He commented that the pre-qualification of contractors being done jointly by many Waikato Councils.

He provided an example of an issue which health and safety staff have been made aware of concerning the compactor bins (solar big belly bins) installed in the three Wards. Due to the heavy weight of the bins when fully compacted, staff has found the handling of them challenging. To remove the risk of injury when uplifting them, investigations have been undertaken to address this issue.

He noted that all health and safety incidences are being recorded.

OVERHEADS ACTIVITY REPORT (1549251)

The Group Manager presented an update on expenditure in the Overheads Activity.

RESOLVED

THAT the report be received.

ARC16/38

Tregidga/Gordon

CARRIED

The report provided an overview of overhead costs and miscellaneous revenue broken down by overhead department.

Staff time is allocated to certain activities. This is not shown in the summary of overheads reported to Council.

Cr Tubman suggested that a further breakdown be considered in presenting overheads e.g. summarising what goes to network, water, community services, etc. Also to show a breakdown of how much is staff cost and how much is contractors costs.

The Group Manager stated that the overhead charges are based off those estimated at the start of the year. Staff generally does not record their time allocation on a daily basis.

Drivers for the overheads include Full Time Equivalents, IT equipment, as well as estimates of the portion of time spent on different activities.

AUDIT AND RISK COMMITTEE SELF ASSESSMENT (1542138, 1388506)

A report from the Strategic Planner was presented confirming the arrangements for undertaking an assessment of the effectiveness of the Committee.

RESOLVED

THAT the report be received.

ARC16/39

Bennett/Tregidga

CARRIED

A copy of the self assessment survey will be sent out to all members for completion and will be considered at the 23 August meeting.

RESOLVED

THAT the Committee members individually undertake a self-assessment survey by 29 July 2016, and

THAT staff compile the results and present these to the Committee at its meeting of 23 August 2016.

ARC16/40

Tubman/Leonard

CARRIED

Training for Audit & Risk Roles and Functions Course

The Committee supported that new elected members attend a '101' workshop and that it be considered to combine these sessions with MPDC and TCDC. These workshops are to ensure minimum competencies are met and a broader understanding of Council processes is assured and consistent.

AUDIT AND RISK COMMITTEE – 2016 WORK PROGRAMME (1540966, 1252510)

The Group Manager presented the Strategic Planners report on the Terms of Reference and 2016 Work Programme for the consideration of the Committee.

RESOLVED

THAT the report be received.

ARC16/41

Bennett/Tregidga

CARRIED

RESOLVED

THAT the Committee approves the Terms of Reference and 2016 Work Programme as presented.

ARC16/42

Leonard/Gordon

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	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.
2	KPMG Internal Audit Reviews Progress Report	Section 7(2)(b)(i) - Protect information where the making available of the information: (1) Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	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.

ARC16/43

Leonard/Gordon

CARRIED

RESOLVED

THAT the public be re-admitted to the meeting and that the business in committee discussed be confirmed.

ARC16/47

Gordon/Tregidga

CARRIED

The meeting closed at 11.05am

CONFIRMED

P Bennett
Chairperson

23 August 2016