

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 FRIDAY, 16 DECEMBER 2016 COMMENCING AT 9.00AM

PRESENT

Mr P Bennett (Chairperson), His Worship the Mayor, J P Tregidga, Crs D A Adams and G R Leonard

IN ATTENDANCE

David Sutton and Bineeta Nand (KPMG), Leon Pieterse (Audit NZ), Cr R Harris, Messrs L D Cavers (Chief Executive), D Peddie (Group Manager Corporate Services), Ms K Vatselias (Finance Manager), Ms K Conomos (Strategic Planner) and Ms C Black (Council Secretary)

APOLOGIES

RESOLVED

THAT the apology for absence of Cr D Smeaton and Cr P A Milner be received and sustained.

ARC16/78

Leonard/Adams

CARRIED

LATE ITEMS

There were no late items.

DECLARATIONS OF INTEREST

There were no declarations of interest.

INTRODUCTIONS

KPMG representatives David Sutton and Bineeta Nand were in attendance and were introduced to members of the committee and staff.

The Group Manager - Corporate Services introduced Kelly Vatselias newly appointed Finance Manager who would now be involved as part of the staff team supporting the Audit & Risk Committee.

BUSINESS / DISCUSSION

KPMG INTERNAL AUDIT REPORT – ACCOUNTS PAYABLE (1635698)

A report on the findings of the internal audit review of accounts payable practices was presented to the Committee.

RESOLVED

THAT the report be received.

ARC16/79

Bennett/Adams

CARRIED

KPMG representatives provided a summary of their findings following the audit, and noted that they have rated the council's practices as adequate. An explanation was provided that this rating identifies that Council's accounts payable practices are working effectively and there are areas where some controls could be tightened.

KPMG advised they will undertake their next review in February 2017 which will focus on fixed assets.

The KPMG representatives left the meeting at 9.30am.

AUDIT NZ MANAGEMENT REPORT FOR YEAR ENDED 30 JUNE 2016 (1635704, 1637360, 1637359, 1637173)

Audit NZ Director, Leon Pieterse was in attendance and presented the Audit NZ Management Report for the year ended 30 June 2016.

RESOLVED

THAT the report be received.

ARC16/80

Leonard/Bennett

CARRIED

Mr Pieterse advised that Audit NZ will use the KPMG reports to inform the Audit NZ assessments going forward.

Mr. Pieterse provided an overview of the High Court judgement relating to the Northland Regional Council's rates setting processes and the potential implications of this decision for Hauraki District Council.

The Group Manager – Corporate Services advised that he has sought legal advice on this matter and will bring a report to the Council in due course.

Mr Pieterse left the meeting.

AUDIT AND RISK COMMITTEE – 2017 WORK PROGRAMME (1635697)

Strategic Planner, Katina Conomos presented the proposed 2017 work programme for the committee's consideration.

RESOLVED

THAT the report be received.

ARC16/81

Adams/Bennett

CARRIED

The Committee discussed that further consideration is required of the 'affordability' of rates, and the need to substantiate the affordability issues with data. It was requested that a report on affordability be provided to the February 2017 meeting of the Committee.

It was requested that Ms. Conomos coordinate the Committee's work programme to work in with the Long Term Plan timetable to enable the Committee to review the Council's rating policies.

RESOLVED

THAT it be recommended to Council that the scheduled meeting of the Audit & Risk Committee for April be changed to Tuesday 4th April 2017, and

THAT the Committee approve its work programme for 2017 as amended.

ARC16/82

Leonard/Adams

CARRIED

TREASURY REPORT AS AT 30 NOVEMBER 2016 (1635700)

The Group Manager – Corporate Services presented the treasury report as at 30 November 2016.

RESOLVED

THAT the report be received.

ARC16/83

Bennett/Tregidga

CARRIED

The Committee determined that there was nothing in the report that warranted the Council's attention.

INTERNAL DEBT (1635702)

The Group Manager – Corporate Services presented the report on Council's internal debt position as at 30 June 2016.

RESOLVED

THAT the report be received.

ARC16/84

Adams/Bennett

CARRIED

The Committee noted that the key in the graph on page 80 was missing 'water' in the borrowing column.

The Group Manager – Corporate Services advised that since this information was last reported to the Committee, roading internal borrowing (debt) is approximately \$1m lower, and the district internal borrowing (debt) is approximately \$1m higher, which addresses an historic roading debt matter. The Group Manager – Corporate Services noted that there was no material difference to ratepayers of this change.

FINANCIAL QUICK FACTS (1635703)

The Group Manager – Corporate Services presented a quick financial facts reference guide for the coming year.

RESOLVED

THAT the report be received.

ARC16/85

Adams/Bennett

CARRIED

Members expressed positive comments regarding the usefulness of the reference guide and suggested that it would also be beneficial to include the total forecast depreciation and interest costs; debt per rateable assessment and benchmarking data where possible.

RISK REPORT TO AUDIT AND RISK COMMITTEE (1635701, M2145296, 1637361)

Strategic Planner, Katina Conomos presented a report which included the corporate risk register for review.

RESOLVED

THAT the report be received.

ARC16/86

Bennett/Tregidga

CARRIED

A copy of the Local Government New Zealand (LGNZ) Risk Financing Guide was included in the report for information. The Chief Executive noted that insurance arrangements between central government and local government are changing, which will likely result in increased insurance costs for the Council. A further briefing will be provided to the Committee in due course.

RESOLVED

THAT the Audit and Risk Committee review the Corporate Risk Register and provide comment to staff.

ARC16/87

Bennett/Tregidga

CARRIED

The members advised that the risk register is not easily readable in the electronic format and that consideration be given to future presentation of this item.

CORPORATE SERVICES UPDATE (1635699)

The Group Manager – Corporate Services presented a report which updated the Committee on general Corporate Services matters.

RESOLVED

THAT the report be received.

ARC16/88

Bennett/Leonard

CARRIED

Key points covered were progress on the 2017/18 Annual Plan, rates billing frequency, MagiQ (Councils newly established document management system), and staffing.

The Committee re-iterated their interest to proceed with more frequent rates instalments, with this change being enacted in the 2017/18 Annual Plan.

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	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.

ARC16/89

Bennett/Adams

CARRIED

RESOLVED

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

ARC16/94

Bennett/Adams

CARRIED

The meeting closed at 11.20am.

CONFIRMED

P Bennett
Chairperson

14 February 2017