

HAURAKI DISTRICT

AUDIT AND RISK COMMITTEE

MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE HELD IN THE HAURAKI ROOM, WILLIAM STREET, PAEROA ON TUESDAY, 17 APRIL 2018 COMMENCING AT 9.00 AM

PRESENT Mr P Bennett (In the Chair), His Worship the Mayor Mr J P Tregidga,
P A Milner and D Smeaton

IN ATTENDANCE David Walker (Audit Director, Audit NZ), Cr R Harris (9.15am-12.10pm),
Cr C Daley, Messrs L D Cavers (Chief Executive), D Peddie (Group Manager –
Corporate Services), S Baker (Finance Manager) and Ms C Black (Council
Secretary)

APOLOGIES

RESOLVED

THAT the apology of Crs D A Adams and G R Leonard be received and sustained.

ARC18/16

Bennett/Tregidga

CARRIED

LATE ITEMS

There were no late items.

DECLARATIONS OF INTERESTS

There were no declarations of interests.

CONFIRMATION OF AUDIT AND RISK COMMITTEE MINUTES - 21-02-18 (2352559)

RESOLVED

THAT the minutes of the Audit and Risk Committee meeting held on Wednesday, 21st February 2018 be confirmed and are a true and correct record.

ARC18/17

Tregidga/Bennett

CARRIED

TREASURY REPORT AS AT 31 MARCH 2018 (2364737)

The Finance Manager presented a report which advised of the progress being made against the matters raised by Audit New Zealand as a result of the 2016/17 audit.

RESOLVED

THAT the report be received.

ARC18/18

Bennett/Smeaton

CARRIED

PECUNIARY AND NON-PECUNIARY INTERESTS - DISCUSSIONS PAPER (2364726)

The Finance Manager presented a report as requested by the Committee at the 21 February meeting that staff table a paper on pecuniary and non-pecuniary interests along with the summary of the Office of the Auditor-General (OAG) investigation into conflicts of interest.

RESOLVED

THAT the report be received.

ARC18/19

Milner/Tregidga

CARRIED

As part of the Annual report audit, Audit NZ provides a management letter the purpose of which is to bring to the organisations attention areas for improvement that were identified during the audit process. In the 2017 management letter Audit NZ made the following recommendation.

Audit NZ reviewed the policies and processes that the Council has to manage conflicts of interest. They noted that Council members and the Executive Leadership team were required to complete interest declarations yearly, as well as after the triennial local government elections.

Audit NZ reviewed the elected members interest register and noted that it could be further strengthened by including the following details:

- Whether the declared interests are pecuniary or non-pecuniary in nature; and
- The agreed approach to managing any conflicts amongst the declared interests.

During the discussion on this matter at the 21st February meeting, there was some debate as to what was, and was not, a pecuniary interest.

The Finance Manager gave an explanation of pecuniary interest and how it is determined and of the Councillor obligation to declare an interest. It was recommended that advice be sought from the Chief Executive if a member is unsure if there is a perceived pecuniary or non-pecuniary interest.

David Walker (Audit NZ) provided the AOG's opinion that where there is a 'perception' of pecuniary interest, it must be declared.

The Chair concurred with Mr Walker's comments that any possible or perceived interest should be declared.

Cr Harris attended the meeting at 9.15am

RESOLVED

THAT staff prepare and submit a report to Council on pecuniary and non-pecuniary interests.

ARC18/20

Bennett/Milner

CARRIED

WATER METER INCOME(2364760)

The Group Manager – Corporate Services presented a report for the Committee's information, which updated on measures being implemented to better monitor income from water meters.

RESOLVED

THAT the report be received.

ARC18/21

Bennett/Tregidga

CARRIED

AUDIT NZ - AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2018 AUDIT (2364716)
APPENDIX A: HAURAKI DISTRICT COUNCIL AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2018 AUDIT
(2364708)

The Finance Manager presented a report and the Audit New Zealand Plan for approval for the year ending 30 June 2018.

RESOLVED

THAT the report be received.

ARC18/22

Bennett/Smeaton

CARRIED

The main audit and risk issues raised in plan were:

- Revaluation of property, plant and equipment
- The risk of management override of internal controls
- Fair value assessment of non-revalued assets
- Implication of water losses
- Accounting treatment of land to be subdivided and sold (discussion and explanation on what is stock is and what is land held for sale followed).
- Compliance with Kerepehi water treatment Plant agreement.

RESOLVED

THAT, if the Committee deems necessary, it advise Audit New Zealand of any additional matters or significant business risks which are not set out in the Audit Plan, but that should be covered by the audit, and – No additional matters were raised.

THAT the Committee approve the Audit Plan for the year ending 30 June 2018 audit.

AR18/23

Tregidga/Milner

CARRIED

AUDIT NZ MANAGEMENT LETTER FOR THE 2018 - 2028 LTP CONSULTATION DOCUMENT

David Walker of Audit NZ presented the draft audit management letter to their audit of Hauraki District Council's Long Term Plan consultation document for the period 1 July 2018 - 30 June 2028. A copy of full report on the audit was attached.

RESOLVED

THAT the report be received.

ARC18/24

Bennett/Tregidga

CARRIED

PROGRESS AGAINST AUDIT NZ RECOMMENDATIONS APRIL 2018 (2364728)
APPENDIX A PROGRESS ON MATTERS RAISED BY AUDIT NZ RECOMMENDATIONS - PROGRESS REPORT (2364718)

The Finance Manager presented the report on the progress made on matters raised by Audit NZ in their recommendations.

RESOLVED

THAT the report be received.

ARC18/25

Milner/Smeaton

CARRIED

RISK REPORT TO AUDIT AND RISK COMMITTEE APRIL 2018 (2364733)
APPENDIX A: RISK REPORT TO AUDIT AND RISK COMMITTEE APRIL 2018 (2364709)

The Finance Manager presented a report which provided the Corporate Risk Register to date. There were no changes to the register since it was last reported on in February 2018.

RESOLVED

THAT the report and the Corporate Risk Register for April 2018 be received.

ARC18/26

Milner/Smeaton

CARRIED

The Mayor suggested that over the next three years, that staff identify the key risk issues, what options are available to Council to address these and what possible costs would be involved in dealing with these issues.

The members key significant risks identified specific to the Hauraki District:

- Kaiaua – storm water.
- Climate change
- Low lying areas – Hauraki Plains

It was requested that staff prepare and present a further report on risk to the Audit & Risk Committee to a future meeting on significant risks to the Hauraki District.

RESOLVED

THAT staff bring a programme / report on cyber risk / protection and how it is monitored and addressed to the next meeting of the Audit and Risk Committee.

ARC18/27

Bennett/Tregidga

CARRIED

The meeting adjourned at 10.38am.
The meeting reconvened at 11.00am.

David Walker left the meeting at 11.00am.

INTERNAL DEBT TREASURY (2364722)

The Group Manager - Corporate Services presented a report on the forecast internal debt position as at 30 June 2018 and provided an explanation on the information presented.

RESOLVED

THAT the report be received.

ARC18/28

Bennett/Tregidga

CARRIED

TAX FRAMEWORK UPDATE APRIL 2018 (2364734)

The Finance Manager presented a report which presented the yearly tax framework update to the Committee on the matters set out in the Tax Risk Governance Framework produced by TaxTeam (now Price Waterhouse Coopers - PWC). The Framework was adopted by Council on the 29th of April 2015 following review and recommendation by the Audit and Risk Committee on the 21st of April 2015.

RESOLVED

THAT the report be received.

ARC18/29

Milner/Duncan

CARRIED

The members were advised that the FBT audit as set out in the framework was set to occur prior to 30 June 2018. This may need to be rescheduled.

AUDIT AND RISK COMMITTEE FINANCIAL QUICK FACTS (2364714)

The Group Manager - Corporate Services presented a report which provided the Committee with quick financial facts reference guides for the coming year. The attachment outlined a number of facts about the Council business and expenditure in particular.

It was requested that this information be added to Council's content locker for all councillors to access and that they be notified of this.

RESOLVED

THAT the report be received.

ARC18/30

Bennett/Tregidga

CARRIED

HEALTH AND SAFETY REPORT TO AUDIT RISK COMMITTEE APRIL 2018 (2359916)

The Chief Executive presented the report from Council's Health and Safety and Human Resources Advisors on the implementation of the 'HDC Health & Safety at Work Action Plan' and on the HDC Health, Safety & Wellbeing Charter goals, accountabilities and reporting framework.

Also provided in the report was a summary of the results of the Attitudes and Culture Survey of Health, Safety and Wellbeing undertaken with Council staff in February this year.

RESOLVED

THAT the report be received.

ARC18/31

Bennett/Milner

CARRIED

OVERHEADS REPORT FOR THE PERIOD TO 28 FEBRUARY 2018 (2364724)

The Group Manager - Corporate Services presented a report which showed Council's Overhead expenditure for the eight months to 28 February 2018.

Total overheads for this period, before allocation, is \$6,739,000. This is \$159,000 (3%) more than budgeted for the same period.

RESOLVED

THAT the report be received.

ARC18/32

Tregidga/Bennett

CARRIED

Matters to be taken with the Public Excluded

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 Reviews - Progress Report	<p>Section 7(2)(f)(i) – Maintain the effective conduct of public affairs through:</p> <p>(i) The 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.</p>	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 - March - 2018	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.
3	Rates Arrears Subject Property - March 2018	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.

ARC18/33

Bennett/Tregidga

CARRIED

RESOLVED

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

ARC18/39

Bennett/Tregidga

CARRIED

AUDIT AND RISK COMMITTEE - 2018 WORK PROGRAMME (2364711)

The Group Manager - Corporate Services presented the work programme to date and asked the Committee if they wished to make any change or add any items to the programme.

RESOLVED

THAT the report be received.

ARC18/40

Bennett/Tregidga

CARRIED

Noted: Committee meeting dates to be updated in the work programme.

The meeting closed at 12.10pm

CONFIRMED

P R Bennett
Chairperson

19 June 2018