

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, 19 JUNE 2018 COMMENCING AT 9.00 AM

PRESENT Mr P Bennett (In the Chair), Crs D A Adams, G R Leonard and P A Milner,

IN ATTENDANCE Cr R Harris, Messrs D Walker (Audit NZ), Alex Wondergem (PWC), L D Cavers (Chief Executive), D Peddie (Group Manager – Corporate Services), S Baker (Finance Manager) and Mrs D Bezuidenhout (Acting Council Secretary)

APOLOGIES

RESOLVED

THAT the apology of His Worship the Mayor, J P Tregidga and Cr D Smeaton be received and sustained.

ARC18/41

Leonard/Adams

CARRIED

LATE ITEMS

There were no late items.

DECLARATIONS OF INTERESTS

There were no declarations of interests.

CONFIRMATION OF AUDIT AND RISK COMMITTEE MINUTES - 17-04-18 (2367073)

RESOLVED

THAT the minutes of the meeting of the Audit and Risk Committee held on Tuesday, 17 April 2018 are confirmed and are a true and correct record.

ARC18/42

Milner/Bennett

CARRIED

MATTERS ARISING FROM THE MINUTES

Significant risks specific to the district:

- Kaiaua – low-lying areas.
- Statement to include Kaiaua is included in Plains Ward. (Refer Page 17).
- Kaiaua storm water clarification.

AUDIT AND RISK COMMITTEE - WORK PROGRAMME REPORT JUNE 2018 (2396132)

The Audit and Risk work programme as at June 2018 was presented for the Committee's consideration.

RESOLVED

THAT the report be received.

ARC18/43

Bennett / Leonard

CARRIED

PROGRESS AGAINST AUDIT NZ RECOMMENDATIONS JUNE 2018 (2396175)

APPENDIX A - PROGRESS ON MATTERS RAISED BY AUDIT NZ JUNE 2018 (2396127)

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

RESOLVED

THAT the report be received.

ARC18/44

Bennett / Leonard

CARRIED

AUDIT AND RISK COMMITTEE - INTERNAL AUDIT FUNCTION AND PRIORITIES JUNE 2018 (2396140)

APPENDIX A - INTERNAL AUDIT PRIORITIES - CHART (2396136)

The Finance Manager presented a report to assist the Committee's decision as to the future of the internal audit function. Now that the initial work programme is completed, the Audit and Risk Committee was asked to determine whether they considered Council should engage KPMG to complete further internal audit work. The report outlined three options and provided some commentary around the advantages and disadvantages of each of the options.

RESOLVED

THAT the report be received.

ARC18/45

Bennett / Adams

CARRIED

RESOLVED

THAT one internal audit be conducted in the 2018/19 year, the subject of which is to be determined at a subsequent meeting of the Audit and Risk Committee.

ARC18/46

Bennett/Adams

CARRIED

AUDIT AND RISK COMMITTEE - SELF ASSESSMENT (2396141)

APPENDIX A - AUDIT AND RISK COMMITTEE - SELF-ASSESSMENT TOOL (2396125)

The Finance Manager presented a report which provided outlined the self-assessment process of the Audit and Risk Committee on its effectiveness.

RESOLVED

THAT the report be received.

ARC18/47

Bennett / Milner

CARRIED

The last self-assessment survey was undertaken in June 2017. The survey was designed to take into account guidance from the Office of the Auditor General who advocates the main principles that support the effective operation of an audit committee.

Discussion points regarding this year's self-assessment were:

- Board Dynamics in Auckland - \$10k
- Proceed with similar self-assessment.
- Open and effective relationship – two people only.
- Ask other councillors to do assessment too? They would not be able to answer the questions.
- What has been done with the previous results? Action plan to follow from the results.
- Self-assessment with follow up only. Compare trend from previous years.

RESOLVED

THAT the Committee members individually undertake a self-assessment survey by 20 July 2018, and

THAT staff compile the results and present these to the Audit and Risk Committee at its meeting of 7 August 2018.

ARC18/48

Adams/Milner

CARRIED

AUDIT AND RISK COMMITTEE - TREASURY REPORT 31 MAY 2018 (2396142)

Alex Wondergem of Price Waterhouse Coopers was in attendance and presented the Treasury Report to 31st May 2018.

RESOLVED

THAT the report be received.

ARC18/49

Bennett/Adams

CARRIED

HEALTH SAFETY REPORT TO AUDIT RISK COMMITTEE JUNE 2018 (2385690)

Health & Safety Advisors, Julie Sweeney and Judy Nicholls were in attendance to provide an update on health and safety matters.

RESOLVED

THAT the report be received.

ARC18/50

Leonard / Bennett

CARRIED

- What is 'SHE' and why pay for registration?
- Council could subsidise or look at a different system
- Why is it still so expensive? They relook at all the documents and verify.
- Risk to Council that it cannot get commercial contractors to do Council work (some don't need Council work) due to the cost (e.g. one man businesses)

RISK REPORT TO AUDIT AND RISK COMMITTEE APRIL 2018 (2396174)

APPENDIX A – HDC RISK REGISTER - CORPORATE RISKS WITH CONTROLS - MAY 2018 (2396001)

Included Under Separate Cover) Appendix B - Cyber Security Stats 4-10 June 2018 (2396106)

The Finance Manager presented the Corporate Risk Register for the Committee's review.

RESOLVED

THAT the report be received.

ARC18/51

Bennett/Leonard

CARRIED

- Chair Bennett commented that the organisation could be identifying and assessing risks too rigidly. There are controls in place, yet there are still risks being classified as high risk.
- Reports to be fairly simple. Should there be any further mitigating controls?
- High risks get priority.
- Refresh the comments.
- Concentrate on one risk for each meeting instead of all risks.
- Risk of cyber-attack and climate change – when is this being looked at? Will it be added to the register?
- Group Manager – Corporate Services spoke on the cyber stats on page 69. Is this comparable to what other councils are dealing with? Still having a number of spam emails slipping through, but not to the magnitude. Yes, but this is how effective we are.
- Raises the question of how our businesses are hit with this.
- Cyber security - How effective are we with dealing with this issue? Methods of training. Did we have attacks? Yes – need to be sceptical and vigilant.
- Are we adequately protected today? We are aware the threat changes daily. It is a topic for consideration at external audit. Audit NZ do system reviews. IT will be engaging contractor to carry out vulnerability testing (trying to break in). Breaking network into "pieces" so to not let threat through entire network.

RESOLVED

THAT staff add to the risk register, the risk of Climate Change and Cyber Security.

ARC18/52

Bennett / Milner

CARRIED

AUDIT AND RISK COMMITTEE - FINANCIAL REPORTING FRAMEWORK UPDATE (2396237)

APPENDIX A - FINANCIAL SUMMARY APRIL 2018 (2396238)

The Finance Manager presented a report which updated the Committee with an example of the monthly financial report following the discussion with the Committee on the 21 February 2018. At that meeting, a draft reporting template for Audit and Risk Committee and Council was proposed. The attachment to the report delivered the April 2018 Monthly Financial report under that template.

RESOLVED

THAT the report be received.

ARC18/53

Bennett/Milner

CARRIED

The meeting adjourned for morning tea break at 10.11am.

The meeting reconvened at 10.25am.

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 - Progress Report - 19 June 2018	Section 7(2)(f)(i) – Maintain the effective conduct of public affairs through: (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.	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 - June 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 in arrears – Subject Property - June 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.
4	Paeroa Promotions Trust - Letter to Council 12 June 2018	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.

5	Appeal to Excess Water Rates Remission Policy	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.
---	---	---	---

ARC18/54

Bennett / Adams

CARRIED

RESOLVED

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

ARC18/64

Adams / Milner

CARRIED

PUBLIC INCLUDED BUSINESS

2017-2018 WATER INCOME UPDATE JUNE 2018 (2396380)

The Group Manager – Corporate Services presented a report which advised that the Water rates income in 2016/17 was significantly lower than budgeted. He provided an update on the amount of income charged as water rates during 2017/18.

RESOLVED

THAT the report be received.

ARC18/65

Bennett / Peddie

CARRIED

As of 11 June, Council has billed \$6,865,000 of water income. This is \$610,000 ahead of the \$6,255,000 budgeted income for the year. There is still some further billing to be done between now and the end of June.

However, the final figure for the year is dependent upon the amount of billing to be accrued. If the amount to be accrued is significantly less than what was accrued at the end of last year, then this will reduce the total income.

The meeting closed at 12.35pm

CONFIRMED

P R Bennett
Chairperson

7 August 2018