

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, 07 AUGUST 2018 COMMENCING AT 9.00 AM

PRESENT

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

IN ATTENDANCE

Cr R Harris, Messrs D Walker (Audit NZ – 9.00am-11.33am), L D Cavers (Chief Executive), D Peddie (Group Manager – Corporate Services), S Baker (Finance Manager) and C Black (Council Secretary)

APOLOGIES

RESOLVED

THAT the apology Cr G R Leonard be received and sustained.

ARC18/66

Tregidga/Milner

CARRIED

LATE ITEMS

There were no late items.

DECLARATIONS OF INTERESTS

Item 16: Overview of Councils Insurance Policies

The CEO declared a non-pecuniary interest in Item 16 due to his membership on LASS.

CONFIRMATION OF AUDIT AND RISK COMMITTEE MINUTES - 19-06-18 (2398394)

RESOLVED

THAT the minutes of the meeting of the Audit and Risk Committee held on Tuesday, 19 June 2018 are confirmed and are a true and correct record.

ARC18/67

Milner/Bennett

CARRIED

AUDIT AND RISK COMMITTEE - WORK PROGRAMME REPORT - AUGUST 2018 (2415931)

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

RESOLVED

THAT the report be received.

ARC18/68

Bennett/Tregidga

CARRIED

Change to October Meeting Date

It was agreed that the 23 October meeting date noted in the programme be replaced with the earlier date of 25th of September to allow the Committee to review the draft annual report – specifically the 2 yearly report on internal debit.

RESOLVED

THAT the Audit and Risk Committee meeting programmed for 23 October be replaced with the 25th September and that this meeting commence at 8.30am.

ARC18/69

Bennett/Tregidga

CARRIED

PROGRESS AGAINST AUDIT NZ RECOMMENDATIONS (2415940)

APPENDIX A - PROGRESS ON MATTERS RAISED BY AUDIT NZ - JULY 2018 (2415927)

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.

ARC18/70

Adams/Tregidga

CARRIED

Appendix A outlined the recommendations made by Audit NZ, management comments and progress to date.

Staff requested that the 'Interest Register' be removed from the progress schedule. Staff advised that they are continuing to work towards clearing the outstanding items. There are some items that are quite dependent on resourcing, specifically project management and contract management.

David Walker of Audit NZ provided clarification and feedback to the members on a number of specific matters highlighted in the report.

CONFIRMATION OF ENGAGEMENT - LIMITED INDEPENDENT ASSURANCE FOR DEBENTURE TRUST DEED (2415936)

APPENDIX A - HDC 2018 TRI-PARTITE ENGAGEMENT LETTER - DEBENTURE TRUST DEEDS (2415924)

The Finance Manager presented a report which provided the Audit NZ Confirmation of Engagement for the 2017-18 Limited Independence Assurance Report in respect of Councils Trust Deed for approval.

RESOLVED

THAT the report be received.

ARC18/71

Bennett/Tregidga

CARRIED

Under clause 10.2 of HDC's Debenture Trust Deed, one of the requirements is for the Council to provide the Trustees with a report from its Auditors addressing a number of areas. These are set out in the Confirmation of Engagement Letter which was attached as Appendix A and approval was sought for the Mayor to sign this document.

RESOLVED

THAT the Committee approves the Confirmation of Engagement for signature by the Mayor.

ARC18/72

Bennett/Smeaton

CARRIED

TREASURY REPORT AS AT 30 JUNE 2018 (2415933)

Group Manager – Corporate Services presented a report which updated on the current position of the loan/debt status, against the parameters outlined in the Councils Financial Strategy and Liability Management Policy.

RESOLVED

THAT the report be received.

ARC18/73

Bennett/Tregidga

CARRIED

It was agreed that there was no necessity to submit this report to Council.

DEPARTURES FROM PROCUREMENT POLICY (2415938)

The Chief Executive presented a report which detailed a previous resolution of the Committee that it maintains oversight of the use of the departure from procurement process through a report to the Committee twice per year.

The report provided information regarding the uses of the departure from policy process that have occurred between 4 August 2017 and 30 July 2018.

RESOLVED

THAT the report be received.

ARC18/74

Bennett/Tregidga

CARRIED

OVERHEADS REPORT - JUNE 2018 (pre-circulated separately)

The Group Manager presented a report which presented Council's Overhead expenditure for the twelve months to 30 June 2018. The results were preliminary and did not include all year-end adjustments.

RESOLVED

THAT the report be received.

ARC18/75

Bennett/Adams

CARRIED

The meeting adjourned at 10.20am
The meeting reconvened at 10.35am

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 July 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.

ARC18/76

Milner/Adams

CARRIED

RESOLVED

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

ARC18/83

Bennett/Milner

CARRIED

RISK REPORT TO AUDIT & RISK COMMITTEE (2415941) APPENDIX A - HDC RISK REGISTER CORPORATE RISKS WITH CONTROLS (2415944)

RESOLVED

THAT the report be received.

ARC18/84

Bennett/Tregidga

CARRIED

Chair Bennett proposed that at the December meeting the Committee formally accept risk or implement additional controls to reduce the risk to moderate or low. Commencing December 2018 two risks be assessed and discussed per meeting or alternatively via a workshop. Members supported this proposal.

David Walker left the meeting at 11.33am.

AUDIT AND RISK COMMITTEE - SELF ASSESSMENT (2415932)

The Finance Manager presented the Committee's self-assessment results.

RESOLVED

THAT the report be received.

ARC18/85

Bennett/Tregidga

CARRIED

Points raised from consideration of self-assessment:

- Add into Terms of reference the following:
 - The Committee has Committee only time available to it without the presence of staff members
 - The Committee has Committee only time available to it with the Council's appointed external auditors (currently Audit NZ)
 - The Committee has Committee only time available to it with Council's appointed independent internal auditors
- Chair is agreeable to review agenda pre meeting as is currently the case.
- Chair meets with CEO on 'as needs' basis.
- Review question no. 30 for next year's assessment.
- Training required for members on detailed financial processes/financial literacy?
- Need for chair and staff to be open to explaining financial processes to Committee members.

Declaration of Non-Pecuniary Interest

The CEO declared a non-pecuniary interest in the following item and took not part in the discussion.

OVERVIEW OF COUNCILS INSURANCE POLICIES (2415939) APPENDIX B - LOCAL GOVERNMENT LIABILITY UPDATE (2415930)

The Group Manager – Corporate Services presented a report which provided the annual update to the Committee regarding Councils insurance policies.

RESOLVED

THAT the report be received.

ARC18/86

Bennett/Adams

CARRIED

HEALTH SAFETY REPORT TO AUDIT RISK COMMITTEE REPORT AUGUST 2018 (2412667)

The Health and Safety report to August 2018 was taken as read.

RESOLVED

THAT the report be received.

ARC18/87

Bennett/Milner

CARRIED

Format of Health and Safety Statistical Information

It was suggested that the health and safety advisors consider reformatting their reports by presenting statistical information using text with bullet points as opposed to the use of graphs as it was considered this format would be easier to follow.

The meeting closed at 12.10pm

CONFIRMED

P R Bennett
Chairperson

25 September 2018