

A G E N D A

AUDIT AND RISK COMMITTEE MEETING

Tuesday, 08 October 2019, 9.00am

Hauraki Room
Council Office
William Street
Paeroa



Membership

Committee Members:

P Bennett (Chairperson/Independent Member)
J P Tregidga (Mayor)
Cr D A Adams
Cr R Harris
Cr P A Milner
Cr D Smeaton

Staff:

L D Cavers
D Peddie
S Baker
J Sweeney
J Nicholls
Council Secretary

Public copies:

Paeroa Office
Plains Area Office
Waihi Area Office

Chief Executive

L D Cavers

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Delegations: Audit and Risk Committee

Membership	Mayor, Deputy Mayor (Deputy Chairperson), three Hauraki District Council Councillors and an Independent Member (Chairperson), to be appointed by the Council
Meeting frequency	Third to last Tuesday – bi-monthly commencing at 9.00am
Quorum	As set by Standing Orders
Purpose	<p>The purpose of the Audit and Risk Committee is to contribute to improving the governance, performance and accountability of the Hauraki District Council by:</p> <ul style="list-style-type: none"> ■ Ensuring that the Council has appropriate financial, health and safety, risk management and internal control systems in place. ■ Seeking reasonable assurance as to the integrity and reliability of the Council’s financial and non-financial reporting. ■ Providing a communications link between management, the Council and the external and internal auditors. ■ Promoting a culture of openness and continuous improvement.
Responsibilities	<p>The Council delegates to the Audit and Risk Committee the following responsibilities:</p> <ul style="list-style-type: none"> ■ To monitor the Council’s treasury activities to ensure that it remains within policy limits. Where there are good reasons to exceed policy that this be recommended to Council. ■ To review the Council’s insurance policies on an annual basis. ■ To review, in depth, the Council’s annual report and if satisfied, recommend the adoption of the annual report to Council. ■ To work in conjunction with the Chief Executive and Group Manager Corporate Services in order to be satisfied with the existence and quality of cost-effective health and safety management systems and the proper application of health and safety management policy and processes. ■ To work in conjunction with the Chief Executive and Group Manager Corporate Services in order to be satisfied with the existence and quality of cost-effective risk management systems and the proper application of risk management policy and processes. ■ To work in conjunction with the Chief Executive and Group Manager Corporate Services to monitor the Council’s handling of rates in arrears and rating sales and ensure the proper application policy and processes. ■ To provide a communications link between management, the Council and the external and internal auditors. ■ To engage with Council’s external auditors and approve the terms and arrangements for the external audit programme. ■ To engage with Council’s internal auditors and approve the terms and arrangements for the internal audit programme. ■ To monitor the organisation’s response to the external and internal audit reports and the extent to which recommendations are implemented. ■ To engage with the external and internal auditors on any one off assignments.

Delegations

Subject to any expenditure having been approved in the Operative Hauraki Long Term Plan and/or Operative Annual Plan the Audit Committee shall have delegated authority to approve:

- the appointment of the independent internal auditor
- risk management and internal audit programmes
- additional services provided by the external auditor.

In addition, the Council delegates to the Audit and Risk Committee the following powers and duties:

- The Audit and Risk Committee can conduct and monitor special investigations in accordance with Council policy, including engaging expert assistance, legal advisors or external auditors, and, where appropriate, recommend action(s) to Council.
- The Audit and Risk Committee is delegated to hear and decide upon appeals to rates remission decisions made by the Group Manager Corporate Services.
- The Audit and Risk Committee can recommend to Council:
 - Adoption or non-adoption of completed financial and non-financial performance statements.
 - Governance policies associated with Council's financial, accounting, risk management, compliance and ethics programmes, and internal control functions, including the: Liability Management Policy, Treasury Policy, Sensitive Expenditure Policy, Fraud Policy, and Risk Management Policy.
 - Commencement of rating sale proceedings.
 - Accounting treatments, changes in generally accepted accounting practice (GAAP).
 - New accounting and reporting requirements.

The Audit and Risk Committee may not delegate any of its responsibilities, duties or powers.

Ngà Karakia Timatanga (opening)

(1)

Kia tau te rangimarie
Kia whakapapa pounamu te moana
Hei huarahi ma tatou i te rangi nei
Aroha atu, aroha mai
Tatou i a tatou katoa
Hui e! Taiki e!

*May peace be widespread
May the sea be like greenstone
A pathway for us all this day
Let us show respect for each other
For one another
Bind us all together!*

(2)

Whakataka te hau ki te uru,
Whakataka te hau ki te tonga.
Kia mākinakina ki uta,
Kia mātaratara ki tai.
E hī ake ana te atākura he tio,
he huka, he hauhunga.
Haumi e! Hui e! Tāiki e!

*Get ready for the westerly
and be prepared for the southerly.
It will be icy cold inland,
and icy cold on the shore.
May the dawn rise red-tipped on ice,
on snow, on frost.
Join! Gather! Intertwine!*

Karakia Whakamutunga (closing)

Kia whakai-ria te tapu
Kia wātea ai te ara
Kia turuki whakataha ai
Haumi e. Hui e. Tāiki e!

*Restrictions are moved aside
So the pathways is clear
To return to everyday activities
Join Gather Intertwine!*



AUDIT AND RISK COMMITTEE

AGENDA

Tuesday, 08 October 2019 – 9.00am

Hauraki Room, Council Office, William Street, Paeroa

Order of Business

Pages

- | | | |
|----|--|-----------|
| 1. | Karakia – Cr Harris | |
| 2. | Apologies | |
| 3. | Declarations of Late Items | |
| 4. | Declarations of Interests | |
| 5. | Confirmation: Audit and Risk Committee Minutes (20-08-19) (2637701) | 7 |
| 6. | Request to Endorse the 2018/19 Annual Report (2651718)
Appendix A: Draft Annual Report 2018-19 (under separate cover) | 15 |

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, 20 AUGUST 2019 COMMENCING AT 9.00 AM

PRESENT

Mr P Bennett (in the Chair), Cr D A Adams (9.47am-10.35am and 11.05am-11.15am), Cr R Harris, Cr P A Milner and Cr D Smeaton

IN ATTENDANCE

Ms Maree Proctor (Audit Manager - Audit NZ), Messrs D Peddie (Group Manager – Corporate Services), S Baker (Finance Manager), Mrs J Sweeney (Human Resources/Health and Safety Advisor), S Fabish (Group Manager – Community Services and Development) and Ms C Black (Council Secretary)

APOLOGIES**RESOLVED**

THAT the apology for the absence of His Worship the Mayor, and for the lateness of Cr Adams be received and sustained.

ARC19/59

Harris/Milner

CARRIED**LATE ITEMS**

There were no late items.

DECLARATIONS OF INTERESTS

There were no declarations of interests.

CONFIRMATION: AUDIT AND RISK COMMITTEE MINUTES – 18-06-19 (2600115)

RESOLVED

THAT the minutes of the Audit and Risk Committee meeting held on Tuesday, 18 June 2019 be received and confirmed as a true and correct record.

ARC19/60

Bennett/Milner

CARRIED

ARC - WORK PROGRAMME REPORT AUGUST 2019 (2629263)

The Group Manager – Corporate Services presented the updated 2019 Work Programme for the balance of 2019.

RESOLVED

THAT the report be received.

ARC19/61

Harris/Smeaton

CARRIED

Quorum

In the Terms of Reference, it was requested that there be a change to wording to state that the quorum be (3) being half the membership of the Committee.

October Meeting

It was agreed that a meeting be scheduled for 8 October for the following items:

- Audit NZ to attend to update the Committee on progress of the Annual Report audit (if required).
- Review of draft Annual Report (to recommend adoption by the Council).
- Updated quick facts report based on 2019/20 Annual Plan.

ANNUAL REPORT 2018/19 PROJECT PLAN AND TIMETABLE (2629266)

In April, Audit were onsite for the first interim Audit as a precursor to the Annual Report. In preparation for the second audit beginning 24 September and the legislative requirement to have the Annual Report adopted by Council by the 31 October, a project plan and timetable has been prepared and was attached for the member's consideration.

RESOLVED

THAT the report be received.

ARC19/62

Bennett/Milner

CARRIED

PROGRESS AGAINST AUDIT NZ RECOMMENDATIONS AUGUST 2019 (2629268)
APPENDIX A - AUDIT NZ MANAGEMENT LETTER ACTION SCHEDULE (AUGUST-2019)
(2629273)

The Finance Manager presented the progress report against the matters raised by Audit New Zealand as a result of the 2017/18 audit and the 2018/19 Interim audit.

RESOLVED

THAT the report be received.

ARC19/63

Harris/Smeaton

CARRIED

It was requested that the stats from the previous month be included into the following month's report to show a comparison and to inform how matters raised by Audit NZ are being progressed.

AUDIT AND RISK COMMITTEE - TREASURY REPORT AS AT 31 JULY 2019 (2629277)

The Group Manager – Corporate Services updated 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.

ARC19/64

Bennett/Smeaton

CARRIED

AUDIT AND RISK COMMITTEE - SELF ASSESSMENT RESULTS 2019 (2629281)

At its meeting on 18 June, the Committee confirmed that it would undertake a self-assessment questionnaire in order to measure its effectiveness.

The Finance Manager presented the compiled results of that survey and provided an opportunity for discussion around the results. Commentary regarding comparison to the previous year's survey results was also included.

RESOLVED

THAT the report be received.

ARC19/65

Smeaton/Milner

CARRIED

Self-Assessment Results

It was proposed that the form be modified and that a discussion be held in committee on how the assessments are put together.

HEALTH SAFETY REPORT TO AUDIT RISK COMMITTEE - AUGUST 2019 (2611090)

The Human Resources/Health and Safety Advisor presented the bi-monthly report that showed how the organisation is tracking in the areas of health, safety and wellbeing.

RESOLVED

THAT the report be received.

ARC19/66

Bennett/Milner

CARRIED

The Chair congratulated the advisor on the clear and effectiveness style in which the health and safety information was presented.

Cr Adams attended the meeting at 9.47am.

AUDIT AND RISK COMMITTEE - REPORT ON AUTO APPROVED INVOICES AND MITIGATION (2629283)

The Finance Manager presented a report which presented a summary of invoices that were auto approved during the period 1 April 2019 – 30 June 2019.

The members were advised that there has been a process change in Authority Accounts Payable module which was implemented in May 2019 which saw a dramatic reduction in instances of auto approved invoices. This process change requires all invoices to be separately approved where the creation of a purchase order has not involved two separate staff members with purchasing delegations.

RESOLVED

THAT the report be received, and

THAT the Audit and Risk Committee note the interim measures implemented by staff to mitigate associated risks.

ARC19/67

Bennett/Milner

CARRIED

PROPERTY ACCOUNT REPORT (2629284)

The Group Manager – Corporate Services presented a report on the Property Account as a result of the request that more financial information be presented on Council’s property activity.

RESOLVED

THAT the report be received.

ARC19/68

Bennett/Milner

CARRIED

Staff presented the following information for the consideration of the members:

- Draft operating statement for the 2018/19 year for the property activity
- Reconciliation and balance of the Surplus Property account
- Statement summarising the surplus/deficits made on subdivisions

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

Cr Adams left the meeting at 10.35am.

DEPARTURES FROM PROCUREMENT POLICY REPORT AUGUST 2019 (2629286)

The Group Manager – Corporate Services presented a report outlining a decision made to maintain oversight of the use of the departure from procurement process through a report to the Committee twice per year. He also advised of the uses where this departure from policy process has occurred between 1 July 2018 and 30 June 2019.

RESOLVED

THAT the report be received.

ARC19/69

Bennett/Smeaton

CARRIED

RISK REPORT TO AUDIT AND RISK COMMITTEE AUGUST 2019 (2629287)

The Finance Manager presented a report which presented the Corporate Risk Register to the Committee for review.

RESOLVED

THAT the report be received.

ARC19/70

Harris/Milner

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 - Progress Report 20 August 2019	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.
2	Rates in Arrears - August 2019	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 Remission Request	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.

ARC19/71

Bennett/Smeaton

CARRIED

RESOLVED

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

ARC19/77

Bennett/Adams

CARRIED

Cr Smeaton closed the meeting at 11.15am with a karakia.

CONFIRMED

P Bennett
Chairperson

8 October 2019



Decision Report

To: Audit and Risk Committee

From: Group Manager Corporate Services

Date: Monday, 30 September 2019

File reference: Document: 2651716
Appendix A:

Portfolio holder: Councillor Adams

Meeting date: Tuesday, 8 October 2019

Subject: **Request to Endorse the 2018/19 Annual Report**

Recommendation:

THAT the report be received, and

THAT the Committee recommends that Council adopt the 2018/19 Annual Report.

1 Purpose

Council is scheduled to adopt the 2018/19 Annual Report on 31 October 2019. Accordingly, a recommendation to Council is sought from the Audit and Risk Committee.

2 Background

The Annual Report is Council's key mechanism for discharging its reporting obligations as to what it has achieved over the previous financial year. It forms an integral part of Council's planning and reporting cycle. While Council's annual and long term plans set out and communicate to its stakeholders what the Council intends to do, the annual report closes the loop by conveying whether the Council did what it said it would, for a specific financial year.

Section 98(3) of the Local Government Act 2002 required that the annual report is adopted, by Council resolution, within four months after the end of the financial year to which it relates. For local government the deadline for adoption is 31 October.

3 Issue and options

The Audit and Risk Committee delegations include the annual delivery to Council a recommendation regarding the adoption or non-adoption of the completed financial and non-financial performance statements contained in Councils Annual Report.

At the time of the Audit Committee meeting scheduled for 8th October 2019 where this paper will be considered the audit of the annual report will still be underway. As such the Committee will be presented with a draft annual report for the year ending 30 June 2019 along with presentations from both Audit New Zealand and staff regarding the suitability of the annual report for adoption by Council.

4 Recommendation

That, based on the information presented to the Committee by both staff and Audit New Zealand, the Audit and Risk Committee recommend to Council the adoption of the Annual Report 2019.

Duncan Peddie
Group Manager Corporate Services

Appendix A: Draft Annual Report for the year ending 30 June 2019
To be distributed separately.