

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 18 JUNE 2019 COMMENCING AT 9.00 AM

PRESENT

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

IN ATTENDANCE

Mr D Walker (Appointed Auditor - Audit NZ), Messrs L D Cavers (Chief Executive), D Peddie (Group Manager – Corporate Services), S Baker (Finance Manager), Mrs J Nicholls (Health and Safety Advisor) and Ms C Black (Council Secretary)

APOLOGIES

RESOLVED

There were no apologies.

LATE ITEMS

There were no late items.

DECLARATIONS OF INTERESTS

There were no declarations.

CONFIRMATION: AUDIT AND RISK COMMITTEE MINUTES – 16-04-19 (2566078)

RESOLVED

THAT the minutes of the Audit and Risk Committee meeting held on Tuesday, 16 April 2019 be confirmed and are a true and correct record.

ARC19/40

Milner/Smeaton

CARRIED

AUDIT AND RISK COMMITTEE - AUDIT NZ INTERIM AUDIT MANAGEMENT LETTER 2019 (2591858)

APPENDIX A: HDC DRAFT REPORT TO GOVERNORS - INTERIM WITH MANAGEMENT COMMENTS (2590228)

The Finance Manager presented the Interim Audit Management Report for the year ended 30 June 2019.

RESOLVED

THAT the report be received.

ARC19/41

Tregidga/Bennett

CARRIED

Following the completion of the Interim Audit for the 2018/19 Annual Report audit. Audit NZ produced a management letter. The report was included as Appendix B. David Walker (Appointed Auditor) provided his comments on key matters of note within the report.

Code of Conduct

Page 21 of the agenda re Assessment of Internal Controls, David Walker referred the members to the section on the Code of Conduct. He supported that the Code of Conduct is updated prior to the triennial election and is approved following the election by the incoming Council.

It was advised that matters raised within the Management Letter and their agreed corrective actions will be included in future reports to be tabled to each Committee meeting that will cover progress against recommendations for improvement raised by Audit NZ.

Expenditure Controls – Auto Approval of Invoices

In appendix 1 (page 27), David Walker noted Audit NZ's recommendation in relation to expenditure controls – auto approval of invoices. He stated he was satisfied that the auto approval upgrade has now been implemented.

Contract Management

Page 28 – need for the contract policy and contract procedure manual to be updated as soon as practicable. He was pleased to learn that Council is now in the process of updating this policy.

Independent Review of master file changes in rating system showing all changes made to the rating system.

Page 28 – changes made to the rating system should be to be printed and independently reviewed to help provide assurance that the changes made to the rating system are correct and bonafide.

Mr Walker noted that some progress has been made and is likely to be implemented next year as part of the 2020 audit.

PROGRESS AGAINST AUDIT NZ RECOMMENDATIONS JUNE 2019 (2591868) APPENDIX A - AUDIT NZ MANAGEMENT LETTER ACTION SCHEDULE (JUNE-2019) (2591849)

The Finance Manager presented a report which outlined the progress against the matters raised by Audit New Zealand as a result of the 2017/18 audit.

RESOLVED

THAT the report be received.

ARC19/42

Bennett/Milner

CARRIED

AUDIT AND RISK COMMITTEE - TREASURY REPORT AS AT 31 MAY 2019 (2591855)

The Group Manager – Corporate Services presented a report which 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.

ARC19/43

Bennett/Harris

CARRIED

AUDIT AND RISK COMMITTEE - SELF ASSESSMENT (2591860) APPENDIX A - AUDIT AND RISK COMMITTEE - SELF ASSESSMENT TOOL (2591847)

The Finance Manager presented a report which confirmed the arrangements for undertaking an assessment of the effectiveness of the Audit and Risk Committee.

RESOLVED

THAT the report be received.

ARC19/44

Bennett/Smeaton

CARRIED

Members discussed the role of the independent chairperson and make up of Committee referred to in Question 1 on the self assessment form.

Chair Bennett suggested the members have a discussion at the next meeting and decide whether the independent chair and/or other independent people should be in attendance for the self assessment process, what capability they need to meet and if any changes are required.

RESOLVED

THAT the Committee members individually undertake a self-assessment survey by 19 July 2019, and

THAT member's complete the self-assessment form with comments and do not complete question if they do not know answer, and

THAT staff compile the results and present these to the Committee at its meeting of 20 August 2019.

ARC19/45

Tregidga/Milner

CARRIED

FORECAST INTERNAL DEBT AT 30 JUNE 2019 (2591861)

The Group Manager – Corporate Services updated on the internal borrowing balances.

RESOLVED

THAT the report be received.

ARC19/46

Bennett/Harris

CARRIED

The meeting adjourned at 9.57am.
The meeting reconvened 10.12am.

RISK REPORT TO AUDIT AND RISK COMMITTEE JUNE 2019 (2591869) APPENDIX A - HDC RATES REGISTER (2591746)

The Group Manager and Chief Executive presented the Corporate Risk Register for the member's consideration and feedback.

RESOLVED

THAT the report be received.

ARC19/47

Bennett/Adams

CARRIED

Explanations were provided on key risks and where the risk is rated.

The Chief Executive advised that the Executive Management Team monitor risks evident within Council's service request system.

It was agreed that staff prepare a pro-forma report on a breakdown of key 'high level' risks for discussion in the future.

AUDIT AND RISK COMMITTEE - WORK PROGRAMME REPORT JUNE 2019 (2591853)

The Group Manager – Corporate Services presented the forward work programme for the member's consideration and feedback.

RESOLVED

THAT the report be received.

ARC19/48

Bennett/Adams

CARRIED

Key matters noted:

- Climate Change (level of risk) – body of work to be carried out and will be included in the LTP.

RESOLVED

THAT the Audit and Risk Committee recommends to Council that the 2021 LTP work out a forward climate change and forward controls.

ARC19/49

Bennett/Smeaton

CARRIED

HEALTH SAFETY REPORT TO AUDIT RISK COMMITTEE JUNE 2019 (2588141)

The Health and Safety Advisor presented the health and safety report to June 2019 which provided statistics on how Council is tracking in the areas of health, safety and wellbeing.

RESOLVED

THAT the report be received.

ARC19/50

Bennett/Milner

CARRIED

It was noted that performance indicators are tracking well.

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	KPMG - Progress report 18 June 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	Report Legal Review of Rating Documents	Section 7(2)(g) - Maintain legal professional privilege.	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 - June 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.

ARC19/51

Harris/Smeaton

CARRIED

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

ARC19/58

Milner/Tregidga

CARRIED

The meeting closed at 11.40am.

CONFIRMED

P Bennett
Chairperson

20 August 2019