

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, 16 JUNE 2020 COMMENCING AT 9.00 AM

PRESENT

Mr C Buchanan (In the Chair), His Worship the Mayor D A Adams, Cr P A Milner Cr R Harris, Cr D Smeaton (from 9.04am) and Cr C Daley

IN ATTENDANCE

Cr A Spicer (in attendance as observer), Messrs D Peddie (Group Manager – Corporate Services), S Baker (Finance Manager), Mrs J Nicholls (Health and Safety Advisor) and Ms C Black (Council Secretary)

The Mayor welcomed Mr Conall Buchanan as newly appointed independent chair of the Audit and Risk Committee.

The Chair opened the meeting and called for apologies.

APOLOGIES

RESOLVED

THAT the apology for lateness of Cr Smeaton be received and sustained.

ARC20/30

Harris/Adams

CARRIED

Noted: CEO, Langley Cavers was unable to attend the meeting.

LATE ITEMS

There were no late items.

DECLARATIONS OF INTERESTS

Cr Smeaton declared a Conflict of Interest – Item 10 - Treasury Report concerning loan to Paeroa Re-Use Centre Trust.

CONFIRMATION: AUDIT AND RISK COMMITTEE MINUTES – (11-02-20) (2721726)

RESOLVED

THAT the minutes of the meeting of the Audit and Risk Committee held on Tuesday, 11 February 2020 are received and confirmed as a true and correct record.

ARC20/31

Harris/Daley

CARRIED

MATTERS ARISING FROM THE MINUTES

There were no matters raised.

Cr Smeaton attended the meeting at 9.04am.

AUDIT AND RISK COMMITTEE - 2020 WORK PROGRAMME (2770893)

The Group Manager – Corporate Services presented the updated work programme for 2020.

RESOLVED

THAT the report be received.

ARC20/32

Adams/Milner

CARRIED

The Group Manager suggested that one of the two presentations scheduled for 11 August be removed.

It was agreed that the presentation from PwC NZ be removed from the August meeting and rescheduled to another date in the future and that the presentation Aon NZ remain.

The Chair asked that members consider what methodology they wished to use to undertake the self-assessment process.

It was agreed that the self-assessment process be undertaken following the August meeting for discussion then be initiated after the October meeting.

RESOLVED

THAT the work programme be approved inclusive of the proposed amendments.

ARC20/33

Milner/Harris

CARRIED

PROPOSAL TO AUDIT COUNCILS ANNUAL REPORT 2020 – 2022 (2770892)

APPENDIX A - PROPOSAL FROM AUDIT NZ FOR THE ANNUAL REPORT AUDIT 2020 - 2022 (2770817)

The Group Manager – Corporate Services presented a report which informed the Committee of the proposal signed with Audit NZ to conduct the audit of Hauraki District Council on behalf of the Auditor-General for the 2020, 2021, and 2022 financial years.

RESOLVED

THAT the report be received.

ARC20/34

Daley/Smeaton

CARRIED

The Group Manager spoke to the report. A brief discussion was held as regards to the Audit NZ audit fees for the 2020 year.

RESOLVED

THAT the Committee endorses the proposal to audit Council’s annual reports for the period 2020 – 2022.

ARC20/35

Daley/Smeaton

CARRIED

INTERIM AUDIT REPORT - MARCH 2020 (2770890)

APPENDIX A - AUDIT NZ INTERIM AUDIT REPORT MARCH 2020 (2770824)

The Finance Manager presented a report outlining the interim audit undertaken by Audit NZ to March 2020.

RESOLVED

THAT the report be received.

ARC20/36

Adams/Daley

CARRIED

PROGRESS UPDATE AUDIT NZ RECOMMENDATIONS JUNE 2020 (2770888)

APPENDIX A - AUDIT NZ MANAGEMENT REPORT ACTION SCHEDULE (JUNE-2020) (2770887)

The Finance Manager presented a report, which presented the mechanism for the Audit and Risk Committee to monitor the Councils progress in relation to the implementation of recommendations Audit NZ have identified in previous audits of Council.

RESOLVED

THAT the report be received.

ARC20/37

Milner/Smeaton

CARRIED

The Chair asked if the target dates shown in the table attached of recommendations can be achieved by 30 June 2020.

The Finance Manager stated that these recommendations are not all high priority matters. He commented that the auditor provides feedback to the Committee on the high priority recommendations requiring attention. The Chair was advised that this is a standard report which is updated at every meeting.

DECLARATION OF CONFLICT OF INTEREST:

Cr Smeaton declared a Conflict of Interest in the matter concerning the short-term loan to the Paeroa Re-Use Centre detailed within the following Treasury report.

TREASURY REPORT - 31 MAY 2020 (2770885)

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.

ARC20/38

Daley/Harris

CARRIED

HEALTH AND SAFETY AUDIT AND RISK REPORT - JUNE 2020 (2768135)

The Health and Safety Advisor attended and presented the health and safety report for June 2020.

RESOLVED

THAT the report be received.

ARC20/39

CARRIED

The meeting adjourned 10.21am.
The meeting reconvened at 10.38am.

Following the completion of the Interim audit, Audit NZ produced a management report. The report sets out their findings from the audit and draws attention to areas where the Council is doing well and areas where they have made recommendations for improvement. The full report was attached as Appendix A.

Committee 'Only' Time

The Committee were invited to consider when they wish to have 'Committee only time' without the presence of staff.

It was agreed that committee only time be added to the agenda as a standard item. It was suggested that this be undertaken at all meetings after the morning tea break.

RISK REGISTER MAY 2020 (2771832)

ATTACHMENT A – HDC RISK REGISTER - MAY 2020 (2724858)

The Finance Manager presented a report and attached Corporate Risk Register for the Committee's review and consideration.

RESOLVED

THAT the report be received.

ARC20/40

Daley/Harris

CARRIED

Wastewater Overflow Events

Waihi - Wastewater overflows were identified over the drought period caused by people flushing wet wipes.

It was recommended that the Mayor highlight this issue at the Mayoral Forum.

Security and Management of Virtual Meetings

Members proposed that Council consider establishing a policy around the management of virtual meetings raising a concern of security.

The Chair suggested that a briefing paper be prepared on guidelines relating to the use of electronic meetings using Zoom.

Committee members requested a progress report from the Chief Executive following investigations of the working group (which has been set up following the COVID-19 lockdown)

on guidelines regarding changes to staff working from home etc and that the findings be included in the Chief Executive's report to Council.

COVID-19 PANDEMIC MITIGATIONS REPORT (2772719)

The Group Manager presented a report which outlined Council's pandemic responses.

RESOLVED

THAT the report be received.

ARC20/41

Adams/Smeaton

CARRIED

OVERHEADS REPORT APRIL 2020 (2771831)

The Finance Manager presented a report on overheads expenditure for the 10 months to 30 April 2020.

RESOLVED

THAT the report be received.

ARC20/42

Daley/Smeaton

CARRIED

LGFA - PROPOSAL TO AMEND FOUNDATION POLICIES (2770882)

APPENDIX A - PROPOSED AMENDMENTS TO LGFA FOUNDATION POLICIES JUNE 2020 (2770868)

APPENDIX B - LGFA SHAREHOLDER COUNCIL MEMO - FOUNDATION POLICY CHANGES (2770870)

The Group Manager Corporate Services presented a report which sought endorsement to the changes proposed by the LGFA Board of Directors and the LGFA Shareholder Council to the LGFA Foundation Policies.

RESOLVED

THAT the report be received.

ARC20/43

Daley/Harris

CARRIED

RESOLVED

THAT the Committee endorses the proposed amendments to the LGFA Founding Policies which will increase the Net Debt/Total Revenue foundation policy financial covenant from the current 250% to 300% for a period, and permanently to 280%, which applies to Local Authorities with a long-term credit rating of 'A' equivalent or higher, and

THAT the Committee recommends to Council the adoption of the amendment proposed above, and

THAT the Council considers these decisions to not be significant under its Significance and Engagement Policy 2017, and

THAT Council does not to engage at this time concerning this matter.

ARC20/44

Adams/Smeaton

CARRIED

The Finance Manager presented a report, which updated on progress against the recommendations received from KPMG because of audits undertaken by KPMG.

RESOLVED

THAT the report be received.

ARC20/45

Milner/Daley

CARRIED

At Councils request KPMG conducted five internal audits covering:

- Procurement
- Cash handling
- Payroll
- Accounts payable
- Asset management

25 of the actions required have been cleared with a further 4 in progress.

Fuel Cards

Matter regarding fuel cards is likely to be addressed at the earliest in November 2020.

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	Rates in Arrears - April 2020	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.

ARC20/46

Milner/Adams

CARRIED

RESOLVED

THAT Cr Spicer be permitted to remain for the public excluded Item 1: Rates in Arrears.

ARC20/47

Adams/Milner

CARRIED

RESOLVED

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

ARC20/50

Harris/Smeaton

CARRIED

The Mayor closed the meeting with a karakia at 11.54am.

CONFIRMED

C Buchanan
Chairperson

11 August 2020