

# 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, 15 DECEMBER 2020 COMMENCING AT 9.00 AM

### **PRESENT**

C Buchanan (Independent Chair), Cr P A Milner, His Worship the Mayor D A Adams, Cr R Harris, Cr D Smeaton, and Cr C Daley

### **IN ATTENDANCE**

L D Cavers (Chief Executive), D Peddie (Group Manager – Business Support), S Baker (Finance Manager), C Mischewski (Strategic Planner), J Sweeney (Human Resources Manager) and Ms C Black (Council Secretary)

### Karakia timatanga

Mayor Adams opened the meeting with a karakia.

### **APOLOGIES**

There were no apologies.

### **LATE ITEMS**

There were no late items.

### **DECLARATIONS OF INTERESTS**

There were no declarations.

CONFIRMATION: AUDIT AND RISK COMMITTEE MINUTES – 20-10-20 - 2839724

### **RESOLVED**

THAT the minutes of the meeting of the Audit and Risk Committee meeting held on Tuesday, 20 October 2020, as amended, are received and confirmed as a true and correct record.

ARC20/91

Smeaton/Daley

**CARRIED**

### MATTERS ARISING FROM THE MINUTES

It was requested the meeting resolve to go 'In Committee' to allow a correction to the minutes with regard to Item 2: Fuel Card Fraud.

**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:

<b>Item No.</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) Under Section 48(1) for the Passing of this Resolution</b>
<b>2</b>	Fuel Card Fraud Report	<b>Section 6 (a)</b> - Making this information public would be likely to 'prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial'.	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.

ARC20/92

Adams/Miler

**CARRIED**

**RESOLVED**

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

ARC20/93

Daley/Smeaton

**CARRIED**

2021-31 LTP WATERS AFFORDABILITY INFORMATION – 2870843

The Group Manager – Corporate Services presented a report that provided the Committee with the affordability background information (supporting Council’s financial strategy) as previously requested.

**RESOLVED**

THAT the report be received.

ARC20/94

Harris/Smeaton

**CARRIED**

A discussion was held regarding the effects of deprivation levels on ratepayer’s ability to meet the costs of water supply.

A member requested that a breakdown of statistical information on home ownership in the district over time is made available at the next meeting considering that 69% of the district population own their own homes.

The Group Manager – Corporate Services advised the Chair that staff would incorporate a small amount of information about waters affordability in the LTP but would expand on it.

The Committee requested further steps as follows:

- LTP Assumptions – need to revisit them on regular basis to reassess if they are realistic.

TREASURY REPORT - 30 NOVEMBER 2020 – 2870600

The Group Manager – Corporate Services provided a report that 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.

ARC20/95

Smeaton/Daley

**CARRIED**

CONSIDERATION OF RATES REMISSION AND POSTPONEMENT POLICIES - 2870746  
APPENDIX A - DRAFT 2021 RATES REMISSION AND POSTPONEMENT POLICIES – 2870747  
APPENDIX B 2021 RATES REMISSION AND POSTPONEMENT POLICIES STATEMENT OF PROPOSAL – 2870749

The Group Manager – Corporate Services presented a report on the draft Rates Remission and Postponement Policies for the 2021-31 period for the Committee’s consideration and feedback.

**RESOLVED**

THAT the report be received.

ARC20/96

Smeaton/Harris

**CARRIED**

**RESOLVED**

THAT the Committee recommends Council adopt the draft Rates Remission and Postponement Policies for the 2021-31 period.

ARC20/97

Smeaton/Milner

**CARRIED**

Presentation: Price Waterhouse Coopers (PWC) - 10.00am – 10.45am.

Brett Johansson of PWC attended the meeting via Zoom and provided a PowerPoint presentation that updated on Treasury Management activities in the current climate.

Key points:

- Economic and financial market update
- Liability Management Policy
- Interest rate swaps

The Committee were given reassurances that staff are holding treasury meetings with Price Warehouse Coopers on a regular basis.

The meeting adjourned for morning tea at 10.45am.

The meeting reconvened at 11.15am.

Committee Only Time

Staff vacated the meeting to allow the Chair to have Committee only time with the committee members.

AUDIT AND RISK COMMITTEE SELF-ASSESSMENT 2020 - 2870605

The Finance Manager presented the compiled results of the Audit and Risk Committee's self-assessment survey and provided an opportunity for discussion around the results.

Commentary regarding comparison to the previous year's survey results is also included.

**RESOLVED**

THAT the report be received.

ARC20/98

Harris/Daley

**CARRIED**

The Chair requested that the Committee provided any feedback they considered necessary under the key areas of the assessment.

- **Independence** – the members supported that Committee only time is held at every meeting.

The Chair asked the members if they believed that there is a need to agenda more time to review significant long-term matters e.g. waters affordability, etc. The Committee advised

that they were satisfied with the current timing.

- **Competence** - The Chair advised the members that he does meet with Council's Chief Executive and Group Manager- Corporate Services regularly and has a good relationship with external auditors. The Mayor suggested that more reporting is provided on the outcome of meetings with external auditors and that it be noted in the work programme when the Chair has met with staff or the external auditors.
- **Clarity of purpose** – members believed this was helpful. As regards to rates in arrears, the Chair requested that he and the Committee regularly receive a list of all rate arrears (arrears outstanding over a year).
- **Open and effective relationships** – importance of reporting on the work programme to Council regularly to ensure all members of Council are up-to-date with Audit and Risk activities.
- **Meeting organisation** – consideration that decision reports be placed at the start of meeting agenda. The Mayor commented that information required for further consideration following the meeting is not always responded to timely and asked that staff consider how this can be addressed.
- **Training needs** – it was discussed whether helpful information to assist Councillors in assessing financial information was required that can also be used to help in explaining information to members of the public. (E.g. similar to risk register in a summarised form).

Some members suggested that some of the financial information could be condensed more and suggested a 'dashboard' / traffic lights' type option in addition to current reporting.

**Action:** Group Manager – Corporate Services to provide a suggested template to the next meeting as per above.

The time required to create and then populate any template will be an important part of discussion around potentially adopting this idea in the future.

#### AUDIT AND RISK COMMITTEE - PROPOSED 2021 WORK PROGRAMME - 2870735

The Group Manager – Corporate Services presented the proposed 2021-work programme for the Committee's consideration.

#### **RESOLVED**

THAT the report be received.

ARC20/99

Smeaton/Daley

**CARRIED**

**RESOLVED**

THAT the Committee approve the proposed 2021 work programme to date.

ARC20/100

Smeaton/Daley

**CARRIED**

REPORT AUDIT AND RISK 2021-31 LTP ASSUMPTIONS - 2870930

The Strategic Planner presented a report that updated on the final version of the 2021-31 Long Term Plan (LTP) assumptions, scheduled for adoption by Council at its meeting on 16 December 2020.

**RESOLVED**

THAT the report be received.

ARC20/101

Daley/Smeaton

**CARRIED**

HEALTH AND SAFETY AUDIT AND RISK REPORT 15 DECEMBER 2020 – 2865094

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

**RESOLVED**

THAT the report be received.

ARC20/102

Daley/Adams

**CARRIED**

It was noted that there has been little movement in the statistics as shown in the report. The Health and Safety Team have continued to concentrate on work that aligns with Council's health and safety commitment.

OVERHEADS REPORT TO 30 OCTOBER 2020 – 2870775

The Finance Manager presented a report on Council's Overhead expenditure for the four months to 31 October 2020.

**RESOLVED**

THAT the report be received.

ARC20/103

Smeaton/Daley

**CARRIED**

It was noted that the total overheads for this period, before allocation, is \$3,725,000. This is \$25,000 or 0.65% more than provided in the budget for the same period.

DEPARTURES FROM PROCUREMENT POLICY DECEMBER 2020 - 2870604

The Finance Manager presented a report that provided information regarding the uses of this departure from policy process that have occurred between 1 July 2020 and 30 November 2020.

**RESOLVED**

THAT the report be received.

ARC20/104

Milner/Harris

**CARRIED**

The Chair commented on the wording in the report overall. The departure from the procurement policy delegation is an efficient and prudent way of enabling the business of Council to occur without undue hindrance by process or exposing the Council to risk. Inspections of process are prudent to ensure asset maintenance are compliant.

RISK REGISTER DECEMBER 2020 – 2870601

ATTACHMENT A – HDC RISK REGISTER - DECEMBER 2020 – 2870554

The Finance Manager presented the risk report and attached risk register for the Committee’s review.

**RESOLVED**

THAT the report be received.

ARC20/105

Harris/Daley

**CARRIED**

PROGRESS UPDATE AUDIT NZ RECOMMENDATIONS DECEMBER 2020 - 2870607

ATTACHMENT A - AUDIT NZ MANAGEMENT REPORT ACTION SCHEDULE (DECEMBER-2020) – 2870644

The Finance Manager provide an overview of the status of actions required to meet Audit NZ’s recommended actions.

**RESOLVED**

THAT the report be received.

ARC20/106

Daley/Smeaton

**CARRIED**

Just over 50% of actions required have been closed.

In response to a question if Council do not agree with Audit NZ, it was advised that Council provide evidence-based information to Audit NZ to provide explanations to their questions.

Staff are working through outstanding recommended corrective actions.

The Finance Manager presented a report that showed progress against the recommendations received from KPMG as a result of those audits.

**RESOLVED**

THAT the report be received.

ARC20/107

Smeaton/Milner

**CARRIED**

Staff have cleared 26 actions and 3 are in progress.

Staff will submit the corrected actions to the Audit and Risk Committee meeting in June 2021.



**Matters to be taken with the Public Excluded**

**RESOLVED**

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<b>1</b>	ALGIM Cybersecurity Report and Recommendations	<b>Section 7(2)(g)</b> – 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.
<b>2</b>	Rates in Arrears – December 2020	<b>Section 7(2)(a)</b> – 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.

ARC20/108

Milner/Harris

**CARRIED**

**RESOLVED**

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

ARC20/114

Smeaton/Daley

**CARRIED**

Karakia whakamutunga

The meeting closed at 12.42pm with a Karakia from Cr Milner.

CONFIRMED

C Buchanan  
Chairperson

9 February 2021