

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, 09 FEBRUARY 2021 COMMENCING AT 9.00 AM

PRESENT

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

IN ATTENDANCE

L D Cavers (Chief Executive), D Peddie (Group Manager – Business Support), S Baker (Finance Manager), J Nicholls (Health and Safety Advisor) and Ms C Black (Council Secretary)

Karakia timatanga

Cr Milner opened the meeting with a karakia.

APOLOGIES

RESOLVED

THAT the apology of Cr R Harris be received and sustained.

ARC21/01

Adams/Daley

CARRIED

Mr David Walker, Audit NZ was not in attendance.

LATE ITEMS

There were no late items.

DECLARATIONS OF INTERESTS

There were no declarations.

CONFIRMATION: AUDIT AND RISK COMMITTEE MINUTES – 15-12-20 - 2873640

RESOLVED

THAT the minutes of the meeting of the Audit and Risk Committee meeting held on Tuesday, 15 December 2020 are received and confirmed as a true and correct record.

ARCC21/02

Smeaton/Milner

CARRIED

MATTERS ARISING FROM THE MINUTES

It was requested that the follow up of actions that were raised at the December meeting be provided to the Committee as follows:

2021-31 LTP Water Affordability Information

- Provide a breakdown of statistical information on home ownership in the district over time in consideration that 69% of the district population own their own homes.
- LTP Assumptions – these need to be revisited on a regular basis to reassess if they are realistic.

Training Needs for Councillors - Financial Information

- Staff to provide a template to the Committee showing financial information in a more condensed format, i.e. dashboard / traffic lights option.

Cybersecurity Reporting

- Information Services Manager to provide brief updates to each meeting of the Committee on cybersecurity and attend when requested.

Rates in Arrears (in committee)

- Staff to follow up rates arrears requiring action.

AUDIT AND RISK COMMITTEE - PROPOSED 2021 WORK PROGRAMME - 2886039

The Group Manager – Business Support presented the proposed work programme for 2021.

RESOLVED

THAT the report be received.

ARC21/03

Daley/Smeaton

CARRIED

The Committee supported the work programme as presented.

TREASURY REPORT - 31 JANUARY 2021 - 2886033

The Group Manager – Business Support presented 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.

ARC21/04

Daley/Smeaton

CARRIED

Discussion was held around swap rates.

Organisation Overview of Arrangement

Staff updated the Committee on the following:

Goldfields Railway loan and Paeroa Community Support Trust suspensory loan.

Action: Staff to check if the Paeroa Community Support Trust are paying rates on the old farmers building.

AUDIT NZ FINAL AUDIT MANAGEMENT REPORT FOR THE 2020 ANNUAL REPORT - 2886038
APPENDIX A - 2020 ANNUAL REPORT - AUDIT NZ REPORT TO GOVERNORS - 2885692

The Finance Manager presented a report that drew attention to areas where the Council is doing well and areas where Audit NZ have made recommendations for improvement.

RESOLVED

THAT the report be received.

ARC21/05

Daley/Adams

CARRIED

The report also made reference to the status of issues outstanding from previous audits.

- 14 issues were closed during the financial year ending 30 June 2020.
- 12 issues remain open.

Two new recommendations were raised during the audit:

1. An independent review over sensitive expenditure.
2. The remuneration for elected members to be in compliance with the determination for the year.

With regards to the recommendation received from Audit NZ on sensitive expenditure, it was requested that sensitive expenditure is evidenced as approved by the appropriate persons on a one-up basis. Management comment will take this into consideration going forward. It was noted that the Annual Report includes a section on any severance payments made during the financial year.

An explanation was provided to the Chair in relation to matters arising during the audit regarding Council's evaluation of its roading asset classes and recognised a revaluation increase of \$26.2 million.

Staff advised that all these matters will be part of an ongoing report.

PROGRESS UPDATE AUDIT NZ RECOMMENDATIONS FEBRUARY 2021 - 2886037
APPENDIX A - AUDIT NZ MANAGEMENT REPORT ACTION SCHEDULE (FEBRUARY-2021) - 2886042

The Finance Manager presented a report that provided progress against the matters raised by Audit New Zealand as a result previous audits.

RESOLVED

THAT the report be received.

ARC21/06

Smeaton/Daley

CARRIED

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

Out of the items raised, 14 have been resolved in the past financial year to 30 June 2020 and 12 are in progress.

Staff continue to work towards clearing the outstanding items. It was noted that there are some items which are quite dependent on resourcing, specifically project management and contract management.

KPMG INTERNAL AUDIT REVIEWS - PROGRESS REPORT - 2886059
APPENDIX A - KPMG INTERNAL AUDIT REVIEWS PROGRESS REPORT FEBRUARY 2021

The Group Manager – Business support and the Finance Manager presented a report which provided a progress update against the matters raised by KPMG from these reviews, and the management actions that have been agreed in response to the KPMG findings.

The report also presented a more detailed progress report with recent changes highlighted.

RESOLVED

THAT the report be received.

ARC21/07 Adams/Daley **CARRIED**

Morning tea – adjourned at 10.14am.

Committee only time was held from 10.30-10.45am

The meeting reconvened at 10.45am.

AUDIT AND RISK HEALTH AND SAFETY REPORT FEBRUARY 2021 - 2886420

The Health and Safety Advisor presented the bi-monthly Health and Safety report to February 2021 that updated the Committee on how the organisation is tracking in the areas of health, safety and wellbeing.

RESOLVED

THAT the report be received.

ARC21/08 Milner/Smeaton **CARRIED**

Cr Daley queried if there is any liability on Council as regards to public health and safety of a Council constructed structure and gave the example of the Wharf Street jetty in the Paeroa Ward. What practical measures can Council apply to ensure 'public safety'?

Action: The Chief Executive to investigate options to address possible health and safety risks to the public at the new Wharf Street jetty in Paeroa.

RISK REGISTER FEBRUARY 2021 – 2886034
APPENDIX A – HDC RISK REGISTER - FEBRUARY 2021 - 2885687

The Finance Manager presented the corporate risk register which provided a summary of potential risks to the organisation and how Council can reduce potential issues that could compromise Council's intended outcomes.

RESOLVED

THAT the report be received.

ARC21/09

Adams/Daley

CARRIED

The Chief Executive updated on the Three Waters review.

Council is actively engaged in the Government review providing sound information regarding the implications of potential change. The WSP (Water Services) include their own risk registers that are critical for the ongoing delivery of safe water.

There are risks associated with how human induced climate change might affect the district over the medium to long term.

Action:

- Staff to give regular updates on the national three waters forum.
- Water services audits are given attention.
- Council actively participates in the three waters review process.

RESOLVED

THAT Council pay close attention to the three waters review process.

ARC21/10

Adams/Daley

CARRIED

The Committee requested that a permanent item be placed on the agenda; 'Review of action points from previous meetings'.

MATTERS TO BE TAKEN WITH THE PUBLIC EXCLUDED

RESOLVED

THAT 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 - February 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.

ARC21/11

Smeaton/Daley

CARRIED

RESOLVED

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

ARC21/14

Daley/Milner

CARRIED

The meeting closed at 11.19am with a Karakia from Mayor Adams.

CONFIRMED

C Buchanan
Chairperson

13 April 2021