

## HAURAKI DISTRICT COUNCIL

### AUDIT AND RISK COMMITTEE

MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE HELD IN THE HAURAKI ROOM, WILLIAM STREET, PAEROA ON TUESDAY, 13 APRIL 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 R Harris, Cr D Smeaton and Cr C Daley

#### **IN ATTENDANCE**

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

Karakia timatanga

Cr Harris opened the meeting with a karakia.

#### **APOLOGIES**

There were no apologies.

#### **LATE ITEMS**

Pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, the Chairperson called for late items to be accepted.

#### **RESOLVED**

THAT pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, the following late items be accepted for discussion.

#### **- Letter to HDC Audit and Risk Committee from Martha Trust - 9 April 2021**

The item was not on the agenda because the item was unavailable at the time of the agenda deadline.

Discussion on the item could not be delayed because required the consideration of the Committee as soon as practicable and before the next meeting.

ARC21/15

Adams/Daley

**CARRIED**

#### **DECLARATIONS OF INTERESTS**

The Chief Executive declared an interest in Item 20 (2) as he is a Trustee of LAPP, Council's insurers.

Cr Harris left the meeting 9.02am.

CONFIRMATION: AUDIT AND RISK COMMITTEE MINUTES - 09-02-21 - 2898601

#### **RESOLVED**

THAT the minutes of the meeting of the Audit and Risk Committee meeting held on Tuesday, 09 February 2021 are received and confirmed as a true and correct record.

ARC21/16

Milner/Smeaton

**CARRIED**

## **MATTERS ARISING FROM THE MINUTES**

There were no matters raised for correction.

Cr Harris returned to the meeting at 9.10am

### **AUDIT AND RISK COMMITTEE - PROPOSED 2021 WORK PROGRAMME - 2925706**

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

#### **RESOLVED**

THAT the report be received.

ARC21/17

Daley/Harris

**CARRIED**

#### **Action points from Previous Meeting**

A discussion was held around the follow up of actions required after each Audit and Risk Committee meeting.

**Action: Council Secretary to discuss with the Mayor about how and where the action report should be provided to the Committee within the agenda.**

**Action: The Group Manager – Business Support to endeavour to make available for next meeting in June information on how home ownership in the Hauraki district has changed over time**

The Finance Manager spoke to a tabled report which provided an executive summary of performance measures by activity in a 'dashboard' format as an example of how financial information can be presented to elected members in a more comprehensible way.

Cr Smeaton suggested that staff highlight 'key' matters of issue in some way within the document also to assist councillors in understanding any financial matters of significance.

The Finance Manager suggested that it could be of benefit that financial staff meet with individual councillors to go through information with them on a one on one basis.

**Action: Mayor to seek appropriate training on financial information for all councillors.**

**Action: Council Secretary to add the Chair of the Committee to the distribution list for Council agendas to allow him to see up-to-date information on the 3-waters reform.**

#### **RESOLVED**

THAT the completed items within the actions report be taken off the list.

ARC21/18

Adams/Smeaton

**CARRIED**

## TREASURY REPORT - 31 MARCH 2021 – 2925691

The Group Manager – Business Support presented an update 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.

ARC21/19

Daley/Harris

**CARRIED**

### Giving of Loan Guarantees

Council’s Investment Management Policy refers to investments in organisations to meet Council’s social or other priorities. Council has loaned money to two community organisations for this purpose, Goldfields Railway and Paeroa Community Support Trust.

Paeroa Community Support Trust - \$120,000 suspensory loan – approved by Council as part of the sale of 120 Normandy Road to the Trust. This loan is to be repaid by way of a capitalised grant to the Trust from the Paeroa Ward.

**Action: Staff to add in original amount of the loan for the Paeroa Community Support Trust into the next Treasury report.**

## AUDIT NZ - AUDIT MANAGEMENT REPORT FOR THE 2021-31 LTP - 2925704 APPENDIX A - HAURAKI DC 21P DRAFT MANAGEMENT REPORT - 2925710

The Finance Manager presented a report which highlighted the Audit NZ report on the findings in relation to the audit of Council’s Long-Term Plan Consultation Document (CD) for the period 1 July 2021 to 30 June 2031.

### **RESOLVED**

THAT the report be received.

ARC21/20

Milner/Daley

**CARRIED**

The report set out Audit NZ’s findings from the audit and drew attention to areas where the Council is doing well and where they have made recommendations for improvement.

The Finance Manager noted the key areas for improvement. He advised that staff are currently putting together responses to Audit NZ in regards to the areas raised for improvement.

David Walker provided commentary on the management report during the review of the consultation document and the underlying information. Auditors noted a number of recommendations / improvements in relation to 1.1 Infrastructure Strategy (refer page 40 of the agenda) that should be made prior to adopting the LTP.

## PROGRESS UPDATE AUDIT NZ RECOMMENDATIONS APRIL 2021 – 2925694 APPENDIX A - AUDIT NZ MANAGEMENT REPORT ACTION SCHEDULE (APRIL-2021) - 2925711

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

**RESOLVED**

THAT the report be received.

ARC21/21

Daley/Smeaton

**CARRIED**

**Action: Completed actions to be removed off the Audit NZ Management Report action schedule.**

With reference to reporting on high annual leave balances, David Walker commented that he was satisfied that the 'risk' of the high balances has been addressed by Council.

**Action point: Staff to liaise with Audit NZ regarding the date action points raised in the management letter.**

KPMG INTERNAL AUDIT REVIEWS - PROGRESS REPORT - 2925700  
APPENDIX A - KPMG INTERNAL AUDIT REVIEWS PROGRESS REPORT APRIL 2021 - 2925709

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

**RESOLVED**

THAT the report be received.

ARC21/22

Daley/Adams

**CARRIED**

David Walker commented that he was satisfied that 25 recommendations have been cleared with the further 4 in progress and that cash handling, credit notes and invoicing review status has been addressed.

Two key areas being:

1. Strengthening controls relating to swimming pool transactions.
2. Review and monitor void transactions and credit notes.

SENSITIVE EXPENDITURE POLICY REVIEW - APRIL 2021 - 2925692  
APPENDIX A - DRAFT SENSITIVE EXPENDITURE POLICY APRIL 2021 - 2925728

The Finance Manager presented a report which updated Councils Sensitive Expenditure Policy incorporating new guidance released by the Office of the Controller and Auditor General (OAG) in October 2020 and sought the Committee's endorsement of the proposed changes to the policy. These were shown in track changes - Appendix A.

**RESOLVED**

THAT the report be received.

ARC21/23

Smeaton/Daley

**CARRIED**

It was advised that this policy will be taken up to Council for approval.

**Action: Finance Manager to amend the section of the Policy that deals with elected members air travel. Air travel for elected members will be booked through the appropriate administration support person.**

**RESOLVED**

THAT the Audit and Risk Committee recommend to Council that the revised Sensitive Expenditure Policy be adopted, subject to the amendment relating to air travel for elected members, and

THAT the committee considers these decisions to be insignificant under its Significance and Engagement Policy 2020.

ARC21/24

Adams/Harris

**CARRIED**

The meeting adjourned at 10.20am.

Committee only time

The Chair held Committee only time with the members.

The meeting reconvened at 10.50am

OVERHEADS REPORT FEBRUARY 2021 – 2925695

The Group Manager – Business Support presented a report to assist the committee to monitor the financial performance of its support units, commonly referred to as overheads, for the 8 months to 28 February 2021.

**RESOLVED**

THAT the report be received.

ARC21/25

Daley/Milner

**CARRIED**

INTERNAL DEBT AT 30 JUNE 2020 – 2925702

The Finance Manager presented a report that informed members on Council's internal debt position as at 30 June 2020 and provide a forecast position for 30 June 2021.

**RESOLVED**

THAT the report be received.

ARC21/26

Daley/Smeaton

**CARRIED**

It was noted that on page 98 of the agenda, the section referring to internal and external debt and the sources of that debt was incorrect, as it referred to the 30 June 2019. It should have stated 30 June 2020.

**RESOLVED**

THAT the Committee accepts that the date referred to in the text of the report stating 30 June 2019 was incorrect. It should have stated 30 June 2020.

ARC21/27

Adams/Milner

**CARRIED**

INTERNAL AUDIT - RETROSPECTIVE APPROVAL FOR INTERNAL AUDIT EXPANSION OF SCOPE - 2925703

The Finance Manager presented a report which sought the Audit and Risk Committee's retrospective approval for the increased scope of the KPMG internal review of the Contract Management system to also include the procurement component.

**RESOLVED**

THAT the report be received.

ARC21/28

Milner/Smeaton

**CARRIED**

**RESOLVED**

THAT the Audit and Risk Committee retrospectively approve the increased scope of the KPMG internal review of the Contract Management system to also include the Procurement component, and

THAT the Council considers these decisions to be insignificant under its Significance and Engagement Policy 2020, and

THAT the level of engagement considered appropriate for this matter, at this point in time, is to not to engage at this time.

ARC21/29

Adams/Harris

**CARRIED**

RISK REGISTER APRIL 2021 - 2925693

APPENDIX A – HDC- RISK REGISTER - APRIL 2021 - 2924871

The Finance Manager presented the corporate risk register and accordingly, invited the Committee to review the Corporate Risk Register and raise any comments or concerns with staff as deemed necessary.

**RESOLVED**

THAT the report be received.

ARC21/30

Daley/Smeaton

**CARRIED**

A summary of the risk register was presented, with the full risk register (including controls) included in Appendix A. Staff advised they have updated a number of areas in the risk register and these were highlighted for the member's information. There also has been the introduction of a 'traffic light' format for each risk mitigation to assist the members understanding the information provided.

AUDIT AND RISK HEALTH AND SAFETY REPORT - APRIL 2021 – 2884222

The Health and Safety Advisor presented the bi-monthly Health and Safety report to April 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.

ARC21/31

Milner/Daley

**CARRIED**

*Auto door closing on customer – Paeroa Library*

It was advised that the automatic doors to the Paeroa Library are not releasing safely when someone is entering the building. This could also be a problem in other Council owned buildings. The advisor will report back further on the status of this issue in the June health and safety report.

**LATE ITEM**

**LETTER TO HDC AUDIT AND RISK COMMITTEE FROM MARTHA TRUST - 9 APRIL 2021 – 2927289**

The Chief Executive spoke to a tabled letter received from the Martha Trust in relation to the activities of The Martha Trust (the Trust) and sought clarification and guidance from the Audit and Risk Committee in relation to the reporting obligations between The Martha Trust and the Hauraki District Council.

**RESOLVED**

THAT the correspondence from the Martha Trust be received.

ARC21/32

Adams/Daley

**CARRIED**

**RESOLVED**

THAT it be recommended to Council that staff prepare a report updating Council on the reporting obligations of the Martha Trust to the Hauraki District Council

ARC21/33

Adams/Harris

**CARRIED**

## **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>1</b>	Rates in Arrears - April 2021	<b>Section 7(2)(a)</b> – Protect the privacy of natural persons, including that of deceased natural persons, and  <b>Section 7(2)(b)(i)</b> – 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.
<b>2</b>	Insurance Update - April 2021	<b>Section 7(2)(b)(i)</b> – 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.
<b>3</b>	Cybersecurity Update Report	<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.

ARC21/34

Smeaton/Daley

**CARRIED**



**RESOLVED**

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

ARC21/41

Daley/Smeaton

**CARRIED**

Karakia whakamutunga

Cr Milner closed the meeting with a karakia at 12.39pm.

CONFIRMED

C Buchanan  
Chairperson

15 June 2021