

Audit & Risk Committee

Open Minutes



Minutes of a meeting of Audit & Risk Committee held in the Council Chambers, 35 Kenrick Street, TE AROHA on Tuesday 9 October 2018 at 1.00pm.



Present

Chairperson	Hon. John Luxton	
	Mayor Jan Barnes	Cr Ash Tanner
	Cr Neil Goodger	Cr James Thomas, JP
	Cr Brian Hunter	

Apologies

Cr James Sainsbury

Also Present

		Item No.
Manaia Te Wiata	Group Manager Business Support	
Vicky Oosthoek	Committee Secretary	
Sandra Harris	Acting Strategic Policy Manager	6.1, 6.2, 6.3, 6.4, 6.6
Danny Anglesey	Finance & Business Services Manager	6.1
Larnia Weir	Deputy Finance Manager	6.1
Tim Donaldson	Online Services Developer	6.7
Fiona Vessey	Group Manager Service Delivery	6.10, 6.11
George Ridley	Solid Waste Project & Contract Advisor	6.11

In Attendance

	Time In	Time Out
Ben Halford, Audit New Zealand	1.00pm	2.54pm
Jared Williams, Audit New Zealand	1.00pm	2.54pm
Andrew Sloman, BDO	1.00pm	2.54pm

1 Meeting Opening

Chairperson Hon. John Luxton welcomed everyone and opened the meeting at 1.05pm.

2 Present

Hon. John Luxton (Chair), Mayor Jan Barnes, Deputy Mayor James Thomas, Cr Ash Tanner, Cr Neil Goodger, Cr Brian Hunter

3 Apologies

COMMITTEE RESOLUTION

That the apology from Cr James Sainsbury be accepted and leave of absence from the meeting be granted

Moved by: Cr AB Tanner
Seconded by: Cr N C Goodger

CARRIED

4 Notification of Urgent Business

Pursuant to clause 3.7.5 and 3.7.6 of the Standing Orders NZS 9202:2003 and Section 6A (7) of the Local Government Official Information and Meetings Act 1987, the Chairman to enquire from members whether there are any additional items for consideration which qualify as extraordinary or urgent additional business.

5 Confirmation of minutes

COMMITTEE RESOLUTION

That the minutes of the meeting of the Ordinary Meeting of Audit & Risk Committee held on Tuesday, 26 June 2018, be confirmed as a true and correct record of the meeting.

Moved by: Mayor J E Barnes
Seconded by: Cr J A F Thomas

CARRIED

REPORTS

6 Executive

6.1 Annual Report 2017/18 and Summary

Executive Summary

The Local Government Act 2002 (LGA) requires Council to adopt its Annual Report and Summary by 31 October each year. Audit New Zealand has completed their audit and we expect to receive an unmodified Audit opinion.

Council's Debenture Trust Deed requires Council to deliver to the Trustees, a completed and signed Reporting Certificate, along with an auditor's assurance report, within four months of the end of the financial year. Audit New Zealand have completed their limited independent assurance engagement in relation to Council's Debenture Trust Deed. Auditor New Zealand indicated it expects to provide an independent assurance report with an unqualified conclusion.

Council's Auditor, Ben Halford and Audit and Risk Committee Chair, Mr John Luxton, will be in attendance at the Council meeting on 10 October.

The report covered the following items, all of which have been circulated separately:

- a. the Annual Report and Summary 2017/18
- b. the draft Audit Opinions for the Annual Report and Summary 2017/18
- c. the warrant of fitness for the Annual Report and Summary 2017/18
- d. the letter of representation for the Annual Report and Summary 2017/18 and staff review of representations made
- e. the misstatement schedule from the Annual Report final audit
- f. the draft management report on the Annual Report 2017/18
- g. the Chief Executive's Reporting Certificate for the Debenture Trust Deed
- h. the Auditor's Independent Assurance Report for the Debenture Trust Deed
- i. the letter of representation for the Debenture Trust Deed and staff review of representations made.

COMMITTEE RESOLUTION

That:

1. The following documents be received:
 - a. the Annual Report and Summary 2017/18
 - b. the draft Audit Opinions for the Annual Report and Summary 2017/18
 - c. the warrant of fitness for the Annual Report and Summary 2017/18
 - d. the letter of representation for the Annual Report and Summary 2017/18 and staff review of representations made
 - e. the misstatement schedule from the Annual Report final audit
 - f. the draft management report on the Annual Report
 - g. the Chief Executive's Reporting Certificate for the Debenture Trust Deed
 - h. the Auditor's Independent Assurance Report for the Debenture Trust Deed 2017/18
 - i. the letter of representation for the Debenture Trust Deed 2017/18 and staff review of representations made

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2. Feedback below on the received documents is provided to Council prior to the adoption of the Annual Report and Summary 2017/18.
- a. Warrant Of Fitness section 13, all answers are recommended to be yes other than 13.12 which is no and 13.13 is not applicable.

Moved by: Cr N C Goodger
Seconded by: Cr AB Tanner

CARRIED

6.2 Legislative Compliance Framework

Executive Summary

The Audit and Risk Committee previously requested that staff develop a legislative compliance 'warrant of fitness' (WOF) for its review on an annual basis. A draft WOF was reported to the Committees February 2017 meeting for discussion, the Committee resolved that the framework should be adopted and completed annually by staff alongside the Annual Report. The Framework was reported back to the Committee's October 2017 meeting where it was formally adopted.

The 2017 framework information has been reviewed and updated and it to be presented to Council.

COMMITTEE RESOLUTION

That:

1. the information be received.
2. the Committee recommend that Council adopt the Legislative Compliance Framework.

Moved by: Cr AB Tanner
Seconded by: Cr J A F Thomas

CARRIED

6.3 Delegations - Committee, Financial, Warranted and Statutory

Executive Summary

Under the Local Government Act 2002, Council may delegate its statutory powers and its functions to Council Officers.

This report seeks feedback from the Committee on the Delegation Policy and Delegation Register 2018, circulated to committee members separately from the agenda.

COMMITTEE RESOLUTION

That:

1. the information be received.
2. the Committee has no feedback on the delegations prior to Council adopting the Delegations Policy 2018.

Moved by: Cr AB Tanner

Seconded by: Cr B L Hunter

CARRIED

6.4 Annual Plan and associated documents (earthquake prone)

Executive Summary

An overview was provided of the Annual Plan 2019/20 and all associated documents which are to go out for public consultation March 2019.

Audit and Risk committee previously expressed a particular interest in earthquake prone buildings and how Council propose to identify and remediate earthquake prone buildings, pedestrian thoroughfares and strategic routes across the district. Council Staff are in the initial stages of identifying earthquake prone buildings and routes and may potentially consult the public on those identified in March 2019.

It is unknown as of yet whether the Annual Plan 2019/20 will require public consultation. All other policies, bylaws and plans currently being reviewed or developed will go out for public consultation March 2019.

COMMITTEE RESOLUTION

That:

1. the information be received.

Moved by: Cr B L Hunter

Seconded by: Cr AB Tanner

CARRIED

6.5 Internal Audit - Property Acquisitions and Disposals

Executive Summary

The draft internal audit report for property acquisitions and disposals is attached to the agenda for the Audit and Risk Committee's review.

There were no major issues identified in the report and a number of opportunities identified to improve processes.

Management agree with the recommendations from the audit.

COMMITTEE RESOLUTION

That:

1. the report be received.
2. management implement the recommendations.

Moved by: Cr AB Tanner

Seconded by: Cr B L Hunter

CARRIED

6.6 Audit and Risk Committee self evaluation 2018

Executive Summary

Each year as part of its work programme the Audit and Risk Committee completes a self-evaluation of its performance during the calendar year. The self-evaluation for 2018 involves a questionnaire, this was reviewed and are to be completed by the Committee members. These will be reviewed by the Committee Chair, who will provide further comments and recommendations as part of the evaluation process at the December Audit and Risk meeting.

COMMITTEE RESOLUTION

That:

1. the questionnaire be reviewed and completed by the individual Committee members by 24 October 2018.

Moved by: Cr AB Tanner
Seconded by: Mayor J E Barnes

CARRIED

6.7 Web Security Audit Report

Executive Summary

The Audit and Risk Committee recommended that an information technology security audit be undertaken every year. A component of the security audit was to test the security of the website servers that are accessible to the public.

The web security aspect of the audit was undertaken in January 2018 and some progress has been made towards the recommendations that came from the audit results.

A summary and update of the recommendations from the audit of the public website servers was provided.

COMMITTEE RESOLUTION

That:

1. the information be received.

Moved by: Mayor J E Barnes

Seconded by: Cr AB Tanner

CARRIED

6.8 Top 20 Risks

Executive Summary

A summary of the top 20 risks in Council risk registers was provided.

The revised risk management framework is still being implemented and risk ratings still need to be moderated to ensure consistency.

All registers and risk ratings have been reviewed on an exception basis to produce this report.

The top 20 risks are based on the Inherent risk irrespective of the status of the risk mitigation measures.

COMMITTEE RESOLUTION

That:

1. the report be received.

Moved by: Cr B L Hunter

Seconded by: Cr AB Tanner

CARRIED

6.9 Specific Project Risk Management Review

Executive Summary

This report is to inform the Audit and Risk Committee the status of the top three council projects as identified by the Executive team which are the:

- Matamata-Piako Civic and Memorial Centre (MPC&MC) (completed) - \$6.9 million
- Mt Misery Reservoir (construction completed) - \$3.6 million
- Te Aroha - Matamata cycle trail (construction) - \$4.8 million

The first two projects have been completed and are removed from the project list. The Te Aroha – Matamata Cycletrail has completed its concept phase is now under construction. More detailed risk registers have been compiled and these can be made available to the committee if required.

COMMITTEE RESOLUTION

That:

1. the information be received.

Moved by: Mayor J E Barnes

Seconded by: Cr J A F Thomas

CARRIED

6.10 Review of Timesheet Management

Executive Summary

An update the Audit and Risk Committee about the initial findings of the timesheet management system review was provided.

The review was carried out as a result of a concern identified with the recording of hours on a manual timesheet. There are a number of actions underway to improve the current timesheet management system. There is also consideration of an automated timesheet management system. The aim is to have good policy, procedures and managements systems to mitigate the risks to Council. This will ensure we are accurately recording time in a way that is fair, accurate and equitable for our customers, staff and Council.

COMMITTEE RESOLUTION

That:

1. the information be received.

Moved by: Cr AB Tanner

Seconded by: Cr B L Hunter

CARRIED

6.11 Waste Minimisation Report

Executive Summary

Ministry for Environment (MfE) recently carried out a Compliance Review of the expenditure of the waste levy funding that Council receives from Government. The report in the agenda includes the response from MfE's review and expenditure of Council's Waste Minimisation Fund.

COMMITTEE RESOLUTION

That:

1. the information be received.

Moved by: Cr B L Hunter
Seconded by: Mayor J E Barnes

CARRIED

7 Urgent Additional Business

There was no urgent additional business.

2.54 pm

The Chairperson thanked Members for their attendance and attention to business and declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD
AT A MEETING OF AUDIT & RISK COMMITTEE
HELD ON

DATE:.....

CHAIRPERSON:.....

Hon. John Luxton