

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 4 December 2018 at 1.00pm.



Committee

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

Apologies

Also Present

		Item No.
Don McLeod	Chief Executive Officer	
Vicky Oosthoek	Committee Secretary	
Sandra Harris	Acting Strategic Policy Manager	6.1, 6.2, 6.3, 6.4, 6.5, 6.6
Amy Pollock	Procurement Officer	6.7
Fiona Vessey	Group Manager Service Delivery	6.7
Raewyn Ellison	Quality Officer	6.8
Sandy Barnes	Health & Safety/Quality Manager	6.8
Rebekah Duffin	Communications Manager	6.6

In Attendance

	Time In	Time Out
Leon Pieterse, Audit New Zealand	1.08pm	2.34pm
Ben Halford, Audit New Zealand	1.08pm	2.34pm
Jared Williams, Audit New Zealand	1.08pm	2.34pm
Paul Cronin	1.08pm	2.34pm

1 Meeting Opening

Chair Hon. John Luxton declared the meeting open at 1.08pm.

2 Present

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

3 Apologies

There were no apologies.

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, 9 October 2018, be confirmed as a true and correct record of the meeting.

Moved by: Cr J A F Thomas

Seconded by: Cr B L Hunter

CARRIED

Matters arising

Sensitive Expenditure that was scheduled to be reported on will now come to next meeting.

REPORTS

6 Executive

6.1 Adoption of Standing Orders and Review of Code of Conduct

Executive Summary

Under the Local Government Act 2002 (LGA), Council is required to adopt standing orders.

Council is required to operate in accordance with standing orders for the conduct of its meetings and the meetings of its committees and subcommittees. Standing orders must not contravene any Act.

The adoption of standing orders and any amendment to standing orders must be made by Council and by a vote of not less than 75% of the members present. Standing orders apply to all meetings of the local authority, its committees, subcommittees and subordinate decision-making bodies.

Once adopted standing orders remain in force (even after triennial election) until any amendment is proposed, any change requires 75% of Council Members present. A local authority or committee may temporarily suspend standing orders during a meeting by a vote of not less than 75% of the members present and voting, and the reason for the suspension must be stated in the resolution of suspension.

Council reviewed and changed its standing orders from NZ Standards Model Standing Orders 9202:2003 (Incorporating Amendment No. 1) to a new template developed by Local Government New Zealand (LGNZ), Matamata-Piako District Council Standing Orders, adopted 14 November 2018.

It is proposed that the Audit and Risk Committee adopt Matamata-Piako District Council Standing Orders.

The new standing orders are circulated separately from the agenda so committee members have a copy for future reference, they are also available on Matamata-Piako District Council website.

COMMITTEE RESOLUTION

That:

1. The information be received.
2. The Audit and Risk Committee adopt Matamata-Piako District Council's Standing Orders (as adopted by Council 14 November 2018).

Moved by: Cr B L Hunter
Seconded by: Cr AB Tanner

CARRIED

6.2 Self-Evaluation Survey 2018 - Audit & Risk Committee

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. This report provides information on the self-evaluation framework. The results of the evaluation were discussed at the Committee meeting.

A copy of the last self-evaluation (completed in 2017) was attached to the agenda report for reference and comparison to this year's results.

Chair thanked committee members for completing, requested that a one page report on the various taxes Council pays be brought to next meeting and advised any tutorial session requests be made to CEO.

COMMITTEE RESOLUTION

That:

1. **The report and summary from the Committee Chair regarding the outcome of the self-evaluation is received.**
2. **No recommended actions for improvement are noted from the feedback on the self-evaluation.**

Moved by: Cr N C Goodger

Seconded by: Cr J A F Thomas

CARRIED

6.3 Schedule of Meetings for 2019

Executive Summary

The Audit and Risk Committee are asked to confirm dates for their 2019 meeting schedule.

Circulated separately to the agenda is a planner for 2019 showing the confirmed meeting dates for Council and the Corporate and Operations Committee. The planner includes the proposed dates for the Audit and Risk Committee along with proposed dates for Waharoa (Matamata) Aerodrome Committee and Te Manawhenua Forum with each committee to confirm their meeting dates. Also included are known Local Government NZ commitments to ensure no clash.

The overall pattern of meetings is set as:

- Council meet monthly every 2nd Wednesday, with extra meetings for hearings and adoption of documents as required.
- Corporate and Operations Committee (COC) meet monthly every 4th Wednesday.
- Audit and Risk Committee meet quarterly on Tuesday, based on respective Council meeting.
- Te Manawhenua Forum meet quarterly on 1st Tuesday.
- Waharoa (Matamata) Aerodrome Committee meet three times a year on the third or fourth Thursday of a month.

COMMITTEE RESOLUTION

That:

1. The information be received.
2. Audit and Risk Committee confirm and adopt its meeting schedule for 2019 as:

MONTH	MEETING DATE
March	Tuesday 12 th
June	Tuesday 11 th
October	Tuesday 1 st
December	Tuesday 3 rd

Moved by: JL Luxton
Seconded by: Mayor J E Barnes

CARRIED

6.4 Draft Work Programme 2019

Executive Summary

The Audit & Risk Committee work programme for 2019 as follows:

March 2019

- Annual Report – review of the Audit Arrangements Letter
- Annual Report – review of the six month report
- Treasury Policy Review
- Annual Plan – project update
- BDO Internal Audit plan
- IT Security Audit
- Standing item – Specific Project Risk Management Review (Water, Rail trail)
- Standing item – Review of any audit reports that have been completed
- Standing item – In committee auditor/committee member discussion
- Standing item – Quarterly procurement report
- Standing item – Policy review
- Taxation summary (FBT, GST, PAYE, Payroll tax etc – one pager)
- Sensitive Expenditure (deferred from 2018)

June 2019

- Annual Report – review of the report on the interim audit
- Annual insurance programme review
- KVS and KC regulatory risk
- Weathertight Buildings Update
- Annual Plan – project update
- Annual risk management framework/analysis review & Risk Management Policy
- Investment & Liability Policy (2 yearly review cycle)
- Review of Fraud and Protected Disclosures Policies (2 yearly review cycle – due 2020)
- Accounting Policies
- Standing item – Specific Project Risk Management Review
- Standing item – Review of any audit reports that have been completed
- Standing item – In committee auditor/committee member discussion
- Standing item – Quarterly procurement report
- Standing item – Policy review

October 2019

- Annual Report – review of the final Annual Report, Summary, Audit Opinion and letter of representation
- Annual financial warrant of fitness assessment
- Annual legislative warrant of fitness assessment
- Annual review of delegations
- Annual review of legislative compliance
- Self-evaluation of committee circulated
- Policies raised in interim management report
- Web Security Audit
- Standing item – Specific Project Risk Management Review
- Standing item – Review of any audit reports that have been completed
- Standing item – In committee auditor/committee member discussion

- Standing item – Quarterly procurement report
- Standing item – Policy review

December 2019

- Review of the Audit and Risk Committee Charter
- Proposed meeting dates for 2020
- Draft work programme for 2020
- Annual update of Quality External Audit (Telarc) and additional external audits being undertaken by Council
- Annual update on organisational culture - vision and values
- Annual Risk Policy review
- Self-evaluation of committee completed
- LGOIMA requests
- Standing item – Specific Project Risk Management Review
- Standing item – Review of any audit reports that have been completed
- Standing item – In committee auditor/committee member discussion
- Standing item – Quarterly procurement report
- Standing item – Policy review

COMMITTEE RESOLUTION

That:

1. **The Audit and Risk Committee approve the Work Programme for the 2019 calendar year as above.**

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

CARRIED

6.5 Review of Audit and Risk Committee Charter

Executive Summary

The Committee were provided with a copy of its Charter with the agenda, as approved by Audit and Risk Committee in December 2016 and approved by Council. The Charter was reviewed 12 December 2017 with no amendments proposed. This annual review provides an opportunity for amendments to be recommended to Council for approval if required.

COMMITTEE RESOLUTION

That:

1. The Audit and Risk Committee recommend amendments to its Charter to go to Council for approval as follows:

- a. **3. Composition:**

The Chairperson must be suitably qualified and shall be an external appointment with skills and experience to provide value for the Council. The Committee size will be determined by Council and must include members who are financially literate, and have appropriate skills and interest, with provision for a second external member.

Moved by: Cr N C Goodger

Seconded by: Cr AB Tanner

CARRIED

6.6 LGOIMA Requests

Executive Summary

At its October 2016 meeting the Audit and Risk Committee chairperson requested that we assess the frequency and time spent on requests for information under the Local Government Official Information and Meetings Act (LGOIMA). In June 2017 it was reported that the charging regime should be changed in light of the Ombudsman's recommendation.

The collation of LGOIMA request information shown in this report is a list of requests for information, the number of days to respond and the hours of staff time it took to respond, for the year since the last Audit and Risk Committee meeting on LGOIMAs on 27 June 2017.

For the year there was a total of 97 LGOIMA requests made of which 95 were answered, due to two being withdrawn and unresponsive. The average time to respond was 11.62 days (up to 20 working days are provided for in law, the average last year was 10.8 days) and the average time it took to process each request was 1.18 hours (last year was 1.8 hours).

The \$38 per half hour charge is set in line with guidelines produced by the Ombudsman. This is not likely to be reviewed for some time.

The expectation of the Ombudsman is very much that Council's should provide information at little or no cost where possible, with the view that freely available information supports a transparent government.

COMMITTEE RESOLUTION

That:

1. This information is received by the Audit and Risk Committee.

Moved by: Cr J A F Thomas

Seconded by: Mayor J E Barnes

CARRIED

6.7 Quarterly Procurement Report - April to June 2018

Executive Summary

This report summarises internal auditing and analysis of procurement performance over the first quarter, July to September 2018/2019. It is the second report summarising procurement performance, since the recommendation from BDO to report to the Audit and Risk Committee on a six monthly basis. The Procurement Manual was implemented 1st of August 2017, and understandings of requirements is improving. Awareness of Council's procurement profile is also growing with increased data analysis allowing Council to identify areas for improvement and opportunities for consideration. The agenda report covers auditing and analysis of procurement through the use of Purchase Orders (PO's).

Audits of PO's are undertaken to review compliance with procurement requirements and the embedding of the recently implemented manual and procedures. Findings are collated to identify trends and track staff performance. Any instances of non-compliance are reported back to managers to discuss with their staff.

Analysis of PO data also enables greater awareness of spend via person, department or supplier. Identifying persons with large spend profiles and spends with the same supplier across different departments. This identifies opportunities for bundling of contracts as well as staff who may need more procurement support, to ensure procurement is undertaken effectively to gain the best value over whole of life.

Recommendations and findings from previous audits have been implemented into Councils Procurement Manual and procedures to ensure all areas for improvement are addressed and recommendations are applied.

Audits and analysis of PO data will continue to be undertaken to ensure the embedding of processes into practises. Whilst working towards taking advantage of opportunities as they are identified.

COMMITTEE RESOLUTION

That:

1. The report is received by the Audit and Risk Committee.

Moved by: Mayor J E Barnes

Seconded by: Cr B L Hunter

CARRIED

6.8 External ISO Quality Audit - October 2018

Executive Summary

As part of being ISO 9001 certified Council is required to be externally audited every twelve months by Telarc Limited. This will either be a surveillance audit to ensure we are on track or a triennial audit to determine if Council's ISO certification should continue.

Telarc Limited carried out their three day surveillance audit on 15, 16 and 17 November 2018.

The audit resulted in 3 major non-conformances and 4 opportunities for improvements and a recommendation that Council is on track and that the ISO 9001 certification continues.

The draft audit report was attached to the agenda for the Committee's information.

COMMITTEE RESOLUTION

That:

1. The information is received by the Audit and Risk Committee.

Moved by: Cr J P Sainsbury

Seconded by: Cr N C Goodger

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 Council project as identified by the Executive team which is the:

- Te Aroha - Matamata cycle trail (construction) - \$4.8 million

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 is received by the Audit and Risk Committee.

Moved by: Cr J A F Thomas

Seconded by: Cr J P Sainsbury

CARRIED

6.10 Staff survey and vision and values

Executive Summary

As part of the LGNZ Excellence programme, the auditors suggested we undertake an independent staff survey and review our vision and values as they were last reviewed in 2011.

We have recently undertaken an external staff survey called AskYourTeam. This is a continuous improvement tool that also allows us to benchmark with other Councils. The results were very positive overall and have also identified some areas for improvement.

A summary of the results is attached including plans to address the issues raised.

We also recently reviewed our vision and values.

We sought feedback from staff and found that our vision and values needed to be refreshed, and staff felt we needed a more inspiring vision and simpler expected behaviours to support our values.

The Management Group (Third Tier Managers) decided to proceed with a staff lead/bottom up approach. A working party made up of eight staff was set up to review the vision, values and expected behaviours. Note all staff were given the opportunity to join the working party.

The working party did a lot of background research, and came up with new draft vision and values, which were consulted on with staff. The feedback received was considered and further changes were made. Our new vision, mission and values were then launched at our full staff meeting on 12 October, and are as follows:

- Our new vision (a vision is an aspirational statement about what an organisation would like to achieve)
 - Our new vision is 'Making a difference'
- Our mission (a mission is a more practical statement about who we are and why we exist)
 - Following feedback from staff, we decided to adjust our old vision of Working for the Community to become our mission statement of 'Working with the Community'
- Our new values (values are how we're going to go about delivering on our vision and mission, our principles or standards of behaviour)
 - Our new values are we do it right, we do it better, we do it together
 - These might mean different things to different people, or different teams – but here are a few examples of what staff told us they mean to them, and how we can relate that to behaviours in performance reviews. There will be more examples which will be in our behaviours section in the performance appraisal process.

We do it right

- We are accountable for our actions and take ownership of our work
- We provide great customer service
- We are aware of how our actions reflect on Council
- We are responsible for our own wellbeing and the wellbeing of our workmates

We do it better

- We are open to learning and change
- We are self-motivated and we use our initiative
- We learn from our mistakes
- We challenge the status quo

We do it together

- We work together as one team
- We respect and accept the views of others
- We are informed and we keep others informed
- We share our knowledge with other teams

Managers will also have specific accountabilities around these values such as

- We actively encourage working and respecting together with other teams

- We are approachable, direct, open and honest when communicating with others

- We enable and trust our team to make decisions, display initiative and take risks

Work is now underway on plans to implement the new vision and values which will take effect from February 2019.

COMMITTEE RESOLUTION

That:

- 1. This information is received by the Audit and Risk Committee.**

Moved by: Cr B L Hunter

Seconded by: Cr AB Tanner

CARRIED

6.11 HR Policy Update

Executive Summary

Council's Gift Policy was recently reviewed and feedback on the minor changes was sought from staff. A copy of the final policy was attached to the agenda.

At the June Audit and Risk Committee meeting changes to the Protected Disclosures – Whistleblower Policy and Fraud Policy were adopted. It was agreed that HR would then seek feedback from staff. No feedback was received.

COMMITTEE RESOLUTION

That:

1. This information is received by the Audit and Risk Committee.
2. Amendment be made to 'Audience' section in the Gift Policy to read 'This policy applies to all MPDC employees and Councillors'.

Moved by: Cr AB Tanner

Seconded by: Cr J A F Thomas

CARRIED

7 Urgent Additional Business

There were no urgent additional business.

General comment

Chair John Luxton thanked Ben Halford, Audit New Zealand for his assistance and welcomed Leon Pieterse from Audit New Zealand. Extended a thank you to Council staff and Councillors.

2.34pm

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: **12 March 2019**

CHAIRPERSON:

Hon. John Luxton