

Audit and Risk Committee

AGENDA

Notice of Meeting:

A meeting of the Audit and Risk Committee will be held on:

Date: Wednesday 11 May 2022
Time: 1.30pm
Venue: Council Chamber
137 Havelock Street, Ashburton

Membership

Chairperson	Leen Braam
Deputy Chairperson	John Falloon
Members	Carolyn Cameron Liz McMillan Stuart Wilson Murray Harrington (external appointee) Mayor Neil Brown (ex-officio)

Covid-19 Protection

Council meetings will go ahead as normal under the Orange traffic light setting. A vaccine pass is not required but people attending must wear a mask.

Watch the live-stream of this meeting on our You Tube channel, Facebook page and website:

<https://www.ashburtondc.govt.nz/council/public-meetings-research-centre>

Audit & Risk Committee

Timetable	
1.30pm	Meeting commences
2pm (PE)	Marsh Insurance – Jerard Cowburn (Principal, Christchurch)

ORDER OF BUSINESS

- 1 Apologies
- 2 Extraordinary Business
- 3 Declarations of Interest

Minutes

- | | | |
|---|-----------------------------------|---|
| 4 | Audit & Risk Committee – 23/03/22 | 3 |
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Reports

- | | | |
|---|-----------------|---|
| 5 | Taxation update | 5 |
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Business transacted with the public excluded

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| 6 | Audit & Risk Committee – 23/03/22
Section 7(2)(a) Protection of privacy of natural persons | PE 1 |
| 7 | Marsh Insurance
Section 7(2)(h) Commercial activities | Verbal |
| 8 | Health & Safety
Section 7(2)(a) Protection of privacy of natural persons | PE 2 |

6 May 2022

4. Audit & Risk Committee Minutes – 23/03/22

Minutes of the Audit & Risk Committee meeting held on Wednesday 23 March 2022, commencing at 1.30pm, in the Council Chamber, 137 Havelock Street, Ashburton.

Present

Councillors Leen Braam (Chair), Carolyn Cameron, John Falloon, Liz McMillan and Stuart Wilson; and Murray Harrington.

Also present:

Councillors Lynette Lovett, Angus McKay and Diane Rawlinson

In attendance

Hamish Riach (Chief Executive), Jane Donaldson (GM Strategy & Compliance), Neil McCann (GM Infrastructure Services), Michael Wong (Building Services Manager), Erin Register (Finance Manager) and Carol McAtamney (Governance Support).

Via Teams: Sarah Mosley (Manager People & Capability), Paul Brake (GM Business Support), Ruben Garcia (Communications Manager)

Dereck Ollssen (Audit NZ) – 1.57pm-2.33pm

1 Apologies

Mayor Neil Brown

Sustained

2 Extraordinary Business

Nil.

3 Declarations of Interest

Nil.

4 Confirmation of Minutes – 9/2/22

That the minutes of the Audit & Risk Committee meeting held on 9 February 2022, be taken as read and confirmed.

Cameron/Falloon

Carried

5 Experience Mid Canterbury 2018/19 Audited Report

It was noted that the full audit report had not been circulated with the agenda. A copy will be forwarded to members.

That the Audit & Risk Committee receives the 2018/19 Experience Mid Canterbury Annual Report.

Wilson/Falloon

Carried

6 IANZ Biannual Accreditation Audit

1. **That** the Audit & Risk Committee receives the Building Consent Authority Accreditation Assessment Report.

2. **That** Council be notified when the non-compliances are cleared by IANZ and Council's accreditation is renewed.

Cameron/McMillan

Carried

7 **Ashburton Contracting Limited – Draft Statement of Intent 2022-23**

- **Dividend policy**

It was agreed to include:

- ACL to be formally advised of the dividend amount the Council has adopted into the budget
- Point 13 add 'ACL will endeavour to meet Council's budget dividend amount'.

Recommendation to Council

1. **That** the Audit & Risk Committee receives the Ashburton Contracting Limited 2022-23 draft Statement of Intent and refers it to Council for approval.
2. **That** Council formally advise the ACL Board of any comments on the draft Statement of Intent before 28 April 2022.

Wilson/Falloon

Carried

Business transacted with the public excluded – 1.57pm

That the public be excluded from the following parts of the proceedings of this meeting, namely – 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:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
8	Audit & Risk Committee minutes	Section 7(2)(a)	Protection of privacy of natural persons
9	Audit NZ 2021 Report	Section 7(2)(h)	Commercial activities
10	Health & Safety	Section 7(2)(a)	Protection of privacy of natural persons

McMillan/Cameron

Carried

The meeting concluded at 2.40pm.

5. Taxation Update

Author *Paul Brake; Group Manager Business Support*
GM Responsible *Hamish Riach; Chief Executive*

Summary

- The purpose of this report is update Council on proposed taxation changes that will affect Council in the future.

Recommendation

- 1. That** the Audit & Risk Committee receives the taxation update report.

Background

1. The Taxation (Annual Rates for 2021-22, GST and Remedial Matters) Bill has been reported back by the Finance and Expenditure Select Committee and is now progressing through its final stages in Parliament.
2. A number of changes were proposed and submissions made have changed some of the proposals whilst leaving other unchanged.
3. The key changes are that dividends received from wholly owned Council Controlled Organisations (CCO), port companies or energy companies will be exempt income. This will not affect the total net dividend received from ACL. ACL may or may not continue to attach imputation credits to their dividends, but we will not be able to be claim a credit for those imputations.
4. Charitable donations made by local authorities for the 2022-23 income year and onwards will no longer be deductible against assessable income.
5. The requirement to obtain the Commissioner's approval to issue buyer created tax invoices is no longer needed. Instead the supplier and recipient must agree to the creation of buyer created invoices and this must be recorded in writing. Council does currently use buyer created tax invoices.
6. There are a number of other minor changes also contained in the Bill.

Legal/policy implications

7. Council has had assessable income in the past as a result of dividends from CCOs and rental from ACL. It has used the deductibility of donations to offset this income for tax purposes. These donations are in the form of various grants and are not given with tax deductibility as a significant factor and therefore will not affect Council's primary grant policy to any degree.

Strategic alignment

8. The recommendation to receive the information primarily relates to Council's community outcome of economic well-being (dividends) and cultural and social well-being (Grants).

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	✓	Dividend taxability
Environmental	✓	
Cultural	✓	Charitable donations
Social	✓	Charitable donations

Financial implications

9. The current impact on Council's taxation liability is small as Council has little assessable income. However, the non-deductibility of donations will reduce Council's ability to deal with any future assessable income liability should that arise.

Requirement	Explanation
What is the cost?	Not currently significant
Is there budget available in LTP / AP?	Not applicable
Where is the funding coming from?	Not applicable
Are there any future budget implications?	Possibly yes depending on and future assessable income
Finance review required?	Paul Brake: Group Manager Business Support

Significance and engagement assessment

10. The proposed changes are not considered significant.

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Rationale for selecting level of significance	Information only. Submissions have been heard and the Bill is now before Parliament
Level of engagement selected	Inform – One way communication
Rationale for selecting level of engagement	The changes proposed do not impact significantly on Council's financials
Reviewed by Strategy & Policy	Paul Brake: Group Manager Business Support.

Next steps

11. Any significant changes made by Parliament to that proposed in the Bill will be reported back to Council.

Audit and Risk Committee

Terms of Reference

Purpose

The purpose of the Audit & Risk Committee is to provide oversight of Council's audit processes, statutory compliance and internal risk management in a manner that promotes the current and future interests of the community (Local Government Act 2002).

Membership

Membership of the Committee comprises:

- Cr Leen Braam (Chair)
- Cr John Falloon (Deputy Chair)
- Cr Carolyn Cameron
- Cr Liz McMillan
- Cr Stuart Wilson
- External appointee
- The Mayor, Neil Brown (ex-officio)

The quorum is four members.

Meeting Frequency

The Audit & Risk Committee will meet on a six-seven weekly cycle, or on an as-required basis as determined by the Chair and Group Manager Business Support.

Committee members shall be given not less than 5 working days' notice of meetings.

Delegations

The Audit & Risk Committee has no delegated authority to make decisions. Its role is to consider and review matters of strategy, policy or significance in its sphere of Council business, and (if appropriate) to make recommendations to full Council.

Sphere of business

- To receive and consider the project plan and timetable for the following projects –
 - Long Term Plan (LTP) and any amendments
 - Annual Plan & Budget
 - Annual Report and Audit
- To receive progress reports on the above projects, where appropriate, and review significant issues and risks arising.
- To establish and maintain effective relationships with Council's auditors, including meeting with the audit representatives regarding significant policy and planning processes as appropriate, reviewing the Annual Audit Plan, and considering matters of significance raised by Council's auditors and action required.
- To receive reports on all external party audits of any and all Council activities, and review significant issues and risks arising.

- To be the primary monitoring mechanism for Council's Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) and shareholdings. Review the CCOs' draft statements of intent and advise CCOs of any comments.
- To provide overview of Council's performance management framework as included in the Council's LTP and Annual Plan documents.
- To provide overview of Council's statutory compliance and legal matters, monitoring any areas of statutory non-compliance.
- To provide overview of risk management and insurance. Review corporate risk assessment and internal risk management practices. Review insurance arrangements annually and monitor insurance claims.
- Monitor and review Health & Safety related matters. Participate in national risk management practices and implementation of risk management processes.
- To consider matters of organisational services in the area of Health & Safety

Reporting

The Audit & Risk Committee will report to the Council.

Adopted

17/12/20