

Audit and Risk Committee

AGENDA

Notice of Meeting:

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

Date:	Wednesday 2 August 2023
Time:	1.00pm
Venue:	Council Chamber
	137 Havelock Street, Ashburton

Membership

Chairperson	Russell Ellis
Deputy Chairperson	Leen Braam
Members	Carolyn Cameron Liz McMillan Richard Wilson Murray Harrington (external appointee) Mayor Neil Brown (ex-officio)

Audit & Risk Committee

Timetable

1.00pm Meeting commences

ORDER OF BUSINESS

1	Apologies
2	Extraordinary Business
3	Declarations of Interest
Minutes	
4	Confirmation of Minutes – 21/06/23

5	EA Networks Centre – Income and Expenditure	5

3

Business transacted with the public excluded

6	Minutes – 21/06/23 persons	Section 7(2)(a) Protection privacy of natural	PE 1
7	Health & Safety Report	Section 7(2)(a) Protection privacy of natural persons	PE 2

2 August 2023



4. Audit & Risk Committee Minutes – 21/06/23

Minutes of the Audit & Risk Committee meeting held on Wednesday 21 June 2023, commencing at 1.30pm, in the Council Chamber, 137 Havelock Street, Ashburton.

Present

Mayor Neil Brown; Councillors Russell Ellis (Chair), Carolyn Cameron, Liz McMillan, Richard Wilson and Murray Harrington (via MS Teams)

Also present:

Councillors Phill Hooper, Lynette Lovett and Tony Todd.

In attendance

Hamish Riach (CE), Leanne Macdonald (GM Business Support), Jane Donaldson (GM Compliance & Development), Neil McCann (GM Infrastructure & Open Spaces), Toni Durham (GM Democracy & Engagement), Sarah Mosley (GM People & Facilities), and Carol McAtamney (Governance Support).

Staff present for the duration of their reports: Tania Paddock (Legal Counsel), Erin Register (Finance Manager), Lauretta Smith (Accountant), Katie Perry (People & Capability Manager), Julie Crahay (Safety & Wellness Lead)

1 Apologies

Councillors Leen Braam and Rob Mackle

2 Extraordinary Business

The Chair gave notice and the Committee supported that item 7, 2021/22 Auditor Report to Council becomes business of the open meeting.

3 Declarations of Interest

Nil.

4 Confirmation of Minutes – 10/05/23

That the minutes of the Audit & Risk Committee meeting held on 10 May 2023, be taken as read and confirmed.

Cameron/Wilson

Carried

5 Audit and Risk Committee Terms of Reference

The Committee noted that the EA Networks Centre income and expenditure reporting will now be included in the Committee's sphere of business. It was further agreed that the terms of reference should provide for other matters, as directed by Council, to be included.

Recommendation to Council

That the Council adopts the revised Terms of Reference for the Audit and Risk Committee with the inclusion of the wording *'and any other matters directed to the Committee by Council'*.

Mayor/Cameron

Carried

2021/22 Audit Report to Council

Sustained

Dereck Ollsson and Peyman Momenan joined the meeting from 1.11pm to 1.40pm

- It was noted that this was the second consecutive year that had been granted an extended deadline and the audit was issued on 21 December 2022.
- A key focus of the audit was around the revaluation of Council's property, plant and equipment (PPE), including its infrastructure assets.
- The audit raised eight new recommendations, three urgent, three necessary and two beneficial.
- Audit NZ are confident that they will be able to meet the deadline for this year (31 October).
- Thanks and appreciation was extended to the management and staff for their cooperation during the audit period.

Recommendation to Council

That the Audit & Risk Committee receives the 2021/22 Audit New Zealand report to Council.

McMillan/Wilson

Carried

Business transacted with the public excluded - 1.40pm

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:

ltem 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:							
5	Audit & Risk Committee minutes	Section 7(2)(a)	Protection of privacy of natural persons						
6	Health & Safety	Section 7(2)(a)	Protection of privacy of natural persons						

McMillan/Wilson

Carried

The meeting concluded at 3.49pm.

Ashburton District Council EA Networks Centre - Income & Expenditure Report

EA Networks Centre - Income & Expen for period ending 31 May 2023	nditure Report Transfers	Default	Retail	Roo	m Rental/Evei	nts			Aquatic				Fitness			Grand	Total		
	Transfers	Default	Retail	Meeting Rooms	Stadium	Events	Total	Pool	Tinwald Pool	Learn to Swim	Total	Gymnasium	Aquasize	Group Fitness	Total	Tot	al	Variance	Percentage of Budget
	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Budget Full Year		
Operating Income Fees Grants Rental Sales Sundry Income Treasury Internal Recoveries Rates Other Income	1,487 106,937 0 0 0 0 0 959	0 0 0 50,802 3,565,430 4,095	0 0 107,353 0 0 0	0 0 0 0 0 0 0 0	146,759 2,492 0 0 0 0 0 0 0	62,189 0 0 190 0 0 0 0	208,948 2,492 0 190 0 0 0 0	414,589 6,352 0 0 0 0 0 11,643	0 0 0 0 0 0 0 0	414,546 0 0 0 0 0 5,395	829,135 6,352 0 0 0 0 0 0 17,038	312,324 115 0 0 565 0 0 6,209	19,532 0 0 0 0 0 0 0 0	132,521 0 0 0 0 0 5,193	464,377 115 0 565 0 11,402 0	1,503,947 115,896 0 107,353 755 50,802 3,565,430 33,494	1,743,197 82,320 432 72,030 0 3,862,635 0	239,249 (33,576) 432 (35,323) (755) (50,802) 297,204 (33,494)	86% 141% 0% 149% 0% 0% 92% 0%
	109,383	3,620,327	107,353	0	149,251	62,379	211,630	432,584	0	419,941	852,525	319,213	19,532	137,714	476,459	5,377,678	5,760,613	382,936	93%
Operating Expenses Variable costs Personnel Costs Financial / Professional Costs Promotional Costs General Costs Purchases Property / Plant Costs Energy Costs Centre Maintenance	0 45,964 8,550 68,209 5,539 88,066 (76,197) 95,748 235,879	0 0 1,962 9,100 121 9,100 0 0 20,283	0 0 68,110 11,340 0 79,451	0 0 0 0 0 0 6,943 0 6,943	45,603 0 234 520 1,627 720 44,436 2,361 95,502	35,202 0 5,430 17 19 0 0 0 40,668	80,804 0 5,663 538 1,646 720 51,379 2,361 143,112	0 10,793 2,241 41,216 8,721 2,033 336,125 24,180 425,309	0 255 7,969 2,397 0 4,159 0 14,781	366,634 0 402 0 3,837 93 0 0 0 370,966	366,634 10,793 2,898 49,186 14,954 2,126 340,284 24,180 811,056	0 8,803 500 3,203 2,390 1,063 16,756 1,750 34,465	0 4,272 0 895 0 0 376 5,543	132,658 8,803 12 1,217 1,380 20 9,628 0 153,718	132,658 21,879 512 4,421 4,664 1,083 26,384 2,125 193,726	580,097 78,636 19,586 131,453 95,035 101,094 353,191 124,415 1,483,507	648,332 104,285 47,925 143,879 100,902 161,058 513,555 144,735 1,864,671	68,235 25,649 28,339 12,426 5,867 59,963 160,364 20,320 381,163	89% 75% 91% 94% 63% 69% 86% 80%
Contribution Margin	(126,496)	3,600,044	27,902	(6,943)	53,749	21,711	68,518	7,275	(14,781)	48,975	41,469	284,748	13,989	(16,004)	282,733	3,894,171	3,895,943	1,772	100%
Fixed costs Salaries Office Costs Registrations Security Fire Protection Internal Rental Centre Overhead	540,551 68,416 0 11,628 0 6,599 0 (858,847)	16,872 0 0 0 0 0 0	0 0 0 9,819 72,504	0 0 0 0 16,031 14,496	0 535 0 177 32 0 769,451 154,323	0 962 0 0 0 0 0 0 0	0 1,496 0 177 32 0 785,482 0 168,819	586,291 4,501 0 952 0 555,047 229,263	0 100 0 0 0 0 0 0 6,467	0 545 0 0 0 0 0 104.353	586,291 5,145 0 952 0 555,047 340,083	297,114 7,983 0 0 0 0 72,538 199,378	2,539 70 0 0 0 0 0	0 16,306 0 265 41,678 78,062	299,653 24,359 0 0 265 114,216 277,441	1,443,367 99,416 0 11,805 985 6,864 1,464,564	1,683,370 118,095 2,627 3,408 0 6,304 1,597,706	240,003 18,679 2,627 (8,397) (985) (560) 133,142	86% 84% 0% 346% 0% 109% 92%
	(231,653)	16,872	82,323	30,527	924,517	962	956,005	1,376,054	6,567	104,898	1,487,519	577,013	2,609	136,312	715,933	3,027,001	3,411,510	384,509	89%
Surplus (Loss) before Council Overhead	105,157	3,583,172	(54,421)	(37,470)	(870,767)	20,750	(887,488)	(1,368,779)	(21,348)	(55,923)	(1,446,050)	(292,265)	11,380	(152,315)	(433,200)	867,170	484,433	(382,737)	179%
Council Overhead	0	950,366	0	0	0	0	0	0	0	0	0	0	0	0	0	950,366	1,163,898	213,532	82%
Operating Profit / (Loss)	105,157	2,632,806	(54,421)	(37,470)	(870,767)	20,750	(887,488)	(1,368,779)	(21,348)	(55,923)	(1,446,050)	(292,265)	11,380	(152,315)	(433,200)	(83,196)	(679,465)	(596,268)	12%
Depreciation Costs Depreciation - Office Equipment Depreciation - Furniture & Fittings Depreciation - Computer Equipment Depreciation - Buildings Depreciation - Light Plant	2,021 15,356 5,610 106,582 1,040	0 165 0 0 0	0 0 0 0	0 0 0 0	0 0 46,060 29,446	0 0 0 0	0 0 46,060 29,446	0 0 124 54,022 46,247	0 0 0 543	0 0 0 0	0 0 124 54,022 46,790	0 0 0 73,291	0 0 0 0	0 0 0 0	0 0 0 73,291	2,021 15,521 5,734 206,663 150,567	500,719 0 0 0 0	498,698 (15,521) (5,734) (206,663) (150,567)	0% 0% 0% 0%
	130,607	165	0	0	75,506	0	75,506	100,393	543	0	100,937	73,291	0	0	73,291	380,506	500,719	120,213	76%
Capital Expenditure Loan Principal Repayment Additions / Alterations Other Asset Purchases Cyclic Renewals Cyclic Renewals Carryovers	0 0 1,081 0 2,251	6,846 0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 4,624 0 118,648 0	0 0 0 0	0 0 0 0	0 4,624 0 118,648 0	0 0 4,452 0	0 0 0 0	0 0 2,948 0	0 0 7,400 0	6,846 4,624 1,081 126,048 2,251	10,822 10,000 22,074 216,873 33,000	3,976 5,376 20,993 90,825 30,749	63% 46% 5% 58% 7%
	3,332	6,846	0	0	0	0	0	123,272	0	0	123,272	4,452	0	2,948	7,400	140,850	292,768	151,919	48%



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 Russell Ellis (Chair)
- Cr Leen Braam (Deputy Chair)
- Cr Carolyn Cameron
- Cr Liz McMillan
- Cr Richard Wilson
- External appointee Murray Harrington
- 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.
- To receive the EA Networks Centre monthly income and expenditure reports, and any other matters directed to the Committee by Council. [21/06/23]

Reporting

The Audit & Risk Committee will report to the Council.

Reviewed

21/06/23