

Audit and Risk Committee

AGENDA

Notice of Meeting:

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

Date: Wednesday 11 August 2021
Time: 3pm
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)

Audit & Risk Committee

Timetable	
3pm	Meeting commences

ORDER OF BUSINESS

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

Minutes

- | | | |
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| 4 | Audit & Risk Committee – 23/06/21 | 3 |
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Reports

- | | | |
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| 5 | Long-term Plan 2021-31 – Lessons Learnt | 4 |
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Business transacted with the public excluded

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| 6 | Audit & Risk Committee 23/06/21
Section 7(2)(a) Protection of privacy of natural persons | PE 1 |
| 7 | Health & Safety
Section 7(2)(a) Protection of privacy of natural persons | PE 6 |

5 August 2021

4. Audit & Risk Committee Minutes

Minutes of the Audit & Risk Committee meeting held on Wednesday 23 June 2021, commencing at 1pm, in the Council Chamber, 137 Havelock Street, Ashburton.

Present

Mayor Neil Brown; Councillors Leen Braam (Chair), Carolyn Cameron, John Falloon, Liz McMillan and Stuart Wilson.

Also present:

Councillors Lynette Lovett, Angus McKay and Diane Rawlinson

In attendance

Hamish Riach (Chief Executive), Paul Brake (GM Business Support), Sarah Mosely (Manager People & Capability), Rachel Sparks (Finance Manager), Gordon Tupper (Information Systems Manager), Michael Wong (Building Services Manager) and Carol McAtamney (Governance Support).

1 Apologies

Murray Harrington

Sustained

2 Extraordinary Business

Nil.

3 Declarations of Interest

Nil.

4 Confirmation of Minutes – 13/05/21

That the minutes of the Audit & Risk Committee meeting held on 13 May 2021, be taken as read and confirmed.

Wilson/Falloon

Carried

5 Earthquake-prone buildings

That the Audit & Risk Committee receives the earthquake-prone buildings report 2021.

Wilson/Cameron

Carried

Business transacted with the public excluded – 1.06pm

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:	
6	Audit & Risk committee 13/05/21	Section 7(2)(a)	Protection of privacy of natural persons
7	Cyber Security	Section 7(2)(h)	Commercial activities
8	Health & Safety	Section 7(2)(a)	Protection of privacy of natural persons
9	2021 Annual Report Audit Plan & Fees	Section 7(2)(h)	Commercial activities
10	Audit NZ Management Report for LTP	Section 7(2)(h)	Commercial activities

Wilson/Falloon

Carried

The Committee resumed in open meeting and concluded at 2.29pm.

5. Long Term Plan 2021/31 – Lessons Learnt

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

Summary

- The Long Term Plan 2021/31 has been completed and adopted.
- The report identifies what went well and what improvements could be made in the future.

Recommendation

- 1. That** Council receives the report.

Background

1. The Long Term Plan preparation is a substantial project that involves staff from across the organisation and a large commitment from the elected members
2. The Council successfully completed the adoption of its 2021/31 LTP within the statutory timeframes and complied with all the statutory processes and disclosure requirements.
3. The completion was due to the extensive work put in by staff and elected members over an eighteen month period.
4. Council ran a successful consultation process and for the first time did a live virtual consultation presentation.
5. The consultation document received a qualified audit opinion regarding the uncertainty of the second bridge funding and an emphasis of matter regarding the uncertainty over the three waters reforms.
6. The final audit opinion had the same qualification and emphasis of matter as the consultation document with an additional comment around the then unquantified damage to Council's infrastructure as a result of the May 2021 flood event.
7. The project was well managed by the Strategy and Policy team and ran on time up until an issue with our budget system which created duplication issues and meant that Council workshops needed to be delayed and rescheduled while the resulting errors were identified and corrected.
8. The documentation that went to the elected members was comprehensive and was to a higher standard than in the past. There were extensive notes for some areas such as water and wastewater but some areas were less extensive and a focus in the future will be to get a consistent standard of explanatory notes across all activities.
9. There was an initial problem with the capital expenditure schedule that had been prepared from the activity management plans and not the budget. Elected members rightly identified the inconsistencies between the schedule and the LTP budget figures. In future this schedule will be pulled directly from the budget system.
10. The impact of the extension of the 2019/20 Annual Report deadline (due to Covid 19) to 31 December 2020 allowed Council additional time to get the Annual Report Audit completed but this did impact on the Finance Team's ability to focus solely on the LTP during November and December. This situation is unlikely to be repeated.
11. The section 17a report on the elderly persons housing was late in being completed and this led to a lack of clarity around the budget figures for the consultation document. This resulted in some confusion at the Council meeting when adopting the consultation document. We will look to schedule future s17a reports before and annual plan or LTP budget preparation.

12. The decision to bring 'itsourplace' domain onto the new Council web platform meant that domain name had to be changed over. We underestimated the time this takes so we also purchased the 'itsourplace.nz' domain, and all consultation references were changes to this rather than the 'itsourplace.com'. Council now owns both domain names.
13. Concern was expressed by elected members that after they had seen the documents, changes were made in consultation with Audit New Zealand, without them having a final chance to see these and either agree with the changes or not. We have discussed this with our auditors and, in future planning, there will be additional time put in the timetable to allow elected members this opportunity.
14. There were a number of improvements identified for the budget software and process and many of these have already been actioned.

Options analysis

Option 1 – Receive the Report

15. This report is for information only.

Legal/policy implications

16. There are no legal / policy implications in receiving the report.

Financial implications

17. There are no financial implications from receiving the report.

Significance and engagement assessment

18. There are no significant or engagement issues as a result of receiving the report.

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