

Audit and Risk Committee

AGENDA

Notice of Meeting:

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

Date: Wednesday 21 June 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)

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

1.00pm	Meeting commences
1.15pm	Audit NZ – Dereck Ollsson (Director)
2pm	Marsh Insurance – Jerard Cowburn (Principal – Christchurch)

ORDER OF BUSINESS

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

Minutes

- 4 Confirmation of Minutes – 10/05/23 **3**
- 5 Audit & Risk Committee terms of reference **4**

Business transacted with the public excluded

- 6 Minutes – 10/05/23 Section 7(2)(a) Protection privacy of natural persons **PE 1**
- 7 2021/22 Audit Report Section 7(2)(h) Commercial activities **PE 2**
- 8 Privacy Breach Section 7(2)(h) Commercial activities **PE 43**
- 9 Insurance update Section 7(2)(h) Commercial activities **PE 50**
- 10 EA Networks Centre Section 7(2)(a) Protection privacy of natural persons **PE 51**
- 11 Corporate Risk Register Section 7(2)(h) & (f) Commercial activities **PE 55**
- 12 Health & Safety Report Section 7(2)(a) Protection privacy of natural persons **PE 115**

Audit & Risk Committee

21 June 2023



4. Audit & Risk Committee Minutes – 10/05/23

Minutes of the Audit & Risk Committee meeting held on Wednesday 10 May 2023, commencing at 1.30pm, in the Council Chamber, 137 Havelock Street, Ashburton.

Present

Mayor Neil Brown; Councillors Russell Ellis (Chair), Leen Braam, Carolyn Cameron, Liz McMillan (via MS Teams), 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), Sarah Mosley (GM People & Facilities), Katie Perry (People & Capability Manager), Julie Crahay (Safety & Wellness Lead) and Carol McAtamney (Governance Support).

1 Apologies

Nil.

2 Extraordinary Business

Nil.

3 Declarations of Interest

Nil.

4 Confirmation of Minutes – 23/03/23

That the minutes of the Audit & Risk Committee meeting held on 23 March 2023, be taken as read and confirmed.

Mayor/Cameron

Carried

Business transacted with the public excluded – 1.31pm

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:	
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

Mayor/Braam

Carried

The meeting concluded at 2.22pm.

Audit & Risk Committee

21 June 2023



5. *Audit and Risk Committee terms of reference*

Author *Phillipa Clark, Governance Team Leader*

GM Responsible *Toni Durham; GM Democracy & Engagement*

Summary

- Council has asked that, going forward, the EA Networks Centre's income and expenditure reports be referred to the Audit & Risk Committee with additional narrative, where required. This will allow more discussion time than has been possible at Council meetings if there are specific aspects of the report to be focused on.
- The purpose of this report is to amend the Committee terms of reference and expand the Committee's sphere of business with inclusion of EA Networks Centre financial reporting.

Recommendation

1. **That** Council adopts the revised Terms of Reference for the Audit and Risk Committee.

Attachment

Appendix 1: Audit and Risk Committee terms of reference

Background

1. At the Council meeting on 7 June 2023, it was resolved that the EA Networks Centre income and expenditure reports be referred to the Audit & Risk Committee with greater detail and narrative. The intent is to have the Committee spend more time on the report and highlight any particular issues that may need Council's consideration.
2. In the previous term of Council, the 'Audit, Risk & Finance' Committee was reconstituted as the Audit and Risk Committee with finance matters to be generally reported directly to Council. The terms of reference for the Committee were amended to reflect the changed responsibility at that time.
3. At Council's direction, the Audit & Risk Committee terms of reference (Appendix 1) will be updated with the following:
 - *To receive the EA Networks Centre monthly income and expenditure reports.*
4. The change to the terms of reference does not extend to inclusion of the monthly financial variance reports.
5. In carrying out its oversight responsibilities the Audit and Risk Committee will continue to monitor and report to Council on:
 - progress of the Annual Plan, Annual Report and Long Term Plan audits
 - any other external party audits
 - Council controlled organisations (CCOs and CCTOs)
 - statutory and legal compliance
 - risk management practices
 - insurance arrangements
 - health and safety requirements
6. The Audit and 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.
7. The Terms of Reference, with the proposed inclusion of the EA Networks Centre reporting, are set out in Appendix 1.

Options analysis

Option one – retain the current terms of reference

8. Council could decide to retain the current Audit & Risk Committee terms of reference which were fully reviewed after the Finance delegation was removed from the Committee's sphere of business in the last term of Council.

<p>Advantages:</p> <ul style="list-style-type: none"> • The terms of reference identify parameters for the Committee to work within. • The Committee has no delegated authority and would not be prevented from undertaking its oversight role and making recommendations to Council. 	<p>Disadvantages:</p> <ul style="list-style-type: none"> • Council could lose the opportunity to have more focused discussion on specific aspects of the EA Networks Centre commercial operations.
<p>Risks:</p> <ul style="list-style-type: none"> • Potential risk of not identifying and fully considering significant issues that may arise. 	

Option two – amend the terms of reference to include oversight of the EA Networks Centre financials (Recommended)

9. Council could further review or choose to amend the terms of reference as proposed, with the EA Networks Centre financials included in the Audit & Risk Committee’s sphere of business.

<p>Advantages:</p> <ul style="list-style-type: none"> • More detailed reporting on the income and expenditure report will enable greater focus on the commercial operations of the EA Networks Centre activity. • Commercially sensitive information can be readily separated in the Committee reports • The Committee would continue to undertake an oversight role and make recommendations to Council. 	<p>Disadvantages:</p> <ul style="list-style-type: none"> • Detailed financial reporting is being proposed for only one activity area of Council
<p>Risks:</p> <ul style="list-style-type: none"> • Potential risk of the Committee having a focus on only one activity area of Council. 	

Climate change

10. Council’s decision on the Audit & Risk Committee terms of reference review is not expected to have an impact on Climate Change.

Legal/policy implications

Local Government Act 2002

11. The Audit & Risk Committee is constituted as per schedule 7, clause 30(1)(a) of the LGA 2002. Council's Governance delegations will be updated to reflect the change to the Committee's terms of reference.

Review of legal / policy implications

Reviewed by In-house Counsel

Tania Paddock; Legal Counsel

Strategic alignment

12. The recommendation relates to Council's community outcome of 'A district of great spaces and places' whereby recreational facilities that are well planned and developed provide for people to enjoy now and in the future.

Wellbeing	Reasons why the recommended outcome has an effect on this wellbeing	
Economic	✓	The EA Networks Centre is a key recreational facility, the success of which is closely linked to the economy.
Environmental	X	
Cultural	X	
Social	✓	The facilities meet the recreational needs of many people and contribute to the community's health and wellbeing

Financial implications

Requirement	Explanation
What is the cost?	There is no cost for this review as it has been conducted internally within existing work programmes
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	No additional funding is required
Are there any future budget implications?	No
Finance review required?	Erin Register; Finance Manager

Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of <i>engagement</i> selected	1. Inform – the community will be informed of the changes through this report
Rationale for selecting level of engagement	Community input is not required. It is a minor amendment to the Committee's Terms of Reference.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

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.

Reporting

The Audit & Risk Committee will report to the Council.

Adopted

17/12/20

Reviewed 30/11/22

Reviewed 21/06/23