

# Audit and Risk Committee

## AGENDA

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### Notice of Meeting:

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

**Date:** Thursday 23 June 2021  
**Time:** 1pm  
**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

<b>Timetable</b>
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1pm

Meeting commences

### ORDER OF BUSINESS

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

#### Minutes

- |          |  |          |
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| <b>4</b> | <b>Audit &amp; Risk Committee – 13/05/21</b> | <b>3</b> |
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#### Reports

- |          |                                   |          |
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| <b>5</b> | <b>Earthquake-prone buildings</b> | <b>5</b> |
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#### Business transacted with the public excluded

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|-----------|--|--------------|
| <b>6</b>  | <b>Audit &amp; Risk Committee 13/05/21</b><br>Section 7(2)(a) Protection of privacy of natural persons | <b>PE 1</b>  |
| <b>7</b>  | <b>Cyber Security</b><br>Section 7(2)(h) Commercial activities   | <b>PE 3</b>  |
| <b>8</b>  | <b>Health &amp; Safety</b><br>Section 7(2)(a) Protection of privacy of natural persons                 | <b>PE 6</b>  |
| <b>9</b>  | <b>2021 Annual Report Audit Plan &amp; Fees</b><br>Section 7(2)(h) Commercial activities               | <b>PE 11</b> |
| <b>10</b> | <b>Audit NZ Management Report for LTP Audit</b><br>Section 7(2)(h) Commercial activities               | <b>PE 44</b> |

17 June 2021

## 4. *Audit & Risk Committee Minutes*

Minutes of the Audit & Risk Committee meeting held on Thursday 13 May 2021, commencing at 1pm, in the Council Chamber, 137 Havelock Street, Ashburton.

### **Present**

Mayor Neil Brown; Councillors John Falloon (Chair), Liz McMillan and Stuart Wilson; Murray Harrington (external appointee).

### **Also present:**

Councillors Lynette Lovett, Angus McKay and Diane Rawlinson.

### **In attendance**

Hamish Riach (Chief Executive), Jane Donaldson (GM Strategy & Compliance), Sarah Mosely (Manager People & Capability), Steve Fabish (GM Community Services), Richard Wood (Recreation Services Manager) and Phillipa Clark (Governance Team Leader).

### **1 Apologies**

Crs Leen Braam and Carolyn Cameron

Sustained

### **2 Extraordinary Business**

Nil.

### **3 Declarations of Interest**

Nil.

### **4 Confirmation of Minutes – 24/03/21**

**That** the minutes of the Audit & Risk Committee meeting held on 24 March 2021, be taken as read and confirmed.

Mayor/Wilson

Carried

### **5 Audit of Rural Swimming Pools**

The Group Manager Community Services outlined the key issues identified in the consultant's report following a condition assessment of the six community pools located on Council reserve land. Approximately \$1.4m needs to be spent over the next 15 years to keep the pools at a relevant level of service and to meet legislative requirements. Council's budget in the current year is less than half of what's needed (around \$45k). [Current pool funding provides each pool with \$6k (operational costs / health and safety concerns) and there's an additional \$15,000 which can be shared across all six pools].

Staff will engage with the relevant reserve boards in June / July to get their feedback on the consultant's report and develop work plan which will include looking for external funding. It's anticipated that the outcome of this will be reported back to Council in November.

**That** the Audit & Risk Committee receives the Ashburton District Council Pools Status Report 2021.

Wilson/McMillan

Carried

### **Business transacted with the public excluded – 1.15pm**

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:

<b>Item No</b>	<b>General subject of each matter to be considered:</b>	<b>In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:</b>	
<b>6</b>	Audit & Risk committee 24/03/21	Section 7(2)(a)	Protection of privacy of natural persons
<b>7</b>	Health & Safety	Section 7(2)(a)	Protection of privacy of natural persons

McMillan/Wilson

Carried

The Committee resumed in open meeting and concluded at 1.46pm.

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## **5. Earthquake-prone Buildings**

Author	<i>Michael Wong; Building Manager</i>
Activity Manager	<i>Michael Wong; Building Manager</i>
Group Manager responsible	<i>Jane Donaldson; GM Strategy &amp; Compliance</i>

### **Summary**

- The purpose of this report is update Council on progress made towards identifying and strengthening earthquake-prone buildings in our district.

#### **Recommendation**

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

### **Attachments**

**Appendix 1**      MBIE Report March 2021

## Background

1. On 1 July 2017, a national system came into effect that introduced new provisions for managing earthquake-prone buildings in New Zealand. These provisions affect building owners, territorial authorities (TAs), engineers, building professionals and building users. The Building (Earthquake-prone Buildings) Amendment Act 2016 introduced major changes to the way earthquake-prone buildings are identified and managed under the Building Act 2004. It uses knowledge learned from past earthquakes in New Zealand and overseas. The new national system for managing earthquake-prone buildings is consistent across the country and focuses on the most vulnerable buildings.

## Legal/policy implications

2. The Building Act 2004 requires TAs to report to the Chief Executive of the Ministry of Business, Innovation and Employment (MBIE) on their progress towards identifying potential EPBs that are within their district.

## Our specific information

3. The attached report shows the data that MBIE have collected at a national level. There are deadlines set by MBIE for TAs to report their progress on identifying potentially earthquake-prone buildings. We have met all deadlines to date.
4. Currently, for our district, we have 45 earthquake-prone buildings identified and a further 46 that are potentially earthquake-prone. So far, we have assessed 365 buildings, of which 50 have been demolished, 64 have been strengthened, and the remaining 159 were deemed not earthquake-prone.

## Financial implications

5. At present there are no financial implications. Financial implications will occur when Council decides which path to take when a strengthening deadline is missed. Strengthening can be carried out by Council (after going to the district court) and strengthening costs can be reclaimed by placing a charge upon the land if the owner of a building refuses to pay. We are currently monitoring the outcome of a high court case between Wellington City Council and a heritage building owner where WCC have applied to the court to carry out the strengthening.

## **Significance and engagement assessment**

6. This report is for information only therefore there is no need for a significance and engagement assessment.

## **Next steps**

7. A further update on progress regarding earthquake-prone buildings will be provided next year after July (which is the next reporting deadline for MBIE). Most of these buildings have compliance deadlines of mid-2023.

# 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*