

MINUTES	MEETING HELD ON	TIME
AUDIT AND RISK COMMITTEE	THURSDAY, 16 FEBRUARY 2017	10.00 AM

MINUTES of a meeting of the **Audit and Risk Committee**, held in the Council Chambers, Ground Floor, 175 Rimu Road, Paraparaumu, on **Thursday, 16 February 2017**, commencing at 11.30am.

PRESENT:	Cr	M	Cardiff	Chair
	Cr	F	Vining	Deputy Chair
	Cr	M	Scott	Chair, Operations and Finance Committee
	Cr	J	Holborow	Acting Mayor
	Cr	J	Cootes	Chair, Strategy and Policy Committee
	Mr	W	Tuck	Appointed Member
IN ATTENDANCE:	Mr	W	Maxwell	Group Manager Corporate Services
	Mr	M	de Haast	Chief Financial Officer
	Mr	S	Mallon	Group Manager Infrastructure Services
	Mr	T	Power	Senior Legal Counsel
	Ms	A	Horn	Manager, Financial Accounting
	Mr	B	Randall	Member, Paraparaumu/Raumati Community Board
	Mr	A	Sofo	Ernst & Young
	Mr	D	Borrie	Ernst & Young
	Ms	D	Andrew	Organisational Development Manager
	Mr	G	Butler	Specialist Risk Management Consultant
	Cr	A	Buswell	
	Ms	V	Starbuck-Maffey	Democracy Services Manager – minutetaker
	APOLOGIES:	Mr	J	Westbury
Cr		J	Elliott	

LEAVE OF ABSENCE: Mayor K Gurunathan

The Chair welcomed everyone to the meeting.

ARC 17/02/001

(a) APOLOGIES

MOVED (Cardiff/Holborow)

Apologies were received from James Westbury Deputy Chair of the Waikanae Community Board and the Mayor, and also from Cr James Cootes for lateness and an early departure.

CARRIED

It was noted that Cr Elliott had tendered an apology.

Cr Cootes arrived at 11.35am.

(b) DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA

There were no declarations of interest.

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ARC 17/02/002

PUBLIC SPEAKING TIME

Mr Dale Evans spoke to his submission (circulated) which addressed three topics (1) measures for health and safety (2) Annual Report figures for disbursements and (3) the write-offs associated with Clean Tech Centre.

The Chair informed Mr Evans that some of his queries could be answered today; but the remaining queries would be treated as a request under the Official Information Act (OIA).

ARC 17/02/003

MEMBERS' BUSINESS

(a) Public Speaking Time Responses

Wayne Maxwell provided answers to some of Mr Evans' questions:

- Questions 1-8 regarding LTI rates and costs would have to be answered later;
- Question 9 – the Council does carry out drug testing for cause, not randomly and there was no plan to introduce random drug testing.

Mark de Haast responded to questions about the Annual Report 2016-17:

- The figure of \$182,608 did not include GST. He explained what the nature of the disbursements were
- The question on Clean Tech would be answered as part of the OIA response.

Cr Angela Buswell joined the meeting at 11.42am.

(b) Leave of Absence

MOVED (Vining/Cardiff)

That leave of absence is granted for the following:

Cr Michael Scott for the period 24 April – 21 May 2017

Cr Angela Buswell 13 April – 3 May 2017

CARRIED

(c) Matters of an Urgent Nature

There were no matters of an urgent nature.

ARC 17/02/004

PRESENTATION: DEPRECIATION – ERNST AND YOUNG

Mark de Haast introduced David Borrie and Ahmed Sofe from Ernst and Young. They gave a presentation on depreciation from a local authority perspective. The Chair advised he had requested this subject as it was very important for this Committee to have a common understanding of this issue.

At the Chair's request the meeting agreed to bring item 9 ('The Timetable for the Audit of the 2016-17 Annual Report) forward so the auditors could then leave the meeting.

Cr James Cootes left the meeting at 12 noon.

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ARC 17/02/005

TIMETABLE FOR THE AUDIT OF THE 2016-17 ANNUAL REPORT (Corp-17-093)

Anelise Horn introduced this item. Since the report was released a letter had been received from Ernst and Young concerning their engagement fees and this would be submitted to the next Committee meeting.

The impact of the Committee's change in the governance structure since the previous triennium was explained. In the 2013-2016 Triennium audit and risk matters were considered by a subcommittee of the Corporate Business Committee but that reporting line no longer existed.

The level of significance of the report was clarified.

As this Committee was not a committee of the whole (like the Operations and Finance Committee) there was concern that the first time all Councillors would see the Annual Report was at a full Council meeting, and if any aspect of the Report needed changing the tight timeframes might pose difficulties.

Officers would consider this issue after the meeting to ensure that the Committee's concerns were addressed.

David Borrie and Ahmed Sofe left the meeting at 12.26pm.

MOVED (M Scott/Cardiff)

That the Audit and Risk Committee notes the timetable for the audit of the Council's Annual Report and the Council's Debenture Trust Deed for the year ended 30 June 2017, noting that officers will respond on the governance issue raised.

CARRIED

ARC 17/02/006

HEALTH AND SAFETY QUARTERLY REPORT (CE-17-087)

Dianne Andrew spoke to this report and responded to questions.

MOVED (Holborow/Vining)

That the Audit and Risk Committee notes the Health and Safety Quarterly Report included as Appendix 1 to Report CE-17-087.

CARRIED

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ARC 17/02/007

REGULAR PROGRESS UPDATE ON 2015-16 KEY AUDIT FINDINGS (Corp-17-091)

Mark de Haast introduced the report.

MOVED (M Scott/Tuck)

That the Audit and Risk Committee notes the progress update regards Ernst & Young's Report on Control Findings for the year ended 30 June 2016.

That the Audit and Risk Committee notes the progress update regards Ernst & Young's Report on Control Findings for the year ended 30 June 2015.

CARRIED

The meeting adjourned at 12.45pm and was reconvened at 1.07pm.

ARC 17/02/008

TAX STRATEGY AND IMPROVEMENT PROGRAMME UPDATE (Corp-17-090)

Anelise Horn spoke to the report.

MOVED (Tuck/Vining)

That the Audit and Risk Committee notes the Tax Governance Framework and Operational Tax Risk Management Strategy that has been actioned since the last progress report in August 2016.

CARRIED

ARC 17/02/009

RISK MANAGEMENT FRAMEWORK UPDATE (Corp-17-092)

Mark de Haast spoke to this report and introduced consultant Garry Butler, explaining his role in the process. Mr Butler spoke about international best practice in risk management and the policy implications of taking an integrated approach, including the need to identify risks that hadn't been considered.

There was discussion about two recent risk-related incidents: the Coastlands Aquatic Centre having to be closed due to damage of the lap pool membrane and the Standen tree case. It was agreed that the Committee should be comprehensively apprised of any risk situations, not just with regard to current situations but where the history of the situation was pertinent. A report to this effect would be prepared.

MOVED (M Scott/Vining)

That the Audit and Risk Committee notes the proposed approach to accelerate the implementation of Council's Enterprise Risk Management Framework.

CARRIED

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ARC 17/02/010

PUBLIC EXCLUDED RESOLUTION

MOVED (M Scott/Vining)

That the Audit and Risk Committee move into a Public Excluded meeting:

PUBLIC EXCLUDED RESOLUTION		
<p>That, pursuant to Section 48 of the Local Government Official Information and Meetings Act 1987, the public (with the exception of the Community Board representative and Ernst and Young auditors) now be excluded from the meeting for the reasons given below, while the following matters are considered:</p> <ul style="list-style-type: none"> • Update on Statutory Compliance Issues, Investigations and the Status of Council Bylaws for 1 July 2016 to 31 December 2016(SP-16-061) <p>The general subject of each matter to be considered, while the public are 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:</p>		
General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution
<p>Update on Statutory Compliance Issues, Investigations and the Status of Council Bylaws for 1 July 2016 to 31 December 2016 (SP-16-061)</p>	<p>Section 7(2)(f)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) of this Act applies, in the course of their duty.</p>	<p>48(1)(a): That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>

The Audit and Risk Committee moved into a public excluded session at 1.53pm.

The Audit and Risk Committee came out of public excluded session at 2pm.

The following report (including Appendix B) and resolutions were released from the public excluded part of the meeting:

UPDATE ON STATUTORY COMPLIANCE ISSUES, INVESTIGATIONS AND THE STATUS OF COUNCIL BYLAWS FOR 1 JULY 2016 TO 31 DECEMBER 2016 (SP-16-061)

MOVED (Cardiff/Holborow)

That the Audit and Risk Committee:

1. **Notes that there was one statutory compliance issue associated with the ‘key’ acts identified in the first two quarters of the 2016/17 year and one breach of the Reserves Act 1977 identified in the second quarter of the 2016/17 year;**

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2. Notes the current status of the Ombudsman and Privacy Commissioner investigations, official information requests, bylaws, litigation and weathertight claims;
3. Agrees that this report (SP-16-061), appendix (B) and resolutions only be released from public excluded business; and
4. Agrees that appendices (A), (C) and (D) be excluded from public release.

CARRIED

The Audit and Risk Committee meeting closed at 2.01pm.

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Chairperson

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Date