



Unconfirmed MINUTES

Audit and Risk Committee Meeting

25 February 2020

**MINUTES OF MACKENZIE DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, FAIRLIE
ON TUESDAY, 25 FEBRUARY 2020 AT 11.00AM**

PRESENT: Bruce Mincham (Chairperson), Cr James Leslie, Cr Stuart Barwood, Cr Anne Munro, Mayor Graham Smith, Cr Murray Cox, Cr Matt Murphy.

IN ATTENDANCE: Suzette van Aswegan (Chief Executive), John Mackey (Audit New Zealand), Chris Genet (Audit New Zealand), Tim Mulcock (Transition Manager), Paul Numan (General Manager Corporate Services), Adrian Hodgett (Finance Manager), Alexis Gray (Manager People and Culture), Katherine Hill (Senior Corporate Planner), Connie Giquel (Executive Assistant), Arlene Goss (Governance Advisor Temp), one member of the media.

1 OPENING

The Mayor welcomed John Mackey and Chris Genet from Audit New Zealand.

Chairperson Bruce Mincham thanked everyone for their attendance and opened the meeting.

2 APOLOGIES

Apologies were received from Cr Emily Bradbury and Cr James Leslie.

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 VISITORS

John Mackey and Chris Genet from Audit New Zealand attended the meeting.

5 REPORTS

5.1 AUDIT AND RISK COMMITTEE - TERMS OF REFERENCE

Mr Mincham raised the subject of the chief executives performance review, which was included in the Terms of Reference for Audit and Risk. He said it was not normal practice to have this within the responsibility of the Audit and Risk Committee.

He suggested that this become either a sub-committee of Council or a sub-committee of Audit and Risk. He was concerned that he would not have the same amount of contact with the chief executive as other members of the committee and therefore not be able to discharge this duty well.

Discussion took place on this matter. John Mackey from Audit NZ was asked for his view. He said the usual practice was to form a small subcommittee which made recommendations to Council.

The chairperson suggested that the Audit and Risk Committee forms a subcommittee with membership consisting of the Mayor, Deputy Mayor, and Chair of the Audit and Risk Committee. There was general agreement on this and resolutions were passed accordingly.

COMMITTEE RESOLUTION AUD/2020/44

Moved: Cr Stuart Barwood

Seconded: Cr Anne Munro

1. That the report be received.

CARRIED

2. COMMITTEE RESOLUTION AUD/2020/45

Moved: Mayor Graham Smith

Seconded: Cr Anne Munro

3. That a sub-committee be formed to review the Chief Executive's performance with membership consisting of the Mayor, Deputy Mayor and Chairperson of the Audit and Risk Committee.

CARRIED

4. COMMITTEE RESOLUTION AUD/2020/46

Moved: Mr Bruce Mincham

Seconded: Cr Matt Murphy

5. That the Audit and Risk Committee recommends to Council that it reconsiders whether the chief executive's overview sits with the Audit and Risk Committee or with Council.
6. That the Audit and Risk Committee be informed of Council's decision.

CARRIED

5.2 REPORT TO COUNCIL ON THE AUDIT OF THE MACKENZIE DISTRICT COUNCIL AS AT 30 JUNE 2019**COMMITTEE RESOLUTION AUD/2020/47**

Moved: Mr Bruce Mincham

Seconded: Cr Matt Murphy

1. That the report be received.

CARRIED

John Mackey from Audit New Zealand spoke to this report.

Council and its asset base was continuing to grow. Processes that were appropriate for a smaller council may no longer be appropriate. Rapid growth was creating challenges.

He highlighted the Downlands Water Supply. This was a joint committee of the Mackenzie, Timaru and Waimate councils, but it did not have the legal clarity it would be best to have.

An issue came up last year when Waimate District Council wanted to adopt an accounting standard. It was difficult to determine the form of control that various councils had over the committee. Mr Mackey recommended that Council works out what it wants to achieve from the joint committee, and then ensure the formal agreement with Timaru District and Waimate District meets the council's intentions. The Mayor said the Downlands scheme was planning a major upgrade so it was the right time to review this.

The chief executive said a staff member needed to go with the councillor to Downlands Water Supply Committee meetings to pick up on any technical issues.

Regarding the former Pukaki Airport Board, Mr Mackey said GST and accounting had been an issue. He recommended that Council carry over funds so it did not run out of money for the airport.

He noted the importance of declaring interests and managing perceived conflicts of interest.

Last year's annual report preparation didn't go as well as Audit NZ hoped. Changes had been made and discussions held on improving the processes. He noted the importance of information being available to Audit NZ when needed to make the process go smoothly.

The chief executive noted that Audit NZ had scheduled the Mackenzie District Council later in the year and this caused time problems when Council wanted to challenge audit findings. A request to schedule the council earlier in the year had been declined. Mr Mackay spoke about the competing needs of public companies and organisations at certain times of the year. He suggested waiting to see what happens with the 2020 Annual Report. He expects this year's audit to go a lot smoother.

The Mayor spoke about the need for communication between staff and Audit NZ throughout the entire year.

The Audit and Risk Committee would like regular updates on progress with the annual report.

Additional fee recovery has been submitted to management to cover the cost of additional Audit NZ staff time required at the last audit.

Regarding the audit of complaints and response times, the systems in place were inadequate for Audit NZ to get all the information they needed. The chief executive said Council now had a complaints process and a customer service process was currently being trialled.

John Mackey spoke about his professional move away from auditing Mackenzie District Council and thanked management and Council for its support. He would be handing this to Chris Genet, who spoke about the risks in coming years and new accounting standards that are coming in. He will present an audit plan to the next meeting of the committee.

John Mackey was thanked for his work and wished well for the future.

5.3 HEALTH AND SAFETY REPORT

Alexis Gray answered questions on her report.

Responsibility for the induction of new staff is shared across several staff. Everyone who joins the council will have the same understanding of expectations.

She said wellbeing was a focus. The use of EAP services by staff has increased. There was a real concern around stretching capacity and this was a wellbeing issue. This was something the executive team as a group would need to look at.

It was difficult to fill some key roles due to a lack of candidates. A lot of councils had the same issues.

The chairman asked if she perceived any risks around staffing. Alexis Gray noted the risks were recognised on the risk register.

COMMITTEE RESOLUTION AUD/2020/48

Moved: Cr Anne Munro

Seconded: Cr Stuart Barwood

That the information be noted.

CARRIED

5.4 RISK MANAGEMENT REPORT

This report updated the Audit and Risk Committee on risk management activities at Mackenzie District Council for the period from November 2019 to January 2020, to enable the committee to fulfil their governance and oversight role in relation to effective risk management.

The members passed a resolution to discuss the details of the risk register in the public excluded session.

Tim Mulcock then gave a presentation to the committee using the power point presentation attached to the agenda on page 92. He answered questions from the members on balancing risk with aspects of governance activity, and asked them to think about what governance risks needed to be added to the risk register. Cr Munro commented on the tremendous amount of progress being made in this area and thanked staff for their work.

COMMITTEE RESOLUTION AUD/2020/49

Moved: Cr Stuart Barwood

Seconded: Cr Matt Murphy

1. That the report be received.

CARRIED

COMMITTEE RESOLUTION AUD/2020/50

Moved: Cr Anne Munro

Seconded: Cr Stuart Barwood

2. That the Risk Register attached to the report at Attachment 2 be discussed in the public excluded part of the meeting.

CARRIED

The committee adjourned for lunch at 12.11pm and reconvened at 12.46pm.

6 PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION AUD/2020/51

Moved: Cr Anne Munro

Seconded: Cr Murray Cox

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
6.1 - Desktop Computer Audit Report	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of 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 under section 6 or section 7
6.2 - Property File Report	s7(2)(c)(i) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of 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 under section 6 or section 7
6.3 - Mid-yearly Organisational Performance Update	s6(b) - the making available of the information would be likely	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting

	<p>to endanger the safety of any person</p> <p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p>	<p>would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>CARRIED</p>		

COMMITTEE RESOLUTION AUD/2020/52

Moved: Cr Anne Munro
 Seconded: Cr Stuart Barwood

That the Audit and Risk Committee moves out of closed meeting into open meeting.

CARRIED

The Meeting closed at 2.48pm.

The minutes of this meeting were confirmed at the Audit and Risk Committee Meeting held on 26 May 2020.

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CHAIRPERSON