



MINUTES

Audit and Risk Committee Meeting

18 May 2021

**MINUTES OF MACKENZIE DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE TWIZEL EVENTS CENTRE LOUNGE, TWIZEL
ON TUESDAY, 18 MAY 2021 AT 12.50PM**

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

IN ATTENDANCE: Suzette van Aswegen (Chief Executive), Paul Numan (General Manager Corporate Services), Tim Harty (General Manager Operations), Alexis Gray (General Manager People and Culture), Katherine Hill (Corporate Planner), Arlene Goss (Governance Advisor), Chris Genet (Audit New Zealand)

1 OPENING

The chairman opened the meeting and welcomed everyone.

2 APOLOGIES

An apology was received from Cr Emily Bradbury.

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 VISITORS

Audit Director Chris Genet, from Audit NZ, was welcomed to the meeting.

5 REPORTS

5.1 MINUTES OF AUDIT AND RISK COMMITTEE MEETING - 16 MARCH 2021

COMMITTEE RESOLUTION AUD/2021/52

Moved: Mr Bruce Mincham
Seconded: Deputy James Leslie

That the Minutes of the Audit and Risk Committee Meeting held on Tuesday 16 March 2021 be received and confirmed as an accurate record of the meeting.

CARRIED

5.2 LONG TERM PLAN 2021-2031 UPDATE

Katherine Hill updated the committee on the project plan for the Long Term Plan. She outlined the main dates in the plan leading up to the adoption on 30th September.

The first rates instalment in the new financial year would be set at the current level, with the new rates level spread out over the remaining three instalments.

Chris Genet confirmed that AuditNZ have agreed to undertake the audit of the LTP consultation document as per the dates as outlined in the Plan and answered questions. He outlined the Office of the Auditor General's five areas of focus and national trends for councils. There was currently a focus on council assets. There had also been a push back on those councils assuming central government funding would be forthcoming when that was not guaranteed in all cases. He then explained the difference between a qualified and unqualified opinion.

The chairman thanked Katherine Hill for her report.

5.3 REPORT TO THE AUDIT AND RISK COMMITTEE ON THE FINAL AUDIT OF MACKENZIE DISTRICT COUNCIL FOR THE YEAR ENDED 30 JUNE 2020

Paul Numan said this report was being presented to the committee for information before staff responded to Audit New Zealand on the details.

The Mayor said he was concerned about Albury Water Supply. Did it need to become a CCO of council? Mr Genet said this was a separate legal entity but was included in council's results. Work needed to be done to assess whether it was a controlled entity or a separate entity. The chief executive asked whether this was a legal opinion or an accounting opinion. Potentially both.

The structure of the water supply committees was discussed. The chairman raised the issue of this matter possibly affecting the outcome of the Long Term Plan.

Mr Numan said he was largely happy with the report from a management view and would act on the recommendations accordingly.

Cr Munro asked about disclosures. At what point did they become material? Mr Genet said he had discovered a couple of things that were below his financial limit. These would become material if they were for a larger amount.

Cr Cox asked if Council still got a legal opinion before setting the rates. Katherine Hill said this had been factored into the Long Term Plan.

The Mayor asked about the recovery of additional costs by Audit NZ due to extra work done by auditors. Mr Genet said the budget was for 682 hours of work. The actual was 1,676 hours. He said there were some things not provided, or not correct up front. Corrections and errors took a lot of time. Covid19 brought into play some complexities that were outside our control. The valuations required more work. And there was some double handling and delays.

The chief executive asked what was meant by working papers in support of the annual report. This was the working figures behind the annual report.

Chris Genet said the budget blow out was not new and had also happened in previous years.

Would it be better next year? Yes, but a level of this was down to preparation. Mr Genet agreed that Audit NZ was changing the goalposts as well, and this contributed to the extra hours.

The chief executive asked if the report was clear enough to help Council get it right next time. Mr Numan said he was confident about the next report. Covid had an impact last time and the council was better resourced now.

Mr Genet talked about a new dashboard tool that would provide clear expectations and recognise the roadblocks. This would be used next time.

The chief executive asked for communication between audit and council staff to be in writing instead of verbal, so this could be tracked. Mr Numan said this was generally done via email.

The chief executive asked why it was not recorded in the report that the technical review was asked for in November and did not come from Audit until February.

The Mayor asked about audit staff charge out rates. These ranged from \$90 to \$300 an hour.

COMMITTEE RESOLUTION AUD/2021/53

Moved: Mr Bruce Mincham
 Seconded: Mayor Graham Smith

1. That the report be received.
2. That the Audit and Risk Committee notes the report, findings, and management responses.

CARRIED

6 PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION AUD/2021/54

Moved: Mayor Graham Smith
 Seconded: Cr Anne Munro

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
<p>6.1 - Minutes of Public Excluded Audit and Risk Committee Meeting - 16 March 2021</p>	<p>s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege.</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	<p>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</p>
<p>6.2 - Equip Alignment Session - Action Plan</p>	<p>s6(b) - the making available of the information would be likely</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the</p>

	to endanger the safety of any person. s7(2)(f)(i) - the withholding of the information is necessary to allow free and frank expression of opinions by or between or to members or officers or employees of any local authority	disclosure of information for which good reason for withholding would exist under section 6 or section 7
6.3 - Health, Safety and Wellbeing	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	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
6.4 - Risk Management Report	s7(2)(c)(ii) - 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 otherwise to damage the public interest	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
CARRIED		

COMMITTEE RESOLUTION AUD/2021/55

Moved: Cr Anne Munro
 Seconded: Deputy James Leslie

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

CARRIED

The Meeting closed at 2.50pm.

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



.....
CHAIRPERSON