



Mackenzie

DISTRICT COUNCIL

MINUTES

Audit and Risk Committee Meeting

21 June 2022

**MINUTES OF MACKENZIE DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, FAIRLIE
ON TUESDAY, 21 JUNE 2022 AT 9.30AM**

PRESENT: Mr Bruce Mincham (chairperson), Deputy James Leslie, Cr Stuart Barwood, Mayor Graham Smith, Cr Murray Cox, Cr Matt Murphy

IN ATTENDANCE: Angela Oosthuizen (Chief Executive), David Adamson (Acting General Manager Operations), Paul Numan (General Manager Corporate), Alexis Gray (Manager People and Culture), Arlene Goss (Governance Advisor), Sandy Hogg (Finance Manager), Chris Clarke (Manager IT and Engagement), Wendy Thompson (Corporate Planner), Chris Genet and Anna Jones (AuditNZ), Jerard Coburn (Marsh Insurance).

1 OPENING

The chairperson opened the meeting and welcomed everyone.

2 APOLOGIES

Apologies were received from Cr Anne Munro and Cr Emily Bradbury.

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 VISITORS

Chris Genet and Anna Jones from Audit New Zealand were welcomed to the meeting. Jerard Coburn from Marsh would attend at 11am to discuss insurance.

5 REPORTS

5.1 MINUTES OF AUDIT AND RISK COMMITTEE MEETING - 5 APRIL 2022

COMMITTEE RESOLUTION AUD/2022/64

Moved: Mr Bruce Mincham
Seconded: Mayor Graham Smith

1. That the Minutes of the Audit and Risk Committee Meeting held on Tuesday 5 April 2022 be received and confirmed as an accurate record of the meeting.

CARRIED

5.2 REVIEW OF THE COUNCIL ANNUAL PLAN 2022/23 FOR COUNCIL ADOPTION

The purpose of this report was to inform the Audit and Risk Committee that the Council plans to adopt the 2022-2023 Annual Plan pursuant to section 95(1) of the Local Government Act 2002 on 28 June 2022.

Paul Numan outlined the contents of his report. The chairman had provided some edits to Mr Numan and these would be made before the plan was adopted by council. The chairman asked Mr Genet if he had any observations. There was nothing Mr Genet wanted to raise.

The chief executive said Council had landed close to what was predicted in the Long Term Plan. She thanked the finance manager for her work on this, especially while she was suffering from Covid. It was good to meet statutory deadlines. The Mayor also thanked the team and chief executive.

The Mayor asked about the operating surplus. Finance manager Sandy Hogg said Council had not taken up borrowings as indicated but had been using cash. The interest rates weren't great so it was better to use cash. Borrowing was still available if needed.

Further discussion was held on future plans and communication of the annual plan to the public. Three waters projects were on track, and other projects were being pushed.

There had not been much public feedback to date on the projected rates rises.

COMMITTEE RESOLUTION AUD/2022/65

Moved: Mr Bruce Mincham

Seconded: Cr Stuart Barwood

1. That the Audit and Risk Committee receives this report and attachment.
2. That the Audit and Risk Committee reviews the 22/23 Annual Plan.
3. That the Audit and Risk Committee recommends to Council that it adopts the 22/23 Annual Plan at the Council meeting on 28 June 2022.

CARRIED

COMMITTEE RESOLUTION AUD/2022/66

Moved: Cr Murray Cox

Seconded: Mayor Graham Smith

4. That the Council agrees that the Chief Executive be delegated authority to make minor editorial changes to the Annual Plan 2022-2023 document ahead of the Annual Plan being provided to the Council for adoption.

CARRIED

5.3 AUDIT PLAN - YEAR ENDED 30 JUNE 2022

Paul Numan introduced this report and went over the main points. This process has already started and staff were uploading documents to the audit dashboard. The final audit was booked

for October 11. Council was hoping to adopt the annual report by the end of November, within the statutory deadline.

Chris Genet raised current risks to be aware of and said they were in hand. Sector risks included Three Waters Reform. There would be an audit focus on the capital programme and the funding of that.

There was still an auditor shortage and Covid was still having an impact on audit staff. Auditors would be sourced from overseas. Mr Genet was working towards the dates in the report but was awaiting confirmation regarding staff.

The chief executive said meeting the statutory deadlines was a non-negotiable this year. She also asked about Three Waters which was fast moving and difficult to predict. It was difficult to understand what impact that would have on a small council. She asked Mr Genet to flag issues early to allow the small team time to address these.

Chris Clarke updated the committee on a project management tool that was being trialled by his team within the council. This would be used for the annual report.

The chairman asked for clarification on drinking water quality performance. David Adamson said a third party was doing this and council was buying into a system used by other councils. This work was underway. Mr Genet would send questions to Mr Adamson on this matter to make it clear what was being requested.

5.4 INDEPENDENT ASSURANCE REPORT FOR THE DEBENTURE TRUST DEED OF MACKENZIE DISTRICT COUNCIL FOR THE YEAR ENDED 30 JUNE 2021

This report was received.

5.5 2022 ANNUAL REPORT TIMETABLE AND RISK REGISTER

Corporate Planner Wendy Thompson joined the table. She said staff are meeting regularly on the annual report. She introduced herself to the members and then introduced the new project management software being used to manage the annual report process.

Some tasks were already completed with others being worked on.

The Mayor was heartened to get the processes in order so staff were on top of things.

Cr Barwood asked about an item that showed as overdue and this was updated by Sandy Hogg, who said the matter was in hand but she had not updated the software.

5.6 HEALTH, SAFETY AND WELLBEING

Alexis Gray took her report as read and asked for any questions.

Council has just hired a health and safety coordinator who will start on July 6.

An update on the use of Sitewise was provided, and also an update on hiring.

The councillors asked for an update on a staff road accident that occurred recently. The driver was ok and the car was being repaired.

Communication issues caused by a lack of mobile phone coverage were discussed. Work was being done on deploying civil defence radios in staff cars to help address this. This would also help staff learn how to use the radios in case of a civil defence emergency.

Further discussion took place on GPS alarms in cars and how GPS tracking worked.

The meeting adjourned at 10.37am for morning tea and reconvened at 10.50am.

5.7 WAKA KOTAHI - INVESTMENT AUDIT REPORT

The purpose of this report was to provide the Audit and Risk Committee with the outcome of an investment audit report carried out by Waka Kotahi regarding funding received by the Council as part of the National Land Transport Programme (NLTP).

Sandy Hogg spoke to this report. The Mayor asked about funding at risk. Sandy Hogg said a new process had been put in place to address this. The audit was prompted by a mistake that resulted in a double claim, which had been refunded. Council had a very good relationship with Waka Kotahi and would meet with them to work out the repayment.

COMMITTEE RESOLUTION AUD/2022/67

Moved: Mr Bruce Mincham

Seconded: Mayor Graham Smith

1. That the report be received.
2. That the Audit and Risk Committee notes the review and findings as outlined in the audit investment report.
3. That the Audit and Risk Committee endorses the recommendations as detailed in the report and the proposed improvements from Council staff, noting that the payment arrangements for the overpayment are currently being worked through with Waka Kotahi.

CARRIED

5.8 PUBLIC EXCLUDED RESOLUTION

COMMITTEE RESOLUTION AUD/2022/68

Moved: Mayor Graham Smith

Seconded: Mr Bruce Mincham

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
5.8 - Insurance overview from Jerard Cowburn, Marsh	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	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/2022/69

Moved: Mr Bruce Mincham
 Seconded: Mayor Graham Smith

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

CARRIED

5.9 QUARTERLY REPORT - AGED RECEIVABLES

Finance manager Sandy Hogg introduced this report. The chief executive said a process was required to enable receivables to go to the relevant managers so they could follow up on their debts.

This was reported internally every month.

The Mayor was concerned about water billing and dog control. In the past water has only been billed annually. From July 1 this would be similar to rates instalments and billed on a three monthly cycle. Dog control debts were due to missed deadlines and lost contact details of dog owners who had moved. Customer services were working to bring this back to a formal process.

Next time the committee received this report it would be green rather than red.

Was there a burden of unpaid rates? Not currently but this was likely to track up. The rates rebates threshold and amount had been increased and were well utilised. Staff were contacting people who qualified for a rebate to ask them to apply before June 30.

The chairman thanked Sandy Hogg for her report.

5.10 HOLIDAY PAY ASSESSMENT REPORT

The purpose of this report was to provide the Audit and Risk Committee with the outcome of a holiday pay assessment that was undertaken by PricewaterhouseCoopers (PWC).

Council instigated an assessment of the payroll system and these were the findings. The chairman said the results showed Council payroll was in good shape. It showed there were some old allowances that could have caused problems, so it was a good stock take and learning experience.

A tax compliance review to ensure tax was correctly paid also needed to be carried out.

COMMITTEE RESOLUTION AUD/2022/70

Moved: Mr Bruce Mincham

Seconded: Deputy James Leslie

1. That the report be received.
2. That the Audit and Risk Committee notes the review and findings as outlined in the holiday pay assessment report.
3. That the Audit and Risk Committee endorse the recommendations and the actions completed by Council and MagiQ staff.

CARRIED

The meeting adjourned for lunch at 12.43pm and reconvened at 1.17pm.

6 PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION AUD/2022/71

Moved: Deputy James Leslie

Seconded: Cr Matt Murphy

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 - 5 April 2022</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</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>

	disadvantage, commercial activities	
6.2 - Review of Sensitive Expenditure - Use of Credit Cards	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
6.3 - Corporate and Finance Team Review	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/2022/72

Moved: Mr Bruce Mincham
 Seconded: Cr Matt Murphy

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

CARRIED

The Meeting closed at 2.00pm.

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

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CHAIRPERSON