



AUDIT AND RISK COMMITTEE

Open Minutes

Meeting Date: Thursday 20 June 2019

Time: 1pm-1.39pm

Venue Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
Napier

Present John Palairt (In the Chair), Acting Mayor Faye White, David Pearson, Councillor Claire Hague and Councillor Kirsten Wise

In Attendance Chief Executive, Director Corporate Services, Director Infrastructure Services, Chief Financial Officer, Accounting Contractor, Manager People and Capability

Administration Governance Team

Apologies

Acting Mayor White / Councillor Wise

That the apology from Mayor Dalton be accepted.

Carried

Conflicts of interest

Nil

Public forum

Nil

Announcements by the Acting Mayor

Nil

Announcements by the Chairperson

Nil

Announcements by the management

Nil

Confirmation of minutes

David Pearson / Councillor Hague

That the Minutes of the meeting held on 28 March 2019 were taken as a true and accurate record of the meeting.

Carried

AGENDA ITEMS

1. RISK MANAGEMENT REPORT JUNE 2019

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	759266
<i>Reporting Officer/s & Unit:</i>	Ross Franklin, Consultant

1.1 Purpose of Report

To provide the Audit and Risk Committee (Committee) with an update on progress with risk management work and to report on the highest paid risks.

At the Meeting

The Director Corporate Services spoke to the report and provided an update regarding the current status of the Manager Business Excellence and Transformation role. It was noted that risk reporting has not advanced as planned due to the changes in this space and that Council has also been holding off until a permanent appointment is made.

In response to questions, the following points were clarified:

- It was always intended that a dedicated resource would be appointed to manage the risk programme.
- Council officers' would come back to the committee with an update regarding the status of the Bluff Hill fence.
- The purpose of the report incorrectly referred to the 'highest paid risks', this should read 'highest risks'.
- It was agreed that Risk Management should be separated out from the other High Risks as this should not be outside of Council's control.

Committee's recommendation

Councillor Wise / David Pearson

The Audit and Risk Committee:

- a. Note the Risk Management work being undertaken by the Napier City Council Risk Committee
- b. Note the current Major Project risks
- c. Receive the Risk Report Dated 11 June 2019

Carried

2. HEALTH AND SAFETY REPORT

Type of Report: Information

Legal Reference: N/A

Document ID: 758627

Reporting Officer/s & Unit: Sue Matkin, Manager People & Capability

2.1 Purpose of Report

The purpose of the report is to provide the Audit and Risk Committee with an overview of the health and safety performance as at 31 May 2019.

At the Meeting

The Manager People and Capability spoke to the report, highlighting achievements for the period. It was noted that work is still required on near miss and hit reporting, and that Council will be targeting staff without access to devices to ensure they are able to report incidents as they occur. An overview was also provided of upcoming workshops and programmes for Council staff.

In response to questions, the following points were clarified:

- The near miss and hit reporting target is shown as 'more than' as Council wants to receive as many near misses as possible. This is for reporting purposes to enable officers to start tracking trends and manage potential incidents.
- Internal audits are now well underway although Council will not meet the target for this year. The focus has been on contractor audits and ensuring contractors are set up for and using 'SiteWise' and meeting other requirements.
- A number of targets are already measurable for example, a correlation could be made between the reduction in lost time injuries and the number of pre-work assessments being completed.
- It was noted that safety alerts have previously been used following a significant incidents only; however, officers have questioned whether this tool could be used to notify other incidents also to increase awareness.

Committee's recommendation

Acting Mayor White / Councillor Hague

The Audit and Risk Committee:

- a. Receive the Health and Safety report as at 31 May 2019.

Carried

3. EXTERNAL ACCOUNTABILITY - INVESTMENT AND DEBT REPORT

Type of Report: Operational

Legal Reference: N/A

Document ID: 758624

Reporting Officer/s & Unit: Caroline Thomson, Chief Financial Officer

3.1 Purpose of Report

To consider the snapshot report on Napier City Council's Investment and Debt as at 31 May 2019.

At the Meeting

The Chief Financial Officer provided an overview of the investment and debt report, noting that as at May 2019 \$61.4Million was held on deposit over a range of banks and different maturities. This amount will reduce to under \$60Million by the end of June 2019, and it is forecasted that the rate will drop to 3.25%.

In response to questions, it was clarified that deposits were arranged to allow Council to meet a large expenditure that was earmarked and due at the end of May 2019.

Committee's recommendation

Councillor Wise / David Pearson

The Audit and Risk Committee:

- a. Receive the snapshot report on Napier City Council's Investment and Debt as at 31 May 2019.

Carried

4. INTERNAL AUDIT - SENSITIVE EXPENDITURE MONITORING

Type of Report: Operational

Legal Reference: Local Government Act 2002

Document ID: 760266

Reporting Officer/s & Unit: Caroline Thomson, Chief Financial Officer

4.1 Purpose of Report

To table to the Committee the internal audit on sensitive expenditure monitoring undertaken by Council's internal auditors, Crowe Horwath.

At the Meeting

The Chief Financial Officer outlined the key areas audited by Crowe Horwath, noting that the review did not identify any expenditure inconsistent with Council's Sensitive Expenditure Policy and confirmed that Council's documentation was adequate. A number of the committee members noted that this is a good result.

The Chief Financial Officer commented on Crowe Horwath's efficiency in carrying out the internal audits.

Committee's recommendation

Acting Mayor White / Councillor Hague

The Audit and Risk Committee:

- a. Receive the report from Crowe Horwath titled 'Sensitive Expenditure Monitoring'.

Carried

5. INTERNAL AUDIT - PROPOSED PROGRAMME FOR 2019/20

Type of Report: Operational

Legal Reference: N/A

Document ID: 760952

Reporting Officer/s & Unit: Caroline Thomson, Chief Financial Officer

5.1 Purpose of Report

To table to the Committee the internal audit programme for 2019/20 from Crowe Horwath. Recommendations, feedback and any other review priorities the Committee deems relevant, is sought

At the Meeting

The Chief Financial Officer spoke to the report and noted that Crowe Horwath have just been on site to complete the internal audit on Grants, with further internal audits planned.

In response to questions, the following points were clarified:

- It was considered that the business continuity and disaster recovery audit should remain at the scheduled date as it would be appropriate to have the current workstreams reviewed once they are complete. This work will also cover cyber crime.
- A committee member noted that they would not like to see the community grants process become too restrictive. The Director Corporate Services confirmed that the scope documents will be reviewed by officers to ensure they are fit for purpose prior to commencement of the internal audits.

Committee's recommendation

Councillor Wise / David Pearson

The Audit and Risk Committee:

- a. Resolve that the internal audit programme for 2019/20 from Crowe Horwath is received and approved

Carried

6. LEGISLATIVE COMPLIANCE - UPDATE REPORT

Type of Report: Operational

Legal Reference: Local Government Act 2002

Document ID: 760953

Reporting Officer/s & Unit: Caroline Thomson, Chief Financial Officer

6.1 Purpose of Report

To update the Committee on a number of legislative compliance reviews taking place.

At the Meeting

The Chief Financial Officer spoke to the report, noting that this piece of work involves a review of Council's funding Policy. A number of workshops have been arranged with Councillors to review 36 activities, to consider how they should be funded and whether current funding mechanisms should be reassessed. Prior to the 2019 Election, Council will decide on the approach they would like to take in relation to funding. It will then be up to the new Council to consider affordability and impacts on particular parts of the community. It was noted that this has been a slow process to date and that the last review was completed in 2001.

Committee's recommendation

Councillor Wise / David Pearson

The Audit and Risk Committee:

- a. Note the Legislative reviews being undertaken including the Rating review

Carried

7. ANNUAL PLAN 2019/20 (LATE REPORT)

Type of Report: Operational

Legal Reference: Local Government Act 2002

Document ID: 764372

Reporting Officer/s & Unit: Caroline Thomson, Chief Financial Officer

7.1 Purpose of Report

That the Committee review and provide feedback to Council on the Annual Plan 2019/20 prior to the final adoption on 28 June 2019.

At the Meeting

The Chief Financial Officer provided a brief overview of the report, highlighting the key changes from the draft Annual Plan 2019/20. It was noted that the key changes were made at the Council meeting held on 4 June 2019.

The Committee members were asked to provide any feedback to the Director Corporate Services as soon as possible to ensure that this could be considered by Council at the 28 June 2019 meeting, where the Annual Plan 2019/20 is scheduled to be adopted.

In response to questions regarding the Westshore revetment, it was noted that the funding decision was delayed by one year in order to give officers time to work through the process further with residents.

Committee's recommendation

Councillor Hague / David Pearson

The Audit and Risk Committee:

- a. Receive the Annual Plan 2019/20.
- b. Provide any feedback to Council on the Annual Plan 2019/20 prior to the final adoption on 28 June 2019.
- c. Receive the minutes of the Council meeting held on 4 June 2019.

Carried

GENERAL BUSINESS

The Director Corporate Services provided an update, following the request at the previous meeting, to look in to cyber-crime cover. There is now only one insurer remaining in the market. Officers are currently awaiting pricing and will report back to the Committee once this is received. It was noted that should a cyber-crime event take place in the meantime, Council would likely be covered under other existing Policies.

The Director Corporate Services also advised that she met with the tax advisors last week and confirmed that they will present their report to the Committee at the next meeting. It was noted that the tax advisors are also providing feedback to Council officers regarding payroll systems as an upgrade of this system is currently under consideration.

PUBLIC EXCLUDED ITEMS

Councillors Hague / Acting Mayor White

That the public be excluded from the following parts of the proceedings of this meeting, namely:

1. Judicial Review

Carried

The general subject of each matter to be considered while the public was excluded, the reasons 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 were 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(1) to the passing of this resolution.
1. Judicial Review	<p>7(2)(f)(ii) Maintain the effective conduct of public affairs through the protection of such members, officers, employees and persons from improper pressure or harassment</p> <p>7(2)(j) Prevent the disclosure or use of official information for improper gain or improper advantage</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> <p>(i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>

The meeting moved into Committee at 1.39pm.

Approved and adopted as a true and accurate record of the meeting.

Chairperson

Date of approval