
Audit & Risk Committee

OPEN MINUTES

Minutes of a Meeting of the Audit & Risk Committee held in Committee Room 1, Municipal Building, Garden Place, Hamilton on Tuesday 13 September 2016 at 1:30pm.

PRESENT

Chairperson	Mr Paul Connell
Members	Mr Tony Steele Her Worship the Mayor J Hardaker Cr A O’Leary Cr R Pascoe
In Attendance	Richard Briggs – Chief Executive David Bryant – General Manager Corporate Sean Hickey – General Manager Strategy & Communications Sean Murray – Executive Director H3 & Events Tracey Musty – Financial Controller Tracey Stevenson – Health and Safety Manager Mark Ebrey - Communication Advisor Andre Chatfield – Risk and Insurance Manager Nicolas Wells – Strategic Property Manager Emma Jones - PriceWaterhouseCoopers Yoonyoung Y Lee - PriceWaterhouseCoopers Leon Pieterse – Audit NZ Naude Kotze – Audit NZ
Committee Advisor	Mary Birch

1. Apologies

There were no apologies.

2. Confirmation of Agenda

Resolved: (Her Worship the Mayor Hardaker/Mr Steele)
That the Committee confirm the Agenda.

3. Declarations of Interest

No members of the Committee declared a Conflict of Interest.

4. Public Forum

Not required.

5. Audit and Risk Committee - Open Minutes - 8 June 2016

Resolved: (Her Worship the Mayors Hardaker/Cr O'Leary)

That the Committee confirm and adopt as a true and correct record the Open Minutes of the Audit and Risk Committee Meeting held on 8 June 2016.

6. Audit and Risk Committee - Open Action List - 13 September 2016

Resolved: (Mr Connell/Mr Steele)

That the Report be received.

7. Recommended dates for reports to be presented to Audit and Risk Committee

Resolved: (Mr Connell/Cr O'Leary)

That the Report be received.

8. Risk Management Report

General Manager Corporate and the Risk and Insurance Manager spoke to the Report. It was noted that there had been several workshops and that improvement had been seen throughout the organisation. The effectiveness of the report itself was discussed to ensure that it correctly reflected the amount of work that was being undertaken in this area.

Resolved: (Mr Steele/Cr Pascoe)

That the Report be received.

9. Organisation Improvement Programme Report

The Financial Controller introduced this Report. A significant number of outstanding items had been closed off during this reporting period. Additional information was requested in future Reports to reflect the expected timeframe for completion of actions.

Resolved: (Mr Connell/Cr O'Leary)

That the Report be received.

10. 2015/16 Health and Safety Annual Report

The Health and Safety Manager introduced the Report. The 2015/2016 results were mixed; whilst there had been a reduction in the number of injuries across Council, there had been an increase in severity.

The Health and Safety at work Act (2015) had come into effect and Council's system and processes had been updated to reflect the legislative changes.

The Waikato Local Authority Shared Services (LASS) Health and Safety Working Party had just launched the contractor pre-qualification scheme.

The Committee noted that the Report had been extremely well written and presented.

Resolved: (Cr O'Leary/Mr Steele)

That the Report be received.

11. Insurance Update

The Risk and Insurance Manager and General Manager Corporate spoke to the Report.

The Chief Executive was to re-circulate Blair Bowcott's previous insurance report to all Committee Members to provide additional context and background.

Resolved: (Her Worship the Mayor Hardaker/Mr Steele)

That the Report be received.

12. PWC Draft Internal Audit Plan

Resolved: (Mr Connell/Her Worship the Mayor Hardaker)

That:

- a) the Report be received; and
- b) the draft Internal Audit plan for FY16/17 is approved.

13. PWC Internal Audit Update

Resolved: (Her Worship the Mayors Hardaker/Cr Pascoe)

That the Report be received.

14. Internal Audit Update - Governance Reporting

General Manager Corporate introduced the report and provided an update on the work undertaken over the past year in response to PwC's final Report on Governance Reporting.

Resolved: (Mr Steele/Cr Pascoe)

That the Report be received.

15. Audit New Zealand Interim Management Report for 2015/16

Leon Pieterse and Naude Kotze – Audit NZ, highlighted that the key message was one of continuous improvement; the Organisational Improvements Plan and the Asset Management Improvement Plan were effective.

An appropriate communication plan was required to reflect this.

It was confirmed that although the expected completion date was June 2017, the required action regarding monthly reconciliations had already been undertaken.

It was reiterated that whilst the required work may have been completed, the item can only be signed off by the auditors.

Although it appeared that staff retained access to IS systems after leaving the organisation, there was no risk; actual access had been withdrawn and the appearance only related to the background of the underlying systems.

Considerable work had been undertaken in respect of the asset improvement programme.

The Committee requested that in future, staff provide a one page summary and short commentary on the status of each action.

Audit NZ was asked to consider how to compare HCC's performance with other territorial authorities.

Resolved: (Mr Connell/Mr Steele)

That the Report be received.

16. Annual Report 2015/2016 and Audit NZ Clearance

Leon Pieterse and Naude Kotze – Audit NZ confirmed that the Report had been prepared and was compliant with all applicable accounting standards; it fairly reflected the Council’s financial position for the year ended 30 June 2016. No significant issues had been identified.

The possible requirement for a forensic audit was discussed in detail. All information required by Audit NZ had been provided by staff in a timely manner; there were no material misstatements and that relevant staff, the Chair of the Finance Committee and Chair and External Member of the Audit and Risk Committee were all qualified chartered accountants. The General Manger Corporate and the Financial Controller were both new to the organisation and had not discovered any irregularities. This, coupled with the Fitch rating and the robust discussions between Audit NZ and staff that took place on a regular basis, ensured the relevant checks and balances were in place.

A media release was required to allay any public concerns during the election period.

Resolved: (Mr Connell/Mr Steele)

That:

- a) the Report be received; and
- b) the Audit and Risk Committee recommends to Council the adoption of the Annual Report 2015/16, subject to the wording and presentation changes discussed.

17. Resolution to Exclude the Public

Resolved: (Mr Connell/Cr O’Leary)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Audit and Risk Committee - Public Excluded Minutes - 8 June 2016) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Audit and Risk Committee - Public Excluded Action List - 13 September 2016) Official Information and Meetings Act 1987	
C3. Overdue Debtor - Review of Account		

C4. Investigation of Fraudulent
Transactions Involving HCC
Purchasing Card

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to maintain legal professional privilege	Section 7 (2) (g)
Item C4.	to protect the privacy of natural persons	Section 7 (2) (a)

The Meeting moved in a Public Excluded session (4.50pm to 5.40pm).

The Meeting was declared closed at 5:40pm.