



# MINUTES

## Audit and Risk Committee Meeting

11 March 2019

**MINUTES OF WAIMATE DISTRICT COUNCIL  
AUDIT AND RISK COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, WAIMATE DISTRICT COUNCIL, 125 QUEEN STREET,  
WAIMATE ON MONDAY 11 MARCH 2019, COMMENCING AT 9.05AM**

**PRESENT:** Chair Stephen Halliwell, Cr Sheila Paul, Mayor Craig Rowley, Cr David Anderson, Cr Jakki Guilford

**APOLOGIES:** Cr David Anderson (for early departure)

**IN ATTENDANCE:** Cr Tom O'Connor

Stuart Duncan (Chief Executive), Paul Cooper (Regulatory and Compliance Group Manager), Carolyn Johns (Community and Strategy Group Manager), Tina Stevenson (Corporate Services Group Manager), Melissa Thomson (Accountant), Karalyn Reid (Committee Secretary)

## OPENING

### 1 APOLOGIES

It was noted that Cr David Anderson would leave the meeting early.

### 2 VISITORS

Council's auditors – 9.30am

### 3 CONFLICTS OF INTEREST

Chair Stephen Halliwell noted that he didn't consider any conflict of interest around his association with two items on the agenda relating to Alpine Energy and Downlands Water Scheme arising from his contract with the Timaru District Council.

### 4 IDENTIFICATION OF MAJOR (URGENT) OR MINOR ITEMS NOT ON THE AGENDA

Nil.

## MINUTES

### 5 CONFIRMATION OF MINUTES

#### 5.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 3 DECEMBER 2018

##### COMMITTEE RESOLUTION 2019/1

Moved: Cr David Anderson

Seconded: Cr Sheila Paul

That the Minutes of the Audit and Risk Committee Meeting held on 3 December 2018 be received and the recommendations therein be adopted, with the below amendment.

**CARRIED**

##### Amendment:

Item3 - Conflicts of Interest: That an 's' be added to Chief Executive.

**REPORTS****6 GENERAL REPORTS****6.1 HUMAN RESOURCES AND HEALTH AND SAFETY REPORT****COMMITTEE RESOLUTION 2019/2**

Moved: Cr Jakki Guilford  
Seconded: Cr David Anderson

That the Human Resources and Health and Safety Report is accepted.

**CARRIED****6.3 COUNCIL'S POLICY STATUS****COMMITTEE RESOLUTION 2019/3**

Moved: Cr David Anderson  
Seconded: Cr Jakki Guilford

That the Council's Policy Status report is accepted.

**CARRIED****6.4 CYBER SECURITY PROJECT UPDATE**

The Audit and Risk Committee were updated on progress with the Cyber Security Project.

**COMMITTEE RESOLUTION 2019/4**

Moved: Mayor Craig Rowley  
Seconded: Cr Sheila Paul

That the Cyber Security Project Update Report is accepted.

**CARRIED****6.9 2018/19 MAJOR PROJECT UPDATE**

The Audit and Risk Committee were updated on major projects.

**COMMITTEE RESOLUTION 2019/5**

Moved: Cr Jakki Guilford  
Seconded: Mayor Craig Rowley

That the 2018/19 Major Project Update report is accepted.

**CARRIED**

**6.2 AUDIT NZ VISIT - DISCUSSION - 9.30AM**

Associate Audit Director Dereck Ollsson and Audit Manager Debbie Bradfield entered the meeting and participated in Agenda Items: 6.5 and 6.8.

Item - 6.3 Council's Policy Status - was moved to another part of the document.

Item - 6.4 Cyber Security Project Update - was moved to another part of the document.

**6.5 AUDIT NEW ZEALAND MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2018**

The Audit and Risk Committee received the Audit New Zealand Management Report on the audit of Waimate District Council for the year ended 30 June 2018.

Council's Auditors were in attendance.

**COMMITTEE RESOLUTION 2019/6**

Moved: Mayor Craig Rowley

Seconded: Cr David Anderson

That the Audit New Zealand Management Report for the year ended 30 June 2018 report is accepted.

**CARRIED**

**Notes:**

The Associate Audit Director gave a summary of last year's annual audit.

Clarification was sought on the recommendation that Council obtain its own valuation for shares in Alpine Energy. Mr Ollsson clarified that a single valuation for all Councils could be obtained.

**6.8 AUDIT NEW ZEALAND ENGAGEMENT & ARRANGEMENTS**

The Audit and Risk Committee considered the terms of the auditor's appointment and engagement.

Council's Auditors were in attendance.

**COMMITTEE RESOLUTION 2019/7**

Moved: Cr Jakki Guilford

Seconded: Cr Sheila Paul

1. That the 'Audit New Zealand Engagement & Arrangements' report is accepted; and
2. That the Audit and Risk Committee confirms Audit New Zealand's Audit Plan for the year ending 30 June 2019, with minor amendments.

**CARRIED**

**Notes:**

There was discussion around a new focus area of 'bribery and corruption'. This will be initially introduced by looking at Council's policies and it was noted that Council are currently reviewing their Fraud Policy which includes staff training.

It was noted in the Audit Plan that Audit will be reviewing the Downlands Water Scheme and Council's potential change in accounting treatment. Council's Corporate Services Manager will look

into options.

A discussion was held on the changes Audit are undertaking to alleviate workload at various times of the year, with the Audit and Risk Committee requesting that Audit are sensitive to Council's Finance team and work expectations.

In the 'Reporting Protocols', 'Reports to Council' section it was proposed to remove the reference to Council in the first line so that the timing of the reporting to Council was clear. The references to 'The Board' were to be replaced with 'Council'.

From feedback from the previous Audit, the Chair of the Audit and Risk Committee asked for improved communication, particularly around rationales, and a review of processes.

The value in reporting of variances from the draft Annual Report provide to Audit at the start of the audit to the final audited Annual Report was discussed. The Committee did not consider this relevant governance level report and that, if necessary, it should be reported separately to the Chief Executive. The Committee understands the significance of changes and its impact on the cost of the audit.

At 10:20 am, Cr David Anderson left the meeting.

Derek introduced Audit Manager Debbie Bradfield.

It was noted that the below Council Resolution 2018/33 from the meeting on 3 December 2018 is no longer required and that the decision be noted and resolution finalised.

*"That the Chief Executive invites the Chief Executive of Audit NZ and the Assistance Auditor General (Local Government) to a meeting comprising of the Chair of the Audit and Risk Committee, Mayor and the Chief Executive at the earliest convenient time in the New Year."*

Council's auditors left the meeting at 10.30am.

## **6.6 AUDIT AND RISK MANAGEMENT REPORT**

### **COMMITTEE RESOLUTION 2019/8**

Moved: Mayor Craig Rowley

Seconded: Cr Jakki Guilford

That the Audit and Risk Management Report is accepted.

**CARRIED**

**6.7 EXTERNAL AUDIT RECOMMENDATIONS PROGRESS UPDATE TO 1 MARCH 2019****COMMITTEE RESOLUTION 2019/9**

Moved: Cr Jakki Guilford

Seconded: Mayor Craig Rowley

That the External Audit Recommendations Progress Update to 1 March 2019 report is accepted.

**CARRIED****Notes:**

1. The Audit and Risk Committee agreed to close 'Conflicts of interest'.
2. The Audit and Risk Committee agreed to close 'Documentation of financial reporting and internal control processes'

Item - 6.8 Audit New Zealand Engagement & Arrangements - has been moved to another part of the document.

Item - 6.9 2018/19 Major Project Update - has been moved to another part of the document.

**PUBLIC EXCLUDED****7 EXCLUSION OF THE PUBLIC REPORT****RESOLUTION TO EXCLUDE THE PUBLIC****COMMITTEE RESOLUTION 2019/10**

Moved: Mayor Craig Rowley

Seconded: Cr Sheila Paul

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:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>7.1 - Public Excluded Minutes of the Audit and Risk Committee Meeting held on 3 December 2018</b>	s6(a) - the making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	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
<b>7.2 - Key Risk Register - March 2019 Update</b>	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	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

	making available of the information would be likely otherwise to damage the public interest	
<b>CARRIED</b>		

**8 RE-ADMITTANCE OF THE PUBLIC REPORT**

<p><b>COMMITTEE RESOLUTION 2019/11</b>                  Moved: Mayor Craig Rowley                  Seconded: Cr Sheila Paul                  That Council moves out of Closed Council into Open Council.</p> <p style="text-align: right;"><b>CARRIED</b></p>
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**MEETING CLOSURE**

There being no further business, the Chair closed the meeting at 10.55am.

The minutes of this meeting are to be confirmed at the Audit and Risk Committee Meeting scheduled on 10 June 2019.

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**CHAIRPERSON**