



Minutes

of the

Audit Committee

Ordinary Meeting

Date 30 May 2016
Venue Council Chamber
515 Mackay Street
Thames

Present

LA Fox (Chairperson)

MK McLean JP
HD Bartley
PA Brljevich
P Jones

In attendance

David Walker, Steve Baker, Donna Holland, Michelle Baker, Michael Dobie, Angela Jane, Bruce Hinson, Barry Smedts

Meeting commenced 9:01am

Adjournment	Start	Finish	Reason
Chairperson Fox	10:27	10:45	Morning tea
Chairperson Fox	11:05	11:13	Fire drill evacuation
Chairperson Fox	12:11	12:56	Lunch

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1 Meeting conduct

1.1 Apologies

No apologies were received.

1.2 Public forum

No public spoke in the public forum.

1.3 Items not on the agenda

No additional items were added to the agenda.

1.4 Conflict of interest

No conflicts of interest were declared.

1.5 7 March 2016 - Audit Committee minutes for confirmation

25/16
AC

Resolved

That the Audit Committee confirms the minutes of the meeting held on 7 March 2016 as a correct record of proceedings.

Moved/seconded by: McLean/Fox

2 Audits and reviews

2.1 May 2016 - Audit New Zealand LTP audit recommendations action schedule

Staff noted that the asset management planning and policy framework for asset management actions were yet to be completed and these would keep being updated until the underground works and strategy was completed.

26/16
AC

Resolved

That the Audit Committee:

1. Receives the 'May 2016 - Audit New Zealand Long Term Plan Audit Action Schedule' report dated 11 May 2016.
2. Notes the progress made to date; and
3. Confirms that the following items indicated as complete be removed from the action schedule:
 - Infrastructure Strategy - 7/3/16
 - Economic Development - 7/3/16
 - PBE IPSAS 23: Non-exchange revenue - 7/3/16
 - Data flow from asset management plans to the financial model - 7/3/16
 - Check sheet errors - 7/3/16

Moved/seconded by: Jones/Fox

2.2 May 2016 - Audit New Zealand Annual Report audit action schedule

Staff explained that the contract management review had been completed by the internal auditors. Staff were working with them to finalise the report which would be brought to the 18 July 2016 Audit Committee meeting.

27/16
AC

Resolved

That the Audit Committee:

1. Receives the 'May 2016 - Audit New Zealand Audit Action Schedule' report dated 11 May 2016
2. Notes the progress made to date; and
3. Confirms that the following items indicated as complete be removed from the action schedule:
 - Legislative compliance process (IMR - 2014) - 2/3/15
 - Payroll reconciliations (IMR - 2015) - 7/3/16
 - Rates error for 2015/16 (MR - 2015) - 7/3/16
 - Rubbish bag inventory (MR - 2015) - 7/3/16
 - Suspense account reconciliations (MR - 2015) - 7/3/16

Moved/seconded by: Brljevich/Jones

2.3 TaxTeam PAYE compliance review recommendations action schedule

The Committee raised concerns around why the dates were being pushed out and what were the consequences. Staff explained that those urgent issues raised as part of this review had been completed and those which were not urgent were further down the team's priority list.

28/16 Resolved

AC That the Audit Committee receives the 'TaxTeam PAYE compliance review recommendations action schedule' report, dated 16 May 2016 and notes the progress made to date.

Moved/seconded by: Fox/Brljevich

2.4 KPMG Internal Audit Plan

29/16 Resolved

AC That the Audit Committee receives the 'KPMG Internal Audit Plan' report, dated 4 May 2016.

Moved/seconded by: McLean/Bartley

3 Risk management

3.1 May 2016 Audit Committee action schedule

30/16 Resolved

AC That the Audit Committee receives 'May 2016 Audit Committee action schedule' report, dated 6 May 2016 and notes the progress made to date.

Moved/seconded by: Fox/Jones

3.2 Council Risk Strategy - March 2016 update

Staff tabled the draft Thames-Coromandel District Council Risk Appetite Statement (ECM reference #4313043).

KPMG attended the meeting via teleconference to speak to the tabled draft statement. KPMG explained the document was to provide guidance to staff on where they could and could not take risk based on the appetite of the Council. KPMG suggested the Risk Appetite Statement should be formally reviewed annually or more often as needed. Some organisations reviewed it every meeting to keep it front of people's minds.

The Committee requested that a footnote be added to explain Council had budget to amend budgets throughout the year. The Committee also asked that the Health and Safety Policy be added to the people section, given where these appetites were set they need to be reflected in the underlying policies.

KPMG responded to the following Committee's queries:

- Given innovation was one of the Council's values, how do we link that to the appetite without eliminating innovation?
The general statement reflected that although the Council had a low appetite to risk they also recognised that to foster innovation a moderate approach should be taken. Also the risk appetite statement was not intended to hinder innovation but to create a starting point for a conversation around how to proceed in situations given Council's appetite for risk.
- Should the risk for "people" as per the appetite statement reflect that a moderate level be the industry average with low being 0.8% turnover for low?
The levels were taken out of the criteria; however the Committee might like to further consider where this level should see and what is a reflection of moderate and low for their appetite. The Committee could consider a different measure that incorporated the Council history and current turnover rates.

The draft Risk Appetite Statement would be brought to the next Council meeting with KPMG to attending.

31/16 Resolved

AC That the Audit Committee receives the 'Council Risk Strategy - March 2016 update' report, dated 16 May 2016.

Moved/seconded by: Fox/Brljevich

4 Audit Committee work programme

4.1 Non-financial organisational performance report - Quarter three - 1 July 2015 to 31 March 2016

The Committee discussed the current limitations of the mandatory Department of Internal Affairs measures.

It was suggested that the local Member of Parliament Scott Simpson to an Audit Committee meeting to hear the Committee's concerns as the Local Government and Environment Committee to address at a central government level. The Committee would need to discuss what issues they would like to and present to him before the meeting.

32/16 Resolved

AC That the Audit Committee:

1. Receives the 'Non-financial organisational performance report - Quarter three - 1 July 2015 to 31 March 2016' report, dated 4 May 2016.
2. Recommend to Council that the local Member of Parliament Scott Simpson be invited to the next Audit Committee meeting in his capacity as Chair of the Local Government and Environment Committee.

Moved/seconded by: McLean/Jones

4.2 Council Controlled Organisation draft Statement of Intent and six monthly reports

33/16
AC **Resolved**
That the Audit Committee:

1. Receives the report and the staff comments on the six-monthly reports and the 2016/17 draft Statement of Intents from Local Government Funding Agency and Local Authority Shared Services; the six monthly report to shareholders for the period to 31 December 2015 and the Draft Statement of Intent 2016/17 of Local Authority Shared Services Limited; and the six monthly report to shareholders for the period to 31 December 2015 and the Draft Statement of Intent 2016/17 of the New Zealand Local Government Funding Agency Limited.
2. Approves, the draft letter attached as Appendix F, being Council's comments on the Draft Statement of Intent 2016/17 of the Local Authority Shared Services.
3. Approves the draft letter attached as Appendix G, being Council's comments on the Draft Statement of Intent 2016/17 of the Local Government Funding Agency.

Moved/seconded by: Fox/Bartley

4.3 Financial report for the ten month period ended 30 April 2016

The Committee requested a high level analysis of renewals to show what we compared to the renewal value be brought as part of the next financial report.

34/16
AC **Resolved**
That the Audit Committee receives the '30 April 2016 - Financial report for the ten month period ended' report dated

Moved/seconded by: Fox/Bartley

4.4 Members' reports

Councillor Fox

- Risk to Council where we have consents or structure plans where the conditions are not or have not been met.
- Total review of rates and revenue policy - particularly ED component

35/16
AC **Resolved**
That the Audit Committee receives Tony Fox's Members' Reports.

Moved/seconded by: McLean/Bartley

5 Public excluded

36/16
AC

Resolved

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

Item	General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) Under Section 48(1) for the Passing of the Resolution
5.1	Public excluded - 7 March 2016 - Audit Committee minutes for confirmation	<p>(7)(2)(c)(i) – 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 to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.</p> <p>(7)(2)(g) – Maintain legal professional privilege.</p> <p>7(2)(b)(ii) – Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>(7)(2)(h) – Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p> <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>(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>(48)(1)(a)(i) – 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. Where the local authority is named or specified in the First Schedule to this Act, under section 6 or section 7 (except section 7(2)(f)(i) of this Act.</p>
5.2	Council Risk and Issues Register -May 2016 update	<p>(7)(2)(g) – Maintain legal professional privilege.</p> <p>(7)(2)(c)(i) – 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 to prejudice the supply of similar information, or information from the same source, and it is in the</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>

		public interest that such information should continue to be supplied.	
5.3	Public Excluded - Updated after 7 March 2016 - Audit Committee Action Schedule	(7)(2)(c)(i) – 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 to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.	(48)(1) – Subject to subsection (3) of this section, a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on one or more of the following grounds: (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.
5.4	KPMG Risk Management Framework Review Recommendations Action Schedule.	(7)(2)(c)(i) – 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 to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied. (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. (7)(2)(h) – Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	(48)(1)(a)(i) – 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. Where the local authority is named or specified in the First Schedule to this Act, under section 6 or section 7 (except section 7(2)(f)(i) of this Act.
5.5	May 2016 - KPMG Procurement Review Recommendations Action Schedule	(7)(2)(c)(i) – 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 to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied. (7)(2)(f)(ii) - Maintain the effective conduct of public	

		<p>affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment.</p> <p>(7)(2)(h) – Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p>	
5.6	Council Risk and Issues Register - Update May 2016	(7)(2)(g) – Maintain legal professional privilege.	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.
5.7	Project status update request - 30 April 2016	(7)(2)(c)(i) – 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 to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.	
5.8	Briefing on the October 2015 Funding and Interest Rate Strategy	(7)(2)(i) – Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	(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.

Moved/seconded by: Fox/McLean

37/16
AC **Resolved**

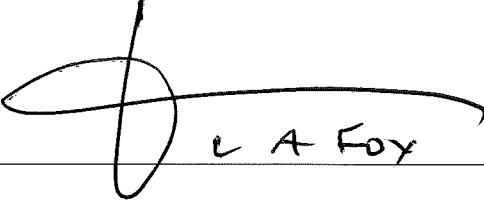
That the public be re-admitted to the meeting and resolutions taken with the public excluded be confirmed in the public session except for the following items which are to remain in the Public Excluded Minute Book.

Item	Description
5.1	Public excluded - minutes
5.2	Public excluded - Corporate risk register
5.3	Public excluded - Audit Committee action schedule
5.4	Public excluded - KPMG risk management framework review recommendations action schedule
5.5	Public excluded - KPMG procurement review recommendations action schedule
5.6	Public excluded - project status request
5.8	Public excluded - briefing on the May 2016 Funding and Interest rate strategy

Moved/seconded by: Fox/Brljevich
Mclean/Jones

Meeting closed at 2:15pm

The foregoing minutes were certified as being a true and correct record of the meeting of the Audit Committee held on 30 May 2016.

Chairperson  Date 17 August 2016