



# **Minutes**

of the

## **Audit and Risk Committee**

### **Ordinary Meeting**

|       |  |
|-------|--|
| Date  | 12 March 2019                                  |
| Venue | Council Chamber<br>515 Mackay Street<br>Thames |

#### **Present**

LA Fox, HD Bartley, S Peters, MK McLean JP, B Robertson

#### **In attendance**

##### **Name**

Ariana Hay, Paul Davies, Pieter Labuschagne, Karl Dudley, Donna Holland, Bruce Hinson, Mohammed Imtiaz, Scott Summerfield and Ashleigh Howard.

|                          |       |
|--------------------------|-------|
| <b>Meeting commenced</b> | 09:00 |
|--------------------------|-------|

---

## **Table of contents**

---

| <b>Item Business</b>   | <b>Page No.</b> |
|--|-----------------|
| <b>1 Meeting conduct</b>   | <b>3</b>        |
| 1.1 Apologies  | 3               |
| 1.2 Public forum   | 3               |
| 1.3 Items not on the agenda  | 3               |
| 1.4 Conflict of interest   | 3               |
| 1.5 Minutes for confirmation   | 3               |
| <b>2 Reports</b>   | <b>4</b>        |
| 2.1 Audit and Risk Committee – Terms of Reference                                    | 4               |
| 2.2 2018-2019 Quarter Two – non financial performance results                        | 4               |
| 2.3 Workplace Safety and Wellbeing report  | 5               |
| 2.4 Potential Climate Change Impacts for Council                                     | 5               |
| <b>3 Audits and Reviews</b>  | <b>6</b>        |
| 3.1 Audit New Zealand report to Council on the audit for the year ended 30 June 2018 | 6               |
| 3.2 Audit New Zealand Audit Plan for the year ending 30 June 2019                    | 6               |
| 3.3 Internal audit issues progress report  | 6               |
| 3.4 Enterprise Risk Management direction   | 7               |
| 3.5 Fraud Policy   | 7               |
| 3.6 TCDC Insurance strategy  | 7               |
| <b>4 Members' Reports</b>  | <b>7</b>        |
| <b>5 Public excluded</b>   | <b>8</b>        |

## 1 Meeting conduct

---

### 1.1 Apologies

An apology was received from Councillor Terry Walker.

1/19  
ARC **Resolved**  
That the Audit and Risk Committee receives the apology from Councillor Terry Walker.

**Moved/seconded by:** Mclean/Peters

### 1.2 Public forum

Denis Tegg spoke to item 2.4 Potential Climate Change report. He tabled information addressing the challenges of climate change, this included information on reducing global greenhouse emissions and the rate of sea level rise. Mr Tegg noted that the Intergovernmental Panel on Climate Change (IPCC) report addressed the urgency of the problem. He noted his concerns that the staff recommendation did not go far enough and suggested that staff investigate how other councils responded and acknowledged climate change.

John Leeman suggested some activities and initiatives that council could be undertaking to reduce emissions. He noted that the use of solar powered installations was one way to contribute to the reduction of greenhouse gas emissions. He requested that the Committee consider installations within council owned buildings. Mr Leeman also suggested that the use of electric vehicles be implemented in the council fleet. He noted a few organisations that were trialling these vehicles. Mr Leeman noted there were significant benefits for using these vehicles including a reduction in carbon by 80%.

2/19  
ARC **Resolved**  
That the Audit and Risk Committee receives Denis Tegg and John Leeman as speakers in the public forum.

**Moved/seconded by:** Peters/Robertson

### 1.3 Items not on the agenda

No further items were added to the agenda.

### 1.4 Conflict of interest

No conflicts of interest were declared.

### 1.5 Minutes for confirmation

3/19  
ARC **Resolved**  
That the Audit and Risk Committee confirms the minutes for the Audit and Risk Committee meeting held on 20 November 2018 as a true and correct record of proceedings.

**Moved/seconded by:** Fox/Peters

## 2 Reports

---

### 2.1 Audit and Risk Committee – Terms of Reference

The Committee recommended that two changes be included to further refine the terms of reference.

**4/19 Resolved**

**ARC**

That the Audit and Risk Committee:

1. Receives the 'Audit and Risk Committee Terms of Reference' report, dated 11 February 2019.
2. Recommends to Council to revise the Audit and Risk Committee's Terms of References for the 2019 election term to include the suggested revisions in Attachment A to the agenda report with the following amendments:
  - Move *'Review triennially the Audit and Risk Committee's terms of reference which confirms the authority, independence and scope of the function'* under the Risk management heading.
  - Under Statutory Reporting remove the word financial before performance *Review and monitor the integrity of the interim and annual report including statutory financial statements and any other formal announcements relating to the Council's ~~financial~~ performance, focussing particularly on:*

**Moved/seconded by:** Fox/Peters

### 2.2 2018-2019 Quarter Two – non financial performance results

The Audit and Risk Committee was provided with an update on the non-financial performance results. The Committee queried if the urgent work for wharves had been completed to manage any health and safety risks. Bruce Hinson, Infrastructure Group Manager noted that all critical work had been completed.

**5/19 Resolved**

**ARC**

That the Audit and Risk Committee receives the '2018 – 2019 Quarter two – Non financial results' report, dated February 2019.

**Moved/seconded by:** Fox/McLean

## **2.3 Workplace Safety and Wellbeing report**

The Audit and Risk Committee was provided with an update on the management of health and safety risk at Council in accordance with the Health and Safety at Work Act 2015.

Mr Robertson questioned what work had been undertaken to mitigate risks for lone workers, The Committee was informed that emergency buttons were installed in Council vehicles but rely on cellular coverage to transmit. The cost of cellular and satellite devices was being investigated.

- 6/19**  
**ARC** **Resolved**  
That the Audit and Risk Committee receives the 'Workplace Safety and Wellbeing' report, dated 20 February 2019.

**Moved/seconded by:** Fox/Peters

Meeting adjourned between 10:37am -10.51am.

## **2.4 Potential Climate Change Impacts for Council**

The Audit and Risk Committee was asked to recommend to Council to direct the Chief Executive to continue to work with central government agencies.

- 7/19**  
**ARC** **Resolved**  
That the Audit and Risk Committee:
1. Receives the 'Potential Climate Change Impacts for Council' report, dated 1 March 2019.

**Moved/seconded by:** Fox/McLean

Councillor Peters tabled a proposed motion with supporting information.

Mr Robertson noted that the Committee's role was to identify risk and requested a broader review of the actions currently undertaken. Councillor Peters advised that he would be satisfied to have the inclusion of investigating the reduction of green house gases. He noted the Council should have an action plan to respond to climate change.

- 8/19**  
**ARC** **Resolved**  
That the Audit and Risk Committee:
1. Notes that the Audit and Risk Committee is conscious of the risk to its community and assets of the effects of climate change.
  2. Requests staff provide a broader review of actions currently being undertaken to mitigate climate driven-risks, their status and a scan of how other councils are responding to the risk challenge and the reduction of greenhouse gases.
  3. Recommends to Council to direct the Chief Executive to continue to work with central government agencies on matters as they relate to the appropriate responses to the impacts of climate change of the district.

**Moved/seconded by:** Robertson/McLean

## 3 Audits and Reviews

---

### 3.1 Audit New Zealand report to Council on the audit for the year ended 30 June 2018

Mr Robertson queried the work required to address the recommendation regarding response to service requests for water and wastewater. Staff noted that work continued with Veolia to ensure independent systems were put in place to monitor the services.

Chairperson Fox requested a list of Council policies and review dates.

9/19  
ARC

#### **Resolved**

That the Audit and Risk Committee receives the 'Audit New Zealand report to Council on the audit for the year ended 30 June 2018' report, dated 18 February 2019.

**Moved/seconded by:** Fox/Bartley

### 3.2 Audit New Zealand Audit Plan for the year ending 30 June 2019

The Audit and Risk Committee was asked to approve the draft audit plan. The Committee requested a meeting closer to the elections to recommend adoption of the completed Annual Report to the new term of Council.

10/19  
ARC

#### **Resolved**

That the Audit and Risk Committee:

1. Receives the 'Audit New Zealand draft Audit Plan for the year ending 30 June 2019' report, dated 21 February 2019.
2. Approves the draft Audit Plan for the year ending 30 June 2019 for finalisation.

**Moved/seconded by:** Fox/Robertson

### 3.3 Internal audit issues progress report

The Audit and Risk Committee was updated on the internal audit issues progress.

11/19  
ARC

#### **Resolved**

That the Audit and Risk Committee receives the 'Internal audit issues progress' report, dated 27 February 2019.

**Moved/seconded by:** Fox/Peters

### 3.4 Enterprise Risk Management direction

The Audit and Risk Committee was provided with an update on the Enterprise Risk Management direction.

- 12/19  
ARC **Resolved**  
That the Audit and Risk Committee receives the 'Enterprise Risk Management Direction' report, dated 26 February 2019.

**Moved/seconded by:** Fox/Bartley

### 3.5 Fraud Policy

The Audit and Risk Committee was asked to adopt the Fraud Policy. The Committee requested that the External Advisor and Chairperson be advised of any cases or suspected cases of fraud. The staff agreed to make an inclusion to the policy.

- 13/19  
ARC **Resolved**  
That the Audit and Risk Committee:
1. Receives the 'Fraud Policy' report, dated 28 February 2019.
  2. Adopts the updated Fraud Policy as Attachment A to the agenda report with the addition of:  
4.19. Upon receiving information about a suspected fraud, the Fraud Complaint Manager will as soon as possible notify the External Advisor and Chairperson of the Audit and Risk Committee.

**Moved/seconded by:** Fox/Robertson

### 3.6 TCDC Insurance strategy

The Audit and Risk Committee was asked to endorse the Insurance Strategy.

- 14/19  
ARC **Resolved**  
That the Audit and Risk Committee:
1. Receives the 'TCDC Insurance Strategy' report, dated 21 February 2019.
  2. Endorses the Insurance Strategy as included as Attachment A to the agenda report.

**Moved/seconded by:** Fox/McLean

## 4 Members' Reports

---

Mr Robertson advised the Committee on conflict of interest particularly between the formal meetings where perception of bias can be perceived.

Councillor Bartley noted that climate change should be approached with caution.

Chairperson Fox noted that he would be attending the 'Improving Trust and Confidence in the Public Sector' briefing which would include an update from the Auditor-General in early April.

15/19 **Resolved**  
 ARC That the Audit and Risk Committee receives the Members' reports.

Moved/seconded by: Peters/Bartley

## 5 Public excluded

16/18 **Resolved**  
 ARC That the public be excluded from the following parts of the proceedings of this meeting namely:

| <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(1) for the passing of the resolution</b>  |
|---|--|---|
| 5.1 – Audit and Risk Committee – public excluded minutes for confirmation | <b>(7)(2)(g)</b> – Maintain legal professional privilege.<br><br><b>(7)(2)(c)(i)</b> – 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. | <b>(48)(1)(a)</b> – 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. |
| 5.2 Corporate risks and issues  | <b>(7)(2)(g)</b> – Maintain legal professional privilege.<br><br><b>(7)(2)(c)(i)</b> – 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. |   |
| 5.3 Contract negotiations   | <b>(7)(2)(h)</b> – Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.  |   |

Moved/seconded by: Fox/McLean



20/19  
DC

**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.

| <b>Item</b> | <b>Description</b>                       |
|-------------|--|
| 5.1         | Public excluded minutes for confirmation |
| 5.2         | Corporate risks and issues               |
| 5.3         | Contract negotiations                    |

**Moved/seconded by:** Peters/Bartley

**Meeting closed at:** 12:02pm

The foregoing minutes were certified as being a true and correct record of the meeting of the Audit and Risk Committee held on 12 March 2019.

**Chairperson** \_\_\_\_\_ **Date** \_\_\_\_\_