



Rangitikei District Council

Audit/Risk Committee Meeting

Order Paper – Monday 7 December 2015 – 2:00 p.m.

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At its meeting of 28 October 2010 Council resolved that ‘The quorum at any meeting of a standing committee or sub-committee of the Council (including Te Roopu Ahi Kaa, the Community Committees, the Reserve Management Committees and the Rural Water Supply Management Sub-committees) is that required for a meeting of the local authority in SO 2.4.3 and 3.4.3.’ These Standing Orders were confirmed for the 2013-16 triennium by Council on 31 October 2013.

The quorum for the Audit/Risk Committee is 3.

1 Council Prayer

2 Welcome

3 Apologies/Leave of Absence

4 Confirmation of order of business

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting,be dealt with as a late item at this meeting.

5 Confirmation of minutes

Recommendation

That the Minutes of the Audit/Risk Committee meeting held on 1 September 2015 be taken as read and verified as a true and correct record of the meeting.

6 Council decisions on recommendations from the Committee

At its meeting on 1 October 2015, Council confirmed the following recommendation from the Committee:

15/ARK/001

That the Audit/Risk Committee recommends to Council that the Committee's approved terms of reference be adopted subject to the addition of an annual review of its terms of reference and delegations.

7 Office of the Auditor General – Audit Committee – principles and what works

An outline presentation from the Chair is attached, as the basis for consideration by the Committee of issues raised by the Auditor General.

Recommendations

1. That the presentation 'Office of the Auditor General – Audit committees – principles and what works' be received.
2. That.....

8 Further considerations on the Council's approach to risk

File: 5-PO-1-3

A report is attached

Recommendations

1. That the report 'Further considerations on the Council's approach to risk' be received.
2. That the proposed update of 'Council's strategic approach to risk - policy and implementation of a risk management framework' [as amended/without amendment] be adopted.
3. That the Audit/Risk Committee –
 - a. adopts the draft revised risk management framework [as amended/without amended] for the period 1 January 2016 to 30 June 2017, and
 - b. requests the Chief Executive to detail the proposed actions for the areas of unacceptable risk to the next meeting of the Committee.

9 Audit for 2014/15

File: 5-EX-2-4; 5-FR-1

The draft final management report (with proposed management responses) from the Council's auditors is attached.

Recommendations

1. That the draft final management audit report for 2014/15 and proposed management responses be received.
2. That the Chief Executive provides a progress update on outstanding issues raised in the management report from the Council's auditors for 2014/15 to the first meeting of the Audit/Risk Committee in 2016.

10 Internal Audit

File: 5-EX-2-6

During the past two years, the Council has shared in an internal audit resource established through MW LASS. Major reviews conducted for Rangitikei so far by the Internal Auditor (Tony Stanley) have been the review of procurement practices and the policy and procedures over setting (and collecting) fees and charges. In addition, the Internal Auditor has had oversight over sensitive procurement projects, most recently evaluation of tenders for the Council's street-lighting maintenance contract.

Tony Stanley will be in attendance to provide an overview of his work today and present his proposed work plan for the coming year. Half-year progress updates will be included on the relevant Committee agenda.

Recommendations

1. That the proposed Internal Audit work plan for 2016 be received
2. That the Audit/Risk Committee endorse (as amended/ without amendment] the proposed Internal Audit work programme for the Rangitikei District Council

11 Implementing a Council Controlled Organisation – perspective from the Auditor-General

File: 3-OR-5-3

In October 2015 the Office of the Auditor-General published *Governance and accountability of council-controlled organisations*. This is attached.

“Council-controlled organisations (CCOs), one of the features of the Local Government Act 2002 when first enacted, give a local authority the opportunity to engage people with the right skills and experience to focus on operating a business or other undertaking on behalf of the authority. The challenge is that the local authority remains accountable to its community for the CCO's performance. However, despite the name "council-controlled", CCOs are most successful where the local authority seeks to influence rather than control the CCO. CCOs operate best at arm's length from the local authority.”

The view formed from research for this paper is that a CCO's success depends largely on an effective relationship between the CCO and its local authority. Clarity of purpose for the CCO, appointing the “right people” and meeting the statutory requirements for monitoring and accountability matter too.

A particular challenge in the current feasibility investigation of a CCO for infrastructure services (to largely replace the current shared services with Manawatu District Council) is the accountability to two local authorities.

The Committee may wish to make recommendations to the Governance Investigation Group.

Recommendation

That, with respect to the investigation of the feasibility of a Council Controlled organisation for infrastructure services in the Manawatu and Rangitikei Districts, the Audit/Risk Committee recommends that

12 Issues in giving effect to the Health and Safety at Work Act 2015.

File: 5-HR-8

The Act comes into effect on 1 April 2016. Council management have been using its staff Health and Safety Committee to take a lead in increasing awareness of the new provisions throughout the organisation and taken steps to secure training about the new statutory requirements for officers, which is the focus of a Q&A posting on the Worksafe website: this is attached for the Committee's information, together with the summary report from the Committee, 30 November 2015.

13 Agenda planning

At its last meeting, the Committee decided that it would address one of the following topics at its next meetings:

- Investigation into the establishment of an infrastructure services Council Controlled Organisation
- Considerations for joint venture engagement
- Project management procedures
- Internal Audit programme (*on this meeting agenda*)

14 Late items

15 Future items for the agenda

16 Next meeting

to be determined

17 Meeting closed