



Rangitikei District Council

Audit/Risk Committee Meeting

Minutes – Friday 3 June 2016 – 9:30 a.m.

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Present: Mr Craig O'Connell
Cr Dean McManaway
Cr Nigel Belsham
Cr Lynne Sheridan
His Worship the Mayor, Andy Watson

In attendance: Mr Ross McNeil, Chief Executive
Mr Michael Hodder, Community & Regulatory Services Group Manager
Mr George McIrvine, Finance & Business Support Group Manager
Mr Michael Hawker, Project Consultant
Mr Ernst Bernard, Internal Auditor
Ms Debbie Perera, Audit NZ
Ms Samantha Whitcombe, Governance Administrator

1 Council Prayer

The Chair read the council prayer.

2 Welcome

The Chair welcomed everyone to the meeting.

3 Apologies/Leave of Absence

Nil

4 Members' conflict of interest

Members were reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

5 Confirmation of order of business

The Chair suggested that at the end of the meeting the Committee discuss their thoughts and comments on the recent webinar they attended on Audit/Risk Committees.

6 Confirmation of minutes

Resolved minute number	16/ARK/021	File Ref
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That the Minutes of the Audit/Risk committee meeting held on 22 February 2016 be taken as read and verified as an accurate and correct record of the meeting.

His Worship the Mayor / Cr Belsham. Carried

7 Auditor-General's report to Parliament: Local government: results of 2014/15 audits

The Committee discussed the Auditor-General's report on the results of the 2014/15 audits and the relevance the findings have to Rangitikei District Council.

Major points raised in discussion were:

- understanding causes for delay in capital projects - external factors (particularly resource consents), resources available to contractors and Council, internal inefficiencies – a report on this would go to Finance/Performance Committee in July, and subsequently to Audit/Risk Committee;
- risk of other projects being done to substitute for those delayed because there was an approved budget;

- greater clarity on Council's expectations when an Elected Member declared a conflict of interest – normal best practice was for an Elected Member to leave the room and not be involved in discussion;
- need for newly elected Councillors to take up training opportunities.

Resolved minute number **16/ARK/022** **File Ref** 5-EX-2-5

That the memorandum 'Local government: Results of the 2014/15 audits – concerns relevant to Rangitikei District Council' be received.

Cr Belsham / Cr Sheridan. Carried

8 Risk management and insurances

Mr Mclrvine narrated a presentation on risk management and insurances relating to Council's below-ground assets.

The Committee noted the different assumptions and funding scenarios being developed for roading compared with below-ground assets. Members considered no action was needed just yet: in a couple of months there would be greater clarity over the Government's intentions.

Resolved minute number **16/ARK/023** **File Ref** 5-FM-6

That the report 'Risk management and insurances' be received.

Cr Sheridan / Cr McManaway. Carried

9 Considerations for project management

Mr Hawker spoke to the item and the information tabled at the meeting. He outlined the plan that Manawatu District Council has for the coming five years to become better at projects. There was an emphasis in growing the organisation's capability, so the programme had started with just a few projects.

The tabled process diagram outlined how projects moved through the organisation. Key elements were:

- adopting Treasury's better business case approach,
- adopting a risk appetite statement for Council,
- reporting the top 10 projects to Council (by the project manager and executive sponsor), and
- compiling a benefits register documenting outcomes (e.g. more swimming lanes at the refurbished Makino Pool had brought in more swimmers).

The Committee discussed how the new Manawatu District Council philosophy on project management could be applied to Rangitikei District Council projects.

10 Audit arrangements – 2016

Ms Perera spoke briefly to the item and attached agreement. She clarified that the areas of interest in information management were the use and security of information.

Resolved minute number	16/ARK/024	File Ref	5-EX-2-3
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That the Audit/Risk Committee sees no issue in the Mayor signing the final version of the proposed audit arrangements letter for 2016 without amendment

His Worship the Mayor / Cr Sheridan. Carried

11 Proposed changes to the Local Government (Rating) Act 2002 regarding certain categories of Māori land

Mr Hodder spoke briefly to the agenda note, providing some clarification around the effect of the proposed changes.

12 Internal Audit – programme update

This item was carried over to the next meeting.

13 Late items

Thoughts/Comments on the recent webinar on Audit/Risk.

The Committee agreed that the webinar had reinforced the belief that the Audit/Risk Committee is heading in the right direction with the discussions and recommendations being made by the Committee.

14 Future items for the agenda

Risk appetite -

How the OAG's five concerns (in reflecting on the results of the 2014/15 audits) related to Rangitikei;

Project Management Update (following a discussion between the two Council Chief Executives);

Committee Review – the Chair would adapt a Board review questionnaire he was familiar for use by the Committee.

15 Next meeting

to be confirmed – with regard to the Audit timetable for the Annual Report (in particular so that the Committee had an opportunity to consider the Interim Audit Management Report and the Council’s responses.

16 Meeting closed – 12.13pm

Confirmed/Chair: _____

Date: _____