



Rangitikei District Council

Audit and Risk Committee Meeting

Minutes – Monday 12 June 2017 – 2:00 pm

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The quorum for the Audit and Risk Committee is 3.

Council's Standing Orders (adopted 3 November 2016) 10.2 provide: The quorum for Council committees and sub-committees is as for Council, i.e. half the number of members if the number of members (including vacancies) is even or a majority if the number of members is odd.

- Present:** Mr Craig O'Connell (Chair)
His Worship the Mayor, Andy Watson
Cr Nigel Belsham
Cr Angus Gordon
Cr Dean McManaway
- In attendance:** Mr Ross McNeil, Chief Executive
Ms Debbie Perera, Audit Director, Audit New Zealand
Mr Michael Hodder, Community & Regulatory Services Group Manager
Mr George McIrvine, Finance & Business Support Group Manager
Mr Hamish Waugh, Infrastructure Group Manager
Ms Linda Holman, Governance Administrator
- Tabled documents:** **Item 8:** Work Programme for the 2016-2019 Triennium
Item 9: Understanding Council's Risk Appetite – notes from Mr McNeil with schedule 1 and sections 114 and 115 of the Building Act 2004
Item 10: Auditing the 2018-2028 Long Term Plan
Item 13: Revising the risk management framework

1 Welcome

The meeting opened at 2.00 pm. The Chair welcomed everyone to the meeting.

2 Council prayer

The Chair read the Council prayer.

3 Apologies

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. No conflicts were declared.

5 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, the Committee agreed that an update on Edale be dealt with as a late item at this meeting.

6 Confirmation of minutes

Resolved minute number	17/ARK/008	File Ref	3-CT-17-2
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That the Minutes of the Audit/Risk Committee meeting held on 18 May 2017 be taken as read and verified as an accurate and correct record of the meeting.

His Worship the Mayor / Cr McManaway. Carried

7 Chair's report

The Chair did not make a report.

8 Work Programme Matrix

Mr Hodder spoke to the tabled discussion document, explaining the individual sections and drawing a distinction between periodic reports and regular reports.

The Committee requested five refinements for reconsideration at the August meeting:

- add targets and timelines;

- note the nature of the decision expected from the Committee (to ensure no crossing boundaries of Council's other committees);
- suggest priorities (Bay of Plenty LASS could be a helpful example of this);
- clarify tools – in particular who is briefing the Committee; and
- align with Internal Audit programme.

The Committee also wondered whether shared services with Manawatu District should be included – i.e. it was more important for the Committee to consider Council's performance than to evaluate risks from government policy setting. It was likely that the assessment from the Local Government Excellence Programme would provide additional perspective, but this might not be available by the time of the Committee's next meeting.

Resolved minute number **17/ARK/009** **File Ref**

That the document "Work Programme for the 2016-2019 Triennium" be received.

Cr Belsham / Cr Gordon. Carried

9 Understanding Council's Risk Appetite – 'Consenting philosophy'

The Chief Executive provided a verbal update and tabled three documents – a commentary together with schedule 1, and sections 114 and 115 of the Building Act 2004. He explained the difference between the Building Consenting Authority (BCA) and the Council in terms of the building consenting process and the Building Code. Mr Mc Neil noted that, as the Chief Executive, he has discretionary powers, but what is missing is a consistent framework within which that discretion can be exercised, similar to the framework around the Resource Management Act. A possible framework will be presented to the next Committee meeting

Resolved minute number **17/ARK/010** **File Ref**

That the verbal update to the Audit/Risk Committee meeting held on 12 June 2017 on "Understanding Council's risk appetite – 'Consenting philosophy'" be received.

Cr Gordon / Cr Belsham. Carried

10 Overview of intended process for auditing the 2018-28 Long Term Plan (following the office of the Auditor General's methodology)

Ms Perera provided a presentation on the intended process for auditing the 2018-28 Long Term Plan (following the office of the Auditor General's methodology). She noted the two separate audits – on the Consultation Document (the extent to which it met the purpose outlined in the Local Government Act and that it was clear about choices being presented for the community to consider) and on the Long Term Plan proposed for adoption (when the focus of audit was how Council's decisions were reflected in the document).

Resolved minute number **17/ARK/011** **File Ref**

That the verbal update and presentation to the Audit/Risk Committee meeting held on 12 June 2017 on the intended process for auditing the 2018-28 Long Term Plan (following the office of the Auditor General's methodology) be received.

His Worship the Mayor / Cr Belsham. Carried

11 Audit planning letters for 2016/18

The Committee briefly discussed the methodology of setting audit fees.

Resolved minute number **17/ARK/012** **File Ref** 5-EX-2-3

That the Audit planning letters for 2016/18 be received.

Cr McManaway / Cr Belsham. Carried

12 Risk management framework for the 2018-28 Long Term Plan

Mr Hodder spoke to the memorandum, highlighting the important points. Mr Hodder also pointed out the fact that it is a *long* term plan - this is what the project team is working to develop.

Resolved minute number **17/ARK/013** **File Ref** 1-LTP-4-5

That the memorandum 'Risk management framework for the 2018-28 Long Term Plan' be received.

Cr Gordon / Cr Belsham. Carried

13 Proposed revision to risk management framework

Mr Hodder narrated a presentation to the Committee.

The Committee agreed that the framework be expanded to include extrinsic risks and requested modelling a small selection of scenarios using model 3 in the Local Government New Zealand sector discussion paper (November 2016) to understand the value of doing this (and the work involved). The revised framework would come to the August meeting.

Resolved minute number **17/ARK/014** **File Ref**

That the Committee receive the presentation 'Revising the risk management framework - preparing for a sector-wide approach', and consider a revised framework at its August 2017 meeting.

Chair / Cr Gordon. Carried.

14 Committee review

This item was not presented to the meeting.

15 Late items

His Worship the Mayor updated the Committee on the situation at Edale Rest Home. He still intended asking Council for possible provision for the loan.

16 Future items for the agenda

Interim audit management report for the year ended 30 June 2017 (with draft management comment)

The second interim audit visit is taking place during the week beginning 12 June 2017. The interim management report (which is planned to be with Council by 26 June 2017) will incorporate the findings from both interim audits and from Robin Dearlove's recent Information Systems review.

Request from Edale for an interest-free loan

Havelock North stage one report

17 Next meeting

Monday 14 August 2017, 2.00 pm

18 Meeting closed

4:15 pm

Confirmed/Chair: _____

Date: _____