

MINUTES

AUDIT AND RISK COMMITTEE MEETING

Date: Monday, 5 September 2022

Time: 9.00 am

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Present Mr Craig O'Connell
Cr Nigel Belsham
Cr Angus Gordon
Cr Dave Wilson
HWTM Andy Watson

In attendance Mr Arno Benadie, Chief Operating Officer
Mr Dave Tombs, Group Manager – Corporate Services
Mrs Carol Gordon, Group Manager – Democracy and Planning
Ms Gaylene Prince, Group Manager – Community Services
Ms Christine Ritchie, Senior People and Performance Advisor
Mr Ash Garstang, Governance Advisor
Cr Fi Dalgety, Governance Health and Safety Champion [*via Zoom*]

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1 Welcome / Prayer

The meeting opened at 9.01 am. Mr O'Connell read the Council prayer.

2 Apologies

Resolved minute number 22/ARK/039

That the apology for lateness from Cr Belsham be received.

HWTM A Watson/Cr D Wilson. Carried

3 Public Forum

No public forum.

4 Conflict of Interest Declarations

No conflicts of interest were declared.

5 Confirmation of Order of Business

There were no changes to the order of business.

6 Confirmation of Minutes

Cr Gordon arrived at 9.04 am.

Resolved minute number 22/ARK/040

That the minutes of Audit and Risk Committee Meeting held on 16 June 2022, as amended, be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this Committee be added to the official minutes document as a formal record.

Amendment: That the following comment be included under item 9.3 (Fraud Reporting);

“That our Fraud Policy provides guidance on what constitutes Fraud and that queries are referred to the Group Manager – Corporate Services or the CE.”

Mr C O'Connell/Cr D Wilson. Carried

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from Audit and Risk Meetings

In response to a query, Mr O'Connell clarified that 'Gartner' refers to a well-known international organisation that provides guidance in the IT sector.

Resolved minute number 22/ARK/041

That the report 'Follow-up Action Items from Audit and Risk Meetings' be received.

Cr A Gordon/Cr D Wilson. Carried

8 Chair's Report

8.1 Chair's Report - August 2022

Mr O'Connell advised that AON are leading a programme of work to identify common issues among Audit and Risk Committees in the local government sector. They have agreed that it would be good to provide more opportunities for professional development in this space.

Resolved minute number 22/ARK/042

That the verbal Chair's Report – August 2022 be received.

Mr C O'Connell/Cr D Wilson. Carried

9 Reports for Decision

9.1 Protected Disclosures Update

In response to a query, Ms Ritchie advised that the Protected Disclosures Act 2022 allows contractors to make disclosures through Council. Mr Benadie agreed, noting that it was important for the PMO to highlight this to contractors and their staff.

Ms Ritchie advised that that 20 working days response time is the legal requirement, and she would expect that staff would generally respond to a disclosure as quickly as possible.

Mr O'Connell suggested that the 'Retaliation' section (p. 4 of the policy) be re-worded to "not to retaliate or treat less favourably". Ms Ritchie agreed with this suggestion and undertook to amend the document.

In response to a query, Ms Ritchie advised that the policy will be introduced to the Senior Leadership Team as part of its implementation.

Resolved minute number 22/ARK/043

That the report 'Protected Disclosures Update' report be received.

Cr A Gordon/Cr D Wilson. Carried

Resolved minute number 22/ARK/044

That the Audit and Risk Committee endorses the revised Protected Disclosures Policy and Procedure subject to feedback received from the Committee.

Cr A Gordon/Cr D Wilson. Carried

9.2 Internal Audit Programme

Mr Tombs advised that we have had the Internal Audit Programme for a full financial year, it has become apparent that it too optimistic and may not be achievable with the resources that are available. Therefore, he would like to update the programme and present it to a subsequent Committee meeting for feedback. The Committee agreed, noting that the Executive Leadership Team (ELT) should determine the top priorities on a continuous basis.

The Mayor noted that the Ombudsmen's office had indicated that this would be a focus area for them in the future. He suggested that those items that are driven by legislation should be identified in the programme reporting.

Regarding the proposed Ethics review, the Committee advised that "decisions involving procurement" should not be out of scope, noting that it was an area that the Serious Fraud Office believes is very pertinent.

Mr O'Connell suggested that it be a decision between ELT and Council on when items should be covered, rather than having them out of scope.

Resolved minute number 22/ARK/045

That the report 'Internal Audit Programme' be received and that the work programme reviewed, taking into account statutory requirements, OAG priorities and areas of focus.

HWTM A Watson/Mr C O'Connell. Carried

10 Reports for Information**10.1 Health, Safety and Wellbeing**

Ms Ritchie advised that the August dashboard will be presented to the Committee meeting in November.

In response to a query, Ms Ritchie confirmed that the three reported events had been investigated and there were no further outcomes.

In response to a query, Mrs Gordon advised that the recent CouncilMARK report had highlighted to staff the need to measure organisational reputation and options of how this can be done are being investigated.

Resolved minute number 22/ARK/046

That the Health, Safety and Wellbeing Report together with attachments, be received.

Cr D Wilson/Cr A Gordon. Carried

10.2 Insurance Update

Taken as read.

Resolved minute number 22/ARK/047

That the report 'Insurance Update' be received.

HWTM A Watson/Mr C O'Connell. Carried

10.3 Sensitive Expenditure 21/22 Financial Year Summary

In response to a query, Mr Tombs confirmed that the Summary is a direct extract from our ledger and has not been audited/externally reviewed. The audit on our financial systems/reporting is scheduled for October – December 2022.

Cr Belsham arrived at 10.19 am.

Resolved minute number 22/ARK/048

That the report 'Sensitive Expenditure 21/22 Financial Year Summary' be received.

Cr A Gordon/Cr D Wilson. Carried

10.4 Treasury Reporting

The Committee discussed the problem of foreseeing the state of Council's finances (e.g., debt) when there remains so much uncertainty from central government around the process of handing over three waters assets, and to what extent the new entity will compensate Council for its existing debt in this space.

Resolved minute number 22/ARK/049

That the report 'Treasury Reporting' be received.

HWTM A Watson/Cr D Wilson. Carried

10.5 Annual Report 21/22 Progress Update

Mr O'Connell advised that Audit NZ are addressing their issues with capacity, partly by offloading some work to other parties.

Resolved minute number 22/ARK/050

That the report 'Annual Report 21/22 Progress Update' be received.

Cr N Belsham/Cr A Gordon. Carried

10.6 Fraud Reporting

Taken as read.

Resolved minute number 22/ARK/051

That the report 'Fraud Reporting' be received.

HWTM A Watson/Cr D Wilson. Carried

10.7 Strategic Risk Review

Mr Tombs advised that ELT are adding more information to the Strategic Risk Register, such as "future mitigation actions".

In response to a query, Mr Tombs advised that ELT continuously reassess the likelihood and impact of these strategic risks.

Resolved minute number 22/ARK/052

That the report 'Strategic Risk Review' be received, and feedback noted.

Cr D Wilson/Cr N Belsham. Carried

10.8 Audit NZ Management Letter Update

In response to a query, Mrs Gordon advised that a report on the identification of earthquake-prone buildings (for Council-owned buildings) will be presented to the Council meeting in September 2022.

The Mayor noted that any buildings within the District (including privately-owned buildings) that are earthquake-prone need to be listed on the EPB Register ('Register of earthquake-prone buildings') in order to ensure that the status of these buildings is known to any future buyer.

In response to queries, Mr Benadie advised that the second issue (assets with no construction date) is an ongoing process that has seen substantial improvements, and the third issue (condition and performance data for Infrastructure Assets) is now part of a three-year roadmap that has been passed onto Audit NZ.

The Committee requested that staff highlight the agreement for shared services between the Rangitikei and Manawatu District Council's as an area of focus for the new Committee (after the election).

Resolved minute number 22/ARK/053

That the report 'Audit NZ Management Letter Update' be received.

Cr A Gordon/Cr N Belsham. Carried

10.9 Summary of Management Accounts

Taken as read.

Resolved minute number 22/ARK/054

That the report 'Summary of Management Accounts' be received.

Cr N Belsham/Cr D Wilson. Carried

10.10 Audit and Risk Committee Work Programme

Mr O'Connell advised that he would expect this programme to be presented to the new Committee (after the election).

Resolved minute number 22/ARK/055

That the report 'Audit and Risk Committee Work Programme' be received.

Cr D Wilson/Cr A Gordon. Carried

11 Public Excluded

The meeting went into public excluded session 11.03 am.

Resolution to Exclude the Public

Resolved minute number 22/ARK/056

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

- 1 Audit and Risk Committee Meeting - 16 June 2022
2. Cyber Security Incidents

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the *Local Government Official Information and Meetings Act 1987* for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
11.1 - Audit and Risk Committee Meeting - 16 June 2022	s7(2)(j) - Improper Gain or Improper Advantage	s48(1)(a)
11.2 - Cyber Security Incidents	s7(2)(j) - Improper Gain or Improper Advantage	s48(1)(a)(i)

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding or the whole or the relevant part of the proceedings of the meeting in public as specified above.

Cr D Wilson/Cr N Belsham. Carried

12 Open Meeting

The meeting went into open session 11.29 am.

Resolved minute number 22/ARK/059

That the public excluded meeting move into an open meeting, and the below recommendations be confirmed in the open meeting:

22/ARK/057 - 22/ARK/058

HWTM A Watson/Cr N Belsham. Carried

The meeting closed at 11.32 am.

The minutes of this meeting were confirmed at the Audit and Risk Committee.

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Chairperson