
MINUTES
of the
AUDIT AND RISK COMMITTEE MEETING
held
1.30, Wednesday, 2 December 2020
at
Tasman Council Chamber, 189 Queen Street, Richmond

1 OPENING, WELCOME
Opening Karakia said by Councillor Chris Hill

2 APOLOGIES AND LEAVE OF ABSENCE
Nil

3 DECLARATIONS OF INTEREST
Nil

4 CONFIRMATION OF MINUTES

Moved Cr Hill/Cr Mackenzie
FNAU20-12-1

That the minutes of the Audit and Risk Committee meeting held on Wednesday, 24 August 2020:

1. be confirmed as a true and correct record of the meeting.

CARRIED

5 REPORTS OF COMMITTEE
Nil

6 PRESENTATIONS

Presentation 'Insurance Program 2020-21 Overview' by Matt Meacham, Marsh Ltd. Mr Meacham outlined and discussed with the Committee:

- Property Risk
 - Liability Risks
 - People Risks
 - Other available Policies
-

7 REPORTS

The Officer took the report as read. The Audit and Risk Committee review outlines:

- How does our Audit and Risk Committee sit in terms of best practice as advised by the Office of the Auditor-General and the Ombudsmen.
- How does our Audit and Risk Committee compare in terms of other Audit and Risk Committees, which operate across other councils.

The Audit and Risk Committee was assessed in comparison to other organisation's committees and how we could improve. That research led to the recommendations outlined in the Report.

A member of the Committee asked in terms of risks, does the Council have an overarching standard operating procedure.' The CGSM responded that the Council does have many standard operating procedures, reporting on performance, however, these will normally go through the various Council Committees. We don't have a consolidated view on Council and whether it's complying on its standard operating procedures; this is something we can improve on.

The Chair of the Committee outlined that the Audit and Risk Committee needs a degree of independence from the Council, this is because the Audit and Risk Committee, in a way monitor the Council and that has been established in the review. It's also about defining and formalising the scope of the Committee.

A member of the Committee suggested regarding recruiting an independent member onto the Committee, whether it would be worth considering, someone with IT skills, given in the strategic risks two of them pertain to that area, also the member highlighted that she would like to see the Chief Executive attend these Audit and Risk meetings.

It was noted that it was a very good report, however, with all Audit and Risk Committees, the work is a journey that should be reviewed often and constantly revisited.

7.1 Audit and Risk Committee Review

**Moved Cr Ogilvie/Cr Mackenzie
FNAU20-12-2**

That the Audit and Risk Committee:

- 1. receives the Audit and Risk Committee Review RFNAU20-12-1; and**
- 2. recommends to the Council the implementation of the following:**
 - a. Council filling the vacant independent member position; and**
 - b. Council appointing an independent member as Chair; and**
 - c. Council adopting the (combined) Charter and Terms of Reference (attachment 2); and**
 - d. Council increasing the number of meetings by one meeting per annum; and**
 - e. Council having a standing item on the Full Council agenda which summarises activity considered through the ARC.**

CARRIED

7.2 Risk Report

The Officer took the report as read. The Chair referred to the climate change section of the report 4.3.1 Climate Change. It was asked if the Officer could amend the section to not only include the Nelson Tasman Climate Forum, but to also include a complete *Council Climate Action Plan*.

The Chair also referred to the risk appetite section and asked how this came about. The Officer explained how a workshop with Councillors was held and Councillors outlined what they saw as the 12 areas where they have a *no risk appetite*. The report outlines how Council staff are responding to those risks and how they are being mitigated.

It was suggested by a member of the Committee, that any current risks that are sitting above the risk appetite, should be an area of focus and it would be helpful for the Committee to see what further actions are being proposed and the trend in the risk, this allows Council to be able to review if the mitigations in place are working.

**Moved Cr Walker/Mr Naylor
FNAU20-12-3**

That the Audit and Risk Committee:

- 1. receives the Risk Report RFNAU20-12-2 and its attachment the risk dashboard (attachment 1)**

CARRIED

7.3 Internal Audit Update Report

The Officer took the report as read. A question was raised by the Chair regarding 'monitoring of service delivery' and how this is measured, but also which Committee would the Procurement Policy go to. The Finance Manager (FM) responded that each activity has KRA's that each area is working towards, that information is included in 'six-monthly' reporting and then within the Annual Report. The Corporate and Governance Services Manager (CGSM) responded that the Procurement Policy is treated as an internal policy and is being updated and implemented currently. He is happy to bring it to the Committee for future review.

A member of the Committee brought up the matter of Councillor overpayment and how did it take eight months to pick up this error. The FM apologised to all Councillors and said that the error was picked up by Audit NZ as part of the annual audit review. The controls we now have in place will help mitigate this happening again. The learnings we received was that our software and payroll system is outdated, there are many manual checks that we must do outside of our current digital system. A question was asked of staff, when would these systems be reviewed and updated. The CGSM responded that the matter will go to a Full Council meeting next year, when Steve Manners presents the Digital Strategy Plan 2021, to see if Councillors will adopt the budget to move ahead with these changes amongst other investments.

**Moved Cr Hill/Cr Walker
FNAU20-12-4**

That the Audit and Risk Committee:

- 1. receives the Internal Audit Update Report.**

CARRIED

LATE ITEMS

Moved Cr Ogilvie/Cr Mackenzie

FNAU20-12-5

That the Audit and Risk Committee:

- 1) receives the addendum to the Annual Report; and
- 2) receives the addendum to the Internal Audit Update Report (relating to tax).

CARRIED

7.4 Draft Annual Report 2019/2020

The Officer took the report as read. Recommendations came out of the meeting and were made to staff.

- 1) More recognition of the role volunteers play in helping to deliver outcomes to the Community.
- 2) Councillor Mackenzie is the representative on the Trustee on the Tasman Environmental Trust. (Not Cr Tuffnell and Cr Walker).
- 3) In the text when we discuss environmental matters, that one of our key partners is not mentioned (Tasman Environmental Trust).
- 4) In the Councillor remuneration section of the plan, it was thought useful to also outline the attendances of each Councillor to meetings.

John Mackey joined the meeting. A discussion commenced regarding:

- 1) Tasman District Council's guarantee of the cost overruns for the construction for the Waimea Community Dam.
- 2) Accounting for Waimea Water Limited.

The Auditor outlined that due to Covid-19 it has been a challenging and disrupted process. In terms of meeting the deadline, Audit NZ is allocating an extra potential two staff members to this process. A member of the Committee responded that Tasman District Council are keen to meet its statutory obligations and sign off the accounts before Christmas; Will this be possible. The Auditor did respond that it is a risk, as their resources were directed into other areas of urgency and some Audits took a lower priority. This is partly contributed to where we are at the moment. A member of the Committee mentioned that some of the issues are not material and cannot understand why the Council won't be able to meet the 18th December 2020 deadline. Another question was raised by a member of the Committee regarding the Long Term Plan (LTP) and asked if Audit NZ has started that Audit. The Auditor responded that Tasman District Council requested the asset management side to the Audit be delayed until after Christmas. It was acknowledged that the delay of the annual report made it harder for the Council to get their consultation document out. Audit NZ is aware that in terms of priorities that the Council's LTP is top of mind. The Auditor said he will be visiting the Tasman District Council in January or February next year to discuss the Council's LTP.

Moved Cr Mackenzie/Cr Walker

FNAU20-12-6

That the Audit and Risk Committee;

- 1. receives the Draft Annual Report 2019/2020 RFNAU20-12-4 and its attachments;
and**
- 2. notes that the draft Annual Report audit will be finalised before the Annual Report is presented to the Full Council meeting on the 18 December 2020 for adoption;
and**
- 3. recommends to the Council the adoption of the 2020 Annual Report for the year ended 30 June 2020 pursuant to Section 98 of the Local Government Act 2002.**

CARRIED

8 CONFIDENTIAL SESSION

The meeting concluded at 3.31pm

Date Confirmed:

Chair: