

**MINUTES OF CENTRAL HAWKES BAY DISTRICT COUNCIL
RISK AND AUDIT COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA
ON THURSDAY, 19 SEPTEMBER 2019 AT 9.00AM**

PRESENT: Cr Tim Aitken (Chair)
Mayor Alex Walker
Cr Gerard Minehan
Cr David Tennent

IN ATTENDANCE:

Cr Ian Sharp (Deputy Mayor)
Cr Kelly Annand
Mr David Borrie (Auditor - EY)
Monique Davidson (CEO)
Bronda Smith (Group Manager, Corporate Support and Services)
Nicola Bousfield (People and Capability Manager)
Kim Parker (Communications and Engagement Manager)
Bridget Gibson (Governance Support Officer)

1 APOLOGIES

Cr Brent Muggeridge

2 DECLARATIONS OF CONFLICTS OF INTEREST

NIL

3 STANDING ORDERS

COMMITTEE RESOLUTION

Moved: Cr David Tennent

Seconded: Cr Tim Aitken

THAT the following standing orders are suspended for the duration of the meeting:

- 20.2 Time limits on speakers
- 20.5 Members may speak only once
- 20.6 Limits on number of speakers

And that Option C under section 21 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

.CARRIED

4 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Cr Gerard Minehan

Seconded: Mayor Alex Walker

That the minutes of the Risk and Audit Committee Meeting held on 15 August 2019 as circulated, be confirmed as true and correct.

CARRIED

5 REPORT SECTION

5.2 INTERNAL AUDIT FOLLOW UP AUDIT

PURPOSE

The purpose of this report is to update the Risk and Audit Committee of the outcome of the Internal Audit Follow Up Audit.

COMMITTEE RESOLUTION

Moved: Cr Gerard Minehan

Seconded: Mayor Alex Walker

That, having considered all matters raised in the report, the report be noted.

CARRIED

Order of business was amended to address report 5.2 before 5.1 at Chair Aitken's request.

Mrs Smith presented the report.

Mayor Walker enquired whether Mrs Smith believed that they had the internal resources and capabilities necessary to deliver on the actions, and whether Council could do more to assist in the planning process..

Mrs Smith stated that though perhaps over-optimistic on time frames at the beginning she is pleased with progress. Also the provision of external consultation services would be beneficial in the planning process.

Cr Tennant questioned whether the process was over complicated and should be simplified and if KPI's were written into contracts.

Officers responded that no the process is not overcomplicated as the last 12 months were dedicated to building the foundations that will make the process simpler and faster in the future, lessening resource dependency.

CEO Mrs Davidson explained that KPIs are included in individual contracts, however the purpose of a strategic suppliers' programme is about building common and collective rather than individual accountability across all contracts, based on community outcomes rather than typical traditional methods.

Cr Aitken asked who would manage the contracts internally.

Officers responded there are Contract Managers who work collaboratively to manage contracts across the board.

5.1 ANNUAL REPORT 2018/19

PURPOSE

The matter for consideration by Risk and Audit Committee is the recommendation to Council that the Annual Report 2018/19 be adopted.

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker

Seconded: Cr Gerard Minehan

That having considered all matters raised in the report:

- a) The Risk and Audit Committee recommend to Council that the Annual Report for 2018/19 be adopted.**
- b) That this report be released following the meeting**

CARRIED

Cr Tennant asked for clarification on the overall budget figures for the District Plan.

Officer responded that actual spend to date was \$467,000 and the overall budget is between 900,000 and 1.3 million.

CEO Mrs Davidson reminded Councillors they were presented with 3 options in November 2018 and that Council opted for Option 2 which aligned with the budget figures presented by Officers in the report today. CEO Mrs Davidson reiterated that the uncertainty around informal hearings resulting in litigation and mediation costs continues to require monitoring and management.

Mayor Walker asked Mr Borrie how much time was spent by EY on the non-financial performance reporting in comparison to financial performance reporting.

Mr Borrie responded that significant time is spent on the non-financial performance reporting. There is a focus on infrastructure assets as there is a lot of resources such as roading and the three waters included in this area. Other elements of the performance reporting are on a sample basis.

Council then resolved to exclude the public to allow for Council only time discussion with the auditors.

RESOLUTION TO EXCLUDE THE PUBLIC**COMMITTEE RESOLUTION**

Moved: Cr David Tennent
 Seconded: Cr Gerard Minehan

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

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
6.1 - Risk and Audit Committee Briefing	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(f)(ii) - the withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of Council members, officers, employees, and persons from improper pressure or harassment</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED**COMMITTEE RESOLUTION**

Moved: Mayor Alex Walker
 Seconded: Cr Gerard Minehan

That Council moves out of Closed Council into Open Council.

CARRIED

Council resumed back into public meeting and further questions were asked in public related to the Annual Report 2018/2019.

Mayor Walker stated that there were challenges setting non-financial performance benchmarks in the previous LTP process and asked if potentially auditors could have greater input in the LTP process to help get the non-financial metrics planning right resulting in more realistic benchmarks.

Mr Borrie responded that auditors can assist in this area more.

Mayor Walker asked Mr Borrie whether there is risk associated with the lack of visibility of internal borrowing, where it is not seen publically as public debt. Also how does the balance of CHBDC external debt vs internal debt compare to other councils that are of a similar size to the CHBDC?

Mr Borrie confirmed he believed there is an element of risk. Mr Borrie responded that CHBDC internal and external debt balance is not out of the ordinary in comparison to other councils of similar size.

Cr Aitken queried some information related to assets within the roading activity. This was clarified by Officers.

With reference to the audit process Mayor Walker asked Mrs Smith how she feels the capability is internally to help develop and refine the process?

Mrs Smith stated it is a continuous improvement process with the assistance of internal and external professional consults.

Cr Sharp asked if Councillors needed to upskill in their ability to understand the Council financials.

Mr Borrie affirmed that basic, however not extensive upskilling would be beneficial and offered the support of auditors in help with understanding technical finance reports.

Mayor Walker spoke to the motion thanking Mr Borrie and EY for an excellent report. Mayor Walker stated she is happy to be endorsing a report that covers a considerable body of work for a small Council and is an investment Council has made in the future progress of the District.

Cr Aitken thanked Mrs Smith for her dedicated work for the Risk & Audit Committee.

6 DATE OF NEXT MEETING

RECOMMENDATION

This is the final meeting of the Risk and Audit Committee for the Council term.

7 TIME OF CLOSURE

The Meeting closed at 10:06am.

The minutes of this meeting were confirmed by Council on 26 September 2019 .

.....
CHAIRPERSON