

TIMARU DISTRICT COUNCIL

MINUTES OF A MEETING OF THE AUDIT AND RISK SUBCOMMITTEE HELD IN MEETING ROOM 1, DISTRICT COUNCIL BUILDING, KING GEORGE PLACE, TIMARU ON THURSDAY 16 APRIL 2015 AT 11.00AM

PRESENT Clr Tracy Tierney (Chairperson), Clr Antony Brien (via telephone link from 11.00am to 11.12am), the Mayor, Chief Executive (Peter Nixon), Group Manager Corporate Services (Tina Rogers), Julian Tan (Audit Director) and Andrew Timlin (Audit Manager).

IN ATTENDANCE Minutes Secretary (Noela Aitken)

1 AUDIT AND RISK ISSUES – CLR BRIEN’S COMMENTS

Clr Brien congratulated and thanked Timaru District Council staff for the work on the LTP Consultation Document and receiving an unmodified audit opinion. Clr Brien then made the following points:

- Deemed cost option and the unique status; if we went to the revaluation model it would be too big a change. The impacts were discussed given the asset replacement funding included in the consultation document.
- The debt level was growing and we might have to impose strategies to pull the debt level down. The Group Manager Corporate Services stated it was a self imposed ceiling and can go up or down. There are no consequences if changed at any time in the future.
- An external person should be appointed onto the Subcommittee. This would be discussed later in the meeting.

Clr Brien retired from the meeting.

2 AUDIT NEW ZEALAND MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2014

Mr Tan advised that there were beneficial recommendations in the chart identified on page 4. There were no show stoppers in the report. It was noted that risk management work was progressing and that it needed to add value to the Council.

Proposed Clr Tierney
Seconded the Mayor

“That the Audit New Zealand Management Report for the year ended 30 June 2014 be received and noted.”

MOTION CARRIED

3 HEALTH AND SAFETY REFORM BILL

The Chief Executive explained that this will now be the responsibility of Human Resources. It was noted that the proposed legislation involved an increased level of responsibility and penalties were increased. ACC tertiary level is no longer considered sufficient. Further legal advice will be sought when the legislation is finalised which will give clarification on roles and responsibilities.

Proposed Clr Tierney
Seconded the Mayor

“That the report be received and noted.”

MOTION CARRIED

4 RISK POLICY

The policy was discussed with no changes proposed.

Risk Expertise

Discussion occurred on adding additional risk expertise to the Audit and Risk Subcommittee. Preference was for the expert to be on the Subcommittee rather than brought in as a consultant.

Audit New Zealand recommended a person who is interested in the sector, can raise questions to provoke thinking and can give a different perspective. Mr Tan advised that external independent members on committees has worked well in some instances but had also not worked in others. Some local authorities have an Audit and Risk Committee reporting directly to the Council but it was noted that all Timaru District Councillors are members of the Policy and Development Committee that this Audit and Risk Subcommittee reports to.

The Chief Executive advised that a term of appointment would be required and recommended this to be until the next election when all committee structures are reviewed. The current remuneration policy would need to be reviewed to incorporate this position.

The Group Manager Corporate Services is to investigate options for an independent appointment and prepare a report to be circulated to the Subcommittee prior to presentation to the Policy and Development Committee.

Proposed Clr Tierney
Seconded the Mayor

1. “That the Subcommittee recommends the Risk Management Policy to the Policy and Development Committee, and
2. That the Subcommittee recommends the appointment of an independent member to the Audit and Risk Subcommittee with a report to be prepared identifying the skillset, term and cost of the appointment for presentation to the Policy and Development Committee.”

MOTION CARRIED

5 LTP CONSULTATION DOCUMENT MANAGEMENT REPORT

Mr Tan spoke to the report. He was pleased with the LTP consultation document and noted that it was of a good standard compared with others. It was considered to be a true consulting document. Some recommendations were included in the report with the most important one being the migration from deemed cost to a full revaluation model. Discussion occurred on the increased asset replacement funding included in the 2015-25 Long Term Plan, which is currently subject to consultation. This was considered by the Subcommittee to be a significant step and would make the transition to a revaluation model easier in the future, if it so wished.

Benchmarking was discussed, especially due to different treatment of items between councils, such as overhead allocations and depreciation. Mr Tan explained benchmarking required normalising two different sets of information but it does only give a rough idea.

Proposed Clr Tierney
Seconded the Mayor

“That the LTP Consultation Document Management Report be received and noted.”

MOTION CARRIED

6 EXCLUSION OF THE PUBLIC

Proposed Clr Tierney
Seconded the Mayor

“That the public be excluded on the grounds contained in Section 48(1) of the Local Government Official Information and Meetings Act:

Confirmation of Minutes

Section 7(2)(h)

The withholding of the information is necessary to enable the Council to carry out, without prejudice or disadvantage, commercial activities.”

MOTION CARRIED

7 READMITTANCE OF THE PUBLIC

Proposed the Mayor
Seconded Clr Tierney

“That the public be readmitted to the meeting.”

MOTION CARRIED

The meeting concluded at 12.00pm.

Chairperson