



MINUTES

Audit and Risk Committee Meeting Tuesday, 8 December 2020

Ref: 1394553

**Minutes of Timaru District Council
Audit and Risk Committee Meeting
Held in the Meeting Room 1, Timaru District Council, King George Place, Timaru
on Tuesday, 8 December 2020 at 11am**

Present: Keiran Horne (Chairperson), Cr Peter Burt (Deputy Chairperson), Mayor Nigel Bowen, Cr Stu Piddington, Janice Fredric

In Attendance: Chief Executive (Bede Carran), Group Manager Commercial and Strategy (Donna Cross), Group Manager People and Digital (Symon Leggett), Group Manager Infrastructure (Andrew Dixon), Group Manager Environmental Services (Tracy Tierney), Chief Information Officer (Justin Bagust), Management Accountant (Sandy Hogg), Risk and Assurance Manager (Ernest Bernard), Director Audit New Zealand (John Mackey – via Video Link), Manager of Property Services and Client Representative (Nicole Timney), Health and Safety Advisor (Kevin Rowell – for item 6.2), Governance Advisor (Jo Doyle)

1 Apologies

There were no apologies.

2 Identification of Items of Urgent Business

There was no urgent business.

3 Identification of Matters of a Minor Nature

There was no minor nature matters.

4 Declaration of Conflicts of Interest

There were no conflicts of interest.

5 Confirmation of Minutes

5.1 Minutes of the Audit and Risk Committee Meeting held on 12 October 2020

It was requested that the Actions Points be attached to the Confirmation of Minutes report in future rather than being distributed separately.

The Action Points were considered, and most items will be considered within the agenda except the Risk Register which has been deferred to the next meeting due to work load pressures.

Resolution 2020/35

Moved: Ms Keiran Horne

Seconded: Mayor Nigel Bowen

That the Minutes of the Audit and Risk Committee Meeting held on 12 October 2020 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Carried

6 Reports

6.1 Audit and Risk Committee Work Programme

The Committee was presented with an update and to outline the programme of work.

It was requested that the Internal Audit and Assurance Programme item be marked as a regular item rather than only annually.

The Long Term Plan Audit and Engagement letter is currently marked as annual, this should be separated at the bottom of the table as a 3 yearly item for the LTP audit.

ACTION POINT:

- Group Manager Commercial and Strategy to make the requested changes to the Work Programme.

Resolution 2020/36

Moved: Ms Keiran Horne

Seconded: Cr Peter Burt

That the report be received and noted.

Carried

6.2 Health and Safety Update

This report is to provide an update on health and safety activity since the last report to the Audit and Risk Committee in October 2020.

Group Manager People and Digital updated the actions taken from the last meeting after an incident at CBay and the request for a panic alarm to be installed in changing room. Discussion was held with CBay staff who are reluctant to install a button as the majority of use of these alarms are from children. The staff have changed their schedules and now check this area more frequently, and police were involved and have handled the incident through appropriate channels.

The lifeguards move to different work areas approximately every 15 minutes, this can vary on traffic and how many lifeguards are working at the time.

Concern was expressed that this incident did not appear on health and safety reporting at the time. New software is due to be introduced and it is expected the incident reporting will increase and near misses will be included in reporting to the Committee.

The current incident report is circulated to the Senior Leadership Team and the Health and Safety Committee, it was suggested that the Audit and Risk Committee should also receive this report. As names are currently not redacted in this report, privacy issues may need to be taken into account, and two reports may be required for the Agenda.

The Committee discussed that once the new reporting system is in place, then options for reporting will be provided back to the next meeting in March.

The new Health and Safety Advisor addressed the Committee and explained immediate gains have been made and there is a work programme set for the next 6-12 months.

The information supplied by Contractors is an area to be addressed and ensuring that they can provide evidence that they have proficient health and safety systems in place. A Committee member recommended visits by SLT members and Councillors to sites can be beneficial to spot hazards and demonstrates leadership in a very important area of risk.

Outstanding policies and standards that are yet to be developed were discussed, these policies are expected to be rolled out early 2021. With driving being the highest risk, it is expected that staff should be using the existing policy in place.

The exposure that Timaru District Council has with health and safety should be appropriately reported to Council through a standard agenda item.

Location of services by contractors and the issuing of permits are both areas that are being addressed by the Health and Safety Advisor. A programme is also due to start in early January to ensure critical safety risks are identified, there will be routine safety meetings with business units, the outcome of which will flow through to ARC.

The report was easy to read, however a score card and traffic light table would be beneficial to monitor the progress against goals.

ACTION POINTS:

- Group Manger People and Digital to present reporting options from the new Incident Reporting software to the March 2021 meeting.
- Ensure a standard agenda item is produced to report Health and Safety incidents to Council.

Resolution 2020/37

Moved: Ms Keiran Horne

Seconded: Mayor Nigel Bowen

That the report be received and noted.

Carried

6.3 Tax Risk Management Report

The Committee was presented with an update on compliance with the Tax Risk Governance Framework by the Management Accountant.

A query was raised in relation to the use of money interest note. It was explained that the GST return for July was provided two days late, a result of a change in personnel.

Resolution 2020/38

Moved: Ms Keiran Horne

Seconded: Cr Peter Burt

That the Audit and Risk Committee note and receive the report.

Carried

6.4 Tax Risk Management Framework

The Committee was provided with the proposed update to the Tax Risk Governance Framework by the Management Accountant.

The report refers to the PWC Tax Audit and states in the framework that PWC would complete the GST, PAYE and FBT, however this has not been completed for 2020 due a lack of resources. This will now be completed in the internal work programme.

The adoption of a governance framework for Council is being formalised, this will need to be reviewed every four years, and has not been reviewed since 2015. The changes required are amendments to staff titles. It was noted this needs to be included on a work plan so is not missed in the future.

Formal consultation should also take place with other entities such as Downlands and Timaru District Holdings Limited.

ACTION POINTS:

- The Management Accountant to ensure a governance framework is formalised for Council that will be included on a work plan and reviewed every four years.
- Council should ensure formal consultation is held with CCO-s in regard to Tax Risk Management Framework.

Resolution 2020/39

Moved: Ms Keiran Horne

Seconded: Cr Peter Burt

That the report is received and the updated Tax Risk Governance Framework is referred to Council for approval subject to updating position names and reporting lines.

Carried

6.5 Draft Risk Management Framework and Risk Management Policy

The Committee was presented with the Draft Risk Management Framework and Risk Management Policy to consider. The policy will be recommended to Council for adoption.

The Risk and Assurance Manager advised there is an error in the attachment, on page 12 of the report, the word "students" will be replaced by "community".

In Appendix 3, the Financial impact of between 1% and 2% should be moved to insignificant and staff should adjust the table to include percentages to provide flexibility, but this should sit nearer the top end of the range.

Noting that the Communication Plan within the document is a template, assurance was sought that for emergency situations, a step by step plan is developed to sit within the business continuity plan.

Under section 4.4, the correct area of the Website needs to be included and various appendices and tables are not consistent with wording. Page 30 of the report should be corrected under "possible" and the reference to >80% checked (seems incorrect).

Extreme event reporting should also be advised immediately to the ARC Chair and Chief Executive.

ACTION POINTS:

- Management Accountant to make the changes in the Financial Impact to include percentages and review with ARC Chair.
- The Risk and Assurance Manager to provide a copy of the communication plan within the business continuity plan for the next meeting;
- The Risk and Assurance Manager to correct the points raised – Communication Plan, include the Website area – Headings within the appendices and tables are not consistent;
- Page 30 – review reference to >80%, and reporting lines for extreme incidents to be updated.

Resolution 2020/40

Moved: Ms Keiran Horne

Seconded: Mayor Nigel Bowen

That the report be received and to endorse the revised Risk Management Policy and the Draft Risk Management Framework and for them to be recommended to Council for adoption subject to the minor changes discussed, and to be reviewed by the Audit and Risk Committee Chair before being presented to Council.

Carried

6.6 Internal Audit and Assurance Programme

The Committee was presented with an update on the progress with the 20/21 Internal Audit (IA) Programme by the Risk and Assurance Manager.

Two audits have been moved because of work load, the audit of GST, PAYE and FBT tax compliance will now take place in January 2021 and the accounts payable field work will occur in January as well.

The audit plan has been revised to reflect these changes.

Resolution 2020/41

Moved: Ms Keiran Horne

Seconded: Mayor Nigel Bowen

That the report be received and noted.

Carried

6.7 Probity Report

The Committee was updated of any incidents of wrong doing brought to the attention of the Chief Executive or other senior executives in Council.

The Risk and Assurance Manager advised a Consultant is coming to Timaru District Council to provide ethics training between 14 and 18 December for groups within Council. Fraud detection will be covered within this training as well.

Resolution 2020/42

Moved: Ms Keiran Horne

Seconded: Cr Peter Burt

That the report be received and noted.

Carried

6.8 Timaru District Triennial Rating Revaluation

The Committee was updated on the 2020 triennial District rating revaluation by the Management Accountant.

The revaluation audit has not been completed as there are some items that have been requisitioned by the Office of the Valuer General (OVG). Quotable Value, who carries out the revaluation on our behalf, is expected to complete this work by 23 December 2020, and the audit completed in January 2021.

The Chief Executive advised that a meeting had taken place with representatives from QV and OVG along with the Valuer General and Deputy Valuer General and explanation that extra information was requested for those with significant land holdings as there is likely to be a drop in valuations across the rural sector.

This will not affect rating until 1 July 2021, however information is usually provided to property owners at this time of year. A release to the public will be arranged, which is usually undertaken by QV.

This will condense the workload on the rates team, but is workable as long as there are no further delays.

ACTION POINT:

- Ensure a public release is undertaken by QV for the delay in providing information on properties to owners.

Resolution 2020/43

Moved: Ms Keiran Horne

Seconded: Mayor Nigel Bowen

That the report be received.

Carried

7 Consideration of Urgent Business Items

There was not urgent business.

8 Consideration of Minor Nature Matters

There were no minor nature items.

Note of Thanks

The Chair of Audit and Risk thanked the team for their hard work in a tremendously challenging year, particularly the finance team, health and safety team and assurance staff.

The pressure has been high on these teams, especially when under resourced.

9 Exclusion of the Public

Resolution 2020/44

Moved: Ms Keiran Horne

Seconded: Cr Peter Burt

That the public be excluded from the following parts of the proceedings of this meeting on the grounds under section 48 of the Local Government Official Information and Meetings Act 1987 as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
<p>10.1 - Public Excluded Minutes of the Audit and Risk Committee Meeting held on 12 October 2020</p>	<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)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(h) - The withholding of the information is necessary to enable any local authority</p>	<p>To protect a person's privacy</p> <p>Commercial sensitivity</p> <p>Due to an obligation of confidence and to protect the public interest</p> <p>To protect all communications between a legal adviser and clients from being disclosed without the permission of the client.</p> <p>To enable commercial activities</p> <p>To enable commercial or industrial negotiations</p>

	<p>holding the information to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	
10.2 - Issues Watch Register	<p>s7(2)(b)(i) - The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p>	<p>To prevent disclosing a trade secret</p> <p>Commercial sensitivity</p> <p>To protect all communications between a legal adviser and clients from being disclosed without the permission of the client.</p>
10.3 - Insurance	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	<p>Commercial sensitivity</p> <p>To enable commercial activities</p>
10.4 - Outstanding Items Raised by Audits	<p>s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry</p>	<p>To enable commercial activities</p>

	out, without prejudice or disadvantage, commercial activities	
10.5 - Cyber Security Report	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	Commercial sensitivity
10.6 - Employee Matters	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	To protect a person's privacy
10.7 - Timaru District Council Draft Annual Report 2019/20	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	Commercial sensitivity To enable commercial activities
10.8 - Committee and Auditor only time (agenda placeholder)	s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or	Due to an obligation of confidence and to protect the public interest To enable commercial activities

	disadvantage, commercial activities	
10.9 - Committee and Chief Executive only time (agenda placeholder)	<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)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	<p>To protect a person’s privacy</p> <p>To enable commercial activities</p>

That pursuant to section 48(5) of the Local Government Official Information and Meetings Act, Daniel Rosser and Christianne Peacock from Crombie Lockwood, Darren Lowe of NZI and Davina Robinson of Timaru District Council be permitted to attend this meeting after the public has been excluded, due to their knowledge of the issue being considered under item 10.3 Insurance.

Carried

Resolution 2020/45

Moved: Ms Keiran Horne
 Seconded: Mayor Nigel Bowen

That the meeting moves out of Closed Meeting into Open Meeting.

Carried

- 10 Public Excluded Reports**
- 10.1 Public Excluded Minutes of the Audit and Risk Committee Meeting held on 12 October 2020**
- 10.2 Issues Watch Register**
- 10.3 Insurance**
- 10.4 Outstanding Items Raised by Audits**
- 10.5 Cyber Security Report**
- 10.6 Employee Matters**
- 10.7 Timaru District Council Draft Annual Report 2019/20**
- 10.8 Committee and Auditor only time (agenda placeholder)**
- 10.9 Committee and Chief Executive only time (agenda placeholder)**
- 11 Readmittance of the Public**

The meeting closed at 2.45pm.

Minutes confirmed 9 March 2021

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Keiran Horne
Chairperson