



NOTICE OF AN AUDIT AND RISK COMMITTEE MEETING

**Opotiki District Council Chambers, 108 St John Street, Opotiki
Thursday, 13 September 2018
Commencing at 10.00am**

ORDER PAPER

APOLOGIES

DECLARATION OF ANY INTERESTS IN RELATION TO OPEN MEETING AGENDA ITEMS

PUBLIC FORUM

| | Page |
|--|------|
| ITEM 01 CONFIRMATION OF MINUTES – AUDIT AND RISK COMMITTEE MEETING 16 AUGUST 2018 | 5 |
| ITEM 02 ACTION SCHEDULE | 14 |
| ITEM 03 ADOPTION OF 2018 DRAFT ANNUAL REPORT FOR AUDIT | 15 |
| ITEM 04 KOHA REPORT | 18 |
| ITEM 05 RESOLUTION TO EXCLUDE THE PUBLIC | 20 |

PUBLIC EXCLUDED BUSINESS

| | |
|---|-------------|
| ITEM 06 CONFIRMATION OF IN-COMMITTEE MINUTES – AUDIT AND RISK COMMITTEE MEETING 16 AUGUST 2018 | |
| ITEM 07 BANKING UPDATE | Verbal Item |
| ITEM 08 PROPERTY UPDATE | Verbal Item |
| ITEM 09 IANZ AUDIT UPDATE | Verbal Item |
| ITEM 10 RESOLUTION TO RESTATE RESOLUTIONS AND READMIT THE PUBLIC | |

STANDING ITEM:

RISK WORKSHOP – TO BE HELD AT THE CONCLUSION OF THE MEETING

Members: **Cr Arihia Tuoro (Chairperson)**

Cr Ken Young

Ex-Officio: **Mayor John Forbes**

Independent Member: **David Love**

Committee Secretary: **Gae Newell**

Quorum: **2**

LOCAL AUTHORITIES (MEMBERS' INTERESTS) ACT 1968

Councillors are reminded that if you have a pecuniary or non-pecuniary interest in any item on the agenda, then you must declare this interest and refrain from discussing or voting on this item, and are advised to withdraw from the Council chamber.

Aileen Lawrie

CHIEF EXECUTIVE OFFICER

AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

1. The Audit and Risk Committee is a Committee of the Ōpōtiki District Council.
2. **Objective**

The objective of the Committee is to assist the Council in carrying out its duties in regard to financial reporting and legal compliance.
3. **Membership**

Chairperson: Councillor Tuoro
Members: Councillor Tuoro, Councillor Young
Ex-Officio: Mayor Forbes
Independent Member: David Love
4. **Meetings**
 - 4.1 A quorum is two members.
 - 4.2 The Committee shall meet as needed but in any event, at least annually.
 - 4.3 Notice of meetings shall be in accordance with the requirements set out in the Local Government Act 2002.
5. **Terms of Reference**

The Audit and Risk Committee will:

 1. *Review Council's annual financial statements with Council management and the Auditors prior to their approval by Council.*
 2. *Oversee statutory compliance in terms of financial disclosure.*
 3. *Monitor corporate risk assessment and internal risk mitigation measures and oversee:*
 - *Council's risk management framework*
 - *internal control environment*
 - *legislative and regulatory compliance*
 - *internal audit and assurance*
 - *oversee risk identification on significant projects*
 - *compliance to Treasury Risk Management Policies.*
 4. *Review the effectiveness of Council's external accountability reporting (including non financial performance).*
 5. *Conduct the process for the Chief Executive's Performance, for report to Council.*

6. *Draw to the attention of Council any matters that are appropriate.*
7. *Investigate and report on any matters referred to the Committee by Council. The circumstances the Council may refer matters to the Audit and Risk Committees include:*
 - a. *Any significant issues arising from the financial management of councils affairs.*
 - b. *Any complaints against elected members or alleged breaches of the Councils code of conduct.*
 - c. *Any significant issues arising from Audit New Zealand processes.*
 - d. *Due Diligence on strategic asset acquisition or disposal.*
 - e. *Setting up of Council Controlled Organisations.*
 - f. *Development of a Council risk assessment and mitigation strategies.*

6. **Authority**

- 6.1 The Committee is authorised to investigate any activity referred to it by Council resolution. It is authorised to seek any reasonable information it requires from Council staff.
- 6.2 The Committee is authorised by the Council to obtain outside legal or other independent professional advice and to arrange for the attendance at meetings of outside parties with relevant experience and expertise if it considers this necessary.

MINUTES OF AN ŌPŌTIKI DISTRICT COUNCIL AUDIT AND RISK COMMITTEE MEETING HELD ON MONDAY, 16 AUGUST 2018 IN THE OPOTIKI DISTRICT COUNCIL CHAMBERS, 108 ST JOHN STREET, ŌPŌTIKI AT 10.01AM

PRESENT:

Councillor Arihia Tuoro (Chairperson)
Councillor Ken Young
David Love
Mayor John Forbes

IN ATTENDANCE:

Aileen Lawrie (Chief Executive Officer)
Bevan Gray (Finance and Corporate Services Group Manager)
Gerard McCormack (Planning and Regulatory Group Manager)
Ari Erickson (Engineering and Services Group Manager)
Billy Kingi (Chief Financial Officer)
Gae Newell (Personal Assistant to CEO and Mayor)

MEDIA:

James Sandbrook (Ōpōtiki News)

APOLOGIES

Nil.

The Chairperson advised that an additional item will be considered in the in-committee section of the meeting, Harbour Update. The item needs to be considered under urgency due to information which has just come to hand.

DECLARATION OF ANY INTERESTS IN RELATION TO OPEN MEETING AGENDA ITEMS

David Love noted that he is a Bay of Plenty Regional Councillor and is also a member of the Regional Council's Audit and Risk Committee.

The Chairperson, Councillor Young and His Worship the Mayor declared an interest in the Harbour Update item which will be considered in the in-committee section of the meeting.

PUBLIC FORUM

Nil.

1. CONFIRMATION OF MINUTES – AUDIT AND RISK COMMITTEE MEETING 11 JUNE 2018 **p5**

Public Forum – Peter Warren

Chairperson's declaration of interest: His Worship the Mayor asked for the word "home" to be replaced with "place of residence" in relation to where Mr Warren resides.

RESOLVED

- (1) That the minutes of the Audit and Risk Committee meeting held on 11 June 2018 be confirmed as a true and correct record.**

HWTM/Young

Carried

Matters Arising

Draft Management Report on the Audit of the Long Term Plan Consultation Document 2018-28

David Love stated that a letter regarding the current position with the Harbour Development Project has not been sent to the Bay of Plenty Regional Council as requested by him at the last meeting. He added that the Regional Council are ignorant of where things are at, and it is in Ōpōtiki District Council's interest to keep the Regional Council updated.

The Chief Executive Officer entered the meeting at 10.06am.

Item 3 (Draft Long Term Plan Management Report) and Item 4 (Draft Interim Management Report) were considered prior to Item 2 (Action Schedule).

2. ACTION SCHEDULE **p9**

David Love noted that the Engineering and Services Group Manager has a large number of items allocated to him on the Action Schedule. He queried if it is the Engineering and Services Group Manager or one of his staff who are responsible for these items.

The Engineering and Services Group Manager advised that the engineering department is still down a couple of staff members.

The Chief Executive Officer said some of the items cannot be done until Council has recruited.

David Love suggested that something be written next to those items to reflect the situation, rather than say "in progress".

The Finance and Corporate Services Group Manager updated the Committee on the completed items, noting that if the Committee is agreeable, these items will be removed from the Action Schedule.

RESOLVED

(1) That the Action Schedule be received.

Young/Tuoro

Carried

3. DRAFT LONG TERM PLAN MANAGEMENT REPORT

p10

The Finance and Corporate Services Group Manager spoke to the report. He noted the following key items which should be brought to the Committee's attention.

Financial Strategy

Some recommendations were made to improve the Financial Strategy, along with the links to the Infrastructure Strategy.

Comment was made by Audit that some opportunities to improve the Financial Strategy have not been picked up by Council. The Finance and Corporate Services Group Manager is seeking clarification as to which items the comment referred to so he can add them into the action plan.

Infrastructure Strategy

There were a number of recommendations regarding the Infrastructure Strategy which the Engineering and Services Group Manager has ensured are satisfied.

Project Management

The Finance and Corporate Services advised that significant improvement was noted in Project Management post the Consultation Document.

His Worship the Mayor acknowledged the hard work put into the Long Term Plan by the Chief Executive Officer, the Finance and Corporate Services Group Manager and their teams, resulting in a cohesive document.

The Chairperson also acknowledged the Chief Executive Officer and staff for all their hard work in relation to the Long Term Plan process.

Referring to the Key Messages section on page 14 of the agenda which states that the audit has been completed and an unmodified opinion has been issued, David Love stated that means the Plan has been accepted in entirety in the first 'go round'. He further stated that Audit has specifically thanked staff for their assistance and he wished to add that staff have done a wonderful job in ensuring the process.

David Love said he has commented in the past as to what should be included in the Risk Register. He thought wastewater should be included in the register if there is a significant risk to Council.

RESOLVED

(1) **That the report titled "Draft Long Term Plan Management Report" be received.**

Love/Tuoro

Carried

4. DRAFT INTERIM MANAGEMENT REPORT

p21

The Finance and Corporate Services Group Manager spoke to the report.

There are some action items out of last year's report and some new ones. These will be completed through the final audit process.

David Love stated that there are urgent matters which need addressing but Audit have not identified as very urgent. That makes the document confusing as there are matters which have to be dealt with as urgent.

In response to a query regarding Audit's comments around Conflict of Interest, the Finance and Corporate Services Group Manager said Audit is asking in what situations would a conflict arise, and what can Council put in place to mitigate the risk.

The Finance and Corporate Services Group Manager stated that conflicts of interest are not a new issue for smaller Councils. Conflicts arise on a decision by decision basis. He will obtain some comments from Audit around what is included in a Conflict of Interest Policy.

The Chief Executive Officer advised that Council does have some practises in place, e.g. items in an agenda are not sent to those conflicted. That is something which could be included in a Policy.

Banking

His Worship the Mayor queried what the procedure is with the cash handling out of the Resource Recovery Centres, i.e. with the closure of the local branch of the ANZ Bank, what happens to the cash?

The Finance and Corporate Services Group Manager stated that Armourguard collect the cash. A cash collection process was implemented prior to the bank closing. The issues that have surfaced recently are more around deposit slips and zip lock bags to put cash in.

His Worship the Mayor was of the view that the banks which have a presence in smaller towns should be supported.

The Finance and Corporate Services Group Manager said the banking issue has gone to the BOPLASS table and the CEO of BOPLASS was going to raise it with the ANZ Bank. There will be a banking renewal at some point.

The Chief Financial Officer noted that a process modification is being looked at for the Resource Recovery Centres.

Responding to a query from David Love regarding Audit's comments around Purchase Orders on page 33 of the agenda, the Finance and Corporate Services Group Manager stated that the Purchase Order module was a complete culture change for the organisation. Audit want Council to get to a point where everything is purchased on a one-up basis.

David Love questioned whether a slightly better comment should be put in the 'Management's Proposed Action' column in order to give a more fulsome explanation. The Finance and Corporate Services Group Manager will discuss this with Audit during the course of the final audit.

His Worship the Mayor stated that if something is failing in the system, he is happy for matters to be elevated to him.

The Finance and Corporate Services Group Manager advised that some of the outstanding matters have been attended to but Audit do not look at those items during the interim audit but they will be captured during the final audit.

It was agreed that an amendment be made to clause 2 of the recommendations with the addition of the words "subject to David Love's comments regarding Purchase Orders.

RESOLVED

- (1) That the report titled "Draft Interim Management Report" be received.**
- (2) That the proposed responses to the items raised be approved, subject to David Love's comments regarding Purchase Orders.**

Tuoro/Young **Carried**

The Chief Executive Officer left the meeting at 10.53am and returned at 10.54am.

Item 2 (Action Schedule) was considered next.

5. RISK REPORT p39

David Love stated that risks to the community, e.g. flooding, ought to be on the Risk Register.

The Chief Executive Officer noted that there has not been the time nor the capacity to address risks to the community.

The Finance and Corporate Services Group Manager advised that risk is now a permanent item on the management team agenda. Risk is being dealt with by each team within Council and will feed up to the Committee.

The Chairperson stated that all risks should be included in the Risk Register, adding that there needs to be a relook at best practice.

RESOLVED

- (1) That the report titled "Risk Report" be received.**

Love/Young **Carried**

The Planning and Regulatory Group Manager entered the meeting at 11.08am and left at 11.10am.

A revised Resolution to Exclude the Public (to include the Harbour Update item) was tabled.

6. RESOLUTION TO EXCLUDE THE PUBLIC

p40

SECTION 48 LOCAL GOVERNMENT OFFICIAL INFORMATION & MEETINGS ACT 1987

1. THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

7. Confirmation of In-Committee Minutes – Audit and Risk Committee Meeting 30 April 2018.

8. Infrastructure on Property Update.

9. Property Matter.

Extra Item – Harbour Update

2. That the following persons be permitted to remain at this meeting after the public has been excluded because of their knowledge of the subject item in relation to the following. This knowledge will be of assistance and is relevant to the matters to be discussed:

Names: John Galbraith and David Caselli

Item: Extra Item

Business: Harbour Update

Reason: To enable the accurate presentation of sensitive information to the Committee and to provide responses to queries.

The general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| Item No | General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|----------------|--|---|---|
| 7. | Confirmation of In-Committee Minutes – Audit and Risk Committee Meeting 30 April 2018 | That 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 exists. | Section 48(1)(a) |

| | | | |
|-------------------|--|---|------------------|
| 8. | Infrastructure on Property Update | That 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 exists. | Section 48(1)(a) |
| 9. | Property Matter | That 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 exists. | Section 48(1)(a) |
| Extra Item | Harbour Update | That 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 exists. | Section 48(1)(a) |

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

| | | |
|------------|---|--|
| 7. | Maintain effective conduct of public affairs Protect information Protect the privacy of natural persons | Section 7(2)(f)(i) & (ii) Section 7(2)(b)(i), (d) and (e) Section 7(2)(a) |
| 8. | Protect the privacy of natural persons Protect information Free and frank expression of opinions Protection from improper pressure or harassment Carry out negotiations | Section 7(2)(a) Section 7(2)(b)(ii) Section 7(2)(f)(i) Section 7(2)(f)(ii) Section 7(2)(i) |
| 9. | Protect the privacy of natural persons Protect information Free and frank expression of opinions Protection from improper pressure or harassment | Section 7(2)(a) Section 7(2)(b)(ii) Section 7(2)(f)(i) Section 7(2)(f)(ii) |
| Extra Item | Protect the privacy of natural persons Protect information Free and frank expression of opinions Protection from improper pressure or harassment | Section 7(2)(a) Section 7(2)(b)(i), (ii) & (c)(i) Section 7(2)(f)(i) Section 7(2)(f)(ii) |

Young/Love

Carried

James Sandbrook left the meeting at 11.19am.

The meeting adjourned for a break at 11.21am and reconvened at 11.35am in-committee.

RESOLVED

- (1) That the resolutions made while the public was excluded be confirmed in open meeting.**
- (2) That the public be readmitted to the meeting.**

Tuoro/HWTM

Carried

RESOLVED

- (1) That the in-committee minutes of the Audit and Risk Committee meeting held on 30 April 2018 be confirmed as a true and correct record.**

Love/Young

Carried

THERE BEING NO FURTHER BUSINESS THE MEETING CLOSED AT 2.20PM.

THE FOREGOING MINUTES ARE CERTIFIED AS BEING A TRUE AND CORRECT RECORD AT A SUBSEQUENT IN-COMMITTEE MEETING OF THE AUDIT AND RISK COMMITTEE ON 13 SEPTEMBER 2018.

**COUNCILLOR ARIHIA TUORO
CHAIRPERSON**

| | Issue | Recommendation | Done | Assigned To | Status | Comments |
|----|---|--|--------------------------|--------------|-------------|---|
| 21 | Contract Management policy and Guidance | Recommend Council develop a contract management policy and guidance, to include procedures and templates for consistency | <input type="checkbox"/> | Ari Erickson | In Progress | Contract management processes are currently being built, upon completion a Policy will be assembled. AMP's have included necessary budgets to develop contracts and processes surrounding contracts. |
| 22 | Contract management oversight | Have individual or team in place with responsibility for oversight of contract management activities | <input type="checkbox"/> | Ari Erickson | In Progress | Training recently provided to team in relation to the contract module. Initial development of internal process is already underway with resource, structure and responsibility changes within the E&S department first on the agenda towards its development. ProMap champion will build processes. Potential contract manager position being assessed - consideration to funding systems and justification against 10 year works programme. |
| 24 | Project Management | Recommend a documented approach and methodology, planned approach to undertake post implementation reviews, have independent quality assurance reviews. | <input type="checkbox"/> | Ari Erickson | In Progress | Project management framework has been drafted. To be further developed upon filling project manager role. Some significant changes required. Resources presently stretched due to Asset Manager position currently vacant. Project management policy, asset management policy and contract management policy will likely be assembled in conjunction as they are closely related. |
| 27 | Procurement | Council to ensure that late tender policy in contract documents is consistent with Procurement Policy, ongoing. | <input type="checkbox"/> | Ari Erickson | In Progress | Need to get fully familiar with new procurement policy. Policy currently being reviewed by NZTA. Assigned to Janan. |
| 28 | Qualified proposal evaluators | Council to correct the wording in its contract documents for Qualified Proposal Evaluators by 30/06/17 | <input type="checkbox"/> | Ari Erickson | In Progress | Assigned to Janan |
| 30 | Contract Management | NZTA audit recommend that Council improves its contract management documentation to reflect actions agreed and undertaken by 30/06/17 | <input type="checkbox"/> | Ari Erickson | In Progress | Budget has been planned in three waters summary AMP to review and develop current service level contracts into comprehensive proactive maintenance contracts. Capital project contracts development is planned to be reviewed and revised as necessary alongside Policy development. Pending contract manager position conclusions or other dedicated resource. |
| 31 | Asset Management | Audit NZ recommend a formal impairment assessment over assets held at cost is performed to ensure they are measured at lower of cost and recoverable amount. | <input type="checkbox"/> | Ari Erickson | In Progress | This will be undertaken ahead of year end being 30 June and incorporated in the Annual Report. |
| 32 | Asset Management | Monthly reconciliations to be performed between the fixed asset register and the general ledger. These should be independently reviewed. | <input type="checkbox"/> | Ari Erickson | In Progress | There has been a lot of work done as a project to ensure this process is completed, as well as aiding the organisation to complete their compliance requirements in the most efficient manner. This process is very near to completion. |
| 33 | Asset Management | Develop and implement an asset capitalisation policy that states the minimum amount of assets that will be capitalised as well as guidance for the type of expenditure to be capitalised. | <input type="checkbox"/> | Ari Erickson | In Progress | This is under development as part of the asset management policy. |
| 38 | Legislative compliance | Appropriate processes to be implemented to ensure compliance with legislation, eg Annual Report includes results of any measurement undertaken during the year of progress towards the achievement of community outcomes | <input type="checkbox"/> | Tracey | Complete | We have developed a report on this to be included in this years Annual Report, we have provided the draft report to Auditors for their feedback and comment. They have yet to provide a response. |
| 39 | Legislative compliance | Implement a formal process to ensure compliance with key legislative requirements for Annual Plans | <input type="checkbox"/> | Bevan Gray | In Progress | A review process will be developed for Annual Plans, and a draft set will be sent to audit for comment ahead of adoption to avoid this situation in future. A legal review of rates setting documentation was done this year. |
| 40 | Shand Report | Review recommendations - specifically govt paying rates on their properties and what the impact to ODC would be. | <input type="checkbox"/> | Bevan Gray | Not Started | To have a look at once LTP is out for consultation |
| 41 | RRC's | Recommendation that Council improves the controls regarding revenue at the RRC's. | <input type="checkbox"/> | Ari Erickson | In Progress | This is a continual development path to improvement. |
| 43 | Internal Loans | Recommend management review calculations of internal loan interest in model | <input type="checkbox"/> | Bevan Gray | In Progress | This will be done as part of Annual Report process as it uses that same internal loan database |
| 44 | Conflicts of Interest | Recommend Council update the interest register to record the nature of the interest, type of conflict, and the mitigating actions to manage the conflict. | <input type="checkbox"/> | Bevan Gray | In Progress | Have sought information from other Councils on how they are approaching this from audit. Only a few responses so far. Overall a significant request for work to be completed by audit. A conflict of interest policy has been received from one Council. We have sent this to Audit NZ to review to determine whether this will be sufficient to meet their request |
| 45 | ANZ | Review and report on what would be required to change banks | <input type="checkbox"/> | Bevan Gray | In Progress | Discussed with BOPLASS, transactional banking procurement process to be kicked off later this year through All of Government |
| 47 | Tolerance levels on PO's | Recommend Council reduces the tolerance levels on PO's | <input type="checkbox"/> | Billy Kingi | Complete | Tolerance levels are set at 10% or \$50, which ever is the lower, between the PO and what is receipted. We have left the tolerance level a bit higher than what others might have due to our location and the distance from most of our suppliers. This is generally to cover freight and shipping costs on top of procuring the goods. We think these are reasonable limits. Audit have provided no guidance on what limits they would want to see us reduce to. |
| 48 | Annual Report process | Recommend a project process is scheduled and monitored, with milestones and appropriate substantiation file prepared | <input type="checkbox"/> | Billy Kingi | In Progress | All engagements with audit are planned in Smartsheet as projects. We will prepare a digital substantiation file again this year. We think we have sufficiently trained auditors in the use of smartsheet now, so the process should be significantly smoother this year. |
| 49 | Impairment assessment | Recommends Council performs a formal impairment assessment over assets | <input type="checkbox"/> | Billy Kingi | In Progress | A memo with detailed schedules to asset managers will be emailed as part of the fixed assets year-end process, seeking their feedback as to what assets if any, may require specific impairment testing/assessments. |

REPORT

Date : 5 September 2018

To : Audit & Risk Committee Meeting, 13 September 2018

From : Chief Financial Officer, Billy Kingi

Subject : **ADOPTION OF 2018 DRAFT ANNUAL REPORT FOR AUDIT**

File ID : A145007

EXECUTIVE SUMMARY

Every year Council must prepare an audited annual report document. This report seeks the approval of the committee to start that process by adopting a draft document to be given to Audit New Zealand to begin their audit.

A copy of the Draft Annual Report will be circulated prior to the meeting.

PURPOSE

To get approval from the Committee to adopt the 2018 Draft Annual Report for audit purposes.

BACKGROUND

Every year Council must prepare an Annual Report. This must be audited and adopted within four months of balance date, 31 October, each year. We have auditors assigned to us by the Office of the Auditor-General, and it is their role to ensure that the Annual Report is materially correct through their audit work.

As such Audit New Zealand undertakes an interim and final audit of the Annual Report. The interim audit is designed to test the controls and financial environment that the Annual Report will be prepared in. This happens before the end of the financial year, and before an Annual Report document is prepared.

The final audit is when auditors are on site to review the document and test the information contained within it. At this point the Annual Report is not complete, but is a first draft of the results for the year.

Over the period of the final audit, Council staff and auditors will continue to revise the information contained within the document to come to a joint view that it presents the most appropriate information for the public on the financial performance and position of the Council for the financial year.

DISCUSSION AND OPTIONS SECTIONS

It is good practice that the committee review the Draft Annual Report before Council provides it to Audit NZ to begin their final audit. This creates a line in the sand that Audit NZ and Council staff can always refer back to as they progress through the final audit to adoption.

It is also useful as the committee may pick up some items of correctness that may have been missed through the preparation of the document given the constraints around time.

The committee has the option not to adopt the Draft Annual Report for audit. This may add delays to the timeframe for preparation of the final Annual Report.

If the committee does adopt the Draft Annual Report for audit then this will be sent to Audit NZ and form the documented first cut of the document for reference back to.

Council staff will maintain a table of amendments between the draft and final Annual Report which Audit New Zealand will want to refer to when signing off on the final document.

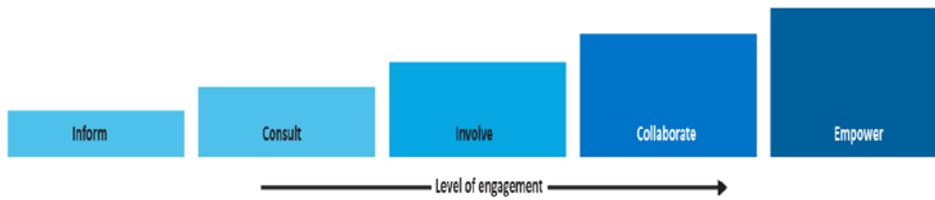
SIGNIFICANCE ASSESSMENT

Assessment of significance

Under Council's Significance and Engagement Policy, on every issue requiring a decision, Council considers the degree of significance and the corresponding level of engagement required. The level of Significance for Adoption of 2018 Draft Annual Report is considered to be low as determined by the criteria set out in section 12 of the Significance and Engagement Policy.

Assessment of engagement requirements

As the level of significance for Adoption of 2018 Draft Annual Report is considered to be of low significance the level of engagement required is determined to be at the level of inform according to Schedule 2 of the Significance and Engagement Policy.



Authority

The Committee has authority to adopt the Draft Annual Report for Audit purposes, this is an internal process.

RECOMMENDATIONS:

- 1. That the report titled "Adoption of the 2018 Draft Annual Report for Audit" be received.**
- 2. That the Committee adopt the 2018 Draft Annual Report for audit.**

Billy Kingi

CHIEF FINANCIAL OFFICER

REPORT

Date : 6 September 2018

To : Audit and Risk Committee Meeting, 13 September 2018

From : Chief Financial Officer, Billy Kingi

Subject : **KOHA REPORT**

File ID : A144880

EXECUTIVE SUMMARY

The purpose of this report is to provide details of koha payments made from 31 May 2018 to 6 September 2018.

PURPOSE

The purpose of this report is to provide details of koha payments made from 31 May 2018 to 6 September 2018.

BACKGROUND

Audit New Zealand considers koha to be sensitive expenditure. To ensure transparency of the size of koha and the occasions for giving koha, the Audit and Risk Committee receives regular reports on koha payments made, disclosing the following information:

- The amount of koha
- The purpose of the payment
- The reason or justification for the amount.

Koha payments made for the period 31 May 2018 to 6 September 2018:

| Date | Amount | Details | Number of Attendees |
|----------------|----------|---|---------------------|
| 20 August 2018 | \$200.00 | Tangihanga koha – Sapper Waitawhiti Toni (repatriation from Malaysia) | Over 200 |

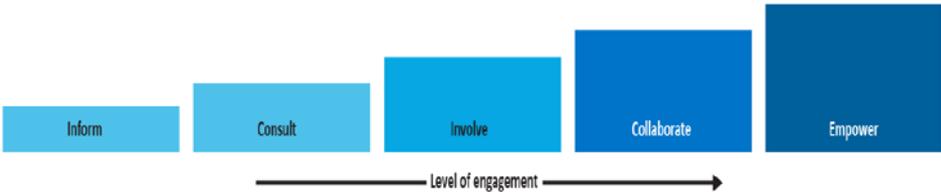
SIGNIFICANCE ASSESSMENT

Assessment of significance

Under Council’s Significance and Engagement Policy, on every issue requiring a decision, Council considers the degree of significance and the corresponding level of engagement required. The level of Significance for receiving the Koha Report is considered to be low as determined by the criteria set out in section 12 of the Significance and Engagement Policy.

Assessment of engagement requirements

As the level of significance for receiving the Koha Report is considered to be of low the level of engagement required is determined to be at the level of inform according to Schedule 2 of the Significance and Engagement Policy.



RECOMMENDATIONS:

- 1. That the report titled "Koha Report" be received.

Billy Kingi
CHIEF FINANCIAL OFFICER

REPORT

Date : 3 September 2018

To : Audit and Risk Committee Meeting, 13 September 2018

From : Chief Executive Officer, Aileen Lawrie

Subject : **RESOLUTION TO EXCLUDE THE PUBLIC**

SECTION 48 LOCAL GOVERNMENT OFFICIAL INFORMATION & MEETINGS ACT 1987

THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

- 6. Confirmation of In-Committee Minutes – Audit and Risk Committee Meeting 16 August 2018.**
- 7. Banking Update.**
- 8. Property Update.**
- 9. IANZ Audit Update.**

The general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| Item No | General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|----------------|---|---|---|
| 6. | Confirmation of In-Committee Minutes – Audit and Risk Committee Meeting 16 August 2018 | That 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 exists. | Section 48(1)(a) |

| | | | |
|-----------|--------------------------|---|------------------|
| 7. | Banking Update | That 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 exists. | Section 48(1)(a) |
| 8. | Property Update | That 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 exists. | Section 48(1)(a) |
| 9. | IANZ Audit Update | That 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 exists. | Section 48(1)(a) |

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

| | | |
|----|---|--|
| 6. | Maintain effective conduct of public affairs Protect information Protect the privacy of natural persons Protection from improper pressure or harassment Carry out negotiations | Section 7(2)(f)(i) & (ii) Section 7(2)(b)(i) & (ii), (d) & (e) Section 7(2)(a) Section 7(2)(f)(ii) Section 7(2)(i) |
| 7. | Protect the privacy of natural persons Protect information Free and frank expression of opinions Carry out negotiations | Section 7(2)(a) Section 7(2)(b)(ii) Section 7(2)(f)(i) Section 7(2)(i) |
| 8. | Protect the privacy of natural persons Protect information Free and frank expression of opinions Protection from improper pressure or harassment | Section 7(2)(a) Section 7(2)(b)(ii) Section 7(2)(f)(i) Section 7(2)(f)(ii) |
| 9. | Protect information Protect the privacy of natural persons Free and frank expression of opinions Protection from improper pressure or harassment Prevent the disclosure of official information | Section 7(2)(b)(i) & (ii) Section 7(2)(a) Section 7(2)(f)(i) Section 7(2)(f)(ii) Section 7(2)(j) |