



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

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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 the structure of the Risk Register.

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

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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