

Audit and Risk Committee

AGENDA

Notice of Meeting:

A meeting of the Audit and Risk Committee will be held on:

Date: Wednesday 29 November 2023
Time: 1.00pm
Venue: Council Chamber
137 Havelock Street, Ashburton

Membership

Chairperson	Russell Ellis
Deputy Chairperson	Leen Braam
Members	Carolyn Cameron Liz McMillan Richard Wilson Murray Harrington (external appointee) Mayor Neil Brown (ex-officio)

Audit & Risk Committee

Timetable	
1.00pm	Meeting commences

ORDER OF BUSINESS

- 1 Apologies
- 2 Extraordinary Business
- 3 Declarations of Interest

Minutes

- 4 Confirmation of Minutes – 25/10/23 **3**

Reports

- 5 ADC Annual Report 2022-23 **5**

Business transacted with the public excluded

- 6 Minutes – 25/10/23 **PE 1**
 - Health & Safety Section 7(2)(a) Protection privacy of natural persons
- 7 Health & Safety Report Section 7(2)(a) Protection privacy of natural persons **PE 2**

4. Audit & Risk Committee – 25/10/23

Minutes of the Audit & Risk Committee meeting held on Wednesday 25 October 2023, commencing at 1.00pm, in the Council Chamber, 137 Havelock Street, Ashburton.

Present

Mayor Neil Brown; Councillors Russell Ellis (Chair), Carolyn Cameron, Liz McMillan, Richard Wilson and Murray Harrington (via MS Teams).

Also present:

Councillors Phill Hooper, Lynette Lovett, Rob Mackle and Tony Todd.

In attendance

Hamish Riach (CE), Leanne Macdonald (GM Business Support), Jane Donaldson (GM Compliance & Development), Sarah Mosley (GM People & Facilities) and Carol McAtamney (Governance Support).

Staff present for the duration of their reports: Richard Wood (Sport & Recreation Manager), Katie Perry (People & Capability Manager) and Julie Crahay (Safety & Wellness Lead)

1 Apologies

Councillor Leen Braam

Sustained

2 Extraordinary Business

Item 7 (Transwaste Canterbury Limited Annual Report) will be taken in open meeting.

3 Declarations of Interest

Nil.

4 Confirmation of Minutes – 13/9/23

That the minutes of the Audit & Risk Committee meeting held on 13 September 2023, be taken as read and confirmed.

Cameron/Harrington

Carried

5 EA Networks Centre Income and Expenditure

The August 2023 income and expenditure report was received and discussed.

6 Transwaste Canterbury Limited Annual Report

Council holds 600,000 (3%) shares in Transwaste Canterbury Ltd. Council received dividends totalling \$465k in the 2022/23 financial year.

It was agreed that Transwaste Canterbury Limited representatives be invited to speak at a future meeting.

That the Transwaste Canterbury Limited Annual Report for the year 30 June 2023 be received.

Mayor/McMillan

Carried

Business transacted with the public excluded – 1.15pm

That the public be excluded from the following parts of the proceedings of this meeting, namely – 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:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
7	Audit & Risk Committee minutes	Section 7(2)(a)	Protection of privacy of natural persons
8	Health & Safety	Section 7(2)(a)	Protection of privacy of natural persons

McMillan/Cameron

Carried

The meeting concluded at 1.34pm.

5. 2022/23 Adopted Annual Report

Author	<i>Erin Register, Finance Manager</i>
Activity Manager	<i>Mark Low, Strategy & Policy Manager</i> <i>Erin Register; Finance Manager</i> <i>Emily Reed, Corporate Planner</i>
Executive Team Member	<i>Leanne Macdonald, Group Manager Business Support</i> <i>Toni Durham, Group Manager Democracy & Engagement</i>

Summary

- The purpose of this report is to present the adopted 2022/23 Annual Report for your information.
- Audit New Zealand have audited this report and issued an unmodified audit opinion. It is noted that there is an emphasis of matter regarding the Government three waters reform programme. This is standard across territorial authorities and has been present for the last three years.
- Council adopted the 2022/23 Annual Report on 31 October 2023, and asked that the Report be presented to the Audit and Risk Committee.

Recommendation

1. **That** the Audit and Risk Committee receives the adopted Annual Report 2022/23.

Attachment

Appendix 1 Annual Report 2022/2023 [*Supplementary document*]

Background

1. Every year Council prepares an Annual Report. This needs to be adopted by Council no later than 31 October annually, to meet legislative requirements.
2. The 2022/23 draft Annual Report shows how Council performed (including both financial and non-financial information) against the targets outlined in Year 2 of the 2021-31 Long-Term Plan. This includes the projects Council has progressed during the year, highlights and issues.
3. Council adopted the annual report on 31 October 2023, after receiving an unmodified audit opinion from Audit New Zealand.
4. An unmodified audit opinion means that Audit New Zealand are satisfied that the 2022/23 Annual Report and summary documents fairly represent the Council and Group's financial position as at 30 June 2023, and the results of its operations and cash-flow.
5. Audit New Zealand did include an "Emphasis of Matter" on the Government's three waters reform. This is standard practice and has occurred for the last three years across district councils. The emphasis of matter acknowledges that the financial impacts of the reform remain uncertain.

The current situation

6. Post adoption there were a few minor amendments to the adopted annual report. This was anticipated and noted when Council adopted the Annual Report on 31 October 2023.
7. The key change was an adjustment to the Rates Payers Equity in the balance sheet had to be amended to reflect a prior year adjustment between RDRML in Council and Group. In 2022 Audit NZ instructed us to treat an adjustment of \$977k in the Group, which was actioned and audited. This year, it was decided by Audit NZ that the adjustment needed to move from the Group to Council. The \$977k was separated out Balance date total. Nil impact on the equity balance.
8. In addition to that amendment there was an ACL loss of \$137k which needed to flow through Receivables (page 140) and reduce Equity, by the same figure. The end result is that the equity balance for 30 June 2023 moved from \$950,108 to \$949,971.
9. This agreed change flows through to the Balance Sheet, page 140-141, the Equity note, page 139, note 29 page 196, and the five year summary on page 14.

10. The balance of changes were minimal –
 - Page 35 had a “fat finger” error in “total application of capital funding” for 2021/22 LTP column.
 - Page 118 correcting our workforce numbers for the current year and prior year.
 - A couple of rounding errors on page 146.
11. Overall minimal changes reflecting the last-minute push by both ADC staff and the auditors to meet the 31 October deadline.
12. The auditors signed Auditors Report can be found on page 231 onwards.

Audit and Risk Committee

Terms of Reference

Purpose

The purpose of the Audit & Risk Committee is to provide oversight of Council's audit processes, statutory compliance and internal risk management in a manner that promotes the current and future interests of the community (Local Government Act 2002).

Membership

Membership of the Committee comprises:

- Cr Russell Ellis (Chair)
- Cr Leen Braam (Deputy Chair)
- Cr Carolyn Cameron
- Cr Liz McMillan
- Cr Richard Wilson
- External appointee – Murray Harrington
- Mayor, Neil Brown (ex-officio)

The quorum is four members.

Meeting Frequency

The Audit & Risk Committee will meet on a six-seven weekly cycle, or on an as-required basis as determined by the Chair and Group Manager Business Support.

Committee members shall be given not less than 5 working days' notice of meetings.

Delegations

The Audit & Risk Committee has no delegated authority to make decisions. Its role is to consider and review matters of strategy, policy or significance in its sphere of Council business, and (if appropriate) to make recommendations to full Council.

Sphere of business

- To receive and consider the project plan and timetable for the following projects –
 - Long Term Plan (LTP) and any amendments
 - Annual Plan & Budget
 - Annual Report and Audit
- To receive progress reports on the above projects, where appropriate, and review significant issues and risks arising.
- To establish and maintain effective relationships with Council's auditors, including meeting with the audit representatives regarding significant policy and planning processes as appropriate, reviewing the Annual Audit Plan, and considering matters of significance raised by Council's auditors and action required.
- To receive reports on all external party audits of any and all Council activities, and review significant issues and risks arising.

- To be the primary monitoring mechanism for Council's Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) and shareholdings. Review the CCOs' draft statements of intent and advise CCOs of any comments.
- To provide overview of Council's performance management framework as included in the Council's LTP and Annual Plan documents.
- To provide overview of Council's statutory compliance and legal matters, monitoring any areas of statutory non-compliance.
- To provide overview of risk management and insurance. Review corporate risk assessment and internal risk management practices. Review insurance arrangements annually and monitor insurance claims.
- Monitor and review Health & Safety related matters. Participate in national risk management practices and implementation of risk management processes.
- To consider matters of organisational services in the area of Health & Safety.
- To receive the EA Networks Centre monthly income and expenditure reports, and any other matters directed to the Committee by Council. [21/06/23]

Reporting

The Audit & Risk Committee will report to the Council.

Reviewed

21/06/23