

Audit and Risk Committee

AGENDA

Notice of Meeting:

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

Date: Wednesday 12 June 2024
Time: 1.00pm
Venue: Hine Paaka Council Chamber, Te Whare Whakaterere
2 Baring Square East, 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 – 8/05/24 | 3 |
| 5 | EA Networks Centre – April 2024 income and expenditure | 5 |

Business transacted with the public excluded

- | | | |
|---|--|------|
| 6 | Minutes 8/05/24 | PE 1 |
| | <ul style="list-style-type: none">• 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 Minutes*

Minutes of the Audit & Risk Committee meeting held on Wednesday 8 May 2024, commencing at 1.00pm, in the Hine Paaka Council Chamber, Te Whare Whakateru, 2 Baring Square East, Ashburton.

Present

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

Also present:

Dereck Ollsson (Audit Director), Councillors Phill Hooper, Rob Mackle and Tony Todd

In attendance

Hamish Riach (CE), Leanne Macdonald (GM Business Support), Jane Donaldson (GM Compliance and Development), Toni Durham (GM Democracy & Engagement), Shirin Khosraviani (Acting GM People & Facilities) and Carol McAtamney (Governance Support).

Staff present for the duration of their reports: Tania Paddock (Legal Counsel), Michael Wong (Building Services Manager), Richard Wood (Sport & Recreation Manager), Katie Perry (People & Capability Manager) and Andrew Malcolm (Safety & Wellness Lead)

1 Apologies

Mayor Neil Brown and Councillor Leen Braam

Sustained

2 Extraordinary Business

Nil.

3 Declarations of Interest

Nil.

4 Confirmation of Minutes – 27/03/24

That the minutes of the Audit & Risk Committee meeting held on 27 March 2024, be taken as read and confirmed.

Cameron/Wilson

Carried

5 Audit of Annual Report 2022-2023

Dereck Ollsson - Audit Director, Audit NZ joined the meeting and worked through the audit findings from the 2022/23 annual report.

New recommendations

- Three recommendations relating to the IT environment
 - Cease use of the generic administrator network account
 - Improve network password settings to NZ Information Security Manual or other internationally accepted standards
 - Implement formalized IT change management processes
- Report drinking water standards against the new Drinking Water Quality Assurance Rules

- Maintain an interest register for executive members
- Review the RDRML PPE valuations
- Review tolerable variance settings between P/O and invoice amounts

That the Audit & Risk committee receives the 2022/23 Audit New Zealand report to Council.

McMillan/Cameron

Carried

6 Bancorp Treasury Report March 2024

Recommendation to Council

That Council receives the Bancorp Treasury report for the March 2024 quarter.

Wilson/McMillan

Carried

7 Management of Accounts Receivable

That the Audit & Risk Committee receives the accounts receivable report.

Cameron/Wilson

Carried

8 Biennial Building Consent Authority Accreditation

Recommendation to Council

1. **That** the Audit & Risk Committee recommends to Council that the Building Consent Authority Audit report be received.
2. **That** Council be notified when the non-compliances are cleared by IANZ and Council's accreditation is renewed.

McMillan/Cameron

Carried

9 EA Networks Centre Income and Expenditure

That the Audit & Risk Committee receives the EA Networks Centre financial report.

McMillan/Cameron

Carried

Business transacted with the public excluded – 2.35pm

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:	
10	Audit & Risk Committee minutes	Section 7(2)(a)	Protection of privacy of natural persons
11	Building Claim	Section 7(2)(h)	Protection of privacy of commercial activities
12	Health & Safety	Section 7(2)(a)	Protection of privacy of natural persons

Cameron/McMillan

Carried

The meeting concluded at 2.21pm.

Item 5: EANC income & expenditure report for period ending 30 April 2024

Ashburton District Council
EA Networks Centre - Income & Expenditure Report
for period ending 30 April 2024

										Grand Total			Percentage of Budget
	Transfers	Default	Facility Wide	Retail	Stadium & Meeting Rooms	Pool	Gymnasium & Group Fit	Learn to Swim	Satellite Assets	Total	Variance		
	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Budget Full Year		
Operating Income				5%	14%	20%	27%	32%	3%				
Fees	2,038	0	2,038	0	205,107	351,015	447,519	526,281	0	1,531,959	1,865,199	333,240	82%
Grants & Subsidies	0	0	0	0	30,000	4,513	12,365	30,359	45,216	122,453	83,440	(39,013)	147%
Sales	0	0	0	79,676	0	(516)	0	0	0	79,159	75,000	(4,159)	106%
Donations	300	0	300	0	0	0	0	0	0	300	0	(300)	
	2,338	0	2,338	79,676	235,107	355,011	459,884	556,640	45,216	1,733,871	2,023,639	289,768	86%
Operating Expenses				1%	25%	40%	16%	15%	0%				
Variable costs													
Financial / Professional Costs	53,671	0	53,671	0	0	0	0	0	0	53,671	87,133	33,462	62%
Promotional Costs	2,021	0	2,021	0	100	0	134	734	0	2,990	36,946	33,956	8%
General Costs	283	0	283	43	788	5,388	211	86	600	7,399	25,136	17,737	29%
Purchases	2,767	0	2,767	45,842	18,163	5,592	3,682	3,946	0	79,993	133,087	53,094	60%
Energy & Pool Costs	0	0	0	0	36,353	296,122	18,105	31,911	570	383,060	624,231	241,171	61%
Centre Maintenance	24,867	0	24,867	0	6,975	60,227	2,919	225	0	95,212	145,890	50,677	65%
Total Variable Cost	83,610	0	83,610	45,886	62,379	367,329	25,051	36,901	1,170	622,325	1,052,423	430,097	59%
Fixed costs													
Personnel Costs	605,910	0	605,910	0	55,923	563,006	429,327	411,984	0	2,066,150	2,532,249	466,098	82%
Insurance	8,617	0	8,617	0	378	4,911	4,364	3,028	9	21,307	16,555	(4,752)	129%
Office Costs	67,247	0	67,247	2,578	49,343	56,750	36,165	5,252	200	217,536	300,750	83,214	72%
Property Costs	17,624	0	17,624	0	0	26,607	0	0	0	44,231	9,911	(34,320)	446%
Interest	7,687	0	7,687	0	0	0	311	0	0	7,998	6,622	(1,375)	121%
Internal Rental	0	0	0	8,957	716,505	506,305	104,187	0	0	1,335,953	1,603,144	267,191	83%
Centre Overhead	(788,357)	0	(788,357)	2,358	222,024	275,003	102,755	186,217	0	0	0		
Total Fixed Cost	1,495,441	0	1,495,441	11,315	995,621	1,376,481	646,549	601,288	209	3,693,176	4,469,232	776,056	83%
Operating Profit (Loss)				22,475	(822,893)	(1,388,799)	(211,716)	(81,550)	43,837	(2,581,630)	(3,498,015)	(916,386)	74%
Non-Operating Income & Expenses													
Rates & Contributors	0	3,946,891	3,946,891	0	0	0	0	0	0	3,946,891	4,614,578	667,687	86%
Council Overhead Expense	0	(1,014,906)	(1,014,906)	(4)	(68)	(66)	(18)	(7)	0	(1,015,069)	(1,246,917)	(231,848)	81%
Overall Activity Profit / (Loss)				22,471	(822,961)	(1,388,865)	(211,734)	(81,557)	43,837	350,193	(130,354)	(480,547)	(269%)
Depreciation Costs													
Depreciation - Office Equipment	1,293	435	1,728	0	0	0	0	0	0	1,728	1,740	11	99%
Depreciation - Furniture & Fittings	5,623	4,478	10,101	95	1,743	1,709	468	190	0	14,306	17,489	3,183	82%
Depreciation - Computer Equipment	3,590	1,629	5,220	0	0	80	0	0	0	5,299	6,517	1,218	81%
Depreciation - Buildings	68,216	43,471	111,688	0	29,480	238	0	0	0	141,406	213,886	72,480	68%
Depreciation - Light Plant	482	42,204	42,686	0	18,186	31,126	57,029	0	348	149,375	168,815	19,440	88%
	79,205	92,217	171,422	95	49,409	33,153	57,497	190	348	312,115	408,446	96,331	76%
Net Result/Budget Balance										38,078	(538,800)		
Capital Expenditure and Loan Repayments													
Loan Principal Repayment	0	0	0	0	0	0	0	0	0	0	10,822	10,822	0%
Infrastructural Asset Additions	0	0	0	0	0	0	0	0	0	0	23,468	23,468	0%
Additions / Alterations	0	0	0	0	17,300	17,610	0	0	0	34,910	64,666	29,756	54%
Other Asset Purchases	0	0	0	0	3,795	0	0	0	49,021	52,816	24,719	(28,097)	214%
Computer Software Purchases	0	0	0	0	0	0	0	0	0	0	10,430	10,430	0%
Cyclic Renewals	0	0	0	0	2,807	415,102	40,838	952	0	459,699	342,741	(116,957)	134%
	0	0	0	0	23,902	432,712	40,838	952	49,021	547,424	476,846	(70,578)	115%

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