

MINUTES	MEETING	TIME
<b>AUDIT AND RISK COMMITTEE</b>	<b>THURSDAY 1 SEPTEMBER 2016</b>	<b>11.00AM</b>

Minutes of a meeting of the Audit and Risk Committee held on Thursday 1 September 2016, commencing at 11.00am in the Manawatu District Council Chambers, 135 Manchester Street, Feilding.

PRESENT:	Mr John Fowke	(Chairperson)
	Cr Tony Jensen	
	Mayor Margaret Kouvelis	
	Cr Barbara Cameron	
	Cr Howard Voss	
IN ATTENDANCE:	Cr Shane Casey	
	Cr Wayne Ellery	
	Cr Andrew Quarrie	
	Cr Alison Short	
	Richard Templer	(Chief Executive)
	Shayne Harris	(General Manager – Corporate and Regulatory)
	Brent Limmer	(General Manager - Community and Strategy)
	Hamish Waugh	(General Manager – Infrastructure)
	Frances Smorti	(General Manager – People and Culture)
	Colleen Morris	(Chief Finance Officer)
	Ernest Bernard	(Internal Auditor)
	Paul Stein	(Communications Adviser)
	Allie Dunn	(Business Support Team Leader)

#### ARC 16/012 MEETING OPENING

The Chairperson declared the meeting open.

*The meeting adjourned at 11.03am and reconvened at 11.13am.*

#### ARC 16/013 APOLOGIES

There were no apologies.

#### ARC 16/014 CONFIRMATION OF MINUTES

##### **RESOLVED**

**That the minutes of the Audit and Risk Committee meeting held 7 July 2016 be adopted as a true and correct record.**

**Moved by: Mayor Margaret Kouvelis**

**Seconded by: Councillor Howard Voss**

##### **CARRIED**

#### ARC 16/015 DECLARATIONS OF INTEREST

Chairperson John Fowke tabled a schedule of his interests, as listed below:

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	THURSDAY 1 SEPTEMBER 2016	11.00AM

Toyota New Zealand Limited	<ul style="list-style-type: none"> <li>• Contractor / Corporate Counsel</li> <li>• Motorsport ambassador</li> <li>• Trustee of the Kiwi Driver Fund</li> </ul>
Te Manawa Museum and Art Gallery	<ul style="list-style-type: none"> <li>• Chairperson</li> </ul>
Manawatu Community Law Society	<ul style="list-style-type: none"> <li>• Chairperson</li> </ul>
MASH Trust	<ul style="list-style-type: none"> <li>• Board Member</li> <li>• Member of Audit and Risk and Quality committees</li> </ul>
Vision Manawatu	<ul style="list-style-type: none"> <li>• Trustee (ceases September 2016)</li> </ul>
Central Economic Development Agency Limited	<ul style="list-style-type: none"> <li>• Board member</li> </ul>
Manawatu District Council	<ul style="list-style-type: none"> <li>• Chairperson Audit and Risk Committee</li> </ul>
Institute of Directors	<ul style="list-style-type: none"> <li>• Member</li> </ul>
Justice of the Peace	

Councillor Barbara Cameron declared the following interests:

- Ministerial appointment to the Midcentral District Health Board
- Chairperson of Ministry of Social Development's Community Quorum Panel

#### ARC 16/016 NOTIFICATION OF LATE ITEMS

There were no late items notified.

#### ARC 16/017 INTERNAL AUDIT REPORTS

Report of the General Manager – Corporate and Regulatory dated 25 August 2016 presenting to the committee the most significant internal audits completed in the past three years and in particular the audit conducted on the Feilding Wastewater Treatment Plant project.

*The meeting adjourned at 12.14pm and resumed at 12.47pm.*

#### **RESOLVED**

**That the Audit and Risk Committee receives the Internal Audit reports for:**

- **Project Implementation Review of the Feilding Wastewater Treatment Plant;**
- **Contract Management and Procurement Review on Infrastructure Contracts; and**
- **Sensitive Expenditure.**

**Moved by: Mayor Margaret Kouvelis**

**Seconded by: Councillor Howard Voss**

**CARRIED**

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	THURSDAY 1 SEPTEMBER 2016	11.00AM

ARC 16/018 INTERNAL AUDIT PROGRAMME 2016-17

Report of the General Manager – Corporate and Regulatory dated 25 August 2016 presenting the Executive Team’s recommendation for the 2016 – 2017 internal audit programme.

**RESOLVED**

**That the Audit and Risk committee approves the following audits as the 2016 – 2017 Internal Audit Programme:**

Review	
<b>Legislative Compliance and Conflict Interest review</b>	<p><b>Review process to ensure that there is a formal process in place to ensure compliance with legislation, with an emphasis on training for new and existing employees.</b></p> <p><b>Review the process surrounding Conflict of Interest in MDC and providing the assurance that Conflicts of Interests are managed appropriately</b></p>
<b>Cash receipting – Reception, Library, pools, solid waste</b>	<p><b>Cash is received, controlled, accounted for, deposited in a timely manner and in compliance with applicable policy. Cash receipting practices of agents at Feilding Transfer Station are appropriate and all cash is received, controlled, accounted for, deposited in a timely manner. Petty cash is properly accounted for, adequately safeguarded and is used for their intended purpose. New receipting software is to be installed at the Library and Makino and it is important to test the internal controls.</b></p>
<b>Business Continuity and Disaster Recovery Plan</b>	<p><b>The objective of the audit is to identify the controls the Council has in place over the Business Continuity and Disaster Recovery plan and provide the assurance over the recovery options for IT systems to ensure they are in line with Council service recovery objectives.</b></p>
<b>Asset Revaluations Review</b>	<p><b>Reviewing the valuation process. The methodology used to calculate unit rates, the integrity of the formula driving the valuation model, timeliness and reliability of data entered into Asset Management System and quality assurance.</b></p>
<b>Feilding Waste Water Treatment</b>	<p><b>The review of the internal process in the governance and management of WWTP. 1 July 16/17 \$6 million to spend</b></p>
<b>Post Implementation Review – Makino Pool</b>	<p><b>A post implementation review</b></p>

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AUDIT AND RISK COMMITTEE	THURSDAY 1 SEPTEMBER 2016	11.00AM

Follow up review from previous audit finding Pool and Library	Follow up review from previous audit finding Pool and Library
Payroll Review	A review of our payroll system, processes and procedures

**Moved by: Councillor Barbara Cameron**

**Seconded by: Councillor Tony Jensen**

**CARRIED**

ARC 16/019 FOURTH QUARTER REPORT TO 30 JUNE 2016

Report of the General Manager – Corporate and Regulatory dated 25 August 2016 providing a summary to 30 June 2016 of the Council’s performance against the first year of the 2015/25 Long Term Plan.

*Councillor Cameron left the meeting at 1.18pm.*

**RESOLVED**

**That the Audit and Risk Committee receives the Fourth Quarter Report to 30 June 2016.**

**Moved by: Councillor Howard Voss**

**Seconded by: Councillor Tony Jensen**

**CARRIED**

ARC 16/020 ANNUAL REPORT TO 30 JUNE 2016

Report of the General Manager – Corporate and Regulatory dated 25 August 2016 presenting the Annual Report for the year ending 30 June 2016 and advising on the process followed to prepare the Annual Report. Some minor wording changes were requested by committee members, to include the former authority of Kairanga in the description of the current Manawatu District, and to list the opening hours and days for the community-run satellite libraries.

*Councillor Cameron returned to the meeting at 1.30pm.*

**RESOLVED**

**That the Audit and Risk Committee receives the draft Annual Report 2015-16.**

**Moved by: Councillor Howard Voss**

**Seconded by: Councillor Tony Jensen**

**CARRIED**

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	THURSDAY 1 SEPTEMBER 2016	11.00AM

ARC 16/021 CONSIDERATION OF LATE ITEMS

There were no late items for consideration.

ARC 16/022 NOTIFICATION OF ITEMS FOR NEXT MEETING

The following items were notified for inclusion on the agenda for the next meeting:

- Update on Feilding Library
- Makino Aquatic Centre upgrade
- Update on Feilding Wastewater Treatment Plant

ARC 16/023 MEETING CLOSURE

The meeting closed at 1.41pm

Approved and adopted as a true and correct record:

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**CHAIRPERSON**

.....  
**DATE**

.....  
**CHIEF EXECUTIVE**

.....  
**DATE**