



**I, Steven May, Tumu Whakarae Chief Executive Officer, hereby give notice that
a Finance, Audit & Risk Committee Meeting will be held on:**

Date: Tuesday, 14 May 2019
Time: 1.30pm
**Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa**

AGENDA

Finance, Audit & Risk Committee Meeting

14 May 2019

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

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- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 CHAIRPERSON'S ANNOUNCEMENTS**
- 5 LATE ITEMS OF URGENT BUSINESS**
- 6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 14.14 requests to speak must be made to the meeting secretary at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

7 MINUTES OF THE PREVIOUS MEETING

Ordinary Meeting - 2 April 2019

**MINUTES OF WAIROA DISTRICT COUNCIL
FINANCE, AUDIT & RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA
ON TUESDAY, 2 APRIL 2019 AT 1.30PM**

PRESENT: His Worship the Mayor Craig Little (Mayor), Cr Denise Eaglesome-Karekare (Deputy Mayor), Cr Jeremy Harker, Mr Philip Jones

IN ATTENDANCE: Steven May (Tumu Whakarae Chief Executive Officer), Stuart Mutch (Auditor, Ernest Young), Gary Borg (Pouwhakarae – Pūtea/Tautāwhi Rangapū Group Manager Finance and Corporate Support), Russell Rodgers (Finance Manager), Lauren Jones (Kaikaute Putea/Financial Accountant), Gay Waikawa (Kaiurungi Tutohu Governance Officer), Kevin Stevenson (Kaiurungi Kore Whakawhara/Zero Harm Officer).

1 KARAKIA

Karakia was given by Cr Denise Eaglesome-Karekare

2 APOLOGIES FOR ABSENCE

Nil

3 DECLARATION OF CONFLICT OF INTEREST

None

4 CHAIRPERSON'S ANNOUNCEMENTS

The Chairperson welcomed Mr Russell Rogers, Finance Manager and also thanked him for applying for the role and also welcomed Ms Lauren Jones, (Kaikaute Putea/Financial Accountant) to her first FAR Committee meeting.

5 LATE ITEMS OF URGENT BUSINESS

None

6 PUBLIC PARTICIPATION

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 14.14 requests to speak must be made to the meeting secretary at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

Mr Caves commented and asked various questions on Item 8.2 (External Audit Management Report for the Year Ended 30 June 2018) & Item 8.3 (External Audit Plan for the Year Ending 30 June 2019) in the FAR Committee Agenda dated 2 April 2019.

7 MINUTES OF THE PREVIOUS MEETING**COMMITTEE RESOLUTION 2019/56**

Moved: Cr Denise Eaglesome-Karekare

Seconded: Mr Philip Jones

That the minutes of the Ordinary Meeting held on 26 February 2019 be confirmed.

CARRIED

8 GENERAL ITEMS**8.1 HEALTH & SAFETY REPORT****COMMITTEE RESOLUTION 2019/57**

Moved: Cr Denise Eaglesome-Karekare

Seconded: His Worship the Mayor Craig Little

That the Committee receive the report.

CARRIED

The Zero Harm Officer presented his report and reported on Background, Current Situation being Hazard Identification/Register/Accident or Near Miss Reports, Site Wise, I Auditor, Joint Procurement, H & S Committee and Safety Audits Summary-July-March 2019.

The Zero Harm Officer also gave a presentation on ecoPortal (Health and Safety, Risk Management Software).

Various questions were asked of the Zero Harm Officer.

8.2 EXTERNAL AUDIT MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2018**COMMITTEE RESOLUTION 2019/58**

Moved: Cr Jeremy Harker

Seconded: Mr Philip Jones

That the Committee receives the Audit Management Report for the Year Ended 30 June 2018.

CARRIED

The Pouwhakarae – Pūtea/Tautāwhi Rangapū Group Manager Finance and Corporate Support presented his report.

Attached to the report was the Audit Management Report 2018.

8.3 EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2019**COMMITTEE RESOLUTION 2019/59**

Moved: Cr Jeremy Harker

Seconded: Mr Philip Jones

That the Committee receives the External Audit Plan 2019.

CARRIED

The Pouwhakarae – Pūtea/Tautāwhi Rangapū Group Manager Finance and Corporate Support presented his report and reported on the External Audit Plan for the Year Ending 30 June 2019.

The Committee discussed an Action Plan to start tracking tasks and those responsible are prepared to talk to their action/s at the next FAR Committee.

| Task | Completion date | Responsible | Open/Closed |
|--|------------------------|-----------------------|--------------------|
| Top five H&S risks to staff and what is being done to minimise them | 14 May 2019 | Kevin Stevenson | Open |
| 3 rd quarter financial results | 14 May 2019 | Gary Borg | Open |
| Adopt FAR work plan/TOR as per 26 Feb 19 FAR Committee minutes | 14 May 2019 | Steve May | Open |
| Detailed work plan on how Non-conformances from EY audit report will be addressed | 14 May 2019 | Steve May/Gary Borg | Open |
| Interim Summary from EY on Annual Report process and FY18/19 close off. Liaise with Stuart Much to request summary | 16 July 2019 | Gary Borg/Stuart Much | Open |
| Full draft Annual report NLT 3 Sep 19 to be reviewed by FAR before submitting to Auditors | 3 Sep 2019 | Gary Borg /Steve May | Open |

Closing karakia was given by Cr Denise Eaglesome-Karekare.

The Meeting closed at 2.44pm.

The minutes of this meeting were confirmed at the Finance, Audit & Risk Committee Meeting held on 14 May 2019.

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CHAIRPERSON

8 GENERAL ITEMS

8.1 ANNUAL REPORT 2018-19 TIMETABLE AND AUDIT PLAN

Author: Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager
Finance and Corporate Support

Authoriser: Steven May, Tumu Whakarae Chief Executive Officer

Appendices: 1. Annual Report Timetable 2019 [↓](#)

1. PURPOSE

- 1.1 To present to the Committee the timetable for the preparation and audit of the Annual Report for the year ending 30 June 2019.

RECOMMENDATION

The Chief Financial Officer RECOMMENDS that the Committee receives the proposed timetable and audit plan for the Annual Report 2018-19.

2. BACKGROUND

- 2.1 This matter is presented to the Committee in support of its obligations under its Terms of Reference to monitor Council's audit programme and oversee the compilation of the Annual Report.
- 2.2 Although no decisions are required from the Committee, it has a critical role in ensuring that effective oversight is applied to the integrity and timeliness of the process and the information contained in the final Annual Report that is recommended for adoption by Council.
- 2.3 The external audit plan was presented to the Committee at its meeting on 2 April 2019. This paper presents a timetable and risk assessment of the key milestones and critical path that will determine successful execution of the plan and hence Council meeting its statutory obligations.

3. CURRENT SITUATION

- 3.1 The timetable is attached as **Appendix 1** and includes qualitative assessments of the risk referred in 2.3. The schedule identifies key milestones and target dates for completion, audit and adoption of the Annual Report. It is dependent on all areas of Council's operations providing the required information within the indicated timeframes. More detailed task lists will be employed as part of the project plan.

4. RISK MANAGEMENT

- 4.1 The strategic risks (e.g. publicity/public perception, adverse effect on community, timeframes, health and safety, financial/security of funding, political, legal – refer to S10 and S11A of LGA 2002, others) identified in the implementation of the recommendations made are as follows:

- a. The risks identified pertain to legislative compliance and Council's reputation, arising from the potential inability to adopt an Annual Report within the statutory timeframes. There is also a financial risk of the additional costs that would be incurred from a protracted audit.
- b. The construction of an annual report is an extensive complex project involving numerous interdependent tasks. Therefore, their individual consequence rating cannot be realistically be assessed. The probability risk rating for each component is included in **Appendix 1**.
- c. The risks identified above will be mitigated through effective project management and recruitment. The overall inherent risk assessment for this project, in accordance with Council's risk management policy, is shown below:



| Human | Financial | Regulatory |
|------------|--------------|--------------------|
| Low | High | High |
| Operations | Employees | Image & reputation |
| Low | Considerable | High |

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

| | |
|---|--|
|  |  |
| Author Gary Borg | Approved by Steven May |

Annual Report Timetable 2018/19

| Action | Target Completion Date | Risk (Likelihood) | Impact | Mitigation |
|--|------------------------|---|---|--|
| Prepare Templates for Statements of Service Performances and Financial Statements (including comparatives) | 14 June | <p>Delayed sending of the workbooks. Unanticipated</p> <p>Incorrect Target information included Very rare</p> | <p>Delays the managers completing and allowing SLT a chance to review</p> <p>Adds work to Auditors and managers to correct, delays signoff of the Audit process</p> | <p>Documents to be prepared and issued in May</p> <p>Streamlined range of targets in LTP 2018-28. Internal review of responses to be undertaken.</p> |
| Interim Audit | 21 June | | | |
| Regular Year-End Adjustments <ul style="list-style-type: none"> - Investment Adjustments - Debtors – Aging of Rating Debtors and Provision for Doubtful Debts - Stocks on Hand - Payroll - Grants | 19 July | <p>Delayed completion of this work Rare</p> <p>Systemic challenges to production of base data Rare</p> | <p>Work would need to be done in August</p> <p>Delayed close of ledgers and completion of notes to accounts</p> | <p>Stock on hand to be requested in advance for 30 June.</p> <p>Data is produced regularly to support the regular CEO report. Testing to be undertaken in May.</p> |

| Action | Target Completion Date | Risk (Likelihood) | Impact | Mitigation |
|---|------------------------|---|--|--|
| Creditors <ul style="list-style-type: none"> - Non-Contractual Creditors <ul style="list-style-type: none"> o Processed Invoices ex GL o Invoices not received or processed - Contract claims Prepayments and accruals | 31 July | Creditor costs are not accurately recorded in the accounts Moderate | Understated expenditure and capital costs in the accounts. | Control list to be created for completeness and reconciled to contracts. |
| | | Cost information incomplete Likely | | Liaison with activity managers, review of purchase orders. |
| | | PO's are not receipted, have wrong value or not raised Likely | | Mail-out to suppliers |
| Revenue not recognised including NZTA Claim 12 – Check for Wash-up | 31 July | Income not included in accounts. Very rare | Understated Revenue and Receivables | 1. Reconciliation of income to Claims. |
| | | Not all items claimed by Engineering Rare | | 2. Review of expenditure to claims. |
| | | | | 3. Emergency spending FAR claims |
| Ledgers closed | 02 August | Timing and completeness Moderate | Delay completion of financial statements | As above |

| Action | Target Completion Date | Risk (Likelihood) | Impact | Mitigation |
|---|---------------------------|--|---|---|
| Compilation of Service Performance Reports | 09 August | Late or incomplete returns. Likely Supporting information not reliable/ inconsistent Moderate | Additional audit work, reporting delays | Supporting documentation to be supplied by managers. |
| Capital Adjustments (Additions/Deletions/Depreciation & Valuation allocations) and Accruals | 16 August | Completion delayed Moderate Additions/disposals not recognised Moderate | Delays finalisation of Depreciation, Reserve Movements and reporting Asset values and depreciation misstated | Year to 30 April for infrastructure to be sent out early June Review of project book and sign off on completion Coding and posting sequence to be agreed and confirmed. Funding Impact Statements templates to be prepared in advance final capitalisations |
| Overhead Allocations, Reserve Interest and Special Reserve funds | 23 August | Complete information not available in timely fashion. Moderate | Delayed reporting, additional audit work | Dependent on above milestones, however much of the required information is now routinely prepared. |
| Notes, Funding Impact Statements, Financial Prudence Benchmarks | 30 August | | | |
| Draft Financial Statements Council only | 06 September | | | |
| Audit | 16 September – 04 October | | | |

| Action | Target Completion Date | Risk (Likelihood) | Impact | Mitigation |
|---|------------------------|---|--|--|
| Presentation of Council only draft to Finance Audit & Risk Committee | 17 September | | | |
| Consolidation of CCO financial statements | 02 October | QRS unable to pass info until audit is finalised Moderate | Delays completion of the accounts | Board meeting confirmed for 24 September |
| Audit report on Control Findings, Draft opinion and Representation Letter | 11 October | Moderate | | |
| Report finalisation and Audit Opinion | 25 October | Moderate | | |
| Presentation of audited reports to Council for adoption | 30 October | Moderate | Breach of statutory deadline for adoption of the report. | |

8.2 HEALTH & SAFETY REPORT

Author: Kevin Stevenson, Kaiurungi Kore Whakawhara Zero Harm Officer

Authoriser: Steven May, Tumu Whakarae Chief Executive Officer

Appendices: Nil

1. PURPOSE

1.1 The purpose of this report is to update the Finance, Audit & Risk Committee on Council's health and safety (H&S) matters. No decisions are required by the Committee relating to this report.

1.2 This information only report is a standing agenda item as requested by the Committee.

RECOMMENDATION

The Zero Harm Officer RECOMMENDS that the Committee receive the report.

2. BACKGROUND

2.1 Regular reporting of health and safety compliance ensures that Wairoa District Council recognises its moral and legal responsibility to provide a safe and healthy work environment for its workers (employees, contractors and volunteers). This commitment extends to ensuring its operations do not place the local community at risk of injury, illness or property damage.

2.2 Consideration of this matter contributes to Council's vision of 'Connected Communities; Desirable Lifestyles; Treasured Environments', it also contributes to the following community outcomes:

- A safe and secure community.
- A lifetime of good health and well-being.
- A safe and integrated transport system.
- Strong district leadership and a sense of belonging.
- Safe and accessible recreational facilities.

3. CURRENT SITUATION

3.1 **Hazard Identification/Register/Accident or Near Miss Reports:** Two minor incidents have been reported for the period since the Committee's last update in April. The two incidents were of a minor nature, one from a staff member that had an accident on her way to work that resulted in no injuries the other from the Animal control staff that had an incident with a Pig in the College grounds and resulted in some minor verbal abuse from bystanders. The Police were notified but as it was of a minor nature no action was taken.

Site Wise: Work on this initiative continues regionally. Assessments are continuing. Currently working on a plan to assist the smaller contractors to be able to comply with the requirements of the Council. At the Committees request I have gathered the information that was required and found that we have 18 registered Contractors in Site Wise that appear on the Hawks bay site and only two that appear on the Wairoa site. On investigation I found the reason for this was that this allowed the contractors to work all over the District for all Councils.

Health and Safety.

The H/S Committee met on the 1st May and discussed the ongoing updates to the Auditors report and sharing of some new resources with the Napier Council. The CEO updated the Committee on the renovation taking place in the reception area.

A problem has been discovered with the panic button at reception during testing and the Alarm Company have been notified as well as the staff that work in the area concerned. Alternative arrangements have been made in the event of this system being needed.

Safety Audits Summary –March-April 2019

Five Safety audits were completed in this period. No major issues were identified. The committee were asked to consider and investigate some changes to the Site safe program to assist some of the smaller contractors to comply with Councils requirements.

- 3.2 The Committee is asked to consider the content of this report and advice of any practice or process changes.

Further Information

<http://www.worksafe.govt.nz/worksafe/>

<https://www.sitesafe.org.nz/>

<http://www.guardianangelsecurity.co.nz/>



Background Papers

Not applicable.

References (to or from other Committees)

Not applicable.

Signatories

| | |
|---|--|
|  |  |
| <p>Author Kevin Stevenson</p> | <p>Approved by Steven May</p> |

9 PUBLIC EXCLUDED ITEMS**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

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

| General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48 for the passing of this resolution |
|--|--|--|
| 9.1 - Auditor's Report to Management for the WDC 2018-28 Long Term Plan | s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons | s48(1)(a)(i) - 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 would exist under section 6 or section 7 |