

Minutes of the Audit, Finance and Risk Committee, held at Environment Canterbury, Council Chamber, 200 Tuam Street, Christchurch on Wednesday 4 October 2023 at 1.02pm

Present

Committee Chair Grant Edge, Committee Deputy Chair John Sunckell, Councillors Tutehounuku Korako, Ian Mackenzie, Genevieve Robinson, and Vicky Southworth, and Independent Member Graeme McGlinn*.

In Attendance

Cr Nick Ward

*via audio/visual link

Graeme McGlinn joined the meeting at 1.05pm during the mihi whakatau.

1. Karakia/Mihi Timatanga - Opening

Cr Korako opened the meeting with a karakia and a mihi whakatau.

2. Apologies

Apologies were received from Council Chair Peter Scott and Independent Member Graham Naylor.

3. Conflicts of Interest

There were no conflicts of interest reported.

4. Public Forum, Deputations, and Petitions

There were no requests for public forum, deputations, and petitions.

5. Extraordinary and Urgent Business

There was no extraordinary or urgent business.

6. Notices of Motion

There were no notices of motion.

7. Minutes

Refer to pages 9 to 35 of the agenda.

7.1 Unconfirmed Minutes - Audit, Finance and Risk Committee - 23 August 2023

Refer to pages 9 to 35 of the agenda.

Resolved AFRC/2023/78

Staff recommendation adopted without change.

That the Audit, Finance and Risk Committee:

1. Confirms the minutes from the Audit, Finance and Risk Committee meeting held on 23 August 2023.

Cr Robinson/Cr Sunckell
CARRIED

8. Report Items

Refer to pages 36 to 386 of the agenda.

8.1 Audit, Finance and Risk Committee Resolutions Status Report - October 2023

Refer to pages 36 to 40 of the agenda.

Staff provided an update on the status of previous resolutions made by the Audit, Finance and Risk Committee

Resolved AFRC/2023/79

Staff recommendation adopted without change.

That the Audit, Finance and Risk Committee:

1. Notes the status of previous resolutions provided in the Audit, Finance and Risk Committee Resolutions Status Report - October 2023.

Cr Robinson/Cr Southworth
CARRIED

The meeting adjourned from 1.14pm and reconvened at 1.16pm during discussion on agenda item 8.2.

The meeting adjourned from 1.19pm and reconvened at 1.24pm during discussion on agenda item 8.2.

8.2 Accounting Information to Support Annual Report

Refer to pages 41 to 137 of the agenda.

Staff presented the Committee with the key accounting estimates, assumptions and accounting issues incorporated in the 2022/23 Annual Report.

Staff recommendations:

That the Audit, Finance and Risk Committee:

1. Receives the key accounting issues report for the financial year ended 30 June 2023.
2. Receives the valuation reports for the financial year ended 30 June 2023.
Cr Sunckell/Cr Mackenzie

During discussion on the motion, Committee members expressed a desire to be provided with more information regarding Environment Canterbury's forestry assets, their make-up, and if any potential alternatives could be explored. An additional motion was moved by Cr Southworth and seconded by Cr Robinson

3. Recommends that a briefing regarding Environment Canterbury's forestry and consideration of alternative land use opportunities, arising out of the valuation report is provided by staff to a relevant committee of Council.
Cr Southworth/Cr Robinson
CARRIED

This was then added to the substantive motion.

Resolved AFRC/2023/80

Substantive motion:

That the Audit, Finance and Risk Committee:

1. Receives the key accounting issues report for the financial year ended 30 June 2023.
2. Receives the valuation reports for the financial year ended 30 June 2023.
3. Recommends that a briefing regarding Environment Canterbury's forestry and consideration of alternative land use opportunities, arising out of the valuation report is provided by staff to a relevant committee of Council.
Cr Sunckell/Cr Mackenzie
CARRIED

8.3 Annual Report Review

Refer to pages 138 to 313 of the agenda.

Staff provided the Draft Annual Report 2022/23 and Summary Annual Report 2022/23 to the Committee for review prior to adoption by Council. Yvonne Yang, Audit Director, Audit NZ joined the table to present on this item.

Resolved AFRC/2023/81

Staff recommendations adopted without change.

That the Audit, Finance and Risk Committee:

1. Recommend to Council that it adopts the Draft Annual Report 2022/23 and Summary Annual Report 2022/23.
2. Notes that the attached Draft Annual Report 2022/23 and Summary Annual Report 2022/23 is still being audited and is potentially subject to change prior to the scheduled adoption date of 25 October 2023.

Cr Sunckell/Cr Korako
CARRIED

Cr Mackenzie requested that his abstention from the vote be recorded.

8.4 Financial Health Update

Refer to pages 314 to 322 of the agenda.

Staff reported on both the portfolio financial performance and the financial results for the period ended 31 August 2023.

Resolved AFRC/2023/82

Staff recommendation adopted without change.

That the Audit, Finance and Risk Committee:

1. Receives the portfolio financial performance and financial results for the period ending 31 August 2023.

Cr Southworth/Cr Sunckell
CARRIED

8.5 Tax Governance Framework - Ernst Young

Refer to pages 323 to 342 of the agenda.

Staff provided details of the Tax Governance Framework to be implemented by Environment Canterbury. Peter Steenson, Associate Partner, Ernst & Young joined the table to present on this item.

Resolved AFRC/2023/83

Staff recommendation adopted without change.

That the Audit, Finance and Risk Committee:

1. Notes the Tax Governance Framework to be implemented by Environment Canterbury.

Cr Sunckell/Cr Mackenzie
CARRIED

8.6 PAYE Audit Review

Refer to pages 343 to 361 of the agenda.

Staff provided an update to the Committee on the results of a review of Environment Canterbury's PAYE Tax Processes and codes used within the payroll system. Peter Steenson, Associate Partner, Ernst & Young joined the table to present on this item.

Resolved AFRC/2023/84

Staff recommendations adopted without change.

That the Audit, Finance and Risk Committee:

1. Receives the report on the review of PAYE by Ernst & Young.
2. Notes the recommended actions identified in the report, and the actions which have already been implemented by the Payroll Team.

Cr Sunckell/Cr Korako
CARRIED

8.7 Revised Audit Fee Letter 2022/23

Refer to pages 362 to 374 of the agenda.

The revised proposed external Audit Fee for 2022/23 was presented to the Committee for review.

Resolved AFRC/2023/85

Staff recommendations adopted without change.

That the Audit, Finance and Risk Committee:

1. Reviews and endorses Audit New Zealand's audit fee in the sum of \$187,886 (excluding GST) for the annual audit for the 2022/23 financial year in accordance with clause 6.3 b) i. of the Committee's Terms of Reference.
2. Notes the agreed approach for agreeing the external audit fee for the 2023/24 and 2024/25 financial years.
3. Endorses a recommendation to Council that clause 6.3 b) i. of the Committee Terms of Reference be amended as follows:

'b) External Audit

- i. Review the appointment of the external auditors, their performance, and the Council Chair and Committee Chair, in consultation with the Director Corporate and Public Transport Services, approve the external audit fee.'*

Cr Robinson/Cr Sunckell

CARRIED

8.8 Sustainable Consents Delivery and Public Transport

Refer to pages 375 to 381 of the agenda.

Staff sought an endorsement from the Committee to request that the Council increases funding in the 2023/24 financial year for Sustainable Consent Delivery and Public Transport to address immediate performance risks, which are key priorities.

Resolved AFRC/2023/86

Staff recommendations adopted without change.

That the Audit, Finance and Risk Committee:

1. Endorses a recommendation to Council that additional funding of up to \$3.5M from General Rates Reserves be approved for the implementation of the Sustainable Consents Delivery Plan in 2023/24.
2. Endorses a recommendation to Council that additional funding of up to \$600k from Public Transport Reserves be approved for the delivery of the current public transport work programme in 2023/24.
3. Notes that the longer-term funding of the Sustainable Consents Delivery Plan and Public Transport Work programme will be considered by Council as part of the development of the draft Long-Term Plan 2024/34.

Cr Southworth/Cr Robinson

CARRIED

8.9 Response to Requests Noted in Previous Minutes

Refer to pages 382 to 386 of the agenda.

Staff provided responses to the Committee on the matters documented during the Audit, Finance and Risk Committee meeting held on 23 August 2023.

Resolved AFRC/2023/87

Staff recommendation adopted without change.

That the Audit, Finance and Risk Committee:

1. Receives this report as resolution to the documented matters raised in the Audit, Finance and Risk Committee meeting held on 23 August 2023.

Cr Sunckell/Cr Korako
CARRIED

9. Resolution to go into Public Excluded

Resolved AFRC/2023/88

That Connie Nicholson-Port, General Manager People & Capability remain after the public have been excluded for item 9.2.2 of the public excluded agenda, and that Tanja Smets, Manager Risk, Assurance & Security, and Yvonne Yang, Audit Director, Audit New Zealand remain after the public have been excluded, as they have relevant knowledge relevant to the matters under consideration.

AND

That at 2.37pm the resolution to exclude the public set out on pages 387 to 389 of the agenda be adopted.

Cr Korako/Cr Sunckell
CARRIED

The public were re-admitted to the meeting at 3.01pm.

10. Next Meeting

The next meeting will be held on 1 November 2023.

11. Karakia Whakamutunga - Closing

Cr Korako closed the meeting with a karakia.

The meeting concluded at 3.03pm

CONFIRMED 1 NOVEMBER 2023

Chair Grant Edge
Councillor, Environment Canterbury