



# **APPENDICES MINUTES**

**Council Meeting**

**Thursday, 23 February 2023**



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**13.1 APPOINTMENT OF THE CHAIR AND INDEPENDENT MEMBER OF THE RISK AND ASSURANCE COMMITTEE**

Kaituhi | Author: **Anna Smith, Democracy Services Advisor**

Kaiwhakamana | Authoriser: **Janice McDougall, Group Manager People and Partnerships**

<b>Section under the Act</b>	The grounds on which part of the Council or Committee may be closed to the public are listed in Section 48(1)(a)(i) of the <i>Local Government Official Information and Meetings Act 1987</i> .
<b>Sub-clause and Reason:</b>	Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.

**TE PŪTAKE | PURPOSE**

- 1 This report asks Council to appoint the independent chair and an independent member to the Risk and Assurance Committee.

**HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY**

- 2 The Office of the Auditor General considers that, to be effective, audit and risk committees need to have independent members – in particular, an independent chairperson. A decision was made by Council at the meeting of 24 November 2022 to appoint an independent chair, and one independent member of the Risk and Assurance Committee, under the Governance Structure and Delegations for the 2022-2025 triennium.

**TE TUKU HAEPAPA | DELEGATION**

- 3 Only Council has the authority to consider this matter.

**TAUNAKITANGA | RECOMMENDATIONS**

- A. That Council approves the appointment of David Shand as independent chair of the Risk and Assurance Committee for triennium 2022 - 2025.
- B. That Council approve the appointment of Shagen Ganason as an independent member of the Risk and Assurance Committee for triennium 2022 - 2025.
- C. That Council approve the appointment of Deputy Mayor Lawrence Kirby as a member of the Risk and Assurance Committee for triennium 2022-2025.
- D. That Council approves the release of this report, Appointment of the Chair of the Risk and Assurance Committee with the exception of Appendices 2-9 from public excluded session.

**TŪĀPAPA | BACKGROUND**

- 4 On the 24 November 2022, Council confirmed the Governance structure for the 2022-2025 triennium which includes a Risk and Assurance Committee with an appointed independent chairperson and an additional independent member. The relevant extract from the Governance Structure and Delegations 2022 – 2025 document is attached in Appendix 1.
- 5 At the Council meeting, the Risk and Assurance Committee membership was also confirmed as follows:

<b>COMMITTEE</b>	<b>CHAIR</b>	<b>MEMBERS</b>
Risk and Assurance Committee	Independent Member	Mayor Janet Holborow Cr Liz Koh

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		Cr Jocelyn Prvanov Cr Glen Cooper Mana whenua representative – yet to be confirmed Independent member
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- 6 At the Council meeting on 26 January 2023, Council confirmed attendance of one Community Board representative per Community Board with speaking but not voting rights. Community Board representatives are not considered members of the Committee and do not count towards quorum.

**HE KÖRERORERO | DISCUSSION**

**He take | Issues**

- 7 A Committee that excercises the key responsibilities of the Risk and Assurance Committee is required by legislation (Local Government Act 2002). As per Council’s Governance Structure, the Committee monitors the Council’s financial management and reporting mechanisms and framework and they are the oversight function for the Audit and Risk function at Council, ensuring the existence of sound internal control systems. Some of the key responsibilities include:
  - 7.1 Reviewing and maintaining the internal control framework;
  - 7.2 Reviewing processes for ensuring the completeness and quality of financial and operational information, including performance measures, being provided to Council;
  - 7.3 Considering Council’s existing accounting policies and principles;
  - 7.4 Obtaining from external auditors any information relevant to the Council’s financial statements, and assessing whether appropriate action has been taken by management in response to the above;
  - 7.5 Ensuring that the Council’s financial statements are supported by appropriate management signoff and adequate systems of internal control;
  - 7.6 Considering regular reports on the status of investigations by the Office of the Ombudsman or other oversight bodies into decisions by the Council;
  - 7.7 Ensuring that Council has in place a current and comprehensive risk management framework and making recommendation to the Council on risk mitigation;
  - 7.8 Assisting elected members in discharge of their responsibilities by ensuring compliance procedures are in place for are statutory requirements relating to their role;
  - 7.9 Confirming the terms of engagement for each audit with a recommendation to the Council and receiving the external audit reports for recommendation to the Council;
  - 7.10 Governance role in regards to the Health and Safety Leadership Charter and Health and Safety Plan.
- 8 The Office of the Auditor General considers that, to be effective, Audit and Risk type Committees should have independent members – in particular, an independent chairperson is recommended to be the best option. Appointing an independent chairperson gives Elected Members confidence that they are receiving advice through an independent perspective on the risk, issues, and challenges Council faces.

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- 9 To achieve such independence, at the beginning of last triennium Bryan Jackson was appointed by Council to the Audit and Risk Subcommittee as chair until 12 December 2022. Following this at the 29 July 2021 Council meeting Gary Simpson was appointed as independent member until 31 August 2024. Gary Simpson resigned from the Audit and Risk Subcommittee on 26 August 2022. The resignation by Gary Simpson and the end of the appointment period for Bryan Jackson meant that the two independent member positions became vacant.

**Ngā kōwhiringa | Options**

- 10 In December 2022, the Democracy Services team advertised the two vacant independent member positions in the newspaper and online on websites of identified membership bodies (Institute of Internal Auditors and the Law Society) to seek expressions of interest by 13 January 2023.
- 11 Eight expressions of interest (attached in Appendices 2 – 9) were received and forwarded to a recruitment panel formed by the Chief Executive consisting of the Mayor Janet Holborow, Deputy Mayor Lawrence Kirby, Chief Executive Darren Edwards and Group Manager Corporate Services Mark de Haast.
- 12 In order to identify the representative best suited, LGNZ has provided a list of suggested skills, experience and personal qualities of an audit and risk committee member that the recruitment panel should consider. These are:
- 12.1 An appreciation of the public entity's culture and values, and a determination to uphold these;
  - 12.2 Business acumen, financial reporting, broad governance experience, familiarity with risk management principles and disciplines, industry or sector expertise;
  - 12.3 Understanding of internal control and assurance frameworks and a good understanding of the roles of internal and external audit
- 13 After the initial shortlisting of these applicants, four were interviewed by the panel. The four applicants interviewed were:
- 13.1 Shagen Ganason (application in Appendix 2)
  - 13.2 David Cochrane (application in Appendix 5)
  - 13.3 Bruce Robertson (application in Appendix 6)
  - 13.4 David Shand (application in Appendix 9)
- 14 The panel recommend to Council the appointment of the following candidates to the positions of chair and independent member for the reasons set out:
- 14.1 Chair – David Shand
  - 14.2 Independent member – Shagen Ganason
- 15 The appointments are recommended to be for the duration of this triennium or until a resignation is received from the independent member.
- 16 The panel also re-considered the appointment of Deputy Mayor Lawrence Kirby to the Risk and Assurance Committee and would like to recommend that Council appoint Lawrence Kirby as a member.

**Tangata whenua**

- 17 At the Council meeting of 24 November 2022, Council confirmed that mana whenua iwi would be able to appoint one representative to the Committee. The recruitment process for this vacant position has been discussed with the members of Te Whakaminenga o Kāpiti on 14 February 2023 and mana whenua iwi have indicated that they will meet to discuss the appointment and propose a nomination. Examples:

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**Panonitanga āhuarangi | Climate change**

18 There are no climate change considerations.

**Ahumoni me ngā rawa | Financial and resourcing**

19 The independent members of the Audit and Risk Subcommittee are remunerated for attendance at meetings in accordance with the Non-Elected Members Fees Framework. There is sufficient funding to meet these costs.

**Ture me ngā Tūraru | Legal and risk**

20 There are no additional legal considerations.

**Ngā pānga ki ngā kaupapa here | Policy impact**

21 There are no policy considerations.

**TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT****Te mahere tūhono | Engagement planning**

22 This matter has a low level of significance under Council's Significance and Engagement Policy.

**Whakatairanga | Publicity**

23 If council approves the appointments the decision will be released from public excluded.

**NGĀ ĀPITI HANGA | ATTACHMENTS**

1. Responsibilities of the Risk and Assurance Committee

**C.3 RISK AND ASSURANCE COMMITTEE**

Chair	Independent – appointment to follow
Deputy Chair	To be confirmed from membership
Membership	Mayor Janet Holborow Councillor Liz Koh Councillor Jocelyn Prvanov Councillor Glen Cooper One Independent Member – appointment to follow Mana Whenua Representation: One mana whenua representative with voting rights
Other Participants	Community Board Representation: One nominated community board representative (chair or alternate) per community board with speaking but no voting rights

**PURPOSE**

This committee is responsible for monitoring the Council's financial management, financial reporting mechanisms and framework, and risk and assurance function, ensuring the existence of sound internal systems.

**RESPONSIBILITIES**

Within the purpose and delegated powers of the Risk and Assurance Committee, key responsibilities include:

- Reviewing and maintaining the internal control framework
- Reviewing processes for ensuring the completeness and quality of financial and operational information, including performance measures, being provided to Council
- Considering Council's existing accounting policies and principles
- Obtaining from external auditors any information relevant to the Council's financial statements, and assessing whether appropriate action has been taken by management in response to the above
- Ensuring that the Council's financial statements are supported by appropriate management signoff and adequate systems of internal control (i.e. letters of representation)
- Considering regular reports on the status of investigations by the Office of the Ombudsman, Privacy Commission, Office of the Auditor General and other external oversight bodies into decisions and actions by the Council
- Ensuring that Council has in place a current and comprehensive risk management framework and making recommendations to the Council on risk mitigation



- Assisting elected members in the discharge of their responsibilities by ensuring compliance procedures are in place for all statutory requirements relating to their role
- Confirming the terms of engagement for each audit with a recommendation to the Council; and receiving the external audit reports for recommendation to the Council
- Governance role in regards to the Health and Safety Leadership Charter and Health and Safety Plan.

#### DELEGATIONS

All powers necessary to perform the Subcommittee's responsibilities, except:

- (a) powers that the Council cannot delegate or has retained to itself
- (b) where the Committee's responsibility is limited to making a recommendation only.

#### MEETING FREQUENCY

On a quarterly basis or as required.

#### QUORUM

A quorum is achieved with **four** voting members present in person. At least one member must be a member of Council.