
**MINUTES OF THE AUDIT & RISK COMMITTEE MEETING OF THE
STRATFORD DISTRICT COUNCIL HELD IN THE COUNCIL
CHAMBERS, STRATFORD DISTRICT COUNCIL ON TUESDAY 17
MARCH 2020 AT 4.00 PM**

PRESENT

K Denness (the Chairman), the District Mayor N C Volzke, the Deputy Mayor A L Jamieson, Councillors P S Dalziel, J M S Erwood and M McKay.

IN ATTENDANCE

The Director Community Services – Ms K Whareaitu, the Director Corporate Services – Mrs T Radich, the Director Environmental Services – Mr B Sutherland, Councillor G W Boyde, the Executive Administration Officer – Ms R Vanstone, the Health & Safety and Emergency Management Advisor – Mr M Bestall (*part meeting*), the Corporate Accountant – Mrs C Craig (*part meeting*), and one member of the media (the Daily News).

1. WELCOME

The Chairperson Ms K Denness welcomed the District Mayor, Councillors and staff.

2. APOLOGIES

An apology was noted from the Director Assets – Mrs V Araba.

RECOMMENDATION

THAT the apology be received.

DENNESS/DALZIEL

Carried

A&R/20/01

3. ANNOUNCEMENTS

The Health & Safety and Emergency Management Advisor advised all attendees of the COVID-19 ‘stop sign’ at the entranceway to the building and encouraged frequent handwashing.

4. DECLARATION OF MEMBERS INTEREST

There were no declarations of interest.

5. ATTENDANCE SCHEDULE

The attendance schedule for 2019 – 2020 Audit and Risk Committee meetings was attached.

6. PROGRAMME OF WORKS

D19/32844 (Page 8)

RECOMMENDATION

THAT the Audit and Risk Committee's programme of works for 2020 be received.

DENNESS/ERWOOD
Carried
A&R/20/02

7. CONFIRMATION OF MINUTES

7.1 Audit and Risk Committee Meeting Minutes – 17 December 2019

D19/34500 (Pages 9-19)

RECOMMENDATION

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 17 December 2019 be confirmed, with any amendments, as a true and accurate record.

DENNESS/McKAY
Carried
A&R/20/03

Questions/Points of clarification:

- Clarification was sought from the Chair on whether council could exit from the commitment of being a Local Government Funding Agency ('LGFA') guarantor. The Director – Corporate Services advised that clarification would be sought from the LGFA and requested that this be added to matters outstanding.
- Councillor Boyde clarified that the farm has a health and safety register and that the risk register for the farm and aerodrome is currently being reviewed.

8. MATTERS OUTSTANDING

D18/27474 (Page 20)

RECOMMENDATION

THAT the matters outstanding be received.

JAMIESON/DALZIEL

Carried
A&R/20/04

Questions/Points of clarification:

- With regards to the outstanding swim school response item, the Director – Community Services advised that council is working with the school to complete the necessary documentation by the second school term.
- There was discussion around the liability for council as the provider of the venue and lifeguards to a commercial operator.

9. COMMITTEE REVIEW 2017-2019

D20/4135 (Pages 21-23)

RECOMMENDATION

THAT the Audit and Risk Committee's review for the period 2017- 2019 be received.

DENNESS/ERWOOD

Carried
A&R/20/05

10. DECISION REPORT – INTERNAL AUDIT PLAN 2019/20

D20/2515 (Pages 24-31)

RECOMMENDATIONS

1. THAT the report be received.
2. THAT the Internal Audit Plan 2019/20 be approved.

DENNESS/DALZIEL

Carried
A&R/20/06

The Chair took both recommendations at once.

The Corporate Accountant made the following points:

- The council plans on completing the internal audit plan for 2019/20 by internal staff. As well as a cost saving, an internal audit provides a training and development opportunity.
- The potential for conflict of interest has been eliminated as much as possible by removing the ability of staff involved in day-to-day activities to review their own activity.
- The first two risk activities identified for audit have come from council's top 10 risk register. The next six risks are reasonably topical and relevant to council and the wider world at present. The last two are not on the risk register but are possibly relevant to council's activities. The outcome of the review will determine whether these risks go into the register.
- The internal audit will commence once the minutes of this meeting are adopted. The audit results will be presented to this committee.

Questions/Points of clarification:

- Councillor McKay asked whether staff had a template structure to work from so if staff were not entirely knowledgeable about the area being reviewed, they would be aware of the relevant questions to ask. The Corporate Accountant clarified this adding that the template allowed for detail such as process changes or enhancements and cost savings to be identified. Councillor McKay asked if a peer reviewer step was included in the template. Mrs Craig confirmed this to be the case.
- Councillor Boyde asked whether the internal audit ought to be peer reviewed by an external party in the future. Mrs Craig responded that this could be considered moving forward. Mrs Radich clarified that a detailed report would be brought back to the Audit and Risk Committee and that in doing so, this forum would be peer reviewing the internal audit also. It was also thought that a peer review function could be shared across the three Taranaki councils at some point in the future.
- Councillor Dalziel, in identifying procurement contracts (item number 25 on Appendix 1), asked whether this required review having just been reviewed by the external auditors. Mrs Craig clarified that it was worthwhile to ensure that council is compliant. The Chief Executive noted that significant changes have been implemented since the previous external audit.
- The District Mayor commented that he liked the idea of an internal audit being carried out by staff periodically - one year out of three – as a possibility and he agreed that there were substantial savings to be made. An internal audit also gave staff a holistic view of the organisation whereas external auditors tended to focus on one issue.

11. INFORMATION REPORT – RISK REVIEW

D20/3572

(Pages 32-53)

RECOMMENDATION

THAT this report be received.

JAMIESON/McKAY

Carried

A&R/20/07

The Director – Corporate Services made the following points:

- Fraud related risk in terms of management overriding internal controls was added to the risk register having been raised at the last Audit and Risk Committee meeting and by the external auditor.
- Other changes to the top ten risk register include adding an infectious disease outbreak/pandemic risk in light of the corona virus outbreak, reducing the residual risk of the release of incorrect or confidential information and updating minor server failure and government policy impacting on local government and resourcing in light of occurrences in council.

In a pandemic update, the Chief Executive made the following points:

- Council had been busy on a daily basis adjusting to the ever evolving situation and understanding of the risks posed by COVID-19.
 - As an organisation council has increased cleaning measures across all of its facilities and has been working with neighbouring councils to provide a unified approach to service and communications.
 - Council continues to await legal, sector and wellbeing advice from organisations such as Local Government New Zealand, the Ministry of Health and Taranaki Health Board.
 - Taranaki Emergency Management ('TEMO') has been activated to ensure the flow of information through the region. At this stage, one council staff member has been seconded to TEMO and a second secondment is being considered from one of the councils. The scenario provides good experience and practice for staff. New Plymouth District Council have chosen to activate their own Emergency Operational Centre ('EOC'). At this stage Stratford have decided that there would be no benefit in activating a local EOC as it would draw resources out of our business as usual roles.
 - The organisation is working through business continuity plans. General indications are that there will be a 9-12 month pandemic 'tail' so the business as usual activities like paying bills and rates are being focused on. We are looking at ways of providing services by staff working from home. Over next few days we will do a full work from home test.
 - National advice is being stitched together by the Society of Local Government Managers ('SOLGM') regarding the opening of council facilities – we expect that some time next week.
 - A communication strategy for customer service advice to the public around social distancing etc. is being formulated. This would not include health advice.
 - We are in the process of setting up a 'hygiene bubble'. Hand sanitiser has been installed in a number of locations and is available at the front counter. Access to the back part of the building has been restricted to staff and contractors. The water technicians are temporarily based at the water treatment plant. Discussions are taking place with other councils about the cross-training of staff for essential services.
- Mayor Volzke will attend a health board facilitated meeting tomorrow with key agencies to receive an update and discuss a unified regional response. He expects a communique from that meeting.
- The Chair asked if council had considered remote meetings. Mr Hanne responded that at this stage, council chambers allows for safe distance working however this is likely to be reviewed if the current event progresses.
- The Chair asked if staff and elected members with underlying health conditions had been identified. Ms Whareaitu confirmed that staff had been asked to self-identify risk

factors including age, underlying illness, living with people with an underlying illness and to advise their managers.

Questions/Points of clarification:

- Councillor Dalziel expressed his concern for the lone worker. The Health & Safety and Emergency Management Advisor clarified that there had been robust discussion around the question of the lone worker and he was satisfied with the moderate risk scoring. He advised that he continues to explore the option of a security device for the lone worker. Councillor Erwood added recruitment and ongoing training as aspects of consideration for the lone worker. Mayor Volzke reiterated Councillor Dalziel's concerns adding that the legislation requires all reasonable and practicable steps to be taken.

The Corporate Accountant left the meeting at 4.58pm.

12. QUARTERLY REPORT – HEALTH AND SAFETY
D20/4087 (Pages 54-58)

RECOMMENDATION

THAT the report be received.

DENNESS/DALZIEL
Carried
A&R/20/08

The Health and Safety and Civil Defence Advisor made the following points:

- There have been three health and safety incidents in this quarter, including a major incident where a logging truck slid off the road. In this case the contractor did everything practicable leading up to and after the accident. There have been no further incidents with contractors.
- The biggest challenge lately has been dealing with the more unstable elements of the community that decide to visit council facilities. One person has been trespassed from all facilities.

Questions/Points of clarification:

- In referring to items 2.4 and 2.5, Councillor Erwood recommended dialling 111, not senior staff in the first instance. The Chief Executive responded that pool staff had called the police and it took them 45 minutes to respond.
- Councillor McKay asked if staff had been put through de-escalation training. Mr Bestall advised that all pool staff completed de-escalation training 1.5 years ago but there have been a lot of staff changes since then. Training was being considered again however.
- The Chair asked whether the council had considered security at the pool. The Director – Community Services responded that this had not been considered.

The Health and Safety and Civil Defence Advisor left the meeting at 5.06pm.

**13. INFORMATION REPORT — AUDIT NEW ZEALAND —
PROCUREMENT RISK REVIEW**
D20/4084 (Pages 59-67)

RECOMMENDATION

THAT the Committee receives the Audit New Zealand report on the Procurement Risk Review, finalised in February 2020.

DENNESS/ERWOOD
Carried
A&R/20/09

The Chief Executive made the following points:

- Audit NZ separately audited procurement due to its identification as a high risk activity for councils. This council's core procurement processes are sound however the report highlighted some areas for improvement including procurement planning, conflict of interest management and the evaluation of tenders in relation to the reviewed contracts for three waters maintenance, general roading maintenance and open spaces maintenance.
- Mayor Volzke clarified that the Office of the Auditor General and Audit NZ met with himself and the Chief Executive to discuss the previous audit and there was some focus on the procurement report. The auditors were satisfied with the responses given and there were no suggestions of impropriety.

**14. INFORMATION REPORT – FINANCIAL RISK MANAGEMENT
REPORT**
D20/4000 (Pages 68-78)

RECOMMENDATION

THAT the report be received.

McKAY/DALZIEL
Carried
A&R/20/10

Questions/Points of clarification:

- Mayor Volzke asked what the implications were in relation to underspent capital expenditure of \$2.1 million. The Director – Corporate Services suggested that \$7.3 million would need to be spent for the year and that water supply expenditure was the underspend area.
- Mr Hanne clarified that there was not enough free capacity to complete the design work for water supply zoning which council had proposed to elected members as part of a resilience discussion.
- Ms Radich added that other water supply projects were unlikely to be completed by the end of the financial year including the grit tank replacement and meter replacements. Mayor Volzke expressed his concern for the failure to deliver on elected members'

commitments to get the work done and this was not an insubstantial amount being talked about. Mayor Volzke ended by saying that council must make its best endeavours to spend the money because there is no guarantee that the budget will be rolled over.

- Mr Hanne added that council is committed to the work however the ability to deliver was proving more problematic.

15. INFORMATION REPORT – ANNUAL REPORT 2018/19 – AUDIT OUTCOMES

D20/3968 (Pages 79-85)

RECOMMENDATION

THAT the report be received.

DENNESS/McKAY
Carried
A&R/20/11

16. INFORMATION REPORT – LOCAL GOVERNMENT ELECTION 2019 DEBRIEF

D20/3965 (Pages 86-93)

RECOMMENDATIONS

THAT the report and the attachments are received.

DENNESS/VOLZKE
Carried
A&R/20/12

The Director – Corporate Services made the following points:

- The Chief Executive was given a mandate to encourage voter participation following a legislative change. Electoral participation and voter participation in this district is notably higher than the average.
- Mayor Volzke commented on the election signage issue which saw inconsistencies between the Signage Bylaw and the District Plan. The Director – Environmental Services advised that the bylaw was being drafted and would come before elected members in this half of the year.
- Mayor Volzke clarified that Māori wards had been considered by this Council but were decided against. Mrs Radich confirmed that this would be corrected in the report.
- The Chair asked for a breakdown of voters by age group however this was not available from Election Services.

17. GENERAL BUSINESS

17.1 Insurance Claims

The Director – Corporate Services advised that five insurance claims, all for vehicle windscreen repairs have been made in the financial year to date.

The meeting closed at 5.33pm.

K Denness
CHAIRMAN

Confirmed this 19th day of May 2020.

N Volzke
DISTRICT MAYOR