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**MINUTES OF THE AUDIT & RISK COMMITTEE MEETING OF THE  
STRATFORD DISTRICT COUNCIL HELD IN THE COUNCIL  
CHAMBERS, STRATFORD DISTRICT COUNCIL ON TUESDAY 22  
JUNE 2021 AT 1.30PM**

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**PRESENT**

P Jones (the Chair), the District Mayor N C Volzke, the Deputy Mayor A L Jamieson, Councillors J M S Erwood and M McKay.

**IN ATTENDANCE**

Councillors G W Boyde, R W Coplestone, A K Harris, V R Jones, G M Webby, and W J Sandford.

The Chief Executive – Mr S Hanne, the Director Community Services – Ms K Whareaitu, the Director Corporate Services – Mrs T Radich, the Director Environmental Services – Mr B Sutherland, the Director Assets – Mrs V Araba, the Administration & Communication Support Officer – Ms R Vanstone, the Health & Safety and Emergency Management Advisor – Mr M Bestall (*part meeting*), the Corporate Accountant – Mrs Christine Craig, and two members of the media (Taranaki Daily News & Stratford Press).

**1. WELCOME**

The Chair welcomed the District Mayor, Councillors, staff and the media to the meeting.

**2. APOLOGIES**

**RECOMMENDATION**

THAT an apology be received from Councillor P S Dalziel.

JAMIESON/ERWOOD  
Carried  
A&R/21/13

**3. ANNOUNCEMENTS**

No announcements were made.

**4. DECLARATION OF MEMBERS INTEREST**

The Chair requested councillors to declare any real or perceived conflicts of interest relating to items on this agenda.

There were no declarations of interest relating to items on this agenda.

5. **ATTENDANCE SCHEDULE**

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

6. **PROGRAMME OF WORKS**

D21/6382 Page 8

**RECOMMENDATION**

THAT the Audit and Risk Committee's rolling programme of works up to the end of 2022 be received.

JAMIESON/McKAY  
Carried  
A&R/21/14

The Chair noted that a framework for this committee's self-evaluation (report to the September 2021 meeting) will be informally discussed at the July meeting.

7. **CONFIRMATION OF MINUTES**

7.1 **Audit and Risk Committee Meeting Minutes – 16 March 2021**

D21/9431 (Pages 9-19)

**RECOMMENDATION**

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 16 March 2021 be confirmed, with any amendments, as a true and accurate record.

JONES/ERWOOD  
Carried  
A&R/21/15

No amendments were noted.

8. **MATTERS OUTSTANDING**

D18/27474 (Page 20)

**RECOMMENDATION**

THAT the matters outstanding be received.

JONES/JAMIESON  
Carried  
A&R/21/16

The Chief Executive noted that the both outstanding matters were being dealt with in this agenda.

9. **DECISION REPORT – SENSITIVE EXPENDITURE POLICY**

D21/15747

(Pages 21-31)

**RECOMMENDATIONS**

1. THAT the report be received.
2. THAT the Committee endorses the new Sensitive Expenditure Policy for approval by the Policy and Services Committee, with any amendments proposed by this Committee.

**Recommended Reason**

Audit New Zealand have strongly recommended that Council has a Sensitive Expenditure Policy in place. The Audit and Risk Committee has a role in reviewing policies which address Council risks.

McKAY/JONES  
Carried  
A&R/21/17

The Director Corporate Services noted that aspects of sensitive expenditure were currently being dealt with under individual policies. However it had become evident that any aspects of council spending which have the potential to create the perception of risk should be in one place/one policy.

Questions/Points of clarification:

- The District Mayor commented on the comprehensive coverage of what is sensitive expenditure. He noted a correction required on page 26 regarding the effect date. Mayor Volzke asked with regards to finance and social club activities whether the contribution of up to \$500 pertained to the staff or the elected members social club or both? If the staff social club was being referred to, this required clarification. With reference to gifts (page 30), elected members ought to be included here. Mrs Radich noted that these oversights would be rectified in the policy.
- The Deputy Mayor suggested a wording change to allow for flexibility and cost-effectiveness (page 27) under the travel clause. This was supported by the Chair.
- The Chair sought clarification around checked-in luggage as on occasion the policy must allow for discretion where there is a demonstrated need. This was supported by Councillor Erwood.
- Councillor McKay asked how sensitive spending would be monitored. Mrs Radich responded that once the policy is approved at council level, staff training will be provided and the risk register updated by SLT. The Chief Executive noted that travel bookers will be aware of any changes to the policy.
- Councillor McKay sought clarification as to whether alcohol, even one glass of wine or beer per person per day (page 28) was necessary when travelling on council business. The Chair noted that a number of councils have a strict policy of no alcohol. Mr Hanne was supportive of this stance. The Deputy Mayor spoke in favour of allowing an alcoholic beverage with a meal, however Councillor McKay asked whether ratepayers would think it necessary for council to pay for alcohol. The District Mayor considered it appropriate that, when travelling on council business, council pay for the meal in these situations and the individual pays for any alcohol consumed. The Deputy Mayor reiterated his stance adding that he saw no

reason to lower the standard in this situation. The Chair clarified the question – what would the ratepayer think? The Chair concluded the discussion that for now, the clause would be removed from the policy accepting that there would be further discussion on the topic when the policy comes back before council. Councillor McKay acknowledged that special circumstances should remain and that where there is a requirement, this should be pre-approved. Councillor Boyde agreed.

- Regarding credit cards (page 28) the Chair sought clarification on the credit limit which he considered at a high level and asked whether it was appropriate that cards are issued to specific council officers. Mr Hanne explained that officers held credit cards purely for online bookings and purchases hence the credit limit of \$10,000. The Chair sought clarification on how council officers, when outside of council, access credit when required. Mr Hanne responded that officers will use their own credit card and seek reimbursement on occasion – this is then repaid back to the officer within the week. Council also has a petty cash facility for small purchases such as parking. Councillor McKay noted the pressure placed on the individual to have a personal credit card with enough credit available. The District Mayor added that the largest expense is accommodation and travel – either of which are booked by the organisation and/or charged back to the organisation. The Chair also noted that he does, on occasion, approve reimbursement back to the Mayor for other local authorities, most of which is for parking and therefore a relatively low value.
- The Chair, in referring to the gifts clause (page 30) asked about potential loopholes. Mrs Radich explained the use of the gifts register for gifts with a value of either \$2 or \$40. The Chair clarified that a ‘gift’ is considered a regular ‘token’ thus creating a relationship. Councillor McKay asked that the one-off gift nuance be expressed in the policy.

## 10. **DECISION REPORT – INTERNAL AUDIT PLAN 2021**

D21/15839

(Pages 32-40)

### **RECOMMENDATIONS**

1. THAT the report be received.
2. THAT the Internal Audit Plan 2021 be approved.

#### Recommended Reason

The Audit and Risk Committee is tasked with reviewing and monitoring the internal audit activities of Council on behalf of elected members.

JONES/ERWOOD  
Carried  
A&R/21/17

Questions/Points of clarification:

- The District Mayor asked when the results of the internal audit would be presented to council. Mrs Radich noted that this committee would receive a report in September.
- The Chair noted that it was unusual for a council to conduct its own audit and he looked forward to the outcome.

## 11. INFORMATION REPORT – HEALTH AND SAFETY REPORT

D21/15781

(Pages 41-44)

### RECOMMENDATION

THAT the report be received.

VOLZKE/JONES

Carried

A&R/21/18

The Health & Safety and Emergency Management Advisor noted the following points:

- Skins checks were completed this week and well received by those staff who accessed the service.
- Mr Bestall welcomed the committee's earlier conversation around alcohol.

Questions/Points of clarification:

- The District Mayor noted the lack of enthusiasm by some local contractors to comply with health and safety rules and asked at what point does council no longer tolerate this?
- Mr Bestall noted that this was an area that required further work.
- The Chair suggested giving contractors a long lead-time to comply with minimum standards and a firm deadline. Some contractors were playing by the rules, which carries significant costs, while those that do not comply are getting an advantage. There is significant risk to council in allowing this situation to continue. His suggestion was that contracts after 1 October must demonstrate a health and safety process.
- Mr Hanne noted that there were a combination of factors at play however he acknowledged that the best outcome would be take the stance – 'no approval – no work'.
- Mrs Radich noted that the process of not paying invoices of a non-prequalified contractor (unless signed off by the advisor or the Chief Executive) saw far fewer non-prequalified contractors these days.
- The Chair did not disagree with the approach but considered that a risk assessment to both council and contractor be completed prior to the non-prequalified contractor carrying out work. Mr Bestall noted that a documented JSA process provided a 'band aid' not a real solution and for the smaller contractor (who tended to be more available than the larger contractor) conducting minor work, this was reasonably satisfactory. Mr Hanne noted that an exception to the accreditation policy was required and a limit be put on JSAs.
- Councillor McKay asked if there was an opportunity here to help facilitate a process for the local contractors, in collaboration with SBA perhaps. Mr Bestall and Mr Hanne will continue this conversation offline.
- Councillor Boyde considered that a line needed to drawn in the sand no matter the size of the contractor or the work being carried out.
- Mr Hanne noted the committee's direction on this matter, adding that a report would be brought to the next meeting.

## 12. INFORMATION REPORT – RISK REVIEW

D21/15578

(Pages 45-66)

### RECOMMENDATION

THAT the report be received.

### Recommended Reason

To provide an update to the Audit and Risk Committee of any changes to the Council Risk Register and advise the Committee of any incidents in relation to the Top Ten Risk Register from the previous quarter.

McKAY/JONES  
Carried  
A&R/21/19

Questions/Points of clarification:

- Councillor Boyde noted that the quantity of information being provided to elected members for reading could be considered a risk, in terms of quality decision making. Mrs Radich noted that some guidance in this area would be helpful. The Chair agreed and noted that this very issue has been reported in the press in relation to Tasman District Council and the Waimea Dam decision. Mrs Radich will look at a control around risk 72 in terms of elected members decision making.
- The Chair noted that risk 12 was quite topical at present. One of the mitigating controls is the insurance policy however with insurance either becoming unavailable or too expensive, what other controls were being provided for and could council afford to carry the risk itself? Mrs Radich responded that cyber security controls were provided to insurers at the time of renewal however she would endeavour to report back to this committee on the outcome of insurance renewal conversations to be held soon and on the topic of cyber security, the IT manager could update the committee.
- Councillor Boyde, in referring to risk 83, asked how council could be proactive in ensuring safe conditions at the aerodrome. Mr Hanne responded that this particular point is really the only one that council can have some control over. There are many risks that come with an unmanned airfield.

## 13. INFORMATION REPORT – FINANCIAL RISK MANAGEMENT REPORT

D21/14266

(Pages 67-78)

### RECOMMENDATION

THAT the report be received.

ERWOOD/McKAY  
Carried  
A&R/21/20

The Director Corporate Services noted the following points:

- The reported information was now out of date due to the deferral of the May meeting. More current information was discussed at the recent Policy and Services meeting.
- Capital expenditure is well below budget, the most significant portion of that is the pool which is planned for completion in the next financial year.
- The Maximum Investment with Counterparty limit breach was approved by the District Mayor and the Chair of this committee.

Questions/Points of clarification:

- The District Mayor noted that the Maximum Investment with Counterparty limit breach process worked well.
- The District Mayor used the opportunity to ask elected members if they were satisfied with this process and the decisions regarding investment levels (with one institution). There were no objections.
- The Chair noted the net debt calculation in paragraph 2.1 (page 69 refers). Mrs Radich confirmed that she had sought advice from the LGFA around this and they were satisfied.

*The Health & Safety and Emergency Management Advisor left the meeting at 2.39pm.*

#### **14. INFORMATION REPORT – STAFF WELLBEING**

D21/14266

(Pages 79-99)

##### **RECOMMENDATION**

THAT the report be received.

##### **Recommended Reason**

The report provides an update to the Audit and Risk Committee on staff wellbeing.

McKAY/ERWOOD

Carried

A&R/21/21

The Chief Executive noted the following points:

- The report owner is the Chief Executive, not the Director Community Services as noted.
- This is the second year of measuring or reporting on staff wellbeing at this council.
- There have been some notable improvements and some indicators have slipped.
- Mr Hanne noted his caution around using staff absenteeism data as an indicator of wellbeing.
- A long list of wellbeing initiatives are slowly being delivered. The most recent, skin checks, received positive comments from staff. The staff leave bank, a staff initiative, has been utilised on two occasions.
- Councillor McKay noted that zero formal complaints of bullying and sexual harassment have been received in the last two reporting years and asked if staff were aware of how to report such instances. Mr Hanne responded that this indicator had been broken down further this year to give more insight. The formal process for sexual harassment and bullying reporting was through Vault and these came

directly to Sven. This facility has not been used and no direct approaches to senior management have been reported. Any complaint about the Chief Executive goes to the District Mayor. Mr Hanne considers it appropriate that the Deputy Chief Executive role is held by a female.

- The Chair noted that he regularly sees untaken annual leave in organisations and asked how this was managed, especially when employees felt that they could not take leave because they are too busy. He has seen leave get up to the 9-10 week mark which is not good in terms of wellbeing or internal control. Mr Hanne responded that annual leave is reported on at SLT level each quarter. Mrs Radich confirmed that all managers could see staff leave at a glance and talk to staff directly about a clear plan for leave use.
- Councillor Boyde noted also that holiday accrual presented a financial risk to the organisation.
- Mr Hanne acknowledged that the year had been a busy one for staff with LTP, projects, accreditations and audits all adding to fatigue and general wellbeing.

## 15. **INFORMATION REPORT – CIVIL DEFENCE PROGRESS AND READINESS REPORT**

D21/15788

(Pages 100-144)

### **RECOMMENDATION**

THAT the report be received.

### **Recommended Reason**

It is a function of this committee to stay abreast of Council's readiness and ability to meet its requirements and obligations as laid out in the Taranaki Civil Defence Group's constituting agreement.

JONES/VOLZKE

Carried

A&R/21/22

### Questions/Points of clarification:

- The Chair noted the extreme risk on page 132. Mr Hanne acknowledged that there were challenges around filling civil defence roles at any time for an organisation the size of ours however he believed that strong collaborative relationships within the region were a plus and had got us through Covid. He accepted though that the council was not currently compliant. The matter is a constant agenda item at regional meetings.
- The District Mayor noted that this report is being looked at a higher level and the joint (CDEM) view was that progress was being made.
- The Deputy Mayor noted that there had not been a TEMO presence at the Central Taranaki Safe Community Trust meetings.



**16. AUDIT NZ CORRESPONDENCE**

- PWC – Proposal for targeted indirect tax evaluation (Pages 145-151)
  - Audit NZ – Report to Council on the Audit of Stratford District Council’s Consultation Document for its 2021-2031 Long Term Plan (Pages 152-174)
- The Chair noted his expectation that asset management plans and other matters concerning the LTP would be discussed at the next meeting, in the presence of an Audit NZ representative if this was at all possible.

**17. GENERAL BUSINESS**

No general business was discussed.

**18. QUESTIONS**

No questions were asked.

*The meeting closed at 3.07pm.*

P Jones  
**CHAIRMAN**

Confirmed this 20<sup>th</sup> day of July 2021.

N Volzke  
**DISTRICT MAYOR**