
**MINUTES OF THE AUDIT & RISK COMMITTEE MEETING OF THE
STRATFORD DISTRICT COUNCIL HELD IN THE COUNCIL
CHAMBERS, STRATFORD DISTRICT COUNCIL ON TUESDAY 19
MAY 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, the Director Assets – Mrs V Araba, Councillors G W Boyde, A K Harris and W J Sandford, the Executive Administration Officer – Ms R Vanstone, the Health & Safety and Emergency Management Advisor – Mr M Bestall (*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

No apologies were received.

3. ANNOUNCEMENTS

There were no announcements.

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.

ERWOOD/VOLZKE
Carried
A&R/20/13

7. **CONFIRMATION OF MINUTES**

7.1 **Audit and Risk Committee Meeting Minutes – 17 March 2020**

D20/7601 (Pages 8-16)

RECOMMENDATION

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 17 March 2020 be confirmed, with any amendments, as a true and accurate record.

McKAY/DALZIEL
Carried
A&R/20/14

8. **MATTERS OUTSTANDING**

D18/27474 (Page 17)

RECOMMENDATION

THAT the matters outstanding be received.

McKAY/JAMIESON
Carried
A&R/20/15

The following points were noted:

- In response to the request for an update on the Climate Change Response Report, the District Mayor advised that this matter was a work in progress. The Director – Environmental Services noted that the three territorial authorities would convene at the earliest opportunity to consider the draft of a regional study that has been commissioned.
- The Health & Safety and Emergency Management Advisor advised that the lone worker status item had been discussed and concluded at the previous meeting.
- The Director – Community Services noted that a job description and advertisement for the Chair role had been reviewed and would be advertised as soon as possible.

- In response to a question about whether the Council could exit the Local Government Funding Agency's ("LGFA") guarantor scheme, the Director – Corporate Services advised that the Council could exit as a guarantor where:
 - Council debt had reduced to less than \$20,000,000 (currently \$14,500,000, but predicted to exceed \$20,000,000 by June 2021), and
 - Council's commitment under the guarantee would only cease once the longest LGFA bond, at the time the Council ceases to become a guarantor with LGFA, matures (currently April 2033).

9. INFORMATION REPORT - ANNUAL REPORT 2018/19 – AUDIT OUTCOMES

D20/8187 (Pages 18-24)

RECOMMENDATION

THAT the report be received.

Recommended Reason

This report informs the Committee of the issues identified in the final Audit New Zealand Management Report for the 2018/19 Annual Report, and summarises their findings and the actions to be taken by Council officers to respond to audit recommendations.

JAMIESON/ERWOOD

Carried
A&R/20/16

The Director – Corporate Services noted that Council was preparing working papers for the upcoming audit. The interim audit would commence on 25 May 2020 with auditors on-site for two weeks reviewing significant items prior to the full audit which would commence in the last week of August. Council had requested that the audit be brought forward this year.

Questions/Points of clarification:

- The Deputy Mayor requested an update on Council's request to the Auditor-General for a change of auditor. Mr Hanne noted that the Auditor-General had made it clear that the current arrangement would not change for the 2019/20 audit however Mr Ryan had indicated that the engagement period could be shortened in the future.
- The Deputy Mayor noted the irony in Council's being asked to consider cost reductions when annual audit fees would increase by 1.5 per cent.
- The Chair sought an update on the contract management register. Mrs Radich confirmed that Council was awaiting a patch from Civica and that the deadline for that work would likely be met although it would not be a priority given that Council already had a number of other urgent IT projects awaiting Civica's resolution and already had a robust system in place.

10. INFORMATION REPORT – RISK REVIEW

D20/8094

(Pages 25-29)

RECOMMENDATION

THAT this report be received.

RECOMMENDED REASON

To provide an update to the Audit and Risk Committee of any changes to the risk register and advise of any incidents in relation to the Top 10 Risk Register from the previous quarter.

ERWOOD/DALZIEL

Carried
A&R/20/17

The Director – Corporate Services noted the following points:

- Failure of a Significant Contractor was added to the risk register and given a ‘high’ risk rating.
- The COVID-19 Response Bill would prove to be helpful in terms of giving Council a further year to review bylaws due for revocation this year.
- Management of the Infectious Disease Outbreak/Pandemic risk would be reported on in other reports to this Council.

The Chief Executive left the meeting briefly at 4.25pm and returned at 4.27pm.

Questions/Points of clarification:

- The Chair was pleased to note that credit checks were being completed for contractors, particularly the larger ones.
- The District Mayor noted that the failure of contractors considered a likely occurrence two months ago, was a reality in the current circumstances. He also noted that the impact of government policy changes in this situation was positive.
- Mayor Volzke advised the committee that an announcement was due very soon on three waters and he expected this to have a significant impact.

11. **BI-MONTHLY REPORT – HEALTH AND SAFETY**

D20/7961

(Pages 48-51)

RECOMMENDATION

THAT the report be received.

McKAY/VOLZKE

Carried

A&R/20/18

The Health & Safety and Emergency Management Advisor noted that aside from the COVID-19 pandemic, the health and safety arena had been relatively quiet since the last meeting. COVID-19 had been a defining and amazing event with the goalposts shifting hourly. Coming out of the pandemic called for a staggered approach to ensure the safety of staff and their families.

Questions/Points of clarification:

- The Chair asked how many people had been diagnosed with COVID-19 in the Stratford District. The Chief Executive responded that he was aware of two local cases.
- Councillor Boyde praised council staff for a job well done during the COVID-19 pandemic response. This was reiterated by the Deputy Mayor. Mr Bestall acknowledged Mr Hanne's leadership and effort as regional Controller.
- In response to a question from the District Mayor concerning the outstanding matter of the swim school, Mr Hanne confirmed that the school's learn to swim sessions would not restart until council had received the required pre-qualification documentation by the agreed date of 3 June 2020. Swim squad sessions would restart this week once the relevant documentation from trainers was received.
- Mayor Volzke asked about the pool safe standards and how council benefited from the accreditation process given that not all public pools subscribe. Mr Hanne noted that the pool safe accreditation requirements state that trainers be qualified from the age of 16 years. He viewed this as an appropriate requirement. Other councils allow people slightly younger to operate with special requirements for supervision however those facilities are generally bigger with more staff. Mr Hanne noted that it would be ill-conceived to opt out of pool safe accreditation as this would put the entire facility at risk and would significantly increase the workload of staff who would be required to regularly audit.

12. INFORMATION REPORT - CIVIL DEFENCE UPDATE

D20/8088

(Pages 52-58)

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.

McKAY/JAMIESON

Carried
A&R/20/19

The Chief Executive noted the following points:

- The COVID-19 event had provided an opportunity to assess the region's emergency readiness.
- The Morris Report triggered the move of the civil defence function away from the regional council and saw a significant increase in resourcing and staffing. In 2017 the regional/collective effort commenced. While this model was being established, central government moved the goalpost further through legislative change. This Council's investment in the regional civil defence function has increased ten-fold.
- Stratford District Council now contributes 47 volunteers to the regional effort, an increase of 7 on the previous year. The Director – Environmental Services Mr Blair Sutherland has volunteered to be the Alternate Controller. Portable equipment and packs are ready and available.
- By way of an update, the 11 staff who directly contributed at the EOC during COVID-19 worked the equivalent of 148 full-time eight hour days – that represented a quarter of Council staff contributing to the event and is on a par with other council's efforts.
- Mr Hanne noted that he was extremely proud of Council staff at the EOC – they were outcomes focussed, productive, well liked and pragmatic. Their efforts were equally matched by staff who have kept Council running and those who have performed equally important roles.

Questions/Points of clarification:

- The District Mayor acknowledged that this Council had done well to effectively start from almost nothing to where it is now – it had required a lot of investment. He also acknowledged the Chief Executive's lead role and congratulated him on being part way through the Response and Recovery Leadership Programme qualification.
- The Health & Safety and Emergency Management Advisor also acknowledged Mr Hanne as the Controller, adding that he had gained the respect of his staff and other councils in the sometimes high pressure environment. Mr Bestall felt a keen sense of pride.
- The Chair noted the contribution of this Council in terms of expense and time to the effort.
- Councillor Dalziel asked whether it was fair to say that Stratford District Council had punched above its weight in terms of the regional effort? Mr Hanne confirmed this

adding that other organisations may have been lighter contributors in the initial response but as the effort was now entering the ‘long tail of recovery’ which required the same level of staffing, those organisations were delivering in that phase.

- The Chair asked whether the council was prepared for a second wave of infections. Mr Hanne confirmed this.
- The Chief Executive explained the relevance of the public health legislation versus the civil defence legislation following a question from the District Mayor.
- The Chair commented on observations from the northern and southern road blocks noting the high numbers travelling in Alert Levels 3 and 4.

The Health & Safety and Emergency Management Advisor left the meeting at 5.10pm.

13. INFORMATION REPORT – FINANCIAL RISK MANAGEMENT REPORT

D20/8096 (Pages 98-102)

RECOMMENDATION

THAT the report be received.

JAMISTON/DALZIEL
Carried
A&R/20/20

The Director – Corporate Services noted that the lockdown had affected council revenue.

Questions/Points of clarification:

- Councillor Boyde, in referring to page 99 of the agenda, noted his serious concern around incomplete capital expenditure projects and asked that these be brought back to Council for approval.
- Mr Hanne clarified that ‘carry overs’ required council approval. He also noted that carry overs were a natural function of council business. If the view was broadened from 12 months to 18 months, the 20 per cent of council’s work that was carried over was being completed in that period. When considering the 2-3 year timeline, Council has delivered on everything that it has committed to. Mr Hanne noted that 20 per cent carry over was not a failure to deliver.
- Councillor Boyde asked when referring to the capital expenditure summary, whether it was a risk to have a ‘wish list’.
- The District Mayor clarified that this year would be unique as some projects would be funded by government stimulus funding and there would be a certain amount of reprioritisation of funds. We would know more in the coming weeks, he said.
- Mayor Volzke noted, when referring to income and cash flow, how income from fees and charges versus rating income exposed councils during an economic downturn. He referred to the Auckland City Council which topped the table in terms of fees and charges which equated to 75 per cent of their rate take, suggesting a vulnerability. The New Plymouth District Council featured in the top 10–29 per cent. He noted that 10 per cent of this Council’s cash revenue came from fees and charges.
- The Chair noted her interest in the cash flow forecast, given that the loss of income from Council facilities was not recoverable.

14. AUDIT NEW ZEALAND CORRESPONDENCE

- Audit NZ – Letter to Local Authorities – Responding to COVID-19 & audit fees
D20/8158 (Pages 113-114)

RECOMMENDATION

THAT the correspondence be received.

JAMIESON/DALZIEL
Carried
A&R/20/21

15. GENERAL BUSINESS

- 15.1 Insurance Claims - no insurance claims were made in the period up to the end of April 2020.

16. QUESTIONS

The meeting closed at 5.26pm.

K Denness
CHAIRMAN

Confirmed this 21st day of July 2020.

N Volzke
DISTRICT MAYOR