

Date: Tuesday 15 March 2022 at 2.02pm
Venue: Council Chambers, 63 Miranda Street, Stratford

Present

The District Mayor N C Volzke and Councillor J M S Erwood.

Via audio visual link: P Jones (the Chair), the Deputy Mayor A L Jamieson and P S Dalziel.

In attendance

Councillor G W Boyde, the Chief Executive – Mr Sven Hanne, the Director Environmental Services – Mr Blair Sutherland, the Communications Manager – Ms Gemma Gibson, and one member of the media (Stratford Press).

Via audio visual link: Councillor G M Webby, the Director Corporate Services – Mrs T Radich, the Director Assets – Mrs V Araba, the Director Community Services – Ms Kate Whareaitu, the Administration and Communication Support Officer – Ms R Vanstone, the Health & Safety/Civil Defence Advisor – Mr Mario Bestall, the Corporate Accountant – Mrs Christine Craig, the Roading Asset Manager – Mr S Bowden, the Service Asset Manager – Mr John Cooper, and the Audit Director, Audit New Zealand – Mr Chris Webby.

1. Welcome

- 1.1 The opening karakia 'Kia Uruuru Mai' was led by the District Mayor.
- 1.2 The Chair welcomed the District Mayor, Councillors, staff and the media to the meeting. The Chair noted the health and safety message and emergency procedures on page 7 of the agenda.

2. Apologies

Recommendation

THAT an apology be received from Councillor M McKAY.

JONES/JAMIESON
Carried
A&R/22/01

An apology was noted from Councillor W J Sandford.

3. Announcements

No announcements were made.

4. Declarations 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 noted.

6. Programme of Works

D21/42807 Page 9

Recommendation

THAT the Audit and Risk Committee's rolling programme of works, as amended, up to March 2023 be received.

ERWOOD/DALZIEL

Carried

A&R/22/02

The Chair proposed that the lone worker item be brought forward from September 2022 to the May 2022 reporting date. He expected that Resource Management Act ('RMA') reforms or local government reforms would fill the gap.

7. Confirmation of Minutes

7.1 Audit and Risk Committee Meeting Minutes – 16 November 2021

D21/41130 Page 10

Recommendation

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 16 November 2021 be confirmed as a true and accurate record.

DALZIEL/VOLZKE

Carried

A&R/22/03

Questions/Points of clarification:

- The Chair sought clarification on whether his own attendance via audio visual link required minuting. The Chief Executive confirmed this as Council practice.

8. Matters Outstanding

D18/27474 Page 17

Recommendation

THAT the matters outstanding be received.

ERWOOD/VOLZKE

Carried

A&R/22/04

The Director Corporate Services noted that Council would report on the lone worker item in May 2022, in line with the update to the programme of works.

Recommendation

THAT the report be received.

Recommended Reason

As an accredited Building Consent Authority the Stratford District Council must ensure its procedures and practices for building consent matters meet legal requirements.

VOLZKE/DALZIEL
Carried
A&R/22/05

Questions/Points of clarification:

- Mayor Volzke noted that it was worth reflecting on the progress that had been made to get to this point. There had initially been a lot of concerns raised about the accreditation process, however it was now at an acceptable level and he acknowledged the efforts of staff, particularly the Director Environmental Services.
- The Chair added that IANZ's requirement to visit in November 2023 should be regarded as a very positive sign.

The Director Environmental Services left the meeting at 2.17pm.

Recommendation

THAT the report be received.

ERWOOD/JAMIESON
Carried
A&R/22/06

The Health and Safety/Civil Defence Advisor noted the following points:

- There is a growing trend of increasingly aggressive and abusive customer interactions with staff.
- A near miss incident (1) involving a contractor and a gas main was the result of sheer luck, demonstrating the need to follow correct procedures.
- He had conducted an audit on the site in question (incident 2) a week before the incident occurred and was assured that there were no issues.
- Regarding the third incident, not even the most seasoned health and safety expert could have picked up the fire source. JSAs and other documentation had not been completed. Mr Hanne congratulated Mr Bestall on his perseverance as he had identified the likely sequence of events and had been able to identify the ignition source, contributing to many learnings.

Questions/Points of clarification:

- Councillor Boyde, referring to page 21 of the report, asked whether staff could be assisted more when dealing with increasingly aggressive customers, noting that 6 out of 8 incidents recorded over the entire year, have been recent.
- Mr Bestall clarified that the incidents were already higher than the entire previous year. He noted that regular de-escalation training is provided to staff, adding that a more experienced staff member would deal with such a customer quite differently.
- Mr Hanne added that Council had attempted to provide dedicated staffing to the facilities and administration building when it was felt that certain situations would escalate. Security guards were used when/where required also.

- Councillor Dalziel, referring to page 24 of the report on EAP referrals, asked if things were really as bad as was noted. Mr Bestall responded that the uncertainty around at the moment meant that some people's feelings were stuck on 'eternal'. He emphasised that it was difficult to correlate this with the covid situation but he is certainly seeing an increase. Councillor Dalziel asked what could be done.
- Mr Hanne considered that Council, as an employer, was trying to do its best to assist staff through this time and beyond. He felt that a healthy staff culture where people could depend on each other, helped. Council is in a good position to grant leave to staff, sick or not, to ease the immediate financial burden to families of close contacts. The split team structure and introduction of rapid antigen testing ('RAT') helped to reassure staff. The Council has been generous in making RATs available to staff and he was surprised at how positive staff felt about them.
- Councillor Dalziel asked if there was agreement with the concluding statement in the report.
- The Chair noted that he was seeing a lot of uncertainty in the employment area at present, not just covid related, but local government reforms had added to this. When people are struggling to deal with one area of change, several accumulating factors such as struggling to fill up the car with petrol, can result in some not being able to see the light at the end of the tunnel. Access to someone to talk about these sorts of situations does help. The important message here is to listen carefully to what people are really saying and not judge how they are feeling.
- The Chair asked Mr Bestall if there were any issues during the fire/evacuation of the administration building. Mr Bestall clarified while staff were evacuating, members of the public had attempted to enter the building. At the time, some fire wardens were not present. Council will look to train more fire wardens and provide refresher fire extinguisher training.
- The Chair, in commenting on the powerline incident (2), asked if the contractor acknowledged whether anything would have been done differently. Mr Bestall clarified that the contractor noted the suggestions in their toolbox meeting the following week.

The Audit Director joined the meeting at 2.30pm.

The Committee agreed that with the Audit Director having joined the meeting, the order of the meeting would change and that item 12 – Information Report - Audit NZ Matters Outstanding - would now be discussed.

12. Information Report – Audit NZ Matters Outstanding

D22/7505 Page 151

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 2020/21 Annual Report and Long Term Plan 2021-31, summarising the actions that have or intend to be taken by Council officers to respond to audit recommendations with respect to each issue raised.

DALZIEL/VOLZKE
Carried
A&R/22/08

The Audit Director noted his thanks to Council management for their assistance during a smooth audit process. Audit NZ was satisfied that the revaluation of roading was materially correct. They found no issues with accounting for shovel ready funding and three waters reform stimulus funding. Three waters reform was appropriately disclosed in the Annual Report.

The Director Corporate Services in turn acknowledged Mr Webby and his team for their pragmatic approach to auditing at Council over the last few years.

Questions/Points of clarification:

- Councillor Dalziel agreed with Mrs Radich on the positive audit outcome adding that the quality and standard of audits had improved and that that was down to Mrs Radich and her team. Councillor Dalziel asked if there would be a handover to the new auditor, Deloitte New Zealand who he understood were not as experienced in local government audits.

- Mr Webby clarified that he would spend a day with Deloitte going over Council's audit file. Audits are conducted on behalf of the Auditor General so it is beneficial to be of as much assistance as possible to the new audit team.
- The Chair noted the clean audit letter adding that the change to a new auditor was not a reflection on Audit NZ but rather illustrative of the sector wide staff shortages. The Chair went on to thank Mr Webby on behalf of the Committee.
- Mr Hanne thanked Mr Webby and his colleagues on behalf of the organisation. They had worked together during positive times and through tense times. Mr Webby had always applied a practical perspective to the audit process.
- Mr Webby noted that the relationship with this council had improved as the audits have improved and that this was partly due to the ease of people in the organisation to work with.

The Director Audit departed the meeting at 2.46pm.

The Committee returned to item 11 in the order of the agenda.

11. Information Report – Risk Management

D22/7622

Page 25

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any significant risks and any incidents or threats in relation to significant risks on Council's risk register from the previous quarter.

MOVED/SECONDED

Carried

A&R/22/07

Questions/Points of clarification:

- The Chair noted that the RMA reforms would need to be added to be considered as a threat to Risk 78 in the future.
- The Chair is aware that some councils have been struggling to supply significant employment and other data around existing three waters contracts. The Director Assets clarified that this Council had received such a request from the Department of Internal Affairs ('DIA') and that data had been returned within the timeframe.
- The Chair added that there is no funding to backfill the lost positions in councils.
- Councillor Dalziel noted that staff poaching is a real risk given the current labour shortages in New Zealand, for the next 12-18 months. Staff retention should be a top 10 risk.
- Mr Hanne confirmed that the Senior Leadership Team will review the new risks and the current top 10 risks in relation to council infrastructure (with a view to merging risks 86 and 90) and staff recruitment and retention.
- The Chair suggested that the heading of risk 89 required a rework with the possible merge of the setting and application of rates through council policies. The Mayor was satisfied that these risks remain unchanged until after the review of the Rates Remission Policy.
- The Chair asked that any changes to the top ten risk list be highlighted, going forward.
- Councillor Dalziel, when considering the Global Risk Report, noted that cyber risk was scored as a 4 which he thought slightly 'underdone'. He considered that Council really needed to focus on cyber risk as an area to upskill both management and elected members. Mrs Radich clarified that the annual report to this Committee on cyber risk would be presented at the next meeting, covering the prevention and minimisation of risk. She asked members to advise her if there is anything specific they would like reported. Councillor Dalziel noted that cyber risk is fast moving and that part of the risk is that we don't know what is coming at us. The Chair added that a number of cyber breaches were occurring in councils but these were not being reported on because due to the embarrassment in publicising them.
- Councillor Boyde noted that the erosion of social cohesion is being seen at the front counter of this Council.

13. Information Report – Capital Works Programme – Key Projects Update

D22/7023 Page 185

Recommendation

THAT the report be received.

Recommended Reason

To present an update on the progress of our key capital projects in the 2021/22 financial year, as requested in the September 2021 Audit and Risk Committee meeting.

VOLZKE/DALZIEL

Carried

A&R/22/09

The Director Assets noted that Council aims to finish the second trunkline by the end of June 2022. Stage 1 has been awarded; stage 2 is about to be awarded; stage 3 will be the shortest stage.

Questions/Points of clarification:

- The Chair sought clarification of spend as a percentage of what was budgeted at year 1. The Director Assets noted that spend will be 90-95 per cent of the budget but that Council will not necessarily deliver on the entire scope.
- Mr Hanne added that this year's capital budget is twice what Council would normally get in a year. He noted that under these circumstances he would be satisfied with an outcome that saw Council manage to deliver 85 per cent of its projects. The Chair agreed adding that he is aware of one council which considered itself lucky to deliver 30 per cent of what they budgeted.

14. Information Report – Local Elections 2022

D22/7772 Page 192

Recommendation

THAT the report be received.

Recommended Reason

To give assurance to the Audit and Risk Committee that the Council is undertaking all necessary steps to manage the local elections of 2022 and the associated risks.

JONES/DALZIEL

Carried

A&R/22/10

The Director Corporate Services noted the following:

- There are risks associated with holding elections and this report provides some assurance that Council is managing those risks. As Deputy Electoral Officer, Mrs Radich is assisted by Dale Ofsoske, Electoral Officer from Election Services.
- The representation review is currently sitting with the Local Government Commission and is expected to be finalised shortly.
- One of the decisions elected members make each election cycle is how names will appear on the ballot paper. Mrs Radich recommended the continuation of alphabetical ordering unless an alternative view is suggested.

Questions/Points of clarification:

- With no comment received from elected members, the Chair noted the satisfaction of members with the status quo, and that this will be presented to (full) Council for agreement.

Recommendation

THAT the report be received.

Recommended Reason

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

ERWOOD/JAMIESON
Carried
A&R/22/11

Questions/Points of clarification:

- Councillor Dalziel complimented the Corporate Accountant and the wider team on the internal audit outcomes and approach which gave him, as an elected member, some comfort that there were robust internal controls in place. This view was reinforced by the Chair who noted that not many councils of this size had an internal audit process in place.
- The Director Corporate Services noted that next year's internal audit plan would be presented to this Committee in July.

16. Correspondence

- Office of the Auditor-General – Change of Appointed Auditor, 2 February 2022
Page 230
 - This matter was previously discussed under item 12 of the agenda. There were no further questions or explanations.
 - The Director Corporate Services and the Chief Executive were to have a discussion with Deloitte. Mrs Radich noted that she would follow up on the handover and report back to this Committee in May. The Chair confirmed that he will bring this matter to the attention of the Assistant Auditor General later in the week.
 - Mrs Radich noted that Taranaki Regional Council also utilise Deloitte as their auditor.
 - Councillor Dalziel sought clarification on whether council would see a similar fee from Deloitte, moving forward. The Chair confirmed that the audit fee must be agreed by the Auditor General and that any inconsistent fee charging would be highlighted at that level.

17. General Business

- Mayor Volzke noted that the Chief Executive appointment process is progressing and can be expected to be concluded in the next week or two. As no appointment was made prior to the expiry of Mr Hanne's current contract on 9 March, an extension of three months from that date (or to the appointment of the Chief Executive – whichever comes first) was recommended and passed.
- Mayor Volzke noted the scathing report in the Taranaki Daily News about New Plymouth District Council's contract management processes, which identified a number of anomalies. He sought a report on this Council's contract management processes. This has been added to matters outstanding.

18. Questions

There were no questions.

19. Closing karakia

D21/40748 Page 232

The closing karakia 'Kia Uruuru Mai' was led by the District Mayor.

The meeting closed at 3.38pm.

P Jones
Chairman

Confirmed this 17th day of May 2022.

N C Volzke
District Mayor