

# MINUTES

## Audit and Risk Committee

F19/13/06 – D22/36102

**Date: Tuesday 20 September 2022 at 2pm**  
**Venue: Council Chambers, 63 Miranda Street, Stratford**

### Present

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

### In attendance

Councillors G W Boyde, G M Webby and V R Jones

The Chief Executive – Mr Sven Hanne, the Director Assets – Mrs V Araba, the Director Environmental Services – Mr B Sutherland, the Committee Advisor and Executive Assistant – Mrs E Bishop, the Health & Safety/Civil Defence Advisor – Mr M Bestall (*part meeting*), and one member of the media (Stratford Press).

#### 1. Welcome

The opening karakia was read.

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

The Chair reiterated the health and safety message and emergency procedures.

#### 2. Apologies

An apology was received from Councillor M McKay and the Director – Community Services – Ms K Whareaitu

#### **Recommendation**

THAT the apologies be received.

ERWOOD/DALZIEL  
Carried  
A&R/22/34

#### 3. Announcements

There were no announcements.

#### 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 attached.

## 6. Programme of Works

D21/42807 Page 11

### **Recommendation**

THAT the Audit and Risk Committee's rolling programme of works up to the end of 2023 be received.

JONES/DALZIEL  
Carried  
A&R/22/35

It was noted that the audit correspondence would be updated to Deloitte New Zealand.

## 7. Confirmation of Minutes

### 7.1 Audit and Risk Committee – 19 July 2022

D22/26022 Page 12

### **Recommendation**

THAT the minutes of the Audit and Risk Meeting of Council held on Tuesday 19 July 2022 be confirmed as a true and accurate record.

JAMIESON/VOLZKE  
Carried  
A&R/22/36

## 8. Matters Outstanding

D18/27474 Page 21

### **Recommendation**

THAT the matters outstanding be received.

ERWOOD/JONES  
Carried  
A&R/22/37

The Director – Corporate Services noted that the contract manager process was part of the internal audit process. The plan for the internal audit had been approved at the last Audit and Risk Committee Meeting. The timeframe for the internal audit has been extended due to time restraints but it was envisioned a report would be brought back to the next committee meeting.

**Recommendation**

THAT the report be received.

JAMIESON/DALZIEL  
Carried  
A&R/22/38

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

- It was noted that the two incidents involving contractors being threatened by members of the public were two different contractors and two different situations.
- There had been a couple of staff injuries but none had required time off work.
- A fish filleting knife was found in the swimming pool changing room.
- There is still an issue with Civil Defence numbers and the ability to activate if required.
- There were three EAP referrals.
- The lone worker solution has been implemented. There are a couple of teething issue with the software with one of the pendants activating at 10.46pm last night at the library.

Questions/Points of Clarification:

- It was clarified that the three incidents that were not reported were considered minor such as a bleeding nose or a stubbed toe. It was requested that the table provided to the committee provide further detail such as major/minor to indicate the level of investigation and time required to enable the committee to gauge an understanding of the time required and to provide some consistency in the reporting. This could potentially include time off work, hospitalisation etc.
- The District Mayor noted the incidents with the contractors being threatened twice and the filleting knife at the pool and noted the increase in the nature of these incidents and the frequency was alarming and could happen at any of the council facilities. The Chief Executive noted that the new lone worker solution did have a panic button and was used within the facilities as well as being used offsite.

*The Health and Safety/Civil Defence Advisor left the meeting at 2.16pm.*

**Recommendation**

THAT the report be received.

JONES/ERWOOD  
Carried  
A&R/22/39

**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.

The Director – Corporate Services noted the following points:

- This report looks at the top ten risk register, notes any changes and highlights any incidents relating to the top ten risks that have been actively managed.
- A new risk was added to the full register regarding elections and council's compliance with the biggest risk being an election being deemed invalid and a by-election being required.
- The following risks required active management:
  - Contractor damage
  - 3 Waters
  - Attracting and retaining staff
  - Elected Member decision making
  - Natural disaster and fire
  - Critical Asset Failure

Questions/Points of Clarification:

- The District Mayor noted that elected members had questioned the Minister on his recent visit on the possibility of council being required to undertake the invoicing once the 3 waters entities are established. He noted he had an email from his office stating they were looking into this issue. The Chief Executive noted that he, the Director – Assets and the Director – Corporate Services attended a one day roadshow undertaken by the national transition unit. It was treated as a fact that there are a number of roles that the entity would not fulfil on day one, and billing was highly likely. The other one was the housing of staff, staff will have employment and location guarantees in the transition but there does not seem to be any intention to create offices or satellite offices. It was noted there could be an issue for council undertaking billing for an external provider.
- The chairman noted that the workload for the 3 waters was significantly behind where it should be and this could impact the intended start date of 1 July 2024. This could significantly impact council's Long Term Plan and this committee should be considering the risks surrounding this. Mrs Radich noted that the Taituara Financial Management Group she was a member of was seeking advice from the Office of the Auditor General regarding the inclusion of 3 waters in the Long Term Plan process.
- Councillor Boyde questioned council's ability to have good governance when information such as the Local Government Reforms, 3 waters reforms and the Resource Management Act changes impacted its ability to proceed with documents such as the District Plan. The Chairman questioned if the current residual risk score was adequate or did it need to be reviewed due to the significant uncertainties. The Director – Environmental Services noted there was a little bit of time before council would be required to make the decision on the District Plan.
- Mrs Radich noted that they have been advised that the debt relating to 3 Waters will not be repaid on takeover but have assured council that it will not be put into a worse situation and what is currently paid will be covered by entity B. The District Mayor noted his concern that effectively council would have debt in relation to assets it no longer owns.
- The District Mayor noted the sewerage overflows during storm events. There seems to some progress being made with pipe replacements, however he questioned if council should be penalising those who have deliberately piped their rain and storm water to go into the waste water system as this is causing issues for other residents and the environment, he felt a notice to fix was now inadequate. The Director – Assets noted that as part of addressing the issue a storm water model was underway to allow trouble shooting and identifying work that needs to be done. She noted the impact from climate change will see these issues happening more frequently and the model will consider climate change and determine how much is required in ensuring this doesn't affect our properties.
- It was clarified that Stratford does not provide storm water infrastructure and has limited stormwater primarily for roading infrastructure with residents largely relying on soak holes or other location specific solutions. There are a limited number of properties that disposal into the curb is permitted.
- The Chief Executive noted that network tests – both visual and smoke, are done as part of the stormwater maintenance programme.

## 11. Information Report – Annual Report Update

D22/32899 Page 37

### **Recommendation**

THAT the report be received.

JAMIESON/DALZIEL  
Carried  
A&R/22/40

### **Recommended Reason**

To provide an update to the Committee of the Annual Report 2021/22, including draft financial statements and adjusted net surplus.

The Director – Corporate Services noted that this report was to give the committee an update of the current Annual Report progress and draft financial statements. The interim audit has been completed with the final audit commencing 17 October 2022.

Questions/Points of Clarification:

- It was clarified that the total debt noted on page 39 (\$32 million) was gross debt. Net debt was approximately \$18 million.
- Mrs Radich confirmed she currently had no concerns that Deloitte's would not be able to meet the statutory timeframes. She noted that some council's will be receiving a qualified opinion as a result of mandated performance measures but this is out of their control.

## 12. Decision Report – Section 17A Reviews – Approve Terms of Reference

D22/32248 Page 54

### **Recommendations**

1. THAT the report be received.
2. THAT the Terms of Reference for the Section 17A reviews are approved.

ERWOOD/DALZIEL  
Carried  
A&R/22/41

### **Recommended Reason**

The Committee's endorsement of the proposed plan for conducting the Section 17A reviews will enable Council officers to commence work on the reviews.

The Director – Corporate Services noted the following points:

- This programme will take up quite a bit of time as she would like to put a lot of effort and focus into it.
- The aim is to review all activities.
- This is a legislative requirement to be completed every six years and is due to be completed by this council by August 2023.
- The suggested project team is a mix of staff and elected members.

#### Questions/Points of Clarification:

- It was clarified that governance had not been included as the main cost is the elected members remuneration which is determined by the Remuneration Authority and would not be an area that could gain any cost efficiencies.
- The District Mayor complimented the addition of elected members to the project team which will allow elected members to influence this at the very beginning of the programme rather than critiquing the recommendations prior to the Annual Plan adoption. Elected members will then be able to see line by line how costs arise.
- It was clarified this review does not consider level of service and purely focuses on if the activity is being delivered in the most cost effective way. Mrs Radich noted that New Plymouth District Council would be completing their review at the same time so this would include how council can collaborate with other councils.
- It was clarified that should an activity change as a result of this review, such as outsourcing tasks, then this would fall under the procurement policy as a secondary outcome.
- Councillor Boyde felt the inclusion of elected members in this project team would need their roles clearly defined so not to proceed at a management level. Mr Hanne noted that the inclusion would mean elected members would have confidence that staff didn't unduly influence what activities were being looked at and elected members would be assured they have been selected objectively.
- It was requested that a template for both the deep dive review and the light review be brought back for approval by elected members once they have been established by the project team.
- Mrs Radich noted that these reviews will inform the 2024-2034 Long Term Plan.

*The media left the meeting at 3.07pm.*

#### 13. Correspondence

- LGFA – Statement of Intent 2022-2025
- LGFA – Annual Report Letter

#### 14. General Business

#### 15. Questions

There were no questions

16. Resolution to Exclude the Public

Recommendation

THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

Agenda Item No: 17

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution to each matter</b>	<b>Grounds under section 48(1) for the passing of this resolution</b>
Insurance Renewal	The withholding of the information is necessary for commercial sensitivity	The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. Section 7(2)b(ii) of the Local Government Official Information and Meetings Act 1987.

JAMIESON/VOLZKE  
Carried  
A&R/22/42

17. Public Excluded Item

**Recommendation**

THAT the open meeting resume.

ERWOOD/JAMIESON  
Carried  
A&R/22/44

18. Closing karakia  
D21/40748 Page 178

The closing karakia was read.

*The meeting closed at 3.23pm.*

P Jones  
**Chairman**

Confirmed this 4<sup>th</sup> day of October 2022.

N C Volzke  
**District Mayor**