

# MINUTES

## Audit and Risk Committee

F22/55/05 – D23/9922

Date: Tuesday 14 March 2023 at 1.00pm  
Venue: Council Chambers, 63 Miranda Street, Stratford

### Present

Mr P Jones (the Chair), the District Mayor N C Volzke, the Deputy Mayor M McKay, Councillors: G W Boyde, J M S Erwood and V R Jones

### In attendance

Councillors: E E Hall, A K Harris, S J Beck

The Chief Executive – Mr Sven Hanne, the Director – Corporate Services – Mrs T Radich, the Acting Director – Community Services – Mr C Julie, 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*), the Corporate Accountant – Mrs C Craig (*part meeting*), the Projects Manager/Engineer – Mr S Taylor (*part meeting*), the HR & Governance Administrator – Mrs C Reynolds (*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

Apologies were noted from Councillors W J Sandford, C M Tongaawhikau, A M C Dudley and S J Beck (lateness).

### Recommendation

THAT the apologies be noted.

P JONES/BOYDE  
Carried  
A&R/23/1

#### 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 10

**Recommendation**

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

P JONES/McKAY  
Carried  
A&R/23/2

The Chairman requested that a Risk Maturity Workshop be scheduled for later in the year following the Annual Plan adoption. This would be open to all councillors to attend and participate in.

7. Confirmation of Minutes

7.1 Audit and Risk Committee – 6 December 2022  
D22/47533 Page 11

**Recommendation**

THAT the minutes of the Audit and Risk Meeting of Council held on Tuesday 6 December 2022 be confirmed as a true and accurate record.

V JONES/McKAY  
Carried  
A&R/23/3

8. Matters Outstanding  
D18/27474 Page 19

**Recommendation**

THAT the matters outstanding be received.

ERWOOD/P JONES  
Carried  
A&R/23/4

9. Information Report – Health and Safety  
D23/7845 Page 20

**Recommendation**

THAT the report be received.

BOYDE/V JONES  
Carried  
A&R/23/5

Questions/Points of Clarification:

- It was clarified that the Health and Safety Advisor did not have a figure for the total cost for the Puniwhakau Bridge work and would be provided by the Roding Asset Manager. Officers would be unable to quantify the amount of time spent working with Worksafe and various vendors. Councillor Boyde noted that while council was trying to keep costs down and utilise resources better time has been dedicated to this work which was out of councils hands. It was noted that the request for an internal review was declined by Worksafe.

*Councillor Beck joined the meeting at 1.07pm*

- The Chairman thanked Mr Bestall for the inclusion of the summary of incidents and noted that the top five safety risks could form part of the discussion at the risk maturity workshop.
- It was clarified that the audits of contractors was referred to in item 6.1. Mr Bestall noted this was important to ensure contractors are doing what they say they will do. He confirmed if an audit raised concerns he would revisit.

10. Information Report – Internal Audit 2021/22 – Update

D23/7299 Page 24

**Recommendation**

THAT the report be received.

V JONES/McKAY

Carried

A&R/23/6

**Recommended Reason**

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

The Corporate Accountant noted that since this report was written officers have begun a stocktake at the pool.

Questions/Points of Clarification:

- Councillor Erwood noted that it was good to see staff involved in the internal audit as it provided an opportunity to upskill and expose themselves to individual activities.
- Councillor Jones requested a report on council's top critical assets which are nearing the end of their life or are at a stage they are due for replacement for councillors to understand ahead of time what projects are coming up and how that will impact budgets. The Director – Corporate Services noted this could initially be brought to the committee as a standalone report with regular updates to follow. Mrs Radich noted that failure of critical assets was on council's risk register.
- It was clarified that officers were investigating procurement software before reviewing the policy. The IT Manager was currently looking at the software available as well as looking at New Plymouth and South Taranaki District Councils as the three councils have a lot of the same providers. Once there is an understanding of how the programme will work then officers will be able to review the procurement manual and policy. The Chairman noted he was currently working with South Taranaki District Council on their Procurement Strategy which would provide a high level objective before reviewing the policy and then the procurement manual. It was anticipated that the policy will be taken to the Policy and Services Committee between July and September 2023. It was important to ensure that the manual gives clear guidance and that templates are easily accessible through the manual. The Chairman suggested a review of the policy and manual after 12 months would be appropriate to ensure it addresses what is needed and that it is being followed.

*The Health and Safety/Civil Defence Advisor left the meeting at 1.23pm*

11. Information Report – Capital Works Programme – Key Projects Update – February 2023

D23/6964 Page 34

**Recommendation**

THAT the report be received.

McKAY/ERWOOD  
Carried  
A&R/23/7

**Recommended Reason**

To present an update on the progress of our key capital projects in the 2022/23 financial year.

Questions/Points of Clarification:

- Councillor Boyde noted that the external funding from the Better Off Funding and Transport Choices was great but questioned if there was enough resourcing to deliver these projects without staff burning out or impacting their day to day tasks. The Director – Assets noted that the Assets Department are assessing the ability to deliver these in-house but also have consultants working with them. Project teams have been created for some of these projects and the team will review after a month how they are tracking. It is important to keep as much in-house as possible to be able to spend as much as possible on infrastructure.
- The Chief Executive noted it was important to note that it was unlikely to reach a similar percentage of capital works completed as last year, especially as there will be significant amount of resource dedicated to work needed in Hawkes Bay. The Chairman noted that at this stage the amount of work required in the Hawkes Bay was still to be understood.
- The Chairman asked how many local roads in the Stratford District were at risk during a weather event. The Chief Executive noted that council saw on a regular basis the damage caused by forestry and that some roads were purely access roads with no ability to build resilience into them. Even if seal extension was completed on forestry road then there is further damage caused by the on-going use.
- It was clarified that the antitheft device at the children's bike park was to stop the removal of the street signs. It is a clamp on the back of the signs which can only be undone with the correct tool.

12. Information Report – Annual Plan Update

D23/7919 Page 43

**Recommendation**

THAT the report be received.

VOLZKE/BOYDE  
Carried  
A&R/23/8

**Recommended Reason**

This report provides the Committee with an update on the status of the draft Annual Plan 2023/24, and an opportunity to comment on associated risks.

The Director – Corporate Services noted the following points:

- This report gives the committee an update of where officers are at with the Annual Plan 2023/24.
- The figures presented as if council continued to operate at existing levels of service with the same requirement of funding.
- The current rate increase is 16.35%. The biggest increases are listed on page 48 of the agenda with one of the biggest activity increases being the pool. Officers are looking at different options to reduce this increase and are working towards 6% which is the cap in council's financial strategy.
- The pool is one of the biggest activity increases and officers are looking at different options

Questions/Points of Clarification:

- It was clarified that the Director – Assets was currently working on a spreadsheet for capital works projects to capitalise staff time. Mrs Araba could not give an indication of a total savings but emphasised that it would be worth the time to collate the data. This has also been raised with council's auditors who have provided a list of what needs to be done and what processes need to be put in place to capitalise staff time.
- It was clarified that the use of Financial Contributions reserve was stipulated in the District Plan and allows council to use those funds for recreational and amenities open spaces and other areas for public use and community enjoyment. This has been spoken about in previous annual plans but is being suggested now due to such a high increase.
- It was clarified that there are some areas within the three waters rate requirement as this has not been fully explored due to the three waters reform. There are definitely some areas within this activity that can be reduced.
- The Deputy Mayor noted she was really keen to see a big operation reduction at the pool and an increase in revenue. She noted that council needed to really review each activity line by line to be really comfortable with what it is committing too. The Chief Executive noted that option 6 (a full review of capital projects) would be a substantial change and trigger a full consultation process. Councillor Boyde supported a detailed review of all activities.
- It was noted that interest rates would need to be recalculated. Council is looking to borrow \$4 million over the next year and will now be borrowing at a higher rate. It was noted that Cyclone Gabrielle was likely to be inflationary locally due to the amount of funds required for insurance payouts and therefore will increase local costs.
- The District Mayor noted his support for all options presented.

13. Information Report – Section 17a Reviews

D22/45421 Page 49

**Recommendation**

THAT the report be received.

ERWOOD/P JONES  
Carried  
A&R/23/9

**Recommended Reason**

To give an update to the Committee on the status of the Service Delivery (Section 17a) Reviews.

*The Corporate Accountant left the meeting at 1.51pm.*

14. Information Report – Risk Management

D23/8365 Page 63

**Recommendation**

THAT the report be received.

P JONES/BODYE  
Carried  
A&R/23/10

**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 covers off the top ten council risks and includes the three water reforms and the submission made by council.
- It also updates the committee on the RMA reform and the submission by council.
- Cyclone Gabrielle did not have much of an impact on council property.
- A new addition to this report is a list of all decisions made by elected members which is Risk 72 on the register. This table of decisions will be included in all risk management reports going forward.

Questions/Points of Clarification:

- It was noted that installing cameras in the changing rooms at the swimming pool would be a serious invasion of privacy and would create lasting recordings of users undressing. In regard to the specific incident reported, had footage been requested from elsewhere then officers may have considered the request or offered to review footage ourselves. It was noted there had been a conflict of interest with the request that was received and this was not a good example to look at because of that conflict.
- It was clarified that the person hacking at the round-a-bouts during Americarna had not been identified. The person had been fully dressed in health and safety gear and brought hedge trimming equipment so it was likely to be a premeditated event.
- The Chairman noted the inclusion of the Global Risks Report which highlighted the cost of living increase. He questioned if any of the risks in this report would trigger a review of the top ten council risks. Mrs Radich noted that while these risks were relevant to us and our community the council risk register was internally developed with an internal perspective. Natural disasters were on the risk register as was rates increases which would relate to the cost of living crisis.
- It was clarified there were no changes to the risk register.

## 15. Correspondence

15.1 LGFA Half Yearly Report

15.2 LGFA Statement of Intent

## 16. General Business

## 17. Questions

## 18. Closing karakia

D21/40748 Page 220

The closing karakia was read.

*The meeting closed at 2.04pm.*

P Jones  
**Chairman**

Confirmed this 16<sup>th</sup> day of May 2023.

N C Volzke  
**District Mayor**