

MINUTES

Audit and Risk Committee

F22/55/06 – D23/47249

Date: Tuesday 21 November 2023 at 2.00pm
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: S J Beck, E E Hall, AM C Dudley, A K Harris and M J Watt

The Chief Executive – Mr S Hanne, the Director – Corporate Services – Mrs T Radich, the Director – Assets – Mrs V Araba, the Director – Environmental Services – Mr B Sutherland, the Director – Community Services – Ms K Whareaitu, the Committee Advisor and Executive Assistant – Mrs E Bishop, the Projects Manager – Mr S Taylor (*part meeting*), the Corporate Accountant – Mrs C Craig (*part meeting*), the Health and Safety/Emergency Management Advisor – Mr O Konkin (*part meeting*) and the Sustainability Advisor – Ms V Dombroski (*part meeting*)

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 Councillor W J Sandford and C M Tongaawhikau.

Recommendation

THAT the apologies be noted.

BOYDE/McKAY
Carried
A&R/23/48

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 conflicts of interest declared.

5. Attendance Schedule

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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 2025 be received.

ERWOOD/BOYDE
Carried
A&R/23/49

- It was noted that the Treasury Policy would be discussed in a continuation of the workshop at the conclusion of this meeting.
- The Director – Corporate Services noted that the risks relating to the three waters reforms are included in the environmental scan and significant forecasting assumptions, updates would be provided to elected members when received as it was acknowledged it could be some time until some certainty is provided.
- The chair noted the request to discuss insurance earlier than the renewal date of 1 July. Mrs Radich would bring that discussion forward to the May meeting, or earlier if able.

7. Confirmation of Minutes

7.1 Audit and Risk Committee – 19 September 2023

D23/41247 (Open) and D23/41247 (PE)

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Recommendation

THAT the minutes of the Audit and Risk Meeting of Council held on Tuesday 19 September 2023, including the public excluded section, be confirmed as a true and accurate record.

V JONES/BOYDE
Carried
A&R/23/50

8. Matters Outstanding

D18/27474

Page 21

Recommendation

THAT the matters outstanding be received.

P JONES/McKAY
Carried
A&R/23/51

Recommendation

THAT the report be received.

McKAY/BOYDE
Carried
A&R/23/52

Questions/Points of Clarification:

- Councillor Boyde asked if the Health and Safety/Emergency Management Advisor was comfortable with the mechanisms in place for protecting staff against threatening and abusive behaviour. Mr Konkin noted over the past few weeks he was looking into more procedural guidance for staff when working with people who are escalated, aggressive or agitated, processes for trespass orders and additional de-escalation training as well. The Chief Executive noted de-escalation training for elected members would be part of the upcoming work programme as per the earlier request. Councillor Boyde also noted the impact this behaviour can have on staff and their mental wellbeing and hoped there was support in place for these people who are dealing with this.
- The District Mayor noted that he had made a formal complaint regarding the threat to a staff member. Within 24 hours of the complaint he received a letter saying no further action would be taken. Subsequently there have been several conversations with the police and additional evidence provided and they are now actively investigating this.
- Mr Konkin noted he was reviewing the nature of the health monitoring as it is currently not specific for the chemicals used by the pool staff.
- It was clarified that audits of contractor worksites to ensure they are actively abiding by their own health and safety plans will be undertaken and reported back to this committee.

Recommendation

THAT the report be received.

BOYDE/McKAY
Carried
A&R/23/53

Recommended Reason

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

Questions/Points of Clarification:

- Councillor Boyde supported the audit being done in house but asked if there was a risk of taking a staff member away from their day to day operations to complete the task. Mrs Radich noted that the audit does take a bit of time but they are allowed to complete the work over a three month time period and it also offers a learning opportunity about another area of council.
- Councillor Boyde noted that some of the policies are noted in a later report not to have been reviewed on time, so he asked if the internal audit means staff are getting behind in other areas? It was clarified that the responsibility of the policies does not fall on the staff who were completing the audit. Mr Hanne noted that over the last five years staff had faced significant additional funding, government reforms and other challenges, and were now facing those reforms being undone. All of this had significantly added to workload especially as most of it had been inefficient in the way it had come to council. This has had an impact on staff and mental wellbeing. But he noted additional resources were not the answer due to financial constraints as this would add to the rates increase.
- The District Mayor noted that on two occasions it was written that there was one lifeguard short due to staff illnesses. He noted the team leader had advised that this did not compromise the safety of

pool users and that in the case of a spinal injury there were other team members in the facility that could assist. He noted this was contrary to what elected members had been told previously. The Director – Community Services noted the pool operates on the 1-60 ratio and in these instances there had been three lifeguards rostered on with one unable to work due to illness.

11. Information Report – Policy Status – Annual Review

D23/45937

Page 41

Recommendation

THAT the report be received.

McKAY/V JONES
Carried
A&R/23/54

Recommended Reason

This report provides an update to the Committee in relation to a recommendation from auditors in the final Audit Management Report 2023.

The Corporate Accountant left the meeting at 2.31pm.

The Director – Corporate Services noted the following points:

- This is the first of an annual review that will be presented to the Audit and Risk Committee.
- Audit had raised the concern that a few policies had not been reviewed within the self-imposed three year timeframe. During that three year period management are always reviewing to ensure the policy is still fit for purpose so there are some instances when they are brought back for approval earlier or their review could be delayed.
- There are some policies that are outside of the three year time period due to legislation.
- The policies that are overdue by more than three years will be the priority for reviewing.

Questions/Points of Clarification:

- Councillor Boyde asked if this highlighted an opportunity for a policy person?
- The District mayor noted that the Local Alcohol Policy was a combined policy with New Plymouth District Council and due to a number of objections they have received it could be another 12 months before this review is completed. The Director – Environmental Services noted there was a requirement to review this every five years, however the policy did not lapse if it was not reviewed within these timeframes.
- Councillor Erwood asked if it would help with staff pressure and wellbeing if the self-imposed review period was extended to four years? Mrs Radich noted that the three years aligned with a council term. Mr Hanne noted the three years was used as a default but a shorter or longer time period could always be recommended.
- The Deputy Mayor asked if there was a plan to have a register to clearly identify these policies that are due? Mrs Radich noted that the senior leadership team did review the list on a weekly basis. This report will also be brought to council annually.
- Mrs Radich noted there was an element of risk with training on the policies and ensuring staff are updated/reminded on a regular basis as well.
- It was agreed that where policies are closely related then an effort would be made to combine policies to bring the total number down.

12. Information Report – Capital Works Programme – Key Projects Update – November 2023

D23/45252 Page 49

Recommendation

THAT the report be received.

P JONES/ERWOOD
Carried
A&R/23/55

Recommended Reason

To present an update on the progress of our key capital projects in the 2023/24 financial year.

The Projects Manager noted the following points:

- It is anticipated that council will spend about 70% of the budget with the shortfall being three major projects that are unlikely to be spent.
- The spreadsheet highlights which projects are unlikely to proceed this financial year, the ones with a warning for completion and the ones that are ok at this stage.

Questions/Points of Clarification:

- It was noted that the issues with the Whangamomona Septic Tank project were that the estimates did not reflect the prices that were received back.
- It was requested that colour coding be added to show how council could mitigate the risks associated with these projects.

13. Information Report – Sustainability (Climate Change Resilience and Risk)

D23/32399 Page 64

Recommendation

THAT the Sustainability information report be received.

P JONES/BOYDE
Carried
A&R/23/56

Recommended reason: To ensure that council is aware of and meets legislative requirements to **have regard to** (*Emissions Reduction Plan*) Climate Change and apply a response framework across all its activities including risk and risk mitigation policy and strategies. Also, the Local Government Act purpose (**d**) provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, **taking a sustainable development approach**.

The Sustainability Advisor noted the following points:

- A news story released today on Inside Government New Zealand about the climate change action audit announced for councils. The results for this will be out in 2024 and will provide some more guidance to councils about what is expected of them.
- Five risks have been suggested to be added to the risk register, however it is likely two of these will be merged creating just three new risks for the register.

Questions/Points of Clarification:

- It was noted that the e-bikes had last been used to undertake a mail drop.
- Councillor Erwood asked what the risk in relation to fire was with the extent of forestry east of Stratford. These forests are getting older and drier and was there a risk to council if the roads are not good enough to get fire trucks out there? Mr Hanne clarified that council was not the primary organisation to control this activity and mitigation would be a difficult conversation. Ms Dombroski noted that the bigger risk was potentially heat waves for people. She noted there were people

working with TEMO who were mapping out scenarios that could happen with climate change and this would provide more information.

- The Deputy Mayor noted the wording “*have regard to*” the national adaption plan asked for definition on this wording? Ms Dombroski noted that council need to make sure they are doing this, they are expected to look at what they have to do and to communicate it with the community as well. The Deputy Mayor noted it was important that a Stratford lens is put on this as it was easy to get caught up with worldwide information but that council needs to take care of its own patch which makes it easier for the community to buy into when they can see it tangibly for themselves.
- Councillor Boyde noted the council farm was making a start in these areas through the Tiaki Environmental Plan. Ms Dombroski noted that by March officers will know what direction this is heading in as it will come as an incurred cost for ratepayers.
- The chair noted that the OAG are expecting all local authorities to describe in their Long Term Plans climate change and how this is being mitigated so auditors will be looking for that information.
- The chair noted that two-thirds of the population live in areas prone to flooding and rising sea levels and he felt this would be useful to know what this statement means for the people of Stratford.
- The chair noted it was important that the community understands the need for this work as there are already pressures on rates from other costs. This could be added as a risk going forward.
- The Deputy Mayor noted her concern with the recommended reason as it was not clear what council was giving regard to.
- The next engagement on this topic will be the sustainability policy which will be discussed in detail next year.

The Projects Manager and Sustainability Advisor left the meeting at 3.06pm.

14. Information Report – Risk Management (update)

D23/46426

Page 83

Recommendation

THAT the report be received.

ERWOOD/P JONES
Carrie
A&R/23/57

Recommended Reason

To provide an update to the Audit and Risk Committee of any significant risks events or threats in relation to significant risks on Council’s risk register, as part of Council’s risk management processes.

Questions/Points of Clarification:

- The chair asked if community affordability needed to be considered and identified as a risk? Mrs Radich noted that councillors are still working through the capital projects and following that will be presented with some of the impact on the community particularly with loan funding and how it will impact them moving forward, three waters possibly being repealed and council retaining the \$11 million worth of debt associated with this activity and also the operational budget for new infrastructure.

15. Decision Report – Approve draft Environmental Scan and Significant Forecasting Assumptions

D23/46160 Page 92

Recommendations

1. THAT the report be received.
- ~~2. THAT the draft Environmental Scan and Significant Forecasting Assumptions be approved, with the understanding that future updates and amendments will be advised to the Committee in a follow up information report.~~
2. THAT the draft Environmental Scan and Significant Forecasting Assumptions be approved, noting that these are draft and subject to future refinement.

McKAY/BOYDE
Carried
A&R/23/58

Recommended Reason

Approval of the draft forecasting assumptions will provide officers with a clear directive and mandate to proceed with developing the Long Term Plan 2024-34 (“LTP”).

The Director – Corporate Services noted the following points:

- This report is asking the committee to approve the document which will form the basis which the Long Term Plan relies on. There are still some missing items but a final document will be brought back to council.
- It highlights that these are the assumptions council is making and these can be approved or amended.
- The revaluation section has been updated to include the final numbers received.

Questions/Points of Clarification:

- The District Mayor noted the new proposal for the forestry differential had not been updated to 10 hectares as discussed previously. He also noted that the Percy Thomson Trust assumption notes that no decision had been made and questioned how a document could be adopted when the committee did not know what it was adopting. Mrs Radich clarified that the decision was to approve the *draft* environmental scan and significant forecasting. A final document will be audited once council has adopted the final version.
- Councillor Hall asked if this document would be publicly available in its draft format as the Percy Thomson Trust had not made any decisions yet and felt that this was not a good start for a trust relationship. The chair noted that the assumptions noted the trusts preferred position and that it is not the final decision. Mrs Radich noted this document stated that discussions were being held on the options.
- Councillor Boyde noted his concern that 100% budgeted capital expenditure will be delivered. He felt to be transparent then it should note that only 80% may be delivered in a good year. The chair noted other councils had budgeted to spent 70% and understood the perception that capital works have not been delivered but have been rated for. It was important to note that 99% of capital works not completed wouldn't actually affect the rates. Mr Hanne noted that if only 80% was budgeted for then the remaining 20% of funding for completion in a subsequent year would have to be found where this way it would carry over. The chair felt transparency could be given with better communication on this topic.
- It was clarified that officers were creating an appendix to have the Year 2 -10 budgets for the three waters activities to ensure transparency to the community. Council only has to include Year 1 in the Long Term Plan due to the original entity transfer date, however it was felt it is important the community see the budgets should there be any changes to this.

16. Correspondence

16.1 Deloitte Management Report *page 128*

Points noted in discussion:

- The chair noted that the audit had auditors form opinions on things that were outside of their scope.
- Mr Hanne noted that the discussions regarding the fees had resulted in a \$25,000 concession from the original pricing. However the fees have continued to be increased for next year as per the proposal. Officers have accepted the discount but requested that, prior to the engagement on the Long Term Plan, Deloitte consider the efficiencies raised so that these can be considered and discussed further.
- Councillor Hall noted her concern that they have not engaged in good conversations around finding the efficiencies because council cannot fire their auditors.

17. General Business

18. Questions

19. Closing karakia

D21/40748 Page 153

The closing karakia was read.

The meeting closed at 3.33pm.

P Jones
Chairman

Confirmed this 19th day of March 2024

N C Volzke
District Mayor