

# Rangitikei District Council

## Audit and Risk Committee Meeting

Minutes – Monday 12 February 2018 – 2:00 pm



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**Present:** Mr Craig O'Connell (Chair)  
His Worship the Mayor, Andy Watson  
Cr Angus Gordon

**In attendance:** Mr Ross McNeil, Chief Executive  
Ms Debbie Perera, Audit Director  
Ms Luele Driescher, Internal Auditor  
Mr Michael Hodder, Community & Regulatory Services Group Manager  
Mr George Mclrvine, Finance & Business Support Group Manager  
Mr Hamish Waugh, Infrastructure Group Manager  
Ms Christin Ritchie, Governance Administrator

**Tabled Documents:** Item 13: Defining Council's Risk Appetite – Consenting

Unconfirmed

## 1 Welcome

The meeting opened at 2.03 pm. The Chair welcomed everyone to the meeting.

## 2 Council prayer

The Chair read the Council prayer.

## 3 Apologies

That the apologies of Cr Nigel Belsham and Cr Dean McManaway be accepted.

## 4 Members' conflict of interest

Members were reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

## 5 Confirmation of order of business

There was no change to the Order of Business and no late items had been requested. The tabled information related to agenda items.

## 6 Confirmation of minutes

His Worship the Mayor, requested an amendment to the minutes:

Item 11: LED procurement.

His Worship the Mayor wanted it noted that the report included a number of findings about the processes used. However, although there were some areas of concern, there was no cause for further investigation.

<b>Resolved minute number</b>	<b>18/ARK/001</b>	<b>File Ref</b>	<b>3-CT-17-2</b>
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That the amended Minutes of the Audit/Risk Committee meeting held on 11 December 2017 be taken as read and verified as an accurate and correct record of the meeting.

His Worship the Mayor / Mr O'Connell

## 7 Chair's report

No report was provided.

## 8 Work Programme Matrix – Progress update

Mr Hodder spoke to the matrix, a summary is below:

- Edale- no further actions required
- Natural disaster events – are still in discussions
- Disaster recovery – first quarterly update on CDEM improvement plan was provided to Council's meeting on 25/01
- Community facilities – provided in a separate report to the Committee's February 18 meeting.
- Capital expenditure – looking to ensure carry overs are minimised
- Drinking water – awaiting the government's decisions on the Havelock North Enquiry – uncertainty lies over position taken with rural (non-potable) supplies.
- Infrastructure Shared Services with Manawatu – first report is due in March

The consultation document shows we might be in breach of our self-imposed debt to resident ratio.

**Resolved minute number**                      **18/ARK/002**                      **File Ref**                      **3-CT-17-5**

That the Audit/Risk Committee's work programme matrix (outlining progress to 31 January 2018) report be received.

Cr Gordon / His Worship the Mayor. Carried

## 9 Internal Audit programme – status report

Ms Driescher spoke to her report:

- Review of cash-handling (at information centres and waste transfer stations) has been drafted and will come to the Committee's next meeting.
- strategic review of procurement and contract management is now in progress.
- Review of claims to New Zealand Transport Agency claim is scheduled for May.

**Resolved minute number**                      **18/ARK/003**                      **File Ref**                      **3-CT-17-1**

That the report 'Internal Audit programme – status report' to the Audit/Risk Committee meeting on 12 February 2018 be received.

Cr Gordon / His Worship the Mayor. Carried

## 10 Committee review process

The Chair advised he is still awaiting forms to be completed and returned to him. He will send out a reminder e-mail.

## 11 Understanding Council's risk appetite

Mr McNeill spoke to the report, highlighting:

Powers of discretion relating to waiving or expecting compliance are held by the Territorial Authority rather than the building Control Authority. This was to enable consents to be issued by accredited entities, including private parties.

A review of the Rangitikei District Plan was completed in 2016, in order to address anomalies made operative in 2013. It focussed on developers, fixing the provisions which did not make sense. Recent Council policy initiatives provide assistance in the form of rates remissions and fee waivers to developers, and those expanding business.

<b>Resolved minute number</b>	<b>18/ARK/004</b>	<b>File Ref</b>	<b>3-PY-1-15</b>
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1 That the report 'Understanding Council's risk appetite' be received.

2 That the Audit/Risk Committee endorse and recommend to Council the adoption of the following:

2.1 the pragmatic approach to exercising the statutory discretionary powers pursuant to the Building Act 2004 and the professional judgement exercised in relation to the application of the provisions of the Rangitikei District Plan: and,

2.2 the application of the following principles when considering the exercise of discretionary powers:

- all new builds are expected to comply with relevant standards;
- earthquake strengthening works alone will not trigger a requirement to upgrade the building standards
- requests for exemptions/waivers/discretion will not be considered outside of a (building) consent process (i.e. not after the work has been done). Note that the Certificate of Acceptance process is still available, subject to meeting the test of 'compliance assurance';
- where Council is aware of non-compliant building work, a notice to fix will be issued. Removing/upgrading non-compliant work within the scope of a building consent will allow for the consideration of exemptions/waivers;
- adaptive re-use of disused/under-used commercial buildings is to be encouraged/supported;
- no exemptions/waivers will be granted where people/fire/structural safety is compromised.

His Worship the Mayor / Cr Gordon. Carried

The Committee noted it was a Council decision to direct the Chief Executive's use of the statutory discretions.

## 12 Developing the 2018-28 Long Term Plan

The aim of the Consultation Document was to set out Council's intentions so that they were easily understood. The inclusion of graphs show the impact of property revaluations on

rates increases, and how there are a number of outliers. The Committee discussed the objective of affordability, considering that the rates impacts showed this had been achieved,

In regards to achievability, the current reality is that there are fewer contractors bidding presently. Consenting requirements and the need for consultation both contribute to delays. The Committee noted that the debt per resident limits would not be breached until a subsequent long-term plan. However, Council might wish to compare its limits with those set by other comparable local authorities.

**Resolved minute number**                      **18/ARK/005**                      **File Ref**

That the Audit/Risk Committee recommends that Council consider whether the debt per resident level needs to be raised.

His Worship the Mayor / Cr Gordon

### **13 Proposed new community/civic facilities – update on project management, February 2018**

Mr McNeil summarised to the memorandum:

Bulls – Construction would start from mid 2018 subject to funding. At this point, a dedicated Project Manager will be appointed.

Marion – looking to potentially redevelop the Broadway/High Street site, with options and quotes currently being explored. A second option would be to strengthen/renovate the administration building and library. An analysis is underway.

Taihape – we have engaged with the community for redevelopment options.

**Resolved minute number**                      **18/ARK/006**                      **File Ref**                      5-EX-4

That the memorandum 'Proposed new community/civic facilities – update on project management, February 2018' be received.

Cr Gordon / Mr O'Connell

### **14 Action plan to address items in the revised risk management framework where the risk is not accepted**

Taken as read, no further comments were made.

**Resolved minute number**                      **18/ARK/007**                      **File Ref**                      5-PO-1-3

That the action plan to address items in the revised risk management framework where the risk is not accepted be received.

Mr O'Connell / Cr Gordon

## 15 Insurance Renewal Report and Insurance Manual

The increase in rates is predominantly due to the move in the market caused by Kaikoura. An overall hardening of the market has also occurred, seeing a reduction for 12 active insurers down to 7. Vehicle premiums have also increased significantly due to the number of claims in the previous 12 months.

**Resolved minute number**                      **18/ARK/008**                      **File Ref**                      5-FM-6-4

That the report 'Rangitikei District Council Renewal Report 2017 - MW LASS' to the Audit Risk Committee on 12 February be received.

His Worship the Mayor / Mr O'Connell

## 16 Late items

Nil.

## 17 Future items for the agenda

The Work Programme

## 18 Next meeting

April 2018 – to be determined

11 June 2018, 2.00 pm

## 19 Meeting closed

Meeting closed at 4.03 pm

Confirmed/Chair: \_\_\_\_\_

Date: