

Rangitikei District Council

Audit and Risk Committee Meeting

Agenda – Monday 11 June 2018 – 2:00 pm



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The quorum for the Audit and Risk Committee is 3.

Council's Standing Orders (adopted 3 November 2016) 10.2 provide: The quorum for Council committees and sub-committees is as for Council, i.e. half the number of members if the number of members (including vacancies) is even or a majority if the number of members is odd.

1 **Welcome**

2 **Council prayer**

3 **Apologies**

4 **Members' conflict of interest**

Members are 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**

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting, be dealt with as a late item at this meeting.

6 **Confirmation of minutes**

The Minutes of the Audit/Risk Committee meeting held on 12 February 2018 are attached.

File ref: 3-CT-17-2

Recommendation:

That the Minutes of the Audit/Risk Committee meeting held on 12 February 2018 be taken as read and verified as an accurate and correct record of the meeting.

7 **Chair's report**

A report will be provided at the meeting.

Recommendation:

That the Chair's report to the Audit/Risk Committee meeting held on 11 June 2018 be received.

8 **Questions put at previous meeting for advice or action**

Council confirmed the following recommendations made by the Audit/Risk Committee on 12 February 2018:

18/ARK/004 That the Audit/Risk Committee endorse and recommend to Council the adoption of the following:

- 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,

- 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.

And:

18/ARK/005 That the Audit/Risk Committee recommends that Council consider whether the debt per resident level needs to be raised.

9 **Review of the three water infrastructure – Cabinet decisions, 9 April 2018**

The Minister of Local Government has proposed a review of three water infrastructure, to develop recommendations for system-wide performance improvements during 2018, and to progress parts of the Government's response to the Inquiry into Havelock North drinking water. Cabinet has accepted the proposal as agreed at Cabinet Economic Development Committee – a copy of that paper is attached.

The Minister's speech to the Water Summit on 30 May 2018 stresses the need to address both capability and funding. Aggregated, dedicated water providers will be closely considered – this is what the Havelock North Inquiry recommended – but the Minister stated that any option will ensure "continued public ownership of existing infrastructure assets". But the Minister also recognises that many councils will be concerned about what might happen if they have less of a role in water delivery service: "we need to start thinking about what they might do instead".

As background to the Cabinet paper, Internal Affairs commissioned a report from Beca on the costs to upgrade drinking water infrastructure to meet the Inquiry's key recommendations. It found that the costs are highest for New Zealand's smallest communities. As this report is generally presented at a regional council level, the potential impact of their findings on Rangitikei is not discernible.

The Minister is explicit in wanting a new regulatory system for better reporting, oversight, compliance and transparency – and acknowledges that this is likely to have significant funding implications for local government. She is certain that system-wide collaborative change will be needed. Four distinct workstreams are being established – (1) Effective

oversight, regulatory settings and institutional arrangements, (2) Funding and financing mechanisms, (3) Capacity and capability of decision-makers and suppliers, including aggregation of drinking-water suppliers, and (4) Information for transparency, accountability and decision-making. She intends to report back to Cabinet in October 2018.

10 **Work Programme Matrix – Progress update**

The work programme matrix (outlining progress to 31 May 2018) is attached

File ref: 3-CT-17-5

Recommendation:

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

11 **Internal Audit programme – status report**

Since the Committee's last meeting, Luele Driescher has resigned. MW LASS is currently considering new appointments to the Internal Audit role.

12 **Committee review process**

The Chair will comment on the review forms received from members.

13 **Draft management report from Audit New Zealand on the Consultation Document for the 2028-28 Long Term Plan**

To be tabled. Council's Audit Director will be in attendance to lead discussion on this report.

14 **Progress with actions to reduce risks not accepted**

The report January to May 2018 is attached, together with the risk matrix.

File ref: 5-PO-1-3

Recommendations

That the report 'Actions from the Risk Management Framework to Address Risk' for January to May 2018 be received.

15 **Late items**

16 **Future items for the agenda**

Draft Annual Report for 2017/18

17 Next meeting

15 August 2018, 2.00 pm

18 Meeting closed