

MINUTES

AUDIT AND RISK COMMITTEE MEETING

Date: Wednesday, 15 December 2021

Time: 9.00 am

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Present Mr Craig O'Connell
Cr Nigel Belsham
Cr Angus Gordon [*via Zoom*]
Cr Dave Wilson
HWTM Andy Watson

In attendance Mr Peter Beggs, Chief Executive
Mr Arno Benadie, Chief Operating Officer
Mr Dave Tombs, Group Manager – Corporate Services
Mrs Sharon Grant, Group Manager – People and Culture
Mr Danny Le Mar, Manager Financial Services
Mrs Jess Mcilroy, Operations Manager
Ms Adina Foley, Senior Project Manager
Mr Ash Garstang, Governance Advisor

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1 Welcome / Prayer

The meeting opened at 9.03 am. Mr O'Connell read the Council prayer.

2 Apologies

No apologies.

3 Public Forum

No public forum.

4 Conflict of Interest Declarations

No conflicts of interest were declared.

5 Confirmation of Order of Business

No changes to the order of business.

6 Confirmation of Minutes

Resolved minute number 21/ARK/062

That the minutes of the Audit and Risk Committee meeting held on 09 September 2021, without amendment, be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this committee be added to the official minutes document as a formal record.

Cr A Gordon/HWTM A Watson. Carried

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from Audit and Risk Meetings

Cr Wilson arrived at the meeting at 9.10 am.

Mr O'Connell advised that he has completed a draft on the items of interest and scope for the Audit and Risk Committee's oversight of activities that are potentially impacting strategic risks. He will

present this to the Mayor and Chief Executive for review and then bring it to the Audit and Risk Committee in early 2022.

Resolved minute number 21/ARK/063

That the report 'Follow-up Action Items from Audit and Risk Meetings' be received.

Cr N Belsham/HWTM A Watson. Carried

8 Chair's Report

8.1 Chair's Report - December 2021

No report.

9 Reports for Decision

9.1 Revised Procurement Policy

Mrs Mcilroy explained that there will be three different documents; an overarching policy document, a strategy document and then a procedures manual. This tiered format will prevent staff needing to update the policy document too often.

The Committee discussed the delegations to the Chief Executive. Mr Benadie advised that funding is approved in the Long Term Plan, but that the procurement of contracts is an additional process and should be presented to Council for approval. Mr Benadie further advised that the Delegations Register is being reviewed by staff and will be presented to the Committee at a later date.

In response to a query about intellectual property risks, Mrs Mcilroy advised that the use of images and photographs should be covered within specific contracts.

In response to a query about the weighting of local suppliers vs external suppliers in procurement, Mrs Mcilroy advised that this guidance will be included in the procedures manual. The Mayor advised that although an external supplier could hypothetically challenge Council's procurement practices and supplier weightings, the fact that Council has consulted on this policy provides a reasonable defence to any such challenges.

Mrs Mcilroy noted that consideration towards iwi suppliers was a part of central governments broad outcomes, but was not reflected in the procurement policy. In the event that central government mandated specific weightings or criteria regarding iwi suppliers, Council would need to update the procurement policy accordingly.

Mr O'Connell raised the issue of other organisations having procurement policies that may conflict with Council's, where Council is an interested party. Mr Benadie advised that in the event that staff felt that they needed to deviate from the procurement policy, they would bring this decision to

Council for formal consideration. Mrs Mcilroy confirmed that this topic will be covered in the strategy document.

Resolved minute number 21/ARK/064

That the report 'Revised Procurement Policy' be received.

HWTM A Watson/Mr C O'Connell. Carried

Resolved minute number 21/ARK/065

That the Audit and Risk Committee review and provide feedback on the draft revised Procurement Policy.

Cr N Belsham/Cr D Wilson. Carried

9.2 Health, Safety and Wellbeing

Health and Safety Dashboards

In response to a query, Mrs Grant confirmed that abusive behaviour is a challenge for staff and de-escalation training has been arranged to provide staff with more tools for dealing with difficult situations.

In response to a query about whether incidents have increased in actuality or whether it is the reporting of said incidents that are increasing, Mrs Grant advised that it is difficult to know for certain, but that all reported incidents are investigated.

Mrs Grant advised that vehicle incidents are one of the big concerns for staff and a lot of attention has been directed to this area. Driver awareness training will be offered to staff in 2022, an application has been introduced to Council vehicles that identifies braking and speed concerns, and executive management are fostering a culture where staff feel free to speak to admit if they are fatigued and should not be driving.

Mr Beggs advised that executive management are cognisant of security concerns with the increasing divide between those who are vaccinated and those who are not. Executive management are looking at what security policies the Ministry of Social Development have implemented and considering how these may be applicable to Council.

Mr Beggs advised that a staff consultation process has been followed for COVID-related procedures moving forwards. He will bring recommendations to a full Council meeting in December.

Health, Safety and Wellbeing Due Diligence Plan

Mrs Grant advised that Cr Dalgety has been appointed as the Governance Health, Safety and Wellbeing Champion.

Volunteer Health and Safety Procedures

Mrs Grant advised that this document has gone to Council staff members who work with volunteers on a regular basis for their review. Mr Benadie noted that he had mentioned to the Tutaenui Restoration Group that staff were developing this document and they believed that it was a good

idea for Council to create clear guidelines in this space. Mr Benadie will show the document to them, once approved.

The Mayor noted that it was important to highlight the appreciation that Council has for volunteers.

In response to a query about the hazards of hand-held electric tools, Mrs Grant advised that she would anticipate that there would be a Council staff member overseeing volunteer projects, and the risks associated with these tools would be managed by this person.

Resolved minute number 21/ARK/066

That the Health, Safety and Wellbeing report together with attachments, be received.

Cr D Wilson/HWTM A Watson. Carried

Resolved minute number 21/ARK/067

That the Audit and Risk Committee reviews the proposed Health, Safety and Wellbeing Governance Charter and provides feedback (if any).

Cr D Wilson/HWTM A Watson. Carried

Resolved minute number 21/ARK/068

That the Audit and Risk Committee approves the current health, safety and wellbeing reporting schedule as provided in the Health, Safety and Wellbeing Due Diligence Plan.

Cr D Wilson/HWTM A Watson. Carried

Resolved minute number 21/ARK/069

That the Audit and Risk Committee reviews the Health, Safety and Wellbeing Strategy and provides feedback (if any).

Cr D Wilson/HWTM A Watson. Carried

Resolved minute number 21/ARK/070

That the Audit and Risk Committee reviews the Volunteer Health and Safety Guidebook and provides feedback (if any).

Cr D Wilson/HWTM A Watson. Carried

9.3 Treasury Reporting

The Mayor noted that with central government having mandated the Three Waters Reform, it was going to be important to consider Council's debt-replacement policies. It was anticipated that most of Council's debt will be taken over by the new water entity, but the details of how this will work is still unclear. The Committee noted that it would be a struggle to fund Council's most expensive capital works in the Long Term Plan once the water assets are transferred. Mr Beggs advised that any transaction of water assets would be outside of the current 2021-31 Long Term Plan, and will be covered during a future Long Term Plan instead.

Mr Beggs advised that central governments “no worse-off” pledge related to councils not being left with stranded overheads, etc. He further advised that the “transfer of debt” is a distinct issue, and relates to the debt associated with public water assets being transferred to the new entity.

Mr Tombs advised that the four borrowing covenants driven by Local Government New Zealand will most likely see some serious amendments in response to the Three Waters Reform, as this is an issue that all territorial authorities will face. He suggested that staff begin including a report to future meetings on Council’s ‘projected financial position’.

Mr O’Connell advised that regional boundaries are no reason to avoid collaboration and co-operation with other councils. Other regions also have Local Authority Shared Services agreements, and it could be useful for Council to consider how these work and be open to working with other councils regarding the implementation of the Three Waters Reform.

The Committee noted that while there were still many unknowns with the transfer of assets and debt to the new water entity, it was an issue that Council needs to proactively work on and plan for.

Resolved minute number 21/ARK/071

That the report ‘Treasury Reporting’ be received.

Cr N Belsham/Cr A Gordon. Carried

Resolved minute number 21/ARK/072

That the Audit and Risk Committee review the Treasury Reporting report.

Cr N Belsham/Cr A Gordon. Carried

9.4 Audit and Risk Committee Work Programme

Mr Tombs advised that staff will bring a summary of management accounts to this Committee in the future, and that a full report on this will go to the Finance/Performance Committee.

Recommendation 1

That the report ‘Audit and Risk Committee Work Programme’ be received.

Cr Belsham/Cr Wilson. Carried

Recommendation 2

That the Audit and Risk Committee provide feedback regarding the proposed Audit and Risk Work Programme.

Cr Belsham/Cr Wilson. Carried

10 Reports for Information

10.1 Protected Disclosures Update

Mrs Grant advised that under the Protected Disclosures Act 2000, elected members are defined as employees.

Resolved minute number 21/ARK/073

That the Protected Disclosures Update be received.

Cr N Belsham/Cr D Wilson. Carried

10.2 2020/21 Annual Report Overview

Mr Le Mar advised that the adoption of the annual report has been pushed out to the December Council meeting. Mr Benadie advised that the timeframes provided by Audit NZ are very tight and that the adoption of the annual report in 2021 is an indicator of staffs hard work. Mr O'Connell agreed, noting that the timeframes Audit NZ are working to have been driven by central government.

There was some discussion around whether a Long Term Plan amendment would be required. The Mayor and the Chief Executive agreed that this is an issue for Council consideration.

Resolved minute number 21/ARK/074

That the report '2020/21 Annual Report Over' be received.

Cr N Belsham/Cr D Wilson. Carried

10.3 Risk Management Policy

Taken as read.

Resolved minute number 21/ARK/075

That the report 'Risk Management Policy' be received.

Cr N Belsham/Cr D Wilson. Carried

10.4 Management Accounts

Taken as read.

Resolved minute number 21/ARK/076

That the report 'Management Accounts' be received.

Cr N Belsham/Cr D Wilson. Carried

10.5 Internal Audit Programme

Taken as read.

Resolved minute number 21/ARK/077

That the report 'Internal Audit Programme' be received.

Cr N Belsham/Cr D Wilson. Carried

10.6 Audit NZ Management Letter Points

Taken as read.

Resolved minute number 21/ARK/078

That the report 'Audit NZ Management Letter Points' be received.

Cr N Belsham/Cr D Wilson. Carried

10.7 Insurance Update

Taken as read.

Resolved minute number 21/ARK/079

That the report 'Insurance Update' be received.

Cr N Belsham/Cr D Wilson. Carried

10.8 Fraud Reporting

Taken as read.

Resolved minute number 21/ARK/080

That the report 'Fraud Reporting' be received.

Cr N Belsham/Cr D Wilson. Carried

10.9 Strategic Risk Review

Taken as read.

Resolved minute number 21/ARK/081

That the report 'Strategic Risk Review' be received.

Cr N Belsham/Cr D Wilson. Carried

11 Public Excluded

The meeting went into public excluded session 11.08 am.

Resolution to Exclude the Public

Resolved minute number 21/ARK/082

That the public be excluded from the following parts of the proceedings of this meeting.

1. Audit and Risk Committee Minutes (Public Excluded) - 09 September 2021

The general subject matter 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 of the *Local Government Official Information and Meetings Act 1987* for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
11.1 – Audit and Risk Committee Minutes (Public Excluded) – 09 September 2021	s7(2)(b)(i) - Trade secret s7(2)(f)(i) – Free and frank expression of opinions s7(2)(j) – Improper gain or improper advantage	S48(1)(a)

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding or the whole or the relevant part of the proceedings of the meeting in public as specified above.

Cr D Wilson/HWTM A Watson. Carried

12 Open Meeting

The meeting went into open session 11.11 am.

Resolved minute number 21/ARK/083

That the public excluded meeting move into an open meeting, and the below recommendations be confirmed in the open meeting:

21/ARK/083 - 21/ARK/083

HWTM A Watson/Cr D Wilson. Carried

The meeting closed at 11.12 am.

The minutes of this meeting were confirmed at the Audit and Risk Committee held on 17 February 2022.

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Chairperson