

# MINUTES

## AUDIT AND RISK COMMITTEE MEETING

**Date:** Wednesday, 16 November 2022

**Time:** 10.00 am

**Venue:** Council Chamber  
Rangitikei District Council  
46 High Street  
Marton

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**Chair:** Mr Philip Jones

**Membership:** Cr Dave Wilson  
HWTM Andy Watson  
Cr Fi Dalgety  
Cr Tracey Piki Te Ora Hiroa

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**In attendance:** Cr Greg Maughan  
Cr Simon Loudon  
Cr Jarrod Calkin  
Mr Peter Beggs, Chief Executive  
Mr Dave Tombs, Group Manager – Corporate Services  
Mrs Carol Gordon, Group Manager – Democracy and Planning  
Ms Sharon Grant- Group Manager-People and Performance  
Ms Kezia Spence, Governance Advisor

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## 1 Welcome / Prayer

The Committee noted the direct appointment by His Worship the Mayor of Mr Philip Jones as interim Chair of the Audit and Risk Committee – this was done under the provisions of 41A(3)(c)(i) of the Local Government Act 2002.

## 2 Apologies

HWTM may need to briefly leave the meeting.

## 3 Public Forum

There was no public forum.

## 4 Conflict of Interest Declarations

Nil

## 5 Confirmation of Order of Business

Nil

## 6 Follow-up Action Items from Previous Meetings

### 6.1 Follow-up Action Items from Audit and Risk Meetings

Taken as read.

**Resolved minute number 22/ARK/060**

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

Cr D Wilson/HWTM A Watson. Carried

## 7 Reports for Information

### 7.1 Internal Audit Programme

There is a strong degree of confidence in staff to have the abilities to complete internal reviews unless something unknown was to occur. Legal requirements within the timeframes suggested fit within the programme.

The Internal Audit Programme list is arranged in order of year with A, B, C a code for how these will be reviewed which in some ways highlight the priority of them.

The Chair recommended that the Internal Audit Programme needs to be reviewed every six months and for this to link into the strategic risk management framework. This linkage will give the ability to decide what is important and what is working effectively.

**Resolved minute number 22/ARK/061**

That the report 'Internal Audit Programme' be received.

Cr F Dalgety/Cr T Piki Te Ora Hiroa. Carried

## **7.2 Health, Safety and Wellbeing**

The most common category for incident reporting is slip, trip, fall. Ms Grant clarified that it is unlikely that there is an increase in incidents but an increase in reporting, which was encouraged by the leadership team.

A concern raised was the failure to know about actions or incidents from our contractors. There is a reliance on contractors for monitoring and providing reports on this. Ms Grant stated that reporting is based on lag indicators and assessing on what is being reported. There is a project underway on our Health and Safety risk management framework and this will help identify our top leading risks and how to address these issues.

**Resolved minute number 22/ARK/062**

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

Cr F Dalgety/Cr T Piki Te Ora Hiroa. Carried

## **7.3 Insurance Update**

Concerns were raised that there had been a previous meeting with our insurance broker as to whether we should be carrying insurance of a minor nature for our fleet. Mr Tombs responded that there was an increase to levels of some policies and whether fleet is included will need to be confirmed.

Mr Beggs clarified that reviewing insurance was part of the operational costs savings. Self-insurance was considered but on advice from the insurance broker that we continue fleet insurance. The broker would not have a conflict of interest providing this advice as it a flat fee arranged through MWLASS.

There were questions raised on the flexibility of our insurance with our agreement with MWLASS and the impact of Three Waters on our insurance costs. There is limited flexibility to negotiate dates as they are through MWLASS but there are greater benefits being a part of this group. Three waters will have an impact on the costs of insurance however we are working through this as part of the transition.

The Chair recommended that there be subsequent insurance workshop on policies and the risk associated with this.

MWLASS sends a representative to London for insurers to meet and this gives them an understanding of the risks associated and make insurers more comfortable. There is internal work focusing on our asset data and value of the assets.

Mr Tombs assured the committee that we recognised the market getting more difficult and reflected this in our budget. In the future we anticipate that cyber insurance and insuring assets close to the sea with sea level rise, will be the hardest to insure against.

**Resolved minute number 22/ARK/063**

That the report 'Insurance Update' be received.

HWTM A Watson/Cr D Wilson. Carried

#### **7.4 Treasury Reporting**

LGFA, local government funding agency, is an independent organisation for Councils to use to secure debt. Our current debt levels are well within the parameters, this includes the forecast debt levels without three waters assets.

The committee stated that there needs to be further analysis of the impact on three waters if Council were to increase debt by investing in capital structures. The committee also wanted to see further analysis on figures as a consequence of three waters and the impact on our LTP.

There were questions from the committee regarding the certainty of our funding. Mr Tombs confirmed there is no guarantee with these figures as things change, especially with our fees and charges. As an example, Covid lockdowns stopped the processing of building consents which impacted our fees and charges revenue.

The Chair recommended that the financial implications and strategic risks need to be addressed and the report to show where Council might be in the future.

**Resolved minute number 22/ARK/064**

That the report 'Treasury Reporting' be received.

HWTM A Watson/Cr D Wilson. Carried

#### **7.5 Annual Report 21/22 Progress Update**

HWTM left 11.05am and returned at 11.07am during this item.

A meeting between the auditors and Mr Tombs will be held tomorrow regarding the date of sign off for the Annual Report and whether this should be postponed until after Christmas. The Chair noted that other Councils are in a similar position and are facing a delay with their audit opinion.

The delays are caused by a lack of auditors and Council staff working across a number of projects. The delay is not necessarily because of us, but a bit of both parties.

An issue without a timely annual report is this can cause delay with the management letter. The management letter sets expectations for the sector and staff won't get the opportunity to address problems prior to the next report.

**Resolved minute number 22/ARK/065**

That the report 'Annual Report 2021/22 Progress Update' be received.

Mr Jones/Cr D Wilson. Carried

## **7.6 Fraud Reporting**

Taken as read.

**Resolved minute number 22/ARK/066**

That the report 'Fraud Reporting' be received.

HWTM A Watson/Cr T Piki Te Ora Hiroa. Carried

## **7.7 Strategic Risk Review**

A modernised format has been proposed with the strategic risk register to be available on the website to provide greater transparency.

Concerns were raised by the committee regarding three waters assets and that it is no longer a risk to Council once the asset is no longer held by Council. The Chair responded that Council represents the community and this includes delivery of services. This can still be put on the risk register as something to advocate for in your community. This can be applicable to all Central Government reforms.

Mr Tombs advised that another document on risk appetite will feed into this. This will help with understanding the real risk and whether we accept or mitigate risks involved.

**Resolved minute number 22/ARK/067**

That the report 'Strategic Risk Review' be received.

Cr D Wilson/Cr T Piki Te Ora Hiroa. Carried

## **7.8 Audit NZ Management Letter Update**

Mr Tombs advised the final pages on the procurement policy will not be ready until the next calendar year.

There was discussion in regards to performance reporting through our shared services contract and contractor services. There is a level of reporting but for anything specific would be a conversation offline with the Mayor and Chief Executive.

**Resolved minute number 22/ARK/068**

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

Mr Jones/Cr D Wilson. Carried

**7.9 Summary of Management Accounts**

New chair to decide what information is received. The purpose of Audit and Risk is adequate financial information is being received by Council.

**Resolved minute number 22/ARK/069**

That the report 'Summary of Management Accounts' be received.

HWTM A Watson/Cr D Wilson. Carried

**7.10 Audit and Risk Committee Work Programme**

The work programme is deliverable to an extent but there may be delays for some items, such as the bribery and corruption policy.

The Chair recommend that there should be a standing item on the privacy act as this provides the opportunity for any breaches to be reported to the committee. This provides assurance even if nothing is reported.

**Resolved minute number 22/ARK/070**

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

Cr F Dalgety/Cr T Piki Te Ora Hiroa. Carried

**7.11 Protected Disclosures Update**

Taken as read.

**Resolved minute number 22/ARK/071**

That the report 'Protected Disclosures Update' report be received.

Cr D Wilson/Cr T Piki Te Ora Hiroa. Carried

**The meeting closed at 11.38am.**

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

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**Chairperson**