

OPEN MINUTES



Risk and Assurance Committee

Te Komiti Mōrearea me te Whakaū

Open Minutes of an ordinary meeting of the Risk and Assurance Committee held in Waikōwhitiwhiti (Council Chamber), Ōtorohanga District Council, 17 Maniapoto Street, Ōtorohanga on Wednesday, 12 June 2024 commencing at 10.00am.

Tanya Winter, Chief Executive

14 June 2024

Register of attendance

Independent Chairperson	Peter Stubbs	Attended
Deputy Chairperson	Kit Jeffries	Attended
Ōtorohanga District Mayor	Max Baxter	Attended
Councillor	Steve Hughes	Apology
Councillor	Cathy Prendergast	Attended

Quorum

A majority of members (including any vacancies).

Senior staff in attendance

Chief Executive	Tanya Winter	Attended
Group Manager Business Enablement	Graham Bunn	Apology
Group Manager Engineering & Assets	Mark Lewis	Attended
Group Manager Regulatory & Growth	Tony Quickfall	Apology
Group Manager Strategy & Community	Nardia Gower	Attended
Chief Advisor	Ross McNeil	Attended

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WORKSHOPS | HUI AWHEAWHE

Public liability for events

Open

Quarterly discussion with the Chief Executive

Public excluded

OPENING FORMALITIES**Commencement of meeting | Te tīmatanga o te hui**

Chairperson Stubbs declared the meeting open at 10.00am.

Apologies | Ngā hōnea

Resolved R59: That the Risk and Assurance Committee receive and accept the apology from Councillor Steve Hughes for non-attendance.

Chairperson Stubbs | Councillor Prendergast

Late items | Ngā take tōmuri

There were no late items.

Declaration of conflict of interest | Te whakapuakanga pānga taharua

There were no declarations made. Councillor Prendergast noted she was a member of the Arohena Water Scheme but did not have a conflict in relation to the matter on the agenda.

Confirmation of minutes | Te whakaū i ngā meneti

Resolved R60: That the unconfirmed open minutes of the Risk and Assurance Committee meetings held on 20 March 2024, having been circulated, be taken as read and confirmed as a true and correct record of that meeting.

Chairperson Stubbs | His Worship the Mayor

DECISION REPORTS | NGĀ PŪRONGO WHAKATAU**Item 52: Response to letter of expectation from Taumata Arowai in relation to the Arohena Rural Water Scheme**

ODC's Mark Lewis noted the report was to clarify ŌDC's response to the letter and was not to make any decision on the future of the water schemes. In response to a query from Chairperson Stubbs on the boil

water notice and the intention to shut down the drinking water component of the scheme, Mr Lewis advised the boil water notice was a short term measure while the future of the scheme was determined.

In response to a query from Deputy Chairperson Jeffries, Mr Lewis confirmed a property owner declaration would be sought to confirm that households would no longer consume the water. He stated that not classifying as drinking water meant the scheme would require the disclaimers as is the case with all other non-potable water supplies in New Zealand.

In response to a second query regarding clause 4.12 of the staff report, Mr Lewis stated the matters to be resolved to comply as a drinking water supply included securing appropriate land within the vicinity of the plan for the settling pond, upgrading the power supply which was an estimated cost of \$100k.

In response to a query on clause 5.5, Mr Lewis stated the boil water notice was imposed by the Ministry of Health and ŌDC were legally obliged to comply with that direction.

Resolved R61: That the Risk and Assurance Committee recommend to Ōtorohanga District Council that:

- a the Arohena Rural Water Scheme (comprising of three separate water supplies: Huirimu, Kahorekau and Taupaki) remain under permanent Boil Water Notices.
- b staff use Section 131 of Local Government Act to initiate a process that would close down the Arohena Drinking Water Scheme and enable the three supplies to continue as non-drinking water supplies.

Chairperson Stubbs | Deputy Chairperson Jeffries

Item 53: Annual Report engagement letter and Audit plan

ŌDC's Auditors, Deloitte's Matt Laing and Ben McLeod, joined the meeting via Zoom.

Mr Laing advised a qualification would be included in Deloitte's Long Term Plan (LTP) Audit report. The qualification is due to a significant revenue deficit as a consequence of the change in funding from the New Zealand Transport Agency (NZTA) compared to what has been budgeted in the LTP. The details are still to be confirmed as Deloitte were discussing with the Department of Internal Affairs on what the qualification might look like. Chairperson Stubbs noted the qualification wording should reflect that the very late notification of the decision of the reduction in funding from NZTA was the cause of the qualification and should not be a reflection on ŌDC's planning or decision-making.

Mr Laing advised revaluations remained a focal point for the 2024 audit review. He noted the category 'land and buildings' were due for revaluation but there was no expectation of any changes out of the ordinary arising from those revaluations. ŌDC's Brendan O'Callaghan also confirmed that the Audit plan was as expected and noted the interim visit by Auditors the previous week had been undertaken. Staff were awaiting feedback, but no issues had been flagged during the review whilst Deloitte staff were onsite.

In response to a query from Chairperson Stubbs, Mr O'Callaghan advised there were no material differences between the proposed Audit plan and the work undertaken in the 2023 Audit. He noted the nature of the revaluation of Land and Buildings was different with an independent valuer being used as ŌDC did not have in-house expertise to undertake the revaluation as there were components, such as sales

data analysis, for which Council has no in-house expertise. He noted that by using an independent valuer, no peer review was required.

In response to a query from Chairperson Stubbs, Mr Laing commented on the inclusion of Council's climate change response noting the impacts of climate change may affect the performance and useful lives of assets. He noted an example was the size of culverts to cope with the increasing frequency and volume of storm events.

Chairperson Stubbs referred to page 53 of the agenda, Prior year unadjusted differences, and queried if the \$45,000 was actually charged. Mr O'Callaghan advised he would need to obtain that information and undertook to provide via email to the Committee.

In response to a query from Chairperson Stubbs, Mr Laing noted Deloitte try to make the audit process as efficient as possible. He acknowledged there had been a significant shift in audit requirements from the Office of the Auditor General over time.

Resolved R62: That the Risk & Assurance Committee:

- a Authorise His Worship the Mayor to sign the Engagement Letter for the audit of the 2023/24 Annual Report.
- b Receive the audit plan for the audit of the 2023/24 Annual Report as presented by Deloitte.

Chairperson Stubbs | Deputy Chairperson Jeffries

Item 54: Fair value vs carrying value assessment

In response to an email query from Deputy Chairperson Jeffries, ODC's Brendan O'Callaghan (Manager Finance) advised the roading asset adjusters were provided by the New Zealand Transport Agency (NZTA) based off Statistics New Zealand information. He noted that the highest rates of cost increases had already peaked resulting in the current 'tailing off' of cost increases for roading assets.

In response to a query from Chairperson Stubbs, Mr O'Callaghan advised the percentage of funding of depreciation was amended to align with the proportion of roading funding by Council. The depreciation covered all roading assets including street signs, marking etc.

Resolved R63: That the Risk & Assurance Committee agree that the carrying values of the Ōtorohanga District Council's Roading and 3 Water Infrastructure assets are not materially different from the fair value of those assets.

Chairperson Stubbs | Councillor Prendergast

INFORMATION ONLY REPORTS | NGĀ PŪRONGO MŌHIOHIO ANAKE

Item 55: Health, Safety and Wellbeing quarterly report

ŌDC's Noah Lockett-Turton (Manager People & Capability) noted the near miss incidents were higher than previous years but advised this was due to an awareness of staff to report incidents rather than an increase in safety issues.

In response to a query from Chairperson Stubbs, Mr Lockett-Turton advised the priority was to focus on the induction of the new People & Capability Advisor prior to a review of health and safety key performance indicators (KPIs). He advised that staff could prepare the draft KPIs for consideration at the Committee's next meeting in September 2024.

In response to a query from Deputy Chairperson Jeffries, Mr Lockett-Turton advised the hazard identified by staff at Memorial Park was in relation to the removal of bollards for the ANZAC parade to enter the Park. The removal of the bollards left a metal hole in the ground. The agreed solution was to put matting over the holes which would provide better footing and highlight the area of concern.

Resolved R64: That the Risk and Assurance Committee receive the report 'Health, Safety and Wellbeing quarterly report' (document number 761121) from Noah Lockett-Turner, Manager People & Capability.

Chairperson Stubbs | His Worship the Mayor

Item 56: Building Consent Authority International Accreditation New Zealand audit update

In response to a query from Chairperson Stubbs, ŌDC's Phil Saunders (Manager Building Control) advised staff had a focus on process improvements and were confident that ŌDC is well prepared for the August 2024 review. ŌDC's Tony Quickfall endorsed the sentiment and noted a project steering group had been created to put discipline around process adoption by staff and to set key performance indicators for delivery. Mr Quickfall spoke to the IANZ audit process and the feedback from the Waikato Building Cluster to the Ministry of Business, Innovation and Employment around concerns about the quality of the audit and training of the auditors.

In response to a query from Deputy Chairperson Jeffries, Mr Quickfall advised a business case was being developed to assess a shared service for building services across Waipā, Ōtorohanga and Waitomo District Councils. Once prepared, the business case would be presented for Chief Executive review prior to consideration by the three councils.

Resolved R65: That the Risk and Assurance Committee receive the report 'Building Consent Authority International Accreditation New Zealand audit update' (document number 760043) from Phil Saunders, Manager Building Control.

Deputy Chairperson Jeffries | Councillor Prendergast

Item 57: Key information services, risks and current strategic improvements

In response to a query from Chairperson Stubbs, ŌDC's Billy Michels (Manager Information Services) advised the only option for an enhanced network connection and redundancy for Council offices was to establish a Starlink connection. He noted this had recently been installed for the Kāwhia Community Hall. Mr Michels spoke on the recent civil defence emergency management staff exercise where the main WIFI network became overloaded. A Starlink connection would alleviate this issue.

Chairperson Stubbs congratulated Mr Michels on winning the most improved cyber security award from the Association of Local Government Information Management.

Mr Michels advised the significant focus for the next financial year was the document and information management system which had been in use for a number of years but was not well used by staff. He noted this was due to a variety of reasons, such as limitations in search functionality. The team would improve functionality, amend the file structure for relevancy, and set policies and guidelines before undertaking staff training.

Resolved R66: That the Risk and Assurance Committee receive the report 'Key information services, risks and current strategic improvements' (document number 760253) from Billy Michels, Manager Information Services.

Chairperson Stubbs | Councillor Prendergast

Item 58: Capital projects report for the month ending 31 May 2024

ŌDC's Robbie Whiteman (Manager Projects) spoke to the staff report. Chairperson Stubbs thanked staff for making the requested changes to the executive summary portion and noted the good result for capital project delivery overall. ŌDC's Mark Lewis noted the final year's figures would be available for the Committee's next meeting noting the one project currently offtrack was a timing issue and was being actively managed by staff. Mr Lewis noted a mistake in the staff report appendix but advised it did not change the context of the report.

Resolved R67: That the Risk and Assurance Committee receive the report titled 'Capital Projects Report for the Month Ending 31 May 2024' (document number 743584) from Mark Lewis, Group Manager Engineering and Assets.

Chairperson Stubbs | Councillor Prendergast

Item 59: Fixed asset ‘addition and disposal process’ update

ŌDC’s Brendan O’Callaghan (Manager Finance) spoke to the staff report noting the work undertaken by the Assets team to streamline processes.

Resolved R68: That the Risk & Assurance Committee receive the report titled ‘Fixed Asset Addition and Disposal Process Update’ (document number 761097) from Brendan O’Callaghan, Manager Finance.

Chairperson Stubbs | Deputy Chairperson Jeffries

Item 60: Ōtorohanga climate change response plan – proposed corporate action plan

ŌDC’s Ross McNeil spoke to the staff report noting it was one part of the Climate Change Response Plan Framework (the Framework) previously endorsed by the Committee. He noted the other part was an externally focused program. He advised some of the Framework elements in this part were also consistent with the community focused portion. He noted there were no current statutory requirements for ŌDC to report or meet targets in relation to climate change but advised the Framework sought to address any new statutory requirements arising from policy changes under the new coalition Government.

In response to a query from Chairperson Stubbs, Mr McNeil confirmed the 2027 timing indicated completion of the 2027-37 Long Term and supporting documents such as asset management plans. He commented on emission reduction and a commonsense approach to cost savings, particularly for energy use. He talked about helping the community build their own resilience (part two of the Framework) as well as the increased resilience needed for infrastructure due to more frequent and extreme weather events.

Resolved R69: That the Risk and Assurance Committee endorse the Draft Ōtorohanga Climate Change Response Plan – Ōtorohanga District Council Organisation Targets and Actions (document number 760999).

Chairperson Stubbs | His Worship the Mayor

The meeting adjourned for a short break at 11.18am and recommenced at 11.28am.

Item 61: Outstanding management letter points from 2022/23 Annual Report

In response to a query from Chairperson Stubbs, ŌDC’s Brendan O’Callaghan (Manager Finance) advised the vacant Business Improvement Analyst position had been filled and the compliance with legislative requirements was part of the newly created prioritised action list. Chairperson Stubbs indicated his

support for ŌDC's management to provide stronger responses to the Audit management letter and for staff to take a critical look at the Audit observations and recommendations.

Resolved R70: That the Risk and Assurance Committee receive the report 'Outstanding Management Letter Points from 2022/23 Annual Report' (document number 761122) from Brendan O'Callaghan, Manager Finance.

Chairperson Stubbs | Deputy Chairperson Jeffries

Item 62: Outstanding debtors report

ŌDC's Brendan O'Callaghan (Manager Finance) noted following the last meeting, staff had investigated the use of the Disputes Tribunal, but their website specifically stated that the process could not be used for rates collection. He advised that further properties had been identified for possible rating sales, but they were currently being investigated to determine the options available, with sale being a last resort.

In response to a query from Chairperson Stubbs, Mr O'Callaghan noted the increase in debtors over 90 days was due to the water billing and subsequent due date at the end of April. ŌDC's Theresa Goulding (Rates Officer) advised ŌDC had changed the debt management collection service to DMC (Debt Management Central) who are owned by the Manawatu-Whanganui Local Authority Shared Service.

Resolved R71: That the Risk & Assurance Committee receive the report titled 'Outstanding Debtors Report' (document number 742781) from Brendan O'Callaghan, Manager Finance.

Chairperson Stubbs | His Worship the Mayor

PUBLIC EXCLUDED | TAKE MATATAPU

Item 64: Resolution to exclude the public for Item PE5: Ōtorohanga Kiwi House loan update

Resolved R72: That the Risk and Assurance Committee exclude the public from the following parts of the proceedings of this meeting confirming:

- a This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 7 of that Act where a risk of prejudice is minimised by the holding of the whole or the relevant part of the proceedings of the meeting in public; and,
- b The general subject of each matter to be considered while the public is excluded and the reason for passing this resolution in relation to each matter and the specific grounds for the passing of this resolution are as follows:

General subject of each matter to be considered	Ground(s) under section 48(1) for the passing of this resolution	Interest
Item PE5: Ōtorohanga Kiwi House loan update	Section 9(2)(b)(ii)	Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information;

Chairperson Stubbs | Deputy Chairperson Jeffries

The public were excluded from the meeting at 11.39am and were re-admitted at 11.48am. The meeting was adjourned at 11.49am as the presenter from Aon Insurance was not available until 1pm (Item 63).

WORKSHOPS | HUI AWHEAWHE

Public liability for events

ODC's Nardia Gower and Nicky Deeley (Manager Community Wellbeing & Development) spoke to a PowerPoint presentation.

His Worship the Mayor left for a media interview at 12.12pm.

The meeting adjourned for the lunch break at 12.23pm and recommenced at 12.48pm. His Worship the Mayor was in attendance following the lunch break.

INFORMATION ONLY REPORTS | NGĀ PŪRONGO MŌHIOHIO ANAKE

Item 63: Insurance renewal and insurance update

ODC's Ross McNeil presented the report in author Graham Bunn's absence. He noted the majority of cover is in place until October 2024 and a process was underway to obtain cover for 24/25. He advised the public liability and professional indemnity quotes were yet to be received.

Resolved R73: That the Risk and Assurance Committee receive the report titled 'Insurance renewal and insurance update' (document number 759815) from Graham Bunn, Group Manager Business Enablement.

Chairperson Stubbs | His Worship the Mayor

Matthew Wilson from ODC's Insurer Broker Aon spoke to a PowerPoint presentation on the insurance market via Zoom.

CLOSING FORMALITIES

Meeting closure | Katinga o te hui

Chairperson Stubbs declared the meeting closed at 1.31pm.

WORKSHOPS | HUI AWHEAWHE

Quarterly discussion with the Chief Executive.

Public excluded

The meeting day concluded at 2.35pm.