



**Otorohanga**

*District Council*

*Otorohanga - where kiwi can fly  
A dynamic, inclusive and unique district*

# OPEN MINUTES

## RISK AND ASSURANCE COMMITTEE

26 JULY 2022

**Members of the Risk and Assurance Committee:**

Independent Chair, B Robertson

His Worship the Mayor, MM Baxter

Councillor A Williams

Councillor RA Klos

Councillor K Jeffries

For all meeting queries, please contact Council's Manager Governance ([governance@otodc.govt.nz](mailto:governance@otodc.govt.nz)).

Open minutes of an ordinary meeting of the Risk and Assurance Committee meeting held in the St David’s Community Hall, corner Turongo and Ranfurly Streets, Otorohanga on Tuesday, 26 July 2022 commencing at 11.00am.

Tanya Winter  
**CHIEF EXECUTIVE**

28 July 2022

**ORDER OF BUSINESS**

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**PRESENT**

Independent His Worship the Mayor M Baxter and councillors A Williams, K Jeffries, and R Klos.

**IN ATTENDANCE**

T Winter (Chief Executive), G Bunn (Group Manager Business Enablement), B O’Callaghan (Manager Finance), M Laing (Council’s Auditor representative from Deloitte) and K King (Manager Governance).

Item 39: Health, Safety and Wellbeing: T Pitts-Brown (People & Capability Administrator) and K Mouat (HR Advisor)

**COMMENCEMENT OF MEETING**

Chairperson Robertson declared the meeting open at 11.06am.

**APOLOGIES**

There were no apologies.

**LATE ITEMS**

Chairperson Robertson advised a discussion with the Chief Executive on risk would be held in public excluded for every meeting unless otherwise altered by Committee resolution. He noted this was standard practice in local government and was agreed prior to the meeting in discussion with the Chief Executive.

**CONFIRMATION OF ORDER OF MEETING**

**RESOLVED:** That the Risk and Assurance Committee confirm the order of the meeting as indicated in the agenda with the addition of a discussion with the Chief Executive to be held in the public excluded portion of the meeting.

Chairperson Robertson | His Worship the Mayor

**DECLARATION OF CONFLICTS OF INTEREST**

No declarations were made.

**CONFIRMATION OF MINUTES – RISK AND ASSURANCE COMMITTEE – 31 MARCH 2022**

**RESOLVED:** That the open minutes of the Risk and Assurance Committee meeting held on 31 March 2022, having been circulated, be taken as read and confirmed as a true and correct record of that meeting.

Chairperson Robertson | Councillor Jeffries

Matters arising:

In response to a query on email archiving, Mr Bunn advised that staff devices had been upgraded to Office 365 with only three remaining. He undertook to discuss with the Manager Information Services and confirm that the requirements of the Public Records Act were met.

In response to a further query, Mr Bunn advised the draft Information Strategy was not yet prepared for Committee review. He undertook to provide the Committee with a project timeline.

**ITEM 37: FAIR VALUE ASSESSMENT OF LAND AND BUILDINGS**

Mr O’Callaghan took the report as read and noted land valuations were indicative of being more than 10% higher. He advised there was no impact on the profit and loss statement as land is not depreciated. Mr O’Callaghan noted a portion of land is restricted as it was no saleable e.g., cemeteries, reserves, toilets etc.

In response to a query, he confirmed the last revaluation was undertaken in June 2021 and the normal revaluation cycle was every three years.

In response to a query, Mr Laing (Deloitte) confirmed the matter had been discussed and noted it was important to take into consideration the focus on the water asset revaluations being undertaken this year in accordance with central Government’s requirements.

In response to a query, Mr O’Callaghan advised land assets were approximately 0.5% of the total fixed assets.

**RESOLVED:** That Risk and Assurance Committee:

- a Confirm the carrying value of the operational land, operational buildings, restricted land and restricted buildings asset classes represent fair value of those assets noting:

- i the advice from Quotable Value Limited (QV) on their assessment of fair valuation; and
  - ii the non-material movement in operational and restricted buildings; and
  - iii a possible significant movement in operational and restricted land; and,
- b Recognises the overall impact of any movement with the suggested range for land is not material to the overall balance sheet of Ōtorohanga District Council and therefore resolves to accept that the carrying value is materially within fair value.

Chairperson Robertson | Councillor Williams

**ITEM 38: ŌTOROHANGA DISTRICT COUNCIL TOP RISKS AND MANAGEMENT RESPONSE**

Mr Bunn noted the Committee discussed the top ten risks presented and confirmed the list with an additional risk at its March meeting. He advised a risk matrix had been developed and the Leadership Team had made an assessment and amended comments included in the report’s appendix. He noted the Leadership Team were seeking Committee feedback on the matrix and summary.

Ms Winter advised the risk portfolio was managed by the Business Enablement group but recent discussions with Council’s Chief Advisor, R McNeil identified capability and capacity following the building renovation completion. Ms Winter indicated the Leadership Team would review the risks monthly and update the Committee regularly. She also noted the Finance department independent review may identify risks not already included in the top risks.

Members agreed to a sub-committee consisting of Chairperson Robertson and Deputy Chairperson Williams in conjunction with the Chief Executive and Group Manager Business Enablement. The sub-committee would review the top risks and agree an order of prioritisation for ‘deep dive’ discussions at future meetings. The sub-committee would also review the risk reporting requirements to ensure these were developed in a format suitable for use by the Committee.

Members also discussed if iwi and stakeholder relationships should be added as a new risk or comment on an existing risk. This matter was referred to the sub-committee for further consideration.

Members considered the impact of the water reform on water consent renewals and Ms Winter confirmed the three waters programme as agreed in the Long Term Plan was being undertaken. Members agreed with the business as usual approach until further guidance is provided by central Government.

In response to a query on the high residual capital expenditure risk Mr O’Callaghan advised the impact of price inflation was mitigated through the recent joint procurement for the water renewals undertaken with Waipā District Council. He advised there were several contracts for the new financial year being tendered and any impacts would be presented to a future Committee meeting.

Mr Laing (Deloitte) noted it was pleasing to see the development of the risk register and commented climate change was a key issue across the local government sector along with attraction and retention of staff.

**RESOLVED:** That the Risk and Assurance Committee receive the report titled 'Ōtorohanga District Council top risks and management response' (document number 639927) from Graham Bunn, Group Manager Business Enablement.

Councillor Jeffries | Councillor Williams

### ITEM 39: HEALTH, SAFETY AND WELLBEING

Ms Pitts-Brown took the report as read and noted the improvement in compliance training. She advised wellbeing initiatives were continuing and noted the site inspections schedule implementation now included a follow-up process.

In response to a query around January post-holiday back to work programmes, Ms Pitts-Brown agreed to consider implementing a suitable programme. Ms Mouat advised a change management programme was being developed with health and safety and ergonomic assessments when staff transitioned into the Council building post-renovation.

In response to a query around upcoming training, Ms Pitts-Brown advised the next first aid responder course was being undertaken in October/November. Ms Mouat also advised a mental health first aid course was being taken by approximately 23 staff members. She also commented on the 'Ask Your Team' surveys noting the Pulse surveys were being sent out each month on different topics such as coping with change. Training and wellbeing programmes are being refined as feedback is received.

Ms Mouat spoke on the importance of staff remaining connected whilst working away from the main building. She advised the Leadership Team had agreed to implementing two 'anchor days' per week once staff returned to the building. This would mean on the two days all staff, unless otherwise approved, would be in the office together. The approach has become common due to the impacts from COVID restrictions across the world.

In response to a query, Ms Pitts-Brown advised the staff impacts of the second COVID spike was reducing but noted influenza was currently affecting many staff. She confirmed delivery of Council services had not been impacted.

In response to a query on the low number of incidence reporting, Ms Pitts-Brown advised the new staff Health, Safety & Wellbeing Committee had identified the issue, were working through ideas to make reporting easier and once complete would commence a communication initiative to encourage reporting of 'near-miss' incidences.

**RESOLVED:** That the Risk and Assurance Committee receive the 'Health, Safety and Wellbeing' report (document number 640039) from Tanchia Pitts-Brown, People & Capability Administrator.

Chairperson Robertson | Councillor Klos

#### **ITEM 40: PAYROLL AUDIT SCOPING AND APPROACH**

Mr Bunn commented on the risk around payroll and the high profile nature of any errors. He advised it was timely to undertake a full review of the payroll process. He noted the scope of the review was related to legislative compliance and that Council staff were reliant on the system provider, Magiq having the correct underlying information loaded following any legislative changes. This review would provide assurance that the payroll system was performing efficiently.

*Councillor Jeffries left the meeting at 12.19pm*

In response to a query, Mr Bunn advised if the review identified any areas requiring further analysis the consultants would discuss with Council staff and agree if any additional work would be undertaken.

*Councillor Jeffries re-joined the meeting at 12.22pm*

In response to a query Ms Winter advised the Leadership Team did not support staff receiving holiday pay in lieu of taking leave unless there were exceptional circumstances. This is consistent with the wider local government approach.

**RESOLVED:** That the Risk and Assurance Committee receive the report titled 'Payroll audit scoping and approach' (document number 639929) from Graham Bunn, Group Manager Business Enablement.

Chairperson Robertson | His Worship the Mayor

#### **ITEM 41: ANNUAL REPORT UPDATE**

Mr O'Callaghan advised the year end rollover process was complete and the interim audit visit was undertaken in late June. The final audit visit will be held in September. He noted that as part of the water and wastewater revaluations, the inspection team had taken more than 250 photos and documented all the ID numbers. The resulting report is due mid-August along with the roading revaluation report.

Ms Winter noted the residents survey closed recently with 34 responses received. This was the first time the survey was undertaken. The pensioner housing survey was open, and the iwi survey (in English) was being finalised for distribution.

Mr Laing (Deloitte) commented the audit was on track to allow the Annual Report to be signed off by the current Council prior to the Local Government Elections on 8 October. In response to a query, Mr O’Callaghan advised risk factors included staff illness and delays in the revaluations.

**RESOLVED:** That the Risk and Assurance Committee receive the report titled ‘Annual Report update’ (document number 640044) from Brendan O’Callaghan, Finance Manager.

Chairperson Robertson | Councillor Jeffries

Chairperson Robertson adjourned the meeting for the lunch break at 12.38pm and recommenced the meeting at 12.53pm.

**ITEM 42: OUTSTANDING MANAGEMENT LETTER POINTS**

Mr O’Callaghan noted several items referenced an upgrade of the Magiq system and advised the upgrade was now successfully completed. Of the 13 items in the management letter, three was completed and waiting on verification from the Auditors and another was partially completed. Some of the remaining items related to year end processes and would be confirmed through the audit process.

Mr Laing (Deloitte) acknowledged the progress in reducing in the number of items from 26 in 2020 financial year to ten in 2022.

In response to a query, Mr O’Callaghan advised the Doubtful Debt Policy would be presented to the first Committee meeting following the October elections.

**RESOLVED:** That the Risk and Assurance Committee receive the report titled ‘Outstanding management letter points – 2020/21 Annual Report’ (document number 639946) from Brendan O’Callaghan, Finance Manager.

Councillor Williams | Councillor Jeffries

**ITEM 43: DEBTORS REPORT TO 30 JUNE 2022**

Mr O’Callaghan noted the Committee had requested a report on debtors at the March meeting and spoke to the first report. He advised that to provide a more detailed report than was presented would necessitate a public excluded report to preserve privacy. He noted the total rates outstanding had been decreasing over the previous two years.

In response to a query, Mr O’Callaghan noted the Rates Remission and Postponement on Māori Freehold Land Policy would be brought to the Committee for consideration following an update to incorporate recent legislative changes relating to Māori land. As part of the preparations, a review of land held in the

rating system was planned to improve reporting and inform the Policy. This review may require additional resource to undertake physical inspections of the land and noted some Kāwhia land was landlocked with access only via the sea.

Responding to a query, Mr O’Callaghan noted one entity contributed to the high number of building consent debt over 90 days and advised payment had been made following the report finalisation. He noted the sundry debtor figures were impacted by the timing of \$130,000 for flood protection with the Waikato Regional Council. He also advised resource consent income is held as a negative debtor until year end processes transfer the amount to income in advance. He noted the amount was higher than previous years but was likely contributed to by the increase in deposit fees approved in the Long Term Plan.

Members discussed the value of having a debtors policy and agreed the matter would be further discussed at a future meeting.

**RESOLVED:** That the Risk and Assurance Committee receive the report titled ‘Debtors report to 30 June 2022’ (document number 639968) from Brendan O’Callaghan, Finance Manager.

Chairperson Robertson | Councillor Williams

**ITEM 44: RESOLUTION TO EXCLUDE THE PUBLIC**

**RESOLVED:** That the Risk and Assurance Committee:

- a **Exclude** the public from the following parts of the proceedings of this meeting namely,

The general subject 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(1) 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(1) for the passing of this resolution
Item 45: Declaration to external auditors by the Risk and Assurance Committee	Good reason to withhold exists under section 9 Local Government Official Information and Meetings Act 1987.	Section 7(2)(ba)(i)

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 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

Item Number	Section	Interest
45	9(2)(ba)(i)	protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied;

Chairperson Robertson | Councillor Williams

The public were excluded from the meeting at 1.18pm.

**RE-ADMITTANCE OF THE PUBLIC**

The public were readmitted to the meeting at 1.58pm.

**CLOSURE OF MEETING**

There being no further business Chairperson Robertson declared the meeting closed at 1.59pm.