



Ōtorohanga

District Council

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

OPEN MINUTES

Risk and Assurance Committee Te Komiti Mōrearea me te Whakaū

Independent Chairperson
Deputy Chairperson and Kāwhia Tihiroa Councillor
His Worship the Mayor
Councillor
Councillor

Peter Stubbs
Kit Jeffries
Max Baxter
Steve Hughes
Cathy Prendergast

Minutes of an ordinary meeting of the Risk and Assurance Committee held in the Council Chambers, Ōtorohanga District Council, 17 Maniapoto Street, Ōtorohanga on Tuesday, 5 September 2023 commencing at 10.00am.

Tanya Winter
CHIEF EXECUTIVE

18 September 2023

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Quarterly discussion with the Chief Executive	Public excluded

Present

Chairperson Peter Stubbs, Deputy Chairperson Kit Jeffries, His Worship the Mayor Max Baxter, Councillor Steve Hughes and Councillor Cathy Prendergast.

In attendance

Chief Executive Tanya Winter, Group Manager Business Enablement Graham Bunn, Group Manager Engineering & Assets Mark Lewis, Group Manager Strategy & Community Nardia Gower, Chief Advisor Ross McNeil, Finance Manager Brendan O'Callaghan, People & Capability Administrator Tanchia Pitts-Brown, Kaitakawaenga – Iwi Relations Advisor Cassidy Temese, and Manager Governance Kaia King.

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

Chairperson Stubbs declared the meeting open at 10.02am.

Apologies | Ngā hōnea

There were no apologies received.

Late items | Ngā take tōmuri

There were no late items.

Declaration of conflict of interest | Te whakapuakanga pānga taharua

There were no declarations made.

Confirmation of minutes | Te whakaū i ngā meneti

RESOLVED R30: That the unconfirmed open minutes of the Risk and Assurance Committee meetings held on 26 June 2023, having been circulated, be taken as read and confirmed as a true and correct record of those meetings.

Councillor Hughes | His Worship the Mayor

Matters arising

Deputy Chairperson Jeffries queried the peer review quote for the in-house valuation. Council's Manager Finance advised the quote was received and accepted. Mr Jeffries also queried the impact of climate change with wildfire risk and rising sea levels. Chairperson Stubbs noted climate change would be discussed in a workshop at the end of the meeting.

DECISION REPORTS | NGĀ PŪRONGO WHAKATAU

Item 28: Report on asset revaluations

Council's Manager Finance advised the water asset valuations had been sent to BECA for peer review. The roading asset valuations were currently being reviewed by staff and then will be sent to BECA for peer review.

In response to a query from Chairperson Stubbs on risks associate with material misstatement, Mr O'Callaghan advised only land and building valuations would be at risk as they are not being revalued. He advised that if assets are materially mis-stated this could result in a qualified Audit Opinion. He noted that Quotable Value (QV) undertook a fair value assessment which indicated that the movement in valuations was within an acceptable range. Council's Group Manager Business Enablement noted that as land is non-depreciable there is no impact on funding of depreciation in future financial years.

In response to a query from Councillor Hughes on market movement assessment, Mr O'Callaghan advised it was at a district level and not regional or national.

In response to a query from Deputy Chairperson Jeffries on the upgrade of the Council building, Mr O'Callaghan advised the QV valuation had been undertaken prior to the finalisation of the upgrade which will be capitalised at cost and therefore recognised in Council's balance sheet. In response to a query on valuation of restricted assets, Mr O'Callaghan advised the buildings were depreciated but land was not. In response to a third query, Mr O'Callaghan confirmed Council's decision to not fund any increase in depreciation as a result of the revaluation of 3 Waters assets that will be transferred to the new entity.

RESOLVED R31: That the Risk and Assurance Committee:

- a. Agree that the current carrying value for Council's Land and Building asset is not materially different from fair value for those assets.
- b. Approve the draft roading valuation for use in preparing the 30 June 2023 Annual Report.
- c. Approve the draft 3 Water valuation for use in preparing the 30 June 2023 Annual Report.

Councillor Jeffries | Councillor Prendergast

Item 29: Sensitive expenditure policies

In response to a query from Councillor Hughes on the \$100-200 range for tangis, Council's Finance Manager advised Council's Kaitakawaenga – Iwi Relations Advisor would consider the appropriate amount and if necessary, consult with the Chief Executive to determine koha requirements. This assessment would include the role of the deceased and the contributions made by them within both the community and Council.

In response to a query from Councillor Jeffries on the \$200 limit, Council's Chief Executive noted there were sometimes two elements; the koha as a cultural acknowledgement of the person and the relationship and also potentially an invoice received from the host marae for the food and associated costs for the Council delegation in attendance.

RESOLVED R32: That the Risk and Assurance Committee approve the following policies:

- a. Entertainment & Hospitality Policy (document number 712859)

- b. Gifts Policy (document number 712857)
- c. Koha Policy (document number 712858).

Councillor Jeffries | Councillor Hughes

INFORMATION ONLY REPORTS | NGĀ PŪRONGO MŌHIOHIO ANAKE

Item 30: Health, safety and wellbeing

Council's People & Capability Administrator took the report as read noting the top Health, Safety & Wellbeing risks were identified in the staff report. In response to a query from Deputy Chairperson Jeffries on the identified top risk relating to working under the influence of drugs or alcohol, Ms Pitts-Brown advised Council did not undertake random drug and alcohol testing. In response to a comment by Mr Jeffries on the risk around contractors, Ms Pitts-Brown advised contractors undertaking a high-risk activity were being prioritised. She also responded to a query on event reporting noting awareness and reporting levels were improving.

Chairperson Stubbs queried why animal control services was not identified as a top risk and Ms Pitts-Brown noted those services were being undertaken by a contractor and was captured by that top risk.

Councillor Hughes queried the first responders to a duress alarm activation. Ms Pitts-Brown advised they would be yet-to-be identified staff within the building and training would be given from specialist providers.

RESOLVED R33: That the Risk and Assurance Committee receive the 'Health, Safety and Wellbeing' report from Tanchia Pitts-Brown, People & Capability Administrator (document number 712512).

His Worship | Councillor Jefferies

Item 31: CouncilMARK update – August 2023

Council's Chief Advisor spoke to his report noting Council had the opportunity to be reassessed. Chairperson Stubbs and His Worship spoke on the benefit of a reassessment after the initial recommendations had been implemented.

In response to a query from Chairperson Stubbs on elected member training, Council's Chief Executive advised this action was underway and being progressed.

Chairperson Stubbs also commented on the S17A LGA review of all services which had not been progressed due to resourcing requirements. Council's Chief Executive advised staff were assessing the Waipā District Council approach which looked for opportunities to assist in community wealth building and leveraging Council's role as an anchor institution. Chairperson Stubbs noted this was a reasonable approach.

RESOLVED R34: That the Risk and Assurance Committee receive the report 'CouncilMARK Update - August 2023' (document number 712902) from Ross McNeil, Chief Advisor.

Councillor Hughes | Councillor Prendergast

Item 32: Capital projects report for the month ending 31 August 2023

Chairperson Stubbs advised the Committee that he had met with senior Council staff to review the content of the report. He noted the changes had been included and welcomed feedback on their suitability.

Council's Group Manager Engineering & Assets took the report as read noting the new threshold of high public interest and/or a value of more than \$500,000 for inclusion in the report. Councillor Hughes referenced point 4.3 and the underspend of \$500,000 in the road maintenance budget noting there had been favourable comments from community members on the time for pothole repairs to be completed.

Referencing point 4.5, Chairperson Stubbs queried a potential impact on the 23/24 capital expenditure program from the time delays with some roading projects. Mr Lewis advised staff were confident the projects would be completed on-time.

Deputy Chairperson Jeffries queried point 4.6 and if the staff recruitment underway was a risk to program completion. Mr Lewis advised recruitment for a Manager Roding had been underway for almost a year with no success. He advised the recruitment for a Roding Engineer was in the shortlisting phase. He noted Council were fortunate to have good consultants who could undertake the needed work.

Deputy Chairperson Jeffries commented on point 4.7 and the good communication between the contractors and Kāwhia community for the water main renewal project. Chairperson Stubbs queried the extra water connections that were not factored into the project. Mr Lewis advised this was due to several factors including properties that had been connected through their neighbour's property and now required a separate connection. Chairperson Stubbs queried if the extra connections meant additional revenue. Mr Lewis advised charging for Kāwhia was per property and not charged by consumption. The water meters were a management tool to reduce water loss as Kāwhia's water supply capacity was limited.

Chairperson Stubbs referred to point 4.9 of the report and the discovery of a large 750mm stormwater pipe querying why the pipe was not known. Mr Lewis advised the location of the pipe was in Council's system but was not physically verified. The system identified the pipe as 100mm diameter, but the actual size was 750mm. The design for the project was based on the system information.

RESOLVED R35: That the Risk and Assurance Committee receive the report titled 'Capital projects report for the month ending 31 August 2023' (document number 712908) from Mark Lewis, Group Manager Engineering and Assets.

Councillor Hughes | Councillor Jeffries

The meeting adjourned for a short break at 10.59am and recommenced at 11.05am.

Item 33: Outstanding management letter points from 2021/22 Annual Report

Council's Finance Manager noted the Audit team would be onsite in the week commencing 11 September. Council's Group Manager Business Enablement noted one Management Letter Point (MLP) that hadn't been completed which was the utilisation of asset addition and disposal forms for asset additions. This is now progressing following successful recruitment of Asset and Technical Support staff. In response to a query around materiality from Chairperson Stubbs, Mr O'Callaghan advised there was no indication of missing information, but it was the process of adding the asset addition information as projects are closed off during the year.

RESOLVED R36: That the Risk and Assurance Committee receive the report titled 'Outstanding Management Letter Points from 2021/22 Annual Report' (document number 712841) from Brendan O'Callaghan, Manager Finance.

His Worship | Councillor Prendergast

Item 34: Outstanding debtors report

Council's Finance Manager advised that Council had received payment of a large 'over 90-day' debtor following the finalisation of the agenda. He noted the current outstanding water bills were mostly paid and the 10% instalment penalty for unpaid rates had been applied to 514 properties, an increase in number on the previous year. Chairperson Stubbs commented on the outstanding rates arrears and Mr O'Callaghan noted the Committee had approved the current Debt Policy in March 2023. He noted some of the outstanding rates related to abandoned land which has to undergo a specific legal process to enable Council to recover outstanding rates. There is also a considerable amount of outstanding rates relating to Maori Freehold Land which requires further investigative work and can potentially be made non-rateable. Council's Group Manager Business Enablement noted the Rates Officer has done excellent work to bring down the outstanding rates balance. In some instances, Council staff were looking into rating sales and if indicated a report seeking a Council decision would be presented. Chairperson Stubbs requested an update report be provided to each quarterly meeting so the Committee could review progress on outstanding rates balances. Deputy Chairperson Jeffries requested a table or graph be included to show how much each category made up the total balance.

Councillor Hughes queried if staff had seen evidence of people refusing to pay rates rather than not being able to pay. Mr O'Callaghan advised two neighbouring property owners had sent letters to that effect out of the approximately 5,500 properties within the district. Chairperson Stubbs queried if there was a material benefit to Council for ratepayers paying by direct debit. Mr O'Callaghan advised that there was as this improves Council's cashflow. Council currently offers direct debits on weekly, monthly, quarterly, and annual basis.

RESOLVED R37: That the Risk and Assurance Committee receive the report titled 'Outstanding Debtors Report' (document number 712868) from Brendan O'Callaghan, Manager Finance.

Councillor Jeffries | Councillor Hughes

PUBLIC EXCLUDED | TAKE MATATAPU

Item 35: Resolution to exclude the public

RESOLVED R38: 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
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Item PE4: Quarterly risk and legal update	7(2)(i)	To carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
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His Worship | Councillor Jeffries

The public were excluded from the meeting at 11.26am and readmitted at 10.48am.

CLOSING FORMALITIES

Meeting closure | Katinga o te hui

Chairperson Stubbs declared the meeting closed at 11.48am.

WORKSHOPS | HUI AWHEAWHE

The following workshops were held.

- Top risks – Target risk profile settings
- Climate change

The workshop session adjourned for the lunch break at 12.32pm and recommenced at 12.55pm.

- Climate change continued
- Quarterly discussion with the Chief Executive