



**Ōtorohanga**

*District Council*

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

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# OPEN MINUTES

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Open minutes of an ordinary meeting of the Risk and Assurance Committee held in the Council Chambers, Ōtorohanga District Council, 17 Maniapoto Street, Ōtorohanga on Monday, 17 April 2023 commencing at 10.00am.

Tanya Winter  
**CHIEF EXECUTIVE**

28 April 2023

## Risk and Assurance Committee

Independent Chairperson  
Deputy Chairperson  
His Worship the Mayor  
Councillor  
Councillor

Peter Stubbs  
Kit Jeffries  
Max Baxter  
Steve Hughes  
Cathy Prendergast

Purpose: To assist and advise Council in its responsibility and ownership for risk management, control and compliance framework, and its external accountability and responsibilities.

Quorum: A majority of members (including any vacancies)

Meeting frequency: Monthly or as required

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| <i>The following workshops were held.</i>  |  |
| Annual Plan 2023/24 update   | Open                                     |
| Quarterly discussion with the Chief Executive  | Public excluded <sup>1</sup> s9(2)(g)(i) |

<sup>1</sup> Withheld under the Official Information Act 1982 in accordance with the identified clause.

**PRESENT**

Chairperson P Stubbs, His Worship the Mayor M Baxter, Councillors S Hughes and C Prendergast.

**IN ATTENDANCE**

Chief Executive T Winter, Group Manager Business Enablement G Bunn, Group Manager Engineering & Assets M Lewis, Chief Advisor R McNeil, Manager Finance B O'Callaghan, People & Capability Administrator T Pitts-Brown (for item 14), Manager Information Services B Michels (for item 18), Executive Assistant D Dowd, and Manager Governance K King.

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**COMMENCEMENT OF MEETING**

Chairperson Stubbs declared the meeting open at 10.00am then provided opening comments as it was his first meeting as Chairperson of the Risk and Assurance Committee. He spoke on the importance of continual reassessment of key risks, ensuring adequate resourcing for achieving outcomes and maintaining a future focus in a changing environment.

**APOLOGIES**

**RESOLVED R10:** That the Risk and Assurance Committee receive and accept the apology from Deputy Chairperson Jeffries for non-attendance.

His Worship the Mayor | Councillor Hughes

**LATE ITEMS**

There were no late items.

**DECLARATION OF CONFLICTS OF INTEREST**

Chairperson Stubbs noted his role as the Chair of CoLab.

**ITEM 11: RISK AND ASSURANCE COMMITTEE WORKPLAN 2023**

Council's Group Manager Business Enablement G Bunn took the report as read and Council's Finance Manager B O'Callaghan responded to the written queries from Councillor Jeffries who was an apology for the meeting. In response to a query from Chairperson Stubbs, Council's Chief Executive T Winter confirmed the term of the Kiwi House investment had been extended by Council resolution.

Mr Stubbs requested an item be included on future agendas to confirm if any material changes had been made. Chairperson Stubbs queried if there was merit on a standing agenda item on the progress of actions arising from the CouncilMARK report. In response, Ms Winter confirmed updates on the actions were presented to the full Council but undertook to consider and discuss with the Committee at the next meeting.

**RESOLVED R11:** That the Risk and Assurance Committee approve the proposed 'Risk and Assurance Committee Workplan 2023' (document number 680069) as the Risk and Assurance Committee 2023 Workplan.

Councillor Prendergast | Councillor Hughes

## ITEM 12: REVIEW OF RISK AND ASSURANCE COMMITTEE TERMS OF REFERENCE

Chairperson Stubbs noted the objectives of the Committee needed to be reflected in the workplan and his support of internal audits and the associated resourcing. Council's Group Manager Business Enablement G Bunn outlined one change to the Terms of Reference, noting bullet point three regarding membership incorrectly stated four members including His Worship the Mayor and should read five.

**RESOLVED R12:** That the Risk and Assurance Committee adopt the revised Terms of Reference (document number 682114) for the 2022-25 Triennium with an amendment to the membership to five members.

His Worship the Mayor | Councillor Hughes

## ITEM 13: DEBT MANAGEMENT POLICY

Council's Finance Manager B O'Callaghan provided an updated reformatted document for consideration. He confirmed a separate public excluded report would be brought to the Committee for consideration if required for any potential rating sale.

In response to a query from Councillor Hughes, Mr O'Callaghan advised refunds for overpayments were assessed on an individual basis. For example, if a debtor was paying via automatic payments and a credit had built over time, then the refund payment would be paid in the next normal payment run. If a debtor had accidentally paid twice and it was a significant amount, then the money would be refunded as soon as possible.

In response to a query from His Worship, Mr O'Callaghan advised Council had never considered or made a decision to charge interest on overdue accounts. Council's Chief Executive T Winter suggested a statement could be included that 'Ōtorohanga District Council reserves the right to charge interest on overdue invoices' which could then be assessed on an individual basis. Chairperson Stubbs spoke in support of that approach.

In response to a query from His Worship on page 19's reference to rent payments on Council owned buildings, Ms Winter suggested pensioner housing should be excluded. Chairperson Stubbs spoke in support of that approach.

Chairperson Stubbs queried the review date and suggested it be set at two years after the effective date.

**RESOLVED R13:** That the Risk and Assurance Committee adopt the Debt Recovery Policy (document number 684987) with the review date set at two years after the effective date.

**ITEM 14: HEALTH, SAFETY AND WELLBEING**

Council's People & Capability Administrator, T Pitts-Brown took the report as read. In response to a query from Councillor Hughes on lone worker device education, Ms Pitts-Brown advised there had been a couple of issues with the physical size of the device but also user errors. She had arranged for the device specialist to return to deliver further training. She noted that other processes such as post-site visit check ins with a supervisor and vehicle tracking via eRoad were also implemented to ensure worker safety. She also advised that there had been one accidental activation of the lone worker device and that it had worked as expected.

In response to a query from Councillor Hughes on contractor management, Ms Pitts-Brown spoke on the random site visits, pre-qualification process and job safety analysis undertaken by Council staff. In response to a query by Councillor Prendergast, Ms Pitts-Brown confirmed that it would not be expected or accepted that staff and contractors had children on work sites. Chairperson Stubbs queried if a regular update could be provided to the Committee on a plan to mitigate risk and ensure contractors were pre-qualified.

In response to a query from Chairperson Stubbs, Ms Winter advised there were currently no lead and lag indicators for health and safety. Chairperson Stubbs commented on the importance of those measures and offered to connect staff with the Waikato District Council staff member who had developed their indicators. He commented that trend information would be useful in future health, safety, and wellbeing reports.

**RESOLVED R14:** That the Risk and Assurance Committee receive the 'Health, Safety and Wellbeing' report (document number 682133) from Tanchia Pitts-Brown, People & Capability Administrator.

His Worship the Mayor | Councillor Prendergast

**ITEM 15: CAPITAL PROJECTS REPORT FOR THE MONTH ENDING 31 MARCH 2023**

Council's Group Manager Engineering & Assets M Lewis took the report as read and noted the recent announcement on the water reform programme from central Government. He advised the report was prepared prior to the announcement which effectively meant that Council would have to maintain water services delivery for a further three years.

In response to a query from Councillor Prendergast, Mr Lewis spoke on capital projects and budget carry forwards from one financial year to the next. A carry forwards report is presented to Ōtorohanga District Council for consideration annually however staff were seeking to improve forecast budgeting and were considering the most appropriate reporting timeline. Chairperson Stubbs sought regular updates to the Committee on capital projects delivery focussed on any new material issues that have arisen, cash flow implications and implications for the year end and 3 year delivery plans.

In response to a query from His Worship, Mr Lewis advised the Lawton Drive footpath was included in both the Long Term Plan and Annual Plan. The early design was sent to the Aotea Ratepayers Association for initial feedback who subsequently advised the project did not have wide support in the community.

*A short break was held from 11.05am to 11.12am.*

In response to a query from Councillor Hughes, Mr Lewis stated the new technology installed at the Kāwhia water treatment plant was working exceptionally well. He noted the water loss work had made a difference with only a simple unrelated plant problem putting the backwash system under stress for a couple of days.

**RESOLVED R15:** That the Risk and Assurance Committee receive the report titled 'Capital projects report for the month ending 31 March 2023' (document number 685022) from Mark Lewis, Group Manager Engineering and Assets.

His Worship the Mayor | Councillor Prendergast

## ITEM 16: ANNUAL REPORT MANAGEMENT LETTER POINTS UPDATE

Council's Finance Manager B O'Callaghan took the report as read and in response to a query from Chairperson Stubbs confirmed that staff accepted the recommendations contained in the management letter. In response to a further query, Mr O'Callaghan noted the Sensitive Expenditure Policy was due for review and an update of potential changes would be provided to the Committee's June meeting.

In response to queries from Chairperson Stubbs, Mr O'Callaghan confirmed the impairment review has historically been undertaken in June/July with the annual audit undertaken in September. He advised there was a ten percent allowable variation for valuations in terms of materiality. Council's Group Manager Business Enablement G Bunn noted discussions were being held with CoLab on provision of a shared service for valuations and Mr O'Callaghan noted standardised RAM information across Waikato councils meant useful lives and cost per unit standardisation were under development. A draft is expected in November/December and if signed off by the Auditors it would mean an improvement on timeframes as Council wouldn't need to use independent valuers.

In response to a resource query from Councillor Prendergast, Mr O'Callaghan noted a recent review of the finance department was completed with an additional resource now on board. A reallocation of tasks across finance team members was in progress.

*Group Manager Engineering & Assets M Lewis left the meeting at 11.32am.*

In response to a query from Chairperson Stubbs, Mr O'Callaghan advised staff were confident that 12 of 22 items were completed. An update is expected to be provided to the Committee's June meeting. Chairperson Stubbs sought a report on the state of the asset management plans at the June meeting.

**RESOLVED R16:** That the Risk & Assurance Committee receive the report titled 'Outstanding Management Letter Points from 2021/22 Annual Report' (document number 684999) from Brendan O'Callaghan, Manager Finance.

Councillor Prendergast | His Worship the Mayor

### ITEM 17: OUTSTANDING DEBTORS REPORT

Council's Finance Manager B O'Callaghan advised there were no material changes. Chairperson Stubbs commented on the total dollar amount of 90 day and over debtors and queried if payment arrangements could be negotiated in the 60-90 day timeframe rather than the over 90 days. Council's Chief Executive T Winter confirmed the change in process could be made. Chairperson Stubbs requested an update be presented to the September meeting so the Committee could determine if the change was effective.

**RESOLVED R17:** That the Risk and Assurance Committee receive the report titled 'Outstanding Debtors Report' (document number 684989) from Brendan O'Callaghan, Manager Finance.

Councillor Prendergast | Councillor Hughes

### ITEM 18: KEY INFORMATION SERVICES, RISK AND CURRENT STRATEGIC IMPROVEMENTS

Council's Manager Information Services B Michels took the report as read. In response to a query from Chairperson Stubbs, Mr Michels expressed that in his view the state of readiness for cyber security risks was now average. He commented on the significant changes made and planned, but noted a point of diminishing returns would eventually be reached. He noted people remained the biggest risk, but a balance needed to be found between being secure enough for the organisation but not too onerous for staff to do their jobs.

In response to a query from Chairperson Stubbs on consideration of software ComplyWith, Council's Chief Executive T Winter advised a business improvement focused role was currently under recruitment.

In response to a query from Chairperson Stubbs on the implications of climate change on business continuity planning and the reference to the potential use of Starlink, Mr Michels advised there was only one supplier and one fibre cable servicing Ōtorohanga township. An alternative would be either 5G or Starlink connection. Chairperson Stubbs requested a connectivity contingency outcome report be presented to the first Committee meeting held in 2024.

In response to a query from His Worship on the 'SAM for Compliance' tool, Mr Michels noted the tool was being reconfigured and it was anticipated all marks would be reduced by approximately 25% due to new controls being added. He advised there was hundreds of controls that Council could mark itself against. 'SAM' is a New Zealand product developed by a world renown security expert. More than thirty local government bodies had subscribed to it as it was considered the NZ standard for measuring cyber security.

**RESOLVED R18:** That the Risk and Assurance Committee receive the report 'Key information services, risks and current strategic improvements' (document number 682130) from Billy Michels, Manager Information Services.

His Worship the Mayor | Councillor Prendergast

**ITEM 19: RESOLUTION TO EXCLUDE THE PUBLIC**

**RESOLVED R19:** That the Risk and Assurance Committee 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 |
|---|---|--|
| KPMG payroll audit update                       | Good reason to withhold exists under section 7 Local Government Official Information and Meetings Act 1987. | Section 9(2)(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 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   |
|-------------------------------------|---------|--|
| Item PE3: KPMG payroll audit update | 9(2)(a) | To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). |

Chairperson Stubbs | His Worship the Mayor

The public were excluded from the meeting at 12.00pm.

**RE-ADMITTANCE OF THE PUBLIC**

The public were readmitted to the meeting at 12.07pm.

**MEETING CLOSURE**

Chairperson Stubbs declared the meeting closed at 12.07pm.