

WAIMAKARIRI DISTRICT COUNCIL

MINUTES OF THE MEETING OF THE AUDIT AND RISK COMMITTEE HELD IN THE COUNCIL CHAMBERS, RANGORA SERVICE CENTRE, 215 HIGH STREET, RANGIORA ON TUESDAY, 11 JUNE 2024, WHICH COMMENCED AT 9AM.

PRESENT

Councillor J Goldsworthy (Chairperson), Councillors T Fulton, J Ward, P Williams and Mayor D Gordon (departed at 10am).

IN ATTENDANCE

Councillors B Cairns and P Redmond.

J Millward (Chief Executive), G Bell (Acting General Manager Finance and Business Support), S Hart (General Manager, Strategy, Engagement and Economic Development), S Nation (Senior Quality and Risk Advisor), O Payne (Cyber Security Analyst), P Christensen (Finance Manager), S Nichols (Governance Manager), T Kunkel (Governance Team Leader) and K Rabe (Governance Advisor).

H Warwick Enterprise North Canterbury, Y Yang (Audit New Zealand) and D Walker (Bancorp) via Teams.

APOLOGIES

Moved: Councillor Williams

Seconded: Councillor Ward

That an apology for absence be received and sustained from Deputy Mayor Atkinson and an apology for early departure for Mayor Gordon who left the meeting at 10am.

CARRIED

1 CONFIRMATION OF MINUTES

1.1 Minutes of a meeting of the Audit and Risk Committee held on Tuesday 15 May 2024

Moved: Councillor Williams

Seconded: Mayor Gordon

THAT the Audit and Risk Committee:

- (a) **Confirms**, as a true and accurate record, the circulated Minutes of a meeting of the Audit and Risk Committee, held on 15 May 2024.

CARRIED

1.2 Matters Arising

Councillor Williams queried if Audit New Zealand had made the adjustment to their statement on page 8 of their Management Report as requested in item 5.2 of the Minutes. G Bell confirmed that the adjustment had been made on the same day as the request.

Due to availability of the Audit NZ staff item 3.5 was dealt with at this time, however the minutes have remained in the order of the agenda for convenience.

2 PRESENTATION/DEPUTATION

2.1 Bancorp – David Walker

D Walker spoke to a presentation (Trim xx) which provided the Treasury New Zealand update to the Committee. Points covered included the following:

- What happened to the United States economy impacted by the New Zealand economy.
- Only Dairy and Tourism were currently showing positive returns.

- 2024 was expected to be grim with 2025 showing improved economy.
- Consumer confidence, especially in retail, was weak.
- Historically when the Reserve Bank cut rates it did so by a reasonably substantial cut in the range of 1.75 – 2%.

Councillor Fulton noted that the figures for Business and Employment showed that revenue was on the upturn at 8.6%. D Walker replied that he had not been aware of this report, however businesses paying more tax would mean more money for the Government to provide either more tax cuts or provide increased services. He noted that Westpac had announced their GDP was showing at -0.2% while the Reserve Bank was showing 0.2%. There was also a slight increase in retail sales shown, however if inflation and population growth were factored in the figure would show a negative increase. There were, however, positive signs of recovery.

Councillor Ward queried if it would be prudent for the Council to plan the larger projects in the Capital Works programme for the 2027/28 financial year. D Walker replied that there was the opportunity to start major works earlier as construction costs were down as developers and firms were happy with lower margins in order to retain staff. Therefore, the savings on the price could offset the increased interest rate.

The Chair thanked D Walker for his presentation and the information given.

3 **REPORTS**

3.1 **Enterprise North Canterbury Approved Statement of Intent (SOI) beginning 1 July 2024, and associated 2024/25 Enterprise North Canterbury Annual Business Plan – S Hart (General Manager, Strategy, Engagement and Economic Development)**

H Warwick presented this report which sought the approval of Enterprise North Canterbury's (ENC) Statement of Intent. S Hart provided a brief overview of the report.

Councillor Fulton thanked H Warwick for the summary of ENC's activities and enquired on the status of the Dark Skies project. H Warwick replied that unfortunately they had not managed to secure funding for an administrator to assist with this project however a Trust had been established to progress this initiative and to raise funds. The Trust was leading on the possibility of establishing a national tourist dark sky trail which would include Hanmer Springs and Kaikoura. Councillor Fulton questioned the method of estimating the proposed economic benefit to the district. H Warwick agreed that this was a difficult exercise, however the figures were a best estimate using financial modelling.

In response to Councillor William's query on the impact of Christchurch's I-site on the Kaiapoi site, H Warwick noted that there had been a positive impact for Kaiapoi.

Councillor Cairns noted that the I-site was offering reduced fees for Sudima Hotels and queried if this would have a negative impact on the district given it encouraged people to stay in Christchurch. H Warwick replied that the reductions were implemented country wide by the National I-site body and noted that the district currently had no hotel accommodation therefore there was no competition.

Councillor Redmond noted that the report indicated that the Waimakariri District seemed to be in a better position than the rest of Canterbury and queried how that was. H Warwick noted that the district had increased hospitality and business growth as well as increased population. This meant that there were increased employment opportunities which were all positives for the district. Councillor Redmond also queried the lack of data on resident's income and was told at the time the data was gathered that information was not available.

Councillor Fulton queried the progress of establishing "sub brands" in the district i.e branding specifically for the towns in the district. H Warwick replied that this work was being carried out by the Promotions Associations and not ENC.

Moved: Councillor Ward

Seconded: Councillor Williams

THAT the Audit and Risk Committee:

- (a) **Receives** Report No 240521081361.
- (b) **Approves** Enterprise North Canterbury's Statement of Intent 2024/25 (240521081364), and the Enterprise North Canterbury's Annual Business Plan 2024/25 (240521081370).
- (c) **Circulates** the report to the Community Boards for information.
- (d) **Thanks** Enterprise North Canterbury Trustees and staff for their efforts.

CARRIED

Councillor Ward thanked H Warwick and her team for the work done during the year acknowledging the difficult economic situation which the team were managing well.

Councillor Williams concurred.

3.2 Risk Management Work Programme and Corporate Risks Update – S Nation (Senior Quality and Risk Advisor)

S Nation presented the report which provided a summary of the current Corporate Risks register and an update of the Risk Management Work Programme.

Councillor Fulton noted the table in the report on policy risks and asked what the risks were. S Nation replied that this was a three year work programme and that risks were identified by the Management Team. The identified risks were subsequently sent to the appropriate departments to analyse and raise any other red flags on what may have been overlooked. J Millward noted that at the start of this programme there were over 600 risks identified and the process for monitoring them was inefficient and clumsy. Halfway through the programme, risks had been clarified, categorised and the number reduced with an improved and more efficient process of monitoring and managing the identified risks while being vigilant in identifying new risks.

In response to Councillor Williams query regarding earthquakes being categorised as critical risks J Millward replied that although strategies, procedures and resilience had been built into managing earthquake risks, earthquakes would always be in the critical category due to the scale, complexity and cost associated with such an event.

Councillor Goldsworthy queried if there had been a change in the risk culture at the Council regarding risks and was advised that there had definitely been a positive change by initiating conversations and holding workshops on the topic. Staff were far more aware of risks and felt more confident and competent in dealing with risks or raising concerns.

Moved: Councillor Fulton

Seconded: Councillor Ward

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 240513075804.
- (b) **Notes** the progress of the Risk Management Work Programme
- (c) **Notes** the current Corporate Risks rated 'Critical' and 'High'.

CARRIED

Councillor Fulton stated that the change in risk culture was noticeable and that it was encouraging to see the impact of initiating conversations was having.

Councillor Ward thanked staff for their enthusiasm and for achieving such a great outcome.

Councillor Redmond noted that most people dealt with risk analysis on a daily basis and wondered if risks could be mitigated by our response and resilience to them which eventually could lower its classification in the long term.

3.3 Outcomes of the Waimakariri District Council Health and Safety Risk Register Review February 2024 – K Blake (Health, Safety and Wellbeing Manager)

Moved: Councillor Goldsworthy

Seconded: Councillor Ward

THAT the Audit and Risk Committee:

- (a) **Table** Report No 240515077941 until the August 2024 meeting.

CARRIED

3.4 Report to Audit and Risk Committee May 2024 Cyber Security Status Report – O Payne (Cyber Security Analyst)

O Payne presented the report which updated the Committee on the cyber security work programme.

Councillor Fulton noted there was mention made of the risk in using unsupported software and queried why the Council was still using unsupported software. O Payne noted that he was unsure why this was included in the report, however in this case it had been decided that the data in the software was not worth transferring to another package and there were controls in place to protect against any risk involved.

In response to a query by Councillor Redmond regarding internal and external penetration exercises, O Payne replied that the Council used an independent firm Lateral Security to interrogate Council systems to identify any weaknesses or risk to the system.

Councillor Williams noted that WDC's compliance was high in comparison to other authorities and enquired if this made WDC less open to cyber attack. O Payne replied that this was difficult to determine as it was unlikely that an attack would only be targeted at one entity.

G Bell noted that the WDC was in a good position as not all local authorities employed cyber security staff to mitigate risks to data held their organisations.

Moved: Councillor Williams

Seconded: Councillor Ward

THAT the Audit and Risk Committee:

- (a) **Receives** Report No 240604089192.

- (a) **Notes** that our overall Framework compliance score sits at 83.69% against a New Zealand Wide benchmark of other council of 56.63%.

CARRIED

The Councillors thanked the team for their vigilance on the Council's behalf.

3.5 Audit New Zealand Audit Plan for the year ended 30 June 2024 – P Christensen (Finance Manager)

Y Yang, Director Audit New Zealand, was in attendance to present her report on the Audit Plan provided by Audit New Zealand for the year ended 30 June 2024. She thanked the Management Team and staff for the professional way they handled and managed the audit process and the assistance offered to the audit team.

Mayor Gordon acknowledged Y Yang's work and the good working relationship established between the Council and herself.

Mayor Gordon queried if Y Yang was aware of Section 16 paragraph 4 of the Land Transport Act 1998 which required local authorities to include projects requiring NZTA funding in its Long Term Plan and therefore should Skewbridge Road and the Eastern Link project be included in her report. Y Yang agreed that she was aware of this stipulation however as the projects were at risk due to the uncertainty of funding they were included in her report.

Councillor Williams noted his concern that Audit New Zealand had not picked up an error in staffing numbers and the subsequent impact on budgets. Y Yang replied that Audit New Zealand had to rely on the information supplied to them in relation to staff numbers.

Councillor Fulton mentioned the discussion held regarding benchmarks for three water assets which reflected badly on the Council and queried if consideration had been given to acknowledge this discrepancy. Y Yang responded that this would be included in the 2024 audit.

Councillor Redmond noted that there was comment made on incomplete valuations and a history of errors and queried why this was so. Y Yang noted that since 2021 there had been misstatements regarding valuations which Management had subsequently rectified, and this was why this area was focused on by the audit team. J Millward explained that timelines differed for developers and contractors to the Council's financial year and tax deadlines, and this often meant estimated values and/or costs were given which later needed to be amended to show the completed asset value. Another issue was when completed projects were invoiced in the following financial year which skewed the figures. This was a complex issue, however, the Council was working on mitigating the problems for future audits.

Councillor Redmond also queried where Audit New Zealand got its information on matters such as water supply measures, road surfaces and 'quality of the ride'. Y Yang replied that there were mandatory levels that were taken into account and that Audit New Zealand contracted independent experts to assess these factors.

Moved: Mayor Gordon

Seconded: Councillor Fulton

THAT the Audit and Risk Committee:

- (b) **Receives** Report No. 240502070174.
- (c) **Agrees** to the audit plan for the year ended 30 June 2024, as provided by Audit New Zealand.

CARRIED

Mayor Gordon reiterated his thanks to Y Yang and for the professional relationship between Audit New Zealand and the Council. He stated the Council's audit was a complex undertaking and acknowledged that things could be missed or errors made which, in his opinion, was the reason for audits in the first place. Mayor Gordon stated he was proud of the work done by Management and staff in compiling the audit and hoped that funding assistance would be forthcoming from NZTA for the Skewbridge and Eastern Link projects which would mitigate congestion and improve road safety.

Councillor Fulton concurred and stated that the Council should not be afraid of scrutiny or questions being asked and that it should be acknowledged when mistakes had been made.

Councillor Ward thanked the Management and Financial teams and stated she was proud of the work done to date.

Councillor Redmond noted that this was not just an audit of numbers but also took into account other aspects of the Council's work. As the roading portfolio holder he saw an opportunity to discuss some of the questions raised with the roading team in coming months.

3.6 Reporting on LGOIMA Requests for the period 1 March 2024 to 31 May 2024 – T Kunkel (Governance Team Leader)

T Kunkel presented the report which provided an update on the requests for information made under the Local Government Official Information and Meetings Act 1987 (LGOIMA).

Councillor Williams noted that there were two requests for information regarding the Solar Farm in Upper Sefton Road. Both queries took 13 days to respond to and he queried why this was. T Kunkel replied that the queries covered different areas of interest and therefore time had been taken to gather the required information. Councillor Williams also queried why all the information was not supplied with the first request for information which would mitigate repeated requests for the same information. T Kunkel replied that sometimes the public believed there was more information when there was not and sometimes they assumed that the information supplied was not correct, therefore they continued to request the same information. She also noted that information was supplied in response to the question asked as staff could not assume what it was that the public was actually asking about.

Councillor Redmond acknowledged that this could be an arduous and frustrating job however he believed if the responses to questions were published it would mitigate the duplication of requests thereby reducing the number of requests for information. T Kunkel replied that the Ombudsman specified that only information of value and/or interest to the wider community could be published. If this was adopted it would require Management to review all the requests to determine which fit the criteria for publication. Councillor Redmond queried why the information was not distributed to Councillors for information which could assist them in answering questions. T Kunkel replied that only information pertinent to Councillors roles could be circulated.

In response to a question from Councillor Fulton regarding charging for large complex queries, T Kunkel replied that some requests were changed to clarify the information being sought while others withdrew their requests. To her knowledge once a request had been withdrawn the query had not been resubmitted at a later date by the same member of the public.

Councillor Williams noted that some requests were exempt from charges namely members of the press, media outlets, students and researchers. He queried the definition of researcher saying that the requests signified that the public was researching the Council's ability to be open and transparent and therefore should not be discriminated against. Staff advised such requests usually came via academic institutions.

Councillor Goldsworthy asked why Waahi Tapu locations could not be disclosed. S Nichols responded that this was considered culturally sensitive and locations were withheld to mitigate possible vandalism or damage.

Moved: Councillor Ward

Seconded: Councillor Williams

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 240521081875 for information.
- (b) **Notes** that the Council received 71 requests and responded to 81 official requests of information from 1 March 2023 to 31 May 2024, which was 30 more than the 51 official requests responded to in the same period in 2022/23.

CARRIED

Councillor Ward thanked staff for the work done on these requests and noted that staff could only do their best to reply to the questions posed.

Councillor Williams believed that Councillors should be allowed access to the responses sent as it could add to their knowledge base when answering questions from the public especially in their portfolios.

Councillor Fulton acknowledged that vexatious questions marginalised genuine queries from the public.

4 PORTFOLIO UPDATES

4.1 Audit, Risk, Annual / Long Term Plans – Councillor Joan Ward

Long Term Plan

Following the deliberations on 21 May 2024, staff had been busy updating both the financial model and the LTP documents to reflect the decisions made. Audit New Zealand started its audit of the final LTP on 27 May 2024 and were on site during the previous week. The focus was on checking that the financial impact of the decisions made by the Council had been fairly reflected in the financial forecasts and were also checking that the assumptions that underpinned the LTP remained sound and that the Council had met all the legislative requirements in relation to the content of the final document.

Annual Report

Once the LTP was finalised, finance staff would turn their attention to the Annual Report 2023/24. Work was already underway in relation to the revaluation of infrastructure and building assets to ensure they were held on the balance sheet at a fair value. Higher inflation in recent years had meant that valuations had been required more regularly than in the past. As had been indicated in the Audit Plan, the Council was expected to prepare a draft financial statement for audit by 19 August 2024. This was a tight deadline and would require a significant effort by the Finance Team, however would make the Council well placed to complete the Annual Report in good time to meet its statutory deadline.

Treasury Management

Staff had met with Bancorp recently and discussed the approach to the borrowing that matures in August and October 2024, as well as to plan risk management hedging cover for new borrowing anticipated over the coming year to fund capital projects. This was to make sure the Council complied with its Treasury Policy and reduced the risks associated with changes in interest rates.

4.2 Communications and Customer Services – Councillor Joan Ward

Customer Services

- Dog registration notices were sent to email recipients a couple of weeks ago and posted last week. This was the second year of the multi-year tag and so far, very few replacement tags had been issued.
- The fourth instalment of rates was due on 20 May. As at 31 May, rates collection was at 94.11%, compared with 94.22% at the same time last year. With a month to go in the financial year, this figure would increase by 30 June.
- The Government rates rebate was going up from \$750 to \$790 for the 2024/25 financial year. Letters would be sent to recipients of this year's rates rebate, to invite them to make a rates rebate appointments for the new financial year.
- LIM numbers had remained steady with over 200 more LIMs being issued than the same time last year.
- The contact teams had training on the new Datascape Service Request System which was planned to go live on 1 July 2024. Time was being allocated over the next few weeks for practice and further training sessions.

Councillor Williams queried if there had been any feedback on the new multi-year dog tags as there had been a lot of negative comments on social media in relation to the printing rubbing off. Councillor Ward stated as far as she was aware there had been no feedback received and very few replacements had been ordered. Councillor Goldsworthy undertook to follow up on this matter.

Communication Report

The Team had a strong start to the year with stats for work in line with the previous year despite being one staff member down for most of the quarter.

One of the big changes to the team's out-puts had been the re-scoping of the e-news as detailed in the email below.

Maria Cullen, a Comms and Engagement Advisor with a wealth of experience in communications after working at Environment Canterbury and Careerforce was welcomed to the team. Maria's portfolios were Libraries, Internal Comms, Solid Waste, Civil Defence, Community Team, and ESU. She had been with the team for about six weeks and had hit the ground running.

- **Northern Pegasus Bylaw Review**

One final project to note would be the engagement programme for the Northern Pegasus Bylaw Review. A report would be presented at the Council meeting seeking approval to engage further with the changes that had been made as a result of the previous engagement. Engagement took place from 20 December to 1 March in the form of a Beach Users Survey as well as topic specific engagement on the Bylaw itself. Feedback was sought online, promoted the engagement at beach entrances, undertook on-beach interviews and worked with a dedicated group of stakeholders which had resulted in feedback from 428 residents being received.

- **Long Term Plan (LTP)**

The team put together the narrative for the Plan, the marketing communications campaign, produced video and photo assets, and arranged a series of drop-ins for residents to access more information. Throughout the LTP engagement period hundreds of locals were spoken to during the drop-in sessions. Adverts were displayed throughout the district about the key issues which drove over 3,400 visits to the engagement page and resulted in over 330 submissions – all from local people. The process had integrity, was measured and robust.

- **Rates newsletter**

An insert was developed to be included into the rates newsletter which told the story of the LTP including other significant changes that were affecting rate payers this year.

The quarterly Communications and Engagement report and the insert for the rates were separately circulated to members for their information.

Concern was raised that the LTP documentation at drop-in sessions was too generic with members of the public wanting to identify their areas issues for discussion. G Bell noted that the LTP covered the whole district however investigation could be done on the possibility of including a Ward specific page with projects that impacted that Board/ward area.

Councillor Redmond enquired if the Council was reimbursed on rate rebates and J Millward confirmed that authorities managed the administration however the rebates were reimbursed.

5 QUESTIONS

Nil.

6 URGENT GENERAL BUSINESS

Nil.

7 MATTERS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

In accordance with section 48(1) 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 sections 6, 7 or 9 of the Official Information Act 1982, as the case may be), it is moved:

Moved: Councillor Goldsworthy

Seconded: Councillor Ward

1. That the public be excluded from the following parts of the proceedings of this meeting:
Item 9.1 Confirmation of Public Excluded Minutes of Council meeting of 7 May 2024.

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:

Meeting Item No. and subject	Reason for excluding the public	Grounds for excluding the public-
9.1 Confirmation of Public Excluded Minutes of Council meeting of 7 May 2024	Good reason to withhold exists under section 7	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities (s 7(2)(h)).

CARRIED

CLOSED MEETING

The public excluded portion of the meeting commenced at 11.18am and concluded at 11.20am.

OPEN MEETING

Resolution to resume in Open Meeting

Moved: Councillor Goldsworthy

Seconded: Deputy Mayor Atkinson

THAT the open meeting be resumed and the business discussed with the public excluded remained public excluded.

CARRIED

NEXT MEETING

The next meeting of the Audit and Risk Committee will be held on Tuesday 13 August 2024 at 9am.

THERE BEING NO FURTHER BUSINESS, THE MEETING CONCLUDED AT 11.20AM.

CONFIRMED

Chairperson
Councillor Goldsworthy

Date