

WAIMAKARIRI DISTRICT COUNCIL

MINUTES OF THE MEETING OF THE AUDIT AND RISK COMMITTEE HELD IN THE COUNCIL CHAMBERS, CIVIC BUILDINGS, HIGH STREET, RANGIORA ON TUESDAY, 8 AUGUST 2023, AT 8AM.

PRESENT

Deputy Mayor N Atkinson (Chairperson), Councillors T Fulton, J Goldsworthy, J Ward and P Williams.

IN ATTENDANCE

Councillors A Blackie, who left at 8.18am, P Redmond and B Cairns (via Teams).

J Millward (Chief Executive) (via Teams), P Christensen (Finance Manager) who arrived at 8.33am, H Street (Corporation Planner), A Keiller (Chief Information Officer), S Nichols (Governance Manager) who arrived at 8.23am, and K Rabe (Governance Adviser).

Joseph Hullen (Chairperson of Te Kōhaka o Tūhaitara Trust) Nick Chapman (General Manager).

1 APOLOGIES

Moved: Deputy Mayor Atkinson Seconded: Councillor Ward

An apology was received and sustained for Mayor Gordon.

CARRIED

2 CONFIRMATION OF MINUTES

2.1 Minutes of a meeting of the Audit and Risk Committee held on Tuesday 13 June 2023

Moved: Councillor Williams Seconded: Councillor Ward

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 13 June 2023 subject to correcting the figure in item 6.1 (fifth bullet point) from 96.3% to 9.3%.

CARRIED

2.2 Matters Arising

- In response to a query if the workshop on Corporate Risks had been set up J Millward informed the Committee that it was scheduled for September 2023.
- J Millward had agreed, at the last meeting, to release relevant information on what the Council's actual external debt was rather than what was perceived by the public. J Millward noted that the Communications Team was currently putting the relevant information together for release on the website.

3 **PRESENTATION/DEPUTATION**

Nil.

4 **REPORTS**

4.1 **Annual Report for Te Kōhaka o Tūhaitara Trust for the year ended 30 June 2022 – J Millward (Chief Executive)**

Joseph Hullen, Chairperson and Nick Chapman, General Manager were in attendance to speak to the Te Kōhaka o Tūhaitara Trust reports. J Hullen introduced N Chapman who had recently been appointed as the new General Manager for the Trust. J Hullen also thanked the Council for its support during a difficult time for the Trust over the past few months.

Deputy Mayor Atkinson acknowledged the difficulties faced by the Trust and noted that the overall position of the Trust was positive. However, he had concern regarding the Trust's financial sustainability and queried what funding streams were being pursued for the future. N Chapman replied that he was in the process of applying for grant funding and the possible leasing of sections at Kairaki Beach would be progressed, which aimed to give the Trust some financial stability.

Councillor Fulton queried what the Trust's plan was for community engagement and N Chapman noted that the Trust had a variety of neighbours totalling 175 in all, with differing needs, concerns and requirements. He stated that his belief was that by fully understanding the environment he could assist people to understand and co-operate with the goals and aspirations of the Trust.

Moved: Councillor Williams Seconded: Deputy Mayor Atkinson

THAT the Audit and Risk Committee:

- (a) **Receives** report No 230703099665
- (b) **Receives** the Annual Report for Te Kōhaka o Tūhaitara Trust for the year ended 30 June 2022;
- (c) **Acknowledges** the work carried out by the Trust and thanks the Trustee's, and staff for their efforts;
- (d) **Circulates** the report to the Community Boards.

CARRIED

Councillor Williams noted that he supported the work being done by the Trust and looked forward to that work continuing to the high standards it had already achieved.

Deputy Mayor Atkinson acknowledged the difficult year the Trust had experienced which included flooding, fire, forestry harvesting and problems with residents regarding fire breaks. He also reiterated his concern for sustainable growth with limited funding. He requested the Trust to consider inviting the Council for a tour of the park in the near future.

Councillor Redmond congratulated the Trust on the work achieved and congratulated N Chapman on his appointment. He concurred with the Deputy Mayor that a tour would be very beneficial, especially for new Councillors.

4.2 Te Kōhaka ò Tuhaitara Trust - Statement of Intent for the Year ending 30 June 2024 – J Millward (General Manager Finance & Business Support)

There were no questions on this item.

Moved: Councillor Ward Seconded: Councillor Fulton

THAT the Audit and Risk Committee:

- (a) **Receives** report No 230223024574.
- (b) **Receives** the Statement of Intent for Te Kōhaka ò Tuhaitara Trust for the year ending 30 June 2024 (TRIM 230118005907).
- (c) **Notes** that under the Local Government Act 2002, the Audit and Risk Committee may request Te Kōhaka ò Tuhaitara Trust to make changes to the Statement of Intent. Te Kōhaka ò Tuhaitara Trust would consider these changes requested and re-present the Statement of Intent prior to the 30 June.
- (d) **Recommends** retaining item 14 and 16 from the 2022/23 Statement of Intent for Te Kōhaka ò Tuhaitara Trust's 2023/24 Statement of Intent.

CARRIED

Councillor Fulton believed the Trust was in a good position currently.

4.3 Non-Financial Performance Measures for the year ended 30 June 2023 – H Street (Corporate Planner)

H Street took the report as read.

Councillor Fulton queried if the closures of the pools and libraries during Covid and for winter illnesses had an impact on not achieving the required performance levels. H Street responded that there were various factors which contributed to the levels of performance and included an increase in service requests due to flooding. J Millward clarified that illness had played a part in the figures however staff resourcing problems were not only a result of illness but also increased labour costs and the increase in weather events occurring in quick succession which had impacted on service delivery. Councillor Fulton then asked if the Council needed more resources and was told that a report was planned for the September Council meeting on this topic. That the Long Term Plan was also likely to address a number of areas.

Councillor Williams also raised concern on the Council's resilience in the light of continued increase in natural emergencies which put pressure on staff time and impacted levels of service. In relation to the pools closing due to lack of staff he noted he had supplied a list of lifeguards names to the Council who were happy to volunteer in times of crisis, however these people had not been contacted. J Millward replied it was not just a matter of having volunteers assisting when needed as there was the administrative tasks of vetting and checking that was required for Health and Safety purposes and training of staff. However he undertook to follow up to ensure that the people who had volunteered had been contacted.

Councillor Goldsworthy questioned how targets were set and by whom and H Street replied these were an audit requirement however targets were considered during the Long Term Plan process for the next three years. J Goldsworthy then queried if the targets reflected industry standards to enable the Council to judge if the WDC's standards were too high. H Street could not respond to the question, but would be covered during the review.

Councillor Redmond noted that some of the targets set, the Council nor staff had any control over such as accidents on roads and footpaths. H Street acknowledged that these targets had been adjusted down however agreed that the Council had little control in these areas.

Deputy Mayor Atkinson asked how the Council could get more information of the mandatory measures and requested if this information could be circulated to enable members to understand why WDC's targets were so high.

Councillor Fulton queried how service requests were defined and captured noting that he had assisted a resident with a service request which had escalated well past what would be a normal process. H Street acknowledged that all service requests were captured but was unsure of the process used if an issue escalated. J Millward noted that all service requests were dealt with seriously and if an issue escalated then a staff member would visit the resident to find out what the underlying problem was and Customer Services monitored service requests that stayed open longer than expected and followed up to ensure the matter had been resolved. J Millward requested the information on the service request that Councillor Fulton had referred to so he would be able to follow up.

Moved: Councillor Goldsworthy

Seconded: Councillor Williams

THAT the Audit and Risk Committee:

- (a) **Receives** report No. 230726112923
- (b) **Notes** 67% of performance measures for the 2022/23 financial year were achieved, and 33% were not achieved.
- (c) **Notes** six of the 37 measures that did not meet target were within 5% of being achieved.
- (d) **Notes** that a number of operational environment circumstances cited in the commentary within the attached report had been summarised within section four of this report.
- (e) **Notes** all measures had been reviewed and incorporated in the 2021-2031 LTP.

CARRIED

Councillor Goldsworthy acknowledged the lower than expected performance was not ideal, however there were mitigating factors to be considered.

Councillor Williams acknowledged the previous comment and noted that events and circumstances beyond the Council's control had a bearing on the outcomes.

4.4 Cyber Security – Status Report – A Keiller (Chief Information Officer) and O Payne (Systems and Cyber Security Administrator)

A Keiller was in attendance to present the report which he took as read. He gave a brief overview for new members on the need for compliance and operational risks.

In response to a question from Councillor Fulton, A Keiller explained that there was certain security standards that the Council matched its system too. As the Council replaced systems it also used the Governments' CIO Assessment, which allowed the Council to question not only the technology but also the vendors approach to security. The Council may not have the funding to replace legacy applications immediately and was therefore building up the Council's own internal defences, to minimise risk. The Council had further minimised the risks of viruses spreading by segmenting its network. Staff were continuously updating the Council's network by incorporating the best technology.

Councillor Redmond drew attention to the Management Status report and questioned why the Service Provider Management (MN.SP) was only at 20.84%. A Keiller noted that this was one of the factors that the Council was being assessed against. There was a need for further discussions with the Management Team as this was actually an organisation factor and rather than an IT factor, as it related to the management of service providers by the Council as a whole.

Councillor Redmond sought clarity if the set standards also applied to Council contractors and A Keiller confirmed that the factor required the Council to understand how the contractors and service providers were managing data they hold on behalf of the Council.

Councillor Redmond also noted that the report showed a drop-off during March and April 2023 and he queried what had happened during that time to cause the drop. A Keiller advised that these were new performance factors and there was a drop in the Council's self-assessment. This showed a more cautious approach had been taken in reporting until the factors were better understood, however these were now performing well overall.

Councillor Goldsworthy asked if the Council had outsourced the external penetration attack. A Keiller explained that both internal and external penetration tests were undertaken by the Council's security service provider, Lateral Security.

Furthermore, Councillor Goldsworthy queried, in terms of the Council's self-assessment, what was considered the Council's strengths. A Keiller noted that the Council was one of only a few councils that had an external review done, and self-assessments were always questionable. The Council was very proactive when it came to network security and staff education.

Councillor Fulton questioned what information hackers were trying to access during a cyber-attack. A Keiller advise that hackers seemed to be more focused on disrupting service delivery than actually trying to gather information.

Moved: Deputy Mayor Atkinson

Seconded: Councillor Fulton

THAT the Audit and Risk Committee:

- (a) **Receives** report No 230529077888
- (b) **Notes** The ALGIM Sam for Compliance system had received an update to its framework. The framework would increase from the current 281 controls to 351 controls, an addition 70 elements that would now need to be considered as part of our assessment. This meant that all organisations in the programme were going to see their conformance to the framework drop by approximately 25%. Once Councils assessed their conformance to the new controls, their conformance level would rise again in accordance with the selected statuses.
- (c) **Notes** an initial assessment had been undertaken against these new controls. Areas that would require Management Team consideration were around Cloud Services Management and Service Provider Management. Tasks around this had been allocated and the Chief Information Officer would arrange to have this raised with the Management Team.
- (d) **Notes** that our overall Framework compliance score post these changes sat at 80.27% against a New Zealand Wide benchmark of other council of 54.34%.
- (e) **Notes** an independent penetration test of our internal and external network was carried out by Lateral Security in March 2023. This was part of our annual internal auditing of our systems. This testing identified no serious issues for our external network and a number of minor issues with the internal network.

CARRIED

Deputy Mayor acknowledged that the Council seemed to be well ahead of other Councils in this field and he was confident that this would just get better in the future.

Councillor Fulton noted that the Council's higher ranking than the benchmark was reassuring.

Councillor Redmond noted that it was not a positive sign for the sector with the benchmark reasonably low and should be of concern, however it was excellent for the Waimakariri. He asked how the sector's figures could be raised and A Keiller stated, that in his personal opinion, although there was plenty of sharing of information the sector would be improved by better collaboration across the sector.

5 PORTFOLIO UPDATES

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

- A new General Manager for Finance and Business Support will start at the beginning of October 2023.
- The main Audit will commence end of August and last four to five weeks.
- Council Controlled Organisation's Audit plans are in place.
- Leading into the LTP, there will be a number of workshops, reviewing our strategies, priorities and work programmes.
- Line of business – computer systems software applications are progressing quite well and teams being set up leading into the implementation. This is a two year programme.
- Standard and Poors Review earlier this year. Being reviewed in November/December 2023. Given the Council's current programme it should be on track to obtain the AA credit rating. You may have heard people saying that the Council has high debt however the debt is relative and mostly from the earthquakes and betterment replacing damaged assets. The Council's credit rating is better than a trading bank.
- Council had the first Rūnanga meeting with Nga Tu Hurariri which went well and was important to both groups. It is encouraging to see these meetings start up again.

5.2 Communications and Customer Services – Councillor Joan Ward

Communications:

- Ten communication and engagement planned projects with 22 new stories and 89 media queries.
- Seven speeches and five columns
- Significance and Engagement Policy review underway.
- Engagement platform now has 2,147 registered users.
- Website has 70.4 thousand more registered users compared to last year.
- Social media reached new heights, thanks to the new digital comms person Leila. The content is more engaging and reaches more people than ever. One post reached 252,440 facebook users for example.
- 57 design projects were delivered in house. Most of which were also printed in house. I consider this a huge win as it removes our reliance on external suppliers and means we can be more responsive.

In the coming quarter the Council will be launching the new website design and more information will be provided as the launch date gets closer.

Councillor Fulton queried if misinformation was being collated and targeted correct information released in an endeavour to inform residents. He queried what is being done to counter the reports and misinformation being circulated to the Council's detriment. Councillor Ward agreed that this was a good question as up to now the policy has been to not respond to incorrect information. Councillor Ward believed that at some point the Council needed to get the message out. She acknowledged it had been difficult to not

respond to damaging and hurtful comments made publicly about the Mayor and Councillors. Councillor Ward believed Councillor Fulton was correct and more effort should be made to let the public know how well the Council was performing and a change of policy should be considered. Councillor Ward also stated that the district was a high growth area and the Council needed to invest to ensure sufficient development which meant spending money for the future benefit of the district and this means borrowing especially with the Council keeping rates down so a decrease of income and an increase in the need to spend.

Deputy Mayor Atkinson noted that he had recently read an economists article which had rated the best districts to invest in which showed Kaiapoi and Rangiora two of the top areas. He believed that this is the information that needed to be published rather than arguing with others perceptions and misconceptions.

Councillor Fulton suggested it may be a good idea to get a professional adviser to assist the Council on how best to manage this matter rather than just dealing with it inhouse.

Councillor Williams stated that he had recently read the report from the New Zealand's Taxpayers Association which compared all Councils financial position and Waimakariri did not feature well compared to other Councils such as Selwyn and Marlborough. Councillor Williams queried if the figures shown were checked for accuracy prior to publication. J Millward did not agree that the Waimakariri appeared to be low in the ranking as there was only \$100 or \$200 separating Councils. Quite a bit of the rates include earthquake repayments. Need to be careful when comparing different areas and take into account services, recreation, libraries and other facilities offered, the contribution to Canterbury Museum, as well as the balance between rural and urban and the lower rates over the last few years which are some of the differences to the Selwyn District. However these figures will be put before the Council for them to consider during the LTP process.

Councillor Redmond endorsed what his colleagues were saying and that more positive information should be published to mitigate the continued misinformation being circulated. Councillor Redmond believed more emphasis should be placed on the Council's story. J Millward noted that the Council could control its own websites, social media etc but could not control others and if Council got drawn into a conversation it could easily get out of control and do more damage than good. The Council's current strategy was to not respond however happy to discuss this topic further at the upcoming workshop. It was important to ensure the information on the Council's website was correct so that people looking for the correct information could access it. Deputy Mayor Atkinson agreed with J Millward however requested that this be dealt with some urgency before someone responded inappropriately due to the growing pressure and intensity.

6 QUESTIONS

Nil.

7 URGENT GENERAL BUSINESS

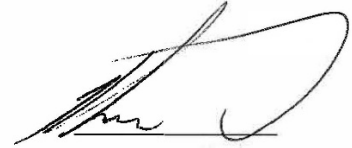
Nil.

NEXT MEETING

The next meeting of the Audit and Risk Committee will be held on Tuesday 12 September 2023 at 9am.

THERE BEING NO FURTHER BUSINESS THE MEETING CONCLUDED AT 9.09AM.

CONFIRMED

A handwritten signature in black ink, appearing to be 'Mr. J. D.', written over a horizontal line.

Chairperson

12 September 2023

Date