

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, 12 SEPTEMBER 2023, AT 8AM.

PRESENT

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

IN ATTENDANCE

Councillor P Redmond.

J Millward (Chief Executive) (via Teams), G Cleary (General Manager Utilities and Rooding), P Christensen (Finance Manager) D Young (Senior Engineering Adviser), S Nichols (Governance Manager), T Kunkel (Governance Team Leader) and K Rabe (Governance Adviser).

1 APOLOGIES

There were no apologies.

2 CONFLICTS OF INTEREST

No conflicts of interest were declared.

3 CONFIRMATION OF MINUTES

3.1 Minutes of a meeting of the Audit and Risk Committee held on Tuesday 8 August 2023

Moved: Councillor Williams

Seconded: Councillor Fulton

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 8 August 2023.

CARRIED

3.2 Matters Arising

There were no matters arising from the Minutes.

4 PRESENTATION/DEPUTATION

Nil.

5 REPORTS

5.1 2022/23 Capital Works June Annual Report – D Young (Senior Engineering Advisor), G Cleary (General Manager Utilities and Rooding) and C Brown (General Manager Community and Recreation)

G Cleary and D Young were in attendance to present the end-of-year Capital Works Report. G Cleary noted that in March 2023, staff predicted that 88% of the Capital Works

Programme would be completed by the end of the financial year. However, only 80.7% was delivered, due mainly to delays experienced with some of the larger and more complex projects, nevertheless, all of the Shovel Ready Projects had been completed.

Councillor Williams raised a concern regarding the request for budgets to be brought forward to allow work to be done when there was a backlog of uncompleted work. G Cleary explained that while some projects showed as incomplete, most of the work had already been done, and there was just further tidying up to be done before receiving a practical completion status. Also, buffers were included in the Capital Works Programme to enable certain work to be brought forward if required. The work requested to be brought forward was flood-related infrastructure repairs. G Cleary acknowledged that the current programme was fairly ambitious but believed it was deliverable, and there were monitoring and tracking processes to assist in keeping the programme on track.

Councillor Fulton queried if the Council set criteria and timelines for work to be carried out, as contractors may be delaying the completion of work due to using the wrong equipment. G Cleary replied that the Council did not get involved with the contractors' methods and relied on their common sense and resources to carry out the contract to the set expectations and outcomes required.

Deputy Mayor Atkinson questioned the number of overspends highlighted in red on the graphs attached to the report. D Young responded that the budgets covered several areas of projects, and while some may be overspent, others were underspent, and the result was that they balanced out. Deputy Mayor Atkinson suggested that it would be helpful to have a summary at the end of the section summarising the corresponding over and underspends. D Young acknowledged that the method of showing this information could be made more explicit, and he would review the report format to ensure that this information was more understandable.

Councillor Ward acknowledged the last few difficult years, which negatively impacted the delivery of the Capital Works Programme. She wondered if the delivery of this year's programme would suffer a similar fate if another weather event or some other natural disaster hit the district. G Cleary noted that there had been learnings from dealing with the lack of resources due to natural disasters and delivering Shovel Ready Projects on time. He believed that the team had refined processes and disciplines and that a separate team had been formed to deal with weather events in the future, which would free up staff to continue business as usual work.

Councillor Goldsworthy queried if weather considerations were factored into projects. G Cleary replied that there were buffers included in the programme, however, the contractors also took into account weather when tendering for the work. If, however, a project was likely to be significantly delayed, staff would report back to the Council on this individually.

Councillor Redmond sought clarity on the status of the Tuahiwi path and was advised that this project was 99% completed, however, it had a few outstanding issues, which meant it could not be classified as 'Practical Completion' but would be completed shortly. Councillor Redmond then enquired about the other projects listed in 3.3.3 of the report. G Cleary replied that some of the projects required land purchases before the work could commence, and some were delayed due to the project's complexity, which required further work by staff. However, all these projects were expected to be completed during the 2023/24 financial year.

Councillor Fulton questioned if flooding in gravel pits had impacted outcomes. G Cleary replied that the Council's contractor, Corde, had advised the Council that they had sometimes struggled to excavate gravel, which is one of the reasons the Council was investigating other options to mitigate the problem in the future. D Young noted that a Council Workshop regarding roading was scheduled for October 2023, and he would include this item on the agenda to be discussed in more detail with Councillors.

Deputy Mayor Atkinson noted that more recreation projects were not completed than any other activity. He queried the reason while acknowledging that many of the projects on the list may rely on other organisations' involvement. D Young noted that it was difficult to accurately report on recreation projects using the current reporting structure and agreed that this may need to be reviewed. recreation projects may be indicated as uncompleted when specific budgets were accumulated over several financial years to enable one large project to be achieved. Also, the Kaiapoi Community Hub, was on hold while the community raised funds to complete their commitments to the project.

Councillor Williams noted that only 79% of drainage work had been completed and questioned if there were sufficient contractors to ensure the work could be completed. G Cleary explained that most of the projects still to be completed had issues, such as land purchases or complex problems such as the Mandeville resurgence project. None of the uncompleted projects was delayed due to contractor performance. G Cleary also noted that the \$500,000 increase to the Drainage Budget, due to the flooding, which impacted on the figures. If the Budget had not been increased, the percentage of completed drainage work would show as 90%.

Deputy Mayor Atkinson questioned why the request had been made to increase the Drainage Budget if it had been unlikely that the program to be delivered. G Cleary noted that the funds were required to deal with the flood repair work which took precedence over business as usual work.

Deputy Mayor Atkinson queried how this could be resolved in the future. G Cleary observed that buffers had been included in the Capital Works Programme, however, it was difficult to predict accurately without causing inefficiency. He noted that no one could predict 100% accurately, however, it was certain that there would be another weather event in 2024 which he hoped they had accounted for and had processes in place to mitigate the delays to the delivery of the programme.

J Millward noted that Deputy Mayor Atkinson's observation was correct, that even in a year without an adverse event, it was almost impossible to achieve 100%. The capital budget has many projects, the budget is set 12-18 months out and relies on developers, planning and other factors, in a growth council where there are many projects and factors to take into account. It is also difficult to achieve practical completion prior to 30 June, whereas capital projects sometimes straddle two financial period by a few weeks.

Moved: Deputy Mayor Atkinson Seconded: Councillor Goldsworthy

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 230831135410.
- (b) **Notes** the actual achievement across all tracked capital expenditure.
- (c) **Notes** that of the \$80.19 million total capital spend, \$64.74 million (80.7%) had been completed.
- (d) **Notes** that the previous March Quarterly Report predicted completion of 88%.
- (e) **Notes** that the 2022/23 capital works programme had generally been substantially delivered across most areas. Where this was not the case, this was reported in more detail.

CARRIED

Deputy Mayor Atkinson thanked staff for the detailed report, noting that in years gone by there had been a serious lack of information. He believed that it was the function of the Audit and Risk Committee to scrutinise the data closely and thanked members for their questions and input.

Councillor Ward thanked staff for their work during very difficult time over the last few years and noted that they were an inspiration especially during the flooding.

5.2 **Financial Report for the period ended 30 June 2023 – P Christensen (Finance Manager)**

P Christensen was in attendance and spoke to the end-of-year report, which showed that operating costs were \$14.7 million over budget, with the most significant variances being repair costs due to the July flooding event (\$1.8 million), depreciation over budget due to an increase in revaluations (\$4.3 million), and losses on asset disposal (\$3.1 million) and capital expenditure that was accounted as operating expenditure (\$3.7 million).

Councillor Goldsworthy asked if funds on hand could be invested in short-term deposits. P Christensen replied that short-term investment interest rates were meagre and it would only be profitable to invest for more extended periods, such as between one and two years, which was not advisable as the funds may be required before that time.

Councillor Fulton noted that this was an excellent, concise report which was easily understood and queried if the report would be made available to the public so that they were aware of the Council's financial position. P Christensen replied that the report would be available on the Council's website as part of the Audit and Risk Agenda.

Councillor Williams queried why the Cash Flow and Operational Costs were showing as unfavourable. P Christensen explained that this was due to lower-than-usual development contributions and incomplete projects.

Moved: Councillor Fulton

Seconded: Councillor Ward

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 230823130098.
- (b) **Notes** the preliminary surplus for the year ended 30 June 2023 was \$21.7 million. This was \$6.1 million under budget.
- (c) **Notes** significant variances included depreciation \$4.3 million over budget from the revaluation of assets as at 30 June 2022 and \$1.8 million costs from the July flooding event.
- (d) **Notes** that the Annual Report was currently being audited by Audit New Zealand. The Annual Report would be presented to the Council in October 2023 for adoption.

CARRIED

Councillor Fulton thanked the team for their hard work and an excellent report.

Councillor Ward concurred and thanked staff for their work.

5.3 **Reporting on LGOIMA Requests for the period 1 June 2023 to 31 August 2023 – T Kunkel (Governance Team Leader)**

S Nichols and T Kunkel attended and presented the report, which dealt with requests for information made under the Local Government Official Information and Meetings Act 1987 (LGOIMA). The Council received 71 requests from 1 June 2023 to 31 August 2023, 45 more than for the same period in 2022.

Mayor Gordon requested clarification on whether elected members were entitled to view all responses to requests for information. T Kunkel advised that Councillors were not

automatically entitled to access all information held by the Council just because they were Councillors. They only had the right to access information that was reasonably necessary to enable them to perform their duties as Council members. Therefore, access to any information to which their position did not entitle them, would be governed by the LGOIMA and the Privacy Act, 2020. Taking into account the Privacy Act, 2020, if a Councillor wished to see a response, staff would need to obtain permission from the requestor to share that information.

Councillor Redmond enquired if elected members were able to request information under the LGOIMA. T Kunkel confirmed that there were no restrictions on who could request information under LGOIMA, elected members were therefore able to request information in their private capacity.

Deputy Mayor Atkinson queried if this work was captured as a line item in the budget, as with the increase in staff time it would be useful to monitor the cost to the Council in case there was a need to increase resourcing to cover this role in the future. S Nichol replied that at present this work was not separated into a specific line item and that the Ombudsman had confirmed the Council was following best practices.

Councillor Fulton noted that it must be difficult to manage these continual requests on a daily basis without becoming overwhelmed. T Kunkel explained that each request was taken on its own merit and dealt with appropriately and that the Ombudsman's office and other local authorities were also seeing an increase in requests.

Moved: Mayor Gordon

Seconded: Councillor Goldsworthy

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 230725112791 for information.
- (b) **Notes** that the Council received 71 requests and responded to 76 official requests of information from 1 June 2023 to 31 August 2023, which was 53 more than the 23 official requests responded to in the same period in 2022.

CARRIED

Mayor Gordon thanked staff for their time and effort put into responding to LGOIMA requests, noting that there were many repetitive requests which proved time consuming and frustrating. The Mayor acknowledged that this was a tricky area given the ruling of the Ombudsman regarding charging and best practice.

Councillor Ward also thanked staff for their fortitude, however, believed it was important that the costs incurred by the Council be highlighted.

Deputy Mayor Atkinson commented that you some requestor would never be satisfied with the answers provided by Council unless Council gave the answer they wanted to hear and this came at a high cost to the Council and staff with little resolution.

Mayor Gordon acknowledged that this had to be a transparent process and was pleased that the Council had been seen to be following best practices. However, he felt that some of the requests were becoming very personal and at times abusive. It was a pity that some members of the community were abusing the system for their own agendas and he believed that the cost of this work should be reflected so as to assist in determining if further resourcing was required. He further believed that elected members should not add to the work load of staff by requesting information on details of requests and should stay out of what was an operational matter.

6 PORTFOLIO UPDATES

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

- Long Term Plan (LTP) first workshop of ten to be held shortly.
- Auditors had been auditing the report for the last three weeks and were on-site for the next two weeks.
- New General Manager of Finance and Business Support, Nicole Robinson, would start on 2 October 2023.
- The Annual Report showed less than budgeted surplus due to fewer Development Contributions paid as a result of the downturn in the economy, however it was still quite high.
- Staff now received reports highlighting their driving skills and behaviour when using Council cars. The GPS system rated the staff's driving skills against other staff with good effect.
- 81% of Capital Works had been completed which was a improvement on previous year (59%)
- IT staff, in conjunction with Civil Defence and the Roothing Team, had developed a Canterbury wide tracking system for road closures during flooding events. The 'App' was to be used throughout Canterbury from Waitaki to Kaikoura. J Millward was the Canterbury Chief Executive sponsor for this initiative.

Councillor Fulton questioned the lower Development Contributions and Councillor Ward noted that contributions were returning to normal with a healthy confidence being shown by the District's developers.

Councillor Goldsworthy queried if staff were receiving any incentives to be the best driver and J Millward responded that the 'de-centives' seemed to be working well at present. Aiming to have the best scorecard was providing incentive and showing merits.

6.2 Communications and Customer Services – Councillor Joan Ward

Communications:

- There was a decrease in the visits to the Council's website and 57 design projects were delivered in house. Some of the projects the projects delivered were as follows:
 - Economic Development Strategy
 - Recollect Website launce campaign
 - Rethink Rubbish July pricing changes
 - Let's Talk Housing
 - Good Street launch campaign
 - Free period product campaign
 - Three Waters chlorine 'Frequently Asked Questions'.
- The new Council website had been launched.

Mayor Gordon queried if elected member feedback had been taken into account and Councillor Ward promised to follow up and would request that this be circulated to members by email.

Customer Services:

- Between 1 July and 31 August, 2,327 successful rates rebate applications worth \$1.68 million were processed. This was 152 ahead of the same time last year. Of these 2,090 received the full rebate of \$750.
- The first instalment of rates was due on 20th August 2023. At the end of August penalties were applied to 2,107 properties that had all or part of the first instalment owing. Rates invoices were sent out to 28,106 properties.

- A good response was received to 786 collection letters that were sent out at the start of August 2023 where accounts carried forward rates arrears from 30th June 2023. Payments or arrangements had been made on 309 of these, with 477 needing further attention.
- More people are referencing the difficult economic climate as a reason why rates payments had fallen behind. This was definitely being felt by many of the ratepayers, particularly where interest rate reviews had taken place. More people had signed up for direct debit and had increased the frequency of direct debit payments or are making arrangements over longer periods.
- Enquiries regarding rates postponement from ratepayers had been received and were living in areas identified for “future development” in the new District Plan. There was some detail to work through, and no one had signed up so far.
- Last week the first look at the new Datacom system was held with a session on Accounts Receivable and Cash Receipting. Next week will bring a full week of workshops for the rates team.
- The new rates policy document was progressing with the existing policies being brought into one document. Feedback from the Policy Team was being considered before the final draft was brought before the Council.
- LIM numbers had remained at pre-2020 levels indicating that we may be back to normal business levels. In August 2023, 179 LIMs were produced with a turnaround of four days.

Councillor Fulton noted he had received several requests from customers for a water cooler to be provided in the Council foyer, especially for the elderly waiting for their rates rebates interviews. J Millward agreed to look into this matter.

7 QUESTIONS

Nil.

8 URGENT GENERAL BUSINESS

Nil

9 MATTERS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

Section 48, Local Government Official Information and Meetings Act 1987.

Moved: Councillor Ward

Seconded: Councillor Fulton

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 was moved:

1. That the public be excluded from the following parts of the proceedings of this meeting:
Item 9.1 Report back on Chief Executive Recruitment Costs.

The general subject of the matter to be considered while the public was excluded, the reason for passing this resolution in relation to the 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 were as follows:

Meeting Item No. and subject	Reason for excluding the public	Grounds for excluding the public-
9.1 Report back on Chief Executive Recruitment Costs.	Good reason to withhold exists under section 7	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations. To prevent the disclosure or use of official information for improper gain or improper advantage (s 7(2)(h)(j)).

CARRIED

CLOSED MEETING

The public excluded portion of the meeting commenced at 10.19am and concluded at 10.26am.

OPEN MEETING

Resolution to resume in open meeting

Moved: Councillor Deputy Mayor Atkinson Seconded: Councillor Ward

THAT open meeting resumes and the business discussed with the public excluded remains public excluded until determinations by the Civil Aviation Authority have been made.

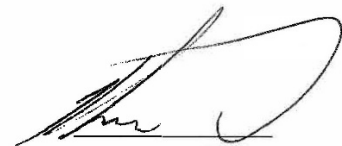
CARRIED

NEXT MEETING

The next meeting of the Audit and Risk Committee will be held on Tuesday 14 November 2023 at 9am.

THERE BEING NO FURTHER BUSINESS THE MEETING CONCLUDED AT 10.26AM.

CONFIRMED



Chairperson

14 November 2023

Date