

WAIMAKARIRI DISTRICT COUNCIL

MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE HELD IN THE COUNCIL CHAMBERS, CIVIC BUILDINGS, HIGH STREET, RANGIORA ON TUESDAY 17 MAY 2022 AT 10.00AM.

PRESENT

Councillors J Ward (Chairperson), N Atkinson, K Barnett, S Stewart, P Williams and Mayor D Gordon.

IN ATTENDANCE

Councillors W Doody and P Redmond.

J Millward (Manager Finance and Business), P Christensen (Finance Manager), G Cleary (Manager Utilities and Roading), D Young (Senior Engineer), S Nichols (Governance Manager), H Street (Corporate Planner) and K Rabe (Governance Advisor).

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 15 March 2022

Moved: Mayor Gordon Councillor Williams

THAT the Audit and Risk Committee:

- (a) **Confirms** the circulated Minutes of a meeting of the Audit and Risk Committee, held on 15 March 2022, as a true and accurate record.

CARRIED

3.2 Matters Arising

At a previous meeting Councillor Stewart requested detailed data on businesses that had closed and/or relocated from the district, and a breakdown of employment opportunities for each of the main centres. She noted that none of the Committee had yet to received the requested information and therefore requested that staff follow up on this request.

4 PRESENTATION/DEPUTATION

Nil.

5 REPORTS

5.1 Non-Financial Performance Measures Third Quarter Results as at 31 March 2022 – H Street (Corporate Planner)

H Street spoke to the report which updated the Committee on the results of the Long Term Plan 2021-2031 non-financial performance measures, for the third quarter of the 2021/22 financial year, noting that performance was down from the previous quarter. She also noted that the proposed amendments and improvements to the reporting structure had not been accomplished due to the impact of Covid on staff resourcing.

Councillor Barnett enquired if priority had been given to public safety during the Covid pandemic. J Millward replied that public facing staff had all been wearing personal protective equipment, and the work force had been working under a Business Continuity Plan approach, for instance some teams were divided into two teams to mitigate the spread of Covid. However Libraries and Aquatic Facilities were, on occasion, forced to close due to a lack of staff resources.

Councillor Barnett further queried how the Council contractors had coped with completing projects. J Millward advised that most contractors and businesses were in a similar position with resourcing and staffing shortages and everyone was doing the best they could to keep to deadlines and keep business as usual going.

Moved: Councillor Barnett

Seconded: Councillor Atkinson

THAT the Audit and Risk Committee:

- (a) **Receives** Report No 220505070789.
- (b) **Notes** that 61% of performance measures were achieved, 32% were not achieved and 7% were not yet due.
- (c) **Notes** that 10 of the 36 measures that had not meet target were within 5% of being achieved.
- (d) **Notes** that COVID restrictions, staff resourcing issues and a flooding event in February 2022 contributed to several measures not meeting target.
- (e) **Notes that** all measures had been reviewed and incorporated in the 2021-2031 Long Term Plan.

CARRIED

Councillor Barnett commended the staff on keeping business as usual going under very trying circumstances. However, believed that more could be done in communicating with the general public when deadlines would not be met, especially when dealing with service requests. Also, staff needed to ensure that follow-ups were conducted to let people know why the matter was yet to be dealt with an approximate time line for resolution.

A general discussion was held regarding the Council's response to service requests received via 'Snap Send, Solve' and how they could be improved. J Millward undertook to forward the feedback to the relevant staff.

Councillor Stewart commented on the section in reports that dealt with 'Sustainability and Climate Change Impacts' noting that sufficient information was not being provided in this regard. She therefore requested that more effort be made to ensure that relevant information be included. Councillor

Atkinson agreed and noted that the same should be applied to if the section dealing with Mana whenua.

5.2 Capital Works Programme Quarterly Report March 2022 – G Cleary (Manager Utilities and Roading), C Brown (Manager, Community and Recreation), D Young (Senior Engineering Advisor)

G Cleary and D Young presented the report which updated the Committee on the progress of the 2021/22 Capital Works Programme. D Young acknowledged that the results were disappointing, however, not unexpected given the difficulties with supply shortages, staff unavailability and the other impacts of Covid. G Cleary advised that a further report on the carry overs and possible solutions would be presented to the Council prior to the Annual Plan deliberations so that the Council would have as much information as possible prior to making any decisions.

Councillor Ward questioned if the Shovel Ready funding would be at risk and was assured that as the timelines for Shovel Ready projects did not follow the Councils financial year, staff were confident that these projects would be completed on time to enable full Government funding.

Councillor Atkinson requested that the full Council be briefed on these matters prior to the Annual Plan deliberation meeting as not all Councillors were aware of the information being provided to the Audit and Risk Committee. G Cleary assured the Committee that all pertinent information for making informed decisions would be circulated to the full Council. The Council would also be provided with an in-depth overview at the start of the Annual Plan deliberation meeting. He therefore believed it was not necessary to have a separate briefing on this matter. Mayor Gordon also assured the Committee that the necessary information would be provided in sufficient time for members to digest and ask questions prior to the meeting.

Councillor Stewart suggested pro-active media coverage on the significant changes to the budgets prior to the deliberation meeting to ensure that the public understood the difficulties facing the Council, thus pre-empting any negative assumptions after decisions had been made regarding the 2022/23 Annual Plan. J Millward noted that this was not the process followed and that any information would be shared after the open meeting and decisions made rather than before.

Councillor Williams requested clarification on the wording regarding the drainage budget, and D Young acknowledged that the wording could have been clearer, however, further information on drainage would be included in the report to be presented at a later date.

Moved: Councillor Atkinson

Seconded: Mayor Gordon

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 220505070553.
- (b) **Notes** the predicted achievement across all tracked Capital expenditure.
- (c) **Notes** that of the \$77.95 million total Capital spend, \$49.98 million (64%) was predicted for completion, however, \$2.21 million (4%) of this was at risk of not being delivered.
- (d) **Notes** that staff would report to the Council at the 2022/23 Annual Plan deliberation meeting on next year's Capital Works Programme that took into account the carry overs from the 2021/22 financial year and the

resourcing, inflation and supply chain issues currently facing the Council and industry.

CARRIED

Councillor Atkinson acknowledged that he was disappointed in the progress of the Capital Programme, however, noted that the whole world was experiencing similar problems due to the continued impact of the pandemic on supplies, staffing and costs on projects' deadlines. He believed that the Council would have a robust discussion at the Annual Plan deliberation meeting which would result in sensible, practical solutions without impacting on rates during the coming year.

Mayor Gordon noted that the Capital Works Programme was reasonably ambitious, especially when taking into account the stimulus projects that were added. He thanked G Cleary and his team for the ongoing scrutiny and review of the programme and on coming-up with viable, realistic options.

Councillor Stewart agreed, however noted that due to the foresight of the Management Team the programme was not overly ambitious for the 2021/22 financial year. She felt that the public needed to be informed of the financial impact that Covid had on the budgets and projects, with a warning that the Council would need to achieve realistic outcomes when making decisions on the Annual Plan.

Councillor Williams questioned if the Council had sufficient capability during emergency situations and wondered if the pool of contractors should be enlarged. G Cleary confirmed that the Council had sufficient resources, noting the success during the earthquakes as well as during the recent weather events.

Councillor Ward thanked staff for the work carried out during a very difficult period and hoped that a more consistent workforce in the near future would alleviate some of the issues being faced.

5.3 Financial Report for the period ended 31 March 2022 – P Christensen (Finance Manager)

P Christensen spoke to this report which advised the Committee on the financial result for the period ended 31 March 2022, which noted the surplus, the capital expenditure and the impact of inflationary movement.

Councillor Barnett asked if the Consumers Price Index (CPI) increases of 6.9% per quarter would place pressure on the proposed rates increase of 4.3%. P Christensen explained that all modelling was based on the Berl Index, which was released in time for councils to prepare their Draft Annual Plans. However the unforeseen increases in cost of living would impact on figures going forward, and further information would therefore be presented to mitigate the large changes to the economic indicators.

Councillor Barnett questioned if Council would be briefed on the impact that the possible delay of the Capital Works Programme and the expected increases in living costs would have on the Council's finances going forward and the risks involved. J Millward explained that the questions raised at the meeting would be considered and included in the information to be brought to the Annual Plan deliberation meeting. The information would not only show the impact of the increase to inflation, consideration of salary increases taking into account the cost of living increase, but also the impacts to the changes to the Capital Works Programme as to provide a holistic view prior to decisions being made.

Councillor Redmond sought clarity what the Local Government Cost Index (LGCI) was because it was generally higher than the CPI rate. J Millward

noted that for the first time ever the CPI had been higher than the LGCI which was at 2.9%. However CPI indicated the increase in food prices and general cost of living, housing etc, whereas the LGCI dealt more with project costs of infrastructure. The CPI impacted the Council to the extent that staffing and salaries costs were some of factors that affect both the Council and contractors alike. Councils seemed to be in catch-up mode, however had to work with the economic forecasts to enable them to predict for the following financial year.

Councillor Redmond noted that Berl's figures were used for tender prices, which also appear to be increasing and questioned how this would affect costs. J Millward stated that tendering was under pressure and pricing was tight as was reflected in the number of contractors tendering for work. Costs of supplies were unpredictable, however, the Council would need to adjust the Capital Works Programme for the following year to what it did know of pricing movements.

Moved: Mayor Gordon

Seconded: Councillor Barnett

THAT the Audit and Risk Committee:

- (a) **Receives** Report No.220430066378.
- (b) **Notes** the surplus for the period ended 31 March 2022 was \$10.3 million. This was \$1.1 million under budget and reflected both lower Operating revenue and Operating expenditure.
- (c) **Notes** that Capital expenditure was currently \$33 million less than budget.
- (d) **Notes** that given the inflationary movements, there had been significant movements to the values of a number of asset classes. Under accounting standards this would require a number of asset classes to be revalued in 2022 and outside the usual three yearly cycle required under the accounting policy.

CARRIED

Mayor Gordon noted that the questions raised were pertinent and relevant to ensure that the information did not negatively impact on the following financial year. Another aspect was the impact of the growth in the district, however, the Council's financial status was reviewed regularly which contributed to the Waimakariri district's reputation for financial stability and strength.

Councillor Barnett expressed a concern about the increasing inflation and the Council having to play catch up. While the Council had committed to a 4.3% rate increase for the next year, they needed to caution the residents that there would likely be a hike in rates in the following financial year to accommodate the ongoing increases to costs.

Councillor Atkinson commented that the Council had always had a policy of being up front and honest with the public which had stood them in good stead, especially during emergencies. The residents trusted the Council to manage risks responsibly. Mayor Gordon agreed and noted that people respected being told how it was rather than sugar coating issues.

Councillor Ward thanked the Finance Team for the work they did and for the prudent management of the district's finances.

5.4 Reporting on LGOIMA Requests - S Nichols (Governance Manager)

S Nichols spoke to the report which presented information of all the requests for information made under the Local Government Official Information and Meetings Act 1987 (LGOIMA). She took the report as read.

Councillor Atkinson asked what the benefit this report had for members of the Audit and Risk Committee. S Nichols stated that it was for information and to give a flavour of what sort of questions the public were interested in and what issues seemed to be prevalent in the district.

Councillor Redmond noted that the Hurunui District Council had recently received a similar report and queried if this information would be made available on the Council website. S Nichols confirmed that as all reports were available on the Council website. She noted that some councils only shared the information with elected members while others made the information available to the public. Currently there was discussions on the best way to making LGOIMA requests public.

Councillor Barnett queried that if the information was made more easily available, would it not stop duplicate request being made as people would already have the information. S Nichols responded that there were very few duplicate queries.

Councillor Doody questioned the staff time required to answer queries especially ones that were complex and covered several areas such as the recent queries from the Department of Internal Affairs on the Three Waters Reform and whether the Council had the ability to recover some of the costs. S Nichol acknowledged that complex queries could be extremely time consuming, however, there were rules regarding what cost could be recovered.

Councillor Atkinson enquired if the reason the report was presented was to show that the Council had met the required statutory timeframes. S Nichols noted that compliance was reflected on the Council's Key Performance Indicators, the report was to provide members an idea of what the public considered were important issues.

Moved: Councillor Williams

Seconded: Mayor Gordon

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 220509072394.
- (b) **Notes** that on-going regular reporting will be provided at future Audit and Risk Committee meetings.

Councillor Williams believed that the information contained in the report was important and interesting and supported it being made public.

Mayor Gordon noted that he had no problem with this information being made public, however was surprised that there was no requirement to ensure that the requests came from reliable sources. He believed that there should be some way to ensure that the questions originated from actual people as there was a risk of the Council being targeted with fictitious requests which could impact on staff time and resources.

Councillor Redmond was in support of the disclosure of the information as it gave elected members insight into what the community found interesting. He agreed with the Mayor and felt that more work could be done on tightening up on security procedures and consideration of relevant fees for this service.

Councillor Barnett questioned if S Nichols was in favour of charging for information. S Nichols explained that it was not the Council's standard

practice to charge for information requested by the public, however, the Ombudsman permitted such activity in line with the Ministry of Justice rates. She noted that charging was only considered if the request required substantive time and resources. Councillor Barnett suggested that the matter be reviewed by all councils to get a consistent fee structure and tighten up on security procedures.

Councillor Stewart did not support charging for information stating it was a democratic right to have access to public information and it was part of staff's core role to provide information on request.

Councillor Williams noted that the Council needed to be transparent in providing information requested, however there should be an expectation that the person requesting the information was transparent as well by supplying relevant information on themselves.

6 PORTFOLIO UPDATES

6.1 Audit, Risk, Long Term Plan and Excellence Programme – Councillor Joan Ward

- Annual Plan Deliberation meeting to be held on the 24 and 25 May 2022.
- Council would be adopting the Annual Plan on 14 June 2022.

6.2 Customer Service – Councillor Kirstyn Barnett

- New Customers Service staff was training at the Kaiapoi Library and Service Centre.
- Encouraging people to do dog registration on line.
- New online booking system for appointments for rate rebates.
- LIMs numbers the lowest April numbers since 2008.
- Update on training being done with Property Team regarding the District Plan and changes to property values. Public would be notified on valuations in early October 2022.

Councillor Williams enquired if all purchasers requested LIMs and Councillor Barnett noted that most did but not all.

6.3 Communications – Councillor Neville Atkinson

- Public engagement would now proceed by doing face to face consultation.
- Update on Annual Plan submissions and meetings.
- 'Lets Talk' programme was gaining in popularity
- One of the two vacant positions in the Communications Team had been filled.
- Update on Huria Reserve and the Mahinga Kai project
- Update on current consultations and those coming up.

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 Atkinson

Seconded: Mayor Gordon

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public was 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, were as follows:

Item N°	Minutes/Report of:	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
9.1	Ashleigh Radford (Asset Information Management Team Leader), Paul Christensen (Finance Manager)	Plant Replacement 2022	Good reason to withhold exists under Section 7	Section 48(1)(a)
9.2	Sarah Nichols (Governance Manager)	Insurance Update	Good reason to withhold exists under Section 7	Section 48(1)(a)

This resolution was 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 which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public were as follows:

Item N°	Reason for protection of interests	Ref NZS 9202:2003 Appendix A
9.1 – 9.2	Protection of privacy of natural persons To carry out commercial activities without prejudice	A2(a) A2(b)ii

CLOSED MEETING

The public excluded portion of the meeting commenced at 11.26am and concluded at 11.59am.

9.1 **Plant Replacement 2022 – A Radford (Asset Information Management Team Leader), P Christensen (Finance Manager)**

THAT the open meeting resumes and that the resolutions made within the public excluded be made public, however the reports and discussions remain in committee.

9.2 **Update on Insurance Matters– S Nichols (Governance Manager)**

Resolves that the report, resolution and discussion remain public excluded for reasons of privacy of natural persons, commercial sensitivities and negotiations under LGOIMA.

Resolution to resume in open meeting

9.1 Plant Replacement 2022 – A Radford (Asset Information Management Team Leader), P Christensen (Finance Manager)

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 220221023402.

And

RECOMMENDS THAT the Council:

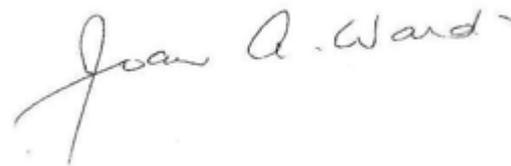
- (b) **Approves** the changes to the Plant Replacement Policy.
- (c) **Approves** the Replacement Plan, which included the disposal and purchases listed in the Plant Replacement Plan (Trim 220419059087).
- (d) **Notes** the next review was scheduled in May 2023.
- (e) **Notes** that under the Replacement Plan the All of Government purchasing tendering was used and matched against other pricing within the market, as provided by Custom Fleet.
- (f) **Notes** that vehicle maintenance and monitoring was provided through Custom Fleet, which was an All of Government provider and used a procurement tendering/panel approach for our service providers.
- (g) **Notes** that the recommendations made in this report were made publicly available and the balance of the report remained public excluded.

NEXT MEETING

The next meeting of the Audit and Risk Committee is scheduled for 9am, Tuesday 19 July 2022.

THERE BEING NO FURTHER BUSINESS THE MEETING CONCLUDED AT 12PM.

CONFIRMED



J Ward
Chairperson

19 July 2022
Date