



Audit and Risk Committee

Minutes of a meeting of the Audit and Risk Committee held in the Council Chamber, 136 Main Street, Pahiatua on Wednesday 11 December 2024 commencing at 9:30am.

1. Welcome and Meeting Opening

Mr P Jones (Chairperson), Her Worship the Mayor - Mrs T H Collis, Crs E L Peeti-Webber (Deputy Mayor), N L Chase, A K Franklin, S M Gilmore, P A Johns, M F Long, K A Sutherland, and S M Wards

In Attendance

Mr B Nicholson	- Chief Executive
Mrs K Tani	- Group Manager – Strategy and Community Wellbeing (via Teams)
Ms S Lowe	- Group Manager – People, Capability and Customer Experience
Mr H Featonby	- Group Manager – Infrastructure
Mr P Wimsett	- Chief Advisor
Mr R Earp	- Strategic Advisor
Mr S Dunn	- Risk and Assurance Advisor
Mrs G Anderson	- Health and Safety Coordinator
Mrs S Walshe	- Finance Manager
Ms J Smith	- Legal Counsel and Procurement Manager (via Teams)
Mrs B Fowler	- Senior Financial Accountant
Mr M Thomas	- Contractor - Strategy
Ms A Rule	- Policy and Planning Advisor (via Teams)
Mrs A Dunn	- Manager – Democracy Services

2. Welcome and meeting opening

Her Worship the Mayor opened the meeting with prayer.

3. Apologies

That the apologies from Councillor S A Wallace be accepted and leave of absence granted for the meeting.

4. Public Forum

There were no requests for public forum time.

5. Notification of Items Not on the Agenda

Nil

6. Declarations of Conflicts of Interest in Relation to this Meeting's Items of Business

Chairperson Jones – noted that the writer of the investigation report for the rates rebate direct debit error was a colleague of his. Mr Jones advised for transparency that although the author used him as a sounding board for some of the reporting, he did not have an influence on the report.

7. Confirmation of Minutes

- 7.1 *That the minutes of the Audit and Risk Committee meeting held on 22 October 2024 (as circulated) be confirmed as a true and accurate record of the meeting.*

Johns/Long

Carried

8. Reports

8.1 Adoption of the Annual Report 2023/24

The Audit and Risk Committee considered the report of the Senior Financial Accountant dated 5 December 2024 that presented the audited Annual Report for the 2023-24 financial year for consideration and recommending to Council for adoption at its meeting on 18 December 2024.

The Senior Financial Accountant spoke to her report, and noted that a summary Annual Report would also be prepared, ready for publication within 30 days of adoption of the Annual Report.

Fiona Elkington of Audit New Zealand addressed the committee regarding the audit and their pending audit opinion. She noted that they had planned to be able to circulate a draft opinion, however there was an issue that affected a number of councils in New Zealand regarding the Smooth Travel Exposure (STE) measure that required additional work to be undertaken. This now needed to be reviewed by their Technical Team prior to release.

She noted that in general the audit went very well, including the revaluation process, and that there was a good process in place. She noted there had been

some illness in the audit team that had caused delays to finishing their final work. She thanked the Finance team for all of their help and noted the good relationship that had developed over the past few months. She advised that they would be liaising with the Finance team on the work plan for the 2024-25 Annual Report to ensure the Annual Report would be ready for adoption by 31 October 2025.

In questioning, regarding the Smooth Travel Exposure (STE) measure, which is a mandatory measure from the Department of Internal Affairs, further explanation was given on how the regular traffic counts had helped make this process better in this district, where other Councils had not done their traffic counts within the last two years. This measure compares the roughness of road surface with number of traffic movements, and the ratio is the STE measure. It was noted that NZTA would be taking over part of the roughness survey in the coming year, which would have an impact.

The Chairperson noted that this year had been positive in terms of the financial result, and recommended that the Mayor and Chief Executive include that information in their part of the Annual Report.

In response to a request for clarification of whether there were any changes in accounting policies, it was noted that there was one on audit fees, on page 168, disclosure of fees.

That the report from the Senior Financial Accountant dated 05 December 2024 concerning the Adoption of the Annual Report 2023/24 be received.

That the Audit and Risk Committee recommend to Council:

That the Mayor and Chief Executive be delegated the authority to make any minor changes requested by Audit New Zealand and to sign the Statement of Compliance and Responsibility that is contained within the Annual Report for the year ending 30 June 2024; and

That the Tararua District Council adopt the Annual Report 2023/24 in accordance with Section 98 of the Local Government Act 2002.

Johns/Chase

Carried

8.2 Investigation into Errors with Direct Debit Processes

The Audit and Risk Committee considered the report of the Chief Executive dated 3 December 2024 that summarised the outcomes and actions proposed from the investigation into the direct debit errors within the Tararua District Council's rates collection process, and provided a copy of the investigation report.

In discussion, questions were asked regarding the following:

- Whether there were any other financial processes that were manual in

nature that could also be at risk of inadequate oversight. In response it was noted that focus had been on addressing the direct debit rates process, but there were no others that had come to light. Resources had been put into reviewing the processes used.

- Information provided to governance, assurance was sought that reporting would be improved to enable governance to pick up similar issues in the future. The recommendations in the report give more certainty, with use of reporting through the CRM system, and additional oversight would reduce the risk.
- It was asked whether there had there been any conversations in developing shared services relationships with other Councils for this function. It was advised that discussions had been held with other Chief Executives, and noted the landscape changing that would push us in this direction in the future. Those conversations would happen when Council looked to change its enterprise system.
- Regarding the additional resource, explanation was provided about the ongoing relationship with the Debt Management Central team as to what functions they could undertake on behalf of Council.
- With regard to the new process for handling enquiries, an explanation was provided of the proposal to transition to using the CRM system for managing enquiries, which would provide better tracking. It was asked that the CRM system have its own category for this to enable better reporting to Council.
- With regard to oversight of processes, it was asked whether there were any other processes where the manager was undertaking the processing as well as the checking. In response it was noted that many of Council's managers were also technical experts that were involved in doing the work as well as managing the team.
- It was noted that work would need to be done on recovering Council's reputation. The importance of the elected members and the officers to be working together to rebuild the trust of the community was highlighted.
- It was asked why the matter had not been picked up by Audit New Zealand in their annual audits, and it was asked that a clear answer be provided for the community. It was explained that an auditors role is to say whether the financial results are fairly reflected. When they look at the debtors, are they fairly reflected, and these had been. The only way to pick it up would have been to look at the aging of the receivables in detail. This was not usually done, and these debts were not showing as aged debts due to continual payments being made against them. An internal audit function that looked at systems and processes would be the way that could potentially identify

these types of issues.

- It was noted that the financial reporting had been updated to include a specific line to report to Council on the direct debit rates rebate payments. It was also asked that reporting include information that provided more information on rates debtors.
- Progress reports would also be provided on the recommendations from the investigation report.
- Concern was expressed about the resourcing risk, and the Chief Executive provided an explanation of how the structure of the team was being reviewed, and recruitment for cover for the vacancies within the team.

That the report from the Chief Executive dated 03 December 2024 concerning the Investigation into Errors with Direct Debit Processes be received.

That a regular report be brought back to the committee on the achievement of the progress on items identified within the investigation report.

Jones/Gilmore

Carried

8.3 Insurance Update

The Audit and Risk Committee considered the report of the Group Manager – Corporate and Regulatory Services dated 29 November 2024 that provided an update on insurance matters, building on the item presented to the committee’s previous meeting held 22 October 2024. Additional detail was provided on reclassification of assets from the infrastructure policy to material damage policy, for example oxidation ponds. It was also noted that there had been an improvement in data around asset additions, and valuation updates. The next steps identified in the report were discussed and it was noted that a report would be provided on the 10 year claims to the committee’s February 2025 meeting. With regards to the insurance strategy and preparation of insurance schedules, it was asked that assurance be provided to Council on compliance with the insurance strategy. It was noted that the officer checking the insurance schedule would not be an officer that prepared the schedule.

That the report from the Group Manager - Corporate & Regulatory Services dated 29 November 2024 concerning the Insurance Update (as circulated) be received.

Johns/Peeti-Webber

Carried

The meeting adjourned at 11:00am and reconvened at 11:10am.

8.4 Environmental Scan December 2024

The Audit and Risk Committee considered the Environmental Scan v12 that outlined key trends and high-level external challenges, including affordability, costs, legislative changes and insights from the 2023 Census, impacting the 2025-26 Annual Plan process. In discussion, the changes in the construction industry and the retail sector were highlighted, and the impact on assumptions made in the Long Term Plan were noted. The growing risk worldwide as to what could affect farm profitability, for example with tariffs, was noted, along with affordability in the residential sector. It was noted that changes were coming frequently as a result of Government policy direction, for example the upcoming freshwater policy statement.

That the Audit and Risk Committee notes the Environmental Scan dated 4 December 2024.

Sutherland/Wards

Carried

8.5 **WorkSafe Notices - Pahiatua Water Treatment Plant**

The Audit and Risk Committee considered the report of the Risk and Assurance Advisor dated 28 November 2024 that informed the committee of WorkSafe notices that had been received and outlined the proactive steps being taken to address these, including opportunities for improvement and lessons learned. It was noted that a due diligence site visit had taken place on 10 December 2024, for committee members to view the site.

That the report from the Risk & Assurance Advisor dated 28 November 2024 concerning the WorkSafe Notices - Pahiatua Water Treatment Plant (as circulated) be received and adopted.

Gilmore/Peeti-Webber

Carried

8.6 **Health, Safety and Wellbeing Workplan**

The Audit and Risk Committee considered the report of the Risk and Assurance Advisor dated 22 November 2024 that provided an update on the development of the Health, Safety and Wellbeing Workplan for 2025.

Councillor M F Long left the meeting at 11:48am and returned at 11:50am.

It was asked that information be provided on the expected timeframe for review of the smokefree workplace policy.

It was noted that a review of contractor health and safety compliance monitoring would be undertaken as part of the review of risk controls, and would be reported back to the committee.

That the report from the Risk & Assurance Advisor dated 22 November 2024 concerning the Health, Safety and Wellbeing Workplan (as circulated) be

received and adopted.

Gilmore/Franklin

Carried

9. Items not on the Agenda

9.1 Nil

There being no further business the Chairperson thanked those present for their attendance and contributions, and declared the meeting closed at 11:52am.

Chairperson