



Audit and Risk Committee

Minutes of a meeting of the Audit and Risk Committee held in the Council Chamber, 156 High Street, Dannevirke on Tuesday 18 February 2025 commencing at 9:30am.

1. Present

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

In Attendance

Mrs F Elkington	-	Audit New Zealand
Ms S Macdonald-Rose	-	Office of the Auditor General
Mr B Nicholson	-	Chief Executive
Mr R Suppiah	-	Group Manager – Corporate and Regulatory
Mrs K Tani	-	Group Manager – Strategy and Community Wellbeing
Ms S Lowe	-	Group Manager – People, Capability and Customer Experience
Mr H Featonby	-	Group Manager – Infrastructure
Mr P Wimsett	-	Chief Advisor (via Teams)
Mr R Earp	-	Strategic Advisor
Mr S Dunn	-	Risk and Assurance Advisor
Mrs G Anderson	-	Health and Safety Coordinator
Mrs S Walshe	-	Finance Manager
Mr D Erard	-	Tararua Alliance Manager
Ms S Boyt	-	Performance Manager, Tararua Alliance
Mrs A Dunn	-	Manager – Democracy Services
Mrs S Anthony	-	Democracy Support Officer

1. Welcome and Meeting Opening

The meeting opened with karakia.

2. Apologies

There were no apologies

3. Public Forum

There were no requests for public forum.

4. Notification of Items Not on the Agenda

Nil

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

Nil

6. Confirmation of Minutes

6.1 *That the minutes of the Audit and Risk Committee meeting held on (date) (as circulated) be confirmed as a true and accurate record of the meeting.*

Sutherland/Collis

Carried

7. Reports

7.1 Assurance Report Direct Debit Investigation Recommendations

The Audit and Risk Committee considered the report of the Strategic Advisor dated 23 January 2025 that provided an update on the progress of the recommendations from the report "Investigation into Errors with Direct Debit Processes" authored by R & J Business Solutions Ltd.

The Strategic Advisor spoke to the report, and outlined the biggest challenge being faced by the Team, being staffing levels. He noted the impact this was having on the workload and ability to clear the amount of queries being received. He advised that the team were looking into bringing in more resources. The key focus at the moment was staff training. There were also legacy issues to be resolved which take a significant amount of time. He noted the progress made in mapping tasks.

Questions were asked relating to:

- Whether the pressure being faced could introduce any possibility of further errors or issues?
- What consideration had been given to having a shared service arrangement

with other Councils to fill the human gap within the team?

In response the Chief Executive noted that each Council's systems were different from each other, so would still require training resources. Using similar systems in the future would introduce efficiencies however this was not likely to be introduced until further in the future. Assurance was provided that the key and critical tasks were the focus while other improvements were being made.

Concern was expressed about the transfer of debt management to a separate agency, following feedback from a ratepayer, and the differing communication style used by that organisation. It was noted that many ratepayers had contacted the organisation and made arrangements regarding their outstanding debt.

It was asked whether the settlements could also be undertaken by a third party to relieve pressure on the team? In response it was advised that this had not been considered, the focus had been on having the right people in the right place.

It was asked what changes had been made in an operational sense, and in software? It was responded that mapping of processes had been a key step that was being worked through. The Team were also testing a change in the software, and were in discussions with the provider of the system used to see what changes could be made.

With regard to the mapping, an update was sought on how the progress would be brought back on track. In response updated figures were provided, showing that slow but steady progress was being made. Additional resource was also being brought in to deal with solely the email backlog. With regard to the outstanding emails, it was suggested that consideration be given to reviewing these and giving priority to ones that need actioning urgently. It was also asked that thought be given to a process advising of when to expect a response. In response it was noted that an automatic response was provided advising there would be a delay, however this was not quantified as to the length of the day and this could be reviewed. It was advised that emails were triaged as they come in and assigned categories for processing.

That the report from the Strategic Advisor dated 23 January 2025 concerning the Assurance Report Direct Debit Investigation Recommendations be received.

Long/Gilmore

Carried

7.2 Audit New Zealand 2024 Draft Management Report

The Audit and Risk Committee considered the report of the Finance Manager dated 11 February 2025 that provided an update on the 2023-24 Annual Report audit findings and draft Management Report.

Fiona Elkington of Audit New Zealand and Stephanie Macdonald-Rose of Office of the Auditor General were in attendance. Fiona Elkington presented the 2023-24 Management Report from Audit New Zealand, noting some minor items were

being finalised. She noted that some of the outstanding recommendations from prior years had been closed off. She noted the work undertaken with the previous Audit Director, Debbie Pereira, on ensuring that matters were closed off. She spoke about one new recommendation for this year, which related to the vested asset process. They would review the management recommendation on that matter. Areas of focus were the valuations, and noted the improved process for undertaking these. She spoke about the review of the Impounded Water Supply and agreed with Council management on the accounting treatment being used. She noted they were actively working with the Council officers to address outstanding recommendations, with a view to closing as many as possible this year.

That the report from the Finance Manager dated 11 February 2025 concerning the Audit New Zealand 2024 Draft Management Report be received.

Johns/Franklin

Carried

7.3 **Audit New Zealand Timeline 2025**

The Audit and Risk Committee considered the report of the Finance Manager dated 10 February 2025 that provided an update on the proposed timings for Audit New Zealand's 2025 work programme.

Fiona Elkington spoke to the report, noting that planning was underway and areas of focus were expected to be the same as the prior year. She noted some new standards and revisions to standards that would be looked at. Another focus would be Local Water Done Well and whether there would be standard wording for the disclosures on that which would come through. With regard to the rates systems and processes, she advised that they review those in their interim audit scheduled for May, where they look at rates setting processes. With regard to direct debits systems, she advised that Audit don't usually look into that level of detail, however would keep liaising with the Council officers to ensure there were no legal issues. She noted the rates reconciliation at the end of the year had been delayed in prior years and would be an area they would be reviewing.

It was asked whether the ability for Audit New Zealand to do their role provides our community with an assurance that an independent set of eyes reviews the Council's systems and asked that during the interim audit whether the direct debit system be reviewed. The importance of independent assurance was highlighted. An explanation was sought on what could be covered in the audit of the rates area. Fiona Elkington advised what the scope of their Audit involved, which was a check that the rates had been set legally, reviewed against the Long Term Plan and Annual Plans, so their review and check is at a higher level covering off legal bases under the Local Government (Rating) Act 2002. She advised that they review the processes and controls for making changes. This would be limited testing and at a higher level. She noted that they do not go into the detail of individual ratepayer's accounts. However they do look at the end of year rates and could review how that is managed. They do check whether there had been

any legal views, and encouraged liaison with Council's legal advisors.

The Chairperson outlined the role of Audit in the review of the Annual Report, noting their role is to say whether the results were true and fair. When they look at Rates Debtors, they look at the amount owing, and whether it is correct and whether it is collectable. If additional assurance was required, that would require additional work.

A question was asked whether the Annual Report correctly showed the amount of debt outstanding, as there were rates outstanding that were not collected?

It was clarified that there was no debt over six years old. The amounts had increased, and it was a true reflection in the Annual Report. The Council had rated correctly, it was the mechanism for collecting the rates was not correct. Further, the total debtors figures in the Annual Report was correct.

It was questioned whether an independent review could be undertaken in the future to review the systems and processes put in place to assess whether the Council was on track. It was noted that this had been discussed, however it would need an expert in the rating area to be undertake such a review. It was officers' recommendation that the process continue to run as planned.

The Chairperson proposed that this matter considered at the April meeting of the Audit and Risk Committee, and at that time the committee would have also received an updated report on debtors that would help with that understanding.

The Chairperson noted the proposed timeline for adoption of the Annual Report for the year 2024-25, which would see the Annual Report and Audit Report ready at the end of October, which would be after the local elections. This would mean that the newly elected Council would need to adopt the Annual Report relating to the previous Council's term. He noted that other Councils were planning to have a draft Audit Report brought to the Council prior to the election, and then recommending to the Audit and Risk Committee that the audited Annual Report be adopted by the newly elected Council. He asked that this be considered as part of the timeline, and noted this would be similar to the process followed for adoption of the Annual Report 2023-24.

That the report from the Finance Manager dated 10 February 2025 concerning the Audit New Zealand Timeline 2025 (as circulated) be received.

Wallace/Long

Carried

7.4 **Risk Appetite Development**

The Audit and Risk Committee considered the report of the Risk and Assurance Advisor dated 9 February 2025 that provided an update on the progress to develop a Risk Appetite, summarise the feedback provided at the 22 August 2024 Audit and Risk Committee meeting, and outline the ongoing work that would be

reported at the April 2025 meeting of the Audit and Risk Committee.

That the report from the Risk & Assurance Advisor dated 09 February 2025 concerning the Risk Appetite Development be received.

Johns/Sutherland

Carried

7.5 Risk Management Report

The Audit and Risk Committee considered the report of the Risk and Assurance Advisor dated 23 January 2025 that provided an update on matters relating to risk management.

During discussion it was asked whether there would be any opportunity for elected members to reflect on strategies to mitigate risks during the upcoming Annual Plan.

It was noted that the Executive Leadership team had been investigating ways to gain operational efficiencies, and an overview of improvements that had been made to ensure a risk lense was being provided across operational matters was noted.

The Chief Advisor spoke about the progress with Local Water Done Well, in conjunction with four other Councils. It was noted that a consultation document was required by the end of this week, to enable individual Councils to communicate with their communities on proposed changes, and seek feedback from the community.

The Chairperson raised the question that needed consideration which was whether the new entity would have the capacity and ability to deliver what is required of the new entity. For example, would we end up with appropriate resources that would give the entity assurance that there would be the right capability and capacity to deliver what is required, and would there be systems in place to enable efficient delivery of the water services. The Chief Advisor provided an outline of the timeline that was required to be followed and noted that the Water Services Delivery Plan is what was currently being looked at, whether it would be a joint Water Services Delivery Plan or individual Water Services Delivery Plan. The consideration of what entity would be created for this would be the next stage. The Chairperson noted that further discussions were needed on this matter.

That the report from the Risk & Assurance Advisor dated 23 January 2025 concerning the Risk Management Report (as circulated) be received and adopted.

Wards/Peeti-Webber

Carried

7.6 Health, Safety and Wellbeing Management Report

The Audit and Risk Committee considered the report of the Risk and Assurance Advisor dated 23 January 2025 that provided an update on health, safety and wellbeing matters.

The Risk and Assurance Advisor highlighted the focus on fatigue management within the water treatment team was being undertaken, and ways to manage that.

Questions were asked about:

- Gas vapour at Pahiatua Water Treatment Plant – an update was sought on when the updated timeline would be available. It was noted that with a change to a new Three Waters Manager there was a focus on this, however there was a shortage in contractor availability affecting this. An update would be provided to next meeting of the Infrastructure, Climate Change and Emergency Management Committee.
- All staff survey – it was asked whether the Audit and Risk Committee could receive the full results from the staff health and safety survey. The Chairperson noted that normally elected members would not see that level of detail, however it was advised that the full results could be emailed to members.
- Get Home Safe App – concern was expressed at the low level of utilisation for the tool, whether it was the right tool, and whether the low usage raised concerns about lack of process adherence. It was noted that this was Council's preferred way of providing assurance of location of team members, help them stay in communication and raise an alarm if required. Officers had been asked to do a risk assessment of staff who worked remotely e.g. out of cellphone coverage or alone. The Chief Executive outlined the process being followed of being more directive in the requirements to adhere to the policies and processes.
- Concerns were expressed about what action was being taken following the tree in Pahiatua that was damaged. It was advised that officers were assessing what actions to be taken and undertook to provide an update on the actions to be taken.

That the report from the Risk & Assurance Advisor dated 23 January 2025 concerning the Health, Safety and Wellbeing Management Report (as circulated) be received.

Wallace/Gilmore

Carried

The meeting adjourned at 11:02am and reconvened at 11:12am.

7.7 Assurance Management Report

The Audit and Risk Committee considered the report of the Risk and Assurance Advisor dated 13 February 2025 that provided an update on matters relating to assurance.

The Group Manager – Operations provided an update on the Dannevirke Impound Supply safety since preparing the report. He noted that divers had been in the impounded supply, marked out the impressions, repaired three small holes (penhole size approximately), and the amount of outflow had dropped considerably. Continual monitoring was being undertaken, utilising a drone owned by the Council. In response to a question about what level of communication with the public was being undertaken to assist with public understanding that action was being taken, an undertaking was provided that this would be considered. It was noted that work to increase storage and pre-treatment was ongoing. It was asked that a revised schedule of items on hold be provided in the next report.

In response to a question on the insurance strategy, it was advised that work on the land rationalisation was underway, advice was still to be provided from the Insurance Advisers, before further advice can be provided. It was asked that this be included in each report so it could be tracked. It was noted that all the options for saving on premium levels would come out from the insurance strategy.

That the report from the Risk & Assurance Advisor dated 13 February 2025 concerning the Assurance Management Report be received.

Johns/Wallace

Carried

7.8 Tararua Alliance Quarterly ARC Report - February 2025

The Audit and Risk Committee considered the quarterly report of the Tararua Alliance Manager dated 10 February 2025.

The Tararua Alliance Manager spoke to the report, noting the financial audit and performance audit that had been completed recently. He highlighted the zero harm statistics, and noted improved near-miss reporting.

It was noted that a new auditor had been appointed.

With regard to the audit undertaken by the NZ Transport Agency, it was asked that an update be provide on that to the next meeting.

That the report from the Tararua Alliance Manager dated 10 February 2025 concerning the Tararua Alliance Quarterly ARC Report - February 2025 be received.

Sutherland/Collis

Carried

98 Items not on the Agenda

8.1 Nil

9. Public Excluded Items of Business

That the public be excluded from the following parts of the proceedings of this meeting, namely:

Elected Member Security

Tararua Alliance Performance Audit Report 2023/24

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 follows.

<i>General subject matter to be considered</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under section 48(1) for the passing of this resolution</i>
<i>Tararua Alliance Performance Audit Report 2023/24</i>	<i>To protect the commercial position of a third party</i>	<i><Section (1)(a)(i)</i>
<i>Elected Member Security</i>	<i>To protect the safety of the public</i>	<i><Section (1)(a)(i)</i>

This resolution is 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 or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

s6(b) The making available of the information would be likely to endanger the safety of a person.

s7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

Also, that Fiona Elkington of Audit New Zealand and Stephanie Macdonald-Rose of the Office of the Auditor General be permitted to remain at the meeting after the public have been excluded, due to their overview of audit matters.

Collis/Wallace

Carried

The meeting went into public excluded session at 11:35am and resumed open session at 12:11pm.

There being no further business the Chairperson thanked those present for their attendance and contributions, and declared the meeting closed at 12:12pm.

Chairperson