



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 22 July 2025 commencing at 9:30 am.

1. Present

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 (via Teams), M F Long, K A Sutherland, S A Wallace and S M Wards

In Attendance

Mr M Thomas	- Contractor
Mr D Batley	- Evergreen Consulting
Mr B Nicholson	- Chief Executive
Ms S Lowe	- Group Manager – People, Capability and Customer Engagement
Mr H Featonby	- Group Manager – Operations
Mr P Wimsett	- Chief Advisor
Mrs S Walshe	- Finance Manager
Mr S Dunn	- Risk and Assurance Advisor
Mr R Earp	- Strategic Advisor
Ms E Roberts	- Revenue Manager
Ms A Charmley	- Planning Services Manager
Ms G Anderson	- Health and Safety Coordinator
Mr D Erard	- Tararua Alliance Manager
Mrs S Anthony	- Democracy Support Officer

2. Welcome and Meeting Opening

Mayor Tracey Collis opened the meeting with a Karakia.

3. Apologies

There were no apologies.

4. Public Forum

Nil

5. Notification of Items Not on the Agenda

Nil

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

Nil

7. Confirmation of Minutes

- 7.1 *That the minutes of the Audit and Risk Committee meeting held on 29 April 2025 (as circulated) be confirmed as a true and accurate record of the meeting.*

Collis/Long

Carried

8. Reports

8.1 Financial Risk Incident - Loan to Pūkaha Mount Bruce Board

The Audit and Risk Committee considered the report of the Chief Executive dated 9 July 2025 that provided an update of the financial risk incident regarding the loan to Pūkaha Mount Bruce Board in 2021, and presented management's assessment from its preliminary review of Council's due diligence and decision making regarding the original advance of the loan, including identified risks, controls, financial impact and risk assessment of potential loss. And sought to recommend that the lessons learned from this incident be noted.

It was agreed by the committee to remove 'and adopt' from the resolution as this is not required for the report.

A question was asked as to whether Pūkaha Mount Bruce Board had provided quarterly reports to Council as was required in the loan agreement and it was advised that only annual reports had been received and governance oversight was unknown however unlikely. It was acknowledged that Council has a role to play to ensure reports are provided and this was an oversight in this instance. This agreement sat outside of normal council business, a policy around grant

funding did not exist, this would have stipulated how this would have been reported back. Although this was not a grant, it did fall under the same criteria as a grant; grants are monitored by officers, however in this situation it was an oversight.

It was asked whether there had been any notification of challenges faced by Pūkāha leading up to the March 2025 report, and it was advised that no prior notification of concern had been raised and the March report was the first indication of hardship. It was noted that there were no risk factors identified that would trigger the Significance and Engagement Policy from the information provided at the time including factoring in the support that Pūkāha have. Retrospectively it is identified that this could have been monitored differently. It was noted that every TDC agreement with contracts is monitored by staff and there are good monitoring processes in place, however it is difficult to actively monitor due to the quantity of contracts; grant style agreements are more closely monitored, and there are no other loans of this nature with other organisations. Lessons have been learnt through this process and those with higher level of risk are closely monitored and improved reporting measures are in place.

A question was raised as to whether the Pūkāha loan was covered by the Credit Contracts and Consumer Finance Act 2003 and it was advised that this was unknown and further advice would need to be sought.

It was acknowledged that while there was no indication of concern from the previously received Pūkāha reports, some risk assessment aspects may have generated further discussion and investigation, had more regular reports been provided to Council. It was also advised that evidence of forecasting income supporting the initial application did take place by Pūkāha and was presented in their business case; this information is available to members if required. It was noted that the negotiations for the new loan agreement will include security, of which Tū Mai Rā are aware.

That the report from the Chief Executive dated 09 July 2025 concerning the Financial Risk Incident - Loan to Pūkaha Mount Bruce Board (as circulated) be received.

Gilmore/Wards

Carried

8.2 Tararua Alliance Audit Risk Committee Report

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

The Tararua Alliance Manager provided a summary of the report. A question was raised regarding ISO accreditation as this is expensive and whether there were other frameworks available, and it was advised that NZTA have reporting tools available, some of which are currently utilised, there are no other known tools. It

was noted that the appointment of the Chief Financial Officer will provide financial acumen from Council perspective. The ISO accreditation for Tararua Alliance is close to being achieved with little internal effort required.

A concern was raised regarding rural roads with worn road markings which are barely visible and it was advised that an annual schedule for remarking is currently being discussed with the view to focus on targeted areas of need rather than a blanket district wide remarking which may include areas that do not require remarking.

A question was asked regarding the Communities At Risk Register 2023 which showed poor performance for personal risk at urban intersections, and given the negative feedback received in Dannevirke in the past, were there any plans to engage with the community about future plans; also noting Horizons with Road Safety that may be able to assist. It was responded that the feedback from the audit has driven a more targeted safety programme for the business case to be put forward for the next period for funding to undertake safety improvements; this will include state highway intersections, where Alliance will work with NZTA to look at safety perimeters, with an example being Woodville McLean Street intersection, and feedback and suggestions for the business case is encouraged.

It was noted that succession planning is well managed and has seen success; improvements have been made to identify gaps and manage risk.

That the report from the Tararua Alliance Manager dated 10 July 2025 concerning the Tararua Alliance Audit Risk Committee Report be received.

Wallace/Sutherland

Carried

Mayor Tracey Collis left the meeting at 10.28am

8.3 Update on the Internal Review Process for the Annual Report

The Audit and Risk Committee considered the report of the Senior Financial Accountant dated 10 July 2025 that provided an update on the internal review process for the Annual Report. The process is designed to ensure the accuracy, completeness, and quality of the report before its final audit.

It was noted that while adoption is scheduled for the end of October, this will occur as soon as practically possible around the 2025 elections.

That the report from the Senior Financial Accountant dated 10 July 2025 concerning the Update on the Internal Review Process for the Annual Report be received.

Wallace/Long

Carried

Mayor Tracey Collis returned to the meeting at 10:31am

8.4 **Revaluation Update**

The Audit and Risk Committee considered the report of the Senior Financial Accountant dated 09 July 2025 that provided an update on the current status of the infrastructure revaluation process, highlight progress made, and outline risk mitigation strategies implemented to ensure the integrity and reliability of the valuations.

It was noted that the infrastructure revaluation is prepared annually due to unit rates and the uniqueness of TDC and leads to a smoother review with auditors. It was noted that the 2025 revaluation report is on track.

That the report from the Senior Financial Accountant dated 09 July 2025 concerning the Revaluation Update be received.

Jones/Collis

Carried

8.5 **Sensitive Expenditure Policy**

The Audit and Risk Committee considered the report of the Risk and Assurance Advisor dated 09 July 2025 that presented the updated Sensitive Expenditure Policy for endorsement following its scheduled review.

It was noted that a requirement for monitoring is still to be developed and also the Asset Disposal Policy mentioned in '23.2 Requirements' of the policy draft is still to be developed.

A request was made to include guidelines for Koha including detailing amounts. It was advised that this currently sits within a different schedule of fees relating to iwi engagement, however this has been noted and will be considered.

A concern was raised around '10.1 Prohibited Uses' wording, for example in the event a staff member did not carry cash and a fuel card did not work when paying for fuel in a company vehicle, this wording could be changed to 'restricted'. It was noted that 'prohibited' was long standing wording for this policy, however will be considered.

Following discussion regarding stopping of Airpoints accrual it was noted that the policy aligned with specific instructions from the office of the Auditor General.

It was advised that reporting will lie with the Finance Team, there is no commitment yet on the level of reporting however the data is readily available subject to compatibility with council systems. It was agreed that anticipated international travel expenditure be made transparent and available to Council prior to travel and approved.

That the report from the Risk & Assurance Advisor dated 09 July 2025 concerning the Sensitive Expenditure Policy with minor amendments be

received, and the policy be amended to reflect the Asset Disposal Policy once adopted.

Collis/Gilmore

Carried

8.6 **Strategic Risk Register Review and Setting of the Internal Audit Programme**

The Audit and Risk Committee considered the report of the Risk & Assurance Advisor dated 10 July 2025 that provided a review of the full Strategic Risk Register and set the internal audit programme for the 2025-2028 triennium.

Malcolm Thomas provided a summary of the environmental scan report. A question was raised as to what the iwi response would be to the limited government support for housing, and it was advised that funding now sits with 'flexible funding' and details are still to be advised by the Government; funding is limited at present, however the sites for Tararua district are near the top of the priority list.

The Planning Services Manager and Dan Batley notified the committee of the government's proposed Plan Stop Policy and the changes to come in to effect with the amendment, noting that there is no option for submissions and this change will come into effect at the end of August. All councils that are not at the hearing stage in the plan development process are to pause progress. There is an option to apply for exemptions, details are yet to be provided by government, and it was advised that auto exemptions are also available however TDC's 10 year review does not seem to fit within the criteria for this.

A question was asked as to how much the District Plan development had cost to date, noting it was a legal requirement to complete this work initially, additionally, government should be made aware of the impact of this announcement on smaller councils such as TDC. It was responded that since 2021 – 30 June 2025, including a portion of better off funding, the amount spent on the District Plan review has been \$900,923.00, not including staff time, a large spend for council, and it was advised that no further funds be spent at this time as Council awaits further announcements regarding the amendments.

The Risk and Assurance Advisor provided a brief summary of the strategic risk register. A question was raised as to whether the register would have the capability to identify risks such as those identified in hindsight from the Pūkāha and rates direct debit incidents. It was acknowledged that internal auditing is important, however there is currently no designated resource to manage this. A discussion is underway with the Executive Leadership Team to look at ways to provide resources to carry out internal auditing.

A concern was raised regarding the poor internal controls; how to ensure better internal audit controls and reporting is in place; how would this be achieved this

with limited resources. It was responded that a limited budget is available and there are pre-programmed audits already in place, IT carry out self-assessments which can be reported to committee. The Chief Executive carries out regular 'fit for purpose' reviews and there are controls in place, including reporting on instances of fraud, these reviews are carried out yearly.

During discussion it was agreed that Fraud and Cybersecurity were of high levels of concern and should be a key focus. It was also raised that Iwi and Māori Partnerships need to be considered as to how to continue to incorporate this in a changing environment – regular internal reviews ensure we continue to monitor our partnership agreements as changes happen. It was noted that this is currently included in the work programme; the significance and engagement policy is up to date, and the cultural competency policy and strategy is still under development noting that conversations have started with both iwi and the framework development is well underway

It was advised that a mechanism needs to be available to allow for a change of focus that allows alteration to the programme accordingly as the need arises, and it is important to address how risks are managed and how to maintain continuity; it is also important to measure and report, and to build competency during the ongoing changes, and to include room for discussions for governance.

That the report from the Risk & Assurance Advisor dated 10 July 2025 concerning the Strategic Risk Register Review and Setting of the Internal Audit Programme (as circulated) be received.

That the Committee reviews the attached Strategic Risk Register summary and provides any feedback or recommendations to Council or management.

That the Committee adopts:

- ***Options 5: Fraud Risk Management and Conflicts of Interest***
- ***Option 8: Cybersecurity and IT Resilience***
- ***Iwi and Māori Partnerships***

for inclusion in the 2025-2028 Internal Audit Programme.

Collis/Wards

Carried

8.7 Risk Appetite

The Audit and Risk Committee considered the report of the Risk and Assurance Advisor dated 11 June 2025 that provided an update on progress of gap analysis between the draft risk appetites and current risks faced by Council.

A request was made for Wairarapa Councils to be added to the key stakeholders on page 216 of the agenda, item 14.2 of the report. Also, page 211 now requires further review in light of recent changes to District Plan developments. It was

noted that although the Risk Appetite has not yet been formally rolled out to council staff, it has had an impact on decisions for staff as they become aware of the appetite of councillors, and it considered a very valuable tool.

It was acknowledged that iwi involvement has been active in many aspects of council such as infrastructure, roading, water, and consents. Iwi also have limited resourcing and it is important to ensure mechanisms are in place to maintain the partnerships.

That the report from the Risk & Assurance Advisor dated 11 June 2025 concerning the Risk Appetite (as circulated) be received and adopted.

That the Committee endorses the risk appetite statements as follows:

Infrastructure Assets and related Services: Moderate (with a reducing appetite)

Other Assets and related Services: High (increasing appetite)

Environment and Resource Consents: Moderate (reducing appetite)

District Planning: Moderate (reducing appetite)

Enforcement: Moderate

Community Relationships: Low (increasing appetite)

Iwi Relationships: Low

Key Stakeholder Relationships: Moderate

Revenue: Low (reducing appetite)

Debt and Interest Rates: Moderate

Information Technology: Moderate (reducing appetite)

Records and Data: Moderate (reducing appetite)

Sutherland/Collis

Carried

8.8 Assurance Management Report

The Audit and Risk Committee of the Risk and Assurance Advisor dated 11 June 2025 that provided an update on matters related to Assurance.

A request was made for an update on outstanding email progress and it was advised that great progress had been made with most resolved within 24-48 hours, however there are legacy issues that are still being resolved, and there have been approximately 100 property sales over the last 2 months which come

through to the same inbox; this is a high volume inbox both internally and externally. Most emails were resolved up to 6 weeks prior to setting rates to ensure they were resolved before the first rates instalment; there are still a few complicated ones to be finalised. All have been responded to and it was requested that the Strategic Advisor be notified of any complainants who felt they had not been responded to, to ensure this is followed up.

A concern was raised regarding the slippage in due dates and what are the challenges that cause the deadlines to be moved out. It was advised that initial due dates were optimistic and the extent of business as usual work and volume of complicated legacy issues has contributed to the movement in dates. Debt management is significant. It was noted that it is difficult to increase resourcing as staff are specifically trained and taking on new staff is challenging due to training required.

That the report from the Risk & Assurance Advisor dated 11 June 2025 concerning the Assurance Management Report (as circulated) be received and adopted.

Wallace/Long

Carried

Mayor Tracey Collis left the meeting at 12:38pm and returned at 12:41pm

8.9 Health, Safety, and Wellbeing Management Report

The Audit and Risk Committee considered the report of the Risk and Assurance Advisor dated 11 June 2025 that provided an update on health, safety, and wellbeing matters.

A concern was raised regarding point 6 of the report: Due Diligence Risk Review for Pahiātua where significant concerns were raised; it was highlighted that Section 17A has now been lost in government changes which affected item 6.10 of the report, and it is important to ensure the concerns continue to be addressed in a prioritised way. It was responded that the work undertaken is useful and will still need to be continued, and this may be included as a decision in the long term plan.

More information was requested regarding the risks for lone or remote workers. It was advised that all teams have processes in place and the responsibility is taken seriously, however not all teams are using the tool but usage is trending upward. There are complexities around the meaning of lone or remote workers and assumptions are made hence the policy development. This will be taken to the Executive Leadership Team this month for recommendations to improve the policy and consider implementation.

That the report from the Risk & Assurance Advisor dated 11 June 2025 concerning the Health, Safety, and Wellbeing Management Report (as circulated) be received.

8.10 **Drafted Triennium Work Programme 2025 -2028**

The Audit and Risk Committee considered the report of the Group Manager – People, Capability and Customer Engagement dated 09 July 2025 that enabled receipt and review of the draft Work Programme for the 2025-2028 triennium.

The Chair advised that a communication will be sent out to all elected members with a survey of which he will summarize results and report to the Chief Executive and the newly elected members, providing a briefing of recommendations.

That the report from the Group Manager - People, Capability and Customer Engagement dated 09 July 2025 concerning the Drafted Triennium Work Programme 2025 -2028 be received; and,

That the Council notes that the final Audit and Risk Committee Triennium Work Programme 2025-2028 will be presented to the incoming Council by the Chairperson.

Jones/Franklin

Carried

9. **Items not on the Agenda**

8.1 Nil

There being no further business the Chairperson thanked those present for their attendance and contributions, and declared the meeting closed at 12.53pm.

Chairperson