

**MINUTES OF WESTERN BAY OF PLENTY DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE MEETING NO. AR21-2
HELD IN THE COUNCIL CHAMBERS, BARKES CORNER, TAURANGA
ON THURSDAY, 20 MAY 2021 AT 1.30PM**

1 PRESENT

Cr J Denyer (Chairperson), Cr G Dally, Cr M Dean, Cr M Grainger, Cr M Gray, Cr A Henry, Cr M Murray-Benge, Deputy Mayor J Scrimgeour, Cr D Thwaites, Cr A Sole and Independent Member M Maloney.

ABSENT

Cr K Marsh.

2 IN ATTENDANCE

M Taris (Chief Executive Officer), G Allis (Deputy CEO/Group Manager Infrastructure Services), J Pedersen (Group Manager People and Customer Services), K Perumal (Group Manager Finance and Technology Services), R Davie (Group Manager Policy Planning and Regulatory Services), D Jensen (Senior Financial Planner), L Balneaves (Executive Assistant Finance and Technology Services), B Marynowski (Finance and Corporate Services Administrator), J Osborne (Governance Support Administrator) and C Irvin (Senior Governance Advisor).

OTHER ATTENDEES

Audit New Zealand

C Susan (Appointed Auditor)
W Goslett (Audit Manager)

3 APOLOGIES

The Chairperson noted the leave of absence from Mayor G Webber.

4 CONSIDERATION OF LATE ITEMS

Nil

5 DECLARATIONS OF INTEREST

Nil

6 PUBLIC EXCLUDED ITEMS

Nil

7 PUBLIC FORUM

Nil

8 PRESENTATIONS

Nil

9 REPORTS

9.1 SUMMARY OF AUDIT AND RISK AGENDA TOPICS MAY 2021

The Committee considered a report dated 20 May 2021 from the Group Manager Finance and Technology Services. The report was taken as read.

RESOLUTION AR21-2.1

Moved: Cr M Grainger

Seconded: Deputy Mayor J Scrimgeour

That the Group Manager Finance and Technology Services' report dated 20 May 2021 titled 'Summary of Audit and Risk Agenda Topics May 2021' be received.

CARRIED

9.2 EXTERNAL AUDIT UPDATE - AUDIT NEW ZEALAND

The Committee considered a report dated 20 May 2021 from the Senior Governance Advisor. Representatives from Audit New Zealand spoke to the following report:

Report to Council – Audit of 2021-31 Long Term Plan

- This report had been formalised with an Emphasis of Matter on the Three Waters Reform and some recommendations for improvements to be incorporated into the Long Term Plan. Over all, this was a good outcome.

Staff responded to questions as follows:

- Regarding the Management comment for item 2.5 of the report, the word 'Council' was interchangeable with the word 'Management'. Management would perhaps be the better word in this particular case.
- To ensure that Elected Members had confidence in what was reported on regarding 'Quality of Asset-Related Forecasting Information', auditors worked closely with staff contractors to ensure an 'over-all' project was managed and delivered. From an audit perspective, different projects were looked at and how the project and the contractors were aligned. From an asset management perspective, Audit New Zealand was satisfied that the projects were delivering on their conditions.
- With regard to 'Funding Impact Statement Classification of Capital Expenditure', each project was assigned to one of three categories: growth, renewal or maintenance.
- 'Three Waters Reform' was flagged as an 'Emphasis of Matter' due to its complexity and because the end outcome of the project/journey could be totally different to what was happening now in this space. Audit New Zealand had applied the same approach across the country. Council could only make decisions based on the best information available at the time.
- Management accepted and agreed with Audit New Zealand's recommendations, in particular the recommendation on the infrastructure strategy. Management would work towards establishing a programme to address the issues raised by Audit New Zealand.
- 'PBE' stood for (New Zealand) 'Public Benefit Entity'. These were a new suite of standards, issued by the External Reporting Board, which Public Benefit Entities would need to consider in preparing their financial statements.

RESOLUTION AR21-2.2

Moved: Cr D Thwaites
Seconded: Cr M Murray-Benge

1. That the Senior Governance Advisor's report dated 20 May 2021 titled 'External Audit Update – Audit New Zealand' be received.
2. That the Committee endorse the Proposed Audit Fee letter dated 6 May 2021 relating to audit fees for the 30 June 2021 and 2022 financial years to be signed by the Mayor.

CARRIED

9.3 TREASURY UPDATE

The Committee considered a report dated 20 May 2021 from the Senior Financial Planner who spoke to the report summarising the following key points:

- Interest Rate Risk;
- Liquidity and funding;
- Foreign Exchange risk; and
- Counterparty Credit Risk.

The Deputy CEO responded to questions as follows:

- In terms of supply chain disruption at this point in time, play ground equipment had been delayed by about two to three months due to problems with overseas shipping and the supply of Bitumen was being shifted around the country by companies to accommodate for road works.
- Generally, there were companies in New Zealand that could supply parts for pump systems, but removing and fixing pumps was relatively complex and took some time.

The Group Manager Finance and Technology Services responded to a question as follows:

- Council engaged with an organisation called 'Bancorp' who acted as Council's Treasury advisors. The Finance Team consulted with them on a monthly basis to discuss market movements and interest rates, and where Council would be best placed to land in terms of their hedging and treasury policies.
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RESOLUTION AR21-2.3

Moved: Deputy Mayor J Scrimgeour
Seconded: Cr A Henry

That the Senior Financial Planner's report dated 20 May 2021 titled 'Treasury Update' be received.

CARRIED

9.4 UPDATE ON OUTSTANDING AUDIT ITEMS (INTERNAL/EXTERNAL) MAY 2021

The Committee considered a report dated 20 May 2021 from the Group Manager Finance and Technology Services. The report was taken as read.

Staff responded to questions as follows:

- There were mitigating controls in place regarding Councils procurement system, with Key Performance Indicator's being adequately defined to ensure appropriate accountability through contracts. Where appropriate, there was regular reporting back to the Management Team or Council Committees.

RESOLUTION AR21-2.4

Moved: Cr M Grainger
Seconded: Cr M Murray-Benge

That the Group Manager Finance and Technology Service's report dated 20 May 2021 titled 'Update on Outstanding Audit Items (Internal/External) May 2021' be received.

CARRIED

2:05pm The meeting adjourned.
2:40pm The meeting reconvened.

9.5 QUARTERLY REVIEW OF RISK PROFILE

The Committee considered a report dated 20 May 2021 from the Manager Corporate Services and Business Improvement. The report was discussed in a Workshop and taken as read.

RESOLUTION AR21-2.5

Moved: Cr J Denyer
Seconded: Cr M Murray-Benge

1. That the Manager Corporate Services and Business Improvement's report dated 20 May 2021 and titled 'Quarterly Review of Risk Profile' be received.
2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
3. The Committee reviews each of the top eleven risks identified below.
4. The Committee agrees which existing risks should be retained and reported on, on a quarterly basis.
5. The Committee considers whether to add any new risks either as main topics or as individual risks under existing risk areas.
6. That the Committee directs staff to consider the comments discussed during the workshopping of this report and amend the heat map of risks accordingly.

CARRIED

9.6 HEALTH AND SAFETY REPORT

The Committee considered a report dated 20 May 2021 from the Executive Assistant People and Customer Services. The report was taken as read.

The Group Manager People and Customer Services responded to questions as follows:

- Te Puke Library and Service Centre
Security guards had been placed at the Te Puke Library and Service Centre during the school holidays to mitigate incidents of aggressive disorderly behaviour. This resulted in a noticeable drop in the incidents reported.
- Employee Health and Safety
There were continuous programmes in place for employees at Western Bay of Plenty District Council around acceptable behaviour, maintaining a work life balance, minimising stress, and encouraging employees to come forward and have open and honest conversations when needed.
- Contractor Near Miss Incidents
It was very pleasing that contractors were reporting 'near-miss' incidents. This indicated that they had a very good safety culture in place which aided in accident prevention.

RESOLUTION AR21-2.6

Moved: Cr M Dean

Seconded: Cr A Sole

That the Executive Assistant People and Customer Service's report dated 20 May 2021 titled 'Health and Safety Report' be received.

CARRIED

10 INFORMATION FOR RECEIPT

Nil

11 RESOLUTION TO EXCLUDE THE PUBLIC

RESOLUTION AR21-2.7

Moved: Cr D Thwaites

Seconded: Cr A Sole

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

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
11.1 - Litigation Updates	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the

	<p>information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p>	<p>disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
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CARRIED

The Meeting closed at 3:02pm.

Confirmed as a true and correct record by Council on 29 June 2021.

unconfirmed