

**MINUTES OF WESTERN BAY OF PLENTY DISTRICT COUNCIL
AUDIT, RISK AND FINANCE COMMITTEE MEETING NO. ARF23-3
HELD IN THE COUNCIL CHAMBERS, 1484 CAMERON ROAD, TAURANGA
ON TUESDAY, 15 AUGUST 2023 AT 9.30AM**

1 KARAKIA

Whakatau mai te wairua	Settle the spirit
Whakawātea mai te hinengaro	Clear the mind
Whakarite mai te tinana	Prepare the body
Kia ea ai ngā mahi	To achieve what needs to be achieved.
Āe	Yes

2 PRESENT

Cr M Grainger (Chairperson), Cr T Coxhead, Cr R Crawford, Cr G Dally, Mayor J Denyer, Cr R Joyce, Cr M Murray-Benge, Deputy Mayor J Scrimgeour, Cr A Wichers and Independent Member S Henderson.

VIA ZOOM

Cr A Henry, Cr A Sole and Cr D Thwaites.

3 IN ATTENDANCE

J Holyoake (Chief Executive Officer), R Davie (Deputy CEO/General Manager Strategy and Community), A Henderson (General Manager Corporate Services), A Curtis (General Manager Regulatory Services), C Crow (General Manager Infrastructure Services), G Golding (Governance Manager), A Ali (Chief Financial Officer), E Bernard (Risk and Assurance Manager), D Crowe (Head of People and Capability), C Boyle (Health, Safety and Wellbeing Lead), R Gilligan (Technical Operations Team Leader), N Mogford (Building Services Manager), H Wi Repa (Governance Systems Advisor), and C Irvin (Senior Governance Advisor).

OTHERS IN ATTENDANCE

Bancorp (via zoom)

S Ranchood (Head of Treasury Advisory)

R Woodfield (Client Advisor)

Audit New Zealand

L Pieterse (Audit Director)

4 APOLOGIES

Nil

5 CONSIDERATION OF LATE ITEMS

Nil

6 DECLARATIONS OF INTEREST

Nil

7 PUBLIC EXCLUDED ITEMS

Nil

8 PUBLIC FORUM

Nil

9 PRESENTATIONS

9.1 BANCORP TREASURY UPDATE AND PRESENTATION

The Committee considered a report dated 15 August 2023 from the Chief Financial Officer, who took the report as read.

Mr Suresh Ranchood (Head of Treasury Advisory) and Mr Ross Woodfield (Bancorp Client Advisor) were in attendance via Zoom. They spoke to a PowerPoint presentation, summarising the following points:

Audit, Risk, and Finance Update:

- Consumers Price Index (CPI) past peak inflation but China (our customer) is a big worry;
- New Zealand CPI – Annual June 2023;
- New Zealand commodity prices back near three year lows;
- New Zealand bank lending growth;
- Global house prices – New Zealand was No. 2 behind Turkey in 2021;
- The New Zealand housing market;
- Consumer confidence picking up;
- New Zealand OCR, BKBM and swap rates; and
- Forward Swaps Grid.

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The presenters responded to questions as follows:

- A factor contributing to the economy at the moment was that a lot of migrants were entering the country, but a lot of skilled people were leaving the country. This was worrying in terms of what was happening at a sector level, i.e., losing essential skilled workers.
- The half billion dollars transferred from the Treasury to the Reserve Bank was essentially to support the Reserve Bank's balance sheet.

RESOLUTION ARF23-3.1

Moved: Cr R Joyce

Seconded: Cr R Crawford

That the Chief Financial Officer's report dated 15 August 2023 titled 'Bancorp Treasury Update and Presentation' be received.

CARRIED

10 REPORTS

10.1 CHANGE TO ORDER OF BUSINESS

The Chairperson requested that the order of business be changed as follows: that item 10.1 remain the same and that item 10.6: 'Letter of Representation - Debenture Trust Deed Audit' be brought forward and be addressed as the second item of report business in order to release a presenter from the meeting.

RESOLUTION ARF23-3.2

Moved: Cr M Murray-Benge

Seconded: Deputy Mayor J Scrimgeour

That, in accordance with Standing Orders, the order of business be changed as follows: that item 10.1 remain the same and that item 10.6: 'Letter of Representation - Debenture Trust Deed Audit' be brought forward and be addressed as the second item of report business in order to release a presenter from the meeting.

CARRIED

10.2 AUDIT PLAN, AUDIT FEES AND ENGAGEMENT FOR THE YEAR ENDED 30 JUNE 2023

The Committee considered a report dated 15 August 2023 from the Finance Manager. The report was taken as read. The Chief Financial Officer provided a summary of the report.

Mr Leon Pieterse (Audit New Zealand) was in attendance to speak to the report and noted the following:

- There were a number of assumptions and judgements made in revaluations, which formed quite a big portion of Council's balance sheet. Audit New Zealand was working very closely with the Finance Team towards adopting the Annual Report as scheduled on 26 October 2023.
- The recent weather events meant that some difficult decisions had to be made. A close watch was being kept on assets and service delivery.
- Over the last six years, auditing had become much more complex which required the right level and number of staff. In the past, Audit New Zealand had undercharged local authorities for its services. As such, it had increased its number of staff over the last year which impacted charge out rates and therefore fees. At the moment, audit fees were based on hours and were set. If circumstances changed, this would be revisited.
- International auditing standards were used and converted to apply to New Zealand public sectors.
- Audit New Zealand regularly talked with Council's Finance Team and made sure they were on the same page. It was critical that Council knew the condition of its assets through valuations, information from Council's engineers, and asset value plans. Valuers were independent from Audit New Zealand and from Council.
- Audit New Zealand was an organisation independent from the Government. It was a business arm of the Auditor-General's office. This was critical to ensure its independence.

RESOLUTION ARF23-3.3

Moved: Mayor J Denyer

Seconded: Cr M Murray-Benge

That the Finance Manager's report dated 15 August 2023 titled 'Audit Plan, Audit Fees and Engagement for the Year Ended 30 June 2023' be received.

CARRIED

10.3 LETTER OF REPRESENTATION – DEBENTURE TRUST DEED AUDIT

The Committee considered a report dated 15 August 2023 from the Finance Manager. The report was taken as read. The Chief Financial Officer provided a summary of the report.

Mr Leon Pieterse responded to questions as follows:

- The audit would also test the reported governance in relation to the Debenture Trust Deed, and how they were calculated.
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RESOLUTION ARF23-3.4

Moved: Deputy Mayor J Scrimgeour

Seconded: Cr M Murray-Benge

That the Finance Manager's report dated 15 August 2023 titled 'Letter of Representation – Debenture Trust Deed Audit' be received.

CARRIED

10.52am The meeting adjourned.

10.52am Cr Sole withdrew from the meeting via Zoom.

11.14am The meeting reconvened.

10.4 HEALTH AND SAFETY REPORT – AUGUST 2023

The Committee considered a report dated 15 August 2023 from the Health, Safety and Wellbeing Lead who took the report as read, summarising the main points.

Staff responded to questions as follows:

- A strategy for improving the health, safety, and wellbeing of employees had been developed, and was on Health and Safety's agenda to roll out to the teams for the remainder of the year.
 - It was important that employees felt secure enough to report incidences, including around mental health and wellbeing.
 - Librarians and Animal Services were a risk. A range of changes were occurring around processes and service delivery with key stakeholders, as well as the introduction of new technology.
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- Contractors to Council were separate as such, but Council was still accountable for them legislatively in terms of health and safety and the Health and Safety Act 2015.
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RESOLUTION ARF23-3.5

Moved: Cr R Crawford

Seconded: Mayor J Denyer

That the Health, Safety and Wellbeing Lead's report dated 15 August 2023 titled 'Health and Safety Report – August 2023' be received.

CARRIED

10.5 RISK AND ASSURANCE REPORT AUGUST 2023

The Committee considered a report dated 15 August 2023 from the Risk and Assurance Manager, who took the report as read, summarising the main points.

Staff responded to questions as follows:

- With the different start dates for the Three Waters transition, there would be job guarantees but there may also be some unfilled positions, which would give other people the opportunity to apply for them.
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RESOLUTION ARF23-3.6

Moved: Cr R Joyce

Seconded: Cr T Coxhead

That the Risk and Assurance Manager's report dated 15 August 2023 titled 'Risk and Assurance Report August 2023' be received.

CARRIED

10.6 REVIEW OF ACCOUNTING POLICIES AND KEY ACCOUNTING JUDGEMENTS

The Committee considered a report dated 15 August 2023 from the Finance Manager. The report was taken as read. The Chief Financial Officer provided a summary of the report.

Staff responded to questions as follows:

- A financial instrument was a monetary contract that could be traded such as a stock or bond.
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- The Local Government Funding Agency was now creating 'Sustainable Loans' which had a different set of criteria, and which reduced the cost of borrowing. The Finance Team would look at this opportunity moving forward.

RESOLUTION ARF23-3.7

Moved: Cr M Grainger

Seconded: Cr M Murray-Benge

That the Finance Manager's report dated 15 August 2023 titled 'Review of Accounting Policies and Key Accounting Judgements' be received.

CARRIED

10.7 FINANCIAL PERFORMANCE UPDATE 31 MAY 2023

The Committee considered a report dated 15 August 2023 from the Finance Manager. The report was taken as read. The Chief Financial Officer provided a summary of the report.

Staff responded to questions as follows:

- When rating for activities, any residual funds went back into the current account of that activity, and this could be drawn on in the future.
- The extreme weather events this year had an impact on the focus of the Finance Team and the risk profile. There was an opportunity to review the program moving into the Long Term Plan.
- Going forward, moving through the Long Term Plan, the Finance Team would identify project management frameworks for projects that included realistic time frames and work involved.

12.01pm Cr Thwaites withdrew from the meeting via Zoom.

RESOLUTION ARF23-3.8

Moved: Deputy Mayor J Scrimgeour

Seconded: Cr R Joyce

That the Finance Manager's report dated 15 August 2023 titled 'Financial Performance Update 31 May 2023' be received.

CARRIED

11 INFORMATION FOR RECEIPT

11.1 AUDIT, RISK AND FINANCE COMMITTEE WORK PROGRAMME

The Committee considered a report dated 15 August 2023 from the Risk and Assurance Manager who took the report as read, summarising the main points.

RESOLUTION ARF23-3.9

Moved: Cr M Murray-Benge

Seconded: Cr M Grainger

That the Risk and Assurance Manager's report dated 15 August 2023 titled 'Audit, Risk and Finance Committee Work Programme' be received.

CARRIED

12:28pm The meeting adjourned.

1.00pm The meeting reconvened.

12 RESOLUTION TO EXCLUDE THE PUBLIC

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RESOLUTION ARF23-3.10

Moved: Cr R Joyce

Seconded: Cr M Murray-Benge

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
12.1 - Litigation and Issues Watch Register Update August 2023	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would

	disadvantage, commercial activities	exist under section 6 or section 7
12.2 - Confidential Risk and Assurance Report August 2023	s7(2)(f)(ii) - the withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of Council members, officers, employees, and persons from improper pressure or harassment	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
12.3 - Outstanding Recommendations Register August 2023	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
CARRIED		

The Meeting closed at 1:37pm.

Confirmed as a true and correct record by Council on 3 October 2023.