

MINUTES



P O Box 747, Gisborne, Ph 867 2049 Fax 867 8076
Email service@gdc.govt.nz Web www.gdc.govt.nz

MEMBERSHIP: Bruce Robertson (Independent Chair), Andy Cranston, Larry Foster, Pat Seymour, Terry Sheldrake, Rehette Stoltz (Mayor) and Josh Wharehinga

MINUTES of the AUDIT & RISK Committee

Held via Audio Visual Link on Wednesday 16 March 2022 at 9:00AM.

PRESENT:

Independent Chair Bruce Robertson, Her Worship the Mayor Rehette Stoltz, Deputy Mayor Josh Wharehinga, and Crs Andy Cranston, Larry Foster and Pat Seymour.

IN ATTENDANCE:

Chief Executive Nedine Thatcher Swann, Director Lifelines David Wilson, Director Internal Partnerships James Baty, Acting Director Liveable Communities De-Arne Sutherland, Director Environmental Services & Protection Helen Montgomery, Chief Financial Officer Pauline Foreman, Chief of Strategy & Science Jo Noble, Cr Sandra Faulkner, Governance Advisor Tania Clarke and Committee Secretary Jill Simpson.

The meeting commenced with a karakia.

1. Apologies

MOVED by Cr Seymour, seconded by Cr Foster

That the apology from Cr Sheldrake be sustained.

CARRIED

2. Declarations of Interest

There were no interests declared.

3. Confirmation of non-confidential Minutes

3.1 Confirmation of non-confidential Minutes 23 November 2021

MOVED by Bruce Robertson, seconded by Cr Stoltz

That the Minutes of 23 November 2021 be accepted.

CARRIED

The project methodology for the Woody Debris Emergency Response Plan is currently being developed with the key role being the Project Manager.

3.2 Action Sheet

4. Leave of Absence

There were no leaves of absence.

5. Acknowledgements and Tributes

There were no acknowledgements or tributes.

6. Public Input and Petitions

There were no public input or petitions.

7. Extraordinary Business

There was no extraordinary business.

8. Notices of Motion

There were no notices of motion.

9. Adjourned Business

There was no adjourned business.

10. Reports of the Chief Executive and Staff for INFORMATION

10.1 22-62 Ernst & Young Audit Plan - 30 June 2022

Stuart Mutch and Loren Hunt of Ernst & Young (EY) attended and outlined that there are two areas to draw attention to, being infrastructure assets and the number of capital works underway.

All infrastructure assets are being revalued in the current year. Impacting on this will be the supply chain costs of assets.

The major projects underway are the Olympic Pool, Wastewater Treatment Plant and Waipaoa Flood Control Scheme so the audit focus will be on the capitalisation of the costs of these projects as well as the project progress to date comparative to budget.

There is also interest in the monitoring of the projects and the funding received, along with the related funding conditions.

A watching brief will also occur on the 3-Waters Reform and will work with Council to assess the impacts.

Council has also received several different types of grants during 2021 to support areas of Rooding, the Olympic Pool and the Wastewater Treatment Plant. Each of the funding types are subject to different funding conditions and will require reporting. The review will focus on the appropriateness of revenue recognition of the projects in line with the progress of the projects and accounting standards.

Questions of clarification included:

- Annual Report sign-off process will be completed before Council elections.
- The financial impact on business as usual from COVID-19 is a task or discussion for management with appropriate messaging in the Annual Report. Separate reporting could be considered specifically identifying how COVID-19 is impacting Council both operationally and financially.

- There have been discussions with management regarding potential impacts of the kiwifruit revaluations. From an immediate perspective it is around appropriateness of disclosures in the financial statements and if an obligation exists at 30 June to return the rates.

Chair Bruce Robertson stated that in terms of the audit focus, the disclosures in the Annual Report are a matter of significance for elected members and recognising that COVID-19 is having a very real impact, and this should be reflected in a relevant way.

MOVED by Cr Seymour, seconded by Cr Foster

That the Audit & Risk Committee:

1. Notes the contents of this report.

CARRIED

10.2 22-45 Internal Audit Report

Internal Audit Partner Tina Swann attended.

Questions of clarification included:

- The 19km bluffs on the East Cape Road were excluded from the PGF funding as there was no business case. Options are being investigated on a long term solution for this area and will be bought back to Council and to Waka Kotahi on the next steps. Currently the road is open to residents and 4-wheel drive access only. There will be a press release once timeframes are known.
- The majority of fringe benefit tax is for vehicle use. Another area may be health insurance but this will be because of conditions of employment. It would be useful when PWC do a review they start from a position of 'what should be subject to fringe benefit tax'. Their scope should include all those transactions that should attract fringe benefit tax.
- Climate Change is reported on in the Strategic Risk Management Report. Being carbon neutral by 2030 is an emerging risk and will be captured going forward.
- The Enterprise Solutions Project is fully managed through the Major Projects environment which has monthly reporting and a full risk assessment associated with every step of the project. There is a specific Project Manager and a specific Change Manager along with others that are involved to ensure adequate controls are in place. It is a long term project. Council is now working with a vendor following an appropriate procurement process. The budget for the project has been planned for appropriately through the Annual Plan and Long Term Plan process and sits around \$5m quantum and has had sign-off at a Governance level.

- Noted that at the end of the year the focus should be on where we want to put our effort in terms of internal audit for the following 3 years.

MOVED by Bruce Robertson, seconded by Cr Cranston

That the Audit & Risk Committee:

1. Notes the contents of this report.

CARRIED

10.3 22-43 Health and Safety Update

Health & Safety Manager David Wilkinson attended and advised that Council has secured a large number of RATs kits from the Bay of Plenty Local Authorities Shared Services (BOPLASS).

There has been an increase in violence and physical abuse to staff. Online situational awareness training has been completed by some of Council's teams. The support of the Director of Community Lifelines and his team was acknowledged for providing dedicated health and safety components in some of the larger projects involving multiple contractors.

Director Internal Partnerships James Baty advised that Council is in a continuous cycle of review in terms of the use of "My Vaccine Passes" at Council facilities. A specific look at the risk assessment associated with the use of them in Council facilities will be undertaken in a 'Tairāwhiti' context as around the country communities are reaching peaks at different times. It requires a methodical approach in terms of understanding the risk. Council's risk assessment relates to the risk of COVID-19 infection and transmission at our venues and workplaces and Council's duties under the Health & Safety at Work Act in taking reasonable and practical steps to reduce the risk.

Questions of clarification included:

- About 15 individuals from different Hubs along with off-site facilities meet on a quarterly basis and are active in health and safety. Council aims for a 2 year period for health and safety elected representatives to be thoroughly trained and then move aside allowing someone else to have the benefit of that training. Staff participation and engagement could be better. There is a lot of emphasis on the initial health and safety induction to encourage staff to have an active participation in health and safety. It is an ongoing area for improvement of worker engagement. A very good tone is set at the top for health and safety culture. It is a standard item on the Central Organising Roopu Agenda.
- Wellbeing of staff can be difficult to report on. A number of staff are impacted both in terms of positive COVID-19 test results and household contacts across the organisation. A Working Group has been set up along with an internal contact tracing system. It is important to keep connected with staff both in terms of their wellbeing and any other support they may require. Our response across the board is proportional to the type of wellbeing experience that staff are experiencing.

- In terms of business continuity, mitigations have been put in place e.g. rostering and ensuring staff have the resources they require. It is pointed out to staff that working remotely does not have to mean that you are remote so connecting with people is an important part of the process.
- Prior to implementing "My Vaccine Pass" at Council facilities extra security was put in place and Council maintains a strong relationship with the local Police.
- Section 34 of the Health & Safety at Work Act relates to overlapping duties and who has the influence over the risks generated. A jumping platform was installed in the Inner Harbour to encourage children to jump in that specified area. Council, Eastland Port and Coastguard have an overlapping duty to consult, cooperate and coordinate the activities and ensure the safety of people using the facilities. It was reported that the Port will be taking action and making it a safer spot for children to use.
- Asbestos on Titirangi is located outside of the easily accessible area. It is currently being assessed and more information will be provided to the Committee.

The fines relating to non-compliance around the COVID-19 framework are primarily retail shops where they have not displayed the QR Code Scanner and have not followed processes as outlined in the Work Safe Guidance.

MOVED by Bruce Robertson, seconded by Cr Seymour

That the Audit & Risk Committee:

1. Notes the contents of this report.

CARRIED

10.4 22-50 2021-22 Insurance Renewal

Senior Procurement Advisor Andrew Haughey attended. Chief Financial Officer Pauline Foreman advised that the report is in three parts ie the insurance renewal process, Insurance Strategy and an update on meetings with the Port.

Points of clarification were:

- Council's largest forest is Waingake (Pamoa) and there is a Joint Venture with Juken. Juken takes responsibility for the insurance. Council's other large Crown forest is Waerenga-a-Kuri and Council takes public liability insurance on behalf of the Crown. Other small woodlots are covered by insurance.
- Public liability insurance relating to fire in forestry will be reported at the next meeting.
- There is a lag timeframe in receiving insurance schedules. Council's insurance schedules go from November to October which encompasses two financial years.
- Important to have regular updates on the progress of the Insurance Strategy as there are actions in the strategy that are important to the renewal process. It addresses the smart way of covering our risks, what risks Council covers themselves and how.

- A meeting has taken place with Eastland Port, Council and Insurers. Eastland Port have a Wreck Removal Cover for their business interruption. Eastland Port require all small ships eg launches, fishing vessels etc to carry insurance and it is sighted. The Maritime Act states that all ships entering New Zealand must carry insurance.
- It is likely that as the last person standing, the responsibility of final costs not recovered from other parties may fall upon Council.
- The \$1.3m insurance premium is from November 2021 to October 2022 and the account has been paid in full and upfront.
- The Wreck Removal cover has been increased from \$5m to \$10m.

MOVED by Cr Stoltz, seconded by Cr Wharehinga

That the Audit & Risk Committee:

1. Notes the contents of this report.

CARRIED

Secretarial Note: The meeting adjourned at 10.40am and reconvened at 10.45am.

10.5 22-63 Council Strategic Risk Management Report

Risk Partner Steve Breen attended and answered the following points of clarification:

- Further work is being carried out to better define the risk events relevant to climate change and natural environment ie are we clear about the definition of a risk event for our natural environment and equally do we have a clear definition of a risk event as it relates to climate change. The assessment will come down to what kind of controls, therefore actions, we implement to prevent either risk event from happening, however if that risk was to occur what mitigation actions would be taken to minimise the impact.
- The People and Capability Strategic Risk moved from moderate to major, based on national shortage of attracting people to fill vacant roles.
- In the Finance area, additional resources will be sort from accounting firms should we not be able to fill vacancies in the short term.
- In terms of the Resource Management Act review a panel of consultants was established and there are six different consultants that Council can use on an ongoing basis. This entailed a large investment in procurement upfront however it has streamlined what is an eight year project. This has also enabled those consultant firms to know what their forward work programme could look like allowing them to invest in additional capacity as well. Prices have increased across the board which reflects the demand.

- Risk events relating to the Natural Environment and Climate Change should be kept as separate events.
- Concern was raised regarding Council's decision to bring forward the recommended 2040 net carbon zero to 2030 which is a risk for Council along with the cost of achieving this.

MOVED by Cr Seymour, seconded by Cr Foster

That the Audit & Risk Committee:

1. Notes the contents of this report.

CARRIED

11. Public Excluded Business

Secretarial Note: These Minutes include a public excluded section. They have been separated for receipt in Section 11 Public Excluded Business of Council.

12. READMITTANCE OF THE PUBLIC

MOVED by Bruce Robertson, seconded by Cr Wharehinga

That:

1. The Council re-admits the public.

CARRIED

13. Close of Meeting

There being no further business, the meeting concluded at 12.44pm.

Bruce Robertson
INDEPENDENT CHAIR