

# MINUTES



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

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## MINUTES of the **AUDIT & RISK Committee**

**Held in Te Ruma Kaunihera (Council Chambers), Awarua, Fitzherbert Street, Gisborne on Wednesday 18 May 2022 at 9:00AM.**

### PRESENT:

Bruce Robertson (Independent Chair), Andy Cranston, Larry Foster, Pat Seymour, Terry Sheldrake and Her Worship the Mayor Rehette Stoltz.

### IN ATTENDANCE:

Chief Executive Nedine Thatcher Swann, Director Lifelines David Wilson, Director Internal Partnerships James Baty, Chief Financial Officer Pauline Foreman, Democracy & Support Services Manager Heather Kohn and Committee Secretary Jill Simpson.

### 1. **Apologies**

MOVED by Cr Stoltz, seconded by Cr Sheldrake

That the apology from Cr Wharehinga for leave of absence be sustained. **CARRIED**

### 2. **Declarations of Interest**

There were no interests declared.

### 3. **Confirmation of non-confidential Minutes 16 March 2022**

#### 3.1 **Confirmation of non-confidential Minutes 16 March 2022**

MOVED by Cr Seymour, seconded by Cr Stoltz

That the Minutes of 16 March 2022 be accepted. **CARRIED**

**East Cape Road:** There has been further damage to this road, so access is by 4-wheel drive only. There will be a press release once options relating to the East Cape Road have been worked through with the community.

### **3.2 Action Sheet**

**Item 10.3 Asbestos located on Tifirangi:** An Assessment has been received and the amount of asbestos is less than was previously thought. A quote has been requested to remove the material.

#### **4. Leave of Absence**

Cr Wharehinga was granted leave 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 22-102 Council's Strategic Risk Management Report**

Risk Partner Steve Breen attended and advised the Procurement Strategic Risk has been assessed as major, moving from moderate. It was stated that this was a more prudent approach rather than an actual risk event.

The prudence aspect is around Council being aware of the wider changes in the current economic operating environment particularly increased inflation, supply chain delays and difficulty having contractors complete work as scheduled. Taking the external factors into account and elevating the risk to major means additional steps can be taken to ensure a procurement risk does not occur.

The risk relating to procurement is not so much with major capital projects but more the pressure that can be put on smaller projects given the number Council is seeking to deliver and the competing demands across the projects.

The intention is to continually bring more of our strategic risks to this Committee with their current risk assessments completed.

The report from the Auditor General regarding wider Council approach to risk management has provided an extremely useful benchmark to check how Council is managing its strategic risks. It provides an excellent check list around best practice and how Council should be managing its risks. Using the Auditor General's report is a way of informing thinking and decision-making and will help develop Council's approach to key risk areas such as climate change.

Questions of clarification included:

- Steps have been taken through this triennium to appropriately assign and mitigate our risks.
- There is substantial risk relating to the residue from the extreme weather events the region has been facing particularly regarding roading infrastructure. This risk may be elevated as it is reassessed under our Asset Management strategic risk and presented to the Committee in September.

Council will need to review its risks with the climate change lens on as it will impact on infrastructure and funding along with roads that will be maintained or otherwise.

### **People & Capability Strategic Risk**

The Committee were advised that retention of staff is a sector issue. It has been raised with the Ministers and they are aware the stress that Councils are under. The risk needs to be thought about in both the short term and long term. There are two things affecting Council:

- Being prepared for water reform and the ongoing demand and due diligence required of Council as Entity C is formed.
- The disruptive nature of the civil defence weather events.

The Chief Executive advised that the Sector averages between 15 - 30% turnover of staff and Council is sitting at 20%. Added to this is the impact from COVID-19 affecting approximately 20% of staff at any given point as well as the State of Emergency declared with the extreme weather event and staff being pulled from business as usual. Council needs to think differently around how its capital works are planned and apply a realistic lens to what can be delivered.

- Issues identified regarding retaining financial staff and resourcing the work to be carried out for the Annual Plan. It is proposed to make use of the balance sheet to balance the books next year however this will have implications for future years.

### **Procurement**

- Staff are managing the delivery of products by working with suppliers around project lead-in times and ensuring that products are available and can be supplied, along with pre-ordering and communicating with contractors around the work programmes moving forward. Also working with Waka Kotahi around work programmes being staged appropriately.
- Important to be flexible around financial years and ensuring the real roll-out time is known.
- There is now a Capital Works Manager working across Lifelines. This position will be looking at the programme of works, how and when it will be delivered.

### **Fraud and Corruption**

- Overall internal controls are strong. There is continuous improvement and doing things differently.

### **Legal Compliance Strategic Risk**

- Risk level is minor and is contingent on the additional treatments being delivered.

### **Natural Environment Strategic Risk**

- This is one of the two top risks, and the residual risk is major.
- Constraints around processing resource consents and operational delivery is a potential contributor to the risk event occurring and this is the area to be addressed.

### **Local Government Risk**

- Management is working through the climate change issue as it currently sits across the strategic risks as they have been identified. It may well need a different approach to more directly reflect the actual risk it poses to the community.

Further discussion points included:

- Risk is also high on the agenda for the Central Organising Roopu meetings.
- It is important that the rest of Council are comfortable that risk is being managed appropriately and have confidence that management are reacting on what the Committee sees as a strategic risk.
- There will be significant financial risks to Council to transition by 2030.
- Council takes climate change seriously and will be putting a climate change lens over every decision made.

MOVED by Cr Seymour, seconded by Cr Cranston

That the Audit & Risk Committee:

1. Notes the contents of this report.

**CARRIED**

## **10.2 22-103 Health and Safety Update**

Director Internal Partnerships James Baty attended and highlighted that Council has continued to adapt to the COVID situation. Vaccine passes are no longer required at Council's facilities and QR scanning is no longer a requirement.

There is ongoing support for teams in terms of the business partnership model and focus is on assessing and reviewing health and safety risks using the 'Vault' platform. Collaboration with contractors is continuing with focus on the major projects to ensure due diligence. Health & Safety Plans are being reviewed including the Drug and Alcohol Policy. This is currently being externally reviewed and then will be consulted on with staff. Twenty-eight outstanding critical risks have been closed off with focus now on operational risk across the organisation.

Further updates included:

- Whakaari White Island prosecutions.
- The National Emergency Management Agency (NEMA) won its appeal for a dismissal of charges in relation to the Whakaari White Island volcanic eruption. A key argument by NEMA was that they were too far removed from the event itself.
- Two recent fatalities at Ports across the country.

Questions of clarification included:

- The colours on the graph on page 66 of the report relate to months.
- Relating to the deaths at Ports across the country as well as other deaths in the local authority context, some Councils are looking at clarity around roles and responsibilities relating to PCBU. An investigation is triggered should there be an instance at Council. Council carries out on-site spot audits on Contractors. There is a vested interest by all parties to ensure health and safety is adhered to.
- There is a strong focus on staff wellbeing including mental health. Managers can go directly to EPA Services should there be a concern.

**Secretarial Note:** Cr Faulkner arrived at 10:10am.

- The Waste Management event is still active.
- Investigations are ongoing relating to the event involving poor parental supervision of a toddler within the therapy pool facility at the Olympic Pool.

MOVED by Cr Stoltz, 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 12 Public Excluded Business of Council.

## 12. READMITTANCE OF THE PUBLIC

MOVED by Bruce Robertson, seconded by Cr Stoltz

That the Council:

1. Readmits the public.

**CARRIED**

**Secretarial Note:** The meeting adjourned at 10.15am for morning team and reconvened at 10.25am.

## 13. Close of Meeting

There being no further business, the meeting concluded at 12.00pm.

Bruce Robertson  
**INDEPENDENT CHAIR**