



NOTICE OF A RISK AND ASSURANCE COMMITTEE MEETING

**Opotiki District Council Chambers, 108 St John Street, Opotiki
Monday, 8 July 2024
Commencing at 10.00am**

ORDER PAPER

APOLOGIES

DECLARATION OF ANY INTERESTS IN RELATION TO OPEN MEETING AGENDA ITEMS

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| ITEM 03 LONG TERM PLAN UPDATE | Verbal Item |
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PUBLIC EXCLUDED BUSINESS

| | |
|---|--|
| ITEM 05 CONFIRMATION OF IN-COMMITTEE MINUTES – RISK AND ASSURANCE COMMITTEE MEETING 6 MAY 2024 | |
| ITEM 06 REGULATORY SERVICES ASSURANCE REVIEW | |
| ITEM 07 IT SECURITY WORKPLAN UPDATE | |
| ITEM 08 HEALTH, SAFETY, WELLBEING AND HUMAN RESOURCES REPORT | |
| ITEM 09 RESOLUTION TO RESTATE RESOLUTIONS AND READMIT THE PUBLIC | |

Independent Chairperson: Philip Jones

Members: Councillor Tom Brooks
Councillor Steve Nelson
Councillor Dean Petersen

Ex-Officio: Mayor David Moore

Committee Secretary: Gae Finlay

Quorum: 3

LOCAL AUTHORITIES (MEMBERS' INTERESTS) ACT 1968

Councillors are reminded that if you have a pecuniary or non-pecuniary interest in any item on the agenda, then you must declare this interest and refrain from discussing or voting on this item, and are advised to withdraw from the Council chamber.

Stace Lewer

CHIEF EXECUTIVE OFFICER

Risk and Assurance Committee

Terms of Reference

Purpose

To oversee the effectiveness of Council's risk management, internal control environment, legal responsibilities, statutory compliance and external auditing processes

The primary areas of responsibility of the Committee are:

- A. Review Council's annual financial statements prior to their approval by Council.
- B. Oversee statutory compliance in terms of financial disclosure.
- C. Monitor corporate risk assessment and internal risk mitigation measures

Responsibilities include providing oversight and recommendation to council on the following:

- Council's risk management framework
- Internal control environment
- Legislative and regulatory compliance
- Internal audit and assurance
- Oversee risk identification on significant projects
- Compliance to Treasury Risk Management Policies.
- Review the effectiveness of Council's external accountability reporting (including non-financial performance).
- Draw to the attention of Council any matters that are appropriate
- Investigate and report on any matters referred to the Committee by the Council including but not limited to:
 - Any significant issues arising from the financial management of Council's affairs
 - Any complaints against elected members or breaches of the Council's code of conduct.
 - Any significant issues arising from Audit New Zealand processed
 - Due diligence on strategic asset acquisition or disposal.
 - Setting up of Council Controlled Organisations
 - Development of a Council risk assessment and mitigation strategies

Delegations and authority

- Make recommendations to Council
- All necessary powers to meet its responsibilities.

- The committee is authorised to investigate any activity referred to it by Council resolution. It is authorised to seek any reasonable information it requires from Council staff.
- The Committee is authorised by the Council to obtain legal or other independent professional advice and to arrange for the attendance at meetings of outside parties with relevant experience and expertise if it considers this necessary.

Membership

Chair: Philip Jones (independent member)

Members: Councillor Steve Nelson
Councillor Dean Petersen
Councillor Tom Brooks
Mayor David Moore Ex Officio

Quorum

Two elected members

Meeting Frequency

- Quarterly
- Extraordinary meetings as required

MINUTES OF AN ŌPŌTIKI DISTRICT COUNCIL RISK AND ASSURANCE COMMITTEE MEETING HELD ON MONDAY, 6 MAY 2024, IN THE ŌPŌTIKI DISTRICT COUNCIL CHAMBERS, 108 ST JOHN STREET, ŌPŌTIKI AT 1.00PM

PRESENT:

Philip Jones (Chairperson)
Mayor David Moore
Councillor Tom Brooks
Councillor Dean Petersen

IN ATTENDANCE:

Stace Lewer (Chief Executive Officer)
Gerard McCormack (Group Manager Planning and Regulatory)
Peter Bridgwater (Group Manager Finance and Corporate Services)
Nathan Hughes (Group Manager Engineering and Services)
Rachael Burgess (Group Manager Community Services and Development)
Billy Kingi (Financial Controller)
Ivan Arnerich (Desktop Support Engineer)
Gae Finlay (Executive Assistant and Governance Support Officer)

GUESTS:

David Walker (Audit New Zealand), via Teams
Warren Goslett (Audit New Zealand), via Teams

The Chairperson opened the meeting.

APOLOGY

Councillor Petersen

RESOLVED

(1) That the apology be sustained.

HWTM/Brooks

Carried

DECLARATION OF ANY INTERESTS IN RELATION TO OPEN MEETING AGENDA ITEMS

Nil.

1. MINUTES – RISK AND ASSURANCE COMMITTEE MEETING 26 FEBRUARY 2024 **p5**

RESOLVED

- (1) That the minutes of the Risk and Assurance Committee meeting held on 26 February 2023 be confirmed as a true and correct record.**

Brooks/HWTM

Carried

2. RISK AND ASSURANCE ACTION SHEET **p11**

Points made during the discussion:

- Most items are being worked through as part of the LTP, particularly the Financial Strategy and related components
- Contract Manager – Obtaining external support to assist with the way Council is procuring services and projects
- Resource Recovery Centres – challenges in terms of revenue
- Council has decided to put the use the weighbridge out for public consultation, and move away from volumetric
- Asset Capitalisation Policy – scheduled to be updated at the end of the year but is likely to be deferred

In response to a query from the Chairperson around debt calculations, David Walker advised that the reason is to try and get some alignment between the Infrastructure Strategy and the Financial Strategy. It is beneficial, with nothing driving it from an LTP perspective.

RESOLVED

- (1) That the Risk and Assurance Action Sheet be received.**

Jones/HWTM

Carried

3. QUARTERLY REPORT TO 31 MARCH 2024 **p12**

The Chairperson asked the Financial Controllor if an additional summary could be provided 'Grants and Grant Income and Subsidy'.

Following a discussion it was agreed that a second clause be added to the recommendations as follows. The mover and seconder were comfortable with the additional clause.

That the Committee recommends to Council that it receives an updated snapshot of the implications of lower income which includes fees and charges and associated expenditure, including capital.

RESOLVED

- (1) That the report titled "Quarterly Report to 31 March 2024 be received.**
- (2) That the Committee recommends to Council that it receives an updated snapshot of the implications of lower income which includes fees and charges and associated expenditure, including capital.**

Brooks/HWTM

Carried

4. UPDATE ON IANZ BUILDING CONSENT AUTHORITY ACCREDITATION p23

The Chief Executive Officer extended thanks to the Group Manager Planning and Regulatory and his team for the hard work done to retain accreditation.

RESOLVED

- (1) That the report titled "Update on IANZ Building Consent Authority Accreditation" be received.**

HWTM/Jones

Carried

5. IT SECURITY WORKPLAN UPDATE p79

It was agreed that due to some of the concerns raised, and a desire for a further discussion to understand the consequences of what is recommended in the report, this item will be moved into Public Excluded.

6. KOHA REPORT p84

RECEIVED

- (1) That the report titled "Koha Report" be received.**

HWTM/Brooks

Carried

The Group Manager Planning and Regulatory and member of the public left the meeting at 1.42pm.

As noted earlier in the meeting, Item 5 (IT Security Workplan Update) will be added to the Resolution to Exclude the Public, along with providing for David Walker and Warren Goslett (Audit New Zealand) to remain in public excluded.

7. RESOLUTION TO EXCLUDE THE PUBLIC

p88

SECTION 48 LOCAL GOVERNMENT OFFICIAL INFORMATION & MEETINGS ACT 1987

1. THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

- 8. Confirmation of In-Committee Minutes – Risk and Assurance Committee meeting 26 February 2024.**
- 5. IT Security Workplan Update.**

2. THAT the following people be permitted to remain at this meeting after the public has been excluded to join the discussion for Item 5 (IT Security Workplan Update) due to the sensitive nature of matters raised in the open section of the meeting.

Name: David Walker and Warren Goslett (Audit New Zealand)

Item: 5 (IT Security Workplan Update)

Business: Discussion around risks and costs, and consideration of the recommendations in relation to the IT Security Workplan.

Reason: To enable participation in the discussion.

The general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| Item No | General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|----------------|--|---|---|
| 8. | Confirmation of In-Committee Minutes – Risk and Assurance Committee meeting 26 February 2024. | That 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 exists. | Section 48(1)(a) |
| 5. | IT Security Workplan Update. | That 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 exists | Section 48(1)(a) |

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

| | | |
|----|---|--|
| 8. | Protect the privacy of natural persons Protect information (commercial sensitivity) Protection from improper pressure or harassment Carry out negotiations Prevent disclosure or use of official information Carry out commercial activities | Section 7(2)(a) Section 7(2)(b)(ii) Section 7(2)(f)(ii) Section 7(2)(i) Section 7(2)(j) Section 7(2)(h) |
| 5. | Protect information Prevent disclosure or use of official information | Section 7 (2)(b)(i) & (ii) Section 7(2)(j) |

HWTM/Jones

Carried

RESOLVED

- (1) That the resolutions made while the public was excluded be confirmed in open meeting.**
- (2) That the public be readmitted to the meeting.**

Brooks/HWTM

Carried

RESOLVED

- (1) That the in-committee minutes of the Risk and Assurance Committee meeting held on 26 February 2024 be confirmed as a true and correct record.**

Brooks/HWTM

Carried

RESOLVED

- (1) That the report titled "IT Security Workplan Update" be received.**
- (2) That the Chief Executive Officer be asked to present to the July meeting of the Risk and Assurance Committee an assessment of outstanding risks consequences and options for reducing the risk on an ongoing basis.**

Jones/HWTM

Carried

THERE BEING NO FURTHER BUSINESS THE MEETING CLOSED AT 2.03PM.

**THE FOREGOING MINUTES ARE CERTIFIED AS BEING A
TRUE AND CORRECT RECORD AT A SUBSEQUENT
MEETING OF THE RISK AND ASSURANCE COMMITTEE
HELD ON 8 JULY 2024**

**PHILIP JONES
CHAIRPERSON**

Risk and Assurance Action Sheet

| Date raised | Issue | Recommendation | Source | Total Assurance | To be completed by | Done | Assigned To | Status | Next update expected | Priority | Comments |
|-------------|---|---|------------------------------|--------------------------------------|--------------------|--------------------------|------------------|-------------|----------------------|----------|--|
| 71 | Contract Management Policy and Guidance | Recommend Council develop a contract management policy and guidance, to include procedures and templates for consistency | Audit NZ Management Report | Portfolio/ Programme/ Project Office | 30/06/23 | <input type="checkbox"/> | Nathan Hughes | In Progress | 31/12/24 | Medium | A Project and Contract Management Framework has been prepared. A project manager has been employed to project manage the WWTP New Consent project and will seek to implement the Management Frameworks on that project and provide recommendations for changes to the Framework where deemed necessary leading to wider adoption and implementation. Update for 30 June 2024: Additionally, E&S GM is engaging external support to support staff in the development and implementation of procurement processes to help improve the front end stages of project delivery. |
| 72 | Project Management | Recommend a documented approach and methodology, planned approach to undertake post implementation reviews, have independent quality assurance reviews. | Audit NZ Management Report | Portfolio/ Programme/ Project Office | 30/06/23 | <input type="checkbox"/> | Nathan Hughes | In Progress | 31/03/24 | Medium | This is included in Refer item 71 - the development of the Project and Contract Management Framework. |
| 74 | Asset Management | Develop and implement an asset capitalisation policy that states the minimum amount of assets that will be capitalised as well as guidance for the type of expenditure to be capitalised. | Audit NZ Management Report | Internal Audit | | <input type="checkbox"/> | Peter Bridgwater | In Progress | 01/12/24 | High | Refer to item 110. Is being included in our policy review cycle |
| 75 | RRC's | Recommendation that Council improves the controls regarding revenue at the RRC's. | Audit NZ Management Report | Risk Management | 01/04/23 | <input type="checkbox"/> | Nathan Hughes | In Progress | 31/12/24 | Medium | Refer agenda report May 2019. A full review has been completed an options recommended. Update: After additional occurrences at the RRC another report has been brought to A&R (9 Sept) and recommendations presented. The recommendation to go cashless at the RRCs has been implemented. Update for 30 June 2024: Next step is to improve the controls around correct charging and receiving payment. Council is in the process of adopting the revised payment method for the Opotiki township RRC which will utilize new weighbridge system for determining and collecting fees. Plans are to implement this from 1 Jul 2024 subject to the adoption of the 2024-25 Fees and Charges Schedule. It is expected management will be empowered with improved insights from data collected through this system which will continue to inform improvements. |
| 80 | Contract Management | Implement appropriate processes and procedures for contract management | Audit NZ Management Report | Probity Assurance | 30/06/23 | <input type="checkbox"/> | Nathan Hughes | | 31/03/24 | Medium | Refer item 71. |
| 85 | Financial Strategy in LTP | Recommends Council review financial strategy and consider impacts of proposed debt levels beyond the 10 year period | Audit NZ Management Report | External Audit | 30/06/21 | <input type="checkbox"/> | Peter Bridgwater | In Progress | 01/12/23 | Medium | The Financial Strategy is currently being updated for the 2024-34 Long Term Plan. We have had the first workshop on the Financial Strategy with Councillors, and will include further forecasts of proposed debt levels. |
| 90 | Procurement Procedures | Recommends Council revise its procurement policy and/or contracts so that they are consistent on submission deadlines. | NZTA Investment Audit Report | Probity Assurance | | <input type="checkbox"/> | Peter Bridgwater | In Progress | 01/06/24 | Medium | This will be done as part of updating procurement strategy and the procurement policy |
| 92 | Procurement Procedures | Suggests expanding policy to include conflict of interest declarations to include staff involved in ongoing management as well as procurement. | NZTA Investment Audit Report | Probity Assurance | | <input type="checkbox"/> | Peter Bridgwater | In Progress | 01/06/24 | Medium | This will be considered as part of updating procurement strategy and the procurement policy |
| 93 | Procurement Procedures | Suggests outdated references in procurement strategy be updated. | NZTA Investment Audit Report | Probity Assurance | | <input type="checkbox"/> | Peter Bridgwater | In Progress | 01/06/24 | Low | This will be done as part of updating procurement strategy and the procurement policy |
| 101 | Sensitive Expenditure | Audit recommend that Council ensures that sensitive expenditure policies are complied with, including one up approval for all such expenditure | Audit NZ Management Report | Internal Audit | | <input type="checkbox"/> | Peter Bridgwater | In Progress | 20/12/24 | High | The sensitive expenditure policy has been updated. We are working to ensure effective monitoring of expenditure is in place. This is an ongoing process and we continue to work to improve our monitoring controls in this area. |
| 103 | Annual Plan Compliance | Audit recommend a review of the Annual Plan for compliance with regulations | Audit NZ Management Report | Legislative Compliance | | <input type="checkbox"/> | Peter Bridgwater | In Progress | 30/09/24 | Medium | Issue still identified as outstanding in the 2022/23 annual report audit. Will require closer review in setting of rates for 2024. |
| 108 | Refuse Recovery Centre | Improve controls around revenue at the RRC's, ensuring all revenue is captured, staff also need to provide detailed explanations for variances | Audit NZ Management Report | Internal Audit | 30/06/21 | <input type="checkbox"/> | Anthony Kirikiri | In Progress | 01/06/23 | | A change from an older manual till to an android based till system across all 3 RRC's has allowed for an improved catchment & consistency of transactions by only allowing pre determined amounts/prices programmed into the till. Past variances were caused by user error, inconsistent estimation of customer loads and old failing till hardware. The larger variances could be as simple as not inputting a decimal point during a transaction on the older till systems. EFTPOS and the removal of cash has improved these processes |
| 110 | Capitalisation policy | Implement an asset capitalisation policy on the minimum value of assets that will be capitalised, with guidance for the type of expenditure to capitalise | Audit NZ Management Report | Portfolio/ Programme/ Project Office | 30/06/21 | <input type="checkbox"/> | Peter Bridgwater | In Progress | 01/06/24 | Medium | In progress and will be developed between Finance and Asset branches. Policy documents have been obtained from other local authorities and will be used to develop the new policy. Resources are being planned for this work to be complete in the 2023 calendar year |

RESOLUTION TO EXCLUDE THE PUBLIC

Date : 28 June 2024
 To : Risk and Assurance Committee Meeting, 8 July 2024
 From : Chief Executive Officer, Stace Lewer

SECTION 48 LOCAL GOVERNMENT OFFICIAL INFORMATION & MEETINGS ACT 1987

THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

- 5. Confirmation of In-Committee Minutes – Risk and Assurance Committee meeting 6 May 2024.**
- 6. Regulatory Services Assurance Review.**
- 7. IT Security Workplan Update.**
- 8. Health, Safety, Wellbeing and Human Resources Report.**

The general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

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| 6. | Regulatory Services Assurance Review. | That 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 exists. | Section 48(1)(a) |
| 7. | IT Security Workplan Update. | That 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 exists. | Section 48(1)(a) |

| | | | |
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| 8. | Health, Safety, Wellbeing and Human Resources Report | That 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 exists. | Section 48(1)(a) |
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| 6. | Protect information (commercial sensitivity) Prevent disclosure or use of official information | Section 7(2)(b)(ii) Section 7(2)(j) |
| 7. | Protect information Prevent disclosure or use of official information | Section 7 (2)(b)(i) & (ii) Section 7(2)(j) |
| 8. | Protect the privacy of natural persons Protection from improper pressure or harassment | Section 7(2)(a) Section 7(2)(j) |