


Minutes of the Risk and Assurance Committee Meeting 17 May 2024

 <p>WHAKATĀNE District Council <i>Kia Whakatāne au i ahau</i></p>	Details of Meeting:	RISK AND ASSURANCE COMMITTEE MEETING HELD IN THE TŌTARA MEETING ROOM, WHAKATĀNE DISTRICT COUNCIL, COMMERCE STREET, WHAKATĀNE, ON FRIDAY 17 MAY 2024, COMMENCING AT 9:01 AM.
	Present:	S Henderson (Independent Chair), Councillors W James, T O’Brien, and P Lucioli (independent member) <i>Via Teams:</i> His Worship the Mayor Dr V Luca, Deputy Mayor L Immink, and Councillor J Pullar
	In Attendance:	Councillor G Dennis, S O’Sullivan (Chief Executive), G Connolly (CFO and GM Business Partnering) and C Viljoen (Manager Governance Services) <i>Via Teams:</i> Councillor T Boynton, E Hatch (GM People and Engagement), N Woodley (Acting GM Development Services)
	Visitors:	
	Apologies:	

The Chairperson invited Councillor O’Brien to open the meeting with a Karakia at 9:01 am.

1 MEETING NOTICES

Meeting participants were advised that the meeting was being live streamed.

The chairperson notified the meeting that the order of the public excluded agenda would be adjusted to allow the attendance of external participants. The lunch adjournment would therefore be brought forward.

2 APOLOGIES

Nil

Attendance: Mayor Luca attended the meeting at 9:07 am.

3 ACKNOWLEDGEMENTS / TRIBUTES

Nil

4 CONFLICTS OF INTEREST

There were no conflicts of interest declared.

5 PUBLIC PARTICIPATION

No prior approval requests were made to the Chief Executive (or via the Governance team) for public participation at this meeting.

6 CONFIRMATION OF MINUTES

Refer to page 8 of the agenda.

Action items were reviewed and agreed.

Moved Member Lucioli / Seconded Councillor James

RESOLVED:

THAT the minutes of the Risk and Assurance Committee meeting held on 1 March be **confirmed** as true and correct record.

CARRIED

7 REPORTS

7.1 Audit Plan 2023-24

Refer pages 10-33 of the agenda.

CFO and GM Business Partnering presented the report. The following key points were highlighted.

- A new Audit partner was confirmed for the financial year 2024/25 – Clarence Susan.
Mr. Susan has got experience with Council systems and cycles, to deliver to requirements and maintain continuity, and has previously worked with Whakatāne District Council as an Audit partner. Preliminary meetings were also held with Mr Susan that supported the Audit Plan 2023/24 paper.
- Significant risks and concerns, related to transactions that remain open for an extended period, needed to be addressed.
- Council committed to deliver the Annual Plan within statutory timeframes, however Long Term Plan (LTP) requirements had impacted staff's ability to provide undivided attention to the annual report process, which then placed additional pressure on staff to deliver accordingly.

ACTION - Staff were directed to provide the Committee with an updated Audit NZ timeline, including technical advice from Audit; to be presented at the next Risk and Assurance Committee meeting.

Moved Chairperson Henderson / Seconded Councillor James

RESOLVED:

THAT the report entitled 'Audit Plan Whakatane District Council For the year ending 30 June 2024' from Audit NZ be **received**.

CARRIED

7.2 2024-03 Management Action Plan Update

Refer to pages 34-47 of the agenda.

CFO and GM Business Partnering presented the report.

It was explained that the 2023 opening findings (External audit and Functional improvements) carried over to 2024 findings, hence the figures for 2023 and 2024 were consistent in the table on page 37 of the public agenda.

Moved Councillor O'Brien / Seconded Member Luciola

RESOLVED:

THAT the 2024-03 Management Action Plan Update Report, and the supporting detailed action plan in Appendix 1: Continuous improvements and 2023 audit findings action plan, be **received**.

CARRIED

Attendance: GM Infrastructure entered the meeting at 9:35 am.

7.3 Enterprise Risk Report

Refer to pages 48-80 of the agenda.

The Long-Term Plan 2024–2034 was found to have had a major influence on employees' absence of engagement in risk monitoring; nonetheless, the CFO and GM observed that risk was effectively managed throughout the organisation.

At a previous Risk and Assurance Committee meeting it was determined that the sensitivity analysis had to be considered in the Long-Term Plan strategy. The following aspects related to the sensitivity analysis were confirmed as some areas that needed to be monitored carefully:

- Personnel – wage settlements (orange)
- Operating costs – inflation (orange)

To give members more direction and clarity, Chairperson Henderson invited the CFO and GM Business Partnering to give a more detailed summary of the sensitivity analysis study.

Furthermore, it was mentioned by Independent Member P Luciola, that insurance cycles do not correspond with other economic cycles. The overall state of the economy was unrelated to a variety of factors. In general, the current market was challenging, and interest rates were rising swiftly. Over the ensuing years, it was anticipated to soften; however, the effects of climate change were not adequately considered.

Moved Councillor James / Seconded Member Luciola

RESOLVED:

1. **THAT** the Enterprise Risk report dated May 2024 be **approved** and;
2. **THAT** changes in the risk assessment identified in Section 5 Changes in Risk Rating are **agreed** and;
3. **THAT** the Risk and Assurance Committee **review and provide guidance** on our Enterprise Risks and responses to these risks including:
 - i. Key and Emerging Risk review.
 - ii. Residual Risk Rating (Figure 1).
 - iii. Risk Direction (Figure 2).
 - iv. Actions to treat and control s enterprise risks and the status updates (Figures 2 and 3).

CARRIED

Adjournment: The meeting adjourned at 9:56 am and reconvened at 10:11 am.

Attendance: Procurement and Risk Manager entered the meeting at 10:11 am.

7.4 Treasury Management Reporting as at 31 March 2024

Refer pages 81-87 of agenda.

Moved Councillor James / Seconded Councillor O'Brien

RESOLVED:

THAT the Treasury Management report as at 31 March 2024 be **received**.

CARRIED

7.5 Risk and Assurance Policies Review – Treasury Policy

Refer pages 88-127 of agenda.

Document Version - It was noted that Appendix 1 '*Treasury Policy (Draft – Marked Up)*' attached to the agenda was an incorrect version and that the correct version was circulated prior to the meeting and uploaded to the website, following the release of the agenda.

Moved Councillor James / Seconded Member Luciola

RESOLVED:

1. **THAT** the draft Treasury Policy reflecting the Liability Management Policy and Investment Policies as required to be adopted by the Council as part of the Long Term Plan per Section 102 of the Local Government Act 2002 (the "Act") be **received**; and,
2. **THAT** the Risk and Assurance Committee **endorses** the presentation of the Treasury Policy to the Environment, Energy and Resilience Committee, who has the delegated responsibility to develop Council's Long Term Plan and recommendation presentation to Council for adoption prior to adoption of the Long Term Plan 2034; and
3. **THAT** the Risk and Assurance Committee **note** that the draft policy will be made available to Audit New Zealand.

CARRIED

7.6 Significant Forecasting Assumptions for the 2024-34 Long Term Plan – Interest Rate Credit Rating Assumption Update May 2024

Refer pages 128-137 of agenda.

Moved Councillor James / Seconded Councillor O'Brien

RESOLVED:

1. **THAT** the Risk and Assurance Committee **receive** the Significant Forecasting Assumptions - Significant Forecasting Assumptions for the 2024-34 Long Term Plan - Interest Rate Credit Rating Assumption Update May 2024; and,
2. **THAT** the Risk and Assurance Committee **endorses** the use of the PWC Cost of Funds Analysis - May 2024 interest rates assumptions AA- rated scenario (Table 4.1 Recommended / Appendix 1); and,
3. **THAT** the Risk and Assurance Committee **note** that the assumptions will be made available to Audit New Zealand.

CARRIED

7.7 Treasury – Update on Credit Rating

Refer pages 138-139 of agenda.

The chairperson invited Manager Financial Accounting to present the report.

A progress updated was provided. It was confirmed that the letter of engagement had been signed, and the next steps of the process had been initiated, including engagement with the analyst.

Moved Member Lucioli / Seconded Councillor James

RESOLVED:

THAT the Committee **receive** the update on the current status of the process to seek a credit rating.

CARRIED

7.8 Risk and Assurance 2024 Work Plan

Refer pages 141-142 of agenda.

Actions that required further work were recorded as follows:

- It was requested Audit NZ to attend the scheduled August 2024 Risk and Assurance meeting.
- An update needed to be provided to the management action status, for both internal and external assurance.
- That actions, from internal audits, to be added to the register.

Moved Councillor O'Brien / Seconded Member Lucioli

RESOLVED:

THAT the updated workplan 2024 be **received**.

CARRIED

8 Resolution to Exclude the Public

Refer pages 143-144 of agenda.

Moved Chairperson Henderson / Seconded Member Lucioli

RESOLVED:

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

1. Confirmation of Risk and Assurance Committee Public Excluded Minutes 1 March 2024
2. Boat Harbour Project Update
3. Legal Proceedings Report – April 2024
4. Road Legalisation 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:

	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
1.	Confirmation of Risk and Assurance Committee Public Excluded Minutes 1 March 2024	Good reason to withhold exists under Section 7.	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)
2.	Update of the Boat Harbour project	Good reason to withhold exists under Section 7.	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)
3.	Legal Proceedings Report – February 2024	Good reason to withhold exists under Section 7.	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)
4.	Road Legalisation report	Good reason to withhold exists under Section 7.	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 sections 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No	Interest
1, 3, 4	Maintain legal professional privilege (Schedule 7(2)(g))
1, 3, 4	Protect the privacy of natural persons, including that of deceased natural persons (Schedule 7(2)(a))
2	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (Schedule 7(2)(a))

CARRIED

The meeting moved to public excluded and returned to the public meeting at 2:33 pm.

COUNCILLOR O'BRIEN GAVE A CLOSING KARAKIA AND THE MEETING CLOSED AT 2:34 PM.

Confirmed at the meeting dated:
CHAIRPERSON