

## Audit and Risk Subcommittee Minutes

Meeting held in the Council Chamber  
36 Water Street, Whangārei  
on Wednesday 30 August 2023, commencing at 9.30am

### Tuhinga/Present:

Chairperson, Councillor Peter-Lucas Jones - *online*  
Councillor Joe Carr - *online*  
Councillor Amy Macdonald - *online*  
Councillor Marty Robinson – (*from 10.15am*)  
Councillor Rick Stolwerk  
Councillor Tui Shortland - *online*  
Independent Advisor Stuart Henderson  
Independent Risk Advisor Steve Watene

### I Tae Mai/In Attendance:

#### Full Meeting

Tumuai – Chief Executive – Jonathan Gibbard  
Pou Taumatua - GM Corporate Services – Bruce Howse  
Personal Assistant to GM Corporate Services – Margaret Knight

#### Part Meeting

Corporate Strategy Manager - Kyla Carlier  
Pou tiaki Hapori - GM Community Resilience - Louisa Gritt  
Biosecurity Manager Marine - Kaeden Leonard  
Financial Planning Manager – Casey Mitchell  
Human Resources Manager – Beryl Steele  
Audit and Assurance Lead - Mandy Tepania

*Secretarial Note: The Chair declared the meeting open at 9.35am and commenced proceedings with a karakia.*

### Ngā Mahi Whakapai/Housekeeping (Item 1.0)

#### Ngā whakapahā/Apologies (Item 2.0)

There were no apologies.

*Secretarial Note: Councillor Robinson had tendered his apology for delayed arrival.*

#### Nga whakapuakanga/Declarations of Conflicts of Interest (Item 3.0)

It was advised that members should make declarations item-by-item as the meeting progressed.

## **Confirmation of Minutes - 31 May 2023 (Item 4.1)**

**Report from Margaret Knight, PA to Group Manager Corporate Services**

**Moved (Macdonald/Carr)**

That the minutes of the Audit and Risk Subcommittee meeting held on 31 May 2023 be confirmed as a true and correct record and that these be duly authenticated with the Chair's electronic signature.

**Carried**

## **Receipt of Action Sheet (Item 5.1)**

**Report from Margaret Knight, PA to Group Manager Corporate Services**

**Moved (Macdonald/Carr)**

That the action sheet be received.

**Carried**

*Secretarial Note: Update on action item 6950 – Meeting with council members and auditors scheduled for COT 27 September.*

## **Internal Audit Schedule (Item 6.1)**

**Report from Mandy Tepania, Audit and Assurance Lead**

**Moved (Carr/Macdonald)**

That the report 'Internal Audit Schedule' by Mandy Tepania, Audit and Assurance Lead and dated 23 August 2023, be received.

**Carried**

The Corporate Strategy Manager and the Risk and Assurance Lead were in attendance to answer questions the subcommittee raised.

Key aspects of the discussion included:

- Rates collection audit has now been completed and will be reported at the next A&R meeting.
- Deloitte's audit report to be self-assessed in-house and referred to the subcommittee if they would like another external report to see how NRC are progressing.
- Cross reference external management audit with internal audit schedule to ensure internal audit schedule is relevant and flexible for emerging priorities.

## **Risk Management Activity Update (Item 6.2)**

**Report from Mandy Tepania, Audit and Assurance Lead**

### **Ngā mahi tūtohutia / Recommendation**

#### **Moved (Shortland/Stolwerk)**

That the report 'Risk Management Activity Update' by Mandy Tepania, Audit and Assurance Lead and dated 23 August 2023, be received.

#### **Carried**

The Corporate Strategy Manager was in attendance to lead the briefing. GM Community Resilience and Biosecurity Manager Marine were present to provide update around Caulerpa

Key aspects of the discussion included:

- *Caulerpa*: NRC's response has been to partner with Hapu, Iwi and MPI. MPI are statutory responsible to delimit spread of caulerpa. NRC have received \$1.15m from central government to fund this project. Staff to look more broadly at the risk to the economy.
- *Treaty settlement*: Risk is focussed on financial burden which does not reflect the current risks in our relationships pre and post settlement.
- *Niagara shipwreck*: Concerns around Niagara off the coast of Whangarei. Corporate Services Manager to circle back to the subcommittee after discussion with the Regional Harbourmaster on the risks, mitigation and preparedness.
- *Terms of Reference*: Need to ensure policies align with relevant legislation.
- *Cyber Communication Risk*: to be included as a separate risk.
- *Flood Risk*: Planned council workshop in a couple of weeks to help prioritise flood adaptation plan and infrastructure. CEO currently reviewing the class action against BOP regional council and will report back next agenda.

*Secretarial Note: Marty Robinson joined the meeting online at 10.15am.*

*Secretarial Note: Governance Specialist to run a standing order refresh tutorial on 6 September. Check and update if necessary, the ToR for subcommittees and working groups on NRC website.*

## **Deep Dive Reports: Caulerpa and Policies and Protocols (Item 6.3)**

**Report from Mandy Tepania, Audit and Assurance Lead**

#### **Moved (Stolwerk/Carr)**

That the report 'Deep Dive Reports: Caulerpa and Policies and Protocols' by Mandy Tepania, Audit and Assurance Lead and dated 23 August 2023, be received.

#### **Carried**

For transparency the Committee would like to know the process around policies and delegation of authority. CEO to summarise at next Audit & Risk Subcommittee.

## **People and Capability Strategy (Item 6.4)**

**Report from Beryl Steele, Human Resources Manager**

**Moved (Robinson/Stolwerk)**

That the report 'People and Capability Strategy' by Beryl Steele, Human Resources Manager and dated 26 July 2023, be received.

**Carried**

As a management document the delegated authority to approve the strategy sits with CEO.

*Secretarial Note: Council felt it was an outstanding document with good timeframes and acknowledged Beryl and everyone's participation in developing the strategy.*

## **Health and Safety Report (Item 6.5)**

**Report from Tamsin Sutherland, Health and Safety Advisor and Beryl Steele, Human Resources Manager**

**Moved (Stolwerk/Jones)**

That the report 'Health and Safety Report' by Tamsin Sutherland, Health and Safety Advisor and Beryl Steele, Human Resources Manager and dated 3 August 2023, be received.

**Carried**

Changes from Top 10 last year were:

- Scuba diving - signed off changes with a standard operating procedure
- Mitigation with the compliant safety shower in proximity to onsite chemical handling and storage at Flyger Road Nursery.
- Bullying not prevalent in the organisation but consequences can be serious – training and support in place.
- A gap in health and safety for governance which could be explored in COT or upcoming workshop. CEO to send copy of 'Harassment of Councillors' document to the committee.

## **Treasury Management/Liability and Investment Policy Review (Item 6.6)**

**Report from Casey Mitchell, Financial Planning Manager**

**Moved (Jones/Stolwerk)**

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### **Recommendation(s)**

1. That the report 'Treasury Management/Liability and Investment Policy Review' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 11 August 2023, be received.
2. That the subcommittee supports the policy updates as recommended by PWC, and recommends to council the adoption of the updated Treasury Management Policy, Liability Management Policy and Investment Policy.

**Carried**

Concerns were raised about the policy updates which were limited in scope and not done in conjunction with changes to the SIPO. An in-depth review would need to be undertaken at a cost of \$20,000 - \$30,000. NRC would be statutory compliant with the current document.

### *Secretarial Note:*

- *It was advised that an additional recommendation be included with the approval of the mover and seconder (in accordance with Standing Order 23.4) as follows:*

### **Moved (Henderson/Jones)**

1. That the report 'Treasury Management/Liability and Investment Policy Review' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 11 August 2023, be received.
2. That the subcommittee supports the policy updates as recommended by PWC, and recommends to council the adoption of the updated Treasury Management Policy, Liability Management Policy and Investment Policy.
3. That the subcommittee supports an independent review of the treasury management, liability and investment policies and outcomes reported back to the Audit and Risk Subcommittee in November.

**Carried**

### *Secretarial Note:*

- *Noted recommendation 2 and 3 were now in conflict. Committee decided to rescind recommendation 3 and amend recommendation 2 (in accordance with Standing Order 24.5).*
- *It was advised that the recommendation be amended with the approval of the mover and seconder (in accordance with Standing Order 23.4) the motion was replaced with the following:*

### **Moved (Jones/Stolwerk)**

1. That the report 'Treasury Management/Liability and Investment Policy Review' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 11 August 2023, be received.
2. That the subcommittee supports the policy updates as recommended by PWC.

### **Carried**

*(The Chair in putting the motion called for an expression of opinion, the result being Councillors Jones, Macdonald, Robinson and Shortland voted in favour. Councillor Stolwerk voted against.)*

## **Audit Fees (Item 6.7)**

### **Report from Bruce Howse, Pou Taumatua – Group Manager Corporate Services**

### **Moved (Robinson/Macdonald)**

1. That the report 'Audit Fees' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 18 August 2023, be received.
2. That a letter, signed by the Chair of the Audit and Risk Subcommittee, is sent to the Office of the Auditor General (OAG) outlining concern with the increasing cost of audit fees and enquiring as to:
  - if the OAG intends to review the current Auditor appointment process, particularly with a view to introducing competition within the market; and,
  - if the OAG intends to review the current audit process from an efficiency, value add and cost-benefit perspectives; and,
  - requesting information on the rate of increase of audit fees for other councils throughout New Zealand.

### **Carried**

## **Kaupapa ā Roto/Business with Public Excluded (Item 7.0)**

### **Moved (Robinson/Stolwerk)**

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reasons/Grounds
7.1	Confirmation of Confidential Minutes - 31 May 2023	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(b)(ii).

7.2	Receipt of Action Sheet - confidential	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h).
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3. That the Independent Advisors be permitted to stay during business with the public excluded.

**Carried**

*Secretarial Note: Lost video link at 11.50am for a minute with Chair of the Audit and Risk Committee. Councillor Stolwerk assumed chair until Councillor Jones reconnected a minute later at 11.51am.*

**Whakamutunga (Conclusion)**

The chair closed the meeting at 12.00pm with a karakia.