

Audit Risk and Finance Committee Minutes

Meeting held in the Council Chamber
36 Water Street, Whangārei
on Wednesday 28 February 2024, commencing at 9.30am

Tuhinga/Present:

Chairperson, Councillor Peter-Lucas Jones
Councillor Joe Carr
Councillor Jack Crow
Councillor Geoff Crawford (Ex-Officio)
Independent Tangata Whenua Member, George Riley
Independent Tangata Whenua Member, Dee-Ann Wolferstan
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

Pou Whakaritenga – GM Regulatory Services, Colin Dall
Governance Specialist, Gavin Dawson
Pou tiaki Hapori - GM Community Resilience, Louisa Gritt
Property Manager, Phil Heatley
People & Culture Manager, Beryl Steele
Audit and Assurance Lead, Mandy Tepania

The Chair declared the meeting open at 9.30am and commenced proceedings with a karakia.

Ngā Mahi Whakapai/Housekeeping (Item 1.0)

Ngā whakapahā/Apologies (Item 2.0)

Moved (Craw/Carr)

That the apologies from Councillor Blackwell and Independent Consultant, Jonathan Eriksen for non-attendance be received.

Carried

Secretarial Note: Dee-Ann Wolferstan and George Riley tendered their apologies 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 - 29 November 2023 (Item 4.1)

Report from Margaret Knight, PA to Group Manager Corporate Services

Moved (Carr/Crawford)

That the minutes of the Audit & Risk Subcommittee held on 29 November 2023 be confirmed as a true and correct record and that these be duly authenticated with the Chair's electronic signature.

Carried

Moved (Craw/Crawford)

That the minutes of the Investment & Property Subcommittee meeting held on 29 November 2023 be confirmed as a true and correct record and that these be duly authenticated with the Chair's electronic signature.

Carried

Secretarial Note: This being the inaugural meeting of the Audit, Risk and Finance Committee, a merging of the Audit & Risk and Investment & Property Subcommittees, the minutes from those previous meetings were officially approved.

Secretarial Note: Dee-Ann Wolferstan joined the meeting at 9.35am.

Receipt of Action Sheet (Item 5.1)

Report from Margaret Knight, PA to Group Manager Corporate Services

Moved (Carr/Crawford)

That the action sheet be received.

Carried

Secretarial Note: This being the inaugural meeting of the Audit, Risk and Finance Committee, a merging of the Audit & Risk and Investment & Property Subcommittees, the historical actions will be covered off by this Committee.

29 November 2023 Meeting Actions Update (Item 6.1)

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

Moved (Carr/Craw)

That the report '29 November 2023 Meeting Actions Update' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 16 February 2024, be received.

Carried

Secretarial Note: George Riley joined the meeting at 10.00am.

Secretarial Note:

- *AI Policy to be discussed further as part of Item 6.9 of the agenda.*
- *CEO and GM Corporate Services to review policy around monitoring of emails and disclaimers as part of staff and councillor email signatures.*
- *Fraud, corruption and dishonesty staff awareness training, run by an independent, is scheduled this year that would incorporate how to report whistleblowing.*
- *An amendment to the Fraud, Corruption and Dishonesty Control Policy should include the procedure should the FLO be subject to scrutiny.*

Internal Audit Schedule (Item 6.2)

Report from Mandy Tepania, Audit and Assurance Lead

Moved (Craw/Wolferstan)

That the report 'Internal Audit Schedule' by Mandy Tepania, Audit and Assurance Lead and dated 16 February 2024, be received.

Carried

Secretarial Note:

- *Noted we had an insurance review done 2-3 years ago, the committee agreed that Item 6.4 would be sufficient to not have to undertake an additional review.*
- *Add staff member name(s) to the internal audit schedule items for those items they are responsible for.*

Litigation Schedule Half Yearly Report July-December 2023 (Item 6.3)

Report from Bruce Howse, Pou Taumatua – Group Manager Corporate Services and Samuel van Hout, Corporate Policy Analyst

Moved (Wolferstan/Crawford)

That the report 'Litigation Schedule Half Yearly Report July-December 2023' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and Samuel van Hout, Corporate Policy Analyst and dated 16 February 2024, be received.

Carried

Secretarial note:

- *Further information in support of the litigation schedule was previously circulated to committee members and tabled for consideration at the meeting.*
- *The financial report provided to council to be included as a standard item to the agenda going forward.*
- *The litigation schedule to have an additional budget column.*
- *GM Corporate Services to circulate to members a briefing note articulating how the budget for litigation is worked out and will provide historical data of 2-3 years to see how the nominal budget zeros off at the end of the year to see how that budget has worked.*
- *CEO had received a number of questions around NRC's delegations manual and will provide a proposal for governance to have greater oversight of our regulatory services roles and*

functions. The proposal will be distributed to committee next week and will form part of the role and function of this committee

Secretarial Note: Dee-Ann Wolferstan declared an interest she was on the review of the solicitor-general's prosecution guidelines.

Insurance Update (Item 6.4)

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

Moved (Carr/Crawford)

That the report 'Insurance Update' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 16 February 2024, be received.

Carried

Secretarial Note: Dee-Ann Wolferstan declared she has been a professional advisor for insurance.

Secretarial Note:

- The committee considered the merits of moving some of the policies to self insurance. The committee pointed out that NRC needed to be aware of their responsibilities to staff as this could be a potential risk if the committee recommended to council to cut the insurance that is part of an employment agreement.*
- GM Corporate Services to request AON to provide a 10-year breakdown of what NRC have spent and claims paid out and any criminal litigations that have been heard outside of the insurance policy that would cause us to say we need that insurance.*

Risk Management Activity Update (Item 6.5)

Report from Mandy Tepania, Audit and Assurance Lead

Moved (Riley/Carr)

That the report 'Risk Management Activity Update' by Mandy Tepania, Audit and Assurance Lead and dated 16 February 2024, be received.

Carried

Secretarial Note:

- Since the agenda had been distributed the GM Community Resilience had reviewed the 'flood infrastructure failure' risk and the residual rating had moved from a 5 to 10. Central to this movement is the difficulty NRC were having to recruit an asset manager which is a key role to managing this risk.*
- Niagara wreck risk is now captured under 'oil spill' risk to support standard protocols. The Harbourmaster had provided an in-depth brief at the last committee meeting. GM Community Resilience to send response plans to Cllr Crawford for his meeting with the Minister.*
- A new control around liability insurance has been added on the back of the Soil Conservation Act and the Rivers Act which states in s 148 that if the owner occupier of any land or property gives notice in writing to any board warning that any dams, site or reservoirs maintained by the board that require it to strengthen or repair the same within a reasonable time after*

delivery of the notice fails to take proper and reasonable action shall be made good by the board. Controls have been initiated to make sure there is a more robust customer inquiry process making sure that these sort of things are followed up specifically within the natural hazards and flood inquiries teams.

- *Staff to keep the Audit, Risk and Finance Committee updated on Edgecumbe class action.*
- *Cllr Carr flagged the Kauri Dam as an issue NRC should put a lens across.*
- *Noted NRC had a duty of care to their employees when dealing with aggressive people and needed to ensure training, awareness and support were available.*
- *GM Corporate Services to email the Eriksen report to the committee and noted that the SIPO had recently been independently reviewed and endorsed by the committee and approved by council.*
- *Fast Track legislation could have a significant impact on NRC. NRC leadership need to make sure the risk assessment and risk profiling is up to date with the current political environment and political direction and feedback to the committee.*
- *Cllr Jones felt that the 'treaty settlement' risk should be owned by every GM rather than one person.*
- *A simple dashboard including who owns the risk/mitigation.*

Fraud Corruption & Dishonesty Risk Report (Item 6.6)

Report from Mandy Tepania, Audit and Assurance Lead

Moved (Craw/Crawford)

That the report 'Fraud Corruption & Dishonesty Risk Report' by Mandy Tepania, Audit and Assurance Lead and dated 16 February 2024, be received.

Carried

Secretarial Note: Committee thanked management team for the control systems which showed risks relatively low in comparative to other organisations of this size.

Risk Deep Dive Report - Cyber Security (Item 6.7)

Report from Mandy Tepania, Audit and Assurance Lead

Moved (Wolferstan/Carr)

That the report 'Risk Deep Dive Report - Cyber Security' by Mandy Tepania, Audit and Assurance Lead and dated 16 February 2024, be received.

Carried

Secretarial Note: GM Corporate Services to review the Business Continuity Plan which sits across the Disaster Recovery Plan and bring back to the next Audit, Risk and Finance Committee.

Health and Safety Quarterly report (Item 6.8)

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

Moved (Wolferstan/Riley)

That the report 'Health and Safety Quarterly report' by Tamsin Sutherland, Health and Safety Advisor and Beryl Steele, Human Resources Manager and dated 16 February 2024, be received.

Carried

Secretarial Note:

- *GM Corporate Services to report back to the committee NRC's health and safety critical risks to understand NRC's current position and actions they are taking to address these risks.*

AI Policy (Item 6.9)

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

Moved (Watene/Carr)

That the report 'AI Policy' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 16 February 2024, be received.

Carried

Secretarial Note:

- *The Committee would like the draft AI policy to be reviewed by legal counsel.*
- *The policy should consider Treaty Settlement Acts, data sovereignty and legislative compliance.*

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

Moved (Crawford/Riley)

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.

Carried

Moved (Carr/Craw)

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 - 29 November 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 Confidential Action Sheet	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect the

		privacy of natural persons, including that of deceased natural persons s7(2)(a).
7.3	Update on Council's Current Redevelopments and Other Property Matters	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), the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).

3. That the Independent Advisors be permitted to stay during business with the public excluded

.Carried

Whakamutunga (Conclusion)

The chair closed the meeting at 1.00pm with a karakia.

UNCONFIRMED