WAIMAKARIRI DISTRICT COUNCIL

MINUTES FOR THE MEETING OF THE AUDIT AND RISK COMMITTEE HELD IN THE WAIMAKARIRI DISTRICT COUNCIL CHAMBERS, 215 HIGH STREET, RANGIORA ON TUESDAY 22 MAY 2018 COMMENCING AT 3.30PM.

PRESENT

Councillor N Atkinson (Chairperson), Deputy Mayor K Felstead, Mayor D Ayers, Councillors A Blackie, K Barnett and P Williams

IN ATTENDANCE

Councillors D Gordon, J Meyer, W Doody, and S Stewart (from 3.35pm)
Messrs J Palmer (Chief Executive), J Millward (Manager Finance and Business Support), S Markham (Manager Strategy and Engagement), L Ashton (Organisational Development and HR), Mr S Hart (Business and Centres Manager), M Harris (Customer Services Manager), P Christensen (Finance Manager), and Mrs A Smith (Committee Advisor)

1 APOLOGIES

There were no apologies.

2 CONFLICTS OF INTEREST

No conflicts of interest were noted.

3 CONFIRMATION OF MINUTES

3.1 Minutes of a meeting of the Audit and Risk Committee held on Tuesday 27 March 2018

Moved Councillor Barnett seconded Councillor Williams

THAT the Audit Committee

(a) Confirms the circulated minutes of a meeting of the Audit and Risk Committee, held on the 27 March 2018, as a true and accurate record.

CARRIED

4 MATTERS ARISING

There were no matters arising.

5 PRESENTATION/DEPUTATION

There was no presentations.
6 REPORTS


Mr John MacKey Director from Audit New Zealand, was present for consideration of this report and to present the Audit New Zealand’s Management Report on the Consultation Document (CD) for the 2018-2028 Long Term Plan and the Audit Plan for the Annual Report for the year ended 30 June 2018. Audit New Zealand issued an unmodified audit opinion on the CD.

The two recommendations from the Auditors are to include a performance measure that demonstrates whether the Council is providing the agreed level of service for the condition of its unsealed roads. As noted in the report, the unsealed roading network is 38% of road length in the district, but carries just 3% of traffic. The Council would like to consider alternatives and it was noted that any alternative needs to be measurable.

The second recommendation relates to the liquidity ratio limit so that it is not breached, or for an explanation to be provided as to why it is appropriate that it is breached. The report notes this will be corrected within the final LTP.

Moved Councillor Felstead seconded Councillor Williams

THAT the Audit and Risk Committee

(a) Receives report No. 180504048623

(b) Receives Audit New Zealand’s Management Report on the Consultation Document for the 2018-2028 Long Term Plan;

(c) Receives the Audit Plan for the Annual Report for the year ended 30 June 2018;

(d) Notes there are no significant matters arising from the management letter for the Consultation Document. Staff have provided responses to the Auditors comments and recommendations.

CARRIED

Deputy Mayor Felstead commented on the variables for measuring what is considered a “good” unsealed road.

Mr McKay noted the audit arrangements letter has been replaced by the Audit Plan, to highlight the areas of audit focus to set out responsibilities of Audit New Zealand.

There has been additional work undertaken by the Auditors, and assisted through Deloittes on the issue of detecting fraud.

Mayor Ayers noted that several Councillors have recently attended an Audit and Risk workshop, noting that there seems to be a higher importance placed on Risk. Mr Mackey said risk is important and it is up to each Council to identify risk and how to deal with it.
6.2 **Mobile Plant Review and Update of Plant Purchase and Replacement Policy- Jill Brightwell (Asset Information Management Team Leader) and Jeff Millward (Manager Finance and Business Support)**

Mr Millward presented this report, which provided a review of the fleet replacement process. The previous review was undertaken in 2013. The review was undertaken in February 2018 by fleet utilisation specialists, OptiFleet. It is recommended to extend the period to replace vehicles and plant as identified in the report and the Plant Purchase and Replacement Policy has been amended to reflect the findings of the review.

Deputy Mayor asked if the $800,000 that is recommended be used to offset debt, could be used to reduce rates instead? Mr Millward said this could be an option, but this would be a one off reduction, and rates would increase again the following year.

Mr Palmer added that it is the discretion of the Council what it does with this funding and could be left to be decided as part of the LTP deliberations at Council meeting on 29 May.

Councillor Gordon asked if there had been any consideration given to the Council having electric vehicles as part of its pool of vehicles. Mr Millward said this has been considered, but there are matters that need to be taken into account, including having a charging station, who takes responsibility for charging fleet vehicles and who pays for it, if staff are taking vehicles home each night.

Moved Deputy Mayor Felstead seconded Councillor Blackie

**THAT** the Audit and Risk Committee

(a) **Receives** report No. 170915100061

(b) **Approves** the recommendation of the amendment of Plant Purchase and Replacement Policy to a frequency basis as outlined below with a staged implementation programme of items not previously identified:

   i. Sedans/SUV: 3 years/75,000Km;

   ii. Utilities/Van not as part of Water Unit Department: 4 Years/100,000km;

   iii. Water Unit Utilities: 3 years/100,000km;

   iv. Water Unit Reticulation Division Service Bodies: 9 years;

   v. Trailers: 7 years;

   vi. Trucks (excluding Rural Fire): 10 years;

   vii. Other mobile Plant: as per agreement with relevant department manager and fleet manager pending additional funding approval through Annual Plan budget planning;

   viii. Exceptions to this replacement frequency policy are: NZRT12 vehicles, Community Watch vehicle and any vehicles under an employment contract;

(c) **Approves** $800,000 to be transferred from the Plant account to the General account, with the allocation to be decided at the Council LTP deliberations meeting on May 29 2018.
(d) **Notes** that documentation of all non-standard items on vehicles will be recorded and linked to the appropriate asset within Council Asset Register e.g. Civil Defence special equipment;

(e) **Notes** that further investigation will be undertaken that addresses onsite parking and further rationalising of the fleet.

CARRIED

### 6.3 Outcomes of the WDC Health and Safety Risk Register Review March 2018 – Liz Ashton (Manager Organisation Development and HR)

C Browne presented this report to show the outcomes of the March 2018 WDC Health and Safety Risk Register review, and associated plan for high-risk and/or high consequence activities. The Risk Register is reviewed twice-yearly and the most recent review is the fourth review undertaken. There was no significant change in either the number of risks or risk ratings. Any changes made to the register have been included in the Risk Register Action Plan.

Councillor Williams asked what the high risks are and these were noted as contractors, volunteers, staff working in adverse weather events and airfield operations.

Moved Councillor Williams seconded Deputy Mayor Felstead

**THAT** the Audit and Risk Committee

(a) **Receives** report No 180508050220,

(b) **Reviews** the outcomes of the WDC Health and Safety Risk Register Review March 2018,

(c) **Notes** the format for the associated action plan for high risk/high consequence activities, and

(d) **Notes** next steps for implementation of actions.

(e) **Notes** the intention to implement a Risk Management system (Promapp) to manage Health and Safety Risk for WDC in the second half of 2018.

**CARRIED**

### 6.4 Capital Projects Report for the period ended 31 March 2018 – Paul Christensen (Finance Manager)

Mr Christensen presented this report, which was taken as read. There were no questions.

Moved Councillor Blackie seconded Deputy Mayor Felstead

**THAT** the Audit and Risk Committee

(a) **Receives** report No. 180424044711.

(b) **Circulates** the report to the Boards

(c) **Notes** that progress of the capital projects with 185 (77%) of the 239 projects on time or completed

**CARRIED**
6.5 **Financial Report for the period ended 31 March 2018 – Paul Christensen (Finance Manager)**

P Christenson presented this report to the committee advising of the financial result for the quarter ended 31 March 2018 and highlighted some of the financial figures from the report. The Councils operating surplus of $5.6m is slightly less than the budget of $6.0m, due to expenditure being slightly over budget. This is still a small percentage, and by the end of the year it is anticipated that this figure will come back closer to budget.

The Council’s financial position remains sound and is within all Policy limits. The Council’s credit rating was confirmed in March at Standard & Poors to be AA with a negative outlook. The negative outlook is based on a large programme of capital work and a quickly rising debt burden.

Moved Deputy Mayor Felstead seconded Councillor Atkinson

**THAT** the Audit and Risk Committee

(a) **Receives** report No. 180423044242.

(b) **Notes** that progress is tracking slightly unfavourably in comparison to budget but is expected to be close to budget for the financial year.

**CARRIED**

7 **PORTFOLIO UPDATES**

7.1 **Audit, Risk, Long Term Plan and Excellence Programme – Deputy Mayor Kevin Felstead**

Nothing to report.

7.2 **Communications – Councillor Neville Atkinson**

Nothing to report.

8 **QUESTIONS**

There were no questions.

9 **URGENT GENERAL BUSINESS**

There was no urgent general business.
MATTERS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

Section 48, Local Government Official Information and Meetings Act 1987

Moved Deputy Mayor Felstead seconded Councillor Blackie

THAT the public be excluded from the following parts of the proceedings of this meeting.

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:

<table>
<thead>
<tr>
<th>Item No</th>
<th>Minutes/Report of:</th>
<th>General subject of each matter to be considered</th>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Minutes of the Public Excluded Portion of the Audit and Risk Committee meeting of 27 March 2018</td>
<td>Confirmation of Minutes</td>
<td>Good reason to withhold exists under Section 7</td>
<td>Section 48(1)(a)</td>
</tr>
<tr>
<td>10.2</td>
<td>Report of Lee Palmer (Credit Controller)</td>
<td>Approval to write off Debtor account</td>
<td>Good reason to withhold exists under Section 7</td>
<td>Section 48(1)(a)</td>
</tr>
</tbody>
</table>

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 which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

<table>
<thead>
<tr>
<th>Item No</th>
<th>Reason for protection of interests</th>
<th>Ref NZS 9202:2003 Appendix A</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1 – 10.2</td>
<td>Protection of privacy of natural persons To carry out commercial activities without prejudice</td>
<td>A2(a) A2(b)ii</td>
</tr>
</tbody>
</table>

CARRIED

CLOSED MEETING

Resolution to resume in Open Meeting

Moved Councillor Atkinson seconded Councillor Blackie

THAT open meeting resumes and the business discussed with the public excluded in Item 10.1 remains public excluded and the recommendation in Item 10.2 be made public

CARRIED
10.2 Approval to write off Debtor account Mr Joshua Morgan – Lee Palmer (Credit Controller)

Moved Councillor Atkinson seconded Councillor Blackie

THAT the Audit and Risk Committee

(a) Receives report no. 180503048320.

(b) Approves a write off to bad debt in the sum of $6,667.13.

CARRIED

OPEN MEETING

There being no further business, the meeting closed at 4.13pm.

CONFIRMED

__________________________
Chairperson

__________________________
Date

WORKSHOP

At the conclusion of the meeting, a workshop was held to discuss the following District Promotions matters:

- Events Grant Funding
- Kaiapoi i-SITE evaluation