



# AUDIT AND RISK COMMITTEE

## Open Minutes

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Meeting Date: Friday 26 March 2021

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Time: 1.00pm-2.36pm

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Venue Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
Napier

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Present John Palairt (In the Chair), David Pearson, Councillors Nigel Simpson and Councillor Graeme Taylor

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In Attendance Director Corporate Services (Adele Henderson) *via zoom link*  
Chief Financial Officer (Caroline Thomson)  
Manager Business Excellence & Transformation (Jane Kilgender)  
Director Infrastructure Services (Jon Kingsford)  
Procurement Lead (Sharon O'Toole)  
Manager Sport and Recreation (Glenn Lucas)  
Audit New Zealand (Karen Young) *(via zoom link)*

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Administration Governance Advisor (Carolyn Hunt)

## Apologies

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Councillors Taylor / Simpson

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That the apology from Mayor Wise be accepted.

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Carried

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## Conflicts of interest

Councillor Simpson declared a conflict in Item 2 – Sensitive Expenditure – Mayor and Chief Executive.

## Public forum

Nil

## Announcements by the Mayor

Nil

## Announcements by the Chairperson

Nil

## Announcements by the management

Nil

## Confirmation of minutes

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Councillor Simpson / D Pearson

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That the Minutes of the meeting held on 9 December 2020 were taken as a true and accurate record of the meeting.

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Carried

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# AGENDA ITEMS

## 1. RISK MANAGEMENT REPORT MARCH 2021

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<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1286831
<i>Reporting Officer/s &amp; Unit:</i>	Jane Klingender, Manager Business Excellence & Transformation

### 1.1 Purpose of Report

To provide the Audit and Risk Committee (Committee) with an update on risk management with reference to responsibilities listed in the Audit & Risk Charter; to report on high and extreme strategic risks; and to note emerging risks.

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### At the Meeting

The Manager Business Excellence and Transformation, Ms Klingender advised that Council's Senior Leadership Team (SLT) met and endorsed the Risk Management Programme to meet the objectives of the Risk Maturity Maxtrix and statutory compliance goal.

A Working Group had been established to progress Business Continuity Planning. Plans were updated during COVID based on business impacts. The Continuity Plans covers each of Council's operational activities in each business area.

A workshop would be held with SLT to review and update the strategic risks, risk definitions between strategic and operational risks.

A new position for a Risk Assurance Lead had been established last year and a training curriculum was being developed for risk which negated the necessity for the Risk Committee.

### Committee's recommendation

D Pearson / Councillor Simpson

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The Audit and Risk Committee:

- a. Receive the Risk Management Report dated 26 March 2021
  - b. Note that the Senior Leadership Team have agreed to an action plan to progress towards organisational risk maturity and to review statutory compliance at least annually, including identifying progress against the top 5 risks agreed by Council, and review will be formally reported to Council.
  - c. Note that a working group has been established to progress Business Continuity Planning.
  - d. Note that a workshop will be scheduled for the Senior Leadership Team to review current strategic risks.
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- e. Note the emerging risks.

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Carried

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*Councillor Simpson having declared a conflict of interest did not participate in discussion or decision making.*

## 2. SENSITIVE EXPENDITURE - MAYOR AND CHIEF EXECUTIVE

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*Type of Report:* Procedural

*Legal Reference:* N/A

*Document ID:* 1293268

*Reporting Officer/s & Unit:* Caroline Thomson, Chief Financial Officer

### 2.1 Purpose of Report

To provide the information required for the Committee to review Sensitive Expenditure of the Mayor and Chief Executive for compliance with Council's Sensitive Expenditure Policy.

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#### At the Meeting

The Chief Financial Officer spoke to the report and confirmed that all items identified in the report for this quarter comply with Council's policy.

#### Committee's recommendation

Councillors Palairet / Taylor

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The Audit and Risk Committee:

- a. Receive the 31 December 2020 quarterly report of Sensitive Expenditure for the Mayor and Chief Executive and review for compliance with the Sensitive Expenditure Policy.
- b. Endorse that the expenditure was compliant with the Sensitive Expenditure Policy.

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Carried

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## 3. EXTERNAL ACCOUNTABILITY: INVESTMENT AND DEBT REPORT

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*Type of Report:* Operational

*Legal Reference:* N/A

*Document ID:* 1293270

*Reporting Officer/s & Unit:* Caroline Thomson, Chief Financial Officer

### 3.1 Purpose of Report

To consider the snapshot report on Napier City Council's Investment and Debt as at 28 February 2021.

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#### At the Meeting

The Chief Financial Officer spoke to the report and provided a brief overview. Two representatives from the Local Government Funding Agency (LGFA) had met with officers this week to go through the projected debt for the Long Term Plan (LTP). The LGFA is now offering greater flexibility with borrowing terms and facilities and is establishing a sustainable bond issuance framework.

#### Committee's recommendation

Councillor Palairat / D Pearson

The Audit and Risk Committee:

- a. Receive the snapshot report on Napier City Council's Investment and Debt as at 28 February 2021.

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Carried

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## 4. WASTEWATER TREATMENT PLANT - OUTFALL PIPE REPAIR SUMMARY

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<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1295323
<i>Reporting Officer/s &amp; Unit:</i>	Jon Kingsford, Director Infrastructure Services

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### 4.1 Purpose of Report

To provide Audit and Risk Committee a further update on the repair of the outfall pipe.

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#### At the Meeting

The Director Infrastructure Services, Mr Kingsford updated the meeting on the outfall pipe repair. The Hawke's Bay Regional Council had issued a non compliance abatement notice introducing a risk of prosecution due to non-compliance with resource consent.

In February 2021 work was completed and multiple inspections from the air and sea were undertaken and showed no leaks. The Hawke's Bay Regional Council have confirmed withdrawal of the abatement notice.

A total of \$2m had been budgeted for the work and the actual cost spent was \$1.3m. Going forward money would be budgeted into the Long Term Plan to replace the pipe in the ten year programme.

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**Committee's recommendation**

Councillor Taylor / D Pearson

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The Audit and Risk Committee:

- a. To receive the Wastewater Treatment Plant - Outfall Pipe Repair Summary update dated 26 March 2021.

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Carried

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## 5. HEALTH AND SAFETY REPORT (LATE ITEM)

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*Type of Report:* Information

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*Legal Reference:* N/A

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*Document ID:* 1299995

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*Reporting Officer/s & Unit:* Sue Matkin, Manager People & Capability

### 1.1 Purpose of Report

The purpose of this paper is to provide the Audit & Risk Committee with an overview of Health & Safety activity for the period 1 October to 31 December 2020.

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#### At the Meeting

It was noted at the meeting that in accordance with the Local Government Official Information and Meetings Act 1987, section 46A(7)(b)(i) this item had not been included in the agenda due to technical difficulties.

#### Committee's recommendation

Councillor Palairt / D Pearson

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- a. The Audit and Risk Committee:
- b. Receive the Health and Safety report for the period 1 October to 31 December 2020

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Carried

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# PUBLIC EXCLUDED ITEMS

Councillors Taylor / Simpson

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

1. External Accountability: Audit New Zealand Management Report
2. Internal Audit of NCC Procurement (tendering) processes,
3. Lighting in the City
4. External Accountability: Long Term Plan 2021-31 Underlying Documents
5. Napier Aquatic Centre Incident

Carried

The general subject of each matter to be considered while the public was excluded, the reasons 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 were as follows:

<b>General subject of each matter to be considered.</b>	<b>Reason for passing this resolution in relation to each matter.</b>	<b>Ground(s) under section 48(1) to the passing of this resolution.</b>
<p>1. External Accountability: Audit New Zealand Management Report</p>	<p>7(2)(c)(i) Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied</p> <p>7(2)(g) Maintain legal professional privilege</p>	<p>48(1)A That the public conduct of the whole or 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 would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>

<p>2. Internal Audit of NCC Procurement (tendering) processes,</p>	<p>7(2)(f)(i) Maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) applies, in the course of their duty</p>	<p>48(1)A That the public conduct of the whole or 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 would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>
<p>3. Lighting in the City</p>	<p>7(2)(b)(ii) 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</p> <p>7(2)(f)(i) Maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) applies, in the course of their duty</p>	<p>48(1)A That the public conduct of the whole or 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 would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>
<p>4. External Accountability: Long Term Plan 2021-31 Underlying Documents</p>	<p>7(2)(f)(i) Maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) applies, in the course of their duty</p>	<p>48(1)A That the public conduct of the whole or 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 would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official</p>



		Information and Meetings Act 1987.
5. Napier Aquatic Centre Incident	<p>7(2)(a) Protect the privacy of natural persons, including that of a deceased person</p> <p>7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities</p>	<p>48(1)A That the public conduct of the whole or 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 would exist:</p> <p>(i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>

*The meeting moved into Public Excluded session at 1.30pm*

*The meeting closed at 2.36pm.*

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Approved and adopted as a true and accurate record of the meeting.

Chairperson .....

Date of approval .....