

**MINUTES OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL  
RISK AND ASSURANCE COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA  
ON THURSDAY, 8 AUGUST 2024 AT 9.00AM**

**PRESENT:** Independent Chair Andrew Gibbs  
Mayor Alex Walker  
Cr Pip Burne  
Cr Gerard Minehan (*online*)  
Independent Member Mike Timmer

**IN ATTENDANCE:** Doug Tate (Chief Executive)  
Nicola Bousfield (Group Manager People and Business Enablement)  
Brent Chamberlain (Chief Financial Officer)  
Lisa Harrison (Acting Group Manager Community Partnerships)  
Dylan Muggeridge (Group Manager Strategic Planning & Development)  
Mark Kinvig (Group Manager Community Infrastructure and Development)  
  
Jane Budge (Strategic Governance Manager)  
Jim Palmer  
Annelie Roets (Governance Lead)

**1 KARAKIA**

The Chair, Andrew Gibbs welcomed everyone and those attending online.

Mayor Alex Walker opened with a karakia and welcomed Council's new independent chair and member to the Risk & Assurance Committee.

The Chair thanked the Chief Executive for the thorough Induction process held last week.

**2 APOLOGIES 24.20**

Moved : Mayor Alex Walker

Seconded: Mike Timmer

**That the apology for Councillor Tim Aitken be accepted.**

**CARRIED**

**3 DECLARATIONS OF CONFLICTS OF INTEREST**

Mr. Mike Timmer declared his directorship at Whanganui District Council. The Chief Executive noted that Independent Risk & Assurance Committee members have completed an internal Conflict of Interest declaration and this has been cleared by the Chief Executive.

**4 STANDING ORDERS**

**RESOLUTION: 24.21**

Moved: Mayor Alex Walker

Seconded: Cr Pip Burne

**That the following standing orders are suspended for the duration of the meeting:**

- 21.2 Time limits on speakers.
- 21.5 Members may speak only once.

- 21.6 Limits on number of speakers.

**And that Option C under section 21 General procedures for speaking and moving motions be used for the meeting.**

**Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.**

**CARRIED**

- *Councillor Gerard Minehan joint the meeting online via Zoom at 9.05am.*

## **5 CONFIRMATION OF MINUTES**

### **RESOLUTION: 24.22**

Moved: Mayor Alex Walker

Seconded: Cr Pip Burne

**That the minutes of the Risk and Assurance Committee Meeting held on 20 June 2024 as circulated, be confirmed as true and correct.**

**CARRIED**

## **6 REPORT SECTION**

### **6.1 RESOLUTION & ACTION MONITORING REPORT**

#### **PURPOSE**

The purpose of this report is to present to the Committee the Risk and Assurance Committee Resolution Monitoring Report. This report seeks to ensure the Committee has visibility over work that is progressing, following resolutions made or actions requested by the Committee.

### **RESOLUTION: 24.23**

Moved: Cr Pip Burne

Seconded: Mike Timmer

**That the report be noted.**

**CARRIED**

The report was introduced by Doug Tate and was taken as read. Key points discussed included:

- **Item 1 – Insurance Renewal Update and Insurance Strategy Development:** Mr. Jim Palmer will join the meeting today to provide feedback and advice on the insurance strategy work.
- **Under Actions:** It was noted that three actions have now been completed.
- **Item 4 (Actions) – Treasury Management Report:** This report, related to property investment, is included in the work program scheduled for later this year.
- **Insurance Strategy:** The strategy is still in draft form and is a work in progress. Today's workshop session will focus on finalising the strategy and outlining the next steps based on the discussions.
- **Item 2 (Actions) – Risk Status Report (HB 3 Waters Regional Entity):** The report does not address the risks associated with the 3 Waters Program itself, but rather the implications for the residual business left behind. It was suggested that the Risk & Assurance Committee should ensure there is overview in this process, considering the Council's perspective and the risks involved in both undertaking and not undertaking this responsibility. However, this item has not yet been fully actioned.

## 6.2 RISK STATUS REPORT

### PURPOSE

The purpose of this paper is to report to the Risk and Assurance Committee (the Committee) on Council's risk landscape, risk management work in progress and to continue a discussion with the Committee about risk.

### RESOLUTION: 24.24

Moved: Mayor Alex Walker

Seconded: Cr Pip Burne

**That the report be noted.**

**CARRIED**

Nicola Bousfield introduced the report and welcomed the Chair and Independent member to the Committee. The following points were discussed:

- Mrs Bousfield provided background and context regarding the Risk Status Report.
- The current report stems from a risk maturity review conducted in 2023, which proposed several recommendations.
- Key recommendations included focusing risk discussions within the CHB context, assessing the risk appetite at the full council level, and ensuring this committee only discusses risks that fall outside the risk appetite as defined by the elected members.
- The report remained largely unchanged from the previous quarter, given the short two-month reporting period in the cycle.
- Ms. Bousfield discussed each risk in detail, referencing the comments and current status attached to the report.
- The Executive Team has reviewed the Top 12 risks, which will be discussed in greater detail later today in the Public Excluded session.
- **Note:** The "Water Resilience – Waipukurau Drinking Water Resilience" program (p24) has been rephased due to affordability concerns as part of the 2024-2027 Three Year Plan.
- A question was raised about the recent cybersecurity incident impacting Microsoft Operating Systems. The committee inquired if current controls are sufficient to manage such risks. It was noted that a detailed work program is in progress.
- Action: Provide cyber security report to chair and members.

### 6.3 HEALTH AND SAFETY REPORT: 1 MAY - 30 JUNE 2024

#### PURPOSE

To provide the Risk and Assurance Committee with health, safety and wellbeing information and insight, and to update the committee on key health and safety initiatives for the period 1 May to 30 June 2024.

#### RESOLUTION: 24.25

Moved: Cr Pip Burne

Seconded: Mayor Alex Walker

**That the report is noted.**

**CARRIED**

The report was introduced by Nicola Bousfield. Discussions noted:

- This report is a routine submission to provide the Committee with visibility into the Health & Safety work programme.
- Mrs Bousfield explained the background, highlighting the Gap Analysis work that has been undertaken, which is now incorporated into the work programme.
- The report detailed the critical risks project, identifying 11 critical risks that pose the greatest threat to Council, with ongoing efforts to address these.
- Officers are progressively working on implementing critical risk standards applicable to both the Council and contractors, while also testing controls alongside each implementation.
- Action: Investigate the independent reviews conducted by contractors, specifically those performed by third parties. Determine what checks they undergo within their systems and processes, and what insights are gained from these reviews. Additionally, inquire if they are willing to share these findings to enhance our understanding.

### 6.4 TREASURY MANAGEMENT MONITORING REPORT

#### PURPOSE

The purpose of this report is to provide an update on Treasury Management and Policy Compliance.

#### RESOLUTION: 24.26

Moved: Mayor Alex Walker

Seconded: Cr Pip Burne

**That the report be noted.**

**CARRIED**

Brent Chamberlain provided an update on Council's Treasury, with the following points noted:

- At the end of the financial year, Council held \$6.8 million in funds and \$44 million in external debt.
- No new debt was drawn during the reporting period; however, post-balance date, Council refinanced and added \$4 million in additional debt.
- The recently adopted Three Year Plan 2024-2027 indicates a significant capital work program, leading to an increasing debt profile.
- Officers are collaborating with other Hawke's Bay councils on a business case for Hawke's Bay Water. If successful, the debt profile could change significantly.
- Brent Chamberlain highlighted the need for more fixed-rate cover, and Officers, along with treasury advisors, will seek additional interest rate swaps during market dips.
- The current interest rate yield curve is inverted, reflecting market expectations of future interest rate cuts.

- Officers and Bancorp are closely monitoring interest swap rates, targeting a fixed-rate cover within 3.25% to 3.75%. Speculation following a recent RBNZ meeting has caused the one-year wholesale swap rate to drop from 5.29% to 4.82% in July.
- Action: It was noted that there was no report on budget versus expenses, with a suggestion to include this in future treasury reports.

## 6.5 ADOPTION OF PROPOSED INTERNAL AUDIT CHARTER

### PURPOSE

The matter for consideration by the committee is the introduction and adoption an Internal Audit Charter, with the idea that officers a proposed internal audit programme back to the Committee in October.

### RESOLUTION: 24.27

Moved: Mayor Alex Walker

Seconded: Mike Timmer

1. **That the Risk and Assurance Committee endorse the Internal Audit Charter as the basis for future internal audits to be undertaken by Council.**

**CARRIED**

Brent Chamberlain introduced the report and provided an update on Council's Internal Audits. The discussions included the following points:

- Council has a small internal audit budget of \$17,500 and plans not to re-establish the internal audit program for the next 48 months.
- It is considered best practice to establish an Internal Audit Charter as the first step in good Internal Audit Management. This Charter will be developed ahead of the internal audit program and presented to the Committee at its next meeting in October.
- An Internal Audit Charter is a formal document outlining the purpose, authority, and responsibility of the internal audit activity.
- This is the Council's first Internal Audit Charter, and it is being presented to the Risk and Assurance Committee for initial feedback and input.
- Action: It was proposed that a workshop be scheduled to discuss the scope of the internal audit program, prioritisation of audits, and the forward work program.
- Next steps: Personalise the charter, keep it in draft form, make amendments as needed, proceed to the next level of activity, and provide reflection and support for the council's key focus areas and;
- ELT to hold discussions and bring the results back to a Risk & Assurance Committee workshop.

## 6.6 INSURANCE RENEWAL UPDATE AND INSURANCE PLACEMENT OPTIONS

### PURPOSE

The purpose of this report is to provide an update on the renewal of Council's liability insurances and the insurance valuations being received ahead of this year's material damage insurance renewal.

### RESOLUTION: 24.28

Moved: Cr Pip Burne

Seconded: Mayor Alex Walker

**That the report be noted.**

**CARRIED**

The report was introduced by Brent Chamberlain provided an update on council's insurances and the work programme which will also be discussed further in workshop later today and presented by Jim Palmer.

#### Liability Insurance Renewal

- Marsh informed Council that their historical underwriter for professional liability and indemnity insurances is exiting the market due to perceived elevated risks
- 17 councils, including Central Hawke's Bay District Council, were affected and needed to find alternative coverage.
- CHBDC managed to secure cover with AON but less robust than the previous cover in terms of the caps and limits placed on it. This will be covered in more detail during the workshop later today.

#### Material Damage Insurance Renewal

- The insurance policy renewal is set for 1 November, with AON already seeking coverage from London markets.
- Council provided initial cover requirements; final schedules are pending.
- CBRE conducted a draft valuation of buildings; Stantec's water asset valuation is expected by the end of July
- The first draft of the Three Waters valuations was received this morning. A meeting with Stantec was held yesterday, and a revised valuation is expected by early next week.

## 6.7 ELECTED MEMBERS EXPENSES FOR 1 MAY 2024 - 30 JUNE 2024

### PURPOSE

The purpose of this report is to update the Committee on Elected Members' Expenses for the most recent reporting period from 1 May 2024 to 30 June 2024.

### RESOLUTION: 24.29

Moved: Mayor Alex Walker

Seconded: Cr Gerard Minehan

**That the Elected Members Expenses for 1 May 2024 to 30 June 2024 report be noted.**

**CARRIED**

The report was introduced by Brent Chamberlain noting that this report is a transparency report to report on elected members' expenses including mileage reimbursement, phone costs, travel, meeting and professional development expenses. Further discussions noted:

- Action: Add budget into the next report.

- The report was further taken as read.

## 7 DATE OF NEXT MEETING

That the next meeting of the Risk & Assurance Committee be confirmed in due course.

## 8 PUBLIC EXCLUDED BUSINESS

### RESOLUTION TO EXCLUDE THE PUBLIC

#### RESOLUTION: 24.30

Moved: Mayor Alex Walker

Seconded: Cr Pip Burne

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

The general subject matter 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 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 for the passing of this resolution
<b>8.1 - Emerging Risks and Issues - Forum Discussion</b>	s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority  s7(2)(f)(ii) - the withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of Council members, officers, employees, and persons from improper pressure or harassment	s48(1)(a)(i) - 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 would exist under section 6 or section 7

**CARRIED**

#### RESOLUTION: 24.31

Moved: Mayor Alex Walker

Seconded: Cr Pip Burne

**That the Risk & Assurance Committee moves in to Public Excluded business at 10.43am.**

**CARRIED**

The meeting adjourned for morning tea at 10.43am and reconvened into Public Excluded business at 11.13am.

**RESOLUTION: 24.32**

Moved: Councillor Pip Burne

Seconded: Mayor Alex Walker

**That the Risk & Assurance Committee moves out of Public Excluded business at 12.17pm.**

**CARRIED**

**9 TIME OF CLOSURE**

The Meeting closed at 12.17pm.

**The minutes of this meeting will be confirmed at the next Risk & Assurance Committee meeting to be confirmed.**

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**CHAIRPERSON**