



HAWKES BAY
REGIONAL COUNCIL
TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Minutes of a meeting of the Risk and Audit Committee

Date: Wednesday 31 July 2024

Time: 9.06 am

Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Present: S Maloy – Chair
Cr X Harding – Deputy Chair
Cr N Kirton

In Attendance: Cr Di Roadley
N Peet – Chief Executive
S Young – Group Manager Corporate Services
K Brunton – Group Manager Policy & Regulation
C Dolley – Group Manager Asset Management
C Comber – Chief Financial Officer
A Ward - Governance Advisor
T O'Shaughnessy – Treasury & Investments Accountant
J Bennett – Programme Finance & Controls Manager
D Nalder – Acting Risk Manager
O Giraud-Burrell – Quality & Assurance Advisor

1. Welcome/Karakia /Apologies

The Chair welcomed everyone to the meeting and Xan Harding opened with a karakia.

Resolution

RAC26/24 That the apologies for absence from Thompson Hokianga and Jock Mackintosh be accepted.

Harding/Kirton
CARRIED

2. Conflict of interest declarations

There were no conflicts of interest declared.

3. Confirmation of Minutes of the Risk and Audit Committee held on 1 May 2024

RAC27/24 Resolution

Minutes of the Risk and Audit Committee held on Wednesday, 1 May 2024, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

Harding/Kirton
CARRIED

4. Treasury Compliance Report for the period 1 April – 30 June 2024

Susie Young introduced the item. Queries of Tracey O'Shaughnessy and discussions covered:

- External debt will be included in future updates.
- Liquidity is the standard ratio, 30 percent of external debt.
- Internal staff track the interest rates and requirements.
- NEMA claims will be completed in the next 3-4 months, however insurance could take up to a year.
- PWC provides expert advice on treasury issues, including interest rate risk mitigation and compliance with the investment strategy.
- A request was made for information on interest rate risk at a future meeting.

RAC28/24 Resolution

That the Risk and Audit Committee receives and notes the *Treasury Compliance Report for the period 1 April– 30 June 2024*.

Maloy/Harding
CARRIED

5. Enterprise Assurance update

Olivia Giraud-Burrell introduced the item and discussions covered:

- The open issues were delayed by new cyclone priorities.
- Council is currently in a period of readjustment after the unusually high number of reviews that have been or are in the process of being completed since Cyclone Gabrielle.
- Concern was raised about the long-outstanding issues, particularly succession planning, and that these needed to be actioned. However, the view is that Committee does not need to have ongoing oversight over these operational issues given there are currently bigger priorities facing the Committee and Council. It was agreed the operational issues would be removed from further reporting.
- The Committee would like to see more detail around the assurance piece of the risk management framework, with an understanding of the detail around the framework for delivering on recommendations from the reviews and an assurance from management that recommendations are being acted upon.
- Concern was raised about the perceived slow pace of the implementation of the CDEM review's 47 recommendations. In response Nic Peet noted that immediate actions have

been taken by HBRC and TAs and next steps include the employment of a CDEM Group Director of Transformation and an independent advisor to the joint committee.

RAC29/24 **Resolutions**

That the Risk and Audit Committee

1. Receives and notes the *Enterprise Assurance update* staff report.
2. Confirms that the *Internal Assurance Corrective actions update* report has provided adequate information on the status of the Internal Assurance Corrective Actions.

**Kirton/Harding
CARRIED**

6. Risk Management update

Susie Young introduced the item and discussions covered:

- An overview of the regulatory and political environment noted that there is currently significant uncertainty.
- Marsh has exited from providing public indemnity insurance.
- Phishing training of staff has improved completion rates to 71% following a refreshed approach that requires HBRC employees to complete 3 modules within their first six months and refreshers once per year after that.
- A May incident where rainfall data didn't display on the HBRC website was quickly resolved and measures have been put in place to prevent recurrence.
- Health and safety issues in terms of hazard identification, managing risks of workers in isolated environments and health and safety issues involved with contractor arrangements.
- Concerns were raised about the community's perception of the Regional Council and the risk to HBRC's social license.
- Concerns over risk management in terms of hazard and identification and the role of the Committee in governance oversight of this.

RAC30/24 **Resolution**

That the Risk and Audit Committee receives and considers the *Risk Management update* staff report.

**Harding/Kirton
CARRIED**

7. Strategic risk deep dives

RAC31/24 **Resolution**

That the Risk and Audit Committee excludes the public from this section of the meeting, being Agenda Item 7 Strategic risk deep dives with the general subject of the item to be considered while the public is excluded. The reasons for passing the resolution 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:

| General subject of the item to be considered | Rationale | Grounds under section 48(1) for the passing of the resolution |
|---|---|--|
| Strategic risk deep dives | To prevent information about Council's critical controls being accessed. The public interest is protected by not allowing the information to be accessed by anyone outside the organisation. | s7(2)(j) to prevent disclosing information that could be used for improper gain or improper advantage. |

**Harding/Kirton
CARRIED**

8. Wairoa Flood Event reviews

RAC32/24 Resolutions

1. That the Risk and Audit Committee excludes the public from this section of the meeting, being Agenda Item 8 Wairoa Flood Event reviews with the general subject of the item to be considered while the public is excluded. The reasons for passing the resolution 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:

| General subject of the item to be considered | Reason for passing this resolution | Grounds under section 48(1) for the passing of the resolution |
|--|---|---|
| Wairoa Flood Event reviews | <p>The matters being discussed may potentially be the subject of litigation and the Council has engaged legal advisors to provide advice on associated issues.</p> <p>In relation to the public interest, the fact that reviews are under way has been widely shared by the Council and by the media so it is considered the public interest has been served in that way.</p> | s7(2)(g) Excluding the public is necessary to prevent disclosure of information that is legally privileged. |

2. That Kent Perry – Partner, Heaney & Partners be permitted to remain at this meeting, after the public has been excluded, because of his knowledge of the law. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because they are representing HBRC in legal proceedings.

**Harding/Kirton
CARRIED**

9. Confirmation of Public Excluded Minutes of the Risk & Audit Committee meeting held on 1 May 2024

RAC33/24 That the Risk & Audit Committee excludes the public from this section of the meeting being Confirmation of Public Excluded Minutes Agenda Item 9 with the general subject of the item to be considered while the public is excluded. The reasons for passing the resolution 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:

| General subject of the item to be considered | Rationale for passing this resolution | Grounds under section 48(1) for the passing of the resolution |
|---|--|---|
| Incident report - Payroll Holidays Act compliance | <p>The information contained in this paper may result in both industrial negotiations with affected staff members and commercial negotiations with the vendor of the TechOne product. The premature disclosure of information contained in the paper may prejudice the position of HBRC in such negotiations.</p> <p>The paper also contains information derived from legal advice provided by in-house and external counsel. Inclusion of such material in public-facing papers is likely to prejudice the free-flow of information and advice in-confidence with HBRC's legal advisors.</p> <p>While there may be public interest in this matter, as it relates to the expenditure of public monies, such public interest is unlikely to outweigh the justifications for withholding the information. The public interest may be satisfied by the matter being reported on, with legally privileged material removed or redacted once the public disclosure of these matters would not affect these industrial and commercial positions. Moreover, relevant disclosures of these matters will be made to</p> | <p>s7(2)(g) Excluding the public is necessary to prevent disclosure of information that is legally privileged.</p> <p>s7(2)(i) Excluding the public is necessary to enable the local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p> |

the appropriate unions, satisfying the need to ensure accountability in HBRC's dealings with staff.

Strategic risk deep dives

To prevent information about Council's critical controls being accessed.

The public interest is protected by not allowing the information to be accessed by anyone outside the organisation.

s7(2)(j) Excluding the public is necessary to prevent the disclosure or use of official information for improper gain or improper advantage

**Harding/Kirton
CARRIED**

The meeting moved into public excluded session at 10.24am and out of public excluded session at 12.15pm

Councillor Xan Harding led the group in offering a karakia to close the meeting.

Closure:

There being no further business the Chair declared the meeting closed at 12.16pm on Wednesday, 31 July 2024.

Signed as a true and correct record.

Date: by Risk & Audit Committee resolution 23 October 2024

Chair: Stephanie Maloy