



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

Unconfirmed

Minutes of a meeting of the Risk and Audit Committee

Date: 12 February 2025

Time: 9.00am

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

Present: S Maloy – Chair
Cr X Harding – Deputy Chair
Cr T Hokianga (*online*)
Cr N Kirton
Cr J Mackintosh

In Attendance: S Young – Group Manager Corporate Services
C Comber – Chief Financial Officer
L Hooper – Team Leader Governance
Cr D Roadley (*in attendance online*)
R Nalder – Acting Risk Manager
O Giraud-Burrell – Quality & Assurance Advisor
P Bicknell – Senior Group Accountant
T O'Shaughnessy - Treasury & Investments Accountant
M Johansson – Director Communications & Engagement
P O'Connor – Chief Information Officer

1. Welcome/Karakia /Housekeeping /Apologies

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

2. Conflict of interest declarations

There were no conflicts of interest declared.

3. Confirmation of Minutes of the Risk and Audit Committee meeting held on 23 October 2024

RAC34/25

Resolution

Minutes of the Risk and Audit Committee meeting held on Wednesday, 23 October 2024, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Harding/Mackintosh
CARRIED**

4. Risk management update

The Chair introduced the item, noting that the Committee would work through the topics before moving into Public Excluded for discussion on the incidents.

Susie Young provided an overview of the item's context before introducing David Nalder, who spoke to the Risk Management framework and the ELT/councillors sentiment survey results.

Discussions noted:

- Need to seek greater participation by all councillors in the survey and it was suggested that a reminder is sent about the importance of the survey and councillors' awareness of risks and risk appetite.
- It was suggested that there should be a structured process to escalate some of the key results of the survey to the Council for deeper discussion as the function of the Council to determine risk appetite. The RAC will present a report to Council after each meeting.
- Each of the one page management plans contains the actions or mitigation measures and are updated every month by the owner and business lead.
- Susie Young outlined the reasons for the staff assessment of the *Effectiveness of funding and financial management risk* and the view that some of those concerns will ease as insurance claims are paid and funding of the NIWE projects.

RAC35/25

Resolution

That the Risk and Audit Committee excludes the public from this section of the meeting, being Agenda Item 8 Legal update 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
Operational incidents	To prevent information about Council's critical controls being accessed.	s7(2)(a) Excluding the public is necessary to protect the privacy of natural persons.
Data Analytics findings	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

**Maloy/Harding
CARRIED**

The meeting moved into Public Excluded session at 9.32am and out of Public Excluded session at 10.12am

4. Risk management update

Susie Young introduced the assurance section of the item, which David Nalder and Olivia Giraud-Burrell spoke to. Discussions covered:

- Critical controls for conflicts of interest were tested recently.
- Training at induction is undertaken however not continued throughout staff tenure, general awareness is quite high however declarations of conflicts (or interests) are not.
- Intention is to enhance staff training (including flow-on from the Interests Register) and policy awareness in an ongoing and enduring way including a 'sign-off' that understanding is achieved.
- There is potential to improve procurement approvals process and the data contained on the conflicts register
- Data analytics focuses on fraud and theft while the conflicts of interest system is about managing the interest to prevent an incident of conflict.
- Chris Comber spoke to the data analytics audit carried out on the 2023-2024 financial systems, which identified 1 instance where a staff member approved a payment to a 'related' party.
- A big part of the training for staff is focused on the requirement for purchase orders prior to purchase being made. No instances identified gave cause for concern that fraudulent activity was happening.
- In reviewing the incidents there were reasons why the repeat incident happened and staff have discussed the issue with Crowe so that they will not be raised again for future occurrences.
- Susie Young confirmed that the outstanding audit issues and recommendations are expected to be resolved.

RAC36/25

Recommendations

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

**Maloy/Harding
CARRIED**

5. External Audit Report - Control Findings for the year ended 30 June 2024

Chris Comber introduced the item, which was taken as read, the Committee having reviewed the draft report previously. Discussions covered:

- The issues with the reconciliation for the 'clean heat' programme could be fixed by a system upgrade however because the programme has ceased it is not considered prudent.

RAC37/25

Resolutions

That the Risk and Audit Committee:

1. Receives and considers the *External Audit Report - Control Findings for the year ended 30 June 2024* from Ernst and Young and the staff report.
2. Agrees that the actions to be taken to address the *Control Findings for the year ended 30 June 2024* from Ernst and Young are adequate in the circumstances explained.

**Harding/Maloy
CARRIED**

6. Treasury Compliance Report for the period 1 October - 31 December 2024

Susie Young introduced the item and Tracy O'Shaughnessy. Discussions covered:

- HBRC bank accounts are moving to ANZ from BNZ. BNZ accounts will be maintained for a period.
- Shifting from one managed funds provider to another has realised gains.

- The lowering of current debt against forecast is a timing reflection in relation to NIWE funding.
- Staff are in discussions about potential hedging instruments and how that's reflected in modelling for reporting.
- The potential to consider changes to the short-term funding policy is related to the NIWE projects and will come to the RAC for approval.

RAC38/25

Resolution

That the Risk and Audit Committee receives and notes the *Treasury Compliance Report for the period 1 October – 31 December 2024*.

**Maloy/Mackintosh
CARRIED**

7. Confirmation of Public Excluded Minutes

Resolution

That the Risk and Audit Committee excludes the public from this section of the meeting being Confirmation of Public Excluded Minutes Agenda Item 6 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:

RAC39/25

General subject of the item to be considered	Reason for passing this resolution	Grounds under section 48(1) for the passing of the resolution
Confirmation of 31 July 2024 Public Excluded Minutes	<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

**Maloy/Harding
CARRIED**

8. Legal update

Resolution

That the Risk and Audit Committee excludes the public from this section of the meeting, being Agenda Item 8 Legal update 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:

RAC40/25

General subject of the item to be considered	Grounds under section 48(1) for the passing of the resolution	Reason or rationale for passing this resolution, including how the public interest has been considered
Legal update	s7(2)(g) Excluding the public is necessary to prevent disclosure of information that is legally privileged.	The matters being discussed may potentially be the subject of litigation and the Council has engaged legal advisors to provide advice on associated issues.

**Maloy/Harding
CARRIED**

The meeting went into public excluded session at 10.55am and out of public excluded session at 11.31am

Councillor Thompson Hokianga offered a karakia to close the meeting.

Closure:

There being no further business the Chair declared the meeting closed at 11.32am on Wednesday 12 February 2025.

Signed as a true and correct record.

Date:

Chair: