

HUTT CITY COUNCIL
KOMITI ITI AHUMONI I TŪRARU | AUDIT AND RISK SUBCOMMITTEE

Minutes of a meeting held via Zoom on
Tuesday 27 August 2024 commencing at 2:00 pm

PRESENT: h S Tindal (Independent Mayor C Barry (Deputy Chair)
 Chair) (until 2.37pm)
 Cr S Edwards Cr J Briggs
 Cr K Morgan Cr T Stallinger

APOLOGIES: There were no apologies.

IN ATTENDANCE:

(via audio-visual link): J Miller, Chief Executive
 A Blackshaw, Director Neighbourhoods and Communities
 J Griffiths, Director Strategy and Engagement
 J Kingsbury, Director Economy and Development
 J Livschitz, Group Chief Financial Officer
 L Allott, Chief Digital Officer
 B Hodgins, Strategic Advisor
 N Reddy, Risk and Assurance Manager
 G Usoalii-Phillips, Treasury Officer
 M Connew-Simmons, Programme Manager
 D Newth, Financial Accounting Manager
 A Quinn, Project Manager
 J Kilty, Democracy Advisor

PUBLIC BUSINESS

1. OPENING FORMALITIES - KARAKIA TIMATANGA

Whakataka te hau ki te uru	Cease the winds from the west
Whakataka te hau ki te tonga	Cease the winds from the south
Kia mākinakina ki uta	Let the breeze blow over the land
Kia mātaratara ki tai	Let the breeze blow over the ocean
E hī ake ana te atakura	Let the red-tipped dawn come with a
He tio, he huka, he hau hū	sharpened air.
Tihei mauri ora	A touch of frost, a promise of a
	glorious day.

2. **APOLOGIES**

There were no apologies.

3. **PUBLIC COMMENT**

There was no public comment.

4. **CONFLICT OF INTEREST DECLARATIONS**

Cr Morgan confirmed that she had received reimbursement for personal training outlined in item 12: Sensitive Expenditure Disclosures.

The Chair provided an update on changes to her chairmanship at QuotableValue Limited.

5. **HUTT CITY COUNCIL GROUP ANNUAL REPORT 2023/24 AND UPDATE ON EXTERNAL AUDIT PROCESSES**

Report No. ARSC2024/4/208 by the Manager Financial Strategy and Planning

The Group Chief Financial Officer elaborated on the report.

The Chief Digital Officer advised that specific online security applications within the organisation needed a more thorough examination of user access rights. He emphasised the need for an annual review to ensure that a second review took place beyond the usual ad hoc reviews.

In response to questions from members, the Group Chief Financial Officer highlighted improvements in the system for customer complaints, each recorded separately. However, she emphasised that work was still needed and further efforts were needed. She mentioned that the GoDigital programme included Dynamics 365, which would address the issues related to customer complaints.

The Director of Strategy and Engagement noted that better management of complaints and requests for service through Dynamics 365 would improve customer relationship tools, allowing for greater accuracy and faster responses.

RESOLVED: (S Tindal/Cr Briggs)

Minute No. ARSC 24401

"That the Subcommittee:

- (1) receives and notes the update on the preparation of the Group Annual Report 2023/24;*
- (2) notes that the interim audit was completed successfully and that the interim management report issued by Audit NZ is included in the report as Appendix 1;*
- (3) notes that the final audited Group Annual Report 2023/24 is expected to be available for Council adoption on 29 October 2024;*
- (4) notes that the statutory deadline for the adoption of the Group Annual Report 2023/24 is 31 October 2024;*
- (5) notes that officers plan to present the draft unaudited Group Annual Report 2023/24 to the Audit and Risk Subcommittee on 24 September 2024;*
- (6) notes the risks highlighted about the asset revaluation for the three water assets, refer to paragraph 19 in the report; and*
- (7) receives and notes the Audit New Zealand final management report on the Long Term Plan 2024-2034, refer to Section F of the report and Appendix 2 attached to the report."*

6. THREE WATERS MATTERS

Report No. ARSC2024/4/209 by the Strategic Advisor

The Strategic Advisor elaborated on the report. He stated that the number of active water leaks had decreased to 231. He also noted that the WWL Board was preparing an implementation plan to present at the next Wellington Water Committee meeting. Additionally, he said WWL had been using a 6% overhead allocation for CAPEX when it should have been 10% due to the expansion of capital works.

The Chief Executive emphasised the importance of WWL's governance in holding their executive leadership team accountable and reporting to Council through the Wellington Water Committee.

The Chair highlighted the scrutiny of governance structures and the frequent discussions between herself and Council's Chief Executive to ensure proper coverage.

Mayor Barry stated that the overhead allocation error was unacceptable. He mentioned that further understanding would come from recommendations of the Wellington Water Committee following the Independent Review and the resulting actions to be implemented.

Cr Stallinger expressed surprise at the increase from 6% to 10% in overhead allocation. He said it represented a diseconomy of scale and asked for further advice from officers.

The Strategic Advisor agreed to communicate with WWL and report to the Subcommittee.

RESOLVED: (S Tindal/Cr Edwards)

Minute No. ARSC 24405

"That the Subcommittee:

- (1) notes the report and recommendations of the Wellington Water Limited (WWL) Board's independent review of its systems and processes, following the omission of corporate overheads in its advice on the Draft Long Term Plan capital works programme;*
- (2) notes that the WWL Board is developing an implementation plan to put into effect the recommendations of the report, which will be reported to the Water Committee at its meeting on 27 September 2024;*
- (3) notes that this matter has been added to Council's issues register intending to monitor actions arising from the report's recommendations;*
- (4) notes progress on the new regional model for delivering three waters and the risks associated with this process;*
- (5) notes that investigations into the upgrade/renewal of the main Hutt Valley Wastewater pipe under SH2 are progressing with two options short-listed for further development and consideration;*
- (6) notes that an abatement notice has been issued by Greater Wellington Regional Council, requiring odour treatment upgrade work to be completed by 1 November 2024, along with accompanying reports on the work and its effectiveness;*
- (7) notes that progress on eliminating the backlog of leaks remains on track and that officers are*

working with WWL to understand resourcing requirements over the critical summer period to achieve and maintain leaks at the target level and that this information will be reported back to the next meeting of the subcommittee; and

- (8) *notes the financial modelling prepared to provide an early indication of the impact of the new regional water entity being established, refer to Appendix 3 of the report."*

7. TUPUA HORO NUKU UPDATE

Report No. ARSC2024/4/210 by the Project Delivery Manager

The Director, Economy and Development elaborated on the report.

In response to a question from a member, the Director, Economy and Development said the officers would work with the implementation team to ensure the gate locations of the Bird Protection Areas at CL Bishop Park were properly signposted.

RESOLVED: (S Tindal/Cr Morgan)

Minute No. ARSC 24406

"That the Subcommittee receives and notes the content of this report."

8. INSURANCE RENEWAL UPDATE

Report No. ARSC2024/4/211 by the Treasury Officer

The Treasury Officer elaborated on the report.

RESOLVED: (S Tindal/Cr Stallinger)

Minute No. ARSC 24407

"That the Subcommittee:

- (1) *notes that Council has successfully renewed its Property and Infrastructure insurance programme for policies commencing 1 May 2024 for a 12-month term;*
- (2) *notes the remaining policies, renewed on 1 November 2023, for a 12-month term;*
- (3) *notes the insurance renewal challenges as outlined in paragraphs 10 and 11 of the report;*
- (4) *notes that insurance costs for 2024/25 are expected to be within the budget".*

9. **RISK MANAGEMENT AND ASSURANCE UPDATE**

Report No. ARSC2024/4/212 by the Risk and Assurance Manager – Finance

The Risk and Assurance Manager elaborated on the report.

Mayor Barry left the meeting at 2:37pm.

RESOLVED: (S Tindal/Cr Morgan)

Minute No. ARSC 24405

“That the Subcommittee:

- (1) receives and notes the information in the report;*
- (2) notes there are eight risks (no change since the last update) on Council’s strategic risk register;*
- (3) notes the overall residual risk rating relating to “Legislative and regulatory changes creating higher cost or reducing subsidies” risk (previously known as Government Reforms - Risk 1) has decreased to medium (previously high);*
- (4) notes the update on “Other Activities” contained within the report; and*
- (5) notes the Risk Register as of 31 July 2024 attached as Appendix 1 to the report.”*

10. **THREE-YEAR INTERNAL AUDIT PLAN 2025-2027**

Report No. ARSC2024/4/213 by the Risk and Assurance Manager – Finance

The Risk and Assurance Manager elaborated on the report.

The Chair emphasised the importance of maintaining a framework for internal audit plans.

RESOLVED: (S Tindal/Cr Stallinger)

Minute No. ARSC 24406

“That the Subcommittee:

- (1) receives and notes the report;*
- (2) approves the prioritisation of the internal audits/review engagements; and*
- (3) approves the Three-Year Internal Audit Plan 2025-2027, attached as Appendix 1 to this report.”*

11. HRIS/PAYROLL PROJECT UPDATE

Report No. ARSC2024/4/215 by the Programme Manager

The Programme Manager and the Chief Digital Officer elaborated on the report.

In response to questions from members, the Chief Executive advised that there was a clear budget in place, and the goal was to achieve the best value for money. She emphasised the importance of ensuring that the payroll system complied with the requirements of the Holidays Act.

In response to questions from members, the Programme Manager advised that they were considering all options including talking with other councils about shared services agreements.

The Chair expressed support for this approach and emphasised the importance of data in implementing a new system.

RESOLVED: (S Tindal/Cr Edwards)

Minute No. ARSC 24407

"That the Subcommittee:

- (1) notes that the new HRIS and Payroll system to be implemented as part of the Te Kohao (Go Digital) Programme was initially due to go live in mid-2022;*
- (2) notes that on 27 February 2024, the previous provider and Hutt City Council signed a settlement agreement to terminate the contract;*
- (3) notes that in May 2024, the HRIS/Payroll project was re-started following approval by the Te Kohao (Go Digital) Programme Board to progress the initiation phase of the project;*
- (4) notes on 22 July 2024, a specialist HRIS/Payroll Project Manager started in the Te Kohao (Go Digital) team at Hutt City Council to manage the project; and*
- (5) notes the Holidays Act Remediation project is on hold pending the delivery of the Holidays Act compliant payroll system."*

12. SENSITIVE EXPENDITURE DISCLOSURES

Report No. ARSC2024/4/87 by the Financial Accounting Manager

The Financial Accounting Manager elaborated on the report.

RESOLVED: (S Tindal/Cr Briggs)

Minute No. ARSC 24408

"That the Subcommittee:

- (1) receives and notes the information; and*
- (2) notes the Sensitive Expenditure disclosure information attached as Appendix 1 to the report: Summary of Sensitive Expenditure 1 April 2024 to 30 June 2024."*

13. INFORMATION ITEMS

a) **Whakatupu Ngaengae**

Memorandum dated 11 August 2024 by the Project Manager (Naenae)

The Project Manager elaborated on the report. He advised that leading up to the opening day of Naenae Pool, a series of community days would be held to help develop plans for managing attendance numbers. He said a communications and marketing plan was being developed. He said officers would review the impact of parking on businesses on the north side of Everest Avenue that might be affected by the new facilities.

In response to questions from members, the Group Chief Financial Officer advised that the authorised CAPEX budget for the project was \$68M. She said the project was forecasted to be completed under budget. She noted that the demolition costs and associated expenditures were allocated to the OPEX budget. She added the Quantitative Risk Assessment numbers added up to \$67M, and with risk included, it totalled \$67.664M.

The Chief Executive noted a LGOIMA request and stated it could be sent to Cr Stallinger.

RESOLVED: (S Tindal/Cr Briggs)

Minute No. ARSC 24409

“That the Subcommittee:

- (1) *receives and notes the information; and*
- (2) *notes the following progress that has been made on the Whakatupu Ngaengae project in the reporting period June 2024 to August 2024:*
 - (a) *work on the new Naenae Pool and Fitness Centre is in the final stages of fit-out. Plans are being made for a series of communications and events leading to a grand opening, dates for which will be made public at the end of August 2024;*
 - (b) *the completion of Te Mako – Naenae Community Centre was celebrated with a public opening event on 29 June 2024 to a large crowd of residents and visitors. Team Naenae Trust is now operating Te Mako; and*
 - (c) *designs for Walter Mildenhall Park are nearly complete following extensive community engagement. The project scope has been determined using co-design principles, and confidence is high that this part of the project can be completed on time and on budget.”*

b) **Audit and Risk Subcommittee Forward Programme 2024**

Memorandum dated 6 August 2024 by the Democracy Advisor

RESOLVED: (S Tindal/Cr Stallinger)

Minute No. ARSC 24408

“That the Subcommittee receives and notes the Forward Programme for 2024 attached as Appendix 1 to the memorandum.”

14. **QUESTIONS**

There were no questions.

15. **EXCLUSION OF THE PUBLIC**

RESOLVED: (S Tindal/Cr Morgan)

Minute No. ARSC 24409

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

16. *Te Wai Takamori o Te Awa Kairangi (RiverLink) Update*

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:

(A)	(B)	(C)
<i>General subject of the matter to be considered.</i>	<i>Reason for passing this resolution in relation to each matter.</i>	<i>Ground under section 48(1) for the passing of this resolution.</i>
<i>Te Wai Takamori o Te Awa Kairangi (RiverLink) Update.</i>	<i>The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities (s7(2)(h)). The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (s7(2)(i)).</i>	<i>That 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 exist.</i>

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified in Column (B) above."

There being no further business, the Chair declared the public part of the meeting closed at 3:09pm. The public excluded part of the meeting closed at 3:17pm.

S Tindal
CHAIR

CONFIRMED as a true and correct record
Dated this 1st day of October 2024