



MINUTES OF AN ŌPŌTIKI DISTRICT COUNCIL AUDIT AND RISK COMMITTEE MEETING HELD ON MONDAY, 30 APRIL 2018 IN THE OPOTIKI DISTRICT COUNCIL CHAMBERS, 108 ST JOHN STREET, ŌPŌTIKI AT 10.00AM

PRESENT:

Councillor Arihia Tuoro (Chairperson)
Councillor Ken Young
David Love
Mayor John Forbes

IN ATTENDANCE:

Aileen Lawrie (Chief Executive Officer)
Bevan Gray (Finance and Corporate Services Group Manager)
Ari Erickson (Engineering and Services Group Manager)
Billy Kingi (Chief Financial Officer)
Gae Newell (Personal Assistant to CEO and Mayor)

APOLOGIES

Nil.

DECLARATION OF ANY INTERESTS IN RELATION TO OPEN MEETING AGENDA ITEMS

David Love noted that he is a Bay of Plenty Regional Councillor and is also a member of the Regional Council's Audit and Risk Committee.

Ken Young declared an interest in the Irrigation Scheme Valuation item.

PUBLIC FORUM

Nil.

**1. CONFIRMATION OF MINUTES – AUDIT AND RISK COMMITTEE MEETING
19 MARCH 2018**

p5

RESOLVED

- (1) That the minutes of the Audit and Risk Committee meeting held on 19 March 2018 be confirmed as a true and correct record.**

HWTM/Young

Carried

2. ACTION SCHEDULE

p10

David Love stated that the committee should be looking at the risk matrix at each meeting, adding that he would like to see it as part of the agenda to ensure the committee is dealing with the right risks and they are in front of committee members.

The Finance and Corporate Services Group Manager stated that this will be discussed at the risk workshop following the meeting.

David Love noted that Council has a number of projects not started or not completed.

RESOLVED

- (1) That the Action Schedule be received.**

HWTM/Young

Carried

3. QUARTERLY REPORT TO 31 MARCH 2018

p11

The Finance and Corporate Services Manager advised that Billy Kingi has been appointed as Chief Financial Officer.

David Love stated that the finances are all over the place because of the uncertainty around the harbour and that is a risk. What other risks would be faced if the harbour goes ahead and what are the risks for the town; what if the harbour does not go ahead?

The Chief Executive Officer said that another scenario is that the project could be owned by another entity.

The Engineering and Services Group Manager stated that there is growth behind a number of items which means they will still go ahead. The Finance and Corporate Services Group Manager agreed, adding that there is also external funding for some items.

The Chief Executive Officer added that if the harbour does not go ahead the immediate impact will not be large as Council has not committed to anything in the immediate future, i.e. growth projects are beyond Year 3.

Banking

His Worship the Mayor referred to the recent closure of the ANZ Bank's Ōpōtiki branch. Although banking with ANZ was part of a BOPLASS initiative, His Worship the Mayor queried if Council should consider how it does its banking business. It is about a principle rather than the level of service.

The Finance and Corporate Services Group Manager advised that he met with ANZ and tried to apply some pressure regarding the closing of the Ōpōtiki branch, but to no avail.

David Love queried if there would be a financial benefit, or a risk, if Council moved banks. He asked that a report come to the Audit and Risk Committee around the costs of moving to another bank.

His Worship the Mayor thought the community would like to see Council thinking about where it does its banking, even if there was some cost. This view was supported by David Love.

The Finance and Corporate Services Group Manager will bring a report back to the next meeting.

Rates Arrears

David Love stated that Council should be looking at rates arrears over a six year period, adding that he has concerns and it does not look good from the outside.

The Finance and Corporate Services Group Manager advised that the figures in the table should be for two years and over. There are two issues with managing the arrears. If the figure is close to a million over a year is it the affordability or the collection?

The Chief Executive Officer noted that the figures in the table are for most of a year. The overdue amount for one year is almost a two year figure.

David Love said his overall concern is that a large percentage of arrears are over two years old. The Chief Executive Officer responded that there are political reasons for leaving the reporting as it is; Council needs to show the Crown that the rates cannot be collected and never will.

His Worship the Mayor stated that Council should be supporting LGNZ in its support of the Shand Report, adding that the Ōpōtiki district has a high proportion of non-rateable land.

David Love noted that the Regional Council have taken notice of Ōpōtiki District Council's submission to its 2018-2028 Long Term Plan, particularly in relation to deprivation etc. The Regional Council is looking at what it can do to help.

Projects

David Love said there are many projects that have been deferred or not commenced and queried if the work has been programmed correctly.

The Chief Executive Officer advised that some sit in a category that is reliant on grant funding and as funding has not been obtained, they have been deferred. A couple of projects have slipped due to staff departures.

The Finance and Corporate Services Group Manager posed the question of how do we expedite the process through new ways to manage projects better and then tie those processes into the capitalisation of assets? He considered that projects could be put on the Risk Register, along with treatments, as something to be aware of. The policy change made last year would treat projects over the next three years of the LTP as being very fluid.

RESOLVED

(1) That the report titled "Quarterly Report to 31 March 2018" be received.

Love/Tuoro

Carried

4. IRRIGATION SCHEME VALUATION

p35

Councillor Young acknowledged an interest in this item.

RESOLVED

(1) That the report titled "Irrigation Scheme Valuation" be received.

(2) That staff provide a copy of the letter to the Board of the irrigation scheme.

HWTM/Love

Carried

Councillor Young abstained from voting.

5. ROADING AUDIT

Verbal Item

The Engineering and Services Group Manager spoke to an NZTA powerpoint presentation titled "Investment Audit – Ōpōtiki District Council" which covered the following points:

- Key Messages – Asset Management
- Key Messages – Data
- ONRC – Data Quality Report
- Cost Data by Peer Groups – 3yr Average
- Overall comment

At the request of the Committee, a copy of the presentation is attached to these minutes.

RESOLVED

(1) That the verbal update on the Roading Audit be received.

Love/Tuoro

Carried

6. KOHA REPORT

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RESOLVED

(1) That the report titled "Koha Report" be received.

Love/Young

Carried

7. RESOLUTION TO EXCLUDE THE PUBLIC

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SECTION 48 LOCAL GOVERNMENT OFFICIAL INFORMATION & MEETINGS ACT 1987

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

8. In-Committee Minutes – Audit and Risk Committee Meeting 19 March 2018.

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:

Item No	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
8.	In-Committee Minutes – Audit and Risk Committee Meeting 19 March 2018	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 exists.	Section 48(1)(a)

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

8.	Maintain effective conduct of public affairs Protect Information Protect the privacy of natural persons	Section 7(2)(f)(i) & (ii) Section 7(2)(b)(i), (d) and (e) Section 7(2)(a)
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Love/Young

Carried

RESOLVED

- (1) That the in-committee minutes of the Audit and Risk Committee meeting held on 19 March 2018 be confirmed as a true and correct record.**

HWTM/Love

Carried

RESOLVED

- (1) That the resolutions made while the public was excluded be confirmed in open meeting.**
(2) That the public be readmitted to the meeting.

Love/Young

Carried

THERE BEING NO FURTHER BUSINESS THE MEETING CLOSED AT 11.20AM.

**THE FOREGOING MINUTES ARE CERTIFIED AS BEING A
TRUE AND CORRECT RECORD AT A SUBSEQUENT IN-
COMMITTEE MEETING OF THE AUDIT AND RISK
COMMITTEE ON 11 JUNE 2018.**

**COUNCILLOR ARIHIA TUORO
CHAIRPERSON**

Investment Audit Opotiki District Council

Tony Lange – Risk & Assurance

9 to 12 April 2018



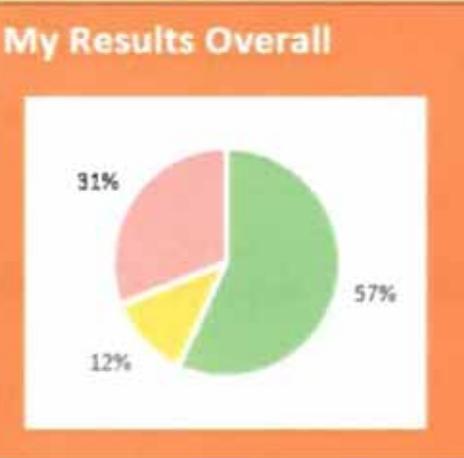
Key messages - Asset management

- The key to achieving least whole-of-life cost for the network is strong **asset management** practice, which includes enabling the use of innovative services, products and methods of procurement. This requires:
 - effective planning and delivery to achieve value for money objectives, e.g. early tendering opportunities, awareness of the annual programme and better timing of works
 - improved knowledge sharing
 - a consistent road classification system and levels of service across the whole network
 - greater collaboration between asset owners.

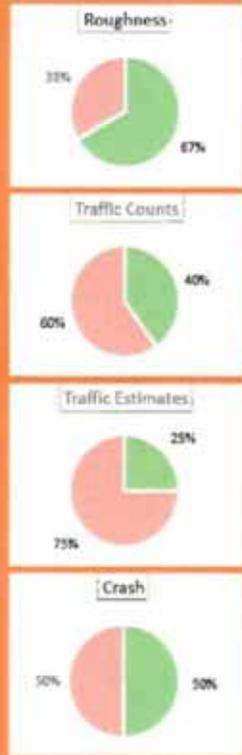
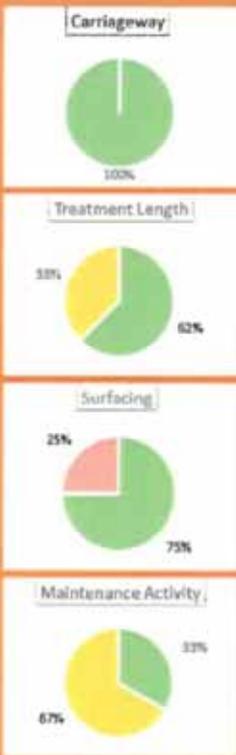
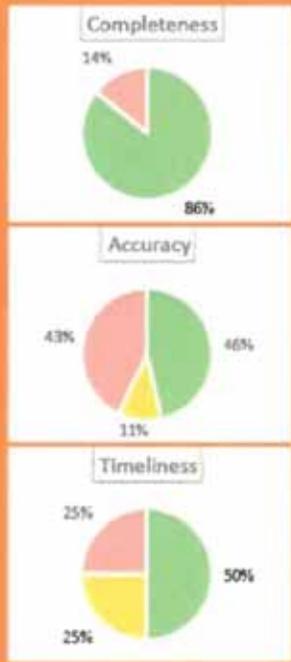
Key Messages – Data

- A step change in performance measurement and management and **data** collection is required to obtain best value for money and to develop requirements for improved data input, transformation of the data into useful, repeatable and meaningful information, dissemination, and effectiveness in the use of data, focusing on areas such as:
 - requirements for data, data-based systems (e.g. RAMM), dTIMS and technology platforms
 - measurements to assess the effectiveness of different road maintenance projects and new materials
 - measurement to enable better timing of interventions
 - road classification.

ONRC – Data Quality report



My Results by Dimension



ONRC – Data Quality report

Category	Indicator	Definition	Target	Actual	Score	Notes
Operational	1.1	Number of road closures due to maintenance	Less than 10	12	100	100%
	1.2	Number of road closures due to accidents	Less than 5	4	100	100%
	1.3	Number of road closures due to weather	Less than 8	7	100	100%
	1.4	Number of road closures due to other reasons	Less than 10	9	100	100%
	1.5	Number of road closures due to construction	Less than 15	14	100	100%
	1.6	Number of road closures due to utility work	Less than 10	9	100	100%
	1.7	Number of road closures due to events	Less than 5	4	100	100%
	1.8	Number of road closures due to animal crossings	Less than 3	2	100	100%
	1.9	Number of road closures due to power outages	Less than 2	1	100	100%
	1.10	Number of road closures due to other reasons	Less than 10	9	100	100%
Financial	2.1	Number of road closures due to budget cuts	Less than 10	9	100	100%
	2.2	Number of road closures due to funding issues	Less than 5	4	100	100%
	2.3	Number of road closures due to cost overruns	Less than 8	7	100	100%
	2.4	Number of road closures due to revenue shortfalls	Less than 10	9	100	100%
	2.5	Number of road closures due to infrastructure costs	Less than 15	14	100	100%
	2.6	Number of road closures due to maintenance costs	Less than 10	9	100	100%
	2.7	Number of road closures due to utility costs	Less than 5	4	100	100%
	2.8	Number of road closures due to event costs	Less than 3	2	100	100%
	2.9	Number of road closures due to power costs	Less than 2	1	100	100%
	2.10	Number of road closures due to other costs	Less than 10	9	100	100%
Customer	3.1	Number of road closures due to customer complaints	Less than 10	9	100	100%
	3.2	Number of road closures due to customer feedback	Less than 5	4	100	100%
	3.3	Number of road closures due to customer surveys	Less than 8	7	100	100%
	3.4	Number of road closures due to customer focus groups	Less than 10	9	100	100%
	3.5	Number of road closures due to customer interviews	Less than 15	14	100	100%
	3.6	Number of road closures due to customer workshops	Less than 10	9	100	100%
	3.7	Number of road closures due to customer panels	Less than 5	4	100	100%
	3.8	Number of road closures due to customer advisory committees	Less than 3	2	100	100%
	3.9	Number of road closures due to customer steering committees	Less than 2	1	100	100%
	3.10	Number of road closures due to other customer engagement methods	Less than 10	9	100	100%

Overall comment

- Overall the network is in very good condition. Low risk though average for VfM based upon Dollars per Kilometre
- Unsealed roads are appropriate for traffic volume though need to consider impact of forestry operations e.g. Motu Rd. Spot patching of potholes to extend grading cycle and remote locations
- Sealed roads are in very good condition. Mirror network indicators. Current funding levels are appropriate for reseal and rehabs in near future. Recommend Pedestrian guide for all new footpaths.
- Safety, few minor tweaks to work on.
- Data, reflect on REG data reports, develop improvement plan (AMP) and implement. Condition rating surveys meet NZTA rules, recommend 200m sections and 40m sample size. Work with RAMM champions to improve data quality and knowledge.
- Succession planning, timely!
- Thankyou

Pictures...



Pictures...



Pictures



Pictures - Otta seal

