

Audit and Risk Subcommittee MINUTES

Minutes of an ordinary meeting of the Audit and Risk Subcommittee held in the Council Chamber, Level 2 Philip Laing House, 144 Rattray Street, Dunedin on Thursday 21 September 2023, commencing at 12:30 PM.

PRESENT

Cr Tim Mepham	<i>(Co-Chairperson)</i>
Mr Andrew Douglas	<i>(Co-Chairperson, online)</i>
Cr Alexa Forbes	
Cr Kevin Malcolm	
Cr Gretchen Robertson	<i>(Ex officio member)</i>
Cr Kate Wilson	

1. WELCOME

Cr Tim Mepham welcomed the Committee and staff and opened the meeting with a karakia at 12:30PM. Councillors in attendance were Cr Andrew Noone and Cr Alan Somerville. Staff present included Richard Saunders (Chief Executive) Nick Donnelly (GM Corporate Services), Amanda Vercoe (GM Governance, Culture and Customer), Sarah Munro, Manager, Finance, Kylie Darragh (Governance Support).

2. APOLOGIES

Resolution: Cr Malcolm Moved, Cr Wilson Seconded:

That the apologies for Gary Kelliher be accepted.

MOTION CARRIED

3. PUBLIC FORUM

Chris Hawkins spoke on the Investment Policy. There was an opportunity for questions and Chair Cr Mepham thanked Chris for attending.

Adam Currie from 350 Aotearoa spoke on the Investment Policy. There was an opportunity for questions and Chair Cr Mepham thanked Adam for attending.

4. CONFIRMATION OF AGENDA

It was noted that the Public Excluded part of the meeting would be held first.

RESOLUTION TO EXCLUDE THE PUBLIC

Resolution: Cr Forbes Moved, Cr Wilson Seconded:

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

- Minutes of the PE Audit and Risk Committee Meeting 2023.06.22
- Annual Report and Audit Management Letter
- Cyber risk
- Managed Fund Report
- Strategic Risk Register
- HSW: Deep dive on Contractor Management

MOTION CARRIED

The Committee moved to Public Excluded at 1:10PM

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:

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
<i>Minutes of the PE Audit and Risk Committee Meeting 2023.06.22</i>	To protect information where the making available of the information— would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting

	<p>subject of the information – Section 7(2)(b)(ii)</p> <p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i)</p> <p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely otherwise to damage the public interest – Section 7(2)(c)(ii)</p> <p>To avoid prejudice to measures that prevent or mitigate material loss to members of the public – Section 7(2)(e)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p>	<p>only on 1 or more of the following grounds:</p> <p>(a) that the public conduct of the whole or 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.</p>
<p>Annual Report and Audit Management Letter</p>	<p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i)</p>	<p>Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds:</p> <p>(a) that the public conduct of the whole or 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.</p>

Cyber Risk	To prevent the disclosure or use of official information for improper gain or improper advantage – Section 7(2)(j)	Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or 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.
Managed Fund Report	<p>To protect information where the making available of the information— would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii)</p> <p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i)</p> <p>To avoid prejudice to measures that prevent or mitigate material loss to members of the public – Section 7(2)(e)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p>	Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or 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.
Strategic Risk Register	To avoid prejudice to measures that prevent or mitigate material loss to members of the public – Section 7(2)(e)	Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings

	To prevent the disclosure or use of official information for improper gain or improper advantage – Section 7(2)(j)	of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or 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.
HSW: Deep Dive on Contractor Management	To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a)	Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or 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.

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.

The meeting reconvened in public at 1:47PM

5. DECLARATIONS OF INTERESTS

Members were reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have. Councillor Declarations of Interests are published on the [ORC website](#).

6. CONFIRMATION OF MINUTES

Resolution: Cr Malcolm Moved, Cr Forbes Seconded

That the minutes of the (public portion of the) meeting held on 22 June 2023 be received and confirmed as a true and accurate record.

MOTION CARRIED

7. ACTIONS (STATUS OF SUBCOMMITTEE RESOLUTIONS)

- **AR23-116** Richard Saunders (Chief Executive) has spoken to Andrew Douglas regarding the internal audit, which is now delayed until after Christmas, action is in progress.

8. MATTERS FOR CONSIDERATION

8.1. Waka Kotahi Procedural Audit of Otago Regional Council

This report informed Council of the outcome of Waka Kotahi, NZ Transport Agency's Procedural Investment Audit of ORC for the period 1 July 2019 to 30 June 2022.

Lorraine Cheyne presented the paper was available to respond to questions.

Resolution AR23-127: Cr Wilson Moved, Andrew Douglas Seconded

That the Audit and Risk Subcommittee:

1. **Receives** this report.

MOTION CARRIED

8.2. Quarterly People and Safety Reporting

This report summarised the year-to-date information on health, safety and wellbeing (HSW) and people (HR) at ORC (Otago Regional Council).

Quarterly reporting Amanda Vercoe (General Manager Governance, Culture and Customer), Mark Olsen (Manager People and Safety), and Gina Watts (Team Leader Health, Safety and Wellbeing) were available to respond to questions.

Resolution AR23-128: Cr Wilson Moved, Cr Forbes Seconded

That the Audit and Risk Subcommittee:

1. **Notes** this report.

MOTION CARRIED

8.4. Treasury Management Policy and Statement of Investment Policy and Objectives

This paper was taken ahead of 8.3

This paper is presented to Council to consider amendments to Council's Treasury Management Policy and Statement of Investment Policy and Objectives to include considerations regarding ethical investing.

Nick Donnelly (General Manager Corporate Services and CFO) spoke to the report and outlined the options for the Audit and Risk Committee. The decisions will be finalised for Council adoption. The original motion was amended as a drafted option 3:

That the Audit and Risk Subcommittee:

1. **Notes** this report and the attached Draft Treasury Management Policy and Draft Statement of Investment Policy and Objectives.
2. **Approves** the administrative changes that have been made to the documents.
3. **Directs** staff to make any changes required to include a preferred option for a Responsible Investing Policy to be added to the Statement of Investment Policy and Objectives.
4. **Recommends** the Treasury Management Policy and Statement of Investment Policies and Objectives (following the above amendments) are presented to Council for consideration and approval.

Resolution AR23-130: Cr Forbes Moved, Cr Robertson Seconded Preferred Option 3 – Common Plus Additional Exclusions

Additional exclusions and the impact on the investible universe are:

- ESG controversy, pornography and predatory lending – don't materially impact the investible universe, approximately 1% excluded in total.
- Nuclear power, thermal coal and oil and gas-
- Gambling and alcohol may have a material impact depending on the level of involvement and thresholds applies.
 - o Gambling operations would exclude 1.6% (at a 10% revenue threshold) and all related activities would exclude 2.6% (at a 10% revenue threshold).
 - o Alcohol producer would exclude 2.9% (at a 10% revenue threshold) and all related activities would exclude 15.8% (at a 10% revenue threshold).

MOTION CARRIED

Cr Malcolm voted against the amendment to the recommendation.

8.3. Revised Audit & Risk Work Programme 2023

The Audit and Risk Subcommittee is governed by its Terms of Reference which define the purpose and responsibilities of the Subcommittee. This paper outlines the proposed work programme to be covered at Audit and Risk Subcommittee meetings in the 2023 calendar year to ensure the responsibilities outlined in the Terms of Reference are fulfilled.

Nick Donnelly (General Manager Corporate Services and CFO) presented the report and assured Councillor that this is a work in progress, he was available to respond to questions.

Resolution AR23-129: Cr Malcolm Moved, Andrew Douglas Seconded

That the Audit and Risk Subcommittee:

1. **Notes** this report.
2. **Endorses** the proposed work programme for the remainder of the 2023 calendar year.

MOTION CARRIED

8.5. Treasury Report

This report presented the quarterly Treasury Reporting Dashboard from Council's Investment Advisor, Bancorp, as at 30 June 2023.

Nick Donnelly (General Manager Corporate Services and CFO) presented the report to the Committee and responded to questions.

Resolution AR23-131: Cr Robertson Moved, Andrew Douglas Seconded

That the Audit and Risk Subcommittee:

1. **Notes** this report and the attached Bancorp Treasury Reporting Dashboard – 30 June 2023.

MOTION CARRIED

Cr Wilson left the meeting at 3:04 pm.

8.6. Insurance Update

This report was an update of Council's shared residual membership liability to New Zealand Mutual Liability Riskpool (Riskpool).

Nick Donnelly (General Manager Corporate Services and CFO) presented in Janet Ashton's absence and answered questions.

Resolution AR23-132: Cr Malcolm Moved, Cr Forbes Seconded

That the Audit & Risk Subcommittee

- 1) **Notes** this report.

MOTION CARRIED

9. NOTICES OF MOTION

No notices of motion were raised.

10. CLOSURE

There was no further business and Chairperson Mephram said a karakia and declared the meeting closed at 3:15 pm.



21 March 2024

Chairperson

Date