

**A Meeting of the Extraordinary Risk and Assurance Sub-Committee Meeting will be held as follows:**

**Date:** Wednesday 19 March 2025  
**Time:** 3:30pm  
**Venue:** Council Chambers, 105 Tainui Street, Greymouth

Joanne Soderlund  
Chief Executive

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# AGENDA

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**Members:**

Chair: Mr Rob Caldwell  
Deputy Chair: Mayor Tania Gibson  
Members: Councillor Robert Mallinson  
Councillor Rex MacDonald  
Councillor Jack O'Connor

*(Quorum 3 members)*

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*The information in this document is provided to facilitate good competent decisions by Council and does in no way reflect the views of Council. Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.*

# TERMS OF REFERENCE

Type of Committee	Council Subcommittee
Subordinate to:	Council
Subordinate Committee	None
Legislative Basis	Subcommittee reconstituted by Council as per Schedule 7, Section 30 (1) (A) Local Government Act 2002. Subcommittee delegated by powers by the Council as per Schedule 7 (Section 32) of the Local Government Act)
Membership	Independent Chair: Mr Rob Caldwell Deputy Chair: Mayor Gibson Member: Cr Robert Mallinson Member: Cr Rex MacDonald Member: Cr Jack O'Connor
Quorum	Three members
Meeting frequency	February, April, June, August and October.
Terms of Reference	<p>The purpose of the Risk and Assurance Committee is to assist the Council in discharging its responsibilities in relation to:</p> <ul style="list-style-type: none"> <li>• The robustness of the internal control framework and financial management practices.</li> <li>• The integrity and appropriateness of external reporting and accountability arrangements.</li> <li>• The robustness of risk management system, processes, and practices.</li> <li>• Compliance with applicable laws and regulations.</li> <li>• Standards and best practice guidelines, and</li> <li>• The establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.</li> </ul> <p>Areas that broadly fall under the umbrella of this committee are:</p> <ul style="list-style-type: none"> <li>• Risk management framework</li> <li>• Financial risk management</li> <li>• Health and safety risk management</li> <li>• Compliance with legislation</li> </ul>

	<ul style="list-style-type: none"> <li>• External audit or review of any Council activities, including but not limited to NZTA, Building Controls, Audits.</li> </ul>
<p>Power to Act</p> <p>Assurance</p>	<p>For Council’s Annual Report, Consultation Document and Long Term Plan Audits,</p> <p>The Risk and Assurance Committee will:</p> <ul style="list-style-type: none"> <li>• Approve the annual external audit proposal for the Annual Report and the audit of the Long Term Plan.</li> <li>• Agree the appropriateness of the Council’s existing accounting policies and principles and any proposed changes.</li> <li>• Enquire of external auditors for any information that affects the quality and clarity of the Council’s financial statements of service performance, and assess whether appropriate action has been taken by management in response to the above.</li> <li>• Satisfy itself that the financial statements of service and performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (i.e. letters of representation) and recommend to Council the signing of the financial statements by the Chief Executive / Mayor and adoption of the Annual Report.</li> <li>• Identify and recommend to the Council the external auditor’s remuneration and the terms of their engagement.</li> <li>• Confirm consulting services and related fees provided by the external auditors.</li> <li>• Consider and review any serious difficulties or disputes which management encountered during the audit.</li> <li>• Consider and review any other matters related to the conduct of the audit.</li> <li>• Consider and review any significant findings during the audit process and managements responses.</li> </ul>

<p>Risk</p>	<ul style="list-style-type: none"> <li>• Consider and review any matters considered appropriate, without the Chief Executive or other Council staff present in the meeting.</li> <li>• Consider and review any difficulties encountered during the audit including any restrictions on the scope of work.</li> <li>• Consider and review any changes required in the planned scope of the audit plan.</li> <li>• Consider and review the audit management letter prior to presentation to the Council.</li> <li>• Meet with the external Auditors at any time with or without management present as deemed appropriate by the Chairman of the committee.</li> </ul> <p>Council is responsible for setting the tolerance to risk and risk culture at the Grey District Council. The Chief Executive is charged with implementing appropriate risk management systems within Grey District Council.</p> <p>While the responsibility for risk lies with Council, oversight of the processes to manage risk within GDC is delegated to the Risk and Assurance Committee. The Council will receive periodic reporting on those areas of risk identified by the Committee.</p> <p>The Risk and Assurance Committee will:</p> <ul style="list-style-type: none"> <li>• Review and approve Council's risk management framework.</li> <li>• Review corporate risk assessment and internal work management practices.</li> <li>• Receive and review Health and Safety reports.</li> <li>• Oversight of the processes used to manage project risks.</li> <li>• Review insurance arrangement annually.</li> <li>• Overseeing Council's systems, processes, and practices for risk management: <ul style="list-style-type: none"> <li>a) Ensure that management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of the Council's</li> </ul> </li> </ul>
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<p>Assurance – other</p>	<p>significant risks (including financial and non-financial risks).</p> <p>b) Consider whether appropriate action is being taken by management in its treatment of risk to either accept or mitigate Council’s significant risks.</p> <ul style="list-style-type: none"> <li>• Monitoring insurance claims.</li> </ul> <p>It is anticipated that the Council will from time to time be required by third parties to undertake an audit process. They may include by not be limited to Waka Kotahi, Building Control, MBIE.</p> <p>The Risk and Assurance Committee will:</p> <ul style="list-style-type: none"> <li>• Approve (if required) any other external audit proposal.</li> <li>• Liaising with the relevant external auditor: <ul style="list-style-type: none"> <li>a) At the start of each audit, confirm the terms of engagement with the external auditor including the nature and scope of the audit, timetable and fees.</li> <li>b) Approve the external audit engagement letter and letter of undertaking and any additional services to be provided by the external auditor.</li> <li>c) Receive the external audit report (s) and review action to be taken by management on significant issues and audit recommendations raised within.</li> <li>d) Conduct a member only session (i.e. without any management present) with external audit to discuss any matters that the auditors wish to bring to the committee’s attention and / or any issues of independence.</li> </ul> </li> </ul>
<p>Conflicts of Interest</p>	<p>Once per year, Committee members will provide written declarations to the Mayor, stating they do not have any conflicts of interest that would preclude them from being members of the Committee.</p>

Delegations	The Committee will in general make recommendations to Council on certain matters. Where the Committee is delegated to approve a matter this is considered a decision by the Committee.
Limits to Delegations	<p>Matters that cannot be delegated by the Council include:</p> <ul style="list-style-type: none"> <li>• The power to make a rate.</li> <li>• The power to make a bylaw.</li> <li>• The power to borrow money, or purchase or dispose of assets, other than in accordance with the long term plan.</li> <li>• The power to adopt a long term plan, annual plan, annual report or strategic plan.</li> <li>• The power to appoint a Chief Executive.</li> <li>• The power to adopt policies required to be adopted and consulted on under this Act in association with the long term plan or developed for the purpose of the local governance statement.</li> <li>• The power to adopt a remuneration and employment policy.</li> </ul>
Reporting Procedures	<ul style="list-style-type: none"> <li>• After each meeting the Chair will report the committee's recommendations and findings to the Council.</li> <li>• The minutes of all meetings of the Committee will be presented to Council and to such other persons as the Council directs.</li> <li>• The Chair will present an annual report to the Council summarising the Committees activities during the year and any significant results and findings.</li> </ul>
Power to Act.	Generally recommending powers only, but certain decisions can be taken by the committee.
Referral to Council	The minutes of the subcommittee serve before Council as a recommendation.
Management responsibility	Chief Executive

# **SUB-COMMITTEE IN OPEN MEETING**

## **GENERAL BUSINESS AND TABLED ITEMS**

Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be dealt with at a subsequent meeting on the basis of a full agenda item. It is important to note that late items can only be dealt with when special circumstances exist and not as a means of avoiding or frustrating the requirements in the Act relating to notice, agendas, agenda format and content.

## **LOCAL AUTHORITIES (MEMBERS' INTERESTS) ACT 1968**

Sub-Committee members are reminded that if he/she has a direct or indirect interest in any item on the agenda be it pecuniary or on grounds of bias and predetermination, then he/she must declare this interest and refrain from discussing or voting on this item.

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## **1 APOLOGIES AND DECLARATIONS OF INTEREST**

### **1.1 APOLOGIES**

Nil

### **1.2 UPDATES TO THE INTERESTS REGISTER**

Sub-Committee members to please advise if there are any changes to be made to the current Interests Register.

### **1.3 IDENTIFY ANY CONFLICTS OF INTERESTS IN THE AGENDA**

Notification from committee members of:

- 1.3.1 Any interests that may create a conflict with their role as a committee member relating to the items of business for this meeting (prior to taking part in the deliberation of a particular item); and
- 1.3.2 Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968.

### **1.4 NOTIFICATION OF LATE ITEMS**

Where an item is not on the agenda for a meeting, that item may be dealt with at that meeting if:

- 1.4.1 The Committee by resolution so decides; and
- 1.4.2 The Chairperson explains at the meeting at a time when it is open to the public the reason why the item is not on the agenda, and the reason why the discussion of the item cannot be delayed until a subsequent meeting.

## **2 AGENDA ITEMS**

### **2.1 GREY DISTRICT COUNCIL 2024 DRAFT ANNUAL REPORT**

**File Number:**

**Report Author:** Finance Manager

**Report Authoriser:** Chief Executive

**Appendices:** 1. Draft Annual Report 30 June 2024 (under separate cover)

#### **1. REPORT PURPOSE**

- 1.1. To provide the subcommittee with the opportunity to consider, and provide comments and recommendations to the Council to prior to the adoption of the 2024 Annual Report.

#### **2. OFFICER RECOMMENDATION**

1. That the Risk and Assurance Sub-Committee Meeting receive the report; and
2. The Risk and Assurance Sub-Committee recommend to Council to sign the Grey District Council 2024 Annual Report subject to a signed audit opinion being received.

#### **3. BACKGROUND**

- 3.1. The Council is required to adopt an audited Annual Report by the statutory deadline each year. Council will miss this deadline due to staff resourcing.
- 3.2. The annual report measures Council's performance against what it adopted in that year's Annual Plan. The 2024 Annual Report measures Council's performance against Year 3 of the 2021/31 Long Term Plan and the 2023/24 Annual Plan.
- 3.3. The Annual Report will be sent as a separate attachment.
- 3.4. The Annual Report is draft with potential for changes to be recommended prior to adoption by Council on 24 March 2024.
- 3.5. There will be changes to the graphics and formatting of the report prior to adoption. The subcommittee will be provided with a new version and be advised of any material changes to the document prior to or at the meeting.
- 3.6. The sub-committee has the delegation to deal with all audit matters and make a recommendation to Council on the adoption of the annual report.
- 3.7. Discussions with Audit have indicated an unqualified opinion will be issued.

#### **4. DISCUSSION**

- 4.1. Council set 74 performance measures during the 2021/31 LTP to be reported on in the Annual Report. Council met 30 measures as per the table on the following page.

<b>Group of Activities</b>	<b>Number of Measures</b>	<b>Measures Achieved</b>
Land Transport	11	5
Stormwater	10	8
Wastewater	10	7
Water	18	4
Solid Waste	3	1
Environmental	10	3 (1 not measured)
Commercial and Property	4	2
Community and Recreation	7	0
Democracy	1	0
<b>Total</b>	<b>74</b>	<b>30</b>

- 4.2. Some activities did not have processes in place to record progress against the set measure therefore did not achieve the measure.
- 4.3. Excluding Other Comprehensive Income and Expense, the Council achieved a deficit \$6.4 million for the year ended 30 June 2024. This was \$2.9 million less favourable than budget. The majority of this deficit is attributable to other expenditure being overspent and additional depreciation above budgeted amount.
- 4.4. Revenue was \$6.4 million more favourable than budget attributable to extra Subsidies and Grants received, \$4.2 million, and increase in Fees and charges \$434,000, and a \$1.4 million unbudgeted increase other Revenue of which the majority attributable to gains in the revaluation of Investment properties.
- 4.5. Total Expenditure was \$9.4 million less favourable than budget due to higher than budgeted. Other expenditure was \$6.6m less favourable than budget, attributable to higher insurance premiums, \$380,000 and Increased grants to Te Ara Pounamu, \$150,000. Additionally, Council incurred less favourable, \$208,000, levies and charges in its Solid Waste Operations. Contracting Costs were \$4.8m less favourable for Council attributable to \$1.3m spent on in the building and Planning Department. And \$2.3m less favourable in transport attributable to increased spending on footpaths, \$517,000, Sealed Pavement Maintenance, \$390,000, minor Improvement \$142,000 and Brunner Mine site Emergency Works, \$709,000.
- 4.6. Other Comprehensive Income and Expense, page 85, has disclosed a gain on revaluation of assets of \$13 million which was not budgeted. This relates to a revaluation performed on council owned land and buildings.
- 4.7. The Statement of Financial Position, page 86, has shown a \$6.8 million increase on the 2024 year of the Council's equity. This is primarily a result of the revaluation outlined above increasing the value of Councils Property, Plant and Equipment, offset by the deficit for the year.

- 4.8. The Council's Financial and Prudence disclosures, from page 148, show some measures not being met. The following measures have not been met:
- 4.8.1. Balanced budget benchmark, this is evident through the deficit budgeted and made in the 2024 year.
  - 4.8.2. Essential services benchmark, indicating that capital expenditure was less than depreciation on the network services. This has been noted and has led to deferred renewals, which will be addressed through the long term plan.
  - 4.8.3. Debt control benchmark, indicating that Council's actual net debt has exceeded our planned net debt (This has been noted and debt will be managed throughout the long term plan period).
  - 4.8.4. Operations Control Benchmark, indicating that Council's net cash flow from operations were less than budgeted.

## 5. CONSIDERATIONS

- 5.1. Legal and Legislative Implications
  - 5.1.1. Local Government Act (2022)
  - 5.1.2. Local Government (Financial Reporting and Prudence) Regulations 2014.
  - 5.1.3. PBE Tier One Reporting Standards
- 5.2. Financial
  - 5.2.1. There are no financial implications. The report discloses Council's performance against adopted budget.
- 5.3. Existing Policy and Strategy Implications
  - 5.3.1. There are no policy or strategy implications.

5.4. Significance and Engagement

5.4.1. The assessment of significance is low.

5.5. Community Wellbeings and Outcomes

5.5.1. The Annual Report outlines the community well beings and outcomes and how these apply to each group of activities.

**6. OPTIONS**

6.1. That the Committee receive this report and make a recommendation to Council to adopt the 2024 Annual Report once the audit opinion from EY is received. (Preferred Option)

**7. NEXT STEPS**

7.1. The recommendation will be passed to Council to consider when they meet to adopt the Annual Report on 24 March 2025.

## Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

### 3 IN COMMITTEE ITEMS

#### COUNCIL IN-COMMITTEE

That the public is excluded from this part of the meeting in relation to:

#### Agenda items 3.1 & 3.2

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:

#### OFFICER RECOMMENDATION

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
<b>3.1 - PLACEHOLDER - AUDITOR ONLY TIME</b>	s7(2)(c)(i) - the withholding of the information is necessary 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	s48(1)(a)(i) - 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 would exist under section 6 or section 7
<b>3.2 - EY - CLOSING REPORT TO THE SUB COMMITTEE</b>	s7(2)(c)(ii) - the withholding of the information is necessary 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	s48(1)(a)(i) - 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 would exist under section 6 or section 7

## **4 SUB-COMMITTEE RESUMES IN OPEN MEETING**

### **CLOSURE OR RATIFICATION OF DECISIONS IN OPEN MEETING**