
Minutes of a meeting of the Audit, Risk and Finance Subcommittee

Held in Ruma Mārama, Level 2A, Civic House, 110 Trafalgar Street, Nelson

On Thursday 18 June 2015, commencing at 1.03pm

Present: Mr J Peters (Chairperson), Her Worship the Mayor R Reese, Councillors I Barker and B McGurk, and Mr J Murray

In Attendance: Councillors P Matheson and G Noonan, Chief Executive (C Hadley), Group Manager Community Services (C Ward), Manager Capital Projects (S Davies), Senior Accountant (T Hughes), and Administration Adviser (S McLean)

1. Apologies

There were no apologies.

2. Confirmation of Order of Business

There was no change to the order of business.

3. Interests

There were no updates to the Interests Register, and no interests with items on the agenda were declared.

4. Public Forum

There was no public forum.

5. Confirmation of Minutes

5.1 5 May 2015

Document number M1202, agenda pages 6 - 13 refer.

Resolved AUD/2015/009

THAT the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 5 May

2015, be confirmed as a true and correct record.

McGurk/Barker

Carried

6. Status Report - Audit, Risk and Finance Subcommittee - 18 June 2016

Document number R4386, agenda pages 14 - 15 refer.

It was agreed the final list of projects to follow a business case approach would be provided to the Subcommittee.

Resolved AUD/2015/010

THAT the Status Report Audit, Risk and Finance Subcommittee 18 June 2015 (R4386) and its attachment (A1324298) be received.

Barker/McGurk

Carried

7. Chairperson's Report

Document number R4390, agenda page 16 refers.

Resolved AUD/2015/011

THAT the Chairperson's Report (R4390) be received and the updates noted.

Peters/Murray

Carried

8. Draft Debt Management Policy

Document number R4178, agenda pages 17 - 23 refer.

It was suggested the Policy contain a flowchart which showed the management process for various levels of debt.

There was discussion on charging interest for outstanding debt. It was advised that this could be done under legislation, but may be difficult to do within Council's systems.

The Chief Executive, Clare Hadley, emphasised that debtors to Council could include volunteer groups, sporting clubs and charity organisations, and discretion may be required when applying interest.

Concern was raised that the Policy did not contain detail on how discretion could be exercised.

Accounting Services Manager, Lynn Anderson, advised that the outstanding debt process now commenced at 60 days overdue.

There was discussion on whether interest should be charged on all outstanding debt, with discretion to waive for certain cases, or if interest would only be applied in certain cases.

Concern was raised that waiving interest charges would create risks for Council.

It was agreed that interest would be charged on all outstanding debt, unless an instalment arrangement as per section 3.4 of the Policy was made prior to the due date.

It was agreed that interest would not be charged to those on instalment arrangements, unless the arrangements were not upheld in which case interest would be charged from the original due date.

There was discussion on the interest rate to charge on outstanding debt. It was noted that Council's weighted average cost of interest was low and may not be an appropriate level.

It was suggested that officers contact Local Government New Zealand to investigate interest rate levels charged in the public sector.

It was agreed that the second sentence in the second bullet point under section 3.4 of the Policy would be removed.

In response to a question, Ms Anderson advised that business units received information on debtors to ensure further engagement did not take place. She added that she reviewed outstanding debts on a monthly basis, and Inland Revenue had certain processes to follow before an amount could be written off.

In response to questions, Ms Anderson advised the debt collection agency sent regular reports on progress of collecting outstanding debts. She said that once a debt reached a certain threshold, it would be reported to the Audit, Risk and Finance Subcommittee.

There was discussion on the process for invoice disputes.

Attendance: Her Worship the Mayor left the meeting at 1.47pm.

Resolved AUD/2015/012

THAT the report Draft Debt Management Policy (R4178) and its attachment (A1353429) be received;

AND THAT the following edits be made to the Draft Debt Management Policy before the Policy is reported back to the Subcommittee for consideration:

- ***Inclusion of flowchart regarding processes for various debt levels***
- ***Implementation of an interest charge/penalty regime for unpaid debts***
- ***Interest rate to be charged following research with Local Government New Zealand***
- ***Explanation of interest charge to be included in terms of credit***

Murray/Barker

Carried

9. Corporate Report to 30 April 2015

Document number R4244, agenda pages 24 - 43 refer.

Attendance: Her Worship the Mayor returned to the meeting at 1.50pm.

In response to a question, Senior Accountant, Tracey Hughes, advised that managers were advised regularly about high annual leave balances and there was a level at which a plan to take leave was required. The Chief Executive, Clare Hadley, pointed out that this information was included in Council's Annual Report, as well as being regularly presented to the Chief Executive Employment Committee.

In response to questions, Ms Hughes advised that the \$43,000 less than projected for landfill fees was not at a level to be concerned about. She confirmed that headworks maintenance was deliberately scheduled at the end of the financial year for practical reasons.

Her Worship the Mayor congratulated Group Manager Community Services, Chris Ward, and his team on the media coverage for the Cricket World Cup and for delivering the event under budget.

In response to questions, Ms Hughes advised that variances were not compared with the original budget, they were compared to the adjusted budget as at the end of April.

It was agreed the On Track heading for the Completed Projects in Attachment 5 to the report (A1366144) would be amended to avoid confusion.

In response to questions, Mrs Hadley advised that landowner consultation on Stage 2 of the Saxton Creek Upgrade had not progressed during the Long Term Plan 2015-25 consultation. It was agreed that the update should state 'delayed due to the need to continue landowner consultation'.

In response to a question, Manager Capital Projects, Shane Davies, advised the delay on the Orphanage Stream upgrade related to cultural impact assessments. Mrs Hadley highlighted this was an issue for a number of projects.

It was suggested that issues with cultural impact assessments needed a solution and this should be added to the Risk Register.

In response to questions, Mr Davies advised that considerable effort had been made to communicate with residents affected by the Tasman Street upgrade (Nile to Bronte). He said internal processes were being developed for project wrap up reporting.

It was asked that officers include detail on the Maitai Walkway financials in the next Corporate Report, and add it to the completed portion of the project status report.

It was asked that reporting on earthquake-prone buildings be clearer in future.

Resolved AUD/2015/013

THAT the report Corporate Report to 30 April 2015 (R4244) and its attachment (A1366139) be received and the variations noted.

McGurk/Barker

Carried

10. Risk Register and Framework Plan

Document number R4246, agenda pages 44 - 53 refer.

The Chief Executive, Clare Hadley, provided an update on recruitment for the new Organisational Assurance team.

The Chairperson asked that issues with cultural impact assessments be reflected in the Risk Register.

There was discussion on the link between the risks of reputational damage to Council and insufficient/incomplete advice.

It was suggested that the Political heading on the Risk Register be changed to Political/Governance.

Resolved AUD/2015/014

THAT the report Risk Register and Framework Plan (R4246) and its attachments (A1241121 and A1359808) be received.

Barker/Murray

Carried

11. Exclusion of the Public

Resolved AUD/2015/015

THAT the public be excluded from the following parts of the proceedings of this meeting.

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:

McGurk / Barker

Carried

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Audit, Risk and Finance Subcommittee Meeting - Public Excluded - 5 May 2015	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person. • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

The meeting went into public excluded session at 2.40pm and resumed in public session at 2.42pm.

Please note that as the only business transacted in public excluded was to confirm the minutes, this business has been recorded in the public minutes. In accordance with the Local Government Official Information Meetings Act, no reason for withholding this information from the public exists.

Resolved AUD/2015/016

THAT the minutes of part of the meeting of the Audit, Risk and Finance Subcommittee, held with

the public excluded on 5 May 2015, be confirmed as a true and correct record.

Murray/McGurk

Carried

12. Re-admittance of the Public

Resolved AUD/2015/017

THAT the public be re-admitted to the meeting.

Peters / Murray

Carried

There being no further business the meeting ended at 2.42pm.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date