
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 30 July 2015, commencing at 1.00pm

Present: Mr J Peters (Chairperson), Councillors I Barker and B McGurk, and Mr J Murray

In Attendance: Chief Executive (C Hadley), Group Manager Infrastructure (A Louverdis), Group Manager Community Services (C Ward), Group Manager Corporate Services (N Harrison), Accounting Services Manager (L Anderson), and Administration Adviser (S McLean)

Apology: Her Worship the Mayor Rachel Reese

1. Apology

Resolved AUD/2015/018

THAT an apology be received and accepted from Her Worship the Mayor Rachel Reese.

Barker/McGurk

Carried

2. Confirmation of Order of Business

The Chairperson advised of one late item for the public part of the meeting, and that the following resolution needed to be passed for the items to be considered:

2.1 Capital Projects 2014/15

Resolved AUD/2015/019

THAT the item regarding Capital Projects 2014/15 be considered at this meeting as a major item not on the agenda, pursuant to Section 46A(7)(a) of the Local Government

Official Information and Meetings Act 1987, to enable a timely decision to be made.

Barker/McGurk

Carried

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 18 June 2015

Document number M1286, agenda pages 6 - 12 refer.

It was noted that as the only business transacted in public excluded on 18 June 2015 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 existed.

Resolved AUD/2015/020

THAT the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 18 June 2015, be confirmed as a true and correct record.

Murray/McGurk

Carried

6. Status Report - Audit Risk and Finance Subcommittee - 30 July 2015

Document number R4596, agenda pages 13 - 14 refer.

In response to questions, the Chief Executive, Clare Hadley, advised that only resolutions containing actions were included in the status report.

Resolved AUD/2015/021

THAT the Status Report Audit, Risk and Finance Subcommittee 30 July 2015 (R4596) and its attachment (A1324298) be received.

McGurk/Barker

Carried

7. Chairperson's Report

The Chairperson asked for further information to be provided to the Subcommittee on matters such as internal audit and risk management framework.

In response to a request from the Chairperson, the Chief Executive, Clare Hadley, advised that an internal appointment had been made to the Internal Audit position. She said there had not been any suitable applications to the Risk Management Analyst position, and alternative arrangements for that role were being looked into. Mrs Hadley added she was very pleased with the experience the new Manager Organisational Assurance brought to the organisation.

Group Manager Corporate Services, Nikki Harrison, said an internal audit charter was being prepared for the 10 September 2015 Subcommittee meeting.

Resolved AUD/2015/022

THAT the verbal Chairperson's Report be received;

AND THAT information on the risk management framework, Subcommittee work plan, internal audit work plan, and internal audit charter be provided at the next Subcommittee meeting.

Peters/Murray

Carried

8. Update on charging interest on general debtors

Document number R4579, agenda pages 15 - 22 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report.

In response to a question, Ms Harrison advised that penalties charged on rates and water were lump sum charges and this was a different process to charging interest.

There was discussion on the Draft Debt Management Policy and the allowance for charging interest at the discretion of the Group Manager Corporate Services.

In response to a suggestion that spreadsheets could be a viable alternative, the Chief Executive, Clare Hadley, cautioned the Subcommittee that running a manual workaround process to charge interest would increase the risk of error. She said Council would either need to invest in additional technology or determine that a process for charging interest was not warranted.

Mrs Hadley highlighted that general debtor levels were low and outstanding debts were only a small portion of debtors.

There was discussion on penalties set by local government legislation, which were integrated into the current accounting software.

Ms Harrison confirmed Council's terms of trade would reflect the ability to charge discretionary interest.

Resolved AUD/2015/023

THAT the report Update on charging interest on general debtors (R4579) and its attachment (A1353429) be received;

AND THAT Council do not proceed with charging interest on all overdue general debtors at this time.

Barker/McGurk

Carried

Mrs Harrison tabled the debt collection process used by officers (A1396334).

Accounting Services Manager, Lynn Anderson, provided detail on the debt collection process after 60 and 90 days.

In response to a question, Ms Anderson said marina debt was managed by Nelmac to a certain extent.

Ms Harrison confirmed the debt collection process would be included in the Draft Debt Management Policy.

Recommendation to Governance Committee and Council AUD/2015/024

THAT the Draft Debt Management Policy (A1353429) be approved.

Barker/McGurk

Carried

Attachments

- 1 A1396334 - Tabled Document - Action and Collect Debtors Overdue Accounts Process

9. Update on business case approach

Document number R4454, agenda pages 23 - 27 refer.

In response to questions, Mrs Hadley confirmed the capital expenditure projects listed in Attachment 1 to the report (A1331113) were reported to Council in various ways. She advised the Civic House Renewal Programme would be reported to the Commercial Subcommittee as and when there was any information to report within the delegations for the Subcommittee.

Resolved AUD/2015/025

THAT the report Update on business case approach (R4454) and its attachment (A1331113) be received.

Murray/Barker

Carried

10. Corporate Report to 31 May 2015

Document number R4523, agenda pages 28 - 48 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report and tabled an updated NCC Variance to Projection 31 May 2015 table (A1396340).

It was noted that information on Maitai Walkway financials had been requested at the 18 June 2015 Subcommittee meeting and would need to be included in the Corporate Report to the 10 September 2015 Subcommittee meeting.

Ms Harrison highlighted there would be a larger carry forward than expected this financial year. In response to a question, she confirmed the carry forward figure did not include gifted or vested land. Concern was raised that carry forwards could appear to the community that Council had rated for work which was not carried out.

In response to a question, Ms Harrison clarified that carry forwards were a separate issue to surplus funds, and were related to funding policy decisions. Ms Harrison added that the Long Term Plan 2015/25 had reduced contingency funding in order to avoid overrating. She said a portion of future carry forwards would be allocated to paying down debt.

In response to a question, the Chief Executive, Clare Hadley, advised the criteria for allocating funding for economic development projects and events was tight and was focussed on extending the shoulders of peak seasons in Nelson. She said there were few applications that matched the criteria. Group Manager Community Services, Chris Ward, confirmed this matter was being considered with the economic services review.

There was discussion on the Ridgeways Joint Venture. Ms Harrison advised she would be looking into ways to reduce holding costs on the Ridgeways land.

Resolved AUD/2015/026

THAT the report Corporate Report to 31 May 2015 (R4523) and its attachments (A1376070, A1384382, A1384389, A1375171, A1366415, A793514) be received and the variations noted.

Murray/McGurk

Carried

Attachments

- 1 A1396340 - Tabled Document - NCC Variance to Projection 31 May 2015

11. Capital Projects 2014/15

Document number R4646, late item M1381 pages 2 - 4 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report.

Resolved AUD/2015/027

THAT the report Capital Projects 2014/15 (R4646) be received.

Barker/McGurk

Carried

Recommendation to Governance Committee and Council AUD/2015/028

THAT Council approves continuing work on 2014/15 capital projects within the 2014/15 approved budgets, noting a report on carry forwards will come to the Audit, Risk and Finance Subcommittee meeting on 10 September 2015.

Barker/McGurk

Carried

12. Rates Remissions for 2014/15

Document number R4204, agenda pages 49 - 60 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report.

In response to a question, Ms Harrison said there were occasions where a level of judgement was required for rates remissions, and peer reviews often took place.

Resolved AUD/2015/029

THAT the report Rates Remissions for 2014/15 (R4204) and its attachments (A1383906 and A1222068) be received.

Murray/McGurk

Carried

13. Insurance Renewal for 2015/16

Document number R4245, agenda pages 61 - 64 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report.

Resolved AUD/2015/030

THAT the report Insurance Renewal for 2015/16 (R4245) be received.

McGurk/Barker

Carried

14. Bad debt report to 30 June 2015

Document number R4206, agenda pages 65 - 66 refer.

The Subcommittee congratulated officers on the low level of bad debts.

Resolved AUD/2015/031

THAT the report Bad debt report to 30 June 2015 (R4206) be received.

Murray/Barker

Carried

15. 2014/15 Audit New Zealand Letters

Document number R4433, agenda pages 67 - 87 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report and tabled the interim Audit New Zealand letter to management (A1371564).

There was discussion on the Subcommittee's future involvement on audit matters. Ms Harrison confirmed the Subcommittee would receive the draft Annual Report at its meeting on 10 September 2015.

It was agreed that Ms Harrison would arrange a meeting between the auditor and the members of the Subcommittee in September or October 2015.

In response to questions, it was confirmed there was an internal interests register for the Senior Leadership Team, which was soon to be rolled out to other levels of the organisation. It was also confirmed that Council had a Procurement Policy which was clear on conflicts of interest, and there was a 'whistle-blowing' service available.

There was discussion on the reference to independent quality assurance reviews in the audit letter. The Chief Executive, Clare Hadley said this would be considered as and when appropriate.

Questions were raised on fraud protection measures used by Council. Ms Harrison highlighted that the Subcommittee work programme due to be presented on 10 September would provide clarity on this.

Resolved AUD/2015/032

THAT the report 2014/15 Audit New Zealand Letters (R4433) and its attachments (A1371563 and A1372353) be received.

AND THAT the Subcommittee support the engagement letter being signed by Her Worship the Mayor.

Murray/McGurk

Carried

Attachments

- 1 A1371564 - Tabled Document - Management Letter, Interim audit of NCC - Audit New Zealand

There being no further business the meeting ended at 3.12pm.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date