

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

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

On Thursday 18 February 2016, commencing at 12.09pm

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

In Attendance: Councillors P Matheson and G Noonan, Chief Executive (C Hadley), Group Manager Infrastructure (A Louverdis), Group Manager Community Services (C Ward), Group Manager Corporate Services (N Harrison), Senior Accountant (T Hughes), Manager Operations (P Anderson), Manager Capital Projects (S Davies), Manager Organisational Assurance and Emergency Management (R Ball), Risk and Procurement Analyst (S Vaughan), Internal Audit Analyst (L Anderson), and Administration Adviser (S Burgess)

1. Apologies

There were no apologies.

2. Confirmation of Order of Business

The Chairperson advised a public forum presentation from Steve Cross had been confirmed after the agenda was distributed.

3. Interests

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

4. Public Forum

4.1 Hugh Briggs, Melrose House Society

Hugh Briggs, Chairperson of the Melrose House Society, tabled handouts (A1499934 and A1508640) and presented the Society's request for funding towards the upgrade of the Melrose House bathrooms.

He asked the Subcommittee to hold off deciding on the request for funding while costs were finalised, as they would likely be higher than originally anticipated.

Attachments

- 1 A1499934 - Hugh Briggs, Melrose House Society Handout 1
- 2 A1508640 - Hugh Briggs, Melrose House Society Handout 2

4.2 Steve Cross

Steve Cross expressed concern about the redaction of clause 3.5 in the letter to the Council on the audit for the year ending 30 June 2015. He asked for transparency from Council, and pointed out that ratepayers relied on audit reports to satisfy concerns they may have. Mr Cross suggested that Council too readily moved matters to public excluded in general.

Attendance: The meeting adjourned for lunch from 12.28pm to 12.48pm.

5. Confirmation of Minutes

5.1 12 November 2015

Document number M1593, agenda pages 8 - 14 refer.

Resolved AUD/2016/001

THAT the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 12 November 2015, be confirmed as a true and correct record.

McGurk/Murray

Carried

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

Document number R5457, agenda pages 15 - 16 refer.

Resolved AUD/2016/002

THAT the Status Report Audit, Risk and Finance Subcommittee 18 February 2016 (R5457) and its attachment (A1324298) be received.

Barker/McGurk

Carried

7. Chairperson's Report

The Chairperson advised that draft Terms of Reference for the Subcommittee would be presented to the 10 March Governance

Committee meeting. He noted this would include the recommendation to move future health and safety quarterly updates direct to the Governance Committee.

The Chairperson commended the Chief Executive and officers on the increased health and safety focus, as well as the progress on risk management and internal audit.

It was noted that several elected members attended the Local Government New Zealand Health and Safety Roadshow, and the health and safety duties of elected members was highlighted.

Resolved AUD/2016/003

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

Peters/Barker

Carried

8. Corporate Report to 31 December 2015

Document number R5375, agenda pages 17 - 37 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report and noted the presentation of financial information in future reports would be improved.

In response to a question about the recommendation regarding the Stoke Foothills and Atawhai Hills traffic studies, Group Manager Infrastructure, Alec Louverdis, advised officers were taking a cautious approach as there could be parameters in the Nelson Southern Link Investigation which would need to be incorporated into the Stoke Foothills project.

The Subcommittee discussed the Tasman Street upgrade. Manager Capital Projects, Shane Davies, emphasised that internal processes had changed in the past twelve months to ensure improved project management.

In response to a question, Ms Harrison advised the \$361,343 saving in Staff Expenses would likely be a permanent saving.

In response to discussion on the landfill account, Chief Executive, Clare Hadley, suggested it may be more appropriate to review this at the time of the nine month corporate report.

In response to questions, Mr Louverdis undertook to provide the Subcommittee with the amount of funding in the current financial year for the Southern Arterial corridor management plan. He advised that several large projects would be commencing on 1 March which would positively impact capital expenditure. Mr Louverdis said the St Vincent to CBD cycle path connection timeline and budget had been approved by

the Works and Infrastructure Committee as part of the Out and About Policy but the scope had yet to be developed.

The Subcommittee discussed cultural impact assessments. The Chairperson noted the delays in this area and asked that officers do what they could to progress negotiations with iwi.

Mrs Hadley undertook to meet with Mr Murray to discuss reporting on debtors.

Resolved AUD/2016/004

THAT the report Corporate Report to 31 December 2015 (R5375) and its attachments (A1489864, A1482829, A793514, A1498466 and A1486343) be received and the variations noted.

Murray/Barker

Carried

Recommendation to Governance Committee and Council AUD/2016/005

THAT Council resolves to fund the additional expenditure for Tasman Street from the following activities; Roding subsidised budgets (\$119,000), Roding unsubsidised budgets (\$117,000) and Stormwater budgets (\$92,000), a total of \$328,000, from operational and capital expenditure budgets as appropriate, noting that any individual project underspends which cover this overspend will be reported by 30 June 2016;

Barker/McGurk

Carried

Recommendation to Governance Committee and Council AUD/2016/006

AND THAT funding of \$100,000 for the Stoke Foothills Traffic Study be deferred from 2015/16 to 2016/17;

AND THAT funding of \$100,000 for the Atawhai Hills Traffic Study be brought forward from 2016/17 to 2015/16.

Barker/McGurk

Carried

9. Letter to the Council on the audit for the year ending 30 June 2015

Document number R5350, agenda pages 38 - 48 refer.

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

The Subcommittee congratulated officers on an unmodified audit report.

There was discussion on the terminology used for the Suter redevelopment. It was highlighted that Council did not own the building but was involved in all decision making processes. It was also noted that should any over expenditure occur, this would be reported to the Subcommittee.

In response to a question, Senior Accountant, Tracey Hughes, advised the Housing New Zealand suspensory loan was no longer being treated as a contingent liability but was now appearing on the balance sheet.

In response to a question, the Chief Executive, Clare Hadley, advised that Council would comply with Department of Internal Affairs wording for performance measure rules in future.

Mrs Hadley noted the Subcommittee's feedback regarding the residents survey and its comparability with other council surveys.

Resolved AUD/2016/007

THAT the report Letter to the Council on the audit for the year ending 30 June 2015 (R5350) and its attachment (A1499499) be received.

Murray/Her Worship the Mayor

Carried

Recommendation to Governance Committee and Council AUD/2016/008

THAT Council notes Audit NZ's comments (A1499499) and how officers intend to address the issues raised.

Murray/Her Worship the Mayor

Carried

10. Health and Safety quarterly update to 31 December 2015

Document number R4967, agenda pages 49 - 60 refer.

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

The Chief Executive, Clare Hadley, spoke about the significant InControl training being undertaken. She highlighted that the information presented to the Health and Safety Forum was the same as that presented to the Subcommittee. It was noted that health and safety was about the culture of the organisation.

Mrs Hadley introduced Roger Ball in his new role as Manager Organisational Assurance and Emergency Management.

It was noted that a second health and safety workshop would be held before 31 March for elected members who missed the December 2015 workshop.

Resolved AUD/2016/009

THAT the report Health and Safety quarterly update to 31 December 2015 (R4967) and its attachments (A1483985 and A1485205) be received.

Barker/McGurk

Carried

11. Council's Key Organisational Risk Progress Report

Document number R5395, agenda pages 61 - 79 refer.

Manager Organisational Assurance and Emergency Management, Roger Ball, presented the report and summarised the 'bottom up' approach taken.

It was suggested that area five, ineffective contracts and management of contracts, go beyond health and safety aspects and assess areas of ineffectiveness as well.

There was discussion on the Residual Risk Heat Map, noting that the colour codes reflected ownership of areas, and placement reflected what Council controlled.

It was suggested that compliance with legislation was a key risk; although it was pointed out there was a separate process for statutory compliance. It was also suggested that the area of fraud and corruption could also highlight increased work of internal audit on fraud detection.

In response to a question, the Chief Executive, Clare Hadley, provided detail on Council's limited use of security guards.

It was pointed out that loss of key staff was a risk that could be given more emphasis. Several Subcommittee members felt that some risks were under-emphasised.

Resolved AUD/2016/010

THAT the Council's Key Organisational Risk Progress Report (R5395) and its attachment (A1461881) be received.

McGurk/Barker

Carried

12. Internal Audit Report to 31 December 2015

Document number R5452, agenda pages 80 - 86 refer.

Internal Audit Analyst, Lynn Anderson, presented the report.

In response to a question, Ms Anderson advised the firearm at the York Valley Weighbridge had been assessed and found not to be required, so had been removed. She added that a recent visit to the Weighbridge had shown many of the recommended changes had been put in place.

Resolved AUD/2016/011

THAT the Internal Audit Report to 31 December 2015 (R5452) and its attachments (A1485806 and A1498101) be received.

Murray/McGurk

Carried

Recommendation to Governance Committee and Council AUD/2016/012

THAT Council note the internal audit findings, recommendations and status of action plans up to 31 December 2015 (R5452).

Murray/McGurk

Carried

13. Extension of loan facility to the Melrose Society

Document number R4814, agenda pages 87 - 104 refer.

Group Manager Community Services, Chris Ward, said that in line with the public forum presentation from Mr Briggs, additional information was required before the matter could be considered.

Resolved AUD/2016/013

THAT pursuant to Standing Order 3.12.1 the item Extension of loan facility to the Melrose Society be left to lie on the table, to be considered at the Audit, Risk and Finance Subcommittee meeting on 31 March 2016, commencing at the conclusion of the Works and Infrastructure Committee, in Ruma Marama, Civic House, 110 Trafalgar Street, Nelson.

Peters/McGurk

Carried

14. Exclusion of the Public

The Chairperson noted Mr Cross's concerns about moving into public excluded for the item Letter to the Council on the audit for the year ending 30 June 2015 - Utilities Contract, and supported officer advice that it was appropriate to do so.

Resolved AUD/2016/014

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:

Peters/McGurk

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 Minutes - Public Excluded - 12 November 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.
2	Letter to the Council on the audit for the year ending 30 June 2015 - Utilities Contract	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)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities

The meeting went into public excluded session at 3.01pm and resumed in public session at 3.14pm.

15. Re-admittance of the Public

Resolved AUD/2016/015

THAT the public be re-admitted to the meeting.

Murray/Barker

Carried

In response to concerns raised, it was noted that the public excluded item Letter to the Council on the audit for the year ending 30 June 2015 – Utilities Contract, would be more appropriately reflected with an additional public excluded reason.

Resolved AUD/2016/016

THAT Section 7(2)(b)(ii) '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' be added to the public excluded reason for the report titled Letter to the Council on the audit for the year ending 30 June 2015 – Utilities Contract, to more appropriately reflect the nature of that matter.

Barker/Her Worship the Mayor

Carried

Resolved AUD/2016/017

THAT it be noted that Council's auditor, Bede Kearney, was aware of the proposal to consider the utilities contract information in public excluded and had confirmed it was Council's decision as to what information it made publicly available in line with its obligations under the Local Government Official Information and Meetings Act 1987.

Barker/Her Worship the Mayor

Carried

There being no further business the meeting ended at 3.17pm.

Confirmed as a correct record of proceedings:

Chairperson

Date
