

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

**Held in the Council Chamber, Floor 2A, Civic House, 110 Trafalgar Street, Nelson (previously advertised to take place in Ruma Marama, Floor 2A, Civic House)**

**On Thursday 31 March 2016, commencing 12.21pm**

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

In Attendance: Councillors E Davy, M Lawrey, 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), Manager Communications (P Shattock), Manager Capital Projects (S Davies), Administration Adviser (S Burgess), and Audit New Zealand Auditor (B Kearney)

**1. Apologies**

There were no apologies.

Attendance: The meeting adjourned for lunch from 12.22pm to 12.43pm.

**2. Confirmation of Order of Business**

The Chairperson advised that item 10, Extension of loan facility to the Melrose Society, would be brought forward and considered after item 7, Chairperson's Report.

**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 February 2016

Document number M1712, agenda pages 8 - 17 refer.

It was noted there was a spelling error on page two of the minutes. It was asked that the final paragraph of the minutes be amended to reflect the issue was raised in response to a question.

Resolved AUD/2016/018

***THAT the amended minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 18 February 2016, be confirmed as a true and correct record.***

Murray/McGurk

Carried

**6. Status Report - Audit, Risk and Finance Subcommittee - 31 March 2016**

Document number R5657, agenda pages 17 - 18 refer.

Resolved AUD/2016/019

***THAT the Status Report Audit, Risk and Finance Subcommittee 31 March 2016 (R5657) and its attachment (A1324298) be received.***

Barker/Murray

Carried

**7. Chairperson's Report**

The Chairperson thanked officers for the new format for the Corporate Report. He asked the Subcommittee to provide feedback to ensure the reporting fulfilled the needs of the Subcommittee.

**8. Extension of loan facility to the Melrose Society**

Document number R5575, agenda pages 56 - 74 refer.

Group Manager Community Services, Chris Ward, presented the report.

A suggestion was made that the full remaining cost of the toilet refurbishment, being up to \$57,000, be granted to Melrose House, and that no funding be provided for the chiller installation. The Subcommittee supported this suggestion, highlighting that the building was deserving of good bathroom facilities.

Mr Ward highlighted that Council, through the current lease to the Melrose Society, had originally not supported a grant towards the

bathroom renovations. He added that the Heritage Asset Management Plan was the mechanism for allocating funding in the area of heritage facilities, and if additional funding was available this should be prioritised from an asset management perspective.

Attendance: The meeting adjourned from 1.00pm to 1.04pm.

Resolved AUD/2016/020

***THAT the report Extension of loan facility to the Melrose Society (R5575) and its attachments (A1509577 and A1416892) be received.***

Her Worship the Mayor/Murray

Carried

Recommendation to Governance Committee and Council AUD/2016/021

***THAT the \$15,000 funding allocated towards asbestos remediation in Melrose House in 2016/17 be brought forward to 2015/16 and be used to grant fund the Melrose Society for the purpose of toilet refurbishment;***

***AND THAT an additional unbudgeted grant of up to \$42,000 is provided to the Melrose Society for the purpose of toilet renovations in the 2015/16 financial year;***

***AND THAT the Melrose Society be informed that no further grants will be made by Council to the Melrose Society for the toilet refurbishment and chiller installation project.***

Her Worship the Mayor/Murray

Carried

## **9. Corporate Report to 31 January 2016**

Document number R5334, agenda pages 19 - 33 refer.

Senior Accountant, Tracey Hughes, and Manager Capital Projects, Shane Davies, presented the report

Mr Davies and Ms Hughes explained the new format of the Corporate Report and Subcommittee members provided feedback.

In response to questions, Ms Hughes gave further detail on underspends and operating expenditure. Group Manager Corporate Services, Nikki Harrison, further explained the variances in staff costs.

Attendance: The meeting adjourned from 1.23pm to 1.25pm.

In response to questions, further information was provided regarding staff vacancies, holiday pay, smart metering, long term plan budgets, debtors and capital projects. In response to a question, Mr Davies

confirmed the \$20,000 allocated to the Queens Garden Toilet was for design work.

There was discussion about funding being transferred from 2016/17 to 2015/16 for capital projects and the delegated authority for these decisions. Group Manager Infrastructure, Alec Louverdis, undertook to look into this matter to ensure the correct process was being followed.

Resolved AUD/2016/022

***THAT the report Corporate Report to 31 January 2016 (R5334) and its attachments (A1513082, A1311288, and A1514038) be received and the variations noted.***

Barker/Murray

Carried

Recommendation to Governance Committee and Council AUD/2016/023

***THAT the unspent 2015/16 Community Investment Fund operational budget of \$21,300 be carried forward to the 2016/17 financial year, bringing the total budget for 2016/17 for the Community Investment Fund to \$327,000.***

Barker/Murray

Carried

## 10. Audit Arrangement letter 2015/16

Document number R5508, agenda pages 34 - 55 refer.

Group Manager Corporate Services, Nikki Harrison, and Mr Bede Kearney of Audit New Zealand, presented the report.

In response to questions, Mr Kearney provided detail on performance measures, audit fee negotiation, sensitive expenditure, and Audit New Zealand's use of baseline information.

Resolved AUD/2016/024

***THAT the report Audit Arrangement letter 2015/16 (R5508) and its attachment (A1511332) be received;***

***AND THAT the Subcommittee provide feedback on the Audit Arrangement letter to Audit NZ if required, noting the Mayor will sign the letter once the Subcommittee's feedback has been incorporated.***

McGurk/Murray

Carried

**11. Letter to Council on the audit for the year ended 30 June 2015 - further information**

Document number R5640, agenda pages 75 - 84 refer.

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

Resolved AUD/2016/025

***THAT the report Letter to Council on the audit for the year ended 30 June 2015 - further information (R5640) and its attachment (A1493673) be received.***

Barker/McGurk

Carried

**12. Insurance renewal 2016/17 - infrastructure assets**

Document number R5649, agenda pages 85 - 88 refer.

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

In response to questions, Ms Harrison provided further detail regarding the timing of the Treasury consultation on insurance cost sharing arrangements. She clarified that, although Council's loss limit needed to be increased, the value of Council's asset pool was appropriately insured.

The Subcommittee agreed that further information would be available in the coming months, therefore it would be appropriate to refer the matter to the Governance Committee, for its consideration and recommendation to Council.

Attendance: The meeting adjourned from 2.57pm to 3.00pm.

Resolved AUD/2016/026

***THAT the report Insurance renewal 2016/17 - infrastructure assets (R5649) be received;***

***AND THAT the Subcommittee refers the matter of insurance renewal for Council's infrastructure insurance to the Governance Committee for its consideration and recommendation to Council.***

Barker/McGurk

Carried

**13. Exclusion of the Public**

Resolved AUD/2016/027

***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:**

Her Worship the Mayor/Murray

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	<b>Audit, Risk and Finance Subcommittee Meeting - Public Excluded Minutes - 18 February 2016</b>	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"> <li>• 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.</li> <li>• Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</li> </ul>

The meeting went into public excluded session at 3.04pm and resumed in public session at 3.05pm.

#### **14. Confirmation of Minutes – Public Excluded**

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.

Document number M1713, public excluded agenda pages 3 - 5 refer.

A correction was requested to the attendance section of the minutes.

Resolved AUD/2016/028

***THAT the amended minutes of part of the meeting of the Audit, Risk and Finance Subcommittee, held with the public excluded on 18 February 2016, be confirmed as a true and correct record.***

Barker/McGurk

Carried

**15. Re-admittance of the Public**

Resolved AUD/2016/029

***THAT the public be re-admitted to the meeting.***

Reese/Barker

Carried

There being no further business the meeting ended at 3.05pm.

Confirmed as a correct record of proceedings:

\_\_\_\_\_ Chairperson \_\_\_\_\_ Date