



AGENDA

Extraordinary meeting of the

Governance Committee

**Thursday 3 March 2016
Commencing at 1.30pm
Council Chamber
Civic House
110 Trafalgar Street, Nelson**

Membership: Councillor Ian Barker (Chairperson), Her Worship the Mayor Rachel Reese, Councillors Luke Acland (Deputy Chairperson), Eric Davy, Kate Fulton, Paul Matheson, Brian McGurk, Gaile Noonan, and Pete Rainey, Mr John Murray and Mr John Peters

Guidelines for councillors attending the meeting, who are not members of the Committee, as set out in Standing Orders:

- All councillors, whether or not they are members of the Committee, may attend Committee meetings (SO 2.12.2)
- At the discretion of the Chair, councillors who are not Committee members may speak, or ask questions about a matter.
- Only Committee members may vote on any matter before the Committee (SO 3.14.1)

It is good practice for both Committee members and non-Committee members to declare any interests in items on the agenda. They should withdraw from the room for discussion and voting on any of these items.

1. Apologies

- 1.1 An apology has been received from Councillor Eric Davy

2. Confirmation of Order of Business**3. Interests**

- 3.1 Updates to the Interests Register
- 3.2 Identify any conflicts of interest in the agenda

4. Public Forum**5. Confirmation of Minutes**

- 5.1 5 November 2015 **9 - 15**

Document number M1580

Recommendation

THAT the minutes of the meeting of the Governance Committee, held on 5 November 2015, be confirmed as a true and correct record.

- 5.2 Extraordinary Meeting - 24 December 2015 **16 - 18**

Document number M1670

Recommendation

THAT the minutes of the extraordinary meeting of the Governance Committee, held on 24 December 2015, be confirmed as a true and correct record.

6. Status Report - Governance Committee- 3 March 2016 **19 - 20**

Document number R5557

Recommendation

THAT the Status Report Governance Committee 3 March 2016 (R5557) and its attachment (A1160658) be received.

7. Chairperson's Report

GOVERNANCE

8. Audit, Risk and Finance Subcommittee Terms of Reference and Delegations Update **21 - 28**

Document number R4931

Recommendation

THAT the report Audit, Risk and Finance Subcommittee Terms of Reference and Delegations Update (R4931) and its attachments (A1437349 and A1507355) be received.

Recommendation to Council

THAT the Audit Risk and Finance Subcommittee draft Terms of Reference (A1437349) be adopted;

AND THAT the Delegations Register be updated as illustrated in (A1507355) to:

- ***include a reference to the Audit, Risk and Finance Subcommittee Terms of Reference;***
- ***remove Health and Safety from the Audit, Risk and Finance Subcommittee's area of responsibility.***

REPORTS FROM COMMITTEES

9. Audit, Risk and Finance Subcommittee - 12 November 2015 **29 - 35**

Document number M1593

Recommendation

THAT the unconfirmed minutes of a meeting of the Audit, Risk and Finance Subcommittee, held on 12 November 2015, be received.

9.1 Internal Audit Plan and Procedure

Recommendation to Governance Committee and Council

THAT the Internal Audit Plan to 30 June 2016 (A1452073) be approved, with the amendment:

- ***Under the heading 'Extension for Action Plans', insert the words "or organisational risk" after the words "no safety-related issues".***

9.2 Liability Management Policy amendment

Recommendation to Governance Committee and Council

THAT the amended Liability Management Policy (A1450461) be adopted.

10. Commercial Subcommittee - 24 December 2015 36 - 38

Document number M1664

Recommendation

THAT the unconfirmed minutes of an extraordinary meeting of the Commercial Subcommittee, held on 24 December 2015, be received.

11. Audit, Risk and Finance Subcommittee - 18 February 2016 39 - 47

Document number M1712

Recommendation

THAT the unconfirmed minutes of a meeting of the Audit, Risk and Finance Subcommittee, held on 18 February 2016, be received.

11.1 Corporate Report to 31 December 2015

Recommendation to Governance Committee and Council

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;

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.

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

Recommendation to Governance Committee and Council

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

11.3 Internal Audit Report to 31 December 2015

Recommendation to Governance Committee and Council

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

PUBLIC EXCLUDED BUSINESS

12. Exclusion of the Public

Recommendation

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:

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	Governance Committee Meeting - Public Excluded Minutes - 5 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)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person.
2	Extraordinary Governance Committee Meeting Minutes - Public Minutes - 24 December 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)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities. • Section 7(2)(j) To prevent the disclosure or use of official information for improper gain or improper advantage.
3	Audit, Risk and Finance Subcommittee Meeting - Public Excluded Minutes - 12 November 2015 These minutes do not contain a recommendation to the Governance Committee	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.

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
4	<p>Extraordinary Commercial Subcommittee Meeting Minutes - Public Excluded Minutes - 24 December 2015</p> <p>The recommendation to the Governance Committee in these minutes was considered at the extraordinary Governance Committee meeting on 24 December 2015</p>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities. Section 7(2)(j) To prevent the disclosure or use of official information for improper gain or improper advantage.
5	<p>Audit, Risk and Finance Subcommittee Meeting - Public Excluded Minutes - 18 February 2016</p> <p>These minutes contain a recommendation to the Governance Committee regarding 'Letter to the Council on the audit for the year ending 30 June 2015 – Utilities Contract'</p>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> 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. Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

13. Re-admittance of the public

Recommendation

THAT the public be re-admitted to the meeting.

Note:

- Youth Councillors Fynn Sawyer and Luke Wilkes will be in attendance at this meeting.**

Minutes of a meeting of the Governance Committee

**Held in the Council Chamber, Civic House, 110 Trafalgar Street,
Nelson**

On Thursday 5 November 2015, commencing at 9.01am

Present: Councillor I Barker (Chairperson), Her Worship the Mayor R Reese, Councillors L Acland (Deputy Chairperson), E Davy, K Fulton, P Matheson, B McGurk, G Noonan, and P Rainey, Mr J Murray and Mr J Peters

In Attendance: Chief Executive (C Hadley), Group Manager Community Services (C Ward), Group Manager Corporate Services (N Harrison), Senior Strategic Adviser (N McDonald), Manager Communications (P Shattock), Administration Manager (P Langley), and Administration Adviser (G Brown)

Apology: Her Worship the Mayor R Reese for lateness

1. **Apology**

Resolved GOV/2015/068

***THAT an apology be received and accepted from
Her Worship the Mayor for lateness.***

Davy/Noonan

Carried

2. **Confirmation of Order of Business**

The Chairperson advised that item 8, Audit, Risk and Finance Subcommittee Terms of Reference, would not be considered at this meeting and the following resolution was passed.

Resolved GOV/2015/069

***THAT the item Audit, Risk and Finance
Subcommittee Terms of Reference be deferred to
the next Governance Committee meeting.***

Barker/Fulton

Carried

There were no further changes 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 1 October 2015

Document number M1503, agenda pages 9 - 16 refer.

Resolved GOV/2015/070

THAT the minutes of the meeting of the Governance Committee, held on 1 October 2015, be confirmed as a true and correct record.

Matheson/Davy

Carried

6. Chairperson's Report

The Chairperson highlighted the Royal Visit on 7 November 2015 and said it would be a great occasion for the City.

He acknowledged the recent success of the All Blacks at Rugby World Cup 2015 and advised that a letter of congratulations would be sent to them.

Attendance: Her Worship the Mayor joined the meeting at 9.04am.

7. Review of Nelson City Council's Policy for Appointing Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations

Document number R4276, agenda pages 17 - 26 refer.

Group Manager Community Services, Chris Ward, presented the report. He advised the Committee that an additional bullet point in section 4 of the procedure was required to allow for flexibility and would read:

'4.1.3 Decide on the composition of the interview panel.'

He added that due to this additional bullet point consequential changes would be required to section 4.

It was noted that the numbering in section 3 needed to be rectified.

In response to a question, Mr Ward clarified that the Procedure was to provide guidance to the Board who would decide on the criteria for the appointment of directors and trustees.

In response to a further question, Mr Ward explained that if a trustee or director chose to stand for election they would not need to resign from their position as they were not appointed by Council.

Attendance: Councillor Matheson left the meeting at 9.18am.

It was suggested that a robust process was required for assessing a Board's performance.

Resolved GOV/2015/071

THAT the report Review of Nelson City Council's Policy for Appointing Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations (R4276) and its attachments (A1417327 and A284857) be received.

Acland/McGurk

Carried

Recommendation to Council GOV/2015/072

THAT the reviewed and amended Nelson City Council Policy for the Appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations (A284857) be adopted.

Acland/McGurk

Carried

8. Service Level Reviews: Process, Criteria, Resourcing

Document number R5014, agenda pages 34 - 43 refer.

Senior Strategic Adviser, Nicky McDonald, presented the report.

In response to a question, Ms McDonald advised there was a robust system for service level review of contracts for services under \$100,000.

In response to a further question, Ms McDonald explained that the 'Estimated resource required' column in attachment 1 was a conservative estimate by officers and 'Low' resource could mean some work had already been done in that area. She added there was the risk that officers would need to direct their time away from other workloads to respond to this statutory requirement.

In response to a question, Ms McDonald advised that in relation to timeframes for reporting back on service level reviews she would have a better estimation once several reviews had been conducted.

Resolved GOV/2015/073

THAT the report Service Level Reviews: Process, Criteria, Resourcing (R5014) and its attachment (A1445250) be received.

Davy/McGurk

Carried

Recommendation to Council GOV/2015/074

THAT approval is given for the proposed approach (as detailed in R5014) to review all applicable services in order to comply with the requirements of Section 17A of the Local Government Act 2002;

AND THAT a quarterly report back on the progress of the review be prepared for the Governance Committee.

Davy/McGurk

Carried

REPORTS FROM COMMITTEES

9. Commercial Subcommittee - 14 October 2015

Document number M1527, agenda pages 44 - 46 refer.

Resolved GOV/2015/075

THAT the unconfirmed minutes of a meeting of the Commercial Subcommittee, held on 14 October 2015, be received.

Murray/Rainey

Carried

10. Audit, Risk and Finance Subcommittee - 14 October 2015

Document number M1529, agenda pages 47 - 51 refer.

Resolved GOV/2015/076

THAT the unconfirmed minutes of a meeting of the Audit, Risk and Finance Subcommittee, held on 14 October 2015, be received.

Peters/Murray

Carried

10.1 Draft Asset Disposal Policy

Recommendation to Council GOV/2015/077

THAT the Draft Asset Disposal Policy (A1412442) with amendments be approved;

AND THAT the Delegations Manual is updated to reflect the delegations in the Asset Disposal Policy.

Peters/Rainey

Carried

10.2 Draft Risk Management Framework

Recommendation to Council GOV/2015/078

THAT the Draft Risk Management Framework (A1431591) with amendments be approved.

Peters/Rainey

Carried

10.3 Corporate Report to 31 August 2015

Recommendation to Council GOV/2015/078

THAT \$350,000 for the upgrade of the Civic House verandah be deferred until 2017/18;

AND THAT \$200,000 for the upgrade of the Hunter Furniture roof be deferred until 2016/17.

Peters/Rainey

Carried

Attendance: The meeting adjourned from 9.43am until 9.55am.

11. Exclusion of the Public

Resolved GOV/2015/078

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:

Rainey/Matheson

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	Governance Committee Meeting Minutes - Public Excluded - 1 October 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)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities. • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person.
2	Nelmac Statement of Expectation 2016/17	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)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
3	Bishop Suter Trust Statement of Expectation 2016/17	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)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
4	Commercial Subcommittee Meeting Minutes - Public Excluded - 14 October 2015 These minutes contain a	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists	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)(h)

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
	recommendation regarding land purchase in Stoke	under section 7.	<p>To enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <ul style="list-style-type: none"> • Section 7(2)(j) To prevent the disclosure or use of official information for improper gain or improper advantage. • 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.

The meeting went into public excluded session at 9.56am and resumed in public session at 10.50am.

12. Re-admittance of the Public

Resolved GOV/2015/079

THAT the public be re-admitted to the meeting.

Barker/Acland

Carried

There being no further business the meeting ended at 10.50am.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

Minutes of an extraordinary meeting of the Governance Committee

Held in the Council Chamber, Civic House, 110 Trafalgar Street, Nelson

On Thursday 24 December 2015, commencing at 9.38am

- Present: Councillor I Barker (Chairperson), Her Worship the Mayor R Reese, Councillors E Davy, K Fulton, P Matheson, B McGurk, G Noonan, and Mr J Murray
- In Attendance: Councillors M Ward and T Skinner, Chief Executive (C Hadley), Group Manager Infrastructure (A Louverdis), Manager Communications (P Shattock), and Administration Adviser (G Brown)
- Apologies: Councillors L Acland (Deputy Chairperson), P Rainey, and Mr J Peters

1. Apologies

Resolved GOV/2015/087

THAT apologies be received and accepted from Councillors Acland and Rainey, and Mr Peters.

Murray/McGurk

Carried

2. Confirmation of Order of Business

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

- 2.1 Tenancy Options for CBD Building
Late item memo M1672 refers.

Resolved GOV/2015/088

THAT the public excluded item Tenancy Options for CBD Building 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

Davy/Noonan

Carried

3. Interests

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

4. Public Forum

There was no public forum.

5. Exclusion of the Public

Resolved GOV/2015/089

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:

Davy/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	Tenancy options for CBD building	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 9.40am and resumed in public session at 9.42am.

6. Re-admittance of the Public

Resolved GOV/2015/090

THAT the public be re-admitted to the meeting.

Davy/McGurk

Carried

There being no further business the meeting ended at 9.42am.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

Status Report - Governance Committee- 3 March 2016

1. Purpose of Report

- 1.1 To provide an update on the status of actions requested and pending.

2. Recommendation

***THAT the Status Report Governance Committee
3 March 2016 (R5557) and its attachment
(A1160658) be received.***

Gayle Brown
Administration Adviser

Attachments

Attachment 1: A1160658 Status Report Governance Committee 3 March 2016

All Actions
Status Report - Governance Committee 3 March 2016

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
05 November 2015	Confirmation of Order of Business	<u>THAT</u> the item Audit, Risk and Finance Subcommittee Terms of Reference be deferred to the next Governance Committee meeting.	Clare Hadley	A report is on this agenda Complete

REPORT R4931**Audit, Risk and Finance Subcommittee Terms of Reference and Delegations Update**

Governance Committee at its meeting on 05 November 2015 resolved that the matter be deferred to the next Governance Committee meeting.

1. Purpose of Report

- 1.1 To adopt Terms of Reference for the Audit, Risk and Finance Subcommittee.
- 1.2 To remove Health and Safety from the Audit, Risk and Finance Subcommittee's area of responsibility in the Delegations Register.

2. Delegations

- 2.1 The Governance Committee has the powers to recommend to Council matters relating to the Audit, Risk and Finance Subcommittee.

3. Recommendation

THAT the report Audit, Risk and Finance Subcommittee Terms of Reference and Delegations Update (R4931) and its attachments (A1437349 and A1507355) be received.

Recommendation to Council

THAT the Audit Risk and Finance Subcommittee draft Terms of Reference (A1437349) be adopted;

AND THAT the Delegations Register be updated as illustrated in (A1507355) to:

- ***include a reference to the Audit, Risk and Finance Subcommittee Terms of Reference;***
- ***remove Health and Safety from the Audit, Risk and Finance Subcommittee's area of responsibility.***

4. Background

- 4.1 At a meeting of Council on 12 February 2015 the Audit, Risk and Finance Subcommittee was set up through the Mayor's Report.
- 4.2 Also at this Council meeting, Council resolved that the Governance Committee meeting 3 March 2015 confirm the appointment of the chairperson and the draft delegations for the Audit, Risk and Finance Subcommittee.
- 4.3 At that meeting the Governance Committee appointed the chairperson and approved the draft delegations for the Audit, Risk and Finance Subcommittee.

5. Discussion

- 5.1 The Chairperson of the Audit, Risk and Finance Subcommittee has requested that Terms of Reference be adopted for this Subcommittee.
- 5.2 Terms of Reference for subcommittees at Council is not usual practice.
- 5.3 The Audit, Risk and Finance Subcommittee Terms of Reference collates information from the Local Government Act 2002, Local Government Information and Meetings Act 1987, Local Government New Zealand Audit and Risk Management Guide, Council's Delegations Register, Standing Orders, Elected Members Code of Conduct and reports written for the establishment of the Audit, Risk and Finance Subcommittee.
- 5.4 The Terms of Reference elaborate on this collated information as well as providing additional information.
- 5.5 The Governance Committee should be sure that the additional information is clear within the Terms of Reference and aligns with the level of authority initially intended to be delegated to the Audit, Risk and Finance Subcommittee.
- 5.6 Should the Terms of Reference be recommended for adoption, the Delegations Register should be amended to include reference to them.
- 5.7 It is proposed the following words are inserted into the Audit, Risk and Finance delegations. 'For the Terms of Reference for the Audit, Risk and Finance Subcommittee please refer to document A1437349'.
- 5.8 Terms of Reference for the Commercial Subcommittee are not proposed.

6. Health and Safety at Work Act 2015

- 6.1 Due to the new Health and Safety at Work Act 2015, Council on 17 December 2015 approved the draft Health and Safety Management System Governance Charter.

- 6.2 Under the new Health and Safety at Work Act 2015, elected members and Senior Leadership Team will be classed as “officers” under the new Act and will therefore have a duty of due diligence.
- 6.3 Health and Safety is therefore considered to be a matter more appropriately considered by the Governance Committee rather than the Audit, Risk and Finance Subcommittee. As a result, reference to Health and Safety in the areas of responsibility have been removed from the Audit, Risk and Finance Subcommittee Terms of Reference.

7. Options

- 7.1 Council can choose to adopt or not to adopt the Audit, Risk and Finance Subcommittee Terms of Reference.

8. Alignment with relevant Council policy

- 8.1 This matter is not in contradiction to any Council policy or strategic document except for the Health and Safety points described above.

9. Assessment of Significance against the Council’s Significance and Engagement Policy

- 9.1 This decision is not considered to be significant in terms of Council’s Significance and Engagement Policy.

10. Consultation

- 10.1 No consultation has been undertaken on this matter.

11. Inclusion of Māori in the decision making process

- 11.1 No consultation with Maori has been undertaken on this matter.

Clare Hadley
Chief Executive

Attachments

- Attachment 1: A1437349 - draft Audit, Risk and Finance Subcommittee Terms of Reference 03 March 2016
- Attachment 2: A1507355 Audit Risk and Finance Subcommittee updates to the Delegations Register 03MAR2016

TERMS OF REFERENCE

AUDIT RISK AND FINANCE SUBCOMMITTEE

Establishment	<p>The Local Government New Zealand (LGNZ) Audit and Risk Management Guide states that an audit and risk committee has a valuable contribution to make in improving the governance, performance and accountability of local authorities. Audit and risk committees are common in councils around the country.</p> <p>Council resolved on 12 February 2015 to establish the Subcommittee (A1313027).</p>
Objectives	<p>The objective of the Subcommittee is to assist Nelson City Council in meeting its responsibilities and increasing its effectiveness by establishing:</p> <ul style="list-style-type: none"> • The strengthened independence and objectivity of Council through external appointees, internal and external auditors; • A robustness in the internal control framework and financial management practices; • The integrity and appropriateness of internal and external reporting and accountability arrangements; • The independence and adequacy of internal and external audit functions; • Robustness in risk management systems, processes and practices; • Appropriate monitoring of compliance with applicable laws, regulations, standards and best practice guidelines.
Responsibilities and Delegations¹	<p>The Governance Committee resolved on 3 March 2015 the appointment of a chairperson and approved the delegations for the Audit, Risk and Finance Subcommittee (A1325357).</p> <p>The following Areas of Responsibility (in bold) are as contained in Council's Delegations Register (A1183061). The subsequent points below provide further clarification in line with best practice for such committees.</p> <ul style="list-style-type: none"> • Council's Treasury policies <ul style="list-style-type: none"> ◦ Review of accounting policies and changes in policy and practice • Audit of Council's Annual Report and annual accounts <ul style="list-style-type: none"> ◦ Liaison with external auditors and review of audit findings • Providing guidance to the audit process and management of financial risk <ul style="list-style-type: none"> ◦ Ensuring that recommendations highlighted in internal and external audit reports are actioned by management ◦ Ensuring that areas of known or suspected financial risk are appropriately managed

¹ Oversight and monitoring of Health & Safety removed from areas of responsibility. Resolved at the Governance Committee 10 March 2016
A1437349

	<ul style="list-style-type: none"> • Risk management and internal control <ul style="list-style-type: none"> ◦ Review whether management's approach to maintaining an effective internal control framework is sound and effective; ◦ Ensuring compliance with the Nelson City Council Risk Management Framework ◦ Monitoring the Risk Management Programme and reviewing the top risks contained in the risk profile of Council ◦ Receiving risk alerts ◦ Recommending to the Governance Committee any other significant risk issues to be considered ◦ Ensuring the adequacy of protected disclosure mechanisms ◦ Oversight of compliance with statutory and regulatory requirements affecting financial and risk information • Monitoring of Council's financial and service performance <ul style="list-style-type: none"> ◦ Review of financial information and assessment of the performance of financial management; including whether the reporting is adequate for stakeholder needs • Business Continuity • Internal Audit <ul style="list-style-type: none"> ◦ Providing guidance to the Internal Audit function including reviewing and monitoring of the Annual Internal Audit Work Plan • Any matters referred to it by Council or Governance Committee <ul style="list-style-type: none"> ◦ Make recommendations to Council as a result of reports from internal or external auditors
Powers to Decide	<ul style="list-style-type: none"> • This Subcommittee has no delegated powers to decide • It has powers to Recommend to the Governance Committee any matters within the areas of responsibility or such other matters referred to it by the Council or Governance Committee
Membership	<ul style="list-style-type: none"> • Membership of the Subcommittee will comply with Council's Standing Orders (A691137). • Membership of the Subcommittee to comprise 3 to 5 members to be appointed by the Nelson City Council from amongst Elected Members and/or other independent persons. • The Governance Committee will appoint a chairperson from the members of the Subcommittee. The Chair shall be an independent member rather than an elected member.

A1437349

	<ul style="list-style-type: none"> • The Subcommittee must have one member who has an expert understanding of generally accepted accounting principles and financial statements; the ability to assess the general application of such principles and an understanding of internal controls over financial reporting. • All members, whether elected or appointed, will be bound by Council's Elected Members' Code of Conduct (A1181923).
Secretarial and Meetings	<p>Meetings of the Subcommittee will comply with Council's Standing Orders (A691137)</p> <ul style="list-style-type: none"> • The Subcommittee may request, through the Chief Executive, other staff to attend meetings and provide appropriate information and explanations, as necessary. • The Subcommittee may request the external auditor to attend meetings. • Meetings will be held six-weekly. The timing of these meetings will be aligned with the Governance Committee meeting dates and consideration taken in relation to Nelson City Council's reporting and audit cycle. • Minutes of all meetings will be received by the Governance Committee. • All recommendations shall be made to the Governance Committee and Council where necessary. • The external auditors and the staff responsible for internal audits are encouraged to meet as appropriate with the Subcommittee Chairperson.
Authority	<ul style="list-style-type: none"> • The Subcommittee is authorised by the Council to investigate any activity within its Delegations. It shall have unfettered rights to discuss any matters within their jurisdiction with staff members and external auditors. The external auditors and staff shall have the ability to approach the Subcommittee directly with matters of concern. • In the event external advice on any matter is required by the Subcommittee, prior agreement will be sought.
Review of the Subcommittee	<p>The Subcommittee will undertake an annual self-review of its Terms of Reference, Internal Audit Charter and Annual Subcommittee Work Plan.</p> <p>Any changes are to be recommended to the Governance Committee</p>

A1437349

Reporting Procedures	<ul style="list-style-type: none"> • The Subcommittee will have direct lines of communication with the Chief Executive and the Group Manager Corporate Services. Any communication with other staff will be through the Chief Executive. • The Chief Executive and the Group Manager Corporate Services will be responsible for drawing to the Subcommittee's attention: <ul style="list-style-type: none"> ○ Any material matter that relates to the financial condition of the Nelson City Council ○ Any significant operational risks ○ Any material breakdown in internal controls ○ Any event of fraud or malpractice.
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Council adopted the Audit, Risk and Finance Subcommittee Terms of Reference at its meeting on _____.

A1437349

7.0 Subcommittees Established by Nelson City Council

7.1 Audit, Risk and Finance Subcommittee

This is a subcommittee of the Governance committee

7.1.1 Areas of Responsibility

To recommend to the Governance Committee on the following areas:

- Council's Treasury policies
- Audit of Council's Annual Report and annual accounts
- Oversight of audit process and management of financial risk
- Risk management and internal control
- Monitoring of Council's financial and service performance
- ~~Monitoring of health and safety in the organisation~~
- ~~Oversight of Council's Health and Safety obligations~~
- Business Continuity
- Statutory Compliance
- Internal audit

7.1.2 Powers to Decide

- This subcommittee has no delegated powers to decide

7.1.3 Powers to Recommend to the Governance Committee:

- Any matters within the areas of responsibility or such other matters referred to it by the Council or Governance Committee

For the Terms of Reference for the Audit, Risk and Finance Subcommittee please refer to document A1437349

A1507355

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 12 November 2015, commencing at 9.09am

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

In Attendance: Councillor P Matheson (Deputy Mayor), Chief Executive (C Hadley), Group Manager Infrastructure (A Louverdis), Group Manager Corporate Services (N Harrison), Senior Accountant (T Hughes), Administration Adviser (E-J Ruthven)

Apology: Councillor Ian Barker

By agreement of all members present, Mr Murray assumed the Chair.

1. Apologies

Resolved AUD/2015/049

THAT an apology be received and accepted from Councillor Ian Barker.

Reese/McGurk

Carried

2. Confirmation of Order of Business

There was no change to the order of business, although it was noted that the order of business may alter to accommodate the Council's Treasury Adviser, Brett Johanson's, presentation to the Subcommittee.

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 14 October 2015

Document number M1529, agenda pages 6 - 10 refer.

Resolved AUD/2015/050

THAT the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 14 October 2015, be confirmed as a true and correct record.

McGurk/Murray

Carried

6. Status Report - Audit, Risk and Finance Subcommittee - 12 November 2015

Document number R5107, agenda pages 11 - 12 refer.

Resolved AUD/2015/051

THAT the Status Report Audit, Risk and Finance Subcommittee 12 November 2015 (R5107) and its attachment (A1324298) be received.

McGurk/Murray

Carried

CHAIRPERSON'S REPORT

7. Chairperson's Report

There was no Chairperson's report.

8. Internal Audit Plan and Procedure

Document number R5045, agenda pages 13 - 22 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report. She explained that the risk register captured organisational risks, and that an audit of the top ten organisational risks was expected to be completed by 30 June 2016.

In response to questions, Ms Harrison explained current internal checks in relation to financial policies such as the payroll system. She added that the internal audit system would involve a review of internal processes, and may include data checking.

In response to a further question, the Chief Executive explained that no issues had been raised through the whistle-blowing system, and as a result, no review of this had been undertaken. Ms Harrison added that

any issues arising as a result of internal audits would be brought to the subcommittee's attention.

Attendance: Mr Peters joined the meeting at 9.21am, and assumed the chair.

In response to a question, the Chief Executive explained that regulatory risk was captured in the risk register, but was not considered to be one of the top ten risks requiring internal audit in the short term. She said that some elements of regulatory risk were monitored via external auditing procedures, but that other aspects would require internal audit.

In response to further questions, Ms Harrison explained that the interest schedules for both elected members and staff were updated on an on-going basis. She said that the schedule recording elected members' interests was carefully reviewed by Audit New Zealand, but that an audit had not been undertaken regarding the staff interests' register.

Following discussion, it was agreed that, in the Internal Audit Procedure under the heading 'Extension for Action Plans', the words "or organisational risk" should be added after the words "no safety-related issues".

Resolved AUD/2015/052

THAT the report Internal Audit Plan and Procedure (R5045) and its attachments (A1452073 and A1428836) be received.

Murray/McGurk

Carried

Recommendation to Governance Committee and Council AUD/2015/053

THAT the Internal Audit Plan to 30 June 2016 (A1452073) be approved, with the amendment:

- ***Under the heading 'Extension for Action Plans', insert the words "or organisational risk" after the words "no safety-related issues".***

McGurk/Murray

Carried

9. Corporate Report to 30 September 2015

Document number R5067, agenda pages 23 - 40 refer.

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

In response to a question, Group Manager Infrastructure, Alec Louverdis, explained the quantum involved in studies delayed until the New Zealand Transport Agency Southern Arterial Investigation was released.

In response to a question regarding the Nelson School of Music, Ms Harrison explained that the expenditure being behind budget was largely a timing issue. She added that there were a number of open purchase orders, which indicated work underway.

In response to a question regarding the Nelson Plan and the Air Plan, the Chief Executive explained that, dependent on timing of hearings, there was likely to be an overspend in the Air Plan as a result of bringing the Plan Change forward.

The Committee considered the report attachments in turn.

In response to a question regarding the Capital Expenditure Graph, Ms Harrison explained that the actual spend trending behind the budget was largely an invoicing timing issue.

In response to questions regarding the Major Projects Status Report, Mr Louverdis gave an update of the process surrounding Cultural Impact Assessments. With regards to the Trafalgar Centre re-opening, Mr Louverdis confirmed that the budget column reflected stages 1-3, but that the next report would have updated costs.

There was a discussion regarding marina maintenance dredging. In response to a question, Mr Louverdis explained the process of calling for tenders, and noted that responses to the tender exceeded the available budget. He said that the next Corporate report would address this issue.

In response to a question regarding debtors to Council, the Chief Executive advised that debt recovery steps were being undertaken. She added that the meeting would need to move into public excluded session in order to provide further details.

Resolved AUD/2015/054

THAT the report Corporate Report to 30 September 2015 (R5067) and its attachments (A1448646, A1311288, A793514, and A1437431) be received and the variations noted.

Murray/McGurk

Carried

Resolved AUD/2015/055

THAT the subcommittee notes that funding of \$8,900 has been allocated to Isel House in 2015/16 for the operational costs of running the House.

McGurk/Reese

Carried

10. PwC Presentation

Brett Johanson, Council's Treasury Adviser, gave a Power Point presentation on treasury risk management (A1458485).

He spoke about changes to the domestic and global interest rate markets, and explained additional movements in the financial market which impacted on the manner in which local authorities managed their treasury functions.

Mr Johanson provided an update regarding the Local Government Funding Agency (LGFA). He explained the change in policy allowing bonds to be issued out to 12 years at a lower cost than bank funding, and noted that there may be an even longer-term bond offering in the future. He spoke about the effect that longer-term bonds had on local authorities' ability to manage debt risks.

The subcommittee discussed whether Council was too risk adverse to taking on debt, given that current market conditions were favourable to taking on further debt. In response to a question, Ms Harrison explained that pre-funding future projects when interest rates were low was not necessarily advantageous to Council, as margins would be lost when such funds were re-invested. Mr Johanson added that pre-funding also raised the risk of over-hedging and creating inflexibility, and that external agencies, such as the LGFA and Standard and Poors, appreciated local authorities behaving in a financially prudent manner. He added that pre-funding activities by taking on debt now could potentially affect Council's credit rating, which would have flow on effects for relative interest rates.

There was a further discussion regarding whether asset management and deferred maintenance, particularly of infrastructure assets, should be brought forward, in order to take advantage of lower interest rates, and the capacity of Council to deliver such projects was discussed. It was noted that Council's current debt to total revenue ratio was approximately 65%, well below Council's policy limit of 150% and the Standard and Poor's limit of 175%, at which a down-grade of the credit rating would be indicated. In response to a question, Ms Harrison explained that the Long Term Plan indicated a ratio of approximately 140% around years six to seven, and that this should be kept in mind if any alterations to Council's current debt management were to be considered.

Mr Johanson then explained updates to Council's Liability Management Policy. He said that this was now managed out to 12 years, as a result of the longer term LGFA funding available, but that any debt beyond this time period would require Council approval.

He added that the 5-year-plus limit had moved from 40% to 60%, as this provided the greatest flexibility for Council to manage growing debt. There was a discussion regarding Council's exposure to banks through interest rate swaps, and whether it was appropriate for local authorities

to invest with local building societies or credit unions. In response to a question, Ms Harrison clarified that Council was a net borrower, and was not in a position to invest in such agencies per se.

In response to questions, Mr Johanson explained that prudent financial management was a key objective, and that overall Council was fit for purpose and meeting best practice standards in relation to its liability and investment policies, and disciplined approach to managing risks.

Attachments

- 1 Power Point Presentation - A1458485 - Treasury Management Update

11. Liability Management Policy amendment

Document number R5077, agenda pages 41 - 56 refer.

Resolved AUD/2015/057

THAT the report Liability Management Policy amendment (R5077) and its attachment (A1450461) be received.

Murray/McGurk

Carried

Recommendation to Governance Committee and Council AUD/2015/058

THAT the amended Liability Management Policy (A1450461) be adopted.

Murray/McGurk

Carried

12. Exclusion of the Public

Recommendation

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:

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	Corporate Report to 30 September 2015 – discussion regarding debtor	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.

The meeting went into public excluded session at 11.20am and resumed in public session at 11.25am.

13. Re-admittance of the Public

Resolved AUD/2015/059

THAT the public be re-admitted to the meeting.

McGurk/Murray

Carried

There being no further business the meeting ended at 11.25am.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

Minutes of an extraordinary meeting of the Commercial Subcommittee

Held in the Council Chamber, Civic House, 110 Trafalgar Street, Nelson

On Thursday 24 December 2015, commencing at 9.00am

Present: Mr J Murray (Chairperson), Her Worship the Mayor R Reese and Councillor G Noonan

In Attendance: Councillors I Barker, E Davy, K Fulton, P Matheson, B McGurk, M Ward and T Skinner, Chief Executive (C Hadley), Group Manager Infrastructure (A Louverdis), Manager Communications (P Shattock), and Administration Adviser (G Brown)

Apologies: Councillor L Acland and Mr J Peters

1. Apologies

Resolved COM/2015/029

THAT apologies be received and accepted from Councillor Acland, and Mr Peters.

Her Worship the Mayor/Noonan

Carried

2. Confirmation of Order of Business

The Chairperson advised the amplifier for the microphones was being serviced, therefore there would be no live streaming of meetings today.

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

2.1 Tenancy options for CBD Building

Late item memo M1663 refers.

Resolved COM/2015/030

THAT the public excluded item Tenancy Options for CBD Building 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.

Noonan/Her Worship the Mayor

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. Exclusion of the Public

Resolved COM/2015/031

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/Noonan

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	Tenancy options for CBD Building	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 9.02am and resumed in public session at 9.37am.

6. Re-admittance of the Public

Resolved COM/2015/032

THAT the public be re-admitted to the meeting.

Her Worship the Mayor/Noonan

Carried

There being no further business the meeting ended at 9.37am.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

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.

wAttachments

- 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; Roading subsidised budgets (\$119,000), Roading 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;

McGurk/Murray

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

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