



---

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

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

**On Tuesday 13 February 2018, commencing at 9.00am**

---

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

In Attendance: Councillors M Courtney, P Matheson and B McGurk, Chief Executive (P Dougherty), Group Manager Corporate Services (N Harrison), Community Services Manager (C Ward), Senior Strategic Adviser (N McDonald), Manager Organisational Assurance and Emergency Management (R Ball), Internal Audit Analyst (L Anderson), Risk and Procurement Analyst (S Vaughan), Health and Safety Adviser (M Hughes), Manager People and Capability (S Vincent), Manager Administration (M Birch), Audit NZ Director (B Kearney), Audit NZ Associate Director (J Coetzee) and Governance Advisers (P White and J Brandt).

Apology/ies : Nil

### **1. Apologies**

Her Worship the Mayor was not present at the commencement of the meeting.

### **2. Confirmation of Order of Business**

The Chairperson noted that Items 9 and 11 would be taken together as both concerned Audit NZ.

### **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 November 2017

Document number M3123, agenda pages 9 - 16 refer.

Resolved AUD/2018/001

***That the Audit, Risk and Finance Subcommittee***

***Confirms the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 14 November 2017, as a true and correct record.***

Barker/Dahlberg

Carried

## 6. Status Report - Audit Risk and Finance Subcommittee -13 February 2018

Document number R8930, agenda pages 17 - 21 refer.

Resolved AUD/2018/002

***That the Audit, Risk and Finance Subcommittee***

***Receives the Status Report Audit, Risk and Finance Subcommittee 13 February 2018 (R8930) and its attachment (A1753947).***

Murray/Dahlberg

Carried

## 7. Chairperson's Report

Attendance: Her Worship the Mayor joined the meeting at 9.08am.

The Chairperson gave a verbal report. He stated that he and the Group Manager Corporate Services had reviewed the full Audit NZ letter to management for the year ending 30 June 2017, and he was satisfied that the matters, and responses to those matters, were appropriate. He highlighted some key points in that letter.

Resolved AUD/2018/003

***That the Audit, Risk and Finance Subcommittee***

***Receives the Chairperson's report.***

Peters/Dahlberg

Carried

## 8. Theatre Royal Loan

Document number R8838, agenda pages 22 - 41 refer.

Group Manager Community Services Chris Ward spoke to the report. He noted that the Theatre Royal Trust had sent through the theatre's capital renewals programme to Council officers.

Mr Ward answered questions about Council's debt cap, how Council had treated other loans to not-for-profit organisations, the Theatre Royal's financial position overall and the planned maintenance schedule for the theatre and how this would be funded.

Resolved AUD/2018/004

***That the Audit, Risk and Finance Subcommittee***

***Receives the report Theatre Royal Loan (R8838) and its attachments (A1898640 and A1906067).***

Her Worship the Mayor/Dahlberg

Carried

Recommendation to Council AUD/2018/005

***That the Council***

***Agrees to take on the Nelson Historic Theatre Trust's loan of \$632,256 from the Nelson Building Society; and***

***Confirms that it expects the Nelson Historic Theatre Trust to repay the full loan amount (total \$2,132,256); and***

***Agrees to increase the mortgage over the building to \$2,132,256; and***

***Sets the loan repayment terms for the Nelson Historic Theatre Trust at \$60,000 per year, payable quarterly (commencing in September 2018), with payment terms subject to review every five years.***

Her Worship the Mayor/Dahlberg

Carried

## 9. Audit NZ - Letter to the Council on the audit for year ending 30 June 2017

Document number R8222, agenda pages 42 - 50 refer.

Audit NZ Director Bede Kearney and Associate Director Jacques Coetzee spoke to the meeting.

The Subcommittee acknowledged and thanked Mr Kearney for his working relationship with Council during his time as Director Audit NZ.

Resolved AUD/2018/006

***That the Audit, Risk and Finance Subcommittee***

***Receives the report Audit NZ - Letter to the Council on the audit for year ending 30 June 2017 (R8222) and its attachment (A1891276).***

Barker/Murray

Carried

**10. Audit NZ - Audit Engagement Letter for the Long Term Plan 2018-28**

Document number R8865, agenda pages 75 - 103 refer.

Audit NZ Director Bede Kearney and Associate Director Jacques Coetzee spoke to the meeting, offered the report be taken as read and noted that there was no statutory requirement for timing of the audit of the Consultation Document, however the Long Term Plan must be audited by 30 June 2018. He said there was very little room for timetable slippage due to the heavy workload for Audit NZ at this time.

Resolved AUD/2018/007

***That the Audit, Risk and Finance Subcommittee***

***Receives the report Audit NZ - Audit Engagement Letter for the Long Term Plan 2018-28 (R8865) and its attachment (A1894901); and***

***Notes the subcommittee can provide feedback on the Audit Engagement Letter to Audit NZ if required and that the Mayor will sign the letter in its current form.***

Barker/Dahlberg

Carried

**11. Tendering Processes - Follow Up Report**

Document number R8832, agenda pages 51 - 74 refer.

The Subcommittee noted the changes that had been requested of Crowe Howarth, and that the report as included in the agenda had incorporated

those changes. The Subcommittee also noted the elected members' responsibilities under the Local Authorities (Members' Interests) Act.

Resolved AUD/2018/008

***That the Audit, Risk and Finance Subcommittee***

***Receives the report Tendering Processes - Follow Up Report (R8832) and its attachments (A1856124 and A1897197); and***

***Notes that all recommendations rated as high from the 2016 Crowe Horwath Report have been actioned.***

Murray/Dahlberg

Carried

## **12. Corporate Report to 31 December 2017**

Document number R8857, agenda pages 104 - 114 refer.

Group Manager Corporate Services Manager Nikki Harrison presented the report and answered questions on re-prioritisation and overspend on capital budgets.

Resolved AUD/2018/009

***That the Audit, Risk and Finance Subcommittee***

***Receives the report Corporate Report to 31 December 2017 (R8857) and its attachments (A1903395 and A1904902).***

Barker/Dahlberg

Carried

## **13. Internal Audit Quarterly Report to 31 December 2017**

Document number R8869, agenda pages 115 - 117 refer.

Internal Audit Analyst Lynne Anderson presented the report.

Resolved AUD/2018/010

***That the Audit, Risk and Finance Subcommittee***

***Receives the report Internal Audit Quarterly Report to 31 December 2017 (R8869) and its attachment (A1894689).***

Dahlberg/Murray

Carried

**14. Key Organisational Risks Calendar 2017 - 4th Quarterly Report**

Document number R8797, agenda pages 118 - 135 refer.

Risk and Procurement Analyst Steve Vaughan presented the report and answered questions in regard to a number of risk areas. He offered a correction to page 75 – in the first point this should read March, not February.

Resolved AUD/2018/011

***That the Audit, Risk and Finance Subcommittee***

***Receives the report Key Organisational Risks Calendar 2017 - 4th Quarterly Report (R8797) and its attachment A1895817.***

Barker/Dahlberg

Carried

**15. Health, Safety and Wellbeing Performance Report, October - December 2017**

Document number R8871, agenda pages 136 - 152 refer.

The meeting adjourned at 11.09am and reconvened at 11.17am.

Health and Safety Adviser Malcolm Hughes presented the report and was asked to consider that there were appropriate mechanisms to make all elected members aware of the reporting, and what they could do if they had questions in regard to their responsibility as Officers under the Act.

Resolved AUD/2018/012

***That the Audit, Risk and Finance Subcommittee***

***Receives the report Health, Safety and Wellbeing Performance Report, October - December 2017 (R8871) and its attachment (A1895727).***

Her Worship the Mayor/Barker

Carried

**16. Security Incidents at Council Libraries**

Document number R8872, agenda pages 153 - 166 refer.

Health and Safety Adviser Malcolm Hughes presented the report and responded to questions from the Subcommittee on appropriate actions in response to the issues raised.

Resolved AUD/2018/013

***That the Audit, Risk and Finance Subcommittee***

***Receives the report Security Incidents at Council Libraries (R8872) and its attachment (A1848048).***

Dahlberg/Peters

Carried

## **17. Recruitment in a Tight Labour Market**

Document number R8885, agenda pages 167 - 184 refer.

Manager People and Capability Stephanie Vincent presented the report and responded to questions about whether there was a staff turnover problem and whether there was a recruitment issue.

Attendance: Her Worship the Mayor left the meeting at 12.05pm.

Resolved AUD/2018/014

***That the Audit, Risk and Finance Subcommittee***

***Receives the report Recruitment in a Tight Labour Market (R8885) and its attachment (A1896279).***

Dahlberg/Murray

Carried

## **18. Exclusion of the Public**

Resolved AUD/2018/015

***That the Audit, Risk and Finance Subcommittee***

***Excludes the public 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	<b>Audit, Risk and Finance Subcommittee Meeting - Public Excluded Minutes - 14 November 2017</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>• To maintain legal professional privilege.</li> </ul>

Barker/Murray

Carried

The meeting went into public excluded session at 12.15pm.

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 1987, no reason for withholding this information from the public exists.

### **Confirmation of Minutes**

14 November 2017

Document number M3125, public excluded agenda pages 3 - 4 refer.

Resolved AUD/2018/016

***That the Audit, Risk and Finance Subcommittee***

***Confirms the minutes of part of the meeting of the Audit, Risk and Finance Subcommittee, held with the public excluded on 14 November 2017, as a true and correct record.***

Murray/Dahlberg

Carried

### **19. Re-admittance of the Public**

Resolved AUD/2018/017

***That the Audit, Risk and Finance Subcommittee***

***Re-admits the public to the meeting.***

Murray/Dahlberg

Carried



There being no further business the meeting ended at 12.20pm.

Confirmed as a correct record of proceedings:

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