



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

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

**On Tuesday 25 September 2018, commencing at 9.03a.m.**

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

In Attendance: Councillors P Matheson, B McGurk, G Noonan, T Skinner, S Walker, Chief Executive (P Dougherty), Group Manager Infrastructure (A Louverdis), Group Manager Environmental Management (C Barton), Group Manager Community Services (R Ball), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald), Manager Communications (P Shattock) and Governance Adviser (R Terry)

Apologies: Nil

**1. Apologies**

**2. Confirmation of Order of Business**

There was no change 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 14 August 2018

Document number M3685, agenda pages 7 - 13 refer.

Resolved AUD/2018/042

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

***Confirms the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 14 August 2018, as a true and correct record.***

Barker/Murray

Carried

**6. Chairperson's Report**

There was no Chairperson's Report.

**7. Draft Annual Report 2017/18**

Document number R9204, agenda pages 14 - 17 refer.

Manager Strategy and Communications, Nicky McDonald presented the report and answered questions.

Transport

Manager Strategy and Communications, Nicky McDonald and Manager Transport and Solid Waste, Margaret Parfitt answered questions on the performance measures and targets, issues around peak hour travel time and road safety.

Water Supply

Senior Asset Engineer, Phil Ruffell noted the improvements that had been made to the water complaints system over the past 12 months. He answered questions regarding data collection and reporting, improvements to stormwater design, including future-proofing and flood protection modelling.

Environment

Group Manager Environmental Management, Clare Barton answered questions around the statutory timeframes for publically notified resource consents and fresh water monitoring and measuring, noting there was a national requirement for monitoring regardless of the weather conditions at the time.

Social

Group Manager Community Services Roger Ball and Manager Community Partnerships, Mark Preston-Thomas presented. There was discussion around service levels and the residents survey. New methods of data collection were being introduced including door-to-door surveying and contacting a database of residents due to a decrease in the use of landlines.

### Parks and Active Recreation

Property Parks and Facilities Manager, Andrew Petheram presented. There was discussion around the Trafalgar Centre and the increase in usage, future events booked and positive feedback from the residents survey. Mr Petheram answered questions regarding swimming pools and the ageing population, and the upgrade of the great taste trail.

### Economic

There was discussion around cruise ships coming to Nelson and the success of the All Blacks game and other multi-cultural events such as the cherry blossom festival.

### Corporate

Manager Strategy and Communications, Nicky McDonald and Senior Accountant, Tracey Hughes presented. Ms Hughes tabled an additional document, a high level surplus variance analysis. There was discussion around consultation and a change of focus as the strategic team would now be taking responsibility for coordinating feedback and analysing responses.

Attendance: Councillor Barker left the meeting at 10.43am and returned to the meeting at 10.46am.

The meeting was adjourned at 11.14am and reconvened at 11.23am.

Resolved AUD/2018/043

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

***Receives the report Draft Annual Report 2017/18 (R9204) and its attachment (A1983431); and***

***Refers all powers of the Audit Risk and Finance Committee relating to the adoption of the final Annual Report 2017/18 to Council provided that there are no material changes to the draft resulting from the audit.***

Murray/Dahlberg

Carried

#### **Attachments**

1 A2056090 - Annual report 2017-18 - High level breakdown of surplus

Recommendation to Council AUD/2018/044

***That the Council***

***Notes the draft Annual Report 2017/18 has been prepared and will be audited before being***

***presented to Council for adoption on 25 October 2018; and***

***Notes that if there are material changes to the draft resulting from the audit, these will be brought back to a specially convened Audit, Risk and Finance Subcommittee meeting prior to the Council meeting on 25 October 2018; and***

***Considers all matters relating to the adoption of the final Annual Report 2017/18 directly if there are no material changes to the draft resulting from the audit.***

Murray/Dahlberg

Carried

## **8. Carry Forwards 2017/18**

Document number R9558, agenda pages 18 - 26 refer.

Senior Accountant Tracey Hughes answered questions and discussion took place regarding:

- Progress made with the carry forwards from 1 July 2018 and the distinction between capital projects and capital budgets
- Resourcing of teams, including new positions in the projects and asset management teams
- Update on the current capital projects, including the potential re-phasing of some projects
- The new quarterly report system would provide a comprehensive breakdown of all capital projects
- Chairs of committees would actively engage with the General Managers and be aware of current projects under their delegation.

Resolved AUD/2018/045

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

***Receives the report Carry Forwards 2017/18 (R9558) and its attachment (A2042278).***

Her Worship the Mayor/Barker

Carried

Recommendation to Council AUD/2018/046

***That the Council***

**Approves the carry forward of \$4,945,000 unspent capital budget for use in 2018/19; and**

**Approves the offsetting of \$1,145,000 of capital spent in 2017/18 against 2018/19 budgets; and**

**Approves the carry forward of \$700,505 of unspent operating budget for use in 2018/19; and**

**Approves the release of \$4,025,000 of 2018/19 capital budget unlikely to be spent as itemised in attachment 1; and**

**Notes savings in 2017/18 capital expenditure of \$945,000; and**

**Notes that the total capital budget (including staff costs but excluding consolidations and vested assets) will be adjusted by these resolutions to a total of \$41,868,000.**

Her Worship the Mayor/Barker

Carried

## **9. Draft Internal Audit Charter - Review September 2018**

Document number R9637, agenda pages 27 - 38 refer.

Internal Audit Analyst, Lynn Anderson presented the report and discussions took place regarding:

- The current internal audit process and business processes
- Internal risk and process improvements, including resourcing
- Internal audit reporting to the Audit, Risk and Finance Committee
- Regular reviews of the internal audit charter.

Resolved AUD/2018/047

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

**Receives the report Draft Internal Audit Charter - Review September 2018 (R9637) and its attachment (A2026584).**

Dahlberg/Barker

Carried

Recommendation to Council AUD/2018/048

***That the Council***

**Approves the Draft Internal Audit Charter – Review September 2018 (A2026584).**

Dahlberg/Barker

Carried

**10. Draft Annual Internal Audit Plan - 30 June 2019**

Document number R9657, agenda pages 39 - 45 refer.

Internal Audit Analyst, Lynn Anderson presented and there was discussion around the two pre-determined audits. She noted the importance of reviewing areas where there could be potential for misappropriation of Council's assets.

Mr Peters noted that the discussion around the Annual Plan had been very useful and thanked the officers for their assistance.

Resolved AUD/2018/049

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

***Receives the report Draft Annual Internal Audit Plan - 30 June 2019 (R9657) and its attachment (A2026190).***

Dahlberg/Barker

Carried

Recommendation to Council AUD/2018/050

***That the Council***

***Approves the Draft Annual Internal Audit Plan to 30 June 2019 (A2026190).***

Dahlberg/Barker

Carried

**11. Exclusion of the Public**

Resolved AUD/2018/051

***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:**

Dahlberg/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>Update on Legal Proceedings Against Council</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)(g) To maintain legal professional privilege</li> </ul>

The meeting went into public excluded session at 12.33pm and resumed in public session at 1.01pm.

There being no further business the meeting ended at 1.01pm.

Confirmed as a correct record of proceedings:

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