



---

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

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

**On Tuesday 21 May 2019, commencing at 9.05a.m.**

---

Present: Her Worship the Mayor R Reese, B Dahlberg and Mr J Murray

In Attendance: Councillors P Matheson and B McGurk, Group Manager Infrastructure (A Louverdis), Group Manager Community Services (R Ball), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald) and Governance Adviser (J Brandt)

Apologies: Councillor Barker and Mr Peters

**1 Appointment of Chairperson**

The Group Manager Corporate Services, Nikki Harrison, called for nominations from members to appoint a chairperson for the meeting, as an apology had been received from the appointed Chairperson and there was no appointed Deputy Chairperson for the Subcommittee.

Resolved AUD/2019/013

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

- 1. Appoints Mr John Murray as Chairperson of the Audit, Risk and Finance Subcommittee meeting on 21 May 2019.***

Dahlberg/Her Worship the Mayor

Carried

## 2. Apologies

Resolved AUD/2019/014

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

***2. Receives and accepts the apologies from Councillor Barker and Mr Peters.***

Murray/Dahlberg

Carried

## 3. Confirmation of Order of Business

It was noted that agenda item 12 would be considered after item 7 due to time constraints of the speaker.

## 4. Interests

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

## 5. Public Forum

There was no public forum.

## 6. Confirmation of Minutes

6.1 19 February 2019

Document number M4041, agenda pages 7 - 13 refer.

Resolved AUD/2019/015

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

***1. Confirms the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 19 February 2019, as a true and correct record.***

Murray/Dahlberg

Carried

## 7. Chairperson's Report

There was no Chairperson's Report.

## 8. Quarterly Report to 31 March 2019

Document number R10169, agenda pages 14 - 44 refer.

Tracey Hughes, Senior Accountant, tabled a replacement chart for agenda page 23 (document A2194360) and noted that the \$50,000 debtor payment listed on agenda page 26 had been received since the agenda was published.

Questions were answered regarding dividends ahead of budget, reporting for the Investment Performance Audit undertaken by NZTA, impacts on Council resulting from the Pigeon Valley fire emergency in February 2019, management of methane levels at Founders Park, the increased share of NRSBU costs for Council, progress putting a management plan for Andrews Farm in place to address issues between user groups and the predicted shortfall in capital expenditure.

A number of questions regarding the Greenmeadows Centre and Queens Gardens Toilets in attachment 3 of the report were noted for discussion later in the meeting, as part of the public excluded section of the meeting.

Resolved AUD/2019/016

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

***Receives the report Quarterly Report to 31 March 2019 (R10169) and its attachments (A2175573, A2176515 and A2180205).***

Her Worship the Mayor/Murray

Carried

**Attachments**

- 1 A2194360 - Replacement table for page 23 of ARF Agenda 21 May 2019

**9. Audit plan for the year ending 30 June 2019**

Document number R10202, agenda pages 93 - 120 refer.

Jacques Coetzee of Audit New Zealand spoke to the report, noting that he envisaged all Councils would be provided with comparative data for benchmarking purposes by the end of the year.

The meeting adjourned from 9.57a.m. until 10.33a.m.

Resolved AUD/2019/017

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

- 1. Receives the report Audit plan for the year ending 30 June 2019 (R10202) and its attachment (A2186543).***

Murray/Her Worship the Mayor

Carried

**10. Quarterly Key Risks Report - 1 January to 31 March 2019**

Document number R10167, agenda pages 45 - 67 refer.

Arlene Akhlaq, Manager Business Improvement, presented the report. She made a point of clarity regarding item 3.2 of the report (middle bullet point), noting that it was the consolidation of options that was planned for June, with analysis already under way. Ms Akhlaq further noted that a new rating system had been applied to Quarter 3 risk assessments.

Malcolm Hughes, Health and Safety Advisor, explained the increased rating on higher hazard work situations (5.11) as a result of the March terrorist attack in Christchurch. Mr Hughes answered questions about levels of stress experienced by frontline staff and measures the organisation was taking to provide support.

Ms Akhlaq answered questions about the rating for environmental and legal liability risks, the order of risks in the report, and whether the ratings reflected residual risk.

Nikki Harrison, Group Manager Corporate Services answered a question about the Council's disaster recovery fund, noting the fund remained in deficit.

Resolved AUD/2019/018

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

- 1. Receives the report Quarterly Key Risks Report - 1 January to 31 March 2019 (R10167) and its attachment (A2179264).***

Dahlberg/Her Worship the Mayor

Carried

**11. Health & Safety Quarterly Performance Report 1 January to 31 March 2019**

Document number R10138, agenda pages 68 - 83 refer.

Malcolm Hughes, Health and Safety Advisor, answered questions about security incidents in the libraries, and plans to limit access to certain internet sites in the libraries. Safe Work Observation visits for Elected Members were discussed and it was noted that Councillors would be invited to attend along with senior staff.

Resolved AUD/2019/019

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

- 1. Receives the report Health & Safety Quarterly Performance Report 1 January to 31 March 2019 (R10138) and its attachment (A2173565).***

Dahlberg/Murray

Carried

## **12. Internal Audit - Quarterly Progress Report to 31 March 2019**

Document number R10129, agenda pages 84 - 86 refer.

Lynn Anderson, Internal Audit Analyst, spoke to the report and answered questions about the amounts of cash handled in the libraries, the financial system used by the Building Unit and how this was linked in with other Council systems. It was noted that the debtor invoicing for the marina was being managed by Nelmac, and while debtors were transferred to Council monthly, the overall system was separate from Council's financial system. Discussion took place regarding reporting mechanisms where Audit New Zealand might raise issues with Nelmac for this council asset.

Resolved AUD/2019/020

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

- 1. Receives the report Internal Audit - Quarterly Progress Report to 31 March 2019 (R10129) and its attachment (A2173040).***

Murray/Her Worship the Mayor

Carried

## **13. Internal Audit - Summary of New or Outstanding Significant Risk Exposures and Control Issues to 31 March 2019**

Document number R10130, agenda pages 87 - 92 refer.

Lynn Anderson, Internal Audit Analyst, provided a number of updates regarding business continuity planning measures being introduced, training for the Incident Management Team, and working with Civil Defence and Police to inform evacuation plans for Maitai flood zones.

Alec Louverdis, Group Manager Infrastructure, answered questions about the risk of water contamination as a wilful act, and regular ongoing monitoring at the dam.

In regards to asset management plans coming to committee meetings, it was requested that where plans were not as developed as others, due to delays from the Pigeon Valley fires, this should be highlighted in the

report and assistance be given by finance officers to assist members with robust decision-making.

Resolved AUD/2019/021

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

- 1. Receives the report Internal Audit - Summary of New or Outstanding Significant Risk Exposures and Control Issues to 31 March 2019 (R10130) and its attachment (A2174097).***

Murray/Dahlberg

Carried

**14. Exclusion of the Public**

Resolved AUD/2019/022

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

- 1. Excludes the public from the following parts of the proceedings of this meeting.***
- 2. 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/Her Worship the Mayor

Carried

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Audit, Risk and Finance Subcommittee Meeting - Public Excluded Minutes - 19 February 2019</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>
<b>2</b>	<b>Quarterly Report to 31 March 2019 - Debtor Discussion, Greenmeadows</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>• Section 7(2)(a) To protect the privacy of natural persons,</li> </ul>

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
	<b>Centre and Queens Gardens Toilets</b>	disclosure of information for which good reason exists under section 7	including that of a deceased person <ul style="list-style-type: none"> <li>• Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities</li> <li>• Section 7(2)(g) To maintain legal professional privilege</li> </ul>
<b>3</b>	<b>Quarterly Update on Legal Proceedings</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>
<b>4</b>	<b>Tax planning 10-year outlook report</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)(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 11.36a.m. and resumed in public session at 1.11p.m.

**RESTATEMENTS**

It was resolved while the public was excluded:

<b>2</b>	<b>PUBLIC EXCLUDED: Quarterly Update on Legal Proceedings</b>
	<p><i>That the Audit, Risk and Finance Subcommittee</i></p> <p><b>1. <u>Receives</u> the report <i>Quarterly Update on Legal Proceedings (R10173) and its attachment (A2186227); and</i></b></p>

	<p><b>2. <u>Agrees</u> that the decision (AUD/2019/026) only be released from public excluded business; and</b></p> <p><b>3. <u>Agrees</u> that Report (R10173) and its attachment (A2186227) be excluded from public release at this time.</b></p>
--	---

<b>3</b>	<b>PUBLIC EXCLUDED: Tax planning 10-year outlook report</b>
	<p><b><i>That the Audit, Risk and Finance Subcommittee</i></b></p> <p><b>1. <u>Receives</u> the report Tax planning 10-year outlook report (R10163) and its attachment (A2179101); and</b></p> <p><b>2. <u>Agrees</u> that the decision (AUD/2019/027) only be released from public excluded business; and</b></p> <p><b>3. <u>Agrees</u> that Report (R10163) and attachment (A2179101) be excluded from public release at this time.</b></p>

There being no further business the meeting ended at 1.11p.m.

Confirmed as a correct record of proceedings:

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