



Minutes of a meeting of the Audit and Risk Subcommittee

Held via Audio-visual (Zoom)

On Thursday 21 May 2020, commencing at 4.14p.m.

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

In Attendance: Chief Executive (P Dougherty), Group Manager Environmental Management (C Barton), Group Manager Corporate Services (N Harrison), Governance Adviser (E-J Ruthven), and Governance Support (K McLean)

Apologies : Nil

1. Apologies

There were no 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.

Her Worship the Mayor subsequently declared an interest in relation to discussion regarding item 2 on the confidential agenda, Reserves Contributions for Unit Titles – Breakdown of Discrepancies.

4. Public Forum

4.1 Scott Syndicate Development Company Ltd - The Calculation of Reserve Contribution for Unit Title Developments

Mr Craig Dennis spoke on behalf of Scott Syndicate Development Company Ltd. He noted his concerns regarding the financial contribution methodologies in relation to the Bett Carpark and Malthouse Lane developments he had been involved with. He emphasised equity and fairness principles, and the need for different parties to be treated in the

same manner with regards to financial contributions related to developments.

Mr Dennis also spoke about the 2018 updates to the Development Contributions Policy. He explained that changes to the Policy acted as a disincentive for inner city developments, aside from those at the highest end of the market.

5. Confirmation of Minutes

5.1 18 February 2020

Document number M6695, agenda pages 7 - 13 refer.

Resolved AR/2020/012

That the Audit and Risk Subcommittee

- 1. Confirms the minutes of the meeting of the Audit and Risk Subcommittee, held on 18 February 2020, as a true and correct record.***

Murray/Edgar

Carried

Attendance: Councillor Sanson left the meeting at 4.30p.m.

6. Chairperson's Report

Mr Peters gave a verbal Chairperson's Report.

He noted that risk factors now included the Covid-19 pandemic and its consequences, and spoke about the financial health and resilience of Council and the Nelson community. He emphasised the need for continued prudent financial oversight and high standards of governance as Council responded to the Covid-19 pandemic.

Resolved AR/2020/013

That the Audit and Risk Subcommittee

- 1. Receives the verbal Chairperson's Report.***

Peters/Murray

Carried

7. Audit NZ: Audit Plan for year ending 30 June 2020 and Audit Proposal Letter

Document number R14857, agenda pages 14 - 41 refer.

Manager Finance, Clare Knox, presented the report, and Auditor John Mackey, from the Office of the Auditor-General, joined the meeting.

Mr Mackey spoke about how the audit process would be affected as a result of Covid-19. He answered questions regarding the challenges in establishing valuations, given the uncertainties arising from Covid-19, the likely timeframe for the Council's audit process this year, and the proposed audit fee increase. He undertook to provide further advice regarding mitigating and managing construction contract risks, particularly with regards to Crown Infrastructure Fund projects.

Attendance: Councillor Sanson returned to the meeting at 4.55p.m.

Ms Knox answered further questions regarding how Council Controlled Organisations were identified in the Annual Report.

Resolved AR/2020/014

That the Audit and Risk Subcommittee

- 1. Receives the report Audit NZ: Audit Plan for year ending 30 June 2020 and Audit Proposal Letter (R14857) and its attachments (A2376650 and A2381428).***
- 2. Notes the Subcommittee can provide feedback on the Audit Proposal Letter to Audit New Zealand if required, noting the Mayor will sign the letter once the Subcommittee's feedback has been incorporated.***

Sanson/Murray

Carried

8. COVID-19: Assessment of Financial Risk to Annual Plan 2020/21

Document number R17017, agenda pages 42 - 46 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report. She answered questions regarding the proposed deferral of fee increases, the proposed drawdown on the Disaster Recovery Fund, how the best and worst case scenario and base case assumptions were reached, rates collection, and Council's borrowing facilities.

Resolved AR/2020/015

That the Audit and Risk Subcommittee

- 1. Receives the report COVID-19: Assessment of Financial Risk to Annual Plan 2020/21 (R17017) and its attachment (A2372220).***

Edgar/Sanson

Carried

9. Health Safety and Wellbeing Report, COVID-19 Response, April 2020

Document number R16993, agenda pages 47 - 60 refer.

Health and Safety Adviser, Malcolm Hughes, presented the report. He answered questions regarding Council's health and safety obligations and support available in relation to officers and elected members working from home, the extensive hours worked by some officers during the Covid-19 lockdown, and the consequential risks of exhaustion, and mental health risks in relation to COVID-19.

The Subcommittee requested a vote of thanks be recorded to Council's Health and Safety officers for work undertaken during the Covid-19 pandemic.

Resolved AR/2020/016

That the Audit and Risk Subcommittee

- 1. Receives the report Health Safety and Wellbeing Report, COVID-19 Response, April 2020 (R16993) and its attachment, COVID – 19 Activities and Controls Overview (A2380485); and***
- 2. Records a vote of thanks to Council's Health and Safety officers for the work undertaken during the Covid-19 pandemic.***

Sanson/Edgar

Carried

10. Internal Audit Quarterly Progress Report to 31 March 2020

Document number R14817, agenda pages 61 - 65 refer.

Internal Audit Analyst, Lynn Anderson, presented the report. She answered questions regarding audit and business improvement work undertaken, and Manager Governance and Support Services, Mary Birch, answered questions regarding Elected Members' declarations of interests.

Resolved AR/2020/017

That the Audit and Risk Subcommittee

- 1. Receives the report Internal Audit Quarterly Progress Report to 31 March 2020 (R14817) and its attachment (A2365059).***

Edgar/Sanson

Carried

11. Draft Internal Audit Plan for year to 30 June 2021

Document number R14816, agenda pages 66 - 73 refer.

Internal Audit Analyst, Lynn Anderson, presented the report. She noted that the reference in paragraph 4.6.1 to a self-assessment being presented to this meeting should refer to the next Subcommittee meeting.

Ms Anderson answered questions regarding the proposed plan, taking into account the uncertainties created by Covid-19.

Resolved AR/2020/018

That the Audit and Risk Subcommittee

- 1. Receives the report Draft Internal Audit Plan for year to 30 June 2021 (R14816) and its attachment (A2357411).***

Murray/Sanson

Carried

Recommendation to Governance and Finance AR/2020/019

That the Governance and Finance Committee

- 1. Approves the Draft Annual Internal Audit Plan for the year to 30 June 2021 (A2357411).***

Murray/Sanson

The meeting was adjourned from 6.02p.m until 6.07p.m.

12. Reserves Contributions for Unit Titles - Final Report

Document number R16954, late items agenda pages 4 - 13 refer.

Internal Audit Analyst, Lynn Anderson, presented the report. She answered questions regarding the valuation process for quantifying Council's loss of reserve contributions, how the error in calculations was able to occur over a number of years, and changes in practice to ensure the error would not occur again in the future.

Resolved AR/2020/020

That the Audit and Risk Subcommittee

- 1. Receives the report Reserves Contributions for Unit Titles - Final Report (R16954) and its attachment (A2369193).***

Her Worship the Mayor/Edgar

Carried

13. Exclusion of the Public

Resolved AR/2020/021

That the Audit and Risk 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:***

Sanson/Edgar

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 and Risk Subcommittee Meeting - Public Excluded Minutes - 18 February 2020	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 • Section 7(2)(g) To maintain legal professional privilege
2	Reserves Contributions for Unit Titles - Breakdown of Discrepancies	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)(g) To maintain legal professional privilege • Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities
3	Quarterly Update On Debts - 31 March 2020	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which	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)
		good reason exists under section 7	<ul style="list-style-type: none"> Section 7(2)(g) To maintain legal professional privilege

The meeting went into public excluded session at 6.25p.m. and resumed in public session at 7.03p.m.

RESTATEMENTS

It was resolved while the public was excluded:

1	PUBLIC EXCLUDED: Reserves Contributions for Unit Titles - Breakdown of Discrepancies
	<p><i>That the Audit and Risk Subcommittee</i></p> <p>2. <u>Agrees</u> that the report Reserves Contributions for Unit Titles – Breakdown of Discrepancies (R16985); and its attachment (A2346183) remain confidential at this time.</p>

2	CONFIDENTIAL: Quarterly Update On Debts - 31 March 2020
	<p><i>That the Audit and Risk Subcommittee</i></p> <p>2. <u>Agrees</u> that the Report (R16960) and its attachment (A2216183) remain confidential at this time.</p>

There being no further business the meeting ended at 7.04p.m.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date