



**Minutes of a meeting of the
Audit, Risk and Finance Committee
*Te Kōmiti Kaute / Tūraru / Pūtea***

Held in the Council Chamber, Floor 2A, Civic House, 110 Trafalgar Street, Nelson on Friday 15 September 2023, commencing at 9.06a.m.

Present: Ms C Taylor (Chairperson), His Worship the Mayor N Smith, Councillors R O'Neill-Stevens and M Courtney and Independent Member L McKenzie

In Attendance: Chief Executive (N Philpott), Group Manager Corporate Services (N Harrison), Deputy Chief Executive/Group Manager Infrastructure (A Louverdis), Group Manager Strategy and Communications (N McDonald), Group Manager Environmental Management (M Bishop), Governance Adviser (K Libeau) and Assistant Governance Adviser (M Taylor).

Apology: An apology has been received from Councillor R Sanson

Karakia and Mihi Timatanga

1. Apologies

Resolved ARF/2023/028

That the Audit, Risk and Finance Committee

1. Receives and accepts an apology from Councillor R Sanson.

His Worship the Mayor/Courtney

Carried

2. Confirmation of Order of Business

There were no 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 June 2023

Document number M20175, agenda pages 9 - 17 refer.

Resolved ARF/2023/029

That the Audit, Risk and Finance Committee

- 1. Confirms the minutes of the meeting of the Audit, Risk and Finance Committee, held on 1 June 2023, as a true and correct record.***

His Worship the Mayor/O'Neill-Stevens

Carried

6. Audit New Zealand: Audit Letters

Document number R27895, agenda pages 18 - 68 refer.

John Mackey, from Audit New Zealand, briefed the Committee on Audit New Zealand's engagement letter and the Audit Plan. He advised that technical issues that arose regarding the Elma Turner Library, Civic House and the Tāhunanui beach clean-up were being considered.

Concerns were raised about the level of costs associated with the audit and a letter would be sent to Audit New Zealand on behalf of the Council, advising of the concerns with the increase in fees.

Resolved ARF/2023/030

That the Audit, Risk and Finance Committee

- 1. Receives the report Audit New Zealand: Audit Letters (R27895) and its attachments (2126778665-306, 2126778665-305 and 2126778665-312); and***
- 2. Notes that following feedback from the Audit, Risk and Finance Committee, His Worship the Mayor Hon Dr Smith will sign the Audit Engagement Letter to Audit NZ; and***
- 3. Notes the Committee can provide feedback on the Audit Proposal Letter to Audit New Zealand if required, noting His Worship the Mayor Hon Dr Smith will sign the letter once the Committee's feedback has been incorporated.***

Courtney/McKenzie

Carried

7. Quarterly Finance Report to 30 June 2023

Document number R27698, agenda pages 69 - 90 refer.

Manager Finance, Prabath Jayawardana, took the report as read and answered questions on the lives of assets and the residual values, the treasury summary and the net debt figures. Group Manager Strategy and Communications, Nicky McDonald and Group Manager Infrastructure, Alec Louverdis, answered questions on the performance measures used to measure achievement across the organisation. Group Manager Environmental Management, Mandy Bishop, advised that a new metric of "substantially achieved" had been added in the regulatory space in the next Long Term Plan.

Resolved ARF/2023/031

That the Audit, Risk and Finance Committee

- 1. Receives the report Quarterly Finance Report to 30 June 2023 (R27698) and its attachments (1857728953-1036, 839498445-17283, and 839498445-17269).***

O'Neill-Stevens/Courtney

Carried

8. Quarterly Internal Audit Report - 30 June 2023

Document number R27678, agenda pages 91 - 96 refer.

Audit and Risk Analyst, Chris Logan, took the report as read noting that at the Council meeting a day prior, Council had adopted a range of policies in the harbour safety management system and was now compliant with the code.

Mr Logan also noted that there were some recommendations regarding the International Accreditation New Zealand (IANZ) audit and advised there were non-compliant findings in the Building Consent Authority (BCA) that would be remedied. Mr Logan advised the Building Team were confident 18 out of the 19 IANZ recommendations would be resolved by the 9 October deadline and one would be remaining for which they would likely request an extension in order to complete the work.

Mr Logan answered a question on the audit of workplace stress, advising that whilst the internal audit touched on councillors' workplace stress as well as Council employee workplace stress, due to the relationship between councillors and the workplace the audit recommendations were not enforceable and were only suggestions. Mr Logan advised that paragraph three of the workplace stress findings would be re-worded to ensure it was clear the recommendations being un-enforceable only applied to the recommendations pertaining to councillors and not those pertaining to staff.

Resolved ARF/2023/032

That the Audit, Risk and Finance Committee

- 1. Receives the report Quarterly Internal Audit Report - 30 June 2023 (R27678) and its attachment (1194974384-3470).***

McKenzie/His Worship the Mayor

Carried

9. Quarterly Risk Report - 30 June 2023

Document number R27679, agenda pages 97 - 124 refer.

Audit and Risk Analyst, Chris Logan, took the report as read.

Chief Executive, Nigel Philpott, answered questions on workplace stress and the current workloads on staff. He also answered questions on members of the community that were reluctant to engage with Council and follow Council processes.

Group Manager Corporate Services, Nikki Harrison, answered questions on IT security within Council, the Beecard system and other Council systems that sit outside the organisation and how risks were evaluated for these systems.

Health Safety and Wellness Adviser, Malcolm Hughes, answered questions about Chamber security and the processes and the risks associated with Council meetings along with future management of risks.

Resolved ARF/2023/033

That the Audit, Risk and Finance Committee

- 1. Receives the report Quarterly Risk Report - 30 June 2023 (R27679) and its attachment (1759736513).***

His Worship the Mayor/O'Neill-Stevens

Carried

10. Annual Tax Update

Document number R27574, agenda pages 125 - 139 refer.

Manager Finance, Prabath Jayawardana, presented the report and it was taken as read.

Resolved ARF/2023/034

That the Audit, Risk and Finance Committee

1. ***Receives the report Annual Tax Update (R27574) and its attachment (2130083480-450).***

His Worship the Mayor/Courtney

Carried

11. Carry Forwards 2022/23

Document number R27806, agenda pages 140 - 149 refer.

Management Accountant, Alistair Roper, and Group Manager Corporate Services, Nikki Harrison, took the report as read and answered questions on the impact of the August 2022 flood event on the carry forward figures, the split between OPEX and CAPEX in the flood recovery work costs and the budget review process as part of the 2023/24 Annual Plan.

Group Manager Infrastructure, Alec Louverdis, answered questions on monitoring and reporting mechanisms for projects.

Resolved ARF/2023/035

That the Audit, Risk and Finance Committee

1. ***Receives the report Carry Forwards 2022/23 (R27806) and its attachments (332184083-4933 and 332184083-4932).***

McKenzie/O'Neill-Stevens

Carried

Recommendation to Council ARF/2023/036

That the Council

1. ***Approves the carry forward of \$8.2 million–\$8.1 million to 2023/24 and \$143,000 to 2024/25; and***
2. ***Notes that this is in addition to the carry forward of \$21.9 million approved during the Annual Plan 2023/24 process, taking the total carry forward to \$30.1 million of which \$27 million is for the 2023/24 year and \$3.1 million is for the 2024/25 year; and***
3. ***Notes the total savings and reallocations in 2022/23 capital expenditure of \$2.6 million; and***
4. ***Notes that the total 2023/24 capital budget (including staff costs and work on attending to the slips originating on Council land and excluding consolidations, vested assets, scope adjustment and other August 2022 flood recovery budgets) will be adjusted by these resolutions from a total of \$85.7 million to a total of \$93.7 million; and***

5. Approves the carry forward of \$447,000 unspent operating budget to 2023/24.

McKenzie/O'Neill-Stevens

Carried

The meeting adjourned from 10:53a.m. until 11:04a.m.

12. Draft Annual Report 2022/23

Document number R27872, agenda pages 150 - 342 refer.

Group Manager Strategy and Communications, Nicky McDonald, took the report as read and noted corrections to the report, confirming that in 5.20 of the report it should have stated seven measures were not achieved and five were not measured.

Ms McDonald answered questions on the order of items within the Annual Report 2022/23 and on how the Affordable Waters Reform was presented.

The officer's recommendation was amended to confirm support of the draft Annual Report to be presented to Council.

Resolved ARF/2023/037

That the Audit, Risk and Finance Committee

- 1. Receives the report Draft Annual Report 2022/23 (R27872) and its attachment (839498445-17289); and***
- 2. Notes the draft Annual Report 2022/23 has been prepared and will be audited before being presented to Council for adoption following audit, prior to the 31 October 2023 statutory deadline.***
- 3. Confirms to Council that the Audit, Risk and Finance Committee has reviewed the Draft Annual Report 2022/23 (839498445-17289) and the audit process and is satisfied that the Annual Report is on track for Council adoption prior to 31 October 2023.***

His Worship the Mayor/Courtney

Carried

13. Review of Health and Safety Governance Charter

Document number R27905, agenda pages 343 - 354 refer.

Health Safety and Wellness Adviser, Malcolm Hughes, took the report as read and answered questions on risks and incidents pertaining to contractors, identification of negative Health and Safety trends, and the

regular Health, Safety and Wellness reporting within the organisation, including monthly reporting directly to the Senior Leadership Team.

Resolved ARF/2023/038

That the Audit, Risk and Finance Committee

- 1. Receives the report Review of Health and Safety Governance Charter (R27905) and its attachment (855153265-4133).***

Courtney/O'Neill-Stevens

Carried

Recommendation to Council ARF/2023/039

That the Council

- 1. Approves the revised Health and Safety Governance Charter (855153265-4133).***

Courtney/O'Neill-Stevens

Carried

14. Organisational Risk - Deep Dive

Document number R27837, agenda pages 355 - 355 refer.

Group Manager Infrastructure, Alec Louverdis, presented on the loss of service performance from ineffective contracts and contract management. He answered questions on vacancies and recruitment processes within the infrastructure team and management of the risks of project delivery generally.

Resolved ARF/2023/040

That the Audit, Risk and Finance Committee

- 1. Receives the report Organisational Risk - Deep Dive (R27837).***

Taylor/O'Neill-Stevens

Carried

15. Exclusion of the Public

Resolved ARF/2023/041

That the Audit, Risk and Finance Committee

- 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:

His Worship the Mayor/Courtney

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 Committee Meeting - Confidential Minutes - 1 June 2023	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)(j) To prevent the disclosure or use of official information for improper gain or improper advantage • Section 7(2)(g) To maintain legal professional privilege
2	Health, Safety and Wellbeing Report to 30 June 2023	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
3	Quarterly Report on Legal Proceedings	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)(c)(ii) To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest <ul style="list-style-type: none"> • Section 7(2)(g) To maintain legal professional privilege
4	Quarterly Update on Debts - 30 June 2023	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
5	Bad Debts Write-Off - Year ending 30 June 2023	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 confidential session at 12:04p.m. and resumed in public session at 12:19p.m.

Karakia Whakamutanga

16. Restatements

It was resolved while the public was excluded:

- 1 **Health, Safety and Wellbeing Report to 30 June 2023**
2. Agrees that the report (R27904) and attachment (855153265-3535) remain confidential at this time.

2 Quarterly Report on Legal Proceedings

2. Agrees that report (R27874) and its attachment (142319133-460) remain confidential at this time.

3 Quarterly Update on Debts - 30 June 2023

2. Agrees that the Report and its attachment (1857728953-1032) remain confidential at this time.

4 Bad Debts Write-Off - Year ending 30 June 2023

2. Agrees that the Report remain confidential at this time.

There being no further business the meeting ended at 12:20p.m.

Confirmed as a correct record of proceedings by resolution on 24 November 2023

That the Audit, Risk and Finance Committee

1. Confirms the minutes of the meeting of the Audit, Risk and Finance Committee, held on 15 September 2023, as a true and correct record.