

Waitaki District Council

Finance, Audit and Risk Committee

**CONFIRMED MINUTES of a meeting of the
Finance, Audit and Risk Committee of the Waitaki District Council
held in the Council Chamber, Waitaki District Council Headquarters,
20 Thames Street, Oamaru
on Tuesday 14 August 2018 at 9.10am**

Present:	Cr Colin Wollstein (Chair), Cr Craig Dawson (Deputy Chair), Cr Peter Garvan, Cr Jim Hopkins; and Mayor Gary Kircher (from 9.46am)
Apologies:	Cr Jan Wheeler (absent on leave)
In Attendance:	Deputy Mayor Melanie Tavendale Cr Jeremy Holding Cr Bill Kingan Cr Guy Percival Cr Hugh Perkins Paul Hope (Finance and Corporate Development Group Manager) Neil Jorgensen (Assets Group Manager / Deputy Chief Executive) Lichelle Guyan (Heritage, Environment and Regulatory Group Manager) Ian Wells (Accounting Manager) Richard Maher (Programme Manager) Suzanne Butler (Team Leader Information Systems) (part of meeting) Ainslee Hooper (Governance Advisor) Guest: Mr Dereck Ollsson (Audit New Zealand Director)

The Chair declared the meeting open at 9.10am, and welcomed everyone present.

1. Apologies

RESOLVED
FAR 2018/065

Cr Jim Hopkins / Cr Craig Dawson
That the Finance, Audit and Risk Committee accepts an apology for absence on leave from Cr Jan Wheeler and an apology for lateness from Mayor Gary Kircher.

CARRIED

2. Declarations of Interest

There were no declarations of interest.

3. Confirmation of Minutes

RESOLVED
FAR 2018/066

Cr Craig Dawson / Cr Jim Hopkins
That the Finance, Audit and Risk Committee confirms public minutes of its previous meeting held on 10 July 2018, as circulated, as a true and correct record of that meeting.

CARRIED

Decision regarding Item Not on Agenda

The Chair noted that Audit New Zealand's Interim Audit Report on the Waitaki District Council for the year ending 30 June 2018 had been received by Council on Friday 10 August (afternoon) and circulated to Councillors on Monday 13 August, after the final agenda papers for this meeting had been issued on Wednesday 8 August 2018. He proposed a motion that it be accepted for discussion at this meeting in the Public Excluded session, pursuant to Standing Orders.

The motion was seconded by Cr Jim Hopkins, and resolved as follows:

RESOLVED
FAR 2018/067

Cr Colin Wollstein / Cr Jim Hopkins
Pursuant to Clause 9.12 of the Waitaki District Council Standing Orders 2017, that the Finance, Audit and Risk Committee accept an additional report for discussion at this meeting as Public Excluded Agenda Item 13(b), with the following explanation:

- (a) The report was received after the Final Agenda Papers for this Committee Meeting had been collated and published and therefore was not able to be included in the original agenda; and
- (b) The report has been written by Audit New Zealand, and it was believed to be timely and financially prudent to discuss it at this meeting whilst the Audit New Zealand Director is present and able to participate in the discussion.

CARRIED

4. Carry Forward Report

The report, as circulated, sought the Committee's recommendation for Council to approve the carrying forward of funding for incomplete projects from the 2017/18 year (or earlier).

Accounting Manager Ian Wells introduced the report. The following points were clarified / highlighted during the ensuing discussion:

It was suggested that the budget figure and unspent balance be identified separately in the carry forward column in future reports.

ACTION: Accounting Manager to implement from next year

CORRECTION to Carry Forward Report: In the Recreation section, the carry forward figure for Falstone should be \$10,000 (not \$1000).

ACTION: Accounting Manager

The Waihemo Community Board had previously decided to have a cap on their funds of \$3k per annum, but that appeared not to be reflected in the carry forward figures. General Manager Paul Hope confirmed that that Board decision was reflected in the budgets, but there was still a significant amount to carry forward.

There was also brief discussion on the Oamaru traffic island refurbishment; the Returned Services Association building; the Drill Hall weather tightness; the Holmes wharf deck replacement (work is now underway); the King George Park drainage; and the urban park design and construction (a proposal is being coordinated and would be brought back to Council).

RESOLVED
FAR 2018/068

Cr Craig Dawson / Cr Jim Hopkins
The Finance, Audit and Risk Committee recommends:
That Council approves that the projects listed in Appendix 1 (as amended) will be carried forward and undertaken in the 2018/19 year.

CARRIED

Minutes attachment: Appendix 1 – Carry Forward Projects (amended and approved)

5. Audit New Zealand Director's Visit

The memorandum, as circulated, conveyed the opportunity for Councillors to meet and discuss issues with the newly appointed Director responsible for the Waitaki District Council audits.

The Chair welcomed Mr Dereck Ollsson to the meeting and to the Waitaki district. In reply, Mr Ollsson advised that former Director Mr Scott Tobin would retain the responsibility for finalising the audit of Council's Long Term Plan documents and process this year, but otherwise he (Mr Ollsson) had assumed responsibility for all other audit matters for the Council from now on. He also confirmed his intention to formally address the Committee under Public Excluded Agenda Item 13, including by speaking to and responding to questions on the additional report accepted at the top of this meeting for discussion at that time.

RESOLVED
FAR 2018/069

Cr Craig Dawson / Cr Jim Hopkins
That the Finance, Audit and Risk Committee receives and notes the information.

CARRIED

6. Monthly Financial Report – 2018, Period 12 – June 2018

The memorandum, as circulated, reviewed the preliminary financial result for the full year ended 30 June 2018. It noted that the information provided, whilst as complete and up-to-date as possible, was still subject to change and some of the changes could be significant.

Group Manager Paul Hope advised that this report provided a preliminary result for FY 2018. The majority of operating expenditure and revenue was mostly finalised, and the process from now on and into dealing with the annual report, would be focused on year-end adjustments, some of which could be significant.

Accounting Manager Ian Wells highlighted that the outstanding insurance claims noted in the report had potential to be for a significant amount or for not so much. Mr Hope then explained that the process for insurance claims involved a hierarchy of policies that took time to go through; if a claim is rejected under one policy, then it was necessary to claim under the next one, and so on. Brokers had been very helpful in directing the claims.

There was brief discussion on the following points:

- The final forestry valuation had been received in draft, but questions had been asked of the valuers for which answers had yet to be received.
- With regard to the final capitalisation process, there was a partial capitalisation of minor items (eg equipment) each quarter, with major items (eg the Hamnak project) being capitalised at the end of year only.
- Roading projects and water upgrades were generally going well and progressing as expected.
- With regards to the quarry, it was noted that this was for Council use only, with restricted access. Council had verified the health and safety policies of the contractor responsible for the quarry's operation.
- The revaluation of roading assets had resulted in increased public equity.

Mayor Gary Kircher joined the meeting at 9.46am.

RESOLVED
FAR 2018/070

Cr Craig Dawson / Cr Peter Garvan
That the Finance, Audit and Risk Committee receives and notes the information.

CARRIED

7. Information Services Group Activity Report for the period 1 July to 31 July 2018

The memorandum, as circulated, provided an update to the Finance, Audit and Risk Committee on Information Services Group activities during the reporting period.

Programme Manager Richard Maher introduced the report. He noted that, while it appeared that there were a lot of service requests, a good proportion of them were coming from him to get the work programme organised. There was a notable rise in Capex, which was the result of some supplier accounts being paid.

The following points were highlighted / clarified during discussion on the report:

- Projects were progressing reasonably well. Skype for Business was the highlight on the radar – almost all staff had been migrated across now. The Customer Liaison Team would go across in about three weeks' time, and then the old phone system would be carefully disconnected.
- In the Information Systems area, HUB/BIS was making real progress now, and new links were being put into new report templates.
- The parking app was now operational.

There was also brief discussion about the risk of cyber-attacks and how to manage them; and the merits of cyber insurance, offsite data storage, and better infrastructure (eg new firewalls).

Congratulations were extended to Team Leader Suzanne Butler for the successful appointment of a GIS Analyst.

RESOLVED
FAR 2018/071

Cr Jim Hopkins / Cr Craig Dawson
That the Finance, Audit and Risk Committee receives and notes the information.

CARRIED

8. Finance and Corporate Development Group Work Programme FY 2018/19

The memorandum, as circulated, proposed that the Finance, Audit and Risk Committee consider priorities for the items that it would like to receive information on during the coming financial year. It replaced the monthly Group Activity Report that would usually have been presented at this meeting.

The following points were highlighted / clarified during discussion on the report:

Group Manager Paul Hope noted that, with the receipt of the interim audit report and intended discussion of it later in the meeting under Public Excluded Agenda Item 13, he expected there would be additional suggestions identified then to add to the Group's future work programme. However, he invited Councillors to put forward any other ideas now, if they wished to do so.

The following ideas were put forward for consideration:

- A revised investment policy; and
- An implementation plan for the NZEA insulation programme.

RESOLVED
FAR 2018/072

Cr Jim Hopkins / Cr Peter Garvan
That the Finance, Audit and Risk Committee receives and notes the information.

CARRIED

The Chair advised his intention to move the meeting into public excluded.
The media representative left the meeting.

9. Resolution to Exclude the Public

RESOLVED
FAR 2018/073

Cr Colin Wollstein / Cr Jim Hopkins
That the public be excluded from the following part of the proceedings of this meeting, namely:

- Confirmation of Public Excluded Meeting Minutes 10 July 2018 PE
- Sundry Year-End Issues PE
- Renewal of Quotable Value Contract PE
- Audit New Zealand Long Term Plan Management Letters PE and Audit New Zealand Management Report on the Interim Audit on Waitaki District Council dated 30 June 2018 PE;
- Insurance Renewal PE
- Accounts Payable Analysis PE
- Decision Regarding Release of Public Excluded Information PE

The general subject of each matter to be considered while the public is excluded; the reasons 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:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter – Section 48(1)
Public Excluded:	To protect the privacy of natural persons.
10. Confirmation of Public Excluded Meeting Minutes 10 July 2018 PE	Section 48(1)(a) (The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned.)
11. Sundry Year-End Issues PE	
12. Renewal of Quotable Value Contract PE	
13. (a) Audit New Zealand Long Term Plan and Consultation Document Management Letters PE	To enable the Council to carry out commercial negotiations without prejudice or disadvantage. Section 48(l)(a)
13. (b) Audit New Zealand Management Report on the Interim Audit of Waitaki District Council dated 30 June 2018 PE	(Premature disclosure of the information would detrimentally affect the Council’s position in the negotiations.)
14. Insurance Renewals 2018/19 PE	
15. Accounts Payable Analysis PE	
16. Decision Regarding Release of Public Excluded Information PE	

These resolutions are made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of the Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above (in brackets) with respect to each item.”

CARRIED

Refer to Public Excluded Minutes

17. Resolution to Return to the Public Meeting

RESOLVED
FAR 2018/083

Cr Craig Dawson / Cr Peter Garvan
That the Finance, Audit and Risk Committee resumes in open meeting and decisions made in the public excluded session are confirmed and made public as and when required.

CARRIED

18. Release of Public Excluded Information

In accordance with Waitaki District Council Standing Orders 2016 to 2019, Clause 17.5, and pursuant to Resolution FAR 2018/081 of this meeting, the Committee APPROVED the release of previously public excluded information as set out below.

Agenda Item 10 – Confirmation of Previous Meeting Public Excluded Minutes PE

RESOLVED
FAR 2018/074

Cr Craig Dawson / Cr Jim Hopkins
That the Finance, Audit and Risk Committee confirms public excluded meeting minutes of 12 June 2018, as circulated, as a true and correct record.

CARRIED

Agenda Item 11 – Sundry Year End Issues PE**(a) Oamaru Blue Penguin Colony**

RESOLVED
FAR 2018/075

Cr Jim Hopkins / Cr Peter Garvan
The Finance, Audit and Risk Committee recommends:
That Council approves an increase in the Oamaru Blue Penguin Colony Internal Loan from \$415,000 to \$566,000 to accommodate the actual cost of building improvements and to reimburse Tourism Waitaki this additional amount, and notes that the lease payments will increase in light of the increased loan amount.

CARRIED

(b) Kurow Jockey Club

RESOLVED
FAR 2018/076

Cr Craig Dawson / Cr Jim Hopkins
The Finance, Audit and Risk Committee recommends:
That Council approves a one-off adjustment of \$1,000 to the Kurow Jockey Club water account and that the Club be advised that this is a one-off adjustment.

CARRIED

**Agenda Items were taken out of order from this point onwards.
The resolutions below adhere to the revised order of the meeting.**

Agenda Item 13(a) – Audit New Zealand Long Term Plan and Consultation Document Management Letters PE

RESOLVED
FAR 2018/077

Cr Jim Hopkins / Cr Peter Garvan
That the Finance, Audit and Risk Committee recommends:
That Council receives and notes the two Audit New Zealand Management Letters on the Long Term Plan and the Consultation Document.

CARRIED

Agenda Item 13(b) – Audit New Zealand Interim Audit Report on the Waitaki District Council for the year ended 30 June 2018 PERESOLVED
FAR 2018/078

Cr Jim Hopkins / Cr Peter Garvan
That the Finance, Audit and Risk Committee recommends:
That Council receives and notes the Audit New Zealand Interim Audit Report on the Waitaki District Council for the year ended 30 June 2018.

CARRIED

Agenda Item 12 – Renewal of Quotable Value Contract PERESOLVED
FAR 2018/079

Cr Jim Hopkins / Cr Craig Dawson
The Finance, Audit and Risk Committee recommends:
That Council approves the extension of the contract with Quotable Value for Valuation and Database Management Services for a period of three years.

CARRIED

Agenda Item 14 – Insurance Renewals 2018/19 PERESOLVED
FAR 2018/080

Cr Jim Hopkins / Cr Craig Dawson
That the Finance, Audit and Risk Committee receives and notes the information.

CARRIED

Agenda Item 15 – Accounts Payable Analysis PERESOLVED
FAR 2018/081

Cr Jim Hopkins / Cr Craig Dawson
That Finance, Audit and Risk Committee:
1. receives the information
2. considers the minute from this item in public but continues to treat the underlying information as public excluded indefinitely due to commercial sensitivity.

CARRIED

There being no further business, the Chair declared the meeting closed at 12.20pm.

CONFIRMED at the Finance, Audit and Risk Committee Meeting held on the 11th day of September 2018 in the Council Chamber, Office of the Waitaki District Council, 20 Thames Street, Oamaru.

[signed]

Chairman