

HUTT CITY COUNCILAUDIT AND RISK SUBCOMMITTEE | KOMITI ITI AHUMONI I TŪRARU

Minutes of a meeting held in the Council Chambers, 2nd Floor, 30 Laings Road,
Lower Hutt on

Thursday 25 February 2021 commencing at 2.00pm

PRESENT:

Ms S Tindal (Independent Chair)	Mayor C Barry (Deputy Chair) (from 2.29pm)
Cr D Bassett	Cr J Briggs
Cr S Edwards	Cr A Mitchell
Cr S Rasheed	Cr N Shaw

IN ATTENDANCE:

Ms J Miller, Chief Executive
 Mr M Boggs, Director of Strategy and Engagement
 Ms H Oram, Director Environment and Sustainability (part meeting)
 Ms J Livschitz, Chief Financial Officer
 Mr B Hodgins, Strategic Advisor (part meeting)
 Mr A Yip, Strategic Projects Manager (part meeting)
 Mr T Biggin, Project Manager (Riverlink) (part meeting)
 Mr S Cager, Senior Project Engineer (part meeting)
 Mr M Sherwood, Head of Parks and Recreation (part meeting)
 Ms E Davids, Risk and Assurance Manager (part meeting)
 Mr D Newth, Financial Accounting Manager (part meeting)
 Ms S Page, Senior Management Accountant (part meeting)
 Mr S George, Senior Accountant (part meeting)
 Ms T Lealofi, Democracy Advisor

PUBLIC BUSINESS1. APOLOGIES

The Chair noted an apology received from Mayor Barry for late arrival and an apology received from Cr Edwards for early departure to the effect that it would only be required if the meeting had not already concluded.

2. PUBLIC COMMENT

There was no public comment.

3. CONFLICT OF INTEREST DECLARATIONS

Cr Shaw declared a conflict of interest in relation to item 5. External Audit Update – Hutt City Community Facilities Trust and did not participate in discussion or voting on the matter.

4. **EXTERNAL AUDIT UPDATE - SEAVIEW MARINA LIMITED** (21/84)

Report No. ARSC2021/1/27 by the Senior Management Accountant

Mr Alan McLellan, Chief Executive from Seaview Marina Limited and Mr Stephen Ussher from Audit New Zealand (via audio-visual link) were in attendance for the item.

Mr Ussher elaborated on the external audit.

Mr McLellan noted the journal issue was resolved through the administrators checking of the journals. He advised Seaview Marina Limited would upgrade the management system to reduce issues that had occurred in the past.

RESOLVED: (Ms Tindal/Cr Mitchell)

Minute No. ARSC 21101

"That the Subcommittee:

- (1) notes the progress achieved in addressing the audit recommendations attached as Appendix 1 to the report; and*
- (2) encourages officers to ensure that the following actions are taken to ensure that the two remaining matters outstanding from 2017/2018 can be closed in the 2020/2021 audit:*
 - a. the General Ledger Journal Policy implemented in February 2020 is tested so that the additional financial controls and risk management processes can be proven; and*
 - b. a framework is developed and implemented to ensure compliance with all relevant legislative requirements."*

5. EXTERNAL AUDIT UPDATE - HUTT CITY COMMUNITY FACILITIES TRUST
(21/86)

Report No. ARSC2021/1/28 by the Senior Management Accountant

Mr Stephen Ussher from Audit New Zealand was in attendance for the item via audio-visual link.

Mr Ussher elaborated on the external audit.

RESOLVED: (Ms Tindal/Cr Edwards)

Minute No. ARSC 21102

"That the Subcommittee:

- (1) notes the progress achieved in addressing the audit recommendations attached as Appendix 1 to the report; and*
- (2) encourages officers to ensure that the following actions are taken to ensure that the three remaining matters outstanding from 2016, 2017 and 2018 can be closed in the 2020 / 2021 audit:*
 - a. procedures are reviewed and a system implemented to address the risks of building Warrants of Fitness being non-compliant;*
 - b. the General Ledger Journal Policy implemented in February 2020 is tested so that the additional financial controls and risk management processes can be proven; and*
 - c. there is clear evidence of Board Members having updated their interest disclosures at all meetings."*

6. **EXTERNAL AUDIT UPDATE - URBAN PLUS LIMITED (PARENT AND GROUP)**
(21/143)

Report No. ARSC2021/1/29 by the Financial Accounting Manager

Mr Stephen Ussher from Audit New Zealand was in attendance for the item via audio-visual link. Mr Ussher elaborated on the external audit.

RESOLVED: (Ms Tindal/Mayor Barry)

Minute No. ARSC 21103

“That the Subcommittee:

- (1) notes the progress achieved in addressing the audit recommendations attached as Appendix 1 to the report; and*
- (2) encourages officers to ensure that the following actions are taken to ensure that the six remaining matters outstanding from 2015 and 2017 can be closed in the 2020 / 2021 audit:*
 - a. there is a realistic timetable agreed to ensure that the Draft Annual Report is provided in a timely manner to enable completion of quality control processes;*
 - b. the General Ledger Journal Policy implemented in February 2020 is tested so that the additional financial controls and risk management processes can be proven;*
 - c. a framework is developed and implemented to ensure compliance with all relevant legislative requirements;*
 - d. management of UPL completes the review and the Board adopts the updated Sensitive Expenditure Policy to ensure compliance with the good practice guidelines issued by the Auditor General;*
 - e. there is clear evidence of all employees having updated their interest disclosures twice annually; and*
 - f. the need for more frequent valuations of land and buildings is considered and acted upon where necessary whilst is evident that there is both a high level of activity and price growth in the Hutt market.”*

7. **PETONE WHARF TEMPORARY CLOSURE AND NEXT STEPS** (21/230)

Report No. ARSC2021/1/40 by the Head of Parks and Recreation

The Head of Parks and Recreation advised the project was progressing as planned. He said it was expected the work would be completed by the end of March 2021. He advised a detailed assessment and interim reports would be received in two weeks' time.

RESOLVED: (Ms Tindal/Cr Mitchell)

Minute No. ARSC 21104

"That the Audit and Risk Subcommittee:

- (1) receives and notes the update on the Petone Wharf temporary closure and next steps;*
- (2) notes a report titled "Petone Wharf Process, Risk Management of Repairs and Remediation" will be provided for further consideration to the meeting on 23 April 2021; and*
- (3) notes the outcome of the detailed inspection; condition survey; scope of works and cost estimate together with the Quantitative Risk Assessment is expected in April 2021 and will be reported to Council prior to final deliberation and decision making for the 2021 – 2031 Long Term Plan."*

8. **EASTERN BAYS SHARED PATH PROJECT UPDATE** (21/77)

Report No. ARSC2021/1/31 by the Senior Project Engineer

The Senior Project Engineer advised there had been discussion with Waka Kotahi New Zealand Transport Agency regarding the Ngauranga to Petone alliance to undertake the project.

In response to a question regarding an update about the joint hearing that took place on 15-17 December 2020, the Senior Project Engineer said a decision should be available by 15 March 2021.

RESOLVED: (Ms Tindal/Cr Briggs)

Minute No. ARSC 21105

"That the Subcommittee:

- (1) receives and notes the information contained in the report;*
- (2) notes the Procurement Programme attached as Appendix 2 to the report;*
- (3) notes the updated Project Risk Register (attached as Appendix 1 to the report); and*
- (4) notes that public consultation on funding for the Eastern Bays Shared Path project was deferred due to the COVID-19 pandemic and that funding has now been included in the draft Long Term Plan (LTP) 2021-2031 that is subject to public consultation in March 2021 prior to inclusion in the final LTP 2021-2031 to be adopted by Council on 30 June 2021."*

For the reason that the report is consistent with Council policies and processes around project management.

9. **RIVERLINK UPDATE** (21/168)

Report No. ARSC2021/1/30 by the Project Manager (Riverlink)

The Project Manager (Riverlink) elaborated on the report.

	<p>RESOLVED: (Ms Tindal / Cr Edwards)</p> <p><i>"That the Subcommittee:</i></p> <ol style="list-style-type: none"> <i>(1) receives and notes the information contained in the report;</i> <i>(2) notes the updated Project Risk Register attached as Appendix 1 to the report;</i> <i>(3) notes that the review of cost estimates for the RiverLink project is currently underway by an independent quantity surveyor and expected in March 2021;</i> <i>(4) notes a budget of \$57M for design, consenting and delivery was approved in the 2018- 2028 Long Term Plan;</i> <i>(5) notes an increase of \$64.5M is proposed to enable further property purchases; upgrades to the local transport network including connections with the Melling Bridge; cost increases associated with the pedestrian bridge, river edge / promenade construction and enhancements and, project delivery costs; and</i> <i>(6) notes the total budget of \$121.49M for the project as now planned will be included in the Draft 2021 – 2031 Long Term Plan and will be subject to public consultation prior to decision making and adoption by Council on 30 June 2021."</i> 	<p>Minute No. ARSC 21106</p>
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The meeting adjourned at 2.44pm and resumed at 3.00pm.

10. **EXTERNAL AUDIT UPDATE - HUTT CITY COUNCIL** (21/233)

Report No. ARSC2021/1/41 by the Chief Financial Officer

Mr Andrew Clark from Audit New Zealand (Audit NZ) was in attendance for the item.

Mr Clark elaborated on Council's external audit. He highlighted the scope of the audit in the Audit NZ engagement letter. He said Audit NZ audited in two stages and two audit opinions.

	<p><u>RESOLVED:</u> (Ms Tindal/Cr Shaw)</p> <p><i>"That the Subcommittee:</i></p> <p>(1) <i>notes the Audit NZ engagement letter for the audit of the Consultation Document and Long Term Plan 2021-2031, attached as Appendix 1 to the report; and</i></p> <p>(2) <i>notes Audit New Zealand's management report on the audit of the Group Annual Report 2019/20 has not been delivered to Hutt City Council as yet and will be reported at the next Audit and Risk Subcommittee meeting."</i></p>	<p>Minute No. ARSC 21107</p>
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11. INFORMATION ITEMS

a) Kerbside Rubbish & Recycling Implementation Project (21/159)

Report No. ARSC2021/1/19 by the Strategic Advisor

The Strategic Advisor elaborated on the report.

In response to a question from a member regarding the arrival of the additional trucks, the Strategic Advisor advised the trucks would arrive a month prior to the scheduled date for inspection.

In response to a question from a member regarding community recycling depots being closed and how this would be communicated to residents, the Strategic Advisor advised the communications programmes would include information on the facilities being closed due to levels of contamination.

The Director Environment and Sustainability further advised Hutt City Council and Upper Hut City Council were working together through the joint Hutt Valley Services Committee to identify issues across both Councils.

In response to a question from a member regarding receiving regular updates on risks, the Strategic Advisor said regular updates would be reported to members until the end of August/September 2021. He noted that the regular updates would also be reported to the Climate Change and Sustainability Committee.

RESOLVED: (Ms Tindal/Cr Edwards)

Minute No. ARSC 21108

"That the Subcommittee notes and receives the report."

b) Naenae Projects progress report (21/95)

Memorandum dated 28 January 2021 by the Strategic Projects Manager

The Strategic Projects Manager advised the Risk Management Plan had been received by AECOM. He said AECOM would schedule risk workshops at the commencement of each project phase.

RESOLVED: (Ms Tindal/Cr Mitchell)

Minute No. ARSC 21109

"That the Subcommittee notes and receives the memorandum."

c) **Managing COVID-19 Risks** (21/54)

Report No. ARSC2021/1/20 by the Risk and Assurance Manager

The Risk Assurance Manager provided an update on the actions taken due to the change of Alert Levels.

RESOLVED: (Ms Tindal/Cr Rasheed)

Minute No. ARSC 21110

"That the Subcommittee:

(1) receives and notes the report; and

(2) notes that officers will update members during the meeting and if there are any changes these will be reported during the meeting."

d) **Audit and Risk Work Programme 2021** (21/35)

Report No. ARSC2021/1/21 by the Committee Advisor

RESOLVED: (Ms Tindal/Cr Briggs)

Minute No. ARSC 21111

"That the Work Programme be noted and received."

12. **QUESTIONS**

There were no questions.

There being no further business the Chair declared the meeting closed at 3.43pm.



S Tindal
CHAIR

CONFIRMED as a true and correct record
Dated this 24th day of March 2021