
Activities Performance Audit Committee

OPEN MINUTES

Minutes of a meeting of Activities Performance Audit Committee held in the Council Chambers, 15 Forth Street, Invercargill on Wednesday, 29 June 2016 at 10.30am.

PRESENT

Chairperson	Lyall Bailey
Mayor	Gary Tong
Councillors	Stuart Baird
	Brian Dillon
	Rodney Dobson
	John Douglas
	Paul Duffy
	Bruce Ford
	George Harpur
	Julie Keast
	Ebel Kremer
	Gavin Macpherson
	Neil Paterson

IN ATTENDANCE

Chief Executive - Steve Ruru, Group Manager Community & Futures - Rex Capil, Group Manager Environment and Community - Bruce Halligan, Group Manager Services and Assets - Ian Marshall, Chief Financial Officer - Anne Robson, Manager Communications Louise Pagan, People and Capability Manager – Janet Ellis and Committee Advisor - Alyson Hamilton.

1 Apologies

There were no apologies received.

2 Leave of absence

There were no requests for leave of absence received.

3 Conflict of Interest

There were no conflicts of interest declared.

4 Public Forum

There were no members of the public seeking speaking rights.

5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

6 Confirmation of Minutes

Resolution

Moved Cr Macpherson, seconded Cr Paterson **and resolved:**

That the minutes of Activities Performance Audit Committee meeting held on 8 June 2016 be confirmed as a true and correct record.

Reports

7.1 Financial Report for the period ended 30 April 2016

Record No: R/16/6/9075

Susan McNamara, Management Accountant, was in attendance for this item.

The Committee noted that 83% of the financial year is complete and that no significant issues have been identified that raise any concerns for Council.

Ms McNamara then spoke on matters relating to the income, operating expenditure, capital expenditure, forestry revenue, roading and transport, chief executive's account and the balance sheet.

Ms McNamara commented that the Information Management capital expenditure is under forecast by \$160K. Included in the budget are costs associated with the core systems review and digitisation project.

Members noted there has been \$97K spent to date on both projects with a forecasted year end budget of \$310K. The balance of these projects will be carried forward into the 2016/2017 year.

Ms McNamara informed Council has 8M invested in five term deposits ranging from one to two months maturities. These have now all matured with recent re-investments achieving 2.64% to 3.31%.

Resolution

Moved Cr Kremer, seconded Cr Baird **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled “Financial Report for the period ended 30 April 2016” dated 21 June 2016.**

7.2 Interim Management Report from Audit New Zealand for the year ended 30 June 2016

Record No: R/16/4/5600

Mrs Sheree Marrah, Finance Manager, was in attendance for this item.

Mrs Marrah advised as part of the audit process, Audit New Zealand provides Council with a report at the conclusion of the interim stage of its Annual Report audit, outlining the work that was performed and any recommended areas for improvement.

Mrs Marrah informed Audit New Zealand did not identify any significant or material issues during Council’s interim audit for the year ended 30 June 2016.

The Committee was advised that this meant that Audit New Zealand did not find any significant issues in the systems and process that support the activities of Council. However, Mrs Marrah added that during the process Audit NZ did identify a number of areas for improvement.

Mrs Marrah explained the table presented to the Committee highlights the recommendations made by Audit NZ in these reports, in the form of an action list.

Members noted Council staff will work to implement/resolve the recommendations identified by Audit NZ, in accordance with the self-imposed timelines and with April being the anticipated date Audit NZ will visit to undertake their interim procedures for the 2017 audit.

Cr Douglas queried the issue raised in the Audit NZ report concerning fraud and whether this action should be undertaken by Audit NZ and not undertaken by staff.

Mr Ruru responded advising staff are to have appropriate fraud polices in place and internal control systems to prevent and detect fraud.

Resolution

Moved Cr Dillon, seconded Cr Duffy **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled “Interim Management Report from Audit New Zealand for the year ended 30 June 2016” dated 15 June 2016.**

7.3 Work Schemes Survey Results Report 2015/2016

Record No: R/16/5/8139

Mr Ian Marshall, Group Manager Services & Assets, was in attendance for this item.

Mr Marshall advised the purpose of the Work Schemes targeted survey is to provide staff with useful feedback on whether jobs were completed to specifications and to gauge satisfaction with costs of doing the work.

Mr Marshall added the survey identified areas for improvement in the Work Schemes activity, and to monitor whether levels of service as outlined in the Council's 10 Year Plan (LTP) 2015-2025 are being achieved.

The Committee noted the survey was conducted online in May 2016 via a link that was sent to all clients on the client list provided by the Work Schemes Supervisor for the financial year 2015/2016. Mr Marshall added that all thirteen clients filled in the survey giving a response rate of 100%. Due to the small number of clients this survey is not statistically significant.

Resolution

Moved Cr Dobson, seconded Cr Macpherson **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled "Work Schemes Survey Results Report 2015/2016" dated 7 June 2016.**

7.4 Results of the Council Buildings Survey Report 2015 2016

Record No: R/16/5/8143

Mr Ian Marshall, Group Manager Services & Assets, was in attendance for this item.

Mr Marshall reported that during the preparation of the 10 Year Plan 2012-2022, the Southland District Council revised the levels of service it wished to provide to the community in each activity area.

The Committee noted that as a result, a number of targeted surveys were created. One of these surveys in the Community Facilities activity is the Council Buildings Survey.

Mr Marshall explained this survey was conducted to find out the percentage of users satisfied with the standard of their building.

Cr Duffy queried comments made by staff in regards to earthquake prone issues.

Mr Halligan responded that tests have confirmed the section of the building affected is significantly above the standard level required.

Cr Paterson queried staff comments made in relation to Health and Safety issues.

Mr Marshall responded that any health & safety issues raised by staff are dealt with through the Health & Safety Committee.

Resolution

Moved Cr Ford, seconded Cr Keast **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled "Results of the Council Buildings Survey Report 2015 2016" dated 21 June 2016.**

7.5 General Information - Southland Museum and Art Gallery Quarterly Report Against Statement of Intent

Record No: R/16/6/8279

Mr Halligan, Group Manager Environmental Services, was in attendance for this item.

Mr Halligan advised the report outlines recent levels of use and activities at the museum and tracks progress against target service levels.

Members noted a review of the catalogue information of the collection is the most important project needing to be carried out in the near future. Mr Halligan added this is the reason that SMAG has proposed an increase of the Regional Heritage Rate from \$34.10 including GST to \$50.00 next year (2017/2018) to provide a further \$600,000 of operational budget.

Mr Halligan commented this would constitute a very significant increase to the level of this rate for SDC ratepayers, and would need to be flagged clearly in consultation processes for feedback.

Cr Keast commented in regards to the proposed cataloguing work of the possibility of utilizing volunteers to undertake this work therefore less costings involved.

Mr Halligan responded to ensure the cataloguing is carried out efficiently required professional protocols.

Resolution

Moved Cr Paterson, seconded Cr Kremer **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled "General Information - Southland Museum and Art Gallery Quarterly Report Against Statement of Intent Third Quarter 2015/2016" dated 8 June 2016.**

7.6 Health and Safety

Record No: R/16/6/8895

Mrs Janet Ellis, People and Capability Manager, was in attendance for this item.

Mrs Ellis advised that as part of due diligence requirements, Councillors are required to keep up to date with health and safety matters, understand the nature of the business, audit its hazards and risks, ensure there are appropriate reporting and investigation processes in place and monitor and verify that appropriate actions are being taken.

Members noted training on health and safety responsibilities for elected members will be included in the 2016 Council Induction Programme.

Mrs Ellis advised the Southland District Councils Health and Safety Management Group has prepared a Health and Safety Toolkit which is in the finalisation stages and is circulated with this report.

Mrs Ellis explained the report outlined activities relating to Contractor Health and Safety Management, Vehicles and Driving, Personal Protective Equipment and Accidents/Incidents/Near Misses.

Resolution

Moved Cr Douglas, seconded Cr Keast **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled “Health and Safety” dated 22 June 2016.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- f) **Notes the new Health and Safety Toolkit developed.**

7.7 MWH Global Transfer of Ownership to Stantec Inc

Record No: R/16/6/8955

Mr Joe Bourque Strategic Manager, Transport and Mr John Laskewitz (MWH), was in attendance for this item.

Mr Bourque advised MWH Global has entered into a merger with Stantec Inc.

Mr Bourque added under the terms of Southland District Council Contract 12/03 for Professional Services, the merger constitutes an assignment of the contract, due to the change of control.

Mr Bourque explained from a Council point of view there are no real negative issues with granting this approval as the people involved in the contract, terms and conditions all remain the same.

In response to a query from Cr Duffy regarding possible changes to the contract Mr Laskewitz confirmed there are no changes that affect Councils current contract.

Resolution

Moved Cr Kremer, seconded Cr Ford **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled “MWH Global Transfer of Ownership to Stantec Inc” dated 17 June 2016.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**

- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agrees to the transfer of ownership of MWH to Stantec Inc.**
- e) **Agrees that the Chief Executive should write officially granting Council's approval to MWH assigning and novating all of its rights under the Southland District Council Contract 12/03 for Professional Services to Stantec Inc.**

7.8 Southland District Council 2016/2017 Resurfacing Contracts

Record No: R/16/6/8976

Mr Joe Bourque Strategic Manager, Transport and Mr John Laskewitz (MWH), was in attendance for this item.

Mr Bourque advised this report covers the tendering for the resurfacing of approximately 1,120,000 m² of urban and rural roads in the Southland District Council's 2016/2017 Resurfacing Programme. Mr Bourque added the tendering is to be let as two contracts.

Mr Bourque explained splitting the district into two areas was done to encourage competition for these large parcels of work in the current market place. It also produced contract areas that have a mix of coastal and drier inland areas to reduce the risk of weather affecting progress.

Members noted the report covers the tenders received, the evaluation carried out and recommendations for letting the contracts.

Mr Laskewitz responded to Members queries regarding whether Contractors are held to account for poor workmanship he confirmed that there is a timeframe for renewal work to be undertaken.

Members expressed concern in some instances at the delay of renewal work. Staff to note accordingly.

Resolution

Moved Cr Dobson, seconded Cr Dillon **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled "Southland District Council 2016/2017 Resurfacing Contracts" dated 17 June 2016.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or**

further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.

- d) Accept Fulton Hogan’s tender price of \$2,327,551.36 plus GST for Contract 16/10 - 2016/2017 Eastern Area Resurfacing.
- e) Accept Downer’s tender price of \$2,458,250.00 plus GST for Contract 2016/2017 Western Area Resurfacing.
- f) Approves the 2016/17 Sealed Roads Resurfacing budget being adjusted to \$4.8M subject to the variation being managed within the overall roading budget for 2016/17.

The meeting concluded at 11.50am

CONFIRMED AS A TRUE AND CORRECT RECORD AT A MEETING OF THE ACTIVITIES PERFORMANCE AUDIT COMMITTEE HELD ON WEDNESDAY, 29 JUNE 2016.

DATE:.....

CHAIRPERSON:.....