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## **NOTICE OF MEETING**

**Notice is hereby given of the Meeting of the  
Risk and Assurance Committee  
to be held in the Council Chamber,  
First Floor, Civic Administration Building,  
101 Esk Street, Invercargill on  
Friday, 6 September 2019 at 8.30am**

Cr I R Pottinger (Chair)  
Sir T R Shadbolt KNZM JP  
Cr R R Amundsen (Deputy Mayor)  
Cr R L Abbott  
Cr D J Ludlow  
Cr L S Thomas

CLARE HADLEY  
CHIEF EXECUTIVE

## **Council's Values:**

Responsibility	<p>Take ownership of decisions and outcomes, both collectively and individually.</p> <ul style="list-style-type: none"><li>• We willingly share our knowledge.</li><li>• We acknowledge our mistakes, work to resolve them and learn from them.</li><li>• We give and receive feedback in a constructive manner to resolve issues.</li><li>• We do our job with total commitment.</li></ul>
Respect	<p>Everyone is important, as are their views.</p> <ul style="list-style-type: none"><li>• We support and care for each other.</li><li>• We stop to listen, learn and understand.</li><li>• We communicate in an honest, up-front and considerate manner.</li><li>• We maintain confidences and avoid hurtful gossip.</li></ul>
Positivity	<p>Always look on the bright side of life.</p> <ul style="list-style-type: none"><li>• We are approachable, interested and friendly.</li><li>• We are open and receptive to change.</li><li>• We acknowledge and praise the efforts of others.</li><li>• We work together as a team to get the job done.</li></ul>
Above and Beyond	<p>Take opportunities to go the extra mile.</p> <ul style="list-style-type: none"><li>• We take the initiative to improve our work practices to get the best results.</li><li>• We challenge ourselves and each other to make it better.</li><li>• We take pride in providing the best possible outcomes.</li><li>• We are ambassadors for our Council at all times.</li></ul>

## **Council's Vision for the City:**

Enhance our City and preserve its character, while embracing innovation and change.

## **Council's Vision:**

We are an energised, fun and innovative team that makes it better for each other and our community.

## **Council's Mission:**

Making it better by making it happen.

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## A G E N D A

2. **APOLOGIES**
3. **INTEREST REGISTER**
4. **CONFIRMATION OF MINUTES HELD 28 MAY 2019**
5. **HEALTH AND SAFETY UPDATE**
6. **SENSITIVE EXPENDITURE**
  - 6.1 APPENDIX 1 – SENSITIVE EXPENDITURE
7. **COUNCIL INSURANCE**
8. **WORK PROGRAMME FOR AUDIT MANAGEMENT LETTER ISSUES**
9. **ANNUAL REPORT 2019**
10. **PUBLIC EXCLUDED SESSION**

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting; namely

- (a) *Confirmation of Public Excluded Session Minutes – 28 May 2019*
- (b) *Health and Safety Matters – Contract 650*

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)(d) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for the passing of this resolution</b>
(a) Confirmation of Public Excluded Session Minutes – 28 May 2019	To enable any Local Authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 7(2)(i)
(b) Health and Safety Matters – Contract 650	To enable any Local Authority holding the information to carry on, without prejudice or disadvantage, negotiations (including	Section 7(2)(i)

**commercial and industrial  
negotiations)**

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**INVERCARGILL CITY COUNCIL ELECTED MEMBERS  
INTEREST REGISTER**

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<b>ELECTED MEMBERS</b>			
<b>NAME</b>	<b>ENTITY</b>	<b>INTERESTS</b>	<b>PROPERTY</b>
<b>RONALD LINDSAY ABBOTT</b>	Invercargill City Council Kiwi-Pie Radio 88FM Invercargill Invercargill Art Gallery Invercargill Venues and Events Management	Councillor Director / Broadcaster Council Representative / Board Member Director	
<b>REBECCA RAE AMUNDSEN</b>	Invercargill City Council Arch Draught Ltd BP Orr Ltd Task Ltd Arts Murihiku Dan Davin Literary Foundation Heritage South Glengarry Community Action Group SMAG Board Venture Southland Southland Regional Heritage Committee	Councillor Director Director Director Trustee Trustee/Chair Contractor Events Co-ordinator (Volunteer)  Council Representative Council Representative Council Representative	

**INVERCARGILL CITY COUNCIL ELECTED MEMBERS  
INTEREST REGISTER**

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<b>ALLAN JAMES ARNOLD</b>	Invercargill City Council Ziff's Café Bar Ltd Buster Crabb Ltd Ziff's Tour Ltd Ziff's HR Ltd Ziff's Trust NZMCA Southland Aero Club Invercargill Club Invercargill East Rotary Southland Aero Club	Councillor Executive Director Executive Director Executive Director Executive Director Trustee Administrator Member Member Member Member Committee Member	
<b>KAREN FRANCES ARNOLD</b>	Invercargill City Council Funding Scheme	Councillor Trustee/Chair	
<b>TONI MARIE BIDDLE</b>	Invercargill City Council Invercargill Venue and Events Management Limited Southland Museum and Art Gallery Trust Board McIntyre and Dick Waihopai Runaka	Councillor Director Trustee Husband (Kris MacLellan) – Chief Executive Officer As a contractor	

**INVERCARGILL CITY COUNCIL ELECTED MEMBERS  
INTEREST REGISTER**

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<b>ALEX HOLLY CRACKETT</b>	Invercargill City Council Ride Southland Southland Youth Futures Advisory Board Venture Southland and Sub Committee Sport Southland McIntyre Dick	Councillor Chair Chair  Council Representative  Trustee Marketing Manager	High Street Invercargill
<b>IRWIN LLOYD ESLER</b>	Invercargill City Council Bluff Community Board Bluff Maritime Museum Otatara Landcare Group	Councillor Council Representative Council Representative Member	
<b>GRAHAM DAVID LEWIS</b>	Invercargill City Council Invercargill City Holdings Limited Southland Indoor Leisure Centre Charitable Trust Bluff 2024 Rejuvenation Invercargill Community Recreation & Sports Trust Hospice Southland Invercargill City Properties	Councillor Director Trustee  Officer Trustee  Trustee Director	

**INVERCARGILL CITY COUNCIL ELECTED MEMBERS  
INTEREST REGISTER**

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<b>DARREN JAMES LUDLOW</b>	Invercargill City Council Radio Southland Invercargill City Holdings Limited Invercargill Venue and Events Management Southland Museum and Art Gallery Trust Board Healthy Families Invercargill Murihiku Maori Wardens Southland Community Law Centre Invercargill Community Recreation and Sport Trust Invercargill City Properties	Councillor Manager Director Director / Chairman Trustee Board Member Board Member Board Member Trustee Director	770 Queens Drive Invercargill
<b>IAN REAY POTTINGER</b>	Invercargill City Council Southland Electronics Limited Santa Parade Organiser	Councillor Director Alice Pottinger (Wife)	171 Terrace Street Invercargill 9810
<b>TIMOTHY RICHARD SHADBOLT</b>	Invercargill City Council Invercargill Airport Limited Kiwi Speakers Limited SIT Ambassador	Mayor Director Director Contractor	



**INVERCARGILL CITY COUNCIL ELECTED MEMBERS  
INTEREST REGISTER**

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<b>LESLEY FRANCES SOPER</b>	Invercargill City Council Breathing Space Southland Trust (Emergency Housing) Omaui Tracks Trust National Council of Women (NCW) Active Communities Invercargill Public Art Gallery Citizens Advice Bureau Southland ACC Advocacy Trust Southland Warm Homes Trust	Councillor Chair Secretary/Treasurer Member Chair/Trustee Board Member Board Member Employee Council Representative	137 Morton Street Strathern Invercargill  24 Margaret Street Richmond Invercargill
<b>LINDSAY STEWART THOMAS</b>	Invercargill City Council Invercargill City Holdings Limited HWCP Management Limited	Councillor Director Director	

**INVERCARGILL CITY COUNCIL ELECTED MEMBERS  
INTEREST REGISTER**

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<b>EXECUTIVE STAFF</b>			
<b>NAME</b>	<b>ENTITY</b>	<b>INTERESTS</b>	<b>PROPERTY</b>
<b>PAMELA GARE</b>	Invercargill City Council	Director of Environmental and Planning Services	
	DJ & PM Gare Family Trust	Trustee	
<b>CLARE HADLEY</b>	Invercargill City Council	Chief Executive	
	Hadley Family Trust	Trustee	
<b>CAMERON MCINTOSH</b>	Invercargill City Council	Director of Works and Services	
<b>DAVID FOSTER</b>	Invercargill City Council	Acting Director of Finance and Corporate Services	
		Executive Director Foster and Associates Ltd	

**MINUTES OF THE MEETING OF THE RISK AND ASSURANCE COMMITTEE HELD IN THE VICTORIA ROOM, FIRST FLOOR CIVIC THEATRE BUILDING, 88 TAY STREET, INVERCARGILL, ON TUESDAY, 28 MAY 2019 AT 8.30AM**

- PRESENT:** Cr I R Pottinger – Chair  
His Worship the Mayor, Sir T R Shadbolt, KNZM JP  
Cr D J Ludlow  
Cr R R Amundsen
- IN ATTENDANCE:** Cr L F Soper  
Cr G D Lewis  
Cr T M Biddle  
Mr B Robertson – External Advisor  
Mrs C Hadley – Chief Executive  
Mr C A McIntosh – Director of Works and Services  
Mr D Booth – Manager Financial Services  
Mr R Pearson – Manager Roading  
Miss A Geerlings-Parker – Health and Safety Advisor  
Mr G Mitchell – Manager Health and Safety  
Mr A Burns – Audit New Zealand  
Ms J Hills – Audit New Zealand  
Miss C Keen – Governance and Corporate Administrator

The Chair introduced the new Auditor Director, Mr Andy Burns to the Committee.

2. **APOLOGIES**

Cr R L Abbott and Cr L S Thomas.

Moved Cr Ludlow, seconded Cr Amundsen and **RESOLVED** that the apologies be accepted.

3. **INTEREST REGISTER**

Nil.

4. **CONFIRMATION OF COMMITTEE MINUTES**

**6 MARCH 2019**

Moved Cr Amundsen, seconded Cr Ludlow and **RESOLVED** that the minutes be accepted as a true and correct record.

5. **NZ TRANSPORT AGENCY MONITORING INVESTMENT PERFORMANCE REPORT**

Mr Pearson spoke to his report noting that NZTA had identified a number of minor improvements with a major focus on the financial delivery of contracts. All requirements from NZTA would be completed by the end of June 2019.

Mr Robertson declared his interest as he was also advising Environment Southland on transport matters.

Moved Cr Ludlow, seconded Cr Amundsen and **RESOLVED** that the report NZ Transport Agency Monitoring Investment Performance be received.

AND THAT

The recommendations listed in Appendix 2 (A2612701) are implemented by 1 July 2019.

6. **AUDIT PLAN**

Mr Burns introduced himself and spoke to the Audit Plan report, highlighting that a section on bribery and corruption had been added to the plan, which was a new requirement from the Auditor General's Office. It was noted that historic recommendations were still outstanding. Mr Booth confirmed that a staggered approach to the re-evaluation of certain groups of assets which included investment property and forestry biologicals would occur in July. A vast majority of infrastructure would occur in September.

Mr Robertson questioned what potential role the current Committee would play to help prepare the new Committee to progress with assurance as the Audit opinion came post-election. He suggested a meeting prior to elections to consider draft financial statements to provide assurance around the key risks and assumptions for the incoming committee.

Moved Pottinger, Seconded Cr Amundsen and **RESOLVED** that the Audit Plan 2018-2019 report be received.

7. **MOTOR VEHICLE PURCHASING**

Mrs Hadley spoke to her report explaining that although this was a management matter it did have an impact on elected members. She had averaged that there would be at least \$1,000 per vehicle to be saved. It was noted that although the vehicles would not be purchased direct through local dealers, the dealers would still benefit from delivery fees and flow on servicing and maintenance fees.

Mrs Hadley sought the Committee's support to enter the scheme. The most pertinent point was once Council signed up, it was committing to all vehicles being purchased through the scheme.

Mrs Hadley confirmed that Council would commit to purchasing new vehicles from all of government in future and as vehicles came up for replacement they would be purchased through the all of government scheme.

A rigorous discussion took place and it was agreed that this item be deferred to the full Council, later that day as a major late item.

Moved Amundsen, Seconded Cr Pottinger and **RESOLVED** that the Motor Vehicle Purchasing report be received;

AND THAT

The Committee propose a recommendation to full Council to be considered as a major late item on 28 May 2019.

**8. UNBALANCED BUDGET ANNUAL PLAN 2019/20**

Mr Booth spoke to his report noting that this report would be presented at Council, 28 May 2019.

Moved Pottinger, Seconded Cr Ludlow and **RESOLVED** that the Unbalanced Budget Annual Plan 2019/20 be received;

AND THAT

The unbalanced budget proposed in the Final Annual Plan 2019/20 is considered by Council to be prudent in the circumstances of Council's current financial situation.

*Note: Cr Biddle left at 9.25 am*

**9. PUBLIC EXCLUDED SESSION**

Moved Cr Pottinger, seconded Cr Amundsen and **RESOLVED** that the public be excluded from the following parts of the proceedings of this meeting, namely

- (a) Confirmation of Public Excluded Session Minutes – 6 March 2019
- (b) Health and Safety Update
- (c) Sensitive Expenditure
- (d) Review of 20 Don Street

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)(d) 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	Ground(s) under Section 48(1) for the passing of this resolution
(a) Confirmation of Public Excluded Session Minutes – 6 March 2019	<i>Maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) of this Act applies, in the course of their duty.</i>	7(2)(f)(i)
(b) Health and Safety Update	<i>Maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to</i>	7(2)(f)(i)

- whom section 2(5) of this Act applies, in the course of their duty.*
- (c) Sensitive Expenditure *Maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) of this Act applies, in the course of their duty.* 7(2)(f)(i)
- (d) Review of 20 Don Street *Maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) of this Act applies, in the course of their duty.* 7(2)(f)(i)

There being no further business the meeting closed at 10.58 am.

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**TO: RISK AND ASSURANCE COMMITTEE**  
**FROM GREG MITCHELL – MANAGER HEALTH AND SAFETY**  
**MEETING DATE: 6 SEPTEMBER 2019**

<b>HEALTH AND SAFETY UPDATE</b>
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**SUMMARY**

This report updates the committee on the management of health and safety at Council including an update on any notifiable incidents or injuries.
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**RECOMMENDATIONS**

**Report be received**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> N/A
2.	<i>Is a budget amendment required?</i> N/A
3.	<i>Is this matter significant in terms of Council’s Policy on Significance?</i> N/A
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> N/A
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> N/A
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> N/A

**FINANCIAL IMPLICATIONS**

N/A

**UPDATE ON HEALTH AND SAFETY MANAGEMENT**

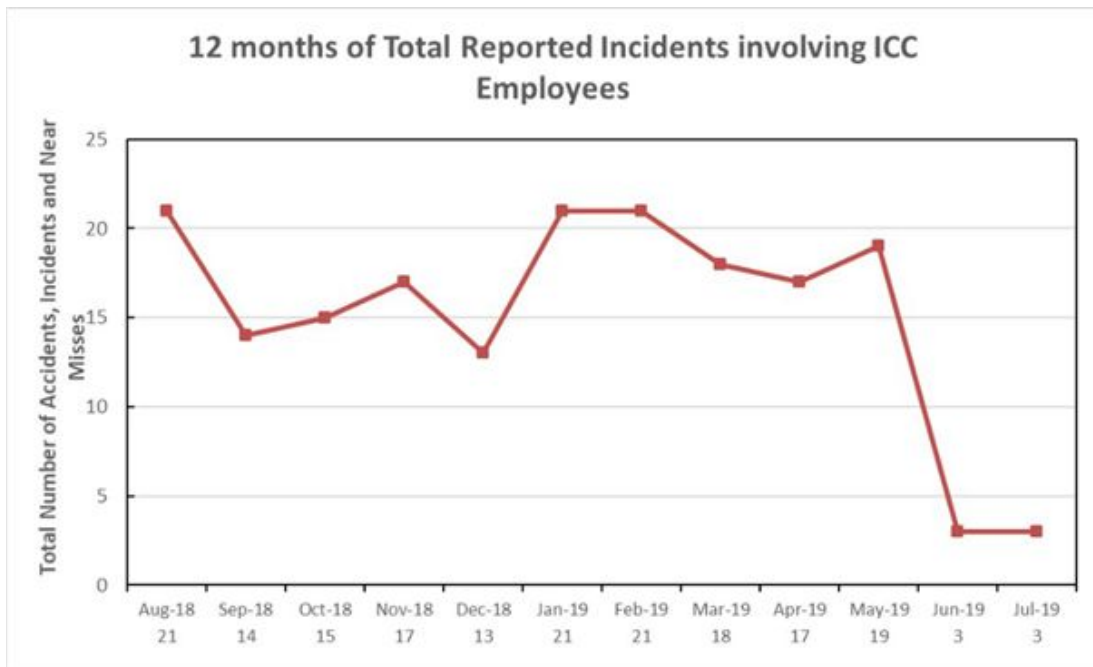
We have approached a national business “Sitewise” to investigate the option of using them as our Health and Safety prequalifier for all Contractors wishing to provide goods or services to council. Sitewise provide a web-based process for contractors to make application and be assessed against approved standards for Health and Safety management. Site wise is widely used across New Zealand and would benefit our contractors as once they achieve a grading they are placed on an approved provider list which will allow them tender access

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across all of the Southland councils and further afield should they wish to tender for work. Environment Southland is already on the system and Gore District Council are keen to follow suit.

**NOTIFIABLE INCIDENTS**

There are no Notifiable incidents in this quarter.



**WELLBEING**

Our wellbeing program has been active during this time with sessions on Unconscious Bias and Mental Wellbeing attended within some operational units.

We combined with SITs year three nursing students to provide a series of Wellness check days which proved very popular with staff. This program was free to staff and council as it was used as a training opportunity for the SIT students.

Our annual Health Monitoring programme continues with checks at the 3 Waters plants and Parks teams. We continue to provide all new staff with a workstation assessment on completion of their induction.

**PERSONAL PROTECTIVE EQUIPMENT**

A small internal working group is currently looking at the feasibility for the use of Body mounted cameras for those staff who come into contact with the public where there is the potential for conflict i.e. parking officers, Dog Rangers. These devices are currently used by a number of councils across NZ and we are using the experiences gleaned from these users to assist us in our evaluation process.

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**TO: RISK AND ASSURANCE COMMITTEE**  
**FROM: DALE BOOTH - ACCOUNTANT**  
**MEETING DATE: 6 SEPTEMBER 2019**

<b>SENSITIVE EXPENDITURE 2018/19</b>
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**SUMMARY**

<p>On 8 October 2018 the Committee considered the revised Sensitive Expenditure Policy which was ultimately adopted by Council on 6 November 2018. At that time the Committee was advised that expenditure would be reported to the Committee with the intention that the report would ultimately be made public.</p> <p>A transactional list of Sensitive Expenditure items at the executive and Council level has been prepared for consideration.</p>
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**RECOMMENDATIONS**

**It is recommended that:**

**The “Sensitive Expenditure Report” be received**

**AND**

**The Risk and Assurance Committee accepts the expenditure identified in the report as compliant with the Sensitive Expenditure Policy.**

**AND**

**The report be made publicly available subject to any changes to the format.**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council’s Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> No
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> No
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> N/A

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## 1. LEGISLATION

The *Local Government Act 2002* provides that Council should ensure that the expected conduct of elected members, is clear and understood by elected members and the community.

The Act provides that the Chief Executive has responsibility for maintaining the appropriate standards of integrity and conduct among the employees of Council.

## 2. RESPONSIBILITY

The Invercargill City Council (ICC) Risk and Assurance Committees terms of reference include delegation of the supervision of financial risk, internal controls and executive/elected representative expenditure.

Past management reports from Audit New Zealand have highlighted the need to ensure that correct processes are in place around the incurring of sensitive expenditure. It's important that this is also supported by appropriate reporting and monitoring both at Officer and Governance level.

The Committee is required to report to ICC as required on its assessment of ICC's risk, control and compliance framework. Review of actual sensitive expenditure is one part of ensuring the effectiveness of the controls established by ICC.

## 3. POLICY

The Office of the Auditor General defines sensitive expenditure as follows

*Sensitive expenditure is expenditure by a public entity that provides, has the potential to provide, or has the perceived potential to provide a private benefit to an individual staff member of a public entity that is additional to the business benefit to the entity of the expenditure. It also includes expenditure by a public entity that could be considered unusual for the entity's purpose and/or functions.*

ICC Policy describes sensitive expenditure as:

expenditure is spending by the Council that could be seen to give some benefit to an elected member or employee, or could be considered unusual for the Council. Sensitive expenditure will have one or more the following attributes:

- Results in a perceived or real benefit to the individual.
- May be an unusual expenditure item for the Council.
- Does not directly align with the core business of the Council or has a poor link to the business purposes of the Council.
- Usually a discretionary expenditure item.
- Is likely to be difficult to justify to the public.
- May involve a perceived or real conflict of interest (legal or ethical).
- May be considered an extravagant or immoderate expenditure.

The report has identified expenditure that ICC staff consider falls within these definitions.

The sensitive expenditure policy provides the following guidance for assessing whether expenditure is appropriate:

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*Decisions to approve sensitive expenditure must:*

- *ensure that the expenditure;*
  - *has a justifiable business purpose; and*
  - *is moderate and conservative, having regard to the circumstances*
- *preserve impartiality;*
- *be made with integrity;*
- *be documented and made transparently; and*
- *be appropriate in all respects.*

The Committee should consider at least these issue when considering the information contained within the report.

#### **4. REPORT**

The report provides the Risk & Assurance Committee with oversight onto areas of Council expenditure that could be considered sensitive. The report focuses on key areas of Council that may be subject to increased scrutiny, with these being:

- Director of Finance
- Director of Environmental and Planning
- Director of Works & Services
- Chief Executive
- Councillors
- Mayor

This is the first report to Governance and presents sensitive expenditure for the period 1 April to 30 June 2019. The amount of each expenditure item is disclosed along with a description of the nature of the expenditure. (Appendix 1)

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Risk and Assurance Committee Agenda - Sensitive Expenditure

Date	Amount	Description	Vendor	Classification
4/30/2019	1,521.50	Accommodation for Mayor Shadbolt - 27/4-30/4 Full chargeback	Rydgges Wellington	Councillor Accommodation
5/5/2019	306.09	Attending Phillip Chandler's "Scoops" 60th Variety Birthday	Novotel Queenstown Lakeside	Councillor Accommodation
5/23/2019	593.92	Accommodation for Mayor Shadbolt 21st May - Full chargeback	Rydgges Wellington	Councillor Accommodation
5/24/2019	102.61	Incidentals for Mayor Shadbolt 24th May (SIT council charge)	SkyCity Auckland Limited	Councillor Accommodation
6/1/2019	1,072.08	Accommodation for Mayor Shadbolt - Institute of Directors	SkyCity Auckland Limited	Councillor Accommodation
6/19/2019	211.30	Accommodation for Alex Crackett 18th June Full chargeback T	James Cook Hotel Grand Chancellor	Councillor Accommodation
6/19/2019	211.30	Accommodation for Lesley Soper 18th June Full chargeback To	James Cook Hotel Grand Chancellor	Councillor Accommodation
4/5/2019	113.04	Large \$120 box "Dear Natalie and family Our deepest sympat	Plaza Supervalue	Councillor Gifts/Flowers
4/12/2019	347.83	Gifts for VIP Visitors to Mayor	E.Scape Glass	Councillor Gifts/Flowers
6/6/2019	200.00	Gift for Paul Casson	Venture Southland	Councillor Gifts/Flowers
6/17/2019	34.70	Purchase 2x copies of Cam & Dave -the dog trailing Duo	MJ Dynes	Councillor Gifts/Flowers
4/2/2019	27.94	Good for Nibbles Tray Regulatory 2/4	Pak 'N' Save	Councillor Hospitality
4/8/2019	57.34	Cheese/Crackers Finance/infrastructure 8/9 April	Pak 'N' Save	Councillor Hospitality
4/11/2019	575.82	Bluff Community Group Graeme Laidlaw accommodation and mea	The Devon Hotel	Councillor Hospitality
4/14/2019	538.08	Bluff Community Group, Gloria Henderson accommodation	The Devon Hotel	Councillor Hospitality
4/14/2019	589.21	Bluff Community Group Ray Fife, accommodation and meals full	The Devon Hotel	Councillor Hospitality
4/15/2019	378.87	12 bottles Pinot Gri, 12 Bottles Sav Blanc, and 6 bottles	Centrepoin Liquorland	Councillor Hospitality
4/15/2019	38.92	Nibbles Work Shop 15/4	Pak 'N' Save	Councillor Hospitality
4/16/2019	156.87	Meal Council Meeting 16/4	Plaza Supervalue	Councillor Hospitality
4/30/2019	48.32	Make Up Nibbles Platter Council Workshop 30/4	Pak 'N' Save	Councillor Hospitality
4/30/2019	44.70	Tablecloths	McCallums Group	Councillor Hospitality
5/14/2019	1,015.74	Room Hire & Food Joint Council Workshop 9/5/19	Invercargill Venue and Events Management Ltd	Councillor Hospitality
5/20/2019	32.25	Nibbles for Infrastructure	Pak 'N' Save	Councillor Hospitality
5/20/2019	25.55	Nibbles EO Council 14/5	Pak 'N' Save	Councillor Hospitality
5/24/2019	721.00	Council Workshop on Priority Budgeting	Transport World- Bill Richardson	Councillor Hospitality
5/28/2019	219.00	Meal Council Workshop 6/5	Charlies Kitchen	Councillor Hospitality
5/28/2019	34.80	Morning Tea CE Performance Appraisal	Charlies Kitchen	Councillor Hospitality
5/28/2019	141.74	Meal Council 28/5	Plaza Supervalue	Councillor Hospitality
6/11/2019	41.70	Sandwiches Council Workshop 11/6	Charlies Kitchen	Councillor Hospitality
6/12/2019	88.68	Councillors Catch Up Lunch	Charlies Kitchen	Councillor Hospitality
6/13/2019	44.70	Tablecloths used Committee Room4 Council Chamber	McCallums Group	Councillor Hospitality
6/17/2019	45.23	Nibbles for Council Workshops 17/18 June	Pak 'N' Save	Councillor Hospitality
6/21/2019	62.61	Sandwiches Finance Policy 21/5	Plaza Supervalue	Councillor Hospitality
6/24/2019	197.28	Refreshments for Councillors fridges	Centrepoin Liquorland	Councillor Hospitality
6/24/2019	72.00	Platter for Infrastructure EO Council 24/6	Food @ Clifton	Councillor Hospitality
6/25/2019	158.17	10 bottles Pinot Noir	Centrepoin Liquorland	Councillor Hospitality
6/26/2019	35.93	Nibbles for Finance Policy 25/6	Pak 'N' Save	Councillor Hospitality
5/27/2019	495.00	Mayors Reflection Workshop - 22 May 2019	Equip Limited Partnership	Councillor Training
6/6/2019	1,313.04	LGNZ 2019 Conference for Darren Ludlow	LGNZ Conference Account	Councillor Training
6/6/2019	1,313.04	LGNZ 2019 Conference for Rebecca Amundsen	LGNZ Conference Account	Councillor Training
4/7/2019	387.00	Car Rental for Mayor Shadbolt IOD Leadership conference 01-0	Thrifty Car Rental NZ	Councillor Travel
4/11/2019	1,365.22	LGNZConference Delegate + Additional Ticket A Dutt	LGNZ Conference Account	Councillor Travel
4/12/2019	80.00	Car rental - Mayoral car serviced in Dunedin	Thrifty Car Rental NZ	Councillor Travel
4/21/2019	150.40	Car rental 19-21 March Mayor Shadbolt (Urban Futures)	Thrifty Car Rental NZ	Councillor Travel
4/30/2019	1,015.65	Travel G. Henderson	Air New Zealand Ltd	Councillor Travel
4/30/2019	200.00	Car hire for Investiture Ceremony 27/4 - 30/4	Thrifty Car Rental NZ	Councillor Travel
4/30/2019	- 841.74	Travel Patricia Young	Air New Zealand Ltd	Councillor Travel
5/17/2019	2,595.00	Car rental for Mayor Shadbolt	Thrifty Car Rental NZ	Councillor Travel
5/24/2019	67.80	Car rental for Mayor Shadbolt	Thrifty Car Rental NZ	Councillor Travel

Risk and Assurance Committee Agenda - Sensitive Expenditure

5/27/2019	855.50	Car rental for Mayor Shadbolt	Thrifty Car Rental NZ	Councillor Travel
5/30/2019	299.13	Flights Mayor Shadbolt Mayors reflection workshop	Air New Zealand Ltd	Councillor Travel
6/30/2019	277.39	Travel 07/07 LGNZ - Mayor Shadbolt	Air New Zealand Ltd	Councillor Travel
6/30/2019	502.61	Travel 06/07 LGNZ - Darren Ludlow	Air New Zealand Ltd	Councillor Travel
6/30/2019	760.00	Travel 18/06 Lesley Soper	Air New Zealand Ltd	Councillor Travel
6/30/2019	760.00	Travel 18/06 Alex Crackett	Air New Zealand Ltd	Councillor Travel
6/30/2019	190.43	Travel 10/07 LGNZ Conference - Mayor Shadbolt	Air New Zealand Ltd	Councillor Travel
4/26/2019	247.83	Accommodation for Clare Hadley 11th April (Solgm conference)	GPR Hotels Ltd (Pullman)	Executive Accommodation
5/1/2019	173.63	Accomm - Rural & Provincial Mtg - Wtgn - CH	Bank of New Zealand Credit Cards - Direct Debit	Executive Accommodation
6/19/2019	359.13	Accommodation for Cameron McIntosh 18th June Full chargeback	James Cook Hotel Grand Chancellor	Executive Accommodation
5/1/2019	23.48	Meal @ CE's Forum - Auckland - CH	Bank of New Zealand Credit Cards - Direct Debit	Executive Hospitality
5/1/2019	30.87	Breakfast mtg - I Collier & C Hadley	Bank of New Zealand Credit Cards - Direct Debit	Executive Hospitality
5/1/2019	90.43	Dinner mtg - G Carlyon & C Hadley	Bank of New Zealand Credit Cards - Direct Debit	Executive Hospitality
5/6/2019	693.04	Business Leaders Forum	Invercargill Venue and Events Management Ltd	Executive Hospitality
5/22/2019	966.52	Venue Hire CBD Public Consultation held 20/5/19	Invercargill Venue and Events Management Ltd	Executive Hospitality
5/30/2019	398.26	Room for hire for audit and risk meeting 28/5/19	Invercargill Venue and Events Management Ltd	Executive Hospitality
6/1/2019	6.43	Breakfast meeting - Clare in ChCh - Solutions visit	Bank of New Zealand Credit Cards - Direct Debit	Executive Hospitality
6/1/2019	30.87	Breakfast meeting - Clare & Ian Collier	Bank of New Zealand Credit Cards - Direct Debit	Executive Hospitality
4/30/2019	615.65	Travel C. Hadley	Air New Zealand Ltd	Executive Travel
4/30/2019	67.83	Taxi Clare Hadley	TaxiCharge New Zealand Limited	Executive Travel
4/30/2019	139.13	Travel C. McIntosh	Air New Zealand Ltd	Executive Travel
4/30/2019	520.00	Travel C. McIntosh	Air New Zealand Ltd	Executive Travel
5/30/2019	354.78	Travel Clare Hadley Christchurch	Air New Zealand Ltd	Executive Travel
5/30/2019	34.78	Change fee C McIntosh Wellington 15/5	Air New Zealand Ltd	Executive Travel
5/30/2019	493.91	Travel C. McIntosh 13/06 Wellington - Solgm	Air New Zealand Ltd	Executive Travel
5/30/2019	754.78	Travel Cameron McIntosh Wellington	Air New Zealand Ltd	Executive Travel
5/31/2019	181.71	Taxi Clare Hadley	TaxiCharge New Zealand Limited	Executive Travel
5/31/2019	207.84	Taxi - Cameron McIntosh	TaxiCharge New Zealand Limited	Executive Travel
6/30/2019	598.26	Travel 20/06 - Cameron McIntosh	Air New Zealand Ltd	Executive Travel
6/30/2019	40.83	Airport to Wellington Inner City for Mrs Clare Hadley	Corporate Cabs	Executive Travel
6/30/2019	373.04	Travel 18/06 - Dave Foster	Air New Zealand Ltd	Executive Travel
6/30/2019	793.04	Travel 13/06 - Dave Foster	Air New Zealand Ltd	Executive Travel
6/30/2019	760.00	Travel 18/06 - Cameron McIntosh	Air New Zealand Ltd	Executive Travel

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**TO: RISK AND ASSURANCE COMMITTEE**  
**FROM: DAVE FOSTER, INTERIM DIRECTOR OF FINANCE**  
**MEETING DATE: 6 SEPTEMBER 2019**

<b>COUNCIL INSURANCE</b>
--------------------------

**SUMMARY**

<p>Council holds a comprehensive portfolio of insurances as detailed in this report. On each annual renewal there is an internal audit system in place to monitor that these policies hold current and adequate insurance cover. The council is currently in the process of completing a full insurance renewal for the 2019-20 year.</p>
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**RECOMMENDATIONS**

**That the report “Council Insurance” be received.**

**That the Committee endorse the cancellation of Insurance policies relating to accidental death and disablement of elected members and staff.**

**The Committee is satisfied that the Insurance programme provides adequate protection for financial consequences of the matters insured for.**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council’s Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> None
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> No
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> Yes

## FINANCIAL IMPLICATIONS

Insurance costs are included in annual budgets with reserves held to cover any shortfall in premiums or excesses required. Insurance costs are distributed throughout the organisation.

## COUNCIL INSURANCE

Council holds a comprehensive portfolio of insurances as outlined below and detailed in the attached schedule (*Appendix 1*).

- Motor Vehicle - *all insured vehicles owned by the insured, used, leased, lent, borrowed, hires or under the insured's care, custody and control or otherwise the responsibility of the insured.*
- Material Damage - *accidental physical loss or damage to property (above ground).*  
  
***\*issue of Treatment Plants covered twice – under Material Damage and also LAPP. Staff have been researching the coverage of treatment plants. These have been included in both the LAPP, and also in Material damage. The research has included examining if these are covered by LAPP and for what. The result is that the assets will be removed from the LAPP cover and included only in the Material damage schedule.***
- Contract Works - *accidental loss to the insured property occurring at the contract site during construction period and risk aggravation resulting from Contract Works.*
- Annual Marine Cargo/Transit Cover - *loss or damage to goods on consignments shipping where value is in excess of \$150,000.*
- LAPP - Local Authority Protection Programme - *accidental physical loss or damage to underground infrastructure.*
- Cyber, Privacy and Media Risks - *covering business activities of Council.*
- Business Interruption - *interruption to or interference with the business as a result from loss or damage that is insured under Material Damage.*
- Fidelity - *misappropriation of money or goods by employees.*
- Personal Accident and Sickness - *accidental death or permanent total disablement (as per policy). Cover for elected representatives, community board members and nominated senior executives.*

This policy has been in place for around 10 years in that time there has been no claim. In reviewing the cover, it seems to be surplus to our requirements. The cover is for death or serious injury as a result of an accident. The rationale being that the cover would provide funds for the replacement of the key officer or for a by-election in the case of a councillor. There seems to be little purpose for retaining this policy. In order for the policy to be activated the cause must be related to an accident, if an accident does occur there is the potential for a “moral hazard” argument that Council has received money regarding the accident/death and is not passing it on to the estate.

***It is recommended that this policy not be renewed.***

- Business/Corporate Travel - *overseas travel cover*
- Group Life - *total and permanent disablement and accidental death cover for all staff.*

This policy provides for a benefit of \$20,000 to the next of kin if a staff member dies or is disabled as a result of an accident. The cover is for all staff members. The policy was entered into in about 2010, the annual cost is around \$16-18k per annum. Our research identified 1 claim under the policy. The policy is not economic and so should be cancelled.

***It is recommended that this policy be cancelled.***

- Combined Liability Insurance:
  - Public Liability - *indemnity for legal liability arising from personal injury or property damage.*
  - Professional Indemnity - *indemnity for legal liability for negligent act, error or omission, defence costs and expenses*
  - Environmental Impairment Liability - *indemnity for environmental impairment liability.*
- Statutory Liability - *any fine and/or defense costs imposed by a NZ Court for a conviction*
- General Liability - *legal liability for property damage or personal injury whilst hiring a specified venue - to cover the hirer for any damage to Council property*
- Employers Liability - *legal liability for damages as a result of personal bodily injury to employees in the course of employment that is not covered by any other Act*
- Public/Association Liability:
  - Officers Indemnity - *personal liability for damages and defence costs for wrongful act (as defined) incurred by an officer or employee of specified subsidiaries/trusts.*
  - Association Professional Indemnity - *breach of professional duty (as defined) including defence costs and expenses of specified subsidiaries/trusts.*

All assets insured under material damage or motor vehicle policies are updated upon acquisition or disposal, throughout each insured period.

Under the material damage policy, full building inspections and insurance valuations are provided by an independent Registered Valuer on a three yearly basis.

A full Material Damage Revaluation (including site inspections) has been completed during June / July 2019.

As part of the annual renewal process working lists are forwarded to relevant Asset Managers to check that all details are current and accurate, including additions/deletions made throughout the preceding insured period. This process also includes the LAPP underground asset policy being reviewed by the Infrastructure team annually in consultation with AON Insurance Brokers.

As part of the annual renewal process, each relevant insurer requires a comprehensive set of



declarations and proposals to be completed and returned with annual reports.

Council insurance brokers, Insurance Brokers Alliance Limited (IBA) are proactive, experienced and knowledgeable with regard to policies having provided this service over a long period of time. Not all policies held are facilitated by IBA, other insurers who Council deals with directly are Jardine Lloyd Thompson Limited (JLT) and the Local Authority Protection Programme (LAPP).

There is an additional liability and indemnity policy in place through AON New Zealand, which is part of the NZ Post Compulsory Insurance Scheme in relation to the post shop/franchise at the Bluff Service Centre.

All Council related insurance queries and claims are facilitated through the Finance Department who hold relevant policy documentation and internal claims register which is audited against claims information provided by the insurers on each renewal.

**\*\*\*\*\***

Risk and Assurance Committee Agenda - Council Insurance

APPENDIX 1

Council Insurance Summary (Updated August 2019)

Coverage Summary	Situation / Description	Standard Excess	2016/17 Sum Insured	Premium	2017/18 Sum Insured	Premium	2018/19 Sum Insured	Premium	2019/20 Proposed
<b>Motor Vehicle</b> All Insured Vehicles owner by the insured, used, leased, lent, borrowed, hired or under the insured's care, custody and control or otherwise responsibility of the Insured, including but not limited to, all accessories, spare parts, on board computers, telephone installations, load securing or protection equipment on the vehicle, plant or equipment, but excluding any item of electrical or communication equipment not permanently affixed to the vehicle. Policy updated at date of acquisition and/or disposal.	Any here in New Zealand including inter island transit	\$500							
		Under 21 years							
		\$1,500	\$3,949,499	\$61,637	\$3,583,491	\$64,472	\$3,894,465	\$82,925	\$3,708,026
		21-25 years							
		\$1,000							
<b>Material Damage</b> Accidental physical loss or damage to property insured. Policy updated at date of acquisition and / or disposal, resulting in policy of endorsements.	The situation at which the property insured is insured under this policy is strictly limited to the location(s) stated in the Schedule Property Insured provided to and accepted by the insurer when this policy was arranged or subsequently amended (which list shall form part of this policy). <b>(Subject to schedule being completed)</b>	\$5,000	\$320,426,890	\$630,655	\$362,050,812	\$755,923	\$361,306,312	\$770,029	\$446,246,433
<b>Contract Works</b> Accidental loss to the insured property occurring at the contract site during the construction period as detailed in the policy. Risk Aggravation resulting from Contract Works.	Situation of single project, Invercargill City Council as principal.		Per contract	Per contract	Per contract	Per contract	Per contract	Per contract	Per contract
<b>Annual Marine Cargo (Transit Cover)</b> IPAG – Invercargill Public Art Gallery and SMAG – Southland Museum and Art Gallery	Loss or damage to goods on consignments (shipping) artwork and exhibitions) where value is in excess of \$150,000 (up to which is covered by Material Damage policy)	\$150,000			\$2,000,000	\$497	\$2,000,000	\$540	\$2,000,000
<b>LAPP (Local Authority Protection Programme)</b> Accidental physical loss or damage to underground infrastructure.	Invercargill City infrastructure assets including water services and reticulation (reservoirs, pumping stations and equipment fittings and connections), waste water services, drainage, sewerage treatment and storm water (oxidation ponds, reticulation, fittings and connections).		\$696,738,000	\$136,000	\$704,145,898	\$143,585	\$1,070,345,032	\$140,713	\$1,070,345,032
<b>Cyber, Privacy and Media Risks</b> Cyber Risks policy will pay, on behalf of the insured, all sums which the insured becomes legally obliged to pay (including liability for claimant's costs and expenses) and defence costs resulting from any claim first made against the insured.	Business activities of the Local Body Council	\$25,000			\$1,000,000	\$10,350	\$1,000,000	\$11,920	\$1,000,000
<b>Business Interruption</b> Interruption or interference with the business as a result of loss or damage that is insured under a material damage policy.	Those premises are listed on the schedule including any other situations in New Zealand where the business is conducted.		\$14,925,000	\$21,000	\$14,925,000	\$23,065	\$14,925,000	\$23,065	\$17,808,200
<b>Fidelity</b> Misappropriation of money or goods by employees.	Limit any one person and / or any one event.		\$500,000		\$500,000		\$500,000		\$500,000
	Aggregate Limit – the total amount payable during any one period of insurance.	\$10,000	\$500,000	\$6,500	\$500,000	\$6,500	\$500,000	\$6,600	\$500,000
<b>Personal Accident and Sickness</b> Lump sum benefits for: Accidental death, permanent total disablement, paraplegia or quadriplegia, loss of sight of both eyes, loss of sight of one eye, loss of use to two limbs, loss of use of one limb, loss of hearing in both ears / one ear, permanent and incurable insanity, permanent loss of four fingers and thumb of either hand, permanent loss of lens in two eyes / one eye, third degree burns and / or resultant disfigurement which covers more than 40% of the entire external body (plus other specified permanent loss of limb combinations per policy wording)	Elected representatives, Community Board members and nominated senior executives	In respect of each event		Elected Members: \$100,000 Community Board: \$50,000 Executive: \$100,000 Senior Managers: \$50,000		Elected Members: \$100,000 Community Board: \$50,000 Executive: \$100,000 Senior Managers: \$50,000		Elected Members: \$100,000 Community Board: \$50,000 Executive: \$100,000 Senior Managers: \$50,000	<i>Elected Members: \$100,000 Community Board: \$50,000 Executive: \$100,000 Senior Managers: \$50,000</i>

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Risk and Assurance Committee Agenda - Council Insurance

Coverage Summary	Situation / Description	Standard Excess	2016/17 Sum Insured	Premium	2017/18 Sum Insured	Premium	2018/19 Sum Insured	Premium	2019/20 Proposed
									<b>\$50,000</b>
<b>Business / Corporate Travel</b> Company directors, officers, employees and person/s authorised by the insured to travel under the policy for the purpose of representing the insured's business interests, including accompanying spouse and dependent children.	Journey means international (overseas) travel and / or internal travel which shall start from the time of leaving home or normal place of business (whichever is left last and continue until arrival back home or normal place of business (whichever is reached first) as more fully described in the policy.		Per policy document	\$1,300	Per policy document	\$2,002	Per policy document	\$669	<b>Per policy document</b>
<b>Group Life</b> Total and permanent disablement and accidental death cover for all staff - \$20,000 per staff member.	Policy owner is Invercargill City Council and group policy covers all staff of Invercargill City Council.		\$20,000	\$17,250	\$20,000	\$17,917	\$20,000	\$16,675	<b>\$20,000</b>
<b>Combined Liability Insurance Programme (JLT)</b> <b>Public Liability</b> – Indemnity for legal liability in connection with the business arising from occurrences resulting in personal injury or property damage occurring within the territorial limits. <b>Professional Indemnity</b> – Indemnity for legal liability in response of negligent act, error or omission including Defence costs and expenses. <b>Environmental Impairment Liability</b> – Indemnity for environmental impairment liability arising from an occurrence in connection with the business of Council.	Principally Territorial Local Authority including all associated activities incidental to or associated herewith, including the ownership and / or occupation of premises. Cover specified to include Invercargill City Forests and Forest Growth Holdings Limited.	Public Liability \$5,000	\$300,000,000		\$300,000,000		\$300,000,000		<b>\$300,000,000</b>
		Professional Indemnity: \$10,000	\$300,000,000	\$62,522	\$300,000,000	\$55,490	\$300,000,000	\$59,127	<b>\$300,000,000</b>
		Environmental Impairment: \$25,000	\$500,000		\$500,000		\$500,000		<b>\$500,000</b>
<b>Statutory Liability (Combined Liability)</b> Covering any fine and / or defence costs imposed by a New Zealand Court for a conviction under an Act of New Zealand Parliament (other than those Acts specifically excluded). Exclusion for discharge of sewage.	All activities of Invercargill City Council including Invercargill City Holdings Limited and subsidiaries, Invercargill Venue and Events Management Limited, Trusts, subsidiary companies and affiliated organisations.	\$1,000	Indemnity limit: \$1,000,000 Aggregate limit: \$1,000,000	\$6,793	Indemnity limit: \$1,000,000 Aggregate limit: \$1,000,000	\$7,250	Indemnity limit: \$1,000,000 Aggregate limit: \$1,000,000		<b>Indemnity limit: \$1,000,000 Aggregate limit: \$1,000,000</b>
<b>General Liability</b> Legal liability for property damage and / or personal injury arising from an accident occurring in connection with the business of the insured.	To cover the hirer or the venues for their legal liability to Council for any damage to council property. Insured includes Southland Rural Heritage Committee and Invercargill Venue and Events Management Limited.	\$500	Any one event: \$5,000,000 Aggregate Limit: \$5,000,000	\$1,045	Any one event: \$5,000,000 Aggregate Limit: \$5,000,000	\$1,250	Any one event: \$5,000,000 Aggregate Limit: \$5,000,000	\$1,350	<b>Any one event: \$5,000,000 Aggregate Limit: \$5,000,000</b>
<b>Employers Liability (Combined Liability)</b> Covering legal liability for damages as a result of personal bodily injury sustained by an employee of the insured arising from the course of employment in the business of the insured person that is not covered by the Accident Compensation Insurance Act (2001).	All activities of Invercargill City Council including Invercargill City Holdings Limited and subsidiaries, Invercargill Venue and Events Management Limited, Trusts, subsidiary companies and affiliated organisations.	\$1,000	\$2,000,000	\$4,209	\$2,000,000	\$4,505	Indemnity Limit: \$2,000,000 Aggregate Limit: \$2,000,000	\$13,075	<b>Indemnity Limit: \$2,000,000 Aggregate Limit: \$2,000,000</b>
<b>Public / Association Liability</b> <b>Officers Indemnity</b> – Personal liability for damages and Defence costs incurred by an officer or employee as a result of a Wrongful Act as defined in the policy. <b>Association Professional Indemnity</b> – Breach of professional duty by reason of any alleged act or conduct, error or omission relating to the conduct of the insured's professional service and including legal defence costs and expenses. (Council appointed members on boards and trusts).	Invercargill Public Art Gallery (IPAG), Bluff Maritime Museum Trust Board, Invercargill Venue and Events Management Limited (IVEM), Southland Museum and Art Gallery Trust Board Incorporated (SMAG), the Invercargill City Charitable Trust Board (ICCT) and Invercargill Community Recreation and Sports Trust.	\$2,000	\$2,500,000	\$7,075	\$2,500,000	\$7,075	Indemnity Limit: \$2,500,000 Aggregate Limit: \$2,500,000	\$7,600	<b>Indemnity Limit: \$2,500,000 Aggregate Limit: \$2,500,000</b>

**Business Interruption Breakdown**

As per ICC Schedule	Insured Gross Profit	8,750,000
	Loss of Rents	3,200,000
	Additional Increased Costs of Working	2,500,000
	Claims Preparation Costs	475,000
	Indemnity Period - 24 Months	
Queens Park (SMAG)	Insured Gross Profit	500,000
	Additional Increased Costs of Working	500,000
	Claims Preparation Costs	75,000
	Indemnity Period - 24 Months	
20 Don St, Invercargill A2757236	Loss of Rents	1,483,200

Risk and Assurance Committee Agenda - Council Insurance

Additional Increased Costs of Working	250,000
Claims Preparation Costs	75,000
Indemnity Period - 24 Months	<u>17,808,200</u>

**APPENDIX 2**

**Invercargill City Council – Personal Accident Policy No:WGRG700628 - 2019-20**

Current Schedule:

1.	Elected Representatives (13) Cover for Accident, Death & Scheduled Benefits 1-23	\$100,000 per person
2.	Community Councillors (5) Cover for Accident, Death & Scheduled Benefits 1-23	\$ 50,000 per person
3.	Chief Executive Director of Works & Services Director of Finance & Corporate Services Director of Environmental & Planning Services (4) Cover for Accident, Death & Scheduled Benefits 1-23	\$100,000 per person
4.	Roading Manager Engineering Services Manager Water Manager 3 Waters Operations Manager Drainage Manager Parks Manager Parks Planning Manager Library Manager Pools Manager Museum Manager Property Manager Finance Manager Secretarial Services and Communication Manager Human Resource Manager Manager Health and Safety Information Services Manager Corporate Manager Community Development Manager Development Liaison Manager Environmental Health Services & Compliance Manager Planning & Building Regulations Services Manager Environmental Legal/Technical Support Manager (23) Cover for Accident, Death & Scheduled Benefits 1-23	\$50,000 per person
	Maximum any one period of insurance:	\$1,000,000
	Non-Scheduled Flights, maximum:	\$ 500,000

**TO: RISK AND ASSURANCE COMMITTEE**  
**FROM: DAVE FOSTER – INTERIM DIRECTOR OF FINANCE**  
**MEETING DATE: 6 SEPTEMBER 2019**

<b>WORK PROGRAMME FOR AUDIT MANAGEMENT LETTER ISSUES</b>
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**SUMMARY**

<p>This report covers the programme of work to be undertaken by the organisation to cover the matters raised by Audit New Zealand in their “Report to Council on the Interim Audit of Invercargill City Council for the year ending 30 June 2018”. This report updates the Committee on management progress on the issues raised.</p>
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**RECOMMENDATIONS**

**THAT the update on the Audit Management Letter Work programme is received.**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Not applicable
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> Not applicable
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> Not applicable
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> Not applicable

**FINANCIAL IMPLICATIONS**

There are no spending implications however; the programme will provide better accountability and reporting for council.

**AUDIT MATTERS RAISED**

The Audit Management Letter outlined a number of issues for Council to consider and take actions on. One of the matters raised by Audit was for Council to put in place a programme to improve and resolve issues raised, this report is part of that programme.

The matters raised are in the two tables below with progress noted. The latest report introduces the following new matters:

<b>Issue raised</b>	<b>Nature of the work to be undertaken</b>	<b>Due date for completion/ report back</b>
Hedge accounting	Staff will review our Treasury management practice in February in light of membership of the LGFA. One option considered may be to stop Hedge Accounting. Council is now a member of LGFA with most of our borrowings now being from this source. Council has not entered into any new hedges, so the risks outlined by Audit should not occur this year. We are still planning to review the Borrowing Management Policy. Borrowing through the LGFA will reduce the need for hedging. Council still has hedges in place and we will be considering whether we should close these out and accept the crystallisation of the losses.	March 2019 entry to LGFA was completed in April.  The review of the Borrowing Policy will occur in February 2020.
Sensitive Expenditure	A sensitive expenditure report is included in this Risk and Assurance agenda. It should be noted that while sensitive expenditure is an important issue for compliance of good purchasing practice it is a very small part of Council's expenditure.	Completed March 2019
Impairment assessment of PPE.	A formal impairment assessment is undertaken. The matter will not arise again until 2020 Annual Report, as 2019 is a revaluation year.	No action will be taken until 2020. Report back July 2020.

Group consolidation and application consistent policies.	This will be reviewed with the CCO Accountant and the financial accountant prior to the 2019 Annual Report. New Accounting standards will also be reviewed.	June 2019 This has been a focus for the 2019 Annual Report. It is not entirely possible as different frameworks apply to some of our subsidiaries.
Assessment of assets held at cost less depreciation.	A review of fixed assets, depreciation and reconciliations for appropriateness of treatment will be undertaken in the first quarter of the 2019. The review will be completed in time for identification of appropriate depreciation for Annual Plan 2019/20.	March/ April 2019. This has been included in the Revaluation review.
Councillor remuneration compliance review	A regular review will be built into the accountability framework to ensure compliance is achieved.	May 2019 and then annually. Completed.
Borrowing agreements	Appropriate loan agreements will be put in place by end of February.	Completed
Presentation of the Annual report	A review of reporting has been being conducted with Councillors for the past two months. The reporting requirements for activities are related to the LTP and so a shorter Annual Report may not be able to be implemented until 2021. This will be reviewed. We have identified that fewer activities should be included in the Annual Plans, LTP and Annual Reports.	March 2019 for Annual Plan. Completed for internal Accounting but cannot be implemented for the Annual Report until the LTP is next LTP.

The previous Audit Management report highlighted 11 matters. The following table outlines the issue, the nature of the work to be undertaken and a date when the work will be completed.

<b>Issue raised</b>	<b>Nature of the work to be undertaken</b>	<b>Due date for completion/ report back</b>
Implementation of audit recommendations.	Audit have raised that a number of matters have been raised over multiple years and that there has been little, if any action on the points raised. A work programme will be developed with the Risk and Audit Committee to action all audit report items	8 October 2018 in place.



<p>Conflicts of Interest and related parties.</p>	<p>Audit have suggested that the interest register should be extended to include the interests of senior managers.</p> <p>As part of the Annual Report completion all senior managers will complete a form identifying potential conflicts of interest. This will cover company and partnership investments, directorships, and community group involvement. It will cover only significant interests held by the staff member and their immediate family.</p> <p>Other matters raised by Audit on conflicts of interest and related parties have been implemented.</p>	<p>Completed Also being put in place for the 2019 Annual Report process.</p>
<p>Risk Management</p>	<p>A risk management framework is being implemented.</p>	<p>February 2018 No further progress as staff resource has been put into higher priority issues.</p>
<p>Contract and Procurement management</p>	<p>Audit have asked for implementation of a set of policies and documents to provide a unified approach to managing its contracts and procurement.</p> <p>Council has existing practice that provides a reasonable basis for procurement practice, however, that practice can be improved through policy review and improved reporting/monitoring.</p> <p>This is a significant body of work which needs to balance the level of resource required and the potential benefits. The issues and solution needs wide organisational involvement to ensure implementation is successful.</p>	<p>Review commenced in July 2019.</p> <p>This is a significant piece of work which will include an upgrade to the Finance system.</p> <p>Full implementation is expected for May 2020.</p>
<p>Rates and revenue system controls</p>	<p>Audit have suggested that an independent review and signing process be implemented for the</p>	<p>November 2018</p>

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	reconciliation of the annual reconciliation of the Rating Information Database and District Valuation Roll.	Implemented
General ledger reconciliations.	A schedule of the reconciliations required and the timing of these will be added to the finance work programme. Reconciliations will be done on a cyclic basis. All items will be reconciled at least 2 times per year and will be done to support the Annual Report timelines.	December 2018 Completed.
Debt management reporting	Reporting on the debt and investments of Council will be reported to Council on a quarterly basis. That report will also be provided to the Risk and Audit committee. The report will cover: <ol style="list-style-type: none"> <li>1. the debt profile and maturities,</li> <li>2. Investment profile of Council.</li> <li>3. Risk management profile and transactions.</li> <li>4. Forecasts of borrowing needs for the following 12 months.</li> <li>5. Forecasts of Investment for the following 12 months.</li> <li>6. Commentary on compliance with the Treasury Policy.</li> </ol>	January 2019 for the December 2018 quarter. Completed.
Journal controls	A process has been implemented to check journals entered into the system. Journals automatically created by the system through banking and pathways into Pathways will not be checked. Those items have system checks in place and so further checking by staff would provide no assurance. Journals raised by staff will have an independent check undertaken. The review will be completed after the journal has been posted.	Complete

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	Staff do not believe the timing of the check is critical to the assurance provided by the independent check. The review will be evidence within the system.	
Formal disaster recovery plan for IT.	Council are working through a draft document. At this stage it is proposed that there will be a workshop in early November 2018 to assist in identifying the major risks that will be used to develop the formal plans. Our work will consider business continuity on a wider basis than IT.	February 2019 Not completed. Will be commenced in 2020.
Change in non-financial information reporting system	Council has an on-going commitment to ensuring that the non-financial reporting. Independent checks are undertaken of the reporting from the non-financial reporting system and checks of the robustness of the data on which that is based.	Continuing
Fraud risk management	A regular review of transactions, activities, or locations that may be susceptible to fraud will be implemented.  Council will review the Fraud Policy to consider whether inclusion of regular reviews is a policy matter.	March 2019 Some checks completed but full programme not implemented.

**CONCLUSION**

The programme being implemented is targeted to address the issues raised by our Auditors. The Auditors have in some cases identified problems and suggested solutions. The programme will focus on resolving the underlying problem, the solutions to be implemented may not be those recommended by Audit. If this occurs staff will work with Audit to ensure that the underlying issue is resolved.

We have commenced a review on our procurement to payment processes. This has highlighted a number of issues. It is apparent that the solutions to some of those issues cannot be undertaken without implementing a new finance solution. The current finance product is old, and is now outside maintenance from the supplier. Updating the product has been on the work plan since September 2018.

Audit have raised the issue of policy. We will not lead the process with a policy, as the policy needs to be a good fit for the solutions being implemented.

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**TO: RISK AND ASSURANCE COMMITTEE**  
**FROM: DAVE FOSTER – INTERIM DIRECTOR OF FINANCE**  
**MEETING DATE: 6 SEPTEMBER 2019**

<b>ANNUAL REPORT 2019</b>
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**SUMMARY**

This report is to update the Risk and Audit Committee on the Annual Report preparation project.
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**RECOMMENDATIONS**

**THAT the Annual report 2019 update be received.**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Not applicable
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> Not applicable
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> Not applicable
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> Not applicable

**FINANCIAL IMPLICATIONS**

There are no spending implications other than those already budgeted.

**Background**

The draft Statement of Comprehensive Revenue and Expenses plus the draft Statement of Financial Position are attached.

The Surplus before tax is \$3,969k better than budget. Much of this was forecast in the quarterly reports.

Other Comprehensive Revenue and Expense is significantly higher than budget. Property Plant and equipment revaluation is \$36m more than budget. This is as a result of the A2760274

revaluation process. Council had planned to do a revaluation in this financial year to better align the revaluation timing for the Long-term Plans (LTP). We are reviewing the revaluations to better understand the reason for the increase. This is effectively representing that the inflation rate for capital work is 78% higher than the rates assumed in the LTP, supported by BERL. This follows a trend set over the past three valuations. In 2017 the increase was \$139m compared to an estimate of \$50.2m. The last audit of the revaluation was mentioned in the audit management letter, and requested a reconciliation of the finance system to the asset management system. It is possible/ likely that this will be an issue again this year.

Staff have been working on the new accounting standards implemented for this Annual Report. Those standards are the revenue standard and the financial instruments standard. These are not expected to create any major issues.

### Annual Report Milestones

The Annual Report programme at the high level is:

2 September - 6 September 2019	Draft Holdco Annual Report to Colleen for In Design work.
Monday, 2 September 2019	Finance quality review against standards and checklists.
Tuesday, 3 September 2019	Prepare Audit Pack and files.
Thursday, 5 September 2019	Quality Review Process of Draft Annual Report begins.
Monday, 9 September 2019	Consolidation numbers from Holdco Group - Based on verbal audit clearance.
Monday, 9 September 2019	Draft ICC Annual Report provided to Audit New Zealand.
Wednesday, 11 September 2019	Adjustments made to source documentation from quality review process.
9 September - 13 September 2019	Draft ICC Annual Report to Colleen for In Design work (except financials).
9 September - 13 September 2019	Group eliminations processed.
9 September - 13 September 2019	Draft group consolidation starts and completed.
Monday, 16 September 2019	ICC audit begins.
Monday 16 Sept - 16 October 2019	Final audit.
Thursday, 17 October 2019	Verbal clearance – ICC.
Friday, 18 October 2019	Final Copy to Colleen for In design.

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Friday, 18 October 2019	Quality review process of final Annual Report.
Thursday, 24 October 2019	Final Annual Report into council agenda for adoption
Wednesday, 30 October 2019	Council meeting to adopt 2018/19 Annual Report

**CONCLUSION**

The Annual Report is currently on track. In the past there have been issues flowing through from the subsidiaries which have a consequential impact on the Council Annual Report.

Issues from the subsidiaries have been identified and are being managed. However there is still some risk that these may impact again this year.

CCO Issues are:

- Getting information on the value of ICPL, which is linked to its investment in HWCP.
- Forestry valuations.
- Forestry Revenue recognition impact of the new standard.

These issues are being closely monitored.

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