

AUDIT AND RISK MANAGEMENT SUBCOMMITTEE

AGENDA

TUESDAY 16 OCTOBER 2012

AT 9AM

IN COMMITTEE ROOM 1, CIVIC OFFICES, 53 HERFORD STREET

Subcommittee: Councillor Tim Carter (Chairperson)
Councillors Helen Broughton, Sally Buck, Ngaire Button, Jimmy Chen and Jamie Gough
and Messrs John Hooper and Michael Rondel

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1. APOLOGIES

Mr Michael Rondel.

2. CONFIRMATION OF MINUTES OF PREVIOUS MEETING: 22 AUGUST 2012

Attached.

It is recommended that the Subcommittee confirm the open Minutes of its meeting on 22 August 2012.

3. DEPUTATIONS BY APPOINTMENT

Nil.

CHRISTCHURCH CITY COUNCIL

**A MEETING OF THE AUDIT AND RISK MANAGEMENT SUBCOMMITTEE
WAS HELD AT 1PM ON WEDNESDAY 22 AUGUST 2012**

PRESENT: Councillor Tim Carter (Chairperson)
Councillors Helen Broughton, Sally Buck, Ngaire Button, Jimmy Chen
and Jamie Gough, Mr John Hooper and Mr Michael Rondel

IN ATTENDANCE: Councillor Yani Johanson
Paul Anderson, General Manager Corporate Services
Diane Brandish, Unit Manager Corporate Finance
Graeme Nicholas, Senior Auditor
Ian Thomson, Senior Solicitor
Rachael Brown, Committee Adviser
Murray Harrington, Risk and Control Solutions, Price Waterhouse Coopers
Julian Tan and Andrew Timlin, Audit New Zealand

1. APOLOGIES

Apologies for lateness were received from Councillor Sally Buck.

On the motion of Councillor Broughton, seconded by Councillor Gough it was resolved that the apologies be accepted.

2. CONFIRMATION OF MINUTES OF PREVIOUS MEETING – 23 MAY 2012

It was **resolved** on the motion of Councillor Broughton, seconded by Mr Hooper, that the open minutes of the meeting held on 23 May 2012 be confirmed.

It was noted that a letter had been sent to Mr Lynch in response to his deputation to the Subcommittee on 23 May 2012.

3. DEPUTATIONS BY APPOINTMENT

The Subcommittee heard a deputation from the Christchurch Civic Trust and the Save Hagley Park Group on the Canterbury Cricket proposal for Hagley Park Oval.

The following people spoke to the deputation:

- Neil Roberts (Chairperson, Christchurch Civic Trust)
- Professor Chris Kissling (Deputy Chairperson, Christchurch Civic Trust)
- Mrs Anne Dingwall (Board member, Christchurch Civic Trust)
- Ms Emily Brown (Save Hagley Park Group)
- Mr Neiel Drain (Canterbury Horticultural Society).

The speakers expressed their view that if the Council were to accept the Canterbury Cricket proposal to establish international standard cricket facilities at Hagley Park Oval, it would not be in compliance with existing legislation or with the Council's Management Plan for Hagley Park.

SUBCOMMITTEE RECOMMENDATION

That staff report to the Community, Recreation and Culture Committee on the Council's decision making process with regards to the Hagley Cricket Wicket proposal, specifically reviewing compliance with the Reserves Act; the Local Government Act; the Christchurch City Reserves Empowering Act and the Hagley Park Management Plan.

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3 Cont'd

When put to the vote the motion was declared carried. Councillor Button requested that her vote against the motion be recorded.

Councillor Buck arrived at 1.30 pm.

4. CHRISTCHURCH CITY COUNCIL PROCUREMENT POLICY

General Manager responsible:	General Manager Corporate Services, DDI 941-8540
Officer responsible:	Procurement and Purchasing Manager
Author:	Alistair Harbrow

STAFF RECOMMENDATION

That the Council:

- (a) Adopts the Procurement Policy as attached in Appendix 1.
- (b) Agrees that staff report to the Corporate and Financial Committee on a quarterly basis on:
 - (i) Operational goods and services contracts > \$50,000 which have not gone to market and the reasons for this
 - (ii) Capital works contracts > \$500,000 which have not gone to market and the reasons for this
 - (iii) Quarterly expenditure against each supplier within each Panel.
- (c) Rescinds the following Council policies:
 - (i) Tendering – preference of local firms (25 June 1990)
 - (ii) Tendering – preference for New Zealand produced goods (19 November 1990).
- (d) Agrees to the application of the following business rules for purchases below \$50,000:
 - (i) Where the purchase is < \$1,000 and there is a suitable preferred supplier in place, staff must use this/these suppliers. Where there is no supplier in place, staff should use discretion in accordance with the Procurement Policy.
 - (ii) Where the purchase is \$1,000 to \$5,000 and there is no suitable preferred supplier, staff will obtain three verbal quotes which will be recorded.
 - (iii) Where the purchase is \$5,000 to \$49,999, staff will obtain at least three written quotes.

SUBCOMMITTEE CONSIDERATION

On the motion of Councillor Buck, seconded by Councillor Broughton, the following amendment was proposed to staff recommendation (d):

- (i) Where the purchase is < **\$5,000** and there is a suitable preferred supplier in place, staff must use this/these suppliers. Where there is no supplier in place, staff should use discretion in accordance with the Procurement Policy.
- (ii) Where the purchase is **\$5,000 to \$10,000** and there is no suitable preferred supplier, staff will obtain three verbal quotes which will be recorded.
- (iii) Where the purchase is **\$10,000 to \$50,000** staff will obtain at least three written quotes.

The amendment was put to the vote and declared lost.

On the motion of Councillor Gough, seconded by Councillor Carter it was suggested that the Subcommittee request a report on the possibility and implications of a procurement policy with a preference for businesses located within the four avenues.

The motion was put to the vote and declared lost.

4 Cont'd

SUBCOMMITTEE RECOMMENDATION

That the Council:

- (a) Adopts the Procurement Policy in Appendix 1, *subject to the following changes (in blue)*:
 - (i) *in Section 4 adding Purchasing cards as a further bullet point*
 - (ii) *in Section 5.6 add a further bullet point:*
 - *An active preference within a small financial cost for local firms for the supply of goods and services, based on whole-of-life costs.*
- (b) Agrees that staff should report to *the Audit and Risk Management Subcommittee* on a quarterly basis on:
 - (i) operational goods and services contracts > \$50,000 which have not gone to market and the reasons for this
 - (ii) capital works contracts > \$500,000 which have not gone to market and the reasons for this
 - (iii) quarterly expenditure against each supplier within each Panel.
- (c) *Agrees that procurement is audited on an annual basis and reported back the Audit and Risk Management Subcommittee.*
- (d) Rescinds the following Council policies:
 - (i) Tendering – preference of local firms (25 June 1990)
 - (ii) Tendering – preference for New Zealand produced goods (19 November 1990).
- (e) Agrees to the application of the following business rules for purchases below \$50,000:
 - (i) Where the purchase is < \$1,000 and there is a suitable preferred supplier in place, staff must use this/these suppliers. Where there is no supplier in place, staff should use discretion in accordance with the Procurement Policy.
 - (ii) Where the purchase is \$1,000 to \$5,000 and there is no suitable preferred supplier, staff will obtain three verbal quotes which will be recorded.
 - (iii) Where the purchase is \$5,000 to \$49,999, *and there is a no suitable preferred supplier* in place, staff will obtain at least three written quotes.

5. RESOLUTION TO EXCLUDE THE PUBLIC

It was **resolved** on the motion of Councillor Carter, seconded by Councillor Chen, that the resolution to exclude the public set out on page 19 of the agenda be adopted.

At 3.10 pm the meeting went into public excluded. At this point Councillors Broughton, Gough and Johanson left the meeting.

(Note: Clauses 6 to 8 were covered in the public excluded part of the meeting.)

9. GENERAL BUSINESS

It was noted that Terms of Reference for this Subcommittee will be considered at its next meeting on 26 September 2012.

Councillors on the Subcommittee requested further information on professional development opportunities for members of the Subcommittee in the area of audit and risk management.

The meeting concluded at 4 pm.

CONFIRMED THIS 16TH DAY OF OCTOBER 2012

COUNCILLOR CARTER (CHAIR)

unconfirmed

4. RESOLUTION TO EXCLUDE THE PUBLIC

Attached.

TUESDAY 16. 10. 2012

AUDIT AND RISK MANAGEMENT SUBCOMMITTEE

RESOLUTION TO EXCLUDE THE PUBLIC

Section 48, Local Government Official Information and Meetings Act 1987.

I move that the public be excluded from the following parts of the proceedings of this meeting, namely items.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

	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
5.	CONFIRMATION OF PX MINUTES – 22 AUGUST 2012))	
6.	AUDIT NEW ZEALAND INTERIM MANAGEMENT REPORT FOR YEAR ENDED 30 JUNE 2012	) ) GOOD REASON TO WITHHOLD EXISTS UNDER SECTION 7)	SECTION 48(1)(a)
7.	CHRISTCHURCH CITY COUNCIL DRAFT ANNUAL REPORT))	
8.	AUDIT NEW ZEALAND VERBAL BRIEFING WITH SUBCOMMITTEE ONLY)))	

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

ITEM	REASON UNDER ACT	SECTION	PLAIN ENGLISH REASON	WHEN REPORT CAN BE RELEASED
5.	) Prevention of) improper) advantage)	7(2)(j)	) People reading the internal audit report) may be able to take advantage of) information that is contained in the) report.	22 August 2013
6.	) )	7(2)(c)(ii)))))
7.	) Prevent damage to) the public interest)	7(2)(c)(ii)	) The Subcommittee has not yet) commented on the draft Annual Report,) it will be published once it is finalised.	) ) 25 October 2012)
8.	) )	7(2)(c)(ii)))))

Chairperson's

Recommendation: That the foregoing motion be adopted.

Note:

Section 48(4) of the Local Government Official Information and Meetings Act 1987 provides as follows:

“(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):

- (a) Shall be available to any member of the public who is present; and
- (b) Shall form part of the minutes of the local authority.”