

**MACKENZIE DISTRICT COUNCIL****MINUTES OF A MEETING OF THE  
MACKENZIE DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS,  
FAIRLIE, ON TUESDAY 28 JUNE 2011 AT 9.35 AM****PRESENT:**

Claire Barlow (Mayor)  
Crs John Bishop  
Peter Maxwell (until 11:05am)  
Annette Money  
Graeme Page  
Graham Smith (from 9:40am)  
Evan Williams

**IN ATTENDANCE:**

Glen Innes (Chief Executive Officer)  
Paul Morris (Manager – Finance and Administration)  
Keri-Ann Little (Relief Committee Clerk)

**I OPENING:**

The Mayor welcomed everyone to the meeting.

**II APOLOGIES:**

Resolved that an apology for lateness be accepted from Cr Smith.

**Graeme Page/Peter Maxwell**

**III DECLARATIONS OF INTEREST:**

Cr Maxwell advised that he would remove himself from the debate concerning the Tourism Trust as he felt that being involved in the debate would be inappropriate as a Trustee.

**IV REPORTS REQUIRING COUNCIL DECISIONS:****1. ADOPTION OF ANNUAL PLAN FOR 2011/2012:**

The Manger Finance and Administration spoke to the tracked changes document which covered all the changes made to the draft Annual Plan for 2011/2012 following Council decisions made on 21 June 2011.

He also drew Council's attention to the difficulties he was experiencing in obtaining a satisfactory amount of insurance cover for Council's assets. At this stage it appeared that Council would not be able to obtain any cover for the underground assets, nor would it be able to have the full value of the above ground assets covered. He was continuing to work with Council's brokers, but substantive debate on the level of exposure Council could withstand was needed quite urgently.

Resolved that the Annual Plan for 2011/2012, incorporating the amendments made by Council after the hearing of submissions, be adopted.

**John Bishop/Annette Money**

**V ADJOURNMENT:**

The meeting was adjourned at 10.35 am for morning tea and reconvened at 10.55 am.

**IV REPORTS REQUIRING COUNCIL DECISIONS (Continued)**

**2. UNBUDGETED EXPENDITURE PRELIMINARY SUBDIVISION EXERCISE LAKE TEKAPO:**

This report from the Manager – Finance and Administration referred to unbudgeted expenditure of up to \$32,718 plus GST and disbursements to undertake a preliminary subdivision exercise on Council-owned land at Lake Tekapo.

The Manager – Finance and Administration explained that the expenditure was needed to advance the utilisation of some of Council's Village Centre land to the stage where it could be sold to facilitate orderly development.

A proposal had been sought by the Tekapo Property Group who had obtained a quotation for the work from Boffa Miskell.

Resolved:

1. That the report be received.
2. That the Council approves unbudgeted expenditure of up to \$32,718.16 plus GST and disbursements, to undertake a preliminary subdivision exercise on some of its Tekapo Village Centre land.

**Annette Money/Peter Maxwell**

**3. FRAUD POLICY:**

This report from the Manager - Finance and Administration was accompanied by a draft policy on Occupation Fraud and Abuse. The Manager – Finance and Administration said the lack of a formal policy had been commented upon by the Audit Office in its last two audits.

Resolved that the report be received.

**Annette Money/Evan Williams**

It was agreed that the policy should be amended to allow the Chief Executive Officer to fulfil the role of the Manager – Finance and Administration in the absence of that officer or where otherwise appropriate.

Resolved that the following policy on **Occupational Fraud and Abuse** be adopted:

**BACKGROUND**

The Council's Policy on Occupational Fraud and Occupational Abuse has been

established to facilitate the development of controls which will aid in the detection and prevention of fraud and occupational abuse against the Council. It is the intent of the Mackenzie District Council to promote consistent organisational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations into allegations of Occupational Fraud and Abuse.

### **SCOPE OF POLICY**

This policy applies to any irregularity, or suspected irregularity, involving employees as well as elected members, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with the Mackenzie District Council.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Mackenzie District Council.

### **POLICY**

Management is responsible for the detection and prevention of occupational fraud and abuse, misappropriations, and other irregularities.

Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury.

Abuse is defined as the misuse or maltreatment of any responsibility or trust held by a particular person in respect of the Council (including its assets, employee, customers and business relationships).

Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity. Any irregularity that is detected or suspected must be reported immediately to the Manager – Finance and Administration who will co-ordinate all investigations with the Council's legal advisers and other affected areas, both internal and external. Management will determine a system for undertaking regular reviews of transactions, activities, or locations that may be susceptible to fraud.

### **ACTIONS CONSTITUTING FRAUD**

The terms defalcation, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account belonging to the Council
- Forgery or alteration of a cheque, bank statement, or any other financial document
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of the Council's activities
- Disclosing confidential and proprietary information to outside parties
- Disclosing to other persons securities activities engaged in or contemplated by the Council.
- Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the Council  
Exception: Gifts less than \$50 in value.
- Destruction, removal or inappropriate use of books, files, records, furniture, fixtures, equipment or any other assets of the Council.

- Any physical or mental abuse of any person including any discrimination on the basis of colour, ethnic race, age or sexual orientation.
- Any failure or breach of Council policy which places the Council at risk of, or causes loss, cost or action being taken by any party or a regulatory agency against the Council.
- Any similar or related irregularity

### **OTHER IRREGULARITIES**

Irregularities concerning an employee's moral, ethical, or behavioural conduct, should be resolved by departmental management.

If there is any question as to whether an action constitutes occupational fraud and abuse, contact the Manager – Finance and Administration for guidance.

### **INVESTIGATION RESPONSIBILITIES**

The Manager – Finance and Administration has the primary responsibility for the investigation of all suspected occupational fraud and abuse acts as defined in the policy.

If the investigation substantiates that occupational fraud and abuse activities have occurred, the Manager – Finance and Administration will issue reports to appropriate department management and the Chief Executive Officer, and, if appropriate, to the Audit and Risk Management Committee of the Council and the Council's auditors.

Decisions to prosecute or refer the examination results to the police and/or regulatory agencies for independent investigation will be made in conjunction with the Council's legal advisers, and senior management, as will final decisions on taking the matter to court.

### **CONFIDENTIALITY**

The Manager – Finance and Administration treats all information received confidentially.

Any employee who suspects dishonest, fraudulent or abusive activity should notify the Manager – Finance and Administration immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected occupational fraud and abuse.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Council from potential personal grievance claims.

### **AUTHORISATION FOR INVESTIGATING SUSPECTED OCCUPATIONAL FRAUD AND ABUSE**

The Manager – Finance and Administration will have free and unrestricted access to all Council records and premises, whether owned or rented; and the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

### **REPORTING PROCEDURES**

Great care must be taken in the investigation of suspected improprieties or wrongdoings

so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspect occupational fraud and abuse should contact the Manager – Finance and Administration immediately. The employee or other complainant may remain anonymous. All enquiries concerning the activity under investigation from the suspected individual, his or her legal counsel or representative or any other enquirer should be directed to the Manager – Finance and Administration. No information concerning the status of an investigation will be given out.

Any reporting individual (who chooses to be identified) should be informed of the following:

- Do not contact the suspected individual in an effort to determine the facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegation with anyone unless specifically asked to do so by the Manager – Finance and Administration.

#### **REPORTING OUTCOME**

Recovery of lost money or other property will be pursued wherever possible and practicable.

**Note:** In the absence of the Finance and Administration Manager, or where otherwise appropriate, the role of that officer will be assumed by the Chief Executive Officer.

**Annette Money/Evan Williams**

#### 4. APPOINTMENT OF ROBIN HUGHES DEVELOPMENT LTD:

Council considered the nature of the information in the report on this matter and agreed that the content was not sufficiently commercially sensitive to warrant it being discussed with the Public Excluded.

Resolved that the item be considered in Open Meeting.

**Graham Smith/Graeme Page**

The Manager – Finance and Administration spoke briefly to his report which dealt with the proposed appointment of Robin Hughes Development Ltd (RHD Ltd) to manage the development of Council's land in the Tekapo Village Centre.

Resolved:

1. That the report be received.
2. That the Council agrees to enter into a formal arrangement with RHD Ltd to manage the development of its land in the Tekapo Village Centre with the detailed arrangements to be formulated in a document to be approved by Council.

**Graham Smith/Graeme Page**

**XI PUBLIC EXCLUDED:**

Resolved that the public, be excluded from the following part of the proceedings of this meeting namely:

1. Mackenzie Tourism and Development Trust Loan Offer

<b><u>General subject of each matter to be considered</u></b>	<b><u>Reason for passing this resolution in relation to each matter</u></b>	<b><u>Ground(s) under Section 48(1) for the passing of this resolution</u></b>
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MTDT Loan	To enable the Local Authority to carry on without prejudice, negotiations	48(1)(a)(i)
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This resolution is made in reliance on Section 48(1)(a)(i) 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 the relevant part of the proceedings of the meeting in public are as follows: *MTDT Loan Offer* Section 7(2)(h) .

**Graham Smith/Evan Williams**

Cr Maxwell left the meeting.

**II OPEN MEETING:**

Resolved that the Council continue in Open Meeting.

**Annette Money/Graeme Page**

**CONFIRMATION OF DECISION TAKEN WITH THE PUBLIC EXCLUDED:****1. TOURISM TRUST LOAN OFFER:**

Resolved that the following decision taken with the Public Excluded be confirmed:

*That the Terms of Loan for the Mackenzie Tourism and Development Trust as follows be adopted:*

- *The loan will be up to \$150,000.*
- *The loan initially will have interest suspended for two years. Interest will be payable after that.*
- *\$100,000 will be repayable after that over 10 years (effectively the loan is for 14 years). The remaining \$50,000 will be either refinanced or transferred to a capital injection.*
- *Council wants the Trust to undertake a detailed Business case exercise to prove to Council's satisfaction that the i-SITE and information centres are viable businesses. Council also want the Trust to undertake a similar exercise on the Marketing business. This is to be reported to Council by 20<sup>th</sup> August 2011.*
- *Council want full monthly reporting P & L Balance Sheet and cashflows with full explanations.*
- *Amend the Trust Deed to allow Council the option of appointing Councillors/employees or not. Currently, we must have two.*
- *Any capex spend over \$10,000 must have prior Council approval.*
- *No additional debt from any source.*

- *Council appoint an observer with specific responsibilities in terms of projecting Council's position in relation to the Council loan.*
- *A right for Council to vary the interest rate; and*
- *Events of default setting out when the Trust must repay the loan early say, for example, if the Trust does not comply with its payment or reporting obligations.*
- *There may be other Terms that Council wishes to add but these should be of a minor nature.*
- *Council considers these Terms and Conditions to be not negotiable.*

**Annette Money /Graeme Page**

**THERE BEING NO FURTHER BUSINESS,  
THE MAYOR DECLARED THE MEETING CLOSED AT 11.40AM**

**MAYOR:** \_\_\_\_\_

**DATE:** \_\_\_\_\_