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# Finance and Audit Committee

## OPEN MINUTES

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Minutes of a meeting of Finance and Audit Committee held in the Council Chambers, 15 Forth Street, Invercargill on Wednesday, 7 June 2017 at 9am.

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### PRESENT

**Chairperson**                      Councillor Ebel Kremer  
   Mayor Gary Tong  
   Councillor John Douglas

### IN ATTENDANCE

Councillor Keast (9.50am – 10.09am)	
Chief Financial Officer	Anne Robson
Group Manager – Community and Futures	Rex Capil
Group Manager – Services and Assets	Ian Marshall
Chief Information Officer	Damon Campbell
Group Manager – Customer Support	Trudie Hurst
People and Capability Manager	Janet Ellis
Communications Manager	Louise Pagan
Committee Advisor	Fiona Dunlop

## 1 Apologies

The Committee noted that Councillor Duffy had a leave of absence for this meeting and his apology was received.

Moved Cr Douglas, seconded Mayor Tong **and resolved:**

**That the Finance and Audit Committee accept the apology.**

## 2 Leave of absence

There were no requests for leave of absence.

## 3 Conflict of Interest

There were no conflicts of interest declared.

## 4 Public Forum

There was no public forum.

## 5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

## 6 Confirmation of Minutes

### Resolution

Moved Cr Douglas, seconded Mayor Tong **and resolved:**

**THAT the Finance and Audit Committee confirms the minutes of the ordinary meeting held on 15 March 2017 and the extraordinary meetings held on 26 April 2017 and 3 May 2017 as a true and correct record of those meetings.**

## Reports for Recommendation

### 7.1 Risk Management Review Project

**Record No: R/17/4/8727**

Planning and Reporting Analyst – Shannon Oliver and Group Manager, Community and Futures – Rex Capil were in attendance for this item.

Miss Oliver advised that the purpose of the report was to provide a project scope and terms of reference for reviewing council's risk management practices and to develop a risk management framework and policy review.

The Meeting noted that the Finance and Audit Committee had recommended at the March 2017 meeting that “a risk management review project to be established to develop a project scope and terms of reference to be considered at the June 2017 Finance and Audit Committee meeting.”

Miss Oliver also advised that Council’s approach to risk management is in the development phase and it is acknowledged further work is required and that the current Risk Management Policy is due for review.

### Resolution

Moved Mayor Tong, seconded Cr Douglas **and resolved:**

**That the Finance and Audit Committee:**

- a) **Receives the report titled “Risk Management Review Project” dated 24 May 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Endorses the project scope and terms of reference for the Risk Management Review Project.**
- e) **Recommends to Council approval of the project scope and terms of reference for the risk management review project.**

## 7.2 Draft Early Payment of Rates Policy

**Record No: R/17/5/9921**

Policy Analyst – Robyn Rout will be in attendance for this item.

Mrs Rout advised that the purpose of the report was to request endorsement from the Committee of the draft Early Payment of Rates Policy and recommendation to Council that the draft Policy be adopted.

The Committee noted that the draft Early Payment of Rates Policy allows ratepayers connected to some sewerage and water schemes to make full payments of loan rates early, to reduce their overall costs.

Mrs Rout further advised that in March this year the Committee endorsed the draft Policy which included some minor changes to the liability and payment sections, to staff roles/responsibilities, and some other changes were made to improve clarity.

The Committee further noted that the draft Policy was put out for consultation in accordance with the Special Consultative Procedure in March and April 2017 to which no submissions were received through the consultation process and no changes have been made to the draft Policy.

### **Resolution**

Moved Mayor Tong, seconded Cr Douglas and resolved:

**That the Finance and Audit Committee:**

- a) **Receives the report titled “Draft Early Payment of Rates Policy” dated 24 May 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Endorses the draft Early Payment of Rates Policy.**
- e) **Recommends to Council that the draft Early Payment of Rates Policy be adopted.**

### **7.3 Draft Health and Safety Plan for 2017/2018**

**Record No: R/17/5/11030**

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

Mrs Ellis advised that the purpose of the report was to seek approval from the Finance and Audit Committee for the draft Health and Safety Governance Framework and draft Health and Safety Plan for 2017/2018 to be presented to Council for approval.

The Meeting noted that in February 2017, Council contracted Simpson Grierson to undertake a Health and Safety Gap Analysis. The analysis identified a number of improvement opportunities which were reflected in a formal Action.

Mrs Ellis also advised that the Southland District Council has an obligation to manage the safety of workers under Health and Safety legislative requirements. The Health and Safety Framework, containing a single policy with clear standard procedures will enable a risk based approach to managing health and safety.

The Meeting also noted that the Health and Safety Plan details a draft Health and Safety Commitment statement. In addition the plan contains a review of previous performance and objectives and identifies key elements to deliver improvement.

## Resolution

Moved Cr Douglas, seconded Mayor Tong **and resolved:**

**That the Finance and Audit Committee:**

- a) **Receives the report titled “Draft Health and Safety Plan for 2017/2018” dated 27 May 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Recommends to Council that it approves the draft Health and Safety Commitment statement that details Southland District Council’s intent and direction.**
- e) **Recommends to Council that it approves the draft Health and Safety Plan for 2017/18 and recommends Council approve the Health and Safety Plan and notes that there will be ongoing financial implications for implementing the plan.**
- f) **Recommends to Council that it approves the Health and Safety Management System Governance Framework.**

## Reports

### 8.1 Financial Report for the month ended 30 April 2017

**Record No: R/17/5/10630**

Management Accountant – Robert Tweedie was in attendance for this item.

Mr Tweedie advised that the report outlined the financial results for the ten months to 30 April 2017 or 83% of the financial year.

The Committee noted that the monthly and year-to-date actual results are compared to the Full Year Budget (Projection) in the Summary Monthly Financial Report. The projection values include any 2015/2016 carried forward items approved by Council in August 2016 and any changes as a result of October 2016 forecasting that Council approved. The 2016/2017 Annual Plan budget is shown in the Monthly Financial Summary Report as the Full Year Budget.

**Resolution**

Moved Cr Douglas, seconded Mayor Tong **and resolved:**

**That the Finance and Audit Committee:**

- a) **Receives the report titled “Financial Report for the month ended 30 April 2017” dated 29 May 2017.**

**8.2 Digitisation Project Update**

**Record No: R/17/5/9446**

Chief Information Officer – Damon Campbell and Team Leader, Knowledge Management – Gillian Cavanagh were in attendance for this item.

Mr Campbell advised that the purpose of the report was to update the Committee on the status of the Property File Digitisation Project.

**Resolution**

Moved Mayor Tong, seconded Cr Douglas **and resolved:**

**That the Finance and Audit Committee:**

- a) **Receives the report titled “Digitisation Project Update” dated 27 May 2017.**

**8.3 Audit Engagement Letters**

**Record No: R/17/5/9727**

Finance Manager – Sheree Marrah was in attendance for this item.

Mrs Marrah advised that the purpose of the report was to seek formal approval for the proposed audit arrangements for the three years to 30 June 2019, an audit engagement letter for three years to 30 June 2019 and an audit arrangements letter for the Annual Report for the year audit to 30 June 2017.

**Resolution**

Moved Chairperson Kremer, seconded Cr Douglas **and resolved:**

**That the Finance and Audit Committee:**

- a) **Receives the report titled “Audit Engagement Letters” dated 3 May 2017.**
- b) **Determines that these matters or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Accepts the terms, conditions, arrangements and fees as set out in the letters attached.**

- e) **Authorises the Mayor to sign the following letters received from Audit NZ.**
- **Proposal to conduct the audit of Southland District Council on behalf of the Auditor General for the 2017, 2018 and 2019 financial years**
  - **Audit engagement letter**
  - **Audit arrangements letter for the year ending 30 June 2017.**

#### 8.4 **Interim Management Report from Audit New Zealand for the year ended 30 June 2017**

**Record No: R/17/5/9859**

Finance Manager – Sheree Marrah was in attendance for this item.

Mrs Marrah advised that the purpose of the report was to update the Committee as part of the audit process undertaken by Audit New Zealand at the conclusion of the interim stage of the Annual Report audit. This report outlines the work that was performed and any recommendations for areas of improvement.

During discussion on the report the issue of investigating Council properties for potential sale was raised. The Committee requested that a scoping report be prepared for the Committees consideration.

(During discussion on the report, Councillor Keast joined the meeting at 9.50am.)

##### **Resolution**

Moved Chairperson Kremer, seconded Mayor Tong **recommendation a with a new b (as indicated) and resolved:**

**That the Finance and Audit Committee:**

- a) **Receives the report titled “Interim Management Report from Audit New Zealand for the year ended 30 June 2017” dated 24 May 2017.**
- b) **Request that the Chief Executive prepare a scoping report to identify properties for potential sale and report to the 6 September 2017 meeting of the Committee.**

#### 8.5 **Health and Safety**

**Record No: R/17/5/10791**

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

Mrs Ellis advised that the purpose of the of the report was to update the Committee on Health and Safety activity at Southland District Council.

### Resolution

Moved Chairperson Kremer, seconded Mayor Tong **and resolved:**

**That the Finance and Audit Committee:**

- a) **Receives the report titled “Health and Safety” dated 27 May 2017.**

### Public Excluded

#### Exclusion of the Public: Local Government Official Information and Meetings Act 1987

### Resolution

Moved Mayor Tong, seconded Cr Douglas **and resolved:**

**That the public be excluded from the following part(s) of the proceedings of this meeting.**

**C9.1 Risk Register - June 2017 update**

**C9.2 Corporate Performance Report - February 2017 full report and variance report**

**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
Risk Register - June 2017 update	<p>s7(2)(e) - The withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Corporate Performance Report - February 2017 full report and variance report	s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.



	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	
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That the Group Manager – Community and Futures, Group Manager – Services and Assets, Group Manager – Customer Support, Chief Financial Officer, Chief Information Officer, Communications Manager, Planning and Reporting Analyst and Committee Advisor be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the items C9.1 Risk Register - June 2017 update and C9.2 Corporate Performance Report - February 2017 full report and variance report. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed and meeting procedure.

The public were excluded at 9.56am.

Resolutions in relation to the confidential items are recorded in the confidential section of these minutes and are not publicly available unless released here.

The meeting concluded at 10.09am.

CONFIRMED AS A TRUE AND CORRECT  
RECORD AT A MEETING OF THE FINANCE  
AND AUDIT COMMITTEE HELD ON  
WEDNESDAY 7 JUNE 2017.

**DATE:**.....

**CHAIRPERSON:**.....