



Finance and Audit Committee

OPEN MINUTES

Minutes of a meeting of Finance and Audit Committee held in the Council Chamber, 15 Forth Street, Invercargill on Tuesday, 26 March 2019 at 9.01am. (9.01am – 10.28am, 10.47am – 12.40pm)

PRESENT

Chairperson Ebel Kremer
Mayor Gary Tong (9.01am – 9.51am, 9.54am - 10.28am, 10.47am – 12.40pm)

Councillors John Douglas
Paul Duffy
Bruce Robertson – External Member

IN ATTENDANCE

Chief Executive	Steve Ruru
Chief Financial Officer	Anne Robson
Group Manager – Community and Futures	Rex Capil
Group Manager – Services and Assets	Matt Russell
Group Manager – Environmental Services	Bruce Halligan
People and Capability Manager	Janet Ellis
Group Manager – Customer Delivery	Trudie Hurst
Publications Specialist	Chris Chilton
Governance and Democracy Manager	Clare Sullivan
Committee Advisor	Fiona Dunlop

1 Apologies

There were no apologies.

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 Duffy, seconded Cr Douglas **and resolved:**

That the Finance and Audit Committee confirms the minutes of the meeting held on 14 December 2018 as a true and correct record of that meeting.

Reports

7.1 Finance and Audit Committee work plan up to 30 June 2019

Record No: R/19/3/5091

Chief Financial Officer – Anne Robson was in attendance for this item.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled "Finance and Audit Committee work plan up to 30 June 2019" dated 19 March 2019.**
- b) **Notes the changes made to the work plan from the last meeting.**

7.2 Interim Performance Report - Period two - 1 November 2018 to 28 February 2019

Record No: R/19/3/4266

Planning and Reporting Analyst – Shannon Oliver and Corporate Performance Lead – Chantelle Subritzky were in attendance for this item.

Miss Oliver advised that this was the second interim performance report which covers the November 2018 to February 2019 reporting period. The interim performance report is part of the corporate performance framework which was adopted in June 2018 as part of the 2018-2028 Long Term Plan.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled “Interim Performance Report - Period two - 1 November 2018 to 28 February 2019” dated 19 March 2019.**
- 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.**

7.6 Forecasted Financial Position for the year ending 30 June 2019

Record No: R/19/3/4656

Management Accountant – Joanie Nel was in attendance for this item.

Mrs Nel advised that the purpose of the report was to inform the committee of the expected year-end financial result compared to the published 2018/2019 Annual Plan and seek the committee’s recommendation to Council to approve the resulting forecasted position.

(Mayor Tong left the meeting at 9.51am.)

(Mayor Tong returned to the meeting at 9.54am.)

Resolution

Moved Chairperson Kremer, seconded External Member Robertson **and resolved:**

That the Finance and Audit Committee:

- a) **Receives the report titled "Forecasted Financial Position for the year ending 30 June 2019" dated 20 March 2019.**
- 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) **Notes the forecasted changes to Council's year-end financial performance and position as detailed in appendix B (as amended and attached to the minutes) and C.**
- e) **Recommends to Council that it approve the changes as detailed in appendix A (as amended and attached to the minutes).**
- f) **Recommends to Council that it notes the projects or partial costs of projects indicated to be deferred to future years, as detailed in appendix D.**
- g) **Recommends to Council that it approves the deletion of the following 2018-19 projects:**

Business Unit	Project	Amount	Details
District Leadership	Project 3.3 Complaints & Compliments	\$2,000	Project no longer required
Riverton	Wastewater treatment upgrade & sewer pumps	\$31,728	Project for SCADA no longer required
Waiau Aparima Ward	Monkey Island Hardstand and Shelter upgrade, Gemstone Beach project	\$128,000	Projects removed as requested by the Ward Committee. Monkey Island is in twice Gemstone Beach to be considered as part of the open spaces work Council is undertaking.
Waikaia	Waikaia Depot project	\$6,000	Project cancelled, no longer required.

Lumsden	Upgrade Railway Heritage Area	\$7,688	Project completed, remaining budget no required.
Te Anau	Te Anau Water Park new track, Te Anau Walkway in water park, supply water to Lions Park BBQ area	\$48,000	Water park track and walkway projects deleted, water supply project to Lions park BBQ area cancelled, park already has water.
Waikawa	Waikawa toilets	\$1,488	Funds carried forward from 17/18 not required.
Woodlands	Woodlands Heritage orchard shelter	\$3,000	Unwanted project deleted by Community Development Area Subcommittee
Lumsden	Lumsden Toilet facility upgrade	76,925	Project completed, remaining budget to be deleted

- h) Recommends Council approve the following unbudgeted expenditure for the 2018/19 financial year:

Business Unit	Expense	Amount	Funding Source
Financial Services	Increased Valuer General costs and Legal fees	\$96,181	District Operations Reserve
Knowledge Management	Increases in Software licence fees for 10 additional RM8 licences, Landonline fees for Certificate of Title searches and general operational costs	\$14,000	District Operating Reserve
Around the Mountain Cycle Trail	Operational costs, maintenance, capital and final easement work that needs undertaken.	\$258,466	Lottery and Government Grants, Loan and Roding reserves
Roding - Administration	Training budget not included in LTP 3% of staffing costs.	\$19,500	Roding Rates Reserve
Ohai Forest	Increase in Consultants fees due to larger physical programs being undertaken than originally budget, due to	\$12,436	Forestry Reserve

	a larger land preparation area.		
Lumsden Hall	Unbudgeted Expenditure for refurbishment of kitchen and toilets at Lumsden Hall approved by the Community Development Area Subcommittee.	\$11,960	Lumsden Community Centre Reserve
Financial and Reserve Contributions	Edendale Primary School tennis courts , Community & Policy agreed to support this project.	\$30,000	Financial & Development Contributions
Riverton Harbour	Completion of Wharf upgrade projects, Long wharf and Pleasure wharf	\$16,559	Riverton Harbour General Reserve
Camping Ground - Wyndham	Wyndham Camping Ground project completed over budget	\$10,891	Edendale Wyndham General Reserve
SIESA	Forecasting for budget shortfalls in Generation Maintenance, Fuel, Road Freight, Travel and Temp contractor fees	\$120,100	SIESA Operation Reserve

7.3 Delegations Manual Project

Record No: R/19/2/2715

Intermediate Policy Analyst – Carrie Adams, Strategy and Policy Manager – Michelle Stevenson and Governance and Democracy Manager – Clare Sullivan were in attendance for this item.

Mrs Adams advised that the purpose of the report was to present to the Committee the draft Delegations Manual for information and to seek feedback prior to the draft manual being submitted to Council.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled “Delegations Manual Project” dated 26 March 2019.**
- 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 repeal all existing instruments of delegations that currently exist.**
- e) Recommends to Council that it adopt the draft Delegations Manual.**
- f) Notes that the draft Delegations Manual will be reviewed after the 2019 triennial election.**

The meeting adjourned for morning tea at 10.28am and reconvened at 10.47am.

Mayor Tong, Councillors Kremer, Douglas, Duffy and External member Robertson were present when the meeting reconvened.

7.4 Health and Safety Update

Record No: R/19/3/4184

People and Capability Manager – Janet Ellis and Health, Safety & Wellbeing Advisor – Teri Black were in attendance for this item.

Mrs Ellis and Mrs Black advised that the purpose of the report was to provide an update on health and safety related incidents and activity over the last quarter.

Resolution

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

That the Finance and Audit Committee:

- a) Receives the report titled “Health and Safety Update” dated 8 March 2019.**

7.5 Monthly Financial Report - January 2019

Record No: R/19/2/3766

Graduate Accountant – Kate Westenra was in attendance for this item.

Resolution

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

That the Finance and Audit Committee:

- a) Receives the report titled “Monthly Financial Report - January 2019” dated 14 March 2019.**

7.7 Annual Report Audit Plan for year ending 30 June 2019

Record No: R/19/3/4188

Financial Accountant – Sheree Marrah was in attendance for this item.

Mrs Marrah introduced Audit NZ Audit Director – Dereck Ollsson to the meeting. Mr Ollsson will be leading the Southland District Council audit plan for the year ending 2018/2019.

Resolution

Moved Cr Douglas, seconded External Member Robertson **and resolved:**

That the Finance and Audit Committee:

- a) **Receives the report titled “Annual Report Audit Plan for year ending 30 June 2019” dated 19 March 2019.**
- 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) **Accepts the Audit Plan as set out in the document attached to the officer’s report.**

7.8 Internal Auditor Appointment

Record No: R/19/3/4988

Chief Financial Officer – Anne Robson was in attendance for this item.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled “Internal Auditor Appointment” dated 19 March 2019.**

7.9 Finance & Audit Committee Work plan for the year ended 30 June 2020

Record No: R/19/3/4985

Chief Financial Officer – Anne Robson was in attendance for this item.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled "Finance & Audit Committee Work plan for the year ended 30 June 2020" dated 18 March 2019.**
- b) **Adopts the Finance and Audit Committee Work plan for the year ended 30 June 2020.**

Public Excluded

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

Resolution

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

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

C8.1 Quarterly risk register update - March 2019

C8.2 Fraud Risk Assessment Actions

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
Quarterly risk register update - March 2019	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. 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).	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.
Fraud Risk Assessment Actions	s7(2)(f)(ii) - The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees and persons from improper pressure or harassment.	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.

That the Group Manager, Environmental Services, Group Manager, Services and Assets, Group Manager, Community and Futures, Chief Financial Officer, People and Capability Manager, Group Manager, Customer Delivery, Publications Specialist and Committee Advisor be permitted to

remain at this meeting, after the public has been excluded, because of their knowledge of the items C8.1 Quarterly risk register update - March 2019 and C8.2 Fraud Risk Assessment Actions. 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.

That Policy Analyst - Jane Edwards and Strategy and Policy Manger – Michelle Stevenson be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.1 Quarterly risk register update - March 2019. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to those matters because of their knowledge on the issues.

That the Financial Accountant – Sheree Marrah be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.2 Fraud Risk Assessment Actions. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to those matters because of their knowledge on the issues.

The public were excluded at 11.40am.

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 12.40pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A MEETING OF THE FINANCE AND AUDIT COMMITTEE HELD ON TUESDAY 26 MARCH 2019.

DATE:.....

CHAIRPERSON:.....