



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, 18 June 2019 at 9.01am – 10.32am, 10.51am – 12.03pm, 12.35pm – 2.04pm (11.26am – 12.03pm, 12.35pm – 2.04pm Public Excluded).

PRESENT

Chairperson

Ebel Kremer
Mayor Gary Tong

Councillors

John Douglas
Bruce Robertson – external member

APOLOGIES

Councillor Duffy

IN ATTENDANCE

Councillor Keast

Chief Financial Officer

Chief Executive

Group Manager – Services and Assets

Group Manager – Community and Futures

Group Manager – Environmental Services

Group Manager – Customer Delivery

People and Capability Manager

Communications Manager

Committee Advisor

Anne Robson

Steve Ruru

Matt Russell

Rex Capil

Bruce Halligan

Trudie Hurst

Janet Ellis

Louise Pagan

Fiona Dunlop

1 Apologies

There were apologies from Councillor Duffy.

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

That the minutes of Finance and Audit Committee meeting held on Wednesday 5 June 2019 be confirmed 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/19/6/10765

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

Resolution

Moved Mayor Tong, seconded Cr Douglas **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 11 June 2019.**
- b) **Notes the changes made to the work plan from the last meeting.**

7.2 Health and Safety Update

Record No: R/19/5/9676

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

Mrs Ellis 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 10 June 2019.**

7.3 Draft Health and Safety Plan for 2019/20

Record No: R/19/5/9689

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

Mrs Ellis advised that the purpose of the report was to seek approval for the draft Health and Safety Plan 2019/2020 to be presented to Council for formal approval.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled “Draft Health and Safety Plan for 2019/20” dated 10 June 2019.**
- b) **Determines that this matter or decision be recognised 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 Health and Safety Plan for 2019/2020.**

7.4 Approval for purchase of a Health and Safety reporting system

Record No: R/19/4/7380

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

Mrs Ellis advised that the purpose of the report was to to seek approval for the purchase of the Assura Software Health and Safety System.

The Committee noted that the Health and Safety system will provide Council with a simple and intuitive system that will allow the organisation to not only to comply with the Health and Safety legislation, but allow for the continuation of building a proactive and engaging health and safety culture.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled “Approval for purchase of a Health and Safety reporting system” dated 10 June 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) **Approves the purchase of the Assura Health and Safety system and agrees to the costs of the ongoing licence and one-off implementation fee.**

7.5 Update on the risk management framework implementation, the quarterly risk management reporting process and the associated risk register development.

Record No: R/19/4/6051

Policy Analyst – Jane Edwards will be in attendance for this item.

Mrs Edwards advised that the purpose of the report was to provide an update to the Committee on the implementation of the Risk Management Framework, the quarterly risk management reporting process and associated risk register development.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled "Update on the risk management framework implementation, the quarterly risk management reporting process and the associated risk register development." dated 5 June 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) **Endorses the approach being undertaken to implement the risk management framework, the quarterly risk management reporting process and associated risk register development**
- e) **Provides feedback and direction to assist the Executive Leadership Team to focus the scheduled ELT workshop for 22 July 2019.**
- f) **Notes that the next quarterly risk register report will be presented to the Finance and Audit Committee on 23 September 2019.**

7.6 Monthly Financial Report - April 2019

Record No: R/19/6/10138

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

Miss Robson advised that the purpose of this report is to provide Council with an overview of the financial results to date by the nine activity groups of Council, as well as the financial position, and the statement of cash flows.

The meeting noted that the report summarised the Council financial results for the ten months to 30 April 2019.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled "Monthly Financial Report - April 2019" dated 12 June 2019.**

7.7 Draft Annual Plan 2019/2020

Record No: R/19/5/9134

Corporate Performance Lead – Chantelle Subritzky and Financial Accountant Sheree Marrah were in attendance for this item.

Miss Subritzky advised that the purpose of the report was for the Committee to recommend the Annual Plan 2019/2020 to Council for adoption.

Resolution

Moved Chairperson Kremer, seconded Mayor Tong **recommendations a to d, e as amended (as indicated) and resolved:**

That the Finance and Audit Committee:

- a) **Receives the report titled “Draft Annual Plan 2019/2020” dated 12 June 2019.**
- b) **Determines that this matter or decision be recognised as 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) **Confirms in accordance with Section 100 of the Local Government Act 2002 that the Annual Plan 2019/2020 has been prepared based on reasonable judgement and assumptions and that it considers the projected financial results, including the projected operating deficit for 2019/2020, to be financially prudent given its financial position.**
- e) **Recommends to Council the adoption of the Annual Plan, including the Funding Impact Statement for the 2019/2020 financial year with the following additions to the Community Housing Rents component of the fees and charges schedule:**

Priority tenant rents							
<i>The following rents apply to priority tenants only. Refer to the Community Housing Policy for further information.</i>							
Edendale (56 Seaward Road)	Single (per week)	(per week)	\$98.50	\$103.50	\$5.00	5.08%	Bi annual increase
	Double (per week)	(per week)	\$98.50	\$103.50	\$5.00	5.08%	Bi annual increase
Edendale (Pioneer Place)	Single (per week)	(per week)	\$85.50	\$90.50	\$5.00	5.85%	Bi annual increase
	Double (per week)	(per week)	\$95.50	\$100.50	\$5.00	5.24%	Bi annual increase
Lumsden (Tauna Place)	Single (per week)	(per week)	\$85.50	\$90.50	\$5.00	5.85%	Bi annual increase
	Double (per week)	(per week)	\$95.50	\$100.50	\$5.00	5.24%	Bi annual increase

Nightcaps	Single (per week)	\$82.50	\$87.50	\$5.00	6.06%	Bi annual increase
	Double (per week)	\$92.50	\$97.50	\$5.00	5.41%	Bi annual increase
Ohai	Single (per week)	\$82.50	\$87.50	\$5.00	6.06%	Bi annual increase
	Double (per week)	\$92.50	\$97.50	\$5.00	5.41%	Bi annual increase
Otautau	Single (per week)	\$85.50	\$90.50	\$5.00	5.85%	Bi annual increase
	Double (per week)	\$95.50	\$100.50	\$5.00	5.24%	Bi annual increase
Riversdale	Single (per week)	\$85.50	\$90.50	\$5.00	5.85%	Bi annual increase
	Double (per week)	\$95.50	\$100.50	\$5.00	5.24%	Bi annual increase
Riverton/Aparima (111 Havelock Street)	Single (per week)	\$98.50	\$103.50	\$5.00	5.08%	Bi annual increase
	Double (per week)	\$98.50	\$103.50	\$5.00	5.08%	Bi annual increase
Riverton/Aparima (127 Havelock Street)	Single (per week)	\$85.50	\$90.50	\$5.00	5.85%	Bi annual increase
	Double (per week)	\$95.50	\$100.50	\$5.00	5.24%	Bi annual increase
Tuatapere	Single (per week)	\$82.50	\$87.50	\$5.00	6.06%	Bi annual increase
	Double (per week)	\$92.50	\$97.50	\$5.00	5.41%	Bi annual increase
Winton	Single (per week)	\$85.50	\$90.50	\$5.00	5.85%	Bi annual increase
	Double (per week)	\$95.50	\$100.50	\$5.00	5.24%	Bi annual increase
Wyndham	Single (per week)	\$85.50	\$90.50	\$5.00	5.85%	Bi annual increase
	Double (per week)	\$95.50	\$100.50	\$5.00	5.24%	Bi annual increase
<u>Non-priority tenant rents</u>						
<i>Rents for non-priority tenants shall be no less than \$5.00 per week more than what is charged for priority tenants (as per above), in accordance with section 4(c) of the Community Housing Policy.</i>						

7.8 Annual Report 2018/2019 - Key dates

Record No: R/19/4/7474

Planning and Reporting Analyst – Shannon Oliver will be in attendance for this item.

Miss Oliver advised that the purpose of the report is to provide the committee with the key dates for the draft Annual Report 2018/2019 for approval.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled "Annual Report 2018/2019 - Key dates" dated 10 June 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) **Approves the Annual Report 2018/2019 - key dates as attached to the officers report.**

7.9 Follow up - Accounting Position Paper

Record No: R/19/5/9433

Financial Accountant – Sheree Marrah will be 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 "Follow up - Accounting Position Paper" dated 11 June 2019.**

7.10 Accounting Policies for the year ended 30 June 2019

Record No: R/19/4/7341

Financial Accountant – Sheree Marrah will be in attendance for this item.

Mrs Marrah advised that the purpose of the report was for the Committee to consider and recommend to Council the adoption of the accounting policies to be used to compile the Council's Annual Report for the year ended 30 June 2019.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled “Accounting Policies for the year ended 30 June 2019” dated 11 June 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 Venture Southland be proportionately consolidated into the financial statements of Council for the year ending 30 June 2019, noting that this approach supersedes resolution 7.5(d) made at the Finance and Audit committee meeting on 14 December 2018.**
- e) **Recommends to Council that Milford Community Trust be consolidated into the financial statements of Council for the year ending 30 June 2019 and beyond, noting that this approach supersedes resolution 7.5(d) made at the Finance and Audit committee meeting on 14 December 2018.**
- f) **Recommends to Council that the accounting policies as outlined in Attachment A of the officers report, including any amendments from this meeting, be adopted for use in preparation of the Council’s Annual Report for the year ended 30 June 2019.**

The meeting adjourned for morning tea at 10.32am and reconvened at 10.51am.

Mayor Tong and Councillors Kremer, Keast, Douglas and external member Bruce Robertson were present the meeting reconvened.

7.11 Interim Management Report from Audit New Zealand for the year ended 30 June 2019

Record No: R/19/4/7354

Financial Accountant – Sheree Marrah and Audit Manager – Jenna Hills were 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 “Interim Management Report from Audit New Zealand for the year ended 30 June 2019” dated 11 June 2019.**

7.12 Draft Insurance Policy

Record No: R/19/3/4892

Financial Accountant – Sheree Marrah will be in attendance for this item.

Mrs Marrah advised that the purpose of the report is to establish an Insurance Policy and for the Committee to recommend the policy to Council for approval.

The meeting noted that this policy will then guide Council staff in the insuring of Council's assets into the future.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled "Draft Insurance Policy" dated 7 June 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 adopts the draft Insurance Policy, as attached to the officer's report.**

Public Excluded

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

Resolution

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

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

C8.1 Annual Insurance Renewal

C8.2 Milford Opportunities Project - funding application

C8.3 Stewart Island/Rakiura Wind Project - funding application

C8.4 Pyramid Bridge Tender Evaluation Outcome

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
Annual Insurance Renewal	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	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.
Milford Opportunities Project - funding application	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.
Stewart Island/Rakiura Wind Project - funding application	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. 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. s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage,	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.

	negotiations (including commercial and industrial negotiations).	
Pyramid Bridge Tender Evaluation Outcome	<p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</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.

That the Chief Executive, 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, Communications Manager 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 Annual Insurance Renewal, C8.2 Milford Opportunities Project - funding application, C8.3 Stewart Island/Rakiura Wind Project - funding application and C8.4 Pyramid Bridge Tender Evaluation Outcome. 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 Financial Accountant – Sheree Marrah and Shaun Sellwood – Broker Manager with Jardine Lloyd Thompson New Zealand be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the items C8.1 Annual Insurance Renewal. 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.

That Community Partnership Leader – Simon Moran be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the C8.2 Milford Opportunities Project - funding application and C8.3 Stewart Island/Rakiura Wind Project - funding application. 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.

That Strategic Manager Rooding – Hartley Hare be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the items C8.4 Pyramid Bridge Tender Evaluation Outcome. 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.

The public were excluded at 11.26am.

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 adjourned for lunch at 12.03pm and reconvened at 12.35pm.

Mayor Tong and Councillors Kremer, Keast, Douglas and external member Bruce Robertson were present the meeting reconvened.

The meeting concluded at 2.04pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A MEETING OF THE FINANCE AND AUDIT COMMITTEE HELD ON TUESDAY 18 JUNE 2019.

DATE:.....

CHAIRPERSON:.....