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## Finance and Assurance Committee

### OPEN MINUTES

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Minutes of a meeting of Finance and Assurance Committee held in the Council Chamber, Level 2, 20 Don Street, Invercargill on Tuesday, 15 June 2021 at 9am. (9.07am – 10.34am, 10.58am – 12.24pm, 12.56pm – 2.07pm (PE 12.57pm – 2.07pm))

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#### PRESENT

Chairperson	Bruce Robertson (external member) Mayor Gary Tong
Deputy chair	Ebel Kremer (9.07am – 10.21am, 10.24am - 10.34am, 10.58am – 12.24pm, 12.56pm – 2.07pm)
Councillors	Don Byars (9.07am – 10.26am, 10.33am - 10.34am, 10.58am – 12.24pm, 12.56pm – 2.07pm) John Douglas Paul Duffy Julie Keast

#### IN ATTENDANCE

Councillor Frazer (9.07am – 10.34am)  
Councillor Harpur  
Councillor Menzies (9.07am – 10.34am, 10.58am – 11.49am, 11.51am - 12.24pm, 12.56pm – 1.25pm)  
Councillor Ruddenklau  
Councillor Scott  
Southland District Council youth council member – Josh Mattsen (9.07am – 12.56pm)  
Chief financial officer - Anne Robson  
Committee advisor - Fiona Dunlop

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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 Chairperson Robertson, seconded Cr Keast and resolved:

That the Finance and Assurance Committee confirms the minutes of the meeting held on 21 May 2021 of a true and correct record of that meeting.

Reports

7.1 Finance and Assurance Committee Work plan for the year ended 30 June 2021

Record No: R/21/6/26176

Project accountant – Emma Strong was in attendance for this item.

Resolution

Moved Chairperson Robertson, seconded Deputy Chairperson Kremer and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled “Finance and Assurance Committee Work plan for the year ended 30 June 2021” dated 10 June 2021.**

- b) Notes the changes made to the Finance and Assurance Committee Work plan for the year ended 30 June 2021 since the last meeting.

## 7.2 Draft Remission and Postponement of Rates Policy

Record No: R/21/6/26370

Finance development coordinator – Nicole Taylor was in attendance for this item.

Miss Taylor advised that the purpose of the report was to presents the draft Remission and Postponement of Rates Policy to the committee recommend to Council the adoption of the draft policy.

Resolution

Moved Cr Keast, seconded Mayor Tong and resolved:

That the Finance and Assurance Committee:

- a) **receives the report titled “Draft Remission and Postponement of Rates Policy”** dated 10 June 2021.
- 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 Remission and Postponement of Rates Policy.
- e) recommends to Council that it adopt the draft Remission and Postponement of Rates Policy.

## 7.3 Draft Long Term Plan 2021-2031 for endorsement

Record No: R/21/6/33576

Corporate performance lead – Jason Domigan, Project accountant – Emma Strong and Communications manager – Louise Pagan were in attendance for this item.

Officers advised that the purpose of the report was to present the draft Long Term Plan 2021-2031 to the Committee prior to adoption at Council.

The Committee noted that on 31 May 2021, Council received information from Waka Kotahi NZ Transport Agency announcing its indicative funding levels for continuous programmes over the first three years the Long Term Plan 2021-2031 had been allocated only 85% of the funding it sought to carry out its projected programme of road rehabilitations and bridge renewals in the first three years of this 10 year plan. This

reduction in funding has had a significant impact on the proposed roading work programme.

The officers further advised that staff will utilise the funding received in years one to three as best as possible but will need to increase road rehabilitations and bridge renewals from 2024 onwards.

As a result of delayed timelines by Audit NZ an extraordinary meeting of the Committee would be required prior to the adoption of the Long Term Plan.

#### Resolution

Moved Chairperson Robertson, seconded Deputy Chairperson Kremer recommendations a to f and a new g and new h and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled “Draft Long Term Plan 2021-2031 for endorsement”** dated 10 June 2021.
- 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) Agrees to recommend to Council that it amend the rating boundary for the Tuatapere Community Board urban rate and stormwater full charge rate for the Tuatapere township (Map 209).
- e) Agrees to recommend to Council that the Otapiri-Lora Gorge hall rate be amended to \$6,573 (including GST).
- f) Agrees to recommend to Council to resolve that in accordance with Section 100 of the Local Government Act 2002 that it is financially prudent for Council to project operating deficits in the first, second and third year of the plan. This **principally reflects Council’s policy to transition towards fully funding** depreciation in 2028/2029.
- New g) Agrees to delegate authority to the chief executive and chair of the Finance and Assurance Committee to bring a recommendation on the draft Long Term Plan 2021-2031 subject to the results of the Audit NZ hot review.
- New h) Resolves to hold an extraordinary meeting of the Finance and Assurance Committee on Tuesday 29 June 2021 at 9am to deal with the matter in new g above.

- g) ~~Agrees to recommend to Council that it adopts the draft Long Term Plan 2021-2031, subject to the outcome of **Audit New Zealand's hot review.**~~
- h) ~~Agrees to delegate authority to the chief executive to approve any minor amendments prior to adoption of the draft Long Term Plan 2021-2031.~~

7.4 Annual Report Audit Plan for year ending 30 June 2021

Record No: R/21/3/11741

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

Mrs Marrah advised that the purpose of the report was for the Committee to approve the Annual Report Audit Plan as proposed by Audit New Zealand for the year ending 30 June 2021.

(Councillor Kremer left the meeting at 10.21am and returned at 10.24am.)

Resolution

Moved Mayor Tong, seconded Cr Douglas recommendations a to c and d with an addition and a ~~deletion~~ and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled “Annual Report Audit Plan for year ending 30 June 2021” dated 10 June 2021.**
- 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 deciding on this matter.
- d) Agrees the Annual Report Audit Plan for the year ending 30 June 2021, as ~~set out in attachment A~~ indicated below noting that the actual timelines may be subject to Audit NZ change.

Anticipated Date	Process
13 September 2021	Draft financial statements (excluding notes) and trial balance with actual year-end figures to be provided to Audit NZ.
20 September 2021	Final audit begins. Workpapers to be loaded onto Audit Dashboard.

21 September 2021	Draft Annual Report available for audit including notes to the accounts, Chair and <b>Chief Executive's overview or reports.</b>
14 October 2021	Final audit changes to be provided to Council.
18 October 2021	Final Annual Report to be provided to Audit NZ updated with all agreed amendments.
21 October 2021	Verbal audit clearance provided to Council.
27 October 2021	Council adoption and audit opinion issued.
15 November 2021	Draft management report issued to Council.

7.5 Annual report audit fee proposal letter

Record No: R/21/3/11746

Financial Accountant – Sheree Marrah and Corporate performance lead – Jason Domigan were in attendance for this item.

Mrs Marrah advised that the purpose of the report was to receive the proposal letter from Audit New Zealand to set the fees for the audit of Council on behalf of the Auditor-General, for the years ended 30 June 2021 and 30 June 2022

The Committee noted that the proposed audit fees are for the financial years ending 30 June 2021 and 30 June 2022.

(Councillor Byars left the meeting at 10.26am and returned at 10.33am.)

Resolution

Moved Chairperson Robertson, seconded Mayor Tong and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled “Annual report audit fee proposal letter” dated 10 June 2021,**
- 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 deciding on this matter,
- d) Accepts the proposed audit fee increase of \$10,812 (9%) for the audit of the annual report for the year ended 30 June 2021, resulting in an overall audit fee of \$130,936 (excl GST) plus actual disbursements for the year ended 30 June 2021.
- e) Accepts the proposed audit fee increase of \$11,783 (9%) for the audit of the annual report for the year ended 30 June 2022, resulting in an overall audit fee

of \$142,719 (excl GST) plus actual disbursements for the year ended 30 June 2022.

- f) Authorises the mayor to sign the proposed 2021 and 2022 audit fees letter, from Audit NZ, including any amendments agreed at the meeting or subsequent.
- g) Recommends Council approve unbudgeted expenditure of \$15,936 for the 2020/21 financial year for additional audit fees to be funded from operational savings or the District operations reserve.
- h) Recommends Council approve unbudgeted expenditure of \$25,419 for the 2021/22 financial year for additional audit fees to be funded from operational savings or the District operations reserve.
- i) **Requests staff incorporate into the 2022/23 and later years' budgets, an additional \$20,000 plus inflation to be funded from the District rate.**

(Councillor Frazer left the meeting at 10.34am.)

(The meeting adjourned for morning tea at 10.34am and reconvened at 10.58am.)

(Mayor Tong, External Chair Bruce Robertson and Councillors Byars, Douglas, Duffy, Harpur, Keast, Kremer, Menzies, Ruddenklau and Scott were present when the meeting reconvened.)

Mayor Tong introduced Southland District Council Youth Council member Josh Mattsen to the Committee. Josh joined the Committee at the table to experience the meeting.

#### 7.6 Accounting policies for the year ended 30 June 2021

Record No: R/21/3/11748

Graduate accountant – Brie Lepper was in attendance for this item.

Miss Lepper 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 **Council's Annual Report for the year ended 30 June 2021**.

Resolution

Moved Mayor Tong, seconded Cr Keast and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled "Accounting policies for the year ended 30 June 2021" dated 10 June 2021.**
- 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 deciding on this matter.

- d) Recommends to Council that the accounting policies as outlined in attachment A **(of the officer's report) be adopted for use in preparation of Council's Annual Report** for the year ended 30 June 2021.

#### 7.7 Internal Audit Terms of Reference - Project Management Review

Record No: R/21/6/26365

Chief financial officer – Anne Robson was in attendance for this item.

Miss Robson advised that the purpose of the report was to consider and agree the terms of reference for the fourth internal audit on the review of project management at Council.

Resolution

Moved Chairperson Robertson, seconded Cr Duffy and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled "Internal Audit Terms of Reference - Project Management Review" dated 10 June 2021.**
- 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 internal audit terms of reference for the Project Management review as attached to the report.
- e) Acknowledges and agrees to the increased fee of between \$28,000 to \$34,000 plus GST to undertake the Project Management Internal Audit.
- f) Agrees to delay an audit programme planned for 2021/22 to 2022/23 to enable the budget of \$15,000 to be utilised for the delivery of the Project Management Review.
- g) Recommends to Council that it approve unbudgeted expenditure of up to \$4,000 to undertake the expanded internal audit of the project management review to be funded from operational surpluses or the District Operations Reserve.



- h) **Agrees to ask staff to advise Deloitte of Council's acceptance of the terms of** reference for the Project Management Review subject to Council approval of unbudgeted expenditure as noted in resolution (g).

7.8 Monthly Financial Report - April 2021

Record No: R/21/5/25680

Management accountant – Lesley Smith was in attendance for this item.

Mrs Smith advised that the purpose of the report was to provide the Committee with an overview of the financial results for the ten months to 30 April 2021 by the nine activity groups of Council, as well as the financial position, and the statement of cash flows as at 30 April 2021.

Resolution

Moved Cr Keast, seconded Cr Douglas and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled "Monthly Financial Report - April 2021" dated** 10 June 2021.

7.9 Draft Fraud Policy

Record No: R/21/6/32863

Policy analyst – Shru Shrivastava was in attendance for this item.

Miss Shrivastava advised that the purpose of this report was to present the draft Fraud Policy to the committee for feedback, and request that the committee recommend that Council adopt the draft policy.

(Councillor Menzies left the meeting at 11.49am.)

Resolution

Moved Cr Keast, seconded Cr Duffy and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled "Draft Fraud Policy" dated** 9 June 2021.
- 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 Fraud Policy.
- e) Agrees to recommends to Council that it adopt the draft Fraud Policy.

7.10 Draft Elected Members' Remuneration and Reimbursements Policy

Record No: R/21/5/20433

Intermediate policy analyst – Carrie Williams was in attendance for this item via Teams (digital technology).

Miss Williams advised that the purpose of this report was for the committee to provide feedback on the draft policy and that the committee recommend that Council adopt the draft policy.

(Councillor Menzies returned to the meeting at 11.51am.)

Resolution

Moved Deputy Chairperson Kremer, seconded Mayor Tong and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled “Draft Elected Members' Remuneration and Reimbursements Policy” dated 10 June 2021.**
- 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) Considers the draft Elected Members' Remuneration and Reimbursements Policy and provides feedback.
- e) Recommends to Council that it determine that a tablet or similar, printer and mobile phone is required by community board chairs, and that a tablet or similar and printer is required by community board members, to perform their functions, and requests that members use their own equipment for those purposes.
- f) Recommends to Council that it determine that all elected members are requested to use their own internet service for Council business, and that community board chairpersons are requested to use their own mobile phone service for Council business.

- g) Endorses the draft Elected Members' Remuneration and Reimbursements Policy.
- h) Recommends to Council that it adopt the draft Elected Members' Remuneration and Reimbursements Policy.

7.11 Health and Safety Update

Record No: R/21/5/21292

Group manager project delivery – Nick Hamlin and Health, wellbeing and safety coordinator – Teri Black were in attendance for this item.

Mr Hamlin advised that the purpose of the report was to provide an update on health and safety related events and activity over the last quarter (as at 31 May 2021).

Resolution

Moved Chairperson Robertson, seconded Deputy Chairperson Kremer and resolved:

That the Finance and Assurance Committee:

- a) **receives the report titled “Health and Safety Update” dated** 10 June 2021.
- 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.

(The meeting adjourned for lunch at 12.24pm and reconvened at 12.56pm.)

(Mayor Tong, External Chair Bruce Robertson and Councillors Byars, Douglas, Duffy, Harpur, Keast, Kremer, Menzies, Ruddenklau and Scott were present when the meeting reconvened.)

Public excluded

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

Resolution

Moved Chairperson Robertson, seconded Cr Douglas and resolved:

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

C8.1 Annual Insurance Renewal (for the year 1 July 2021 to 30 June 2022)

C8.2 Risk management - June 2021 quarterly update

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 (for the year 1 July 2021 to 30 June 2022)	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.
Risk management - June 2021 quarterly update	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.

The public were excluded at 12.57pm.

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 2.07pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A MEETING OF THE FINANCE AND ASSURANCE COMMITTEE HELD ON TUESDAY 15 JUNE 2021.

DATE:.....

CHAIRPERSON:.....