



Finance and Audit Committee

OPEN MINUTES

Minutes of a meeting of Finance and Audit Committee held in the Council Chambers, 15 Forth Street, Invercargill on Monday, 26 March 2018 at 9am.

PRESENT

Chairperson	Ebel Kremer Mayor Gary Tong
Councillors	John Douglas Paul Duffy Bruce Robertson

IN ATTENDANCE

Councillor Keast
Chief Executive Officer – Steve Ruru
Chief Financial Officer - Anne Robson
Group Manager, Environmental Services – Bruce Halligan
People and Capability Manager – Janet Ellis
Senior Projects Manager – Ian Marshall
Communications Manager – Louise Pagan
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 11 December 2017 as a true and correct record of that meeting.

Reports for Recommendation

7.1 Risk Management Framework Project Development

Record No: R/18/2/4483

Chief Executive – Steve Ruru 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 “Risk Management Framework Project Development” dated 9 March 2018.**

- 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) **Endorse the approach to engage Structured Conversations Ltd on a preferred supplier basis to undertake the Risk Management Framework project.**
- e) **Recommends to Council to support the approach to engage Structured Conversations Ltd on a preferred supplier basis to undertake the Risk Management Framework project.**
- f) **Recommends to Council a request for approval for unbudgeted expenditure of up to \$60,000 exclusive of GST to be split evenly over the two financial years of 2017-2018 and 2018-2019 and to be sourced from the Council District Operations Reserve to undertake the Southland District Council Risk Management Framework project.**

7.2 Annual Report Audit Plan for year ending 30 June 2018

Record No: R/18/3/5772

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

Audit New Zealand Audit Director – Ian Lothian was also in attendance for this item.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled “Annual Report Audit Plan for year ending 30 June 2018” dated 19 March 2018.**
- 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 attachment A of the officer’s report.**

7.3 Health and Safety

Record No: R/18/2/4223

People and Capability Manager – Janet Ellis 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 “Health and Safety” dated 14 March 2018.**
- 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 work that is being undertaken in Health and Safety within Council.**
- e) **Recommends to Council that there is a continued focus on Health and Safety and the implementation of the Health and Safety Plan including training and focus on critical risks.**

Reports

8.1 Health and Safety Update

Record No: R/18/2/4221

People and Capability Manager – Janet Ellis was 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 “Health and Safety Update” dated 2 March 2018.**

8.2 Digitisation Project

Record No: R/18/2/2526

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

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled “Digitisation Project” dated 19 March 2018.**

8.3 Financial Report for the month ended 31 January 2018

Record No: R/18/2/4137

Project Accountant – Dipal Patel 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 “Financial Report for the month ended 31 January 2018” dated 19 March 2018.**

8.4 Forecasted Financial Position for the year ending 30 June 2018

Record No: R/18/3/5114

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

Resolution

Moved Chairperson Kremer, seconded Cr Duffy **recommendations a to f and g with an addition (as indicated) and resolved:**

That the Finance and Audit Committee:

- a) **Receives the report titled “Forecasted Financial Position for the year ending 30 June 2018” dated 19 March 2018.**
- 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 attachments B and C of the officer's report.
- e) Recommends Council approve the changes as detailed in attachment A of the officer's report
- f) Recommends to Council that it include in the 2018-2028 Long Term Plan the projects indicated to be deferred from the current year as detailed in attachment D of the officer's report
- g) Recommends Council approve the following unbudgeted expenditure for the 2017/18 financial year:

Business Unit	Expense	Amount	Funding Source
Customer Service	Acquisition of ex roading vehicle	\$15,000	Loan
Financial Services	Increases in valuation contract and legal fees	\$77,500	District Op Reserve
People and Capability	Uniform re-branding	\$24,196	Corporate Uniform reserve
People and Capability	Increased recruitment costs	\$58,425	District Op reserve
Community Leadership	Training and associated costs	\$20,000	District Op Reserve
Community Leadership	Stewart Island/Rakiura Economic Study	\$40,000	Grant
Community Leadership	Purchasing two vehicles instead of leasing.	\$62,592	Loan
Chief Executive	Increased operational costs	\$133,504	District Ops reserve
Operations & Community Service	1 early replacement , 1 vehicle purchased instead of leased and 1 additional team leader vehicle	\$95,041	Loan & Reserve
Communications and Engagement	Increased operational costs	\$20,000	District Ops reserve
Building Regulation	Increased operational costs	\$35,023	District Ops reserve & unused budget
Building Regulation	Purchasing two vehicles instead of leasing.	\$72,258	Loan
Resource Planning/Policy	Increased district plan costs	\$30,000	District Ops reserve

Venture Southland - Grant	Budgeting error, Te Anau Destination Fiordland contribution	\$13,601	District Ops reserve
Buildings - Invercargill Office	Office refurbishments	\$13,337	Property Development reserve
Roading - Administration	One early replacement vehicle	\$45,204	Depreciation Motor Vehicle reserve
Roading - Special Purpose	Sealing of lower Hollyford Road	\$286,620	100% NZTA
Hall - Colac Bay	Urgent repairs to building.	\$11,600	Colac Bay Com Centre reserve & unused budgets
SS Riversdale - Sludge Removal	Increase in sludge removal costs	\$84,014	Loan
Stormwater Drainage - Winton	Clyde/Eglington St SW Repairs	\$18,488	Winton General reserve
SIESA - Operations	Increased operational costs	\$103,489	SIESA Operations reserve
SIESA - Waste Recovery	Increased operational costs	\$18,000	SIESA Operations reserve
Water Services	Potential cost allowance for Havelock North drinking water implications	\$100,000	District Water Reserve
Water, Wastewater and Stormwater	Potential cost allowance for Water and Land plan appeals	\$100,000	District Water & Wastewater Reserves and Local reserves
<u>Tuatapere Community Board</u>	<u>Purchase of railway irons, sleepers and other materials</u>	<u>\$9565</u>	<u>Tuatapere General Reserve</u>

8.5 Audit NZ report of Council's LTP Consultation Document for the period 1 July 2018 to 30 June 2028

Record No: R/18/3/5297

Project Manager, Corporate Planning – Nicole Taylor was in attendance for this item.

Audit New Zealand Audit Director – Ian Lothian was also 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 “Audit NZ report of Council's LTP Consultation Document for the period 1 July 2018 to 30 June 2028” dated 19 March 2018.**

The Meeting adjourned for morning tea at 10.32am and reconvened at 10.49am.

Mayor Tong, Councillors Kremer, Douglas, Duffy, external member Robertson and Councillor Keast were in attendance for this item.

8.6 Outstanding Debt as at 31 January 2018

Record No: R/18/2/3595

Finance Officer, Credit Controller – Shirley Carruthers 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 “Outstanding Debt as at 31 January 2018” dated 19 March 2018.**

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.

C9.1 Corporate Performance Report for period two - 1 November 2017 to 28 February 2018

C9.2 Quarterly Risk Register Update - March 2018

C9.3 Review of Animal Control Processes

C9.4 Insurance options for Underground Infrastructure

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
Corporate Performance Report for period two - 1 November 2017 to 28 February 2018	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	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.

	<p>interest that such information should continue to be supplied.</p> <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>	
Quarterly Risk Register Update - March 2018	<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.
Review of Animal Control Processes	<p>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.</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.
Insurance options for Underground Infrastructure	<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.

That the Chief Executive Officer, Group Manager, Environmental Services, Chief Financial Officer, Senior Projects Manager, People and Capability Manager, 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 **C9.1 Corporate Performance Report for period two - 1 November 2017 to 28 February 2018, C9.2 Quarterly Risk Register Update - March 2018, C9.3 Review of Animal Control Processes and C9.4 Insurance options for Underground**

Infrastructure. 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 the Planning and Reporting Analyst and Audit NZ Audit Director – Ian Lothian be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the items **C9.1 Corporate Performance Report for period two - 1 November 2017 to 28 February 2018 and C9.2 Quarterly Risk Register Update - March 2018.** 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 the Environmental Health Manager be permitted to remain at this meeting, after the public has been excluded, because of his knowledge of the item **C9.3 Review of Animal Control Processes.** This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because of his knowledge on the issues discussed.

That **Shaun Sellwood – Broker Manager with JLT** be permitted to remain at this meeting, after the public has been excluded, because of his knowledge of the item **C9.4 Insurance options for Underground Infrastructure.** This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because of his knowledge on the issue discussed.

The public were excluded at 10.58am.

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 12.28pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE FINANCE AND AUDIT COMMITTEE
HELD ON MONDAY 26 MARCH 2018.

DATE:.....

CHAIRPERSON:.....