



Finance and Audit Committee

OPEN MINUTES

Minutes of a meeting of Finance and Audit Committee held in the Council Chamber, Southland District Council, 15 Forth Street, Invercargill on Thursday, 14 June 2018 at 9.04am.

PRESENT

Chairperson Ebel Kremer
Mayor Gary Tong

Councillors John Douglas
Paul Duffy
Bruce Robertson

IN ATTENDANCE

Chief Financial Officer	Anne Robson
Group Manager – Services and Assets	Matt Russell
Group Manager – Environmental Services	Bruce Halligan
Group Manager – Customer Support	Trudie Hurst (from item 8.3)
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

External Member Bruce Robertson advised that he had been a director of Morrison Lowe which is a consulting company that Southland District Council has used for various pieces of work.

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 Finance and Audit Committee confirms the minutes of the meeting held on 26 March 2018 as a true and correct record of that meeting.

Reports for Recommendation

7.1 Draft Policy on Development and Financial Contributions

Record No: R/18/5/11016

Policy Analyst – Robyn Rout and Finance Manager – Sheree Marrah were in attendance for this item.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled “Draft Policy on Development and Financial Contributions” dated 6 June 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) **Considers the draft Policy on Development and Financial Contributions 2018-28.**
- e) **Recommends to Council that it adopts the draft Policy on Development and Financial Contributions 2018-28.**

7.2 Draft Revenue and Financing Policy

Record No: R/18/5/11017

Policy Analyst – Robyn Rout and Finance Manager – Sheree Marrah were 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 “Draft Revenue and Financing Policy” dated 6 June 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) **Considers the draft Revenue and Financing Policy and associated Activity Funding Needs Analysis.**
- e) **Recommends to Council that it adopts the draft Revenue and Financing Policy and associated Activity Funding Needs Analysis.**

7.3 Draft Long Term Plan 2018-2028

Record No: R/18/5/12020

Management Accountant – Susan McNamara, Project Co-ordinator, Corporate Planning – Nicole Taylor and Publications Specialist – Chris Chilton were 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 “Draft Long Term Plan 2018-2028” dated 7 June 2018.**
- 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) **Recommends to Council to resolve that in accordance with section 100 of the Local Government Act 2002, it is financially prudent for the Council to project operating deficits in the first five years of the plan. This principally reflects Council’s policy to move towards fully funding depreciation in 2024/2025.**
- e) **Recommends to Council that it adopts the final Long Term Plan 2018-2028.**

7.4 Accounting Policies for the year ended 30 June 2018

Record No: R/18/5/12182

Financial Accountant – Jacobus Meyer and Finance Manager – Sheree Marrah were 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 “Accounting Policies for the year ended 30 June 2018” dated 7 June 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) **Recommends to Council that the accounting policies as outlined in Attachment A, including any amendments from this meeting, be adopted for use in preparation of the Council’s Annual Report for the year ended 30 June 2018.**

7.5 Draft Health and Safety Plan for 2018/2019

Record No: R/18/5/11791

Group Manager, Environmental Services – Bruce Halligan was in attendance for this item.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled “Draft Health and Safety Plan for 2018/2019” dated 25 May 2018.**
- 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 2018/2019.**

Reports

8.1 Health and Safety Update

Record No: R/18/5/11736

Group Manager, Environmental Services – Bruce Halligan was in attendance for this item.

Resolution

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

That the Finance and Audit Committee:

- a) **Receives the report titled “Health and Safety Update” dated 23 May 2018.**

8.2 Financial Report for the month ended 30 April 2018

Record No: R/18/5/10525

Project Accountant – Dipal Patel – 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 “Financial Report for the month ended 30 April 2018” dated 5 June 2018.**

8.3 Interim Management Report from Audit New Zealand for the year ended 30 June 2018

Record No: R/18/5/11536

Financial Accountant – Jacobus Meyer and Finance Manager – Sheree Marrah were in attendance for this item.

Resolution

Moved Mayor Tong, seconded External Member Robertson **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 2018” dated 6 June 2018.**

The meeting adjourned for morning tea at 10.41am and reconvened at 11.02am.

All members were present when the meeting reconvened.

8.4 Annual Report Timetable - Key Dates

Record No: R/18/5/12249

Planning and Reporting Analyst – Shannon Oliver 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 “Annual Report Timetable - Key Dates” dated 31 May 2018.**

8.5 Finance & Audit Committee Work plan for the year ended 30 June 2019

Record No: R/18/5/11807

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

Resolution

Moved Chairperson Kremer, seconded External Member Robertson **recommendation a and recommendation b (with changes as indicated with ~~striketrough~~ and underline) and resolved:**

That the Finance and Audit Committee:

- a) **Receives the report titled “Finance & Audit Committee Work plan for the year ended 30 June 2019” dated 7 June 2018.**
- b) **Adopts the amended Finance and Audit Committee Work plan for the year ended 30 June 2019.**

Public Excluded

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

Resolution

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

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

C9.1 Quarterly risk register update - June 2018

C9.2 Fraud Risk Assessment

C9.3 Insurance for Underground Infrastructure

C9.4 Annual Insurance Renewal

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 - June 2018	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	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.
Insurance for Underground Infrastructure	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.
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.

That the Chief Financial Officer, Group Manager – Services and Assets Committee, Group Manager – Environmental Services, Group Manager – Customer Support, Committee Advisor and

Communications Manager be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the items C9.1 Quarterly risk register update - June 2018, C9.2 Fraud Risk Assessment, C9.3 Insurance for Underground Infrastructure and C9.4 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 and meeting procedure.

That the Planning and Reporting Analyst be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C9.1 Quarterly risk register update - June 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 and meeting procedure.

That David Seath – Risk Advisory Partner with Deloitte be permitted to remain at this meeting, after the public has been excluded, because of his knowledge of the item C9.2 Fraud Risk Assessment. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to those matters because of his knowledge on the issues discussed and meeting procedure.

That the Finance Manager be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the items C9.2 Fraud Risk Assessment and C9.4 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 and meeting procedure.

The public were excluded at 11.12am.

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 1.41pm

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE FINANCE AND AUDIT COMMITTEE
HELD ON THURSDAY 14 JUNE 2018.

DATE:.....

CHAIRPERSON:.....

Appendix 1

Finance and Audit Committee Work plan to 30 June 2019 (as at 14 June 2018 meeting)

Content	30 August 2018	24 September 2018	14 December 2018	January 2019	March 2019	June 2019
LTP – Recommend LTP for adoption						
LTP – Final Mgmt Report	X					
LTP – 2021-2031 LTP Planning sessions						
Annual Plan – Timetable	<u>X</u>					
Annual Plan – Assumptions, policies and principles		<u>X</u>				
Annual Plan – Workshop			X			
Annual Plan – recommend draft to Council for consultation				X		
Annual Plan – recommend final to Council for approval						X
Risk Report		X	X		X	X
Health & Safety Report		X	X		X	X
Financial Report		X	X		X	X
Fraud System Report			<u>X</u>			
Annual Report – Audit Arrangements Letter						
<u>Annual Report - Timetable</u>						
<u>Annual Report – Accounting entities position paper</u>	<u>X</u>					
Annual Report - Policies & Principles						

Content	30 August 2018	24 September 2018	14 December 2018	January 2019	March 2019	June 2019
Annual Report – Interim audit Report						
Annual Report – Agree report ready for audit	X					
Annual Report – Final audit management report		X				
Annual Report – Recommend adoption by Council		X				
Forecast Financial Position			X		X	
Interim Performance Report			X		X	
Internal Audit	Will be updated when the Internal Audit Programme is approved					
Insurance - Insurance policy approval			X			X
Determine Finance & Audit Meeting Content					X	
Financial and Risk Policies – Debt Recovery Policy		X				
Other – Reports on projects over \$2million	Reports will be included on agenda as appropriate					
Other External Audits – Building Control & Roading etc	Reports included on the agenda as appropriate					