



Finance and Assurance Committee

OPEN MINUTES

Minutes of a meeting of Finance and Assurance Committee held via Zoom (digital technology) on Thursday, 30 April 2020 at 9am (9am – 10.31am, 10.42am – 12.17pm, 12.49pm – 2.18pm, 2.25pm – 3.50pm (Public excluded 11.11am – 12.17pm, 12.49pm – 2.18pm, 2.25pm – 3.50pm)).

PRESENT

Chairperson	Bruce Robertson Mayor Gary Tong
Councillors	Don Byars John Douglas Paul Duffy (9am – 10.31am, 10.42am – 12.17pm, 12.49pm – 1.25pm) Julie Keast Ebel Kremer

IN ATTENDANCE

Councillor Ruddenklau (9am -10.31am)
Chief Executive – Steve Ruru
Chief Financial Officer – Anne Robson
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 Chairperson Robertson, seconded Deputy Chairperson Kremer **and resolved:**

That the Finance and Assurance Committee confirms the minutes of the meeting held on 13 December 2019 as a true and correct record of that meeting.

Reports

7.2 Internal Audit Terms of Reference - Cyber Health Check

Record No: R/20/3/5910

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

Crispin Deans – Deloitte's Director Risk Advisory was in attendance via Zoom for this item.

Miss Robson advised that the purpose of the report was to consider and agree the terms of reference for the second of six internal audit for a cyber-security health check.

The committee noted that Deloitte had been appointed as Council's Internal Auditor in 2018 and as part of the appointment the committee had asked Deloitte to work with staff and the committee to form a three year internal audit work programme.

Resolution

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

That the Finance and Assurance Committee:

- a) **Receives the report titled “Internal Audit Terms of Reference - Cyber Health Check” dated 1 April 2020.**
- 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) **Approve the Terms of Reference (as attached to the officers report) for the Cyber Security Health Check.**

7.3 Internal Audit Report, Procure to Pay Processes

Record No: R/20/3/6295

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

David Seath – Deloitte Partner Risk Advisory was in attendance via Zoom for this item.

Miss Robson advised that the purpose of the report was to report to the committee on the Deloitte completed first audit of the Councils procure to pay processes.

The committee noted that Deloitte completed the first audit in October 2019 and reports the findings and also includes Council management responses. The report found that the Council procure to pay processes are adequately controlled and as part of the audit Deloitte have identified a number of examples of good practice as well as noting five areas for improvement.

Resolution

Moved Deputy Chairperson Kremer, seconded Cr Keast **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Internal Audit Report, Procure to Pay Processes” dated 1 April 2020.**
- b) **Requests staff report back to the August 2020 committee meeting the status of the outstanding points**

7.1 Finance & Assurance Committee Work plan for the year ended 30 June 2020

Record No: R/20/3/6291

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

Resolution

Moved Chairperson Robertson, seconded Cr Keast **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Finance & Assurance Committee Work plan for the year ended 30 June 2020” dated 1 April 2020.**
- b) **Notes the changes made to the Finance and Audit Committee Work plan for the year ended 30 June 2020 since the last meeting.**

7.5 Health and Safety Update

Record No: R/20/3/5457

People and Capability Manager – Janet Ellis was in attendance for this item

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

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 16 March 2020.**

7.6 Monthly Financial Report - March 2020

Record No: R/20/4/9681

Project Accountant – Dee Patel was in attendance for this item.

Mrs Patel advised that the purpose of the report was to provide the Committee 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 for the nine months to 31 March 2020.

Resolution

Moved Chairperson Robertson, seconded Deputy Chairperson Kremer **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Monthly Financial Report - March 2020” dated 24 April 2020.**

7.7 Forecasted Financial Position for the year ending 30 June 2020

Record No: R/20/3/5139

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

Mrs Nel advised that the purpose of the report was to update the committee of the expected year-end financial result compared to the published 2019/2020 Annual Plan and seek the committee's recommendation to Council to approve the resulting forecasted position.

Resolution

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

That the Finance and Assurance Committee:

- a) **Receives the report titled "Forecasted Financial Position for the year ending 30 June 2020" dated 24 April 2020.**
- 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 approve the changes as detailed in appendix A of the officer report.**
- e) **Notes the forecasted changes to Council's year-end financial performance and position as detailed in appendices B and C of the officers report.**
- f) **Recommends to Council that it approves the deletion of the following 2019-20 projects:**

Business Unit	Project	Amount
Riverton	Project to investigate stormwater discharge around Soundshell area due to blocked outlets	\$10,000
Stewart Island Jetties	Golden Bay Wharf rebuild project	\$233,812
Te Anau	Te Anau Stormwater condition assessment project terminated	\$12,834
Te Anau	Project to Improve Link Te Anau – Manapouri trail and lakefront	\$10,220
SIESA	Replacement Generator	\$110,000
SIESA	Replace circuit breakers	\$80,000

SIESA	Network upgrade	\$20,440
SIESA	Exhaust system renewal/service	\$20,000
SIESA	Replace one transformer	\$35,000
SIESA	Gates, signs, fence/ Security	\$30,000
SIESA	Ringfeed project Stage 3	\$31,000
SIESA	Ringfeed project Stage 4	\$56,000
SIESA	Ringfeed project Stage 5	\$32,193
SIESA	Service SCADA control	\$25,000
SIESA	Upgrade SCADA control	\$10,000

- g) **Recommends Council approve the following unbudgeted expenditure and funding source:**

Business Unit	Expense	Amount	Funding Source
Customer Service	Postage	\$36,720	District Ops Reserve
District Water	Resource Consents	\$29,560	Short term Internal Loan
District Water	Maintenance unplanned	\$110,000	Short term Internal Loan
Wheelie bins	Waste Disposal	\$57,026	Waste management reserve
Roading	Emergency Re-instatement of roads due to flooding	\$1,825,000	Roading rate reserve, NZTA
Water Supply Manapouri	Water lateral renewals	\$25,000	Internal Loan
Manapouri Airport	Civil Aviation Authority Compliance costs	\$90,000	Manapouri-Te Anau Airport Reserve
Sewerage Scheme Otautau	SCADA renewals	\$54,260	Internal Loan
Limehills	Community Centre Kitchen upgrade	\$7,378	Limehills Community Centre reserve

- j) **Recommends to Council to approve to defer the following projects to the 2020/21 financial year:**

Business Unit	Expense	Amount	Funding Source
District Library	Library RFID project and refurbishment at Winton	\$382,800	Internal Loan
District Water	District Water Monitoring	\$131,478	Internal Loan
Buildings Te Anau	Te Anau Library Project deferred to 20/21	\$33,587	Property Development Reserve
Sewerage scheme Ohai	New UV/Treatment Plant upgrade	\$54,225	Internal Loan
Stewart Island	Trail Park Pavilion toilets, project deferred to 20/21	\$11,314	Internal Loan
Te Anau	Metering District Metered Areas	\$101,500	Internal Loan
Te Anau Sewerage scheme	Scheme capacity upgrade (demand portion)	\$4,000,000	Development Contributions and Internal Loan
Thornbury Streetworks	Kerb and channel Foster Road	\$48,365	Internal Loan and Thornbury General Reserve
Waikawa Hall	Exterior Reclad of Hall	\$25,000	Internal Loan and Waikawa-Niagara Community Centre Reserve
Streetworks Otautau	Footpath upgrade	\$12,492	Rates and Internal Loan
Information Management	Core system review	\$350,000	Internal Loan

7.8 Finance and Assurance Committee Workplan for the year ended 30 June 2021

Record No: R/20/3/6296

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

Resolution

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

That the Finance and Assurance Committee:

- a) **Receives the report titled “Finance and Assurance Committee Workplan for the year ended 30 June 2021” dated 17 March 2020.**
- b) **Adopts the Finance and Audit Committee Work plan for the year ended 30 June 2021.**

7.9 Interim Performance Report - Period two - 1 July 2019 to 29 Feb 2020

Record No: R/20/3/8103

Planning and Performance Reporting Analyst – Shannon Oliver was in attendance for this item.

Miss Oliver advised that the purpose of the report was to provide the committee with the results of the interim performance report for the period 1 July 2019 to 29 February 2020.

Resolution

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

That the Finance and Assurance Committee:

- a) **Receives the report titled “Interim Performance Report - Period two - 1 July 2019 to 29 Feb 2020” dated 24 April 2020.**
- 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 morning tea at 10.31am and reconvened at 10.42am.

(Councillor Ruddenklau left the meeting at 10.31am.)

7.4 Annual Report Audit Plan for year ending 30 June 2020

Record No: R/20/2/4487

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 2020.

Audit NZ Audit Director – Dereck Ollsson was also in attendance via Zoom for this item. Mr Ollsson explained the process that the Auditors would be taking for the annual report.

During discussion the committee were advised that there would be an increase in the fee that the Audit NZ charges for their services.

Resolution

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

That the Finance and Assurance Committee:

- a) **Receives the report titled "Annual Report Audit Plan for year ending 30 June 2020" dated 16 March 2020.**
- 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 Annual Report Audit Plan for the year ending 30 June 2020, as set out in Attachment A of the officers report.**

Public Excluded

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

Resolution

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

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

C8.1 Annual Report - Management Report from Audit NZ for the year ended 30 June 2019

C8.2 Quarterly risk management report - March 2020

C8.3 Operational Risk Report

C8.4 Te Anau Wastewater Upgrade Update and Request for Unbudgeted Expenditure

C8.5 Te Anau Wastewater Upgrade – Recommendation to Award Membrane Filtration Plant Contract (19/46)

C8.6 Te Anau Wastewater Upgrade – Recommendation to Award Contract for Kepler Dripline Installation

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 Report - Management Report from Audit NZ for the year ended 30 June 2019	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.
Quarterly risk management report - March 2020	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.
Operational Risk Report	s6(b) - The making available of the information would be likely to endanger the safety of a person. 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).	
Te Anau Wastewater Upgrade Update and Request for Unbudgeted Expenditure	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	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.
Te Anau Wastewater Upgrade – Recommendation to Award Membrane Filtration Plant Contract (19/46)	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. 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.
Te Anau Wastewater Upgrade – Recommendation to Award Contract for Kepler Dripline Installation	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. 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.

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 Report - Management Report from Audit NZ for the year ended 30 June 2019, C8.2 Quarterly risk management report - March 2020, C8.3 Operational Risk Report, C8.4 Te Anau Wastewater Upgrade Update and Request for Unbudgeted Expenditure, C8.5 Te Anau Wastewater Upgrade – Recommendation to Award Membrane Filtration Plant Contract (19/46) and C8.6 Te Anau Wastewater Upgrade – Recommendation to Award Contract for Kepler Dripline Installation. 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 Planning and Reporting Analyst – Shannon Oliver, Strategy and Policy Manager – Michelle Stevenson and Associate Audit Director with Audit NZ – Dereck Ollsson be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.1 Annual Report - Management Report from Audit NZ for the year ended 30 June 2019. 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 Policy Analyst – Jane Edwards and Strategy and Policy Manager – Michelle Stevenson be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.2 Quarterly risk management report - March 2020. 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 Strategic Manager Water and Waste – Ian Evans and Senior Project Accountant – Susan McNamara be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the items C8.4 Te Anau Wastewater Upgrade Update and Request for Unbudgeted Expenditure, C8.5 Te Anau Wastewater Upgrade – Recommendation to Award Membrane Filtration Plant Contract (19/46) and C8.6 Te Anau Wastewater Upgrade – Recommendation to Award Contract for Kepler Dripline Installation. 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 11.11am.

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 3.50pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE FINANCE AND ASSURANCE
COMMITTEE HELD ON THURSDAY 30 APRIL 2020.

DATE:.....

CHAIRPERSON:.....