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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 Wednesday, 15 June 2022 at 10am. (10am – 11.18am, 11.27am – 12.37pm, 1.05pm – 3.35pm, 3.44pm – 4.44pm (PE 12pm, 12.37pm, 1.05pm – 3.35pm, 3.44pm – 4.44pm))

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#### PRESENT

Chairperson	Bruce Robertson Mayor Gary Tong
Deputy Chair	Ebel Kremer (via video link)
Councillors	Don Byars (10am – 10.27am, 10.30am – 11.12am, 11.14am -11.18am, 11.28am – 12.05pm, 12.08pm – 12.37pm, 1.05pm – 1.28pm) John Douglas Paul Duffy Julie Keast

#### APOLOGIES

Councillor Byars (early departure)  
Councillor Kremer (early departure)

#### IN ATTENDANCE

Councillor Scott  
Chief financial officer – Anne Robson  
Committee advisor – Fiona Dunlop

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1 Apologies

There were apologies for an early departure from Councillor Byars and Councillor Kremer.

Moved Chairperson Robertson, seconded Mayor Tong and resolved:

That the Finance and Assurance 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 Chairperson Robertson, seconded Cr Keast and resolved:

That the Finance and Assurance Committee confirms the minutes of the meeting held on 28 March 2022 as a true and correct record of that meeting.

Reports

7.1 Finance and Assurance Committee work plan to 30 June 2022

Record No: R/22/6/28649

Project accountant – Emma Strong 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 work plan to 30 June 2022” dated 10 June 2022.**
- b) notes the changes made to the Finance and Assurance Committee Work plan for the year ended 30 June 2022 since the last meeting.

## 7.2 Project management internal audit report

Record No: R/22/3/6731

Group manager programme delivery – Nick Hamlin and Project delivery manager – Brendan Gray were in attendance for this item.

Deloitte Partner risk advisory David Seath was also in attendance via video call.

Mr Hamlin advised that the purpose of the report was to present to the committee for review the Deloitte Project Management Internal Audit Report and that the findings report has been reviewed by management, with commentary provided by them against the recommendations.

The Committee noted that Finance and Audit Committee agreed at its meeting on 23 September 2019 the three-year internal audit programme. This is the third of six reviews programmed to be completed.

Resolution

Moved Cr Duffy, seconded Cr Keast and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled “Project management internal audit report” dated 10 June 2022.**
- b) Agrees to accept the commentary, including follow-up actions, provided against each of **the report’s recommendations.**

## 7.3 Extension of Internal Auditor Appointment

Record No: R/22/6/21649

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

Deloitte Partner risk advisory David Seath was also in attendance via video call.

Miss Robson advised that the purpose of the report was to seek the **committee’s approval** to extend the Internal Audit service contract held with Deloitte for a further two years.

The Committee noted that in 2019 it was agreed to appoint an internal auditor for a period of three years ending on the 30 June 2022 with a further two year extension at the sole discretion of the Finance and Assurance Committee.

Resolution

Moved Cr Keast, seconded Mayor Tong and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled “Extension of Internal Auditor Appointment” dated 10 June 2022.**
- 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) Agrees to extend the contract for internal audit services with Deloitte for a further two years to 30 June 2024 or until the audits programmed for this period are completed.
- e) Requests that staff and Deloitte incorporate into any work programme developed for the two years the audits planned but not undertaken to date, being Information Integrity and Asset Management.
- f) Agrees to recommend to Council to carry forward \$15,000 from the internal audit budget to enable the prevention of bribery, corruption and fraud internal audit to be undertaken by Deloitte in the new financial year

7.4 Annual Report Audit Plan for year ending 30 June 2022

Record No: R/22/5/18452

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

Audit NZ Director – Chris Genet was also in attendance via video call.

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 2022

The Committee noted that the timing of the audit is still to be finalised.

Resolution

Moved Chairperson Robertson, seconded Mayor Tong and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled “Annual Report Audit Plan for year ending 30 June 2022” dated 8 June 2022.**

- 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 2022, as set out in attachment A (of the officers report) noting that the audit timeline is still to be advised by Audit NZ.

7.5 Confirmation of engagement - Limited independent assurance report of Council's debenture trust deed for the year ended 30 June 2022

Record No: R/22/5/18459

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

Audit NZ Director – Chris Genet was also in attendance via video call.

Mrs Marrah advised that the purpose of the report was to provide an overview of and seek **authorisation of Audit New Zealand's** confirmation of engagement letter for the limited **independent assurance report of Council's debenture trust deed.**

Resolution

Moved Chairperson Robertson, seconded Cr Duffy and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled "Confirmation of engagement - Limited independent assurance report of Council's debenture trust deed for the year ended 30 June 2022" dated 10 June 2022.**
- 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) Agrees to delegate authority to the mayor to sign the Audit New Zealand confirmation of engagement letter for the limited independent assurance report of the debenture **trust deed on Council's behalf.**

7.6 Financial Report for the period ended 30 April 2022

Record No: R/22/5/20857

Accountant – Brie Lepper and Financial accountant – Sheree Marrah were in attendance for this item.

Miss Lepper 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 2022 by the seven activity groups of Council, as well as the financial position, and the statement of cash flows as at 30 April 2022.

(During discussion, Councillor Byars left the meeting at 10.27am and returned at 10.30am.)

Resolution

Moved Chairperson Robertson, seconded Cr Douglas and resolved:

That the Finance and Assurance Committee:

- a) **receives the report titled “Financial Report for the period ended 30 April 2022”** dated 8 June 2022.

7.7 Accounting policies for the year ended 30 June 2022

Record No: R/22/5/18454

Accountant – Brie Lepper and Financial accountant – Sheree Marrah were in attendance for this item.

Miss Lepper advised that the purpose of the report was 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 2022.

Resolution

Moved Cr Duffy, seconded Cr Keast recommendations a to c and d with a deletion (as indicated by ~~strike through~~) and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled “Accounting policies for the year ended 30 June 2022” dated** 10 June 2022.
- 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 officers report), ~~including any amendments agreed at this meeting,~~ **be adopted for use in preparation of Council's Annual Report** for the year ended 30 June 2022.

## 7.8 Draft Annual Plan 2022/2023

Record No: R/22/5/20872

Corporate performance lead – Jason Domigan and Project accountant – Emma Strong were in attendance for this item.

Mr Domigan and Mrs Strong advised that the purpose of the report was for the Finance and Assurance committee to review the final draft of the Annual Plan 2022/2023 and recommend to Council its adoption.

Resolution

Moved Chairperson Robertson, seconded Mayor Tong and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled “Draft Annual Plan 2022/2023” dated** 10 June 2022.
- 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) Confirms in accordance with Section 100 of the Local Government Act 2002 that the Annual Plan 2022/2023 has been prepared based on reasonable judgement and assumptions and that it considers the projected financial results, including the projected operating deficit for 2022/2023, to be financially prudent given its financial position.
- e) Agrees to recommend to Council to extend the targeted rate for swimming pools by creating a targeted Northern pool rate set as a fixed amount per SUIP on the properties within the area indicated on Map 224 (Attachment B of the officers report), to collect a total rate revenue of \$17,822 (including GST) in 2022/2023.
- f) Agrees to recommend to Council to bring forward from year four of the Long Term Plan, the \$1.0 million from the strategic asset reserve to use in the 2022/2023 year.

- g) Agrees to recommend to Council the adoption of the significant forecasting assumptions from the Long Term Plan 2021-2031 (Attachment C of the officers report) including the proposed change below:
  - i) Increase the level of uncertainty of the return on investment/reserves assumption from moderate to high.
- h) Agrees to recommend to Council the adoption of the Annual Plan 2022/2023 (Attachment A of the officers report), including the Funding Impact Statement (Rates section) for the 2022/2023 financial year and the amendments to the fees and charges.

#### 7.9 Risk management - June 2022 quarterly update

Record No: R/22/4/14070

Policy analyst – Jane Edwards was in attendance for this item.

Mrs Edwards advised that the purpose of the report was to submit the June 2022 quarterly risk management report for consideration by the Committee.

(During discussion, Councillor Byars left the meeting at 11.12am and returned at 11.114am.)

Resolution

Moved Mayor Tong, seconded Cr Duffy and resolved:

That the Finance and Assurance Committee:

- a) **receives the report titled “Risk management - June 2022 quarterly update”** dated 8 June 2022.
- 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) agrees to recommend that Council adopt the revised top strategic risk areas as follows to become effective 1 July 2022:
  - i. change and reform – the risk that Council has inadequate adaptability to respond to a continuously changing environment
  - ii. climate change – the risk that Council fails to adapt to, or mitigate the effects of, climate change impacts



- iii. compliance and fraud – the risk that Council is unable to adapt to the impacts of fraud and increasing compliance standards on the organisation
  - iv. Covid-19 response – the risk that Council fails to adequately respond to Covid-19 impacts which affects its ability to deliver for the community
  - v. cyber security – **the risk that Council's systems are vulnerable to cyber-attack and/or error**
  - vi. data and systems – the risk of ineffective and inefficient use of **information in Council's decision-making**
  - vii. disaster event – the risk that Council is unable to respond to the consequences of a natural or human-induced event impacting the District
  - viii. health, safety and wellbeing – the risk of health, safety and wellbeing harm to staff, contractors and community
  - ix. public health – the risk that Council exposes the community to a public health emergency
  - x. relationships and reputation – the risk that Council fails to manage its local, regional and national relationships. The risk that Council suffers reputational damage because of service delivery failure
  - xi. resource and delivery – the risk of non-performance/delivery of committed outcomes and meeting expectations
  - xii. strategy and direction – the risk of poor or ineffective decision-making due to lack of strategic integration and alignment
- e) agrees to endorse those risks considered of significant issue being reported to Council at its 22 June 2022 meeting

(The meeting adjourned for a break at 11.18am and reconvened at 11.27am.

(Chairperson Robertson, Mayor Tong and Councillors Douglas, Duffy, Keast, Kremer (via video call) and Councillor Scott were present when the meeting reconvened.)

#### 7.10 Information services activity summary

Record No: R/22/5/18553

Manager information services – Jock Hale was in attendance for this item.

Mr Hale advised that the purpose of the report was to present the activity summary report for information services to update the committee on activity status.

(During discussion, Councillor Byars returned to the meeting at 11.28am.)

Resolution

Moved Chairperson Robertson, seconded Cr Keast and resolved:

That the Finance and Assurance Committee:

- a) **Receives the report titled "Information services activity summary" dated 8 June 2022.**

7.11 Update to policy on remission and postponement of rates on Maori freehold land

Record No: R/22/5/20275

Finance development co-ordinator – Nicole Taylor, Transactional project lead – Shelley Dela Llana and Strategy and policy manager – Michelle Fowler-Stevenson were in attendance for this item.

Miss Taylor advised that the purpose of the report was for the Committee to endorse updates to the policy on Remission and Postponement of Rates on **Māori Freehold Land** following the enactment of the Local Government (Rating of Whenua Maori) Amendment Act 2021.

The Committee noted that Council has an existing Policy on Remission and Postponement of Rates on **Māori Freehold Land** which enables Council to consider remitting up to 100% of rates (excluding service rates like water/sewerage/rubbish) on **Māori** freehold land where the land is not occupied by a dwelling, out-building or commercial building; and not used for economic benefit.

Miss Taylor also advised that in early 2021 legislation was passed amending the Local Government Act 2002 and the Local Government (Rating) Act 2002 to (among other things):

- make unused **Māori freehold land** and land that is subject to a Nga Whenua Rahui Kawenata (conservation covenant) non-rateable from 1 July 2021
- provide Council with the ability to write off rates arrears on unused **Māori freehold** land from 1 July 2021
- provide that, from 1 July 2022, the Council's policy on the remission and postponement of rates on **Māori freehold land** must support the principles set out in the Preamble to Te Ture Whenua Maori Act 1993
- require Council to consider applications for remission of rates on **Māori freehold land** under development
- **enable individual homeowners of Māori land to be rated separately**
- enable multiple land blocks from one parent block of Maori land to be treated as one rating unit.

Resolution

Moved Cr Duffy, seconded Cr Keast and resolved:

That the Finance and Assurance Committee:

- a) **receives the report titled "Update to policy on remission and postponement of rates on Maori freehold land " dated 9 June 2022.**
- 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) agrees to endorse the draft Policy on Remission and Postponement of Rates on **Māori Freehold Land incorporating the amendments detailed in attachment B of the officer's report.**
- e) agrees to recommend to Council that Council adopt the amended draft Policy on Remission and Postponement of **Rates on Māori Freehold Land.**
- f) notes that a comprehensive review of the Policy on Remission and **Postponement of Rates on Māori Freehold Land policy will be carried out within** the next 12 months to explore what opportunities exist to further promote the principles in the Preamble to the Te Ture Whenua Maori Act 1993 around the retention, use, development, and control of Maori land as taonga tuku iho by Maori owners, their whanau, their hapu, and their descendants, and that protects wahi tapu.

#### 7.12 External Credit Rating discussion

Record No: R/22/6/21638

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

Miss Robson advised that the purpose of the report was to consider if Council should proceed to obtain a credit rating in order to access better borrowing rates from the Local Government Funding Agency.

Resolution

Moved Cr Douglas, seconded Cr Duffy and resolved:

That the Finance and Assurance Committee:

- a) **receives the report titled “External Credit Rating discussion” dated** 10 June 2022.
- 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 reason for obtaining a credit rating is to access lower borrowing costs from the Local Government Funding Agency
- e) agrees that there needs to be a cost benefit to Council after considering Councils administration costs, to proceed with obtaining a credit rating

- f) acknowledges that the financial breakeven point of obtaining a credit rating is dependent on the rating obtained by Council from the credit agency
- g) agrees not to proceed with obtaining a credit rating at this time given the level of borrowings that would remain over the term of the 2021-31 Long Term Plan that would be subject to the credit rating and noting the removal of 3 waters borrowings from this calculation.

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 Insurance Renewal (for the year 1 July 2022 to 30 June 2023)

C8.2 Fund Manager Appointment

C8.3 Follow up audit action points

C8.4 Milford Opportunities Project - Stage 2

C8.5 Approved unbudgeted expenditure impact on rates and district operations reserve

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 2022 to 30 June 2023)	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.
Fund Manager Appointment	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.  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).	
Follow up audit action points	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	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 - Stage 2	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.
Approved unbudgeted expenditure impact on rates and district operations reserve	s7(2)(g) - maintain legal professional privilege.	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 Marsh NZ principal broker, commercial and corporate – Christianne Peacock and Client executive and leader FINPRO – Reece Johns be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.1 Annual Insurance Renewal (for the year 1 July 2022 to 30 June 2023). 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 PWC partner – Brett Johanson and PWC director – Teresa Brandts-Giesen be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.2 Fund Manager Appointment. 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 12noon.

(Councillor Kremer left the meeting at 12noon.)

(Councillor Byars left the meeting at 12.05pm and returned at 12.08pm.)

(The meeting adjourned for lunch at 12.37pm and reconvened at 1.05pm.)

(Mayor Tong, Chair Robertson and Councillors Byars, Douglas, Duffy, Keast and Scott were present when the meeting reconvened.)

(Councillor Byars left the meeting at 1.28pm.)

(The meeting adjourned for afternoon tea at 3.35pm and reconvened at 3.44pm.)

(Mayor Tong, Chair Robertson and Councillors Douglas, Duffy, Keast and Scott were present when the meeting reconvened.)

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 4.44pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A  
MEETING OF THE FINANCE AND ASSURANCE  
COMMITTEE HELD ON WEDNESDAY 15 JUNE 2022.

DATE:.....

CHAIRPERSON:.....