
REVIEW OF FINANCE AUDIT AND RISK TERMS OF REFERENCE

Purpose of Report

To present to Council the Finance Audit and Risk Committee Terms of Reference review report.

Recommendations

Officers recommend that Council:

1. *Receive the Finance Audit and Risk Committee (FA&R) Terms of Reference review report.*
2. *Agree the proposed changes to the FA&R Terms of reference including appointment of an independent member (non-voting).*
3. *Agree to appoint Chris (Kit) Nixon as the independent member of the FA&R committee for the triennium.*

1. Background

Officers presented a paper to the FA&R Committee meeting in December 2019 with recommendations for the review of the FA&R terms of reference.

One of the focuses of the new Mayor and Council is to be more transparent with Council's meeting processes. After discussion between the Mayor, CEO, FA&R Chair and Group Manager Corporate Support it is proposed that Council appoint an independent member of the FA&R committee for the first time.

2. Executive Summary

This paper explains the process conducted to choose the proposed candidate as an independent member of the FA&R committee and requests Council approves this appointment as recommended by FA&R. The preferred candidate is Kit Nixon.

2.1 Process

Cr Hay (Chair, FA&R Committee) and the Group Manager Corporate Support (GMCS) reviewed a list of eight potential candidates from across the South Wairarapa. Consideration was also given to any perceived bias, availability to attend meetings and read committee papers, and willingness to work in a voluntary capacity.

The FA&R Chair sought advice from Dr Mike Reid, Principal Policy Advisor, Local Government New Zealand (LGNZ) and Harry Wilson, CEO, SWDC regarding the most important criteria for this role. Officers also researched job descriptions (JDs) and person specifications (PSs) used by other local authorities for similar roles.

From this the attached JD and PS were developed (see Appendix 3) .

Dr Reid indicated that many councils appoint external people from outside of the region, but it was felt we had people within our region with the correct skills and availability to assist in this role.

In addition, an external appointee from outside the region would have financial implications which were not budgeted for e.g. travel costs and possibly accommodation.

On that basis the final two candidates met with the GMCS and FA&R Chair. Their CV's were also reviewed by the CEO and Mayor. The CEO and Mayor then met with the preferred candidate.

Finally, the preferred candidate was invited to an informal function to meet all Councillors who were able to attend.

2.2 Guidelines from LGNZ

Having an external appointee not only brings additional skills to the committee that would not normally be available but also brings a degree of independence. The appointment of external people needs to be made by full Council. If it is decided that an external appointment will be made, then consideration must be given to how Council will select its external appointees. While a local chartered accountant may be well known in the community does that person have the appropriate skills in local governance matters?

It is recommended that an external appointee have the following experience:

- financial reporting (which should be emphasised in public entities with more complex financial reporting requirements);
- broad governance experience;
- familiarity with risk management disciplines (identification, evaluation and management);
- understanding of internal control and assurance frameworks;
- a good understanding of the roles of internal and external audit;
- industry or sector expertise;
- the ability to explain technical matters in their field to other members of the audit committee

2.3 Preferred Candidate

The preferred candidate is Chris (Kit) Nixon from Greytown. Although Kit is not a chartered accountant or lawyer as some independent members are, he does have considerable experience in senior management, CEO roles and Directorships. He also spent time working in the local government sector in the Hawkes Bay from 1991 to 2002.

For these reasons, he is considered a suitable candidate for the role and it is recommended by the FA&R committee that Council approves this appointment.

2.4 Payment for Services

This is a voluntary position with no payment. There will however be reimbursement (at Inland Revenue Department rates - currently 79 cents per km) for travel to and from meetings. Consideration on whether payment for services needs to be made will be reviewed annually by FA&R Committee. If it is determined this should be a paid position, then budget needs to be provided in the Annual Plan to cover this.

2.5 Confidentiality Agreement

It was agreed a confidentiality agreement should be signed by the independent member. A draft is attached for information purposes. This incorporates the changes recommended by the FA&R committee.

3. Appendices

Appendix 1 – Finance Audit and Risk Committee (FA&R) Terms of Reference

Appendix 2 – Local Government Audit & Risk Management (Philip Jones paper for LGNZ)

Appendix 3 – Proposed Job Description and Person Specification for Independent Member of FA&R

Appendix 4 – Confidentiality agreement – independent member

Contact Officer: Jennie Mitchell, Group Manager Corporate Support

Reviewed by: Harry Wilson, Chief Executive Officer

Appendix 1 – Finance Audit & Risk Committee Terms of Reference



FINANCE, AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE

Reports to:	Council
Chairperson:	Cr Leigh Hay (appointed by the Mayor)
Membership:	Six councillors including the chair
Appointments 19-22:	Cr Leigh Hay, Cr Pam Colenso, Cr Garrick Emms, Cr Brian Jephson, Cr Brenda West and Cr Ross Vickery
Non-voting member:	One external independent member appointed by the Chair in consultation with the Mayor and Chief Executive. The independent member is not a voting member of the Committee.
Meeting Frequency:	Quarterly Extraordinary meetings may be held
Quorum:	Three members (half the members)

1. Purpose

The purpose of the Finance, Audit and Risk Committee is to provide independent assurance and assistance to the Council on SWDC's risk, control and compliance framework, and its external accountability responsibilities.

2. Delegations

- To obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information);
- To discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- To request the attendance of any employee, including the Chief Executive, at meetings; and
- To obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at SWDC's expense.

3. Membership

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of SWDC. It is preferable that at least one member of the Committee should have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

4. Role and responsibilities

The Committee is directly responsible and accountable to the Council for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of SWDC rests with the Chief Executive.

4.1 Risk management

The Committee responsibilities are to:

- review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of SWDC financial and business risks, including fraud;
- review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- review the effect of SWDC's risk management framework on its control environment and insurance arrangements;
- review whether a sound and effective approach has been followed in establishing SWDC's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically; and
- review SWDC's fraud control plan and satisfy itself that SWDC has appropriate processes and systems in place to capture and effectively investigate fraud-related information.

4.2 Control framework

The Committees responsibilities are to:

- review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisers, is sound and effective;
- review whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated;
- determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with;
- review whether appropriate policies and procedures are in place for the management and exercise of delegations;
- consider how management identifies any required changes to the design or implementation of internal controls; and

- review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

4.3 External accountability

The Committees responsibilities are to:

- review the financial statements and provide advice to the Council and Chief Executive (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their signing by the Chief Executive and Mayor;
- satisfy itself that the financial statements are supported by appropriate management sign-off on the statements and on the adequacy of the systems of internal controls;
- review the processes in place designed to ensure that financial information included in SWDC annual report is consistent with the signed financial statements;
- satisfy itself that SWDC has appropriate mechanisms in place to accurately report legislated service performance information;
- satisfy itself that SWDC has appropriate mechanisms in place to review and implement, where appropriate, relevant external audit reports and recommendations; and
- satisfy itself that SWDC has a performance management framework that is linked to organisational objectives and outcomes.

4.4 Legislative compliance

The Committees responsibilities are to:

- determine whether management has appropriately considered legal and compliance risks as part of SWDC's risk assessment and management arrangements; and
- review the effectiveness of the system for monitoring SWDC's compliance with relevant laws, regulations, and associated government policies.

4.5 Internal audit

The Committees responsibilities are to:

- act as a forum for communication between the Chief Executive, senior management, and internal and external auditors;
- review the internal audit coverage and annual work plan, ensure that the plan is based on SWDC's risk management plan, and recommend approval of the plan by the Council;
- advise the Council on the adequacy of resources to carry out the internal audit, including completion of the approved internal audit plan;
- oversee the co-ordination of audit programmes conducted by the internal and external auditors and other review functions;

- review all audit reports and provide advice to the Council on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice;
- monitor management's implementation of the internal auditor's recommendations;
- review the internal audit charter to ensure that appropriate organisational structures, authority, access, and reporting arrangements are in place;

4.6 External audit

The Committees responsibilities are to:

- act as a forum for communication between the Chief Executive, senior management, and internal and external auditors;
- provide input and feedback on the financial statements and the audit coverage proposed by the external auditor, and provide feedback on the audit services provided;
- review all external plans and reports for planned or completed audits and monitor management's implementation of audit recommendations;
- oversee the co-ordination of audit programmes conducted by the internal and external auditors and other review functions: and
- provide advice to the Council and CEO on action taken on significant issues raised in relevant external audit reports and good practice guides.

4.7 Projects

- Review risk management plans for significant projects.

5. Administrative arrangements

5.1 Meetings

A special meeting may be held to review SWDC's annual report.

The Committee or members of will meet separately with both the internal and external auditors at least once a year.

5.2 Assessment arrangements

The chairperson of the Committee, in consultation with the Mayor and CEO, will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis unless otherwise determined by the Mayor with appropriate input sought from the Chief Executive, the internal and external auditors, management, and any other relevant stakeholders, as determined by the Mayor in discussion with the chairperson of the Committee.

5.3 Review of terms of reference

At least once every three years, the Committee will review their terms of reference. This review will include consultation with the Council and CEO. Any substantive changes to the terms of reference will be recommended by the Committee and formally approved by the Council.

**Appendix 2 –
Local Government Audit & Risk
Management (Philip Jones paper for
LGNZ)**

Local Government Audit & Risk Management

Prepared for Local Government New Zealand
Philip Jones, PJ & Associates





Biography Philip Jones Principal

Philip Jones has over 20 years of financial experience in the local government sector and brings a wealth of practical experience and knowledge. He is the Principal of PJ & Associates Financial and Asset Management Solutions and has been consulting to a variety of local government related organisations since June 2007 including advising management and governance. Between 1993–2007 Philip was the Chief Financial Officer and Group Manager Revenue and Finance for Western Bay of Plenty District Council (WBOPDC), Tauranga. Prior to joining WBOPDC he was a Business Services & Audit Manager with Coopers & Lybrand (now PricewaterhouseCoopers) in London, Tauranga and Hamilton. He is a respected trainer of elected members through Local Government New Zealand KnowHow courses.

Equip, LGNZ's Centre of Excellence, has developed this guide specifically for the local government sector. The Office of the Auditor General supports this initiative and has been consulted in the preparation of the guide.

< A local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region. >

Local Government Act 2002

This guide provides a brief overview of the purpose, form and function of an audit and risk committee. A template Audit & Risk Report is available by contacting Equip. Taken together this information is designed to offer guidance and support on the establishment, recruitment and initial operation of an audit and risk committee.

Further services are available from Equip to support the on-going operation of an audit and risk committee, also covering wider aspects of financial excellence. For more information please contact the Equip team.

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www.lgnz.co.nz/equip

Audit and risk management are essential functions of any governance body

An effective audit and risk committee will be based on the following attributes:

- it will have a degree of independence from Council and management which will enable the robust consideration of Council's financial and non-financial risks; and
- the audit and risk committee will consist of both elected and non-elected (external appointee) members who have an enquiring mind and are not afraid to ask the tough questions. The committee will encourage open and effective relationships with external and internal auditors and with management.

The importance of audit and risk from a governance perspective

The role of elected members is to set direction and context within which the administration can operate, to exercise stewardship of the community's assets for today and the future, and to manage risk, promote transparency and strengthen accountability.

It is the role of governance to ensure the integrity and reliability of financial reporting which are cornerstones of transparency and accountability. Auditing does assist in that process.

In all actions there are risks, financial and non-financial. These risks must be identified, mitigated and then managed. This is the role of management. The role for governance is to gain an assurance that there is a robust process to manage risks appropriately.

< One of the roles of an audit and risk committee is to ensure that debt and investments are correctly managed within appropriate policy limits. >

Why audit and risk committees are necessary

The Local Government Act 2002 (LGA) requires¹ a local authority to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

The LGA also states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

Whenever local government undertakes action to support their intended outcomes, there will always be risk. These risks cannot be avoided but must be identified and managed. The role of an audit and risk committee is to use good governance skills to gain an assurance that the risks have been identified and where possible have been mitigated. An audit and risk committee is the ideal structure to achieve this.

Monitoring of risk management can be an onerous task for some individual Councillors, and while some of these activities can be delegated to the Chief Executive, particularly where these relate to the actions supporting the Council's direction, it is the Council's role to ensure that there are effective controls in place to ensure that the Council meets both legislative requirements and community expectations.



¹ Section 101 (1) Local Government Act 2002.

Audit and risk committees have a valuable contribution to make in improving the governance, performance and accountability of all local authorities. They can play an important role in examining the Council's policies, processes, systems, and controls to improve its financial management.

Large projects or projects that are not part of 'business as usual' can increase the risk to Council. Local authorities have a number of complex and sometimes technically challenging areas to consider. Audit and risk committees² provide a process in which those challenging areas can be given due attention by competent people.

It is important the audit and risk committee is not just focused on one area of risk, but considers all Councils risks both financial and non-financial.

As an example of financial risk, a significant number of Councils have debt and investments which can expose them to additional risk if not correctly managed. One of the roles of an audit and risk committee is to ensure that debt and investments are correctly managed within appropriate policy limits.

An audit and risk committee can provide expertise in meeting these requirements by bringing a clarity of purpose by focusing a selected group including existing Councillors on the relevant risks.

Areas of focus for an audit and risk committee

An audit and risk committee in a local government setting has four key areas of focus:

1. Financial reporting including the following
 - I. long term planning including the financial strategy;
 - II. appropriateness of accounting policies;
 - III. annual report; and
 - IV. internal report (monthly and/or quarterly).
2. Risk management and the system of internal controls
 - I. setting the Council's appetite for risk;
 - II. understanding the key risk areas including likelihood and consequences;
 - III. effectiveness of internal controls; and
 - IV. fraud risk and procurement risk.
3. External audit³
 - I. relationship with auditor;
 - II. understanding scope and engagement;
 - III. review significant audit findings/recommendations; and
 - IV. monitor progress on recommendations.
4. Internal audit⁴
 - I. appointment and relationship with internal auditor;
 - II. scope of work; and
 - III. responses to internal audit recommendations.

An audit and risk committee will also be responsible for maintaining and considering its own effectiveness. It must ensure that there are robust processes in place to ensure effective communication with both the full Council and management.

An effective audit and risk committee will ensure that there are adequate internal policies in place that are implemented for compliance with all legislative requirements local authorities face.



Setting up the audit and risk committee

When deciding to form an audit and risk committee there are a number of considerations that need to be considered by Council. The committee or subcommittee can only be established by the Council.

The first step is to establish the role and responsibility of the audit and risk committee.

Once the roles and responsibilities of the audit and risk committee have been established then the form and function of the committee must be agreed by the full Council. For example, is it a committee reporting directly to Council or is it a subcommittee of the finance committee?

The next step is to select the membership of the committee. Considerations will include the number of elected members and external appointees. Having an external appointee not only brings additional skill to the committee that would not normally be available but also brings a degree of independence. The skills required are set out later in this paper. The appointment of external people needs to be made by full Council.

If it is decided that an external appointee(s) will be made then consideration must be given to how Council will select its external appointees. While a local chartered accountant may be well known in the community does that person have the appropriate skills in local governance matters?

What delegations will be given to the committee? Will they be able to appoint internal⁵ auditors without reference to full Council? A sample of delegations are set out later in this paper.

Managing risk

The management of risk is the process of identifying, mitigating where possible and monitoring all risks whether financial or non-financial. Good risk management also means effective communication with those who are managing and monitoring risks.

Risk management is important in helping managers to achieve objectives by addressing any threats to the achievement of these objectives. It assists in decision-making and in identifying opportunities for continuous improvement. Risk management is integral to public sector management and sound corporate governance and improves accountability for decision-making. Although it is only one of an audit and risk committee's wider functions, effective risk management is a vital responsibility that audit committees should always consider.

Risk management processes need to be ongoing and embedded in the culture. There should be the potential to re-adjust the organisation around performance improvement.

The governance responsibilities with respect to risk management and internal control can be summarised as follows:

- establish a 'tone at the top' that promotes a risk-aware culture;
- set the Council's risk approach;
- be informed as to the measures that management is taking in relation to significant risks;
- ensure that the Council has appropriate processes for identifying, assessing and responding to risks in accordance with the Council's risk approach, and that those processes are operating effectively; and
- ensure that the Council's activities are effectively controlled so that management's risk responses and policies are carried out as planned towards the achievement of the Council's objectives.

While establishing an appropriate 'tone at the top', setting the Council's approach to risk and monitoring the strategic risks facing the Council are responsibilities that is with Council, many of the other responsibilities with respect to risk management and internal control can be delegated to the audit and risk committee.

² As authorised by Schedule 7 Local Government Act 2002.

³ The external auditor is appointed by the Office of the Auditor General, therefore the appointment of the external auditor is not a function of the audit and risk committee.

⁴ Internal audit is concerned with evaluating and improving the effectiveness of risk management, control and governance processes in an organisation.

⁵ Internal Auditors.

Roles and responsibilities

Set out below are some of the items that could be considered as part of a charter for an audit and risk committee:

- satisfying itself about the existence and quality of cost-effective internal control and risk management systems, and the proper application of processes;
- monitoring existing corporate policies and recommending new corporate policies to prohibit unethical, questionable or illegal activities. This also includes a reviewing/monitoring role of the documentation of all policies and procedures;
- monitoring the Council's external and internal audit process;
- engaging with Council's external auditors regarding the external audit work programme and agreeing the terms and arrangements of the external audit;
- reviewing the effectiveness of the annual audit and 10-year plan audit;
- monitoring management responses to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented;
- reviewing the effectiveness of the risk assessment/management policies and processes;
- ensuring the independence of Council's internal audit processes;
- monitoring the delivery of the internal audit work programme; and
- engaging with internal and external auditors on any specific one-off audit assignments.

Councils can ensure the operation of an effective internal audit function by:

1. identifying areas of risk for an internal audit focus;
2. approving and reviewing internal audit work programmes;
3. ensuring that the internal auditor has adequate resources and skills to undertake the work and is not subject to undue management influence; and
4. approving the appointment of the internal auditor⁶ and internal audit engagement letter and letter of undertaking.

While often the external auditor will have a relationship with management, it is important that the elected members also have a relationship with the external auditor to build confidence that the auditor can raise issues directly with the elected members, ensuring good accountability.

⁶ Only if this is an external appointee, if the internal auditor is an internal employee then there needs to be a protocol allowing the internal auditor to report directly to the audit and risk.

< It's the little details that are vital. Little things make big things happen. >

**Top US basketball coach
John Wooden**



Example of skills required for audit and risk committee

For an 'advisory-oriented' audit and risk committee, particular emphasis should be placed on strategy, performance management and associated risk management disciplines.

In determining the composition of the audit and risk committee, the combined experience, skills, and personal qualities of audit and risk committee members is critical. Members should bring:

- the ability to act independently and objectively;
- the ability to ask relevant and pertinent questions, and evaluate the answers;
- the ability to work constructively with management to achieve improvements;
- an appreciation of the public entity's culture and values, and a determination to uphold these;
- a proactive approach to advising the governing body and Chief Executive of matters that require further attention;
- business acumen; and
- appropriate diligence, time, effort and commitment.

It is recommended that an external appointee have the following experience:

- financial reporting (which should be emphasised in public entities with more complex financial reporting requirements);
- broad governance experience;
- familiarity with risk management disciplines (identification, evaluation and management);
- understanding of internal control and assurance frameworks;
- a good understanding of the roles of internal and external audit;
- industry or sector expertise; and
- the ability to explain technical matters in their field to other members of the audit committee.

Examples of delegations

The audit and risk committee shall have the following delegated powers and be accountable to Council for the exercising of these powers.

In exercising the delegated powers, the audit and risk committee will operate within policies, plans, standards or guidelines that have been established and approved by Council, the overall priorities of Council, the needs of the local communities and the approved budgets for the activity.

The audit and risk committee shall have delegated authority to approve the appointment of the internal auditor of risk management and internal audit programmes, audit engagement letters and letters of undertaking for audit functions and additional services provided by the external auditor.

The audit and risk committee can conduct and monitor special investigations in accordance with Council policy, including engaging expert assistance, legal advisors or external auditors, and, where appropriate, recommend action(s) to Council.

The audit and risk committee can recommend to Council:

- adoption, or non-adoption of completed financial and non-financial performance statements;
- governance policies associated with Council's financial, accounting, risk management, compliance and ethics programmes, and internal control functions;
- accounting treatments, changes in generally accepted accounting practice; and
- new accounting and reporting requirements.

The chairperson of the audit and risk committee shall have delegated authority to approve the letter of engagement for the external appointee to the audit and risk committee.

Power to delegate

The audit and risk committee may not delegate any of its responsibilities, duties or powers.



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Appendix 3–
Proposed Job Description and Person
Specification for Independent Member
of FA&R



Job Description Independent Member (non-voting) Finance Audit and Risk Committee

1. To be involved in exercising the functions of the Finance Audit and Risk Committee as stated in the Terms of Reference.
2. To contribute to decisions in accordance with the Terms of Reference.
3. To comply with relevant legislation, delegated authority, confidentiality and any relevant policies and procedures.
4. To ensure that all financial matters including audit (internal and external) are properly and effectively undertaken.
5. To provide expert and independent professional advice to other committee members.
6. To use such personal and professional skills together with such contacts, experience, judgement, integrity and independence to optimise both the short-term and long-term financial performance of SWDC.
7. To exercise reasonable care, diligence and skill taking into account when making decisions or carrying out the responsibilities of the Committee.
8. To foster good working relationships.
9. To avoid situations in which a direct or indirect interest exists that conflicts, or possibly may conflict, with the interests of the Council.
10. To attend all Committee meetings unless prevented by exceptional circumstances.

Time Commitments / Expectations

- Attendance at scheduled committee meetings
 - Minimum of 4 meetings per year (maximum of 2-3 hours duration)
- Preparation for committee meetings
 - Reading of reports
 - Requesting/considering additional information



Person Specification Independent Member Finance Audit and Risk Committee

Essential skills, Knowledge and Experience:

- Relevant tertiary qualifications and/or work experience in the areas of finance, audit (internal and external), treasury management, health and safety, and risk management.
- Senior management local government experience combined with governance and procurement experience with a range of Local Governments.
- Good knowledge of the relevant legislative and regulatory requirements.
- Able to understand financial reports including understanding of internal control and assurance.
- Good understanding of internal and external audit.
- Familiarity with risk management disciplines (identification, evaluation, mitigation and management).
- Ability to think independently and objectively.
- Ability to make long and short term sound analytical and financial decisions based on all information available.
- Have good business acumen and appropriate diligence, time, effort and commitment.
- Proven ability to foster and maintain good relationships with the CE, other committees, management, staff, internal and external auditors.
- Ability to actively participate as part of the committee and work productively and openly to raise and resolve issues and to achieve results.
- Willingness and the ability to ask relevant and pertinent questions and to evaluate the answers.
- Has a proven track record in terms of high business ethics, sound judgement and common sense.
- Maintains confidentiality.

Preferred Skills, Knowledge and Experience:

CEO of mid - large successful NZ company, Director, Member of The Institute of Directors
Experience with Local Government.

**Appendix 4 – Confidentiality
agreement – independent member of
Finance Audit & Risk**



CONFIDENTIALITY AGREEMENT

BETWEEN: **South Wairarapa District Council**
(hereinafter referred to as "the Council")

AND: **Christopher (Kit) Nixon**
(hereinafter referred to as "the Independent Member")

1. PURPOSE OF THE AGREEMENT

- 1.1 The Independent Member (IM) shall act as an independent member of the South Wairarapa District Council Finance Audit and Risk Committee (FA&R) (the Committee).

2. TERM OF THE AGREEMENT

- 2.1. This agreement will commence on 5 February 2020 and shall remain in force until the local government elections in October 2022, unless terminated earlier in accordance with the provisions of this agreement.
- 2.2. Either party may terminate this agreement at any time during its term, by giving 1 months' written notice of termination to the other party.
- 2.3. In the case of wilful breach, non-observation or non-performance by the IM of any provision herein, the Council shall have the immediate right to cancel this agreement.

3. PAYMENT

- 3.1. The role is voluntary and no payment for time will be made to the IM.
- 3.2. The IM may be reimbursed for travel to and from FA&R meetings at the current Inland Revenue vehicle mileage rates.

4. CONDUCT

- 4.1. The IM shall conduct their business at all times in accordance with the highest standards of professionalism and behaviour, to maintain the Council's reputation.
- 4.2. The IM shall at all times comply with the Code of Conduct for Council and Community Board Members and other applicable policies and procedures.

5. CONFIDENTIALITY

- 5.1. Commercial and personal information and material regarding the Council's business which the IM comes into contact with is confidential to and the commercial property of the Council.
- 5.2. During this agreement or after the termination of the agreement, the IM will not disclose to any unauthorised person any confidential information relating to the Council's operations acquired by him in the course of exercising his responsibilities under this agreement.
- 5.3. Upon termination of the agreement or at any time at the Council's request, the IM will return to the Council all of the Council's property, including client lists, project specifications and the like.

6. CONFLICT OF INTEREST

- 6.1. During this term of agreement, the IM shall not enter into any other contract for services, contract of employment or business interest which may conflict with their obligations under this agreement without the Council's express prior written agreement.

7. COPYRIGHT

- 7.1. Unless the Council otherwise directs in writing, the Council shall have the title to and ownership of any copyright in all papers, submissions, ideas, suggestions and other materials and things which are expressly developed, prepared, submitted or brought into existence by the IM for or in connection with the IM's performance of this agreement.

8. HEALTH AND SAFETY

- 8.1. The IM agrees to comply with any health and safety requirements of the Council, the Health and Safety at Work Act 2015 and the Health and Safety at Work (General Risk and Workplace Management) Regulations 2016 while providing services to the Council both on and off the Council's premises.
- 8.2. The IM agrees to take all reasonable steps to ensure the safety of themselves and any other person on the Council's premises. All hazards identified by the IM must be reported to the Council so that appropriate action may be taken.

SIGNED:

DATE:

**Harry Wilson, CEO
South Wairarapa District Council**

SIGNED:

**Christopher Nixon, Independent Member
SWDC Finance Audit & Risk Committee**

DATE:



DRAFT