



FINANCE, AUDIT AND RISK COMMITTEE

Minutes from 11 December 2019

Present:	Councillors Leigh Hay (Chair), Pam Colenso, Garrick Emms, Ross Vickery, Cr Jephson (from 10:00am) and Mayor Alex Beijen.
In Attendance:	Jennie Mitchell (Group Manager Corporate Support, Katrina Neems (Finance Manager), Nigel Carter (Health and Safety Advisor), Suzanne Clark (Committee Advisor) and for part only Harry Wilson (Chief Executive Officer).
Conduct of Business:	The meeting was held in the Supper Room, Waihinga Centre, Texas Street, Martinborough and was conducted in public between 9:02am and 10:39am except where expressly noted.

Open Section

A1. Apologies

FINANCE, AUDIT AND RISK RESOLVED (FAR2019/37) to accept apologies from Cr Brian Jephson and Cr Brenda West.

(Moved Cr Colenso/Seconded Cr Vickery)

Carried

A2. Conflicts of Interest

There were no conflicts of interest declared.

A3. Public Participation

There was no public participation.

A4. Actions from Public Participation

There were no actions from public participation.

A5. Extraordinary Business

There was no extraordinary business.

DISCLAIMER

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A6. Minutes for Receipt

FINANCE, AUDIT AND RISK RESOLVED (FAR2019/38) to receive the Finance, Audit and Risk Committee minutes from the meeting held 28 August 2019.

(Moved Cr Colenso/Seconded Cr Vickery)

Carried

A7. Notices of Motion

There were no notices of motion.

B Decision Reports from Chief Executive and Staff

B1. Terms of Reference for Review and Approval Report

Member discussed the move towards increased transparency and the proposal to appoint an independent member to the FAR Committee to ensure robustness of Council decision making including the public excluded meeting process, and the process undertaken to identify suitable independent member candidates with Council officers.

Ms Mitchell discussed the terms of reference with members and noted amendments to the independent member's confidentiality agreement.

FINANCE, AUDIT AND RISK RESOLVED (FAR2019/39):

1. To receive the Finance Audit and Risk (FAR) Committee Terms of Reference Review Report.

(Moved Cr Emms/Seconded Mayor Beijen)

Carried

2. To agree the proposed changes to the FAR Terms of Reference including appointment of an independent member (non-voting).

(Moved Cr Vickery/Seconded Cr Emms)

Carried

3. To recommend to Council that Chris (Kit) Nixon be appointed as the independent member of the FAR Committee for the 19-22 triennium.

(Moved Cr Colenso/Seconded Mayor Beijen)

Carried

4. Action 243: Arrange for FAR Committee members to meet Chris Nixon before the next FAR Committee meeting; Cr Hay

5. Action 244: Make corrections to the proposed Independent Member's Confidentiality Agreement as discussed (includes 2.3, 3.1, 5.2, 5.3); J Mitchell

B2. Amendment to Financial Delegations Policy Report

Ms Mitchell advised that the unplanned expenditure section of Appendix 1 should be corrected to \$100,000 from \$10,000 for both capital expenditure emergency works and other works and that this should include the use of reserve funds. CEO delegation to approve the use of reserves funds, for their specified purpose, without seeking Council approval to do so, and conditions for use of this delegation was discussed.

FINANCE, AUDIT AND RISK RESOLVED (FAR2019/40):

1. To receive the Amendment to Financial Delegations Report.

(Moved Cr Colenso/Seconded Cr Emms)

Carried

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2. To recommend that Council approve the changes to Policy O200 Financial Delegations with amendments to the unplanned expenditure delegations as agreed

(Moved Cr Hay/Seconded Cr Vickery)

Carried

3. Action 245: Review the relevant policies to establish a process for when use of the reserve funds would cause the fund to enter a negative balance; J Mitchell

C Information and Verbal Reports from Chief Executive and Staff

C1. Corporate Services Report

Ms Mitchell discussed the financial accounts, rates arrears and direct debit payments, delayed Citycare invoicing, balance of cash flow versus short term deposit income, Council grant allocations yet to be claimed, underspent capital expenditure and Council shareholdings with members.

Members discussed handling of investments exceeding the 30% threshold in any one financial institution (as per Council's Investment Policy) and agreed that the risk of going slightly over the threshold was minor, that the situation was always temporary, that provision for flexibility was important, and that officers should continue to report any instances where the threshold is breached.

Cr Jephson joined the meeting.

FINANCE, AUDIT AND RISK RESOLVED (FAR2019/41):

1. To receive the Corporate Services Report.
(Moved Cr Emms/Seconded Cr Vickery) Carried
2. To note the management responses to issues raised in the audit report.
(Moved Cr Emms/Seconded Cr Colenso) Carried
3. Action 246: Review the Investment Policy in June 2020, specifically noting the opportunity to review investment opportunities to get a higher return versus a higher level of risk; J Mitchell

C2. Review of Operational and Strategic Risks Report

Ms Mitchell discussed risks with members noting that water availability required reassessment, that the Waihinga Centre risk could be closed, that a clean and safe water supply risk needed to be added to the strategic risk register, and the Bonny Glen landfill risk.

Members agreed that the Committee should review both the strategic and operational risks at this point in time.

Cr Vickery left the meeting at 10:19am.

Cr Vickery returned to the meeting at 10:20am.

Mayor Beijen left the meeting at 10:23am.

Ms Mitchell discussed changes in the insurance market and members agreed that an insurance representative should brief all councillors.

Mayor Beijen returned to the meeting at 10:31am.

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FINANCE, AUDIT AND RISK RESOLVED (FAR2019/42):

1. To receive the Risk Register Report.
2. To agree updates to the Operational and Strategic risks for South Wairarapa District Council.
3. To agree to review the risk register at every meeting.
(Moved Cr Colenso/Seconded Cr Jephson) Carried
4. Action 247: Circulate a working draft of revised strategic risk register as well as an operational risk register to FAR members; J Mitchell
5. Action 248: Find out the background to the Bonny Glen landfill risk and update FAR Committee members; H Wilson

C3. Audit NZ Audit Report and Management Responses

Mr Wilson explained the Audit NZ role and noted that SWDC was in good financial shape. Members discussed ratepayer surveys and targets, the upgrade of consenting systems, earlier review of the Sensitive Expenditure Policy and the Procurement and Contract Management Policy.

FINANCE, AUDIT AND RISK RESOLVED (FAR2019/43):

1. To receive the Audit NZ Annual Audit Report.
(Moved Cr Emms/Seconded Cr Vickery) Carried
2. To note the recommendations and management responses contained within the report.
(Moved Cr Colenso/Seconded Cr Vickery) Carried
3. Action 249: Review the Sensitive Expenditure Policy in March 2020 to ensure best practice guidelines are followed; J Mitchell
4. Action 250: Review the Procurement and Contract Management Policy in March 2020 to ensure it covers all procurement and management activities; J Mitchell

Confirmed as a true and correct record

.....(Chair)

.....(Date)

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