

SOUTH WAIRARAPA DISTRICT COUNCIL

22 JULY 2020

AGENDA ITEM B2

RECOMMENDATIONS FROM FINANCE, AUDIT AND RISK COMMITTEE

Purpose of Report

To provide an opportunity for members to consider recommendations received from other committees.

Recommendations

Officers recommend that the Council:

1. *Receive the Recommendations from Other Committees Report.*
2. *That the following recommendation from Committees be considered:*

Recommendations from Finance, Audit and Risk Committee	Resolution Number
1. To recommend to Council to approve the changes to Policy 0200 Financial Delegations subject to amendments as discussed.	FAR2020/08

Officers Recommendations

1. To recommend that changes giving financial delegations to committees to approve unbudgeted works and use of Reserves be deferred and form part of a wider terms of reference review.

1. Background

1.1 Delegations Policy

The report and associated Policy relating to recommendation FAR2020/08 are included in the agenda for the Finance, Audit and Risk Committee meeting held 24 June 2020.

Amendments reviewed by the Committee have been accepted with the additional requested changes now shown as tracked changes in Appendix 1.

It was proposed that the Planning and Regulatory Committee and Assets and Services Committee have financial delegations for approving unbudgeted works and use of Reserves. This would require changes to the Committees' Terms of Reference. Officers reflected on this proposed change and believe there are implications that require further consideration and recommend this forms part of a broader review of the Committees Terms of Reference to be progressed in July and August.

The amended Financial Delegations Policy does not include changes giving Committees financial delegations or use of Reserves for unbudgeted expenditure.

The original report to the Committee can be found here: [Finance Audit and Risk Committee meeting](#).

2. Appendices

Appendix 1 – Delegations Policy

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Appendix 1 – Delegations Policy



Financial Delegations Policy

1. Introduction

The South Wairarapa District Council (SWDC) Financial Delegations Policy sets out the delegations to the Chief Executive and staff of SWDC.

2. Financial Delegations

2.1 Council's authority to delegate to Officers comes from Schedule 7 Clause 32 of the Local Government Act 2002.

2.2 The matters Council cannot delegate are also listed in Clause 32 as follows:

- a. the power to make a rate; or
- b. the power to make a bylaw; or
- c. the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan; or
- d. the power to adopt a long-term plan, annual plan, or annual report; or
- e. the power to appoint a chief executive; or
- f. the power to adopt policies required to be adopted and consulted on under the Act in association with the long-term plan or developed for the purpose of the local governance statement; or
- g. the power to adopt a remuneration and employment policy.

2.3 Schedule 7 Clause 32(7) also states:

To avoid doubt, no delegation relieves the local authority, member, or officer of the liability or legal responsibility to perform or ensure performance of any function or duty.

The following section outlines financial delegations for the Chief Executive and sub-delegations to staff to approve transactions in a financial capacity.

2.4 Delegation of authority and authority limits

SWDC has specific responsibilities with regard to financial delegations of authority and authority limits.

2.5 Expenditure Delegations

The schedule of expenditure delegations to staff can be found in Appendix 1 of this policy.

All delegations in Appendix 1 are for expenditure that has been budgeted by Council in the Annual Plan (AP) or the Long Term Plan (LTP).

Once every three years, Council prepares an LTP, in the other two years an AP is prepared. References to delegations for the LTP in this policy relate to expenditure that has been approved in the **first year of the Long Term Plan (LTP)**.

Delegations for overspends/unbudgeted expenditure or use of Reserves in excess of approved Annual Plan or the Long Term Plan budgets can be found in Appendix 2 of this policy.

All transactions must comply with the SWDC Procuring Goods & Services Policy (M500).

- 2.6 The Chief Executive sub-delegates the authority to raise purchase orders and authorise invoices for budgeted expenditure to the Executive Leadership Team (ELT):
- 2.6.1 for payment to a maximum of \$100,000 to
 - Group Manager Planning and Environment (GMPE)
 - Group Manager Partnerships and Operations (GMPO) and
 - Chief Financial Officer (CFO)
 - 2.6.2 for payment to a maximum of \$50,000 to:
 - Policy and Governance Manager (PGM)
 - Human Resources and Corporate Services Manager (HRCSM)
 - Communications Manager (CM)
- 2.7 The Executive Leadership Team sub-delegates the authority to raise purchase orders and authorise invoices for payment as per the table in Appendix 1 to:
- Building Team Manager
 - Environmental Services Manager
 - Roading Manager (Ruamahunga)
 - Amenities and Solid Waste Manager
 - Senior Financial Accountant
 - Planning Manager
- 2.8 The Amenities and Solid Waste Manager sub-delegates to the Branch Librarians at Featherston, Greytown and Martinborough Libraries, the authority to purchase books for their Library to the value of \$1,000 per transaction. These purchases are Capital Expenditure.
- 2.9 The Council approves annual operational budgets for the Featherston, Greytown and Martinborough Community Boards and the Maori Standing Committee to use in accordance with their delegated authority and any relevant Council policies. The Council also approves capital budgets for the Community Boards to use in accordance with their delegated authority and any relevant Council policies. Purchase orders and invoices for Community Board and Maori Standing Committee expenditure will be approved by the Policy and Governance Manager or Chief Financial Officer based on resolutions from Community Board and Maori Standing Committee meetings.
- 2.10 **Variation of budgets**
- “Budget” means the sum represented by any stated item in relation to a significant activity in the Annual Plan or first year of the Long Term Plan budget adopted by the Council for that financial year.

The Chief Executive may vary the constituent sums that make up a budget where:

- a. the Chief Financial Officer and the CEO confirm that the variation can be appropriately funded or will be funded from savings made on other sums with the same budget; and
- b. the variation will allow the Department concerned to better achieve the purpose or purposes for which the budget was adopted.

2.11 Delegation Form and Specimen Signatures

All new Managers commencing in roles with financial delegations will complete and sign a Delegation form. This form provides a specimen signature for the Finance team and auditors. Originals of these forms will be held by the Accounts Payable Officer.

Temporary delegation forms will be completed where a person has been asked to “act” in a role for a period of more than one week while the incumbent is on leave. If a delegation form has not been completed then all expenditure will need to be authorised by the Manager one up from the person who is absent. For example, the CEO will sign on behalf of the GM Planning & Environment, the GMPE will sign on behalf of the Building Team Manager etc.

The Delegation form is attached as Appendix 4 of this policy.

2.12 Financial Management

The Chief Executive has delegated authority to manage SWDC finances within the Council approved annual budget. This includes:

- Opening and operating accounts with the Council’s selected bankers as necessary for the conduct of Council business
- Reviewing the services provided by the selected banker, opening and operating accounts with, and accepting banking services from, other registered banks (if and when required)
- Investing Council funds in accordance with investment policies, strategies, limits and security requirements
- Monitoring the circumstances of approved institutions and reporting back to Council should they be, or appear likely to be required to be, excluded from use for investment purposes

The Chief Executive can sub-delegate any of these powers and functions to the Chief Financial Officer.

2.13 Contracts

The Chief Executive is delegated authority to enter, sign, go to market, and vary contracts for the supply of goods or services on behalf of the Council to the value of \$500,000 that have been budgeted in the Annual Plan or Long Term Plan.

The Chief Executive has delegated authority to enter, sign, and go to market to vary programmed infrastructure renewal and maintenance contracts (\$500,000 or more) that have been budgeted in the Annual Plan or Long Term Plan.

All transactions must comply with the Procuring Goods & Services Policy (M500).

- 2.13.1 The Chief Executive sub-delegates the authority to enter, sign, go to market and vary contracts to a maximum of \$100,000 to:
- Group Manager Planning and Environment
 - Group Manager Partnerships and Operations and
 - Chief Financial Officer
- 2.13.2 The Chief Executive sub-delegates the authority to enter, sign, go to market and vary contracts to a maximum of \$50,000 to:
- Policy and Governance Manager
 - HR and Corporate Services Manager
 - Communications Manager

See Appendix 1 for further detail on the financial delegation limits for various transactions.

2.14 **Ruamahanga Roads**

On 1 July 2019, South Wairarapa District Council (SWDC) and Carterton District Council (CDC) entered into a joint contract to provide roading maintenance and capital works as part of a joint network covering the roads in both districts. The two roading teams will work as one to deliver this contract via the lead contractor Fulton Hogan. On a day to day basis, the SWDC Roading Manager may authorise roading works to occur within the Carterton District. Likewise, the CDC Senior Roading Officer may authorise roading works to be done in the South Wairarapa District. Delegated authority is given to these two positions up to \$75,000 for work covered by the joint contract. Anything over the delegated amount, or which is not covered by the joint contract, will be approved in line with normal delegation policies for each respective council. Records will be kept to ensure that expenditure on roading in one district is paid for by that district and that claims from NZTA for that district are received by that district. The purpose of this delegation is to ensure the smooth running of the roading shared service between SWDC and CDC known as Ruamahanga Roads.

2.15 **Wellington Water Limited**

On 1 October 2019, SWDC became a shareholder of Wellington Water Limited (WWL). This means that WWL carries out the day to day operating of SWDC's three waters networks. As part of this relationship the Service Level Agreement (SLA) with WWL provides for the following statutory powers to be delegated to WWL to enable them to manage the three waters networks

Exercise of Statutory Powers

- 2.15.1 Council by this agreement appoints the Chief Executive Officer of Wellington Water (CEO) as its officer and gives the CEO the following powers to exercise on the Council's behalf:
- 2.15.2 the general powers of entry given to a local authority by section 171 of the LGA 2002;

- 2.15.3 the powers given to a local authority in an emergency or where there is danger, by section 173 of the LGA 2002, provided Wellington Water notifies Council of the event as soon as possible; and
- 2.15.4 the powers in relation to construction of works on private land given to a local authority by section 181 of the LGA 2002.
- 2.15.5 Council (acting through its Chief Executive) shall delegate to Wellington Water and Wellington Water Personnel such further Statutory Powers as are necessary to enable Wellington Water to provide the Management Services.
- 2.15.6 The CEO may, subject to the terms of any delegation, delegate any of the powers set out in clause 2.15.1 and 2.15.7 to Wellington Water Personnel, other than the power to further delegate the power.
- 2.15.7 Council may, by separate written delegation, delegate additional powers to the CEO.
- 2.15.8 Council may from time to time issue initial or additional sealed warrants to Wellington Water Personnel identified by Wellington Water as suitable to hold a warrant as are required to enable Wellington Water to provide the Management Services.

2.16 **Payment Authorisation**

The Chief Executive or Manager responsible for an operational area may authorise payments for goods and services, provided these have been purchased in accordance with Council policy.

Any two of the following signatories must sign together to operate the Council's accounts, endorse cheques or other lodgements for credit or debit:

- Chief Executive
- Group Manager Planning and Environment
- Group Manager Partnerships and Operations and
- Chief Financial Officer
- Senior Financial Accountant
- Human Resources and Corporate Services Manager
- Governance and Policy Manager

All electronic funds transfers must be authorised by designated signatories, one of whom must include the Chief Financial Officer or the Senior Financial Accountant.

3. Chief Executive Delegations

Under section 42 (2) of the Local Government Act 2002, the Chief Executive has delegated authority and responsibility for:

- Implementing the decisions of the local authority;
- Providing advice to members of the local authority;
- Ensuring that all responsibilities, duties, and powers delegated to any person employed by SWDC, or imposed or conferred by an Act, regulation, or bylaw, are properly performed or exercised;
- Ensuring the effective and efficient management of the activities of SWDC;
- Maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the local authority;
- Providing leadership for the staff of SWDC;
- Employing the staff of SWDC; and
- Negotiating the terms or employment of the staff of SWDC.

3.1 Staffing Matters

All SWDC staff are employed by the Chief Executive.

3.2 Planning Documents

The Chief Executive has delegated authority to implement any proposal or matter included in a Long-Term Plan or Annual Plan that has been adopted by Council.

3.3 Delegation to facilitate Council borrowing generally

The Chief Executive has delegated authority to facilitate Council borrowing with recognised banking institutions including the Local Government Funding Authority (LGFA).

3.4 Delegation to the Chief Executive under Local Government Official Information and Meetings Act 1987

The Chief Executive has authority under the Local Government Official Information and Meetings Act 1987, to determine:

- Whether a request for information is to be refused; and/or
- Whether a charge is to be imposed
- Whether a request for information should be transferred.

3.5 Civil Defence Emergency Management

The Chief Executive has delegated authority for undertaking planning, operational and co-ordination measures to ensure effective and efficient use of resources before and during a state of civil defence emergency, including an overview of the Council's participation in the civil Defence Emergency Management Group.

The GMPO is the Response Manager in the event of a declared emergency.

The HRCSM is the Recovery Manager in the event of a declared emergency.

The Mayor has the authority to declare a civil emergency for the district if necessary.

4. **Affixing the Common Seal**

In accordance with Clause 32, Schedule 7 of the Local Government Act 2002, and the Common Seal Policy, authority is delegated to the Mayor and Chief Executive to authorise, sign and affix the Common Seal of Council to documents requiring the same.

This delegation extends to the Deputy Mayor in the Mayor or Chief Executive's absence.

5. **Finance Department Delegations**

The Finance function of SWDC is responsible for financial and accounting management, revenue and rates, and internal financial audits as well as internal IT systems.

5.1 **Fees and Charges**

The Chief Executive sub-delegates to the Group Manager Partnerships and Operations, the Group Manager Planning and Environment and the Chief Financial Officer authority to determine fees and charges for any of the Council's facilities and services and vary any of the fees and charges on reasonable grounds. Where fees for services are required to be consulted upon with ratepayers (e.g. Resource Management Act), the relevant Group Manager will make recommendations and approval will be granted by Council once the consultation process has been completed.

5.2 **Debts**

The Chief Executive sub-delegates to the Chief Financial Officer (CFO) authority to write-off bad debts as considered appropriate, subject to all reasonable steps having been taken to obtain recovery. The Chief Executive or CFO will report to the Finance Audit and Risk Committee any write-offs of rates debts and sundry debtor accounts over the value of \$5,000 for any one ratepayer or debtor.

5.3 **Rates**

Under Section 132 of the Local Government (Rating) Act (2002) the Council delegates the exercise of functions, powers or duties conferred by this Act, to the Chief Executive, the Chief Financial Officer the Senior Financial Accountant. This delegation is specific to the administration of rates collection, rates rebate eligibility, rates remissions, postponement and relief from paying rates.

Appendix 1
South Wairarapa District Council - Delegations Schedule for budgeted expenditure

The dollar amount of financial delegations in respect to individuals is scheduled below. It applies to each item of expenditure (per transaction), excluding GST, at the time a liability is incurred.

Financial delegation	Council	CEO	ELT	Managers	Other
Budgeted operating expenditure					
Up to \$100		√	√	√	Branch Librarians
Up to \$10,000		√	√	√	Amenities & Solid Waste Manager Senior Financial Accountant Planning Manager Building Manager Environmental Services Manager Roading Manager (Ruamahunga)
Up to \$50,000		√	√		Policy and Governance Manager HR and Corporate Services Manager Communications Manager
Up to \$100,000		√	√		Chief Financial Officer Group Manager Partnerships & Operations Group Manager Planning and Environmental
Over \$100,000		√			
Budgeted capital expenditure and operating expenditure within contracts for service					
Up to \$1,000		√	√	√	Branch Librarians
Up to \$10,000		√	√	√	Senior Financial Accountant Planning Manager Building Manager Environmental Services Manager
Up to \$50,000		√	√		Policy and Governance Manager HR and Corporate Services Manager Communications Manager

Financial delegation	Council	CEO	ELT	Managers	Other
Up to \$75,000		√	√	√	Roading Manager (Ruamahunga) Amenities and Solid Waste Manager
Up to \$200,000		√	√		Chief Financial Officer Group Manager Partnerships & Operations Group Manager Planning and Environment
Up to \$500,000		√			
Over \$500,000	√				
Signing authority					
For payment of expenditure and payroll by cheque or electronic transfer. Two signatures, one must be a Group Manager, CFO, PGM or CEO.		√	√		Senior Financial Accountant Policy and Governance Manager HR and Corporate Services Manager Communications Manager
Sale/disposal of obsolete, surplus or non-repairable fixed assets					
Land and buildings	√				
Vehicles		√			
Plant and equipment up to \$5,000 net book value		√	√		
Plant and equipment over \$5 2,000 net book value	<u>√</u>	✗			Finance, Audit and Risk Committee
Computer equipment		√	√		
Sale or disposal of library books				√	Branch Librarians, Amenities and Solid Waste Manager
Stock					
Sale of surplus/obsolete or damaged stock		√	√		
Write off stock			√ In consultation with CFO	Senior Financial Accountant	Two to review and approve

Transfer/Investment of Reserve Funds					
Transfer and payments – approved within the Annual Plan		√	Chief Financial Officer		
Transfer funds between Council’s bank accounts		√	Chief Financial Officer		Senior Financial Accountant
Invest surplus funds (within Policy)		√	Chief Financial Officer		Senior Financial Accountant
Debtors					
Write off debts up to \$5,000		√	Chief Financial Officer		
Write off debts excluding rates \$5,000 01 to \$10,000		√			
Write off debts \$10,000 01 to \$25,000	√				Finance, Audit & Risk
Write off debts over \$25,000	√				
Write off additional water usage accounts (in line with water leaks policy)			Chief Financial Officer Group Manager Partnerships & Operations	Senior Financial Accountant	Two to review and approve
Rates penalty remission within Policy			Chief Financial Officer	Senior Financial Accountant	
Rates penalty remission outside Policy		√	Chief Financial Officer		

Appendix 2
South Wairarapa District Council - Schedule of Delegations for Overspends and Other Unbudgeted Operating and Capital Expenditure and Use of Reserves

The dollar amount of financial delegations in respect to individuals is scheduled below. It applies to each item of expenditure (per transaction), excluding GST, at the time a liability is incurred.

The dollar amount of financial delegations in respect to the use of Reserves applies on a per project basis, excluding GST.

Financial delegation	Council	CEO	ELT	Managers	Other
Capital expenditure – emergency works* up to \$50,000		√			
Capital expenditure – emergency works* over \$50,000	√				
Other unbudgeted work up to \$20,000		√			
Other unbudgeted work from \$20,000 to \$100,000	√				On the recommendation of Council Committees and through the Finance Audit and Risk Committee
All unbudgeted work over \$100,000	√				
Unbudgeted use of Reserves					
Unbudgeted use of Reserves up to \$20,000 75,000		√			
Unbudgeted use of Reserves from \$7520,000 to \$10075,000	√				Finance Audit and Risk Committee. The Committee will take into consideration if the use of the reserve will result in a credit balance and how long this is likely to remain.
Unbudgeted use of Reserves over \$75100,000	√				Council will take into consideration if use of the reserve will result in a credit balance and how long this is likely to remain.

* “Emergency Expenditure” means a sudden and unforeseen event requiring immediate action.

Note:

1. There is a cumulative cap of \$100,000 for unbudgeted items across all significant activities per half year. This includes overspends for operational and capital expenditure but excludes emergency capital works and expenditure carried forward from previous years.
2. Any overspends or underspends will be recorded and reported to the Finance Audit and Risk Committee on a quarterly basis.
3. Any use of Reserves other than that budgeted by Council in the Annual Plan (AP) or the Long Term Plan (LTP) will be reported to the Finance Audit and Risk Committee on a monthly basis.

Appendix 3
South Wairarapa District Council - Schedule of Delegations by Department

The following schedule indicates which Managers have the ability to authorise expenditure on which Departments (please see Key on following page for explanation of Roles). The Chief Executive can authorise expenditure for any cost centre.

Department	Department Name	Roles that can sign for this Department*
001	General	CFO, FA
002	Finance and Corporate Support	<u>CFO, FA, HRCSM**, CM**</u>
003	Professional Services	GMPO
105	Elected Members	CFO, FA, PGM
106	Community Board Featherston	FCB, CFO, FA, PGM
107	Community Board Greytown	GCB,CFO, FA, PGM
108	Community Board Martinborough	MCB,CFO, FA, PGM
109	Maori Standing Committee	MSC,CFO, FA, PGM
211	Public Protection & Health	GMPE, ESM
212	Building & Construction	GMPE, BM
213	Animal Control	GMPE, ESM
215	Emergency Management	GMPO, HRCSM
319	Resource Management	GMPE,PM
425	Economic, Cultural & Community Development	CFO, FA Grants per Annual plan/LTP
426	Community Wellbeing	CFO, FA
530	Parks & Reserves	AM, GMPO
532	Campgrounds	AM, GMPO
536	Swimming Pools	AM, GMPO
540	Library Featherston	LF, AM, GMPO
541	Library Greytown	LG, AM, GMPO
542	Library Martinborough	LM, AM, GMPO
546	Community Buildings	AM, GMPO
547	Greytown Town Centre	AM, GMPO
548	Waihinga Centre	AM, GMPO
552	Cemeteries	AM, GMPO
554	Housing	AM, GMPO
557	Rental Properties	AM, GMPO
558	Pain Farm	AM, GMPO
559	Toilets	AM, GMPO
660	Land Transport	GMPO , RM
665	Unsubsidised Land Transport	GMPO , RM
770	Water Supply	GMPO
876	Solid Waste Management	GMPO, AM
977	Wastewater	GMPO
980	Stormwater	GMPO

* Key to Roles	
AM	Amenities & Solid Waste Manager
BM	Building Manager
CM	Communications Manager
FCB	Featherston Community Board
GCB	Greytown Community Board
MCB	Martinborough Community Board
CEO	Chief Executive Officer
ESM	Environmental Services Manager
FA	Senior Financial Accountant
CFO	Chief Financial Officer
GMPO	Group Manager Partnerships & Operations
GMPE	Group Manager Planning & Environment
HRCSM	Human Resources & Corporate Services Manager
PGM	Policy and Governance Manager
LF	Librarian – Featherston
LG	Librarian – Greytown
LM	Librarian – Martinborough
RM	Roading Manager
PM	Planning Manager

** The Communications Manager and Human Resources & Corporate Services Manager have delegation to approve appropriate costs in other cost centres. E.g. reprinting of new brochures (CM), advertising for new staff (HRCSM) as well as delegation for their own cost centre budgets.

Appendix 4

South Wairarapa District Council Delegation Form

To be completed when new Managers appointed at SWDC.

I agree to abide by all South Wairarapa District Council policies with regard to incurring expenditure and to stay within my delegation limit when exercising this delegation. I have read and understood the Financial Delegations Policy and agree to abide by the delegations appropriate to my role as outlined in Appendices 1,2, and 3 of the Financial Delegations Policy:

Name of employee: _____ whilst performing the Role of:

Date Delegation commences _____

Date Delegation ceases (for temporary delegations) _____

Signed by the Delegatee:

(Signature) (Initials)

Name: _____

Title: _____

Date signed: _____

Witnessed by:

(Signature)

Name: _____

Title: _____

Date signed: _____