



FINANCE, AUDIT AND RISK COMMITTEE

Agenda

NOTICE OF MEETING

A meeting will be held in the Supper Room, Waihinga Centre, Texas Street, Martinborough on Thursday 20 August 2020 at 9:30am. The meeting will be held in public (except for any items specifically noted in the agenda as being for public exclusion). This meeting is classified as extraordinary as public advertising provisions provided by the Local Government Official Information Act were not met as the meeting advertised for the 19 August was moved to the 20 August 2020.

MEMBERSHIP OF THE COMMITTEE

Councillors Leigh Hay (Chair), Pam Colenso, Garrick Emms, Brian Jephson, Brenda West, Ross Vickery and Mayor Alex Beijen. Independent member: Kit Nixon

Open Section

Health and Safety Procedures

- A1.** Apologies
- A2.** Conflicts of interest
- A3.** Public participation
As per standing order 14.17 no debate or decisions will be made at the meeting on issues raised during the forum unless related to items already on the agenda.
- A4.** Actions from public participation
- A5.** Extraordinary business
- A6.** Minutes for Confirmation: Finance, Audit and Risk Committee
Minutes of 24 June 2020
***Proposed Resolution:** That the minutes of the Finance, Audit and Risk Committee meeting held on 24 June 2020 are confirmed as a true and correct record.*
- A7.** Notices of motion

Pages 1-3

B. Decision Reports

B1. Customer Satisfaction Survey Report Pages 4-5

C. Information and Verbal Reports from Chief Executive and Staff

C1. Financial Report Pages 6-8

C2. Action Items Report Pages 9-11

C3. Review of Risk Register Pages 12-13



FINANCE, AUDIT AND RISK COMMITTEE Minutes from 24 June 2020

Present:	Councillors Leigh Hay (Chair), Pam Colenso, Garrick Emms, Cr Jephson, Cr West (from 9:03am), Mayor Alex Beijen (from 9:19am) and independent member Kit Nixon.
In Attendance:	Katrina Neems (Chief Financial Officer), , Suzanne Clark (Committee Advisor) and for part only Charly Clarke (Finance Manager), Harry Wilson (Chief Executive Officer) and Karen Yates (Governance and Policy Manager).
Conduct of Business:	The meeting was held in the Supper Room, Waihinga Centre, Texas Street, Martinborough and was conducted in public between 9:00am and 11:28am except where expressly noted.

Open Section

Cr Hay advised that she would be adding an information item to the agenda.

A1. Apologies

FINANCE, AUDIT AND RISK RESOLVED (FAR2020/06) to accept lateness apologies from Mayor Alex Beijen.

(Moved Cr Colenso/Seconded Cr Jephson)

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.

A6. Minutes for Confirmation

FINANCE, AUDIT AND RISK RESOLVED (FAR2020/07) to confirm that the Finance, Audit and Risk Committee minutes from the meeting held 21 May 2020 are a true and correct record subject to correcting the spelling of Council officer Charly Clarke.
(*Moved Cr Colenso/Seconded Cr Emms*) Carried

A7. Notices of Motion

There were no notices of motion.

B Decision Reports from Chief Executive and Staff

B1. Financial Delegations Review Report

Mrs Neems and Mr Wilson discussed the proposed changes with members and answered councillor questions on carrying over unspent budget into future years. Councillors discussed the proposed levels of delegation mindful that officers required sufficient delegation to continue operations but ensuring a governance oversight of unbudgeted expenditure.

Corrections and changes were agreed and would be included in the recommendation report to Council. Unbudgeted financial decisions made under delegation would be monitored by the Committee.

FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2020/08):

1. To receive the Amendment to Financial Delegations Policy 0200 Report.
(*Moved Cr Emms/Seconded Cr West*) Carried
2. To recommend to Council to approve the changes to Policy 0200 Financial Delegations subject to amendments as discussed.
(*Moved Cr Jephson/Seconded Cr West*) Carried
3. To recommend to Council to amend the delegations' sections of the Terms of Reference of the Planning and Regulatory Committee and the Assets and Services Committees to align with the amended Financial Delegations Policy.
(*Moved Mayor Beijen/Seconded Cr Emms*) Carried

The meeting adjourned at 10:25am.

The meeting reconvened at 10:40am.

C Information and Verbal Reports from Chief Executive and Staff

C1. Insurance Proposal Report

Mrs Neems discussed the highlights from the report and answered questions on insuring of underground assets.

FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2020/09) to receive the Insurance Proposal Report.

(*Moved Cr Jephson/Seconded Cr Colenso*) Carried

C2. Audit Plan Report

Mrs Neems discussed the highlights from the report with members.

FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2020/10) to receive the Audit Plan Report.

(Moved Cr West/Seconded Cr Emms)

Carried

C3. Finance Report

Mrs Neems answered councillor questions on the planned customer survey, visibility of Council’s risk register, areas where expenditure was under budget, outstanding pledges to the Waihinga Centre Playground, the increase in requests for financial assistance due to financial hardship, the timeframe for receiving the benefit of low interest rates, the Wellington Water overspend, and the Investment Policy breaches due to COVID-19.

FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2020/11) to receive the Finance Report.

(Moved Cr Colenso/Seconded Cr Jephson)

Carried

C4. Action Items Report

FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2020/12) to receive the Finance Audit and Risk Action Items Report.

(Moved Cr West/Seconded Cr Colenso)

Carried

C5. Fleet Replacement

Members discussed whether a fleet policy needed to be developed to minimise loss of value at resale and ensure Council’s climate change objectives were being met.

Confirmed as a true and correct record

.....(Chair)

.....(Date)

AGENDA ITEM B1

CUSTOMER SATISFACTION SURVEY REPORT

Purpose of Report

To seek agreement from the Committee to defer conducting the Customer Satisfaction Survey to early in 2021.

Recommendations

Officers recommend that the Committee:

1. *Receive the Customer Satisfaction Survey Report.*
2. *Recommend to Council to defer conducting the Customer Satisfaction Survey until early in 2021.*

1. Background

On 3 June 2020 Council agreed with the Committee’s recommendation not to proceed with the proposed customer satisfaction survey for the last financial year. Council agreed to look to other market research companies with a view to completing a satisfaction survey by 31 December 2020.

2. Discussion

Part of the reason for the decision not to carry out the proposed customer satisfaction survey last financial year is that councillors were of the view that the survey questions might not necessarily align with the strategic direction of the new Council and what it wanted to measure in terms of quality and performance for the Long Term Plan 2021—2031.

Council is shortly to undertake a comprehensive review of levels of service and key performance indicators as part of the Long Term Planning process. Officers anticipate this work to be completed in November.

While the survey will measure performance against the performance measures for 2020/21, there is an opportunity to include questions that reflect proposed performance measures in order to provide a baseline for priority activities for the following year. Officers therefore recommend that the survey be deferred until after the summer holiday period to allow time to develop the extra questions after completion of the work in November. Officers will provide an update on discussions with market research companies in due course.

2.1 Consultation

This decision does not directly impact individuals and does not trigger the Council's Significance and Engagement Policy. Consultation with the community is not therefore required. Consultation on the proposed service levels and key performance indicators for the Long Term Plan 2021—2031 will be carried out in March/April 2021.

2.2 Legal implications

Performance reporting requirements are set out in Part 6 and Schedule 10 of the Local Government Act 2002.

2.3 Financial considerations

Costs for the proposed customer satisfaction survey will be provided to the Committee in due course.

Contact Officer: Karen Yates, Policy and Governance Manager

FINANCE, AUDIT AND RISK COMMITTEE

20 AUGUST 2020

AGENDA ITEM C1

FINANCE REPORT

Purpose of Report

To present the Finance Report for August 2020.

Recommendations

Officers recommend that the Committee:

1. *Receive the Finance Report.*

1. Background

Officers present the following Reports for review by the Finance, Audit and Risk Committee:

- Rates arrears report to 31 July 2020

2. Financial and Other Reports

2.1 Financial Statements

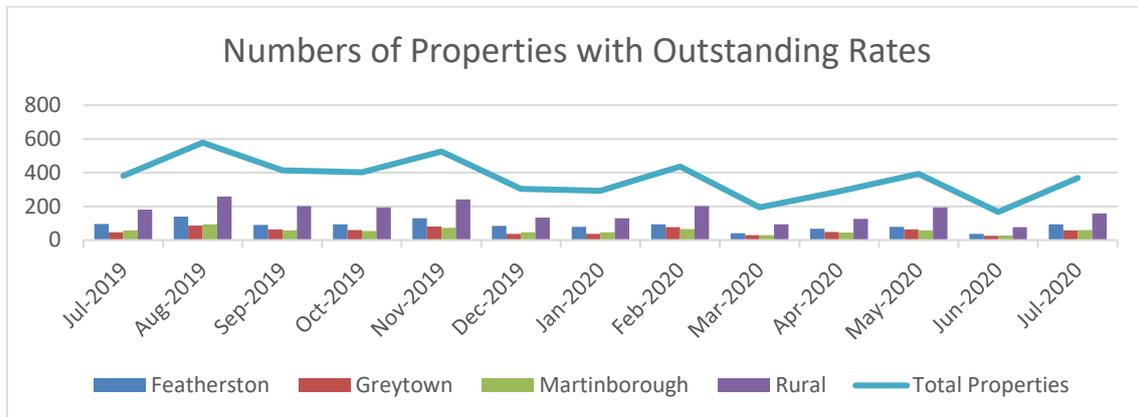
There are no financial statements to be presented at this meeting as the June year end financial statements and annual report are in the process of being prepared. The year end audit was due to commence on 14th September 2020 with the Annual Report for the year ended 30 June 2020 due for approval by Council on 28th October 2020.

Covid-19 put pressure on Audit NZ's resourcing and their ability to deliver against the current regulatory time-frames imposed under the Crown Entities Act 2004, Crown Research Institutes Act 1992, Local Government Act 2002, Public Finance Act 1989, and the SOE Act 1986. As a result the Auditor General reviewed statutory time-frames and moved the deadline for adoption of Local Authorities Annual Reports by two months to 31st December 2020.

Consequently, Audit NZ has rescheduled our audit to commence a week later starting 21st September 2020. While the finance team will endeavour to have the final report ready for adoption at the October 2020 council meeting this may be delayed until the November 2020 meeting.

2.2 Rates Arrears

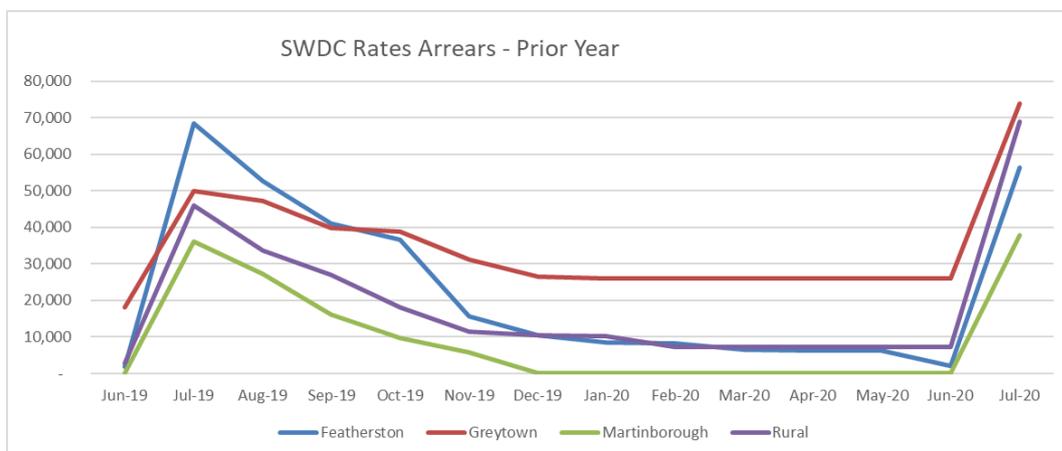
The rates arrears graphs build a picture of our rates arrears.



The number of properties with overdue rates is an important indicator of ratepayers' financial stress. Compared to the same month last year the total number of properties with previous years outstanding rates has reduced from 381 to 369 (-3.15%). The table below shows numbers of properties by town/area.

Town/Area	31 July 2019	31 July 2020	Difference
Featherston	96	93	-3
Greytown	46	58	+12
Martinborough	58	60	+2
Rural	181	158	-23
Total	381	369	-12

This information indicates urban property owners are being economically impacted more than rural.



The rates for the 2020-21 year have now been set and Q1 rates invoices processed. As a dollar value measure rates arrears have increased from \$200k in July 2019 to \$237k in July 2020, an increase of \$37k or (18%).

The table below shows the dollar value of arrears by town/area.

Town/Area	31 July 2019	31 July 2020	Difference	% Increase/Decrease
Featherston	\$68,400	\$56,300	-\$12,100	-17.7%
Greytown	\$49,950	\$73,800	\$23,850	47.7%
Martinborough	\$36,100	\$38,000	\$1,900	5.3%
Rural	\$46,000	\$68,800	\$22,800	49.6%
Total	\$200,450	\$236,900	\$36,450	18%

The increase in dollar value to rural ratepayers appears to be in contradiction to the decrease in number of rural properties with arrears, however this has been investigated and found it is due to an increase in the value of overdue rates per property.

One of the mechanisms we use to recover rates from ratepayers with mortgages is through their banks. We are entitled to do this through the Rating Act. Ratepayers will be sent letters shortly giving them three months' notice to contact us. However, as the economy continues to measure the impact of the coming recession this will be employed as a last resort. Our rates team will endeavour to explore all avenues with the ratepayer before action via banks is taken.

Information about the Governments rates rebate scheme was sent out to ratepayers via our rates newsletter and posters in the libraries and at reception. Ratepayers who have previously received a rebate are automatically sent new forms. The team has processed 381 rebates over the last six weeks.

The team are committed to working with ratepayers to help find solutions for those in financial stress. Officers will provide updates at each Committee meeting.

Contact Officer: Katrina Neems, Chief Financial Officer

Reviewed by: Harry Wilson, Chief Executive Officer

FINANCE AUDIT AND RISK COMMITTEE

20 AUGUST 2020

AGENDA ITEM C2

ACTION ITEMS REPORT

Purpose of Report

To present the Committee with updates on actions and resolutions.

Recommendations

Officers recommend that the Committee:

1. *Receive the Finance Audit and Risk Action Items Report.*

1. Executive Summary

Action items from recent meetings are presented to the Committee for information. The Chair may ask the Finance Manager for comment and all members may ask the Finance Manager for clarification and information through the Chair.

If the action has been completed between meetings it will be shown as 'actioned' for one meeting and then will remain in a master register but no longer reported on. Procedural resolutions are not reported on.

2. Appendices

Appendix 1 – Action items to 20 August 2020

Contact Officer: Suzanne Clark, Committee Advisor

Reviewed By: Katrina Neems, Finance Manager

Appendix 1 – Action Items to 20 August 2020

Number	Raised Date	Action Type	Responsible Manager	Action or Task details	Open	Notes
245	11-Dec-19	Action	Katrina	Review the Reserves Policy to establish a process for when use of the reserve funds would cause the fund to enter a negative balance	Open	22/06/2020 Deferred due to AP. Review for August FAR Should refer to Financial Contributions Policy
246	11-Dec-19	Action	Katrina	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	Open	22/06/2020 Deferred due to AP. 14/8/20: Reviewed as part of LTP
247	11-Dec-19	Action	Katrina	Circulate a working draft of revised strategic risk register as well as an operational risk register to FAR members	Actioned	22/06/2020 Officers are actively working on this and will update FAR on progress at each meeting 14/8/20 Draft presented to FAR 20/8/20
248	11-Dec-19	Action	Euan	Find out the background to the Bonny Glen landfill risk and update FAR Committee members	Open	14/8/20 Bonnie Glen is owned by Waste Management and Environmental Services and charges are climbing outside of regular pricing for waste disposal due to a monopoly and limited future capacity at the site. We have a contract for service to use Bonnie Glen which ends shortly. Alternative avenues to dispose of refuse will be researched prior to the contract ending.
249	11-Dec-19	Action	Karen	Review the Sensitive Expenditure Policy in March 2020 to ensure best practice guidelines are followed	Open	4/8/20: To be considered as part of LTP
250	11-Dec-19	Action	Karen	Review the Procurement and Contract Management Policy in March 2020 to ensure it covers all procurement and management activities	Open	4/8/20: To be considered as part of LTP
191	21-May-20	Action	Katrina	Work towards revising the financial accounts to include a rolling forecast alongside the full year budget.	Open	22/06/2020 changes to financial reporting are ongoing 14/8/20 Aiming to progress towards the end of the financial year

FINANCE, AUDIT AND RISK COMMITTEE

20 AUGUST 2020

AGENDA ITEM C3

REVIEW OF RISK REGISTER REPORT

Purpose of Report

To present the review of risk register report.

Recommendations

Officers recommend that the Committee:

1. *Receive the Operational Risk Register Report.*

1. Background

The current operational risk register is presented for review, comment and feedback by FAR.

2. Discussion

The Operational Risk Register has been overhauled and updated. Several items have been added to the register and some have been removed. Changes made to the existing register have been highlighted.

Officers welcome feedback, comment, and additions from FAR members. The register will continue to be updated and refined by the Executive Leadership Team (ELT) members and presented at each FAR meeting.

3. Appendices

Appendix 1 – Operational Risk Register (to be tabled)

Contact Officer: Katrina Neems, Chief Financial Officer

Reviewed by: Harry Wilson, Chief Executive Officer

Appendix 1 – Operational Risk Register