



## **FINANCE, AUDIT AND RISK COMMITTEE**

### **Agenda**

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#### **NOTICE OF MEETING**

This meeting will be held in person at the Supper Room, Waihinga Centre, Texas Street, Martinborough and via video conference on the 14 September 2022 and will commence at 10:00am. All members participating via video conference will count for the purpose of the meeting quorum in accordance with clause 25B of Schedule 7 to the Local Government Act 2002. This meeting will be live-streamed and will be available to view on our [YouTube channel](#). The meeting will be held in public (except for any items specifically noted in the agenda as being for public exclusion).

#### **MEMBERSHIP OF THE COMMITTEE**

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

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#### **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.*

*Please note: Electioneering is not permitted in council meetings or on council premises – your cooperation is appreciated.*

*If electioneering is deemed to be taking place, the Chair of the meeting or council officers will bring your session to a close.*

**A4.** Actions from public participation

**A5.** Extraordinary business

**A6.** Minutes for Confirmation:

***Proposed Resolution:*** *That the minutes of the Finance, Audit and Risk Committee meeting held on 3 August 2022 are confirmed as a true and correct record.*

Pages 1-4

**B. Decision Reports from Chief Executive and Staff**

None to be advised.

**C. Information and Verbal Reports from Chief Executive and Staff**

- C1.** Finance Report Pages 5-15  
*Karon Ashforth, General Manager Finance will be speaking to this report*
- C2.** Policy and Governance Report Pages 16-40  
*Amanda Bradley, General Manager Policy & Governance will be speaking to this report*
- C3.** Action Items Report Pages 41-44

**D. Chairperson’s Report**

- D1.** Report from Finance, Audit and Risk Committee Chair Pages 45-52  
*Councillor Leigh Hay will be speaking to this report*

**E. Public Excluded Business**

- E1.** Public Excluded Minutes for Confirmation *distributed separately*  
**Proposed Resolution:** *That the public excluded minutes of the Finance, Audit and Risk Committee meeting held on 3 August 2022 are confirmed as a true and correct record.*

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:

<b>Report/General Subject Matter</b>	<b>Reason for passing this resolution in relation to the matter</b>	<b>Ground(s) under Section 48(1) for the passing of this Resolution</b>
Finance, Audit and Risk Committee Public Excluded Minutes 3 August 2022. Reports discussed – Risks to Council IT Systems and Architecture Report; Outstanding Water Debtor’s Report.	Good reason to withhold exists under section 7(2)(a), 7(2)(b)(ii) and 7(2)(j)	Section 48(1)(a)

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

<b>Reason for passing this resolution in relation to the matter</b>	<b>Ground(s) under Section 48(1) for the passing of this Resolution</b>
The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.	Section 7(2)(a)
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.	Section 7(2)(b)(ii)
The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	Section 7(2)(j)



## **FINANCE, AUDIT AND RISK COMMITTEE**

### **Minutes from 3 August 2022**

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- Present:** Councillors Leigh Hay (Chair), Pam Colenso, Garrick Emms, Brenda West, Colin Olds, Brian Jephson, Mayor Alex Beijen.
- In Attendance:** Harry Wilson (Chief Executive), Amanda Bradley (General Manager Policy and Governance), Paul Gardner (General Manager HR & Corporate Services), Karon Ashforth (General Manager Finance), Catherine Clouston (Communications Advisor) and Amy Andersen (Committee Advisor).
- Conduct of Business:** This meeting was held in the Supper Room, Waihinga Centre, 62 Texas Street, Martinborough and via audio-visual conference, commencing at 10.00am. All members participating via audio-visual conference count for the purpose of the meeting quorum in accordance with clause 25B of Schedule 7 to the Local Government Act 2002. This meeting was live-streamed and is available to view on our YouTube channel.  
The meeting was held in public under the above provisions from 10.00am to 12:54pm except where expressly noted.
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#### **Open Section**

- A1. Apologies**  
*FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2022/28) to accept apologies from Independent Member, Kit Nixon.*  
*(Moved Mayor Beijen/Seconded Cr Olds)* 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**

Ms Bradley spoke to matters outlined in the report.

Members posed questions on crisis management response (WREMO training, communications (internal and external), community support and inclusion of Community Boards), climate change, historical risks and the prioritisation of risks.

Members commended the Policy and Governance team for the work completed on the register to date.

*FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2022/29) to:*

1. Add Item C1, Appendix 2 to the agenda because there was a delay in confirming all data for the Significant Risk Register and this item cannot be deferred until the next meeting, as it is best practise to have the most updated information available prior to the election of the new Council.

*(Moved Cr Jephson/Seconded Cr West)*

Carried

2. Recommend to Council that ELT present updates on the Significant Risk Register to Finance, Audit and Risk Committee on a quarterly basis.

*(Moved Cr Olds/Seconded Mayor Beijen)*

Carried

3. Action 375: Seek further advice from the Planning Team if there is capacity to identify any potential residual risk relating to historical consents, *H Wilson*.

## **A6. Minutes for Confirmation**

*FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2022/30) that the minutes of the Finance, Audit and Risk Committee meeting held on 22 June 2022 are a true and correct record.*

*(Moved Cr West/Seconded Cr Colenso)*

Carried

## **B Decision Reports**

There were no decision reports.

## **C Information and Verbal Reports from Chief Executive and Staff**

### **C1. Policy and Governance Report**

Ms Bradley spoke to matters outlined in the report, including the Resident's Perception Survey (inclusion in the Annual Report) and the policy review programme.

Ms Bradley responded to members' questions regarding the levels of stakeholder engagement and methodology used to compile the Resident's Perception Survey, the adoption of the code of conduct by Council in the new triennium and the current list of Council policies – available to view on the SWDC website:

<https://swdc.govt.nz/governance/policies/>

*FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2022/31) to receive the Policy and Governance Report.*

*(Moved Cr Colenso/Seconded Cr Jephson)*

Carried

**C2. Action Items Report**

Members discussed and sought updates to Action 248.

*FINANCE AUDIT AND RISK COMMITTEE RESOLVED (FAR2022/32) to receive the Action Items Report.*

*(Moved Cr West/Seconded Cr Emms)*

Carried

**D. Public Excluded Business**

- D1.** Confirmation of Public Excluded Minutes
- D2.** Risks to Council IT Systems and Architecture Report
- D3.** Outstanding Water Rates Debtor’s Report

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:

<b>Report/General Subject Matter</b>	<b>Reason for passing this resolution in relation to the matter</b>	<b>Ground(s) under Section 48(1) for the passing of this Resolution</b>
Confirmation of the Public Excluded Minutes for Finance, Audit and Risk Committee held on 22 June 2022	Good reason to withhold exists under section 7(2)(a) and 7(2)(f)(ii)	Section 48(1)(a)
Risks to Council IT Systems and Architecture Report	Good reason to withhold exists under section 7(2)(j)	Section 48(1)(a)
Outstanding Water Rates Debtor’s Report	Good reason to withhold exists under section 7(2)(a) and 7(2)(b)(ii)	Section 48(1)(a)

This resolution (FAR2022/33) is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

<b>Reason for passing this resolution in relation to the matter</b>	<b>Ground(s) under Section 48(1) for the passing of this Resolution</b>
The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	Section 7(2)(j)
The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.	Section 7(2)(a)
The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees and persons from improper pressure or harassment.	Section 7(2)(f)(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.	Section 7(2)(b)(ii)

*(Moved Cr Olds/Seconded Cr Jephson)*

Carried

The meeting was adjourned at 10:56am

The meeting was resumed in public excluded at 11:06am

The meeting closed at 12:54pm.

**Confirmed as a true and correct record**

.....(Chair)

.....(Date)

# FINANCE, AUDIT AND RISK COMMITTEE

14 SEPTEMBER 2022

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## AGENDA ITEM C1

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### FINANCE REPORT

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#### **Purpose of Report**

To present the Finance Report prepared August 2022.

#### **Recommendations**

Officers recommend that the Council:

1. *Receive the Finance Report.*
2. *Note the draft financial statements are unaudited and subject to change, therefore will be released when the Annual Report 2021-22 is adopted.*

### **1. Executive Summary**

The draft financial statements for the year ended 30 June 2022 are presented in this report for information purposes only. The financial statements are not audited and are subject to change when the final audit has been concluded. When the annual audit is complete a management letter will be issued from Audit NZ and the financial statements can be prepared for the Annual Report 2021-22.

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

1. Draft Financial Statements for year ended 30 June 2022.
2. Annual Report 2021-22 preparation update.
3. Final audit timetable update.
4. Rates arrears report as at 31 August 2022.
5. Investments report as of 31 August 2022.

### **2. Financial and other reports**

#### **2.1 Financial Statements 30 June 2022**

##### **2.1.1. Summary of major variances, actuals vs budget**

The draft statement of comprehensive revenue and expenses for the year ended 30 June 2022 has resulted in an operating surplus of \$5.2m vs budget of \$4.4m, an

increase of \$0.726m. However, these results include unbudgeted revenue and expenses of \$4m as noted below.

The Council's budgeted results before unbudgeted revenue (Government grants) are on track with the actual surplus of \$5.1m vs budget of \$4.4m, resulting in \$0.7m increase. (Refer to Appendix 1 for more detailed Statement of Comprehensive Revenue and Expense). The draft financial statements are presented at this meeting in Appendix 1.

**Total operating revenue before adjustments:**

- total revenue actual \$29.1m vs budget of \$28.4m, increase of \$0.7m
- rates revenue resulted in actual of \$20m vs budget of \$20m
- higher consent volumes and development contributions resulted in actual revenue of \$4.4m vs budget of \$3.6m, increase of 25%
- Investment income increased over budget due to higher interest rates

**Total operating revenue after adjustments:**

- total revenue actual \$33m vs budget of \$28m, increase of \$4m
- Government grants, unbudgeted of \$4m

**Total operating expenses before adjustments:**

- total expenses actual \$24m vs budget of \$24m

**Total operating expenses after adjustments:**

- total expenses \$28.0m vs budget of \$24m, increase due to unbudgeted grants revenue offset by corresponding expenditure,

Unbudgeted revenue below the operating surplus includes 'Assets vesting in Council' \$2.4m. Changes in revaluation reserves are yet to be determined and depreciation expenses will be impacted by revaluations.

Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2022				
Actual 2020/2021 \$000		Note	Actual 2021/2022 \$000	Budget 2021/2022 \$000
<b>Operating Revenue</b>				
26,463	<b>Total operating revenue</b>		33,261	28,405
<b>Operating Costs</b>				
26,244	<b>Total operating costs</b>		28,067	23,938
220	<b>Total Operating Surplus/(Deficit)</b>		5,193	4,467
1,538	Assets vesting in Council	4	2,435	-
3,225	Other gains and losses	6	1,542	417
4,983	<b>Total Surplus/(Deficit)</b>		9,171	4,884
<b>Comprehensive Revenue and Expense</b>				
48,767	Increase/(decrease) in revaluation reserves	6	-	-
53,750	<b>Total other comprehensive revenue and expense</b>		9,171	4,884
<b>Note: Operating costs include the following expenses:</b>				
5,399	Depreciation & amortisation	8	4,928	4,587
586	Finance costs	3	707	614



## 2.2 Annual Report 2021-22 preparation update

The annual report for year ended 30 June 2022 is required to be completed and adopted no later than 31 December 2022 as the Amendment to the Act below:

### Part 2

#### Amendments to Local Government Act 2002

##### 5 Principal Act

This Part amends the Local Government Act 2002.

##### 6 Section 67 amended (Annual report)

After section 67(4), insert:

###### *Extension of time limits for 2020/21 and 2021/22 reports*

(5)

Despite the time limit in subsection (1),—

(a)

in relation to the financial year ending with 30 June 2021, the report referred to in that subsection must be delivered in accordance with subsection (1)(b), and made available in accordance with subsection (1)(c), no later than the close of 30 November 2021; and

(b)

in relation to the financial year ending with 30 June 2022, the report referred to in that subsection must be delivered in accordance with subsection (1)(b), and made available in accordance with subsection (1)(c), no later than the close of 30 November 2022.

(6)

**Subsection (5)**, the heading above it, and this subsection are repealed at the close of 31 December 2022.

in relation to the financial year ending with 30 June 2022, the report referred to in that subsection must be completed and adopted no later than the close of 31 December 2022.

(8)

**Subsection (7)**, the heading above it, and this subsection are repealed at the close of 31 January 2023.

The current scheduled date for adoption of the Annual Report is 14 December 2022. Assuming AuditNZ will complete the audit in time for Council staff to make any necessary adjustments to the financial statements.

An annual report workshop for all Councillors is scheduled for 23 November 2022 and elected members will be encouraged to attend this workshop to gain an understanding and have context of their legal responsibility to approve and give confidence in voting on the decision to approve the Annual Report. There will be no audit opinion at this workshop and the financial statements included in the Annual Report will be draft only.

## 2.3 2021-22 Yearend Audit – Audit NZ (on behalf of the Auditor-General)

The objectives of the annual audit are:

- To provide an independent opinion on the District Council's financial statements and performance information; and

- To report on other matters that come to their attention as part of the annual audit (typically those matters will relate to issues of financial management and accountability).

The interim audit was completed in July 2022 (3 months behind schedule) and the final audit is scheduled for 3 weeks from 25<sup>th</sup> October 2022.

South Wairarapa District Council (SWDC) have been recently requested by Audit NZ to obtain a fair value assessment of infrastructure assets as at 30 June 2022. These assets include:

- Land and Buildings (currently being valued by QV)
- Three Waters; valued at 30 June 2021 (this will require additional input from Wellington Water)
- Roading; valued at 30 June 2021

Due to the volatility of current market conditions (supply chain challenges, cost escalations and inflation), Audit NZ require an indicative movement (%) for these asset classes. Currently the valuers 'wsp', are experiencing high demand for their services in the present market conditions. We have received an offer of service from the valuers who aim to submit a draft fair value review report to SWDC by 7<sup>th</sup> October, for a fee of \$20,000 (+GST), unbudgeted expenditure and within the CEO financial delegations.

If a revaluation is required after the fair value assessment, then the accounts will require further adjustments in October. These adjustments may be material; however, they are non-cash adjustments and do not impact the total operating results.

AuditNZ have been asked to confirm that their audit and management report will be released no later than 7<sup>th</sup> December to ensure completion and adoption of the Annual Report scheduled for the 14<sup>th</sup> of December Council meeting.

At time of writing, Audit NZ have indicated that with their ongoing staff shortages they have now allocated 2 weeks for the final audit. Audit NZ resourcing committee is currently working on jobs scheduled after 30 September and we can expect changes to be made. Once AuditNZ staffing resources are confirmed they will notify SWDC officers of their intention to complete final audit. This creates a risk (outside Council's control) that the Annual Report will be delayed beyond the legislative deadline.

#### **2.4 Rates Arrears Report 31 August 2022**

Total rates due as of 31 August 2022 is \$451,447; arrears are \$268,139 (prior years outstanding) compared to 31 July 2022 of \$318,525 this is a decrease of \$50,386, and 128 properties as at 31 August compared to 213 as at 31 July 2022, a 40% reduction in the number of properties. There are 495 properties with current balances out of a total of 623 properties which equates to about 8% of total rate payers.

Row Labels	Sum of Arrears Total	Count of Valuation ID
FSTN COMM	\$ 5,475.91	2
FSTN URBAN	\$ 68,508.86	29
GTWN COMM	\$ 5,081.23	2
GTWN URBAN	\$ 46,883.53	24
MTNB COMM	\$ 1,016.00	1
MTNB URBAN	\$ 32,156.08	17
RURAL	\$ 109,018.33	53
<b>Grand Total</b>	<b>\$ 268,139.94</b>	<b>128</b>

Below is a breakdown by type/recovery process.

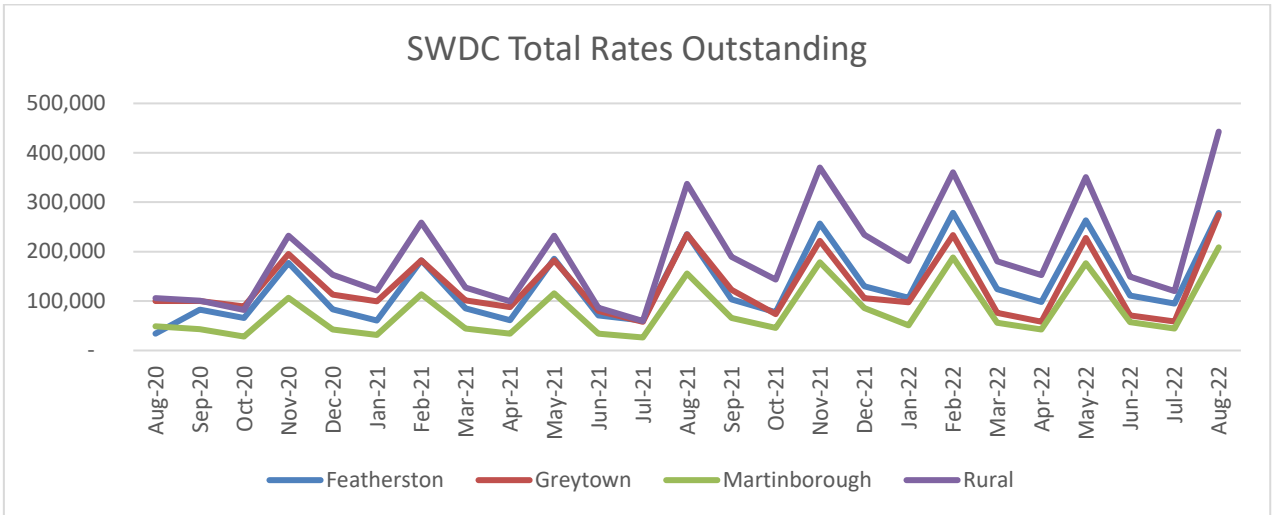
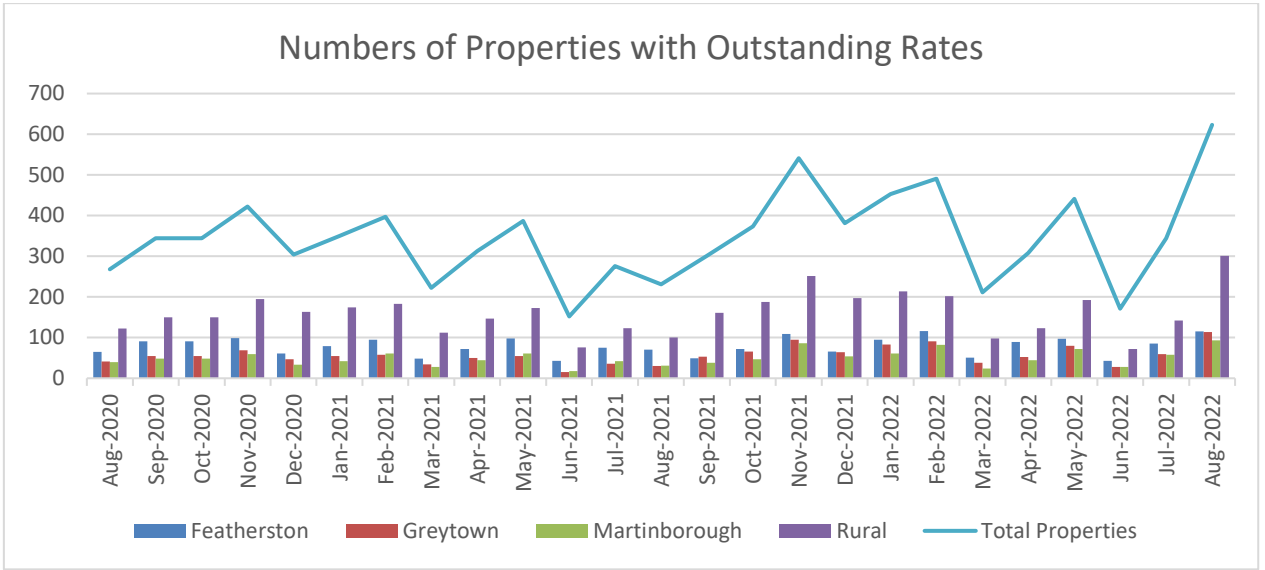
Comment	Property Count	Arrears Total
Arrears Under \$200	15	\$ 1,008.67
DD includes Arrears	10	\$ 10,091.24
Refer to Mortgagee	60	\$ 150,989.59
Refer to Legal	21	\$ 57,355.11
Repayment Plans	21	\$ 38,642.70
Awaiting Settlement	1	\$ 10,052.63
	<b>128</b>	<b>\$ 268,139.94</b>

There are 60 properties with \$151k in arrears that have mortgages – this was 52 properties with \$71k arrears same time last year – there is one property with \$37k arrears with a mortgage. SWDC are about the same as last year with numbers for repayment plans and legal notifications. One property in Featherston owing \$10,053 is awaiting settlement/sold with the balance clearing in September.

In September, Council will send notices to all banks that have registered properties with a mortgage and rates arrears. This will allow the banks to add these arrears to the mortgages and the Council's debt is paid in full.

The recovery process for the arrears not payable by direct debit or a repayment plan are to send default notification to the mortgage providers or if no mortgage they will be sent to our Lawyers for recovery proceedings – these actions will be done after instalment 1 is due and penalties applied.

Part of the contributing factors to the rates outstanding increases, year on year, is the impacts from October 2020 that included Covid, lockdowns, significant rates increases and the cost of living.



### 3. Appendices

Appendix 1 – DRAFT Financial Statements for period ended 30 June 2022.

Contact Officer: Karon Ashforth, General Manager Finance Officer

Reviewed By: Harry Wilson, Chief Executive Officer

**Appendix 1 – DRAFT Financial Statements  
for period ended 30 June 2022**

## Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2022

Actual 2020/2021 \$000		Note	Actual 2021/2022 \$000	Budget 2021/2022 \$000	Less unbudgeted govt programmes (see note 4)	Adjusted result	Additional comments on variances
<b>Operating Revenue</b>							
15,650	Rates	2	19,980	20,041		19,980	
2,162	Grants, subsidies, and donations	4	4,199	4	4,092	107	
3,041	Waka Kotaki subsidy		3,288	3,725		3,288	
2,323	Fees, licences, charges		2,505	2,293		2,505	Higher consent volumes
2,109	Development, and financial contributions		1,981	1,297		1,981	Higher development contributions
665	Rental income		746	683		746	Improved leases negotiated
412	Miscellaneous revenue	5	324	253		324	
100	Finance revenue	3	238	109		238	Higher interest rates than budgeted
<b>26,463</b>	<b>Total operating revenue</b>		<b>33,261</b>	<b>28,405</b>	<b>4,092</b>	<b>29,169</b>	
<b>Operating Costs</b>							
8,237	Community facilities & services		8,710	6,866	1,737	6,973	Increased works costs (Amenities)
6,421	Land transport		5,896	5,902		5,896	
3,876	Water supply		4,685	3,406	1,385	3,299	
2,725	Wastewater		3,160	2,130	588	2,572	
3,022	Planning & regulatory services		3,052	3,169		3,052	Consultant & legal fees
1,353	Governance		1,732	2,051		1,732	Ringfenced savings (\$240k)
529	Stormwater drainage		825	395	260	565	
72	Bad debts		6	20		6	
-	Loss on share revaluation		-	-		-	
-	Impairment of assets		-	-		-	
9	Loss on disposal of assets		2	-		2	
<b>26,244</b>	<b>Total operating costs</b>		<b>28,067</b>	<b>23,938</b>	<b>3,971</b>	<b>24,097</b>	
<b>220</b>	<b>Total Operating Surplus/(Deficit)</b>		<b>5,193</b>	<b>4,467</b>		<b>5,072</b>	
1,538	Assets vesting in Council	4	2,435	-		2,435	
3,225	Other gains and losses	6	1,542	417		1,542	
<b>4,983</b>	<b>Total Surplus/(Deficit)</b>		<b>9,171</b>	<b>4,884</b>		<b>9,050</b>	
<b>Comprehensive Revenue and Expense</b>							
48,767	Increase/(decrease) in revaluation reserves	6	-	-		-	
<b>53,750</b>	<b>Total other comprehensive revenue and expense</b>		<b>9,171</b>	<b>4,884</b>			
<b>Note: Operating costs include the following expenses:</b>							
5,399	Depreciation & amortisation	8	4,928	4,587			
586	Finance costs	3	707	614			

## Statement of Financial Position as at 30 June 2022

Actual 2020/2021 \$000		Note	Actual 2021/2022 \$000	Budget 2021/2022 \$000
<b>ASSETS</b>				
<b>Current assets</b>				
3,452	Cash and cash equivalents	9	3,950	(536)
7,612	Investments	11	4,566	11,253
3,332	Debtors and other receivables	10	2,571	2,300
46	Inventories		42	54
	- Non-current assets held for sale	12	61	-
<b>14,441</b>	<b>Total current assets</b>		<b>11,190</b>	<b>13,071</b>
<b>Non-current assets</b>				
451	Investments	11	4,791	257
Other financial assets:				
131	<i>Investments in CCOs and other similar entities</i>	11	131	131
120	<i>Investments in other entities</i>	11	227	120
<b>252</b>	<b>Total other financial assets</b>		<b>359</b>	<b>252</b>
14,322	Investment properties	13	15,757	11,696
73	Intangible assets	14	359	228
507,812	Property, plant, and equipment	15	515,146	494,356
<b>522,910</b>	<b>Total non-current assets</b>		<b>536,412</b>	<b>506,788</b>
<b>537,352</b>	<b>TOTAL ASSETS</b>		<b>547,602</b>	<b>519,859</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
4,795	Creditors and other payables	16	3,889	3,655
468	Employee entitlements	17	519	404
34	Provisions - current portion	18	34	35
5,900	Borrowings - current portion	19	3,300	-
<b>11,197</b>	<b>Total current liabilities</b>		<b>7,741</b>	<b>4,093</b>
<b>Non-current liabilities</b>				
381	Provisions - non-current portion	18	315	408
18,500	Borrowings - non-current portion	19	23,100	28,247
<b>18,881</b>	<b>Total non-current liabilities</b>		<b>23,415</b>	<b>28,654</b>
<b>Equity</b>				
158,716	Public equity	20	167,425	155,029
27,768	Restricted reserves and trust funds	20	28,232	28,435
320,789	Asset revaluation reserve	20	320,789	303,647
0	Other reserves	20	0	0
<b>507,273</b>	<b>Total equity</b>		<b>516,446</b>	<b>487,112</b>
<b>537,352</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>547,602</b>	<b>519,859</b>

## Statement of Changes in Net Assets/Equity for the Year Ended 30 June 2022

Actual 2020/2021 \$000		Note	Actual 2021/2022 \$000	Budget 2021/2022 \$000
503,820	Equity at 1 July		557,570	449,962
53,750	Total comprehensive revenue and expense		9,171	4,884
<b>557,570</b>	<b>Balance at 30 June</b>		<b>566,741</b>	<b>454,847</b>

## Statement of Special and Separate Funds for the Year Ended 30 June 2022

	Activities to which reserve relates	Opening Balance \$000	Transfers In \$000	Transfers Out \$000	Closing Balance \$000
<b>District Property</b>					
To be used for Town Centre Development	All activities	95	222	(183)	134
<b>Asset Realisation</b>					
Capital gains from the sale of Council Assets that have been realised over time.	All activities	298	-	-	298
<b>Plantation Reserve</b>					
For road protection schemes and seal extensions in the future.	All activities	(84)	-	(33)	(117)
<b>Community Board Reserves</b>					
Community Board funds Carried over:					
Featherston	Governance	3	5	(2)	5
Greytown	Governance	9	5	(4)	10
Martinborough	Governance	2	5	(2)	5
Māori Standing Committee	Governance	42	-	(11)	31
Featherston Beautification	Governance	22	11	(6)	26
Greytown Beautification	Governance	36	11	(30)	17
Martinborough Beautification	Governance	4	11	(1)	13
Martinborough Swimming Pool	Governance	18	-	(2)	15
<b>Restricted Reserves</b>					
To provide for the acquisition and development of reserves and open spaces in response to the needs arising from subdivision and development, to protect conservation values. To provide opportunities for public access to and along water bodies, to provide recreational opportunities near water bodies	All activities	1,894	861	(1)	2,754
<b>Water Race Reserves</b>					
Featherston/Longwood Water race	Water	(45)	77	(23)	9
Moroa	Water	263	90	(69)	284
<b>Trusts</b>					
Campground Memorial: Pain Farm	Amenities	7	-	-	7
Maintaining and improving the Borough's parks, sports grounds, camping ground, swimming baths, providing and maintaining sports facilities and a children's playground.	Amenities	115	119	(131)	104
<b>Infrastructure Contributions</b>					
To provide a potable water supply, to safeguard the health of inhabitants and protect the natural environment for inappropriate disposal of sewage, to prevent damage to property or amenity from the indiscriminate and uncontrolled runoff of Stormwater, to ensure sufficient water is available for fire fighting purposes. To provide for the safe and convenient movement on roads of vehicular, bicycles and pedestrians within and through the Wairarapa.	All activities	3,851	1,908	(2,337)	3,423
<b>Planning Reserves</b>					
To spread the costs of the Combined District Plan over the life of the plan	Resource Management	(4)	60	(174)	(118)
<b>Loan Redemption Reserve</b>					
To cover loan principal repayments	All activities	6,259	2,253	-	8,513
<b>Depreciation Reserves</b>					
To fund new capital projects	All activities	13,670	4,137	(6,216)	11,591
<b>Martinborough Town Hall Reserve</b>					
Waihinga Centre Project	Amenities	32	-	(13)	20
<b>Rural Rooding Reserve</b>					
Rural Rooding	Rooding	1,490	300	(337)	1,453
<b>Housing Reserve</b>					
Housing	Amenities	(156)	275	(346)	(227)
<b>Maintenance Reserve</b>					
To cover maintenance to buildings	Amenities	(54)	33	-	(21)
<b>Total Special and Separate Funds</b>		<b>27,768</b>	<b>10,383</b>	<b>(9,921)</b>	<b>28,232</b>



## SUMMARY OF INVESTMENTS AS AT 31 August 2022

ORGANISATION	Weighted Average Interest Rate	Weighted Average Term	Total Invested	Percentage of Term Deposits	Authorised Threshold
<b>SHORT TERM FUNDS &amp; TERM INVESTMENTS</b>					
<b>ASB Bank</b>					
Call account & short term deposits	0.50%	1 days	\$328,447.27		
Term Deposits 90 days & over	3.00%	367 days	\$1,000,000.00		
			<b>\$1,328,447.27</b>	<b>13%</b>	<b>50%</b>
<b>ANZ Bank</b>					
Call account & short term deposits	0.50%	1 days	\$86.60		
Term Deposits 90 days & over	1.45%	365 days	\$3,000,000.00		
			<b>\$3,000,086.60</b>	<b>39%</b>	<b>50%</b>
<b>BNZ Bank</b>					
Call account & short term deposits	0.10%	1 days	\$7,001,459.22		
Term Deposits 90 days & over	2.18%	125 days	\$3,037,042.02		
			<b>\$10,038,501.24</b>	<b>40%</b>	<b>50%</b>
<b>Kiwibank</b>					
Call account & short term deposits	0.00%	0 days	\$0.00		
Term Deposits 90 days & over	0.00%	0 days	\$0.00		
			<b>\$0.00</b>	<b>0%</b>	<b>50%</b>
<b>Wairarapa Building Society</b>					
Call account & short term deposits	0.50%	1 days	\$1.32		
Term Deposits 90 days & over	1.69%	365 days	\$566,111.76		
			<b>\$566,113.08</b>	<b>7%</b>	<b>10%</b>
<b>Westpac Bank</b>					
Call account & short term deposits	0.10%	1 days	\$14.61		
Term Deposits 90 days & over	0.00%	0 days	\$0.00		
			<b>\$0.00</b>	<b>0%</b>	<b>50%</b>
<b>TOTAL</b>	<b>1.96%</b>		<b>\$14,933,148.19</b>	<b>100%</b>	
<b>INVESTMENTS</b>					
	Weighted Average Interest Rate	Weighted Average Term	Total Invested		
<b>BONDS</b>					
LGFA Borrower Bonds	2.53%	6 years	\$567,300.00		
			<b>\$567,300.00</b>		
<b>FORESTRY</b>					
Plantation - Hurupi Stock			\$9,305.00		
			<b>\$9,305.00</b>		
<b>SHARES</b>					
Farmlands			\$1,159.00		
NZ Local Government Insurance Company			\$81,434.30		
Wellington Water Limited			\$50,000.00		
			<b>\$132,593.30</b>		
<b>TOTAL INVESTMENTS</b>			<b>\$15,642,346.49</b>		

# FINANCE, AUDIT AND RISK COMMITTEE

14 SEPTEMBER 2022

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## AGENDA ITEM C1

### POLICY AND GOVERNANCE REPORT

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#### **Purpose of Report**

To present the Policy and Governance Report for September 2022.

#### **Recommendations**

Officers recommend that the Committee:

1. *Receive the Policy and Governance Report.*

#### **1. Executive Summary**

Officers present the following updates for consideration by the Finance, Audit and Risk Committee:

- Significant Risk Register Review
- Residents' Perception Survey
- Governance
- Policy Review Programme.

#### **2. Significant Risk Register Review**

The risk register will be reviewed quarterly as follows (dependant on next Council meeting calendar):

- January (Oct-Dec)
- April (Jan-March)
- July (April-June)
- Oct (July-Sept)

The Executive Leadership Team continue to have weekly risk meetings and fortnightly risk assessment discussions. Risks identified at these meetings are recorded in minutes and added to the appropriate risk register.

#### **3. Governance**

The priorities for the governance team over the past few weeks has included:

- Continued planning for induction.
- Survey sent to all elected members requesting feedback to help inform the next triennium.
- Continued planning the agendas for the first two new Council meetings.
- Delivery of the first of several staff report writing sessions with the goal to simplify (template) the report structure.

The other major piece of work over coming months includes the Representation Review:

September: Engage LGNZ support (delayed due to illness)  
 Draft representation options to Māori Standing Committee  
 Draft representation options to Council

Early in the new triennium, a full plan will be presented to Council for consideration.

#### **4. Residents' Perception Survey**

Council engages an independent research company, to run a residents' survey to measure satisfaction and establish perceptions in relation to the services, infrastructure and facilities it provides.

The results are used to measure performance against the key performance indicators (KPI's) and to identify opportunities for improvement. The 2022 results will be made available alongside the Annual Report later in the year.

The current contract has expired, and officers are therefore requesting quotes for the next survey iteration in accordance with the procurement policy.

#### **5. Policy Framework and Review Programme**

##### **5.1 Draft Policy Framework**

A policy framework has been drafted and is attached in Appendix 1. The purpose of the framework is to:

- Identify the collection of policies at South Wairarapa District Council
- Map the policies according to their nature and type
- Distinguish Governance Policies that elected and appointed members are responsible for from Organisational Policies that the Chief Executive Officer and Executive Leadership Team are responsible for
- Demonstrate the connections between policies to other core Council's documents such as the Long-Term Plan
- Assist in developing a policy review programme and the high-level review timeframes for policies.

The draft governance policy framework has been categorised based on CouncilMARK™. The CouncilMark™ programme is designed to improve the public's knowledge of the work councils are doing in their communities and to support councils further improve the service and value they provide. The four programme priorities are:

- Governance, leadership and strategy
- Communicating and engaging with the public and business
- Financial decision-making and transparency
- Service delivery and asset management.

Officers intend to progress the development of the draft framework through the committee in the new triennium. The framework will be accompanied by policy development guidelines which is an operational document to guide staff through the development and review process of policies.

The framework will become a living document that will be updated on a regular basis as policies are developed and reviewed. An annual health check of all policies is undertaken for the purpose of ensuring all remain fit for purpose. The results of the check will be reported to the committee and help inform the ongoing review programme.

## **5.2 Policy Review Programme 2022/23**

Appendix 2 provides an overview of the indicative policy review programme for 2022/23, based on the framework. The programme has been prioritised based on audit and legislative requirements, supporting governance best practice, low hanging fruit (simple replacements, and impact.

## **6. Appendices**

Appendix 1 – Draft Policy Framework

Appendix 2 – Policy Review Programme 2022/23

Contact Officers: Amanda Bradley, General Manager Policy and Governance

Reviewed by: Harry Wilson, Chief Executive Officer

# **Appendix 1 – Draft Policy Framework**

# Policy Framework and Development Guidelines

Date of Approval	DRAFT
Revised	
File Location	
Next Review	

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DRAFT

## 1. Purpose

This document sets out the South Wairarapa District Council's (SWDC) policy framework and policy development guidelines.

The purpose of the **policy framework** is to:

- 1.1 identify the collection of policy instruments at South Wairarapa District Council;
- 1.2 map the policy instruments according to their nature and type to provide an overall picture;
- 1.3 distinguish governance policy instruments that elected and appointed members are responsible for from organisational policy instruments that the Chief Executive Officer and Executive Leadership Team are responsible for;
- 1.4 demonstrate the connections between policy instruments to other core Council's documents such as the Long-Term Plan; and
- 1.5 assist in developing a policy review programme and high-level review timeframes.

The purpose of the **policy development guidelines** is to provide SWDC staff a model of the best practice in policy development and to have a consistent corporate style across our policy documents.

Through the use of the policy development guidelines we can be confident that:

- 1.6 we have given deliberate thought to the purpose for and scope of a new policy instrument;
- 1.7 we have talked to all the right people (internal and external) to gather information and identify all possible solutions for analysis;
- 1.8 we present quality information to elected and appointed members and the Executive Leadership Team; and
- 1.9 we successfully implement policies, keep a register and review policy instruments on schedule.

## 2. Scope

The **policy framework** covers SWDC's governance and organisational policy instrument, including both district and regional.

The **policy development guidelines** cover the procedure for developing, implementing and reviewing policy instruments. The guidelines are of most relevance to governance policy instrument. While they can be used to inform the organisational or regional policy development, it is noted that these may follow a different process.



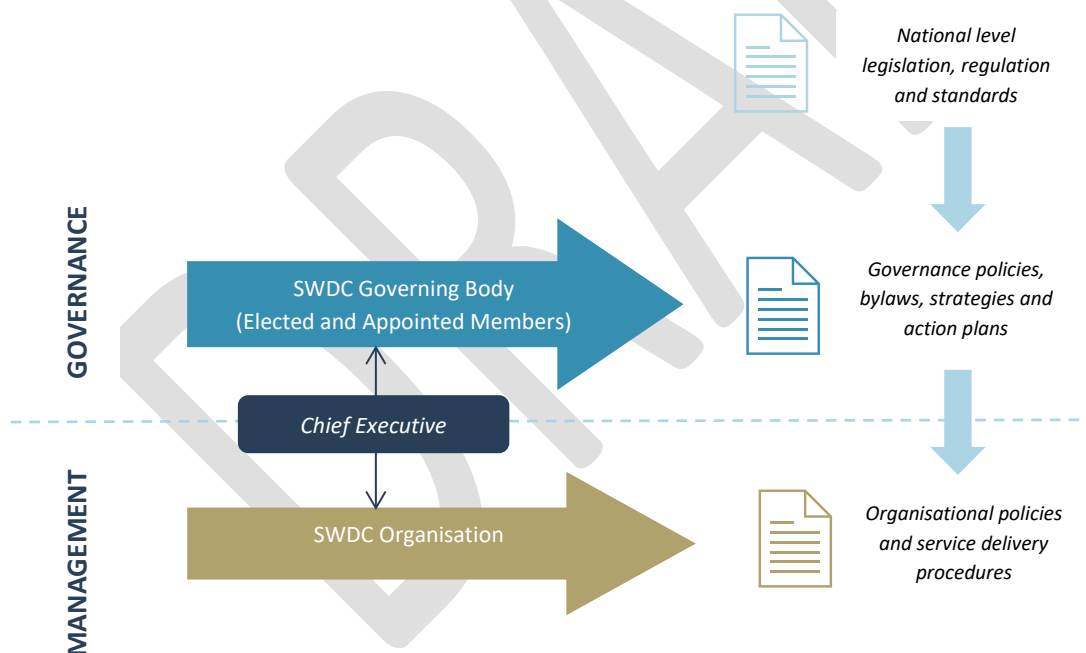
### 3. Policy Framework

SWDC has a range of policy instruments that guide all types of decisions. We have specific policy instruments that guide how we manage and control dogs to policy instruments that guide Council in making significant financial investments on behalf of the community. Policy instruments exist to provide parameters for decision-making. Some exist at a governance level to specifically assist elected and appointed members in executing their representation and local governance duties. Others exist at an organisational level and provide guidance to the Chief Executive, Executive Leadership Team and staff about operational and organisational matters.

**Governance policy instruments** are the responsibility of elected and appointed members. These can only be amended, deleted or adopted by formal resolution. They capture the ‘big picture’ issues of how to achieve our strategic direction and vision.

**Organisational policy instruments** are the responsibility of the Chief Executive and Executive Leadership Team. They can only be amended, deleted or adopted by these parties. These policies are mainly focussed on internal activities and guide operational decision-making to ensure the organisation operates in a way to reach the destination set by elected members.

This policy framework covers both governance and organisational policies.



### 3.1. Connections to the bigger picture

#### 3.1.1. How policy instruments sit in the bigger picture

	Instrument	Purpose	
National level	Legislation	Legislation in this document refers to Acts that have been passed by Parliament and received the Royal Assent.	
	Regulations	Regulations are a law-making action made under delegated authority of an Act.	
	Standards / Guidelines	National standards are set under legislation by agencies, such as the Ministry for the Environment, and are usually mandatory. Guidelines are similar and offer approved and recommended approaches, but are not mandatory.	
Council	Strategies	Strategies outline a deliberate course of action to obtain desired outcomes.	<p><b>Policy Framework</b></p> <p>The framework sets out the high-level purpose for strategies, policies, and bylaws how these all work together to achieve Council’s goals. These together are referred to as ‘policy instruments’</p>
	Bylaws	Bylaws are regulatory tools that can be used by Councils to enforce and give effect to policies, strategies and action plans. Bylaws can only be applied in specific circumstances under legislation.	
	Policy	Policies establish key principles and values that govern decision-making at Council.	
	Action Plans	Action Plans set out key activities that Council and others will do when implementing strategies and policies	
	Procedures and Guidelines	Procedures, guidelines and processes are about the ‘how.’ They give detailed direction or instructions on how to implement Council policies.	

## 3.2. Governance Policy Framework

SWDC has a wide range of governance policy instruments. The SWDC Governance Policy Framework has been collated into four areas based on the CouncilMark™ programme.

The CouncilMark™ programme is designed to improve the public's knowledge of the work councils are doing in their communities and to support councils further improve the service and value they provide. The four programme priorities are:

- 3.2.1 Governance, leadership and strategy
- 3.2.2 Communicating and engaging with the public and business
- 3.2.3 Financial decision-making and transparency
- 3.2.4 Service delivery and asset management.

The programme incorporates an independent assessment system that assesses how councils are performing and the work they're undertaking to grow the value they deliver. SWDC is intending to participate in this programme and it makes sense for our framework to align with these assessment areas.

Te Tiriti o Waitangi principles of partnership, participation and active protection are embedded into the governance policy framework across all policy instruments, ensuring we are effective partners with iwi, hapū and marae and fulfil our obligations.

Policies vary in nature depending on their purpose and can range from high level and broad sweeping to more detailed and specific. To help distinguish between policy types each group of policies has been categorised into two general types:

**Strategic Policies:** These policies generally involve big picture thinking over the long term and often require significant decisions that will affect everyone in the district. For example, the revenue and financing policy outlines how Council will strike and collect rates across the entire district.

**Directional Policies:** are more likely to be about a single-issue topics and provide direction to a specific area. For example, our regulatory policies provide direction for specific areas such as the supply of alcohol and control of dogs.

While Council can choose to create a range of policies and strategies to cover the 'big picture' issues, many of the policies and strategies are prescribed by legislation or national standards. For example, the Local Government Act 2002 requires Councils to have financial and infrastructure strategies. Other legislation such as the Sale and Supply of Alcohol Act 2012 and the Dog Control Act 1996 give Councils the ability to set their own policies.

# GOVERNANCE POLICY FRAMEWORK

## GOVERNANCE LEADERSHIP & STRATEGY

### STRATEGIC

Direction Setting - Long Term Plan  
Governance documents  
Significance and Engagement Policy

Rangatahi Youth Strategy  
Wairarapa Region Positive Ageing Strategy  
Wairarapa Economic Development Strategy

### DIRECTIONAL

Members' Remuneration Policy

## FINANCIAL DECISION-MAKING & TRANSPARENCY

### STRATEGIC

Risk Policy  
Financial Delegations Policy  
Procurement Policy

Funding and Financial Policies  
- *Financial Strategy*  
- *Revenue and Financing Policy*  
- *Financial and Development Contributions Policy*  
- *Investment and Liability Management Policy*

### DIRECTIONAL

Fraud and Corruption Policy  
Rate Remission and Write-Off Policies  
- *Remission of Rates*  
- *Postponement of Rates*

Discretionary Expenditure Policy  
- *Remission and Postponement of Rates on Māori freehold land*  
- *Coastal Erosion Policy (Rating Information Database)*  
- *Water by Meter Leak Write-Off Policy*

*Te Tiriti o  
Waitangi  
considerations*

### DIRECTIONAL

Promotion, Publicity and Media Liaison Policy

Grants Policies (including Pain Farm Income Distribution Policy and Concessions for Charitable and Like Community Organisations and Groups)

### STRATEGIC

Partnerships Policy  
Māori Policy

Communications and Engagement Strategy

## COMMUNITY ENGAGEMENT & DEVELOPMENT

### DIRECTIONAL

Services Policies  
- *Infrastructure Protection Deposits Policy*  
- *Naming of Roads Policy*  
- *Town Water Supply and Wastewater Disposal Policies*  
- *Irrigation of Key Council Assets Policy*

Property Policies  
- *Acquisition and Disposal of Land and Buildings Policy*  
- *Leasing of Property Policies*  
- *Housing for Seniors Policy*  
- *Urban Tree Policy*  
Regulatory Policies  
Bylaws

### STRATEGIC

Ruamāhanga Climate Change Strategy  
Infrastructure Strategy

Graffiti Prevention and Management Policy  
Wellington Region Waste Management and Minimisation

## SERVICE DELIVERY AND ASSET MANAGEMENT

## 4. Governance Policies

The tables on the following pages describes each of the governance policy instruments, outlines their connections to other documents, and sets the review frequency.

### 4.1. Policy review frequency

Governance policy instruments are to be reviewed at least every six years. Some policy instruments will be reviewed on a more frequent basis if the legislation the policy is made under specifies a different review period or a good reason exists to follow an alternative review period, such as best practice guidance or legislative changes.

This maximum review period is set to align with Council's requirement under section 17A of the Local Government Act 2002 to "review the cost-effectiveness of current arrangements for meeting the needs of communities within its district... for good-quality local infrastructure, local public services, and performance of regulatory functions. As policy instruments typically relate to one or more of those matters, policies are required to be reviewed no later than six years following the last review, in accordance with section 17A(2).

Bylaws made under the Local Government Act 2002 (or 1974) are required to be reviewed no later than five years after they are first made. Further reviews of bylaws are required every 10 years. Bylaws not reviewed in line with these requirements are automatically revoked two years after that date the bylaw should have been reviewed by, in accordance with section 160A of the Local Government Act 2002.

The Policy and Governance Team maintains a register of all policy instruments. An annual health check is undertaken for the purpose of ensuring all policy instruments remain fit for purpose. The results of the check are reported to the Finance, Audit and Risk Committee and help inform the ongoing review programme.

## 1. Governance Leadership and Strategy

Policy Instrument	Description	Related Policy Instruments	Last Reviewed	Review Frequency	Next Review Scheduled
Direction Setting – Long Term Plan	The Long Term Plan is the umbrella in which most direction setting occurs. In direction setting the Council considers its current strategic direction and then maps out where to go next. Good direction setting and decision making includes consideration of around the community’s view of well-being and the council’s contribution to promoting social, economic, environmental and cultural wellbeing. Direction setting also include the development of a set of community outcomes. While not technically a “policy” direction setting is significantly influential on policies, identification of strategic priorities and allocation of resources.	Policies and Strategies	June 2021	Every three years (legislative requirement)	Adopt by 30 June 2024
<b>Governance documents</b> » Local Governance Statement » Standing Orders » Terms of Reference » Code of Conduct » Delegations Policy and Register	This group of documents provides Council guidance about its purpose, meeting procedures, powers and delegations, and expectations regarding conduct. These documents are heavily based in legislation and are typically standardised by industry experts.	Legislation	» March 2020 » October 2016 » 2019/20 » Dec 2021 » June 2022	Every three years to align with the election cycle	2022/23 (adopt post-election)
Significance and Engagement Policy	This policy lets our communities know how and when they can expect to be engaged in Council’s decision-making processes. It enables us and our communities to identify the degree of significance attached to particular decisions and ensures that Council are informed from the beginning of a decision-making process about the extent and type of engagement.	Communications and Engagement Strategy (to be developed) Partnerships Policy (to be developed) Māori Policy	June 2021	Every three years, separately or as part of the Long-Term Plan	Adopt by 30 June 2024

## 1. Governance Leadership and Strategy

Policy Instrument	Description	Related Policy Instruments	Last Reviewed	Review Frequency	Next Review Scheduled
Members' Remuneration Policy	The Remuneration Policy outlines Council's agreed approach to allocating the governance remuneration pool and allowances that are set by the Remuneration Authority. It also includes information to guide attendance at conferences, seminars and training.	Discretionary Expenditure Policy Code of Conduct Terms of Reference	December 2017	Every three years to align with the election cycle, with an annual schedule update to reflect the latest Remuneration Authority determination.	2022/23 (adopt post-election)
Wairarapa Region Positive Ageing Strategy	These strategies help to bring positive outcomes to the Wairarapa's ageing and youth communities.	Partnerships Policy Communication and Engagement Strategy	Adopted 2019	Every six years	2025
Rangatahi Youth Strategy			To be developed		Under development
Wairarapa Economic Development Strategy	This strategy was developed to maintain momentum in the region's economy and plan for a future which allows for growth.	Wellington Regional Economic Development Plan	2018	TBC	Currently under review

2. Community Engagement and Development					
Policy Instrument	Description	Related Policy Instruments	Last Reviewed	Review Frequency	Next Review Scheduled
Partnerships Policy	This policy supports Council in developing effective partnership relationships with community organisations who contribute to Councils community outcomes.	Grants Policy Māori Policy Significance and Engagement Policy	To be developed	Every six years	To be developed in 2022/23
Māori Policy	This policy ensures we are effective partners with iwi, hapū and Māori and fulfil our obligations under Te Tiriti o Waitangi.	Partnerships Policy Significance and Engagement Policy	March 2015	Every six years	To be reviewed 2022/23
Grants Policies, including Pain Farm Income Distribution and Concessions for Charitable and Like Community Organisations and Groups	This policy guides the allocation of grants to groups and organisations contributing to community outcomes. It sets our funding priorities and principles.	Partnerships Policy	June 2021 (Grants Policy) August 2015 (Pain Farm) October 2015 (Concessions)	Every six years	2022/23
Communications and Engagement Strategy (to develop)	This strategy provides for the effective communication and engagement with the community on strategic, governance or operational matters. It is important for ensuring an effective relationship with the community, media and other bodies such as Community Boards.	Significance and Engagement Policy Partnerships Policy	To be developed	Every six years	To be developed in 2022/23
Promotion Publicity and Media Liaison policy	This policy guides decisions on promotion, publicity and liaising with the media. As the policy content authorises named staff to carry out particular communications related functions the next review will focus on whether some of the content may be transitioned to the Delegations Register.	Communications and Engagement Strategy Code of Conduct Delegations Policy and Register	April 2016	Every six years	2022/23



2. Financial Decision-Making and Transparency					
Policy Instrument	Description	Related Policy Instruments	Last Reviewed	Review Frequency	Next Review Scheduled
<b>Funding and financial policies</b> <ul style="list-style-type: none"> <li>» Financial Strategy</li> <li>» Revenue and Financing Policy</li> <li>» Development Contributions and Financial Contributions Policy</li> <li>» Liability Management Policy</li> <li>» Investment Policy</li> </ul>	<p>This suite of policies set Council’s approach to managing its financial resources. They enable Council to obtain financial resources via rates, establish funding tools, manage resources and allocate them towards strategic priorities. They also guide investment activities and borrowing management.</p> <p>Good decision making in funding and financial policy development requires careful consideration and alignment with the relevant legislative requirements. Some policies require the inclusion of mandatory content and others have specific review processes.</p>	Rate Remission and Write-off Policies	June 2021	Every three years, as part of the Long-Term Plan	The Revenue and Financing Policy is currently under review. All others will be adopted by 30 June 2024
<b>Rate Remission and Write-Off Policies</b> <ul style="list-style-type: none"> <li>» Remission of rates Policy</li> <li>» Postponement of rates Policy</li> <li>» Remission and Postponement of Rates on Māori freehold land Policy</li> </ul>	<p>A range of policies that outline the circumstances when Council is prepared to waive rates or write-off charges.</p> <p>Good decision making in this suite of policies includes being clear about Council’s rationale for exempting certain groups from paying rates.</p>	Funding and financial policies	June 2021	Every three years, as part of the Long-Term Plan	Adopt by 30 June 2024
<ul style="list-style-type: none"> <li>» Water by Meter Leak Write-Off Policy</li> </ul>	<p>Changing climate change context and legislation need to be taken into consideration when reviewing these policies.</p>		December 2016		
<ul style="list-style-type: none"> <li>» Coastal Erosion Policy (Rating Information Database)</li> </ul>			August 2015		

## 2. Financial Decision-Making and Transparency

Policy Instrument	Description	Related Policy Instruments	Last Reviewed	Review Frequency	Next Review Scheduled
Risk Policy	<p>Risk Management is an integral part of good management practice. Successfully managing risk ensures Council is able to support the ongoing vision and objectives of the district.</p> <p>The Risk Policy outlines roles and responsibilities and the process for risk identification, ranking, mitigations and management.</p>	<p>Significant Risk Register</p> <p>Fraud and Corruption Policy</p>	August 2018	Every three years	2022/23
Fraud and Corruption Policy	<p>This policy states Councils approach to fraud and corruption and to provide guidelines for the prevention, detection and response. It intends to raise awareness throughout SWDC about how to recognise fraud and corruption.</p>	Risk Policy	June 2022	Every three years	March 2026
Financial Delegations Policy	<p>This policy provides Council guidance to enable effective Local Government, by delegating financial authority and powers to the Chief Executive and Staff.</p>	<p>Funding and financial policies</p> <p>Procurement Policy</p> <p>Governance policies</p>	June 2020	Every two years	2022/23
Procurement Policy	<p>This policy describes the principles that apply when obtaining good, services or works from an external source.</p> <p>While Local Government is not required to follow the NZ Government guidelines, they are strongly encouraged to in order to bring consistency to the wider government network.</p>	<p>Governance policies</p> <p>Funding and financial policies</p> <p>Financial Delegations Policy</p> <p>Discretionary Expenditure Policy</p>	June 2022	Every three years	March 2026
Discretionary Expenditure Policy	<p>This policy provides a principles-based approach for managing Council discretionary expenditure to ensure it is appropriate, justifiable and can withstand public scrutiny.</p>	<p>Procurement Policy</p> <p>Members' Remuneration Policy</p>	June 2022	Every three years	March 2026

4. Asset Management and Service Delivery					
Policy Instrument	Description	Related Policy Instruments	Last Reviewed	Review Frequency	Next Review Scheduled
Infrastructure Strategy	<p>The Infrastructure Strategy demonstrates how Council is intending to respond and manage significant asset requirements over a 30-year period. It is mandated under the Local Government Act and is a core part of the Long Term Plan.</p> <p>The long-term nature of this strategy requires consideration of the needs of future generations and what financial resources will be required. This requires strong alignment between the Infrastructure Strategy and the Financial Strategy, as well as clear links to service levels in the Long Term Plan.</p>	<p>Long Term Plan</p> <p>Financial Strategy</p> <p>Asset Management Plans</p>	June 2021	Every three years (legislative requirement)	Adopt by 30 June 2024
<p><b>Services</b></p> <ul style="list-style-type: none"> <li>» Naming of Public and Private Roads and Rights of Way Policy</li> <li>» Infrastructure Protection Deposits Policy</li> <li>» Town Water Supply Policy</li> <li>» Wastewater Disposal Policy</li> <li>» Irrigation of Key Council Assets Policy</li> </ul>	<p>These policies guide decision-making with respect to our assets and services, particularly roading and water.</p>	<p>Infrastructure Strategy</p> <p>Wairarapa Combined District Plan</p>	<p>November 2018</p> <p>February 2019</p> <p>April 2017</p> <p>April 2017</p> <p>February 2016</p>	Every six years (TBC)	2023/24 (TBC)

4. Asset Management and Service Delivery					
Policy Instrument	Description	Related Policy Instruments	Last Reviewed	Review Frequency	Next Review Scheduled
<b>Environmental</b>	These strategies identify and articulate the objectives that Council wants to achieve. Details are provided about the current context, ideal future state and the meaningful action required to ensure a sustainable future for the region.	Action plans	2017	Every six years (TBC)	2023
» Wellington Region Waste Management and Minimisation Plan			May 2021		2024
» Ruamāhanga Climate Change Strategy			August 2017		2023
» Graffiti Prevention and Management Policy					
<b>Property</b>	This suite of property policies guide Council's management of land and buildings, including acquisition, disposal and leasing. It ensures a consistent approach to the management of land throughout the district. The Urban Tree Policy ensures consistent management of trees on Council land and road reserves. A review of the Housing for Seniors Policy will consider whether a policy instrument is the most appropriate format.	Reserve Management Plans Wairarapa Combined District Plan	July 2018	Every six years (TBC)	2023/24 (TBC)
» Acquisition and Disposal of Land and Buildings Policy			June 2015		
» Leasing of Property Policy			December 2017		
» Community Groups Use of and Access to Council Parks, Reserves and Open Spaces			November 2015		
» Urban Tree Policy			February 2019		
» Housing for Seniors Policy					

4. Asset Management and Service Delivery					
Policy Instrument	Description	Related Policy Instruments	Last Reviewed	Review Frequency	Next Review Scheduled
<b>Regulatory</b>					
» Wairarapa Local Alcohol Policy	<p>These policies are Council's response to specific pieces of legislation. They establish local regulatory approaches to national issues.</p> <p>In some cases they are mandatory meaning Council must have a policy. In other cases these policies are not mandatory, although national-level regulation can often apply if Council's do not adopt their own policies.</p> <p>While Councils are empowered to set their own policies, these have to operate within the boundaries set by legislation. There will often be things that Councils must cover in the policies (and there is no discretion allowed), and also directions on what Councils must have regard to when setting the policies (high-level outcomes to guide decision-making on the specific issue).</p> <p>The review frequency for all of policies, except the Smokefree Environment Policy, are set by legislation.</p>	<p>Legislation</p> <p>Bylaws</p>	August 2018	Every 6 years	All scheduled for review in 2022/23
» Smokefree Environment Policy			June 2015	Every 3 years	
» Psychoactive Substances Local Approved Products Policy			April 2014	Every 5 years	
» Wairarapa Class 4 Gambling and Standalone TAB Venues Policy			June 2019	Every 3 years	
» Local Easter Sunday Shop Trading Policy			March 2017	Every 5 years	
» Dangerous and Insanitary Buildings Policy			August 2017	Every 5 years	
» Control of Dogs Policy			September 2013	When bylaw is due	

#### 4. Asset Management and Service Delivery

Policy Instrument	Description	Related Policy Instruments	Last Reviewed	Review Frequency	Next Review Scheduled
<b>Bylaws</b>					
» Wairarapa Consolidated Bylaw 2019	<p>Bylaws are legislative instruments that give effect to policy.</p> <p>Bylaws can be used to encourage behaviours to maintain desired community conduct and can be enforced through a range of measures e.g. fines, orders and prosecution.</p> <p>Council has a number of bylaws and good decision making involves consideration of the entire bylaw portfolio to avoid the risk of any unintended consequences between bylaws.</p> <p>Bylaws are legal documents and legal advice is often sought prior to adoption to ensure bylaws meet legal requirements and are enforceable.</p>	<p>Legislation</p> <p>Regulatory Policies</p> <p>Service delivery policies</p> <p>Water Race Code of Practice</p>	2019	<p>In accordance with legislative timeframes.</p> <p>Five years after the date on which the bylaw was first made (section 158 of the LGA 2002).</p> <p>Every 10 years for further reviews of bylaws (section 159 of the LGA 2002)</p>	TBC
» Camping in Coastal Areas Bylaw 2009			2013		2023/24
» Alcohol Control Bylaw 2021			2021		2026
» Featherston Longwood Water Race 1936			2014		2023/24
» Moroa Water Race Bylaw 2007			2014		2023/24
» Control of Dogs Bylaw 2013			2013		2022/23
» Masterton, Carterton and SWDC Solid Waste Bylaw 2021			2021		2031

**Notes:**

SWDC previously had a Prostitution Bylaw 2009 which was revoked by section 160A of the Local Government Act 2002.  
 There are several policies that Council is being asked to revoke in September 2022 which are not captured within this framework.

## 5. Organisational Policies

South Wairarapa District Council has the following organisational policies. Organisational policies should be reviewed no less frequently than every six years but may be reviewed on a more frequent basis if a good reason exists to follow an alternative review period, such as best practice guidance or legislative changes.

### 5.1. People and Capability

- » Equal Employment Opportunity Policy
- » Good Employer Policy
- » Performance Management Policy
- » Complaints and Compliments Policy
- » Flexible Working Policy
- » Time Off in Lieu Policy
- » Managed Sick Leave Policy.

### 5.2. Safety and Wellbeing

- » Health and Safety Policy
- » Covid-19 Vaccination Policy
- » Smoking and Vaping at Work Policy
- » Harassment, Bullying and Discrimination Policy
- » Child Protection Policy
- » Driving Policy.

### 5.3. Information and Library Services

- » Information Technology and Management Policy
- » Information Technology Strategy (to be developed)
- » Wairarapa Library Service Policies
  - Customer Service Policy
  - Donations Policy
  - Collection Development and Management Policy
  - Funds Donation, Sponsorship, and Fundraising Policy.

Note: The Policy Development Guidelines are currently being drafted and will be appended to the Policy Framework at a later date.

# **Appendix 1 – Policy Review Programme 2022/23**



Category	Name	Prioritisation	Review Due	Key Milestones (Indicative)				Status	Comments
				Q1: Jul-Sep	Q2: Oct-Dec	Q3: Jan-March	Q4: Apr-Jun		
Governance Leadership and Strategy	Remuneration – Elected Members and Conferences, Seminars and Training Policies	A review of these policies, with a view to combining them, is a priority ahead of the October 2022 elections.	May-20	Policy drafting	Updated policy adopted by incoming Council (Oct-22)			On track	
	Local Governance Statement	Local authorities must prepare and make publicly available a local governance statement within 6 months after each general local body election.	Apr-23			Local Governance Statement updated and adopted Mar-23		Not yet started	
	Code of Conduct Standing Orders	To align with the most recent LGNZ update and provide an opportunity for it to be considered and adopted by the new Council.	Nov-22	Review against new LGNZ template	Adopted by incoming Council (Oct-22)			On track	Report to first Council meeting after the elections.
Community Engagement and Development	Grants policy and process improvements	While the next review is not due until June 2024, improvement opportunities have been identified through the application of the new policy. This includes an opportunity for better alignment between the different grant funds (including Pain Farm income distribution) and greater clarity of the process for funding applications.	Jun-24	Internal workshop with staff (Jul-22)	Workshop with incoming members (including Community Boards)  Updated policy (incorporating Pain Farm) adopted by incoming Council			On track	
	Pain Farm Income Distribution Policy		Apr-18	Policy and process drafting (Aug/Sept-22)					
	Māori Policy	Review of Māori Policy, including consultation and a consideration of a broader partnerships policy	Jun-18			Engagement (e.g. Māori Standing Committee)	New policy adopted	Not yet started	To start once Principal Advisor on board.
	Partnerships Policy		New						
	Promotion Publicity and Media Liaison Policy	As the policy content authorises named staff to carry out particular communications related functions the review will focus on whether some of the content may be transitioned to the Delegations Register.	May-18				Policy review complete	Not yet started	
Financial Decision-Making and Transparency	Revenue and Financing and Remission and Postponement of Rates on Māori Freehold Land Policy	Good practice dictates a first principles review should be completed every 10 years. This was last completed as part of the 2009/19 LTP.  Review of remission of rates on Māori Freehold Land to align with GWRC and other TAs.	Jun-24	Step one (s101(3)(a) requirements of the LGA) completed Sep-22	New Council amends or confirms step one  Step two (s101(3)(b) requirement of the LGA) started	Draft policy and proposal	Consultation in conjunction with 2023/24 Annual Plan	On track	Council endorsed undertaking a first principles review of the policy on 30-Jun-22.  Report to Council Sep-22
	Risk Policy	Overdue for review and requires updating in conjunction with the strategic risk register.	Aug-21	New policy adopted (Sep-22)				Delayed	Due to competing priorities, the draft policy will be presented for adoption post-elections.
	Financial Delegations Policy	Prioritised to complete the update of delegations and in keeping with the review due date of June 2022.	Jun-22		Revised policy adopted by incoming Council			On track	Officers have reconsidered the timing of this work and consider it appropriate to be adopted by incoming Council after the elections. The key milestones have been updated to reflect this change.

Category	Name	Prioritisation	Review Due	Key Milestones (Indicative)				Status	Comments			
				Q1: Jul-Sep	Q2: Oct-Dec	Q3: Jan-March	Q4: Apr-Jun					
Service Delivery and Asset Management: <i>Joint Regulatory Policies (with Masterton and Carterton District Councils)</i>	Smokefree Environment Policy	Development of a joint policy to enable a consistent approach across the Wairarapa. The review is to be progressed through the Wairarapa Policy Working Group (WPWG).	Jun-19	Community survey	TBC			Delayed	Community survey delayed due to competing consultation priorities across the Councils. It is anticipated to be carried out in late September.			
	Wairarapa Local Alcohol Policy	Review of the Wairarapa Local Alcohol Policy 2018 (LAP). The review is to be progressed through the Wairarapa Policy Working Group (WPWG).	Nov-21	Stakeholder engagement and data collection	Recommendations to WPWG	Recommendations to incoming Council proposing roll-over or amendments	Public consultation using SCP, hearings, deliberations etc.	Delayed	Project delays due to Covid-19 impacting availability of key stakeholders and project team, and challenges with data collection. Key milestones have been adjusted to reflect project delays.			
	Wairarapa Class 4 Gambling and Standalone TAB Venues	Review prioritised based on legislative review requirement.	Jun-22		High level information report to incoming Council/P&R Committee outlining proposed approach/timeline (Nov/Dec-22)	TBC	TBC	Not yet started				
Service Delivery and Asset Management: <i>SWDC Stand-alone Regulatory Policies</i>	Psychoactive Substances	Review prioritised based on legislative review requirements. Policies are to be progressed on the same timeline as all require use of the Special Consultative Procedure (SCP).	Apr-19	High level information Report to P&R Committee (Aug-22)  Background research and pre-engagement	Background research and pre-engagement	Council adopts SOPs	Public Hearings	On track	High level report to P&R 24-Aug. Detailed project and communication plan and background research commenced.			
	Local Easter Sunday Trading		Jun-18							Prepare Statement of Proposals (SOPs)	Public consultation (SCP)	Council adopts new policies/ bylaw
	Dangerous and Insanitary Buildings		Aug-22									
	Control of Dogs Policy and Review		Sep-18									
Redundant Policies / Operational Procedures	Hire of Council Facilities Policy	Feb-23	Internal meeting with SMEs (Jul-22)				On track	Reported to Community Boards in August 2022. Community Boards were supportive of the proposal. Council will be asked to consider revoking the policies 21-Sep-22.				
	Artwork Policy - Greytown Town Centre	As required	Report to the Community Boards (Aug-22)  Council agreement to revoke policies (Sep-22)									
	Street Banners and Flags Policy	Apr-20										
	Street Days, Appeals and Raffles Policy	Apr-19										
	Council, Committees and Working Parties Policy	Feb-20										
Organisational Policies (to be approved by the Chief Executive/ELT)	Information Technology and Management Policy		New			Research and drafting	New policy adopted	Not yet started	To start once Information Officer returns to SWDC.			

# FINANCE AUDIT AND RISK COMMITTEE

14 SEPTEMBER 2022

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## AGENDA ITEM C3

### ACTION ITEMS REPORT

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#### **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 Chief Financial Officer for comment and all members may ask the Chief Financial Officer 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 14 September 2022

Contact Officer: Karon Ashforth, General Manager Finance

Reviewed By: Harry Wilson, Chief Executive Officer

# **Appendix 1 – Action Items to 14 September 2022**

Number	Raised Date	Action Type	Responsible Manager	Assigned to	Action or Task details	Open	Notes
248	11-Dec-19	Action	S Corbett		<p>Find out the background to the Bonny Glen landfill risk and update FAR Committee members</p> <p>Assess the risk to Council of central government mandated increases to solid waste levies and the ability of Council to change processes to manage landfill contracts, expenditure and revenue alongside promotion of waste minimisation</p>	Open	<p>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.</p> <p>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.</p> <p>24/2/20: Action updated by FAR</p> <p>01/10/21: We have a 20-year contract for service to use Bonnie Glen landfill. There are no capacity issues.</p> <p>30/03/2022: members requested this be reopened and referred to A&amp;S was because they wanted to review whether there is leeway for within the current contract in the context of a focus on waste minimisation and to understand the associated costs. That there was a suggestion by Harry for our new waste advisor to brief the A&amp;S committee on this. Bryce assigned to follow up.</p> <p>06/05/2022: Waste Minimisation policy is subject to review at the moment. A report will be given to A&amp;S committee in due course, as staff need to be onboarded to fulfil this request.</p> <p>11/05/22: Action updated by FAR.</p>
50	16-Feb-22	Action	A Bradley		Provide members a timeline for completion of the overhaul of the strategic risk register.	Actioned	<p>30/03/2022: To be completed for next FAR meeting</p> <p>11/05/2022</p> <p>14/6/22: Refer to Policy &amp; Governance Report for update.</p>
55	16-Feb-22	Action	R O'Leary		Investigate whether a plan change related to financial contributions for South Wairarapa could be brought forward ahead of the District Plan review.	Open	<p>11/05/22: Members requested update.</p> <p>10/06/22: Already raised with District Plan review as a topic, and Boffa Miskell (consultant) is across this.</p> <p>22/06/22: Action updated by members. Developer replaced by financial contributions.</p>

Number	Raised Date	Action Type	Responsible Manager	Assigned to	Action or Task details	Open	Notes
375	3-Aug-22	Action	H Wilson	R O'Leary	Seek further advice from the Planning Team if there is capacity to identify any potential residual risk relating to historical consents.	Open	31/08/22: No new updates.

# FINANCE, AUDIT AND RISK COMMITTEE

14 SEPTEMBER 2022

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## AGENDA ITEM D1

### CHAIRPERSON REPORT

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#### Recommendations

The chairperson recommends that the committee:

1. *Receive the Chairperson Report.*
2. *Recommend that the Independent Committee Member Future Recommendations Report (Appendix 2) be provided to the incoming Mayor for information for when committees are being established.*

#### 1. Independent Finance, Audit and Risk Committee Member

Feedback was sought from Kit Nixon, independent committee member of the Finance, Audit and Risk (FAR) Committee (2019-22) on his view of the benefits of having an independent member on FAR, lessons learned during the triennium and recommendations for the future.

The request made is attached in Appendix 1. The response received is attached in Appendix 2. The committee is asked to consider agreeing to provide the recommendation report to the incoming Mayor for information for when committees are being established in the new triennium.

#### 2. Appendices

Appendix 1 – Request seeking feedback from Independent FAR Committee Member

Appendix 2 – Report received from Independent FAR Committee Member

Leigh Hay  
Chair  
Finance, Audit and Risk Committee

# **Appendix 1 – Request seeking feedback from Independent Committee Member**





Appointment of Kit Nixon as Independent Committee Member to Finance, Audit & Risk Committee (FAR) (2019-2022)

Wednesday, 7 September 2022

The purpose of this report is to seek feedback From Kit Nixon, (Independent Committee Member to FAR) at to the benefits of having an independent member on FAR, Lessons learned during this triennium and recommendations for the future for an independent member of FAR in the next triennium.

### Background

It was decided in 2019 with a new council that it would be advantageous to have an independent member on FAR. This was a new appointment. The purpose was to enhance transparency around decisions to keep information publically excluded and allow an independent committee member to review these decisions. A robust committee at FAR is key to maintaining public confidence in local government through assuring transparency and accountability. Another key component is how council manage and identify risk.

The decision to make this appointment provided an opportunity for SWDC to have one independent member on FAR as well as the flexibility to bring in experience from other fields, whether that be in running large corporations, local government experience, housing management or construction, or in technology and data, to name just a few potential specialties.

Independent members are important. While they may not have voting rights on the FAR committee , they have the advantage of bringing an external perspective, as well as not being involved in the politics of the council chamber.

We sought someone from the South Wairarapa for this position. The ideal person would have senior management experience, a high degree of financial literacy (but not limited to an accountant) and possibly LG experience. Kit Nixon was appointed after discussions with the CEO, Mayor and chair of FAR.

The job description is attached. The role is voluntary and no payment for time was made to the member. The term of the Independent members is for three years. Typically the FAR meetings are held every 6 weeks. The Chair of FAR would meet the independent member prior to the meeting and discuss agenda items and reports. The chair would seek independent advice as to items on the agenda and specifically address areas of risk to the council over and above financial matters.

1. Did you consider you were sufficiently briefed prior to your appointment?
2. How might we have improved this?
3. In your opinion what value did you bring to FAR
4. How might we improve this position to allow a greater benefit to FAR?
5. Do you consider it would be useful for independent members' term to carry over for 2-3 months following the Triennial elections to provide continuity for the committee over the initial months of a new Council?



## 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 2 – Report received from Independent FAR Committee Member**

## **SWDC FINANCE, AUDIT & RISK – INDEPENDENT COMMITTEE MEMBER FUTURE RECOMMENDATIONS**

### **Overview**

Based on the recent brief given to me by the current Chair of the South Wairarapa District Council Finance, Audit, and Risk Committee (FAR), it is a pleasure to provide feedback as the initial independent committee member.

While this was a new appointment, independent members are becoming a standing requirement in councils throughout the country, as demonstrated by the level of advertising for candidates seen via the Institute of Directors. It is recommended, if not already implemented, that these appointments become a mandatory requirement of Local Government FAR procedures.

To ensure that an independent member is effective in their role, the Council must be absolutely clear why the position was created, what outcomes are expected as a result, and what Council resources are made available to achieve these results.

The original brief for this position was focused on enhancing transparency around decisions to keep sensitive information from public exclusion. The role scope expanded, with a wider focus of having an independent member to identify and manage risk, while at all times assuring transparency and accountability. An independent member has become an essential part of the Council's FAR committee's future and may be expected by the public in the future to increase the number and scope of the incumbent role. The question for the future is how to get the best out of this initiative.

### **Recommendations**

**1.0:** Cyclical dialogue with certain aspects of the council in between the FAR meetings must take place via a formalized cadence. At present, there is a constructive discussion with the chair the day before the meeting – however the agenda is static at this stage, and does not encourage flexible dialogue. Topics must be able to adapt to reflect the ever-changing nature of risk and audit, and all topics (within the context of the role) must be available for discussion for an audit and risk role to be successful. For the benefit of both parties this approach needs to change if the Council wants to maximize the value of an independent member. For example:

- Halfway between FAR meetings the independent member must have access to the CEO to discuss, and be briefed, on any major issue related to the next committee meeting;
- Establish cadence with the Policy and Governance Advisor and the General Manager Finance prior to any agenda being finalized;
- Board papers to be produced for independent members for topics relating to key committee decisions, providing an audit trail summary of the information available to decision makers and upon which decisions are based on.

It is important to note that at no time were the aforementioned staff unavailable to meet, however adhoc engagements should be formalized as part of an overall engagement model.

**2.0:** With the above direction being implemented, the independent position must be remunerated. A fixed fee should be established, providing compensation for the increased number of meetings and expansion of job scope. This also ensures that if the member is required to attend additional meetings to assess a topic of importance, the members effort is compensated. This is established

practice in other councils who have advertised similar positions and the amounts offered follow a common theme.

**3.0:** In reviewing the number of items marked for public exclusion, while being important, are not high in number, and follow a logical path to reach such a conclusion. However, the incumbent in the future will only be able to contribute if the position is fully integrated into the governance lifecycle, and the information required to achieve this is made available in order to provide a constructive view, prior to the articles being presented for review. It is unreasonable to expect an independent member, who by design, is not integrated into the day-to-day operations of the Council to speak authoritatively on topics they are not fully briefed on.

With regard to the independent members term carrying over for 2 – 3 months following the election, this would be best considered based on the make up of the new council and how many new members are joining FAR. There should also be a mechanism for the rotation of independent members after a set period of time. This is to ensure that the governance lens applied to the FAR does not remain static, and new ideas and approaches are applied to FAR committee.