



MINUTES OF A MEETING OF THE FINANCE AUDIT & RISK SUB-COMMITTEE

Date: Wednesday 11 November 2020

Time: 9.00am

Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Present: C Foss - Chairman
R Dinwoodie
W Foley
N Kirton

In Attendance: J Palmer – Chief Executive
J Ellerm – Group Manager Corporate Services
A Roets – Governance Administration Assistant
H Marsden – Risk and Assurance Lead
B Smith – Chief Financial Officer
C Dolley – Group Manager Asset Management
C Simes – FUSE Project Manager
S Cross – Morrison Low
G Howes – Treasury and Funding Accountant

1. Welcome/Apologies/Notices

The Chairman welcomed everyone to the meeting and Cr Will Foley opened with a karakia.

2. Conflict of Interest Declarations

There were no conflicts of interest declared.

12 August 2020

FIN125/20 Resolution

Minutes of the Finance Audit & Risk Sub-committee meeting held on Wednesday, 12 August 2020, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Foley/Foss
CARRIED**

4. Risk Maturity Roadmap

Jess Ellerm introduced Helen Marsden gave a presentation and a bowtie demonstration on progress made to date with implementation of the Risk Maturity Roadmap. Discussions covered:

- Risk maturity Phase 1 completed
- Bowtie analysis provides clarity on the scope of each enterprise risk and can be used in real-time to prioritise any initiatives arising from the analysis
- The bowtie analysis was demonstrated using the Asset & Infrastructure enterprise risk as it has both operational and strategic risk components
- The regional council's risk appetite statement, which sets out Council's tolerance levels across its key areas, is targeted for mid 2021 completion
- Asset and Infrastructure identified as not being fit for purpose, and query as to whether adequate management actions were undertaken response to which was that key controls are in place and are very effective
- Concerns raised about issues external to HBRC and how those may be considered as part of the Risk Maturity Roadmap
- Working collaboratively with Territorial Authorities to work through joint ownership and responsibilities
- Next steps include testing relevant enterprise risks and progressively improving the bowtie methodology.

FIN126/20 Resolutions

That the Finance, Audit and Risk Sub-committee:

1. Receives and considers the "*Risk Maturity Roadmap*" staff report and accompanying presentation.
2. Confirms that management actions undertaken and planned for the future adequately respond to the risk maturity roadmap that was approved by the Corporate and Strategic Committee on 10 June 2020.
3. Confirms that the bowtie analysis is an appropriate tool to drive risk maturity as defined by the risk maturity road map.
4. Requests that issues external to HBRC, such as joint ownership and responsibilities for assets, that have an impact on HBRC are considered as part of the Risk Maturity Roadmap.

**Foss/Dinwoodie
CARRIED**

5. HBRC Covid-19 Response Review Report

Helen Marsden gave an update on the learnings and findings of the internal review undertaken.

- The aim of the review was to review the effectiveness of the response, split into five key themes of BCP; Disaster recovery plans; communication; technology; health, safety and wellbeing and work distribution to identify opportunities to respond to future events more effectively
- Specific pandemic safety information along with any newly implemented manual and technical work-arounds/ practises will be documented and accessible through the Council's central suite of continuity documents
- Business Continuity Plans (BCP) will be integrated with other plans to inform the disaster recovery plan
- Rostering system was found to be less effective for a long term event
- CDEM has undergone a full review of the Covid-19 response and the report will be presented first to the HB CDEM Group Joint Committee and then to Council once it has been completed
- Issues with Council's telephony system were addressed by diverting all phone lines to the Palmerston North Contact Centre and the system is currently being replaced

FIN127/20 **Resolutions**

That the Finance, Audit and Risk Sub-committee:

1. receives and considers the "HBRC Covid-19 Response Debrief and Learnings Report"
2. notes the extended timeframe required to enhance the Regional Council's suite of business continuity and recovery documents
3. agrees support for the improvements proposed by staff.

**Foley/Dinwoodie
CARRIED**

6. Internal Audit Work Programme Update

Jessica Ellerm introduced the item, which was taken as read. Further discussions highlighted:

- Dashboard to track progress of agreed corrective actions from the internal audit findings, with regular updates on any changes implemented through transformation projects
- Emphasis on how to improve internal audit reporting by tracking progress of programmes
- Note Cyber Security Internal Audit is behind schedule due to Covid-19 and work in progress
- Action owners are responsible for updating their own corrective actions on the dashboard.

FIN128/20 **Resolutions**

That the Finance, Audit and Risk Sub-committee:

1. Receives and notes the 'Internal Audit Work Programme Update' staff report and accompanying dashboards.
2. Confirms that management actions undertaken or planned for the future adequately respond to the findings and recommendations of the internal audits.
3. Confirms that the dashboard reports provide adequate information on the progress of corrective actions and the progress of the approved annual internal audit programme.

**Kirton/Foley
CARRIED**

7. Verbal FUSE Project Update

Jess Ellerm introduced Clare Simes who gave a presentation on the benefits and progress to date on implementing the new financial system (FUSE). Discussions covered:

- TechOne is the provider and OneCouncil is the solution
- Anticipating full Human Resources and Asset Management solutions to be implemented through TechOne to integrate with the FUSE
- Noted the significant benefits FUSE will introduce to Council financial processes and reporting, transforming financial management and significantly positively impacting staff
- Following a staged approach with the intention that all components will “go live” by 1 July 2021.

FIN129/20 Resolution

That the Finance, Audit and Risk Sub-committee receives and notes the verbal “FUSE Project Update”.

**Foss/Foley
CARRIED**

8. Sub-Committee Work Programme November 2020 Update

Jessica Ellerm gave an update on the overall work programme and progress to date, advising that a report covering the overall assurance framework will be prepared for the February 2021 FARS meeting, focussing and informing S17a effectiveness and efficiency conversations.

FIN130/20 Resolution

That the Finance, Audit and Risk Sub-committee receives and notes the “*Sub-committee Work Programme November 2020 Update*” staff report.

**Foss/Foley
CARRIED**

9. Section 17a Review of the HBRC Works Group

FIN131/20 Resolution

That Hawke’s Bay Regional Council excludes the public from this section of the meeting, being Agenda Item 9 Section 17a Review of the HBRC Works Group with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being:

**GENERAL SUBJECT OF THE
ITEM TO BE CONSIDERED**

Section 17a Review of the
HBRC Works Group

**REASON FOR PASSING THIS
RESOLUTION**

s7(2)(f)(ii) 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.

s7(2)(a) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to protect the privacy of natural persons.

**GROUND UNDER SECTION 48(1) FOR
THE PASSING OF THE RESOLUTION**

The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

**Kirton/Dinwoodie
CARRIED**

The meeting went into public excluded session at 11.03am and out of public excluded session at 12.16pm.

10. 2019-20 Annual Treasury Report

Bronda Smith introduced the item, which was taken as read.

FIN132/20 Resolution

That the Finance, Audit and Risk Sub-committee receives and notes the "2019-20 Annual Treasury Report".

**Kirton/Foley
CARRIED**

11. Quarterly Treasury Report for 1 July - 30 September 2020

The report was taken as read.

FIN133/20 Resolution

That the Finance, Audit and Risk Sub-committee receives and notes the "*Treasury Report to 30 June 2020*".

**Kirton/Foley
CARRIED**

Closure:

There being no further business the Chairman declared the meeting closed at 12.32pm on Wednesday, 11 November 2020.

Signed as a true and correct record.

DATE:

CHAIRMAN: