



MINUTES OF AN EXTRAORDINARY MEETING OF THE FINANCE AUDIT & RISK SUB-COMMITTEE

Date: Tuesday 15 December 2020

Time: 9.05am

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

Present: C Foss - Chairman
W Foley
N Kirton

In Attendance: J Palmer – Chief Executive
J Ellerm – Group Manager Corporate Services
L Hooper – Team Leader Governance
B Smith – Chief Financial Officer
T Chaplin – Senior Group Accountant

1. Welcome/Apologies/Notices

The Chairman welcomed everyone and Will Foley led the group in offering a karakia to open the meeting.

Resolution

FIN132/20 That the apology for absence from Rebekah Dinwoodie is accepted.

**Foley/Foss
CARRIED**

2. Conflict of Interest Declarations

There were no conflicts of interest declared.

3. Confirmation of Minutes of the Finance Audit & Risk Sub-Committee meeting held on 11 November 2020

FIN133/20 **Resolution**

Minutes of the Finance Audit & Risk Sub-committee meeting held on Wednesday, 11 November 2020, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Kirton/Foley
CARRIED**

4. 2019-20 Annual Report for Adoption

The Chair introduced the item, highlighting the impacts of Covid-19 and summarising his conversation with the Auditor immediately prior to the meeting which advised that the Audit approval would be provided in time for Council to adopt the Annual Report tomorrow. Bronda Smith advised:

- HBRIC received Audit Approval on Friday 11 December
- Minor disclosure adjustments to be made to the draft ahead of Council meeting tomorrow
- 31 December is deadline for adoption, and no liabilities for councillors if Council ends up having to adopt outside of timeframes due to Audit not meeting tomorrow's deadline and should not impact LTP timeframes.
- Only practical consequence is that Parliament will be notified.

James Palmer highlighted:

- Headline story is that Covid and drought had massive impact on the organisation and that Council delivered a significant BAU programme of work despite those
- Napier Port major feature of financials, and compensated for lower investment returns
- Financials complex due to significant growth at pace and ambitious goals for new, innovative activities
- Beginning of 2018 LTP started with a brand new management team that has subsequently initiated significant change

Jessica Ellerm highlighted:

- Budgets are actual and a true representation of results and have not been smoothed
- Actual result driven by high dependence on investment income in line with Financial Strategy
- Need to mature the Treasury Policy to clarify expectations of capital gains
- New remuneration model implemented, new Financial system budgets for individual roles – which was completed after the Annual Plan budgeting had been done
- Understanding of longer term cost drivers and re-evaluation of financials for new Finance system will feed into the 2021-31 LTP

- IT costs across the sector have significantly exceeded budgets including for licensing and data storage
- Corporate Plan sets out clearer corporate budget requirements for the new LTP and FUSE will enable better reporting to councillors
- Need better measurement of outcomes, e.g. shift from measuring kilometres planted to percentage of sediment reduction as based on monitoring results. Costs of demonstrating outcomes are estimated to ensure they don't outweigh costs of the interventions themselves
- Need to reset and consolidate before considering any new activities.

FIN134/20 **Resolutions**

1. That the Finance, Audit and Risk Sub-committee receives and notes the "2019-20 Annual Report".
2. The Finance, Audit and Risk Sub-committee, after receiving the Draft Annual Report and hearing from Audit NZ, recommends that Hawke's Bay Regional Council adopts the 2019-20 Annual Report pending receipt of Audit clearance.

**Kirton/Foley
CARRIED**

5. **Confirmation of Public Excluded Minutes of the Finance, Audit & Risk Sub-committee meeting held on 11 November 2020**

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.

GROUNDINGS 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.

FIN135/20

**Kirton/Foss
CARRIED**

Resolution

FIN136/20 Public Excluded Minutes of the Finance Audit & Risk Sub-committee meeting held on Wednesday, 11 November 2020, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Foley/Kirton
CARRIED**

Resolution

FIN137/20 That the meeting moves out of Public Excluded session.

**Foss/Foley
CARRIED**

The meeting went into public excluded session at 9.55am and out of public excluded session at 10.00am

Will Foley offered a karakia to close the meeting.

Closure:

There being no further business the Chairman declared the meeting closed at 10.05am on Tuesday, 15 December 2020.

Signed as a true and correct record.

DATE:

CHAIRMAN: