



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

Date: Wednesday 17 February 2021

Time: 9.00am

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

Present: C Foss - Chairman
R Dinwoodie
W Foley

In Attendance: J Palmer – Chief Executive
J Ellerm – Group Manager Corporate Services
L Hooper – Team Leader Governance
B Smith – Chief Financial Officer (*via Zoom*)
K Walters – Information Management Advisor
A Siddles – Chief Information Officer
O Giraud-Burrell – Business Analyst
H Marsden – Risk & Assurance Lead
G Howes – Treasury & Funding Accountant

1. Welcome/Apologies/Notices

The Chair welcomed everyone to the meeting, advising Councillor Neil Kirton has extended his apology for absence.

2. Conflict of Interest Declarations

There were no conflicts of interest declared.

3. Confirmation of Minutes of the Extraordinary Finance Audit & Risk Sub-committee meeting held on 15 December 2020

FIN138/21 Resolution

Minutes of the Extraordinary Finance Audit & Risk Sub-committee meeting held on Tuesday, 15 December 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. Six Monthly Risk Report and Risk Maturity Update

Helen Marsden ran through the item, highlighting:

- Focus on Health & Safety over last 12 months
- Bowties completed for 6 of the 13 enterprise risks
- Assessing potential environmental risks of lower dollar value contracts
- Much more business as usual for staff to consider risk as part of BAU across the business
- Introduced Karen Walters, Information Management Advisor, who presented about the risks associated with information and the plan to mitigate those risks
- Technology growth over time has resulted in massive amounts of data requiring storage, hence significant increased costs for data storage to the tune of \$500k per annum and increasing exponentially
- Information risks include security and legislative compliance
- Main objective of the programme of work is to develop a risk based, structured, auditable framework to cost effectively manage HBRC information while adequately safeguarding critical information assets
- Information assets are key for strategic and operational decisions to enable the organisation to deliver on strategic priorities
- Currently undertaking a stocktake of HBRC's information and total project expected to take 2 years
- Need to rationalise what staff are needing to store, and whether the data needs to be readily accessible
- Unlikely to be any savings however potential to put a lid on costs
- Behind where expected to be with Cyber security but the work is progressing and at a place where IT much more comfortable with where the organisation is at. Infrastructure team applying focus and Risk will be re-baselined, including milestone dates, ahead of the next FARS meeting.
- Approaching from two angles – what information there is and platforms for storage

FIN139/21 Resolutions

That the Finance, Audit and Risk Sub-committee:

1. Receives and considers the “*Six Monthly Risk Report and Risk Maturity Update*” staff report, specifically noting the changes in the *February 2021 Enterprise Risk Report*.
2. Confirms that the management actions undertaken and planned, as detailed in the

February 2021 Enterprise Risk Report, adequately respond to the Risk Management Maturity Roadmap as endorsed by Hawke's Bay Regional Council on 24 June 2020.

3. Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that the *Six Monthly Risk Report and Risk Maturity Update* provides adequate evidence of the robustness of Council's risk management policy and framework and progress to implement the maturing risk management system.

**Foley/Dinwoodie
CARRIED**

5. Internal Audit Work Programme Update

Helen Marsden spoke to the report, and the dashboard update on corrective actions taken, with queries and discussion covering:

- Suggestion that where targets move a new date needs to be included in the status update, e.g. if project is behind – include the new expected date of completion in the status comment
- Potential for an audit of Third party contractual agreements and MoUs; how those are negotiated, managed and monitored as well as assessed for risk
- James Palmer suggested that a specific piece of work around NCC flood protection arrangements with HBRC Asset Management is carried out as a priority, followed by an audit of identified 'high reputational risk' agreements with other third parties

FIN140/21 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 previously reported internal assurance reviews.
3. Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that the *Internal Audit Work Programme Update* provides adequate evidence of the adequacy of Council's internal assurance functions and management actions undertaken or planned to respond to internal assurance review findings and recommendations.

**Foss/Dinwoodie
CARRIED**

6. Assurance Framework Relevant to S17a Reviews

Helen Marsden spoke to the item, highlighting:

- The assurance framework has three levels, with S17a reviews sitting at the organisational level with elevation to FARS where there is significant non-compliance or material issue identified
- Different reviews have different triggers and reporting lines
- Objective is that reviews will arise from the risk work instead of as a result of an incident or on an ad-hoc basis

FIN141/21 Resolutions

That the Finance, Audit and Risk Sub-committee:

1. receives and notes the "*Assurance Framework Relevant to S17a Reviews*" staff report
2. reports to the Corporate and Strategic Committee, the Sub-committee's

satisfaction with progress made to draft a Regional Council Internal Assurance Framework.

**Dinwoodie/Foley
CARRIED**

7. Quarterly Treasury Report for 1 October - 31 December 2020

Jessica Ellerm spoke to the item, highlighting some upside in returns against Annual Plan budgets resulting in reduced requirement for Council to borrow and HBRIC dividend \$1M higher than anticipated.

- Systems integration variance from budget is due to a timing issue
- Accommodation variance is due to where the process is at with the change from building new to renovating current buildings with sufficient capacity for next 5 years without significant capital investment
- Consideration of offer for Wellington leasehold land will provide Council with information relating to investment portfolio returns and overall impacts as well as where the funds can be used

FIN142/21 Resolution

That the Finance, Audit and Risk Sub-committee receives and notes the “*Quarterly Treasury Report for 1 October - 31 December 2020*” and confirms that the performance of Council’s investment portfolio has been reported to the Sub-committee’s satisfaction.

**Foley/Dinwoodie
CARRIED**

8. 2019-20 Annual Report Adoption Delay

Bronda Smith introduced the item, highlighting:

- Note on audit in relation to valuation of Port administration building as result of different accounting policies
- Staff have liaised with the Port and HBRIC so no surprises for them

FIN143/21 Resolution

That the Finance, Audit and Risk Sub-committee receives and notes the “*2019-20 Annual Report Adoption Delay*” staff report.

**Foley/Dinwoodie
CARRIED**

Closure:

There being no further business the Chairman declared the meeting closed at 10.49am on Wednesday 17 February 2021.

Signed as a true and correct record.

DATE:

CHAIRMAN: