



**Unconfirmed**

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

**Date:** Wednesday 5 May 2021

**Time:** 9.00am

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

**Present:** Cr N Kirton – Chair  
Cr C Foss (*via zoom*)  
Cr W Foley

**In Attendance:** J Ellerm – Group Manager Corporate Services  
B Smith – Chief Financial Officer  
O Giraud-Burrell – Business Application Analyst  
A Siddles – Chief Information Officer  
G Howes – Treasury & Funding Accountant  
A Roets – Governance Advisor

## 1. Welcome/ Apologies/Notices

The Chair welcomed everyone to the meeting.

## 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 17 February 2021

### FIN144/21 Resolution

Minutes of the Finance Audit & Risk Sub-committee meeting held on Wednesday, 17 February 2021, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Foss/Foley  
CARRIED**

## 4. Independent Member Resignation

Jessica Ellerm introduced the item, advising that Rebekah Dinwoodie resigned following her appointment to a position at the Hastings District Council.

- Sub-committee to proceed with a formal process to recruit and appoint a suitably qualified member to the FARS
- Proposed that a Seek advertisement will be run followed by an interview, selection and appointment process
- A formal letter of acknowledgement and recognition will be sent to Rebekah Dinwoodie thanking her for her service.

### FIN145/21 Resolutions

That the Finance, Audit and Risk Sub-committee:

1. Formally receives and accepts the resignation of Rebekah Dinwoodie as independent member, dated 24 February 2021.
2. Recommends that the Corporate and Strategic Committee determines and recommends to Hawke's Bay Regional Council an appropriate recruitment and appointment process to replace the Independent Member of the Finance, Audit and Risk Sub-committee.

**Kirton/Foss  
CARRIED**

## 5. Risk Maturity Update

Jessica Ellerm introduced the item, and discussions traversed:

- Monitoring implementation of the Roadmap to ensure that the evolving risk management system is on track
- Risk appetite workshops held with Executive Leadership Team and councillors and a draft Risk Appetite Statement produced with 13 key enterprise risks
- Eleven of the thirteen Risk Bowties completed and progressing well with the final two bowties - Legal Compliance Breach and Strategic
- Helen Marsden has been reappointed as Risk and Assurance Lead commencing mid June 2021
- Consideration to be given to "reputational damage" risk of unauthorised communications/publications – under the Information Security Bowtie.

FIN146/21 **Resolutions**

That the Finance, Audit and Risk Sub-committee:

1. Receives and considers the “*Risk Maturity Update*” staff report.
2. Confirms that the management actions undertaken and planned 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 adequate evidence has been provided of progress to implement the maturing risk management system.

**Foss/Kirton  
CARRIED**

**6. Internal Audit Work Programme Update**

The item was taken as read with discussions highlighting:

- In relation to Health and Safety, staff are working to create a dashboard for the organisational performance report to enhance the reporting of contractors meeting their H&S obligations. Current H&S induction process for contractors is lacking and Council is working to address the issues and gaps. Additional commentary around this will be included in the report to the Corporate & Strategic Committee.
- Andrew Siddles reiterated that some aspects of Cyber Security Internal Audit response are behind but progressing and comfortable that they are being addressed
- A disaster recovery test (on Dalton Street building data) was undertaken on 27 March, with positive results
- Received findings and recommendations from the Crowe “Talent acquisition” internal audit and will be reported to the next FARS meeting
- Unused “hours” from this financial year will be carried forward to 2021-22
- Agreed to undertake a review/audit Council’s level of engagement through consultation to assess for adequacy after conclusion of current consultation processes
- Internal Audit review will look to identify gaps in Council’s risk appetite and enterprise risk to propose 2022 Internal Audit programme
- In relation to Business Continuity Pandemic Plans and Technology, it was suggested that the organisation’s response to other emergencies, particularly around communications needs to be reviewed.

FIN147/21 **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 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.
4. 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 audit functions and management actions undertaken or planned to respond to internal audit review findings and recommendations.

**Foss/Kirton  
CARRIED**

## 7. Internal Assurance Framework

Jessica Ellerm introduced the item with discussions covering:

- Taking an organisational and proactive risk-based approach to assurance across Council and proactively promoting culture of transparency and continuous improvement
- Queried how or whether this is being measured and whether councillors themselves promote a culture of transparency
- Great change occurring and continuous improvements being made around the Strategy, Vision and cultural aspects across the organisation
- It was suggested that some commentary is provided to the C&S meeting about how a culture of transparency is being promoted
- Sub-committee agreed that adequate controls are in place as outlined in the summary of key points in the draft Internal Assurance Framework

### FIN148/21 Resolutions

That the Finance, Audit and Risk Sub-committee:

1. Receives and considers the “*Internal Assurance Framework*” staff report.
2. Endorses the draft Internal Assurance Framework and supports the Internal Assurance Implementation Plan as proposed.
3. Recommends that the Corporate and Strategic Committee approves the draft Internal Assurance Framework and the Internal Assurance Implementation Plan as proposed and recommends the adoption of both to the Hawke’s Bay Regional Council.

**Foley/Kirton  
CARRIED**

## 8. Data Analytics Internal Audit Report

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

- Fourth consecutive annual Data Analytics audit conducted by Crowe
- Quite a significant change in the information provided previously and the processes that were put in place to mitigate errors and risks
- Errors occurred during invoice scanning and staff continue to work with scanning software provider to reduce the potential for errors
- No issues recorded between payroll and accounts payable
- Propose a Data Analytics Internal Audit in the first year of TechOne (2021-22), and a 6-monthly review to test the integrity of the internal controls and measures of the system and to ensure that processes (from one system to the other) have been effective, then extend to 2-yearly.

### FIN149/21 Resolution

That the Finance, Audit and Risk Sub-committee receives and notes the “*Data Analytics Internal Audit Report*”.

**Foss/Foley  
CARRIED**

## 9. Quarterly Treasury Report For 1 January 2021 - 31 March 2021

The item was taken as read with discussions covering:

- Suggested that HBRC occasionally sources funds internally and externally for short term funding for HBRIC
- HBRC continues to work with PwC to adhere to best practice
- Extraordinary performance in 2020-21 year to date, however \$9.3m favourable performance should be considered cautiously

- Expect that the future returns will continue to equalise over the next quarter and expected full year performance will be around \$8.0m ahead of budget
- Suggested a bi-annual performance review of the fund managers (Mercer & Jarden) and that a formal guideline of a specific review period be included in the Investment Strategy
- Staff to seek guidance from PwC in relation to changing fund managers.

FIN150/21 **Resolution**

That the Finance, Audit and Risk Sub-committee receives and notes the “*Quarterly Treasury Report for 1 January - 31 March 2021*” and confirms that the performance of Council’s investment portfolio has been reported to the Sub-committee’s satisfaction.

**Kirton/Foss  
CARRIED**

**Closure:**

There being no further business the Chairman declared the meeting closed at 10.53am on Wednesday, 5 May 2021.

Signed as a true and correct record.

**DATE:** .....

**CHAIRMAN:** .....