



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

Date: 4 Aug 2021

Time: 12.40pm

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

Present: Cr C Foss – Chair
Cr W Foley
Cr N Kirton

In Attendance: J Palmer – Chief Executive
K Brunton – Group Manager Policy & Regulation
T Skerman – Acting Group Manager Corporate Services
R Franklin – Acting Chief Financial Officer
H Marsden – Risk and Corporate Compliance Manager
A Siddles – Chief Information Officer
M Solomon – Auditor, PwC
A Roets – Governance Advisor

1. Welcome/Karakia /Apologies/Notices

The Chair, Councillor Craig Foss, 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 5 May 2021

FIN151/21 Resolution

Minutes of the Finance Audit & Risk Sub-committee held on Wednesday, 5 May 2021, 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. Risk Management Maturity Update

Helen Marsden introduced the item. Discussions traversed:

- Although the “corrective actions status update” reported as being behind or “at risk”, progress remains on track
- Committee supports staff reassessing and resetting the baseline for the Risk Management Maturity project for endorsement at the next FARS meeting
- The Risk Appetite Statement is in draft and currently validating statements made in the bowties to finalise the Risk Appetite Statements
- In relation to the Internal Assurance Program, staff provided an overview of progress made to achieve the corrective actions against agreed milestones as impacted by the Risk and Compliance Manager role being vacant for four months.

FIN152/21 Resolutions

That the Finance, Audit and Risk Sub-committee:

1. Receives and considers the “Risk Management 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. Supports the reset of the baseline for the risk management maturity project with the new deliverable dates of the reset plan being provided to the FARS at the next meeting for endorsement.
4. 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 in accordance with the risk maturity roadmap
5. Seeks the Corporate and Strategic Committee’s agreement to reset the baseline of the supporting risk management maturity project plan to implement the roadmap as proposed.

**Kirton/Foley
CARRIED**

5. Internal Assurance Programme

The item was taken as read and discussed as part of Item 4 “Risk Management Maturity Update”.

FIN153/21 Resolutions

That the Finance, Audit and Risk Sub-committee:

1. Receives and considers the “Internal Assurance Programme” staff report.
2. Reports to the Corporate and Strategic Committee, the Sub-committee’s satisfaction that the Internal Assurance Programme Update provides adequate evidence of the adequacy of Council’s internal assurance functions and management actions undertaken or planned respond to findings and recommendations from completed internal audits.

**Kirton/Foley
CARRIED**

6. Internal Audit Report – Talent Management

Helen Marsden introduced item noting that the Crowe report recommendations were accepted and timeframes for implementing through management actions inserted into the report, and that Management actions will be tracked and reported through the Internal Audit Dashboard. Liana Monteith (People & Capability Manager) and Martin Solomon (PwC) highlighted:

- Important to develop a People and Capability Strategy (P&C Strategy) as highlighted through the Audit and aiming to have an HBRC Strategy drafted by 31 October
- Noted that staff turnover remains high due to staff taking up other opportunities elsewhere
- There is a public sector wide crisis due to Central Government recruiting, especially around Freshwater Reforms
- Suggest a comprehensive succession planning exercise is undertaken to identify critical roles, key talent that the Council relies on and develop appropriate actions
- The P&C Strategy will cover Council’s approach to talent management and other key areas such as organisational culture and diversity
- Exit interviews are undertaken to understand the staff member’s motivation to leave
- Annual staff surveys are also undertaken and broken down into specific groups to better understand the sentiment
- The TechOne solution system has a Human Resources Information System (HRIS) module and the ability to produce reports and information to key users
- Suggested that interim measures to track and report risks and priorities over the next 6-12 months is developed.
- Liana Monteith will provide a summary of P&C strategic aims, high risk areas and any interim ‘retention’ measures undertaken.

FIN154/21 Resolutions

1. That the Finance, Audit and Risk Sub-committee receives and considers Crowe’s “Internal Audit Report – Talent Management”, including the key management actions added by Staff in response to the report’s recommendations.
2. Notes the intention of staff to present a *People and Capability Strategy* to the Finance, Audit and Risk Sub-committee by the end of the 2021 calendar year.
3. Requests that staff provide a summary of interim measures to manage recruitment risks.

**Foss/Foley
CARRIED**

7. 2020-21 Annual Report Audit Plan

The item was taken as read.

FIN155/21 Resolution

That the Finance, Audit and Risk Sub-committee receives and considers the “2020-21 Annual Report Audit Plan” staff report.

**Kirton/Foley
CARRIED**

8. 2020-21 Annual Treasury Report

Ross Franklin introduced the item noting some of the key components of the PwC report and adding additional information on cashflows and on property investments. Discussions traversed:

- Council’s investment returns have exceeded expectations with Dividends exceeding the revised budget by \$2.2m
- Due to improved returns, the planned borrowing to supplement an expected investment revenue shortfall of \$4.6m was not required
- Apart from a variance in Jarden’s fund allocations against the SIPO Council is compliant with all policy parameters as at 30 June 2021.

FIN156/21 Resolution

That the Finance, Audit and Risk Sub-committee receives and notes the “2020-21 Annual Treasury Report”.

**Kirton/Foley
CARRIED**

9. Six Monthly Enterprise Risk Report

FIN157/21 Resolution

That the Finance, Audit and Risk Sub-committee excludes the public from this section of the meeting, being Agenda Item **Error! No document variable supplied. Error! No document variable supplied.** 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**

Six Monthly Enterprise Risk Report

REASON FOR PASSING THIS RESOLUTION

s7(2)(j) 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 prevent the disclosure or use of official information for improper gain or improper advantage.

**GROUND(S) 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/Foley
CARRIED**

The meeting went into public excluded session at 1.43pm and out of public excluded session at 2.28pm.

Closure:

There being no further business the Chairman declared the meeting closed at 2.28pm on 4 August 2021.

Signed as a true and correct record.

DATE:

CHAIRMAN: