

REPORT OF THE FINANCE, AUDIT AND RISK COMMITTEE MEETING HELD AT 10.03AM ON WEDNESDAY 19 APRIL 2017 AT COUNCIL CHAMBERS, 96 WEST END, KAIKOURA.

PRESENT: Councillor J Howden (Chair), Mayor W Gray, Councillor N Pablecheque, C Wilson (by phone).

IN ATTENDANCE: A Oosthuizen, (Chief Executive Officer), S Poulsen (Finance Manager), S Syme (Committee Secretary).

1. CONFIRMATION OF MINUTES

Moved by Councillor Howden, seconded by Councillor Pablecheque and resolved that the report of the Finance, Audit & Risk Committee meeting held on 13 March 2017 be confirmed a true and accurate record subject to it being added "It was requested that forecasts for cashflows and impending capital commitments be provided for the Committee to review at future meetings".

2. WORK PLAN 2017

Included in the agenda was a work plan through until July 2018. It was suggested the following also be included;

- Planned major commitments with a contract report be provided on a quarterly basis
- Innovative Waste Report six monthly.

It was also suggested that a report on earthquake recovery progress be provided to the Committee. It was noted this was provided to Council on a monthly basis and the report would be circulated to Committee members.

Moved by Councillor Howden, seconded by Councillor Pablecheque and resolved the Committee approve the 2017 Work Plan subject to adding;

- ***Quarterly reporting of major commitments and contracts***
- ***Six monthly report on Council Controlled Organisations.***

Unanimous.

3. RISK REGISTER

One of the key functions of the Committee was to review and monitor Council's risk register. The risk register was updated at a workshop of the Chief Executive Leadership Team during March.

The next step in the process was to focus on those risk which were extreme or very high risk and agree mitigation plans and actions. The document would be actively monitored, reviewed and updated. An owner had been assigned for each risk and they would populate the relevant section of the risk report for review. It was generally felt each individual managing the risk should report to the Committee quarterly.

It was noted that some of the risks like climate change were a risk which everyone faced and not just Council and it was not felt that a lot of time should be spent on these types of risks.

It was agreed the next piece of work should be to rank risks in terms of priority.

Moved by Councillor Howden, seconded by Mayor Gray and resolved that;

- 1. The Committee receive the Risk Register report***
- 2. The Leadership Team prioritise the risks with a list to be provided at the next meeting of the Committee***
- 3. Risk report updates to be provided to the Committee on a quarterly basis. Unanimous.***

4. FINANCE REPORT

Included in the agenda was an update on the Council's financial situation to 31 March 2017. The report showed finances which were considered relevant to the Committee. It was anticipated there would be a cashflow shortage and an application had been made to the Crown for an advance.

A discussion was held regarding accounting treatment of the money received and the payment of the hospital loan.

It was felt that the financial report provided was not helpful as a monitoring report and a cashflow statement was requested.

5. LIABILITY MANAGEMENT REPORT

Council was currently in breach of its Liability Management Policy with regard to interest rate exposure. The exposure profile did not comply because all loans drawn within the last year had been on floating terms to take advantage of low interest rates which were on offer.

A report on special funds and reserves would be provided at the next meeting.

6. INVESTMENT QUARTERLY REPORT

The amount of cash available was a result of withheld payments. Return on investment targets were not currently being met. A discussion was held regarding Council's investment properties which included the property at 25 Beach Road which housed the Community Op Shop. Council felt there was more value associated with the shop fund raising for the community than meeting the return on investment target. The Airport was currently in a negative yield situation due to increased expenses for repairs required post-earthquake.

Marlborough Regional Forestry was the star performer in Council's investment portfolio.

7. NETWORK SECURITY MANAGEMENT POLICY

Included in the agenda was a draft Network Security Management Policy. This had been an urgent and important item in the Audit Management Report. It was suggested a section be included regarding implementation and monitoring of the Policy.

Moved by C Wilson, seconded by Councillor Pablecheque and resolved that the Committee recommend to Council that it adopt the Policy subject to the inclusion of an implementation and monitoring section. Unanimous.

8. FINANCE, AUDIT & RISK PUBLIC EXCLUDED SESSION

Moved by Councillor Howden, seconded by Mayor Gray and resolved that the public be excluded from the following parts of the proceedings of this meeting, namely

- a. Confirmation of Finance, Audit & Risk Public Excluded Minutes
13/03/2017*
- b. Debt Recovery Report*
- c. Rates Remissions for Owners of Earthquake Damaged Properties.
Unanimous.*

There being no further business the meeting closed at 11.46am.