

# MACKENZIE DISTRICT COUNCIL

## MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY 1 FEBRUARY 2011 AT 9.35 AM

### **PRESENT:**

Graham Smith (Chairman)  
Claire Barlow (Mayor)  
John Bishop  
Peter Maxwell  
Annette Money  
Graeme Page  
Evan Williams

### **IN ATTENDANCE:**

Glen Innes (Chief Executive Officer)  
Paul Morris (Manager – Finance and Administration)  
Rosemary Moran (Committee Clerk)

### **I APOLOGY:**

There were no apologies.

### **II DECLARATIONS OF INTEREST:**

There were no declarations of interest.

### **III REPORTS:**

#### **1. MACKENZIE TOURISM AND DEVELOPMENT TRUST – QUARTERLY REPORT:**

The Chairman welcomed Lesley O’Hara, Chairman of the Mackenzie Tourism and Development Trust, and Philip Brownie, General Manager – Destination Mount Cook Mackenzie, who attended to present the Quarterly Report of the Mackenzie Tourism and Development Trust.

Ms O’Hara spoke to her report.

The General Manager also spoke to matters in his report including *Starlight Reserve* and the *Alps to Ocean Cycleway*.

The Chairman noted the question Ms O’Hara had posed to Councillors regarding the importance they placed on tourism and he invited Councillors to begin considering their response. Ms O’Hara emphasised that, in terms of jobs in the District, the tourism industry now provided greater volume and security than the agricultural sector.

Councillors suggested that more detail could have been provided in the report. The Chief Executive Officer considered the report should be more strongly tied back to the

half yearly report. He said he remained concerned about the figures relating to commissions and retail sales against the forecasted budgets.

The General Manager said the report was based on the requirements set out in the Statement of Intent; however more detail could be easily provided.

Ms O'Hara said that the Trust was happy to provide whatever information the Council wanted and undertook to make available more robust variance reporting. She agreed that if the Trust had a target which spelt out what was going to be done, it needed to report against that target.

Resolved that the report be received.

**Annette Money/Evan Williams**

The Chairman thanked Ms O'Hara and Mr Brownie and the visitors left the meeting at 10.10 am.

## 2 FINANCIAL REPORT – DECEMBER 2010:

This report from the Manager – Finance and Administration was accompanied by the financial reports for the period to December 2010.

Resolved that the report be received.

**Graeme Page/Peter Maxwell**

### **Transfund Income**

The Manager – Finance and Administration undertook to show income from Transfund separately in the report.

### **Reporting Against Performance Targets**

The Chief Executive Officer said that there was room for another form of reporting, ie against performance targets at least once in the course of a year as suggested by the Auditors. He suggested the Committee could have a discussion about the issues which they as elected members wished to monitor.

The meeting was adjourned at 10.40 am for morning tea and reconvened at 11.00 am.

Cr Williams joined the meeting at 11.15 am.

## 3 BANCORP QUARTERLY REPORT:

This report was the Quarterly Portfolio Report for the three months ending 30 September 2010 prepared by Bancorp Treasury Services Limited.

Resolved that the report be received.

**Annette Money/Graeme Page**

Cr Williams left the meeting at 11.35 am and rejoined the meeting 11.45 am

#### 4 AUDIT COMMITTEE – ESTABLISHMENT AND GOOD PRACTICE GUIDE:

This report from the Manager – Finance and Administration recommended that an Audit and Risk Subcommittee be established. It was accompanied by draft Terms of Reference for a subcommittee and the Audit New Zealand Good Practice Guide for Audit Committees in the Public Sector.

Resolved that the report be received.

**Claire Barlow/Peter Maxwell**

Resolved:

1. That an Audit and Risk Subcommittee be established.
2. That Council adopts the following:

#### **TERMS OF REFERENCE FOR THE AUDIT AND RISK SUBCOMMITTEE**

##### **Voting Membership**

The Audit and Risk Management Subcommittee will have three Councillors.

##### **Quorum**

2

##### **Chair**

The Chair will be elected by Council.

##### **Frequency of Meetings**

The Audit and Risk Management Subcommittee will meet on a quarterly basis or as required.

##### **Parent Body**

The Subcommittee reports to the Finance Committee.

##### **Objectives of the Subcommittee**

The objectives of the Audit and Risk Management Subcommittee are to assist the Council to discharge its responsibilities for:

- a) The robustness of the internal control framework and financial management practices;
- b) The integrity and appropriateness of internal and external reporting and accountability arrangements;
- c) The robustness of risk management systems, processes and practices;
- d) The independence and adequacy of external audit functions;
- e) Compliance with applicable laws, regulations, standard and best practice guidelines; and
- f) The establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.

In fulfilling their role on the Audit and Risk Management Subcommittee, members shall be impartial and independent at all times.

## **Terms of Reference**

The Subcommittee will have responsibility and authority to:

### 1 *Internal Control Framework*

- 1.1.1 review whether management's approach to maintaining an effective internal control framework is sound and effective;
- 1.1.2 review whether management has taken steps to embed a culture that is committed to probity and ethical behaviour;
- 1.1.3 review whether there are appropriate systems, processes and controls in place prevent, detect and effectively investigate fraud;

### 2 *Internal reporting*

- 2.1.1 consider the processes for ensuring the completeness and quality of financial and operational information being provided to the Council;
- 2.2 seek advice periodically from external auditors regarding the completeness and quality of financial and operational information that is provided to the Council;

### 3 *External Reporting and Accountability*

- 3.1 agree the appropriateness of the Council's existing accounting policies and principles and any proposed change;
- 3.2 enquire of external auditors for any information that affects the quality and clarity of the Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above;
- 3.3 satisfy itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (ie letters of representation), and recommend signing of the financial statements by the Chief Executive/Mayor and adoption of the Annual report.

### 4 *Risk Management*

- 4.1.1 review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of the Council's significant risks;
- 4.1.2 consider whether appropriate action is being taken by Management to mitigate Council's significant risks.

### 5 *External Audit*

- 5.1.1 at the start of each audit, confirm the terms of engagement, including the nature and scope of the audit, timetable and fees, with the external auditor;
- 5.1.2 receive the external audit report(s) and review action to be taken by management on significant issues and audit recommendations raised within;
- 5.1.3 conduct a members only session (ie without any management present) with external audit to discuss any matters that the auditors wish to bring to the Subcommittee's attention and/or any issues of independence.

### 6 *Compliance with legislation, Standards and Best Practice Guidelines*

- 6.1.1 review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Best Practice Guidelines as applicable.

**Delegated Authority**

The Audit and Risk Management Subcommittee will have delegated authority to carry out activities within its terms of reference.

**Claire Barlow/Evan Williams**

5. AUDIT MANAGEMENT LETTER:

This report from the Manager – Finance and Administration was accompanied by the Audit New Zealand Management Report on the Audit of Mackenzie District Council for the year ending 30 June 2010.

Resolved that the report be received.

**Peter Maxwell /Annette Money**

The Manager – Finance and Administration spoke to the report noting in particular the areas which included Management Comment on the opinions in the report.

The meeting was adjourned at 12.45 pm for lunch.

Over lunch the Mayor and Councillors met with Glen Campbell, the new Chief Executive Officer of Whitestone Contracting Ltd, his predecessor Laurence Hardy and local Fairlie Manager Carey Edmonston.

The meeting was reconvened at 1.25 pm.

**II MINUTES**

Resolved that the Minutes of the meeting of the Finance Committee held on 23 November 2010 be confirmed and adopted as the correct record of the meeting.

**Graeme Page/Evan Williams**

MATTERS UNDER ACTION:

**Lot 2 Mackenzie Drive, Twizel**

The Manager – Finance and Administration reported that the deposit, plus interest, had been repaid following the Council's decision to withdraw from the sale of the property.

**High Country Health Ltd**

Cr Smith reported that the Chairman of High Country Health Ltd had asked for a meeting regarding the appointment of new trustees to the Mackenzie Medical Trust. He requested that the issue be included on the Agenda for the next meeting of the Finance Committee.

**III REPORTS (Continued):**

6. FUNDING OF ADDITIONAL AUDIT COSTS:

This report from the Manager – Finance and Administration referred to the cost savings proposed to cover the anticipated cost overrun in the audit fee for the year ended 30 June 2010.

Resolved that the report be received and the information noted.

**Graeme Page/John Bishop**

**LATE ITEM:**

Resolved that pursuant to the Local Government Official Information and Meetings Act 1987 the report "Allocation of Investment Income" be considered.

**Graham Smith/Evan Williams**

The report was not included on the Agenda because it was not available in time. Consideration of the report at this meeting was required to enable a technical correction to be made to the *Capping of Investment Income* resolution which had been adopted at a previous meeting.

**ALLOCATION OF INVESTMENT INCOME:**

This report from the Manager – Planning and Regulations sought to delay the introduction to application of capping investment income to the 2012/2013 year being year 1 of the new Long Term Plan.

Resolved:

1. That the report be received.
2. That the amendment of the Revenue and Finance Policy and investment policy approved on 14 December 2010 regarding the level of Investment Income offset against rates, be delayed until the 2012 Long Term Plan.

**Graeme Page/Peter Maxwell**

**IV PUBLIC EXCLUDED:**

Resolved that the public be excluded from the following part of the proceedings of this meeting namely:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for the passing of this resolution</b>
1 Policy for Rental of Medical Centres	To enable the Council to carry on negotiations	48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Policy for Rental of Medical Centres* section 7(2)(i).

**Evan Williams/Annette Money**

The Committee continued in Open Meeting

**THERE BEING NO FURTHER BUSINESS THE  
CHAIRMAN DECLARED THE MEETING CLOSED AT 2.45 PM**

**CHAIRMAN:** \_\_\_\_\_

**DATE:** \_\_\_\_\_