

Minutes of the Organisational Performance and Audit Committee (*Arataki Mahi me Tātaki Kauta*) Meeting of the Southland Regional Council, held in Regional House, corner North Road and Price Street, Invercargill, on Thursday 26 November 2020, at 9.00 am



Present:	Cr L Ludlow	(Chairman)
	Cr A Baird	
	Cr N Cook	
	Cr L McCallum	
	Cr J McPhail	
	Chairman N Horrell	(ex-officio)
In Attendance:	Mr R A Phillips	(Chief Executive)
	Ms A Kubrycht	(Acting General Manager, Corporate Services)
	Mrs W Falconer	(General Manager, Strategy & Engagement)
	Mrs T Hawkins	(Finance Manager)
	Mrs L Tamati	(Communications & Engagement Advisor)
	Mr B Rickertsen	(Digital Media Co-ordinator)
	Mrs M Weston	(PA)

1 Welcome (*Haere mai*)

The Chairman welcomed everyone to the Organisational Performance and Audit Committee meeting for October 2020 and those attending the live stream of this event. A special welcome was extended to Ms Kubrycht, who is appointed in the interim acting General Manager for Corporate Services.

2 Apologies (*Nga Pa Pouri*)

Resolved:

Moved Cr Cook, seconded Cr McCallum that an apology for absence be recorded on behalf of Mr Robertson.

Carried

3 Declarations of Interest

There were no declarations of interest raised at the meeting.

4 Public Forum, Petitions and Deputations (*He Huinga tuku korero*)

The meeting discussed, whether there was opportunity to extend invitations to people, who would come and address the Committee on any items or matters related to the Committee. Councillors agreed to seek advice from Mr Robertson on this matter.

5 Confirmation of Minutes (Whakau korero) – 14 October 2020

Resolved:

Moved Cr Cook, seconded Cr Baird, that the minutes of the Organisational Performance and Audit Committee meeting held on 14 October 2020 be confirmed as a true and correct record.

Carried

6 Notification of Extraordinary and Urgent Business (*He Panui Autaia hei Totoia Pakihi*)

6.1 Supplementary Reports

There were no supplementary reports tabled for inclusion in the agenda.

6.2 Other

No other items were raised for discussion.

7 Questions (*Patai*)

No questions were asked at this time.

8 Chairman and Councillors' Reports (*Nga Purongo-a-Tumuaki me nga Kaunihera*)

Neither the Chairman nor any Councillors presented a report to the meeting.

9 General Manager of Corporate Services Report – 20/OPAC/103

⇒ Item 1 – Financial Report to 31 May 2020

This item provided Council with a new format of financial reporting and covered the quarter from 1 July 2020 to 30 September 2020.

The surplus for the quarter was \$1.9 million which was \$2 million better than budget. Expenses were \$594,000 below budget; other income was \$414,000 above budget, while investment income finished \$1 million above budget.

Reasons given for this variance, which was not expected to be permanent, included the following:

- Travel Expenses, conferences and training courses continue to be reported and tracked by the Executive Team as staff are encouraged to use alternative tools e.g. zoom, where possible
- Compliance monitoring costs were ahead of what was expected

Councillors commented favourably on the new format of the financial reporting and thanked Mrs Hawkins and the finance team. Any further suggestions/changes from the Committee on the financial reports were encouraged and would need to be communicated to Mrs Hawkins and Ms Kubrycht.

Resolved:

Moved Cr McCallum, seconded Cr McPhail, that Council resolve to note the financial report to 30 September 2020.

Carried

The meeting agreed to deal with item 4 at this time.

⇒ **Item 4 – Long-term Plan Progress Report**

Every three months Council receives a progress report on the status of the work programmes as set out in the Long-term Plan. The new format in the progress report was discussed, noting the responsible reporting divisions were identified against each Level of Service.

Item raised included:

- The need to see “tracked changes” related to the commentary on quarter by quarter and how this should be presented to the Committee
- The number of ambers which appear, noting that some will continue to remain amber for the remainder of the year
- Improvements made to the narrative in the report
- Some of the measures for the LTP were aspirational and therefore difficult to achieve
- The upcoming Long-term Plan was briefly discussed; and how these levels of service may change to reflect the work which is being done, including the service which Environment Southland provides

Resolved:

Moved Chairman Horrell, seconded Cr Baird, that Council note the three-monthly Long-term Plan activity progress report for the 2020/21 year.

Carried

Council returned to item 2 – Investment Report to 30 September 2020.

⇒ Item 2 – Investment Report to 30 September 2020

Tanea Hawkins spoke to this item of the Investment Report, which recorded that as of 30 September 2020, the total of Council’s managed fund investments amounted to \$26,438,559.

The balance reflected the following changes to the portfolio from 1 July 2020:

- cash withdrawal of \$3 million (which is an advance to fund this year’s deficit)
- increase in value of \$1.1 million

Despite a weaker month across equity markets, the portfolio managed to generate a positive return of +0.02% or \$12,770. For the rolling 12 months, the portfolio returned a 7.48% or \$1,453,271.

Total investment surplus for the year to 30 September 2019 of \$1,323,227 is favourable to budget by \$990,847.

An invitation to address the Committee at one of its next meetings, is to be extended to JB Were’s Portfolio Managers.

Resolved:

Moved Chairman Horrell, seconded Cr McCallum, that Council note the investment report to 30 September 2020.

Carried

Meeting adjourned at 10.07 am, to 10. 25 am.

⇒ Item 3 – Civic Financial Services Limited – Half-Yearly Accounts to 30 June 2020

Amy Kubrycht provided Council with a brief update on the half-yearly report for Civic Financial Services Limited.

It was reported that 73 staff members had investments of \$3.543m in the SuperEasy KiwiSaver; and 45 staff members had invested \$2.579m in the SuperEasy Superannuation Scheme.

Cr Baird highlighted a referencing error in the Financial Statements reflected in the agenda on pages 32 and 33, in the heading column - the “\$M” signs were incorrectly placed. This information would be feedback to Civic Financial Services Limited.

Resolved:

Moved Cr Horrell, seconded Cr McPhail, that Council receive the Civic Financial Services Limited half-yearly accounts to 30 June 2020.

Carried

⇒ Item 5 – Annual Activity Plan

The Annual Activity Plan was presented in table form, along with a work programme of to-be-developed reports which covers a range of standard, operational, statutory, risk and deep dive items.

The 2021 Council calendar would be distributed before Christmas. Councillors acknowledged that should items need to be addressed prior to their next meeting, an extraordinary meeting will need to be called.

Due to Regional Services Holdings Limited (RSHL) Annual General Meeting being held today, the Annual Reports will be presented at the next meeting of the Organisational Performance and Audit Committee (OPAC) in February 2021.

The committee agreed to include the aged debtors report in the second (Q2) and fourth (Q4) quarter, noting that any potential issues would be brought to the attention of Council.

Further items of discussion included:

- top risks which need to be defined and integrated with the broader risk management framework – this would be addressed in a workshop planned for quarter one (Q1)

Resolved:

Moved Cr McCallum, seconded Cr Cook, that Council note the Annual Activity Plan.

Carried

10 Extraordinary and Urgent Business (*Panui Autaia hei Totoia Pakihi*)

There were no items of extraordinary or urgent business considered by the meeting.

11 Public Excluded Business (*He hui Pakihi e hara mo te iwi*)**Resolved:**

Moved Chairman Horrell, seconded Cr Baird, that in accordance with section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest/s protected by section 6 or section 7 of that Act (or sections 6, 7 or 9 of the Official Information Act 1982, as the case may be), the public be excluded from the following parts of the proceedings of this meeting, namely:

- **Confirmation of Minutes – 14 October 2020**

- **Item 6 – Divisional Update**

The general subject of the matters to be considered while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds for excluding the public, as specified by Section 48(1) of the Local Government Official Information and Meetings Act 1987, are set out below:

<i>General Subject Matter</i>	<i>Reason for Passing the Resolution</i>	<i>Grounds under S. 48(1)</i>
→ Confirmation of Minutes – 14 October 2020	To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities.	S.7(2)(i)
	To protect the privacy of natural persons.	S.7(2)(a)
	To prevent the disclosure or use of information for improper gain or advantage.	S.7(2)(j)
→ Item 6 – Divisional update	To prevent the disclosure or use of information for improper gain or advantage.	S.7(2)(j)

It is further moved that Rob Phillips, Amy Kubrycht, Wilma Falconer, Gail Jefferies, Tanea Hawkins, Lucy Hicks, Leeana Tamati, Boi Rickertsen, and Mel Weston be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item they are associated with will be of assistance in relation to the matter to be discussed.

Carried

Resumed in Open Meeting

Termination

There being no further business, the meeting closed at 3.17 pm.