

CONFIDENTIAL MEMORANDUM

TO: Council

MEETING DATE: 27 May 2020

TITLE: Appointment of External Member to the Finance and Audit Committee

PRESENTED BY: Hannah White, Democracy and Governance Manager

APPROVED BY: Sheryl Bryant, General Manager - Strategy & Planning

It is recommended that this report be considered with the public excluded, as permitted by the Local Government Official Information and Meetings Act 1987 under clause:

s7(2)(a) Privacy

REASON FOR CONFIDENTIALITY

The reason for this report to be confidential is that it discusses private and confidential matters.

RECOMMENDATION FOR PUBLIC RELEASE

The report can be released as soon as the individual concerned has been notified of confirmation of their appointment to the Finance and Audit Committee (2019-2022) and has accepted the position.

RECOMMENDATIONS TO COUNCIL

- 1. That Steve Armstrong is appointed to the Finance and Audit Committee for the 2019-2022 triennium.**
- 2. That the External Member to the Finance and Audit Committee be paid an honorarium of \$1000+ withholding tax per day, and that fuel expenses be recompensed.**

1. ISSUE

Under the Local Government Act, Schedule 7 31(3) the Local Authority has the power to appoint external members to a Committee if it believes the person can contribute skills and knowledge to the working of the committee.

Accordingly, the 13 November 2020 Council meeting resolved (147-19),

(7) “That an independent person be appointed to the Finance and Audit Committee and that a recruitment process be undertaken to fill that vacancy.”

and

(8) “That, in regard to the independent person on the Finance & Audit Committee, a recruitment panel comprising the Mayor, Deputy Mayor, Chairperson of the Finance & Audit Committee and the Chief Executive or her appointment be delegated authority to undertake the recruitment process, discuss remuneration options with candidates and recommend a preferred appointee to the Council, having regard to the following skill sets:

- finance and accounting, including financial reporting;
- broad governance, assurance, and risk management disciplines;
- understanding of internal controls and assurance frameworks, including understanding of the roles of internal and external audit;
- knowledge of the sector or industry in which the public entity operates; and
- Other attributes as specifically relevant to the entity (for example, legal or information technology experience)”

As a consequence, the position was advertised, looking for someone with the following qualifications and experience:

- Chartered accountant with finance and accounting background, including financial reporting.
- A public practising certificate is preferred but not required.
- Understanding of internal controls and assurance frameworks, including understanding of the roles of internal and external audit.
- Experience at director level of an audit firm would be beneficial.
- Broad governance, assurance and risk management disciplines, including experience on Boards.
- Significant knowledge of the local business environment

And these key skills and attributes:

- Impartial
- Critically evaluates
- Clear thinker and communicator
- Not afraid to ask challenging questions
- Common sense
- Demonstrates integrity, ethics and prudence

Five applications were received. The Recruitment Panel has met, shortlisted and interviewed two candidates.

2. BACKGROUND

The Recruitment Panel recommends Steve Armstrong as having relevant skills and knowledge to contribute to the functioning of the Finance and Audit Committee.

The recommended candidate has a strong commercial background with audit, utility and infrastructure experience. See attached curriculum vitae. The Panel notes that Steve Armstrong will bring a clear independent viewpoint to the Committee.

The key areas of responsibility will be to:

- Prepare for, attend and actively participate in monthly Finance and Audit Committee meetings.
- Independently check Mayor and Chief Executive expenses as required (as per Delegation 193A)

As with the other Appointed members to committees, the key functional relationship will be with the Chair of the committee, in this case the Finance and Audit Committee Chair.

The 13 November 2020 Council meeting also resolved (148-19),

(4) "That a proposed new fee of \$250 per meeting be payable to members of any Council Committee or Sub-Committee who are not an Elected Member, except that for the independent member of the Finance and Audit Committee, for whom a separate amount will be negotiated at the time of appointment, noting that the Elected Member remuneration budgets for 2019/2020 and 2020/2021 will need to be revised."

The position is estimated to be the equivalent of one day per month (ten scheduled meetings per year and any extraordinary committee meetings). It is to be remunerated at an honorarium of \$1000 + withholding tax per day.

Expenses for the use of a private motor vehicle to travel to/from Palmerston North to attend committee meetings will be recompensed at the rate of 79cents for the first 5000km.

3. NEXT STEPS

If Council resolves the recommendation, then the candidate will be advised of his successful appointment. He will be requested to complete a conflict of interest register and be inducted with the view to join the Finance and Audit Committee meeting from 17 June 2020.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual <Enter text>	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
<Enter text>	
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable The action is: <Enter text>	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Having an appointed non-elected member on the Finance and Audit Committee adds an independent, experienced voice to the governance of Palmerston North City Council, specifically to contribute to the monitoring of organisational performance and risk management.

ATTACHMENTS

1. Curriculum Vitae- Steve Armstrong