
Finance, Audit & Risk Committee

OPEN MINUTES

Minutes of a meeting of the Finance, Audit & Risk Committee held in the Council Chambers, Horowhenua District Council, Levin, on Wednesday 29 July 2020 at 4.00 pm.

PRESENT

Chairperson	Mr P Jones
Deputy Chairperson	Mrs C B Mitchell
Members	Mr D A Allan
	Mr W E R Bishop
	Mr R J Brannigan
	Mr T N Isaacs
	Mr B J Jackson
	Mr S J R Jennings
	Mrs V M Kaye-Simmons
	Mr R R Ketu
	Mrs J F G Mason
	Ms P Tukapua
	HWTM B P Wanden

IN ATTENDANCE

Reporting Officer	Mr D Law	(Chief Financial Officer)
	Mr D M Clapperton	(Chief Executive)
	Mrs N Brady	(Deputy Chief Executive)
	Mr D McCorkindale	(Group Manager – Regulatory & Strategy)
	Mr K Peel	(Group Manager – Infrastructure Operations)
	Mrs L Slade	(Group Manager – People & Culture)
	Mr J Paulin	(Finance Manager)
	Mr S Magi	(Information Services Manager)
	Mrs T Glavas	(Health & Safety Advisor)
	Mrs K J Corkill	(Meeting Secretary)

ALSO IN ATTENDANCE

Ms M Houston (Accompanying Cr Ketu)

PUBLIC IN ATTENDANCE

There were nine members of the public in attendance at the commencement of the meeting.

1 Apologies

There were no apologies.

2 Public Participation

7.2 Twelve Month Report 1 July 2019 – 30 June 2020

Graeme Lindsay, accompanied by Christine Moriarty, joined the table to speak on behalf of the Horowhenua Ratepayers & Residents Association, with concerns raised that Council had breached its duty of fiduciary care in relation to some property transactions that it had undertaken, with two examples being outlined before Dr Lindsay reached the five minute speaking limit for public participation.

With Dr Lindsay advising that he had only reached page 3 of a 12 page discourse, a suggestion from the Chair that Standing Orders be suspended to allow Dr Lindsay to complete his discourse was not supported by Elected Members. However, Mayor Wanden did request that a copy of the full submission be forwarded to him, to which Dr Lindsay agreed. Mr Clapperton also said he would be happy to work with the Horowhenua Ratepayers & Residents Association to correct the inaccuracy of some of the information that had been conveyed and to address anything else that may need clarification.

3 Late Items

There were no late items.

4 Declarations of Interest

None declared.

5 Confirmation of Minutes

MOVED by Cr Allan, seconded Cr Kaye-Simmons:

THAT the minutes of the meeting of the Finance, Audit & Risk Committee held on Wednesday, 24 June 2020, be confirmed as a true and correct record.

CARRIED

6 Announcements

With the agreement of the meeting, 7.3 Health & Safety – Quarterly Report would be the next item to be addressed.

7 Reports

7.3 Health & Safety - Quarterly Report

Purpose

To provide an update to the Finance, Audit and Risk (FAR) Committee on health and safety matters at Horowhenua District Council for the three-month period April to June 2020.

Speaking to the report, Mrs Glavas advised that the only update was on page 95 in relation to a fall at Te Awahou Nieuwe Stroom, with a quote now having been received for a handrail and high visibility stair edges. She also noted that while a lot had happened in terms of Health & Safety, it was not in the workplace as many staff had been working from home; it was mainly in terms of supporting essential workers and ensuring they and the community were aware and safe during what were challenging times.

Mrs Glavas then responded to queries in relation to who would be ultimately responsible in circumstances when injury or a fatality occurred, noting that where a

contractor was employed, both Council and the contractor would be PCBUs; however, as Council employed the contractor it would have an overarching responsibility.

Responding to the Chair's comments that it would be helpful for the FAR Committee to know what were the top five Health & Safety Risks, Mrs Glavas said she would include these in the next H & S report.

MOVED by Cr Isaacs, seconded Cr Jennings:

THAT Report 20/279 Health & Safety - Quarterly Report be received.

THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

CARRIED

7.1 Projects Update

Purpose

To provide the Finance, Audit and Risk (FAR) Committee with an update on the projects being undertaken by the Infrastructure Group.

Mr Peel joined the table to speak to the report. He advised that the hearing on the Tokomaru Wastewater Discharge Short Term Consent had been held yesterday morning in Palmerston North. Four submitters had spoken and the hearing had been concluded by lunchtime. The Commissioner had advised that he would report back within five days, so his response should be available next week.

C. Tokomaru Water Supply – Overview

With it suggested that it would be helpful to have some comment on what was behind the cost over-run for this project, Mr Clapperton responded that this was not in relation to the physical works, but had been caused by the consultation process. In this context, he said the outcome had been very positive.

Mr Peel noted that there would be some changes made to the graphs for the new financial year and these would be included in next month's reports.

D. Tokomaru Water Consent Handover

Responding to a query as to what Band B was in terms of Key Dates (page 19), Mr Peel said he did not know, and with this report being hot off the press, he had not had the opportunity to have a catch up meeting with the consultant, Good Earth Matters. Mr Clapperton said clarification would be sought and circulated to Elected Members as soon as it was available.

MOVED by Mr Jackson, seconded Cr Kaye-Simmons:

THAT Report 20/265 Projects Update be received.

THAT these matter or decisions are recognised as not significant in terms of s76 of the Local Government Act 2002.

CARRIED

7.2 Twelve Month Report 1 July 2019 - 30 June 2020

Purpose

To present to the Finance, Audit & Risk (FAR) Committee the financial report for the twelve months ended 30 June 2020.

Mr Law reiterated some of the items of interest included in the report, and responded to queries from Elected Members. He stressed that this was not a full Annual Report,

with more work required before the Annual Report was finalised.

With the unfavourable variance in relation to the Alliance raised, Mr Law advised that Council was obliged to report on such variances in the Annual Report and give the reasons why. The Chair clarified that more detailed information would be brought back in the next report.

Raised in discussion:

- it was again noted that at the top of page 24, the Total surplus/(deficit) should read “more” rather than “less”.
- how Council could use the community networks that Elected Members had to progress projects such as the Himatangi Block Road. This was supported by the Chief Executive who said there was a need to understand how Council could use Elected Members’ areas of interest to avoid delays and he would follow that up.
- in terms of the additional cost associated with the Himatangi Block Road, Mr Clapperton said he had not yet received confirmation of the cost of the retaining wall but would circulate that when available.
- attention was drawn to page 35 and the Funding Impact Statement for the Whole of Council with the Chair and Mr Law providing clarification as to the difference between that and the Statement of Cashflow on the following page.

With the Chair proposing that the recommendation be amended to include the word “Interim” before “Twelve Month Report” and noting that there was more work to be done in relation to the Annual Report, it was:

MOVED by Mr Jones, seconded Cr Jennings:

THAT Report 20/266 Interim Twelve Month Report 1 July 2019 - 30 June 2020 be received, with it noted that there is more work to be done that relates to the Annual Report.

THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

CARRIED

7.4 Treasury Report

Purpose

To present to the Finance, Audit & Risk (FAR) Committee the Bancorp Treasury Report for the June 2020 quarter.

With this being the normal quarterly report, Mr Law said a lot had happened in the quarter with COVID-19 and the Lockdown going from Level 4 down to Level 1. However, the biggest impact had been the amount of money that had been put in by central banks and governments across the world to try and weather the storm which had had the impact of keeping interest rates low. Without that injection of money, interest rates would have gone up quite considerably. NZ’s Reserve Bank was doing what was called ‘quantitative easing’ – buying bonds from LGFA that may not normally have been on the market. There was a lot of stimulus across the world; if and when that started to come off then economies would see a downturn

Mr Law noted an error in 4.7 of the Report. The 2.84% cost of funds should read at 30 June, not 31 March. It was down from 3.08% in March; it had gone lower to 2.82% and would probably go lower again next month. This supported the 3% interest rate that had been factored into the current Annual Plan.

Mr Law then responded to queries from Members, in relation to:

- interest rates and what would happen to them if governments suddenly stopped quantitative easing, i.e. stopped buying bonds.
- the possible use of swaps to mitigate risk and the things that needed to be considered in that regard, such as the use of fixed rate bonds and timing, with

discussions underway with LGFA in terms of refinancing.

MOVED by Cr Brannigan, seconded Cr Isaacs:

THAT Report 20/283 Treasury Report be received.

THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

CARRIED

7.5 Monitoring Report - Audit Recommendations 2018/2019 - July 2020

Purpose

To present to the Finance, Audit & Risk Committee the Monitoring Report covering Audit Recommendations 2018/19.

Speaking to the Monitoring Report, Mr Law said it was longer than he would like but quite a few of the items had been completed, were on track or under review, and they would drop off. When the audit had been done at the end of June/beginning of July, Audit had been asked to sign off on the things that had already been done and these were colour-coded green. He would follow up with Audit as the requested interim management letter had not yet been received.

There were two items yet to start:

- page 123 – Purchase Order Clearing Account – discussions were in train with Council's provider, Civica, as to how to go about that.
- page 130 – Contract Management – tighter controls were needed over the management of contracts and that would be in the Finance Team's Business Plan.

With there being over 50 recommendations, some of which seemed to reoccur, how this could be tracked to indicate if there were repeat issues was raised.

Mr Law then responded to a query in relation to the Procurement Review mentioned on page 128, saying he had hoped the internal audit would feed into that, and it may still, but it had been set back by COVID-19 and the unavailability of the internal auditor.

MOVED by Cr Mitchell, seconded Mr Jackson:

THAT Report 20/291 Monitoring Report - Audit Recommendations 2018/2019 - July 2020 be received.

THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

CARRIED

4.55 pm

There being no further business, the Chairperson declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD
AT A MEETING OF THE FINANCE, AUDIT & RISK
COMMITTEE HELD ON

DATE:.....

CHAIRPERSON:.....