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# Finance, Audit & Risk Subcommittee

## OPEN MINUTES

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Minutes of a meeting of the Finance, Audit & Risk Subcommittee held in the Council Chambers, Horowhenua District Council, Levin, on Wednesday 19 September 2018 at 5.00 pm.

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### PRESENT

<b>Chairperson</b>	Mr P Jones
<b>Deputy Chairperson</b>	Cr B F Judd
<b>Members</b>	Cr W E R Bishop
	Cr R J Brannigan
	Cr R H Campbell
	Mayor M Feyen
	Cr N G Gimblett
	Cr V M Kaye-Simmons
	Cr J F G Mason
	Cr P Tukapua
	Cr B P Wanden

### IN ATTENDANCE

Mr D Law	(Chief Financial Officer)
Mr D M Clapperton	(Chief Executive)
Mr D McCorkindale	(Group Manager – Strategy & Development)
Mrs N Brady	(Group Manager – Customer & Regulatory Services)
Ms S Grant	(Group Manager – People & Community)
Mr G O’Neill	(Projects Manager)
Mr D Haigh	(Growth Response Manager)
Mr D O’Regan	(Acting Communications Manager)
Mr J Paulin	(Finance Manager)
Mr A Chamberlain	(Financial Accountant)
Mr I McLachlan	(Risk Management Lead)
Mrs K J Corkill	(Meeting Secretary)

### MEDIA IN ATTENDANCE

Mr G Heagney	(“Manawatu Standard”)
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### PUBLIC IN ATTENDANCE

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

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## 1 Apologies

An apology was recorded for Cr Mitchell.

MOVED by Mayor Feyen, seconded Cr Judd:

*THAT the apology from Cr Mitchell be accepted.*

**CARRIED**

## 2 Public Participation

### 7.4 Update – Electronic Communications (E-Mail Quarantine) Policy

Stressing the importance of email communication, Anne Hunt suggested that Council should be monitoring not only incoming, but also outgoing emails as they were public documents and could be used in various, including legal, forums.

The Chair queried the relevance of Mrs Hunt's comments to the item on the Agenda.

## 3 Late Items

There were no late items.

## 4 Declarations of Interest

There were no declarations of interest.

## 5 Confirmation of Open & In Committee Minutes – 1 August 2018

MOVED by Cr Kaye-Simmons, seconded Cr Judd:

*THAT the Open & In Committee minutes of the meeting of the Finance, Audit & Risk Subcommittee held on Wednesday, 1 August 2018, be confirmed as a true and correct record.*

**CARRIED**

It was clarified with regard to the apology made by Mayor Feyen in relation to the two grants purportedly made in the same year, that it had been ascertained that this was incorrect and the grants were made in separate years. The confusion had arisen because of timing with the funds being disbursed, not awarded in the same financial year. This had been addressed in the minutes presented and adopted at the following Council meeting.

## 6 Announcements

Following an incident that had occurred between himself and another Councillor at the time of the last FARS meeting, Cr Campbell made the following announcement, which he said was on the advice of the Police.

“After the FARS meeting of 1 August 2018, before and at dinner, he had been spoken to and threatened by a Councillor in a very inappropriate and offensive manner so that his health and safety had been compromised and his person was threatened. Because of this, from this meeting forward he would, on the advice of Police, be carrying a video camera at all times to ensure his health and safety was not compromised and to create a boundary of respect should a similar incident occur. It was a simple camera and he would have it all times when that particular person was present.”

Mr Clapperton responded that some clarification would be needed, outside of today's meeting, as to the ramifications of this as there could be privacy considerations, particularly when it came to staff.

Cr Campbell said he had been advised to wear the camera and would turn it on whenever he felt his health and safety was compromised, offering his assurance that it would not be used when In Committee items were considered.

Despite Police advice, Cr Judd expressed his concern at what Cr Campbell proposed citing privacy issues and suggesting there needed to be some clear rules from the organisation around filming and when it would and would not be appropriate. If there were concerns about health and safety and the Police had been spoken to, he said they would take appropriate action if necessary.

Saying it was not fair that other Councillors were being put under this kind of scrutiny, Cr Brannigan made a public statement identifying himself as the Councillor with whom Cr Campbell had had a verbal altercation. It had happened after the last FARS meeting, inside the meal room. He said he made no apologies to Cr Campbell, but had apologised to the staff and the Chief Executive about the way he and Cr Campbell had spoken to each other. It was a verbal exchange when he had retaliated to something Cr Campbell had said. Cr Campbell had given as good as he got, and there had been no threat of violence.

With this matter being brought to the meeting with no warning, Mr Clapperton said there was some work that needed to be done to put in place some guidelines. It aligned with some work currently being done, specifically on privacy issues and Principle 3 of the Privacy Act.

It was left to the Chief Executive to report back to the meeting in due course.

## **7 Reports**

### **7.1 Annual Report for the year ended 30 June 2018**

#### **Purpose**

To recommend the adoption of the Annual Report for the year ended 30 June 2018 to Council.

Advising that verbal confirmation of an unmodified audit opinion had not yet been received from Audit NZ but he did not expect a different result, Mr Law provided further comment on the salient points in his report and responded to Councillor queries. He also noted that the Annual Report would now go to an Extraordinary Meeting of Council at 4.00 pm on 24 October, for adoption, which would precede the FARS meeting scheduled for that day.

With there having been queries in relation to the prudential benchmarks, particularly those that had not been met, Mr Jones expressed his reservations about their usefulness, noting that in terms of the benchmarks that had not been met:

- Balanced Budget - this had been a deliberate decision by Council and Council had been satisfied that it was prudent;
- Debt Control – was not too far off the mark;
- Operations Control – was better than last year. If it had not been then some questions would need to be asked. Overall the trend was one of improvement.

MOVED by Deputy Mayor Bishop, seconded Cr Wanden:

*THAT Report 18/532 Annual Report for the year ended 30 June 2018 is received.*

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

*THAT the Finance, Audit and Risk Subcommittee recommends to Council the adoption of the Annual Report ended 30 June 2018 at the extraordinary Council meeting of 24 October 2018.*

**CARRIED**

Mayor Feyen and Cr Campbell ABSTAINED from voting.

## **7.2 Two Month Report 1 July 2018 - 31 August 2018**

### **Purpose**

To present to the Finance, Audit & Risk Subcommittee the Two Month Report 1 July 2018 – 31 August 2018.

Mr Jones said he had no problem with the fact that a Two Month Report had not been produced as Officers had been focused on the Annual Report. He did expect, however, that there would be a full Quarterly Report presented to the 24 October 2018 meeting.

MOVED by Deputy Mayor Bishop, seconded Cr Brannigan:

*THAT Report 18/533 Two Month Report 1 July 2018 - 31 August 2018 be received.*

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

**CARRIED**

Mayor Feyen and Cr Campbell ABSTAINED from voting.

## **7.3 Alliance 3 Waters Capital Projects Update**

### **Purpose**

To provide the Finance, Audit and Risk Subcommittee with an update on the 3 Waters Capital Projects being undertaken by the Horowhenua Alliance.

Mr O'Neill gave a PowerPoint presentation showing at a high level the projects for the year ahead in relation to:

- Water Reticulation Renewals
- - Water treatment plants
- Wastewater reticulation
- Wastewater treatment plants
- Wastewater pumps – noting an error on page 30 with the second table showing the correct description order.

He also responded to queries from Elected Members and the Chair.

MOVED by Mayor Feyen, seconded Deputy Mayor Bishop:

*THAT Report 18/523 Alliance 3 Waters Capital Projects Update be received.*

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

**CARRIED**

#### 7.4 Update - Electronic Communications (E-Mail Quarantine) Policy

##### Purpose

The purpose of this report is to update members of actions in respect to the implementation of the Electronic Communications (E-Mail Quarantine) Policy and report pursuant to the requirements of the Policy.

MOVED by Cr Brannigan, seconded Cr Wanden:

*THAT Report 18/524 Update - Electronic Communications (E-Mail Quarantine) Policy 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 Risk Update

##### Purpose

To update the Finance, Audit & Risk Subcommittee on changes to the Summated Risk Register considered on 1 August 2018.

Mr McLachlan joined the table to speak to this report and respond to questions.

Responding to a comment from Cr Campbell about the “one up approval” system and wanting to see a time-line for this to be implemented because it was important for such checks to be in place, it was explained that there were some issues with the way the financial system worked which were outside the organisation’s control. A work-around was being investigated and there were already some internal controls in place between authorisation and payment. In addition there was also a process where a number of transactions were reviewed to verify their validity.

In relation to Gladstone Green, Mr McLachlan explained why the risk had been downgraded to amber and the measures that had been put in place when it came to managing/mitigating the risks in that situation.

Mr Jones raised the Significant Residual Risk noted on page 29 of the Agenda, with Mr McLachlan clarifying that had come in after he had produced his report and it would be included in the next Risk Update.

MOVED by Cr Campbell, seconded Deputy Mayor Bishop:

*THAT Report 18/529 Risk Update be received.*

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

**CARRIED**

#### 7.6 Project Reporting - 2018/19 Financial Year

##### Purpose

To outline the key capital projects planned for the 2018/19 Financial Year and the proposed reporting for such.

With the Chair commenting that there was some further work required on this item, it was agreed it would lay on the table until the next FARS meeting.

6.09 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  
SUBCOMMITTEE HELD ON

**DATE:**.....

**CHAIRPERSON:**.....