
Finance, Audit & Risk Committee

OPEN MINUTES

Minutes of a meeting of the Finance, Audit & Risk Committee held via Audio Visual Link on Wednesday 25 August 2021 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
	Mayor B P Wanden

IN ATTENDANCE

Reporting Officer	Mrs J Straker	(Chief Financial Officer)
	Mr D M Clapperton	(Chief Executive)
	Mrs N Brady	(Deputy Chief Executive)
	Mr D McCorkindale	(Group Manager – Customer & Strategy)
	Mr B Maguire	(Group Manager – Infrastructure Development)
	Mr D Yorke	(Horowhenua Alliance – Alliance Director)
	Mr J Paulin	(Financial Accountant)
	Mrs V Miller	(Compliance Manager)
	Ms M Leyland	(Consents Manager)
	Mr S Magi	(Information Services Manager)
	Mrs A Huria	(Business Performance Manager)
	Ms S Hori Te Pa	(EA to the Mayor and Chief Executive)
	Mrs K J Corkill	(Meeting Secretary)

1 Apologies

There were no apologies.

2 Public Participation

None requested.

3 Late Items

There were no late items.

4 Declarations of Interest

Cr Brannigan 21/333 - Twelve Month Report 1 July 2020 – 30 June 2021
Community Support – Emergency Management (CS1 & CS2)

5 Confirmation of Minutes

MOVED by Mr Jackson, seconded Cr Allan:

THAT the minutes of the meeting of the Finance, Audit & Risk Committee held on Wednesday, 30 June 2021, be confirmed as a true and correct record.

CARRIED

6 Announcements

There were no announcements.

Reports

7.1 Health & Safety 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 period 1 April to 31 July 2021.

Requesting that the report be taken as read, Mrs Glavas noted that with the country now being in Alert Level 4, the Incident Management Team had been activated at HDC.

In terms of recent behavioural issues in and around the Levin CBD and more in-depth reporting on that, Mrs Glavas said it had been an intense time and she outlined the steps being taken to support staff, which included crisis resilience training and developing appropriate strategies, increased security at facilities, with staff also reminded that EAP services were available. With Council also responsible to keep people in the community safe, there was a multi-agency approach being taken, the Police had responded supportively, and it had also been a focus for the Community Wellbeing Committee.

As there was a large group of volunteers who supported a lot of the work that happened in the various facilities, it was requested that they also be included in any future training to spread capability more broadly across the service.

Chair of the Community Wellbeing Committee, Cr Kaye-Simmons, also provided comment on what was happening to address the behavioural issues.

Mrs Glavas was complimented on the quality of the report, with the Chair saying it would be useful, over a period of time, to have enhanced risk management reporting noting the comment in the SafePlus report that “some risk controls were being monitored but effectiveness of controls were not being verified”.

MOVED by Mayor Wanden, seconded Cr Kaye-Simmons:

THAT Report 21/337 Health & Safety Report be received.

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

CARRIED

7.2 Horowhenua Alliance - Activity Update

Purpose

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

The following was raised in relation to the recent heavy rainfall event:

- would there be a report on the impact that had on the water treatment plant and what had been done to mitigate that happening again?
- was the clarifier that had been put in place fit for purpose and the right size?
- what was the main reason for the restricted access to water across the district during the event?

Also raised was the lack of information in the report on stormwater.

With Mr Yorke having issues with sound, Mr Clapperton undertook that responses to these queries would be brought back, by way of updates, to the FAR Committee.

Referencing 3.2 – KPI Update - it was noted that the graph for the 3 Waters Programme Works had been incorrectly calculated and it should show that 90% of the jobs were completed, not 60%.

MOVED by Cr Mitchell, seconded Cr Allan:

THAT Report 21/332 Horowhenua Alliance - Activity Update be received.

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

CARRIED

7.3 Customer and Strategy - Activity Update

Purpose

To provide the Finance, Audit and Risk (FAR) Committee with an update on the projects and activities being undertaken within the Customer and Strategy portfolio of Council.

Ms Leyland, Mrs Miller and Mr McCorkindale spoke to the report and responded to queries.

Ms Leyland pointed out an error in the report – page 55 (and also in the text on page 56) – the number of subdivision resource consents approved should show a decrease, not an increase, of 11.8% from last year.

Responding to a query re improvements identified to the conflicts of interest processes, Ms Leyland said Council had introduced a more robust process relating to conflicts that could be either perceived or actual and could cover where a consent was applied for by a staff member or by an elected member, or where a staff member had some kind of financial interest or personal interest in an application to get that documented and get some mitigation steps established in advance in relation to those consents.

In terms of what happened when the statutory timeframes for consents were not met, Ms Leyland said for resource consents Council followed the process set out in the RMA Discount Regulations, being a discount of 1% of the total cost per day that the consent was over the statutory timeframe. That was not the case for building consents, but as Council was accredited to provide that service, that was a real motivator to ensure consents were processed within the timeframe.

Mrs Miller responded to queries in relation to earthquake-prone buildings:

- initially there had been quite a number of enquiries from building owners as to what

this would mean for them, with queries now about where Council was in terms of the process;

- Council did not record how many of the building owners were local or from out of the district, but that was something that could be looked into.

Ms Leyland, Mr Clapperton and Mr McCorkindale responded to queries and comments in relation to the risks for Council with the increased level of activity for building and resource consents and the constraints in terms of retaining and recruiting staff, outlining the risks and the steps that were being taken to retain and attract staff and whether Council needed to reset some of its assumptions.

MOVED by Cr Isaacs, seconded Cr Kaye-Simmons:

THAT Report 21/326 Customer and Strategy - Activity Update be received.

THAT this matter or decision is recognised as not significant in terms of S76 of the Local Government Act.

CARRIED

7.4 Twelve Month Report 1 July 2020 - 30 June 2021

Purpose

To present to the Finance, Audit & Risk Committee the financial report for the twelve months to 30 June 2021.

Requesting the report be taken as read, Mrs Straker noted the following:

- Council was now at the stage that the results for the year were included in the numbers with the exception of some of the reserves and resulting internal interest figures. These would soon be finalised and would be reported on in the annuals results.
- In terms of the audit of the Annual Report, the timing of this had been delayed until late October so the full Annual Report would not be available until late November.
- What was currently planned was to present the unaudited Annual Report to the September FAR meeting to provide a full view of the year's results.
- The year's results were looking good in terms of the capital programme with Council meeting is 2.1% growth for the number of new dwellings, so from a rating perspective leading into next year, that was a good result.
- In terms of the operating result, not including the impact of the capital grants, Council would end up with a surplus of around \$800,000, with money not having been spent unnecessarily, and some extra depreciation would come through from the Three Waters.

Mrs Straker then responded to queries in relation to:

- Tracking of capital projects from the previous year's Annual Plan - these would be addressed in the Annual Report where there would be a reconciliation at a more detailed level with the original capital programme.
- Why there was a major increase in equity and what were the risks going forward – the majority of the increase was driven by the increase in Council's Three Waters assets. An external audit was done on the value of the Three Waters Assets and they had almost doubled in terms of value. This would be audited as part of the Annual Report. In terms of risk, this was around the on-going cost of providing for these assets and around the depreciation impact, as well as the cost of maintenance and capital expenditure.
- Additional Grant Funding and how this was managed – for projects that went over a number of years, it was ensured that the revenue was recorded in the appropriate year when the spending was going to occur.
- Stormwater Activity (Note 6 – page 75) being \$266k under the revenue due to low interest income – this interest had not as yet been recorded appropriately in the accounts and did not change the bottom line.

- Cancelled Assessments for Rates Debtors – in certain circumstances assessments were cancelled. These would be addressed as the accounts were finalised.

With two additional recommendations added to include carry forwards, which would be presented to the 8 September 2021 Council meeting for approval, it was:

MOVED by Mr Jackson, seconded Cr Mitchell:

THAT Report 21/333 Twelve Month Report 1 July 2020 - 30 June 2021 be 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 & Risk Committee recommends that the Horowhenua District Council approves \$1.87m of additional capital budget for 2021/22 with this being comprised of a carry forward of \$1.62m from 2020/21 and additional funding to complete the Foxton Beach Surf Club Building Upgrade of \$250,000.

THAT the Finance, Audit & Risk Committee notes that \$150,000 of the additional budget will be funded externally.

CARRIED

7.5 Treasury Report

Purpose

To present to the Finance, Audit & Risk (FAR) Committee the Bancorp Treasury Report for the June 2021 quarter.

Mrs Straker spoke to the report and responded to queries.

In terms of how robust Council's cashflow planning was to ensure money was used in the best possible way, Mrs Straker said Council's forecasting had improved over the last six months in terms of the tools used and the understanding of what projects were happening and when.

Bancorp was Council's Treasury advisor and Miles O'Connor, from Bancorp, would be in attendance at the September FAR meeting to give an overview of how Treasury, including risk, was managed within the organisation. Some strategy sessions had been held with Mr O'Connor in terms of what Council needed to have in place in terms of its borrowings.

Mrs Straker then outlined the actions Council would undertake to ensure it had the funding available to repay borrowings that would become due in 2022 and to ensure that the timing of the borrowings fitted in with the Debt Policy and there was a reasonable amount of fixed debt versus floating debt so Council was not exposed to changes in interest rates.

MOVED by Mr Jones, seconded Deputy Mayor Mason:

THAT Report 21/334 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

7.6 Monitoring Report - Audit Recommendations 2019/2020

Purpose

To present to the Finance, Audit & Risk (FAR) Committee the Monitoring Report relating to issues identified in the Audit New Zealand Management Report for the year ended 30 June 2020.

Speaking to the report, Mrs Straker said this would be provided to the FAR committee every two months to provide an update in terms of the status of the various items, with a different colour suggested to make it easy to see any changes from update to update.

The Landfill valuation timing was queried as to why it was necessary rather than urgent. Mrs Straker said Audit labelled the items from their perspective, but Council had made sure that all the valuations for the Annual Report had been completed so there would be no issue with valuations going forward.

Risk reporting generally was raised, particularly as the FAR Committee had not had any recent reporting in relation to risk and how Members could be assured that the Risk Register was an effective tool and providing guidance in terms of the work programme.

Mr Jones agreed that whilst risk may have been well managed within the organisation, the Committee had not had that assurance, which was part of its role. He did note that there had been a very recent appointment to a role that had more emphasis on risk and that should ensure there would be more regular and consistent reporting on risk for the whole organisation, including the Alliance.

With regard to the recording of complaints not in line with DIA guidelines, this was not just an issue for HDC and it was being worked on.

MOVED by Cr Kaye-Simmons, seconded Cr Allan:

THAT Report 21/336 Monitoring Report – Audit Recommendations 2019/2020 be received.

THAT this matter or decision is recognised as not significant in terms of S76 of the Local Government Act.

CARRIED

7.7 FAR Committee - Actions

Purpose

To report back to the Finance, Audit & Risk Committee on requested actions.

MOVED by Cr Brannigan, seconded Cr Kaye-Simmons:

THAT Report 21/335 FAR Committee - Actions be received.

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

CARRIED

4.20 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:.....