
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 28 April 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	(to 6.35 pm)
	Mr S J R Jennings	
	Mrs V M Kaye-Simmons	
	Mrs J F G Mason	
	Ms P Tukapua	(to 6.35 pm)
	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 Law	(Chief Financial Officer)
	Mr B Maguire	(Group Manager – Infrastructure Development)
	Mr K Peel	(Group Manager – Infrastructure Operations)
	Mr D McCorkindale	(Group Manager – Customer & Strategy)
	Mrs L Slade	(Group Manager – People & Culture)
	Mr J Paulin	(Financial Accountant)
	Mrs V Miller	(Compliance Manager)
	Ms M Leyland	(Consents Manager)
	Mrs T Glavas	(Health & Safety Advisor)
	Mr B Harvey	(Community Facilities & Events Manager)
	Mrs K J Corkill	(Meeting Secretary)

ALSO IN ATTENDANCE

Mrs R Dean	(Internal Auditor, CKS Audit Limited)(to 5.40 pm)
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1 Apologies

An apology was recorded for Cr Ketu.

MOVED by Cr Wanden, seconded Cr Jennings:

THAT the apology from Councillor Ketu be accepted.

CARRIED

2 Public Participation

Prior to hearing from those who had requested public participation, the Chair stressed that comments should relate to items on the Agenda; it was not a forum for raising other issues.

Speaking to the Internal Audit Report (21/157) and Iwi Partnerships, Mr Charles Rudd raised concerns he had with regard to accountability and transparency. Mr Rudd provided a copy of his comments.

Mrs Vivienne Bold raised a number of matters of interest to her throughout various reports, Mrs Bold provided a copy of her comments.

Speaking in relation to the Internal Audit Report and Iwi Partnerships, Mr Te Whena Lewis, being from Manakau and being a member of Ngāti Wehi Wehi, asked for more information in relation to the arrangement between Ngāti Wehi Wehi and Council as it was not something he was familiar with.

Acknowledging the comments made by Mr Lewis, Mr Clapperton gave a background to the arrangement which had commenced with the signing of the MOP in 2012. At the time the MOP was signed, the Ngāti Wehi Wehi Trustees were led by Richard Orzecki and a lot of hard work had been put in to developing a relationship between the two entities. On Mr Orzecki's passing, that mantle had fallen on Bob Miritana. In recent years meetings had not been held as regularly due to resourcing at the marae. Mr Clapperton said he would be very happy to meet with Mr Lewis to discuss this further.

Mr Graeme Lindsay highlighted seven areas which concerned him; these were:

- three matters from the Internal Audit Report;
- subdivision consents approved (Customer & Strategy – Activity Update) and the financial impact of not having Development Contributions;
- NE Levin upgrade – consenting and funding;
- Capital expenditure (in the Nine Month Report) – budgeting;
- Water New Zealand National Performance Review (Infrastructure Operations – Activity Update).

Mr Lindsay provided a copy of his comments.

Speaking to the Nine Month Report – Community Facilities Activity – Foxton Beach Wharf Project, Mrs Christina Paton noted that the statement that partial funding for this project would come from the Department of Conservation (DOC) was not correct. With the word repair used in recent reports on the project, she also suggested, with the Foxton Beach Freeholding Account Strategy and Policy stating that the Fund would be used for Capital Works only, it could not be used for operating or maintenance costs of existing infrastructure so it should not be being used for this project.

Mr Clapperton responded that Mrs Paton was correct that DOC should not have been identified as a source of funding; the wording in the report should have said 'key stakeholders'. In terms of the use of the word 'repair', this had been addressed at the last Council meeting where it had been noted that the word 'repair' should be amended to read

'replace' as this was a replacement not a repair, and replacement was a form of renewal and was capital expenditure.

Mrs Paton provided a copy of her comments.

3 Late Items

There were no late items.

4 Declarations of Interest

Cr Jennings declared an interest in Item 21/157 Internal Audit Report, particularly in relation to Recommendation 2.3.

5 Confirmation of Minutes

MOVED by Cr Allan, seconded Mr Jackson:

THAT the Open and In Committee minutes of the meeting of the Finance, Audit & Risk Committee held on Wednesday, 31 March 2021, be confirmed as a true and correct record.

CARRIED

6 Announcements

7 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 three-month period January to March 2021.

Mrs Glavas and Mrs Slade joined the table to speak to the report and respond to any queries, with Mrs Glavas tabling a more detailed Critical Risk Register document covering the Risk Management information on pages 9-11 in the report. She also advised that the draft report had been received from the SafePlus Audit. This would be responded to by the end of the week and a full report would be included in the next FAR Health & Safety Report.

MOVED by Cr Jennings, seconded Cr Brannigan:

THAT Report 21/138 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 Internal Audit Report - Year Ended 30 June 2019

Purpose

For the Internal Auditor (Rachael Dean) on behalf of CKS Audit Limited to present the Finance, Audit and Risk Committee (FAR) with the Final Internal Report undertaken on Horowhenua District Council's compliance with Procurement policies and procedures (excluding Roading) during the year ended 30 June 2019.

With the report taken as read, and with Mrs Dean confirming that this was the same as the report that had been presented, In Committee, at the last FAR meeting, she then talked through the steps that had been undertaken to complete the review and

responded to queries.

Mrs Brady confirmed that progress on the Internal Auditor's recommendations would be tracked via a Monitoring Report.

Also raised during the discussion was the need for the Iwi Partnership Agreements to be updated/refreshed. It was noted that would be a focus for the CE to scope, as well as reporting expectations.

With the inclusion of recommendations to receive the actual Internal Audit Report – Year Ended 30 June 2019, and for quarterly reporting from the CE on the progress of outstanding recommendations, it was:

MOVED by Mr Jones, seconded Mr Jackson:

THAT Report 21/157 Internal Audit Report - Year Ended 30 June 2019 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 receives the Internal Audit Report – Year Ended 30 June 2019.

THAT as recommended by the Internal Auditor, the Finance, Audit & Risk Committee recommends that the Horowhenua District Council takes the appropriate steps to formally ratify the procurement of services through the Horowhenua New Zealand Trust, to include the whole of life procurement cost of \$2,100,000 and the first instalment of \$375,000 paid in October 2018.

THAT the Chief Executive Officer be asked to report quarterly on the progress of outstanding recommendations in the Internal Audit Report.

CARRIED

Having declared an interest, Cr Jennings ABSTAINED from voting on recommendation 2.3.

7.3 Internal Audit Work Programme

Purpose

For the Internal Auditor (Rachael Dean) on behalf of CKS Audit Limited to present possible areas of interest for Council to consider in setting its next Internal Audit Work Programme.

Mrs Dean and Mrs Brady spoke to the report, with Mrs Brady clarifying the reason this matter had been brought to today's meeting was because it had been an In Committee item at the last FAR meeting and Committee Members had requested that how CKS Audit Limited could assist Council with its future Internal Work Programme should be explored and how that could add value.

The timing of such a programme and what could be covered, such as delegations and zero-based budgeting, was raised, with Mrs Brady saying that was a conversation that Council needed to have.

MOVED by Cr Mitchell, seconded Cr Allan:

THAT Report 21/160 Internal Audit Work Programme be received.

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

CARRIED

Mrs Dean withdrew from the meeting (5.40 pm).

7.4 Finance, Audit and Risk Committee Work Programme

Purpose

To provide the Finance, Audit and Risk Committee with an outline of a Draft Work Programme for consideration alongside receipt of the Final Internal Audit Report.

Mrs Brady was joined at the table by Mrs Straker, Chief Financial Officer, to speak to this item and respond to any queries, with the need highlighted for input via the LTP and further brainstorming to bring back a proposal to a future FAR meeting to confirm items that should be included. Refinement was also suggested in terms of the timeline for some of the items in the Draft Work Programme as there was a need to get the balance right, bearing in mind resourcing, as it could involve significant work for Officers.

MOVED by Cr Allan, seconded Cr Isaacs:

THAT Report 21/158 Finance, Audit and Risk Committee Work Programme 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 receives the Finance, Audit and Risk Committee Work Programme.

CARRIED

7.5 Community Facilities - Activity Update

Purpose

To provide the Finance, Audit and Risk (FAR) Committee with an update on the projects and activities being undertaken within Community Facilities which form part of the Communities, Partnerships and Business Group.

Mr Harvey joined Mrs Brady at the table, with Mrs Brady stressing the uniqueness of this project for Council as it had been managed within Council's team without a project manager, with a number of things learned that would be taken on board for future projects.

Appreciation was expressed for the detailed report, the awesome job that had been done, with the emailed updates noted as having been very helpful.

MOVED by Cr Isaacs, seconded Cr Tukapua:

THAT Report 21/137 Community Facilities - 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

7.6 Infrastructure Development - Activity Update

Purpose

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

Mr Maguire spoke to the various items in report, providing further comment where required:

- North East Levin Upgrade Project - 3.4.3 Project Two – Consenting the proposed attenuation area: notification had been received from Horizons that an extension of time had been sought for that hearing following the exchange of information between the various parties and experts. The Commissioner had not

confirmed a new date, but it would be between two to four weeks beyond 26 May.

Responding to a query as to what was Council's plan if it did not received a consent for that area, Mr Maguire clarified that the project currently being undertaken was a series of renewals of the road, the 3 Waters, with those to connect into the existing outfall of that attenuation area. There was currently stormwater discharging across that corner at Fairfield and Roslyn Roads so that was being connected into until or unless Council got a consent to improve that attenuation area; summed up, Council was renewing the stormwater pipe with a slightly bigger pipe and it would connect to the current outflow.

- Foxton River Loop Regeneration – Stage One – there were now some working barbeques and some shelters were in place, and there would be some action on the roads over the next couple of weeks getting final construction underway. From a financial perspective, Council's contribution was starting to be expended. The good news was that the grass was growing!!
- Other activities were also progressing well.

MOVED by Cr Brannigan, seconded Cr Bishop:

THAT Report 21/155 Infrastructure Development - 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

7.7 Infrastructure Operations - Activity Update

Purpose

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

Speaking to the report, Mr Peel particularly noted:

- It was good to have the replacement Poads Road bridge open, with Council's last bridge building project having been 13 years ago;
- the Water New Zealand National Performance Review was something that Council had voluntary taken part in as it provided the opportunity to measure itself against its peers;
- in terms of Alliance Reporting, the new Alliance Director had just started and there would be a report in the next FAR Agenda.

MOVED by Mayor Wanden, seconded Cr Brannigan:

THAT Report 21/153 Infrastructure Operations - 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

7.8 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.

Speaking to the report, Mrs Miller and Ms Leyland drew attention to the changed layout of the information provided in the report, which was a direct response to feedback that had been received from Committee Members.

Ms Leyland also noted:

- on page 81 the Land Use Consents Approved should read ‘slightly higher’ rather than ‘slightly lower’ than in previous years;
- the IANZ Building Accreditation had taken place the previous week. The final report had not yet been received, but overall the feedback had been largely positive. One issue that could arise to affect Council’s accreditation was in terms of resourcing. If Council lost more than 25% of its staffing (in effect, one Officer), it could trigger additional assessments.

Mrs Miller responded to a query in relation to earthquake-prone buildings, noting that this project had commenced in 2017. 107 buildings had been profiled, with 17 having been deemed earthquake-prone and these were in the priority area. Of those 17 buildings, two owners had approached Council to talk about their options. Council also had an obligation to check buildings in the rest of the district; that work had commenced and needed to be done by July 2022. In terms of priority buildings, the timeframe was 7½ years to complete the required strengthening, i.e. by September 2028.

In relation to comments made by Mrs Bold about the lack of reporting on building consents, Mr Clapperton said that it was not correct; building consent information was updated and provided on a regular basis.

Noting the IANZ Accreditation that had taken place, Mr Clapperton acknowledged the work done by Ms Leyland and her team. They had worked tirelessly over the past four months to ensure they were prepared for the rigorous accreditation process. Ms Leyland had also highlighted a significant risk in terms of resourcing which would require further scrutiny and would be brought to the table in the not too distant future.

With a commendation for the Building Team requested to be included in the recommendations for adoption, it was:

MOVED by Mr Jackson, seconded Cr Mitchell:

THAT Report 21/92 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.

THAT the exceptional work undertaken by the Building Team to maintain the IANZ accreditation be noted.

CARRIED

7.9 Treasury Report

Purpose

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

With Mr Law commenting on yield curves and the fact that interest rates would eventually go up, it was a matter of what the short and long term risks were, Mr Jones requested that some scenarios be included in the next report as to potential options to protect the long term interest rate risk for Council.

MOVED by Mr Jones, seconded Cr Bishop:

THAT Report 21/42 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

The meeting adjourned for a meal break (6.35 – 7.05 pm), with Cr Tukapua and Mr Jackson withdrawing at this juncture.

7.10 Nine Month Report 1 July 2020 - 31 March 2021

Purpose

To present to the Finance, Audit & Risk Committee the financial report for the nine months to 31 March 2021.

Speaking to the report, which was taken as read, and responding to any queries, Mrs Straker also noted an error on page 105. In terms of the total surplus shown of \$4.55m, that was correct but it was \$1.3m and 39% more than the YTD budget.

MOVED by Cr Isaacs, seconded Cr Allan:

THAT Report 21/161 Nine Month Report 1 July 2020 - 31 March 2021 be received.

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

CARRIED

7.11 Chief Executive Report - Public Participation

Purpose

To provide Council with the follow up actions undertaken by the Chief Executive following public participation actions of the prior Finance, Audit & Risk Committee on 31 March 2021.

Mrs Brady noted that this report was new and was in response to a number of matters raised by Public Participation speakers becoming actions for Officers to address, or where some follow-up had been proposed.

With members of the public using Public Participation to pose a number of questions with regard to items in the Agenda, how this should be addressed going forward was discussed, with one suggestion being that people who wished to speak be requested to send through any questions prior to the meeting so that a response could be provided at the meeting. These queries need not be regarded as LGOIMAs, although that would depend on the nature and complexity of the question(s).

The Chair commented that it was difficult to know on some occasions whether a speaker was actually addressing an Agenda item, which was the criteria provided under Standing Orders. He said he would like the options explored and would endorse an approach to formalise responses where required.

MOVED by Cr Mitchell, seconded Deputy Mayor Mason:

THAT Report 21/154 Chief Executive Report - Public Participation be received.

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

CARRIED

7.12 FAR Committee – Actions

Purpose

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

Page 146 20/291 - Audit Recommendations

A draft Audit Opinion for Council's 2019/2021 Annual Report had been received by email this afternoon. That would be tabled at the next FAR Committee meeting.

Page 147 Seven Month Report – Property Disposals and Acquisitions
More information on this would be presented to next week’s workshop.

MOVED by Cr Jennings, seconded Cr Brannigan:

THAT Report 21/156 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

7.27 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:.....