
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 27 November 2019 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 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)
	Mr M J Lester	(Group Manager – Corporate Services)
	Mr D McCorkindale	(Group Manager – Strategy & Development)
	Mr I McLachlan	(Group Manager – Customer & Regulatory Services)
	Mr K Peel	(Group Manager – Infrastructure Services)
	Mr J Paulin	(Finance Manager)
	Mrs L Slade	(Acting Senior Manager – People & Culture)
	Mrs T Glavas	(Health & Safety Advisor)
	Mrs K J Corkill	(Meeting Secretary)

PUBLIC IN ATTENDANCE

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

1 Apologies

There were no apologies.

2 Public Participation

There had been no requests to speak.

3 Late Items

There were no late items.

4 Declarations of Interest

Cr Ketu recorded a conflict of interest with regard to the Projects Updates for Tokomaru Wastewater, Tokomaru Water and Shannon Water because of his association with Te Roopu Taiao o Ngati Whakatere and CIA preparation.

As the information was just being received, the Chair said he did not see any direct conflict of interest; therefore Cr Ketu did not need to withdraw when those items were considered.

5 Announcements

There were no announcements.

6 Reports

6.1 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 to 30 September 2019.

Council's Acting Senior Manager - People & Culture, Lisa Slade, and Health & Safety Advisor, Tanya Glavas, joined the table to speak to the report, with Mrs Glavas, being a recent Council appointment, introducing herself and giving an overview of her experience in the Health & Safety field.

Queries from Members were then responded to in relation to:

- employee health and safety training – this was part of the on-boarding process for all employees;
- drug and alcohol testing – this was a requirement of working at Council and was done on an ad hoc basis;
- sharps procedures – all parks and recreation staff did have containers and equipment to deal with sharps;
- cabling replacement – all testing procedures aligned with WorkSafe best practice;
- Working Alone draft policy – there was a policy in place that was being updated. It was compliant with the Safety at Work Act 2015 and Health and Safety Regulations 2016;
- reporting – Health & Safety reporting was retrospective;
- NZTA Driver Check Initiative – there was a driver check system in place for everyone who drives a Council vehicle;
- sharp disposal containers in public places – this was something that could be looked at and would be checked with Recreation Services as to how they handled such materials;
- recent incidents requiring evacuation at the Aquatic Centre – procedures had been changed. the first of the two incidents was a faulty sensor and that had been checked; the second incident was in relation to dosing of the pool and procedures had been changed to ensure it did not happen again. There was confidence that what was being done now was working well;

- the form of report in terms of its content and types of information included - this had partly come from what the Committee required and also what Council wanted to know. The report was adaptable to the information that was required;
- the significant drop off in reporting for this quarter and what was happening across the organisation to embed and grow a culture of safe practice at work – with there being a recent change in management at the Aquatic Centre, there were some reports that had not come through for two months. With a new manager appointed, it was expected that reporting would be back to required levels. More would be provided on this in the next Health & Safety report.

Addressing the meeting in relation to this and the other reports in the Agenda, Mr Lester said that with a new FAR Committee there could be new expectations in terms of reporting and Officers needed to get an understanding of what those expectations might be. In terms of the Health & Safety Report, it could be reporting at a higher level and understanding not only what had happened but what the future work programme was around Health & Safety.

His Worship the Mayor raised the issue of the terminology used around risk, with critical risk used in the Health & Safety Report, whereas in the finance area risks were described as being significant or extreme. There was a need to ensure there was an understanding as to the various risk levels as significant and critical might be different. With regard to critical risks, how critical were they: were they critical or were they extreme.

Mrs Slade responded that the risks were not as significant as those for the financial reports, but going forward the same terminology would be used for clarity.

Also requested with regard to the report was a more risk-based approach, putting matters such as training into context and articulating around actual performance and what the numbers meant.

Responding to a concern raised by the Chair about the low number of reported near misses which he would have expected over time to have increased, Mrs Glavas said that H & S best practice was to encourage reporting of near misses because that provided the opportunity to address issues at an early stage. Her job was to support improved reporting and that was something that she was working on.

In terms of critical risk, also raised was the fact that external contractors were not included as a significant risk and did they need to be considered.

Mrs Glavas agreed that they did need to be considered and she had commenced work on prequalification of the contractors that Council used. It was starting to gain momentum and would be reviewed in terms of critical risks and where they fitted in to the Risk Management Register.

In relation to near misses and how did staff know what constituted a near miss, Mrs Glavas said it depended on the situation where a near miss occurred. Raising awareness of what a near miss looked like and then encouraging reporting was being worked on.

Mrs Slade also confirmed that the issue of low reporting in August and September because of a change of management had been picked up and was being worked on to ensure it did not recur.

MOVED by Cr Brannigan, seconded Cr Allan:

THAT Report 19/489 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

6.2 Projects Update

Purpose

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

Requesting the report be taken as read, Mr Clapperton responded to queries in relation to the various projects:

A. Tokomaru Wastewater Supply Overview

- Funding had come through the River Leaders Forum from the Freshwater Fund that was administered by Horizons Regional Council. An application had been made eighteen months ago and part of that funding was used for the purchase of the land. The balance would be used for the discharge to land.
Mr Clapperton's comments were supported by Cr Ketu.
- In terms of any potential boundary change, the advantage was that Council was applying for a short term consent (five years) which would provide for consideration of a long term solution. PNCC was aware of the issues, for not only this but also Tokomaru Water and other things within the catchment. If there was to be a boundary change, it would be known before going down the path of a long term consent.

B. Foxton Beach Stormwater

- Modelling of the network did include the subdivision in Forbes Road and the Kilmister Block.
- The Manawatu Estuary Trust would be included in consultation and the effects on the RAMSAR site would be considered.
- The proposed Holben Development would be considered by the Infrastructure team and the roading discharge and water discharge would be accounted for.

C. North East Levin Stormwater

- This had been notified and submissions received. Council would be working through with the submitters the things that had been raised.
- One of the key submitters was HRC and that submission was about more than just management of urban stormwater, it was about the management of the catchment itself.
- In terms of cost, Council would know more once there had been engineering engagement with HRC and what the position might be when working on a long term solution. Council would be focusing on areas of responsibility and some of those things were clearly in the Regional Council's areas of statutory and financial responsibility.
- Whether or not what was proposed would have the capacity needed was covered in the application and the retention dams would be able to manage a 100-year event. Council had made its application based on the best information available; however that might be countered by Horizons. If there was a difference of opinion that was when the engineers would be involved.
- Confirmation would be provided that the engagement with Kereru Marae had taken place.

D. Shannon Water Supply

- One of the considerations, as with other consents such as Levin and Tokomaru, was in terms of the amount of water that could be taken in low flows. Council was looking at how that might be mitigated. Regional Council had suggested Council should be looking at storage. At Shannon there might be other mitigation options available. That would be brought back to Council once other options had been identified as there may be some budget requirements.
- Water loss - one major leak had been identified and there had been a breach of Council's water bylaw which had resulted in a prosecution.

E. Levin Stormwater Consent

- It was requested that the Industrial Site Stormwater Audit be expanded on at the proposed Council briefing.
- The data or comparisons supporting the comment that “urban stormwater was of similar or better quality than typical urban stormwater runoff” would be provided as requested.
- Additional time for further monitoring had been requested as information was being gathered from different parts of the network, which was challenging. Information was being captured from outside the urban catchment to understand what was flowing into the catchment, which included rural as well as groundwater discharge. It varied at the five discharge monitoring points. It should be completed in the first quarter of next year, with data having been collected for 4 or 5 months already. Some monitoring would be ongoing as it was difficult to treat something if its composition was not understood.

F. Tokomaru Water Supply

- The CIA had been received. It was understood that there needed to be a little more work done with other hapu to ensure they were comfortable with what had been provided, but Council was happy with what had been received.
- In terms of the budget being exceeded and if it would increase, an assessment on that would be provided.
- the draft conditions that were awaited from HRC had been received, which included some suggested conditions around low flow and the water take, which Council did not support. Council’s ecologist’s view was different to that of the Regional Council’s ecologist and they would need to get together to get an understanding of the differences.
- Confirmation would be provided as to whether Rangitaane had been involved at any point in the CIA for Tokomaru.

MOVED by Cr Mason, seconded Cr Isaacs:

THAT Report 19/419 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

Mr Jones proposed addressing the two following reports simultaneously.

The reinstatement of columns in the Statement of Loans and Interest by Activity which compared loans with those for the year before was requested, with Mr Law explaining it had been the intention to include that information but it had not been possible because of resourcing constraints. The information would, however, be included in the report for the December quarter.

Referencing the Statement of Loans by Parcel, the refinancing of the loans that had higher interest rates was raised, with Mr Law saying Council was actually doing some of that right now, and proposed doing more, and that could be seen in the Treasury Report.

In that regard, Mr Clapperton suggested that there needed to be a broader discussion around risk and Council’s appetite for risk and where that might lie going forward, with the Chair saying he had already had a discussion with the Mayor before the meeting about looking at this as part of a workshop prior to bringing it back to the FAR Committee for consideration. Both the negative as well as the positive consequences of risk needed to be considered.

Mr Clapperton provided a response to queries received in relation to the Statement of Sundry Debtors and debts that were over 90 days outstanding.

Performance measures in relation to LGOIMA requests and the timeliness of responses was raised, with the improvement in performance from the 18/19 financial year noted. Mr Lester responded that whilst Council's performance year to day had improved, the key reason for the previous year's under-performance was due to the sheer volume of requests received and also the complexity around those. The trend appeared to be slowing down. Council also did not have a dedicated LGOIMA Officer so that did put increased pressure on staff over and above their usual work. There had been improvements in relation to the LGOIMA Register and escalations and Council had responded to the recommendations from the Office of the Ombudsman's investigation with 25 out of the 27 recommendations implemented so far which had assisted Council's performance.

Responding to a supplementary question about what the legislation required of Council with regard to responding to a request for information and whether that had to be provided within 20 working days, or just had to be responded to, Mr Lester said that legislation required an acknowledgement to the requestor advising whether or not the information would be provided within 20 working days and Council did seek to provide the requested information within that time frame wherever possible.

The wording of the LGOIMA performance measure "requests responded to within 20 working days" was raised and it was suggested that it could be worded better for clarity. The wording "requests are responded to" was also in several other performance measures and it was further suggested that that wording also needed to be reviewed and clarified.

6.3 Three Month Report 1 July - 30 September 2019

Purpose

To present to the Finance, Audit & Risk (FAR) Committee the financial report for the three months ending 30 September 2019.

MOVED by Cr Bishop, seconded Cr Allan:

THAT Report 19/492 Three Month Report 1 July - 30 September 2019 be received.

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

CARRIED

6.4 Four Month Report 1 July - 31 October 2019

Purpose

To present to the Finance, Audit & Risk (FAR) Committee the financial report for the four months ended 31 October 2019.

MOVED by Cr Bishop, seconded Cr Allan:

THAT Report 19/420 Four Month Report 1 July - 31 October 2019 be received.

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

CARRIED

6.5 Treasury Report

Purpose

To present to the Finance, Audit & Risk (FAR) Committee the Bancorp Treasury Report for the September 2019 quarter.

Again commenting on the incredibly low interest rates, Mr Law noted that the cost of funds had levelled out with the cost of funds to the end of October being 3.09; with it now being 3.10, having gone up one basis point in a month.

Responding to a query from the Chair with regard to FRNs and FRBs referred to in the Treasury Report, Mr Law clarified that FRNs were Floating Rate Notes and FRBs were Fixed Rate Bonds, explaining the difference between the two.

At the request of His Worship the Mayor, for newly Elected Members Mr Law explained recent changes to Council's Liability Management Policy as passed at Council's June meeting and what it meant in terms of Council no longer risking breaking its hedging policy bands.

Following on from earlier comments about locking in interest rates while they were low, Mr Jones said Council did have the ability under its Policy to purchase what was known forward start swaps to lock in current low interest rates to refinance future loans. He suggested this was something that should be talked over with Council's Treasury advisors.

Mr Law noted that Council had discussions with Bancorp every three months and it would be possible for them to come and talk to Council direct.

Mr Jones suggested it would be worthwhile to have such a presentation in public so members of the public could also understand what was proposed and what the benefits would be, as well as the downside.

MOVED by Cr Bishop, seconded Cr Mitchell:

THAT Report 19/488 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

6.6 Release of the Summary Annual Report for the year ended 30 June 2019

Purpose

To provide, **for information**, Release of the Summary Annual Report for the year ended 30 June 2019.

Reiterating that this was provided for information, Mr Law noted the provision of a Summary Annual Report was something that Council was legally required to do. There had been some very minor wording changes going through the Audit process but there had been no change to the actual information it contained. It would be posted on Council's website tomorrow.

MOVED by Mr Jones, seconded Cr Allan:

THAT Report 19/487 Release of the Summary Annual Report for the 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.

CARRIED

5.30 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:.....