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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 24 April 2019 at 4.00 pm.

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### PRESENT

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

### IN ATTENDANCE

<b>Reporting Officer</b>	Mr M J Lester	(Acting Chief Executive)
	Mr A Chamberlain	(Financial Accountant)
	Mr D McCorkindale	(Group Manager – Strategy & Development)
	Mr I McLachlan	(Group Manager – Customer & Regulatory Services)
	Mr R Green	(Acting Group Manager – Infrastructure Services)
	Mrs T Magi	(Senior Manager – People & Culture)
	Mr J Paulin	(Finance Manager)
	Mr D O'Regan	(Executive Assistant – Corporate Services)
	Mrs S Hori Te Pa	(Governance & Executive Team Leader)
	Ms A Parker	(Executive Assistant to the Mayor)
	Mrs K J Corkill	(Meeting Secretary)

### PUBLIC IN ATTENDANCE

There were no members of the public present.

#### 1 Apologies

Apologies were recorded for Deputy Mayor Bishop and Cr Mitchell.

MOVED by Mayor Feyen, seconded Cr Tukapua:

*THAT the apologies from Deputy Mayor Bishop and Cr Mitchell be accepted.*

**CARRIED**

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## 2 Public Participation

No requests to speak received.

## 3 Late Items

There were no late items.

## 4 Declarations of Interest

None declared.

## 5 Confirmation of Minutes

MOVED by Mayor Feyen, seconded Cr Campbell:

*THAT the minutes of the meeting of the Finance, Audit & Risk Subcommittee held on Wednesday, 27 March 2019, be confirmed as a true and correct record.*

**CARRIED**

## 6 Announcements

The Chair proposed after the FARS meeting discussing whether or not Members wished to take up the offer to have a Councillor only session with the Auditors.

## 7 Reports

### 7.1 Health & Safety - Quarterly Report

#### Purpose

To provide an update to Elected Members on health and safety matters at Horowhenua District Council for the previous three months.

Mrs Magi joined the table to respond to any queries, with the report being taken as read.

For the next report, the Chair suggested it would be helpful to have the top five Health & Safety risks measured against Council's risk framework, where things were now, what was the target and what was being done to meet that target. Also, with regard to Health & Safety, how much risk was acceptable and how the current risk profile would be mitigated.

MOVED by Mr Jones, seconded Cr Campbell:

*THAT Report 19/145 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**

### 72 Nine Month Report 1 July 2018 - 31 March 2019

#### Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the nine months to 31 March 2019.

Council's Financial Accountant, Mr Chamberlain, joined the table to speak to the report requesting that it be taken as read. Following a request at the previous meeting to have an indication of the number of new rateable assessments created, Mr Abraham tabled a replacement page 30 (Statement of Rates Assessments)

which showed that there had been 106 created this year.

With the report highlighting that Council was showing a \$1.288m deficit against a budgeted surplus of (\$2,483m), the drivers behind this were raised and discussed in detail with the Chair working through the report page by page providing Elected Members with the opportunity to raise queries and provide comments as to how this had occurred and mitigation options.

A PowerPoint overview (copy attached to the official minutes) of the Forecast Operating (surplus)deficit was presented giving a breakdown of the Budget and End of Year Forecast Variance and providing an explanation of the key variances and deficit funding options, with Mr Lester and Mr McCorkindale responding to queries.

MOVED by Cr Campbell, seconded Cr Wanden:

*THAT Report 19/104 Nine Month Report 1 July 2018 - 31 March 2019 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 Treasury Report

#### **Purpose**

To present to the Finance, Audit & Risk Subcommittee the Bancorp Treasury Report for the March 2019 quarter.

With the report being taken as read, the Chair referred to the observation in the last paragraph of the report that Council was very close to breaking its hedging policy bands, suggesting that 'breaching' would be a better descriptor. In relation to this issue, he said his understanding was that Council had three options to address this:  
- it could take out a swap; it might want to revisit the policy; or it could breach the policy as long as Council was aware of why and the consequences of that happening, with June indicated as the month by which this matter needed to be addressed.

MOVED by Mr Jones, seconded Cr Brannigan:

*THAT Report 19/128 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**

### 7.4 Standard and Poors Credit Rating

#### **Purpose**

To present to the Finance, Audit and Risk Subcommittee the Standard and Poors' report on the review of Council's credit rating.

The response to comments in relation to the Key Rating Factors of Budgetary Performance being recorded as "weak" and Liquidity coverage being "adequate" compared with its peers, was that this was a fair assessment and was due to Council's issue when it came to capital expenditure. The Chair commented that if the Liquidity coverage had been noted as "outstanding" Council would have to have money in the bank. HDC's debt was high for a Council, but it was not out of control; it was comparative to some other Councils which had no debt.

MOVED by Cr Judd, seconded Cr Kaye-Simmons:

*THAT Report 19/132 Standard and Poors Credit Rating 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 recorded his ABSTENTION from voting.

5.32 pm

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

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

**DATE:**.....

**CHAIRPERSON:**.....