
Finance, Audit & Risk Subcommittee

OPEN MINUTES

Minutes of a meeting of the Finance, Audit & Risk Subcommittee held in the Council Chambers, Horowhenua District Council, Levin, on Wednesday 14 February 2018 at 4.00 pm.

PRESENT

| | |
|---------------------------|---------------------|
| Chairperson | Mr P Jones |
| Deputy Chairperson | Cr B F Judd |
| Members | 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 C B Mitchell |
| | Cr P Tukapua |
| | Cr B P Wanden |

IN ATTENDANCE

| | | |
|--------------------------|-------------------|--|
| Reporting Officer | Mr D Law | (Chief Financial Officer) |
| | Mr D M Clapperton | (Chief Executive) |
| | Mr G Saidy | (Group Manager – Infrastructure Services) |
| | Mr M Lester | (Group Manager – Corporate Services) |
| | Mrs N Brady | (Group Manager – Customer & Regulatory Services) |
| | Ms S Grant | (Group Manager – Community Services) |
| | Mr D McCorkindale | (Group Manager – Strategy & Development) |
| | Mr G O’Neill | (Projects Manager) |
| | Mr D Gerrard | (Alliance Manager) |
| | Mr J Paulin | (Finance Manager) |
| | Mr A Chamberlain | (Financial Accountant) |
| | Mr I McLachlan | (Risk Management Lead) |
| | Mr S Wood | (Legal Advisor) |
| | Mrs K J Corkill | (Meeting Secretary) |

ALSO IN ATTENDANCE

Ms D Perera (Audit Director, Audit New Zealand)

PUBLIC IN ATTENDANCE

There were four 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

There were no declarations of interest.

5 Confirmation of Minutes – 13 December 2017

MOVED by Cr Wanden, seconded Cr Kaye-Simmons:

THAT the minutes of the meeting of the Finance, Audit & Risk Subcommittee held on Wednesday, 13 December 2017, be confirmed as a true and correct record.

CARRIED

6 Announcements

There were no announcements.

With the agreement of the meeting, Item 7.3 – Audit New Zealand – Final Management Report for the year ended 30 June 2017 was brought forward to accommodate Audit Director, Ms Perera, from Audit New Zealand, who was in attendance to respond to any questions Subcommittee Members may have.

7.3 Audit New Zealand - Final Management Report for the year ended 30 June 2017

Purpose

To present to the Finance Subcommittee the Audit New Zealand - Management Report for the year ended 30 June 2017.

Ms Perera was welcomed to the table. Speaking to the report, she said it had two parts, with the first being the issuing of the audit opinion (with Council having received an unmodified audit opinion in October last year) and the second covering the areas of audit focus, areas where Audit felt improvements could be made and matters that needed to be brought to Council's attention, with the key things being noted in the first two pages of the document. With Audit looking at not only Council's financial performance, but also non-financial performance, she explained in a more detail what that had entailed.

Having had the opportunity to speak to Ms Perera prior to the meeting, Mayor Feyen said he was feeling more conformable with Audit's recommendations; however, for clarity he queried if Audit's recommendations were mandatory.

Ms Perera said they were for Council's consideration. Audit could not force them to be taken up and while they may be regarded as best practice, in some instances it could be resourcing that precluded implementation and there could be compromises

made to mitigate any perceived risk.

How the recommendations provided by Audit would be addressed by Council going forward was discussed, with Ms Perera saying that if Audit was satisfied that Council accepted the risk it was not something that would be raised every year but probably would be raised again if there were any further concerns. However, Audit's approach would be tailored so that its audit opinion was not comprised.

Responding to a query about what constituted "satisfied", Ms Perera said that Audit would be satisfied that a robust conversation had occurred around an issue and there were reasons why points that had been raised may not be actioned. Audit did have the ability to have those conversations. What had been raised were control issues that could be improved, but Audit did not have any real concerns..

Mr Jones advised that each of the items raised by Audit would be brought back to the Subcommittee with agreed actions. As part of that he queried if Officers could advise what controls were actually in place to mitigate the risk in terms of the 'one up' process that had been highlighted by Audit and Elected Members.

Mr Clapperton did note that that the recommendations identified by Audit would be included on a Monitoring Report which would be reported back to the Subcommittee regularly and he would report back to the next FARS meeting in relation to the "one up" issue raised and the process Council used.

MOVED by Mayor Feyen, seconded Cr Judd:

THAT Report 18/47 Audit New Zealand - Final Management Report for the year ended 30 June 2017 be received.

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

THAT a Monitoring Report be brought back to the next and subsequent Finance, Audit & Risk Subcommittee meetings on Management's response to the matters raised by Audit and what has been undertaken to date.

CARRIED

7 Reports

7.1 Financial Report for the six months to 31 December 2017

Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the six months to 31 December 2017.

Mr Law spoke to the report, reiterating and expanding on the information contained in the Executive Summary and responding to queries.

With regard to the sale of Pensioner Housing and the loss to date, Mr Law explained that the gross proceeds were not treated as income but reduced the fixed assets figure in the balance sheet.

The difference between the Annual Plan and Annual Forecast for Grants and Funding was raised with Mr Law requested to bring back a reconciliation to the next Subcommittee meeting showing the consequence, rather than the result, of that figure being reduced.

Also requested were some comparison figures on the Statement of Cashflow (Agenda page 21).

With the Chair noting that the report would more appropriately be entitled "Six Month Report 1 July-31 December 2017", it was:

MOVED by Deputy Mayor Bishop, seconded Cr Mitchell:

THAT Report 18/54 Six Month Report 1 July 2017 - 31 December 2017 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 Treasury Report

Purpose

To present to the Finance, Audit & Risk Subcommittee the Bancorp Treasury Report for the December 2017 quarter.

Speaking to this report, Mr Law expanded on and gave more context to the information provided.

MOVED by Cr Kaye-Simmons, seconded Cr Wanden:

THAT Report 18/46 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 Infrastructure Projects Update

Purpose

To provide the Finance, Audit & Risk Subcommittee with an update on projects being undertaken by the Infrastructure Projects Team.

Mr O'Neill gave a PowerPoint presentation giving an update on the current projects being undertaken and also responding to queries.

Raised and discussed was the issue of contractual obligations not being met in terms of project completion. In the recent past there had been weather issues and also contractors were currently struggling to get suitable staff which impacted on jobs being finished. The use of penalty clauses was queried with it explained that Council endeavoured to work with contractors to get things done rather than take a punitive approach. Getting projects completed on time was an issue not only for Council but also for people who were affected by the work being done which could be exacerbated by delays and this was noted.

MOVED by Cr Judd, seconded Deputy Mayor Bishop:

THAT Report 18/51 Infrastructure 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

7.5 Mayoral Discretionary Fund

Purpose

To report to the Finance, Audit & Risk Subcommittee on the grants made from the Mayoral Discretionary Fund during the 2017/18 financial year.

MOVED by Mr Jones, seconded Cr Judd:

THAT Report 18/37 Mayoral Discretionary Fund be received.

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

CARRIED

7.1 Amendment to Elected Members - Allowances and Recovery of Expenses Policy - February 2018

Purpose

To present to the Finance, Audit & Risk Subcommittee the amended Allowances and Recovery of Expenses Policy for Elected Members.

The Chair gave an explanation in relation to withholding tax deductions, and allowance and reimbursement.

MOVED by Cr Judd, seconded Cr Campbell:

THAT Report 18/65 Amendment to Elected Members - Allowances and Recovery of Expenses Policy - February 2018 be received.

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

CARRIED

After discussion on the proposed amendments to the Policy and what currently

occurred with regard to attendance at Conferences by both Foxton Community Board Members and Councillors it was proposed that the fourth clause of the 'Travel and conferences, courses and seminars' section to be amended to:

"Council will fund the cost of attendance of the Mayor and five persons, either elected members, spouses or partners, at the annual LGNZ Conference."

with the final clause in relation to funding to be deleted.

MOVED by Cr Judd, seconded Cr Campbell:

THAT the Elected Members' Allowances and Recovery of Expenses Policy, with the Travel and conference, courses and seminars section to read:

"Conference, course, seminar or training attendance must be relevant and contribute to the elected member's ability to carry out Council business.

Attendance at these events when held in New Zealand must be approved by both the Mayor (or the Deputy Mayor) and the Chief Executive.

Attendance at these events when held overseas must be approved by the Council.

Council will fund the cost of attendance of the Mayor and up to five persons, either elected members, spouses or partners, at the annual LGNZ Conference.

This is to be formally endorsed by Council prior to attending"

be adopted.

CARRIED

The Chair advised that an apology had been received from Cr Brannigan.

NOTED

8 Procedural motion to exclude the public

MOVED by Cr Campbell, seconded Cr Bishop:

THAT the public be excluded from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

C1 Chairperson's Report

| <i>Reason for passing this resolution in relation to each matter</i> | <i>Particular interest(s) protected (where applicable)</i> | <i>Ground(s) under section 48(1) for the passing of this resolution</i> |
|---|---|---|
| <i>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</i> | <i>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. s7(2)(c)(i) - The withholding of the information is necessary to protect information which is</i> | <i>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</i> |

| | | |
|--|---|--|
| | <i>subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</i> | |
|--|---|--|

The text of these resolutions is made available to the public who are present at the meeting and form part of the minutes of the meeting.

CARRIED

5.35 pm The public were excluded.

Resolutions in relation to the confidential items are recorded in the confidential section of these minutes and are not publicly available.

6.10 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:.....