
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 1 August 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 (from 5.50 pm)
	Cr R H Campbell
	Mayor M Feyen
	Cr N G Gimblett
	Cr V M Kaye-Simmons
	Cr J F G Mason
	Cr P Tukapua

IN ATTENDANCE

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 R Green	(Acting Group Manager – Infrastructure Services)
Mr G O'Neill	(Projects Manager)
Ms J Dallinger	(Senior Health & Safety Advisor)
Ms T Magi	(People & Capability Manager)
Mr D Haigh	(Growth Response Manager)
Mr A Chamberlain	(Financial Accountant)
Mr I McLachlan	(Risk Management Lead)
Mrs K J Corkill	(Meeting Secretary)

MEDIA IN ATTENDANCE

Mr G Heagney	("Manawatu Standard")
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PUBLIC IN ATTENDANCE

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

Mayor Feyen expressed a concern that some members of the public may have attended today's meeting specifically for that item.

To test the views around the table, it was:

Moved: Cr Campbell

Seconded: Mayor Feyen

That Item 7.5 Mayoral Discretionary Fund Investigation be moved into the Public Excluded portion of the meeting.

Mr Jones commented that his view was that the item was more about the application of a process than anything else and he was ambivalent whether it should be held In Committee. Mr Clapperton added that if it was to be moved In Committee a reason would have to be given and the threat of litigation was not necessarily a reason to exclude the public. The grants made and the recipients were public information and were already in the public arena. Cr Campbell withdrew the resolution.

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.

Ms Dallinger joined the table to speak to the report and respond to any Councillor queries. Responding to a query about the significant number of events – accidents and injuries – during the reporting period and who that covered (all of Council, including sub-contractors, etc), Ms Dallinger said that 90% of the injuries were third party events arising in the aquatics area and were considered minor in nature with no longstanding consequences.

Noting the data in relation to Asbestos Awareness training, Mayor Feyen queried the process and contractor's responsibility when it came to removal and disposal of asbestos. Ms Dallinger said that contractors who dealt with asbestos had to be registered with WorkSafe and there was criteria they needed to meet. Council managed the process with contractors.

MOVED by Cr Judd, seconded Cr Mason:

THAT Report 18/409 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

7.2 Projects Update

Purpose

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

Mr O'Neill responded to Mrs Paton's query about budgets being overspent explaining that it was a timing issue and referred to the financial year and Annual Plan budget rather than the contractor going over budget. Sometimes it was caused by the scope of the work being increased to take advantage of what was occurring rather than something being done as a separate contract and costing more.

Mr O'Neill then gave a PowerPoint presentation updating the various projects being undertaken and responding to queries. It was noted that it would be useful to have words to tie in to the figures to provide a clearer explanation on some projects.

MOVED by Cr Campbell, seconded Cr Judd:

THAT Report 18/419 on 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

7.3 Annual Report Project Plan

Purpose

To present to the Finance, Audit & Risk Subcommittee (FARS) the Annual Report 2017/18 Project Plan.

Messrs Chamberlain and Law spoke to this report, with Mr Law noting that the focus areas (which were set up by the Auditor General) over and above the ordinary audit were the revaluation of infrastructure assets and also the risk of management override of internal controls.

Responding to a query from Mr Jones as to what would be the biggest risk to Council adopting the Annual Report by 10 October, Mr Chamberlain said it would be an unexpected item in the Plan.

Mr Law also noted that Audit's timetable fitted in with the timetable in the Project Plan report with the verbal audit clearance due on 7 September to allow for a full report to the 19 September FARS meeting, so that meeting could recommend adoption, or not, to the 10 December 2018 Council meeting.

In relation to the exemption of MWLASS and Shannon Community Trust from Council Controlled Organisation (CCO) status, it was clarified that this was provided for under the LGA to exempt small CCOs from costly compliance. It was not something new but was reviewed every three years. The only risk to Council was if Council decided not to pass the resolution there would be additional costs for those CCOs as well as Council.

MOVED by Cr Mason, seconded Cr Kaye-Simmons:

THAT Report 18/447 Annual Report Project Plan 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 Draft Twelve Month Report 1 July 2017 - 30 June 2018

Purpose

To present to the Finance, Audit & Risk Subcommittee the draft financial report for the twelve months to 30 June 2018.

It was agreed that this be renamed the 'Interim' Twelve Month Report, though Mr Jones did emphasise that it was in effect 'draft' as it was subject to audit and there would probably be a number of minor changes before it was finalised as part of the Annual Report process.

Mr Law said at this stage he had no idea of what Audit may want changed. It would not change the result but could change the formal. It was a normal process. The report that would come back to the Subcommittee would be the final one that would go to Council for adoption.

Officers and Mr Jones responded to queries raised by Mrs Paton, with Mr Law giving an explanation as to the 223 and 224 stages; Mr Clapperton advising that Council was still awaiting a decision from the Environment Court, and Mr Jones clarifying that the reason Solid Waste was excluded from the Essential Services Ratio was because a number of Councils did not deliver solid waste services, either because they were contracted out to a private provider or there might be a group of Councils delivering it via a CCO. What was also sought here was, in terms of critical infrastructure, whether there was enough funding of depreciation or spending on renewals, which also excluded solid waste.

With the Chair having requested some further information in relation to the report, Mr Law tabled (and spoke to) a breakdown of Other Operating Expenses, Rates Revenue, and external and internal loans actuals, budget and the difference.

Commenting on the information provided, the Chair said that Council should generally get what it said it was going to get by way of rates income, except for water by meter which depended on consumption. It was also helpful to note the debt position for each activity and how Council was tracking and what the financial impact might be going forward.

Mr Law, Mr Clapperton and Mr Green then responded to queries from Elected Members.

With the word 'Draft' to be replaced by 'Interim', it was:

MOVED by Mr Jones, seconded Cr Campbell:

THAT Report 18/407 Interim Twelve Month Report 1 July 2017 - 30 June 2018 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 Treasury Report

Purpose

To present to the Finance, Audit & Risk Subcommittee the Bancorp Treasury Report for the June 2018 quarter.

MOVED by Deputy Mayor Bishop, seconded Cr Gimblett:

THAT Report 18/408 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

Mr Law spoke to the report highlighting some of the salient points.

7.6 Mayoral Discretionary Fund Investigation

Purpose

To report to the Finance, Audit & Risk Subcommittee on the use of the Mayoral Discretionary Fund.

Saying he thought 'investigation' was a tough word, Mayor Feyen sought to use 'review' in the Report's title rather than investigation and said he would move a resolution to that effect, which Cr Campbell indicated he would second.

With the difference between 'investigation' and 'review' queried, Mr Jones said, in his opinion, this could be called either, but the word 'investigation' did imply something very detailed and serious, possibly where experts were called in. Others may hold a different view. Mr Clapperton also said it was not for Officers of Council to undertake an investigation and he was not comfortable with the retention of the word. Also with regard to the using 'review', the report noted that it had been requested that the matter be 'researched and reported to the FAR Subcommittee', so he would rather it just be called the "Mayoral Discretionary Fund".

Commenting that he had requested to know who the complainants were, Mayor Feyen spoke to the grants made that did not meet the criteria. Mayor Feyen quoted the Fund's Criteria and Guidelines which recorded that all decisions on funding were at the discretion of the Mayor.

Cr Campbell reinforced the fact that twice in the Fund's Criteria and Guidelines it noted that all decisions on funding and the expending of funds were at "the discretion of the Mayor".

In terms of risk to Council and the consequences of the criteria for the fund not being followed, Mr McLachlan advised the risk was low.

Councillors expressed their views which included: the reputational risk to Council; other applications for grants having to follow the set criteria; the perception of bias; the need to be careful in terms of spending as while the Fund was not monetarily significant overall it was public money; transparency; the fact that both Elected Members and Council Officers had to follow due process; the Mayoral discretion still needed to be exercised within the guidelines; in terms of providing funding for the iHemp Forum, there was a resolution in place that Council would not support any investigation into hemp.

With the Mayor not able to move the resolution to receive the report, and with the word "investigation" replaced by "review", it was:

MOVED by Cr Campbell, seconded Cr Judd:

THAT Report 18/446 Mayoral Discretionary Fund Review be received.

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

CARRIED

Cr Brannigan recorded his vote AGAINST the resolution.

Mayor Feyen recorded an apology for the two grants made for Music Month as he had not realised they were both in the same financial year.

To provide another layer in the process to give some comfort to Councillors that the criteria would be met in the future, it was:

MOVED by Cr Tukapua, seconded Cr Mason:

THAT the Community Grants and Funding Chairperson co-sign applications to the Mayoral Discretionary Fund to ensure that the Criteria and Guidelines of the Fund are met.

CARRIED

A division was called for, voting on which was as follows:

For:

Against:

Deputy Mayor: Wayne Bishop
Councillors: Neville Gimblett
Barry Judd
Victoria Kaye-Simmons
Joanna Mason
Piri-Hira Tukapua

Councillors: Ross Brannigan
Ross Campbell

Mayor Michael Feyen and Mr Philip Jones ABSTAINED.

The division was declared CARRIED by 6 votes to 2.

7.7 Monitoring Report - Issues Identified during the 30 June 2017 Audit

Purpose

To present to the Finance, Audit & Risk Subcommittee the Monitoring Report covering issues identified during the 30 June 2017 Audit.

As there would be an interim audit report coming through which would allow this report to be updated, it was suggested that it lay on the table until the next FARS meeting.

MOVED by Mayor Feyen, seconded Mr Jones:

THAT Report 18/452 Monitoring Report - Issues Identified during the 30 June 2017 Audit lay on the table until the 19 September 2018 Finance, Audit & Risk Subcommittee meeting.

CARRIED

The meeting broke for a meal at 6.30 and reconvened at 7.00 pm.

8 Procedural motion to exclude the public

MOVED by Mayor Feyen, seconded Cr Campbell:

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 Risk Register Update

<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)(c)(ii) - The withholding of the information is necessary to protect information which is 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 damage the public interest.</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>

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

7.00 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.

7.37 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:.....