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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 25 May 2016 at 4.00 pm.

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### PRESENT

**Chairperson** Cr A D Rush  
**Members** Mayor B J Duffy  
Mr B J Jackson  
Cr C B Mitchell  
Cr P Tukapua

### IN ATTENDANCE

Mr D Law	(Group Manager – Finance)
Mr D M Clapperton	(Chief Executive)
Mr J Paulin	(Finance Manager)
Mr A Mohammed	(Financial Systems Manager)
Mrs T Whitehouse	(Management Accountant)
Mrs M Davidson	(Group Manager – Customer & Community Services)
Mrs K J Corkill	(Meeting Secretary)

### ALSO IN ATTENDANCE

Mr D McCorkindale	(Senior Manager – Strategic Planning)
Mr M Lester	(Project Coordination Manager)

### PUBLIC IN ATTENDANCE

There was one member of the public in attendance.

#### 1 Apologies

An apology was recorded for Cr Bishop  
NOTED

#### 2 Public Speaking Rights

None requested.

#### 3 Declaration of Interest

There were no declarations of interest.

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#### 4 Confirmation of Minutes

MOVED by Mayor Duffy, seconded Cr Tukapua:

*THAT the minutes of the meeting of the Finance, Audit & Risk Subcommittee held on Wednesday, 27 April 2016, be confirmed as a true and correct record.*

**CARRIED**

#### 5 Matters Arising

Whilst not 'Matters Arising', Mr Jackson queried if Health & Safety should be something that this Subcommittee should be involved with.

With it being agreed, particularly from a risk perspective, that it was something the Subcommittee should be considering, Officers were requested to come back with a suggested regular reporting structure for the Subcommittee's consideration.

#### 6 Announcements

There were no announcements.

#### 7 Reports

##### 7.1 Financial Report for the ten months to 30 April 2016

###### Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the eight months to 30 April 2016.

MOVED by Cr Mitchell, seconded Mr Jackson:

*THAT Report 16/245 Financial Report for the ten months to 30 April 2016 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 this report giving an overview of the factors that could affect the end of year result and also borrowing and relevant interest rates. Working around the table, he then together with other Officers, responded to Members' queries and comments in relation to the debt to total assets threshold; receipt of funding for projects (such as Te Awahou Nieuwe Stroom) which could sometimes happen in the following financial year; Council's approach to swaps and their benefits and disadvantages; debtors levels; how funding was applied to the various Council activities and could not be shifted from one activity to another; spending on landfill capping; debt recovery and how doubtful debts were provided for; the lack of exactness in project budgeting and spending with delays generally being caused by external circumstances; the Aquatic Centre upgrade would be included in the 2016/17 financial year, with only a small proportion being in this year's budget.

Items for which Officers needed to provide a further response included:

- Mr Jackson, looking at page 9 of the Agenda, queried the relevance of the Interest to rates revenue data provided. It was explained that this related to the LGFA covenants that Council had to work within, with Mr Clapperton saying that Officers would look at bringing to the table a discussion document in terms of

setting an imposed target that could be regularly reported on to the Subcommittee.

- Page 15 - SW18 – Leachate pre-treatment: Mr Clapperton to send an e-mail to Members as to what this covered.
- Page 19 – Development Contributions Old Policy: Cr Mitchell queried how many sections there were still under the old scheme, with Mr Clapperton saying he would enquire and advise Members.
- In response to another query about the distinction between the Old and New DC Policies, Mr Clapperton responded that it was a matter of the total outstanding debt and he would check that.
- On page 9, Mayor Duffy queried the “348% more than budget” included under Financial Operation – Operational Surplus/(deficit), with it suggested that showing that as a dollar amount would be less confusing.
- Page 17 – WW35: It was suggested the wording was somewhat loose with “It is understood” to be removed.
- Page 17 – PRES44: The status of this project was discussed. This project was part of the LTP and removal from the schedule would require further conversation with stakeholders. Whilst its removal from the Project list had been discussed by the Projects Committee, it had not yet gone to Council. It was suggested there should be some notation with regard to the project’s status.
- Page 17 – WS46: An explanation was requested as to the reported \$600,000 under-spend, with Mr Clapperton noting that in effect it was \$600,000 that Council did not have to borrow.

Mr Clapperton directed Committee Members’ attention to page 14 – Current Liabilities. There was some information circulating in the public arena that Council’s debt was sitting at \$120m whilst in fact, as per the Statement, it was only \$60m.

## 7.2 Monitoring Reports to 25 May 2016

### Purpose

To present to the Finance, Audit & Risk Subcommittee Monitoring Reports covering:

- Requested actions from previous meetings of the Subcommittee;
- Issues identified during the 30 June 2015 Audit.

MOVED by Mayor Duffy, seconded Mr Jackson:

*THAT Report 16/246 Monitoring Reports to 25 May 2016 be received.*

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

**CARRIED**

### Finance, Audit & Risk Subcommittee – Monitoring Report

#### Page 24 Attendance by Audit Director at FARS meeting

The Audit Director would be in attendance at the July 2016 FARS meeting, when the Subcommittee would also consider the routine Audit NZ Engagement Letter.

### Monitoring Report – issues identified during the 30 June 2015 Audit

#### Page 27 5.2.1 – Reporting of unplanned and deferred maintenance

Cr Rush noted the comment that “Planned and Unplanned maintenance would be reported to Council on a monthly basis” and he queried if this was an internal process or should it also be coming to Council.

It was noted that some of the information was included in the Financial Statements and this was information that Audit was asking for rather than Council.

Mr Clapperton said that should there for any reason be a higher level of deferred maintenance or spending was going over what was budgeted for, that was something on which detail could be provided.

Mr Lester suggested it was a matter of terminology. What Audit were intimating was that maintenance was being deferred, which was actually not happening and Audit needed to be advised of that.

5.00 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:**.....