
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 27 July 2016 at 4.00 pm.

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)
Mrs N Brady	(Senior Manager – Business Services)
Mr G Saily	(Group Manager – Infrastructure Services)
Mrs M Davidson	(Group Manager – Customer & Community Services)
Mr J Paulin	(Finance Manager)
Mr M Mohammed	(Financial Systems Manager)
Mrs T Whitehouse	(Management Accountant)
Mr A Chamberlain	(Financial Accountant)
Mr M Lester	(Project Coordination Manager)
Mrs K J Corkill	(Meeting Secretary)

ALSO IN ATTENDANCE

Mrs D Perera (Audit Director, Audit New Zealand)

PUBLIC IN ATTENDANCE

There was one member of the public in attendance at the meeting.

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.

4 Confirmation of Minutes – 29 June 2016

MOVED by Mr Jackson, seconded Cr Mitchell:

THAT the minutes of the meeting of the Finance, Audit & Risk Subcommittee held on Wednesday, 29 June 2016, be confirmed as a true and correct record.

CARRIED

5 Matters Arising

There were no matters arising.

7 Announcements

Audit New Zealand

Mrs Perera, Audit Director, Audit New Zealand was in attendance to speak to Item 16/410 – Audit New Zealand – Interim Audit Management Report.

8 Reports

8.1 Financial Report for the twelve months to 30 June 2016

Purpose

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

MOVED by Mayor Duffy, seconded Cr Tukapua:

THAT Report 16/305 Financial Report for the twelve months to 30 June 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 highlighted the main points in his report, particularly noting the negative impact the unprecedentedly low interest rates, and therefore Council's Interest Rate Swaps, could have on Council's bottom line. What was in effect a good result for Council could be affected in the future should interest rates stay at their current level or drop further.

It was noted that the requested explanation in layman's terms as to what a Swap Valuation was and why there was the potential for a loss had not been provided as

that could allay some concerns with regard to the reported deficit.

Mr Law, assisted by other Council Officers, then responded to queries from Members which included: was there any reason for an increase in Rates Debtors; Hall usage and how usage was calculated (by individual halls or as a percentage of all halls); in the Cost of Service Statements having the Income and Expenditure items in the same order; Borrowings – budget against actual; Roughness Survey, with it explained that NZTA required half of the district to be done yearly; carried forwards and how they were applied; some of the SSP's Objectives did not match with the Reporting Performance Targets and this needed to be addressed.

8.2 Treasury Report

Purpose

To present to the Finance, Audit & Risk Subcommittee the Bancorp Treasury Report for the June 2016 quarter.

MOVED by Mayor Duffy, seconded Cr Mitchell:

THAT Report 16/402 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

In speaking to this report, Mr Law noted this was the normal three monthly report from Council's Treasury Advisor. It covered the global financial situation in some detail, with Brexit having added to the volatility of the global economy.

8.3 Audit New Zealand - Interim Audit Management Report for the year ended 30 June 2016 and Audit Arrangement Letter for the Audit of the 2015/16 Annual Report

Purpose

To present to the Finance Audit and Risk Subcommittee the Audit New Zealand – Interim Management Report for the year ended 30 June 2016 as well as the 2015/16 Audit Arrangement letter.

MOVED by Cr Tukapua, seconded Mr Jackson:

THAT Report 16/410 Audit New Zealand - Interim Audit Management Report for the year ended 30 June 2016 be received and the Audit Arrangement Letter for the Audit of the 2015/16 Annual Report be received and approved for signing.

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

CARRIED

Audit Director, Debbie Perera, was welcomed to the table, with the Chair advising her that Members did not feel the need to have a discussion with her with Officers not present, which was an option that was available should they have any concerns.

Mrs Perera complimented Council on the work that had been undertaken as issues raised by Audit New Zealand had largely been addressed with Council taking on board matters raised. She commented more fully on some of the items in the Interim Audit Report saying these would be responded to in more detail following the audit.

On behalf of management, Mr Clapperton spoke of the positive relationship between Council Officers and Audit staff which had evolved to the point where Audit NZ was seen as a partner. He was delighted that Mrs Perera was able to say that Council had improved with its SSP reporting and he acknowledged the work done by Nicki Brady and Caitlin Campbell in that process. There had been some glitches at the beginning of the year but things were now in a good space.

8.4 Draft Annual Report and Pre-election Report

Purpose

This report presents the Draft Annual Report as used for the Pre-election report to the Subcommittee for the Members perusal. It comments on the major variances that in reality summarises the variance analysis contained in the normal June financial report.

MOVED by Cr Tukapua, seconded Cr Mitchell:

THAT Report 16/418 Draft Annual Report and Pre-election Report be received.

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

CARRIED

It was stressed that this was a draft Annual Report and had not yet been finalised and audited. A copy of the Pre-election Report was also tabled with it noted that the Pre-election Report would shortly be publicly available.

8.5 Health and Safety - Reporting to Elected Members

Purpose

The purpose of this report is to inform Elected Members of Council's intention and parameters in which health and safety information will be reported to the Finance, Audit and Risk Subcommittee going forward.

MOVED by Mayor Duffy, seconded Cr Mitchell:

THAT Report 16/394 on Health and Safety - Reporting to Elected Members be received.

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

CARRIED

Speaking on behalf of Mrs Blackler, Mrs Brady noted that this report was in response to the issue raised by Mr Jackson at a previous meeting about risk and how that was going to be packaged up in terms of Health & Safety reporting. The first formal report would come to the Subcommittee's July meeting.

In response to a query, Mrs Brady said Council was addressing its responsibilities with regard to Health & Safety with a well-attended pre-qualification workshop having been held for suppliers, contractors and third parties.

8.6 Monitoring Reports to 27 July 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 Mr Jackson, seconded Mayor Duffy:

THAT Report 16/306 Monitoring Reports to 27 July 2016 be received.

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

CARRIED

5.15 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:.....