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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 31 August 2016 at 4.00 pm.

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### PRESENT

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

### IN ATTENDANCE

Mr D L Law	(Chief Financial Officer)
Mr D M Clapperton	(Chief Executive)
Mrs N Brady	(Group Manager – Business Services)
Mrs M Blackler	(Senior Manager – People & Capability)
Mr D McCorkindale	(Senior Manager – Strategic Planning)
Mrs K J Corkill	(Meeting Secretary)

### ALSO IN ATTENDANCE

Mr E Bernard	(Internal Auditor)	(until 4.17 pm)
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### PUBLIC IN ATTENDANCE

There were three members of the public in attendance.

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**1 Apologies**

There were no apologies.

**2 Public Speaking Rights**

There were no requests for speaking rights.

**3 Declaration of Interest**

None declared.

**4 Confirmation of Minutes – 27 July 2016**

MOVED by Cr Rush, seconded Cr Tukapua:

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

**CARRIED**

**5 Matters Arising**

Cr Mitchell raised the negative comments that had appeared in the “Chronicle” in relation particularly to the ‘swaps’ issue and the importance of the dissemination of balanced information.

Mr Law said the reporter had contacted him but had not used any of the information he had provided.

**6 Announcements**

There were no announcements.

**7 Reports**

**7.1 Internal Audit Report - Year Ended 30 June 2016**

**Purpose**

To present the Finance Audit and Risk Subcommittee with the Internal Audit Report undertaken on Horowhenua District Councils Procurement Strategy and Policy for the year ended 30 June 2016.

MOVED by Cr Rush, seconded Cr Mitchell:

*THAT Report 16/467 Internal Audit Report - Year Ended 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**

Mrs Brady, Group Manager – Business Services, introduced Mr Ernest Bernard, the internal auditor who had been appointed to do a Review of Procurement, and gave a background to the need for the review.

Mr Bernard spoke to his review report commenting on the systems and controls, with there being very minor issues identified that needed to be addressed. One key housekeeping matter was financial delegations, with the rationale needing to be clarified. That was something Mrs Brady was working on.

In noting the bullet points under “Executive Summary” in relation to ratepayers having an expectation with respect to procurement, Cr Tukapua queried if there could also be included an element of local businesses getting work.

Mrs Brady responded that in terms of the Procurement Strategy adopted by Council in 2014 it is noted that HDC does not necessarily give preference or weighting to local content in itself. In saying that, often it would make good business sense in terms of value for money for goods and services to be sourced from local suppliers where the necessary standards were met. Council did run an information session when the strategy was in development for local businesses to outline the goals of the procurement strategy and transparency regarding the process going forward.

Mrs Brady also explained the role of a ‘procurement champion’. All staff have received procurement training, however a number of staff across the organisation have taken on the role of champion for their department. This includes staff who have been trained to administrate the new registers created to capture procurement plans and contracts.

Whilst noting that this review was in terms of procurement and had a single focus, Mrs Brady outlined the various matters that the 2016/17 internal audit review would cover, such as Business Continuity, Cash Receipting, and Disaster Recovery. She had only recently received the report from Mr Bernard on the next review and would circulate that to Members for their feedback.

Mr Clapperton advised that what was included in the internal audit plan should be signed off by the Finance, Audit and Risk Subcommittee. The information would be emailed to Members and if there was anything that Members would like to see included please advise.

Any changes suggested by Members could be captured and a recommendation for adoption would be brought to the September 2016 Subcommittee meeting.

Mr Bernard left the meeting (4.17 pm).

## 7.2 Health and Safety - Quarterly Report

### Purpose

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

MOVED by Mayor Duffy, seconded Cr Tukapua:

*THAT Report 16/463 ‘Health and 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**

Council’s Senior Manager – People and Capability, Mrs Blackler, in requesting that the report be taken as read, gave a PowerPoint Presentation covering Council’s H & S Objectives, recent highlights and what was proposed for the next quarter expanding on the various key points.

In response to a query from Mr Jackson if there was any financial benefit should Council achieve, as was anticipated, tertiary level of ACC Workplace Safety Management Practices Programme (WSMP), Mrs Blacker said she believed it was

10%. However the scheme was to conclude in February 2017 so that discount would only be available for two years. She did hope that whatever was then put in place would have a levy reduction, but that was not why Council had undertaken the programme.

Mrs Blacker said she was also not aware of any contractors adding a cost component for Health & Safety.

Mr Clapperton commented that there were elements in existing contracts, such as Traffic Management, that would have a component for Health & Safety, however he did not think it would be significant in terms of overall cost.

The in-depth information, including staff turnover that was included in the report, was raised and discussed, with both Mrs Blackler and Mr Clapperton responding that whilst it was not normal practice, it showed Council's commitment to staff wellbeing and the information was relevant for Members. In terms of staff turnover, Council was well below the national average.

Mayor Duffy expressed his appreciation for the quality of information contained in this and the previous report.

### 7.3 Risk Management Framework Update

#### Purpose

The purpose of this report is to provide the Audit, Risk and Finance Committee with an update on the development of HDC's Risk Management Framework.

MOVED by Cr Rush, seconded Cr Tukapua:

*THAT Report 16/464 Risk Management Framework Update be received.*

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

**CARRIED**

Mrs Brady spoke to this report and the tabled Risk Appetite Statement and Categories of Risk. A copy of the Risk Management Policy was also available for Members' consideration.

In commenting that identifying risk was not just about threats, it was also about opportunities, and stressing the importance of the documentation, Mrs Brady requested feedback from Members so this framework could be progressed. She wanted to ensure things were on track in terms of Members' expectations. She also confirmed that there would be alignment with Council reporting going forward to ensure consistency.

#### 7.4 Monitoring Reports to 31 August 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 Cr Rush, seconded Cr Mitchell:

*THAT Report 16/460 Monitoring Reports to 31 August 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 confirmed that everything was completed except for the Development Contributions Report which would be available for the September 2016 Subcommittee meeting.

Mrs Brady also confirmed that the requested changes had been made to the Financial Report Cost of Service Statements and SSP's objectives and these would show as completed in the next Monitoring Report.

It was noted that the Interim Audit Monitoring Report would be superseded in October following the final Audit Report.

4.50 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:**.....