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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 1 November 2017 at 4.00 pm.

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### PRESENT

#### Chairperson

Mr P Jones

#### Members

Cr W E R Bishop  
Cr R J Brannigan  
Cr R H Campbell  
Mayor M Feyen  
Cr N G Gimblett  
Cr B F Judd  
Cr V M Kaye-Simmons  
Cr J F G Mason  
Cr C B Mitchell  
Cr P Tukapua  
Cr B P Wanden

### IN ATTENDANCE

Mr D Law	(Chief Financial Officer)
Mr D M Clapperton	(Chief Executive)
Mr G Saidy	(Group Manager – Infrastructure Services)
Mrs N Brady	(Group Manager – Customer & Regulatory Services)
Mr M J Lester	(Group Manager – Corporate Services)
Ms S Grant	(Group Manager – Community Services)
Mr D McCorkindale	(Group Manager – Strategy & Development)
Mr G O'Neill	(Projects Manager)
Mr S Grainger	(Economic Development Manager)
Mr J Paulin	(Finance Manager)
Mr A Chamberlain	(Financial Accountant)
Mr M E Lepper	(Customer & Regulatory Services Manager)
Mr I McLachlan	(Risk Management Lead)
Mrs K J Corkill	(Meeting Secretary)

### PUBLIC IN ATTENDANCE

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

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**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 – 20 September 2017**

MOVED by Cr Judd, seconded Mayor Feyen:

*THAT the minutes of the meeting of the Finance, Audit & Risk Subcommittee held on Wednesday, 20 September 2017, be confirmed as a true and correct record.*

**CARRIED**

**6 Announcements**

There were no announcements.

**7 Reports**

## 7.1 Financial Report for the three months to 30 September 2017

### Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the three months to 30 September 2017.

Chief Financial Officer, Mr Law, spoke to the report, expanding on the information in his Executive Summary and responding to questions from Members:

- the \$6,000 additional grazing revenue for Shannon Wastewater was for three months and was over and above than actually budgeted for;
- also on page 14, Grants and Subsidies, the amount under budget was for the Te Awahou Nieuwe Stroom project, with Mr Clapperton saying he would check on the figure provided.

With the lower than budgeted employee costs noted (page 9), assurance was sought from the Chief Executive that Council's services were not being impacted on and whether or not that appeared anywhere at this stage as a risk traffic light.

Mr Clapperton said in terms of impact on levels of service, at this point it was manageable, but should vacancies remain unfilled for too long there could be an impact on capital projects. Any impact on capital projects to date had been largely weather dependent. There also did not seem to be any significance challenges in filling roles because of recent media coverage, with Council still seen as an employer of choice and a high calibre of applicant being attracted.

Mrs Brady commented further comments that in terms of risk, plans would be made to mitigate the risk should a role be unfilled for too long.

Deputy Mayor Bishop reiterated a previous request to have the number of subdivision consents approved (page 9) shown in terms of the additional residential lots created, as the figure of 17 consents approved did not provide enough information.

Mr Lepper advised that 46 additional lots had been created as at the end of last month.

An interest was expressed in having further information in terms of what happened during the processing consents applications as despite 100% of applications being recorded as processed within the prescribed time of 18 days that did not indicate what occurred when further information was required, and there was some frustration expressed in the building sector about the process. Whilst there were a number of measures that were covered by statute, that did not indicate what was happening on the ground. It would be helpful information, but not necessarily easy to report.

Mrs Brady said she would review the report structure and look at any issues around any reported barriers. Mr Clapperton said an indication would also be given with regard to the quality of the applications being received which would affect processing time. There were no applications being sent off-site for processing at present.

Further breakdown was requested in relation to the information supplied under 'Water Supply – Performance Measures (pages 76 & 77).

Mr Law provided an explanation with regard to the impact of amalgamation required by the Valuer General, particularly of rural properties, on rates debtors. This had been caused by revaluations done last year and it was unlikely to occur again.

Mr Jones advised he had requested that the next report include the overall spend and how that looked in terms of the forecast and a summary of non-financial performance measures for the year and how many had or had not been achieved to identify any trends.

MOVED by Mayor Feyen, seconded Cr Campbell:

*THAT Report 17/529 Financial Report for the three months to 30 September 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 September 2017 quarter.

Mr Law gave an explanation in relation to the proposed recommendation 2.3 which was in response to the Standard and Poors perceived liquidity risk. He had endeavoured to get further information from Standard and Poors as to why they believed there was a risk, to no avail.

Also offering comment, Mr Jones said that this was something he had seen done by other councils, with borrowing being for both and sort and long term.

MOVED by Deputy Mayor Bishop, seconded Cr Mitchell:

*THAT Report 17/546 Treasury Report be received.*

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

*THAT for the purpose of managing the potential liquidity risk identified by Standard & Poors, the Horowhenua District Council borrows an extra \$5m for a term of not less than 2 years and invests this in short-term investments with interest rates that will cover the cost of borrowing*

**CARRIED**

## 7.3 Infrastructure Projects Update

### Purpose

To update the Finance, Audit & Risk Subcommittee on the projects being undertaken by the Projects team.

Projects Manager, Mr O'Neill, gave a PowerPoint update on the various projects reported on.

MOVED by Cr Wanden, seconded Cr Brannigan:

*THAT Report 17/525 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**

## 7.4 Risk Management Policy

### Purpose

To provide the Finance, Audit and Risk Subcommittee with the draft Risk Policy as agreed at the 13 September 2017 workshop.

Mr Jones said he wanted to stress this was the risk part of the Elected Members' function. This was setting the framework for staff to identify, manage and mitigate risk and to report back to this committee for monitoring. It was very important to understand the role of the various parties. A workshop had been held on 13 September and a number of changes arising from that workshop were reflected in the policy.

Mrs Brady took the opportunity to introduce Mr Ian McLachlan, who had joined the team to take this policy forward enumerating his considerable experience in the risk field.

Mr Jones reinforced that the Risk Management Framework was an internal document that had been brought to the Subcommittee for information only. It set out how risk would be managed internally and it was not part of the Policy.

Responding to a query as to whether, once the Policy was adopted, all Officer reports that came to Council would have been assessed for risk and how that would be reported, Mr McLachlan said that would be looked at once the Policy was adopted.

In relation the proposed Risk Management Committee, Mr Jones clarified the role of the Committee was to take the Policy and implement it throughout the organisation. It was good practice. It was an internal process and even he, as the FARS Chair, would not be involved.

With it proposed that the Statement of Risk Appetite would be approved annually, how that would be dealt with was queried. Mrs Brady said that would be up to Elected Members to set any terms of the review.

Mr Jones said what he saw happening was that the Subcommittee would get regular reports in terms of risks that had been identified and how they were being managed. In 12 months' time there would be a formal review as to whether the risk appetite had been adjudged correctly, or it could be looked at in six months' time.

The process was queried if it was someone like the CE, who was Council's only employee, who had caused an extreme risk. Mr Jones said in that case it would have been identified by the Senior Leadership Team and that would cascade up or down depending. It may be require to be elevated to the Mayor or to this Subcommittee. There would also be other policies that would come into play.

Mrs Brady said this policy was not written around an individual or individuals. This was reflected in the organisation-wide approach taken. If something did arise that was not covered by the policy and the policy needed to be changed, that would be addressed. This was just the starting point.

Requested amendments to the Policy::

- Addition of HDC Protected Disclosures (Whistleblowers) Policy to Related Policies and Procedures section
- Correction of Strategic Very Minor consequence descriptor to less than three (3) working days.

MOVED by Mr Jones, seconded Cr Campbell:

*THAT Report 17/533 Risk Management Policy be received.*

*THAT this matter or decision be recognised as not significant in terms of s76 of the*

*Local Government Act 2002.*

*THAT the Finance, Audit and Risk Subcommittee endorses the draft Risk Management Policy to proceed to Council for adoption.*

**CARRIED**

## 7.5 Situational Awareness Update

### Purpose

To provide a situational awareness update (under the umbrella of the Risk Framework) to the FAR Subcommittee.

Mr Clapperton said he had requested this report as there was a need to be conscious of what could impact on the organisation with the recent change in government and how that could be best managed from an HDC perspective. LGNZ and SOLGM would be working to understand what policy and legislative changes might mean, but this community had its own specific challenges and how they may be managed going forward needed to be considered.

Mayor Feyen said he would support a more direct approach to lobbying central government.

Mr Clapperton agreed saying that Council needed to be more proactive as a district council in directly lobbying to ensure those things that were important for our community were on the radar in Wellington.

MOVED by Mayor Feyen, seconded Cr Bishop:

*THAT Report 17/551 Situational Awareness Update be received.*

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

**CARRIED**

## 8 Procedural motion to exclude the public

MOVED by Cr Bishop, seconded Cr Kaye-Simmons:

*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 Undefined Risks for Horowhenua District Council**

<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 6 and 7.</i>	<i>s6(b) - The making available of the information would be likely to endanger the safety of a person. s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a</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 6 and 7.</i>

	<p><i>deceased person.</i></p> <p><i>s7(2)(c)(i) - 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 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></p>	
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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**

5.20 pm      The public were excluded.

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

5.42 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:**.....