



Report 08.459
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Report on the Finance, Evaluation and Risk Committee meeting held on 17 June 2008

1. Purpose

To update the Council on the meeting of the Finance, Evaluation and Risk Committee held on 17 June 2008.

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Report

Audit New Zealand

Andy Burns, the Audit Director for the Council met with the Committee. A number of matters were discussed, specifically in relation to the upcoming Long Term Council Community Plan (LTCCP).

The Committee expressed concerns about the impact preparation of the LTCCP has on Councils and the level and purpose of Audit Office involvement in the protracted process.

Andy Burns understood the concerns of the Committee, but noted that there were legislative requirements and that all parties would have learned from the process in respect of the 2006-16 LTCCP.

The Committee agreed that other Councils' views, as well as those of LGNZ, will be canvassed further.

Internal Audit

The report on the Internal Audit framework was discussed. While the Committee was generally agreeable, there was some concern as to whether the approach of the consultant was too wide. After discussion with officers the general approach was accepted.

The Committee requested that the report be available for their 7 August meeting.

Financial report

The financial report for the 11 months ended 31 May was presented. A copy of this report is included in the Council's report for this meeting.

A number of questions were asked by the Committee in respect of, delays in park and ride, upgrading the PCs and the commercial merits of the Plantation Forestry operations.

Evaluation of Transport forum

An internal evaluation of the Transport forums initiated by Councillor Glensor was discussed, in particular:

- What is the purpose of the community engagement in forums such as this?
- How do we share information with Territorial Authorities, the community and relevant interest groups?
- Suggested that a monthly presentation on transport issues for Councillors be undertaken.

Risk management: energy prices (Public excluded)

A report on hedging the Council's exposure to oil price movements was closely considered by the Committee. A copy of this report is included in the Council reports for this meeting. There was a long and detailed discussion regarding the risks of hedging or not hedging the Council's exposure to movements in the oil price. Detailed explanations and questions by the Committee were sought from management, in particular:

- The foreign exchange risks?
- The benefits and risks between hedges and options?
- When does the Council enter the market?

The Committee concluded that authority for the CFO to undertake hedging on the basis of the report considered by FERC is a useful and justifiable tool to be added to the range of Council's risk management instruments.

Therefore it was agreed that the ability to hedge the oil price would be added to the list of approved risk instruments under the Council's Treasury Management Policy.

4. Recommendations

That the Council:

1. ***Receives the report.***
2. ***Notes the content of the report.***

Report prepared by:

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Chair,
Finance, Evaluation and Risk Committee