



Finance and Audit Committee

OPEN MINUTES

Minutes of a meeting of Finance and Audit Committee held in the Council Chamber, 15 Forth Street, Invercargill on Monday, 24 September 2018 at 9am – 9.01am, 9.28am – 10.15am, 10.34am to 12.03pm.

PRESENT

Chairperson	Ebel Kremer Mayor Gary Tong
Councillors	John Douglas Paul Duffy Bruce Robertson (External Member)

IN ATTENDANCE

Chief Executive	Steve Ruru
Group Manager, Services and Assets	Matt Russell
Group Manager, Community and Futures	Rex Capil
Chief Financial Officer	Anne Robson
People and Capability Manager	Janet Ellis
Group Manager, Customer Support	Trudie Hurst
Communications Manager	Louise Pagan
Governance and Democracy Manager	Clare Sullivan
Committee Advisor	Fiona Dunlop

Adjournment of Meeting

Moved External Member Robertson, seconded Cr Douglas and **resolved that the Finance and Audit Committee adjourn.**

The meeting adjourned at 9.01am and reconvened at 9.28am.

Mayor tong, Councillors Kremer, Douglas and Duffy and external member Bruce Robertson were in attendance when the meeting reconvened.

1 Apologies

There were no apologies.

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of Interest

There were no conflicts of interest declared.

4 Public Forum

There was no public forum.

5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

6 Confirmation of Minutes

Resolution

Moved Cr Douglas, seconded Mayor Tong **and resolved:**

That the Finance and Audit Committee confirms the minutes of the meeting held on 30 August 2018 as a true and correct record of that meeting.

Reports

7.1 Health and Safety Update

Record No: R/18/9/21347

People and Capability Manager – Janet Ellis was in attendance for this item.

Resolution

Moved Chairperson Kremer, seconded Cr Duffy **and resolved:**

That the Finance and Audit Committee:

- a) **Receives the report titled “Health and Safety Update” dated 18 September 2018.**

7.2 Public View Implementation

Record No: R/18/8/19570

Team Leader, Knowledge Manager – Gillian Cavanagh and Knowledge Officer, Digitisation - Renee Jackman were in attendance for this item.

Mrs Cavanagh advised that the public view implementation is part of the property file digitisation project and is also a requirement of territorial authorities under section 216 of the Building Act 2004 to keep reasonably available to the public, information relating to the application and issue of building consents and that section 217 provides the public with the right to access this information.

Resolution

Moved External Member Robertson, seconded Cr Douglas **and resolved:**

That the Finance and Audit Committee:

- a) **Receives the report titled “Public View Implementation” dated 6 September 2018.**

7.3 Draft Assumptions and Accounting Policies for the 2019/2020 Annual Plan

Record No: R/18/9/21327

Financial Accountant – Jacobus Meyer and Finance Manager – Sheree Marrah were in attendance for this item.

Resolution

Moved Chairperson Kremer, seconded Mayor Tong **and resolved:**

That the Finance and Audit Committee:

- a) **Receives the report titled “Draft Assumptions and Accounting Policies for the 2019/2020 Annual Plan” dated 19 September 2018.**

- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Endorses the following forecasting assumptions, with any amendments from this meeting for use in the 2019/2020 Annual Plan, including:**
 - **the budgeted interest rate on internal loans will be 4.65% per annum and external borrowings will be 3.65% per annum**
 - **the budgeted interest rate on reserves will be 3.29% per annum, noting that the actual rate paid may differ depending on the funds available to pay as interest**
- e) **Endorses the accounting policies as detailed in Attachment A (of the officers report), with any amendments from this meeting for use in the 2019/2020 Annual Plan.**

7.4 Finance and Audit Committee work plan up to 30 June 2019

Record No: R/18/9/22026

Chief Financial Officer – Anne Robson was in attendance for this item.

Resolution

Moved Mayor Tong, seconded Cr Duffy **and resolved:**

That the Finance and Audit Committee:

- a) **Receives the report titled “Finance and Audit Committee work plan up to 30 June 2019” dated 18 September 2018.**

7.5 Analysis of Actual results to Forecast for the year ended 30 June 2018

Record No: R/18/8/20197

Graduate Accountant – Kate Westenra was in attendance for this item.

Resolution

Moved Chairperson Kremer, seconded Cr Douglas **recommendation a with changes as follows:**

That the Finance and Audit Committee:

- a) **Receives the report titled “Analysis of Actual results to Forecast for the year ended 30 June 2018” dated 19 September 2018 with changes as follows.**
 - **Comparative Statement of comprehensive income for the period ending 30 June 2018 District and Local Activities (and attached as appendix 1 to the minutes**
 - **Roading and Footpaths (activities as outlined in attachment a of the officers report) (and attached as appendix 2 to the minutes).**

7.6 Overall Programme of Projects for 2018/2019 including the Projects Proposed to be Carried Forward from 2017/2018

Record No: R/18/8/19550

Management Accountant – Susan McNamara was in attendance for this item.

Resolution

Moved Cr Duffy, seconded Mayor Tong **and resolved:**

That the Finance and Audit Committee:

- a) **Receives the report titled “Overall Programme of Projects for 2018/2019 including the Projects Proposed to be Carried Forward from 2017/2018” dated 18 September 2018.**

The meeting adjourned for morning tea at 10.15am and reconvened at 10.34am.

Mayor Tong, Councillors Kremer, Douglas and Duffy and external member Bruce Robertson were present when the meeting reconvened.

7.7 Draft unaudited Annual Report 2017/2018

Record No: R/18/9/21598

Planning and Reporting Analyst – Shannon Oliver Financial Accountant – Jacobus Meyer were in attendance for this item.

Audit New Zealand Audit Director – Ian Lothian and Audit Manager – Jenna Hills were also present.

Resolution

Moved Chairperson Kremer, seconded Cr Douglas **and resolved:**

That the Finance and Audit Committee:

- a) **Receives the report titled “Draft unaudited Annual Report 2017/2018” dated 19 September 2018.**
- b) **Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Recommends to Council that it adopts the Annual Report 2017/2018 incorporating any amendments agreed at this meeting, at its meeting on 25 September 2018.**

7.8 Final Management Report from Audit New Zealand for the year ended 30 June 2018

Record No: R/18/9/21331

Financial Accountant – Jacobus Meyer was in attendance for this item.

Resolution

Moved Chairperson Kremer, seconded External Member Robertson **and resolved:**

That the Finance and Audit Committee:

- a) **Receives the report titled “Final Management Report from Audit New Zealand for the year ended 30 June 2018” dated 18 September 2018.**

Public Excluded

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

Resolution

Moved Chairperson Kremer, seconded Cr Duffy **and resolved:**

That the public be excluded from the following part(s) of the proceedings of this meeting.

C8.1 Quarterly risk register update - September 2018

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 are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Quarterly risk register update - September 2018	<p>s7(2)(e) - The withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.

That the Chief Executive, Group Manager, Services and Assets, Group Manager, Community and Futures, Chief Financial Officer, Group Manager, Customer Support, Committee Advisor, Governance and Democracy Manager and Communications Manager be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the items C8.1 Quarterly risk register update - September 2018. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed and meeting procedure.

That the Planning and Reporting Analyst be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the items C8.1 Quarterly risk register update - September 2018. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed and meeting procedure.

The public were excluded at 11.32am.

Resolutions in relation to the confidential items are recorded in the confidential section of these minutes and are not publicly available unless released here.

The meeting concluded at 12.03pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE FINANCE AND AUDIT COMMITTEE
HELD ON MONDAY 24 SEPTEMBER 2018.

DATE:.....

CHAIRPERSON:.....

APPENDIX 1

**Comparative Statement of Comprehensive Income for the period ending 30 June 2018
District and Local Activities**

Revenue			
Rates	44,834	45,074	(240)
Other revenue	14,420	10,760	3,660
Interest and Dividends	625	29	595
NZTA	19,301	20,444	(1,143)
Grants and Subsidies	932	2,218	(1,286)
Other Gains/(Losses)	(489)	366	(855)
Vested Assets	55	0	55
Development and Financial Contributions	28	0	28
Scheme Capital Recovery for Sewerage/Water Schemes	(469)	0	(469)
	79,238	78,892	346
Expenditure			
Employee Benefit Expenses	11,579	11,581	(1)
Depreciation and Amortisation	22,646	22,664	(17)
Finance Costs	30	20	10
Other Council Expenditure	41,281	39,129	2,152
	75,537	73,393	2,144
SURPLUS/(DEFICIT) BEFORE TAX	3,701	5,498	(1,798)
Income Tax Benefit	0	0	0
SURPLUS/(DEFICIT) AFTER TAX	3,701	5,498	(1,798)
Financial assets at fair value through other revenue and expense	453	0	453
Gain/(Loss) on Property, Plant and Equipment Revaluations	48,941	30,067	18,874
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	53,095	35,565	17,529

APPENDIX 2

Roading and Footpaths	2017/2018 Actual (\$000)	2017/2018 Forecast (\$000)	2017/2018 Budget (\$000)	2017/2018 Actual vs Forecast (\$000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	14,236	14,215	14,215	(20)
Subsidies and grants for operating purposes	6,509	6,397	6,110	(113)
Fees and charges	15	16	16	1
Internal charges and overheads applied	195	244	244	49
Local authorities fuel tax, fines, infringement fees, and other receipts	1,157	729	536	(428)
Total operating funding	22,112	21,600	21,120	(512)
Applications of operating funding				
Payments to staff and suppliers	12,088	12,004	11,917	(84)
Finance costs	-	-	-	-
Internal charges and overheads applied	1,328	1,362	1,362	34
Other operating funding applications	78	-	-	(78)
Total applications of operating funding	13,494	13,366	13,279	(128)
Surplus (deficit) of operating funding	8,618	8,233	7,841	(384)
Sources of capital funding				
Subsidies and grants for capital purposes	12,714	14,381	11,289	1,666
Development and financial contributions	-	-	95	-
Increase (decrease) in debt	8,058	2,533	2,150	(5,526)
Gross proceeds from sale of assets	26	20	3	(6)
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	20,799	16,933	13,536	(3,865)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	910	1,224	107	314
- to improve the level of service	9,875	14,579	9,030	4,704
- to replace existing assets	14,055	11,181	13,661	(2,874)
Increase (decrease) in reserves	4,576	(1,817)	(1,421)	(6,393)
Increase (decrease) in investments	-	0	0	0
Total applications of capital funding	29,416	25,167	21,377	(4,250)
Surplus (deficit) of capital funding	(8,618)	(8,233)	(7,841)	384
Funding balance	-	(0)	-	(0)