

**MINUTES OF THE FINANCE AUDIT AND RISK COMMITTEE MEETING HELD AT
1.00PM ON TUESDAY 29 OCTOBER 2024 AT TOTARA, COUNCIL CHAMBERS,
96 WEST END, KAIKOURA**

PRESENT: Deputy Mayor J Howden (Chair), Councillor V Gulleford, Councillor J Diver,
D Brandish (Independent Member).

IN ATTENDANCE: W Doughty (Chief Executive Officer), P Kearney (Senior Manager
Corporate Services), S Poulsen (Finance Manager), C Kaa (Management
Accountant by MS Teams), B Makin (Executive Officer - minutes).

1. OPENING WITH A KARAKIA

2. APOLOGIES

Apologies were received from Mayor C Mackle.

Moved: Councillor V Gulleford
Seconded D Brandish

CARRIED UNANIMOUSLY

3. DECLARATIONS OF INTEREST Nil

4. CONFIRMATION OF MINUTES

RESOLUTION

THAT the Committee:

- a) *Confirms as a true and correct record, the circulated minutes of the Committee held on 27 August 2024*

Moved: Deputy Mayor J Howden
Seconded: D Brandish

CARRIED UNANIMOUSLY

5. REVIEW OF ACTION LIST

The action list was reviewed and noted:

- Reserves – Council staff are still to seek advice around internal borrowing.
- Graph showing reserves on one page – This has not been started as priorities were the annual report.
- Liability Management Policy – Council staff would talk to this under the quarterly reports.

6. MATTERS OF IMPORTANCE TO BE RAISED AS URGENT BUSINESS Nil

7. FINANCE REPORT TO 30 SEPTEMBER 2024

Of note, the operating surplus is \$3.9 million over the quarter and is tracking \$824k better than budgeted for the year to date. The main variances relate to grants & subsidies (for opex and capex) which total \$729k.

S Poulsen highlighted an incorrecion on page 10 (item 4.1) where dog registrations are now around 88%, and not 80%.

There are three vacancies as at 30 September that are not included in personnel expenses.

Council staff commented that the valuations made a significant difference to the balance sheet for the annual report. The top 10 capital projects were highlighted on page 11. The total spend of the projects was reviewed and a query was raised around the bulk of the toilet spend being 97% with no finished product. Council staff advised that the bulk spend was to purchase the prefabricated toilets and they do not expect there to be a cost overrun for the project. This was also annual spend against annual budget as opposed to total project budget and spend.

RESOLUTION

THAT the Committee receives this report for information.

Moved: Councillor V Gulleford

Seconded: Councillor J Diver

CARRIED UNANIMOUSLY

8. QUARTERLY REPORTS TO 30 SEPTEMBER 2024

Treasury Management Policy Report

It was highlighted that the Liability Management Report and the Investment Policy Report have been combined into the new Treasury Management Policy Report, tabled to the meeting. There has been some subtle differences.

The Council raises all its loans with the LGFA, the total loans are \$9.3m. The Council has invested a term deposit of \$2m with the LGFA. This matures in April 2025 and will be used to repay a loan. The term deposit is receiving a higher rate than the borrowing rate.

The interest rate risk for 0-2 years is showing as not being compliant as it does not take into account the internal investment of the term deposit, otherwise it would be compliant.

Airport Report

A cash shortfall of 32% was noted and Council staff may need to revisit the budgets. The arrival of two new tenants might make a difference. Council staff would send out a table of the workings (**ACTION**).

Harbour Report

Boat parking and slipway revenue was up on the prior year. Slipway and cruise ship fees revenue are due to come through for the summer season. Expenditure is nearly \$0.5m which includes depreciation. A breakdown of the workings and depreciation was requested, Council staff would circulate this (**ACTION**).

Rates & Sundry Debtors Report

The accounting system sends out invoices not paid. There are a large number of rates owing and council staff are seeing payments slowing down.

RESOLUTION

That the cover report and listed attachments be received for information.

Moved: Councillor V Gulleford
Seconded: D Brandish

CARRIED UNANIMOUSLY

The meeting moved to Item 11 Audit & Summary Results.

11. AUDIT & SUMMARY RESULTS – VERBAL UPDATE

C Kaa joined via MS Teams from Audit New Zealand's office. She explained that the tool 'Value Financials' was used to prepare this year's annual report. This has been successful, time-saving and efficient.

The major changes to the annual report were highlighted:

- \$112k has been transferred to opex that relates to work done by MainPower at Wakatu Quay.
- The seawall has been capitalised at \$59k.
- \$775k has been transferred from CWIP Property Plant & Equipment to Investment Property to reflect the work. Disclosed Wakatu Quay as an investment property. CWIP means work in progress not capitalised in the year.

Minor typos were also corrected, and a report will be presented to the Council tomorrow tabling all the changes.

The Chief Executive advised that the Canterbury Chief Executives are undertaking a piece of work at a canterbury level to elevate a discussion around the costs of audit and joint Council concerns with the Office of the Auditor General.

The meeting moved back to Item 9. Risk Management Report.

9. RISK MANAGEMENT REPORT

The new version of the risk register was tabled to the meeting. Further work is to be undertaken in terms of risk that overlaps such as insurance premiums and risk tolerance. Workshops will be scheduled in 2025 to flesh this out further with elected members.

The latest Government announcement around reforming the building control authorities had not been signaled ahead to local authorities. Council staff are waiting on more information to be announced in October/November.

RESOLUTION

That the Committee:

- a) Receives this report*
- b) Notes the contents of the Risk Management Report (including Risk Register)*
- c) Provides any feedback for staff consideration.*

Moved: Deputy Mayor J Howden
Seconded: Councillor J Diver

CARRIED UNANIMOUSLY

10. ANNUAL REPORT TO 30 JUNE 2024

It was noted that this item was discussed under Audit & Summary Results and that the document tabled is not the final version. Council staff advised that the unqualified performance measures for the previous financial year needs to be reflected in this year's annual report. Highlighted, challenges and achievements were noted on page 46 of the agenda.

RESOLUTION

That the Committee recommends that the Council:

- a) *Receives this report for information.*
- b) *Adopts the Annual Report to 30 June 2024.*

Moved: Deputy Mayor J Howden
Seconded: Councillor V Gulleford

CARRIED UNANIMOUSLY

11. PUBLIC EXCLUDED SESSION

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting, namely:

- a) Public Excluded Minutes dated 27 August 2024
- b) Harbour Financial Matters – verbal update
- c) Insurance Renewal Options – verbal update

The general subject 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), 6 and 7 of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

| General subject of each to be considered | Reason for excluding the public | Grounds of the Act under which this resolution is made |
|--|--|--|
| Public Excluded Minutes dated 27 August 2024 | Includes commercially sensitive information on harbour financial matters. | Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) |
| Harbour Financial Matters – Verbal Update | Verbal update on subject previously brought to Council around negotiations which are commercially sensitive. | Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) |

| | | |
|--|--|---|
| Insurance Renewal Options – Verbal Update | Verbal update on insurance premiums/quotes which are commercially sensitive. | Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information |
|--|--|---|

*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 the relevant part of the proceedings of the meeting in public are as follows:

We do not want to reveal the details of those negotiations. Information will be made publicly available in due course.

Moved: Deputy Mayor J Howden
Seconded: Councillor J Diver

CARRIED UNANIMOUSLY

12. RE-OPENING OF MEETING

The meeting moved out of Public Excluded at 1.58 pm.

13. CLOSE MEETING

There being no further business, the meeting was declared closed at 2.14 pm.

CONFIRMED _____ Chairperson
Date

Unconfirmed Minutes

**FINANCE AUDIT AND RISK
ACTION LIST AS AT 25 NOVEMBER 2024**

OPEN ITEMS

| | ACTION ITEM | ASSIGNED TO | DUE | STATUS |
|---|--|-------------------------|---------------|--|
| 1 | Reserves: Seek advice from PWC on mid-range rate on internal borrowing | P Kearney/ S Poulsen | Ongoing | To understand pros and cons before recommending to Council |
| 2 | Provide a graph showing the reserves on one page | S Poulsen | Ongoing | Verbal update to be provided at meeting |
| 3 | Circulate breakdown of workings for airport cash shortfall | S Poulsen/ P Kearney | February 2025 | |
| 4 | Circulate breakdown of workings for harbour expenditure and depreciation | S Poulsen/ P Kearney | February 2025 | |

CLOSED ACTIONS

| | ACTION ITEM | ASSIGNED TO | DUE | STATUS |
|--|--|-------------------------|------------|---|
| | Liability Management Policy Compliance Report The Finance team have asked PWC to provide a clearer table and will circulate this once received. | P Kearney/ S Poulsen | - | Included in Treasury Policy Compliance Report |