

REPORT OF THE FINANCE, AUDIT AND RISK COMMITTEE MEETING HELD AT 2.03PM ON MONDAY 13 MARCH 2017 AT COUNCIL CHAMBERS, 96 WEST END, KAIKOURA.

PRESENT: Councillor J Howden (Chair), Mayor W Gray, Councillor N Pablecheque, C Wilson (by phone).

IN ATTENDANCE: A Oosthuizen, (Chief Executive Officer), S Poulsen (Finance Manager), S Syme (Committee Secretary).

1. CONFIRMATION OF MINUTES

Moved by Councillor Pablecheque, seconded by Mayor Gray and resolved that the report of the Finance, Audit & Risk Committee meeting held on 13 February 2017 be confirmed a true and accurate record.

2. COMMITTEE TERMS OF REFERENCE

Included in the agenda was the terms of reference for the Committee which had been included in the Delegations Manual and adopted by Council.

A discussion was held regarding what financial reporting the Committee wished to receive. It was generally felt the Committee should see the detailed financial accounts as it was no use the Committee looking over the finances once a year. It was generally felt if the Committee had a comment to make regarding the finances to Council this could be done by the Chair at the Council meeting.

Moved by Councillor Howden, seconded by Mayor Gray that;

- 1. The Committee Terms of Reference report be received***
- 2. A full finance report would be provided to the Finance, Audit and Risk Committee and also the Council with any issues reported to full Council by the Chair of the Finance, Audit & Risk Committee.***

3. FINANCE REPORT

Cash had decreased by \$1.2million since the last report. The Hospital levy had been remitted from rate accounts and a letter had been sent to all ratepayers. A report on further rates remissions had been included on the Council meeting agenda.

All planned capital projects had been put on hold since the earthquake and as the majority would have been loan funded there had been a reduction in interest charges compared to budget. There was however some charges to come through for work to complete the Civic Centre building. These included the cost of blinds and creating roof access and the installation of air conditioning into some areas of the building.

Revenue from fees and charges was down on budget due to a temporary lull in building and resource consents.

A discussion was held regarding capital projects and the risk of starting projects without a proper work plan in place. It was generally felt that no

long terms repairs or capital works should proceed without a report on options which should include finances. The Chief Executive Officer advised all works which needed to be completed as a result of the earthquake were being scoped. There was a large amount of work which needed to be undertaken regarding these works in terms of costing. For roading projects approved by the New Zealand Transport Agency would be required in order for Council to receive the 95% subsidy.

It was requested that forecasts for cashflows and impending capital commitments be provided for the Committee to review at future meetings.

Another \$800,000 would be paid out on the 20th of March and it was estimated there had been approximately \$1 million spent on emergency roading repairs to date which were not yet showing in the accounts as invoices were still to be received from the contractor.

Concern was expressed regarding the fact that the majority of completed capital projects were over budget by approximately 20%. An enquiry was made regarding whether the appropriate governance was in place so that those in charge of operations were not able to commit additional money to capital projects without approval. It was noted it was important to ascertain the drivers of over expenditure on capital projects. Costs associated with the earthquake were not budgeted.

4. INSURANCE REPORT

Included in the agenda was the schedule of assets which were insured for material damage. Council had been very fortunate to secure insurance when it was due for renewal on 30 November 2016 given there had been an insurance embargo in place at that time. This meant that renewal terms had been non-negotiable and no changes to the insurance schedule were permitted.

The Chief Executive Officer advised the Committee may wish to review, closer to the renewal date, the value of assets and the cost to insure to determine if there were assets where a conscious decision would be made not to insure.

Moved by Councillor Howden, seconded by Councillor Pablecheque and resolved that the Insurance report be received.

5. FINANCE, AUDIT & RISK PUBLIC EXCLUDED SESSION

Moved Councillor Howden, seconded by Mayor Gray and resolved that the public be excluded from the following parts of the proceedings of this meeting, namely

a. Confirmation of Finance, Audit & Risk Minutes 13/02/2017

There being no further business the meeting closed at 3.28pm.

