

REPORT OF THE FINANCE, AUDIT AND RISK COMMITTEE MEETING HELD AT 2.02PM ON MONDAY 16 MAY 2016 AT MEMORIAL HALL SUPPER ROOM, ESPLANADE, KAIKOURA.

PRESENT: Councillor J Howden (Chair), Mayor W Gray.

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

APOLOGIES: Councillor G Harmon
Moved by Mayor Gray, seconded by Councillor Howden and resolved that apologies be accepted.

1. MATTERS OF IMPORTANCE TO BE RAISED AS URGENT BUSINESS

1. Health and Safety Report (CEO)

2. FINANCE REPORTS

Cash had decreased as suppliers had been paid. There was a corresponding decrease in trade payables and rates receivables had dropped with rates received during the month. There had been a timing issue with several contractor invoices which had meant they were not included in the report. These included invoices for water and sewer services. It was noted there was quite a process involved before these invoices made it to the payment system. The current deficit was nearly \$2.3million however this was better than had been budgeted.

In terms of revenue variances safety and wellbeing would be different in the new financial year as the assumptions that funding would be received for the family violence contract, for example, would be removed from budgets.

Cash had decreased by \$2million for the year to date. The Civic Centre was the main reason for the reduction in cash. All forestry and property reserves had been used.

Working capital had gone into negative in April however it was noted that the current liabilities included borrowings which were usually refinanced rather than being paid in full. Liquidity was currently 3:1.

A discussion was held regarding forestry reserves. Revenue of approximately \$40,000 per month was being received from the Marlborough Regional Forestry Joint Venture. No further forestry funds since December had been used to fund the Civic Centre. The Chief Executive Officer advised Council needed to review and agree how much would be spent from each fund.

Since the previous meeting when concerns had been raised regarding the conditions of roads a meeting had been held with HEB Contracting to discuss work which had been delayed. HEB had admitted it had taken longer than anticipated to get the roading programme underway. Work had commenced on Ludstone Road and grading of rural roads was due to be undertaken. A

meeting would be held on a monthly basis. A discussion was held regarding deferred works and the reason for deferral. It was noted that some items were deferred for economic reasons. The Office of the Auditor General had indicated it would be focussing on budgeted capital expenditure compared with actual capital work undertaken.

Funding depreciation was an issue for Council particularly in the roading area. Brand new assets did not require any work or maintenance for a number of years yet depreciation was calculated straight away. It was also suggested that depreciation rates could be set too high and maybe the life of an asset was longer than what the depreciation rate had been set at. Council was currently funding principal and renewals instead of depreciation. This was considered prudent but was not building up cash reserves. It was noted any major upgrades would be loan funded.

The Chief Executive Officer felt Council needed to investigate whether or not it could participate in the Local Government Funding agency because she felt Council could potentially save \$50,000 per year in interest. It was generally felt it was worth looking into.

Moved by Councillor Howden, seconded by Mayor Gray and resolved that the Finance Reports and the Summary Finance Report be received.

3. MINUTES ACTION LIST

1. Deferred Capital Roding Works

An explanation was provided as part of the Finance Reports.

2. South Bay Forest

A report was to be provided in June. The Committee had previously requested a report on the forest regarding whether there was any value in the timber, it had suggested that if there was value then the forest should be felled.

3. Innovative Waste Kaikoura Health and Safety Report

The Chief Executive Officer advised she had obtained the report from Innovative Waste and just needed approval from the board prior to circulating the report. It was noted there was nothing contentious in the report.

4. CONFIRMATION OF MINUTES

Moved by Councillor Howden, seconded by Mayor Gray and resolved that the report of the Finance, Audit and Risk Committee meeting held on 21 April 2016 be confirmed a true and accurate record.

5. URGENT BUSINESS

Health & Safety Report

A query had been received as to the accuracy of the Health and Safety report which had been presented to the Committee at the last meeting. This was regarding the statement that Elected Members were exempted from the definition of Officer. The Chief Executive Officer had contacted Worksafe to confirm that Elected Members were exempted and it was confirmed this

was the case apart from instances where the Elected Member was a director of a company.

6. FINANCE, AUDIT AND RISK PUBLIC EXCLUDED

Moved by 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) Debt Recovery Report

b) Confirmation of Public Excluded Minutes

There being no further business the meeting closed at 2.53pm.