



NOTICE OF A RISK AND ASSURANCE COMMITTEE MEETING

**Opotiki District Council Chambers, 108 St John Street, Opotiki
Monday, 7 December 2020
Commencing at 10.00am**

ORDER PAPER

APOLOGIES

DECLARATION OF ANY INTERESTS IN RELATION TO OPEN MEETING AGENDA ITEMS

PUBLIC FORUM

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PUBLIC EXCLUDED BUSINESS

- ITEM 06 CONFIRMATION OF IN-COMMITTEE MINUTES – RISK AND ASSURANCE COMMITTEE
MEETING 7 SEPTEMBER 2020
- ITEM 07 RESOLUTION TO RESTATE RESOLUTIONS AND READMIT THE PUBLIC

STANDING ITEM:

RISK WORKSHOP –TO BE HELD AT THE CONCLUSION OF THE MEETING

Independent Chairperson: Arihia Tuoro

Members: Cr Steve Nelson
Cr Debi Hocart

Ex-Officio: Mayor Lyn Riesterer

Committee Secretary: Gae Finlay

Quorum: 2

LOCAL AUTHORITIES (MEMBERS' INTERESTS) ACT 1968

Councillors are reminded that if you have a pecuniary or non-pecuniary interest in any item on the agenda, then you must declare this interest and refrain from discussing or voting on this item, and are advised to withdraw from the Council chamber.

Aileen Lawrie
CHIEF EXECUTIVE OFFICER

RISK AND ASSURANCE COMMITTEE TERMS OF REFERENCE

1. The Risk and Assurance Committee is a Committee of the Ōpōtiki District Council.

2. Objective

The objective of the Committee is to assist the Council in carrying out its duties in regard to financial reporting and legal compliance.

3. Membership

Independent Chairperson: Arihia Tuoro

Members: Councillor Nelson, Councillor Hocart

Ex-Officio: Mayor Riesterer

4. Meetings

4.1 A quorum is two members.

4.2 The Committee shall meet as needed but in any event, at least annually.

4.3 Notice of meetings shall be in accordance with the requirements set out in the Local Government Act 2002.

5. Terms of Reference

The Risk and Assurance Committee will:

1. *Review Council's annual financial statements with Council management and the Auditors prior to their approval by Council.*
2. *Oversee statutory compliance in terms of financial disclosure.*
3. *Monitor corporate risk assessment and internal risk mitigation measures and oversee:*
 - *Council's risk management framework*
 - *internal control environment*
 - *legislative and regulatory compliance*
 - *internal audit and assurance*
 - *oversee risk identification on significant projects*
 - *compliance to Treasury Risk Management Policies.*
4. *Review the effectiveness of Council's external accountability reporting (including non-financial performance).*
5. *Conduct the process for the Chief Executive's performance, for report to Council.*
6. *Draw to the attention of Council any matters that are appropriate.*

7. *Investigate and report on any matters referred to the Committee by Council. The circumstances the Council may refer matters to the Risk and Assurance Committee include:*
- a. *Any significant issues arising from the financial management of councils affairs.*
 - b. *Any complaints against elected members or alleged breaches of the Council's Code of Conduct.*
 - c. *Any significant issues arising from Audit New Zealand processes.*
 - d. *Due Diligence on strategic asset acquisition or disposal.*
 - e. *Setting up of Council Controlled Organisations.*
 - f. *Development of a Council risk assessment and mitigation strategies.*

6. **Authority**

- 6.1 The Committee is authorised to investigate any activity referred to it by Council resolution. It is authorised to seek any reasonable information it requires from Council staff.
- 6.2 The Committee is authorised by the Council to obtain outside legal or other independent professional advice and to arrange for the attendance at meetings of outside parties with relevant experience and expertise if it considers this necessary.



MINUTES OF AN ŌPŌTIKI DISTRICT COUNCIL RISK AND ASSURANCE COMMITTEE MEETING HELD ON MONDAY, 7 SEPTEMBER 2020 IN THE ŌPŌTIKI DISTRICT COUNCIL CHAMBERS, 108 ST JOHN STREET, ŌPŌTIKI AT 10.00AM

PRESENT:

Arihia Tuoro (Chairperson)
Councillor Debi Hocart
Councillor Steve Nelson
Mayor Lyn Riesterer

IN ATTENDANCE:

Aileen Lawrie (Chief Executive Officer)
Bevan Gray (Finance and Corporate Services Group Manager)
Greg Robertson (Chief Financial Officer)
Muriel Chamberlain (Corporate Services Manager)
Gae Finlay (Executive Assistant and Governance Support Officer)
Deputy Mayor Shona Browne
Councillor David Moore

GUESTS:

Leon Pieterse (Audit New Zealand)
Kent Duston

APOLOGIES

Nil.

DECLARATION OF ANY INTERESTS IN RELATION TO OPEN MEETING AGENDA ITEMS

Nil.

PUBLIC FORUM

Nil.

The Chairperson welcomed Leon Pieterse from Audit New Zealand to the meeting.

1. MINUTES – RISK AND ASSURANCE COMMITTEE MEETING 18 MAY 2020

p5

RESOLVED

- (1) That the minutes of the Risk and Assurance Committee meeting held on 18 May 2020 be received.**

Hocart/Nelson

Carried

2. RISK AND ASSURANCE ACTION SHEET

p10

The Finance and Corporate Services Group Manager advised that the actions list has been transferred to the Total Assurance wheel, divided into segments, as shown on page 11 of the agenda.

In response to a query, the Finance and Corporate Services Group Manager stated that it is up to the personal responsible for each action in the Action Sheet to add in the date the action is to be completed by.

RESOLVED

- (1) That the Risk and Assurance Action Sheet be received.**

Tuoro/Hocart

Carried

3. DRAFT ANNUAL REPORT

**p12
and separate document**

The Chief Financial Officer spoke to the report.

With regard to NZTA revaluations, the Chief Financial Officer stated that progress on validation has been slow since the lockdown and the validation is still not in RAM, adding that there are issues with the pricing in the system. The issues have been compounded with RAM moving office and our Australian counterparts were not working. A solution may be doing it manually in a spreadsheet. We are not in control of RAM. This is outsourced to WSP – Council is paying them to manage our network. A solution going forward would be to bring roading back in house.

The Finance and Corporate Services Group Manager stated that changing providers had resulted in issues. Bringing roading in house would be the best outcome, however Council has been restricted by resource. We understood the timing issues around the revaluation process so set it as at March. Unfortunately, Covid arrived.

Leon Pieterse acknowledged that this is now a problem. If Audit recommended the revaluations last year, there will have been quite a bit of movement in valuations since then. This means that the revaluations will need to be completed as the values will not be current and will be an Audit Opinion issue.

The Chief Executive Officer stated that assurance from Council's provider was received last week that the revaluations will be completed.

The Chief Financial Officer advised that Asset Finda (Three Waters) was migrated to the cloud which has not gone very well. The work to get the information in the Asset Management System has been done manually and although at the same position, the information is not in Asset Finda. The disposals have not been done and we are thinking of doing that on the material items. The migration issues are out of Council's control and have been compounded by staffing issues.

In relation to income in advance, Council has received \$4.3m for shovel ready funding, but not sure whether to include it in the current year?

Leon Pieterse said there needs to be an understanding of who the asset belongs to; then you have to look at the conditions of the money received.

The Chief Financial Officer noted that comments from the Mayor and CEO need to be added to the Annual Report document. He noted that the auditors will be coming two weeks later this year.

Leon Pieterse stated that there are 'not enough auditors in the world' and Audit struggles to get staff. With the impacts of Covid, there is so much more that needs to be done by entities and by Audit. Audit have a priority system – NZX entities so there is little impact on the markets, with Councils at the next level. Ōpōtiki District Council's audit will be overseen by one of Audit's Hamilton auditors. Audit do a leaner audit but a longer one. Leon Pieterse added that he did not envisage a flow-on effect into LTPs. Audit will get staff in to assist with the tertiary audits, and use its own staff for LTP audits.

Leon Pieterse suggested that if the revaluations are ready and when the Annual Report is at a stage where it is auditable, to get these in so the audit process can begin.

The Chairperson acknowledged that the Annual Report document presented at the meeting is in a very draft form and suggested that the Committee not go through it now, noting that it will go to Council for adoption. She proposed a change to clause 2 of the recommendations that the Committee accepts the Annual Report document is a draft and a more complete and comprehensive document will be presented for audit.

MOTION:

Moved: Tuoro

Seconded: HWTM

That the Committee accepts the Annual Report is draft and that a more complete and comprehensive document will be presented for audit.

The motion was PUT and CARRIED.

RESOLVED

- (1) That the report titled "Draft Annual Report" be received.**
- (2) That the Committee accepts the Annual Report is draft and that a more complete and comprehensive document will be presented for audit.**

Tuoro/HWTM

Carried

Kent Duston entered the meeting at 10.40am.

4. KOHA REPORT

p16

It was noted that names should be kept out of the report.

Leon Pieterse's advice was to make it clear that a payment is for a marae.

RESOLVED

- (1) That the report titled "Koha Report" be received.**

Hocart/HWTM

Carried

The Resolution to Exclude the Public was amended to allow for Kent Duston to remain in the in-committee section of the meeting.

SECTION 48 LOCAL GOVERNMENT OFFICIAL INFORMATION & MEETINGS ACT 1987

1. THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

6. Confirmation of In-Committee Minutes – Risk and Assurance Committee Meeting 18 May 2020.
7. Health, Safety, Staff Resource and Wellbeing Report.
8. Investment.

2. THAT the following person be permitted to remain at this meeting after the public has been excluded because of their knowledge of the subject item in relation to the following. This knowledge will be of assistance and is relevant to the matters to be discussed:

Name: Kent Duston.

Item: 8 (Investment).

Business: To provide the Committee with detailed information in relation to Item 8.

Reason: To enable the accurate presentation of sensitive information to the Committee and provide responses to queries.

3. THAT the following person be permitted to remain at this meeting after the public has been excluded because of their expertise in providing guidance to the Committee in relation to the in-committee items. This guidance will be of assistance and is relevant to the matters to be discussed.

Name: Leon Pieterse.

Items: All in-committee items.

Business: To provide guidance to the Committee from an Audit New Zealand perspective.

Reason: To provide responses to queries from the Committee in relation to the sensitive information presented.

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:

Item No	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
6.	Confirmation of In-Committee Minutes – Risk and Assurance Committee Meeting 18 May 2020	That the public conduct of 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.	Section 48(1)(a)
7.	Health, Safety, Staff Resource and Wellbeing Report	That the public conduct of 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.	Section 48(1)(a)
8.	Investment	That the public conduct of 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.	Section 48(1)(a)

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 or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, 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:

6.	Protect the privacy of natural persons Protect information (commercial sensitivity) Protection from improper pressure or harassment	Section 7(2)(a) Section 7(2)(b)(ii) Section 7(2)(f)(ii)
7.	Protect the privacy of natural persons Protection from improper pressure or harassment	Section 7(2)(a) Section 7(2)(f)(ii)
8.	Protect the privacy of natural persons Protect information (commercial sensitivity)	Section 7(2)(a) Section 7(2)(b)(ii)

Tuoro/Hocart

Carried

RESOLVED

(1) That the resolutions made while the public was excluded, except for clauses 2, 3 and 4 of Item 8 (Investment), be confirmed in open meeting.

(2) That the public be readmitted to the meeting.

Tuoro/HWTM

Carried

RESOLVED

- (1) That the in-committee minutes of the Risk and Assurance Committee meeting held on 18 May 2020 be confirmed as a true and correct record.

Tuoro/Nelson

Carried

RESOLVED

- (1) That the report titled "Health, Safety, Staff Resources and Wellbeing Report" be received.

Nelson/Hocart

Carried

RESOLVED

- (1) That the report titled "Investment" be received.

Hocart/Nelson

Carried

THERE BEING NO FURTHER BUSINESS THE MEETING CLOSED AT 12.41PM.

**THE FOREGOING MINUTES ARE CERTIFIED AS BEING A
TRUE AND CORRECT RECORD AT A SUBSEQUENT
MEETING OF THE RISK AND ASSURANCE COMMITTEE
HELD ON 7 DECEMBER 2020**

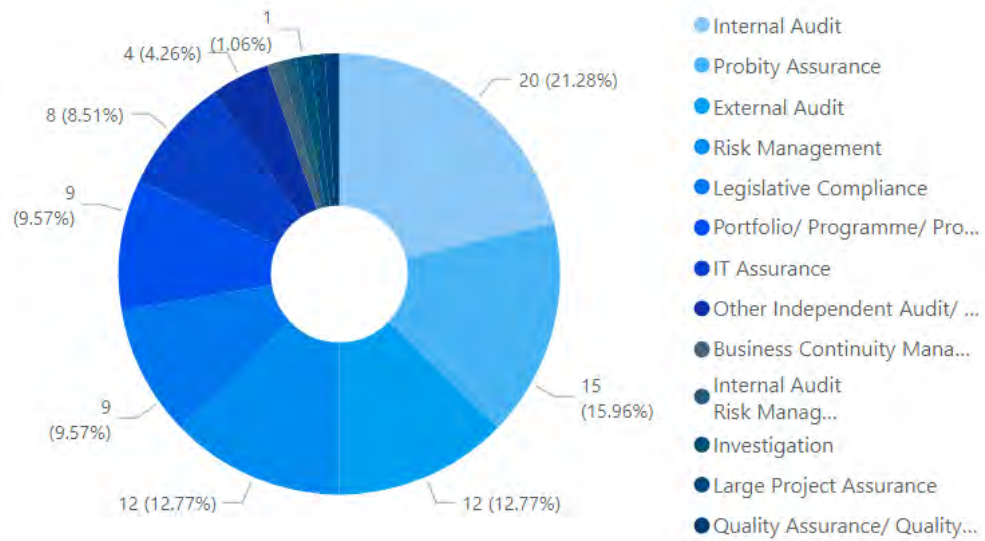
ARIHIA TUORO

CHAIRPERSON

Risk and Assurance Action Sheet

Issue	Recommendation	Source	Total Assurance	To be completed by	Done	Assigned To	Status	Comments	
71	Contract Management Policy and Guidance	Recommend Council develop a contract management policy and guidance, to include procedures and templates for consistency	Audit NZ Management Report	Portfolio/ Programme/ Project Office		<input type="checkbox"/>	Glen McIntosh	In Progress	Contract management processes are currently being built, upon completion a Policy will be assembled. Processes are at this stage included in at the wider activity management level so that they can properly consider information systems, resources and responsibilities and a strategic approach to procurement. Asset management and procurement strategies are being drafted in parallel. Councils Contract Management was graded as effective in the latest NZTA investment audit report.
72	Project Management	Recommend a documented approach and methodology, planned approach to undertake post implementation reviews, have independent quality assurance reviews.	Audit NZ Management Report	Portfolio/ Programme/ Project Office		<input type="checkbox"/>	Glen McIntosh	In Progress	Included in line with above. Several drafts have been assembled but these need significant refinement to ensure they are streamlined and fit for purpose in the Opotiki Council setting.
73	Asset Management	Monthly reconciliations to be performed between the fixed asset register and the general ledger. These should be independently reviewed.	Audit NZ Management Report	Internal Audit		<input type="checkbox"/>	Glen McIntosh	In Progress	There has been a lot of work done as a project to ensure this process is implemented, as well as aiding the organisation to complete their compliance requirements in the most efficient manner. This process is very near to completion. Some obstacles have slowed this process including the loss of our asset engineer whose role was only recently filled again. With another few months of training this process should get underway.
74	Asset Management	Develop and implement an asset capitalisation policy that states the minimum amount of assets that will be capitalised as well as guidance for the type of expenditure to be capitalised.	Audit NZ Management Report	Internal Audit		<input type="checkbox"/>	Glen McIntosh	In Progress	This is under development as part of the asset management policy. A draft has been completed and requires review.
75	RRC's	Recommendation that Council improves the controls regarding revenue at the RRC's.	Audit NZ Management Report	Risk Management		<input type="checkbox"/>	Glen McIntosh	In Progress	Refer agenda report May 2019. A full review has been completed an options recommended. Update: After additional occurrences at the RRC another report has been brought to A&R (9 Sept) and recommendations presented.
76	ANZ	Review and report on what would be required to change banks	Council	Business Continuity Management	31/12/20	<input type="checkbox"/>	Bevan Gray	Complete	Our transactional banking is procured through BOPLASS, they were supposed to run this process this year but didn't do so. However in light of recent news that BNZ is also leaving Opotiki, and closing numerous branches round the country we expect that there will be others that follow suit as the banking industry tries to come to grips with the new normal and post covid world. Staff recommend that this topic be shelved for the moment to allow the banking industry to settle.
77	IANZ audit update	Once IANZ letter is received an update to be provided back to the Committee	IANZ Audit	Other Independent Audit/ Review		<input type="checkbox"/>	Gerard McCormack	In Progress	Verbal update provided 15/10/18 Report to be provided to A&R. Second audit underway week of 29 April.
80	Contract Management	Implement appropriate processes and procedures for contract management	Audit NZ Management Report	Probity Assurance		<input type="checkbox"/>	Glen McIntosh		Refer item 21. Reviews to date indicate Council's project manager is following all appropriate standards and legislative guidance.
81	Contact Centre Module	Review processes to ensure that the time recorded in the Contact Centre Module is based on time taken for matter to be resolved	Audit NZ Management Report	Quality Assurance/ Quality Standards & Compliance		<input type="checkbox"/>	Glen McIntosh	In Progress	This process has been reviewed and will require a fundamental change to maintenance contracts and data collection methods. This has been an Asset Management goal for a number of years but requires various pre-requisite steps be undertaken first. The issue arises where requests for service cannot or practically should not be resolved immediately. An example of this would be footpath repairs which are scheduled within the footpath repair contract which is carried out over the course of several months. The result is effectively a back log of unresolved service requests which would all require manual review and resolution as much as a year later. The interim solution has been for assessing engineers to log requests as resolved when they have confirmed that work has been programmed for completion. Exceptions to this are those requests that relate to critical services monitored by Council KPI's. All of these requests are recorded as resolved upon completion. This action will take some time to implement but is being worked toward and will be included in the IT systems and operation processes within the asset management policy. Update: With the completion of the E&S department structure review, technical positions have been given this responsibility, we need only fill these roles.
85	Financial Strategy in LTP	Recommends Council review financial strategy and consider impacts of proposed debt levels beyond the 10 year period	Audit NZ Management Report	External Audit	30/06/21	<input type="checkbox"/>	Bevan Gray	In Progress	Council have workshopped the financial strategy and adopted a draft for inclusion into the LTP. This time round we have included a measure around affordability. The 30 year infrastructure strategy will also lead us to examine the debt levels on the 10 to 30 year timeframe.
86	Demand forecasting	Recommends Council refines its process for demand forecasting.	Audit NZ Management Report	External Audit	30/06/21	<input type="checkbox"/>	Bevan Gray	In Progress	Have procured an infometrics report on the impact of Covid, and have engaged Martin Jenkins again to undertake the key assumption forecasting for the LTP. This will also be built into our 30 Year Infrastructure Strategy. Key assumptions in the LTP will be reviewed on a quarterly basis
88	Holding accounts/historical payables balance	The District Council seeks to reduce the balances of the liabilities by contacting the parties concerned to arrange a refund of the monies. If this is not possible, we recommended the Council clears these balances.	Audit NZ Management Report	Internal Audit		<input type="checkbox"/>	Gerard McCormack	In Progress	We are making efforts to confirm whether or not these historical balances are valid, and to take appropriate action to clear these balances.
90	Procurement Procedures	Recommends Council revise its procurement policy and/or contracts so that they are consistent on submission deadlines.	NZTA Investment Audit Report	Probity Assurance		<input type="checkbox"/>	Glen McIntosh	In Progress	This is being done already as a part of procurement strategy
92	Procurement Procedures	Suggests expanding policy to include conflict of interest declarations to include staff involved in ongoing management as well as procurement.	NZTA Investment Audit Report	Probity Assurance		<input type="checkbox"/>	Glen McIntosh	In Progress	This should not be difficult to do at all.
93	Procurement Procedures	Suggests outdated references in procurement strategy be updated.	NZTA Investment Audit Report	Probity Assurance		<input type="checkbox"/>	Glen McIntosh	In Progress	Again this will be done as a part of procurement strategy
95									

Risk and Assurance Action List - Total Assurance



Open Action Items	
Source	Issue
Audit NZ Management Report	Asset Management
Audit NZ Management Report	Contact Centre Module
Audit NZ Management Report	Contract Management
Audit NZ Management Report	Contract Management Policy and Guidance
Audit NZ Management Report	Demand forecasting
Audit NZ Management Report	Financial Strategy in LTP
Audit NZ Management Report	Holding accounts/historical payables balance
Audit NZ Management Report	Project Management
Audit NZ Management Report	RRC's
Council	ANZ
IANZ Audit	IANZ audit update
NZTA Investment Audit Report	Procurement Procedures

REPORT

Date : 25 November 2020
To : Risk and Assurance Committee Meeting, 7 December 2020
From : Peter Bridgwater, Accountant
Subject : **QUARTERLY REPORT TO 30 SEPTEMBER 2020**
File ID : A222451

EXECUTIVE SUMMARY

The Quarterly Report for the quarter ended 30 September 2020 provides the Committee with an understanding of progress against the 2020/2021 annual plan.

PURPOSE

The purpose of this report is to present the Quarterly Financial Report to 30 September 2020 to the Committee.

BACKGROUND

This report is for the three months ending 30 September 2020 and is designed to provide the Committee with an understanding of the progress against the annual plan.

The report provides a concise but comprehensive overview of the Council’s financial position as at 30 September 2020. The report is structured as follows:

Financial Overview	2
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Financial Overview

1. Financial Overview

This report summarises the key financial highlights for the quarter ended 30 September 2020. Please note that variances stated without brackets are favorable, whereas variances stated with brackets are unfavorable.

1.1 Income Statement

ŌPŌTIKI DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Period Ended 30 September 2020

	Actual 1st Qtr 2019-20 000's	Actual 1st Qtr 2020-21 000's	Budget 1st Qtr 2020-21 000's	Variance 1st Qtr 2020-21 000's	Budget Full year 2020-21 000's
Revenue					
Rates	2,821	2,887	2,832	55	11,329
Subsidies and Grants	678	1,562	7,052	(5,490)	28,209
Fees and Charges	404	371	339	32	1,355
Interest Revenue	2	18	11	7	42
Other Revenue	40	511	102	408	409
Total Revenue	3,946	5,349	10,336	(4,987)	31,872
Expenditure					
Other Expenses	2,084	2,135	2,132	(3)	8,529
Depreciation and Amortisation*	788	785	757	(28)	3,027
Personnel Costs	973	1,180	1,164	(16)	4,654
Finance Costs	55	73	232	159	928
Total Expenditure	3,899	4,174	4,285	111	15,887
Surplus / (Deficit)	47	1,175	6,052	(5,098)	15,985

* Depreciation and Amortisation figures shown here are estimates based on Year End valuations. 3 waters assets are being revalued as at 1 July 2020. This will likely cause a change to the final depreciation expense.

1.2. Significant Variances

Revenue

Subsidies and Grants budgeted amounts include \$19 million relating to the harbour development.

Other Revenue includes income from the sale of 8a Payne Ave (sale yards).

Expenditure

Expenditure is largely in line with budget. Finance costs are significantly below budget due to reduced CAPEX spend relating to the harbor development.

Other expenses is generally in line with budget, there are some variance across each activity, these are explained below.

1.3. Explanation of Key Variances by Activity

Leadership

No significant variance from budget.

Community Development

Expenditure is below budget by approx. \$25,000. Largely due to no spend for the period within Community board initiatives and the annual payment to Motu Trail Trust not yet being paid.

Community Facilities

Fees and Charges income is slightly down against budget (\$15,000). This is due to rent received being lower as some buildings have been vacant. Other revenue is higher due to the sale property.

Other expenditure is approximately in line with budget. Insurance costs (\$12,000) and book purchases (\$10,000) are over while there has not been any spend yet in freedom camping expense against a budget of \$20,000.

Economic Development

Subsidies and Grants income is significantly below budget due to previous changes in how the Harbour will be funded. Consistent with this contractors and agency staff is significantly below budget.

i-SITE expenditure is (\$15,000) over budget primarily due to events spending. This is because of timing of events held during the year, overall events spending is still within budget for the full year.

Regulation and Safety

Fees and Charges revenue is above budget. This is due to timing of receiving dog registration fees being primarily in the first quarter. Building control fees are also significantly above budget for the quarter \$32,000. Personnel costs are largely in line with budget, BCA accreditation expense is over budget but this is offset by additional fee revenue of approximately the same amount. Contractors and agency staff are above budget for the quarter by (\$22,000).

Solid Waste Management

Revenue is slightly down when considered across all three RRC stations by (\$8,000). Overall expenditure is generally in line with budget.

Three Waters

Other expenses are tracking above budget due to increased costs relating to insurance, pumping, and reticulation. As well as significant costs relating to asset management plans (\$40,000). Personnel costs are in line with budget. Depreciation has not been broken down by activity however there will be a revaluation of the three waters assets as at 1 July 2020 which may cause some change in the estimated figures.

Land Transport

Subsidies and Grants revenue is above budget for the year to date. However budget for these is directly related to the land transport expenses with NZTA reimbursing 75% of relevant expenditure. Other expenditure for land transport is (\$450,000) over budget, however both grants and expenditure are within budget for the full year. Due to the seasonality here we would expect these to even out over the next three quarters, while being slightly above budget due to catch up work being done with rollover NZTA funding from the previous two years.

Support Services

Overall costs are largely in line with budgets. Rates remissions are below budget for the year to date due to most of these occurring in February. Asset revaluation costs are above budget by (\$45,000). Interest revenue is above budget by \$8,000 due to higher available cash, this is expected to be lower in the future due to significantly reduced interest rates. Personnel costs are in line with budget. Insurance costs for support services are \$7,000 below budget. This is due to a change in insurance allocation that sees higher costs in community facilities.

1.4 Cash and Cash Investment Balance

	2019-20 Actual Full Year	2020-21 Actual 1st Quarter	Movement from Prior period
	\$'000s	\$'000s	\$'000s
Cash and Short Term Investments	4,558	6,116	1,558
Term Investments	3,200	-	3,200
Total	7,758	6,116	- 1,642

Overall cash position is slightly lower than as at 30 June 2020. The movement from Term investments to Cash and Short Term Investments is due to current term deposits maturing in less than 90 days as at 30 September 2020. Decrease in overall cash is due primarily to capital spend.

As at 30 September 2020 there was \$4,000,000 on term deposit earning interest between 0.45% and 1.80% p.a.

1.5 Balance Interest and Debt Level

	2019-20 Actual Full Year	2020-21 Actual 1st Quarter	2020-21 Budget Full Year	2020-21 Variance to Budget
	\$'000s	\$'000s	\$'000s	\$'000s
Finance Costs	257	77	928	- 851
Term Loans	257	77	928	- 851

Borrowing is less than anticipated due to significant grant funding received at the end of FY20. This has deferred the need to draw down further loans for capital expenditure.

Capital expenditure

2. Capital Expenditure

	2020-21 AP Total Budget	Council Resolution	2020-21 1st Quarter Actual YTD	2020-21 Variance to Budget
	\$'000s	\$'000s	\$'000s	\$'000s
Community Facilities	7,213	1,649	590	- 8,272
Economic Development	19,904	-	94	- 19,810
Land Transport	4,860	50	2,958	- 1,951
Solid Waste Management	-	-	-	-
Regulation & Safety	110	-	-	- 110
Support Services	682	-	45	- 637
Stormwater	1,987	-	102	- 1,885
Water Supplies	178	-	45	- 133
Wastewater	1,308	-	338	- 970
TOTALS	36,242	1,699	4,173	- 33,768

	2020-21 AP Total Budget	Council Resolution	2020-21 1st Quarter Actual YTD	2020-21 Variance to Budget
	\$'000s	\$'000s	\$'000s	\$'000s
Growth	22,368	50	254	- 22,164
Level of Service	10,260	1,649	1,680	- 10,229
Renewals	3,613	-	2,239	- 1,374
TOTALS	36,242	1,699	4,173	- 33,768

Total capital expenditure to date sits at \$4,173,000. The majority of this relates to land transport, in particular the PGF funded footpaths, and the harbor access road.

The following significant projects contribute to the above remaining capital budgets, note the second round of MBIE funding has not been included in the above annual plan budgets:

- Te Tahuhu o Te Rangi (\$3,904,000)
- Redevelopment of lots 9&10 (\$1,500,000)
- Coastal reserves tourism infrastructure (\$520,000)
- Wastewater reticulation rehabilitation (\$524,000)
- Opotiki Footpaths (PGF funded - \$1,520,000)
- Harbour entrance (\$19,904,000)

Treasury Report

3. Treasury Report

3.1. Debt Position

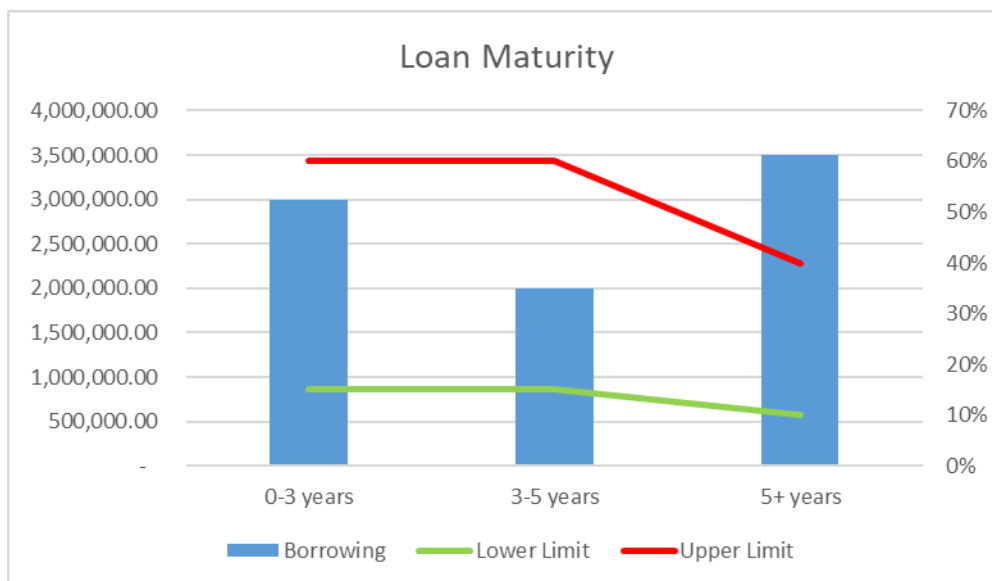
	Actual 2019-20	YTD Actual 2020-21	Budget 2020-21
	\$'000s	\$'000s	\$'000s
Secured loans less than 12 months (Current Liabilities)	-	-	-
Secured loans greater than 12 months (Non-current liabilities)	8,500	8,500	24,351
Total Secured Loans	8,500	8,500	24,351

No further loans have been taken out during the period.

3.2. Funding maturity

The chart below illustrates the funding maturity profile of the five council loans. Maturity dates are between 1.5 years and 12.5 years. All are at a fixed rate between 1.78% and 5.5%.

From the previous quarterly report the movement in the maturity profile is due to the passage of time. The limits shown below are per the current Treasury risk management policy. These limits will apply once council hits \$10,000,000 in total debt.



Compliance with Liability Management Policy

The specific requirements of the Liability Management Policy are detailed below.

Item	Borrowing Limit	Actual Performance
Net Interest on external debt as a percentage of total revenue	<10%	1.03%
Net Interest on external debt as a percentage of annual rates income*	<15%	1.91%
Net cash flows from operating activities divided by interest expense	>2	16.02

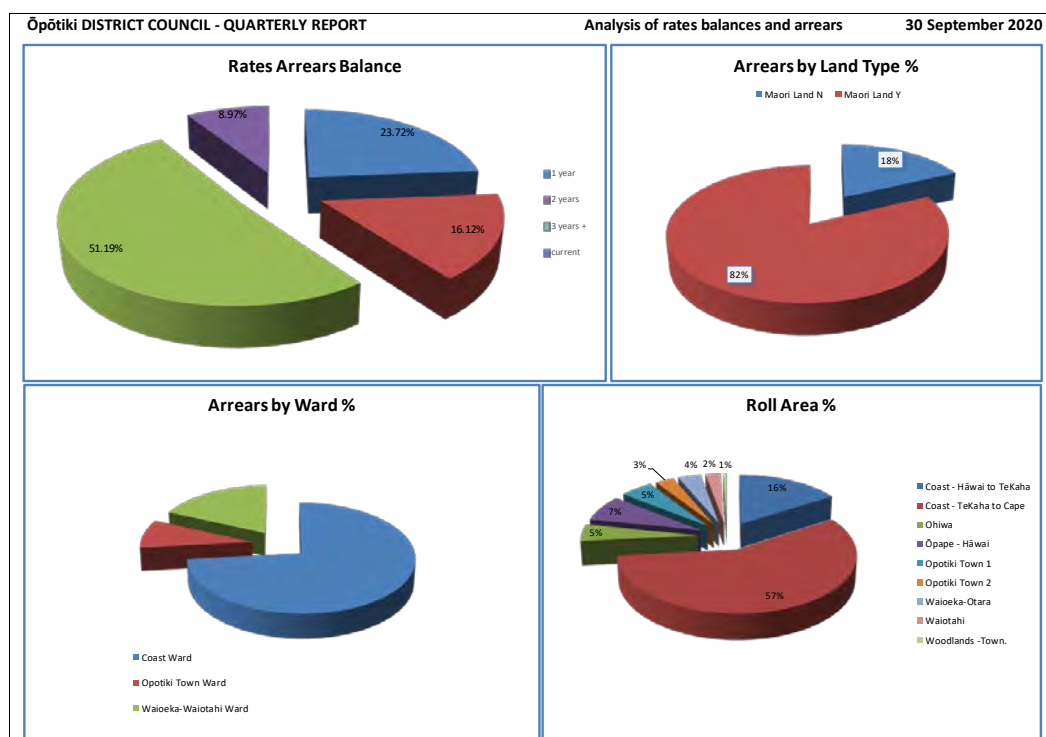
* Note the above measures have been annualized where relevant.

Council is within policy for all of the measures.

Rates Arrears

4. Report on Rates Arrears

Progress continues to be made on outstanding rates. In the 3 month period since year end the outstanding rates have been reduced by approximately \$70,000 from \$3.95 million to \$3.87 million. This is trending in the right direction with \$110,000 of this relating to general title land, and compares favourably to outstanding rates of \$4.24 million at this time last year.



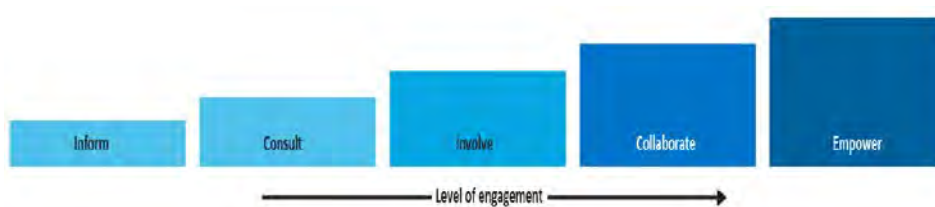
SIGNIFICANCE ASSESSMENT

Assessment of significance

Under Council's Significance and Engagement Policy, on every issue requiring a decision, Council considers the degree of significance and the corresponding level of engagement required. The level of significance for the Quarterly Report to 30 September 2020 is considered to be low as determined by the criteria set out in section 12 of the Significance and Engagement Policy.

Assessment of engagement requirements

As the level of significance for the Quarterly Report to 30 September 2020 is considered to be low, the level of engagement required is determined to be at the level of inform according to Schedule 2 of the Significance and Engagement Policy.



RECOMMENDATION:

- 1. That the report titled "Quarterly Report to 30 September 2020" be received.**

Peter Bridgwater

ACCOUNTANT

REPORT

Date : 30 November 2020
To : Risk and Assurance Committee Meeting, 7 December 2020
From : Chief Financial Officer, Greg Robertson
Subject : **KOHA REPORT**
File ID : A222502

EXECUTIVE SUMMARY

The purpose of this report is to provide details of Koha payments made from 28 August 2020 to 30 November 2020.

PURPOSE

The purpose of this report is to provide details of koha payments made from 28 August 2020 to 30 November 2020.

BACKGROUND

Audit New Zealand considers koha to be sensitive expenditure. To ensure transparency of the size of koha and the occasions for giving koha, the Audit and Risk Committee receives regular reports on koha payments made, disclosing the following information:

- The amount of koha
- The purpose of the payment
- The reason or justification for the amount.

Koha payments made from 28 August 2020 to 30 November 2020:

\$100 – KOHA – Mayor and Tuia rangatahi attending Makaurau marae.

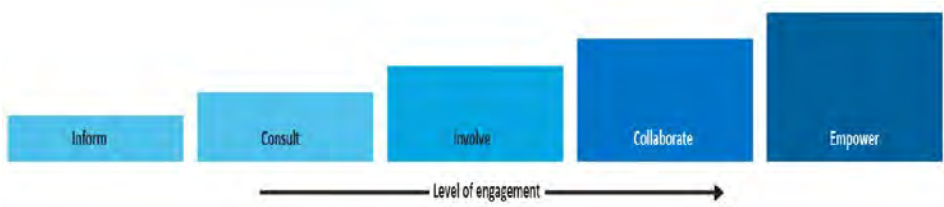
SIGNIFICANCE ASSESSMENT

Assessment of significance

Under Council’s Significance and Engagement Policy, on every issue requiring a decision, Council considers the degree of significance and the corresponding level of engagement required. The level of Significance for receiving the Koha Report is considered to be low as determined by the criteria set out in section 12 of the Significance and Engagement Policy.

Assessment of engagement requirements

As the level of significance for receiving the Koha Report is considered to be of low the level of engagement required is determined to be at the level of inform according to Schedule 2 of the Significance and Engagement Policy.



RECOMMENDATION:

- 1. That the report titled "Koha Report" be received.

Greg Robertson

CHIEF FINANCIAL OFFICER

REPORT

Date : 30 November 2020

To : Risk and Assurance Committee Meeting, 7 December 2020

From : Chief Executive Officer, Aileen Lawrie

Subject : **RESOLUTION TO EXCLUDE THE PUBLIC**

SECTION 48 LOCAL GOVERNMENT OFFICIAL INFORMATION & MEETINGS ACT 1987

THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

6. Confirmation of In-Committee Minutes – Risk and Assurance Committee Meeting 7 September 2020.

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:

Item No	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
6.	Confirmation of In-Committee Minutes – Risk and Assurance Committee Meeting 7 September 2020	That the public conduct of 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.	Section 48(1)(a)

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 or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, 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:

6.	Protect the privacy of natural persons Protect information (commercial sensitivity) Protection from improper pressure or harassment	Section 7(2)(a) Section 7(2)(b)(ii) Section 7(2)(f)(ii)
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