



chatham islands council

Performance Audit & Risk Committee

MEETING PACK

for

PARC Meeting

Monday, 20 May 2024

9:00 am (+1245)

Held at:

Chatham Islands Council

13 Tuku Road, Chatham Islands

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AGENDA

PARC MEETING



Name:	Performance Audit & Risk Committee
Date:	Monday, 20 May 2024
Time:	9:00 am to 11:00 am (+1245)
Location:	Chatham Islands Council, 13 Tuku Road, Chatham Islands
Committee Members:	Mr Philip Jones (Committee Chair), Mayor Monique Croon, Cr Keri Day, Cr Greg Horler, Cr Steve Joyce
Attendees:	Ms Jo Guise, Paul Eagle, Ms Tanya Clifford

1. Opening Meeting

1.1 Apologies

1.2 Interests Register

1.3 Action List

2. Confirm Minutes

2.1 Confirm Minutes 25 March 2024

To confirm the minutes from the previous meeting.

Supporting Documents:

2.1.a	2.1 Minutes of PARC Meeting 25 March 2024.pdf	5
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3. Financial Report

3.1 Financial Report

For the PARC to receive the financial report for February 2024.

Supporting Documents:

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3.2 Credit Card Summary

For the PARC to receive the quarterly credit card summary.

Supporting Documents:

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4. Move to Public Excluded

4.1 Public Excluded Agenda

Supporting Documents:

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5. Confirm PE Minutes

5.1 PE Minutes 25 March 2024

For the PARC to receive approve the minutes from the public excluded part of the previous meeting.

Supporting Documents:

5.1.a	PE 1. PE Minutes 25 March 2024.pdf	16
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6. Close Meeting

6.1 Close the meeting

Next meeting: PARC Meeting - 24 Jun 2024, 9:00 am



Performance, Audit and Risk

2.1 Minutes of Meeting 25 March 2024

Date of meeting	20 May 2024
Agenda item number	2.1
Author/s	Jo Guise, Executive Assistant

Purpose

To approve the minutes from the Performance, Audit & Risk meeting held on 25 March 2024.

Recommendations

THAT the minutes of the Performance, Audit & Risk meeting held on 25 March 2024 be a true and accurate record.

MINUTES (in Review)

PARC MEETING



Name:	Performance Audit & Risk Committee
Date:	Monday, 25 March 2024
Time:	9:00 am to 9:48 am (+1345)
Location:	Chatham Islands Council, 13 Tuku Road, Chatham Islands
Committee Members:	Mr Philip Jones (Committee Chair), Mayor Monique Croon, Cr Keri Day, Cr Greg Horler, Cr Steve Joyce
Attendees:	Ms Jo Guise, Paul Eagle, Ms Colette Peni, Ms Tanya Clifford

1. Opening Meeting

1.1 Apologies

N/A

1.2 Interests Register

1.3 Action List

2. Confirm Minutes

2.1 Confirm Minutes

PARC Meeting 19 Feb 2024, the minutes were confirmed as presented.



Minutes of PARC meeting 19 February 2024

THAT the minutes of the PARC meeting held on 19 February 2024 is a true and accurate record.

Decision Date: 25 Mar 2024
Mover: Mayor Monique Croon
Seconder: Cr Steve Joyce
Outcome: Approved

3. Financial Report

3.1 Financial Report



Financial Report

THAT the Performance, Audit & Risk Committee receives the report.

Decision Date: 25 Mar 2024
Mover: Cr Keri Day
Seconder: Cr Steve Joyce

Ms Tanya Clifford presented the financial report.

The Chief Executive highlighted that the Crown appropriation for 2024-25 would be reduced to \$4.2m, and not increased, as had been indicated previously.

It was noted Petrol had been highlighted as income in the Statement of Comprehensive Revenue and Expenses. It also needed a separate line for Petrol expense.

3.2 Credit Card Summary



Credit Card Summary

THAT the Credit Card summary be received.

Decision Date: 25 Mar 2024
Mover: Mayor Monique Croon
Seconded: Cr Keri Day

3.3 Ha O Te Ora Revaluation Request



Rates Revaluation Request 2023-24

That the Performance, Audit & Risk Committee:
1. Let the matter lie on the table.

Decision Date: 25 Mar 2024
Mover: Mayor Monique Croon
Seconded: Cr Keri Day
Outcome: Not Approved

It was noted the rates could not be reassessed for the present rating year, but could for the 2024/25 year.

- Council could only remit rates if it had a Rates Remission Policy.
- Council may remit rates if the criteria of the Remission Policy had been met.

It was agreed to let the matter lie on the table until more information had been collected.



Move to Public Excluded

THAT the meeting move to public excluded.

Decision Date: 25 Mar 2024
Mover: Cr Keri Day
Seconded: Mayor Monique Croon

The meeting moved in to public excluded at 9.46am and out at 9.48am.

There being no further business, the meeting closed at 9.48am.



Performance, Audit & Risk Committee

3.1 Financial Report

Date of meeting	20 May 2024
Agenda item number	3.1
Author/s	Tanya Clifford, ECan

Purpose

To present to the Performance, Audit & Risk Committee the financial report for April 2024.

Recommendations

That the Performance, Audit & Risk Committee receives the report.

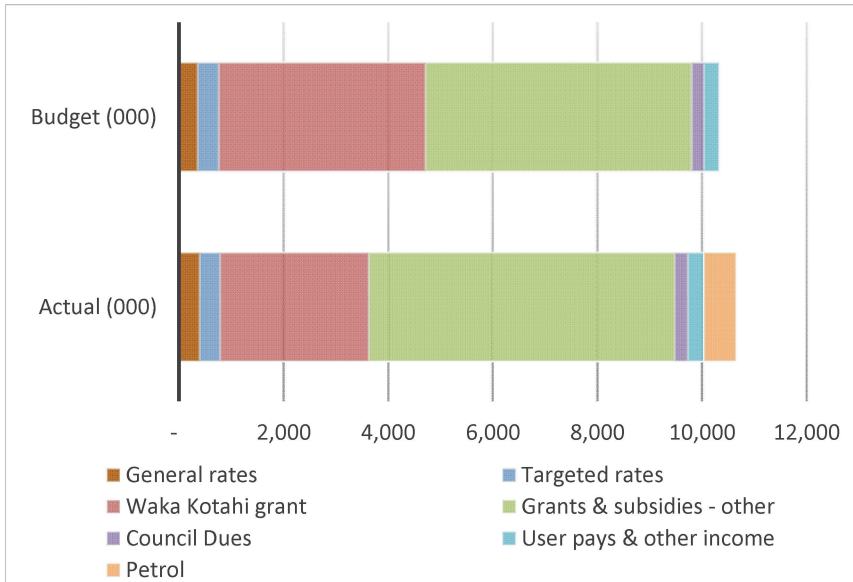
Graphical Financial Information



chatham islands council

as at 30 April 2024

Revenue

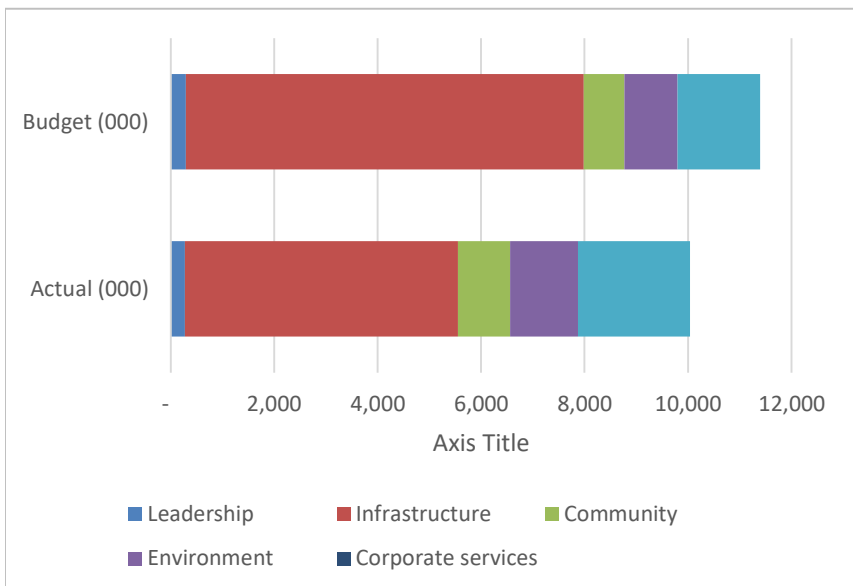


No significant items of concern related to revenue items. However, it is worth noting:

* Waka Kotahi, NZTA subsidy is driven by actual expenditure on roading works. The grant includes capital and operating expenditure.

* Remaining other variances relate to timing differences between actual revenue, which has received a number of large up-front payments early in the year - compared with budget, which assumes a smooth receipt of revenue over the course of the year.

Operating & Capital Expenditure



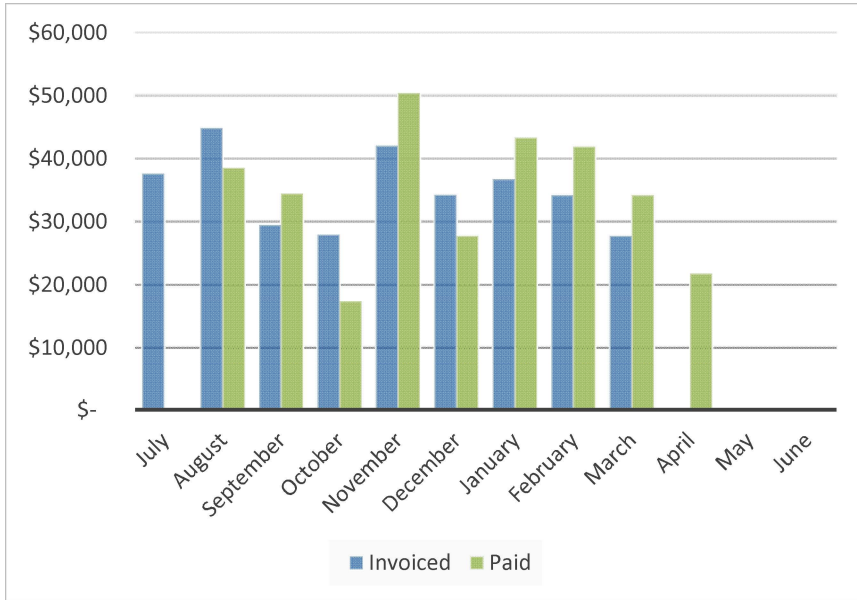
No significant items of variance related to expenditure.

* Waka Kotahi/NZTA funded roading projects are slightly behind budget due to issues sourcing material and other operational/weather delays, expenditure is unlikely to meet budget, with some costs now incorporated into the next NZTA funding application.

* Community expenditure includes costs are high, due to the purchase and supply of petrol (unbudgeted) to the island and water tanks installed.

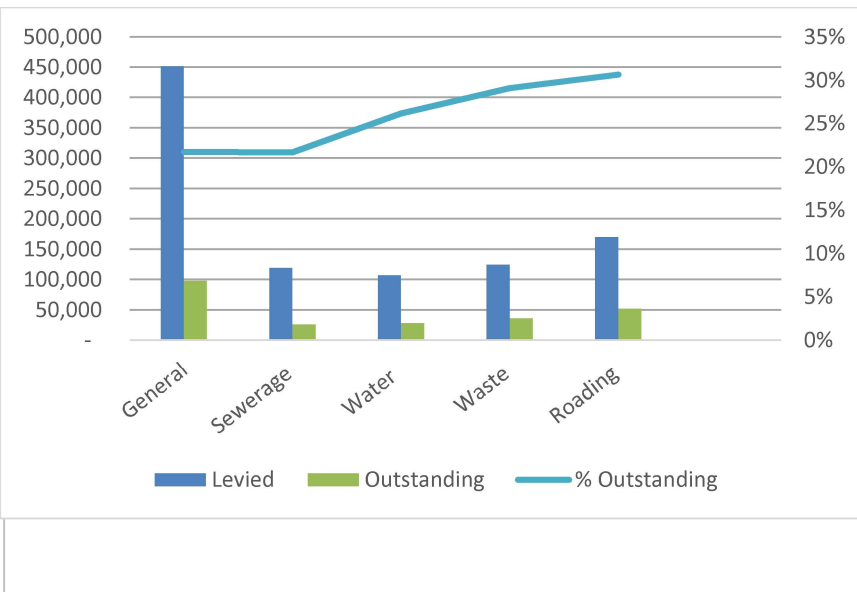
For more information refer to the more detailed report.

Revenue Council dues collectability



Note: The current outstanding Council Dues balance is \$5k. Council dues payments trends have indicated payments are not always on a timely basis. Council officer's have been proactive in following up outstanding dues payments with the applicable organisations. Delays in collecting Council Dues, increases the risk of funds not being collected.

Revenue rates collectability



Council has four rate instalment dates for the 2024 financial year; with one instalment outstanding. While the graph indicates that 27% of annual rates are outstanding, if an adjustment was made for the instalment dates, the level of outstanding rates would be lower at around 13% (reflective of some ratepayers paying their rates in full). Currently, \$240,000 in rates remain outstanding, with one instalment remaining, of the \$91,454 outstanding from 2022/23, \$12,746 has been collected.

There has been a focus on collecting long outstanding rate balances, with some success with the collection approach. In addition, Council has encouraged ratepayers to move to more automated payment processes.

Statement of Comprehensive Revenue and Expense

as at 30 April 2024



	Actual (000) \$000	Budget (000) \$000	Variance	Note Ref
Revenue				
General rates	392	358	34	1
Targeted rates	395	400	(5)	1
Grants & subsidies - Waka Kotahi NZTA	2,843	3,955	(1,112)	2
Grants & subsidies - other	5,851	5,088	763	2
Council Dues	249	234	15	
Petrol	610	-	610	3
User pays, fees & charges and other income	310	288	22	4
Total revenue	10,651	10,324	327	
Expenditure				
Leadership and community partnerships	274	290	(16)	
Transportation, roading and coastal networks	1,761	3,038	(1,277)	5
Three waters - water	446	335	111	5
Three waters - wastewater & stormwater	181	626	(445)	5
Waste management and minimisation	633	659	(26)	5
Community development & emergency response	1,309	784	525	6
Environmental management, protection and monitoring	1,008	1,031	(23)	
Corporate services	2,165	1,594	571	7
Total expenditure by activity	7,778	8,358	(580)	
Total surplus/(loss)	2,873	1,965	908	

Variance explanations:

- Rates are invoiced based on the Council approved rates strike. A minor difference has occurred, with recognition of penalty payments and repayment of outstanding rates.
- Roading subsidy based on 88% of actual expenditure (operational and capital). The negative variance in revenue is matched against the negative variance with roading capital and operational expenditure. Roading projects tend to accelerate as weather conditions become more favourable and expenditure may reduce if work is delayed. Some projects have also been deferred - primarily Owenga Wharf, this has been incorporated into the next NZTA funding bid.
For the remaining grants, the budget difference either relates to the early receipt of cash in February 2024 to fund better off funding projects (\$420k) or timing differences from better off funding projects in 2023, where the grant was received subsequent to the expenditure (\$335k) and therefore was excluded from the 2024 budget.
- The Council has recently facilitated the supply of petrol on the island and has been separately disclosed to show greater transparency. This revenue item was unbudgeted and has a contra expenditure increase.
- No significant variances of note or other comments related to other income.
- Infrastructure projects - primarily relate to the Stantec/Fulton Hogan roading, water, wastewater and waste management contracts. Roading works are generally slow to commence, awaiting more favourable weather conditions, some projects also deferred. Three waters work has been limited with funding restrictions impacting levels of service Council is able to provide. There exists a significant level of uncertainty related to how the Local Water Done Well plan will apply to Council.
No other significant areas of variance to note, with contract for services operating within agreed deliverables.
- Community service expenditure includes the cost of the Council supplying petrol for the island, petrol expenditure is higher than previous monthly trends due to the Council purchasing higher fuel volumes on the expectation that the shipping service to the island will temporarily be unavailable (further review to come at a later date). This area also recognises approximately \$125k in expenditure related to the installation of water tanks as part of a resilience project - funded by way of grant.
- Insurance costs, audit fees (including LTP audit) and IT upgrade works incurred large one-off payments. Labour costs also higher than budgeted with the crossover payments for two CE's and final pay for leaving CE.
*Processing for the month of May has not been complete, and therefore estimation of contract expenses for the month have been made.
Depreciation expenditure has not been run for the year and therefore expenditure has been excluded.*

Capital expenditure summary	Actual \$000	Budget \$000	Variance	Note Refere
Sources of capital funding				
Subsidies and grants for capital expenditure	1,461	2,762	(1,301)	a
Total sources of capital funding	1,461	2,762	(1,301)	
Application of capital funding				
Roading works	1,660	3,035	(1,375)	a
Other - including community works (TIF/better off funding)	600	500	100	b
Three waters - critical infrastructure*	-	3,998	(3,998)	
Total application of capital funding	2,260	7,533	(5,274)	
Movement in reserves	(799)	(4,771)	3,973	

* Desired projects in the 2023/24 budget, removed due to lack of funding support

Variance explanations:

- a** The grant figure relates to the Waka Kotahi budget, which is reflective of 88% of actual costs incurred. Actual expenditure behind expected budgeted levels, with work subject to weather fluctuations.
- b** Other work includes: \$490k buildings, \$60k office equipment and \$50k heartlands vehicle

Note, budget figures are allocated on an equal monthly apportionment



Performance, Audit & Risk Committee

3.2 Credit Card Summary

Date of meeting	20 May 2024
Agenda item number	3.2
Author/s	Mereraina Hemara, Finance Technical Lead

Purpose

To present to the Performance, Audit & Risk Committee the Credit Card Expenditure Summary for January, February and March 2024.

Recommendations

That the Performance, Audit & Risk Committee receives the Credit Card Expenditure summary for January, February and March 2024.

Key Comments

- Expenditure summary is for 2 of 3 Credit Cards only, have not received receipts back from CE Paul Eagle for February and March 2024. (January was nil, card became active in February)
- Sensitive Expenditure:
February 2024
 - Gift basket for Rana Solomon (20 years of service)

Jan-24	
Travel Costs	\$ -
Tech Costs	\$ 874.48
Sensitive Exp.	\$ -
Feb-24	
Travel Costs	\$ 1,622.49
Tech Costs	\$ 899.02
Sensitive Exp.	\$ 200.89
Mar-24	
Travel Costs	\$ 2,130.49
Tech Costs	\$ 899.76
Sensitive Exp.	\$ -

*All items listed are those that could not be paid via invoicing.



PARC Public Excluded Agenda

20 May 2024

Chair to Move

I move that the public be excluded from the following part of the proceedings of the meeting.

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.	Minutes / Report of:	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
1.	Chief Executive Officer	Minutes of PARC Public Excluded Meeting 25 March 2024	Good reason to withhold exists under Section 7	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 which would be prejudiced by holding the whole or relevant part of the proceedings of the meeting in public, are as follows:

Item Nos	
1.	<p>Would be likely to prejudice the commercial position of the person or persons who are the subject of the information. 7(2)(b)(ii)</p> <p>To maintain legal professional privilege. 7(2)(h)</p> <p>To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities. 7(2)(i)</p>