

Annual Report 30 June 2020 – Recommendation to Council to Adopt

Meeting: Audit, Risk and Finance Committee
Date of meeting: 10 September 2020
Reporting officer: Sue Davidson, GM Sustainable Investment Growth

Purpose/Ngā whāinga

The purpose of the Annual Report is to report against measures and outcomes agreed to in the adoption of the Annual Plan.

Executive summary/Whakarāpopototanga

The Annual Report reflects the work completed for the year ended 30 June 2020. There is a statutory requirement for Council to adopt an Annual Report prior to 31 October 2020.

Staff have prepared the draft Annual Report (Attachment A), and Deloitte prepared a draft report the audit findings (Attachment B).

This Council will be one of the first to adopt. The results are mainly in line with information provided to Council throughout the year.

Recommendation/Ngā tūtohunga

That the Audit, Risk and Finance Committee:

- a) Notes Deloitte's draft report to the Audit, Risk and Finance Committee for year ended 30 June 2020 (Attachment A of the report).
- b) Recommends to Council the adoption of the 2019/2020 Annual Report (Attachment B of the report).

Context/Horopaki

The Local Government Act requires the Council to prepare and adopt an Annual Report within four months of the end of each financial year.

An Annual Report is to provide an outline of Council's performance in comparison with what was planned in its Annual Plan or Long Term Plan. This year Council is comparing with the second year of the 2018/2028 Long Term Plan. The Annual Report details the operating activities of Council and includes the financial statements for the year.

Clause 34 of Schedule 10 requires a Statement of Compliance to be included in the Annual Report indicating whether the statutory requirements in relation to the preparation of the Annual Report have been met. The statutory requirements are outlined under Part 6, Section 98 and Part 3 of Schedule 10. Staff have ensured the 2019/2020 Annual Report meets these requirements.

The 2019/2020 Annual Report has been reviewed by Deloitte on behalf of the Auditor General who is appointed as Council's auditor under the Public Audit Act 2001. The draft audit findings is attached to this report. The draft opinion will be included in the Annual Report to Council.

The summary of the Annual Report will be completed and is to be audited but it is not required to be adopted by Council.

Discussion/Ngā kōrerorero

Highlights this year are:

- This year debt at balance date was slightly down on the previous year at \$44 million.
- Finance costs are lower than planned as many of our capital projects were still in design stage or were stalled during the Level 3 and 4 Covid 19 lockdown period.
- Council has kept within the required treasury ratios.
- The largest capital project completed was the remediation of the Tomorata Bridge. Much of this was subsidised by Waka Kotahi (NZTA) and the PGF fund.

Council was advised early on that the annual plan 2019/20 was over ambitious and that many of the roading projects and the wharves funded by the Provincial Growth Fund would not be completed as insufficient time had been allowed for consultation and design. This has proved to be true and capital projects not constructed. This means a lesser subsidy revenue for this year as the relevant subsidies will not be received as revenue till 2020/21. Expenditure on the other hand has been under that budgeted and the impact of Covid 19 has exacerbated this as purchases of goods were not made to the normal extent during the lockdown period.

In response to COVID-19 Council agreed to set up provisions to help businesses with a potential credit on their rates, and fully funding food, health and alcohol licences. Money was also provided as a contribution to professional advice during this challenging time, and some community leases were reduced for a period of time. The original provision was \$548,300 and as at balance date the provisions totalled \$495,864.

There were issues valuing assets, primarily stormwater which had vested in Council or been found as not recorded in the asset management plans

Options

- a) Recommends to Council the adoption of the 2019/2020 Annual Report.

The Committee to recommend to Council the adoption of the 2019/2020 Annual Report and then a final audit opinion will be provided by Deloitte.

Policy and planning implications

This 2019/2020 Annual Report contains both the financial statements and also details how Council performed to what was planned in the adopted annual plan for this year.

Financial implications

There are no additional financial considerations about whether to adopt the Annual Report.

At the time of preparing this report, the audit is substantially complete but is still in progress. If there are any changes required by audit this will be noted at the meeting and formal advice before adoption by Council on 30 September 2020.

Risks and mitigations

Council must ensure it adopts the Annual Report within four months of balance date

Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

The Annual Report and the Summary Annual Report must be available to the public one month after adoption of the Annual Report. These will be placed on Council's website and printed copies will be available at the library or on request.

The information contained within the Annual Report will be of considerable interest to the community and of some significance in that it reports on the performance of Council over the 2019/2020 financial year.

Next steps/E whaiake nei

- The Annual Report will be adopted at the September 2020 Council meeting.
- The Mayor and Chief Executive sign the report.
- Deloitte to issue an audit opinion.
- Report to be released.

Attachments/Ngā tapiritanga

	Title
A	Deloitte's draft report to the Audit, Risk and Finance Committee for year ended 30 June 2020
B	2019/2020 Annual Report – Part Two Financials