

MEETING OF THE FINANCE AND AUDIT COMMITTEE

TO THE CHAIRPERSON AND MEMBERS OF THE COMMITTEE

MEMBERSHIP OF THE COMMITTEE

Cr Bob Kirk (Chairperson)

Cr Kerry Burke
Cr Carole Evans
Cr Pat Harrow

Cr Jo Kane
Cr Eugenie Sage
Cr Alec Neill (ex officio)

A meeting of the Committee will be held on
Tuesday, 10 November 2009 at 9.00 a.m.

VENUE: Council Chamber
First Floor
Pegasus Building
58 Kilmore Street
CHRISTCHURCH

BUSINESS: As per Order Paper attached.
Agendas are available on our website three days prior to the date of the meeting -
<http://ecan.govt.nz/news-and-notice/minutes/Pages/Default.aspx>

Dr Bryan Jenkins
CHIEF EXECUTIVE

**RECOMMENDATIONS IN REPORTS ARE NOT TO BE TAKEN
AS COUNCIL POLICY UNTIL ADOPTED BY THE COUNCIL**

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COMPLIANCE WITH LOCAL GOVERNMENT ACT 2002 DECISION-MAKING REQUIREMENTS

Except as below, a statement of compliance and a completed decision checklist is required for any agenda item on a council committee or the council recommending that a decision be made. This will be the responsibility of the person signing off the agenda item.

The compliance statement and checklist will not be used for:

- Recommendations that information be received or that the Council make a decision.
- Decisions taken under the Resource Management Act 1991 or the Biosecurity Act 1993 in relation to resource consents, decisions required when following the procedures set out in Schedule 1 of the Resource Management Act 1991, other permissions, submissions on plans, or references to the Environment Court.
- Decisions taken to proceed with enforcement procedures under various primary or secondary legislation or regulations, including procedures under the Resource Management Act 1991, the Biosecurity Act 1993, the Local Government Act 2002, and Environment Canterbury Bylaws.
- Administrative and personnel decisions that are entirely internal to Environment Canterbury.
- Other decisions where the procedures to be followed are set out in Legislation.

COMPLIANCE STATEMENT

The council committee (or the council) must formally certify that:

- It is satisfied that it has sufficient information about the options and their benefits and costs, in terms of the region's social, economic, environmental and cultural well-being and the effects on community outcomes, bearing in mind the significance of the decisions.
- It is satisfied that it knows enough about and has given adequate consideration to the views and preferences of affected and interested parties bearing in mind the significance of the decision.

INFORMATION CHECKLIST

(a)	A Statement of the Proposed Decision
(b)	A Statement of the Objective of the Proposed Decision and the Issue or Problem being addressed
(c)	A list of all reasonably practicable options, (including doing nothing).
(d)	For each option in (c): An evaluation of the Benefits and Costs, in terms of the region's social, economic, environmental and cultural well-being.
(e)	For each option in (c): A statement of the extent to which community outcomes would be promoted or achieved in an integrated and efficient manner.
(f)	For each option in (c): A statement of the Impact, if any, on Environment Canterbury's capacity to undertake its statutory responsibilities
(g)	If the Proposed Decision is a significant decision in relation to land or a body of water, a statement of how Maori values have been taken into account
(h)	A Statement of significant inconsistencies, if any, with any Existing Policy, Plan or Legislation arising from the Proposed Decision.
(i)	A statement how the views and preferences of affected or interested persons have been given adequate consideration during the definition of the problem or issue, the objective, the assessment of options and the development of the proposed decision, including the particular contribution of Maori to the decision-making process.

Notes:

The significance of proposals and decisions determines how much time, money and effort is put into exploring and evaluating options and obtaining the views of affected and interested parties. The significance of proposals and decisions is determined through reference to criteria contained in the policy on significance.

The policy on significance together with Section 76 of the Local Government Act 2002 set out the Council's requirements in relation to decisions. Some decisions can only be made through the Long-Term Council Community Plan, or after the Special Consultative Procedures set out in the Act have been used, (refer to the policy on significance and the Act).

All decisions of Environment Canterbury are subject to the decision-making requirements of section 76 of the Act unless inconsistent with specific requirements of other legislation.

**ENVIRONMENT CANTERBURY
FINANCE AND AUDIT COMMITTEE**

ORDER PAPER

1. APOLOGIES
2. CONFLICTS OF INTEREST
3. MINUTES OF MEETING – 16 SEPTEMBER 2009
4. MATTERS ARISING

MATTERS FOR COMMITTEE DECISION

5. REVIEW OF THE LOCAL GOVERNMENT ACT
6. MONTHLY REPORTING
7. EXTRAORDINARY AND URGENT BUSINESS
8. NOTICES OF MOTION
9. NEXT MEETING – 9 December 2009

ENVIRONMENT CANTERBURY

FINANCE AND AUDIT COMMITTEE

**MINUTES OF THE MEETING HELD IN THE COUNCIL CHAMBER,
ENVIRONMENT CANTERBURY, 58 KILMORE STREET,
CHRISTCHURCH, ON 16 SEPTEMBER 2009 AT 9.00 A.M.**

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5. ANNUAL REPORT 2008/09

MATTERS FOR COMMITTEE DECISION

6. UNIFORM ANNUAL GENERAL CHARGE CRITERIA
7. EFFECT OF UNIFORM ANNUAL CHARGE AND OR UNIFORM ANNUAL GENERAL CHARGE ON FUNDING FOR REGIONAL PARKS
8. CHANGES TO FUNDING STRUCTURE FOR BUILDING ACT 2004 FUNCTIONS
9. PUBLIC EXCLUDED
 - 9.1 MINUTES OF PART OF THE MEETING HELD 13 AUGUST 2009 AND MATTERS ARISING
10. EXTRAORDINARY AND URGENT BUSINESS
11. NOTICES OF MOTION
12. NEXT MEETING

PRESENT

Crs A G Neill (Deputy Chairperson), T K Burke, C J Evans, P C R Harrow, and E M Sage.

IN ATTENDANCE

Cr J T Demeter (from 10.20)
Julian Tan and Andrew Timlin of Audit New Zealand

MANAGEMENT AND OFFICERS PRESENT

Wayne Thomas (Director Finance and Corporate Services), Helen Sellwood (Finance Manager), and Louise McDonald (Administration Officer).

For part of the meeting: Mark Vermeeren (Financial Business Analyst), Brett Aldridge (Environmental Protection Manager Strategy/Implementation), Helen Grant (Hazards Portfolio Convenor), Mark Smith (Management Accountant), Shirley Dong (Accountant), John Gebler (BCA Co-ordinator) and Daniel Park (Senior Communications Advisor).

1. APOLOGIES

Crs J M Kane and R M Kirk

2. CONFLICTS OF INTEREST

Crs Neill and Harrow declared potential conflicts of interest for item 6 regarding Uniform Annual General Charges.

3. MINUTES OF MEETING – 13 AUGUST 2009

Resolved

That the minutes of the meeting held on 13 August 2009, as circulated, be confirmed as a true and correct record, and be adopted.

Cr Burke /Cr Sage

4. MATTERS ARISING

There were no matters arising from the minutes.

MATTER FOR RECOMMENDATION TO THE COUNCIL

5. ANNUAL REPORT

Helen Sellwood introduced this item and tabled a summary of proposed changes to the 2008-09 draft Annual Report that had been identified in the audit process.

Julian Tan and Andrew Timlin of Audit New Zealand were welcomed to the meeting. Mr Tan confirmed that the audit process was on target for sign off at the 24 September Council meeting. He explained that the role of the audit was to look at the Levels of Service and the reporting of them. The audit does not report on what was achieved.

Mr Tan confirmed that the disclosure requirements for staff differed from that for elected representatives, for whom the local Authorities (Members' Interests) Act applies.

Unconfirmed

Helen Sellwood advised that the disclosure requirement for staff was required for the Annual Report, (note 22: Related party transactions) in addition to any such matter being raised through the year. This was a separate process from the declaration of Members' Interests administered by the Manager Secretariat.

Resolved by the Committee

That the Finance and Audit Committee confirms the transfer of \$250,000 from the General Reserve to the Building Redevelopment Reserve.

Cr Sage/Cr Burke

Recommended to the Council

That the Finance and Audit Committee recommends the adoption of the Annual report 2008/09 by Council.

Cr Sage/Cr Burke

Mr Tan apologised that he was unable to attend the Council meeting to be held on 24 September 2009.

Messrs Tan and Timlin left the meeting at 9.24 am.

MATTERS FOR COMMITTEE DECISION

6. UNIFORM ANNUAL GENERAL CHARGE CRITERIA

Mark Vermeeren introduced this report that described criteria for determining the suitability of Council activities for funding by way of a Uniform Annual General Charge (UAGC). This issue had been raised at the Portfolios workshop held on 2 September 2009.

In addition to the information included in the report attached to the agenda, Mr Vermeeren tabled further information that included examples of the rationale used by Timaru District Council in applying a UAGC to their council activities. Also provided were examples of applying the criteria of: public good; benefits everyone; and equal access, to some Environment Canterbury activities.

In response to a question regarding setting an amount to be recovered by a UAGC, Mr Vermeeren advised that the best process would be to establish the criteria and then look at what Council activities meet those criteria.

The Committee expressed support for the proposed criteria. It was agreed that the Council needed to have the philosophical debate about the level of a UAGC including the issues of fairness and equity.

It was noted that the UAGC needed to be considered with other Council processes including the June decision to further consult on the recovery of water management costs.

Resolved

That the Finance and Audit Committee:

- 1. receives the discussion paper;***
- 2. adopts the suggested criteria for determining activities suitable for UAGC funding, and***
- 3. notes that this matter will be given further consideration along with proposals for part water management cost recovery proposals, which will be considered during the 2009-10 Financial Year.***

Cr Burke/Cr Sage

6. EFFECT OF UNIFORM ANNUAL CHARGE AND OR UNIFORM ANNUAL GENERAL CHARGE ON FUNDING FOR REGIONAL PARKS

Mark Vermeeren introduced this report, which related to the previous item, and provided figures for various funding scenarios for the funding of regional parks.

Wayne Thomas explained that regional parks are currently funded by a targeted rate, except for the Tekapo Regional Park which is funded by a Uniform Annual Charge (UAC).

The point was made that flood management is one reason why there are regional parks and the people who benefit from that aspect need to be included in any consideration of funding mechanisms.

The Committee agreed that the funding for regional parks, and the UAGC consideration (as discussed at item 6) required a consistent approach. It was requested that the matters raised in items 6 and 7 be referred to the Land Portfolio before being referred to the Council for further consideration.

Resolved

That the Finance and Audit Committee:

- 1. receives the report on the effects of UAC and UAGC on funding for regional parks; and***
- 2. that the subject of item 6 (Uniform Annual General Charge Criteria) and item 7 (the effects of UAC and UAGC on funding for regional parks) be referred to the Land Portfolio before being referred to the Council.***

Cr Harrow/Cr Evans

Cr Demeter joined the meeting at 10.20 am.

8. CHANGE TO FUNDING STRUCTURE FOR BUILDING ACT 2004 FUNCTIONS

Helen Grant introduced this item that had been prepared following the discussion at the Portfolios Workshop held on 2 September 2009 with regard to the funding of the Council's activities in relation to dams certification under the Building Act 2004.

Brett Aldridge explained that the Council had been operating as a Building Consent Authority for six months and while, with careful management can fund the current year using existing revenue sources, this was not sustainable in the long term. While

consent costs will continue to be recovered from applicants, it was now acknowledged that some of the costs incurred for the range of the Council's responsibilities involved in this activity cannot all be reasonably be recovered from applicants to the extent originally envisaged.

It was pointed out that what was being sought was not an increase in the budget but an adjustment of the percentages of the user pays and general rate component of the budget.

Resolved

That the Finance and Audit Committee notes the reasons for changes required to the funding structure of dam building consent application processing and compliance.

Cr Sage/Cr Harrow

9. MEETING WITH PUBLIC EXCLUDED

Resolved

That the public be excluded from the following part of the proceedings of this meeting, namely:

9.1 Minutes of 13 August 2009 Meeting and Matters Arising

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution 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:

<i>General subject of each matter to be considered</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under section 48(1) for the passing of this resolution</i>
<i>9.1 Minutes of 13 August 2009 Meeting and Matters Arising</i>	<i>That good reason exists for not discussing the matter with the public present and is not outweighed by the public interest.</i>	<i>Section 48(1)(a)</i>

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 7 of that Act which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

- 9.1 Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i).**

Maintain legal professional privilege – Section 7(2) (g)

Cr Evans/Cr Sage

The meeting went into public excluded session between 10.30 a.m and 10.33 a.m.

11. EXTRAORDINARY AND URGENT BUSINESS

There was no extraordinary or urgent business.

12. NOTICES OF MOTION

There were no notices of motion.

13. NEXT MEETING – TUESDAY 13 OCTOBER 2009

The meeting closed at 10.34 am.

CONFIRMED

DATE _____ CHAIRPERSON _____

ENVIRONMENT CANTERBURY
FINANCE AND AUDIT COMMITTEE

MINUTES OF PART OF A MEETING OF THE FINANCE AND AUDIT COMMITTEE HELD WITH
THE PUBLIC EXCLUDED, IN THE COUNCIL CHAMBER, ENVIRONMENT CANTERBURY,
58 KILMORE STREET, CHRISTCHURCH,
WEDNESDAY 16 SEPTEMBER 2009 AT 10.30 AM.

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9.1 MINUTES OF 13 AUGUST 2009 MEETING AND MATTERS ARISING

PRESENT

Crs A G Neill (Deputy Chairperson), T K Burke, C J Evans, P C R Harrow and E M Sage.

MANAGEMENT AND OFFICERS PRESENT

Wayne Thomas (Director Finance and Corporate Services), Helen Sellwood (Manager Finance) and Louise McDonald (Administration Officer).

APOLOGIES

Crs J M Kane and R M Kirk

9.1 MINUTES OF 13 AUGUST 2009 MEETING AND MATTERS ARISING

Resolved

That the minutes of the 13 August 2009 meeting, held with the public excluded, as circulated, be confirmed as a true and correct record, and be adopted.

Cr Sage/Cr Burke

There were no matters arising from the minutes.

Resolved

That the meeting come out of public excluded session.

Cr Sage/Cr Harrow

The meeting moved out of public excluded session at 10.33 am.

CONFIRMED

DATE _____ CHAIRPERSON _____

AGENDA ITEM NO: 5.	SUBJECT MATTER: REVIEW OF THE LOCAL GOVERNMENT ACT
REPORT: Finance and Audit Committee Meeting	DATE OF MEETING: 10 November 2009
FILE REFERENCES:	PORTFOLIO: Democratic Process PROJECT: N/A OUTPUT: N/A
REPORT BY: Helen Sellwood Finance Manager	ENDORSED BY: Wayne Thomas Director Finance and Corporate Services

PURPOSE

To advise the committee of proposed changes to the Local Government Act 2002 as a result of a review by the Minister of Local Government.

ATTACHMENT

Decisions for better transparency, accountability and financial management of local government. (Hon Rodney Hide 28 October 2009)

BACKGROUND

The Minister of Local Government proposed a number of changes to the Local Government Act 2002 which Cabinet approved on 27 October 2009. The stated aim of the changes is to keep rate rises under control by giving ratepayers and residents greater understanding of council's budgets and financial operations.

Analysis of councils 2009-19 LTCCP documents shows that operating costs are forecast to increase 39 percent over the next ten years, capital expenditure will total \$31.4 billion and total debt is forecast to rise to \$10.8 billion.

The attached paper outlines the changes under four headings, a summary of the issues for each is set out below.

Overall the changes reflect a change in the way councils seek a mandate from the community for their operations. Some of the changes will reduce the compliance burden and promote consistency across the sector. The presentation of information on financial and non-financial information will be revised and additional information will be provided in certain areas.

Better control of council costs, rates and activities

1. Introduce a pre election financial update: councils will report prior to each election using existing council information in an accessible format. The information could be drawn from the LTCCP and annual plan and to include un-audited financial information for the latest financial year.
2. Encourage councils to focus on core services by amending section 12 of the Local Government Act 2002 (the power of general competence): this will require councils to have particular regard for infra-structural services, solid waste, hazard and disaster management, recreation and heritage, and the performance of regulatory and statutory responsibilities.

3. Referenda will not be required: councils may still choose to use referenda as part of the decision making process but there will be no requirement for mandatory referenda as was initially considered.

Simpler long-term plans

1. Renaming and focusing the LTCCP: the name would be changed to a “long-term plan” and the document would be given a more strategic focus.
2. Focusing the long-term plan: a financial strategy would be included to help prioritise existing and proposed expenditure and a number of operational policies would be removed. Non-financial performance would be streamlined to focus on major issues.
3. Merge the community outcome and LTCCP process: this will reduce costs, focus attention on prioritisation and affordability of proposals, allow communities to determine the range of issues they want addressed, and provide clearer links between proposed outcomes and how the council will achieve them.

Plain English Financial Disclosures

1. Plain English financial reporting: to be achieved by including funding impact statements showing sources and application of funds for groups of activities and the council as a whole.
2. Inter council comparisons: improve comparisons by consistently classifying financial statement information, using standard groups of activities and non financial performance measures for infrastructural services, and improving disclosure of asset management information.

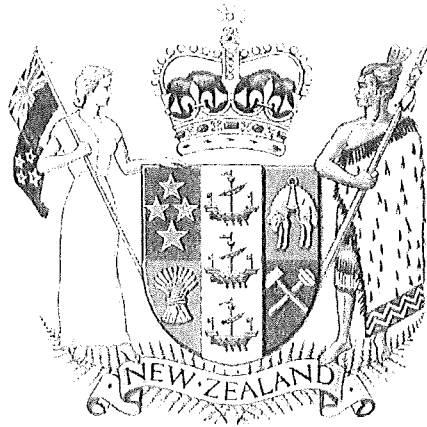
Flexibility in delivery of water services

1. Private sector contracts for water: limits on contracts and joint arrangements with the private sector are to be extended to 35 years.
2. Ownership of infrastructure: water services arrangements will allow BOOT (Build, own, operate, transfer) schemes during the contract period.
3. Control over water services management: provisions requiring councils to retain control would be repealed although councils will retain control over pricing and policy.

Further information is expected to be made available either late 2009 or early 2010. When this occurs it will be brought to the committee for consideration.

RECOMMENDATION FOR DECISION BY THE COMMITTEE

That the Finance and Audit Committee note the proposed changes.



Hon Rodney Hide

28 October 2009

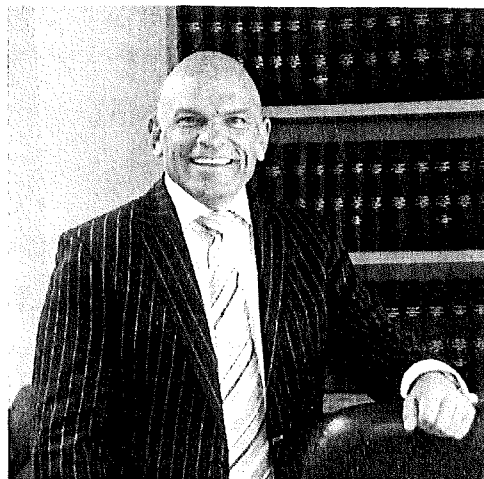
Decisions for better transparency,
accountability and financial management of
local government

Decisions for better transparency, accountability and financial management of local government

This paper summarises the decisions of Cabinet on 27 October.

These decisions will lead to changes to the Local Government Act 2002. Councils and members of the public will have the opportunity to make submissions during the select committee hearings.

The reforms will help keep rates rises under control by giving ratepayers and residents greater understanding of councils' budgets and financial operations.



Specifically, the decisions will:

- ensure council costs, rates and activities are better understood by ratepayers and residents, enabling them to exert greater influence and control during planning and decision-making processes
- simplify long-term council community plans and give them a more strategic focus
- achieve plain English financial disclosures
- improve councils' flexibility to choose effective and efficient delivery methods for water services.

Cabinet considered four papers. The full papers are to be published as soon as possible on www.dia.govt.nz. I will include these changes in the Local Government Amendment Bill, which is planned for introduction late in 2009 or early in 2010.

These decisions represent significant progress towards better local government, and towards easier and more effective participation by ratepayers and residents in the activities and decisions of councils.

Hon Rodney Hide
28 October 2009

Better control of council costs, rates and activities

Issue

Council activities and council decisions should match the priorities of the ratepayers who pay for these decisions. There is a lot of council information available, but it is not always easy to find, and it may not be available at the best time for councils to be held to account. Since 1994, the New Zealand Government has been required to 'open the books' before elections. A similar requirement in local government would enhance democracy.

The Minister of Local Government has promoted discussion on the need for councils to concentrate, first, on core services. The Cabinet decided not to proceed with a requirement for referendums to allow residents to guide councils. Decisions made by Cabinet on long-term plans, transparent financial reporting and better control of council activities go much of the way towards meeting the concerns which prompted the call for referendums.

Decisions

- Implement a pre-election report for each council by drawing together existing council information in a readily accessible format and timely manner to help promote election debate.
- Encourage councils to focus on core services by amending section 12 of the Local Government Act (the power of general competence) to require councils to have particular regard to the importance of:
 - infrastructural services
 - solid waste services
 - hazard and disaster management
 - libraries, recreation, culture and heritage services
 - the performance of regulatory responsibilities and statutory duties.
- There will be no additional requirement for referendums, but councils remain free to use them as part of their consultation and decision-making processes.

Simpler long-term plans

Issue

Currently councils have to produce a LTCCP and also run a separate 'community outcomes identification process'. The two processes overlap, with community outcomes feeding into the priority setting undertaken in the LTCCP process. The community outcomes process for councils has the potential to involve central government agencies in discussions about local issues. However, councils are required to develop a broad range of community outcomes, many of which involve services they are not responsible for delivering. Separating this process from the development of LTCCPs can also mean that discussions about prioritisation and funding are out of context or avoided.

Decisions

- Simplifying planning by renaming the LTCCP a "long-term plan" and giving it a more strategic focus.
- Focus the long term plan on crucial issues by:
 - including within the long term plan a financial strategy. This strategy would be similar to the fiscal strategy the Public Finance Act 1989 requires of central government and would help councils and ratepayers prioritise existing and proposed expenditure
 - removing a number of operational policies from the long term plan
 - streamlining non-financial performance reporting to focus on major issues.
- Merge the community outcomes process into the long-term council community planning process. This will:
 - eliminate the costs and inefficiencies of running a second long-term planning process in addition to the long term plan
 - put greater attention on the prioritisation and affordability of proposals
 - allow local communities to determine for themselves the range of issues they want their council to address
 - provide clearer links between the outcomes a local authority is seeking for its community and how it proposes to achieve them.

Plain English financial disclosures

Issue

For ratepayers to be properly informed, they need to be able to see the application of funds for all activities and groups of activities.

For these figures to mean something when ratepayers are working out if their council is doing a good job, the figures and the way activities are named need to be consistent from one council to another. Similar comparable standard performance measures are needed for non-financial reporting.

For ratepayers to know the full story about their council's financial health, they need to be able to see how assets are managed, and be able to compare this with other councils.

Decisions

- Achieve "Plain English" financial reporting by requiring councils to include in their plans and reports funding impact statements showing the sources and applications of funds for the whole council and for each group of activities.
- Improve inter-council comparisons by:
 - consistently classifying financial information in councils' primary financial statements
 - using standard groups of activities for infrastructural services
 - standardising non-financial performance measures for infrastructural services
 - improving disclosure of asset management information.

Flexibility in delivery of water services

Issue

Local councils are elected to govern. They are responsible to the law, and to their electors. In deciding on any restrictions on councils' activities, central government needs to ensure that a balance between the public interest and the ability of councils to act on behalf of their people is maintained.

The present law restricts councils from structuring their water services in a way that best meets ratepayers' and residents' needs and preferences. The current restrictions reduce councils' flexibility to choose effective and efficient delivery methods for water services.

The Government has decided on changes that will allow for more use of public-private partnerships in the construction and operation of water and wastewater treatment plants. Build-own-operate-transfer (BOOT) schemes become more feasible, but ownership of assets would revert to councils at the end of any agreement, thus retaining ultimate public ownership. These changes do not affect the other rules around asset ownership.

Decisions

The following legislative changes will be made:

- extend the 15-year limit on water services contracts and joint arrangements with the private sector to 35 years, which makes these arrangements more workable
- allow water services arrangements to include BOOT schemes by allowing ownership of infrastructure by the private sector during the contract period
- repeal the provisions that require councils entering into a contract or joint arrangement with the private sector to retain control over the management of water services (control over pricing and policy to be retained by councils).

AGENDA ITEM NO: 6.	SUBJECT MATTER: MONTHLY REPORTING
REPORT: Finance & Audit Committee Meeting	DATE OF MEETING: 10 November 2009
FILE REFERENCES:	PORTFOLIO: Democratic and Corporate Process PROJECT: Financial Reporting OUTPUT: Monthly Accounts
REPORT BY: Mark Smith MANAGEMENT ACCOUNTANT	ENDORSED BY: Wayne Thomas DIRECTOR FINANCE & CORPORATE SERVICES

PURPOSE

To consider changes needed to allow the monthly financial report to be presented to the Finance & Audit Committee.

BACKGROUND

Presently the monthly financial reports on portfolio activities are presented to Council directly without prior review by the Finance & Audit Committee.

At the Council meeting held on 29-Oct-09 it was requested that the monthly financial reports be presented to the Finance and Audit Committee prior to the information being presented to Council (for a trial period until March 2010).

In order for the report to be presented at the Finance & Audit Committee meeting some changes will be required to allow this to occur. This is mainly due to the committee meetings currently being held approximately 7-10 working days into the month.

Generally speaking, the financial accounts for any particular month are completed approximately eight working days into the following month. These additional days are required to allow time for items such as timesheets, accruals and other month-end entries to be calculated and entered into the accounting system.

A number of initiatives are currently underway to reduce the number of days required to complete the monthly accounts. Some of these initiatives include an electronic purchase ordering system and further automation of currently manual systems. These more significant changes will take a longer period to be implemented however there are a number of changes that can be made in the short-term to enable the reports to be completed sooner than they are presently.

RECOMMENDED CHANGES

The following changes are recommended to allow the monthly financial report to be completed in sufficient time to be presented to the Finance & Audit Committee:

1. Complete the monthly accounts earlier: A small number of changes to processes have been identified that could result in the financial reports being able to be produced 1-2 days sooner.

2. Produce a summarised version of the monthly financial report: Currently the report received by Council details variances to budget by individual projects making up a portfolio variance. Instead a general overall statement per portfolio with a significant variance would be reported. At times it will not be possible to collect all variance commentary by the date the meeting agenda is completed and additional information may need to be tabled at the meeting.
3. Adjust the dates of when the Finance & Audit Committee meeting is held: As the end of the calendar year is approaching, and the Council meeting schedule is due to be drafted for the 2010 calendar year, dates for committee meetings could be set to allow more time for the financial report to be completed.

SUMMARY

The implementation of the above changes will allow the monthly financial report to be presented to the Finance & Audit Committee meeting prior to the report being received by Council. It may be the case that from time-to-time the report may need to be tabled at the meeting due to the tight timeframe for completing the accounts for inclusion in the agenda.

It is recommended that due to there being just one Finance & Audit Committee meeting left for the 2009 calendar year, and that time will be needed to action the above changes, that the monthly financial reports first be presented to the Committee at the first meeting of 2010.

RECOMMENDATIONS FOR DECISION BY THE COMMITTEE

That the Finance & Audit Committee agrees to the recommended changes allowing the financial reports to be received by the committee on a monthly basis.