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| **Report to Council** |  |

**DATE:**  21 December 2021

**TO:** Mayor and Councillors

**FROM:**  Finance Manager, and Strategy and Communications Advisor

**Draft Annual Report Financial year ended 30 June 2021.**

1. **Summary**
   1. The purpose of this report is to present the Annual Report for the year ended 30 June 2021 for adoption.
   2. This issue arises from requirements of the Local Government Act 2002.
   3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long Term Plan 2021 - 31. Refer page 2 of the agenda.
   4. This report concludes by recommending that Council adopt the Annual Report for the year ended 30 June 2021 as tabled.
2. **Background**
   1. The reason the report has come before the Council is due to the is due to the requirements of section 98 of the Local Government Act 2002 (LGA), which requires Council to formally adopt the Annual Report within 4 months of the year to which it relates. Section 98 was amended on 13 July 2021 to include s 98(7), which allows an extension of time to complete and adopt the Annual Report for the year ended 30 June 2021 by 31 December 2021 due the constraints imposed by Covid-19.
3. **Current Situation**
   1. The current situation is that the draft Annual Report for the year ended 30 June 2021 is attached as **Appendix 1**. This was circulated separately to the agenda.
   2. This Annual Report measures performance against the third year of the Long Term Plan 2018-28 and the Annual Plan 2020/2021.
   3. Council and the Group meet the criteria as a Tier 1 entity under the Public Benefit Entity International Public Sector Accounting Standards (IPSAS), and the Annual Report for the year ended 30 June 2021 has been prepared in accordance with Tier 1 reporting requirements.
   4. Major variances to the 2020/2021 Annual Plan are set out within the financial statements on pp 22 – 29 of the draft Annual Report. Council reports a surplus of $7.6 million before other comprehensive revenue and expense, which is $7.5 million favourable to budget.
   5. The Annual Report is subject to a full audit process carried out by Audit New Zealand. All financial statements and information is considered accurate and the audit opinion is unqualified.

1. **Options**
   1. Option 1: Do not adopt the Annual Report for the year ended 30 June 2021.
   2. Option 2: Adopt the final Annual Report for the year ended 30 June 2021 as provided in Appendix 1.
   3. Option 3: Defer adoption until Council has taken time to consider the Audit Opinion and further review the report.
   4. Option 4: Adopt the Annual Report for the year ended 30 June 2021 subject to editorial changes recommended by Council.
2. **Risk Analysis**
   1. Risk has been considered and the following risks have been identified:
      1. Non-compliance with statutory requirements if the Annual Report is not adopted on time.
      2. Reputational risk if Council is not seen to be transparent about financial performance and service delivery.
3. **Health and Safety**
   1. Health and Safety has been considered and no items have been identified.
4. **Significance and Engagement**
   1. The level of significance has been assessed as being low against the Significance and Engagement Policy. The Annual Report is an administrative document.
   2. No public consultation is considered necessary. The Annual Report is intended to inform the community.
5. **Assessment of Options (including Financial Considerations)**
   1. **Option 1:** This is not an option. Adoption of an Annual Report is a statutory requirement.
   2. There are no financial implications to this option.
   3. **Option 2:** Adopt the final Annual Report for the year ended 30 June 2021. Council will meet the statutory deadline for adoption.
   4. There are no financial implications to this option.
   5. **Option 3:** Defer adoption until Council has taken time to consider the Audit Opinion and further review the report.

The Annual Report as presented has been subject to rigorous review and material misstatements are unlikely. The report is the aggregation of activities and decisions undertaken by Council through the year, and departures and variances are explained.

By deferring adoption, the Council may miss the statutory deadline and incur further cost by holding additional meetings.

* 1. **Option 4:** Adopt the Annual Report for the year ended 30 June 2021 subject to changes recommended by Council.

Council may wish to amend or edit the report in light of new information, observations or recommendations. Material amendments would require further audit work and a deferred adoption.

1. **Preferred Option(s) and Reasons**
   1. The preferred option is Option 2. Adopt the final Annual Report for the year ended 30 June 2021 as provided in **Appendix 1**.
   2. The reason that Option 2 has been identified as the preferred option is that Council would meet the statutory deadline for adoption and the community would be informed about Council’s performance and the financial position in a timely manner.
2. **Recommendation(s)**
   1. That this report be received.
   2. That Council adopts the Annual Report for the year ended 30 June 2021 as tabled.

**Lynley Truman**

**Finance Manager**

**Emma Rae**

**Strategy and Communications Advisor**

**Appendix 1:** Draft Annual Report for the year ended 30 June 2021