

Finance, Accountability & Audit

Date Rāhina, 1 Haratua 2023 **Time:** 10:30am – 12:30am

Location: [Hui a-ipurangi | Online meeting](#)

Heamana | Chair: Steven McJorrow, Te Aka Whai Ora Board

Attendees:

Members:

Fiona Pimm

Audit NZ

Stephen Lucy (Audit New Zealand)

Management:

Craig Owen (Maiaka Tōakiaki | Deputy Chief Executive Governance & Advisory)

Merewaakana Kingi (Maiaka Tahua | Deputy Chief Executive Te Aka Tahua / Tari | Finance & Support Services)

Mark Keenan (General Manager, Finance & Support Services)

Board Secretariat:

Michelle Hippolite (General Manager, Secretariat)

Attendance for specific items:

Greg McGregor, General Manager Corporate & Finance at NZ Health Partnerships

Apologies:

Dr Sue Crengle (Te Aka Whai Ora Board)

Karakia

1. The Chair opened the Finance, Accountability and Audit Kōmiti (the Kōmiti) hui at 10:30am

Heamana | Chair update

2. The Kōmiti noted a report was not required.

Hui-tanguru | March financial update

3. The paper provides an outline of the financial performance of Te Aka Whai Ora up to the 31 March 2023.
4. The Kōmiti noted the following recommendations:
 - a. noted the financial update to 31 March 2023;
 - b. noted that there is a forecast surplus for the full 2022/23 year of \$83m, driven primarily by the timing of non-departmental/commissioning spend, which is still expected to be largely committed by 30 June 2023;
 - c. noted that the forecast surplus is lower than last month due to revised estimates around some of the legacy commissioning spend; and
 - d. agreed that this paper will not be proactively released on the Te Aka Whai Ora website.
5. The table below summarises the financial result against budget and shows the impact of funding changes through the March Baseline Update.

	Month			Year To Date			Full Year Forecast			IPECT/ MBU Change	Variance after MBU changes
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance		
Revenue	49,18	47,444	1,742	427,633	410,009	17,624	571,955	552,341	19,614	13,076	6,538
Operational Expenditure	4,781	4,341	(440)	25,295	22,537	(2,758)	44,736	38,291	(6,445)	23,859	17,414
Commissioning Expenditure	38,643	65,508	26,865	290,989	313,860	22,871	444,422	510,383	65,961	(10,461)	55,500
Surplus/Deficit	5,762	(22,405)	28,166	111,3	73,612	37,737	82,797	3,667	79,130	(322)	79,452

Action(s):

- The Kōmiti raised a preference to remove the arrows indicators and utilise narrative.
- The Kōmiti raised the need to have consistency with the way tables are presented and annotated to the Kōmiti.

Statement of Performance Expectations 2022/23 update on financials

6. The paper provides outlines of the changes made to the 2022/23 Statement of Performance Expectations (SPE) for the Kōmiti.
7. The Kōmiti noted the following recommendations:
 - a. **noted** the updated SPE financial statements; and
 - b. **agreed** that this paper is not proactively released.

Statement of Performance Expectations 2023/24

8. The paper is seeking the Kōmiti feedback and recommendation to progress the draft 2023/24 Statement of Performance Expectations (SPE) for Te Aka Whai Ora. When agreement is obtained the draft will be provided to Manatū Hauora and the Minister(s) for further review and feedback.
9. The Kōmiti raised concerns with the process for endorsement and approval at the Kōmiti prior to the Board and where the Monitoring group is for this process.
10. The Kōmiti discussed the need for more descriptive and goal driven narrative for the outputs and performance measures.
11. The Kōmiti discussed the opportunities of cross agency feedback for the SPE through a logical flow chart or table.
12. The Kōmiti discussed a possibility to capture details on Minister expectations for information requests relating to Ministerial Correspondence, Official Information Requests and Written Parliamentary Questions.
13. The Kōmiti noted the following recommendations:
 - a. **noted** the attached draft of the 2023/24 Statement of Performance Expectations (SPE) for Te Aka Whai Ora;
 - b. **noted** that Te Aka Whai Ora is subject to several provisions of the Crown Entities Act including the requirement to prepare a new SPE each financial year;
 - c. **noted** that the SPE outlines the outputs we are proposing to provide in 2023/24 with associated finance information and non-financial performance measures;
 - d. **noted** that what is included in the 2023/24 SPE will be required to be reported on in our 2023/24 Annual Report;

- e. **noted** that several of performance measures in the draft 2023/24 SPE have already been approved by ELT and the Board as part of the Estimates process earlier in the year;
- f. **endorsed** the performance measures in the draft 2023/24 SPE for further updates to be presented to the Haratua Poari hui 2023;
- g. **deferred** the next steps until the Haratua Poari hui 2023 before providing the draft SPE to Manatū Hauora and the Minister for first review and feedback; and
- h. **agreed** that we do not proactively release this paper.

14. Action(s):

- A.Berwick, follow up with the monitoring team on feedback into the SPE process and accountability responsibilities.
- S.Lucy to follow up on the use of “GAAP” to ensure we are consistent narrative.
- C.Owen, Provide the Poari an updated SPE 2023/24 at the Haratua Poari hui 2023.

Controls remediation update (verbal update)

15. This Kōmiti welcomed Grant McGregor, General Manager Corporate and Finance, NZ Health Partnerships who provided a verbal update to the Board on the Treasury Services Agreement and joint venture with Te Whatu Ora on investments and agreements.

Standby Credit Facility

16. 9(2)(b)(ii)

17. 9(2)(b)(ii)

Organisational Policies

18. The paper provided is seeking the Kōmiti endorsement of the Legislative Compliance Policy and three Finance policies; and to provide an update on the programme for the development of organisational policies

19. The Kōmiti noted the following recommendations:

- a. **noted** the progress made in the organisational policies programme;
- b. **noted** this paper was raised at the Pāenga-whāwhā I April Kōmiti hui for discussion however further time was requested to review;
- c. **endorsed** for Board approval:
 - I. the Legislative Compliance Policy;
 - II. Chief Executive’s Expenses Disclosure Policy;
 - III. Deferred - Staff Travel and Accommodation; and
 - IV. Deferred - Staff Sensitive Expenditure.
- d. **agreed** that the paper is not proactively release this paper.

Legislative Compliance Policy

- a. **endorsed** for Board approval:

Staff Travel and Accommodation Policy – deferred

20. The Kōmiti noted these as deferred and will bring back to the Kōmiti at the 1 June hui after discussion and input from a Te Ao Māori perspective.

Sensitive Expenditure Policy – deferred

21. The Kōmiti noted these as deferred and will bring back to the Kōmiti at the 1 June hui after discussion and input from a Te Ao Māori perspective.

Chief Executives' Expenses Disclosure Policy

22. The Kōmiti endorsed the policy to the Board for approval.

Revenue Recognition Policy

- a. **endorsed** for Board approval.

Organisational Policies work programme update

23. This paper outlines the accounting policy for revenue recognition for the Kōmiti.

24. The Kōmiti note the following recommendations:

- a. **noted** the current treatment of recognising Crown Revenue when received is consistent with accounting standards and guidance;
- b. **noted** a surplus is forecast for the year and options to manage this are being explored, including communications, in-principal expense transfers or use of debtor Crown to reduce cash;
- c. **noted** the revised advice from KPMG on contingent liabilities and up-front commissioning payments;
- d. **noted** further work is required on practical implementation of advice on up-front commissioning payments; and
- e. **agreed** that this paper is not proactively released.

Register of Organisational policies development

25. The information paper was provided to the Kōmiti is an overview paper for organisational policies schedule.

Kōmiti Secretariat

Register of Interest

26. The Kōmiti noted no changes to be made.

Nga miniti a Kōmiti o Te Aka Whai Ora 05/04/23

27. The Kōmiti noted no changes to be made.

Action register

28. The Kōmiti noted the actions and updated the register as required.

Nga korero o te wa I General Business

29. The Kōmiti noted no further business for discussion.

The Kōmiti closed: 12:05pm