

**Item:** Finance Report for the month ending 31 July 2023

**To:** Executive Leadership Team (ELT)

**For:** ELT meeting 22 August 2023

**Prepared by:** Emma Gillard, Manager Finance & Administration

## Recommendations

It is recommended that ELT:

1. **Note** that the total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.
2. **Note** that no forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.
3. **Agree** that forecast is set to commence by September this year and will be reviewed quarterly thereafter.

## Financial Overview

Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	43,938	44,295	(357)	43,938	44,295	(357)	122,885	122,885	-
Expenditure	15,433	16,620	1,187	15,433	16,620	1,187	135,505	134,193	(1,313)
<b>Surplus / (Deficit)</b>	<b>28,505</b>	<b>27,675</b>	<b>830</b>	<b>28,505</b>	<b>27,675</b>	<b>830</b>	<b>(12,620)</b>	<b>(11,308)</b>	<b>(1,313)</b>

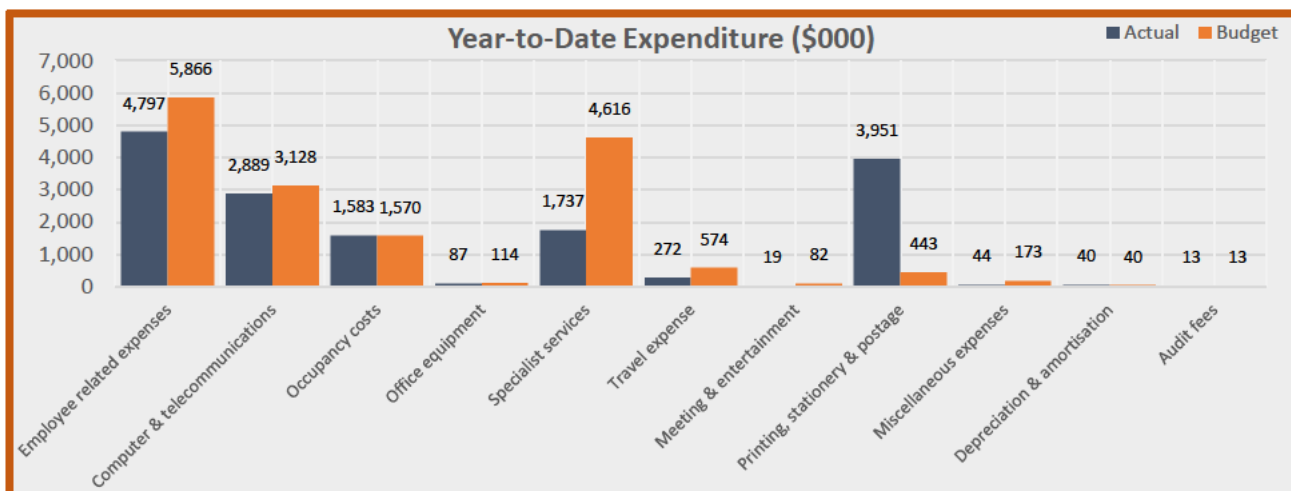
**Surplus** in July (YTD) is 3% higher than budget due to lower **Expenditure** (~7% lower than budget), however this is partly offset by lower **Revenue** (~1% lower than budget).

Forecast is based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure as shown in the table below. Forecast indicates that the Commission will end up with a deficit of \$12.620m which is approximately 12% higher than budget.

9(2)(b)(ii)

## Year-to-Date Operating Expenditure

YTD operating expenditure is 7% lower than budget of \$16.620m. Comparison of actual versus budget is outlined below by expense category.



**Employee related expenses** are below budget by \$1.069m, mainly driven by underspends in Operations due to number of vacancies. Recruitment is ramping up, so it is expected to fill vacant roles in between August and September. **Specialist services** are also below budget by \$2.879m largely due to timing for advertising & publicity (\$1.811m), archiving and storage of Voting Services supplies (\$0.546m), and consultancy (\$0.459m). These underspends are partly offset by overspends in printing, stationery & postage by \$3.509m, mainly due to postage and couriers (\$3.403m) that have incurred earlier than anticipated. The rest of the variance relates to underspends in travel, computer & telecommunications, and miscellaneous expenses.

## Operating Expenditure by Business Group

Business Group \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	250	299	50	250	299	50	3,230	3,150	(80)
Enterprise Services	4,545	4,759	214	4,545	4,759	214	23,780	23,780	-
Operations	10,044	10,109	65	10,044	10,109	65	96,891	95,658	(1,233)
Strategy, Governance & Development	277	812	535	277	812	535	4,965	4,965	-
Programme Management Office	107	153	46	107	153	46	1,394	1,394	-
Māori Advisory	24	28	4	24	28	4	332	332	-
Legal & Policy	136	459	323	136	459	323	4,913	4,913	-
Projects	49	-	(49)	49	-	(49)	-	-	-
<b>Total Expenditure</b>	<b>15,433</b>	<b>16,620</b>	<b>1,187</b>	<b>15,433</b>	<b>16,620</b>	<b>1,187</b>	<b>135,505</b>	<b>134,193</b>	<b>(1,313)</b>

YTD underspend is \$1.187m which is largely contributed by Strategy, Governance & Development (45%) mainly due to timing on expenses for International Assistance, and grants relating to EAF; Legal & Policy (27%) due to timing of advertising & publicity; and Enterprises Services (18%) due to underspends in computer & telecommunications; and all others (10%).

YTD underspend excluding EAF and International is \$0.690m. Its breakdown by expense category is shown below.

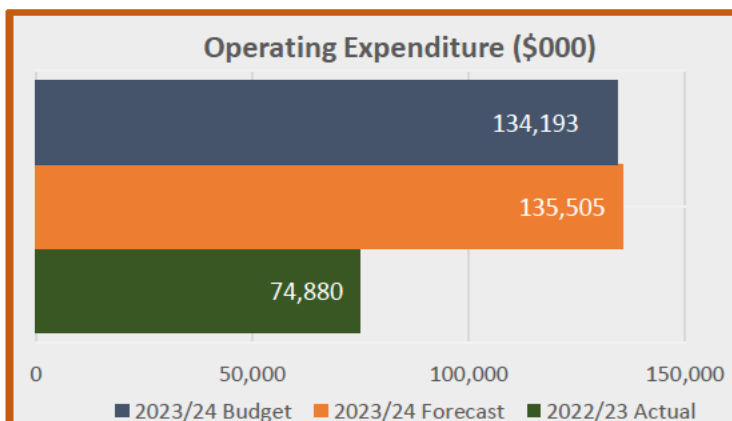
Operating Expenditure Excluding EAF & International \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	4,737	5,719	981	4,737	5,719	981	69,562	69,562	-
Computer & telecommunications	2,888	3,121	233	2,888	3,121	233	8,015	8,015	-
Occupancy costs	1,583	1,545	(38)	1,583	1,545	(38)	13,105	13,105	-
Office equipment	87	84	(3)	87	84	(3)	506	506	-
Specialist services	1,663	4,518	2,855	1,663	4,518	2,855	22,686	22,506	(180)
Travel expense	229	487	258	229	487	258	2,014	2,014	-
Meeting & entertainment	19	79	60	19	79	60	372	372	-
Printing, stationery & postage	3,951	270	(3,682)	3,951	270	(3,682)	14,879	13,746	(1,133)
Miscellaneous expenses	22	48	26	22	48	26	340	340	-
Depreciation & amortisation	40	40	-	40	40	-	477	477	-
Audit fees	13	13	-	13	13	-	160	160	-
<b>Total Expenditure</b>	<b>15,233</b>	<b>15,924</b>	<b>690</b>	<b>15,233</b>	<b>15,924</b>	<b>690</b>	<b>132,115</b>	<b>130,803</b>	<b>(1,313)</b>

### Operating Expenditure by Event

Event \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	11,848	12,069	221	11,848	12,069	221	94,371	93,139	(1,233)
EV3000 – Representation Commission	-	-	-	-	-	-	200	200	-
EV4001 – MEO2023	525	722	198	525	722	198	867	787	(80)
EV9999 – BAU	3,060	3,828	769	3,060	3,828	769	40,067	40,067	-
<b>Total Expenditure</b>	<b>15,433</b>	<b>16,620</b>	<b>1,187</b>	<b>15,433</b>	<b>16,620</b>	<b>1,187</b>	<b>135,505</b>	<b>134,193</b>	<b>(1,313)</b>

The YTD underspend of \$1.187m is largely driven by BAU activities which constitute 65% of the total underspends, followed by General Elections 2023 (19%). BAU includes International Revenue and Income. If we exclude International the underspend for BAU is \$0.339m, which is mainly attributable to vacancy lags and minor underspends across multiple categories.

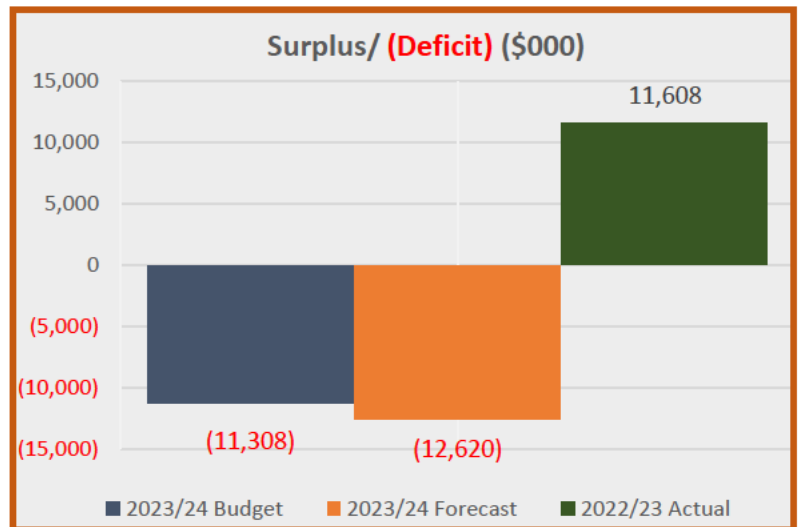
### Full Year Budget vs Forecast



Full year operating expenditure forecast is ~1% higher than budget of \$134.193m. Approximately 53% of the costs relates to employee related expenses, 17% relates to specialist services, 11% relates to printing, stationery & postage, 10% relates to occupancy costs, and the remaining 9% is for other expenses.

End-of-year forecast is expected at \$12.620m deficit as compared to budgeted deficit of \$11.308m. [REDACTED]

[REDACTED]  
 [REDACTED]  
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 9(2)(b)(ii)  
 [REDACTED]  
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 [REDACTED]  
 [REDACTED]



### FY2024 Budget Risks

We have received several funding requests for unbudgeted operating expenditure for 2023/24. As of 31 July, out of \$1.720m total requests, \$1.313m has been approved. With the agreed minimum reserve of \$2.221m, the remaining funding available for distribution is \$0.577m.

It is expected that there will be more funding requests to come through as we head towards the election period, and the risk of depleting our reserves that have been set aside to cover for contingencies.

As the year progresses, we will be able to release funds that have arisen from “permanent savings”. Permanent savings are likely to arise from vacancy lags, but these savings may be offset by higher contractor, or higher salary bands.

Table below shows the funding summary.

FY2024 Funding Summary		
OK - Minimum reserve level still met		
	FY2024 FORECAST	FY2024 BUDGET
Reserves as at 30 June 2022	\$4,804,000	\$4,804,000
Plus FY2023 Underspend (Unaudited)	\$11,600,000	\$8,725,000
<b>Total expected Reserves as at 30 June 2023</b>	<b>\$16,404,000</b>	<b>\$13,529,000</b>
Plus Expected FY2024 surplus/(deficit)	(\$11,308,000)	(\$11,308,000)
<b>Total Minimum level of Reserves as at 30 June 2024</b>	<b>\$5,096,000</b>	<b>\$2,221,000</b>
Less contingency for Commission-wide capability uplift	(\$985,000)	-
Less ELT approved unbudgeted expenditure	(\$1,312,514)	-
<b>Adjusted Reserves balance as at 30 June 2024</b>	<b>\$2,798,486</b>	<b>\$2,221,000</b>
Less Unbudgeted expenditure yet to be approved	-	-
<b>Forecasted Reserves balance as at 30 June 2024</b>	<b>\$2,798,486</b>	<b>\$2,221,000</b>
<b>Funding available for distribution as at 30 June 2024</b>	<b>\$577,486</b>	

## Discussion

1. The total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.

**Noted / Not Noted**

2. No forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.

**Noted / Not Noted**

3. The forecast is set to commence by September this year and will be reviewed quarterly thereafter.

**Agreed / Disagreed**