



AGENDA

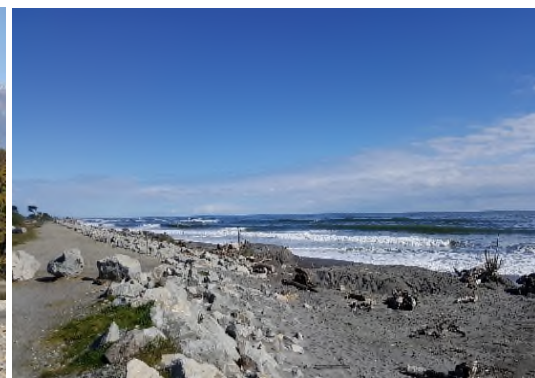
RĀRANGI TAKE

NOTICE OF AN ORDINARY MEETING OF

Audit and Risk Committee

to be held on **Tuesday, 11th May 2021** commencing at **1.00pm** in the Council Chambers, 36 Weld Street, Hokitika and via Zoom

Chairperson:	R. Dean – Independent Chair	
Members:	His Worship the Mayor	Cr Anna Hart
	Cr Jane Neale	Kw Francois Tumahai
	Kw Paul Madgwick	



In accordance with clause 25B of Schedule 7 of the Local Government Act 2002, members may attend the meeting by audio or audiovisual link.

Council Vision:

We work with the people of Westland to grow and protect our communities, our economy and our unique natural environment.

Purpose:

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) To promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

1. NGĀ WHAKAPAAHA APOLOGIES

2. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda, and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or the Group Manager: Corporate Services (preferably before the meeting). It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

3. NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE URGENT ITEMS NOT ON THE AGENDA

Section 46A of the Local Government Official Information and Meetings Act 1987 states:

- (7) An item that is not on the agenda for a meeting may be dealt with at the meeting if –
 - (a) the local authority by resolution so decides, and
 - (b) the presiding member explains at the meeting at a time when it is open to the public, -
 - (i) the reason why the item is not on the agenda; and
 - (ii) the reason why the discussion of the item cannot be delayed until a subsequent meeting.
- (7A) Where an item is not on the agenda for a meeting, -
 - (a) that item may be discussed at the meeting if –
 - (i) that item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but

(b) No resolution, decision, or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.

4. **NGĀ MENETI O TE HUI KAUNIHERA MINUTES OF MEETINGS**

The minutes of the previous meeting were circulated separately via Microsoft Teams.

- **Audit and Risk Committee Meeting Minutes – 9 February 2021**

5. **ACTION LIST** (Page 5)

6. **PŪRONGO KAIMAHI STAFF REPORTS**

- **Quarterly Report Q3 July 2020 – March 2021** (Pages 6 - 45)
Prabath Jayawardana, Finance Manager, Westland District Council
Emma Rae, Strategy and Communications Advisor, Westland District Council
- **Update on Audit Recommendations Year Ended 30 June 2020** (Pages 46 - 58)
Lesley Crichton, Group Manager: Corporate Services, Westland District Council
- **Audit and Risk Committee Rolling Workplan - May 2021** (Page 59)
Lesley Crichton, Group Manager: Corporate Services, Westland District Council

7. **KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI RESOLUTION TO GO INTO PUBLIC EXCLUDED**

(to consider and adopt confidential items)

Resolutions to exclude the public: Section 48, Local Government Official Information and Meetings Act 1987.

The general subject of the matters to be considered while the public are excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of the resolution are as follows:

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
1.	Confidential Minutes – 9 February 2021	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason or withholding exists. Section 48(1)(a)

2.	Risk Report	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason or withholding exists. Section 48(1)(a)
3.	Quarterly Report on Whistleblower Services provided by PWC	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason or withholding exists. Section 48(1)(a)
4.	Health and Safety Initiatives - May 2021	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason or withholding exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 and the particular interests or 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:

Item No.	Interest
4	Protect the privacy of natural persons, including that of deceased natural persons. (Section 7(2)(a))
4	Protect information where the making available of the information: (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information (Section 7(2)(b))
1,3	Maintain the effective conduct of public affairs through— (ii) the protection of such members, officers, employees, and persons from improper pressure or harassment (Section 7(2)(f))
1,2,3	Maintain legal professional privilege (Section 7(2)(g))
1,2,3,4	Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities (Section 7(2)(h))

**DATE OF NEXT AUDIT AND RISK COMMITTEE MEETING – 10 AUGUST 2021
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**

11.05.21 AUDIT AND RISK COMMITTEE – ACTION LISTING

Date	Item	Action Required	Status	Lead Officer
17.03.20	Terms of Reference – Audit and Risk Committee adopted 17.03.20	Terms of Reference to be included on the action list for review at the November 2020 meeting.	Updated ToR adopted at the 29 April 2021 Council meeting.	Group Manager: Corporate Services
06.08.20	Risk Management Manual Amendment	Kw Madgwick noted that under section 8 in the Risk Management Manual the Key Stakeholders need to include Te Runanga o Makaawhio.	This has been updated in the draft. Will not be finalised until after risk workshop which has been on hold due to resurgence in COVID.	Group Manager: Corporate Services
06.08.20	Risk Management Workshop	For whole of Council to workshop key factors to be included in the risk manual.	In progress. Bruce Robertson has agreed to hold a workshop, dates to be advised.	Group Manager: Corporate Services
05.11.20	Committee Structure Review	DRAFT Committee Structure at the next Audit and Risk Committee Workshop (Tuesday, 9th February 2021- TBC) for TOR review. Remuneration would need to be considered. To then be taken to the February Council Meeting on Thursday, 25 February 2021 for potential implementation from 1st July 2021.	New structure adopted at the 29 April 2021 Council Meeting.	Group Manager: Corporate Services & CE

Report to Committee



DATE: 11 May 2021
TO: Audit and Risk Committee
FROM: Finance Manager and Strategy and Communications Advisor

Quarterly Report Q3 July 2020 – March 2021

1. Summary

- 1.1. The purpose of this report is to inform the Committee of Council's financial and service delivery performance for the nine months ended 31 March 2021 (Q3).
- 1.2. This issue arises from a requirement for sound financial governance and stewardship with regards to the financial performance and sustainability of a local authority.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in May 2018, which are set out in the Long Term Plan 2018-28. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that Committee receive the Quarterly Report Q3 July 2020 – March 2021, attached as appendix 1.

2. Background

- 2.1. The reason the report has come before the Committee is due to the requirement for the Committee to have current knowledge of Council's performance both financial and non-financial. The quarterly report provides information against targets and objectives adopted in the Long Term Plan 2018-28.

3. Current Situation

- 3.1. The current situation is that the Committee receives a quarterly report in a consistent format.
- 3.2. The Quarterly Report Q3 July 2020 – March 2021 is attached as Appendix 1 and contains the following elements:
 - 3.2.1. Sustainability report on Financial Prudence.
 - 3.2.2. Whole of Council Statement of Comprehensive Revenue and Expenditure, including variance analysis.
 - 3.2.3. Capital Expenditure 2020/2021.
 - 3.2.4. Treasury report including loans, internal borrowing, cash investments, and debtors.
 - 3.2.5. Reserve Funds report.
 - 3.2.6. Statement of Service provision.

4. Options

- 4.1. Option 1: The Committee does not receive the Quarterly Report Q3 July 2020 – March 2021.
- 4.2. Option 2: The Committee receives the Quarterly Report Q3 July 2020 – March 2021.

5. Risk Analysis

- 5.1. Risk has been considered and the following risks have been identified:
 - 5.1.1. Financial mismanagement through lack of awareness of the Council's financial position.
 - 5.1.2. Poor activity performance through lack of oversight of how activity groups are tracking to their KPIs.

6. Health and Safety

- 6.1. Health and Safety has been considered and no items have been identified.

7. Significance and Engagement

- 7.1. The level of significance has been assessed as being low. The report is an administrative document for the Committee's information.
- 7.2. No public consultation is considered necessary.

8. Assessment of Options (including Financial Considerations)

- 8.1. Option 1: If the Committee does not receive the report there will be no oversight of the financial position of Council or whether the activity groups are achieving the level of service that Council determined through the long term and annual plans.
- 8.2. There are no financial implications to this option.
- 8.3. Option 2: This report is for information only to ensure oversight of Council's financial position and activities. Staff welcome feedback for continuous improvement of the quality of the information provided.
- 8.4. There are no financial implications to this option.

9. Preferred Option(s) and Reasons

- 9.1. The preferred option is Option 2.
- 9.2. The reason that Option 2 has been identified as the preferred option is that the report is administrative in nature and to do nothing would create a financial risk to Council.

10. Recommendation(s)

- 10.1. That the report be received.

Prabath Jayawardana
Finance Manager

Emma Rae
Strategy and Communications Advisor

Appendix 1: Quarterly Report Q3 – July 2020 - March 2021.



WESTLAND
DISTRICT COUNCIL

Quarterly Report

Q3 - July 2020 – March 2021

Emma Rae

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Whole of Council Financial Summary

Sustainability report

Total revenue	Total expenditure	Total surplus/(deficit)
\$28.15M	\$19.58M	\$8.57M
Is 52.18% more than the total budget of \$18.50M	Is 6.12% more than the total budget of \$18.45M	Against a budgeted surplus of \$0.08m

SUSTAINABILITY

Rates to operating revenue **42.42%**

Rates Revenue	\$11.94M
Operating Revenue	\$28.15M

42.42% of operating revenue is derived from rates revenue. Rates revenue includes penalties, water supply by meter and is gross of remissions. Operating revenue excludes vested assets, and asset revaluation gains.

Balanced budget ratio **143.76%**

Operating revenue	\$28.15M
Operating expenditure	\$19.58M

Operating revenue should be equal or more than operating expenditure. Operating revenue excludes vested assets and asset revaluation gains. Operating expenditure includes depreciation and excludes landfill liability and loss on asset revaluations. Year to date revenue is 143.76% of operating expenditure.

Interest to rates revenue (LGFA Cov.) **3.51%**

Net interest and finance costs	\$0.42M
Rates Revenue	\$11.94M

3.51% of rates revenue is paid in interest. Our set limit is 25% of rates revenue. Net interest is interest paid less interest received. Rates revenue includes penalties, water supply by meter and gross of remissions.

Interest to operating revenue **1.49%**

Net Interest and finance costs	\$0.42M
Operating revenue	\$28.15M

1.49% of operating revenue is paid in interest. Our set limit is 10% of operating revenue. Net interest is interest paid less interest received.

Liquidity Risk (LGFA Cov.)

153%

Gross debt	\$23.82M
Undrawn committed facilities	\$3.98M
Cash and cash equivalents	\$11.60M

Cash and cash equivalents includes a \$3M prefunded loan. The liquidity risk policy requires us to maintain a minimum ratio of 110% which is also an LGFA covenant. Council's current liquidity risk is 153%

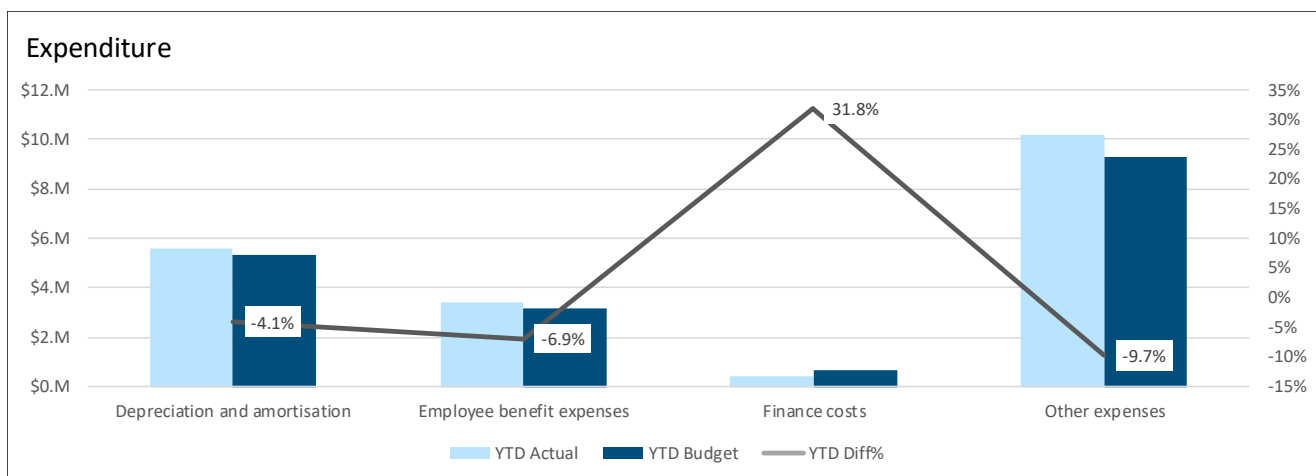
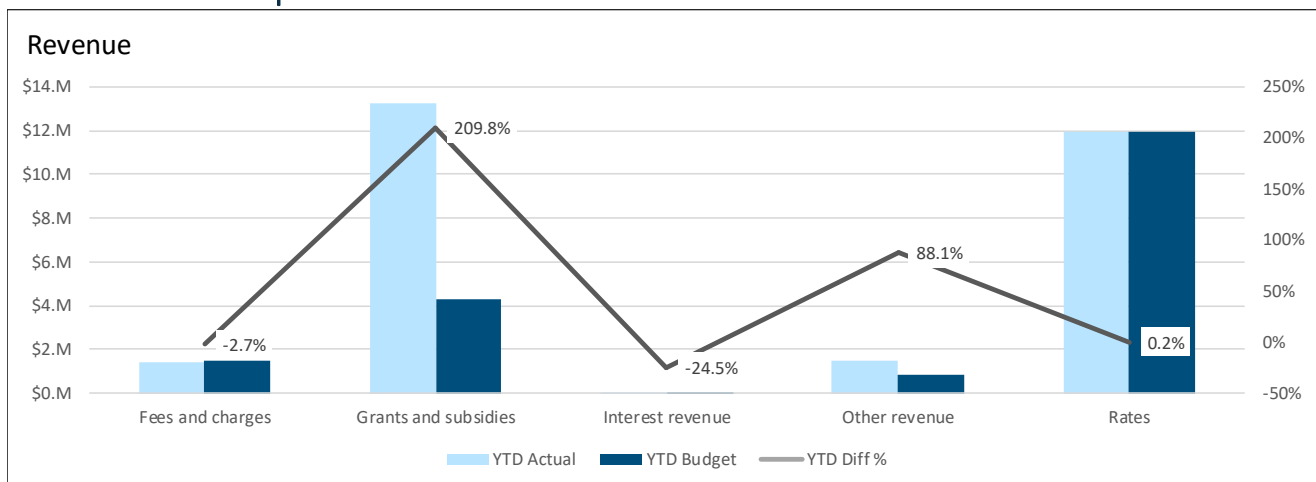
Essential services ratio

118.63%

Capital expenditure	\$5.19M
Depreciation	\$4.38M

Capital expenditure should be equal or more than depreciation for essential services. Year to date capex is 118.63% of depreciation. Essential Services are Water Supply, Wastewater, Stormwater, and Roding.

Revenue and Expenditure



Statement of Comprehensive Revenue and Expenditure

Statement of Comprehensive Revenue and Expense

For the period ended March 2021

	Notes	Full Year Forecast (\$000)	Full Year Budget (\$000)	YTD Budget (\$000)	Actual YTD (\$000)	Variance YTD (\$000)	Var/Bud %
Revenue							
Rates	01	15,934	15,907	11,915	11,942	27	0.22%
Grants and subsidies	02	7,738	5,593	4,274	13,240	8,966	209.80%
Interest Revenue	03	35	43	32	24	(8)	-24.53%
Fees and Charges	04	1,907	1,947	1,475	1,434	(41)	-2.75%
Other revenue	05	1,918	1,209	805	1,514	709	88.10%
Total operating revenue		27,532	24,700	18,501	28,154	9,653	52.18%
Expenditure							
Employee Benefit expenses	06	4,454	4,236	3,172	3,390	218	6.88%
Finance Costs	07	660	867	650	443	(207)	-31.82%
Depreciation	08	7,362	7,141	5,355	5,577	221	4.14%
Other expenses	09	13,270	12,373	9,276	10,173	897	9.67%
Total operating expenditure		25,746	24,616	18,453	19,583	1,130	6.12%
Operating Surplus/(Deficit)		1,785	84	48	8,571	8,523	17922.62%

Notes to the Statement of Comprehensive Revenue and Expense

Note 1 - Rates

	Full Year Forecast	Annual Plan (000's)	Annual Plan YTD (000's)	Actual YTD (000's)	Variance YTD (000's)	Var/Bud %	Notes
Rates	\$15,934	\$15,907	\$11,915	\$11,942	\$27	0%	
Total - Rates	\$15,934	\$15,907	\$11,915	\$11,942	\$27	0%	

Note 2 - Grants and Subsidies

	Full Year Forecast	Annual Plan (000's)	Annual Plan YTD (000's)	Actual YTD (000's)	Variance YTD (000's)	Var/Bud %	Notes
Grants & Contributions	\$3,648	\$2,896	\$2,327	\$3,790	\$1,463	63%	<ul style="list-style-type: none"> YTD actuals are higher than planned mainly due to unbudgeted grants received for these projects: Mayors Taskforce Jobs Funding \$500k, Community Halls & War Memorials Renovations \$539k, West Coast Wilderness Trail \$138k, NZ Libraries Partnership Programme \$45k and NZTA maintenance subsidy \$461k. This favourable variance is partially offset by the budgeted but not invoiced yet Responsible camping operations grant due to operational reasons (215k).
Capital Subsidies	\$4,090	\$2,697	\$1,946	\$9,450	\$7,504	385%	<ul style="list-style-type: none"> Actual grant income is higher than planned mainly due to unbudgeted grants received for these projects: Three water reform \$3.4m, Butlers landfill \$1.8m, Old Christchurch Rd and Corn street extension \$2.2m, Jacksons Bay wharf \$400k, Carnegie building project \$319k, Sunset point \$128k and WCWT \$371k. This higher than planned variance is partially offset by budgeted but not yet received NZTA capital subsidy of \$812K and \$150k of capital grant income for Cass Square conveniences due to delay in projects.
Total - Grants and Subsidies	\$7,738	\$5,593	\$4,274	\$13,240	\$8,966	210%	

Although the YTD actual grant income is \$13.2m, only a portion of this will be recognized as income in this financial year based on spending and the remaining portion will be recognised in future years when the conditions for those grants are met. This adjustment will be made at the year end and hence does not reflect in the YTD actual. However we have estimated that the forecast grant income will be \$7.7m based on forecasted spending and adjusted the grant income under full year forecast column to indicate the end of year position.

Interest Revenue

Note 3 - Interest Revenue

	Full Year Forecast	Annual Plan (000's)	Annual Plan YTD (000's)	Actual YTD (000's)	Variance YTD (000's)	Var/Bud %	Notes
Interest Revenue	\$35	\$43	\$32	\$24	-\$8	-25%	• Interest revenue is lower than planned due to declining interest rates in the market.
Total - Interest Revenue	\$35	\$43	\$32	\$24	-\$8	-25%	

Fees and Charges

Note 4 - Fees and Charges

	Full Year Forecast	Annual Plan (000's)	Annual Plan YTD (000's)	Actual YTD (000's)	Variance YTD (000's)	Var/Bud %	Notes
Friends of the Library	\$3	\$2	\$2	\$2	\$1	39%	
Inspection Fees	\$165	\$180	\$135	\$120	-\$15	-11%	
Rental	\$	\$	\$	\$	\$	0%	
Amusement Device Licences	\$	\$	\$	\$	\$	-1802%	
Building Accreditation	\$20	\$21	\$16	\$14	-\$2	-11%	
Building Checks	\$1	\$5	\$4	\$	-\$4	-99%	
Building Consents	\$70	\$63	\$47	\$54	\$7	16%	
Burial Fees	\$30	\$34	\$25	\$22	-\$3	-13%	
Camping Ground Licence Fees	\$7	\$7	\$7	\$7	\$	8%	
Car Parking Fees	\$26	\$	\$	\$26	\$26	0%	• Unbudgeted income received due to Fees charged to few customers in lieu of parking spaces.
Cass Square Hire Char	\$7	\$7	\$6	\$6	\$	7%	
Compliance Certificates	\$45	\$42	\$32	\$35	\$3	10%	
Compliance Schedule Fees	\$32	\$28	\$26	\$29	\$4	14%	
DVD Rental	\$5	\$6	\$5	\$3	-\$1	-24%	
Land Information Memo	\$86	\$54	\$45	\$77	\$32	71%	• Increased LIM requests as a result of increased interest in the property market.
Liquor Licenses	\$130	\$132	\$99	\$97	-\$2	-2%	
Monitoring Revenue	\$1	\$5	\$4	\$	-\$4	-100%	
Photocopying Revenue	\$6	\$5	\$4	\$5	\$1	33%	
Plant Hire	\$129	\$130	\$97	\$97	\$	0%	
Processing Fees	\$192	\$149	\$111	\$154	\$42	38%	• Processing fees have gone up due to Increase in building installations in the region.
Project Information	\$	\$1	\$	\$	\$	-52%	
Refuse Site Fees	\$754	\$860	\$645	\$539	-\$106	-16%	• This is mainly due to lower than expected refuse fees received due to reduced tourism activities in the region.
Resource Consents	\$84	\$73	\$59	\$70	\$11	19%	
Trade Waste Fees	\$78	\$109	\$81	\$51	-\$30	-37%	• YTD Actual is consistent with the last year as expected by the managers. It looks like the budget is overstated.
Waste Levy	\$33	\$37	\$26	\$24	-\$2	-9%	
Total - Fees and Charges	\$1,905	\$1,947	\$1,475	\$1,434	-\$41	-3%	

Note 5 - Other Revenue

	Full Year Forecast	Annual Plan (000's)	Annual Plan YTD (000's)	Actual YTD (000's)	Variance YTD (000's)	Var/Bud %	Notes
Imbalances	\$	\$	\$	\$	\$	0%	
Impounding Fees	\$3	\$5	\$4	\$2	-\$2	-46%	
Interloans	\$1	\$1	\$	\$1	\$	49%	
Nomination Fees	\$	\$	\$	\$	\$	0%	
Petrol Tax Income	\$129	\$126	\$95	\$98	\$3	3%	
Rental	\$25	\$1	\$1	\$24	\$24	2626%	• Unbudgeted rental income from Pakiwaitara building \$14k, Westroads radio network \$7k and Library \$2k.
Reserve Fund Revenue	\$48	\$63	\$47	\$33	-\$14	-31%	
Telephone	\$	\$	\$	\$	\$	11%	
Funeral Parlour Licences	\$	\$	\$	\$	\$	0%	
Capital Contributions	\$16	\$14	\$11	\$12	\$1	11%	
Dividends	\$460	\$490	\$250	\$220	-\$30	-12%	• This unfavourable variance is mainly due to lower than planned dividend declared by the Council controlled organization.
Dogs Registration	\$109	\$90	\$89	\$108	\$19	21%	
Fees-Other Activs	\$	\$	\$	\$	\$	0%	
Fees-TNZ	\$	\$	\$	\$	\$	0%	
Fines	\$7	\$15	\$11	\$3	-\$8	-72%	
Food Premises Licences	\$17	\$32	\$24	\$9	-\$16	-65%	
Gain on Swap	\$605	\$202	\$152	\$554	\$403	266%	• Swap values will change due to market forces which is difficult to estimate when setting the budget and hence the variance from the budget.
Hairdressers Licences	\$3	\$2	\$2	\$3	\$1	69%	
Hawkers Licences	\$2	\$2	\$2	\$2	\$	5%	
Legal Fees Recovered	\$1	\$3	\$2	\$	-\$2	-88%	
LIBRAR - Donations	\$1	\$3	\$2	\$	-\$2	-83%	
Mobile Shop Licences	\$4	\$3	\$2	\$3	\$1	63%	
Offensive Trade Licences	\$1	\$1	\$1	\$1	\$	1%	
PLBUILD - Commission	\$2	\$2	\$1	\$1	\$	21%	
Postage recoveries	\$	\$	\$	\$	\$	0%	
Recoveries	\$400	\$119	\$82	\$363	\$281	341%	• Actual recoveries income is higher than planned mainly due to the claims made from NEMA for March/December 2019 flooding event and for March 2019 event which were not budgeted for.
Retail Sales	\$8	\$3	\$3	\$7	\$4	172%	
Other Revenue	\$	\$	\$	\$	\$	0%	
Sundry Income	\$79	\$31	\$24	\$73	\$49	209%	• Actual income is higher than planned mainly due to unbudgeted revenue received from various sources. Some of the main sources are tax refunds of \$32k, building processing charges of \$10k, Museum charges of \$6k and Front office time charges of \$4k.
Total - Other Revenue	\$1,917	\$1,209	\$805	\$1,514	\$709	88%	

Note 6 - Employee Benefit Expenses

	Full Year Forecast	Annual Plan (000's)	Annual Plan YTD (000's)	Actual YTD (000's)	Variance YTD (000's)	Var/Bud %	Notes
Salaries & Wages	\$4,303	\$4,092	\$3,069	\$3,280	\$211	7%	• Actual salary cost is higher than planned mainly due to following reasons; • Transfer of museum staff to Council from Destination Westland Limited during the year. • Library salary cost is higher than planned due to new recruitments which were not budgeted but fully funded by NZ Libraries Partnership Programme. • HR services salary cost is higher than planned as Council has an internal HR function now which was not budgeted.
Superannuation	\$131	\$124	\$93	\$100	\$7	8%	
ACC Levy	\$20	\$20	\$10	\$10	\$	1%	
Total -Employee Benefit Expenses	\$4,454	\$4,236	\$3,172	\$3,390	\$218	7%	

Note 7 - Finance Costs

	Full Year Forecast	Annual Plan (000's)	Annual Plan YTD (000's)	Actual YTD (000's)	Variance YTD (000's)	Var/Bud %	Notes
Finance Costs	\$660	\$867	\$650	\$443	-\$207	-32%	• This variance is mainly due to lower than expected interest rate prevailing in the market and efficient liquidity management.
Total - Finance Costs	\$660	\$867	\$650	\$443	-\$207	-32%	

Note 8 - Depreciation

	Full Year Forecast	Annual Plan (000's)	Annual Plan YTD (000's)	Actual YTD (000's)	Variance YTD (000's)	Var/Bud %	Notes
Depreciation and Amortisation	\$7,362	\$7,141	\$5,355	\$5,577	\$221	4%	• Due to higher than expected capitalisation of essential services assets in 2019/20 FY.
Total - Depreciation	\$7,362	\$7,141	\$5,355	\$5,577	\$221	4%	

Other expenses

Note 9 - Other expenses

	Full Year Forecast	Annual Plan (000's)	Annual Plan YTD (000's)	Actual YTD (000's)	Variance YTD (000's)	Var/Bud %	Notes
Administrative Expenses	\$667	\$628	\$437	\$476	\$39	9%	• Mainly due to unbudgeted HR licence (ELMO) fees paid to regional council last year as part of the shared HR function. The balance is due to budget phasing.
Contractors	\$703	\$637	\$483	\$549	\$66	14%	• Contractors cost is higher than planned mainly due to unbudgeted PGF related contractor costs which are fully funded by the government. • This funding is included in grants and contribution in Note 02.
Electricity	\$480	\$403	\$302	\$379	\$77	26%	• Mainly due to Hokitika WTP variations in machinery usage of \$66k.
Honorarium	\$315	\$309	\$232	\$238	\$6	3%	
Insurance	\$376	\$353	\$353	\$376	\$24	7%	• Actual cost is higher than expected due to increase in premiums.
Loss on Swaps	\$80	\$	\$	\$80	\$80	0%	• Swap values will change due to market forces which is difficult to estimate when setting the budget and hence the variance from the budget. • This unbudgeted loss is fully offset by the unbudgeted gain on swaps in Note 05.
Maintenance	\$4,786	\$4,303	\$3,169	\$3,651	\$483	15%	• Maintenance cost is largely due to unplanned Network asset maintenance (\$282k) and bridge inspections (\$213k).
Management Contracts	\$1,698	\$1,899	\$1,464	\$1,263	-\$201	-14%	• Management contract cost is lower than planned mainly due to reclassification of Museum management fees to grant and reduced rubbish claims by Butlers and Franz refuse sites due to low tourism activities in the area.
Other Expenses	\$2,698	\$2,571	\$1,825	\$1,952	\$127	7%	• Mainly due to unbudgeted Mayors Task Force for Jobs disbursements which is fully grant funded.
Professional Services	\$425	\$271	\$206	\$360	\$153	74%	• This unfavourable variance is mainly due to the higher than planned Consultant fees. • The cost paid to recruitment agencies were higher than planned as most of the recruitments during the year were done through them to source the best people for the position. • Also the consultant fees charged by various consultants for other unbudgeted projects such as water services delivery option have also contributed to this higher than planned variance. • Most of these consultant costs are funded by the government either through PGF or 3water reforms funding.
Rates	\$259	\$227	\$227	\$259	\$32	14%	• Mainly due to unbudgeted rates costs from Pakiwaitara building and Westland racecourse site.
Refuse Collections	\$782	\$772	\$579	\$589	\$10	2%	
Total - Other expenses	\$13,270	\$12,373	\$9,276	\$10,173	\$897	9.7%	
Grand Total	\$1,783	\$84	\$48	\$8,571	\$8,523	\$	

Statement of Financial Position

Statement of Financial Position			
For the period ended March 2021			
	March 2021 (\$000)	Annual Plan 20/21 (\$000)	Actual 19/20 (\$000)
Current Assets			
Cash & cash equivalents	11,578	3,689	5,123
Debtors & other receivables	5,503	5,251	4,211
Other financial assets	-	-	48
Total Current Assets	17,081	8,941	9,382
Non-current Assets			
Council Controlled Organisation	8,695	8,695	8,695
Intangible assets	58	329	74
Assets Under Construction	10,674	1,474	2,955
Other Financial Assets	465	366	314
Property, Plant and Equipment	400,112	407,540	405,665
Total Non-current assets	420,004	418,405	417,703
Total Assets	437,085	427,346	427,085
Current Liabilities			
Creditors & other payables	929	2,807	3,407
Employee benefit liabilities	465	374	476
Tax payable	3	3	3
Borrowings	3,000	-	3,000
Derivative financial instruments	-	-	34
Other	1,155	395	425
Total Current Liabilities	5,552	3,579	7,345
Non-current Liabilities			
Borrowings	20,818	25,626	16,618
Employee benefit liabilities	41	38	42
Provisions	2,040	2,222	2,040
Derivative financial instruments	658	673	1,097
Other Non-current liabilities	32	32	32
Total Non-Current Liabilities	23,589	28,591	19,829
Total Liabilities	29,141	32,170	27,174
Net Assets	407,944	395,175	399,912
Equity			
Retained earnings	159,121	142,381	151,089
Restricted Reserves	9,038	10,774	9,038
Revaluation reserves	239,721	241,956	239,721
Other comprehensive revenue and expense reserve	64	64	64
Total Equity	407,944	395,175	399,912
Note:			
Cash & Cash Equivalents	\$		
Unbudgeted Grants	5,500		
Prefunding of LGFA Loan	3,000		
Bank balance from operations	3,078		
	<u>11,578</u>		

Capital Expenditure

CAPITAL EXPENDITURE 2020-2021

	Budgets		YTD Actual Expenditure	Budget Remaining	YTD Spent as a % of AP	Notes	Commitments	Commitment as a % of Budget Remaining
	2019-2020 Carried Forward Budget	Full Year Annual Plan (AP)						
Leadership	51,810	371,112	209,546	253,621	50%	Main projects included in this section are Council HQ refurbishment project, Refurbishment of visitor area project, Council HQ generator project, Website development and teleconferencing equipment projects. All the projects are on track except for the refurbishment of the visitor centre area project which is on hold pending further discussions around the location of Council Chambers. Also included is the purchase of the motor vehicle for the CEO.	115,464	46%
Planning & Regulatory Services	-	6,000	-	6,000	0%	This is the Noise meter project which is due to be ordered shortly.	-	0%
Facilities, and Leisure Services - Park & Reserves	102,278	847,710	4,291	945,698	0%	The main projects included in this section are Cass Square development projects (New Toilet, upgrade of playground equipment etc.), enhancement of WCWT project, Ross and Whataroa playground equipment upgrade projects. The Cass Square new toilets and the pavilion building improvements are now on hold as they are tied to the Masterplan for Cass Square and the race course. Apart from the proposed dog park which is not expected to be completed in this financial year, all projects are on track to be completed.	25,224	3%
Facilities, and Leisure Services - Other	615,857	1,291,395	493,539	1,775,100	26%	Some of the major projects included in this section are Carnegie building project, Civil Defence emergency projects (Containers & Operations centre), Hokitika swimming pool, and Hokitika and Franz Josef revitalization plan projects. The Hokitika swimming pool works will not commence until winter and are not expected to be completed in this financial year. Some minor museum works are on hold. All other projects with the exception of Jacksons Bay Wharf, are expected to be completed as planned in this financial year.	976,417	55%
Solid Waste	183,523	515,000	136,009	562,514	19%	The Butlers intermediate capping project has been postponed until 2022 due to post Covid stimulus funding received to transfer the Fox Landfill waste to Butlers Landfill. The Fox Glacier landfill armoring project has been cancelled also due to the stimulus funded programme. Franz Josef landfill armoring, Haast capping, Hari Hari and Neils Beach landfill are all on hold. The remaining projects have either been completed or are expected to be completed as planned.	21,943	4%
Stormwater	1,625,312	1,382,240	144,193	2,863,359	5%	The Hokitika stormwater mains replacement and new developments are on hold and the Jollie St extension has been deferred until 2021/22. The design and scope of the Livingstone St pump upgrade is in progress but this project is not likely to be completed in this financial year. All other projects are on track for completion as planned.	62,468	2%

Transportation	-	2,776,940	1,545,517	1,438,549	56%	All capital projects will be completed before the year end as planned. Some of the major projects included here are Sealed Road Resurfacing (completed), Unsealed Road Metalling, Structures Component Replace project, Drainage Renewals, Sealed Road Pavement Rehabilitation project, Local, and SPR Low Cost Low Risk resilience project (also completed).	18,928	1%
Wastewater	1,532,881	2,681,156	373,829	3,844,448	9%	All the projects are on track to complete in this financial year except for the Hokitika Outfall structure project which was cancelled due to change in project scope. However this has been replaced by the WWTP upgrade project which is being funded by post Covid stimulus funding. Other Major projects included in here are Franz Josef Pump Station Upgrade project which is now complete, Hokitika and Franz Josef Waste Water Mains Replacement projects.	44,326	1%
Water Supply	1,144,069	1,335,550	496,774	2,150,034	20%	The Fox Glacier Plant and mains upgrade projects has been awarded and is progressing. The Ross new intake project is currently under construction. Construction has commenced at the Arahura water treatment plant but is not expected to be completed in this financial year. Other projects are also on track to be completed.	603,336	28%
Total Capital Expenditure	5,255,730	11,207,103	3,403,696	13,839,322	21%	Due to the lags in receiving invoices from some major contractors, the value of outstanding commitments are now incorporated to provide a better indication of progress.	1,868,106	13%
Projects in WIP from 2019-2020	656,901	-	683,750	119,366	104%	The main projects included in this section are Sunset point development project which is almost complete and Franz Josef - Mains upgrade programme. All projects are on track to be completed in this financial year.	39,244	33%
Total Unbudgeted Capital Expenditure	15,997,134	-	3,657,072	13,101,071	23%	The main projects included here are the sealing of Old Christchurch Road (\$1.5M PGF grant funded), Butlers new cell development project (\$3.3M) which is on track but not expected to be completed in this financial year and the Stimulus Funded 3Waters Reform projects (\$6.9M) which are commencing as contracts are being awarded.	3,364,086	26%
Total Capital Expenditure	21,909,765	11,207,103	7,744,518	27,059,759	23%		5,271,436	19%

Treasury Report

Summary

The purpose of this section of the Quarterly Report is to provide an update on Council's Treasury Position as at **31 March 2021**.

This section shows the Council's position for the following items:

- Loans
- Other Borrowings (if any)
- Swap
- Internal borrowing
- Cash Investments
- Deposits
- Debtors

Council has contracted PWC as an independent treasury adviser.

Loans

This chart illustrates the Council's position in relation to the debt facility:

Liquidity and Funding Risk Control Limits:

Maturity band limits were amended in March 2020 to allow the council to have a greater flexibility while continue to enforce a spreading and smoothing approach to debt management. New bands are 0 - 3 years, 3 - 7 years and 7 years plus. Minimum and maximum percentage limits within each maturity band ensure a spread of maturities and reduces the risk of maturity concentrations.

Council's policies require that we have liquidity cover of 110% of current debt. Council has \$11.6m of term deposits and cash at bank available as at 31 March 2021 and a \$4m credit facility with Westpac which resulted in a liquidity coverage ratio of 153%. The forecast debt for the current financial year is \$25.62m

31-Mar-21

Westland District Council

Funding & Liquidity Risk Position

Committed Loan/Stock/Facilities/Investments \$39.4m

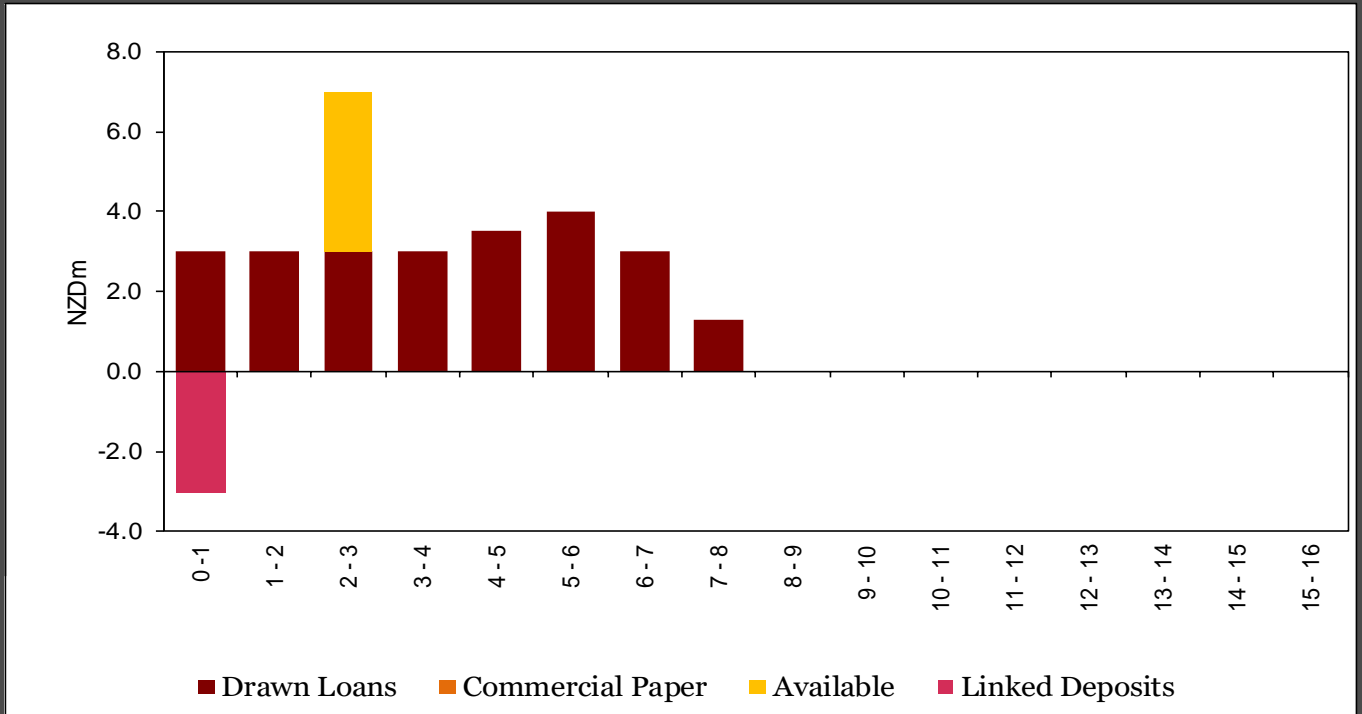
Policy Liquidity Ratio $\geq 110\%$

Current External Debt \$23.8m

Actual Liquidity Ratio =153%

Current Net Debt \$9.2m

Policy Target Band	0 - 3 years	3 - 7 years	7 years plus
Actual (%)	15%-60%	25%-85%	0%-60%
	40%	54%	5%



Borrowing as at 31 March 2021 are as follows:

Except the fourth item in the table above rest of the loans are obtained from LGFA. The interest rates shown below for LGFA bonds do not include the 0.6% to 1.1% margins charged by LGFA.

Amount (\$)	Rate	Maturity
3,000,000	0.26%	17/05/2021
3,000,000	0.26%	16/05/2022
3,000,000	0.27%	17/04/2023
18,352	1.55%	1/07/2023
3,000,000	0.27%	15/04/2024
2,300,000	0.28%	15/04/2025
1,200,000	0.28%	15/04/2025
1,500,000	0.28%	15/04/2026
1,000,000	1.39%	15/04/2026
1,500,000	1.14%	15/04/2026
1,500,000	3.88%	15/04/2027
1,500,000	1.22%	18/04/2027
1,300,000	0.28%	18/04/2028
23,818,352	Total	

Swaps in place to protect against fluctuating interest rates are as follows:

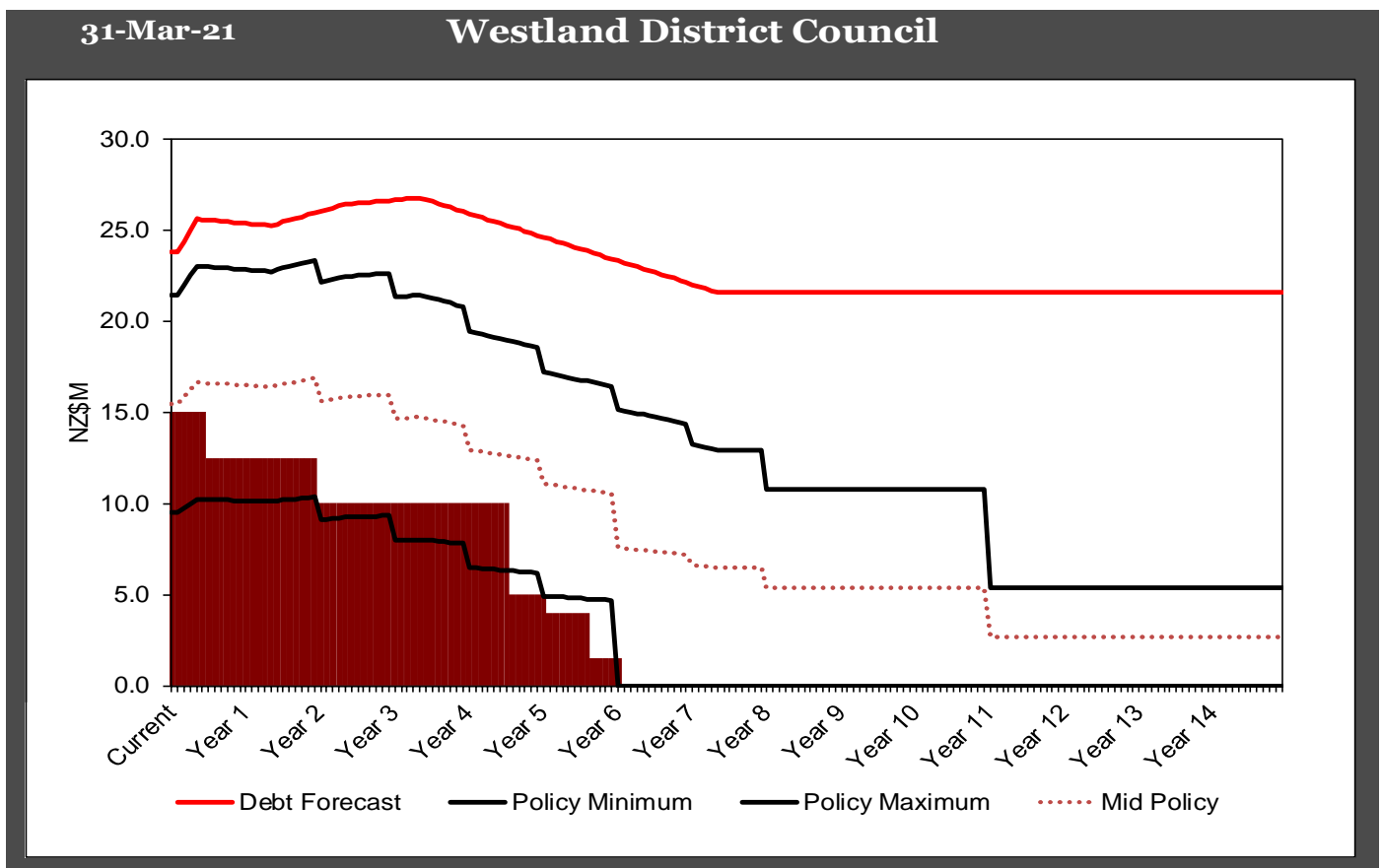
Amount (\$)	Rate	Maturity
2,500,000	0.67%	17/11/2026
5,000,000	3.67%	2/10/2025
5,000,000	3.34%	2/10/2023
2,500,000	2.98%	17/03/2023
5,000,000	4.10%	1/10/2021
20,000,000	Total	

Out of the \$20.0m Swaps portfolio above, \$10.0m Swaps have future effective dates and hence are not considered as live Swaps.

Interest Rate Risk Position

The interest rate risk position visually represents the Council's interest rate position within approved interest rate control limits as set out in Council's Liability Management Policy.

The following chart shows our projected debt position and compliance to the corridor policy implemented by the Audit and Risk Committee at the end of December 2020



The red part of the graph above shows the amount of debt which is fixed - (this includes fixed rate bonds together with payer swaps) meaning debt which gets repriced in one year's time or later. As shown in the above graph council is within the minimum and maximum policy limits as at 31 March 2021.

Internal Borrowing

Kaniere Sewerage \$78,681

Cash Investments

Cash Deposits as at 31 March 2021

Cash flow is managed on a weekly basis. The highest spend is expected to continue in the next quarter with loan drawdowns occurring later in the financial year as more capital projects take place.

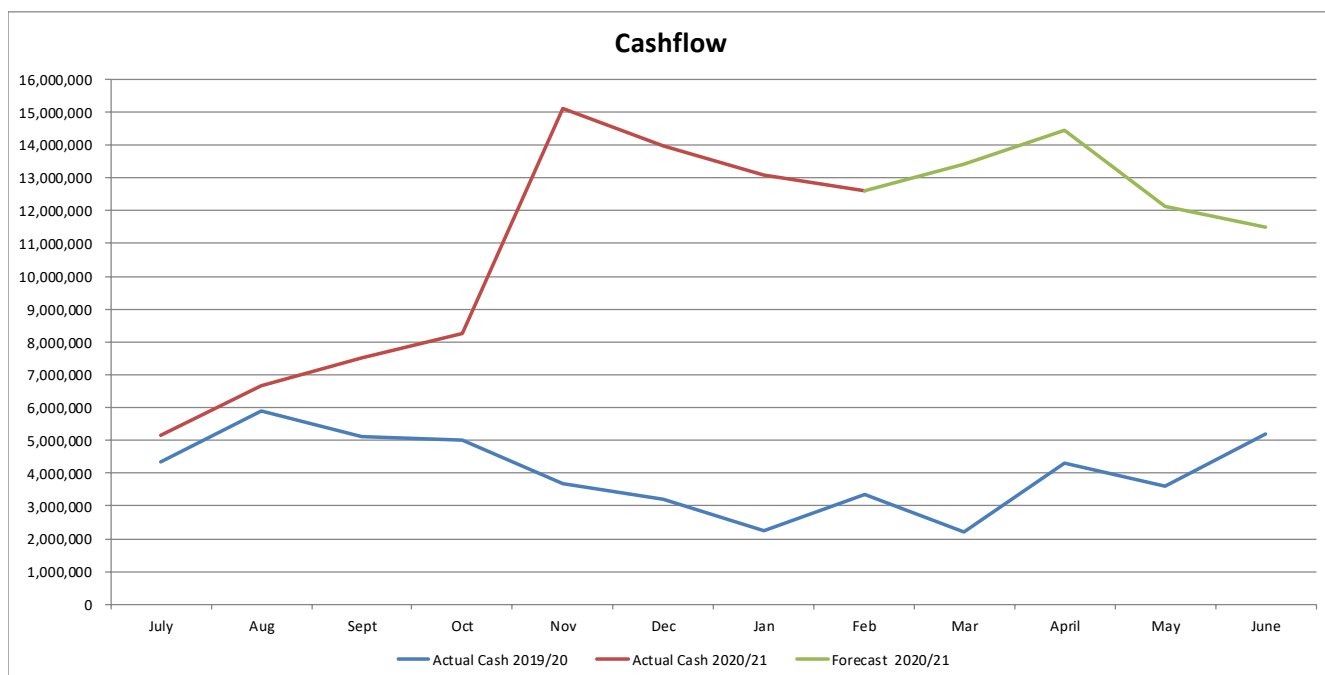
The following analysis excludes bond monies.

Closing balance of WDC Operational Account: \$1,852,961.84.

Term Deposit Account balances of: \$1,350,000.00.

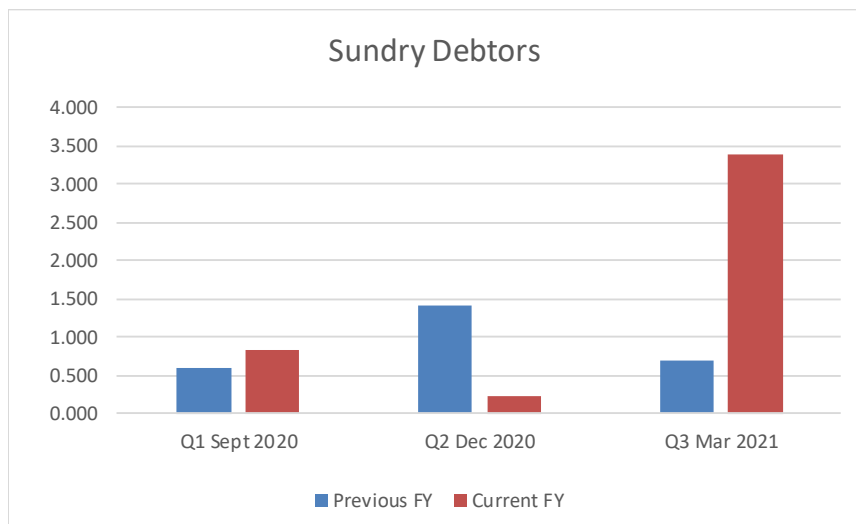
Cash flow is managed on a weekly basis. A loan drawdown of \$4.2m was made in November to prefund a loan (\$3m) that is due to mature in May 2021 and to finance a significant asset purchase. A further drawdown is expected towards the end of the year to fund the current year capital programme.

Closing balance of WDC Operational Account: \$3,077,697.



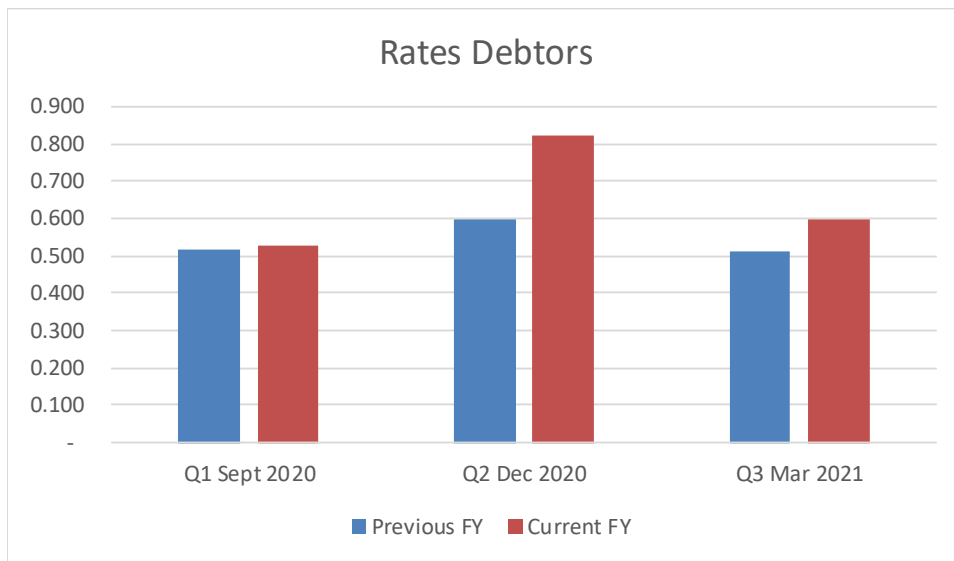
Sundry Debtors

Outstanding Sundry debtors as at 31 March 2021 total \$3,382,290 which is \$2,676,749 higher than Q3 2019/20 financial year sundry debtors at \$705,541. This is mainly due to outstanding grant invoices for \$3.16M.



Rates Debtors

At 31 March, rates debtors figure total \$599,149 which is \$90,444 more than Q3 2019/20 financial year rates debtors at \$508,705. This increase in rates arrears is a timing lag attributable to the post-pandemic economic environment.



Debt Collection

Credit Recoveries performance as at 31 March for active debt:

The relationship between Council and the debt recovery agency is being actively managed with regular meetings and guidance from Finance. This proactive approach has assisted with the success of the debt management process and reduction of overdue debtors.

Date Debt Sent	Debt	Collected	Recovery Rate
Pre 2017	84,878	56,658	67%
2017-18	8,733	8,733	100%
2018-19	7,932	2,948	37%
2019-20	3,205	355	11%
Current	2,783	660	24%
Grand Total	107,530	69,354	64%

Further debts will be referred to debt recovery only where internal processes have proven unsuccessful.

Reserve Funds Report

Summary

Reserves are divided into two categories:

Restricted Reserves: These reserves can only be used for the purpose as set out in either legislation or by the funder.

Council Created Reserves: These reserves exist solely at the discretion of Council, as a matter of good business practice.

Financial Management Principles for Reserve Funds

- There are no reserves that are required to be represented by specific cash funds. Council therefore takes a portfolio approach to treasury management.
- Reserves are funded by interest income from investments and available borrowing capacity.
- Reserve balances will grow by interest calculated at the weighted average 90 day bill rate, transferred quarterly into the reserve.
- During 2020/21 new depreciation reserves will grow quarterly. Interest will be earned on those reserves calculated based on the average 90 day bill rate. This will be funded from external interest revenue (or deficit reserves – internal borrowing) for 2020/21
- Interest will be charged on any reserve in deficit at Council's weighted average cost of asset term debt.
- No funds shall be withdrawn from the Westpac Bonds or any reserve unless provided for in the Annual Plan or by Council resolution.

Council Created Reserve Funds					
Reserve	Purpose of each reserve fund	Balance 1 July 2020 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 31 Mar 2021 \$000
Kumara Township fund	Township funding for the purpose of community related projects		14	- 14	
HariHari township	Township funding for the purpose of community related projects	2	14	- 14	2
Whataroa township	Township funding for the purpose of community related projects	2	11	- 5	8
Ross township	Township funding for the purpose of community related projects	1	14	- 14	1
Haast township	Township funding for the purpose of community related projects	- 3	14	- 14	- 3
Franz township	Township funding for the purpose of community related projects	2	35	- 35	2
Fox township	Township funding for the purpose of community related projects	1	35	- 35	1
Kokatahi community fund	Township funding for the purpose of community related projects	1	8	- 8	
Foreshore	Foreshore Protection for groyne replacement on the foreshore.	20			20
Glacier country promotions	Targeted rates collected from Glacier Country to provide funding for marketing projects.		65	- 65	
Prestons bush	Mr Preston donated the reserve to Council. This fund was for the community to beautify the bush with tracks and interpretation boards.	1	6	- 5	2
HariHari community complex	The Harihari Pony Club land was sold and the funding was to go towards a new community complex. (Another \$100,000 is allocated from the Reserve Development Fund.)	68			68
Westland Racing Club	Westland Racing Club transferred the racecourse and \$250k to WDC	250	1	- 24	226
Guy Menzies trust	Surplus from Guy Menzies Day Event.	1			1
Emergency contingency fund	Fund to support Westland in a Civil Defence emergency.	63			63
Marks Road reserve fund	Net Sale proceeds of section of Marks Road Reserve to be split between Haast Civil Defense and the Haast Community	168		- 12	156
Transport renewals	For funding the renewal of roads and bridges.	658	891	- 483	1,066
Water renewal	For funding the renewal of water supplies networks	3,076	885	- 111	3,850
Waste water renewal	For funding the renewal of sewerage and sewage networks	1,828	431	- 353	1,906
Stormwater renewal	For funding the renewal of stormwater systems	771	265	- 5	1,031
Parks and Reserves renewals	For funding Parks, Reserves, Public Toilets, Ross Pool and Cemeteries Asset Renewal	- 52	339		287
Building renewals	For renewal of all Council operational buildings.	678	206	- 36	850
Administration renewals	For renewal of office equipment, furniture, technical equipment, vehicles and technology	367	163	- 122	409
Library renewals	To replace library books	211	87	- 44	254
Total Council Created Reserves		8,114	3,484	- 1,399	10,199

Restricted Reserve Funds					
Reserve	Purpose of each reserve fund	Balance 1 July 2020 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 31 Mar 2021 \$000
Offstreet Parking	Collected from developments in town to pay for off-street parking. Imposed by RMA/District Plan	33	26		60
Reserve Development	Monies collected from developments. Imposed by RMA/District Plan	317	33	- 4	345
Museum Assistance Fund	Originally the Museum Bequest Fund	21			21
Kumara Endowment Fund	Proceeds from sale of Endowment land. Our brief research has not identified the specific terms of the endowment.	356	1	- 1	356
Euphemia Brown Bequest	Interest earned on funds administered by Public Trust Offices for the estates of Euphemia & William E Brown.	24			24
Mayoral Relief Funds	Contributions from James & Margaret Isdell Trust; Coulston Herbert Trust;	28		- 1	27
Three Mile Domain	To fund three mile domain costs.	74			76
Ross Endowment Land	Various endowment land parcels in Ross sold over time.	68		- 16	52
Graffiti		4			4
Big Brothers Big Sisters		- 1			- 1
Taxi Chits		- 3		- 1	- 4
Total Restricted Reserves		922	61	- 22	961
Total Reserves		9,036	3,545	- 1,421	11,160

Statements of Service Provision

This section contains:

- Commentary about Council's activity within each Group
- Council's non-financial performance for each activity, measured against a set of 'key performance measures' that are in the Long Term Plan 2018 -2028.

Note:

Where a LOS performance measure is "% of residents satisfied", Council holds results from the last survey of residents which was carried out in January 2020. This survey is carried out biannually.

A full explanation of the 2020 Resident Survey results is contained in Council's Annual Report 2019/2020 and the survey itself can be obtained from the Council's website:

<https://www.westlanddc.govt.nz/2018-residents-survey-results>.

Leadership Group

Democracy

Council and Committees

Council did not hold any meetings during January, allowing staff and Councillors a break and time to prepare reports for February.

There were 11 meetings of various Committees and Council in this quarter. Four of the meetings were extraordinary, including two meetings to meet legislative requirements for the five yearly review of the Chief Executive's position.

Corporate Services

This activity met one KPI in 2019/2020, with the Annual Plan and Annual Report both meeting their statutory deadlines for adoption. The activity almost meets the KPI for customer service satisfaction. With the appointment of a customer service team leader providing leadership, the activity is likely to continue to improve. There is room for improvement in effective engagement of the community during public decision-making.

Finance

- The finance team were instrumental in the implementation of an interactive tool to streamline the budgeting process. This was used for the first time for budget managers to enter budgets into the IBIS system themselves. This provided less handling of the data therefore reducing errors and creating efficiencies.
- No legal compliance issues have been identified.

Strategy and Communications

- Work on the Long Term Plan 2021-2031, the Consultation Document and planning for consultation continued throughout this quarter.
- Pattern was engaged to refresh our website and work is well underway on the project.

Information Management

- The Information Management team have continued to classify and archive relevant paper-based files and worked on more electronic workflow systems to streamline our business operations. Feedback from staff has been positive. We are completing security configuration for our new document storage system to ensure appropriate access rights are applied across our systems.
- Changes to the Privacy Act in December 2020 have required us to update our Privacy Policy. We also conducted all staff training to reinforce the principles and requirements of handling sensitive data. In addition, we also took the opportunity to review our Data Breach procedures to ensure we are following best practice and are compliant with legislation.
- No legal compliance issues have been identified.

Information Technology

- The information technology team have been working on moving the IT services onto a new tenancy, this has been quite difficult however the services that Council provides were not disrupted.
- The team are also working with the Strategy and Communications Advisor on a website refresh, which will enhance the search function to make finding information easier. As part of this project, a new payment gateway will also be provided, which should make paying for Council services easier for the community.

Library

The library services are now part of the Regulatory and Community Services group. They will continue to report under the leisure services and facilities activity section.

Democracy

Level of Service	Measure / Targets	Progress
Responsible leadership	65% of residents satisfied with Council's leadership.	31/03/2021: 41% residents contacted in the 2020 Bi-annual resident survey were satisfied with Council's leadership.
The community understands what Council does	50% of residents understand how Council makes decisions.	31/03/2021: 77% of residents contacted in the 2020 Bi-annual resident survey understood in general how Council makes decisions.

Corporate Services

Level of Service	Measure / Targets	Progress
Provide accountability about Council activities	Legally compliant financial plans and reports adopted on time .	31/03/2021: The Annual Plan was adopted by Council on 30 June 202. The Annual Report was adopted on 31 October 2019. Both met the statutory deadline.
A comprehensive Customer Service Centre	75% of residents satisfied with the service they receive.	31/03/2021: 74% of residents contacted in the 2020 Bi-annual resident survey were satisfied with service received.
Effective engagement of the community during public decision-making opportunities	55% of residents that believe they have been consulted appropriately.	31/03/2021: 36% of residents contacted in the 2020 Bi-annual resident survey are very satisfied / satisfied with the way Council engages the community in consultation.

Council Controlled Organisations

Level of Service	Measures / Target	Progress
CCOs comply with their Statements of Intent	100% performance measures in the CCO Statement of Intent are met, as reported in half yearly and annual reports.	31/03/2021: 74%, 14/19 – Full Statements of Service are contained in the CCOs 2019/2020 Annual Reports.

Planning and Regulatory Group

Resource Management

No information provided.

Compliance

Building

The Building control Activity is on target to meet KPIs.

- The Building Control activity is currently on track to meet the statutory requirements, however, this is dependent on the volume of consents received over the next few months. This is a real achievement with losing three building control officers over the last year.
- Building work being completed that is not in accordance with the Schedule One exemption from Building Consent criteria is keeping the team very busy contacting and advising building owners of what is required to be done to remedy the situation and issuing notices to fix.
- The team is slowly working through the process to identify any 'potential' earthquake prone buildings throughout the district and outside of the CBD, before the deadline of 1 July 2022.

Environmental Health

The Environmental Health (food premises and alcohol) Activity not on target to meet KPIs for the following reasons:

- In the district, some food premises have closed on a temporary basis due to the Covid-19 pandemic.
- Some food premises have chosen to remain registered as a food premises but are not currently trading. Therefore, staff cannot complete a food verification to the premises until they re-open for business.

Animal Control

The Animal Control Activity is on target to meet KPIs.

- Errors in categorising a call-out as Priority 1 mean the data for call-out times can appear incorrect.
- Numbers of impounded dogs has dropped in the past year. There are 30 impoundments in the 2020/21 registration year, down from 60 in the 2019/2020 year. This indicates greater compliance by dog owners in containing dogs.
- There are some potential issues in Dog Registration fees with different rates for rural and urban dogs and the removal of the working dog category. Council could be open to challenge

Emergency Management / Civil Defence (CD)

No information provided.

Resource Management

Level of Service	Measure / Target	Progress
Resource consents processed in accordance with the Resource Management Act	100% of resource consents processed within statutory timeframes:	31/03/2021: Not reported
Provide appropriate advice to customers	85% of users satisfied with the quality of the advice provided on resource management matters.	31/03/2021: Not reported.

Compliance

Level of Service	Measure / Target	Progress
Timely processing of Building Consents	100% of building consents processed within 20 working days as per the requirements of the Building Act.	31/03/2021: Consents issued = 36 100% issued within 20 day statutory timeframe.
Provide appropriate advice to customers	85% of users satisfied with the quality of the advice provided on building consent, environmental health and Liquor Licensing matters.	<p>Building Consents</p> <p>31/03/2021: Annual survey conducted in June.</p> <p>Environmental Health</p> <p>31/03/2021: 54% residents contacted in the 2020 bi-annual resident survey were satisfied with the quality of advice from Environmental Health.</p> <p>Note: a small base of 33 residents.</p> <p>Liquor Licensing</p> <p>31/03/2021: 85% residents contacted in the 2020 bi-annual resident survey were satisfied with the quality of advice from Liquor Licensing.</p> <p>Note: a very small base of 9 residents.</p>
Encourage compliance with health standards by undertaking inspections so that all food, liquor and other licensed premises comply with the relevant legislation	100% licensed and registered premises are inspected at least annually:	<p>Food Premises</p> <p>31/03/2021: 21.5% inspected, 22/102 premises</p> <p>Liquor Premises</p> <p>31/03/2021: 24% inspected, 14/59 premises</p>

Animal Control

Level of Service	Measures / Target	Progress
Keep the public safe from dogs and wandering stock	90% of residents satisfied with the protection provided.	31/03/2021: 64% residents contacted in the 2020 bi-annual resident survey were satisfied with the quality of protection from dogs and wandering stock. Note: a small base of 33 residents.
	98% of known dogs registered by 30 June each year.	31/03/2021: 99.3% of known dogs registered.

Response times to Priority 1 callouts is **30 minutes or less (excluding travel time)**

31/03/2021: 100% of response times to Priority callouts in 30 minutes or less.

Emergency Management

Level of Service	Measures / Targets	Progress
Effective natural hazard readiness	<p>100% of suitable emergency response training has occurred</p> <ul style="list-style-type: none"> - Emergency Management personnel meet CIMs 4 and EOC standards - Volunteers are offered at least 2 training opportunities per annum - Number of trained volunteers increases by 10% 	31/03/2021: Not reported.
Suitable response systems are in place	90 – 100% of community emergency response plans are in place for all Westland townships.	31/03/2021 Not reported.

Community Services Group

Community Development and Assistance:

No information provided.

Community Halls

Level of Service	Measure / Target	Progress
Provide safe and useful community halls	80% of residents satisfied with the standard of their local hall.	31/03/2021: 93% residents contacted in the 2020 Bi-annual resident survey were satisfied with the standard of their community hall.

Leisure Services & Facilities Group

Land and Buildings

The Land and Buildings Activity is on target to meet KPIs.

- Council is continuing minor maintenance work on 41 Weld Street, securing the building and making it a compliant working environment. Council is also continuing cosmetic upgrades, minor renovations of office spaces and increasing the usable floor area in the main Council building, 36 Weld Street.
- Design and development work is continuing on the following community halls:
 - Kumara, Kokatahi, The Band Hall, Waitaha, Bruce Bay, Haast and Okuru.

Parks and Reserves

The Parks and Reserves Activity is on target to meet KPIs.

- In this quarter a large scale removal of vegetation and undergrowth was undertaken at Cass Square.
- All playgrounds audited (Ross, Whataroa and Cass Square) were found to have issues requiring attention. Staff are working through the upgrades via a priority list. Funding is available for the completion of this work.

Cemeteries

The Cemeteries Activity is on target to meet KPIs.

- Funding is available for berm extensions at Ross cemetery, which is nearing capacity.

Public toilets

The Public Toilets Activity is on target to meet KPIs.

- Sunset point toilets have now been commissioned and are operational.

Hokitika Museum

A new Museum director was appointed in this quarter and has begun working with the team identifying priorities for the work of the Museum team.

Westland District Library

The Westland District Library Activity is on target to meet KPIs.

- The New Zealand Libraries Partnership Programme funding is helping the library support the community through the COVID-recovery period. A new Community Library has been established at the Arahura Marae, and the Mātauranga Māori based library events have been very well received. Several of our more fragile historic booklets have been digitised and are now available on our e-book platform, and a number of Wikimedia projects have been initiated with our volunteers help. Library staff are involved in ongoing training so that they can continue to adapt and improve the library services to support the ongoing wellbeing of the community.

West Coast Wilderness Trail

The West Coast Wilderness Trail Activity is on target to meet KPIs.

- Kaniere Cycle Trail (stage one) extension has been completed to a high standard.

Parks and Reserves

Level of Service	Measure / Target	Progress
Reserves are pleasant, enjoyable and safe places	90% of residents satisfied with parks and reserves.	31/03/2021: 90% residents contacted in the 2020 Bi-annual resident survey were satisfied with parks and reserves.

Cemeteries

Level of Service	Measure / Target	Progress
Cemeteries have sufficient capacity	Each cemetery has at least 12 months capacity ahead: Target Hokitika 100% Kumara 100% Ross 80%	31/03/2021: Hokitika 100%, Kumara 100%, Ross 80%. Council is aware that the Ross cemetery is nearing capacity and continues to consider alternative sites.
Burials adhere to the relevant legislation	Standards for burial adhere to Cemeteries and Cremations Act 1964: Target 100%	31/03/2021: 100%

Public Toilets

Level of Service	Measure / Target	Progress
Provide public toilets throughout the district	100% of residents satisfied with the service.	31/03/2021: 80% residents contacted in the 2020 Bi-annual resident survey were satisfied with public toilets.
	100% of facilities are available for use during the day.	31/03/2021: Facilities are available were available for use during the day 100% of the time.

Hokitika Museum

Level of Service	Measure / Target	Progress
A quality museum experience	Visitor numbers are showing an upward trend - 5% increase year on year	31/03/2021: The Museum was closed most of the period, so visitor numbers did not increase.
	85% of residents satisfied with their museum experience.	31/03/2021: A survey by Destination Westland was not carried out as the Museum was closed most of the period.

Westland District Library

Level of Service	Measure / Target	Progress
Provide quality library services in the District	90% of residents satisfied with library services	31/03/2021: 99% residents contacted in the 2020 Bi-annual resident survey were satisfied with library services.
	44% of residents who are library members	31/03/2021: 28% of residents are active members, having used the library in the last 24 months. This is a new, more accurate way to measure membership. (Using the old method, 53% of residents are library members.)

West Coast Wilderness Trail

Level of Service	Measure / Target	Progress
The cycle trail is well used	Numbers using the trail as measured by trail counters: 10,000 per annum	31/03/2021: Daily average recorded over all measured sites was 121. Daily average use range for the counted sites ranges between 262 and 44. The total trail riders counted during the period was not reported.

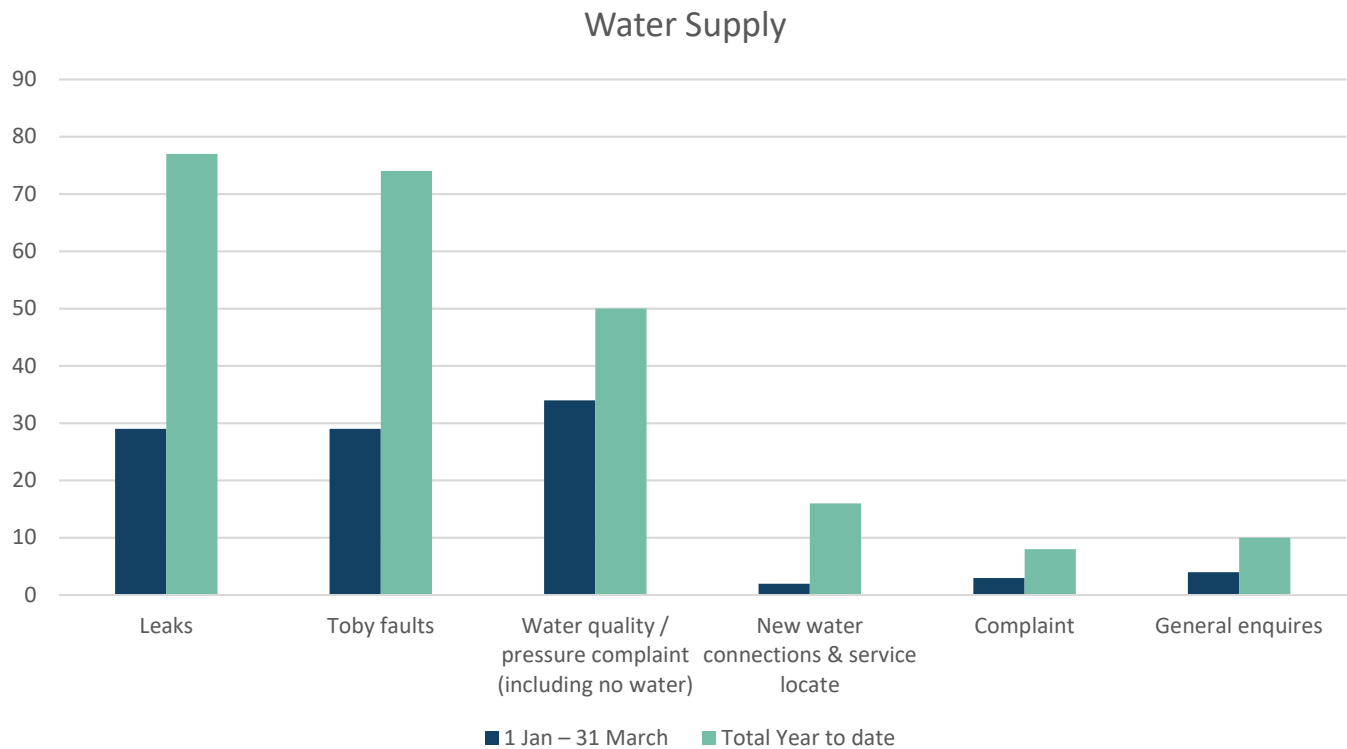
Transportation Group

No information provided.

Level of Service	Measure / Targets	Progress
The transportation network is safe for all users in Westland District	<p>Road safety:</p> <p>The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number is less than the previous year</p>	31/03/2021: Not reported.
The surface condition of roads in Westland is of good quality	<p>Road condition:</p> <p>The average quality of ride on a sealed local road network, measured by smooth travel exposure is > 90%</p>	31/03/2021: Not reported.
	<p>50% of residents are satisfied with the standard and safety of Council's unsealed roads</p>	31/03/2021: 76% residents contacted in the bi-annual resident survey were satisfied with the standard and safety of Council's unsealed roads.
The surface condition of roads in Westland is maintained to a high standard	<p>Road maintenance:</p> <p>The percentage of the sealed local road network that is resurfaced >7%</p>	31/03/2021: Not reported.
Footpaths are maintained in good condition and are fit for purpose	<p>Footpaths:</p> <p>90% of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).</p>	31/03/2021: Not reported.
Response to service requests are dealt with promptly	<p>Customer service requests:</p> <p>100% of customer service requests relating to roads and footpaths responded to within the time frame specified in the Long Term Plan.</p>	31/03/2021: Not reported.

Water Supply

There were 101 water related service requests recorded between 1 January and 31 March 2021.



The Water Activity is not on target to meet KPIs due to:

- Council does not currently measure all the mandatory KPI's set by DIA for various reasons.
- Compliance with the DWSNZ is not met this quarter for a number of water supplies.
- Completion time of Service Requests is well below the target.

The construction of the new Arahura water treatment plant is well underway with equipment currently being installed in a pre-fabricated building that will be transported to site during July. Civil work is about to commence on the site which includes trenching for new delivery pipelines, forming the building foundation pad and upgrading the access track to the new plant.

Contracts for watermains replacements in Ross, Harihari, Franz Josef, Fox Glacier and Haast have been awarded in April.

Contracts have also been awarded for two new reservoirs (Hokitika and Harihari) and a new settling tank for Franz Josef.

Standby generators have been purchased/delivered for Ross, Whataroa, Franz Josef, Haast and Fitzherbert Street sewer pump station.

The contract for the new Fox Glacier water treatment plant was awarded and telemetry upgrades at water treatment plants has been ongoing.

Some of the above projects are part of the 3 Waters Reforms funding package.

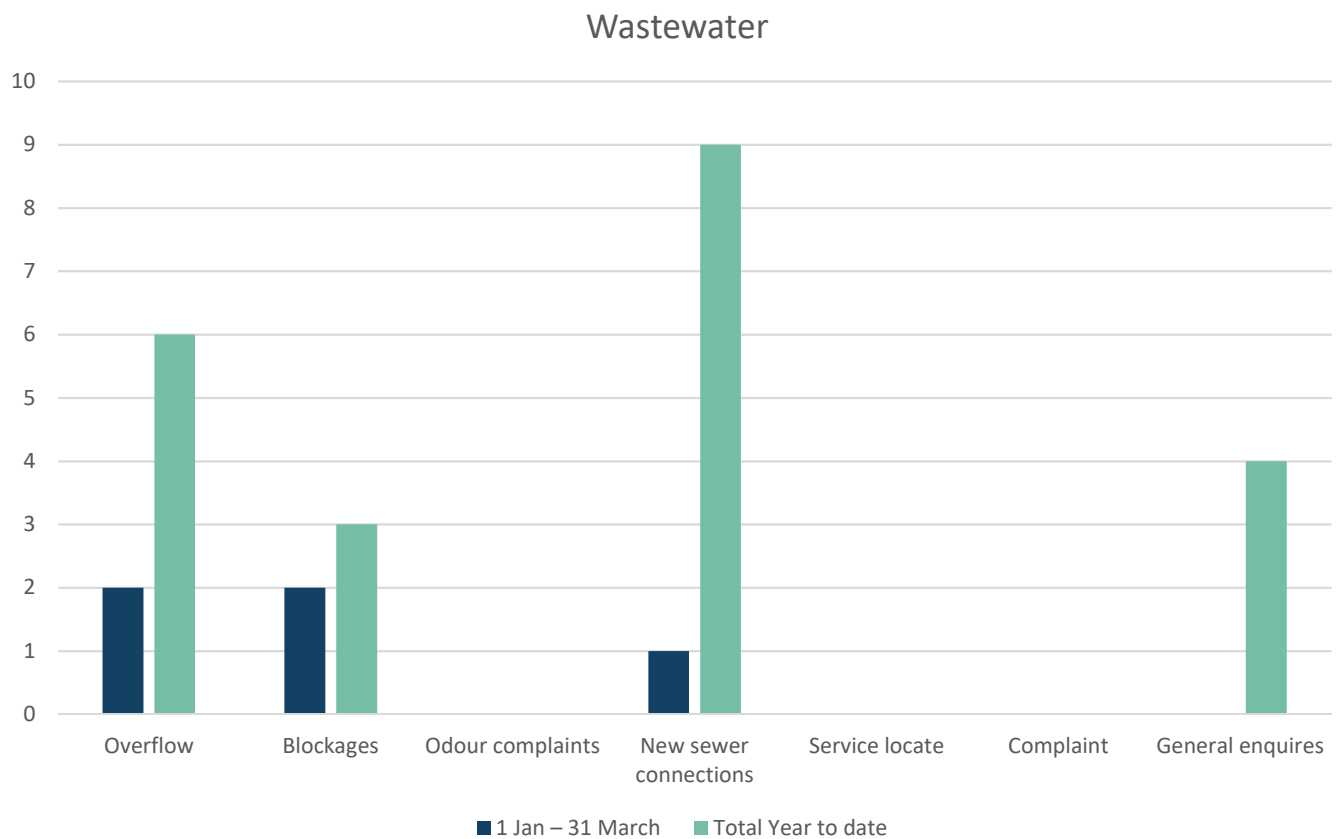
The following service performance table includes a measure about response times for addressing the service requests logged during this period:

Level of Service	Measure / Target	Progress
<p>Council supplied potable water is safe to drink</p>	<p>Safety of drinking water:</p> <p>The extent to which the local authority's drinking water supply complies with both:</p> <p>(a) part 4 of the drinking-water standards (bacteria compliance criteria), and</p> <p>(b) part 5 of the drinking-water standards (protozoal compliance criteria),</p> <p>These drinking water schemes will comply with parts (a) and (b) of the key performance measure:</p> <p>Years 1-3</p> <p>Hokitika, Ross, Harihari, Franz Josef, Haast</p> <p>Year 2</p> <p>Fox, the Arahura scheme if it is continued as a Council service</p> <p>Years 2-3</p> <p>Kumara, Whataroa</p>	<p>31/03/2021:</p> <p>(a) To date 4 out of the 9 supplies are fully compliant with bacterial compliance criteria at both the water treatment plant and in the distribution zone.</p> <p>Hokitika had 2 missed samples, one at the After Plant and one in the zone, which has resulted in non-compliance.</p> <p>Fox Glacier also had a missed sample at the After Plant along with two boil water notices issued within the quarter.</p> <p>Franz Josef also had an After Plant and zone sample missed which has resulted in non-compliance.</p> <p>Samples at Arahura are currently not taken for After Plant, due to no plant. The new WTP build is currently underway.</p> <p>Kumara also had a positive E-coli results in the zone and a boil water notice issued.</p> <p>(b) None of the 9 supplies are compliant with protozoal compliance criteria (Requires DWA approval.)</p> <p>The Ross WTP had a data logging failure which has resulted in non-compliance.</p> <p>Of the remaining 8 WTP's, Arahura & Fox Glacier treatment plants await their upgrades to comply. Kumara, Whataroa, Harihari, Franz Josef & Haast require UV Pro-forma's to be lodged with the Drinking Water Assessor before compliance can be obtained. Hokitika requires exception reporting to be installed.</p> <p>All plants require data logging reports to be submitted to obtain protozoal compliance.</p> <p>Council is implementing an external data logging and reporting system which will provide exception reporting for protozoal compliance. It is expected that this will be in place in the majority of plants by July 2020.</p>
<p>Requests for service are dealt with promptly</p>	<p>Fault response times:</p> <p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:</p> <p>(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (2 hours), 100%, and</p> <p>(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. (12 hours) 100%, and</p> <p>(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (24 hours) 100%, and</p> <p>(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (72 hours)100%.</p>	<p>31/03/2021: No data available this quarter</p>

Council supplied water is reliable	<p>Maintenance of the reticulation network:</p> <p>The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).</p> <p>Not currently measured, monitored in a number of ways including; Telemetry, water meters, repair program, mains replacements and pressure management. This is in context with the Benchloss NZ Manual.</p>	31/03/2021: Not measured
	<p>Demand management:</p> <p>The average consumption of drinking water per day per resident within the territorial authority district is < 500l/day</p>	31/03/2021: Not measured
Customers are generally satisfied with the Council supplied water	<p>Customer satisfaction:</p> <p>The total number of complaints received by the local authority about any of the following:</p> <ul style="list-style-type: none"> (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply, and (f) the local authority's response to any of these issues <p>Expressed per 1000 connections to the local authority's networked reticulation system 25 per 1000 connections (2640 connections)</p>	<p>31/03/2021:</p> <ul style="list-style-type: none"> (a) 1 (b) 1 (c) 1 (d) 7 (e) 39 (f) 5 <p>Total number of complaints = 54 Complaints per 1000 connections = 19.8</p>

Wastewater Group

There were 5 wastewater related service requests recorded between 1 January and 31 March 2021.



The Wastewater Activity is not on target to meet KPIs.

- Completion time of Service Requests is well below the target.
- An abatement notice was issued for one of the WWTP's within this year.

The new wastewater pump station in Franz Josef has been completed and successfully operating.

Contracts have been awarded for wastewater mains upgrades in in Haast, Franz Josef, and Fox Glacier.

The new Hokitika wastewater treatment plant project commenced with a Hui at the Arahura Marae during April. The process was outlined which includes a partnering arrangement with local iwi.

A new aerator has been purchased for the Haast pond.

Contracts have been awarded for inflow and infiltration investigations in Franz Josef, Hokitika, Fox Glacier and Haast.

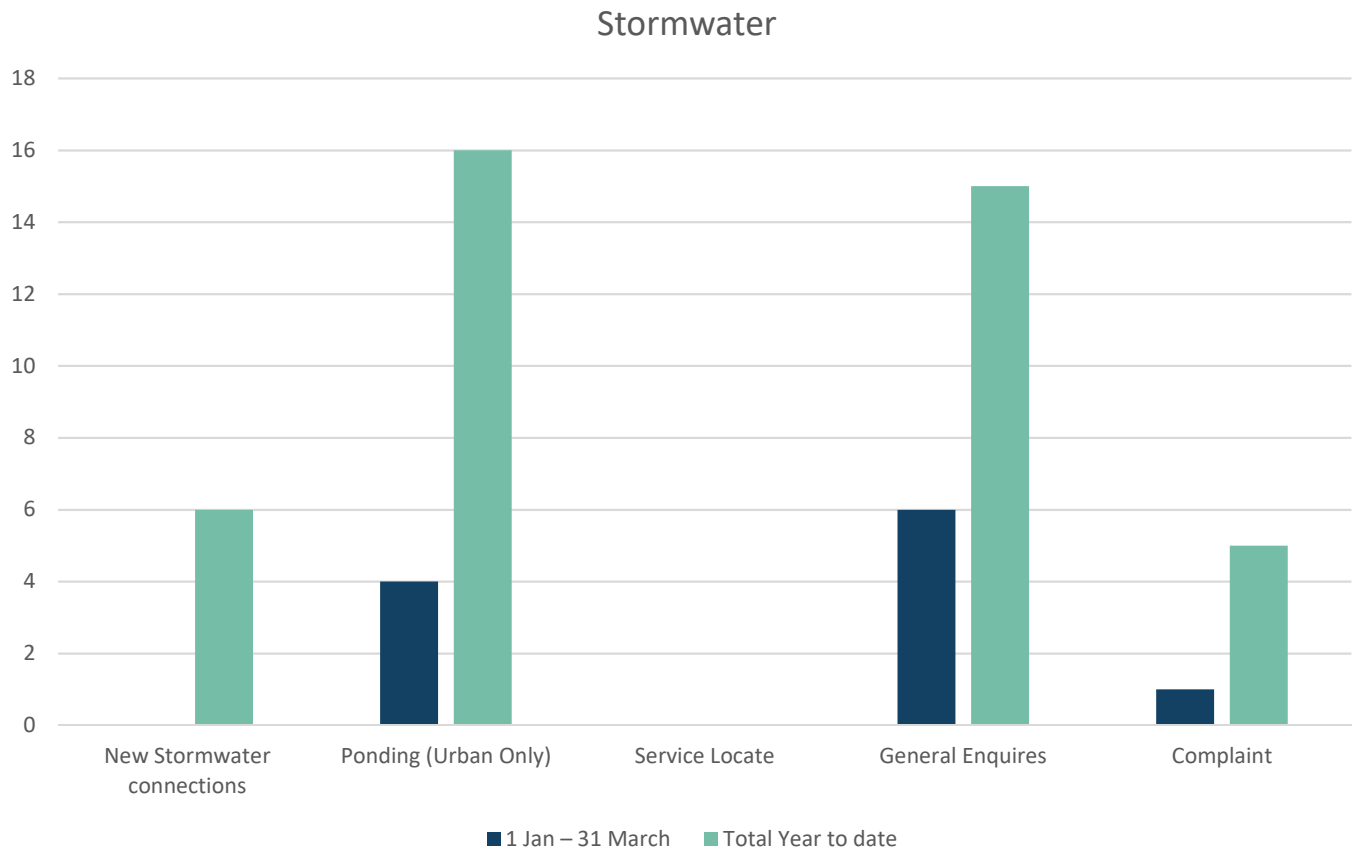
Some of the above projects are part of the 3 Waters Reforms funding package.

The following service performance table includes a measure about response times for addressing the service requests logged during this period:

Level of Service	Measure / Target	Progress
Council wastewater systems are managed without risk to public health	<p>System and adequacy:</p> <p>The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system. 10 per 1000 connections (2065 connections)</p>	<p>31/03/2021:</p> <p>To date 6 overflows have been reported.</p> <p>Complaints per 1000 connections = 0.3</p>
Council wastewater systems are safe and compliant	<p>Discharge compliance:</p> <p>100% Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:</p> <p>(a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions.</p>	<p>31/03/2021:</p> <p>(a) 1 (b) 0 (c) 0 (d) 0</p> <p>An Abatement notice was issued for Haast WWTP for discharge to surface. This issue was rectified within an appropriate time frame.</p>
Customers are generally satisfied with the Council wastewater systems	<p>Fault response times:</p> <p>Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:</p> <p>(a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site (2 hours), 100% and (b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault (4 hours) 100%.</p>	<p>31/03/2021: No data available this quarter.</p>
	<p>Customer satisfaction:</p> <p>The total number of complaints received by the territorial authority about any of the following:</p> <p>(a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system,</p> <p>Expressed per 1000 connections to the territorial authority's sewerage system. 25 per 1000 connections (2065 connections)</p>	<p>31/03/2021:</p> <p>(a) 0 (b) 6 (c) 3 (d) 0</p> <p>Total complaints = 9</p> <p>Complaints per 1000 connections = 0.4</p>

Stormwater Group

There were 11 stormwater related service requests recorded between 1 January and 31 March 2021.



The Stormwater Activity not on target to meet KPIs.

- Completion time of Service Requests is well below the target

The Tancred Street new stormwater pumps have been installed and operating successfully.

The Livingstone Street stormwater upgrade is progressing with contractors Stantec providing technical advice and design.

The team is working with contractors WSP on options for stormwater improvements along Beach St. Options include a mixture of soakage and detention and a new pump station.

The following service performance table includes a measure about response times for addressing the service requests logged during this period:

Level of Service	Measure / Target	Progress
Council Stormwater systems have the capacity to resist major storms and flooding events.	<p>System adequacy:</p> <p>(a) The number of flooding events that occur in a territorial authority district 2 events</p> <p>(b) For each flooding event, the number of habitable floors affected. Expressed per 1000 properties connected to the territorial authority's stormwater system. 10 per 1000 connections (434 connections)</p>	<p>31/03/2021:</p> <p>(a)</p> <p>(b) Total habitable floors = 0 Per 1000 connections = 0</p>
Requests for service are dealt with promptly	<p>Response times:</p> <p>The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site. (1 hour) 100%</p>	31/03/2021: No data available this quarter
	<p>Customer satisfaction:</p> <p>The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system. 10 per 1000 connections (434 connections)</p>	<p>31/03/2021:</p> <p>Total number of complaints = 21 Complaints per 1000 = 41.7</p>
Council storm water systems protect the natural environment	<p>Discharge compliance:</p> <p>100% Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:</p> <p>(a) abatement notices</p> <p>(b) infringement notices</p> <p>(c) enforcement orders, and</p> <p>(d) convictions</p>	<p>31/03/2021:</p> <p>(a) 0</p> <p>(b) 0</p> <p>(c) 0</p> <p>(d) 0</p>

Solid Waste Management Group

The Solid Waste Activity is on target to meet KPIs.

Butler's Landfill

No new consent has been granted for the new cell to be opened at Butlers, however there will be an extension of the current consent as the quantities remain within existing parameters. The new cell will extend the lifespan of the landfill for an anticipated 15 years.

Surrender of consents

West Coast Regional Council have approved the surrender of all (but one) resource consent for Fox Landfill. One more site inspection is required before the last consent can be approved for surrender. Once this is approved Westland District Council will archive all Fox Landfill consents.

This process is expected to happen relatively quickly.

Fox Landfill

15,900 tonnes of waste was successfully removed from Fox Landfill, and was transported to Butlers Landfill.

This project is now complete, and resource consents are in the process of being surrendered.

Fox Landfill, April 2021



Level of Service	Measure / Target	Progress
Solid waste is managed appropriately	All necessary consents for solid waste activities and capital projects are applied for, held and monitored accordingly 100%	31/03/2021: All necessary/relevant consents are currently held and are being monitored accordingly. Solid Waste Management, Landfills are 98.2% compliant.
Education about waste minimisation is provided to the community	Number of visits to schools and community groups: 3 schools, 3 groups per annum. 3 x community groups per annum	31/03/2021: In the past 12 months we have had two community groups / schools visit the transfer station and Butlers Landfill. Enviroschools currently have six schools in a waste and recycling education programme. Paper4Trees is an education & paper trading initiative that exchanges paper & cardboard for trees that the schools and communities plant out, as a re-education scheme. There are 12 schools in our district participating.

Report to Committee



DATE: 11 May 2021

TO: Audit and Risk Committee

FROM: Group Manager, Corporate Services

UPDATE ON AUDIT RECOMMENDATIONS YEAR ENDED 30 JUNE 2020

1. Summary

- 1.1. The purpose of this report is to present the Committee with an update on the actions taken on recommendations in the Audit Management Report for the year ended 30 June 2020 by Audit NZ.
- 1.2. Under the terms of reference part (2) the Audit and Risk Committee (A&R) are responsible for the review of the external audit recommendations and any actions that staff are taking to address the recommendations.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in May 2018, which are set out in the Long Term Plan 2018-28. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that the Committee receive the update on Audit Recommendations for the year ended 30 June 2020.

2. Background

- 2.1. Audit Management Reports are provided annually from the interim audit and also the final audit to Council and provide commentary and recommendations on observations made by the audit team during the annual report audit process.
- 2.2. In the first instance, the Chief Executive and Group Manager, Corporate Services receives a draft report for staff to provide a response to the comments. This then enables elected members to receive a full report on the issues and recommendations and the action to be taken by staff to address them.

3. Current Situation

- 3.1. The recommendations cover all areas of Council, from IT services through to mandatory KPI reporting.

- 3.2. This report covers the final Audit Management Report 2020 which includes any findings not rectified from the initial interim Audit.
- 3.3. Staff have been addressing these recommendations throughout the year, however some may require longer term solutions. There may also be recommendations that are not cost efficient to address, these would only be findings classed as 'beneficial' by audit.
- 3.4. Audit NZ will review this table with updated status during the final audit for the year ended 30 June 2021 which will take place in September/October this year.
- 3.5. The table of open audit recommendations with staff actions to date are attached as **Appendix 1**.

4. Options

- 4.1. Option 1: Committee receive the Update on Audit Recommendations for the year ended 30 June 2020.
- 4.2. Option 2: Committee do not receive the Update on Audit Recommendations for the year ended 30 June 2020.

5. Risk Analysis

- 5.1. Risk has been considered and the following risks have been identified.
 - 5.1.1. Fraud risk.

Audit carry out testing on internal controls through every audit and they found no indication of management override that would result in material misstatement or fraud.
 - 5.1.2. Reputational risk.

This report itself provides transparency in the responses to audit findings, by receiving the report the A&R Committee are providing good governance.
- 5.2. The audit findings in themselves would identify risks to Council. As none of these risks have been deemed urgent by Audit, risk has been deemed to be low.

6. Health and Safety

- 6.1. Health and Safety has been considered and no items have been identified.

7. Significance and Engagement

- 7.1. The level of significance has been assessed as being low, as the report itself is for information purposes.
- 7.2. No public consultation is considered necessary as the information provided is updating on known findings identified in public documents.

Audit Management Reports are public documents and are available on Council's website for review at any time.

8. Assessment of Options (including Financial Considerations)

8.1. Option 1 – Committee receive the Update on Audit Recommendations for the year ended 30 June 2020.

Under the A&R Committee terms of reference part (2), the committee is responsible for monitoring managements responses to audit reports and the extent to which external audit recommendations concerning internal controls and other matters are implemented. By receiving this update, the committee are exercising their responsibilities as delegated by Council.

The report keeps the Committee informed.

8.2. There are no financial implications to this option.

9. Preferred Option(s) and Reasons

9.1. The preferred option is Option 1; Committee receive the Update on Audit Recommendations for the year ended 30 June 2020.

10. Recommendation(s)

10.1. That the Update on Audit Recommendations for the year ended 30 June 2020 be received.

Lesley Crichton
Group Manager, Corporate Services

Appendix 1: Summary of open audit recommendations and staff actions to date.

Issues raised and open recommendations	Audit year	Management comments	Key	Current Status at 2021.
New Recommendations from Audit Report 2020			Urgent Necessary Beneficial	
<u>Councillor remuneration overpayment</u> Audit determined that the Deputy Mayor had been paid 100% of Deputy Mayors entitlement and 50% entitlement for role as Chair of the Capital Projects and Tenders Committee. Audit determine that this is an overpayment since the Deputy Mayor already has been paid for the Deputy Mayor duties and cannot receive both the Deputy Mayor allowance and a Chair allowance.	<u>Audit 2020</u> Recommendation was to discuss the matter with the remuneration authority to confirm if there is an overpayment.	Payments are correct based on Councillors decision and resolution. The determination does not state that there can only be a payment for a Deputy Mayor or a Chair, therefore it is allowable for both to be paid. The full pool has been allocated.		The remuneration committee were contacted. The issue appears to be the way the resolution was communicated. Report to be taken to May Council meeting to amend wording and titles.
<u>Westroads profit margin elimination</u> Consolidated financial statements within the group need to be eliminated. This leaves profits from the group included in group surplus before tax - overstating that figure. Audit note that it has been an issue for a number of years, however they have not drawn attention to this due to materiality.	<u>Audit 2020</u> Recommendation is to ensure internal profits are eliminated in the consolidation.	If Audit had drawn attention to this in previous years, this could have been included in the consolidation process and would not have become an issue due to materiality.		Will be actioned in the next financial statements and ongoing.
<u>Afterhours service requests captured in Magic</u>	<u>Audit 2020</u>			

<p>A risk that not all service requests are recorded in the service request system due to reliance on on-call staff and contractors to record all service requests that don't come to Council during office hours.</p>	<p>Recommendation is to improve processes to ensure all afterhours calls are recorded and captured.</p>	<p>Afterhours service calls recording has been improved since quarter 4 of the 2020 financial year. There was not enough data to report during the reporting period, but will be reported in future.</p>		<p>WDC-IT team providing mobile capability to Contractors for date stamp email phone APP to capture afterhours Service Requests. Council will receive then load into system next working day. Expected trial then operational June 2021.</p>
<p><u>Publication of CCO information</u></p>	<p><u>Audit 2020</u></p>			
<p>CCO statement of intents and Annual Reports must be held on the website for a period of no less than seven years.</p>	<p>Ensure that website is updated with the information required under the Local Government Act 2002.</p>	<p>Current SOI's and Annual Reports were on the website, previous years had been removed. Staff will address.</p>		<p>Most documents are now in place, however due to the age and inflexibility of the website, it is difficult to search the relevant documentations. Council are currently carrying out a website update project to go live on 1/2 July 2021. This will make</p>
<p><u>Declaration of Interests</u></p>	<p><u>Audit 2020</u></p>			

<p>Key management personnel interests were missing from the register. This poses a risk to Council.</p> <p>Note that at Feb 20212 Audit and Risk Committee, the Chair requested this item be changed from 'Beneficial' to 'Necessary'.</p>	<p>Ensure all interests held by members of key management personnel are disclosed in the interests register.</p>	<p>Council has a conflict of interest policy which is part of the induction process, staff have also been required to read this policy and acknowledge reading the policy.</p> <p>The interest register for staff is sent out every six months, and staff are required to complete this even if the response is nil. These forms are then received by the Executive team for review.</p> <p>Councillors have all been through an induction process which included conflict of interests, the interest register is circulated at each and every Council and Committee meeting.</p> <p>The onus is on Councillors and staff to complete these forms fully.</p> <p>The Mayor is to discuss with the Councillors individually to remind them of their duties to inform of conflicts of interest, the CE is to discuss with the noted staff.</p>		<p>The process as stated is continuing. For staff this is now an automated process through our document management system, which sends out a 6 monthly request for staff to complete, (or new starters). Reminders are also sent until the form has been completed. This is then automatically sent to the manager to review and approve. once all are completed, a report is brought to the executive team.</p> <p>Councillors and staff need to take responsibility for completing these forms.</p>
<u>Project Management</u>	<u>Interim Audit 2020</u>			
<p>Introduce, document and apply a formal policy and approach for overseeing project delivery across the Council.</p>		<p>Microsoft Project has been rolled out to all staff involved in project management. Process documentation needs to be produced and is a work in progress.</p> <p>Key roles are undertaking project management training and recruitment is underway to appoint a full-time project manager to support projects.</p>		<p>A Capital Projects Manual has been drafted but not yet adopted. We are looking to implement Microsoft Project in a more integrated way. Additional training is required. MS project is capable of holding a full checklist of completed actions.</p> <p>Specialised Local Government Training provider TIGL are being consulted with the intent of delivering group Training for Project Management, Government Tenders, Contract management, Procurement & Knowledge management.</p>

Sensitive expenditure policies	Interim Audit 2020			
We recommend that management ensure that their sensitive expenditure policies are aligned with OAG good practice guidelines.	(https://oag.parliament.nz/2020/sensitive_expenditure)	Group Manager Corporate Services to carry out a full review of the sensitive expenditure policy and process and incorporate the relevant recommendations		In Progress. Appears to be process more than policy as policy appears aligned with guidance. Once fully reviewed will be brought to A&R Committee

Status of previous recommendations

Asset and Asset revaluation.	Audit 2019			
<p>Valuation process and underlying assets information improve in the following areas:</p> <ul style="list-style-type: none"> • Internal review processes. • The retention/creation of supporting information for unit rates, asset lives and changes to other assumptions. • Continued improvement of asset data, including inclusion and capture of all asset additions into Assetfinda and RAMM. • Updating replacement cost unit rates in future valuations subject to indexing in 2019. • Reviewing road surfacing base lifecycles based on condition-based renewals. • Reviewing the engineering margin at 5-8% which is generally at the low end of ranges we have seen elsewhere 	The Council improve or consider the above areas (as applicable) for future roading and 3 waters valuations.	Comments noted. There were a number of incorrect assumptions made for the roading valuation relative to the bridge assets. This data within the RAMM system will be corrected and any unit rates for Bridges will be removed between now and the next valuation run. Changes in Assetfinda can already be tracked but the process for RAMM is a little more involved. This will be looked into more closely. Working with Buller and Grey DC's over sharing of unit rates and base life data has proved to be beneficial and we intend to continue this collaboration in future as a way of improving Coast wide network assumptions and data. We will continue to work with Beca over RAMM data improvements and life cycle data. Review of Engineering margins will also be undertaken to set an appropriate level.		Council has committed to improving its Asset information. We have created a new team under the GM District Assets which is lead by an Asset Manager. Within that team is a Quality & Documentation role, an Asset Engineer, a project manager and a Systems Data Coordinator. They have all be trained in AssetFinda, and RAMM training is due. Asset integrity is an ongoing process and also forms part of the AMP improvement scope of works that Council is working through. Rationale have been tasked this for the Roothing AMP.
<u>Asset Disposals</u>	<u>Audit 2019</u>			

<p>Recommendation was raised to ensure that disposals are identified by the District Assets team and the Finance team notified for removal from the fixed asset register.</p> <p>The recommendation also included ensuring that the asset revaluation reserve related to disposed assets is identified and transferred to retained earnings.</p>	<p>In progress. Raised at the Final report at 2019 Financial year. (In Section 4 of the 2019 final report).</p>	<p>Finance fully agree with the findings and recommendations. An asset disposal form is available for use by managers to inform Finance, however it is accepted that this process has not been routinely followed. GMCS to continue to work with GMDA on a process.</p> <p>DA agree there are some areas for improvement. Review of the Fixed Asset Registers (FAR) would be beneficial to try and better align FAR data with their "Points of truth"</p>		<p>Disposal forms are being received by Finance, however whether this is all disposals cannot be determined by Finance and requires Staff to follow this process.</p> <p>Regular reminders are sent out to staff about completing these forms.</p> <p>With further resourcing in the District Assets and Finance team this process should improve, will be reviewed at Audit 2021.</p>
<u>Rates</u>	<u>Audit 2019</u>			
<p>Rates are the Council's primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA) with rates setting and collection requirements is critical to ensure that rates are validly set and not at risk of challenge. At an extreme, errors in rates setting processes can mean rates cannot be legally collected.</p> <p>The Council should have appropriate processes in place to ensure rates setting is legally compliant. Where issues or concerns arise, it should seek legal advice, to ensure compliance with legislation for its rates and rating processes.</p> <p>In 2018 we noted a rating assessment compliance issue that Council sought legal advice on.</p>	<p>Ensure rates and per factor amounts are consistent. The Council collect the per factor amounts included in the resolution.</p>	<p>Noted and will address.</p>		<p>Rates have been struck based on the resolution factors with the exception of the current year, Council requiring a zero rate increase, where the factor was higher a remission has been applied, therefore the factors used to strike the rates was a per Council resolution for a zero rate increase.</p> <p>This will not be an issue going forward.</p>
<u>NZTA Claims process.</u>	<u>Audit 2019</u>			

(Original recommendation). The recommendations included: 1-Improving the process for compiling NZTA subsidy claims to ensure they align to the GL. 2-Introducing an independent, evidenced review of the claim before it is submitted.	The recommendation is marked as an open recommendation in Appendix 1 of the 2019 final report. No further comment was made.	Management commented that work is ongoing in this area.		Management Accountant role is supporting the transportation team and the claims are now reconciled.
<u>Monitoring Asset valuation reserves</u>	Audit 2019			
Recommendation was raised that the asset valuation reserve for each class of assets should be monitored and determined as there was inability to provide the balance in the reserve for each asset class.	In progress. Raised at the Final report at 2019 Financial year. (In Section 4 of the 2019 final report).	Management agreed with the recommendation.		In Progress - No revaluations due for the financial year end 2019/2020. Will work towards having this in place for year ended 2021/2022 when revaluations will be due. Each asset in the FAR shows the amount of revaluation, so Finance do not understand how Audit could not determine the revaluation reserves.
<u>Sensitive expenditure approval</u>	Audit 2019			
Ensure expenditure incurred by the Chief Executive is reviewed by the Mayor or Chair of the Audit and Risk Committee. Ensure expenditure incurred by the Mayor is approved by the Deputy Mayor or Chair of the Audit and Risk Committee.	Our work performed over sensitive expenditure in 2020 noted similar issues to what has been raised previously with CEO expenditure being self-approved or approved by less senior staff, and mayoral expenses approved by the CEO or other management. This is not appropriate.	Management agreed with the recommendation.		Process is in place for the approval process. For the CE the Mayor approves the expenditure manually, and the EA raises a purchase order which is sent to the Group Manager, Corporate Services for approval of the PO with the approval attached. The PO approval is therefore only an administration approval.
<u>Service request system</u>	Audit 2018			

<ul style="list-style-type: none"> • Implement systems and controls to ensure the information recorded in the service request system is complete and accurate. • Implement clear guidance outlining what constitutes a customer complaint in line with DIA requirements. 	<p>The Council has updated its internal reporting guidance document to align with DIA guidelines.</p>	<p>Management agreed with the recommendation.</p>		<p>Council is still looking to a policy and a procedure in regards to the Customer Complaints process.</p>
<u>Traffic counts</u>	Audit 2018			
<p>As part of the new arrangements with Beca, the Council put in place an appropriate, formal traffic count programme for calculating smooth travel exposure reporting.</p>	<p>The recommendation is marked as an open recommendation in Appendix 1 of the 2019 final report. In the 2019 financial year, we commented that for the FY 2019, Council did not had a formal traffic count programme in place and we understand that Beca will undertake this in 2020.</p>	<p>No management comments were documented for this recommendation.</p>		<p>Contractors are undertaking traffic counts in line with the programme developed by BECA.</p>
<u>Asset and Asset valuation</u>	Audit 2018			
<p>Management carry out regular reviews of the fixed assets register (FAR) to confirm existence and ownership of assets</p>	<p>Instances of assets not belonging to Council on the fixed asset register.</p> <p>Instances where infrastructure assets have been replaced either through renewals or weather events, have not been disposed of.</p>	<p>Finance staff regularly review the FAR, however until a revaluation takes place, Finance is unlikely to be able to determine whether an asset still exists as a physical stock take is not undertaken. Smaller value non infrastructure assets are easier to track and are regularly disposed of.</p> <p>There is a process for staff to inform finance of assets to be capitalised/disposed, however finance cannot police this, and requires staff to follow the process.</p>		<p>A process is in place for staff to advise finance when an asset should be capitalised or disposed of. Finance rely on staff following this process. Regular reminders are sent out, project manual includes this requirement. The form is now in Councils document management system which automatically sends the information to the relevant team on completion.</p>
<u>Information systems.</u>	Audit 2018			

<p>(Original recommendation). The recommendations included: 1-Developing an information systems strategic plan. 2-Developing an information security policy. 3-Documenting user account security criteria and improve password strength. 4-Reviewing vendor support accounts and ensure access is required. 5-Improving change management processes – perhaps through the use of Spiceworks. 6-Tracking and managing incidents – perhaps through the use of Spiceworks. 7-Periodically testing back-ups. 8-Updating the Disaster Recovery and IT Business Continuity Plans.</p>	<p>The recommendation is marked as an open recommendation in Appendix 1 of the 2019 final report. We commented in the 2019 financial year that progress has been made on a number of these items and they will be followed up on the status of these at our interim audit visit in 2020.</p>	<ol style="list-style-type: none"> 1. Strategic Plan draft document completed and awaiting final checks. Was on hold in order to align with WC4 strategic plan, however WC4 plan on hold so WDC continuing with own plan. 2. Information security policy not yet started. 3. Document user account security criteria - no problems with password strength just need to document the policy. 4. Vendor support accounts, completed and monitored to ensure only verified contractors can log on with credentials that limit access to only what is required. 5. Change management processes are in progress using new Jira purpose built helpdesk and knowledge base. 6. Tracking and managing incidents as in progress as in above point. 7. Periodically testing backup completed as is an on-going process. 8. DRP & BCP will commence once strategic plan is completed and back to BAU. <p>It should be noted that COVID has been a big impact to IS services supporting staff working from home, this was a smooth and most staff had very few issues which were mainly staff IT literacy issues, this is testimony to our DRP.</p>		<ol style="list-style-type: none"> 1. Plan is being progressed, but not yet completed. Needed to understand the WC4 strategic plan first, this was completed in December. 2. Completed 3. There is an article in the Jira knowledge base regarding the requirements for a robust password. 4. IT currently review this on a regular basis to ensure it is only as required – obsolete accounts are removed as soon as the access is no longer needed. 5. Change management is now carried out in JIRA with all changes logged, and a manager approval process. Current project to determine what access roles require to carry out the role and then any further access goes through the Jira change process. 6. Incidents are managed through Jira. 7. Periodically testing backup completed as an on-going process. 8. Not yet started. IT DR and Business continuity fits in with an overall DRP and business continuity plan. There needs to be an overall business DRP and business recovery plan before IT can complete this.
<p>Group accounting policy</p>	<p>Audit 2018</p>			

That the Council ensures consistency in group accounting policies going forward.	WHL recorded land and building assets at cost again in 2018/19.	Policy on revaluations was provided to the board of WHL.		WHL have determined that the cost of following the group policy on revaluations outweighs the receipt of a qualified audit report for WHL.
<u>Renewals under expenditure.</u>	Audit 2018			
The recommendation stated that the Council should ensure that planned renewal expenditure is sufficient to avoid significant failure of assets in future years due to delayed maintenance not being carried out.	We commented in the 2019 financial year that renewals expenditure is an area of ongoing focus for both Council and management and we will follow up on progress during our 2020 audit.	Renewals expenditure is an area of ongoing focus for both Council and management. The Council is carrying forward approximately \$6.8 million of capital expenditure to the next financial year. Resource restraints and COVID-19 disruptions contributed negatively to this area.		Renewals expenditure is an area of ongoing focus for both Council and management. Resources have been added within the organisation to execute projects, any external funding includes resource costs to execute those projects. Further investment in underground asset analyses has been assigned through the 3 Waters Reform Funding and will be contracted. This will help council understand the condition of underground assets and plan and prioritise renewals accordingly. We have been successful in sourcing funding to maintain a significant amount of council assets - primarily Civils and Buildings - i.e. swimming pool, Carnegie Building, Halls and Monuments.
<u>Timely review of balance sheet reconciliations</u>	Audit 2018			

<p>Ensure that balance sheet reconciliations are reviewed on a timely basis.</p>	<p>In progress, to be followed up during our 2021 interim audit.</p> <p><u>Status per our 2020 interim report During the interim phase of the audit.</u></p> <p>we observed that Suspense accounts and Bank reconciliations were prepared. The reconciliations are now prepared in MS-Excel, however we were unable to the date of review and the name of the person performing the review. For Excel based reconciliations, we recommend a cover sheet be included which would allow the preparer and review to document an audit trail of the controls operating.</p>	<p>All balance sheet reconciliations are now prepared and reviewed regularly.</p>		<p>Balance sheet reconciliations are carried out regularly and there is a cover page as well which shows the preparer and approver together with dates prepared and reviewed.</p>
<p><u>Legislative compliance.</u></p>	<p>Audit 2016</p>			
<p>The recommendation stated that the Council should develop and implements a sound legal compliance system for identifying and recording potential risks and assessing the likelihood of those risks across all activities of the organisation and relying solely on the knowledge of staff exposes the organisation to risk, especially when staff change.</p>	<p>The recommendation is marked as an open recommendation in Appendix 1 of the 2019 final report. We commented in the 2019 financial year that the Council intends to use its new Electronic Document Management System (in development) to provide staff with notifications of when key legislative dates are coming up to ensure compliance.</p>	<p>Management commented that this is a work in progress at the current time and various methods are being considered and management is comfortable that legislative compliance is being followed.</p>		<p>No further update, however Management are still of the opinion that legislative compliance is being followed in all instances and can be seen through all reports and correspondence.</p> <p>The eDRMS is still being considered as an opportunity to assist once implemented.</p>

AUDIT AND RISK COMMITTEE ROLLING WORK PLAN

Item	May-21	Aug-21	Sept-21	Oct-21	Nov-21
External Audit	Interim Audit 2020/21 – started 3 May. Update on Management actions on Audit NZ recommendations Audit management report 2019/20	Interim Audit Management Report 2020/21 – review action to be taken by management (if received)	FYI Final Audit Annual Report 2020/21 begins. Dates to be confirmed. Note: (Over month end)	Cont, Final Audit Annual Report 2020/21	Cont, Final Audit Annual Report 2020/21
Financial Reporting	Quarterly Report to March 2021 LTP project update	No June quarter financial report due to finalising of Annual Report		Review Audited Annual Report 2020/21 – for recommendation of adoption to Council	
Insurance		Insurance renewals review			
Risk Management Framework	Review Risk Register Health & Safety Report – not being tabled, to be carried over to next meeting.	Review Risk Register Health & Safety Report			Review Risk Register Health & Safety Report
Internal Control Framework	PwC quarterly Whistleblower Report Workshop: Privacy policy – CCTV addendum	PwC quarterly Whistleblower Report Workshop: Privacy policy – CCTV addendum			PwC quarterly Whistleblower Report