



A G E N D A

Finance, Audit and Risk Committee

**Council Chambers
36 Weld Street
Hokitika**

**Thursday 14 December 2017
Commencing at 9.00 am**

Deputy Mayor L.J. Martin – Chairperson
His Worship the Mayor R.B. Smith
Deputy Mayor Cr H.M. Lash
Crs D.L. Carruthers, R.W.(G) Eatwell, D.M.J. Havill ONZM,
J.A. Neale, G.L. Olson, D.C. Routhan.



FINANCE, AUDIT AND RISK COMMITTEE

AGENDA FOR A MEETING OF THE FINANCE, AUDIT AND RISK COMMITTEE OF WESTLAND DISTRICT COUNCIL, TO BE HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA ON THURSDAY 14 NOVEMBER 2017 COMMENCING AT 9.00 AM

08 December 2017

COUNCIL VISION

Westland District Council will facilitate the development of communities within its district through delivery of sound infrastructure, policy and regulation.

This will be achieved by:

- Involving the community and stakeholders.
- Delivering core services that meet community expectations and demonstrate value and quality.
- Proudly promoting, protecting and leveraging our historic, environmental, cultural and natural resource base to enhance lifestyle and opportunity for future generations.

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 meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

1. MEMBERS PRESENT, APOLOGIES AND INTEREST REGISTER:

1.1 Apologies & Leave of Absence

1.2 Interest Register

2. CONFIRMATION OF MINUTES:

2.1 Finance, Audit and Risk Committee Meeting – 23 November 2017

3. ACTION LIST

The Action List is attached

4. REPORTS TO COUNCIL

4.1 Financial Performance – November 2017

4.2 Finance Audit and Risk Committee Workplan

5. ITEMS FOR INFORMATION

5.1 Cycleway Funding Update

Verbal update from Chief Executive/Group Manager: District Assets

6. MATTERS TO BE CONSIDERED IN THE 'PUBLIC EXCLUDED SECTION'

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

Council is required to move that the public be excluded from the following parts of the proceedings of this meeting, namely

6.1 Confidential Minutes

6.2 Risk Register

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.	Minutes/ Report of	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
6.1	Minutes	Confidential Minutes – Finance, Audit and Risk Committee	Good reasons to withhold exist under Section 7	Section 48(1(a) & (d)
6.2	Risk Register	Confidential Update	Good reasons to withhold exist under Section 7	Section 48(1(a) & (d)

Finance, Audit and Risk Committee Minutes

MINUTES OF A MEETING OF THE FINANCE, AUDIT AND RISK COMMITTEE OF WESTLAND DISTRICT COUNCIL, HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA ON THURSDAY 23 NOVEMBER 2017 COMMENCING AT 9.00AM

1. MEMBERS PRESENT, APOLOGIES AND INTEREST REGISTER:

1.1 Members Present

Deputy Mayor Cr L.J. Martin (Chair)
His Worship the Mayor R.B. Smith
Deputy Mayor Cr H.M. Lash
Crs R.W. Eatwell, D.M.J. Havill (ONZM), J.A. Neale, G.L. Olson, D.C Routhan.

Apologies:

Cr D.L Carruthers

Moved by Cr Olson, seconded Cr Routhan and **Resolved** that the apology from Cr D.L Carruthers is received and accepted.

Staff in Attendance:

S. Bastion, Chief Executive; L.A. Crichton, Group Manager: Corporate Services; J.D Ebenhoh, Group Manager: Planning Community and Environment; D.J McMillian, Finance Manager; V.M.Watson, Business Support Officer/ Committee Secretary.

Visitors in Attendance:

Quotable Valuations Representatives David Shaw and Jeremy Clayton to speak to the QV Presentation on District Re-evaluations as listed in the November Agenda.

1.2 Interest Register

Chair Deputy Mayor Martin circulated the Interest Register with one amendment noted.

2. CONFIRMATION OF MINUTES:

2.1 Confirmation of Minutes – Finance, Audit and Risk Committee Meeting held 10 October 2017

Cr Neale had sought and received a leave of approved absence for the October 2017 Finance Audit and Risk Meeting.

Moved by Deputy Mayor Lash, seconded Cr Havill and **Resolved** that the Minutes of the Finance, Audit and Risk Committee Meeting held on the 10 October 2017 be confirmed as a true and correct record of the meeting subject to the following amendments.

Page 5

Item 1.1 Apologies:
“Cr Neale” to add

Page 8

Item 7

“Seconded ~~Cr Neale~~ His Worship the Mayor and Resolved that Council exclude the public in accordance with Section 48, Local Government Official Information and Meetings Act 1987 at 9.15am”

1

3. ACTION LIST

Moved by Deputy Mayor Lash, seconded Cr Routhan and **Resolved** that the Action List as amended be received.

The following items were then taken out of order to the agenda papers.

5. ITEMS FOR INFORMATION

5.1 QV Presentation on District Re-evaluations

Quotable Valuations Representatives David Shaw and Jeremy Clayton delivered a presentation. The 3 year process has shown variance of increase and decrease in different sectors of the market but together create a relatively static change.

¹ Amended by Council - 23.11.17

² Amended by Council - 23.11.17

Moved by Cr Olson, seconded Deputy Mayor Lash and **Resolved** that Council receive the Presentation on District Re-evaluations Presentation by Quotable Valuations.

4. **GENERAL ITEMS:**

4.1 **Quarterly Performance Report to 30 September 2017**

The Finance Manager D.J McMillian spoke to this report, and advised the purpose of this report is to inform Council of its financial and service delivery performance for the three months ended 30 September 2017 .

Chief Executive Simon Bastion will present back to the next Council Meeting with additional details of the progress of the cycleway indicative funding and the proposal to secure a bridge from NZTA.

Group Manager Corporate Services detailed the departure from policy regarding committed loan facilities maturity dates.

Moved by His Worship the Mayor Smith, seconded Cr Havill and **Resolved** that Council approve the departure from policy regarding committed loan facilities maturity dates and that the Quarterly Performance Report to 30 September 2017 as attached to the November Agenda be received.

4.2 **Financial Performance – October 2017**

The Finance Manager D.R McMillian spoke to this report, and advised the purpose of this report is to provide an indication of Council's financial performance for one month to 31 October 2017. Finance Manager D.R McMillan clarified a balance sheet will be inclusive in the November financial report.

Moved by Cr Havill, seconded Cr Eatwell and **Resolved** that Council receive the Financial Performance Report to October as attached to the November Agenda.

4.3 **Insurances 2017-18**

The Group Manager: Corporate Services spoke to this report, and advised the purpose of this report is to provide an indication of Council's financial performance for one month to 31 October 2017.

Moved by Deputy Mayor Lash, seconded Cr Neale and **Resolved** that Council receive the Insurance Report and

- A) **THAT** the Committee endorse the approval obtained from Chair, Finance, Audit and Risk Committee for the renewal of material damage, liability and indemnity insurances as proposed by Aon for \$179,935.49 excluding GST, attached as **Appendix 1**.
- B) **THAT** the Committee endorse the approval obtained from Chair, Finance, Audit and Risk Committee for the increase in programme limit from \$125m to \$250m, and renewal for underground infrastructure insurance for \$75,500 excluding GST, as attached as **Appendix 3**.

- Appendix 1:** Aon Renewal Summary 2017-18
- Appendix 2:** Material Damage Premium Calculation 2017-18
- Appendix 3:** WDC underground asset valuations

6. MATTERS TO BE CONSIDERED IN THE 'PUBLIC EXCLUDED SECTION'

Moved by Cr Olson, seconded Cr Havill and **Resolved** that Council exclude the public in accordance with Section 48, Local Government Official Information and Meetings Act 1987 at 10.05 am.

Council is required to move that the public be excluded from the following parts of the proceedings of this meeting, namely:

6.1 Confidential Minutes – Finance, Audit and Risk Committee

6.2 Risk Register

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.	Minutes/ Report of	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
6.1	Minutes	Confidential Minutes – Finance, Audit and Risk Committee	Good reasons to withhold exist under Section 7	Section 48(1(a) & (d)
6.2	Risk Register	Confidential Update	Good reasons to withhold exist under Section 7	Section 48(1(a) & (d)

This resolution is made in reliance on Section 48(1)(a) and 48(2)(a)(i) and (ii) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

No.	Item	Section
6.1	Protection of privacy of natural persons/organisations.	Section 7(2)(a)
6.2	Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; and also to maintain legal professional privilege	Section 7(2)(b)(ii) Section 7(2)(g)

Moved by His Worship the Mayor, seconded Cr Eatwell and **Resolved** that the business conducted in the “Public Excluded Section” be confirmed and accordingly the meeting went back to the open part of the meeting at 10.45 am.

MEETING CLOSED AT 10.45 AM

Confirmed by:

Deputy Mayor Latham Martin
Chair – Finance, Audit and Risk Committee

Date

Action List

Date of Meeting	Meeting	Item	Action	Who Responsible	Timeframe	Status
10.10.17	Finance, Audit and Risk Committee	Landfill	Memo detailing the methodology behind the provision.	GMCS		This has been provided to Mayor and Councillors
10.10.17	Finance, Audit and Risk Committee	Community Rates review	Management are requested to bring back a report of rating remissions giving a significant amount of data and forecasting that would 50% models	GMCS		Part of the LTP process.

Report



DATE: 14 December 2017
TO: Mayor and Councillors
FROM: Finance Manager

FINANCIAL PERFORMANCE: NOVEMBER 2017

1 SUMMARY

- 1.1 The purpose of this report is to provide an indication of Council's financial performance for one month to 30 November 2017.
- 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 Council as part of the Long Term Plan 2015-25. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that Council receive the financial performance report to 30 November 2017, attached as **Appendix 1**.

2 BACKGROUND

- 2.1 Council receives monthly financial reporting so that it has current knowledge of its financial performance and position against targets and objectives adopted in the Long Term Plan 2015-25.

3 CURRENT SITUATION

- 3.1 Council now receives a monthly financial summary report in a consistent format.

3.2 The Financial Performance Report to 30 November 2017, is attached as **Appendix 1** and contains the following elements:

- 3.2.1 Segmental graphs for net cost of services, operating revenue and expenditure with the addition of the actual amounts.
- 3.2.2 Update on Rates Debtors.
- 3.2.3 Whole of Council Cost of Service Statement.
- 3.2.4 Variance analysis
- 3.2.5 Council approved unbudgeted expenditure
- 3.2.6 Debt report including budgeted debt, forecast debt and actual debt.
- 3.2.7 Capital Expenditure 2017-18
- 3.2.8 Carryover Schedule 2017-18
- 3.2.9 Balance Sheet

4 OPTIONS

- 4.1 Council can decide to receive or not receive the report.

5 SIGNIFICANCE AND CONSULTATION

- 5.1 This report is for information only and, while feedback is invited from Council in order for staff to continuously improve the quality of information provided, no assessment of significance or consultation and no options analysis is required.

6 RECOMMENDATION

- A) **THAT** Council receives the Financial Performance Report to 30 November 2017

Dayle McMillan
Finance Manager

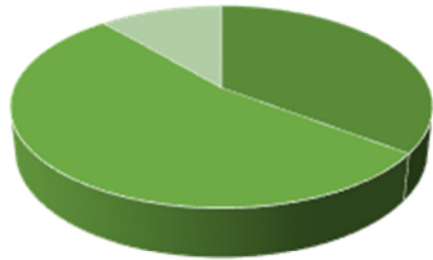
Appendix 1: Financial Performance November 2017

Appendix 1



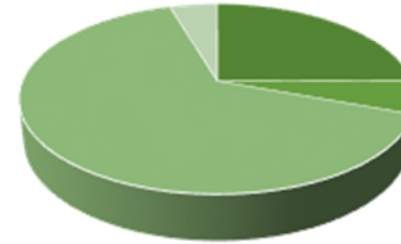
Financial Performance November 2017

**Operating revenue
Actual year to November**



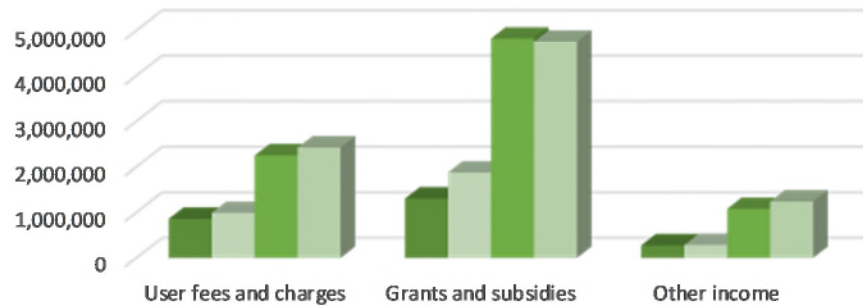
■ User fees and charges ■ Grants and subsidies ■ Other income

**Operating expenditure
Actual year to November**



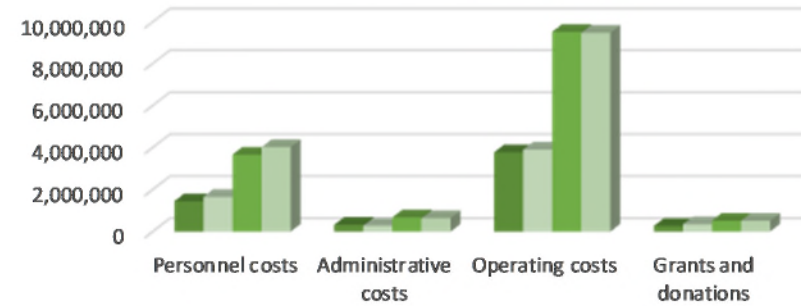
■ Personnel costs ■ Administrative costs ■ Operating costs ■ Grants and donations

Operating revenue



■ YTD Actual ■ YTD Budget ■ FY Forecast ■ FY Budget

Operating expenditure



■ YTD Actual ■ YTD Budget ■ FY Forecast ■ FY Budget

Column 1	User fees & Charges	Grants & Subsidies	Other Income
Actual YTD	856,128	1,300,232	274,689
Budget YTD	987,334	1,871,015	282,176
Variance	(131,206)	(570,783)	(7,487)
FY Forecast	2,246,910	4,816,155	1,076,942
FY Budget	2,418,583	4,746,309	1,238,334

Column 1	Personnel	Administration	Operating	Grants & donations
Actual YTD	1,448,868	327,029	3,775,584	270,895
Budget YTD	1,656,369	290,348	3,906,508	350,853
Variance	(207,501)	36,681	(130,924)	(79,958)
FY Forecast	3,662,766	670,938	9,526,608	521,146
FY Budget	4,023,177	638,727	9,484,130	521,300

Rates Debtors

Rates Debtors at 31 October 2017		3,436,255
Rates instalment	-	
Less payments received	-2,376,339	
Paid in advance	156,846	
Write off's	-22,108	
Penalties	0	
Court costs awarded	325	
		-2,241,276
Total Rates Debtors at 30 November 2017		1,194,979
Arrears included above at 30 November 2017	1,194,979	
Arrears at 30 November 2016	1,513,721	
Increase/(decrease) in arrears		-318,742

Note: In the month with a rates instalment all current is arrears

Rates Debtors

· New and updated customer direct debits, 20.

Rates Debt - Aged at 30 November 2017

Financial Year	Nov-17	Nov-16	Oct-17
Pre 2013	66,647	124,289	68,427
2013-14	47,652	79,292	47,652
2014-15	62,789	132,987	63,449
2015-16	67,314	354,749	71,809
2016-2017	217,540	822,404	260,558
Current	733,036	-	2,924,358
	1,194,979	1,513,721	3,436,255

WESTLAND DISTRICT COUNCIL	Year to November			Full Year 2017-2018	
	Actual	Budget	Variance	FY Forecast	Budget
Operating revenue					
Rates (includes targeted rates and metered water)	6,862,916	6,920,572	(57,656)	15,069,638	15,204,697
User fees and charges	856,128	987,334	(131,206)	2,246,910	2,418,583
Grants and Subsidies	1,300,232	1,871,015	(570,783)	4,816,155	4,746,309
Other income	274,689	282,176	(7,487)	1,076,942	1,238,334
Overhead recoveries	2,546,042	2,990,138	(444,096)	6,526,960	7,176,333
Total revenue (A)	11,840,008	13,051,234	(1,211,226)	29,736,605	30,784,256
Operating expenditure					
Personnel costs	1,448,868	1,656,369	(207,501)	3,662,766	4,023,177
Administrative costs	327,029	290,348	36,681	670,938	638,727
Operating costs	3,775,584	3,906,508	(130,924)	9,526,608	9,484,130
Grants and donations	270,895	350,853	(79,958)	521,146	521,300
Overheads	2,529,058	2,988,477	(459,419)	6,617,916	7,172,293
Total operating expenditure (B)	8,351,433	9,192,556	(841,122)	20,999,374	21,839,627
Net operating cost of services - surplus/(deficit) (A - B)	3,488,575	3,858,678	(370,104)	8,737,231	8,944,629
Other expenditure					
Interest and finance costs	308,965	324,001	(15,036)	762,557	777,593
Depreciation	2,492,768	2,419,946	72,821	6,086,497	5,807,919
(Gain)/Loss on swaps	41,731	(73,132)	114,863	(60,654)	(175,517)
Total other expenditure (C)	2,843,464	2,670,815	172,648	6,788,400	6,409,995
Total expenditure (D = B + C)	11,194,897	11,863,371	(668,474)	27,787,775	28,249,622
Net cost of services - surplus/(deficit) (A - D)	645,111	1,187,863	(542,752)	1,948,831	2,534,634

Variance Analysis

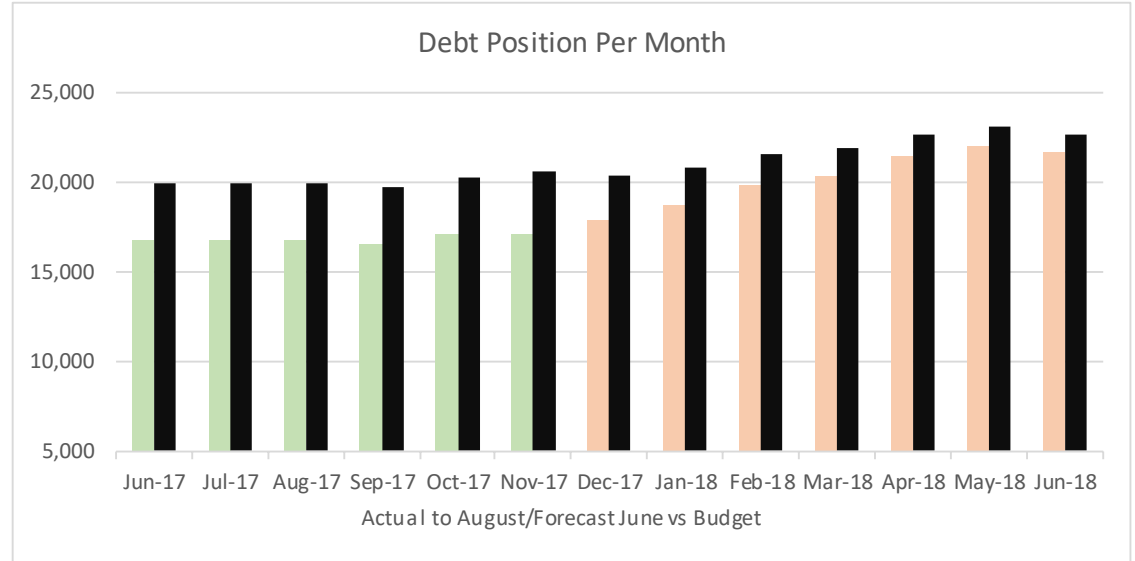
Operating Revenue	
Rates revenue	Metered water rates \$41k lower than budget year to date due to timing and budget phasing.
User fees and charges	User fees and charges for Building control \$47k and Solid waste \$30k lower than budget year to date due to seasonal timing differences.
Grants and Subsidies	NZTA subsidy \$115k lower than budgeted year to date. The decrease in operating revenue is reflected in reduced operating costs in Transportation. WCWT cycle trail budgeted grant contribution of \$479k from MBIE was not able to be claimed as at November 2017. Entire WCWT cycle trail grant contribution of \$479,579 budgeted in September 2017.
Operating Expenditure	
Personnel costs	Reduced expense due to budgeted unfilled staff vacancies, primarily in District Assets.
Operating costs	Repairs and maintenance, maintenance and contractors expense \$101k lower than budget year to date due to timing of maintenance programmes and poor weather in Q1.
Grants and Donations	Community assistance and community township development collectively \$85k lower than budget year to date due to budget phasing and timing of respective grants and donations.
Other Expenditure	
(Gain)/Loss on Swaps	Swap values are based on market factors and are difficult to predict. Any gain or loss on swaps would not materialise unless swaps were cashed in before maturity.

Council Approved Unbudgeted Expenditure

Dated Approved	Description	Amount Approved \$	Amount Spent \$	Status
Sep-17	5.4 Hokitika Museum Upgrade & Future Development Options	75,000	-	Preparation of construction drawings and assistance with the tender process for the strengthening of the Carnegie Building.
Sep-17	5.9 Sunset Point Erosion	2,880	2,880	Complete.
Oct-17	7.6 WCWT - Hokitika To Kaniere Tram Section	60,000	-	Construction of bridges to complete Hokitika to Kaniere Tram section of the trail.
Oct-17	10.1 Westland Community Centre	30,000	5,000	Formulation of long term emergency recovery strategy.
Total		167,880	7,880	

Forecast Debt Position per Annual Plan 2017-18

Forecast as at	Jul-17	Nov-17
Opening Balance	19,887	16,790
Loan funded capex forecast	4,552	6,652
Forecast repayments 2017-18	(1,792)	(1,792)
Forecast balance June 2018	22,647	21,650



	Debt Position per month												
	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Budget	19,887	19,887	19,887	19,689	20,289	20,564	20,341	20,841	21,566	21,825	22,650	23,050	22,647
Forecast at 1 July 2017	16,790	16,790	16,790	16,592	17,192	17,467	17,674	18,614	19,769	20,028	20,853	21,253	20,850
Actual + Forecast	16,790	16,790	16,790	16,572	17,062	17,062	17,852	18,759	19,758	20,300	21,398	22,003	21,650
Waste Management loan	2,401	2,401	2,401	2,338	2,338	2,338	2,288	2,288	2,314	2,322	2,348	2,374	2,324
Water Supply loan	2,205	2,205	2,205	2,150	2,150	2,150	2,276	2,396	2,516	2,592	2,962	3,306	3,307
Wastewater loan	0	0	0	230	720	720	1,098	1,145	1,468	1,790	2,065	2,090	2,090
Structured Infrastructure loan for Council assets	7,845	7,845	7,845	7,845	7,845	7,845	7,777	7,777	7,777	7,709	7,709	7,709	7,644
Stormwater loan	760	760	760	744	744	744	730	730	730	716	716	716	702
Transportation	100	100	100	80	80	80	363	913	1,353	1,736	2,036	2,146	2,129
Vehicle loan	52	52	52	50	50	50	50	50	50	50	50	50	50
Cass Square rehabilitation loan	120	120	120	118	118	118	118	118	118	118	118	118	118
Other loans	0	0	0	0	0	0	40	80	170	260	387	487	534
Hokitika Water supply upgrade	3,307	3,307	3,307	3,017	3,017	3,017	3,112	3,262	3,262	3,007	3,007	3,007	2,752

Current Year Projects

As at 30/11/2017

Project / Activity	YTD Exp	2017-18	Forecast	Budget Track	Progress / Track	Progress Comments
LEADERSHIP						
Council HQ Refurbishment	4,816	150,000	150,000			
IT Equipment Renewals	64,100	130,000	130,000			
Information Management - Shelving		10,000	10,000			
	68,917	290,000	290,000			
LIBRARY						
Library - Chromebooks For Children's Code Club	1,174	5,000	5,000			On track
Library - iPad Pro For Digital Literacy Classes		1,200	1,200			On track
Library - Whiteboard For Digital Literacy Classes		600	600			On track
Library - Book Trolleys		850	850			On track
Library - Book Display Holders		800	800			On track
Library - Website Upgrade		8,000	8,000			On track
Library - Audio/Visual Resource	1,081	4,000	4,000			On track
Library - Free Adult Books	5,063	15,000	15,000			On track
Library - Adult Non Fiction	7,939	15,500	15,500			On track
Library - Junior Publications	4,070	11,500	11,500			On track
Library - Large Print Books	2,119	6,000	6,000			On track
	21,446	68,450	68,450			
WATER SUPPLY						
Hokitika - River Water Intake Upgrade	341,357		500,000			
Hokitika - Water Treatment Plant Improvements	1,242	420,000	420,000			
Hokitika - Mains Upgrades		100,000	100,000			
Ross - Water Treatment Plant - Seismic Valves		30,000	30,000			
Whataroa - Pump Upgrades		35,000	35,000			
Fox Glacier - Water Treatment Plant Upgrade		450,000	450,000			
Fox Glacier - Seismic Valves		30,000	30,000			
	342,599	1,065,000	1,565,000			
WASTEWATER						
Hokitika - WWTP Upgrade		300,000	300,000			
Franz Josef - New WWTP	1,226,361	1,500,000	1,500,000			
Fox Glacier - WWTP upgrade		100,000	100,000			
	1,226,361	1,900,000	1,900,000			
CEMETARIES						
Cemetery - Hokitika Upgrade & Expansion	1,800	10,000	10,000			
	1,800	10,000	10,000			
SWIMMING POOLS						
Hokitika Swimming Pool - Earthquake Strengthening	30,000	30,000	30,000			Project complete.
Hokitika Swimming Pool - Ventilation Compliance	15,696	16,000	15,696			Project complete.
	45,696	46,000	45,696			
COMMUNITY SERVICES DEVELOPMENT						
Community Halls - Custom House Roof Replacement		18,000	18,000			
Township Maintenance - Kumara Rubbish Bins		3,000	3,000			
Township Maintenance - Hokitika Rubbish Bins		7,000	7,000			
Township Maintenance - Fox Rubbish Bins		3,000	3,000			
Township Maintenance - Haast Rubbish Bins		2,000	2,000			
	0	33,000	33,000			
ELDERLY HOUSING						
Elderly Housing - Roof Repairs		50,000	50,000			Roof repairs completed previous financial year. Funds to be spent on double glazing under capital requirements.
	0	50,000	50,000			
OFFICE EQUIPMENT						
i-SITE/CSC - Replacement Television Screens	306	4,125	4,125			
Laminator	861		861			Replacement Corporate Services laminator.
Ibis Pro Rates Modelling	13,757		13,757			Ibis Pro Rates Modelling software upgrade.
Customer Service Centre	1,030		1,030			Purchase of bar code scanners, wireless headset, keyboards and mouses, printer and switch due to change of Customer Service Centre location.
	15,954	4,125	19,773			

MOTOR VEHICLES						
Pool Vehicle		31,000	31,000			
Ford Ranger XL Double Cab	38,039		38,039			Replacement vehicle for Ford Ranger Ute.
Ford Escape Ambiente	29,778		29,778			Replacement vehicle for Hyundai Santa Fe.
	67,817	31,000	98,817			
NEW TOILET FACILITIES						
Franz Josef, Okarito, Fox Glacier, Bruce Bay & Kapitea Reservoir	104,230		1,207,850			Tourism Infrastructure Funding \$1.02M, WDC loan funded contribution \$187k.
	104,230	0	1,207,850			
SOLID WASTE						
Haast - Toilet Office building		32,000	32,000			
	0	32,000	32,000			
LAND & BUILDINGS						
Land & Buildings - Car Parking		15,000	15,000			
	0	15,000	15,000			
PARKS & RESERVES						
Reserves - Cass Square - Repairs To Statues		5,000	5,000			
Reserves - Cass Square - Playground Equipment Upgrade		20,000	20,000			
Reserves - Cass Square - Playground Rubber Matting		20,000	20,000			Contractors to confirm costing scope.
Reserves - Lazar Park Upgrade		45,000	45,000			This is currently being held awaiting community input (Lions and Rotary).
	0	90,000	90,000			
TRANSPORTATION						
Whitcombe Valley Road Widening, Seal and Extension		100,000	100,000			This has been approved and is awaiting procurement process.
Unsealed Road Metalling	108,912	270,000	270,000			Contract item.
Sealed Road Resurfacing		782,000	782,000			Currently out to joint tender GDC/WDC.
Maintenance - Drainage Renewals	37,522	150,000	150,000			Replacement for old/failed culverts. Drainage.
Structures Component Replacement	85,931	200,000	200,000			Structural report - repairs and ongoing reports HPMV 50 max.
Traffic Services Renewals		120,000	120,000			Streetlights. Road marking.
Sealed Road Pavement Rehabilitation		100,000	100,000			Preseal works. Special Purpose Roading (SPR).
Associated Improvements		1,500,000	1,500,000			SPR Corduroy areas.
Sealed Road Resurfacing	88,400	159,000	159,000			SPR Road.
Drainage Renewal		27,000	27,000			SPR Culverts.
Structures Component Replacement	19,225	53,000	53,000			SPR Structures.
Traffic Services Renewals		11,000	11,000			SPR Signs Road marking.
Minor Improvements	20,975	190,000	190,000			Local Roads. Minor safety improvements.
Minor Improvements		29,000	29,000			SPR Minor safety improvements.
Footpath Upgrades		45,000	45,000			Business area Hokitika. Tile extension.
	360,965	3,736,000	3,736,000			
Total	2,255,785	7,370,575	9,161,586			

Carryover Schedule to 2017-18

Activity	Detail	Funded by	Approved \$	Actual \$	Forecast \$	Balance \$	Approved Variance in 2017	Status	Year	Notes
Township Development	Upgrade footpaths and driveways over next three years	Depreciation	5,000	0	5,000	5,000	Capital	Community project.	From 2015-16 Budget Year	Replacement upgrade of chip sealed footpath by 100m sections, Hokitika.
Township Development	Repairs and Maintenance to Hokitika Statues	Depreciation	5,000	0	5,000	5,000	Capital	Discussion with contractor and Heritage Hokitika has occurred. Currently low priority.	From 2015-16 Budget Year	Statue commenced in 2015-16. Looking to contract out the next phase of work in 2016-17. Budget required for this.
Water Supply	Replace Water meters (on-going) - Hokitika	Depreciation	190,000	0	190,000	190,000	Capital	Now in detailed scoping. The budget is for Hokitika and Franz Josef. Currently Fox Glacier is in progress on meters replacement.	From 2015-16 Budget Year	Approx. \$10,000 spent on a very small proportion of water meter replacements in Hokitika during 2015-2016. Works not fully scoped in 2015-2016 year due to lack of clarity over where money is to be spent (Hokitika water meters or Franz water supply project). Carryover requested to allow works to be scoped fully and in the correct cost centre.
Corporate Services	Council HQ - Roof over skylights	Depreciation	20,000	0	20,000	20,000	Capital		From 2016-17 Budget Year	
Corporate Services	Council website	Depreciation	13,250	4,534	13,250	8,716	Capital		From 2016-17 Budget Year	
Water Supply	Kumara - Water treatment plant - seismic valves	Depreciation	30,000	0	30,000	30,000	Capital		From 2016-17 Budget Year	
Water Supply	Hokitika - Pumps Replacement	Depreciation	50,000	0	50,000	50,000	Capital		From 2016-17 Budget Year	
Water Supply	Whataroa - Water treatment plant	Depreciation	216,895	0	216,895	216,895	Capital		From 2016-17 Budget Year	Contract now awarded, project completion approximately 26 weeks.
Water Supply	Whataroa - Seismic valves	Depreciation	20,000	0	20,000	20,000	Capital		From 2016-17 Budget Year	
Wastewater	Hokitika - Mains upgrade	Depreciation	138,854	0	138,854	138,854	Capital		From 2016-17 Budget Year	
Wastewater	Haast - Mains upgrade	Depreciation	20,000	0	20,000	20,000	Capital		From 2016-17 Budget Year	
Wastewater	Haast - De-sludge oxidation ponds	Depreciation	150,000	0	150,000	150,000	Capital		From 2016-17 Budget Year	
Stormwater	Hokitika - Tancred, Bealey and Rolleston street upgrades	Depreciation	187,689	242,284	187,689	(54,595)	Capital		From 2016-17 Budget Year	
Cemeteries	Cemetery - Hokitika upgrade & expansion	Depreciation	10,000	1,800	10,000	8,200	Capital		From 2016-17 Budget Year	Additional berms for casket burial site.
Cemeteries	Cemetery - Hokitika improvements	Depreciation	8,170	0	8,170	8,170	Capital		From 2016-17 Budget Year	This has been completed by Wireite contractors (Westroads).
Township Development	New footpaths - Franz	Depreciation	25,000	0	25,000	25,000	Capital		From 2016-17 Budget Year	Cron Street. Weather and community interests proving a challenge.
Township Development	Footpath upgrades - Hokitika	Depreciation	27,000	0	27,000	27,000	Capital		From 2016-17 Budget Year	Resealing footpaths and driveways Hoffman Street, Hokitika.
Township Development	Footpath upgrades - Kumara	Depreciation	5,000	0	5,000	5,000	Capital		From 2016-17 Budget Year	Repairs and maintenance footpaths, Kumara.
Township Development	Footpath upgrades - Franz	Depreciation	15,000	0	15,000	15,000	Capital		From 2016-17 Budget Year	Business area development, Cron Street upgrade, DOC/Ngai Tahu.
Corporate Services	IT Equipment Renewals	Depreciation	11,363	10,694	11,363	669	Capital		From 2016-17 Budget Year	
Wildfoods Festival	Replacement of promotional assets	Depreciation	19,434	0	19,434	19,434	Capital		From 2016-17 Budget Year	Signage etc.
Land & Buildings	Land & Buildings - car parking	Depreciation	15,000	0	15,000	15,000	Capital		From 2016-17 Budget Year	
Parks & Reserves	Reserves - Cass Square - Repairs to Statues	Depreciation	5,000	0	5,000	5,000	Capital		From 2016-17 Budget Year	Robbie Burns. Quotes from Pioneer Statue contractors, TBC.
Parks & Reserves	Reserves - Cass Square - Playground equipment upgrade	Depreciation	25,000	0	25,000	25,000	Capital		From 2016-17 Budget Year	Soft fall upgrade Cass Square. Quotes requested.
Transportation	Minor Improvements	Depreciation	159,279	103,450	159,279	55,829	Capital		From 2016-17 Budget Year	Applied to NZTA for 2017-2018 carryover.
Depreciation Funded		Total depreciation funded carryovers	1,371,935	362,761	1,371,935	1,009,174				
WCWT	Completion of Trail	Subsidy	279,241	281,983	279,241	(2,743)	Capital	Existing spend work in progress.	From 2016-17 Budget Year	Existing spend work in progress.
Subsidy Funded		Total subsidy funded carryovers	279,241	281,983	279,241	(2,743)				
Solid Waste	Landfills - Butlers Site Shed - Hazardous Washdown Facility	Loan Funding	15,000	0	15,000	15,000	Capital	Budgets seemed to not fit the estimates for the works. Work currently being rescope.	From 2015-16 Budget Year	This facility is required as part of the contract and to avoid detrimental environmental impacts.
Solid Waste	Intermediate Capping for Butlers	Loan Funding	50,000	0	50,000	50,000	Capital	More than likely that capping will have commenced by the end of the financial year.	From 2015-16 Budget Year	Due to the waste not being at the required height for the capping to be started this needs to be carried over.
Solid Waste	Landfill- Haast - Digout new Cell	Loan Funding	3,740	0	3,740	3,740	Capital	Existing spend work in progress.	From 2015-16 Budget Year	The waste did not reach the current cell capacity but will still require this money to undertake the work to enable the Landfill to operate under the resource consents that are currently in place for this facility.
Solid Waste	Haast intermediate cap current cell	Loan Funding	10,000	0	10,000	10,000	Capital	Works in progress now.	From 2015-16 Budget Year	This work will still be required and is part of the ongoing cost of operating a Landfill as such the money needs to be carried over.
Solid Waste	Franz Josef Landfill	Loan Funding	25,000	0	25,000	25,000	Capital	On-hold pending future direction on Franz River issues.	From 2014-15 Budget Year	Waiho River Management Group has interest in this project.
Corporate Services	Information Management - DMS	Loan Funding	200,000	861	200,000	199,139	Capital		From 2016-17 Budget Year	Project expected to progress further in February 2018.
Water Supply	Kumara - Water treatment plant	Loan Funding	418,595	13,380	418,595	405,215	Capital		From 2016-17 Budget Year	Contract now awarded, project completion approximately 26 weeks.
Wastewater	Franz Josef - New WWTP	Loan Funding	89,943	0	89,943	89,943	Capital		From 2016-17 Budget Year	Budget was for design and planning proposals for the solution on wastewater treatment in Franz Josef.
Wastewater	Fox Glacier - WWTP upgrade	Loan Funding	100,000	0	100,000	100,000	Capital		From 2016-17 Budget Year	
Transportation	Whitcombe Valley road widening, seal and extension	Loan Funding	500,000	0	500,000	500,000	Capital	Whitcombe Valley Project Budget is \$500,000, unsubsidised by NZTA. 2016- 2017, spent Keogans Road, unsubsidised seal extension, \$81,087, (\$100,000 Budget approved by Council) Approval granted from NZTA for 58% subsidy (\$500,000 + \$690,000 = \$1,190,000) for the Whitcombe Valley Project	From 2016-17 Budget Year	NZTA Approval given. Ready to go to tender. Awaiting confirmation of approved tender documents.
Loan Funded		Total loan funded carryovers	1,412,278	14,241	1,412,278	1,398,037				

Township Development	Franz Josef Urban Revitalisation Plan	Recreation Contributions	100,000	0	100,000	100,000	Capital	Awaiting further study / work with community, regional council and central government on a "master plan" for the township before this streetscape / revitalisation work takes place.	From 2015-16 Budget Year	Com Assoc. wanted it held until decisions made. Still need to finalise future spatial plan of Franz Josef Township based on work of Franz Josef / Waiau working party, including infrastructure and hazard issues, before this streetscape / urban design plan is implemented.
Waterfront carry forward	Hokitika Waterfront Development	Recreation Contributions	10,007	0	10,007	10,007	Capital	No large procurement process will take place- this funding is now being set towards redevelopment work around Sunset Point.	From 2015-16 Budget Year	Design work in progress
Township Development	Hari Hari Township Development fund	Reserves	9,000	0	9,000	9,000	Operating adverse	To be held until Hari Hari decides what they want to allocate funds to.		\$5,000 uplifted in September 2016
Reserves	Reserves - Marks Road Reserve	Reserves	10,000	0	10,000	10,000	Capital		From 2016-17 Budget Year	Requires community involvement.
Reserves	Reserves - Hokitika Waterfront Development	Reserves	100,000	0	100,000	100,000	Capital		From 2016-17 Budget Year	
Reserves	Reserves - Hokitika Heritage Trail signs	Reserves	3,500	0	3,500	3,500	Capital		From 2016-17 Budget Year	
Reserve Funded		Total reserves funded carryovers	232,507	0	232,507	232,507				
		Total	3,295,960	658,986	3,295,960	2,636,975				

Balance Sheet as at 30 November 2017	Council		
	Actual	Budget	Actual
	Nov-17 \$'000	Jun-18 \$'000	Jun-17 \$'000
Assets			
Current assets			
Cash and cash equivalents	4,195	6,763	2,733
Debtors and other receivables	2,366	2,666	2,964
Other financial assets	32	0	813
Inventory	0	0	0
Work in progress	0	0	0
<i>Total current assets</i>	6,593	9,429	6,511
Non-current assets			
Property, plant and equipment	428,080	452,670	430,487
Intangible assets	64	71	81
Derivative financial instruments	0	0	0
Council Controlled Organisations	8,695	8,695	8,695
Other Financial Assets	363	1,398	34
Investment property	0	0	0
Term inventory	0	0	0
Assets under construction	4,223	0	1,309
<i>Total non-current assets</i>	441,426	462,834	440,606
Total assets	448,018	472,263	447,118
Liabilities			
Current liabilities			
Creditors and other payables	1,085	2,423	1,956
Derivative financial instruments	0	0	1
Borrowings	0	6,343	0
Employee entitlements	206	296	182
Provisions	0	0	0
Tax payable	3	3	3
Other current liabilities	1,056	193	376
<i>Total current liabilities</i>	2,351	9,258	2,518
Non-current liabilities			
Derivative financial instruments	551	384	508
Borrowings	17,062	16,304	16,790
Employee entitlements	20	29	20
Provisions	2,090	1,000	2,090
Deferred Tax	28	30	28
<i>Total non-current liabilities</i>	19,751	17,747	19,434
Total liabilities	22,101	27,005	21,952
Net assets	425,917	445,258	425,167
Equity			
Retained earnings	150,702	151,687	149,951
Restricted reserves	5,606	8,777	5,606
Revaluation reserves	269,545	284,794	269,545
Other comprehensive revenue and expense reserve	64	0	64
Net assets	425,917	445,258	425,167

Report



DATE: 14 December 2017

TO: Finance, Audit and Risk Committee

FROM: Group Manager: Corporate Services

FINANCE, AUDIT AND RISK COMMITTEE WORKPLAN

1 SUMMARY

- 1.1 The purpose of this report is to adopt the Finance, Audit and Risk Committee workplan.
- 1.2 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in September 2014, which will be set out in the next Long Term Plan 2015-25. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that the Committee adopt the workplan, attached as **Appendix 1**.

2 BACKGROUND

- 2.1 The Finance, Audit and Risk Committee have power to act conveyed by Council on the matters in the Terms of Reference adopted by Council 24 November 2016, attached as **Appendix 2**.
- 2.2 The Committee is responsible for assisting Council to discharge its responsibility in all matters pertaining to good practice for Finance, Audit and Risk committees.

3 CURRENT SITUATION

- 3.1 The Committee objectives are set out in the Terms of Reference.
- 3.2 The workplan ensures that the Committee members are informed of the elements within the Terms of Reference that require specific review.

3.3 It is proposed that the workplan is rolling forward for a 12-month period.

4 RECOMMENDATION

A) **THAT** the Committee adopts the Finance, Audit and Risk Committee workplan, attached as **Appendix 1**.

Lesley Crichton

Group Manager: Corporate Services

Appendix 1: Finance, Audit and Risk Committee Workplan

Appendix 2: Finance, Audit and Risk Committee Terms of Reference

FINANCE, AUDIT AND RISK COMMITTEE ROLLING WORK PLAN

Item	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sept-18	Oct-18	Nov-18	Dec-18
External Audit		Audit Management Report 2014/15 Meet Audit Director if necessary				Interim Audit 2017/18		Interim Audit Management Report 2017/18		Audit Annual Report 2017/18		
Financial Reporting	Quarterly Report to December 2017		Review LTP consultation document for recommendation to Council for approval	Quarterly Report to March 2018		Review final LTP document for recommendation to Council for approval				Review Annual Report 2017/18 Quarterly Report to September 2018		
CCO's			Half Year Reports 2017/18 Draft Statements of Intent 2018/19	Codes of Conduct Constitutions		Final Statements of Intent 2018/19			Full Year Reports 2017/18		WHL AGM 2017/18 To check	
Insurance				Valuation Information		Renewal						
Risk Management Framework		Review Risk Register		Update on Health & Safety Legislation		Review Risk Register					Review Risk Register	
Internal Control Framework		Review Current Policies and set Action Plan	Update			Update – Internal Audit			Update			Update

TERMS OF REFERENCE FOR THE FINANCE, AUDIT AND RISK COMMITTEE

REPORTING TO:	Council
CONSTITUTION:	Deputy Mayor Martin (Chairperson) All other elected members
MEETING FREQUENCY:	As required.
QUORUM:	Chairperson and any three members
OBJECTIVE:	

To assist the Council to discharge its responsibilities for:

1. the robustness of the internal control framework and governance practices;
2. the integrity and appropriateness of internal and external reporting and accountability arrangements;
3. the robustness of risk management systems, processes and practices;
4. the independence and adequacy of internal and external audit functions;
5. compliance with applicable laws, regulations, standards and best practice guidelines; and
6. the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.

SCOPE OF ACTIVITY:

All matters pertaining to good practice for Finance, Audit and Risk committees, including consideration of the following matters.

(a) Internal Control Framework

- i. Review whether management's approach to maintaining an effective internal control framework is sound and effective.
- ii. Review whether management has taken steps to embed a culture that is committed to probity and ethical behaviour.
- iii. Review whether there are appropriate systems, processes and controls in place prevent, detect and effectively investigate fraud.

(b) Internal Reporting

- i. Consider the processes for ensuring the completeness and quality of financial and operational information being provided to the Council.
- ii. Seek advice periodically from internal and external auditors regarding the completeness and quality of financial and operational information that is provided to the Council.

(c) External Reporting and Accountability

- i. Agree the appropriateness of the Council's existing accounting policies and principles and any proposed change.
- ii. Enquire of internal and external auditors for any information that affects the quality and clarity of the Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above.
- iii. Satisfy itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (i.e. letters of representation), and recommend signing of the financial statements by the Chief Executive/Mayor and adoption of the Annual Report or Long Term Plan.
- iv. Confirm that processes are in place to ensure that financial information included in the entity's Annual Report and Long Term Plan is consistent with the signed financial statements.

(d) Risk Management

- i. Review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of the Council's significant risks.
- ii. Review Council's annual insurance renewal and ensure the appropriateness of the level of self-insured risk.
- iii. Consider whether appropriate action is being taken by Management to mitigate Council's significant risks.

(e) Internal Audit

- i. Review and approve the internal audit coverage and annual work plans, ensuring these plans are based on the Council's risk profile.

- ii. Review the adequacy of management's implementation of internal audit recommendations.
- iii. Review the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.

(f) External Audit

- i. At the start of each audit, confirm the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor.
- ii. Receive the external audit report(s) and review action to be taken by management on significant issues and audit recommendations raised within.
- iii. Conduct a members-only session (i.e. without any management present) with external audit to discuss any matters that the auditors wish to bring to the Committee's attention and/or any issues of independence.
- iv. Consider any recommendation by management that the Office of the Auditor-General replace the external auditor.

(g) Compliance with Legislation, Standards and Good Practice Guidelines

- i. Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Good Practice Guidelines as applicable.

POWER TO ACT:

Council conveys the following delegations upon the Committee:

- a) Approve meeting minutes of the Committee.
- b) Approve insurance arrangements
- c) Approve Revisions to Risk Management and Fraud Prevention Policies
- d) Approve contractual arrangements within the framework of the Liability Management Policy, including swaps, and the Investment Policy.

Adopted by Council: 24 November 2016