



# Waitaki

DISTRICT COUNCIL  
TE KAUNIHERA Ā ROHE O WAITAKI

**Notice of a meeting of the**

## *Finance, Audit and Risk Committee*

**in the**

**Council Chamber, Third Floor, Waitaki District Council  
Headquarters, 20 Thames Street, Oamaru**

**At 9am**

**Wednesday 12 April 2017**

### **MEMBERSHIP:**

Cr Wollstein (Chair)  
Cr Dawson  
Cr Hopkins

Mayor Kircher (ex Officio)  
Cr Garvan  
Cr Percival

***In the interests of the environment and to help reduce photocopying costs,  
please bring your Committee agenda with you to the meeting***

# *Finance, Audit and Risk Committee*

9am, Wednesday 12 April 2017

Council Headquarters, Council Chamber  
3<sup>rd</sup> Floor, 20 Thames Street, Oamaru

- Apologies
- Declarations of Interest

	Page
1. <b>Confirmation of Meeting Minutes</b>	
• 15 March 2017	3-4
2. <b>Financial Report – Period 8</b>	
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## Waitaki District Council

### Finance, Audit and Risk Committee

**Minutes of Finance, Audit and Risk Committee meeting of the Waitaki District Council held in the Council Chamber, Council Headquarters, 20 Thames Street, Oamaru on Wednesday 15 March 2017 at 9.51am**

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**Present:** Crs Wollstein (Chair), Mayor Kircher, Crs Dawson, Garvan, Hopkins

**Apology:** Cr Percival

**In Attendance:** Cr Tavendale  
 Cr Kingan  
 Cr Perkins  
 Cr Holding  
 Cr Wheeler  
 Mr Ross (Chief Executive)  
 Dr Cloete (Community Services Group Manager)  
 Mr Jorgenson (Assets Group Manager)  
 Mr Hope (Chief Financial Officer)  
 Mr Roesler (Policy and Communications Manager)  
 Mr Wells (Accounting Manager)  
 Mrs Finnerty (Committee Secretary)

#### **Declarations of Interest**

There were no declarations of interest.

#### **Apologies**

RESOLVED

FAR17/007

Crs Hopkins/Dawson

"That the Finance, Audit and Risk Committee accepts an apology for absence from Cr Percival."

CARRIED

#### **1. Confirmation of Minutes**

RESOLVED

FAR17/008

Crs Hopkins/Garvan

"That the Finance, Audit and Risk Committee confirms meeting minutes of 1 March 2017, including public excluded minutes."

CARRIED

#### **2. Corporate Group Activity Report**

This memorandum provides an update to the committee on various finance and information management related matters.

RESOLVED

FAR17/009

Crs Hopkins/Dawson

"That the Finance, Audit and Risk Committee receives the information."

CARRIED

Cr Garvan left the meeting at 9.55am and returned at 9.58am

Meeting adjourned at 9.59am and reconvened at 10.16am

### 3. Whitestone Contracting Limited Half Yearly Report

The purpose of this item is to provide the Committee with the Whitestone Contracting Limited half yearly report for the period ending 31 December 2017. Mr Michael de Buyzer, Chairman of the Board, Mr Glen Campbell (CEO) and Mr Tony Read (Corporate Services Manager) were in attendance to speak to the report and answer questions.

RESOLVED  
FAR17/010

Cr Hopkins/Dawson  
"That the Finance, Audit and Risk Committee receive the information and the additional payment from Whitestone Contracting Limited be acknowledged."

CARRIED

### 4. Financial Report – Period 7

This memorandum provides an update to the committee on the year to date, 31 January 2017, financial position and shows that all groups continue to operate close to or better than budget.

RESOLVED  
FAR17/011

Cr Hopkins/Garvan  
"That the Finance, Audit and Risk Committee receives the information."

CARRIED

Cr Garvan left the meeting at 10.36am and returned at 10.38am

Cr Dawson left the meeting at 10.48am

### 5. Omarama Airfield Limited Half Yearly Report

The purpose of this item is to provide the Committee with the Omarama Airfield Limited half yearly report for the period ending 31 December 2017.

RESOLVED  
FAR17/012

Mayor Kircher/Cr Hopkins  
"That the Finance, Audit and Risk Committee receives the information."

CARRIED

There being no further business the Chairman declared the meeting closed at 10.49am.

Confirmed on this day, 12<sup>th</sup> day of April 2017 at Waitaki District Council Chambers, Oamaru.

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Chairman



# *Finance, Audit and Risk Committee*

## *Memorandum*

**From** Chief Financial Officer

**Date** 12 April 2017

### Financial Report – Period 8

#### **Recommendation**

That the Finance, Audit and Risk Committee receives the information.

#### **Financial Overview**

This financial report covers the year to date position at 28 February 2017, and shows that all business units and activities continue to operate close to or better than budget.

#### **Variance Report – refer Appendix (a)**

The overall “controllable” operating position noted in the variance reports shows a favourable variance of \$2.470m (revenue favourable \$1.704m, expenditure favourable \$766k) when compared to budget. The variance in revenues continues to grow, as expected, due to the ongoing factors noted, particularly revenue from the landfill and property rentals noted below.

#### **User Charges –**

These are ahead of budget by \$949k, mainly due to revenues from the Landfill exceeding budget by \$737k. This variance will be finalised when the facility finally closes in April 2017. Property rentals are also ahead of budget by \$190k, with increases across most property categories. Lakes Camping and Boat Ramp fees are ahead of budget by \$52k which indicates that activity was maintained in the camps in spite of the variable weather over summer. The only significant area where revenue is less than expected is trade waste charges, where a shortfall of \$37k should be caught up in March when the next round of invoicing takes place.

#### **Grants, Subsidies, and Contributions –**

Government Grants, mainly the NZTA Roothing subsidy, are over budget by \$487k after the first eight months, due to the timing of the works programme, and to funding of ongoing construction works on the Alps2Ocean Cycle Trail.

Other grants and donations are reported under budget by \$57k, but this is expected to turn around as further funding is received for elements of the cycle trail.

#### **Development and Financial Contributions -**

These items exceed budget by \$87k. The effect of this is most apparent in the areas of Roothing (\$75k greater than budget) and RMA contributions (\$57k greater than budget). Development Contributions received for Oamaru Water and Sewer are ahead of budget, but generally those for other schemes are under plan.

#### **Finance Income –**

The higher deposit balances that are available continue to offset the impact of lower rates creating almost no net variance to budget.

In March, Council received \$790k from Whitestone Contracting Limited (WCL), being a Dividend of \$150k and a Subvention payment of \$640k, well ahead of the budgeted \$120k.

#### **Other Revenue –**

Rates penalties are running ahead of budget by \$121k, but much of this excess is expected to be written off when the results of the current rating sale process is finalised. Otherwise income in this category is fairly close to budget.

#### Employee costs –

These costs are under budget by \$153k for the year to February. Overall salaries and wages are \$181k under budget, but this saving is offset by \$55k spent with contractors as back-fill for vacancies. A more detailed analysis of this is set out below:

	<b>Salaries &amp; Wages \$</b>	<b>Backfill \$</b>	<b>Comment</b>
Information Services	16	-	New Manager & structure
Customer Services Group	52	-	Will be at budget by year end
Financial Services	(45)	-	Analyst vacancy, being moved into IS
Planning	(28)	-	Planner & Biodiversity vacancies
Policy Development	(56)	23	Maternity leave, vacancy
Regulatory Services	(52)	1	Various vacancies and recruitment delays
Aquatic Centre	(17)	-	Seasonal staff, maintenance closure
Emergency Services	(27)	31	New structure, Backfill is payments to ORC
Other	(24)		
	<u>(181)</u>	<u>55</u>	

The annual ACC levy is under budget by \$28k. The cost of salaries and wages fluctuate during the year as positions become vacant and are then filled, but the saving on the ACC levy is permanent.

#### Contractors and Professional Services –

Taken together, these categories are under budget by \$191k. Among a range of different costs in these categories, two stand out:

- The cost of monitoring and controlling Freedom Camping is under budget by \$33k. This was a new activity in the 2016/17 year, and the amount budgeted was an estimate. Actual results this year will better inform our 2017/18 Annual Plan.
- The cost of Consultants is below budget for the period to February by \$128k. Savings are most apparent in the Roding activity where costs are under budget by \$131k, and in Solid Waste and Water where costs are under by \$39k. These savings are offset to a degree by additional costs of \$48k incurred in the Information Management activity.

#### Operational –

Insurance Premiums (\$47k) and Electricity (\$57k), continue to dominate the variance in this category. This month did see a drop in the electricity saving so this will be more closely monitored over the coming months.

#### Administration –

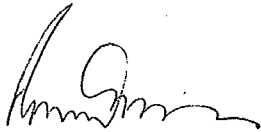
Savings are reported in the areas of Advertising, which is under budget by (\$20k) and Stationery & Office supplies (under budget by \$31k). Bad Debts expense is reported on budget at \$15k, but the result of the rating sales programme is likely to consume all of the annual \$150k budget and more.

#### Capital Expenditure (New and Renewal) –

Overall capital expenditure is down on budget by \$4.960m

- Under: - Roding by \$151k, Water \$2.9m, Sewer \$741k, Property \$166k and IM \$246k.
- Over: - Property.

The under spend in Water is largely due to delays in the HamNak project, while that in Sewer relates to overflow mitigation works at both Oamaru and Moeraki. A more detailed analysis of this area will be provided as part of the Quarter Three report.



Ian Wells  
**Accounting Manager**



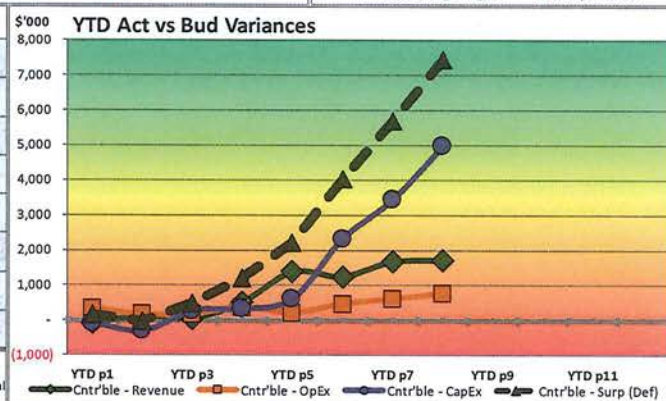
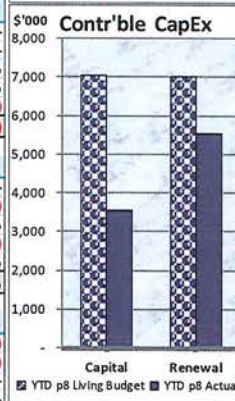
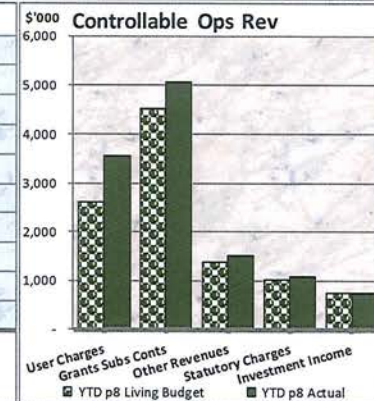
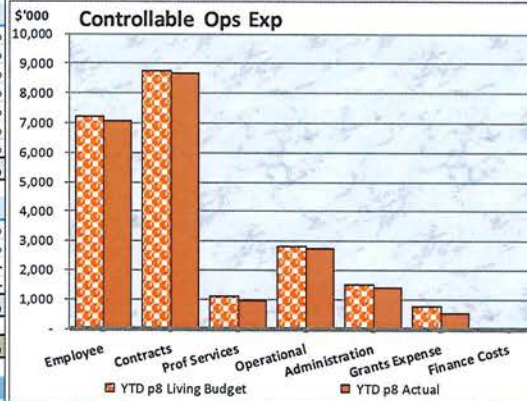
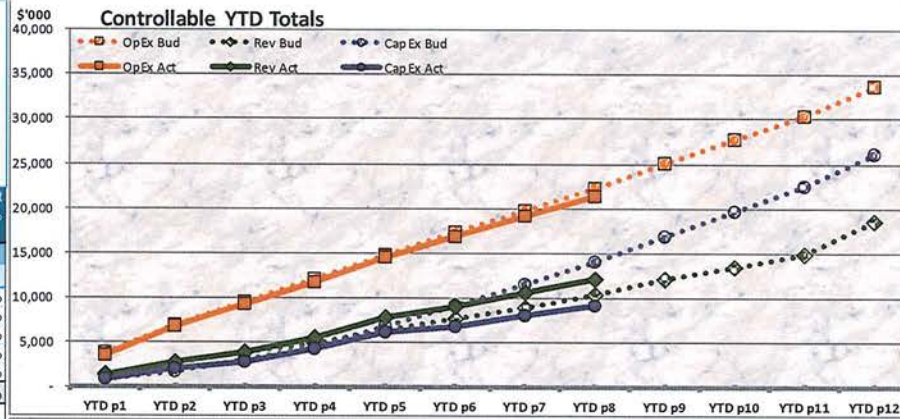
Paul Hope  
**Chief Financial Officer**

**Attachments**

Appendix (a) – Variance Reports and Commentaries



WDC 2017 Operating Statement Wed 22 Mar 2017 6:50 AM					Level_02		Level_03		Level_04	
Level_01					CEOs Office		Accounting Servi...		Ahuriri	
Assets Group					Committees		Ahuriri		Airedale	
Community S...					Community Boards		Alcohol Licensing		Ardgowan	
Customer Ser...					Community Safety		Alps 2 Ocean		Awamoko	
Customer Contac...										
Full	Res	Act	Prjs	PrR	YTD Actual	FY Living Budget	YTD p8 Actual	YTD p8 Living Budget	YTD p8 Act vs Bud	YTD p8 Act vs Bud %
Controllable										
Revenue										
User Charges					(3,845)	(4,091)	(3,564)	(2,615)	949	36%
Grants Subsidies Contributions					(4,583)	(9,961)	(5,070)	(4,536)	534	12%
Other Revenues					(1,518)	(1,874)	(1,513)	(1,369)	144	11%
Statutory Charges					(1,163)	(1,408)	(1,087)	(1,011)	76	8%
Investment Income					(765)	(1,257)	(757)	(756)	1	0%
Revenue Total					(11,874)	(18,591)	(11,992)	(10,287)	1,704	17%
Expense										
Employee Costs					7,292	11,270	7,087	7,240	153	2%
Contracts					8,779	13,221	8,695	8,764	69	1%
Professional Services					889	1,809	964	1,086	122	11%
Operational					2,784	4,150	2,731	2,819	88	3%
Administration					1,429	2,064	1,399	1,516	118	8%
Grants Expense					636	1,015	551	749	198	26%
Finance Costs					23	61	22	41	19	46%
Expense Total					21,832	33,589	21,449	22,215	766	3%
Capital Expense										
Renewal					5,555	11,524	5,543	7,015	1,472	21%
Capital					3,570	14,512	3,540	7,028	3,488	50%
Contracts					-	-	-	-	-	-
Operational					-	-	-	-	-	-
Capital Expense Total					9,125	26,036	9,083	14,043	4,960	35%
Controllable Total					19,084	41,035	18,541	25,971	7,431	29%
Centrally Controlled										
Revenue										
Asset Disposal & Fair Value Adjus					-	-	-	-	-	-
Physical Resources Received Free					-	-	-	-	-	-
Rates					(22,383)	(29,722)	(19,896)	(19,815)	81	0%
Sale Proceeds - Contra Sales					(1,326)	(134)	(1,326)	(89)	1,237	1,383%
Transfers from Reserves					(8,207)	(26,721)	(7,785)	(10,730)	(2,945)	(27%)
Revenue Total					(31,917)	(56,577)	(29,008)	(30,635)	(1,627)	(5%)
Expense										
Asset Disposal & Fair Value Adjus					50	-	50	-	(50)	-
Depreciation					8,619	11,380	7,666	7,587	(80)	(1%)
Overheads In					11,273	16,515	10,197	11,009	812	7%
Overheads Out					(11,597)	(16,713)	(10,495)	(11,142)	(647)	(6%)
Transfers to Reserves					999	1,796	878	999	121	12%
Expense Total					9,345	12,977	8,296	8,453	157	2%
Capital Expense										
Renewal					265	249	217	150	(67)	(45%)
Capital					2,471	2,316	1,479	772	(707)	(92%)
Overheads In					-	-	-	-	-	-
Transfers to Reserves					-	-	-	-	-	-
Capital Expense Total					2,736	2,565	1,696	922	(774)	(84%)
Centrally Controlled Total					(19,836)	(41,035)	(19,015)	(21,260)	(2,245)	(11%)
Surplus (-) / Deficit (+)					(753)	(0)	(474)	4,711	5,186	110%



\*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit \* Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

## Appendix (a) – Variance Reports and Commentaries

### Council – overall total



WDC 2017 Operating Statement  
Wed 22 Mar 2017 6:50 AM

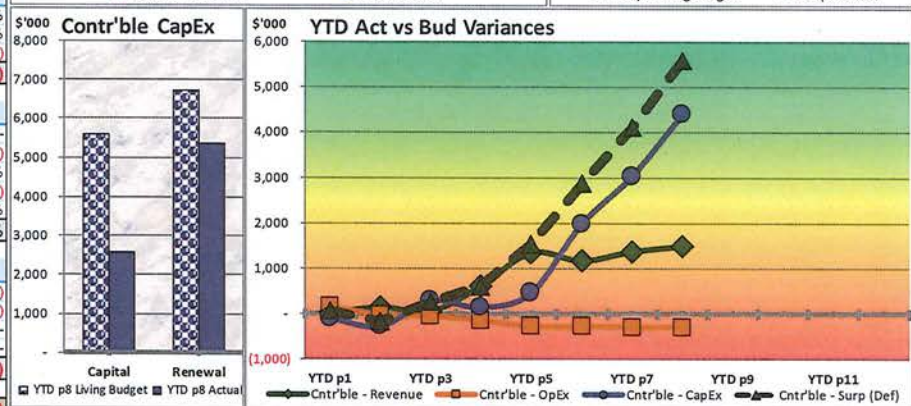
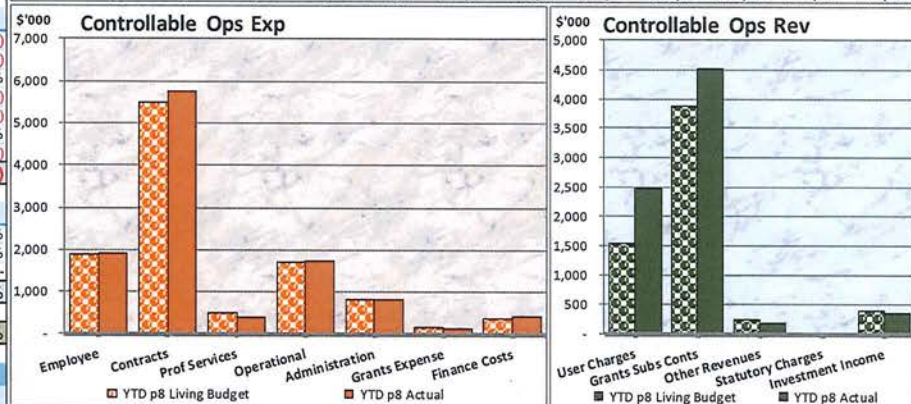
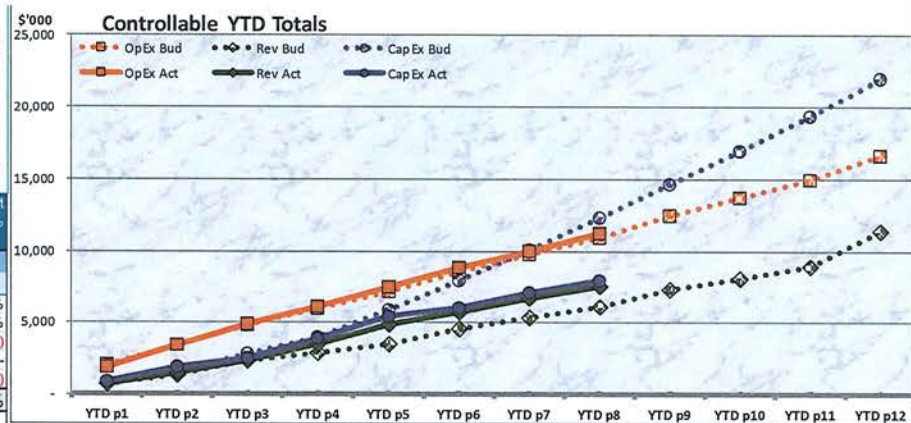
Level\_01: Assets Group, CEO, Community S..., Council, Customer Ser...

Level\_02: Management As..., Property, Roading, Solid Waste, Waters

Level\_03: Amenity, Collection, Commercial, Community

Level\_04: Ahuriri, Airedale, Ardgowan, Awamoko

	Full	Res	Act	Prjs	PrR	YTD Actual	FY Living Budget	YTD p8 Actual	YTD p8 Living Budget	YTD p8 Act vs Bud	YTD p8 Act vs Bud %
<b>Controllable</b>											
<b>Revenue</b>											
User Charges						(2,682)	(2,427)	(2,483)	(1,534)	949	62%
Grants Subsidies Contributions						(4,528)	(7,637)	(4,515)	(3,881)	633	16%
Other Revenues						(193)	(540)	(191)	(251)	(60)	(24%)
Statutory Charges						-	-	-	-	-	-
Investment Income						(516)	(775)	(356)	(387)	(32)	(8%)
<b>Revenue Total</b>						<b>(7,919)</b>	<b>(11,378)</b>	<b>(7,545)</b>	<b>(6,054)</b>	<b>1,491</b>	<b>25%</b>
<b>Expense</b>											
Employee Costs						1,979	2,867	1,912	1,880	(33)	(2%)
Contracts						5,779	8,593	5,767	5,484	(283)	(5%)
Professional Services						404	738	399	494	94	19%
Operational						1,769	2,475	1,746	1,708	(38)	(2%)
Administration						828	967	824	824	(0)	(0%)
Grants Expense						165	240	147	160	13	8%
Finance Costs						617	766	428	383	(44)	(12%)
<b>Expense Total</b>						<b>11,541</b>	<b>16,646</b>	<b>11,223</b>	<b>10,932</b>	<b>(291)</b>	<b>(3%)</b>
<b>Capital Expense</b>											
Renewal						5,378	11,051	5,366	6,731	1,364	20%
Capital						2,570	10,841	2,569	5,590	3,020	54%
Contracts						-	-	-	-	-	-
<b>Capital Expense Total</b>						<b>7,947</b>	<b>21,892</b>	<b>7,936</b>	<b>12,320</b>	<b>4,385</b>	<b>36%</b>
<b>Controllable Total</b>						<b>11,568</b>	<b>27,160</b>	<b>11,614</b>	<b>17,199</b>	<b>5,585</b>	<b>32%</b>
<b>Centrally Controlled</b>											
<b>Revenue</b>											
Rates						(11,753)	(15,618)	(10,447)	(10,412)	35	0%
Sale Proceeds - Contra Sales						(1,324)	(134)	(1,324)	(89)	1,234	1,380%
Transfers from Reserves						(6,982)	(21,717)	(6,598)	(8,922)	(2,324)	(26%)
<b>Revenue Total</b>						<b>(20,058)</b>	<b>(37,470)</b>	<b>(18,368)</b>	<b>(19,424)</b>	<b>(1,055)</b>	<b>(5%)</b>
<b>Expense</b>											
Asset Disposal & Fair Value Adjus						-	-	-	-	-	-
Depreciation						7,630	10,033	6,785	6,689	(97)	(1%)
Overheads In						4,365	6,312	3,978	4,208	230	5%
Overheads Out						(6,103)	(8,470)	(5,548)	(5,647)	(99)	(2%)
Transfers to Reserves						635	1,023	597	607	10	2%
<b>Expense Total</b>						<b>6,528</b>	<b>8,897</b>	<b>5,812</b>	<b>5,857</b>	<b>45</b>	<b>1%</b>
<b>Capital Expense</b>											
Renewal						257	249	209	150	(59)	(39%)
Capital						2,170	1,163	1,271	589	(682)	(116%)
Overheads In						-	-	-	-	-	-
Transfers to Reserves						-	-	-	-	-	-
<b>Capital Expense Total</b>						<b>2,427</b>	<b>1,412</b>	<b>1,479</b>	<b>739</b>	<b>(740)</b>	<b>(100%)</b>
<b>Centrally Controlled Total</b>						<b>(11,104)</b>	<b>(27,160)</b>	<b>(11,077)</b>	<b>(12,828)</b>	<b>(1,751)</b>	<b>(14%)</b>
<b>Surplus (-) / Deficit (+)</b>						<b>464</b>	<b>(0)</b>	<b>537</b>	<b>4,371</b>	<b>3,834</b>	<b>88%</b>



\*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit \* Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

Assets

Appendix (a) – Variance Reports and Commentaries (continued)



## Appendix (a) – Variance Reports and Commentaries (continued)

## Assets – commentary

	last year YTD	this year YTD	budget YTD	variance YTD	Variance YTD%	Manager/Activity(s) Overview:	Solutions/Actions Overview:
Assets Group	10,426	11,614	17,199	5,585	32%	Overall budgets are being managed appropriately and I have no overall comments in addition to the comments below.	Continue to monitor.
Assets_GM	189	212	235	23	10%	All on track.	-
Information_Technology	1,146	1,258	1,553	295	19%	The Chief Information Officer is addressing a number of issues that will have an impact on the financial position. These will be reported in more detail to the FAR at a later date.	A Departmental review will align with a new budget strategy for 2017 / 2018
Property	1,438	1,900	2,145	245	11%	Income is slightly ahead of budget as rents are increased to market when they fall due. Capital and renewal expenditure is slightly higher than budget. Expenses are considered and minimised wherever possible. Some planned project work has not yet been completed.	-
Roading	3,168	3,864	5,034	1,170	23%	Programme of works underway with some new and renewal activities complete at the end of Q2 with most at end of Q3 and remainder end of Q4	Roading unit to monitor programme and budgets. Income adjustment completed to correctly reflect expenditure.
Utilities_Solid_Waste	(43)	(32)	298	330	111%	Operating expenditure is tracking to budget. Unbudgeted landfill income is continuing to accumulate.	Landfill income will help ease the transition to a closed landfill operation
Utilities_Water	3,811	3,843	6,576	2,733	42%	Operating expenditure is tracking above budget in some separate rate accounts. Oamaru water expenditure is above budget due to increased reactive works. Capital expenditure is showing a variance to budget which will be corrected via reserve transfers	Increased reactive work are being actively monitored and managed to identify opportunities to increase efficiencies
Utilities_Sewer	668	533	1,145	612	53%	Operating expenditure is generally tracking to budget. Oamaru sewer expenditure is above budget due to increased reactive works.	-
Utilities_Waste_Water	49	37	214	177	83%	Operating expenditure is tracking slightly below budget.	-



WDC 2017 Operating Statement  
Wed 22 Mar 2017 6:50 AM

Level\_02

Level\_03

Level\_04

Level\_01

Assets Group

CEO

Community S...

Council

Customer Ser...

Management As...

Property

Roading

Solid Waste

Waters

Amenity

Financially Assis...

Management Roa...

Non-financially A...

Townships and T...

Ahuriri

Capital New

Capital Renewal

Corriedale

Full

Res

Act

Prjs

PrR

YTD Actual

FY Living Budget

YTD p8 Actual

YTD p8 Living Budget

YTD p8 Act vs Bud

YTD p8 Act vs Bud

Controllable

Revenue

User Charges

Grants Subsidies Contributions

Other Revenues

Statutory Charges

Investment Income

Revenue Total

Expense

Employee Costs

Contracts

Professional Services

Operational

Administration

Grants Expense

Finance Costs

Expense Total

Capital Expense

Renewal

Capital

Contracts

Capital Expense Total

Controllable Total

Centrally Controlled

Revenue

Rates

Sale Proceeds - Contra Sales

Transfers from Reserves

Revenue Total

Expense

Depreciation

Overheads In

Overheads Out

Transfers to Reserves

Expense Total

Capital Expense

Renewal

Capital

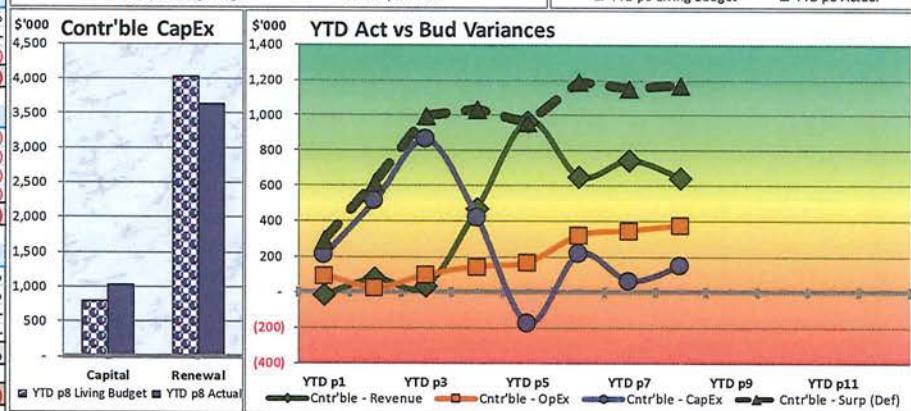
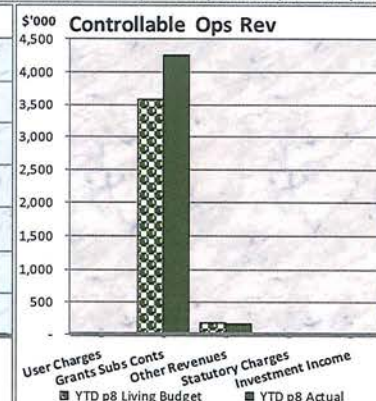
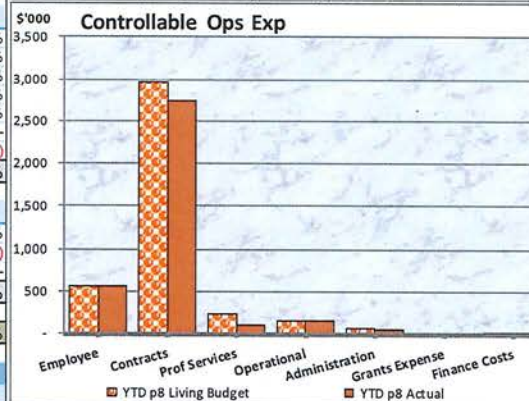
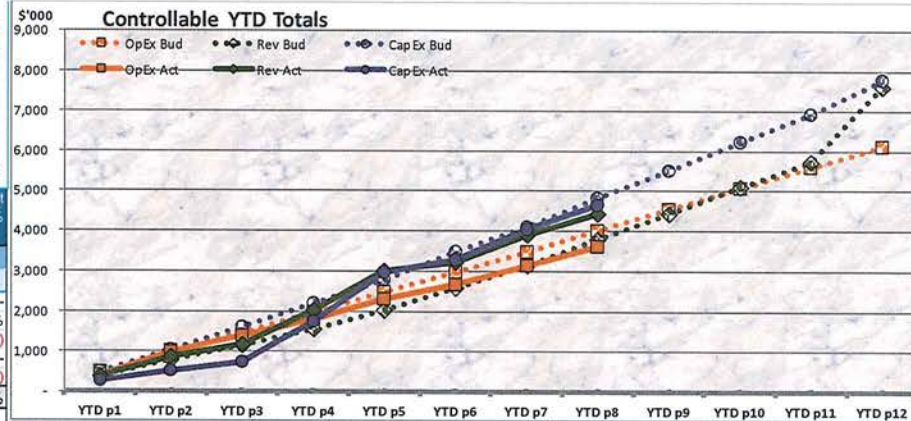
Overheads In

Transfers to Reserves

Capital Expense Total

Centrally Controlled Total

Surplus (-) / Deficit (+)



\*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit \* Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

Roading

Appendix (a) – Variance Reports and Commentaries (continued)



WDC 2017 Operating Statement  
Wed 22 Mar 2017 6:50 AM

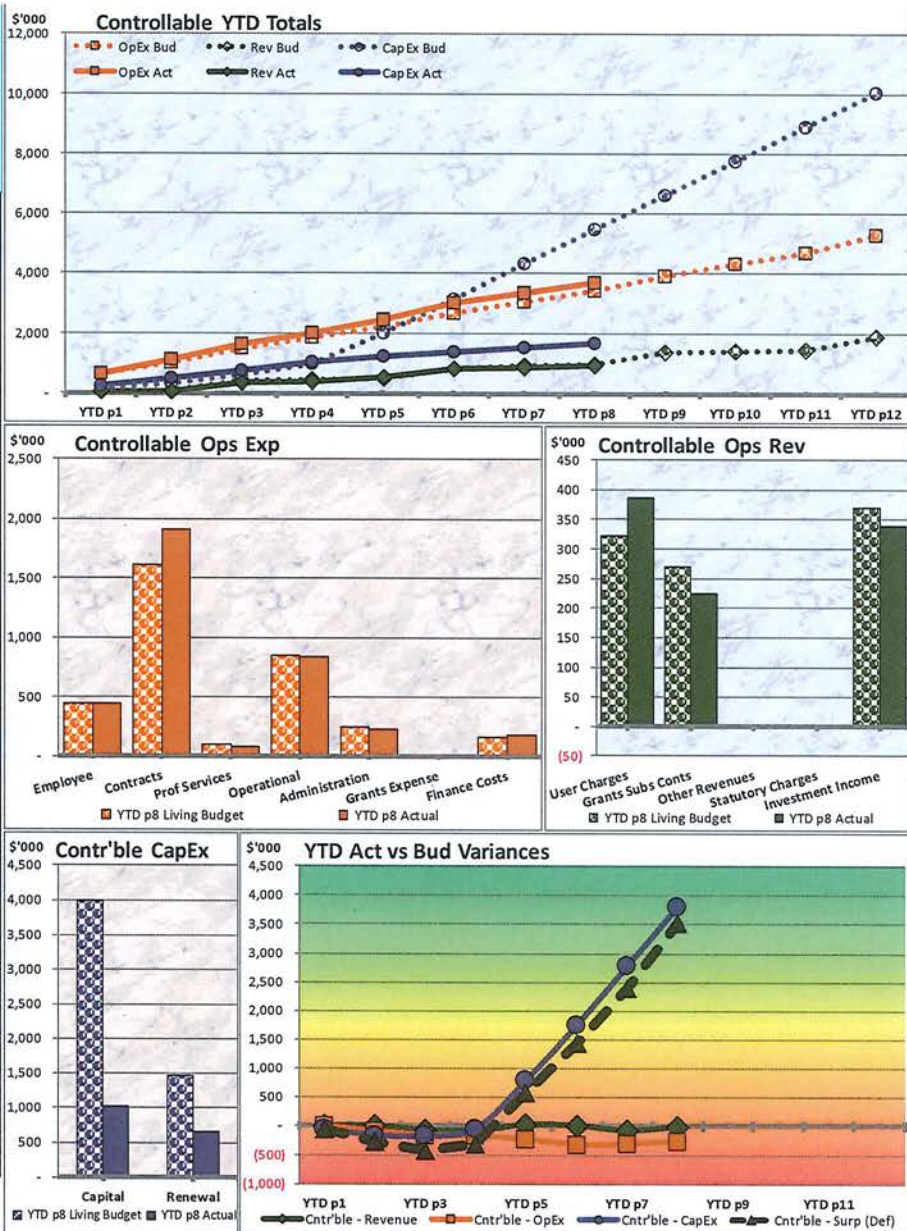
Level\_01: Assets Group, CEO, Community S..., Council, Customer Ser...

Level\_02: Management As..., Property, Roading, Solid Waste, Waters

Level\_03: Management Wa..., Sewerage, Stormwater, Water

Level\_04: Awamoko, Dunback, Duntroon, Enfield

	Full	Res	Act	Prjs	PrR	YTD Actual	FY Living Budget	YTD p8 Actual	YTD p8 Living Budget	YTD p8 Act vs Bud	YTD p8 Act vs Bud %
<b>Controllable</b>											
<b>Revenue</b>											
User Charges			(397)			(397)	(751)	(387)	(323)	64	20%
Grants Subsidies Contributions			(238)			(238)	(405)	(226)	(270)	(44)	(16%)
Other Revenues			2			2	-	2	-	(2)	
Investment Income			(492)			(492)	(740)	(340)	(370)	(30)	(8%)
<b>Revenue Total</b>			<b>(1,125)</b>			<b>(1,125)</b>	<b>(1,896)</b>	<b>(950)</b>	<b>(963)</b>	<b>(13)</b>	<b>(1%)</b>
<b>Expense</b>											
Employee Costs			465			465	685	445	449	3	1%
Contracts			1,918			1,918	2,608	1,915	1,616	(298)	(18%)
Professional Services			78			78	150	78	100	22	22%
Operational			838			838	1,230	838	852	14	2%
Administration			235			235	275	233	246	14	5%
Finance Costs			260			260	329	180	165	(16)	(9%)
<b>Expense Total</b>			<b>3,794</b>			<b>3,794</b>	<b>5,277</b>	<b>3,689</b>	<b>3,428</b>	<b>(261)</b>	<b>(8%)</b>
<b>Capital Expense</b>											
Renewal			660			660	2,393	659	1,469	810	55%
Capital			1,015			1,015	7,658	1,014	4,001	2,986	75%
<b>Capital Expense Total</b>			<b>1,674</b>			<b>1,674</b>	<b>10,051</b>	<b>1,673</b>	<b>5,469</b>	<b>3,796</b>	<b>69%</b>
<b>Controllable Total</b>			<b>4,343</b>			<b>4,343</b>	<b>13,432</b>	<b>4,412</b>	<b>7,934</b>	<b>3,522</b>	<b>44%</b>
<b>Centrally Controlled</b>											
<b>Revenue</b>											
Rates			(5,458)			(5,458)	(7,272)	(4,851)	(4,848)	3	0%
Sale Proceeds - Contra Sales			-			-	-	-	-	-	-
Transfers from Reserves			(1,775)			(1,775)	(11,183)	(1,753)	(3,706)	(1,953)	(53%)
<b>Revenue Total</b>			<b>(7,233)</b>			<b>(7,233)</b>	<b>(18,455)</b>	<b>(6,604)</b>	<b>(8,554)</b>	<b>(1,951)</b>	<b>(23%)</b>
<b>Expense</b>											
Depreciation			2,162			2,162	2,867	1,922	1,912	(10)	(1%)
Overheads In			1,915			1,915	2,891	1,735	1,927	193	10%
Overheads Out			(1,517)			(1,517)	(2,218)	(1,388)	(1,479)	(91)	(6%)
Transfers to Reserves			445			445	794	412	475	63	13%
<b>Expense Total</b>			<b>3,005</b>			<b>3,005</b>	<b>4,334</b>	<b>2,681</b>	<b>2,835</b>	<b>155</b>	<b>5%</b>
<b>Capital Expense</b>											
Renewal			203			203	96	158	48	(110)	(230%)
Capital			511			511	593	362	297	(65)	(22%)
<b>Capital Expense Total</b>			<b>714</b>			<b>714</b>	<b>689</b>	<b>520</b>	<b>344</b>	<b>(176)</b>	<b>(51%)</b>
<b>Centrally Controlled Total</b>			<b>(3,514)</b>			<b>(3,514)</b>	<b>(13,432)</b>	<b>(3,403)</b>	<b>(5,375)</b>	<b>(1,971)</b>	<b>(37%)</b>
<b>Surplus (-) / Deficit (+)</b>			<b>829</b>			<b>829</b>	<b>0</b>	<b>1,009</b>	<b>2,559</b>	<b>1,550</b>	<b>61%</b>



\*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit \* Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

Water, Sewer, Stormwater

Appendix (a) – Variance Reports and Commentaries (continued)



WDC 2017 Operating Statement  
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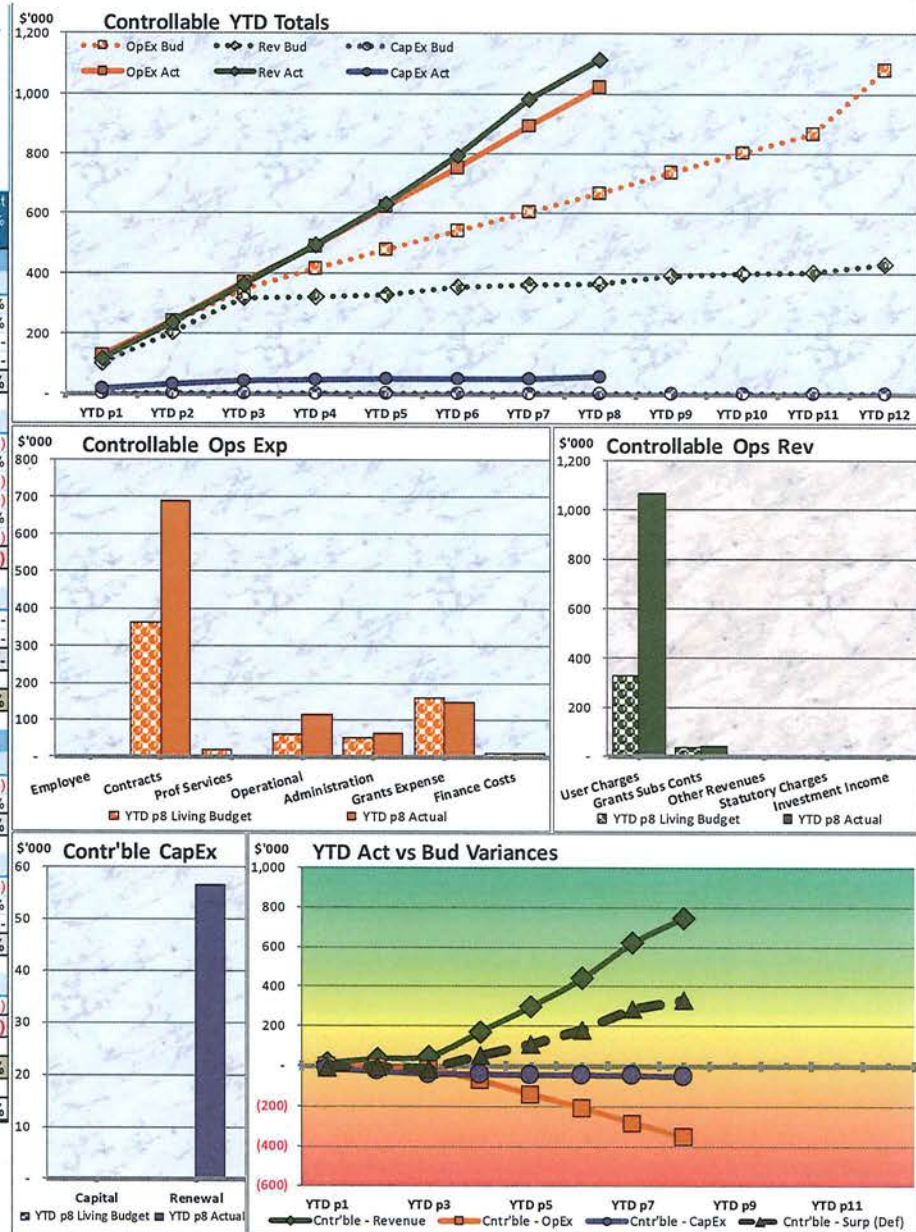
Level\_01  
Assets Group CEO  
Community S... Council  
Customer Ser...

Level\_02  
Management As...  
Property  
Roading  
Solid Waste  
Waters

Level\_03  
Collection  
Waste Disposal ...  
Accounting Servi...  
Ahuriri

Level\_04  
Ahuriri  
Closed Landfill  
Contaminated S...  
Corriedale  
Oamaru

	Full	Res	Act	Prjs	PrR	YTD Actual	FY Living Budget	YTD p8 Actual	YTD p8 Living Budget	YTD p8 Act vs Bud	YTD p8 Act vs Bud %
<b>Controllable</b>											
<b>Revenue</b>											
User Charges			(1,083)			(1,083)	(356)	(1,067)	(331)	737	223%
Grants Subsidies Contributions			(41)			(41)	(75)	(41)	(38)	3	9%
Other Revenues			(5)			(5)	-	(5)	-	5	-
Statutory Charges			-			-	-	-	-	-	-
<b>Revenue Total</b>			<b>(1,129)</b>			<b>(1,129)</b>	<b>(431)</b>	<b>(1,113)</b>	<b>(368)</b>	<b>745</b>	<b>202%</b>
<b>Expense</b>											
Contracts			690			690	583	690	362	(328)	(91%)
Professional Services			-			-	29	-	20	20	100%
Operational			106			106	138	115	62	(53)	(85%)
Administration			67			67	72	63	53	(10)	(19%)
Grants Expense			165			165	240	147	160	13	8%
Finance Costs			14			14	18	10	9	(1)	(12%)
<b>Expense Total</b>			<b>1,041</b>			<b>1,041</b>	<b>1,080</b>	<b>1,024</b>	<b>666</b>	<b>(359)</b>	<b>(54%)</b>
<b>Capital Expense</b>											
Renewal			57			57	-	57	-	(57)	-
Capital			-			-	-	-	-	-	-
<b>Capital Expense Total</b>			<b>57</b>			<b>57</b>	<b>-</b>	<b>57</b>	<b>-</b>	<b>(57)</b>	<b>-</b>
<b>Controllable Total</b>			<b>(31)</b>			<b>(31)</b>	<b>649</b>	<b>(32)</b>	<b>298</b>	<b>330</b>	<b>111%</b>
<b>Centrally Controlled</b>											
<b>Revenue</b>											
Rates			(787)			(787)	(1,051)	(700)	(701)	(1)	(0%)
Transfers from Reserves			(67)			(67)	(31)	(65)	(17)	48	292%
<b>Revenue Total</b>			<b>(854)</b>			<b>(854)</b>	<b>(1,082)</b>	<b>(765)</b>	<b>(717)</b>	<b>48</b>	<b>7%</b>
<b>Expense</b>											
Depreciation			57			57	54	51	36	(15)	(41%)
Overheads In			131			131	258	115	172	57	33%
Transfers to Reserves			-			-	-	-	-	-	-
<b>Expense Total</b>			<b>188</b>			<b>188</b>	<b>312</b>	<b>166</b>	<b>208</b>	<b>43</b>	<b>20%</b>
<b>Capital Expense</b>											
Capital			95			95	121	65	60	(5)	(8%)
<b>Capital Expense Total</b>			<b>95</b>			<b>95</b>	<b>121</b>	<b>65</b>	<b>60</b>	<b>(5)</b>	<b>(8%)</b>
<b>Centrally Controlled Total</b>			<b>(571)</b>			<b>(571)</b>	<b>(649)</b>	<b>(534)</b>	<b>(449)</b>	<b>86</b>	<b>19%</b>
<b>Surplus (-) / Deficit (+)</b>			<b>(602)</b>			<b>(602)</b>	<b>-</b>	<b>(566)</b>	<b>(151)</b>	<b>415</b>	<b>275%</b>



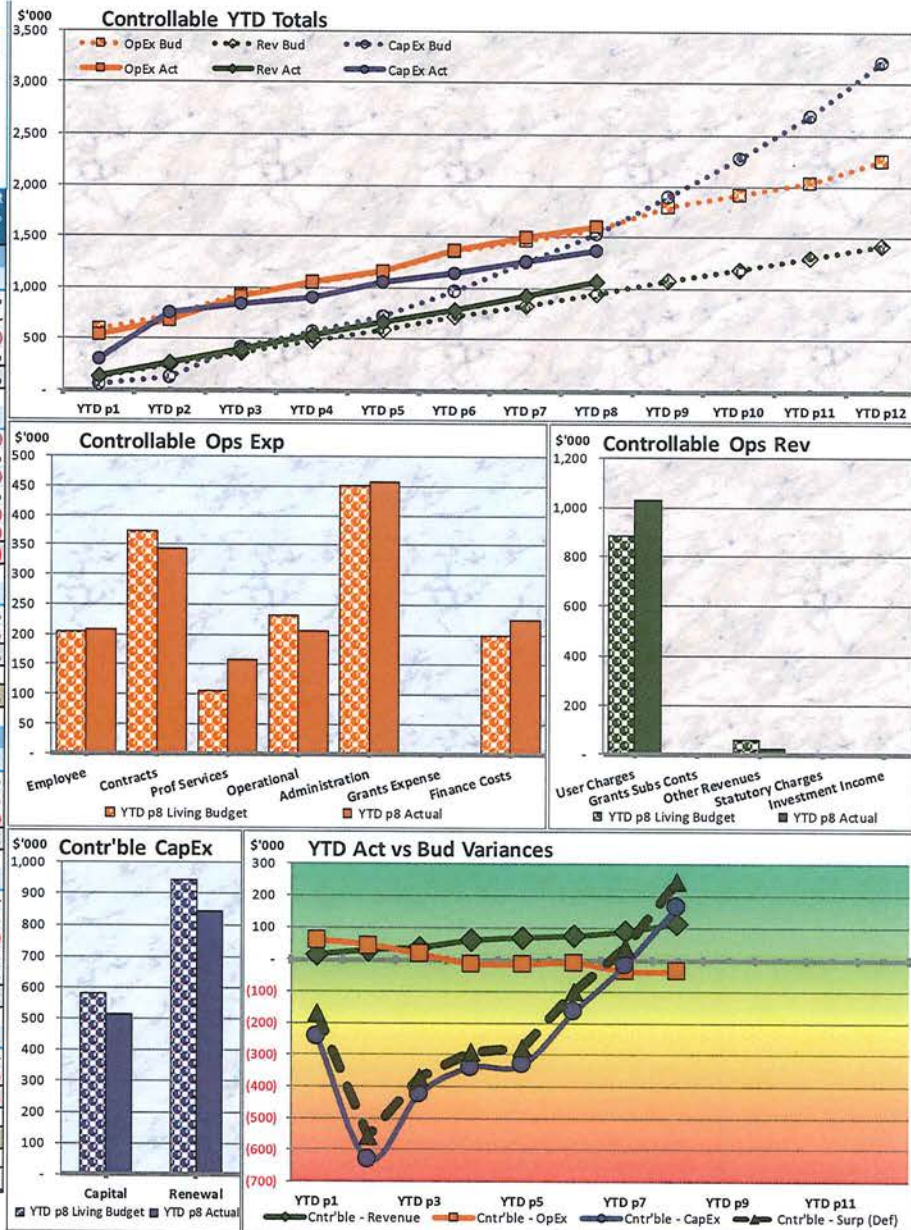
\*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit \* Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X



WDC 2017 Operating Statement  
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Level_01	Level_02	Level_03	Level_04
Assets Group	Management As...	Commercial	
Community S...	Property	Community	Airedale
Customer Ser...	Roading	Halls and Comm...	Ardgowan
	Solid Waste	Management Pro...	Awamoko
	Waters	Property Holdings	Breakwater Coa...

	Full	Res	Act	Prjs	PrR	YTD Actual	FY Living Budget	YTD p8 Actual	YTD p8 Living Budget	YTD p8 Act vs Bud	YTD p8 Act vs Bud %
<b>Controllable</b>											
<b>Revenue</b>											
User Charges			(1,202)			(1,320)	(1,028)	(880)		148	17%
Grants Subsidies Contributions			(1)			-	(1)	-		1	
Other Revenues			(27)			(93)	(26)	(62)		(36)	(58%)
Investment Income			(8)			(10)	(6)	(5)		1	17%
<b>Revenue Total</b>			<b>(1,238)</b>			<b>(1,423)</b>	<b>(1,061)</b>	<b>(947)</b>		<b>114</b>	<b>12%</b>
<b>Expense</b>											
Employee Costs			219			312	208	205		(4)	(2%)
Contracts			347			593	344	373		29	8%
Professional Services			164			160	159	106		(53)	(50%)
Operational			207			276	207	232		25	11%
Administration			459			511	458	451		(6)	(1%)
Finance Costs			327			399	226	199		(27)	(13%)
<b>Expense Total</b>			<b>1,723</b>			<b>2,250</b>	<b>1,602</b>	<b>1,567</b>		<b>(35)</b>	<b>(2%)</b>
<b>Capital Expense</b>											
Renewal			856			2,049	845	944		99	10%
Capital			514			1,154	514	581		67	12%
<b>Capital Expense Total</b>			<b>1,370</b>			<b>3,202</b>	<b>1,359</b>	<b>1,525</b>		<b>166</b>	<b>11%</b>
<b>Controllable Total</b>			<b>1,855</b>			<b>4,030</b>	<b>1,900</b>	<b>2,145</b>		<b>245</b>	<b>11%</b>
<b>Centrally Controlled</b>											
<b>Revenue</b>											
Rates			(548)			(722)	(487)	(481)		6	1%
Sale Proceeds - Contra Sales			(1,252)			(50)	(1,252)	(33)		1,219	3,686%
Transfers from Reserves			(1,604)			(4,108)	(1,553)	(1,608)		(55)	(3%)
<b>Revenue Total</b>			<b>(3,404)</b>			<b>(4,880)</b>	<b>(3,292)</b>	<b>(2,122)</b>		<b>1,170</b>	<b>55%</b>
<b>Expense</b>											
Asset Disposal & Fair Value Adjus			-			-	-	-		-	
Depreciation			1,216			1,627	1,081	1,084		3	0%
Overheads In			762			1,018	705	679		(26)	(4%)
Overheads Out			(1,561)			(2,074)	(1,413)	(1,383)		30	2%
Transfers to Reserves			35			104	35	69		34	50%
<b>Expense Total</b>			<b>451</b>			<b>675</b>	<b>408</b>	<b>450</b>		<b>42</b>	<b>9%</b>
<b>Capital Expense</b>											
Renewal			-			-	-	-		-	
Capital			1,480			175	782	87		(695)	(794%)
<b>Capital Expense Total</b>			<b>1,480</b>			<b>175</b>	<b>782</b>	<b>87</b>		<b>(695)</b>	<b>(794%)</b>
<b>Centrally Controlled Total</b>			<b>(1,472)</b>			<b>(4,030)</b>	<b>(2,102)</b>	<b>(1,584)</b>		<b>517</b>	<b>33%</b>
<b>Surplus (-) / Deficit (+)</b>			<b>382</b>			<b>-</b>	<b>(201)</b>	<b>561</b>		<b>762</b>	<b>136%</b>



\*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit \* Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

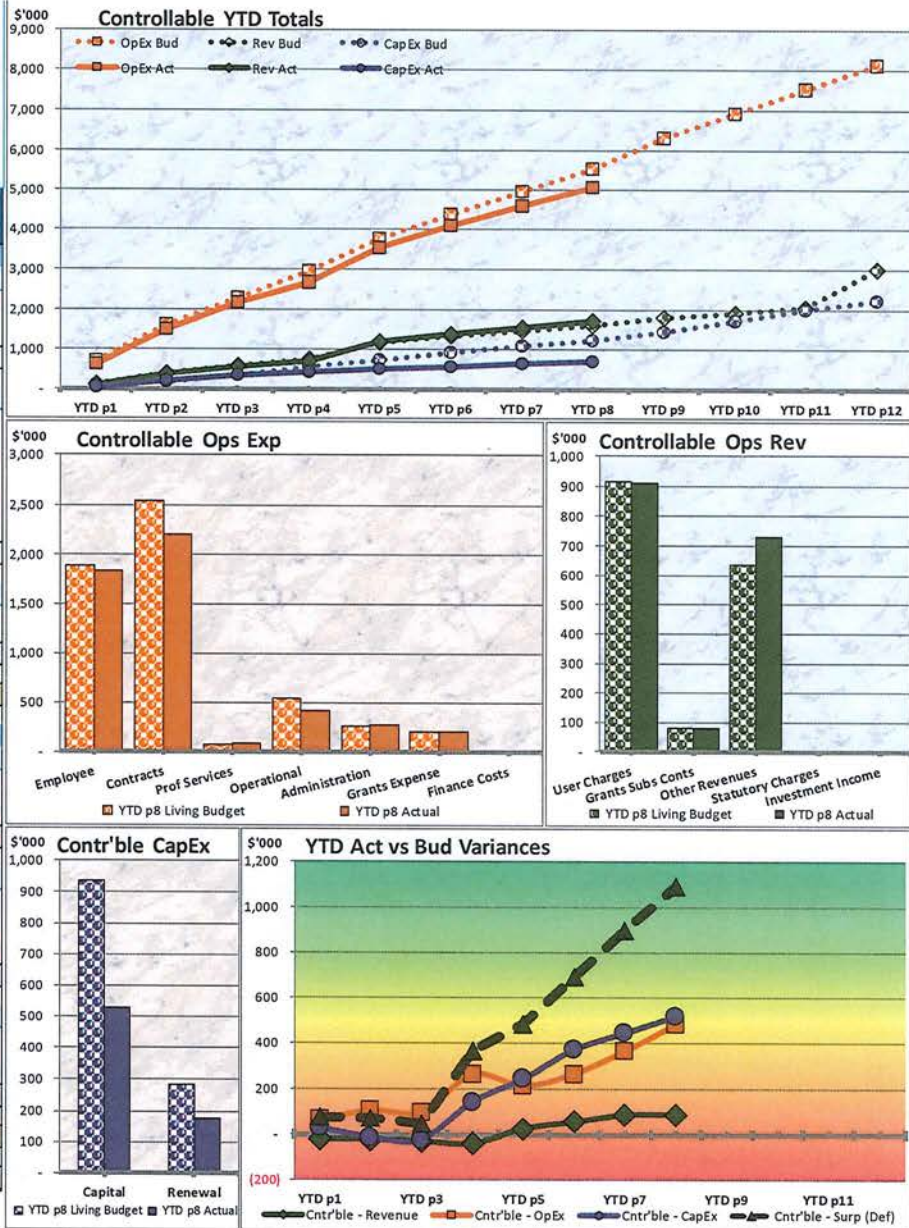
Appendix (a) – Variance Reports and Commentaries (continued)



WDC 2017 Operating Statement  
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Level_01	Level_02	Level_03	Level_04
Assets Group	CEO	Community Safety	Archive
Community S...	Council	Gallery & Museum	Ahuriri
Customer Ser...		General Grants	Comedale
		Libraries	Harbour Park
		Management Co...	Monuments
			Camping Grounds
			Cafe
			Branch Libraries

	Full	Res	Act	Prjs	PrR	YTD Actual	FY Living Budget	YTD p8 Actual	YTD p8 Living Budget	YTD p8 Act vs Bud	YTD p8 Act vs Bud %
<b>Controllable</b>											
<b>Revenue</b>											
User Charges						(976)	(1,315)	(911)	(915)	(4)	(0%)
Grants Subsidies Contributions						(82)	(903)	(81)	(80)	2	2%
Other Revenues						(734)	(793)	(730)	(637)	93	15%
<b>Revenue Total</b>						<b>(1,792)</b>	<b>(3,011)</b>	<b>(1,722)</b>	<b>(1,631)</b>	<b>91</b>	<b>6%</b>
<b>Expense</b>											
Employee Costs						1,884	2,875	1,834	1,890	56	3%
Contracts						2,211	3,621	2,210	2,537	328	13%
Professional Services						91	114	91	74	(17)	(23%)
Operational						423	804	420	548	128	23%
Administration						282	369	276	266	(10)	(4%)
Grants Expense						220	300	214	210	(5)	(2%)
Finance Costs						23	41	15	21	5	26%
<b>Expense Total</b>						<b>5,134</b>	<b>8,123</b>	<b>5,060</b>	<b>5,545</b>	<b>485</b>	<b>9%</b>
<b>Capital Expense</b>											
Renewal						177	432	177	284	108	38%
Capital						559	1,796	529	939	410	44%
<b>Capital Expense Total</b>						<b>736</b>	<b>2,228</b>	<b>706</b>	<b>1,223</b>	<b>518</b>	<b>42%</b>
<b>Controllable Total</b>						<b>4,078</b>	<b>7,341</b>	<b>4,044</b>	<b>5,137</b>	<b>1,093</b>	<b>21%</b>
<b>Centrally Controlled</b>											
<b>Revenue</b>											
Rates						(6,119)	(8,148)	(5,439)	(5,432)	7	0%
Sale Proceeds - Contra Sales						(3)	-	(3)	-	3	-
Transfers from Reserves						(968)	(2,852)	(937)	(1,360)	(424)	(31%)
<b>Revenue Total</b>						<b>(7,090)</b>	<b>(11,000)</b>	<b>(6,378)</b>	<b>(6,792)</b>	<b>(414)</b>	<b>(6%)</b>
<b>Expense</b>											
Depreciation						848	1,158	755	772	17	2%
Overheads In						1,653	2,643	1,466	1,761	295	17%
Overheads Out						(526)	(1,104)	(463)	(736)	(273)	(37%)
Transfers to Reserves						41	50	41	30	(10)	(33%)
<b>Expense Total</b>						<b>2,016</b>	<b>2,746</b>	<b>1,799</b>	<b>1,827</b>	<b>29</b>	<b>2%</b>
<b>Capital Expense</b>											
Renewal						9	-	9	-	(9)	-
Capital						120	913	88	63	(26)	(41%)
Transfers to Reserves						-	-	-	-	-	-
<b>Capital Expense Total</b>						<b>129</b>	<b>913</b>	<b>97</b>	<b>63</b>	<b>(34)</b>	<b>(54%)</b>
<b>Centrally Controlled Total</b>						<b>(4,945)</b>	<b>(7,341)</b>	<b>(4,483)</b>	<b>(4,902)</b>	<b>(419)</b>	<b>(9%)</b>
<b>Surplus (-) / Deficit (+)</b>						<b>(867)</b>	<b>(0)</b>	<b>(439)</b>	<b>235</b>	<b>674</b>	<b>287%</b>



\*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit \* Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X



	last year YTD	this year YTD	budget YTD	variance YTD	Variance YTD%	Manager/Activity(s) Overview:	Solutions/Actions Overview:
Community Services Group	3,910	4,037	5,137	1,100	21%	Parks: \$523k is project related and \$93k is attributed to savings on the Parks maintenance contract. The Opera House have several show bookings before the end of the financial year. The Aquatic Centre shows a 13% positive variance due to employee savings during the close down and a \$24k Capital underspend in this period. The Rest of the variance is related to timing of projects, expenditure and revenue.	Monitoring the activities. Employing a Projects Manager for Parks will minimise the project back log. The savings from the new Parks Maintenance contract is positively affecting the Parks budget.
Community_GM	324	377	373	(4)	(1%)	Unbudgeted Waitaki Heritage Fund Grant funded from special reserve	No action required
Aquatic_Centre	272	357	406	49	12%	Revenue 9K behind budget due to timing of swim school revenue. Expenses 32K under budget due to employee savings during closedown. Capital expense 26K under budget.	No Action
Community_Safety	61	53	90	37	41%	Reduced expenses due to timing of projects.	No action required.
Gallery_Museum	593	459	577	119	21%	Reduced income due to focus upon revenue raising through grants being focus of Cultural Facility Development Project (CFDP) and focus of output also related to CFDP rather than revenue at this time.	No action required.
Library	515	603	655	53	8%	We have started paying for the RFID equipment	Continue to monitor
Oamaru_Opera_House	223	201	225	23	10%	Performing well as a meeting hub and the number of attendees at meetings and events is growing. Upcoming show bookings include 5 international tours, 5 national tours and a Youth orchestra booking. Concentrated marketing on conferencing and meetings has yielded good results, with significant increases in bookings and successful delivery of the AAPG conference hosting approx 80 international delegates.	The Opera House will continue to support local community groups and schools providing meeting and performance space, and expertise of event staff. Programme work and meeting opportunities through industry networks and advertising to increase occupancy. Consistent management of controllable finance to keep operational costs down.
Parks_and_Recreation	1,921	1,988	2,812	824	29%	Camping - Revenue 52K over budget due season passes sold. Capital 41K down as Sailors & Falstone discharge fields deferred pending camping review. Cemetery - Plot sales 20K down on budget. Operational costs 21K down due to contract savings. Capital 98K down as landscape works for Cemetery extension to be completed in Autumn. Forestry - Revenue 152K over budget due to harvest of 'Milligans Block'. Management Parks - Revenue 51K under budget as recovery of film set costs still to finalise. Expenses 34K under due to valuation and toilet strategy phasing - completion in Autumn. Public Gardens - Revenue 13K over budget with increased Depot Lease. Expenses 100K under due to contract savings. Capital 15K less due to deferral of work. Parks - Revenue 21K over budget with higher leased camp revenue and memorial seat sales. Operation expenses 89K under due to contract savings. Capital 61K underspent - Kurow preschool and Hampden camp discharge system deferred. Waiting on invoice for Kakanui erosion, minor improvements delayed pending approval of projects. Toilets - Expenses 40K behind budget due to contract savings. Capital 228K under due to phasing and budgets for future years work in current financial year. Sportsfields - Revenue 14K behind budget as sponsorship not invoiced. Capital 106K behind - Mill Domain schedule after Cricket season, King George Park now to do next year.	Camping - Review to start in July 2017.  Cemetery - Monitor revenue. Rephase Capital.  Forestry - No Action.  Management Parks - No Action.  Public Gardens - No Action.  Parks - Rephase capital.  Toilets - Rephase capital and carry forward future years budgets.  Sportsfields - Invoice sponsorship in April. Rephase Capital and carry forward budget for King George Park.

## Community Services - commentary

## Appendix (a) – Variance Reports and Commentaries (continued)



WDC 2017 Operating Statement  
Wed 22 Mar 2017 6:50 AM

Level\_01

Assets Group: CEO

Community S...: Council

Customer Ser...

Level\_02

Emergency Serv...  
Management Cu...  
Planning  
Policy Development  
Regulatory Serv...

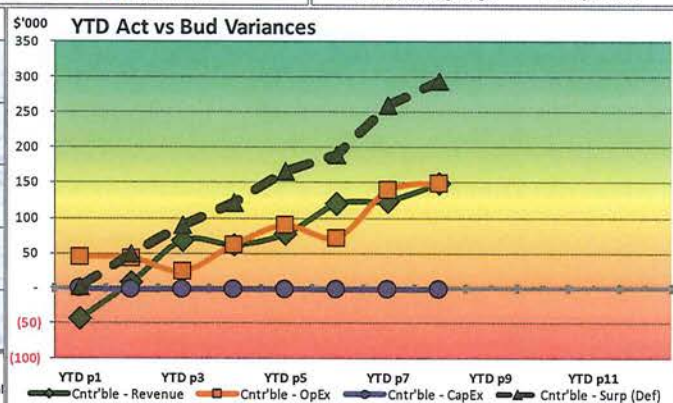
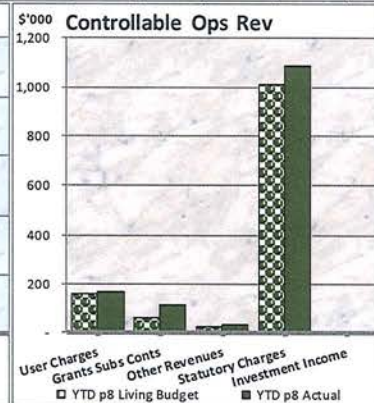
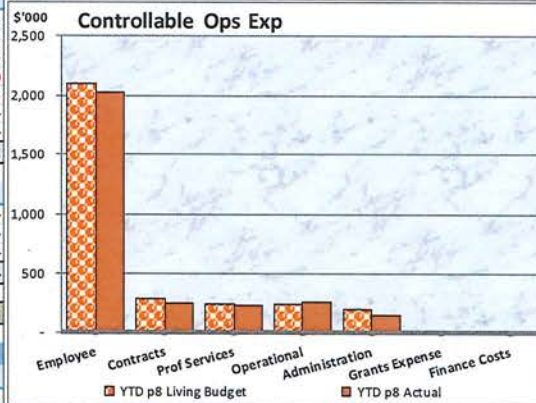
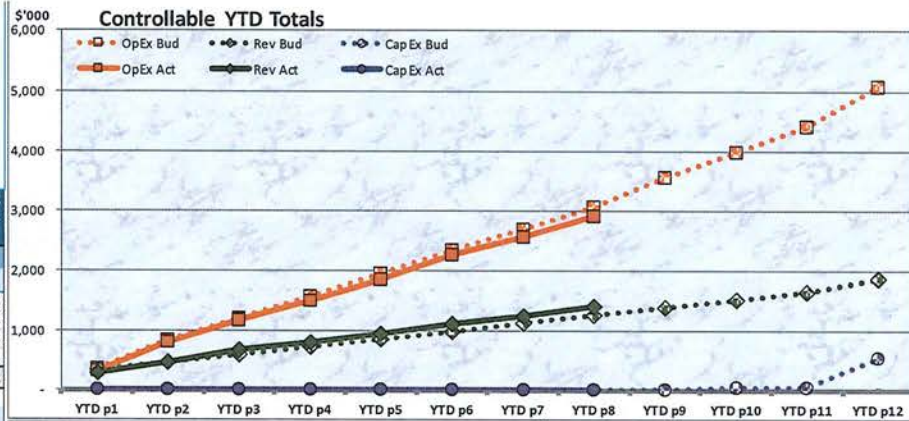
Level\_03

Alcohol Licensing  
Animal Control  
Building Control  
CCT Oamaru

Level\_04

Parking Enforce...  
Parking Facilities  
Ahuriri  
Airedale

	Full	Res	Act	Prjs	PrR	YTD Actual	FY Living Budget	YTD p8 Actual	YTD p8 Living Budget	YTD p8 Act vs Bud	YTD p8 Act vs Bud %
<b>Controllable</b>											
<b>Revenue</b>											
User Charges			(183)			(339)	(167)	(160)	8	5%	
Grants Subsidies Contributions			(124)			(90)	(117)	(60)	57	94%	
Other Revenues			(36)			(40)	(34)	(26)	8	29%	
Statutory Charges			(1,163)			(1,408)	(1,087)	(1,011)	76	8%	
<b>Revenue Total</b>			<b>(1,505)</b>			<b>(1,877)</b>	<b>(1,405)</b>	<b>(1,257)</b>	<b>148</b>	<b>12%</b>	
<b>Expense</b>											
Employee Costs			2,076			3,316	2,022	2,100	78	4%	
Contracts			257			412	249	284	36	12%	
Professional Services			237			519	231	241	9	4%	
Operational			283			550	256	243	(13)	(5%)	
Administration			157			286	149	192	43	23%	
Grants Expense			5			-	5	-	(5)	-	
Finance Costs			-			-	-	-	-	-	
<b>Expense Total</b>			<b>3,014</b>			<b>5,083</b>	<b>2,912</b>	<b>3,060</b>	<b>148</b>	<b>5%</b>	
<b>Capital Expense</b>											
Renewal			0			42	0	-	(0)	-	
Capital			2			500	2	-	(2)	-	
Operational			-			-	-	-	-	-	
<b>Capital Expense Total</b>			<b>2</b>			<b>542</b>	<b>2</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	
<b>Controllable Total</b>			<b>1,512</b>			<b>3,748</b>	<b>1,509</b>	<b>1,803</b>	<b>294</b>	<b>16%</b>	
<b>Centrally Controlled</b>											
<b>Revenue</b>											
Rates			(1,978)			(2,618)	(1,758)	(1,745)	13	1%	
Sale Proceeds - Contra Sales			-			-	-	-	-	-	
Transfers from Reserves			(3)			(1,155)	(3)	(124)	(120)	(97%)	
<b>Revenue Total</b>			<b>(1,981)</b>			<b>(3,773)</b>	<b>(1,762)</b>	<b>(1,869)</b>	<b>(107)</b>	<b>(6%)</b>	
<b>Expense</b>											
Depreciation			47			64	42	43	1	2%	
Overheads In			3,132			4,482	2,882	2,988	106	4%	
Overheads Out			(3,263)			(4,626)	(2,988)	(3,084)	(96)	(3%)	
Transfers to Reserves			116			105	116	53	(63)	(120%)	
<b>Expense Total</b>			<b>32</b>			<b>25</b>	<b>52</b>	<b>(1)</b>	<b>(53)</b>	<b>(4,842%)</b>	
<b>Capital Expense</b>											
Renewal			-			-	-	-	-	-	
Capital			0			-	0	-	(0)	-	
<b>Capital Expense Total</b>			<b>0</b>			<b>-</b>	<b>0</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	
<b>Centrally Controlled Total</b>			<b>(1,950)</b>			<b>(3,748)</b>	<b>(1,710)</b>	<b>(1,870)</b>	<b>(160)</b>	<b>(9%)</b>	
<b>Surplus (-) / Deficit (+)</b>			<b>(438)</b>			<b>-</b>	<b>(200)</b>	<b>(67)</b>	<b>134</b>	<b>200%</b>	



\*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit \* Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

Appendix (a) – Variance Reports and Commentaries (continued)

Customer Services



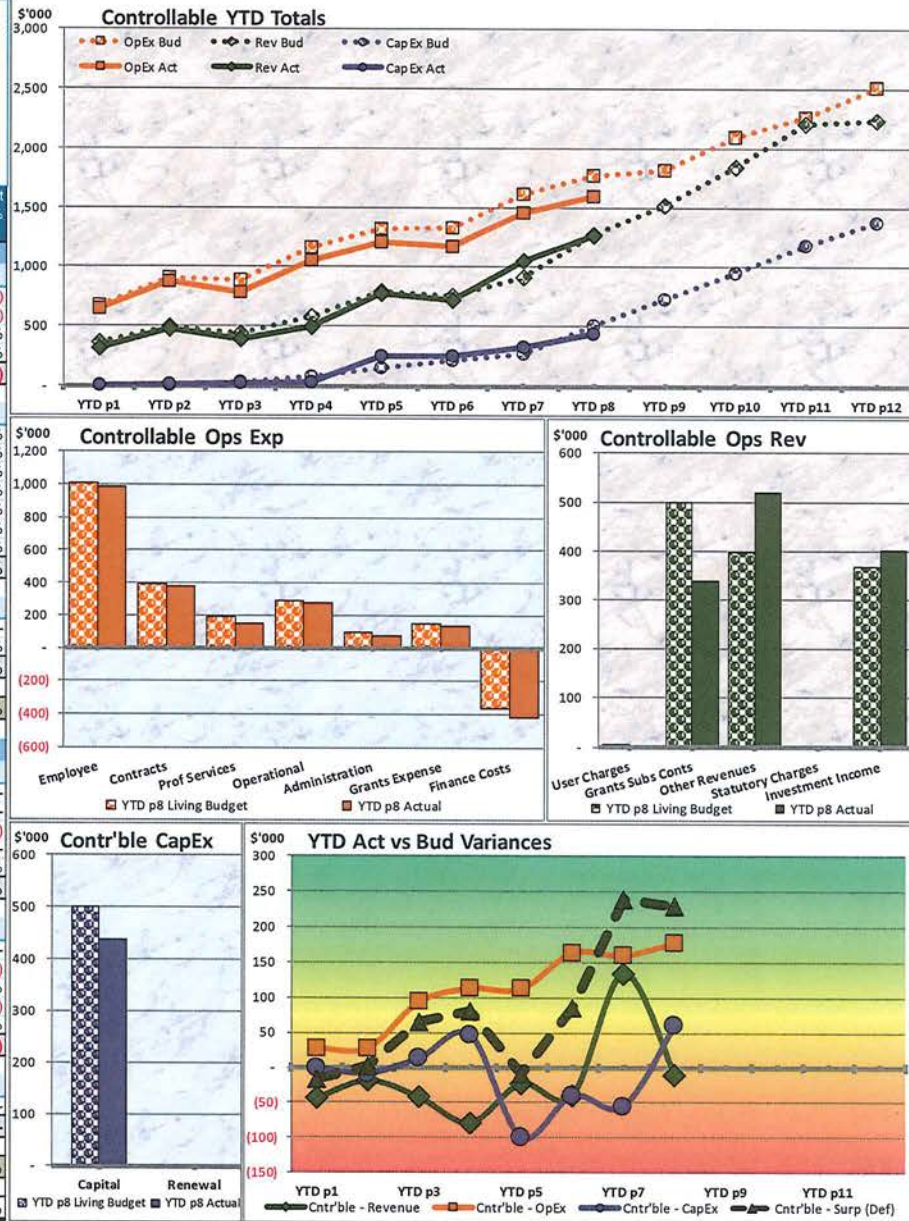
	last year YTD	this year YTD	budget YTD	variance YTD	Variance YTD%	Manager/Activity(s) Overview:	Solutions/Actions Overview:
Customer Services Group	1,311	1,509	1,803	294	16%	Regulatory: Overall Regulatory services is 3% over revenue \$34K - this is activity driven by alcohol and commercial building consent applications. Approval of the business case will utilise this variance in the next few months. Customer Contact and Human Resource budgets are meeting expectations. Policy positive variance is due to reduced employee costs in the fixed term (vacant proportions of roles). Some of this variance is being used to backfill vacant proportions via consultant support. The variance within the Customer Services GM budget relates to costs incurred with the interim group structure. Planning variance - increased economic activity is reflected in more consents being processed and a resulting positive variance. Emergency Services - result of restructure of services to ORC.	Regulatory: Keep monitoring budget and the approval to resource this unit should have positive outcomes.  Continue to monitor variances and apply corrective actions where required.
Customer_GM	180	213	205	(8)	(4%)	The impact of the restructure means the activity recorded will vary from the budget set. This will be closely monitored to ensure no net overspend.	Continue to monitor and take corrective action as required.
Customer_Contact	320	331	344	13	4%		-
Emergency_Services	343	352	339	(13)	(4%)	Costs meet expectations. Capital projects have been deferred due to legislative and structural changes.	N/A
Planning	149	130	336	205	61%	Increased economic activity is reflected in more consents being processed which in turn has caused a positive variance in the year to date.	-
Policy	287	261	315	54	17%	Employee costs, largely associated with the Corporate Planner and Governance Support roles have generated the underspend. The Corporate Planner position was budget at 1fte with the actual currently 0.5fte. Some consultancy budget is being used to assist in delivering the corporate planning work.	-
Regulatory	31	223	265	43	16%	Overall regulatory budget is 3% over revenue \$34k - this is activity driven by alcohol and commercial building consent applications. Expenditure is 1% underspent \$11K. Funds approved fore Regulatory Business case are to be credited to employee costs and backfill.	Business case approved in December enabling additional staff and funds to support Regulatory

Appendix (a) – Variance Reports and Commentaries (continued)

Customer Services – commentary



WDC 2017 Operating Statement Wed 22 Mar 2017 6:50 AM					Level_02		Level_03		Level_04	
Level_01					Economic Devel...		Accounting Servi...		Ahuriri	
Assets Group					Finance		Alps 2 Ocean		Airedale	
Community S...					Human Resources		Economic Devel...		Ardgowan	
Customer Ser...					Recruitment and ...		Financial Services		Awamoko	
					ReOrg CCs					
Full	Res	Act	Prjs	PrR	YTD Actual	FY Living Budget	YTD p8 Actual	YTD p8 Living Budget	YTD p8 Act vs Bud	YTD p8 Act vs Bud
Controllable										
Revenue										
User Charges					(4)	(10)	(3)	(7)	(3)	(49%)
Grants Subsidies Contributions					169	(1,300)	(340)	(500)	(160)	(32%)
Other Revenues					(517)	(445)	(520)	(398)	122	31%
Investment Income					(250)	(482)	(401)	(369)	33	9%
Revenue Total					(601)	(2,237)	(1,264)	(1,273)	(9)	(1%)
Expense										
Employee Costs					968	1,669	983	1,008	25	3%
Contracts					443	533	380	397	17	4%
Professional Services					153	311	153	193	40	21%
Operational					283	290	283	290	7	3%
Administration					84	271	77	95	18	19%
Grants Expense					195	189	138	153	15	9%
Finance Costs					(616)	(747)	(421)	(363)	57	16%
Expense Total					1,510	2,515	1,595	1,773	179	10%
Capital Expense										
Renewal					-	-	-	-	-	-
Capital					440	1,375	440	500	60	12%
Capital Expense Total					440	1,375	440	500	60	12%
Controllable Total					1,349	1,653	770	1,000	229	23%
Centrally Controlled										
Revenue										
Asset Disposal & Fair Value Adjus					-	-	-	-	-	-
Physical Resources Received Free					-	-	-	-	-	-
Rates					147	159	131	106	(25)	(23%)
Sale Proceeds - Contra Sales					-	-	-	-	-	-
Transfers from Reserves					(163)	(679)	(156)	(66)	90	135%
Revenue Total					(15)	(520)	(25)	40	65	163%
Expense										
Asset Disposal & Fair Value Adjus					50	-	50	-	(50)	-
Depreciation					94	125	84	83	(1)	(1%)
Overheads In					318	436	283	291	7	3%
Overheads Out					(1,705)	(2,513)	(1,495)	(1,675)	(179)	(11%)
Transfers to Reserves					185	578	101	289	188	65%
Expense Total					(1,058)	(1,373)	(977)	(1,012)	(35)	(3%)
Capital Expense										
Capital					180	240	120	120	-	-
Capital Expense Total					180	240	120	120	-	-
Centrally Controlled Total					(893)	(1,653)	(882)	(852)	30	4%
Surplus (-) / Deficit (+)					455	(0)	(112)	148	260	176%



\*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit \* Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

Chief Executive  
Appendix (a) – Variance Reports and Commentaries (continued)

## Appendix (a) – Variance Reports and Commentaries (continued)

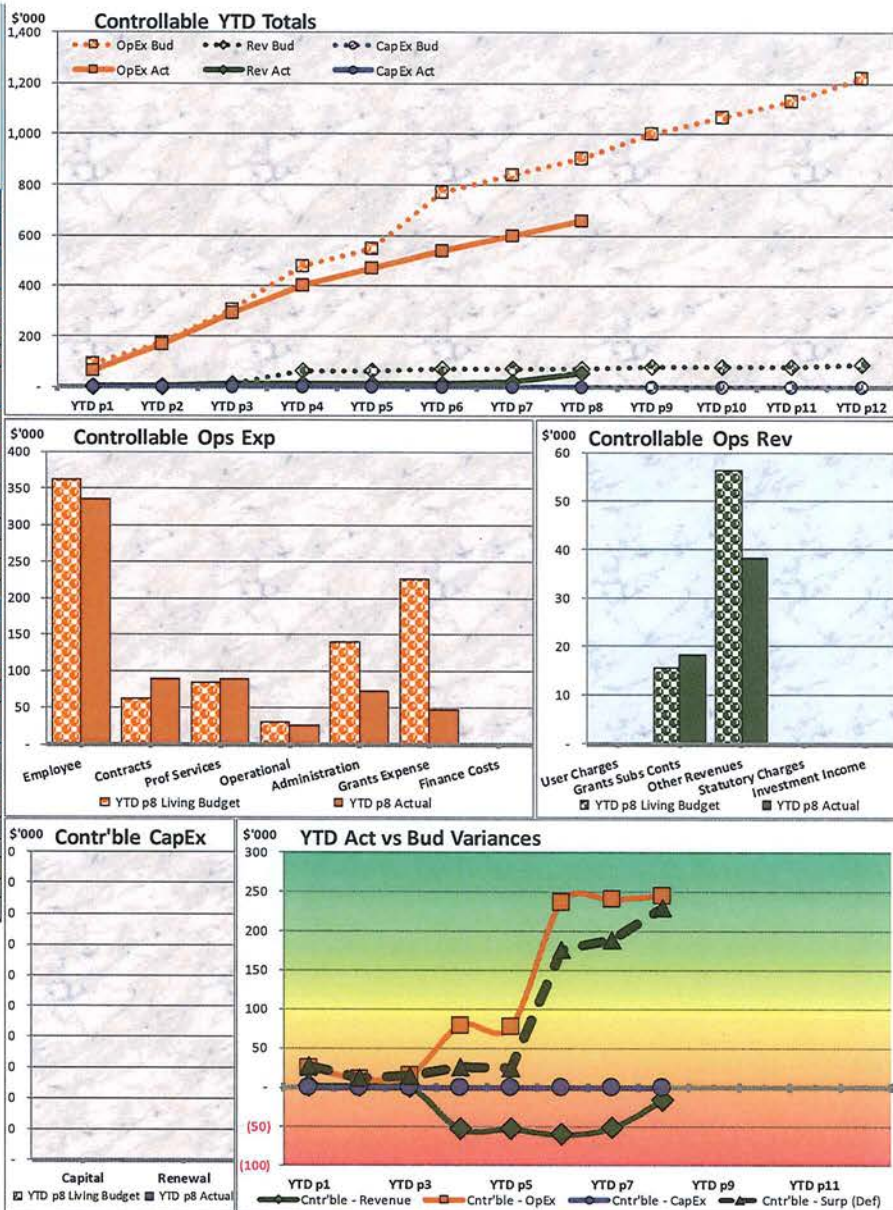
## Chief Executive - commentary

		last year YTD	this year YTD	budget YTD	variance YTD	Variance YTD%	Manager/Activity(s) Overview:	Solutions/Actions Overview:
CEO		570	770	1,000	229	23%	The rating sale process is about to be completed. This will result in a number of adjustments that will reduce most of the current variance. The ED variance is in the A20 development activity where the extra spend relates to matters that were funded in the prior year.	The positive variance will reduce the actions taken over the next few months.
CEO		415	300	287	(12)	(4%)	Various recruitment processes that come into this area are now underway. The spread of the budget will now be reviewed to match the expected outflows.	Underway
Finance	Economic Development	592	626	549	(77)	(14%)	The Business Analyst vacancy and penalty income variance reported last month are still to be actioned. The first stage of the rating sale process finished in mid March which means the required adjustments are close to being quantified.	Action on the urgent Information Management issues is underway. A separate briefing on the proposed actions will be provided to Council.
	Finance	746	691	780	88	11%		
	Treasury	(1,342)	(1,042)	(829)	213	26%		
	ReOrg CCs	3	-	-	-	-		
Human Resources		157	195	213	18	8%	Timing issues, on track now.	



WDC 2017 Operating Statement  
Wed 22 Mar 2017 6:50 AM

Level_01	Level_02	Level_03	Level_04	Full	Res	Act	Prjs	PrR	YTD Actual	FY Living Budget	YTD p8 Actual	YTD p8 Living Budget	YTD p8 Act vs Bud	YTD p8 Act vs Bud %
Assets Group	CEO													
Community S...	Council													
Customer Ser...														
	Community Boards													
	Election	Ahuriri	Ahuriri											
	Reporting	Annual Plan LTP	Airedale											
	Waitaki District ...	Annual Reports	Ardgowan											
	Aquatic Centre	Waihero	Awamoko											
<b>Controllable</b>														
<b>Revenue</b>														
	User Charges													
	Grants Subsidies Contributions	(18)	(31)	(18)	(16)								3	18%
	Other Revenues	(38)	(56)	(38)	(56)								(18)	(32%)
	<b>Revenue Total</b>	<b>(57)</b>	<b>(87)</b>	<b>(57)</b>	<b>(72)</b>								<b>(15)</b>	<b>(21%)</b>
<b>Expense</b>														
	Employee Costs	387	543	335	362								27	7%
	Contracts	89	62	89	62								(28)	(45%)
	Professional Services	4	127	89	85								(4)	(5%)
	Operational	27	30	27	30								4	12%
	Administration	77	172	72	139								67	48%
	Grants Expense	50	286	47	227								180	79%
	<b>Expense Total</b>	<b>633</b>	<b>1,221</b>	<b>659</b>	<b>904</b>								<b>245</b>	<b>27%</b>
	<b>Controllable Total</b>	<b>577</b>	<b>1,133</b>	<b>603</b>	<b>832</b>								<b>229</b>	<b>28%</b>
<b>Centrally Controlled</b>														
<b>Revenue</b>														
	Rates	(2,681)	(3,497)	(2,383)	(2,332)								52	2%
	Transfers from Reserves	(91)	(318)	(91)	(258)								(167)	(65%)
	<b>Revenue Total</b>	<b>(2,772)</b>	<b>(3,815)</b>	<b>(2,474)</b>	<b>(2,589)</b>								<b>(115)</b>	<b>(4%)</b>
<b>Expense</b>														
	Depreciation	-	-	-	-								-	-
	Overheads In	1,804	2,642	1,588	1,762								174	10%
	Overheads Out	-	-	-	-								-	-
	Transfers to Reserves	23	40	23	20								(3)	(15%)
	<b>Expense Total</b>	<b>1,827</b>	<b>2,682</b>	<b>1,611</b>	<b>1,782</b>								<b>171</b>	<b>10%</b>
	<b>Centrally Controlled Total</b>	<b>(945)</b>	<b>(1,133)</b>	<b>(863)</b>	<b>(808)</b>								<b>55</b>	<b>7%</b>
	<b>Surplus (-) / Deficit (+)</b>	<b>(368)</b>	<b>-</b>	<b>(261)</b>	<b>24</b>								<b>285</b>	<b>1,172%</b>



Council

Appendix (a) – Variance Reports and Commentaries (continued)

# *Finance, Audit and Risk Committee*

## *Memorandum*

**From** Chief Financial Officer

**Date** 12 April 2017

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### **Corporate Group Activity Report to 31 March 2017**

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#### **Recommendation**

That the Committee receives the information.

#### **Summary**

This memorandum provides an update to the Committee on various finance and information management related matters.

#### **Introduction**

Vacancies, illness and leave have all had an impact on the capacity of Corporate Services to advance any matters outside of business as usual.

#### **Discussion**

##### **Finance – Policy and General**

The Chief Financial Officer (CFO) attended the annual Society of Local Government Managers (SOLGM) Strategic Financial Forum in mid-March. This was another well organised and attended event that provides a number of valuable technical and best practice updates.

Following on from the value provided by the last engagement, Waitaki has joined a number of other South Island Council in joining the Deloitte shared internal audit service being offered in 2017. The results of this exercise, including comparative and best practice results, will be presented later in the year.

The current commitment of internal resources and the lack of suitable contractors has put the next stage of the Accounts Payable Workflow process on hold. This is likely to stay on hold until some of the current vacancies are filled.

##### **Finance – Accounting and Transactional**

The focus for the month has been delivering business as usual as staffing was a bit tight due to illness and some long planned leave.

##### **Finance – Rates**

The rates team are expecting to be able to conclude a number of long standing issues over the next months. Some of these will require action by the Committee or Council. These are all focused on addressing the small number of items that have an impact on the required level of accuracy of the information contained in the Rating Information Database

##### **Information Management**

The Chief Information Officer has started a process to consider structure and skills need to meet the current and future requirements in the information management activities. This process was further complicated by the departure of a key staff member Gary Woodcock.

##### **Council Controlled Organisation and Other Entity Monitoring**

The half year accountability requirements we completed when the Tourism Waitaki Limited and Waitaki District Health Services reports were presented at the end of March. The subvention payment and other tax matters were also concluded prior to 31 March. The Statements of Intent is the next process to be completed and this is now underway.

**Rural Fire**

The latest newsletter from the Fire and Emergency New Zealand (FENZ) transition group is attached. The information contained demonstrates that there is still a strong belief that the legislation to create FENZ will be passed and it will become operative on 1 July 2017. I believe the desire to have a single fire service will only have increased after the fire season that is coming to an end. The recent fire in the Port Hills near Christchurch along with the other fires this year in the rural /urban interface (Dunedin, Hawkes Bay) are the type of very complex incidents that the one service approach is designed for.



Paul Hope  
**Chief Financial Officer**



# Fire and Emergency New Zealand Bulletin



31 March 2017

New Zealand Fire Service Commission

Welcome to the first issue of the Fire and Emergency New Zealand Bulletin. As we get closer to the establishment of Fire and Emergency New Zealand on 1 July, this information sheet will provide you with more detail on transition topics mentioned in the Board Update (available on our [website](#)). Please feel free to print and pass it on. If you have any questions or comments, please email [myvoice@fenzproject.co.nz](mailto:myvoice@fenzproject.co.nz).



## On track for 1 July

1 July 2017 marks the start Fire and Emergency New Zealand, when over 14,000 people will come together into one unified organisation.

[Read more on page 2](#)

## The new identity

The new identity for Fire and Emergency New Zealand is something people feel passionately about. Find out what's happening and when the new identity will be shared.

[Read more on page 4](#)



## Fire boundaries from Day One

To maintain operational stability, current rural fire district and urban fire district boundaries will continue from 1 July.

[Read on page 2](#)

## Command and Control for Day One

Options for command and control on Day One are being discussed with a wide range of groups as we work towards decisions in May.

[Read on page 2](#)

## Rural response assets

We now have a clear picture of the available response assets across rural fire services, and are working on ensuring ongoing use of them.

[Read more on page 2](#)

## Rural fire costs

A comprehensive picture of rural fire costs is now available, and is a valuable basis for planning ongoing resourcing.

[Read more on page 2](#)



## Transfer of personnel

Over 14,000 people will receive a letter as part of the formal transfer to Fire and Emergency New Zealand in late May.

[Read more on page 3](#)

## Training continues with unit standards

Training delivery will be unchanged on Day One, and people will continue to work towards unit standards.

[Read more on page 3](#)

## Local Advisory Committees

Second and third pilot locations announced.

[Read more on page 3](#)

## Volunteer working group

Planning to improve support for volunteers is underway. A working group including 46 urban and rural volunteer representatives is looking at what will be available and when.

[Read more on page 3](#)



## Rural computer data move starts April

Copying of critical data from Rural Fire Authorities starts in April.

[Read more on page 4](#)





## THE BIG PICTURE

### On track for 1 July

Over 14,000 people and 40 organisations will come together in Fire and Emergency New Zealand from 1 July 2017. Establishing the new organisation is a large task and will take a number of years to achieve. It is important we take the time to do it properly and to keep working with our people and the sector. We have divided the work into three key phases: Amalgamation of urban and rural fire (1 July 2017); Integration into a single organisation (1 July 2017 – 1 July 2020); and Unification (from 2020 onwards). Day One is just the beginning, and in some cases we are putting interim arrangements in place to ensure operations continue smoothly while we work together on delivering a flexible, modern and efficient fire and emergency service.



## OPERATIONS & POLICIES

### Fire boundaries will remain on Day One

To maintain operational stability on Day One, the Board has decided to continue using existing fire district boundaries (as an interim measure) from 1 July. The existing legal protection for firefighters will also continue. Re-organising the boundaries is a big job and this will be undertaken in the three-year integration period, after 1 July.

### Command and Control policy under development

Guidelines and delegations to make sure command and control arrangements are clear on 1 July will be announced in May. A range of groups are contributing to this work. To date, discussions have included the NZFS Operational Leadership Team; Principal Rural Fire Officers; 'Leading Through Change' workshop attendees; unions and associations. Unified command and control arrangements for Fire and Emergency New Zealand will be developed over the next three years.

### First national summary of rural response assets

A first ever stocktake of rural response assets has finished with a 100% response rate. The stocktake provides a never-seen before nationwide view of assets (over \$1000). It will help ensure future response asset upgrades go to the communities with the greatest risk and need. A summary of the results is now available. Please see the attached page or view the [summary](#) on our website under Updates > Rural Response Assets.

This information was gathered by the Transition team between October and December last year through PRFOs and their teams. The team are working with PRFOs on getting access or transfer agreements signed by councils/ Rural Fire Authorities.

### First comprehensive picture of rural fire costs available

An independent assessment of how much it currently costs to run rural fire services including all ERFDs and RFAs plus the NRFA, has been completed for the first time. The assessment is critical for informing the Fire and Emergency New Zealand budget and the levy rate for 2018/19 and onwards. The assessment puts the current operational cost at \$29.3 million per year. This does not include DOC or NZDF fire services. Read the Costs of Rural Fire Servicing [report](#) on our website under 'Toolkit > Key Documents'.



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## Personnel transfer

The aim is to bring all 14,000 people into Fire and Emergency New Zealand as smoothly as possible. Everyone – career, volunteer, rural and urban – will be sent a letter to advise how the process will work for them.

### *NZFS/NRFA employees*

You will be provided with a letter advising that your terms and conditions of employment will remain the same, other than the change in name to Fire and Emergency New Zealand. A letter will be sent out to all NZFS/NRFA employees in late May.

### *Rural Fire Authority employees working solely on fire (part-time or fulltime)*

Your current employer (a Territorial Authority or Enlarged Rural Fire District), is required to consult with you about the proposed change to your employment. They have been asked to begin this process now.

Once consultation is completed, you can expect to receive a letter of offer from Fire and Emergency New Zealand. This will be from mid-April onwards.

### *Rural Fire Authority employees working partly on fire*

Your current employer will discuss the proposed changes to your role with you, including any employment options available to you. This will include the ability to apply for any of the vacant new roles that will be created in Fire and Emergency New Zealand. The vacancies will be advertised in mid/late April. Your letter outlining your options will come from your current employer.

### *Urban and rural volunteers*

Volunteers will maintain the same relationship they currently have with their brigade or rural fire force. You will also become Fire and Emergency New Zealand personnel on 1 July. You will receive a letter along with a new Volunteer Agreement to sign.

Volunteers will receive a Volunteer Agreement and accompanying letter at the same time as transferring RFA employees and transitioning NZFS and NRFA employees receive their letters (this is taking place from mid-April through to late May).

## Training continues with unit standards

We've had some questions on Facebook about whether unit standards will continue to be part of training in the future. The training delivery from both an urban and rural perspective will remain unchanged for 1 July. We are looking at modules of learning that will include both unit standards and skills based training. Any future changes in training will be designed with the relevant sector.

## Local Advisory Committees

Local Advisory Committees (LACs) will be appointed by the Board to provide valuable advice on local community risks and needs. LACs will not be involved in governance, management or operations. They are expected to start in mid-2018 after the Board has held consultation on their boundaries.

The first pilot has been running successfully in Greater Auckland. Mid-South Canterbury is the second location for piloting LACs starting in April. The area was in part chosen as it provides a different geographic and risk environment to the first pilot location. A third pilot in Hawke's Bay will be established later this year. The pilot groups are not the Local Advisory Committees of the future. Rather, they are a group of community members with insight into setting up and running community based forums. The pilots will test the design of LAC processes and support mechanisms.

## Volunteer working group helps design improved support

Volunteers are a crucial part of fire services and their communities. We want to show that same dedication and commitment under Fire and Emergency New Zealand.

The Volunteer Working Group is made up of 46 rural and urban representatives from across the country. Their work includes identifying how volunteers, their families and their employers, can be better supported.

It is helping ensure the volunteer voice is heard in shaping the new organisation and the relationship it has with volunteers, including the Volunteer Strategy and accompanying support initiatives, training and resourcing.

Day One support initiatives for volunteers are expected to be confirmed in May and will start to be delivered from 1 July 2017. Further support initiatives will be delivered over the next three years.



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## THE BIG PICTURE

### The new identity

The new identity for Fire and Emergency New Zealand is something people feel passionately about. The identity team is meeting with 11 groups of our people in April to get feedback on three design drafts.

You may see or hear about these designs. Please be aware they are still a work in progress. The team is testing them with both our people and the public, and a final decision will be made by the Board. We expect to share the final identity in May.

If you'd like to understand how the identity has been developed to this point, please read on. There's a four step process to create the new identity for Fire and Emergency New Zealand:

- December 16 – Research
- Jan-Feb 2017 – Engage
- March 2017 – Design
- April 2017 – Test/Approval by the Board

The identity work is guided by three clear principles:

- The new identity must reflect unification of all fire services, while respecting the past and the values important to people
- The new identity must be clear for the public so there is no confusion about who we are or what we do
- A sensible phased approach must be used when updating the new identity - 'value for money' is important.

The team spent two months researching current fire services' branding best practice here and overseas, and holding interviews and workshops with over 160 people from across the fire services sector to determine the values important to them. The groups met in Auckland,

Rotorua, Wellington, Christchurch and Dunedin in January/February and included representatives from unions and associations, career, volunteer, urban and rural personnel and support staff.

Many people have shared similar thoughts about the values they think are important; service to the community, protecting, trusted and responsive.

Research with the public shows that New Zealanders are very complimentary about urban and rural fire services. Many see fire services personnel as heroes in the community who go beyond the call of duty to save others' lives. The identity must reinforce this.

### Design testing in April

In March the design phase started, and an Identity Evaluation Panel was formed to review draft designs produced by the designers, Cato Brand Partners. Members of the 12-person panel include representatives from urban and rural firefighters (career and volunteer), the NZPFU, UFBA, NZFRCAs, and the NZFS corporate communications team.

Three designs were presented to the evaluation panel and will now be workshopped with groups from across urban and rural. The designs will also be tested with the public through confidential focus groups.

Once approved, the new identity will be applied in stages. Uniforms, badges, and fire trucks will stay as they are on Day One.

A [fact sheet](#) on the identity work is on our website under Toolkit.



### Rural computer data move starts April

Fire and Emergency New Zealand will be using current NZFS computer systems from Day One for corporate services such as payroll, paying invoices, and maintaining training records. These computer systems are already available, centralised, and able to process large amounts of data. In April a specialist team from the Transition team will start working with Principal Rural Fire Officers to copy critical data from RFA IT systems to the new Fire and Emergency New Zealand systems. A special team within the Transition team will start this work with Principal Rural Fire Officers in April. If you have any questions please contact Cameron Russo on mobile 021 301 402, or email at [cameron.russo@fenzproject.co.nz](mailto:cameron.russo@fenzproject.co.nz)



[myvoice@fenzproject.co.nz](mailto:myvoice@fenzproject.co.nz)



[fenzproject.co.nz](http://fenzproject.co.nz)

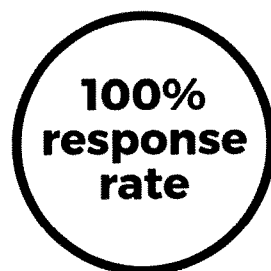


[facebook.com/fenztransition](https://facebook.com/fenztransition)

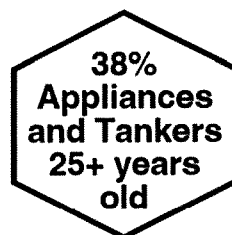


# RURAL RESPONSE ASSETS

Information on rural response assets was gathered between October 2016 - February 2017 through PRFOs and their teams.



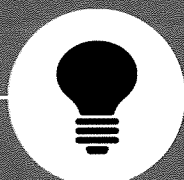
180 Tankers  
180 Appliances  
90 Utilities  
25 Cars & Vans  
55 Smokechasers



**Median building size 110sqm**  
**Median building age 19 years**



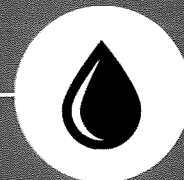
Approx  
50% are  
steel sheds



10% no power

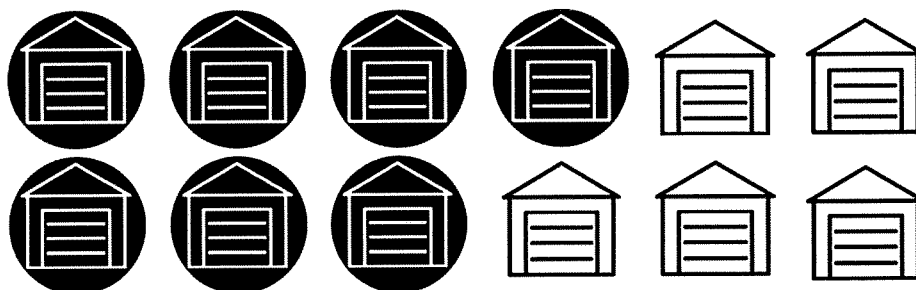


50% no phone



30% no water

**over 50% of stations are on council-owned land**



FENZ will use these assets from 1 July 2017 where agreed with asset owners.

**For full results of the assets audit see the FENZ website,**  
**[fenzproject.co.nz/events](http://fenzproject.co.nz/events)**

[myvoice@fenzproject.co.nz](mailto:myvoice@fenzproject.co.nz)



# Finance, Audit and Risk Committee Memorandum

**From** Chief Financial Officer

**Date** 12 April 2017

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## Audit New Zealand Management Report

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### Recommendation

The Finance, Audit and Risk Committee receives the information.

### Objective of the memorandum

To update the Committee on the proposed response to the management report issued by Audit New Zealand subsequent to the completion of the audit of the Annual Report for the year ended 30 June 2016. A copy of the full report is attached, together with the proposed responses to specific issues.

### Background

The Office of the Auditor General (OAG) is responsible for all local authority audits, and has appointed Audit New Zealand as the Waitaki District Council's auditor. Audit New Zealand is responsible for performing the audit of both the Annual Report and the Long Term Plan.

In compliance with auditing standards and best practice, Audit New Zealand issues a report following the completion of its audit work to highlight issues or areas for improvement that arose during the audit process. This report details significant matters and also recommends corrective action which the auditor believes is appropriate to resolve the issue.

There were no major issues arising from the final audit. Audit NZ noted overall it was another very smooth final audit process this year.

### Discussion

The attached Audit Management Report was based on the work done by Audit New Zealand.

Officers accept that many of the matters discussed by the auditor in the Management Report are valid and require attention. However, the action recommended by the auditor may not always provide an appropriate solution for this Council, or may prove impractical to implement. For these reasons it is important that adequate review and discussion is undertaken prior to making changes to systems and processes. In the same way, the auditors generally accept that Council needs to be satisfied that change is necessary and desirable, and that the recommended course of action is workable.

The report includes a number of items that were considered by the Committee at its' 24 August 2016 meeting. The Interim Audit Management Report classified issues raised as being "Urgent", "Necessary" or "Beneficial" which will be followed up by Audit NZ as part of the 2017 Interim report. Officers have had time to respond to some of the issues raised as indicated in a table which is attached as an appendix.

Follow up on issues previously noted:

#### 1. Service performance information

It was noted that we do not have the systems in place to measure the new DIA mandatory measure regarding footpath condition. While it was confirmed that the performance information was fairly stated, systems need to be implemented to forecast against this measure.

*Response – Roading team aware of the issue.*

2. Fraud risk management  
Audit NZ had discussions with management, Council and the Audit and Risk Committee regarding fraud risk awareness, identification of susceptible areas, and mitigating controls.  
*Response – A Fraud Policy was approved on 5 October 2016.*
3. Expenditure  
This issue was raised again in the interim report as the sole “urgent” item.  
*Response - This remains a long-term issue and officers are continuing to implement processes to improve our systems and update the Committee regularly on progress.*
4. Property Plant and Equipment (PP&E) processes  
The Interim Audit Management Report stated that “key systems and controls over the PP&E process are not designed or operating effectively”.  
*Response – Council has started quarterly reconciliations of accounting and financial systems. The first series of adjustments will be reflected in the Quarter 3 financial report.*
5. Information Technology  
There were a number of recommendations in this area and a number of processes have been changed or established to meet Audit NZ requirements.  
*Response - These are detailed in the table attached.*
6. Risk Management  
Introduce an organisation wide approach reflecting best practice.  
*Response - Work has begun in this area to bring our current risk management practice in-line with best practice however, the effort required to do this needs to be balanced against other priorities.*
7. Contract Management and Procurement  
The establishment of an organisational wide structure, policies and procedures in relation to contract management and procurement  
*Response – The next step is a Council workshop on the draft Policy and Guidelines.*

Ian Wells  
**Accounting Manager**



Paul Hope  
**Chief Financial Officer**

**Attachment**

Audit NZ – Table of Recommendations

Audit NZ – Report to the Council on the audit of the Waitaki District Council for the year ended 30 June 2016

The following table summarises Audit NZ's recommendations and their priority, as well as comment underneath the status identifying what has been/is being implemented.

Recommendation	Urgent	Necessary	Beneficial
<b>Risk management</b> Implement an organisational-wide approach to risk management and bring the District Council's current risk management practices in line with best practice.		✓ Work has begun but needs be across wider organisation	
<b>Contract management and procurement</b> Put in place organisational-wide structures, policies and procedures in relation to contract management and procurement.			✓ Ongoing. A Council workshop is the next step.
<b>Sensitive expenditure</b> Advance current guidance around sensitive expenditure by adopting an over-arching policy and procedure for employees' easy reference. Ensure that all expenditure is approved on a one-up basis.		✓ AP Workflow project will ensure all expenditure approved one-up	
<b>Fraud risk management</b> Formalise the District Council's approach to fraud risk management, including an annual assessment of fraud risk areas and mitigations in place. Refresh fraud risk policies.		✓ Policy approved October 2016	
<b>Legislative compliance</b> Actively monitor compliance with legislative requirements by establishing a formalised mechanism to do so.			✓ Initial discussion of an approach is underway.
<b>Revenue</b> Include standard terms and conditions on non-rates invoices.			✓ Not a high priority
<b>Expenditure</b> Improve its expenditure and payable processes and controls, particularly relating to ordering, invoice approval and master file changes.	✓ Work is ongoing		
<b>Property, plant and equipment</b> Perform periodic stocktakes of high risk assets. Complete quarterly reconciliations of accounting and financial systems and formal review of WIP for capitalisation.		✓ Quarterly reconciliations have started	
<b>Service performance information</b> Implement systems to enable reporting against the mandatory footpath performance measure.		✓ To be established	
<b>Remote access of Civica (vendor for Authority Enterprise Suite)</b>		✓	



Recommendation	Urgent	Necessary	Beneficial
Only enable vendor access when the need arises and immediately disable when no longer required.		Access has been established with time-expiry condition.	
<b>Domain administrator accounts' password is not set to expire</b> Set an expiry period for domain administrator passwords		✓ Expiry set. No further work required	
<b>Network and application password settings</b> Re-assess the security risks from non-industry standard password settings. Where the District Council intends to continue its current practice for business reasons, risk acceptance should be made at the appropriate level of the organisation and should be formally documented.		✓ Where risk accepted, formal documentation to be completed	
<b>Granting of domain administrator account being shared by IT staff</b> Create unique domain administrator accounts for each staff whose role requires such access		✓ Completed. Monitor.	
<b>Periodic restore testing of backup tapes</b> Schedule periodic test restoration of backup tapes to ensure that data is readable and that the District Council can restore data within reasonable timeframe. Procedures should be formally documented and results of test restores should be retained to enable management to monitor operating effectiveness of this control.		✓ New equipment for backup purchased. Process to be created and adopted/implemented	
<b>Disaster recovery improvements</b> Perform a business continuity testing exercise. Store a copy of the District Council's data and systems outside of the geographical region.		✓ Working on system with Microsoft – "Azure" site recovery	
<b>Periodic review of remote access activities by non-staff</b> Review logs of access activities of non-staff with 24-7 access to the District Council information systems.		✓ Report created for fortnightly review	
<b>Staff have local administration rights on their workstations</b> Discontinue the practice of giving local administrator rights to staff. Put firewall rules in place to prevent users from being able to download executable files and other high risk type of files from the internet.		✓ Rights being removed. Project due for completion April 2017	
<b>Periodic review of log on accounts in Active directory</b> Periodically review the network and application level users and disable those not used.		✓ Fortnightly automated report generated for review	



AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

Report to Council on the annual audit of  
**Waitaki District Council**  
for the year ended 30 June 2016

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## Key messages

We have completed the audit for the year ended 30 June 2016.

This report sets out our findings from the audit and draws attention to areas where Waitaki District Council (the District Council) is doing well or where we have made recommendations for improvement. Overall, it was another very smooth final audit process this year. A full annual report and supporting documentation were received at the start of the audit.

Our findings in our key areas of focus are as follows:

- The three waters infrastructural assets were re-valued during the year and there was a \$5.8 million increase in value since they were last revalued on 1 July 2012.
- There were no significant concerns noted in the District Council's subsidiaries, with all entities receiving unmodified audit opinions. Whitestone Contracting Limited provided a dividend to the District Council this year, and the Waitaki District Health Services Limited group has provided funding to the Observatory Hill Retirement Village which is currently under development.
- The District Council did not have the systems/resources in place to measure the new Department of Internal Affairs (DIA) mandatory measure regarding footpath condition. However, all performance measures from the 2015-25 LTP were reported against in the annual report and we accept the level of detail provided to the reader of the annual report was appropriate.

We have no major issues arising from our final audit. We will be following up the issues raised in our interim management report dated 15 August 2016, as part of our 2017 interim audit – as is usual. We have not included them again in this report.

### Thank you

We would like to thank the Council and management for the assistance received during the course of the audit.



Scott Tobin  
Audit Director  
17 March 2017

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## **1 Our audit opinion**

### **1.1 We issued an unmodified audit opinion**

We issued an unmodified audit opinion on 26 October 2016. This means that we were satisfied that the financial statements and statement of service performance present fairly, in all material respects, the District Council's activity for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following matters:

### **1.2 Uncorrected misstatements**

The financial statements are free from material misstatements, including omissions.

During the audit we discussed with management any misstatements that we found, other than those which were clearly trivial. The significant misstatements that have not been corrected are listed in Appendix 2 along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

#### **Management comment**

*Although we have accepted that the change in disclosure should be made, we fail to see how this can be considered a significant misstatement. The presentation followed the same approach as previous years and would have been adjusted if it had been raised earlier in the audit process.*

## **2 Your business risks/issues of focus for our final audit**

### **2.1 Property, plant and equipment valuations**

The District Council periodically re-values its land, buildings and various infrastructure asset classes of assets. In a non-valuation year the District Council must consider whether there is significant difference between the carrying amount and fair value of any non-revalued classes of assets and if there has been any impairment to any of its non-revalued assets in the last 12 months.

The Council revalued its three waters infrastructural assets on 1 July 2015 and the valuation was included in the 30 June 2016 financial year. Overall, there was a \$5.8 million increase in value of the three waters infrastructural assets since they were last revalued in 2012. The increase is due to average increases in unit costs.

We reviewed the scope of the valuations, considered the competence of the valuer, and assessed the completeness of data and the reasonableness of assumptions underlying the valuations. Assurance was sought from the valuer that the valuations were completed in accordance with current valuation and accounting standards. We will also reviewed the compliance of the accounting adjustments and disclosures made by Council against PBE IPSAS 17. We have no issues to report.

For significant asset classes that were in a non-valuation year we performed a high level assessment of whether there was any significant difference between the carrying



amount and fair value of any non-revalued classes of assets. No material differences were noted.

## 2.2 Group consolidation and significant group issues

The District Council holds investments in various entities. Each year the District Council must present the audited financial results of both the parent and the consolidated group.

During the audit we discussed with management audit progress and any significant group concerns that could affect the group consolidation or reporting timeframes. The significant areas that we took into consideration for the wider District Council group this year were:

Investment held	Key matters considered
Whitestone Contracting Limited	<ul style="list-style-type: none"> <li>Profitability and the level of dividends to the District Council</li> <li>Property, plant and equipment valuations</li> </ul>
Waitaki District Health Services Limited group	<ul style="list-style-type: none"> <li>Funding from Southern District Health Board</li> <li>Accounting for the retirement village</li> </ul>
Tourism Waitaki Limited (subsidiary)	<ul style="list-style-type: none"> <li>Completeness of revenue</li> <li>Redevelopment of the Oamaru Blue Penguin Colony</li> <li>Alps to Ocean cycle trail</li> </ul>
Omarama Airfield Limited	<ul style="list-style-type: none"> <li>Completeness of revenue</li> <li>Kahu Café donations and redevelopment</li> </ul>

Unmodified audit opinions were issued on all group entities in 2016.

We have confirmed that there were no changes to the group structure this year. We also considered the District Council's carrying value of its investments in these entities and reviewed for any indicators of impairment. Overall we have accepted that no impairment is necessary.

As part of the audit we also reviewed the consolidation to gain assurance that it is prepared in accordance with accounting standards including specifically, that there is full elimination of all inter-entity transactions. The consolidation was performed appropriately.

## 2.3 Statement of service performance

Each year we audit the performance information and report on whether it fairly reflects the achievements measured against the targets and other measures in the

Council's Long Term Plan (LTP). There is always room to improve on performance reporting, as expectations in this area continue to rise.

This year was the first year of reporting against the Council's 2015-25 LTP. There were updated performance measures, including the Department of Internal Affairs (DIA) mandatory performance measures, which the Council needed to be able to measure and report against for the year ended 30 June 2016.

As reported in our interim management report, the District Council did not currently have the systems/resources in place to measure the new Department of Internal Affairs (DIA) mandatory measure regarding footpath condition. Instead the District Council reported what they did in relation to the annual works plan and maintenance that had been carried out. Systems need to be implemented to enable reporting against the mandatory footpath performance measure.

We confirmed that the performance information was fairly stated in the final version of the annual report. All performance measures from the 2015-25 LTP were reported against in the annual report and the level of detail provided to the reader of the annual report was appropriate.

#### **Management comment**

*It is not considered that any further comment is required.*

### **3 Other areas of focus during the final audit**

#### **3.1 Landfill/waste management scheme**

The District Council's landfill was scheduled to close during the 2016 year. In recent years the council has examined several options for when this occurs. Various methods to run the district waste operation were investigated but at the time of our last audit no firm decisions had been made on this matter.

We updating our understanding of the plan in place for the district's waste management after the landfill closes. The District Council obtained a new resource consent from Otago Regional Council to continue operation of the Oamaru Landfill until a new Refuse Transfer Station is in place. An arrangement was entered into with Waste Management Limited to manage the district's waste at the new Refuse Transfer Station. Work has taken place to confirm each of the party's responsibilities for the new Refuse Transfer Station, determine a site for it, and continued to develop the current Oamaru Landfill site in preparation for closure.

We also reviewed the landfill aftercare and site restoration transactions and provisions included in the 30 June 2016 financial statements and have no concerns to report.

We will follow up on progress on the arrangement with Waste Management Limited and the new Refuse Transfer Station as part of our 2017 audit.



#### **Management comment**

*Council has an arrangement with Waste Management which mainly focuses on some shared objectives.*

### **3.2 Related parties and conflicts of interest**

We tested the related parties' transactions and balances, and gained assurance that the disclosure in the financial statements is appropriate and complete.

Throughout the course of the audit we remained alert for conflicts of interest. No conflicts of interest were identified during our audit work performed or disclosed to us.

### **3.3 Fraud risk management**

We undertook formal discussions with management, the Council, and the audit and risk committee, on matters concerning fraud risk awareness, identification of susceptible areas, and the mitigating controls that the District Council has put in place.

In our 2016 interim management report we recommended that the fraud policies be refreshed and to formalise the District Council's approach to fraud risk management, including an annual assessment of fraud risk areas and mitigations in place. This has not been completed at the time of our final audit.

Management and those charged with governance confirmed to us that they were not aware of any fraud during the 2016 financial year. No instances of fraud were noted during our audit.

#### **Management comment**

*An updated Fraud Policy was approved by the Finance, Audit and Risk Committee on 5 October 2016.*

### **3.4 Legislative compliance**

To discharge the Auditor-General's mandate we carry out an audit of legislative compliance. We limit this review to obtaining assurance that the District Council has complied with significant legislative requirements that may directly affect the financial statements or general accountability. Our review does not cover all of the District Council's legislative compliance requirements.

Our approach involved assessing the systems and procedures that the District Council has in place to ensure compliance with significant legislation. We also completed our own checklists covering the key requirements of significant legislation. Principally our focus was on the accountability requirement under the Local Government Act 2002 and rates setting under the Local Government (Rating) Act 2002.

A potential issue was noted from our review of Councillor fees paid against the limits set in the Local Government Elected Members (2015/16) (Certain Local Authorities) Determination 2015. It appears a Councillor was overpaid by \$2,000. Management are examining this issue.

#### **Management comment**

*Staff have worked to make the decision process more transparent with the remuneration for 2016 agreed by a committee of Council.*

#### **4 Status of previous recommendations**

In the prior year we provided one final 2015 management report, dated 27 November 2015, which also included our findings from our interim audit. The majority of the recommendations raised in that management were followed up as part of our 2016 interim audit and detailed status reports were included in our 2016 interim management report dated 15 August 2016.

Where the matters were of direct relevance to our final audit, we have provided updates in the body of this report, including:

- Service performance information (section 2.3).
- Related parties and conflicts of interest (section 3.2).
- Fraud risk management (section 3.3).
- Legislative compliance (section 3.4).

However, as many of the recommendations will take some time to resolve we will follow up on progress against these as part of our 2017 interim audit, and have not included them again in this report. These matters include the systems and controls around:

- Expenditure.
- Property, plant and equipment (PPE).
- Information Technology.
- Risk management.
- Contract management and procurement.
- Sensitive expenditure.

The status of other final audit specific matters that were outstanding from previous final reports to the Council are summarised below:



Previous recommendation	Current status
<b>Impairment of doubtful debts</b> Only impair rates debtors which are still overdue after six years or where there is certainty that a particular debt cannot be recovered.	Similar to the prior year findings, a significant portion of the provision is made up of all rates debtors overdue for more than 12 months. <b>Management Comment</b> <i>The basis of this calculation will be reviewed once the final results of the current rating sale process are completed and true collectability of long term outstanding amounts is quantified.</i>
<b>Museum archive standards</b> The Museum is currently in breach of the minimum requirements of the mandatory Archive Standards (2007) in relation to the storage of its museum collections.	In the LTP, the District Council proposed a future redevelopment of the Museum, and had targeted to be 100% compliant by the year ended 30 June 2016. This is a work in progress as part of the Cultural Facility Development Project.
<b>Tax status of the port</b> The District Council had a binding ruling from the Inland revenue Department (IRD) that its port operations were a taxable activity. The binding ruling expired in 2011.	There have been no changes to the circumstances which applied to the binding ruling since the lapse, and there has been no further information presented around this issue. The District Council has therefore continued to treat its port activities as a taxable activity.

## Appendix 1: Explanation of priority rating system

Our recommendations for improvement and their priority are based on our assessment of how far short the District Council is from a standard that is appropriate for the size, nature, and complexity of its business.

We have developed the following priority ratings for our recommended improvements:

<b>Urgent</b> Major improvements required	<b>Needs to be addressed urgently</b> These recommendations relate to a significant deficiency that exposes the District Council to significant risk. Risks could include a material error in the financial statements and the non-financial information; a breach of significant legislation; or the risk of reputational harm.
<b>Necessary</b> Improvements are necessary	<b>Address at the earliest reasonable opportunity, generally within 6 months</b> These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness that could undermine the system of internal control or create operational inefficiency.
<b>Beneficial</b> Some improvement required	<b>Address, generally within 6 to 12 months</b> These recommendations relate to deficiencies that result in the District Council falling short of best practice. These include weaknesses that do not result in internal controls being undermined or create a risk to operational effectiveness. However, in our view it is beneficial for management to address these.



## Appendix 2: Uncorrected misstatements

Current year misstatements	Assets	Liabilities	Equity	Financial Performance
	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Accounts receivable and revenue advance include invoices related to 2017. These should be excluded. The amounts are immaterial and only impact the Statement of Financial Position.	(253,000)	253,000		
<b>Total</b>	<b>253,000</b>	<b>253,000</b>		

### Appendix 3: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carry out our audit in accordance with generally accepted audit standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We confirm that, for the audit of the Waitaki District Council's financial statements for the year ended 30 June 2016, we have maintained our independence in accordance with the requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.</p> <p>Other than the audit, we have not provided any engagements for the Waitaki District Council during the year ended 30 June 2016. In addition, we have no relationships with, or interests in, the Waitaki District Council.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Waitaki District Council that is significant to the audit. The audit manager on the audit has an aunt that works at Waitaki District Council and is distantly related to the Mayor and a Councillor. We have put in place appropriate mitigations to address these matters.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Waitaki District Council during or since the end of the financial year.</p>
Unresolved disagreements	<p>We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial statements. Management has not sought to influence our views on matters relevant to our audit opinion.</p>



# Finance, Audit and Risk Committee Report

From Rates Supervisor

Date 12 April 2017

## Rating Adjustment – Gards Road, Otekaieke

### Recommendation

The Finance, Audit and Risk Committee recommends to Council that all outstanding rates and arrears on assessment number 101329, a property owned by the Department of Conservation on Gards Road, Otekaieke, be written off.

### Objective of the Decision

To clear the rates on a property that was charged rates but was subsequently determined to be non-rateable.

### Summary

The failure of the Department of Conservation to advise of an addition to the Crown estate during a tenure review process resulted in Council charging rates on an area of non-rateable land. This paper makes a recommendation on the most efficient and effect way to resolve this matter.

### Summary of Decision Making Criteria

	No/Moderate/Key		No/Moderate/Key
Policy/Plan	No	Environmental Considerations	No
Legal	No	Cultural Considerations	No
Significance	No	Social Considerations	No
Financial Criteria	Moderate	Economic Considerations	No
Community Views	No	Community Board Views	No
Consultation	No	Publicity and Communication	No

### Background

The property that is the subject of this report was part of the high country tenure review process. As part of this process the lease on the land in question was terminated and the land added to the Department of Conservation (DoC) estate. This transfer changed the status of the land to non-rateable. However, as lawyers acting for DoC failed to advise Council, this land continued to be rate based on its historic use.

The legal position on this is clear, when the pastoral leases are terminated, the land that is returned to the Crown as conservation land ceased to be rateable. However as no information was sent to Council at the time changes to the property were made no action was possible to update the Rating Information Database (RID).

The only action that appears to have been taken was the cancellation of the title by LINZ. This in turn made investigations in to why the account had not be paid very difficult. To further complicate the matter DoC changed property managers during this time period.

### Discussion

Once the matter came to light on both sides and the necessary information was received, the property was made non-rateable to avoid further rates being charged. Since this action a number of matters have delayed the formal resolution of this matter.

The total balance outstanding is \$6,195. This is made up of \$2,494 of rates charged and \$3,701 of accumulated arrears and instalment penalties. It is recommended that the entire balance be written off as uncollectible.

**Summary of Options Considered**

**Option 1** – Right off the rates outstanding.

**Option 2** - Take further action to recover the amounts outstanding.

**Assessment of Preferred Option**

Option 1

This is preferred as it is seen as the most efficient and effective way to resolve the situation. Council is required to charge rates based on the information contained in the RID. These details cannot be updated until proper notice has been received. DoC failed to comply with the Local Government Rating Act 2002 section 31 by failing to provide a change of ownership or equivalent notice. However, even though the rates were set correctly officers see little chance of success with any collection action.

Given the situation it is requested that the Committee recommend to Council that it writes the outstanding rates off.

Sue McCabe  
**Rates Supervisor**



Paul Hope  
**Chief Financial Officer**

**Additional decision making considerations - Financial Considerations**

In terms of the overall rate take, this amount is minor however this is a matter that cannot be delegated and must be addressed by Council.