



Waitaki

DISTRICT COUNCIL

TE KAUNIHERA Ā ROHE O WAITAKI

Notice of a meeting of the

Finance, Audit and Risk Committee

in the

**Whitestone Cheese Empire Room, Oamaru Opera House,
94 Thames Street, Oamaru**

9.00am, Wednesday 4 October 2017

MEMBERSHIP:

Cr Wollstein (Chair)
Cr Dawson
Cr Hopkins

Mayor Kircher (ex Officio)
Cr Garvan
Cr Percival

Finance, Audit and Risk Committee

**9.00am, Wednesday 4 October 2017
Whitestone Cheese Empire Room, Oamaru Opera House,
94 Thames Street, Oamaru**

- Apologies
- Declarations of Interest

Agenda Items	Page
1. Confirmation of Previous Meeting Minutes <ul style="list-style-type: none"> • 16 August 2017 	4 – 6
2. Financial Report – Period 2 <ul style="list-style-type: none"> • Memorandum and Recommendation 	7 – 15
3. Draft Annual Report for the Year Ended 30 June 2017 <ul style="list-style-type: none"> • Memorandum and Recommendation • Extracts from Draft Annual Report (appended separately on 29/9/2017) 	16
4. Whitestone Contracting Ltd – Annual Report 2016/17 <ul style="list-style-type: none"> • Report and Recommendation • WCL Annual Report 2016/17 (appended separately) • 	17 – 19
5. Corporate Services Group Activity Report <ul style="list-style-type: none"> • Memorandum and Recommendation 	20 – 21

RESOLUTION:

"That the public be excluded from the following parts of the proceedings of this meeting, namely items 6, 7 and 8.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter – Section 48(1)
Public Excluded: <ul style="list-style-type: none"> • Confirmation of Public Excluded Meeting Minutes – 16 August 2017 • Accounts Payable Analysis • Recommendations for the Release of Public Excluded Information 	To protect the privacy of natural persons. Section 48(1)(a) (The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned.)
	To enable the Council to carry out commercial negotiations without prejudice or disadvantage. Section 48(1)(a) (Premature disclosure of the information would detrimentally affect the Council's position in the negotiations.)

These resolutions are made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of the Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above (in brackets) with respect to each item."

Agenda Items (Public Excluded)

- 6. **Confirmation of Public Excluded Meeting Minutes** 22
 - 16 August 2017

- 7. **Accounts Payable Analysis (Public Excluded)** 23 – 26
 - Report and Recommendation

RESOLUTION:

“That the Finance, Audit and Risk Committee resumes in open meeting and decisions made in public excluded session are confirmed and made public as and when required and considered.”

Waitaki District Council

Finance, Audit and Risk Committee

**UNCONFIRMED Minutes of Finance, Audit and Risk Committee meeting of the
Waitaki District Council held in the Whitestone Cheese Empire Room,
Oamaru Opera House, 94 Thames Street, Oamaru
on Wednesday 16 August at 9.00am**

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

Apology: Cr Percival

In Attendance: Cr Tavendale
Cr Kingan
Cr Holding
Cr Wheeler
Cr Perkins (from 9.02am)
Mr Jorgensen (Acting Chief Executive)
Mr Hope (Chief Financial Officer)
Mr Wells (Accounting Manager)
Ms Hooper (Policy Officer - Governance)

Declarations of Interest

There were no declarations of interest.

Apologies

RESOLVED
FAR17/049

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

CARRIED

It was AGREED to add a new Agenda Item 4 – Cancellation of Next Finance, Audit and Risk Committee Meeting.

1. Confirmation of Minutes

RESOLVED
FAR17/050

Cr Hopkins / Cr Dawson
"That the Finance, Audit and Risk Committee confirms meeting minutes of
12 July 2017."

CARRIED

Cr Garvan left the meeting at 9.39am, and returned at 9.41am.

2. Financial Report – Period 12 / Quarter 4

This financial report covers the fourth quarter of the 2016/17 financial year. Another successful operating year has drawn to a close, with most activities reporting performances close to or better than budget for the year.

RESOLVED
FAR17/051

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

CARRIED

3. Corporate Services Group Activity Report to 31 July 2017

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

RESOLVED
FAR17/052

Cr Dawson / Cr Garvan

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

CARRIED

4. Cancellation of Next Finance, Audit and Risk Committee Meeting

Mr Hope recommended that the next Finance, Audit and Risk Committee Meeting, scheduled to be held on 13 September, be cancelled. The Carry Forward report would instead be brought to the full Council meeting on the same day.

RESOLVED
FAR17/053

Cr Hopkins / Cr Dawson

"That the Finance, Audit and Risk Committee meeting originally scheduled for 13 September 2017 be cancelled."

CARRIED

The Chair advised his intention to move the meeting into public excluded. The media left the meeting.

RESOLVED
FAR17/054

Cr Hopkins / Mayor Kircher

"That the public be excluded from the following part of the proceedings of this meeting, namely:

- Confirmation of Public Excluded Meeting Minutes 12 July 2017
- Insurance Renewals 2017/18
- Release of Public Excluded Information."

CARRIED

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter - Section 48(1)
Public Excluded:	
<ul style="list-style-type: none"> • Confirmation of Public Excluded Meeting Minutes 12 July 2017 • Insurance Renewals 2017/18 • Release of Public Excluded Information 	<p>To protect the privacy of natural persons. Section 48(1)(a)</p> <p>(The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned).</p> <p>To enable the Council to carry out commercial negotiations without prejudice or disadvantage. Section 48(1)(a)</p> <p>(Premature disclosure of the information would detrimentally affect the Council's position in the negotiations.)</p>

These resolutions are made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of the Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above (in brackets) with respect to each item."

Refer to Public Excluded Minutes

RESOLVED
FAR17/058

Cr Dawson / Cr Hopkins
"That Council resumes in open meeting and decisions made in public
excluded session are confirmed and made public as and when required and
considered."

CARRIED

There being no further business, the Chair declared the meeting closed at 10.20am.

Confirmed on this 4th day of October 2017 in the Whitestone Cheese Empire Room
of the Oamaru Opera House, 94 Thames Street, Oamaru.

Chairman

UNCONFIRMED

Finance, Audit and Risk Committee

Memorandum

From Accounting Manager

Date 4 October 2017

Financial Report – Period 2

Recommendation

That Council receives the information.

Financial Overview

This financial report covers the two months ended 31 August 2017. We are currently midway through a transition from one reporting system to another. As a result, the format of this report is quite different from previous reports. A proposed format is included as Appendix (d) however due to the transition process only limited commentary can be provided this month. If there is time during the day we may start the discussion on what should be included in any new standard reporting package.

Variance Report – refer Appendix (d)

Due to where we are in the process replacement programme only limited detail is provided in Appendix (d). We therefore note below matters arising from a review of key items of revenue and expense that have previously been areas of focus for the Committee:

User Charges –

These are ahead of budget by \$36k, largely due to improved revenues from Cemeteries (\$15k over budget) and property rentals (\$25k over budget).

Grants, Subsidies, and Contributions –

These are well down on budget by \$631k, due mainly to reduced roading subsidy (\$664k under budget). Expenditure incurred in rectifying damage arising from the recent floods, which has taken priority over the normal works programme, has still to be approved by NZTA for funding. This situation will be corrected in the near future.

Development and Financial Contributions (DC's) exceed budget in total by \$8k. Receipt of these funds is extremely unpredictable - the effect of this volatility is most apparent in the roading activity, where revenue is reported at \$52k over budget, and Oamaru Water (\$24k under) and Oamaru Sewer (\$8k under). RMA contributions are running \$11k under budget after two months.

Finance Income –

Interest earned for the first two months of the year amounted to \$211k, \$6k under budget. Interest rates over the period have been lower than was budgeted, but the situation should improve over the next few months.

Other Revenue –

Rates penalties at \$176k are \$16k ahead of budget. This is a timing issues as the first penalties are historically the largest of the year. The proceeds of logging activities, at \$214k, are an unbudgeted gain, as the annual plan projected no revenue from this source. Harvesting of the blocks near Hampden was brought slightly due to the need to address storm damage and the availability of a contractor who was working on neighbouring blocks.

Employee costs –

Salaries and wages are running \$218k under budget. This saving is primarily the result of vacancies of which the Chief Executive and the Planning Manager are examples, as well as the long standing Business Analyst vacancy. The first two have been filled from September while the Business Analyst role is being resolved as part of the IT restructuring process. The cost of unbudgeted backfill in the Regulatory area is \$14k for the period.

Contractors and Professional Services –

Over budget by \$467k, notably in the Roding activity which is over budget by \$410k due largely to the repair of flood damage.

Operational – Other costs

The cost of insurance premiums, the subject of a recent detailed report, is running \$40k over budget, and likely to worsen over the rest of the year. Electricity is, in total, \$12k under budget for the period – notably in Roding which is under budget by \$18k due to the implementation of LED street lighting.

A number of other costs record minor variances from budget, most of which arise from the phasing of those budgets. Officers will review these anomalies over the next few weeks and revisit the phasing where this is practical.

Capital Expenditure –

Overall for Council, capital expenditure is under budget by \$1.481m. Roding is underspent by \$552k as its focus has been on flood repair work, Three Waters is underspent by \$645 due to weather and budget phasing, and Property is under by \$279k. These phasing issue will be discussed with the relevant managers as part of the Quarter 1 report development.

Cash position –

As was reported in the financial report for period 11, May 2017, Council's main BNZ account became overdrawn in June, and again in July. In response to a question raised at the FAR Committee meeting on 12 July, interest costs associated with the overdrawn account in July, which peaked at \$463,000 for a period of three days, amounted to only \$270.87.

Given the level of expenditure anticipated over the remainder of this financial year, officers have projected the bank balance at 30 June 2018. This appears as Appendix (a) to this report, together with details of assumptions that have been made in its preparation.



Ian Wells
Accounting Manager



Paul Hope
Chief Financial Officer

Attachments

Appendix (a) – Projected cash position

Appendix (b) – Internal Loan Summary, 30 June 2017

Appendix (c) – Movements in Special Funds and closing position, 30 June 2017

Appendix (d) – Monthly Financial reports, period 2, August 2017

Appendix (a) – Projected Cash Position

The 2017/18 Annual Plan includes significant capital projects and, since its adoption, Council has committed more loan funding for the Observatory Village. Below is a projected cashflow for the 2017/18 year, incorporating the assumptions as detailed below:

		\$000	\$000
Bank accounts - total in hand and on deposit 1 July 2017			13,888
Revenue			
	Rates including GST	actual rates struck + GST	35,295
	User-pays charges	assume budget + GST	7,375
	Government Grants	assume budget + GST	8,690
1	ADD - NZCT funding due re A20	Due at 31 August re last year + GST	350
	Development contributions	assume budget + GST	797
2	Asset sale proceeds - actual	Actual transactions to 31 August	1,426
3	Asset sale proceeds	assume remainder of the year	230
	Other grants	assume budget	2,056
4	Cultural Facility	assume budget	(2,000)
	Infringements	assume budget	57
	Petrol tax	assume budget	196
	Investment income	assume budget	1,474
5	LESS - Observatory Village interest	Compounding interest	(273)
Total projected income			55,673
Expenditure			
	Salaries & Wages	assume budget	(10,810)
	Superannuation	assume budget	(306)
6	LESS - potential impact of vacancies		400
	Other operating costs	assume budget + GST	(26,832)
	Capital expenditure including carry forwards	assume budget + GST	(36,181)
	Capital expenditure likely to be deferred		
4	Cultural Facility	assume budget + GST	2,588
7	Corriedale DWS	assume budget + GST	1,093
8	RSA development	assume budget + GST	5,002
9	Other projects, including cfwds	assumed, + GST	3,450
Total projected expenditure			(61,596)
Other			
10	Additional loan for Observatory Village		(3,500)
	Net GST impact		(428)
Projected bank accounts - total in hand and on deposit 30 June 2018			4,037

Notes

- 1 This is funding accrued re A20
- 2 Actual result year to date, includes sale of North end property
- 3 Assumed further vehicle replacements per budget and more properties
- 4 Assumed the Cultural facilities project will not proceed in full this year as funding and planning to finalise
- 5 Reduce interest income - Observatory Village loan is compounding at this point
- 6 Historically Council always has vacant positions
- 7 Waugh projections have these schemes proceeding in 2018/19 so will be carry forward at year end
- 8 Assumed RSA on hold this year awaiting legal issues resolution
- 9 Assumed other projects, including carryforwards, not proceeding for various reasons
- 10 Assumes full drawdown of this facility as resolved by Council

Not included - Observatory projections include repayments of loan #1 of \$890k in 2018 financial year

Not included - Whitestone has easily exceeded its committed level of dividend payment in recent years

Appendix (b) – Internal Loan Summary, 30 June 2017

	Interest Expense \$000	Balance 1 July \$000	Increased Borrowing \$000	Principal Repaid \$000	Balance 30 June \$000
Roads and Footpaths	18	534	-	(67)	467
Waste Water	16	313	18	(65)	266
Stormwater Damage	0	11	-	(6)	5
Water Supply	329	9,416	188	(657)	8,947
Waste Management and minimisation	18	554	-	(121)	433
Arts, Heritage and Culture	1	7	106	(1)	112
Parks and Recreation	28	709	217	(119)	807
Community amenities	4	107	5	(28)	84
Oamaru Harbour and Historic Precinct	53	1,528	428	(104)	1,852
Commercial and Development Activities	374	10,764	1,258	(2,322)	9,700
Environmental Regulation and Safety	-	-	-	-	-
Support Services	(841)				
	-	23,943	2,220	(3,490)	22,673

New internal loans established in the 2017 financial year related to:

Interest compounded on property loans	285k
Oamaru cemetery extension	50k
RFID Library upgrade	110k
Penguin colony upgrade	515k
RSA Building	230k
Observatory Village services	180k
Hampden public toilets	150k
Cultural Facility Development	105k
Oamaru Creek coastal protection works	416k
Omarama DWS upgrade	58k
Otematata DWS upgrade	68k

Principal repayments include:

Compounding property loan – Cirrus Place (sale proceeds & write off)	1,357k
Compounding property loan – Lakes Centre (sales proceeds)	577k
Compounding property loan – Opera House (rate contribution)	240k
Compounding property loan – Test Street (sales proceeds)	68k

Appendix (c) – Movements in Special Funds and closing balance 30 June 2017

Account Name	Balance 01-07-16	Interest Received	Movements In	Movements Out	Balance 30-06-17
Ahuriri Playground Fund	2,086.13	73.09	0.00	0.00	2,159.22
Animal Control Reserve	0.00	0.00	164,885.99	0.00	164,885.99
Aquatic Centre Bequest Funds	6,649.90	233.00	0.00	0.00	6,882.90
Archives Fund	10,047.34	352.05	0.00	0.00	10,399.39
Cemetery Trust A/c - Oamaru	3,794.37	131.23	0.00	-131.23	3,794.37
Cemetery Trust A/c - Herbert	9,678.10	339.10	0.00	0.00	10,017.20
Cemetery Trust A/c - Ngapara	841.60	29.48	0.00	0.00	871.08
Community Housing	752,452.86	25,857.14	0.00	-169,621.40	608,688.60
Council Heritage Project	0.00	0.00	0.00	0.00	0.00
Development Contributions	4,451,384.97	155,372.35	569,554.42	-972,439.26	4,203,872.48
Disaster & Self-insurance Funds	3,718,308.76	0.00	202,308.00	-66,177.08	3,854,439.68
District Endowment Fund	1,579,896.03	56,283.76	242,391.31	-236,119.51	1,642,451.59
District Library Endowment Fund	165,500.00	5,724.26	0.00	-5,724.26	165,500.00
District Resource Management Act Financial Contributions Fund	792,518.04	27,492.95	168,044.37	-220,467.39	767,587.97
Emergency Services Upgrade/Renewal Fund	19,797.45	693.66	0.00	0.00	20,491.11
Forestry Planting	1,070,002.43	37,490.61	211,416.57	0.00	1,318,909.61
Gallery Bequest Fund	5,543.29	194.22	0.00	0.00	5,737.51
Gallery Lift Appeal	11,417.45	400.03	0.00	0.00	11,817.48
Hakataramea Bridge proceeds	7,743.20	0.00	0.00	-7,743.20	0.00
Harbour Endowment Fund	122,248.46	4,228.29	360,000.00	-4,228.29	482,248.46
Harbour Enhancement - Canterbury Spinners	0.00	0.00	0.00	0.00	0.00
Harbour Projects Fund	0.00	0.00	0.00	0.00	0.00
Haven Street Reserve	61,924.74	0.00	0.00	0.00	61,924.74
Library Acclimatisation Fund	5,000.00	172.94	0.00	-172.94	5,000.00
Mulligan Bequest	91,866.48	3,218.82	0.00	0.00	95,085.30
Museum Bequest Fund	125,944.90	4,412.82	0.00	0.00	130,357.72
Oamaru Gardens Bequest Fund	189,111.16	6,626.03	0.00	0.00	195,737.19
Oamaru Gardens / Heritage Buildings / Sports Facilities	99,961.68	3,502.46	0.00	-9,241.50	94,222.64
Oamaru Library Bequest Fund	0.00	0.00	8,000.00	-505.52	7,494.48
Oamaru Library Book Fund	2,056.40	72.06	0.00	0.00	2,128.46
Oamaru Opera House Bequest Fund	0.00	264.37	10,601.74	0.00	10,866.11
Oamaru Township Beautification	36,515.85	1,279.45	0.00	0.00	37,795.30
Otago Power Shares	23,102.13	799.03	0.00	-799.03	23,102.13
Omarama Hall Fund	0.00	0.00	0.00	0.00	0.00
Palmerston Library Book Donation	2,525.21	88.48	0.00	0.00	2,613.69
Palmerston Reserve	112,481.93	3,941.13	0.00	-110,000.00	6,423.06
Plan Review Reserve	259,512.96	0.00	3,385.00	0.00	262,897.96
Refuse Disposal, Landfill & Hazardous Sites	104,555.46	0.00	0.00	0.00	104,555.46
RSA Rose Garden Bequest	3,679.38	128.92	0.00	0.00	3,808.30
Sports Ground Improvement Fund	999.55	35.03	0.00	0.00	1,034.58
Street Tree Fund	61,555.97	2,156.80	0.00	0.00	63,712.77
Valley Boat Ramps Fund	66,921.17	0.00	17,315.27	-10,881.34	73,355.10
Waitaki Heritage Fund	255,068.94	7,540.16	800.00	-134,782.61	128,626.49
Council Special Funds and Reserves	14,232,694.29	349,133.72	1,958,702.67	-1,949,034.56	14,591,496.12
Waitaki Heritage Fund Loans	3,600.00	0.00	242,519.15	-800.00	245,319.15
Loan Funds	1,040.37	0.00	0.00	0.00	1,040.37
Creative Communities Grants scheme	91.64	0.00	20,579.00	-16,736.72	3,933.92
SPARC Regional Travel scheme	0.00	0.00	9,500.00	-9,500.00	0.00
Funds held by Council in trust for distribution	4,732.01	0.00	272,598.15	-27,036.72	250,293.44
Totals	14,237,426.30	349,133.72	2,231,300.82	-1,976,071.28	14,841,789.56

Appendix (d) – Monthly Financial Reports, period 2, August 2017

Background

As previously discussed, due to the age and reliability of the “HUB” reporting system there was a growing level of risk associated with this system. To mitigate this risk the decision was made to invest in installing Civica’s “BIS” reporting system, version 6.11.

Civica supplied and supports Council’s Authority operating system, and developed the BIS reporting structure to draw information directly from Authority. Having contracted Civica both for the upgrade and for on-going support, Council is now in a more secure position in relation to its financial reporting into the future.

Normally, Council would receive detailed financial reporting for period 2 covering the year to date position at 31 August 2017. However, as covered earlier in the report, due to where we are in the transition process only summary reports are available at present. The accompanying reports provide an overview from the BIS system of Council’s operations for the period, with brief comments where appropriate.

These figures are summaries only of each department’s overall operations. Councillors should be aware that:

- **Income** includes
 - Rates
 - All other normal operating revenue
 - Capital revenue
 - The gross proceeds of asset sales
 - Transfers from reserves, internal loans, etc.

- **Expense** includes
 - Wages & salaries
 - Depreciation
 - All other normal operating expenses
 - Capital expenditure
 - Transfers to reserves

Although the report has primarily been generated by the BIS system, difficulties around the capture and presentation of Manager’s comments and explanations for variances have meant that this detail has not been able to be incorporated this month.

The comments that are provided have been added outside the BIS system to give further information related to the most significant variances. It is hoped that improvements can be made in time to allow the reports for the September period to be produced directly from the BIS system.

		YTD Actuals Income	YTD Budget Income	YTD % Variance Income (-variance is unfavourable)	YTD Actuals Expense	YTD Budget Expense	YTD % Variance Expense (-variance is unfavourable)	Actual (Surplus) or Deficit	Budget (Surplus) or Deficit
Assets Group									
GIS/IT		(29,806)	(76,025)	-60.8%	20,446	115,041	82.2%	(9,360)	39,016
Management Assets		0	0	0.0%	3,678	2,052	-79.2%	3,678	2,052
Property	1	(1,716,801)	(525,929)	226.4%	800,922	1,574,894	49.1%	(915,879)	1,048,965
Roading	2	(1,422,634)	(2,548,032)	-44.2%	2,535,315	2,737,689	7.4%	1,112,681	189,657
Solid Waste		(208,888)	(203,108)	2.8%	159,289	191,632	16.9%	(49,599)	(11,476)
Waters		(1,401,468)	(1,359,940)	3.1%	1,767,898	3,180,577	44.4%	366,431	1,820,637
Assets Group Total		(4,779,596)	(4,713,034)	1.4%	5,287,548	7,801,885	32.2%	507,952	3,088,851

Comment

- 1 - Property revenue includes gross sale proceeds from the disposal of Boundary Creek property
 2 - Roothing revenue is under budget because NZTA has still to approve subsidy for flood-related works

CEO

CEOs Office		0	0	0.0%	(13,419)	(10,952)	-22.5%	(13,419)	(10,952)
Economic Development		(195,265)	(181,632)	7.5%	351,697	337,350	-4.3%	156,433	155,718
Finance		(2,173)	(3,916)	-44.5%	21,848	1,212	-1702.7%	19,675	(2,704)
Human Resources		0	(20,655)	-100.0%	2,814	3,141	10.4%	2,814	(17,514)
Treasury		(19,470)	(72,783)	-73.2%	246,531	254,517	3.1%	227,061	181,734
CEO Total		(216,908)	(278,986)	-22.3%	609,472	585,268	-4.1%	392,564	306,282

Comment

- 3 - HR revenue yet to be invoiced is cost of Health & Safety officer to be recovered from Waitaki District Health Services Ltd

		YTD Actuals Income	YTD Budget Income	YTD % Variance Income (-variance is unfavourable)	YTD Actuals Expense	YTD Budget Expense	YTD % Variance Expense (-variance is unfavourable)	Actual (Surplus) or Deficit	Budget (Surplus) or Deficit
Community Services Group									
		(273,364)	(273,596)	-0.1%	284,371	319,772	11.1%	11,007	46,176
		(33,322)	(22,180)	50.2%	36,436	30,686	-18.7%	3,114	8,506
		(192,399)	(193,908)	-0.8%	238,825	257,416	7.2%	46,426	63,508
		(83,915)	(69,691)	20.4%	62,160	80,131	22.4%	(21,756)	10,440
		(235,805)	(235,610)	0.1%	275,995	288,841	4.4%	40,190	53,231
		0	0	0.0%	1,768	2,232	20.8%	1,768	2,232
		(189,506)	(198,608)	-4.6%	205,974	239,690	14.1%	16,469	41,082
	4	(856,739)	(683,663)	25.3%	782,515	728,198	-7.5%	(74,224)	44,535
Community Services Group Total		(1,865,049)	(1,677,256)	11.2%	1,888,043	1,946,966	3.0%	22,994	269,710

Comment

4 - Parks and Recreation includes unbudgeted income of \$214k, and unbudgeted associated costs of \$150k, resulting from forestry harvest activities

Council

		(7,822)	(6,724)	16.3%	2,186	3,059	28.5%	(5,636)	(3,665)
		(74,648)	(69,272)	7.8%	66,911	68,038	1.7%	(7,737)	(1,234)
	5	(6,784)	(5,834)	16.3%	5,050	0	N/A	(1,734)	(5,834)
	6	(115,716)	(99,482)	16.3%	87,030	109,230	20.3%	(28,686)	9,748
		(450,876)	(464,144)	-2.9%	474,630	523,867	9.4%	23,754	59,723
Council Total		(655,846)	(645,456)	1.6%	635,807	704,194	9.7%	(20,039)	58,738

Comment

5 - Election revenue is Rates, expense reflects an annual payment to Electionz ahead of the next triennial election. Each quarter, any surplus is transferred to reserves

6 - Reporting includes both the Annual Report and the Long Term Plan.

		YTD Actuals Income	YTD Budget Income	YTD % Variance Income (-variance is unfavourable)	YTD Actuals Expense	YTD Budget Expense	YTD % Variance Expense (-variance is unfavourable)	Actual (Surplus) or Deficit	Budget (Surplus) or Deficit
Customer Services Group									
		(597)	(250)	138.6%	12,569	2,847	-341.5%	11,972	2,597
	7	(20,500)	(20,364)	0.7%	40,452	20,360	-98.7%	19,953	(4)
	8	(2,920)	0	0.0%	(10,075)	(3,615)	-178.7%	(12,995)	(3,615)
	9	(204,013)	(196,050)	4.1%	149,008	186,587	20.1%	(55,005)	(9,463)
	10	0	0	0.0%	7,654	388	-1872.7%	7,654	388
		(707,572)	(647,386)	9.3%	575,419	588,282	2.2%	(132,153)	(59,104)
		(935,602)	(864,050)	8.3%	775,027	794,849	2.5%	(160,575)	(69,201)
Comment									
7 - Emergency Services activity should balance out over the full year									
8 - Management Customer Services activity should be reallocated									
9 - Planning activity reflects staff vacancies and lower than budgeted use of consultants									
10 - Policy includes the cost of the residents' survey, and will even out over the year									
		(8,453,002)	(8,178,782)	3.35%	9,195,898	11,833,162	22.29%	742,896	3,654,380

Finance, Audit and Risk Committee Memorandum

From Chief Financial Officer

Date 4 October 2017

Draft Annual Report for the Year Ended 30 June 2017

Recommendation

The Finance, Audit and Risk Committee receives the information.

Summary

This report presents Council's Draft Annual Report for the year ending 30 June 2017. The Annual Report and Audit opinion will be presented for adoption at the 25 October 2017 Council Meeting.

Background

The Finance Team is currently preparing the Annual Report. To keep Council informed of progress, past practice has been to provide the Finance, Audit and Risk Committee with a copy of the draft report in a similar way that the draft is provided to Audit New Zealand.

Discussion

After consulting with the Committee Chairperson on 28 September, it was decided that only key extracts from this year's Draft Annual Report will be circulated to Committee members rather than the entire 160+ page document. The extract was distributed separately to the Committee Meeting agenda papers, on Friday 29 September, along with a covering note on the matters outstanding and any other key items.



Paul Hope
Chief Financial Officer

Finance, Audit and Risk Committee Report

From Chief Financial Officer

Date 4 October 2017

Whitestone Contracting Limited – Annual Report 2016/17

Recommendations

The Finance, Audit and Risk Committee:

1. Receives the 2016/17 Annual Report of Whitestone Contracting Limited.
2. Recommends that Council authorises the Mayor and Chief Executive to sign the resolution pursuant to Section 122 of the Companies Act 1993 in lieu of the Annual General Meeting of shareholders of Whitestone Contracting Ltd.

Objective

The objective of this report is to present the audited Whitestone Contracting Ltd Annual Report for 2016/17, together with a formal resolution for the receipt of the report and the appointment of auditors, such latter resolution being in lieu of a shareholders meeting.

Background

Whitestone Contracting Ltd is a Council Controlled Trading Organisation as it is 100% owned by Council and Council appoints the directors. The directors are Messrs Michael de Buyzer (Chairman), Ross Pickworth, John Rowell, Steven Graves, and Stephen Thompson.

The Board of Directors are scheduled to appear at the meeting to present the Annual Report.

Council is required to:

1. Receive the Annual Report, together with the Directors' and Auditors' Reports.
2. Confirm the appointment of auditors.

Summary of Decision Making Criteria

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

Options Considered

Option 1 – Adopt the recommendations in this report.

Option 2 – Reject the recommendations in this report.

Preferred Option

Option 1 is preferred as Council is required to adopt this report so that the shareholder's resolution can be passed.



Paul Hope
Chief Financial Officer

Attachments

Additional Decision Making Considerations
Whitestone Contracting Ltd Resolution Form
Whitestone Contracting Ltd Annual Report 2017 (appended separately)

Additional Decision Making Considerations

Policy and Legal Considerations

Part 5 and Schedule 8 of the Local Government Act 2002 (LGA) contain provisions affecting Council Controlled Organisations, including:

- Governance (s57 – 60)
- Transparency (s61 – 63)
- Statements of Intent (s64)
- Performance Monitoring and Reporting (s65 – 69)

As a Council Controlled Trading Organisation, the LGA requires the Company to conduct its affairs in accordance with sound business practice (s 59 (1) (d)).

Section 120 of the Companies Act requires Companies to hold an Annual General Meeting. Section 122 of the Companies Act provides that an Annual General Meeting is not necessary if everything required to be done at that meeting is done by resolution of 75% of shareholders or such greater percentage as may be required under the Company Constitution.

Significance and Outcomes

Outcomes

This matter is relevant to all the community outcomes listed in the outcomes statement.

Significance

The matter of receiving this Annual Report has been assessed to be of low to moderate significance.

Options Considered

The options available are to either adopt the recommendation or for the Company to hold an annual general meeting.

Community Views and Financial Considerations

Given the overall significance of the matter, Councillors are adequately informed to make this decision without further recourse to community views. Financial considerations are not relevant to this report.

Publicity and Communication Considerations

Publicity considerations relevant to this report are addressed through the normal publicity arising from a Council meeting cycle. The Company will make its own announcements.

Finance, Audit and Risk Committee Memorandum

From Chief Financial Officer

Date 4 October 2017

Corporate Group Activity Report to 30 September 2017

Recommendation

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

Summary

This memorandum provides an update to the Finance, Audit and Risk Committee on various finance, information management and business development-related matters occurring subsequent to the writing of a similar report to the 16 August 2017 Committee meeting.

Discussion

Finance – Policy and General

Council has now had three workshops to consider components of the Revenue and Financing Policy. These workshops will continue in conjunction with the wider Long Term Plan (LTP) process to ensure consultation deadlines are met. Other finance-related matters that will be considered during the LTP process include the Financial Strategy and Investment Policy. It is not proposed to do any more than a very simple review of any other policies, including the Liability Management Policy.

Finance – Accounting and Transactional

The finance team has focused on two key statutory work streams since the last report, namely the Long Term Plan (LTP) draft budgets, and the Draft Annual Report. Council has considered the results of this work over the last week. The starting baseline position for the LTP was considered at a workshop on 27 September, and the Draft Annual Report is included in the agenda to this meeting.

The third major work focus has been the transition to the new financial reporting and monitoring system. Further detail on the progress with this process change is included in the Financial Report – Period 2 under Agenda Item 2.

Finance – Rates

The penalties charged on the first arrears and the first instalment penalties show the impact the rates team has been having on the timely payment of rates.

Rating Year	Arrears Penalty 1 - (early July)	Instalment No. 1 (late Aug)
2012/2013	201,688.20	53,811.39
2013/2014	202,230.88	62,181.72
2014/2015	224,173.57	57,942.66
2015/2016	207,378.54	58,854.88
2016/2017	224,508.05	59,108.90
2017/2018	126,643.89	50,612.32

The reduced arrears penalties show the positive impact of the various steps and decisions taken last year. The instalment penalty is not driven by the same issues as the arrears penalty, and reflects the current state of the rate accounts. Although this will have a slightly adverse impact on the penalty income Council will collect, it can be seen as some positive news that more ratepayers are paying on time and are staying current. Comparing the two years, there has been a drop of 153 people (9%) who have been charged penalties. It also reflects positively on the work officers are doing to get payments plans and arrangements in place and the success of issues like the rates rebate programme.

The rates team will continue efforts over the coming year to further reduce the remaining accounts that are significantly in arrears. Three more properties are currently being progressed to the point of a rating sale. As always, every effort is being made to avoid such a final action. However, in some cases, it is the only way to conclude and resolve long-standing rates payment issues. Approximately 20 other properties have been identified as needing action outside of the normal collections approach. Around half of these are considered to be abandoned. However, not all will be worth putting through the abandoned land process, so alternate approaches are being considered.

A full collection plan could be presented to the next meeting, if the Finance, Audit and Risk Committee sees merit in having such a document for consideration.

Information Management (IM)

The key focus has been the efforts to reshape the IM team. At the time of writing this report, offers of employment had been made and accepted for all five positions. It was really pleasing that three of the appointments were people who had a current employment or contractor relationship with Council, and who had all been able to demonstrate that they were the strongest candidates for roles which had generated a lot of external interest. Nevertheless, with a promotion and a resignation, there is more recruitment to occur. This will happen in the near future, but the current priority is to prepare a report for the Chief Executive and Council in relation to the development plan for the area, particularly as it relates to resourcing and the LTP. This is expected to be completed in the next two weeks.

In terms of improving systems and system utilisation, there are two key improvements underway. Council is about to implement Skype for Business as a key communications tool, including replacing the existing telephone management system. This change will allow a number of improvements to occur and remove reliance on a piece of outdated technology that is proving increasingly difficult to service and maintain. Although Sharepoint has been in use for some time, utilisation improvements – particularly of key features – have been identified. To address this, outside advice and training has been sourced and is currently being delivered across Council. Officers who have gone through the update process have provided very positive feedback on the provider's approach and delivery.

Corporate and Business Development

A second group of officers received training on the use of Promapp on 21 September.

Efforts to make improvements to procurement processes have recommenced, with a focus on improving the tools available to responsible officers and bringing these into line with best practice. A facilitated session was held in conjunction with mandatory training for the roading team to meet NZTA purchasing requirements. This proved very helpful in converting the provisions in the policy to a practical "how to" level.

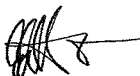
Other Matters – Gift Register

Council has a Central Gift Register to record declarations of hospitality, gifts and/or inducements received by or offered to all staff of Waitaki District Council. This register is administered by the Human Resources team, but it is the responsibility of all staff to record any matters that require disclosure. Reminders are sent to staff regarding the nature of the items that should be recorded and the procedure to follow.

During the year from 1 July 2016 to 30 June 2017, there were three items recorded in the register. A summary of the items is attached.

Job Title	Date of O	Business or Provide	Nature of Gift or Inducement	Value of €
Information Management Officer- Digital	5/24/2017	Theta	Prize: electronic device	\$ 359.00
District Library Manager	4/10/2017	John Bradfield	3 Bottles of wine	\$ 30.00
District Library Manager	5/15/2017	Design Federation	Gift box of Whitestone cheese	\$ 25.00

The last two items were used as part of the internal celebration of the library reopening.



Paul Hope
Chief Financial Officer