



# Waitaki

DISTRICT COUNCIL

TE KAUNIHERA Ā ROHE O WAITAKI

## Notice of Meeting

and

## AGENDA

of the

### *Finance, Audit and Risk Committee*

in the

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

**9.00am, Tuesday 10 April 2018**

#### **MEMBERSHIP:**

Cr Colin Wollstein (Chair)

Cr Craig Dawson (Deputy Chair)

Cr Jim Hopkins

Mayor Gary Kircher (ex Officio)

Cr Peter Garvan

Cr Jan Wheeler

# Agenda

## Finance, Audit and Risk Committee

9.00am, Tuesday 10 April 2018

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

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### 8. RESOLUTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, namely agenda items 9 and 10.

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:	To protect the privacy of natural persons.
• Confirmation of Previous Meeting Public Excluded Minutes – 20 March 2018 PE	Section 48(1)(a) (The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned.)
• Debt Report March 2018 PE	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."

- |            |   |                |
|------------|---|----------------|
| <b>9.</b>  | <b>Confirmation of Previous Meeting Public Excluded Minutes</b> | <b>24 – 25</b> |
|            | • 20 March 2018 PE  |                |
| <b>10.</b> | <b>Debtors' Report – 2018, Period 9 Third Quarter PE</b>        | <b>26 – 29</b> |

### **Resolution to Return to the Public Meeting**

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

### **11. Release of Public Excluded Information**

In accordance with Waitaki District Council Standing Orders 2016 to 2019, Clause 17.5, and pursuant to Resolution FAR 2018/011 of this meeting, the Committee will consider approving the release of previously public excluded information because there is no longer a need for its continued protection under section 48(1) of the Local Government Official Information and Meetings Act 1987. If so approved for release, the previously public excluded information will appear in the public minutes of this 10 April 2018 Finance, Audit and Risk Committee Meeting, under this agenda item.

## Waitaki District Council

### Finance, Audit and Risk Committee

**UNCONFIRMED MINUTES of a meeting of the  
Finance, Audit and Risk Committee of the Waitaki District Council  
held in the Council Chamber, Waitaki District Council Headquarters,  
20 Thames Street, Oamaru  
on Tuesday 20 March 2018 at 9.00am**

- Present:** Cr Colin Wollstein (Chair), Cr Craig Dawson (Deputy Chair), Cr Peter Garvan, Cr Jim Hopkins, Cr Jan Wheeler; Mayor Gary Kircher
- In Attendance:** Cr Jeremy Holding  
Cr Hugh Perkins  
Cr Guy Percival  
Cr Melanie Tavendale  
Fergus Power (Chief Executive)  
Neil Jorgensen (Assets Group Manager / Deputy Chief Executive)  
Paul Hope (Finance and Corporate Development Group Manager)  
Bill Chou (Information Services Group Manager)  
Lisa Baillie (People and Culture Group Manager) (partial attendance)  
Lichelle Guyan (Heritage, Environment and Regulatory Group Manager)  
Ainslee Hooper (Governance and Policy Advisor)

The Chair opened the meeting at 9.00am, and welcomed everyone present.

**1. Apologies**

There were no apologies.

**2. Declarations of Interest**

There were no declarations of interest.

**3. Confirmation of Minutes**

RESOLVED  
FAR 2018/013

Cr Jim Hopkins / Cr Craig Dawson  
That the Finance, Audit and Risk Committee confirms minutes of its public meeting held on 13 February 2018, as circulated, as a true and correct record of that meeting.

CARRIED

**4. Information Services Group Activity Report for the period 23 January to 5 March 2018**

The memorandum, as circulated, provided an update to the Finance, Audit and Risk Committee on Information Services Group activities that have arisen during the reporting period.

Programme Manager Richard Maher spoke about the project management framework that is being implemented, which will enable project progress tracking, more consistent reporting, and improved financial transparency per project. Risk management and information security issues are also being addressed in project status reports, and any issues or concerns that are raised will be more easily identified for closer monitoring.

## UNCONFIRMED MINUTES – FAR 20.03.2018

There was brief discussion about network segmentation, project status reports, offsite recovery systems, and the introduction of e-services in three phases (current status – in phase one).  
*Cr Guy Percival left the meeting at 9.20am, and returned at 9.22am.*

RESOLVED  
 FAR 2018/014

Cr Jim Hopkins / Cr Peter Garvan  
 That the Finance, Audit and Risk Committee receives and notes the information.

CARRIED

## 5. Finance and Corporate Development Group Activity Report for the period 23 January 2018 to 5 March 2018

The memorandum, as circulated, provided an update to the Finance, Audit and Risk Committee on various finance, business development, policy, and health and safety matters that have arisen during the reporting period.

Group Manager Paul Hope spoke to his report, and highlighted key issues as follows:  
 LTP process – Mr Hope acknowledged the excellent contribution of Mike Roesler, Policy Manager, to the Policy team in the past two years, and especially to the LTP process in this round. He would be finishing in his role this Friday, 23 March.  
 The Consultation Document (CD) and other LTP documents had been through a 'hot review' with the Office of the Auditor-General, and final adjustments were now being made in preparations for their presentation to the 27 March Council Meeting for approval to go out for public consultation.

RESOLVED  
 FAR 2018/015

Cr Jim Hopkins / Cr Craig Dawson  
 That the Finance, Audit and Risk Committee receives and notes the information.

CARRIED

## 6. Monthly Financial Report – Period 7 January 2018

The financial report, as circulated, effectively covered results for the seven months to 31 January, period 7 of the 2017/18 financial year. Indications are that the majority of Council activities are operating, as in previous reports, close to or better than budget. This report includes the effect of funding capital expenditure incurred in the second quarter.

RESOLVED  
 FAR 2018/016

Cr Craig Dawson / Cr Jim Hopkins  
 That the Finance, Audit and Risk Committee receives the information.

CARRIED

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

## 7. Resolution to Exclude the Public

RESOLVED  
 FAR 2018/017

Cr Jim Hopkins / Cr Peter Garvan  
 That the public be excluded from the following part of the proceedings of this meeting, namely agenda items 8 and 9.

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:

## UNCONFIRMED MINUTES – FAR 20.03.2018

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter – Section 48(1)
Public Excluded:	To protect the privacy of natural persons.
8. Confirmation of Public Excluded Meeting Minutes 13 February 2018 PE	Section 48(1)(a) (The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned.)
9. Rates Collection Update PE	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."

CARRIED

**Public Excluded Minutes apply**

RESOLVED  
FAR 2018/022

Cr Jim Hopkins / Cr Craig Dawson  
That the Finance, Audit and Risk Committee resumes in open meeting and decisions made in the public excluded session are confirmed and made public as and when required and considered.

CARRIED

## 10. Release of Public Excluded Information

In accordance with Waitaki District Council Standing Orders 2016 to 2019, Clause 17.5, and pursuant to Resolution FAR 2018/011 of this meeting, the Committee APPROVED the release of previously public excluded information as set out below because there is no longer a need for continued protection under section 48(1) of the Local Government Official Information and Meetings Act 1987.

### 8. Confirmation of Public Excluded Previous Meeting Minutes PE

RESOLVED  
FAR 2018/018

Cr Jim Hopkins / Cr Craig Dawson  
That the Finance, Audit and Risk Committee confirms public excluded meeting minutes of 13 February 2018, as circulated, as a true and correct record.

CARRIED

There being no further business, the Chair declared the meeting closed at 10.02am.

TO BE CONFIRMED on the 10<sup>th</sup> day of April 2018 in the Council Chamber, Waitaki District Council Headquarters, 20 Thames Street, Oamaru.

Chairperson



# Finance, Audit and Risk Committee Report

**From** Finance and Corporate Development Group Manager **Date** 10 April 2018

## Otago Rural Fire Authority Establishment Loan Write-off

### Recommendations

The Finance, Audit and Risk Committee recommends:  
That Council:

1. Approves the write-off of the Otago Rural Fire Authority Establishment Loan, and that this write-off be funded from existing rural fire depreciation reserves
2. Approves the transfer to the General Reserve of any unused balance in the depreciation reserve.

### Objective of the Decision

To resolve outstanding issues following the disestablishment of the Otago Rural Fire Authority.

### Summary

The purpose of this report is to resolve issues in relation to the loans created when the Otago Rural Fire Authority was established. The Fire and Emergency Board has responded to a request from the Otago Mayoral Forum for repayment and, based on that response, it is now recommended that the loan be written off.

### Summary of Decision Making Criteria

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

### Background

The Otago Rural Fire Authority (ORFA) was an enlarged rural fire district created in July 2014. Most matters in relation to the formation of ORFA were addressed in the Stakeholder and Services Agreement. However, certain (mainly financial) matters were not addressed in that initial document. Most financial decisions made were a continuation of existing practice with the understanding that they would be reviewed within three years. However, once the Fire Services Review started, any further decisions were deferred.

The most significant issue that was not resolved was the treatment and potential repayment of the establishment loans.

This matter was considered earlier in the year by the Otago Mayoral Forum. The outcome of that discussion was that a letter was sent to the Board of Fire and Emergency New Zealand (FENZ) requesting that the loans be repaid.

### Discussion

The current balance of the establishment loan is \$285,145.

FENZ has recently provided a response. It has declined to repay the loans. The position of the Board is laid out in the attached letter. The primary reason for this response is FENZ's belief that there was never any intention to repay the loans, and therefore they were not a "real" liability.

Based on this response, it recommended that the loan be written off.

There is a related issue that should be considered, and that is the resolution of the treatment of the unused balance of the two rural fire depreciation reserves. The balances in the two reserves are follows:

Equipment	\$207,038
Buildings	\$245,402

Given the size of these reserves and no identified future use, it is recommended that these be used to fund the write-off of the loans and the balance transferred to the General Reserve.

### **Summary of Options Considered**

#### **Options to consider**

**Option 1.** The ORFA establishment loan is written off and the write-off is funded from existing rural fire depreciation reserves. (Preferred)

**Option 2.** The ORFA establishment loan is written off and the write-off is transferred to the General Reserve.

#### **Assessment of Preferred Option**

There are benefits to resolving the treatment of these establishment loans. There is no realistic option to get the amount repaid by Fire and Emergency New Zealand (FENZ) so they should be written off rather than carried indefinitely. It seems logical to use a reserve with no current or envisioned use.

#### **Other Matters**

The last matter that is still outstanding from the disestablishment of ORFA is the use of the existing rural fire buildings. These are still being used under the previous lease arrangements. This arrangement is a "peppercorn" lease with FENZ assuming all ownership costs. FENZ has requested that this arrangement continues until it can make decisions on the long-term future and use of the structures. Any changes to this arrangement including any proposed sale will be brought forward on a case-by-case basis.



Paul Hope  
**Finance and Corporate Development Group Manager**

Attached – Letter from Fire and Emergency New Zealand





## Fire and Emergency New Zealand

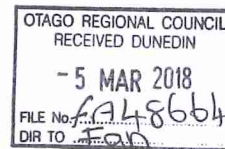
National Headquarters  
Level 12  
80 The Terrace  
PO Box 2133  
Wellington

New Zealand

Phone +64 4 496 3600, Fax +64 4 496 3700

28 February 2018

Ian McCabe  
Executive Officer  
Office of the Otago Mayoral Forum  
PO Box 1954  
Dunedin 9054



Dear Ian

### Otago Rural Fire Authority Contributions/Loans

Thank you for your letter dated 29 January 2018 (received on 8 February). You asked about the position Fire and Emergency New Zealand (FENZ) has in relation to the loans transferred from the Otago Rural Fire Authority (ORFA) to FENZ.

When FENZ was created on 1 July 2017, the resources provided by rural fire authorities enabled FENZ to continue to provide fire and emergency services to all communities. The Board and the Fire and Emergency New Zealand Act (the Act) gave assurances that resources paid for by communities would stay in those communities and FENZ would consult with them if there were to be changes.

FENZ's understanding is that all ORFA loans will be written off by the Councils for the following reasons:

1. Your communities continue to receive uninterrupted fire and emergency services through the creation of FENZ, with the ORFA assets remaining in the communities that funded them. With the above assurances there will not be changes, and that FENZ has the responsibility for maintaining and replacing assets. In addition, repayment would result in an increase to levy.
2. As the Councils made no repayment of the loans since their creation, the value of the loans on the books of ORFA and now FENZ's, bears no relationship to the actual value of the assets transferred.
3. The Act transferred the rights and liabilities of ORFA to FENZ. While ORFA's loan liabilities transferred to FENZ, so did ORFA's rights that went with the creation of those loans. Our understanding is that on 31 October 2014 the Mayoral Forum discussed the transfer of assets to ORFA, and agreed a loan was the easiest means of transfer but it was not intended that the loans would be called on nor would there be any loan repayments during the term of that loan.

It would be useful for your Councils to each let us know if their view differs from our understanding above. Once we have that clarification, my Chief Financial Officer or I would be happy to come and meet with the Mayoral Forum if that would assist with the resolution of this matter.

If you have any further queries, please do not hesitate to contact me.

Yours sincerely



Rhys Jones  
Chief Executive

# Finance, Audit and Risk Committee Memorandum

From Information Services Group Manager

Date 10 April 2018

## Information Services Group Activity Report for the period 6 March to 31 March 2018

### 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 Information Services Group activities

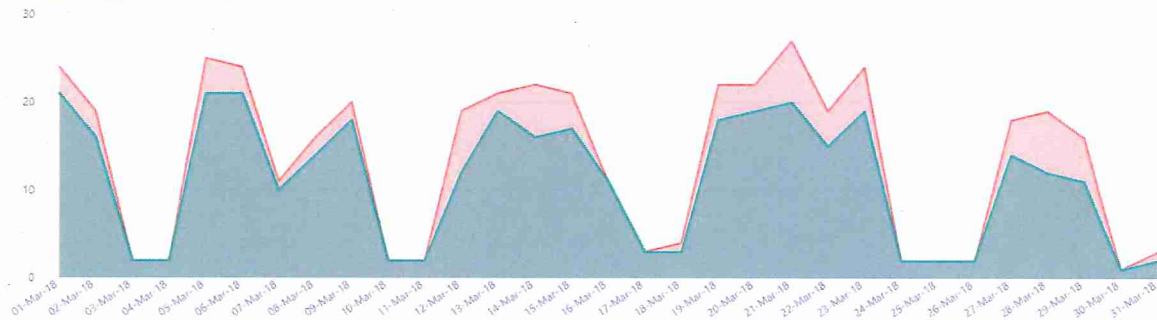
### Service Operations

The Service Desk has remained busy. 425 jobs were received in March, 7 lower comparing to the previous month.

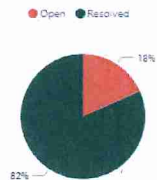
The customer satisfaction rate increased 4% percent from last month, to 98%. However, the resolution rate dropped 8% to 82% due to staff annual leave and priorities being given to other tasks such as staff moves.

Customer Requests & Incidents - Created vs Resolved

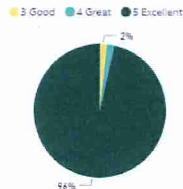
Number of Issues Count of CREATED Count of RESOLUTIONDATE



Open vs Resolved



Customer Satisfaction



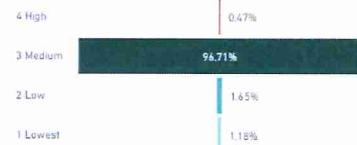
Created this period

425

Resolved this period

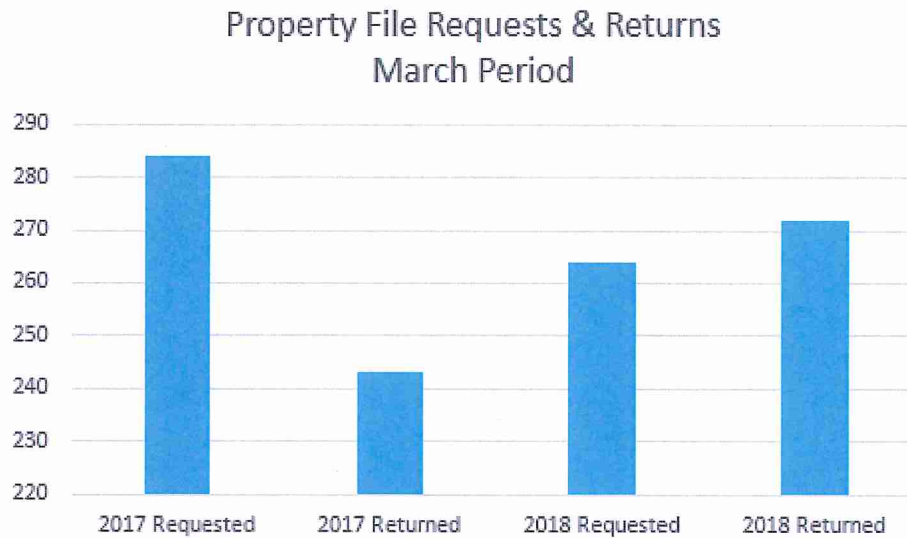
347

Priority of issues this period

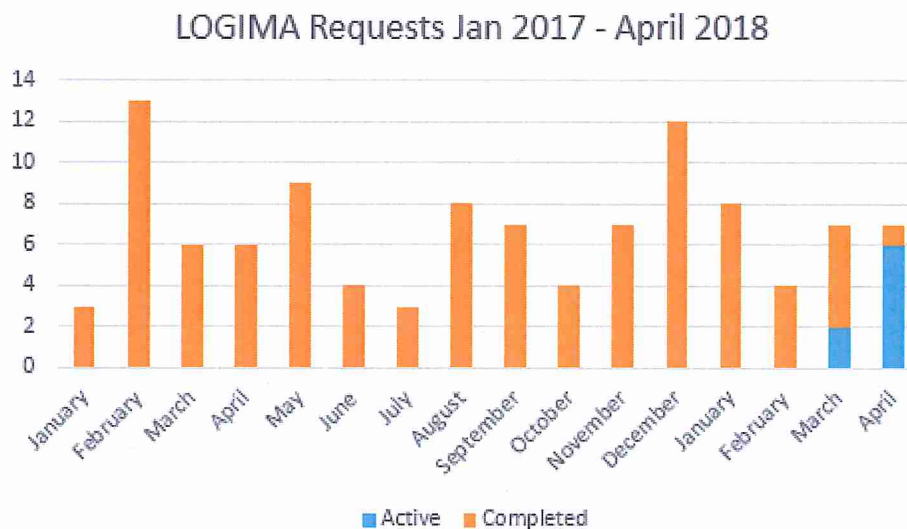


### Information and Records Management

Property file requests have dropped about 15%, possibly due to the public holidays at the end of the month. The diagram below shows the comparison of March property file requests in 2017 and this year.



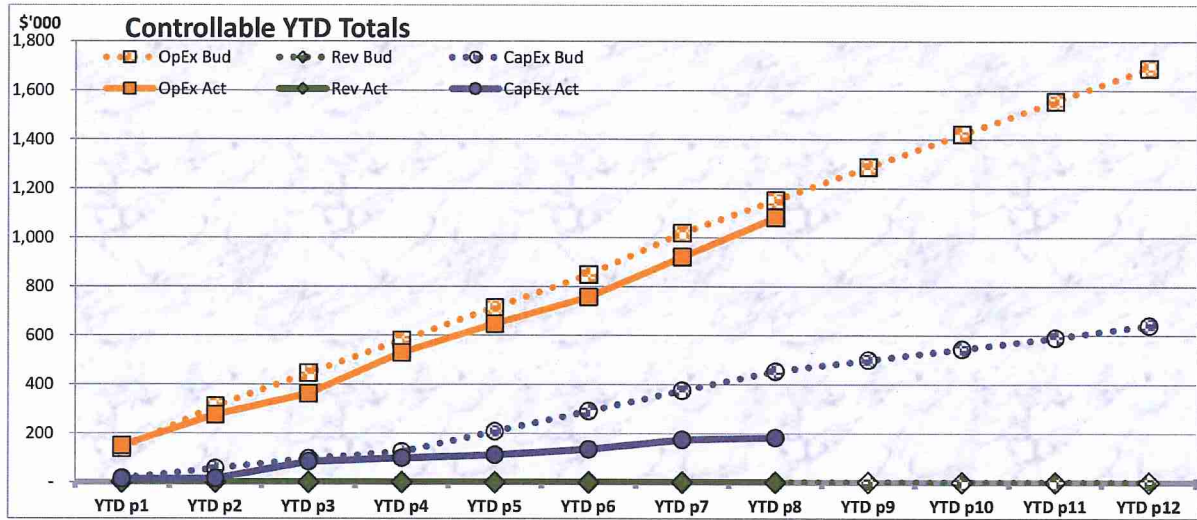
The same number of LGOIMA requests were received in March as last month. All requests were completed within the legally required time. The Information Management Officer is keeping the Executive Management team and the Mayor updated every week on LGOIMA requests.



### Financials

Every effort is being made to monitor expenditure to ensure a healthy financial position of the Information Services Group. Details of Capex and Opex spending vs budgeted can be found below (refer next page).





The reason for underspending, especially in the Capex budget, is because projects such as Skype for Business are still ongoing and the vendors have not been paid.

### Programme and Project Status

Following the implementation of the Enterprise Project Management Methodology, the Information Services Group is finalising the consolidation of all IS and business projects into a Programme of Work for Waitaki District Council. Rather than managing each project individually, the Programme consists of several projects that are grouped together to achieve a common objective. By grouping the projects within a single consistent framework, Council can optimise the management and utilisation of resources across all projects, and act strategically.

Three sub-programmes have been established: Digital Economic Development, Connected Community, and Capable and Innovative Council. These sub-programmes are designed to guide and align projects with the areas of Council that are a priority.



Digital Economic Development

- Focus on outcomes for private companies in Oamaru, fostering innovation and creativity, and driving commercial growth for businesses investing and operating in our district



Connected Community

- Improve the way we engage with our stakeholders, facilitate partnerships with community groups, and provide digital services to improve quality of life



Capable and Innovative Council

- An internal look at how the adoption of technology might improve our own business processes, the way we deliver services, ensure information security, and drive down the cost

To populate the Programme of Work, a list of projects was established through a combination of liaison and documentation discovery with Information Services staff, key Council staff, and the Business Development Leadership Team. A brief analysis was conducted for each project to ensure the current status of the project was known and background information collected.

The analysis revealed that Council had over 100 potential projects, with many of them having interdependencies. The projects are also varied across topic and timeline. For example, some projects focus on longstanding back-office activities, while others present new-age "internet of things" initiatives. The key finding of the analysis is an understanding of the interdependency between projects and the dependencies that multiple projects have on a single human resource.

The challenging task of prioritising the projects to establish the Programme of Work was undertaken by the Business Development and Leadership Team (BDLT). In prioritising the projects, the BDLT considered the priorities of Council and the Community, the potential value and benefits that may be delivered, the known interdependencies with related projects, the availability of staff, and lastly the risk of not doing the project. As a result of this activity, each project received an overall rating from 0 to 500, and a final prioritisation of the top-ranked projects was completed.

As projects progress towards completion, the BDLT will review the Programme of Work periodically to ensure the right projects are started, continued, and closed as required.

Each of the projects currently underway within the Programme is being executed in accordance with the Enterprise Project Management Methodology. The Methodology is designed to promote the delivery of projects that have appropriate planning and change management, and are carefully implemented. This has implications for projects that are currently in progress, as the projects are having elements of the Enterprise Project Management Methodology applied retrospectively.



Looking forward, the Programme of Work has several projects planned for commencement in 2018 and beyond. A brief summary of the planned projects can be seen in the table immediately below, with a summarised status report for active projects following on from that table. Upcoming projects and Project Status Reports (PSR) for several of the active projects can be seen in Appendices 1 and 2.

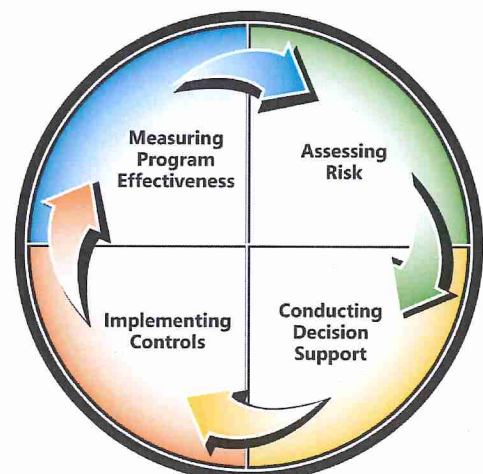
### **Risk Management and Information Security**

Progress on ICT risk management and information security has been made in March.

During the last reporting period, the ICT Risk Management Policy and the ICT Risk Register was approved by the BDLT. The position description of Information Services Group Manager, as the owner of the Council ICT risks, has been updated to reflect executive sponsorship, the risk ownership, and the risk management responsibilities.

A four-phased ICT risk management framework is being introduced.

1. Assessing Risk. Identify and prioritise risks to Council.
2. Conducting Decision Support. Identify and evaluate control solutions based on a defined cost-benefit analysis process.
3. Implementing Controls. Deploy and operate control solutions to reduce risk to Council.
4. Measuring Effectiveness. Analyse the risk management process for effectiveness and verify that controls are providing the expected degree of protection.



So far, the IS team has addressed one of the five National Cyber Security Centre's (NCSC) Protective Security Requirements (PSR) areas of risk management – governance structure. Framework<sup>1</sup>, which is the second area, is in the process of being introduced as stated earlier. The other three areas of operational management, investigation/response, and reporting will be worked on in the coming months.

<sup>1</sup> PSR requires a risk management framework to be used but PSR itself doesn't provide any guidance on framework establishment.

With regard to information security, no significant information security technical issues have been identified. Works to strengthen the weakest link of information security – the humans – are underway. A phased approach is being adopted, with phase one starting in a few weeks focusing on phishing<sup>2</sup> awareness.

**Next Steps**

- Assessing Risk phase (3 months)
  - Plan data gathering. Outline Key success factors (KSF), the data collection and analysis process.
  - Gather risk data. Identify and document Council key ICT assets and their risks.
  - Prioritise risks. Prioritise risks based on assets criticality, risks impact and likelihood.
- Start the ICT risk and information security awareness programme phase one – Phishing awareness.
- Approval of ICT Cybersecurity Policy
- Approval of ICT Incident Response Plan
- Approval of other ICT policies
- Establishment of periodic ICT risk reporting



**Bill Chou**  
Information Services Group Manager

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<sup>2</sup> Phishing is a cybercrime in which a target or targets are contacted by email, telephone or text message by someone posing as a legitimate institution to lure individuals into providing sensitive data such as personally identifiable information, banking and credit card details, and passwords. The information is then used to access important accounts and can result in identity theft, sensitive information leaking and financial loss.



## Upcoming Projects

## Appendix 1

Project Title	Brief Description
Authority 7 Upgrade	Authority is the name of a core information system used by Council. The upgrade is a major activity that must be completed as soon as possible as the proposed eServices strategy relies on enhancements to Authority. Additionally, Council must upgrade to remain within the licensing and support agreement of Civica. The system has not been upgraded since it was implemented in 2011. The upgraded version of Authority has a number of enhancements that are likely to provide many opportunities to provide better services to customers and business improvements for Council.
Council eServices – Phase 2	Council recently released eServices such as rate payments. The second phase of the project aims to extend the services available and to improve the delivery of services. eServices will include building consents and potentially many other services.
HUB Replacement (Business Intelligence and Reporting Tools)	<p>Currently Council has reporting functions distributed across multiple systems. This has a number of costs to Council. Firstly, Council's IS team must support multiple disparate reporting solutions, and be experts in them all. Council staff cannot simply access data to produce reports as the fragmented systems present numerous barriers. It is very difficult to get a whole-of-business view.</p> <p>This project aims to introduce an agnostic reporting tool to replace BIS and Hub in the first instance, and to then extend the framework to other systems. Council will also need a general and broad uplift in business intelligence (BI) and analytics capability. In the longer term, the potential benefits to Council are significant.</p>
Customer and Stakeholder Journey Mapping - Systems, Services and Web	Council has several projects related to digital transformation. Before starting these projects, it is recommended that Council invest a small amount of time to study and develop a plan that will guide subsequent projects. Without this analysis and planning, there is a real risk that the challenges currently faced in the non-digital processes will simply be transferred to the digital world and customers will receive little benefit. Hence, a better understanding of our customer digital needs will improve overall service delivery.

## Current Projects

## Appendix 2

Project Name	Status Update	% Completed	Status
Skype for Business	The project is currently in the delivery phase. The project team is implementing changes to connect WDC PBX to the new Sonus gear on the evening of 4 April, one of the biggest milestones for the project. Shortlisting of hardware (phones, headsets, equipment etc) to run Skype for Business is in progress. Communications and training material is in development.	40%	
Authority LTP Submission and Reporting	The LTP is now open for consultation. The late receipt of specifications meant the team was only able to get the web CRM released. Current work is focused on completing the internal CRM and reporting. Phase 1 – Completion of a Web CRM on E-Services has been completed Phase 2 – Creation of internal CRM and reporting is currently underway.	30%	
ProMapp	The project team has interviewed staff and has created a list of processes that are believed to be critical business processes. The list is not comprehensive as several areas of the business have not yet reported their processes. The project team will continue to follow up with these areas, while concurrently developing a project plan and working with the Business Development Leadership Team to continue to roll-out and increase the uptake of ProMapp.	10%	
BIS and HUB Replacement	Due to extensive workloads for Arun Kamaraj and Suzanne Butler, Brian O'Neill has taken over the task of gathering user requirements to prevent the projected completion date from slipping. This has had some success, but the resource constraints are expected to continue.	28%	
eServices – Phase 1	E-Services is now live on the website. The project will be closed.	100%	
Parcel Data Cleaning	A substantial amount of work is required to complete this project. A contractor has been engaged to boost resourcing, and the existing internal resource is now available to be fully focused on this project.	45%	
InfoCouncil	The Infocouncil project continues to progress on schedule and well within budget. The purchase of LG Hub as the "push" tool to augment the agenda management publication aspects of Inforcouncil was approved on 29 March by BDLT. Planning and reporting are on track. Final approval and roll out of communications and training plans will occur later than scheduled, but with risks duly mitigated by an initial staged approach, due to limited resourcing.	60%	

## Key

No Issues reported or exceptions within tolerance – no action required	Project performance outside tolerance level or a number of minor issues reported – attention required	Project performance outside tolerance, more than one issue reported, high probability of project failure – Intervention required
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# Finance, Audit and Risk Committee Memorandum

From **Finance and Corporate Development Group Manager** Date **10 April 2018**

## **Finance and Corporate Development Group Activity Report for the period 6 March to 31 March 2018**

### **Recommendation**

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

### **Summary**

This memorandum provides an update to the Finance, Audit and Risk Committee on various finance, business development, policy, and health and safety matters.

### **Discussion**

As it has only been three weeks since the last Committee meeting, there is a limited amount to be reported.

### **Finance – Policy and General**

The major work during the reporting period has been completing the requirements to support the Long Term Plan (LTP) Consultation Document. Much of the focus was on working with staff from Audit New Zealand to meet the requirements to get a clear audit opinion. I take this opportunity to acknowledge the effort that both the finance team and the auditors put into resolving the issues raised through the final review and the Office of the Auditor General hot review process.

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

During the month, several staff members including representatives from finance attended the Civic National User Group Meeting. This proved to be a valuable event to see what developments have occurred with the Authority system. It was also good preparation for the version change that will later in the year.

### **Finance – Rates**

The rates team is using period the after the third instalment to get matters in place for the year end and to try and resolve as many current outstanding balances as possible.

### **Policy**

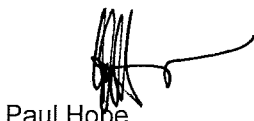
The Policy Manager finished in his role on 23 March. Although this did mean Mr Roesler was not present for the adoption of the Consultation Document, his efforts over the last few months especially played a major role in allowing this to occur as planned and with a clear audit opinion. The process to recruit a replacement is underway.

### **Corporate and Business Development**

The major focus has been preparing the necessary matters to support the planned consultation on the Development Contributions Policy and the Revenue and Financing Policy. These matters are both being considered at the Council meeting later today.

### **Health and Safety**

The Health and Safety Summary report for March – April 2018 will be presented to the next Finance, Audit and Risk Committee Meeting scheduled for 15 May 2018.



Paul Hope

**Finance and Corporate Development Group Manager**

# *Finance, Audit and Risk Committee Memorandum*

**From** Finance and Corporate Development Group Manager **Date** 10 April 2018

## **Financial Report – 2018, Period 8 / February 2018**

### **Recommendation**

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

### **Financial Overview**

This financial report details results for the eight months ended 28 February 2018, being period 8 of the 2017/18 financial year. Indications are generally that most Council activities are operating, as in previous reports, close to or better than budget.

Departmental and Activity variance reports presented in Appendix (a) to the report reflect the changes arising from the Council reorganisation that became effective late in the 2017 quarter. It has not proven practical to amend the 2017/18 budget to reflect the reorganisation, and this has caused a number of the variances now apparent in the reports. Budgets prepared as part of the Long Term Plan (LTP) for the 2018/19 financial year will accurately reflect the impact of those changes.

### **Commentary**

#### **Revenue**

Overall revenue, including the gain on property sale of \$840k, is over budget by \$1.255m, with most revenue categories (except Government Grants, Other Grants & Donations, and Finance income) achieving or bettering budget.

#### **Notable variances from budget:**

- User Charges are over budget by \$1.025m, primarily arising from:
  - Unbudgeted revenue from forestry harvesting of \$304k
  - Unbudgeted quarry revenue \$116k
  - Unbudgeted contributions towards Corbett Road works \$88k
  - Unbudgeted revenue related to LED lighting from Southland District Council \$147k
  - Unbudgeted insurance claims generating \$62k
  - Water supply, and Water and sewer connection charges, over budget by \$171k
  - Camping revenues over budget by \$31k.
  - Property rentals are over budget by \$62k
- Government Grants are under budget by \$663k:
  - NZTA subsidy related to capital works is under budget by \$908k
  - NZTA subsidy related for roading operations is over budget by \$316k, but \$537k of that relates to reimbursement for flood damage works
  - Revenue related to Alps2Ocean construction is under budget by \$77k due to lower than anticipated activity on this project
- Other grants and donations are under budget by \$145k, largely related to progress on the Cultural Facility redevelopment project
- Development and Financial Contributions are over budget by \$126k:
  - Roding DCs are ahead by \$83k
  - Water DCs are ahead by \$71k
  - Sewer DCs are under budget by \$5k
  - RMA contributions are under budget by \$24k
- Finance income is under budget by \$67k, continuing to reflect lower interest rates than those that were anticipated when setting the budget.

Insurance reimbursements related to other flood damage have now been largely finalised, with only claims relating to damaged water infrastructure to be resolved once work to reinstate the equipment has been completed.



## Expenditure

Overall expenditure is reported under budget by \$558k.

### Notable variances from budget:

- Employee costs are under budget by \$522k.
  - Salaries and wages are \$534k under budget, reflecting savings made due to vacancies.
  - Contributions to Kiwisaver are under budget by \$26k, almost entirely the result of those vacancies
  - The cost of contractors required to fill those gaps amounted to \$86k, \$65k over budget, mainly impacting GIS \$48k (no budget) and Regulatory \$38k, \$17k over budget.
  - Training and related costs are \$67k under budget
  - Recruitment costs are \$55k over budget, again directly related to current and previous vacancies and to newly-created positions
- Other Expenses are over budget by \$1.032k.
  - Unbudgeted Forestry harvesting costs account for \$247k of this variance
  - Roothing flood repairs cost \$1.083m.
  - Insurance premiums are over budget by \$80k
  - Many other costs are running under budget.

## Capital Expenditure

Overall capital expenditure, at \$9.463m, is under the budget of \$15.696m, by \$6.233m.

### Notable variances from budget:

- Roothing capital expenditure is under budget by \$3.116m, due in part to the essential restoration of flood-damaged infrastructure; to delays resulting from weather conditions prior to Christmas; and to difficulties securing suitable contractors (in competition with NZTA on State highway projects);
- Water capital expenditure is ahead of budget by \$400k as work on the South Hill improvements and the Hamnak project picks up pace. Whitestone Contracting now has three crews working on the project;
- Sewer capital expenditure is down by \$401k; work planned on the Moeraki scheme is under budget by \$480k and on the Otematata scheme is under by \$64k, but works on the Oamaru scheme are over budget by \$143k;
- Stormwater capital expenditure is under budget by \$215k, as work scheduled for Oamaru has yet to commence;
- Property capital expenditure is under budget by \$2.142m, as a consequence of delays in starting work on the Courthouse (YTD budget \$325k), the RSA (YTD budget \$350k), Holmes wharf (YTD budget \$555k), and the timing of works on the breakwater meaning that project remains under budget by \$62k. Work has commenced on the courthouse.
- IT/GIS capital expenditure is under budget by \$271k due to delays in various projects

More detail on the above projects and variances from budget has been provided in group activity reports to other Council Committees.

Ian Wells  
Accounting Manager

  
Paul Hope  
Finance and Corporate Development  
Group Manager

### Attachments

Appendix (a) – Variance Reports and Commentaries for Period 8

		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
<b>Assets Group</b>									
Alps 2 Ocean		(226,802)	(336,008)	-32.5%	255,390	369,344	44.6%	28,588	33,336
Aquatic Centre		(1,133,622)	(1,134,384)	-0.1%	1,012,546	1,161,329	14.7%	(121,076)	26,945
CDEM Liaison		(85,425)	(81,456)	4.9%	59,373	81,440	37.2%	(26,053)	(16)
GM Assets	1	-	-	0.0%	(36,111)	(994)	-97.2%	(36,111)	(994)
Parks and Recreation		(3,337,686)	(3,520,439)	-5.2%	3,261,682	3,687,104	13.0%	(76,004)	166,665
Property	2	(4,140,047)	(3,729,399)	11.0%	3,236,836	5,900,268	82.3%	(903,211)	2,170,869
Roading	3	(9,765,413)	(13,555,418)	-28.0%	12,059,865	13,532,934	12.2%	2,294,452	(22,484)
Solid Waste		(967,655)	(955,932)	1.2%	1,059,151	1,137,752	7.4%	91,496	181,820
Vehicles General		(120,421)	(154,350)	-22.0%	166,152	171,500	3.2%	45,731	17,150
Waters	4	(10,188,905)	(9,944,111)	2.5%	10,902,648	12,522,363	14.9%	713,744	2,578,252
<b>Assets Group Total</b>		<b>(29,965,976)</b>	<b>(33,411,497)</b>	<b>-10.3%</b>	<b>31,977,532</b>	<b>38,563,040</b>	<b>17.1%</b>	<b>2,011,557</b>	<b>5,151,543</b>

## Comment

- 1 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes
- 2 - Property revenue includes gross sale proceeds from the disposal of Boundary Creek property
- 3 - Roading revenue and cost have been impacted by flood-related works and adverse weather affecting the programme of works
- 4 - Waters cost is under budget due to delays with capital projects, which are now progressing

## CEO

CEOs Office	1	-	-	0.0%	20,961	(78,527)	-474.6%	20,961	(78,527)
Economic Development		(660,635)	(629,184)	5.0%	797,733	773,906	-3.0%	137,098	144,722
<b>CEO Total</b>		<b>(660,635)</b>	<b>(629,184)</b>	<b>5.0%</b>	<b>818,694</b>	<b>695,379</b>	<b>-17.7%</b>	<b>158,059</b>	<b>66,195</b>

## Comment

- 1 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes

		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
<b>Council</b>									
Committees		(31,288)	(26,896)	16.3%	25,331	23,059	-9.0%	(5,957)	(3,837)
Community Boards	5	(298,592)	(295,280)	1.1%	265,466	307,092	15.7%	(33,126)	11,812
Election		(27,136)	(23,336)	16.3%	22,550	17,500	-22.4%	(4,586)	(5,836)
Reporting	6	(462,864)	(432,928)	6.9%	391,759	440,746	12.5%	(71,105)	7,818
Waitaki District Council	7	(1,848,066)	(1,881,576)	-1.8%	1,553,487	1,915,955	23.3%	(294,579)	34,379
<b>Council Total</b>		<b>(2,667,946)</b>	<b>(2,660,016)</b>	<b>0.3%</b>	<b>2,258,593</b>	<b>2,704,352</b>	<b>16.5%</b>	<b>(409,353)</b>	<b>44,336</b>

## Comment

5 - Community Boards' expenditure on grants is under budget

6 - Reporting includes both the Annual Report and the Long Term Plan, rate funding is ahead of actual costs incurred.

7 - Overheads allocated to Council by various business units are under budget by \$335k largely due to staff vacancies resulting in reduced costs

**Finance & Corporate Group**

Finance	1	(10,449)	(15,664)	-33.3%	(82,336)	9,091	-111.0%	(92,786)	(6,573)
GM Finance & Corporate Development	1	-	-	0.0%	104,778	-	0.0%	104,778	-
Policy Development	1	-	-	0.0%	(23,846)	(1,400)	-94.1%	(23,846)	(1,400)
Treasury	8	603,875	312,519	93.2%	25,365	(75,855)	-399.1%	629,240	236,664
<b>Finance &amp; Corporate Group Total</b>		<b>593,426</b>	<b>296,855</b>	<b>99.9%</b>	<b>23,961</b>	<b>(68,164)</b>	<b>135.2%</b>	<b>617,387</b>	<b>228,691</b>

## Comment

1 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes

8 - Treasury income reflects the offset of interest paid on special funds and separate rate accounts, and reduced external interest income

**Heritage, Planning & Regulatory Group**

Building Control	1	(1,194,292)	(1,207,340)	-1.1%	1,441,462	1,399,858	-2.9%	247,170	192,518
GM Heritage Planning & Regulatory	1	(2,920)	-	0.0%	42,116	(6,786)	-116.1%	39,195	(6,786)
Health Admin and Inspection		(121,435)	(128,916)	-5.8%	135,764	133,870	-1.4%	14,329	4,954
Planning	9	(871,435)	(809,200)	7.7%	731,502	820,957	12.2%	(139,933)	11,757
Regulatory Services	1	(910,747)	(1,039,819)	-12.4%	624,211	1,017,634	63.0%	(286,536)	(22,185)
<b>Heritage, Planning &amp; Regulatory Group Total</b>		<b>(3,100,829)</b>	<b>(3,185,275)</b>	<b>-2.7%</b>	<b>2,975,054</b>	<b>3,365,533</b>	<b>11.6%</b>	<b>(125,775)</b>	<b>180,258</b>

## Comment

7 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes

9 - Timing of expenditure on District Plan review has not been as budgeted



		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
<b>Information Services Group</b>									
GIS/IT	10	(112,802)	(274,102)	-58.8%	193,678	400,615	106.8%	80,876	126,513
GM Information Services		-	-	0.0%	-	-	0.0%	-	-
<b>Information Services Group Total</b>		<b>(112,802)</b>	<b>(274,102)</b>	<b>-58.8%</b>	<b>193,678</b>	<b>400,615</b>	<b>51.7%</b>	<b>80,876</b>	<b>126,513</b>

## Comment

10 - Capital expenditure in IT/GIS is behind budget by \$270k

**People and Culture Group**

Community Safety		(98,554)	(109,892)	-10.3%	94,953	123,807	30.4%	(3,601)	13,915
Customer Contact Team	1	(1,973)	(1,250)	57.8%	3,646	832	-77.2%	1,673	(418)
Gallery & Museum		(887,484)	(778,134)	14.1%	859,444	915,975	6.6%	(28,040)	137,841
General Admin Support	1	-	-	0.0%	41,459	-	0.0%	41,459	-
General Grants		(267,012)	(276,157)	-3.3%	304,117	284,181	-6.6%	37,106	8,024
GM People and Culture	1	(105)	(8,394)	-98.7%	(12,031)	9,443	-178.5%	(12,136)	1,049
Human Resources	1	(16,016)	(20,655)	-22.5%	(26,337)	12,210	-146.4%	(42,353)	(8,445)
Libraries		(1,002,644)	(998,342)	0.4%	1,058,628	1,041,847	-1.6%	55,984	43,505
Oamaru Opera House		(843,700)	(846,930)	-0.4%	934,937	861,553	-7.8%	91,237	14,623
Recruitment and Retention		-	-	0.0%	11,745	4,000	-65.9%	11,745	4,000
<b>People and Culture Group Total</b>		<b>(3,117,488)</b>	<b>(3,039,754)</b>	<b>2.6%</b>	<b>3,270,561</b>	<b>3,253,848</b>	<b>-0.5%</b>	<b>153,074</b>	<b>214,094</b>

## Comment

1 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes