



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 14 August 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

Finance, Audit and Risk Committee

9.00am, Tuesday 14 August 2018

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

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9. RESOLUTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, namely agenda items 10, 11, 12, 13, 14, 15 and 16.

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 – 10 July 2018 PE	Section 48(1)(a)
• Sundry Year-End Issues PE	(The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned.)
• Renewal of Quotable Value Contract PE	
• Audit New Zealand Management Letters PE	
• Insurance Renewal PE	

- Accounts Payable Analysis PE
 - Decision Regarding Release of Public Excluded Information 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."

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|-----|---|---------|
| 10. | Confirmation of Previous Meeting Minutes (Public Excluded)
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| 12. | Renewal of Quotable Value Contract PE
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| 15. | Accounts Payable Analysis PE
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| 16. | Decision Regarding Release of Public Excluded Information PE | |
| 17. | Resolution to Return to the Public Meeting <i>(to be resolved)</i>
"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." | |
| 18. | Release of Public Excluded Information
In accordance with Waitaki District Council Standing Orders 2016 to 2019, Clause 17.5, 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 14 August 2018 Finance, Audit and Risk Committee Meeting, under Agenda Item 18. | |

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 10 July 2018 at 9.02am**

Present: Cr Colin Wollstein (Chair), Cr Craig Dawson (Deputy Chair),
Cr Peter Garvan (from 10.10am), Cr Jim Hopkins, Cr Jan Wheeler,
and Mayor Gary Kircher (ex officio)

Apology: Cr Peter Garvan (for lateness)

In Attendance: Deputy Mayor Melanie Tavendale
Cr Jeremy Holding
Cr Bill Kingan
Cr Guy Percival
Cr Hugh Perkins (from 9.10am)
Paul Hope (Finance and Corporate Development Group Manager)
Bill Chou (Information Systems Group Manager)
Ian Wells (Accounting Manager)
Richard Maher (Programme Manager)
Ainslee Hooper (Governance Advisor)

The Chair declared the meeting open at 9.02am, and welcomed everyone present.

1. Apologies

RESOLVED
FAR 2018/052

Cr Craig Dawson / Cr Jim Hopkins
That the Finance, Audit and Risk Committee accepts an apology for
lateness from Cr Peter Garvan.

CARRIED

2. Declarations of Interest

There were no declarations of interest.

3. Confirmation of Minutes

RESOLVED
FAR 2018/053

Cr Jim Hopkins / Cr Jan Wheeler
That the Finance, Audit and Risk Committee confirms public minutes
of its previous meeting held on 12 June 2018, as circulated, as a true
and correct record, with the addition of Cr Bill Kingan as being present
at the meeting.

CARRIED

4. Treasury Strategy, First Quarter, 2018-19 Financial Year

The report, as circulated, provided information on Council's proposed Treasury Strategy for the first quarter of the 2018-19 financial year.

There was general discussion about the following items:

- The Observatory Hill and North Otago Irrigation Company loan draw-downs have decreased available cash reserves
- The Investment Strategy and whether it was time to review it – it was noted that this work had been requested previously, and a report would be coming to the Committee at a future meeting
- Using alternative banks as an investment option (eg Kiwibank) – Council has previously delegated authority to officers to invest up to \$1m in an alternate set of four banks and Kiwibank is one of those. However, cash reserves are not high enough (given the loan draw-downs by Observatory Hill and NOIC) to activate that option.
- The orange-coloured bars in the "Term deposits" graph on page 11 of the agenda report indicate that funds have not yet been allocated, which was a matter of timing.

With regard to the report's statement (page 10, third last bulletpoint from the bottom of the page) that "Deposits over \$1,000,000, or for over one year, will only be considered if rates far exceed the target ranges ...", it was suggested that having a figure to clarify what "far exceed" actually meant would be useful.

It was AGREED that officer recommendations on that would be included in the future report coming to the Committee on other finance-related matters (eg the Investment Strategy, as noted above).

ACTION: Group Manager Paul Hope and Accounting Manager Ian Wells

RESOLVED
FAR 2018/054

Cr Jim Hopkins / Cr Jan Wheeler
The Finance, Audit and Risk Committee recommends:
That Council adopts the proposed Treasury Strategy to cover the first quarter of the 2018-19 financial year, by:

- continuing the use of term deposit facilities for terms between 7 days and 12 months, and
- continuing to make minimal use of the call account, but always dependent on consideration of short-term operational cash requirements and on achieving target interest rates.

CARRIED

5. Monthly Financial Report – 2018, Period 11 – May 2018

The report, as circulated, reviewed results for the eleven months to 31 May 2018.

The following points were clarified and/or noted during the discussion on the report:

- This report now had a revised format aimed at reporting variances and providing accompany commentary, but that the commentary only covered the key variances, not all of them.
- The colour coding in Appendix (a) – Year To Date (YTD) Financial Reports at May 2018 – was that GREEN meant a positive event, and ORANGE was potentially an adverse event.
- A comment was made that the reference – under the "Implementation of the Preferred Option" section of the report (paragraph 1) – to the "purchase of 24 Thames Street" was the first time Council had been informed that this action had been completed.
- With regard to Waters Issues in Appendix (b) under Assets Group, activity in this budget line was doing much better. However, because capital projects are funded quarterly, the project would show a growing gap for two months before showing full funding on the third month. In the next report (for period 12), all budgets for everything will be at zero. Timing was the key driver behind the gaps between the quarterly project funding.

- A carry-forward report is expected to be included in the agenda for the next Finance, Audit and Risk Committee Meeting scheduled for 14 August 2018. There will be an opportunity then for the Committee to discuss and agree whether some items (eg the RSA budget) should be carried forward or transferred.

RESOLVED
FAR 2018/055

Mayor Gary Kircher / Cr Craig Dawson
That the Finance, Audit and Risk Committee receives and notes the information.

CARRIED

Mayor Gary Kircher left the meeting at 9.26am.

6. Information Services Group Activity Report for the period 1 June to 30 June 2018

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

The following points were highlighted / clarified during discussion on the report:

- The upgrade to Authority 6.11 was expected to occur around end September / mid-October.
- Additional staff being recruited now were expected to create opportunities for more progress to be made in the risk management area in the next reporting period.
- A very good result had been achieved with the Phishing training exercise.
- Digital Assets Management System referred to a cloud-based business software programme that could store high quality images and videos, glossy marketing materials etc. It would also enable Tourism Waitaki and Council to work together to develop and maintain such materials.
- With regard to the reference in Appendix Two to the Web Presence and Community App, a suggestion was made that Councillors may want to have a voice in that function. In response, Programme Manager Richard Maher noted that the App was at this stage just an idea rather than a definitive project. Group Manager Bill Chou added that the aim of considering having such an App would be about providing the best service to ratepayers.

Mayor Gary Kircher returned to the meeting at 9.41am.

The Chair noted that risk was an important component of the Committee's role, and that the report did not contain much information about how risk management activities were progressing. In response, Group Manager Bill Chou advised that two of the five risk objectives had been reported previously as completed, and the aim was to complete the full five by the end of the current financial year. Every effort would be made to achieve that outcome earlier, but there were a lot of IT-related projects underway and the department was also carrying staffing shortages which were contributing to the level of progress able to be achieved.

In response to a question about when the results of the impact of Skype for Business may be available, Mr Chou advised that every IT project had a benefit realisation component. That included looking at what was expected and what was actually achieved, and monitoring results and progress for other departments.

RESOLVED
FAR 2018/056

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

CARRIED

7. Finance and Corporate Development Group Activity Report for the period 1 June to 30 June 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 during the reporting period.

The following points were highlighted / clarified during discussion on the report:

- Several Committee members said they appreciated the report's explanation about this being the most critical time of the year for the Rates team. Group Manager Paul Hope added that rates were required to be as close as possible to the beginning of July. Concern was expressed by the Chair that staff were working outside of normal working hours to achieve this. Mr Hope explained that the team had found it was easier to do it that way, as there was less demand on the Authority system after hours and the work required happened a lot faster as a result.
- Asked about the potential effect on the Committee of the Policy and Strategy Manager's attendance at the debrief of the LTP process, Mr Hope advised that it would not impact the Committee as such, but rather would be important for him to find out about how engagement with the community had occurred on a national basis (especially given the emphasis on it now by the current government), how valuable the Audit participation had been, and what areas had worked well and what had not for continuous improvement purposes.
- Mr Hope advised that the Finance and Corporate Development Group was now contemplating life post-LTP. The Policy and Strategy Manager had already identified other workstreams to concentrate on (eg bylaws etc), but any ideas from the Committee about their suggestions for discretionary work would be welcome. He noted the suggestions already received – Cr Hopkins had asked for a review of the investment strategy, and more advance and progress had been requested on the risk side. He advised that there would be an opportunity for a more structured discussion at the next Committee meeting about what members would like to see reported and advanced in policy and risk frameworks.

RESOLVED
FAR 2018/057

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

CARRIED

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

8. Resolution to Exclude the Public

RESOLVED
FAR 2018/058

Cr Jim Hopkins / Cr Craig Dawson
That the public be excluded from the following part of the proceedings of this meeting, namely:

- Confirmation of Public Excluded Meeting Minutes
12 June 2018 PE
- Debtors' Report – 2018, Period 12 Fourth Quarter PE

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.
9. Confirmation of Public Excluded Meeting Minutes 12 June 2018 PE	Section 48(1)(a) (The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned.)
10. Debtors' Report – 2018, Period 12 Fourth Quarter 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

Refer to Public Excluded Minutes

Resolution to Return to the Public Meeting

RESOLVED
FAR 2018/064

Cr Craig Dawson / Cr Jan Wheeler
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.

CARRIED

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 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.

Agenda Item 9 – Confirmation of Previous Meeting Public Excluded Minutes PE

RESOLVED
FAR 2018/059

Cr Jim Hopkins / Cr Craig Dawson
That the Finance, Audit and Risk Committee confirms public excluded meeting minutes of 12 June 2018, as circulated, as a true and correct record of that meeting.

CARRIED

There being no further business, the Chair declared the meeting closed at 10.19am.

TO BE CONFIRMED at the Finance, Audit and Risk Committee Meeting to be held on the 14th day of August 2018 in the Council Chamber, Waitaki District Council Headquarters, 20 Thames Street, Oamaru.

Finance, Audit and Risk Committee Report

From Finance and Corporate Development Group Manager **Date** 14 August 2018

Carry Forward Report 2018/19 Year End

Recommendation

The Finance, Audit and Risk Committee recommends:
That Council approves that the projects listed in Appendix 1 will be carried forward and undertaken in the 2018/19 year.

Objective of the Decision

To approve the carrying forward of funding for incomplete projects from the 2017/18 year (or earlier).

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	Mod	Economic Considerations	No
Community Views	No	Community Board Views	No
Consultation	No	Publicity and Communication	No

Background

Every year, there are a number of projects that Council has approved and assigned funding to that were not fully completed at the end of the financial year. The officers responsible for those projects now request approval to carry those budgets forward so that the required work can be undertaken.

This report details these projects, and asks that specific decisions are made as to whether a project is still relevant and therefore should be continued. There are a number of generic project budgets where the funding is accumulated each year if it is not fully allocated, such as amenity rate. These matters are not included in the list for consideration.

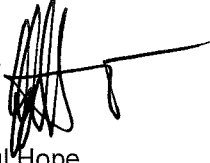
Notes

- Some projects proposed for consideration relate to unspent operational budgets with funding from General Reserve; others involve a change in purpose from the original Council agreed project; and a number involve updated costs based on more recent information. Carrying these budgets forward will have no impact on Rates for the 2018/19 financial year, as all bring with them funding specific to the particular project.
- The RSA remains in the list but at a greatly reduced level, to provide Property with an approved budget to continue dealing with legal issues, routine maintenance and planning for the future development of the premises. Council approval will be sought for any proposed development at an appropriate future time, after legal and other obstacles have been removed and a business case has been formulated.
- The Cultural Facilities redevelopment project remains on the list, based on the understanding that the original project is being redefined and, although one potential funder has withdrawn its funding offer, other funders are still keen to be involved, depending on what project or projects eventuate.
- Several Drinking Water upgrade projects, originally budgeted for 2017/18, will now not be undertaken until 2019/20 or later. Because their deferral is for longer than twelve months, it is not proposed that they be included in the 2018/19 "living" budgets. Instead, they are detailed after the main list for the information of Councillors only. Approval to include them in "living" budgets in those later years will be sought at the appropriate time.

Summary of Options Considered

The recommended approach is to approve, reject or modify the listed projects on a line by line basis. Therefore, those three options are available for each item, so additional option analysis is not required.

For all of the projects that are approved at this meeting, the unused funding will be included in the 2018/19 "living" budget. Those carried forward projects will then be monitored and reported as capital or operational expenditure in the 2018/19 year.



Paul Hope

Finance and Corporate Development Group Manager

Attachment:

Appendix 1 Carry Forward Schedule

Department	Ref	Project	Original budget	Budget/Unspent Balance to carry forward	Sources of funding					
					General Reserve	Special Reserve	Separate Reserve	Depreciation Reserve	Internal loan	External funding
3 Waters	233/234	Hamnak project	5,200,000	1,200,000					(1,200,000)	
<i>NB See below for projects deferred to later years</i>	241	Kurow renewals	100,000	100,000				(100,000)		
	cf25	Ohau DWS upgrade	357,710	352,554		(34,554)			(318,000)	
	262/270	Oamaru wastewater projects	599,280	395,838					(395,838)	
	cf28	Moeraki wastewater projects	492,025	469,455					(469,455)	
	cf32	Waihemo WTP renewals	100,000	58,545				(58,545)		
	271	Otematata wastewater equipment	82,241	63,497				(63,497)		
	267	Palmerston wastewater sludge removal	90,000	90,000				(90,000)		
	274	Wastewater CCTV inspections	100,000	100,000			(100,000)			
	cf8	Stormwater Muddy Creek	415,000	415,000			(15,000)		(400,000)	
Roading	1812	Coastal protection - urban	50,000	50,000	(50,000)					
	operational	Coastal protection - rural	100,000	12,500			(12,500)			
	cfwd 2017	Oamaru Amenity - general	100,000	100,000			(100,000)			
	cfwd 2017	Oamaru Amenity - Warren St footpath	28,000	23,000			(23,000)			
	311	Humber Street carpark upgrade	50,000	50,000	(30,000)					(20,000)
	1807	Severn Street tree lighting	50,000	50,000	(25,000)					(25,000)
	1804	Severn Street retaining wall	200,000	200,000	(82,000)	(8,000)				(110,000)
	308	Harbourside roading projects	209,400	204,750	(83,946)	(8,190)				(112,614)
	operational	Ahuriri township	62,481	3,795			(3,795)			
	operational	Corriedale townships	50,000	12,336			(12,336)			
	operational	Oamaru township	206,315	25,912			(25,912)			
	1808	Parson Creek stormwater assessment	15,000	15,000			(15,000)			
	1810	Establish ward-based discretionary funds	80,000	80,000	(80,000)					
	199	Footpath renewals	381,018	32,830	(14,774)					(18,056)
	196	Street lighting renewals - LED project	579,870	543,853	(222,980)	(21,754)				(299,119)
	1806	Business Park roading	400,000	400,000			(200,000)		(200,000)	
	operational	Pest plant control - wilding pines	55,600	15,600	(15,600)					
	Council resolution:	Roading improvements - 2017/18 WCL dividend	350,000	163,800	(163,800)					
Property	ops	Preventive maintenance - Community Housing	191,398	8,300				(8,300)		
	ops	Preventive maintenance - Oamaru Drill Hall	77,952	76,461				(76,461)		
	ops	Preventive maintenance - Harbour non-endowment	32,511	20,079				(20,079)		
	ops	Preventive maintenance - Harbour endowment	13,446	12,278				(12,278)		
	ops	Preventive maintenance - HQ Building	22,360	22,360				(22,360)		
	ops	Preventive maintenance - Oamaru airport	73,466	50,877				(50,877)		
	ops	Preventive maintenance - Operational Property	458,233	364,605				(364,605)		
	cf06/07	Harbour projects	48,000	48,000			(48,000)			
	cf22	Holmes wharf deck replacement	787,612	767,156			(67,156)		(700,000)	
	cf05	Airport projects	30,000	30,000	(30,000)					
	cf09/10	Drill Hall weather tightness	37,000	37,000				(37,000)		
	cf08	Operational properties - assess earthquake risk	34,000	34,000				(34,000)		

Appendix 1: Carry Forward Schedule (Continued)

Department	Ref	Project	Original budget	Budget/Unspent Balance to carry forward	Sources of funding				
					General Reserve	Special Reserve	Separate Reserve	Depreciation Reserve	Internal loan External funding
	275	Breakwater Maintenance	200,000	200,000				(200,000)	
	1819	Oamaru Courthouse - cost updated	700,000	488,487					(488,487)
	1818	RSA development - planning for future	4,350,000	100,000					(100,000)
Regulatory	281	Earthquake-prone buildings recording/management	5,000	5,000	(5,000)				
	282	Earthquake-prone buildings assessment	99,600	99,600	(99,600)				
	283	Earthquake-prone buildings strengthening	50,000	50,000	(50,000)				
	cf35	Earthquake-prone buildings compliance	120,000	109,156	(109,156)				
Planning	cf55	District Plan review	189,739	85,746	(85,746)				
Aquatic Centr	1817	Replace pool hoists	40,000	40,000				(20,000)	(20,000)
Recreation	r255	Falstone discharge system.	150,000	150,000					(150,000)
	r256	Sailors Cutting discharge system.	83,000	80,000				(80,000)	
	202	Camping grounds - renewals	28,000	20,000				(20,000)	
	cf36	Falstone easement	1,000	9,400	(9,400)				
	cf40	Lost graves memorial	9,000	9,000	(9,000)				
	r198	Palmerston walking track improvements	60,000	30,000		(30,000)			
	r269	Waihemo township upgrades	60,000	47,300	(47,300)				
	r258	Kakanui toilet	60,000	60,000					(60,000)
	s268	Duntroon toilets	150,000	150,000					(150,000)
	s281	Weston Domain water bore	30,000	30,000			(30,000)		
	c46	Toilet renewals	245,000	135,800					(135,800)
	166	Playground renewals	30,000	27,000	(27,000)				
	cf49	KGP levelling and Drainage	160,000	160,000		(160,000)			
	326	Recreation Centre feasibility	40,000	9,000	(9,000)				
	168	Gardens renewals - depot washdown	55,000	27,000				(27,000)	
	169	Ahuriri improvements Drinking fountain \$9k Ohau \$7k,	18,000	16,000	(16,000)				
	170	Corriedale improvements.	11,100	10,000	(8,100)	(1,900)			
	174	Waihemo improvements Hampden Beach	12,000	10,000	(8,000)	(2,000)			
	1828	Waihemo Bike Park	50,000	50,000	(50,000)				
	1816	Urban Park design & construction	200,000	200,000					(200,000)
	ops	Moeraki Weed control	51,052	10,000	(10,000)				
	1827	Ahuriri Bike Park	50,000	50,000	(50,000)				
	ops	Oamaru traffic island refurbishment	50,578	17,000	(17,000)				
	1815	Parks water connections	60,000	60,000					(60,000)
	167	Sports renewal - Palmerston drains	50,000	50,000	(50,000)				

			Original budget	Budget/Unspent Balance to carry forward	Sources of funding					
Department	Ref	Project			General Reserve	Special Reserve	Separate Reserve	Depreciation Reserve	Internal loan	External funding
Library										
	263	RFID budget unspent to implement phase two	162,042	16,213	(16,213)					
Gallery / Museum										
	cfwd 2017 - 344	Cultural Facilities upgrade	830,000	284,259			(284,259)			
	cfwd 2018 - 344	Cultural Facilities upgrade	2,250,000	2,250,000			(115,741)	(1,001,071)	(1,133,188)	
Information Management										
	276	Phone system replacement - Skype for Business	120,000	44,339			(44,339)			
	279	SSRS Reporting	73,490	45,942				(45,942)		
	cf02	IT Capital projects/Upgrades	477,170	282,560	(102,920)			(179,640)		
Council/committees										
	unspent:	Ahuriri Community Board discretionary funds	15,216	7,216	(7,216)					
	unspent:	Ahuriri Community Board community grants	37,000	29,500	(29,500)					
	unspent:	Waihemo Community Board discretionary funds	7,576	7,576	(7,576)					
	unspent:	Waihemo Community Board community grants	31,465	31,465	(31,465)					
	unspent:	Council discretionary funds	13,735	8,104	(8,104)					
	unspent:	Youth Council funds	16,796	11,775	(11,775)					
	unspent:	Community Safety - external funding to carry forward	Unspent funds	49,240	(49,240)					
	unspent:	Economic Development budgets	56,693	32,693	(32,693)					
TOTAL Projects to carry forward to 2018/19			23,848,170	12,559,741	(1,919,093)	(266,398)	(652,699)	(1,729,341)	(6,254,233)	(1,737,977)
Projects deferred for longer than 12 months										
3 Waters										
	Scheduled for 2019/20									
		Awamoko DWS upgrade	390,000	390,000		(97,500)		(234,000)	(58,500)	
		Kauru Hill DWS upgrade	280,000	280,000		(84,000)		(70,000)	(126,000)	
		Tokarahi DWS upgrade - includes increased storage	270,000	390,000		(108,000)		(81,000)	(201,000)	
		Windsor DWS upgrade	270,000	270,000		(67,500)		(40,500)	(162,000)	
	Scheduled for 2020/21									
		Bushy Creek DWS upgrade	90,000	90,000		(18,000)			(72,000)	
		Stoneburn DWS upgrade	230,000	230,000		(92,000)		(46,000)	(92,000)	

Finance, Audit and Risk Committee Memorandum

From **Finance and Corporate Development Group Manager** Date **14 August 2018**

Audit New Zealand Director's Visit

Recommendation

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

Summary

This is an opportunity to meet and discuss issues with the newly appointed Director responsible for the Waitaki District Council audits.

Discussion

Mr Dereck Ollsson has been appointed Director responsible for the Waitaki District Council audits from 1 July 2018. Mr Ollsson replaced Mr Scott Tobin who was the responsible Director for the last five years. Mr Ollsson will be attending the meeting and this will be an opportunity for Committee members to ask questions in relation to the audit process and any other related matters.

The following is an extract of his biography on the Audit New Zealand website:

"Dereck Ollsson joined us in January 2018. He started his career at PKF in South Africa, initially in audit, before becoming a Tax Manager at a micro-financing company. He then moved into operations as a Financial Operations Manager at the company. From there, he joined the Auditor-General of South Africa as a Manager before progressing to be a Senior Manager. Dereck's clients have included a range of provincial government departments, municipal councils, and other public entities.

Dereck's current clients include:

- *local government;*
- *transport and logistics;*
- *research;*
- *hospitality;*
- *health sector; and*
- *waste management.*



Paul Hope
Finance and Corporate Development Group Manager

Finance, Audit and Risk Committee

Memorandum

From Finance and Corporate Development Group Manager **Date** 14 August 2018

Monthly Financial Report – 2018, Period 12 – June 2018

Recommendation

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

Financial Overview

This financial report reviews the preliminary financial result for the full year ended 30 June 2018. It should be noted that the information provided, while as complete and up-to-date as possible, is still subject to change and some of these changes could be significant. These issues will be finalised over the next few weeks as part of preparing the Annual Report for audit and then adoption.

Commentary

The GAAP Financial Reports, presented as Appendix (a), show an operating surplus of \$960k against the budgeted \$3.432m. There are numerous variances from budget, namely additional government funding related to flood-related roading maintenance and public toilet construction, increased user charges, development contributions revenue and dividend income; all of which were offset by significantly increased depreciation arising from the roading revaluation and a \$2m variance in “other” grants as a result of the deferred cultural facilities project.

The financial results, as presented, are still subject to potentially significant change –

- decisions are pending over potentially \$500k of outstanding insurance claims, being the final wash-up of the July 2017 flood event; if Council is successful in its claims, any funding received will be reflected as revenue in the Other Gains and Losses category, and in Accounts Receivable;
- The final capitalisation process has still to be finalised – the results presented in this report incorporate an estimate of the final Depreciation charge for the year, but this is quite likely to change when that process is completed;
- Completion of the final capitalisation process is also likely to change the result, through the vesting of assets and the recognition of further gains or losses on the disposal or the writing off of assets;
- The final forestry valuation has not yet been received and, while a gain is expected, this has not been quantified and is not reflected in this report.

Revaluation gain

As has been noted previously, the most prominent feature of the financial report is the impact of the three-yearly revaluation of Roothing infrastructural assets, which resulted in a notional “gain” of \$84.9m – over \$70m better than budget – and also increased the value of Fixed Assets by a similar amount. The revaluation also contributed to a significant increase in Depreciation expense.

Financial Operating Results

The GAAP Financial Reports are presented in the format required for external financial reporting, and contain commentary related to significant variances in line items. They are based on the information used to provide the summarised activity reports included in Appendix (b), but those activity reports also include transfers to and from reserves and other funding adjustments that are not recognised in the GAAP reports, so the two sets of reports do not precisely align.

Overall revenue in this report, including the gain on asset sales of \$408k and the dividend of \$504k, is over budget by \$1.654m, while Expenditure is reported over budget by \$4.126m. Detail relating to significant variances from budget can be found in the Statement of Comprehensive Revenue and Expense appearing in Appendix (a). As detailed above, these results remain draft, and may change significantly after finalisation of the items listed.

Notes

Council took a lead role in transitioning street lighting to LED technology, and in particular arranged the supply of materials to the New Zealand Transport Agency (NZTA) for its state highways in the district, and provided materials to Southland District Council. These activities have boosted both revenue and expenditure in this year's financial reports.

Council now operates two quarries whose activities were not budgeted and, while these operations have incurred unbudgeted operating costs, they have also resulted in savings in roading contracts and generated external sales revenue.

Surpluses or deficits arising from forest harvesting or replanting are held in a special fund, and do not impact Rates. This reserve is used to fund replanting and general forestry management – activities that produce no income until much later in the forest's life cycle. For the current year, Council's forestry activities have generated a surplus of \$40k, or approximately a 13.25% return.

Capital Expenditure

Overall capital expenditure, at \$19.272m, is under the budget of \$30.747m, by \$11.475m. It should be noted that the 2018 capital budget was particularly ambitious, and the amount actually spent is more than \$5 million more than 2017, and over \$7 million more than 2016.

Notable variances from budget:

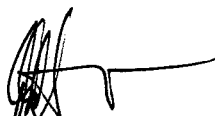
- Roading capital expenditure is under budget by \$1.923m due to delays caused by the essential restoration of flood-damaged infrastructure (spent \$1.083m); to delays resulting from adverse weather conditions; and to difficulties securing suitable contractors (in competition with State highway projects). This variance has reduced by over \$240k during June.
- Water capital expenditure is under budget by \$531k. Work on South Hill improvements and the Hamnak project continues, but upgrades budgeted at Awamoko, Kauru Hill, Kurow, Ohau, Stoneburn, Tokarahi and Windsor water schemes are either not yet complete, or have been deferred until 2019 or later
- Sewer capital expenditure is under budget by \$1.107m; works planned for Moeraki, Palmerston and Otematata have not progressed as budgeted, and individual projects related to Oamaru are now also under budget by \$265k;
- Stormwater capital expenditure is under budget by \$382k, entirely related to works scheduled for Oamaru;
- Property capital expenditure is under budget by \$4.961m, as a consequence of delays on the Courthouse (under budget \$438k), the RSA building (2017/18 budget \$4.350m), and Holmes Wharf (under budget \$167k), while the timing of works on the breakwater means that project remains under budget by \$64k.
- Construction of the Alps2Ocean cycle trail fell behind budget by \$240k because of delays in gaining easements to take the trail off the State highway.
- IT/GIS capital expenditure is under budget by \$227k 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.

Many of the projects which have been deferred or have been delayed feature in the list of carry-forward budgets also being submitted to the Committee for approval at this meeting. A notable omission from that list is the full budget for the redevelopment of the RSA Building, which will be presented when, and if, circumstances make the project achievable.



Ian Wells
Accounting Manager



Paul Hope
Finance and Corporate Development Group Manager

Attachments

Appendix (a) – Financial Reports at 30 June 2018

Appendix (b) – Variance Reports by activity

Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2018

	2018 Actual \$000	2018 Budget \$000	2017 Actual \$000	Variance from YTD Budget		Commentary	\$000
				\$000	%		
Revenue							
Rates Revenue	30,779	30,717	30,303	62	0.2%		
User Charges	5,031	3,907	5,906	1,124	30.8%	Forestry harvest proceeds (unbudgeted)	+ 304
						LED lighting on-sold (see Other Expenses)	+ 196
						Corbett Road works - private contribution	+ 88
						Landfill charges (Oceana - Palmerston)	+ 84
						Insurance claims	+ 62
						Rental income	+ 142
						Water supply, connection charges	+ 295
						Cemetery revenue	+ 34
						Camping revenue	+ 34
						Tradewaste under budget	- -37
Regulatory Charges	1,573	1,557	1,508	16	1.1%	Roading	+ 119
Development and RMA Contributions	1,351	692	738	659	103.9%	Water	+ 328
						Sewer	+ 67
						RMA financial contributions	+ 145
Government Grants and Subsidies	8,160	7,163	6,339	997	14.6%	NZTA subsidy - capital works	- -662
						NZTA subsidy - operational (floods = \$537)	+ 1757
						MBIE for Dunback toilets (unbudgeted)	+ 85
						MBIE for A2O (other grants sourced)	- -183
Other Grants and Donations	422	2,388	900	(1,966)	-610.6%	Trust Aoraki for A2O construction	+ 143
						Kurow Hall committee	+ 10
						Hampden Hall committee	+ 9
						Duntroon Hall committee	+ 9
						Donation for Craig Fountain restoration	+ 10
						Donations for gallery acquisitions	+ 10
						Cultural Facilities redevelopment	- -2000
						Non-financially assisted roading	- -148
						Funds & Interest rates remain below budgeted levels	
Finance Revenue	1,220	1,354	1,184	(134)	-10.9%		
Petrol Tax	206	196	193	10	5.6%		
Infringements and Fines	89	57	86	32	60.4%		
Dividend and Subvention Payments	504	120	790	384	320.0%		
Assets vested in Council	-	-	726	-			
Other gains and Losses	470	-	(1,615)	470	100.0%	Includes Insurance proceeds \$62k was User Charges	
Total Revenue	49,805	48,151	47,058	1,654	3.9%		

Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2018

	2018 Actual \$000	2018 Budget \$000	2017 Actual \$000	Variance from YTD Budget		Commentary	\$000
				\$000	%		
Expenses							
Personnel costs	10,814	11,314	10,652	(500)	-4.8%	Wages & salaries	- -565
						Kiwisaver contributions	- -28
						Backfill	+ 87
Depreciation and amortisation	13,571	12,119	11,887	1,452	13.1%	Variance arises largely from Roding revaluation	
Finance Costs	-	-	1	-			
Other expenses	24,460	21,286	22,987	3,174	15.6%	Forestry harvest costs (unbudgeted)	+ 248
						Roding flood repairs	+ 1083
						Regina Lane sewer flood repairs	+ 235
						Landfill closure provision	+ 246
						LED lighting purchases (onsold)	+ 196
						Bad Debts (ORFA loan, Baptiste rates)	+ 198
						Connection expenses (see revenue note)	+ 138
						Recruitment costs	+ 96
						Insurance premiums	+ 87
						Software license fees	+ 66
Total Expenses	48,845	44,719	45,527	4,126	9.9%		
Surplus / (Deficit) before Tax	960	3,432	1,531	(2,472)	-403.3%		
Other Comprehensive Revenue and Expense							
Gain/(Loss) on revaluation of Infrastructural Assets	84,924	14,315	-	70,609	493.3%	Refer commentary	
Gain/(Loss) on revaluation of Properties	-	-	9,741				
Other Comprehensive Revenue	-	-	-				
Total Other Comprehensive Revenue and Expense	84,924	14,315	9,741				
Total Comprehensive Revenue and Expense	\$85,884	\$17,747	\$11,272				

Appendix (a) – Financial Reports at June 2018 (continued)

Statement of Financial Position

As at 30 June 2018

	2018 Actual \$000	Council Only 2018 Budget \$000	2017 Actual \$000
Public Equity			
Ratepayers' Equity	310,208	310,208	310,208
Revaluation Reserve	499,859	426,746	415,187
Operating Reserve	23,123	25,448	21,932
Other Reserves	14,863	15,648	14,842
Total Public Equity	\$848,053	\$778,050	\$762,169
Non-Current Assets			
Property Plant and Equipment	809,260	740,550	719,240
Intangible Assets	498	820	681
Forestry	226	100	226
Assets held for Sale	1,150	1,150	1,150
Other Financial Assets			
- Investments in CCO's	4,912	4,912	4,912
- Investments in other entities	145	145	145
- Loans to other entities	28,606	25,032	25,060
	844,797	772,709	751,414
Current Assets			
Cash and Cash Equivalents	2,216	2,150	4,483
Receivables	6,446	3,275	3,470
Prepayments	301	285	233
Inventory	10	14	26
Other Financial Assets			
- Term deposits	4,250	6,750	9,425
- Loans to other entities	96	1	16
Assets held for Sale	-	-	369
	13,319	12,475	18,022
Total Assets	858,116	785,184	769,436
Non-Current Liabilities			
Provisions	719	390	788
	719	390	788
Current Liabilities			
Trade and Other Payables	7,919	5,620	5,272
Employee Entitlement Liabilities	1,116	1,050	1,074
Provisions	309	74	133
	9,344	6,744	6,479
Total Liabilities	10,063	7,134	7,267
Net Assets	\$848,053	\$778,050	\$762,169

Appendix (b) – Variance Reports and Commentaries to June 2018

Notes to assist with interpretation

“Funding” includes:

- Income from external sources, whether received or accrued as owing, including
 - Rates
 - Government and other Grants
 - User charges
 - Interest
 - Proceeds of asset sales
- Transfers from Reserves, including
 - Depreciation reserves
 - Special funds
- Adjustments for the unfunding of Depreciation
- Funding derived from new or additional Internal Loans

“Expenditure” includes:

- Payments, whether made during the period or due at period end, including
 - Salaries and Wages
 - Other operating costs
 - Capital expenditure
- Depreciation charged for the period
- Transfers to Reserves, including
 - Development and Financial Contributions to Special Reserves
 - Other transfers to Special Reserves
- Internal Loan principal repayments

Percentage variances

Funding

- Positive variance is Favourable, and occurs when actual funding exceeds budget
- Negative variance is Unfavourable, and occurs when actual funding is below budget

Expenditure

- Positive variance is favourable, and occurs when expenditure is below budget
- Negative variance is Unfavourable, and occurs when expenditure exceeds budget

		FUNDING YTD Actuals	FUNDING YTD Budget	FUNDING YTD % Variance	EXPENDITURE YTD Actuals	EXPENDITURE YTD Budget	EXPENDITURE YTD % Variance	Actual Surplus or (Deficit)	Budget Surplus or (Deficit)
Assets Group									
Alps 2 Ocean	1	348,711	579,021	-39.8%	348,711	579,021	39.8%	-	-
Aquatic Centre		1,701,103	1,766,626	-3.7%	1,541,911	1,766,626	12.7%	159,192	-
CDEM Liaison	2	126,780	122,180	3.8%	75,568	122,180	38.1%	51,211	-
GM Assets	3	-	-	0.0%	-	-	0.0%	-	-
Parks and Recreation	4	5,080,134	6,263,777	-18.9%	5,071,418	6,263,777	19.0%	8,717	-
Property	5	6,422,358	11,413,632	-43.7%	6,395,797	11,413,632	44.0%	26,561	-
Roading	6	21,876,665	21,959,609	-0.4%	22,539,405	21,959,609	-2.6%	(662,741)	-
Solid Waste		1,478,146	1,610,694	-8.2%	1,868,009	1,610,694	-16.0%	(389,863)	-
Vehicles General		165,153	171,000	-3.4%	165,153	171,000	3.4%	-	-
Waters	7	16,415,819	20,746,735	-20.9%	17,326,103	20,746,735	16.5%	(910,284)	-
Assets Group Total		53,614,868	64,633,274	-17.0%	55,332,074	64,633,274	14.4%	(1,717,206)	-

Comment

- 1 - Construction spending has slowed in recent months, leading to a reduction in matching funding.
- 2 - 2017/18 budgets were set without much knowledge of how civil defence would operate under ORC control, hence resulting variances
- 3 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes
- 4 - Parks and Recreation costs variance due to timing of capital projects
- 5 - Property variances due to improved rental income, reduced expenditure on preventive maintenance and delayed capital projects
- 6 - Roading variances result from an initial focus on flood repairs after the July 2017 weather event, and final funding arrangements have still to be resolved. Also delays in projects more recently from adverse weather and other factors
- 7 - Waters variances due to delays with capital projects, which are now progressing, and to final resolution of funding related to the restoration of the Regina Lane sewer pumping facility

CEO

CEOs Office	3	-	-	0.0%	16,392	(104,000)	-115.8%	(16,392)	104,000
Economic Development	8	1,044,975	1,104,977	-5.4%	1,128,739	1,104,977	-2.2%	(83,765)	-
CEO Total		1,044,975	1,104,977	-5.4%	1,145,131	1,000,977	-14.4%	(100,157)	104,000

Comment

- 3 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes
- 8 - Economic Development costs include elements related to interns and set up for the Geopark project
- Refer to Recruitment & Retention section under People and Culture Group

		FUNDING YTD Actuals	FUNDING YTD Budget	FUNDING YTD % Variance	EXPENDITURE YTD Actuals	EXPENDITURE YTD Budget	EXPENDITURE YTD % Variance	Actual Surplus or (Deficit)	Budget Surplus or (Deficit)
Council									
Committees		46,927	40,345	16.3%	42,899	40,345	-6.3%	4,028	-
Community Boards	9	448,366	484,902	-7.5%	419,156	484,902	13.6%	29,209	-
Election		40,700	35,000	16.3%	40,700	35,000	-16.3%	-	-
Reporting	10	694,224	666,907	4.1%	641,915	666,907	3.7%	52,309	-
Waitaki District Council	11	2,749,467	2,834,982	-3.0%	2,451,038	2,834,982	13.5%	298,429	-
Council Total		3,979,684	4,062,136	-2.0%	3,595,708	4,062,136	11.5%	383,976	-

Comment

9 - Community Boards' expenditure on grants is under budget

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

11 - Overheads allocated to Council by various business units are under budget by over \$300k largely due to staff vacancies resulting in reduced costs

Finance & Corporate Group

Finance	3	23,177	23,500	-1.4%	23,204	23,500	1.3%	(28)	-
GM Finance & Corporate Development	3	-	-	0.0%	-	-	0.0%	-	-
Policy Development	3	-	-	0.0%	-	-	0.0%	-	-
Treasury	12	416,337	(65,753)	733.2%	552,085	(65,753)	-939.6%	(135,748)	-
Finance & Corporate Group Total		439,514	(42,253)	1140.2%	575,289	(42,253)	-1461.5%	(135,776)	-

Comment

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

12 - Treasury includes the net gain on asset sales of \$408k, being \$855k of gains reflected in Actual Funding, and \$447k of losses, reflected in Actual Expenditure

12 - Treasury Funding, as well as including property gains, reflects the offset of interest paid on special funds and separate rate accounts, and reduced interest revenue

		FUNDING YTD Actuals	FUNDING YTD Budget	FUNDING YTD % Variance	EXPENDITURE YTD Actuals	EXPENDITURE YTD Budget	EXPENDITURE YTD % Variance	Actual Surplus or (Deficit)	Budget Surplus or (Deficit)
Heritage, Planning & Regulatory Group									
Building Control	3	1,771,503	1,821,586	-2.7%	2,119,480	1,821,586	-16.4%	(347,978)	-
Community Safety		161,088	182,283	-11.6%	165,939	182,283	9.0%	(4,851)	-
GM Heritage Planning & Regulatory	3	2,920	-	0.0%	2,920	-	0.0%	-	-
Health Admin and Inspection	3	1,472,493	1,592,174	-7.5%	1,163,785	1,592,174	26.9%	308,709	-
Planning	13	1,518,990	1,276,757	19.0%	1,079,567	1,276,757	15.4%	439,423	-
Regulatory Services	3	970	38,000	-97.4%	970	38,000	97.4%	-	-
Heritage, Planning & Regulatory Group Total		4,927,965	4,910,800	0.3%	4,532,661	4,910,800	7.7%	395,304	-

Comment

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

13 - Increased fee revenue, cost reduced due staff vacancies and timing of expenditure on District Plan review has not been as budgeted

Information Services Group

GIS/IT	14	166,761	606,090	-72.5%	415,329	606,090	31.5%	(248,568)	-
GM Information Services		-	-	0.0%	-	-	0.0%	-	-
Information Services Group Total		166,761	606,090	-72.5%	415,329	606,090	31.5%	(248,568)	-

Comment

14 - Cost reduced due to staff vacancies, 4th quarter capital expenditure still to be funded, and overall capex is behind budget, results in reduced Funding

		FUNDING YTD Actuals	FUNDING YTD Budget	FUNDING YTD % Variance	EXPENDITURE YTD Actuals	EXPENDITURE YTD Budget	EXPENDITURE YTD % Variance	Actual Surplus or (Deficit)	Budget Surplus or (Deficit)
People and Culture Group									
Customer Contact Team	3	4,198	2,000	109.9%	7,945	2,000	-297.2%	(3,747)	-
Executive Support	3	-	-	0.0%	-	-	0.0%	-	-
Gallery, Museum & Archives	15	1,301,793	3,418,485	-61.9%	1,241,462	3,418,485	63.7%	60,331	-
General Grants		403,578	391,309	3.1%	503,657	391,309	-28.7%	(100,079)	-
GM People and Culture	3	105	16,796	-99.4%	105	16,796	99.4%	-	-
Human Resources	3	9,343	20,655	-54.8%	9,344	20,655	54.8%	(1)	-
Libraries		1,504,206	1,524,304	-1.3%	1,582,559	1,524,304	-3.8%	(78,353)	-
Oamaru Opera House	16	1,269,772	1,258,684	0.9%	1,331,285	1,258,684	-5.8%	(61,513)	-
Recruitment and Retention		-	-	0.0%	13,103	104,000	87.4%	(13,103)	(104,000)
People and Culture Group Total		4,492,994	6,632,233	-32.3%	4,689,459	6,736,233	30.4%	(196,465)	(104,000)
Comment									
3 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes									
15 - Gallery capital expenditure is under budget by \$84k, resulting in reduced funding. Salaries & Wages are also under budget by \$55k due to vacancies									
16 - Opera House revenue and expenditure includes the results of the inaugural Waitaki Arts Festival which incurred a deficit of \$19k									
Refer to Chief Executive's Office									
Total		68,666,760	81,907,257	-16.2%	70,285,653	81,907,257	14.2%	(1,618,893)	-

Finance, Audit and Risk Committee Memorandum

From **Information Services Group Manager**

Date **14 August 2018**

Information Services Group Activity Report for the period 1 July to 31 July 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 Information Services Group activities during the reporting period.

Service Operations

The Service Desk has continued to remain busy, with 561 jobs received in July, compared to 484 in June. Customer satisfaction reached a record high of 100% satisfactory (5 stars), even with a shortage of resources.

Despite the high satisfaction rate, the job resolution rate of 81% continued to drop due to ongoing project work which consumed most of the Services Team's time. This resulted in very little time being spent on business as usual. The recruitment for a two-year fixed term IT Engineer is underway to fill a current vacancy. This new position will enable better project delivery and help the team cover day-to-day operations.



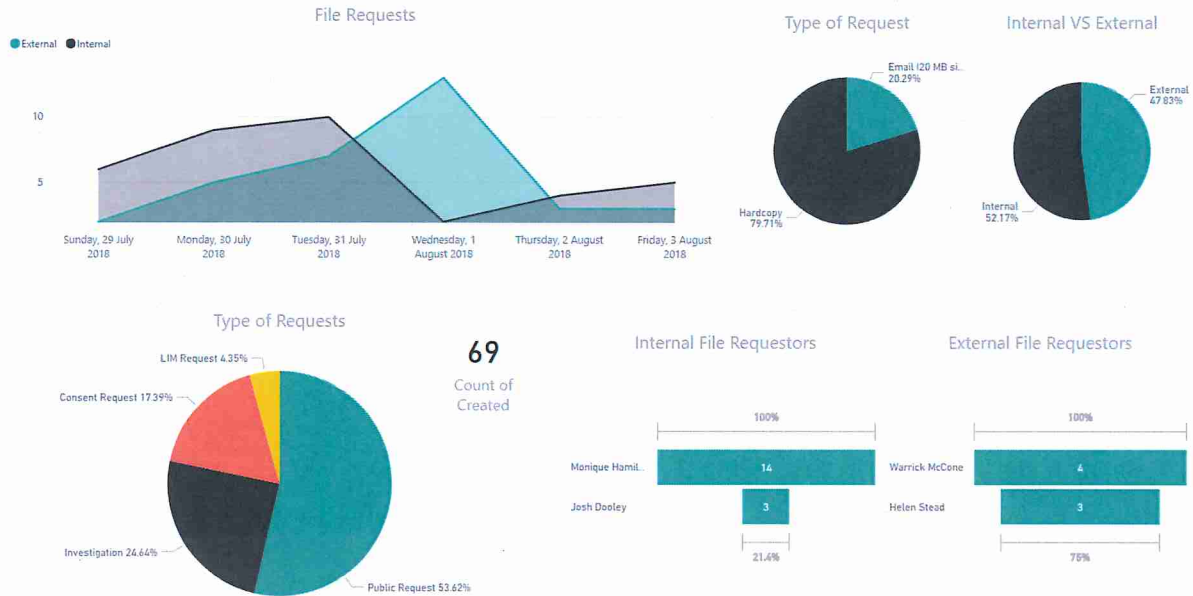
Information and Records Management

A part-time Information and Records Management contractor has been employed to cover a current vacancy while recruitment is taking place.

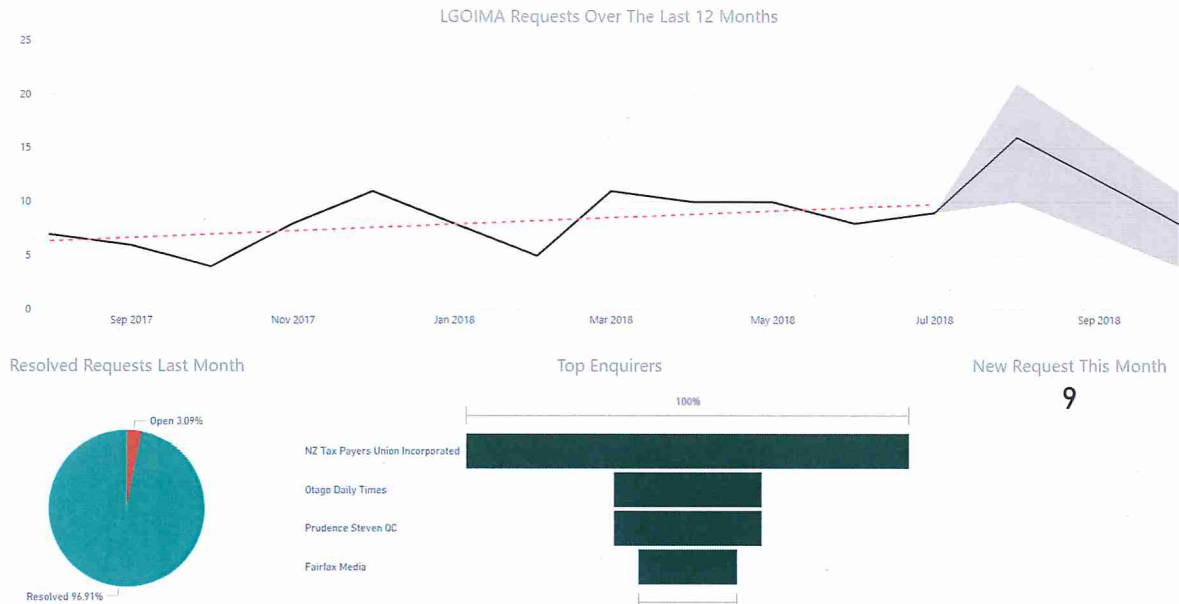
The diagram below shows the number of property file requests for the past 24 months. The trend (dotted line) shows that requests have almost doubled in two years. To cope with the increase in demand, processes, systems, and resources should be considered in advance.



The diagram below shows more information about requests in June.

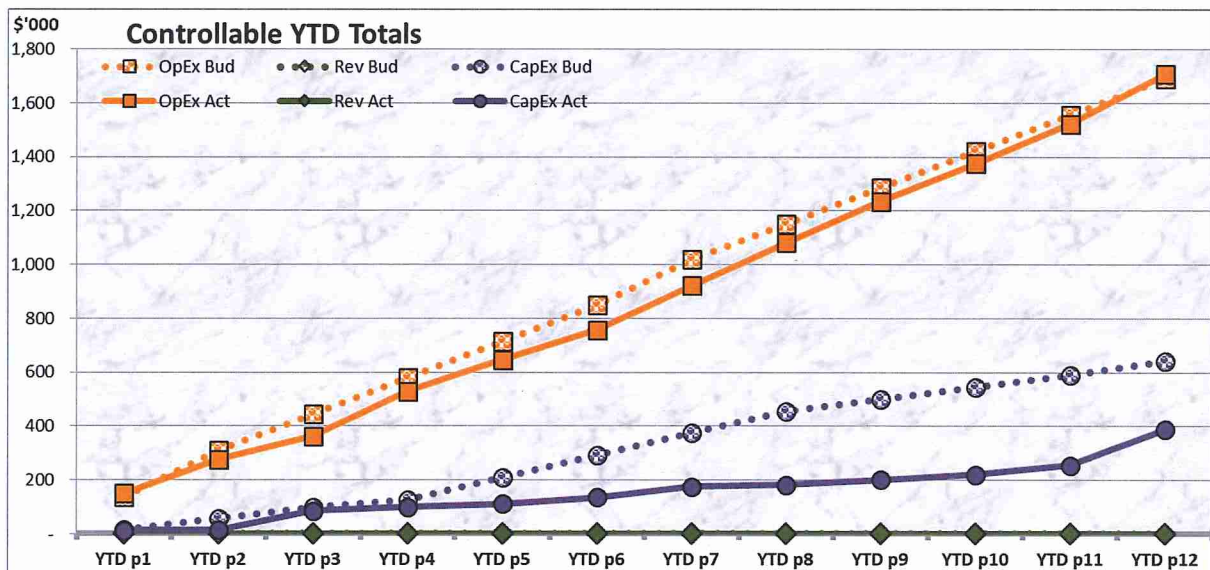


One LOGIMA request closed previously was reopened in July due to the customer request change. The Information Management Officer is keeping the Executive Management team and the Mayor updated every week on LGOIMA requests. The diagram below shows the number of LGOIMA requests received over the last 12 months. The trend indicates that there is a slow increase in LOGIMA requests every month. This workload should not be an issue for the team at the moment.



Financials

Every effort is made to monitor spending to ensure the healthy financial position of the Information Services Group. The graph below outlines Capex and Opex spending vs budgeted:



Some invoices for the Skype for Business project have been paid. The above graph demonstrates a narrowing gap between Capex budgeted and actual. There are a few projects that were unable to be finished by the end of the financial year due to limited staffing resources. The dollar amount needed to be carried forward into the new financial year is included in the Carry Forward Report to this Council meeting (refer separate agenda item). The Opex spending is on target with little variation.

It is important to note that Microsoft has recently increased the price of all licenses by 30%, which in turn will have a negative impact on the IS group budget. There is little that can be done in response, given that Microsoft dominates the enterprise software market. Based on the experiences of other organisations, moving to open source or another commercial provider is not a good option as the cost largely exceeds the potential benefit.

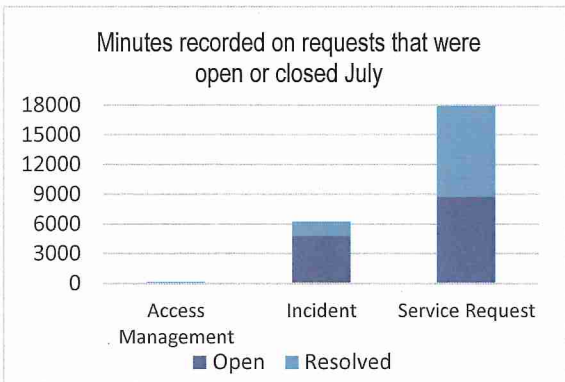
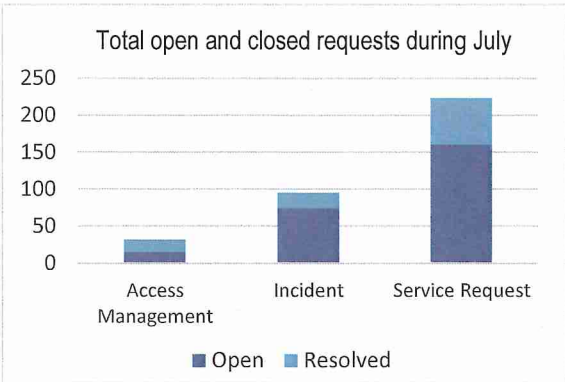
Information Systems

The Systems Team has continued to be significantly involved in the Parcel cleansing¹, Authority Upgrade and the HUB/BIS Reporting² projects. As well as general system support, there has also been a need to support the end-of year rates processes, as well as ongoing asset updates for the impending 3 Waters asset valuation. Dog registrations ran smoothly this year, with a reduced need for support from the Customer Liason Team.

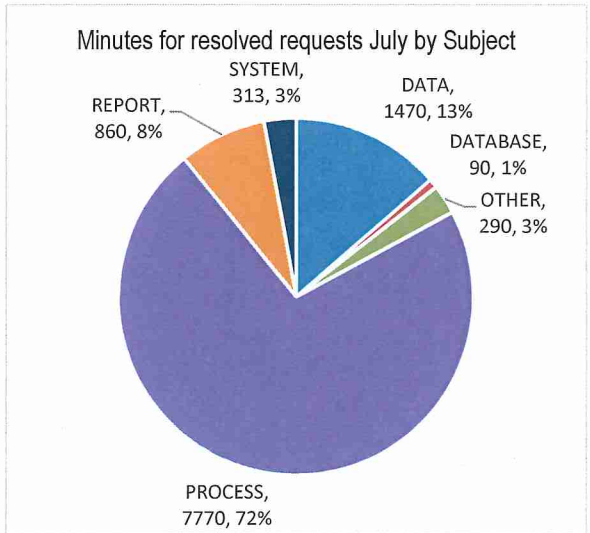
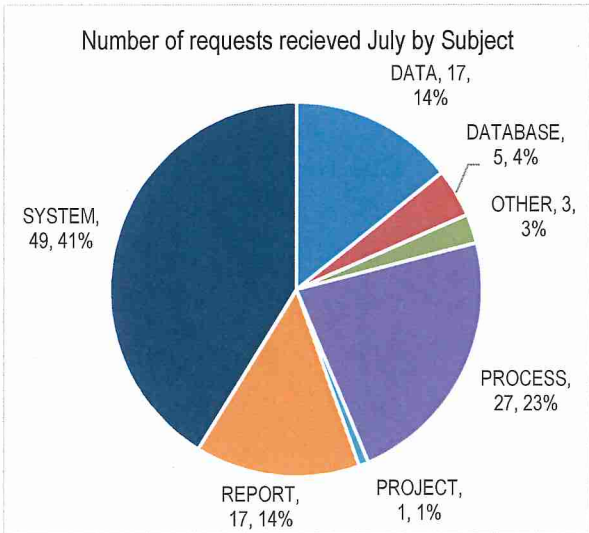
Whilst work continues towards the full adoption of ITIL³, which is a standard operations framework to record all of the systems team's work, the following information can be reported:

- 119 support requests were received in July
- 101 requests were resolved
- 240 support requests remain open, 222 of these were created prior to July.

A significant portion of the backlog relates to GIS work. The team is thrilled to have recently appointed a Business Analyst/GIS Analyst, who will begin in September, thereby filling the vacancy left open since the restructure last year.



The greatest amount of support requests, by subject matter, were system-related and were quickly resolved. Processes such as water billing, asset updates, and resource consents that support the 3 Waters Team took a greater amount of time. Increased staff training and system integrations are key goals for this year to reduce the number of system-related requests and the time taken to run processes.

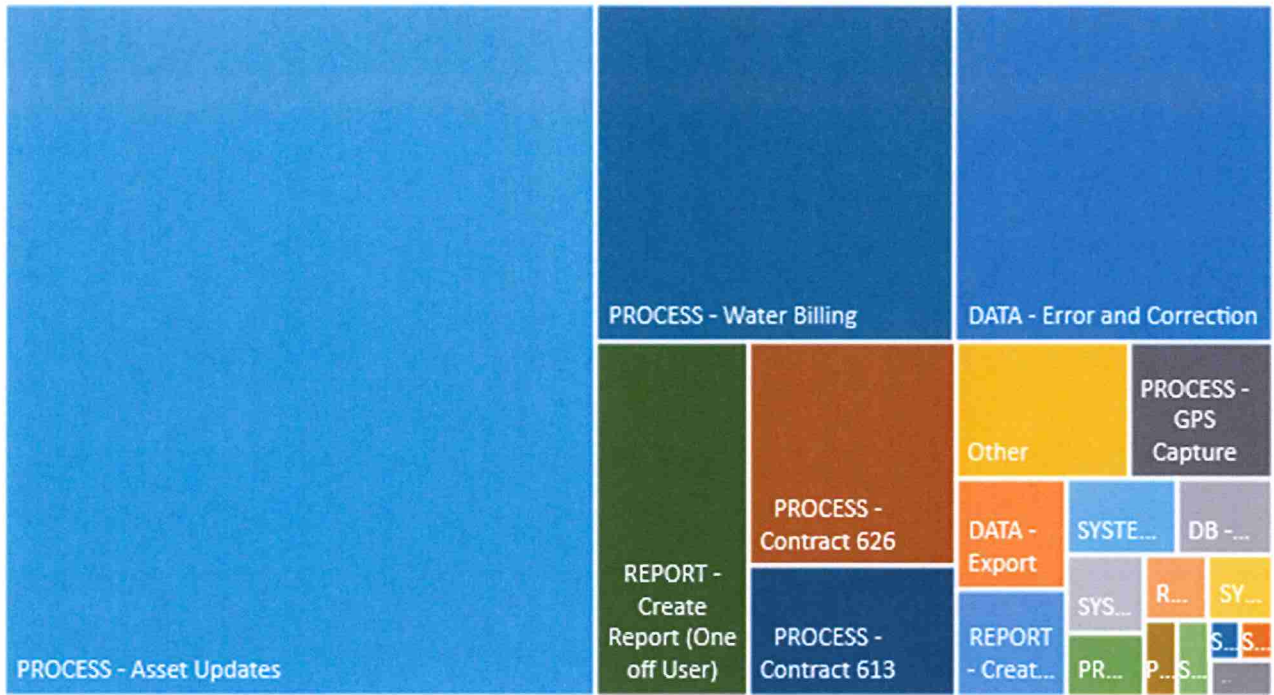


¹ Cleaning of backbone Authority data to make it more meaningful and presentable

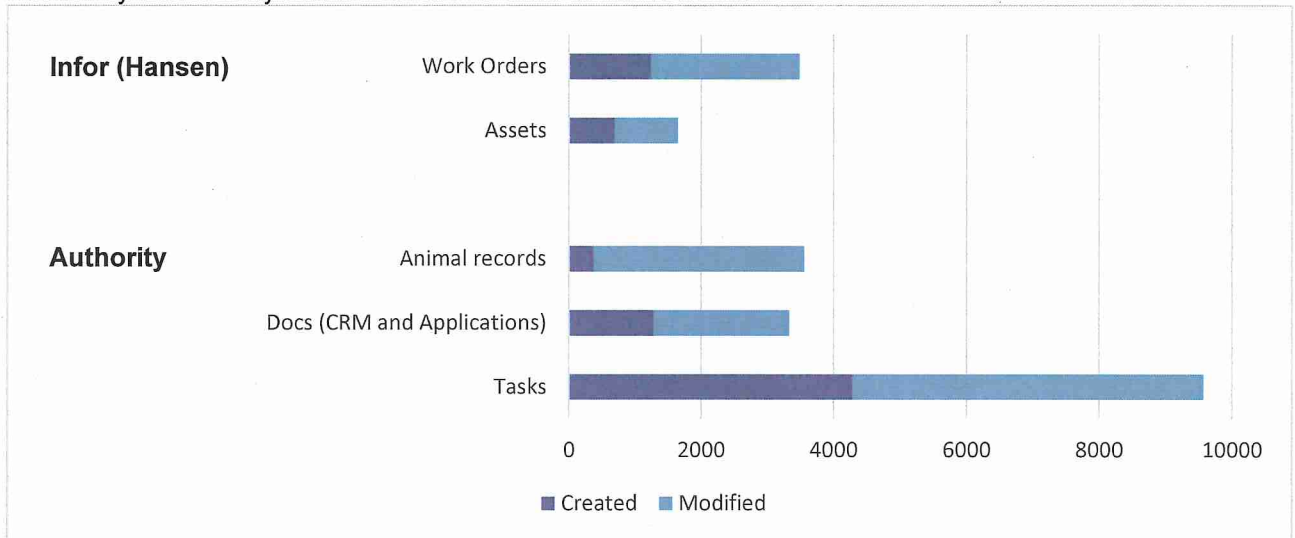
² Replacing of legacy reporting systems.

³ ITIL (Information Technology Infrastructure Library) is a set of detailed practices for IT service management (ITSM) that focuses on aligning IT services with the needs of business.

Time spent on Resolved Support Requests, by Activity



Council system activity reflected in created and modified records:



Reporting on activity will continue to develop, to enable a comparative view as the year progresses.

Programme and Project Status

The upgrade of Authority is now well underway. The project team has established a schedule, engaged with all of the required Council staff, and is currently preparing test-scripts⁴. Behind the scenes, the project team has established infrastructure (servers) to improve system performance. A residual effect of the Authority upgrade is the discovery of reports within the BIS⁵ tool that should have been discontinued in 2017. As reports are still active, they need to be migrated to the new reporting framework

⁴ A test script in software testing is a set of instructions that will be performed on the system under test to test that the system functions as expected.

⁵ BIS is one of the legacy reporting systems.

as a priority. This work will now be passed to the BIS and HUB⁶ Replacement team, so the Authority upgrade can proceed.

Skype for Business (replacement for the aging phone system) is continuing in the deployment phase and approximately 85% of staff have been migrated to this system. This excludes the Library, Opera House and the Customer Liaison Team. New teleconference equipment has been ordered for some of the Council's major meeting spaces to ensure the benefits of Skype for Business can be delivered to group and team telecommunications.

The BIS and HUB (legacy reporting tool) replacement continues to make progress as several new reports have been deployed and are available for staff to use. The project team is deploying the new reports so they can be run in parallel with the old reports. While this creates a small overhead for the team, it provides staff with an opportunity to become familiar with the new report formats. Since the last meeting of the FAR Committee, a small number of new reports have been added to the scope of the project, increasing workload and disrupting priorities. Resourcing for this project has been challenging. In response, Council is trialling a new Business Intelligence developer while arrangements with the incumbent are being clarified.

Phase Two of the Council eServices (building consents) continues to make good progress. The project team has requested demonstrations and responses to business requirements from three vendors. The project team will select a preferred vendor, and then work collaboratively to develop a proposal for Council to consider. After seeing presentations from two vendors, the scale of the project is becoming clearer, and is something that will require commitment from several parts of Council. Implementing a new system will disrupt/change many parts of Council, and many customer-facing processes as digital interfaces are introduced.

From the Information Services (IS) department's perspective, the quantity and scale of projects currently underway are keeping all staff fully occupied. As will be seen in Appendix 2, there are several projects identified for the future and it is anticipated that this will continue to grow. Therefore, completing projects efficiently and prioritising efforts across innovation/projects, business-as-usual and break-fix is very important for Council. The IS department will continue to work closely with the Business Operations and Leadership team to align priorities.

More information about the current, upcoming, and finished projects can be found in Appendix One, Two and Three.

Risk Management and Information Security

Cyber attacks in New Zealand are increasing, with close to 50% of the attacks targeting the New Zealand public sector. A recent report revealed that an east North Island public sector organisation is fielding up to 864,000⁷ potential cyber attacks per day - that's as many as 10 per second. The importance of an excellent cybersecurity posture cannot be overemphasised, in order to avoid significant monetary and reputational damage.

Waitaki District Council is doing relatively well with very limited resources. The Audit New Zealand draft IS report indicated that good security-related work was undertaken last year.

The Deloitte CyberSecurity review report result is also showing satisfactory results, with three out of the five areas assessed being on target. The two areas that were not on target will likely be addressed this financial year as significant work has already been done. For example, the policies have already been developed and are under progress to be approved and adopted.

The second phase of the online self-paced phishing awareness programme has now seen 75% of all staff complete the training.

This is not saying that there is no room for improvement. Many technical and non-technical tasks such as finishing introducing the risk management framework, conducting a Council-wide IS risk stocktake,

⁶ HUB is the other legacy reporting system.

⁷ Source: www.newshub.co.nz

assessing and prioritising risks and mitigations, and upgrading Council's firewall and other IS infrastructure await to be done. With the current heavy workload in project delivering and BAU, we barely have any resources left for the cybersecurity activities.

Another issue worth noting is that New Zealand is likely to have an enhanced privacy protection bill this year which will introduce stricter rules around data protection. This means that Council will need to do more in cybersecurity enhancement and data loss prevention.

I will not be able to be present at the 14 August 2018 FAR Committee Meeting. Therefore, I invite Councillors to send any questions in response to this report to me via email, or to drop by or phone me to discuss the content, in advance of the meeting.



Bill Chou
Information Services Group Manager

Attachments:

Appendix One – Current Projects

Appendix Two – Upcoming Projects

Appendix Three – Completed Projects

Appendix 1 – Current Projects

Project Name	Status Update	% Completed	Status
Authority Upgrade 6.11	The project has begun, following the schedule specified by Civica. It has been possible to adjust the timeline in only a few instances to accommodate the needs of the business. The project is on track and progressing well at this point in time.	20%	
Council eServices – Phase 2 (building consents)	Business requirements have been distributed to three software vendors, and demonstrations of their software have been booked. At this point in time, 2 of the 3 vendors have presented to Council. The project team will consider the responses and request a proposal from the best vendor for consideration. The completion of the current phase will be the delivery of a Business Case document.	7%	
Digital Asset Management ⁸	The project has submitted a Business Case document and this has been approved. The WebDAM has been purchased and is now being implemented and configured.	60%	
Skype for Business	The project is currently in the final stage of deployment. The project team started to deploy users into Skype for Business from mid-May via a staged rollout approach. The project team has completed Skype for Business roll out for all Staff in Headquarters Building and Cucina except Customer Liaison Team. The project team is in the process of migrating Staff to Skype for Business in the Museum, Opera House and Library by mid-August. The project team is also working on technical issues incurred as part of the implementation, such as an unexpected issue with the Call-Centre software (Esperra). In the	85%	

⁸ Digital asset management (DAM) enables the Council to get more value from creative assets like images and videos by making them easy to organise, access and distribute. As a result, activities such as marketing is streamlined.

	next phase of the project, the project team will finalise all staff migrations and begin working with the Customer Liaison Team for their migration.		
BIS and HUB Replacement (Development of a new Council reporting system)	Great progress has been made with report development but revalidation of the scope has shown there are more reports and more complex use of HUB reports than originally scoped. The project team is accepting additional work resulting from the Authority upgrade.	55%	
Parcel Data Cleaning (Cleaning of backbone Authority data to make it more meaningful and presentable)	The project continues to progress but there is almost nothing more than can be done without Civica updating data as requested. Through some clever scripting, it has been possible to work around Civica's availability, but production work is currently on hold whilst the end of year rates roll is completed.	60%	
Infocouncil (automated agenda management system)	Progress on the Infocouncil project was comparatively slower again in July, due to limited staffing resources. However, that situation has now been remedied, and templates testing and the finalisation of user guidelines are now being prioritised in dedicated work sessions. All testing and preparatory work is expected to be completed before the end of August, and a pilot run of the system will be conducted for the FAR Committee meeting in September. A phased transfer of other Council Committees will take place over subsequent weeks. A workshop for Councillors on the use and benefits of Infocouncil and LG Hub has now been confirmed for late August.	83%	

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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Appendix 2 – Upcoming Projects

Project Title	Brief Description
WDC Web Presence and Community App	The Information Services team have developed a good understanding of the Web and Online needs of Council, and this has reached a point where a project is required to ensure momentum is maintained. Although the project is only just beginning, there are some clear options for an updated web site, community app and social media management system to help Council and the Community. The website, social media and community app must complement one-another, and work together.
Recreation and Parks	The Recreation team has a number of challenges related to the booking of facilities and management of assets. Team members are working with the Programme Manager to develop a proposal to improve their business functions. There are several

	opportunities to make improvements that can benefit Council and the Community.
Property Management	Similar to the Recreation team, the Property team has some asset management challenges and also some potential for improvements in its leasing management system. The Programme Manager is working closely with the Property team to develop a proposal to improve their business functions. Ideally, there will be commonality across the asset management systems.
Recruitment System	A proposal for the implementation of an online recruitment tool has now been developed, and is awaiting internal review. The goal is to remove much of the manual labour required to manage the application and interview process.
Staff Survey	As a result of IBM withdrawing their survey services from New Zealand, Council needs to find a new survey tool. Initial investigation has identified AskYourTeam as a strong candidate.
PayMyParking	The PayMyParking app provides motorists with a cellphone app that can be used to pay for parking. Rather than feeding the meter, the motorist can select their zone/meter and pay online only for the time they require. The app supports top-ups and sends reminders.
NOSLAM Website	The North Otago Sustainable Land Management Group have a focus on the improvement of water quality within catchments and would like to coordinate with us to produce a website and database to capture and demonstrate this work. There are synergies with the work being carried out for the Biodiversity Spatial Plan
External GIS Website	Dedicated external GIS websites have been developed for Freedom Camping, Parks Contract 626 and the Waitaki Whitestone Geopark. This project will establish a website for core council information such as reticulation and district plan zones. s

Appendix 3 – Completed Projects

Project Title	Brief Description
Council eServices – Phase 1	The first phase of eServices has been completed. Payments to Council, such as Rates, can now be fulfilled online.
Authority LTP Submission and Reporting	LTP Submissions have closed. A significant amount of reporting has been developed to support the LTP process. The scope was extended to include the Development Contributions Consultation and Financing Policy Consultation as well.

Finance, Audit and Risk Committee Memorandum

From: Finance and Corporate Development Group Manager **Date** 14 August 2018

Finance and Corporate Development Group Work Programme FY 2018/19

Recommendations

That the Finance, Audit and Risk Committee receives the information and gives guidance on priorities.

Summary

It is proposed that the Finance, Audit and Risk Committee consider priorities for the items that it would like to receive information on during the coming financial year.

Purpose

To give guidance on the work priorities for the Finance and Corporate Development Group for the 2018/19 year.

This item has been produced in place of the monthly update, as there was limited new information to present.

Background and Discussion

The Finance and Corporate Development Group has the discretionary time and capacity to deliver various projects and / or make various systems improvements. Over the last year, most of that discretionary time was devoted to the Long Term Plan (LTP) and its supporting components like the Development Contributions Policy and the Revenue and Financing Policy. As there is no LTP requirement for the coming year, the Committee's priorities need to be identified and specified so that they can be built into the Group's work programme for the coming year.

Officers have identified items of work (as listed below) that could be undertaken over the year in terms of the discretionary time that is available. Members are welcome to make suggestions on matters they see as a priority. Once there is general agreement, the discussion can cover the scope and timing of the selected items.

Policy

Risk management framework development and implementation.
Non-financial performance reporting framework.

Finance

Financial accountability reporting improvements.
10 year financial modelling upgrade selection and implementation.

Rates

Review and amend as necessary the amenity rate and other geographically defined rates.
Further reduction in long-term rate accounts, including rating sales as required.



Paul Hope
Finance and Corporate Development Group Manager