



# 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  
Office of the Waitaki District Council,  
20 Thames Street, Oamaru

**Tuesday 11 September 2018**  
**1.30pm**

#### **COMMITTEE 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

1.30pm, Tuesday 11 September 2018

Council Chamber, Third Floor  
Office of the Waitaki District Council,  
20 Thames Street, Oamaru

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1. Apologies	–
2. Declarations of Interest	–
3. Confirmation of Previous Meeting Minutes <ul style="list-style-type: none"> <li>14 August 2018 (Public)</li> </ul>	4 – 10
4. Treasury Strategy, Second Quarter, 2018-19 Financial Year <ul style="list-style-type: none"> <li>Report and Recommendation</li> </ul>	11 – 13
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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, 10, 11, 12, 13, and 14.

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.
<ul style="list-style-type: none"> <li>Confirmation of Previous Meeting Public Excluded Minutes – 14 August 2018 PE</li> <li>Proposal to Form an Income Tax Group PE</li> <li>Risk Strategy and Policy Update PE</li> <li>Audit New Zealand Management Report Action Plan PE</li> <li>Rates Collection Update PE</li> <li>Decision Regarding Release of Public Excluded Information PE</li> </ul>	Section 48(1)(a) (The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned.)  To enable the Council to carry out 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 Minutes (Public Excluded)</b>	
	• 14 August 2018 PE	25 – 31
<b>10.</b>	<b>Proposal to Form an Income Tax Group PE</b>	
	• Report and Recommendation	32 – 37
	• Attachment: Proposal	
<b>11.</b>	<b>Risk Strategy and Policy Update PE</b>	
	• Report and Recommendation	38 – 67
<b>12.</b>	<b>Audit New Zealand Long Term Plan Management Letters PE</b>	
	• Memorandum and Recommendation	68 – 70
<b>13.</b>	<b>Rates Collection Update PE</b>	
	• Memorandum and Recommendation	71 – 73
<b>14.</b>	<b>Decision Regarding Release of Public Excluded Information PE</b>	–
<b>15.</b>	<b>Resolution to Return to the Public Meeting <i>(to be resolved)</i></b>	
	“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.”	
<b>16.</b>	<b>Release of Public Excluded Information</b>	
	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 11 September 2018 Finance, Audit and Risk Committee Meeting, under Agenda Item 16.	

## 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 14 August 2018 at 9.10am**

**Present:** Cr Colin Wollstein (Chair), Cr Craig Dawson (Deputy Chair),  
Cr Peter Garvan, Cr Jim Hopkins; and Mayor Gary Kircher (from 9.46am)

**Apologies:** Cr Jan Wheeler (absent on leave)

**In Attendance:** Deputy Mayor Melanie Tavendale  
Cr Jeremy Holding  
Cr Bill Kingan  
Cr Guy Percival  
Cr Hugh Perkins  
Paul Hope (Finance and Corporate Development Group Manager)  
Neil Jorgensen (Assets Group Manager / Deputy Chief Executive)  
Lichelle Guyan (Heritage, Environment and Regulatory Group Manager)  
Ian Wells (Accounting Manager)  
Richard Maher (Programme Manager)  
Suzanne Butler (Team Leader Information Systems) (part of meeting)  
Ainslee Hooper (Governance Advisor)  
Guest: Mr Dereck Ollsson (Audit New Zealand Director)

The Chair declared the meeting open at 9.10am, and welcomed everyone present.

#### 1. **Apologies**

RESOLVED  
FAR 2018/065

Cr Jim Hopkins / Cr Craig Dawson  
That the Finance, Audit and Risk Committee accepts an apology for  
absence on leave from Cr Jan Wheeler and an apology for lateness  
from Mayor Gary Kircher.

CARRIED

#### 2. **Declarations of Interest**

There were no declarations of interest.

#### 3. **Confirmation of Minutes**

RESOLVED  
FAR 2018/066

Cr Craig Dawson / Cr Jim Hopkins  
That the Finance, Audit and Risk Committee confirms public minutes  
of its previous meeting held on 10 July 2018, as circulated, as a true  
and correct record of that meeting.

CARRIED

### Decision regarding Item Not on Agenda

The Chair noted that Audit New Zealand's Interim Audit Report on the Waitaki District Council for the year ending 30 June 2018 had been received by Council on Friday 10 August (afternoon) and circulated to Councillors on Monday 13 August, after the final agenda papers for this meeting had been issued on Wednesday 8 August 2018. He proposed a motion that it be accepted for discussion at this meeting in the Public Excluded session, pursuant to Standing Orders.

The motion was seconded by Cr Jim Hopkins, and resolved as follows:

RESOLVED  
FAR 2018/067

Cr Colin Wollstein / Cr Jim Hopkins  
Pursuant to Clause 9.12 of the Waitaki District Council Standing Orders 2017, that the Finance, Audit and Risk Committee accept an additional report for discussion at this meeting as Public Excluded Agenda Item 13(b), with the following explanation:

- (a) The report was received after the Final Agenda Papers for this Committee Meeting had been collated and published and therefore was not able to be included in the original agenda; and
- (b) The report has been written by Audit New Zealand, and it was believed to be timely and financially prudent to discuss it at this meeting whilst the Audit New Zealand Director is present and able to participate in the discussion.

CARRIED

### 4. Carry Forward Report

The report, as circulated, sought the Committee's recommendation for Council to approve the carrying forward of funding for incomplete projects from the 2017/18 year (or earlier).

Accounting Manager Ian Wells introduced the report. The following points were clarified / highlighted during the ensuing discussion:

It was suggested that the budget figure and unspent balance be identified separately in the carry forward column in future reports.

**ACTION:** Accounting Manager to implement from next year

**CORRECTION to Carry Forward Report:** In the Recreation section, the carry forward figure for Falstone should be \$10,000 (not \$1000).

**ACTION: Accounting Manager**

The Waihemo Community Board had previously decided to have a cap on their funds of \$3k per annum, but that appeared not to be reflected in the carry forward figures. General Manager Paul Hope confirmed that that Board decision was reflected in the budgets, but there was still a significant amount to carry forward.

There was also brief discussion on the Oamaru traffic island refurbishment; the Returned Services Association building; the Drill Hall weather tightness; the Holmes wharf deck replacement (work is now underway); the King George Park drainage; and the urban park design and construction (a proposal is being coordinated and would be brought back to Council).

RESOLVED  
FAR 2018/068

Cr Craig Dawson / Cr Jim Hopkins  
The Finance, Audit and Risk Committee recommends:  
That Council approves that the projects listed in Appendix 1 (as amended) will be carried forward and undertaken in the 2018/19 year.

CARRIED

**Minutes attachment: Appendix 1 – Carry Forward Projects (amended and approved)**

## 5. Audit New Zealand Director's Visit

The memorandum, as circulated, conveyed the opportunity for Councillors to meet and discuss issues with the newly appointed Director responsible for the Waitaki District Council audits.

The Chair welcomed Mr Dereck Ollsson to the meeting and to the Waitaki district. In reply, Mr Ollsson advised that former Director Mr Scott Tobin would retain the responsibility for finalising the audit of Council's Long Term Plan documents and process this year, but otherwise he (Mr Ollsson) had assumed responsibility for all other audit matters for the Council from now on. He also confirmed his intention to formally address the Committee under Public Excluded Agenda Item 13, including by speaking to and responding to questions on the additional report accepted at the top of this meeting for discussion at that time.

RESOLVED  
FAR 2018/069

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

CARRIED

## 6. Monthly Financial Report – 2018, Period 12 – June 2018

The memorandum, as circulated, reviewed the preliminary financial result for the full year ended 30 June 2018. It noted that the information provided, whilst as complete and up-to-date as possible, was still subject to change and some of the changes could be significant.

Group Manager Paul Hope advised that this report provided a preliminary result for FY 2018. The majority of operating expenditure and revenue was mostly finalised, and the process from now on and into dealing with the annual report, would be focused on year-end adjustments, some of which could be significant.

Accounting Manager Ian Wells highlighted that the outstanding insurance claims noted in the report had potential to be for a significant amount or for not so much. Mr Hope then explained that the process for insurance claims involved a hierarchy of policies that took time to go through; if a claim is rejected under one policy, then it was necessary to claim under the next one, and so on. Brokers had been very helpful in directing the claims.

There was brief discussion on the following points:

- The final forestry valuation had been received in draft, but questions had been asked of the valuers for which answers had yet to be received.
- With regard to the final capitalisation process, there was a partial capitalisation of minor items (eg equipment) each quarter, with major items (eg the Hamnak project) being capitalised at the end of year only.
- Roothing projects and water upgrades were generally going well and progressing as expected.
- With regards to the quarry, it was noted that this was for Council use only, with restricted access. Council had verified the health and safety policies of the contractor responsible for the quarry's operation.
- The revaluation of roading assets had resulted in increased public equity.

*Mayor Gary Kircher joined the meeting at 9.46am.*

RESOLVED  
FAR 2018/070

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

CARRIED

## 7. Information Services Group Activity Report for the period 1 July to 31 July 2018

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

Programme Manager Richard Maher introduced the report. He noted that, while it appeared that there were a lot of service requests, a good proportion of them were coming from him to get the work programme organised. There was a notable rise in Capex, which was the result of some supplier accounts being paid.

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

- Projects were progressing reasonably well. Skype for Business was the highlight on the radar – almost all staff had been migrated across now. The Customer Liaison Team would go across in about three weeks' time, and then the old phone system would be carefully disconnected.
- In the Information Systems area, HUB/BIS was making real progress now, and new links were being put into new report templates.
- The parking app was now operational.

There was also brief discussion about the risk of cyber-attacks and how to manage it; and the merits of cyber insurance, offsite data storage, and better infrastructure (eg new firewalls).

Congratulations were extended to Team Leader Suzanne Butler for the successful appointment of a GIS Analyst.

RESOLVED  
FAR 2018/071

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

CARRIED

## 8. Finance and Corporate Development Group Work Programme FY 2018/19

The memorandum, as circulated, 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. It replaced the monthly Group Activity Report that would usually have been presented at this meeting.

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

Group Manager Paul Hope noted that, with the receipt of the interim audit report and intended discussion of it later in the meeting under Public Excluded Agenda Item 13, he expected there would be additional suggestions identified then to add to the Group's future work programme. However, he invited Councillors to put forward any other ideas now, if they wished to do so.

The following ideas were put forward for consideration:

- A revised investment policy; and
- An implementation plan for the NZEA insulation programme.

RESOLVED  
FAR 2018/072

Cr Jim Hopkins / Cr Peter Garvan  
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.

## 9. Resolution to Exclude the Public

RESOLVED  
FAR 2018/073

Cr Colin Wollstein / Cr Jim Hopkins

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

- Confirmation of Public Excluded Meeting Minutes  
10 July 2018 PE
- Sundry Year-End Issues PE
- Renewal of Quotable Value Contract PE
- Audit New Zealand Long Term Plan Management Letters PE  
and Audit New Zealand Management Report on the Interim  
Audit on Waitaki District Council dated 30 June 2018 PE;
- Insurance Renewal PE
- Accounts Payable Analysis PE
- Decision Regarding Release of Public Excluded Information 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.
10. Confirmation of Public Excluded Meeting Minutes 10 July 2018 PE	Section 48(1)(a) (The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned.)
11. Sundry Year-End Issues PE	
12. Renewal of Quotable Value Contract PE	
13. (a) Audit New Zealand Long Term Plan and Consultation Document Management Letters PE	To enable the Council to carry out commercial negotiations without prejudice or disadvantage. Section 48(1)(a)
13. (b) Audit New Zealand Management Report on the Interim Audit of Waitaki District Council dated 30 June 2018 PE	(Premature disclosure of the information would detrimentally affect the Council's position in the negotiations.)
14. Insurance Renewals 2018/19 PE	
15. Accounts Payable Analysis PE	
16. Decision Regarding Release of Public Excluded Information PE	

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**

## 17. Resolution to Return to the Public Meeting

RESOLVED  
FAR 2018/083

Cr Craig Dawson / Cr Peter Garvan

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

**18. Release of Public Excluded Information**

In accordance with Waitaki District Council Standing Orders 2016 to 2019, Clause 17.5, and pursuant to Resolution FAR 2018/081 of this meeting, the Committee APPROVED the release of previously public excluded information as set out below.

**Agenda Item 10 – Confirmation of Previous Meeting Public Excluded Minutes PE**

RESOLVED  
FAR 2018/074

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

CARRIED

**Agenda Item 11 – Sundry Year End Issues PE****(a) Oamaru Blue Penguin Colony**

RESOLVED  
FAR 2018/075

Cr Jim Hopkins / Cr Peter Garvan  
The Finance, Audit and Risk Committee recommends:  
That Council approves an increase in the Oamaru Blue Penguin Colony Internal Loan from \$415,000 to \$566,000 to accommodate the actual cost of building improvements and to reimburse Tourism Waitaki this additional amount, and notes that the lease payments will increase in light of the increased loan amount.

CARRIED

**(b) Kurow Jockey Club**

RESOLVED  
FAR 2018/076

Cr Craig Dawson / Cr Jim Hopkins  
The Finance, Audit and Risk Committee recommends:  
That Council approves a one-off adjustment of \$1,000 to the Kurow Jockey Club water account and that the Club be advised that this is a one-off adjustment.

CARRIED

**Agenda Items were taken out of order from this point onwards.  
The resolutions below adhere to the revised order of the meeting.**

**Agenda Item 13(a) – Audit New Zealand Long Term Plan and Consultation Document Management Letters PE**

RESOLVED  
FAR 2018/077

Cr Jim Hopkins / Cr Peter Garvan  
That the Finance, Audit and Risk Committee recommends:  
That Council receives and notes the two Audit New Zealand Management Letters on the Long Term Plan and the Consultation Document.

CARRIED

**Agenda Item 13(b) – Audit New Zealand Interim Audit Report on the Waitaki District Council for the year ended 30 June 2018 PE**

RESOLVED  
FAR 2018/078

Cr Jim Hopkins / Cr Peter Garvan  
That the Finance, Audit and Risk Committee recommends:  
That Council receives and notes the Audit New Zealand Interim Audit Report on the Waitaki District Council for the year ended 30 June 2018.

CARRIED

**Agenda Item 12 – Renewal of Quotable Value Contract PE**

RESOLVED  
FAR 2018/079

Cr Jim Hopkins / Cr Craig Dawson  
The Finance, Audit and Risk Committee recommends:  
That Council approves the extension of the contract with Quotable Value for Valuation and Database Management Services for a period of three years.

CARRIED

**Agenda Item 14 – Insurance Renewals 2018/19 PE**

RESOLVED  
FAR 2018/080

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

CARRIED

**Agenda Item 15 – Accounts Payable Analysis PE**

RESOLVED  
FAR 2018/081

Cr Jim Hopkins / Cr Craig Dawson  
That Finance, Audit and Risk Committee:  
1. receives the information  
2. considers the minute from this item in public but continues to treat the underlying information as public excluded indefinitely due to commercial sensitivity.

CARRIED

There being no further business, the Chair declared the meeting closed at 12.20pm.

TO BE CONFIRMED at the Finance, Audit and Risk Committee Meeting to be held on the 11<sup>th</sup> day of September 2018 in the Council Chamber, Office of the Waitaki District Council, 20 Thames Street, Oamaru.

\_\_\_\_\_  
Chairman

# Finance, Audit and Risk Committee Report

**From** Finance and Corporate Development Group Manager

**Date** 11 September 2018

## Treasury Strategy, Second Quarter, 2018-19 Financial Year

### Recommendation

The Finance, Audit and Risk Committee recommends:

That Council adopts the proposed Treasury Strategy to cover the second 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.

### Objective of the Decision

To report on Council's proposed Treasury Strategy for the second quarter of the 2018-19 financial year.

### Background

The Investment Policy adopted as part of the 2018-28 Long Term Plan sets out reporting and accountability requirements, including regular reporting to Council of outcomes in the treasury area and the adoption of a quarterly Treasury Strategy.

In line with the strategic direction set by the Finance, Audit and Risk (FAR) Committee, officers invest surplus funds on a relatively short-term basis unless a special or particularly attractive longer term rate is available. Four banking institutions are currently involved in taking Council investment funds, although approval has been given to use four other "AA" rated banks should the need arise.

At 31 August, Observatory Village Lifecare Limited owed Council a total of \$11,675,339, made up of \$8,000,000 for stage 1, \$3,425,702 for stage 2, and \$249,637 for the interest-free element related to stage 2. It can only draw down a further \$74,661 before reaching the limit of the second stage borrowings.

### Summary of Decision Making Criteria

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

### Discussion

As part of the cash management process, consideration is given to achieving an appropriate mix of term deposits (both long- and medium-term as well as extremely short-term) while holding minimal funds in the call and cheque accounts.

The Official Cash Rate (OCR) is currently 1.75%, and there now seems little chance of this changing in the next twelve months. Interest rates have declined slightly in the past three months. The LTP projected an average interest rate on external bank deposits of 3.8%, which is higher than can be obtained at this point.

## Summary of Options Considered in relation to the adoption of the Treasury Strategy

Option One: Adopt the Treasury Strategy, utilising both long- and short-term deposits; making minimal use of the call account; and tailoring term deposits to meet operational and capital requirements (recommended).

Option Two: Direct officers to research and develop an alternative strategy.

Option Two is not recommended.

## Implementation of the Preferred Option

At 31 August 2018, Council had investments of \$2.250m with BNZ (\$3.000m at 30 June 2018), \$1.000m with ANZ (\$1.750m at 30 June), \$2.900m with Westpac (\$1.050m at 30 June), and \$0.500m with ASB (\$0.500m at 30 June). Amounts held on deposit have grown slightly, despite further loan drawdowns for Stage 2 of the retirement village development, and capital works, particularly related to Roothing and the Hamnak water project.

Only ASB and Westpac offer investment options for terms between 7 and 30 days. Despite those available rates being below 2%, they continue to provide better returns than can be obtained by leaving funds in call accounts at the low 0.10% rate available from all four banks Council deals with.

Currently Westpac offers the best rates for shorter terms (up to 60 days), while BNZ offers the best rates for longer terms. ANZ and ASB offer rates slightly below the BNZ, with ASB lower than ANZ. As previously reported, because funds available for general investment have reduced, ASB may not be used after the present deposit matures until funds improve.

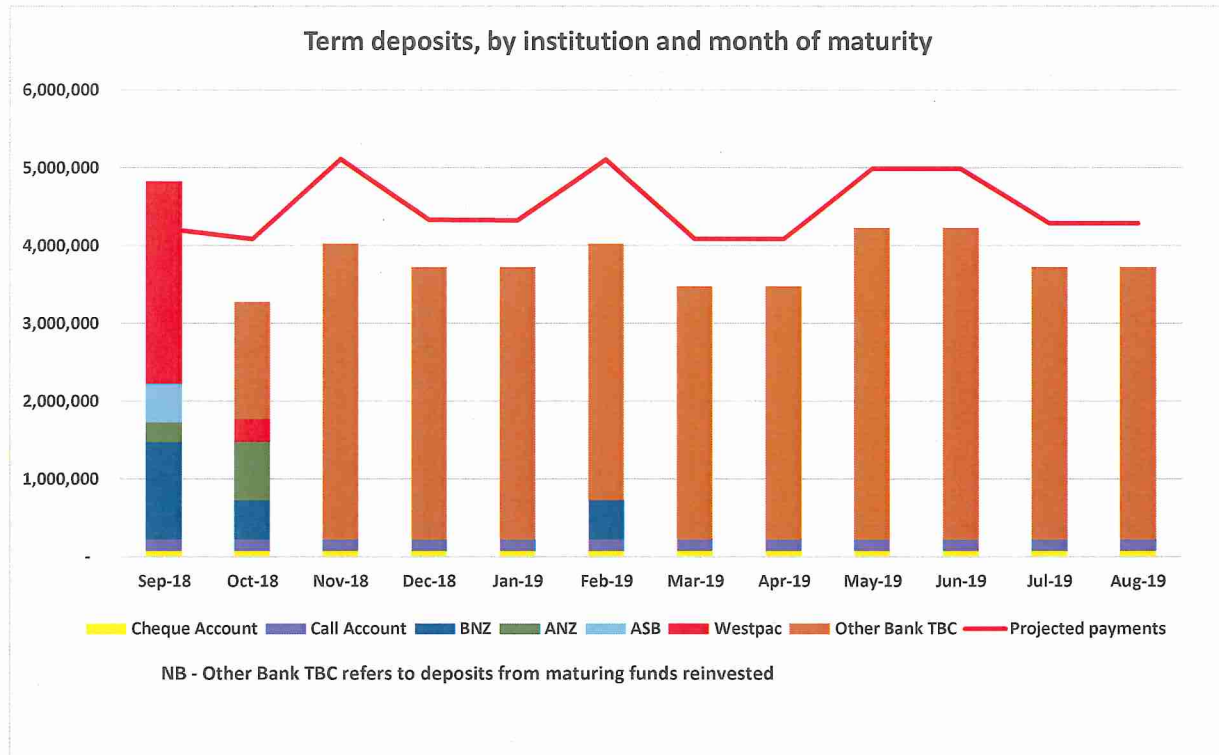
Target ranges have been held at those adopted for the first quarter, largely because of the lack of significant movement in the financial markets.

The proposed ranges are as follows:

Term of investment	Target interest rate range	
	Minimum	Maximum
Up to and including 30 days (only 2 banks)	1.75%	>2.00%
Between 30 and 60 days	2.50%	>2.90%
Between 60 and 90 days	2.70%	>3.20%
Between 3 and 6 months	3.10%	>3.60%
Between 6 and 9 months	3.25%	>3.85%
Between 9 and 12 months	3.25%	>3.75%

- Officers will exceed the prescribed minimum levels where possible. If this cannot be achieved, deposits will be placed at rates better than those paid on the call account.
- Minimal use will be made of the call and cheque accounts as fund repositories.
- Deposits will generally be placed for periods between 7 days and 12 months, always having regard to projected cash flow requirements and the need to maintain flexibility.
- Deposits will usually be between \$100,000 and \$1,000,000, but may vary in response to special rates and other considerations, as long as operational requirements are not compromised.
- Deposits for periods over six months will be dependent on assessing cash flow during that period.
- Deposits over \$1,000,000, or for over one year, will only be considered if rates far exceed the target ranges, and the funds are confirmed as surplus to forecast operational requirements.
- Officers may add other banks to those Council already deals with, provided they meet Council's criteria in order to benefit from competition for investment funds.
- If, as a consequence of implementing the Treasury Strategy, the main bank account becomes overdrawn, officers will take every practical step to minimise the amount and duration of the overdrawn position while not compromising investment returns.

Projected cash flows over the next twelve months are outlined below.



**Notes:**

- The due date for payment of the first instalment of 2018-19 rates resulted in a surplus of ready funds which were placed for comparatively short periods with Westpac. As these deposits mature in September, they are likely to be re-deposited for maturity in October, depending on spending priorities.
- Now that the funding requirements of the Observatory Village development have been almost fully met, and as the Hamnak project winds down, it is expected that funds will gradually improve, which in turn will enable officers to make deposits for longer terms at better interest rates.
- As usual, the apparent gap between maturing deposits and projected payments in any month will be met by the use of operational cash flows.
- The graph shows the maturity months and amounts of known term deposits, and the assumed timing and amounts of funds reinvested and new deposits (Bank TBC) – at this time, details of amounts, terms and institutions are not certain.
- Minimal use will be made of the call and cheque accounts, but these facilities still feature as part of Council's overall Treasury Strategy.

**Ian Wells**  
**Accounting Manager**

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

# Finance, Audit and Risk Committee Memorandum

**From** Policy and Strategy Manager

**Date** 11 September 2018

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## Waitaki District Council Annual Residents' Survey Report July 2018

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### Recommendations

That Council:

1. Receives the Annual Residents' Survey Report (Residents' Survey) July 2018
2. Notes that the survey results provide an input for completing Council's 2017/18 Annual Report scheduled for Council approval on 30 October 2018
3. Notes that the Residents' Survey is to be posted on Council's website.

### Purpose

The purpose of this report is to make the Residents' Survey publicly available.

### Decision Making Criteria

This report requires no decision of Council. The Residents' Survey provides information that assists the community to understand Council's service performance and may also inform future decisions of Council about resources, facilities and services provided by the Council.

### Background

The Residents' Survey is part of a range of activities the Council completes to provide information about performance and service delivery agreed in the Long Term Plan. The results are audited as part of the 2017/18 Annual Report.

The Residents' Survey was undertaken by Key Research in three waves: during October/November 2017, February 2018 and June 2018. The reason for the three waves is to reflect satisfaction levels throughout the year rather than across a two-week period at the end of the financial year in June.

A telephone survey of 400 residents was completed across the Waitaki District Council area and data collection was managed to quota targets by age, ward and ethnicity. Following data collection, the sample has been weighted so it is aligned with known population distributions as contained in the Census 2013.

### Residents' Survey Results

The following is the Executive Summary from the report:

1

*"The Waitaki District Council has maintained a particularly strong reputation profile with 53% of residents classified as 'Champions', having a positive emotional connection and recognising that Council is doing a good job. The overall benchmark reputation score is 78, being in the top of the acceptable range of 60 to 79*

2

*Waitaki District residents are generally satisfied with the various services, infrastructure, facilities and amenities that are provided and maintained by Council, with the percentage of satisfied residents remaining at similar levels as obtained in 2017, with the exception of landfills, transfer stations and sealed roading*

3

*While satisfaction with services and facilities is high, residents are not recognising that rates represent value for money. Value for money has a high impact on overall perceptions and demonstrating how rates are spent and that they are fair and reasonable, has potential to improve overall perceptions*

4

*Satisfaction levels with Council community consultation has decreased slightly, influenced by Oamaru being the only ward to have a decrease in satisfaction*

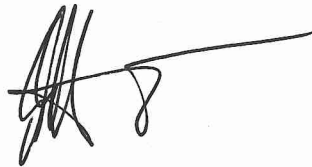
5

*Satisfaction with the Mayor and Councillor performance has remained fairly stable, while satisfaction with the Community Boards, although influenced by a significant 'don't know' component, has increased slightly in Waihemo and decreased slightly in Ahuriri."*

The full survey report will be posted on the Council website following this meeting.



**Mike Searle**  
**Policy and Strategy Manager**



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

# Finance, Audit and Risk Committee Memorandum

From **Information Services Group Manager**

Date **11 September 2018**

## Information Services Group Activity Report for the period 1 August to 31 August 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 633 jobs received in August, compared to 561 in July. The number of jobs resolved decreased in August due to shortage of resources, continued project work, and infrastructure upgrades. This has resulted in little time being spent on business as usual. Progress has been made with the recruitment for a two-year fixed term IT Engineer – shortlisting has occurred and interviewing is scheduled. An additional resource has been pulled in for the coming three-week period to assist with increasing the job resolution rate. A renegotiation of Council's current Microsoft Cloud, Software and Services Agreement was also completed.

During August, two IT infrastructure upgrades occurred. The first upgrade was the replacement of two of Council's servers that were aged and presented an increased risk of failure. The replacement removed potential failure paths and will produce lower operating costs. As a result, server reliability will now improve, increasing Council's ability to respond to, and support, business and the community. The replacement of the servers was completed outside of business hours, therefore there was no interruption to service. The replacement of the servers was funded from depreciation reserves.

Secondly and simultaneously to the server replacement, Council's Firewall was also replaced. This IT infrastructure was also aged and presented a risk of failure. The replacement, which was also funded from depreciation reserves, was also completed out of business hours and only a very small outage occurred. The Firewall replacement will increase Council's resilience to possible cyber attacks and supports better Wi-Fi connection.

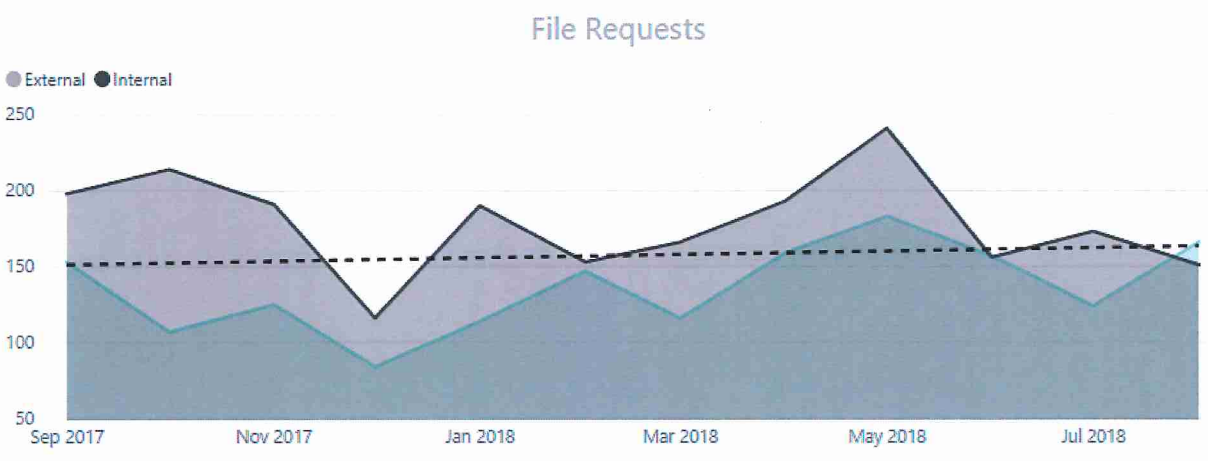


**Information and Records Management**

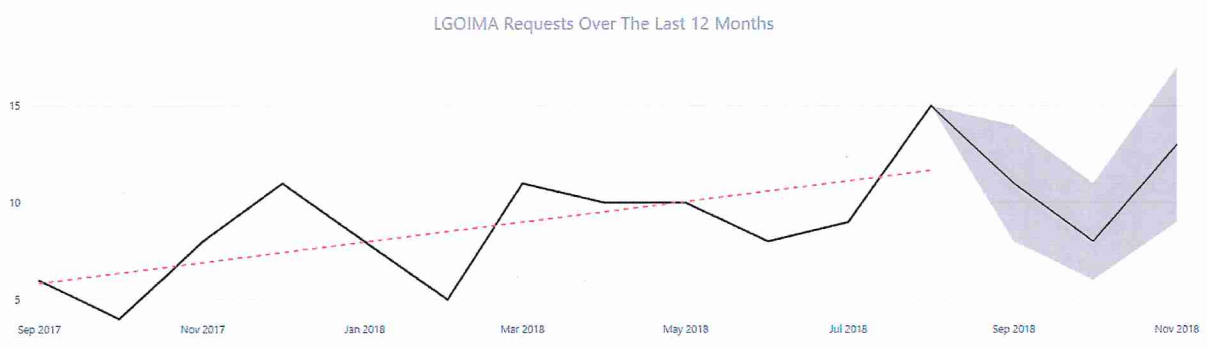
The vacancy that was previously advertised in this area has been filled, with the new employee due to start in the second half of September. An additional vacancy has also become available, and recruitment for that is well underway.

Part-time Information and Records Management staff will be retained until such time as both full-time staff members are fully on board and trained. The part-time staff are funded from backfill of the staff vacancies.

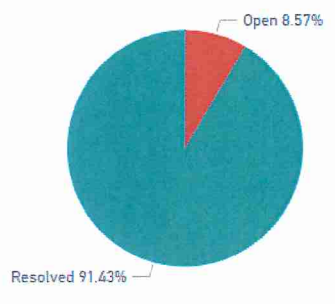
The diagram below shows the number of property file requests for the past year.



The Information Management Officer is continuing to keep 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.

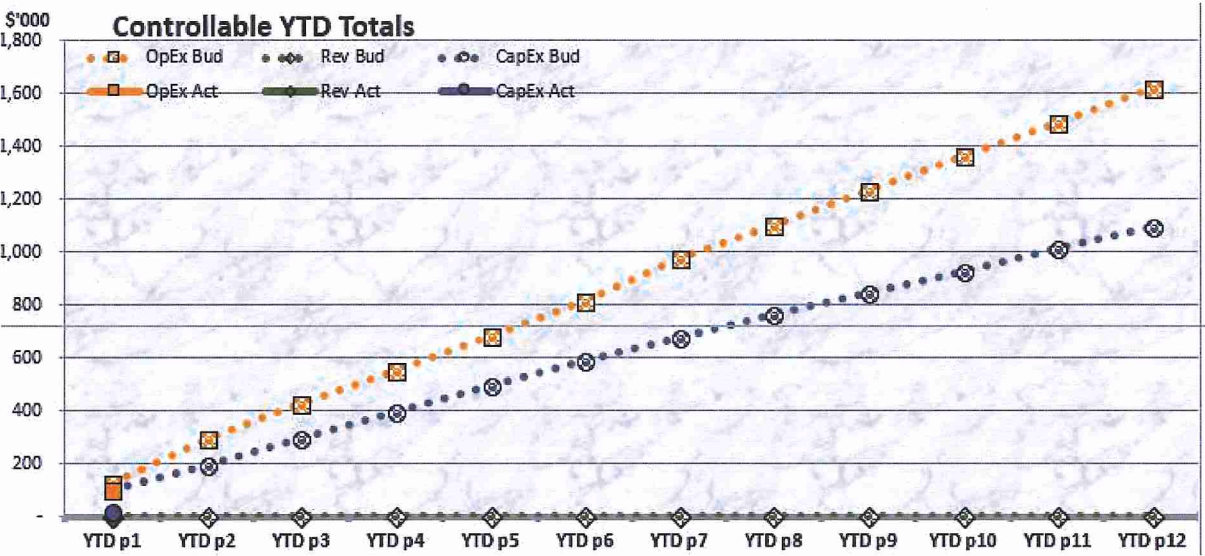


**Resolved Requests Last Month**



# 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:



As it is the beginning of the financial year and spending is on track, there is nothing of note to report.

# Information Systems

Preparations to run the 3 Waters Asset Valuation process are nearly completed. There is currently a freeze on adding assets for the new financial year until the valuation has been run. The Assets System Administrator has been completing the remaining asset valuation records and working closely to support Finance through the valuation process.

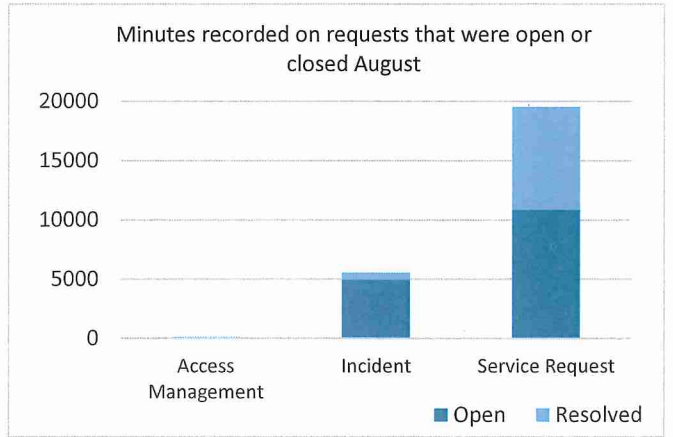
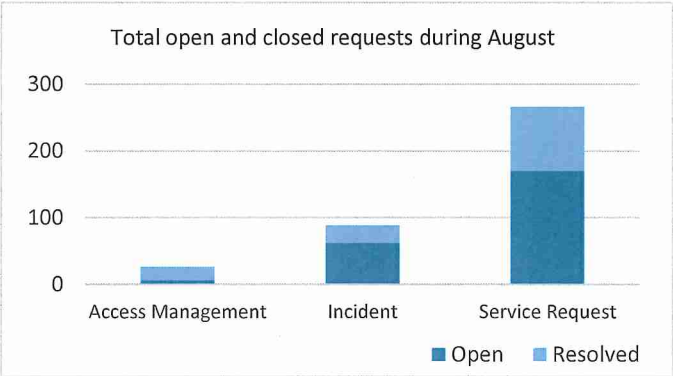
More generally:

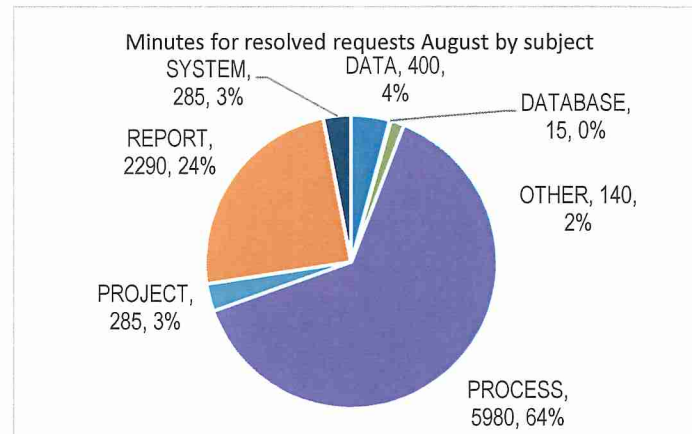
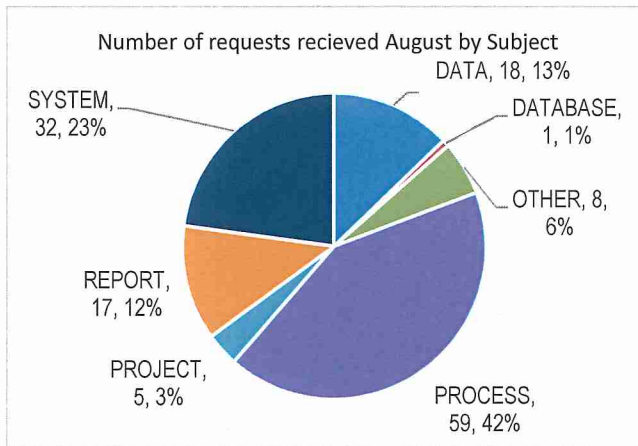
- 140 support requests were received in July
- 143 requests were resolved
- 238 support requests remain open, with 195 of these being created prior to August.

Nearly a quarter of support activity, by subject matter, was system-related but quickly resolved. However, processes such as datalogger reading, asset updates and resource consents that support the 3 Waters team, took a greater amount of time.

System training material for staff induction packs has been produced as a first step to increase staff training this year.

Aside from support work, a significant amount of time was put into resolving additional complexities in the HUB/BIS replacement and Authority projects. The goal to better integrate systems this year has become even more crucial.





### Programme and Project Status

The following outlines the progress of key projects and also provides a brief overview of existing Enterprise Architecture<sup>1</sup> and Data Management risks, and how this is affecting progress.

The upgrade to Authority is continuing and staff are finishing week two of the three-week testing period. A number of issues and bugs have been found, but the quantity of issues is less than anticipated and the issues do not appear to be major.

The Skype for Business project (replacement for the current aging phone system) is awaiting fixes for a small number of issues, before the Customer Liaison Team (CLT) is migrated to Skype for Business. The CLT is the last group to be still using the old phone system, and after they migrate to the new system, the project will be effectively completed. The only remaining tasks will be for the project team to decommission the old phone system and provide some ongoing training and communication.

Even though the project team has seen the scope increase for this project, the BIS and HUB replacement continues to make progress as several new reports have been deployed and are available for staff to use. The challenges that the project team face have become much clearer over the last few months, and unfortunately they have translated into requiring a much higher level of effort to complete the project than was originally estimated. A Councillor workshop will be organised in the coming weeks to explain the challenges and risks in more detail.

Phase Two of the Council eServices (building consents) project is currently completing reference checks for the candidate vendors, and the team is liaising within the sector to ensure Council's strategic vision and direction is viable. Assuming the reference checks are successful, the project team will finalise the business case, and start planning for implementation.

Two new projects have now been formalised, namely the Staff Survey project and the Recruitment eServices project. A third project, the PayMyParking project, is being presented to the Business Operations Leadership Team (BOLT) in the near future. More information about the current, upcoming and finished projects can be found in Appendices 1, 2 and 3 attached to this report.

Bill Chou  
Information Services Group Manager

#### Attachments:

- Appendix 1 – Current Projects
- Appendix 2 – Upcoming Projects
- Appendix 3 – Completed Projects

<sup>1</sup> An enterprise architecture (EA) is a conceptual technical blueprint that defines the technological structure and operation of an organisation.

## Appendix 1 – Current Projects

Project Name	Status Update	% Completed	Status
Authority 6.11 Upgrade	In spite of some issues, the project remains on track and is progressing well at this point in time. To take some of the load from the services team, Civica has also been engaged to do the server reinstall. The spreadsheets and databases developed by Kelly Boelyn will not work when the Authority database is moved. The project team has devised a solution that should mitigate the issue. BIS was also to be discontinued as part of the upgrade but due to business requirements the module will be reactivated, but remain dormant until further notice.	50%	
Council eServices – Phase 2 (building consents)	The project team has scored/ranked the systems on offer against business requirements, and assessed the proposed pricing from each vendor. The Project team is now undertaking reference checks to ensure the preferred vendor(s) are suitable, and liaising with several Councils to confirm our overall strategic direction.	10%	
Digital Asset Management <sup>2</sup>	The WebDAM has been configured and digital content is now being migrated. The project is expected to close in September and go-live.	85%	
Skype for Business	The project is currently in the final stage of deployment. The project team has completed Skype for Business roll out for all the business areas (Headquarters, Cucina, Library, Art Gallery, Museum, Opera House, Community Safety and Emergency Management) except the Customer Liaison Team (CLT). September has been targeted as the final cut over for the CLT, and required testing and training for the team has been completed. The project team is now working on fixing technical issues/knowledge gaps incurred as part of the implementation, as well as the roll out of call recording software for all staff.	90%	
Infocouncil automated agenda management system, and LG Hub	This project is now in the final testing phase, and will move into targeted deployment through a staged implementation process from October.	85%	
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. Power BI <sup>3</sup> is being tested as a solution where the use of the reports demonstrated a complexity that could not be accommodated in SSRS reports. This will increase the scope of work required, but will result in better business intelligence capabilities within Council.	55%	

<sup>2</sup> 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 are streamlined.

<sup>3</sup> Power BI and SSRS are reporting technologies.

Parcel Data Cleaning (Cleaning of backbone Authority data to make it more meaningful and presentable)	The project continues to progress but we have nearly exhausted what we can do without Civica updating data as requested. Through some clever scripting, we established a means to work around Civica's availability but were unable to work in the system due to the delayed end-of-year rates roll, and now the Authority upgrade. Civica cannot give us an ETA for completing the requested updates to parcels. It is creating a large bottleneck of work and we are having the consultant investigate how to run the updates to the database independently so we can continue with the project. Unfortunately this action is necessary to continue progress, but exposes Council to risks. The rates end of year roll caused parcel maintenance to be blocked for 1 ½ months and the delay has now also caused us to run into the Authority upgrade which has put a halt to testing.	60%	
Recruitment eServices	The objectives, scope, purpose, and deliverables are defined and the project is in the initiation phase. The Project team had the presentation from vendors, and shortlisted the preferred vendor for implementation (Talent Propeller). The Business case has been approved by the Executive team, and the project team is now working on formal proposal sign off.	10%	
Staff Survey	The objectives, scope, purpose and deliverables are defined and the project is in initiation phase. The Project team had a presentation from vendors and shortlisted the preferred vendor for implementation (AskYourTeam). The Business case was approved by the Executive team, and the project has started. The project team is having a workshop with the vendor to summarise the survey questionnaires and develop the implementation plan.	15%	
PayMyParking	A proposal to implement PayMyPark has been developed and will be presented to the Business Operations Leadership Team (BOLT) for consideration. Implementing PayMyPark appears to be low risk and will provide the community with an alternative means to pay for parking.	5%	

## 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 has 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 website, 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 Property team members to develop a proposal to improve their business functions. Ideally, there will be commonality across the asset management systems.

## 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 the Financing Policy consultation.

# *Finance, Audit and Risk Committee*

## *Memorandum*

From **Finance and Corporate Development Group Manager** Date **11 September 2018**

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### **Finance and Corporate Development Group Activity Report for the period 1 August to 31 August 2018**

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#### **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.

#### **Finance – Policy and General**

##### **Highlights**

The Finance and Information Services (IS) teams are currently working through the process of ensuring that the financial reporting tools to be used in the new financial year are reliable and supported. Budgets – both LTP Year 1 and Carry Forwards – have been successfully loaded into Authority to allow the “budget v actual” reporting to occur. Reports currently developed in Excel and held in the “Hub” have been identified as being at risk of failure either as a consequence of the upcoming upgrade to Authority v6.11 or, next year, the move to Authority v7.2. To that end, development of reports to replace those available in the Hub continues, to ensure the future sustainable production of key financial data.

Key reports provided as part of the regular financial reporting package to the Finance, Audit and Risk Committee, and their current status, are:

- Monthly Variance reports are now able to be replicated satisfactorily in either of two systems
- Reports from which the quarterly Creditors’ expenditure report is derived are also able to be similarly replicated, and are considered secure
- The financial operating statement and balance sheet are expected to be future-proofed in the near future.

This will continue to be an area of emphasis as the year progresses.

The peak period for rate rebates is coming to a close. The effectiveness of this programme is declining, as the income limits to get a rates rebate are not to be adjusted for increasing incomes including national superannuation.

#### **Finance – Rates**

Overall, it appears that the revaluation has been received well, and there have not been too many complaints to date regarding the 2018/2019 rates charged. The instalment 1 penalty has been applied. It is somewhat higher than usual, but this could be put down in part to the revaluation as a similar pattern was seen three years ago. The level of sales activity continues to be strong, which has added to the team’s workload over the first two months of the year.

#### **Policy**

The Policy team continues to work on the production of the 2017/18 Annual Report, which is scheduled to be adopted at the 30 October 2018 Council meeting.

The consultation period for the TAB Venues Policy and Class 4 Gambling Venues Policy closed on 5 September. At the time of writing, submissions are due to be heard on 11 September, with the deliberations day set down for 9 October and final policy adoption at the Council Meeting on 4 December 2018.

A debrief workshop on the Waitaki District Council Long Term Plan process is scheduled to be held with Councillors on 2 October 2018.

## **Health and Safety**

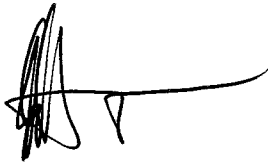
### Safehold Incidents to 31 August 2018

There have been five (5) incidents reported to date in August – two (2) at the Aquatic Centre, two (2) in the Library, and one (1) in Regulatory. All have been reviewed and only one remains unresolved.

### Other

Ladder audits were undertaken in July by Ullrich Aluminium. Work that was identified during the audit to make the equipment fit for purpose, has been completed by Ullrich through August. This involved adding handrails to two ladders, and fixing some feet and bolts on other ladders. The ladders at the slipway were taken out of action as they were not fit for public use.

Officers are continuing the process of finding a suitable person to fill the Health and Safety Advisor position. Until a suitable person has been found, the Corporate Development Officer will continue to cover the Health and Safety duties.



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