

AGENDA:

Meeting of the
FINANCE & AUDIT COMMITTEE

Wednesday 12 April 2017
commencing at 5:00pm

at:

Upstairs Meeting Room
Brougham House

Finance & Audit Committee Members:

- His Worship the Mayor Garry Howard
- Cr J Cleine
- Cr D Hawes
- Cr S Roche (Chair)
- Cr R Nahr
- Cr P Rutherford

Terms of Reference

Finance & Audit Committee

Purpose

The Finance and Audit Committee will monitor and assess the following:

- The correct level of service is being delivered within the approved financial parameters.
- External financial funding is on track to be received within the budgeted financial year.
- Council's level of borrowing is financially sustainable and intergenerational equity requirements are achieved.
- Council's investments are growing as predicted and invested as per Treasury Management Policy and that all breaches of policy are reported and approved by Council.
- Rates are being collected and that debt recovery is under control.
- Monitoring of Council's fiscal prudence indicators.
- Both external and internal audit requirements are met.

Delegated Powers

- The Finance and Audit Committee has authority to undertake the following functions and to make recommendations to Council as required:

Financial and Performance Monitoring

- Monitoring financial performance to budgets
- Monitoring service level performance to key performance indicators
- Monitoring of Rates and General Debt collection

External Reporting and Accountability

- Enquire of external auditors for any information that affects the quality and clarity of the Council's financial statements, and assess whether appropriate action has been taken by management.
- Satisfy itself that the financial statements are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (ie letters of representation), and recommend signing of the financial statements by the Chief Executive and Mayor and adoption by Council.

External Audit

- Confirm the terms of the appointment and engagement, including the nature and scope of the audit, timetable and fees, with the external auditor.
- Receive the external audit report(s) and review action to be taken by management on significant issues and audit recommendations raised
- Enquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risks. Internal Audit
- Review the internal audit coverage and annual work plans.

Frequency of Meetings

Monthly

Reporting To

Council

Reporting Timeline

Monthly dashboard report

Membership

Chair:

- Sharon Roche

Members:

- Garry Howard
- Robyn Nahr
- Phil Rutherford
- Dave Hawes
- Jamie Cleine

FINANCE & AUDIT COMMITTEE MEETING

12 APRIL 2017

INDEX

ITEM:		PAGE:
	Apologies	
1.	Members Interest.....	1
2.	Confirmation of Minutes.....	2
3.	Action Point List.....	6
4.	Financial Performance.....	8
5.	Investments and Borrowings Report.....	11
6.	Debt Recovery Report.....	17
7.	Audit NZ Management Report: Action Points	22

FINANCE AND AUDIT COMMITTEE

12 APRIL 2017

Agenda Item No 1

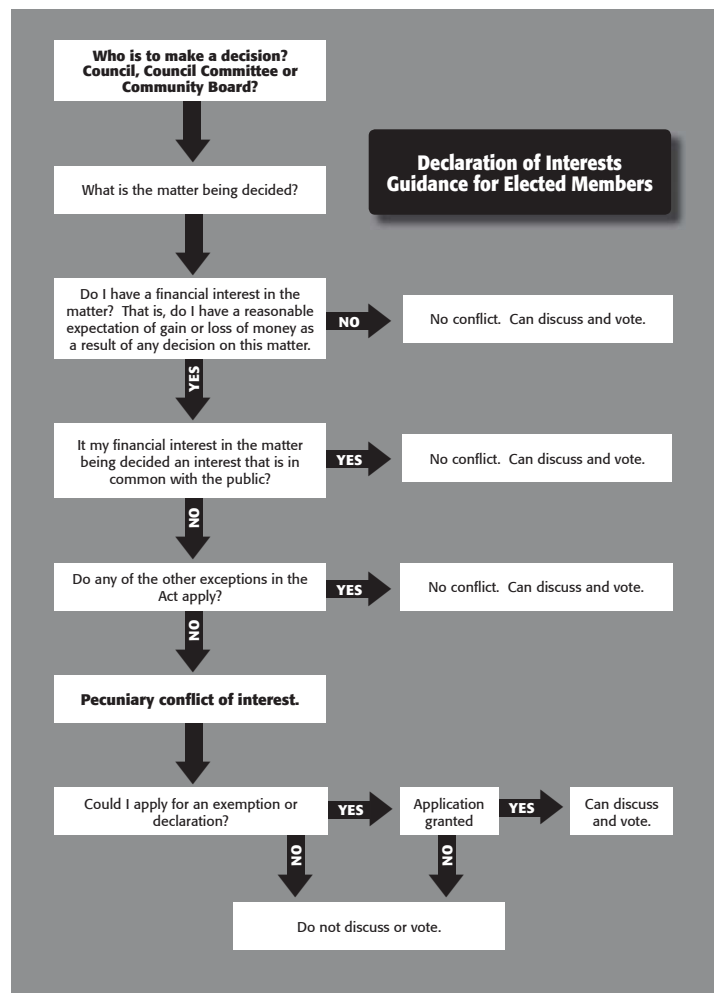
Prepared by - Dean Phibbs
- Manager Corporate Services

MEMBERS INTEREST

Councillors are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

Councillors are encouraged to advise the Personal Assistant, Corporate Services, of any changes required to their declared Members Interest Register.

The follow flowchart may assist Councillors in making that determination (Appendix A from Code of Conduct).



DRAFT RECOMMENDATION

That Councillors disclose any financial or non-financial interest in any of the agenda items.

FINANCE AND AUDIT COMMITTEE

12 APRIL 2017

Agenda Item No 2

**Prepared by - Dean Phibbs
- Manager Corporate Services**

CONFIRMATION OF MINUTES

Minutes of the meeting held 15 March 2017.

DRAFT RECOMMENDATION

That the minutes from the meeting held 15 March 2017 are confirmed.

MEETING OF THE BULLER DISTRICT COUNCIL FINANCE AND AUDIT COMMITTEE, COMMENCED AT 5:00pm ON 15 MARCH 2017 AT CLOCKTOWER CHAMBERS, BOUGHAM HOUSE, WESTPORT

PRESENT:

Mayor G Howard, Councillor's S Roche (Chair), P Rutherford, J Cleine and R Nahr.

IN ATTENDANCE:

Councillor S Barry.

Manager Corporate Services (D Phibbs), Operational Accountant (W Thompson) and PA, Corporate Services (M Wilson).

APOLOGIES:

An apology was received from Councillor D Hawes.

**G Howard/J Cleine
CARRIED UNANIMOUSLY**

1. MEMBER'S INTEREST

Councillor R Nahr declared an interest in Buller Holdings Ltd.

2. MINUTES

(AP: Report to full Council on options for freeholding remaining leasehold properties - D Phibbs).

RESOLVED that the minutes of the 15 February 2017 meeting be accepted.

**S Roche/P Rutherford
CARRIED UNANIMOUSLY**

3. ACTION POINTS

129. Completed

130. Completed

131. Completed

RESOLVED that the report be received for information and discussion.

**J Cleine/R Nahr
CARRIED UNANIMOUSLY**

4. FINANCIAL PERFORMANCE

RESOLVED that the report be received for information and discussion.

**J Cleine/R Nahr
CARRIED UNANIMOUSLY**

5. INVESTMENTS AND BORROWINGS

Mayor Howard would like *4. Source of Funds* to include Reserves Contributions. How the contributions are monitored and reported was discussed.

(AP: Provide details of Reserves Contributions in 'Source of Funds' in Investment Report – W Thompson).

RESOLVED that the report be received for information and discussion.

**P Rutherford/G Howard
CARRIED UNANIMOUSLY**

6. BULLER HOLDINGS LTD: Financial Report to 31 December 2017

(AP: Write to Brian Wood, thank BHL for their report and congratulate them on an excellent result, and thank BHL for their subvention payment – S Roche.)

RESOLVED that the report be received for information and discussion.

**G Howard/P Rutherford
CARRIED UNANIMOUSLY**

RESOLVED that the Finance and Audit committee recommends the Interim Financial Report received from Buller Holdings Limited is presented to full Council.

**S Roche/P Rutherford
CARRIED UNANIMOUSLY**

7. AUDIT MANAGEMENT ACTION POINTS

2015:6. change date to November 2017

RESOLVED that the report be received for information and discussion.

**G Howard/R Nahr
CARRIED UNANIMOUSLY**

FINANCE WORK PLAN

- Airport financials and BHL SOI's – remove from work plan, they now go directly to Council.
- Rates Overhaul – populate fields to show workshops, etc.

There being no further business the meeting concluded at 5:55pm

NEXT MEETING: Wednesday 12 April 2017, 5pm at Upstairs, Brougham House

Confirmed: **Date:**

Name:

FINANCE AND AUDIT COMMITTEE

12 APRIL 2017

Agenda Item No 3

**Prepared by - Dean Phibbs
- Manager Corporate Services**

ACTION POINT LIST

DRAFT RECOMMENDATION

That the report be received for information.

FINANCE & AUDIT COMMITTEE: CURRENT ACTION POINTS

No.	Meeting of:	Action Point	Responsible?	Progress:	Date required by:	Completed
103 (a)	17 Feb 2016	Internal Audit: to carry an internal audit out before the end of financial year.	Lynn Brooks; Wendy Thompson	Overall audit plan completed. Audit plan for the first internal audit is complete (procurement/ delegation).	June 2017	
103 (b)	17 Feb 2016	Shared Services: to be discussed with other West Coast Council's as part of the joint Level of Service review.	Andy Gowland-Douglas; Wendy Thompson	Continue working with other Council's. To be in place by 1 July 2017.	June 2017	
111	11 May 2016	Leases and Licences to Occupy: Update register and provide report	Mike Duff	Progressing.	April 2017	
117	15 June 2016	Debt Recovery: clarify the Resource Management debt with Team Leader Planning.	Lynn Brooks	Progressing.	April 2017	
132	15 Mar 2017	Leases: Report to full Council on options for freeholding remaining leasehold properties.	Dean Phibbs		April 2017	
133	15 Mar 2017	Reserve Contributions: provide details of Reserve Contributions in 'Source of Funds' in Investment Report.	Wendy Thompson		April 2017	
134	15 Mar 2017	BHL Results: Write to Brian Wood, thank BHL for their report and subvention payment and congratulate them on an excellent result.	Sharon Roche		April 2017	

FINANCE AND AUDIT COMMITTEE

12 APRIL 2017

Agenda Item No 4

Prepared by - Wendy Thompson
- Financial Accountant

Prepared by - Dean Phibbs
- Manager Corporate Services

FINANCIAL PERFORMANCE: February 2017

1. REPORT SUMMARY

To provide Council with a financial performance update on the operational results to 28 February 2017.

2. RECOMMENDATION/DRAFT RESOLUTION

That this report be received for information and discussion.

3. OPERATIONAL FINANCIAL PERFORMANCE

3.1 Operational Performance Report - Summary of Results February 2017

	Actual YTD	Budget YTD	Projected Full Year	Budget Full Year	Projected variance full year
Income	\$14,643,700	\$14,033,700	\$22,314,800	\$22,314,800	0
Expenditure	\$14,125,700	\$14,634,300	\$22,525,500	\$22,525,500	0
					\$0

3.4 Dashboard – Financial Performance Indicators

Activity	Revenue	Expenditure	Comment
Democracy	●	●	
Property Amenities & Reserves	●	●	Timing variance – R&M offset by public toilets.
Economic Development, Tourism and Museum Support	●	●	
Community Services	●	●	Additional grant and lease income \$84,000.
Regulatory	●	●	Building and planning income under budgeted offset by cost savings.
Roading	●	●	Additional roading subsidy \$123,000.
Solid Waste	●	●	
Support	●	●	Salary & consultant savings offset by unbudgeted recruitment.
Wastewater	●	●	
Water	●	●	
Airport	●	●	

Achieved	●
Not Achieved	●

Operational Financial Report for the period ending 28 February 2017

	Year to Date							Note	Temporary or Permanent Variance	Explanation of Variances of 10% or greater
	Actual	Budget	Variance to February	U/F	Full Year Prediction	Annual Budget	Variance Full Year Prediction			
Income										
Community Services	424,509	346,832	77,677	F	609,248	609,248	0		Permanent	Grant received for waterfront \$20,000, additional Harbour lease income \$64,000.
Democracy	43,395	22,552	20,843	F	144,528	144,528	0			
Tourism & Promotion	0	0	0	U	0	0	0			
Water Supply	1,901,331	1,916,984	(15,653)	U	2,588,432	2,588,432	0			
Airport	114,431	133,081	(18,650)	U	190,996	190,996	0			
Amenities & Reserves	478,748	494,552	(15,804)	U	753,108	753,108	0			
Roading & Urban Development	1,480,406	1,266,971	213,435	F	3,436,308	3,436,308	0		Temporary	Additional roading subsidy allocated for emergency reinstatement \$123,000, timing of roading programme & external contribution
Environmental Services	561,209	668,150	(106,941)	U	917,658	917,658	0		Temporary	Building and Planning income underbudget to date
Solid Waste	599,493	590,205	9,288	F	800,724	800,724	0			
Support Services	44,738	48,024	(3,286)	U	72,036	72,036	0			
Council (General Rates & Investments)	7,187,920	6,712,964	474,956	F	10,356,109	10,356,109	0		Permanent	Holding company subvention payment \$475,000 higher than budgeted
Wastewater	1,807,568	1,833,416	(25,848)	U	2,445,636	2,445,636	0			
Total Income	14,643,749	14,053,731	610,018	F	22,314,783	22,314,783	0			
Expenditure										
Community Services	2,010,078	2,051,044	40,966	F	3,272,943	3,272,943	0			
Democracy	344,844	360,448	15,604	F	590,964	590,964	0			
Tourism & Promotion	300,659	307,266	6,607	F	460,746	460,746	0			
Water Supply	1,216,280	1,211,535	(4,745)	U	2,013,719	2,013,719	0			
Airport	214,479	198,680	(15,799)	U	289,820	289,820	0		Temporary	Timing of R&M expenditure offset by unbudgeted public toilet operating costs.
Amenities & Reserves	1,410,373	1,560,196	149,823	F	2,088,015	2,088,015	0			
Roading & Urban Development	3,605,555	3,613,199	7,644	F	5,422,070	5,422,070	0			
Environmental Services	852,506	954,655	102,149	F	1,462,676	1,462,676	0		Temporary	Savings in a wide range of expenses including salaries.
Solid Waste	589,707	621,226	31,519	F	1,013,361	1,013,361	0			
Support Services	2,129,106	2,305,348	176,242	F	3,424,420	3,424,420	0		Temporary	Underbudget salaries, consultant fees and other saving offset by unbudgeted recruitment costs, legal fees and timing of software licence renewals.
Wastewater	1,452,115	1,450,734	(1,381)	U	2,486,750	2,486,750	0			
Total Expenditure	14,125,702	14,634,331	508,629	F	22,525,484	22,525,484	0			
Net Variance			1,118,647	F			0			

FINANCE AND AUDIT COMMITTEE

12 APRIL 2017

Agenda Item No 5

Prepared by - Wendy Thompson
- Financial Accountant

Prepared by - Dean Phibbs
- Manager Corporate Services

INVESTMENTS AND BORROWINGS: March 2017

1. REPORT SUMMARY:

This report summarises Councils cash investments and borrowings for the month ended March 2017, interest earned for the period from 1 July 2016 to 28 February 2017 and policy compliance.

2. RECOMMENDATION/DRAFT RESOLUTION:

That the report be received for information.

3. ISSUES & DISCUSSION

3.1 Investments

Investments have increased by \$314,630 in total from the last report circulated in February. This is the net result of allocating Reserve Contributions into a specific Term Deposit category, \$1,614,630, offset by movements in the Short Term Call account of \$1million (\$

3.2 Interest Revenue

Interest revenue to the end of March 2017 is \$669,000 versus a budget of \$673,000. Council will continue to reinvest term investment funds at the most favourable interest rate when deposits are up for renewal. There are often opportunities to take advantage of bank pricing differences to maximise returns even in time of low interest rates.

3.3 Borrowings and Net Debt Position

Total borrowings are stable at \$23.5m. This balance is likely to increase throughout the year as a number of debt funded projects are completed and the loans are drawn down for these projects.

Net debt (borrowings less term investments) has decreased to \$6.4m from the \$6.8m balance in February due to the movement in investments.

4. CONSIDERATIONS

4.1. Strategic Impact

It is important that Council retains suitable cash holdings and credit facilities to ensure its activities and capital projects are able to be funded in a timely and affordable manner.

4.2. Significance Assessment

The significance policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant because the matters disclosed are of a routine nature, and not large in terms of total assets and total annual operations of council.

4.3. Risk Analysis

Risk is assessed by taking into account the likelihood of an event occurring and the result of that event.

Cashflow management is an integral part of ensuring Council is able to deliver the services and projects it has committed to in successive Long Term and Annual Plans.

This risk is mitigated by establishing policies and procedures, engaging staff to manage investment and borrowings and regular reporting to Council to ensure high level oversight.

4.4 Policy / Legal Considerations

The Local Government Act (2002) and associated regulations prescribe prudent financial management and nationwide benchmarks. The financial prudence benchmarks are now compulsory sections included in Council Long Term/Annual Plans and Annual Reports.

Council's Investment Policy and Treasury Policy govern the management of cash assets and borrowings.

4.5. Tangata whenua considerations

Not applicable.

4.6. Views of those affected

Council's financial strategies, investment levels and borrowing projections are included in the Long Term Plan and Annual Plan consultation processes.

4.7. Costs

There are no extraordinary costs relating to investments and borrowings.

4.8. Benefits

The benefits of structured Treasury management include risk minimisation, prudent cash management and long term financial stability.

4.9. Media / publicity

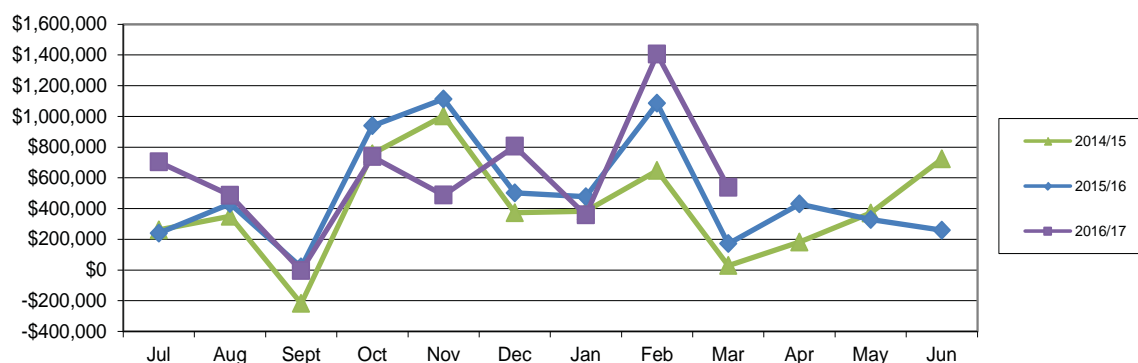
None identified.

INVESTMENTS AND BORROWINGS REPORT

1. BANK BALANCE

	This Month 31 Mar-17	Last Month 28 Feb-17	Last Year 30 Jun-16
Council	\$538,386	\$1,404,428	\$258,418

2. MONTH END BANK BALANCE



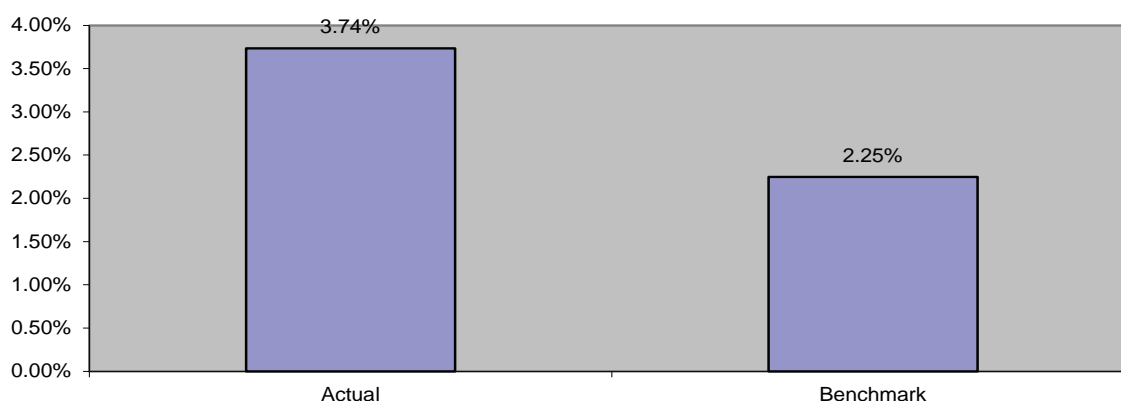
3. SUMMARY OF INVESTMENTS

	This Month 31 Mar-17	Last Month 28 Feb-17	Last Year 30 Jun-16
Term Deposits	17,098,148	16,783,518	15,783,518
Other Loans (includes loan to Holding Company)	2,560,994	2,562,244	2,494,843
Total Investments	\$19,659,142	\$19,345,762	\$18,278,361

4. SOURCE OF FUNDS

	This Month 31 Mar-17	Last Month 28 Feb-17	Last Year 30 Jun-16
Depreciation Funds	1,000,000	1,000,000	1,000,000
West Coast Package (Govt subsidy for halt to logging)	2,829,551	2,829,551	2,429,551
Harbour (profit from past harbour operations)	1,979,092	1,979,092	1,979,092
Freeholding Proceeds (sale of leasehold land)	2,840,838	2,840,838	2,840,838
Capital Sponsorship (deposits from V2010 sponsors)	5,034,038	5,034,038	5,034,038
Reserves Contribution Funds	1,314,630	0	0
Short Term Funds (rates income plus tds held pending debt reduction)	2,100,000	3,100,000	2,500,000
	\$17,098,148	\$16,783,518	\$15,783,519

5. INVESTMENTS PORTFOLIO PERFORMANCE (12 Month Average)



6. INTEREST REVENUE

	Actual YTD	Budget YTD	Budget Full Year
Interest Revenue	\$668,951	\$672,803	\$1,238,889

7. COMPLIANCE WITH INVESTMENT POLICY

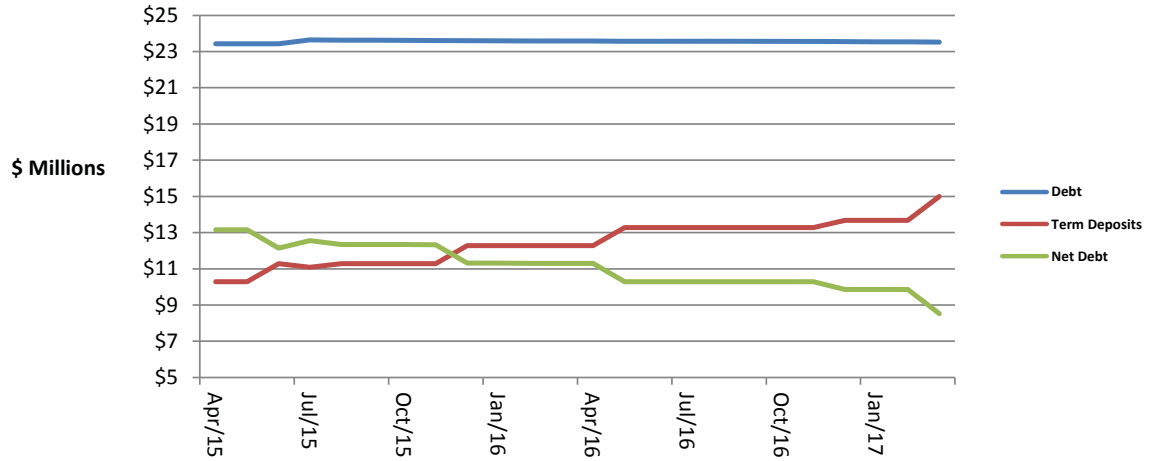
All term deposits are held with New Zealand Registered banks with no more than \$10 million with any one institution. The terms and maturity dates of investments are spread to minimise Council's exposure to interest rate fluctuations while still aiming to optimise interest earned.

Council has approved the investment in NBS which sees us in breach of the Treasury Management Policy. This breach will continue as investments mature and are rolled over.

8. SUMMARY OF BORROWINGS

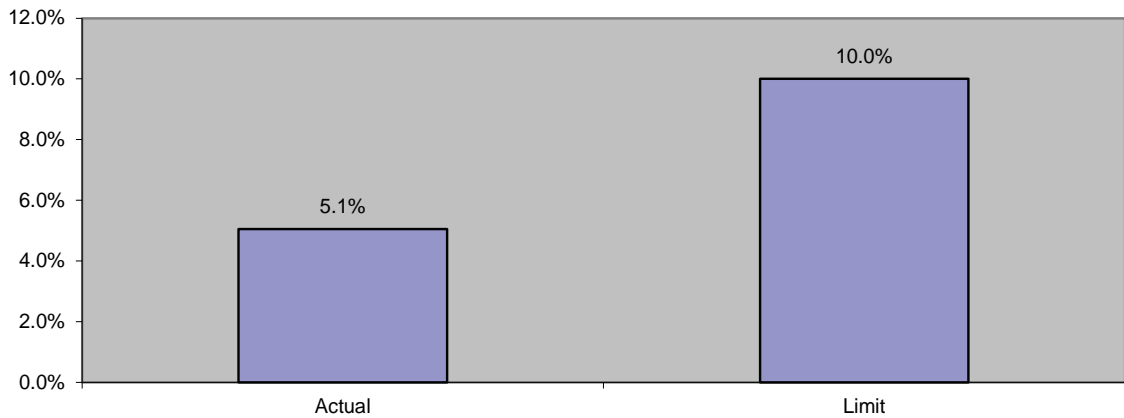
	This Month 31 Mar-17	Last Month 28 Feb-17	Last Year 30 Jun-16
External Debt:			
Westpac Loan Facility	3,433,860	3,433,860	3,433,860
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
EECA Loan	86,137	106,030	145,824
	\$23,519,997	\$23,539,890	\$23,579,684
Weighted Average Interest Cost	4.60%	4.60%	4.60%
Net Debt:			
Total Borrowings	23,519,997	23,539,890	23,579,684
Less: Term Deposits	17,098,148	16,783,518	15,783,518
	\$6,421,849	\$6,756,372	\$7,796,166

9. DEBT AND INVESTMENTS 3-YEAR TREND

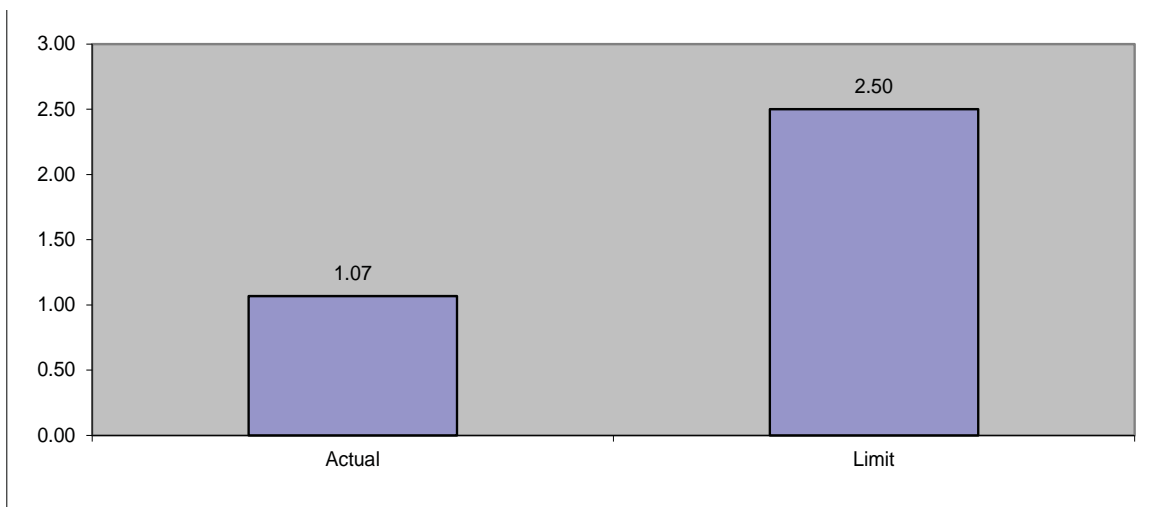


10. COMPLIANCE WITH TREASURY POLICY

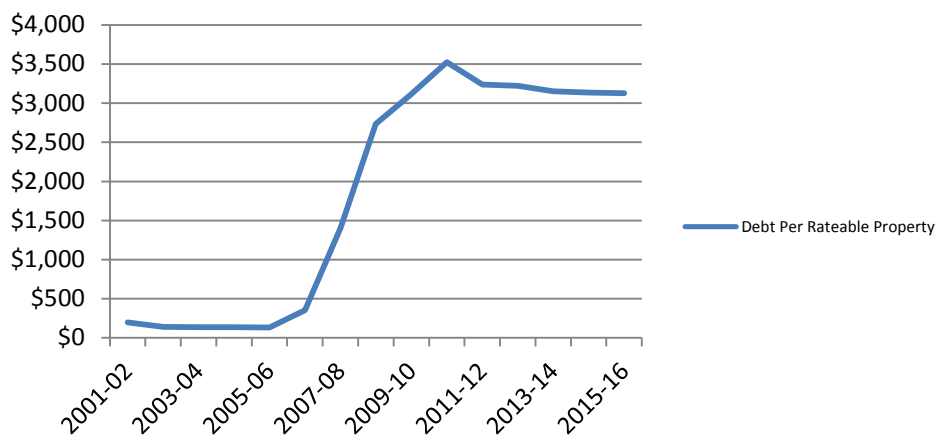
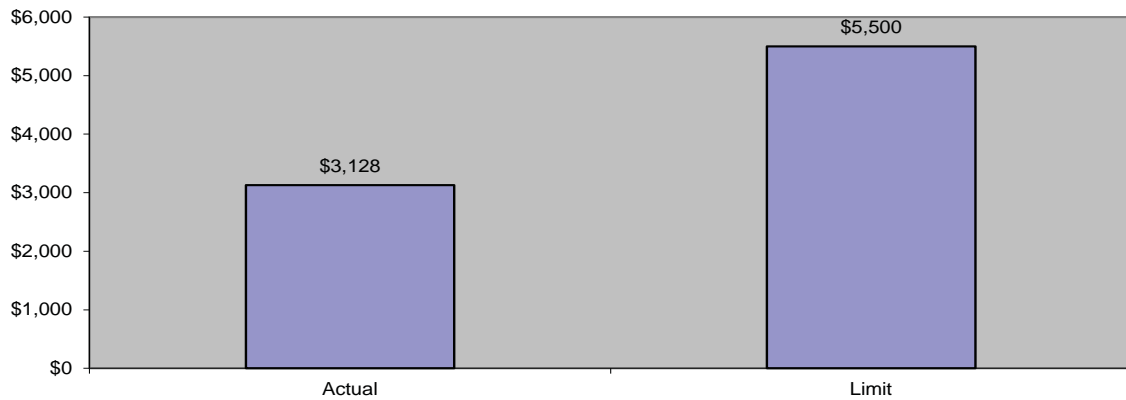
10.1 Interest Expense / Total Income



10.2 Gross Debt / Total Income



10.3 Gross Debt per Rateable Property



Current borrowings are in compliance with the limits specified in Council's Treasury Policy.

Investments are in breach of Council's Treasury Management Policy in respect that there is more than 10% of the portfolio invested in a Building Society. Council ratified this breach via resolution to obtain ongoing sponsorship proceeds for the NBS Theatre.

FINANCE AND AUDIT COMMITTEE

12 APRIL 2017

Agenda Item No 6

Prepared by - Lynn Brooks
- Management Accountant

Prepared by - Dean Phibbs
- Manager Corporate Services

DEBT RECOVERY REPORT

1. REPORT SUMMARY:

This report presents and classifies the outstanding balances of rates and sundry debtors for information purposes.

There are not any customers with arrears that require a decision of this committee to progress the debt recovery processes which are underway and ongoing.

2. RECOMMENDATION/DRAFT RESOLUTION:

The recommendation is this report be accepted for information purposes.

3. ISSUES & DISCUSSION

This report is presented to the Finance & Audit Committee to monitor debt trends for Council.

The Finance and Audit Committee require a high level overview of the debt owed to Buller District Council. This information, when taken in conjunction with all other aspects of the financial results provides a full view of the financial performance and financial position of Buller District Council at 28 February 2017.

Rates debt is following the typical pattern which is that every third month, when the rates are accrued the rates debt remains high, then it decreases over the following two months. The total rates debt at February 2017 is lower compared to the same month last year, and also lower than the past three peak months of May, August and November when the quarterly rates instalments are added to ratepayers accounts.

The "long term external debt collection" (which is the red category in the graph) has remained fairly static and there has been less downward movement in this category over the past ten months when compared to prior periods. We are closely monitoring this trend as well as applying many different approaches to address current debt so that it doesn't reach debt collection stage.

Sundry Debtors remains fairly static over the last three months. After the cut-off of this report one significant debtor has paid half of the amount due, and we expect to see a significant reduction in the total debt by balance date (June 2017). The

amount included in the serious default category (red) was decreased in prior months as the Orowaiti Sewerage Connections have been reclassified to account for there being only two properties where payment collection is difficult. Now the serious default category has grown as a percentage of total debt due to non-payment of leasehold property.

4. CONSIDERATIONS

4.1 Strategic Impact

The debt recovery report provides a degree of feedback on the effectiveness of the strategic direction of Council. In particular, the effectiveness of the “consolidate and hold” position taken in the last long term plan where it was agreed to minimise rates increases and limit new services or assets to those that could be used as a springboard for District economic growth.

The change in debt levels and their classification provide a measure against this core strategic priority and its impact on our community.

This report also assists with understanding the current local economic climate along with the impacts of Council charges, and the community ability and willingness to meet those charges.

4.2 Significance Assessment

The Significance and Engagement Policy is written in accordance with The Local Government Act 2002 (LGA 2002) section 76AA. This part of the Act sets the general approach to determine if a proposal or decision is significant requiring the Council to make judgements about the likely impact of that proposal or decision on:

- a) The District;
- b) The persons who are likely to be particularly affected by, or interested in, the proposal or decision;
- c) The financial impact of the proposal or decision on the Council’s overall resources; and
- d) The capacity of, the Council to perform its role and carry out its activities, now and in the future.

The Significance and Engagement Policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant because the matters disclosed are of a routine nature, and not large in terms of total assets and total annual operations of council.

4.3 Risk Analysis

Risk is assessed by taking into account the likelihood of an event occurring and the result of that event.

When credit is extended by Council a risk arises that the amounts owing are not recovered when due, or that over time total debt owing grows to an unsustainable level and puts pressure on cash flow.

This risk is mitigated by engaging staff to monitor and recover debt therefore acting on indebtedness early on which yields better results, and regular reporting to Council to ensure oversight.

4.4 Policy / legal considerations

The collection of rates debt is enforceable under the Local Government (Rating) Act 2002. Other legislation dealing with credit extended by Council and debt recovery include the Property Law Act 2007, Residential Tenancies Act 1986 and the Resource Management Act 1991. The Financial Delegations Policy, Treasury Management Policy and Rates Remission Policies also apply to the collection of Council debt.

4.5 Tangata whenua consultation considerations

The contents of the report are not a matter requiring consultation with Tangata whenua.

4.6 Views of those affected

It is equitable for all our ratepayers, the public and individual debtors that all amounts outstanding should be collected through consistent processes.

4.7 Costs

There are no extraordinary costs for debt recovery and the costs for continuing debt recovery are included in the annual plan budget.

4.8 Benefits

The benefits to collection of debt is the cash flow of Council is maintained. There is also fairness and equity for all ratepayers and service consumers in that everyone is paying their portion of the cost.

5. Media / publicity

There are no media or publicity opportunities with the content of this report.

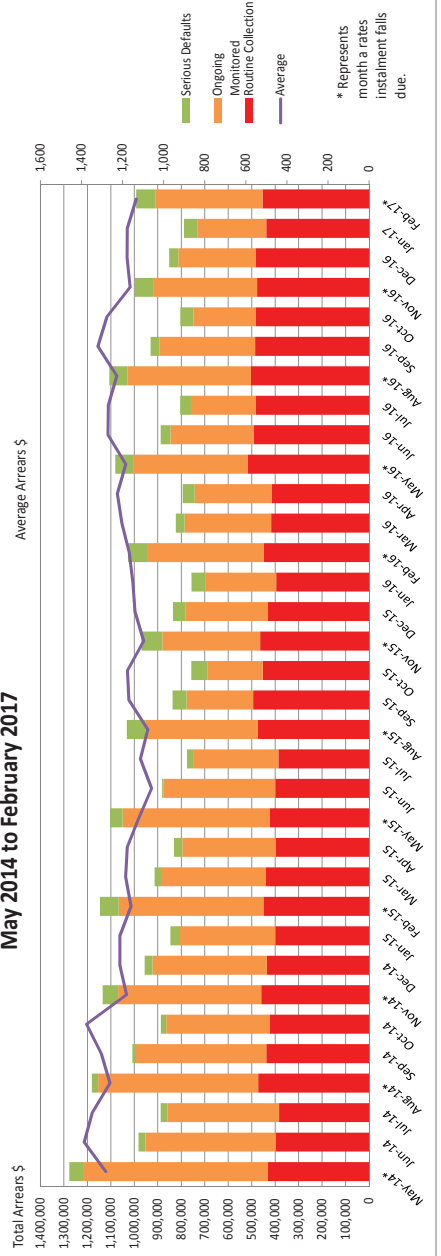
Rates Accounts - Debt Recovery Report

Report cutoff date 28 February 2017
 Last rates instalment due date 28 February 2017
 Next rates instalment due date 28 May 2017

Internal Debt Recovery Analysis

Status Flag	Category	No. of Ratepayers	Total Arrears Balance YTD	Current Year Arrears	Previous Year Arrears		Leasehold Arrears No.	Leasehold Arrears \$	Further Action to Commence						Comment
					\$	%			Formal Review	To Debt Agency	Title Search	Monitor Progress	Further Letter	Continue Sale Process	
Red	Placed with External Debt Collection	45	259,645	70,672	188,973	35%					✓				Arrears placed with Credit Recoveries. Refer to the analysis below.
Red	No current mailing address	8	3,621	2,979	642	0%				✓					Sent to debt collection for tracing, also tracing some through bank deposits & social media.
Red	Approach Mortgagee	12	31,119	25,078	6,041	1%	1	10,360							Ratepayers with mortgages are pursued for payment under the Rating Act, collecting prior year arrears.
Red	Awaiting Decision	20	85,896	36,909	48,987	9%	1	5,505	✓		✓				More complicated cases, ie house uninhabitable / property on market etc require close monitoring.
Red	Missed more than two instalments	18	73,822	33,515	40,307	7%						✓			Reviewing for possibility of Mortgagee Action.
Yellow	Under Action - Short Term Monitored	49	51,060	34,471	16,589	3%			✓			✓			Reviewed systematically with each ratepayer.
Yellow	Payments Insufficient	35	48,907	45,575	3,332	1%					✓				Reviewed systematically. Work through options to increase payments/resolve debt.
Yellow	Long Term Monitored	66	130,209	92,291	37,918	7%	1	20,695	✓						Financial hardship, paying minimum amounts. Reviewed 6 monthly (Aug/Feb), more frequently if in decline.
Yellow	No Payments - Property on Market	1	2,468	2,468	0	0%			✓						Annual Review.
Yellow	Missed Nov 2016 & Feb 2017 instalments	54	65,683	60,069	5,614	1%	1	9,200				✓			Letters sent - monitoring.
Yellow	Missed one instalment only	317	158,426	158,426	3	0%									Letters sent - monitoring.
Green	Payment plans	250	80,853	74,892	5,961	1%	2	4,295			✓				Reviewed annually and updated as required.
Blue	Abandoned Land Tender Project	68	223,321	37,160	186,161	34%									Abandoned Land tender process.
	Totals	943	1,215,030	674,502	540,528	100%	6	50,055							

Rate Arrears Monthly Trend from May 2014 to February 2017



External Debt Recovery Analysis (refer Note 1 & Note 2)

Status Flag	Category	No of Ratepayers	Balance
Red	Rating Sale process commenced	14	88,867
Red	Unable to trace ratepayer (No known address)	7	26,913
Red	Active - no arrangement	8	31,029
Green	Payment Plans	12	48,023
Blue	Abandoned Land	1	3,655
	Totals	42	198,486

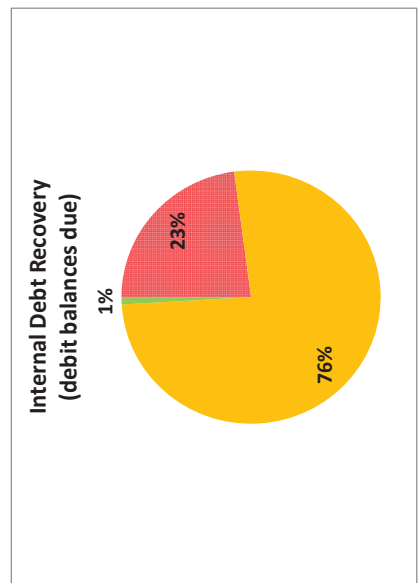
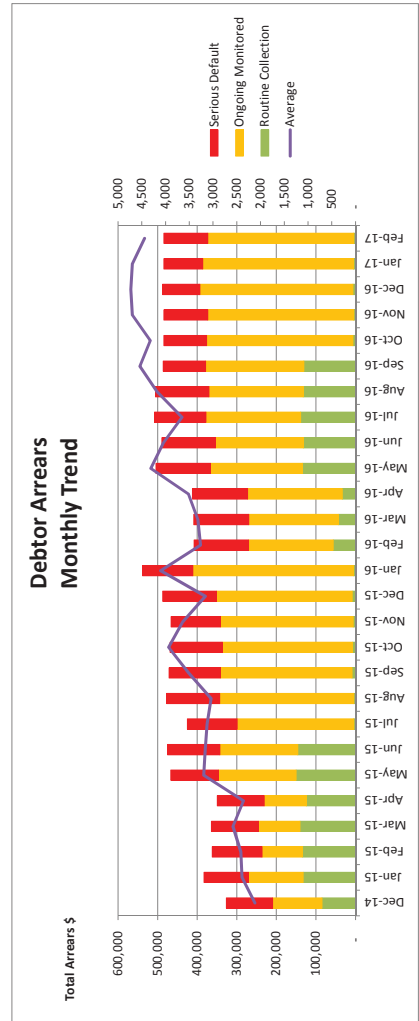
Note 1 BDC reporting includes all arrears including current rate instalments and penalties, however Credit Recoveries balances only include remaining balance of a historical debt.

Note 2 Timing differences exist between account totals as payments received by Credit Recoveries are updated and processed by Council monthly.

Sundry Debtors - Debt Recovery Report

Report cutoff date 28 February 2017
 Ageing cycle - current due 20 March 2017

Status Flag	Debtor Type	Age of Debt		No. of Account Holders per Debt Thresholds			Action to Date				Further Action to Commence				Comments
		No. of Debtors	Overdue	Less than \$2,000	\$2,001 to \$10,000	Over \$10,001	At Debt Agency/ Mortgagee	Letter Sent	Payment Plan	In Dispute	Formal Review	To Debt Agency / Mortgagee	Monitor Progress	Further Letter/ Meeting	
●	Leasehold Properties	30	110,933	18	9	3	1	17					J	J	Rents invoiced 6 monthly in advance, most paid off by monthly instalments. Some long standing arrears receiving increased collection measures.
●	Orowaiti Connection	6	12,290	3	3		2	2							Two overdue accounts remain lodged with Credit Recoveries.
●	Libraries	5	530	5	4		2	3							Debits lodged with Credit Recoveries.
●	Water	13	24,163	9	4		1	6	1				J		Payment plans agreed regarding long standing debt.
●	Resource Management	11	74,218	6	1	4	3	2	4	2		J			Disputed accounts \$27k, payment programs \$12k. Lodged with Credit Recoveries \$18k.
●	Rentals	8	118,215	5	1	2	0	1	2	1					Disputed \$43k under legal action. Coaltown grant being under an agreed plan.
●	Regulatory Licences e.g. Food Premises	7	1,315	7			1	10							Timing of Annual Licences billing, most of group are aged two months only.
●	Sundry	21	137,951	18	2	1	3	1	2	1		J			One large debtor \$115,000 paid half after this reporting period.
●	Trade Waste	4	1,716	4			1								Annual invoicing cycle in June.
●	Building Consents	2	2,210	1	1										Where overdue, this represents inspections not yet completed due to timing of building process.
●	Cemetery	2	586	2											
●	LIMs			0											
●	Totals	109	484,127	78	21	10									



FINANCE AND AUDIT COMMITTEE

12 APRIL 2017

Agenda Item No 7

**Prepared by - Dean Phibbs
- Manager Corporate Services**

AUDIT MANAGEMENT ACTION POINTS

RECOMMENDATION/DRAFT RESOLUTION:

That the report be received for information and discussion.

OUTSTANDING AUDIT MANAGEMENT ACTION POINTS

2015						
No.	Subject	Detail	Responsible	Status	Comments	Planned Completion Date
1	Infrastructure asset valuations	Improve quality of Roading data in RAMM use for next valuation. Recommendations in GHID report used.	Operational Accountant	In progress	Asset data condition and performance processes were identified in the AMP as an improvement plan item. Council will assess options to effect an appropriate regime during 2015/16. This process will strengthen lifecycle management and asset valuations.	June 2017
2	Transfer of asset revaluation reserve for assets disposed of, be transferred to accumulated funds	No transfer is made.	Operational Accountant	In progress	Methodology to enable this to occur will be finalized and reserve adjustments processed in the 2015/16 financial year Will be completed during an revaluation year which is scheduled June 2017.	June 2017
4	Internal audit	No formal internal audit reviews were performed in 2014/15	Manager Corporate Services	In progress	Resources have been fully deployed on the Rates Overhaul and LTP this year. An internal assessment of the QV use codes was carried out after year end and in 2015/16 a full internet audit of rates processes will be undertaken with a formal audit report produced. To be incorporated with Shared Services Project.	June 2017
6	Rates review	Complete a review of Council's rates. Wholesale changes are needed in rates as there are antiquated differentials and many fixed amount targeted rates.	Manager Corporate Services	In progress	Confirmed this is still in progress. The new system will not be implemented until 2017/2018 at the earliest.	June 2017

