

AGENDA:

Meeting of the
FINANCE & AUDIT COMMITTEE

Wednesday 15 February 2017
commencing at 5:00pm

at:

Clocktower Chambers
Palmerston Street, Westport

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

15 FEBRUARY 2017

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FINANCE AND AUDIT COMMITTEE

15 FEBRUARY 2017

Agenda Item No 1

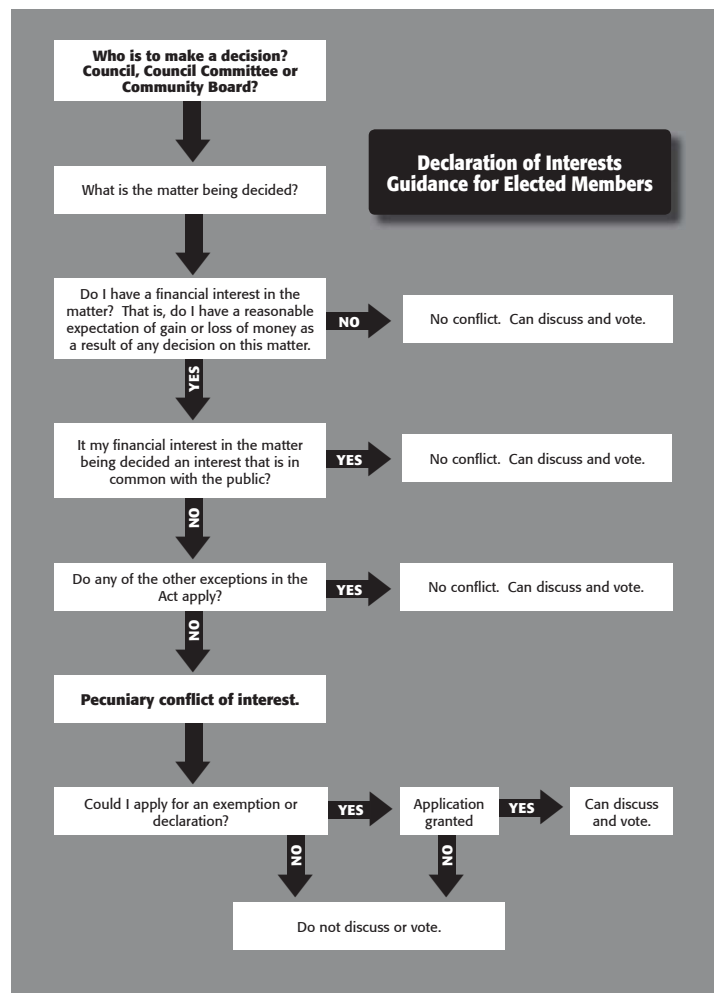
Prepared by - Dean Phibbs
- Manager Corporate Services

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

15 FEBRUARY 2017

Agenda Item No 2

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

CONFIRMATION OF MINUTES

Minutes of the meeting held 7 December 2016.

DRAFT RECOMMENDATION

That the minutes from the meeting held 7 December 2016 are confirmed.

MEETING OF THE BULLER DISTRICT COUNCIL FINANCE AND AUDIT COMMITTEE, COMMENCED AT 5:00pm ON 7 DECEMBER 2016 AT THE CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT

PRESENT:

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

IN ATTENDANCE:

Chief Executive Officer (A Gowland-Douglas), Manager Corporate Services (D Phibbs), Financial Accountant (W Thompson), Group Manager Infrastructure and Assets (M Duff), Management Accountant (L Brooks) and PA Corporate Services (MS Wilson).

Councillors S Barry and G Hart.

APOLOGIES:

No apologies were received.

1. MEMBER'S INTEREST

No members interests were declared.

2. MINUTES

RESOLVED that the minutes of the 16 November 2016 meeting be accepted.

**G Howard/P Rutherford
CARRIED UNANIMOUSLY**

3. ACTION POINTS

117. Report to come from Planning (R Townrow). Legally Planning can't turn work away and refuse to do a Resource Consent. Change date to January 2017.

120. Completed. Signed by Mayor G Howard. The terms of repayment have been accepted.

125. Change date to January 2017. Change title to Investment/Sponsorship.

RESOLVED that the report be received for information and discussion.

**S Roche/J Cleine
CARRIED UNANIMOUSLY**

4. QUARTERLY REPORTS TO 30 SEPTEMBER 2016

Error corrected – page 10 (3.1: Operating Expenditure) – Interest costs should be \$31,000 not \$40,000.

RESOLVED that the report be received for information and discussion.

**J Cleine/P Rutherford
CARRIED UNANIMOUSLY**

5. FINANCIAL PERFORMANCE

RESOLVED that the report be accepted for information purposes and discussion.

**G Howard/R Nahr
CARRIED UNANIMOUSLY**

6. INVESTMENT AND BORROWINGS

RESOLVED that the report be received for information purposes and discussion.

**P Rutherford/J Cleine
CARRIED UNANIMOUSLY**

7. 2017/2018 ANNUAL PLAN TIMELINE

16 December: Annual Plan Workshop – now from 12-3pm.

AP: Estimates book and LTP – ensure all Councillors have copies of LTP and Estimates Book (M Wilson).

RESOLVED that the report be received for information purposes and discussion.

**S Roche/R Nahr
CARRIED UNANIMOUSLY**

8. AUDIT MANAGEMENT REPORT: 2015/2016 Annual Report

Non-financial KPI's to be monitored through the F&A Committee.

AP: Non-financial KPI's to be reported quarterly – up to December 2016, to be reported in February (D Phibbs).

RESOLVED that the report be received for information and discussion.

**G Howard/P Rutherford
CARRIED UNANIMOUSLY**

9. AUDIT MANAGEMENT REPORT: 2015/2016 Action Points

7. Change date to February 2017.

4. Change date to June 2017 (to be carried out in March 2016, completed by June 2017).

AP: Dean to reconcile 2015/2016 Action Points to the 2016 Annual Report Management Report.

**J Cleine/R Nahr
CARRIED UNANIMOUSLY**

FINANCE WORK PLAN

Changes to be made, to move reports (as instructed) to Full Council and directly to their relevant committee's.

There being no further business the meeting concluded at 5:50pm

NEXT MEETING: Wednesday 15 January 2017 at 5:00pm

Confirmed: **Date:**

Name:

FINANCE AND AUDIT COMMITTEE

15 FEBRUARY 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.	February 2017	
117	15 June 2016	Debt Recovery: clarify the Resource Management debt with Team Leader Planning.	Rachel Townrow	Progressing.	February 2017	
120	13 July 2016	Coaltown Trust: Letter to be sent to Coaltown acknowledging the payment received of \$19,000 and addressing the overpayment and historical arrears.	Sharon Roche	Letter to Coaltown Trust setting out timeframes for reporting and payment dates. Signed by Mayor Howard, terms of repayment have been accepted.	December 2016	Completed
125	16 Nov 2016	Investment/Sponsorship: A report from 2015 on Council's investment with NBS is to be recirculated.	Dean Phibbs	Will be completed by February 2017 meeting.	January 2017	Completed
126	7 Dec 2016	2017/2018 Annual Plan: Ensure all Councillors have copies of the LTP and Estimates Book.	Mary Wilson		February 2017	

No.	Meeting of:	Action Point	Responsible?	Progress:	Date required by:	Completed
127	7 Dec 2016	Non-financial KPI's: Non-financial KPI's to be reported quarterly.	Dean Phibbs	3 months to December 2016 due February 2017.	February 2017	Completed
128	7 Dec 2016	Audit Management Report – 2015/2016 Action Points: Action Points to be reconciled to the 2016 Annual Report Management Report.	Dean Phibbs		February 2017	Completed

FINANCE AND AUDIT COMMITTEE

15 FEBRUARY 2017

Agenda Item No 4

Prepared by - Dean Phibbs
- Manager Corporate Services

FINANCIAL and NON-FINANCIAL PERFORMANCE: 31 December 2016

1. REPORT SUMMARY

To provide Council with a financial performance update for the half year ending 31 December 2016.

2. RECOMMENDATION/DRAFT RESOLUTION

That this report be received for information and discussion.

3. ANALYSIS AND DISCUSSION: QUARTERLY REPORTS

3.1 Statement of Financial Performance

Operating Result

Council has budgeted for a half yearly deficit of \$1.1 million. The actual result is a deficit of \$0.95 million which is a favourable difference of \$ 150,000. Analysis of the quarterly result is detailed below.

Operating Revenue

Overall Operating Revenue totals \$10.6 million compared to a budget of \$10.3 million. The difference of \$300,000 was predominately made up of variances in the following areas:

- Subsidies and grants are \$200,000 above budget. \$250,000 is unbudgeted DWC Stimulus Fund grants, \$20,000 an unbudgeted contribution from the NZ Motor Caravan Association; offset by timing differences in community facilities sponsorship receipts.
- Dividend and Subvention Payments are \$75,000 more than budgeted.
- Interest revenue is \$89,000 less than budgeted mainly because of timing differences of investment maturities.
- Fees and charges are \$23,000 below budget. This is made up of \$50,000 unbudgeted lease income offset by lower receipts in Planning and Building Consent and Dog registration fees of \$70,000.

Operating Expenditure

Operating expenditure totals \$11.5 million as compared to a budget of \$11.4 million. The total variance of \$100,000 is made up of:

- Employee costs were under budget by \$52,000 due to timing of payroll cycles in the first quarter of the financial year offset by savings made in some areas.
- Depreciation costs are \$101,000 lower than anticipated due mainly to variations in the IT asset programme to budget.
- Other expenses were \$284,000 higher than budgeted. This is mainly the result of \$163,000 in unbudgeted grants paid out relating to the DWC Stimulus Fund, \$50,000 in Tourism Grants paid earlier than anticipated and \$20,000 in unbudgeted legal fees related to Ngakawau –Hector water. The balance was in a number of other cost centres.

Note

There are a number of transactions that are not recognised or budgeted until the end of the financial year including vested assets, asset write-offs, derivative movements, and any movements in investment property values.

3.2 Statement of Financial Position

Net debt (being external debt less term deposits) has remained constant for the first half of the financial year. Debt will increase as Council's significant capital projects relating to property upgrades and water schemes are completed during the financial year.

3.3 Cash Flow Statement

Cash flow remains positive during the first half of the financial year.

3.4 Dashboard – Financial Performance Indicators

Activity	Revenue	Expenditure	Comment
Democracy	●	●	
Property Amenities & Reserves	●	●	
Economic Development, Tourism and Museum Support	●	●	Timing variance – grant payments
Community Services	●	●	Additional grant and lease income. Additional grant expense
Regulatory	●	●	Building, planning and dog income lower than budgeted.
Roading	●	●	
Solid Waste	●	●	
Support	●	●	Interest & bank fees plus salary and other savings.
Wastewater	●	●	
Water	●	●	
Airport	●	●	








Achieved	●
Not Achieved	●






4. DASHBOARD - Non-Financial Performance Measures

4.1 Background

A well balanced reporting system will include some measures that measure performance other than that of a financial nature. This might be performance of key infrastructure, customer service or other measures. Ideally non -performance reporting measures should provide information on key risk areas for Council to enable it to more effectively manage those risks.

The following table of non- performance measures was developed to help monitor key risk areas of Council and to help monitor organisational efficiency within Council.

Activity	No.	Measure	Target	Achieved / Not Achieved	Commentary
Regulatory					
Building	1	Ensure quality assurance requirements for building consent authorities are met as required by regulation 17 of the Building Consent Authorities Regulations 2006	Continue to retain accreditation by passing ANZ Audits		Audits are carried out on a 2 yearly basis. Staff are currently preparing for an upcoming audit in december 2017
Resource Management	2	Process non-notified resource consents within statutory deadlines	100% of coinsents processede within statutory timeframes		100% Compliance. There have been 39 Resouce consents completed since June 2016 (2015;38 consents)
Emergency Management	3	Maintain 3 teams of trained civil defence volunteers	30 trained volunteers (3 teams)		100 volunteers. Focus is on increasing participation in Reefton
Water Supplies					
All Water Supplies	4	Safety of drinking water	Meets 100% bacteria/ protozoa compliance criteria		Westport & Reefton meet standard Punakaiki has not achieved 100% compliance.
Westport Water	5	Maintenance/Renewal of water reticulation main	Number of shutdowns for Westport water trunkmain		No shutdowns
Wastewater / Sewerage					
All Sewerage Systems	6	Provide adequate capacity by measuring how often does the sewer overflows	less than 5 dry weather sewage overflows from Councils sewerage system per 1,000 sewerage connections		
Stormwater					
All Stormwater Systems	7	Provide adequate capacity by measuring for each flood event the number of habitable floors affected.	No more than 5 houses inudated by stormwater flooding per event per 1,000 properties connected to Councils stormwater system		

Activity	No.	Measure	Target	Achieved / Not Achieved	Commentary
Solid Waste					
Solid Waste (Litter)	8	Provide adequate capacity for the collection of litter	The number of extra litter bins emptied by the contractor above that provided for in the contract with Council		1st quarter 168 bins. 2nd quarter 561 bins
Other Key Areas					
Health & Safety	9	To comply with Health and Safety policies and legislation by monitoring incidents and lost time due to work related accidents for Buller District Council and Buller Holding Subsidiaries	No incidences or lost time from work related accidents for Council and subsidiaries.		
Health & Safety	10	To comply with Health and Safety policies and legislation.	Setup systems, procedures and policies to comply with legislation (commentary on progress required).		Council is currently working toward an ACC audit in February 2017
All Activities	11	Commitment to customer service as measured by the number of complaints or action required as measured by the number of service level requests outstanding in Council and subsidiaries	Number and type of service level requests outstanding for Council and subsidiaries.		Council currently has completed and closed 110 service requests since June 2016. There are currently 25 outstanding for various reasons including ongoing monitoring.
Westport Airport Authority	12	Passenger numbers remain high enough to continue a viable air passenger service to and from Westport	Level of passengers does not drop below the level as stipulated in the contract between Council and the service provider.		

Achieved	
Not Achieved	

5. CONSIDERATIONS

5.1 Strategic impact

The quarterly financial reports provide an overview of Council's financial performance and position during the financial year. This allows Council to monitor trends and evaluate progress against the strategies, financial budgets and service delivery adopted in the 2015/25 Long Term Plan and subsequent 2016/17 Annual Plan.

5.2 Significance assessment

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 for the purpose of public consultation but is an important component of monitoring progress against the 2016/17 Annual Plan.

5.3 Risk analysis

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

Council prepares financial budgets to balance income and spending for each financial year. Budgets are based on the best information available at the time but subsequent financial performance will be affected by events outside Council's control during the year. Regular monitoring of financial performance reduces the risk of financial pressure on Council because income and expenditure variances are identified early and mitigating actions can be put in place as required.

5.4 Policy / legal considerations

The Local Government Act (2002) and associated regulation govern the activities of Buller Council including preparation of Long Term and Annual Plans, financial prudence requirements and annual financial reporting.

The terms of reference of Finance and Audit Committee include monitoring financial performance to budgets.

5.5 Tangata whenua considerations

Not applicable.

5.6 Views of those affected

Council's financial budgets are consulted on with the community during Long Term and Annual Plan processes.

5.7 Costs

Because this report is for information purposes it does not generate activity or any associated costs.

5.8 Benefits

The benefits of a quarterly financial reporting regime include early identification of budget variances and intervention measures at a Council wide level.

5.9 Media / publicity

There are no media or publicity opportunities with this report.

**STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE
FOR THE 6 MONTHS ENDED 31 DECEMBER 2016**

	Parent		
	Dec-16 Actual \$000	Dec-16 Budget \$000	2016/2017 Budget - Full Year \$000
OPERATING REVENUE			
General rates	4,006	4,003	8,006
Targeted rates (excluding metered water)	2,733	2,755	5,514
Metered water charges	52	94	187
Rate penalties	95	75	150
Subsidies and grants	1,599	1,398	4,271
Dividend and subvention revenue	75	0	910
Investment revenue	326	237	613
Development and financial contributions	16	50	100
Fees and charges	1,685	1,708	2,954
Vested assets	0	0	100
Total Operating Revenue	\$10,587	\$10,322	\$22,805
OPERATING EXPENDITURE			
Employee costs	2,199	2,251	4,502
Depreciation and amortisation	2,626	2,727	5,401
Finance costs	594	610	1,219
Other expenses	6,118	5,834	10,746
Assets written off	0	0	350
Loss on revaluations of investment land	0	0	165
Total Operating Expenditure	\$11,537	\$11,421	\$22,383
Net Surplus (Deficit) Before Taxation	(950)	(1,100)	422
Income Tax Expense	0	0	0
Net Surplus (Deficit) After Taxation	(950)	(1,100)	422
Other Comprehensive Revenue & Expenses			
Increase/(decrease) in Infrastructure Revaluation Reserves	0	0	10,068
Total Comprehensive Revenue and Expenses	\$(950)	\$(1,100)	\$10,490

**STATEMENT OF CHANGES OF EQUITY
FOR THE 6 MONTHS ENDED 31 DECEMBER 2016**

	Parent	
	Dec-16 Actual \$000	2016/2017 Budget - Full Year \$000
Equity as at 1 July	317,007	316,756
Total Comprehensive Revenue and Expense	(950)	10,490
Total Equity at End of Period	316,057	327,246
Components of Equity		
Accumulated Funds	167,015	168,042
Reserves	4,854	4,949
Asset Revaluation Reserve	144,188	154,255
Total Equity at End of Period	316,057	327,246

**STATEMENT OF FINANCIAL POSITION
PERIOD ENDED 31 DECEMBER 2016**

	Parent		
	Dec-16 Actual \$000	2015/2016 Actual \$000	2016/2017 Budget - Full Year \$000
CURRENT ASSETS			
Cash and cash equivalents	3,955	3,308	1,364
Trade and other receivables	2,055	3,263	4,687
Inventories	16	18	13
Other current assets	22	35	21
Short term investments	13,684	13,284	12,284
Assets held for sale	204	204	0
Total Current Assets	19,936	20,112	18,369
NON CURRENT ASSETS			
Investment in council controlled organisations	19,603	19,614	20,253
Other investments	485	386	0
Investment property	7,976	7,976	8,068
Infrastructural assets	276,429	277,773	293,215
Other non current assets	20,887	20,734	20,199
Intangible assets	32	41	265
Total Non Current Assets	325,412	326,524	342,000
Total Assets	\$345,348	\$346,636	\$360,369
CURRENT LIABILITIES			
Trade and other payables	2,187	2,444	3,833
Derivative financial instruments	13	0	54
Employee entitlements	557	600	433
Provisions	35	35	0
Current portion of term debt	40	80	77
Total Current Liabilities	2,832	3,159	4,397
NON CURRENT LIABILITIES			
Derivative financial instruments	1,156	1,169	850
Provisions	1,475	1,475	1,313
Bond deposits	82	83	82
Employee entitlements	246	246	280
Term debt	23,500	23,500	26,201
Total Non Current Liabilities	26,459	26,473	28,726
EQUITY			
Accumulated Funds	167,015	167,962	168,042
Reserves	4,854	4,854	4,949
Asset Revaluation Reserve	144,188	144,188	154,255
Total Equity	316,057	317,004	327,246
Total Liabilities & Equity	\$345,348	\$346,636	\$360,369

**STATEMENT OF CASHFLOWS
FOR PERIOD ENDED 31 DECEMBER 2016**

	Parent	
	Dec-16 Actual \$000	2016/2017 Budget - Full Year \$000
CASHFLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Rates	7,165	13,485
Other revenue	3,359	8,342
Interest received	326	745
Dividends and subvention payments received	475	1,156
	11,325	23,728
Cash was applied to:		
Payments to suppliers and employers	8,548	15,906
Interest paid	594	1,438
Net GST movement	(479)	0
	8,663	17,344
Net Cash From Operating Activities	\$2,662	\$6,384
CASHFLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Sale of investment property	0	160
Investment realised	8,284	0
	8,284	160
Cash was applied to:		
Purchase of fixed assets	1,435	8,605
Purchase of investments	8,824	0
Purchase of equity investments	0	55
	10,259	8,660
Net Cash From Investing Activities	\$(1,975)	\$(8,500)
CASHFLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Loans raised	0	2,947
Cash was applied to:		
Repayment of loans	40	56
Net Cash From Financing Activities	\$(40)	\$2,891
Net Increase (Decrease) in Cash	647	775
Opening Cash as at 1 July	3,308	45
Closing Cash as at 31 December	\$ 3,955	\$ 820

FINANCE AND AUDIT COMMITTEE

15 FEBRUARY 2017

Agenda Item No 5

Prepared by - Dean Phibbs
- Manager Corporate Services

INVESTMENTS AND BORROWINGS - JANUARY 2017

1. REPORT SUMMARY:

This report summarises Councils cash investments and borrowings for the month ended January 2017, interest earned for the period from 1 July 2016 to 31 January 2017 and policy compliance.

2. RECOMMENDATION/DRAFT RESOLUTION:

That the report be received for information.

3. ISSUES & DISCUSSION

3.1 Investments

Investments have decreased by \$1.3m in total from the last report circulated in November. This is mainly due to the effect of the rates billing cycle and monthly creditor payment obligations. However Term deposits increased by \$0.4m within this movement.

3.2 Interest Revenue

Interest revenue to the end of January 2017 is \$588,000 versus a budget of \$594,000. 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 \$23.6m. 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 increased to \$7.8m from the \$6.5m balance in November 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

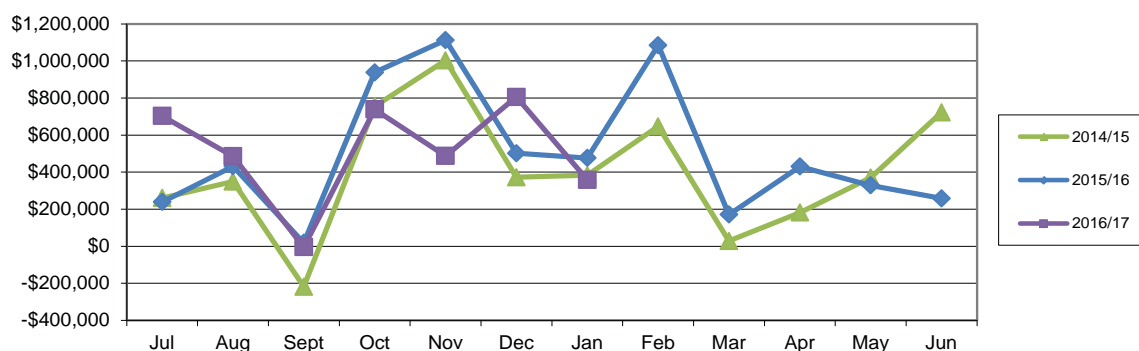
Not applicable

INVESTMENTS AND BORROWINGS REPORT

1. BANK BALANCE

	This Month 31 Jan-17	Last Month 31 Dec-16	Last Year 30 Jun-16
Council	\$355,388	\$805,245	\$258,418

2. MONTH END BANK BALANCE



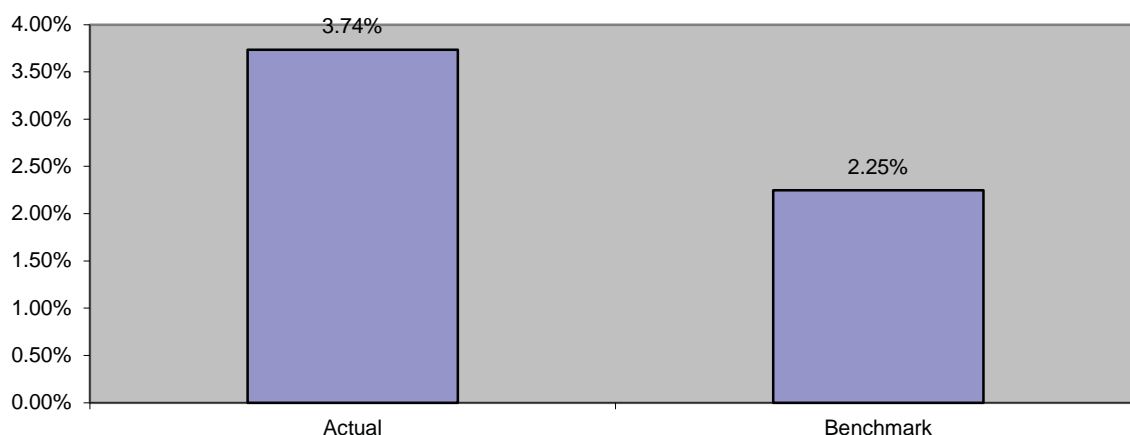
3. SUMMARY OF INVESTMENTS

	This Month 31 Jan-17	Last Month 31 Dec-16	Last Year 30 Jun-16
Term Deposits	15,783,518	16,283,518	15,783,518
Other Loans (includes loan to Holding Company)	2,583,390	2,568,640	2,494,843
Total Investments	\$18,366,908	\$18,852,158	\$18,278,361

4. SOURCE OF FUNDS

	This Month 31 Jan-17	Last Month 31 Dec-16	Last Year 30 Jun-16
Depreciation Reserves	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
Short Term Funds (rates income plus tds held pending debt reduction)	2,100,000	2,600,000	2,500,000
	\$15,783,518	\$16,283,518	\$15,783,519

5. INVESTMENTS PORTFOLIO PERFORMANCE (12 Month Average)



6. INTEREST REVENUE

	Actual YTD	Budget YTD	Budget Full Year
Interest Revenue	\$587,690	\$593,957	\$1,238,889

7. COMPLIANCE WITH INVESTMENT POLICY

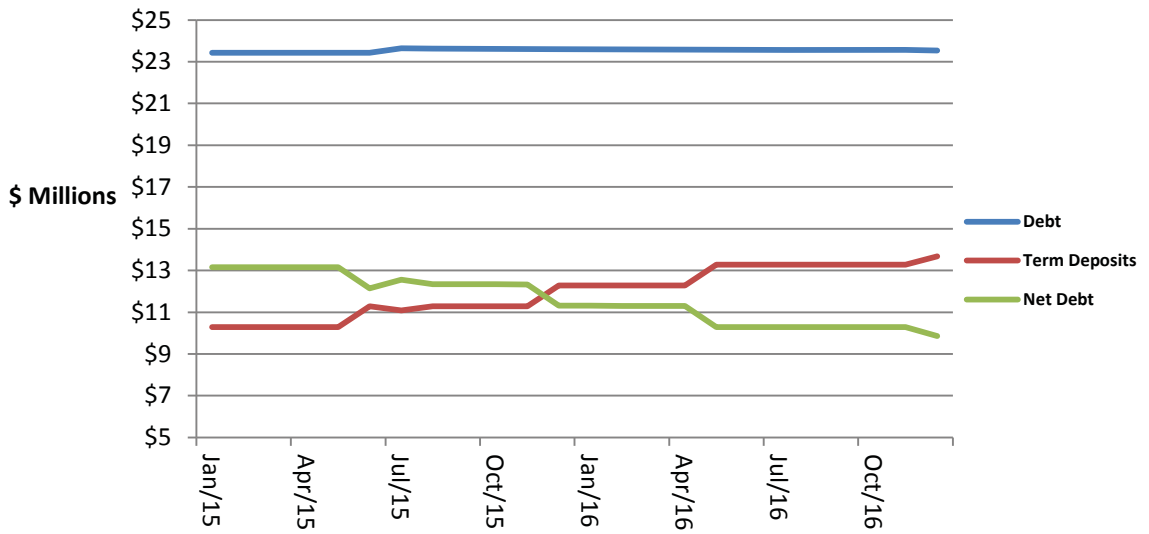
All term deposits are held with New Zealand Registered banks with no more than \$10 million with any one institution. The terms and maturity dates of investments are spread to minimise Council's exposure to interest rate fluctuations while still aiming to optimise interest earned.

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

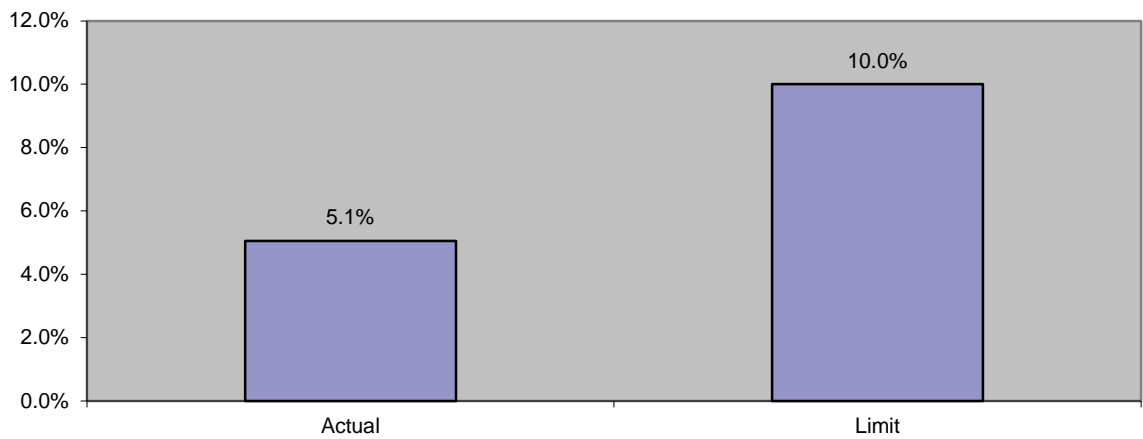
	This Month 31 Jan-17	Last Month 31 Dec-16	Last Year 30 Jun-16
External Debt:			
Westpac Loan Facility	3,433,860	3,433,860	3,433,860
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
EECA Loan	106,030	106,030	145,824
	\$23,539,890	\$23,539,890	\$23,579,684
Weighted Average Interest Cost	4.60%	4.60%	4.60%
Net Debt:			
Total Borrowings	23,539,890	23,539,890	23,579,684
Less: Term Deposits	15,783,518	16,283,518	15,783,518
	\$7,756,371	\$7,256,371	\$7,796,166

9. DEBT AND INVESTMENTS 3-YEAR TREND

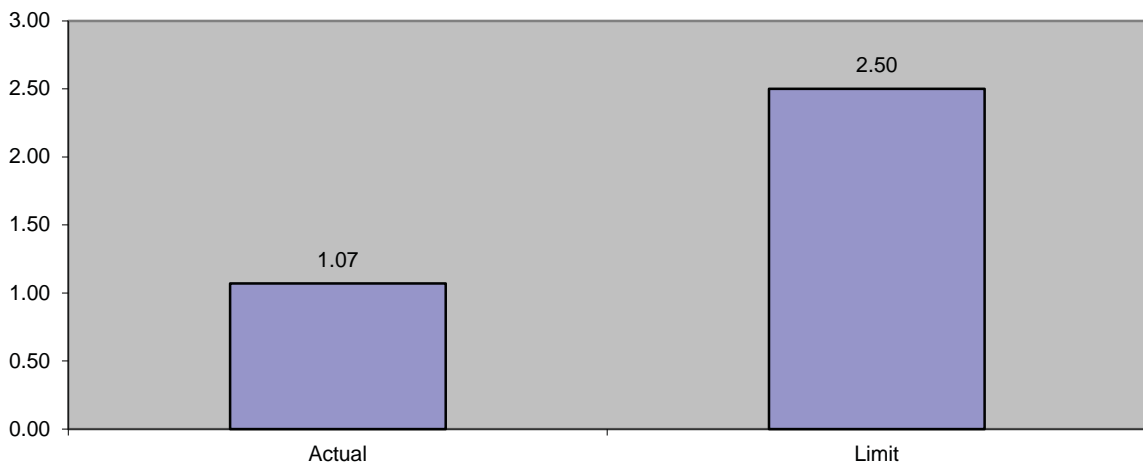


10. COMPLIANCE WITH TREASURY POLICY

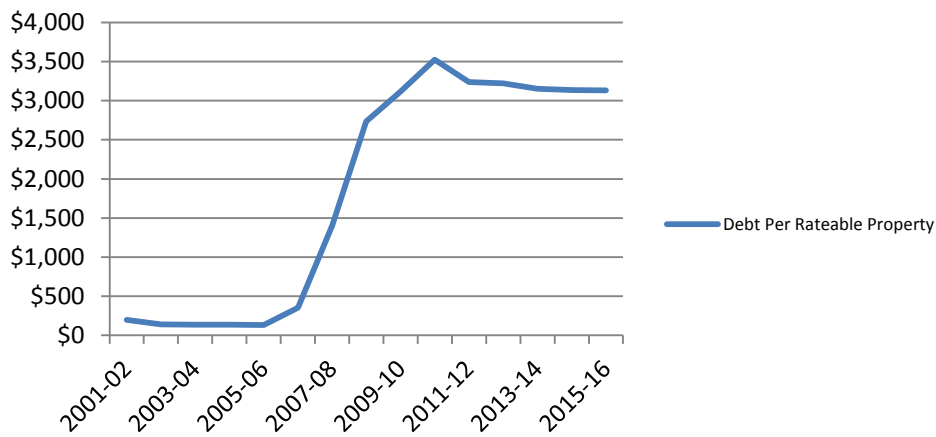
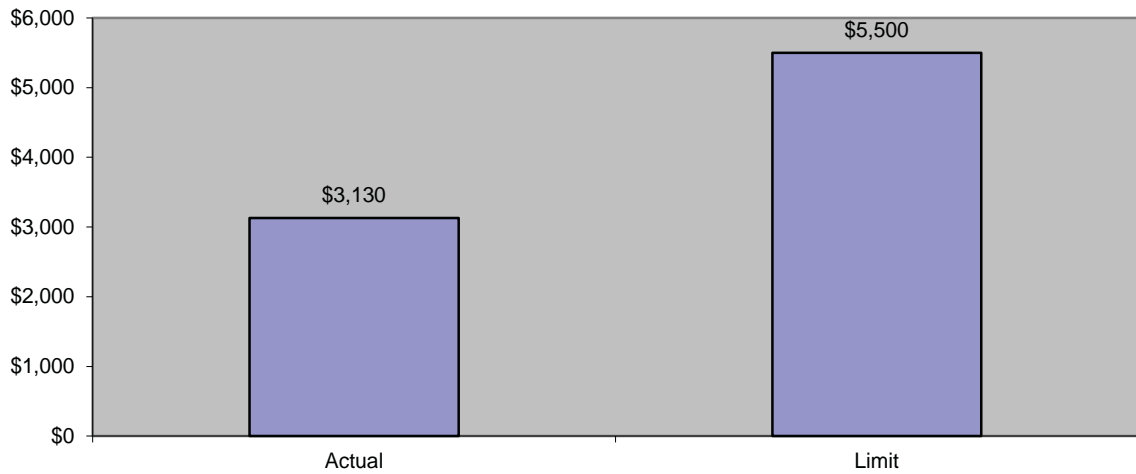
10.1 Interest Expense / Total Income



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

15 FEBRUARY 2017

Agenda Item No 6

Prepared by - Lynn Brooks
- Management Accountant

Prepared by - Dean Phibbs
- Manager Corporate Services

CAPITAL INCOME AND CAPITAL EXPENDITURE REPORT

1. REPORT SUMMARY

This report presents a high level overview of the annual budget and projected end of year totals for capital income and capital expenditure. This report is presented for information and monitoring purposes.

The following (two) extract pages provide further detail of the capital income and expenditure.

There are not any issues that require a decision of this committee to progress the collection of capital income or utilisation of capital expenditure processes which are underway and ongoing by Council staff.

2. RECOMMENDATION/DRAFT RESOLUTION

That the report is accepted for information purposes.

3. ISSUES & DISCUSSION

This report is presented to the Finance & Audit Committee to monitor capital income and expenditure movements for Council.

The Finance and Audit Committee require a high level overview of the capital works progress of 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 31 December 2016.

3.1 Capital Income

The Roding and Urban Development program involves negotiation with NZTA for agreed works programmes and associated subsidies. The budget of \$1,117,249 set in the Buller District Annual Plan has a current variance with NZTA's funding budget of \$64,454. The timing of NZTA income received correlates to the capital expenditure incurred which is generally during February to April when weather conditions are more favourable for this type of activity.

Water project for Waimangaroa has slowed while an appropriate bore option is decided. The Inangahua Junction supply is proceeding well to date with good progress being made. The approved subsidies for both of these projects will be available for drawdown once the schemes are completed. However depending

on the timing of the work, the Waimangaroa scheme is likely to fall into the next financial year. The Ngakawau Hector drinking water project and subsidy income has not progressed as planned and is not projected to be complete by end of year.

Property, Amenities and Reserves includes unbudgeted income of \$226,500 toward the construction of the Springs Junction toilet which was required to be added after the Kaikoura/Waiiau earthquake diverted traffic through this route. The Ministry for Business, Innovation and Employment (MBIE) have agreed to contribute a subsidy of \$199,000 and New Zealand Transport Authority (NZTA) have promised \$27,500 subsidy to Buller District Council.

3.2 Capital Expenditure

Promotion and Development includes an allocation for \$25,000 toward signage this year. The final costs are likely to be \$4,814 over this years' budget.

Community Services expenditure includes a large amount (\$608,242) for the urban streetscape projects. Resources and timelines have not been finalised for these projects. The Reefton Community Hall Project has progressed close to the scheduled works timeframe and the final cost is estimated to be within the range of \$0 - \$20,000 over budget. This variance represents up to 2.5% of a \$790,600 project, and will be confirmed once the final costs are received over the next quarter.

Property, Amenities and Reserves are under budget principally because both with the Victoria Square Earthquake Works and the WestReef Depot Works have been completed under budget due to cost savings that have been found.

Unbudgeted expenditure includes work on the Brewery building is resolving deferred maintenance issues (\$18,399) as reflected in the initial purchase price. This will be capitalised against the initial purchase price which was under budget. The Springs Junction toilets are expected to cost \$247,000 however a majority of this cost will be offset with a subsidy from NZTA and MBIE.

Water projects are closely monitored and some key Reefton projects are completed. A provision for \$649,996 Westport water tunnel bracing will be carried into the next financial year as the work will not be complete by year end June 2017. The Waimangaroa water scheme may be fifty percent spent by the year end, with the remainder of the costs falling into the next year. These totals make up the amount to rebudget or carry over into the 2017/2018 year.

4. CONSIDERATIONS

4.1. Strategic impact

The capital income & capital expenditure report provides an overview on the provision of capital expenditure projects and helps readers to understand if Councils position taken in the last long term plan (where it was agreed to minimise rates increases and limit capital expenditure to those assets that could be used as a springboard for District economic growth) is apparent.

The provision of capital projects within timeframes and approved budgets provides a measure against this core strategic priority and its probable long term impact on our community.

4.2. Significance assessment

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 by nature as value as Council's capital program is integral to service provision.

4.3. Risk analysis

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

Capital projects are perceived to have some greater than usual potential to place council at risk as the funds involved are usually significant. The project may be an irregular or unusual kind, therefore the costings may need to be revised as the work progresses. The scale of capital projects may result in project delays which result on Council not delivering the assets or services as envisioned in Long Term or Annual Plans.

This risk is mitigated by engaging staff to monitor and regularly report on the projects therefore acting on any issues that arise early on, and to ensure project progress is well understood by staff and governance.

4.4. Policy / legal considerations

The Local Government Act 2002 governs the activities of Buller District Council and sets out the requirement for consulting on the annual plan and long term plan to agree the budget and the key performance indicators with the community.

This report assists with two key purposes of that act (located at section 3) stating the purpose of the act is to promote the accountability of local authorities to their communities, and provide for local authorities to play a broad role in meeting the current and future needs of their communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

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

Council's capital projects are consulted on with the community during Long Term and Annual Plan processes.

4.7. Costs

There are no extraordinary costs for the capital projects predicted at this stage of the financial year. The amounts which may need to be carried forward to the next financial year are identified so they can be included in the next annual plan budget.

4.8. Benefits

The benefits of reviewing the capital income and expenditure periodically are the capital projects and their funding are monitored at a Council wide level.

4.9. Media / publicity

There are no media or publicity opportunities with this report.

BULLER DISTRICT COUNCIL
Capital Projects External Contributions Income Projection for the Year Ended 30 June 2017
 (Actual to 31 December 2016, Forecast for January 2017 to June 2017)

Activity	BUDGET	INCOME - EXTERNAL CONTRIBUTIONS			VARIANCE ANALYSIS			Significant Variance Details
		Contributions Received	Further Contributions Expected to 30 June 2017	Total Projected	Project Timelines	Funding Sources	Total Variance	
Promotion & Development	0	0	0	0			0	
Community Services								
NBS Theatre	34,700	34,783	0	34,783		34,783	83	83 Sponsorship agreements in place continue to July 2017
Other - Urban Streetscape	0	20,000	0	20,000		20,000	20,000	Receipt from the Motor Home Assn for the Waste Dump Station at Esplanade
Solid Energy Centre	500,000	100,000	400,000	500,000		0	0	Sponsorship agreements in place continue to April 2022.
Environmental Services	0	0	0	0		0	0	
Property, Amenities & Reserves	0	0	226,500	226,500		226,500	226,500	\$199,000 grant from MIBIE, \$27,500 from NZTA for Springs Junction toilet required after Kaikoura Earthquake. Costs expect to be \$247,000 therefore estimated unbudgeted capital shortfall is \$20,500.
Airport	0	0	0	0		0	0	
Roading & Urban Development								
NZ Transport Agency - Capital Funding	1,117,249	88,901	963,894	1,052,795		(64,454)	(64,454)	NZTA revised capital income budget is \$1,052,795. Variations expected at end of year due to NZTA approved Capital Expenditure. The capital program is usually commenced later in the financial year as weather conditions for these big projects is more suitable over summer.
Solid Waste	0	0	0	0		0	0	
Water								
Ngakawau Hector DWS Subsidy	470,000	0	0	0	(470,000)	(470,000)	(470,000)	Project required legal opinion and is delayed
Waimangaroa DWS Subsidy	402,638	0	0	0	(402,638)	(402,638)	(402,638)	Awaiting water bore site confirmation, work to start in 2016-17 year but not expected to receive subsidy income until 2017-18 as the work spans two financial years.
Inangahua Junction DWS Subsidy	189,500	0	189,500	189,500	0	0	0	Timing of project expected to cross into 2017-18, on budget so far.
Wastewater	0	0	0	0		0	0	
Support	0	0	0	0		0	0	
TOTAL	2,714,087	243,684	1,779,894	2,023,578		(872,638)	216,829	(690,509)

BULLER DISTRICT COUNCIL
Capital Expenditure Projection for the Year Ended 30 June 2017
 (Actual to December 2016, Forecast from January 2017 to June 2017)

	BUDGET			EXPENDITURE		VARIANCE ANALYSIS			SIGNIFICANT VARIANCE DETAILS					
	Carry Over 2015/16	Budget Set for 2016/17	Combined Budget and Carry Over for 2016/17	Less Budget Provision Now Not Required	Final Budget For 2016/17	2015/16 Work In Progress Carried Forward	2016/17 Projected Expenditure	Total Projected Expenditure and Work in Progress for	Projected Budget Under Spend	Projected Budget Over Spend	Unbudgeted Expenditure	Projects to Rebudget or Carry Over into 2017/18	TOTAL VARIANCE over budget (under) budget	
Promotion & Development	-21,314	25,000	3,686	0	3,686	0	3,686	3,686	0	4,814	0	0	4,814	Projected Spend: Signage project anticipated overspend this year \$4,814k. \$8,500 costs are yet to be incurred to put in lighting on the sign and it will be completed by 30 June 2017.
Community Services	863,860	1,050,679	1,914,639	0	1,914,639	177,982	1,108,223	1,286,085	(31,882)	20,000	0	(616,672)	(628,654)	Carry Overs: Urban Streetscape \$325,000, Reefton Community Centre \$253,200 Library Books \$7,540, NBS Theatre minor plant and fittings \$9,670, Inihua V2010 projects Broadway \$53,190 and \$8,430 to reallocate after June 2017 \$8,430, SED V2010 projects Lytle \$14,315, Kneea Urban Project \$93,305, Kneea Pool \$99,165, and \$145 to reallocate after June 2017. WIP: Reefton Community Centre \$181,280. Projects to Rebudget or Carry Over: \$608,242 for Urban Streetscape timelines and staffing yet to be finalised, and \$8,430 Inanghua V2010 project funds to reallocate next year. Budget Underspend: NBS Theatre provision for \$20,000 will not be fully expended, Reefton Pool provision for \$29,206 will not be spent in full expect \$12,000 only this year, and larger costs may be due in the next financial year. Over Spend: This overspend estimated amount is yet to be confirmed and relates to the Reefton Community Centre, the final costs are yet to be received and the project is very near complete. The actual final cost will be confirmed in the next financial year. Carry Over: \$1,000 for computer screens.
Environmental Services	0	0	0	0	0	0	0	0	0	0	1,705	0	1,705	Unbudgeted Expenditure to replace computer screens.
Property, Amenities & Reserves	147,500	346,811	494,311	0	494,311	27,486	534,533	562,029	(43,729)	4,441	281,607	(174,600)	67,718	Carry Overs: Garden Beautification \$30,000, Cemetery Berms \$4,500, Cemetery Fences \$3,000, WestReef Equake Strengthening \$60,000 (final costs now less), Victoria Square Equake Strengthening \$50,000 (final costs now less) Underspend: Victoria Square Equake Works and WestReef Depot Works. Over Spend: Westport Library wall removal costing was incorrect and costs were greater than budget. Unbudgeted: Springs Junction Toilets \$247,000 (offset by \$226,500 unbudgeted grant income), plus minor building capital works. Carry over or Rebudget 2017/18: Carnegie Library, \$50,000, \$98,600 for Punakaki Community Building, remainder is Pensioner Housing insulation budget.
Airport	0	10,000	0	0	0	0	10,000	10,000	0	0	0	10,000	10,000	Parking Ticket Machine and Security Costs, to be rebudgeted for next year.
Roading & Urban Development	77,230	1,792,079	1,869,309	0	1,869,309	0	1,871,210	1,871,210	0	0	1,902	0	1,902	Roading work dependent on weather, much is done from Nov-May of each year however this season has been difficult so far due to weather. Carry Overs from 2015/16: Footpaths \$63,300 and Mainstreet Camera-flags-highs \$13,930. Unbudgeted Expenditure: Emergency Bridge Works \$1,902.
Solid Waste	17,500	22,168	39,658	0	39,658	0	39,658	39,658	0	0	0	0	0	Carry Overs: Litter Bins \$17,500, as the solar bins were under trial. The budget will be fully expended by year end.
Water	1,461,675	1,350,746	2,812,321	0	2,812,321	88,280	1,759,698	1,846,978	(7,733)	23,000	3,994	(984,604)	(965,349)	Carry Overs: Wpt Trunkmain and Retiulation \$21,000, Wpt Small Tunnel Repairs \$66,860, Wpt East Retiulation \$15,000, Wpt Main Values \$3,000, Road Water Main \$25,500, NBS Theatre Station \$552,725, Wpt Main Values \$64,960, Waimangara System \$473,690, Inanghua Junction System \$222,740, Waimangara System \$473,690, Inanghua Junction System \$222,740. Underspend: Minor works. Over Spend: Wpt and Reefton works, mostly completed for the year already. Unbudgeted: Punakaki design work. Carry over or Rebudget: Waimangara DWS upgrade progressing over the next two financial years, Waimangara reticulation renewals deferred in conjunction with DWS project, Westport Tunnel Piping /Rebracing rebudget 2017/18 \$649,996.
Wastewater	441,835	895,304	1,337,139	0	1,337,139	924	1,267,549	1,268,473	0	1,335	0	(70,000)	(68,665)	Carry Overs: Sewerage Westport \$155,885, Reefton \$216,850, Little Wanganui \$56,100, Stormwater \$13,000. Underspend: \$0 to date. Over Spend: Minor works. Carry over or Rebudget: \$70,000 may need to be reallocated to 17/18 for Reefton.
Professional Business Unit	0	4,667	4,667	0	4,667	0	0	0	(4,667)	0	0	0	(4,667)	Car Radio Units, purchased in the prior financial year. Nil costs this year.
Support	241,330	163,825	405,155	0	405,155	39,468	325,551	365,019	(15,870)	57,909	16,755	(96,931)	(40,137)	Carry Over: Information Systems including Aerial Photography, Document Management, Telephone Replacement and sundry small projects hardware and software \$241,330. Underspend: Website and office equipment. Over Spend for projects is network upgrades \$12,584, telephone system \$23,000 network upgrades and PCs purchased ahead of schedule. Carry Over or Rebudget: It is expected to carry over an estimated 25% of the large information system project which is for document storage, recovery systems. This project has been hindered from progress due to capacity restraints.
Total Buller District Council	3,229,616	5,661,269	9,880,885	0	9,880,885	334,050	6,919,109	7,253,139	(103,882)	111,499	305,963	(1,834,807)	(1,621,227)	

FINANCE AND AUDIT COMMITTEE

15 FEBRUARY 2017

Agenda Item No 7

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 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 30 November 2016.

Rates debt is following the typical pattern which is that every third month, when the rates are accrued the rate debt remains high, then it decreases for the following two months. The total rates debt at November 2016 is a little higher compared to the same month last year, but lower than the past three peak months of February, May and August when the quarterly rates instalments are added to ratepayers accounts. Serious defaulters have decreased slightly, reducing by \$7,092.

Sundry Debtors remains fairly static over the last three months, and compared to the same period last year has increased slightly. The amount included in the serious default category (red) has decreased as the Orowaiti Sewerage Connections have been reclassified to account for there being only two properties where payment collection is difficult.

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 or other community groups consultation considerations

The contents of the report are not a matter requiring consultation with Tangata whenua or other community groups.

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.

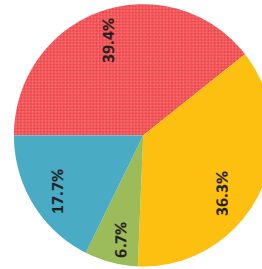
Rates Accounts - Debt Recovery Report

Report cutoff date 30 November 2016
 Last rates instalment due date 28 November 2016
 Next rates instalment due date 28 February 2017

Internal Debt Recovery Analysis

Status Flag	Category	No. of Ratepayers	Total Arrears Balance YTD	Current Year Arrears	Previous Year Arrears \$	Previous Year Arrears %	Leasehold Arrears No.	Further Action to Commence				Comment
								Formal Review	To Debt Agency	Title Search	Monitor Progress	
Red	Placed with External Debt Collection	47	247,272	50,653	196,619	30%			✓			Arrears placed with Credit Recoveries. Refer analysis below.
Red	No current mailing address	8	2,192	1,357	835	0%						Sent to debt collection for tracing, also tracing some through bank deposits.
Red	Approach Mortgagee	22	86,488	28,026	58,462	9%	2					Ratepayers with mortgagees we can pursue for payment under the Rating Act.
Red	Awaiting Decision	17	70,359	20,352	50,007	8%	1					More complicated cases, ie house uninhabitable/property on market etc
Red	Missed more than two instalments	19	70,860	23,113	47,747	7%				✓		Reviewing for possibility of Mortgagee Action.
Yellow	Under Action - Short Term Monitored	57	43,870	31,333	12,537	2%					✓	Ratepayer has agreed to make/increase payments. Next area of focus. To be reviewed systematically.
Yellow	Payments insufficient	32	42,120	33,533	8,587	1%			✓			To be reviewed systematically. Work through options to increase payments/resolve debt.
Yellow	Long Term Monitored	69	134,843	68,463	66,380	10%	1		✓			Financial hardship, paying minimum amounts. To be reviewed 6 monthly (Aug/feb).
Yellow	No Payments - Property on Market	2	6,683	3,309	3,374	1%					✓	To be reviewed annually as per remissions policy.
Yellow	Missed Aug 2016 & Nov 2016 instalments	79	85,385	74,347	11,238	2%					✓	Letters sent - monitoring.
Yellow	Missed one instalment only	279	126,768	126,119	649	0%					✓	Letters sent - monitoring.
Green	Payment plans	227	80,579	63,957	16,622	3%	2		✓			To be reviewed annually and updated as required.
Blue	Abandoned Land Tender Project	68	214,029	27,880	186,149	28%						Included in tender process.
	Totals	926	1,211,648	552,442	659,206	100%	6				✓	

Internal Rates Debt Recovery as at 30 November 2016



External Debt Recovery Analysis

Status Flag	Category	No of Ratepayers	Balance
Red	Rating Sale process commenced	9	66,089
Red	Unable to trace ratepayer (No known address)	7	30,414
Red	Active - no arrangement	14	39,081
Green	Payment Plans	14	57,373
Blue	Abandoned Land	1	3,655
	Totals	45	196,612

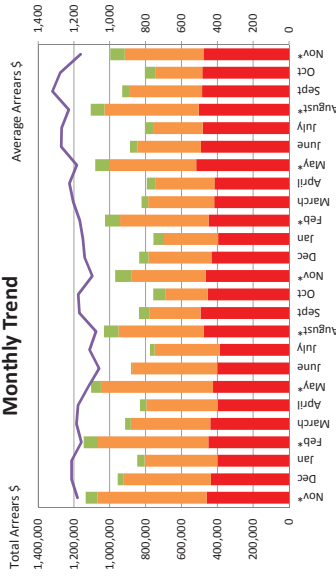
Note 1

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.

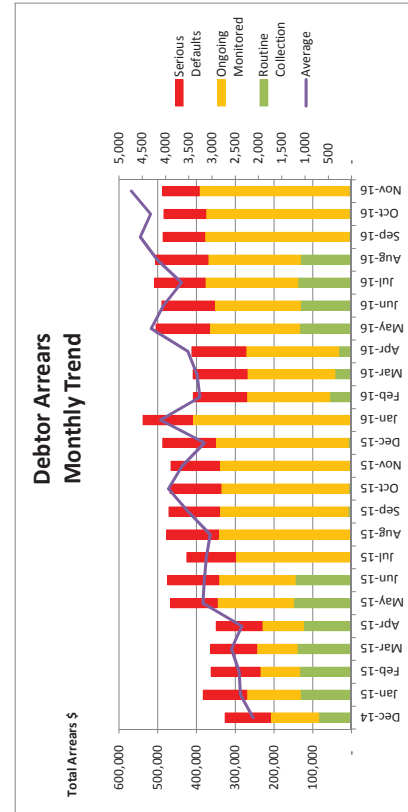
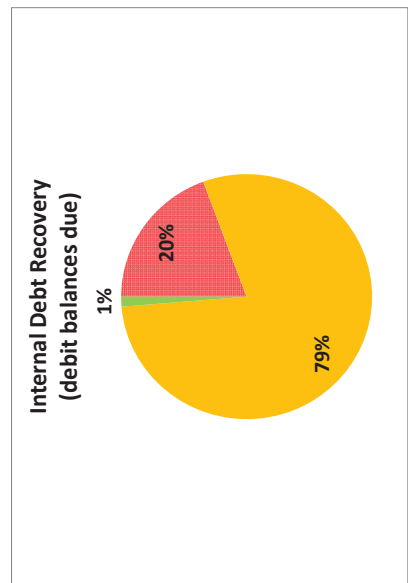
Rate Arrears Monthly Trend



Sundry Debtors - Debt Recovery Report

Report cutoff date 30 November 2016
Ageing cycle - current due 20 December 2016

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	20	94,392	7	11	2	1		8		✓		✓	✓	Rents invoiced 6 monthly in advance, most paid off by monthly instalments. Some long standing arrears balances require increased collection measures.
●	Orowaiti Connection	6	12,760	3	3		2		2		✓				Two overdue accounts remain lodged with Credit Recoveries.
●	Libraries	5	530	5			2	3							Debts lodged with Credit Recoveries.
●	Water	15	27,496	11	4		1	7	1				✓		Payment plans agreed regarding long standing debt.
●	Resource Management	13	79,796	7	2	4	3	2	4	2		✓			Disputed accounts \$27k, payment programs \$12k. Lodged with Credit Recoveries \$18k.
●	Rentals	7	136,873	4	1	2	0	1	2	1					Disputed \$43k under legal action, Coaltown grant to be recovered under an agreed plan to be started Nov 2016.
●	Regulatory Licences e.g. Food Premises	6	2,239	6			1	5							Timing of Annual Licences billing, most of group are aged two months only.
●	Sundry	21	126,969	18	2	1	4	1	2	1		✓			1 overdue a/c \$115,000 referred to Senior Management Team for assistance.
●	Trade Waste	5	1,755	5			1								Annual invoicing cycle in June.
●	Building Consents	2	2,326	1	1										Where overdue, this represents inspections not yet completed due to timing of building process.
●	Cemetery	3	2,364	3					1						
●	LIMs			0											
●	Totals	103	487,500	70	24	9									



FINANCE AND AUDIT COMMITTEE

15 FEBRUARY 2017

Agenda Item No 8

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

AUDIT MANAGEMENT ACTION POINTS

RECOMMENDATION/DRAFT RESOLUTION:

The recommendation is this report be accepted for information and discussion purposes.

AUDIT MANAGEMENT ACTION POINTS

2017						
No.	Subject	Detail	Responsible	Status	Comments	Planned Completion Date
1	Valuation of Council's investment in subsidiaries	Recommended that Council performs an annual formal impairment assessment of its investment in its subsidiary in accordance with the accounting standards.	Manager Corporate Services	In progress	Council would have provided an assessment of the value of its investment in BHL if this was requested by Audit NZ. Council staff had input into the determination/assessment of the carrying value of the subsidiaries particularly BRL and WHL for the 2015/2016 year, hence the reliance on the in-house assessment conducted by BHL. Based on current information on BRL and WHL in particular, and information WSL, Council staff believed little had changed in regards to the FB of those entities' from the 2014/2015 assessment, and that the FV of the investment in BHL exceeded the carrying value with plenty to spare.	February 2017
2	Payment dates for metered water rates	Recommended that Council review its rates resolution and, if appropriate, seek independent advice over whether its resolution meets the requirements of section 24 of the Local Government (Rating) Act 2002 for payment dates for targeted water rates.	Manager Corporate Services	In progress	Council have noted this for inclusion in the 2017/2018 Annual Plan process.	February 2017
3	Mandatory performance measures	Recommended that for future significant changes, to the Council's reporting obligations, that it establishes a project team, with a clear project brief, to ensure that it meets its obligations.	Manager Corporate Services	In progress	Council staff are aware of the necessity to record information for the mandatory performance measures and the team members will report progress to the Manager on a three-monthly basis.	February 2017

2016

No.	Subject	Detail	Responsible	Status	Comments	Planned Completion Date
7	Non-financial performance reporting	Key non-financial performance measures should be reported to management and Council throughout the year.	Manager Corporate Services	In progress	Key non-financial information to be agreed with the management team and reported to Finance and Audit committee commencing January 2017.	February 2017

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 GHD 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.	

FINANCE AND AUDIT COMMITTEE

15 FEBRUARY 2017

Agenda Item No 9

Prepared by - Lynn Brooks
- Management Accountant

PUBLIC EXCLUDED

Section 48, Local Government Official Information and Meetings Act 1987.

DRAFT RECOMMENDATION

That the public be excluded from the following parts of the proceedings of this meeting.

Item No	Minutes/Report of:	General Subject	Reason for Passing Resolution Section 7 LGOIMA 1987
1.	Lynn Brooks - Management Accountant	Buller District Council Leases requiring Debt Recovery Action.	(1) Where this section applies, good reason for withholding official information exists, for the purpose of section 5, unless, in the circumstances of the particular case, the withholding of that information is outweighed by other considerations which render it desirable, in the public interest, to make that information available. (2) Subject to sections 6, 8, and 17, this section applies if, and only if, the withholding of the information is necessary to— (a) protect the privacy of natural persons, including that of deceased natural persons;

FINANCE WORK PLAN

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Internal Reporting												
F&A Reports												
- BDC Quarterly Financials		- Half yearly			- Three quarterly						- Quarterly	
- BDC Operational												
- BDC Treasury												
- BDC Debtors												
- BDC Capital												
- BDC Significant Projects												
- BHL Quarterly Financials												
Council Reports												
- Interim Accounts Airport		- Draft SOI			- Final SOI							
- Budget Carry Overs									- 2017 Carryovers			
- BHL SOIs		- Draft				- Final SOI's						
Rates Overhaul Project												
- Rates Overhaul		- Workshop										
2017-18 Annual Plan												
- Annual Plan	- Workshop	- Workshop	- Workshop Adopt Draft Plan	- Consultation	- Roadshows - Hearings	- Adopt Final Plan						
2016-17 Annual Report												
- BDC Annual Report			- Systems Audit						- Audit	- Adopt	- Publish Summary & report	
- BHL Annual Report					- Audit	- Group Figures	- Annual Report					
Other Operational Projects												
- Insurance					- Negotiations	- Finalise						