

AGENDA:

Meeting of the
FINANCE & AUDIT COMMITTEE

Wednesday 9 August 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

9 AUGUST 2017

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FINANCE AND AUDIT COMMITTEE

9 AUGUST 2017

Agenda Item No 1

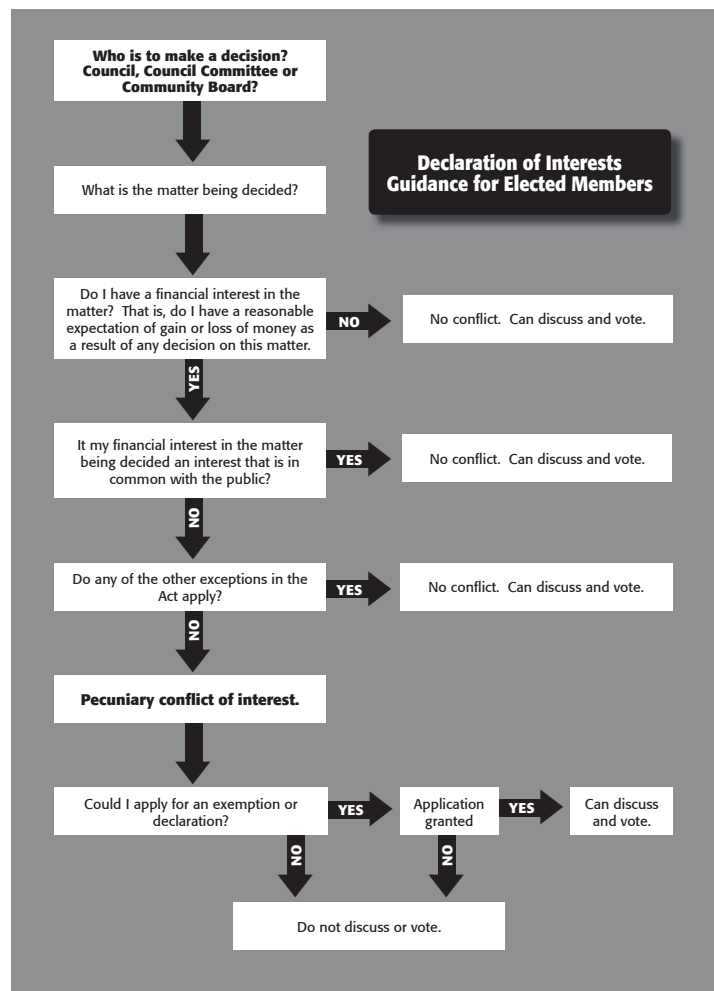
Prepared by - Dean Phibbs
- Manager Corporate Services

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

9 AUGUST 2017

Agenda Item No 2

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

CONFIRMATION OF MINUTES

Minutes of the meeting held 12 July 2017.

DRAFT RECOMMENDATION

That the minutes from the meeting held 12 July 2017 are confirmed.

MEETING OF THE BULLER DISTRICT COUNCIL FINANCE AND AUDIT COMMITTEE, COMMENCED AT 5:00pm 12 JULY 2017 AT CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT

PRESENT:

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

IN ATTENDANCE:

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

Councillor's G Hart and S Barry.

APOLOGIES:

An apology was received from Councillor R Nahr.

**S Roche/J Cleine
CARRIED UNANIMOUSLY**

1. MEMBER'S INTEREST

Nil

2. MINUTES

RESOLVED that the minutes of the 14 June 2017 meeting be accepted.

**P Rutherford/G Howard
CARRIED UNANIMOUSLY**

3. ACTION POINTS

103b. Completed.

117. Change completion date to August 2017.

138. Change completion date to August 2017.

RESOLVED that the report be received for information and discussion.

**S Roche/G Howard
CARRIED UNANIMOUSLY**

4. FINANCIAL PERFORMANCE

Council's additional costs for pumping the public toilets at Springs Junction are being reimbursed by NZTA.

RESOLVED that the report be received for information and discussion.

**P Rutherford/J Cleine
CARRIED UNANIMOUSLY**

5. INVESTMENTS AND BORROWINGS

RESOLVED that the report be received for information and discussion.

**S Roche/J Cleine
CARRIED UNANIMOUSLY**

6. SIGNIFICANT PROJECTS REPORT

AP: Garry and Andy to follow-up with WCRC on flood protection and erosion issues. Terry Archer or Neal Clementson are to be invited to update Council.

RESOLVED that the report be received for information and discussion.

**J Cleine/P Rutherford
CARRIED UNANIMOUSLY**

7. AUDIT NEW ZEALAND AGREEMENTS

RESOLVED that the Finance and Audit Committee approve the Audit Proposal, Arrangement and Engagement Agreements for Buller District Council and the Westport Airport Authority be approved and signed on behalf of Council by the Chairperson of Council's Finance and Audit Committee.

**S Roche/J Cleine
CARRIED UNANIMOUSLY**

8. 2016/2017 ANNUAL REPORT TIMETABLE

RESOLVED that the report be received for information and discussion.

**S Roche/J Cleine
CARRIED UNANIMOUSLY**

9. AUDIT MANAGEMENT ACTION POINTS

- 4. Update narrative to show internal audits have been carried out.
- 6. Should be 2018/2019. Planned completion February 2018.

RESOLVED that the report be received for information and discussion.

**P Rutherford/J Cleine
CARRIED UNANIMOUSLY**

FINANCE WORK PLAN
Reviewed.

-
- There being no further business the meeting concluded at 5:40pm
 - **Next meeting:** Wednesday 9 August 2017, 5pm at Clocktower Chambers
-

Confirmed: **Date:**

Name:

FINANCE AND AUDIT COMMITTEE

9 AUGUST 2017

Agenda Item No 3

Prepared by - Dean Phibbs
- Manager Corporate Services

ACTION POINT LIST

CURRENT ACTION POINTS

No.	Meeting of:	Action Point	Responsible?	Progress:	Date required by:	Completed
111	11 May 2016	Leases and Licences to Occupy: Update register and provide report.	Mike Duff	Sharon Roche to discuss with GM A&I.	September 2017	
117	15 June 2016	Debt Recovery: clarify the Resource Management debt with Team Leader Planning.	Lynn Brooks	Progressing. Letter sent to debtor. Follow-up required.	August 2017	
137	17 May 2017	WestReef Services: work with WestReef Services to tidy-up how H&S KPI's are measured to provide consistency to the reporting.	Wendy Thompson Robyn Nahr		September 2017	
138	17 May 2017	Significant Projects Report: working party to agree how the significant projects are to be reported through the 'traffic lights'.	Garry Howard Sharon Roche Dean Phibbs Lynn Brooks Wendy Thompson		August 2017	✓
141	12 July 2017	WCRC Flood Protection: Follow-up with WCRC on flood protection and erosion issues, and invite local WCRC Councillors to update Council.	Andy Gowland- Douglas Garry Howard		August 2017	✓

DRAFT RECOMMENDATION

That the report be received for information.

FINANCE AND AUDIT COMMITTEE

9 AUGUST 2017

Agenda Item No 4

Prepared by - Wendy Thompson
- Financial Accountant

Reviewed by - Dean Phibbs
- Manager Corporate Services

INVESTMENTS AND BORROWINGS: July 2017

REPORT SUMMARY

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

RECOMMENDATION/DRAFT RESOLUTION

That the report be received for information.

ISSUES AND DISCUSSION

Investments

Investments have decreased by \$391,700 in total from the last report circulated to the end of June 2017. This is mainly due to the effect of the rates billing cycle and monthly creditor payment obligations. The trading account closing balance is \$385,900.

Interest Revenue

Interest revenue to the end of July 2017 is \$48,200 compared to a budget of \$45,900. 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.

Borrowings and Net Debt Position

Total borrowings are stable at \$23,500,000, up slightly from the end of the 2016/17 financial year due to the annual adjustment to the EECA loan.

Net debt (borrowings less term investments) has increased to \$6,810,000 from the \$6,400,000 balance in June due to the movement in investments and the EECA loan.

CONSIDERATIONS

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.

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.

3. Values assessment

- The Buller District Councils values are: One Team; Community Driven; We Care; Future Focussed; and Integrity.
- Treasury management functions and reporting align most strongly with the values of Future Focussed and Integrity.
- Consideration of current and future cash requirements and intergenerational equity are required when managing cash deposits and credit facilities.
- Public reporting of investments and borrowings encourages open and honest discussion and decision making.

4. Risk analysis

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

5. 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.

6. Tangata whenua considerations

- None identified

7. 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.

8. Costs

- There are no extraordinary costs relating to investments and borrowings.

9. Benefits

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

10. Media / publicity

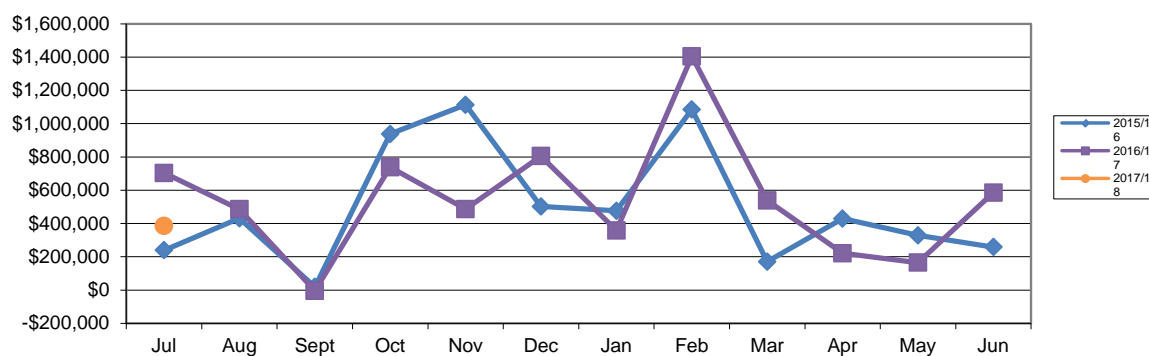
- None identified

INVESTMENTS AND BORROWINGS REPORT

1. BANK BALANCE

	This Month 31 Jul-17	Last Month 30 Jun-17	Last Year 30 Jun-17
Council	\$385,856	\$585,661	\$585,661

2. MONTH END BANK BALANCE



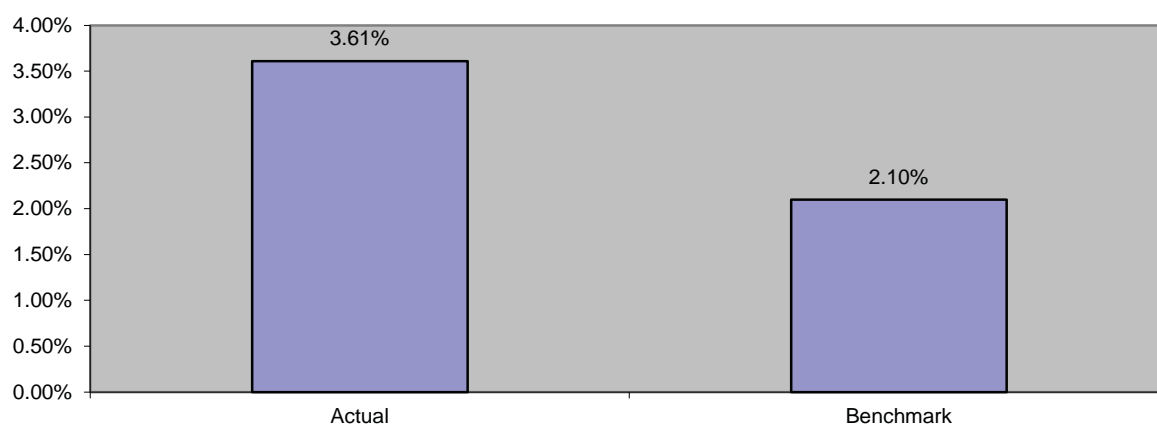
3. SUMMARY OF INVESTMENTS

	This Month 31 Jul-17	Last Month 30 Jun-17	Last Year 30 Jun-17
Term Deposits	16,698,148	17,098,148	17,098,148
Other Loans (includes loan to Holding Company)	2,545,637	2,537,348	2,537,348
Total Investments	\$19,243,785	\$19,635,496	\$19,635,496

4. SOURCE OF FUNDS

	This Month 31 Jul-17	Last Month 30 Jun-17	Last Year 30 Jun-17
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	2,829,551
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	1,314,630	1,314,630
Short Term Funds (rates income plus tds held pending debt reduction)	1,700,000	2,100,000	2,100,000
	\$16,698,148	\$17,098,148	\$17,098,148

5. INVESTMENTS PORTFOLIO PERFORMANCE (12 Month Average)



6. INTEREST REVENUE

	Actual YTD	Budget YTD	Budget Full Year
Interest Revenue	\$48,197	\$45,893	\$1,220,715

7. COMPLIANCE WITH INVESTMENT POLICY

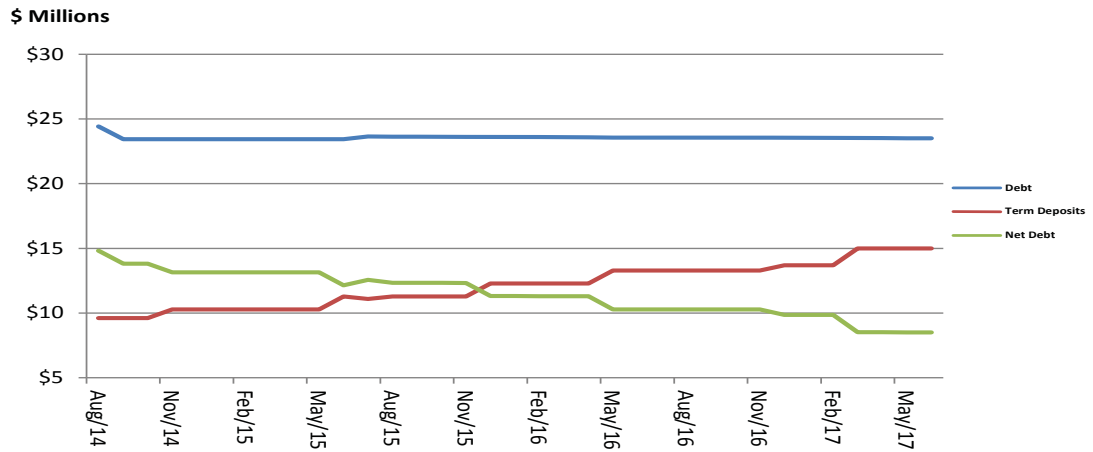
All term deposits are held with New Zealand Registered banks with no more than \$10 million with any one institution. The terms and maturity dates of investments are spread to minimise Council's exposure to interest rate fluctuations while still aiming to optimise interest earned.

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

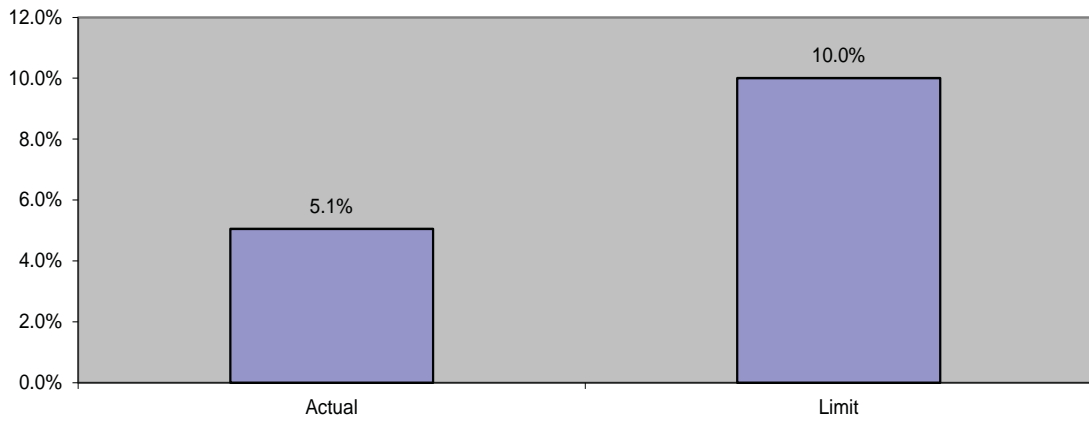
	This Month 31 Jul-17	Last Month 30 Jun-17	Last Year 30 Jun-17
External Debt:			
Westpac Loan Facility	3,433,860	3,433,860	3,433,860
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
EECA Loan	75,780	66,241	66,241
	\$23,509,640	\$23,500,101	\$23,500,101
Weighted Average Interest Cost	4.00%	4.60%	4.60%
Net Debt:			
Total Borrowings	23,509,640	23,500,101	23,500,101
Less: Term Deposits	16,698,148	17,098,148	17,098,148
	\$6,811,492	\$6,401,953	\$6,401,953

9. DEBT AND INVESTMENTS 3-YEAR TREND

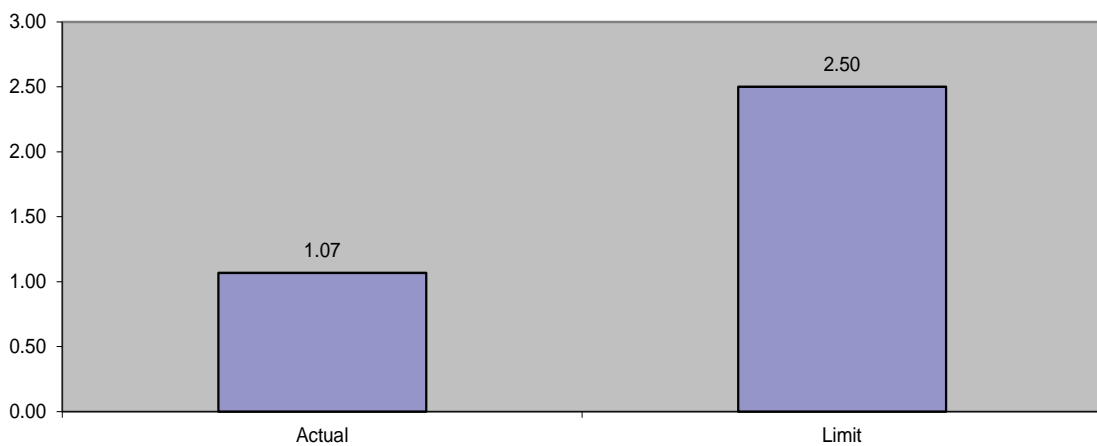


10. COMPLIANCE WITH TREASURY POLICY

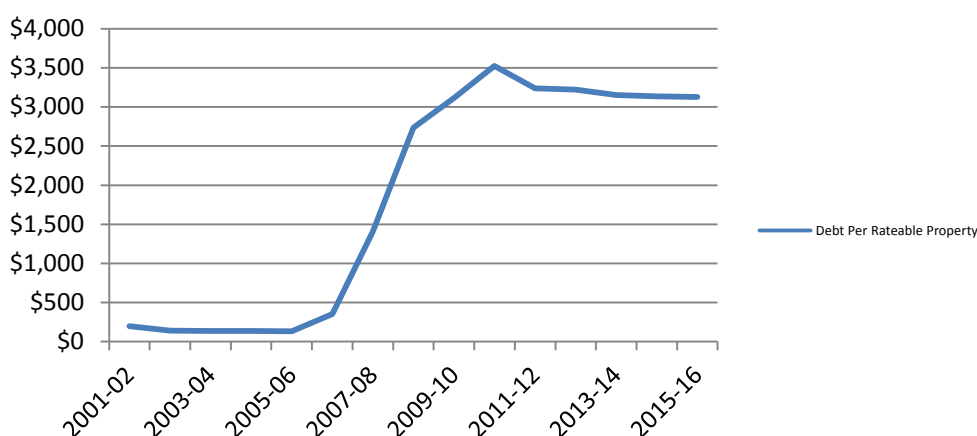
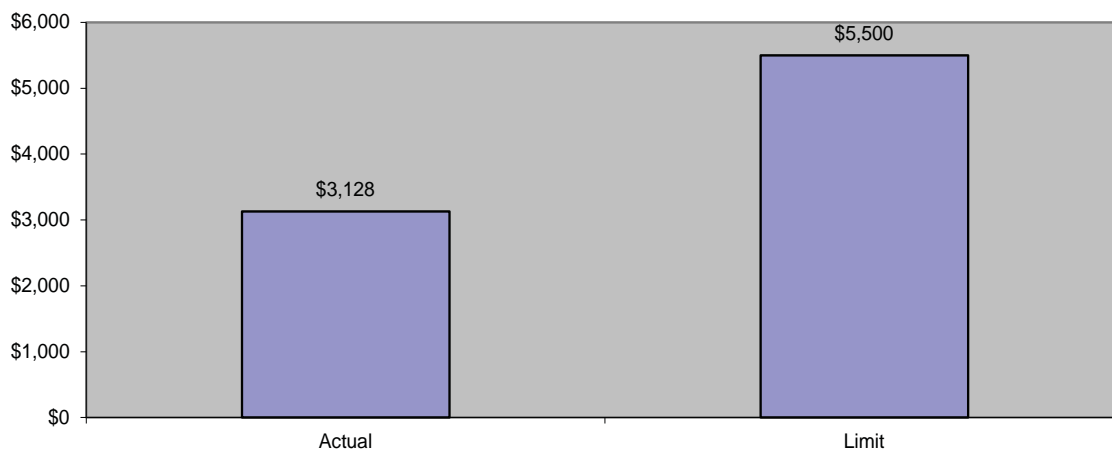
10.1 Interest Expense / Total Income



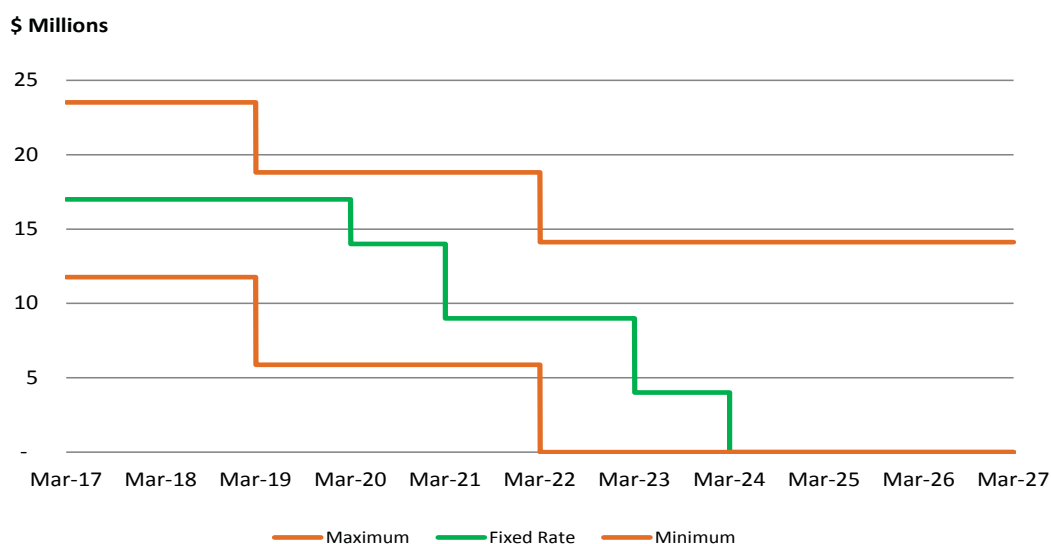
10.2 Gross Debt / Total Income



10.3 Gross Debt per Rateable Property



10.4 Fixed Rate Debt - Compliance with Treasury Policy



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

9 AUGUST 2017

Agenda Item No 5

Prepared by - Lynn Brooks
- Management Accountant

Reviewed by - Dean Phibbs
- Manager Corporate Services

SIGNIFICANT PROJECTS REPORT

Report Summary

This report summarises significant projects and priorities of Council at 30 June 2017. It records both current and future work streams, and is for discussion and monitoring purposes. It should be read in conjunction with the attached detailed Appendix A.

Draft Recommendation

That the report be received for information.

Issues and Discussion

The report provides a high summary of some projects and priorities of Council by each of the following sectors:

- 1 Mayor, Councillors and Chief Executive
- 2 Community and Environment
- 3 Corporate Services
- 4 Operations
- 5 Significant Projects

This report does not include every task undertaken, such as low value routine roading contract work or other regular services provided by Council. Instead it highlights the high value projects at an aggregated level, and/or the non-routine projects.

Chief Executive and Council are to advise if there are other projects or priorities to be included in the next monthly report to Council.

The following table shows each section of the report as a high level overview. This is similar to other “traffic light” indicators used in Council documents such as the Annual Plan, Long Term Plan and other reports and is included for consistency with those formats.

Activity	Indicator	Comment
Mayor, Councillors and Chief Executive	●	Progress continues with the Little Wanganui/Tapawera/Wangapeka Road and a business case began in April 2017. Advocacy for the IFHC has been stepped up on behalf of the community. Shared services and review projects are progressing as planned.
	●	Advocacy for the West Coast Regional Council projects (Westport Flood Protection, Carters Beach & Granity/Ngakawau sea erosion) continues. The future of Westport Port will be considered in the August 2017 full Council agenda.
Community and Environment	●	The current tasks are on plan and budget. Attention must be paid to the resources required to complete all bylaw reviews which are required in 2017/2018. Freedom Camping is a topical issue and all West Coast Councils are working on a joint solution toward this issue.
Corporate Services	●	The Long Term Plan is in the planning phase. The Annual Report is progressing as planned.
Significant Projects	●	The District Plan Review and Rates Overhaul are progressing as planned. Work continues on the Information Management system which is a key project.
Assets and Infrastructure	●	Roading and Urban Development: District Signage has progressed so the billboards can be installed, however there will be a delay on the wayfinding signs. The riverside development has been reset for the next financial year as it will not be completed by the end of this year. Roothing contracts are being completed as planned, taking into account the weather conditions and that the work is typically scheduled in the later part of the financial year. Poor weather has delayed some planned projects and it was estimated the work will be 95% completed by end of year.
	●	Water Supplies: Inangahua bore water scheme is operational, with final costs incurred. The Westport water project is progressing with external advice being prepared for presentation to Council. Waimangaroa Water treatment system continues.
	●	Water Supplies: Inangahua water scheme upgrade is completed as planned.
	●	Wastewater: Projects progressing as planned.
	●	Stormwater: Projects progressing as planned.
	●	Solid Waste: New litter bins purchased but cost is greater than budget.
	●	Properties and Amenities: Peel Street yard, site testing, analysis and risk assessment in progress.
	●	Properties and Amenities: Earthquake strengthening of Council buildings progressing to plan.
	●	Properties and Amenities: Reefton Community Centre progressing to plan.
●	Properties and Amenities: Punakaiki building project is progressing to plan.	
Advocacy	●	Karamea Highway Special Purpose Road advocacy continues.

Project on time and budget	●
Project delays or budget overruns	●

Considerations

1. Strategic impact

The report helps to monitor the outcomes provided for the community against the strategic direction of Council. In particular, it reports on 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 capital spending to those things that could be used as a springboard for district economic growth.

2. Significance Assessment

The Significance and Engagement Policy sets out the criteria and framework for a matter or a transaction to be deemed significant. 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:

The district;

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

The content included in this report has been consulted on with the community through the Long Term Plan and Annual Plan process.

3. Values assessment

The Buller District Council values are: One Team; Community Driven; We Care; Integrity; and Future Focussed. This report presents the significant projects which are important for the community and the future of the district. Reporting on the significant projects provides an opportunity to review if the areas of focus align with our values.

4. Risk Analysis

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

Significant projects are perceived to have some greater than usual potential to place Council at risk as the costs involved can be significant, or the project may have greater technical and legal issues. This risk is mitigated by engaging suitably qualified staff to monitor and regularly report on the projects therefore acting on any issues that arise early on, and to ensure the project progress is well understood by staff and governance.

5. Policy/Legal Considerations

The Local Government Act 2002 governs the activities of Council and sets out the requirement for consultation on the Annual Plan and Long Term Plan to agree the budgets and activities to be funded.

This report assists with two key purposes of that Act (refer to 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.

6. Tangata Whenua Consultation Considerations

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

7. Views of those affected

There is no need to consult with the public or affected parties due to the information being previously consulted upon through Annual Plan processes.

The community will have interest in the progress of the projects and priorities included in the report because new spending affects annual rates charges, and the effectiveness of advocacy has the potential to improve community wellbeing.

8. Costs

There are no extraordinary costs for the items included in this report, as these projects have been budgeted for in the annual plan. Some of the significant projects have no monetary cost to council as they are for advocacy.

9. Benefits

The benefits of reporting on reviewing the significant projects and priorities are understanding the timelines, budgets, resourcing and opportunities that exist for Council.

Reporting on the significant projects and priorities allows Council to compare the activities of Council against the core strategy of Council.

10. Media/Publicity

There are many media or publicity opportunities with the content of this report.

Significant Projects Report

Indicator	Project Description	Project Manager	Carry Over (over)/under	2016/17 Budget	Total Budget	Actual Cost to June 2017	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
	MAYOR, COUNCILLORS & CEO												
●	Little Wanganui/ Tapawera/ Wangapeka Road Advocacy	GH + CEO	0	0			In progress			Nov-15			Better Business Case underway in April 2017. Ongoing.
●	Ultra Fast Broadband Advocacy	GH + CEO + IT	0	0			In progress			Nov-15			Government Announcement with WC Projects 2019. Now with Chorus. Progressing with MDC, Creative Developments and BEL.
●	Integrated Family Health Centre Advocacy	GH + CEO	0	0						Nov-16	Nov-17		Advocacy stepped up on behalf of community.
●	Housing for Elderly - Advocacy	GH	0	0						Jun-16	Jun-17		Housing stock & ownership structure i.e. Trust
●	Carters Beach Sea Erosion Advocacy	GH + CEO	0	0						Aug-17			Community Meetings Held. Advocacy role only. Responsibility is with WCRC.
●	Ngakawau/Granity Sea Erosion Advocacy	GH + LB	0	0						Aug-17			Community Meetings Held. Advocacy role only. Responsibility is with WCRC.
●	Westport Flood Mitigation Advocacy	GH	0	0			ongoing						WCRC project. BDC role is advocacy. WCRC Submissions closed 17 February.
●	Future of Westport Port	CEO, DP & SL	0	0			under continual review			Dec-15	Jun-18		AP, LTP Strategy, CETO Committee and BHL. A report will be presented to the August 2017 Council Meeting recommending a course of action.
●	Holcim Exit	GH	0	0									Exit Plan.
●	17A Review - Local Government Act 2002	CEO	0	0			underway				Jul-17		Required to review cost effectiveness of current arrangements for meeting community needs. Refer to February Council meeting agenda for more information.
●	Representation Review	CEO	0	0			ongoing						Work underway.
●	Shared Services Projects with Other Coast Councils	CEO	0	0			ongoing						Ongoing - Roading, Various IT Projects, Internal Audits, Civil Defence & Local Govt Commission, Economic Development, Policy Development.
●	Charleston/Cape Foulwind Cycleway	GH	0	0									MOU completed. Continue advocacy.
●	Kawatiri Sculpture Symposium	GH + PH	0	0			near complete			May-16	Dec-17		Sculptures installed and near completed, awaiting plaques.
●	Reefton Historic Power Generation Project	GH	0	0						Dec-17			Advocacy with Greg Topp. Active discussions continuing.
●	Westport Gateway Sign	GH	-21,314	25,000	3,686	1,769	in progress			Nov-15	May-17		Lighting was expected to be completed by end of financial year.
●	Other Mayor, Councillors and CEO Projects	GH	-21,314	25,000	3,686	1,769							
	COMMUNITY & ENVIRONMENT												
●	Local Alcohol Policy	CS + RT	0	0			in progress						Awaiting evidence from stakeholder groups to feed into policy development & legal outcomes Recommended this be put in the priority list for the Risk and Policy committee.
●	By-Law Reviews (all require review)	RT	0	0									To do: two in 2017, all the rest by 2018, NOTE this will be a large workload
●	Freedom Camping	CEO	0	0			in progress			Feb-17	Oct-17		Joint compliance and monitoring between all West Coast Councils.
●	Other Community & Environment Projects	CS	0	0									
			0	0	0	0							

Significant Projects Report

Indicator	Project Description	Project Manager	Carry Over (over)/under	2016/17 Budget	Total Budget	Actual Cost to June 2017	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
	CORPORATE SERVICES												
●	Review of Costings for Water Schemes Annual Report	CEO + Finance Team	0	0	0	0							To be completed as further information provided from Assets & Infrastructure Team
●	Fire & Emergency NZ Transition	DP	0	0	0	0	In progress			Apr-16	Sep-17		Progressing as planned.
●	Long Term Plan 2018-2028	DP	0	0	0	0	Planning Stage			May-17	Jun-18		Information sharing with NZ Fire Service underway and decisions for rural fire asset transfers to be completed.
●	Other Corporate Services Projects	DP	0	0	0	0							Strategic Workshops to be held commencing May/June
			4,000	0	0	3,611							
	SIGNIFICANT PROJECTS												
●	District Plan Review	RT	-7,712	20,000	12,288	2,715	in progress			Nov-14	TBA		Hearings Committee has heard submissions. Are deliberating on those and will report to Council, who may accept or reject the proposed plan changes.
●	Rates Review Project Phase II	DP	67,617	0	67,617	25,829	in progress			Apr-16	Jun-18		Committee workshops have developed a proposed model for consultation and a workplan is agreed.
●	IT/Information Technology Projects (inhouse)	HS	237,330	163,833	401,163	253,841	in progress				Jun-17		IM Project at selection stage. Major System update occurred in Feb 2017. Telephony upgrade will be completed by end of year. Hardware updates continuing.
●	Other Significant Projects		297,235	183,833	481,068	285,385							

Significant Projects Report

Indicator	Project Description	Project Manager	Carry Over (over)/under	2016/17 Budget	Total Budget	Actual Cost to June 2017	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
	ASSETS & INFRASTRUCTURE												
●	Punakaki Water Intake Easement	MD	6,018	0	6,018	10,313	In Progress						Situation under further review.
●	South Granity Tank Supply Water Administration	CEO	0	0	0	0	In Progress						Situation under further review.
●	Rural Wards Maintenance Programme - to be Communicated	MD	0	0	0	0			Jul-17				Communication on road and stormwater maintenance for rural wards requested as part of 2017/18 Annual Plan.
●	Karema Highway Special Purpose Road Advocacy	MD, GH	0	0	0	0	In Progress						Business case being prepared in conjunction with NZTA
●	Little Wanganui Water and Sewerage Easements	MD	0	0	0	0	In Progress			Jun-17			Work underway to resolve this
●	Punakaki Dickson Parade Status and Freedom Camping Issues	MDG + RT	0	0	0	0	In Progress						Temporary Road Closure following WCRC completion of new seawall. Detailed risk assessment before reopening.
●	Punakaki Camp Erosion Protection	TR/MD	0	0	0	0	Advocacy Role Only						The lease is resolved. The erosion issue is a WCRC project and BDC's role is advocacy only.
●	Peel Street Yard	MD	0	0	0	0	In Progress						Site testing analysis and risk assessment currently in progress. Concept study for options to follow in 2017/18 FY.
●	Costing Water Schemes - (Depreciation Funding)	MD	0	0	0	0							
●	Westport Tunnel Piping/Bracing	MD	65,960	650,000	715,960	94,760	In Progress						Feasibility Study in progress to determine methodology, cost, and schedule continues.
●	Replacement of Westport Water Mains from Treatment Plant to Town	MD	0	0	0	0	In Progress						The mains replacement continues in line with annual budget and work plan to replace a certain number of lengths per annum.
●	Inangahua Water Treatment System	MD	222,740	0	222,740	222,358	In Progress						Water system completed. Fencing to be completed. Claim for DWS Funding to be received.
●	Waimangaroa Water Treatment System	MD	567,200	0	567,200	9,111	In Progress						Bore site has been identified, preparations for test drilling underway.
●	Ngakawau Hector Water Treatment System	MD	552,725	0	552,725	4,680	In Progress						Situation under further review.
●	District Signage (Seal Loop)	MD + GH	75,000	50,000	125,000	51,689	In Progress						Resource Consent application approved. Installation in progress, target completion July. Wayfinding signs on hold.
●	Riverside Development \$150k and Waterfront \$100k		250,000	250,000	500,000	0							Rebudgeted after 2017/2018 Annual Plan.
●	Punakaki Building Project		0	100,000	100,000	4,777	On Hold						Draft Community Needs Assessment report received by BDC. Copy referred to DOC for consideration in the Dolomite Point spatial planning. On hold until DOC confirm whether Community Facility will be incorporated in their planning work.
●	Reefton Community Centre	RB	253,207	537,400	790,607	818,016	Near Completed						Project completed, expect final costs to come in within \$28k of budget. Final costs are still to be paid (after 90 days practical completion as per contract).
●	Roading - Local Roads Sealed Road Resurfacing	TM	0	470,000	470,000	480,610	In Progress			Mar-17	May-17		Works program is weather dependent. Work materially completed.
●	Derby Street Pavement, Footpath, Water, Sewerage	TR/SM	0	676,643	676,643	728,049	In Progress				Jun-17		All works underway.
●	Roading - Local & Special Purpose Roads Other Projects	TR/SM	0	818,744	818,744	713,983	In Progress				Throughout the year		Dependent on weather conditions, therefore starts March of each year.
●	Earthquake Strengthening of Buildings	RB	110,000	50,000	160,000	68,790	Completed 3 of 4						Includes Westreef Depot, Victoria Square Building, Reefton Service Centre and Carnegie Library. Carnegie deferred until next year.
●	Footpaths- Urban Development	TR	63,296	197,730	261,026	126,239	In Progress				April- June		Footpath work plan for 2017/18 FY currently under development.
●	Other Assets & Infrastructure Projects	MD	0	0	0	0							

2,166,146 3,800,517 5,966,663 3,333,375

FINANCE AND AUDIT COMMITTEE

9 AUGUST 2017

Agenda Item No 6

Prepared by - Lynn Brooks
- Management Accountant

Reviewed by - Dean Phibbs
- Manager Corporate Services

DEBT RECOVERY REPORT

Report Summary

This report presents and classifies the outstanding balances of rates and sundry debtors as at 30 June 2017 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 continuous.

Draft Recommendation

That the report be received for information.

Issues and 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 June 2017.

Rates debt follows an expected pattern whereby 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 June 2017 is higher compared to both June 2016 and June 2015. Rates debt serious default has increased over the total timeframe reported in the graph.

Looking into the detail further, the "serious default" (which is the red category in the graph) was showing some downward movement over the prior six months timeframe, but has stepped up for the last two months as the end of year processing of rates debt systems are applied. We continue to closely monitor the debt trends as well as applying many different approaches to combat current debt so that it does not reach the long term and at external debt collection stage. The use of social media and text messaging has been implemented with some success, enabling some previously difficult to contact customers to now address their debt by making regular payments.

Sundry Debtors has tracked down over the last six months. The serious default category has grown as a percentage of total debt this year due to non-payment of leasehold property.

Considerations

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.

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.

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. Values

The Buller District Values are: Integrity, Future Focussed, Community Driven, One Team and We Care. Monitoring debt and undertaking debt collection processes most closely aligns to the values of integrity and future focussed.

5. 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.

6. Tangata whenua consultation considerations

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

7. 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.

8. Costs

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

9. 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.

10. Media / publicity

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

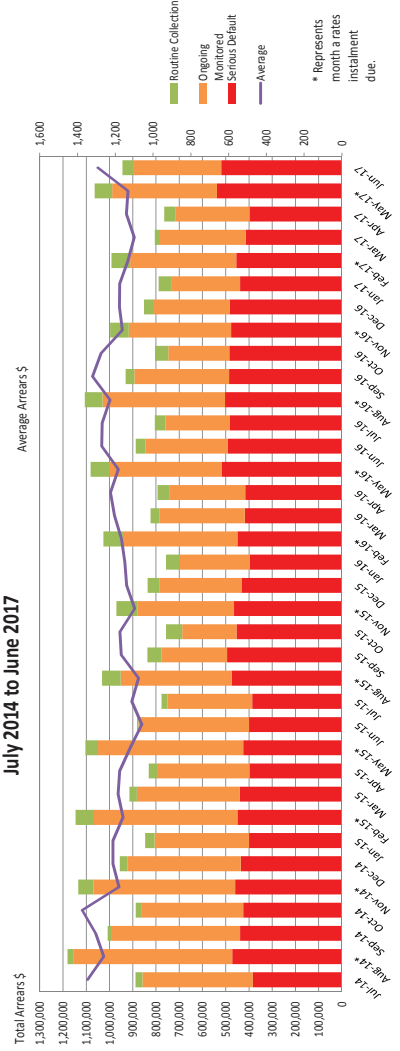
Rates Accounts - Debt Recovery Report

Report cutoff date 30 June 2017
 Last rates instalment due date 28 May 2017
 Next rates instalment due date 28 August 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.	Leasehold Arrears \$	Further Action to Commence				Comment
									Formal Review	To Debt Agency	Title Search	Monitor Progress	
●	Placed with External Debt Collection	45	247,364	82,636	164,728	36%			✓				Arrears placed with Credit Recoveries. Refer to the analysis below.
●	No current mailing address	6	1,091	869	222	0%							Sent to debt collection for tracing, also tracing some through bank deposits & social media.
●	Approach Mortgagee	3	9,317	5,025	4,292	1%	1	11,980					Ratepayers with mortgages are pursued for payment under the Rating Act, collecting prior year arrears.
●	Awaiting Decision	27	97,913	59,977	37,936	8%	2	14,750	✓	✓			More complicated cases, ie house uninhabitable / property on market etc require close monitoring.
●	Missed more than two instalments	56	163,172	126,460	36,912	8%			✓				Reviewing for possibility of Mortgage Action.
●	Under Action - Short Term Monitored	32	49,988	40,224	9,764	2%				✓			Reviewed systematically with each ratepayer.
●	Payments Insufficient	41	50,594	50,418	176	0%				✓			Reviewed systematically. Work through options to increase payments/resolve debt.
●	Long Term Monitored	52	77,567	68,161	9,406	2%	1	22,315	✓				Financial hardship, paying minimum amounts. Reviewed 6 monthly (Aug/Feb), more frequently if in decline.
●	No Payments - Property on Market	5	12,287	10,627	1,660	0%			✓				Annual Review.
●	Missed Feb 2017 & May 2017 instalments	61	53,334	53,334	0	0%				✓			Letters sent - monitoring.
●	Missed one instalment only	196	136,434	136,434	0	0%				✓			Letters sent - monitoring.
●	Payment plans	207	45,346	41,377	3,969	1%	2	5,108			✓		Reviewed annually and updated as required.
●	Abandoned Land Tender Project	68	232,607	46,439	186,168	41%							Abandoned Land tender process.
	Totals	799	1,177,014	721,781	455,233	100%	6	54,152				✓	

Rate Arrears Monthly Trend from July 2014 to June 2017



External Debt Recovery Analysis

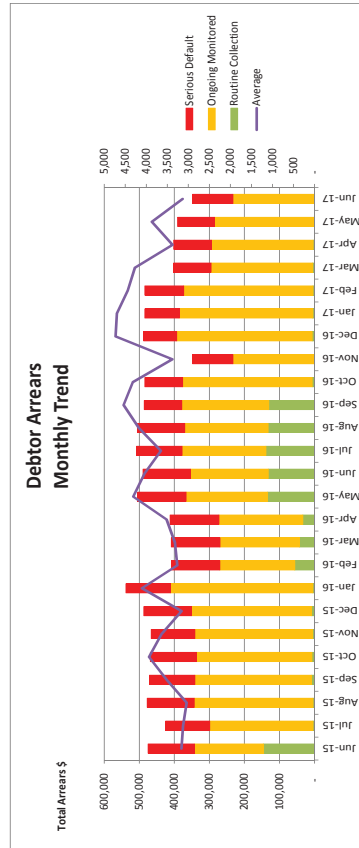
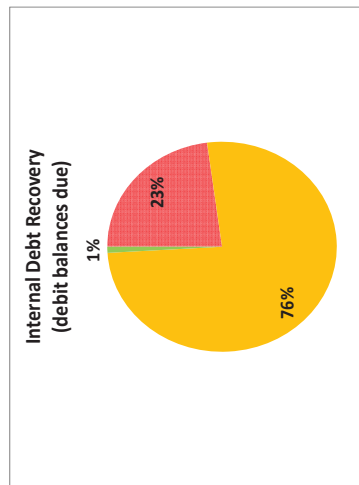
Status Flag	Category	No of Ratepayers	Balance
●	Legal	9	64,637
●	Unable to trace ratepayer (No known address)	8	42,923
●	Active - no arrangement	7	14,070
●	Payment Plans	9	38,726
●	Abandoned Land	1	3,655
	Totals	34	164,011

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 30 June 2017
Ageing cycle - current due 20 July 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 \$10,000	At Debt Agency/ Mortgage	Letter Sent	Payment Plan	In Dispute	Formal Review	To Debt Agency/ Mortgage	Monitor Progress	Further Letter/ Meeting	
🔴	Leasehold Properties	30	115,283	17	9	4	1		17		✓		✓	✓	Rents invoiced 6 monthly in advance, most paid off by monthly instalments. Some long standing arrears receiving increased collector measures.
🟡	Orowaiti Connection	6	11,690	3	3		2		2		✓				Two overdue accounts remain lodged with Credit Recoveries.
🟡	Libraries	5	530	5			2	3							Debt lodged with Credit Recoveries.
🟡	Water	23	24,694	20	3		1	6	1				✓		Payment plans promoted for those with long standing debt.
🟡	Resource Management	12	73,213	7	1	4	3	2	4	2	✓	✓			Disputed accounts \$27k, payment programs \$12k. Lodged with Credit Recoveries \$18k.
🟡	Rentals	9	112,534	6	1	2	0	1	2	1					Disputed \$43k under legal action. Others under agreed payment plans and ongoing monitored.
🟡	Regulatory Licences e.g. Food Premises	7	1,985	7			1								Timing of Annual Licences billing, most of group are aged two months only.
🟡	Sundry	14	5,978	13	1		3	1	1	1		✓			Instalment arrangements entered into for those with long standing debt.
🟢	Trade Waste	3	1,359	3			1								Annual invoicing cycle in June.
🟢	Building Consents			0											Where overdue, this represents inspections not yet completed due to timing of building process.
🟢	Cemetery	1	115	1											Instalment arrangements entered into for those with long standing debt.
🟢	LIMS	1	250	1								1			Short term debtor.
🟢	Totals	111	348,011	83	18	10									



FINANCE AND AUDIT COMMITTEE

9 AUGUST 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 GHD report used.	Management 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.	Management 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	June 2017
4	Internal audit.	No formal internal audit reviews were performed in 2014/2015.	Manager Corporate Services	1 internal audit carried out.	Internal Audits have been carried out. 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 2018/2019 at the earliest.	February 2018

FINANCE WORK PLAN

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Internal Reporting												
F&A Reports												
- BDC Quarterly Financials					Quarterly			Half yearly			Three quarterly	
- BDC Operational												
- BDC Treasury												
- BDC Debtors												
- BDC Capital												
- BDC Significant Projects												
- BHL Quarterly Financials												
Council Reports												
- Budget Carry Overs			2017 Carryovers									
Rates Overhaul Project												
- Rates Overhaul	Database integrity checks	Stmt of Proposal + Consultation Doc	Community meetings + Advertising	Consultation	Consultation	Consultation	Deliberations	Amendments to rating model	Finalise & adopt for inclusion in LTP			
2018-2028 Long Term Plan												
- Long Term Plan	Community & strategic workshops + engagement	Adopt draft vision					Workshop	Workshop	Workshop + Adopt Draft LTP	Consultation	Roadshows + Hearings	Adopt Final Plan
2016/17 Annual Report												
- BDC Annual Report			Audit	Adopt	Publish Summary & report				Systems Audit			
- BHL Annual Report		Audit	Group Figures	Annual Report								
Other Operational Projects												
- Insurance											Negotiations	Finalise