



AGENDA:

Meeting of the
FINANCE & AUDIT COMMITTEE

Wednesday 14 March 2018
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

14 MARCH 2018

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FINANCE AND AUDIT COMMITTEE

14 MARCH 2018

Agenda Item No 1

Prepared by - Dean Phibbs
- Manager Corporate Services

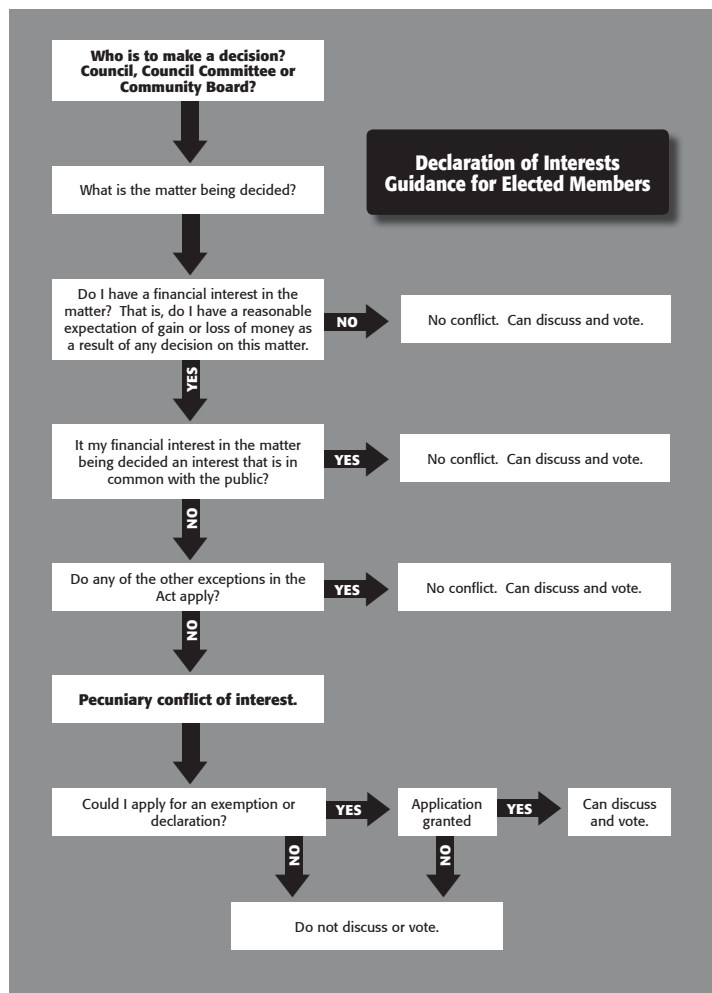
MEMBERS INTEREST

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

14 MARCH 2018

Agenda Item No 2

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

CONFIRMATION OF MINUTES

Minutes of the meeting held 15 January 2018.

DRAFT RECOMMENDATION

That the minutes from the meeting held 15 January 2018 are confirmed.

**MEETING OF THE BULLER DISTRICT COUNCIL FINANCE AND AUDIT COMMITTEE,
COMMENCED AT 5pm, 15 JANUARY 2018, AT CLOCKTOWER CHAMBERS,
PALMERSTON STREET, WESTPORT**

PRESENT:

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

IN ATTENDANCE:

Manager Corporate Services (D Phibbs) and PA Corporate Services (M Wilson).

Councillor G Hart.

APOLOGIES:

No apologies were received

1. MEMBER'S INTEREST

No Members Interests were disclosed.

2. MINUTES

Amend minutes to include Councillor D Hawes, who was present.

RESOLVED that the minutes of the 6 December 2017 meeting be accepted with the above amendment.

**P Rutherford/J Cleine
CARRIED UNANIMOUSLY**

3. ACTION POINTS

- 111. An update is expected for the March 2018 meeting.
- 137. An update is expected for the March 2018 meeting.
- 145. Change date to March 2018.
- 147. Change date to March 2018.

RESOLVED that the report be received for information and discussion.

**R Nahr/S Roche
CARRIED UNANIMOUSLY**

4. FINANCIAL PERFORMANCE

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.

**G Howard/P Rutherford
CARRIED UNANIMOUSLY**

6. SIGNIFICANT PROJECTS REPORT

RESOLVED that the report be received for information and discussion.

**J Cleine/G Howard
CARRIED UNANIMOUSLY**

7. AUDIT NZ MANAGEMENT REPORT: 2016/2017 Annual Report

AP: Update the Audit Management Action Points report to include the 2016/2017 recommendations.

RESOLVED that the report be received for information purposes.

**D Hawes/S Roche
CARRIED UNANIMOUSLY**

8. AUDIT MANAGEMENT ACTION POINTS

RESOLVED that the report be received for information and discussion.

**S Roche/R Nahr
CARRIED UNANIMOUSLY**

9. PUBLIC EXCLUDED

RESOLVED 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
1.	Lynn Brooks - Management Accountant	Aged debt	Section 7 (f) i maintain the effective conduct of public affairs through the free and frank expression of opinions.

**S Roche/G Howard
CARRIED UNANIMOUSLY**

FINANCE WORK PLAN

Reviewed.

-
- There being no further business the meeting concluded at 6:10pm
 - **Next meeting:** 5pm, Wednesday 14 March 2018, *Council Chambers, Palmerston Street, Westport.*
-

Confirmed: **Date:**

Name:

FINANCE AND AUDIT COMMITTEE

14 MARCH 2018

Agenda Item No 3

Prepared by - Dean Phibbs
- Manager Corporate Services

ACTION POINT LIST

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	An update was provided by Mike Duff and Rick Barry. On-going.	February 2018	
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	Quarterly report to go to Councils October meeting.	February 2018	
145	15 Nov 2017	Peel Street yard: remediation report to be provided by Mike Duff.	Sharon Roche		December 2017	
147	6 Dec 2017	Westport Airport Grazing: a full report to be pre-sented to Council regarding loss of grazing at the Westport Airport, issues to be discussed.	Andy Gowland-Douglas Sonia Creswell		January 2018	
148	15 Jan 2018	Audit Management Report from 2016/2017 Annual Report: Update the Audit Management Action Points list to include the 2016/2017 recommendations.	Dean Phibbs		March 2018	

DRAFT RECOMMENDATION

That the report be received for information.

FINANCE AND AUDIT COMMITTEE

14 MARCH 2018

Agenda Item No 4

Prepared by - Wendy Thompson
- Financial Accountant

Reviewed by - Dean Phibbs
- Manager Corporate Services

FINANCIAL PERFORMANCE: 31 DECEMBER 2017

1. Report Summary :

To provide Council with a financial performance update for the six month period ending 31 December 2017.

2. Recommendation/draft resolution:

That this report be received for information and discussion.

3. Analysis and Discussion

3.1 Statement of Financial Performance

Operating Result

Council has budgeted for a half yearly deficit of (\$1,245,000). The actual result is a deficit of (\$1,598,000) which is an unfavourable difference of \$353,000. Analysis of the half yearly result is detailed below.

Operating Revenue

Overall operating revenue totals \$10.5 million compared to a budget of \$10.4 million. The significant variance items are within subsidies and grants revenue; being DWC Economic Development Fund \$150,000 unbudgeted and NZTA subsidy \$112,000 over budget. These are offset by Investment Revenue under budget by \$69,000, timing of metered water consumption \$58,000 under budget and a number of smaller variances.

Operating Expenditure

Operating expenditure totals \$12.1 million compared to a budget of \$11.6 million. The total unfavourable variance is \$500,000 and includes recognition of the book loss on Derivative Contracts of \$183,000; which is directly related to market interest rate movements since 1 July 2017. Other significant variances are the DWC Economic Development Fund payments \$150,000 unbudgeted and Westport Water electricity over budget \$80,000.

3.2 Statement of Financial Position

Net debt (being external debt less term deposits) has remained stable since the end of the last financial year. However, debt is expected increase by the end of the

financial year to fund some of Council's significant capital projects including the Westport Water Supply tunnel repairs.

3.3 Cash Flow Statement

Net operating cash flow of \$2.3 million remains positive during the six months to 31 December 2017. This was offset by fixed asset purchases of \$2.1 million. Overall Council's cash position increased by \$0.3 million since 1 July 2017.

3.4 Dashboard – Operational Financial Performance Indicators

Activity	Revenue	Expenditure	Comment
Democracy	●	●	
Property Amenities & Reserves	●	●	
Economic Development, Tourism & Museum Support	●	●	
Community Services	●	●	
Regulatory	●	●	
Roading	●	●	
Solid Waste	●	●	
Support	●	●	
Wastewater	●	●	
Water	●	●	Westport electricity and Punakaiki maintenance
Airport	●	●	

4.0 Dashboard - Non Financial Performance Measures

4.1 Background

A well balanced reporting system will include both financial and non-financial 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 table of non- performance measures was developed to help monitor key risk areas of Council and to help monitor organisational efficiency within Council.

5.0 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 2017/18 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 2017/18 Annual Plan.

5.3 Values assessment

The Buller District Councils values are: One Team; Community Driven; We Care; Future Focussed; and Integrity.

A performance reporting system aligns most strongly with Integrity.

Public reporting of Council's performance against budgets and key performance indicators encourages open and honest discussion and decision making.

5.4 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.

5.5 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.

5.6 Tangata whenua considerations

Not applicable.

5.7 Views of those affected

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

5.8 Costs

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

5.9 Benefits

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

5.10 Media / publicity

There are no media or publicity opportunities with this report.

**STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

	Parent		
	Dec-17 Actual \$000	Dec-17 Budget \$000	2017/2018 Budget - Full Year \$000
OPERATING REVENUE			
General Rates	4,146	4,157	8,314
Targeted Rates (excluding Metered Water)	2,750	2,759	5,517
Metered Water Charges	44	102	204
Rate Penalties	80	75	150
Subsidies and Grants	1,619	1,345	4,442
Dividend & Subvention Revenue	0	0	910
Investment Revenue	249	318	636
Development and Financial Contributions	17	53	105
Fees & Charges	1,618	1,550	3,091
Gain on Derivative Contracts	0	0	0
Vested Assets	0	0	101
Total Operating Revenue	10,523	10,359	23,470
OPERATING EXPENDITURE			
Employee Costs	2,303	2,329	4,658
Depreciation & Amortisation	2,737	2,731	5,462
Finance Costs	487	558	1,115
Other Expenses	6,410	5,987	11,499
Assets Written Off	0	0	350
Loss on Derivative Contracts	183	0	0
Loss on Sale of Investment Property	1	0	0
Total Operating Expenditure	12,121	11,604	23,084
Net Surplus (Deficit) Before Taxation	(1,598)	(1,245)	386
Income Tax Expense	0	0	0
Net Surplus (Deficit) After Taxation	(1,598)	(1,245)	386
Other Comprehensive Revenue & Expenses			
Increase/(decrease) in Infrastructure Revaluation Reserves	0	0	0
Total Comprehensive Revenue and Expenses	(1,598)	(1,245)	386

**STATEMENT OF CHANGES OF EQUITY
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

	Parent	
	Dec-16 7Actual \$000	2017/2018 Budget - Full Year \$000
Equity as at 1 July	318,476	325,979
Total Comprehensive Revenue and Expense	(1,598)	386
Total Equity at End of Period	316,878	326,365
Components of Equity		
Accumulated Funds	167,842	166,725
Reserves	4,993	5,385
Asset Revaluation Reserve	144,043	154,255
Total Equity at End of Period	316,878	326,365

**STATEMENT OF FINANCIAL POSITION
PERIOD ENDED 31 DECEMBER 2017**

	Parent		
	Dec-17 Actual \$000	2016/2017 Actual \$000	2017/2018 Budget - Full Year \$000
CURRENT ASSETS			
Cash and cash equivalents	3,271	3,245	1,030
Trade and other receivables	2,462	4,518	4,858
Inventories	13	11	13
Other current assets	22	35	35
Short term investments	14,998	12,684	13,784
Assets held for sale	161	161	0
Total Current Assets	20,927	20,654	19,720
NON CURRENT ASSETS			
Investment in council controlled organisations	19,645	19,576	20,035
Other investments	494	2,753	0
Investment property	7,632	7,687	7,568
Infrastructural assets	275,667	276,324	294,822
Other non current assets	21,096	21,170	19,595
Intangible assets	75	106	50
Total Non Current Assets	324,609	327,616	342,070
Total Assets	345,536	348,270	361,790
CURRENT LIABILITIES			
Trade and other payables	1,786	3,018	3,982
Derivative financial instruments	0	0	55
Employee entitlements	533	580	451
Provisions	35	35	0
Current portion of term debt	36	8,510	107
Total Current Liabilities	2,391	12,143	4,595
NON CURRENT LIABILITIES			
Derivative financial instruments	939	756	1,100
Provisions	1,566	1,566	1,483
Bond deposits	82	83	82
Employee entitlements	246	246	140
Term debt	23,434	15,000	28,025
Total Non Current Liabilities	26,267	17,651	30,830
EQUITY			
Accumulated Funds	167,842	169,441	166,725
Reserves	4,993	4,992	5,385
Asset Revaluation Reserve	144,043	144,043	154,255
Total Equity	316,878	318,476	326,365
Total Liabilities & Equity	345,536	348,270	361,790

**STATEMENT OF CASHFLOWS
FOR PERIOD ENDED 31 DECEMBER 2017**





	Parent	
	Dec-17 Actual \$000	2017/2018 Budget - Full Year \$000
CASHFLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Rates	7,402	13,981
Other revenue	3,656	7,532
Interest received	266	636
Dividends and subvention payments received	475	1,220
	11,798	23,369
Cash was applied to:		
Payments to suppliers and employers	9,126	17,227
Interest paid	487	1,115
Net GST movement	(66)	0
	9,546	18,342
Net Cash From Operating Activities	2,251	5,027
CASHFLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Sale of investment property	0	100
Investment realised	7,865	0
	7,681	100
Cash was applied to:		
Purchase of fixed assets	2,110	7,225
Purchase of investments	7,755	500
Purchase of equity investments	0	35
	9,865	7,760
Net Cash From Investing Activities	(2,185)	(7,660)
CASHFLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Loans raised	0	2,585
Cash was applied to:		
Repayment of loans	40	107
Net Cash From Financing Activities	(40)	2,478
Net Increase (Decrease) in Cash	26	(155)
Opening Cash as at 1 July	3,245	1,185
Closing Cash as at 31 December	3,271	1,030

**NON-FINANCIAL REPORTING MEASURES
FOR PERIOD ENDED 31 DECEMBER 2017**

**Achieved /
Not Achieved**

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	●	Audit completed and new Certificate of Accreditation has been received. Next accreditation audit due December 2019.
Resource Management	2	Process non-notified resource consents within statutory deadlines	100% of consents processed within statutory timeframes	●	100% Compliance. There have been 26 Resource consents completed since 1 July 2017 (2017: Full year 60 consents).
Emergency Management	3	Maintain 3 teams of trained civil defence volunteers	30 trained volunteers (3 teams)	●	100 volunteers. Focus is on increased BDC staff and volunteer participation throughout the district.
Water Supplies					
All Water Supplies	4	Safety of drinking water	Meets 100% bacteria/protozoa compliance criteria	●	Westport, Reefton & Inangahua Junction compliant. Punakaiki & other rural supplies non-compliant.
Westport Water	5	Maintenance/Renewal of water reticulation main	Number of shutdowns for Westport water trunkmain	●	
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	●	1 recorded in September 2017 due to an issue within the property boundary.
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 inundated by stormwater flooding per event per 1,000 properties connected to Councils stormwater system	●	NIL houses.
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	●	377 bins (1st quarter 106 bins).

**NON-FINANCIAL REPORTING MEASURES
FOR PERIOD ENDED 31 DECEMBER 2017**

Activity	No.	Measure	Target	Achieved / Not Achieved	Commentary
Support					
Health and 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		377 bins (1st quarter 106 bins).
Health and Safety	10	To comply with Health and Safety policies and legislation	Setup systems, procedures and policies to comply with legislation (commentary on progress required)		Implementing Vault software to manage, record and report on systems, policies & procedures and incidents.
Other Key Areas					
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 367 service requests between 1 July and 31 December 2017. At 31 December there were 190 outstanding requests 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		Required level of passengers achieved

FINANCE AND AUDIT COMMITTEE

14 MARCH 2018

Agenda Item No 5

Prepared by - Wendy Thompson
- Financial Accountant

Reviewed by - Lynn Brooks
- Management Accountant

INVESTMENTS AND BORROWINGS: FEBRUARY 2018

REPORT SUMMARY

This report summarises Councils cash investments and borrowings for the month ended February 2018, interest earned for the period from 1 July 2017 to 28 February 2018 and policy compliance.

RECOMMENDATION/DRAFT RESOLUTION

That the report be received for information.

ISSUES AND DISCUSSION

Investments

Investments have decreased by \$0.6 million in total from the last report circulated to the end of December 2017. This is mainly due to the effect of the rates billing cycle and monthly creditor payment obligations. The trading account closing balance is \$1,469,700. This relatively high end of month balance is the result of rates instalment three falling due on 28 February.

Interest Revenue

Interest revenue to the end of February 2018 is \$678,734 compared to a budget of \$667,144. 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 have reduced gradually as the EECA loan is paid down, with a current balance of \$23,450,000.

Net debt (borrowings less term investments) has increased to \$6,651,805 from the \$6,072,000 balance in October due to the movement in investments and the trading account balance.

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

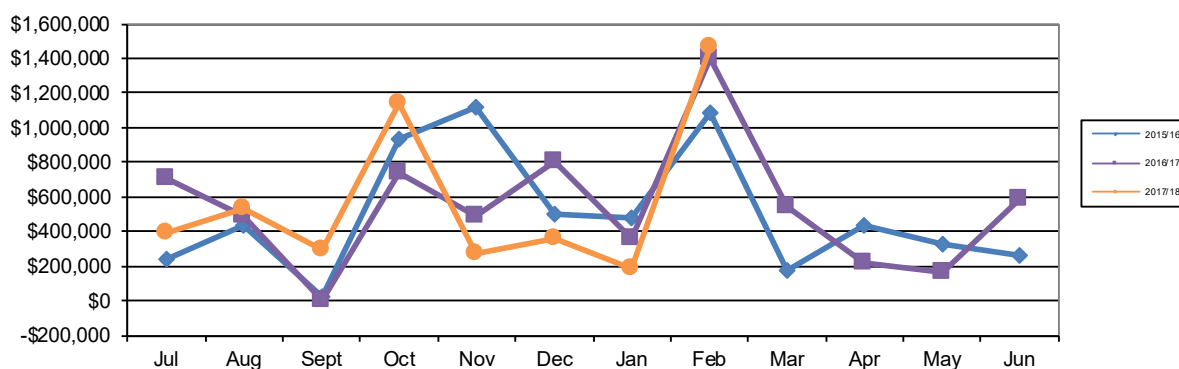
None identified.

INVESTMENTS AND BORROWINGS REPORT

1. BANK BALANCE

	This Month 28 Feb-18	Last Month 31 Jan-18	Last Year 30 Jun-17
Council	\$1,469,689	\$187,908	\$585,661

2. MONTH END BANK BALANCE



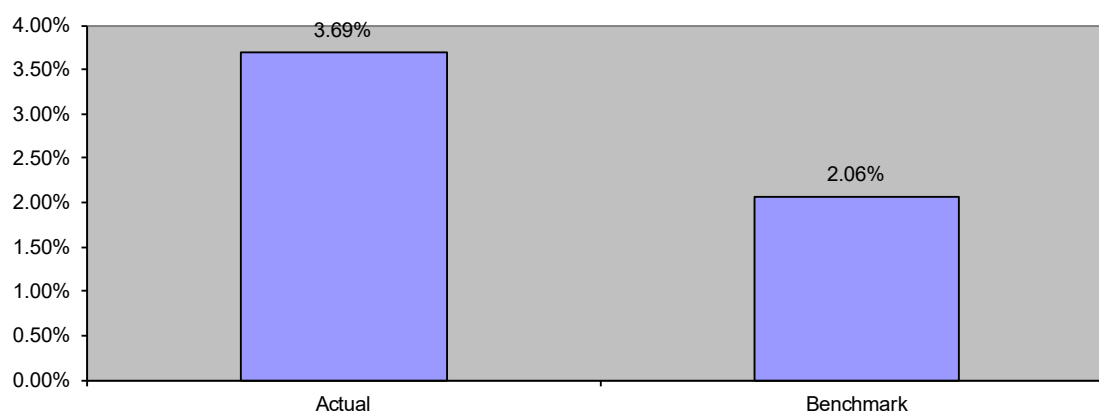
3. SUMMARY OF INVESTMENTS

	This Month 28 Feb-18	Last Month 31 Jan-18	Last Year 30 Jun-17
Term Deposits	16,798,148	17,098,148	17,098,148
Other Loans (includes loan to Holding Company)	2,464,277	2,487,923	2,537,348
Total Investments	\$19,262,425	\$19,586,071	\$19,635,496

4. SOURCE OF FUNDS

	This Month 28 Feb-18	Last Month 31 Jan-18	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)	1,800,000	2,100,000	2,100,000
	\$16,798,148	\$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	\$678,734	\$667,144	\$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.

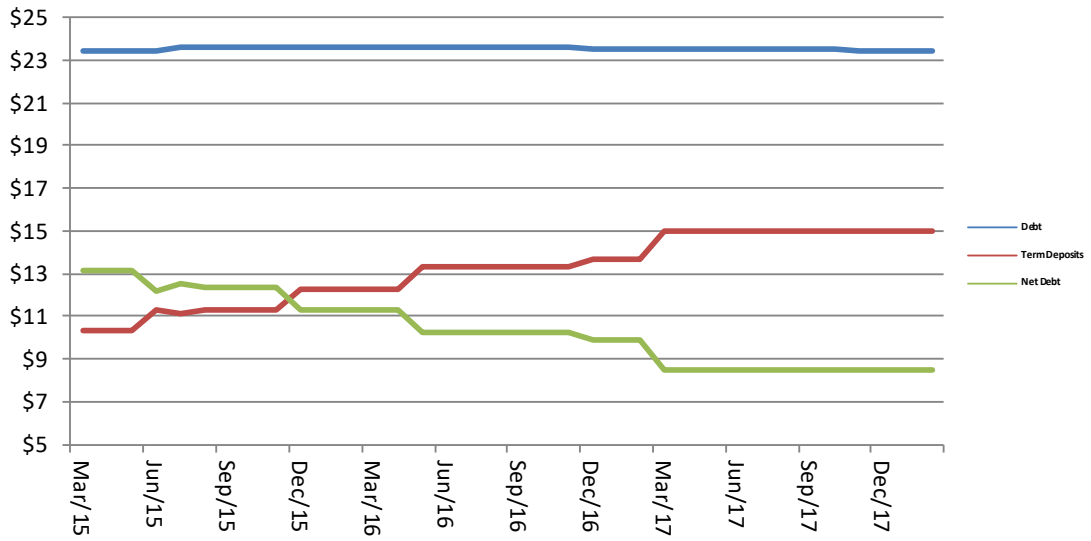
Council has approved the investment in NBS which sees us in breach of the Treasury Management Policy. This breach will continue as investments mature and are rolled over.

8. SUMMARY OF BORROWINGS

	This Month 28 Feb-18	Last Month 31 Jan-18	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	16,093	35,989	66,241
	\$23,449,953	\$23,469,849	\$23,500,101
Weighted Average Interest Cost	4.00%	4.00%	4.60%
Net Debt:			
Total Borrowings	23,449,953	23,469,849	23,500,101
Less: Term Deposits	16,798,148	17,098,148	17,098,148
	\$6,651,805	\$6,371,701	\$6,401,953

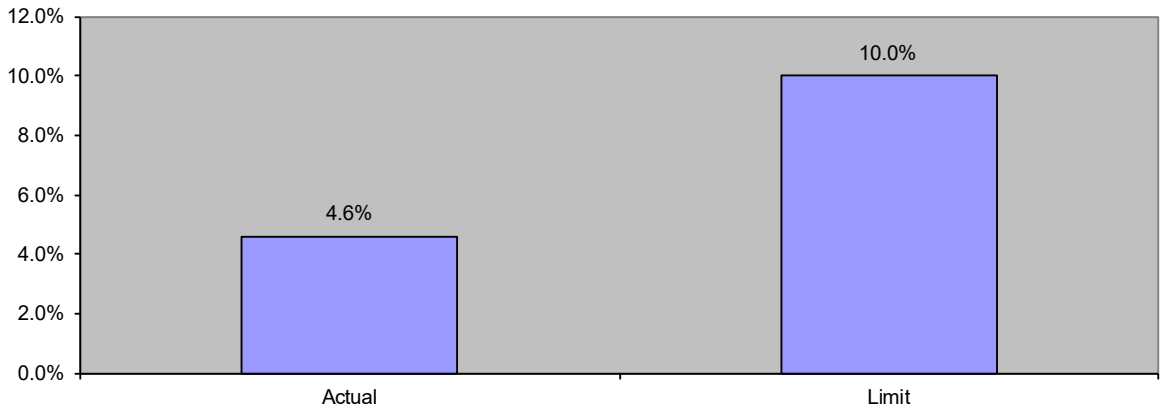
9. DEBT AND INVESTMENTS 3-YEAR TREND

\$ Millions

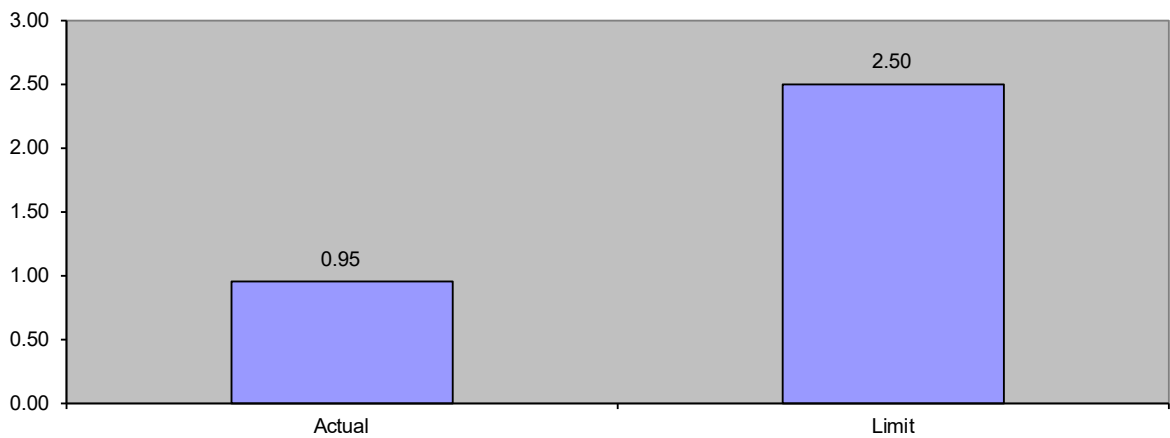


10. COMPLIANCE WITH TREASURY POLICY

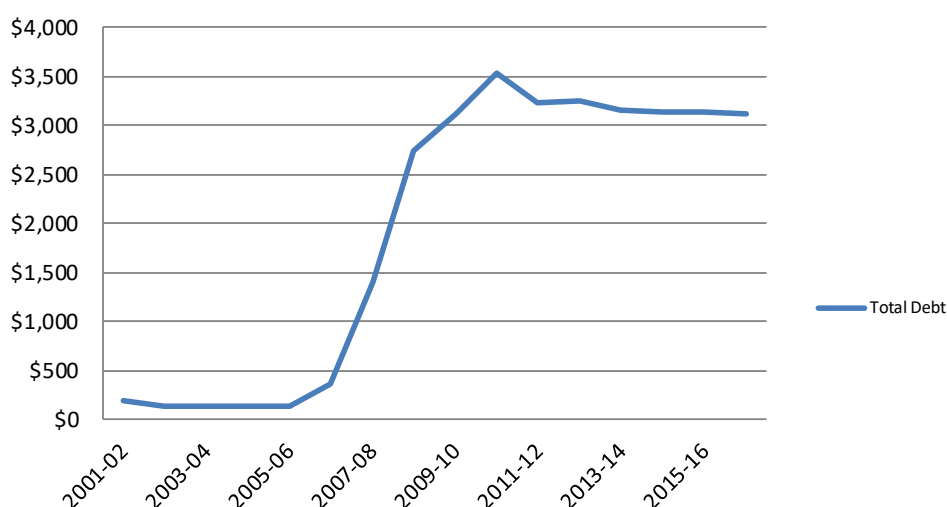
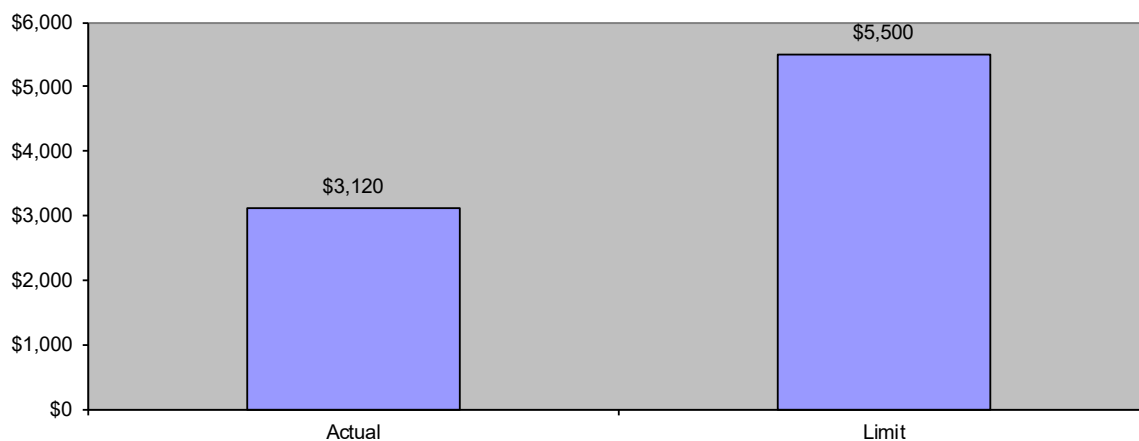
10.1 Interest Expense / Total Income



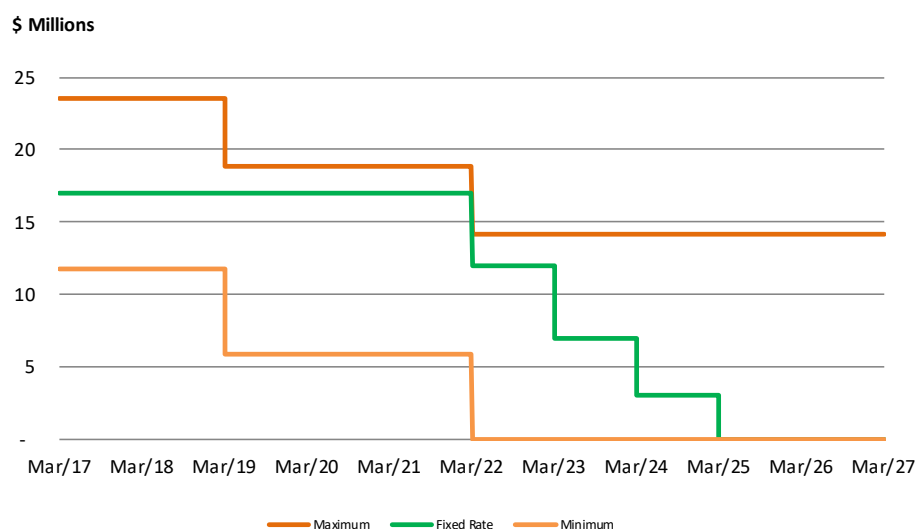
10.2 Gross Debt / Total Income



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

14 MARCH 2018

Agenda Item No 6

Prepared by - Lynn Brooks
- Management Accountant

Reviewed 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 for the year to date.

There are not any issues that require a decision Council 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 Council to monitor capital income and expenditure movements.

Council requires 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 2017.

3.1 Capital Income

Community Services capital funding includes the NBS sponsorship agreement which is in place until March 2019 and the Pulse Energy Recreation Centre sponsorship agreements which are in place until April 2022.

The Roding and Urban Development program involves negotiation with NZTA for agreed works programmes and associated subsidies. The budget of \$1.16m as set in the Buller District Council Annual Plan has a variance with NZTA's funding budget because it is expected BDC will receive \$274k additional funding if all the capital works are completed by year end. This additional funding offsets the funding variances in the prior two years which saw less NZTA funding received

than budgeted for. The timing of NZTA income received correlates to the capital expenditure incurred which is generally completed during February to April when weather conditions are more favourable for this type of activity, so we expect to see the largest portion of work being completed in the summer months and into the later part of the financial year.

The Water project for Waimangaroa has been held up while an appropriate bore site option is decided. The approved subsidy for this project will be available for drawdown once the scheme is completed which may fall into the next financial year. The Ngakawau Hector drinking water project and subsidy income has not progressed as planned and receipt of capital funding for this project has not been budgeted for.

Property, Amenities and Reserves includes a budget of \$200,000 Government funding for the Fox River Toilets. The actual subsidy to be received is expected to be \$255,160.

3.2 Capital Expenditure

Airport capital expenditure is over budget due to the purchase of a mower which was unbudgeted. It is expected the costs will be somewhat offset by lower mower maintenance costs for the remainder of the year.

Community Services expenditure includes library books, library furniture and NBS theatre equipment. It is expected the expenditure will meet budget.

Environmental Services expenditure includes two items which are unbudgeted, including some necessary communication assets for Civil Defence.

Property, Amenities and Reserves expenditure includes budgets for the Punakaiki Community Centre, cemeteries, new public toilets at Fox River, \$70,000 for the sea wall at Punakaiki Beach Camp and sundry capital for Council buildings. Of these, it is expected \$100,000 may not be required for Punakaiki Community Centre as there is further planning and community input required before this project proceeds. There is also \$80,000 that will be incurred for the Clocktower. The two public toilets are expected to cost more than budget, however this is offset in full by a subsidy being received.

Water projects are closely monitored. It is expected the Westport water supply tunnel repairs will be completed by the first quarter of 2018/2019 financial year, so we have indicated the deferral of \$2.6m of budgeted expenditure in the attached schedule. It is also expected that the Waimangaroa water supply will not progress until later in the year, therefore the associated costs and income have been deferred until the next financial 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' strategic 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 being met.

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. Values

The Buller District Council values are: we care, integrity, one team, community driven and future focussed. This report aligns with those values as it presents information about the capital projects for our community.

4.6 Tangata whenua consultation considerations

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

4.7 Views of those affected

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

4.8 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.

4.9 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.

4.10 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 2018
 (Actual to 30 December 2017, Forecast for January 2018 to June 2018)

Activity	BUDGET	INCOME - EXTERNAL CONTRIBUTIONS			VARIANCE ANALYSIS			Significant Variance Details	
		Contributions Received	Further Contributions Expected to 30 June 2018	Total Projected	Projected Variance	Project Timelines	Funding Sources		Total Variance
Promotion & Development	0	0	0	0	0	0	0	0	over/(under)
Community Services	34,700	0	34,700	34,700	0	0	0	0	0 Sponsorship agreements in place continue to March 2019
Pulse Energy Recreation Centre	400,000	200,000	200,000	400,000	0	0	0	0	0 Sponsorship agreements in place continue to April 2022.
Environmental Services	0	0	0	0	0	0	0	0	
Property, Amenities & Reserves	200,000	0	255,160	0	55,160	55,160	55,160	55,160	Budgeted to receive greater than expected Government Subsidy for North Beach and Fox River toilets.
Airport	0	0	0	0	0	0	0	0	
Roading & Urban Development	1,155,033	125,997	1,029,036	1,155,033	0	0	0	0	NZTA revised capital income budget is \$1,429,134
NZ Transport Agency - Capital Funding	402,638	0	0	0	(402,638)	(402,638)	(402,638)	(402,638)	Variation of \$274,101 (extra funding) may be received at end of year due to NZTA approved Capital Expenditure if all projects are completed. The capital program is usually commenced later in the financial year as weather conditions for these projects is more suitable from summer onward therefore the majority of contributions are received in the last half of the year.
Solid Waste	0	0	0	0	0	0	0	0	
Water	0	0	0	0	0	0	0	0	0 Project delayed.
Ngakawau Hector DWS Subsidy	402,638	0	0	0	(402,638)	(402,638)	(402,638)	(402,638)	Awaiting water bore site confirmation. Funding unlikely to be drawn down by end of year 2018.
Wastewater	0	0	0	0	0	0	0	0	
Support	0	0	0	0	0	0	0	0	
TOTAL	2,192,371	325,997	1,518,896	1,589,733	(347,478)	(402,638)	55,160	(347,478)	

BULLER DISTRICT COUNCIL
Capital Expenditure Projection for the Year Ended 30 June 2018
 (Actual to September 2017, Forecast from October 2017 to June 2018)

	BUDGET			EXPENDITURE		VARIANCE ANALYSIS			SIGNIFICANT VARIANCE DETAILS					
	Carry Over 2016/17	Budget Set for 2017/18	Combined Budget and Provision Now for 2017/18	Less Budget Not Required	Final Budget For 2017/18	2016/17 Progress Carried Forward	2017/18 Projected Expenditure	Total Projected Expenditure and Work in Progress for 2017/18	Projected Budget Under Spend	Projected Budget Over Spend	Unbudgeted Expenditure	Projects to Rebudget or Carry Over into 2018/19	TOTAL VARIANCE over budget (under) budget	
Airport	0	5,000	5,000	0	5,000	0	18,012	18,012	0	0	13,012	0	13,012	Projected Spend: \$5,000 Budget for plant. Budgeted spending to date is signs and a gas operated bird scater. Unbudgeted expenditure ride on mower required replacement (Mower Cost \$16,802).
Community Services	253,294	221,834	475,128	0	475,128	60,868	414,260	475,128	0	0	0	0	0	Carry Over from 2016/17 includes: Urban Streetscape (Seal Loop Signs) \$125,000 and Vision 2010 Projects being Inangahua funding \$34,989 and Seddon funding \$93,305. Work in Progress includes: \$2,093 on report for work required to Repton Pool and \$53,775 on the Urban Streetscape (Seal Loop Signs). Projected spend: This capital expenditure category includes library books, library furniture and NES theatre equipment and it is not expected that these items will be overspent by the year end. Seddon Ward 2010 urban design funding (\$93,305) may not be spent by year end. Inangahua Ward 2010 Repton Roadway urban design funding (\$26,559) continues. The District Signage project has been completed \$35,986 under budget. Westport urban design 7 Day Makeover project costs are currently being analysed.
Environmental Services	0	38,911	38,911	0	38,911	0	38,911	43,252	0	0	4,341	0	4,341	Unbudgeted Expenditure: to purchase body cameras for the Animal Control Officers (\$1,862) and Civil Defence Radio sets (\$2,479).
Property, Amenities & Reserves	145,960	599,867	745,827	0	745,827	11,456	634,371	620,787	(180,000)	55,160	0	0	(124,840)	Carry Over from 2016/17 includes: \$25,620 garden/playground works, \$100,000 Punakaiki Community Centre, \$20,340 Victoria Square capital work not completed at year end. Work in Progress includes: \$4,777 spent on Punakaiki Community Centre, \$5,000 other land and \$1,679 on Peel Street Yard. Underspend: Punakaiki Community Centre \$100,000 unlikely to progress and be spent by year end and Clocktower project not undertaken. Estimated overspend \$55,160 on both Fox and North Beach toilets however this is offset by unbudgeted capital income of \$55,160.
Reading & Urban Development	116,721	1,836,922	1,953,643	0	1,953,643	0	1,953,138	1,939,138	(14,505)	0	0	0	(14,505)	Carry Overs from 2016/17: Footpaths \$84,791 and Palmerston Street Cameras-flags-lights \$31,930. It is expected that the reading programme will be completed as budgeted for at year end. Replacement banners and flags have been completed \$14,505 under budget.
Solid Waste	0	137,900	137,900	0	137,900	0	137,900	137,900	0	0	0	0	0	Budget is for litter bins.
Water	668,470	3,391,684	4,060,154	0	4,060,154	161,573	1,298,581	988,482	(3,073,692)	0	0	(3,073,692)	(3,073,692)	Carry Overs 2016/17: Westport water supply \$47,271 and Westport Number 1 Tuning braiding \$621,199. Work in Progress includes: Westport water supply \$2,473 and \$31,955 tunnel boring costs. Project Underspend: includes an unmade \$2.0m for the Westport Tunnel Boring which after other projects is expected to be completed in the first quarter of 2018/2019. Carry Overs include \$473,692 for Waingaroa which is not expected to be spent by end of year and will carry over to next year.
Wastewater	247,419	615,557	862,976	0	862,976	924	862,052	862,976	0	0	0	0	0	Carry Overs 2016/17: Sewer modelling and separation for Westport Sewer and capital works for Repton Sewer. Work in Progress includes: sewer modelling and separation for Westport Sewer. End of Year: the routine capital works are being met however the significant capital works may be at risk of not meeting schedule as the design work has not yet been completed.
Stormwater	0	205,008	205,008	0	205,008	0	205,008	205,008	0	0	0	0	0	There are no carry overs or Work in Progress. It is expected the budget will be fully spent at year end.
Professional Business Unit	0	5,004	5,004	0	5,004	0	0	5,004	0	0	0	0	0	Budget is for software.
Support	284,636	167,625	452,461	0	452,461	74,533	377,928	452,461	0	0	0	0	0	Carry Over 2016/17 includes: MAGIC system modules \$19,341, GIS system \$11,880, Information Management costs \$151,876, Website costs \$10,000, Systems and network \$19,789, Telephone \$70,000 and mobile phones \$1,750. Work in Progress includes: \$8,725 MAGIC system modules, \$15,028 Information Management, \$3,271 network upgrades, \$46,424 telephony project (combined with other West Coast Councils) and \$1,085 Public WiFi. At this point in the year it is not considered there will be any project over-runs or underspends. We await more information on the Information Management project which may be delayed - better information on this project should be known next quarter.
Total Buller District Council	1,716,500	7,225,312	8,941,812	0	8,941,812	309,354	5,825,961	5,746,128	(3,268,197)	55,160	17,353	(3,073,692)	(3,195,604)	

FINANCE AND AUDIT COMMITTEE

14 MARCH 2018

Agenda Item No 7

Prepared by - Lynn Brooks
- Management Accountant

Reveiwed 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 as at December for monitoring and information purposes.

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

2. RECOMMENDATION/DRAFT RESOLUTION

The recommendation is this report be accepted for information purposes.

3. ISSUES AND DISCUSSION

This report is presented to provide monitoring information on debt trends for Council.

Council requires 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 31 December 2017.

Rates debt follows an expected pattern whereby every third month, when the rates are accrued the rate debt increases, then it decreases for the following two months. The total rates debt at December 2017 is slightly lower compared to December 2016. Comparing the amount of serious default as a proportion of total debt at December 2017 to December 2015 and 2016, this has reduced. Rates debt has decreased over the total timeframe reported in the graph.

Looking into the detail further, the “long term serious monitored” (which is the red category in the graph) is showing downward movement in the past three months. The trend was that this category was growing slightly over time, but this has been curbed . We are closely monitoring the debt trends and applied many different approaches to combat current debt so that it does not reach the long term and at external debt collection stage as well as worked closely on target cases. The use of Facebook and text messaging continues to provide some positive results.

Sundry Debtors decline over the timeframe shown in the graph. The serious default category indicated in red in the graph is due to non-payment of leasehold property.

This continues to be an area of focus and increasing collection measures. Arrears overall are lesser during the nine month period to September 2017 compared to the last two prior years. This can be attributed to one significant sponsorship debtor being transferred to Councils' CCO as direct sponsorship, and some greater debt collection measures in place.

4. CONSIDERATIONS

4.1 Strategic impact

The debt recovery report provides feedback on the effectiveness of the strategic direction of Council and the interaction between Council and our District economy.

In the last long term plan it was agreed to minimise rates increases and limit new services or assets to only those that could be used as a springboard for District economic growth.

The change in Council customers' debt levels and their classification provide a measure against this core strategic priority and provides an overview of 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 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.

4.5 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.

4.6 Tangata whenua consultation considerations

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

4.7 View 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.

4.8 Costs

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

4.9 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.

4.10 Media/publicity

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

Rates Accounts - Debt Recovery Report

Report cutoff date 31 December 2017
 Last rates instalment due date 28 November 2017
 Next rates instalment due date 28 February 2018

Internal Debt Recovery Analysis

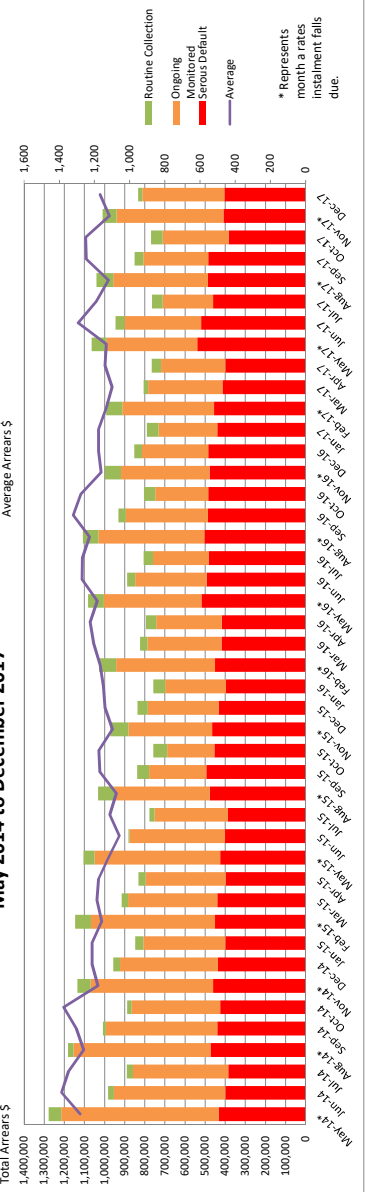
Status Flag	Category	No. of Ratepayers	Total Arrears Balance YTD	Current Year Arrears	Previous Years Arrears \$	Previous Years Arrears %	Leasehold Arrears No.	Leasehold Arrears \$	Further Action to Commence					Comment
									Formal Review	To Debt Agency	Title Search	Monitor Progress	Further Letter	
🔴	Placed with External Debt Collection	32	213,260	36,320	176,940	27%				✓				Arrears placed with Credit Recoveries. Refer to the analysis below.
🔴	No current mailing address	2	1,260	560	700	0%								Sent to debt collector for tracing, also tracing some through bank deposits & social media.
🔴	Approach Mortgagee	20	51,150	22,075	29,075	4%	3	48,625						Ratepayers with mortgages are pursued for payment under the Rating Act, collecting prior year arrears.
🔴	Awaiting Decision	23	86,419	30,143	56,276	9%	1	3,165	✓					More complicated cases, ie house uninhabitable / property on market etc require close monitoring.
🟡	Missed more than two instalments	23	51,760	25,257	26,503	4%					✓			Reviewing for possibility of Mortgage Action.
🟡	Under Action - Short Term Monitored	43	108,462	45,503	62,959	10%			✓					Reviewed systematically with each ratepayer.
🟡	Payments insufficient	37	32,366	26,067	6,299	1%	1	3,800		✓				Reviewed systematically. Work through options to increase payments/resolve debt.
🟡	Long Term Monitored	50	105,858	53,360	52,498	8%			✓					Financial hardship, paying minimum amounts. Reviewed 6 monthly (Aug/Feb), more frequently if in decline.
🟡	No Payments - Property on Market	1	6,507	1,977	4,530	1%			✓					Annual Review.
🟡	Missed August 2017 & November 2017 instalments	95	95,678	83,461	12,217	2%					✓			Letters sent - monitoring.
🟡	Missed one instalment only	141	58,375	58,375	0	0%						✓		Letters sent - monitoring.
🟢	Payment plans	245	20,591	13,940	6,651	1%	1	1,633						Reviewed annually and updated as required.
🟢	Abandoned Land Tender Project	68	253,056	30,113	222,943	34%					✓			Abandoned Land tender process progressing.
🟢	Totals	780	1,084,742	427,151	657,591	100%	6	57,222						

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

Status Flag	Category	No of Ratepayers	Balance
🔴	Legal	8	84,000
🔴	Unable to trace ratepayer (No known address)	8	46,510
🔴	Active - no arrangement	3	11,000
🟢	Payment Plans	13	53,000
🟢	Abandoned Land	1	3,655
	Totals	33	198,165

Note 1 BOC 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.

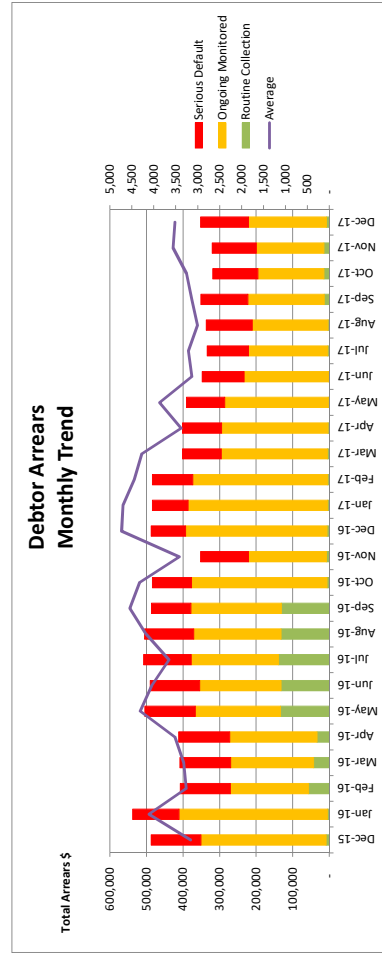
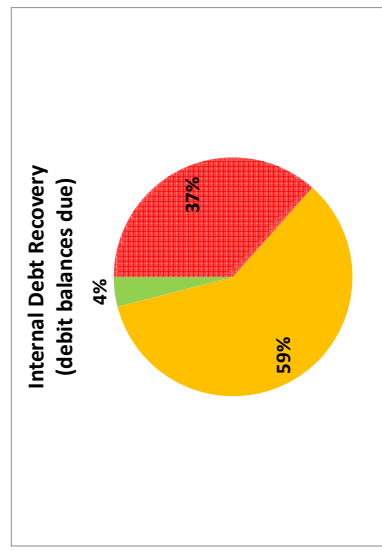
Rate Arrears Monthly Trend from May 2014 to December 2017



Sundry Debtors - Debt Recovery Report

Report cutoff date 31 December 2017
 Ageing cycle - current due 31 January 2018

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	27	130,917	15	5	7	1		11				✓	✓	Rents invoiced 6 monthly in advance. Some long standing arrears receiving increased collection measures.
🟡	Orovalti Connection	5	11,305	2	3		2		2				✓		Two overdue accounts remain lodged with Credit Recoveries.
🟡	Libraries			0											
🟡	Water	13	5,226	12	1								✓		Payment plans promoted for those with long standing debt.
🟡	Resource Management	11	72,195	6	1	4	4		2	1	✓	✓			Some long standing arrears receiving increased collection measures.
🟡	Rentals	11	95,123	7	2	2	2		2	1					One very large amount under legal action. Others under agreed payment plans and ongoing monitored.
🟡	Regulatory Licences e.g. Food Premises	6	1,852	6					6						Timing of Annual Licences billing, most of group are aged two months only.
🟡	Sundry	14	27,270	14					4			✓			Instalment arrangements entered into for those with long standing debt.
🟢	Trade Waste	7	4,000	7			1								Annual invoicing cycle in June.
🟢	Building Consents	3	1,836	3					2						Where overdue, this represents inspections not yet completed due to timing of building process.
🟢	Cemetery	3	1,949	3											Instalment arrangements entered into for those with long standing debt.
🟢	LIVs	0													Short term debtor.
🟢	Totals	100	351,673	75	12	13									



FINANCE AND AUDIT COMMITTEE

14 MARCH 2018

Agenda Item No 8

**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
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

OUTSTANDING AUDIT MANAGEMENT ACTION POINTS: 2015

No.	Subject	Detail	Responsible	Status	Comments	Planned Completion Date
1	Valuation of infrastructure assets	Council had planned to revalue its infrastructure assets, effective 30 June 2017 and include these revalued amounts within the 2017 Annual Report. This was in line with its accounting policy to revalue these asset classes every three years as the last revaluation was performed in 2014.	Group Manager Assets and Infrastructure		Process improvements for Council's revaluing of infrastructure assets is being addressed, including dedicated resourcing and scheduling.	
2	Non-financial performance reporting	Audit recommend Council review the timelines and quality assurance processes over the non-financial information included in the draft Annual Report. This is particularly important for performance targets relating to the mandatory measures in accordance with underlying legislation.	Group Manager Assets and Infrastructure		Processes will be put in place to improve the quality and timeliness of non-financial performance reporting, particularly mandatory measures. A framework will be developed to improve collection of information around complaints to Council.	
3	Disestablishment of Westport Harbour Limited	Audit request that Council and management keep them informed during the disestablishment process as Westport Harbour Limited transfers its assets and liabilities and winds down its operations during 2017/2018.	Manager Corporate Services		Council are working in partnership with Buller Holdings Limited to disestablish Westport Harbour Limited and will keep Audit NZ informed through the process.	
4	Asset management plans	This issue highlights the importance of the Council having good asset management plans in place with high-quality asset condition information underlying the plan. Asset management plans will be implemented more efficiently through portfolio co-ordinators to own and drive their respective maintenance and renewal programs, as well as strategic alignment accountability by management.	Group Manager Assets and Infrastructure			

FINANCE WORK PLAN

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
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Internal Reporting

F&A Reports	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
- BDC Quarterly Financials		Half yearly			Three quarterly						Quarterly	
- BDC Operational												
- BDC Treasury												
- BDC Debtors												
- BDC Capital												
- BDC Significant Projects												
- BHL Quarterly Financials												

Council Reports

- Budget Carry Overs									2017 Carryovers			
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Rates Overhaul Project

- Rates Overhaul	Deliberations	Amendments to rating model	Finalise & adopt for inclusion in LTP				Database integrity checks	Smt of Proposal + Consultation Doc	Community meetings + Advertising			
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2018-2028 Long Term Plan

- Long Term Plan	Workshop	Workshop	Workshop + Adopt Draft LTP	Consultation	Roadshows + Hearings	Adopt Final Plan	Community & strategic workshops + engagement	Adopt draft vision		Workshop 2019/2020 Annual Plan	Workshop 2019/2020 Annual Plan	Workshop 2019/2020 Annual Plan
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2017/2018 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						
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