

Notice is hereby given that an ordinary meeting of the Finance, Audit & Risk Subcommittee will be held on:

Date: Wednesday 25 May 2016
Time: 4.00 pm
Meeting Room: Council Chambers
Venue: Horowhenua District Council
Levin

Finance, Audit & Risk Subcommittee

OPEN AGENDA

MEMBERSHIP

Chairperson
Members

Cr W E R Bishop
Mayor B J Duffy
Mr B J Jackson
Cr C B Mitchell
Cr A D Rush
Cr P Tukapua

Reporting Officer
Meeting Secretary

Mr D Law (Group Manager – Finance)
Mrs K J Corkill

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Full Agendas are available on Council's website
www.horowhenua.govt.nz

Full Agendas are also available to be collected from:
Horowhenua District Council Service Centre, 126 Oxford Street, Levin
Foxton Service Centre/Library, Clyde Street, Foxton,
Shannon Service Centre/Library, Plimmer Terrace, Shannon
and Te Takere/Library, Bath Street, Levin

ITEM	TABLE OF CONTENTS	PAGE
PROCEDURAL		
1	Apologies	3
2	Public Speaking Rights	3
	Notification to speak is required by 12 noon on the day of the meeting. Further information is available on www.horowhenua.govt.nz or by phoning 06 366 0999.	
3	Declarations of Interest	3
4	Confirmation of Minutes – 27 April 2016	3
5	Matters Arising	3
6	Announcements	3
REPORTS		
7	Reports	
7.1	Financial Report for the ten months to 30 April 2016	5
7.2	Monitoring Reports to 25 May 2016	23

Financial Report for the ten months to 30 April 2016

File No.: 16/245

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the eight months to 30 April 2016.

2. Recommendation

- 2.1 That Report 16/245 Financial Report for the ten months to 30 April 2016 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Issues for Consideration

As included in the **attached** report.

Attachments



No.	Title	Page
A	Financial Reporting - Monthly Report - Agenda Copy - 30 April 2016	7

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Tracey Whitehouse Management Accountant	
Approved by	Doug Law Group Manager - Finance	

Horowhenua
DISTRICT COUNCIL



Ten Month Report

1 July 2015 - 30 April 2016



Executive Summary

All Financial Sustainability key performance indicators including the a)Balanced Budget ratio, b)Debt affordability ratio and c) Interest ratio, are being achieved.

Operating surplus/(deficit)

April YTD Council achieved \$1,649,000 surplus against a budgeted deficit of (\$448,000).

Reasons for the variance:

- i. Activity revenue above budget by \$122,000
- ii. Activity expenditure below budget by \$1,667,000. Key variances include:
 - a) Community Facilities & Services - \$518,013
 - b) Planning & Regulatory Services - \$515,372
 - c) Wastewater Management - \$403,996

Full Year Forecast surplus/(deficit)

Council is forecasting a deficit of \$(327,000) as at 30 June 2016 against a budgeted surplus of the \$1,596,000.

Reasons for the variance:

- i. Forecast activity revenue above budget by \$83K.
- ii. Forecast activity expenditure below budget by \$162K.
- iii. Swaps valuation loss (\$888K)
- iv. Capital funding for Te Awahou project not received due to project delay (\$1.8m)

Sundry debtors: The total Outstanding Debtors have decreased in the month. The total Outstanding Debtors is \$764K and have reduced by 38% since June 2015.

Major variances

	30 June 2015	30 April 2016	Variance
On charges	\$138,788	\$79,405	(\$59,383)
Development Contribution	\$353,371	\$73,152	(\$280,219)
90 day outstanding	\$639,089	\$400,034	(\$239,055)

Treasury: Our weighted average interest rate has remained at 4.85% at April 2016, decreasing from 5.15% at June 15 and 5.01% at April 2015. This is a potential saving of \$390K in interest payable compared to the LTP interest rate assumption of 5.5% for 2015/16.

Interest Rate Swap: Our current swaps have been valued at a loss of \$1,455K as at 12 April 2016. This may change depending on movements in the swap interest rate between now and 30 June 2016. At this valuation there is a negative impact of \$888K on this year's accounts.

Doug Law

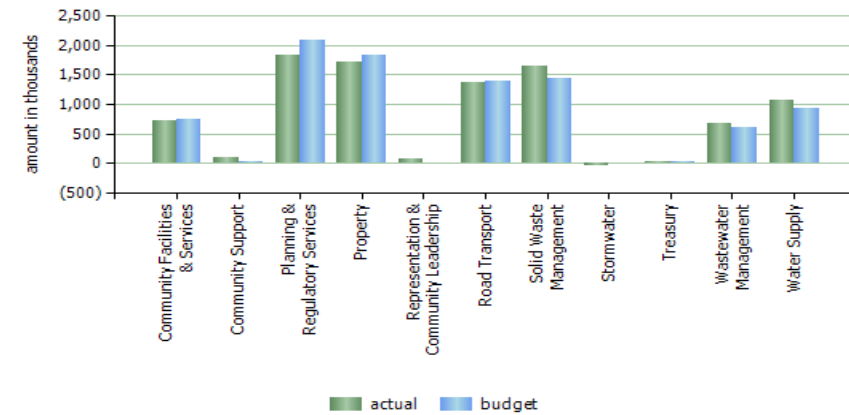
Group Manager Finance
25 May 2016

Organisation Summary

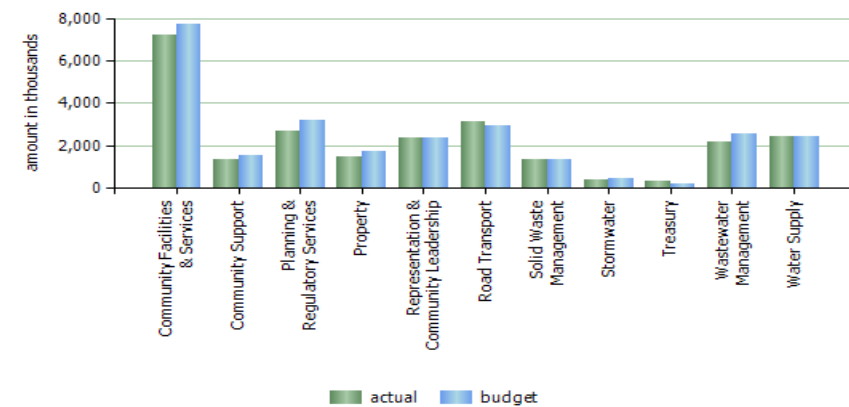
Financial operation

Operational revenue \$37.66 m 0% more than budget	Operational expenditure \$36.36 m 4% less than budget	Operational surplus/(deficit) \$1 m 348% more than budget
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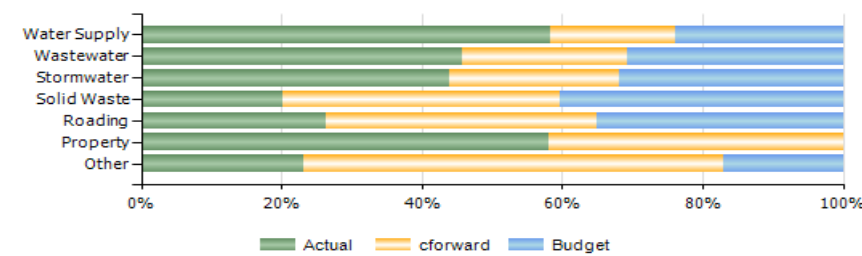
Operational revenue by activity



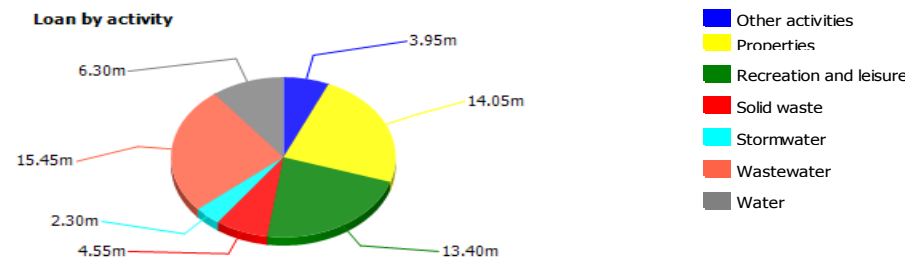
Operational expenditure by activity



Capital expenditure

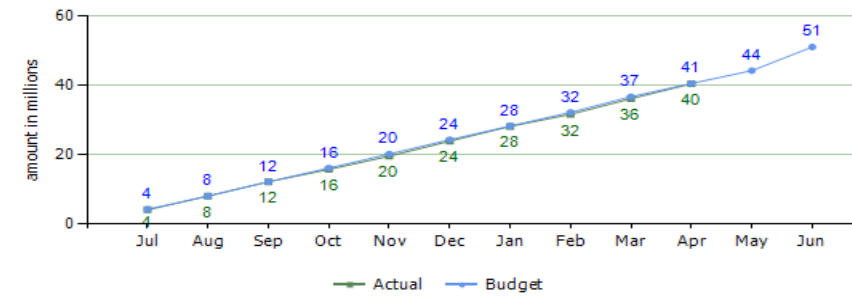


Loan by activity

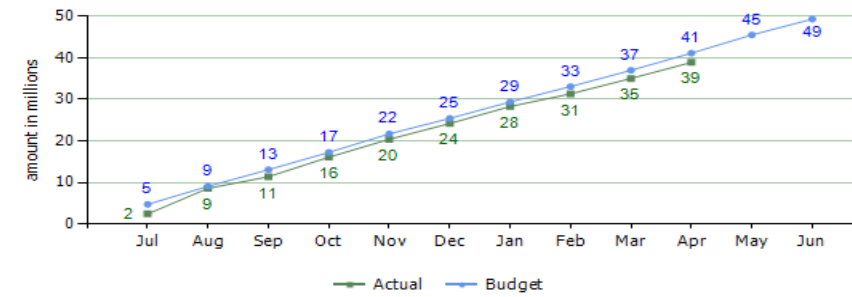


Financial trends

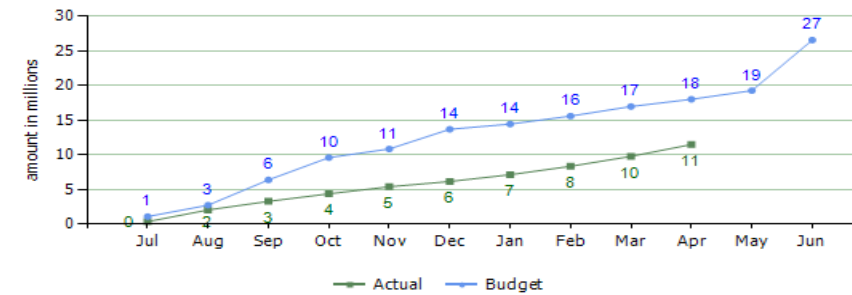
Total revenue



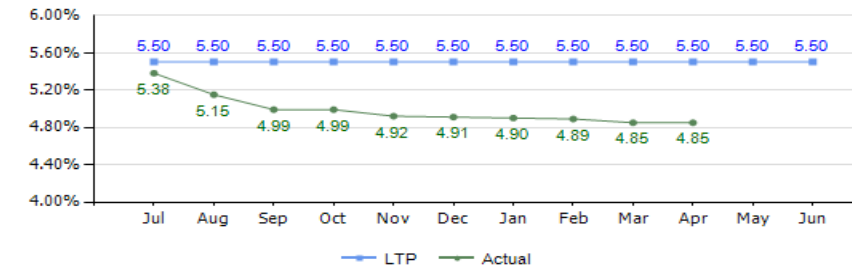
Total expenditure



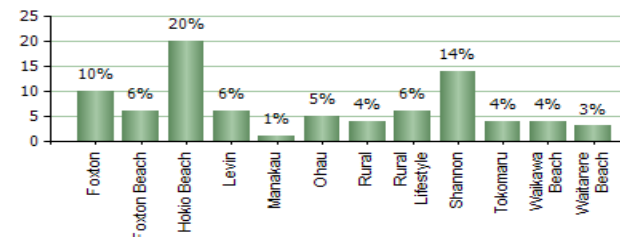
Total capital expenditure



Interest rate movement



Rates debtors % with arrears



Financial sustainability

Rates to operating revenue 70%

Rates revenue	\$26.37 m
Operating revenue	\$37.66 m
70% of operating revenue is derived from rates revenue	

Fees and charges to operating revenue 24%

User fees and charges	\$9.22 m
Operating revenue	\$37.66 m
24% of operating revenue is derived from user fees and charges	

Balance budget ratio 104%

Operational revenue	\$37.66 m
Operational expenditure	\$36.36 m
Operational revenue should be equal or more than operational expenditure. Year to date revenue is more than 4%	

Essential services ratio 124%

Capital expenditure	\$9.81 m
Depreciation	\$7.93 m
Capital expenditure should be equal or more than depreciation for essential services, for year to date capex is 124% more than depreciation.	

Debt affordability ratio - (LGFA Cov.) 124%

Total borrowing	\$60.00 m
Total projected revenue	\$48.47 m
With the total borrowing of \$60m we are still under the set limit of 175% of projected revenue	

Debt to total assets - (LGFA Cov.) 12%

Total borrowing	\$60.00 m
Total assets	\$493.00 m
Net debt should not be more than 15% of total assets. With 60m we are still under the set limit	

Interest to rates revenue (LGFA Cov.) 8%

Interest paid	\$2.21 m
Rates revenue	\$26.37 m
8% of rates revenue is paid in interest. Our set limit is 25% of total rates revenue.	

Interest cover ratio - (LGFA Cov.) 6%

Interest paid	\$2.21 m
Operating revenue	\$37.66 m
6% of operating revenue is paid in interest. Our set limit is 20% of operating revenue.	

Available financial accommodation to external indebtedness - (LGFA Cov.) 118%

Net debt	\$57.00 m
Undrawn committed facilities	\$10.00 m
Committed bank facility to enable us to borrow atleast 10% of our current external debt immediately, currently we can borrow 18% more than our current debt	

Statement of Income and Expenditure

Percentage of year completed: 83.34%	End of the year			Last year D	Year to date				% Actual to Annual Plan I = E/B	% Variance to total Annual Plan J = G/Tot B	Notes to accounts
	Projection A	Annual Plan B	Variance C = B - A		Actual E	Budget F	Variance in \$ G = F - E	Variance in % H = G/F			
Income											
Rates revenue											
General rates	8,242,421	8,223,698	18,723		6,871,805	6,853,082	18,723	(0.27%)	83.56%	0.04%	
Targeted rates	23,384,823	23,338,441	46,382		19,495,083	19,448,701	46,382	(0.24%)	83.53%	0.10%	
Total	31,627,244	31,562,139	65,105		26,366,889	26,301,783	65,106	(0.25%)	83.54%	(0.14%)	
Treasury											
External interest received	150,000	150,000	0		90,868	125,000	(34,132)	27.31%	60.58% ✘	(0.07%)	1
Rates penalties	614,000	600,000	14,000		564,071	375,000	189,071	(50.42%)	94.01% ↓	0.40%	2
Total	764,000	750,000	14,000		654,939	500,000	154,939	(30.99%)	87.33%	(0.33%)	
Significant activity revenue											
Community Facilities & Services	875,680	888,876	(13,196)		727,102	744,370	(17,268)	2.32%	81.80%	(0.04%)	
Community Support	101,646	39,500	62,146		96,441	31,170	65,271	(209.40%)	244.15% ↓	0.14%	3
Planning & Regulatory Services	2,137,611	2,401,470	(263,859)		1,843,386	2,082,226	(238,840)	11.47%	76.76% ✘	(0.51%)	4
Property	2,016,846	2,192,889	(176,043)		1,717,548	1,826,536	(108,988)	5.97%	78.32% ✘	(0.23%)	5
Representation & Community	98,626	0	98,626		74,041	0	74,041	100.00%	100.00% ↓	0.16%	6
Road Transport	1,667,000	1,667,000	0		1,370,466	1,399,436	(28,970)	2.07%	82.21%	(0.06%)	
Solid Waste Management	1,822,500	1,741,206	81,294		1,637,690	1,451,000	186,690	(12.87%)	94.05% ↓	0.40%	7
Stormwater	19,928	0	19,928		0	0	0	100.00%	100.00%	0.00%	
Treasury	6,430	6,000	430		6,430	6,000	430	(7.17%)	107.17%	0.00%	
Wastewater Management	862,885	792,687	70,198		670,936	618,920	52,016	(8.40%)	84.64%	0.11%	
Water Supply	1,341,571	1,138,277	203,294		1,078,221	940,510	137,711	(14.64%)	94.72% ↓	0.29%	8
Total	10,950,723	10,867,905	82,818		9,222,261	9,100,168	122,093	(1.34%)	84.86%	(0.26%)	
Capital subsidies											
Capital subsidies and grants	2,073,000	3,968,241	(1,895,241)		1,420,832	1,646,754	(225,922)	13.72%	35.81% ✘	(0.48%)	9
Total	2,073,000	3,968,241	(1,895,241)		1,420,832	1,646,754	(225,922)	13.72%	35.81%	0.48%	
Total operating income	45,414,967	47,148,285	(1,733,318)		37,664,921	37,548,705	116,216	(0.31%)	79.89%	-0.25%	

Notes

- Funds received are at lower interest rates than anticipated at budget.
- This includes the penalties for late payment 15 March 2016.
- Revenue is higher than anticipated, due to success in obtaining 3rd party funding for programmes.
- Revenue will be below budget due to less income in the parking activity
- Revenue is below budget due to lack of uptake of Commercial lease opportunities at Levin Depot.
- Funding has been received for Levin Town Strategy which is being offset by the expenditure.
- Revenue is higher than anticipated.
- Water billing / two large user connect charges
- Capital Subsidises includes Roothing Transport with a current budget of \$1,566K and income of \$1,045K.
The annual budget includes \$2,270K for Te Awahou with \$375K received and released. . The forecast for Te Awahou has been reduced to \$375K. Other funding is expected in 2016/17 with the construction of Te Awahou.

Statement of Income and Expenditure (continued...)



Percentage of year completed: 83.34%	End of the year			Last year D	Year to date				% Actual to Annual Plan I = E/B	% Variance to total Annual Plan J = G/Tot B	Notes to accounts
	Projection A	Annual Plan B	Variance C = B - A		Actual E	Budget F	Variance in \$ G = F - E	Variance in % H = G/F			
Expenditure											
Significant activity expenditure											
Community Facilities & Services	8,573,539	9,190,782	617,243		7,235,164	7,753,177	518,013	6.68%	78.72%	1.65%	10
Community Support	1,736,489	1,844,331	107,842		1,342,705	1,509,868	167,163	11.07%	72.80%	0.37%	11
Planning & Regulatory Services	3,358,060	3,829,668	471,608		2,688,009	3,203,381	515,372	16.09%	70.19%	1.13%	12
Property	1,855,781	2,001,981	146,200		1,479,361	1,747,897	268,536	15.36%	73.89%	0.59%	13
Representation & Community	3,077,809	2,804,429	(273,380)		2,366,444	2,333,184	(33,260)	(1.43%)	84.38%	(0.07%)	14
Road Transport	4,057,762	3,499,830	(557,932)		3,097,161	2,941,379	(155,782)	(5.30%)	88.49%	(0.34%)	15
Solid Waste Management	1,662,972	1,586,782	(76,190)		1,340,077	1,323,810	(16,267)	(1.23%)	84.45%	(0.04%)	
Stormwater	487,578	545,164	57,586		372,061	462,203	90,142	19.50%	68.25%	0.20%	16
Treasury	394,531	204,276	(190,255)		308,190	181,400	(126,790)	(69.90%)	150.87%	(0.28%)	17
Wastewater Management	2,897,879	3,052,852	154,973		2,173,444	2,577,440	403,996	15.67%	71.19%	0.89%	18
Water Supply	2,895,189	2,894,405	(784)		2,400,688	2,436,298	35,610	1.46%	82.94%	0.08%	
Total	30,997,589	31,454,500	456,911		24,803,304	26,470,037	1,666,733	6.30%	78.85%	5.30%	
Other expenses											
Allocated portion of depreciation	(394,413)	(394,436)	(23)		(325,060)	(328,702)	(3,642)	1.11%	82.41%	(0.01%)	
Depreciation and amortisation	11,618,741	11,618,746	5		9,678,700	9,682,286	3,586	0.04%	83.30%	0.01%	
External interest	2,995,973	3,191,827	195,854		2,207,796	2,250,287	42,491	1.89%	69.17%	0.09%	
Total	14,220,301	14,416,137	195,836		11,561,436	11,603,871	42,435	0.37%	80.20%	0.09%	
Total operating expenditure	45,217,890	45,870,637	652,747		36,364,740	38,073,908	1,709,168	4.49%	79.79%	3.75%	

Notes

10. Community Facilities & Services is under budget with the new contractors. As a result of savings from the new contracts direct expenditure on this activity is forecasted to be \$250k below budget by 30 June 2016
11. Community Support is under budget due to careful management of spend and timing of allocation of Community Grants and Funding.
12. Planning and Regulatory Services is under budget due to staff vacancies. This is also reflected in lower levels of income.
13. Property is under budget due to careful management in costs. It is also a reflection of the new Parks and Property Maintenance Contracts.
14. Expenditure is higher than anticipated due to unforeseen legal costs.
15. Road Transport is forecast to finish on NZTA approved budget. YTD budget did not include emergency works.
16. Storm water maintenance has been lower than anticipated.
17. Treasury is above budget with higher rates remissions than anticipated. This is forecasted to continue to 30 June 2016.
18. Lower maintenance and utility costs than anticipated year to date.

Statement of Income and Expenditure (continued...)

Percentage of year completed: 83.34%	End of the year			Last year D	Year to date				% Actual to Annual Plan I = E/B	% Variance to total Annual Plan J = G/Tot B	Notes to accounts
	Projection A	Annual Plan B	Variance C = B - A		Actual E	Budget F	Variance in \$ G = F - E	Variance in % H = G/F			
Non-operational costs											
Non operating income											
Development Contribution	103,757	0	103,757		103,756	0	103,756	100.00%	100.00%	100.00%	
Internal interest income	2,999,385	3,600,046	(600,661)		2,463,152	3,000,038	(536,886)	17.90%	68.42%	100.00%	
Revaluation gains	218,037	321,664	(103,627)		131,558	0	131,558	100.00%	40.90%	100.00%	
Vested Assets	81,568	0	81,568		70,957	0	70,957	100.00%	100.00%	100.00%	
Total	3,402,747	3,921,710	(518,963)		2,769,423	3,000,038	(230,615)	7.69%	70.62%	100.00%	
Non operating expenditure											
Allocated portion of internal interest	(76,000)	(92,680)	(16,680)		(62,560)	(77,234)	(14,674)	19.00%	67.50%	100.00%	
Internal interest expense	2,999,385	3,600,046	600,661		2,463,152	3,000,038	536,886	17.90%	68.42%	100.00%	
Landfill provision	95,400	95,400	0		0	0	0	100.00%	0.00%	100.00%	
Loss on sale	20,000	0	(20,000)		19,745	0	(19,745)	100.00%	100.00%	100.00%	
Swap valuation loss	888,590	0	888,590		0	0	0	100.00%	100.00%	100.00%	
Total	3,927,375	3,602,766	(324,609)		2,420,337	2,922,804	502,467	17.19%	70.94%	100.00%	
Net non-operational costs	524,628	318,944	(843,572)		349,086	77,234	271,852	(351.98%)	68.48%	100.00%	
Total surplus/(deficit)	(327,551)	1,596,592	(1,924,143)		1,649,267	(447,969)	2,097,236	(468.17%)	79.20%		

-  For income when percentage actual to annual plan is 10% less than percentage of year completed.
For expenditure when percentage actual to annual plan is 10% more than percentage of year completed.
-  For income when percentage actual to annual plan is 20% more than percentage of year completed.
For expenditure when percentage actual to annual plan is 10% less than percentage of year completed.

Statement of Financial Position as at 30 April 2016

	Last year Actual \$000	YTD Actual \$000	Full year Budget \$000	Notes
Assets				
Current assets				
Cash and cash equivalents	7,856	2,324	6,358	
Debtors and other receivables	5,381	7,140	6,481	19/21
Other financial assets	470	0	10	
Assets held for sale	475	475	393	
Total current assets	14,182	9,939	13,242	
Non-current assets				
Operational assets	42,492	42,103	45,097	
Infrastructural assets	386,465	388,368	402,881	
Restricted assets	39,293	38,479	41,054	
Intangible assets	1,680	1,627	1,672	
Forestry assets	911	911	680	
Commercial property	5,706	5,706	3,946	
Investments in other entities	987	1,088	2,042	
Other financial asset	803	803	116	
Total non-current assets	478,337	479,085	497,488	
Total assets	492,519	489,024	510,730	
Liabilities				
Current liabilities				
Creditors and other payables	8,070	7,456	8,439	
Provisions	997	997	1,003	
Employee entitlements	1,004	502	585	
Borrowings	2,000	7,000	0	
Total current liabilities	12,071	15,955	10,027	
Non-current liabilities				
Provisions	2,068	2,068	2,991	
Employee entitlements	178	178	224	
Borrowings	58,000	53,000	76,000	
Other	1,634	811	0	22
Total non-current liabilities	61,880	56,057	79,215	
Total liabilities	73,951	72,012	89,242	
Net assets	418,568	417,012	421,488	
Equity				
Retained earnings	264,909	266,560	267,350	
Revaluation reserves	147,449	147,447	147,447	
Other reserves	6,210	3,004	6,690	
Total equity	418,568	417,012	421,488	

Notes

19. A breakdown of Current Sundry Debtors is shown on the Statement of Current Debtors.

22. Non-current liabilities – Other is LGFA Amortisation Reserve and Development Contributions held

21. Debtors and other receivables:

Sundry Debtors	\$765K
Rates	\$4,727K – this includes rates not due until 15 June 2016.
Water Billing	\$825K
Infringements & Other	<u>\$823K</u>
	\$7,140K

Statement of Capital Expenditure – Major Projects over \$50,000

Reference	Description	LTP 2015/16	Project Cost YTD			Total Project Costs			Estimated final costs and comments	Expected	
			Actual	Budget	Variance	Budget	Cost to date	Variance		Start	Completion
Growth											
STW 27	Storm water - Development Planning North East Levin	150,000	47,092	7,500	(39,592)	150,000	47,092	102,908	Total cost is unknown at this stage. Project is in planning stage.	Nov-12	Jun-16
WW 41	Waste water - Development Planning - North East Levin	260,980	10,050	260,980	250,930	260,980	10,050	250,930	Total cost is unknown at this stage. Project is in planning stage.	Apr-15	Jun-16
WW 44	Waste Water - Levin Tararua Industrial Development	125,000	23,946	0	(23,946)	125,000	23,946	101,054	To carry forward \$100K.	Jan-16	Jun-16
SW 17	Landfill Development	385,237	110,491	385,237	274,746	385,237	110,491	274,746	On track - project will span beyond June 2016. Request to carry forward \$157K.	Dec-15	Jun-16
PR 58	Tararua Industrial Development	0	236,161	0	(236,161)	0	236,161	(236,161)	Roe Street Subdivision. Money sits in 2016/2017 financial year.	Nov-15	
	Total Growth	921,217	427,739	653,717	225,978	921,217	427,739	493,478			
Level of Service											
WS 32	Water Supply -Levin Clarifier Installation	2,000,000	114,246	0	(114,246)	2,000,000	114,246	1,885,754	This is now underway. There are two budget lines for the upgrade of the Levin WTP. WS32 is for \$2 million for the 2015/16 year, and WS33 is for \$3.6 million for the 2016/17 year. 2016/17 (subject to confirmation of funding) \$25K per LTP. Total cost of project is expected to be around \$280,000 split across three budget lines STW14, WS38 and WW27.	Aug-15	Jun-16
WS 38	Water Supply - Telemetry - District Wide	95,000	48,488	95,000	46,512	95,000	48,488	46,512		Oct-15	Jun-17
STW 14	Storm Water -Telemetry	81,000	82,360	81,000	(1,360)	81,000	82,360	(1,360)	See WS38	Sep-15	Mar-16
STW 15	Storm Water -Levin Queen Street	250,000	24,517	0	(24,517)	250,000	24,517	225,483	Assessment completed by Archaeologist was reviewed by Heritage NZ and had some gaps to be filled. A new archaeologist is looking at the work done to date and will provide a price to complete the works. Request to carry forward \$200K.	Oct-15	Jun-16
STW 16	Storm Water -Stormwater Stategy	80,000	17,385	80,000	62,615	80,000	17,385	62,615	Completed with Council briefing 16 March 2016.	Mar-16	Mar-16
STW 19	Storm Water -Foxton Beach Catchment Management Plan	83,000	13,750	0	(13,750)	83,000	13,750	69,250	Contract evaluation complete - Work will commence soon.	Jun-16	Jun-16
WW 11	Foxton Wastewater Treatment Plant - Strategic Upgrade	2,326,000	653,087	2,326,000	1,672,913	2,545,832	872,919	1,672,913	Design Underway (IN-HOUSE).	Sep-15	TBA
WW 27	Waste Water - Telemetry System	95,000	119,164	95,000	(24,164)	95,000	119,164	(24,164)	See WS38	Jul-15	Mar-16
WW 37	Levin Wastewater Treatment Plant - Strategic Upgrade	610,000	147,711	0	(147,711)	610,000	147,711	462,289	Contract for sludge press procured and pond lining is with contractor for pricing.	Sep-15	Jun-16
WW 45	Waste Water - Shannon Disposal System	3,065,921	2,114,473	3,065,921	951,448	3,614,155	2,662,707	951,448	Three contracts. Desludging, waveband and Irrigation. The irrigation project is expected to cost \$1,200,000. This excludes preconstruction costs like consents and preliminary designs etc. The waveband project is expected to cost around \$700,000. The Desludging project is expected to cost around \$320,000.	Aug-15	Jun-16
RD 14	New Footpath	100,000	174	80,000	79,826	100,000	174	99,826	100% committed.	TBA	Jun-16
RD 16	Foxton Townscape Main Street Upgrade	750,000	105,047	625,000	519,953	750,000	105,047	644,953	Initial design has been undertaken. Due to go to Tender shortly for a Sept 2016 start.	Sep-15	May-16
RD 18	Waitarere Beach Kent Gloucester Upgrade	260,000	35,820	216,667	180,847	260,000	35,820	224,180	On track and 100% committed.	Jul-15	Jun-16
SW 16	Landfill Consent	107,000	0	0	0	107,000	0	107,000	Progressing.	Mar-16	May-16
SW 18	Leachate pre treatment	129,000	14,748	129,000	114,252	129,000	14,748	114,252	Planning Stage.	Nov-15	Mar-16
SW 19	Levin Landfill Energy Recovery / Flare	200,000	35,846	0	(35,846)	200,000	35,846	164,154	Request to carry forward \$150K.	TBA	Jun-16

Statement of Capital Expenditure – Major Projects (continued...)

Reference	Description	2015/16	Project Cost YTD			Total Project			Estimated final cost	Expected	
			Actual	Budget	Variance	Budget	Total cost			Start	Completion
PR 11	including kitchen (with renewal contribution from Thompson House)	80,000	0	80,000	80,000	80,000	0	80,000	Design and construction drawings completed. Currently out for tender.	Jan-16	Jun-16
PR 12	improvements and disability access including toilet provision	80,000	20,574	80,000	59,426	80,000	20,574	59,426	Design and construction drawings completed. Currently out for tender.	Jan-16	Jun-15
PR 17	Upgrade ablutions block Donnelly Park	60,000	83,608	60,000	(23,608)	60,000	83,608	(23,608)	Works programmed to commence 23 February 2016. Work almost complete.	Feb-16	Mar-16
PR 19	Shannon Memorial Hall - accesbile facility's upgrade (toilet block and entrance)	50,000	0	50,000	50,000	50,000	0	50,000	Dependent on strategic review of facilities. Project Deferred.	TBA	TBA
PR 41	Public Toilets-Upgrade, Reroof, renew flooring, change doors	54,530	0	54,530	54,530	54,530	0	54,530	New toilet block at Waitarere Domain, works to commence April 2016 after busy summer use of site	Apr-16	TBA
BEAUT 1	Flag Trax	54,270	41,950	54,270	12,320	54,270	41,950	12,320	Flagtrax systems have successfully been installed in Levin and Foxton and are currently being utilised by a community organisation. Shannon has temporarily been put on hold until the future of the columns has been decided as installing hardware on the current columns will question the integrity of the pole, this has been communicated with the Shannon Progressive Association	Nov-15	Feb-16
CA 12	General Network Modelling	100,000	70,986	100,000	29,014	100,000	70,986	29,014	To carry forward to 2016/17 \$50K.	Jul-15	Jun-17
CA 16	Purchase of Urban Aerial Imagery	60,000	50,150	60,000	9,850	60,000	50,150	9,850	Complete.	Dec-15	Apr-16
	Levin disabile facilities upgrade, hydrotherapy pool	0	149,000	0	(149,000)	0	149,000	(149,000)	Tender process completed. Contracts have been awarded. Work commenced 9 May 2016.	May-16	Sep-16
	Total Level of Service	10,770,721	2,625,088	6,873,633	3,389,305	11,538,787	4,711,149	6,827,638			
	Renewal							0			
WS 11	Levin Reticulation- RENEWAL	1,061,000	761,867	792,863	30,997	1,061,000	761,867	299,134	This is on track. There are three projects within this one budget line. Due to the savings made on Contract 15-12 (around \$95,000) a variation is being sought to add an additional street onto the work being undertaken. The esitimated final cost for the year for this budget line is \$1,061,000. Contract 15-12 has a Project cost of \$462,845. Contract 15-06 has a Project cost of \$429,506. Contract 14-04 had a contract value of \$376,783 (part of this was from last year).	Jul-15	Jun-16
WS 15	Shannon - Mangaore Reticulation- RENEWAL	158,000	151,616	158,000	6,384	158,000	151,616	6,384	This is on track. Project Cost \$517,736. (The \$158,000 is a carry forward from last financial year).	Jul-15	Jun-16
WS 19	Foxton Beach Edingburg Terrace Bore- RENEWAL	150,000	174	150,000	149,826	150,000	174	149,826	To carry forward to 2016/17 \$150K.	Apr-16	TBA
WS 28	Levin Treatment Plant - Renewals	50,000	197,409	0	(197,409)	50,000	197,409	(147,409)	Initial planning has been undertaken.	TBA	Jun-16
WS 39	Reactive renewals - District Wide	150,000	138,518	0	(138,518)	150,000	138,518	11,482	On track and 100% committed.	Jul-15	Jun-16
WS 45	Shannon Reservoir structural work	100,000	4,000	100,000	96,000	100,000	4,000	96,000	On track.	Feb-16	Jun-16

Statement of Capital Expenditure – Major Projects (continued...)

Reference	Description	2015/16	Project Cost YTD			Total Project		Total cost	Estimated final cost	Expected	
			Actual	Budget	Variance	Budget	Completion				
STW 12	District Wide Reticulation - Unplanned Renewals	50,000	46,983	0	(46,983)	50,000	46,983	3,017	On track and 100% committed.	TBA	Jun-16
STW 13	District Wide Pump Station - Planned Renewals	79,350	10,667	79,350	68,683	79,350	10,667	68,683	Assessments underway.	Feb-16	Jun-16
WW 21	Tokomaru Wastewater Treatment Plant - Consent Renewal	100,000	11,678	0	(11,678)	100,000	39,128	60,872	Part spend this year and to carry forward to 2016/17 \$50K.	TBA	Jun-16
WW 29	Foxton Reticulation - Renewals	417,873	179,486	193,447	13,961	417,873	179,486	238,387	On track.	Oct-15	Jun-16
WW 30	Levin Reticulation - Renewals	1,758,767	1,051,648	1,124,818	73,170	1,758,767	1,051,648	707,119	This budget line covers two projects. The Project costs for Contract 14-06 was for \$1,318,900, and the Project Costs for Contract 15-08 is \$850,000. Contract 14-06 was commenced in the previous financial year.	Jul-15	Jun-16
WW 35	Districtwide - Reticulation Unplanned Renewals	443,377	42,098	344,848	302,750	443,377	42,098	401,279	Covers a variety of maintenance renewals. We expect to spend this budget before the end of year as we are planning on upgrading the wastewater pipe at Mako Mako and are undertaking additional work at Foxton.	Oct-15	Jun-16
WW 36	Levin Treatment Plant - Planned Renewals	1,044,242	298,726	544,242	245,516	1,044,242	298,726	745,516	It is understood this relates mainly to the renewal of the lease and consenting. Negotiations are currently being undertaken. Resource Consent costs to date.	Dec-15	May-16
WW 38	Levin Treatment Plant - Unplanned Renewals	88,478	27,422	0	(27,422)	88,478	27,422	61,056	On track.	Oct-15	Jun-16
WW 50	Tokomaru WWTP Desludging	100,000	166,198	100,000	(66,198)	100,000	166,198	(66,198)	This cost year to date also cover WW51 as these projects are running in tandem.	Apr-16	Jun-16
WW 51	Tokomaru WWTP Oxidation Pond Relining	61,500	0	0	0	61,500	0	61,500	To be completed by 30 June 2016	TBA	Jun-16
RD 13	Footpath Renewal	400,000	254,143	320,000	65,857	400,000	254,143	145,857	On track and 100% committed.	Jul-15	Jun-16
SW 15	Solid Waste - Cap Shape Correction	68,580	174	0	(174)	68,580	174	68,406	Part spend this year and part 2016/17.	Mar-16	Jun-16
PR 13	Thompson House Exterior renew & Paint	54,530	0	54,530	54,530	54,530	0	54,530	Design and construction drawings completed. Currently out for tender.	Jan-16	Jun-16
PRES 13	Waitare Dune management Dune management - flatten recountour	102,900	0	0	0	102,900	175	102,725	Designation has been accomplished for new Surf life saving club, however unlikely physical work will commence on the project this financial year - funding to be deferred to next year.	TBA	Jun-16
PRES 44	Levin Domain Pathways resurface	298,780	0	0	0	352,580	49,570	303,010	Project deferred into 2016-2017	Dec-15	Jun-16
PRES 62	Reserves - Foxton Beach	100,000	0	0	0	100,000	0	100,000	Foxton Community Board have been consulted. 30k to be used this financial year to facilitate planning process, 70 k for financial works to be moved into Yr 2 of the LTP	TBA	Jun-16
CA 19A	IT Disaster Recovery brought forward from 2013/14	130,000	0	60,000	60,000	130,000	0	130,000	Tender responses due end of May. Hardware will be invoiced in June.	Jan-16	May-16
CA 25	Rural Aerial Updates	50,000	10,018	50,000	39,982	50,000	10,018	39,982	Aerials partially flown. This will carry forward to 2016/17.	Dec-15	Mar-16
	Total Renewals	7,017,377	3,352,824	4,072,098	719,274	7,071,177	3,430,019	3,641,158			
	Growth/LOS/Renewal projects Mixed										
CS 11	Te Awahou Community Centre	2,683,500	631,172	1,162,850	531,678	2,683,500	631,172	2,052,328	Progressing – Construction work anticipated to commence May 2016 and continue into 16/17	Jul-15	Jun-16
WS 46	Levin Bore exploration, new reservoir, treatment plant upgrade	3,010,665	2,442,755	3,010,665	567,910	3,010,665	2,442,755	567,910	Project will be 100% complete with \$600,000 underspent.	Jul-15	Jun-16
	Total Growth/LOS/Renewal projects Mixed	5,694,165	2,458,632	1,465,839	1,099,588	5,694,165	3,073,927	2,620,238			

Statement of Rates Debtors

Area	Total assessments	Assessments 30/4/2016 with arrears	Assessments 30/6/2015 with arrears	% with arrears	Total arrears	Year to date arrears	Instalment one arrears	Instalment two arrears	Instalment three arrears	Penalties arrears	Prior year arrears
F - Foxton	1275	130	130	10%	232,544	138,781	21,920	32,973	54,728	29,160	93,763
FB - Foxton Beach	1573	92	100	6%	114,910	91,630	16,408	24,036	39,708	11,477	23,280
HB - Hokio Beach	199	39	37	20%	737,106	143,311	6,809	7,037	8,158	121,307	593,795
L - Levin	7350	433	370	6%	659,298	481,998	86,439	118,933	200,719	75,907	177,300
MK - Manakau	86	1	2	1%	822	822	0	374	374	75	0
NR - Non Rateable	127	6	1	5%	3,566	2,342	431	431	912	569	1,224
OH - Ohau	150	8	10	5%	7,784	6,693	757	2,286	3,252	398	1,090
R - Rural	2572	104	84	4%	465,239	134,413	16,767	19,309	24,674	73,663	330,826
RL - Rural Lifestyle	2442	151	170	6%	214,118	134,064	23,001	30,788	52,258	28,017	80,054
S - Shannon	674	96	86	14%	179,204	105,224	20,917	25,511	36,232	22,564	73,980
TK - Tokomaru	164	7	6	4%	6,094	6,094	803	2,011	2,896	383	0
WB - Waitarere Beach	943	40	33	4%	46,437	32,138	5,697	7,853	15,313	3,276	14,299
WK - Waikawa Beach	231	7	3	3%	3,285	3,285	318	810	1,893	265	0
Total at 30 April 2016	17,786	1,114	1,032	6%	2,670,407	1,280,795	200,265	272,351	441,117	367,062	1,389,612
Total at 30 April 2015	17,782	1,266		7%	3,218,065	1,724,888	242,209	348,436	761,502	372,741	1,493,177

In the year to 30 April 2016

- 1,998 Rate rebates processed for \$1,096,481
- 1,384 Assessments received the rates invoice by email. There has been an significant increase with the recent promotion running in April 2016.
- 17,535 rate payments received for \$28,046,529

Statement of Sundry Debtors

Category	Total Outstanding	Current Outstanding	31 - 60 days Outstanding	61 - 90 days Outstanding	Over 90 days Outstanding	Notes
Aquatic Centre	10,165	8,144	1,514	302	205	
Building Consents	30,751	14,191	5,901	0	10,659	3
Building Fee - BWOFF	715	260	260	65	130	
Cemeteries	9,842	9,628	182	0	32	
Dev Cont New Policy	73,152	5,829	0	0	67,322	1
Develop Cont Old Policy	69,362	5,836	3,693	0	59,833	
Dogs	712	0	0	0	712	
Dogs - Debt Collection	15,996	0	0	0	15,996	
Dogs Arrange to pay	6,530	62	490	88	5,890	
Dogs Pre Payments	13	0	0	0	13	
Fines	8,494	0	1,684	0	6,811	
Fire Hazard	631	0	0	0	631	
General	26,558	23,249	0	1,500	1,809	6
Health Accreditation Renewals	205	130	0	0	75	
Hire	6,168	889	805	2,990	1,484	
On Charges	79,405	9,528	692	0	69,185	4
Pension Housing	481	334	0	0	147	5
Rental Income Monthly	78,476	1,684	3,323	949	72,520	2
Resource Consent Fees	105,100	5,719	27,172	1,750	70,459	
Rubbish Bags	20,560	20,560	0	0	0	
Staff Account	1,210	882	178	0	150	
Te Horowhenua Trust General	8,943	0	0	0	8,943	
Waste Transfer Station	2,752	1,656	513	172	411	
Water & Trade Waste	215,027	205,725	0	3,426	5,876	
Water Septage - Septic Tank Disposal	2,477	620	0	1,115	741	
Total as at 30 April 2016	764,781	314,926	46,407	12,357	391,091	7
Total as at 30 April 2015	988,962	83,656	82,653	198,519	624,134	

Notes and Comments

1. These Development Contribution debtors are being actively pursued. The batch of debt letters sent had a positive effect with several payments being made. Most of the Development Contributions – Old Policy are with the Debt Collection Agency, with the balance of them either being paid off or having an arrangement to pay when the sections sell.
2. The Rental Income category is comprised mainly of annual endowment leases, which are billed in October each year and have until September the following year to pay. The majority of these lessees pay regular monthly amounts, with a few making lump sum payments, for some leases this builds up a credit balance which is offset against the October invoicing.
3. Amongst the Building Consents category, there are some damage deposit bonds in here, as well as extensions of time for a number of the older aged consents.
4. In the On Charges category, the majority of the 90+ Days debtors have been provided for as Doubtful Debts.
5. Amongst the Resource Consent category, there are some land use bonds. The debtors in this category are being actively pursued, and some of the 90+ Days debtors have been provided for as Doubtful Debts.
6. In this category there are charges for grazing leases, new connections, car access way, HR charges and THT charges.
7. Out of the \$400K owing +90 Days, \$283k is provided for in the Doubtful Debts Provision. As at 30 April 2016 there are 518 sundry debtors that have a balance owing.

Statement of Loans by Parcel

Loan parcels	Maturity	Interest	Opening balance	Raised	Repaid	Closing balance
Due within a year						
Stock FRN	16 May 16	3.9000%	2,000,000			2,000,000
Stock	16 Aug 16	6.2750%	2,000,000			2,000,000
Stock	15 Mar 17	5.0550%	3,000,000			3,000,000
Total due within a year						7,000,000
Due within 2 - 5 years						
Stock	23 May 17	4.3900%	4,000,000			4,000,000
LGFA FRN	15 Dec 17	3.2563%	2,000,000			2,000,000
Stock	15 Nov 18	5.5950%	2,000,000			2,000,000
LGFA Bond	15 Mar 19	4.4500%	4,000,000			4,000,000
LGFA Bond	15 Mar 19	4.7064%	5,000,000			5,000,000
LGFA FRN	15 Mar 19	3.1463%	3,000,000			3,000,000
Total due within 2 - 5 years						20,000,000
Due after 5 years						
LGFA FRN	17 May 21	3.4454%	4,000,000			4,000,000
LGFA Bond	15 May 21	4.5650%	5,000,000			5,000,000
LGFA Bond	15 May 21	5.9852%	5,000,000			5,000,000
LGFA Bond	15 May 21	5.8516%	5,000,000			5,000,000
LGFA Bond	15 Apr 23	5.1336%	4,000,000			4,000,000
LGFA FRN	18 May 22	3.0250%	3,000,000			3,000,000
LGFA FRN	19 May 25	3.0900%	7,000,000			7,000,000
Total due after 5 years						33,000,000
Total			60,000,000	0	0	60,000,000

Statement of External Loans and Interest by Activity

Activity	Loans as at 30 Jun 2014	Loans as at 30 Jun 2015	Year to date Finance costs
Water supply			
Water Levin	2,550,000	3,300,000	121,429
Water Shannon	1,350,000	1,400,000	51,515
Water Foxton	900,000	900,000	33,117
Water Foxton beach	350,000	300,000	11,039
Water Tokomaru	100,000	400,000	14,719
Total for water supply	5,250,000	6,300,000	231,819
Wastewater			
Wastewater Levin	6,050,000	7,000,000	257,576
Wastewater Shannon	6,150,000	6,650,000	244,697
Wastewater Foxton	1,150,000	1,400,000	51,515
Wastewater Foxton Beach	350,000	300,000	11,039
Wastewater Tokomaru	0	50,000	1,840
Wastewater Waitare	0	50,000	1,840
Total for wastewater	13,700,000	15,450,000	568,507
Stormwater	2,300,000	2,300,000	84,632
Waste management Landfill	4,500,000	4,550,000	167,425
Recreation and leisure			
Libraries	6,900,000	7,900,000	290,693
Pools	2,850,000	2,700,000	99,351
Reserves	1,300,000	1,350,000	49,675
Sports grounds	1,500,000	1,450,000	53,355
Total for recreation and leisure	12,550,000	13,400,000	493,074
Properties			
Residential housing	5,000,000	5,000,000	183,983
Halls	250,000	250,000	9,199
Commercial properties	1,200,000	1,150,000	42,316
Toilets	300,000	300,000	11,039
General properties	800,000	750,000	27,597
Cemeteries	0	100,000	3,680
Council building	6,800,000	6,500,000	239,178
Total for properties	14,350,000	14,050,000	516,992
Other activities			
Information technology	1,500,000	1,500,000	55,195
District plan	2,600,000	2,450,000	90,152
Total for other	4,100,000	3,950,000	145,347
Total	56,750,000	60,000,000	2,207,796

Statement of Internal Loans and Interest by Activity

Activity	Loans as at 30 Jun 2014	Loans as at 30 Jun 2015	Year to date Finance costs
Water supply			
Water Levin	38,323	44,338	1,792
Water Shannon	41,366	47,234	1,909
Water Foxton	5,172	49,717	2,009
Water Foxton beach	4,237	40,130	1,622
Water Tokomaru	7,997	14,491	586
Total for water supply	97,095	195,910	7,918
Wastewater			
Wastewater Levin	26,056	14,425	583
Wastewater Shannon	5,628	7,066	286
Wastewater Foxton	97,038	31,782	1,285
Wastewater Foxton Beach	(1,729)	3,732	151
Wastewater Tokomaru	81,678	28,411	1,148
Wastewater Waitarere	81,962	26,458	1,069
Total for wastewater	290,633	111,874	4,522
Stormwater	1,996	72,917	2,947
Total for Stormwater	1,996	72,917	2,947
Waste management Landfill	56,659	37,161	1,502
Total for Waste management Landfill	56,659	37,161	1,502
Recreation and leisure			
Libraries	277,057	25,929	1,048
Pools	(3,821)	10,561	427
Reserves	17,034	49,463	1,999
Sports grounds	48,853	42,503	1,718
Beautification	24,038	23,076	933
Total for recreation and leisure	363,161	151,532	6,124
Properties			
Residential housing	10,207	35,866	1,450
Halls	34,405	29,101	1,176
Commercial properties	22,987	24,068	973
Toilets	18,546	9,187	371
General properties	4,824	49,906	2,017
Cemeteries	121,930	17,294	699
Council building	25,856	14,478	585
Total for properties	238,755	179,900	7,271
Other activities			
Information technology	109,024	44,663	1,805
District plan	451	23,452	948
Total for other	109,475	68,115	2,753
Total	1,157,774	817,409	33,037

Monitoring Reports to 25 May 2016

File No.: 16/246

1. Purpose

To present to the Finance, Audit & Risk Subcommittee Monitoring Reports covering:

- Requested actions from previous meetings of the Subcommittee;
- Issues identified during the 30 June 2015 Audit.

2. Recommendation

2.1 That Report 16/246 Monitoring Reports to 25 May 2016 be received.

2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

Attachments


No.	Title	Page
A	Finance Audit & Risk Subcommittee - Monitoring Report	24
B	Monitoring Report - issues identified during the 30 June 2015 Audit	25


Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories





Author(s)	Doug Law Group Manager - Finance	
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Approved by	Doug Law Group Manager - Finance	
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MONITORING REPORT
HOROWHENUA DISTRICT COUNCIL
Finance, Audit & Risk Subcommittee





Meeting Date	Item No.	Item Description	Resolved	Responsible Officer	Date to Action by	Date Completed	Officer Comment
24 Feb 2016	16/63	Corrections/amendments to be done prior to inclusion on next Council Agenda		D Law	March 2016		The January monthly report was updated for the Council agenda.
		Attendance by Audit Director and Audit Manager at March 2016 FARS meeting			March 2016		Seek clarification if the FARS wish Audit NZ to attend the April FARS meeting
30 March 2016	16/128	Workshop to be held in conjunction with next FARS meeting showing the internal controls in place (delegation, authorities and examples of processes)				Completed	This workshop will follow the meeting. Staff are preparing a report which will be e-mailed to members of the committee as soon as it has been completed.

FINANCE, AUDIT & RISK SUBCOMMITTEE
Monitoring Report – Issues identified during the 30 June 2015 Audit

- Number Complete and or Complete and Ongoing [blue light] 
- Number complete or on track [green light]: 
- Number off track but mitigation in place [orange light] 
- Number off track [red light]: 

Ref	Recommendation	Urgent	Necessary	Beneficial	Status	Officer Comment
2.1.1	Systems for mandatory performance measures Implement appropriate systems in place as soon as possible to ensure Council can report against the mandatory performance measures in 2015/16	✓				Council has met with Audit to identify the issues with the reporting requirements. Council is working to ensure that we can capture the required information.
2.1.2	SPP – Completeness of supporting documentation held by Contractors All supporting information be held by the Council and reviewed for completeness. Perform spot checks to ensure that the supporting information provided by the contractor agrees to the CRM and other reports from the contractor	✓				Council has met with Audit to identify the issues with the reporting requirements. Council is working to ensure that we can capture the required information.
3.1.1	Independent review of creditor Masterfile Implement an independent review over the creditor Masterfile changes made to ensure that changes made to the creditor Masterfile are legitimate. Reinstate a monthly review of the creditor Masterfile, evidenced with a dated signature	✓				Creditors Masterfile will be signed off each month

3.1.2	<p>Independent review of payroll Masterfile</p> <p>Implement an independent review of the payroll Masterfile changes from the pay run ended 15/02/2015 to date to provide assurance to management that changes made to the payroll Masterfile are legitimate. Complete future independent reviews of the changes made to the payroll Masterfile in a timelier manner</p>	✓				There is an independent review of the payroll Masterfile is undertaken for each fortnightly payroll.
3.1.3	<p>Internal assurance over landfill revenue</p> <p>Obtain assurance that the landfill revenue information received in the last three quarters was appropriate. Complete quarterly audits in a timelier manner</p>		✓			The information received from the contractor will be audited against Council records.
3.1.4	<p>Reviews of users and their access levels within Authority (IS)</p> <p>Perform a review of Authority users and their access levels to ensure that they remain appropriate</p>			✓		Review complete. Decision made to implement role based security within Authority which will enable us to manage permissions and delegations by role and then allocate a person to that role. This will also streamline the process for people leaving and joining the organisation and ensuring appropriate access and delegations are inherited as per their role. (NB)
3.1.5	<p>Patching and Virus Management Improvements (IS)</p> <p>Review patch and virus management procedures to ensure that the systems are managing all of Council's current devices.</p> <p>Establish an after-hours outage window so that IT staff are able to take servers down to perform maintenance and configuration.</p> <p>Establish reporting on the status of patching and virus management to ensure Council's systems are protected</p>			✓		Security review completed March 2016. Pending report of findings and recommendations. (NB)
5.2.1	<p>Reporting of unplanned and deferred maintenance</p> <p>Report planned, unplanned and deferred maintenance to Council</p>		✓			Planned and Unplanned maintenance will be reported to Council on a monthly basis. We will co-ordinate with Asset Management to identify deferred maintenance.
6.1	<p>Maintenance of fixed asset register (FAR)</p>		✓			A review of both FAR and CVR will be undertaken in 2016.

	Perform a full review of the FAR to ensure valid data is contained in the module. Review accounting policies to ensure depreciation rates appropriate and detailed enough for assets which are commonly added to the schedule.					
6.2	Maintenance of fixed assets WIP schedule Monitor WIP balances on a regular basis to ensure that any WIP that should be capitalised is done so.		✓			We will work to improve the identification of WIP and capitalise assets when they are operational.
6.3	PPE additions – missing contract documentations Retain all contract information and ensure it is appropriately filed and archived to enable monitoring of key KPIs and contract conditions. All contracts should be appropriately approved and payments approved in line with delegated authority		✓			Contract register established and populated. A reporting system has been developed attached to this to identify a number of key elements relating to the contract. The register has been established within the Council corporate system (Authority) to enable all contract register entries to be linked to wider areas such as the accounts payable modules and associated delegated authorities. The register entries are also linked to our procurement register which enables us to see the connection between the original procurement plan and view the documentation which outlines the market process, evaluation criteria and panel attached to the procurement decision. With all information gathered into a central portal, Council will now look to establish how we can link to the contract conditions and their monitoring (NB)
6.4	Classification of “assets held for sale” Implement a review process at year end to identify any assets for sale which meet the criteria as held for sale in the financial accounts			✓		A review process will be put in place to identify any assets that are held for sale.
6.5	Appropriateness of procurement process Future significant procurement should follow a tender process		✓			Procurement Policy reviewed. Version 2.0 of the policy and guidelines adopted by the leadership team in March 2016. Procurement documentation under way to provide staff with guides for each stage of the procurement process and appropriate procedure documents for all stages including tenders. Contract register developed to record all existing contracts and a process developed for addition of any future contracts.

						Annual procurement plan currently under development to identify all planned procurement as per annual plan budgets. (NB)
6.6	<p>Enforcement of the delegated financial authority</p> <p>Remind staff of the need to comply with delegated financial authority and remind processing staff to be more diligent in making sure the delegated financial authority is appropriately followed.</p> <p>Encourage staff to use of the Online Requisition system to reduce the risk of payments being approved outside staff delegation</p>	✓			●	<p>Role base security implementation will deliver improvements within the system for the management of delegations by role.</p> <p>AP workflow has gone LIVE on 15 March 2016 that requires an OLR for goods and services supplied to Council..</p>
6.7	<p>Project management improvements</p> <p>Formalise the methodology for managing projects and ensure that there is a planned approach to post implementation review in place</p>		✓		●	<p>Council has in place a formal documented system for Project reporting to the Projects Committee which outlines how these projects are managed. These reports include progress costs (budgeted, actual and projected), resourcing, risks register, opportunities as well as any Health and Safety matters for each individual projects. Reports are submitted to the Projects Committee on a monthly basis.</p> <p>Following completion of projects, Council meets with the contractor to review the project. Key points are documented.</p>
6.8	<p>Keeping the interest register up to date</p> <p>Remind elected members and other key management personnel to update the interest register on a regular basis</p>		✓		●	The interest register will be updated.

Explanation of priority rating system

Audit's recommendations for improvement and their priority are based on Audit's assessment of how far short Horowhenua District Council is from a standard that is appropriate for the size, nature, and complexity of the business.

Audit has developed the following priority ratings for recommended improvements.

<p>Urgent Major improvements required</p>	<p>Needs to be addressed urgently These recommendations relate to a significant deficiency that exposes the District Council to significant risk. Risks could include a material error in the financial statements and the non-financial information; a breach of significant legislation; or the risk of reputational harm</p>
<p>Necessary Improvements are necessary</p>	<p>Address at the earliest reasonable opportunity, generally <i>within 6 months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness that could undermine the system of internal control or create operational inefficiency</p>
<p>Beneficial Some improvement required</p>	<p>Address, generally <i>within 6 to 12 months</i> These recommendations relate to deficiencies that result in the District Council falling short of best practice. These include weaknesses that do not result in internal controls being undermined or create a risk to operational effectiveness. However, in Audit's view, it is beneficial for management to address these.</p>