

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

Date: Wednesday 27 July 2016
Time: 4.00 pm
Meeting Room: Council Chambers
Venue: Horowhenua District Council
Levin

Finance, Audit & Risk Subcommittee

OPEN AGENDA

MEMBERSHIP

Chairperson	Cr W E R Bishop	
Members	Mayor B J Duffy	
	Mr B J Jackson	
	Cr A D Rush	
	Cr C B Mitchell	
	Cr P Tukapua	
Reporting Officer	Mr D Law	(Group Manager – Finance)
Meeting Secretary	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

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Financial Report for the twelve months to 30 June 2016

File No.: 16/305

1. Purpose

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

2. Recommendation

- 2.1 That Report 16/305 Financial Report for the twelve months to 30 June 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 - 30 June 2016 - draft	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



Twelve Month Report

1 July 2015 - 30 June 2016



Executive Summary

A. All key **Financial Sustainability key performance indicators** are being met.

	Actual 30 June 2016	Target	
Balance Budget ratio	99%	100%	X
Essential Services ratio	181%	100%	✓
Debt Affordability Ratio (Debt no more than 175% of projected revenue)	143%	175%	✓
Interest to Rates Revenue	9%	25%	✓

B. Full Year surplus/ (deficit)

Council has achieved a loss of (\$665,000) as at 30 June 2016 against a budgeted surplus of \$1,596,000. This is subject to change with asset revaluations to be finalised.

Reasons for the variance:

i. Activity revenue below budget by \$1,736K. Key variances include

a) Solid waste Management	\$288,674
b) Water Supply	\$141,417
c) Representation & Governance	\$121,621
d) Planning & Regulatory Services	(\$374,656)

ii. Activity expenditure above budget by \$211K. Key variances include

e) Community Facilities & Services	\$606,000
f) Wastewater Management	\$411,102
g) Planning & Regulatory Services	\$293,607
h) Representation & Governance	(\$367,636)
i) Land Transport	(\$641,065)

iii. Swaps valuation loss (\$1.1m)

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 \$664K and have reduced by 53% since June 2015.

Major variances

	30 June 2015	30 June 2016	Variance
On charges	\$138,788	\$126,614	(\$12,174)
Development Contribution	\$353,371	\$133,387	(\$219,984)
90 day outstanding	\$639,089	\$235,191	(\$403,898)

Treasury: Our weighted average interest rate has decreased to 4.61% at June 2016, decreasing from 5.15% at June 15. This is a potential saving of \$579K 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 \$1.1m as at 30 June 2016. This has had a negative impact on this year accounts.

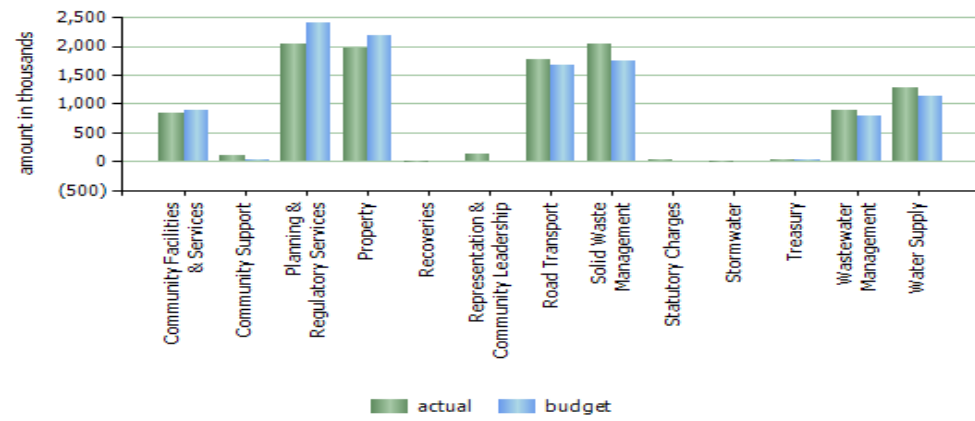
Doug Law

Group Manager – Finance 27 July 2016

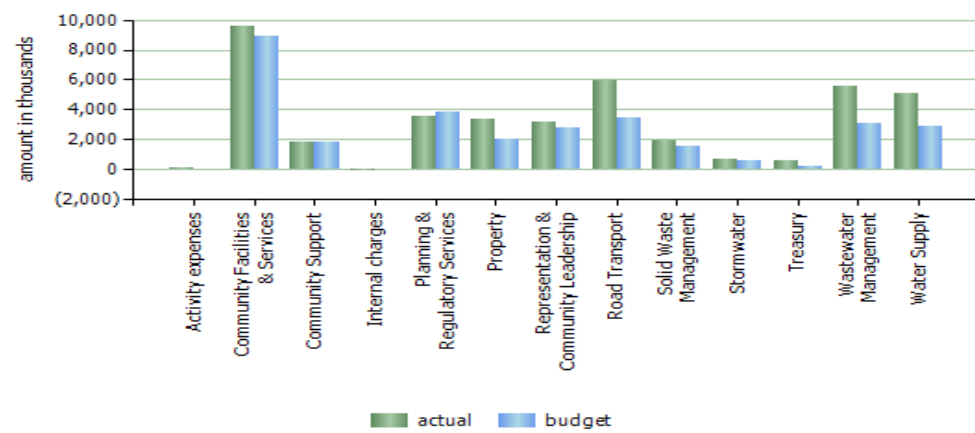
Financial operation

Operational revenue	Operational expenditure	Operational surplus/(deficit)
\$45.41 m	\$45.66 m	(\$248) k
against the total budget \$47.15	against the total budget \$45.87	to the budgeted surplus \$1.52 m
-4% less than budget	0% more than budget	119% less than budget

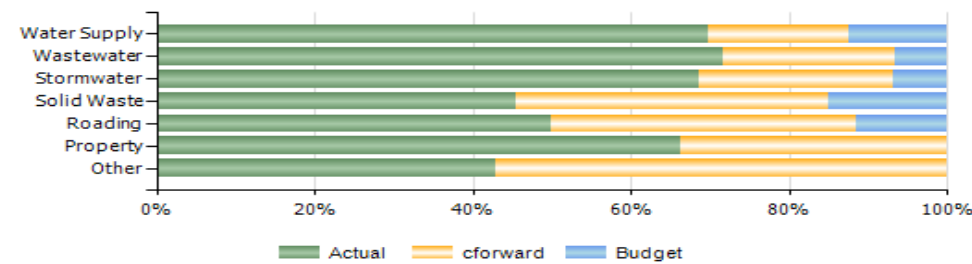
Operational revenue by activity



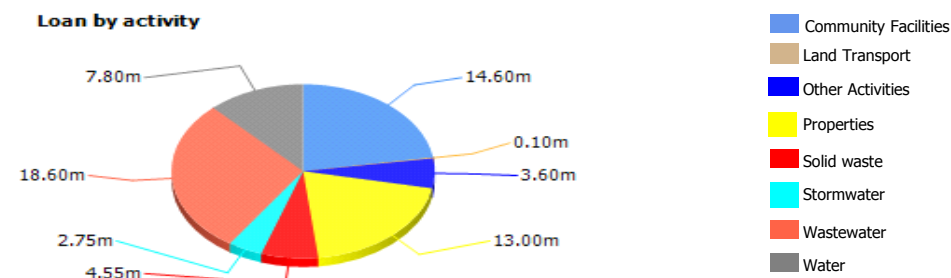
Operational expenditure by activity



Capital expenditure

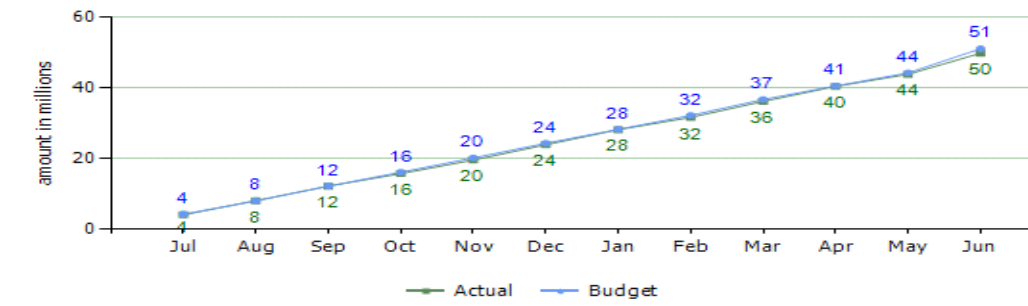


Loan by activity

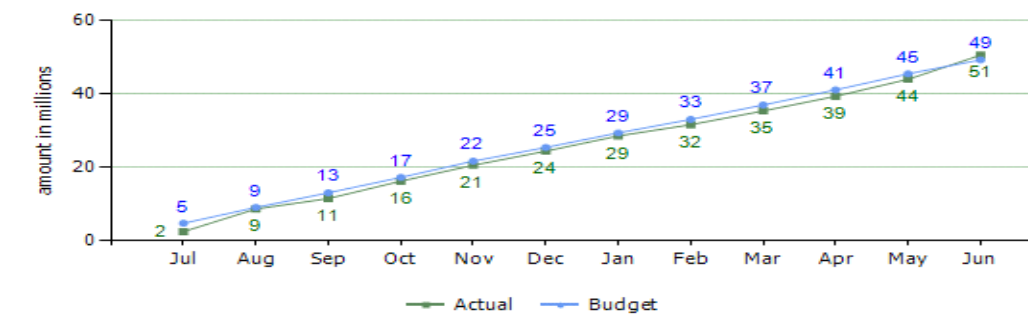


Financial trends

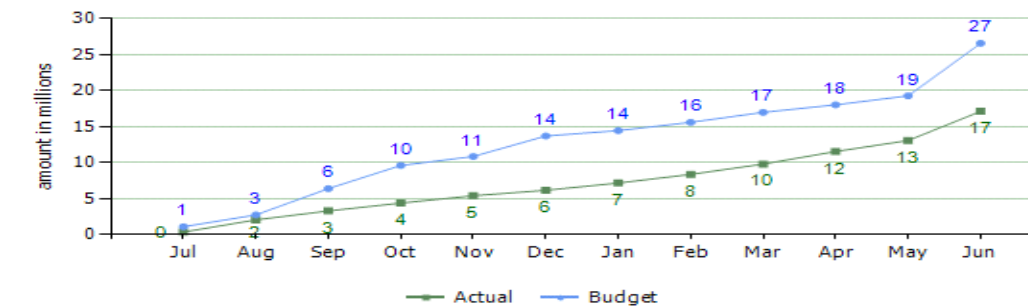
Total revenue



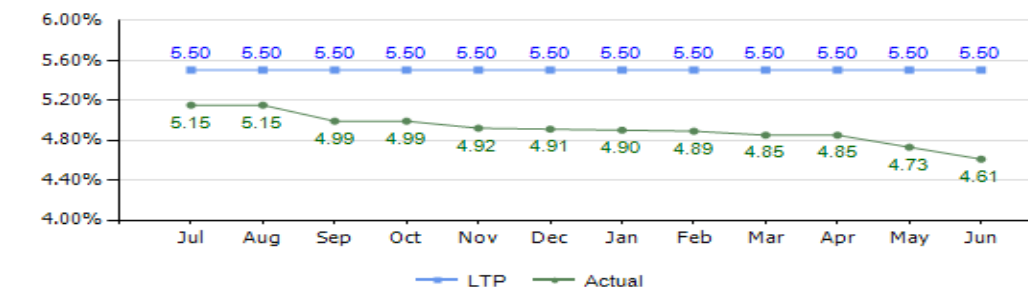
Total expenditure



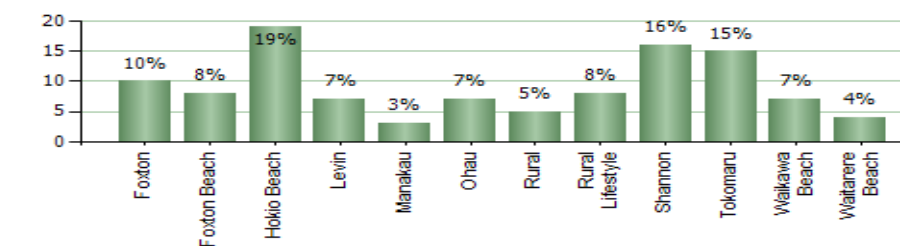
Total capital expenditure



Interest rate movement



Rates debtors % with arrears



Financial sustainability

Rates to operating revenue 70%

Rates revenue	\$31.60 m
Operating revenue	\$45.41 m
70% of operating revenue is derived from rates revenue	

Fees and charges to operating revenue 24%

User fees and charges	\$11.05 m
Operating revenue	\$45.41 m
24% of operating revenue is derived from user fees and charges	

Balance budget ratio 99%

Operational revenue	\$45.41 m
Operational expenditure	\$45.66 m
Operational revenue should be equal or more than operational expenditure. Year to date revenue is more than -1%	

Essential services ratio 181%

Capital expenditure	\$17.28 m
Depreciation	\$9.52 m
Capital expenditure should be equal or more than depreciation for essential services, for year to date capex is 181% more than depreciation.	

Debt affordability ratio - (LGFA Cov.) 143%

Total borrowing	\$65.00 m
Total operating revenue	\$45.41 m
With the total borrowing of \$65m we are still under the set limit of 175% of projected revenue	

Debt to total assets - (LGFA Cov.) 13%

Total borrowing	\$65.00 m
Total assets	\$493.00 m
Net debt should not be more than 15% of total assets. With 65m we are still under the set limit	

Interest to rates revenue (LGFA Cov.) 9%

Interest paid	\$2.99 m
Rates revenue	\$31.60 m
9% of rates revenue is paid in interest. Our set limit is 25% of of total rates revenue.	










Interest cover ratio - (LGFA Cov.) 7%

Interest paid	\$2.99 m
Operating revenue	\$45.41 m
7% 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 at least 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: 100.00%	Year to date				% Actual to Annual Plan E = A/B	% Variance to total Annual Plan J = C/Tot B	Notes to accounts
	Actual A	Budget B	Variance in \$ C = B - A	Variance in % D = C/B			
Income							
Rates revenue							
General rates	8,244,404	8,223,698	20,706	(0.25%)	100.25%	0.04%	
Targeted rates	23,351,173	23,338,441	12,732	(0.05%)	100.05%	0.03%	
Total	31,595,577	31,562,139	33,438	(0.11%)	100.11%	(0.07%)	
Treasury							
External interest received	96,670	150,000	(53,330)	35.55%	64.45% 	(0.11%)	1
Rates penalties	620,682	600,000	20,682	(3.45%)	103.45%	0.04%	
Total	717,352	750,000	(32,648)	4.35%	95.65%	0.07%	
Significant activity revenue							
Community Facilities & Services	830,902	888,876	(57,974)	6.52%	93.48%	(0.12%)	
Community Support	98,115	39,500	58,615	148.39%	248.39% 	0.12%	2
Planning & Regulatory Services	2,026,814	2,401,470	(374,656)	(15.60%)	84.40% 	(0.79%)	3
Property	1,953,217	2,192,889	(239,672)	(10.93%)	89.07% 	(0.51%)	4
Representation & Community	121,621	0	121,621	100.00%	100.00% 	0.26%	5
Road Transport	1,773,496	1,667,000	106,496	6.39%	106.39%	0.23%	
Solid Waste Management	2,029,880	1,741,206	288,674	16.58%	116.58% 	0.61%	6
Treasury	36,454	6,000	30,454	507.57%	607.57%	0.06%	
Wastewater Management	899,017	792,687	106,330	13.41%	113.41% 	0.23%	7
Water Supply	1,279,694	1,138,277	141,417	12.42%	112.42% 	0.30%	8
Total	11,049,209	10,867,905	181,304	(1.67%)	101.67%	(0.38%)	
Capital subsidies							
Capital subsidies and grants	2,050,134	3,968,241	1,918,107	48.34%	51.66% 	(4.07%)	9
Total	2,050,134	3,968,241	(1,918,107)	48.34%	51.66%	4.07%	
Total operating income	45,412,272	47,148,285	(1,736,013)	3.68%	96.32%	3.68%	

Notes

1. Funds received are at lower interest rates than anticipated at budget.
2. Revenue is higher than anticipated, due to success in obtaining 3rd party funding for programmes.
3. Revenue is below budget due to less income in the parking activity
4. Property income less than budget with Council Building internal recovery.
5. Funding has been received for Levin Town Strategy which is being offset by the expenditure.
6. Increased revenue from Tipping Fees at the Landfill.
7. Reduced revenue for Trade waste
8. Water billing includes two large users connect charges
9. Capital Subsidies:

	Annual Plan	Actual	Variance
Libraries	2,270,241	375,000	1,895,241 – Other funding is expected in 2016/17 for with the construction of Te Awahou.
Roading	<u>1,698,000</u>	<u>1,675,134</u>	<u>22,866</u>
	3,968,241	2,050,134	1,918,107

Statement of Income and Expenditure (continued...)



Percentage of year completed: 100.00%	Year to date				% Actual to Annual Plan E = A/B	% Variance to total Annual Plan J = C/Tot B	Notes to accounts
	Actual A	Budget B	Variance in \$ C = B - A	Variance in % D = C/B			
Expenditure							
Significant activity expenditure							
Community Facilities & Services	8,584,983	9,190,983	606,000	6.59%	93.41% X	1.93%	10
Community Support	1,847,960	1,844,331	(3,629)	(0.20%)	100.20%	(0.01%)	
Planning & Regulatory Services	3,536,061	3,829,668	293,607	7.67%	92.33% X	0.64%	11
Property	1,981,495	2,001,981	20,486	1.02%	98.98%	0.04%	
Representation & Community	3,172,065	2,804,429	(367,636)	(13.11%)	113.11% X	(0.81%)	12
Road Transport	4,140,895	3,499,830	(641,065)	(18.32%)	118.32% X	(1.41%)	13
Solid Waste Management	1,745,058	1,586,782	(158,276)	(9.97%)	109.97% X	(0.35%)	14
Stormwater	418,218	545,164	126,946	23.29%	76.71% X	0.28%	15
Treasury	594,844	204,276	(390,568)	(191.20%)	291.20% X	(0.86%)	16
Wastewater Management	2,641,750	3,052,852	411,102	13.47%	86.53% X	0.90%	17
Water Supply	2,837,114	2,894,405	57,291	1.98%	98.02%	0.13%	
Total	31,500,442	31,454,701	45,742	(0.15%)	101.15%	(0.75%)	
Other expenses							
Allocated portion of depreciation	(341,552)	(394,436)	(52,884)	13.41%	86.59%	(0.12%)	
Depreciation and amortisation	11,515,113	11,618,746	103,633	0.89%	99.11%	0.23%	
External interest	2,985,770	3,191,827	206,057	6.46%	93.54% X	0.45%	18
Total	14,159,332	14,416,137	256,805	1.78%	98.22%	0.56%	
Total operating expenditure	45,659,774	45,870,838	211,064	(0.18%)	100.18%	(0.18%)	
Total Operational surplus/(deficit)	(247,502)	1,277,447	1,524,949	119.37%	19.37%		

Notes

10. Community Facilities & Services is under budget with the new contractors.
11. Planning and Regulatory expenditure lower than budget with staff vacancies impacting.
12. Expenditure is higher than anticipated due to unforeseen legal costs.
13. Road Transport is finished on NZTA approved budget. Annual budget did not include emergency works.
14. Solid Waste Management had extra consultancy cost, consent review and desludging costs than anticipated.
15. Stormwater maintenance has been lower than anticipated.
16. Treasury is above budget with higher rates remissions than anticipated.
17. Lower maintenance and utility costs were achieved.
18. Lower external loan interest rates achieved from the market

Statement of Income and Expenditure (continued...)

Percentage of year completed: 100.00%	Year to date				% Actual to Annual Plan E = A/B	% Variance to total Annual Plan J = C/Tot B	Notes to accounts
	Actual A	Budget B	Variance in \$ C = B - A	Variance in % D = C/B			
Non-operational costs							
Non operating income							
Development Contribution	381,119	0	381,119	100.00%	100.00%	100.00%	
Internal interest income	3,489,484	3,600,046	(110,562)	(3.07%)	96.93%	100.00%	
Revaluation gains	410,154	321,664	88,490	27.51%	127.51%	100.00%	
Vested Assets	99,564	0	99,564	100.00%	100.00%	100.00%	
Total	4,380,320	3,921,710	458,610	(11.69%)	111.69%	100.00%	
Non operating expenditure							
Allocated portion of internal interest	(76,297)	(92,680)	(16,383)	17.68%	82.32%	100.00%	
Internal interest expense	3,489,484	3,600,046	110,562	3.07%	96.93%	100.00%	
Landfill provision	115,000	95,400	(19,600)	(20.55%)	120.55%	100.00%	
Loss on sale	168,306	0	(168,306)	100.00%	100.00%	100.00%	
Swap valuation loss	1,101,436	0	(1,101,436)	100.00%	100.00%	100.00%	
Total	4,797,930	3,602,766	(1,195,164)	(33.17%)	133.17%	100.00%	
Net non-operational costs	417,610	318,944	736,554	230.94%	130.94%	100.00%	
Total surplus/(deficit)	(665,112)	1,596,391	2,261,503	141.66%	(41.66%)		

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

Statement of Financial Position as at 30 June 2016

	Last year Actual \$000	Full year Actual \$000	Full year Budget \$000	Notes
Assets				
Current assets				
Cash and cash equivalents	7,856	7,411	6,358	
Debtors and other receivables	5,381	5,883	6,481	19/20
Other financial assets	470	350	10	
Assets held for sale	475	285	393	
Total current assets	14,182	13,929	13,242	
Non-current assets				
Operational assets	42,492	43,512	45,097	
Infrastructural assets	386,465	394,517	402,881	
Restricted assets	39,293	38,516	41,054	
Intangible assets	1,680	1,737	1,672	
Forestry assets	911	952	680	
Commercial property	5,706	5,926	3,946	
Investments in other entities	987	1,119	2,042	
Other financial asset	803	803	116	
Total non-current assets	478,337	487,082	497,488	
Total assets	492,519	501,010	510,730	
Liabilities				
Current liabilities				
Creditors and other payables	8,070	11,431	8,439	
Provisions	997	940	1,003	
Employee entitlements	1,004	903	585	
Borrowings	2,000	16,000	0	
Total current liabilities	12,071	29,274	10,027	
Non-current liabilities				
Provisions	2,068	2,240	2,991	
Employee entitlements	178	178	224	
Borrowings	58,000	49,000	76,000	
Other	1,634	2,419	0	21
Total non-current liabilities	61,880	53,837	79,215	
Total liabilities	73,951	83,111	89,242	
Net assets	418,568	417,899	421,488	
Equity				
Retained earnings	264,909	263,504	267,350	
Revaluation reserves	147,449	147,447	147,447	
Other reserves	6,210	6,948	6,690	
Total equity	418,568	417,899	421,488	

Notes

19/20. A breakdown of Current Sundry Debtors is shown on the Statement of Sundry Debtors.

20. Debtors and other receivables:

Sundry Debtors	\$664K
Rates	\$2,915
Water Billing	\$297K
Infringements & Other	<u>\$2,007</u>
	\$5,883

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

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

Ref	Description		Current Year			Annual Plan	Remaining Budget at 30 Jun 16	Total Life Of Project Cost To Date (incl multi year projects)	Comments
			Actual to 30/6/2016	LTP Budget 30/6/2016	Variance	Confirmed Carryover to 16/17			
STW 27	Stormwater - Development Planning North East Levin	Growth	87,725	150,000	62,275	0	62,275	87,725	Procurement of pumps and pipes currently underway. Expect to finish in July 2016.
WW 41	Wastewater - Development Planning - North East Levin	Growth	29,973	260,980	231,007	0	231,007	29,973	Total cost is unknown at this stage. Project is in planning stage.
WW 44	Wastewater - Levin Tararua Industrial Development	Growth	26,154	125,000	98,846	100,000	(1,154)	26,154	
SW 17	Landfill Development	Growth	150,713	385,237	234,524	157,000	77,524	150,713	On Track - project will span beyond June 2016.
PR 58	Tararua Industrial Development	Growth	279,689	0	(279,689)	0	(279,689)	279,689	Roe Street Subdivision. Budget of \$502K is in the 2016/2017 financial year.
WS 32	Water Supply -Levin Clarifier Installation	LOS	584,430	2,000,000	1,415,570	1,000,000	415,570	584,430	Clarifier has been ordered and is expected to arrive in Levin in Oct 2016. UV system has been ordered and is expected to arrive in Levin in Sept 2016. Contract to install the Clarifier, UV system, dosing system and associated buildings has been signed.
WS 38	Water Supply - Telemetry - District Wide	LOS	48,488	95,000	46,512	0	46,512	48,488	This is one part of a four year project to install Telemetry around the district. The Telemetry project is funded from multiple budgets as we are installing Telemetry at pump stations and treatment plants for water, wastewater, stormwater and at the Landfill. The estimated final cost of the project across all areas for the full four years is \$1.5 million.
STW 14	Stormwater -Telemetry	LOS	82,498	81,000	(1,498)	0	(1,498)	82,498	See WS38
STW 15	Stormwater -Levin Queen Street	LOS	31,121	250,000	218,879	200,000	18,879	31,121	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.
STW 16	Stormwater -Stormwater Statergy	LOS	79,385	80,000	615	0	615	79,385	Completed with Council briefing 16 March 2016.
STW 19	Stormwater -Foxton Beach Catchment Management Plan	LOS	28,880	83,000	54,120	0	54,120	28,880	This work is underway. External contractor is required to survey and capture the missing infrastructure data which is expected to take place in 2016/17.
WW 11	Foxton Wastewater Treatment Plant - Strategic Upgrade	LOS	940,313	2,326,000	1,385,687	1,500,000	(114,313)	1,160,145	The resource consent for this project has been lodged with HRC and currently with the Environment Court through a direct referral process.

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

Ref	Description	LOS	Current Year			Annual Plan	Remaining Budget at 30 Jun 16	Total Life Of Project Cost (incl multi year projects)	Comments
			Actual to 30/6/2016	LTP Budget 30/6/2016	Variance	Confirmed Carryover to 16/17			
WW 27	Waste Water - Telemetry System	LOS	138,651	95,000	(43,651)	0	(43,651)	138,651	See WS38.
WW 37	Levin Wastewater Treatment Plant - Strategic Upgrade	LOS	846,691	610,000	(236,691)	0	(236,691)	846,691	Contract for sludge press procured and pond lining and associated pump station and pieworks is underway. This will be completed by 30 June 16.
WW 45	Waste Water - Shannon Disposal System	LOS	2,456,497	3,065,921	609,424	0	609,424	3,004,731	The upgrade at this site consists of three stages of work with a total estimated final cost of \$3 million. This consists of the construction of the irrigation project (excluding preconstruction costs, for example consenting, purchasing of farm, preliminary designs etc.), construction of a new waveband and desludging the pond. With the exception of minor matters the works are complete.
RD 14	New Footpath	LOS	284	100,000	99,716	0	99,716	284	100% committed.
RD 16	Foxton Townscape Main Street Upgrade	LOS	121,873	750,000	628,127	640,000	(11,873)	121,873	Initial design has been undertaken. Due to go to Tender shortly.
RD 18	Waitarere Beach Kent Gloucester Upgrade	LOS	239,041	260,000	20,959	0	20,959	239,041	Underway and expected to be completed by June 16
SW 18	Leachate pre treatment	LOS	69,872	129,000	59,128	60,000	(872)	69,872	Project to proceed 2016/2017 with budget of \$60K.
SW 19	Levin Landfill Energy Recovery / Flare	LOS	35,846	200,000	164,154	150,000	14,154	35,846	Project to proceed 2016/2017 with budget of \$150K.
PR 11	Thompson House Interior refurbishment, including kitchen (with renewal contribution from Thompson House)	LOS	0	80,000	80,000	80,000	0	0	Design and construction drawings completed. Tender process completed and contract awarded. This project will commence next financial year so funds will be carried forward as part of Annual Plan 2016/2017
PR 12	Thompson House Exterior Fire Escape, egress improvements and disability access including toilet provision	LOS	36,288	80,000	43,712	40,000	3,712	36,288	Design and construction drawings completed. Tender process completed and contract awarded. This physical works of this project will commence next financial year so funds not spent will be carried forward as part of Annual Plan 2016/2017
PR 17	Upgrade ablutions block Donnelly Park	LOS	84,303	60,000	(24,303)	0	(24,303)	84,303	Works commenced in February and was completed in May 2016. This project went over budget due to the scope of the work required and budget available.
PR 19	Shannon Memorial Hall - accesbile facilitys upgrade (toilet block and entrance)	LOS	0	50,000	50,000	50,000	0	0	This project has not commenced and is on hold until the completion of the Property Strategy and wider vision for the Shannon Memorial Hall. The funds available are not sufficient for the work described and will need to be factored into the next Long Term Plan. Funds will be carred forward as part of the Annual Plan 2016/2017

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

Ref	Description		Current Year			Annual Plan Confirmed Carryover to 16/17	Remaining Budget at 30 Jun 16	Project Cost (incl multi year projects)	Comments
			Actual to 30/6/2016	LTP Budget 30/6/2016	Variance				
PR 41	Public Toilets-Upgrade, Reroof, renew flooring, change doors	LOS	0	54,530	54,530	0	54,530	0	On review of the Salisbury Street toilets roof, floor and walls being in good condition, it was decided to divert the funding to a new toilet block at Waitarere Domain. It is envisaged that this work will be completed in June with current costs to date being \$90k. This work has come about as a result of robust discussion with the Waitarere Progressive Association.
BEAUT 1	Flag Trax	LOS	52,695	54,270	1,575	0	1,575	52,695	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.
CA 12	General Network Modelling	LOS	95,293	100,000	4,707	50,000	(45,293)	95,293	
CA 16	Purchase of Urban Aerial Imagery	LOS	50,150	60,000	9,850	0	9,850	50,150	Complete.
	Levin disable facilities upgrade, hydrotherapy pool	LOS	206,313	0	(206,313)	0	(206,313)	206,313	Brought forward from 2016/17. Work commenced 9 May 2016 and will work across two financial years. Project is on track to be achieved within budget.
WS 11	Levin Reticulation- RENEWAL	Renewal	1,002,764	1,061,000	58,236	0	58,236	1,002,764	
WS 15	Shannon - Mangaore Reticulation- RENEWAL	Renewal	151,616	158,000	6,384	0	6,384	151,616	This is on track.
WS 19	Foxton Beach Edingburg Terrace Bore- RENEWAL	Renewal	174	150,000	149,826	150,000	(174)	174	This is being carried forward to 2016/17.
WS 28	Levin Treatment Plant - Renewals	Renewal	197,657	50,000	(147,657)	0	(147,657)	197,657	Overspent due to renewal of the water take consent
WS 39	Reactive renewals - District Wide	Renewal	158,064	150,000	(8,064)	0	(8,064)	158,064	On track and 100% committed.
WS 45	Shannon Reservoir structural work	Renewal	99,083	100,000	917	50,000	(49,083)	99,083	On track.
STW 12	District Wide Reticulation - Unplanned Renewals	Renewal	61,447	50,000	(11,447)	0	(11,447)	61,447	On track and 100% committed.
STW 13	District Wide Pump Station - Planned Renewals	Renewal	12,180	79,350	67,170	0	67,170	12,180	Assessments underway.
WW 21	Tokomaru Wastewater Treatment Plant - Consent Renewal	Renewal	20,204	100,000	79,796	50,000	29,796	47,654	Part spend this year and to carry forward to 2016/17 \$50K.
WW 29	Foxton Reticulation - Renewals	Renewal	479,814	417,873	(61,941)	0	(61,941)	479,814	The project will be finished by June 16.
WW 30	Levin Reticulation - Renewals	Renewal	1,315,821	1,758,767	442,946	0	442,946	1,315,821	The majority of these works have been completed. It is estimated that 100% of the budget will be spent by June 2016.

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

Ref	Description		Current Year			Annual Plan Confirmed Carryover to 16/17	Remaining Budget at 30 Jun 16	Project Cost (incl multi year projects)	Comments
			Actual to 30/6/2016	LTP Budget 30/6/2016	Variance				
WW 35	Districtwide - Reticulation Unplanned Renewals	Renewal	206,516	443,377	236,861	0	236,861	206,516	Covers a variety of maintenance renewals. We expect this budget to be spent by June 2016 as the upgrading Mako Mako wastewater pipe has commenced and additional renewals in Foxton.
WW 36	Levin Treatment Plant - Planned Renewals	Renewal	460,371	1,044,242	583,871	850,000	(266,129)	460,371	Negotiations are currently being undertaken for the renewal of the lease. This budget will be spend providing negotiations are successful.
WW 38	Levin Treatment Plant - Unplanned Renewals	Renewal	145,145	88,478	(56,667)	0	(56,667)	145,145	On track.
WW 50	Tokomaru WWTP Desludging	Renewal	408,132	100,000	(308,132)	0	(308,132)	408,132	This cost year to date also cover WW51 as these projects are running in tandem. To be completed by 30 June 2016
WW 51	Tokomaru WWTP Oxidation Pond Relining	Renewal	61,502	61,500	(2)	0	(2)	61,502	See above
RD 13	Footpath Renewal	Renewal	356,036	400,000	43,964	0	43,964	356,036	On track.
SW 15	Solid Waste - Cap Shape Correction	Renewal	67,623	68,580	957	0	957	67,623	Project is set to start June 16 and continue into 2016/17. Expect this will go over budget.
PR 13	Thompson House Exterior renew & Paint	Renewal	0	54,530	54,530	54,350	180	0	Design and construction drawings completed. Tender process completed and contract awarded. This physical works of this project will commence next financial year so funds not spent will be carried forward as part of Annual Plan 2016/2017
PRES 13	Waitarere Dune management Dune management - flatten recountour	Renewal	4,600	102,900	98,300	102,900	(4,600)	4,600	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.
PRES 44	Levin Domain Pathways resurface	Renewal	0	298,780	298,780	298,780	0	49,570	Project deferred into 2016-2017
PRES 62	Reserves - Foxton Beach	Renewal	30,000	100,000	70,000	70,000	0	30,000	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
CA 19A	IT Disaster Recovery brought forward from 2013/14	Renewal	99,130	130,000	30,870	0	30,870	99,130	Cloud solution identified and implementation plan underway as planned during May. Invoice expected June 16.
CA 25	Rural Aerial Updates	Renewal	20,035	50,000	29,965	25,000	4,965	20,035	Aerials partially flown and milestone payment has been made to reflect this. Balance carried to 2016/17.
CS 11	Te Awahou Community Centre	Grth/LOS	808,403	2,683,500	1,875,097	2,133,968	(258,871)	808,403	Progressing – Construction work anticipated to commence July 2016 and continue into 16/17 with budget of \$2,193K.
WS 46	Levin Bore exploration, new reservoir, treatment plant upgrade	Grth/LOS	2,195,591	3,010,665	815,074	0	815,074	2,195,591	Estimated final cost of project is \$2.4 million. Project will be 100% complete. \$600,000 of the LTP budget will not be spent as good prices were received through the tender process and scope of original work reviewed and scaled down.
	Total		15,165,073	24,296,480	9,131,407	7,811,998	1,319,409	16,010,160	

Statement of Rates Debtors

Area	Total assessments	Assessments 30/06/2015 with arrears	Assessments 30/06/2016 with arrears	% with arrears	Total arrears	Year to date arrears	Instalment one arrears	Instalment two arrears	Instalment three arrears	Instalment four arrears	Penalties arrears	Prior year arrears
F - Foxton	1,275	100	126	10%	249,356	163,155	15,708	22,821	35,158	60,172	29,296	86,201
FB - Foxton Beach	1,573	130	120	8%	143,672	125,998	13,157	17,010	26,273	56,087	13,472	17,673
HB - Hokio Beach	199	37	37	19%	741,993	149,268	6,573	6,574	6,759	7,894	121,468	592,725
L - Levin	7,350	370	548	7%	754,211	629,464	61,878	89,843	128,641	274,588	74,515	124,747
MK - Manakau	86	2	3	3%	2,072	2,072	0	374	374	1,136	188	0
NR - Non rateable	127	0	8	6%	4,633	3,409	431	431	431	1,436	681	1,224
OH - Ohau	150	10	11	7%	11,385	10,838	757	1,921	2,782	4,663	715	546
R - Rural	2,572	63	140	5%	489,502	166,938	14,883	17,619	19,806	39,623	75,008	322,563
RL - Rural Lifestyle	2,442	192	191	8%	251,102	175,883	16,832	25,129	33,771	69,676	30,475	75,219
S - Shannon	674	86	108	16%	189,089	125,242	14,397	17,409	25,636	45,384	22,416	63,847
TK - Tokomaru	164	6	15	9%	11,647	11,647	370	1,652	2,329	6,662	634	0
WB - Waitarere Beach	943	33	63	7%	60,348	49,672	4,714	5,642	8,464	26,680	4,172	10,675
WK - Waikawa Beach	231	3	10	4%	6,372	6,372	318	810	1,281	3,448	514	0
Total as on 30 June 2016	17,786	1,032	1,380	8%	2,915,379	1,619,958	150,015	207,234	291,705	597,449	373,555	1,295,421
Total as at 30 June 2015	17,740	1,032	-	6%	2,785,899	1,362,431	179,637	238,415	346,937	238,721	358,721	1,423,468

In the year to 30 June 2016

- 2,161 Rate rebates processed for \$1,182,351.
- 1,384 Assessments received the rates invoice by email. There has been an significant increase with the recent promotion running in April 2016.
- 17,574 rate payments received for \$35,594,033

Statement of Sundry Debtors

Category	Total Outstanding	Current Outstanding	31 - 60 days Outstanding	61 - 90 days Outstanding	Over 90 days Outstanding	Notes
Aquatic Centre	5,275	3,678	479	153	966	
Building Consents	78,622	59,293	8,122	0	11,207	2
Building Fee - BWO	1,560	1,300	0	0	260	
Cemeteries	32,181	28,263	3,918	0	0	
Dev Cont New Policy	65,335	0	0	3,771	61,564	1
Develop Cont Old Policy	68,052	0	0	5,836	62,216	1
Dogs	692	0	0	0	692	
Dogs - Debt Collection	9,043	41	5,804	0	3,198	
Dogs Arrange to pay	164	0	23	62	79	
Fines	1,870	0	0	0	1,870	
Fire Hazard	631	0	0	0	631	
General	75,904	74,555	124	1,066	159	5
Hire	4,890	521	1,059	0	3,310	
On Charges	126,614	117,071	1,028	121	8,393	3
Pension Housing	4,565	4,252	280	0	33	
Rental Income Monthly	90,952	39,290	1,127	1,035	49,499	
Resource Consent Fees	42,507	10,771	9,901	0	21,835	4
Rubbish Bags	31,920	22,800	9,120	0	0	
Staff Account	1,178	386	648	0	144	
Waste Transfer Station	1,703	1,531	172	0	0	
Water & Trade Waste	18,026	396	346	8,149	9,136	
Water Septage - Septic Tank Disposal	2,535	1,427	788	320	0	
Total at 30 June 16	664,219	365,575	42,939	20,514	235,191	6
Total at 30 June 15	1,249,882	439,577	120,377	50,839	639,089	

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. 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.
3. In the On Charges category, the majority of the 90+ Days debtors have been provided for as Doubtful Debts.
4. 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.
5. In this category there are charges for grazing leases, new connections, car access way, HR charges and THT charges.
6. Out of the \$235K owing +90 Days, \$140k is provided for in the Doubtful Debts Provision. As at 30 June 2016 there are 378 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	0
Stock	16 Aug 16	6.2750%	2,000,000			2,000,000
Stock	15 Mar 17	5.0550%	3,000,000			3,000,000
Stock	23 May 17	4.3900%	4,000,000			4,000,000
BNA short Term	15 Jun 16	3.3900%	0	6,000,000	6,000,000	0
LGFA Short term	12 Dec 16	2.0405%	0	7,000,000		7,000,000
Total due within a year						16,000,000
Due within 2 - 5 years						
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
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
Total due within 2 - 5 years						35,000,000
Due after 5 years						
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						14,000,000
Total			60,000,000	13,000,000	8,000,000	65,000,000

Statement of External Loans and Interest by Activity

Activity	Loans as at 30 Jun 2015	Loans as at 30 Jun 2016	Year to date Finance costs
Water supply			
Water Levin	3,300,000	4,950,000	227,378
Water Shannon	1,400,000	1,300,000	59,715
Water Foxton	900,000	900,000	41,341
Water Foxton beach	300,000	300,000	13,780
Water Tokomaru	400,000	350,000	16,077
Total for water supply	6,300,000	7,800,000	358,292
Wastewater			
Wastewater Levin	7,000,000	7,750,000	355,996
Wastewater Shannon	6,650,000	7,850,000	360,589
Wastewater Foxton	1,400,000	2,300,000	105,650
Wastewater Foxton Beach	300,000	200,000	9,187
Wastewater Tokomaru	50,000	500,000	22,967
Wastewater Waitare	50,000	0	0
Total for wastewater	15,450,000	18,600,000	854,390
Stormwater	2,300,000	2,750,000	126,321
Waste management Landfill	4,550,000	4,550,000	209,004
Land Transport	0	100,000	4,593
Community Facilities & Services			
Libraries	7,900,000	7,950,000	365,183
Pools	2,700,000	3,100,000	142,398
Reserves	1,350,000	1,300,000	59,715
Sports grounds	1,450,000	1,400,000	64,309
Halls	250,000	250,000	11,484
Toilets	300,000	500,000	22,967
Cemeteries	100,000	100,000	4,593
Total for Community Facilities & Services	14,050,000	14,600,000	670,650
Properties			
General properties	750,000	700,000	32,154
Council building	6,500,000	6,200,000	284,797
Commercial properties	1,150,000	1,100,000	50,528
Residential housing	5,000,000	5,000,000	229,675
Total for Properties	13,400,000	13,000,000	597,154
Other activities			
Information technology	1,500,000	1,400,000	64,309
District plan	2,450,000	2,200,000	101,057
Total for other	3,950,000	3,600,000	165,366
Total	60,000,000	65,000,000	2,985,770

Statement of Internal Loans and Interest by Activity

Activity	Loans as at 30 Jun 2015	Loans as at 30 Jun 2016	Year to date Finance costs
Water supply			
Water Levin	44,338	1,048,631	1,862
Water Shannon	47,234	89,345	1,984
Water Foxton	49,717	35,153	2,088
Water Foxton beach	40,130	25,147	1,685
Water Tokomaru	14,491	47,456	609
Total for water supply	195,910	1,245,732	8,228
Wastewater			
Wastewater Levin	14,425	33,095	606
Wastewater Shannon	7,066	999,165	297
Wastewater Foxton	31,782	24,609	1,335
Wastewater Foxton Beach	3,732	84,469	157
Wastewater Tokomaru	28,411	44,895	1,193
Wastewater Waitare	26,458	69,022	1,111
Total for wastewater	111,874	1,255,255	4,699
Stormwater	72,917	45,859	3,063
Total for Stormwater	72,917	45,859	3,063
Waste management Landfill	37,161	197,365	1,561
Total for Waste management Landfill	37,161	197,365	1,561
Land Transport	0	71,273	0
Total for Land Transport	0	71,273	0
Community Facilities & Services			
Libraries	25,929	40,559	1,089
Pools	10,561	19,022	444
Reserves	49,463	35,113	2,077
Sports grounds	42,503	73,142	1,785
Halls	29,101	17,937	1,222
Toilets	9,187	27,569	386
Cemeteries	17,294	9,742	726
Beautification	23,076	22,153	969
Total for Community Facilities & Services	207,114	245,237	8,698
Properties			
Commercial properties	24,068	65,821	1,011
General properties	49,906	30,068	2,096
Residential housing	35,866	69,569	1,506
Council building	14,478	12,030	608
Total for properties	124,318	177,488	5,221
Other activities			
Information technology	44,663	82,876	1,876
District plan	23,452	26,107	985
Total for other	68,115	108,983	2,861
Total	817,409	3,347,192	34,331

Planning and Regulatory Services

COST OF SERVICE STATEMENT

For the Twelve Months Ended 30 June 2016

Percentage of year completed: 100.00%	Year to date		Variance in % D=C/B		% Variance to total Annual Plan F=C/Tot B	Notes to accounts
	Actual A	Budget B				
Income						
Significant activity revenue						
Health Applications	70,652	54,290	16,362	30.14%	(0.68%)	
Liquor Applications	108,860	72,200	36,660	(0.78%)	(1.53%)	
Dog Control	377,312	473,600	(96,288)	(20.33%)	4.01%	
Animal Control	1,346	1,000	2,346	234.63%	(0.10%)	
Resource Management Application	375,170	304,175	70,995	23.34%	(2.96%)	
Resource Management Enforcement	3,278	0	3,278	100.00%	(0.14%)	
Safety Licencing	478	2,750	(3,228)	(117.38%)	0.13%	
Building Applications	754,275	616,975	137,300	(2.25%)	(5.72%)	
Parking Enforcement	336,398	738,500	(402,102)	(54.53%)	16.77%	
Recoveries	0	139,980	(139,980)	(100.00%)	5.83%	1
Total	\$2,026,814	2,401,470	(374,656)	(15.60%)	15.63%	
Total income	2,026,814	2,401,470	(374,656)	(15.60%)	15.60%	
Expenditure						
Significant activity expenditure						
Liquor Applications	175,165	196,906	21,741	11.04%	0.58%	
Parking Enforcement	280,897	444,242	163,345	36.77%	4.34%	2
Safety Licencing	235,149	355,134	119,985	33.79%	3.18%	3
Building Applications	651,025	705,636	54,611	7.74%	1.45%	
Health Applications	174,956	188,320	13,364	7.10%	0.35%	
Dog Control	501,734	563,148	61,414	10.91%	1.63%	4
Resource Management Application	674,115	512,642	(161,473)	(31.50%)	(4.29%)	5
Resource Management Enforcement	442,304	404,676	(37,628)	(9.30%)	(1.00%)	6
Animal Control	196,344	222,864	26,520	11.90%	0.70%	
Environmental Health Policy	37,355	41,352	3,997	9.67%	0.11%	
Liquor Policy	12,049	14,820	2,771	18.70%	0.07%	
Building Policy	154,966	179,928	24,962	13.87%	0.66%	
Total	\$3,536,061	3,829,668	293,607	7.67%	7.67%	
Other expenses						
Depreciation and amortisation	75,195	77,712	2,517	3.24%	0.07%	
Total	\$75,195	77,712	2,517	3.24%	0.07%	
Total expenditure	3,611,256	3,907,380	296,124	7.58%	7.58%	
Non-operational costs						
Non operating income						
Revaluation gains	3,048	0	3,048	100.00%	100.00%	
Total	\$3,048	0	3,048	100.00%	100.00%	
Non operating expenditure						
Loss on sale	10,394	0	(10,394)	100.00%	100.00%	
Internal interest expense	122,173	149,836	27,663	18.46%	100.00%	
Total	\$132,567	149,836	17,269	11.53%	100.00%	
Total non-operational costs	129,519	149,836	20,317	13.56%	100.00%	
Total surplus/(deficit)	(1,713,961)	(1,655,746)	(58,215)	3.52%		

Notes

1. Revenue is below budget due to less income in the parking activity
2. Expenditure is below budget due to staff vacancies. This is reflected in income also.
3. Expenditure is below with less internal allocations than budgeted.
4. Expenditure is below budget due to staff vacancies. There is however expected expenditure in this area relating to legal advice on bylaws yet to be made.
- 5/6. Both activities had increased consultancy costs than anticipated.

REGULATORY SERVICES – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
District Planning – Resource Consenting: Processing of applications under the Resource Management Act. Monitoring of the District Plan requirements, resource consent compliance and complaints.	1. Applications under the Resource Management Act will be processed within statutory timeframes. Target 100%	Achieved. As at 30 June 2016, one hundred and thirty-four (134) applications have been processed all within statutory timeframes (100% compliance).
	2. Known and reported instances of non-compliance with the District Plan and any resource consents will be responded to and any appropriate action will be taken. Target 100% responded to in 2 working days.	Achieved. As at 30 June 2016, forty-nine (49) complaints have been received and all responded to within 2 working days (100% compliance).
	3. Resource consents will be monitored for compliance with conditions.(Target 100%*) * Interpreted to mean those that required monitoring.	Achieved. As at 30 June 2016, one hundred and sixteen (116) resource consents were monitored for compliance (all that were required to be monitored), eighty-three (83) complied, thirty-three (33) required enforcement action (32 warnings, 1 abatement notice issued). (100% compliance).
District Planning – Policy: The District Plan provides for a balanced regulatory framework that protects important Community and environmental values.	1. Percent of non-complying resource consents approved as a proportion of all approved consents is less than 10%.	Achieved. As at 30 June 2016 one (1) non-complying resource consent has been approved out of a total of one hundred and thirty-four (134) approved consents (0.81%).
Building Control: Carry out Building Consent Authority accreditation functions including enforcement of legislation relating to construction of buildings and structures.	1. The percent of building consent applications granted within 20 working days or less is 100% of applications.	Not Achieved. This measure was not achieved due to increased building consent numbers and a temporary shortage of people resources. As at 30 June 2016, there have been six hundred and thirty-four (634) consents granted, of which 622 (98%) have been processed in less than 20 working days and twelve (12) were outside of the 20 working days. Six hundred and twenty (620) consents were issued in the year for a combined value of \$68,261,069.00.
	2. The percent of consent applications for new residential dwellings are processed in 18 days or less is 90% of applications.	Achieved. As at 30 June 2016, one hundred and sixty-four (164) new residential dwelling consents have been granted in < 18 days (100%).
	3. That 100% of reported cases of illegal building work will be responded to within 3 working days.	Achieved. There has been one reported incident that has been responded to within 3 working days (100%).

REGULATORY SERVICES – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
Building Control: Carry out Building Consent Authority accreditation functions including enforcement of legislation relating to construction of buildings and structures.	4. The percent of private swimming pools on the register inspected annually for compliance is 33% of private swimming pools are inspected.	Not Achieved. This measure was not achieved due to increased building consent numbers and a temporary shortage of people resources. There are two hundred and forty-two (242) pools on the register. One third of swimming pools = 80. Sixty Five (65) have been inspected as at 30 June 2016.
	5. Council will maintain its accredited status as a Building Consent Authority.	Achieved. Council is an accredited BCA. The latest assessment was held 28-30 April 2015 and the BCA received re-accreditation without receiving any Corrective Action Requirements. The next assessment is scheduled for 2017.
Environmental Health – Food Safety: Monitoring of food services used by the Community to ensure that they are healthy and safe.	1. The percent of food premises fitting the scope of templated Food Control Plans apply for exemption from the Food Hygiene Regulations 1974 will be 10%.	Achieved. As at 30 June 2016, fourteen (14) premises had applied for an exemption which represents 14% of those premises that fit the scope of the voluntary implementation plan. No further businesses are able to apply under the Voluntary Implementation Plan as the Food Act 2014 has now been fully enacted. The measure was achieved and exceeded the 10% target set.
	2. The percent of registered premises that are inspected/audited and graded will be 100%.	Achieved. As at 30 June 2016, one hundred and forty-six (146) premises are registered, of which 100% have been inspected YTD. A total of 159 inspections/audits were conducted in the year. Current grading's are as follows: A Grade = 129 B Grade = 8 Ungraded = 1 New = 8 The number of inspections exceeded the number of premises due to premises opening (22); closing (27); and reinspection needs during the year.
Liquor Licensing: Monitoring of licensed premises to ensure compliance with relevant legislation.	1. The percent of premises that are inspected annually to check for compliance with their licence conditions are 100% of premises are inspected.	Achieved. There are a total of seventy-one (71) licensed premises holding seventy-four (74) operative licences. (NB: A premise can hold more than 1 license). Seventy-one (71) inspections (100%) have been completed YTD.
	2. The percent of applications for a licence that will be forwarded to Public Health and the Police for comment are 100% of applications.	Achieved. As at 30 June 2016, two hundred and thirteen (213) applications have been received and all licence applications (109) that were required to be forwarded to Police and Public Health for comment were (100%).

REGULATORY SERVICES – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Animal Control: Reported instances of non-compliance and dog nuisance will be responded to.</p>	<p>1. The percent of reported instances of non-compliance and dog nuisance will be responded to 100%.</p>	<p>Achieved. As at 30 June 2016 there have been one thousand, five hundred and eighty-four (1,584) complaints made (with priority given to those reported as dog attacks), comprising: Barking = 623 Wandering = 784 Reported as attacks = 91 Aggressive behaviour = 102 Stock worrying = 4 (100%) of complaints have been responded to. Target Achieved. Two (2) prosecutions have been successfully completed YTD, and one (1) is pending. There is one (1) disqualified and two (2) probationary dog owners. Four hundred and seven (407) dogs have been impounded of which thirty-five (35) have been rehoused, two hundred (200) claimed by their owner and sixty-four (64) have been euthanised.</p>
	<p>2. An after-hours emergency response will be continuously provided</p>	<p>Achieved. The service has been provided by way of an after-hours roster provided by the four (4) Animal Control Officers.</p>
<p>Registration and classification of all known dogs within the District.</p>	<p>3. The percent of known dogs that will be registered or accounted for annually by 31 October will be 100%.</p>	<p>Achieved. As at 30 June 2016, of the known 6,429 dogs currently on the dog database, 6,188 (96%) are registered and the 241 that show as unregistered have been accounted for by way of an infringement notice issued. All known dogs (100%) have been accounted for.</p>
<p>Parking Enforcement: All parking restricted areas in Levin will be enforced under the provisions of Council's Bylaw and the Transport Regulations.</p>	<p>Enforcement will be conducted each working day.</p>	<p>Achieved. Enforcement has been conducted each working day, with the exception of the three (3) days between Xmas and New Year. As at 30 June 2016, 4,447 stationary vehicle infringement notices have been issued and 2,134 notices have been processed to the Courts for collection.</p>

REGULATORY SERVICES – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>General Regulatory Services: Noise complaints response service will be provided.</p>	<p>1. Noise complaints services are provided all year round and 90% of complaints will be responded to within 60 minutes.</p>	<p>Achieved. As at 30 June 2016 there have been 2,261 complaints and all (100%) have been responded to within 60 minutes of receipt resulting in 247 verbal directions being given and 304 abatement notices have been issued. Six (6) equipment seizures have occurred, and police assistance has been required on seventeen (17) occasions.</p>
<p>Public Safety bylaws and other legislation will be enforced.</p>	<p>2. The percent of reported non-compliances and complaints that are responded to within 5 working days is 100%.</p>	<p>Achieved. As at 30 June 2016, there have been seventy (70) smoke complaints and thirty-five (35) vehicles reported as abandoned, of which three (3) were impounded. All (100%) have been responded to within 5 working days.</p>

Community Facilities and Services

COST OF SERVICE STATEMENT

For the Twelve Months Ended 30 June 2016

Percentage of year completed: 100.00%	Year to date				% Variance to total Annual Plan F=C/Tot B	Notes to accounts
	Actual A	Budget B	Variance in \$ C=B-A	Variance in % D=C/B		
Income						
Significant activity revenue						
Halls	18,111	12,447	5,664	-45.51%	-0.18%	
Sportsgrounds	23,356	16,504	6,852	-41.52%	-0.22%	
Reserves	72,258	81,595	(9,337)	11.44%	0.30%	
Cemetery	172,867	198,630	(25,763)	12.97%	0.82%	
Swimming Pool(s)	417,165	457,700	(40,535)	8.86%	1.28%	
Libraries	127,145	120,000	7,145	-5.95%	-0.23%	
Beautification	0	2,000	(2,000)	100.00%	0.06%	
Total	\$830,902	888,876	(57,974)	6.52%	1.84%	
Capital subsidies						
Capital subsidies and grants	375,000	2,270,241	(1,895,241)	83.48%	59.99%	
Total	\$375,000	2,270,241	(1,895,241)	83.48%	59.99%	
Total income	1,205,902	3,159,117	(1,953,215)	61.83%	61.83%	
Expenditure						
Significant activity expenditure						
Swimming Pool(s)	2,193,543	2,542,026	348,483	2.37%	0.54%	1
Urban Cleansing	349,494	237,411	(112,083)	-47.21%	-1.14%	3
Public Toilets	266,840	290,677	23,837	8.20%	0.24%	
Sportsgrounds	1,040,438	821,714	(218,724)	-26.62%	-2.22%	3
Reserves	1,253,742	1,576,406	322,664	20.47%	3.28%	4
Cemetery	207,768	295,595	87,827	29.71%	0.89%	
Beautification	629,257	585,412	(43,845)	-7.49%	-0.45%	5
Libraries	2,475,644	2,612,936	137,292	5.25%	1.39%	
Halls	168,259	228,806	60,547	26.46%	0.62%	
Total	\$8,584,983	9,190,983	606,000	6.59%	3.16%	
Other expenses						
Depreciation and amortisation	917,244	946,652	29,408	3.11%	0.30%	
Total	\$917,244	946,652	29,408	3.11%	0.30%	
Total expenditure	9,502,228	10,137,635	635,407	6.27%	3.46%	
Non-operational costs						
Non operating income						
Development Contribution	52,980	0	52,980	100.00%	100.00%	
Internal interest income	46,689	0	46,689	100.00%	100.00%	
Revaluation gains	36,439	3,218	33,221	-1,032.35%	100.00%	
Total	\$136,108	3,218	132,890	-4129.60%	100.00%	
Non operating expenditure						
Internal interest expense	704,212	820,718	116,506	14.20%	100.00%	
Total	\$704,212	820,718	116,506	14.20%	100.00%	
Total non-operational costs	568,103	817,500	249,397	30.51%	100.00%	
Total surplus/(deficit)	(8,864,429)	(7,796,018)	(1,068,411)	-18.18%		

Notes

- 1,4,5 Community Facilities & Services is under budget as a result of the new Community Facilities contracts in place. The under budget is a result of both savings from the new contracts as well as better management. It should also be noted that the Community Support Activity is also under budget, this is a result of operational savings achieved also due to better management.
2. Urban Cleansing is above budget due to a LoS omission. This relates primarily to the emptying of litter bins. The contractor priced the operation on a frequency of operation basis which has proved insufficient to meet the needs of the service. This has been exacerbated by the unauthorised disposal of commercial waste through the urban cleansing stream (commercial packaging). It is likely the demand for a higher level of funding will continue should existing LoS be desirable. The impact of this additional cost could be mitigated by ensuring commercial waste enters the commercial stream.
3. Sports Ground is above budget due to timing of scheduled works. A significant sum is expended during sports field renovations in spring and autumn. It is anticipated the current overspend is as a result of adopting a flat line to expenditure profiling. The impact could be reduced by reviewing the profile to better represent the impact of non-routine scheduled works on expenditure per month.
4. Reserves are under budget for similar reasons as sports fields are over budget that being the tendency to flat-line expenditure. A considerable amount of improvement and development works on Reserves is completed during Spring and Autumn and better tracking might be achieved by profiling expenditure in line with operational demand.

COMMUNITY FACILITIES AND SERVICES – Performance Measures – LTP/Annual Plan (Reserves, Public Halls, Sports Grounds, Cemeteries and Beautification)

Objective	LTP Performance Targets	Actual Performance
Reserves: To ensure reserves are available for community use.	To ensure sufficient space is available and is at least 1 hectare/1,000 population.	Achieved. As at 30 June 2016, complied.
Community Halls: To ensure Community Halls are available for public use.	The Levin, Foxton and Shannon halls will be used at least ten (10) times per fortnight.	Achieved. As at 30 June 2016, the Levin Memorial Hall was used 334 times, the Shannon Memorial Hall was used 106 times, and the Foxton Memorial Hall was used 68 times. A total of 508 times (an average of 19.54 times per fortnight).
Sports Grounds: To ensure sports grounds are available for community use.	To ensure sports grounds are available for use during their opening hours 95% of the time.	Achieved. As at 30 June 2016, sportsgrounds were open for a minimum of 95% of the scheduled opening times.
Playgrounds: To ensure playgrounds are safe for users.	To ensure playground facilities comply with relevant standards 100% of the time.	Achieved. As at 30 June 2016, all surfaces complied.
Cemeteries Management: To ensure cemeteries are managed and maintained to an appropriate standard.	To ensure Council meet the needs according to legal requirements.	Achieved. As at 30 June 2016, there was no legal or regulatory non-compliance.
Cemeteries: To ensure cemeteries operate to an acceptable level.	To ensure all arrangements and interments at Council cemeteries are made satisfactorily before 24 hours from interment.	Achieved. As at 30 June 2016, all interment arrangements were completed satisfactorily within the required timeframe.

COMMUNITY FACILITIES AND SERVICES – Performance Measures – LTP/Annual Plan (Aquatic Centres and Recreation)

Objective	LTP Performance Targets	Actual Performance
<p>Aquatics:</p> <p>1. To ensure safe aquatic facilities are operating in the District.</p>	<p>To ensure 100% compliance with relevant standards including Pool Safe Accreditation.</p>	<p>Achieved.</p> <p>As at 30 June 2016 the Levin and Foxton Pool are both 100% water compliant.</p> <p>Both pools have received “Pool Safe” accreditation during March 2016 until April 2017. Pool Safe certification for the next year has just been received.</p>
<p>2. To ensure the Aquatics Centres meet customer needs.</p>	<p>To ensure the Annual Customer Satisfaction Survey for the Aquatic Centres show at least 90% of customers to be ‘satisfied’ or ‘very satisfied’.</p>	<p>Achieved.</p> <p>The most recent comprehensive Annual Resident Satisfaction Survey conducted in May 2015 showed Customer satisfaction at 91.94%.</p>
<p>3. To ensure a high quality Swim School operates at the Levin and Foxton Aquatic Centres.</p>	<p>The number of participants in Learn-to-Swim classes per school term will exceed 400.</p>	<p>Achieved.</p> <p>As at 30 June 2016, there were 485 participants in the Term 2 Learn to Swim classes. Fifty-five (55) enrolments in Learn-to Swim classes in Foxton for Term 3 and 430 enrolments in Learn-to Swim classes in Levin for Term 3.</p>
<p>4. To ensure that local clubs are supported to deliver their own events.</p>	<p>The number of events per year held by clubs – clubs growing and taking ownership of their own events and future will be 4 per year.</p>	<p>Achieved.</p> <p>The following events have been scheduled by Aquatics User Clubs/Schools at Levin Aquatics Centre in this calendar year where the whole pool is booked :</p> <ul style="list-style-type: none"> ○ Waiopahu Swim Sports February ○ Go Active TRYathlon 06 March ○ Levin Swim Club 06 March ○ Levin School Swim Sports 08 March ○ Koputaroa Swim Sports 24 March ○ Levin Masters Swim Meet 24 June ○ Levin Masters Swim Meet 25 June ○ Special Olympics 10 September ○ Special Olympics 11 September ○ Special Olympics NZ Swim Meet 26 October <p>HDC has delivered 18 Community Capacity workshops in 2015/2016.</p>

COMMUNITY FACILITIES AND SERVICES – Performance Measures – LTP/Annual Plan (Aquatic Centres and Recreation)

Objective	LTP Performance Targets	Actual Performance
<p>5. To grow existing events and developing new ones for the following areas; children, general public and retirees.</p>	<p>5. The number of events per year for children, general public and retirees are to be at least two (2) events per group each year.</p>	<p>Achieved.</p> <p>Note: “Events” do not include the regular swim, fitness and aqua classes based at pools.</p> <p>Events run this year to date as follows:</p> <ul style="list-style-type: none"> ○ Children – 4: Fun Day, Go Active, Water Polo in Foxton and Levin, Tiny Tots promotion, Horowhenua Children’s Day 2016 (supported) ○ General Public – 14: Foxton open day, Levin Aquatic Centre birthday, Electra Business After 5 (supported), Industry Training Graduation, Civic Honours, Levin Christmas Parade, Armistice Day, International Food Festival, 3 Go Active Triathlon trainings, Go Active Kids Triathlon Series, Prime Ministers visit (supported), Shannon Waste Water Treatment Plant Opening, District Wide Anzac Day Commemorations, supported Levin Music Month celebrations. ○ Retirees – 4: Fitness lunch x 2, Dash and Splash, Age on the Go Expo ○ Youth – 4: Teen Raves x 3, Youth Voice Reunion

COMMUNITY FACILITIES AND SERVICES – Performance Measures – LTP/Annual Plan (Community Centres and Libraries)

Objective	LTP Performance Targets	Actual Performance
1. Council provides Community facilities for residents, ratepayers, and visitors to access community services including library services.	1. To ensure Levin, Foxton and Shannon Communities are provided with library and community facilities providing an integrated and District wider service.	Library Services are provided by Te Horowhenua Trust in Levin, Shannon and Foxton.
	2. To ensure greater than 85% of residents and non-residents are satisfied with library and community services.	Achieved. The most recent Annual Resident Satisfaction Survey conducted in May 2015 showed Customer satisfaction of these facilities at 89.85%.
	3. To ensure at least 380 of booking counts for community facilities.	Achieved. Quarter 4: 139 Quarter 3: 114 Quarter 2: 102 Quarter 1: 87 Total for the year: 442
	4. To ensure at least 650,000 people across Te Takere, Foxton Library & Service Centre and the Shannon Library visit annually.	Not Achieved. Quarter 4: 56,631 average per month across all sites (169,894). The month of April had a significant increase in visitors' statistics from previous months due in large part to the LEGO exhibition but also because the school holidays were during April. Quarter 3: 49,758 average per month across all sites (149,274) Quarter 2: 54,074 average per month across all sites (162,222) Quarter 1: 37,940 average per month across all sites (113,820) Total for the year: 628,729
2. To ensure customers have access to a range of current information in both print and digital format.	1. To ensure at least 370,000 items are loaned from the Library across the District, including books, magazines, etc.	Not Achieved. Total number of issues for the full year: Levin: 285,550 -6% Foxton: 30,496 -9% Shannon: 14,450 25% (increase from previous year attributable to 69% increase in adult magazines loaned, 91% increase in teen stories loaned and 163% increase in children's magazines). Total for the year: 330,496

COMMUNITY FACILITIES AND SERVICES – Performance Measures – LTP/Annual Plan (Community Centres and Libraries)

Objective	LTP Performance Targets	Actual Performance
<p>2. To ensure customers have access to a range of current information in both print and digital format.</p>	<p>2. To ensure an increase of +>1% in the use of the website.</p>	<p>Achieved for total number of sessions Not achieved for number of unique users</p> <p>Number of unique user sessions: Quarter 1: 16,540 Quarter 2: 13,914 Quarter 3: 16,040 Quarter 4: 17,673 Total for the year: 64,167 <1% Previous Year: 65,648</p> <p>Total number of sessions: 77,832 >9% Previous year: 71,736</p>
<p>3. To ensure customers have access to programmes and initiatives that enhance the wellbeing of the District.</p>	<p>To ensure at least 100 programmes are delivered.</p>	<p>Achieved.</p> <p>Quarter 4: 51 (community) 13 (learning) Quarter 3: 69 (community) 25 (learning) Quarter 2: 55 (community) 27 (learning) Quarter 1: 34 (community) 24 (learning)</p> <p>Limitation – programming may not differentiate between ongoing and new programmes in quarterly reporting format</p> <p>Total: 209 (community) 89 (learning)</p>

Property

COST OF SERVICE STATEMENT

For the Twelve Months Ended 30 June 2016

Percentage of year completed: 100.00%	Actual A	Year to date Budget B	Variance in \$ C=B-A	Variance in % D=C/B	% Variance to total Annual Plan F=C/Tot B	Notes to accounts
Income						
Significant activity revenue						
Residential Housing	904,960	856,349	48,611	5.68%	(2.22%)	
General Property	62,807	88,738	(25,931)	(29.22%)	1.18%	
Commercial Property	553,214	536,236	16,978	3.17%	(0.77%)	
Council Building	1,326	7,000	(5,674)	(81.06%)	0.26%	
Endowment Property	117,464	125,328	(7,864)	(6.27%)	0.36%	
Camping Grounds	23,638	23,638	0	(0.00%)	(0.00%)	
Council Building Internal allocation	289,807	555,600	(265,793)	(47.84%)	12.12%	
Total	\$1,953,217	2,192,889	(239,672)	10.93%	10.93%	
Total income	1,953,217	2,192,889	(239,672)	10.93%	10.93%	
Expenditure						
Significant activity expenditure						
Council Building	311,749	385,978	74,229	19.23%	4.10%	1
General Property	447,427	505,660	58,233	11.52%	3.22%	
Residential Housing	508,128	626,989	118,861	18.96%	6.57%	2
Camping Grounds	2,113	8,200	6,087	74.23%	0.34%	
Endowment Property	494,706	231,551	(263,155)	(113.65%)	(14.55%)	3
Commercial Property	217,372	243,603	26,231	10.77%	1.45%	
Total	\$1,981,495	\$2,001,981	20,486	1.02%	(13.56%)	
Other expenses						
Depreciation and amortisation	368,092	362,228	(5,864)	(1.62%)	(0.32%)	
Total	\$368,092	362,228	(5,864)	(1.62%)	(0.32%)	
Total expenditure	2,349,587	2,364,209	14,622	(13.89%)	(13.89%)	
Non-operational costs						
Non operating income						
Development Contribution	14,013	0	14,013	100.00%	100.00%	
Internal interest income	82,468	0	82,468	100.00%	100.00%	
Revaluation gains	342,268	307,036	35,232	(11.47%)	100.00%	
Total	\$438,749	307,036	131,713	(42.90%)	100.00%	
Non operating expenditure						
Loss on sale	157,912	0	(157,912)	100.00%	100.00%	
Internal interest expense	668,016	820,804	152,788	18.61%	100.00%	
Total	\$825,928	820,804	(5,124)	(0.62%)	100.00%	
Total non-operational costs	387,179	513,768	126,589	24.64%	100.00%	
Total surplus/(deficit)	(783,549)	(685,088)	(98,461)	14.37%		

Notes

A This excludes the Council Building internal allocation.

1/2. The under budget is a result of both savings from the new contracts as well as better management.

3. Development Contributions paid for the Forbes Road subdivision.



PROPERTY – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Facilities for Public Hire: To ensure Council operated facilities are available for public hire.</p>	To ensure facilities are available for at least eight (8) hours per day for hire and charges are to be reviewed annually.	<p>Achieved. All District Memorial Halls were available for hire for at least eight hours per day.</p>
<p>Pensioner Housing: To ensure residential housing is provided for the elderly.</p>	To ensure pensioner accommodation will achieve at least a 95% occupancy rate.	<p>Achieved. As at 30 June 2016, there has been 96.37% occupancy.</p>
<p>Endowment Property: To ensure endowment property is appropriately managed.</p>	The number of sections available for sale will be 20 sections of endowment property which are released by Council for purchase.	<p>Achieved. As at 30 June 2016, there are 23 sections available for sale.</p>
<p>General: All Council owned property will comply with relevant legislation.</p>	100% of Council owned buildings with Compliance Schedules will have a current Building Warrant of Fitness (BWOFF).	<p>Achieved. As at 30 June 2016, all buildings with Compliance Schedules have current BWOFF's. All specified systems including fire alarms have been maintained and inspected in accordance with the compliance schedule. This meets the requirement of the Building Act 2004.</p>
<p>Commercial Property: To ensure commercial property is appropriately managed.</p>	To ensure rent is within a 10% percentage range of current market rentals at time of review/renewal.	<p>Achieved. No rent reviews were undertaken during June 2016.</p>

Representation and Community Leadership

COST OF SERVICE STATEMENT

For the Twelve Months Ended 30 June 2016

Percentage of year completed: 100.00%	Year to date				% Variance to total Annual Plan F=C/Tot B	Notes to accounts
	Actual A	Budget B	Variance in \$ C=B-A	Variance in % D=C/B		
Income						
Significant activity revenue						
General Governance Other	121,621	0	121,621	100.00%	100.00%	
Total	\$121,621	0	121,621	100.00%	100.00%	
Total income	121,621	0	121,621	100.00%	100.00%	
Expenditure						
Significant activity expenditure						
General Governance Other	2,028,150	1,593,451	(434,699)	-27.28% 	-15.50%	1
Community Board	152,590	150,238	(2,352)	-1.57%	-0.08%	
LTP/Annual Plan/Annual Report	973,015	1,043,116	70,101	6.72% 	2.50%	2
Elections	18,310	17,624	(686)	-3.89%	-0.02%	
Total	\$3,172,065	2,804,429	(367,636)	-13.11%	-13.11%	
Other expenses						
Depreciation and amortisation	0	240	240	100.00%	0.01%	
Total	\$0	240	240	100.00%	0.01%	
Total expenditure	3,172,065	2,804,669	(367,396)	-13.10%	-13.10%	
Non-operational costs						
Non operating income						
Internal interest income	498	0	498	100.00%	100.00%	
Total	\$498	0	498	100.00%	100.00%	
Total non-operational costs	498	0	498	100.00%	100.00%	
Total surplus/(deficit)	(3,049,946)	(2,804,669)	(245,277)	-8.75%		

Notes

1. General Governance had an increased expenditure in legal and consultancy costs.
2. Careful management of expenditure despite audit and valuations services going over budget.

REPRESENTATION AND COMMUNITY LEADERSHIP – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
To ensure Council provides open, accessible processes to local government.	1. Local body elections will be held in compliance with relevant legislation.	Achieved. Local body elections were held in October 2013. The next Local Body Elections will be held in October 2016.
	2. The number of complaints upheld against the election process will be zero (0).	Achieved. Zero (0) complaints were upheld following the October 2013 election.
To ensure Council supports residents and ratepayers to have their views heard and considered in Council decision making.	1. The percent of residential and non-residential ratepayers who are satisfied with the way the Council involves the public in its decision making is to be greater than 50%.	Not Achieved. This is a new measure identified in the Long Term Plan 2015-2025 and will be assessed during Councils annual resident satisfaction survey in May 2016.
	2. To ensure the Council's Community Engagement Strategy is implemented and reviewed every three (3) years and that 90% of the Annual Work Plan is completed.	Achieved. Councils Community Engagement Strategy is in the implementation phase. It will be reviewed again in 2017.
To ensure Council's planning documents meet statutory requirements and meet Audit NZ standards.	1. To ensure the LTP is completed within the statutory timeframe, including a Financial Strategy which meets the new requirements of the Local Government Act and must be adopted before 30 June (every 3 years).	Achieved. Council adopted the Long Term Plan and Financial Strategy on 24 June 2015.
	2. The Annual Plan will be adopted before 30 June annually.	Achieved. Council's Long term Plan 2015-2025 was adopted at a Council meeting held on 24 June 2015.
	3. The Annual Report will include an unqualified audit opinion.	Achieved. The 2015-2025 Long Term Plan received an unqualified audit opinion.

Community Support

COST OF SERVICE STATEMENT

For the Twelve Months Ended 30 June 2016

Percentage of year completed: 100.00%	Year to date				% Variance to total Annual Plan F=C/Tot B	Notes to accounts
	Actual A	Budget B	Variance in \$ C=B-A	Variance in % D=C/B		
Income						
Significant activity revenue						
Community Grants	30,585	27,000	3,585	13.28%	9.08%	
Community Development	47,407	5,000	42,407	848.13%	107.36%	
Economic Development	2,293	7,500	(5,207)	-69.42%	-13.18%	
Rural Fire	13,751	0	13,751	100.00%	34.81%	
Emergency Management	4,079	0	4,079	100.00%	10.33%	
Total	\$98,115	39,500	58,615	148.39%	148.39%	
Total income	98,115	39,500	58,615	148.39%	148.39%	
Expenditure						
Significant activity expenditure						
Emergency Management	268,553	286,420	17,867	6.24%	0.95%	
Rural Fire	228,429	222,232	(6,197)	-2.79%	-0.33%	
Economic Development	535,820	539,499	3,679	0.68%	0.20%	
District Marketing	189,738	177,064	(12,674)	-7.16%	-0.68%	
Community Development	306,032	280,252	(25,780)	-9.20%	-1.37%	
Community Grants	319,387	338,864	19,477	5.75%	1.04%	
Total	\$1,847,960	1,844,331	(3,629)	-0.20%	-0.19%	
Other expenses						
Depreciation and amortisation	29,730	32,616	2,886	8.85%	0.15%	
Total	\$29,730	32,616	2,886	8.85%	0.15%	
Total expenditure	1,877,690	1,876,947	(743)	-0.04%	-0.04%	
Total surplus/(deficit)	(1,779,575)	(1,837,447)	57,872	3.15%		

COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Emergency Management and Rural Fire:</p> <p>1. To reduce the potential impact of Civil Defence emergencies on communities.</p>	<p>1. Five (5) media releases promoting preparedness for an emergency will be made to residents and ratepayers annually.</p>	<p>Achieved.</p> <p>Note: All public advertising has been included in the interpretation of “Media Releases”.</p> <p>CDEM advertising / promotion in the following:</p> <ul style="list-style-type: none"> • 2016/17 Neighbourhood Support Wall Planner • 2016/17 Manawatu-Horowhenua Medical Practitioners Wall Planner • Palmerston North / Horowhenua / Manawatu Neighbourhood Support Handbook – 2016/17 edition • Horowhenua A-Z Business Directory 2016/17 • Horowhenua Chronicle Emergency Services feature (plus other features throughout the year) • Various CDEM features in Community Connection throughout the year • Homelink Road Safety Booklet for Horowhenua Schools 2016 • Continuing to circulate the Horowhenua Emergency Planning Guide (Get Ready Get Thru) <p>Welfare Training – local Welfare volunteers (including Salvation Army) undergo one training session annually. Contract with Horizons Regional Council. Investigating potential group(s) of volunteers to train as Welfare Registration officers to man Civil Defence Centres in the district should the need arise to carry out (manual) registration processes within those centres. Initial talks held with Citizens Advice Bureau personnel and associated groups. Training session on hold pending outcome of Horowhenua Neighbourhood Support re-structuring. NS are an integral part of this project and their involvement is crucial to the formation of this group. District EMO will continue to support and work with NS and Salvation Army and other interested parties to form the Welfare Centre team asap.</p> <p>Community Presentations – at least four presentations to</p>

		<p>community organisations or local businesses are given annually. Contract with Horizons Regional Council. Public Education Initiatives CAB – 18th April, 2016 Local Welfare Committee Community Wellbeing Executive Neighbourhood Support Group – various meetings / forum</p>
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COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Emergency Management and Rural Fire:</p> <p>1. To reduce the potential impact of Civil Defence emergencies on communities.</p>	<p>1. Five (5) media releases promoting preparedness for an emergency will be made to residents and ratepayers annually.</p>	<p>Horowhenua Greypower Horowhenua Disability Leadership Forum – presented to Group on 13/06/16 Horowhenua Youth Network – presented to Group on 21/06/16 Horowhenua Older Persons Network – presented to group on 16/06/16 Horowhenua Schools via Junior Neighbourhood Support programme – Junior Neighbourhood Support programme for 2016 on hold due to the current situation within Horowhenua Neighbourhood Support.</p> <p>Tsunami Signage – There have been delays. This is a Contract with Horizons Regional Council. The design phase of Tsunami signage is now complete and all aspects of signage currently under construction. Delivery scheduled to CDEM Group office on around 18 July. Next phase of signage planning is to consult on locations and installation of signage as well as communications. Tsunami brochures and A3 Posters for each community have also been developed and to form part of communications package.</p> <p>EMO has met with Hokio, Waikawa, and Waitarere Beach Committee's to present the project and to gain their endorsement which has been fully achieved. The Waitarere Committee have requested a public meeting to present the project and discuss and questions residents may have. This meeting has been set down for 13 August at the Waitarere Beach Bowling Club. The Foxton Beach Community engagement still being planned.</p> <p>Community Response Plans -- There have been delays. This is a Contract with Horizons Regional Council. There has been a delay in finalising the Community Response Plans for Foxton Beach, Waitarere, Hokio, and Waikawa-Manakau communities due to the re-modelling of the West Coast Tsunami risk by GNS Science. EMO has met with the Hokio and Waikawa Committee's and discussed Community Response Plans (part of which will be aligned to the Tsunami Signage project). Hokio CRP is currently in draft and will be finalised by end of July prior to going to print after receiving endorsement of the local Committee. Development of the Waikawa- Manakau document will follow.</p>

COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Emergency Management and Rural Fire:</p> <p>1. To reduce the potential impact of Civil Defence emergencies on communities.</p>	<p>1. Five (5) media releases promoting preparedness for an emergency will be made to residents and ratepayers annually</p>	<p>Achieved</p> <p>Emergency Management Committee Update: Bi-monthly meetings of the EMC have continued. Work programme for the year is around agency presentations to understand organisational Capabilities, developing inter-agency understanding of EMIS and processes and Exercising opportunity(s) – Exercise Tangaroa. The August meeting will receive a presentation from Mid Central DHB Emergency Risk Management & Public Health personnel. A planning sub-committee of the EMC has met to develop the Horowhenua EMC participation in the National Exercise – Ex Tangaroa to achieve this output and will meet at least once more to finalise arrangements / levels of involvement. Exercise Tangaroa is scheduled for 31 August, 14 September (Welfare) and 28 September (Recovery).</p> <p>Holding of bi-monthly meetings of the EMC: The work programme for the year is around agency presentations to understand organisational roles in emergency and organisational capabilities, developing inter-agency understanding of EMIS and processes and systems.</p> <p>ShakeOut/Get Ready Week ShakeOut and Get Ready Week was advertised throughout the District, with a 20% of Horowhenua's population registering to take part in ShakeOut. In 2016, Get Ready Week is scheduled for September 2016 and this year's theme is 'children'.</p>

COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Emergency Management and Rural Fire:</p> <p>2. To ensure Council maintains a functional EOC and trained staff.</p>	<p>2. To ensure Civil Defence and Emergency Management assessment of readiness and capability of 90% of Council staff.</p>	<p>Not Achieved.</p> <p>EMIS Training - All CDEM HDC staff undertake EMIS training at least once annually. 85 HDC Staff members have been trained in EMIS to varying degrees. Nil EMIS Training this month.</p> <p>Reporting period activity – EMIS Training: EMIS Foundational – (2 x sessions) – 21 March EMIS Foundational – 22 March CDEM Welfare Team – Registration & Inquiry System – 22 March EMIS Foundational – 26 April EMIS – Planning & Intelligence Team – 26 April</p> <p>Further EMIS Training scheduled for 3-5 August in preparation for Ex Tangaroa. This training will look further into Functional processes for each EOC team as well as the development of Functional Logs and Status Reports. Invites to be sent out this week to relevant teams / personnel.</p> <p>Internal EMIS based EOC exercise(s) throughout the year to fully test EMIS 2.0 integration into the EOC with EMC member participation was delivered in September – EMIS exercise. Delivered to Welfare Team 22 March. (as above)</p> <p>Internal and External Exercise – Hold one internal and one external exercise annually. Delivered in September – EMIS exercise. EMC members will use Exercise Tangaroa to achieve this year’s external multi-agency exercise. A subcommittee scheduled to meet for first time in week commencing 12 June.</p> <p>Local Welfare Plan - Develop, produce and maintain a local welfare plan aligned to the Groups Welfare Strategy. The current Local Welfare Plan to be updated in 2016/2017. The</p>

		<p>newly appointed Group Welfare Manager will be carrying out a review of the current CDEM Group Welfare Plan as a priority. Completion of the local welfare plan will be developed upon the completion of, and to enable it to align with the Group Plan.</p>
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COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Emergency Management and Rural Fire:</p> <p>2. To ensure Council maintains a functional EOC and trained staff.</p>	<p>2. To ensure Civil Defence and Emergency Management assessment of readiness and capability of 90% of Council staff.</p>	<p>CIMS Training – All HDC staff undergo ITF Foundational Course Training within 6 months of beginning work at HDC.</p> <p>The Integrated Training Framework (ITF) Foundational course has been delivered to 32 HDC EOC personnel and will continue to be rolled out to existing and new staff through the reporting period.</p> <p>EMO currently looking at dates to deliver ITF courses to Council staff; along with EMC AND Local Operations Committee (LOC) members who have indicated a desire for personnel from their organisations to undergo these opportunities along with Council staff. To be progressed this month.</p> <p>Programme dates to be provided in June Report.</p> <p>Next ITF Foundational Course(s) being scheduled.</p> <p>3 x Council EOC Personnel attended an ITF Intermediate (2 day) course in Feilding.</p> <p>Alternate EOC – Te Takere is to be tested as an alternative EOC location during an exercise – To be tested in 2016/2017.</p>
<p>3. To ensure Rural Fire services are provided.</p>	<p>3. To ensure 100% of call outs are responded to.</p>	<p>Achieved.</p> <p>All fires were responded to in a timely manner. No claims on the National Rural Fire Fighting Fund have been made over the reporting period.</p> <p>Refer to Report at end of Community Support section.</p> <p>June: 01/06/2016 207 Hokio Beach Road 18/06/2016 580 Hokio Beach Road</p>

Rural Fire Activity Report for 2015 - 16

HDC	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Structure	5	3	1	1					2	1	2		15
Vegetation	1	2	2	1	1	2	1	3	3	4	1		21
Vehicle	1	2	2	1		2	2		2	2	1		15
Rubbish	2	1	2	5	4	3	5	2	2	5	2	1	34
False Alarm	2			3		1		3	3	1	2		15
Other	2	2			1	3	4		2	1	1	1	17
HDC stats	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	117
Permits	3	1	4	7	4	3	12	16	3	3	2	1	59
HoroVRFF				1 MDC	1	1	2		1	3			9
Tanker	1	1	1	1			1	3	3	3			14

COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance	
Community Engagement: 1. To ensure Council provides effective leadership in advocating, co-ordinating and facilitating on behalf of community needs.	There are to be five (5) Community Wellbeing Executive meetings per year. (Note: the schedule for 2015 onwards has changed from 6 weekly to bi-monthly).	Achieved. The Community Wellbeing Executive has met six times since the beginning of the financial year. RBA Workshop in May 2016 Working Group meeting to incorporate RBA results in to Strategy in June 2016.	
	2. Council supports the vision that young people in the Horowhenua live in a safe and supportive environment, which empowers them to make positive life choices.	1. There are to be eight (8) Youth Voice meetings per year.	Not Achieved. Seven (7) meetings have been held. Monthly Youth Voice meetings continue with numerous sub-group meetings to deliver Youth Voice projects. Further meetings are scheduled for May and June. The 2015 Youth Council disbanded in December. The 2016 Youth Council was selected and inducted in March. The first official meeting was held.
	2. There are to be four (4) programmes or projects implemented by Youth Voice.	Achieved. Youth Voice has helped to implement: 1) Listen to the Music; 2) The Lower North Island Youth Councils Conference; 3) The Reverse Colour Run event with HALT; and is currently awaiting confirmation of; 4) the revised Youth Action Plan. Youth Voice has this month helped with Foxton Pool Teen Rave (report being prepared)	
3. Council supports the vision that Horowhenua residents are empowered to make choices enabling them to live a satisfying and healthy lifestyle.	3. There are to be six (6) Youth Network meetings per year. (Note: the schedule for 2015 onwards has changed from monthly to six-weekly).	Achieved. Six (6) meetings have occurred since the beginning of the financial year. There are two more meetings scheduled for this financial year.	
	1. There are to be ten (10) Older Person Network meetings per year.	Achieved The Older Persons Network has met ten (10) times since the beginning of the financial year. An additional working party formed from the network met several times over and above this to work on the draft Positive Ageing Action Plan during 2015.	
	2. There are to be four (4) issues of the Elder Berries Magazine publications annually.	Achieved, Four (4) were produced. The latest issue can be found at: http://www.horowhenua.govt.nz/News/Elderberries/Elderberries-Template-20151/	

COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Community Engagement:</p> <p>4. Council supports the vision that Horowhenua is a vibrant, creative and friendly community with an abundance of art, rich cultures and a strong sense of heritage.</p>	There are to be two (2) Creative Communities funding rounds per year.	<p>Achieved</p> <p>Two Funding Rounds have been held.</p> <p>For the second round; Creative Communities Grants funding was approved by Council at the April meeting. All applicants have uplifted funding.</p>
<p>5. Council supports the vision that Horowhenua is New Zealand's foremost region in taking joint responsibility for the success of our community through education.</p>	There are to be four (4) Education Horowhenua meetings per year. (Note: the schedule for 2015 onwards has changed from ad-hoc to quarterly).	<p>Achieved</p> <p>Eight (8) meetings have occurred since the beginning of the financial year. The last meeting was in June.</p>
<p>6. Council supports the vision that Horowhenua is fully accessible to all people.</p>	There are to be four (4) Disability Leadership Forums per year.	<p>Achieved.</p> <p>The Disability Leadership Forum continues to meet quarterly and met four (4) times this year. The last meeting was June 2016.</p>
<p>7. Council promotes community empowerment and provides opportunities for community driven initiatives and projects.</p>	To ensure 100% of funds are distributed through contestable Community Grants and Funding schemes that comply with grant criteria.	<p>Achieved:</p> <p>Unspent (but budgeted) Neighbourhood Support Contract funding and Community Consultation Grant funding was re-directed to the Community Development Grant.</p>
<p>8. Council promotes community group empowerment and provides opportunity for community groups to grow and develop.</p>	<p>1. There are to be ten (10) Community Capacity and Capability Building Programme workshops or trainings offered per year.</p>	<p>Achieved</p> <p>Nineteen (19) have been held for the 2015/2016 financial year, including the latest workshop on Social Media for Non-profits in April.</p> <p>The series is now closed for the financial year and a report was prepared, reviewing the activity in the last twelve (12) months and recommending programme activity for 2016/2017.</p>
	<p>2. There is to be 80% satisfaction with the Community Capacity and Capability Building Programme workshops or training.</p>	<p>Achieved</p> <p>93.70% of survey respondents felt the speaker was "OK" or "Better". 71.59% rated the speaker as "Above Average", "Quite Good" or "Excellent" with 40.00% selecting the highest possible response, "Excellent".</p> <p>87.36% of survey respondents felt that the seminar topic was "OK" or "Better"</p>

		<p>74.73% rated the topic as “Above Average”, “Quite Good” or “Excellent” with 44.21% selecting the highest possible response, “Excellent”.</p> <p>80% of respondents felt that the topic they took part in should be offered in the programme at least once a year</p> <p>Over 90% of respondents indicated that they would be likely or highly likely to attend future Community Capacity Building Programme workshops.</p>
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COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance																		
<p>Community Engagement:</p> <p>8. Council promotes community group empowerment and provides opportunity for community groups to grow and develop.</p>	<p>2. There is to be 80% satisfaction with the Community Capacity and Capability Building Programme workshops or training.</p>	<p>Achieved</p> <p>Over 90% of respondents indicated that they would be likely or highly likely to recommend Horowhenua Community Capacity Building Programme workshops to other people.</p>																		
	<p>3. There are to be at least 100 individuals participating the Community Capacity and Capability Building Programme workshops or training over the year.</p>	<p>Achieved</p> <p>Nineteen (19) have been held for the 2015/2016 financial year, including the latest workshop on Social Media for Non-profits in April.</p> <p>173 individuals participated in the workshops</p>																		
<p>9. Council supports beach safety initiatives within communities by providing financial support.</p>	<p>There are to be six (6) weeks of Council funded surf life-saving services provided at Foxton and Waitarere Beaches.</p>	<p>Achieved</p> <p>Council awarded the contract to Levin Waitarere Surf Lifesaving Club.</p> <p>Statistics for the 6 week period are as follows.</p> <table border="1"> <thead> <tr> <th></th> <th>Rescues</th> <th>First Aid</th> <th>Search</th> <th>Preventative Actions</th> <th>Publi Inv.</th> </tr> </thead> <tbody> <tr> <td>Waitarere</td> <td>5</td> <td>4</td> <td>0</td> <td>127</td> <td>635</td> </tr> <tr> <td>Foxton</td> <td>4</td> <td>19</td> <td>1</td> <td>256</td> <td>1083</td> </tr> </tbody> </table>		Rescues	First Aid	Search	Preventative Actions	Publi Inv.	Waitarere	5	4	0	127	635	Foxton	4	19	1	256	1083
	Rescues	First Aid	Search	Preventative Actions	Publi Inv.															
Waitarere	5	4	0	127	635															
Foxton	4	19	1	256	1083															
<p>10. Council effectively communicates with its ratepayers and residents.</p>	<p>1. There are to be ten (10) “Community Connections” newsletters published annually.</p>	<p>The April issue of Community Connection was published in the Horowhenua Chronicle. We now also print 200 copies and deliver these to Council facilities to give the publication extra readership.</p>																		

	2. There are to be at least 100 media releases published annually.	Not Achieved Eighty-one (81) Media releases have been produced YTD.
	3. Council is to provide a 24/7 telephone contact centre operation for people to phone.	Achieved Council's 06 366 0999 telephone number is operational 24/7.

COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Visitor Information: Council supports the promotion of Horowhenua as a tourism destination.</p>	<p>1. To ensure the Levin, Shannon, Foxton and Foxton Beach Communities with Visitor Information are financially supported.</p>	<p>Achieved. Contracts for the Levin, Shannon and Foxton Visitor Information centres have been created agreed upon and signed off by all parties. Quarterly payments have gone to all centres.</p>
	<p>2. To ensure greater than 85% of key performance indicators are achieved by providers of Visitor Information as set out in the Annual Service Level agreement.</p>	<p>Achieved. Visitor information centers are being supported through the Experience Horowhenua group which consists of council representatives, Tourism Horowhenua, Foxton Tourism and Development organisation and key stakeholders including Destination Manawatu. All centers provided quarterly reports for the YTD. A two year action plan has been developed and approved by all parties; this will give us a framework to work towards moving forward.</p>
	<p>3. To ensure greater than 85% of key performance indicators are achieved by Destination Manawatu (Regional Tourism Organisation) as set out in the Annual Service Level agreement.</p>	<p>Achieved. Destination Manawatu has been assisting with the following projects; Main Street Foxton, Community Signage, Experience Horowhenua forum, Summer Promotion, Cycleway and walkways promotion. 85% of performance measures have been achieved.</p>

COMMUNITY SUPPORT – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Economic Development:</p> <p>1. Council provides strategic leadership in co-ordinating Economic Development activities across the District.</p>	<p>1. To ensure the Council's Economic Development function will meet performance indicators and objectives as defined in the Horowhenua Economic Development and that 90% of the Annual Work Plan is completed.</p>	<p>Achieved.</p> <p>Councils Economic Development Manager and the Horowhenua Economic Development Board have delivered strategic priorities as identified in the Economic Development Strategy, as well as additional work associated with the Manawatu-Whanganui Regional Growth Study / Accelerate25 and Councils Growth Response.</p>
	<p>2. To ensure that ten (10) Economic Development Board meetings are held per year.</p>	<p>Achieved.</p> <p>Ten (10) Board meetings were held in addition to special topic workshops and related Board / Industry / Community engagements.</p>
<p>2. Council provides opportunities for businesses to collaborate and network resulting in a stronger business sector.</p>	<p>To ensure that ten (10) Business Networking meetings are held per year.</p>	<p>Achieved.</p> <p>Council has continued to deliver the Business After 5 events as well as additional events associated with special interest groups, regional work programmes, and the Kapiti-Horowhenua business awards.</p>
<p>3. Council advocates for and facilitates business development and new business investment in the Horowhenua.</p>	<p>To ensure greater than 75% of the District's business community are satisfied or more than satisfied with the Council's overall performance in the Economic Development Activity.</p>	<p>Not Achieved</p> <p>The most recent Annual Resident Satisfaction Survey conducted in May 2015 showed Customer satisfaction of this activity at 50.87%</p>

Land Transport

COST OF SERVICE STATEMENT

For the Twelve Months Ended 30 June 2016

Percentage of year completed: 100.00%	Year to date				% Variance to total Annual Plan F=C/Tot B	Notes to accounts
	Actual A	Budget B	Variance in \$ C=B-A	Variance in % D=C/B		
Income						
Significant activity revenue						
Unsubsidised Roding	78,290	0	78,290	100.00%	-2.33%	
Subsidised Roding	1,695,206	1,667,000	28,206	-1.69%	-0.84%	
Total	\$1,773,496	1,667,000	106,496	-6.39%	-3.16%	
Capital subsidies						
Capital subsidies and grants	1,675,134	1,698,000	(22,866)	1.35%	0.68%	
Total	\$1,675,134	1,698,000	(22,866)	1.35%	0.68%	
Total income	3,448,630	3,365,000	83,630	-2.49%	-2.49%	
Expenditure						
Significant activity expenditure						
Unsubsidised Roding	347,474	251,640	(95,834)	-38.08%	-1.17%	1
Footpaths	77,029	79,256	2,227	2.81%	0.03%	
Subsidised Roding - Emergency Works	342,413	0	(342,413)	100.00%	-4.20%	2
Subsidised Roding	3,373,977	3,168,934	(205,043)	-6.47%	-2.51%	3
Total	\$4,140,895	3,499,830	(641,065)	-18.32%	-7.86%	
Other expenses						
Depreciation and amortisation	4,657,790	4,657,314	(476)	-0.01%	-0.01%	
Total	\$4,657,790	4,657,314	(476)	-0.01%	-0.01%	
Total expenditure	8,798,685	8,157,144	(641,541)	-7.86%	-7.86%	
Non-operational costs						
Non operating income						
Development Contribution	158,116	0	158,116	100.00%	100.00%	
Internal interest income	94,909	0	94,909	100.00%	100.00%	
Total	\$253,025	0	253,025	100.00%	100.00%	
Total non-operational costs	253,025	0	253,025	100.00%	100.00%	
Total surplus/(deficit)	(5,097,030)	(4,792,144)	(304,886)	-6.36%		

Notes

1. Horizons drainage works which is offset by income and Whitebait Creek works.
2. Unbudgeted emergency works due to slips in heavy rain July/August 2015.
3. Cost of inspections have increased due to the new contract.

LAND TRANSPORT (ROADS AND FOOTPATHS) – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance																																																																																				
<p>Roads and Footpaths: To have a safe road network.</p>	<p>The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network.</p>	<table border="1"> <thead> <tr> <th>Injury counts</th> <th>Arterial</th> <th>Primary Collector</th> <th>Secondary Collector</th> <th>Access</th> <th>Low Volume</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td></td> <td>7</td> <td>6</td> <td>4</td> <td>1</td> <td>18</td> </tr> <tr> <td>2010/11</td> <td>6</td> <td>6</td> <td>1</td> <td>2</td> <td></td> <td>15</td> </tr> <tr> <td>2011/12</td> <td>1</td> <td>5</td> <td>3</td> <td>2</td> <td>3</td> <td>14</td> </tr> <tr> <td>2012/13</td> <td></td> <td>2</td> <td>2</td> <td>12</td> <td>1</td> <td>17</td> </tr> <tr> <td>2013/14</td> <td></td> <td>4</td> <td></td> <td>4</td> <td>2</td> <td>10</td> </tr> <tr> <td>2014/15</td> <td></td> <td>2</td> <td>10</td> <td>7</td> <td>4</td> <td>23</td> </tr> <tr> <td colspan="7">Five year average</td> </tr> <tr> <td>2013/14</td> <td>1.4</td> <td>4.8</td> <td>2.4</td> <td>4.8</td> <td>1.4</td> <td></td> </tr> <tr> <td>2014/15</td> <td>1.4</td> <td>3.8</td> <td>3.2</td> <td>5.4</td> <td>2</td> <td></td> </tr> <tr> <td colspan="7">Trend</td> </tr> <tr> <td>2014/15</td> <td>Neutral</td> <td>Decreasing</td> <td>Increasing</td> <td>Increasing</td> <td>Increasing</td> <td></td> </tr> </tbody> </table> <p>Data has not yet been available for the 2015/16 CASS.</p>	Injury counts	Arterial	Primary Collector	Secondary Collector	Access	Low Volume	Total	2009/10		7	6	4	1	18	2010/11	6	6	1	2		15	2011/12	1	5	3	2	3	14	2012/13		2	2	12	1	17	2013/14		4		4	2	10	2014/15		2	10	7	4	23	Five year average							2013/14	1.4	4.8	2.4	4.8	1.4		2014/15	1.4	3.8	3.2	5.4	2		Trend							2014/15	Neutral	Decreasing	Increasing	Increasing	Increasing	
Injury counts	Arterial	Primary Collector	Secondary Collector	Access	Low Volume	Total																																																																																
2009/10		7	6	4	1	18																																																																																
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2011/12	1	5	3	2	3	14																																																																																
2012/13		2	2	12	1	17																																																																																
2013/14		4		4	2	10																																																																																
2014/15		2	10	7	4	23																																																																																
Five year average																																																																																						
2013/14	1.4	4.8	2.4	4.8	1.4																																																																																	
2014/15	1.4	3.8	3.2	5.4	2																																																																																	
Trend																																																																																						
2014/15	Neutral	Decreasing	Increasing	Increasing	Increasing																																																																																	
<p>To have roads in good condition.</p>	<p>The average quality of ride on a sealed local road network measured by smooth travel exposure with a minimum of 85%.</p>	<p>Smooth Travel Exposure measures the proportion (%) of vehicle kilometres travelled in a year (VKT) that occurs on 'smooth' sealed roads and indicates the ride quality experienced by motorists. A 'smooth' road is one smoother than a predetermined NAASRA roughness threshold. The thresholds used vary with traffic density and road location i.e. not all roads are calculated the same. Heavily trafficked roads have a lower (smoother) threshold. High volume urban roads have lower roughness thresholds than low volume rural roads. Our STE percentages are generated by running a report in RAMM.</p> <p>The Annual Roughness Survey for 2015/16 was completed by Shaw Consulting Ltd and covered half of the district. The two halves of the district are done in alternating years (half each year). The data is used to help with decision making when producing the 10yr Forward Works Plan.</p> <p>Urban Roads = 88% Rural Roads = 97% Both Roads = 92%</p>																																																																																				
<p>To have roads that are well maintained.</p>	<p>The percentage of the sealed local road network that is resurfaced annually with a minimum of 5% of total area.</p>	<p>There was 29.1km resurfaced in the 2015/16 reseal programme. This equates to 177,273m² which is 5.2% of the total 3,427,641m² total sealed local road network.</p>																																																																																				


LAND TRANSPORT (ROADS AND FOOTPATHS) – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>To make sure footpaths are in an acceptable condition.</p>	<p>Target footpath condition rating (% compliant with Councils standards). Minimum of 30% in excellent condition and a maximum of 10% in poor condition.</p>	<p>In the last footpath condition rating in 2015 “Excellent Condition” was 28% and “Poor” Condition was 12%. In 2015/16 1.8% of the “Poor” footpath was replaced and is now “Excellent”. A new system for carrying out footpath condition ratings is being instigated in 2016/17 where all footpaths will be assessed on a 5 yearly rating cycle.</p>
<p>To make sure there is a good response to service requests.</p>	<p>The percentage of customer service requests relating to roads and footpaths to which Council responds within 15 working days is greater than 95%.</p>	<p>Not Achieved.</p> <p>As at 30 June 2016, 78% of CRMs were closed within 15 working days. The under achievement was due to two problems:</p> <p>A new Maintenance Contract commenced on 1 July 2015. The new Contractor struggled with implementing their administration and contract management procedures and also in fully implementing RAMM Contractor. This caused delays in the Contractor processing the closure of their CRMs.</p> <p>There was an issue with the process of assigning CRMs to Roding Officers due to the CRM System not been updated to take into account new roles and changes in staff. Therefore a good percentage of the CRMs were unknowingly not correctly tasked to the relevant Roding Officers and were ‘lost in the system’.</p> <p>The above issues have now been resolved and the Roding Team are confident that they will achieve the target of >95% on time response to CRMs. This will be achieved through the close monitoring of CRMs and the generation of monthly reports, so as to ensure all CRMs assigned to both the Roding Team and the Contractor are closed within the target date.</p>

Stormwater

COST OF SERVICE STATEMENT

For the Twelve Months Ended 30 June 2016

Percentage of year completed: 100.00%	Year to date				% Variance to total Annual Plan F=C/Tot B	Notes to accounts
	Actual A	Budget B	Variance in \$ C=B-A	Variance in % D=C/B		
Income						
Significant activity revenue						
Stormwater Drainage	0	0	(0)	100.00%	100.00%	
Total	\$0	0	(0)	100.00%	100.00%	
Total income	0	0	(0)	100.00%	100.00%	
Expenditure						
Significant activity expenditure						
Stormwater Drainage	418,218	545,164	126,946	23.29% 	12.16%	1
Total	\$418,218	545,164	126,946	23.29%	12.16%	
Other expenses						
Depreciation and amortisation	498,420	498,417	(3)	0.00%	0.00%	
Total	\$498,420	498,417	(3)	0.00%	0.00%	
Total expenditure	916,638	1,043,581	126,943	12.16%	12.16%	
Non-operational costs						
Non operating income						
Development Contribution	554	0	554	100.00%	100.00%	
Internal interest income	74,468	0	74,468	100.00%	100.00%	
Total	\$75,022	0	75,022	100.00%	100.00%	
Non operating expenditure						
Internal interest expense	117,207	163,314	46,107	28.23%	100.00%	
Total	\$117,207	163,314	46,107	28.23%	100.00%	
Total non-operational costs	42,185	163,314	121,129	74.17%	100.00%	
Total surplus/(deficit)	(958,823)	(1,206,895)	248,072	20.55%		

Notes

1. Less reactive maintenance and consultancy costs.

● **STORMWATER – Performance Measures – LTP/Annual Plan**

Objective	LTP Performance Targets	Actual Performance																																			
System Adequacy: To have an adequate stormwater system.	1. The number of flooding events that occur in the authority district is less than five per year, per 1,000 properties connected to the territorial authority's stormwater system.	Achieved. In the month of June 2016 there were no reported flooding events (flooding of habitable floors from the Stormwater Drainage System). YTD: Jul 15 - Jun 16 = zero (0) per 1,000 connections																																			
	2. For each flooding event, the number of habitable floors affected is two or less, per 1,000 properties connected to the Council's stormwater network.	Achieved. In the month of June 2016 there were no reported flooding events. YTD: Jul 15 - Jun 16 = zero (0) per 1,000 connections																																			
Response Time:	The median response time to attend a flooding event is one hour or less from the time that Council receives notification to the time that service personnel reach the site.	Achieved. No flooding events																																			
Customer Satisfaction:	1. The number of complaints received by Council about the performance of its stormwater system is less than 10 per year, expressed per 1,000 properties connected to the Council's stormwater system.	Achieved. In the month of June 2016 there were seven (7) complaints received. This equates to 0.57 complaints per 1,000 connections. YTD: Jul 15 - May 16 = 35 complaints received at 2.87 per 1,000 connections																																			
	2. The percentage of customers satisfied with the stormwater service is 70%. As per the Annual Customer Satisfaction Survey.	Not Achieved. The results from the 2015 Customer Satisfaction Survey are shown below: <table border="1" data-bbox="1377 1101 2072 1324" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Total %</th> <th>Kere Kere %</th> <th>Levin %</th> <th>Miranui %</th> <th>Waiopahu %</th> </tr> </thead> <tbody> <tr> <td>Very Satisfied</td> <td>3.50</td> <td>5.62</td> <td>3.41</td> <td>7.50</td> <td>1.81</td> </tr> <tr> <td>Satisfied</td> <td>22.41</td> <td>23.60</td> <td>25.08</td> <td>25.00</td> <td>18.07</td> </tr> <tr> <td>Neither Satisfied nor Dissatisfied</td> <td>27.59</td> <td>34.83</td> <td>24.77</td> <td>22.50</td> <td>25.30</td> </tr> <tr> <td>Dissatisfied</td> <td>27.17</td> <td>22.47</td> <td>30.03</td> <td>5.00</td> <td>30.12</td> </tr> <tr> <td>Very Dissatisfied</td> <td>11.34</td> <td>7.87</td> <td>13.93</td> <td>10.00</td> <td>12.05</td> </tr> </tbody> </table>		Total %	Kere Kere %	Levin %	Miranui %	Waiopahu %	Very Satisfied	3.50	5.62	3.41	7.50	1.81	Satisfied	22.41	23.60	25.08	25.00	18.07	Neither Satisfied nor Dissatisfied	27.59	34.83	24.77	22.50	25.30	Dissatisfied	27.17	22.47	30.03	5.00	30.12	Very Dissatisfied	11.34	7.87	13.93	10.00
	Total %	Kere Kere %	Levin %	Miranui %	Waiopahu %																																
Very Satisfied	3.50	5.62	3.41	7.50	1.81																																
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Very Dissatisfied	11.34	7.87	13.93	10.00	12.05																																
Sustainability: To have a sustainable stormwater	To have 100% compliance with Horizons Regional Council's resource consents for discharge from its Stormwater system measured by receiving none of	Achieved. In the month of June 2016 there was 100% compliance with the Regional																																			

service.	<p>the below:</p> <ul style="list-style-type: none"> • Abatement notices; • Infringement notices; • Enforcement orders; and • Convictions. 	<p>Council's resource consents for discharge from its Stormwater system.</p> <p><i>YTD: Jul 15 – Jun 16 = 100% compliance</i></p>
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● **STORMWATER – Performance Measures – LTP/Annual Plan**

Objective	Management Reporting Performance Targets	Actual Performance
Planning:	<p>As per Management:</p> <ul style="list-style-type: none"> • An Asset Management Plan will be adopted providing a 10-year planning horizon and reviewed every 3 years. • An Infrastructure Strategy will be adopted providing a 30-year planning horizon and reviewed every 3 years. 	<p>Not Achieved.</p> <ul style="list-style-type: none"> • A draft Stormwater Asset Management Plan has been prepared. <p>Achieved.</p> <ul style="list-style-type: none"> • The Infrastructure Strategy was adopted at the Council meeting on 18 February 2015.
<p>Stormwater Drainage: To provide reliable stormwater drainage.</p>	<ol style="list-style-type: none"> 1. As per Management, to adopt a Stormwater Management Strategy. 2. To ensure 100% compliance with Regional Council resource consents. 	<p>Not Achieved. A Stormwater Management Strategy is currently being developed.</p> <p>Achieved. In the month of June 2016 there was 100% compliance with the Regional Council's resource consents.</p> <p><i>YTD: Jul 15 – Jun 16 = 100% compliance</i></p>

Water Supply

COST OF SERVICE STATEMENT

For the Twelve Months Ended 30 June 2016

Percentage of year completed: 100.00%	Year to date				% Variance to total Annual Plan F=C/Tot B	Notes to accounts
	Actual A	Budget B	Variance in \$ C=B-A	Variance in % D=C/B		
Income						
Significant activity revenue						
Levin Water	869,787	774,000	95,787	12.38%	8.42%	
Shannon Water	18,323	19,000	(677)	-3.56%	-0.06%	
Foxton Water	284,586	236,577	48,009	20.29%	4.22%	
Foxton Beach Water	104,440	105,000	(560)	-0.53%	-0.05%	
Tokomaru Water	2,557	3,700	(1,143)	-30.89%	-0.10%	
Total	\$1,279,694	1,138,277	141,417	12.42%	12.42%	
Total income	1,279,694	1,138,277	141,417	12.42%	12.42%	
Expenditure						
Significant activity expenditure						
Levin Water	1,288,167	1,533,411	245,244	15.99%	5.09%	1
Foxton Water	543,802	395,772	(148,030)	-37.40%	-3.07%	2
Water Races Water	0	0	0	100.00%	0.00%	
Tokomaru Water	185,819	197,914	12,095	6.11%	0.25%	
Foxton Beach Water	427,769	393,699	(34,070)	-8.65%	-0.71%	
Shannon Water	391,558	373,609	(17,949)	-4.80%	-0.37%	
Total	\$2,837,114	2,894,405	57,291	1.98%	1.19%	
Other expenses						
Depreciation and amortisation	1,926,005	1,925,924	(81)	0.00%	0.00%	
Total	\$1,926,005	1,925,924	(81)	0.00%	0.00%	
Total expenditure	4,763,119	4,820,329	57,210	1.19%	1.19%	
Non-operational costs						
Non operating income						
Development Contribution	37,387	0	37,387	100.00%	100.00%	
Internal interest income	106,809	0	106,809	100.00%	100.00%	
Vested Assets	56,854	0	56,854	100.00%	100.00%	
Total	\$201,049	0	201,049	100.00%	100.00%	
Non operating expenditure						
Internal interest expense	320,857	332,870	12,013	3.61%	100.00%	
Total	\$320,857	332,870	12,013	3.61%	100.00%	
Total non-operational costs	119,808	332,870	213,062	64.01%	100.00%	
Total surplus/(deficit)	(3,603,232)	(4,014,922)	411,690	10.25%		

Notes

1. Process ran better than expected.
2. Foxton Water overspend is due to unplanned reservoir cleaning and minor electrical repairs, and ongoing process problems,

WATER SUPPLY – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Water Supply: To provide a reliable supply of safe water.</p>	<p>To ensure the percentage in which the local authority's drinking water supply complies with:</p> <p>a) part 4 of the Drinking Water Standards for New Zealand 2005 (revised 2008) bacterial compliance criteria complies 100% of the time as below:</p> <ul style="list-style-type: none"> • Levin • Shannon • Foxton • Foxton Beach • Tokomaru 	<p>Achieved.</p> <p>The target of 99% has been achieved regarding compliance with the 2005 Drinking Water Standards for New Zealand (revised 2008) for Levin, Foxton, Foxton Beach, Shannon and Tokomaru supply.</p> <p>There was 100% compliance for all bacterial testing done in June 2016 for post treatment and in the reticulation. This was based on a report of all test results viewed on the Lab (ELS) website. Weekday samples are tested by ELS lab in Wellington while weekend and public holiday samples are tested by Cenlab in Palmerston North.</p>
	<p>b) part 5 of the Drinking Water Standards for New Zealand 2005 (revised 2008) protozoa compliance criteria complies as below:</p> <ul style="list-style-type: none"> • Levin: 0% • Shannon: 100% • Foxton: 100% • Foxton Beach: 100% • Tokomaru: 100%. 	<p>Achieved.</p> <p>The target of 99% has been achieved regarding compliance with the 2005 Drinking Water Standards for New Zealand (revised 2008) for Levin, Foxton Beach, Foxton and Tokomaru supply. Sorting out issues with integrity tests for the membrane filters at Shannon. Non-compliance issues for all supplies were due to verification and cleaning of equipment.</p> <ul style="list-style-type: none"> • Levin: 0% • Shannon: 100%(this result is based on NTU going to town being way lower than 1NTU) • Foxton: 100% • Foxton Beach: 100% • Tokomaru: 100%
<p>Customer Satisfaction: To have drinking water that tastes and looks satisfactory.</p>	<p>The total number of complaints received about any of the following (expressed per 1,000 connections) is no more than 5 complaints about each of the following:</p> <ol style="list-style-type: none"> 1. Drinking water clarity 2. Drinking water taste 3. Drinking water pressure or flow 4. Continuity of supply; and 	<p>Not Achieved.</p> <p>As at 30 June 2016, the total number of complaints is 125, which equates to the number of complaints per 1,000 connections being 9.79. The target for this performance measure is 5.</p> <p>As at 30 June 2016, total number of connections recorded is 12,773. The number of connections in this report is different from previous reports for this financial year. 12,773 is the number of properties with full water rates. The previous number came from the GIS database.</p>

	5. The Council's response to any of these issues.	<p>We are working to align the two databases.</p> <ul style="list-style-type: none"> • 2 complaints were received for targets 1, 2 and 3, with 77 for year-to-date (6.03 per 1000 connections YTD). • 2 complaints were received for targets 4 and 5, with 48 for year-to-date (3.76 per 1000 connections YTD). • 0 complaints were received for Target 6 for the year.
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WATER SUPPLY – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Fault Response:</p>	<p>The median time from the time that Council received notification to the time that service personnel:</p> <ul style="list-style-type: none"> • Attendance for urgent call-outs; from the time that Council receives notification to the time that service personnel reach the site is one hour or less. • Resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption is 8 hours or less. • Attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site is 3 days or less. • Resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption is 3 days or less. 	<p>Achieved.</p> <p>As at 30 June 2016:</p> <ul style="list-style-type: none"> • The median time for attending urgent callouts was 0 hours and 27 minutes <ul style="list-style-type: none"> - Received 2 and attended to 1 within 1 hour or less. • The median time for resolving urgent callouts was 0 hours and 57 minutes <ul style="list-style-type: none"> - Received 2 and resolved 1 within 8 hours or less. • The median time for attending non urgent callouts was 2 hours and 24 minutes <ul style="list-style-type: none"> - Received 61 non urgent call outs and attended to 59 within 3 days or less. • The median time for resolving non urgent callouts was 4 hours 20 minutes <ul style="list-style-type: none"> - Received 61 and resolved 59 non urgent call outs in 3 days or less. <p>Year-to-date:</p> <ul style="list-style-type: none"> • Received 29 urgent call outs and attended to 23 within 1 hour or less • Received 29 urgent call outs and resolved 26 within 8 hours or less • Received 694 non urgent call outs and attended to 666 within 3 days or less. • Received 694 non urgent call outs and resolved 662 in 3 days

		<i>or less</i>															
<p>Shutdowns: To ensure water supply is continual.</p>	<p>To ensure the total number of unplanned water shutdowns is less than 35 per year.</p>	<p>Achieved</p> <p>The table below now has a row that reports only on unplanned shut downs for the year. Previous reports indicated all shutdowns but have now included a row for unplanned shut downs only</p> <table border="1"> <thead> <tr> <th>RESULTS</th> <th>June</th> <th>YTD</th> </tr> </thead> <tbody> <tr> <td>Total shutdowns</td> <td>1</td> <td>47</td> </tr> <tr> <td>Average shutdown length in hours</td> <td>1</td> <td>33</td> </tr> <tr> <td>Reasons for shutdown (most of)</td> <td>Burst Mains</td> <td>Burst</td> </tr> <tr> <td>Average number of homes affected</td> <td>8</td> <td>22</td> </tr> </tbody> </table>	RESULTS	June	YTD	Total shutdowns	1	47	Average shutdown length in hours	1	33	Reasons for shutdown (most of)	Burst Mains	Burst	Average number of homes affected	8	22
RESULTS	June	YTD															
Total shutdowns	1	47															
Average shutdown length in hours	1	33															
Reasons for shutdown (most of)	Burst Mains	Burst															
Average number of homes affected	8	22															

WATER SUPPLY – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance																		
Fire Fighting: To ensure firefighting needs are met.	To ensure 74% of the network where firefighting flows in urban residential areas meet the NZ Fire Service Fire Fighting Water Supplies Code of Practice SNZ 4509:2008.	Achieved. As at 30 June 2016, 98% of all fire hydrants tested met the minimum target for fire flows.																		
Supply Pressure: To ensure water supply has adequate flow and pressure.	To ensure 100% of the network where supply pressure at the property boundary is not less than 250KPa for on demand connections and 150KPa for restricted flow connections.	Achieved. As at 30 June 2016, 100% of all properties assessed exceeded 250kPa.																		
Water Take: To ensure consent conditions are met.	To ensure 100% compliance with water take limits of resource consents.	Achieved. As at 30 June 2016, 100% of water takes complied with consent limits.																		
Demand Management: To ensure the water supply is sustainable.	To ensure the average consumption of drinking water per day per resident within the water supply areas is 300lt per day (target based on One Plan Section 6.4.3.1).	Not Achieved for Foxton, Levin and Shannon. As at 30 June 2016, the average consumption per resident results in L/person/day are as below: <table border="1" data-bbox="1308 847 2141 1114"> <thead> <tr> <th>SUPPLY</th> <th>JUNE 2016</th> <th>MAY 2016</th> </tr> </thead> <tbody> <tr> <td>FOXTON</td> <td>400.59</td> <td>386.11</td> </tr> <tr> <td>FOXTON BEACH</td> <td>279.37</td> <td>276.38</td> </tr> <tr> <td>LEVIN</td> <td>530.60</td> <td>524.96</td> </tr> <tr> <td>SHANNON/MANGAORE</td> <td>386.16</td> <td>361.48</td> </tr> <tr> <td>TOKOMARU</td> <td>155.76</td> <td>207.36</td> </tr> </tbody> </table>	SUPPLY	JUNE 2016	MAY 2016	FOXTON	400.59	386.11	FOXTON BEACH	279.37	276.38	LEVIN	530.60	524.96	SHANNON/MANGAORE	386.16	361.48	TOKOMARU	155.76	207.36
SUPPLY	JUNE 2016	MAY 2016																		
FOXTON	400.59	386.11																		
FOXTON BEACH	279.37	276.38																		
LEVIN	530.60	524.96																		
SHANNON/MANGAORE	386.16	361.48																		
TOKOMARU	155.76	207.36																		
Water Loss: To ensure minimal water losses.	To ensure the percentage of real water loss from the network as measured by the standard Infrastructure Leakage Index method is 20% or less.	Not Achieved. No way to measure this target.																		
Water Conservation: To provide water conservation education to the public.	To provide water conservation education to the public as provided in the Water Demand Management Plan 2014.	Achieved. Primary school education has finished. It was conducted in Term 1.																		

WATER SUPPLY – Performance Measures – LTP/Annual Plan

Objective	Management Reporting Performance Targets	Actual Performance
<p>Water Supply: To provide a reliable supply of safe water.</p>	<p>The activity shall be provided within the funding policy target for 2015/16 of \$1,112,700. (20%-30% private good).</p>	<p>As at 30 June 2016, the revenue is \$1,194,800</p>
<p>Risk Management Plans:</p>	<p>Compliance with the Health (DW) Amendment Act 2007. Number of water supplies with approved Public Health Risk Management Plans is to be five (5).</p>	<p>Achieved. As at 30 June 2016, all five water supplies are operating with approved Water Safety Plans/PHRMPs.</p>

Wastewater Disposal

COST OF SERVICE STATEMENT

For the Twelve Months Ended 30 June 2016

Percentage of year completed: 100.00%	Actual A	Year to date Budget B	Variance in \$ C=B-A	Variance in % D=C/B		% Variance to total Annual Plan E=C/TotB	Notes to accounts
Income							
Significant activity revenue							
Levin Wastewater	476,680	575,687	(99,007)	-17.20%		-12.49%	
Shannon Wastewater	90,536	2,500	88,036	3,521.43%		11.11%	
Foxton Wastewater	322,719	205,000	117,719	57.42%		14.85%	
Foxton Beach Wastewater	0	6,000	(6,000)	-100.00%		-0.76%	
Tokomaru Wastewater	817	0	817	100.00%		0.10%	
Waitare Beach Wastewater	8,265	3,500	4,765	136.15%		0.60%	
Total	\$899,017	792,687	106,330	13.41%		13.41%	
Total income	899,017	792,687	106,330	13.41%		13.41%	
Expenditure							
Significant activity expenditure							
Levin Wastewater	1,653,523	1,846,749	193,226	10.46%	X	3.52%	1
Shannon Wastewater	334,393	358,370	23,977	6.69%		0.44%	
Foxton Wastewater	159,048	294,046	134,998	45.91%	X	2.46%	2
Foxton Beach Wastewater	257,455	230,498	(26,957)	-11.70%		-0.49%	
Tokomaru Wastewater	69,016	106,633	37,617	35.28%		0.69%	
Waitare Beach Wastewater	168,314	216,556	48,242	22.28%		0.88%	
Total	\$2,641,750	3,052,852	411,102	13.47%		7.49%	
Other expenses							
Depreciation and amortisation	2,434,643	2,434,287	(356)	-0.01%		-0.01%	
Total	\$2,434,643	2,434,287	(356)	-0.01%		-0.01%	
Total expenditure	5,076,393	5,487,139	410,746	7.49%		7.49%	
Non-operational costs							
Non operating income							
Development Contribution	32,365	0	32,365	100.00%		100.00%	
Internal interest income	34,605	0	34,605	100.00%		100.00%	
Vested Assets	42,710	0	42,710	100.00%		100.00%	
Revaluation gains	5,826	8,338	(2,512)	30.13%		100.00%	
Total	\$115,505	8,338	107,167	-1285.29%		100.00%	
Non operating expenditure							
Internal interest expense	768,659	934,980	166,321	17.79%		100.00%	
Total	\$768,659	934,980	166,321	17.79%		100.00%	
Total non-operational costs	653,153	926,642	273,489	29.51%		100.00%	
Total surplus/(deficit)	(4,830,529)	(5,621,094)	(790,565)	-14.06%			

Notes

1,2 Careful management of the budgets for both activities with less reactive works and savings on utilities.

WASTEWATER DISPOSAL – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
<p>Wastewater: To provide a reliable system of wastewater collection and disposal.</p>	<p>To ensure the number of dry weather overflows from the wastewater system is less than two (2) per 1,000 connections.</p>	<p>Achieved. There were three (3) dry weather sewer overflows reported in the month of June 2016 and equates to 0.25 overflows per 1,000 connections. <i>Year-to-date there were 15 dry weather sewer overflows equating to 1.23 overflows per 1,000 connections.</i></p>
<p>Fault Response: To ensure Council provides a good response to faults reported.</p>	<p>1. To ensure the median time (hours) from the time that Council receives a notification to the time that services personnel reach the site in responding to an overflow or wastewater blockage is less than one (1) hour.</p> <p>2. To ensure the median time (hours) from the time that Council receives a notification to the time that services personnel confirm resolution of the blockage or other fault within the wastewater system will be no more than twelve (12) hours.</p>	<p>Achieved. (information obtained from CRM and Downer Work Report Forms) Median Time = 0 hours and 21 minutes. <i>Year-to-date – 0 hours and 20 minutes</i></p> <p>Achieved. (information obtained from CRM and Downer Work Report Forms) Median Time = 1 hour and 43 minutes. <i>Year-to-date – 1 hour and 32 minutes</i></p>
<p>Customer Satisfaction:</p>	<p>To ensure the total number of complaints received (expressed per 1,000 connections to the wastewater system) regarding:</p> <ul style="list-style-type: none"> • Wastewater odour: 10 or less • Wastewater systems faults: 8 or less • Wastewater system blockages: 10 or less • The Council's response to issues with its 	<p>Achieved. In the month of June 2016, the number of complaints received were:</p> <ul style="list-style-type: none"> • Zero (0) – equates to zero (0) per 1,000 connections <ul style="list-style-type: none"> • <i>Year-to-date = 3 equates to 0.25 per 1,000 connections (1 stagnant water, 1 open wastewater pipe & 1 Tokomaru WWTP Pond or Cattle-waste effluent)</i> • Three (3) – equates to 0.25 per 1,000 connections <ul style="list-style-type: none"> • <i>Year-to-date = 62 equates to 5.08 per 1,000 connections</i> • Eleven (11) – equates to 0.90 per 1,000 connections <ul style="list-style-type: none"> • <i>Year-to-date = 79 equates to 6.47 per 1,000 connections</i>

	<p>wastewater system: 10 or less</p> <ul style="list-style-type: none"> Total number of complaints received about any of the above: 38 or less 	<ul style="list-style-type: none"> Zero (0) – no issues <ul style="list-style-type: none"> <i>Year-to-date = 1 equates to 0.08 per 1,000 connections</i> • Fourteen (14) – equates to 1.15 per 1,000 connections <ul style="list-style-type: none"> <i>Year-to-date = 145 equates to 11.88 per 1,000 connections</i>
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WASTEWATER DISPOSAL – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance																																				
Customer Satisfaction:	To ensure the percentage of customers satisfied with their wastewater service, based on the Annual Customer Satisfaction Survey is at least 80%.	<p>Not Achieved.</p> <p>The results from the 2015 Customer Satisfaction Survey are shown below:</p> <table border="1"> <thead> <tr> <th></th> <th>Total %</th> <th>Kere Kere %</th> <th>Levin %</th> <th>Miranui %</th> <th>Waiopehu %</th> </tr> </thead> <tbody> <tr> <td>Very Satisfied</td> <td>6.91</td> <td>7.78</td> <td>7.95</td> <td>7.32</td> <td>4.79</td> </tr> <tr> <td>Satisfied</td> <td>29.14</td> <td>32.22</td> <td>33.64</td> <td>21.95</td> <td>22.75</td> </tr> <tr> <td>Neither Satisfied nor Dissatisfied</td> <td>27.90</td> <td>30.00</td> <td>28.13</td> <td>19.51</td> <td>28.14</td> </tr> <tr> <td>Dissatisfied</td> <td>15.33</td> <td>13.33</td> <td>15.29</td> <td>4.88</td> <td>14.97</td> </tr> <tr> <td>Very Dissatisfied</td> <td>7.87</td> <td>11.11</td> <td>8.87</td> <td>7.32</td> <td>7.19</td> </tr> </tbody> </table>		Total %	Kere Kere %	Levin %	Miranui %	Waiopehu %	Very Satisfied	6.91	7.78	7.95	7.32	4.79	Satisfied	29.14	32.22	33.64	21.95	22.75	Neither Satisfied nor Dissatisfied	27.90	30.00	28.13	19.51	28.14	Dissatisfied	15.33	13.33	15.29	4.88	14.97	Very Dissatisfied	7.87	11.11	8.87	7.32	7.19
	Total %	Kere Kere %	Levin %	Miranui %	Waiopehu %																																	
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Dissatisfied	15.33	13.33	15.29	4.88	14.97																																	
Very Dissatisfied	7.87	11.11	8.87	7.32	7.19																																	
Discharge Compliance: To ensure safe disposal of wastewater.	<p>To ensure Council's compliance in relation to Horizons Regional Council resource consents for discharge from its wastewater systems measured by receiving none of the below:</p> <ul style="list-style-type: none"> • Abatement notices; • Infringement notices; • Enforcement orders; and • Convictions 	<p>Achieved.</p> <p>In the month of June 2016, there was 100% compliance with the Regional Council's resource consents.</p> <p><i>Year-to-date – 100% Compliance</i></p>																																				
Objective	Management Reporting Performance Targets	Actual Performance																																				
Wastewater: To provide a reliable system of wastewater disposal with minimal disruption to the environment.	1. The activity shall be provided within the funding policy target for 2015/16 of \$700,000. (10%-20% private good).	As at 30 June 2016, the revenue is \$531,649.																																				
	2. An Asset Management Plan will be adopted providing a 10-year planning horizon and reviewed every 3 years.	Achieved. The Asset Management Plan review for Wastewater has been completed and the proposed programmes incorporated into the Horowhenua District Council Infrastructure Strategy 2015-2045.																																				
	3. An Infrastructure Strategy will be adopted providing a 30-year planning horizon and reviewed every 3 years.	Achieved. The Infrastructure Strategy was adopted by Council on 18 February 2015.																																				

	<p>4. To ensure 99.5% of connected properties will be protected from system-related overflows during the year.</p>	<p>Achieved.</p> <p>In the month of June 2016, there were five (5) properties affected by a sewer overflow. 12,204 properties are connected to the Council's wastewater system and 99.96% of these are protected from system-related overflows.</p> <p><i>Year-to-date = 22 properties affected by overflows - 99.82% are protected.</i></p>
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WASTEWATER DISPOSAL – Performance Measures – LTP/Annual Plan

Objective	Management Reporting Performance Targets	Actual Performance					
<p>Wastewater:</p> <p>To provide a reliable system of wastewater disposal with minimal disruption to the environment.</p>	<p>5. Treated effluent will be in compliance with the effluent quality standards as defined in relevant Resource Consents.</p>	<u>Asset</u>	<u>Asset Location</u>	<u>Description</u>	<u>Consent #</u>	<u>Type</u>	<u>Comment</u>
		Wastewater	Foxton WWTP	Matakarapa Island	103925 & 103926	Discharge to Water and discharge to Land	July 2015 - The effluent discharge limit was exceeded for 30 days. The WWTP was operating under Section 330 of the RMA, 1991, and not operating under Resource Consent Conditions. As applied to, and agreed with, Horizons following the heavy rainfall events in June,
		Wastewater	Tokomaru WWTP	30 Nikau Street	101227 & 101228	Discharge to Water and Land	July 2015 - The effluent discharge limit was exceeded for 16 days. The WWTP was operating under Section 330 of the RMA, 1991, and not operating under Resource Consent Conditions. As applied to, and agreed with, Horizons following the heavy rainfall events in June,
		Wastewater	Levin WWTP	The 'Pot' Hokio Sands Rd	6610	Discharge to Land	July 2015 - The effluent discharge irrigation limit was exceeded for 18 days. The WWTP was operating under Section 330 of the RMA, 1991, and not operating under Resource Consent Conditions. As applied to, and agreed with, Horizons following the heavy rainfall events in June.

		Wastewater	Foxton Beach WWTP	248 Palmer Road	102249	Discharge to Land	August 2015 - The effluent discharge limit was exceeded for 7 days due to a heavy rainfall event. Horizons were informed.
		Wastewater	Foxton WWTP	Matakarapa Island	103925 & 103926	Discharge to Water and discharge to Land	August 2015 - The effluent discharge limit was exceeded on 21 days. HDC agreed with Horizons to carry out additional weekly sampling for ammonia and E.coli from the Pond effluent and from the Foxton Loop upstream and downstream of the pond effluent discharge. Test results received up to 18 August 2015 show no adverse effect in the receiving environment.

WASTEWATER DISPOSAL – Performance Measures – LTP/Annual Plan

Objective	Management Reporting Performance Targets	Actual Performance					
		Asset	Asset Location	Description	Consent #	Type	Comment
Wastewater: To provide a reliable system of wastewater disposal with minimal disruption to the environment.	5. Treated effluent will be in compliance with the effluent quality standards as defined in relevant Resource Consents.	Wastewater	Waitarere Beach WWTP	Forest Road	102220	Discharge to Land	August 2015 – Compliance Report received from Horizons on 22 July 2015. Assessed as Non-compliant due to HDC's failure to submit the Annual Consent Compliance Report and data for the period July 2013 – June 2014. However, HDC had emailed the Report and data on 29 August 2014 to Horizons and a copy of this email was forwarded to Horizons on 25 August 2015 – TRIM Ref D15/111730.
		Wastewater	Shannon WWTP	Johnston Street	106892	Discharge to Water	May 2016 – A Compliance Report for the period 20 March 2015 to 17 March 2016 received from Horizons on 02 May 2016. HDC was given an overall Non-Compliance Rating for Resource Consent no 106892. This was given as the sampling frequency at Stansells Drain was incorrect during the initial stages of the consent that came into effect in March 2015. This was however identified by HDC and rectified. HDC did comply with all of the discharge water quality standards of this Consent for the assessed period. (Report in TRIM: D16/59144)

WASTEWATER DISPOSAL – Performance Measures – LTP/Annual Plan

Objective	Management Reporting Performance Targets	Actual Performance					
		Asset	Asset Location	Description	Consent #	Type	Comment
<p>Wastewater: To provide a reliable system of wastewater disposal with minimal disruption to the environment.</p>	<p>5. Treated effluent will be in compliance with the effluent quality standards as defined in relevant Resource Consents.</p>	Wastewater	Foxton WWTP	Matakarapa Island	103925 & 103926	Discharge to Water and discharge to Land	<p>May / June 2016 – A Compliance Report for the period 29 April 2015 to 24 May 2016 was received from Horizons on 24 May 2016. HDC was given an overall Significant Non-Compliance Rating for these Resource Consents due to exceedances of the maximum daily discharge of effluent from the WWTP to the Foxton Loop of 2,000m³/day. (Report in TRIM D16/73963)</p> <p>Also, HDC responded to Horizons queries below that were shown in their letter to HDC:</p> <ul style="list-style-type: none"> • Has HDC given any consideration to the suitability of access to the Foxton WWTP? • Has HDC put steps in place to reduce the risk of blockages occurring? • Has HDC determined what caused the blockage during the June Storm event? • When was the last time HDC undertook an Inflow and Infiltration investigation of the Foxton reticulated network? • What work is scheduled to reduce Inflow and Infiltration in the future?

Solid Waste Management

COST OF SERVICE STATEMENT

For the Twelve Months Ended 30 June 2016

Percentage of year completed: 100.00%	Actual A	Year to date		Variance in % D=C/B		% Variance to total Annual Plan F=C/Tot B	Notes to accounts
		Budget B	Variance in \$ C=B-A				
Income							
Significant activity revenue							
Roadside Collection	264,773	243,600	21,173	8.69%		1.22%	
Landfill	1,489,062	1,287,606	201,456	15.65%		11.57%	
Waste Transfer Stations	157,336	115,000	42,336	36.81%		2.43%	
Recycling Centre	118,709	95,000	23,709	24.96%		1.36%	
Total	\$2,029,880	1,741,206	288,674	16.58%		16.58%	
Total income	2,029,880	1,741,206	288,674	16.58%		16.58%	
Expenditure							
Significant activity expenditure							
Waste Transfer Stations	273,973	251,747	(22,226)	-8.83%		-1.18%	
Landfill	668,590	472,353	(196,237)	-41.54%	✗	-10.46%	1
Roadside Collection	192,632	195,900	3,269	1.67%		0.17%	
Recycling Centre	609,863	666,782	56,919	8.54%	✗	3.03%	2
Total	\$1,745,058	1,586,782	(158,276)	-9.97%		-8.44%	
Other expenses							
Depreciation and amortisation	266,442	288,920	22,478	7.78%		1.20%	
Total	\$266,442	288,920	22,478	7.78%		1.20%	
Total expenditure	2,011,500	1,875,702	(135,798)	-7.24%		-7.24%	
Non-operational costs							
Non operating income							
Internal interest income	16,486	0	16,486	100.00%		100.00%	
Revaluation gains	22,573	3,072	19,501	-634.80%		100.00%	
Total	\$39,059	3,072	35,987	-1171.45%		100.00%	
Non operating expenditure							
Internal interest expense	226,577	284,844	58,267	20.46%		100.00%	
Total	\$226,577	284,844	58,267	20.46%		100.00%	
Total non-operational costs	187,518	281,772	94,254	33.45%		100.00%	
Total surplus/(deficit)	(169,138)	(416,268)	247,130	59.37%			

Notes

1. Extra consultancy cost, consent review and desludging costs than anticipated.
2. Savings on education and legal costs.

SOLID WASTE MANAGEMENT – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
Waste Transfer Stations: To ensure Waste Transfer Stations are available at convenient times.	To ensure Waste Transfer stations are available on agreed days at agreed times.	Achieved. Transfer station open on agreed days.
Solid Waste: To ensure Solid Waste Activities are undertaken in a healthy and safe manner.	To ensure no reported incidences of injury or illness attributable to use of the Council's Waste Transfer or Recycling Station facilities.	Achieved. This is Contractors care.
Waste Transfer and Recycling Stations: To ensure Waste Transfer and Recycling Stations have a minimal impact on the immediate and surrounding environment.	To ensure the number of odour complaints and reports of solid waste are minimal in or around: <ul style="list-style-type: none"> Waste Transfer Stations: Less than 3 per month Recycling Stations: Less than 3 per month 	Achieved. As at 30 June 2016 no complaints regarding odour.
Response Times: To ensure response to service requests regarding Council's Solid Waste Activities is timely.	To ensure that all requests are responded to within three (3) days.	Not Achieved. Contractors and other departments control outcomes of CRM's.
Levin Landfill:	The Levin Landfill will be fully compliant with the annual resource consent inspection report.	Achieved. Horizons six (6) monthly compliance report was received in June giving a Comply – Full assessment. Six (6) odour complaints were received in June. The Landfill consent review is under way. No further prehearing meetings have been arranged by the NLG. The review hearing is scheduled for September.
Kerbside Recycling: To ensure Kerbside recycling and refuse collection service is available.	Kerbside recycling shall be offered to 91% of all serviceable households.	Achieved. As at 30 June 2016, kerbside recycling services are offered to 95.3% of serviceable households in the District.
Recycling: To ensure recycling and refuse is collected on time and in a sanitary manner.	To ensure the number of complaints about non-collection of: <ul style="list-style-type: none"> Kerbside Recycling: Less than 5 per month Kerbside Refuse: Less than 5 per month 	Not Achieved. As at 30 June 2016: <ul style="list-style-type: none"> 3 this month, 35 year-to-date 6 this month, 67 year-to-date
Recycling Stations:	To ensure recycling stations are available at the	Achieved.

To ensure recycling and refuse is collected on time and in a sanitary manner.	agreed locations on the agreed days and times.	Note: the Shannon static recycling station has relocated from Ballance Street to Thompson Street.
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SOLID WASTE MANAGEMENT – Performance Measures – LTP/Annual Plan

Objective	LTP Performance Targets	Actual Performance
Solid Waste Information: To ensure information on Council's recycling and refuse services is available from service centres and on the website.	Up-to-date brochures will be available at all offices and on the HDC website.	Achieved. As at 30 June 2016 it is considered that with internet access, brochures are no longer required. Collection area maps were updated August 2015.
Affordability: To ensure an affordable recycling service is available.	No user charge is set.	Achieved.
Customer Satisfaction: To ensure customers are content with Council's transfer stations, recycling collection, and refuse collection services offered.	To ensure the percentage of customers satisfied with their solid waste service, based on the Annual Customer Satisfaction Survey is at least 75%.	Achieved. 81% of customers were satisfied with recycling services. 83% of customers were satisfied with kerbside rubbish collection services.
Education: To ensure customers are educated on waste minimisation practices.	To ensure that education services are provided in local schools.	Achieved As at 30 June 2016, Waste Education is being carried out in Schools throughout the District.
Objective	Management Reporting Performance Targets	Actual Performance
Landfill: To ensure the landfill is operated in an environmentally friendly way.	The Landfill activity shall be provided within the funding policy target for 2015/16 of \$1,287,606. (60%-70% private good).	Achieved. As at 30 June 2016, the revenue is \$1,489,062.
Recycling: To ensure recycling collection services are provided and recycling is actively promoted.	Council will collect at least 2,000 tonnes of recyclable material from the kerbside and static recycling schemes.	Achieved. As at 30 June 2016, the year-to-date total is 2,154 tonnes collected.
Roadside Collection: To provide a reliable system of roadside collection of refuse bags and recycling.	The Roadside Collection activity shall be provided within the funding policy target for 2015/16 of \$243,600. (60%-70% private good).	Achieved. As at 30 June 2016, the revenue is \$264,773.
	The level of satisfaction with kerbside collection of recycling and refuse is measured by receiving less than 15 justified calls per month.	Achieved. Council has over 13,000 recycling crates in service throughout the district and collects on average 6,700 rubbish bags per month. Achieved. For June 2016, there were 9 complaints regarding non-collection of rubbish and recycling.

SOLID WASTE MANAGEMENT – Performance Measures – LTP/Annual Plan

Objective	Management Reporting Performance Targets	Actual Performance
<p>All Solid Waste: To measure all solid waste and undertake community education.</p>	<p>The Waste Transfer Stations activity shall be provided within the funding policy target for 2015/16 of \$115,000. (60%-70% private good).</p>	<p>Achieved. As at 30 June 2016, the revenue is \$157,297.</p>
	<p>The Council will measure the amount of Recycling and Rubbish per Resident.</p>	<p>Achieved.</p> <ul style="list-style-type: none"> • For the month of June 2016, the average person diverted 6kg of recycling (year-to-date 71kg). • For the month of June 2016, the average person diverted 4kg of green waste (year-to-date 34kg). • For the month of June 2016, the average person disposed of 35kg of rubbish (year-to-date 457kg).

Treasury Report

File No.: 16/402

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the Bancorp Treasury Report for the June 2016 quarter.

2. Recommendation

- 2.1 That Report 16/402 Treasury Report 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. Background/Previous Council Decisions

This Quarterly Treasury report is produced by our treasury advisors, Bancorp Treasury Services Limited, and is produced for the benefit of Senior Management and Council.

4. Issues for Consideration

The first 3 months of the calendar year has seen;

- 1) Brexit referendum result added to volatility and surprised the global financial markets
- 2) The Global economic growth outlook is still subdued
- 3) Dairy prices have stabilised
- 4) The Reserve Bank did not lower the official cash rate fearful of what such a cut would do the housing markets, especially Auckland.
- 5) Immigration continues but appears to have plateaued
- 6) Tourism continues to grow.

The Reserve Bank, surprisingly, bowed to the pressure applied by the Government and announced on 19 July its new LVR proposal. The proposal is that the current 70% Loan to Value Ratio (LVR) limit for Auckland rental property investors be extended to the rest of the country and lowered to 60% from September 1.

Council has borrowed \$7m this year. Our strategy was to borrow short term at the favourable rates 2.405% for a half yearly term. We will need to borrow in July to replenish our cash after the large \$6.2m creditor payments for June paid in July.

Council has two interest rate swaps. (Refer to item 3, page 8, of the attached report). These are contracts with a bank that effectively turn FRNs into fixed loans for the periods of the Swap contract. They give Council certainty and are very effective in a market where interest rates are rising, (the bank guarantees that we will not pay more than the rate specified in the contract). The swap contracts were taken out several years ago when it looked as though interest rates were about to rise. However, we have the reverse occurring. In a market where interest rates are below the swap contract interest rates, and falling, Council will have to account for a non-cash, "book" valuation loss on 30 June. The loss was \$888k as at 7 April but increased to \$1.1m on the back of lowering interest rates since July. Although we have two swaps we are less affected by this phenomenon than other local government entities elsewhere that have many more swap contracts than ourselves. Of note also is that the swap valuation "loss" was not taken into account when working out the "Balance the Budget" prudential benchmark set by the Local Government Financial Reporting Regulations.

Council's weighted average interest rate over all our borrowing is 4.61%. This is calculated with the bank line fee and interest rate swaps included.

Council is compliant with its Borrowing Management and except for a potential breach in May and June 2021 for \$1.3m. This could be rectified before then by either another swap or by raising some longer term fixed interest loans. The latter is being considered with the low long term interest rates currently available. Council is compliant with its Financial Strategy covenants as explained in the report and the Monthly Financial Statements albeit showing a 99% (rather than the minimum 100%) Balance the budget prudential requirement.

Attachments


No.	Title	Page
A	Bancorp Treasury Report June 16	85


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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CONFIDENTIAL

TREASURY REPORT

FOR



**HOROWHENUA
DISTRICT
COUNCIL**

AS AT

30 JUNE 2016



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • CHRISTCHURCH

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1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (AS AT 30 JUNE 2016)

The June 2016 quarter is one that will be remembered for generations to come, but it did not start out that way. Normality was slowly returning after a rocky start to the year, with volatility subsiding.

Both the Bank of Japan ("BoJ") and European Central Bank ("ECB") held off adding more stimulus and the US Federal Reserve ("Fed") was positioning itself for a potential Fed Funds rate hike in the September quarter. Equities remained elevated and global bond yields continued to drift lower. Commodity prices, particularly oil, halted their downward spiral and were showing signs of life. That all changed just a week before the end of the quarter when the UK sent shockwaves throughout global markets with a referendum in which the majority voted to leave the European Union ("EU").

The GBP/USD exchange rate traded at both its highest and lowest levels for the year on the day of the referendum as the projected outcome swung between remain and leave. The eventual outcome was a vote to leave the EU ('Brexit'), which was a surprise to financial markets and caused the GBP/USD to drop as much as 17 cents to its lowest level since 1985. The referendum has also thrown UK politics into disarray with changes likely at the top of the government and opposition parties.

Central bank action quietened down during the quarter, with the Reserve Bank of Australia ("RBA") the only central bank of note to ease policy. Both ECB and the BoJ refrained from adding to their already sizeable stimulus packages. Surprisingly, the Bank of England ("BoE") remained quiet despite speculation that it would cut interest rates and add further Quantitative Easing thanks to the Brexit result, although it may be waiting for the dust to settle to see what will be the effect on the economy.

As usual, the market monitored the Fed meetings closely as the talk turned slightly more hawkish. The Fed appeared to be priming markets for a Fed Funds rate rise in the coming quarter but any hopes were dashed with the Brexit outcome and an extremely poor non-farm payrolls result of just 38,000 jobs added in May. Financial markets have shifted from at the end of May pricing in a 72% chance of a Fed Funds rate hike by July, to currently pricing a 24% chance of a rate cut. This fact highlights just how much has changed recently.

The volatility and uncertainty have caused an unprecedented tidal wave of capital flow into low yielding government bonds. The yields on all Japanese Government Bonds ("JGB") are below 0.10% yield for the first time ever, including 40 year JGBs whose yields fell to as low

as 0.07% while the yield on 10 year JGBs hit negative 0.233%. US Treasuries also saw a flattening of the yield curve, with yields hitting their lowest since 2012 at 1.40%.

The International Monetary Fund (“IMF”) re-affirmed its pessimistic outlook for the global economy as it once again downgraded its global growth forecast. Its view is that growth has been *“too slow for too long”* and now expects the world’s GDP to expand at 3.2% in 2016 and 3.5% in 2017, a downward revision of 0.2% and 0.1%, respectively. It also sees the US economy expanding at 2.2%, down from 2.4% previously.

The IMF also warned of *“looming vulnerabilities”* in China’s economy, in particular spiralling corporate debt. China’s growth in the June quarter has been buoyed by recent policy support, according to the IMF but uncertainties remain. Growth in the UK is likely to suffer thanks to Brexit although the extent is yet to be quantified, although the ECB expects it to knock 0.1% off EU growth over the next three years.

1.2 NEW ZEALAND MARKET OVERVIEW (AS AT 30 JUNE 2016)

	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
31 Mar 16	2.25%	2.34%	2.20%	2.27%	2.51%	2.73%	2.98%
30 Jun 16	2.25%	2.41%	2.23%	2.24%	2.33%	2.47%	2.66%
Change	Nil	+0.07%	+0.03%	-0.03%	-0.18%	-0.26%	-0.32%

The Reserve Bank of New Zealand (“RBNZ”) kept monetary policy steady throughout the quarter, despite the market being split on whether or not the central bank would cut at its April meeting. In his statement announcing the June Official Cash Rate (“OCR”) decision, RBNZ Governor Wheeler removed the language from previous statements jawboning the New Zealand dollar lower, although he said it was still *“higher than appropriate”*. He also said that *“short term inflation expectations appear to have stabilised”* and *“domestically, the main uncertainties relate to inflation expectations, the possibility of continued high net immigration, and pressures in the housing market.”*

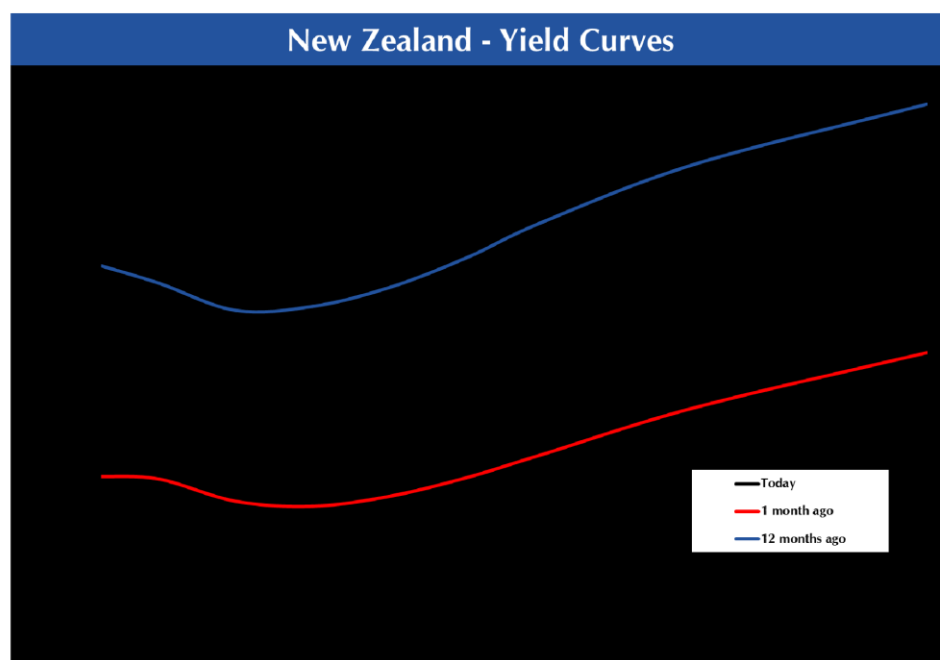
RBNZ Governor Wheeler said that one further OCR cut was built into the bank’s projections *“but that could change and there could be no further cut or more cuts”*. For now though, *“we felt at this stage that we don’t need further monetary stimulus for the economy.”* Further upbeat comments came on the output gap, which Wheeler said was *“basically closed now”* and that the economy is likely to keep growing at 2.5-3.0%. Market pricing is slightly over 50% for an OCR cut at the August OCR announcement.

Dairy has remained subdued, although slightly less frustratingly so during this quarter compared to the previous quarter. Of the six GlobalDairyTrade (“GDT”) auctions during the quarter, four returned positive results, one negative and one returned no change. The GDT

index rose 10.8% in the June quarter compared to a fall of 14.0% in the March quarter. Fonterra announced its opening forecast for the 2016/17 season (12 months to 31 May 2017) at \$4.25 per kgMS, which compares to the \$3.90 payout for the 2015/16 season. The dairy sector still has a long way to go before the majority of farmers' cashflows are above water, with estimates putting the breakeven forecast in the \$5.00-5.50 region.

As with the previous quarter, migration and tourism played an important role in supporting the economy amid the dairy slump. Record annual migration numbers were seen in each month of the June quarter even though the monthly gains appear to have peaked. Tourism remains solid, with arrival figures up 10.6% in the year to May. Short term visitor arrivals came in at 3.29 million in the 12 months to May, up on the 3.27 million in April.

The New Zealand yield curve flattened considerable in the latter part of the quarter, due in large part to the uncertainty and volatility created by the Brexit vote. Investors rushed into government bonds across the globe which put pressure on the longer end of the New Zealand swap curve. The 10 year swap rate fell to yet more record lows during the quarter, dropping from 2.98% to 2.66% at the close of the period, a solid 32 points lower, and staggering 109 points lower so far in 2016. The shorter end of the swaps curve remained relatively unchanged as the expectation for an OCR cut was largely unchanged. The chart below shows the changing shape of the New Zealand yield curve over the past twelve months, especially the lower outright rates now compared to a year ago.

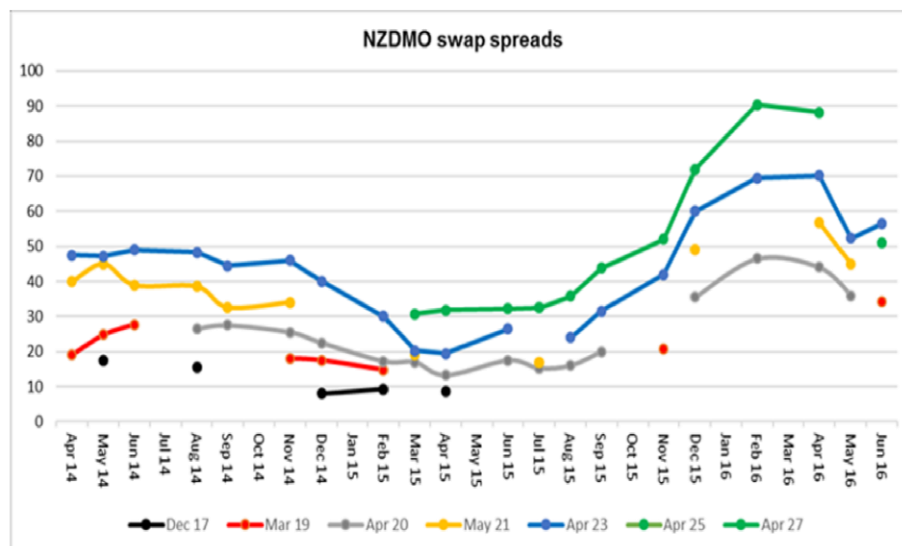


1.3 LOCAL AUTHORITY SECTOR

The Local Government Funding Agency ("LGFA") held its last tender for the quarter on 15 June 2016. In total, the LGFA issued \$160 million of bonds and Floating Rate Notes ("FRN"); details of the tender are as follows:-

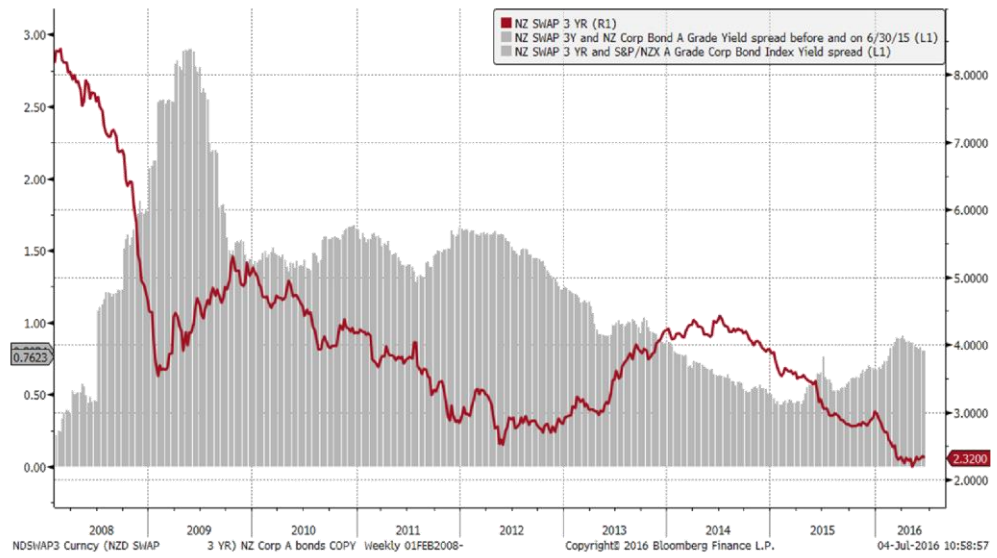
- 15 March 2019 maturity - \$40 million issued at a margin of 40 basis points over swap for a 'AA' rated borrower.
- 15 April 2023 maturity - \$40 million issued at a margin of 60 basis points over swap for a 'AA' rated borrower.
- 15 April 2025 maturity - \$100 million issued at a margin of 71 basis points over swap for a 'AA' rated borrower.

Spreads over swap for LGFA debt narrowed during the June quarter, in line with an overall contraction in spreads for non-sovereign debt, but in the LGFA's case receiving an added impetus from a desire by investors to buy high quality debt. The graph below shows the movement in spreads for LGFA debt going back two years and highlights the decline in spreads that occurred during the June quarter.



1.4 CREDIT SPREADS

The chart below shows credit spreads for the S&P/NZX Corporate 'A' Grade Bond index (the grey shaded area) and the three year swap rate (red line) dating eight years. After increasing during the December 2015 and March 2016 quarters, spreads fell slightly in the June 2016 quarter. At the end of March 2016, the average credit spread of the S&P/NZX Corporate 'A' Grade Bond index was 90 basis points, but fell to 86 basis points by the end of June 2016.



2. FUNDING PROFILE

As at 30 June 2016, Horowhenua District Council ("HDC") had \$65.0 million of external debt, comprising a combination of Commercial Paper ("CP") Fixed Rate Bonds and FRNs, some of which have been sourced from the LGFA. Details of the individual issues are as follows:

BONDS

- \$2.0 million issued in August 2010, maturing 16 August 2016, at a margin of 170 basis points over swap, equating to a rate of 6.275%.
- \$3.0 million issued in March 2012, maturing on 15 March 2017, at a margin of 135 basis points over swap, equating to a rate of 5.05%.
- \$4.0 million issued in May 2012, maturing on 23 May 2017, at a margin of 140 basis points over swap, equating to a rate of 4.39%.
- \$2.0 million issued in November 2011, maturing on 15 November 2018, at a margin of 150 basis points over swap, equating to a rate of 5.59%.

LGFA

- \$7.0 million CP issued in June 2016, maturing in December 2016 at a margin of 17 basis points equating to an all up rate of 2.405%.
- \$2.0 million FRN issued in February 2013, maturing 15 December 2017, at a margin of 88 basis points.
- \$4.0 million fixed rate bond issued in December 2012, maturing 15 March 2019, at a margin of 113 basis points over swap, equating to a rate of 4.45%.
- \$3.0 million FRN issued in May 2013, maturing 15 March 2019, at a margin of 77 basis points.
- \$5.0 million fixed rate bond issued in February 2013, maturing 15 March 2019, at a margin of 92 basis points over swap, equating to a rate of 4.71%.
- \$4.0 million FRN issued in May 2013 maturing 15 May 2021, at a margin of 84 basis points.
- \$5.0 million fixed rate bond issued in May 2013 maturing 15 May 2021, at a margin of 79 basis points over swap, equating to a rate of 4.56%.
- \$5.0 million fixed rate bond issued in September 2013 maturing 15 May 2021, at a margin of 109 basis points over swap, equating to a rate of 5.99%.
- \$5.0 million fixed rate bond issued in December 2013 maturing 15 May 2021, at a margin of 87 basis points over swap, equating to a rate of 5.85%.

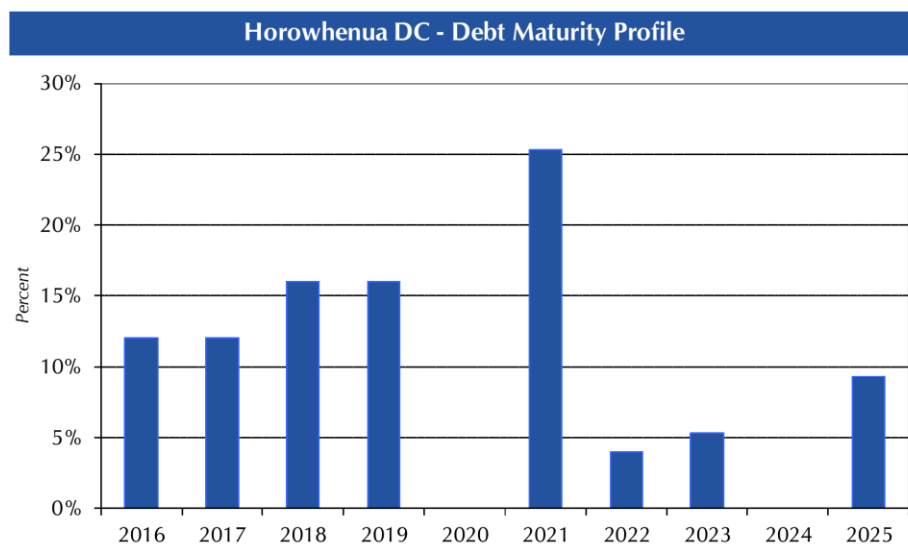
- \$3.0 million FRN issued in May 2015 maturing 18 May 2022, at a margin of 42.5 basis points.
- \$4.0 million fixed rate bond issued in November 2014 maturing 15 April 2023, at a margin of 81 basis points over swap, equating to a rate of 5.13%.
- \$7.0 million FRN issued in May 2015 maturing 19 May 2025, at a margin of 49 basis points.

During the quarter, a FRN for \$2.0 million, which was issued at a margin of 130 basis points, matured. The maturing debt was refinanced and an additional \$5.0 million of funding was obtained by sourcing \$7.0 million of LGFA CP at a margin of 17 basis points over the three month BKBM rate, equating to an all up rate of 2.405%.

As at 31 June 2016, HDC had no drawings under its BNZ facility.

HDC's current debt maturity profile is depicted in the graph below. It indicates a good spread of maturities between 2016 and 2025 and, as such, complies with Section 4.6 of the Liability Management Policy ("LMP") that governs HDC's funding risk management activities.

Included in the funding profile is the \$10.0 million Committed Cash Advance Facility with BNZ that matures in October 2018.



3. DEBT AND HEDGING PROFILE

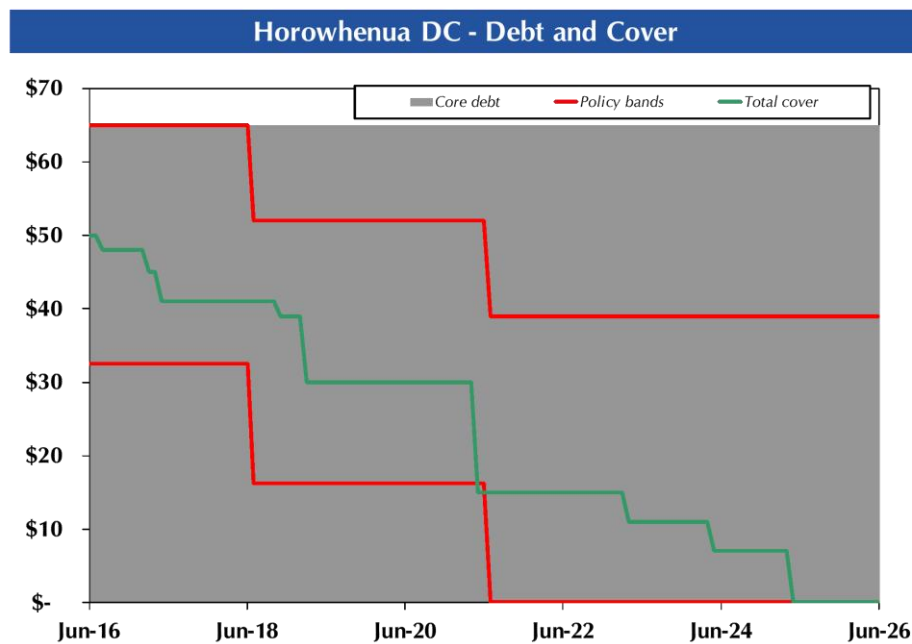
As at 30 June 2016, HDC had two interest rate swaps, as follows:

- \$4.0 million, commenced 18 February 2013, maturing 18 May 2024, at 4.015%.
- \$7.0 million, commenced 18 May 2015, maturing 18 May 2025, at 4.75%.

Section 4.3 of the LMP details the Fixed Rate Hedging Percentages as in the table below:

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0–2 years	50%	100%
2–5 years	25%	80%
5–10 years	0%	60%

The debt and hedging profile incorporating these parameters is depicted in the graph below. Included in the fixed rate hedging percentages are the fixed rate bonds and the interest rate swaps.



As at 30 June 2016, HDC had one very minor policy breach, in May and June of 2021, for an amount of \$1.3 million in each month. This breach could be rectified by taking out an interest rate swap, or when future funding is obtained (presumably from the LGFA) having some of it on a fixed rate basis.

Bancorp Treasury is meeting with HDC on 14 July, at which time the future funding requirements and the policy breach will be discussed and the best strategy to rectify the breach can be agreed.

HDC's cost of funds (inclusive of the bank line fee) as at 30 June 2016 was 4.61%, down from 4.86% at the end of the March 2016 quarter. The decline was a result of the maturity of a FRN that was issued at a margin of 130 basis points and was replaced by LGFA CP issued at a margin of 17 basis points, plus an additional \$5.0 million of debt which was sourced from LGFA CP issued at the same margin.

4. POLICY COMPLIANCE (AS AT 30 JUNE 2016)

	Yes/No
<i>Have all transactions been entered into compliance with policy?</i>	√
<i>Are the fixed rate hedging percentages within policy control limits?</i>	x
<i>Is HDC maintaining liquidity within policy control limits?</i>	√
<i>Are all counterparty exposures within policy control limits?</i>	√
<i>Is HDC compliant with the financial covenants contained in the LMP</i>	√

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Audit New Zealand - Interim Audit Management Report for the year ended 30 June 2016 and Audit Arrangement Letter for the Audit of the 2015/16 Annual Report

File No.: 16/410

1. Purpose

To present to the Finance Audit and Risk Subcommittee the Audit New Zealand – Interim Management Report for the year ended 30 June 2016 as well as the 2015/16 Audit Arrangement letter.

2. Recommendation

- 2.1 That Report 16/410 Audit New Zealand - Interim Audit Management Report for the year ended 30 June 2016 and Audit Arrangement Letter for the Audit of the 2015/16 Annual Report 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. Background/Previous Council Decisions

The Finance, Audit & Risk Subcommittee reviews the Interim Management Report annually as part of the monitoring of Council's Annual Report and financial performance. The final report has now been received and is submitted for the Finance Subcommittee to consider.

Debra Perera and Fiona Elkington from Audit New Zealand will be in attendance to answer any queries the subcommittee may have

4. Issues for Consideration

The report highlights any areas of concern raised by the Auditors, their assessment of the financial controls, items from previous audits that remain unresolved.

The Audit Arrangement letter sets out what the audit will cover, the as well as expectations and fees.

Council Officers have been given the opportunity to respond to any audit concerns and these responses are also contained within the reports.

In summary;

- The Interim Audit Management Report is designed to report the findings of the Interim Audit to the Mayor and Council.
- The Subcommittee is able to talk to the auditors without Council Officers being present.
- The report contains the Officer responses to issues raised in the report to which the Subcommittee is able to seek further clarification from Audit officers.

Attachments

No.	Title	Page
A	Audit New Zealand - Interim Management Report for the year ended 30 June 2016	99


B	Final Audit Arrangement Letter 2016	120
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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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AUDIT NEW ZEALAND
Mana Arotake Aotearoa

14 July 2016

Brendan Duffy
Mayor
Horowhenua District Council
Private Bag 4002
Levin

31 Amesbury Street
Palmerston North
PO Box 149, Palmerston North 4440
Fax: 06 356 7794
www.auditnz.govt.nz



Dear Brendan

Interim Management Report – Horowhenua District Council for the year ended 30 June 2016

Please find enclosed our Interim Management Report for the year ended 30 June 2016.

We wish to thank you and your staff for the assistance and cooperation extended during the course of the audit. If you have any questions please contact me directly on 021 222 8318.

Yours sincerely

A handwritten signature in blue ink, appearing to be "DP", written over a faint, illegible name.

Debbie Perera
Audit Director

cc: **Doug Law**
Nicky Brady

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

**Report to the Council on the interim audit of
Horowhenua District Council
for the year ended 30 June 2016**

Prepared by: Debbie Perera

Ph: 021 222 8318

Email: Debbie.Perera@auditnz.govt.nz

Key messages

Purpose of the interim audit

The primary purpose of our interim visit was to update our understanding of the Horowhenua District Council's (the Council) control environment and to perform audit testing of systems and transactions.

This report sets out the findings coming out of our interim visit.

Summary of Issues identified during the audit

The following table summarises our recommendations and their priority:

Recommendation	Urgent	Necessary	Beneficial
<p>Statement of Service Performance - Mandatory Measures</p> <p>Retrospectively review the data being reported for the mandatory measures to ensure that it meets the new requirements and is supportable.</p> <p>Review the systems in place for the mandatory performance measures to ensure accurate and complete reporting against the mandatory performance measures.</p> <p>Provide training for staff to ensure staff involved are well informed and understand the reporting requirements as per the Department of Internal Affairs guidance materials.</p> <p>Determine the additional information needs to be reported to address any data deficiencies that cannot be rectified.</p>	✓		
<p>Segregation of duties in expenditure process</p> <p>Review and enhance the purchase order controls in the expenditure system to require purchases orders to be approved on a one up basis.</p> <p>Develop a user friendly report that highlights self-approved purchase orders/invoices to allow for a specific review of these transactions prior to payment.</p>	✓		
<p>Creditor masterfile review</p> <p>Complete an independent review over the creditor masterfile changes made year to date as soon as possible to provide assurance to management that changes made were bona fide.</p> <p>Reinstate the monthly review of the creditor masterfile, evidenced by way of a signature and date prior to each creditor payment run.</p>	✓		

Recommendation	Urgent	Necessary	Beneficial
Expenditure Approval with Delegated Authority Remind staff of the requirements to approve expenditure in line with Council policy.		✓	
Establish regular testing of backups Establish a cycle of testing the restoration of data from backups as part of Council's business continuity planning.		✓	
Sensitive expenditure policy Review the sensitive expenditure policy, in conjunction with the employee handbook, to ensure consistency between the two documents.		✓	

There is an explanation of the priority rating system in Appendix 1.

● **Thank you**

We would like to thank the Council, you and your staff for the cooperation and assistance we received.



Debbie Perera
Director
14 July 2016

●
cc Doug Law
Nicki Brady

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2	Assessment of your control environment.....	5
3	Key financial and non-financial information systems reviewed.....	5
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1 Overview of the Interim Audit

The primary purpose of our visit was to update our understanding of the Council's control environment and to perform audit testing of systems and transactions. We have done so by discussing the Council's systems and transactions with staff members (principally the Finance Manager and members of the finance team), documenting the systems and procedures in place for payroll, expenditure, revenue, fixed assets, non-financial performance, and other ancillary systems, performing walkthroughs of these systems, and relevant testing.

We intend to complete our work on the statement of service performance systems and processes for recording results, review of revaluations and complete further transactional testing on expenditure, revenue, and fixed assets as part of our second interim in the weeks of the 20 June and 11 July 2016.

2 Assessment of your control environment

In performing this assessment we considered both the "design effectiveness"¹ and "operational effectiveness"² of internal control. However, the level of testing performed is designed to maximise the efficiency of our audit. As such, we provide no assurance that our assessment will necessarily identify and detect all matters in relation to internal control, therefore the audit cannot be relied upon to detect every instance of misstatement, fraud or irregularity that is not material in terms of the District Council's financial statements.

The implementation and maintenance of systems of control for the detection of these matters remains the responsibility of the governing body and management.

We note that the systems and controls over the mandatory performances measures require significant improvement. We have also continued to identify areas where financial systems and controls could be improved. Our observations and recommendations in respect of these matters are discussed in sections 4 & 5 below.

3 Key financial and non-financial information systems reviewed

During our interim visit we completed work on the following areas:

Review of systems of internal control:

- Payroll;
- Expenditure;
- Revenue/cash collection/rates;
- Fixed assets;
- Asset management;
- General ledger reconciliations;

¹ Control is effective to either prevent or detect a material error in either the financial statements and/or non-financial information. The control is "fit for purpose".

² Control has operated effectively throughout the period tested.

- Related parties;
- Investments and debt management;
- Legislative compliance systems;
- Sensitive expenditure - testing transactions for compliance with policy; and
- Review of IS controls.

Areas identified during our interim where systems and controls can be improved on are noted in sections 4 and 5 below.

We will complete our review of the following areas during our visits in June and July:

- SSP Performance Framework and audit of underlying systems and testing of year to date performance results;
- Review of the infrastructure valuations;
- Testing year to date revenue and expenditure balances;
- Testing of Fixed asset additions and Work in progress year to date;
- Contract and procurement management practices; and
- Project management.

Any findings coming out of these reviews that needs to be reported to you will be included in our final management report.

4 Statement of Service Performance -Mandatory Measures

In November 2013 the Department of Internal Affairs (DIA) announced the Non-financial Performance Measures Rules 2013 (the Rules). The Rules came into force under s261B of the Local Government Act 2002, and mandated a total of 19 measures across water supply, wastewater, stormwater drainage, flood protection and roading and footpath activities. These measures were included in the 2015-2025 LTP and are to be reported on in the 2015/16 Annual Report.

As part of our interim audit we have reviewed the performance measures that we have assessed as being material to the District Council. We have found a number of deficiencies in the reporting of these measures, these are detailed below and have been discussed with management who are working to resolve these issues.

4.1 Service performance systems and controls

Recommendations

Retrospectively review the data being reported for the mandatory measures to ensure that it meets the new requirements and is supportable.

Review the systems in place for the mandatory performance measures to ensure accurate and complete reporting against the mandatory performance measures.

Provide training for staff to ensure staff involved are well informed and understand the reporting requirements as per the Department of Internal Affairs guidance materials.

Determine what additional information needs to be reported to address any data deficiencies that cannot be rectified.

Findings

We raised in our 2015 financial management report that there were issues with the systems and controls to gather the information to report back on the Department of Internal Affairs's mandatory measures. We also noted that there was a lack of understanding about what was required to be measured. (Refer to our 2015 Management letter dated 17 February 2016 and Appendix 2 of this report that repeats our findings) Our follow up review in February 2016 found that there were six measures for which the issues had not been addressed. These have been discussed in detail with Management.

While we acknowledge that further improvements are now being made, these may not be able to rectify the deficiencies in the information being reported in the 2015/16 annual report and additional information may need to be reported. In particular four of the measures requiring response times may not be able to be reliably retrospectively reported on. We will be liaising with Council staff to review the impact on the 2015/16 annual report. Our intention is to complete the majority of our review over the mandatory measures service reporting and perform any additional testing required in June. After which we will be in a position to assess the opinion impact of any remaining deficiencies.

Management comment

Significant effort has been invested to address the issues highlighted in our processes in particular for the three waters, solid waste and roading. A project has also been managed to retrospectively collect any data missed and then re-report against the SSP's where significant issues were identified for the past 11 months.

5 Financial System and Controls Improvement areas

We noted the following areas where financial controls could be improved.

5.1 Lack of segregation of duties in expenditure process

Recommendation

Review and enhance the purchase order controls in the expenditure system to require purchases orders to be approved on a one up basis.

Alternatively, develop a user friendly report that highlights self-approved purchase orders/invoices to allow for a specific review of these transactions prior to payment.

Findings

As raised in last year's management report, there is a lack of segregation of duties in expenditure. Employees that have delegated financial authority (DFA) can approve purchase orders and invoices as well as receipt the goods/services if the amount is at or below their DFA limits. The current controls do not require any independent review or approval in such instances.

The lack of segregation of duties increases the risk of unauthorised/fraudulent expenditure occurring. We acknowledge that current payment and budget review processes would detect significant transactions that were not bona fide or reasonable and would be sufficient to mitigate the risk of a material misstatement in the financial statements.

However, these review processes would be less likely to detect smaller fraudulent transactions. There would also be potential for any such transactions made on a regular basis to be undetected for a significant time. With the implementation of AP workflow and the requirement for staff to process purchase orders through the online system, if a one up approval requirement is not built into the system there will be more opportunity for fraudulent transactions to go undetected as hardcopy invoices will not be manually processed.

Enhancing the purchase order controls, in the expenditure system, to require purchase orders to be approved on a one up basis would decrease this risk. Alternatively development of a user friendly report that highlights self-approved purchase orders would allow for a specific review of these transactions prior to payment.

Management comment

Council will not be implementing a one up approval process on purchase orders. A report is however currently in development as part of the procurement policy review to provide Council with full access to all purchase orders raised, including those which are self-approved. This report will form part of Councils standard internal control reporting going forward and be launched effective 01 July 2016.

5.2 Creditor masterfile review

Recommendation

Complete an independent review over the creditor masterfile changes made year to date as soon as possible to provide assurance to management that changes made to date are bona fide.

Reinstate the monthly review of the creditor masterfile, evidenced by way of a signature and date. Best practice recommends the review is performed prior to each creditor payment run.

Findings

We found that the creditor master file report had not been independently reviewed since 1 July 2015.

When changes to the creditor masterfile are not reviewed prior to each creditor payment run, there is an increased risk that unauthorised changes made are not identified and rectified in a timely manner.

A retrospective review should be performed to provide assurance that all changes made year to date are bona fide. This should be performed before our second interim to prevent additional testing being required over expenditure balances.

The monthly review process should be reinstated immediately.

Management comment

Finance Manager confirmed that the monthly review process was reinstated in March 2016.

5.3 Expenditure Approval to be within Delegated Authority

Remind staff of the requirements to approve expenditure in line with Council policy.

Findings

During our expenditure testing, we found two instances where expenditure was approved for payment by staff without the appropriate financial delegation. There was one instance of an expense claim not being approved on a one up basis. There was also one instance of an invoice processed for payment with no approval recorded on the document.

Staff should have regular reminders of the requirements in the Council's policy on expenditure approval process. This includes approving expense claims on a one up basis and ensuring invoices approved for payment are signed off by staff members with the correct level of financial delegated authority.

Management comment

Noted.

6 Information Systems and Controls

During our review of IT controls we noted innovative development of cybersecurity prevention measures by IT staff:

The IT Analyst has developed software which continually checks that the Microsoft Patch management database of Council devices is always up to date when devices are added and removed from the network, thus ensuring that all Council's equipment receives the latest security patches from Microsoft. Scripts for checking network login security have also been developed.

We also noted that the Council has engaged a Business Analyst on behalf of all of the councils using the Authority financial and regulatory system. This person engages with these councils to look at ways of developing consistent business practices and collectively using and enhancing the Authority system.

We have noted the following additional area for improvement.

6.1 Establish regular testing of backups

Recommendation

Establish a cycle of testing restoring data from backup as part of the Council's business continuity planning.

Finding

There is no regular schedule for testing restores from backups to ensure that data can be recovered in a disaster.

A cycle of testing restoration data from backup should be established as part of the Council's business continuity planning.

Management Comment

We can confirm that this has been taken into consideration as part of Councils implementation of a disaster recovery solution and our transition roadmap to the cloud. Council has adopted to implement online backups which will be completed by 30 July 2016.

7 Other findings from the interim audit

7.1 Sensitive expenditure policy

Recommendation

Review the sensitive expenditure policy in conjunction with the employee handbook to ensure consistency between the two documents.

Update the policy to ensure that it remains relevant.

Findings

Our prior year's review of sensitive expenditure policies noted a contradiction between the employee handbook and the sensitive expenditure policy in regards to appropriate alcohol consumption when on Council business and reimbursement of expenditure for alcohol.

Reviewing the sensitive expenditure policy and handbook in conjunction with each other should reduce the likelihood of inconsistencies. Staff should be made aware of changes and their effect when they are updated.

We also found that the sensitive expenditure policy was last reviewed in August 2010. We recommend that the policy be reviewed and updated on a regular basis to ensure that it remains relevant.

Management comment

The Sensitive Expenditure Policy has been reviewed as part of the Accountability Framework and due for re-adoption by the leadership team in June 2016. The Staff Handbook is currently being rewritten to reflect this, due July / August 2016.

8 Summary of recommendations

As part of our interim audit we followed up on the progress made on issues raised in our previous management reports. We note that there are a number of issues which will not be followed up until our final audit.

Summary of action taken against previous years' recommendations:

Number of recommendations from previous years' audits	Current status
3	Closed - Matters have been resolved
4	In progress - Progress is being made, but issue not yet fully resolved
4	Outstanding - No progress has been made
21	Matters that will be followed up in later visits

This summary needs to be read in conjunction with the status of recommendations raised in previous years' management reports as detailed in Appendix 3.

Issues that are still outstanding will be followed up as part of our final audit.

Appendix 1: Explanation of priority rating system

Our recommendations for improvement and their priority are based on our assessment of how far short Horowhenua District Council (the Council) is from a standard that is appropriate for the size, nature, and complexity of its business.

We have developed the following priority ratings for our recommended improvements:

Urgent Major improvements required	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.
Necessary Improvements are necessary	Address at the earliest reasonable opportunity, generally within 6 months 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.
Beneficial Some improvement required	Address, generally within 6 to 12 months 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 our view it is beneficial for management to address these.

Appendix 2: Areas of service performance measurement weakness as reported in our 2015 Management Report

From our work over the SSP's we found the following measures that Council were unable to report against:

Water

Unable to report on:

- Response times

The performance measure requires specific timeframes for urgent and non-urgent call outs for a fault or unplanned interruption. We found that the CRM system has a functionality called "priority" which would be the equivalent of urgent if the "yes" option for priority is selected. However, this functionality is not used by the customer service staff as they do not feel they have the necessary experience to determine when a call out is urgent or not; they feel the assessment should be made by the contractors. However, the contractors do not have access to that "priority" view.

In addition, even if the "priority" field is completed by the customer service staff, the priority times are not in line with the target timelines as specified in the Annual Plan. This means that the Council is not able to report against the specific aspects of this performance measure.

- Customer satisfaction

The performance measure requires reporting against specific categories of complaints with water. We found that the CRM does not have the functionality (field/option is not available) to record complaints about water pressure or flow, and issues with Council's responses to issues raised with the Council. Clarity and taste were also combined and not differentiated. This means that the Council is unable to report against this measure fully.

- Water loss in accordance with DIA measures.

This was not reported against as the calculations are still being developed.

Stormwater

Unable to report on:

- Number of flooding events and flooding response times

The system used in 2014/15 was not set up to record the number of flooding events as per the DIA guidance which specifies that a flooding event is an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.

Wastewater

Unable to measure:

- The number of dry weather overflows from territorial authority's sewerage system is less than two per 1,000 connections

We found that the current Report Forms, completed by the contractors, do not have a field for "dry weather overflows". This means the Council is unable to simply generate a report from its system to determine the number of dry weather overflows during the year.

- Number of complaints about blockages

We found that the current CRM system does not have an option to separately log ratepayer complaints with the Council's response to issues with its sewerage system. This means the Council is currently unable to report against this aspect of customer satisfaction.

- Complaint response times

We found that the CRM system has not accurately recorded the attendance and resolution times of the contractors, instead the times recorded for attendance and resolution in the CRM appear to be based on the time the jobs were updated in the CRM, and as such do not agree back to the contractors forms.

Roading

Unable to measure:

- 95% of weather events (floods and slips, or emergency incidents) responded to within 30 minutes of initial call to Council.

During our review, we found that the Council's interpretation is that the measure is assessed as being met if the Customer Service team refer the job onto the contractor within half an hour of it being logged. This interpretation is inconsistent with other fault response/response times KPIs in Wastewater, Stormwater and Water.

Appendix 3: Follow up of audit recommendations from prior years

Outstanding matters

Recommendation	Current status	Priority	Management's proposed action
<p>Expenditure - segregation of duties risk Amend the financial delegation system by restricting staff from approving payments relating to them.</p>	<p>Outstanding See 3.1 in the body of the report. With the implementation of AP workflow and the requirement as per council policy for staff to process PO's through the online system, segregation of duties is an increased risk to the Council.</p>	Urgent	<p><i>As part of the procurement policy review, Council has developed an internal report to monitor purchase orders raised by all staff inclusive of those that are self-approved</i></p>
<p>Use of sensitive expenditure policy and staff handbook Review the staff handbook and the sensitive expenditure policy for consistency and eliminate conflicting policies.</p>	<p>Outstanding See 5.2 in the body of the report. This issue was also noted in the internal auditor's report dated 25 March 2015.</p>	Necessary	<p><i>Part of Accountability Framework review</i></p>

Recommendation	Current status	Priority	Management's proposed action
<p>Internal assurance over landfill revenue Obtain assurance that the landfill revenue information received in the last three quarters was appropriate. Complete quarterly audits in a timelier manner.</p>	<p>Outstanding Audit reports are still not being completed. We understand that spot checks are being performed. However, there is no documentation of this taking place and we understand that it is not regular.</p>	Necessary	<p>We are satisfied that the accuracy of the records provided are adequate. Each month's tonnages are monitored and these are consistent with seasonal variations. MFE do a 2 yearly Audit on the procedures used in recording tonnages and paying the Waste Levy. They were satisfied that the tonnages provided were accurate and this is confirmed in their report dated December 2015. Spot checks are also undertaken which are checked against monthly records. All transactions are recorded on monthly returns.</p>
<p>Reports from the payroll system Council considers upgrading the system's reporting functions.</p>	<p>Outstanding There have been no changes to the payroll process from prior year beyond the people who are performing the payroll process.</p>	Beneficial	

Recommendation	Current status	Priority	Management's proposed action
<p>Organisational Business Continuity and IT Disaster Recovery</p> <p>Organisational Business Continuity and IT Disaster Recovery plans be developed and tested.</p> <p>Formal test restores be performed to ensure data can be recovered from tape.</p>	<p>In progress</p> <p>See 6.1 in the body of the report Management have engaged an external consultant to work across Council departments to develop business continuity plans and will then progress to development of an IT Disaster Recovery Plan.</p> <p>We continue to recommend that Organisational Business Continuity and IT Disaster Recovery plans be developed and tested.</p>	Urgent	<p>As noted in body of report this is well in hand. Councils Business Continuity Plan will be completed by 30 June 16. Council will also have a DR solution implemented by 30 July 16 and transition to a cloud environment over the course of the 16/17 year</p>
<p>Process for adding / removing users to/from the network</p> <p>To ensure that only approved users have network access, a review of the existing process be completed and the following improvements made:</p> <ul style="list-style-type: none"> • Enter "end dates" for all non-permanent staff so that their access terminates as soon as their contract ceases; • Students, temporary staff or contractors who are expected to come back to the Council should have their access disabled, and re-enabled when required; and • HR should send IT details of all staff starting and leaving. 	<p>In progress</p> <p>Improvements to the adding / removing users process have been made. Two areas for improvement remain:</p> <ul style="list-style-type: none"> • Establishing a process for removing external contractors access (Downer staff) • And removing active directory network group membership when staff leave. 	Necessary	<p>A process to ensure all external contractors are removed from active directory to be created</p> <p>All active directory accounts are removed when staff exit as per the Staff exit process</p>

Recommendation	Current status	Priority	Management's proposed action
<p>Patching and Virus Management improvements</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>	<p>In Progress</p> <p>Significant improvements to the management of Microsoft patching have been made, including development of automated software for ensuring the patch management database is up to date.</p> <p>Patches are being applied on a regular cycle.</p> <p>Whilst Antivirus updating is occurring, the database which records council's devices still contains redundant devices. The database of council devices that require anti-virus updates needs to be kept up to date when devices are removed from the network.</p>	Necessary	<p>A project has been initiated as previously mentioned for the coming year and is featured as an IT roadmap. This item in particular is featured within that. It will be addressed in the 16/17 year</p>
<p>Use of Mayor's credit card</p> <p>Mayor's credit card is not used for wider Council expenditure with a Council credit card set up for that purpose.</p> <p>Review and update the credit card policy to reflect best practice.</p>	<p>In progress</p> <p>No inappropriate use of Mayors credit card was identified during our review.</p> <p>The credit card policy is yet to be reviewed.</p>	Necessary	<p>Council is currently considering implementation of purchase cards as part of its consideration for the best solution moving forward for such expenses. The policy will be reviewed once a decision is made.</p>

Matters that have been resolved

Recommendation	Current status
<p>Independent review of payroll masterfile 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>	<p>Closed Payroll function is now performed by HR. From our testing of the payroll controls, no issues were noted with the timeliness and independence of the payroll masterfile.</p>
<p>Review users and their access levels within Authority Perform a review of Authority users and their access levels to ensure that they remain appropriate.</p>	<p>Closed A full review of all Authority users and their access levels has been performed as part of the move to role based access in Authority. Super user access has been reduced to appropriate levels.</p>
<p>Risk Register Develop an IT risk register, including assessment of all risks. High risks should feed in to an overarching Council risk register.</p>	<p>Closed IT risks and issues are reported by the IT manager in a monthly report to the executive team. An organisational risk register is in development.</p>

Matters that will be followed up at the final audit visit

- *Reporting of unplanned and deferred maintenance*
- *Maintenance of fixed asset register (FAR)*
- *Maintenance of fixed assets WIP schedule*
- *PPE additions - missing contract documentations*
- *Classification of "assets held for sale"*
- *Appropriateness of procurement process*
- *Project management improvements*
- *Keeping the interest register up to date*
- *Risk management*
- *Contract management*
- *Procurement Strategy and Policy*
- *Procurement and contract management practices*
- *Conflicts of interest policy*
- *Legislative compliance*
- *Sensitive expenditure policy review (including Mobile/PDA, credit card policy and sensitive expenditure policy)*
- *High annual leave balances*
- *Policy on deposits and bonds*
- *Collectability of rates debtors*
- *Fixed assets register reconciliations*
- *Depreciation*
- *Valuation of property, plant and equipment*
- *QA of contractor performance*

15 June 2016

Brendan Duffy
Mayor
Horowhenua District Council
Private Bag 4002
Levin 5540

Dear Brendan

Audit for the year ending 30 June 2016

I am writing to outline our arrangements for the audit of Horowhenua District Council for the year ending 30 June 2016. This letter has two main sections – an agreement to be signed, and details of the audit.

Agreement to be signed

On the next page is an agreement for you to sign. Your signature confirms that the details of the audit match your understanding of the arrangements for this year's audit.

Please sign and return one copy of the agreement, along with a copy of the details of the audit.

Details of the audit

Here we set out the proposed arrangements for this year's audit. This includes:

- business risks/issues and our audit response;
- areas of interest for all Councils; and
- logistics (such as our audit team, timing, and fees).

Additional information attached

We have attached three appendices for your information:

- Appendix 1: Additional information about the audit;
- Appendix 2: Areas of interest for all Local Authorities; and
- Appendix 3: Information we will need, with space for you to record who will take responsibility for providing this information and when it will be available.

Please take the time to read this document thoroughly before returning the signed agreement. If there are additional matters that should be included, or any matters requiring clarification, please contact me.

Yours sincerely

Debbie Perera

Audit Director

Agreement to be signed

I acknowledge that the details of the audit set out here are in keeping with my understanding of the arrangements for the audit.

Signed

Date

Brendan Duffy

Mayor

Details of the audit

1 Introduction

This document sets out the arrangements for the audit of Horowhenua District Council (the Council) for the year ending 30 June 2016. This includes:

- business risks/issues and our audit response;
- areas of interest for all Local Authorities; and
- logistics (such as our audit team, timing, and fees).

2 Your business risks/issues and our audit response

Based on the planning work and discussions that we have completed to date, we have identified what we consider to be the main business risks and issues facing the Council. Many of these risks and issues are relevant to the audit because they affect our ability to form an opinion on your financial statements. As part of the wider public sector audit, we are also required to be alert to issues of effectiveness and efficiency, waste and a lack of probity or financial prudence (as set out in the Audit Engagement Letter dated 14 August 2015).

The table below sets out the business risks and issues that we have identified in line with these requirements. The left-hand column describes these risks and issues. In the right-hand column, we describe how we plan to respond to these during the audit.

Your business issues	Our audit response
Service Performance Reporting	
<p>During 2014/15, we found issues with the reporting against the statement of service performance and the new mandatory performance measures which had been early adopted by the council.</p> <p>Several of the new mandatory performance measures were not able to be reported against due to lack of appropriate systems in place and insufficient evidence/information.</p> <p>We also found several areas in reporting where improvements could be made. The details of these were included in last year's management report</p>	<p>We will review the SSP performance information as part of our annual audit and follow up on recommendations made in the 2014/15 management report in regards to improvements to supporting documentation and systems used to record information.</p> <p>We will also follow up on the implementation of our recommendations and continue to encourage management to review the reporting on the Council's performance and ensure that the report provides a meaningful narrative as to what the Council has or has not achieved, and why.</p>

Your business issues	Our audit response
Property, plant and equipment	
<p>The Council periodically revalues its land and buildings and infrastructure assets. PBE IPSAS 17, Property, Plant and Equipment, requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>The Council needs to formally review whether a revaluation is needed this year for the asset classes that it is not proposing to revalue. It is important that you make this assessment at an early stage, to avoid the risk of this becoming a significant issue at a late stage of the audit. We expect that the Council will have done a comprehensive analysis to determine whether there is a significant variance between the fair value as at 30 June 2016 and the carrying value that would trigger the need for the Council to revalue.</p> <p>We note that Council is intending to revalue some of its assets classes in the 2016 financial year.</p>	<p>We will review the Council's assessment of whether there is any significant difference between the carrying amount and fair value of its assets on a revaluation cycle which have not been revalued.</p> <p>We will also review the revaluations of its assets that have been revalued and ensure that revaluations movements are correctly accounted for and supported. We will review the Council's explanations of variances between the latest and prior years' valuations for reasonableness.</p> <p>We intend to review the revaluations during our pre final visit in the week of 11 July 2016.</p>
Quality of the draft Annual Report and Work papers	
<p>The preparation and audit of the draft Annual Report is a significant and time-consuming process in the Council's calendar, and its content constantly subject to change as required by legislation.</p> <p>For the 2015/16 year we have agreed on an earlier timetable for the final audit of the accounts than in previous years. It is therefore important that the document presented for audit is complete and quality reviewed, including meaningful narrative explanations for variances against planned results and work papers are concise and follow the format described in appendix 3.</p> <p>We would expect the report to be to fully complete to the standard that it could be submitted for adoption by Council. This will allow the audit process to focus on the contents of the first draft without the expectation that many changes in values or narrative information will be necessary.</p>	<p>We will follow up on the implementation of our recommendations and continue to encourage management to ensure that the 2015/16 Annual Report is ready for our review in August and is subject to internal review before being provided to us.</p>

We will also follow up on progress made by the Council in its response to our previous recommendations.

Please tell us about any additional matters that we should be aware of as your auditor, and any specific significant business risks that we have not covered.

3 Our areas of interest for all Local Authorities

As part of our audit planning there are areas that are significant to the audit of all Local Authority clients as detailed below in appendix 2.

4 Auditor-General's work programme

4.1 Information

The Office of the Auditor-General 2016/17 work programme theme is Information. The theme is an area of interest because there is an expectation that public entities are making good use of the information they have to provide better public services, both now and in the future.

Investment to improve the information and technology systems supporting the collection, maintenance, and analysis of business critical information is enabling public entities to transform their service delivery in ways not previously possible.

The OAG has asked auditors to provide examples of significant improvements in information management over time in the use, analysis and/or management of information.

The OAG intend to use some of these examples in its information overview report and to build a collection of case studies that will be available to auditors and entities that are keen to understand and learn from what others are doing.

We will discuss with you whether there are any examples of the use, analysis and/or management of information. This may include examples of:

- significant improvements in the use and/or management of information;
- small improvements over a period of time;
- where Council is sharing information to collectively inform and join together activities;
- where Council is excelling in its sector, either by way of innovative solutions or technological advances; and/or
- how the Council keeps the information it holds secure.

5 Logistics

5.1 Our audit team

The Audit New Zealand staff involved in the audit are:

Debbie Perera	Audit Director
John Mackey	Engagement Quality Control Director
Fiona Elkington	Audit Manager
Gemma Holleron	Audit Supervisor
Robyn Dearlove	Information Systems Auditor
Jason Biggins	Tax Director

5.2 Important dates in the audit process

Our proposed timetable is:

	Date
Interim audit (SSP)	15 February 2016
Interim audit	11 April 2016
1 st Pre-final	20 June 2016
2 nd Pre-final (revaluation)	11 July 2016
Draft financial statements available for audit ¹	11 August 2016
Final audit begins	15 August 2016
Final financial statements available ² for audit	29 August 2016
Annual report ³ available for audit	19 September 2016
Verbal audit clearance given	23 September 2016
Audit opinion issued	5 October 2016
Draft final detailed management report issued	31 October 2016

5.3 Our interim audit visits

We carried out the interim audit during April 2016. During this visit, we focused on updating our understanding of the Council's internal control. This included reviewing the control environment, risk assessment processes and relevant aspects of information systems controls. We will use the results of this assessment to determine how much we can rely on the information produced from your systems during our final audit.

We will carry out a pre-final visit in the weeks of 20 June and 11 July 2016. The primary focus of these visits is to complete our testing and review over results being incorporated in the statement of service performance for the mandatory measures, complete as much of our end of year testing over key balances such as revenue, expenditure and fixed assets as possible. We will also review the revaluations performed over Council Infrastructure assets.

5.4 Our final audit visit

Our final audit is scheduled to start on 15 August 2016 and is expected to last two weeks. During this visit we will be auditing the balances, disclosures, and other information included in your financial statements.

¹ Financial statements (including notes to the financial statements) with actual year-end figures.

² Financial statements incorporating all the amendments agreed to between Council and Audit New Zealand.

³ Annual report, including any Chair's and Chief Executive's overview or reports.

5.5 Professional fees

Our audit fee estimate for the year ending 30 June 2016 is \$140,950 plus disbursements (GST exclusive). This is as agreed in the Audit Proposal Letter dated 14 August 2015.

The fee is an estimate and assumes that the expectations discussed in Appendix 1 will be met. If this does not occur, or the scope of the audit changes, we will discuss this further with you.

We propose to bill as follows:

	Amount
April	50,000
June	50,000
August	30,000
September	10,950
	<u>\$140,950</u>

To ensure we can complete the audit within the proposed time frame (see section 4.2) and agreed fee, it is critical that you make appropriate supporting documentation available to us on a timely basis. If this is not the case, it is likely to result in cost overruns, which we will seek to recover from you. To help you prepare for the audit, a schedule of the information that we will need for the audit is included in Appendix 3. A copy of the Appendix will be provided to management as well.

We will also send details of any information requirements for our pre-final visits to Council management in advance of our visit.

Appendix 1: Additional information about the audit

Our reporting protocols

Management reports

We will provide a draft of all management reports to management for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the Council.

Reporting of misstatements

We will include details of all uncorrected misstatements in our management report. Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of the Council's financial statements.

During the audit, we will provide details of any such misstatements we identify to an appropriate level of management. We will ask for each misstatement to be corrected in the Council's financial statements. Where management does not wish to correct a misstatement we will seek written representations from representatives of the Council's governing body that specify the reasons why the corrections will not be made.

Our expectations of you to enable an efficient audit

To enable us to carry out our audit efficiently within the proposed audit fee, we expect that:

- the Council will provide us with access to all relevant records and provide information in a timely manner;
- your staff will provide an appropriate level of assistance;
- the financial statements will be available at the start of the final audit, include all relevant disclosures, and be fully supported by a detailed workpaper file; and
- the annual report and financial statements (including the statement of service performance) will be subjected to appropriate levels of quality review before submission for audit.

Our audit fee is based on the assumption that we will review no more than two sets of the draft annual report, one printer's proof copy of the annual report, and one copy of the electronic version of the annual report for publication on the Council's website.

Using your internal auditors

Our approach will be to continue to liaise with your internal auditors to ensure appropriate co-ordination of effort. In keeping with the applicable auditing standard, ISA (NZ) 610, *Using the Work of Internal Auditors*, we will make a preliminary assessment of the internal audit function in terms of organisational status, scope, technical competence, and professional care.

If we determine from our preliminary assessment that the internal audit function could be relied on for external audit purposes then we will consider the internal audit work proposed or completed. We will then determine the extent to which we can use the internal audit work to supplement our audit work.

How we consider your compliance with statutory authority

As part of the Auditor-General's mandate, we carry out an audit of compliance with statutory authority. Our audit is limited to obtaining assurance that you have complied with certain laws and regulations that may directly affect the Council's financial statements or general accountability. Our audit does not cover all of the Council's requirements to comply with statutory authority.

Our approach to this aspect of the audit will mainly involve assessing the systems and procedures that are in place to ensure compliance with certain laws and regulations that we consider to be significant. We will also complete our own checklists covering the key requirements of significant legislation. In addition, we will remain alert for any instances of non-compliance that come to our attention. We will evaluate the relevance of any such non-compliance to our audit.

Appendix 2: Other areas of interest for all Local Authorities

As well as the risks and issues noted above in section 2, there are also a number of other concerns common to the Local Government sector. The table below outlines our areas of interest for this year's audit. The left hand column describes each matter and the reasons for our interest. In the right hand column, we describe how we plan to address each matter during the audit.

Areas of interest	Our audit response
Rates	
<p>Rates are the Council's primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA) in rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge. The Council should have appropriate processes in place to ensure this happens.</p> <p>Where issues or concerns arise, the Council should seek legal advice to ensure compliance with legislation of its rates and rating processes.</p>	<p>For 2016 we will again consider Council's compliance with aspects of the LGRA that materially impact on the financial statements. Principally this means a focus on the rates setting process – the consistency and completeness of the resolution and the Funding Impact Statement (FIS), and reviewing a sample of differentially set and/or targeted rates to assess whether the matters and factors used are consistent with the LGRA.</p> <p>We stress that our review of compliance with legislation is completed for the purposes of expressing our audit opinion. It is not, and should not be seen, as a comprehensive legal review. This is beyond the scope of the audit, and our expertise as auditors. The Council has responsibility for ensuring that it complies with applicable laws and regulations</p>
Electioneering	
<p>With the election in October the Council needs to be careful that the content of the annual report and summary annual report (as well as any other publications issued by Council) cannot be seen as electioneering.</p> <p>We encourage the Council to consider how it will manage the need to maintain ordinary business and continue to carry out its statutory responsibilities, while ensuring that its resources are not used, or perceived as being used, to give electoral advantage.</p>	<p>We will discuss how the Council plans to manage the risks associated with the election. We will also review the annual and summary reports to ensure they are appropriate if issued prior to the election.</p>

Areas of interest	Our audit response
Conflicts of interest	
<p>Conflicts of interest are an area of concern from two perspectives; probity and the potential for a conflict of interest that is not well managed to create significant legal and reputation risks. During 2007, the Office of the Auditor-General (OAG) published two sets of guidance for entities in this area.</p> <p><i>Managing conflicts of interest: guidance for public entities</i>, explains how to understand conflicts of interest in the public sector, and how to identify, disclose, and manage them. It also considers both the legal and ethical dimensions of conflicts of interest.</p> <p>The 2010 publication <i>Guidance for members of local authorities about the Local Authorities (Members' Interests) Act 1968</i> provides more specific guidance for Councillors. This is an updated version of previously published guidance about the legal requirements that apply to Council members in formal decision-making at meetings of their authority.</p> <p>The Local Authorities (Members' Interests) Act 1968 controls the making of contracts between Councillors and the Council and prevents Councillors from participating in Council matters in which they have a pecuniary interest.</p>	<p>While it is primarily the responsibility of the Council to identify and manage conflicts of interest, in the course of our usual audit work we will remain alert for conflicts of interest.</p> <p>If we identify particular risks related to the management of conflicts of interest, we may carry out further work to review the Council's systems and processes.</p>
Elected members – remuneration and allowance	
<p>The Local Government Act gives the Remuneration Authority responsibility for setting the remuneration of local government elected members. The Authority also has the role of approving a Local Authority's policy on allowances and expenses.</p> <p>Council's annual report must disclose the total remuneration received by or payable to each member of the local authority in the reporting period.⁴ A local authority must disclose remuneration paid or payable to each member from both the local authority and any Council organisation of the local authority.</p>	<p>We will assess the Council's compliance with the requirement to disclose the remuneration of each member of the local authority in the annual report against the relevant Local Government Elected Members Determination and any amendment to that Determination.</p>

⁴ Schedule 10, clause 18, Local Government Act 2002.

Areas of interest	Our audit response
Possible LTP amendments	
<p>Every proposed amendment must be audited. An amendment arises where Council proposes:</p> <ul style="list-style-type: none"> • a significant change to services levels [section 97 (1)(a)]; or • to transfer ownership of a strategic asset [section 97(1)(b)]; or • a significant change to the revenue and financing policy [section 103(4)]. 	<p>Council has already amended the LTP for the disposal of pensioner housing. We will remain alert for further possible amendments throughout the year. We will maintain contact with management and discuss potential amendments as they arise.</p>
Project management	
<p>Taking a project-managed approach is an important part of effectively controlling capital works, changes to key IT systems and the process of change more generally – whether that is change to service delivery, or change to the way the entity works.</p>	<p>We will review the Council's approach to project management and consider whether an adequate control framework is in place and operating effectively.</p>
Funding arrangements and procurement	
<p>The Auditor-General continues to have an interest in the appropriate management of funding arrangements and procurement throughout the public sector.</p> <p>The OAG has published two reports which are available on the OAG website:</p> <ul style="list-style-type: none"> • Public sector purchases, grants, and gifts: Managing funding arrangements with external parties; and • Procurement guidance for public entities. <p>More recently the Ministry of Business, Innovation and Employment issued the Government Rules of Sourcing including principles of government procurement, which came into force in October 2013. Agencies in the Public Sector are encouraged to apply the Rules as good practice.</p> <p>We recommend that Council's policies and procedures for funding arrangements and procurement be compared to the guidance provided in these reports.</p>	<p>We will follow up on whether the Council has updated its policies and guidance in line with both the OAG publications. We may also review whether procurement practices reflect Council policy and good practice.</p>

Areas of interest	Our audit response
Contract management	
<p>Contract management is an important component of procurement. Contract management includes the effective management and monitoring of the delivery of goods or services to the agreed levels. It is essential to ensuring that the Council obtains value for money from the contracts its procurement processes have put in place.</p> <p>Contract renewals provide opportunities for the Council to refresh contract expectations and deliverables to align to the LTP. This can also provide opportunities for efficiencies or other savings.</p>	<p>We will discuss the contract management process the Council has and consider whether there is appropriate management. Where we identify particular risks related to contract management we may carry out additional work to review the Council's policies, procedures or approach to contract management in practice.</p>
Information technology	
<p>The Council is dependent on its IT systems. The reliability of the IT systems, technology platforms, and associated controls is critical to maintaining the integrity of the Council's data and ensuring continuity of services to its customers. The integrity of the IT systems supports the timely reporting of a quality Annual Report.</p> <p>We understand that Council is continuing to implement changes and improvements to information technology systems and capability and reviewing how IT services should be delivered.</p>	<p>We will be completing a review of the Council's IT General Controls (ITGC), which will include:</p> <ul style="list-style-type: none"> • IT security (network and applications); • business continuity and IT disaster recovery; • change management; and • operations, problems and incident management. <p>We will also maintain an awareness of any planned or implemented initiatives and the impact these may have on the Council's processes and control environment.</p> <p>We will assess any impact such initiatives will have on our audit approach and requirements.</p> <p>To assist the audit team in performing their testing our IS auditors will perform data analysis on selected business processes, such as journals, and will performing testing on automated IT application controls.</p>
Risk management	
<p>Sound risk management processes help to minimise the impact of risks on the organisation.</p> <p>Where the Council has not identified risks, or has not put in place specific processes for managing these risks, the organisation remains exposed to the full impact of the particular risk.</p>	<p>We will ascertain whether the Council has, or is implementing a formal organisation-wide approach to risk management.</p> <p>We will perform a high level review of the broad approach taken and the processes in place.</p>

Areas of interest	Our audit response
Financial reporting disclosures	
Schedule 10 of the Local Government Act and the Local Government (Financial Reporting and Prudence) Regulations 2014 detail disclosures to be included in the Annual Report. Council should review these requirements to ensure all disclosures have been included in the annual report.	We will check that all the disclosures required by schedule 10 of the Local Government Act and the Local Government (Financial Reporting and Prudence) Regulations 2014 have been appropriately included in the Council's annual report.

Appendix 3: Information we will need

In the table below we have listed the information that we will need during the audit. It would be helpful if you could record in the table who will take responsibility for preparing this information and when you expect it to be available. This will help us to plan the audit.

Information we will need	Who is responsible	Date available
Pro-forma financial statements		
Financial statements (including the Statement of Service Performance) with last year's comparatives and the budget figures and performance measures in the proposed reporting format.		July 2016 or earlier
Draft financial statements		
A complete set of financial statements with all balances that agree to supporting 'leadsheets'. These should include the accounting policies, a Statement of Comprehensive Income, a Balance Sheet, a Statement of Cash Flows, and the notes to the accounts. A draft Statement of Service Performance.		8 August 2016
Final draft financial statements		
Financial statements incorporating all the amendments agreed to between the Council and Audit New Zealand.		29 August 2016
Annual report		
Annual report, including the Chair's and Chief Executive's overview or reports.		29 August 2016
General information		
Supporting schedules for all balances with figures for the current year, budget and last year, along with the dollar and percentage movement. Explanations for variances $\pm 10\%$ or \$50,000. Supporting schedules that agree to the general ledger and to the financial statements, with supporting documentation for any adjustments between the general ledger and the financial statements. Additional, more detailed, supporting schedules where balances are made up of a number of GL accounts providing the applicable GL code. This should clearly show which ledger account codes combine to form each individual figure in the financial statements. Workpapers clearly documenting how the figures in the Statement of Cash Flows were calculated.		15 August 2016

Information we will need	Who is responsible	Date available
<p>Reconciliation of all figures in the Statement of Cash Flows back to the Income Statement and Balance Sheet and supporting schedules.</p> <p>Copy of the trial balance.</p>		15 August 2016
<p>Minutes</p> <p>Council and sub-committee minutes for the year ending 30 June 2016 and all subsequent minutes up to the date the audit opinion is signed.</p>		Available at each audit visit
<p>Journals</p> <p>Listing of all journals entries for the year.</p>		15 August 2016
<p>Cost allocation</p> <p>Supporting schedule showing total expenditure by activity.</p> <p>Report showing allocation of costs to each activity.</p> <p>Description of methodology used for allocating costs to the activities.</p> <p>Details of any changes to cost drivers or “pre-determined rates”:</p> <ul style="list-style-type: none"> • between this year and last year; and • during this year. 		15 August 2016
<p>Cash and bank</p> <p>List of all bank accounts and bank numbers.</p> <p>List of authorised cheque signatories as issued to the banks identified above.</p> <p>Bank account reconciliations to 30 June 2016 including:</p> <ul style="list-style-type: none"> • schedule of unpresented cheques and/or unprocessed direct payments; • schedule of deposits in transit; and • schedule of any other unreconciled items and an explanation of how they have been accounted for.. <p>Confirmation of any other bank arrangements.</p> <p>Details of last cheque issued and last deposit made for the year.</p> <p>Details of the first cheque issued and first deposit made for the new financial year.</p> <p>Approved banking policies.</p>		15 August 2016

Information we will need	Who is responsible	Date available
All journal entries posted to account for any revaluation.		
<p>Creditors, accruals and provisions</p> <p>Complete listing of creditors, accruals and provisions as at 30 June 2016. Supporting documentation for all creditors, accruals and provisions over \$20,000. Reconciliation of creditors, accruals and provisions control to the general ledger.</p>		15 August 2016
<p>Term debt</p> <p>Listing of all term loans outstanding as at 30 June 2016. Details should include balances outstanding at year-end, effective interest rates and interest costs.</p>		15 August 2016
<p>Debenture Trust</p> <p>Most recent debenture trust deed. Reporting certificate as at 30 June 2016 Confirmation of any events of default during the financial year.</p>		July 2016
<p>Suspense accounts</p> <p>Reconciliation of all suspense accounts.</p>		15 August 2016
<p>Equity</p> <p>Supporting documentation for any movement in equity not attributable to the net surplus or deficit.</p>		15 August 2016
<p>Commitments</p> <p>Schedule of commitments at 30 June 2016. Supporting documentation for all commitments.</p>		15 August 2016
<p>Contingencies</p> <p>Schedule of all contingencies and guarantees at 30 June 2016. Supporting documentation for all individual items. Names, addresses of all solicitors/barristers used by the Council and description of matter and estimate of the financial settlement. (A legal letter template to be provided by us).</p>		15 August 2016
<p>Tax</p> <p>GST returns to 30 June 2016. A reconciliation of the balance of GST payable in the general ledger to the last GST return. The current year tax calculation, deferred tax proof, and supporting work papers</p>		15 August 2016

Information we will need	Who is responsible	Date available
<p>The latest IRD statement of account for income tax (if any). All tax advice, binding ruling applications, tax compliance reports, and IRD correspondence.</p>		
<p>Revenue</p> <p>A reconciliation of general ledger to financial statements.</p> <p>Explanations for variances greater than 10% and \$50,000 when the figure is compared to the previous year and budget.</p>		15 August 2016
<p>Development contributions</p> <p>Listing of development contributions recognised as revenue for the year ended 30 June 2016.</p> <p>Supporting documentation for all development contributions revenue greater than \$50K.</p>		15 August 2016
<p>Expenditure</p> <p>A reconciliation of general ledger to the financial statements.</p> <p>A reconciliation of lease/rental charges to lease agreements.</p> <p>A listing of the fees paid and/or payable to each member of the Council for the year.</p> <p>A listing of expenses incurred by, or on behalf of, Council members during the year (by member).</p> <p>For all general ledger balances, a comparison (with explanations of variances greater than \$50,000 or 10%.) of the actual expenditure for this year against:</p> <ul style="list-style-type: none"> • the budget for this year; and • actual for the previous year. 		15 August 2016
<p>Payroll</p> <p>A reconciliation of the payroll system and the general ledger for the year.</p> <p>Breakdown of the financial statements figure into the various ledger balances.</p> <p>Schedule of any major changes and effective date, for example, wage increases since the last audit.</p> <p>Listing, generated from the payroll system, of new employees and employees who have left, and all performance, redundancy and severance payments.</p> <p>Schedules/workpapers supporting annual, retirement, and long service leave accruals (reconciled to the general ledger and the financial statements).</p> <p>Listing of all bonuses paid during the year.</p>		15 August 2016

Information we will need	Who is responsible	Date available
Service performance reporting Evidence to support the reported results for each performance target in the Statement of Service Performance. Explanations for significant variances by activity.		15 August 2016
Compliance with statutory authority Details of the compliance systems and any changes since the last audit.		15 August 2016

Draft Annual Report and Pre-election Report

File No.: 16/418

1. Purpose

This report presents the Draft Annual Report as used for the Pre-election report to the Subcommittee for the Members perusal. It comments on the major variances that in reality summarises the variance analysis contained in the normal June financial report.

2. Recommendation

- 2.1 That Report 16/418 Draft Annual Report and Pre-election Report 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. Background/Previous Council Decisions

The Draft Annual Report has not been finalised, nor has it been audited. It is therefore subject to change post audit. The final Annual Report is to be available for adoption at Council's meeting of 5 October 2016. Annual reports are required to be adopted by 31 October each year.

4. Issues for Consideration

The main item that has not been included in the Draft Annual Report is the revaluations of Infrastructural assets. These have not been finalised as yet and may not be included as the increase in valuations may not be material enough to warrant the extra cost of audit as well as ensuring the timeliness of the process in meeting our deadlines.

Council's financial performance;

Council shows a deficit of \$667k against a budget surplus of \$1.595m. The surplus was as a result of forecasting \$2.2m in third party income (public donations and grants) to be used to cover the capital expenditure for the Te Awahou – Nieuwe Stroom project in Foxton.

The Financial Strategy (on page 160 of the 2015/25 LTP) pointed out this fact and explained that as this "income" was not in the nature of operational income, in that it cannot be spent on funding operational expenditure, the Council in fact was facing an operational deficit of \$675k.

Council has only been able to recognise \$375k of the \$2.2m forecast, creating a \$1.895m shortfall.

The main theme from the financial strategy was that council was facing 3 years of such deficits. These deficits mainly arise from underfunding depreciation. This depreciation funding is used for debt repayments and asset replacements (commonly called asset renewals). Council was facing an increasing requirement to renew assets without the rate (and other) operational funding required to do so. If rates increases were not achieved over the first 3 years of the LTP council would have either borrowed more or reduced the asset renewal expenditure that was need to maintain the level of service required.

Council shows 99.64% against a target of 100% for the Balanced Budget prudential bench mark, only slightly lower than the 97.9% predicted for the 2015/16 financial year if the capital subsidies for Te Awahou were excluded.

Council has met all the other prudential benchmarks.

Other variances were;

- If the shortfall in capital subsidies had not occurred Council would have been \$159k above the budgeted operation income.
- Activity expenditure was within \$46k of the budget
- External interest was \$206 less than budget due to the favorable interest rates during the year.
- However, these same interest rates created a valuation loss of \$1.1m on derivatives (swaps).
- However, even with the swaps Council's cost of funds on borrowing was 4.61% at 3 June down from 5.15% at the same time last year.
- Development Contributions of \$381k (unbudgeted) were received mainly from the sale of Forbes Road subdivision sections and from debts collected.

Financial Position

Council ended the year with \$65m in term debt (loans). This is down \$11m from the \$76m predicted in the LTP. This is as a result of the delayed capital expenditure of such new assets as the Foxton Wastewater, Levin water clarifier and Foxton Main street upgrade.

Council has since borrowed \$5m to cover the capital expenditure paid for in July (part of the payables figure of \$11m in Current liabilities) as well as pre-funding the loan repayment of \$2m due on 16 August. After this loan repayment occurs Council's debt will be \$68m which is what was forecast as the opening debt position for the 2016/17 Annual Plan.

This \$5m of extra borrowing in July was for a LGFA Bond maturing on 15/7/2026 at an interest rate of 3.37%. This has lowered our average interest rate to 4.52% from the 4.61% disclosed in the June monthly Financial Report. The Funding Impact statement shows the need for this \$3m borrowing, as a decrease in reserves (\$2.998m) (in reality a pending decrease in the bank balance in July).

Pre-election Report

The pre-election report, which contains the same draft financial information as the attached draft annual report, will be circulated to Members prior to the meeting. The pre-election report is produced by the Chief Executives of every local authority for publication on 1 August to inform the public and potential candidates about Council's affairs, especially looking forward. The report is provided for the Subcommittee's information.

Attachments


No.	Title	Page
A	Draft Annual Report 2015/16 for FAR	144
B	Pre-election Report (<i>Under Separate Cover</i>)	


Confirmation of statutory compliance

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

- containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- 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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Statement of Financial Position
As at 30 June 2016

ASSETS	Council Actual \$ 30 June 2016 \$000	Council Budget \$ 30 June 2016 \$000	Council Actual \$ 30 June 2015 \$000
Current assets			
Cash and cash equivalents	7,411	6,536	7,856
Debtors and other receivables	5,883	6,481	5,381
Other financial assets	350	10	470
Non-current assets held for sale	285	393	475
Total current assets	13,929	13,420	14,182
Non-current assets			
Operational assets	43,512	45,068	42,492
Infrastructural Assets	394,517	402,884	386,465
Restricted assets	38,516	41,055	39,293
Intangible assets	1,737	1,672	1,680
Forestry assets	952	680	911
Commercial property	5,926	3,946	5,706
<i>Other financial assets:</i>			
other similar entities	1,921	2,042	1,790
- Investment in other entities	-	116	-
Total non-current assets	487,081	497,463	478,337
Total assets	501,011	510,883	492,519
LIABILITIES			
Current liabilities			
Payables and deferred revenue	11,431	8,441	8,070
Provisions	940	1,003	997
Employee benefit liabilities	903	585	1,004
Borrowings	16,000	-	2,000
Total current liabilities	29,274	10,029	12,071
Non-current liabilities			
Provisions	2,240	2,991	2,068
Employee benefit liabilities	178	224	178
Borrowings	49,000	76,153	58,000
Other	2,419	-	1,634
Total non-current liabilities	53,837	79,368	61,880
Total liabilities	83,111	89,397	73,951
NET ASSETS	417,899	421,486	418,568
EQUITY			
Retained earnings	263,504	267,349	264,909
Revaluation reserves	147,447	147,447	147,449
Other reserves	6,948	6,690	6,210
Total equity	417,899	421,486	418,568
Total equity attributable to:			
Horowhenua District Council	417,899	421,486	418,568
Total equity	417,899	421,486	418,568

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2016

	Council	Council	Council
	Actual \$	Budget \$	Actual \$
	30 June 2016	30 June 2016	30 June 2015
	\$000	\$000	\$000
Revenue			
Rates	33,411	33,300	30,994
Interest revenue	127	150	221
Grants and subsidies	3,578	5,479	2,232
Fees and charges	5,283	4,880	4,896
Other Income	2,905	2,643	2,739
Vested Assets	100	-	66
Development Contributions	381	-	344
Gain (loss) at fair value (Forestry)	42	15	275
Gain on Commercial Land and Buildings revaluations	216	127	-
Fair Value Revaluation Gain -Financial assets	-	-	-
Gain on disposal of assets	156	180	641
Total Income	46,199	46,774	42,408
Expenditure			
Employee benefit expenses	9,529	9,382	8,338
Depreciation and amortisation	11,515	11,619	11,483
Finance costs	4,087	3,192	3,487
Loss on disposal of assets	183	-	209
Loss on Commercial Land and Buildings revaluations	-	-	59
Loss on land and buildings revaluation	-	-	-
Present Value for Community Loans	-	-	-
Increase(decrease) in Landfill Provision	115	95	125
Other Expenses	21,437	20,891	21,658
Total Expenses	46,866	45,179	45,359
Operating Surplus / (deficit) before taxation	(667)	1,595	(2,951)
Income Tax Expense	-	-	-
Operating Surplus (deficit) after taxation	(667)	1,595	(2,951)
<i>Surplus/(deficit) attributable to:</i>			
Horowhenua District Council	(667)	1,595	(2,951)
Other comprehensive income			
Non operating income			
Loss on infrastructural assets revaluations	-	-	-
Gain on restricted assets revaluation	-	-	-
Total Net Other Comprehensive Income for	-	-	-
Total Comprehensive income(deficit) for the year	(667)	1,595	(2,951)
<i>Total comprehensive income attributable to:</i>			
Horowhenua District Council	(667)	1,595	(2,951)

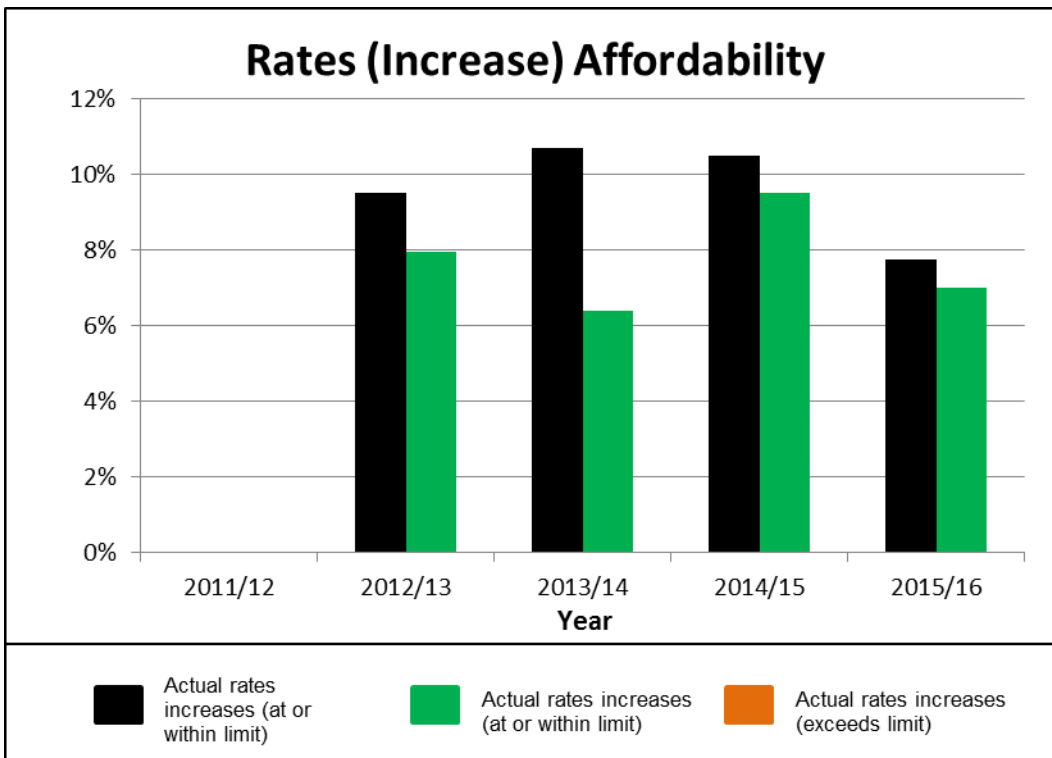
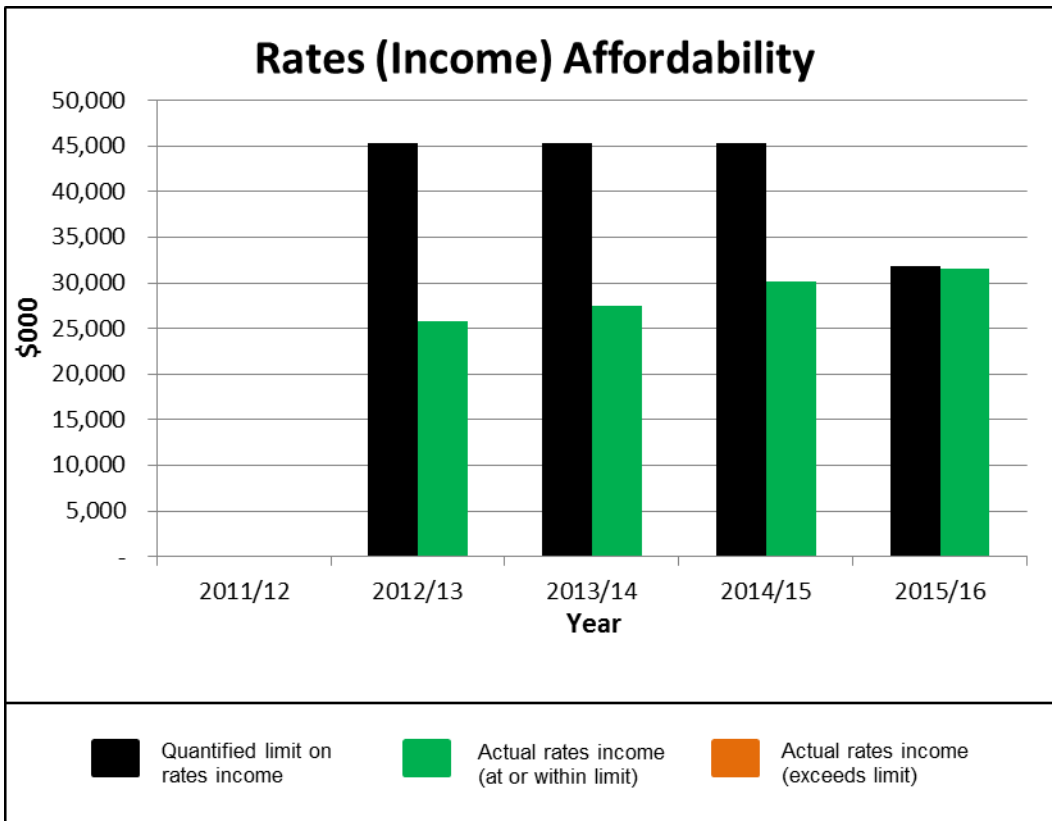
Statement of Changes In Equity

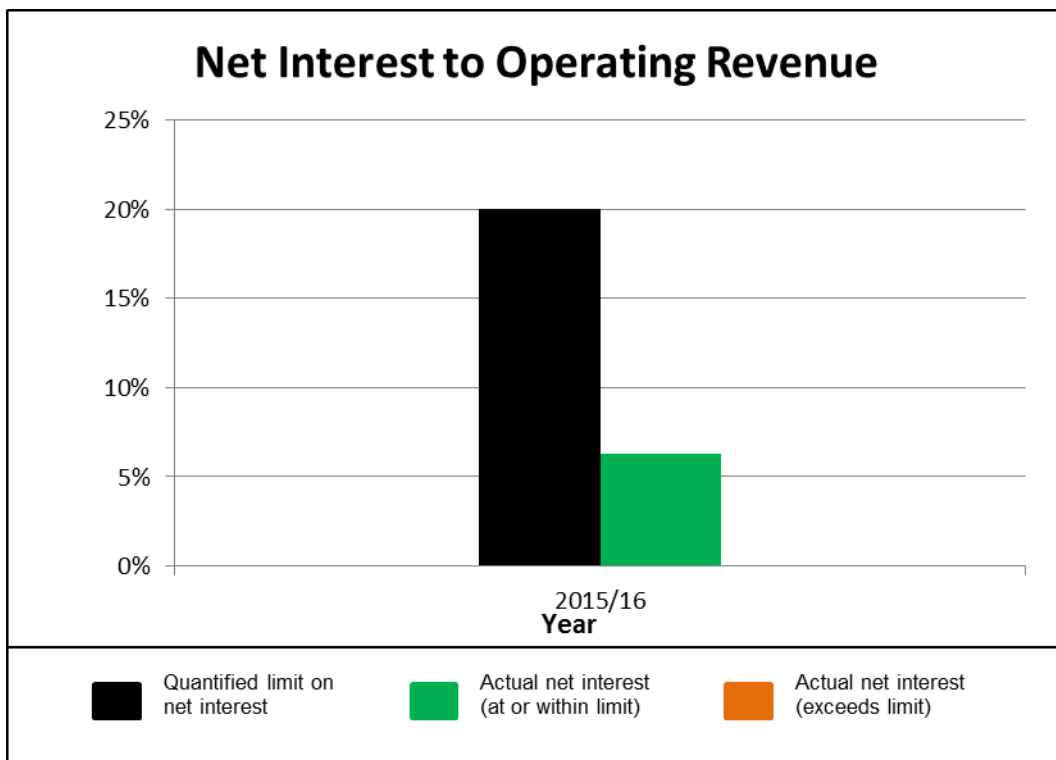
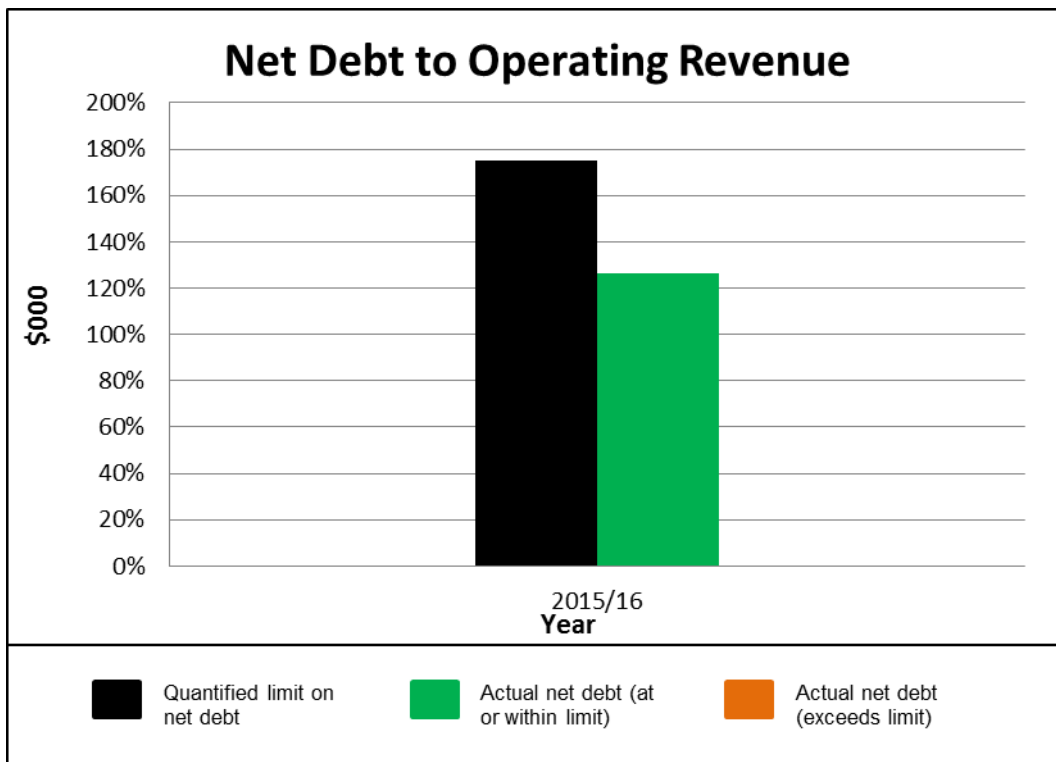
	Council Actual \$ 30 June 2016 \$000	Council Budget \$ 30 June 2016 \$000	Council Actual \$ 30 June 2015 \$000
Equity at 1 July	418,568	419,891	421,519
Total Comprehensive Income/(deficit)	(667)	1,595	(2,951)
Total Recognised Revenues and Expenses for the period	(667)	1,595	(2,951)
Equity at 30 June	417,901	421,486	418,568
<i>Total comprehensive income attributable to:</i>			
Horowhenua District Council	(667)	1,595	(2,951)
Equity at 30 June	(667)	1,595	(2,951)

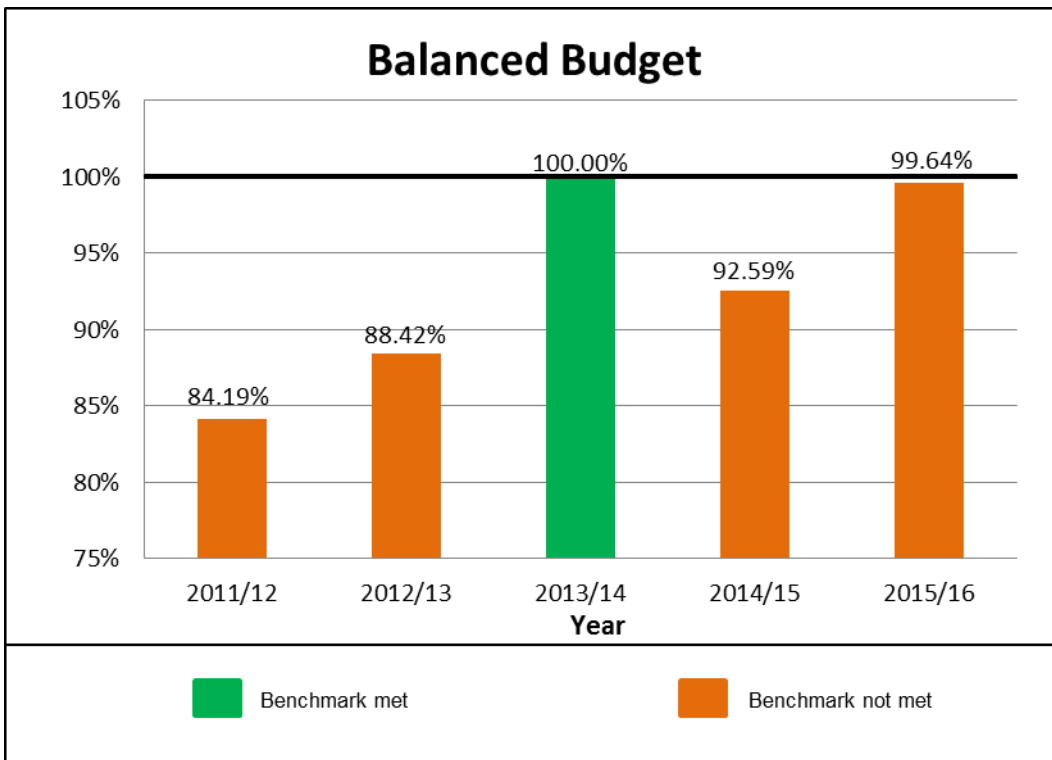
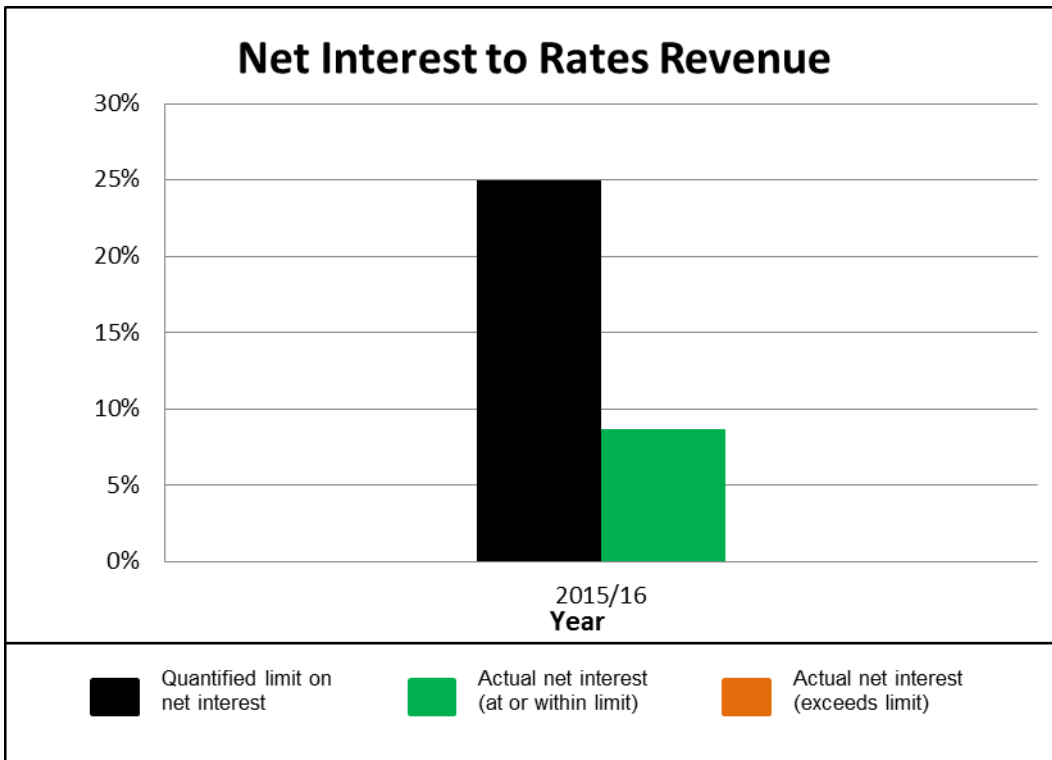
Funding Impact Statement for Whole of Council

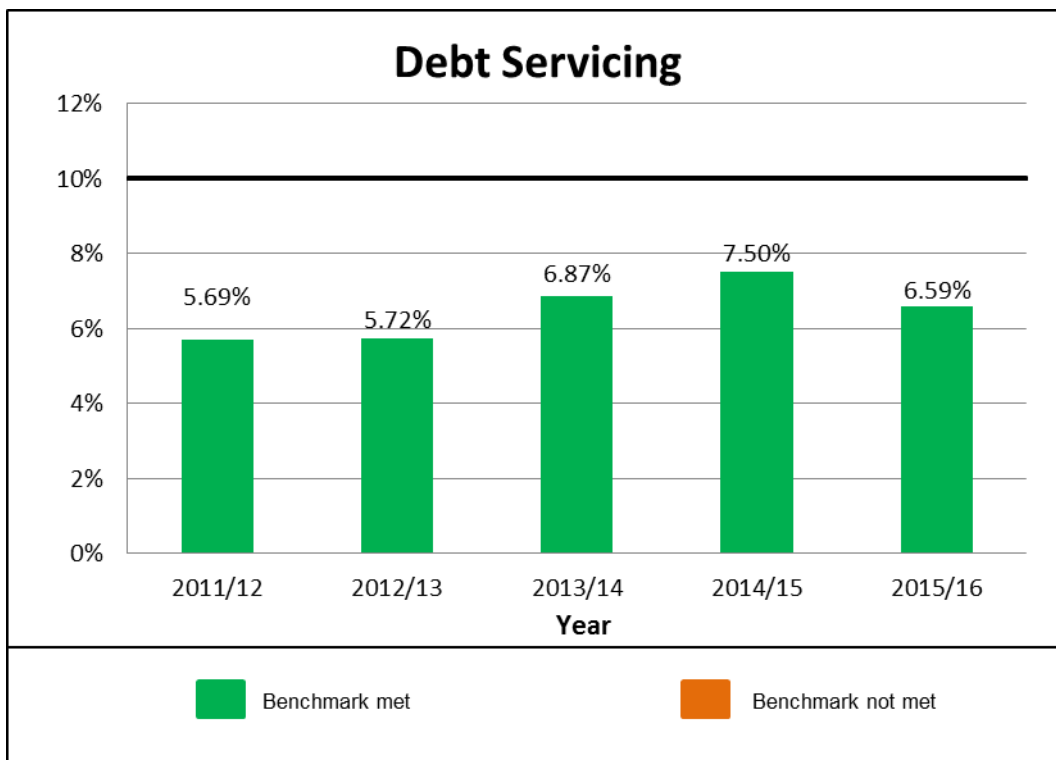
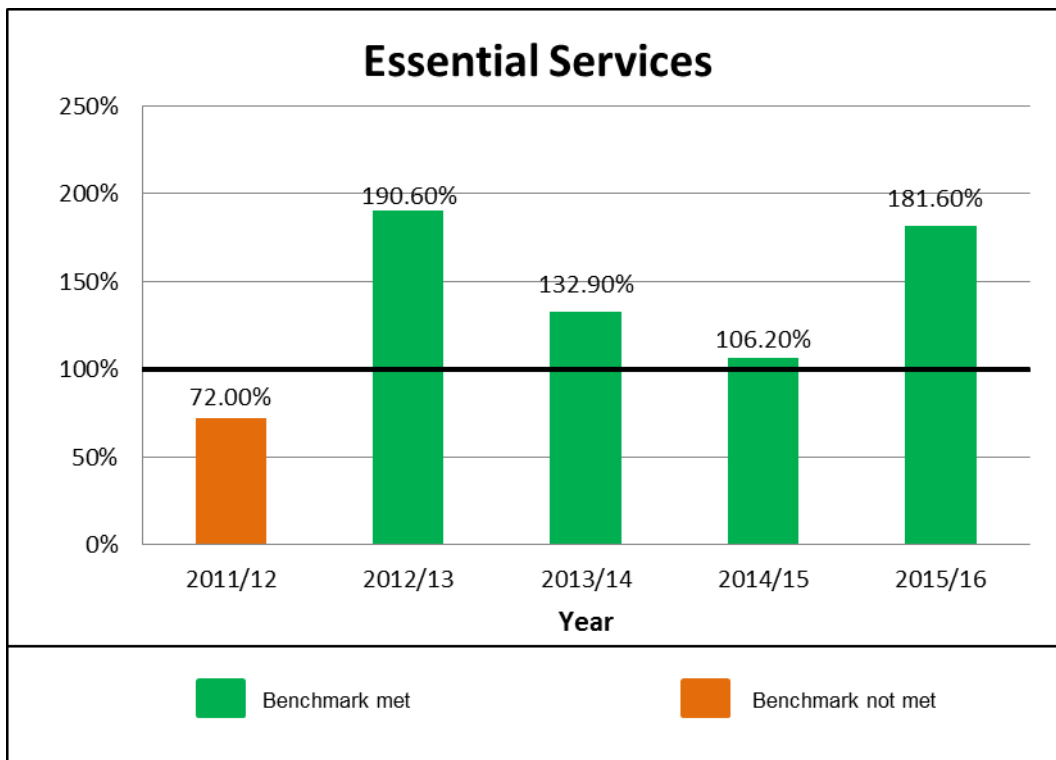
Funding impact statement for the year ended 30 June 2016 (whole of council)

	Annual Report 2015 \$000	Annual Plan Forecast 2015 \$000	LTP Forecast 2015 \$000	Annual Plan Forecast 2016 \$000	Actual 2016 \$000	Variance 2016 \$000
Sources of Operating Funding						
General rates, uniform annual general charges, rates penalties	8,310	8,394	7,619	8,824	8,865	41
Targeted rates	22,684	22,702	23,454	24,476	24,546	70
Subsidies and grants for operating purposes	1,174	947	1,017	1,511	1,530	19
Fees and charges	4,831	5,053	5,338	4,880	5,283	403
Interest and dividends from investments	222	96	102	150	127	(23)
Local authorities fuel tax, fines, infringement fees, and other receipts	2,802	2,791	2,534	2,643	2,903	260
Total Operating Funding (A)	40,023	39,983	40,064	42,484	43,254	770
Applications of Operating Funding						
Payments to staff and suppliers	29,996	29,708	29,647	30,272	30,968	696
Finance Costs	3,487	3,405	3,234	3,300	2,986	(314)
Other operating funding applications	-	-	-	-	-	-
Total applications of operating funding (B)	33,483	33,113	32,881	33,572	33,954	382
Surplus (deficit) of operating funding (A - B)	6,540	6,870	7,183	8,912	9,300	388
Sources of capital funding						
Subsidies and grants for capital expenditure	1,059	1,088	1,087	3,968	2,050	(1,918)
Development and financial contributions	344	646	1,461	-	381	381
Increase (decrease) in debt	3,250	20,898	8,446	16,153	5,000	(11,153)
Gross proceeds from sale of assets	1,909	474	1,349	640	1,385	745
Other dedicated capital funding	-	-	-	-	-	-
Total sources of capital funding (C)	6,562	23,106	12,343	20,761	8,816	(11,945)
Applications of capital funding						
Capital expenditure						
- to meet additional demand	471	3,568	2,860	2,347	1,273	(1,074)
- to improve the level of service	5,122	16,861	10,460	16,270	10,049	(6,221)
- to replace existing assets	6,460	9,285	6,925	12,800	9,661	(3,139)
Increase (decrease) in reserves	910	-	-	-	(2,998)	(2,998)
Increase (decrease) of investments	139	262	(719)	(1,744)	131	1,875
Total applications of capital funding (D)	13,102	29,976	19,526	29,673	18,116	(11,557)
Surplus (deficit) of capital funding (C - D)	(6,540)	(6,870)	(7,183)	(8,912)	(9,300)	(388)
Funding Balance ((A-B)+(C-D))	-	-	-	-	-	-
Depreciation	11,483	12,518	13,177	11,619	11,515	(104)









Health and Safety - Reporting to Elected Members

File No.: 16/394

1. Purpose

The purpose of this report is to inform Elected Members of Council's intention and parameters in which health and safety information will be reported to the Finance, Audit and Risk Subcommittee going forward.

2. Recommendation

- 2.1 That Report 16/394 on Health and Safety - Reporting to Elected Members 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. Background/Previous Council Decisions

- 3.1 With the new legislation now firmly in place, greater due diligence is placed on the role of governance in relation to health and safety in organisations, including Councils. Prior to the legislation coming into force as of 4 April 2016, there was some debate about whether or not Elected Members were considered 'Officers' under the Health and Safety at Work Act, 2015 (HSWA). We can now confirm that according to the HSWA, an Officer is someone who has sufficient authority to make governance decisions that affect a whole or substantial part of the business, therefore this includes Elected Members and the Chief Executive.
- 3.2 Under the HSWA, an Officer must exercise due diligence to make sure that the PCBU (Person Conducting Business or Undertaking) complies with its health and safety duties. While the Act does not intend for this to be at the day-to-day management of health and safety, it is important that our Elected Members are aware at a high level. Council believes the best way for this to occur is through quarterly updates through the Finance, Audit and Risk Subcommittee.

4. Issues for Consideration

- Under the 'Health and Safety Guide: Good Governance for Directors' (Institute for Directors, WorkSafe NZ, March 2016), it states that *"it is important to distinguish between governance and management practices. Officers [Governance] should focus on determining the organisation's purpose, developing an effective governance culture, holding management to account and ensuring effective compliance."*
- Council recently held the Lower North Island Local Government Health and Safety Forum where legal firm Simpson Grierson's Samantha Turner (Partner), presented about reporting to Elected Members. A similar presentation was also given at the LGNZ / SOLGM Health and Safety Roadshow in February 2016, where some of Council's Elected Members attended. A copy of the forum's presentation is attached. Of particular note is the information relating to due diligence obligations of Officers. Specifically, these are;
 - Keeping up to date with health and safety matters
 - Understanding the nature of the business and its hazards and risks
 - Ensuring the person running the business has appropriate resources and processes to manage risks to health and safety
 - Ensuring there are appropriate reporting and investigation processes in place
 - Ensuring the PCBU has and implements processes for complying with the Act (monitor)
 - Verify (Ensuring process is in place to verify use of resources and processes such as audits, benchmarking, safety observations, and peer reviews)

- As previously stated, it is Council's intention that regular reporting to the Finance, Audit and Risk Subcommittee occurs in order for Officers to be able to ensure they are able to undertake their due diligence obligations. These written updates will include a high level outline of health and safety statistics; Council's health and safety objectives; information about actions taken by the Health and Safety Committee around continuous improvement of health and safety practices and processes at Horowhenua District Council; outcomes of external health and safety audits; any significant matters arising; an overview of the hazards and risks associated with Council operations; and, a copy of the Health and Safety Committee's Annual Calendar (outlining actions and reviews to be undertaken – see attached for current calendar).

Reporting will not include operational day-to-day detail and statistics will be at a high level to maintain privacy of individuals.

- It is also Council's intention that Health and Safety training for Elected Members be provided in order to ensure that there is full understanding of what is required in the role of an Officer.
- Council is currently working hard to prepare for the ACC Workplace Safety Management Practices (WSMP) external audit. As a result, there has been significant time investment in the last twelve months to review and greatly improve Council's health and safety practices. It is envisioned that this external audit will occur in August or September. The results of this audit will be shared with the Finance, Audit and Risk Subcommittee.
- Council has also led the MW LASS Health and Safety Project, which resulted in the appointment of a shared resource amongst six of the seven member Councils. This resource is the 'Health and Safety Project Leader' and is actively aiding each Council to ensure that their health and safety policies, practices, and procedures are meeting legislative requirements.

Attachments



No.	Title	Page
A	Horowhenua District Council - Health and Safety Planning Calendar: 2016 - 2018	155
B	H&S - Resources & Info - Simpson Grierson - Reporting to Elected Members Presentation - 31 May 2016	161

Confirmation of statutory compliance

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

- containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- 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)	Meredith Blacklet Senior Manager - People & Capability	
Approved by	David Clapperton Chief Executive	

Horowhenua District Council - Health and Safety Planning Calendar: 2016 - 2018

Month	Activity	Responsible	Who needs to be involved or advised?	Comments	Status
January	H&S Aquatics Internal Review – DOC & self audit	Aquatics	Ves,		Completed
February	H&S Aquatics Internal Review – DOC & External Audit	Aquatics	Ves, & outside Auditor		Completed
	H&S Aquatics SOPs Review - All SOPs all areas	Aquatics	Ves, Sylvie		
March	WSMP audit	MW LASS H&S Leader & staff	Overseen by Senior Mgr. People & Capability and Chairperson H&S Committee	Full gap analysis audit undertaken. Reported to Leadership Team on 21 st March.	Completed and recommendations accepted.
April	H&S Aquatics Internal Review – External Audit Results	Aquatics	Ves,	Pool Safe Certificates Received expires 2017	Completed – Pool Safe Certificates Received expires 2017
	H&S Manual Review - Introduction & policy (pages 2 – 5) - Roles & Responsibilities (pages 6 – 10) - Public Safety (page 31)	H&S Comm/Snr Mgr. People & Capability/H&S Project Leader	Chelsea, Sheryl, Shaun (Public safety)	Update against new legislation and WorkSafe guidelines	Draft worked on by H&S Committee April 2016 Completed (Pages 2 to 10) 2/5/2016
	Objective setting (what are our H&S objectives for the next two years) - Adopt and get LT sign off	H&S Comm	H&S Committee	To discuss the objectives and agreed upon by H&S Committee and then signed off by LT	
	Review reporting to LT of H&S - Ensure an annual report available (consolidated report)	Snr Mgr. People & Capability			

Month	Activity	Responsible	Who needs to be involved or advised?	Comments	Status
	Invite PSA Rep (Dolly Larkins) to a H&S Committee meeting	Snr Mgr. People & Capability	Email to CC Stephanie Brizzle, Noel Hodson, Debra Key	E-mail received and very positive response being kept as evidence	Done and accepted. E-mail sent to Union and reply received.
May	Develop/format Appendix (1) Approved Internal/External Trainers List & Appendix (2) Health & safety Representatives and First Aiders.	H&S Comm/Snr Mgr. People & Capability/H&S Project Leader	Everyone to ID people for this list	Remove from body of H&S Manual and establish Appendix at back of manual. This will allow for updating on an as need basis without affecting the H&S manual pages.	Completed 3 May 2016 Now at back of H&S Manual
	H&S Manual Review - Hazard (risk) identification (pages 16 – 18 & 32)	H&S Comm	Chelsea, Stephanie		Completed 3 May 2016
	H&S Aquatics SOPs Review Rename to SOPs instead of manual (link to HDC H&S manual)	Aquatics	Ves, Sylvie	Ves has reviewed all SOPs for Levin and Foxton and they are currently under review	Review of doc's underway 15/6/2016
	Electrical Checking - Get report from a Contractor from most recent checks – add to TRIM	H&S Comm	Ann Clark, Ves, Sheryl	Check for schedule of when checks are due (6mths or 5 yearly?). Contractor will have schedule. Check against it.	
	Observation audits of HDC areas - Council main building - Aquatics (pools x 2) - Pound - Ensure all information is on hazard/risk register	H&S Comm	Mick, Stephanie, Christele	Use checklists for the various areas to identify such things as cabinets being screwed to wall, trip hazards etc.	Completed audits being typed up. 30/5/2016

Month	Activity	Responsible	Who needs to be involved or advised?	Comments	Status
	Audit H&S in meetings <ul style="list-style-type: none"> - Audit frequency of H&S Committee meetings - Departmental minutes or diary notes (i.e. Infrastructure Services) - All Staff meetings (ensure it is a standard item and show evidence) 	H&S Comm	Cathryn, Meredith, Chelsea	Create template for all teams to use and after meetings for H&S Rep to save into TRIM.	
June	H&S Manual Review <ul style="list-style-type: none"> - Contract Management (pages 19 – 22) - Emergency procedures (pages 27 – 30) 	H&S Comm	Shaun, Mick, Mike Lepper, Ann Clark		Completed 4 May 2016
	WSMP preparation sprint – Elements 1/2/6 June 14/15	H&S Comm/Snr Mgr. People & Capability/H&S Project Leader	Health & Safety Committee as and when required	Manual evidence against WSMP standard	Completed 15/16 June 2016
	H&S Aquatics SOPs Review <ul style="list-style-type: none"> - All SOPs all areas 	Aquatics	Ves, Sylvie	Ves has reviewed all SOPs and update all areas	Current under review.
	WSMP preparation sprint – Elements 3 (50% to do) 4/5/7/8 June July 14 /15	Snr Mgr. P&C / MW LASS H&S Leader	Health & Safety Committee as and when required		
	WSMP preparation sprint – Elements 4,5,6 June 13 - 15	Snr Mgr. P&C / MW LASS H&S Leader	Health & Safety Committee as and when required		
	Health & Safety Committee Elections	Chairperson	Leadership Team /	Demonstrate that staff have been	

Month	Activity	Responsible	Who needs to be involved or advised?	Comments	Status	
		H&S Committee / Snr Mgr. P&C	Managers / Staff	given an opportunity to pick their representatives on the H&S Committee Involve PSA. Look at rotation of Chairperson role.		
July	WSMP preparation sprint – Elements 3 (50% to do) 4/5/7/8 June July 14 /15	Snr Mgr. P&C / MW LASS H&S Leader	Health & Safety Committee as and when required	Finish evidence checking against WSMP std.		
	H&S Manual Review <ul style="list-style-type: none"> - Accident recording & investigation (pages 24 – 26) - Information, Training & Supervision (pages 11 – 13) - Safety Equipment Needs (page 14) - Recognition & Innovation (page 15) 	H&S Comm	Chelsea, Meredith, Christele	Develop template for investigating incidents / accidents that includes environment, people, equipment	Completed 3 May 2016	
	Review WSMP preparation 14 - 15 July	Snr Mgr. P&C / MW LASS H&S Leader				
	Run focus groups x 2 (staff / management) based on their knowledge of health and safety 14 – 15 July	Snr Mgr. P&C / MW LASS H&S Leader	H&S committee to identify participants	Identify between 5 – 8 people for each group (must have one H&S Rep and one PSA Rep).		
August	Review of systems and contract deliveries over following months					
	Apply for accreditation WSMP	Snr Mgr. P&C / MW LASS H&S	Inform Staff / Leadership Team / CEO / Audit &			

Month	Activity	Responsible	Who needs to be involved or advised?	Comments	Status
		Leader	Risk Committee		
September	Review of systems and contract deliveries over following months	H&S Comm			
October	Review of systems and contract deliveries over following months	H&S Comm			
November	Review of systems and contract deliveries over following months	H&S Comm			
December	Review of systems and contract deliveries over following months	H&S Comm			
January	Review of systems and contract deliveries over following months	H&S Comm			
February	Review of systems and contract deliveries over following months	H&S Comm			

Health and Safety Forum

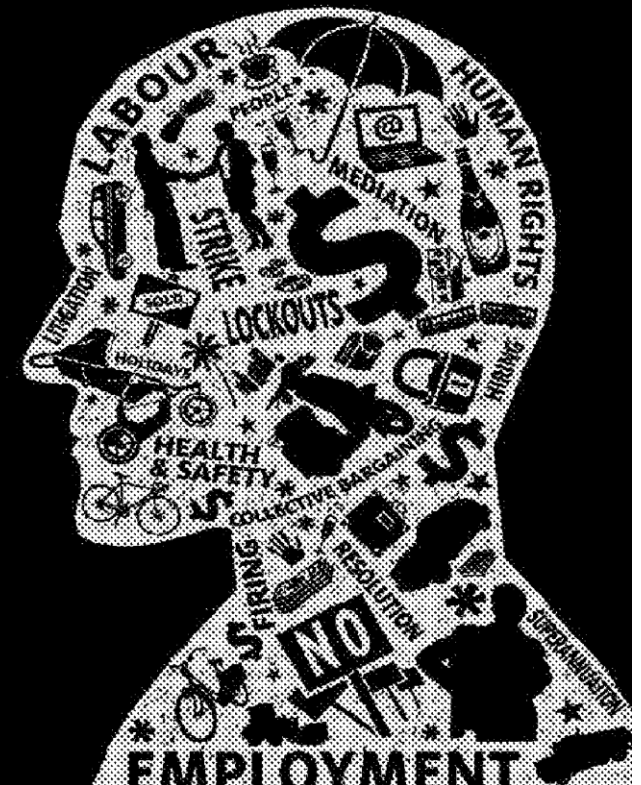
Health and Safety at Work Act 2015 – Reporting to elected members

31 May 2016



Samantha Turner
Partner

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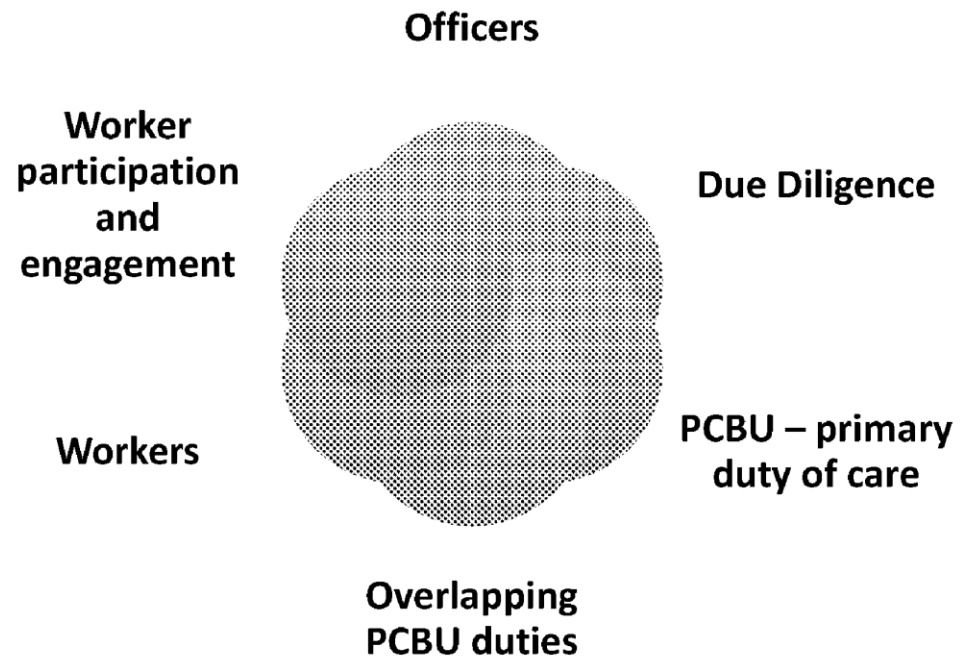


Topics

- Key terms
- Who are the officers?
- What does due diligence look like in practice?
- Reporting to elected members



Key terms



PCBU

Person conducting a
business or undertaking



Duties of a PCBU

- Primary duty of care is to ensure so far as is reasonably practicable
 - The H&S of workers (a wider group than just employees) who work for the PCBU
 - The H&S of workers whose activities are influenced or directed by the PCBU, while the workers are carrying out the work (eg contractors)
 - That other persons are not put at risk from work carried out as part of the business or undertaking
eg members of the public

Overlap of PCBU duties





Overlapping duties

- More than one person may have the same duty at the same time
- If more than one person has a duty for the same matter, each person:
 - retains responsibility for their duty
 - must discharge the duty to the extent they have the ability to influence or control the matter

Consult
Co-operate
Co-ordinate



Managing risk

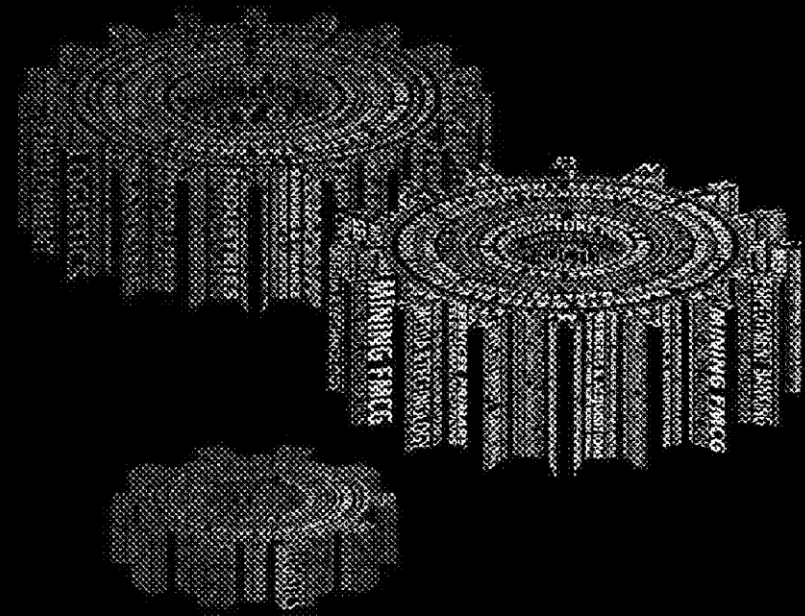
- A duty imposed on a person, eg PCBU, requires the person to:
 - eliminate risks to health and safety; or
 - minimise risks to health and safetyso far as is reasonably practicable
- A duty holder's obligations to manage risk is limited to doing what is in their ability to control and manage, along with what is reasonably practicable for the duty holder to do to manage the risk



Managing Risk cont'd

- Hazards vs risks
- Identify and assess your critical risks and key controls
- Develop a plan for controlling these risks – what will prevent an event from occurring and what will stop or reduce the risk?
- Assess what controls you have in place or need to strengthen

Officer





Definition of officer

- An officer of a PCBU must exercise due diligence to ensure that the PCBU complies with its duties
 - Officer duties apply to:
 - Any person occupying the position of a director of the company; and
 - those in senior governance roles
 - with the ability to exercise significant influence over the management of the business or undertaking, *eg* a Chief Executive
 - Duties will not apply to those who merely advise or make recommendations
-



Who will be an officer?

- Elected members ✓
- Chief Executive ✓
- Management Team X



What does due
diligence look like
in practice?





Due diligence obligations

1. Keep up-to-date with health and safety matters

2. Understand the nature of the business and its hazards and risks

3. Ensure the person running the business has appropriate resources and processes to manage risks to health and safety

4. Ensure there are appropriate reporting and investigation processes in place

5. Ensure the PCBU has and implements processes for complying with the Act (monitor)

6. Verify



1. Keep up-to-date with health and safety matters

- Theory and practice of safety leadership and safety culture
- Legal obligations under the Act, regulations and relevant Codes of Practice
- Health and safety management principles and practices
 - risk management
 - incident investigation
 - auditing methodology
- Good processes in place for keeping up-to-date with health and safety developments



Practical steps

- Investigate current industry issues through conferences, seminars, information and awareness sessions
- Acquire knowledge from senior managers, experts, supervisors and workers
- Ensure knowledge management system in place
- Induction package and training programme
- Regular reviews of induction process and refresher training





2. Understand the nature of the business

- Contextualises knowledge acquired
- Critical risks and controls in place to address risks
- First-hand knowledge
- Take an active and personal interest in the nature of operations *eg:*
 - commission reports on critical risks
 - operations map – what happens where?
 - safety observations




Consider ...

- Are the right people in the right place?
- Is information available at the right time?
- Does the PCBU have a proactive as well as responsive approach to health and safety?
- Responsibility and accountability?
- Regular verification of policies and practices?
- Active engagement – lead from the top



3. Appropriate resources and processes

- Assessments required to be made on the basis of need rather than budget or politics etc
 - Ask – do I have sufficient understanding and information:
 - to understand what resources and processes should be implemented?
 - to ensure the necessary resources and processes are **available** and are being **used**?
 - Requires the safety impact of decisions to be considered in every operational decision
- 



Practical application

- Use safety impact assessments for:
 - capital expenditure
 - cost cutting programmes
 - design of premises, system or plant





4. Reporting and investigation processes

- Monitoring of safety performance and driving improvement requires data
- Efficient, timely reporting systems





5. Ensure the PCBU complies with the Act

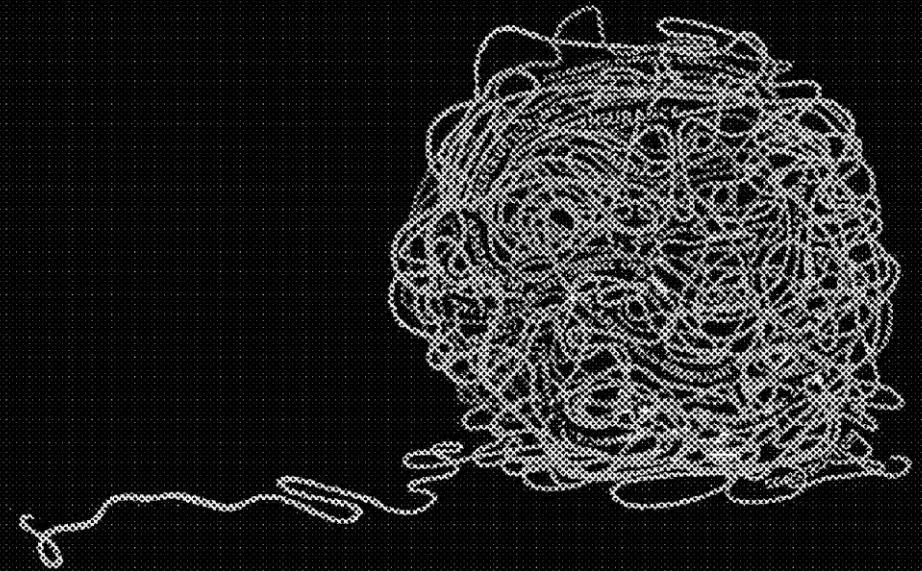
- Regular legal compliance audits
- Measurement of health and safety management system against the Act
- Programme to monitor and review



6. Verify

- Ensure process in place to verify use of resources and processes:
 - Audits
 - Benchmarking
 - Safety observations
 - Peer reviews

Reporting to elected members



Management responsibilities





1. Planning and setting targets

- Consult with the officers
- Develop targets to track health and safety performance
- Linkage between the health and safety goals of the officers and the actions & priorities of senior management





2 (a) Recruitment

- **Commitment** to health and safety during recruitment, especially of senior managers
- Up skill and **motivate** new managers to reinforce a positive health and safety culture



2 (b) Performance

- Allocation of responsibilities and accountabilities requires careful review and implementation
- Role descriptions – are yours adequate?
- Performance Management – does your system recognise health and safety?



2 (b) Performance cont'd

- Cover-ups and other unwanted behaviours need to be managed
- Need to review:
 - Employment agreements
 - Union agreements
 - Induction processes



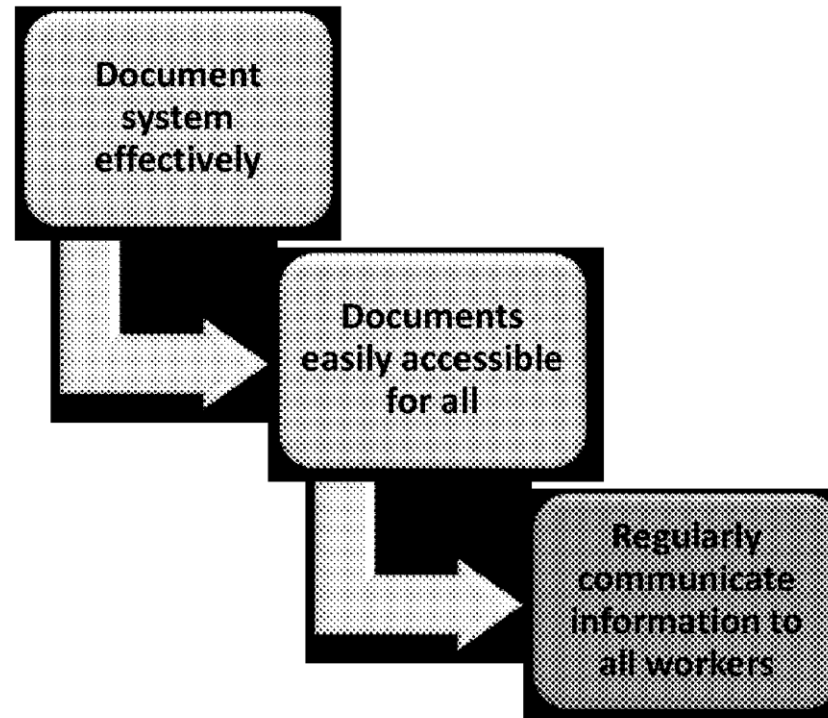


4. Health and Safety Management Systems

- They've got to be good
- Evaluate current systems
- Everyone has to be involved
- Key: monitor the effectiveness of the system and implement continuous improvements



4. Health and Safety Management Systems cont'd





5. Resource Management

- Identify resource requirements for maintenance and development of health and safety management system
- Need policies that deal with health and safety on the basis of **need** rather than budget limits





5. Resource Management cont'd

- Document standards for equipment used during on-going operation and maintenance
- Equipment (including equipment used by contractors and the operators) should not be allowed on site if it does not meet these standards





6 (a) Monitoring and Tracking

- **Regular** audits and reviews of the health and safety management system (internal and external) and its implementation
- **Take actions** as required arising from any audit or review
- **Effectively** and **meaningfully report** to officers on the outcomes of audits and reviews



6 (b) Engagement

- Provide opportunities for workers to participate in internal audits and reviews
- Ensure workers participate in the selection of external auditors and reviewers





6 (c) Thorough analysis

- Effective computer based systems
- Investigations require careful consideration – especially in the case of serious incidents
- Independent investigators





7. Reporting – assist the officers

- Assist the Officers with their governance responsibilities by providing information and other input as required
- Provide Officers with reports on the performance of your health and safety matters required
- Implement further actions following Officer review of reports





What should reports include?

- Key safety performance indicators
- Information to confirm critical systems operating as intended





How regular should H&S reporting be?

- To be effective, reporting should be routine and regular
- Health and safety reporting should be included in the agenda
- But be wary of empty slogans – having health and safety as number one agenda item is not enough



8. Procurement

- Health and safety risks to be identified and consideration given to what is reasonably practicable
- Extent of considerations require examination of what type of contractor is involved and how to conduct the procurement
- Review contracting and procurement processes



Monitoring Reports to 27 July 2016

File No.: 16/306

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 16/306 Monitoring Reports to 27 July 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	206
B	Monitoring Report - issues identified during the 30 June 2015 Audit	210


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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<p style="text-align: center;">MONITORING REPORT</p> <p style="text-align: center;">HOROWHENUA DISTRICT COUNCIL</p> <p style="text-align: center;">Finance, Audit & Risk Subcommittee</p>							
Meeting Date	Item No.	Item Description	Resolved/Action Required	Responsible Officer	Date to Action by	Date Completed	Officer Comment
24 Feb 2016 25 May 2016	16/63	Attendance by Audit Director and Audit Manager at March 2016 FARS meeting		D Law	March 2016		The Audit Director will attend the July 2016 FARS meeting
25 May 2016		Health & Safety	From a risk perspective this was something the Subcommittee should be considering. Officers to come back with a suggested regular reporting structure for the Subcommittee's consideration.	D Clapperton	July 2016		A report will be written for the July meeting.
25 May 2016	16/245	Financial Report for the ten months to 30 April 2016	<ul style="list-style-type: none"> Agenda page 9 – query as to the relevance of the Interest to rates revenue data provided. Explanation – this related to the LGFA covenants that Council had to work within. Officers would look at 	D Clapperton	July 2016		A discussion report will be available for the July or possibly August meeting to inform future monthly financial reports.

MONITORING REPORT

**HOROWHENUA DISTRICT COUNCIL
Finance, Audit & Risk Subcommittee**

Meeting Date	Item No.	Item Description	Resolved/Action Required	Responsible Officer	Date to Action by	Date Completed	Officer Comment
			<p>bringing to the table a discussion document in terms of setting an imposed target that could be regularly reported on to the Subcommittee.</p> <ul style="list-style-type: none"> • Page 15 - SW18 – Leachate pre-treatment: Mr Clapperton to send an e-mail to Members as to what this covered. • Page 19 – Development Contributions Old Policy: Query - how many sections were there still under the old scheme? • Query in relation to the distinction between the Old and New DC Policies with the total outstanding debt to be 				<p>E-mail to be sent before the meeting</p> <p>A report on the Development Contributions will be done as part of the Annual Report reconciliations for the end of June and reported to the Committee in July</p>

MONITORING REPORT

**HOROWHENUA DISTRICT COUNCIL
Finance, Audit & Risk Subcommittee**

Meeting Date	Item No.	Item Description	Resolved/Action Required	Responsible Officer	Date to Action by	Date Completed	Officer Comment
			<p>checked and Members advised.</p> <ul style="list-style-type: none"> • Page 9 – query as to the “348% more than budget” included under Financial Operation – Operational Surplus/(deficit), with it suggested that showing that as a dollar amount would be less confusing. • Page 17 – WW35: the wording was somewhat loose with “It is understood” to be removed. • Page 17 – PRES44: The status of this project was discussed. This project was part of the LTP and removal from the schedule would require further 	D Law			<p>This has now been completed with new wording showing in this section of the report</p> <p>The explanation has been expanded, as have many others, to endeavour to make the comments more understandable.</p> <p>Because this project appears in the LTP it will need to be reported on although no action on this project may be taken</p>





MONITORING REPORT




**HOROWHENUA DISTRICT COUNCIL
Finance, Audit & Risk Subcommittee**






Meeting Date	Item No.	Item Description	Resolved/Action Required	Responsible Officer	Date to Action by	Date Completed	Officer Comment
			<p>conversation with stakeholders. Whilst its removal from the Project list had been discussed by the Projects Committee, it had not yet gone to Council. It was suggested there should be some notation with regard to the project's status.</p> <ul style="list-style-type: none"> Page 17 – WS46: An explanation was requested as to the reported \$600,000 under-spend. 	D Clapperton			The explanation has been expanded.






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 retrospectively reviewed all systems and collected all of the data required for reporting against our mandatory SSP's. This data has been complied and re-reported against the 11months of data we have reported to date. Audit is onsite the week of the 20 th -24 th June reviewing this and with their sign off we will report the findings to the June committee meeting.
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 retrospectively reviewed this process and made appropriate changes in line with audit recommendations to review job sheets and link the CRM request to each job request. Audit is onsite the week of the 20 th -24 th June reviewing this.
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	✓				Creditors Masterfile will be signed off each month.

	signature					
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>	✓				<p>This item has been closed off by audit and marked as complete.</p> <p>There is an independent review of the payroll Masterfile is undertaken for each fortnightly payroll.</p>
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>		✓			<p>The information received from the contractor will be audited against Council records.</p>
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>			✓		<p>This item has been closed off by audit and marked as complete.</p> <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.</p>
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>			✓		<p>The Audit NZ IT Audit finalised in May 2016 has highlighted that significant improvements to the management of Microsoft patching have been made, including development of automated software for ensuring the patch management database is up to date and that patches are being applied on a regular cycle.</p> <p>It has been suggested that a database is developed to manage all devices that require anti-virus updates. This will be taken on board in the IT roadmap for the coming year.</p>
5.2.1	<p>Reporting of unplanned and deferred maintenance</p> <p>Report planned, unplanned and deferred maintenance to</p>		✓			<p>Planned and Unplanned maintenance will be reported to Council on a monthly basis. We will co-ordinate with Asset Management to</p>

	Council					identify deferred maintenance.
6.1	<p>Maintenance of fixed asset register (FAR)</p> <p>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.</p>		✓			A review of both FAR and CVR will be undertaken in 2016.
6.2	<p>Maintenance of fixed assets WIP schedule</p> <p>Monitor WIP balances on a regular basis to ensure that any WIP that should be capitalised is done so.</p>		✓			We will work to improve the identification of WIP and capitalise assets when they are operational.
6.3	<p>PPE additions – missing contract documentations</p> <p>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</p>		✓			<p>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.</p> <p>With all information gathered into a central portal, Council will look in the coming year into how we can establish links to the contract conditions and their monitoring as part of our wider investigation into a performance management system.</p>
6.4	<p>Classification of “assets held for sale”</p> <p>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</p>			✓		A review process will be put in place to identify any assets that are held for sale.
6.5	<p>Appropriateness of procurement process</p> <p>Future significant procurement should follow a tender process</p>		✓			<p>Initial verbal feedback from Audit of their progress review approaching end of June 16 is positive.</p> <ul style="list-style-type: none"> Procurement Policy reviewed. Version 2.0 of the policy and

					<p>guidelines adopted by the leadership team in March 2016.</p> <ul style="list-style-type: none"> • 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. • All staff training being undertaken for the months of June/July 16
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>●</p> <p>Role based security implemented and live.</p> <p>AP workflow has gone LIVE on 15 March 2016 that requires an OLR for goods and services supplied to Council.</p> <p>Report in development (as part of the procurement policy review) to provide an internal control around all purchase orders raised included those which are self-approved.</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>●</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.
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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</p> <p>Major improvements required</p>	<p>Needs to be addressed urgently</p> <p>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</p> <p>Improvements are necessary</p>	<p>Address at the earliest reasonable opportunity, generally <i>within 6 months</i></p> <p>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</p> <p>Some improvement required</p>	<p>Address, generally <i>within 6 to 12 months</i></p> <p>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>