

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

**Date:** Wednesday 30 March 2016  
**Time:** 4.00 pm  
**Meeting Room:** Council Chambers  
**Venue:** Horowhenua District Council  
Levin

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## **Finance, Audit & Risk Subcommittee**

### **OPEN AGENDA**

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#### **MEMBERSHIP**

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

Contact Telephone: 06 366 0999

Postal Address: Private Bag 4002, Levin 5540

Email: [enquiries@horowhenua.govt.nz](mailto:enquiries@horowhenua.govt.nz)

Website: [www.horowhenua.govt.nz](http://www.horowhenua.govt.nz)

**Full Agendas are available on Council's website**  
**[www.horowhenua.govt.nz](http://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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	Notification to speak is required by 12 noon on the day of the meeting. Further information is available on <a href="http://www.horowhenua.govt.nz">www.horowhenua.govt.nz</a> or by phoning 06 366 0999.	
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# Financial Report for the eight months to 29 February 2016

File No.: 16/98

## 1. Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the eight months to 29 February 2016.

## 2. Recommendation

- 2.1 That Report 16/98 Financial Report for the eight months to 29 February 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 -FINAL - 29 February 2016	6

### 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 <b>Management Accountant</b>	
Approved by	Doug Law <b>Group Manager - Finance</b>	





# Eight Month Report

01 July 2015 to 29 February 2016

This report is for the eight months ended 29 February 2016. Included in this report is an executive summary, organisation summary and financial statements.

## Executive Summary

**Operating deficit:** a positive variance of \$1,132,000 with the surplus of \$368,000 verse a budgeted deficit of (\$764,000).

**Activity revenue:** above budget by \$179,000 with no major variance to report.

**Activity expenditure:** below budget by \$1,045,000 with no major variance to report.

**The Forecast budget for 30 June 2016** is forecasting a surplus of \$910,000 at 30 June 2016 versus the Annual Budget of \$1,596,000.

**Forecast activity revenue:** expected to be below budget by \$96K.

**Forecast capital subsidies:** expected to be below budget by \$1,270K.

**Forecast activity expenditure:** expected to be below budget by \$255K.

**Sundry debtors:** The total Outstanding Debtors have increased in the month by \$168K due to current billing of Trade Waste. The total Outstanding Debtors is \$868K and have reduced by 30% since June 2015.

## Major variances

	30 Jun 2015	29 February 2016	Variance
On charges	\$138,788	\$98,437	(\$41,351)
Development Contribution	\$353,371	\$87,412	(\$265,959)
90 day outstanding	\$639,089	\$446,935	(\$192,154)

**Treasury:** Our weighted average interest rate has reduced to 4.89% at February 2016, decreasing from 5.15% at June 15 and 5.35% at February 2015. This is a potential saving of \$366K of interest payable on the LTP interest rate assumption of 5.5% for 2015/16.

## Doug Law

Group Manager - Finance  
30 March 2016

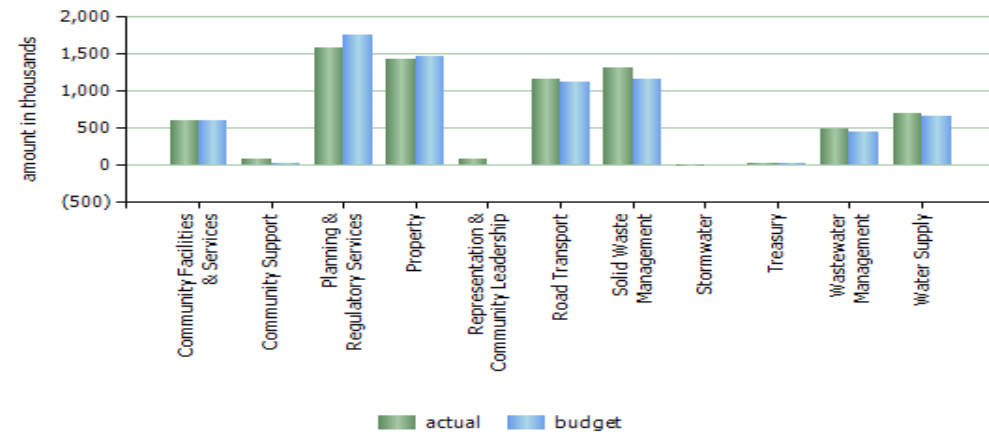


Organisation Summary

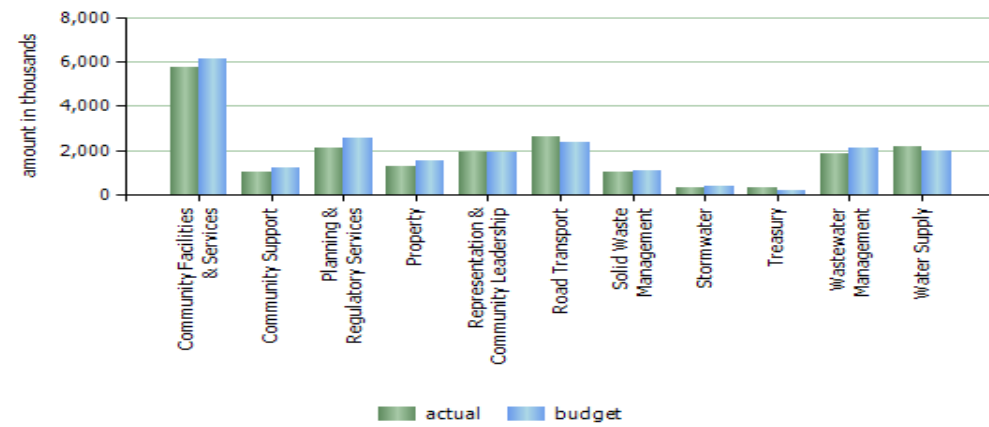
Financial operation

<b>Operational revenue</b> \$29.75 m 0% less than budget	<b>Operational expenditure</b> \$29.55 m 4% less than budget	<b>Operational surplus/(deficit)</b> \$198 k 124% more than budget
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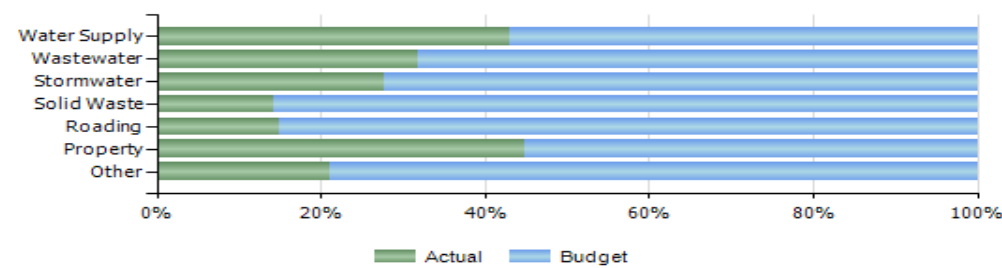
Operational revenue by activity



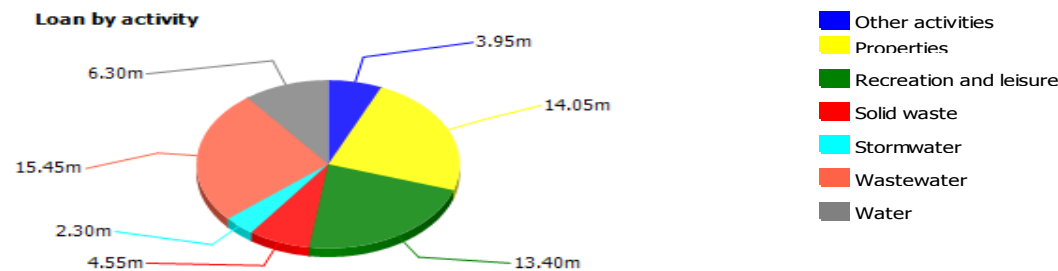
Operational expenditure by activity



Capital expenditure

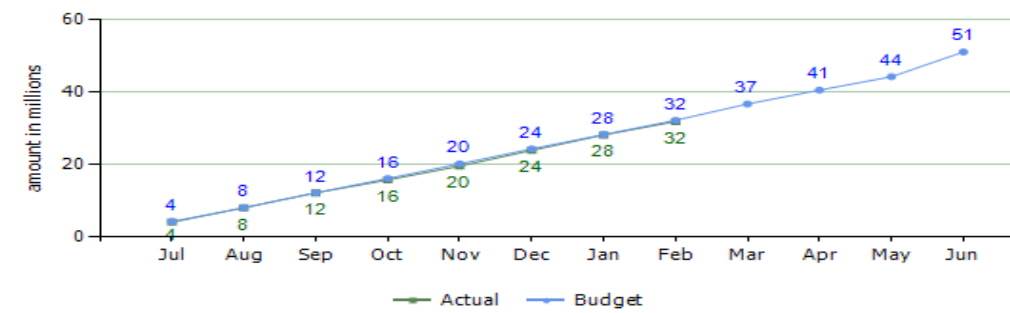


Loan by activity

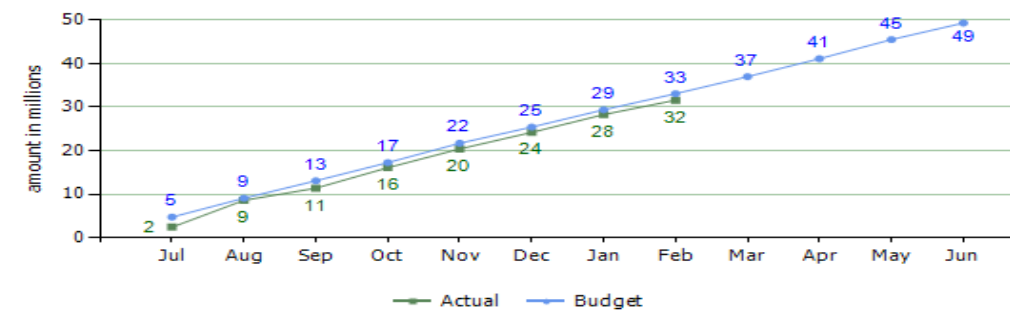


Financial trends

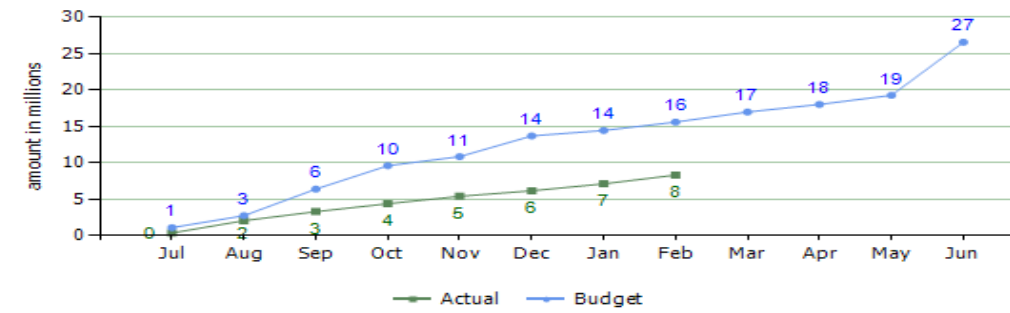
Total revenue



Total expenditure



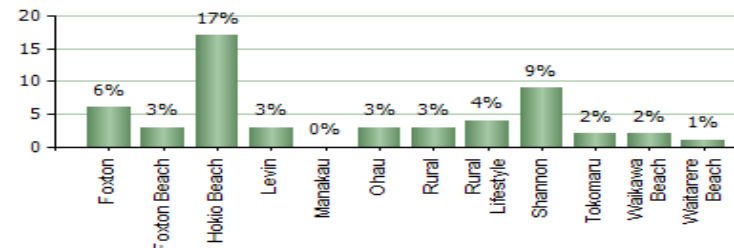
Total capital expenditure



Interest rate movement



Rates debtors % with arrears



Financial sustainability

Rates to operating revenue 71%

Rates revenue	\$21.09 m
Operating revenue	\$29.75 m

71% of operating revenue is derived from rates revenue

Fees and charges to operating revenue 25%

User fees and charges	\$7.40 m
Operating revenue	\$29.75 m

25% of operating revenue is derived from user fees and charges

Balance budget ratio 101%

Operational revenue	\$29.75 m
Operational expenditure	\$29.55 m

Operational revenue should be equal or more than operational expenditure. Year to date revenue is more than 1%

Essential services ratio 109%

Capital expenditure	\$6.92 m
Depreciation	\$6.34 m

Capital expenditure should be equal or more than depreciation for essential services, for year to date capex is 109% more than depreciation.

Debt affordability ratio - (LGFA Cov.) 119%

Total borrowing	\$60.00 m
Total projected revenue	\$50.37 m

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

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

Total borrowing	\$60.00 m
Total assets	\$489.00 m

Net debt should not be more than 15% of total assets. With 60m we are still under the set limit

Interest to rates revenue (LGFA Cov.) 8%

Interest paid	\$1.77 m
Rates revenue	\$21.09 m

8% of rates revenue is paid in interest. Our set limit is 25% of of total rates revenue.

Interest cover ratio - (LGFA Cov.) 6%

Interest paid	\$1.77 m
Operating revenue	\$29.75 m

6% of operating revenue is paid in interest. Our set limit is 20% of operating revenue.


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

Net debt	\$56.00 m
Undrawn committed facilities	\$10.00 m

Committed bank facility to enable us to borrow atleast 10% of our current external debt immediately, currently we can borrow 18% more than our current debt



## Statement of Income and Expenditure

Percentage of year completed: 66.67%	End of the year			Last year D	Year to date				% Actual to Annual Plan I = E/B	% Variance to total Annual Plan J = G/Tot B	Notes to accounts
	Projection A	Annual Plan B	Variance C = B - A		Actual E	Budget F	Variance in \$ G = F - E	Variance in % H = G/F			
<b>Income</b>											
Rates revenue											
General rates	8,223,698	8,223,698	0		5,497,444	5,482,466	14,978	-0.27%	66.85%	-0.03%	
Targeted rates	23,338,441	23,338,441	0		15,596,067	15,558,963	37,104	-0.24%	66.83%	-0.08%	
<b>Total</b>	<b>31,562,139</b>	<b>31,562,139</b>	<b>0</b>		<b>21,093,511</b>	<b>21,041,429</b>	<b>52,082</b>	<b>-0.25%</b>	<b>66.83%</b>	<b>-0.11%</b>	
Treasury											
External interest received	150,000	150,000	0		83,772	100,000	(16,228)	16.23%	55.85%	0.03%	
Rates penalties	600,000	600,000	0		511,112	300,000	211,112	-70.37%	85.19%	-0.45%	
<b>Total</b>	<b>750,000</b>	<b>750,000</b>	<b>0</b>		<b>594,883</b>	<b>400,000</b>	<b>194,883</b>	<b>-48.72%</b>	<b>79.32%</b>	<b>-0.41%</b>	
Significant activity revenue											
Community Facilities & Services	875,680	888,876	(13,196)		594,636	594,410	226	-0.04%	66.90%	0.00%	
Community Support	101,646	39,500	62,146		83,057	30,336	52,721	-173.79%	210.27%	-0.11%	
Planning & Regulatory Services	2,174,233	2,401,470	(227,237)		1,583,315	1,757,895	(174,580)	9.93%	65.93%	0.37%	
Property	2,016,846	2,192,889	(176,043)		1,418,298	1,460,172	(41,874)	2.87%	64.68%	0.09%	
Representation & Community	128,626	0	128,626		74,041	0	74,041	100.00%	100.00%	-0.16%	
Road Transport	1,667,000	1,667,000	0		1,158,627	1,110,909	47,718	-4.30%	69.50%	-0.10%	
Solid Waste Management	1,822,500	1,741,206	81,294		1,309,764	1,160,800	148,964	-12.83%	75.22%	-0.32%	
Stormwater	19,928	0	19,928		0	0	(0)	100.00%	100.00%	0.00%	
Treasury	6,430	6,000	430		6,430	6,000	430	-7.17%	107.17%	0.00%	
Wastewater Management	858,120	792,687	65,433		481,947	445,136	36,811	-8.27%	60.80%	-0.08%	
Water Supply	1,100,527	1,138,277	(37,750)		693,326	658,073	35,253	-5.36%	60.91%	-0.07%	
<b>Total</b>	<b>10,771,536</b>	<b>10,867,905</b>	<b>(96,369)</b>		<b>7,403,441</b>	<b>7,223,731</b>	<b>179,710</b>	<b>-2.49%</b>	<b>68.12%</b>	<b>-0.38%</b>	
Capital subsidies											
Capital subsidies and grants	2,698,000	3,968,241	(1,270,241)		657,215	1,149,290	(492,075)	42.82%	16.56% 	1.04%	1
<b>Total</b>	<b>2,698,000</b>	<b>3,968,241</b>	<b>(1,270,241)</b>		<b>657,215</b>	<b>1,149,290</b>	<b>(492,075)</b>	<b>42.82%</b>	<b>16.56%</b>	<b>1.04%</b>	
<b>Total operating income</b>	<b>45,781,675</b>	<b>47,148,285</b>	<b>(1,366,610)</b>		<b>29,749,050</b>	<b>29,814,450</b>	<b>(65,400)</b>	<b>0.22%</b>	<b>63.10%</b>	<b>0.14%</b>	

### Notes

- Capital Subsidies are under budget for Roothing Transport as more operational work is being undertaken. This is forecasted to be in line with budget by 30 June 16. Capital Subsidies for Te Awahou are forecasted to be \$1M, \$1.270K less than the Annual Plan. Currently \$375K has been received which is to yet be approved for release.

Statement of Income and Expenditure (continued...)

Percentage of year completed: 66.67%	End of the year			Last year D	Year to date				% Actual to Annual Plan I = E/B	% Variance to total Annual Plan J = G/Tot B	Notes to accounts
	Projection A	Annual Plan B	Variance C = B - A		Actual E	Budget F	Variance in \$ G = F - E	Variance in % H = G/F			
<b>Expenditure</b>											
Significant activity expenditure											
Community Facilities & Services	8,564,091	8,895,839	331,748		5,716,768	6,155,781	439,013	7.13%	64.26% <span style="color:red">✗</span>	0.96%	2
Community Support	1,746,087	1,844,331	98,244		1,022,437	1,185,880	163,443	13.78%	55.44%	0.36%	
Planning & Regulatory Services	3,397,677	3,829,668	431,991		2,125,153	2,567,143	441,990	17.22%	55.49%	0.97%	3
Property	1,886,658	2,001,981	115,323		1,276,840	1,506,708	229,868	15.26%	63.78% <span style="color:red">✗</span>	0.50%	4
Representation & Community	2,824,956	2,804,429	(20,527)		1,894,762	1,902,492	7,730	0.41%	67.56%	0.02%	
Road Transport	3,869,036	3,499,830	(369,206)		2,611,477	2,332,923	(278,554)	(11.94%)	74.62% <span style="color:red">✗</span>	(0.61%)	5
Solid Waste Management	1,725,609	1,682,182	(43,427)		1,017,030	1,060,870	43,840	4.13%	60.46%	0.10%	
Stormwater	547,940	545,164	(2,776)		313,923	379,262	65,339	17.23%	57.58%	0.14%	
Treasury	373,078	204,276	(168,802)		296,714	169,020	(127,694)	(75.55%)	145.25% <span style="color:red">✗</span>	(0.28%)	6
Wastewater Management	2,926,305	3,052,852	126,547		1,877,884	2,101,952	224,068	10.66%	61.51%	0.49%	
Water Supply	3,137,587	2,894,405	(243,182)		2,141,556	1,978,268	(163,288)	(8.25%)	73.99% <span style="color:red">✗</span>	(0.36%)	7
<b>Total</b>	<b>30,999,024</b>	<b>31,254,957</b>	<b>255,933</b>		<b>20,294,544</b>	<b>21,340,299</b>	<b>1,045,755</b>	<b>4.90%</b>	<b>64.93%</b>	<b>2.29%</b>	
Other expenses											
Allocated portion of depreciation	(394,413)	(394,436)	(23)		(260,048)	(262,966)	(2,918)	1.11%	65.93%	(0.01%)	
Depreciation and amortisation	11,618,741	11,618,746	5		7,742,960	7,745,828	2,868	0.04%	66.64%	0.01%	
External interest	2,990,000	3,191,827	201,827		1,773,922	1,817,177	43,255	2.38%	55.58%	0.09%	
<b>Total</b>	<b>14,214,328</b>	<b>14,416,137</b>	<b>201,809</b>		<b>9,256,834</b>	<b>9,300,039</b>	<b>43,205</b>	<b>0.46%</b>	<b>64.21%</b>	<b>0.09%</b>	
<b>Total operating expenditure</b>	<b>45,213,352</b>	<b>45,671,094</b>	<b>457,742</b>		<b>29,551,377</b>	<b>30,640,338</b>	<b>1,088,961</b>	<b>3.55%</b>	<b>64.70%</b>	<b>2.38%</b>	

Notes

- Community Facilities & Services is under budget and forecasted to be end of year 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 projected to be under budget, this is a result of operational savings achieved also due to better management.
- Planning & Regulatory Services is projecting to be under budget due to overall vacancies across the financial year. This is not expected to be repeated in the future.
- Property is under current budget and forecasted to be end of year as a result of savings under the new Community Facilities contracts.
- Road Transport has had a slight increase on subsidised expenditure with unbudgeted emergency works for repairs to roads due to slips and seal washouts. This is forecasted to impact on the total at 30 June 2016.
- Treasury is above budget with increased rates remissions than anticipated. This is forecasted to continue to 30 June 2016.
- Water Supply is slightly above budget with increase costs on Consent Compliance and associated costs. This is forecasted to continue to 30 June 2016.

Statement of Income and Expenditure (continued...)

Percentage of year completed: 66.67%	End of the year			Last year D	Year to date				% Actual to Annual Plan I = E/B	% Variance to total Annual Plan J = G/Tot B	Notes to accounts
	Projection A	Annual Plan B	Variance C = B - A		Actual E	Budget F	Variance in \$ G = F - E	Variance in % H = G/F			
<b>Non-operational costs</b>											
Non operating income											
Internal interest income	2,999,385	3,600,046	(600,661)		1,983,977	2,400,030	416,053	17.34%	55.11%	100.00%	
Revaluation gains	218,037	321,664	(103,627)		84,264	0	(84,264)	100.00%	26.20%	100.00%	
Vested Assets	67,778	0	67,778		55,833	0	(55,833)	100.00%	100.00%	100.00%	
<b>Total</b>	<b>3,285,200</b>	<b>3,921,710</b>	<b>(636,510)</b>		<b>2,124,074</b>	<b>2,400,030</b>	<b>(275,956)</b>	<b>11.50%</b>	<b>54.16%</b>	<b>100.00%</b>	
Non operating expenditure											
Allocated portion of internal interest	(76,000)	(92,680)	(16,680)		(50,390)	(61,788)	(11,398)	18.45%	54.37%	100.00%	
Internal interest expense	2,999,385	3,600,046	600,661		1,983,977	2,400,030	416,053	17.34%	55.11%	100.00%	
Losses	20,000	0	(20,000)		19,745	0	(19,745)	100.00%	100.00%	100.00%	
<b>Total</b>	<b>2,943,385</b>	<b>3,507,366</b>	<b>563,981</b>		<b>1,953,332</b>	<b>2,338,242</b>	<b>384,910</b>	<b>16.46%</b>	<b>55.69%</b>	<b>100.00%</b>	
<b>Net non-operational costs</b>	<b>341,815</b>	<b>414,344</b>	<b>(72,529)</b>		<b>170,742</b>	<b>61,788</b>	<b>108,954</b>	<b>(176.33%)</b>	<b>41.21%</b>	<b>100.00%</b>	
<b>Total surplus/(deficit)</b>	<b>910,138</b>	<b>1,596,512</b>	<b>686,374</b>		<b>368,414</b>	<b>(764,100)</b>	<b>1,132,514</b>	<b>(148.22%)</b>	<b>19.48%</b>		



Statement of Financial Position as at 29 February 2016

	Last year Actual \$000	YTD Actual \$000	Full year Budget \$000	Notes
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	7,856	3,861	6,358	
Debtors and other receivables	5,381	7,155	6,481	8
Other financial assets	470	0	10	
Assets held for sale	475	475	393	
<b>Total current assets</b>	<b>14,182</b>	<b>11,491</b>	<b>13,242</b>	
<b>Non-current assets</b>				
Operational assets	42,492	41,842	45,097	
Infrastructural assets	386,465	387,047	402,881	
Restricted assets	39,293	38,684	41,054	
intangible assets	1,680	1,638	1,672	
Forestry assets	911	911	680	
Investment property	5,706	5,706	3,946	
Investments in subsidiaries	988	1,088	1,099	
Other financial asset	803	803	1,059	
<b>Total non-current assets</b>	<b>478,337</b>	<b>477,719</b>	<b>497,488</b>	
<b>Total assets</b>	<b>492,519</b>	<b>489,210</b>	<b>510,730</b>	
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	8,070	8,795	8,439	
Borrowings	2,000	4,000	9,000	
Employee entitlements	1,003	160	585	
Provisions	997	997	1,003	
<b>Total current liabilities</b>	<b>12,070</b>	<b>13,952</b>	<b>19,027</b>	
<b>Non-current liabilities</b>				
Borrowings	58,000	56,000	67,000	
Employee entitlements	178	178	224	
Provisions	2,068	2,068	2,991	
Other	1,634	925	0	9
<b>Total non-current liabilities</b>	<b>61,880</b>	<b>59,171</b>	<b>70,215</b>	
<b>Total liabilities</b>	<b>73,950</b>	<b>73,123</b>	<b>89,242</b>	
<b>Net assets</b>	<b>418,570</b>	<b>416,087</b>	<b>421,488</b>	
<b>Equity</b>				
Retained earnings	264,911	254,826	267,350	
Revaluation reserves	147,449	147,447	147,447	
Other reserves	6,210	13,815	6,691	
<b>Total equity</b>	<b>418,570</b>	<b>416,087</b>	<b>421,488</b>	

Notes

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

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

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

Reference	Description	LTP 2015/16	Project Cost YTD			Expected Start	Expected Completion	Comments
			Actual	YTD Budget	Variance			
<b>Growth</b>								
STW 27	Storm water - Development Planning North East Levin	150,000	27,733	7,500	-20,233	Nov-12	Jun-16	Work progressing.
WW 41	Waste water - Development Planning - North East Levin	260,980	5,828	260,980	255,152	Apr-15	Jun-16	Design Underway (IN-HOUSE).
WW 44	Waste Water - Levin Tararua Industrial Development	125,000	11,546	0	-11,546	Jan-16	Jun-16	
SW 17	Landfill Development	385,237	102,051	385,237	283,186	Dec-15	Jun-15	On track - project will span beyond June 2016. Request to carry forward \$157K.
<b>Total Growth</b>		<b>921,217</b>	<b>147,157</b>	<b>653,717</b>	<b>506,560</b>			
<b>Level of Service</b>								
WS 32	Water Supply -Levin Clarifier Installation	2,000,000	59,567	0	-59,567	Aug-15	Jun-16	On track project will be track in to the 2016/17 financial year. Request to carry forward \$500K.
WS 38	Water Supply - Telemetry - District Wide	95,000	47,609	94,854	47,245	Oct-15	Jun-17	On track and 100% committed.
STW 14	Storm Water -Telemetry	81,000	82,186	80,883	-1,303	Sep-15	Mar-16	On track and 100% committed.
STW 15	Storm Water -Levin Queen Street	250,000	11,379	0	-11,379	Oct-15	Jun-16	Assessment completed by Archaeologist was reviewed and by Heritage NZ and had some gaps to be filled. A new archaeologist is looking at the work done to date and will provide a price to complete the works. Request to carry forward \$200K.
STW 16	Storm Water -Stormwater Strategy	80,000	13,558	0	-13,558	Mar-16	Mar-16	Completed -Council briefing done and will be taken to Council for adoption.
STW 19	Storm Water -Foxton Beach Catchment Management Plan	83,000	0	0	0	Jun-16	Jun-16	Contract evaluation complete - Work will commence soon.
WW 11	Foxton Wastewater Treatment Plant - Strategic Upgrade	2,326,000	579,947	2,326,000	1,746,053	Sep-15	Mar-16	Design Underway (IN-HOUSE).
WW 27	Waste Water - Telemetry System	95,000	116,936	94,864	-22,072	Jul-15	Mar-16	On track, contract procured - will be 100% Complete.
WW 37	Levin Wastewater Treatment Plant - Strategic Upgrade	610,000	85,902	0	-85,902	Sep-15	Jun-16	Contract for sludge press procured and pond lining is with contractor for pricing.
WW 45	Waste Water - Shannon Disposal System	3,065,921	1,342,355	3,065,921	1,723,566	Jul-12	Apr-16	On track to be complete by mid April.
RD 14	New Footpath	100,000	0	40,000	40,000	TBA	Jun-16	On track.



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

Reference	Description	LTP 2015/16	Project Cost YTD			Expected Start	Expected Completion	Comments
			Actual	YTD Budget	Variance			
RD 16	Foxton Townscape Main Street Upgrade	750,000	81,690	500,000	418,310	Sep-15	May-16	On track but physical works may progress into 2016/17.
RD 18	Waitarere Beach Kent Gloucester Upgrade	260,000	35,268	173,333	138,065	Jul-15	Jun-16	On track.
SW 16	Landfill Consent	107,000	24,576	0	-24,576	Mar-16	May-16	Progressing.
SW 18	Leachate pre treatment	129,000	0	0	0	Nov-15	Mar-16	Planning Stage.
SW 19	Levin Landfill Energy Recovery / Flare	200,000	5,356	0	-5,356	TBA	TBA	Request to carry forward \$150K.
PR 11	Thompson House Interior refurbishment, including kitchen (with renewal contribution from Thompson House)	80,000	0	80,000	80,000	Jan-16	Mar-15	Design in progress, construction drawings being developed to go out to tender.
PR 12	Thompson House Exterior Fire Escape, egress improvements and disability access including toilet provision	80,000	18,147	80,000	61,853	Jan-16	Jun-15	Design in progress, construction drawings being developed to go out to tender.
PR 17	Upgrade ablutions block Donnelly Park	60,000	0	60,000	60,000	Feb-16	Mar-16	Works programmed to commence 23 February 2016.
PR 19	Shannon Memorial Hall - accesbile facility's upgrade (toilet block and entrance)	50,000	0	50,000	50,000	TBA	TBA	Dependent on strategic review of facilities. Suggest carry-over to next year.
PR 41	Public Toilets-Upgrade, Reroof, renew flooring, change doors	54,530	0	54,530	54,530	Apr-16	TBA	New toilet block at Waitarere Domain, works to commence April 2016 after busy summer use of site.
BEAUT 1	Flag Trax	54,270	41,950	54,270	12,320	Nov-15	Feb-16	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	100,000	48,570	88,888	40,318	Jul-15	Mar-16	
CA 16	Purchase of Urban Aerial Imagery	60,000	30,090	30,090	0	Dec-15	Apr-16	Aerials complete, files received pending final payment
<b>Total Level of Service</b>		<b>10,770,721</b>	<b>2,625,088</b>	<b>6,873,633</b>	<b>4,248,545</b>			

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

Reference	Description	LTP 2015/16	Project Cost YTD			Expected Start	Expected Completion	Comments
			Actual	YTD Budget	Variance			
<b>Renewal</b>								
WS 11	Levin Reticulation- RENEWAL	1,061,000	571,267	601,827	30,560	Jul-15	Jun-16	This is on track.
WS 15	Shannon - Mangaore Reticulation- RENEWAL	158,000	151,443	158,000	6,558	Jul-15	Jun-16	On track and 100% committed.
WS 19	Foxton Beach Edingburg Terrace Bore- RENEWAL	150,000	9,005	0	-9,005	Apr-16	Apr-16	Waiting on price from Contractor, high risk project.
WS 28	Levin Treatment Plant - Renewals	50,000	40,621	0	-40,621	TBA	Jun-16	On track and 100% committed.
WS 39	Reactive renewals - District Wide	150,000	8,468	0	-8,468	Jul-15	Jun-16	Highly likely will be 100% spent.
WS 45	Shannon Reservoir structural work	100,000	0	100,000	100,000	Feb-16	Apr-16	Waiting on price from Contractor, this project may be delayed.
STW 12	District Wide Reticulation - Unplanned Renewals	50,000	41,296	0	-41,296	TBA	Jun-16	On track and 100% committed.
STW 13	District Wide Pump Station - Planned Renewals	79,350	2,300	79,350	77,050	Feb-16	Feb-16	Assessments underway.
WW 21	Tokomaru Wastewater Treatment Plant - Consent Renewal	100,000	0	0	0	TBA	Jun-16	Work Underway.
WW 29	Foxton Reticulation - Renewals	417,873	16,144	51,254	35,110	Oct-15	Jun-16	On track and 100% committed.
WW 30	Levin Reticulation - Renewals	1,758,767	893,508	932,341	38,833	Jul-15	Jun-16	On track, contract procured - will be 100% complete.
WW 35	Districtwide - Reticulation Unplanned Renewals	443,377	41,786	246,320	204,534	Oct-15	Jun-16	
WW 36	Levin Treatment Plant - Planned Renewals	1,044,242	233,543	544,242	310,699	Dec-15	May-16	Work underway with consenting and also discussions with the Trustees for the owners of the Pot regarding the lease renewal. Budget held to pay for the lease if process completed by June 2016. At this stage project is
WW 38	Levin Treatment Plant - Unplanned Renewals	88,478	12,518	0	-12,518	Oct-15	Jun-16	
WW 50	Tokomaru WWTP Desludging	100,000	10,274	0	-10,274	Apr-16	Mar-15	Work Underway to be completed by end of March 2016.
WW 51	Tokomaru WWTP Oxidation Pond Relining	61,500	0	0	0	TBA	Jun-16	Work Underway.
RD 13	Footpath Renewal	400,000	105,659	260,000	154,341	Jul-15	Jun-16	On track.
SW 15	Solid Waste - Cap Shape Correction	68,580	0	0	0	Mar-16	Jun-16	
PR 13	Thompson House Exterior renew & Paint	54,530	0	54,530	54,530	Jan-16	Jun-16	Design in progress, construction drawings being developed to go out to tender.
PRES 13	Waitarere Dune management Dune management - flatten recour	102,900	0	0	0	TBA	Jun-16	
PRES 44	Levin Domain Pathways resurface	298,780	0	0	0	Aug-14	Jun-16	
PRES 62	Reserves - Foxton Beach	100,000	0	0	0	Feb-16	Jun-16	On track - Research and consultation work underway.
CA 19A	IT Disaster Recovery brought forward from 2013/14	130,000	0	60,000	60,000	Jan-16	May-16	On track
CA 25	Rural Aerial Updates	50,000	10,018	25,000	14,983	Dec-15	Jun-16	Partially flown, joint venture with MWLASS and a portion v
<b>Total Renewals</b>		<b>7,017,377</b>	<b>2,147,849</b>	<b>3,112,864</b>	<b>965,015</b>			

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

Reference	Description	LTP 2015/16	Project Cost YTD			Expected Start	Expected Completion	Comments
			Actual	YTD Budget	Variance			
<b>Growth/LOS/Renewal projects Mixed</b>								
CS 11	Te Awahou Community Centre	2,683,500	535,559	930,280	394,721	Jul-15	TBA	Progressing - Construction work anticipated to commence May 2016 and continue into 16/17.
WS 46	Levin Bore exploration, new reservoir, treatment plant upgrade	3,010,665	1,923,073	535,559	-1,387,514	Jul-15	Apr-16	Project will be 100% complete with \$600,000 underspent.
<b>Total Growth/LOS/Renewal projects Mixed</b>		<b>5,694,165</b>	<b>2,458,632</b>	<b>1,465,839</b>	<b>-992,793</b>			

### Statement of Rates Debtors

Area	Total assessments	Assessments with arrears	% with arrears	Total arrears	Year to date arrears	Year to date penalties	Year to date receipts	Prior year arrears
F - Foxton	1274	72	6%	172,021	22,533	33,237	(88,195)	204,447
FB - Foxton Beach	1572	47	3%	64,125	11,923	12,900	(47,882)	87,183
HB - Hokio Beach	199	34	17%	721,500	4,800	121,300	(7,378)	602,778
L - Levin	7350	213	3%	398,855	45,346	78,374	(198,332)	473,467
MK - Manakau	86		0%	0	0	0	0	0
NR - Non Rateable	127	2	2%	2,071	(665)	512	(302)	2,526
OH - Ohau	150	4	3%	3,582	1,157	379	(2,875)	4,920
R - Rural	2573	77	3%	431,489	11,372	72,842	(22,944)	370,219
RL - Rural Lifestyle	2439	86	4%	147,728	19,197	28,973	(54,822)	154,380
S - Shannon	674	64	9%	130,110	12,483	23,635	(37,876)	131,867
TK - Tokomaru	164	3	2%	1,610	(658)	686	(4,188)	5,771
WB - Waitare Beach	943	18	2%	29,287	6,140	3,467	(12,849)	32,528
WK - Waikawa Beach	231	2	1%	1,321	50	273	0	998
<b>Total 29 February 2016</b>	<b>17,782</b>	<b>635</b>	<b>4%</b>	<b>2,103,699</b>	<b>133,678</b>	<b>376,579</b>	<b>(477,641)</b>	<b>2,071,083</b>
<b>Total 28 February 2015</b>	<b>17,782</b>	<b>1,163</b>	<b>7%</b>	<b>3,022,637</b>	<b>703,540</b>	<b>343,892</b>	<b>-</b>	<b>1,975,205</b>

In the year to 29 February 2016

- 173 assessment are now receiving their invoices by email
- 1,924 rate assessments have applied for a rates rebate totalling \$1,055,236
- 443 assessments totalling \$727,118 have been sent to DMC for collection

## Statement of Sundry Debtors

Category	Total Outstanding	Current Outstanding	31 - 60 days Outstanding	61 - 90 days Outstanding	Over 90 days Outstanding	Notes
Aquatic Centre	8,074	7,650	129	279	16	
Building Consents	35,413	5,417	12,414	0	17,582	3
Building Fee - BWOF	910	585	130	65	130	
Cemeteries	16,083	16,051	0	32	0	
Dev Cont New Policy	87,412	0	0	0	87,412	1
Develop Cont Old Policy	64,931	3,693	0	0	61,238	
Dogs	752	0	0	0	752	
Dogs - Debt Collection	16,011	0	0	0	16,011	
Dogs Arrange to pay	7,295	856	652	233	5,554	
Dogs Pre Payments	27	0	0	0	27	
Fines	8,576	1,735	0	0	6,841	
Fire Hazard	631	0	0	0	631	
General	98,437	58,051	1,736	394	38,256	
Health Accreditation Renewals	1,922	705	651	0	566	
Hire	7,500	5,370	0	0	2,131	
On Charges	98,038	27,904	138	0	69,996	4
Pension Housing	3,315	3,128	0	0	187	
Rental Income Monthly	89,164	7,378	2,751	1,715	77,320	2
Resource Consent Fees	91,502	5,755	38,990	290	46,467	5
Rubbish Bags	32,878	32,878	0	0	0	
Staff Account	1,568	750	716	0	102	
Te Horowhenua Trust General	8,943	0	0	0	8,943	
Waste Transfer Station	2,511	2,057	129	153	172	
Water	184,802	165,893	2,777	9,529	6,604	
Water Septage - Septic Tank Disposal	2,028	1,310	718	0	0	
<b>Total as at 29 February 2016</b>	<b>868,722</b>	<b>347,167</b>	<b>61,930</b>	<b>12,690</b>	<b>446,935</b>	
Total as at 28 February 2016	1,022,152	279,893	65,597	19,705	656,956	

## Notes and Comments

1. These Development Contribution debtors are being actively pursued. The batch of debt letters sent had a positive effect with several payments being made. Most of the Development Contributions – Old Policy are with the Debt Collection Agency, with the balance of them either being paid off or having an arrangement to pay when the sections sell.
2. The Rental Income category is comprised mainly of annual endowment leases, which are billed in October each year and have until September the following year to pay. The majority of these lessees pay regular monthly amounts, with a few making lump sum payments, for some leases this builds up a credit balance which is offset against the October invoicing.
3. Amongst the Building Consents category, there are some damage deposit bonds in here, as well as extensions of time for a number of the older aged consents.
4. In the On Charges category, the majority of the 90+ Days debtors have been provided for as Doubtful Debts.
5. Amongst the Resource Consent category, there are some land use bonds. The debtors in this category are being actively pursued, and some of the 90+ Days debtors have been provided for as Doubtful Debts.
6. Out of the \$447K owing +90 Days, \$248k is provided for in the Doubtful Debts Provision. As at 29 February 2016 there are 556 sundry debtors.

Statement of Loans by Parcel

Loan parcels	Maturity	Interest	Opening balance	Raised	Repaid	Closing balance
<b>Due within a year</b>						
Stock FRN	16 May 16	4.2000%	2,000,000			2,000,000
Stock	16 Aug 16	6.2750%	2,000,000			2,000,000
<b>Total due within a year</b>						<b>4,000,000</b>
<b>Due within 2 - 5 years</b>						
Stock	15 Mar 17	5.0550%	3,000,000			3,000,000
Stock	23 May 17	4.3900%	4,000,000			4,000,000
LGFA FRN	15 Dec 17	3.7325%	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	3.6225%	3,000,000			3,000,000
<b>Total due within 2 - 5 years</b>						<b>23,000,000</b>
<b>Due after 5 years</b>						
LGFA FRN	15 May 21	3.7438%	4,000,000			4,000,000
LGFA Bond	15 May 21	4.5650%	5,000,000			5,000,000
LGFA Bond	15 May 21	5.9852%	5,000,000			5,000,000
LGFA Bond	15 May 21	5.8516%	5,000,000			5,000,000
LGFA Bond	15 Apr 23	5.1336%	4,000,000			4,000,000
LGFA Bond	18 May 22	3.3205%	3,000,000			3,000,000
LGFA Bond	19 May 25	3.3855%	7,000,000			7,000,000
<b>Total due after 5 years</b>						<b>33,000,000</b>
<b>Total</b>			<b>60,000,000</b>	<b>0</b>	<b>0</b>	<b>60,000,000</b>

Statement of External Loans and Interest by Activity

Activity	Loans as at 30 Jun 2014	Loans as at 30 Jun 2015	Year to date Finance costs
<b>Water supply</b>			
Water Levin	2,550,000	3,300,000	97,568
Water Shannon	1,350,000	1,400,000	41,392
Water Foxton	900,000	900,000	26,609
Water Foxton beach	350,000	300,000	8,870
Water Tokomaru	100,000	400,000	11,826
<b>Total for water supply</b>	<b>5,250,000</b>	<b>6,300,000</b>	<b>186,266</b>
<b>Wastewater</b>			
Wastewater Levin	6,050,000	7,000,000	206,962
Wastewater Shannon	6,150,000	6,650,000	196,614
Wastewater Foxton	1,150,000	1,400,000	41,392
Wastewater Foxton Beach	350,000	300,000	8,870
Wastewater Tokomaru	0	50,000	1,478
Wastewater Waitare	0	50,000	1,478
<b>Total for wastewater</b>	<b>13,700,000</b>	<b>15,450,000</b>	<b>456,795</b>
<b>Stormwater</b>	<b>2,300,000</b>	<b>2,300,000</b>	<b>68,002</b>
<b>Waste management Landfill</b>	<b>4,500,000</b>	<b>4,550,000</b>	<b>134,525</b>
<b>Recreation and leisure</b>			
Libraries	6,900,000	7,900,000	233,571
Pools	2,850,000	2,700,000	79,828
Reserves	1,300,000	1,350,000	39,914
Sports grounds	1,500,000	1,450,000	42,871
<b>Total for recreation and leisure</b>	<b>12,550,000</b>	<b>13,400,000</b>	<b>396,184</b>
<b>Properties</b>			
Residential housing	5,000,000	5,000,000	147,830
Halls	250,000	250,000	7,392
Commercial properties	1,200,000	1,150,000	34,001
Toilets	300,000	300,000	8,870
General properties	800,000	750,000	22,175
Cemeteries	0	100,000	2,957
Council building	6,800,000	6,500,000	192,179
<b>Total for properties</b>	<b>14,350,000</b>	<b>14,050,000</b>	<b>415,402</b>
<b>Other activities</b>			
Information technology	1,500,000	1,500,000	44,349
District plan	2,600,000	2,450,000	72,437
<b>Total for other</b>	<b>4,100,000</b>	<b>3,950,000</b>	<b>116,786</b>
<b>Total</b>	<b>56,750,000</b>	<b>60,000,000</b>	<b>1,773,960</b>

## Statement of Internal Loans and Interest by Activity

Activity	Loans as at 30 Jun 2014	Loans as at 30 Jun 2015	Year to date Finance costs
<b>Water supply</b>			
Water Levin	38,323	44,338	1,448
Water Shannon	41,366	47,234	1,543
Water Foxton	5,172	49,717	1,624
Water Foxton beach	4,237	40,130	1,311
Water Tokomaru	7,997	14,491	473
<b>Total for water supply</b>	<b>97,095</b>	<b>195,910</b>	<b>6,400</b>
<b>Wastewater</b>			
Wastewater Levin	26,056	14,425	471
Wastewater Shannon	5,628	7,066	231
Wastewater Foxton	97,038	31,782	1,038
Wastewater Foxton Beach	(1,729)	3,732	122
Wastewater Tokomaru	81,678	28,411	928
Wastewater Waitarere	81,962	26,458	864
<b>Total for wastewater</b>	<b>290,633</b>	<b>111,874</b>	<b>3,655</b>
Stormwater	1,996	72,917	2,382
<b>Total for Stormwater</b>	<b>1,996</b>	<b>72,917</b>	<b>2,382</b>
Waste management Landfill	56,659	37,161	1,214
<b>Total for Waste management Landfill</b>	<b>56,659</b>	<b>37,161</b>	<b>1,214</b>
<b>Recreation and leisure</b>			
Libraries	277,057	25,929	847
Pools	(3,821)	10,561	345
Reserves	17,034	49,463	1,616
Sports grounds	48,853	42,503	1,388
Beautification	24,038	23,076	754
<b>Total for recreation and leisure</b>	<b>363,161</b>	<b>151,532</b>	<b>4,950</b>
<b>Properties</b>			
Residential housing	10,207	35,866	1,172
Halls	34,405	29,101	951
Commercial properties	22,987	24,068	786
Toilets	18,546	9,187	300
General properties	4,824	49,906	1,630
Cemeteries	121,930	17,294	565
Council building	25,856	14,478	473
<b>Total for properties</b>	<b>238,755</b>	<b>179,900</b>	<b>5,877</b>
<b>Other activities</b>			
Information technology	109,024	44,663	1,459
District plan	451	23,452	766
<b>Total for other</b>	<b>109,475</b>	<b>68,115</b>	<b>2,225</b>
<b>Total</b>	<b>1,157,774</b>	<b>817,409</b>	<b>26,702</b>



# Monitoring Reports to 30 March 2016

File No.: 16/128

## 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 16/128 on Monitoring Reports to 30 March 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	26
B	Monitoring Report - issues identified during the 30 June 2015 Audit	28


### 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 <b>Group Manager - Finance</b>	
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Approved by	Doug Law <b>Group Manager - Finance</b>	
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**MONITORING REPORT**  
**HOROWHENUA DISTRICT COUNCIL**  
**Finance, Audit & Risk Subcommittee**




Meeting Date	Item No.	Item Description	Resolved	Responsible Officer	Date to Action by	Date Completed	Officer Comment
24 Feb 2016	16/63	Spending on Budgeted Projects – attendance by Messrs Saidy & O’Neill at next FARS meeting		G Saidy	March 2016		
		Current Incomes Projections – check with managers to find out why income was being exceeded		D Law	March 2016	March 2016	Income projections have been updated in the February monthly report
		Explanation to be provided as to what ‘Other’ related to under Non-current liabilities (page 15)		D Law	March 2016	March 2016	Explanation has been provided in the February monthly report.
		Clarification re spending on the reservoir project (page 19) which had not gone to the Feb Council mtg		D Law	March 2016	March 2016	This comment has been removed in the February monthly report. This was inserted in error.
		Removal of graph on page 19 which had been included		D Law	March 2016	March 2016	This has been removed from the February monthly report.






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







Meeting Date	Item No.	Item Description	Resolved	Responsible Officer	Date to Action by	Date Completed	Officer Comment
		in error					
		Corrections/amendments to be done prior to inclusion on next Council Agenda		D Law	March 2016		The January monthly report was updated for the Council agenda.
	16/23	Audit New Zealand – Final Management Report for the year ended 30 June 2016	<i>THAT a Monitoring Report model be prepared and be presented to the next Finance, Audit &amp; Risk Subcommittee meeting that will be used to measure progress to achieve the recommendations of Audit New Zealand.</i>		March 2016		Will be presented to the March FARS meeting.
		Attendance by Audit Director and Audit Manager at March 2016 FARS meeting			March 2016		Seek clarification if the FARS wish Audit NZ to attend the April FARS meeting

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

3.1.2	<p><b>Independent review of payroll Masterfile</b></p> <p>Implement an independent review of the payroll Masterfile changes from the pay run ended 15/02/2015 to date to provide assurance to management that changes made to the payroll Masterfile are legitimate. Complete future independent reviews of the changes made to the payroll Masterfile in a timelier manner</p>	✓				There is an independent review of the payroll Masterfile is undertaken for each fortnightly payroll.
3.1.3	<p><b>Internal assurance over landfill revenue</b></p> <p>Obtain assurance that the landfill revenue information received in the last three quarters was appropriate. Complete quarterly audits in a timelier manner</p>		✓			The information received from the contractor will be audited against Council records.
3.1.4	<p><b>Reviews of users and their access levels within Authority (IS)</b></p> <p>Perform a review of Authority users and their access levels to ensure that they remain appropriate</p>			✓		NB - 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.
3.1.5	<p><b>Patching and Virus Management Improvements (IS)</b></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>			✓		NB - Security review completed March 2016. Pending report of findings and recommendations.
5.2.1	<p><b>Reporting of unplanned and deferred maintenance</b></p> <p>Report planned, unplanned and deferred maintenance to Council</p>		✓			Planned and Unplanned maintenance will be reported to Council on a monthly basis. We will co-ordinate with Asset Management to identify deferred maintenance.

6.1	<p><b>Maintenance of fixed asset register (FAR)</b></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><b>Maintenance of fixed assets WIP schedule</b></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><b>PPE additions – missing contract documentations</b></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>		✓			
6.4	<p><b>Classification of “assets held for sale”</b></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><b>Appropriateness of procurement process</b></p> <p>Future significant procurement should follow a tender process</p>		✓			<p>NB - Procurement Policy reviewed. Version 2.0 of the policy and guidelines adopted by the leadership team in March 2016.</p> <p>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.</p> <p>Contract register developed to record all existing contracts and a process developed for addition of any future contracts.</p> <p>Annual procurement plan currently under development to identify all planned procurement as per annual plan budgets.</p>
6.6	<p><b>Enforcement of the delegated financial authority</b></p>	✓				

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

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><b>Urgent</b> Major improvements required</p>	<p><b>Needs to be addressed urgently</b></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><b>Necessary</b> Improvements are necessary</p>	<p><b>Address at the earliest reasonable opportunity, generally <i>within 6 months</i></b></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><b>Beneficial</b> Some improvement required</p>	<p><b>Address, generally <i>within 6 to 12 months</i></b></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>