

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

Date: Wednesday 5 April 2017
Time: 5.00 pm
Meeting Room: Council Chambers
Venue: Horowhenua District Council
Levin

Finance, Audit & Risk Subcommittee

OPEN AGENDA

MEMBERSHIP

Interim Chairperson
Members

Cr Barry Judd
Cr Wayne Bishop
Cr Ross Brannigan
Cr Ross Campbell
Mayor Michael Feyen
Cr Neville Gimblett
Cr Victoria Kaye-Simmons
Cr Jo Mason
Cr Christine Mitchell
Cr Piri-Hira Tukapua
Cr Bernie Wanden

Reporting Officer
Meeting Secretary

Mr Doug Law (Chief Financial Officer)
Mrs Karen Corkill

Contact Telephone: 06 366 0999
Postal Address: Private Bag 4002, Levin 5540
Email: enquiries@horowhenua.govt.nz
Website: www.horowhenua.govt.nz

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www.horowhenua.govt.nz

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Foxton Service Centre/Library, Clyde Street, Foxton,
Shannon Service Centre/Library, Plimmer Terrace, Shannon
and Te Takere/Library, Bath Street, Levin

ITEM	TABLE OF CONTENTS	PAGE
PROCEDURAL		
1	Apologies	5
2	Public Participation	5
3	Late Items	5
4	Declarations of Interest	5
5	Confirmation of Minutes – Open & In Committee 22 February 2017	5
6	Announcements	5
REPORTS		
7	Reports	
7.1	Audit New Zealand - Final Management Report for the year ended 30 June 2016	7
7.2	Financial Report for the eight months to 28 February 2017	51
7.3	Projects Update Report March 2017	57
7.4	Health and Safety - Quarterly Report	59

1 Apologies

2 Public Participation

Notification to speak is required by 12 noon on the day of the meeting. Further information is available on www.horowhenua.govt.nz or by phoning 063660999.

3 Late Items

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

4 Declaration of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

5 Confirmation of Minutes

5.1 Meeting minutes Finance, Audit & Risk Subcommittee, 22 February 2017

5.2 Meeting minutes In Committee Meeting of the Finance, Audit & Risk Subcommittee, 22 February 2017

6 Announcements

Audit New Zealand

Audit Director, Debra Perera will be in attendance to speak to the Audit New Zealand Final Management Report for the year ended 30 June 2016. She will also be available should the Subcommittee wish to ask questions without Council Officers in attendance.

Audit New Zealand - Final Management Report for the year ended 30 June 2016

File No.: 17/116

1. Purpose

To present to the Finance Subcommittee the Audit New Zealand - Management Report for the year ended 30 June 2016.

2. Recommendation

- 2.1 That Report 17/116 on Audit New Zealand - Final Management Report for the year ended 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. Background/Previous Council Decisions

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

Debra Perera, the Audit Director from Audit New Zealand will be in attendance. They will also be available should the Subcommittee wish to ask them questions.

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, and also items that the Auditor General has asked to be looked into across all local authorities.

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

In summary;

- The Audit Management Report is designed to report the findings of the Audit to the Mayor and Council.
- The Subcommittee are 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 and/or officers.

Attachments

No.	Title	Page
A	Audit New Zealand - Draft Final Management Report - 10 November 2016	9

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 Chief Financial Officer	
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Approved by	Doug Law Chief Financial Officer	
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AUDIT NEW ZEALAND
Mana Arotake Aotearoa

**Report to the Council on the 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

We have completed the audit for the year ended 30 June 2016. This report sets out our findings from the audit and draws attention to areas where Horowhenua District Council (the Council) is doing well or where we have made recommendations for improvement.

Please also refer to our interim audit report dated 14 July 2016 for our detailed findings from the interim audit.

Audit opinion

We issued an unmodified audit opinion on 5 October 2016. This means that we are satisfied that the financial statements and statement of service performance fairly reflect the Council's activity for the year and its financial position at the end of the year.

Significant matters considered during the audit

Performance measures

We reconfirmed that the performance framework from the 2015–2025 Long Term Plan remains an appropriate base to enable the Council to tell a concise performance story.

This is the first year that Council has had to report against the Department of Internal Affairs' (DIA's) mandatory performance measures. Overall we are satisfied that the Council's performance information over these measures fairly reflects the actual performance of the Council for the year. We acknowledge the significant effort that went in by Council to ensure that reporting was accurate. Refer to section 2.1.2 of this report for recommendations for the future.

Property, plant and equipment

We confirmed that the movement, between the carrying value as at 30 June 2016 and the revalued amount as at 1 July 2016, was not material and so trigger the need to book the revaluation early.

Review of procurement

We completed a review of the joint procurement process undertaken by Manawatu District Council, Horowhenua District Council, and Rangitikei District Council. This was for the tendering of Road Maintenance Contracts across the three Councils. Overall we found that the processes used in this joint procurement process were consistent with accepted good procurement practice and MBIE's Government Rules of Sourcing but with some improvements noted.

Capital Expenditure Programme

We have reviewed the progress that Council is making on its capital expenditure and renewals programme. We found that Council is largely on track and is making good progress on improving the condition and levels of performance of its infrastructure assets.

QA of the Annual Report

We are pleased to note the continuing improvement on previous years. We received a good quality annual report in mid-August allowing the audit to be started 6 weeks earlier than last year.

- **Issues identified during the audit**
- The following table summarises our recommendations and their priority:

Ref	Recommendation	Urgent	Necessary	Beneficial
2.1.2	Performance measure rules Continue to review the effectiveness of the collection and reporting of data.		✓	
3.1	Procurement review Implement the improvements identified from the procurement reviews in 2.1 and include any policy improvements in the 2017 procurement policy update.		✓	
3.2	Rates strike Review the approved rates strike resolution, to be included in the publicly available minutes, to ensure the completeness and accuracy of the information.		✓	

Ref	Recommendation	Urgent	Necessary	Beneficial
3.4	Monitoring of swimming pool revenue Develop a robust system for reviewing revenue for the admissions to the individual pools so revenue streams can be more accurately monitored and any potential issues detected early.		✓	
3.5	Provision against rates debtors Review provisioning for rates debtors and fully impair historically uncollectible rates debtors.		✓	
3.6	Work-in-progress (WIP) Balance to be transferred Monitor WIP balances on a regular basis to ensure that WIP is capitalised at the time the asset is first in use.		✓	
4.2	Annual Report Summary Review the summary annual report format to ensure that it is succinct and easily read by the ratepayers.			✓

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

Thank you

We would like to thank the Council and management for the cooperation received during our audit visits.

Debbie Perera
Audit Director
Draft - 3 November 2016

- Contents

1	Our audit opinion	7
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2	Significant Audit findings	7
3	Other items noted during the audit	11
4	Annual Report Process	17
5	Disestablishment of the Te Horowhenua Trust.....	19
6	Verbally discussed recommendations	19
7	Status of previous recommendations	19
	Appendix 1: Explanation of priority rating system.....	22
	Appendix 2: Uncorrected misstatements.....	24
	Appendix 3: Detailed findings regarding our review of Procurement practice	25
	Appendix 4: Status of previous recommendations.....	30
	Appendix 5: Mandatory disclosures	50

1 Our audit opinion

1.1 We issued an unmodified audit opinion

- We issued an unmodified audit opinion on 5 October 2016. This means that we were satisfied that the financial statements and statement of service performance fairly reflected Horowhenua District Council's activity for the year and its financial position at the end of the year.
- In forming our audit opinion, we considered the following matters.

1.2 Uncorrected misstatements

- The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management the misstatements that we found, other than those which were clearly trivial. The significant misstatements that have not been corrected are listed in Appendix 2 along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

2 Significant Audit findings

2.1 Audit of non-financial performance information

2.1.1 Current performance framework

- We have reconfirmed that the performance framework from the 2015-2025 Long Term Plan remains appropriate.
- Our audit work over the performance reports took into account the:
 - Quality of the overall story that the non-financial performance reporting tells;
 - Reliability/accuracy of the reporting;
 - Completeness of the reporting against the performance framework as outlined in the LTP; and

- Compliance with relevant legislation (in particular the Local Government Act 2002, Schedule 10).
- We confirmed that the framework and associated performance measures provide an appropriate basis for performance reporting in 2015/16.

2.1.2 Performance measure rules

- The Non-Financial Performances Measures Rules 2013, promulgated by the Department of Internal Affairs (DIA), specified a set of standard performance measures for all local authorities. These measures were included in the 2015–25 Long Term Plan and this is the first year that the Council has been required to report against them in the annual report.
- During our interim audit we had noted that improvements were required to ensure that the DIA measures could be accurately reported against (refer to Appendix 2 of our Interim report dated 14 July 2016). As a result a significant amount of work was performed by the Group Business Manager and her team to ensure the Council received an unmodified audit opinion.
- We are aware that Council staff are continuing to make further improvements in the reporting systems. We recommend the following areas for improvement:
 - Continue to review the effectiveness of the current reporting, and systems to accurately capture the underlying data and to ensure that the data is complete.
 - Ensure these systems and processes are formally documented and regular training is provided to all staff involved;
 - Perform a regular, weekly or even daily, quality review of data entered into the Customer Request Management system (CRM) in relation to complaints, service requests and response times to ensure it is complete, accurate and supportable. Reviews should also focus on following up unclosed jobs, ensuring all data fields are updated, and review of unusual response times. We would

expect that these reviews are formally evidenced by way of a date and signature;

- Ensure data fields include information to clearly show why data has been amended or re-categorised with a clear audit trail of any changes made and who authorised them;
- Require the contractor to use job sheets, regardless of whether the job is chargeable or non-chargeable, to enable confirmation of response and resolution times;
- Document any calls that are excluded as DIA service requests or complaints. This may require additional fields to be added to the existing CRM if this information is not already captured;
- Continue to review DIA guidance to ensure that the data being captured and reported, meets the mandatory reporting requirements. We expect that there will be further clarification around these measures as they become embedded into the annual reporting;
- Establish a system to check contractor times recorded are accurate instead of relying solely on the time that the contractor/staff noted. This is important to ensure accurate monitoring of contractor performance against the Council's key performance targets; and
- Use the data from the CRM to monitor Council's performance on a regular basis to ensure corrective action can be taken as needed.

We note that a number of Councils have encountered similar issues and we would encourage the Council to liaise with other Councils to share possible solutions and improvements to their current reporting systems.

– **Management comment**

– Noted. A programme of improvements was developed in April 2016 based on the recommendations of Audit New Zealand. A number of those improvements have been implemented inclusive of the development of a reporting guidelines, performance measure reporting framework and

improvement data capture within current systems. Council has also built in improved work order tracking within the asset management system which will deliver the improvements required in the management of job sheets and quality review over data entry. Council will continue to build on the improvements made to date.

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2.2 Property, plant and equipment – fair value movements

- We reviewed and confirmed the Council's assessment that there was no significant difference between the carrying amount and fair value of its operational and infrastructural assets that would trigger the need for a revaluation for the year ended 30 June 2016.

- In particular we noted that Council has revalued its infrastructure assets effective 1 July 2016 and the movements will be reflected within its 2016/17 annual report. We confirmed that the movement between the carrying value, as at 30 June 2016, and the revalued amount, as at 1 July 2016, was not material and therefore did not trigger the need to book the revaluation early.

3 Other items noted during the audit

3.1 Review of procurement

- During the year there were several reviews of Council's procurement processes.

- Recommendation

- Implement the improvements identified in these reviews and include any policy improvements in the 2017 procurement policy update.

- Management comment

- Council adopted its Procurement Strategy in April 2014. In 2015 an internal HDC officer was appointed to review the strategy and its implementation. As result of that review a number of improvements were identified which have been worked through in the past six months. Upon completion of that work HDC engaged an external auditor to review our

procurement strategy and policy and appropriateness of process. Overall the audit found that HDC's procurement processes were consistent with accepted good procurement practice and MBIE's Government Rules of Sourcing. It also acknowledged the sound policy, guidance toolkits and training which had been provided to staff. It is noted that further enhancements could be made and HDC will take those on board as part of the review in 2017.

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3.1.1 Joint review of procurement

- We completed a review of the joint procurement process undertaken by Manawatu District Council, Horowhenua District Council, and Rangitikei District Council. This was for the tendering of Road Maintenance Contracts across the three Councils. We reviewed the process' compliance with both good procurement practice and the Councils' procurement procedures.
- Overall we found that the processes, used in this joint procurement process, were consistent with accepted good procurement practice and MBIE's Government Rules of Sourcing. We have noted some improvements. See Appendix 3 for a copy of the report which details our findings.

3.1.2 Review of Council's procurement processes and policies

- We note that Internal audit reviewed the Council's procurement processes to provide Council management with assurance that there was:
 - An adequate control framework with respect to governance and internal controls to effectively support procurement activities; and
 - Procurement activities were undertaken in a manner that was compliant with applicable policies and procedures.
- The review found that Council's controls for the procurement of goods and services were properly designed and applied to ensure that procurement activities are performed in compliance with relevant legislation and relevant policies. This is consistent with the joint review findings that we found as noted above. The following areas of improvement were recommended:

- Review financial delegations to ensure that they are set at a level to allow procurement oversight by senior management;
 - Review validity and accuracy of invoices, by the accounts payable officer, to ensure procurement is valid and appropriate for Council;
 - Develop a centralised contracts register;
 - Perform a formal post implementation procurement review; and
 - Obtain appropriate independent assessment of proposed procurements which will not comply with budget, procurement policy or tendering processes.
- In addition we also performed a review of the Council’s procurement policy and noted some additional areas for improvement.
- We recommend that the Council include documentation on:
- methods of procurement,
 - handling of late tenders,
 - reviewing contracts prior to the end of contracted period, and
 - the transition periods between suppliers.
- **Management comment**
- The recommendations are noted.

3.2 Incomplete minutes – rates strike

Recommendation

- Ensure the Council minutes are amended to correctly reflect the setting of the rates as tabled at the Council meeting when the rates were struck. These updated minutes should be presented to the next Council meeting noting the changes to the minutes.
- Ensure that the approved rates strike resolution is included in the publicly available minutes to ensure completeness and accuracy of the information.

Findings

- Due to an administrative error, the rural general rate, which had been adopted in the rates strike for the 2016/17 financial year and included in the rates resolution, was not included in the documented resolution in the publicly available minutes.
- **Management comment**
- Noted. Minutes will be updated and a peer review of Council minutes will be implemented going forward for our Rates Resolutions.

3.3 Progress against capital expenditure and renewals budget

- In previous years the Council has fallen short in the delivery of renewals work required to keep its infrastructure networks in appropriate condition and achieving appropriate performance levels. In the 2015–2025 LTP Council put in place a capital expenditure programme to address this.
- We reviewed progress against the capital programme and found that Council is working through its capital projects and largely met its renewals budget for roading, storm water, water supply and solid waste management in 2015/16.
- We note that the Council has underspent in renewals for wastewater disposal largely due to a delay in completing the Levin wastewater lease renewal and a change in timing of wastewater renewals work to coincide with road works resulting in savings to Council of \$170k.
- We note that there has also been a change in timing of some capital works due to the resource consent process being worked through. At year end the largest backlog of capital works was for the Foxton Wastewater Treatment Plant upgrade (underspent by \$1,427k) where the resource consent is currently before the Environment Court, and the Levin clarifier installation which was underspent by \$1,219k. Both projects have been carried forward to next year.
- Given the progress made on renewals and capital projects in in 2015/16, and the reasons for planned capital work not being completed,

we believe that Council is making progress on improving the condition and levels of performance of its infrastructure assets.

- We will continue to monitor this area as part of our future audits.

3.4 Monitoring of swimming pool revenue

Recommendation

- Develop a robust system for reviewing revenue for each swimming pool against the admissions data and learn-to-swim programmes offered at the individual pools so that revenue streams can be more accurately monitored and any potential issues detected early.

Findings

- During the 2015/16 year, the coding for banking received for individual pools was changed and an analysis of pool revenue could not be made at an individual pool level. This analysis could only be performed at an overall level and an assessment could not be made against the admissions and programmes at an individual pool level.
- It is important that individual pool revenue is monitored against pool admissions and learn to swim classes offered at the individual pool due to the different services provided between the pools. Large movements in individual revenue items, at individual pools, may not be detected if aquatic revenue is reviewed as a whole.
- This is an important tool to ensure that changes in admission levels and uptake of aquatic programmes can be identified early and responded to quickly. This would capture not only lower than expected usage but identify over subscription of programmes. It is also an important detection control given the higher level of cash receipts for aquatic activities.

Management comment

- Noted. The information is captured within the Aquatic Centre Centaman system which provides Aquatic's management with a full overview of the aquatic adminisitions, programmes, classes etc.

3.5 Provision for doubtful debts for rates

Recommendation

- Review provisioning for rates debtors and fully impair historically uncollectible rates debtors.

Findings

- Council only provides for 75% of rates owed from Maori land. Historically, due to the nature of these properties, the rates are considered unlikely to be collectible and we believe they should be fully impaired. We noted this in our uncorrected misstatements in Appendix 2.

- **Management comment**

- This has been noted and the Finance Manager will look to review in 2016/2017.

3.6 Transfer of Work In Progress (WIP) balance

- **Recommendation**

Monitor WIP balances on a regular basis to ensure that WIP is capitalised at the time the asset is first in use.

- **Findings**

- Despite the asset now being in use, a value for the Levin Wastewater plant remains in the WIP balance. While we note that depreciation is being deducted against the balance so there is no impact on the overall asset value, it is best practice to transfer the balance from WIP into the Fixed Asset Register.

- **Management comment**

- A significant project is currently being undertaken on our asset management system which will see a number of the recommendations made within this report resolved.

-

4 Annual Report Process

4.1 Quality Assurance over the Annual Report

- The preparation and audit of the draft Annual Report is a significant and time-consuming process in the Council's calendar, and its content is constantly subject to change as required by legislation.
- For the 2015/16 year, we agreed on an earlier timeframe for the final audit of the accounts than in previous years to enable the opinion to be signed before the election.
- In order to meet the earlier timeframe, we set out our expectations to Council including the need for the report to be to fully complete, to the standard that it could be submitted for adoption by Council, to allow the audit process to focus on the contents of the first draft without the expectation that many changes in values or narrative information would be necessary.
- We are pleased to note the continuing improvement from previous years and acknowledge the significant work put in by the Finance team to produce a good quality draft annual report to us on 17 August 2016. This enabled the audit to start 6 weeks earlier than usual. We will continue to liaise with management to build on the improvements for the 2016/17 annual report process.

4.2 Annual Report Summary

- **Recommendation**
- Review the format of the summary annual report to ensure that it is succinct and easily read by the ratepayers.
- **Findings**
- We note that there was very little attempt to summarise the performance measures and financial statements of Council. As a result the summary annual report was over 50 pages long, which reduces the readability of the document. We suggest that Council review other

Councils' summaries (some of which are as short as 2–3 pages) and look to review the format for 2016/17.

- **Management comment**
- Noted. We are committed to continuous improvement in our communications and this is captured within our communications strategy.

5 Disestablishment of the Te Horowhenua Trust

- As part of the Council's delivery of services review, a decision was made not to renew the contract for services between the Council and its subsidiary, Te Horowhenua Trust. As a result the Te Horowhenua Trust accounts were prepared on a disestablishment basis and the Trust was absorbed into Council effective 1 July 2016. We understand that Council has sought legal advice over this.

6 Verbally discussed recommendations

- We have made other recommendations on minor issues identified during the audit. These have been discussed separately with management. These include:
 - Undertaking an assessment, prior to each year end, to determine the treatment of development contributions for reporting purposes, i.e. to determine whether the development contributions should be recognised as revenue or refunded;
 - Reminding staff that all expense claims should be approved on a one up basis. One instance of this not occurring was noted in our final audit;
 - Implementing an independent review of the NZTA claims which is evidenced by way of a signature and date; and
 - Developing a report detailing the balance of rates remissions and penalties generated from the rating module in the Council's accounting system.

7 Status of previous recommendations

- The status of each matter that was outstanding in last year's report to the Council is summarised in Appendix 4.
- Summary of action taken against previous years' recommendations:

Number of recommendations from previous years' audits	Current status
7	Cleared – Matters that have been resolved
8	In Progress – progress is being made, but not yet fully resolved
16	Outstanding – No progress has been made

-

This summary needs to be read in conjunction with the status of recommendations raised in previous years' reports to the Council as detailed at Appendix 4.

Appendices

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** 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 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 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: Uncorrected misstatements

Current year misstatements	Assets	Liabilities	Equity	Financial Performance
	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Under accrued expenditure	180	(205)		25
Provision for doubtful debt		(185)		185
Total parent	180	(390)		210

Explanation for uncorrected misstatements

- 1 Invoices paid in August for capital and operating expenditure not accrued for. Not adjusted as amounts are not material.
- 2 Provision for doubtful debts on Maori land. Not adjusted as not material.

Appendix 3: Detailed findings regarding our review of Procurement practice

As part of our 2016 audit, we completed a review of the joint procurement process undertaken by Manawatu District Council, Horowhenua District Council, and Rangitikei District Council. This was for the tendering of Road Maintenance Contracts across these three Councils. We reviewed the process' compliance with both good procurement practice and the Councils' procurement procedures. Our observations are detailed below.

Procurement in practice

Overall, we found that the processes used in this joint procurement process were consistent with accepted good procurement practice and MBIE's Government Rules of Sourcing. We observed the following areas which demonstrated this.

- Conflict of interest declarations were completed in a timely manner by those on the evaluation team. This is well before tender documents have been completed.
- The Procurement Strategy provided good detail on the method, timelines, and requirements of the tender. Information regarding the length and type of the contract was also included.
- The tender document provided good detail on the conditions of tendering, parties' expectations, and a description of the contract. We found that there was sufficient information on this document to ensure that tenderers knew what was required to be submitted and when, and how the tender process would operate.
- Evaluation plans provided good detail on the proposed evaluation approach. This included the identification of key staff, timelines for each stage of the evaluation, and the evaluation method to be used.

- Tender documentation was appropriately distributed to all prospective tenderers via Tenderlink. This ensured that potential tenderers were given equal opportunity to submit tenders.
- Communications to tenderers were distributed as Notices to Tenderers. This upheld the requirement for a single point of contact from the Council leading the process and ensured that tenderers were receiving notices and clarifications at the same time. Communications were clear and appropriate to the issue being addressed. We did note one Notice being sent to tenderers cancelling a tendering meeting that was to be held the day that the Notice was sent out. The Councils need to ensure that the timing of its notices are appropriate and timely. This adds to the fairness of the process.
- We sighted evidence that the closing and checking of tender submissions was managed appropriately. This included the checking of submissions to ensure that they adhered to tender requirements before being passed to the evaluation team. This pre-checking ensured that additional pages added to those of one tenderer's submission were excluded and ensured the fairness of the process.
- The tender evaluation report provided good detail on the process followed and was consistent with other evaluation evidence sighted. We note that the evaluation plan required a non-price evaluation report to be completed prior to the opening of the price envelopes. We were unable to sight this interim report and were informed that while one had been completed, it could not be located. The Councils need to ensure that all of its records, particularly signed versions, are retained and easily accessible for future reference. This helps the Councils defend any challenge to the process as well as being able to transfer learning from one process to another.
- Letters to successful and unsuccessful tenderers provided good detail on the outcome of the evaluation. We do note that letters did not provide unsuccessful tenderers the opportunity for a tender debrief, though we later clarified that these were requested anyway and did occur. The opportunity for a debrief allows unsuccessful tenderers to learn from their tender's deficiencies in order to improve on future submissions. We would expect these to be offered to all unsuccessful tenderers.

- Other than those already mentioned above, we believe that the following improvements could be applied to future procurements to ensure the robustness of the process.
- Conflict of interest declarations should be signed off by the appropriate authority at the time that they are signed off by the person completing the declaration. This dual signing ensures that any risks have been appropriately considered and accepted by both the signee and the one-up authority. All of the conflict of interest declarations that we sighted, were signed off in a timely manner by the person completing the declaration, but were not signed off for approval until tender submissions had been opened. This delay in signing creates the risk of issues arising from the continued involvement of someone with identified conflicts.
- Declarations should be regularly updated, both actively and at key stages of the procurement process. This ensures that declarations remain timely at any point of the process. Each update should also be signed off by the appropriate authority. We did not sight any evidence that declarations had been updated at any time after initial declarations had been completed. As more information becomes available, the greater the pool from which a conflict of interest may arise. Updates to declarations may be in the form of updated declaration forms, or asked and minuted at the beginning of subsequent meetings.
- Declarations should be completed by those with the ability to influence the decision of the evaluation team, regardless of whether or not these individuals have decision making power. This requirement extends to consultants, advisors, and auditors involved in the process. We sighted declarations from those on the evaluation team but did not sight declarations from the probity auditor or any subject matter experts. Given that advice from these individuals assist the evaluation team in forming their conclusions, we could have expected declarations from them too.
- A business case should be prepared for all procurements of significant value and risk. The detail contained within these include justification for the procurement, funding approval, and cost estimates. While we sighted a procurement strategy that covered all three procurement processes, we note that the purpose of a procurement strategy or plan is distinctive from a business case which justifies starting the procurement in the first place.

- A procurement strategy or plan should specify the roles and responsibilities of those involved in the process. This includes those sitting on the evaluation team and any advisors to the process.
- Risk should be considered during the procurement planning staff. These risks relate to the procurement process rather than the contract. A good risk assessment includes identification of the risk, analysis of the consequences and likelihood, and identification of mitigation strategies. Risks should also be assigned to risk owners to ensure that accountability for each risk is maintained. We did not sight evidence that risk had been assessed as part of the procurement.
- While the procurement strategy identified the broad scope of the procurement, we would expect to see more specificity around timing and quality of what was being procured.
 - **Management comment:**

All comments made by Audit New Zealand regarding recommended future improvement opportunities are noted and HDC will endeavour to review these as part of the 2017 Procurement Policy review.

Appendix 4: Status of previous recommendations

Outstanding matters

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
<p>Segregation of duties in expenditure process Review and enhance the purchase order controls in the expenditure system to require purchases orders to be approved on a one up basis. 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>In progress We will follow up progress during next year's interim audit.</p>	<p>Urgent</p>	<p>Interim <i>Council will not be implementing a one up approval process on purchase orders. A report is however has been developed to report all purchase order activity.</i></p>

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
<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>Outstanding</p> <p>Further instances of expenditure missing appropriate approval were noted during the course of our final audit.</p>	<p>Necessary</p>	<p><i>Noted. This is an ongoing process with educating staff and further enhancements to the automated requisitioning system. The report above notes one instance of this identified for the year.</i></p>

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
<p>Creditor master file review Complete an independent review over the creditor master file changes made year to date as soon as possible to provide assurance to management that changes made were bona fide. Reinstate the monthly review of the creditor master file, evidenced by way of a signature and date prior to each creditor payment run.</p>	<p>In progress The review of master file changes was completed by the end of our final audit visit. However, the review performed is not independent, and best practice recommends the review is performed prior to each pay run's completion to prevent rather than detect fraudulent transactions from occurring.</p>	<p>Necessary</p>	<p><i>Noted. The Finance Manager will look into how improvements could be delivered.</i></p>
<p>Parking meter tickets Track the sequential numbers on the parking meter tickets in the reconciliation to ensure that the Council receives all coins from the parking meters</p>	<p>Outstanding</p>	<p>Necessary</p>	<p>Complete. Ongoing process now in place to manage.</p>

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
<p>Reporting of unplanned and deferred maintenance</p> <p>Report planned, unplanned and deferred maintenance on a regular basis to Council to allow monitoring and action as required.</p>	<p>Outstanding</p>	<p>Necessary</p>	<p>Planned and Unplanned maintenance is recorded in the ledger and reported to activity managers.</p>
<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>	<p>Outstanding</p>	<p>Necessary</p>	<p>This is within our work programme for 2016/2017.</p>
<p>Risk management</p> <p>Council formally endorse the risk policy and review its current risk management framework/processes for appropriateness.</p>	<p>In progress</p> <p>We understand that Council is currently in the process of updating its overall risk management framework, policy and procedures.</p>	<p>Necessary</p>	<p>An action plan in place which spans to December 2017 to implement a full organisation wide approach and management of risk.</p>

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
Project management improvements Formalise the methodology for managing projects and ensure there is a planned approach to post implementation review in place.	Outstanding	Necessary	Noted. This is an area which needs to be addressed and will be looked into during the 2016/2017 year.

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
<p>Procurement Strategy and Policy Align the current Procurement Strategy and Policy with best practice, with a view to having an integrated policy that can be used by the entire organisation.</p>	<p>In progress There is currently a Procurement and Purchasing Manual in progress. We understand that the Council is aware of the audit recommendations and there is intention of incorporating these in the upcoming manual. Refer to section 3.1 for our further recommendations.</p>	<p>Necessary</p>	<p>As per main commentary, points have been noted and will be taken into account in our review in 2017.</p>
<p>Sensitive expenditure policy Review the sensitive expenditure policy, in conjunction with the employee handbook, to ensure consistency between the two documents.</p>	<p>In progress</p>	<p>Necessary</p>	<p>Completed July 2016 as part of the accountability framework.</p>

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
<p>Mobile/PDA policy We recommend that the Mobile/PDA policy be reviewed in line with OAG guidelines.</p>	<p>Outstanding No progress noted</p>	<p>Necessary</p>	<p>This is captured within the 2016/2017 work programme.</p>
<p>Conflicts of interest policy Review and update the Conflicts of Interest policy to reflect best practice in the sector. We recommend:</p> <ul style="list-style-type: none"> • Policy to be reviewed and endorsed by EMT; and • The policy include a clearer mechanism on how breaches are handled or on what the consequences are for non-compliance. 	<p>Outstanding The latest Conflict of Interest policy is dated May 2012. The issues raised in prior years remain outstanding.</p>	<p>Necessary</p>	<p>Completed July 2016 as part of the accountability framework.</p>
<p>Legislative compliance Council to look at mechanisms to actively monitor compliance with legislative requirements.</p>	<p>Outstanding There is no formal mechanism that actively monitors compliance with legislative requirements. Breaches are reported to Council.</p>	<p>Necessary</p>	<p>Noted.</p>

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
<p>Collectability of rates debtors Implement a robust process to identify and monitor rates which are no longer legally collectable under the Local Government (Rating) Act 2002, and write them off.</p>	<p>Outstanding Refer to our comments in section 3.5</p>	<p>Necessary</p>	<p>On Finance Managers work programme for 2016/2017</p>
<p>Contract management Council to endorse an integrated policy for organisation-wide use.</p>	<p>Outstanding</p>	<p>Necessary</p>	<p>Noted.</p>
<p>PPE additions – missing contract documentations Retain all contract information and ensure it is appropriately filed and archived to enable monitoring of key KPIs and contract conditions. All contracts should be appropriately approved and payments approved in line with delegated authority.</p>	<p>Outstanding We were unable to be supplied with a copy of the signed contract with Design group, Stapleton Elliot, for the Levin Aquatic Centre. This supports the issue of a weak contract management system at Council. See contract management issue raised above</p>	<p>Necessary</p>	<p>Noted.</p>

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
<p>Maintenance of fixed assets WIP schedule/depreciation</p> <p>Monitor WIP balances on a regular basis to ensure that any WIP that should be capitalised is done so.</p> <p>All significant capital additions are depreciated when the asset becomes available for use.</p> <p>As depreciation is only calculated at year end, council should review larger additions to check if depreciation should be recognised earlier.</p>	<p>Outstanding</p> <p>Refer to section 3.6</p>	<p>Necessary</p>	<p>As noted earlier a significant project is being undertaken on our asset management system which will provide improvements in our management of WIP schedules and depreciation. We currently review annually, could look to do twice a year.</p>

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
<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> <p>Implement regular reconciliations between the Asset Management Systems maintained by the asset managers and the Fixed Assets Register maintained by the finance team. The reconciliations should be reviewed by an independent person evidenced with a dated signature.</p>	<p>Outstanding</p> <p>No progress noted</p> <p>System has not changed from previous years. Reconciliation is still carried out at year end only.</p>	<p>Necessary</p>	<p>As noted earlier a significant project is being undertaken on our asset management system which will provide improvements in space.</p>

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
<p>Policy on deposits and bonds Adopt a policy on deposits and bonds and review deposits and bonds held to determine whether those no longer required should be refunded or recognised as revenue.</p>	<p>Outstanding No policy has been adopted. Through our audit we can see that historical balances are still being clear, albeit slowly.</p>	<p>Necessary</p>	<p>Finance Manager sought advice via the list serve from other Councils but none was received. If Audit NZ is aware of any examples which could assist in our implementation please let us know.</p>
<p>High annual leave balances Employees with excessive leave balances be encouraged to reduce their leave balances.</p>	<p>Outstanding Annual leave balance is still increasing.</p>	<p>Necessary</p>	<p>Noted, this is reported monthly to the leadership team and quarterly to managers.</p>

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
<p>Valuation of property, plant and equipment</p> <ul style="list-style-type: none"> • Ensure quality assurance review is carried out to future in-house revaluations. • Ensure completeness and accuracy of the data contained within the asset management records. • Query assumptions used by external valuers. 	<p>Outstanding</p> <p>This will be reviewed in the next revaluation.</p>	<p>Necessary</p>	<p>Partially completed. Through the LTP process we will look to consider annual reviews.</p>
<p>Organisational Business Continuity and IT Disaster Recovery</p> <p>Finalise and test the Organisational Business Continuity and IT Disaster Recovery.</p> <p>Perform formal test restores to ensure data can be recovered from tape.</p>	<p>In progress</p>	<p>Urgent</p>	<p><i>This will be completed in 17/18 as part of our planned testing of our implementation of the business continuity plan.</i></p>

Recommendation	Current Status	Priority	<i>Management's proposed action</i>
<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 councils systems are protected.</p>	In progress	Necessary	<i>Noted. It will be addressed in the 2016/17 year.</i>
<p>Establish regular testing of backups</p> <p>Establish a cycle of testing the restoration of data from backups as part of Council's business continuity planning</p>	In progress	Necessary	<i>This will be completed in 17/18 as part of our planned testing of our implementation of the business continuity pan.</i>

Matters that have been resolved

Recommendation	Outcome
<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>Activity managers to prepare the non-financial performance results included in the Annual Report with an overview by the Group Manager.</p>	<p>Closed</p> <p>Council has worked hard on implementing robust systems as well as performing a review of raw data for validity.</p> <p>Utilising the Group Manager of Business Services as the main point of contact for performance reporting enabled a more efficient approach to auditing the performance information; as well as allowing the finance team to focus on the financial aspect of the audit.</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 <p>HR should send IT details of all staff starting and leaving.</p>	<p>Closed</p> <p>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.</p> <p>Super users' access has been reduced to appropriate levels.</p>
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Recommendation	Outcome
<p>QA of contractor performance</p> <p>We recommend that:</p> <ul style="list-style-type: none"> • regular checks be performed on contractor performance, • information supplied by contractors for performance reporting be checked for authenticity, • record evidence of these checks. <p>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.</p>	<p>Closed</p> <p>No issues noted during our review of contractor provided data of issues with poor/inaccurate documentation provided by the contractor.</p>

<p>Contract variations</p> <p>Ensure subsequent variations to original contracts are formally signed by the relevant parties</p>	<p>Closed</p> <p>We did not notice any instances of this during this year's audit.</p>
<p>Appropriateness of procurement process</p> <ul style="list-style-type: none"> - Significant procurements follow a tender process. - Ensure the principles of transparency and value for money are followed for significant contracts. 	<p>Closed</p> <p>From our review of procurement no issues noted during the current period</p>
<p>Use of Mayor's credit card</p> <p>The Mayor's credit card should not be used for wider council expenditure; a council credit card should be set up for that purpose</p>	<p>Closed</p> <p><i>No instances of Council operational expenditure noted from review of the Mayoral credit card.</i></p> <p><i>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.</i></p>
<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>Closed</p> <p><i>Council are satisfied that the accuracy of the records provided are adequate to provide assurance over revenue. 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.</i></p>

Appendix 5: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carry out our audit in accordance with generally accepted audit standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We confirm that, for the audit of the Horowhenua District Council's financial statements for the year ended 30 June 2016, we have maintained our independence in accordance with the requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.</p> <p>Other than the audit, we have not provided any engagements for the Horowhenua District Council during the year ended 30 June 2016. In addition, we have no relationships with, or interests in, the Horowhenua District Council.</p>

Area	Key messages
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Horowhenua District Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Horowhenua District Council during or since the end of the financial year.</p>
Unresolved disagreements	<p>We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial statements. Management has not sought to influence our views on matters relevant to our audit opinion.</p>

Financial Report for the eight months to 28 February 2017

File No.: 17/115

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the eight months to 28 February 2017.

2. Recommendation

- 2.1 That Report 17/115 on Financial Report for the eight months to 28 February 2017 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 - 28 February 2017	52

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 Chief Financial Officer	
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Approved by	Doug Law Chief Financial Officer	
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Eight Month Report

1 July 2016 - 28 February 2017



Executive Summary

A. Trends and Activity of Interest

1. Resource Consents

- 132 consents have been lodged and 133 approved as at 28 February 2017 against 134 respectively for the whole of 2015/16. Approved consents include consents under process at 30 June 2016.
- 57 subdivision consents approved as at 28 February 2017 compared to 32 for the whole of 2015/16.

2. Building Consents

- Value of consents issued as at 28 February 2017 is \$57,914,737 against \$39,980,422 as at the same time in 2015/2016 year.
- 134 new dwelling consents at 28 February 2017 against 103 for the same period in the 2015/2016 year.

In respect of building consents the consent numbers overall are tracking very similar to last year, but we are seeing an increase in the value of the work being done in residential additions & alterations as well as new builds.

3. Horowhenua Economic Growth

Horowhenua's economy is currently experiencing elevated growth, with GDP expanding by 3.5% over the year to December 2016, according to Infometrics' provisional estimate of GDP. This growth was supported by a strong construction sector, and continued performance of primary industries.

Job growth for the district was significant at 2.6% for the year to March 2016, this compares to an average growth of -0.4% over the last 10 years.

There has also been a positive decrease in the unemployment rate, sitting at an estimated 7.4% for the year to December 2016, compared to 8.4% a year earlier and a 10-year peak of 10.1%.

This has resulted in earnings growth of 4% in 2015 for Horowhenua's constituents, with annual mean incomes sitting at \$42,930. Increasing employment opportunities coupled with better transport connections and a rapidly rising house prices in major urban centres, saw an estimated population increase of 1.6% to the year ended June 2016. This has also put pressure on the housing market within the district, December 2016 house prices are 20% above their 2015 level, with the average property worth \$240,542 (an increase of approximately \$40,000), and rents increasing by 7.8% over the December 2016 quarter.

Building activity is responding to the market at present, although supply side constraints may limit further increases in activity. Residential building consents are 80% higher in 2016 than the previous year.

B. Financial Performance

Council has achieved a surplus of \$466,683 as at 28 February 2017 against a budgeted surplus of \$513,934.

Doug Law

Chief Financial Officer
10 March 2017

SUSTAINABILITY

Rates to operating revenue

Rates revenue	\$22.95 m
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Operating revenue	\$30.89 m
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74% of operating revenue is derived from rates revenue

Balance budget ratio

Operational revenue	\$30.89 m
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Operational expenditure	\$30.75 m
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Operational revenue should be equal or more than operational expenditure. Year to date revenue is 0.45% more than operational expenditure

Essential services ratio

Capital expenditure	\$7.13 m
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Depreciation	\$6.27 m
--------------	----------

Capital expenditure should be equal or more than depreciation for essential services, for year to date capex is 114% more than depreciation.

Debt to total projected revenue

Total borrowing	\$74.00 m
-----------------	-----------

Total projected revenue	\$62.94 m
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With the total borrowing of \$74m we are still under the set limit of 175% of projected revenue

Interest to rates revenue (LGFA Cov.)

Interest paid	\$1.75 m
---------------	----------

Rates revenue	\$22.95 m
---------------	-----------

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

Interest cover ratio - (LGFA Cov.)

Interest paid	\$1.75 m
---------------	----------

Operating revenue	\$30.89 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.)

Net debt	\$68.00 m
----------	-----------

Undrawn committed facilities	\$10.00 m
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Committed bank facility to enable us to borrow at least 10% of our current external debt immediately, currently we can borrow 15% more than our current debt

PERFORMANCE

74% We are eight months through the financial year so lets look into detail how we are performing financially.

By the end of February our total revenue was \$31.49 million which was \$682 thousand or just 2% less than what we budgeted. For the same period of eight months our actual expenditure is 2% less than the budget of \$31.65 million that generated a surplus of around \$467 thousand against the budgeted surplus of \$514 thousands, almost 9% in deficit. Interest rate 4.31% remained same as last two months and because of that we paid 17% less than the budgeted amount \$2.1 million. At the same time interest received has dropped 84% than the budgeted amount of \$103 thousand.

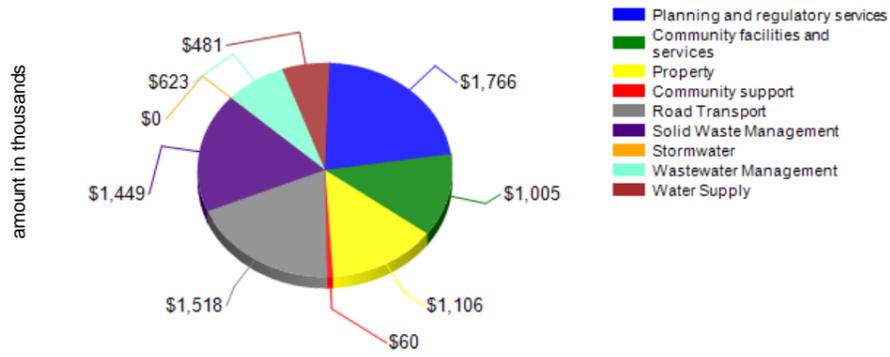
When we analyse the trend of capital expenditure at the end of eight months it is quite noticeable that we are on the track of spending less than what we budgeted. By the end of February we have spend two million or 28% less than the budgeted amount of \$18 million, last month we spend 14% below budget and in December we spend 16% less than budget.

Operational Summary

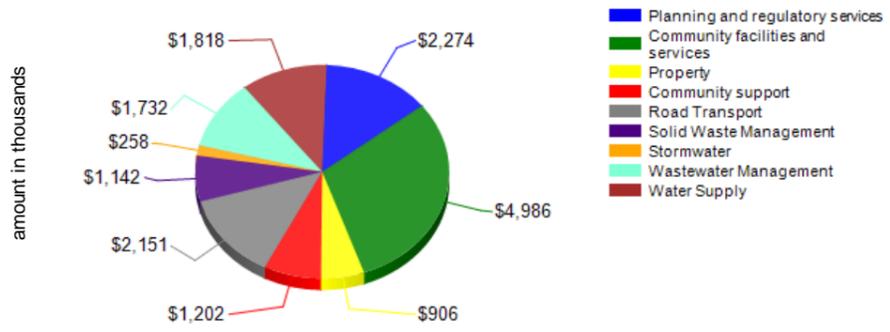
Operational revenue	Operational expenditure	Operational surplus/(deficit)
\$30.89m	\$30.75m	\$137.62k
is 4% less than the total budget of \$32.08m	is 3% less than the total budget of \$31.65m	is 68% less than the total budgeted surplus of \$424k

Total revenue	Total expenditure	Total surplus/(deficit)
\$31.49m	\$31.02m	\$467k
is 2% less than the total budget of \$32.17m	is 2% less than the total budget of \$31.65m	is 9% less than the total budgeted surplus of \$514k

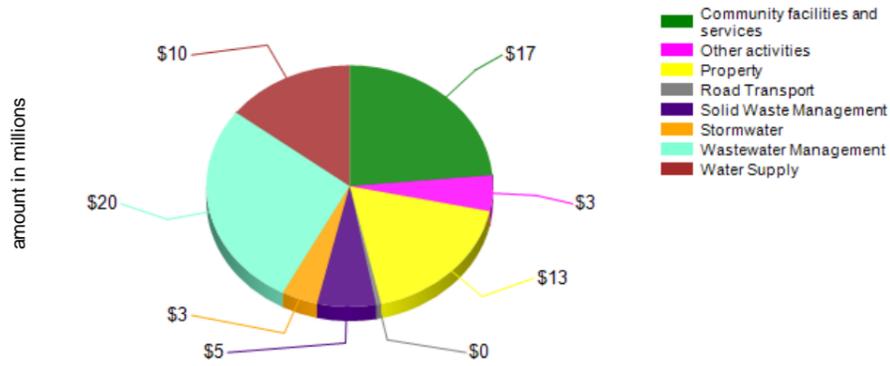
Operational revenue of significant activities



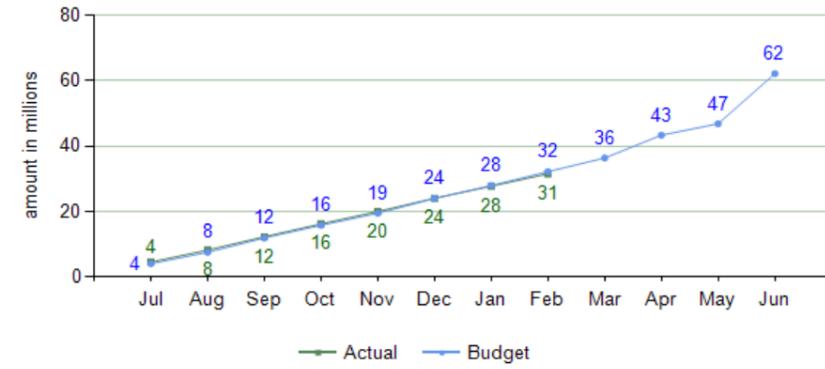
Operational expenditure of significant activities



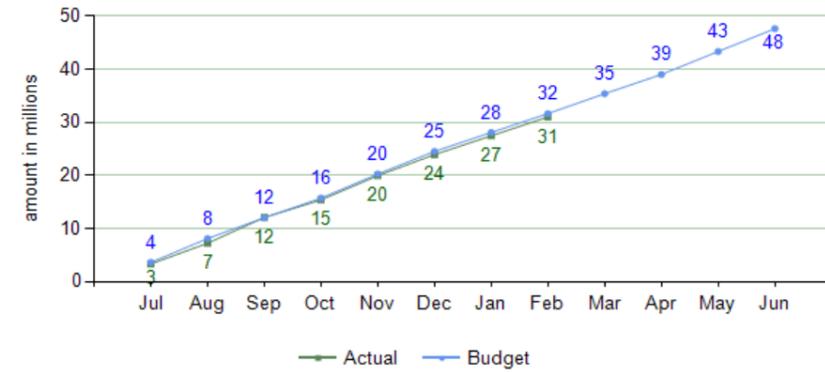
Total borrowings by activity



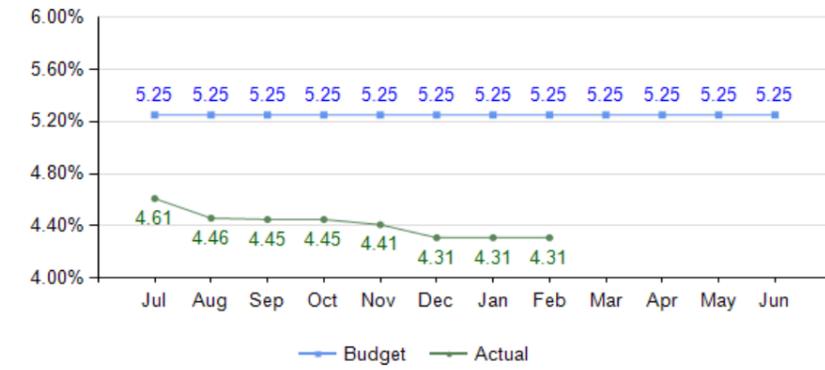
Total revenue



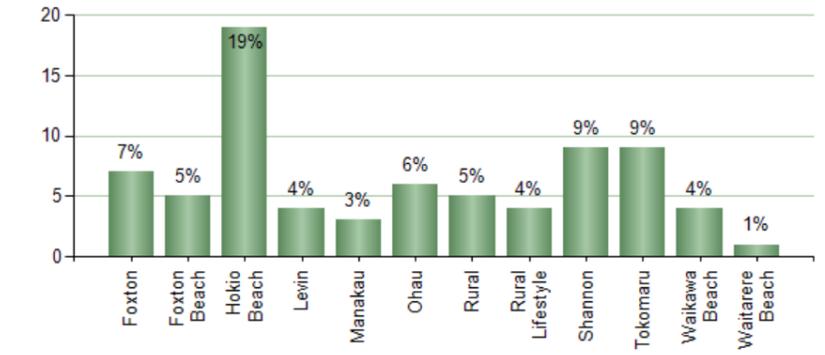
Total expenditure



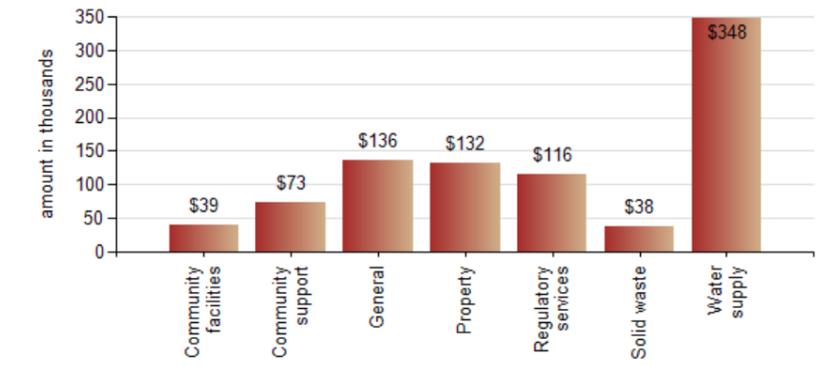
Interest rate movement



Rates debtors % with arrears

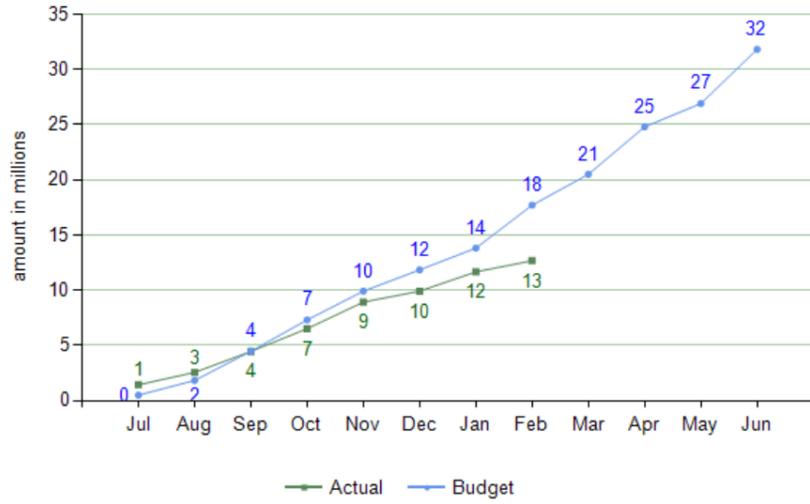


Sundry debtors outstanding balances

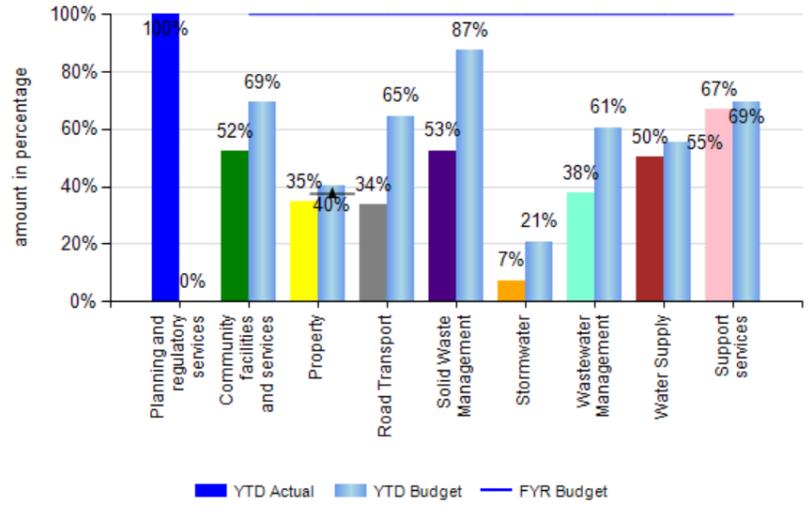


Capital Summary

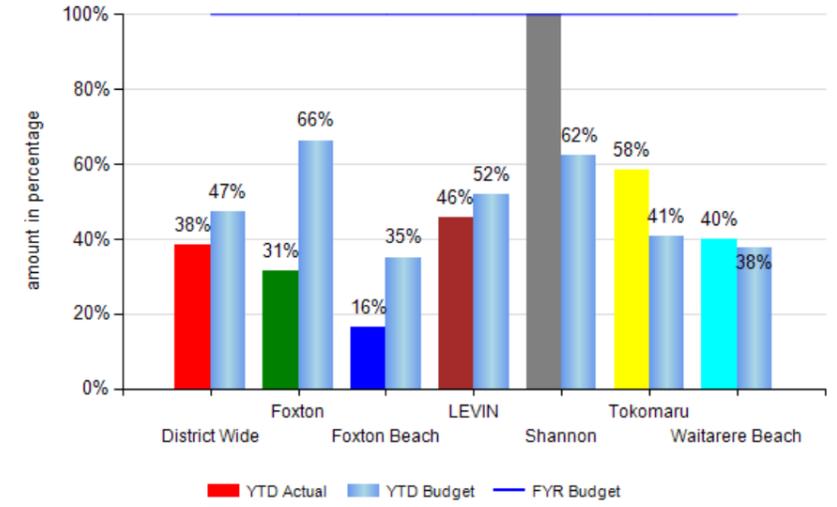
Total capital expenditure



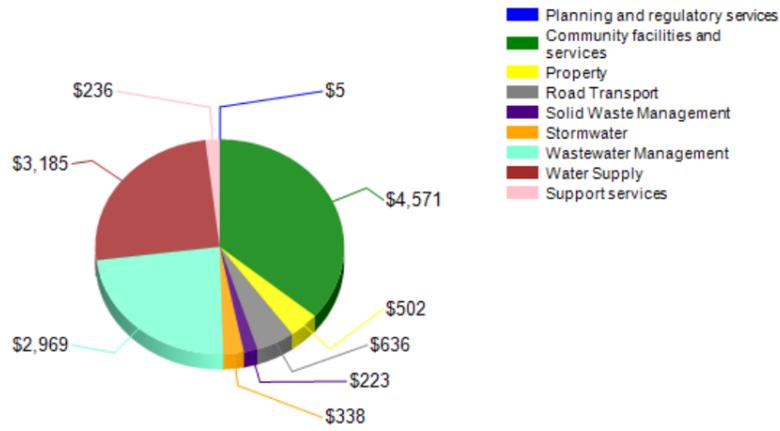
Capital expenditure by group of activities



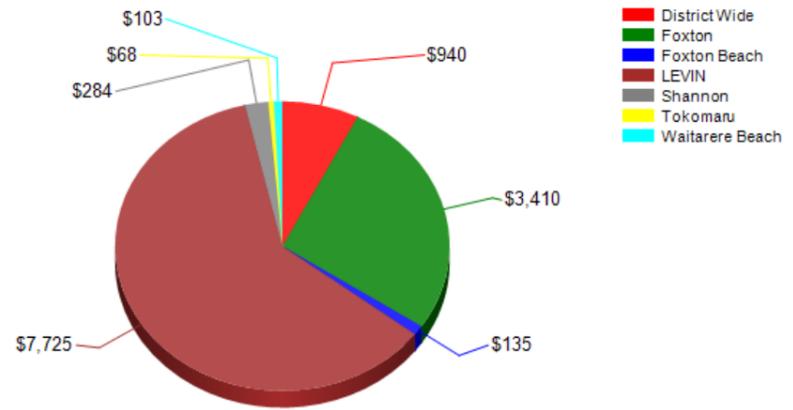
Capital expenditure by suburb



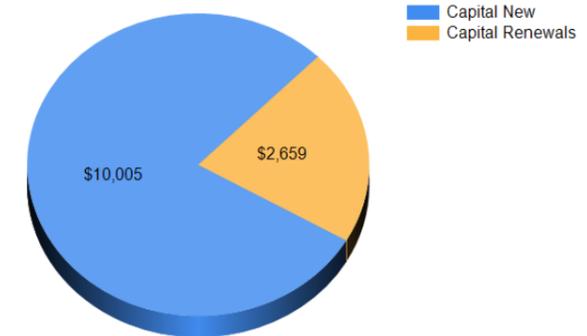
Capital expenditure by group of activity



Capital expenditure by suburb



Capital expenditure by type



Projects Update Report March 2017

File No.: 17/124

1. Purpose

To provide the Finance, Audit & Risk Subcommittee with an update on projects being undertaken by the Projects Team.

2. Recommendation

- 2.1 That Report 17/124 Projects Update Report March 2017 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

Information provided in the attached reports.

4. Issues for Consideration

There are no issues for consideration.

Attachments

No.	Title	Page
A	8719 - Project Status Report - 16 March 2017 - Levin WTP (<i>Under Separate Cover</i>)	
B	8480 - Project Status Report - 16 March 2017 - NE Levin SW (<i>Under Separate Cover</i>)	
C	Contract 13-07 Telemetry Project Status Report Mar 2017 (<i>Under Separate Cover</i>)	
D	Project Status Report No. 4 16/01 Mar2017 (<i>Under Separate Cover</i>)	
E	Project Status Report No. 3 as of 15 March 2017 (<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:

- 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)	Garth Flores Design Engineer (Civil)	
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Approved by	Gallo Saidy Group Manager - Infrastructure Services	
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Health and Safety - Quarterly Report

File No.: 17/131

1. Purpose

The purpose of this report is to provide an update to Elected Members on health and safety matters at Horowhenua District Council for the previous six months.

2. Recommendation

- 2.1 That Report 17/131 'Health and Safety - Quarterly 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

As outlined in the report to Finance, Audit & Risk Subcommittee on 27 July 2016, Council will undertake quarterly reporting on health and safety matters. The last quarterly report was delivered in August 2016. Due to the 100% staff turnover in the People and Capability team late 2016, there has been no further quarterly report provided. Concurrently, there has been a change to the Finance, Audit and Risk Subcommittee. It is timely to reiterate that this reports aids Elected Members to exercise their due diligence as Officers of Council as a PCBU (Person Conducting Business or Undertaking). Specifically, Officers are required to be aware of the following in relation to their duties of due diligence:

- o Keeping up to date with health and safety matters;
- o Understanding the nature of the business and its hazards and risks;
- o Ensuring the person running the business has appropriate resources and processes to manage risks to health and safety;
- o Ensuring there are appropriate reporting and investigation processes in place;
- o Ensuring the PCBU has and implements processes for complying with the Act (monitor);
- o Ensuring process is in place to verify use of resources and processes such as audits, benchmarking, safety observations, and peer reviews (verify).

4. Issues for Consideration

This report will include high level health and safety statistics; information about actions taken by the Health and Safety Committee around continuous improvement of health and safety practices and processes at HDC; outcome of external health and safety audit; any significant matters arising and an overview of the hazards and risks associated with Council operations.

The attachment listed in this report provides the abovementioned information. As this is a belated quarterly report to Elected Members, the information may date further back than the previous quarter.

Attachments

No.	Title	Page
A	FARS - Health & Safety Quarterly Report to the Elected Members	61

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)	Denise Weir People & Capability Manager	
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Approved by	David Clapperton Chief Executive	
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Health & Safety Quarterly Report to the Elected Members

As at Feb
28 2017

Horowhenua
District
Council

1. HEALTH AND SAFETY MATTERS

a. Overview from previous six months

- **Health and Safety WSMP Audit Results:** HDC was one of the first Council's to apply for Tertiary Accreditation through the MW LASS Health and Safety (H & S) programme. HDC successfully achieved Tertiary Accreditation in October 2016. This entitles HDC to a 20% discount on the ACC Work Place Cover Levy. The discount will apply from 01 October 2016 to 30 September 2018.
- **Contractor Management:** There have been no further Pre-Qualification Workshops held since 1 July 2016 with 59 attendees.
- **Health and Safety Committee:** There is now a larger Committee working proactively on the day to day operations with representatives from across the Council groups. A new Health and Safety Committee Chairperson was elected. One of the highlights for the Committee is that the Chair and supporting member initiated two new Sub-Committees, the Wellbeing Sub-Committee and the Contracts Sub-Committee and a Te Takere H & S Committee as of February 2017.
- **Health and Safety Contractor Sub-Committee:** This Committee has been set up to proactively ensure all contracts and contractors are aware of HDC's expectations for health and safety. This is a collaborative approach with multiple departments of HDC managing contracts and involved in the sub-committee. A number of participating contractors will need to be liaised with from time to time to enable the action plan tasks to be completed. The plan will be led and managed by the nominated HDC Health and Safety Committee Chair. Updates on progress will be presented to the full H & S Committee meeting once a month. The first update is due April 2017.
- **Health and Safety Wellbeing Sub-Committee:** This Committee has been generated to proactively ensure the Wellbeing Policy and Framework is implemented and opportunities for staff are identified and made available. This Sub-Committee will identify opportunities to run and provide activities which contribute to the seven key elements of the Wellbeing Wheel while improving staff engagement. The seven key elements of the Wellbeing Wheel are Emotional, Occupational, Physical, Intellectual, Social, Financial and Spiritual Wellbeing. The plan will be led and managed by the nominated HDC Health and Safety Committee Chair. Updates on progress will be presented to the full H & S Committee meeting once a month. The first update is due April 2017.
- **Health and Safety Te Takere Committee:** This Committee has been initiated to ensure Te Takere staff become fully integrated with organisation wide health and safety culture and practices. The first update is due April 2017.
- **PeopleSafe:** Council's electronic H & S system, PeopleSafe, enables all staff to easily report near misses, accidents, hazards and risks, 'good job' stories, and training. HDC will be working on customising the reports in the coming months to ensure greater analysis can be undertaken. Currently, we have no way of separating staff from customers and the statistics for accidents are not sufficiently reflective of HDC as a workplace.
- **Completed Site Audits by H & S Committee:** Generic health and safety audits have been regularly undertaken by the Health and Safety Committee up to August 2017. There have been no further internal audits progressed during the time of transition due to an entirely new H & S Committee membership and 100% turnover in the People and Capability team. An Audit plan is in development and will be implemented from April 2017.
- **Health and Safety Training:**
 - Successful H & S Committees – July 2016
 - Incident reporting and investigation – August 2016
 - Defibrillator Awareness – All staff meeting August/September 2016 – Video format
 - Risk Management – September 2016

- Fraud Awareness and Protected Disclosures – September 2016
- First Aid – November and December 2016
- PeopleSafe – All new staff receive this training as part of their onboarding programme.
- **Health and Safety Elected Members Training:** Elected Committee members received health and safety training as part of their induction on 8 March 2017 from HR Development and Training Ltd.

Areas of concern:

- Due to the concurrent changes in the H & S Committee membership and the People and Capability team, there has been a drop in the level of H & S controls throughout the organisation. This does highlight the need for deeper engagement and participation from the entire organisation so that when there are changes in people in certain roles, there is not a blip and there is still a sustainable plan in place to continue with proactive work and H & S controls.

Focus for next Quarter:

- **Health & Safety Resourcing:** MW LASS have employed a new H & S Business Partner, Michele Hunt. The function of this role will be to assist Councils within MW LASS with the engagement and participation of all staff in health and safety. The Leadership Team and the H & S Committee will be introduced to Michele on Monday, 3 April.
- **Internal H & S Audits:** A comprehensive H & S Audit plan will be generated and implemented in April 2017.
- **PeopleSafe:** Customisation of H & S reports from PeopleSafe will be improved over the next quarter.
- **Training Plan:** A training plan will be generated and implemented in the next Quarter.
- **H & S Calendar:** A comprehensive H & S Planning Calendar for 2017/2018 will be generated in April 2017.
- **External H & S Audit Recommendations:** Whilst HDC achieved Tertiary standard the ACC Workplace Safety Management Practices Audit Report noted that there are some ongoing risks/issues for the Council relating to driving, contractor management, animal control, swimming pools and members of the public. The report recommended four areas for improvement:
 - Continue to look for health and safety objectives that are project based and based on continuous health and safety improvements.
 - Expand the review of the effectiveness of hazard management to include processes that have an impact on hazard management, such as incident reporting and training.
 - Consider reviewing the safety equipment inspection register to include safety equipment other than PPE, such as ladders forklift attachments, body harnesses and safety signage.
 - Consider a time frame for contractors to resubmit their health and safety plans and related health and safety documentation to ensure currency.

To: Finance, Audit & Risk Committee CC: Gallo Saidy – Group Manager Infrastructure Services Engineers Representative : Garth Flores Project Manager: Gerry O’Neill	PROJECT STATUS REPORT AS OF 16 MARCH 2017 CONTRACTS 15/14, 15/18 & 15/19 LEVIN WTP UPGRADE PROJECT PHASE CONSTRUCTION	Overall Project Status  OS
Project Manager Satisfaction Index (1 poor, 10 excellent)		9



On Schedule



Not progressing as scheduled but no impact on deliverables



Off Track



Completed



Not Started

PROJECT OBJECTIVES AND STATUS

The project consists of three contracts:

- 15/14: Levin WTP Upgrade (Design and Build for Civil, Mechanical and Electrical Works)
- 15/18: Design and Supply of Clarifier Package
- 15/19: Design and Supply of UV Package

H₂ope Consulting has been assisting HDC with the process design and tender evaluations. Appointments have been made on Contracts 15/14, 15/18 and 15/19.

The project will see the Levin Water Treatment Plant (WTP) upgraded to ensure the plant is resilient and continues to produce water that is safe for human consumption and that complies with the Drinking Water Standards of New Zealand.

Significant progress over the last reporting period includes:

15/14: Levin WTP Upgrade (Design and Build for Civil, Mechanical and Electrical Works)

Filtec have completed the foundations and walls of the UV building.

Filtec have continued with electrical and pipe work on various parts of the project.

Filtec delivered chemical dosing station to site and are busy installing them.

The UV reactor arrived on site and was placed in the UV building.

15/18: Design and Supply of Clarifier Package:

Once Filtec have completed the pipework and connected the Clarifier, Veolia will commission the Clarifier.

15/19: Design and Supply of UV Package:

Once Filtec have completed the pipework and connected the UV, Xylem will commission the UV reactor.

Project satisfaction index comment: The project is on track to be completed in April 2017.

Key Milestone / Deliverable	Due Date	Status	% Plan- ned	% Complete	Progress
UV Unit					
Xylem Appointment	22 Mar 2016		100%	100%	Completed
Design Confirmation	13 May 2016		100%	100%	Completed
UV fabrication	30 Jun 2016		100%	100%	Completed
UV sea transport	Start 9 Jul 16 End 20 Aug 16		100%	100%	Completed
UV delivery	Target date 31 Jan 2017		100%	100%	Completed.
Commissioning and testing	Target date 30 Apr 2017		0%	0%	Not started.
Actiflo Unit					
Veolia Appointment	3 March 2016		100%	100%	Completed
Design Confirmation	16 May 2016		100%	100%	Completed
Actiflo fabrication	15 August 2016		100%	100%	Completed
Actiflo sea transport	Start 31 Aug 16 End 15 Oct 16		100%	100%	Completed
Actiflo delivery	31 Oct 2016		100%	100%	Completed
Commissioning and testing	Target date 30 Apr 2017		0%	0%	Not started.

Key Milestone / Deliverable	Due Date	Status	% Plan- ned	% Complete	Progress
Main Works Contract					
Filter Appointment	13 May 2016		100%	100%	Completed.
Design Confirmation	16 May 2016		100%	99%	HDC have reviewed the final design and are resolving some minor snags with the Contractor. Improvements to the H2O2 to be HAZOP'ed.
Site Establishment	31 August 2016		100%	100%	Completed.
Installation of Clarifier	30 November 2016		98%	98%	Clarifier needs to be commissioned over the next 6 weeks.
Installation of UV	31 March 2017		70%	70%	Progressing well.
Construction of Dosing Building	31 March 2017		90%	90%	Progressing well.
Construction of Chlorine Building	31 March 2017		95%	95%	Progressing well.
Electrical Works	31 March 2017		75%	75%	Progressing well.
Testing and commissioning	30 April 2017		0%	0%	Not started.

Project Financials – Contracts Awarded (A)

Description	Expenditure	Budget Estimate	Available	% Spent
15/14 – Filtec	\$1,941,258.11	\$2,476,134.50	\$534,876.39	78%
15/18 – Veolia	\$819,061.70	\$1,049,387.00	\$230,325.30	78%
15/19 - Xylem	\$152,631.98	\$174,720.00	\$22,088.02	87%
TOTAL	\$2,912,951.79	\$3,700,241.50	\$787,289.71	79%

Project Financials - Other Costs Related to the Project (B)

Description	Expenditure	Budget Estimate	Available	% Spent
Consultants - H2ope	\$73,524.04	\$180,000.00	\$106,475.96	41%
Other	\$26,161.82	\$30,000.00	\$3,838.18	87%
Project Management Costs	\$63,466.16	\$140,000.00	\$76,533.84	45%
TOTAL	\$163,152.02	\$350,000.00	\$186,847.98	47%

Notes:

Other costs: include Downer call outs, legal fees, tender advertising costs and miscellaneous other costs related to the project.

Project Financials – Combined (A + B)

Description	Expenditure	Budget Estimate	Available	% Spent
COMBINED TOTAL	\$3,076,103.81	\$4,050,241.50	\$974,137.69	76%

Risks Register (Risks 001 – 004 closed. Next risk is Risk 009):

Risk No.	Date Raised	Title and Description	Owner	Details of Risk (include level and description of the likelihood and consequences)	Likelihood score	Consequence score	Priority	Treatment (to change likelihood and consequence)	Due Date	History of all activities [date of latest activity first] and cross reference to all other key documents
8466.R.005	30-May-16	Chlorine Leak	Filtec	There is a risk that chlorine could leak whilst Filtec do the work. This is very dangerous to people and animals.	Rare	Major	Very High	Risk mitigation: Alarms will warn contractor / operators of any gas leaks, and automatically shut-down gas drums. Downer and Filtec have safe working procedures in place to mitigate risks of leaks occurring.		30 May 2016: Risk identified 14 June 2016: Matter discussed at Clarifier Workshop. Will be addressed through Haz Op discussion. 3 Aug 2016: During the HAZOP process the chlorine delivery system was discussed. Various alarms are in place to warn operators should a chlorine leak occur.
8466.R.006	30-May-16	Raw water cut-in	HDC	If the cut-in to the raw water main is takes longer than 8 hours, Levin may run out of water supply.	Unlikely	Major	Very High	Risk mitigation: HDC, Filtec and Downer to co-ordinate cut-ins so that reservoirs are filled prior to shut-downs. Filtec to have all necessary plant and pipework on site to complete pipework within the 8 hour timeframe.	As an when cut-ins occur	30 May 2016: Risk identified 14 June 2016: Matter discussed at Clarifier Workshop. Will be addressed through Haz Op discussion. 14 September 2016: HDC, Filtec and Downer discussed cut-in requirements and will workshop this in more detail closer to the cut-in time.
8466.R.007	30-May-16	Unknown services	Filtec	There is a risk that Filtec expose unknown services. They could damage the unknown service in the process.	Likely	Moderate	Medium	Risk mitigation: Should Filtec find any unknown services they should contact HDC immediately to confirm what the service is.		30 May 2016: Risk identified 14 September 2016: HDC, Filtec and Downer discussed communications channels to resolve unknown services.
8466.R.008	15-Sep-16	Delivery defects	Suppliers	If Veolia / Wedeco delivery the Actiflo / UV and these are found to be damaged / not working correctly, then it will have a long lead time to replace them.	Unlikely	Moderate	Medium	HDC cannot mitigate the risk of supplier defects. HDC will discuss delay implications with Filtec to determine financial risk to HDC due to the delay in replacing the faulty unit.	30-Oct-16	15 September 2016: Risk identified.

Issues Register: There are currently no open issues.

Notes on Very High Priority Risks:

Risk 005: is inherent in any WTP where there is a gas chlorine system. Safe working procedures can mitigate the risk and reduce the negative consequences, but this risk cannot be eliminated.

Risk 006: HDC officers and Downer staff have been through the shut-down process with the Levin Reservoir installation, and will put the lessons learnt to good use to mitigate the risk of supply disruptions.

Whilst not necessarily a construction risk, the presence of various hazardous chemicals on site will be an ongoing risk for the WTP owner and operator. During the HAZOP process risks have been eliminated or avoided if possible, and where this is not possible, risks are mitigated through various measures (eg alarms and automatic shut-downs, safe work procedures and personal protective equipment).



UV unit installed in building (Mar 2017)



UV unit installed in building (Mar 2017)

<p>To: Finance, Audit & Risk Committee</p> <p>CC: Gallo Saidy – Group Manager Infrastructure Services</p> <p>Engineers Representative : Ronaldo Serrano</p> <p>Project Manager: Garth Flores</p>	<p>PROJECT STATUS REPORT</p> <p>AS OF 16 MARCH 2017</p> <p>CONTRACT 901/2016/62</p> <p>NORTH-EAST QUADRANT LEVIN</p> <p>PROJECT PHASE:</p> <p>PLANNING & CONSTRUCTION</p>	<p>Overall Project Status</p> <p style="text-align: center;"> OS</p>
<p>Project Manager Satisfaction Index (1 poor, 10 excellent)</p>		<p>8</p>

 On Schedule
  Not progressing as scheduled but no impact on deliverables
  Off Track
  Completed
  Not Started

PROJECT OBJECTIVES AND STATUS

1. Purpose

The purpose of this report is to update the Finance, Audit & Risk Committee on the progress to date on the North-East (NE) Levin Quadrant Stormwater Upgrade project.

2. Progress up to 16 March 2017

Significant milestones achieved during the reporting period include:

- Higgins commenced with construction and installed 100 m of pipeline along Kennedy Drive.
- Higgins constructed the outlet pipe and wingalls at Roslyn Road.
- HDC reviewed consent application and will include consultation notes in application.

3. Key actions to progress this project over the next month

- Higgins to continue working along Kennedy and Fairfield Roads.
- HDC to commence with detail design of other portions of work.

4. Work Orders and Funds Available

W 8480 - \$ 3,781,000.00 (2016/17)

Kennedy Park Pumpstation and Rising Main Upgrades

Key Milestone / Deliverable	Due Date	Status	% Complete	Progress
Investigation and Concept Design	August 2016	C	100%	Completed.
Tender Review and Evaluation	January 2017	C	100%	Completed.
Supply of Pumps	September 2016	C	100%	Completed.
Pumpstation Retrofitting	May 2017	NS	0%	Not started.
Rising Main Installation	May 2017	OS	10%	100 m of pipeline installed.
Road Reinstatement	July 2017	NS	0%	Not started.
Project complete	July 2017	NS	0%	Not started.

Fairfield Road Stormwater Pipeline

Key Milestone / Deliverable	Due Date	Status	% Complete	Progress
Investigation and Concept Design	August 2016	C	100%	Completed.
Tender Review and Evaluation	January 2017	C	100%	Completed.
New Pipeline with limited discharge end structure	June 2017	OS	5%	Outlet structure constructed.
Rehabilitate Fairfield Road	July 2017	NS	0%	Not started.
Remove modified end-structure	September 2017	NS	0%	Not started.
Project complete	July 2017	NS	0%	Not started.

Koputaroa Stream Improvements

Key Milestone / Deliverable	Due Date	Status	% Complete	Progress
Investigation and Concept Design	Feb 2017	OS	80%	
Consenting Process	May 2017	NI	50%	
Construction	April 2018	NS	0%	

Other projects / opportunities have been identified and HDC will report on those as they occur:

- Easton Way – Market Gardens Drain
- Tavistock Road Rehabilitation
- Buckley Road Pumpstation
- Building and Development Rules Change (greater on site attenuation of roof and pavement run-off).
- Kennedy Park attenuation
- Vincent Reserve attenuation

Expenditure on the project

Description	Expenditure	Contract Price / Budget Estimate	Available	% Spent
KSB Pumps	\$ 39 366.60	\$ 44 564.00	\$ 5 197.40	88 %
Assmuss Pipes	\$ 53 782.55	\$ 52 727.99	- \$ 1 054.56	102 %
Kennedy/ FF Pipelines	-	\$2 743 632.14	\$ 2 743 632.14	0 %
Stream Improvements (Estimated budget)	-	\$ 250 000.00	\$ 250 000.00	0 %
Contingency	-	\$ 150 000.00	\$ 150 000.00	0 %
TOTAL	\$93 149.15	\$3,240,924.13	\$3,147,774.98	3 %

Notes:

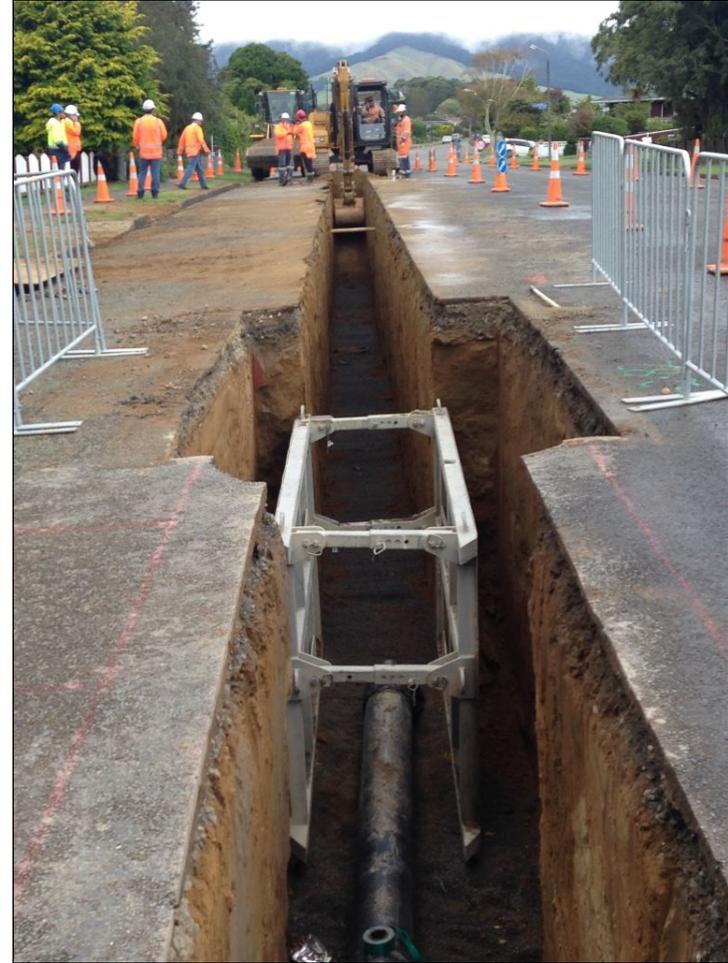
The increase in the Assmuss costs was due to additional cost for hiring a “hi-ab” to unload the pipes.

Project Risks

Risk Number	Name	Description	Mitigation measures
Risk 001	Construction risks	<i>The construction will have deep excavations.</i>	Contractors will need safe working procedures and trench shields to eliminate / mitigate these and other construction risks.
Risk 002	Construction Risks	<i>There are many unknown service crossings in the area.</i>	Contractors to have a safe work procedure to confirm if the unknown service is live or obsolete before proceeding.



Deepening the drain downstream of pipe outlet – the new pipe invert level is approximately 1 m deeper than the old pipe invert level (March 2017).



Excavation of trenches along Kennedy Drive – note trench shield to allow workers to safely weld pipe together (March 2017)



Temporary support of Electra pole at outlet structure. The pole may need to be moved. HDC will liaise with Electra to confirm this. (March 2017).



Kennedy Drive TMP in place and contractor excavating trench (March 2017).

<p>To: Finance, Audit & Risk Committee</p> <p>Project Sponsor: Gallo Saidy – Group Manager Infrastructure Services</p> <p>Project Manager: Gerry O’Neill</p>	<p>PROJECT STATUS REPORT</p> <p>AS OF 15 MARCH 2017</p> <p>CONTRACT 13/07 TELEMETRY DESIGN AND BUILD</p> <p>PROJECT PHASE: DELIVERY</p>	<p>Overall Project Status</p> <p style="text-align: center;"></p>
<p>Project Manager Satisfaction Index (1 poor, 10 excellent)</p>		<p>7.5</p>

 On Schedule
  Not progressing as scheduled but no impact on deliverables
  Off Track
  Completed
  Not Started

PROJECT OBJECTIVES AND STATUS

Project Summary

The Telemetry Design and Build Project is to develop and install a modern and dependable updated strategic Telemetry system for the Three Waters facilities throughout the Horowhenua District. This is replacing the old ad-hoc telemetry system that was developed utilising inconsistent methods and materials on a reactive basis. The project runs from 2013 to 2017 and is being conducted in three phases.

Phase 1 - 2014/2015 – 63 sites

Phase 2 - 2015/2016 – 18 sites

Phase 3 - 2016/2017 – 6 sites

The project was awarded to Crossman Richards of Hastings.

The completion due date of Phase 1 was 5 October 2015.

The completion due date of Phase 2 was 30 June 2016.

The completion due date of Phase 3 is 30 June 2017.

CR Automation is the main contractor.

Project satisfaction index comment: This project is largely going according to plan. The contractor is addressing the number of small matters from various parties that need to be resolved.

Progress Over Reporting Period (13 February 2017 – 15 March 2017)

CR Automation and Spark are expecting to complete the Wide Area Network (WAN) solution next week. This will allow CR Automation to complete a number of outstanding actions that are reliant on this.

ICONA has proposed a solution to CR Automation for a third repeater site to improve the communications for the Phase 1 and 2 sites. It has long been recognized that a third repeater would be required when the scope of this project was increased to allow full control; as the existing repeaters would be unable to cope with the increased communication traffic. CR Automation is going to forward this to HDC for our consideration.

5 of the 7 Phase 3 sites have been completed. Before CR Automation commences work on the remaining two sites they have asked HDC to confirm these are still required.

HDC need to complete the installation of the Sludge Press before CR can complete the installation of telemetry at the Levin Wastewater Treatment Plant. This will be completed before the end of the financial year.

Work To Be Completed Over Next Month

1. HDC to confirm whether the remaining Phase 3 sites are still required.
2. Spark and CR Automation to complete the WAN issue
3. CR Automation to forward ICONA's proposal for a third repeater to HDC for consideration
4. Complete remaining sites by end of April.

Project Risks - Telemetry

As the project nears completion there are no project risks that are considered more than Low risk.

Financial Summary

Description	Phase 2 Expenditure	Phase 2 Sites Budget	Available (Phase 2)	Phase 2 % Spent	Phase 3 Expenditure	Phase 3 Budget	Available (Phase 3)	Phase 3 % Spent	Levin WWTP Expenditure	Levin WWTP Budget	Available (Levin WWTP)	Levin WWTP % Spent
Contractor Cost	\$244,307.47	\$252,526.00	\$8,218.53	96.7%	\$31,874.65	\$57,456.45	\$25,581.80	55.5%	\$127,335.51	\$145,729.00	\$18,393.49	87.38%
Other*	\$38,449.19	\$18,474.00	-\$19,975.19	208.1%	\$0.00	\$12,543.55	\$12,543.55	0.0%	\$0.00	\$0.00	\$0.00	
Total to Date	\$282,756.66	\$271,000.00	-\$11,756.66	104.3%	\$0.00	\$70,000.00	\$70,000.00	0.0%	\$127,335.51	\$145,729.00	\$18,393.49	87.4%

Note: * Other costs include Downer, Advantage, Spark, and Project Management Costs

<p>To: Finance, Audit & Risk Committee</p> <p>CC: Gallo Saidy – Group Manager Infrastructure Services</p> <p>Project Manager: Gerry O’Neill</p> <p>Project Delivery Manager: Ronaldo Serrano</p>	<p>PROJECT STATUS REPORT #4 as of 15 March 2017</p> <p>CONTRACT 16/01 WASTEWATER RETICULATION RENEWALS 2016/17</p> <p>PROJECT PHASE : CONSTRUCTION</p>	<p>Overall Project Status</p> <p style="text-align: center;"> OS</p>
<p>Project Manager Satisfaction Index (1 poor, 10 excellent)</p>		<p>8</p>

 On Schedule
  Not progressing as scheduled but no impact on deliverables
  Off Track
  Completed
  Not Started

PROJECT OBJECTIVES AND STATUS

Project Summary

This project is for the renewal of approximately 957 m of 150 mm diameter wastewater reticulation main and approximately 730 m of associated 100 mm diameter laterals in Levin and Foxton in the following streets:

- Area 1 : Dorset Street and Eton Place - Levin



- Area 2 : Winchester Street - Levin



- Area 3 : Chester Street - Levin



- Area 4 : Cook Street – Foxton



The Contract was awarded to Tatana Contractors' Limited and is due to be completed on 21st April 2017.

The total budget for this project is \$ 660,000.00 which is split as follows:

- Construction component: \$ 600,000.00 (inclusive of contingency).
- Project management: \$ 60,000.00 (including miscellaneous costs for surveys, newspaper ads etc)

The work will be completed using a combination of Pipe-bursting and open trench methodology.

General

At the time of writing this report the contractor had completed the following portions of the works:

- Cook Street in Foxton,
- Eton Place in Levin &
- Chester Street in Levin.

The contractor is preparing for pipe bursting at Winchester Street in Levin. Abnormally high rainfall in December 2016 and January 2017 has resulted in the work being behind schedule. The Contractor has requested one month time extension to complete the remaining works.

Complaints/Concerns Received During Reporting Period

Nil

Financial

Description	Expenditure	Contract Price / Budget	Available	% Spent
Contractor Cost	\$ 161,404.10	\$ 550,000.00	\$ 388,595.90	29%
Project Management Costs*	\$ 18,834.13	\$ 60,000.00	\$ 41,165.87	31%
Contingency Sum	\$ -	\$ 50,000.00	\$ 50,000.00	0%
TOTAL	\$ 180,238.23	\$ 660,000.00	\$ 479,761.77	27%

Note: * Project Management Costs include costs for HDC staff and Downers

Variations to Date

1. Nil

Open Risks

There are currently no open risks.

Open Issues

There are currently no open issues.

Key Milestone / Deliverable	Due Date	Status	% Planned (based on total length of main)	% Complete (based on total length of main)	Progress
Project Planning with Contractor	Start date 12 October 2016 End date 9 November 2016		100%	100%	Complete.
Area 1 :Dorset Street and Eton Place - Levin Main -482m	Start 14 Nov , 2016 End 21 April 2017		100%	5%	Eton Place (100%); Dorset Street (0%)
Area 2 Winchester Street - Levin Main 190m	Start 13 March 2017 End 7 April 2017		25%	0%	Contractor has commenced with the preparation work for pipe bursting along this section.
Area 3: Chester Street - Levin Main 155m	Start 13 February 2017 End 14 April 2017		100%	100%	Complete.
Area 4 Cook Street - Foxton Main 130m	Start 09 January 2017 End 21 April 2017		100%	100%	Complete.

<p>To: Finance, Audit & Risk Committee</p> <p>CC: Gallo Saily – Group Manager Infrastructure Services</p> <p>Project Manager: Gerry O'Neill</p> <p>Project Delivery Manager: Ronaldo Serrano</p>	<p>PROJECT STATUS REPORT #3</p> <p>AS OF 15 MARCH 2017</p> <p>CONTRACT 901/2016/57 WATER MAIN RETICULATION RENEWALS 2016/17</p> <p>PROJECT PHASE : CONSTRUCTION</p>	<p>Overall Project Status</p> <p style="text-align: center;">OS</p>
<p>Project Manager Satisfaction Index (1 poor, 10 excellent)</p>		<p>8</p>



On Schedule



Not progressing as scheduled but no impact on deliverables



Off Track



Completed



Not Started

PROJECT OBJECTIVES AND STATUS

Project Summary

This project is for the renewal of approximately 580 m of 100mm diameter and 380 m of 63 mm diameter water mains and the associated laterals. The project is for the renewal of mains within the following areas in Levin:

- Rata Street - Levin



- McKenzie Street - Levin



- William Street



- Beatty Street



Legends

- Planned 
- Laid and tested 
- Deleted due to revision 
- Commissioned 

Variation works

Bartholomew St (from Bath Street to Liverpool St)



The Contract was awarded to Higgins Contractors Ltd (Levin) and is due to be completed on 15 June 2017.

The total budget for this project is \$ 540,000.00 which is split as follows:

- Construction component: \$ 477,950.00 (inclusive of contingency)
- Project management: \$ 62,050.00 (including miscellaneous costs for surveys, newspaper ads etc)

The work will be completed using a combination of trenchless and open trench methodology.

General

At the time of writing this report the contractor had completed approximately a total of 320 m of 63 mm diameter rider main and 420 m of 100 mm uPVC watermain. As shown above both Rata and McKenzie St are commissioned.

Complaints/Concerns Received During Reporting Period

HDC received an enquiry regarding the traffic signage at Rata Street. Higgins had backfilled the trench in the road and needed to seal the road, hence they have left a temporary speed sign in place until the sealing work is completed.

Financial

Description	Expenditure	Budget Estimate	Available	% Spent
Contractor Cost	\$165,800.37	\$477,950.00	\$312,149.63	35%
Variation - Bartholomew	\$-	\$224,453.87	\$224,453.87	
Project Management Cost	\$26,325.00	\$65,000.00	\$38,675.00	41%
Contingency Sum	\$246.40	\$-	-\$246.40	-100%
TOTAL	\$192,371.77	\$767,403.87	\$575,032.10	25%

*Project Management Costs include costs for HDC staff and Downers

Variations to Date

The renewal of the water main along Bartholomew St (from Bath St to Liverpool St) will be added to the existing contract as a variation and the section on St Anne Street will be removed. This is an addition of approximately 770 m of 150 mm diameter uPVC pipe. The approved cost is \$ 224,453.87.

Motivation for Variation: The St Anne's portion was thus removed from the Contract. The renewal of Bartholomew was initially planned for 2017/18, and was thus brought forward to 2016/17.

Open Risks

There are currently no open risks

Open Issues

There are currently no open issues

Key Milestone / Deliverable	Due Date	Status	% Planned (based on total length of main)	% Complete (based on total length of main)	Progress
Project Planning with Contractor	Start date 14 Nov 2016 End date 30 Nov 2016		100%	100%	Complete.
Rata Street Main 190m	Start 9 Jan 2017 End 29 March 2017		100%	100%	New pipes installed. Connections to existing mains and road reinstatement to be completed in March / April 2017.
McKenzie Street Main 170m	Start 7 Dec 2016 End 20 April 2017		100%	100%	Completed. Final inspection to be conducted during March 2017.
William Street and Beatty Street William St 208m -100mm 208m – 63mm	Start 25 Jan 2017 End 27 Feb 2017		100%	100%	New pipes installed. Connections to existing mains and road reinstatement to be completed in March / April 2017.
Beatty St 220m – 100m	Start 31 Jan 2017 End 22 May 2017			50%	Work has commenced and is progressing well.
Bartholomew St					
<ul style="list-style-type: none"> Bath St to Meadowvale Road Section 	Programme Start 7 April 2017 End 15 May 2017		0 %	0 %	Not started.
<ul style="list-style-type: none"> Meadowvale Road to Liverpool St Section 	Start 10 May 2017 End 30 June 2017		0 %	0 %	

Revised Construction Programme including the additional works

