

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

Date: Wednesday 26 June 2019
Time: 4.30 pm
Meeting Room: Council Chambers
Venue: Horowhenua District Council
Levin

Finance, Audit & Risk Subcommittee

OPEN AGENDA

MEMBERSHIP

Chairperson	Mr Philip Jones	
Deputy Chairperson	Mr Barry Judd	
Members	Mr Wayne Bishop	
	Mr Ross Brannigan	
	Mr Ross Campbell	
	Mayor Michael Feyen	
	Mr Neville Gimblett	
	Mrs Victoria Kaye-Simmons	
	Mrs Jo Mason	
	Mrs Christine Mitchell	
	Ms Piri-Hira Tukapua	
	Mr Bernie Wanden	
Reporting Officer	Mr Doug Law	(Chief Financial Officer)
Meeting Secretary	Mrs Karen Corkill	

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Website: www.horowhenua.govt.nz

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

Full Agendas are also available to be collected from:
Horowhenua District Council Service Centre, 126 Oxford Street, Levin
Te Awahou Nieuwe Stroom, Foxton,
Shannon Service Centre/Library, Plimmer Terrace, Shannon
and Te Takeretanga o Kura-hau-pō, Bath Street, Levin

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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 06 366 0999.

See over the page for further information on Public Participation.

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 Declarations 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 – Open & In Committee - Finance, Audit & Risk Subcommittee,
22 May 2019**

6 Announcements

Public Participation (further information):

The ability to speak at Council and Community Board meetings provides the opportunity for members of the public to express their opinions/views to Elected Members as they relate to the agenda item to be considered by the meeting.

Speakers may (within the time allotted and through the Chairperson) ask Elected Members questions as they relate to the agenda item to be considered by the meeting, however that right does not naturally extend to question Council Officers or to take the opportunity to address the public audience be that in the gallery itself or via the livestreaming. Council Officers are available to offer advice too and answer questions from Elected Members when the meeting is formally considering the agenda item i.e. on completion of Public Participation.

Meeting protocols

1. All speakers shall address the Chair and Elected Members, not other members of the public be that in the gallery itself or via livestreaming.
2. A meeting is not a forum for complaints about Council staff or Council contractors. Those issues should be addressed direct to the CEO and not at a Council, Community Board or Committee meeting.
3. Elected members may address the speaker with questions or for clarification on an item, but when the topic is discussed Members shall address the Chair.
4. All persons present must show respect and courtesy to those who are speaking and not interrupt nor speak out of turn.
5. Any person asked more than once to be quiet will be asked to leave the meeting

Projects Update

File No.: 19/207

1. Purpose

To provide the Finance, Audit and Risk Subcommittee with an update of the projects being undertaken by the Infrastructure Projects Team.

2. Recommendation

- 2.1 That Report 19/207 Projects Update 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 provided in the **attached** reports.

Attachments



No.	Title	Page
A	Project Report - Levin Wastewater Land Treatment - June 2019	8
B	Project Report - North East Levin Stormwater (Discharge to Koputaroa Stream Tributary) - June 2019	12
C	Project Report - Tokomaru Wastewater Supply - Overview - June 2019	15
D	Project Report - Tokomaru Water Supply - Overview - June 2019	19

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)	Rob Green Acting Group Manager - Infrastructure Services	
Approved by	David Clapperton Chief Executive	

Levin Wastewater Land Treatment

Project Overview Summary 18 June 2019

Project objective:

The Levin Wastewater Land Treatment project aims to renew the consent to continue the discharge of treated wastewater to the property known as the Pot, at Hokio Sand Road, Levin. To achieve this objective the irrigation regime including operation and infrastructure requires upgrading, and various mitigation measures require investigation for potential installation at The Pot or in close proximity to The Pot.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none">• 10 workstreams established;• Preparation for consent hearing underway;• Irrigation re-installation after the pine harvest near completion;• 20 ha replanted after pine harvest• Weed management and replanting programme prepared	<ul style="list-style-type: none">• Diligent management of the re-consenting process and with community engagement;• Complete irrigation installation;• Irrigation automation approval required;• Native tree planting this year;• Significant pine planting next year;• Clear procurement programme for contractors with health and safety responsibilities identified.	<ul style="list-style-type: none">• Consent Hearing 28, 29 & 30 August• Irrigation redevelopment plans finalised June 2019• Native planting planned for July

Overview of project:

- Located at the end of Hokio Sand Road, the property known as The Pot receives 100% of Levin's treated wastewater as irrigation.
- This land treatment facility has been in operation since 1991 (1987 development and planting).
- Ownership includes half the property leased from Muaūpoko Land Trust and the other half owned by HDC. HDC also own the property to the east known as the Tucker block. This is currently leased for grazing.
- Currently the site is operated under resource consents 6610 and 6921 that expired December 2018.
- The consent application for renewal of the Levin wastewater land treatment (LWWLT) was submitted in June 2018.
- The consent application is supported by extensive investigations that began in 2012 to determine the effects of treated wastewater at the site after near 30 years of operation. The application includes 27 reports that detail the LWWLT and the effects it is having to the environment.
- A trial is being undertaken on 10ha of the site to determine if irrigating treated wastewater onto Manuka/Kanuka dominated ecosystems will improve water quality in the Waiwiri Catchment.
- The consent process is part of a larger programme looking at the management of the site, irrigation redevelopment, replanting, mitigation of impacts on water quality and future planning.

Work to date:

Land discharge consent expired December 2018. Council is allowed to continue operating under the old consent conditions until a decision is made on the new consent application.

- Site investigations and data collation for consent renewal began in 2012.

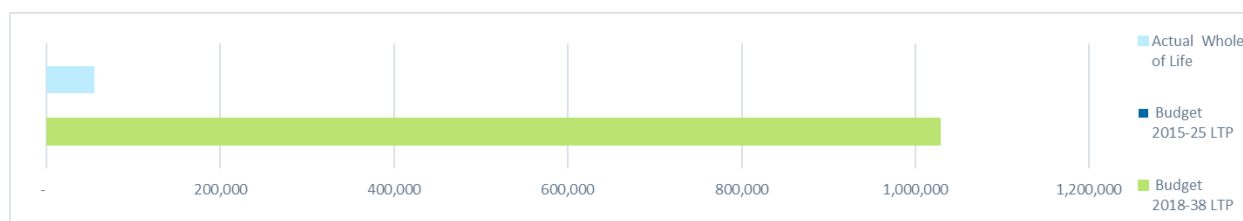
- LEI coordinated groundwater, surface water, soil and ecology investigations and reporting for the consent; and assisted with consultation with the community.
- Consent lodged 22 June 2018 – publicly notified, submission period extended to a 5 month period, 17 submissions received, HDC experts engaged to prepare evidence for hearing set for 27, 28 and 29 August 2019.
- Irrigation upgrade underway to maintain existing system and upgrade to match proposed consent, including expansion of area and automation.
- 5 year ecosystem trial started at The Pot 2018; environmental monitoring starting in 2019.
- Consent consultation initiated a catchment care group; this is continuing.
- Harvest of pine trees completed early February 2019.
- 20 ha of pines replanted 2018 with further native planting planned for 2019 and remaining pine planting in 2020. Weed control is a critical aspect of managing replanting.
- Consent procured for northern adjacent neighbour to receive treated wastewater from The Pot; monitoring bores being installed as required by consent and irrigation design has been initiated.
- Ten work streams have been established to assist management: 1. consent, 2. irrigation, 3. site development, 4. catchment management, 5. native ecosystem trial, 6. additional land, 7. mitigation technology, 8. landowner engagement, 9. operational systems and compliance, 10. future planning.

Financials:

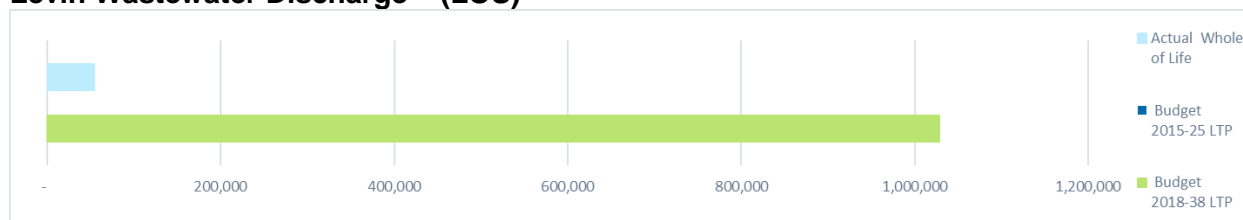
The funding arrangements are loan funded for the Strategic Upgrade part and reserve funded for the renewal part.

The proposed combined cost of the project is \$2,587,000 over the expected lifespan of the project.

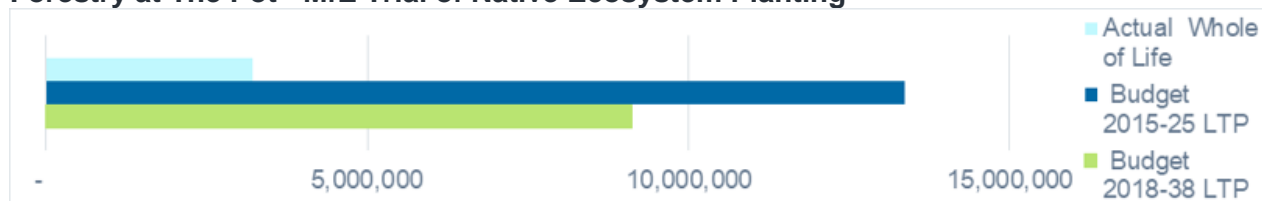
Levin wastewater treatment plant – POT – (Renewal)



Levin Wastewater Discharge – (LOS)



Forestry at The Pot - MfE Trial of Native Ecosystem Planting



Risk Management:

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	Community and iwi conflict with consent objectives	4,4 R	Drawn out consent process, leading to community tension and additional costs.	Engagement with individuals to address specific concerns. Catchment care group	4,2 A	Small number of individual and group concerns
Financial	Exceedance of budget	2,4 A	Short of funds across HDC	Budget planning and tracking.	2,3 G	Minor variations to budget
Service Delivery	Not meeting due dates	3,4 R	Time delays for operational and infrastructural installations Lost contractors	Procurement plan. Clearly assigned responsibilities	2,3 G	Solution will require experience to become familiar
Legal	Council hearing process	4,4 R	Drawn out consenting process leading to significant costs	Engagement with all parties involved. Detailed response to submissions.	2,4 A	Unexpected issues raised
Reputational	Appearance and performance of The Pot without tree cover	4,2 R	Judgement of The Pot without trees.	Expert advice for management and a planting plan. Prompt response to any concerns raised from individuals.	3,2 G	Long term the issues will be resolved

Risks Traffic Light Key

Likelihood	Consequence				
	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

Communication and Key Stakeholders:

As stated in the previous FARS: Consultation has been undertaken with the community about the re-consenting project for Levin wastewater land treatment at The Pot. This is summarised in Appendix B of the consent application. As an introduction:

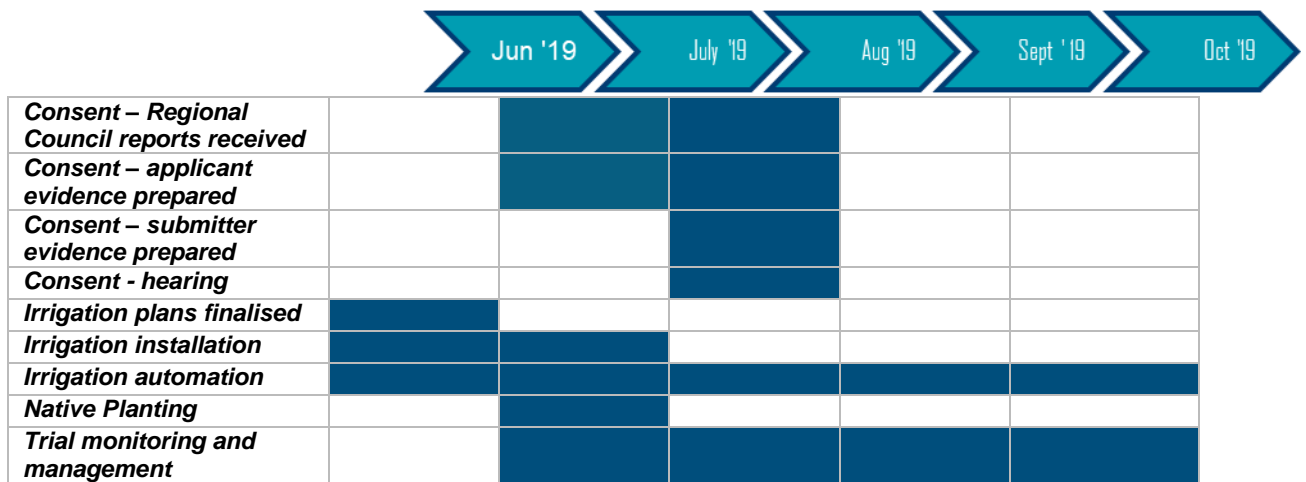
The consultation programme included the following avenues to exchange information:

- 11 Meetings since 2016 (18 different representative groups and individuals attended);
- Common web portal for sharing technical reports - Objective Connect;
- Update and invite emails;

- Report Summary Booklet (HDC, 2018:D2a); and
- An extended submission period was provided. This resulted in 17 submissions received. These are currently being evaluated and some can be supported by meetings with the submitters to discuss their concerns and a positive way forward.

There is a project team that meets approximately monthly and this has now included landowner representatives.

Timeline:



North East Levin Stormwater (Discharge to Koputaroa Stream Tributary)

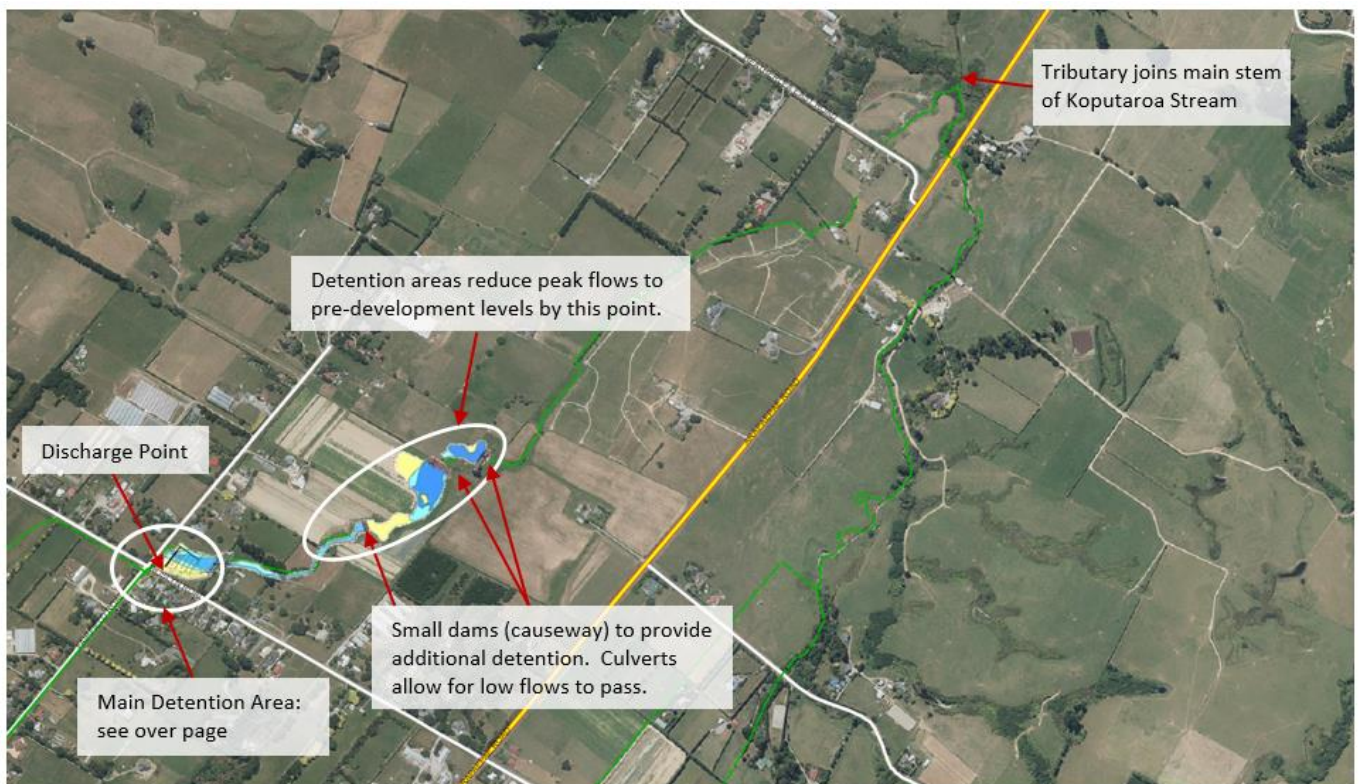
Project Overview Summary

Project Objective:

To obtain resource consents for additional stormwater discharge to the Koputaroa Stream tributary by December 2019.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> Consent required due to increase and change in stormwater that will occur from land use change (residential development) Application lodged and On Hold 	<ul style="list-style-type: none"> Submit revised AEE and outstanding information to Hroizons by 28 June. Ongoing engagement with mana whenua and downstream landowners 	<ul style="list-style-type: none"> Submit outstanding information to Regional Council by 28 June (On track) Regional Council notification decision will follow.

Overview of Proposal:



Reason for Consent:

Increase in stormwater flows and change in composition due to rezoning and future residential development in North East Levin; redirection of some stormwater away from Lake Horowhenua. Consent is also required for construction of mitigation measures (detention areas).

Proposed Mitigation:

Council has purchased land at discharge point and will create a treatment and detention area (see over page). Additional detention areas proposed on tributary stream. Embankments & culverts to be designed for fish passage. Erosion & Sediment Control Plans for construction of detention areas.

Effects Assessment:

Detention areas designed so that there is no increase in flow in the Koputaroa Stream. Ecological assessment considered effects of discharge to be less than minor. No concerns regarding the construction of the detention areas. Recommend fish recovery during construction. Planting & maintenance plan to be developed.

Risk Management:

Risk Area	Risk Description	Initial (GOR)	Risk Assessment (Low to Extreme) without control	Control	Residual (GOR)
Strategic	Potential for Consent not to be granted	3/2 G	low	Effects assessment. Clear messaging to the community on the benefits	3C/2L G
Financial	Potential for notification	3/3 A	Significant	Manage process and pre-hearing discussions to focus on RMA matters as far as possible	3/3 A

Risks Traffic Light Key

Likelihood	Consequence				
	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

Communication and Key Stakeholders:

A Cultural Impact Assessment has been completed by Muaūpoko Tribal Authority; concerns raised were potential damage of significant sites, leakage to streams and springs, accidental discovery of taonga, and stream's capacity for additional flow and velocity. Recommended that consent be granted with conditions that address these concerns.

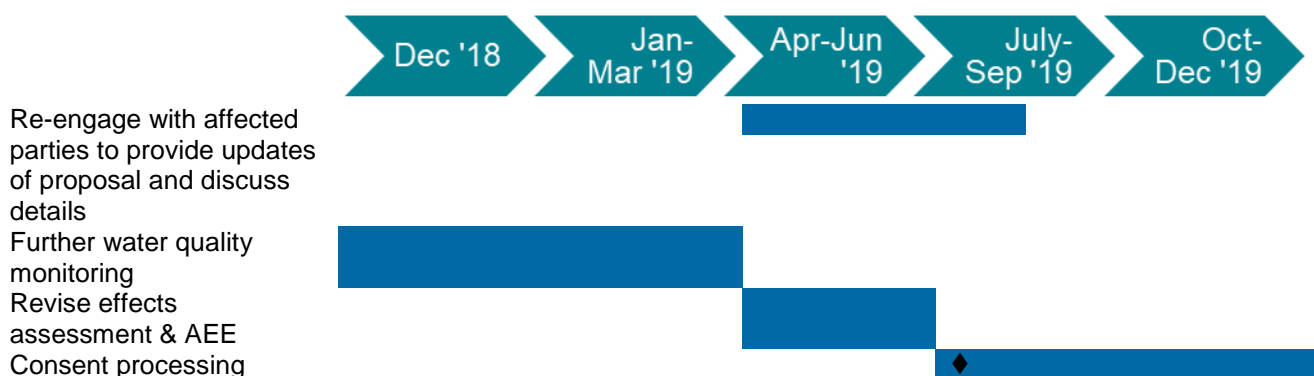
Engagement and high level discussion with Raukawa.

Landowners where works are proposed have previously been consulted with and are generally supportive of the proposals. Further engagement with these landowners as well as downstream parties is being carried out at the moment.

Horizons Rivers team have been consulted.

NZTA has advised they have no concerns with the proposal.

Timeline:



Tokomaru Wastewater Supply - Overview

Project Overview Summary

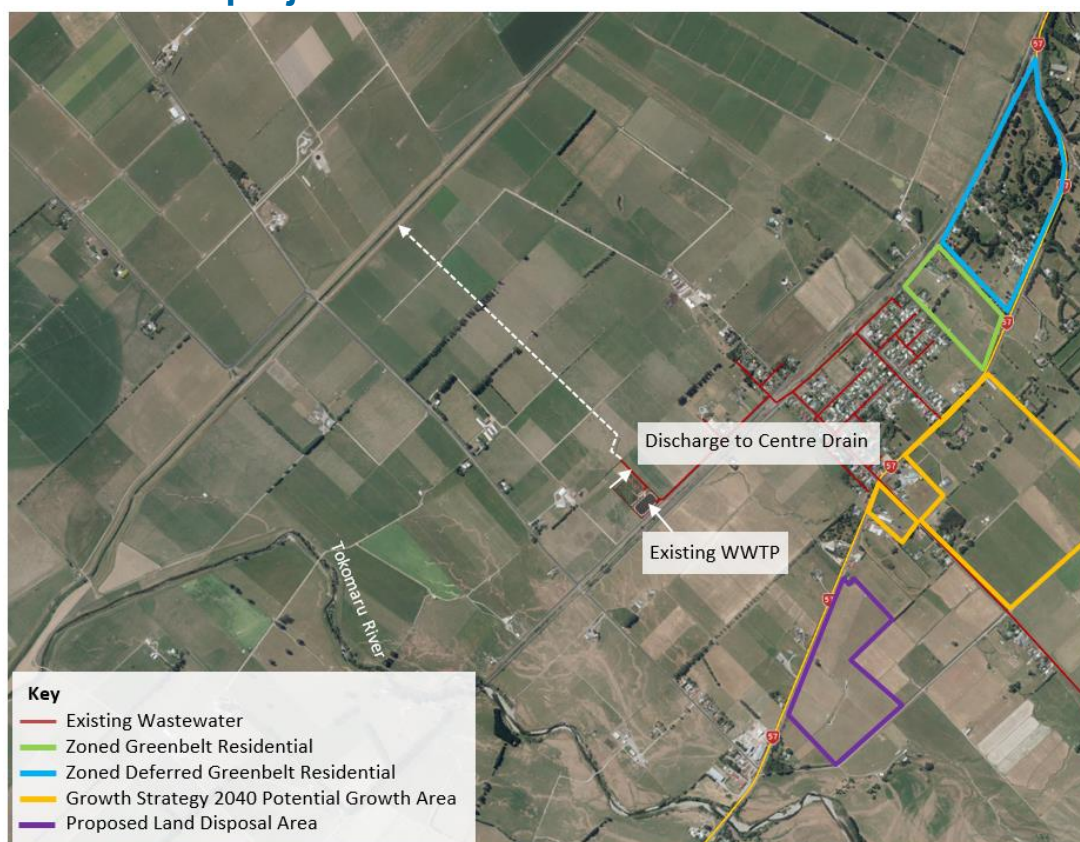
Project objective:

The project's aim is to:

- (a) agree on a renewed five (5) year discharge consent to water with Horizons Regional Council and key stakeholders;
- (b) with the community and key stakeholders, agree on a long term land-based discharge before 2022.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> • Council commitment to land based, long term disposal • Short term consent sought for discharge to water to provide time to investigate, design, and consent land based option • MfE Funding assisted with purchase of land 	<ul style="list-style-type: none"> • Resolve short term consent with Horizons and submitters • Establish Wastewater Working Group (iwi, community and interested parties) to work with Council towards long term land option • Cultural Impact Assessment being undertaken by Ngati Whakatere 	<ul style="list-style-type: none"> • Council hopes to have short term consent resolved mid 2019 • Wastewater Working Group to be established mid 2019 • Collaborative working on land option 2019 - 2021 (see indicative timeline over page) • CIA to be completed mid 2019 (July)

Overview of project:



Work to date:

Short-Term Consent

- The existing wastewater discharge is a combination of discharges to ground via the base of a wetland and also discharges direct to Centre Drain at times of high flow.
- A short term (5 year) consent has been sought to allow the status quo operation while the long term land disposal option was progressed.
- The short term consent was publicly notified and a pre-hearing meeting held. The application was on hold while draft conditions were agreed between District and Regional Councils. This included engaging ecologists to develop a monitoring programme which is now being implemented.
- Ngati Whakatere has been engaged to undertake a Cultural Impact Assessment. Expected end July 2019.

Conditions for the short-term consent have been agreed with Regional Council and are currently with submitters for feedback and confirmation as to whether or not the conditions satisfy their concerns. As of 14 May, seven of the fourteen submissions have been resolved. Council is working with the remaining submitters and is anticipating that the majority, if not all, of submissions will be able to be resolved. A further pre-hearing and potentially a hearing may be required if all submissions are not resolved. The need for this will be determined in late July once the CIA is received and response obtained from the other submitters.

Long Term Land Based Treatment Option

Council has made a commitment to working with iwi and the community to investigate and implement a long term land based treatment option.

Central government funding has been secured and this has assisted Council to purchase land which is suitable for the purpose.

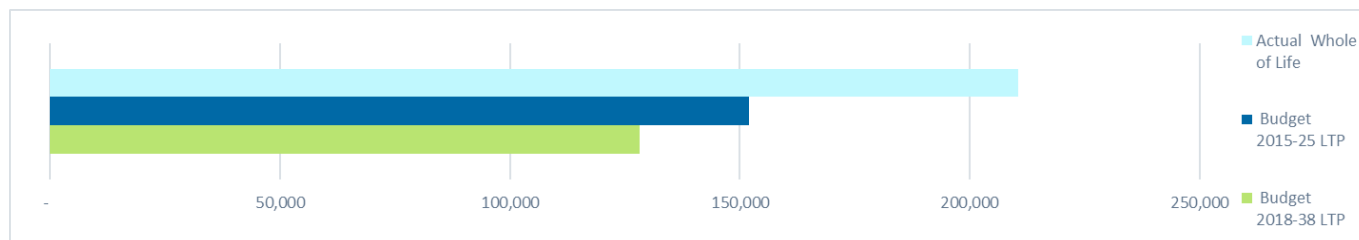
The next stage is to set up the project structure & timeline; and establish a Wastewater Working Group. This is currently on hold pending resolution of the short term consent. The Wastewater Working Group will include representatives from iwi, community and interested parties. Council will also consult and engage with mana whenua separately from the Working Group.

The project is in the very early stages and we are still working through how it will be delivered. We welcome input from iwi as to how they wish Council to engage with them and how they wish to be involved.

Financials:

The funding arrangements are loan funded.

The proposed cost of the project is \$128,190 over the expected lifespan of the project.



	2015/16	2016/17	2017/18	2018/19	Total
Capital expenditure	20,204	30,719	58,267	101,444	210,634

Risk Management:

Risk Area	Risk Description	Initial (GOR)	Risk Assessment (Low to Extreme) without control	Control	Residual (GOR)
Strategic	Potential for HRC to determine not to grant consent	4/1 A	Low	Ensure that community is clear that this is a short-term consent to allow for investigation of land based option. Hearing may be required if submissions not resolved. Regional Council support proposed conditions.	4/1 A

Risks Traffic Light Key

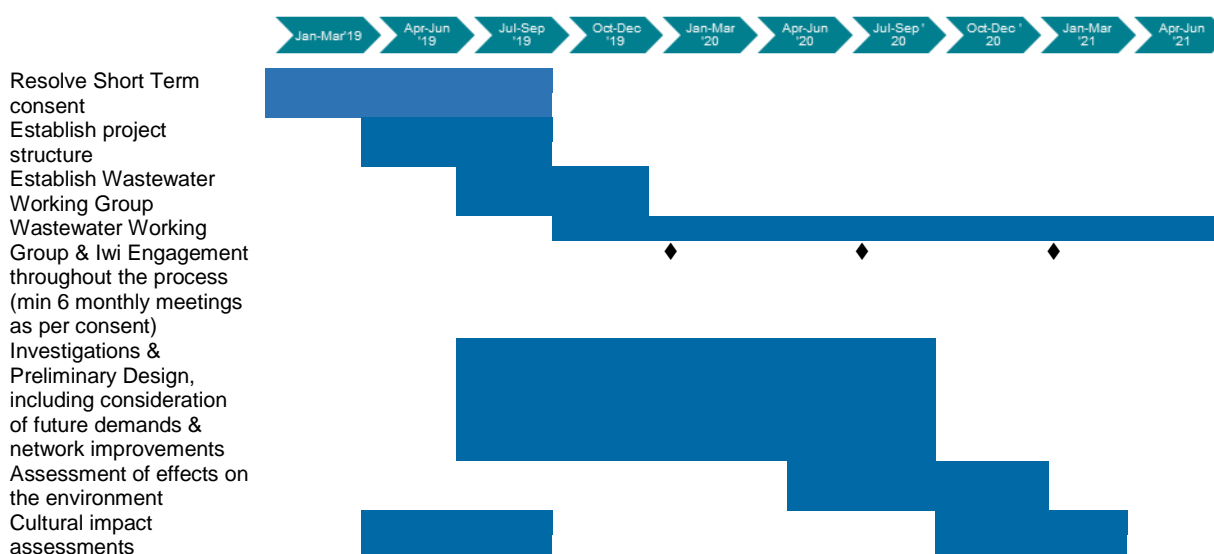
Likelihood	Consequence				
	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 -Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

Communication and Key Stakeholders:

Council has been engaging with submitters on the short term discharge consent application as noted above. Council is continuing to engage with Ngati Whakatere re the CIA. Once the short term consent is resolved, the Wastewater Working Group will be established and will be engaged throughout the process of working towards the long term land based option.

Timeline:

Note: the timeline is indicative only at this stage



Resource Consent
Application for Long
Term Land Disposal
Target Lodgement



Tokomaru Water Supply - Overview

Project Overview Summary

Project Objective:

Renew water take consent(s) for Tokomaru Water by 30 March 2020, within budget.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> Application has been lodged with Regional Council. Horizons has advised intent to notify. Processing on hold for further information & CIA by Ngati Whakatere (due end July) Approvals obtained from Department of Conservation, Drinking Water Assessor, TMI Rangitaane and Fish & Game 	<ul style="list-style-type: none"> CIA to be completed (end July) 	<ul style="list-style-type: none"> Notification expected 5 August Existing consent will continue to be active until new consent is resolved

Overview of scheme:



Abstraction from Tokomaru River

Infiltration gallery below bed of the river, Horseshoe Bend. There are no structures in the flowing water.



Treatment & Storage

Membrane filtration treatment plant located on Tokomaru East Road. Approx. 500 m³ (2 days) of storage.



Community Served

Tokomaru Village & some rural residential properties. Properties outside of the village and any non-residential uses are metered.

- 222 connections of which 34 are metered

Growth is projected. There is residential and greenbelt residential land zoned to the north of the village. Council's Growth Strategy 2040 also identified potential additional growth areas.

Existing Consent

- Abstract up to 864 m³/day, at maximum rate of 36 m³/hr
- No conditions for metering of abstraction
- No conditions requiring water conservation measures

Consent sought

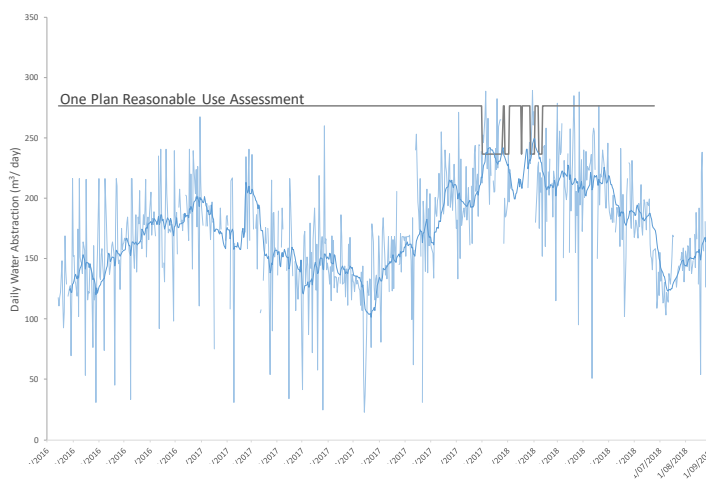
- Reduced consent limits to better match demand, but retain higher abstraction rate when needed to fill up storage
- Abstraction metering & telemetry
- Water conservation measures at times of low flow
- Optimise use of storage to reduce abstraction as much as possible during times of minimum flow

How much water does the community use?

This graph shows the community’s use over the last two years.

The graph shows the water abstracted compared to what would be considered “reasonable and justifiable” under the One Plan policies (grey line).

Where the grey line drops down, this is when the River flow was below minimum flow and water conservation measures would be expected to be implemented under the One Plan.

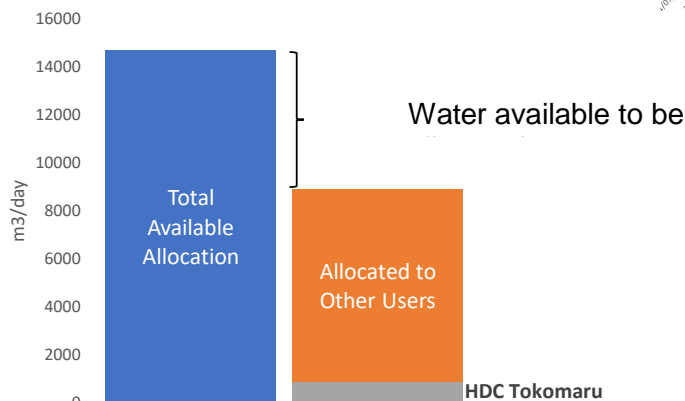


Water Allocation & Ecological Effects

Under the One Plan’s allocation regime, 61% of the cumulative core allocation for the zone is allocated.

HDC’s current allocation for Tokomaru represents 6% of the cumulative core allocation.

The One Plan provides for community takes to continue (with water conservation measures in place) when the River is below minimum flow (240 L/s). An ecological assessment found that the effects of the abstraction when the River is below minimum flow are less than minor.



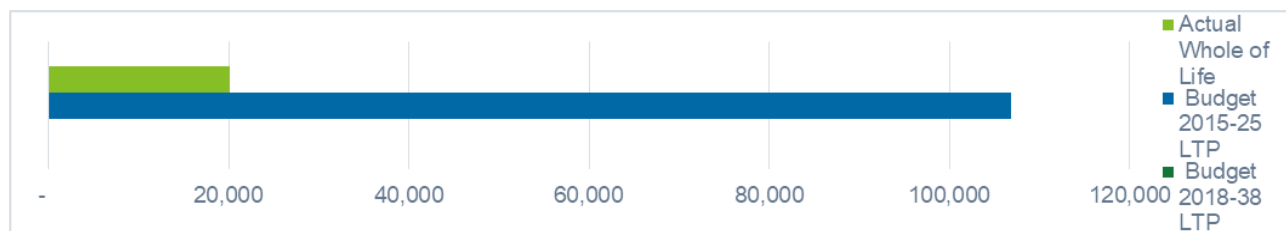
Work to Date:

Consent application has been lodged and a s92 request for further information has been responded to. Consultation has been undertaken with key stakeholders as noted below. The application is currently being processed by Regional Council. As of 10 June, Regional Council advised an intention to notify the application. HDC requested notification be placed on hold until Ngati Whakatere has completed the CIA (to avoid the need for submissions to be made by Ngati Whakatere while this work is ongoing). Notification is expected 5 August 2019.

Financials:

The funding arrangements are reserve funded.

The proposed cost of the project is \$106,910 over the expected lifespan of the project.



	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Capital expenditure		20,179				20,179
Operating expenditure						
Total expenditure		20,179				20,179
Revenue						

Risk Management:

Risk Area	Risk Description	Initial (GOR)	Risk Assessment (Low to Extreme) without control	Control	Residual (GOR)
Strategic	Potential for Quantity of Water allocated to be insufficient for growth	4/3 R	Moderate	Application proposed consent conditions to be structured to allow for further approval at time of growth in the community. Ensuring water sensitive design.	3/3 A
Financial	Notification leading to hearing and appeal costs	4/5 R	Significant	Continue with consultation and engagement with key stakeholders during submission period. Proceed quickly to pre-hearing to focus on RMA issues.	4/3 R
Service Delivery	Consent decision may include significant constraints on take at minimum flow	4/3 R	Significant	Seek a process whereby the application goes directly to Independent Commissioners to ensure appropriate balance between flow limits in the river and water storage requirements. Also such a hearing will ensure that stakeholders indicating support for the application to make formal submissions in support.	4/2 A

Risks Traffic Light Key

Likelihood	Consequence				
	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
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4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 -Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

Consultation and Key Stakeholders:

Engagement is ongoing with Ngati Whakatere and a Cultural Impact Assessment has been commissioned. This is expected to be completed end of July.
TMI Rangitaane have been consulted and have provided a letter of support.

Eleven Month Report 1 July 2018 - 31 May 2019

File No.: 19/190

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the eleven months to 31 May 2019.

2. Recommendation

- 2.1 That Report 19/190 Eleven Month Report 1 July 2018 - 31 May 2019 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


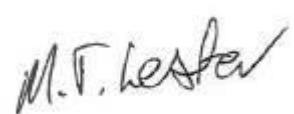
No.	Title	Page
A	Growth Dashboard Report for Finance, Audit, Risk Committee - 26 June 2019	25
B	Financial Reporting - Monthly Report - 31 May 2019	27

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	
Approved by	Mark Lester Group Manager - Corporate Services	

Growth Dashboard

Overview of Horowhenua District

The Horowhenua district has had strong growth in value of building consents, consumer spending, tourist spending, and commercial registrations all support the picture of a bustling local economy.

The strength of the local economy is also shown by the 2.8% growth in traffic flows, which has held up compared to a dip in national traffic growth. With commercial vehicle registrations in the district have been climbing since 2016 and in the March 2019 year they grew by 11.7% higher than the 10 year average.

Electronic card spending on retail purchases remained well above the national average, growing 8.1% in the district compared with 4.1% nationally.

Horowhenua's tourism sector contributes nearly 5% of the district's GDP and has been enjoying healthy growth. Guest nights in commercial accommodation were up by 8.2% in Horowhenua in the 12 months to March 2019, compared with flat growth in the national economy. Tourism expenditure in Horowhenua was up 4.5% compared with 3.3% nationally.

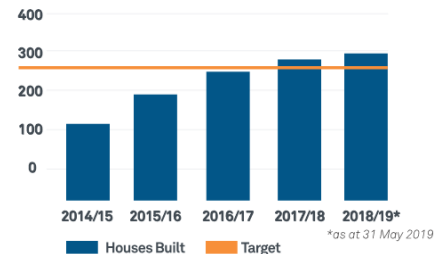
Population growth is a key contributor to growth of the economy of Horowhenua. The district's growth has continued to be influenced by the lack of affordable housing options in Wellington, as families look further afield for housing. Although not a perfect measure of population, the 2.7% growth in health enrolments indicates the population of Horowhenua continues to grow strongly.

At 15.6%, house price inflation remained well above the national average of just 1.3% in the March 2019 year. With residential consents in the district growing 34.5% to near historic highs in the March 2019 year, with the value of Building Consents issued sitting at an all-time high reaching \$1.5m in the financial year to May 2019 compared to \$90 Thousand for the same period last year. This is the first time the value has exceeded \$100m.

In summary, the Horowhenua economy continues to perform well and is growing slightly faster than the national economy.

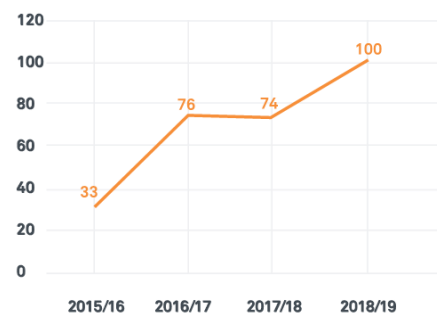
Total New Dwelling Units vs Annual Target

1 July - 30 June (Horowhenua District)



Subdivision Consents Approved

1 July - 31 May (Horowhenua District)



Resource Consenting

247 consents have been lodged as at 31 May 2019 compared to 176 at the same time last year.

100 subdivision consents approved as at 31 May 2019, compared to 74 at the same time last year.

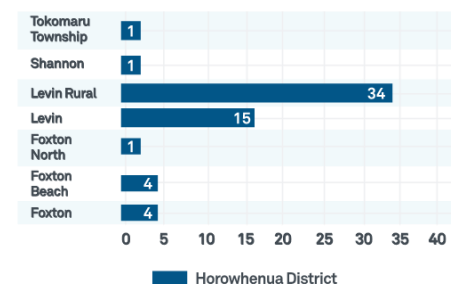
As at 31 May 2019 a total of 100 new allotments have been created as a result

of s223 (approval of title plan) & 60 new allotments have been created as a result of s224 (completion of physical works) certificates being issued for subdivisions.

Resource Consent activity and the level of enquiries has risen this month with a higher level of activity that was experienced in 2017/18.

New lots created (\$224)

1 July 18 - 31 May 2019 (Horowhenua District)



Building Consents

Value of consents issued as at 31 May 2019 is \$105,648,784 compared to \$90,657,961 for the same period last year

653 consents issued as at 31 May 2019, compared to 644 for the same period last year.

214 new dwelling consents at 31 May 2019 against 209 for the same period in the 2017/2018 year.

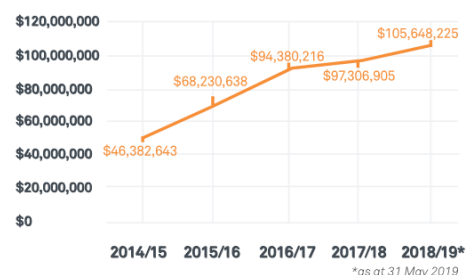
637 building consents were lodged as at 31 May 2019 compared to 615 for the same period in the 2017/18 year.

Consents have been issued for 288 New Residential Dwelling Units as at 31 May 2019.

The number of Building Consents lodged and issued YTD is higher than the same period in 2017/18. The value of consents issued and the number of new dwelling consents issued is higher than in 2017/18.

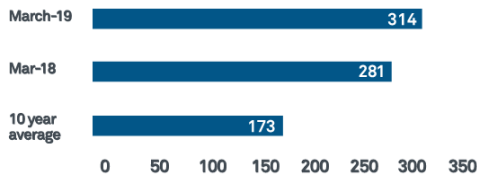
Building Consent Issued (\$)

1 July - 30 June (Horowhenua District)



Commercial Vehicle Registrations

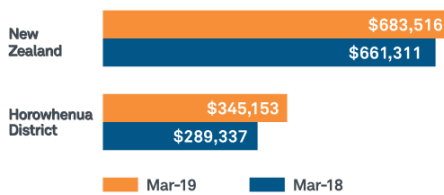
Annual Number March 18 - March 19 (Horowhenua District)



- The number of commercial vehicles registered in Horowhenua District increased by 11.7% in the year to March 2019 compared with the previous 12 months. Growth was higher than in New Zealand, where commercial vehicle sales decreased by -0.07%.
- A total of 314 commercial vehicles were registered in Horowhenua District in the year to March 2019. This is higher than the ten year annual average of 173.

Average Current House Value

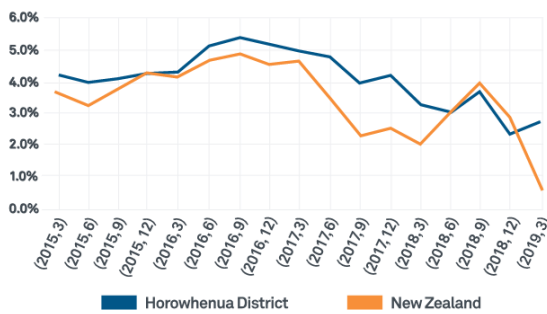
Average for 12 months to March 2019



- The average current house value in Horowhenua District was up 15.6% in March 2019 compared with a year earlier. Growth outperformed relative to New Zealand, where prices increased by 1.3%

Traffic Volume Growth

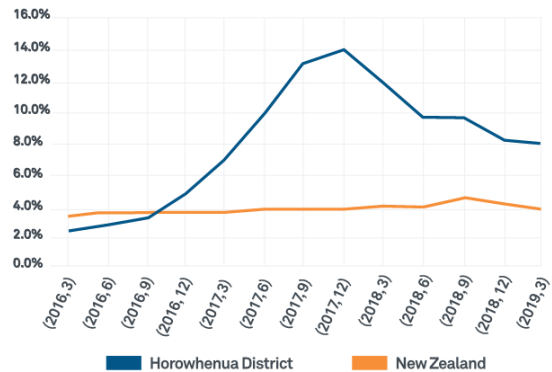
Annual Average % change March 18 - March 19 (Horowhenua District)



- Traffic flows in Horowhenua District increased by 2.8% over the year to March 2019. This compares with an increase of 0.6% in New Zealand

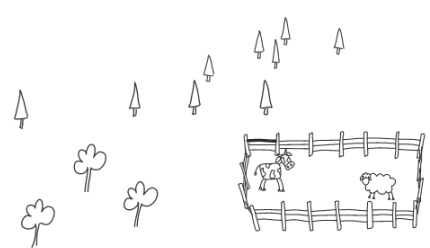
Growth in Consumer Spending

Annual Average % change March 18-March 19 - Horowhenua District



- Electronic card consumer spending in Horowhenua District, as measured by Marketview, increased by 8.1% over the year to March 2019 compared to the previous year. This compares with an increase of 4.1% in New Zealand.

Chart	Data Source	Timeframe
Average Current House Value	Infometrics - http://www.infometrics.co.nz/	March 18 – March 19
Growth in Consumer Spending	Infometrics - http://www.infometrics.co.nz/	March 18 – March 19
Traffic Volume Growth	Infometrics - http://www.infometrics.co.nz/	March 18 – March 19
Commercial Vehicle Registrations	Infometrics - http://www.infometrics.co.nz/	March 18 – March 19
New Lots Created (S224)	HDC Reporting	1 July 18 – 31 May 19
Building Consent Issued (\$)	HDC Reporting	1 July – 30 June
Total New Dwelling Units vs Annual Target	HDC Reporting	1 July – 30 June
Subdivision Consents Approved	HDC Reporting	1 July – 31 May





Eleven Month Report

1 July 2018 - 31 May 2019



Executive Summary

A. Financial Performance – Operational Expenditure

Council shows a \$2.897m deficit against a budgeted surplus of (\$1.993m). It is 91.7% through the year and Council has spent 98% of the full year's budgeted expenditure and received 89.7% of the full year's budgeted income.

The main contributors to the deficit are;

- Roothing subsidy income below budget due to capital projects being delayed until next year.
- Solid waste contract for refuse collection, recycling and waste transfer stations that was entered into from October 2018.
- Professional services and consultancy costs related to;
 - District and strategic planning to enable growth to occur,
 - Strategic advice on the future direction of solid waste and landfill closure options.
- Higher employee benefit expenses related to recruitment and retention of staff to ensure Council maintains level of service and has the ability to plan for the expected growth.
- Unrealised losses on Derivative (swap) contracts due to the continued fall in underlying interest rates.

The deficit result of \$2.8m would have reduced by \$1.5m to a deficit of \$1.3m if:

1. the Roothing capital works programme had been completed,
2. the derivative financial instrument loss had not occurred (no cash), and
3. an expected subsidy from MfE for the Pot replanting of \$315k had been approved.

B. Financial Performance – Financial Position

Council has borrowed a net \$16m this financial year, The \$12m in debt maturities that occurred in March has decreased Council's borrowing from \$104m February to \$96m in March with a weighted average interest rate of 3.58%.

Council has purchased \$19m in fixed assets in the 11 months against a capital budget of \$31m and \$34.5m for the year.

Doug Law
Chief Financial Officer

19 June 2019

Total revenue	Total expenditure	Total surplus/(deficit)
\$48.78m is 2% less than the total budget of \$49.55m	\$51.68m is 9% more than the total budget of \$47.55m	(\$2.90m) is 245% less than the total budget of 2.00m

SUSTAINABILITY

Rates to operating revenue 71%

Rates revenue	\$34.08m
Operating revenue	\$48.31m

71% of operating revenue is derived from rates revenue. Rates revenue excludes penalties, water supply by meter and is gross of remissions. Operating revenue excludes vested assets, development contributions, asset revaluation gains and gains on derivatives.

Balance budget ratio 95%

Operating revenue	\$48.31m
Operating expenditure	\$50.81m

Operating revenue should be equal or more than operating expenditure. Operating revenue excludes vested assets, development contributions, asset revaluation gains and gains on derivatives. Operating expenditure includes depreciation and excludes loss on derivatives, landfill liability and loss on asset revaluations. Year to date revenue is 95% of operating expenditure.

Net Debt to total projected revenue 160%

Total net borrowing	\$86.62m
Total projected operating revenue	\$54.22m

With net borrowing of \$86.62m we are still under the set limit of 195% of operating revenue. Total net borrowing is external borrowing less cash at bank.

Interest to rates revenue (LGFA Cov.) 10%

Net Interest	\$3.28m
Rates revenue	\$34.08m

10% of rates revenue is paid in interest. Our set limit is 25% of rates revenue. Net interest is interest paid less interest received. Rates revenue excludes penalties, water supply by meter and gross of remissions.

Interest to operating revenue (LGFA Cov.)		7%
Net Interest	\$3.28m	
Operating revenue	\$48.78m	

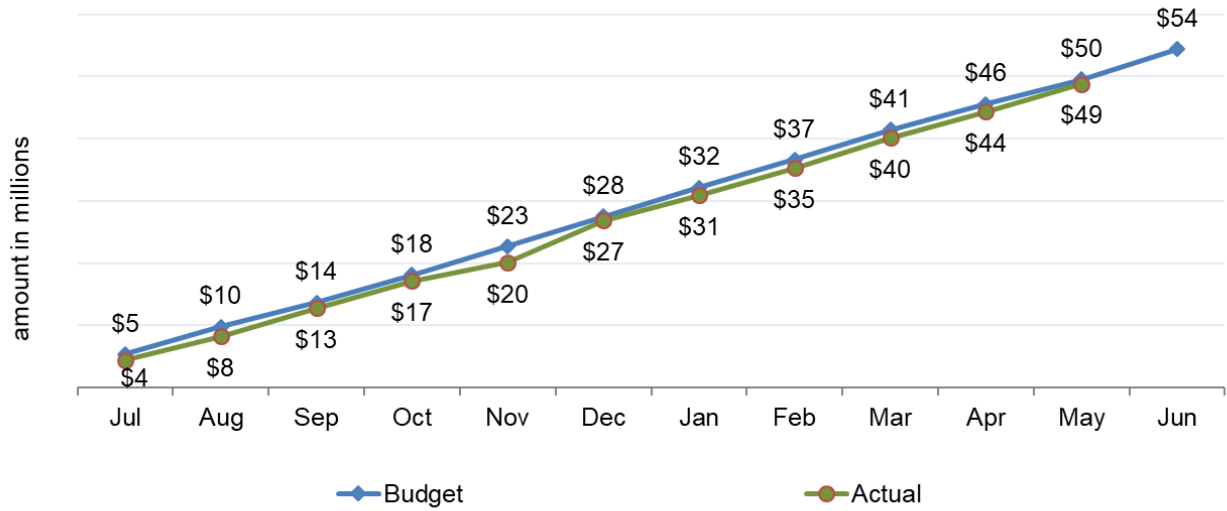
7% of operating revenue is paid in interest. Our set limit is 20% of operating revenue. Net interest is interest paid less interest received.

Available financial accommodation to external indebtedness (LGFA Cov.)		112%
Net debt	\$86.62m	
Undrawn committed facilities	\$10.00m	

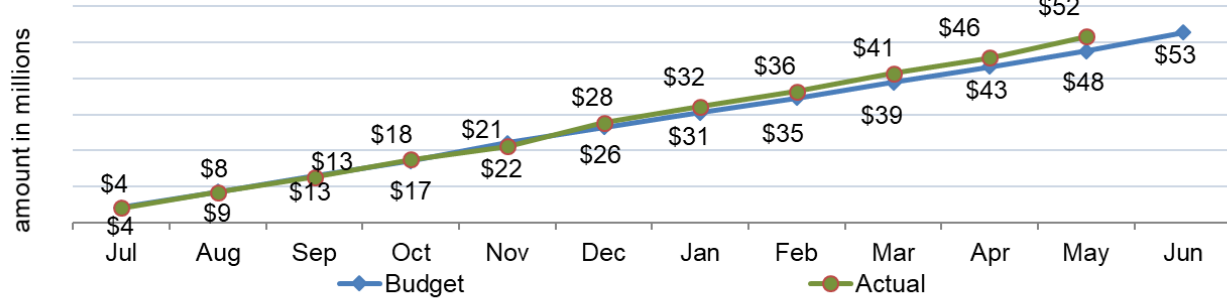
The committed bank facility enables us to borrow up to 112% of our current external debt immediately. The LGFA covenant minimum is 110%.

Operational Summary

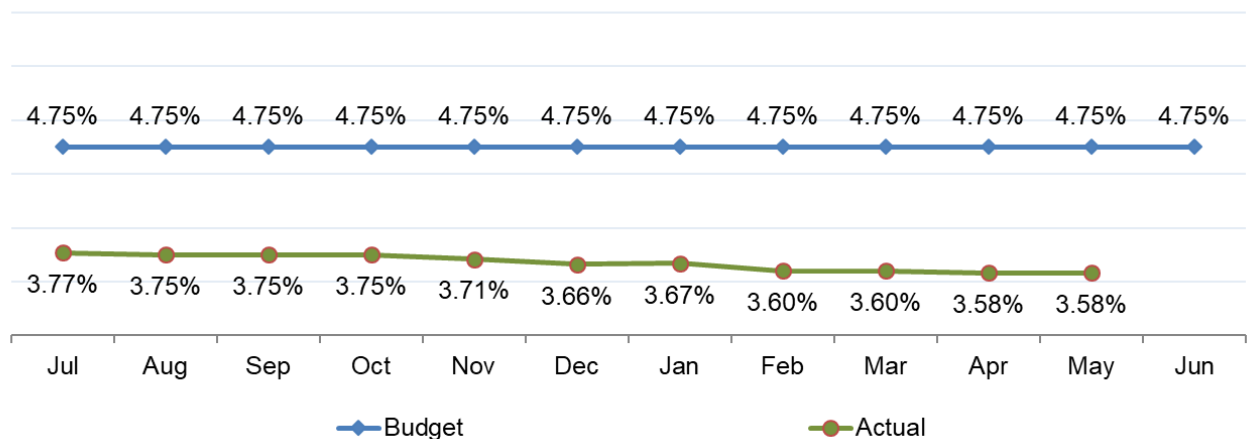
Total Revenue \$m



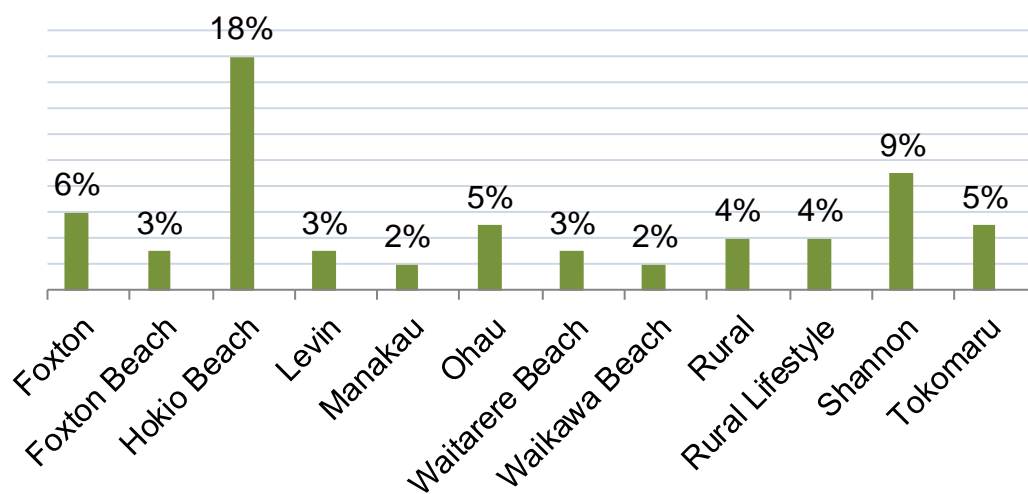
Total Expenditure \$m



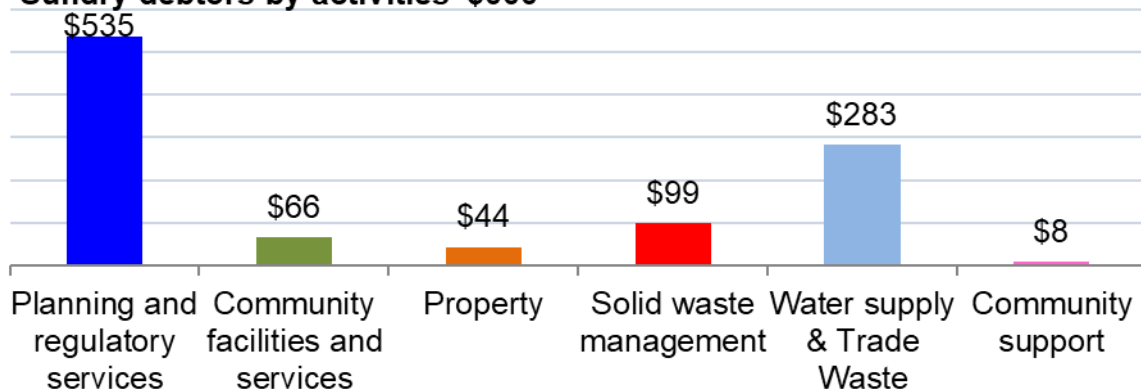
Interest rate movement



Rates debtors % with arrears over \$99



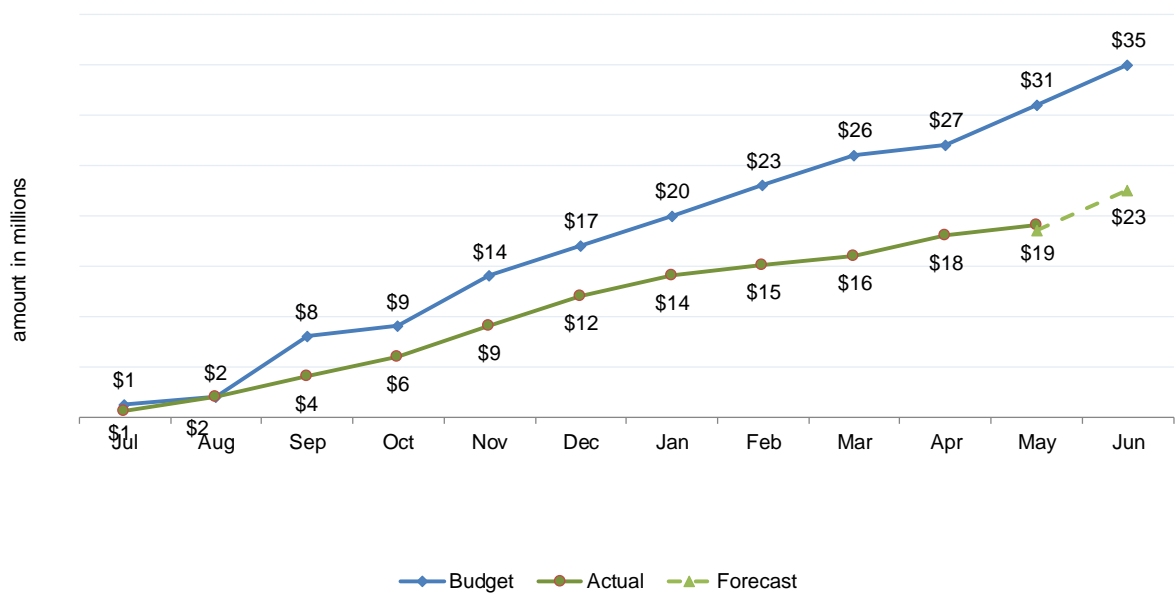
Sundry debtors by activities \$000



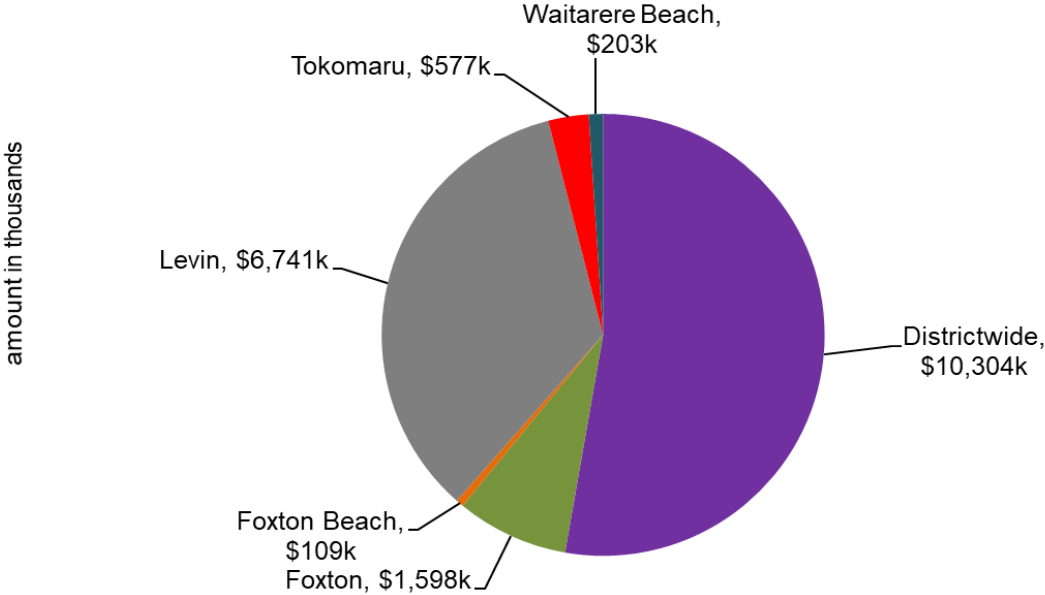
Capital Summary

To meet growth	To improve service	To replace
\$0.60m	\$7.89m	\$11.38m
is 83% less than the YTD budget of \$3.61m	is 42% less than the YTD budget of \$13.64m	is 21% less than the total budget of \$14.40m

Total Capital Expenditure



District View - Capital Expenditure \$000



Statement of Comprehensive Revenue and Expense

As at 31 May 2019											
	Year End	Annual	Variance	Annual Plan	Actual	C/A	Variance		% of		Notes
	Projection	Plan		YTD	YTD		YTD	YTD			
	2019	2019	2019	May-19	May-19		% Actual	2018			
	\$000	\$000	\$000	\$000	\$000	to Budget	\$000	%	%		
Revenue											
Rates Revenue	(38,412)	(38,362)	(50)	(34,918)	(35,176)	91.7%	⊕	(258)	1%	0.5%	
Grants & Subsidies	(5,440)	(6,460)	1,020	(6,096)	(4,787)	74.1%	⊗	1,309	-21%	-2.4%	1
Finance Income	(370)	(205)	(165)	(201)	(246)	120.0%	⊕	(45)	22%	0.1%	
Fees, charges,	(5,427)	(5,664)	237	(5,065)	(4,905)	86.6%	⊗	160	-3%	-0.3%	
Other Revenue	(3,392)	(3,560)	168	(3,266)	(3,193)	89.7%	⊗	73	-2%	-0.1%	
Development Contributions	-	-	-					-		0.0%	
Gain on Derivatives										0.0%	
Gain Disposal of Assets	(34)		(34)		(34)		⊕	(34)		0.1%	
Investment (Gains)/Losses	(87)	(120)	33	-				-		0.0%	
Vested Assets	(441)	-	(441)	-	(441)		⊕	(441)		0.8%	
Total Revenue	(53,603)	(54,371)	768	(49,546)	(48,782)	89.72%	⊗	764	-2%	-1.4%	
Expenditure											
Employee Benefit Expenses	14,713	13,975	738	12,534	13,493	96.6%	⊗	959	8%	1.8%	
Finance costs	3,653	3,800	(147)	3,675	3,525	92.8%	⊕	(150)	-4%	-0.3%	
Depreciation and Amortisation	13,802	13,489	313	12,365	12,800	94.9%	⊗	435	4%	0.8%	
Other Expenses	22,622	21,452	1,170	18,979	20,989	97.8%	⊗	2,010	11%	3.8%	2
Loss on disposal of assets	2	-	2		2		⊗	2		0.0%	
Revaluation losses		-	-					-		0.0%	
Increase in Landfill provision	99		99	-	99		⊗	99		0.2%	
Loss on Derivatives	771		771	0	771		⊗	771		1.5%	3
Total Expenses	55,662	52,716	2,946	47,553	51,679	98.03%	⊗	4,126	9%	7.8%	
Operating (surplus) deficit before taxation	2,059	(1,655)	3,714	(1,993)	2,897	-175.0%		4,890	-245%	9.3%	

Note 1 Grants and Subsidies unfavourable variance of \$1.3m

Roading subsidies are lower by \$1.45m from the budget prediction resulting from lower than capital expenditure. Council is postponing certain projects until the new financial year.

The projects are:

- Poads Road Bridge Replacement – This will be incorporated into the Gladstone Road realignment project to get better value for money.
- The Queen St Cambridge St Roundabout – The water main's new pressure reducing valve at this location needs to be installed first before the project can proceed. It is getting later into the construction season and Council does not want it to run into winter.
- Cambridge St Rehabilitation \$59k This site is connected to the Queen St Roundabout job and will be included in the same tender.
- Foxton Shannon Road Area Wide Pavement Treatment (AWPT) Stage 3 \$194k. Due to issues with the Himatangi Block Rd AWPT Council has decided to extend Foxton Shannon Road AWPT Stage 4 which cost an extra \$53k. As such, Stage 3 has been deferred to FY19/20
- Waitarere Beach Road AWPT \$101k. The project was held up by the discovery of shell middens so Council finished the first half off and deferred the second half of the job until after Cultural Impact Assessments/Archaeology Assessment, etc, were carried out. The job should be able to restart in the spring.
- Queen St Improvements – Oxford to Chamberlain \$112k. Council is working with its Strategic Planners on what this needs to look like as part of the overall Levin Town Centre/Queen Street – Green Street concepts. This work is ongoing and Council is not ready to begin construction yet.

Note 2	Year End	Annual	Variance	Annual Plan	Actual	Variance					Notes
	Projection	Plan	2019	YTD	YTD	% Actual	YTD	% Var/Bud	% of	Total Bud	
	2019	2019	2019	May-19	May-19	to Budget	2018	%	Total Bud	%	
	\$000	\$000	\$000	\$000	\$000		\$000				
Professional Services	4,801	3,158	1,643	2,346	4,416	139.8%	⊗	2,070	88%	3.9%	2A
Materials	99	109	(11)	103	82	75.2%	☺	(21)	-20%	0.0%	
Maintenance	12,841	13,176	(335)	12,117	12,074	91.6%	☺	(43)	0%	-0.1%	
Grants Paid	731	793	(62)	490	544	68.6%	⊗	54	11%	0.1%	
Utilities	1,044	1,083	(39)	978	995	91.9%	⊗	17	2%	0.0%	
Communications	298	268	30	245	199	74.3%	☺	(46)	-19%	-0.1%	
Other Expenses	5,049	5,289	(240)	4,827	4,510	85.3%	☺	(317)	-7%	-0.6%	
Vehicle Expenses	170	159	11	146	115	72.3%	☺	(31)	-21%	-0.1%	
Treasury Expenses	170	70	100	157	96	137.1%	☺	(61)	-39%	-0.1%	
Labour Recoveries for Capex proje	(2,580)	(2,652)	72	(2,430)	(2,042)	77.0%	⊗	388	-16%	0.7%	2B
Total Other Exepnses	22,622	21,453	1,169	18,979	20,989	97.8%	⊗	2,010	11%	3.8%	

Note 2A. Professional services – unfavourable variance \$2.07m

- \$405k timing difference relating to Economic Development. Year-end \$469k. Because this activity is out-sourced and the contract costs are coded to Professional Services it inflates the variance in Professional Services. The true year end prediction increased costs over the whole activity is \$90k
- Growth response projects totalling \$780k –refer to explanation under Representation and Community Leadership in the Activity variance section.
- Solid Waste consultancy over the strategic direction and new contract \$305.

Note 2B. Labour recoveries for labour posted to CAPEX projects – Unfavourable variance \$388k reflects the lower capital project expenditure.

Note 3. Unrealised loss on derivatives (swaps) unfavourable variance of \$771k
They reflect the lower interest rates currently being experienced which are now at historic lows which have continued to fall from last month.

Statement of Comprehensive Revenue and Expense by Activity

As at 31 May 2019											
91.7%	A			C	D	E	F	G	H	I	J
REVENUE	Annual Plan 2018/2019 \$000	Projected to 30/06/2019 \$000	Variance \$000	Year to date (YTD)		C/A % Actual to Budget	D-C YTD Variance \$000	G/D % Var/Bud	% of Total Bud	Notes to Accounts	
				This Year \$000	Budget \$000						
Significant Activities											
Regulatory Services	(4,762)	(4,689)	73	(4,361)	(4,395)	91.6%	(34)	-0.8%	-0.1%		
Community Facilities and Ser	(12,976)	(12,854)	122	(11,658)	(11,908)	89.8%	(250)	-2.1%	-0.5%		
Road Transport	(10,356)	(9,174)	1,182	(8,332)	(9,757)	80.5%	(1,425)	-14.6%	-2.6%	1	
Water Supply	(6,683)	(6,683)	0	(6,217)	(5,950)	93.0%	267	4.5%	0.5%		
Wastewater Disposal	(8,353)	(8,358)	(5)	(8,297)	(7,500)	99.3%	797	10.6%	1.5%		
Solid Waste	(2,457)	(2,337)	120	(1,974)	(2,263)	80.3%	(289)	-12.8%	-0.5%	3	
Stormwater	(1,051)	(1,051)	0	(966)	(964)	91.9%	2	0.2%	0.0%		
Treasury	(4,432)	(3,784)	648	(3,330)	(4,044)	75.1%	(714)	-17.7%	-1.3%	2	
Property	(1,549)	(1,665)	(116)	(1,392)	(1,328)	89.9%	64	4.8%	0.1%		
Community Support	(2,550)	(2,459)	91	(2,258)	(2,335)	88.5%	(77)	-3.3%	-0.1%		
Representation & Com. Leade	(3,936)	(4,086)	(150)	(3,683)	(3,608)	93.6%	75	2.1%	0.1%		
Total Activity Revenue	(59,105)	(57,140)	1,965	(52,468)	(54,052)	88.8%	(1,584)	-2.9%	-2.9%		
Business Units	(21,832)	(21,544)	288	(20,463)	(19,980)	93.7%	483	2.4%	0.9%		
Total Operating Revenue	(80,937)	(78,684)	2,253	(72,931)	(74,032)	90.1%	(1,101)	-1.5%	-2.0%		
91.7%											
EXPENDITURE	Annual Plan 2018/2019 \$000	Projected to 30/06/2019 \$000	Variance \$000	Year to date		C/A % Actual to Budget	D-C YTD Variance \$000	G/D % Var/Bud	% of Total Bud	Notes to Accounts	
				This Year \$000	Budget \$000						
Significant Activities											
Regulatory Services	4,761	4,715	(46)	4,374	4,344	91.9%	(30)	-0.7%	-0.1%		
Community Facilities and Ser	12,918	12,368	(550)	11,257	11,551	87.1%	294	2.5%	0.6%		
Road Transport	9,034	8,937	(97)	7,931	8,342	87.8%	411	4.9%	0.8%		
Water Supply	6,683	6,385	(298)	6,621	6,137	99.1%	(484)	-7.9%	-0.9%		
Wastewater Disposal	7,038	6,835	(203)	6,869	6,469	97.6%	(400)	-6.2%	-0.8%		
Solid Waste	2,128	3,161	1,033	3,109	1,936	146.1%	(1,173)	-60.6%	-2.2%	4	
Stormwater	1,321	1,223	(98)	1,118	1,214	84.6%	96	7.9%	0.2%		
Treasury	5,044	5,378	334	5,498	4,961	109.0%	(537)	-10.8%	-1.0%	5	
Property	1,764	1,579	(185)	1,356	1,386	76.9%	30	2.2%	0.1%		
Community Support	2,597	2,660	63	2,491	2,396	95.9%	(95)	-4.0%	-0.2%		
Representation & Com. Leade	4,111	4,856	745	4,761	3,597	115.8%	(1,164)	-32.4%	-2.2%	6	
Total Activity Expenditure	57,399	58,097	698	55,385	52,333	96.5%	(3,052)	-5.8%	-3.8%		
Business Units	21,883	22,645	487	20,443	19,706	93.4%	(737)	-3.7%	-0.9%		
Total Operating Expenditure	79,282	80,742	1,185	75,928	72,039	95.6%	(3,789)	-5.3%	-4.8%		

Note 1

Road Transport Unfavourable variance \$1.425m

- Roothing subsidies from capital works are lower by \$1.6m from the budget prediction resulting from lower than expected capital costs refer to commentary above on delayed capital expenditure including Poads Bridge and the Queen Street roundabout. The year-end projection for capital subsidies from NZTA has been reduced by \$877k.

Note 2

Solid Waste income unfavourable variance of \$289k

- Waste rebate had a duplicate budget in recycling for this, now corrected \$121k
- Waste transfer sales lower by \$126k. This income stream now forms part of the new contract remuneration. This variance will therefore increase each month for the rest of the year to approximately \$140k.

Note 3

Treasury income Unfavourable variance \$714k;

- Interest received from internal borrowing is \$733k lower due to lower external borrowing costs, this trend will continue for the rest of the year. This is offset by lower interest costs in those activities carrying debt.
- Rates penalty income is \$25.5k below year to date budget estimate due to lower Rates debt than anticipated.

- Offset by external interest received now \$45k over budget from maturity of prefunded investments in March.

Note 4. Solid Waste – Unfavourable variance \$1,164k

- The new recycling contract - \$687k
- Consultants costs on strategy etc. \$305k
- Consent fees related to the landfill \$121k
- Landfill aftercare provision increase \$ 99k

These trends will continue for the rest of the year.

Note 5. Treasury – Unfavourable variance \$537k

- \$771k unbudgeted unrealised loss on Derivative Financial Instruments (swap contracts). This may increase if interest rates go even lower but will reduce if interest rates increase
- Offset by \$149k lower external interest paid this is predicted to be \$147k by year end, and
- Lower rates remissions \$36k

Note 6. Representation and Community Leadership – unfavourable variance \$1.235m

- Growth response projects totalling \$780k

Growth Reponse projects	YTD Income	YTD Actuals
00009161 - Gladstone Green Master Plan	0	232,030
00009162 - The Lakes Foxton Beach Master Plan	0	37,395
00009163 - Forest Road Waitarere Master Plan		29,547
00009165 - O2NL Planning	0	67,000
00009166 - Growth Strategy	0	119,812
00009168 - Levin Town Centre Planning	0	24,135
00009179 - H2040	-92,500	111,088
00009190 - Foxton River Loop	0	92,200
00009191 - MAVTech Upgrade	0	25,650
00009196 - Project lift	0	15,000
00009205 -Horowhenua Water Party	0	5,000
00009219 - Community Plans	0	16,438
00009231 - House Planning	0	5,000
Total	-92,500	780,295

- Internal labour charges from the growth response planning team \$209k.

These projects are vital to Council's vision of being prepared for the growth that is being and will be experienced. Some of the costs are recoverable from NZTA while others will be funded from anticipated savings elsewhere.

APPENDIX

Asset maintenance contract	General contract works, repairs, planned and unplanned maintenance, materials and consumables, cleaning and hygiene, inspections and reporting.
Finance cost	Interest on borrowings and interest on swaps.
Gains	Fair value revaluation gain and gain on sale.
General grants	Grants given to various organisations and individuals like Creative NZ, neighbourhood support, beach wardens, community development and youth scholarships.
Grants and subsidies	Grants and subsidies received from government and other organisations for roading, library, community hubs, cemeteries and aquatic centres.
Infringements and fines	Parking tickets, Prosecutions on WOFs and unregistered vehicles.
Employee benefits	Salaries and wages, training costs, FBT and ACC levies, superannuation, and staff recognition.
Other expenses	Printing, publication, postage, stationery, advertising, food and catering, photocopying, internet and communication and any other office expenses.
Professional services	Consultants, contractors, membership fees, legal fees, lab services, audit fees or any other professional services charges.
Regulatory revenue	Planning fees, building fees, animal fees, liquor fees and health fees.
Rendering of services	Commissions, car income, and any other income received for rendering services.
Rental income	Rent from Halls, residential and commercial properties, grazing land, reserves and other lease income.
Targeted rates	Rates for roading, waste management, representation and governance, stormwater, wastewater, water by meter and water supply.
User charges	Revenue received from admission, shop sale, Cemetery fees, trade waste, utility connection, events and exhibitions.
Utilities	Water use, electricity and gas charges

Monitoring Report - Audit Recommendations 2018/2019 - May 2019

File No.: 19/226

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the Monitoring Report covering Audit recommendations 2018/19.

2. Recommendation

- 2.1 That Report 19/226 Monitoring Report - Audit Recommendations 2018/2019 - May 2019 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

Attachments

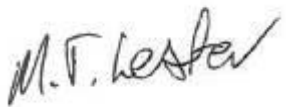
No.	Title	Page
A	Monitoring Report - Audit Recommendations 2018/2019 - May 2019	42

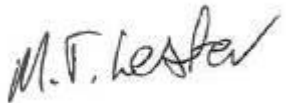
Confirmation of statutory compliance

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)	Mark Lester Group Manager - Corporate Services	
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Approved by	Mark Lester Group Manager - Corporate Services	
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Audit Recommendation	First raised	Initial target date for completion	Progress Update – 20 May	Status against planned end date
<p>Use of a “Virtual” Credit card</p> <p>Implement processes and procedures to strengthen controls and access to the virtual credit card, including:</p> <ul style="list-style-type: none"> • ensuring the use of the virtual credit card is in line with the District Council’s policy on the use of credit cards; • allowing only the card administrator to use the card with all approved transactions being processed by that staff member; • formal one- up approval for the expenditure to be incurred being provided to the card administrator prior to processing the transaction. This should be filed with supporting transaction documentation; and • implementing a monthly independent review and reconciliation of the expenditure on the credit card against the approvals and supporting documentation. 	2018	30 June 2019	<p>Decision made 20 May 2019 to replace the virtual card with a physical card issued to GM Corporate Services. Officers are currently working through this change. Draft policy and processes created. Currently with Audit NZ for review.</p> <p>Planned end date 30 June.</p>	On Track
<p>Creditor Master-file changes</p> <ul style="list-style-type: none"> • Review current processes to ensure there is adequate supporting information to verify that creditors and changes to creditors details are bona fide; and • Implement a regular review process to remove redundant creditors. 	2018			Completed

Audit Recommendation	First raised	Initial target date for completion	Progress Update – 20 May	Status against planned end date
<p>Lack of segregation of duties in expenditure process</p> <ul style="list-style-type: none"> • Review and enhance the purchase order controls in the expenditure system to require purchase orders to be approved on a one up basis; and • Require the managers, in charge of the relevant business unit, to review the report developed that highlights self-approved purchase orders/invoices, prior to the payment of these transactions. 	2018	30 June 2019	<p>Project Team formed. Testing successfully completed and training of staff underway. New processes documented.</p> <p>Planned end date 30 June.</p>	On Track
<p>QV to Rating Information Database (RID) reconciliation</p> <p>Retain evidence of the independent review of the annual reconciliation between Quotable Value (QV) and the RID.</p>	2018			Complete
<p>Annual Reporting Process</p> <p>Implement audit recommendations to improve the audit process including improving the quality assurance review over the annual report.</p>	2018	30 June 2019	<p>Internal process agreed to enable quality assurance of Annual Report, Annual Plan and LTP documents. Draft documentation completed. Pending internal approval.</p> <p>Planned end date 21 June.</p>	On Track
<p>Funding agreement with third parties</p> <ul style="list-style-type: none"> • Formalise agreements between external parties, prior to entering into any future financial transactions, where third parties will be sharing costs with the District Council; and • Formalise agreements, with the partners in Te Awahou Nieuwe Stroom project, on the partner's share of the fit-out costs for the Project. 	2018	30 June 2019	<p>Documents have been signed by one party. One signature outstanding. Process to be documented should this funding option be pursued in the future.</p> <p>Planned end date 30 June.</p>	On Track

Audit Recommendation	First raised	Initial target date for completion	Progress Update – 20 May	Status against planned end date
<p>Revaluation of Infrastructure assets Improve the revaluation asset data by:</p> <ul style="list-style-type: none"> • Updating asset condition information and review the reasonableness of asset useful lives; • Benchmarking revaluation unit rates against the latest infrastructure contract prices in assessing the assets revalued unit rates; • Perform valuations based on first principles where actual contracts, materials and labour costs are used as a basis for the valuation on a 2-3 valuation cycle; • Reviewing the assumptions used in the revaluation of the treatment plants; and reviewing and simplifying revaluation templates; • Performing a fair value assessment for the wastewater and water land and buildings in the years between the full land and building valuation to determine whether an adjustment is required; and • Developing a formal timeline and schedule for the annual infrastructure valuation process. 	2018	30 June 2020	Parts may be achieved by 30 June 2019 but for treatment plant Council aims to address all actions by 30 June 2020.	On Track

Audit Recommendation	First raised	Initial target date for completion	Progress Update – 20 May	Status against planned end date
<p>Updating of the Roding Asset Maintenance Management system (RAMM) Update RAMM on a regular basis with any changes to the asset data, including updated unit rates and perform revaluations in RAMM for future revaluations.</p>	2018	30 June 2020	<p>Significant progress has been made in addressing the backlog of asset data capture. Unit rates are being recalculated but this is proving to be a time consuming job. It is anticipated that a roading asset valuation will be done through RAMM as at 30 June 2020. Still waiting for software supplier to arrange training on latest version of Valuation Model as their trainer resigned end of April. Currently Council has no RAMM Technician.</p>	On Track
<p>Asset reconciliations • Perform a monthly reconciliation between the fixed assets register (FAR) and the general ledger; and • Capitalise operational assets on monthly basis.</p>	2018	31 December 2019	Staff are currently completing this process.	On Track
<p>Review of reported performance measurement information Implement review procedures, over the non-financial performance measures, to ensure the information reported is accurate and complete.</p>	2018	30 June 2019	<p>Staff are collating information used in this process over a two month period (ending 30 June) and which is being monitored by the Financial Accountant. Process documentation is being reviewed. Planned end date 30 June</p>	On Track
<p>Prior year performance management recommendations Implement the recommendations in 6.5.2 to monitor the performance measurement process and ensure continuous improvement of the current process.</p>	2018	30 June 2019	<p>Staff are collating information used in this process over a two month period (ending 30 June) and which is being monitored by the Financial Accountant. Process documentation is being reviewed. Planned end date 30 June</p>	On Track

Audit Recommendation	First raised	Initial target date for completion	Progress Update – 20 May	Status against planned end date
<p>Approval of Chief Executive’s (CE’s) expenditure Require expenditure, incurred by the CE, to be approved on a one up basis either by the Mayor (or his delegate) or the Chair of the Audit and Risk Committee.</p>	2018			Complete
<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>	2016	30 June 2019	Project Team formed. Testing successfully completed and training of staff underway. New processes documented. Planned end date 30 June.	On Track
<p>Project management improvements Formalise the methodology for managing projects and ensure there is a planned approach to post implementation review in place.</p>	2016			Completed
<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>	2016	30 June 2019	Project Team formed to review strategy, policy and processes. Currently in the implementation phase with internal consultation review meetings now concluded. Projected end date 31 August.	On Track

Audit Recommendation	First raised	Initial target date for completion	Progress Update – 20 May	Status against planned end date
<p>Conflicts of interest policy Review and update the Conflicts of Interest policy to reflect best practice in the sector including: Policy to be reviewed and endorsed by the Executive Management Team; and The policy include a clearer mechanism on how breaches are handled or on what the consequences are for non-compliance.</p>	2016	30 June 2019	Draft Policy currently with Audit NZ for final review prior to Leadership team sign off. Planned end date 21 June	On Track
<p>Legislative compliance The District Council to look at mechanisms to actively monitor compliance with legislative requirements.</p>	2016	30 June 2019	Draft Policy currently with Audit NZ for final review prior to Leadership team sign off. Planned end date 28 June	On track
<p>Contract management 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>	2016	31 December 2019	This will be in the Finance Team 2019/2020 Business plan.	Yet to start

Audit Recommendation	First raised	Initial target date for completion	Progress Update – 20 May	Status against planned end date
<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 in a timely manner. All significant capital additions be depreciated when the asset becomes available for use.</p> <p>As depreciation is only calculated at year end, the District Council should review larger additions to check if depreciation should be recognised earlier.</p>	2016	31 December 2019	Staff are currently completing this process.	On Track
<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 are 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 FAR, maintained by the finance team. The reconciliations should be reviewed by an independent person evidenced with a dated signature.</p>	2016	31 December 2019	This will be in place by 31 December 2019.	On Track
<p>Policy on deposits and bonds</p> <p>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>	2016	30 June 2019	<p>This has been referred back to Audit NZ for advice as HDC officers have been unable to identify any other Council that has such a policy. Audit have undertaken to review the matter and reply to Council. No timeframe has been given at this stage.</p> <p>Planned end date 30 June.</p>	Yet to start

Audit Recommendation	First raised	Initial target date for completion	Progress Update – 20 May	Status against planned end date
<p>Performance measure rules Continue to review the effectiveness of the collection and reporting of data.</p>	2016	30 June 2019	Staff are collating information used in this process over a two month period (ending 30 June) and monitored by the Financial Accountant	On Track
<p>Mobile/PDA policy The Mobile/PDA policy be reviewed in line with OAG guidelines.</p>	2016	30 June 2019	This policy has been reviewed and new policy adopted by the Senior Management Team.	Complete
<p>Procurement review Implement the improvements identified from the procurement reviews in 2016 and include any policy improvements in the 2017 procurement policy update.</p>	2016	30 June 2019	Project Team formed to review strategy, policy and processes. Currently in the implementation phase with internal consultation review meetings now concluded. Projected end date 31 August.	On Track
<p>Evidence on NZTA claim review The reviewer signs and dates the documentation as evidence of their review.</p>	2017			Completed
<p>Review of Land and Buildings Fixed Asset Register Review the listing of land and buildings to be valued before submitting the information to the valuers to ensure that all assets owned by the District Council are revalued and that only District Council owned assets are valued.</p>	2017	30 June 2020		Yet to start

Audit Recommendation	First raised	Initial target date for completion	Progress Update – 20 May	Status against planned end date
<p>Revaluation of property, plant and equipment Ensure there is a clear reconciliation between the revalued assets back to the valuation information. Develop a clear process to document adjustments to the valuation information and reassess the useful lives of infrastructure assets on a regular basis to ensure lives are in line with asset condition.</p>	2017	30 June 2020	The plan is to have this in place by 30 June 2020.	Yet to start
<p>Creditor master file Review current processes to ensure there is adequate supporting information to verify that new creditors, and changes are bona fide; and implement a regular review process to remove redundant creditors.</p>	2017			Completed