

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

Date: Wednesday 20 June 2018
Time: 4.00 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	

Contact Telephone: 06 366 0999
Postal Address: Private Bag 4002, Levin 5540
Email: enquiries@horowhenua.govt.nz
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 - Finance, Audit & Risk Subcommittee, 16 May 2018

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.

Eleven Month Report 1 July 2017 - 31 May 2018

File No.: 18/298

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the eleven months to 31 May 2018.

2. Recommendation

- 2.1 That Report 18/298 Eleven Month Report 1 July 2017 - 31 May 2018 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 31 May 2018 - Agenda copy	8

Confirmation of statutory compliance

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

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

Signatories

Author(s)	Doug Law Chief Financial Officer	
Approved by	David Clapperton Chief Executive	



Eleven Month Report

1 July 2017 – 31 May 2018



Executive Summary

A. Trends and Activity of Interest

1. Resource Consenting
 - 157 consents have been lodged as at 31 May 2018, compared to 177 at the same time last year.
 - 80 subdivision consents approved as at 31 May 2018, compared to 77 at the same time last year.
 - 46 consents have reached 223 stage and 44 have reached 224 stage as at 31 May 2018.
2. Approved subdivisions have resulted in the creation of 135 new allotments as at 31 May 2018.
3. Building Consents
 - Value of consents issued as at 31 May 2018 is \$91,167,961 compared to \$80,122,730 for the same period last year
 - 646 consents issued as at 31 May 2018, compared to 607 for the same period last year.
 - 210 new dwelling consents at 31 May 2018 against 177 for the same period in the 2016/2017 year.
 - 681 building consents were lodged as at 31 May 2018 compared to 545 for the same period in the 2016/17 year.

Both Resource Consent and Building Consent numbers, and the level of enquiries remain steady this month with a similar level of activity that was experienced in April 2018.

B. Financial Performance – Capital Expenditure

Capital Expenditure:

Full Year Budget	\$27m
Actual spent YTF 31 May 2018	18m 66*6%
Estimated full year spend	\$20.5m 75.9%

Reasons Capital budgets for 2017/18 will not be spent:

Wastewater:

Foxton Wastewater Treatment Plant \$1,490k

Awaiting Environmental Court resource consent decision before land irrigation system can be constructed.

Foxton Waste Water Pond Desludge \$383k

Desludging of Foxton Wastewater ponds work to be completed by August 2018.

Levin Treatment Plant renewals \$1.4349m

POT resource consent renewal to tree harvesting/replanting to continue into the new financial year.

Stormwater:

NE Levin improvements \$1,223k

Delay in Queen Street drain extension due to legal proceedings and budget carried forward for NE Levin stormwater catchment work pending resource consents.

Development planning Foxton Beach \$156k

Development planning in conjunction with Horizons, carried forward to Yr 1 of the 2018-2038 LTP.

Water Supply:

Levin Reticulation Renewal – over budget \$1,028k

Initial funding for Weraroa Road was split over 2017/18 and 2018/19. To save on contractor costs it was decided to carry out all of the work in the current year. This also includes Fairfield Road pipe replacement undertaken in this financial year.

Foxton Beach Green Sand Filters – over budget \$234k

This is being funded from underspend on Levin Treatment Plant upgrade in the current year.

Tokomaru Water Treatment Plant Renewal – over budget \$221k

A new reservoir to increase the storage capacity at Tokomaru.

Roading:

	Annual Current Budget	YTD Current Budget	YTD Actuals	YTD Variance
2212- Sealed Road Resurfacing	\$1,000,000	\$997,500	\$901,981	\$95,519
2214 - Sealed Road Pavement Rehabilitation	\$2,057,484	\$1,999,500	\$1,469,542	\$529,958
Total	\$3,057,484	\$2,997,000	\$2,371,523	\$625,477

Both Resurfacing and Rehabilitation behind schedule due to contractor and resource shortage.

Some projects are now going to be undertaken by the Alliance to alleviate some of the workload.

Weather permitting, all work will be completed by the end of the financial year.

Property:

Capital expenditure within the Property activity is tracking higher than budgeted. This trend will be reflected in the end-of-year position. The unfavourable variance is primarily due to unbudgeted expenditure, including the Durham Street site clearance, and an unplanned property purchase.

There are a number of capital projects that were not undertaken due to the unavailability of contractors and reprioritisation of work.

The budget for these has been carried forward to 2018/19.

Community Facilities and Services:

Capital expenditure within the Community Facilities and Services activity is tracking below budget, and will continue to be reflected in the end-of-year position. This favourable variance is primarily due to budget carried forward from 2016/17 for site works and fit out at Te Awahou Nieuwe Stroom, which was not used due to financial contributions from partners. There is capital expenditure planned for District Playground Equipment and Reserve Renewals which will be reflected in the end-of-year position.

There are a number of capital projects that were not undertaken due to the unavailability of contractors and reprioritisation of work.

The budget for these has been carried forward to 2018/19.

Operational Expenditure

Council is showing a loss of \$1,725,000 as at 31 May 2018 against a budgeted surplus of \$933,000.

This is analysed as follows;

	Annual Plan	Actual	Variance
	YTD	YTD	YTD
	31 May 2018	31 May 2018	31 May 2018
	\$000	\$000	\$000
Revenue			
Rates	33,486	33,321	165
Finance revenue	64	107	(43)
Grants and subsidies	6,813	5,422	1,391
Fees and charges	4,542	4,968	(426)
Other revenue	3,038	2,956	82
Vested assets	-	144	(144)
Development contributions	-	126	(126)
Gain on derivative financial instruments	-	-	-
Other gains	165	136	29
Total revenue	48,108	47,180	928
Expenditure			
Employee benefit expenses	11,922	11,674	248
Depreciation and amortisation	10,637	13,197	(2,560)
Finance costs	3,434	3,099	335
Loss on derivative financial instruments	-	-	-
Other losses	1,877	1,867	10
Increase / (decrease) in landfill provision	-	-	-
Other expenses	19,305	19,068	237
Total expenses	47,175	48,905	(1,730)
Operating surplus / (deficit) before tax	933	(1,725)	(792)

The following variances are evident:

- Fees and charges includes pensioner housing rental of \$343K. This was not budgeted for due to sale taking place later than expected.
- Employee benefit expenditure is under budget due to vacant positions that were budgeted for. This is quite common as the budgets assume that all positions are filled all of the time.
- Finance costs are below budget by \$335K reflecting the lower interest rates on loans; 3.97% against the Annual Plan assumption of 4.75%

- Depreciation expense is \$2,560K higher than budget due to the revaluations of assets last year that were not reflected in the Annual Plan budgets. This trend will continue for the rest of the year.

Rates rebates applications continue to be steady. 1,916 applications totalling \$1,052,525 have been processed to the end of May 2018 (Last year at this time 1,955 applications totalling \$1,065,807). All those who applied last year, who have not applied this year have been contacted. The June result should show an increase in applications.

Doug Law
Chief Financial Officer
14 June 2018

Operational Summary

Total revenue	Total expenditure	Total surplus/(deficit)
\$47.18m is 2% less than the total budget of \$48.10m	\$48.90m is 4% more than the total budget of \$47.17m	(\$1.72m) is 285% less than the total budget of 0.93m

SUSTAINABILITY

Rates to operating revenue 69%

Rates revenue	\$32.35m
Operating revenue	\$46.94m

69% 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 97%

Operating revenue	\$46.94m
Operating expenditure	\$48.63m

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 97% of operating expenditure.

Essential services ratio 128%

Capital expenditure	\$13.80m
Depreciation	\$10.78m

Capital expenditure should be equal or more than depreciation for essential services, for year to date capex is 128% of depreciation. Essential Services are Water Supply, Wastewater, Stormwater and Roading.

Net Debt to total projected revenue 142%

Total net borrowing	\$74.92m
Total projected operating revenue	\$52.89m

With net borrowing of \$74.92m we are still under the set limit of 175% of operating revenue. Total net borrowing is external borrowing less cash at bank.

Interest to rates revenue (LGFA Cov.) 9%

Net Interest	\$2.99m
Rates revenue	\$32.35m

9% 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.) 6%

Net Interest	\$2.99m
Operating revenue	\$46.94m

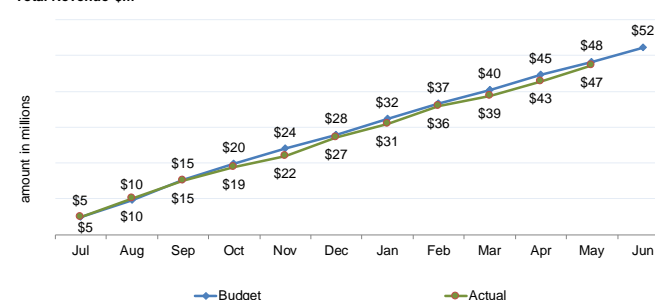
6% of operating revenue is paid in interest. Our set limit is 20% of operating revenue. Net interest is interest paid less interest received.

Available financial accommodation to external indebtedness (LGFA Cov.) 113%

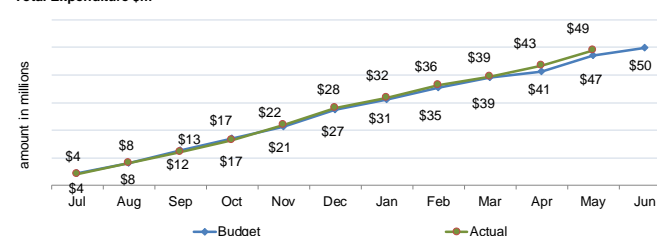
Net debt	\$74.92m
Undrawn committed facilities	\$10.00m

The committed bank facility enables us to borrow up to 113% of our current external debt immediately. The LGFA covenant minimum is 110%.

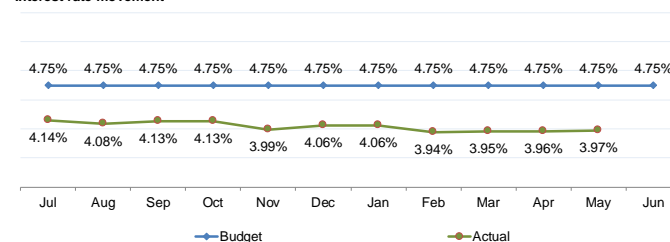
Total Revenue \$m



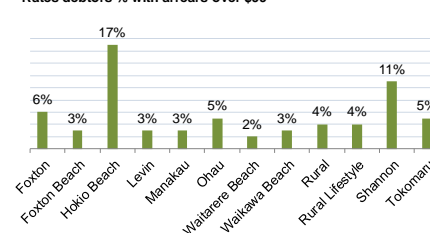
Total Expenditure \$m



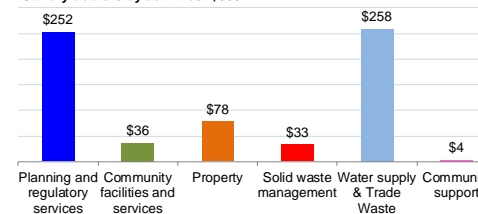
Interest rate movement



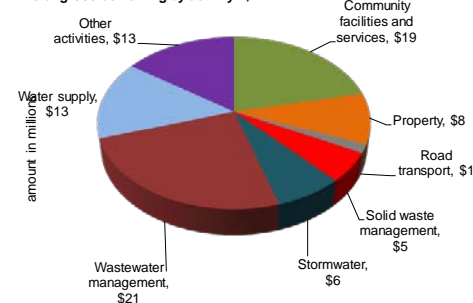
Rates debtors % with arrears over \$99



Sundry debtors by activities \$000



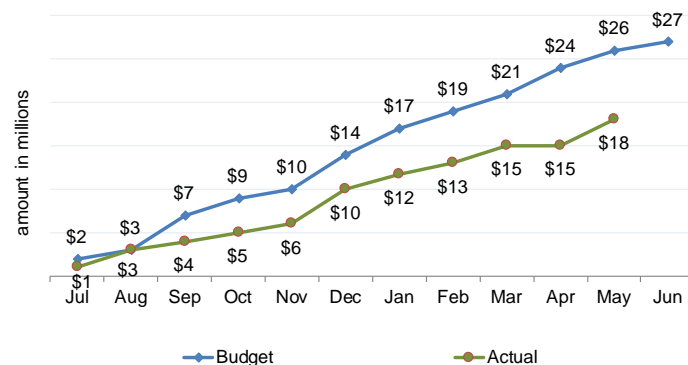
Total gross borrowing by activity \$m



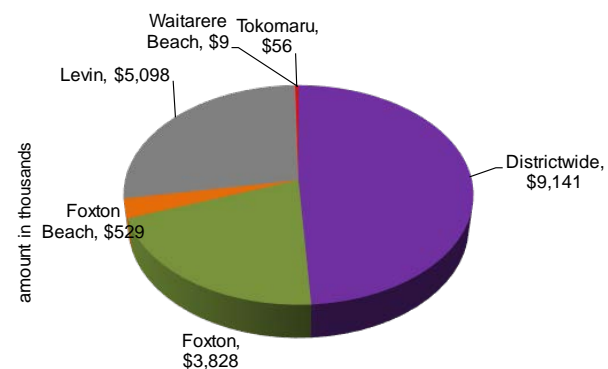
Capital

To meet growth	To improve service	To replace
\$1.86m	\$7.34m	\$9.58m
is 53% less than the YTD budget of \$4.06m	is 24% less than the YTD budget of \$9.70m	is 27% less than the total budget of \$13.12m

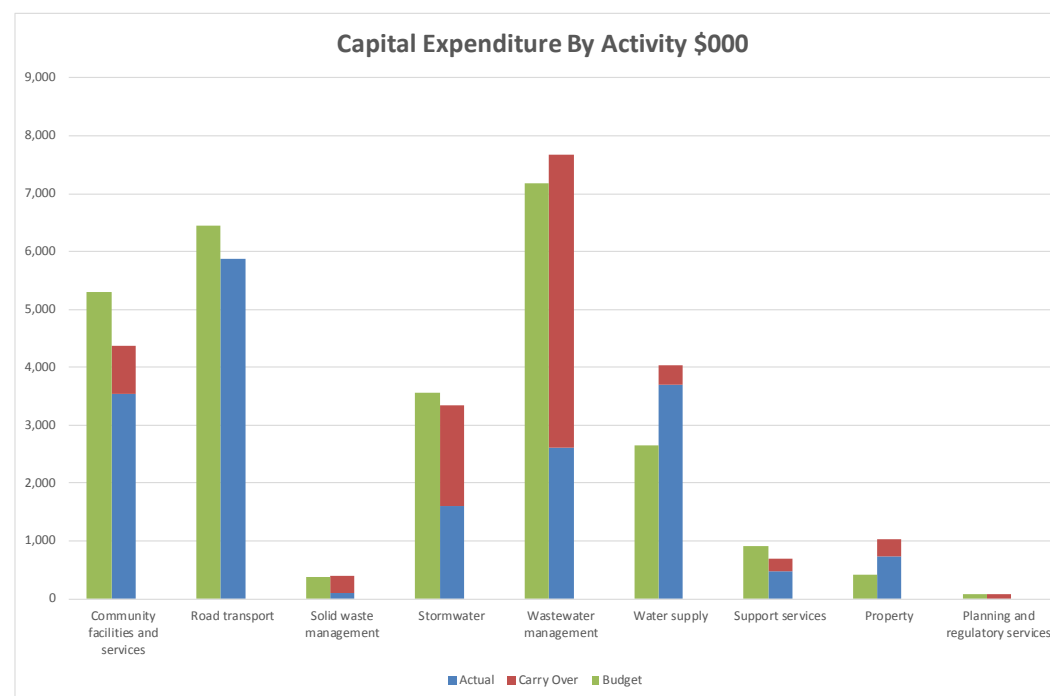
Total Capital Expenditure



District View - Capital Expenditure \$000



Capital Expenditure By Activity \$000



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

Statutory Rates Write Off

File No.: 18/321

1. Purpose

To approve the write off of rates and penalties that are no longer collectable under the Local Government (Rating) Act 2002.

2. Recommendation

- 2.1 That Report 18/321 on Statutory Rates Write Off be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 That the Horowhenua District Council approves the write off of rates and penalties that are no longer collectable under the Local Government (rating) Act 2002 totalling \$308,892.71.
- 2.4 That future Statutory Rates write offs be delegated to the Chief Financial Officer, Group Manager - Corporate Services, and Finance Manager.

3. Background/Previous Council Decisions

S65 of the Local Government (Rating) Act 2002 imposes a limitation of time of six years for the recovery of rates.

These are rates on Maori Freehold land where Council cannot use the normal debt collection procedures available under the Rating Act, such as selling the land.

There are 43 rating assessments that have outstanding balances beyond the time limitation.

Council periodically writes off those rates where they exceed the limitation imposed by s65.

4. Issues for Consideration

Other than the fact that Council will not receive the cash for these rates there is no financial impact as these rates have been provided for as part of the Council's doubtful debt provision.

Attachments

There are no attachments for this report.

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)	Jeff Paulin Finance Manager	
Approved by	Mark Lester Group Manager - Corporate Services	

Projects Update

File No.: 18/314

1. Purpose

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

2. Recommendation

- 2.1 That Report 18/314 on 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. Background/Previous Council Decisions

Information is provided in the attached reports.

4. Issues for Consideration

There are no issues for consideration.

Attachments

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C	Wastewater Renewals	31
D	NE Levin	36
E	Foxton Reservoir	43
F	Foxton Wastewater Treatment Plant - Desludge	46



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)	Gerry O'Neill Projects Manager	
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Approved by	Rob Green Interim Group Manager - Infrastructure Services	
	Dan Gerrard Alliance Manager	

To: Finance, Audit & Risk Committee CC: Rob Green – Group Manager Infrastructure Services Project Manager: Gerry O'Neill Engineer Representative: Thushantha Heenkenda	PROJECT STATUS REPORT #5 as of 24 MAY 2018 WATER RETICULATION RENEWALS 2017/18 PROJECT PHASE : CONSTRUCTION	Overall Project Status <div style="background-color: #90EE90; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">OS</div>
Project Manager Satisfaction Index (1 poor, 10 excellent)		9



PROJECT OBJECTIVES AND STATUS

Project Summary

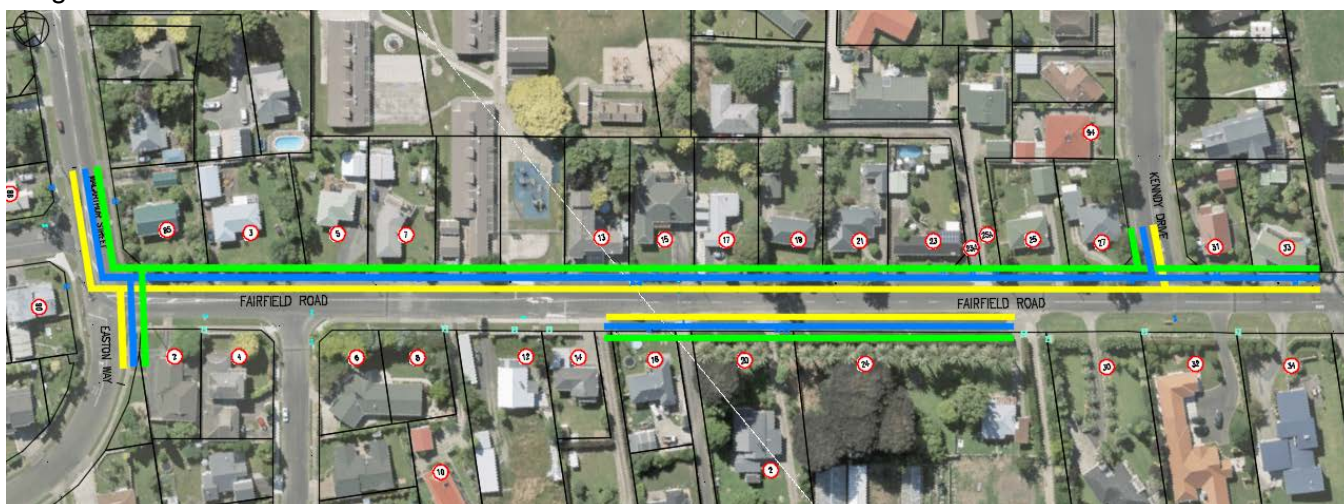
This project is to renew and increase the capacity of existing water mains in Levin in 3 stages.

Stage 1 Fairfield Road - From MacArthur Street to Kennedy Drive. The project includes laying approximately 436m of 200mm diameter PE pipe and 45m of 150mm diameter PE pipe. The project includes approximately 170m of rider main with a total of 19 service connections.

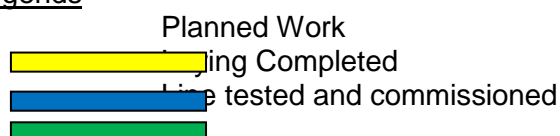
Stage 2 Weraroa Road - From Kawi Road to York Street. This stage includes laying approximately 400m of 150mm diameter PE pipe and transferring 25 service connections.

Stage 3 Weraroa Road - From York Street to Mako Mako Road. This stage include laying of approximately 1600m of 150mm PE pipe, 150m of 100mm PE pipe and 100m of 63mm diameter PE pipe and transferring 90 service connections.

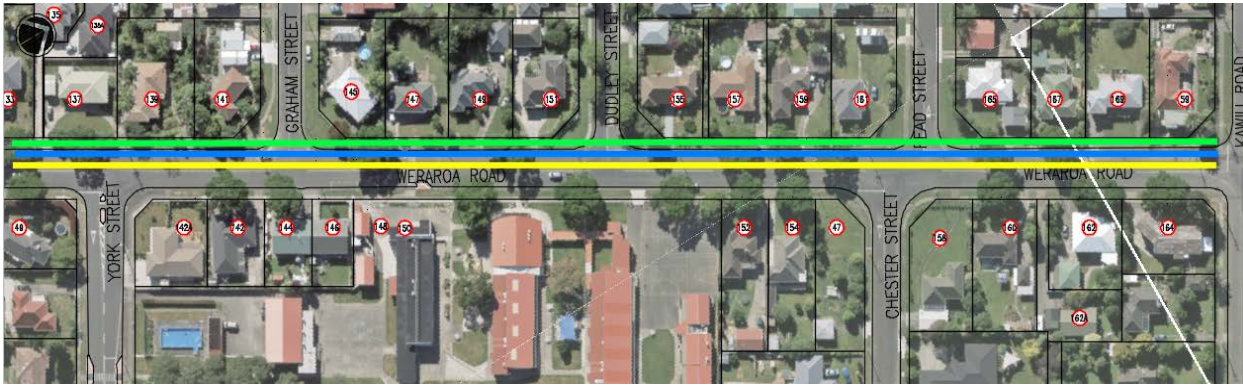
Stage 1 - Fairfield Road



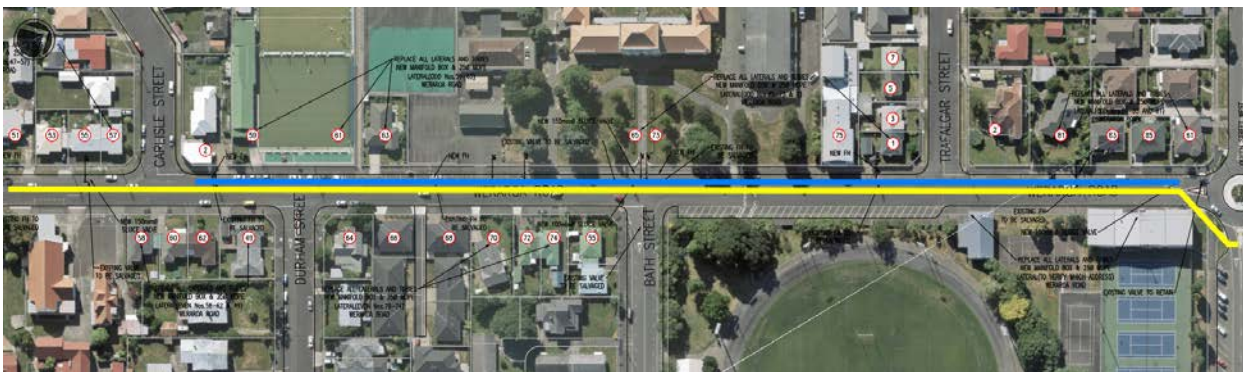
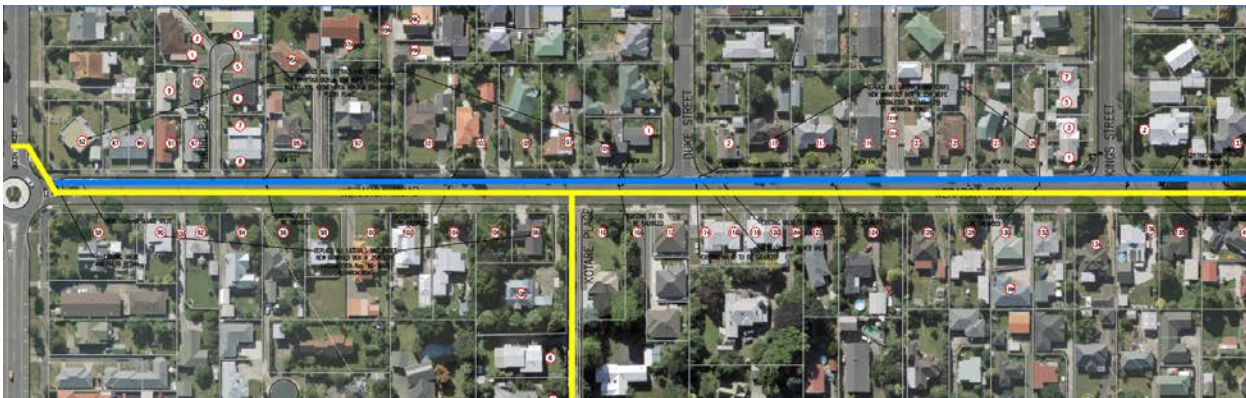
Legends



Stage 2- Weraroa Road – From Kawi Rd to York Street



Stage 3 – Weraroa Road – York Street to Mako Mako Road





Construction is being undertaken by the Horowhenua Alliance with completion due by 30 June 2017.

The Engineers Estimate for this project is \$ 1,536,130.00 which is split as follows:

- Construction component: \$ 1,406,130.00 (inclusive of contingency amount \$95,000).
- Project management: \$ 130,000.00 (including miscellaneous costs for surveys, newspaper ads etc.)

General

This project consists of renewing the water main on part of Fairfield Road and the full length of Weraroa Road. The initial scope only included part of the water main in Weraroa Road as the available budget was unlikely¹ to be sufficient to renew the water main along the whole road. Our preference was to renew all of the water main in Weraroa Road at the one time as this will minimise establishment costs (leaving more money available to renew pipes).

Due to the expanded scope of this project, there was a risk that the costs for completing these works may exceed the funds available in the Annual Plan for this financial year (\$1,118,490). There was also - a risk that the works would not be completed before the end of the financial year.

We now know that the project costs for this year will exceed the 2017/18 Annual Plan budget. The final amount that we will go over budget will not be known until the costs are in at the end of June 2018. Once the final costs are in a report will be prepared on this matter.

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

- All the works on Fairfield Road under Stage 1 has been completed and commissioned.
- All the works under Stage 2 (between Kawiu Rd and York Street of 400m) has been completed and commissioned.
- 800m of main pipe on Weraroa Road (between York Street and Carlisle Street) has been completed

Complaints/Concerns Received During Reporting Period

Nil

¹ The Engineers estimate was based on costs from similar past projects. We are anticipating the Alliance will complete these works for a lower price allowing more pipe to be laid.

Financial

Description	Expenditure	Budget	Available	% Spent
Construction cost	\$ 871,404.76	\$ 1,311,130.00	\$ 439,725.24	66.46
Project Management Cost	\$ 91,200.00	\$ 130,000.00	\$ 38,800.00	70.15
Contingency sum	\$ -	\$ 95,000.00	\$ 95,000.00	-
Total	\$ 962,604.76	\$ 1,536,130.00	\$ 573,525.24	62.66

Note 1 - Project Management Costs include preconstruction, design and planning costs.

Note 2 – Budget is the engineer's estimate for undertaking the works, not the water renewal budget which is \$1,118, 490.

Note 3 – This table is for financial progress up to 30 April 2018 which was the information available the report was prepared.

Variations to Date

There are no current variations.






Open Risks

There are no project risks rated as High or Extreme in accordance to Horowhenua District Council's Risk Management Policy, November 2017.

Open Issues

Issue No.	Date Raised	Raised by	Title	Description	Owner	Status	Priority	Action	Impact Date
WS - 001	6-Jun-18	Gerry	Additional works impact on budget	Due to the scope of work required (the addition of Fairfield Road and a request to include a section on Bartholomew Road) the costs of the work will exceed the budget available.	Gerry	Open	High	Report to be prepared to the Finance Audit and Risk Subcommittee meeting once the final costs are in at the end of June 2018.	30-Jun-18

Milestones

Key Milestone / Deliverable	Due Date	Status	% Planned (based on total length of main)	% Complete (based on total length of main)	Progress
Project Planning & Design	Start date: 23 Jul 2017 End date: 16 Aug 2017		100%	100%	Completed.
Fairfield Road 200mm main -436m 150mm main- 45 m	Start: 11 Sep 2017 End: 7 Nov 2017		100%	100%	Completed.
Fairfield Road 100mm rider main - 120m 50 mm rider main - 50m	Start: 8 Nov 2017 End: 30 Nov 2017		100%	100%	Completed
Weraroa Road pipe laying from Kawi Road to York Street 400m	Start: 15 Nov 2017 End: 31 Jan 2018		100%	100%	Completed
Weraroa Road pipe laying from York Street to Mako Mako Road 1600m	Start: 1 Feb 2018 Estimated End: 30 Jun 2018		40%	40%	On track

To: Finance, Audit & Risk Committee CC: Rob Green – Group Manager Infrastructure Services Project Manager: Gerry O'Neill Engineers Representative: Ronaldo Serrano	PROJECT STATUS REPORT AS OF 24 May 2018 WATER MAIN RETICULATION RENEWALS 2017/18 – Additional Works (Unplanned) Bartholomew Road PROJECT PHASE : CONSTRUCTION	Overall Project Status <div style="text-align: center;">C</div>
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

Project Summary

Higgins renewed the water main on Bartholomew Road between Bath Street and Liverpool Street in 2016/17. The section of water main between Liverpool Street to Queen Street was initially planned for 2018/19. Horowhenua District Council's Group Manager Infrastructure Services requested that this section of water main renewal be brought forward to allow road works to be undertaken sooner. It was agreed that this section of water main renewals be funded from unplanned renewals.

This project is to replace approximately 230m of 100mm diameter Asbestos cement pipe with 150mm diameter uPVC watermain pipe. This section of work was awarded to Tatana Contracting.

- Bartholomew Road
 - Bath Street to Queen St



Legends

Planned	<div style="width: 100px; height: 10px; background-color: yellow; border: 1px solid black;"></div>
Laid and tested	<div style="width: 100px; height: 10px; background-color: blue; border: 1px solid black;"></div>
Commissioned	<div style="width: 100px; height: 10px; background-color: green; border: 1px solid black;"></div>

The total budget for this project was \$155,000.00 which is split as follows:

- Construction component: \$135,000.00 (inclusive of contingency)
- Project management: \$ 20,000.00 (HDC staff costs plus miscellaneous costs for surveys, newspaper ads etc.)

The majority of the works is being undertaken with open trench methodology, however, the trenchless method is being used to connect the laterals to the new watermain.

General

The physical works are essentially completed. There are some minor snag items that have been identified including the reinstatement of footpaths affected by service laterals renewals and the locations where old fire hydrants and valves have been removed. These will be completed under the defects liability period.

Financial

Description	Expenditure	Contract Price	Available	% Spent
Construction cost	\$ 102,257.80*	\$ 135,000.00	\$ 32,742.20	76%
Project Management Cost	\$ 11,280.00	\$ 20,000.00	\$ 8,720.00	56%
Contingency sum				
Total	\$ 113,537.80	\$ 155,000.00	\$ 41,462.20	73%

*computed based on submitted claim No. 1 April 2018 by Tatana Contracting (the contractor has approximately \$15,000 to claim for work since undertaken to complete this project)

Open Risks

There are no project risks rated as High or Extreme in accordance to Horowhenua District Council's Risk Management Policy, November 2017.

Open Issues

There are currently no open issue

Milestones

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: 1 Feb 2018 End date: 28 Feb 2018	C	100%	100%	Completed
Bartholomew Road Watermain upgrade 230m	Start: 12 March 2018 Estimated End: 14 May 2018 Actual Commissioned : 9 May 2018	C	100%	100%	Completed – With some minor snag list items identified to be remedied under the warranty period.

Construction Progress Photos from start to completion



To: Finance, Audit & Risk Committee CC: Rob Green – Group Manager Infrastructure Services Project Manager: Gerry O'Neill Engineers Representative: Ronaldo Serrano	PROJECT STATUS REPORT AS OF 24 May 2018 WASTEWATER MAIN RETICULATION RENEWALS 2017/18 PROJECT PHASE : CONSTRUCTION	Overall Project Status <div style="text-align: center; border: 1px solid black; border-radius: 50%; width: 30px; height: 30px; margin: 0 auto; background-color: #008080; color: white; line-height: 30px;">C</div>
Project Manager Satisfaction Index (1 poor, 10 excellent)		10



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 to renew approximately 930m of 150mm diameter sewer main and 500m of 100mm sewer laterals including fittings. The renewals of mains are in the following areas in Levin:

- Bartholomew Road
 - Section 1



- Section 2



Legends

Planned



Laid and tested



Commissioned



○ Section 3



● Winchester Street



The total budget for this project was \$585,550.00 which is split as follows:

- Construction component: \$ 535,550.00 (inclusive of contingency)

- Project management: \$ 50,000.00 (HDC staff costs plus miscellaneous costs for surveys, newspaper ads etc.)

The majority of the works were undertaken with trenchless methodology which involved some open pits to allow the pipes to be pulled through. Open trench was used to connect the laterals to the new sewer main.

General

The physical works have been complete.

Financial

Description	Expenditure	Contract Price	Available	% Spent
Construction cost	\$ 446,565.94 *	\$ 485,550.00	\$ 38,984.06	92%
Project Management Cost	\$ 31,148.70 *	\$ 50,000.00	\$ 18,851.30	62%
Contingency sum		\$ 50,000.00	\$ 50,000.00	
Total	\$ 477,714.64	\$ 585,550.00	\$ 107,835.36	82%

*computed up to end of April 2018 only

Open Risks

There are no project risks rated as High or Extreme in accordance to Horowhenua District Council's Risk Management Policy, November 2017.

Open Issues

There are currently no open issues.

Milestones

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: 1 Sep 2017 End date: 27 Oct 2017	C	100%	100%	Complete.
Bartholomew Road Sewer main 710m	Start: 30 Oct 2017 Estimated End: 2 Feb 2018 Revised End: 30 Mar 2018	C	100%	100%	Complete.
Winchester Street Sewer main 220m	Estimated Start: 5 Feb 2018 Estimated End: 23 Feb 2018 Revised End: 31 Apr 2018	C	100%	100%	Complete.

Construction Progress Photos during Lateral Renewals



Traffic Management (Pedestrian)



Renewals for Laterals



Traffic Management (Road)




*Preparation for Pavement
Reinstatement*



*Hydrovacc to expose
Existing utilities*



Pipe replacement

To: Finance, Audit & Risk Committee CC: Rob Green – Group Manager Infrastructure Services Project Manager: Gerry O'Neill Engineers Representative : Ronaldo Serrano	PROJECT STATUS REPORT AS OF 24 May 2018 CONTRACT 901/2016/62 NORTH-EAST QUADRANT LEVIN PROJECT PHASE: PLANNING & CONSTRUCTION	Overall Project Status 
Project Manager Satisfaction Index (1 poor, 10 excellent)		6



On Schedule



Not progressing as scheduled but no impact on deliverables



Off Track



Completed



Not Started

PROJECT OBJECTIVES AND STATUS

- Purpose**

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

- Significant milestones achieved during the reporting period include:**

- Contractor has completed 280 metres of road construction on Fairfield Road
- The new Kennedy and Okarito Pumpstation was commissioned and reinstatement around the pump station was completed
- Contractor has completed and installed manholes and laterals on the new sewer line with the exception of the additional work needed to accommodate the new subdivisions.
- HDC engineers continue to liaise with developers to include services connections where possible prior to finishing the roadworks.

- Work that were completed from April up to date under the Higgins contract:**

- Completed concrete apron and tidy up work around Kennedy Park/Okarito pumpstation.
- Installed new stormwater sumps in Kennedy Drive.
- Finished 750 mm stormwater crossing at the corner of Roslyn and Fairfield.
- Continue with Fairfield Road refurbishment.
- Completed 170m kerb and channel west side of Fairfield
- Completed all manholes on new gravity sewer main.
- Cut 600meters of Fairfield Road to achieve new road design height







- Work to be completed for consenting purposes:**

- Submit additional information to augment the consent application for Attenuation Ponds.
- Install flow measuring device at the stormwater outlet of Fairfield Road.







- Project Concerns**

- The scope of the project has increased significantly from when it was first proposed as a stormwater project. This includes the decision to upgrade the road, install shared pathway, replace some water mains, etc. The new road design had the flow on effect that the gas main also needed to be lowered. As a result the project has taken considerably longer than was originally intended.
- The surrounding community has had to endure the “mess” of a construction site for the last 15 months.

Kennedy Park Pumpstation and Rising Main Upgrades

Key Milestone / Deliverable	Completion Date	Status	% Complete	Progress
Investigation and Concept Design	Estimated: Aug 2016 Actual: Aug 2016		100%	Completed.
Tender Review and Evaluation	Estimated: Jan 2017 Actual: Jan 2017		100%	Completed.
Supply of Pumps	Estimated: Sep 2016 Actual: Sep 2016		100%	Completed.
Pumpstation Retrofitting	Estimated: Nov 2017 Revised: Mar 2018		100%	Kennedy – 100 % Okarito – 100 %
Rising Main Installation	Estimated: May 2017 Actual: May 2017		100%	Completed.
Road Reinstatement	Estimated: Dec 2017 Revised: Mar 2018		100%	Fairfield Intersection and paved areas at pumpstations to be completed.

Fairfield Road Stormwater Pipeline

Key Milestone / Deliverable	Completion Date	Status	% Complete	Progress
Investigation and Concept Design	Estimated: Aug 2016 Actual: Aug 2016		100%	Completed.
Tender Review and Evaluation	Estimated: Jan 2017 Actual: Jan 2017		100%	Completed.
New Pipeline	Estimated: May 2017 Actual: Jul 2017		100%	Completed.
Rehabilitate Fairfield Road – Kerb and Channel	Estimated: April 2018 Revised: Jun 2018		55%	Work is ongoing.
Rehabilitate Fairfield Road – Roadworks	Estimated: April 2018 Revised: Jun 2018		40%	Work is ongoing.
Rehabilitate Fairfield Road –Shared pathway	Estimated: May 2018 Revised: Jul 2018		40%	Work is ongoing.

Koputaroa Stream Improvements

Key Milestone / Deliverable	Due Date	Status	% Complete	Progress
Investigation and Concept Design	Estimated: Feb 2017 Actual: Feb 2017	C	100%	Completed.
Consultation process	Estimated: Oct 2017 Revised: N/A	NI	95%	HDC is awaiting the submission of the cultural impact assessment from Raukawa. This will be included as an Annexure to the consent application.
Consenting Process	Estimated: Nov 2017 Revised: Aug 2018	OT	75%	Liaising with Horizons Regional Council to answer questions that arise from the consenting process. Fish survey undertaken.
Construction / Implementation of mitigation measures	Estimated: Apr 2018 Revised: Apr 2019	OT	0%	The mitigation measures will be implemented as per consent conditions. Some works may need to wait for the drier summer months prior to the actual work commencing.

Footnotes:

- **Estimated:** was initially estimated completion date of the task at the commencement of the project / contract.
- **Actual:** was the date the task was actually completed.
- **Revised:** were tasks are Off Track, the Revised is the revised completion date.

Expenditure on the project

Description	Expenditure	Contact Price	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	\$2,629,357.44	\$3,063,392.14*	\$434,034.70	86%
Stream Improvements	\$0.00	\$250,000.00	\$250,000.00	0%
Contingency	\$0.00	\$150,000.00	\$150,000.00	0%
Total	\$2,722,506.59	\$3,560,684.13	\$838,177.54	76%

* Original contract price was \$2,743,632.14. Value of variations is \$319,670.00

Project Risks

There are no project risks rated as High or Extreme in accordance to Horowhenua District Council's Risk Management Policy, November 2017.

Project Issues

Issue No.	Date Raised	Raised by	Title	Description	Owner	Status	Priority	Action	Impact Date	Decision and / or Outcome	Date Closed
1	5-Mar-18	Ronaldo	Failure to complete works in timely manner	Some sections of the public have lost confidence in Council's ability to complete the work in a timely manner	Gerry	Open	Medium	5 March 2018 - HDC Officers will meet with Higgins to confirm what measures can be taken to successfully expedite the project 30 May 2018 - Higgins have increased the resources available for this project significantly. Work is now progressing at a reasonable rate.	12-Mar-18	This issue will remain open until Practical Completion is issued.	Pending

Next issue is issue number 2.

Okarito pumpstation – During and after construction



Kennedy Park pumpstation – During and after construction



FAIRFIELD ROAD CONSTRUCTION
(Cut and Fill, Base coarse preparation, Sub-soil drain installation and Concrete Kerb & Channel)



To: Finance, Audit & Risk Committee CC: Rob Green – Group Manager Infrastructure Services Project Manager: Gerry O'Neill Engineer Representative: Thushantha Heenkenda	PROJECT STATUS REPORT #5 as of 24 May 2018 FOXTON NEW RESERVOIR PROJECT PHASE : DESIGN & CONSTRUCTION	Overall Project Status <div style="background-color: yellow; border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">NI</div>
Project Manager Satisfaction Index (1 poor, 10 excellent)		7

OS On Schedule
 NI Not progressing as scheduled but no impact on deliverables
 OT Off Track
 C Completed
 NS Not Started

PROJECT OBJECTIVES AND STATUS

Project Summary

This project is to install a new 500m³ water tank at Foxton Seaview Garden to increase the drinking water storage capacity in Foxton, to meet the community's needs and to provide resilience in the event of an earthquake, unscheduled maintenance or power cut.



Foundation base for reservoir construction

Reliant Solutions is supplying the tank. The original expected completion date was 31 March 2018; however, this has been changed to 30 June 2018. The contractor reallocated their resources while Council were seeking permission from the Department of Conservation through the Public Works Act to construct

the reservoir at this exact location; and we now are waiting for this other work to be completed before the resources can be freed up.

A total budget of \$430,000 has been set aside for this project. This includes \$130,000 for the tank that was paid for last financial year.

General

Progress to date:

- The tank has been delivered to the site ready for construction.
- Relevant stakeholders have been consulted including the Foxton Community Board, Iwi and the Department of Conservation.
- A Public Works Act consent been granted by the Department of Conservation to set aside part of the Foxton Recreational Reserve to construct a water reservoir.
- Preliminary designs for the pipework have been prepared and worked through with the site operators.
- Earthwork and foundation base completed for reservoir construction.

There are a number of costs associated with this project including pipework, valves and electrical works to connect the reservoir to the water treatment plant, fencing, plantings, constructing a retaining wall, site preparation, relocating services, as well as construction and project management.

Complaints/Concerns Received During Reporting Period

Nil

Financial

Description	Expenditure	Contract Price	Available	% Spent
Construction cost	\$ 234,474.51	\$ 370,000.00	\$ 135,525.49	\$ 63.37
Project Management Cost	\$ 31,966.00	\$ 35,000.00	\$ 3,034.00	\$ 91.33
Contingency sum	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -
Total	\$ 266,440.51	\$ 430,000.00	\$ 163,559.49	\$ 61.96

Note: Project Management Costs include costs for HDC staff. Construction Cost includes cost of reservoir.

*Financial data up to 30.04.2018










Variations to Date


There are no current variations.

Open Risks

There are no project risks rated as High or Extreme in accordance to Horowhenua District Council's Risk Management Policy, November 2017.

Open Issues

There are no open issues Key Milestone / Deliverable	Due Date	Status	% Complete	Progress
Site selection and legal matters	End date 31 Aug 2017		100%	Completed
Tank order and supply	End 31 Mar 2017		100%	Completed
Relocating existing service lines	End 30 Nov 2017		100%	Completed
Design of pipe line, Electrical and SCADA	Estimated: 30 Nov 2017 Revised: 30 June 2018		90%	
Earthwork and retaining wall	Estimated: 30 Nov 2017 Revised: 30 Jun 2018		100%	Completed
Reservoir construction	Estimated: 31 Jan 2017 Revised: 30 Apr 2018		40%	
Pipework and Electrical Installation	Estimated: 28 Feb 2017 Revised: 30 Jun 2018		10%	
Landscaping and Fence	Estimated: 21 Mar 2017 Revised: 30 Jun 2018		0%	
Screen planting	Estimated: 31 Mar 2017 Revised: 30 Jun 2018		0%	

To: Finance, Audit & Risk Committee CC: Rob Green – Group Manager Infrastructure Services Project Manager: Gerry O'Neill Engineers Representative : Thushantha Heenkenda	PROJECT STATUS REPORT #3 AS OF 24 MAY 2018 CONTRACT HA17-01 FOXTON WASTEWATER TREATMENT PLANT DESLUDGING PROJECT PHASE: PROCUREMENT	Overall Project Status 
Project Manager Satisfaction Index (1 poor, 10 excellent)		6



On Schedule



Not progressing as scheduled but no impact on deliverables



Off Track



Completed



Not Started

PROJECT OBJECTIVES AND STATUS

• Background

FWWTP is a series of 3 ponds. The first pond – the primary pond, was constructed in the 1970's and was last desludged about 25 years ago. The 2 secondary ponds were constructed in the mid 1990's. The accumulation of sludge reduces the volume of the pond available for treatment, reducing the hydraulic retention time, and will eventually impact the FWWTP effectiveness to treat wastewater. It is now time to desludge the ponds to ensure that the plant continues to perform satisfactorily. HDC have instructed the Horowhenua Alliance (HA) to desludge the ponds and install a new stepscreen at the ponds. The HA must also increase the height of the waveband around the ponds.



- **Progress up to 24 May 2018**
 - The contract has been awarded to CW Glasgow Ltd.
 - A new step-screen for the inlet has been ordered.
 - Some preliminary designs for the waveband (which will increase the storage capacity of the ponds) has been undertaken.
 - CW Glasgow has completed the preliminary sludge survey
 - CW Glasgow has started preparation of sludge drying area
- **Key actions to progress this project over the next month**
 - Complete sludge drying area
 - Commence with Portion 3 – Desludging operation.

Key Milestone / Deliverable	Completion Date	Status	% Complete	Progress
Investigation and Concept Design	Estimated: Sep 2017 Actual: Oct 2017	C	100%	Completed.
Procure Desludging Sub-Contractor	Estimated: Nov 2017 Actual: Jan 2018	C	100%	Completed.
Separable Portion 1 – Survey and Design	Estimated: Jan 2018 Revised: Jun 2018	OS	30%	Survey complete, report not yet submitted.
Separable Portion 2 – Physical desludging	Estimated: Apr 2018 Revised: July 2018	NI	0%	Not started.
Project complete	Estimated: June 2021 Revised: Aug 2018	NI	0%	Not started.
Step screen design and order	Estimated: Feb 2017 Actual: Feb 2018	C	100%	Completed.
Step screen delivery	Estimated: Jul 2018 Revised: Jul 2018	NS	0%	Not started.
Step screen installation	Estimated: Jul 2018 Revised: Jul 2018	NS	0 %	Not started.
Waveband design	Estimated: Mar 2018 Revised: Mar 2018	OS	10 %	Started.
Waveband installation	Estimated: Aug 2018 Revised: Aug 2018	NS	0 %	Not started.

Expenditure on the project

In the 2017/2018 Annual Plan, HDC allocated \$450,000.00 towards the project under Work Order 8890. (A further \$512,000.00 is allocated in the 2018/19 year of the LTP for this project).

Description	Expenditure	Contract Price	Available	% Spent
Main desludging Contract	\$ 0.00	\$ 399,240.00	\$ 399,240.00	0%
New step screen	\$ 0.00	\$ 59,000.00	\$ 59,000.00	0%
Total	\$ 0.00	\$ 458,240.00	\$ 458,240.00	0%

Project Risks

There are no project risks rated as High or Extreme in accordance to Horowhenua District Council's Risk Management Policy, November 2017.

Open Issues

Issue No.	Date Raised	Raised by	Title	Description	Owner	Status	Priority	Action	Impact Date	Decision and / or Outcome	Date Closed
FWWTP-001	20-May-18	Gerry	Archaeological Issue	Heritage NZ have asked us to cease work until a Section 45 Archaeologist has been appointed.	Gerry	Open	High	Low Environmental Impacts arranging for S45 Archaeologist and we will use the Irrigation Archaeologist Authority. (Note we disagree with Heritage NZ interpretation of the regulations)	25-May-18	Pending	

Monitoring Report - Issues Identified during the 30 June 2017 Audit

File No.: 18/276

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the Monitoring Report covering issues identified during the 30 June 2017 Audit.

2. Recommendation

- 2.1 That Report 18/276 on Monitoring Report - Issues Identified during the 30 June 2017 Audit 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

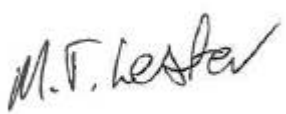
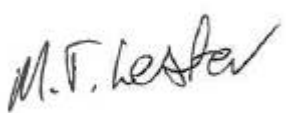
No.	Title	Page
A	FARS Audit Monitoring Report for the year ended 30 June 2017	52

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)	Mark Lester Group Manager - Corporate Services	
Approved by	Mark Lester Group Manager - Corporate Services	

FINANCE, AUDIT & RISK SUBCOMMITTEE

Monitoring Report – Issues identified during the 30 June 2017 Audit

- Complete [blue light] 
- In progress [green light]: 
- Off track but mitigation in place [orange light] 
- Off track/outstanding [red light]: 

Ref	Recommendation	Urgent	Necessary	Beneficial	Status	Due date	Officer Comment
2.1.2	Performance management reporting Continue to review the effectiveness of the collection and reporting of data.		✓			Quarterly	Staff are setting up a team of SSP reporters within Council to refine the LTP SSP's and meet at least quarterly to review the effectiveness of the collection and reporting of these SSP's, the team has met and the SSP process has been processed map. SSPs have been amended for the LTP and will be reviewed every quarter.
2.2.1	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 all the assets owned by the District Council are valued and only District Council-owned assets are valued. Identify all those land and buildings classified as Infrastructure Assets and should revalue those assets along with the other Infrastructure assets at 1 July.		✓			June 2019	Will move land and building assets out of infrastructure assets. This will not occur until the next revaluation in June 2019
2.2.2	Revaluation of PPE		✓			June 2019	Will ensure the reconciliation is clearer when the next revaluation is done in 3 years time.




	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 the lives are in line with the assets' condition.						Useful lives are now assessed as part of the infrastructure revaluation process.
3.2	Quality Assurance and delivery of information to enable an efficient audit process Continue to enhance the approach and quality review processes around the final audit and ensure there is sufficient resourcing and support to meet the agreed annual audit timetable.		✓			August 2018	Will meet with audit to ascertain what the issue was in regards to quality of information provided and will resolve how to best resolve it.
5.1	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.		✓			June 2018	We are investigating implementing a review step in the purchase order process that will satisfy the one up approval request from Audit.
5.2	Conflict of Interest Policy Develop procedures for each type of Conflict of Interest identified in the policy regarding handling of breaches and the mitigations of these.		✓			June 2018	Will try to complete changes before 30 June 2018.
5.3	Creditor Masterfile Change Review Ensure that there is adequate independent review over the creditors Masterfile changes. This review should be evidenced by way of a signature and date. Review current processes to ensure there is			✓		June 2018	Council acknowledges this is an important internal control. Council believes there is an independent review of creditor Masterfile changes. All Masterfile changes for the 2017/18 year have been reviewed, signed and dated. Council has a process for approval of new creditors. Bank account

	adequate supporting information to verify that new creditors, and changes are bona fide. Implement a regular review process to remove redundant creditors..						changes require a bank deposit slip or independent confirmation. Finance have in their 2017/18 business plan to review the creditors Masterfile and remove duplicate and redundant creditors.
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Status of previous recommendations

<u>Recommendation</u>	<u>Current Status</u>	<u>Priority</u>		<u>Due date</u>	<u>Management's Proposed action</u>
		<u>Necessary</u>	<u>Status</u>		
Reporting of unplanned and deferred maintenance Report planned unplanned and deferred maintenance on a regular basis to Council to allow monitoring and action as required.	In Progress Although maintenance is reported to the District Council as part of the monthly management accounts, there is no evidence that unplanned and deferred maintenance are being reported as a specific item on the Council meeting Agenda.	✓	●		All planned and unplanned maintenance is done when the need arises. We do not consider there is any deferred maintenance. Unplanned maintenance is budgeted for. All maintenance issues are used to inform the review of the various relevant Asset management plans.
Keeping the interest register up to date Remind elected members and other key management personnel to update the interest register on a regular basis.	In Progress During our testing we identified several interests held by councillors which were not declared and recorded in the interests register. We confirmed these interests had not transacted with the District Council but we urge the councillors to continue to declare and record an interest they may have and keep the interest register up to dte	✓	●		The interest register for Councillors and senior staff has been updated.
Risk management	In Progress	✓	●		The Risk Framework was updated and the Risk Policy v1.9 was adopted by Council in

Council formally endorse the risk policy and review its current risk management framework/processes for appropriateness.	We understand that the District Council is currently in the process of updating its overall risk management framework, policy and procedures				November 2017. Copies of the policy and framework have been provided to Audit.
Project management improvements Formalise the methodology for managing projects and ensure there is a planned approach to post implementation review in place.	Outstanding	✓	●	Sept 2018	Management agrees that this is an area where the District Council could look to improve through implementation of an organisation-wide approach to project management principles and methodology. Council is participating in a shared training initiative with Manawatu District Council to provide opportunities for staff to complete project management theory and practical training. 5 Horowhenua District Council staff have successfully completed project management certification through this training initiative. Parallel to this process a number of templates have been established across the spectrum of project management to provide staff with a toolkit to utilise and this will continue to evolve over time.
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.	In Progress There is currently a Procurement and Purchasing Manual in progress. We understand that the District Council is aware of the audit recommendations and there is an intention of incorporating these in the upcoming manual.	✓	●		The procurement policy version 2.0 was adopted in 2017 and will be due for annual review April 2018. The guidelines, processes and intranet toolkit were all updated as part of this process and have been provided to Audit.
Legislative compliance Council to look at mechanisms to actively monitor compliance with legislative requirements.	Outstanding The District Council continues to utilise informal process to monitor and report on its compliance with	✓	●	Nov 2018	This will be reviewed by Council officers to find the best solution. Currently under investigation.

	laws and regulations				
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.	In Progress Although a report was prepared to identify uncollectable debt, during the audit we noted that not all uncollected debt was provided for. Management only provided for 85%, which is more than the 75% provided for last year. The 15% balance was included in the schedule of unrecorded misstatements.	✓			The provision will be increased to 100% in the 2017/18 year.
Contract management Council to endorse an integrated policy for organisation-wide use.	In Progress See Management comments to the right.	✓			Agree that this is an area where Council could look to improve through implementation of an organisation wide policy and procedures. This will be factored into HDC's work programme for the 2017/2018 year. In the short term, a contract register has been created and populated or all existing contracts and this is reported on monthly.
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.	We did not identify missing contracts this year.	✓			Management agrees that this is an area where the District Council could look to improve through implementation of an organisation-wide policy and procedures. This will be factored into HDC's work programme for the 2017/18 year. In the short term a contract register has been created and populated for all existing contracts and this is reported on monthly. Copies of the reporting have been provided to Audit.
Maintenance of fixed assets WIP schedule/depreciation Monitor WIP balances on a regular basis to ensure	In Progress Confirmed during the audit that WIP is only monitored and	✓		Quarterly	Agree this is a good idea but unable to do it so far this year due to LTP commitments. Will endeavour to monitor WIP balances on a quarterly basis.

that any WIP that should be capitalised is done so. All significant capital additions are depreciated when the asset becomes available for use. As depreciation is only calculated at year end, council should review larger additions to check if depreciation should be recognised earlier.	capitalised at year-end.				
Maintenance of fixed asset register (FAR) 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. 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.	Outstanding Confirmed during the audit that these processes and controls still only take place at year-end. There are still no continuous monitoring and updating of the FAR and no formal reconciliation takes place between the FAR and the GL.	✓	●	Quarterly	Agree this is a good idea but unable to do it so far this year to LTP commitments. Will endeavour to reconcile on a quarterly basis.
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.	Outstanding No policy has been adopted. Through our audit we can see that historical balances are being cleared.	✓	●	N/A	Council will consider whether a policy is necessary. The issue is primarily to ensure that they are cleared in a timely fashion.
Mobile/PDA policy The Mobile/PDA policy be reviewed in line with OAG guidelines	In Progress The policy has been updated and will be reviewed by our IS auditors during the 2017/18 audit.	✓	●		Council awaits the feedback from your review.
Procurement review	In Progress	✓	●		The procurement policy version 2.0 was adopted in 2017 and will be due for annual review April

Implement the improvements identified from the procurement reviews in 2016 and include any policy improvements in the 2017 procurement policy update.	The audit acknowledged the sound policy, guidance toolkits and training which had been provided to staff as part of the review. Audit NZ has noted further enhancements which the District Council could make and we understand these will be taken on board. To be followed up during the 2017/18 audit.				2018. The guidelines, processes and intranet toolkit were all updated as part of this process and have been provided to Audit.
<p>Evidence of NZTA claim review</p> <p>We recommend that the reviewer signs and dates the documentation as evidence of their review.</p> <p>During our review of th NZTA claim system we noted that balances are entered into a claim spreadsheet. The spreadsheet automatically calculates the subsidy that the Council will receive.</p> <p>The Roding Services Manager reviews the completed spreadsheet for completeness and accuracy before he prepares the claim.</p> <p>There is no evidence of this review.</p>	<p>Outstanding</p> <p>This issue remains outstanding</p>	✓	○		This review is in place and evidenced by the officer doing the review and reconciliation to the ledger.

Explanation of priority rating system

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

Audit has developed the following priority ratings for recommended improvements.

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