

I hereby give notice that an Ordinary meeting of the
Audit, Risk and Finance Committee

will be held on:

Date: Wednesday 12 September 2018

Time: 10.00 am

Venue: Meeting Room, Mangawhai Club – Molesworth Drive, Mangawhai

Agenda

Membership

Chair: Stana Pezic

Members: Councillor del La Varis-Woodcock

Councillor Geange

Councillor Larsen

Councillor Wade

Deputy Mayor Wethey

Staff and Associates:

General Manager Risk, IT and Finance, Acting General Manager Infrastructure, Property and Commercial Advisor and Governance Advisor (Minute-taker)

Contents

		Page
1	Opening	1
1.1	Present	1
1.2	Apologies	1
1.3	Confirmation of Agenda	1
1.4	Conflict of Interest Declaration	1
2	Confirmation of Minutes	2
2.1	Open Audit, Risk and Finance Committee minutes 13 June 2018	3
3	Reports	13
3.1	Insurance Arrangements	15
3.2	Proposed Work Programme 2018-2019	23
3.3	Treasury Management	29
3.4	Quarterly Finance Report	37
3.5	Legal Compliance Update	39
3.6	Annual Report 2017/2018*	43
3.7	Audit Management Report	47
3.8	Health and Safety Update	71
3.9	Northland Transportation Alliance (NTA) End of Year Report (to 30 June 2018)	77
4	Public Excluded Committee Items 12 September 2018	99
4.1	Public Excluded Audit, Risk and Finance Committee minutes 13 June 2018	
4.2	Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory	
4.3	Risk Register	
5	Open Committee Meeting 12 September 2018	101
	Closure	101

* Attachment 1 'Annual Report 2017/2018' will be provided under a separate cover.

Ordinary Meeting of the Audit, Risk and Finance Committee

Wednesday 12 September 2018 in Mangawhai

1 Opening

1.1 Present

1.2 Apologies

1.3 Confirmation of Agenda

The Committee to confirm the Agenda.

1.4 Conflict of Interest Declaration

Committee Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a Committee Member and any private or other external interest they might have. It is also considered best practice for those members to the Executive Team attending the meeting to also signal any conflicts that they may have with an item before the Committee.

2 Confirmation of Minutes

2.1 Open Audit, Risk and Finance Committee minutes 13 June 2017

General Manager Governance, Strategy and Democracy 1610.06

Recommended

That the Open minutes of the Audit, Risk and Finance Committee meeting held 13 June 2018 be confirmed as a true and correct record.

Meeting	Audit, Risk and Finance Committee
Date	Wednesday 13 June 2018
Time	The meeting commenced at 10.09am The meeting concluded at 12.46pm
Venue	Meeting Room – Mangawhai Club, Molesworth Drive, Mangawhai
Status	Unconfirmed

Minutes

Membership

Chair: Stana Pezic

Members: Councillor del La Varis-Woodcock
Councillor Geange
Councillor Larsen
Councillor Wade
Deputy Mayor Wethey

Staff and Associates:

Acting Chief Executive, General Manager Risk, IT and Finance, Acting General Manager Infrastructure, IT Manager, Health and Safety Advisor, Governance Advisor (Minute-taker).

Contents

1	Opening	3
1.1	Present.....	3
1.2	Apologies	3
1.3	Confirmation of Agenda	3
1.4	Conflict of Interest Declaration	4
2	Confirmation of Minutes	4
2.1	Audit, Risk and Finance Committee minutes 14 February 2017	4
3	Decision	4
3.1	Customer Privacy Policy – recommend to Council to adopt.....	4
3.2	Fraud Policy amendments	5
3.3	Data and Information Compliance Policy – recommend to Council to adopt	5
3.4	Audit Action Update	6
4	Information	6
4.1	Treasury Management.....	6
4.2	Health and Safety Update June 2018	7
5	Public Excluded Committee minutes 13 June 2018	8
6	Open Committee minutes 13 June 2018	9
	Closure	9

Minutes of the Audit, Risk and Finance Committee meeting
Wednesday 13 June 2018 in Mangawhai
1 Opening
1.1 Present

Stana Pezic (Chair), Mayor Jason Smith, Deputy Mayor Peter Wethey and Councillors Victoria del la Varis-Woodcock, Julie Geange and Andrew Wade

In Attendance

Name	Designation	Item(s)
Curt Martin	Acting Chief Executive	All
Sue Davies	General Manager Risk, IT and Finance	All
Fran Mikulicic	Acting General Manager Infrastructure	From item 3.2
Markus Schwarzer	Finance Manager	All
Ian Fernandes	IT Manager	All
Robert Maassen	Health and Safety Advisor	All
Peter Gulliver	Council's appointed auditor, Deloitte	All
Lisa Hong	Governance Advisor	All

1.2 Apologies

Moved Geange/del la Varis-Woodcock

That the apology of Councillor Larsen be received.

Carried

1.3 Confirmation of Agenda

The Committee confirmed the Agenda with the following amendment.

Moved Geange/Wade

That the item 5.3 'General discussion on risks' be added to the agenda in the Public Excluded session of the Audit, Risk and Finance Committee meeting held 13 June 2018.

Carried

1.4 Conflict of Interest Declaration

Nil.

2 Confirmation of Minutes

2.1 Audit, Risk and Finance Committee minutes 14 February 2017

Administration Manager 1610.06

Moved Wethey/del la Varis-Woodcock

That the Open minutes of the Audit, Risk and Finance Committee meeting held 14 February 2018 be confirmed as a true and correct record.

Carried

3 Decision

3.1 Customer Privacy Policy – recommend to Council to adopt

General Manager People and Capability 2206.0

Moved del la Varis-Woodcock/Smith

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager People and Capability's report 'Customer Privacy Policy – recommend to Council to adopt' dated 30 May 2018 and its Attachment 1, Customer Privacy Policy May 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Recommends Kaipara District Council to adopt the Customer Privacy Policy (Attachment 1 to the afore-mentioned report) with the following amendments:*
 - *Section 2(e) – 'purposes above' changed to 'purposes below' (p14 of the agenda);*
 - *Section 3(j) – 'we notify you' changed to 'we will notify you' (p15 of the agenda);*
 - *Section 6 – to include the words '...stored in accordance with the Data and Information Compliance Policy.'; and*
- 4 *Directs the Chief Executive to include the history of recording of customers and how this data will be managed in the report to Council for adoption of the Customer Privacy Policy.*

Carried

3.2 Fraud Policy amendments

General Manager People and Capability **2206.0**

Moved **Smith/Wethey**

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager People and Capability's report 'Fraud Policy amendments' dated 29 May 2018 and its Attachment 1 and Attachment 2 (current Policy and updated Policy) May 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Recommends Kaipara District Council to adopt the updated Fraud Policy (Attachment 2 to the afore-mentioned report) with the two year policy review date with the following amendments:*
 - *Clauses with bulletpoints to be changed to letters;*
 - *Responsibilities of the 'People and Capability Business Partner' to be changed to 'General Manager People and Capability';*
 - *Section 5 Policy – clause to be added that if the General Manager People and Capability is to be investigated, the matter will be escalated to the Chief Executive in accordance with the Section 8 'Investigations';*
 - *A clause to be added that stipulates that any breach of the Fraud Policy is to be reported to the Audit, Risk and Finance Committee as part of compliance reporting.*

Carried

3.3 Data and Information Compliance Policy – recommend to Council to adopt

IT Manager **2111.16**

Moved **Geange/Smith**

That the Audit, Risk and Finance Committee:

- 1 *Receives the IT Manager's report 'Data and Information Compliance Policy' dated 31 May 2018 and its Attachment 1; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*

3 *Recommends to Kaipara District Council to adopt the draft ICT Data and Information Compliance Policy (Attachment 1 to the afore-mentioned report) with the following amendments:*

- *Reference to the Customer Privacy Policy to be added (under sections 2.2, 2.4 and as appropriate);*
- *More detail on the background and need for the Data and Information Compliance Policy to be included in the report to Council;*
- *“IS Policies” to be clarified as a “standing operating procedure” when appropriate; and*
- *Bulletpoints to be changed to letters.*

Carried

3.4 Audit Action Update

General Manager Risk, IT and Finance **2111.16**

[Secretarial Note: Council’s Lead Auditor Peter Gulliver (Deloitte) spoke to this item. The Chair directed the Lead Auditor to review the new parks and reserves maintenance contractor.]

Moved **Wethey/Smith**

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager Risk, IT and Finance’s report ‘Audit Action Update’ and attachment dated 06 June 2018, and the information contained therein;*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Approves the scope of audit for the year ended 30 June 2018.*

Carried

4 Information

4.1 Treasury Management

Financial Services Manager **2304.15**

Moved **del la Varis-Woodcock/Smith**

The Audit, Risk and Finance Committee receives the Financial Services Manager’s report ‘Treasury Management’ dated 31 May 2018 and the information contained therein.

Carried

4.2 Health and Safety Update June 2018

Chief Operating Officer and General Manager Infrastructure 2209.0

Moved Geange/Wethey

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager Infrastructure's report 'Health and Safety Update June 2018' dated 06 June 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Notes the update on health and safety performance; and*
- 4 *Notes the update on the development of Council's health and safety systems.*

Carried

5 Public Excluded Committee minutes 13 June 2018

The Committee went into Public Excluded session at 12.10pm.

Moved Geange/Smith

That the public be excluded from the following part of the proceedings of this meeting, namely

- *Public Excluded Audit, Risk and Finance Committee minutes 14 February 2018;*
- *Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory;*
- *General discussion on risks; and*

That Council's Lead Auditor Peter Gulliver (Deloitte) to remain for the Public Excluded session.

The general subject matter of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered:	Reason for passing this resolution	Ground(s) under Section 48 (1) for the passing this resolution:
<i>Public Excluded Audit, Risk and Finance Committee minutes 14 February 2018</i>	<i>Section 7(2)(g) maintain legal professional privilege Section 7(2)(i) enable any authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i>	<i>Section 48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</i>
<i>Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory</i>	<i>Section 7(2)(i) enable any authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i>	<i>Section 48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</i>
<i>General discussion on risks</i>	<i>Section 7(2)(i) enable any authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i>	<i>Section 48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</i>

Carried

6 Open Committee minutes 13 June 2018

The Committee returned to Open session at 12.45pm.

Closure

The meeting closed at 12.46pm.

Confirmed

Chair

Kaipara District Council
Dargaville

Unconfirmed

3 Reports

File number: 5105.10 **Approved for agenda**

Report to: Audit, Risk and Finance Committee

Meeting date: **12 September 2018**

Subject: **Insurance Arrangements**

Date of report: 29 August 2018

From: John Burt, Property and Commercial Advisor

Report purpose **Decision** **Information**

Assessment of significance **Significant** **Non-significant**

Summary

This report provides details of Council insurance arrangements for the period 01 November 2017 through to 01 November 2018 and provides an update of the work underway in preparation for the renewal of Council's insurance arrangements for 2018/2019. It also discusses external factors that might influence the programme for 2019/2020. Representatives from our broker (AON) will attend the Audit, Risk and Finance Committee meeting, will provide a presentation and will be available to discuss the Council's programme for 2018/2019, having recently started renewal discussions with Council's insurers.

Recommendation

That the Audit, Risk and Finance Committee:

- 1 *Receives the Property and Commercial Advisor's report 'Insurance Arrangements' dated 29 August 2018 and its Attachment 1; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Considers all matters raised in the afore-mentioned report and notes that work is underway in preparation for the renewal of Council's insurance arrangements for 2018/2019.*

Reason for the recommendation

This report is provided for information as it is important that the Committee is informed of Council's insurance arrangements.

Reason for the report

This report provides an update of the work underway in preparation for the renewal of Council's insurance arrangements for 2018/2019.

Background

Risk management makes a significant contribution to Council's achievement of its responsibilities and desired community outcomes in the Long Term Plan. Managing the financial consequences of risk in an efficient, affordable and sustainable manner will help to demonstrate Council's prudent stewardship of

the community's assets, sound governance and good business practice. Insurance is a way of responding to risks that would have financial implications but are less likely to occur. Therefore, the impact on the community is negligible provided that premiums and any uninsured losses can be managed within existing funding.

Issues

Insurance is a means of transferring the financial consequences of a risk being realised from Council to another party. Over the years, the market for insurance has fluctuated as providers have entered and exited, while the impact of natural disasters has affected the amount Council pays for its insurance. Council's insurance covers asset (e.g. buildings and other infrastructure) and non-asset (e.g. liability and crime) categories, with insurance sourced through our broker in conjunction with the other three Northland councils. The Council's 2017/2018 insurance programme is detailed in Attachment 1. No fundamental change in the programme is anticipated for 2018/2019 with the possible exception of insurance cover for underground assets. Nevertheless, the rest of this report notes the current arrangements which are appended to this report (Attachment 1) and discusses external factors that might influence the programme for 2019/2020. One such factor was the recent decision of NZI, Council's previous provider of liability insurance, to withdraw from the market due to concerns regarding the risk of high value claims. However our Brokers, AON, were able to secure replacement cover albeit with a higher deductible.

Representatives from our broker, AON, will provide a presentation to the Committee at its 12 September 2018 meeting and will be available to discuss Council's programme for 2018/2019, having recently started renewal discussions with Council's insurers.

Northland councils insurance collective

Since November 2017 Council has obtained insurance through a regional collaboration with Whangarei and Far North District Councils, and Northland Regional Council. Nevertheless, each Council has discretion when opting in to the various policies available and when setting their deductible.

Treasury's 60:40 review

The Treasury's 60:40 review is focused on the widely held assumption that central government would cover 60% of the cost of repairing the damage to underground and flood protection infrastructure caused by a natural disaster, with local government covering the remaining 40%. A discussion paper outlining the options for moving beyond the 60:40 concept was initially scheduled for release in May 2016 but has been repeatedly delayed, with no current indication of if the paper is being progressed. Nevertheless, it has been strongly signalled that the 60:40 model will be replaced by an alternative that will require local government to bolster its risk management arrangements, and to identify the Probable Maximum Loss to be covered by various provisions including insurance. There will likely be added cost to the sector from any change although there have been indications that any transition will occur over several years.

LAPP/ Underground Infrastructure

This Council has never been a member of LAPP and since the Canterbury Earthquakes LAPP's membership has declined over recent years to the extent that the sustainability of the current model has

been questioned. This Council has also never had insurance cover on its underground assets (pipe networks) with the exception of the Mangawhai Community Wastewater Scheme. However we have asked AON to obtain pricing on this cover for our upcoming renewal.

Factors to consider

Community views

Most in the community would expect that Council has in place insurance to mitigate the risk it faces.

Policy implications

Insurance arrangements of the type outlined are consistent with Council's Risk Management Policy.

Financial implications

Any financial implications resulting from risk mitigation measures that are outside staff delegations will be reported and require approval from Council before being incurred. No such implications have been identified to date.

Legal/delegation implications

Council's Chief Executive has delegated authority for any decisions made in relation to the procurement of Insurance cover.

Options

Option A: Consider all matters raised in the report and note that work is underway in preparation for the renewal of Council's insurance arrangements for 2018/2019.

Option B: Do nothing.

Assessment of options

Option A provides the Committee with detail of Council's insurance programme and staff and brokers will be present at this meeting to provide further clarification and/or answer any questions that members may have.

Assessment of significance

Staff are of the opinion that the content and recommendations in this report are consistent with the requirements of the Local Government Act 2002 and that the decision-making requirements have been met. In accordance with Council's Significance and Engagement Policy (dated October 2014) the information on insurance has been assessed against the thresholds for significance. This decision is not a significant one under Council's Policy therefore it is not necessary to consult with the community on this decision as:

- Council already has a sound understanding of the views and preferences of the persons likely to be affected by or interested in the matter (s82 (4) (b) Local Government Act 2002).

Recommended option

The recommended option is **Option A**.

Next steps

The focus currently is renewing policies due for renewal on 01 November 2018. Work will continue during 2018 to get the most value by refining our insurance programme, all of this work will be done in conjunction with the other Northland Councils so benefits can be realised across the region.

Renewing policies due for renewal on 01 November 2018

Attachments

- 2017/2018 Insurance Programme

KDC Insurance Programme 2017/2018			
Policy	Coverage	Sum Insured (or Liability Limit)	Deductible
Material Damage – Excluding Fire	All Risks including Earthquake, but excluding Fire including Fire occasioned by or through or in consequence of any natural disaster.	\$82,585,951	\$5,000 each and every loss Landslip/Subsidence \$15,000 Earthquake / Natural Disaster Perils: 1% of the Material Damage site value with a minimum of \$2,500 each site Except property pre-1935 where 5% will apply to Material Damage and Business Interruption loss, minimum \$5,000 each site
Material Damage - Fire Replacement	Fire including Fire occasioned by or through or in consequence of any natural disaster.	\$45,000,000	\$5,000 each and every loss Fire following Natural Disaster - 5% of the Material Damage site value with a minimum of \$5,000 each site Fire following a Natural Disaster of Pre-1935 Property where 10% will apply to Material Damage Site Value with a minimum of \$10,000 each site
Business Interruption	Consequential Loss resulting from Physical loss or damage to any property used by the Insured, as below.	Additional Expenses / Increased Costs of Working (including alternative accommodation expenses \$250,000) \$3,000,000	Nil each and every loss other than: Acts of Civil Authorities 7 days Compulsory Closure 7 days Dependency 24 hours except: - Damage within 1 kilometre 48 hours - Damage to Port & Airport buildings 14 days Entanglement 7 days Fumes, gasses & toxic substances 48 hours Natural Disaster Business Interruption Extension 21 days Insurer
Forestry	Forests as declared against loss to trees including harvested trees awaiting transportation from harvest area caused by Fire, Hail	Valued Declared at Renewal \$1,464,545 Fire \$990,076 Re-establishment \$162,776 Fire Fighting Expenses \$205,062 Claims Preparation	Each and Every Loss \$5,000

	Strike, Malicious Damage and Impact.	\$4,101 Hail \$225,215 Removal of Debris \$51,205 Plantation Infrastructure \$51,265 Earthquake & Volcanic Eruptions \$250,000	
Motor Vehicle	Unforeseen and unintended damage to own vehicles Third Party Liability.	Market Value of the Insured Vehicle or any Agreed Value as specified in the Schedule of Motor Vehicles Section II Third Party Liability Property Damage Third Party Liability Bodily Injury Aggregate Limit \$20,000,000 \$20,000,000 \$20,000,000	Each and Every loss \$500 Plus Age and Inexperienced drivers excess applicable to all Insured Vehicle, when being driven by any person: - Under 21 years of Age \$1,000 - Aged 21 to 25 years of Age \$500 - Aged 25 and over and licensed less than 2 years \$500
Professional Indemnity	Claims made and notified during the period of insurance arising from actual or alleged acts, errors or omissions or conduct omitted or committed in connection with the business or the insured.	Any one claim and in the aggregate in any one period of insurance \$50,000,000	Each and every Loss \$25,000
General Liability	Liabilities to Third Parties arising from or in connection with Insured's operations, for all amounts	Any one claim and in the aggregate unless specified otherwise \$50,000,000	Each and every Loss \$2,000

	which the Insured is held legally liable to pay.		
Employers Liability	Liability arising out of claims made by Employees for injuries outside the scope of Accident Compensation Legislation.	Any one claim and in the annual aggregate \$1,000,0000	\$1,000 each and every claim including costs
Statutory Liability	Covering Defence costs and fines arising out of an allegation or breach of any Act of Parliament other than an "excluded" Act.	Any one claim and in the annual aggregate \$2,000,0000	Each and every claim and in the annual aggregate \$1,000
Crime	Direct Financial loss sustained at any time consequent upon a single act or series of related acts of theft, fraud, dishonesty or criminal act(s) of employees and/or third parties.	Crime Protection Employee Fraud or Dishonesty Executive Fraud or Dishonesty Third Party Crime Electronic & Computer Crime \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000	Each and every Loss \$25,000

File number: 2304.15/AR&F 2018-2019 **Approved for agenda**

Report to: Audit, Risk and Finance Committee

Meeting date: **12 September 2018**

Subject: **Proposed Work Programme 2018-2019**

Date of report: 27 August 2018

From: Sue Davidson, General Manager Risk, IT and Finance

Report purpose **Decision** **Information**

Assessment of significance **Significant** **Non-significant**

Summary

This report provides the Audit, Risk and Finance Committee with a draft work programme that will enable the Committee to fulfil its responsibilities as delegated by Council.

Recommendation

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager Risk, IT and Finance's report 'Proposed Work Programme 2018-2019' dated 27 August 2018 and its Attachment 1; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Approves the proposed Audit, Risk and Finance Committee's Work Programme 2018-2019 as set out in the afore-mentioned report's circulated Attachment 1.*

Reason for the recommendation

This will give the Committee an understanding of the work it has coming up for the 2018/2019 year

Reason for the report

To provide a draft work programme for 2018/2019 year.

Background

The General Manager Risk, IT and Finance is new to the Committee so took a fresh look at the Committee's Terms of Reference and ensured a programme of work is collated so that the Committee can see what it needs to do to fulfil its responsibilities. Meetings are proposed four times a year and work is allocated to each meeting and aligns to external reporting timeframes. Furthermore this is an evolving programme and several components of the programme have still to be confirmed. A work programme should normally be prepared for the May meeting in anticipation of the new financial year. The purpose of the Committee covers overseeing:

- Risk management policy, framework, and procedures for effective identification and management of risk;
- Maintaining an effective internal control framework, and the appropriate systems, processes and controls to prevent, detect and investigate fraud;
- Audit functions - note and ensure management letters of significant audits are followed up;
- External reporting;
- Legal Compliance; and
- Monitoring financial performance.

Issues

There are no issues with approving this report and Work Plan 2018/2019.

Factors to consider

Community views

There are no reasons to seek community views although it is good practice to approve a work programme.

Policy implications

There are no policy implications.

Financial implications

There are no financial implications.

Legal/delegation implications

Delegations are as per the Audit, Risk and Finance Terms of Reference.

Options

Option A: Approve the Work Programme.

Option B: Add to and approve the programme of Work.

Assessment of significance

This does not meet the criteria for significant.

Recommended option

The recommended option is **Option A**.

Attachments

- Work programme 2018/2019

Audit, Risk and Finance Committee Agenda – Work Programme

The table below outlines the tasks the Audit, Risk and Finance Committee will complete (and when) as part of its 2018/2019 work programme in accordance with its delegations.

Task	First Quarter February	Second Quarter May	Third Quarter 12 September	Fourth Quarter 12 December	As Required
Work Programme A work programme will be defined annually.		Work Programme Developed			
Internal Control <ul style="list-style-type: none"> • Audit: Management will ensure all findings from reviews by external auditors of Council's processes are report to the Committee with action plans to remedy identified deficiencies. • Building Consent Authority Audit: The Committee will review and note the management letter from IANZ and ensure management addresses the issues identified. • Internal Audit (was PWC): The Committee will review a work plan of audits and ensure management addresses the issues identified in any reports. • NZTA: The Committee will review reports and ensure management addresses the issues identified in any reports. 			Annual audit report IANZ report (every 2 years) Annual Annual July		
Existing policies (specific to accounting and internal controls) The Committee will review existing policies as they come due for review or as changes are made to significant policies.	As required	As required	As required	As required Policy Register Review	As required
Audit Outstanding Items The Committee will review and note the management letters from the interim audit and final audit, and ensure that management addresses the issues identified.	Outstanding items	Outstanding items	Outstanding items	Outstanding items	

Task	First Quarter February	Second Quarter May	Third Quarter 12 September	Fourth Quarter 12 December	As Required
<p>External Audit</p> <ul style="list-style-type: none"> The Committee will approve arrangements for the annual external audit. The relationship between Council and the external auditor will be captured in an audit engagement letter that covers: <ul style="list-style-type: none"> ➤ The responsibilities of the auditor and Council; ➤ Reporting and meeting expectations (management and the Committee); ➤ Annual audit timetable; and ➤ Audit fees. <p>The Committee will discuss with management/external auditor the proposed materiality and scope of the audit, and input to scope.</p>		Approve arrangement for external audit			
<p>Risk Management</p> <p>The Committee will review the management framework.</p>			Risk Management Framework		
<ul style="list-style-type: none"> The Committee will review the risk management update report, with a focus on significant risks and how they are being treated. 	Review Risk Management Full Report	Review Risk Management Report.	Review Risk Management Report	Review Risk Management Report	
<ul style="list-style-type: none"> Insurance. The Committee will review Council's annual insurance programme. 			Insurance review		
<p>Compliance</p> <p>The Committee will oversee Council's compliance with legal and regulatory requirements and monitor adherence to compliance</p>	Compliance report	Compliance report	Compliance report. New Legislation Review	Compliance report	
<p>Long Term Plan/Annual Plan</p> <p>The Committee will provide advice on the development of the Long Term Plan.</p>	Financial Strategy (every 3 years)				

Task	First Quarter February	Second Quarter May	Third Quarter 12 September	Fourth Quarter 12 December	As Required
<p>Annual Financial Reporting</p> <p>The Committee will review the draft annual financial statements and recommend their adoption or otherwise to Council. Management will provide an annual financial reporting package including:</p> <ul style="list-style-type: none"> • the draft financial statements; • a report identifying changes from previous years, and variances from expected performance; • a representation regarding the financial statement; and • the draft external audit report. <p>At this meeting the Committee will have the opportunity to meet with the external audit director to discuss the results of the audit, and to provide any feedback on the conduct of the audit from the perspective of Committee members.</p>			<p>Recommend Adoption Annual Report (Council 27 September)</p> <p>NTA Annual Report</p>		
<p>Financial Performance</p> <ul style="list-style-type: none"> • Treasury- The Committee will review the external report to ensure compliance with the Treasury Management Policy. This will include reviewing any guarantees entered into. 	Treasury Report Monthly	Treasury Report Monthly	Treasury Report Monthly	Treasury Report Monthly	
<ul style="list-style-type: none"> • Monitor Financial Performance. 	Financial Report Quarterly Forecast 2	Financial Report Quarterly	Financial Report Quarterly	Financial Report Quarterly Forecast 1	
<p>Special Investigations</p> <p>As required, the Committee will monitor special investigations, such as a possible fraud.</p>					As required

File number: 2304.15/AR&F Sept 2018 **Approved for agenda**

Report to: Audit, Risk and Finance Committee

Meeting date: **12 September 2018**

Subject: **Treasury Management**

Date of report: 05 September 2018

From: Sue Davidson, General Manager Risk, IT and Finance

Report purpose **Decision** **Information**

Assessment of significance **Significant** **Non-significant**

Summary

Council undertakes treasury management activities in accordance with its Treasury Management Policy and Treasury Operations schedule. Council is working closely with the PwC Treasury advisors.

Council management provides the Audit, Risk and Finance Committee (the Committee) with detailed operational Treasury reporting.

Tools and techniques that are used to manage debt and funding are:

- Daily cash flow forecasting, undertaken in-house;
- A treasury model, managed jointly by Council and PwC to monitor Council's funding and interest rate risk management position at a given point; and
- PwC treasury advisors provide in-depth advice.

Council primarily borrows from the Local Government Funding Agency (LGFA) who provides the cheapest debt financing and longest maturity terms for debt financing available. Since 2016 Council has progressively refinanced and repaid debt. At 31 August 2018 a total of \$51m was drawn. \$9m of this is short term (due within one year).

Recommendation

The Audit, Risk and Finance Committee:

- 1 *Receives the General Manager Risk, IT and Finance's report 'Treasury Management' dated 05 September 2018 and Attachment, and the information contained therein; and*
- 2 *Recommends to Council to recognise that Council is outside its treasury ratios (debt interest proportions fixed/floating is outside current Treasury Policy and maturity of debt is outside current Treasury Policy).*

Reason for the recommendation

The Committee needs to be informed and updated on treasury management activities. This enables the Committee to make informed decisions regarding Council's future debt and funding strategies.

Reason for the report

To provide the Committee with detailed treasury management information and to provide an opportunity to discuss strategic directions.

Background

Council's current Treasury Management Policy was adopted in February 2018. Council's specialist Treasury advisors are PwC, since 2011.

Treasury Management

Council management conducts treasury operations in conjunction with Council's advisors, PwC.

PwC's recommendations to Council are as follows:

- Pre-fund the upcoming March 2019 LGFA borrowing maturity to forward manage refinancing risk.
- Extend expiry terms of ANZ and BNZ banking facilities.
- As core debt becomes due, renew with longer term funding maturities to ensure adequate funding maturity risk spreading, achievement of compliance with Treasury Policy parameters and matching of funding terms with term of assets being funded (subject to understanding of Council's anticipated one off proceeds). This will likely also reduce current funding margins paid, with LGFA borrowing costs at favourable levels presently.
- Continue to meet short term funding requirements through LGFA commercial paper issuance.
- Consider reducing ANZ bank funding facility headroom with forecasted reduction in debt levels indicating compliance with Policy liquidity ratio will comfortably be maintained with lower committed funding amounts. Will reduce commitment fees payable on banking facility also.
- Execute receive fixed interest rate swaps to reduce proportion of interest rate fixing and achieve compliance with Treasury Policy parameters.

Tools and techniques that are used to manage debt are:

- Daily cash flow forecasting - projecting timing of cash movements over the course of the year;
- A treasury model, managed jointly by Council and PwC to monitor Council's debt management position at a given point. This tool records loans and swaps that have been entered into and monitors the position against policy limits. It reflects on the current positions and projects future positions. In summary, the tool generates:

Current Positions (31 August 2018): Indicates whether or not Council is within Treasury Policy parameters and its current funding and liquidity risk position (Attachment 1):

Council's interest rate position:

- 78% of the portfolio is fixed;
- 17% of the portfolio is floating;
- 5% of funding maturities are greater than a five year period;
- Actual liquidity ratio is 138%;
- There were breaches of policy positions to report. Council's funding maturity profile evidences an excess of funding maturities within the 0-3 timeframe and a shortage of funding tenors greater than five years. These breaches have occurred due to a desire to maintain a short term funding profile as debt levels have been actively reduced over recent years.

Council's interest rate risk position:

- 119% of the portfolio is fixed (based on a debt forecast level of \$48m);

- There were breaches of Policy positions to report. Council's interest rate profile is outside of Policy parameters over multiple timeframes as a result of substantial reductions to the expected debt profile from previous forecasts.*

The rationale for Council being outside Policy is that Council has repaid debt faster than anticipated and also has relied on shorter term debt funding in recent periods.

Projected Positions (30 June 2019): Indicates whether or not Council is within Treasury Policy parameters and a summary of funding and liquidity risk position (Attachment 1):

Council's funding and liquidity risk position (note that this position assumes existing funding maturities are repaid as they fall due):

- 66% of funding maturities are within a 0-3 year period;
- 26% of funding maturities are within a 3-5 year period;
- 8% of funding maturities are greater than a five year period;
- The current liquidity ratio is 120%;
- There are continued breaches of Policy parameters without corrective action to extend the term of Council's current funding maturities.

Council's interest rate risk position:

- 113% of the portfolio is fixed (based on a debt forecast level of \$46m).
- Council receives active advice and information from PwC in the form of a monthly telephone conference to discuss the current position in relation to the market and strategies going forward, ad hoc meetings or telephone conversations as required, general market bulletins and other material that is more specific to Kaipara District Council as required. General bulletins from PwC are supplemented by market material from banks.

Guarantees

No guarantees have been entered into since 14 February 2018.

The maturity term of a \$5m BNZ facility was extended in August 2018 to ensure future short term cash obligations can continue to be met e.g. civil defence emergency as per the Treasury Policy.

Earlier this year the ANZ facility which had previously been \$20m was reduced to \$5m and this has been extended to 2022. This is also to meet a provision for liquidity should this be needed.

*At the Council meeting on 26 April 2018, Council 'Approve[d] the out-of-limit in terms of clause 6.3 of the Treasury Management Policy'.

Debt ratios and limits

Ratio	KDC Policy	LGFA Covenants	KDC as at 30 June 2018
Net debt as a percentage of total revenue	<170%	<175%	79%
Net interest as a percentage of total revenue	<15%	<20%	5%
Net interest as a percentage of annual rates income	<20%	<25%	8%
Liquidity	>110%	>110%	145%

Council is well within its policy limits.

Factors to consider

Community views

The community would expect industry standard treasury management practices.

Policy implications

This report is in line with Policy, with the exception of the debt ratios, which the elected members have been aware of.

Financial implications

There are no financial implications as a result of this report.

Legal/delegations implications

This report is for information and does not trigger legal or delegation implications.

Options

The options available to the Committee:

Option A: Recommend to Council to recognise that Council is outside its treasury ratios (debt interest proportions fixed/floating is outside current Treasury Policy and maturity of debt is outside current Treasury Policy).

Option B: Ask for additional information or further clarification. Under this option the Committee could ask for additional information or further clarification.

Assessment of options

These options are not necessarily mutually exclusive, however Option A ratifies the current position.

Assessment of significance

Receiving Treasury information is a routine business practice issue and is not significant in terms of Council's Significance and Engagement Policy.

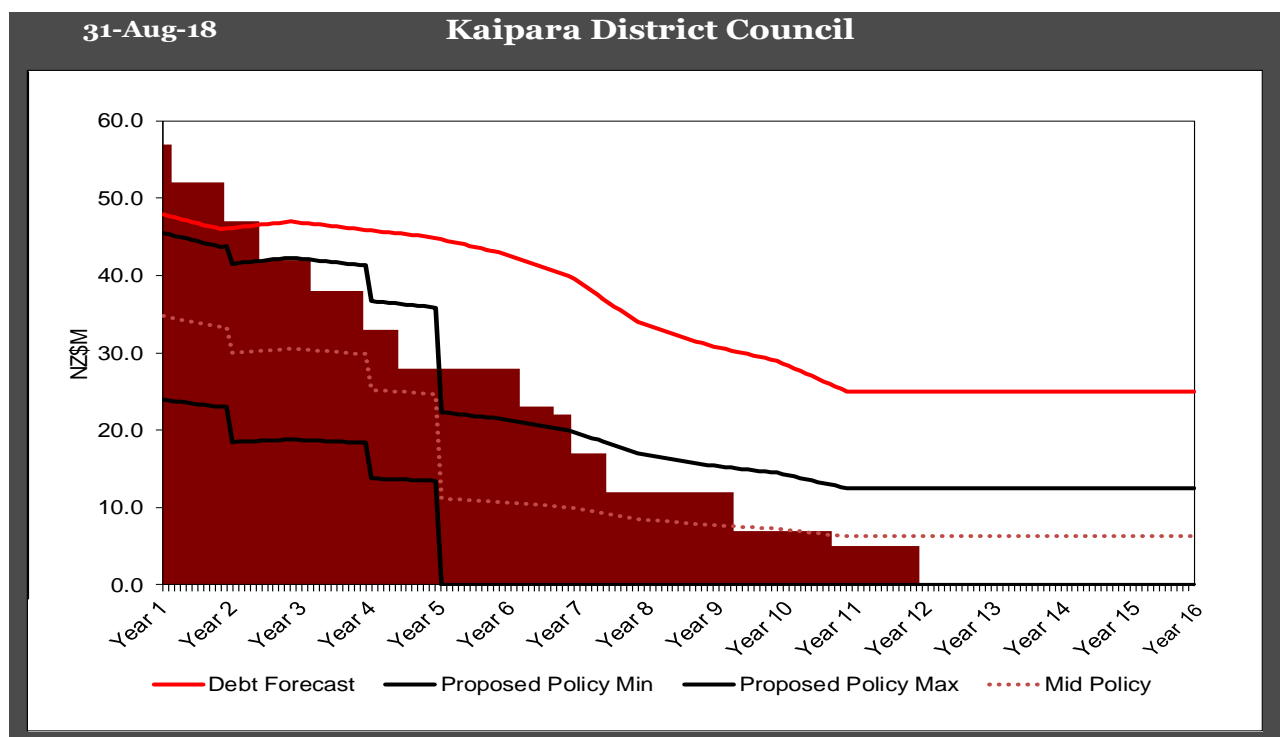
Recommended option

Option A, recommends to Council to recognise that Council is outside its treasury ratios.

Attachments

- **Attachment 1:** Kaipara District Council, Interest Rate Risk Position & Funding and Liquidity Risk Position, 31 August 2018

Current Positions



Debt Interest Rate Policy Parameters

(calculated on rolling monthly basis)

Debt Period Ending	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
Year 1	48	50%	95%	119%	No
Year 2	46	40%	90%	102%	No
Year 3	47	40%	90%	90%	Yes
Year 4	46	30%	80%	72%	Yes
Year 5	45	0%	50%	63%	No
Year 6	43	0%	50%	66%	No
Year 7	39	0%	50%	44%	Yes
Year 8	34	0%	50%	36%	Yes
Year 9	31	0%	50%	39%	Yes
Year 10	28	0%	50%	25%	Yes
Year 11	25	0%	50%	20%	Yes
Year 12	25	0%	50%	0%	Yes
Year 13	25	0%	50%	0%	Yes
Year 14	25	0%	50%	0%	Yes
Year 15	25	0%	50%	0%	Yes

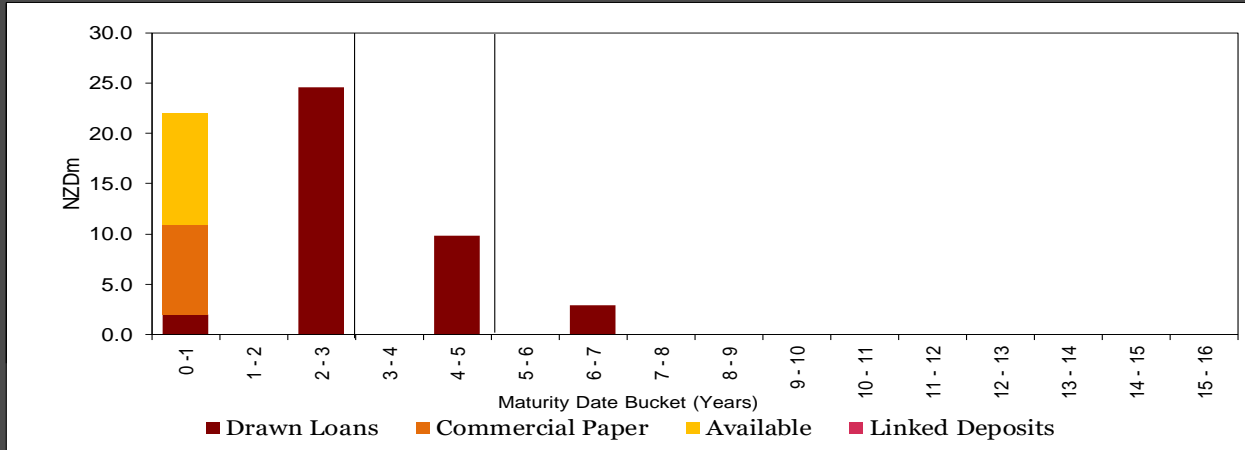
31-Aug-18

Kaipara District Council Funding & Liquidity Risk Position

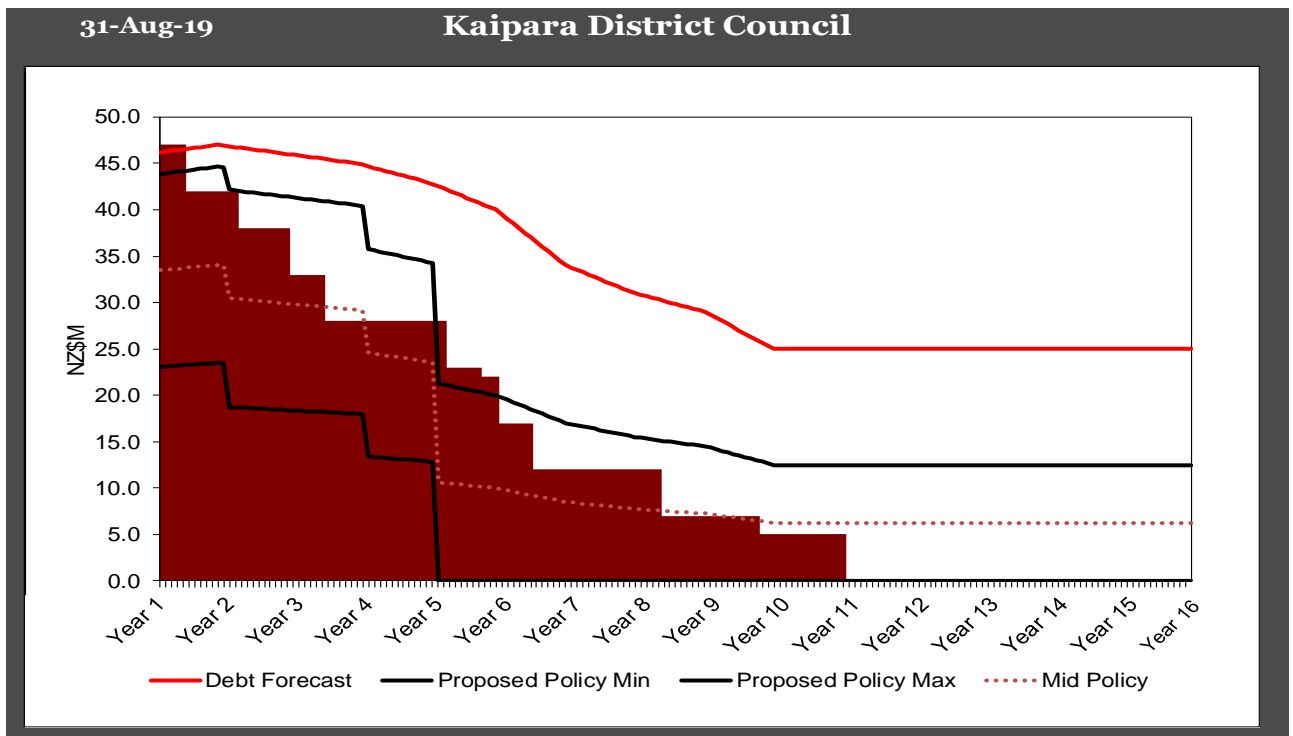
Committed Loan/Stock/Facilities/Investments \$66.9m
 Current External Debt \$48.4m
 Current Net Debt \$40.8m

Policy Liquidity Ratio $\geq 110\%$
 Actual Liquidity Ratio 138%

	0 - 3 years	3 - 5 years	5 years plus
Policy Target Band	15%-60%	15%-60%	10%-40%
Actual	78%	17%	5%
Actual (NZDm)	46.57	9.84	2.95



Projected Positions



Debt Interest Rate Policy Parameters

(calculated on rolling monthly basis)

Debt Period Ending	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
Year 1	46	50%	95%	102%	No
Year 2	47	40%	90%	90%	Yes
Year 3	46	40%	90%	72%	Yes
Year 4	45	30%	80%	63%	Yes
Year 5	43	0%	50%	66%	No
Year 6	39	0%	50%	44%	Yes
Year 7	34	0%	50%	36%	Yes
Year 8	31	0%	50%	39%	Yes
Year 9	28	0%	50%	25%	Yes
Year 10	25	0%	50%	20%	Yes
Year 11	25	0%	50%	0%	Yes
Year 12	25	0%	50%	0%	Yes
Year 13	25	0%	50%	0%	Yes
Year 14	25	0%	50%	0%	Yes
Year 15	25	0%	50%	0%	Yes

31-Aug-19

Kaipara District Council

Funding & Liquidity Risk Position

Committed Loan/Stock/Facilities/Investments \$44.9m

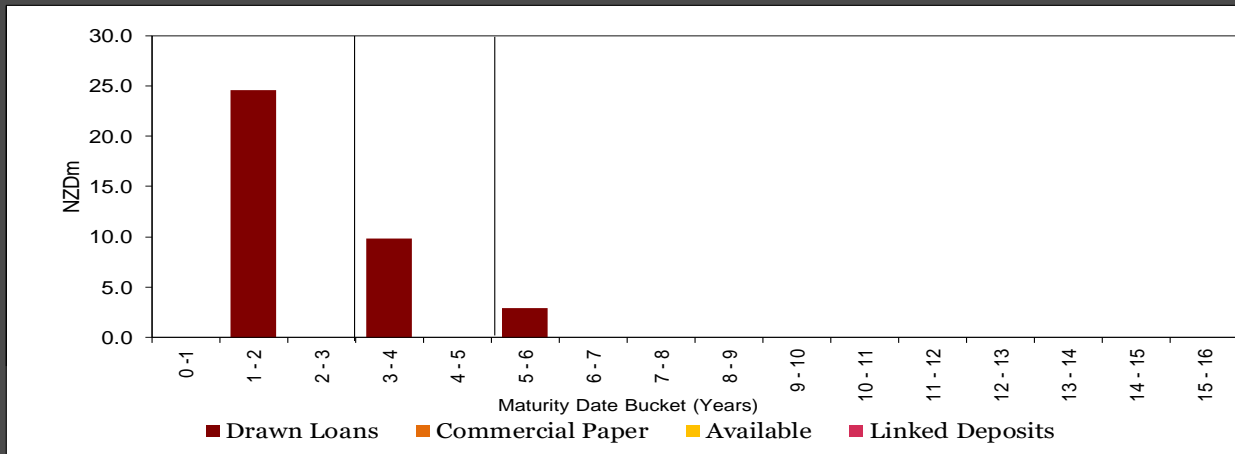
Policy Liquidity Ratio $\geq 110\%$

Current External Debt \$37.4m

Actual Liquidity Ratio 120%

Current Net Debt \$29.9m

	0 - 3 years	3 - 5 years	5 years plus
Policy Target Band	15%-60%	15%-60%	10%-40%
Actual	66%	26%	8%
Actual (NZDm)	24.60	9.84	2.95



File number: 2304.15/AR&F 2018-2019 **Approved for agenda**
Report to: Audit, Risk and Finance Committee
Meeting date: **12 September 2018**
Subject: **Quarterly Finance Report**
Date of report: 27 August 2018
From: Sue Davidson, General Manager Risk, IT and Finance
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

Financial Performance is reported on so that the Committee can monitor performance.

Recommendation

That Kaipara District Council receives the General Manager Risk, IT and Finance's report 'Quarterly Finance Report' dated 27 August 2018 and the information contained therein.

Reason for the recommendation

To be informed as to Council finances in order to monitor the financial performance of Council.

Financial Information

Statement of Comprehensive Revenue and Expenses, Statement of Financial Position has not been provided to 30 June 2018 as this agenda includes the Annual Report which includes this information.

Treasury report is included as a separate report.

Rating and Debtors Report as at 30 June 2018
Land Rates Summary \$000

	30 June 2018		31 May 2018	
2012	47		372	
2013	154		124	
2014	356		313	
2015	587		561	
2016	790		774	
2017	1,092		1,132	
Total Prior Areas	3,026	50%	3,276	48%
Current Year Penalties	947	16%	985	15%
Current Year Arrears	1,207	20%	1,323	19%
Current	889	15%	1,191	18%
Total	6,069		6,775	

NB: Of the debt outstanding, 40% relates to Māori freehold land.

Sundry Debtors Summary \$000

	Current	30 Days	60 Days	90 days	Total
Month of June 2018	460	90	81	525	1,156
Aging Percentage	40%	8%	7%	45%	100%
Month of May 2018	386	214	65	592	1,257
Aging Percentage	31%	17%	5%	47%	100%

Other Debtors	30 Days		60 Days		90 days		Total Arrears	
	\$	Number	\$	Number	\$	Number	\$	Number
Aged Arrears at 30 June 2018								
Resource consents	20,600	6	5,160	5	57,000	35	82,760	46
Licensing, compliance, pools	2,800	7	3,610	6	26,300	43	32,710	56
Building Consents	29,600	9	8,000	6	102,700	23	140,300	38
Sundry debtors - housing	-	-	-	-	340	1	340	1
Sundry debtors	4,900	6	500	1	129,800	25	135,200	32
Water rates	32,220	153	63,300	137	209,100	498	304,620	788
Total	90,120	181	80,570	155	525,240	625	695,930	961

Capital Works Summary

Each period going forward Council will receive a report on capital works by activity and also details of major projects including the carry forwards.

Total Capital Works from Year 1 of the LTP totalled \$23,529,349.

Total approved by Council to carry forward to 2018 totalled \$3,822,004.

Total Brought Forward from Future Years totalled \$704,000.

File number: 2304.15/AR&F September 2018 **Approved for agenda**

Report to: Council

Meeting date: **12 September 2018**

Subject: **Legal Compliance update**

Date of report: 27 August 2018

From: Sue Davidson, General Manager Risk, IT and Finance

Report purpose **Decision** **Information**

Assessment of significance **Significant** **Non-significant**

Summary

Part of the responsibilities of this Committee is monitoring risk associated with legal compliance and to provide oversight to the approach to risk and complying with regulatory and statutory requirements. This report summarises how we demonstrated legal compliance.

Recommendation

That Kaipara District Council receives the General Manager Risk, IT and Finance's report 'Legal Compliance update' dated 27 August 2018 and the information contained therein.

Reason for the recommendation

To review legal compliance since last reported.

Reason for the report

This is to show how Council is meeting its legal compliance obligations.

Background

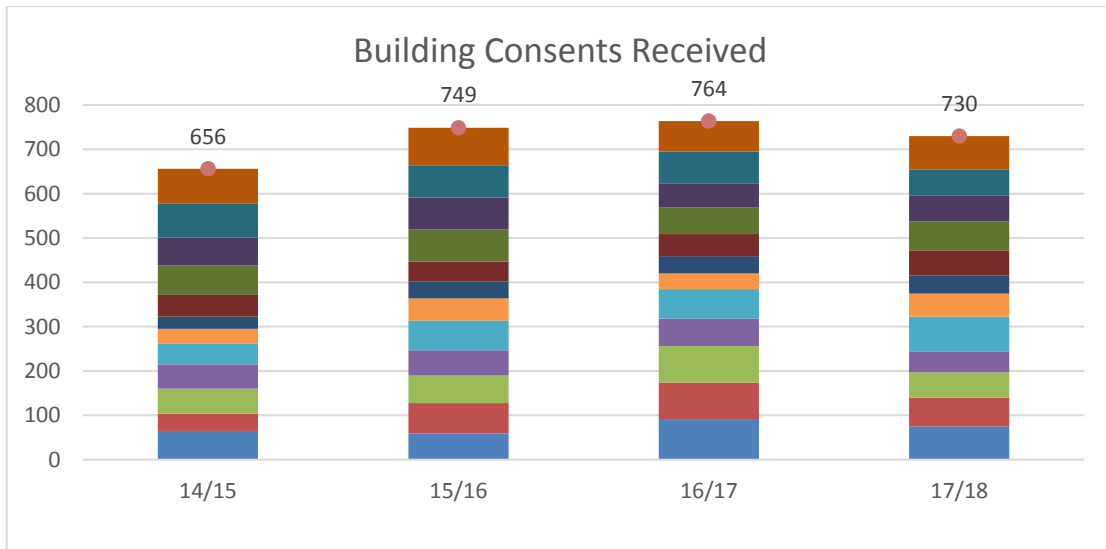
This report will detail instances of non-compliance and progress with addressing the instances of actual or potential non-compliance. The Council has provided the following information:

1 General Management/Fraud

BNZ cessation of Credit Card merchant line as a result of fraud: This only affected Council customers inasmuch as the Council's ability to accept credit cards was suspended for approximately 10 days when both rates and dog registrations were due. While the BNZ was processing refunds to the bank's customers (not Council's) who had been affected they noticed that the banks convenience fee had not being paid to the bank since the facility was established in 2011. The bank is trying to ascertain what should have been charged to Council but it is not anticipated to be significant.

2 Planning and Regulatory

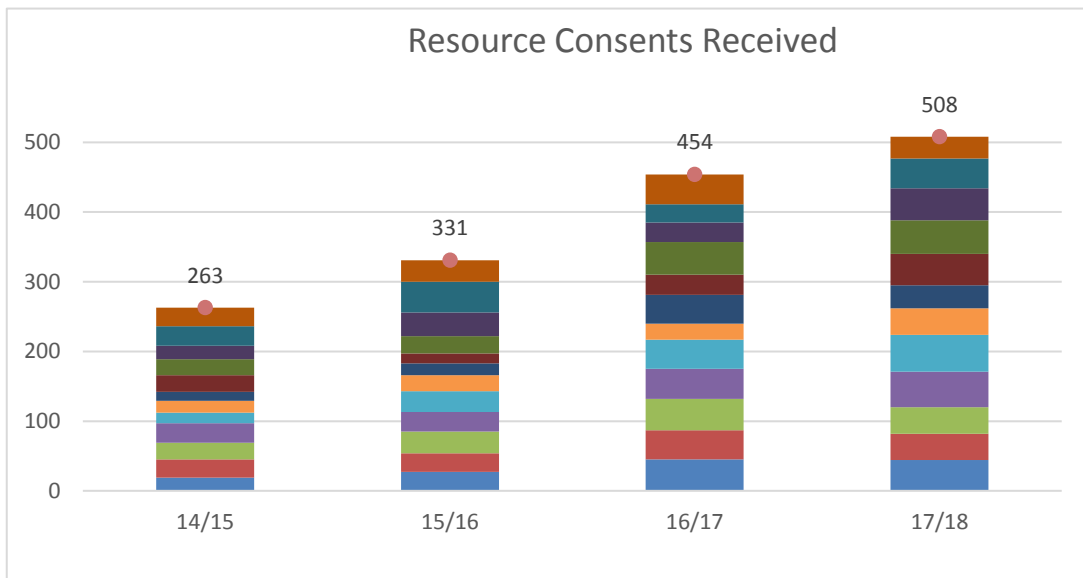
Building consents: The aim is to have 100% of building consents processed within the statutory timeframe. For the last year 97% of building consent applications were processed within that timeframe.



Percentage of building consents processed within statutory timeframes			
2014/2015	2015/2016	2016/2017	2017/2018
99%	99%	98%	97%

The building consent audit has been postponed by IANZ until late October 2018 and their report will not be available until the next meeting of the Committee.

Resource consents: The aim is to have all non-notified land use and subdivision consents processed within the statutory timeframe. For the last year 87% of applications were processed within that timeframe.



Percentage of resource consents processed within statutory timeframes			
2014/2015	2015/2016	2016/2017	2017/2018
100%	99%	99%	87%

NB: For July 2018, 67% met statutory requirements.

Animal Control: Full compliance with Dog Control Act 1996

	2,018	2,017
Dogs registered	4,949	4,797
Dog attacks	66	38
Complaints	1,239	480
Infringements	234	72

Sale and supply of alcohol: Full Compliance with Sale and Supply of Alcohol Act 2012

Processed applications	197	216
------------------------	-----	-----

Environmental health: Raw water supply to Kaihu and some houses in Maungaturoto is being used as a domestic supply, so the risk is it could be subject to contamination and affect residents' health. Non-compliance with the Health Act 1956 and Drinking Water Amendment Act 2007. Currently supplying water bottles to residents and looking at getting water tanks installed through possible WINZ funding and Council finance and payback scheme.

3 Operations

Infrastructure: Compliance with all resource consents under the Resource Management with the exception of Kaiwaka Treatment of Sewerage – Northland Regional Council (NRC) testing has revealed that the discharge from the Kaiwaka oxidation ponds is not up to standard. No abatement notice has been issued but NRC has chosen to work with Council at this stage. NRC is currently doing testing to see if there is animal pollution that is contributing to the negative results.

File number: 2304.15/AR&F 2018-2019 **Approved for agenda**

Report to: Audit, Finance and Risk Committee

Meeting date: **12 September 2018**

Subject: **Annual Report 2017/2018 for discussion**

Date of report: 04 September 2018

From: Sue Davidson, General Manager Risk, IT and Finance

Report purpose **Decision** **Information**

Assessment of significance **Significant** **Non-significant**

Summary

Council is required to develop and adopt an Annual Report within four months of the end of a financial year. Development of Council's Annual Report for the 2017/2018 financial year has now been completed subject to final Audit Opinion.

The Annual Report (**Attachment 1**, to be circulated under a separate cover) compares and comments on the performance of Council against the budgets and operating targets set in the Annual Plan. A summary of the Annual Report is being completed.

The annual audit by Deloitte has been completed, but the audit opinion will not be received until the next Council meeting on 27 September 2018.

The Audit, Risk and Finance Committee is to consider this matter at this meeting and needs to make a recommendation as to whether Council should adopt the Annual Report on 27 September 2018 as currently presented.

Recommendation

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager Risk, IT and Finance's report 'Annual Report 2017/2018' dated 04 September 2018 and Attachment 1; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provisions of s79 of the Act determines that it does not require further information, further assessment of options or further analysis of the costs and benefits of different options prior to making a decision on this matter; and*
- 3 *Recommends to Council that it adopts, at its meeting on 27 September 2018, the Annual Report 2017/2018, subject to final Audit Opinion for the year ending 30 June 2018 and subject to final checking by audit of disclosures; and*
- 4 *Notes that the Summary Annual Report 2017/2018 is being completed and will be released to the public in due course.*

Reason for the recommendation

There is a statutory requirement for Council to adopt an Annual Report and a summary of the information in the Annual Report.

Reason for the report

To enable the Audit, Risk and Finance Committee to consider whether they should recommend to Council adoption of the Annual Report 2017/2018 (**Attachment 1**, to be circulated under a separate cover).

Background

The Local Government Act 2002 requires Council to prepare and adopt an Annual Report within four months of the end of each financial year. Council has adopted its Annual Report within three months for the previous three years and will do so again this year. An Annual Report is intended to outline Council's actual performance in comparison with its intended performance as outlined in its Annual or Long Term Plan.

The Annual Report details the operating activities of Council and includes financial statements for Council. The Report and financial statements have been audited by Deloitte on behalf of the Auditor-General.

The Annual Report and Summary Annual Report must be publically available one month after the adoption of the Annual Report. They will be made available to the public via Council's website, by placing printed copies in libraries and service centres and having printed copies available for distribution on request. Availability of the Report will be advertised.

The Summary of the Annual Report, which is being completed and is to be audited, is not required to be adopted by the Governing Body.

At the completion of the audit, a Management Report is prepared by Deloitte for Council. The Management Report is attached to a separate agenda item.

Factors to consider

Review of organisational performance

The Annual Report 2017/2018 details performance of the organisation against the objectives that were specified in the Annual Plan 2017/2018.

Statement of Compliance

Clause 34 of Schedule 10 of the Local Government Act 2002 requires a Statement of Compliance be included in the Annual Report indicating whether the statutory requirements in relation to preparation of the Annual Report have been met. The Statement is required to be signed by the Chief Executive and Mayor.

The main statutory requirements relating to preparation of the Annual Report are outlined in the Act under Part 6, Section 98 and Part 3 of Schedule 10. These sections largely require the statements be prepared in accordance with Generally Accepted Accounting Practice (GAAP) and certain information be disclosed in the Annual Report. Hence, in essence, the Statement of Compliance is confirming the information that is required to be included in an Annual Report has been included and whether the Report itself has been adopted within the four month timeframe and it has been audited. The representations required in the Statement do not extend to confirming, for example, that Council has

met all of its statutory responsibilities during previous decision-making processes.

Audit opinion

The Annual Report 2017/2018 has been reviewed by Deloitte on behalf of the Auditor-General who is appointed as Council's auditor under the Public Audit Act 2001.

Community views

The community expects Council to adopt an Annual Report in accordance with the requirements of the Local Government Act 2002. The Report is an important accountability document in terms of explaining the actual performance of the organisation relative to the objectives that were set via the Annual Plan.

Policy implications

Council's policies relating to the basis upon which the Annual Report is prepared are outlined in the Statement of Accounting Policies contained in the Report itself.

Financial implications

There are no additional financial considerations associated with making a decision on whether to adopt the Annual Report.

Legal/delegation implications

Section 98 of the Local Government Act 2002 requires Council to adopt an Annual Report within four months of the end of the financial year.

The Act also requires that Council publishes a Summary of the Annual Report within one month of the Annual Report being adopted. Officers have prepared a Summary document which will be released in due course.

Part 3 of Schedule 10 also outlines a number of disclosures that are required to be included in the Annual Report.

Options

The following options exist:

Option A – Recommend adoption of the Annual Report.

Under this option the Audit, Risk and Finance Committee would agree to recommend to Council adoption of the Annual Report 2017/2018 subject to final Audit Opinion.

Option B – Ask for further adjustments.

Under this option, the Audit, Risk and Finance Committee would not recommend to Council adoption of the Annual Report 2017/2018 and would ask that further adjustments be made. The Audit, Risk and Finance Committee would need to be clear about the specific concerns and/or adjustments it requires to be made to the proposed Annual Report so staff can ensure they are adequately reflected in any revised Report and submitted to Deloitte for audit clearance.

Assessment of options

The Annual Report 2017/2018 has been audited by Deloitte. The audit opinion will not be received until

the next Council meeting on 27 September 2018.

In deciding whether to adopt the Report, Council needs to satisfy itself the Report is complete and has been prepared on an appropriate basis.

Assessment of significance

Council is required to comply with the decision-making provisions outlined in Part 6 of the Local Government Act 2002. Under Council's Significance and Engagement Policy, a decision in accordance with the recommendation is considered to have a high degree of significance.

The information contained within the Annual Report will be of considerable interest to the community and of some significance in that it reports on the performance of Council over the 2017/2018 financial year.

Recommended option

The recommended option is **Option A** - that the Audit, Risk and Finance Committee recommends to Council adoption of the Annual Report 2017/2018 subject to final Audit Opinion.

Next steps

Make recommendation to Council.

Attachment

- Annual Report 2017/2018 (Attachment 1, to be circulated under a separate cover)

File number: 2304.15/AR&F Sept 2018 **Approved for agenda**

Report to: Council

Meeting date: **12 September 2018**

Subject: **Audit Management Report**

Date of report: 05 September 2018

From: Sue Davidson, General Manager Risk, IT and Finance

Report purpose **Decision** **Information**

Assessment of significance **Significant** **Non-significant**

Summary

Alongside the audit of the Annual Report the auditors prepare a report of their findings as they audit the financial statements and Service Performance statements, as well as the areas the Auditor-General wants audited particularly and also any areas that Council has specified.

Recommendation

That Kaipara District Council receives the General Manager Risk, IT and Finance's report 'Audit Management Report' dated 05 September 2018 and Attachment, and the information contained therein.

Reason for the recommendation

To receive the auditors findings and recommendations relating to the recent audit.

Reason for the report

This is to discuss the auditors findings and recommendations.

Background

This report will detail the findings and recommendations from the recent audits. Council also requested that the auditors look at one of the recent larger contracts that Council had signed to ensure that the correct process had been followed.

Attachment

- Audit Management Report (Deloitte Report to Council for the year ended 30 June 2018)

Deloitte.



Kaipara District Council
Report to Council
for the year ended 30 June 2018

5 September 2018

Stana Pezic
Chair, Audit and Risk Committee
Kaipara District Council
Private Bag 1001
Dargaville

Dear Stana

Report to Council for the year ended 30 June 2018

In accordance with our normal practice, we include in the attached report all matters arising from our audit of the financial statements of Kaipara District Council for the year ended 30 June 2018 which we consider appropriate for the attention of the Audit, Finance, and Risk Committee ("the Committee"). These matters have been discussed with management and their comments have been included, where appropriate.

We look forward to the Committee meeting on 12 September 2018, at which we will have the opportunity to discuss this report. In the interim, should you require clarification on any matter in this report, please do not hesitate to contact us.

We have substantially completed our audit subject to the satisfactory resolution of the outstanding matters detailed in the report.

This correspondence is part of our ongoing discussions and as required by Office of the Auditor-General's (OAG) auditing standards. The ultimate responsibility for the preparation of the financial statements rests with the Council.

Deloitte
Deloitte Centre
80 Queen Street
Auckland 1010

Private Bag 115033
Shordland Street
Auckland 1140
New Zealand

Tel: +64 (0) 9 303 0700
Fax: +64 (0) 9 303 0701
www.deloitte.co.nz

We have prepared this report solely for the use of the Committee and it would be inappropriate for this report to be made available to third parties. If such a third party were to obtain a copy without our prior written consent, we would not accept responsibility for any reliance that they might place on it.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit.

Yours faithfully



Peter Gulliver
Partner
for Deloitte Limited
On behalf of the Auditor-General

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.



Home

Executive Summary

Status of the audit

Our audit of the financial statements is substantially complete, subject to the outstanding matters noted in the *Audit scope* section.

Audit scope

We have performed an audit of Kaipara District Council for the year ended 30 June 2018 in accordance with the Office of the Auditor General's (OAG) auditing standards. Our audit is performed pursuant to the requirements of the Local Government Act 2002 (the Act), with the objective of forming and expressing an opinion on the financial statements, performance information, and other requirements of Schedule 10.



Areas of focus

Our audit procedures were focused on those areas of Kaipara District Council's activities that are considered to represent the significant risk areas, including:



1. Development contribution revenue
2. Revaluation of infrastructure assets
3. Legislative compliance: rates revenue
4. Disclosure of severance payments

Additional sector wide areas of focus:

1. Fraud
2. Performance, waste, and probity
3. Managing conflicts of interest and related party transactions
4. Legislative compliance and more specifically of rates
5. Financial prudence

Internal controls

In performing our audit we have not identified any material weaknesses in internal controls which would impact upon our ability to provide our opinion on the financial statements.



We have identified a number of recommendations, however, which will be communicated under separate cover in the management letter.



Executive summary



Audit scope



Areas of focus



Internal controls



Summary of unadjusted differences



Other communications



Appendices



Home

Executive Summary - continued

Summary of unadjusted differences



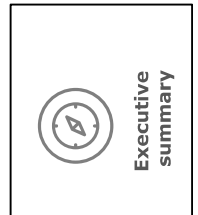
In performing our audit of Kaipara District Council for the year ended 30 June 2018 we have not identified any uncorrected misstatements or omitted disclosures that could, either individually or in aggregate, have a significant effect on the financial statements for the year ended 30 June 2018. There were however a number of significant adjustments made as part of our audit. The net effect of these items identified has been to increase assets by \$7.9m and reduced net surplus by \$8.3m.

Other communications



Various matters are communicated in accordance with the requirements of the Office of the Auditor General's auditing standards:

- Independence
- Professional fees / relationships
- Written representations
- Non-compliance with laws and regulations
- Accounting policies / financial reporting
- Related parties
- Other significant matters



Executive summary



Audit scope



Areas of focus



Internal controls



Summary of unadjusted differences



Other communications



Appendices



Home

Audit scope

Purpose of report

This report has been prepared for Kaipara District Council's ("Council") Audit, Finance, and Risk Committee ("Committee") and is part of our ongoing discussions and as required by the Office of the Auditor General's (OAG) auditing standards. This report includes only those matters that have come to our attention as a result of performing our audit procedures and which we believe are appropriate to communicate to the Committee. The ultimate responsibility for the preparation of the financial statements rests with the Council.

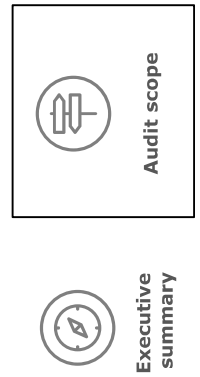
Responsibilities

We are responsible for conducting an audit of Council for the year ended 30 June 2018 in accordance with the OAG's auditing standards which incorporate the New Zealand auditing standards issued by the NZ Auditing and Assurance Standards Board. Our audit is performed pursuant to the requirements of the Local Government Act 2002 with the objective of forming and expressing an opinion on the financial statements, performance information, and other requirements of Schedule 10 that have been prepared by management with the oversight of the Councillors. The audit of the financial statements does not relieve management or the Councillors of their responsibilities.

Outstanding matters

As at the date of preparing this report the following matters in respect of our audit are outstanding:

- Resolution of final audit queries and QA procedures;
- Procedures relating to the final disclosures in the financial statements;
- Appropriate procedures relating to subsequent events up to the date of our audit opinion;
- Receipt of the signed management representation letter; and
- Adoption of the financial statements and annual report by Council.



Areas of focus

Audit risks

Our audit procedures were focused on those areas of the Council's activities that are considered to represent the significant risk areas which include:

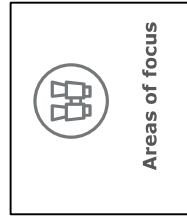
- the significant risks of material misstatement for our audit whether due to fraud or error; and
- other matters of significance which have not been identified as significant audit risks.

These areas of focus were identified as a result of:

- the risk assessment process undertaken during the planning phase of our engagement and presented to the Committee in our audit strategy documents dated 17 April 2018;
- our understanding of the risks faced by the Council;
- discussions with management during the course of our audit
- the significant risks and uncertainties previously reported in the annual report and financial statements;
- our assessment of materiality; and
- the changes that have occurred in the organisation and the environment it operates in since the last annual report and financial statements.

The identification of areas of focus included consideration of the significant qualitative aspects of the entity's accounting practices, including judgements about accounting policies, accounting estimates and financial statement disclosures identified during the course of our audit of the financial statements.

On the following pages we provide a summary of our audit findings in relation to each of our areas of focus. These findings are based on our audit procedures performed for the year ended 30 June 2018.



Areas of focus



Audit scope



Executive summary



Internal controls



Summary of unadjusted differences



Other communications



Appendices



Home

Comments on year end process and performance risks

The Committee will recall that we discussed and raised as a risk the significant change and turnover of key leadership positions within Council over the last 12-18 months. We were concerned with the loss of institutional knowledge and resulting performance risk.

Unfortunately this risk transpired and has caused a number of significant challenges in the year end process and the audit process. This was exacerbated by the fact the Finance Manager resigned and left the organisation during the audit with no notice period worked. We will comment more fully on areas of improvement in our management letter which is issued under separate cover. However the primary issue to be resolved is the recruitment of appropriately experienced staff into key roles, such as the Finance Manager, and ensuring staff turnover rates are lowered. A smaller Council such as KDC is very dependent on the quality of its staff in the Finance area because systems, and processes are generally not documented to the same degree as larger organisations. In past years KDC has had stable financial staff who have a good understanding of Council business. This year there have been a number of gaps in the financial team for long periods of time with some of those recruited not having a financial knowledge of Council business. This has been detrimental to the processes that had previously been undertaken and in being able to finalise the annual report in the agreed timeframe.

Key areas of challenge, which needed to be resolved during the audit, included:

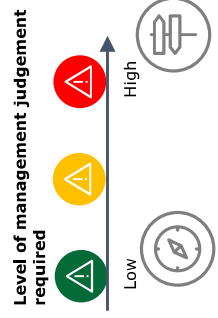
- Insufficient ownership taken over the infrastructure asset valuation process (from an accounting perspective) including the resulting valuation adjustments;
- Property plant and equipment balance, which represents approximately 97% of total assets, was not reconciled prior to the audit;
- Fundamental supporting reports, such as an accounts payable ledger, were not maintained at year end; and
- Systems and process for determining non financial performance measures are not properly managed and the measures contained a number of errors.

Areas of focus - continued

Audit risk dashboard

Area of focus	Significant risk	Fraud risk	Planned controls testing approach	Controls testing conclusion	Level of management judgement required	Consistency of judgements with Deloitte expectations
Development contribution revenue	✓	✓	D+I OE	Satisfactory	●	●
Revaluation of infrastructure assets	✓	✗	D+I	Satisfactory	●	●
Legislative compliance: rates revenue	✓	✗	D+I OE	Satisfactory	●	●
Disclosure of severance payments	✓	✗	D+I	Satisfactory	●	●

D+I: Testing of the design and implementation of key controls
OE: Testing of the operating effectiveness of key controls



Consistency of judgements with Deloitte expectations



Areas of focus

Internal controls

Summary of unadjusted differences

Other communications

Appendices

Home

Areas of focus - continued

Audit findings - continued

Area of focus	Audit response	Audit findings
<p>Disclosure of severance payments</p> <p>During the year Council has had a number of changes in senior management personnel, including the CEO. Where severance payments have been made as part of the exit arrangements disclosure is required in accordance with the Local Government Act 2002 and financial reporting standards.</p>	<p>As part of our audit we have:</p> <ul style="list-style-type: none"> • Obtained employment agreements and settlement agreements in relation to all staff including the former CEO; • Determine whether a severance payment has been made, including liaising with the OAG's legal team; and • Ensure appropriate disclosure has been made in the annual report. 	<p>The correct severance payment disclosures have been made in the financial statements. We note Council took legal advice in relation to the severance payments that arose from the various settlement agreements, and that with respect to the former CEO's settlement agreement, this advice was confirmed and agreed with the OAG's legal team.</p>

Area of focus	Audit response	Audit findings
<p>Development Contributions</p> <p>There is a risk that development contributions may be misstated if they are calculated incorrectly or revenue is recognised incorrectly.</p>	<p>We tested a sample of development contributions for accuracy, and to review of the recognition policy and practice against relevant accounting standards to ensure the revenue is recognised at the right time.</p>	<p>We identified no material misstatement in respect of development contributions.</p>



Areas of focus



Executive summary



Audit scope



Internal controls



Summary of unadjusted differences



Other communications



Appendices



Home


Areas of focus - continued

Audit findings - continued

Area of focus	Audit response	Audit findings
<p>Revaluation of Infrastructure Assets</p> <p>The Council accounts for revaluations of infrastructural assets on a class of asset basis. The asset classes include roads, land under roads, water reticulation, wastewater reticulation, stormwater systems and flood protection assets. Land associated with the wastewater system (particularly at Mangawhai) is also treated as a separate class of infrastructure asset.</p> <p>Management have adopted a rotation basis for revaluing the asset classes so the valuations are not all completed in the one year. The infrastructure assets to be revalued for the 2017/18 financial year are the roading assets, and stormwater.</p> <p>Consistent with past practice, Council plans to engage independent third party valuation experts to undertake the valuation of these assets, as well as determine (on a desk top basis) whether there has been any material movement in the fair value of the infrastructure assets not subject to a full valuation in 2018.</p> <p>There is a risk that revaluations are not appropriate because of faulty assumptions and/or data, and that revaluation movements are not adequately reflected in the financial statements.</p>	<p>In order to address this risk, we:</p> <ul style="list-style-type: none"> Obtained the independent valuations of the relevant infrastructure asset classes; Obtained representations directly from the independent valuers confirming their valuation methodology; Reviewed the key underlying assumptions used by the independent valuers to determine whether these assumptions were reasonable and in line with NZ generally accepted accounting practice (NZ GAAP); Held various discussions with the valuers as appropriate; and Determined whether the revaluation transactions are correctly accounted for and disclosed in the financial statements in compliance with NZ GAAP; Reviewed the desk top reports from the valuers to identify any material fluctuations in value of assets not revalued in the current year; and Reviewed the peer review reports conducted in relation to the roading and stormwater asset valuations. 	<p>As reported on page 16 and 17, a number of adjustments were made as a result of the audit work. The total valuation uplift for roading and stormwater assets was \$8.3m.</p> <p>Further, valuation adjustments of \$4.6m were made in relation to water, wastewater and flood protection assets. Whilst these assets were not subject to a full valuation exercise Opus identified that cost escalations since the previous valuations (undertaken in 2016 and 2017) resulted in asset fair values that exceeded the current carrying values.</p> <p>The valuers, and peer reviewers have made a number of recommendations to management concerning improvements to the underlying data. It will be important these improvements are factored in to subsequent revaluation exercises. In common with other Councils the quality of the data in relation to infrastructure assets is in need of improvement in many areas, particularly in relation to underground assets which form part of the water, wastewater and stormwater asset classes. Further condition assessment work is required to improve this data quality and therefore reduce the risk of errors in the valuation and unforeseen network failure.</p>




Areas of focus




Internal controls



Summary of unadjusted differences



Other communications



Appendices



Home

Areas of focus - continued

Audit findings - continued

Area of focus	Audit response	Audit findings
<p>Rates</p> <p>Over recent years there have been a number of issues within the Local Government sector arising from rates not being set in accordance with the Local Government (Rating) Act 2002 (LGRA). Compliance with the detail of the LGRA is vital: if the rate is not within the range of options and restrictions provided for in that Act, it may not be valid.</p> <p>Management and Council need to continue to ensure that the requirements of the LGRA are adhered to and that there is consistency between the rates resolution, the Funding Impact Statement for that year, and the Revenue and Financing Policy in the respective LTP or Annual Plan (AP).</p> <p>Council has been party to a number of legal actions in recent years in relation to its rates, and those of Northland Regional Council (NRC), with whom Council has an agreement to administer the rating function for NRC's rates collected in the Kaipara District.</p> <p>The most recent judgement occurred on 27 March 2018 where the Court of Appeal validated NRC's rates for the years 2011 to 2015 and KDC's penalties for the year 2013/14.</p>	<p>In order to address this risk, we:</p> <ul style="list-style-type: none"> • Tested the controls around the rates setting process at Council; • Completed a 'work programme' compiled by the OAG, (similar to that completed in the prior year), to assist us in determining if rates had been set correctly by the Council; • Reviewed the meeting minutes recording the adoption of the rates resolution, determining whether the rates are in accordance with the revenue and financing policy as well as reviewing any other information available with regard to rates. 	<p>The Court of Appeal decision in March 2018 and the subsequent denial of leave for this decision to be appealed in the Supreme Court concludes the historic rating issues and associated legal challenges in relation to KDC's rates.</p> <p>The only remaining issue is Mr Rogan's appeal to the Court of Appeal in relation to his outstanding rates balance due to KDC, which Council do consider to be a material amount.</p> <p>We identified no material misstatement during our testing on rates.</p> <p>We note that Council uses Simpson Grierson to review its rating documentation prior to its adoption. This is a good process that should be continued, notwithstanding the conclusion of the historic rates related legal challenges.</p>
<p>Executive summary</p>	<p>Internal controls</p>	<p>Other communications</p>
<p>Audit scope</p>	<p>Summary of unadjusted differences</p>	<p>Appendices</p>
<p>Areas of focus</p>	<p>Home</p>	<p>Home</p>

Other areas of focus

OAG and other audit brief requirements - Audit findings

Area of focus	Audit response	Audit findings
<p>Fraud</p> <p>The primary responsibility for the prevention and detection of fraud rests with management and the Council, including designing, implementing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditor, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.</p>	<p>Throughout the financial year we remained alert for issues that indicate fraud.</p> <p>Specifically our work involved:</p> <ul style="list-style-type: none"> Formal inquiries of the Council, management and others within the entity regarding the risks of fraud within the Council including the processes in place to mitigate those risks; Documenting systems and internal controls used by the Council to prevent and detect fraud. In this area we will raise any weaknesses with management and the Council as applicable; Remaining alert for the existence of any confidentially clauses in employment contracts that may prevent disclosure of information and thus reduce the level of transparency of spending of public monies; and Reviewing the current fraud policy to ensure it follows OAG guidance and ensure management and employees are aware of the fraud policy and its content. 	<p>We have not been advised of any fraud nor have we identified any misstatement in respect of fraud.</p>



Areas of focus



Audit scope



Executive summary



Internal controls



Summary of unadjusted differences



Other communications



Appendices



Home

Other areas of focus - continued

OAG and other audit brief requirements - Audit findings

Area of focus	Audit response	Audit findings
<p>Performance, waste and probity</p> <p>Ensuring that Parliament's expectations are met with respect to use of rate payer funds is a key feature of any audit in the public sector.</p>	<p>Our audit approach included a specific programme of work, as in previous years, covering the following aspects:</p> <ul style="list-style-type: none"> • Confirming Council has the appropriate policy framework for areas such as delegated authorities, fraud, conflicts of interest etc. • Testing certain areas of sensitive expenditure to ensure spending is appropriate and authorised in accordance with policy and best practice. • Reviewing areas such as credit card expenditure, fuel card expenditure, and mobile phone expenditure. 	<p>We did not identify any issues in respect of performance, waste, and probity.</p>
<p>Managing conflicts of interest and related party transactions</p> <p>Councils are required to ensure that there are appropriate procedures in place to identify and manage conflicts of interest and that related party disclosures in the financial statements are complete.</p>	<p>Our audit procedures on related party disclosures included searching public records for potential related party relationships (such as the Companies Office website). We also ensured any entries in the interests register were individually assessed, and those which met the definition of a related party transaction during the year were disclosed in the Annual Report. This included remuneration disclosures relating to the Councillors and key management personnel.</p>	<p>We did not identify any issues in respect of conflicts of interest and related party transactions.</p> <p>We have commented separately on the disclosure of severance payments and other payments made under settlement agreements above.</p>



Areas of focus



Audit scope



Executive summary



Internal controls



Summary of unadjusted differences



Other communications



Appendices











Home

Other areas of focus - continued

OAG and other audit brief requirements - Audit findings

Area of focus	Audit response	Audit findings
<p>Legislative compliance and more specifically legality of rates</p> <p>The Council is subject to significant regulatory and legislative compliance requirements. The Council needs to have adequate systems in place to monitor compliance with legislation along with any changes occurring in the applicable legislation.</p>	<p>Our audit procedures included looking at Council's processes for ensuring legislative compliance, including specifically testing compliance with legislation that materially impacts on the financial statements. This included the Local Government Act 2002 and the Local Government (Rating) Act 2002. In particular extensive work was completed on the rates setting process, as outlined in the Areas of Focus section above.</p>	<p>We identified no issues in respect of legislative compliance.</p>
<p>Financial prudence</p> <p>Councils are required to include appropriate benchmarking reporting in the Annual Report as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.</p>	<p>Our audit procedures included reviewing the disclosures and recomputing key ratios to determine whether Council was in compliance with these regulations.</p>	<p>We identified no issues in respect of legislative compliance.</p>
<p>Contract 860</p> <p>During the year Council undertook a competitive tender process in relation to contract 860 which relates to maintenance of parks and reserves across the district.</p>	<p>The audit committee asked us to review the associated tender documentation and report back any findings. Accordingly we reviewed the Registration of Interest (ROI) assessment, Request for Proposal (RFP) evaluation, report to Council and minutes of the meeting dated 26 September 2017, and final contract award memorandum of 1 May 2018.</p>	<p>Based on the documentation reviewed the tender process appeared robust. In particular we note the process involved an initial response to the ROI by five parties from which two were selected to participate in the detailed RFP. The use of a third party to assist in the assessment of each party to the RFP against objective criteria, including workshop presentations appeared to add rigor to the process.</p>

Internal controls

Objective

Our audit approach requires us to obtain an understanding of an entity's internal controls, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error.








We remind you that our audit was not designed to express an opinion on the effectiveness of the controls operating within the Council, although we will be reporting to management under separate cover our recommendations on controls that we identified during the course of our audit work. The matters being communicated are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported. Recommendations for improvement should be assessed by you for their full commercial implications before they are implemented.

Internal controls assessment

In performing our audit of Council for the year ended 30 June 2018 we have identified a number of deficiencies in internal controls which were able to be resolved with additional audit work so as not to impact upon our ability to provide our opinion on the financial statements for the year ended 30 June 2018. Examples of the issues encountered are set out on page 6 and again on pages 16 and 17. We expect to issue a Management Letter with our controls findings and other recommendations shortly. The route cause of the difficulties encountered during the FY18 year end process is the Finance staff turnover and the resulting performance issues with respect to the year end and audit process.

Matters relating to fraud

During the course of our audit the following matters relating to fraud, concerning either employees or management, have come to our attention other than those discussed within the Areas of Focus section of our report.

	Executive summary		Internal controls		Areas of focus		Summary of unadjusted differences		Other communications		Appendices		Home
---------------------------------------------------------------------------------------	-------------------	---------------------------------------------------------------------------------------	-------------------	---------------------------------------------------------------------------------------	----------------	--------------------------------------------------------------------------------------	-----------------------------------	-------------------------------------------------------------------------------------	----------------------	-------------------------------------------------------------------------------------	------------	-------------------------------------------------------------------------------------	------

Summary of unadjusted differences

Unadjusted differences

For the financial statements our materiality was \$1.372m

In performing our audit of KDC for the year ended 30 June 2018 we have not identified any uncorrected misstatements that management believe could, either individually or in aggregate, have a material effect on the financial statements for the year ended 30 June 2018. All adjustments identified during the audit have been made.

Unadjusted misstatements identified	Assets Dr/(Cr) (\$ '000)	Liabilities Dr/(Cr) (\$ '000)	Equity Dr/(Cr) (\$ '000)	Profit or loss Dr/(Cr) (\$ '000)
<i>Current year:</i>				
<i>No uncorrected misstatements identified</i>				
Total current year	Nil	Nil	Nil	Nil
<i>Prior year:</i>				
Carry forward impact of prior year items			110	(110)
Total prior year	Nil	Nil	110	(110)

Summary of unadjusted differences - continued

Omitted disclosures assessed by management as not being material

In performing our audit of KDC for the year ended 30 June 2018, no material uncorrected disclosure deficiencies were detected in the financial statements. The following omitted disclosures assessed by management as not being material remain uncorrected in the financial statements and management has determined that these do not result in the material misstatement of the financial statements or non-compliance with the applicable legislative framework:

Omitted disclosures assessed by management as not being material	Ref	Management's response
Sensitivity of fair value of interest rate swaps to changes in interest rate have not been disclosed	PBE IPSAS 30:47	Omitted disclosure deemed immaterial by management.



Executive summary



Audit scope



Areas of focus



Internal controls



Other communications



Appendices



Home








Summary of adjusted audit differences

In performing our audit of KDC for the year ended 30 June 2018 we identified a number of audit differences that have been adjusted by management. The effect of these is set out below:

Unadjusted misstatements identified	Assets Dr/(Cr) (\$ '000)	Liabilities Dr/(Cr) (\$ '000)	Equity Dr/(Cr) (\$ '000)	Profit or loss Dr/(Cr) (\$ '000)
Reverse stormwater revaluation journal that was incorrectly put through at year end			(7,600)	7,600
Reverse roading revaluation journal that was incorrectly put through at year end	(4,713)		4,713	
Current year's revaluation journals for roads and stormwater	8,347		(8,347)	
Current year's revaluation journal for water, wastewater and flood protection assets	4,624		(4,624)	
Understatement of depreciation expense for roading and wastewater assets			(299)	299
Understatement of biological assets (forestry)	132			(132)

Summary of adjusted audit differences - continued

Unadjusted misstatements identified	Assets Dr/(Cr) (\$ '000)	Liabilities Dr/(Cr) (\$ '000)	Equity Dr/(Cr) (\$ '000)	Profit or loss Dr/(Cr) (\$ '000)
Provision for doubtful debts was understated	(466)			466
Understatement of Income in Advance		(54)		54
Overstatement of WIP	(65)			65
Total	7,859	(54)	(16,157)	8,352

	Executive summary		Areas of focus		Internal controls		Summary of unadjusted differences		Other communications		Appendices		Home
---------------------------------------------------------------------------------------	--------------------------	---------------------------------------------------------------------------------------	-----------------------	---------------------------------------------------------------------------------------	--------------------------	--------------------------------------------------------------------------------------	------------------------------------------	-------------------------------------------------------------------------------------	-----------------------------	-------------------------------------------------------------------------------------	-------------------	-------------------------------------------------------------------------------------	-------------

Other communications












The following matters are communicated in accordance with the requirements of New Zealand auditing standards:

<p>Independence</p>	<p>We confirm that we have maintained our independence in accordance with the independence requirements of the OAG and <i>Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners</i> issued by the NZ Auditing and Assurance Standards Board and, in our professional judgement, we are independent and the objectivity of the audit engagement partner and audit staff are not compromised.</p>
<p>Professional fees/relationships</p>	<p>Fees in respect of the audit of the financial statements are set out in the engagement letter. We have also completed the audit of the 2018-28 LTP during the year. Fees for this engagement were \$137,825. A whistle-blower hotline service has been provided to Council during FY18 and fees relating to this service total \$3,900</p> <p>In performing our audit of the Council for the year ended 30 June 2018 no relationships or other matters existed between the firm, network firms and the Council that, in our professional judgement, may reasonably be thought to bear on independence</p>
<p>Written Representation</p>	<p>A copy of the representation letter to be signed on behalf of the Council has been circulated separately.</p>
<p>Non-compliance with laws and regulations</p>	<p>In performing our audit of for the year ended 30 June 2018 we did not become aware of any instances of non-compliance with applicable laws and regulations that may have an impact on the determination of material amounts and disclosures in the financial statements.</p>
<p>Accounting policies / financial reporting</p>	<p>There were no material changes in accounting policies during the year ended 30 June 2018.</p> <p>In performing our audit of Council for the financial year ended 30 June 2018 we have not become aware of any significant qualitative aspects of the entity's accounting practices, including judgements about accounting policies, accounting estimates and financial statement disclosures that need to be communicated to the Committee, other than those in the <i>Areas of focus</i> section.</p>

Other communications - continued

The following matters are communicated in accordance with the requirements of New Zealand auditing standards:

Related parties	In performing our audit of Council for the financial year ended 30 June 2018 no significant related party matters other than those reflected in the financial statements came to our attention that, in our professional judgement, need to be communicated to the Committee.
Other information	We have read the other information (the financial and non-financial information other than the financial statements) contained within the annual report and identified no material inconsistencies.

	Executive summary		Other communications		Home
	Audit scope		Appendices		Home
	Areas of focus		Appendices		Home
	Internal controls		Appendices		Home
	Summary of unadjusted differences		Appendices		Home



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500[®] companies through a globally connected network of member firms in more than 150 countries bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

Deloitte New Zealand brings together more than 1200 specialist professionals providing audit, tax, technology and systems, strategy and performance improvement, risk management, corporate finance, business recovery, forensic and accounting services. Our people are based in Auckland, Hamilton, Rotorua, Wellington, Christchurch and Dunedin, serving clients that range from New Zealand's largest companies and public sector organisations to smaller businesses with ambition to grow. For more information about Deloitte in New Zealand, look to our website www.deloitte.co.nz.

© 2018. For information, contact Deloitte Touche Tohmatsu Limited.

File number: 2209.0/AR&F 2018/reports **Approved for agenda**
Report to: Audit, Risk and Finance Committee
Meeting date: **12 September 2018**
Subject: **Health and Safety Update September 2018**
Date of report: 30 August 2018
From: Robert Maassen, Health and Safety Advisor

Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

This report summarises the OSH events and activities since June 2018, provides assurance to the Audit, Risk and Finance Committee that Council has an active Workplace Safety Management System, that legislative compliance is being met and that **critical risks** are being controlled effectively.

The Scorecard for the period 01 May 2018 to 31 July 2018 is Attachment 1.

There was one lost time injury involving a member of KDC staff and one medical treatment Incident to a contract worker in this period. A number of minor incidents and accidents were reported, with commentary included regarding the investigation and any remedial action taken.

Auditing the health and safety practices of Council contractors continues as an area of focus. Also see Attachment 1 for the audits conducted during the period. Note that there have been a total 40 audits undertaken over the reporting period which continues to demonstrate a high level of momentum in the contractor and safety monitoring programme.

Other Initiatives for the period

- Hazardous Substances inventories supplied by Waters contractor;
- Emergency Warden training slideshow prepared;
- Emergency procedures and Community Response Plan detail sent to CSC staff;
- Session with Roding on the risk register;
- Flu jabs administered;
- Held Risk Workshop with Regulatory team;
- CIMs 4 Training attended;
- Work with Taharoa Domain Management to develop OH&S systems;
- Compliance Software systems scoped with three demonstrations viewed;
- Three safety alerts issued (powerboard safety, plus two slip trip fall alerts);
- Contractor OH&S handbook produced;
- Trial fire evacuation run at Council Offices Dargaville

Recommendation

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager Infrastructure's report 'Health and Safety Update September 2018' dated 30 August 2018; and*

2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*

3 *Notes the update on health and safety performance; and*

4 *Notes the update on the development of Council's health and safety systems.*

Reason for the recommendation

To update the Committee on Council's health and safety performance and on the development of Council health and safety systems.

Reason for the report

To provide the Audit, Risk and Finance Committee (the Committee) with information on critical health and safety risks, the controls in place to manage those risks and the occurrence and nature of any Occupational Health and Safety (OHS) events at the Kaipara District Council (KDC) workplace.

Background

The Elected Members' role is to provide strategic direction to the business, to oversee the management of business risks and are thereby recommended to:

- Apply due diligence to ensure Council is meeting legal health and safety obligations;
- Ensure that health and safety risks have been identified and that KDC is meeting the legal obligation to lower the risk so far as is reasonably practicable; and
- Be confident that KDC is providing a safe workplace for its staff, contract workers, customers and visitors.

This report and attachments provides key information that addresses these matters at a governance level.

Critical risks

Emphasis continues to be placed on reducing driving speeds in Council fleet. Weekly over-speed reports through the SmartTrak GPS system enable intervention where data shows a cause for concern. Council is in the process of formalising its approach to correcting at risk driving behaviours from GPS reports and infringements notices. Weekly reporting is disseminated and a marked improvement is occurring although there continues to be some concerning speeds recorded, the offenders are being called to account for their actions however and a steady improvement is being noted.

Lag Indicators (Reactive)

Statistics are shown for Quarter 3 and 4 of the 2017/2018 year. The trend arrow is compared with the previous quarter.

Event Type	Council	Contractors	Public	QTR 3	Council	Contractors	Public	QTR 4	Trend
Environmental Incident	1			1				0	↓
Notifiable Event			1	1				0	↓
Lost Time Injury				0	1			1	↑
Medical Treatment Injury		1		1		1		1	=
First Aid Injury		3		3	1	4		5	↑
Occupational Illness				0				0	=
Pain or Discomfort	1			1	1			1	=
Property Damage	1	14		15		8		8	↓
Near Miss	4	11	1	16	2	13		15	↓

Table 1: KDC OHS Events Qtr 3 & 4 Fy18

Near Miss (NM) – An event that has occurred which had the potential to cause harm to a person(s) but did not due to the narrowest of margins.

Property Damage – An incident where any asset belonging to a person or entity has received damage but no injury to any person has resulted.

Pain or Discomfort – The onset of pain or discomfort generally caused by awkward postures or repetitive movements.

Occupational Illness – A condition that results from exposure in a workplace to a physical, chemical or biological agent to the extent that the normal physiological mechanisms are affected and the health of the worker is impaired.

First Aid Injury (FAI) – The provision of initial care for an illness or injury, including diagnostic tests or advice, which does not lead to treatment.

Medical Treatment Injury (MTI) – The carrying out of, by or under the supervision of a registered medical practitioner, an operation, the administration of a drug or other like substance, or any other medical procedure (not including diagnostic tests or advice that do not lead to treatment).

Lost Time Injury (LTI) – An injury that is attributable to work (including the aggravation, exacerbation or recurrence of a prior work related injury) that resulted in permanent disability, a fatality or time lost from work (excluding the day of incident) of one day/shift or more.

Notifiable Event – Any event that meets the threshold of the statutory reporting obligations under the Health & Safety at Work Act 2015, namely; a death, a notifiable illness or injury, a notifiable incident.

Environmental Incident – An incident that has or had the potential to cause harm (temporary or permanent) to any; natural receiving environment, flora or fauna and community or cultural value.

Lead Indicators (Proactive)

KDC Hazards Raised

Hazard Type	Number
Lighting	1
Paper Guillotine guard	1
HVAC system	1

KDC Hazards closed out

Description	Status
Finance area HVAC system blowing cold air onto staff	Completed
Swing door closing mechanism to reduce swing impact from door and hinge noise	Completed
Finger guard on paper guillotine	Completed

KDC Hazards outstanding

Description	Date Raised	Status
Finance area lighting too bright	16/05/18	Diffusers not obtainable for the bulb shrouds

KDC Staff OH&S Training Table

Training Type	Number Trained
Staff OH&S Induction	13
Health & Safety Rep (initial)	1
Certified Handler (Hazardous Substances)	2

Contractor Inductions

Training Type	Number Trained
Contractor Induction	1

KDC Contractor Audit Table

Audit Type	Number conducted
Roading - Mobile works	20
Roading Traffic Management –Site Condition Rating	13
Waters Fixed Facilities	1
Waters Mobile Works	1
Parks & Reserves	3
Solid Waste Fixed Facilities	2
Regulatory	0
Planning	0

KDC Fleet Audit Table

Fleet Type	Number conducted
KDC Fleet	61 of 78
Grey Fleet	0

KDC Facilities Inspection Table

Inspection Type	Number Conducted
Office Inspections	2

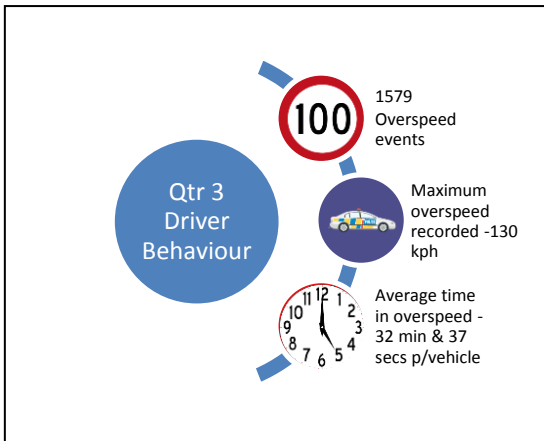
Corrective actions identified from facilities inspections

Corrective actions identified	Action
1. Trip hazards from loose data cabling running across floors	IT have tidied up the cables
2. Overloaded powerpoints	Electrician has provided extra sockets
3. Ergonomics risk identified with some work station equipment and user postures	Information on ergonomics supplied and standing desk ordered
4. General housekeeping and clutter issues	Ongoing need to engender positive behaviours and find storage
5. Lack of storage	As above
6. Aggression threat avoidance/lock down drill not conducted by CSC	Need to develop procedures
7. External lighting at Dargaville Office not suitable for after hours entry/security	Laser Electrical visited site to do an assessment

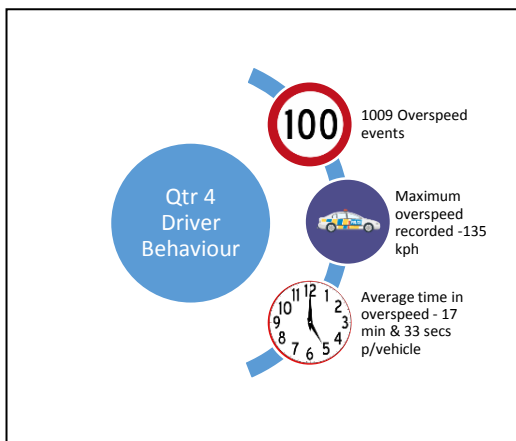
Critical Risk Monitoring

Occupational Driving GPS metrics at a glance

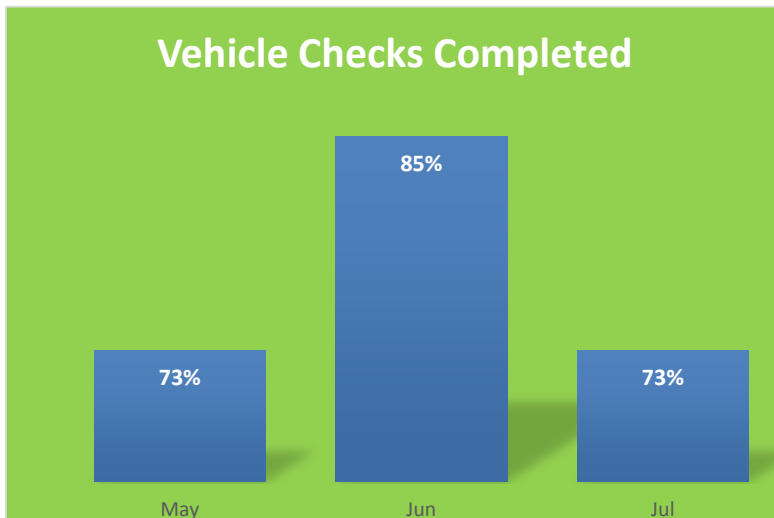
Qtr 3



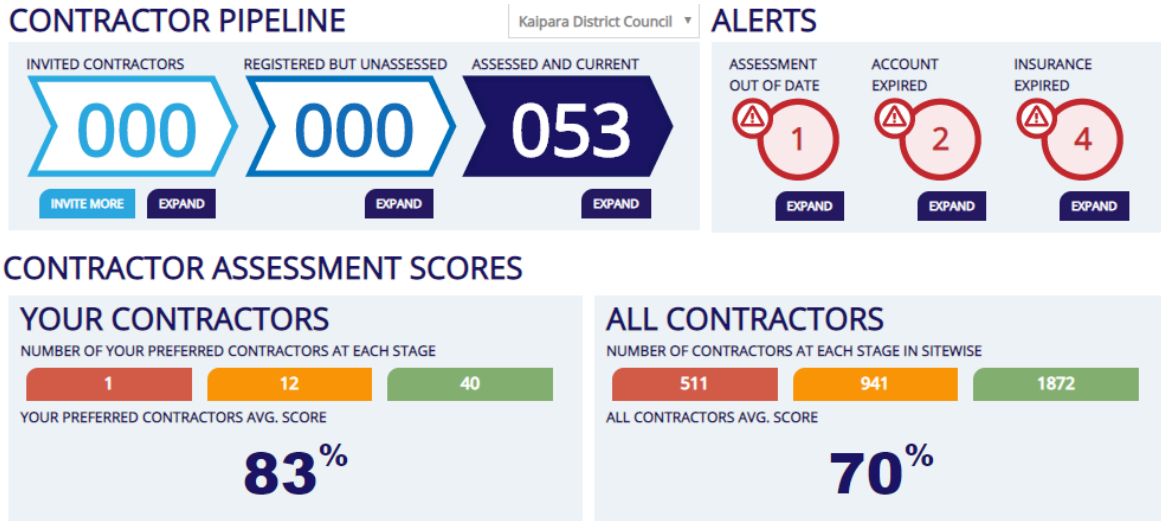
Qtr 4



Vehicle check completion rate



Contractor Management



Comment - 40 contractors at SiteWise Green which is KDC target pre-qual rating level

Rob Maassen
OH&S Advisor - Infrastructure

File number: 41/QRpt/AR&F **Approved for agenda**
Report to: Audit, Risk and Finance Committee
Meeting date: 12 September 2018
Subject: Northland Transportation Alliance (NTA) End of Year Report (to 30 June 2018)
Date of report: 03 September 2018
From: Henri van Zyl, Roading Manager
Report purpose Decision Information
Assessment of significance Significant Non-significant

Summary

The Northland Transportation Alliance's (NTA) 30 June 2018 end of year monitoring report is attached for the Committee's information (Attachment 1).

Recommendation

That Kaipara District Council receives the Roading Manager's report 'Northland Transportation Alliance (NTA) End of Year Provisional Report (to 30 June 2018)' dated 03 September 2018 and the information contained therein.

Reason for the report

Informing the Committee of the progress of the NTA unit against the approved business case, as at 30 June 2018.

Background

The NTA was formally started on 01 July 2016. As part of the business plan, 12-month deliverables were set to measure the performance of the Alliance. The NTA Business Plan 2017/2018 and budget was approved by the Alliance Leadership Group (ALG) at the 11 August 2017 meeting. The first, second and third Quarter Monitoring reports were received by the ALG meeting on 07 November 2017, 12 February 2018 and 23 April 2018 respectively. The NTA's 30 June 2018 end of year monitoring report is attached for the Committee's information (Attachment 1).

Issues

For the Key Result Areas/Key Initiatives, the Monitoring report template extends the tables in the NTA Business Plan to include a commentary field. The section numbers refer to the 2016/2017 Business Plan. Traffic light colouring is used to indicate; Green (on track); Amber (behind programme or paused, manageable risks); Red (significant delay, and possible time or budget risks).

The SSBU'S Key Performance Indicators and Benefits Framework is shown in the attachment, where the performance reporting against the Business Plan KPI's and Benefits framework is indicated.

The NTA SSBU End of Year Financials, 30 June 2018 are included in the attachment, with a consolidated Financial Report for the SSBU and also a separate report for each of the Council's own business units, and a cost report for NZTA.

The Financial Reporting for 2017-2018 Rooding and Transport Programmes is also included in the attachment, showing the financial summary reports for each Council's annual rooding or transport programmes (for subsidised and unsubsidised activity). An initial table also records the combined council expenditure figures against budget forecasts.

The financial figures provided in the report are draft end of year figures only, still to be confirmed by each Council as each Council will have differing financial systems and time frames to produce their final end of year accounts.

Factors to consider

Community views

The community expectations are that Council delivers on its plans and Council's Rooding team has joined the NTA to benefit, among others from collaborative working. A measure of success is the community's confidence levels in the NTA delivery model.

Policy implications

Not applicable.

Financial implications

No known financial implications.

Legal/delegation implications

Not applicable.

Assessment of significance

This matter is not considered significant in terms of Council's Significance and Engagement Policy.

Next step

Continue to provide updates to the Audit, Risk and Finance Committee.

Attachments

- Northland Transportation Alliance Business Plan 2017/2018 End of Year Monitoring Report

ITEM 5(a)

ISSUE:	NTA Business Plan 2017/18, End of Year Monitoring
To:	Northland Transportation Alliance Leadership Group, 20 August 2018
From:	Peter Thomson, Alliance Manager
Date:	15 August 2018
Attachments:	<ol style="list-style-type: none"> 1. NTA SSBU End of Year Financial Reports – 1 Jul 2017 to 30 Jun 2018 2. Council Subsidised and Unsubsidised Roading & Transport Programmes: Year End Reports at 30 June 2018

1. Purpose of Report

To provide a provisional end of year monitoring report against the 2017/18 Business Plan KRAs, KPIs, SSBU budgets, and the Council roading and transport programmes.

2. Recommendation:

That the report *Business Plan 2017/18, End of Year Monitoring* by Peter Thomson, dated 15th August 2018 be received.

3. Background

The NTA Business Plan 2017/2018 and budget was approved by the ALG, at the 11 August 2017 meeting. The first, second and third Quarter Monitoring reports were received by the ALG meeting on 7 November 2017, 12 February and 23 April 2018 respectively.

4. Discussion

Key Result Areas/Key Initiatives

The Monitoring report template extends the tables in the NTA Business Plan to include a commentary field. Section numbers refer to the Business Plan 2016/2017. Traffic light colouring is used to indicate Green (on track); Amber (behind programme or paused, manageable risks); Red (significant delay, and possible time or budget risks). The template is set out below.

SSBU’S Key Performance Indicators and Benefits Framework

Also shown below is performance reporting against the Business Plan KPI’s and Benefits framework.

5. NTA SSBU End of Year Financials, 30 June 2018

These reports are included in Attachment 1, with a Consolidated Financial Report for the SSBU and also a separate report for each of the Council’s own business units, and a cost report for NZTA.

The Consolidated Report shows an overall under recovery for the year of \$172,086, compared to the annual budget forecast of a modest over recovery of \$139,812. This gives a year end variation of \$311,898 which represents 4.3% under recovery against the total income budget.

6. Financial Reporting for 201-2018 Rooding & Transport Programmes

Attachment 2 includes financial summary reports for each Council's annual roading or transport programmes (for subsidised and unsubsidised activity). An initial table also records the combined council expenditure figures against budget forecasts.

Combined Subsidised programmes achieved 95% expenditure completion.

Combined Unsubsidised programmes achieved 94% expenditure completion.

The combined uptake of available NZTA funding share for the year was 93%.

The Council's Rooding and Transport Managers will be on-hand at the meeting to answer question and give explanations.

7. Next Steps

Any Final End of Year results will become available very soon and the EOY Monitoring Report can then be finalised and published.

Northland Transportation Alliance Business Plan 2017/2018
Key Result Areas
End of Year Performance Report

This template extends the tables in the NTA Business Plan 2017/2018 to include commentary field. Section numbers refer to the Business Plan.

3. SSBU'S 12 MONTH DELIVERABLES

A significant measure of the success of the Alliance will be the level of confidence our stakeholders have in us after the second year of operation. This in turn will be influenced by the extent to which progress can be demonstrated towards achieving the key benefits identified in the Business Case for the Alliance.

There is an extensive list of tasks for the SSBU. To make effective progress, it is essential that the most significant actions are prioritised and that a balance is struck between important quick wins and longer term tasks that will more fundamentally change the way in which transportation is delivered in Northland.

Key Result Area 1 - Maintaining Business as Usual: Progress is made towards a regional approach without disruption to services.

Objective	Key Initiatives	End of Year Commentary on Progress
1.1 Alliance members' expectations for business as usual services are met	Service Level Agreements covering the 2017/18 year between the SSBU and each Alliance Partner are in place and actively being work to.	SLAs to be re-drafted to meet re-stated client expectations and to match new Service Delivery Model business arrangements. Approval should cover the next three-year period 2018-2021 but allow for annual reviews to capture any changes.
1.2 Regional initiatives are put in place	Regionally aligned procurement strategy for transportation is in place supported by procurement procedures that are aligned with NZTA requirements and a procurement plan that optimises our ability to deliver the full regional programme.	Transportation Procurement Strategy approval is complete. Annual Procurement Plan produced with Strategy and distributed to suppliers.
	Regional Transport Committee receives timely advice from the SSBU and its functions are serviced as required to ensure the adoption of the Regional Land Transport Plan as required by legislation. Members of the Regional Transport Committee are supported appropriately by officers from the SSBU.	Regular reports submitted to every RTC by Alliance senior staff and Manager. Roothing Managers attend to support report material and are available to answer any queries. NTA participating in RLTP Steering Group, and actively managing the RLTP delivery project. The new RLTP is complete and was submitted to NZTA ahead of the due date of 30 April 2018.

Objective	Key Initiatives	End of Year Commentary on Progress
	Asset Management plans are regionally consistent, to the required standard (including the transition to ONRC alignment) and prepared in the required timeframe to meet the needs of the parties' corporate timetables for LTPs and the national timeframes for development of the next NLTP.	<p>All Asset Management Plans completed to a final draft stage and submitted to NZTA at the end of 2017. Feedback shows very good compliance with NZTA requirements with all AMPs. All AMP's were then finalised to align with NZTA funding moderation and adopted LTP's.</p> <p>The Alliance is commencing a new project committed to improving Asset Management practices, and seeking to further improve Asset Management best practices across Northland Region. Moving forward, the NTA acknowledges the need to focus efforts practices over the next 2-3 years to an appropriate level of capability.</p>
1.3 The public do not experience any disruption to services	Public communications (traditional and social media) protocols are in place and communications plan is being implemented.	Communications plan and protocol approved and adopted by ALG. Public communications being managed through parent organisations, with appropriate input from the NTA when required.

Key Result Area 2 – Service Delivery Model: The SSBU establishes a Service Delivery Model that enables better regional integration. This will provide the SSBU with a clear framework about how the SSBU will organise itself to achieve the NTA purpose and service the Alliance Partners. The key elements of the Service Delivery Model will be as follows:

Objective	Key Initiative	End of Year Commentary on Progress
2.1 Governance frameworks are confirmed and agreed	SSBU works within the Alliance governance framework and receives appropriate guidance from the Alliance Leadership Group (the Board).	<p>Activities within governance framework are generally functioning without issue.</p> <p>Formal financial delegations for the Alliance Manager were completed for FNDC and NRC in February 2018.</p>
2.2 Accountabilities of the respective Councils and the SSBU are well understood	Definition of these roles and responsibilities as documented in the SLAs and the MoU are actively adhered to by the SSBU and the Alliance Partners.	No current issues. Development of a new Service Delivery Model may create a need to modify existing documentation.

Objective	Key Initiative	End of Year Commentary on Progress
<p>2.3 SSBU has well established processes to ensure delivery of the services agreed in the SLAs in a consistent, integrated and repeatable way</p>	<p>Future state for delivery of regional transportation is determined which outlines how the Alliance partners:</p> <ol style="list-style-type: none"> 1. Give effect to the strategic goals and outcomes; 2. Set and achieve levels of service; 3. Invest and manage transport assets; 4. Fund activities. 	<p>Developed through new AMPs and RLTP, with active participation by all five Alliance partner organisations.</p> <p>Service delivery Model project has reviewed Alliance capability and assessment has enabled:</p> <ul style="list-style-type: none"> • Understanding of the current capability state. • Identification of current strengths & gaps. • Identification of opportunities for improvement. • Confirmation of appropriate capability targets. • Confirmation of key business drivers to set priorities. • Identification of specific business improvement and implementation.
	<p>Development of a prioritised list of recommendations for regional realignment of policies and practices is documented focusing on:</p> <ol style="list-style-type: none"> 1. Procurement 2. Contract management 3. Health & Safety 4. Quality Management 5. Procedures for reporting to Councils 6. Asset Management Plans 7. Business Case development and funding applications 8. LTP, Annual Plan and Annual Report inputs 9. Council regulatory processes 	<p>Well advanced work-streams:</p> <ol style="list-style-type: none"> 1. Procurement 2. Contract management 3. Health & safety 5. Procedures for reporting 6. AMPs 7. Business Case, funding applications 8. LTP, Annual Plan & Annual Report inputs <p>Less advanced work-streams:</p> <ol style="list-style-type: none"> 4. Quality management (this will be picked up with AMP capability assessment and should follow the Audit NZ AMP Maturity Assessment along with the IIMM and using ISO 55000 & 55001 as these will allow development of repeatable and measurable business processes) 9. Council regulatory processes

Objective	Key Initiative	End of Year Commentary on Progress
	<p>Review of the provision of support services to the SSBU is completed to determine how best these services can be provided going forward, including (but not limited to):</p> <ol style="list-style-type: none"> 1. Human Resources 2. Finance 3. Information Communications Technology 4. Customer Services 5. Property 6. Risk, Assurance and Insurance 	<p>Review has been part of the current Service Delivery Model Project, Phase 2 reporting. Includes the NTA ICT Review and Roadmap project.</p>
<p>2.4 Existing SSBU organisation structure is re-aligned to ensure it is the optimal structure to deliver on the purpose of the Alliance and the SLAs</p>	<p>Organisational review and re-alignment is complete, including:</p> <ol style="list-style-type: none"> 1. Providing for increasing capacity and capability through specialisation where appropriate when considering proposed structure options, resource levels, location details, secondment arrangements and employment conditions. 2. Consultation with SSBU staff 3. Transition planning & implementation 4. Recruitment (if required) 	<p>Review was part of the Service Delivery Model Project, which has been endorsed by ALG and is programmed to be implemented with an Operational start date set for December 2018.</p> <p>Implementation currently in progress.</p>
<p>2.5 The SSBU is able to prioritise changes to regional service delivery</p>	<p>Transition planning relating to the agreed Service Delivery Model is complete, including:</p> <ol style="list-style-type: none"> 1. Key changes 2. Agreed timelines 3. Transitional costs and benefits from implementing any change 	<p>Transition phase will follow the successful outcomes from the Service Delivery Model project, with the implementation phases from August to December 2018.</p>

Key Result Area 3 – Developing People: The SSBU is a high performing team with the capacity and capability to deliver the Northland Transportation Alliance goals.

Objective	Key Initiative	End of Year Commentary on Progress	
3.1 SSBU has the external and internal people resources needed to deliver the goals of the Alliance	An organisational skills assessment and requirements review is completed.	This has been completed across the teams as part of the Service Delivery Model project.	
	An organisation-wide training and development programme is established and operationalised.	This has been completed across the teams for BAU annual operations. Will need to be re-visited with the new Service delivery Model.	
	Staff performance and development plans are in place for all staff with measures and targets that are consistent with the objectives of the Alliance and the SSBU.	This has been completed across the teams. Will need to be transitioned into the new Service Delivery Model. Work in progress.	
3.2 The SSBU is a positive, vibrant and dynamic workplace	Effective culture/staff engagement survey tools are in place.	Staff survey tools still to be developed. Advice to be gathered from NZTA on effective survey tools.	
	A Team Development Programme is being implemented and monitored for effectiveness.	Programme has been developed and has been initiated.	

Key Result Area 4 - Contributing and Staying Relevant: The SSBU contributes to the wider industry and sector through involvement in inter-regional and national initiatives.

Objective	Key Initiative	End of Year Commentary on Progress
<p>4.1 The Alliance is recognised as a contributor to key industry forums and initiatives</p>	<ul style="list-style-type: none"> • Representation on REG work streams • Attendance at and active participation in RCA Forum and low volume roads forum. • Quality submissions to relevant consultations undertaken by industry or government. 	<ul style="list-style-type: none"> • All teams have attended and engaged in REG workshops • RCA and low volume road form attended by team leaders • Representation on REAAA, and TSIG. • Joint submissions compiled on behalf of Councils for different work areas – safety management, IAF, GPS. • Part of the PGF Steering Group
<p>4.2 The Alliance continues to evolve through learning from others and implementing those learnings where beneficial to Northland.</p>	<ul style="list-style-type: none"> • Appropriate presence at relevant conferences and events such as IPWEA, Low Volume Roads, NAMS, REG, REAAA and RIMS. 	<ul style="list-style-type: none"> • Staff attend IPWEA, RIMS, REAAA Low Volume roads conferences, and Road Controlling Authorities Forum, and present technical papers as appropriate.

4. SSBU'S KEY PERFORMANCE INDICATORS

The following key performance indicators combine to measure the SSBU's performance against the 2017/18 SLAs, Business Plan, operating budget, and progress toward achieving the benefits stated in the business case supporting the establishment of the NTA:

KPI	Performance Measure	2017/18 Target	2017/18 Performance
Our stakeholders are satisfied with the performance of the SSBU	Percentage of SLA performance measures achieved	≥ 80%	Pending - Not Measured at this stage
We effectively progress the goals of the Northland Transportation Alliance	Percentage of 2017/18 Business Plan key result areas, objectives, and initiatives completed	≥ 80%	80% (14 of 19 Key Initiatives achieved)
We manage our operational costs effectively	Percentage variance against 2017/2018 SSBU operational budget	+/- 10% of budget	Annual Management Budget = \$702,131 Total Annual Expenditure = \$604,582 86% of budget spent

	Benefit Description	KPI	Targets	Timing	2017/18 Performance
Benefit 1 Weight 30%	More engaged and capable workforce delivering superior asset management.	KPI 1: Recruitment times	Appropriately qualified person is appointed in the first round of advertising in 90% of recruitments.	From 1 July 2017	9 recruitments were attempted with 7 filled in first round = 78%
		KPI 2: Industry Skills Indicators	Alliance has the required skills (capabilities) in the required quantity (capacity), categorised by key areas of activity, and requirements at different levels of seniority.	Following organisation realignment in 2017/2018	Pending implementation of new Service Delivery Model by Dec 2018
		KPI 3: Employment Churn	Turnover in any year is less than 10%	From 1 July 2017	5 resignations (C Lishman, A Brown, D Morrison, B Lutze, K Barry) from 55 FTE's = 9%
		KPI 4 - Staff Engagement Survey	a. >65% of staff are 'engaged' b. <10% are 'disengaged'	From 1 July 2017	No Staff Engagement Survey completed. Interrupted by ongoing delays with Service Delivery Model project programme.
Benefit 2 Weight 25%	Improved transport/customer outcomes, enabling investment and social opportunities.	KPI 1: ONRC Indicators (proportion of network meeting the ONRC CLoS Performance Measures)	The targets to be established 2017/2018	Timing will need to be established in 2017/2018	Targets yet to be established across NTA

Benefit Description		KPI	Targets	Timing	2017/18 Performance
		KPI 2: GDP/VKT	The targets will be established once initial analysis of available information and the existing situation is carried out. The target is likely to be more about moving in the right direction rather than a hard number.	Timing will need to be established in 2017/2018	Targets yet to be established across NTA
		KPI 3: Customer Satisfaction Survey	>70% satisfaction	From 1 July 2017	These have been individually measured and reported through each Council's LTPs, Annual Reports.
Benefit 3 Weight 30%	Improved Regional strategy, planning and procurement.	KPI 1: Procurement is Regionally Co-ordinated and Integrated	<ul style="list-style-type: none"> a. Regional Procurement <u>Strategy</u> approved. b. Annual procurement <u>plan</u> developed c. 80% of contractors give an overall 'favourable' rating to Alliance procurement planning (survey to be developed) 	<ul style="list-style-type: none"> a. By October 2017 b. For 2017/18 year c. From 1 July 2018 	<ul style="list-style-type: none"> a. Completed in Oct 2017 b. Procurement Plan completed and issued in first quarter c. Contractors yet to be surveyed
		KPI 2: Percentage of Work Programmes Delivered	<ul style="list-style-type: none"> a. >90% of annual programme by \$value b. >75% of individual capital projects tendered in the quarter identified in the procurement plan. 	<ul style="list-style-type: none"> a. For 2017/18 year b. For 2017/18 year 	<ul style="list-style-type: none"> a. Combined Council Subsidised Annual Programme, 95% completed. Combined Council Unsubsidised Annual Programme, 94% completed. b. Projects tendered not measured by quarter, but 94% of total value of capital works completed.
		KPI 3: Asset Management is Regionally	<ul style="list-style-type: none"> a. Single Asset Management Plan b. Consistent levels of service in place using the ONRC 	<ul style="list-style-type: none"> a. For 2021 LTP b. Consistent ONRC outcomes are confirmed annually. 	<ul style="list-style-type: none"> a. Work in progress for next generation of AMPs b. Completed for all 2018 AMPs

Benefit Description		KPI	Targets	Timing	2017/18 Performance
		Coordinated and Integrated			
		KPI 4: Appropriate Practice Asset Management	Asset Management systems and processes audit and AMP peer review demonstrates appropriate practice in each area of Asset management planning.	Baseline assessment carried out 2017/18 Future targets set once baseline is established and improvement plan is adopted.	All Council AMPS achieved better than baseline assessment by NZTA external review. All AMPS have appropriate and approved Improvements Plans.
Benefit 4 Weight 15%	Transport Infrastructure is more affordable.	KPI 1: Cost/VKT by LOS (benchmarking trend by classification within peer group)	The targets will be established once some initial analysis of available information and the existing situation is carried out. The target is likely to be more about moving in the right direction rather than a hard number.	Timing will need to be established in 2017/2018	Targets yet to be established across NTA
		KPI 2: Percentage Efficiency Achieved Through Improved Procurement	>5% efficiency gains realised in the delivery of NLTP Activity Class 8 Local Roads Maintenance (Work Categories 111 to 241 inclusive) under new regional Procurement Strategy 2017-2021.	From 1 July 2018	Targets yet to be established across NTA

Attachment 1

NTA SSBU End of Year Financial Reports – 1 Jul 2017 to 30 Jun 2018

Northland Transportation Alliance (NTA): Shared Services Business Unit					
Consolidated Business Financial Report					
Period Ending 30 June 2018					
		Actual YTD	Budget YTD	Variance YTD	% YTD
INCOME	Staff time charges (recovery): Total Income	\$ 6,751,449	\$ 7,216,356	-\$ 464,907	93.6%
EXPENDITURE	SSBU direct costs				
	Staff costs (Management)	\$ 279,229	\$ 275,472	\$ 3,757	101.4%
	Motor vehicle expenses	\$ 13,943	\$ 12,580	\$ 1,363	110.8%
	Materials and contracts	\$ 64,281	\$ 136,900	-\$ 72,619	47.0%
	General operating expenses	\$ 247,129	\$ 277,179	-\$ 30,050	89.2%
	Total SSBU direct costs	\$ 604,582	\$ 702,131	-\$ 97,549	86.1%
	Councils' business unit costs				
	Staff costs (Technical)	\$ 4,149,354	\$ 3,901,941	\$ 247,413	106.3%
	Motor vehicle expenses	\$ 248,826	\$ 232,537	\$ 16,289	107.0%
	Materials and contracts	\$ 139,757	\$ -	\$ 139,757	
	General operating expenses	\$ 93,890	\$ 127,537	-\$ 33,647	73.6%
	Total Councils' direct business unit costs	\$ 4,631,827	\$ 4,262,015	\$ 369,812	108.7%
	Councils' overheads charged to business units				
	Support services costs	\$ 1,687,126	\$ 2,084,436	-\$ 397,310	80.9%
	Total SSBU Costs	\$ 6,923,535	\$ 7,048,582	-\$ 125,047	98.2%
OVER/UNDER RECOVERY		-\$ 172,086	\$ 139,812	-\$ 311,898	-102.6%

Northland Transportation Alliance (NTA): Shared Services Business Unit					
Kaipara District Council Business Financial Report					
Period Ending 30 June 2018					
		Actual YTD	Budget YTD	Variance YTD	% YTD
INCOME	Staff time charges (recovery): Total Income	\$ 1,736,038	\$ 1,837,000	-\$ 100,962	94.5%
EXPENDITURE	SSBU direct costs				
	Staff costs (Management)	\$ 63,492	\$ 82,642	-\$ 19,150	76.8%
	Motor vehicle expenses	\$ 4,183	\$ 3,774	\$ 409	110.8%
	Materials and contracts	\$ 13,394	\$ 33,130	-\$ 19,736	40.4%
	General operating expenses	\$ 49,122	\$ 57,629	-\$ 8,507	85.2%
	Total SSBU direct costs	\$ 130,191	\$ 177,175	-\$ 46,984	73.5%
	Councils' business unit costs				
	Staff costs (Technical)	\$ 1,051,329	\$ 1,067,902	-\$ 16,573	98.4%
	Motor vehicle expenses	\$ 66,598	\$ 37,492	\$ 29,106	177.6%
	Materials and contracts	\$ 126,307	\$ -	\$ 126,307	
	General operating expenses	\$ 19,054	\$ 25,482	-\$ 6,428	74.8%
	Other Council's recharges/(recoveries)	-\$ 10,505	\$ -	\$ 10,505	
	Total Councils' direct business unit costs	\$ 1,252,783	\$ 1,130,876	\$ 121,907	110.8%
	Councils' overheads charged to business units				
	Support services costs	\$ 182,716	\$ 480,000	\$ 297,284	38.06%
	Total SSBU Costs	\$ 1,565,690	\$ 1,788,051	\$ 466,175	87.56%
OVER/UNDER RECOVERY		\$ 170,348	\$ 48,949	\$ 356,213	

Northland Transportation Alliance (NTA): Shared Services Business Unit					
Far North District Council Business Financial Report					
Period Ending 30 June 2018					
		Actual YTD	Budget YTD	Variance YTD	% YTD
INCOME	Staff time charges (recovery): Total Income	\$ 2,039,890	\$ 2,297,920	-\$ 258,030	88.8%
EXPENDITURE	SSBU direct costs				
	Staff costs (Management)	\$ 92,924	\$ 82,642	\$ 10,282	112.4%
	Motor vehicle expenses	\$ 4,183	\$ 3,774	\$ 409	110.8%
	Materials and contracts	\$ 22,468	\$ 45,880	-\$ 23,412	49.0%
	General operating expenses	\$ 47,316	\$ 55,614	-\$ 8,298	85.1%
	Total SSBU direct costs	\$ 166,891	\$ 187,910	-\$ 21,019	88.8%
	Councils' business unit costs				
	Staff costs (Technical)	\$ 1,448,199	\$ 1,127,500	\$ 320,699	128.4%
	Motor vehicle expenses	\$ 111,867	\$ 129,277	-\$ 17,410	86.5%
	Materials and contracts	\$ -	\$ -	\$ -	
	General operating expenses	\$ 12,565	\$ 24,501	-\$ 11,936	51.3%
	Other Council's recharges/(recoveries)	\$ 5,724	\$ -	\$ 5,724	
	Total Councils' direct business unit costs	\$ 1,578,354	\$ 1,281,278	\$ 297,077	123.2%
	Councils' overheads charged to business units				
	Support services costs	\$ 452,753	\$ 591,070.00	-\$ 138,317	76.6%
	Total SSBU Costs	\$ 2,197,998	\$ 2,060,258	\$ 137,741	106.7%
OVER/UNDER RECOVERY		-\$ 158,108	\$ 237,662	-\$ 395,770	-66.5%

Northland Transportation Alliance (NTA): Shared Services Business Unit					
Whangarei District Council Business Financial Report					
Period Ending 30 June 2018					
		Actual YTD	Budget YTD	Variance YTD	% YTD
INCOME	Staff time charges (recovery): Total Income	\$ 2,175,660	\$ 2,229,450.00	-\$ 53,790	97.6%
EXPENDITURE	SSBU direct costs				
	Staff costs (Management)	\$ 99,007	\$ 82,642	\$ 16,365	119.8%
	Motor vehicle expenses	\$ 4,183	\$ 3,774	\$ 409	110.8%
	Materials and contracts	\$ 24,069	\$ 48,130	-\$ 24,061	50.0%
	General operating expenses	\$ 56,907	\$ 65,169	-\$ 8,262	87.3%
	Total SSBU direct costs	\$ 184,166	\$ 199,715	-\$ 15,549	92.2%
	Councils' business unit costs				
	Staff costs (Technical)	\$ 1,297,307	\$ 1,335,768	-\$ 38,461	97.1%
	Motor vehicle expenses	\$ 68,956	\$ 64,517	\$ 4,439	106.9%
	Materials and contracts	\$ 13,450	\$ -	\$ 13,450	
	General operating expenses	\$ 48,371	\$ 39,868	\$ 8,503	121.3%
	Other Council's recharges/(recoveries)	\$ 4,781	\$ -	\$ 4,781	
	Total Councils' direct business unit costs	\$ 1,432,865	\$ 1,440,153	-\$ 7,288	99.5%
	Councils' overheads charged to business units				
	Support services costs	\$ 381,483	\$ 587,344	-\$ 205,861	65.0%
	Total SSBU Costs	\$ 1,998,514	\$ 2,227,212	-\$ 228,698	89.7%
OVER/UNDER RECOVERY		\$ 177,146	\$ 2,238	\$ 174,908	7915.4%

Northland Transportation Alliance (NTA): Shared Services Business Unit					
Northland Regional Council Business Financial Report					
Period Ending 30 June 2018					
		Actual YTD	Budget YTD	Variance YTD	% YTD
INCOME	Staff time charges (recovery): Total Income	\$ 799,860	\$ 851,986	-\$ 52,126	93.9%
EXPENDITURE	SSBU direct costs				
	Staff costs (Management)	\$ 13,142	\$ 13,773	-\$ 631	95.4%
	Motor vehicle expenses	\$ 697	\$ 629	\$ 68	110.8%
	Materials and contracts	\$ 2,175	\$ 4,880	-\$ 2,705	44.6%
	General operating expenses	\$ 43,911	\$ 48,503	-\$ 4,592	90.5%
	Total SSBU direct costs	\$ 59,925	\$ 67,785	-\$ 7,860	88.4%
	Councils' business unit costs				
	Staff costs (Technical)	\$ 352,519	\$ 370,771	-\$ 18,252	95.1%
	Motor vehicle expenses	\$ 1,406	\$ 1,251	\$ 155	112.4%
	Materials and contracts	\$ -	\$ -	\$ -	-
	General operating expenses	\$ 13,900	\$ 37,686	-\$ 23,786	36.9%
	Other Council's recharges/(recoveries)	\$ -	\$ -	\$ -	-
	Total Councils' direct business unit costs	\$ 367,825	\$ 409,708	-\$ 41,883	89.8%
	Councils' overheads charged to business units				
	Support services costs	\$ 372,891	\$ 374,493	-\$ 1,602	99.6%
	Total SSBU Costs	\$ 800,641	\$ 851,986	-\$ 51,345	94.0%
OVER/UNDER RECOVERY		-\$ 781	\$ -	-\$ 781	99.6%

Northland Transportation Alliance (NTA): Shared Services Business Unit					
NZ Transport Agency Business Financial Report					
Period Ending 30 June 2018					
		Actual YTD	Budget YTD	Variance YTD	% YTD
INCOME	Staff time charges (recovery): Total Income	\$ -	\$ -	\$ -	
EXPENDITURE	SSBU direct costs				
	Staff costs (Management)	\$ 10,665	\$ 13,773.00	- 3,108	77.4%
	Motor vehicle expenses	\$ 697	\$ 629	68	110.8%
	Materials and contracts	\$ 2,175	\$ 4,880	- 2,705	44.6%
	General operating expenses	\$ 49,872	\$ 50,264	- 392	99.2%
	Total SSBU direct costs	\$ 63,409	\$ 69,546	- 6,137	91.2%
	Councils' business unit costs				
	Staff costs (Technical)	\$ -	\$ -	\$ -	0.0%
	Motor vehicle expenses	\$ -	\$ -	\$ -	0.0%
	Materials and contracts	\$ -	\$ -	\$ -	0.0%
	General operating expenses	\$ -	\$ -	\$ -	0.0%
	Total Councils' direct business unit costs	\$ -	\$ -	\$ -	0.0%
	Councils' overheads charged to business units				
	Support services costs	\$ -	\$ 2,919	-\$ 2,919	0.0%
	Total SSBU Costs	\$ 63,409	\$ 72,465	-\$ 9,056	87.5%
OVER/UNDER RECOVERY					

Attachment 2

Council Subsidised and Unsubsidised Roding & Transport Programmes: Year End Reports at 30 June 2018

Programme	Full year Forecast 2017/2018	Total Expenditure 2017/2018	% Spent	NZTA Budget Share	NZTA Share Uptake	% Uptake	NZTA Share surplus /deficit
Combined Council Subsidised Total	\$106,386,634.69	\$100,608,876.01	95%	\$62,399,173.53	\$58,058,860.93	93%	-\$4,340,312.61
Combined Council Unsubsidised Total	\$4,576,342.41	\$4,285,309.34	94%				
Combined Council Grand Total	\$110,962,977.10	\$104,894,185.35	95%				

Far North District Council 2017-2018 Subsidised & Unsubsidised Roding Programme: Year End Report 30 June 2018											
Programme	Full year Forecast 2017/2018	Total Expenditure 2017/2018	% Spent	NZTA Approved Budget 2017/2018	% Spent	Carry Forward	NZTA Budget Share	NZTA Share Uptake	% Uptake	NZTA Share surplus /deficit	Comments
Maintenance, Operations & Renewals											
Local Road Maintenance	\$11,342,461.56	\$10,511,949.83	93%	\$10,936,211.00	96%		\$6,671,088.71	\$6,412,289.40	96%	-\$258,799.31	lower cost of powersupply streetlights, lower mntc cost, some operational delays due to adverse weather conditions
Capital (Renewal) Works	\$21,860,025.47	\$21,077,217.85	96%	\$21,752,543.00	97%		\$13,269,051.23	\$12,857,102.89	97%	-\$411,948.34	Late start contractor and subsequently adverse weather conditions in Western area
Network Asset Management	\$1,043,500.00	\$1,955,570.70	187%	\$1,303,500.00	150%		\$795,135.00	\$1,192,898.13	150%	\$397,763.13	
Total	\$34,245,987.03	\$33,544,738.38	98%	\$33,992,254.00	99%	\$0.00	\$20,735,274.94	\$20,462,290.41	99%	-\$272,984.53	
Other Programmes											
Emergency Works	\$1,555,573.00	\$780,421.32	50%	\$1,555,573.00	50%	\$775,151.68	\$948,899.53	\$476,057.01	50%	-\$472,842.52	delays in external and internal approval process, can be carried forwards
Minor Improvements	\$5,452,441.00	\$3,954,696.00	73%	\$5,452,441.00	73%		\$3,325,989.01	\$2,412,364.56	73%	-\$913,624.45	delays in external and internal approval process.
LED	\$490,795.66	\$231,666.14	47%	\$490,795.66	47%	\$259,129.52	\$299,385.35	\$141,316.35	47%	-\$158,069.01	Shortage of LED supplies
Road Safety Promotion	\$1,010,880.00	\$1,010,880.00	100%	\$1,010,880.00	100%		\$616,636.80	\$616,636.80	100%	\$0.00	
AMP/Studies	\$50,000.00	\$68,165.17	136%	\$103,864.00	66%		\$63,357.04	\$41,580.75	66%	-\$21,776.29	
Total	\$8,559,689.66	\$6,045,828.63	71%	\$8,613,553.66	70%	\$1,034,281.20	\$5,254,267.73	\$3,687,955.46	70%	-\$1,566,312.27	
Grand Total (Subsidised Programmes)	\$42,805,676.69	\$39,590,567.01	92%	\$42,605,807.66	93%	\$1,034,281.20	\$25,989,542.67	\$24,150,245.88	93%	-\$1,839,296.80	
Unsubsidised	\$817,148.41	\$325,224.35	40%								
Grand Total	\$43,622,825.10	\$39,915,791.36	92%								

Kaipara District Council 2017-2018 Subsidised & Unsubsidised Roading Programme: Year End Report 30 June 2018											
Programme	Full year Forecast 2017/2018	Total Expenditure 2017/2018	% Spent	NZTA Approved Budget 2017/2018	% Spent	Carry Forward	NZTA Budget Share	NZTA Share Uptake	% Uptake	NZTA Share surplus /deficit	Comments
Maintenance, Operations & Renewals											
Local Road Maintenance	\$6,851,345.00	\$6,248,605.00	91%	\$6,080,313.00	103%		\$3,708,990.93	\$3,811,649.05	103%	\$102,658.12	
Capital (Renewal) Works	\$7,906,542.00	\$6,563,625.00	83%	\$6,781,746.00	97%		\$4,136,865.06	\$4,003,811.25	97%	-\$133,053.81	
Network Asset Management	\$1,535,000.00	\$1,517,994.00	99%	\$1,462,175.00	104%		\$891,926.75	\$925,976.34	104%	\$34,049.59	
Total	\$16,292,887.00	\$14,330,224.00	88%	\$14,324,234.00	100%	\$0.00	\$8,737,782.74	\$8,741,436.64	100%	\$3,653.90	
Other Programmes											
Emergency Works	\$571,329.00	\$2,988,779.00	523%	\$3,206,033.00	93%	\$217,254.00	\$2,336,886.73	\$2,160,910.99	92%	-\$175,975.74	17 of the 19 slips completed, the remaining 2 are under construction
Minor Improvements	\$6,099,393.00	\$3,743,726.00	61%	\$3,496,801.00	107%		\$2,133,048.61	\$2,283,672.86	107%	\$150,624.25	
LED	\$0.00	\$475,391.00		\$1,200,000.00	40%	\$724,609.00	\$1,020,000.00	\$404,082.35	40%	-\$615,917.65	The P-Cat lights have been replaced, the next stage is the V_Cat lights
Road Safety Promotion	\$145,560.00	\$94,691.00	65%	\$181,005.00	52%		\$110,413.05	\$57,761.51	52%	-\$52,651.54	Carry forward of NZTA budget not possible
AMP/Studies	\$0.00	\$31,313.00		\$50,000.00	63%		\$30,500.00	\$19,100.93	63%	-\$11,399.07	
Total	\$6,816,282.00	\$7,333,900.00	108%	\$8,133,839.00	90%	\$8,133,839.00	\$5,630,848.39	\$4,925,528.64	87%	-\$705,319.75	
Grand Total (Subsidised Programmes)	\$23,109,169.00	\$21,664,124.00	94%	\$22,458,073.00	96%	\$22,458,073.00	\$14,368,631.13	\$13,666,965.28	95%	-\$701,665.85	
Unsubsidised	\$774,244.00	\$757,562.99	98%								Seal extension work on Settlement Road
Grand Total	\$23,883,413.00	\$22,421,686.99	94%								

Whangarei District Council 2017-2018 Subsidised & Unsubsidised Roading Programme: Year End Report 30 June 2018											
Programme	Full year Forecast 2017/2018	Total Expenditure 2017/2018	% Spent	NZTA Approved Budget 2017/2018	% Spent	Carry Forward	NZTA Budget Share	NZTA Share Uptake	% Uptake	NZTA Share surplus /deficit	Comments
Maintenance, Operations & Renewals											
Local Road Maintenance	\$9,754,897.00	\$9,441,503.00	97%	\$8,954,201.00	105%		\$4,566,642.51	\$4,815,166.53	105%	\$248,524.02	
Capital (Renewal) Works	\$14,481,391.00	\$12,776,768.00	88%	\$13,157,175.00	97%		\$6,710,159.25	\$6,516,151.68	97%	-\$194,007.57	some programmes not approved
Network Asset Management	\$2,426,246.00	\$2,619,690.00	108%	\$1,951,295.00	134%		\$995,160.45	\$1,336,041.90	134%	\$340,881.45	
Total	\$26,662,534.00	\$24,837,961.00	93%	\$24,062,671.00	103%	\$0.00	\$12,271,962.21	\$12,667,360.11	103%	\$395,397.90	
Other Programmes											
Emergency Works	\$0.00	\$122,956.00		\$64,544.00	190%		\$32,917.44	\$62,707.56	190%	\$29,790.12	some programmes not approved
Minor Improvements	\$2,608,413.00	\$3,263,517.00	125%	\$3,236,283.00	101%		\$1,650,504.33	\$1,664,393.67	101%	\$13,889.34	
LED	\$2,175,000.00	\$3,158,119.00	145%	\$6,524,977.00	48%	\$3,366,858.00	\$3,327,738.27	\$1,610,640.69	48%	-\$1,717,097.58	project delayed due to LED supply
Road Safety Promotion	\$212,029.00	\$379,825.00	179%	\$441,030.00	86%		\$224,925.30	\$193,710.75	86%	-\$31,214.55	some programmes not approved
AMP/Studies	\$0.00	\$91,031.00		\$128,453.00	71%	\$37,422.00	\$65,511.03	\$46,425.81	71%	-\$19,085.22	project delayed due to late approvals
Cycleways	\$4,306,575.00	\$4,367,616.00	101%	\$4,466,748.00	98%	\$99,132.00	\$2,278,041.48	\$2,227,484.16	98%	-\$50,557.32	ongoing 6 yr programme
Urban Intersection Upgrades	\$1,088,000.00	\$380,682.00	35%	\$381,449.00	100%		\$194,538.99	\$194,147.82	100%	-\$391.17	project delayed due unsuitable tender received, retendered.
Total	\$10,390,017.00	\$11,763,746.00	113%	\$15,243,484.00	77%	\$3,503,412.00	\$7,774,176.84	\$5,999,510.46	77%	-\$1,774,666.38	
Grand Total (Subsidised Programmes)	\$37,052,551.00	\$36,601,707.00	99%	\$39,306,155.00	93%	\$3,503,412.00	\$20,046,139.05	\$18,666,870.57	93%	-\$1,379,268.48	
Unsubsidised	\$2,931,182.00	\$3,184,624.00	109%								
Grand Total	\$39,983,733.00	\$39,786,331.00	100%								

Northland Regional Council 2017-2018 Subsidised & Unsubsidised Transportation Programme: Year End Report 30 June 2018											
Programme	Full year Forecast 2017/2018	Total Expenditure 2017/2018	% Spent	NZTA Approved Budget 2017/2018	% Spent	Carry Forward	NZTA Budget Share	NZTA Share Uptake	% Uptake	NZTA Share surplus /deficit	Comments
Public Transport Services											
Bus Services	\$1,466,222.00	\$1,260,736.00	86%	\$1,466,222.00	86%		\$791,759.88	\$680,797.44	86%	-\$110,962.44	New contract implementation delay due to regional consortium ticketing project delay
Public Transport Facilities, Ops & Maintenance	\$272,567.00	\$77,010.00	28%	\$272,567.00	28%		\$147,186.18	\$41,585.40	28%	-\$105,600.78	100K for Rose St upgrade not expended, remaining funding not uplifted due to ticketing project delays.
Total Mobility Operations	\$294,840.00	\$294,840.00	100%	\$294,840.00	100%		\$176,904.00	\$176,904.00	100%	\$0.00	
Total Mobility Wheelchair Hoist Use Payments	\$39,270.00	\$25,300.00	64%	\$39,270.00	64%		\$39,270.00	\$25,300.00	64%	-\$13,970.00	100% funded by NZTA. Client hoist use not as high as budgeted.
Public Transport Information Supply	\$187,545.00	\$57,922.00	31%	\$187,545.00	31%		\$101,274.30	\$31,277.88	31%	-\$69,996.42	Not expended due to regional consortium ticketing project delay
Total	\$2,260,444.00	\$1,715,808.00	76%	\$2,260,444.00	76%	\$0.00	\$1,256,394.36	\$955,864.72	76%	-\$300,529.64	
Public Transport (other)											
Minor Improvements - Far North Link	\$142,713.00	\$142,713.00	100%	\$142,713.00	100%		\$77,065.02	\$77,065.02	100%	\$0.00	
Regional Consortium Ticketing	\$284,574.00	\$103,102.00	36%	\$284,574.00	36%	\$181,472.00	\$184,973.10	\$67,016.30	36%	-\$117,956.80	Regional consortium (nine council) project completion extended to 18/19
Trial Mid North Link Service	\$284,926.00	\$296,598.00	104%	\$296,598.00	100%		\$160,162.92	\$160,162.92	100%	\$0.00	
Total	\$712,213.00	\$542,413.00	76%	\$723,885.00	75%	\$181,472.00	\$422,201.04	\$304,244.24	72%	-\$117,956.80	
Investment Management											
Regional Land Transport Planning & Management	\$108,626.00	\$148,626.00	137%	\$148,626.00	100%		\$80,258.04	\$80,258.04	100%	\$0.00	
Regional Road Safety Action Plan	\$78,829.00	\$78,003.00	99%	\$78,829.00	99%		\$42,567.66	\$42,121.62	99%	-\$446.04	
Total	\$187,455.00	\$226,629.00	121%	\$227,455.00	100%	\$0.00	\$122,825.70	\$122,379.66	100%	-\$446.04	
Road Safety Promotion											
Medium Strategic Fit	\$34,796.00	\$34,796.00	100%	\$34,796.00	100%		\$18,789.84	\$18,789.84	100%	\$0.00	
High Strategic Fit	\$130,709.00	\$128,981.00	99%	\$128,981.00	100%		\$69,649.74	\$69,649.74	100%	\$0.00	
Total	\$165,505.00	\$163,777.00	99%	\$163,777.00	100%	\$0.00	\$88,439.58	\$88,439.58	100%	\$0.00	
External Funding											
SuperGold Card Allocation	\$93,621.00	\$103,851.00	111%	\$105,000.00	99%	\$0.00	\$105,000.00	\$103,851.00	99%	-\$1,149.00	
Grand Total (Subsidised Programmes)	\$3,419,238.00	\$2,752,478.00	80%	\$3,480,561.00	79%	\$181,472.00	\$1,994,860.68	\$1,574,779.20	79%	-\$420,081.48	
Unsubsidised	\$53,768.00	\$17,898.00	33%								RTC support costs were under budget, Regional W&C Strategy will be completed this year, no stock effluent labour expended
Grand Total	\$3,473,006.00	\$2,770,376.00	80%								

4 Public Excluded Committee Items 12 September 2018

Recommended

That the public be excluded from the following part of the proceedings of this meeting, namely

- *Public Excluded Audit, Risk and Finance Committee minutes 13 June 2018;*
- *Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory; and*
- *Risk Register.*

The general subject matter of each matter to be considered while the public is excluded and the reasons for passing this resolution in relation to each matter and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered:	Reason for passing this resolution	Ground(s) under Section 48 (1) for the passing this resolution:
<i>Public Excluded Audit, Risk and Finance Committee minutes 13 June 2018</i>	<i>Section 7(2)(i) enable any authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i>	<i>Section 48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</i>
<i>Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory</i>	<i>Section 7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i>	<i>Section 48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</i>
<i>Risk Register</i>	<i>Section 7(2)(g) maintain legal professional privilege. Section 7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i>	<i>Section 48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</i>

5 Open Committee Meeting 12 September 2018

Closure

**Kaipara District Council
Dargaville**