



# Audit and Risk Committee Agenda

Thursday 12 May 2022, 8:30am

Note: during COVID-19 Protection Framework Green level meetings are held in the Manawātū District Council Chambers, 135 Manchester Street, Feilding.

At COVID-19 Protection Framework Orange and Red levels meetings are held virtually and recordings made available on [www.mdc.govt.nz](http://www.mdc.govt.nz).

[www.mdc.govt.nz](http://www.mdc.govt.nz)

## **MEMBERSHIP**

### **Chairperson**

Councillor Stuart Campbell

### **Deputy Chairperson**

John Fowke

### **Members**

Her Worship the Mayor, Helen Worboys  
Councillor Shane Casey  
Councillor Grant Hadfield

Councillor Phil Marsh  
Councillor Alison Short  
Independent Member – John Fowke

## **PURPOSE**

To check and ensure continuity of business, enhance governance framework, risk management practices and the controls used to monitor Council's achievements.

## **DELEGATED AUTHORITY**

Committee delegated authority to act on all matters within its Terms of Reference (except those excluded by Clause 32(1) Schedule 7, Local Government Act 2002).

## **TERMS OF REFERENCE**

- 1 Analysing the financial reports in line with the Council's strategic direction and national accounting standards, including the following:
  - a. long term planning including the financial strategy;
  - b. appropriateness of accounting policies;
  - c. annual report; and
  - d. internal report (monthly and/or quarterly)
- 2 Risk management and the system of internal controls:
  - a. setting the Council's appetite for risk;
  - b. understanding the key risk areas including likelihood and consequences;
  - c. effectiveness of internal controls; and
  - d. fraud risk and procurement risk.
- 3 External audit
  - a. relationship with auditor;
  - b. understanding scope and engagement;
  - c. review significant audit findings /recommendations; and
  - d. monitor progress on recommendations.
- 4 Internal audit
  - a. appointment and relationship with internal auditor;
  - b. scope of work; and
  - c. responses to internal audit recommendations.



Shayne Harris  
**Chief Executive**

# ORDER OF BUSINESS

	PAGE
<b>1. MEETING OPENING</b>	
<b>2. APOLOGIES</b>	
<b>3. CONFIRMATION OF MINUTES</b>	<b>6</b>
<i>Draft resolution</i>	
<i>That the minutes of the Audit and Risk Committee meeting held 18 February 2022 be adopted as a true and correct record.</i>	
<b>4. DECLARATIONS OF INTEREST</b>	
Notification from elected members of:	
4.1	Any interests that may create a conflict with their role as a committee member relating to the items of business for this meeting; and
4.2	Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968
<b>5. NOTIFICATION OF LATE ITEMS</b>	
Where an item is not on the agenda for a meeting, that item may be dealt with at that meeting if:	
5.1	The Committee by resolution so decides; and
5.2	The Chairperson explains at the meeting at a time when it is open to the public the reason why the item is not on the agenda, and the reason why the discussion of the item cannot be delayed until a subsequent meeting.
<b>6. PRESENTATIONS</b>	
<b>6.1 Safety and Wellbeing Deep Dive – Rooding</b>	
Presentation by the General Manager – People and Culture	
<b>7. OFFICER REPORTS</b>	
<b>7.1 SAFETY AND WELLBEING QUARTERLY REPORT - 1 JANUARY - 31 MARCH 2022</b>	<b>11</b>
Report of the General Manager – People and Culture dated 6 April 2022	
<b>7.2 QUARTERLY PERFORMANCE REPORT TO 31 MARCH 2022</b>	<b>14</b>
Report of the Chief Financial Officer dated 21 April 2022	
<b>7.3 AUDIT NEW ZEALAND REPORT – ANNUAL AUDIT OF MANAWATU DISTRICT COUNCIL FOR THE YEAR ENDED 30 JUNE 2021</b>	<b>48</b>
Report of the Chief Financial Officer dated 25 March 2022	

**8. UPDATE ON INTERNAL AUDITS**

Progress update from Chief Financial Officer

**9. UPDATE FROM GOVERNANCE HEALTH AND SAFETY REPRESENTATIVE**

Progress update from council's Governance Health and Safety Representative

**10. UPDATE ON 3 WATERS**

Progress update from General Manager - Infrastructure

**11. CONSIDERATION OF LATE ITEMS****12. NOTIFICATION OF ITEMS FOR RISK REGISTER****13. NOTIFICATION OF ITEMS FOR NEXT MEETING****14. PUBLIC EXCLUDED BUSINESS**

COMMITTEE TO RESOLVE:

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

- a) December 2021 Thunderstorm Event - Debrief Report and Corrective Action Plan

That the general subject of each matter to be considered while the public is excluded, the reason 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 in relation to each matter	Grounds under Section 48(1) for the passing of this resolution
a) December 2021 Thunderstorm Event - Debrief Report and Corrective Action Plan	Section 7(2)(a) Protect the privacy of natural persons, including that of deceased natural persons and Section 7(2)(d) Avoid prejudice to measures protecting the health or safety of members of the public and Section 7(2)(e) Avoid prejudice to measures that prevent or mitigate material loss to members of the public and Section 7(2)(f)(ii) Maintain the effective conduct of public affairs through the protection of members, officers or employees from improper pressure or harassment.	Section 48(1)(a) - the public conduct of the relevant part of the proceedings would be likely to result in a disclosure of information for which good reason for withholding that information would exist, under Section 7 of the Local Government Official Information and Meetings Act 1987.

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as specified above.

**15. MEETING CLOSURE**

MEETING MINUTES	
<b>AUDIT AND RISK COMMITTEE</b>	TIME
<b>FRIDAY 18 FEBRUARY 2022</b>	<b>8:32AM</b>

Minutes of a meeting of the Audit and Risk Committee held on Friday 18 February 2022, commencing at 8:32am via zoom.

PRESENT:	Cr Stuart Campbell	(Chairperson)
	Mayor Helen Worboys	
	Cr Shane Casey	
	Cr Grant Hadfield	
	Cr Phil Marsh	
	Cr Alison Short	
	John Fowke	
IN ATTENDANCE:	Shayne Harris	(Chief Executive)
	Cathy Robinson	(General Manager – Corporate)
	Hamish Waugh	(General Manager – Infrastructure)
	Frances Smorti	(General Manager – People and Culture)
	Lyn Daly	(General Manager – Community)
	Amanda Calman	(Chief Financial Officer)
	Steph Skinner	(Governance Officer)
	John Jones	(Roading Manager)
	Michael Hawker	(Project Delivery Manager)

**ARC 22/156 MEETING OPENING**

The Chairperson declared the meeting open.

**ARC 22/157 APOLOGIES**

There were no apologies received.

**ARC 22/157 CONFIRMATION OF MINUTES**

**RESOLVED**

**That the minutes of the Audit and Risk Committee meeting held 11 November 2021 be adopted as a true and correct record.**

**Moved by: Her Worship Helen Worboys**

**Seconded by: Councillor Grant Hadfield**

**CARRIED**

**ARC 22/158 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**ARC 22/159 NOTIFICATION OF LATE ITEMS**

There were no late items notified for consideration.

MEETING MINUTES	
AUDIT AND RISK COMMITTEE	TIME
FRIDAY 18 FEBRUARY 2022	8:32AM

## ARC 22/160 PRESENTATIONS

There were no presentations for this meeting.

## ARC 22/161 SAFETY AND WELLBEING QUARTERLY REPORT: 1 OCTOBER – 31 DECEMBER 2021

Report of the General Manager – People and Culture dated 19 January 2022 to update the Audit and Risk Committee on the latest Safety and Wellbeing information relating to the operations of Council.

- Due to COVID, the Deep Dive on Roothing had been postponed until next meeting.
- Council had received their Rapid Antigen Tests (RAT's). These were only for use by asymptomatic unvaccinated staff members.
- Council currently running a two team staff approach, while keeping up productivity.
- The Staff Newsletter had been replaced by a fortnightly staff zoom meeting and on the odd week a staff message from CE.
- The body composition scans for staff were explained.
- General COVID discussion.

*Councillor Phil Marsh joined the meeting at 8.38am*

*Councillor Shane Casey joined the meeting at 8.49am*

### RESOLVED

**That the Audit and Risk Committee receive the Safety and Wellbeing report for quarter two of the 2021-22 year.**

**Moved by: Councillor Phil Marsh**

**Seconded by: Councillor Alison Short**

### CARRIED

## ARC 22/162 QUARTERLY PERFORMANCE REPORT TO 31 DECEMBER 2021

Report of the Chief Financial Officer dated 27 January 2022 seeking Council approval to provide a summary of both financial and non-financial performance against the targets outlined within year one of the 10 year plan (Referred to as Annual Plan 21/22)

The following was noted:

- The revaluation for Infrastructure had been deferred due to Audit being late.
- Level of Service reporting; new format modelled on annual report.
- The Makino Aquatic Centre well down on revenue, COVID related.
- "Click and Collect" at the library was working well and had increased substantially.

MEETING MINUTES	
<b>AUDIT AND RISK COMMITTEE</b>	TIME
<b>FRIDAY 18 FEBRUARY 2022</b>	<b>8:32AM</b>

- Building control excess: reflected the growth we were having in the district however this excess was about timing of revenue received.  
  - No more regulatory staff employed but we do have consultants covering the spaces.
- Infrastructure, Water supply; ahead of revenue on Ohakea water scheme. Stanway Halcombe Water Scheme was going ahead with DIA allocated funding.
- Nursery: the turnaround of the Nursery figures was encouraging. Wetland forward planning for growing of plants. Working with Tonkin and Taylor consultants and environmental experts. Also growing plants for Tararua wetlands. Working closely with Ngati Kauwhata and their “Jobs for Nature Funding” to plant wetlands. Looking to plan for the next three financial years. Dune growing/planting of spinifex was in high demand for our District and in Horowhenua and Kapiti Districts.
- The Chief Financial Officer explained the cost variances in Support Services.

**RECOMMENDED**

**That the Council receive the Quarterly Performance Report and Treasury Report to 31 December 2021.**

**Moved by: Her Worship Helen Worboys**

**Seconded by: John Fowke**

**CARRIED**

**ARC 22/163 WAKA KOTAHI - INVESTMENT AND AUDIT REPORT OF MANAWATŪ DISTRICT COUNCIL**

Report of the General Manager – Infrastructure dated 14 December 2021 advising the Audit and Risk Committee of the audit undertaken to provide assurance that Waka Kotahi NZ Transport Agency’s investment in Manawatū District Council’s land transport programme is being well managed and delivering value for money.

It was noted:

- This was a procedural audit by Waka Kotahi completed October 2021.
  - Document the claim process - completed
  - Tenders now to be advertised through the Government Electronic Tender Service (GET’s) and Tenderlink.
  - Safety Audit documentation - completed
  - Other minor areas had been completed as per the audit requirements.

**RESOLVED**

**That the Audit and Risk Committee receives the Waka Kotahi - Investment and Audit Report, and notes the recommendations, and implementation dates.**

MEETING MINUTES	
AUDIT AND RISK COMMITTEE	TIME
FRIDAY 18 FEBRUARY 2022	8:32AM

**Moved by: Councillor Grant Hadfield**

**Seconded by: Her Worship Helen Worboys**

**CARRIED**

**ARC 22/164 RATES SETTING PROCESS CONTROLS**

Report of the Chief Financial Officer dated 03 February 2022 outlining to the Audit and Risk Committee the internal controls in place with regard to the rates setting process within Council.

**RESOLVED**

- 1. That the Audit and Risk committee receive the report and note the changes that have been implemented as a result of the error that occurred with the 2021-22 rates setting process.**

**and**

- 2. That the Audit and Risk committee note that it is the intention of the Chief Financial Officer to undertake a legal review on the rates resolution prior to adoption of the Annual Plan.**

**Moved by: Councillor Shane Casey**

**Seconded by: Councillor Phil Marsh**

**CARRIED**

**ARC 22/165 INTERNAL AUDIT PROGRAMME UPDATE**

Progress update from Chief Financial Officer

- Cotton Kelly Smidt - Sensitive Expenditure Policy audit
- Deloittes – GST/FBT audit.
- Regular IT audit ongoing

**ARC 21/166 UPDATE FROM GOVERNANCE HEALTH AND SAFETY REPRESENTATIVE**

Progress update from Council's Governance Health and Safety Representative

- Councillor Phil Marsh said the council staff teams split appeared to be working well, next Health and Safety meeting was 23 March 2022.

**ARC 22/167 CONSIDERATION OF LATE ITEMS**

There were no late items for consideration

<b>MEETING MINUTES</b>	
<b>AUDIT AND RISK COMMITTEE</b>	<b>TIME</b>
<b>FRIDAY 18 FEBRUARY 2022</b>	<b>8:32AM</b>

**ARC 22/168 NOTIFICATION OF ITEMS FOR RISK REGISTER**

- Check following items are listed on the risk register:
  - COVID – staff unable to work due to disruption - loss of productivity and customer service.
- Inability to attract staff, especially in the building and planning area
- Risk of NZTA audit failure
- Cancellation of events at Manfield – while this doesn't sit with Council, we were one of three Settlers and should be aware of this.

**ARC 22/169 NOTIFICATION OF ITEMS FOR NEXT MEETING**

- End of year Audit Management Report; if received, record for next meeting.
- 3 Waters reforms – notification from Central Government is due out before next meeting.

**ARC 22/170 MEETING CLOSURE**

The meeting closed at 10.02 am.

## **Audit and Risk Committee**

Meeting of 12 May 2022

Business Unit: People and Culture

Date Created: 06 April 2022

### **Safety and Wellbeing Quarterly Report - 1 January - 31 March 2022**

#### **Purpose Te Aronga o te Pūrongo**

The purpose of this report is to update the Audit and Risk Committee on the latest Safety and Wellbeing information relating to the operations of Council.

#### **Significance of Decision Te Hira o te Whakataunga**

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

#### **Recommendations Ngā Tūtohunga**

That the Audit and Risk Committee receive the Safety and Wellbeing report for quarter three of the 2021-22 year.

Report prepared by:

Brook Rush

Safety and Wellbeing Adviser

Approved for submission by:

Frances Smorti

General Manager - People and Culture

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**1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori**

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

1.2 Manawatū District Council strives to lead in the Safety and Wellbeing space within the Local Government sector.

**2 Te Kīwai (o te kete)**

2.1 There are no known cultural considerations associated with the matters addressed in this report. No engagement with Māori is necessary.

# Safety and Wellbeing Dashboard

For the period ended 31<sup>st</sup> March 2022

## Lead and Lag Indicators

Indicator	Goal	Current
Notifiable incidents (lag)	0	0
Inductions for new staff	100%	98%
Active contractors pre-qual	100%	100%
H&S engagement score	80%	79%

### Significant Incidents:

- In the previous quarter there was some difficult situations at the Makino and Library with the introduction of Vaccine Passes, but this settled fairly quickly.
- On 16<sup>th</sup> March we were notified of an injury to a child using the Himatangi Beach playground. The Parks Team have done a great job working with the family involved and Rec Services to investigate the incident. Unfortunately, the piece of failed play equipment was stolen before it could be inspected.

## Strategic Activities

- 1.1 / 1.4** Information has all been gathered and the Jarvis risk register process and layout have been drafted. Ready for implementation once the Jarvis upgrade is complete.
- 2.4** Contractor induction and audit tool is being worked on with the aim of going live to all staff once the Jarvis upgrade is complete.
- 3.7** We have create a Diversity & Inclusion workgroup made up of 17 staff who volunteered to take part. We recently had our first group meeting which included a presentation from Diversity Works NZ. We have now signed up and become members of Diversity Works NZ.
- 10.1 – 10.3** A subgroup made up of members from the Rangitikei DC and Manawatu DC Safety and Wellbeing Committee's met in early April. We are drafting some processes for shared service staff to follow and will consult with these staff once the drafts are complete.

## Audits & Compliance

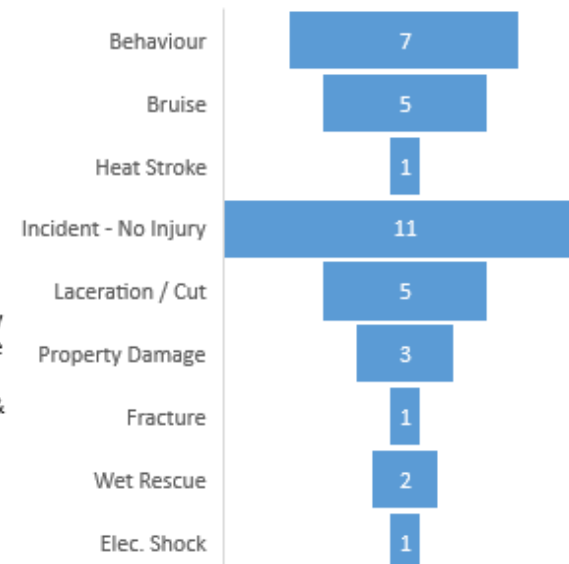
### Site Audits

Site audits have been on hold due to the red traffic light setting and the splitting of staff into two teams. We are beginning to plan for audits again and will be putting a HSNO ~~lense~~ over these audits, especially in the treatment and Makino space.

### Due Diligence

Unfortunately, we had to postpone the February Safety and Wellbeing Deep Dive session with the roading team. The Roading Team session will now take place just prior to the 12<sup>th</sup> May Audit & Risk Committee meeting.

## Injuries This Quarter

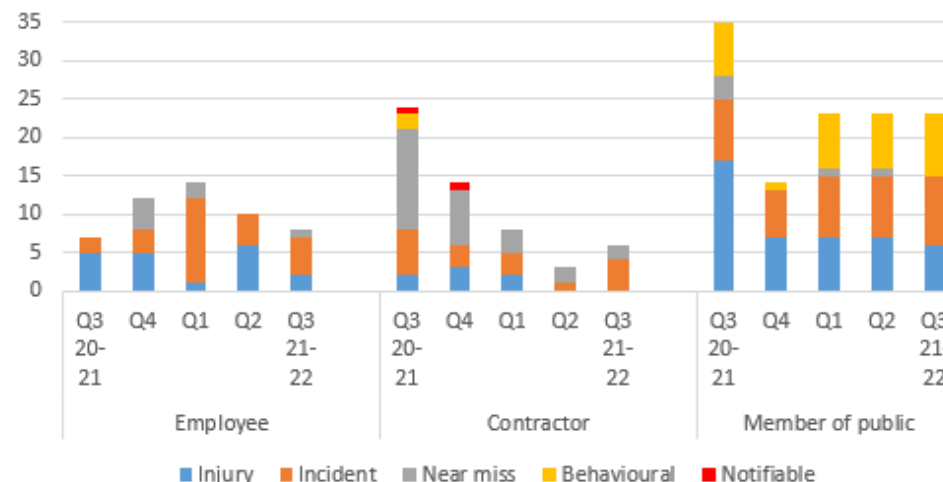


## Training

- Confined Space and Gas Detection: 2
- Confined Space and Gas Detection Refresher: 4
- Height Safety Refresher: 1

We are looking forward to the relaxing of the Covid-19 regulations and getting stuck into more training in the next few months.

## Events Reported



## Wellness & Communication

- Workstation assessments: 0
- Eye Tests: 2
- Random Drug & Alcohol testing: 0
- Pre Employment Drug & Alcohol testing: 11
- GP Health Checks: 4
- Noise Cancelling Headphones: 2

### Staff Newsletter Articles

Rhi Galpin has started in the Engagement and Communications Manager role, so we are looking forward to reviewing how to best share health, safety and wellbeing information with her and the Comms team.

## **Audit and Risk Committee**

Meeting of 11 May 2022

Business Unit: Finance

Date Created: 21 April 2022

### **Quarterly Performance Report to 31 March 2022**

#### **Purpose Te Aronga o te Pūrongo**

To provide a summary both financial and non-financial performance against the targets outlined within year one of the 10 year plan (Referred to as Annual Plan 21/22)

#### **Significance of Decision Te Hira o te Whakataunga**

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

#### **Recommendations Ngā Tūtohinga**

That the Audit and Risk Committee recommend:

That the Council receive the Quarterly Performance Report and Treasury Report to 31 March 2022.

Report prepared by:

Joel Richards

Management Accountant

Approved for submission by:

Amanda Calman

Chief Financial Officer

1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	✓
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

2 Background Ngā Kōrero o Muri

2.1 To provide a summary both financial and non-financial performance against the targets outlined within year one of the 10 year plan (Referred to as Annual Plan 21/22)

2.2 During the year, any adjustments to budget approved with in the delegation’s policy by General Managers, Chief Executive or Council, result in the forming of a revised budget, which is outlined next to the Annual Plan within the reports. A summary of these adjustments is also included within the report.

3 Discussion and Options considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia

3.1 The financial result for the 6mths ending 31 March 2022 reflects a surplus of \$12.3M against a budget surplus of \$9.2M. This is the result of higher than budget revenue of \$994k combined with lower than budget expenditure of \$2.1M Further information is contained within the report.

3.2 Capital expenditure to date is \$25.6M against a budget of \$46.5M. The Annual plan budget is \$40.4M with a revised budget of \$64.3M (after approved carry forwards). Further information is contained within the report.

3.3 Work that is committed but not yet complete is \$16.1M brings the capital spend up to \$41.7M

3.4 Levels of service reflect 46 measures that are on track to be met by year end, 18 noted as requiring monitoring and 11 not yet met. Of the 11 not met measures, six are within regulatory as a result of low staff numbers, combined with higher volumes and Covid restrictions, two are in the Makino Aquatic Centre as a result of Covid restrictions and two are in Stormwater as a result of the December 2021 flood event.

- 4 Te Kīwai (o te kete)
- 4.1 There are no known cultural considerations associated with the matters addressed in this report. No engagement with Māori is necessary.
- 5 Community Engagement Te Whai Wāhitanga mai o te Hapori
- 5.1 There is no community engagement required with this report, community engagement was sought and received during the setting of the budget.
- 6 Operational Implications Te Whai Pānga Atu ki ngā Kaupapa Mahi
- 6.1 There are not capital or operational implication associated with this report.
- 7 Financial implications Te Whai Pānga Atu ki ngā Kaupapa Ahumoni
- 7.1 Any financial implications would be reported separately to Council
- 8 Statutory Requirements Ngā Here ā-Ture
- 8.1 Quarterly governance reports provide an overview of results towards the Annual Report, which will be prepared and audited in accordance with the requirements of the Local Government Act 2002
- 9 Delegations Te Mana Whakatau
- 9.1 The Audit and Risk Committee's Terms of Reference includes the responsibility for financial reporting, including the following:
- long term planning including the financial strategy;
  - appropriateness of accounting policies;
  - annual report; and
  - internal report (monthly and/or quarterly).
- 10 Conclusion Whakatepenga
- 10.1 Quarterly reports are a mechanism of transparently reporting against progress towards achieving targets set in the Annual Plan and the Long Term Plan.
- 11 Attachments Ngā ĀpitiHanga
- Quarterly Performance Report to 31 March 2022
  - Quarterly Treasury Report to 31 March 2022



Manawatu District Council  
**Quarterly Report**  
March 2022

## **Summary**

The financial result for the quarter ending 31 March 2022 reflects a surplus of \$12.3M against a budget surplus of \$9.2M. This is the result of higher than budget revenue of \$994k combined with lower than budget expenditure of \$2.1M.

### **Revenue - Favourable by \$994k**

NZTA subsidies are \$337k favourable to budget due to both the capital and operational work programmes tracking ahead of budget.

Development contributions are \$416k above budget and gains on sales of assets are \$484k favourable, predominantly from the sale of the Bowen Street property and land on Kawakawa Road/South Street.

Movements in other revenue reflect favourable to budget variances in subdivision fees, building consents and library funding offset by lower shared service revenue, transfer station gate takings and rent on the sold Bowen Street Building.

### **Operating expenditure - \$2M favourable**

Personnel costs contribute \$445k favourable variance predominately to vacancies: GMs, Strategy, Utilities, Makino, Consenting and Cultural advisors, along with lower staff training at this time.

Depreciation is close to budget. Depreciation in Water Supply and Wastewater is above budget due assets being retired as part of wastewater centralisation and the Feilding water strategy. This is offset by lower deprecation in Roding due to assets revaluations having a lower than anticipated impact, Property due to the sale of the Bowen Street building and the vehicle fleet as a result of slower renewals due to supply restrictions.

Other Operating expenditure reflects the majority of the variance including;

Roding - maintenance work ahead of budget by \$385K. This can be attributed to the accelerated work programme taking place to remedy the impact of the December 2021 floods.

Solid waste - contract payments for refuse disposal behind budget by \$315k as a result of lower tonnages being processed.

Wastewater - \$143k under budget a result of the wastewater infiltration project progressing behind budget as well as lower monitoring and maintenance requirements.

District development - \$497k behind budget as a result of under budget expenditure of \$140k district plan, \$194k community funding development and \$147k economic development.

Community facilities - \$588k behind budget. There are unfavourable variances in gas expenditure in the Makino and insurance. These are offset by a range of favourable variances, the main being in parks, reserves and sportsgrounds equating to \$325k as a result of low spend on maintenance and operational projects.

Regulatory - unfavourable to budget reflecting the higher number of consultants being required to cover both vacancies and higher volumes, however there is offsets in staff charges and additional revenue in this area.

### **Capital spend**

Spend to date is \$25.6M against a budget of \$46.5M. The Annual plan budget is \$40.4M with a revised budget of \$64.3M. The increased budget from Annual Plan to revised can be seen in the approved variation report.

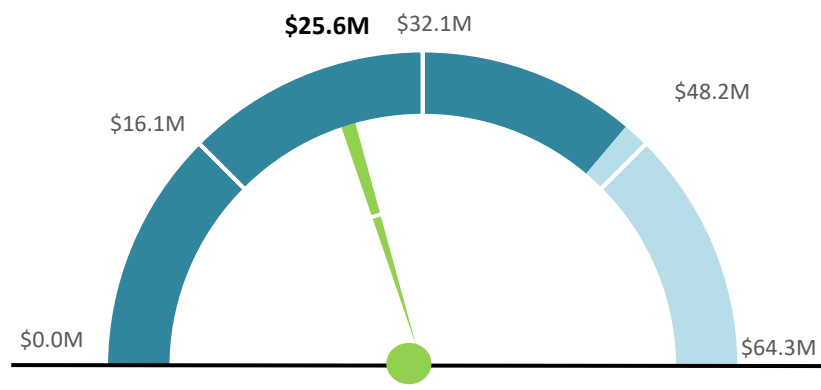
When the committed spend is taken into account the year to date position is \$41.7M. This reflects the larger contracts that have been tendered and awarded across the 3 waters and roading.

# Key Indicators

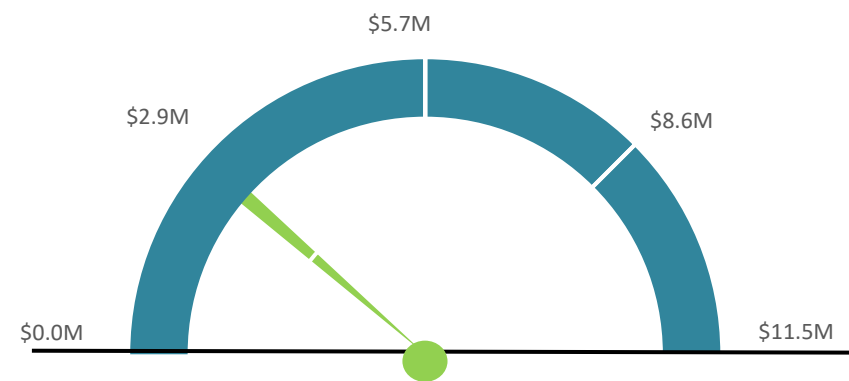
For the period ended 31 March 2022



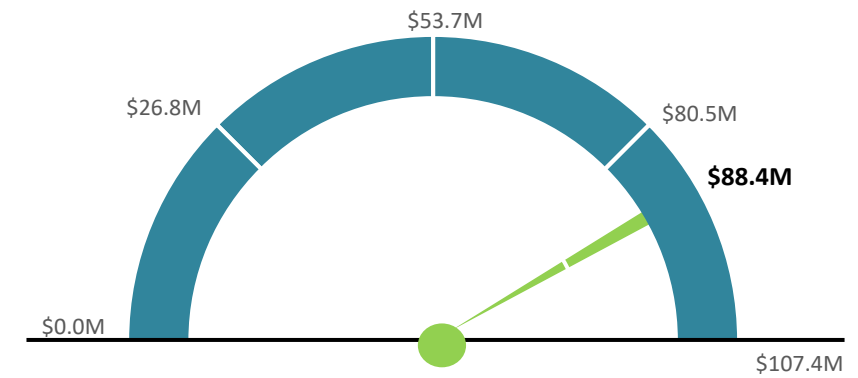
### Capital Expenditure



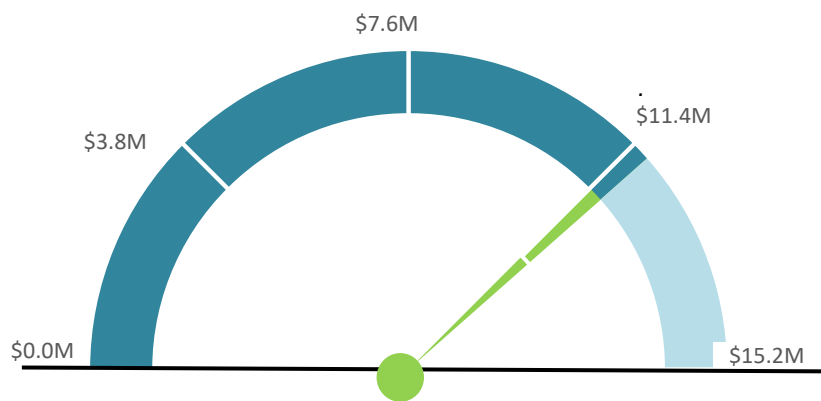
### Loans Raised (excluding refinancing loans)



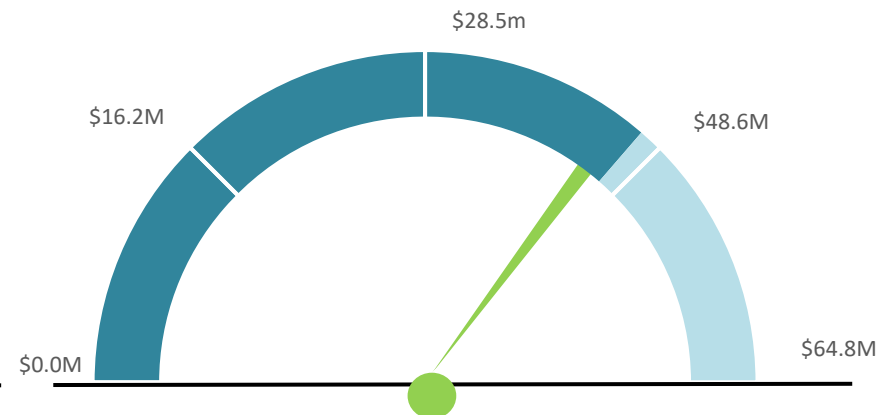
### Total External Debt



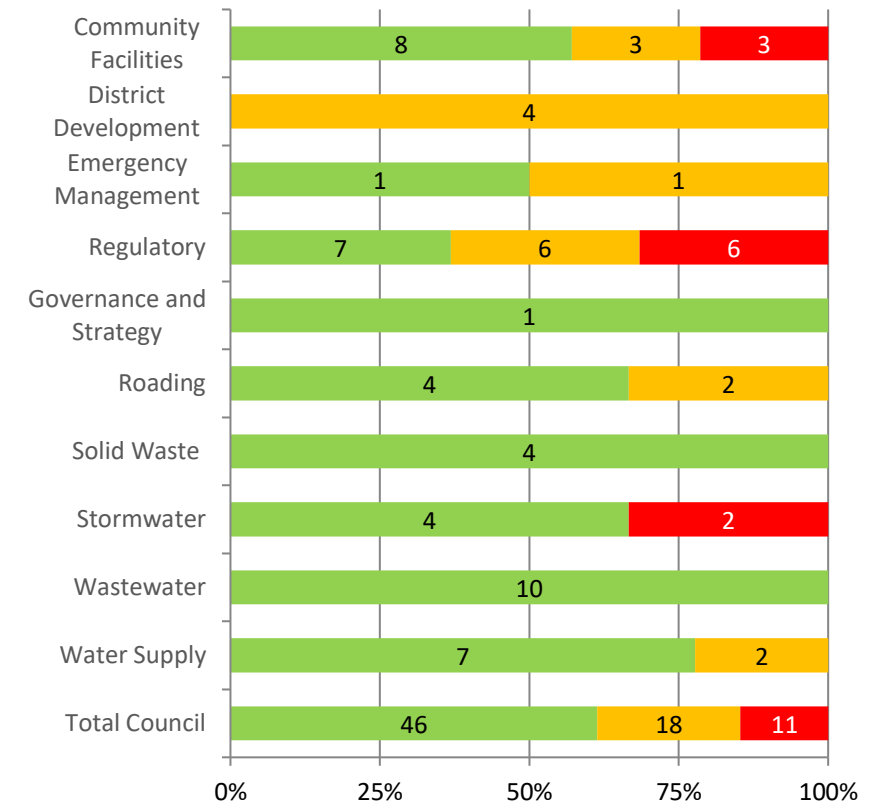
### Total Operating Revenue (excluding rates)



### Total Operating Expenses



### Key Performance Indicators



#### Key

- Total Budget
- YTD Revised Budget
- Actual - On Track
- Actual - Needs Monitoring
- Actual - Not achieving

## Statement of Comprehensive Revenue and Expense

	2022 Actual YTD \$000	2022 Budget YTD \$000	Variance \$000	2022 Revised Budget \$000	2022 Annual Plan \$000	2022 Forecast \$000
<b>Revenue</b>						
Rates revenue	29,588	29,466	122	39,363	39,363	39,336
Financial revenue	91	168	(77)	229	229	179
Subsidies and grants	15,904	15,483	421	20,277	14,167	19,648
Development contributions	2,856	2,439	416	3,252	4,170	4,367
Other revenue	8,458	8,830	(372)	12,259	12,091	11,913
Other gains/(losses)	498	14	484	19	(17)	270
<b>Total revenue</b>	<b>57,395</b>	<b>56,400</b>	<b>994</b>	<b>75,398</b>	<b>70,003</b>	<b>75,712</b>
<b>Expenses</b>						
Personnel costs	10,021	10,466	445	14,171	14,602	13,642
Depreciation and amortisation	13,649	13,758	109	18,678	18,678	18,371
Finance costs	1,425	1,476	51	2,076	2,076	2,052
Other operating expenses	19,991	21,458	1,467	29,895	25,949	29,217
<b>Total expenditure</b>	<b>45,086</b>	<b>47,158</b>	<b>2,072</b>	<b>64,820</b>	<b>61,305</b>	<b>63,281</b>
<b>Surplus/(deficit) before tax</b>	<b>12,309</b>	<b>9,242</b>	<b>3,066</b>	<b>10,578</b>	<b>8,697</b>	<b>12,431</b>
Income tax expense	-	-	-	-	-	-
<b>Surplus/(deficit) after tax</b>	<b>12,309</b>	<b>9,242</b>	<b>3,066</b>	<b>10,578</b>	<b>8,697</b>	<b>12,431</b>
<b>Other comprehensive revenue &amp; expense</b>						
Gains/(losses) on the revaluation of property, plant and equipment	12,502	22,332	(9,830)	22,332	22,332	12,502
Impairment losses on restricted buildings through other comprehensive revenue and expenses	0	0	0	0	0	0
<b>Total other comprehensive revenue and expense</b>	<b>12,502</b>	<b>22,332</b>	<b>(9,830)</b>	<b>22,332</b>	<b>22,332</b>	<b>12,502</b>
<b>Total comprehensive revenue and expense</b>	<b>24,811</b>	<b>31,574</b>	<b>(6,763)</b>	<b>32,910</b>	<b>31,029</b>	<b>24,933</b>

## Funding Impact Statement (Whole of Council)

	2022	2022		2022	2022	2022
	Actual YTD	Budget YTD	Variance YTD	Annual Plan	Revised Budget	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	10,912	10,602	311	14,136	14,066	14,136
Targeted rates	18,927	19,089	(162)	25,227	25,452	25,452
Subsidies and grants for operating purposes	2,827	2,676	152	3,372	3,958	4,022
Fees and charges	5,615	5,829	(214)	7,687	7,690	7,715
Interest and dividends from investments	91	168	(77)	229	229	179
Local authorities fuel tax, fines, infringement fees and other receipts	2,843	3,001	(158)	3,887	3,998	3,681
<b>Total operating funding</b>	<b>41,216</b>	<b>41,364</b>	<b>(149)</b>	<b>54,539</b>	<b>55,393</b>	<b>55,186</b>
<b>Applications of operating funding</b>						
Payments to staff and suppliers	30,001	31,924	1,923	40,551	35,629	42,893
Finance costs	1,425	1,476	51	2,076	2,076	2,052
Other operating funding applications	0	0	0	0	0	0
<b>Total applications of operating funding</b>	<b>31,426</b>	<b>33,400</b>	<b>1,974</b>	<b>42,627</b>	<b>37,705</b>	<b>44,945</b>
<b>Surplus (deficit) of operating funding</b>	<b>9,790</b>	<b>7,964</b>	<b>1,825</b>	<b>11,911</b>	<b>17,688</b>	<b>10,241</b>
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	12,661	12,666	(5)	10,794	15,392	15,625
Development and financial contributions	3,271	2,581	690	4,170	4,170	4,367
Increase (decrease) in debt	2,528	417	2,110	1,669	4,443	0
Gross proceeds from sale of assets	3,155	1,250	1,905	5,000	2,900	90
Lump sum contributions	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>21,615</b>	<b>16,914</b>	<b>4,701</b>	<b>21,634</b>	<b>26,905</b>	<b>20,082</b>
<b>Applications of capital funding</b>						
Capital expenditure						
- to meet additional demand	2,242	7,751	5,508	5,666	12,526	6,408
- to improve the level of service	12,433	19,422	6,988	17,876	26,214	23,974
- to replace existing assets	10,731	19,337	8,606	16,393	25,529	21,687
Increase (decrease) in reserves	6,191	(21,438)	(27,629)	(6,391)	(19,483)	(21,553)
Increase (decrease) of investments	(193)	(193)	0	0	(193)	(193)
<b>Total application of capital funding</b>	<b>31,404</b>	<b>24,878</b>	<b>(6,526)</b>	<b>33,544</b>	<b>44,593</b>	<b>30,323</b>
<b>Surplus (deficit) of capital funding</b>	<b>(9,790)</b>	<b>(7,964)</b>	<b>(1,825)</b>	<b>(11,911)</b>	<b>(17,688)</b>	<b>(10,241)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Statement of Financial Position

YTD Actuals 2020/21		YTD Actuals 2021/22
	<b><u>Assets</u></b>	
	<b>Current Assets</b>	
8,760,181	Cash and Cash Equivalents	12,065,931
4,161,528	Receivables and Accruals	8,326,981
174,205	Inventory on Hand	393,978
7,552,246	Other Financial Assets - Current	415,788
2,653,000	Non-current Assets for Sale	4,233,832
<b>23,301,160</b>	<b>Total Current Assets</b>	<b>25,436,510</b>
	<b>Non-current Assets</b>	
780,053,478	Property, Plant and Equipment	809,214,586
155,629	Intangible Assets	31,649
4,476,051	Other Financial Assets - Term	5,944,937
<b>784,685,157</b>	<b>Total Non-current Assets</b>	<b>815,191,172</b>
<b>807,986,317</b>	<b>Total Assets</b>	<b>840,627,681</b>
	<b><u>Liabilities</u></b>	
	<b>Current Liabilities</b>	
6,637,421	Accounts Payable and Accruals	8,197,746
125,226	Provisions - Current Portion	133,550
860,056	Employee Entitlements	871,975
23,000,000	Borrowing - Current Position	18,500,000
<b>30,622,703</b>	<b>Total Current Liabilities</b>	<b>27,703,271</b>
	<b>Non-current Liabilities</b>	
792,913	Provisions - Term Portion	2,071,881
62,712,635	Borrowings - Term Portion	69,764,844
<b>63,505,548</b>	<b>Total Non-current Liabilities</b>	<b>71,836,725</b>
<b>94,128,251</b>	<b>Total Liabilities</b>	<b>99,539,996</b>
	<b><u>Equity</u></b>	
467,804,173	Retained Earnings	477,610,959
241,053,339	Other Reserves	251,168,024
5,000,555	Current Earnings	12,308,702
<b>713,858,067</b>	<b>Total Equity</b>	<b>741,087,685</b>
<b>807,986,317</b>	<b>Total Liabilities and Equity</b>	<b>840,627,681</b>

Cash and Cash Equivalents is comprised of the following ;

<b>Kiwibank On call and Term deposit</b>	7,003,462	58%
<b>ASB On call</b>	180	0%
<b>BNZ On call</b>	5,041,254	42%
<b>ANZ</b>	0	0%
<b>Westpac On call</b>	18,900	0%
<b>Float</b>	2,135	0%
	<b>12,065,931</b>	

## Activity Summary

	Revenue			Expenditure			Net Surplus/(Deficit)			Full Year Net Surplus/(Deficit)		
	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	AP Budget 2020/21	Total Budget	Forecast Total
<b>Community Facilities</b>												
Libraries and Archives	1,289,576	1,245,288	44,288	1,197,693	1,239,225	41,532	91,883	6,063	85,820	(1)	(1)	(46,825)
Halls and Recreation Complexes	762,293	716,769	45,524	771,781	931,928	160,147	(9,488)	(215,159)	205,671	(216,030)	(290,031)	(164,925)
Makino Aquatic Centre	1,855,739	2,089,491	(233,752)	1,965,566	2,062,099	96,533	(109,827)	27,392	(137,219)	(20,001)	(38,891)	(294,631)
Parks, Reserves & Sportsgrounds	2,858,395	2,818,971	39,424	2,525,211	2,820,331	295,120	333,185	(1,360)	334,545	154,592	1,516	35,960
Cemeteries	307,179	337,677	(30,498)	283,564	337,243	53,679	23,615	434	23,181	(4)	(4)	12,758
Public Conveniences	309,467	286,407	23,060	290,068	287,062	(3,006)	19,399	(655)	20,054	(3)	(3)	(2,670)
Property	970,924	702,109	268,815	576,615	880,365	303,750	394,309	(178,256)	572,565	(241,381)	(255,027)	196,630
<b>Total Community Facilities</b>	<b>8,353,574</b>	<b>8,196,712</b>	<b>156,862</b>	<b>7,610,499</b>	<b>8,558,253</b>	<b>947,754</b>	<b>743,075</b>	<b>(361,541)</b>	<b>1,104,616</b>	<b>(322,828)</b>	<b>(582,441)</b>	<b>(263,703)</b>

### Libraries and Archives

Favourable to budget by \$86k. Revenue is favourable by \$44k. The notable variances are a \$148k increase in revenue due to the funding from NZLPP for three secondee positions, and while the revenue from recovery of costs is unfavourable by \$58k it includes some budget for NZLPP which is now being accounted for separately. Expenditure is favourable by \$42k. The increased revenue from NZLPP is partially offset by increased cost to salaries and wages which is overspent by \$55k. Computer software maintenance is still currently favourable by \$49k but the purchase order for Kotui has now been raised, and there are minor underspends in advertising and holiday programme costs due to restrictions from the Omicron outbreak. The forecast is \$49k unfavourable to budget. This is largely due to increased service costs from Kotui and the conversion to a new accounting system, and increased subscription costs.

### Halls and Recreation Complexes

Favourable to budget by \$206k. The notable variances are lower than anticipated depreciation, general maintenance and general expenses being underspent, operational projects favourable by \$41k for Feilding Civic Centre and building maintenance for Halcombe Hall is favourable by \$39k, where quotes have been received for painting the Play Centre. The forecast is \$125k favourable to budget. This is largely due to the ongoing decreased depreciation and general expense costs, with favourable year end totals also expected for Feilding Civic Centre consultant costs and operational projects costs.

### Makino Aquatic Centre

Unfavourable to budget by \$137k. Revenue is unfavourable by \$234k. This comes from a drop in admission fees due to Covid restrictions that placed limits on the number of attendees at any one time, decreased shop and swim gear sales, and swimming lessons revenue being lower than anticipated as a continuing effect from the lockdown in 2021 during term 3. Expenditure is favourable by \$97k, with salaries and wages being underspent by \$78k due to ongoing staff vacancies, although some recruitment has now been completed, and gas energy costs overspent by \$110k (which is still an ongoing issue). Additionally, the decrease in shop and swim gear revenue is partially offset by a corresponding decrease in the associated expenses, and planned facility maintenance is favourable by \$31k with the view to allocating costs to jobs where it falls within the job scope and reserve the favourable balance to counterbalance the decrease in revenue for Makino. The forecast is \$256k unfavourable to budget. This is due to decreased revenue expected to be \$238k unfavourable and gas costs to be \$140k unfavourable by year end. However, favourable amounts are anticipated in some costs such as salaries, electricity, purchases of food and drink, and planned maintenance.

### Parks, Reserves & Sports Grounds

Favourable to budget by \$335k. Revenue is slightly favourable, with an increase in development contributions. Expenditure is favourable by \$295k, with interest costs lower than anticipated due to delays in growth projects, and depreciation being \$109k higher than expected. While both maintenance and operational projects expenditure is favourable by a total of \$293k, all funds, with the exception of \$40k of general reserves ground maintenance expenditure, is expected to be fully spent by year end. The forecast is \$34k favourable to budget, largely due to the general reserves ground maintenance expenditure that is expected to remain unspent.

### Cemeteries

Favourable to budget by \$23k. This is largely due to lower than anticipated depreciation, and an underspend in operational projects. The forecast is \$13k favourable to budget from the continuation of the decreased depreciation, slightly offset by increases to planned maintenance costs.

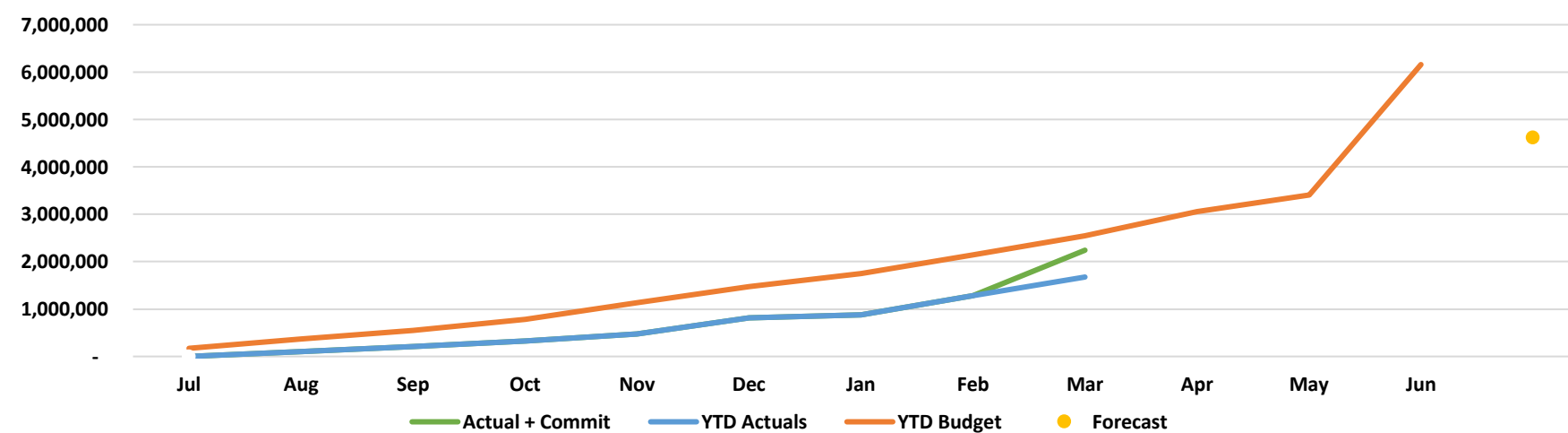
### Public Conveniences

Favourable to budget by \$20k. This is as a result of overspending on building maintenance and operational projects, but lower than anticipated depreciation costs. The forecast is \$3k unfavourable to budget due to anticipating more expenditure on building maintenance.

### Property

Favourable to budget by \$573k. The notable variances are \$458k in gains from the disposal of the Bowen Street property and some of the South Street development properties. The Bowen Street sale also comes with a \$171k decrease in rental income and a \$135k decrease in depreciation costs. Interest costs are lower than anticipated, depreciation is also decreased by an extra \$72k for the 'held for sale' South Street properties. Property forecast is \$452k favourable to budget. Both depreciation and finance costs are expected to be favourable to budget by \$260k and \$56k respectively. Other operating costs are anticipated to be overall \$126k lower than budget.

## Capital Expenditure 2021/22



Overall capital spend is \$1.6M with an additional \$556k in commitments - totalling \$2.2M year to date. Year end forecast is \$5.6M.

The Annual Plan budget is \$32M

The total revised budget for the year is \$6.2M which reflects the carry forwards from 20/21 year.

Further information is outlined in the capital

## Activity Summary

	Revenue			Expenditure			Net Surplus/(Deficit)			Full Year Net Surplus/(Deficit)		
	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	AP Budget 2020/21	Total Budget	Forecast Total
<b>Regulatory</b>												
Animal Control	711,106	672,722	38,384	554,801	587,537	32,736	156,305	85,185	71,120	3	3	9,580
Building Control	2,266,862	2,096,324	170,538	2,141,711	2,081,133	(60,578)	125,150	15,191	109,959	(1)	(1)	(83,266)
Environmental Health	188,480	208,665	(20,185)	165,155	208,683	43,528	23,325	(18)	23,343	1	1	(799)
Alcohol Licensing	145,577	113,844	31,733	83,096	112,478	29,382	62,482	1,366	61,116	1	1	1
District Consents Planning	1,469,890	1,148,519	321,371	1,411,875	1,318,561	(93,314)	58,015	(170,042)	228,057	0	(297,681)	(232,637)
<b>Total Regulatory</b>	<b>4,781,914</b>	<b>4,240,074</b>	<b>541,840</b>	<b>4,356,638</b>	<b>4,308,392</b>	<b>(48,246)</b>	<b>425,276</b>	<b>(68,318)</b>	<b>493,594</b>	<b>4</b>	<b>(297,677)</b>	<b>(307,121)</b>

### Animal Control

Favourable to budget by \$71k. This is predominantly as a result of higher than anticipated dog registration fees being received, and contract costs being lower than expected. The forecast is \$10k favourable to budget due to the continuation of lower contract costs.

### Building Control

Favourable to budget by \$110k. Revenue is favourable by \$171k due to higher than anticipated requests for Building Consents, Inspection Fees, and CCC Fees. Expenditure is unfavourable by \$61k with the notable variance being consultant costs overspent by \$308k due to large engineering review costs for Ohakea consent (which will be on charged when issued), and additional consultants used due to building officer vacancy. The forecast is \$83k unfavourable to budget, largely due to the continuation of higher consultant costs.

### Environmental Health

Favourable to budget by \$23k. Revenue is unfavourable by \$20k largely due to no invoices being sent out for Shared Service Revenue, however this is in the process of being rectified. Expenditure is favourable by \$44k mainly due to lower staff timesheet charges. The forecast is \$0.8k unfavourable to budget, due to a minor unexpected asset impairment.

### Alcohol Licensing

Favourable to budget by \$61k, largely due to lower staff timesheet charges. The forecast has not moved from the budget.

### District Consents Planning

Favourable to budget by \$228k. Revenue is favourable by \$321k which is largely due to higher than expected Subdivision Fees. Expenditure is unfavourable by \$93k largely due to higher consultant costs, but which is being on charged as reflected through the favourable revenue figure. The forecast is \$65k favourable to budget, corresponding to the trends in revenue and expenditure above.

### Overall

Overall this area is reflecting the impact of higher volumes and low staff numbers (vacancies), the impact of vacancies comes through the overhead allocations which 'washed up' at year end. During the year the overheads are allocated as per budget (which assumes fully staffed). When the impact of the lower regulatory staff costs are taken into account there is a reduction in costs.

## Activity Summary - Infrastructure

	Revenue			Expenditure			Net Surplus/(Deficit)			Full Year Net Surplus/(Deficit)		
	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	AP Budget 2020/21	Total Budget	Forecast Total
<b>Infrastructure</b>												
Roading	12,889,232	12,276,917	612,315	12,941,176	12,825,708	(115,468)	(51,944)	(548,791)	496,847	1,150,077	(385,618)	(185,183)
Solid Waste	3,103,974	3,258,381	(154,407)	3,019,019	3,434,045	415,026	84,955	(175,664)	260,619	54,645	(514,972)	(484,221)
Stormwater and Drainage	1,792,995	1,714,797	78,198	1,066,920	1,193,461	126,541	726,075	521,336	204,739	537,012	509,012	628,890
Water Supply	13,148,389	12,948,921	199,468	3,500,039	3,465,607	(34,432)	9,648,350	9,483,314	165,036	5,688,307	10,812,707	10,823,018
Wastewater	5,726,892	5,684,211	42,681	5,171,463	5,393,030	221,567	555,429	291,181	264,248	929,118	704,118	670,234
- Nursery	92,503	54,000	38,503	51,036	112,254	61,218	41,467	(58,254)	99,721	(2)	(2)	123,914
<b>Total Infrastructure</b>	<b>36,753,986</b>	<b>35,937,227</b>	<b>816,759</b>	<b>25,749,654</b>	<b>26,424,105</b>	<b>674,451</b>	<b>11,004,331</b>	<b>9,513,122</b>	<b>1,491,209</b>	<b>8,359,157</b>	<b>11,125,245</b>	<b>11,452,738</b>

**Roading** \$496k favourable to budget. Revenue is \$162k favourable to budget due to \$337k NZTA subsidies (\$200k capital/\$137k operational) and \$327k in recoveries from works on-charged. Expenditure is \$115k unfavourable to budget with depreciation \$125k behind due to a lower impact from asset revaluations than estimated offset by higher spend on operational projects with works progressing ahead of budget expectations. Forecast is \$200k favourable to budget with expected savings in depreciation, interest costs and electricity and a small reduction in operational project expenditure.

**Solid Waste** \$261k favourable. Revenue is \$154k unfavourable to budget resulting from lower transfer station gate takings and blue bag sales. Expenditure is \$415k favourable to budget resulting from low contract payments due to lower tonnages and the last payment for equipment relocation to the Resource Recovery Centre still being finalised, as well as lower depreciation due to the Resource Recovery Centre being capitalised later than budgeted. Forecast is favourable to budget by \$31k. Transfer station gate takings are expected to be \$50k under budget, offset by \$65k additional income from recycling recoveries. A range of expenditure savings are forecast for depreciation, rents paid, waste minimisation grants, and conference expenses.

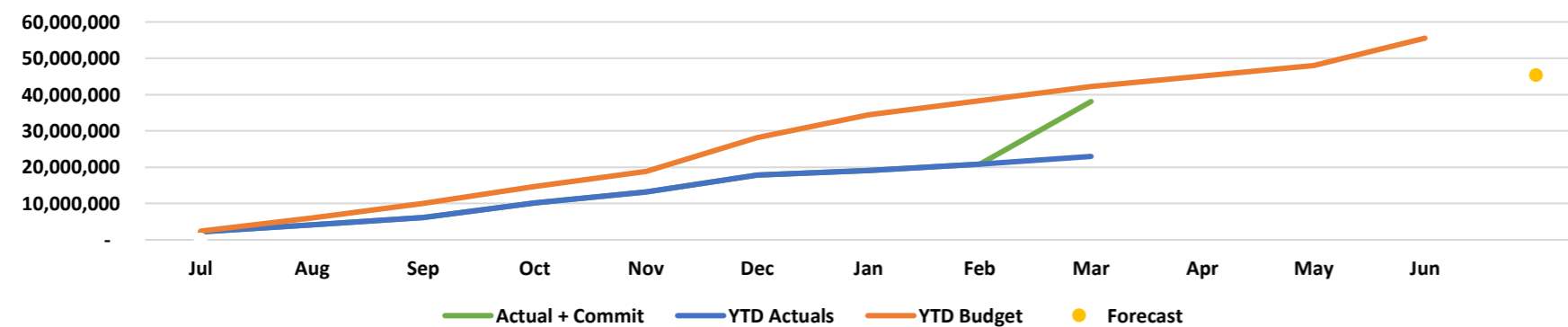
**Stormwater and Drainage** \$205k favourable. Revenue is \$78k favourable due to an additional \$50k development contributions received and \$21k in stormwater connections. Total expenditure is \$127k favourable due to a combination of favourable variances on maintenance, interest costs and contract payments, as well as lower staff time charges due to staff working in other areas. Forecast shows a \$120k favourable variance. This is due to \$16k additional fees from stormwater connections, \$50k in development contributions and \$48k less interest costs offset by an additional \$2k in energy costs.

**Water Supply** \$165k favourable. Revenue is \$199k favourable with development contributions and capital connections tracking ahead of budget. Expenditure is \$34k unfavourable with higher depreciation due to assets being retired at the Almadale treatment plant as well as higher insurance premiums. This is offset by favourable variance on chemicals, maintenance and staff time charges. Forecast is \$10k with higher revenue from development contributions and capital connections by higher expenditure on depreciation and insurance.

**Wastewater** \$265k favourable. Revenue is \$42k favourable with lower trade waste/volumetric charges as a result of reduced demand and grass sales, offset by higher sewer connections and capital contributions. Expenditure is \$221k favourable due to low current maintenance requirements, less staff time charges and the infiltration project progress behind budget. Depreciation is higher than budgeted due to the accelerated depreciation rate on assets scheduled to retire resulting from the wastewater centralisation project. Forecasts is \$34k unfavourable to budget. This is due to additional revenue of \$102k from \$84k in sewer connections and \$18k in rental/lease fees. Expenditure is expected to increase by \$137k due to additional power costs, vehicle expenses, grounds maintenance and depreciation from assets retired from centralisation. This is partially offset by \$55k reduction in operation project costs as the infiltration investigation is not expected to be fully spent this year.  
\*The nursery is located within the wastewater budget however is currently being reported as a separate entity.

**Nursery** Favourable to budget by \$100k. Revenue is \$39K favourable to budget, with additional sales made to Horizons and Kitchener Park Trust. Expenditure is \$61k favourable to budget due to the movement in inventory value resulting from increased plant production for upcoming projects offset by higher staff costs. Internal sales are \$22k under budget but expected to be met by year end. Nursery is forecasting \$124k favourable to budget. External sales are expected to be \$61k above budget due to sales to both Horizons and Rangitikei Councils and internal sales are expected to be \$111k above budget due to requirements for the wetlands project and buffer planting. There is forecast to be additional staff costs by \$36k, and materials of \$14k due to resource requirements for the wetlands project.

### Capital Expenditure 2021/22



Overall capital spend is \$23M with an additional \$15M in commitments - totalling \$38M year to date. Year end forecast spend is \$45M.

The Annual Plan budget is \$32M

The total revised budget for the year is \$55.5M which reflects the carry forwards from 20/21 year. Further information is outlined in the capital expenditure Report

## Activity Summary

	Revenue			Expenditure			Net Surplus/(Deficit)			Full Year Net Surplus/(Deficit)		
	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	AP Budget 2020/21	Total Budget	Forecast Total
<b>Support Services</b>												
Infrastructure Support	1,438,932	2,002,320	(563,388)	1,754,476	1,966,997	212,521	(315,543)	35,323	(350,866)	(6)	(62,006)	219,101
Community & Regulatory Support	70,853	0	70,853	(107,526)	(359,628)	(252,102)	178,379	359,628	(181,249)	(5)	484,134	666,989
Corporate and Strategy	31,285	42,156	(10,871)	(459,945)	(163,868)	296,077	491,230	206,024	285,206	102,348	(4,410)	309,080
Finance and Treasury	722,430	828,109	(105,679)	763,252	559,556	(203,696)	(40,821)	268,553	(309,374)	459,607	459,607	149,028
People and Culture	947	0	947	(83,838)	8,763	92,601	84,785	(8,763)	93,548	(4)	(4)	35,098
Chief Executive	0	0	0	19,379	(3,722)	(23,101)	(19,379)	3,722	(23,101)	1	(7,599)	42,461
	<b>2,264,447</b>	<b>2,872,585</b>	<b>(608,138)</b>	<b>1,885,796</b>	<b>2,008,098</b>	<b>122,302</b>	<b>378,651</b>	<b>864,487</b>	<b>(485,836)</b>	<b>561,941</b>	<b>869,722</b>	<b>2,546,854</b>
<b>Other Activities</b>												
District Development	2,894,963	2,910,501	(15,538)	3,019,134	3,519,433	500,299	(124,171)	(608,932)	484,761	200,969	(384,490)	190,703
Emergency Management	291,554	225,732	65,822	462,602	275,016	(187,586)	(171,047)	(49,284)	(121,763)	(1)	(50,001)	(167,501)
Governance	2,054,190	2,017,350	36,840	1,923,807	1,987,886	64,079	130,383	29,464	100,919	(1)	(1)	(17,701)

**Support Services** *Support services is the cost of CE, GM's and all staff combined with corporate services (Finance, IT, records, customer services, council building) this is spread to the other activities via the overhead allocations at year end. These areas predominately result in a break even position at year end once the overhead allocation process is run.*

*Overhead allocation is being carried out as per budget resulting in some over recovery of costs in the areas lower than budget.*

**Infrastructure support** \$351k unfavourable to budget. RDC shared service contract is \$585k unfavourable in both revenue and expenditure, resulting in a nil impact on the bottom line. This is due to vacancies resulting in less total hours available to be charged as well as Council's large capital programme requiring a high amount of staff resourcing. As a result the reduced shared service programme has not resulted in Council incurring additional operational expenditure. The remaining expenditure variances are \$213k favourable with lower personnel costs due to vacancies in the utilities team, lower spend on training and less team centre staff time-charges while staff work in other areas. Forecast is favourable to budget by \$281k. Shared service revenue is expected to be \$600k lower than budget offset by less time charged to RDC projects. Personnel costs are \$185k favourable resulting from vacancies as well as reduced spending on training, consultants and vehicles.

**Community and Regulatory** Unfavourable by \$181k. Revenue \$70k favourable with project income received for the future leaders programme. Expenditure \$250k unfavourable mostly due to lower timesheet recoveries in regulatory (resulting from ongoing vacancies) which are supposed to offset the other expenditure. Forecast is \$183k favourable to budget due to the ongoing vacancies in regulatory, and a continuation of lower expenditure due to historical vacancies in community.

**Corporate and Strategy** Favourable by \$285k. Revenue \$11k unfavourable due to vehicle fleet disposals running behind budget. Expenditure \$296k favourable as a result of vacancies within GM Corporate and Strategy teams \$125k, \$122k lower depreciation/amortisation as a result of delays in software projects along with supply delays in the hardware replacement program last year, and the digitisation project being handled in-house. An offset of \$97k occurs due to higher insurance premiums. Forecast is favourable to budget by \$309k due to existing current variances.

**Finance and Treasury** Unfavourable by \$309k predominately due to the interest received from internal loans being lower than budget by \$335k as capital work has not proceeded as per Annual Plan, these areas include the admin building and library which has been pushed out to other years, some offset due to \$106k lower external interest paid as loans have not been drawn. Going forward it is expected that interest costs will increase due to the need to prefund the Ohakea RWS by short term borrowing, combined with rising interest rates in general. Forecast \$149k favourable and reflects the lower expected net interest.

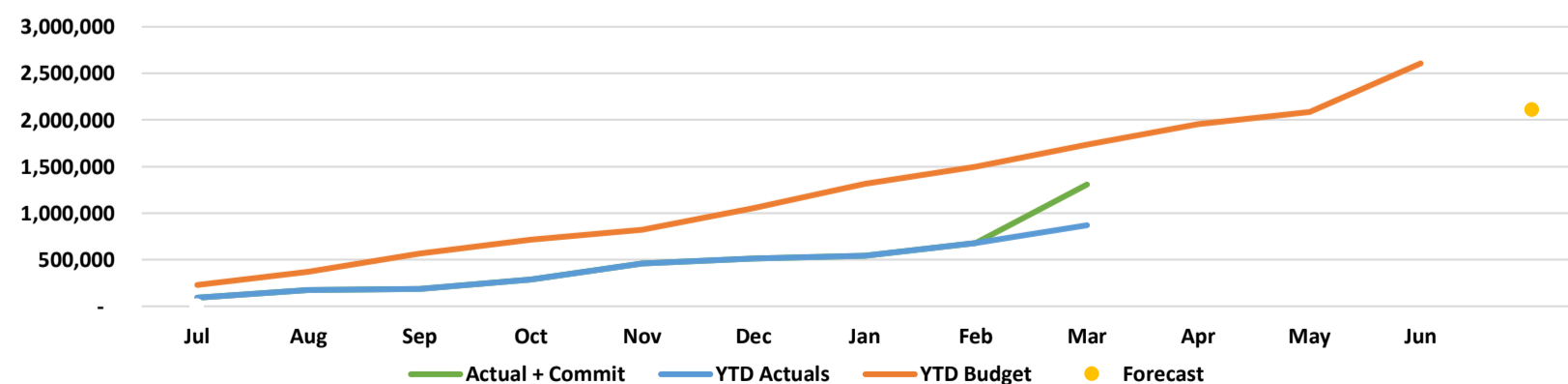
**People & Culture** Favourable to budget by \$93k. Under budget for costs in corporate training, employee engagement expenses and personnel costs. This is partially offset by being over budget in recruitment costs while seeking to fill the vacant positions. Forecast is \$38k favourable due to a vacancies of \$63k, offset by an additional \$20k expenditure for recruitment, and \$2k for training.

**District Development** Favourable to budget by \$485k. Revenue is unfavourable to budget by \$16k due to less community grants received than anticipated. Expenditure is favourable to budget by \$500k largely due to community projects, the economic development project, and the district plan projects all being underspent. The forecast is \$575k favourable to budget as the above underspends are expected to be carried through to year end.

**Emergency Management** \$122k unfavourable resulting from costs charged to the EOC as part of the emergency event responses as well as expenditure related to Councils Covid response. There is additional revenue for event expenditure able to be recovered from central Government as well as recoveries for RAT tests purchased on behalf of other Councils. Forecast is \$117k unfavourable to budget as a result of the additional expenditure noted above offset by revenue from recovered expenditure.

**Governance** Favourable to budget by \$101k due to lower councillor salaries pending remuneration review and EQP grant applications yet to be received. Forecast is \$17k unfavourable and reflects a remuneration increase and the 3 Waters campaign costs incurred.

### Capital Expenditure 2021/22



Overall capital spend is \$870k with an additional \$437k in commitments - totalling \$1.3M year to date.

The total revised budget spend is \$2.6M against an Annual Plan budget of \$2.4M reflecting a low level of carry forwards from 20/21 financial year.

Further information is available in the capital expenditure report.

**Capital Expenditure Report**  
For the period ended 31 March 2022

		Actuals YTD \$000	Budget YTD \$000	Variance YTD \$000	Commitments \$000	Commitments & Actual YTD \$000	Full Year Revised Budget \$000	Annual Plan \$000	Year End Forecast \$000	Notes/Comments
<b>Community Facilities</b>										
<b>Cemeteries</b>										
Feilding Cemetery New Works	New LOS	33	59	(27)	5	38	91	55	60	Cemetery Lowering Device purchased, delayed due to shipping constraints. Extension upgrade works are underway with no delays expected .
Halcombe Cemetery Renewals	Renewal	0	0	0	0	0	13	13	13	Retaining wall upgrade due to commence in third quarter, delays may occur due to contractor availability.
Sandon Cemetery Renewals	Renewal	0	5	(5)	0	0	7	7	7	Upgrade due to commence in third quarter, delays may occur due to contractor availability.
<b>District Libraries</b>										
Library Collection Purchases	Renewal	110	190	(80)	65	175	253	253	175	Collection spend slow due to COVID. Will not be spent in full by year end. Will request unspent funds to be carried forward.
Library New Works	New LOS	343	175	168	240	583	600	2,710	600	Library project in Detailed Design stage, estimated completion for detailed design phase is June 2022.
Library Renewals	Renewal	20	27	(7)	0	20	27	27	20	Project linked to main MDC security renewal. Work is nearing completion at the MDC offices with library and MAC to follow.
<b>Makino Aquatic Centre</b>										
Main Plant room Renewals	Renewal	0	14	(14)	14	14	14	0	14	The renewal in the indoor plant room is scheduled (PO raised), awaiting the work to be completed.
Indoor Pool - Equipment	Renewal	50	102	(52)	42	92	102	80	100	Pool inflatables arrived and are in use. Quotes are being sourced for the remaining \$800 in the Inflatables budget. Boiler work and shade sails have been ordered (PO raised) awaiting contractors to undertake work.
Indoor Pool HVAC	Renewal	0	5	(5)	0	0	6	0	6	Project planned (HVAC maintenance) but delayed due to contractor availability. Working with contractors to sort this financial year.
<b>Halls and Recreation Complexes</b>										
New Projects	New LOS	0	10	(10)	0	0	10	10	10	Changing room flooring for Te Kawa Rec Centre (Rongotea). Project arranged with Rec Services who are waiting on flooring contractors .
Himatangi Beach Hall Renewals	Renewal	0	8	(8)	0	0	10	0	10	Surf Lifesaving Club - put flashing on the building. Waiting for work to commence with contractor. Will be complete by year end.
High Profile Hall Renewals	Renewal	38	0	38	0	38	62	62	38	Sanson Hall roof. Project complete.
Fldg LittleTheatre Remediation	Renewal	0	206	(206)	11	11	275	0	20	Architect has advised work will be undertaken throughout May/June. An extension to the timeframe to lodge building consent has been granted. The construction component of this budget will be requested to be carried forward FY 2022/2023. If a contractor can be sought, the earliest consideration for remediation works is September 2022.
Hall Renewals	Renewal	0	7	(7)	0	0	7	7	7	Te Kawau Rec Centre Lighting renewal underway.
<b>Parks, Reserves and Sports Grounds</b>										
Kowhai Park Growth Projects	Growth	98	91	6	6	104	91	0	91	Project completed.
Mt Lees Growth	Growth	5	23	(18)	17	23	23	94	23	Playground construction underway. Estimate completion May 2022.
Rimu Park Growth	Growth	0	0	0	0	0	889	0	889	This project will be requested as a carry forward. Waiting on finance to approve adjustments to budget.
Feilding Walkway Growth Projects	Growth	14	162	(148)	27	41	1,152	936	152	Agreement in principle reached with landowner. Price approved by Council in March. Agreement being drafted and survey started. Will likely need to carry forwards as payment anticipated September 2022 to purchase. FHS land purchase delayed by DOC.
Parks Walkways/Linkage	Growth	39	44	(5)	0	39	44	0	44	Rata Street walkway - almost complete. Linked to the Makino beautification project.
Kitchener Park New Works	New LOS	65	35	30	0	65	120	67	120	Kitchener Park seed funding to the Trust to progress the walkway. Flood protection works are underway also.
Feilding Reserves New Works	New LOS	22	17	5	0	22	77	77	77	Bush land Reserve. Work let with contractor to build a track. Planting at Mt Stewart that will occur in suitable conditions.
Himatangi Beach Reserve New Works	New LOS	5	74	(68)	26	31	116	31	116	South Street skatepark relocation to Himatangi is scheduled this year. Tennis court renewals are planned. Opus completing the consent for the stock bank project.
Kowhai Park New Work	New LOS	15	15	0	0	15	15	0	15	Project completed. Shade sail installed.
Makino Precinct New Works	New LOS	0	45	(45)	1	1	104	104	104	Walkway from Manchester Street to Warrick Street. Makino precinct stream beautification.
Mt Lees New Works	New LOS	30	27	4	6	36	290	255	290	Projects started with more planning on campground needed (major costs). Investigation started on a camping ground facility on site which will result in the development of a business case if feasible.

		Actuals YTD \$000	Budget YTD \$000	Variance YTD \$000	Commitments \$000	Commitments & Actual YTD \$000	Full Year Revised Budget \$000	Annual Plan \$000	Year End Forecast \$000	Notes/Comments
Timona Park New Works	New LOS	50	30	20	0	50	68	68	68	Feilding Football Club changing rooms renewal. Works planned and goods ordered. Awaiting contractor availability.
Victoria Park New Works	New LOS	86	80	6	0	86	107	9	107	Signage to be completed and lighting project continuing.
Kowhai Park Aviary	Renewal	4	18	(14)	3	7	25	0	25	Architect plans due in Feb for the design of the aviary.
Makino Park Playground and Skate	New LOS	50	41	9	1	51	55	0	55	Makino stream beautification. Rata Street carpark.
Apiti Valley Reserve Renewals	Renewal	1	14	(13)	0	1	31	31	31	Domain grandstand floor replacement. Project commencing with the community.
Districtwide Reserve Renewals	Renewal	23	27	(4)	0	23	33	33	33	Playground renewals for the district carried out as required.
Feilding CBD Renewals	Renewal	17	28	(11)	0	17	54	41	54	Lighting behind the CBD public toilets.
Himatangi Beach Reserve Renew	Renewal	25	104	(79)	3	27	116	116	116	Resurfaced tennis courts, playground furniture, bins and seats - area revitalisation. Project underway with Rec Services.
Kowhai Park Renewals	Renewal	85	189	(105)	7	91	195	171	195	Playground is completed with car park resealing portion forms part of roading reseal programme and will be carried out by year end.
Makino Precinct Renewals	Renewal	0	0	0	0	0	51	51	51	Cark park reseal to be carried out in June 2022.
Mt Lees Reserve Renewals	Renewal	21	35	(14)	2	22	225	155	225	Roof and exterior repainted but waiting for invoice, rewiring complete, fire report complete and awaiting quotes following the recommendations, plumbing quote for the addition of an accessibility toilet are expected soon.
Pohangina Valley Renewals	Renewal	12	5	7	0	12	26	26	26	Cost for the gates. Project is underway earlier than phased.
Tangi Res Renewals	Renewal	9	6	3	0	9	9	0	9	Project complete.
Timona Park Renewals	Renewal	0	12	(12)	0	0	23	23	23	Renewal of internal showers as part of changing room upgrade. Work in progress.
<b>Property</b>						0				
Strengthen Earthquake Prone Buildings	New LOS	0	0	0	0	0	0	0	0	Temporary strengthening of Little Theatre. Project is on hold pending a review following the remediation works planned.
Manfeild Park Development	New LOS	99	215	(116)	89	188	287	0	157	Further expenses involved with site remediation anticipated March - April. Final pipe works and invoicing for surveying expected May - June. Then works will be completed.
Feilding Depot	New LOS	0	77	(77)	0	0	103	0	103	Council storage - project being considered at another site. Will request to carry forward to next financial year.
Property County Fare	New LOS	8	10	(2)	0	8	10	10	10	Project complete. Ramp built.
Districtwide Property Renewals Provision	Renewal	16	24	(8)	0	16	47	47	47	Project now able commence in Te Manawa.
<b>Public Conveniences</b>						0				
Sanson Public Toilets	New LOS	99	134	(35)	2	100	134	134	134	Early work completed. Toilets ordered with 25% deposit paid. Delays due to COVID impacting delivery of supplies. Expected delivery February 2022.
Public Conveniences New Works	New LOS	133	144	(11)	0	133	144	144	144	Makino public toilets ordered with 25% deposit paid. Delays due to COVID impacting delivery of supplies. Expected delivery February 2022.
Public Conveniences Renewals	Renewal	11	12	(1)	0	11	15	15	11	Himitangi Beach public toilets. Project completed.
<b>Total Community Facilities</b>		<b>1,635</b>	<b>2,549</b>	<b>(911)</b>	<b>566</b>	<b>2,201</b>	<b>6,159</b>	<b>5,862</b>	<b>4,625</b>	
<b>Administration Building</b>										
Administration Building - New Works	New LOS	41	160	(119)	223	264	277	1,054	277	Security upgrade underway and contractors on site at MDC. Work is nearing completion at the MDC offices with library and MAC to follow. HVAC upgrade contract signed and PO raised in February. Estimated arrival of the replacement system is May 2022. (\$100k). Design for structural engineering starts in May for the admin building.
Administration Building - Renewals	Renewal	0	0	0	0	0	30	30	30	Security cameras for main office building. Quotes being sought by IT to coincide with their camera project.
<b>Total Administration Building</b>		<b>41</b>	<b>160</b>	<b>(119)</b>	<b>223</b>	<b>264</b>	<b>308</b>	<b>1,084</b>	<b>307</b>	
<b>Emergency Management</b>										
Civil Defence Emergency Management	New LOS	0	5	(5)	0	0	5	0	0	Will be carried out as part of new EOC project. A carry forward to 2022/23 will be requested.
Radio Tower Upgrade and VHF Replacement	Renewal	13	35	(22)	0	13	55	12	55	Radio repeater purchased. Project to be completed by June 2022.
CDEM Radio Repeater	New LOS	8	0	8	0	8	12	11	12	Further orders to be made when work on North Range Road site completed. Current issue with work on North Range Road site to install new radio repeater, cannot find a technical rigger to install aerial on radio tower.
<b>Total Emergency Management</b>		<b>21</b>	<b>40</b>	<b>(18)</b>	<b>0</b>	<b>21</b>	<b>73</b>	<b>23</b>	<b>67</b>	

		Actuals YTD \$000	Budget YTD \$000	Variance YTD \$000	Commitments \$000	Commitments & Actual YTD \$000	Full Year Revised Budget \$000	Annual Plan \$000	Year End Forecast \$000	Notes/Comments
<b>Roading</b>										
Subsidised Unsealed Road Metalling	Renewal	123	183	(60)	120	243	245	252	245	Works progressing as scheduled under Higgins contract. Metalling work is typically undertaken at the start and end of the financial year in the winter months.
Subsidised Sealed Road Resurfacing	Renewal	1,919	2,131	(212)	217	2,136	2,138	2,206	2,138	Chip seal programme has been completed. Remaining AC sites due for completion end of May 2022.
Sub Roding Footpath Renewal	Renewal	4	37	(33)	45	50	50	51	50	Footpath renewal work will be programmed over the remaining months.
Subsidised Bridge Renewals	Renewal	2,018	2,287	(269)	658	2,676	3,052	2,727	3,052	Majority of cost to date is for the Mangaweka Bridge Construction Project. This project is scheduled for completion this financial year. The major refurbishment on Bridge Culvert S194A on Pohangina Valley East Road has been completed.
Subsidised Cycle Facilities	New LOS	38	305	(266)	13	52	762	985	235	This budget is for the second stage of the Feilding to Palmerston North Cycleway. Construction of the remaining 2.0km is on hold pending Kiwirail approval. RMA Consent application for a cycle way bridge across the Taonui Stream on hold pending iwi liaison. These delays have impeded the planned construction schedule and this will result in a carry forward request of unspent funds.
Roading Growth	Growth	1,102	1,675	(573)	812	1,914	2,556	995	2,556	Costs to date are mainly for the Churcher Street Reconstruction Project. The contract for the first stage of construction of Road 1 in Precinct 4 was awarded in December 2021 with completion expected in June 2022
Subsidised Drainage Renewals	Renewal	188	363	(175)	250	438	465	573	465	Works undertaken via the maintenance contract, also \$250k to be spent on Drainage Renewals on the Halcombe Road widening project between Sherwill Street and Mingaroa Road.
Subsidised Structures Renewals	Renewal	286	404	(118)	138	424	404	417	404	Some planned work has been deferred due to interruptions caused by the December and March weather events. As we are entering winter completion of those projects is no longer feasible. Renewal of components on the Churchill Road bridge is complete. Other renewal Investigation and planning work has been undertaken at sites on Awahuri Road, Kaimatarau Road and Leen Road.
Subsidised Traffic Services Renewal	Renewal	83	349	(266)	277	360	377	402	377	The majority of this budget is used to fund the annual pavement marking contract which has been completed, we are waiting for the contractors invoice for this work. Sign renewal work undertaken via the maintenance contract and streetlight renewals will be undertaken by other contractors are in progress.
Subsidised Pavement Rehabilitation	Renewal	566	1,026	(460)	35	601	1,046	1,260	1,046	Costs to date are for completed work at Rowe Road, Waitohi Road and Taipo Road. Further work is planned at sites on Lower Pakihikura Road and Taonui Road. Planning work for a rehabilitation site on Stewart Road will be undertaken this year with construction of that site planned for 2022/23.
Subsidised Minor Improvement New Works	New LOS	5	0	5	4	9	0	754	0	All subsidised new jobs have been reviewed and aligned with NZTA approved budgets. This job will only be used to manage previously committed expenditure, budget has been transferred to other NEW LOS jobs and sub jobs to manage specific projects.
Sub Road Improvements New	New LOS	0	0	0	0	0	0	954	0	All subsidised new jobs have been reviewed and aligned with NZTA approved budgets. Budget has been transferred to other NEW LOS jobs and sub jobs to manage specific projects.
Land Purchase	New LOS	8	0	8	2	9	0	0	0	Costs associated with land purchase in road corridor e.g. for widening or realignment projects.
2021-21 LCLR Programme Budget	New LOS	0	0	0	0	0	0	198	0	Low Cost Low Risk Improvements, budget has been transferred to specific improvement projects jobs.
322 Replacement of Bridges and 324 Road Improvements	Renewal New LOS	0 563	0 1,206	0 (643)	0 553	0 1,116	0 1,323	306 377	0 1,323	No budgeted expenditure planned this year The majority of costs this year will be for the seal widening project at Halcombe Rd (Sherwill to Mingaroa). Construction of this section has been completed and we are waiting for the contractors final invoice. The tender has been awarded for a second project for improvements at the Church St / Grey St intersection, construction is expected to be complete by June 2022. A NZTA programme adjustment was required to enable funding of this project this financial year, as this was initially scheduled in 2022/23. MDC budget was already in place in RD4040 below.
341 Low Cost - Low Risk Prgm	New LOS	36	0	36	157	193	269	68	269	Guard rail safety improvements are programmed at sites on Halcombe Rd, Main Drain Road, Rongotea Road and Te Rakehou Road are programmed for completion by June 2022.
341 Road to Zero	New LOS	36	302	(266)	199	235	403	253	403	This budget will fund many individual safety improvement projects under the project groupings, Urban and Rural Speed Management, Safer Journeys for Schools, Road Corridor and Intersection Improvements. Delivery of programme underway, All projects due for completion June 2022.

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357 Resilience Improvements	New LOS	19	33	(14)	22	41	66	18	66	Scour protection work has been completed at sites on East Mangahua Road, Umitoi North Road and Junction Road. A further scour protection jobs at Willoughby Street will proceed if contracting resources allow. This work will improve resilience around bridge abutments which have been identified as being at risk from flood damage.
451 Walking Facilities	New LOS	98	138	(39)	112	210	271	0	271	New footpaths on Colyton Road, Taonui Road, Ouse Street and Wear Street. Delivery of programme underway. All projects due for completion April 2022.
452 Cycling Facilities	New LOS	339	477	(138)	635	974	984	0	984	A tender has been awarded for new cycle route markings on East Street and North Street in Feilding. Construction has commenced with expected completion April 2022
Non Subsidised Roding Renewal	Renewal	22	72	(50)	42	64	96	99	96	Renewal of non subsidised assets, or to be used to fund the renewal component of any Growth projects.
NZTA New Surplus	New LOS	0	0	0	173	173	1,207	0	0	Budgeted surplus above approved NZTA approved jobs, used to hold budget above what NZTA has approved. \$173k from this budget has been used to part fund the North Street Cycleway project as the approved budget for that project did not meet the contract price.
Te Araroa Trail Construction	Renewal	0	245	(245)	0	0	245	0	245	Improvements to sections of the Te Araroa Trail on Mt Stewart Halcombe Road and Ngaio Road are programmed for construction this year.
Non Sub Mitigation Sealing	Renewal	117	0	117	0	117	120	0	120	Mitigation of dust nuisance on Karewarewa Road will be undertaken in conjunction with the resurfacing programme.
Vested Asset Roding	New LOS	0	0	0	0	0	517	517	517	Assets estimated to be vested to Council by year end.
<b>Total Roding</b>		<b>7,571</b>	<b>11,235</b>	<b>(3,664)</b>	<b>4,463</b>	<b>12,035</b>	<b>16,597</b>	<b>13,411</b>	<b>14,863</b>	
<b>Solid Waste</b>										
Purchase of New Recycling Bins	New LOS	0	26	(26)	13	13	35	23	35	New recycling bins purchased as required by the public.
Recycling Inventory	New LOS	(7)	(4)	(3)	0	(7)	(5)	(5)	(7)	Inventory moved out to public as required.
Resource Recovery Centre	New LOS	785	873	(88)	171	956	1,003	773	1,003	Works well underway with completion by the end of April 2022.
Kaimatarau RTS Improvements	New LOS	0	11	(11)	0	0	13	0	13	Current location of rural transfer station is under review. Project scope to be determined.
Est Mobile Recycling Centres	New LOS	0	16	(16)	0	0	21	21	21	Location for Halcombe recycling to be investigated with community consultation to be held.
Himatangi RTS	New LOS	14	18	(4)	0	14	21	21	21	Concrete pad for Rongotea to be commissioned. Work is underway with asphalt bunding and new bins onsite. Further work to take place after summer period.
<b>Total Solid Waste</b>		<b>792</b>	<b>940</b>	<b>(147)</b>	<b>184</b>	<b>976</b>	<b>1,088</b>	<b>833</b>	<b>1,086</b>	
<b>Stormwater</b>										
Stormwater Growth Feilding	Growth	118	3,953	(3,835)	630	748	5,452	3,128	1,000	Road 1 and 4B awarded to Higgins Contractors Ltd, physical works underway with completion July 2022. Negotiations underway with developers and Higgins to undertake Port St extension utilities this financial year. Turners Road power poles to be moved once design is complete.
Stormwater New Connections	New LOS	0	12	(12)	0	0	16	16	16	New connections are completed on an as required basis.
Stormwater New Work Feilding	New LOS	34	34	1	0	34	45	0	45	Meeting held with Feilding Sale Yards collective with design options put forward.
Stormwater Unplanned Renewals	Renewal	22	68	(46)	52	74	97	61	97	Catchment modelling underway by GHD. Land purchase for Pharazyn Street drainage reserve underway. Reticulation renewals undertaken by Reticulation Team as required.
Stormwater District Wide New Works	New LOS	31	548	(517)	2	33	661	575	575	Tender awarded for Rongotea stormwater. Price exceeds our annual budget, so project will be completed over 2 financial years.
Stormwater Flood Solutions	New LOS	2	0	2	2	5	0	0	2	Project is in early stage of development.
Stormwater Land Acquisition	New LOS	0	0	0	0	0	1,000	0	900	process to purchase of Malcolm Bailey property underway
<b>Total Stormwater</b>		<b>208</b>	<b>4,615</b>	<b>(4,406)</b>	<b>686</b>	<b>895</b>	<b>7,271</b>	<b>3,780</b>	<b>2,635</b>	

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<b>Wastewater</b>										
Feilding Wastewater Treatment Plant Asset Renewal	Renewal	1,102	985	117	148	1,250	1,301	57	1,301	Physical works underway for a number for projects including entrance way upgrade, SCADA upgrade, upgrading of watermain for firefighting and actiflow upgrade 95% complete. Undergrounding powerlines project has completed. Further projects to be scoped.
Feilding Wastewater Treatment Plant Irrigation	New LOS	217	255	(37)	12	229	429	308	440	Plants for further buffer planting growing. Zone 4 under development. On going weed spraying of zone one. Irrigators have arrived and commissioned. Compost has been spread for grasses to be planted.
Himatangi WW Asset Replacement	Renewal	0	8	(8)	0	0	10	10	0	Not anticipated to be completed this financial year and a carry forward will be requested.
Feilding Wastewater Treatment Plant Upgrade	New LOS	1,040	1,288	(248)	1,030	2,070	2,138	941	2,138	Physical works underway for a number of projects including the trade waste line, weighbridge and construction of a security fence. The design of the land passage is complete with works delayed until approval is given by Iwi.
Feilding Wastewater New Projects	New LOS	0	12	(12)	7	7	16	0	0	Not anticipated to be completed this financial year and a carry forward will be requested.
Feilding Wastewater Growth	Growth	608	1,018	(411)	345	953	1,281	407	953	Road 1 and 4B awarded to Higgins Contractors Ltd, physical works underway, completion July 2022. Negotiations underway with developers and Higgins to undertake Port Street extension utilities this financial year. Turners Road power poles to be moved once design is complete and short section of sewer line to be installed to enable land development for three sections off Kawakawa Road.
Feilding Reticulation Renewals	Renewal	350	469	(119)	257	607	625	224	625	Churcher Street and Homelands Ave projects are completed. Further renewals underway.
WW Unplanned Renewals-Villages	Renewal	5	0	5	0	5	0	0	5	Sanson and Rongotea reticulation renewal works undertaken by Reticulation Team as required.
Wastewater New Connections	New LOS	115	43	72	0	115	57	57	57	New connections are completed on an as required basis. Non return valves for backflow prevention.
Wastewater Centralisation Renewal	Renewal	1,973	4,304	(2,331)	3,389	5,361	5,738	3,386	5,738	Sanson line is complete with tender awarded to Max Tarr Industrial Ltd. We have awarded the pipe supply contracts for both Rongotea and Halcombe and have negotiated the pipe install contract with Drillco for the Rongotea stage.
Rongotea Wastewater Treatment Plant Renewals	Renewal	0	4	(4)	0	0	5	5	0	Not anticipated to be completed this financial year and a carry forward will be requested.
Kimbolton Wastewater Treatment Plant Renewals	New LOS	0	74	(74)	0	0	99	0	0	Not anticipated to be completed this financial year and a carry forward will be requested.
Sanson Wastewater Treatment Plant Renewals	Renewal	13	15	(2)	2	15	20	0	13	Projects complete for this financial year. A carry forward to be requested for balance.
<b>Total Wastewater</b>		<b>5,424</b>	<b>8,476</b>	<b>(3,052)</b>	<b>5,189</b>	<b>10,613</b>	<b>11,722</b>	<b>5,396</b>	<b>11,270</b>	

		Actuals YTD \$000	Budget YTD \$000	Variance YTD \$000	Commitments \$000	Commitments & Actual YTD \$000	Full Year Revised Budget \$000	Annual Plan \$000	Year End Forecast \$000	Notes/Comments
<b>Water Supply</b>										
Feilding WTP Renewals	Renewal	177	3,298	(3,121)	1,483	1,660	4,380	1,779	2,000	A number of projects underway as part of the Feilding water strategy. Completed works include land purchase for Campbell Road and Roots Street enabling work. Interdrill are establishing to begin work on the new bore in the next couple of weeks.
Feilding WS Reticulation Renew	Renewal	364	272	93	11	376	362	226	376	Kawakawa Road section completed with team moving into MWWTP. Physical works are complete with the Retic team performing pressure testing for new line.
Village Asset Renewals	Renewal	6	9	(3)	4	10	12	12	12	Asset analysis underway with renewals to be prioritised based on need.
Stanway/Halcombe RWS Renewals	Renewal	54	167	(113)	0	54	223	44	223	Asset analysis underway with renewals to be prioritised based on need.
Waituna West RWS Renewals	Renewal	14	10	4	0	14	13	13	14	Asset analysis underway with renewals to be prioritised based on need.
Feilding Water Supply Growth	Growth	258	783	(524)	360	618	1,036	178	700	Road 1 and 4B awarded to Higgins Contractors Ltd and physical works are underway. Completion July 2022. Negotiations underway with developers and Higgins to undertake Port Street extension utilities this financial year. Turners Road power poles to be moved once and short section of sewer line to be installed to enable land development for 3 new sections.
Water Supply New Connections	New LOS	18	5	13	0	18	23	23	23	New connections are completed on an as required basis.
Feilding Water Pressure Zones	New LOS	0	554	(554)	0	0	738	738	50	Rising main design between bore and McDonald Heights reservoir completed with negotiations underway with landowners and Kiwirail for required access. Works to commence next financial year.
Stanway/Halcombe RWS	Renewal	16	20	(4)	0	16	27	14	27	PLC and SCADA work complete for SHRWS
WS Unplanned Renewals-Villages	Renewal	23	13	11	0	23	17	17	23	Asset analysis underway with renewals to be prioritised based on need. Reticulation renewals undertaken by Reticulation Team as required.
Stanway/Halcombe WTP New Works	New LOS	254	1,664	(1,410)	1,075	1,328	1,807	575	1,807	Protozoa upgrade of the Stanway/Halcombe scheme underway. Filtec have been awarded the contract for design build with physical works due to start later this year. This project is DIA funded with deadline for completion June 2022. Iwi consultation underway.
Ohakea Rural Water Scheme	New LOS	7,473	9,768	(2,295)	1,599	9,072	9,768	4,631	9,768	A number for projects underway as part of the Ohakea Rural Water Scheme. All procurement for this project is complete with multiple projects underway including the bore, reservoir, treatment plant. Reticulation pipework complete.
Vinegar Hill Rural Water Scheme	New LOS	7	0	7	0	7	0	0	7	Design work based on alternative intake underway. Pre-consultation for consent on-going.
District Wide Improvements	New LOS	372	337	35	58	430	449	449	449	Kawakawa Road section completed with team moving into MWWTP. Drillco awarded section through Dalgety line and physical works now complete.
<b>Total Water Supply</b>		<b>9,037</b>	<b>16,898</b>	<b>(7,861)</b>	<b>4,590</b>	<b>13,627</b>	<b>18,855</b>	<b>8,699</b>	<b>15,479</b>	
<b>Support Services and Other</b>										
Motor Vehicle Renewals	Renewal	314	519	(205)	0	314	796	461	315	Ten vehicle orders are complete. Purchases completed for one tractor, trailer, and quad bike renewals. A review is in progress for further replacements, and due to delivery delays the annual budget is unlikely to be spent.
New Motor Vehicle	New LOS	38	40	(2)	0	38	40	0	38	Purchase complete for Emergency Management Vehicle.
Council Chamber Sound System	Renewal	11	48	(37)	53	64	64	0	64	Partly installed with further microphones on order. Supply delays mean the budget balance will be requested as a carry forward to financial year 2022-23.
Computer Hardware Renewals	Renewal	134	449	(315)	16	150	598	316	598	Costs to date are for previous year deliveries, and budget includes the carry forward from 2020-21 financial year. Further orders are in place with delivery expected by year end. On track for underspend by year end yet there are issues in sourcing quality products for renewals.
Software Replacement	Renewal	327	489	(161)	86	414	652	511	652	The GIS project spend is complete. The Jarvis project start was delayed until August 2021 and is progressing well and on track to complete by year end.
IT - Capital New Jobs	New LOS	7	0	7	58	66	23	23	23	Minor purchase made. Budget timing was for June 2021 and needs to be brought forward to order the parts for an infrastructure switching cabinet.
Call Centre Autex Panelling	New LOS	0	7	(7)	0	0	7	7	7	Investigations on sound panelling continuing.
General Renewals	Renewal	0	18	(18)	0	0	25	25	25	This budget is linked in with the administration building project.
General New Assets	New LOS	16	17	(1)	0	16	22	22	16	Installation of CCTV cameras in MDC carpark complete. Purchased one electric desk.
<b>Total Support Services and Other</b>		<b>848</b>	<b>1,587</b>	<b>(739)</b>	<b>214</b>	<b>1,062</b>	<b>2,227</b>	<b>1,365</b>	<b>1,738</b>	
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>25,578</b>	<b>46,498</b>	<b>(20,918)</b>	<b>16,115</b>	<b>41,693</b>	<b>64,298</b>	<b>40,453</b>	<b>52,070</b>	

## Levels of Service

Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
<b>Cemeteries</b>						
Percentage of responses to our residents perception survey that are satisfied with the maintenance of cemeteries	95%	90.5% (Target 90%)	Target Not Met	Target Not Met	Target Not Met	Quarter 1 - 93% Quarter 2 - 89% Quarter 3 - 92%
Monitoring the number of complaints about late or inadequate interment services	No complaints about late or inadequate interment services	0	Target Met	Target Met	In Progress	No complaints received
<b>District Libraries</b>						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Monitoring the number of issues per capita per annum.	6	8.65 (Target 8)	In Progress	In Progress	Target Met	6.94 Issues per capita
Monitoring the number of online transactions and users of Wi-Fi and internet	40,000	46,344 (Target 65,000)	In Progress	In Progress	In Progress	39,214 logins
Monitoring the number of participants attending programmes, exhibitions, classes and events per annum	8,000	15,120 (Target 19,000)	In Progress	In Progress	In Progress	7,079 participants
<b>Halls and Recreation Complexes</b>						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Number of in-use Council-owned halls and recreational complexes that are compliant with current building warrant of fitness requirements and FENZ evacuation procedures	100%	New Measure 2021/22	Target Met	Target Met	Target Met	
<b>Makino Aquatic Centre</b>						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Pool safe accreditation	Accredited	Target Met	Target Met	Target Met	Target Met	Valid to May 2023
Participants in water activities and learning to swim programmes	51,000	55,503 (Target 57,500)	In Progress	In Progress	Target Not Met	28,021 participants Impacted by COVID restrictions
Percentage of customers satisfied overall with their experience at the complex	90%	97%	In Progress	In Progress	Target Met	96.5% customer satisfaction
Number of general admissions (swimmers and spectators)	65,000	New Measure 2021/22	In Progress	In Progress	Target Not Met	48,782 general admissions Impacted by COVID restrictions
<b>Parks, Reserves and Sportsgrounds</b>						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Percentage of survey participants satisfied with Council's parks, reserves and sportsgrounds	90%	94.50%	Target Met	Target Met	Target Met	Quarter 1 - 93% Quarter 2 - 94% Quarter 3 - 95%
Monitoring the number of health and safety incidents or injuries reported that occurred due to inadequate or poor maintenance in our parks, reserves and sports grounds	0	0	Target Met	Target Met	Target Met	No reported incidents or injuries
<b>Property</b>						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Council-owned buildings and properties are compliant with the relevant safety regulations	100%	New Measure 2021/22	Target Met	Target Met	Target Met	
<b>Public Conveniences</b>						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Monitoring the number of complaints we receive about inadequate maintenance and poor cleaning of our toilets	< 8	1 (Target <6)	Target Met	Target Met	Target Met	0

Animal Control						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Urgent requests about dog attacks/wandering stock responded to or caller contacted within 15 minutes of Council receiving the request (Priority 1)	90%	97%	Target Met	Target Met	Target Met	93%
Notification of roaming dogs responded to or caller contacted the next working business day of Council receiving the request (Priority 2)	90%	99%	Target Met	Target Met	Target Met	98%
Routine animal control issues responded to or caller contacted the next working business day of Council receiving notification (Priority 3)	90%	98%	Target Not Met	Target Not Met	Target Not Met	439 incidents, with 47 not within timeframe (89%) due to additional covid restrictions and a resource on light duties
Building Control						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Number of the district's commercial and public buildings holding a current compliance schedule that are audited every 3 years	100%	New Measure 2021/22	In Progress	Target Not Met	Target Not Met	There are 396 buildings with compliance schedules. Number of buildings have not audited within 3 years 271 = 68% and is due to a compliance officer vacancy
Complaints relating to our building control service are responded to within specified timeframes	90%	96%	Target Not Met	Target Not Met	Target Met	130 complaints were received between 1 July -31 March 2022. Number not responded to within the timeframe 9 = 93%. Number of complaints were for stormwater due to the flooding event, 68. Number of requests for investigation, 46. The high volume and flood event impacted on the ability to meet the timeframes
Number of residential swimming pools that are inspected every 3 years to ensure compliance with the Building Act	90%	New Measure 2021/22	Target Not Met	Target Met	Target Met	Number of pools in the district, 364. Number of inspections within 3 years of their anniversary, 359 = 99%
Number of building consent applications and code compliance certificates processed and approved within 20 working days	95%	95%	Target Not Met	Target Not Met	Target Not Met	80% consents were issued within statutory timeframes. Of 486 consents 96 did not meet timeframes. Demand increases, a vacancy within the team, training and mentoring new staff, and the impact of COVID have all impacted timeframes.
Number of fixed fee (small works) building consent applications are processed and approved within 10 working days	95%	94%	Target Not Met	Target Not Met	Target Not Met	81% fast track consents issued within statutory timeframes. Of 204 of 10 did not meet timeframes. Demand increases, a vacancy within the team, training and mentoring new staff, and the impact of COVID have all impacted timeframes.
Compliance and Monitoring						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Food premises are verified as per legislative requirements under the Food Regulations 2015.	100%	100%	In Progress	In Progress	In Progress	There are a total of 144 food businesses registered in the district. 112 businesses require MDC to verify. Of those 91 require verifications during the 2021/2022. 61 have been verified.
Requests for service related to incidents that endanger public health that are responded to within 24 hours of notification.	85%	100%	Target Met	Target Met	Target Met	25 of 27 complaints responded to within 24hours = 92.5%
Urban noise complaints that are responded to within one hour of notification	85%	98%	Target Met	Target Met	Target Met	289 of 304 complaints responded to within 1 hours = 95%
Requests for service related to incidents that do not endanger public health that are responded to within 48 hours of notification	85%	92%	Target Met	Target Met	Target Met	179 of 183 complaints responded to within 48hours = 97.8%
Number of licensed premises that are inspected annually to ensure compliance with the conditions of their license and to work with those who do not comply to bring them up to compliance.	95%	100%	In Progress	In Progress	In Progress	22 of 51 premises inspected = 43%
Consents Planning						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Number of applications for permitted boundary activities under the Resource Management Act are processed in accordance with the statutory timeframes	100%	New Measure 2021/22	Target Not Met	Target Not Met	Target Not Met	87% due to vacancies within the team
Number of non-notified resource consents completed within statutory timeframes	90%	New Measure 2021/22	Target Not Met	Target Not Met	Target Not Met	45% due to vacancies within the team
Number of notified and limited notified resource consents (not requiring a hearing) completed within statutory timeframes	90%	New Measure 2021/22	In Progress	In Progress	In Progress	For the period 1 July 2021 and 31 March 2022 no Notified or Limited Notified consents were received
Number of limited notified resource consents (with hearing) completed within statutory timeframes	90%	New Measure 2021/22	In Progress	In Progress	In Progress	For the period 1 July 2021 and 31 March 2022 no Notified or Limited Notified consents were received
The number of Resource Consent applications for resource consents returned to applicant as incomplete (under section 88 of the RMA)for: Permitted boundary activities Resource Consents	Number Recorded	New Measure 2021/22	In Progress	In Progress	In Progress	#7 Permitted boundary activity consents were received for the reporting period. No consents were returned under sect 88 RMA 1991
The number of applications for which a request for further information has been made. (under section 92 of the RMA)	Number Recorded	New Measure 2021/22	In Progress	In Progress	In Progress	331 Consents were received for the reporting period. Of these 109 had a request for further information under Sect 92 RMA 1991

Governance and Strategy						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
The number of breaches in rates limits od debt levels as set in the Financial Strategy	0	0	Target Met	Target Met	Target Met	No breaches of rating or debt levels
District Development						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Percentage of targets CEDA has achieved under the relevant Statement of intent	80%	New Measure 2021/22	In Progress	In Progress	In Progress	24% complete in 6-month report. Remainder in progress.
Percentage of Results Based Accountability targets achieved under Priority Services contract	80%	New Measure 2021/22	In Progress	In Progress	In Progress	To be measured
Creative Communities Scheme projects administered by Council	Number Recorded	New Measure 2021/22	In Progress	In Progress	In Progress	6 projects funded totalling \$8,020
Percentage of survey participants who feel a sense of connection with others in their neighbourhood/community	Baseline set 2021/22	New Measure 2021/22	In Progress	In Progress	In Progress	To be measured
Emergency Management						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
% of Incident Management Team personnel trained to at least intermediate level of the Integrated Training Framework	75%	New Measure 2021/22	Target Met	Target Met	Target Met	80% of permanent staff trained to ITF Intermediate
% of survey participants who were satisfied with information and advice provided by Council in relation to an emergency event	Set in 2021/22	New Measure 2021/22	In Progress	In Progress	In Progress	
Roading						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network.	Lower than the previous financial year, measured on a per capita basis	0.00046	In Progress	In Progress	In Progress	15 crashes involving 4 fatality and 12 serious injuries
The average quality of ride on a sealed local road network, measured by Smooth Travel Exposure (STE) index ratings (percentage of assessed network length where roughness is under the relevant threshold)	90%	98%	In Progress	In Progress	In Progress	
A percentage of the sealed local road network that is resurfaced	5%	6%	In Progress	In Progress	Target Met	5.6% of local road has been resurfaced
The percentage of footpaths within the district that fall within the level of service or service standard for the condition of footpaths that is set out in Council's Activity Management Plan	95% of the districts footpaths are within acceptable defect levels (condition rating 1 – 4)	99.70%	Target Met	Target Met	Target Met	99.70%
For urgent requests for service, Council's will respond within three hours of the request being lodged.	90%	99.23%	Target Met	Target Met	Target Met	100.00%
For non-urgent requests for service the contractor will include the repairs in the 3 month rolling programme or as instructed by Council's Roading Team.	90%	96.80%	Target Met	Target Met	Target Met	100.00%

Solid Waste						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Rural residents have convenient council refuse bag drop-off points close to their homes.	90% of rural residents have a refuse bag drop-off points close to their home	94%	Target Met	Target Met	Target Met	Present collection route meets success measurement
Mobile recycling centres are conveniently located within 5km of identified village centres.	100%	100%	Target Met	Target Met	Target Met	All stations in place
Funding provided for waste education programmes that promote reduce and reuse.	100% achievement of confirmed participants in the Council-supported waste education programmes	100%	Target Met	Target Met	Target Met	18 kindergarten/preschool/primary schools are participating in the EnviroSchools programme. 4 schools have a worm farm. 23 schools are part of the Zero Waste education programme.
Number of complaints received by Council about its performance of its solid waste services.	<100 complaints received per 100,000 annual collections	49.02	Target Met	Target Met	Target Met	69 complaints per 100,000 collections
Stormwater						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
The number of flooding events in the district	0	0	Target Met	Target Not Met	Target Not Met	2 Flooding events during December 2021
The number of habitable floors per 1000 properties affected by flooding per flooding event that occurred in the district	<10	0.12	Target Met	In Progress	Target Not Met	27
Abatement notices received by Council in relation to resource consents. (measured per scheme)	<2	1 Abatement Notice received	Target Met	Target Met	Target Met	0
Compliance with the Council's resource consents for discharge from its stormwater system measured by the number of: • Infringement notices • Enforcement orders, and • Convictions received by Council in relation those resource consents (per scheme).	0		Target Met	Target Met	Target Met	0
The median response times to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site	<2 hours	1.43 hours	Target Met	In Progress	Target Met	
The number of complaints received by Council about the performance of its stormwater system. (Expressed per 1,000 properties connected to Council's stormwater system).	<20	8.83	Target Met	In Progress	Target Met	5.61

Wastewater						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
Number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections.	< 6	0.36	Target Met	Target Met	Target Met	1 dry weather overflow
Abatement notices received by Council in relation to resource consents. (measured per scheme)	<2	1	Target Met	Target Met	Target Met	0
Compliance with the Council's resource consents for discharge from its stormwater system measured by the number of: • Infringement notices • Enforcement orders, and • Convictions received by Council in relation those resource consents (per scheme).	0	0	Target Met	Target Met	Target Met	0
Median response time to sewage overflows resulting from blockage or other faults in the Council's sewerage system (urgent)	< 2 hours	0.15 hrs	Target Met	Target Met	Target Met	0.53 hours
Median response time to sewage overflows resulting from blockage or other faults in the Council's sewerage system (non-urgent).	< 5 Days	1.58 hrs	Target Met	Target Met	Target Met	2.87 hours
Median response time (combined)	< 5 Days	1.13 hours	Target Met	Target Met	Target Met	2.07 hours
Median resolution time to sewage overflows resulting from blockage or other faults in the Council's sewerage system (from the time Council received notification to the time service personnel confirm resolution of the blockage or other fault) (urgent)	< 5 hours	1.85 hours	Target Met	Target Met	Target Met	1.63 hours
Median resolution time to sewage overflows resulting from blockage or other fault in the Council's sewerage system (from the time Council received notification to the time service personnel confirm resolution of the blockage or other fault) (non-urgent).	< 10 Days	24 hours	Target Met	Target Met	Target Met	5.02 hours
Median resolution time (combined)	< 10 Days	6.63 hours	Target Met	Target Met	Target Met	4.57 hours
The total number of complaints received by Council about the following: • Sewage odour • Sewerage system faults • Sewerage system blockages • Council's response to issues with its sewerage system Expressed per 1,000 connections to the council sewerage system.	< 20 complaints in total per 1,000 connections per annum	5.66	Target Met	Target Met	Target Met	1.44 complaints per 1000 connections
Water Supply						
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Result Q3	Comments
No Public health risk with substantiated positive E-coli detected in the water supply	100%	100%	Target Met	Target Met	Target Met	100%
New Zealand Drinking Water Standard Compliance Criteria for protozoa are met, with the exception of the Stanway-Halcombe Rural Water Supply	100%	100%	Target Met	Target Met	Target Met	100%
percentage of real water loss from Council's networked reticulation system. This will be calculated for each water supply scheme using Method 1 - Water Balance as per the Department of Internal Affairs guidelines	< 35%	34%	In Progress	In Progress	In Progress	12 months of data is required to complete this assessment
Attendance time for urgent call-outs: from the time the Council receives notification to the time that service personnel reach the site	2 hours	0.53 hours	Target Met	Target Met	Target Met	0.68 hours
Resolution time of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm that the water supply has been reinstated.	9 hours	2.42 hours	Target Met	Target Met	Target Met	0.97 hours
Attendance time for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site	5 working days	7.18 hours	Target Met	Target Met	Target Met	24 hours
Resolution time for non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	A further 5 working days	24 hours	Target Met	Target Met	Target Met	24 hours
Monitoring the total number of complaints (per 1,000 connections) received by Council about any of the following: • Drinking water clarity • Drinking water taste • Drinking water odour • Drinking water pressure or flow • Continuity of supply • The local authority's response to any of these issues	<20	16.39	Target Met	Target Met	Target Met	6.19
The average consumption of drinking water per day, per resident within Council's authority area	300 litres/person/day for domestic supply only	218 litres/person/day for domestic supply only	In Progress	In Progress	In Progress	12 months of data is required to complete this assessment

## Accounts Receivable and Rating

### Outstanding Rates

Accounts Receivable (Rates)	YTD Prior Year 31/03/2021 \$000	YTD Current 31/03/2022 \$000
Current Year's Rates Outstanding (incl Penalties)	788	829
Total Rates invoiced to date (incl GST)	30843	30843
Outstanding rates as a % of total rates levied	2.55%	2.69%
Prior Year's Rates Outstanding	210	230
Outstanding at Beginning of Year	1084	1084
% Prior Years Arrears Outstanding	19%	21%
Rate Received in Advance	(1,188)	(1,344)
<b>Total Rates Outstanding</b>	<b>-190</b>	<b>-285</b>

### Prior Year Rate Details

#### Rates Arrears (\$000)

Reconciliation Date	Arrears as at 1 July 2021	Collection Current Month	Collection to date	% of arrears collected YTD	Arrears Outstanding	% of arrears collected in prior years
31-Mar-22	890	58	645	74.14%	230	78.61%

### Sundry Receivables (Non Rates)

Accounts Receivable (Sundry)	Current	30 day	60 day	90 day	Total
<b>Aging</b>	4,746	129	31	256	5,162
% of Total	91.94%	2.51%	0.60%	4.95%	100.00%
<b>Analysis</b>					
90 day debt - top 10 managed by MDC ( '000s)				138	53.99%
Managed by DMC ( '000s)				74	29.06%

## Approved Variation to Annual Plan

These items consolidate to form the variance between Annual Plan and Revised Budget.

<b>Annual Plan Net Surplus/(Deficit)</b>		<b>8,697,000</b>	<b>Surplus</b>
<b>Revenue Adjustments</b>			
Reduction in Waka Kotahi NZTA Subsidy	-831,000		
Carry Forward Approved - Ohakea Rural Water Scheme Funding	4,100,000		
Department of Internal Affairs Water Reform Projects	1,100,000		
NZTA Subsidy - Emergency Works for December Flood 2021 event	795,000		
<b>Total Revenue Adjustments</b>		<b>5,164,000</b>	<b>Revenue</b>
<b>Operational Expenditure Adjustments</b>			
<u>Council Approval</u>			
Carry Forwards	1,495,000		
Roading Emergency Works for December 2021 Flood event	1,500,000		
3 Waters Campaign	15,000		
Department of Internal Affairs Water Reform Projects	30,000		
<b>Total additional council approved expenditure</b>		<b>3,040,000</b>	
<u>Chief Executive approved items</u>			
Feilding Little Theater Fesability Study	74,000		
Housing Development Fesability Study	8,000		
Te Reureu Rural Water scheme fesability works	28,000		
Funding of Forestry study	5,000		
Summer Intern District Plan Project team	14,000		
Bring forward Parks and Reserves Districtwide Projects from LTP Y2	25,000		
COVID-19 Response	15,000		
Emergency Response to December 2021 Floods (EOC/Water)	74,000		
<b>Total additional CE approved expenditure</b>		<b>243,000</b>	
<b>Revised Budget Net Surplus/(Deficit)</b>		<b>10,578,000</b>	<b>Surplus</b>
<b>Annual Plan Capital Budget</b>		<b>40,452,025</b>	
<u>Council Approval</u>			
Carry forwards	23,534,192		
Reduce Current Year Budgets for Library and Admin Building	-3,687,225		
Reduce duplication of Mangaweka Bridge Budget	-1,428,709		
Department of Internal Affairs Water Reform Projects	1,775,000		
Ohakea Rural Water Scheme Council Contingency	2,000,000		
Turners Road Land Purchase	1,000,000		
Library Upgrade - bring forward budget from 2022/23	400,000		
<u>Chief Executive approved items</u>			
Project funded from Special Reserves - Garden Festival Funds	15,000		
Additional cost of Council Sound System	7,800		
Central Energy Grant funded projects for Resource Recovery Centre	230,000		
<b>Total movements to capital budget</b>		<b>23,846,058</b>	
<b>Revised Capital Budget</b>		<b>64,298,083</b>	



# Treasury Reporting Dashboard

31 March 2022

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BANCORP TREASURY SERVICES LIMITED



# Economic Commentary

## Global (as at 31 March)

2

Omicron was pushed off the front pages of global newspapers on 24 February with the Russian invasion of Ukraine and the consequent upward shift in oil prices to as much as USD130 per barrel (from ~USD 85). Pre-existing concerns over inflation and global supply lines were further magnified by this conflict which is likely to have continuing significant effects on many key products such as oil, wheat and nickel. COVID-19's impacts are still considerable in China; its lockdown of Shanghai, with its population of 26 million people, is also impacting global supply lines.

The initial reaction from bond markets to the invasion was to push the US 10-year bond yield well below 2.00%, to as low as 1.68% at the start of March on safe-haven demand and to cut the expectations for US Federal Reserve ("Fed") hikes this year. Subsequently, in response to inflation data showing US headline inflation at a fresh 40 year high of 7.9%, the US 10-year bond yield traded above 2.20% for the first time since mid-2019 and finished the quarter at 2.40%, having been as high as 2.55%.

In reaction to the invasion of Ukraine, the S&P500 share index fell by 5.1% and was 14.5% below the all-time highs of 4,814 seen on 4 January. Subsequently, the US equity markets recovered somewhat as bargain hunters discounted the global impact of the conflict, with the S&P500 recovering around 10% from the late February lows. However, there remains a significant risk of intra-day swings on every new report from the war zone.

Concerns around inflation and a move away from the 'transitory' view of inflation saw the Fed deliver its first rate hike since 2018 in March, but it sent slightly mixed messages in its data forecasts. The Fed lowered its growth projections and upped its inflation forecasts but didn't see signs of wage inflation while expecting unemployment to drop to 3.5%. The Fed's dot plot endorsed market pricing, suggesting six further hikes this year.

The People's Bank of China ("PBoC") left its medium-term lending rate unchanged in March when the consensus was for a 5 to 10 basis point cut. However, recent data has been positive, with industrial production and retail sales numbers doubling expectations at 7.5% and 6.7% year to date, respectively. In saying this, these numbers were for February and didn't consider recent COVID-19 related lockdowns.

The release of the Reserve Bank of Australia minutes from the March meeting confirmed that the central bank is in no hurry to raise the cash rate, stating that it is prepared to wait "until actual inflation is sustainably within the 2 to 3 per cent target band". The market is increasingly sceptical of these views and is now pricing in multiple rate hikes.

# Economic Commentary

## New Zealand (as at 31 March)

In New Zealand, the market has continued to price in an aggressive response by the RBNZ to contain inflation. Current market pricing has the Official Cash Rate (“OCR”) at 2.25% by July 2022, 3.00% by December 2022 and 3.50% by May 2023, while the 3-month bank bill rate is projected to reach 3.50% by December 2022 and 3.70% by June 2023. The Reserve Bank of New Zealand’s (“RBNZ”) projections for the OCR contained in the February *Monetary Policy Statement* have the OCR at 2.20% by December 2022 and 2.80% by June 2023. This very aggressive pricing, especially from the markets, is the result of expectations that the inflation rate, currently at 5.9%, will climb sharply with the RBNZ projecting it to increase to 6.6% in the March 2022 quarter, while one local bank sees it at 7.4% for the same period.

Undoubtedly, inflation will increase, driven primarily by the surge in fuel prices. This will necessitate sharp increases in the OCR, but whether current market pricing proves to be correct is doubted by some. As history shows, both central banks and the markets tend to move too far in easing and tightening expectations. At the same time, there are also concerns that New Zealand households will not be able to withstand the already considerable cost of living increases that flow from increasing mortgage rates, fuel and food costs etc.

Since January 2004, mortgage and personal debt levels have increased from around NZD100 billion to just under NZD350 billion currently, according to the RBNZ. To put that in perspective, the 3.25% increase in the OCR over the 2004 to 2007 tightening cycle would have implied a circa NZD3.3 billion transfer from consumption/savings to debt servicing. A move from 0.25% to 3.25% this cycle will mean a circa NZD10.5 billion impact, a 218% increase. As a comparison, since 2004, New Zealand’s GDP has increased from circa NZD140.0 billion to NZD345.0 billion, a 142.8% increase.

Headwinds for the domestic economy include higher mortgage rates, a higher cost of living, supply shortages, the COVID-19 Omicron outbreak, the impact on consumer confidence that a cooling housing market will have and weak business confidence. This is before considering the potential longer-term impact of the Ukraine invasion. On the flip side, unemployment is at record lows and could fall further, and we are seeing signs of wage inflation. New Zealand’s terms of trade remain robust, with dairy returns at record levels and border restrictions are being lifted.

Swap rates have lifted across the yield curve, driven by sharply higher inflation expectations in New Zealand and overseas. Over the March quarter, the 2 year swap increased from 2.17% to 3.29%, the 5 year swap from 2.55% to 3.38% and the 10 year swap from 2.64% to 3.38%. Whether rates can be sustained at these levels depends on future RBNZ monetary policy action; if the tightening cycle does not materialise to the extent that is currently projected, then rates may well decline.

# Local Authority Sector

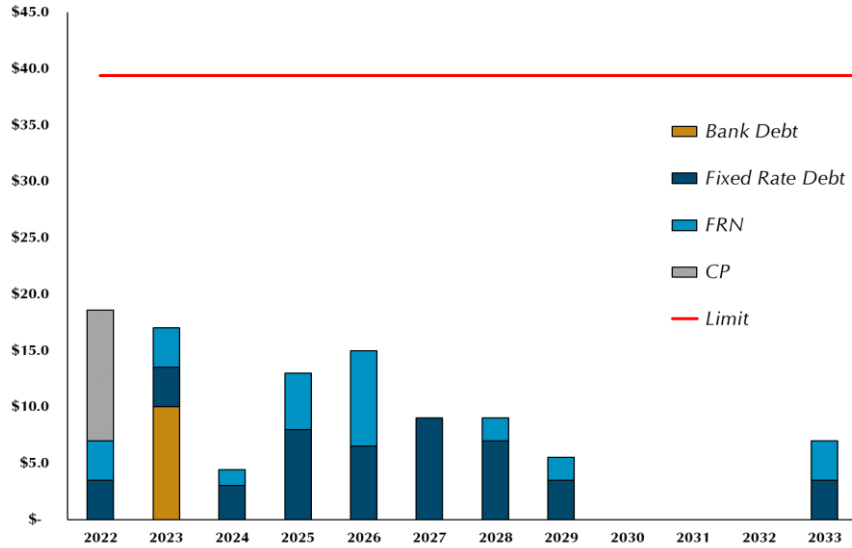
Listed in the following table are the credit spreads and interest rates as at 31 March for Commercial Paper (“CP”), Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), at which Manawatu District Council could source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Margin	FRN (or CP) Rate	FRB
3 month CP	0.20%	1.80%	N/A
6 month CP	0.20%	2.37%	N/A
April 2023	0.43%	2.03%	3.16%
April 2024	0.46%	2.06%	3.73%
April 2025	0.53%	2.13%	3.90%
April 2026	0.62%	2.23%	4.05%
April 2027	0.69%	2.29%	4.08%
May 2028	0.75%	2.35%	4.17%
April 2029	0.77%	2.37%	4.21%
May 2031	0.81%	2.41%	4.23%
April 2033	0.93%	2.53%	4.31%
May 2035	1.00%	2.60%	4.42%
April 2037	1.04%	2.64%	4.47%

Margins for LGFA debt increased slightly during the quarter, as credit markets tightened up in response to the invasion of Ukraine. The yields for both CP and FRNs increased noticeably in line with the increase in the 3 month bank bill rate. The most pronounced increases however were in the yields for FRBs, which increased significantly following sharp rises in global bond yields and New Zealand swap rates. For example, the April 2026 bond yield rose from 3.12% to 4.05% and the May 2031 yield from 3.45% to 4.23%.

# Funding and Liquidity

Manawatu DC - Funding Maturity Profile



Funding KPIs	Minimum %	Maximum %	Actual	Compliant?
Liquidity	110%	N/A	111.3%	Yes
Funding Maturity Profile				Yes

*No more than 40% of debt to mature in any rolling 12 month period*

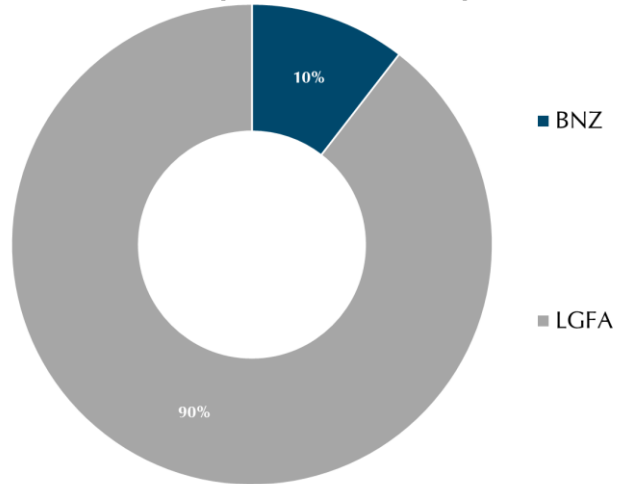
Debt  
**\$88.46m**  
 Total External Council Drawn Debt

LGFA  
**\$88.46m**  
 Funds Drawn from LGFA

Headroom  
**\$10.0m**  
 Undrawn Bank Facilities

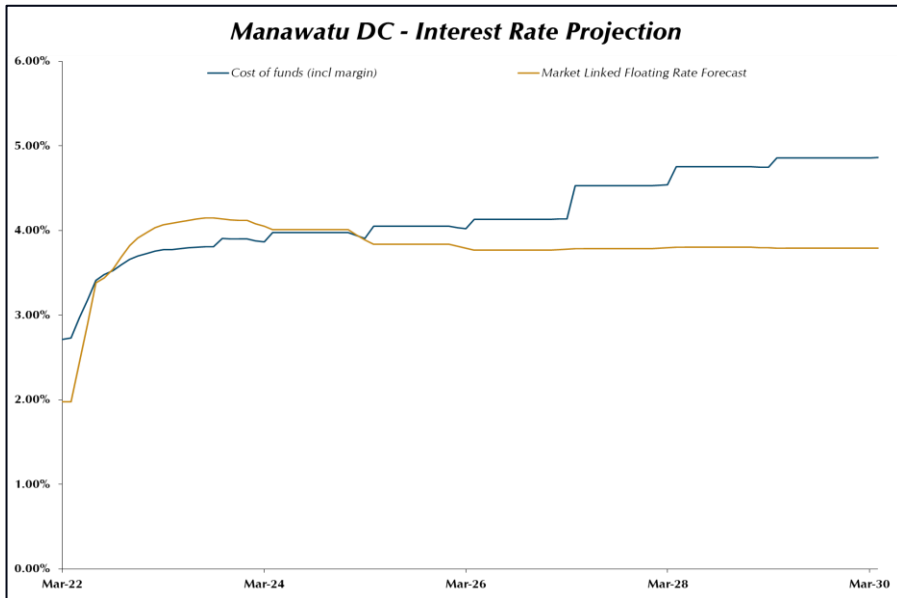
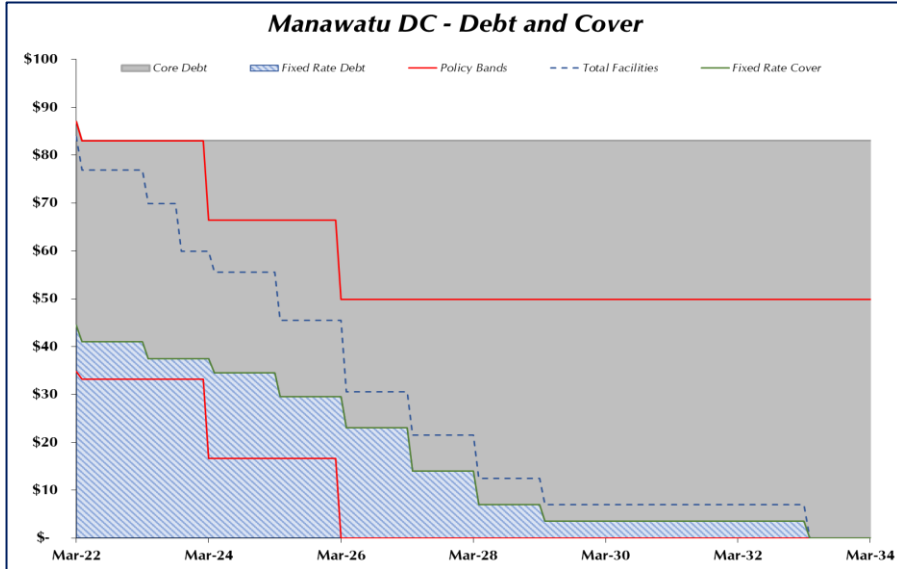
Liquidity Ratio  
**111.3%**  
 Definition: (Cash Reserves + Lines of Credit + Drawn Debt)/Drawn Debt

Manawatu DC - Composition of Counterparties



Policy Compliance	Compliant	Flag
Have all transactions been transacted in compliance with policy?	Yes	
Is fixed interest rate cover within policy control limits?	Yes	
Is the funding maturity profile within policy control limits?	Yes	
Is liquidity within policy control limits?	Yes	
Are all counterparty exposures within policy control limits?	Yes	

# Interest Rate Risk Management



Current % of Debt Fixed	49.74%
Current % of Debt Floating	50.26%
Value of Fixed Rate (m)	\$44.0
Weighted Average Cost of Fixed Rate Instruments	3.88%
Value of Forward Starting Cover	\$0.0
Weighted Average Cost of Forward Starting Cover	0.00%
Value of Floating Rate (m)	\$44.46
All Up Weighted Average Cost of Funds Including Margin	2.43%
Total Facilities In Place	\$98.46m
Facility Headroom	\$10.0m

Policy Bands				
	Minimum	Maximum	Cover %	Policy
0 - 2 years	40%	100%	52.9%	Compliant
2 - 4 years	20%	80%	44.6%	Compliant
4 - 13 years	0%	60%	35.1%	Compliant

# Current Position

## Fixed Rate Cover

Cover Type	Bank	Face Value (\$m)	Start Date	Maturity	Swap rate / Cap
		\$ 44.0			2.91%

Fixed Rate Debt	LGFA	\$ 3.5		15-Apr-23	5.56%
Fixed Rate Debt	LGFA	\$ 3.0		15-Apr-24	1.81%
Fixed Rate Debt	LGFA	\$ 5.0		15-Apr-25	3.47%
Fixed Rate Debt	LGFA	\$ 3.0		15-Apr-25	3.05%
Fixed Rate Debt	LGFA	\$ 4.0		15-Apr-26	3.89%
Fixed Rate Debt	LGFA	\$ 2.5		15-Apr-26	2.90%
Fixed Rate Debt	LGFA	\$ 7.0		15-Apr-27	1.11%
Fixed Rate Debt	LGFA	\$ 2.0		15-Apr-27	1.95%
Fixed Rate Debt	LGFA	\$ 2.0		15-Apr-28	3.12%
Fixed Rate Debt	LGFA	\$ 3.0		15-Apr-28	2.20%
Fixed Rate Debt	LGFA	\$ 2.0		15-Apr-28	2.12%
Fixed Rate Debt	LGFA	\$ 1.0		20-Apr-29	2.42%
Fixed Rate Debt	LGFA	\$ 2.5		20-Apr-29	2.41%
Fixed Rate Debt	LGFA	\$ 3.5		14-Apr-33	4.72%

## Floating Rate Facilities in place

Type	Counterparty	Current value	Start Date	Maturity Date	Margin
		\$ 47.5			0.50%

CP	LGFA	\$ 6.0		11-May-22	0.20%
CP	LGFA	\$ 5.5		11-Aug-22	0.20%
FRN	LGFA	\$ 3.5	19-May-14	15-Apr-23	0.82%
Bank Debt	BNZ	\$ 10.0		31-Oct-23	
FRN	LGFA	\$ 1.4	1-Dec-21	15-Apr-24	0.40%
FRN	LGFA	\$ 5.0	20-Jun-16	15-Apr-25	0.82%
FRN	LGFA	\$ 4.0	15-Dec-17	15-Apr-26	0.91%
FRN	LGFA	\$ 2.0	17-Dec-18	15-Apr-26	0.88%
FRN	LGFA	\$ 2.5	15-Mar-19	15-Apr-26	0.79%
FRN	LGFA	\$ 2.0	15-Mar-19	15-Apr-28	0.89%
FRN	LGFA	\$ 2.0	14-Jun-21	20-Apr-29	0.63%
FRN	LGFA	\$ 3.5	15-May-17	14-Apr-33	0.94%



# GET IN TOUCH

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## **Audit and Risk Committee**

Meeting of 12 May 2022

Business Unit: Finance

Date Created: 25 March 2022

### **Audit New Zealand Report – Annual Audit of Manawatu District Council for the Year Ended 30 June 2021**

#### **Purpose Te Aronga o te Pūrongo**

To present Audit New Zealand's management report for the year ended 30 June 2021.

#### **Significance of Decision Te Hira o te Whakataunga**

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

#### **Recommendations Ngā Tūtohinga**

That the Audit and Risk Committee receives the Audit New Zealand management report on the Manawatū District Council for the year ended 30 June 2021.

Report prepared by:  
Amanda Calman  
Chief Financial Officer

Approved for submission by:  
Amanda Calman  
Chief Financial Officer

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**1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori**

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

**2 Background Ngā Kōrero o Muri**

- 2.1 Audit New Zealand issued an unmodified audit opinion on 03 February 2022.
- 2.2 Following completion of their annual audit, the Council’s auditors Audit New Zealand provided a report in which they set out their observations on key issues and the associated risks that were identified in the process of conducting the audit.
- 2.3 Management is given the opportunity to respond to the suggestions made in the Audit report, and these are then incorporated into their final report.
- 2.4 The attached report from Audit New Zealand identifies a number of areas that were recommended for improvements, and the management responses to each of these matters is set out within the report.

**3 Discussion and Options Considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia**

3.1 *Audit New Zealand identified 2 areas of interest during the audit:*

- 3.1.1 *Revaluation of Property, Plant and Equipment – no fair value assessment was undertaken by Council at 30 June 2021 to investigate if there were any material differences between the carrying value and fair value; consequently Audit New Zealand completed their own assessment based on publicly available information and found no material differences. Audit New Zealand recommended that fair value assessments be performed on an annual basis going forward.*

- 3.1.2 *Rates – it was noted that there were some discrepancies predominantly relating to inconsistencies between the rates resolution, funding impact statement and the revenue and financing policy. Audit New Zealand recommended that Council ensure all terminology is consistent throughout these documents, and to seek a legal review of rates setting documents and a review of its rates model when next setting rates.*
- 3.2 *Audit New Zealand identified six new recommendations; none are urgent, six are necessary. (page 5 of audit report)*
- 3.3 *Audit New Zealand outlined the status of previous recommendations. Seven of the previous recommendations have been implemented or closed. Of the outstanding previous recommendations, fourteen are deemed to be necessary, and one beneficial.*

#### **4 Te Kīwai (o te kete)**

- 4.1 Te Kīwai is the engagement process which guides Council’s practice and ensures the onus to engage and include Māori is shared between Council and all partners. In this manner, we progress both the articles and principles of Te Tiriti o Waitangi by maintaining the balance between Kawanatanga (Governance) of the Council and Tino Rangatiratanga (Sovereignty) of whānau, hapū, and iwi Māori.
- 4.2 There are no known cultural considerations associated with the matters addressed in this report. No engagement with Māori is necessary.

#### **5 Community Engagement Te Whai Wāhitanga mai o te Hapori**

- 5.1 There are no community engagement requirements associated with this report.

#### **6 Operational Implications Te Whai Pānga Atu ki ngā Kaupapa Mahi**

- 6.1 Some operational changes in processes or controls have been made, as disclosed in the management’s response to the recommendations that the auditors have made.

#### **7 Financial implications Te Whai Pānga Atu ki ngā Kaupapa Ahumoni**

- 7.1 There have been no matters identified in the audit that are believed to present a financial risk to Council.

#### **8 Statutory Requirements Ngā Here ā-Ture**

- 8.1 There are no statutory requirements associated with this matter.

#### **9 Delegations Te Mana Whakatau**

- 9.1 The Audit and Risk Committee’s Terms of Reference include the responsibility for reviewing significant audit findings and recommendations, as well as monitoring progress on recommendations within the audit report.

## **10 Conclusion Whakatepenga**

- 10.1 The attached report from Audit New Zealand contains recommended actions arising from Council's recent audit, along with management responses and details of actions that have been taken to date on the audit recommendations. The Audit and Risk Committee are asked to note the findings outlined in the attached audit report and the associated management responses.

## **11 Attachments Ngā Āpitihanga**

- Audit New Zealand Final Report to Governors for 30 June 2021

# Report to the Council on the audit of

Manawatu District Council

For the year ended 30 June 2021

# Contents

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## Key messages

We have completed the audit for the year ended 30 June 2021. This report sets out our findings from the audit and draws attention to areas where the District Council is doing well and where we have made recommendations for improvement.

### **Audit opinion**

We have issued an unmodified audit opinion dated 3 February 2022.

Without modifying our opinion, we drew attention disclosures which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

### **Matters identified during the audit**

#### **Revaluation of Property, plant and equipment**

The District Council's policy is to revalue its infrastructure assets annually at the beginning of each year and its land and buildings every three years. The District Council revalued its infrastructure assets at 1 July 2020.

We reviewed the infrastructure revaluations that were performed in-house by the District Council staff as well as the report of the peer reviewer, and the external review of unit rates. We are satisfied that the infrastructure assets were fairly stated at 1 July 2020.

Given that the valuation was completed at 1 July 2020, we expected that a fair value assessment would be undertaken at 30 June 2021 as well as for land and buildings to consider if there were any material differences between the carrying value and fair value at this date especially given the current operating environment. No such assessment was undertaken.

Consequently, we completed our own assessment based on publicly available information on what the fair value movement could be and we did not identify any material differences based on the information available.

We recommend that management perform such fair value assessments on an annual basis and that consideration be given to using internal actual costs and appropriate external information.

### **Rates**

Our work on the rates setting process for 2020/21 and 2021/22 noted some discrepancies mostly in relation to inconsistencies between the rates resolution, funding impact statement and the revenue and financing policy.

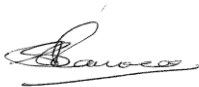
While the amounts affected by the inconsistencies were not considered material, we did obtain advice on the matter which supported the audit team's view that these inconsistencies did not warrant any resetting of the current rates noting that Council has already reset the rates for 2021/22.

We recommend that Council:

- ensure consistency in terminology between the various rates setting documents; and
- seek a legal review of rates setting documents and/or QA review over its rates model when next setting rates.

## **Thank you**

We would like to thank the Council, management and staff for the assistance received during the audit.



Clint Ramoo  
Appointed Auditor  
24 March 2022

# 1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Priority	Explanation
Urgent	<p><b>Needs to be addressed <i>urgently</i></b></p> <p>These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.</p>
Necessary	<p><b>Address at the earliest reasonable opportunity, <i>generally within six months</i></b></p> <p>These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.</p>
Beneficial	<p><b>Address, <i>generally within six to 12 months</i></b></p> <p>These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.</p>

## 1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
<p><b>Fair value assessments</b></p> <p>Management performs a fair value assessment on an annual basis taking account of internal actual costs and appropriate external information.</p>	3	

Recommendation	Reference	Priority
<p><b>Rates setting</b></p> <p>Council:</p> <ul style="list-style-type: none"> <li>ensure consistency in terminology between the various rates setting documents; and</li> <li>seek a legal review of rates setting documents and/or QA review over its rates model when next setting rates</li> </ul>	4.1	
<p><b>Bank reconciliation review process</b></p> <p>When bank reconciliations are reviewed, there is clear documentation of the reviewer and the date of review.</p>	4.2	Necessary
<p><b>Adding, reviewing and removing staff and contractors</b></p> <p>A review of procedures for adding, reviewing and removing staff and contractors from IT systems be done and a centralised database of contractors be established.</p>	4.3	Necessary
<p><b>Water meter users overcharged in 2020/21</b></p> <p>The District Council reviews its systems and processes around the set-up of water meter charges and implement changes that minimise the risk of this error occurring in the future.</p> <p>The District Council investigates whether it is required to repay water meter users for the overcharging.</p>	4.4	Necessary
<p><b>Credit card not appropriately approved</b></p> <p>The District Council follow the one-up approval process as required by the sensitive expenditure policy.</p> <p>The Chair's approval is included in documentation on the system if the Chief Executive is doing the system approval.</p>	4.5	Necessary

## 1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 2 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	-	12	1	13
Implemented or closed	1	5	1	7

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Matters that will be followed up during our next audit visit	-	2	-	2
<b>Total</b>	<b>1</b>	<b>19</b>	<b>2</b>	<b>22</b>

## 2 Our audit report

### 2.1 We issued an unmodified audit report



We issued an unmodified audit report on 3 February 2022. This means we were satisfied that the financial statements and statement of service performance present fairly the District Council's activities for the year and its financial position at the end of the year.

Without modifying our opinion, we drew attention to disclosures which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

In forming our audit opinion, we considered the following matters. Refer to sections 3 and 4 for further detail on these matters.

### 2.2 Uncorrected misstatements

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

Current year uncorrected misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Provision for landfill aftercare (non-current)	1		84,000		
Other expenses					(84,000)
<b>Total parent</b>			<b>84,000</b>		<b>(84,000)</b>

#### Explanation of uncorrected misstatements

- 1 An incorrect discount rate was used for the landfill provision. The prior year rate was used instead of being updated for the latest rate.

**2.3 Uncorrected disclosure deficiencies**

Detail of disclosure deficiency
Rates written off need to be disclosed in line with section 90D of the Local Government (Rating) Act 2002. This should have been \$122,000.

**2.4 Corrected performance reporting misstatements**

Detail of misstatement
The roading safety measure should be updated to show the performance story more clearly by disclosing the current and previous years’ results so readers can make a comparison on the results.

**2.5 Corrected misstatements**

We also identified misstatements that were corrected by management. The corrected misstatements are listed in Appendix 2.

**2.6 Quality and timeliness of information provided for audit**



Management needs to provide information for audit relating to the annual report of the District Council. This includes the draft annual report with supporting working papers. We provided a listing of information we required to management via AuditDashboard. This included the dates we required the information to be provided to us.

AuditDashboard was used during the 2020/21 audit for the first time. This worked well and we will continue to use the tool going forward.

The Council staff provided us with most of the documents and information requested on a timely basis and by the due dates set. This allowed the resourced phase of the audit to proceed more efficiently and reduced the level of interruption to council staff.

### 3 Matters raised in the Audit Plan



In our Audit Plan of 25 August 2021, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
<b>Management override of controls</b>	
<p>Management is in a unique position to perpetrate fraud because of management’s ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it results in a risk of material misstatement due to fraud.</p>	<p>To reduce the risk of material misstatement due to fraud to an acceptable level we completed the following audit work:</p> <ul style="list-style-type: none"> <li>• Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</li> <li>• Reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud.</li> <li>• Maintained awareness of any significant transactions that were outside the normal course of business, or that otherwise appear to be unusual given our understanding of the Council and its environment, and other information obtained during the audit.</li> </ul> <p><b>Conclusion</b></p> <p>From our testing we did not identify any issues that indicated management override.</p>
<b>Valuation of property, plant and equipment</b>	
<p><i>Infrastructure</i></p> <p>The District Council’s policy is to revalue its infrastructure assets annually at the beginning of each year and its land and buildings every three years.</p> <p>During the audit of infrastructure revaluations in previous years we identified a number of issues with integrity of data, the timeliness of the revaluations, and scope of external peer reviews. We noted an improvement in the valuation reports and processes in</p>	<p><i>Infrastructure</i></p> <p>To gain assurance over the valuations we performed the following procedures over the valuation undertaken as at 1 July 2020:</p> <ul style="list-style-type: none"> <li>• reviewed the processes employed by the District Council to ensure that the items revalued are complete, and whether any items were excluded from the revaluation and the reason for this;</li> <li>• reviewed the process over the revaluation results and how the District Council</li> </ul>

Audit risk/issue	Outcome
<p>the prior year but recommended that the District Council improve information about the condition and useful lives of assets and the impact of this on the valuation. We also recommended that the District Council review assets which are due to be replaced prior to the end of their useful lives.</p> <p>Due to the judgemental nature of the revaluation there is a risk of bias or error in the assumptions an inputs used that could result in the incorrect value for infrastructure assets. As the District Council revalues its infrastructure assets yearly, there is a reduced impact of changes in unit rates.</p> <p>The District Council should consider the impact of the condition of assets with known problems on the valuation and provide us with this assessment.</p> <p>The District Council should review assets which are to be replaced prior to the end of their useful lives and ensure this has been taken in to account in the valuation and assessment of remaining useful lives.</p> <p><i>Land and buildings</i></p> <p>The last valuation of land and buildings (operational and restricted) was at 30 June 2020.</p> <p>PBE IPSAS 17, Property, Plant and Equipment, requires that valuations are conducted with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>Due to the judgemental nature of the revaluation there is a risk of bias or error in the assumptions an inputs used. As land and buildings represent a small portion of the total property, plant and equipment of the District Council, changes in value are less significant.</p>	<p>satisfied itself that the values are appropriate;</p> <ul style="list-style-type: none"> <li>• assessed the valuation process, including the competence and experience of the staff completing the valuations;</li> <li>• reviewed the valuation reports to assess whether the requirements of PBE IPAS 17 <i>Property, Plant and Equipment</i> (including the appropriateness of the valuation basis) have been met;</li> <li>• ensured changes to values and depreciation charges have been appropriately accounted for;</li> <li>• reviewed the condition assessment and impairment consideration of assets held under the revaluation model; and,</li> <li>• assessed the presentation and disclosure of information related to the valuation in the financial statements.</li> </ul> <p>Given that the valuation was completed at 1 July 2020, we expected that a fair value assessment would be undertaken at 30 June 2021 to consider if there were any material differences between the carrying value and fair value at this date especially given the current operating environment. No such assessment was undertaken.</p> <p>Consequently, we completed our own assessment which considered publicly available information on what the fair value movement could be, and we did not identify any material differences based on the information available.</p> <p>We <b>recommend</b> that management perform such fair value assessments on an annual basis taking into account internal actual costs and appropriate external information.</p> <p><b>Overall Conclusion</b></p> <p>We are satisfied that infrastructure assets are fairly stated.</p> <p><i>Land and buildings</i></p>

Audit risk/issue	Outcome
<p>The District Council will need to prepare a formal assessment whether the fair value at 30 June 2021 differs materially to the carrying value of these assets.</p> <p>Impairment</p> <p>In accordance with PBE IPSAS 21 <i>Impairment of non-cash generating assets</i> and PBE IPSAS 26 <i>Impairment of cash generating assets</i> the District Council should prepare an assessment of impairment for all assets at year end, inclusive of the assets held under the revaluation model.</p>	<p>As was the case for infrastructure assets, no fair value assessment was performed for land and buildings that were not subject to full valuation.</p> <p>We therefore undertook our own assessment to using other information available to us and concluded that there was no material difference.</p> <p>We understand that management engaged with various parties who indicated that they were unable to undertake such an assessment without doing a full valuation.</p> <p>Our experience at other Councils indicates that this is possible unless experts believe that has been significant movements in prices which will warrant a full valuation.</p> <p>We <b>recommend</b> that management perform a fair value assessment each as required by the accounting standards during a non-revaluation year using internal actual costs and appropriate external information.</p> <p><b>Overall Conclusion</b></p> <p>We are satisfied that land and building assets are fairly stated.</p>
<b>Completeness of development contributions</b>	
<p>The District Council has budgeted revenue for development contributions of \$1.8million in 2021 (budgeted \$2.9 million in 2020, actual \$1.3 million).</p> <p>Issues have been identified in previous years in terms of the recognition of development contribution revenue. The District Council has not achieved the budgeted development contributions.</p> <p>There is a risk that development contributions are not complete due to delays in invoicing these amounts.</p>	<p>We traced a sample from issued section 224c certificates to revenue recognised, to ensure the amount recorded is fairly stated.</p> <p><b>Overall Conclusion</b></p> <p>We are satisfied that development contributions have been fairly stated</p>
<b>Funding MFE</b>	
<p>The Ministry for the Environment has provided to the District Council a contribution to remediate the contaminated water in the Ohakea area. This relates to the levels of PFAS</p>	<p>We ensured that the funding from the Ministry for the Environment is accounted for correctly in the financial statements taking into account into conditions attached to the funding.</p>

Audit risk/issue	Outcome
<p>compounds detected in the ground water in the Ohakea area that are beyond that current drinking water interim guideline for PFAS. The grant has been provided to provide a safe drinking water source and supply for the people of Ohakea.</p>	<p><b>Overall Conclusion</b></p> <p>We are satisfied that the funding from the Ministry for the Environment has been fairly stated.</p>
<p><b>Impact of three waters reform</b></p>	
<p>The three waters reform programme is one of the most significant policy programmes affecting local authorities. This is a three-year programme of work in three tranches.</p> <p>During 2020/21, the District Council signed a non-binding Memorandum of Understanding (MOU) with the Crown. By signing this MOU, the District Council agreed to participate in the exploration of future service delivery options for the three waters services and to collaborate with agencies involved in the reform.</p> <p>On signing of the MOU, the District Council subsequently received a share of \$761 million Crown stimulus funding, which was the first tranche of funding that was provided under the reform programme. It is important that the District Council is appropriately accounting for its share of the funding and is meeting the obligations of the funding agreement.</p> <p>Much of the policy is still to be developed, with significant announcements about the form of future water services entities expected in year one (1) of the 2021-31 long-term plan (LTP) period (2021/22). The City Council will then need to decide whether to opt out of the proposed new service delivery model. There is still considerable information to come as to what these reforms may mean for the District Council before this decision will be made.</p>	<p>We expected the District Council had taken steps to:</p> <ul style="list-style-type: none"> <li>consider the implications of any government announcements about three waters reform up to the date of authorisation of the financial statements. This includes the impact on financial statements and disclosures, including subsequent events disclosures; and</li> <li>ensure any Crown stimulus funding resulting from the three waters reform programme received by the District Council has been appropriately accounted for in accordance with PBE accounting standards and the terms of the agreement.</li> </ul> <p><b>Overall Conclusion</b></p> <p>The District Council has appropriately disclosed the announcement by the Government on the three waters reform in the subsequent events note and this has been included as an emphasis of matter in the audit opinion as per section 2.1 above.</p> <p>The Crown stimulus funding was appropriately included in the financial statements in line with the accounting standards and the signed agreements.</p>

Audit risk/issue	Outcome
<b>Work-in-progress Classification</b>	
<p>The District Council had work-in-progress of \$7.9 million at 20 June 2021. In previous audits we have identified issues with completed assets being incorrectly recorded as work-in-progress at year-end. If completed assets are incorrectly recorded as work-in-progress this error results in property, plant and equipment, and depreciation being understated and work-in-progress being overstated, which misrepresents the actual position of the District Council's capital projects.</p>	<p>We reviewed fixed asset additions and year-end work-in-progress, to ensure that assets are recognised in the District Council's asset management systems on the date that they became available for use.</p> <p>We also reviewed the depreciation charged for completed fixed assets to ensure this has been charged from the date that the assets became available for use.</p> <p><b>Overall Conclusion</b></p> <p>We are satisfied that the projects included in work in progress are appropriate.</p>
<b>Covid-19 implications on public sector reporting</b>	
<p>We will be updating our understanding of:</p> <ul style="list-style-type: none"> <li>• the risks the District Council faces, and how these are being managed;</li> <li>• the Covid-19 planning and budgeting assumptions;</li> <li>• any Covid-19 response initiatives;</li> <li>• the effect of Covid-19 on the management control environment, strategy, strategic priorities, workforce capacity and capability, and operations;</li> <li>• whether the internal control and reporting systems are in place and functioning effectively;</li> <li>• how, and how well, the above factors are being reflected in the District Council's financial and performance reporting, including how performance is being assessed;</li> <li>• how the going concern of the District Council is impacted and considerations that management has made with terms of the going concern assessment; and</li> </ul>	<p>Impact of Covid-19</p> <p>The continuing effect of Covid-19 on local government entities is uncertain. We completed the following:</p> <ul style="list-style-type: none"> <li>• gained an updated understanding of the impact of Covid-19 on the District Council's operations, financial statements, and performance story;</li> <li>• determined that management has not identified or recorded any significant additional Covid-19 related revenue, receivables, or costs, other than Shovel Ready funding. Shovel Ready funding has been recognised in line with PBE accounting standards; and</li> <li>• assessed the completeness and reasonableness of disclosures contained within the annual report relating to the impact of Covid-19.</li> </ul> <p><b>Overall Conclusion</b></p> <p>We are satisfied that the impact of the Covid-19 pandemic is adequately disclosed in the financial statements and performance information.</p>

Audit risk/issue	Outcome
<ul style="list-style-type: none"> <li>any implications the above factors might have for the audit and audit risk.</li> </ul> <p>We will ask the District Council to update its 2019/20 Covid-19 risk assessment, and we will review this assessment to identify any potential risks for the audit and develop an audit response to address these risks.</p>	

## 4 Issues noted during the audit



The following are the issues that we noted during the audit.

### 4.1 Rates setting

Our work on the rates setting process for 2020/21 and 2021/22 noted the following discrepancies.

#### 2020/21

- Defence rate differential:** the rates resolution and funding impact statement (FIS) consistently refer to a “rural” differential. Despite this, it appeared the Council levied a rate that was differentiated by “defence” for 2020/21. Furthermore, the Revenue and Financing policy does not comment on defence force land.
- Revenue and Financing (R&F) policy:**
  - The rating resolution refers to an ultra-fast targeted rate and capital contributions targeted rates that the Council levies. These are not included in the R&F policy.
  - The R&F policy refers to a “UTR” to fully or partly fund several types of expenditure. We have assumed “UTR” means “uniform targeted rate”, as UTR is not defined. The R&F policy does not refer to the uniform annual general charge, so we questioned whether UTR is meant to refer to UAGC instead.

## 2021/22

- **Defence rate:** the rating resolution does not refer to a defence rate differential. In the FIS, there are three rates that have “rural and defence” differentials – for the general rate, parks, reserves and sport grounds targeted rate and the roading targeted rate. Our expectation is that the same wording is used.
- The R&F policy states that defence force land must be assessed on land value for the general rates. This distinction is not noted in the FIS.
- R&F policy:
  - The rating resolution refers to an ultra-fast targeted rate and capital contributions targeted rates that the Council levies. These are not included in the R&F policy.
  - The R&F policy refers to a uniform targeted rate to fully or partly fund several types of regulatory expenditure (animal control, building control, compliance and monitoring, and consent planning). The rating resolution does not set a uniform targeted rate to fund these types of expenditure. The FIS also does not describe such a rate.
  - GST treatment: the rating resolution is silent on whether the rates include or exclude GST (although the FIS makes it clear that the rates included in the resolution include GST). We understand that the default position is that rates include GST unless they state otherwise.

We consulted with Office of the Auditor-General legal team on the matters above and they concurred with the audit team that these matters were not material but needed to be remedied in time for the 2022/23 rates setting process.

We recommend that Council:

- ensure consistency in terminology between the various rates setting documents; and
- seek a legal review of rates setting documents and/or QA review over its rates model when next setting rates.

### **Management comment**

- *The Revenue and Funding Policy is being taken back to Council in April/May to tidy up some of the terminology inconsistencies identified by audit.*
- *Legal review is currently being undertaken of the Funding Impact Statement of the Annual Plan and the rates resolution by Simpson Grierson. It is also our intention to follow this process for the 2023-24 Annual Plan and the next Long Term Plan.*

- *Defence rate is now itemised separately in the Annual Plan and clearly reflects that it is being correctly calculated using land value.*

## **4.2 Bank reconciliation review process**

During testing of bank reconciliations, we noted that there is a lack of evidence of review.

The reconciliation process changed from December 2020 and now uses an Excel spreadsheet. The new process does not clearly identify the reviewer and the date of review.

This poses a risk that bank reconciliations are not reviewed in a timely manner and that variances between the bank statement and general ledger are not dealt with in a timely manner or go undetected.

We **recommend** that when bank reconciliations are reviewed, there is clear evidence of the reviewer and the date of review.

### **Management comment**

*Bank reconciliations have their own Jarvis workflow, once completed by the person doing the reconciliation, a workflow is initiated which goes to an accountant for review and approval.*

*The Bank reconciliations are definitely reviewed and evidence of that can be seen in the workflow approvals which includes the day and time of review. However, for the May 2021 workflow there was an error in the workflow which resulted in it not saving so documentation of the review was lost. June workflow clearly reflects the June reconciliation as being reviewed correctly.*

## **4.3 Adding, reviewing and removing staff and contractors from IT systems**

During our testing of controls for adding and removing users from the District Council network and systems we noted that IT staff are not always being advised of staff and contractors leaving the District Council.

We note that often staff remain on as contractors after they leave, but no end dates are supplied to IT to ensure access is removed when the contract ceases.

We noted there are contractors who have not logged in to the District Council's network for over 6 months, and some have not logged in for over a year, indicating that IT are not being advised when contractors cease working for the District Council.

There is no central register of contractors working for the District Council so no reviews are able to be performed to ensure access remains appropriate.

The District Council's data and technology are being put at risk through inappropriate access if correct procedures for removing access are not followed.

Where staff leave but come back as contractors, the correct leaving and starting procedures should be followed to ensure the correct access in systems is established. All contractors should have end dates set in the network which match their contract end or review / renewal dates.

We **recommend** a review of procedures for adding, reviewing and removing contractors be done and a centralised database of contractors be established. All Managers need to be reminded of the correct procedures for advising all necessary people about staff and contractors' movements, so that all access can be removed promptly.

#### **Management comment**

*Your comments are accepted and we will be reviewing our processes to ensure this is followed up in a timely manner and well documented.*

#### **4.4 Water meter users overcharged in 2020/21**

The Council used the incorrect rate when charging water meter users in 2020/21. The Council's resolution set the rate at \$1.51 (inclusive of GST). The rate applied was \$1.5345, which was consistent with the Council's 2020/21 fees and charges document. We have estimated that the Council overcharged water meter users by around \$29,000 in total (including GST).

From our discussions with management, this error was not picked up at the time of the fees and charges document was checked and when the charges were set up in the system.

We **recommend** that the District Council reviews its systems and processes around the set-up of water meter charges and implement changes that minimise the risk of this error occurring in the future.

We further **recommend** that the District Council investigates whether it is required to repay water meter users for any overcharges.

#### **Management comment**

*The process for managing the setting of the fees and charges has now been brought back into the finance department and will be done alongside the rates setting process to ensure consistency.*

*Analysis was undertaken on the value overcharged, and the value came to \$15,700, when Council properties are removed from that list, the value is then \$14,200. In March 2022, Council raised credit notes to all those properties where the overcharge is greater than \$10 and issued a letter of explanation.*

#### 4.5 Credit Card not appropriately approved

The District Council's sensitive expenditure policy requires that the Mayor's credit card transactions be approved by the Chair of Audit and Risk Committee (ARC). As the Chair of ARC does not have access to the financial management system (Jarvis), it is normally approved by the CE but with an email approval of the Chair attached. We could not locate the approval email from the Chair in Jarvis at the time of testing for two of the samples selected.

The Chief Executive's EA has booked travel accommodation which was approved by the Chief Executive (CE). Although the expense occurred on the CE's EA's credit card, the expense is for the CE. In this case the transaction should be approved by the Mayor.

We **recommend** that the District Council follow the one-up approval process as required by the sensitive expenditure policy.

We **recommend** that the Chair of the ARC's approval is included in Jarvis when the CE is approves the payments on the system.

#### **Management comment**

*The workflow process for purchase card approvals now includes the ability to attach confirmation/approval documentation which will allow the approvals from the Mayor and Chair of Audit and Risk to be attached to the purchase card transactions.*

*Chief Executive expenditure incurred on the EA card will be reviewed and approved by the Mayor where applicable.*

## 5 Public sector audit



The District Council is accountable to its local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the District Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the District Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the District Council carrying out its activities effectively and efficiently;
- the District Council incurring waste as a result of any act or failure to act by a public entity;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the District Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by a public entity or by one or more of its members, office holders, or employees.

There were no issues that need to be brought to your attention other than those included in section 4.5 above.

## 6 Group audit



The group comprises:

- The District Council
- Manawatu Community Trust
- The Feilding Civic Centre trust
- Awahuri Forest/Kitchener Park Trust
- Heartland Contractors Limited

We identified the Manawatu Community Trust as a significant component of the group.

We note that Camp Rangi Woods Trust continues to not be consolidated into the group financial statements. We refer to our previous year recommendation in respect of this matter.

We have not identified any of the following during our audit for the year ended 30 June 2021:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit, other than that relating to Camp Rangi Woods.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.

Results of audit of significant component, Manawatu Community Trust (the Trust):

- We issued an unmodified audit opinion on the financial statements and performance information, which means we were satisfied that the financial statements present fairly the Trust's activities for the year and its financial position at the end of the year.

## 7 Useful publications



Based on our knowledge of the District Council, we have included some publications that the Council and management may find useful.

Description	Where to find it
<b>Consulting matters: Observations on the 2021-31 consultation documents</b>	
<p>This report provides our observations on the 2021-31 long-term plan consultation documents. Councils, as a whole, have realistically confronted the challenges they face and, for the most part, produced clear consultation documents. This is no small achievement at the best of times. In the middle of a pandemic and in a sector focused on significant reforms, this is even more significant.</p> <p>Areas covered:</p> <ul style="list-style-type: none"> <li>• Preparing long-term plans in a challenging environment</li> <li>• The audit reports we issued on the consultation documents</li> <li>• Engaging effectively with communities</li> <li>• The types of issues councils consulted on in the 2021-31 consultation documents</li> </ul>	<p>On OAG's website under 2021 publications</p> <p>Link: <a href="https://www.oag.parliament.nz/summary-of-consulting-matters-our-observations-on-the-2021-31">Summary of Consulting matters: Our observations on the 2021-31 (oag.parliament.nz)</a></p>
<b>Local government risk management practices</b>	
<p>The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.</p>	<p>On OAG's website under 2021 publications</p> <p>Link: <a href="#">risk management practices</a></p>
<b>Managing conflicts of interest involving council employees</b>	
<p>This article discusses findings across four councils on how conflicts of interest of council employees, including the Chief Executive and staff, are managed.</p>	<p>On OAG's website under 2021 publications.</p> <p>Link: <a href="#">council employees</a></p>
<b>The Auditor-General's report on the results of recent audits of local government</b>	
<p>The OAG publishes a report on the results of each cycle of annual audits for the sector.</p>	<p>On the OAG's website under publications.</p> <p>Link: <a href="#">2019/20 audits</a></p>

Description	Where to find it
<b>What good looks like: Lessons for public organisations</b>	
<p>A presentation to our central government Audit and Risk Committee Chairs' Forum.</p> <p>The presentation contained important findings from our recent work, including our performance audits, inquiries, and good practice guidance. We also highlighted areas that we will be focusing on over the next six months, including our Covid-19-related work.</p>	<p>On OAG's website under 2021 publications</p> <p>Link: <a href="#">what-good-looks-like</a></p>
<b>The problems, progress, and potential of performance reporting</b>	
<p>Performance reporting is a fundamental part of providing effective public accountability.</p> <p>This discussion paper explores five areas for improvement:</p> <ul style="list-style-type: none"> <li>ensuring that performance information is focused on the issues that matter to New Zealanders;</li> <li>ensuring that performance information is tailored to different audiences to make it more accessible;</li> <li>better integrating and aligning performance information so it is clear how the activities of public organisations contribute to outcomes;</li> <li>improving monitoring and scrutiny of the performance information that is produced to encourage continuous improvement; and</li> <li>building demand for good quality performance information, strengthening system leadership, and investing in the capability to do it well.</li> </ul>	<p>On OAG's website under 2021 publications</p> <p>Link: <a href="#">performance-reporting</a></p>
<b>Building a stronger public accountability system for New Zealanders</b>	
<p>Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources.</p> <p>This discussion paper looks at how well New Zealand's public accountability system is working in practice</p>	<p>On OAG's website under 2021 publications</p> <p>Link: <a href="#">public-accountability</a></p>
<b>The Government's preparedness to implement the sustainable development goals</b>	
<p>In 2015, all United Nations members signed up to Transforming our world: the 2030 Agenda for Sustainable Development (the 2030 Agenda). It sets out 17 sustainable development goals to be achieved by 2030.</p> <p>We looked at what arrangements are in place and how the Government is encouraging stakeholders and the public to engage with efforts to achieve the sustainable development goals by 2030.</p>	<p>On OAG's website under 2021 publications</p> <p>Link: <a href="#">sdgs</a></p>

Description	Where to find it
<b>Client updates</b>	
<p>As part of our response to the Covid-19 situation, we developed online client updates to replace the in-person sessions that were cancelled.</p> <p>This year’s material is accessible via video presentations on our website.</p> <p>The themes respond to challenges that our clients now face, such as planning for unexpected events or dealing with additional reporting requirements related to Covid-19 and climate change.</p>	<p>On our website under publications and resources.</p> <p>Link: <a href="#">Client updates</a></p>
<b>Procurement</b>	
<p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p>	<p>On the OAG’s website under publications.</p> <p>Links:</p> <p><a href="#">Strategic suppliers: Understanding and managing the risks of service disruption</a></p> <p><a href="#">Getting the best from panels of suppliers</a></p> <p><a href="#">Local government procurement</a></p>
<b>Good practice</b>	
<p>The OAG has made it easier to find good practice guidance, including resources on:</p> <ul style="list-style-type: none"> <li>• audit committees;</li> <li>• conflicts of interest;</li> <li>• discouraging fraud;</li> <li>• good governance;</li> <li>• service performance reporting;</li> <li>• procurement;</li> <li>• sensitive expenditure; and</li> <li>• severance payments.</li> </ul>	<p>On the OAG’s website under good practice.</p> <p>Link: <a href="#">Good practice</a></p>

## Appendix 1: Status of previous recommendations

### Open recommendations

Recommendation	First raised	Status
<b>Necessary</b>		
<p><b>Sensitive expenditure policy and system</b></p> <p>Where possible expenditure is approved on a one up basis. For example, the Chair of the Audit Committee should approve the Mayor's expenditure and his expenditure should then be approved by the Deputy Mayor.</p> <p>With the next update of the sensitive expenditure policy, consideration be given to incorporating the OAG guidelines.</p>	2019	<p><b>Outstanding</b></p> <p>No changes have been made to the policy.</p>
<p><b>Land and buildings revaluation issues</b></p> <p>We recommend that the valuer and District Council review all properties and agree the floor space to ensure that buildings are valued on the correct area.</p> <p>The District Council should ensure that all assets are revalued and included as part of the revaluation report. A detailed reconciliation should be prepared.</p>	2020	<p><b>Outstanding</b></p> <p>The land and buildings valuation was not completed in the current year.</p>
<p><b>Economic lives are not reflected in depreciation rates</b></p> <p>The depreciation rates disclosed, in the accounting policy, should be reviewed to ensure that they reflect the economic lives of the building components.</p>	2020	<p><b>Outstanding</b></p> <p>During the testing of the useful lives for the three waters valuation we noted that the useful lives of some asset types are not consistent with the annual report useful lives.</p>
<p><b>Decommissioning liability</b></p> <p>We recommend that the District Council quantify the provisioning for restoring the site as required by accounting standard, PBE IPSAS 17 Property, Plant and Equipment, paragraph 17.32, for all relevant assets.</p>	2020	<p><b>Outstanding</b></p> <p>There have been no changes in this area.</p>

Recommendation	First raised	Status
<b>Necessary</b>		
<p><b>Declaration of interests</b></p> <p>The District Council should confirm with councillors and staff that their interests have been updated on the interest register.</p>	2020	<p><b>In progress</b></p> <p>Through the audit work performed we noted that the record keeping of related parties could be improved because there do not appear to be clear guidelines about what KMP interests need to be disclosed for inclusion in the Jarvis system. For example, a number of interests that were not included in Jarvis had been identified during the audit through the search of the Companies register.</p>
<p><b>Attendance and resolution measure for wastewater</b></p> <p>We recommend that the District Council review its processes around the recording of this performance measure and other mandatory measures.</p>	2020	<p><b>In progress</b></p> <p>There were still issues with the reporting of these measures that needed to be corrected in the annual report.</p>
<p><b>Consolidation</b></p> <p>We recommend that:</p> <ul style="list-style-type: none"> <li>• The District Council instruct the Camp Rangī Woods Trust to provide up to date financial statements.</li> <li>• The necessary adjustments are made to consolidate the Trust's financial statements (including adjusting accounting treatment where applicable).</li> </ul>	2020	<p><b>Outstanding</b></p> <p>There has been no change in the current year.</p>
<p><b>Formal assessment of fair value or impairment of infrastructure assets at year end</b></p> <p>As part of the year end procedures, a formal fair value assessment, using the latest contract rates, should be completed and documented. A formal assessment of any potential impairment of assets should be prepared, taking in to account information asset condition information.</p>	2019	<p><b>Outstanding</b></p> <p>There was no formal assessment again for the current year.</p>



Recommendation	First raised	Status
<b>Necessary</b>		
through to the formal project closure approval		
<p><b>Asset management plans</b></p> <p>We recommend that council continue work to improve their Asset Management Plans to ensure accuracy of data relating to condition and performance.</p>	2017	<p><b>In progress</b></p> <p>From the work completed during the review of the 2021-31 LTP audit this is an area that still needs improvement.</p>
<p><b>Procurement of consultants</b></p> <p>We recommend that the District Council carries out the following actions:</p> <ul style="list-style-type: none"> <li>• Deliver training to all staff involved in procurement on documenting a procurement plan, estimating the total value of procurement over the life of the project, and how to correctly apply the exemptions in the procurement policy.</li> <li>• Develop an organisation wide set of standard templates for documenting the various aspects of the procurement process.</li> <li>• Update the procurement policy to make it clear that the financial limits, which dictate the type of procurement process that is required, be considered first, and then other policy exemptions</li> </ul>	2018	<p><b>Open</b></p> <p>We have not performed any work over this in the current year.</p>
<b>Beneficial</b>		
<p><b>Update fraud policy to align with best practise</b></p> <p>That the fraud policy is updated to align with the Office of the Controller and Auditor General’s (OAG) best practice guidance.</p>	2017	<p><b>Outstanding</b></p> <p>There has been no change in the current year.</p>

## Implemented or closed recommendations

Recommendation	First raised	Status
<p><b>Revenue undercharged for Development Contributions</b></p> <p>We recommend that the District Council implements a formal review process to ensure that changes made to fees and charges are accurate and that the District Council is collecting all of the revenue it is entitled to collect.</p>	2017	We did not note any issues with the charges for development contributions in the current year.
<p><b>Work-in-progress capitalisation errors</b></p> <p>We recommend that the District Council assess whether expenditure on the development of intangible assets meets the recognition criteria in accounting standard, PBE IPSAS 31 Intangible assets, and paragraph 31.55.</p> <p>If the criteria are met, the District Council can capitalise the employee costs which are directly attributable to developing the intangible asset and training costs.</p> <p>We also recommend that the District Council review costs included in WIP to ensure these meet the criteria for capitalisation in terms of accounting standard, PBE IPSAS 17 Property, Plant and Equipment</p>	2020	From the work completed in the current year we did not find any issues with the capitalisation of work-in-progress.
<p><b>Performance monitoring of outsourced IT contract</b></p> <p>All District Council's contracts should include performance monitoring including IT services.</p>	2020	During our visit this year we noted that an updated contract has been signed with Objective and that regular meetings are being held to discuss services provided. Servicedesk reporting is being provided and improvements to the reporting are being developed.
<p><b>Completeness of assets subject to valuation</b></p> <p>We recommend that the District Council reviews the valuation report and asset schedule for future revaluations to ensure that all assets have been revalued and the valuations are accurate.</p>	2017	During our valuation testing we confirmed that the Council prepared the reconciliation between the valuation report and the asset register.

Recommendation	First raised	Status
<p><b>Work-in-progress classification</b></p> <p>We recommended that capital projects be capitalized on the date that the asset becomes available for use. This capitalization is to occur within the relevant asset management system (RAMM/AssetFinda) as well as the Fixed Asset Register within the financial reporting system.</p> <ul style="list-style-type: none"> <li>• Perform a review of capital work-in-progress at least quarterly;</li> <li>• Transfer completed assets, from capital projects, to their respective asset categories and commence charging depreciation when the assets become available for use.</li> </ul>	2017	We did not note any issues in this area during the current year.
<p><b>Review of useful lives</b></p> <p>We recommend that remaining useful lives are reviewed and adjusted for those assets that are due to be replaced before the end of their useful lives as the remaining useful life is a key input into the valuation calculation.</p> <p>An impairment provision be recognised for decommissioning costs for waste water treatment plants planned to be shut down.</p>	2019	<p>Impairment calculations have been performed for wastewater and water assets that will be retired early due to no longer being required for use. The useful lives have been reassessed to match the remaining years until retirement.</p> <p>Council utilised PWC for the impairment assessment.</p>
<p><b>Performance reporting on Halls</b></p> <p>We recommend that actions be taken to ensure reporting against this performance measure is possible in 2019/20.</p>	2019	Performance reporting was completed.

# Appendix 2: Corrected misstatements

## Corrected disclosure deficiencies

Detail of disclosure deficiency
Rating base information needed to be updated to ensure that the correct information was disclosed for the current year.
Loan receivables interest rate needed to be updated to reflect the underlying information.
The remuneration bands disclosed in the annual report needed to be updated to reflect the underlying payroll records of the Council.
Community loans disclosures needed to be updated to ensure that the correct information was disclosed.
Commitments disclosures needed to be updated to match the underlying Council documentation.
Contingencies needed to be updated to ensure that they reflected the up-to-date information for the current year.
The interest rates for the borrowings of the Council needed to be updated to reflect the details of the loans.
The net working capital ratio needed to be updated to reflect the figures included in the financial statements.
The operations control benchmark needed to be updated to reflect the correct figures from the financial statements.

## Corrected performance reporting misstatements

Detail of misstatement
The measure relating to the average rural and community halls are used needed to be updated to clearly show that the measure had been changed from that included in the LTP.
Measures relating to resource consents needed to be updated to ensure that they matched the underlying records of the Council.
The measures related to the median resolution and attendance times to sewerage overflows needed to be updated to reflect that the measure had been changed from that included in the LTP.
Wastewater fault measures needed to be updated so that there was specific information on what is assessed as an urgent or non-urgent event.
The number of dry weather sewerage overflows measure needed to be updated to reflect the correct results.

# Appendix 3: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General’s Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the District Council in accordance with the independence requirements of the Auditor-General’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit, we have carried out a limited assurance engagement related to the District Council’s Debenture Trust Deed and audited the District Council’s 2021-2031 long-term plan. These engagements are compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries.</p>
Fees	<p>The audit fee for the year is \$162,864, as detailed in our Audit Proposal Letter.</p> <p>Other fees charged in the period are \$102,400 for the audit of the 2021-2031 long-term plan, and \$5,150 for the limited assurance engagement related to the District Council’s Debenture Trust Deed.</p>

Area	Key messages
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council or its subsidiaries during or since the end of the financial year.</p> <p>The Audit Manager responsible for the audit has not undertaken any work related to the internal auditors (as her daughter is a CKS employee). The audit supervisor has reported directly to the Appointed Auditor on any of our work relating to internal audit</p>

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