



**Far North
District Council**



Te Kaunihera o Tai Tokerau ki te Raki

AGENDA


Assurance, Risk and Finance Committee Meeting

Wednesday, 21 July 2021

Time: 1.30 pm
Location: Council Chamber
Memorial Avenue
Kaikohe

Membership:

Chairperson John Vujcich
Deputy Chairperson Bruce Robertson
Mayor John Carter
Deputy Mayor Ann Court
Cr Mate Radich
Cr Rachel Smith
Cr Kelly Stratford
Cr Moko Tepania
Member Mike Edmonds
Member Adele Gardner

	Authorising Body	Mayor/Council
	Status	Standing Committee
COUNCIL COMMITTEE	Title	Assurance, Risk and Finance Committee Terms of Reference
	Approval Date	19 December 2019
	Responsible Officer	Chief Executive

Purpose

The purpose of the Assurance, Risk and Finance Committee (the Committee) is to assist and advise the Governing Body in discharging its responsibility and ownership of finance, risk and internal control.

The Committee will review the effectiveness of the following aspects:

- The robustness of financial management practices;
- The integrity and appropriateness of internal and external reports and accountability arrangements;
- The robustness of the risk management framework;
- The robustness of internal controls and the internal audit framework;
- Compliance with applicable laws, regulations, standards and best practice guidelines;
- The establishment and maintenance of controls to safeguard the Council's financial and non-financial assets;
- Data governance framework

To perform his or her role effectively, each Committee member must develop and maintain

his or her skills and knowledge, including an understanding of the Committee's responsibilities, and of the Council's business, operations and risks.

Membership

The Council will determine the membership of the Assurance, Risk and Finance Committee including at least one independent appointment with suitable financial and risk management knowledge and experience.

The Assurance, Risk and Finance Committee will comprise of at least five elected members (one of which will be the chairperson), and one independent appointed member.

Mayor Carter

John Vujcich – Chairperson

Bruce Robertson – Deputy Chairperson and Independent Member of the Committee

Moko Tepania

Mate Radich

Rachel Smith

Kelly Stratford

Ann Court

Mike Edmonds

Adele Gardner

Non-appointed councillors may attend meetings with speaking rights, but not voting rights.

Quorum

The quorum at a meeting of the Assurance, Risk and Finance Committee is 4 members.

Frequency of Meetings

The Assurance, Risk and Finance Committee shall meet every 6 weeks, but may be cancelled if there is no business.

Power to Delegate

The Assurance, Risk and Finance Committee may not delegate any of its responsibilities, duties or powers.

Committees Responsibilities

The Committees responsibilities are described below:

Financial systems and performance of the Council

- Review the Council's financial and non-financial performance against the Long Term Plan and Annual Plan
- Review Council quarterly financial statements and draft Annual Report

Far North Holdings Limited (FNHL)

- Recommend to Council the approval of statement of intent and Annual Report (s67 LGA)
- Receive 6 monthly report on operations (s66 LGA)
- Receive quarterly financial statements
- Recommend appointment of directors of FNHL

Risk Management

- Review appropriateness of Council's risk management framework and associated procedures for effective risk identification, evaluation and treatment
- Receive and review risk management dashboard reports
- Provide input, annually, into the setting of the risk management programme of work
- Receive updates on current litigation and legal liabilities

Internal Audit and Controls

- Review whether management has in place a current and comprehensive internal audit framework
- Receive and review the internal audit dashboard reports
- Provide input, annually, into the setting of the internal audit programme of work
- Review whether there are appropriate processes and systems in place to identify and investigate fraudulent behaviour

The Committee will manage Council's relationship with external auditor.

The Committee will approve applications to declare land abandoned and any other such matters under the Rating Act.

Rules and Procedures

Council's Standing Orders and Code of Conduct apply to all the committee's meetings.

Annual reporting

The Chair of the Committee will submit a written report to the Chief Executive on an annual basis. The review will summarise the activities of the Committee and how it has contributed to the Council's governance and strategic objectives. The Chief Executive will place the report on the next available agenda of the governing body.

ASSURANCE, RISK AND FINANCE COMMITTEE - MEMBERS REGISTER OF INTERESTS

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Hon John Carter QSO	Board Member of the Local Government Protection Programme	Board Member of the Local Government Protection Program		
	Carter Family Trust			
John Vujcich (Chair)	Board Member	Pioneer Village	Matters relating to funding and assets	Declare interest and abstain
	Director	Waitukupata Forest Ltd	Potential for council activity to directly affect its assets	Declare interest and abstain
	Director	Rural Service Solutions Ltd	Matters where council regulatory function impact of company services	Declare interest and abstain
	Director	Kaikohe (Rau Marama) Community Trust	Potential funder	Declare interest and abstain
	Partner	MJ & EMJ Vujcich	Matters where council regulatory function impacts on partnership owned assets	Declare interest and abstain
	Member	Kaikohe Rotary Club	Potential funder, or impact on Rotary projects	Declare interest and abstain
	Member	New Zealand Institute of Directors	Potential provider of training to Council	Declare a Conflict of Interest
	Member	Institute of IT Professionals	Unlikely, but possible provider of services to Council	Declare a Conflict of Interest
Bruce Robertson (Deputy)	Chair/Deputy Chair of a number of Audit and Risk Committees: Far North Auckland Bay of Plenty Regional Tauranga Thames Coromandel Hamilton Waipa Otorohanga Waitomo Environment Southland Invercargill Southland.		There is a low level of there being a potential interest conflict. An outside potential is water reform and 'discussion' of one north regional water company in loving North AKD with Watercare.	I remain aware of my roled and will Raise any matter with the Mayor/CEO And chair of ARF should any matter potentially conflict.
	Currently None are North AKD. Previously I have Undertaken work on Okara Park with Whangarei DC.	Advisory Work.	Okara Park is a regional Stadium. Matter solely related Governance and role of DC. Low risk of conflict.	
	Waipapa Business Association	Member		Case by case

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Deputy Mayor Ann Court	Warren Pattinson Limited	Shareholder	Building company. FNDC is a regulator and enforcer	Case by case
	Kerikeri Irrigation	Supplies my water		No
	District Licensing	N/A	N/A	N/A
	Ann Court Trust	Private	Private	N/A
	Waipapa Rotary	Honorary member	Potential community funding submitter	Declare interest and abstain from voting.
	Properties on Onekura Road, Waipapa	Owner Shareholder	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Property on Daroux Dr, Waipapa	Financial interest	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Flowers and gifts	Ratepayer 'Thankyou'	Bias/ Pre-determination?	Declare to Governance
	Coffee and food	Ratepayers sometimes 'shout' food and beverage	Bias or pre-determination	Case by case
	Staff	N/A	Suggestion of not being impartial or pre-determined!	Be professional, due diligence, weigh the evidence. Be thorough, thoughtful, considered impartial and balanced. Be fair.
	Warren Pattinson	My husband is a builder and may do work for Council staff		Case by case
Ann Court - Partner	Warren Pattinson Limited	Director	Building Company. FNDC is a regulator	Remain at arm's length
	Air NZ	Shareholder	None	None
	Warren Pattinson Limited	Builder	FNDC is the consent authority, regulator and enforcer.	Apply arm's length rules
	Property on Onekura Road, Waipapa	Owner	Any proposed FNDC capital work in the vicinity or rural plan change. Maybe a link to policy development.	Would not submit. Rest on a case by case basis.
Mate Radich	No form received			

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Kelly Stratford	KS Bookkeeping and Administration	Business Owner, provides book keeping, administration and development of environmental management plans	None perceived	Step aside from decisions that arise, that may have conflicts
	Waikare Marae Trustees	Trustee	Maybe perceived conflicts	Case by case basis
	Bay of Islands College	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Karetu School	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Māori title land – Moerewa and Waikare	Beneficiary and husband is a shareholder	None perceived	If there was a conflict, I will step aside from decision making
	Sister is employed by Far North District Council			Will not discuss work/governance matters that are confidential
	Gifts - food and beverages	Residents and ratepayers may 'shout' food and beverage	Perceived bias or predetermination	Case by case basis
	Taumarere Counselling Services	Advisory Board Member	May be perceived conflicts	Should conflict arise, step aside from voting
	He Puna Aroha Putea Whakapapa	Trustee	May be perceived conflicts	Should conflict arise, step aside from voting should they apply for funds
	Kawakawa Returned Services Association	Member	May be perceived conflicts	Should conflict arise, step aside from voting should they apply for funds
	Whangaroa Returned Services Association	Member	May be perceived conflicts	Should conflict arise, step aside from voting should they apply for funds
	National Emergency Management Advisor Committee	Member		Case by case basis
	Te Rūnanga ā Iwi o Ngāpuhi	Tribal affiliate member	As a descendent of Te Rūnanga ā Iwi o Ngāpuhi I could have a perceived conflict of interest in Te Rūnanga ā Iwi o	Declare a perceived conflict should there appear to be one

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
			Ngāpuhi Council relations	
	Te Rūnanga ā Iwi o Ngāti Hine	Tribal affiliate member	Could have a perceived conflict of interest	Declare a perceived conflict should I determine there is a conflict
	Kawakawa Business and Community Association	Member		Will declare a perceived conflict should there appear to be one
	Sport Northland	Board Member	May be perceived conflicts	Should conflict arise, step aside from voting
Kelly Stratford - Partner	Chef and Barista	Opua Store	None perceived	
	Māori title land – Moerewa	Shareholder	None perceived	If there was a conflict of interest, I would step aside from decision making
Rachel Smith	Friends of Rolands Wood Charitable Trust	Trustee		
	Mid North Family Support	Trustee		
	Property Owner	Kerikeri		
	Friends who work at Far North District Council			
	Kerikeri Cruising Club	Subscription Member		
	Vision Kerikeri	Financial Member		
Rachel Smith (Partner)	Property Owner	Kerikeri		
	Friends who work at Far North District Council			
	Kerikeri Cruising Club	Subscription Member and Treasurer		
	Vision Kerikeri	Financial Member		
	Town and General Groundcare Limited	Director/Shareholder		
Moko Tepania	Teacher	Te Kura Kaupapa Māori o Kaikohe.	Potential Council funding that will benefit my place of employment.	Declare a perceived conflict
	Chairperson	Te Reo o Te Tai Tokerau Trust.	Potential Council funding for events that this trust runs.	Declare a perceived conflict
	Tribal Member	Te Rūnanga o Te Rarawa	As a descendent of Te Rarawa I could have a perceived conflict of	Declare a perceived conflict

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
			interest in Te Rarawa Council relations.	
	Tribal Member	Te Rūnanga o Whaingaroa	As a descendent of Te Rūnanga o Whaingaroa I could have a perceived conflict of interest in Te Rūnanga o Whaingaroa Council relations.	Declare a perceived conflict
	Tribal Member	Kahukuraariki Trust Board	As a descendent of Kahukuraariki Trust Board I could have a perceived conflict of interest in Kahukuraariki Trust Board Council relations.	Declare a perceived conflict
	Tribal Member	Te Rūnanga ā-lwi o Ngāpuhi	As a descendent of Te Rūnanga ā-lwi o Ngāpuhi I could have a perceived conflict of interest in Te Rūnanga ā-lwi o Ngāpuhi Council relations.	Declare a perceived conflict
Mike Edmonds	Chair	Kaikohe Mechanical and Historic Trust	Council Funding	Decide at the time
	Committee member	Kaikohe Rugby Football and Sports Club	Council Funding	Withdraw and abstain

Far North District Council
Assurance, Risk and Finance Committee Meeting
will be held in the Council Chamber, Memorial Avenue, Kaikohe on:
Wednesday 21 July 2021 at 1.30 pm

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1 KARAKIA TIMATANGA – OPENING PRAYER**2 NGA WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Committee and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive Officer or the Team Leader Democracy Support (preferably before the meeting).

It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

3 TE TONO KŌRERO / DEPUTATION

No requests for deputations were received at the time of the Agenda going to print.

4 CONFIRMATION OF PREVIOUS MINUTES

4.1 CONFIRMATION OF PREVIOUS MINUTES

File Number: A3274775

Author: Casey Gannon, Meetings Administrator

Authoriser: Aisha Huriwai, Team Leader Democracy Services

TE TAKE PŪRONGO / PURPOSE OF THE REPORT

The minutes are attached to allow the Committee to confirm that the minutes are a true and correct record of previous meetings.

NGĀ TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 16 June 2021 as a true and correct record.

1) TE TĀHUHU KŌRERO / BACKGROUND

Local Government Act 2002 Schedule 7 Section 28 states that a local authority must keep minutes of its proceedings. The minutes of these proceedings duly entered and authenticated as prescribed by a local authority are prima facie evidence of those meetings.

2) TE MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The minutes of the meetings are attached.

Far North District Council Standing Orders Section 27.3 states that no discussion shall arise on the substance of the minutes in any succeeding meeting, except as to their correctness.

Te Take Tūtohunga / Reason for the recommendation

The reason for the recommendation is to confirm the minutes are a true and correct record of the previous meetings.

3) NGĀ PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications or the need for budgetary provision as a result of this report.

NGĀ ĀPITI HANGA / ATTACHMENTS

- 1. 2021-06-16 Assurance, Risk and Finance Committee Minutes - A3242627** [↓](#) 

Te Hōtaka Take Ōkawa / Compliance schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
 - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
 - b) Assess the options in terms of their advantages and disadvantages; and
 - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

He Take Ōkawa / Compliance requirement	Te Aromatawai Kaimahi / Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	This is a matter of low significance.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	This report complies with the Local Government Act 2002 Schedule 7 Section 28.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	It is the responsibility of each meeting to confirm their minutes therefore the views of another meeting are not relevant.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	There are no implications on Māori in confirming minutes from a previous meeting. Any implications on Māori arising from matters included in meeting minutes should be considered as part of the relevant report.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	This report is asking for the minutes to be confirmed as true and correct record, any interests that affect other people should be considered as part of the individual reports.
State the financial implications and where budgetary provisions have been made to support this decision.	There are no financial implications or the need for budgetary provision arising from this report.
Chief Financial Officer review.	The Chief Financial Officer has not reviewed this report.

**MINUTES OF FAR NORTH DISTRICT COUNCIL
ASSURANCE, RISK AND FINANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, MEMORIAL AVENUE, KAIKOHE
ON WEDNESDAY, 16 JUNE 2021 AT 1.30 PM**

PRESENT: Chairperson John Vujcich, Deputy Chairperson Bruce Robertson, Mayor John Carter (HWTM) (via Microsoft TEAMS), Deputy Mayor Ann Court, Cr Rachel Smith, Cr Kelly Stratford (via Microsoft TEAMS), Cr Moko Tepania, Member Mike Edmonds, Member Adele Gardner

SATFF: Shaun Clarke (Chief Executive Officer), William J Taylor, MBE (General Manager Corporate Services), Dean Myburgh (General Manager District Services), Andy Finch (General Manager Infrastructure and Asset Management), Darren Edwards (General Manager Strategic Planning and Policy)

1 KARAKIA TIMATANGA – OPENING PRAYER

Chair Vujcich opened with a karakia.

2 NGĀ WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST

APOLOGY

RESOLUTION 2021/1

Moved: Cr Rachel Smith

Seconded: Member Adele Gardner

That the apology received from Cr Mate Radich be accepted and leave of absence granted.

CARRIED

3 NGĀ TONO KŌRERO / DEPUTATION

The meeting was adjourned from 1.38 pm to 1:44 pm to tend to technical difficulties.

4 CONFIRMATION OF PREVIOUS MINUTES

4.1 CONFIRMATION OF PREVIOUS MINUTES

Agenda item 4.1 document number A3217348, pages 12 - 18 refers.

RESOLUTION 2021/2

Moved: Member Bruce Robertson

Seconded: Cr Moko Tepania

That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 5 May 2021 as a true and correct record.

CARRIED

5 REPORTS

5.1 FAR NORTH HOLDINGS STATEMENT OF INTENT 2021 TO 2024

Agenda item 5.1 document number A3217104, pages 19 - 32 refers.

RECOMMENDATION

Moved: Chairperson John Vujcich

Seconded: Mayor John Carter

That the Assurance, Risk and Finance Committee receive the report Far North Holdings Statement of Intent 2021 to 2024.

AMENDMENT

Moved: Member Rachel Smith

Seconded: Member Kelly Stratford

Assurance, Risk and Finance Committee directs Chief Executive Officer to hold a workshop with Elected Members before 31 July 2021.

The amendment became the substantive motion.

RESOLUTION 2021/3

Moved: Cr Rachel Smith

Seconded: Cr Kelly Stratford

That the Assurance, Risk and Finance Committee:

- a) **receive the report Far North Holdings Statement of Intent 2021 to 2024; and,**
- b) **direct Chief Executive Officer to hold a workshop with Elected Members before 31 July 2021.**

CARRIED

Against: Cr Kelly Stratford

6 INFORMATION REPORTS

6.1 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 30 APRIL 2021

Agenda item 6.1 document number A3212234, pages 33 - 61 refers.

RESOLUTION 2021/4

Moved: Member Bruce Robertson

Seconded: Cr Rachel Smith

That the Assurance, Risk and Finance Committee receive the report Council Financial Report for the Period Ending 30 April 2021.

CARRIED

Note: Assurance, Risk and Finance Committee note the exemplary performance of Northland Transport Alliance.

At 2:11 pm His Worship the Mayor left the meeting.

6.2 REVENUE RECOVERY REPORT - 31 MARCH 2021

Agenda item 6.2 document number A3201566, pages 62 - 67 refers.

RESOLUTION 2021/5

Moved: Cr Moko Tepania

Seconded: Cr Rachel Smith

That the Assurance, Risk and Finance Committee receive the report Revenue Recovery Report - 31 March 2021.

CARRIED

At 2:29 pm Cr Kelly Stratford left the meeting.

6.3 JUNE RISK MANAGEMENT

Agenda item 6.3 document number A3198952, pages 68 - 86 refers.

RESOLUTION 2021/6

Moved: Chairperson John Vujcich

Seconded: Member Bruce Robertson

That the Assurance, Risk and Finance Committee receive the report June Risk Management.

CARRIED

6.4 PEOPLE AND CAPABILITY QUARTERLY UPDATE: 1 JANUARY - 31 MARCH 2021

Agenda item 6.4 document number A3211089, pages 87 - 88 refers.

RESOLUTION 2021/7

Moved: Cr Moko Tepania

Seconded: Chairperson John Vujcich

That the Assurance, Risk and Finance Committee receive the report People and Capability Quarterly Update: 1 January - 31 March 2021.

CARRIED

At 2:43 pm, Cr Rachel Smith left the meeting. At 2:45 pm, Cr Rachel Smith returned to the meeting.

6.5 AUDIT NEW ZEALAND MANAGEMENT REPORT FOR JUNE 2020

Agenda item 6.5 document number A3209230, pages 89 - 120 refers.

RESOLUTION 2021/8

Moved: Member Bruce Robertson

Seconded: Cr Rachel Smith

That the Assurance, Risk and Finance Committee receive the report Audit New Zealand Management Report for June 2020.

CARRIED

7 TE WĀHANGA TŪMATATI / PUBLIC EXCLUDED**RESOLUTION TO EXCLUDE THE PUBLIC****COMMITTEE RESOLUTION 2021/9**

Moved: Chairperson John Vujcich

Seconded: Member Bruce Robertson

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 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	Ground(s) under section 48 for the passing of this resolution
7.1 - Confirmation of Previous Minutes	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.2 - Audit New Zealand Fraud Questionnaire for Governance - May 2021	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(e) - the withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.3 - Far North District Council Current Legal Action and Potential Liability Claims as at 31 May 2021.	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

8 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER

Cr Rachel Smith closed with a karakaia.

9 TE KAPINGA HUI / MEETING CLOSE

The meeting closed at 3:33 pm.

The minutes of this meeting will be confirmed at the Assurance, Risk and Finance Committee meeting to be held on 21 July 2021.

.....
CHAIRPERSON

5 REPORTS

5.1 AUDIT NEW ZEALAND DOCUMENTATION FOR THE YEAR ENDED 30 JUNE 2021

File Number: A3275485

Author: Janice Smith, Chief Financial Officer

Authoriser: William J Taylor MBE, General Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

This report presents the draft external audit proposal and audit plan from Audit New Zealand. The Audit proposal includes fees for 2020/21 and 2021/22 audits.

WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

- Far North District Council is required to be audited by the auditor appointed by the Office of the Auditor General, which for Far North District Council is Audit New Zealand.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee:

- a) receive the audit documents
 - i) Audit Proposal Letter for the June 2021 and 2022 Financial Years;
 - ii) Audit Plan for the Year Ended 30 June 2021; and,
- b) approve the CEO and Mayor signing the documents on behalf of Council as appropriate.

1) TĀHUHU KŌRERO / BACKGROUND

Far North District Council, in compliance with the Local Government Act 2002, prepares an Annual Report at the end of each financial year. This is required to be audited by the appointed Auditor, which for Far North District Council is Audit New Zealand. The schedule of dates agreed with Audit New Zealand for the financial year 2019/2020, are as follows:

- Interim Audit 1 – 12 April to 16 April 2021
- Interim Audit 2 – 17 May to 21 May 2021
- Pre final Audit – 28 June to 2 July 2021
- Final Audit – the three weeks commencing 30 August 2021

Adoption of the Annual Report is anticipated to be at the 27 October 2021 Council meeting.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

Attached to this report are the proposed audit plan and the audit proposal letter for the financial years 2020/21 and 2021/22.

The relevant legislation in relation to this issue is as follows:

- a) Local Government Act 2002, Part 6, Section 98, Subpart 2 which requires Local Authorities to prepare and adopt an Annual Report in respect of each financial year; and
- b) Local Government Act 2002, Part 6, Section 99, which requires the Annual report to include the Auditors Report outlining the authority's compliance with Schedule 10 of the Local Government Act 2002.

It is recommended that the audit plan and the audit proposal be received and that the CEO and Mayor be authorised to sign on behalf of Council as appropriate.



Take Tūtohunga / Reason for the recommendation

To make the Committee aware of the documentation required to formalise the audit processes for the financial year ended 30 June 2021.

3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no specific financial implications other than the fees proposed. These are budgeted and included in the Annual Plan each year.

ĀPITIHINGA / ATTACHMENTS

1. Draft Audit Plan - A3275445 [↓](#) 
2. FNDC 2021 and 2022 Fee Proposal Letter - A3275447 [↓](#) 

Hōtaka Take Ōkawa / Compliance Schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
 - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
 - b) Assess the options in terms of their advantages and disadvantages; and
 - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / Staff Assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	Low
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Local Government Act Part 6, Sub Part 2, s98 and s99
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	District Wide
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water. State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	None
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	None
State the financial implications and where budgetary provisions have been made to support this decision.	None
Chief Financial Officer review.	The Chief Financial Officer has prepared this report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit plan

Far North District Council

For the year ending 30 June 2021

Audit plan

I am pleased to present our audit plan for the audit of Far North District Council for the year ending 30 June 2021. The purpose of this audit plan is to discuss:

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The contents of this plan should provide a good basis for discussion when we meet with you.

We will be happy to elaborate further on the matters raised in this plan.

Our work improves the performance of, and the public's trust in, the public sector. Our role as your auditor is to give an independent opinion on the financial statements and performance information. We also recommend improvements to the internal controls relevant to the audit.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely

David Walker
Appointed Auditor
Draft: 30 June 2021

Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit.

Audit risk/issue	Our audit response
Revaluation of assets - revaluation year	
<p>The Council periodically revalues its assets.</p> <p>Asset classes being revalued in year the ending 30 June 2021 are:</p> <ul style="list-style-type: none"> • roading infrastructural assets (streetlights, pavements, walls, bridges); • stormwater infrastructural assets; • footpaths; • car parks; • refuse transfer stations and landfills; • land (except land under roads); • maritime facilities; • library books; • library buildings; • pensioner housing; and • community facilities infrastructural assets (halls, swimming pools, public toilets, cemeteries, camping grounds, park improvements). <p>These assets are valued every 1 - 2 years.</p> <p>PBE IPSAS 17, <i>Property, Plant and Equipment</i>, requires that valuations are conducted with sufficient regularity to ensure that the carrying amount value does not differ materially from fair value.</p>	<p>Our audit procedures will include:</p> <ul style="list-style-type: none"> • reviewing the information and instructions provided to the valuer; • assessing relevant controls that management has put in place for the valuation; • evaluating the qualifications, competence and expertise of the external valuer used; • reviewing the method of valuing the assets and assessing if the applicable method used is in line with public sector accounting standards (PBE IPSAS 17, <i>Property, Plant and Equipment</i>), including the reasonableness of the assumptions and judgements made by the valuer and other inputs to the valuation; and • assessing whether the resulting change in values are correctly incorporated into the financial statements and the assumptions and judgements relating to the valuation are adequately disclosed.

Audit risk/issue	Our audit response
<p>Due to the judgemental nature of the revaluation there is a risk of bias or error in the assumptions and inputs used. Due to the nature and value of the revaluations any bias or errors in the inputs used or calculations performed could result in a material misstatement in the value of the asset classes being revalued.</p>	
Fair value assessment for assets - non-revaluation year	
<p>The Council periodically revalues its assets.</p> <p>Asset classes which are not being revalued in the year ending 30 June 2021 are:</p> <ul style="list-style-type: none"> • water infrastructural assets; • wastewater infrastructural assets; and • roading assets - traffic services and road marking. <p>PBE IPSAS 17, <i>Property, Plant and Equipment</i>, requires that valuations are conducted with sufficient regularity to ensure that the carrying value does not differ materially from fair value. A revaluation is not scheduled for this year for these assets.</p> <p>For those assets that will not be revalued this year, we expect the Council to perform a comprehensive analysis to determine whether there is a significant variance between the fair value, as at 30 June 2021, and the carrying value that would trigger the need for the Council to revalue or impair its assets. The Council should agree on a significant variance threshold, above which Council would complete a revaluation. When considering whether fair value movements are significant, the Council must consider the movements both by individual asset class basis and in aggregate across all asset classes carried on a revaluation basis.</p> <p>Given the ongoing movements in construction costs, there is a risk that the fair value is materially different from carrying value.</p> <p>We encourage the Council to perform this assessment early so that if a revaluation is required, there is time to complete it without impacting on the annual report process.</p>	<p>We will review the Council's significant variance threshold and assessment of fair value against carrying value for each asset class not scheduled to be revalued this year. We will consider the reasonableness of assumptions and judgements applied in making the assessments.</p>

Audit risk/issue	Our audit response
Impairment of property, plant and equipment/investment property/intangible assets	
<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>, at each reporting date management must assess whether there is any indication that an asset may be impaired. If management identifies any indication of an impairment, then they must estimate the recoverable service amount of the asset.</p> <p>Due to the judgemental nature of the valuations used in assessing impairment there is a risk of bias or error in the assumptions and inputs used. Any bias or errors in the inputs used or calculations performed could result in a material misstatement in the carrying value of property plant and equipment/investment property/intangible assets and the related impairment expense.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the parent and group impairment assessment; • evaluate the reasonableness of the significant assumptions; • evaluate how management has addressed estimation uncertainty; and • reperform calculations made by management.
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.
Rates	
<p>Rates are Council's primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA) in rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge. The Council should ensure it has appropriate processes in place, including seeking legal advice where appropriate, to ensure compliance of its rates and rating processes with legislation.</p>	<p>For 2020/21 we will again consider the Council's compliance with aspects of the LGRA that potentially materially impact on the financial statements. Principally this means a focus on the rates setting process – the consistency and completeness of the resolution and the Funding Impact Statement (FIS).</p> <p>We will also review selected differentially set and/or targeted rates to assess whether the matters and factors used are consistent with the LGRA.</p> <p>We will follow up any issues identified from our review of rates in previous years.</p>

Audit risk/issue	Our audit response
	We stress that our review of compliance with legislation is completed for the purposes of expressing our audit opinion. It is not, and should not be seen, as a comprehensive legal review. This is beyond the scope of the audit, and our expertise as auditors. The Council is responsible for ensuring that it complies with applicable laws and regulations.
Revaluation of investment property - Group	
<p>The fair value of the Group's investment properties needs to be assessed annually in accordance with the requirements of PBE IPSAS 16, <i>Investment Property</i>, as the Council has adopted the fair value model for these assets.</p> <p>Given the volatility in the property market there is potential for large valuation movements year on year, which need to be accounted for within the Statement of Comprehensive Income.</p> <p>Due to the nature and value of the revaluations, any bias or errors in the inputs used or calculations performed could result in a material misstatement in the value of the investment property.</p>	<p>We will:</p> <ul style="list-style-type: none"> • obtain clearance from the auditors of Far North Holding Limited (FNHL); and • assess whether the resulting change in values are correctly incorporated into the group financial statements and the assumptions and judgements relating to the valuation are adequately disclosed.
Accounting for controlled entities	
<p>The Far North District Council group is made up of a number of entities. As Council is the ultimate parent entity in the group, there is a need for determining what entities need to be accounted for in Council's group financial statements as well as ensuring there are appropriate processes in place with these entities to get relevant information for inclusion in Council's parent and group financial statements.</p> <p>Council will also need to assess the impact of the different accounting framework that are in place across the FNDC group and ensure appropriate adjustments are made in the group financial statements.</p>	<p>We will review management's considerations on whether an entity is controlled by Council for financial reporting purposes.</p> <p>If Council has elected to not consolidate a controlled entity on the basis of materiality then we will look to review management's assessment of the entities financial statements for this financial year. It will be important that management has processes in place to obtain this information in preparation of this year's financial statements.</p> <p>We will need to consider if these fall within the legal mandate of the Auditor-General and if a subsequent audit of these entities is required.</p>

Audit risk/issue	Our audit response
Impact of three waters reform	
<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 Council signed a non-binding Memorandum of Understanding (MOU) with Crown. By signing this MOU, the 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 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.</p> <p>It is important that the Council is appropriately accounting for this 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 1 of the 2021-31 long-term plan (LTP) period (2021/22). The 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 Council before this decision will be made.</p> <p>We would expect the Council has taken steps to:</p> <ul style="list-style-type: none"> 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. Ensure any crown stimulus funding resulting from the three waters reform programme received by the Council has been appropriately accounted for in accordance with PBE accounting standards and the terms of the agreement. 	<p>We will continue to monitor developments related to the three waters reform. If any substantive announcements are made before the financial statements are authorised for issue, we will discuss the implications of these on the Council and on our audit report with management and the Council.</p> <p>We will gain an understanding of the water stimulus funding agreements signed by the Council. If water stimulus funding is material to the financial statements, we will review this to ensure that revenue recognition is in line with PBE accounting standards.</p>

Audit risk/issue	Our audit response
Major capital projects	
<p>The Council continues to have a significant ongoing capital programme.</p> <p>Accounting for capital projects, whether completed during the year or in progress at balance date, requires assumptions and judgements to be made that can have a significant impact on the financial statements. Management and the Council are responsible for managing the financial statement risks associated with capital projects. This includes ensuring:</p> <ul style="list-style-type: none"> • Project costs are reviewed to ensure these are appropriately classified as capital or operational in nature. • Work in progress (WIP) balances for projects already completed or available for use are transferred to the appropriate class of asset in a timely manner and depreciated accordingly from the date of capitalisation. • WIP balances on projects that span an extended period of time are assessed regularly for impairment over the period of the project. Costs no longer meeting criteria for recognition as an asset should be expensed in a timely manner. • Asset components are identified at an appropriate level, and appropriate useful lives are assigned to these components on completion. • The value and remaining useful life (RUL) of existing assets remains appropriate given replacement projects underway. • Capital commitments related to contracts entered into before balance date are disclosed in the notes to the financial statements. 	<p>We will review the accounting for costs incurred on capital projects, including:</p> <ul style="list-style-type: none"> • the correct classification of costs as either capital or operational in nature; • appropriate capitalisation point for completed assets, including transfers from work in progress; • the reasonableness of depreciation rates and useful lives applied to asset components; and • the disclosures included within the financial statements, including those relating to capital commitments.

Audit risk/issue	Our audit response
Impact of Covid-19 pandemic <p>The long-term impact of Covid-19 in New Zealand, and how it might affect public entities, is unknown. However, it is likely that the uncertainties in the economic environment will increase the risk of material misstatement in the financial statements. These effects might include uncertainties relating to revenue and asset valuations.</p> <p>Some local authorities have received funding from central government (such as “Shovel Ready” funding, or infrastructure recovery funding). If the Council has received such funding, it is important that the Council is appropriately accounting for this funding, taking account of any obligations of the funding agreements.</p> <p>We would expect the Council has taken steps to:</p> <ul style="list-style-type: none"> reconsider the risks that the Council faces; reconfirm that reporting and internal control systems are in place and functioning effectively; and ensure any “shovel ready” or “infrastructure recovery” funding received by the Council has been appropriately accounted for in accordance with PBE accounting standards. 	
	<p>As part of our audit response, we will:</p> <ul style="list-style-type: none"> gain an updated understanding of the impact of Covid-19 on the Council’s operations, financial statements, and performance story; establish if management has identified and recorded any additional Covid-19 related revenue, receivables, and costs, including as a result of shovel ready or recovery funding, and whether these are recognised in line with PBE accounting standards; and assess the completeness and reasonableness of disclosures contained within the Annual Report relating to the impact of Covid-19. <p>If we identify additional Covid-19 related audit risks or issues, we will advise you of these separately.</p>

Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. In considering fraud risk, two types of intentional misstatements are relevant – misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. In this regard, we will discuss the following questions with you:

- What role does the Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to Council? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform substantive audit procedures; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Group audit



The group comprises:

- Far North District Council;
- Far North Holdings Limited;
- Te Ahu Charitable Trust;
- Twin Coast Cycle Trail Charitable Trust (Pou Herenga Tai);
- Roland's Wood Trust;
- Far North Regional Museum Trust; and
- Northern Adventure Experience Limited.

Our auditor's report covers the group as a whole. Our audit approach is developed to ensure we have sufficient information to give an opinion on the group. In designing our group audit approach, we considered the structure of the group and identified the entities which are included in the group financial statements. Each entity is referred to as a component. We have assessed the risks of material misstatement and have identified our approach for each component. The table below shows the work planned for each significant component.

Significant component	Work to be performed
Far North Holdings Limited	<p>This will be audited by the same Appointed Auditor using the Audit New Zealand audit team.</p> <p>Group instructions will be issued to the component auditor that will specify information we require.</p> <p>The areas of audit focus relevant to this component are:</p> <ul style="list-style-type: none"> • Carrying value of Property, Plant and Equipment (subject to periodic revaluations). • Carrying value of Investment Property. • Impairment of Property, Plant and Equipment and Investment Property. <p>More information on these audit risks can be found in the Audit Risks and Issues section above.</p> <p>The audit work on this component will be based on materiality set for the group.</p>

For non-significant components, we will perform analytical procedures at the group level to identify unexpected movements.

We will report any significant internal control deficiencies to the Council and management of the group. This will include any deficiencies identified by the group engagement team or brought to our attention by the component auditor. We will communicate deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

We will also communicate any fraud identified by the group engagement team or brought to our attention by the component auditor.

Our audit process



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Enhancing year-end processes

The year-end financial statement close process and the preparation of the annual report requires a large number of resources to be committed to complete it effectively. This diverts the attention of your staff away from the current financial year and focuses them on past events. We want the audit process to run smoothly and we will work with management to achieve this through bringing forward the timing of audit procedures.

Bringing forward audit procedures

Substantive audit procedures are traditionally performed after the year-end. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on:

- testing of year-to-date additions to and disposals of property, plant and equipment;
- testing of year to date additions to work-in-progress (WIP);
- testing of year to date severance payments;
- testing of year-to-date sensitive expenditure transactions; and
- testing of year-to-date operating expenditure transactions.

Completion of these tests earlier in the year should allow for more timely identification and resolution of errors.

We will work with management to facilitate getting the information required at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.

Materiality

In performing our audit, we apply materiality. In the public sector, materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. In the public sector qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in our assessment of materiality in the context

of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The Council and management need to consider materiality in preparing the financial statements and performance information and make their own assessment of materiality from a preparer's perspective. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities. Management and the Council should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set **overall parent materiality** for the financial statements at \$104,670,000 based on budgeted total assets. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall materiality to the fair value of property, plant and equipment.

For this audit we have set a lower, **parent specific materiality** of \$2,650,000 for all items not related to the fair value of property, plant and equipment. A lower specific materiality is also determined separately for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for related party and key management personnel disclosures.

Overall materiality (parent)	\$104,670,000
Specific materiality (parent)	\$2,650,000
Clearly trivial threshold	\$132,500
Overall materiality (group)	\$107,350,000
Specific materiality (group)	\$2,845,000

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the Council other than those that are **clearly trivial**. We consider misstatements of less than \$132,500 to be clearly trivial unless there are qualitative considerations that heighten its significance.

We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from management and the Council on the reasons why the corrections will not be made.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against overall materiality and qualitative considerations.

Overall financial statement materiality does not apply to any matters of effectiveness and efficiency, waste, or a lack of probity or financial prudence.

Because Far North District Council is a group audit with a significant component we have set a group materiality. **Overall group planning materiality** is \$107,350,000. We have also set a **component materiality** of \$44,280,000 for the significant component – Far North Holdings Limited. Auditors of Far North Holdings Limited will apply this materiality for the purpose of the audit of Far North District Council's group financial statements. For this audit, we are only applying this overall materiality to the fair value of property, plant and equipment.

For the purpose of the group audit we have also set a lower specific group materiality of \$2,845,000 and a lower specific component materiality for Far North Holdings Limited of \$1,172,000 for all items not related to the fair value of property, plant and equipment.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the Council's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision making, or assessment of the Council's performance. We consider a variety of factors including the level of public interest and potential public risk. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
1.1.1 The change from the previous year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	5% of result
1.1.2 The average quality of ride on sealed local road network, measured by smooth travel exposure.	5% of result
1.1.3 The percentage of the sealed local road network that is resurfaced.	5% of result
The % of respondents indicating they are very satisfied/satisfied with the roading network.	5% of result

Material measure	Materiality
<p>2.1.1 The extent to which the local authority's drinking water supply complies with:</p> <p>(a) part 4 of the drinking-water standards (bacteria compliance criteria); and</p> <p>(b) part 5 of the drinking-water standards (protozoal compliance criteria).</p>	<p>0% for compliance/non-compliance</p> <p>5% for the number of transgressions reported</p>
<p>2.1.3 Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, median response times measured on:</p> <p>(a) attendance for urgent call-outs; and</p> <p>(b) resolution of urgent call-outs.</p>	5% of result
<p>3.1.1 The number of dry weather sewerage overflows from the territorial authority's sewerage system - expressed per 1000 sewerage connections to that sewerage system.</p>	5% for the number of transgressions reported
<p>3.1.2 Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:</p> <p>(a) abatement notices;</p> <p>(b) infringement notices;</p> <p>(c) enforcement orders; and</p> <p>(d) convictions,</p> <p>received by the territorial authority in relation to those resource consents.</p>	5% of result
<p>3.1.3 Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured;</p> <p>(a) attendance time; and</p> <p>(b) resolution time.</p>	5% of result
<p>3.1.4 The total number of complaints received by the territorial authority about any of the following:</p> <p>(a) sewage odour;</p> <p>(b) sewerage system faults;</p> <p>(c) sewerage system blockages; and</p> <p>(d) the territorial authority's response to issues with its sewerage system,</p> <p>expressed per 1,000 connections to the territorial authority's sewerage system.</p>	5% of result

Material measure	Materiality
4.1.3 The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	5% of result
All other measures	10% of result

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements and performance information.

The term “opinion” reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything we are told at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

How we consider compliance with laws and regulations

As part of the Auditor-General’s mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

Wider public sector considerations

A public sector audit also examines whether:

- the Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by the Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by the Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the Council or by one or more of its members, office holders, or employees.

Reporting protocols

Communication with management and the



We will meet with management and the Council throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Reports to Council



We will provide a draft of all reports to management for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the Council.

We will also follow up on your progress in responding to our previous recommendations.

Audit logistics

Our team



Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise

Our senior audit team members are:

David Walker	Appointed Auditor
Dereck Ollsson	Engagement Quality Review Director
Claudia Brink	Audit Manager
Tiffany Campbell	Audit Supervisor
Clive Shazell	ISAA Specialist, Information Systems Audit and Assurance

The Engagement Quality Control Review (EQR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. The EQR Director is an experienced Audit Director who has sufficient and appropriate experience to objectively evaluate the judgements made by the audit team.

They are independent from the day to day audit field work, and so can provide an independent challenge to the audit team on their judgements. The EQR will work with your Appointed Auditor and the audit team, but will not have direct contact with you.

Timetable



Our proposed timetable is:

First Interim audit begins (one week)	12 April 2021
Second Interim audit begins (one week)	17 May 2021
Pre-final audit begins (one week)	28 June 2021
Final audit begins (three weeks)	30 August 2021
Full draft financial statements (including notes to the financial statements) with actual year-end figures and full draft statement of service performance made available to audit	30 August 2021
Underlying work papers supporting the draft financial statements and statement of service performance	30 August 2021
Final financial statements and statement of service performance available, incorporating all the amendments agreed to between us	20 September 2021
Annual report available, including any Chair and Chief Executive's overview or reports	20 September 2021
Verbal audit clearance given	TBC
Audit opinion issued/Council adoption of the Annual Report	TBC

There remains the possibility that, due to the rolling impact of resource priorities and industry challenges, there may be disruptions that will require further changes to the timetable proposed above. We will communicate an updated timetable in advance of this occurring, especially where it means the statutory deadline is at risk.

AuditDashboard

During the audit, your staff provide us with a significant number of files. These files contain information that we have asked for about your internal controls or financial and non-financial information to support the contents of your annual report. When all of this information is available in a timely manner, it helps the audit process to run as smoothly and effectively as possible for both you and us.

During 2021 we are implementing a new online portal called AuditDashboard. AuditDashboard allows for easier collaboration and file sharing between the Council and your audit team. It is a robust, secure digital platform that is specifically designed to streamline the process of sharing information us. More information on this new tool can be found at: [Information about AuditDashboard](#).

The benefits of AuditDashboard

Your team will be invited to collaborate on one central request list in a shared space. The ability to drag and drop files makes it easy to fulfill requests. Real-time status updates provide greater visibility to everyone and helps to keep everyone organised and on the same page. It will be easy to:

- see what has been asked for;
- assign specific tasks to your own people and see who each request is assigned to;
- see when each request is due and track the progress of requests;
- exchange information securely; and
- see what has been uploaded.

There will be no change to the information that the audit team asks for. Rather than emailing an Excel spreadsheet, we will request information using AuditDashboard, which your team will then use to upload files.

We intend to use start using AuditDashboard at our final audit stage. We have received from the Chief Executive Officer a signed Agreement to use AuditDashboard.

We will work with your team to onboard them to AuditDashboard, answer any questions you might have, and ensure your team understand how to use it.

Expectations



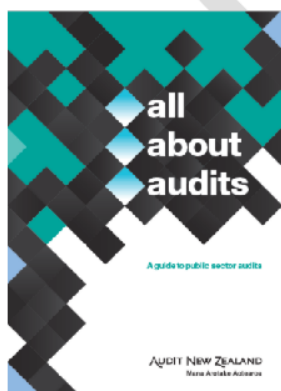
For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit.



Health and safety



The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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Auckland 1140
Phone: 04 496 3099





AUDIT NEW ZEALAND
Mana Arotake Aotearoa

30 June 2021

Level 6, 280 Queen Street, Auckland 1010
PO Box 1165, Auckland 1140

The Honourable John Carter
Mayor
Far North District Council
Private Bag 752
Kaikohe 0440

Dear John

Proposed audit fees for the 30 June 2021 and 30 June 2022 financial years

Our audit proposal letter dated 8 July 2020 for the three financial years ending 30 June 2022 only included audit fees for the 30 June 2020 financial year and said we would agree the fees for the 30 June 2021 and 30 June 2022 audits at a future date.

The purpose of this letter is to provide information on:

- the hours we plan to spend on the audits and the reasons for any change in hours; and
- our proposed audit fee for each financial year, and the reasons for the proposed change in fee.

Please read this letter in conjunction with our audit proposal letter dated 8 July 2020.

1 Background to the fee increases

In our audit proposal letter dated 8 July 2020, we set out the statutory basis for our audit and how fees are set.

We also referred to a letter that the Auditor-General had sent to Councils in April 2020 setting out his thoughts on the matter of Council audit fees. He reflected that for a number of years there has been a significant and growing under recovery of audit fees across much of the local government sector, for a range of reasons. He advised that audit fees will, in the future, need to be increased to reflect the real costs.

The Auditor-General has now agreed to allow us to discuss with you an approach to increasing audit fees to better reflect those real costs.

2 Team mix and hours for the year ending 30 June 2021 and 30 June 2022

Audit team member	2020 budget	2020 actual	2021 proposed	2022 proposed
Appointed Auditor	75	102	75	75
EQR Director	15	12	15	15
Audit Manager	131	174	131	131
Other staff	727	1,330	727	727
Other specialists:				
• Sector specialist support	10	0	10	10
• Information systems	54	52	54	54
• Specialist assurance services	8	0	8	8
• Tax	2	1	2	2
• Hedge Accounting	12	4.5	12	12
Total audit hours	1,034	1,676	1,034	1,034

3 Proposed audit fee for the year ending 30 June 2021 and 30 June 2022

Our proposed fee for your audits (compared to budgeted and actual data from the previous financial year) are:

Structure of audit fees	2020 budget	2020 actual	2021 proposed	2022 proposed
	\$	\$	\$	\$
Net audit fee (excluding OAG ASQS fee and disbursements)	162,466	254,062	177,088	187,823
OAG Audit Standards and Quality Support (ASQS) fee	14,017	14,017	15,279	16,654
Adjustment to fee/ balance written off	-	(91,596)	-	-
Total audit fee (excluding disbursements)	176,483	176,483	192,367	204,477
Estimated disbursements	20,000	21,922	24,000	24,000
Total billable audit fees and charges (excluding GST)	196,483	198,405	216,367	228,477

The audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support fee.

We have also estimated the reasonable cost of disbursements (including travel and accommodation where necessary). Disbursement costs are indicative only and will be charged on an actual and reasonable basis.

Reasons for increase in audit fee

The main changes in cost components for future audits are:

Reasons for increased audit fee compared to previous period budgeted fees:	2021	2022
The time required to complete the audit was adjusted in the prior year and is reflective of the work required to complete the audit. The audit fee increase however was limited due to the impact of Covid-19. The audit fee is therefore adjusted to be reflective of the time spent on the audit.	15,884	12,110

4 Assumptions relating to our audit fee

Our proposed audit fee is based on the assumptions included in our audit proposal letter dated 8 July 2020.

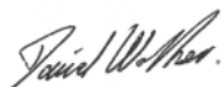
5 Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of Far North District Council, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with the Auditor-General to carry out the audit of Far North District Council as the agent of the Auditor-General.

Yours sincerely



David Walker
Appointed Auditor
Audit New Zealand

I accept the audit fees for the audit of the financial years as stated above.

Full name:	<u>The Honourable John Carter</u>	Position:	<u>Mayor</u>
Authorised signature:	<u></u>	Date:	<u></u>
Entity name:	<u>Far North District Council</u>		

- 1 Make a copy of this signed proposal and keep it for your file.
- 2 Send the original to: David Walker
Audit New Zealand
PO Box 1165
Auckland 1140

5.2 FAR NORTH HOLDINGS MANAGEMENT ACCOUNTS Q3 2021**File Number: A3274408****Author: Julia Lee, Senior Financial Accountant****Authoriser: Janice Smith, Chief Financial Officer****TAKE PŪRONGO / PURPOSE OF THE REPORT**

To report the financial position of Far North Holdings Limited as at 31 March 2021.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

At the Council meeting of 23 April 2020, Council requested that Far North Holdings Limited report on the financial position on a quarterly basis. This report is the third quarter report for the financial year 2021-21.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Far North Holdings Management Accounts Q3 2021.

1) TĀHUHU KŌRERO / BACKGROUND

The March 2021 third quarter financial report has now been received from Far North Holdings Limited.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

This financial year is still being challenged with COVID-19 and the associated consequences. As budgeted, the border restrictions implemented have affected income relating to cruise ships and airports. Rent relief was provided to tenants who were experiencing difficulties. The support required by tenants has been less than expected due to the remarkable level of local tourism activity in the Bay of Islands.

For this quarter, services revenue is up by \$601k, due to boating and tourism activity in the Bay of Islands being better than anticipated. The performance at the marina, Paihia car park and the airport all continue to impress in the current circumstances.

Rental income is favourable by \$265k. This is predominantly due to the COVID-19 rent relief not being required for as many tenants as budgeted. It should be noted that the budget was finalised during the lockdown period when the outlook was particularly ominous.

Recoverable income is ahead of budget, and conversely direct expenses from investment property is also up.

On the expenses side, Employee Benefit expenses are favourable by \$353k. This will reduce as additional senior staff have been employed to assist with the growing requirements of FNHL's business and upcoming projects. To date the savings have been offset by the increase in other operating expenses which includes the costs of external resources for planning and consultancy.

As aspects of tourism and the boating industry have been flourishing in the Bay of Islands, fuel sales have also been thriving. This has meant inventory costs have shown as a variance and are up \$470k. Fuel sales have correspondingly increased, but the variance in goods sold has been offset by insufficient honey sales.

Finance expenses being below budget is attributable to the interest rate being lower than projected.

Overall, the surplus is ahead of budget by \$805,776 being 113% of the budgeted surplus of \$713,048 for the 9 months to 31 March 2021. However, it should be noted that the surplus is \$322k behind

the same period as last year. Equity to asset ratio is positive at 52.76%, with a permissible ratio of 50%.

3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

The budgeted dividend for the financial year 2020/21 was \$340,000 based on the very constrained budget position compiled in lockdown last year. The current surplus is indicating that the dividend will be higher than this if the surplus continues to hold at the level identified in the third quarter report.

ĀPITIHINGA / ATTACHMENTS

1. **FNHL March 2021 Quarterly Report - A3272600** [↓](#) 

Hōtaka Take Ōkawa / Compliance Schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
 - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
 - b) Assess the options in terms of their advantages and disadvantages; and
 - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / Staff Assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	Not significant
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Schedule 8 (3) of the Local Government Act 2002
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	Not applicable
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water. State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	Not applicable
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	Not applicable
State the financial implications and where budgetary provisions have been made to support this decision.	No financial budgetary issues
Chief Financial Officer review.	The Chief Financial Officer has reviewed this report



**Far North
Holdings Limited**

**Third Quarter Report
2020/2021**



1 July 2020 to 31 March 2021



Third Quarter Report**For the 9 months ended 31 March 2021**

In accordance with Part 5, Section 67 of the Local Government Act 2002 and Far North Holdings Limited ("FNHL") Statement of Intent for the three years to June 2023 the Directors hereby report on the activities of the company for the 9 months from 1 July 2020 to the 31 March 2021.

FNHL's Statement of Financial Position at 31 March 2021 and Statement of Financial Performance for the 9 months to 31 March 2021 are attached.

FNHL's financial performance has exceeded expectations for the third quarter, with profit of \$1,519k, being \$806k ahead of budget, although \$322k below the same period last year. FNHL's interest cover ratio is at 2.29, with a permissible ratio of 1.5. The equity/asset ratio is also favourable at 52.76% with a permissible ratio of 50%.

Covid-19 Impacts

This financial year is still being challenged with Covid-19 and the associated consequences. As budgeted, the restrictions implemented have affected income relating to cruise ships and airports. Rent relief was provided to tenants who were experiencing difficulties. The support required by tenants has been less than expected due to the remarkable level of local tourism activity in the Bay of Islands.

During the pandemic FNHL will continue to manage finances prudently whilst continuing to facilitate and develop commercial and infrastructural assets, and business growth in the Far North District.

Significant Variances

Services revenue is favourable by \$601k. This is due to boating and tourism activity in the Bay of Islands being better than anticipated. The performance at the marina, Paihia car park and the airport all continue to impress in the current circumstances.

Rental income is favourable by \$265k. This is predominantly due to the Covid rent relief not being required for as many tenants as budgeted. It should be noted that the budget was finalised during the lockdown period when the outlook was particularly ominous.

Recoverable income is ahead of budget, and conversely direct expenses from investment property is also up.

Employee Benefit expenses are favourable by \$353k. This will reduce as additional senior staff have been employed to assist with the growing requirements of FNHL's business and upcoming projects. To date the savings have been offset by the increase in other operating expenses which includes the costs of external resources for planning and consultancy.

As aspects of tourism and the boating industry has been flourishing in the Bay of Islands, fuel sales have also been thriving. This has meant inventory costs have shown as a variance and are up \$470k. Fuel sales have correspondingly increased, but the variance in goods sold has been offset by insufficient honey sales.

Finance expenses being below budget is attributable to the interest rate being lower than projected.

Project Updates

Ngawha Innovation and Enterprise Park is progressing well. With five cornerstone tenants confirmed, the Provincial Development Unit have announced approval of \$19.5 million in funding to build infrastructure such as roads, sites, drainage and water storage. The confirmed occupants in Stage One of the park's development will invest an additional \$40m to establish themselves there, creating approximately 150 new jobs and equipping about 100 people a year with high-value, transferrable skills.

Kaikohe Berryfruit Limited (KBL) is one of the cornerstone tenants. KBL is a partnership between Maungatāpere Berries, Ngāpuhi Asset Holding Company and FNHL. KBL is forecast to increase local business activity by \$34m a year and will become one of the largest employers in the region, providing attractive and well-paid jobs within easy reach of the Kaikohe community. NAHC chief executive Paul Knight said "Maungatāpere Berries was able to offer expertise and a plan for a successful business, making the best use of Ngāpuhi's cash investment and knowledge of the local workforce. Far North Holdings was brought in to provide the land at Ngāwhā, buying into the proposal so it was more than just a landlord".

In addition to FNHL's own projects, FNHL provides project management services and are privileged to be part of the team helping to bring into being the redevelopment of the Te Waiariki Ngawha Springs near Kaikohe. FNHL supported the Parahirahi Ngawha Waiariki Trust in the planning stages of the \$4.3m project and compiled the Trusts application for PGF and Foundation North funding, which was successful. This project was completed in April.

Te Ahurea in Kerikeri Basin officially opened just before Waitangi Day. As with The Manea Footprints of Kupe project on the West Coast, FNHL were grateful and privileged to have been able to play a role in making it happen. FNHL worked in partnership with Ngāti Rehia to deliver the project and were involved in project managing the design, consenting and construction of the wharewaka and mangrove boardwalk. The wharewaka will be an iconic structure, visible to all visitors to the Kerikeri Basin.

FNHL also provides project management services to the Far North District Council on a range of Council-owned and Council-commissioned projects for the re-development and upgrade of various items of marine infrastructure around the district.

One of these is the construction of a new, 152m-long concrete wharf with pontoon at Rangi Point on the western side of Hokianga Harbour. This will improve connectivity to, with and for the isolated community there.

Detailed designs for a new truck-rated concrete wharf at Unahi, north of Awanui are complete and a construction contract for the \$1.6 million project has been let. The project will include demolishing the existing timber wharf, which is more than 50 years old, installing a new concrete pontoon and gangway, adding berthing piles and making repairs to the seawall. FNHL developed designs in partnership with commercial fishermen and the Awanui Progressive and Ratepayers' Association to ensure the new structure meets community needs.

The renewal of Pukenui commercial wharf detailed design has been completed. The project is due to commence in June 2021 and involves the demolition of the existing structure and construction of a replacement concrete wharf, new pontoon, service berth, and seawall repairs.

Final concept plans for a \$3.7 million upgrade and expansion of maritime facilities at Rangitane on the Kerikeri Inlet have won the support of local hapū Ngāti Rēhia. Hapū spokeswoman Nora Rameka has welcomed the development, saying it will significantly improve access to Kerikeri Inlet. Consultation with iwi, community groups and others affected by the project is ongoing. This will include discussions with the Rangitane Residents Association, which currently holds consents for the existing Rangitane jetty.

The Paihia Waterfront Development Steering Group is the community led organisation that is promoting and coordinating community input to the design process. The design team are working on a detailed design, incorporating results from wave and hydrodynamic modelling. The team are also working on plans and designs to restore Horotutu Beach at Paihia as part of a \$13.3 million redevelopment of Paihia's waterfront.

FAR NORTH HOLDINGS LIMITED

STATEMENT OF FINANCIAL PERFORMANCE
For Nine Months Ended 31 March 2021

	Actual 9 months to 31-Mar-21 \$	Budget 9 months to 31-Mar-21 \$	Budget vs Actual Variance		Actual 9 months to 31-Mar-20 \$
			%	\$	
Goods sold	1,678,563	1,708,986	-2%	(30,423)	2,273,570
Services	5,838,275	5,237,520	11%	600,755	6,426,289
Rental income	2,839,527	2,575,044	10%	264,483	2,840,043
Recoverables	500,361	366,072	37%	134,289	358,720
Commission	25,000	11,250	122%	13,750	23,500
Finance income	16,936	5,247	223%	11,689	8,670
Total Revenue	10,898,663	9,904,119	10%	994,544	11,930,792
Employee benefit expenses	2,698,475	3,051,171	-12%	(352,696)	2,218,770
Director compensation	96,025	119,403	-20%	(23,378)	117,042
Corporate overheads	352,625	343,458	3%	9,167	277,505
Donations	67,613	73,756	-8%	(6,143)	16,745
Other operating expenses	2,373,989	2,186,613	9%	187,376	2,538,322
Direct expenses from investment property	925,935	807,536	15%	118,399	1,182,235
Inventories	1,332,283	862,450	54%	469,833	1,830,191
Impairment of receivables	4,835	18,747	-74%	(13,912)	8,165
Depreciation and amortisation	589,885	675,648	-13%	(85,763)	738,533
Finance expenses	938,174	1,052,289	-11%	(114,115)	1,162,307
Total Expenses	9,379,838	9,191,071	2%	188,767	10,089,816
Operating Surplus	1,518,824	713,048	113%	805,776	1,840,976
Income tax expense	-	-	-	-	-
Profit/(loss) for the period	1,518,824	713,048		805,776	1,840,976

FAR NORTH HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION**
As at 31 March 2021

	31-Mar-21	31-Dec-20	30-Jun-20
Equity			
Share capital	18,000,000	18,000,000	18,000,000
Reserves	7,940,992	7,884,244	7,767,045
Retained earnings	37,742,700	37,523,919	36,645,168
	63,683,692	63,408,163	62,412,213
Current Assets			
Cash and cash equivalents	441,978	902,315	31,831
Trade receivables & prepayments	2,897,759	3,698,748	2,142,344
Inventories	1,587,430	1,587,883	1,582,439
Other investments	570,717	570,717	570,716
	5,497,883	6,759,662	4,327,330
Non Current Assets			
Intangible assets	100,000	100,000	100,000
Biological assets	1,603,560	1,603,560	1,603,560
Property, plant & equipment	27,141,211	26,552,717	26,666,493
Investment properties	86,263,369	85,053,476	85,474,560
	115,108,140	113,309,753	113,844,613
Total Assets	120,606,023	120,069,415	118,171,943
Current Liabilities			
Current Loans	-	-	1,764,360
Payables, accruals and income in advance	4,219,082	4,036,209	4,007,171
	4,219,082	4,036,209	5,771,531
Non Current Liabilities			
Loans	38,833,982	38,871,017	37,178,172
Deferred tax liability	2,849,253	2,849,253	2,849,253
Income in advance	11,020,014	10,904,772	9,960,774
	52,703,248	52,625,043	49,988,199
Total Liabilities	56,922,331	56,661,252	55,759,730
	63,683,692	63,408,163	62,412,213

SCHEDULE 5 - COMPLIANCE CERTIFICATE**TO: Bank of New Zealand as Lender**

This Compliance Certificate is given by the undersigned, being the directors of Far North Holdings Limited and is given pursuant to clause 9.1 (f) of the Facility Agreement ("Agreement") dated 6 August 2015, and the facility document dated 31 July 2019.

Terms defined in the Agreement have the same meaning herein.

I certify on behalf of the Borrower as at **31 March 2021** ("Reporting Date") that, to the best of our knowledge and belief, having made due enquiry:

- (a) no Event of Default, Potential Event of Default or Event of Review has occurred which is continuing; and
- (b) the representations and warranties made in the Transaction Documents would be true and accurate in all material respects, and not misleading in any material respect, if repeated at the date of this Compliance Certificate;
- (c) no financial undertaking set out in clause 10.4 or 10.5 of the Agreement has been breached at any time in, or in respect of, the period from **31 March 2020** to and including the Reporting Date; and
- (d) the amounts set out below are true and correct.

Calculations (as at the Reporting Date):

A. Interest Cover and Shareholder Funds: (clause 10.4 and 10.5):

EBIT (A) rolling 12-month profit	\$3,288,644
Interest Cost (B) Excluding interest capitalized to building projects.	\$1,437,274
Ratio of A to B	2.29
Permitted Ratio	1.5
Shareholder Funds	\$63,583,692
Total Tangible Assets	\$120,506,023
Percentage	52.76%
Permitted Percentage	50%

Dated:


 Signature of Director
 Bill Birnie CNZM

Director – Far North Holdings Limited

6 INFORMATION REPORTS

6.1 JULY RISK MANAGEMENT REPORT

File Number: A3264780

Author: Tanya Reid, Business Improvement Specialist

Authoriser: William J Taylor MBE, General Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide an information report on organisational risk management, emergent risk and scheduled risk progress reports for the organisation's top risks.

No decision is required.

WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

Risk progress updates are provided for three of the top organisational risks. The risk rating trend for two of these risks has been assessed as stable and one risk trend as increasing.

Summary of the 16 June 2021 deep dive rapid immersion into our drinking water resilience risk is provided.

No new emergent risks have been identified for inclusion in this report.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report July Risk Management Report.

TĀHUHU KŌRERO / BACKGROUND

The top organisational risks are risks that may impact on Council achieving its vision, mission and community outcomes and are regularly reported to the Assurance, Risk and Finance Committee to ensure they are being appropriately managed. A number of these risks are subject to external influences which may affect effective council operations.

Table 1, below, provides a risk snapshot of the Assurance, Risk and Finance Committee

Organisational Risk Dashboard with inherent and residual risk scores as accepted by the Assurance, Risk and Finance Committee and the risk progress to the residual risk score as assessed by the risk subject matter experts.

Table 2 details the 2021 Risk Work Programme.

Within Council risk management at a group and departmental level continues.

Table 1: July 2021 Top Organisational Risk Dashboard

Key to trend of risk rating:

	Decline
	No change/stable
	Increase

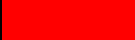

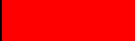







Risk ID:	Risk title	Inherent risk score	Trend of risk rating	Residual risk score	Accountable Risk Governance	Responsible Risk Governance	Risk Progress Report schedule	Risk Progress Report ARF agenda:
ARF001	Climate Change	63		30	CEO	GMSPP	6 Monthly	Mar 21
ARF003	Health & Safety Vulnerabilities	46		34	CEO	Manager P&C	3 Monthly	July 21
ARF004	Asset Management Risks	45		18	CEO	GMIAM	6 Monthly	Mar 21
ARF005	Affordability Risk	45		26	CEO	GMSPP	6 Monthly	June 21
ARF006	Project Priorities Deliveries Delays	45		14	CEO	GMIAM	3 Monthly	July 21
ARF007	Compliance NRC Abatements	45		18	CEO	GMIAM	6 Monthly	June 21
ARF009	Customer Service Delivery	39		22	CEO	Manager P&C	3 Monthly	June 21
ARF010	Data Governance Risks	39		14	CEO	CEO	6 Monthly	June 21
ARF012	Contract Management Risks	39		14	CEO	GMIAM	3 Monthly	July 21
ARF013	Drinking Water Resilience	35		ARF to agree level residual risk	CEO	GMIAM	3 Monthly	June 21

Table 2: 2021 Risk Programme

2021 ARF meeting date:	10/02	24/03	05/05	16/06	21/07	08/09	20/10	01/12
Risk deep dives		ARF001	ARF003	ARF013	ARF003	ARF004	ARF006	ARF005
ARF001 Climate Change		✓				✓		
ARF003 Health & Safety Vulnerabilities	✓		✓		✓	✓		✓
ARF004 Asset Management Risks		✓				✓		
ARF005 Affordability				✓				✓
ARF006 Project - Priorities Deliveries Delays	✓		✓		✓		✓	
ARF007 Compliance NRC Abatements				✓				✓
ARF009 Customer Service Delivery		✓		✓		✓		✓
ARF010 Data Governance Risks				✓				✓
ARF012 Contract Management Risks	✓		✓		✓		✓	
ARF013 Drinking Water Resilience		✓		✓		✓		✓

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS**Organisational Risk Management:**

The 16 June 2021 deep dive was a rapid immersion into our drinking water resilience risk. This session was attended by two subject matter experts, Infrastructure Compliance Lead and PM Drinking Water Assessment with the Managers of Asset Management and Infrastructure Operations. At the session Elected Members wanted to understand resilience in regard changing conditions and operations, and how our thinking round resilience has matured (over the last 12 months) by supply:

- Alternative water supply for Kaitaia should be available after Christmas 2021
- Second deep bore at Monument Hill
- Reservoir storage for Kerikeri
- Catchment management process review of Water Treatment Plants
- Water Safety Plans (which also address risk management) will protect from source to customer and include improvement plans

What the acceptable level of risk, for each water scheme and the residual risk profile, is yet to be determined.

The July 2021 deep dive has focuses on health and safety vulnerabilities. The session will share the results of a recent Great Workplaces Wellbeing survey which investigates how hybrid working has affected our wellbeing.

Further deep dives are scheduled for the remainder of this calendar year, see table 2.

A risk training workshop, for elected members, is in development. With the support of our independent member to Assurance, Risk and Finance Committee, it is proposed to deliver this bespoke in-house training later in the new financial year.

Emergent risk:

No new emergent risks have been identified for inclusion in this report.

Table 3: Table of Identified Emergent Risk

Emergent risks	Presented to Assurance, Risk and Finance Committee	Progress
1. The risk of externally funded shovel ready, economic stimulus employment opportunity projects due to the impact of the COVID-19 pandemic.	October 2020	Subject of a risk progress report to the Assurance, Risk and Finance Committee meeting, March 2021.
2. The financial and legal risks because of climate change. Timing of a report on this risk, to the Assurance, Risk and Finance Committee meeting, is to be determined.	October 2020	March 2021 Climate Change deep dive was held. Proposed to break the climate change into two risks to enable focus on transition risks such as financial and legal.
3. District Services have proposed to escalate one of their top group risks for consideration of inclusion on the top organisational dashboard.	October 2020	It is proposed that this be included in the Assurance, Risk and Finance Committee risk workshop agenda.

Emergent risks	Presented to Assurance, Risk and Finance Committee	Progress
4. The risk of not fit for purpose business continuity arrangements.	October 2020	This was subject to a report at the December 20 Assurance, Risk and Finance Committee meeting. An up-date is provided under the group risk section.
5. Government's Three Waters Reform programme: a. Establishment of Taumata Arowai b. Regulatory reforms as outlined in the Water Services Bill, and c. Reform of water delivery services including wastewater and stormwater networks.	December 2020	Taumata Arowai established March 2021. Next steps in the 3waters reform programme: 1. Cabinet decisions on detailed reform proposals, expected mid 2021 2. Release of Council specific analysis and information (linked to Cabinet decisions on number and boundaries of entities, expected mid 2021 3. Release of RfI data – DIA will release a flat file containing all non-commercially sensitive council raw data provided under the RfI, expected mid-2021.
6. Potential impact of the Worksafe decision, in December 2020, to charge 13 parties over the Whakaari/White Island tragedy; and the government review of WorkSafe New Zealand's performance of its regulatory functions in relation to activities on Whakaari White Island .	February 2021	Impact to be considered when further information is to hand. MBIE expects to receive this report by 30 June 2021.

Organisational Risk Progress Reports:

Three scheduled risk progress reports, including high level treatment plan progress, are provided with highlights and analysis of risk progress below. More detail is available in the attached risk progress reports.

A decision report was to be put to the July 2021 Assurance, Risk and Finance Committee meeting on the formation of an Affordability Risk reference group and a recommendation to commission a new affordability study. The decision was made to delay this report until the 3 waters reform Council specific analysis and information has been received. It is anticipated that this report will provide significant economic analysis which will be used to inform this risk.

No additional reporting requirement for organisational risk has been identified.

Risk progress reports – highlights and analysis:

1. ARF003 Health Safety and Wellbeing Vulnerabilities Risk Progress Report: The inherent risk rating trend has been assessed as increasing. Post the May 2021 ARF meeting, two further vulnerabilities were added focusing on the Beach Safety Review and Opuia Cycleway Risk Mitigations. The report also includes a section on existing treatment in place to support the Health, Safety and Wellbeing of FNDC Staff.
2. ARF006 Projects Priorities Delivery Delays Risk Progress Report: The inherent risk rating trend has been assessed as stable. Performance to financial year end June 2021 has improved (this

year versus prior) with close to 82% of this year's work programme being awarded by the end of June.

3. ARF012 Contract Management Risk Progress Report: The inherent risk rating trend has been assessed as stable. The Contract Management Framework, Policy, process and templates have been completed. New treatments have been identified to manage increasing number of "small" contractors and our contract concentration risk.

Risk dashboards:

The dashboards provide information on:

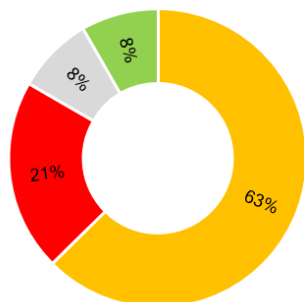
- the total number of identified risks
- the percentage of risks assessed categorised as high, medium or low impact score
- the level of the risk within Council (Department, Group or Organisation level risk); and
- the risk description by category (see table 4):
 - Health, Safety & Wellbeing
 - Legal
 - Operational / Financial
 - Optimising efficiency
 - People and culture
 - Regulatory and Compliance
 - Reputational / Strategic.

Group Risk Dashboards

District Services Risk Dashboard

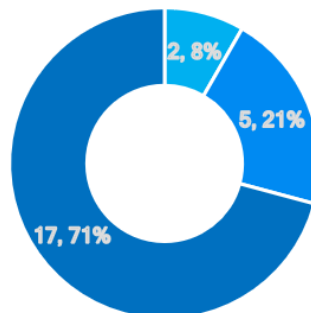
Risk by impact score

■ High Impact ■ Medium Impact ■ Low Impact ■ To be scored



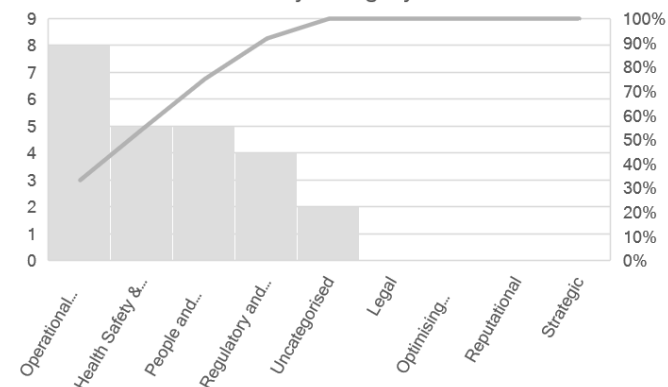
24 risks
✓ Three lines defence established
Risk by organisational level

■ Organisational ■ Group ■ Department



Date: 28/06/21

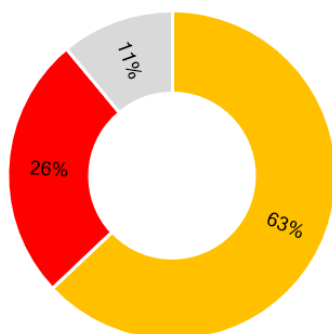
Risk by category



IAM Group Risk Dashboard

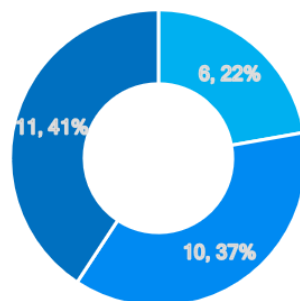
Risk by impact score

■ High Impact ■ Medium Impact ■ Low Impact ■ To be scored



27 risks
✓ Three lines defence established
Risk by organisational level

■ Organisational ■ Group ■ Department



Date: 28/06/21

Risk by category

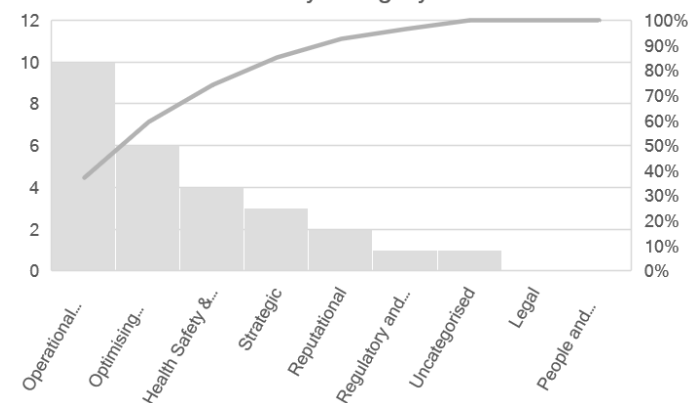


Table 4: Key to Risk Category

Risk Description	Description of category	Example
Health Safety & Wellbeing	A work environment that is without risk to health and safety, so far as is reasonably practicable	Lone worker vulnerability
Legal	Application of the law (and its consequences) to FNDC actions	Court action
Operational/Financial	Whole of business view of FNDC performance including service/services delivery, risk, finance, environmental	Affordability
Optimising efficiency	Managing the present, lineal response to what exists today such as system, Continuous Improvement, process	Born digital improvements e.g. BCA application
People and culture	Capability, mindsets, behaviour	Disability awareness workshops
Regulatory and Compliance	Conforming to rules, external = law or regulation; internal = policies	Audits
Reputational	The external estimation in which FNDC and brand is held	Customer service delivery
Strategic	Adapting to change: Innovation / create the future / selectively forget the past	Climate change / Affordability



Progress to refresh Council's business continuity arrangements:

District Services have drafted eleven business continuity plans, to re-establish essential services. Department recovery plans (and incident management plans), are being established to support Departments re-establish business as usual.

PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

No additional budgetary provision is requested.

ĀPITIHINGA / ATTACHMENTS

1. **2021 07 ARF003 Health Safety and Wellbeing Vulnerabilities Risk Progress Report - A3264253** [↓](#) 
2. **2021 07 ARF006 Projects Priorities Delivery Delays Risk Progress Report - A3264254** [↓](#) 
3. **2021 07 ARF012 Contract Management Risk Progress Report - A3264256** [↓](#) 



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ARF003 Health Safety and Wellbeing Vulnerabilities

Risk Status Progress Report for June 2021

Prepared 22/06/2021

Description of risk and impact

Health, Safety and Wellbeing Vulnerabilities are those elements defined in the Health and Safety at Work Act (2015).

The Council has a duty to ensure, so far as is reasonably practicable, that our workplace is without risks to the health, safety and wellbeing of any person and has controls in place to firstly eliminate or minimize those risks.

Existing Treatments - What has been done so far?

Regular health and safety reporting, with lag and lead indicators, is included in the People and Capability section of the CEO report. Current reporting trend is for an average of 8 health and safety incidents being reported per month.

The Council's 5-year strategic plan is currently at the end of year three (Horizon 2). Planned activities are on track with 74% of the planned activities completed; and delivery of the remaining planned activities is to the revised schedule. It should be noted that since the strategy was implemented in 2018 two vulnerabilities were added to address the lone worker safety and health monitoring for high risk staff. Post the May 2021 ARF meeting, two further vulnerabilities were added focusing on the Beach Safety Review and Opua Cycleway Risk Mitigations taking the total to nine.

The FNDC Health and Safety Committee continue to meet monthly; and all staff have a Health Safety and Wellbeing focused KPI which is reviewed and monitored quarterly.

The calendar of core Health Safety and Wellbeing activities has been reviewed, due to COVID-19, with some activities being bought forward and others re-scheduled.

Examples of existing treatments in place to support the Health, Safety & Wellbeing of FNDC Staff		
Health & Wellbeing Focus	Training & Competence Development Focus	Risk Management/Contractor Management
Employee Assistance Program (EAP)	Workplace First Aid	SiteWise Pre-qualification
Wellness Advocates	Resilience Training	Job Safety Analysis (JSA)
Flu Vaccinations	Customer Conflict Awareness	Tender & Contractual references to H&S
Hybrid Working	Lone Worker/Vehicle GPS	Project Safety Inspection Audits
Wellbeing Leave & Policy	Staff HSW inductions (new starters)	Quarterly Inspection schedule

Injury Rehabilitation & Management	Health & Safety Representatives	Emergency management procedures/policies
------------------------------------	---------------------------------	--

Your Voice results for 2020 were released with a continued overall increase in the Health & Safety index score (when compared year on year). Wellbeing has been identified as a focus area for further improvement with an initiative to review and implement further support mechanisms as part of the survey's engagement action plan being led by Tier-3 people leaders and the development of a Wellbeing Strategy for FY22.

Current health and safety concerns are focused on contractor management, wellbeing and lone worker vulnerabilities. COVID-19 related support to customer facing and field staff include PPE, office hygiene kits and additional engineered solutions (e.g. sneeze guards).

Treatment progress is not to plan for two of the nine health and safety vulnerabilities listed in the table below:

High level treatment plan and progress up-date for critical HS&W Vulnerabilities:

Vulnerabilities being addressed:	Progress update:
1. Lone Worker Safety	<p>Progress to plan.</p> <p>COVID19 delays has meant a two-phase installation and roll-out, with Phase 1 installs and training for Animal Management and NTA teams completed this reporting period.</p> <p>Phase 2 deployment completed in May. With end user training and technical reviews ongoing until Project end June 30, 2021.</p> <p>Currently 29 vehicles have eRoad installed as the GPS component, with 57 lone worker devices (mixture of handhelds, pendants and APPS) protecting vulnerable front line staff. Once the fleet review is completed any remaining council vehicles are planned to have eRoad installed to provide a full fleet picture.</p> <p>An additional project is being developed for District Services monitoring/compliance staff – refer threatening behavior vulnerability #6.</p>
2. Health Monitoring for high risk staff (staff who have high levels of health exposure due to their roles e.g. wastewater staff, animal management officers, building officers)	<p>Progress not to original plan, rescheduled to FY22.</p> <p>A Health Monitoring programme was to be established for high risk roles. The programme provider has been identified and a project plan in place, with delivery delayed and will commence in the FY22 year. Priority was placed on delivering the Lone Worker/Vehicle GPS Project in full.</p>
3. Non-compliance against Health and Safety at Work Act regulations across our assets.	<p>Progress to revised plan with treatments in place.</p> <p>We remain non-compliant at two of FNDC's water/wastewater Treatment Plants. Contractor partners closed out the actions for five water/wastewater plants and one swimming pool.</p>

	<p>This work is ongoing with Three Waters Alliance partners and Capital Project work approved at the two remaining assets to bring up to compliant status.</p>
4. Contractor Management	<p>Progress to plan with treatments in place.</p> <p>We have 124 SiteWise registered pre-qualified preferred contractors (an increase of nine contractors from the last report), with an average assessment score of 83%.</p> <p>Current tender documents include the SiteWise requirement with ongoing regular contractor monitoring and site inspections/audits via Project Managers and Contract Managers.</p> <p>District wide workshops were delivered to Tier 3 contractors involved in the externally funded projects workstream.</p> <p>Independent HS Consultant has commenced in May to assist with review of contractor management process including pre-qualification and lifting tier 2 and 3 contractor assessment scores.</p>
5. Wellbeing programs to address our changing workforce	<p>Progress to plan with treatments in place</p> <p>Program to be reviewed with implementation of remote working and hybrid operating modules, including feedback via Your Voice survey (where more support is required in the Wellbeing space was highlighted). Wellbeing strategy for FY22 to be developed and draft plan expected in July 2022.</p> <p>Your Voice debrief sessions were completed in late March and focus areas being developed with people leader support as part of next steps.</p> <p>End of May 2021 an internal Great Workplaces Wellbeing survey, to understand the wellbeing impact of the hybrid remote working and office based model on staff, was released. The survey has closed and the data analyzed. Findings are being shared within the organisation.</p>
6. Threatening behavior from members of the public	<p>Progress to plan with treatments in place.</p> <p>Threatening behavior related incidents involving both staff and contractors continue to occur, with this incident type being second highest of all told at council (20% of all incidents in last 12 months relate to threatening behavior). There has been no significant increase since the last report, however this incident type is of concern.</p> <p>Technical solutions have been procured for 23 front line staff as part of the Lone Worker Project, including 24/7 monitoring services.</p> <p>Support is in place for any threatened staff, including competence training in conflict resolution and de-escalation techniques.</p> <p>District Services project to implement body cameras and stab-proof vests have been fast tracked for high risk roles. Trial of vests has provided good feedback, with project commencing in Q1 of FY22.</p>
7. FNDC's Generic Hazards and Controls/Treatments	<p>Progress not to plan</p>

	Generic hazards have been identified and agreed by the Health and Safety Committee. Development of action plans and treatments have been delayed due to remote working. Q3 2021 roll of controls has commenced (and will continue into Q1 of FY22) via Health and Safety Committee representatives. Remote working is identified as a priority area of focus with a review of 261 staff risk assessments. Current status of this work sits at 98% complete.
8. Opua Cycle Trail Risk Mitigations	Progress to plan with treatments in place Full risk mitigation plan in place, with 20 of 24 actions completed. Major deliverable to eliminate this risk is the upgrade to Te Raupo Road which is scheduled to be constructed by end February 2022.
9. Beach Safety Review (post coroners findings)	Progress to plan with treatments in place Project team involving IAM District Facilities and H&S members has been established. Specialist advice sought from Surf Lifesaving NZ to assist to identify other high risk beaches in the district, meeting scheduled for late June 2021. 4 beaches in the immediate area of Cable Bay have had signs re-installed in both English and Te Reo.

Where are the gaps? / what more could we be doing?

- Worker engagement is developing and ongoing.
- Speed of Council to bring assets up to meet legislative requirements as regulations change.
- Working remotely from home safely as an organisation. Monitoring the impacts of this way of working continue. WorkSafe's "best practice" guidelines are still to be published.
- WorkSafe's Whakaari (White Island) decision prosecute 13 organisations for not meeting their obligations as a PCBU under the Health and Safety at Work Act (2015) has created further uncertainty. This has been identified as an emergent risk in the February 2021 risk management report.
- Development of a *Standard Operating Procedure* to improve and coordinate staff and councilor safety should that be compromised. Examples include Maori Wards Vote and recent Hikoi at Kaikohe. Work will be developed in conjunction with Democracy Services in Q1 of FY22.

The impact and likelihood of this risk has increased due to delays in progressing treatments; increase in threatening behavior from the public; and the ongoing non-compliance with Health and Safety at Work Act regulations across our assets.

Inherent Risk:	Trend of risk rating	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Increase		Responsible:	Mgr. P&C	Date accepted:	16/06/19	3 monthly

ARF006 Projects / Priorities Delivery Delays

Risk Status Progress Report for July 2021

Prepared: 22/06/2021

Description of risk and impact

Project / Priority delivery risks start with the elements of the project lifecycle (conception and business casing through delivery and ongoing management / maintenance) and involve having robust capabilities to support each stage of this life-cycle. Deficiencies in any one of these stages have flow on effects including costs, quality and delays.

Existing Treatments

Treatments established:

1. Building capability

- a. Project Management Office Project Management framework: This is now starting to pay dividends. Results are being seen in the delivery of projects in a more mature manner, in line with project management best practice. This improvement was acknowledged as "significant" in the CouncilMark assessment.
- b. Business case specialist is now in place. Expectation is that benefits will be seen in the next LTP.
- c. The Project Delivery Team has completed project management and commercial training.

2. Managing capacity

- a. All capital projects are reviewed with elected members engaged as part of the LTP process.

3. Reporting

- a. The Capital Project Report Improvement has been established with monthly reporting in the IAMS business report.

High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
PMO Project Management framework.	In place. Work continues to improve how we manage issues such as design times, procurement times, contractor and material availability, to support on time project delivery.
Review of the Asset Management frameworks	Underway. This review will help to identify current short comings in the Asset Framework so that it can be further developed to produce better quality business cases and scopes.
Training, project governance and project roles.	In place and ongoing.

Project resourcing	In place ESEO projects are being delivered by a separate team, with governance structure and regular reporting so as not to impact "business as usual" projects.
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Where are the gaps? / what more could we be doing?

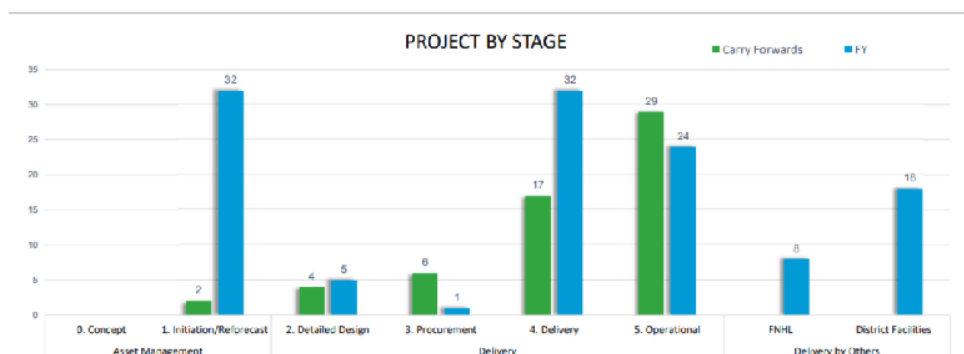
Current environment

Performance to financial year end June 2021 has improved (this year versus prior) with close to 82% of this year's work programme being awarded by the end of June.

Table: Capital spend analysis to 31 May 2021 (a fuller report is available in the June 2021 Assurance, Risk and Finance Committee reports)

LTP Group	Actual versus Budget
IAM total	60.5%
DIA project total	52.7%
ESEO project total	206.3%

Graph: Project delivery by project stage as at 31 May 2021



With the current economic environment contractor and materials resourcing may potentially impact project delivery timeframes.

Inherent Risk:	Trend of risk rating	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Stable		Responsible:	GM IAMs	Date accepted:	30/05/19	Three monthly



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ARF012 Contract Management Risks

Risk Status Progress Report for June 2021

Prepared: 22/06/2021

Description of risk and impact

Contract management risk can arise due to contract wording, contract breaches, contract performance and relationship management.

Contract management risks have the potential to negatively impact on financial, legal, reputational, service delivery and create long term issues for the Far North District. If not managed correctly we could see delays and interruptions with lengthy drawn out disruption. Commercial resource demand could be impacted.

Existing Treatments

Treatments established:

- A. Two specialists are in place:
 - 1. Contract Management Specialist, PMO
 - 2. Contract Specialist, District Facilities.
- B. A FNDC-wide Contracts Register is available in TK2.

High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Develop a Contract Management Framework. The Contracts Framework will cover three main contractual arrangements with the addition of AOG (All of Government) and syndicated contracts.	Completed. Contract Framework peer review has been completed. Request SLT endorsement of Contract Management Framework and Policy. Phase 1 of the roll out (to IAMs) has commence with training delivered to District Facilities and a live contract deep dive to be scheduled.
Develop Policy, process and templates.	Completed
New treatment June 2021 Develop process to manage "Small" contractors contract management risk (health and safety, delivery and financial risk).	In progress. PMO developing new process.
Building capability	
Increase internal commercial expertise.	In progress. This will be ongoing.

	<p>Contract management training will follow the Procurement Fundamentals training, delivered by Height Consulting, end June 2021.</p> <p>Weekly training to develop contract management capability in the IAMS Infrastructure & Asset Management team continues. Currently working through the New Zealand standard construction contract, NZS3910.</p> <p>The Contract Management Specialist is providing project specific advice.</p>
<p>New treatment May 2021: Refresh of the contract register.</p>	<ul style="list-style-type: none"> Working with ICT to develop a form with metadata to support development of a "smart" contract register migration of the contract register from TK2 to TK3 inclusion of an additional field to identify which contracts contain business continuity arrangements fields to support the management of our contract concentration risk determine secure locations to hold hard and soft copies of crucial contract documents such as the contract, bonds and warranties and insurance certificates. <p>When the refreshed contracts register is complete and populated, this will allow for the next big piece of work - assessing each contract for its importance and complexity (i.e.: transactional vs strategic vs critical) then assessing management of our strategic and critical contracts.</p>
District Facilitates Assurance Review	This is with the Assurance and Audit Specialist for programming into the assurance schedule.
17A reviews	<p>Scheduled to commence July 21:</p> <ol style="list-style-type: none"> Solid Waste Town, parks and reserves maintenance.

Where are the gaps? / what more could we be doing?

Current environment:

Within the evolving contract scene Council is engaging with an increasing number of "small" contractors. It is anticipated that this trend will continue when we implement our Sustainable Procurement Policy. This will change the contract management risk profile.

Contract concentration risk – there is a large financial exposure (in FNDC terms) to a number of providers. FNDC complete due diligence prior to entering a contract and contract manage these providers. The risk is the ongoing maintenance e.g. insurance certificates so that the provider does not become a liability to Council.

Current gaps identified are:

- “Small” contractors contract management risk (health and safety, delivery and financial risk)
- “Larger” contractors where we have a contract concentration risk and a large financial exposure

The plan is to continue to make progress against treatment solutions as identified in the table above.

Inherent Risk:	Trend of risk rating	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Stable		Responsible:	GM IAMs	Date accepted:	30/05/19	3 monthly

6.2 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 31 MAY 2021**File Number: A3270005****Author: Angie Thomas, Manager - Accounting Services****Authoriser: Janice Smith, Chief Financial Officer****TE TAKE PŪRONGO / PURPOSE OF THE REPORT**

To provide an overview and information on the current financial position and performance of the Far North District Council as at 31 May 2021.

TE WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

This report provides a summary overview, Statement of Financial Performance, Capital Performance and Borrowing and Investment reports.

NGĀ TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Council Financial Report for the Period Ending 31 May 2021.

TE TĀHUHU KŌRERO / BACKGROUND

This report provides financial information as at 31 May 2021.

TE MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

The report is for information only.

NGĀ PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications or budgetary provisions required as a result of this report.

NGĀ ĀPITIHINGA / ATTACHMENTS

1. Council Financial Report May 2021 (Pd11) FINAL_ARF - A3275674 [↓](#) 



Far North District Council

Council Financial Report

for the period ending **31-May-2021**

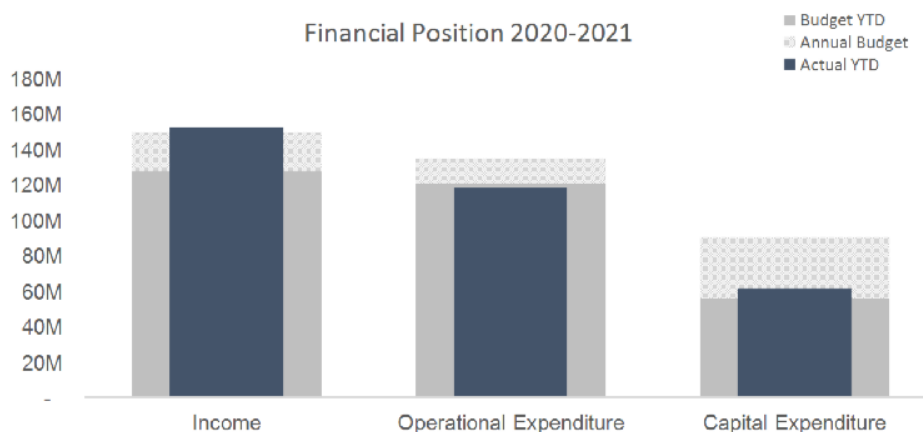
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Financial Overview

Key financial metrics from the Statement of Financial Performance for the Far North District Council as at 31-May-2021.

Overall, we had an Operating Position Variance to Budget YTD movement of \$27.3M.



Year to Date

Actual Position as at 31-May-2021

	Actual YTD	Budget YTD	Variance to Budget YTD	% Variance Actual to Budget YTD
Total Income	152.5M	127.9M	24.7M	19%
Operational Expenditure	118.2M	120.7M	-2.6M	-2%
Net Operating Position	34.4M	7.1M	27.3M	382%
Capital Expenditure	61.5M	56.1M	5.5M	10%

Year End

Forecast Position as at 30-June-2021

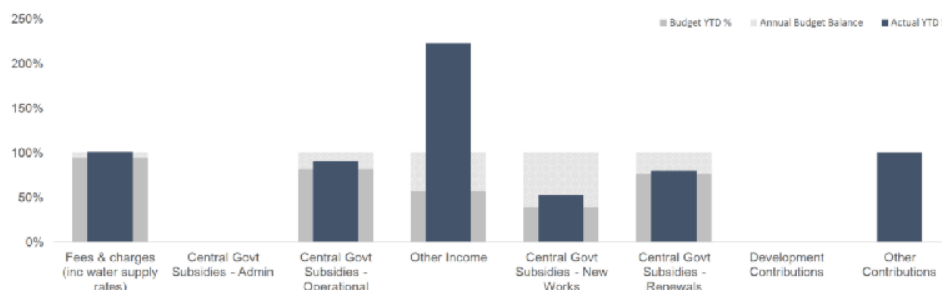
	Annual Forecast	Annual Budget	Forecast Variance to Budget	% Variance Forecast to Budget YTD
Total Income	181.8M	149.9M	31.9M	21%
Operational Expenditure	146.3M	135.0M	11.3M	8%
Net Operating Position	35.5M	14.9M	20.6M	139%
Capital Expenditure	104.9M	90.6M	14.3M	16%

**In the tables above and throughout this report, variances +/- 5% from budget are indicated as on track / green, anything outside this is red.*

Council Financial Performance – Income

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes general rates and rates penalties.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
69.3M	43.7M	25.5M	58%	58.3M	90.2M	31.9M	35%



Highlights:

Fees & Charges (inc water supply rates)

- Due to the increase in local tourists to the district, income received from the Hokianga Ferry has steadily increased.
- The Resource Consents Administration Team have made improvements to their processes and continue to be ahead of budget.

Central Govt Subsidies – Operational

- Unbudgeted Tourism Infrastructure Funds (TIF) have been received for the Waipapa Toilet capacity upgrade for the soakage field and the Waitangi Jetty Toilet capacity upgrade which has now commenced.
- Unbudgeted Tourism Infrastructure Funds (TIF) have been received for the following projects, however, these are likely to carry over to the next financial year due to:
 - Boat ramp study – the final report is completed and at stage of submission to Ministry of Business, Innovation & Employment (MBIE).
 - Freedom camping study – infrastructure requirements are being priced and the final draft report is in progress to the Ministry of Business, Innovation & Employment (MBIE).
 - Stone Store Lighting project – a contractor has been appointed for the electrical work and yet to be scheduled to commence works. Also, construction design is underway and is likely to commence July 2021 due to contractor availability and Heritage New Zealand
 - Taipa tree protection – this has been completed to ensure the protection of the pohutukawa tree roots from damage at the Taipa Beach Reserve.
 - Paihia toilet enhancement project – drainage issues has now been resolved and shower now installed.
 - Further payment received from Waka Kotahi (NZTA) as funding assistance rate (FAR) adjustments for local road maintenance over the past 2 years.

Other Income

- Unbudgeted income received from an insurance claim for the damage to the Pakaraka stock effluent facility in September 2020.
- Unbudgeted funds received from the Ministry of Business, Innovation & Employment (MBIE) for flood hazard mapping work and Department of Internal Affairs (DIA) funds received for the Three Waters Services Reforms for planned projects works.
- Planned Provincial Growth Funds (PGF) have been received for the Lake Omapere de-mobilisation.
- Planned Provincial Growth Funds (PGF) have been received to support road seal projects at Ruapekapeka, Ngapipito and Peria Road.
- Ministry of Business, Innovation & Employment (MBIE) grant received under the maintaining the quality of great rides fund for the Twin Cost Cycletrail.
- Unbudgeted grant has been received for the July 2020 Flood program for the vegetation clearance and clean-up from the Ministry of Business, Innovation & Employment (MBIE).
- The dividend payment from Far North Holdings (FNHL) has been partly paid in March 2021 due to Council approving \$160k for the development of a town square/atea on the old library site in Kawakawa.

Central Govt Subsidies – New Works

- Stage 2 of the Panguru Road raising has commenced and is funded by Northland Regional Council (NRC) and Ministry of Business, Innovation & Employment (MBIE).
- The Infill Lighting project is behind schedule due to lengthy negotiations and approval of the tender phase; however, this will be completed by the end of June 2021.
- Subsidy for ongoing minor safety & improvements projects from last financial year for bridges at Otua Rd which has completed, West Coast Rd is slightly behind due to a power pole being relocated with completion now deferred to next financial year subject to Waka Kotahi (NZTA) approval and associated works across the district now completed.
- Ongoing unbudgeted Tourism Infrastructure Funds (TIF) received from Ministry of Business, Innovation & Employment (MBIE) for the construction of public toilets at Opononi, Mitimiti, Waitangi boat ramp and Haruru Falls bush walk.
- Unbudgeted Tourism Infrastructure Funds (TIF) grant received for the Waitangi Jetty Toilet capacity upgrade and Cable Bay Carparks and Hundertwasser carpark lighting projects.
- Unbudgeted subsidy received from Waka Kotahi (NZTA) for the Te Hiku Community Board footpath project North Park Drive to Whangatane Drive, Kaitaia, Ahipara Foreshore Road to Tasman Heights, Foreshore Road Toilets to Panorama Lane, Matthews Avenue, Dominion road, SH1 Harbour View road to a private access, Donald Lane, Mill Bay Road.
- Unbudgeted subsidy received from Waka Kotahi (NZTA) for the Bay of Islands – Whangaroa Community Board footpath project for Pa Road, Kaipatiki Road to York Road, Te Tau Road to Matauri Bay School Link and the pedestrian bridge at Kaero.
- Unbudgeted subsidy received from Waka Kotahi (NZTA) for the Kaikohe-Hokianga community Board projects at Horeke Road to Cemetery Okaihau, Kohukohu Road Manning to Mariner, Taumatawiwi Street Opononi, Taheke Road to Orrs Road, Lake Road Okaihau.
- Unbudgeted subsidy received from Waka Kotahi (NZTA) for the shared path walking and cycling project along State Highway 1, Kawakawa.

Central Govt Subsidies – Renewals

- Sealed road resurfacing and rehabilitation contractors are now back on track with all subsidies now claimed for the year.
- Rehabilitation works, on the last site for the North and South contracts completed in April, however the claim has been delayed to June before knowing the savings that could cover for the overspend in the sealed Road Surfacing area.
- Safety improvement for Pedestrian and Cycling (Traffic Calming) Improvements, roadside barriers/guardrails and associated improvements, audible tactile profile/structural road markings, bridge and resilience projects across the district has commenced and expect to be completed by the end of the financial year.
- Offset by, subsidy now received from Waka Kotahi (NZTA) for the August 2019 emergency works for which tenders has come under budget due to competitive pricing and additional funds received for the July 2020 storm events.
- Unsealed Road Metalling is ahead of schedule due to the suitable weather conditions before the summer season.

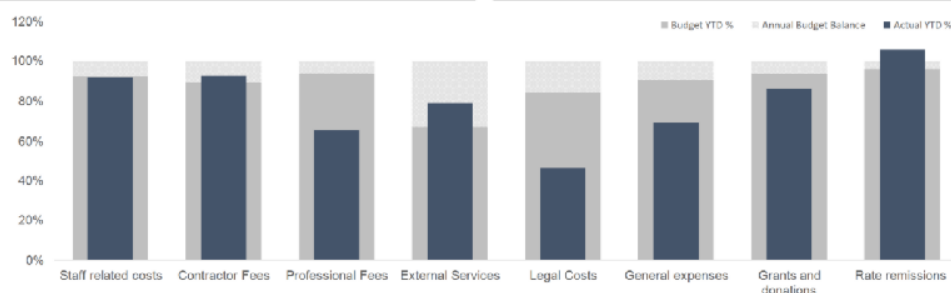
Other Contributions

- Provincial Growth Funds (PGF) received for projects Kerikeri Domain, Waipapa Sports Hub and Te Hiku o te Ika Kaitaia Revitalisation.
- Ministry of Business, Innovation & Employment (MBIE) received for the Southern Animal Welfare Facility.
- Department of Internal Affairs (DIA) funding has been received for the 3 Waters Services Reform projects.
- Ministry of Business, Innovation & Employment (MBIE) grant funds received for the Te Tai Tokerau Worker Redeployment scheme.
- Planned Provincial Growth Funds (PGF) capital grant received for road seal projects at Ruapekapeka. Ngapipito and Peria Road.
- Grant received from the Ministry of Business, Innovation & Enterprise relating to the July 2020 storm event for drainage works at Moerewa and District wide.

Council Financial Performance – Operational Expenditure

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes allocations, interest costs, depreciation and other asset costs and gain/loss on disposal.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
84.0M	87.4M	3.4M	-4%	98.7M	109.9M	11.3M	10%



Highlights:

Contractor Fees

- Sealed Pavement maintenance works in the southern area is behind budget due to contractor lack of resources. NTA has put the contractor on notice and are confident this will be sorted in due course and confident the program will be delivered by the end of the financial year. Works has started to pick up now with the resource issue slowly being addressed by the contractor and all geared up to fully spend the budget by end of June 2021.
- Programme Darwin works are progressing as planned and a staff member has been recruited on fixed term contract replacing the contractor that back filled this position earlier.
- Favourable variance recorded in Unsealed pavement maintenance, Routine drainage maintenance and Structures maintenance for the North and South areas with works being re-prioritised to Environmental maintenance and Traffic Services maintenance.
- There is a variance related to both a timing issue with budget phasing and increased Ventia Limited expenditure to date in the areas of labour, materials and sub-contractors relating to the July 2020 storm event for response and recovery, high volumes of reactive work driven by Requests for Service (RFS) and an aging fleet. Through careful budget management, these will be monitored in the remaining months.

Professional Fees

- A number of consultants have not yet been engaged across the organisation.
- Wastewater plant risk assessments and asset conditional surveys spend has been planned prior to yearend.
- Civil Defence Emergency Management (CDEM) shared services have not been invoiced to Council yet.

External Services

- Lake Omapere drought response works, and emergency response works for Kaitaia water costs are offset by external funding.
- Planned Provincial Growth Fund (PGF) received to support road sealing capital projects at Ruapekapeka, Ngapipito and Peria Road.

Legal Services

- Resource consents appeals, weather tight homes and specialist RMA legal requirements budgets have not been utilised.
- Offset by, expenditure incurred on various legal matters in the best interest of Council.

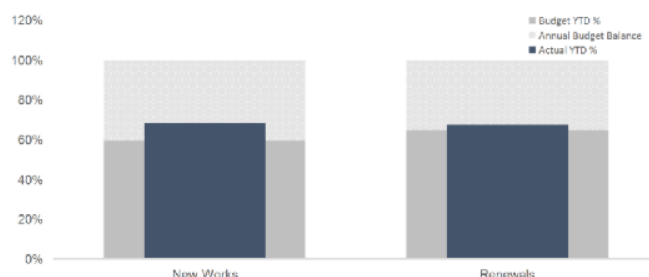
General Expenses

- General expenses are behind budget across the whole of the organisation.

Council Financial Performance – Capital Expenditure

These figures are direct from the Statement of Capital Performance.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
61.5M	56.1M	5.5M	10%	90.6M	104.9M	14.3M	14%



Highlights:

New Works

- Kerikeri Wastewater Treatment Plant is over budget. Construction is now complete with only health and safety operational issues to be attended to. This quantum of the overspend is still being reviewed.
- Council purchased a Housing for the Elderly (HFTE) property at Hokianga Harbour Drive, Omapere which is unbudgeted.
- The Paihia Treatment Plant Improvements has been delayed due to engagement of design consultants investigating the chemical dosing requirements. In the interim, manual chemical dosing is required to bring the plant back up to compliant levels.
- District wide sludge management is under budget. Sludge work has been delayed due to lack of resourcing and COVID-19. Work is ongoing.
- The Opononi New Water Source is under budget with all physical work now complete. Approval from LINZ, title to the land by way of gazettal and compensation to the landowner are outstanding.
- Council approved the shortfall additional funds for the engineering archaeological, facility fencing and landscaping works for the Windsor Landing dredging boat ramp access development project
- Panguru Rd raising project stage 2 has now commenced and is funded by Northland Regional Council (NRC) and the Ministry of Business, Innovation & Enterprise (MBIE), offset by the Infill Lighting project which is behind programme due to lengthy negotiations and approval of the tender phase, however, works has now commenced and is expected to be completed by end of the financial year.
- Pungaere Road sealing project is now complete. The project experienced initial delays in the investigation and design as a result of negotiations with a resident over drainage issues, a managed cattle underpass is to be installed before road construction commenced, however, works onsite has progressed well with the completion of the full pavement overlay. Sealing completed in May.

- Ongoing subsidy received from Waka Kotahi (NZTA) for a number of footpath projects in each ward.
- A contribution to the Kerikeri Mill Lane Fireflow Upgrades project has not yet been invoiced from Arvida to Council.
- Kaitaia New Source (Sweetwater) is behind budget for a number of reasons but funds are fully committed. Due to the delay in the contract being awarded due to Easements not being secured.
- Unbudgeted purchase of the Kaitaia Warehouse property in support of the Te Hiku revitalisation project.
- Ongoing unbudgeted Tourism Infrastructure Funds (TIF) received from Ministry of Business, Innovation & Employment (MBIE) for the construction of public toilets at Opononi, Mitimiti, Waitangi boat ramp and Haruru Falls bush walk.
 - Mitimiti has been completed.
 - Other projects were delayed. Construction commenced in November 2020 at the Opononi I-Site public toilets.
 - Consent for the Waitangi boat ramp public toilets has been approved and the tender process has commenced.
 - Tender has been awarded for the Haruru Falls public toilets and the prefabricated toilet is in curing phase after changing the scope and design to include more natural light as the cost of getting the power to the site was too excessive.
- The Centennial/Jaycee Park project works for construction of the basketball court and footpath completed in February 2021. Planting works has commenced as expected. Amenity lighting works has been awarded, stage II of this project work to commence in May/June.

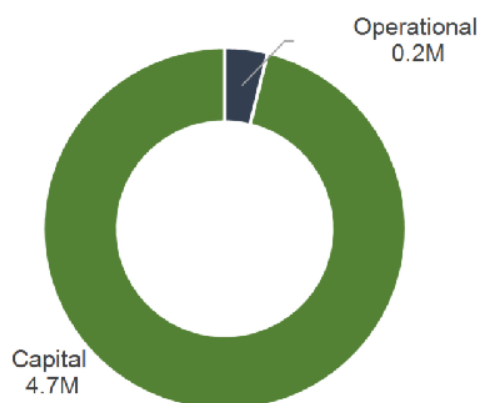
Renewals

- Sealed road resurfacing and rehabilitation contractors are now back on track with all subsidies now claimed for the year.
- Rehabilitation works on the last site for the North and South contracts completed in April, however the claim has been delayed to June before knowing the savings that could cover for the overspend in the sealed Road Surfacing area.
- Safety improvement for Pedestrian and Cycling (Traffic Calming) Improvements, roadside barriers/guardrails and associated improvements, audible tactile profile/structural road markings, bridge and resilience projects across the district has commenced and expect to be completed by the end of the financial year.
- Offset by, subsidy now received from Waka Kotahi (NZTA) for the August 2019 emergency works for which tenders has come under budget due to competitive pricing and additional funds received for the July 2020 storm events.
- Unsealed Road Metalling is ahead of schedule due to the suitable weather conditions before the summer season.
- Moerewa parks & reserves lighting works at Simpson Park has commenced in April, however, this is behind due to delays with getting approval to award the contract.
- Draught protection and healthier homes initiative work commenced in April for Housing for the Elderly (HFTE) across the district.
- Water meter renewal projects are under budget, but funds are fully committed to complete the work.

Unbudgeted Expenditure

These are additional works not included in the original budget for the current year.

Unbudgeted work greater than \$100,000 must be approved by Council, anything less than that can be approved by a General Manager with appropriate financial delegation.



Unbudgeted Expenditure

**Expenditure over \$100K approved by Council (in grey)*

Unbudgeted Operational		Amount
Water - 3 Waters Reform	CAPEX New Works Contract	1,184,000
Water - 3 Waters Reform	CAPEX New Works Contract	500,000
Facilities operations - not buildings	Professional Fees	150,000
Water - 3 Waters Reform	CAPEX New Works Contract	150,000
Water - 3 Waters Reform	CAPEX New Works Contract Services	100,000
Water - 3 Waters Reform	CAPEX New Works Contract Services	100,000
Water - 3 Waters Reform	CAPEX New Works Contract Services	70,000
Maritime Facilities	External Services	30,000
Public Toilets	Repairs & Maintenance Buildings	6,400
Water Schemes	CAPEX New Works Contract Services	-70,000
Water Schemes	CAPEX New Works Contract Services	-100,000
Water Schemes	CAPEX New Works Contract Services	-100,000
Water Schemes	CAPEX New Works Contract Services	-150,000
Water Schemes	CAPEX New Works Contract Services	-500,000
Water Schemes	CAPEX New Works Contract Services	-1,184,000
		186,400

Unbudgeted Capital Works		Amount
Te Hiku o te Ika - PGF	CAPEX New Works Contract	7,000,000
Kerikeri Domain - PGF	CAPEX New Works Contract	3,000,000
Kaitaia New Source (Sweetwater) - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	3,000,000
Waipapa Sports Hub - PGF	CAPEX New Works Contract	2,000,000
Hokianga Harbour Coastal Repairs	CAPEX New Works Contract	1,815,000
Strategic Property Improvements	CAPEX New Works Contract	1,200,452
Monument Hill Drought Impact - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	1,184,000
Network model updates - Stormwater - 3 Waters Reform	3 Waters Reform - Professional Fees	1,000,000
Dog Pound Southern	CAPEX New Works Contract	1,000,000
Network model updates - Wastewater - 3 Waters Reform	3 Waters Reform - Professional Fees	1,000,000
Water main renewals - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	1,000,000
Network model updates - Water - 3	3 Waters Reform - Professional	1,000,000
Hokianga Harbour Drive, Omapere HFTE	CAPEX New Works Contract	630,000
Enhanced water leak repairs - 3 Waters	3 Waters Reform - Professional	600,000
Ex res chlorine measurements - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	600,000
Lake Omapere (PGF)	External Services	500,000
Kerikeri WTP New Clarifiers - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	500,000
Water Safety Plan updates - 3 Waters	3 Waters Reform - Professional	400,000
WWTP Wetland remedial works - 3	3 Waters Reform - Professional	388,000
Windsor Landing Carpark and Access	CAPEX New Works Contract	291,195
Omapere Freese Park	Professional Fees	200,000
Hazard Mapping	External Services	178,000
Awanui River Intake Permanent Weir - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	150,000
Water Safety Lead - 3 Waters Reform	3 Waters Reform - OPEX Salaries	150,000
Kotui Library Licence/Subscription	Software Licence Fees	137,863
Houhora WWTP	CAPEX New Works Contract	112,000
Rangitane Maritime Boat Ramp	CAPEX Renewal Works Contract	111,925
Structural works Kawakawa WTP	CAPEX New Works Contract	109,051
Paihia WTP Self-Cleaning Screen - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	100,000
District Wide Leak Detection Equipment - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	100,000
Okaihau Bore Refurbishment - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	100,000
Hundertwasser toilet upgrade	CAPEX Renewal Works Contract	82,000
Kawakawa Water Take Consent - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	70,000
Regional Allocation - Stormwater - 3 Waters	3 Waters Reform - Professional Fees	66,668
Regional Allocation - Wastewater - 3 Waters	3 Waters Reform - Professional Fees	66,666

Regional Allocation - Water - 3 Waters	3 Waters Reform - Professional Fees	66,666
MBIE Flood Program - Kaeo Service Centre	External Services	50,000
MBIE Flood Program - Kaeo Car Park	External Services	50,000
MBIE Flood Program - Kaka Street Ramp	External Services	50,000
MBIE Flood Program - Kaitaia Cemetery	External Services	50,000
MBIE Flood Program - Omapere and Opononi Foreshore	External Services	50,000
Network Model review lead - Stormwater- 3 Waters Reform	3 Waters Reform - Professional Fees	50,000
Network Model review lead - Wastewater- 3 Waters Reform	3 Waters Reform - Professional Fees	50,000
Kaikohe WTP Chemical Bund	CAPEX New Works Contract Services	50,000
Network Model review lead - Water - 3	3 Waters Reform - Professional Fees	50,000
East Coast PS Bush Point Rd	CAPEX New Works Contract Services	49,942
Kawakawa WTP Roof Replacement	CAPEX New Works Contract Services	47,366
Rawene Housing for the Elderly	CAPEX Renewal Works Contract	41,743
MBIE Flood Program - Pah Road Kerikeri	External Services	40,000
Kaikohe Streetscape Project	CAPEX New Works Contract Services	40,000
East Coast PS Leslie Rd	CAPEX New Works Contract Services	38,000
Operational Data Management Software - 3 Waters Reform	3 Waters Reform - Professional Fees	33,334
Operational Data Management Software - 3 Waters Reform	3 Waters Reform - Professional Fees	33,333
Operational Data Management Software - 3 Waters Reform	3 Waters Reform - Professional Fees	33,333
Kerikeri Wastewater Infrastructure	CAPEX New Works Contract Services	31,836
MBIE Flood Program - Kawakawa Bowling	External Services	30,000
MBIE Flood Program - Wharau Road	External Services	30,000
MBIE Flood Program - Puckey Ave HFTE	External Services	30,000
MBIE Flood Program - Moerewa Illegal Dumping Cleanup	External Services	30,000
MBIE Flood Program - Ahipara Foreshore	External Services	25,000
Kawakawa Housing for the Elderly Vacancy Driven Renewals	CAPEX Renewal Works Contract Services	23,758
60 Peninsula Parade Hihi Sewer Connection	CAPEX New Works Contract Services	22,387
Broadwood Swingbridge	External Services	21,000
MBIE Flood Program - Opua-Paihia	External Services	20,000
MBIE Flood Program - Jacks Bay Walking	External Services	20,000
MBIE Flood Program - Paihia Beach	External Services	20,000
MBIE Flood Program - Hihi Beach	External Services	20,000
Russell Landscaping and Remediation Project	External Services	19,182
MBIE Flood Program - Te Wahapu	External Services	15,000
MBIE Flood Program - Paihia Seaview	External Services	15,000
Opononi/Omapere WTP pH Treatment	CAPEX New Works Contract Services	15,000
Kerikeri Wastewater Infrastructure	Equipment Purchases (uncapitalisable)	13,827
Mitimiti Toilet (TIF)	CAPEX New Works Contract Services	13,000
Proof of concept - new ways of working	External Services	12,788

Te Hononga CCTV - Hundertwasser	CAPEX New Works Contract Services	12,000
Awanui Housing for the Elderly Vacancy Driven Renewals	CAPEX Renewal Works Contract Services	5,735
Rawene Hall	CAPEX Renewal Works Contract	4,110
MBIE Flood Program - Ahipara Refuse	External Services	2,500
MBIE Flood Program - Moerewa Community Recycling Centre	External Services	1,435
MBIE Flood Program - Pawarenga Community Recycling Centre	External Services	1,000
MBIE Flood Program - Totara North Community Recycling Centre	External Services	800
MBIE Flood Program - Totara North Community Recycling Centre	Grants Operational	-800
MBIE Flood Program - Pawarenga Community Recycling Centre	Grants Operational	-1,000
MBIE Flood Program - Moerewa Community Recycling Centre	Grants Operational	-1,435
MBIE Flood Program - Ahipara Refuse	Grants Operational	-2,500
MBIE Flood Program - Te Wahapu	Grants Operational	-15,000
MBIE Flood Program - Paihia Seaview	Grants Operational	-15,000
MBIE Flood Program - Opua-Paihia	Grants Operational	-20,000
MBIE Flood Program - Jacks Bay Walking	Grants Operational	-20,000
MBIE Flood Program - Paihia Beach	Grants Operational	-20,000
MBIE Flood Program - Hihi Beach	Grants Operational	-20,000
MBIE Flood Program - Ahipara Foreshore	Grants Operational	-25,000
MBIE Flood Program - Kawakawa Bowling	Grants Operational	-30,000
MBIE Flood Program - Wharau Road	Grants Operational	-30,000
MBIE Flood Program - Puckey Ave HFTE	Grants Operational	-30,000
MBIE Flood Program - Moerewa Illegal Dumping Cleanup	Grants Operational	-30,000
Operational Data Management Software - 3 Waters Reform	Grants Operational	-33,333
Operational Data Management Software - 3 Waters Reform	Grants Operational	-33,333
Operational Data Management Software - 3 Waters Reform	Grants Operational	-33,334
MBIE Flood Program - Pah Road Kerikeri	Grants Operational	-40,000
MBIE Flood Program - Kaeo Service Centre	Grants Operational	-50,000
MBIE Flood Program - Kaeo Car Park	Grants Operational	-50,000
MBIE Flood Program - Kaka Street Ramp	Grants Operational	-50,000
MBIE Flood Program - Kaitaia Cemetery	Grants Operational	-50,000
MBIE Flood Program - Omapere and Opononi Foreshore	Grants Operational	-50,000
Network Model review lead - Stormwater- 3 Waters Reform	Grants Operational	-50,000
Network Model review lead - Wastewater - 3 Waters Reform	Grants Operational	-50,000
Network Model review lead - Water - 3	Grants Operational	-50,000
Regional Allocation - Wastewater - 3 Waters	Grants Operational	-66,666

Regional Allocation - Water - 3 Waters	Grants Operational	-66,666
Regional Allocation - Stormwater - 3 Waters	Grants Operational	-66,668
Kawakawa Water Take Consent - 3 Waters	Grants Capital	-70,000
Paihia WTP Self-Cleaning Screen - 3 Waters	Grants Capital	-100,000
District Wide Leak Detection Equipment - 3 Waters Reform	Grants Capital	-100,000
Okaihau Bore Refurbishment - 3 Waters	Grants Capital	-100,000
Awanui River Intake Permanent Weir - 3	Grants Capital	-150,000
Water Safety Lead - 3 Waters Reform	Grants Operational	-150,000
Hazard Mapping	Grants Operational	-178,000
WWTP Wetland remedial works - 3 Waters	Grants Operational	-388,000
Water Safety Plan updates - 3 Waters	Grants Operational	-400,000
Lake Omapere (PGF)	Grants Operational	-500,000
Kerikeri WTP New Clarifiers - 3 Waters	Grants Capital	-500,000
Enhanced water leak repairs - 3 Waters	Grants Operational	-600,000
Ex res chlorine measurements - 3 Waters	Grants Capital	-600,000
Network model updates - Stormwater - 3 Waters Reform	Grants Operational	-1,000,000
Dog Pound Southern	Grants Capital	-1,000,000
Network model updates - Wastewater - 3 Waters Reform	Grants Operational	-1,000,000
Water main renewals - 3 Waters Reform	Grants Capital	-1,000,000
Network model updates - Water - 3 Waters	Grants Operational	-1,000,000
Monument Hill Drought Impact - 3 Waters	Grants Capital	-1,184,000
Hokianga Harbour Coastal Repairs	Subsidy New Works	-1,815,000
Waipapa Sports Hub - PGF	Grants Capital	-2,000,000
Kerikeri Domain - PGF	Grants Capital	-3,000,000
Kaitaia New Source (Sweetwater) - 3 Waters	Grants Capital	-3,000,000
Te Hiku o te Ika - PGF	Grants Capital	-7,000,000
		3,336,160

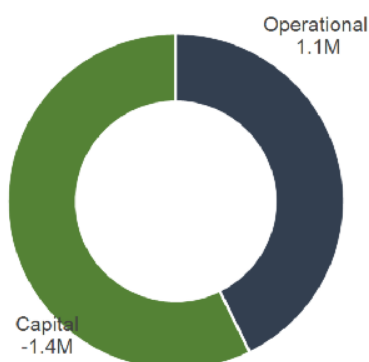
Unbudgeted Roading		Amount
Ngapipito Road - PGF	CAPEX New Works Contract	6,850,000
Peria Road - PGF	CAPEX New Works Contract	6,446,000
Ruaekapeka Road - PGF	CAPEX New Works Contract	6,133,000
District Wide Storm Response &	CAPEX Renewal Works Contract	699,529
Kerikeri Ring Road Development	CAPEX New Works Contract	645,121
Kawakawa Safety and Streetscape Improvement Project	External Services	474,375
Peria Road - PGF	CAPEX New Works Professional	400,000
District Wide Storm Response &	External Services	250,000
Peria Road - PGF	External Services	204,000
Ruaekapeka Road - PGF	CAPEX New Works Professional	200,000
Ngapipito Road - PGF	CAPEX New Works Professional	140,000
Moerewa Safe Streets - Innovating	External Services	126,500
Ruaekapeka Road - PGF	External Services	117,000

Tai Tokerau Kaikohe Safe Streets - Innovating Streets	External Services	111,550
Ngapipito Road - PGF	External Services	60,000
Ruaapeka Road - PGF	Professional Fees PSU New Works	50,000
Ngapipito Road - PGF	Professional Fees PSU New Works	50,000
Peria Road - PGF	Professional Fees PSU New Works	50,000
Moerewa Drainage Works - MBIE	CAPEX Renewal Works Contract	29,187
Moerewa Drainage Works - MBIE	External Services	20,914
Moerewa Drainage Works - MBIE	Grants Operational	-20,914
Moerewa Drainage Works - MBIE	Grants Capital	-29,187
Ngapipito Road - PGF	Grants Operational	-60,000
Ruaapeka Road - PGF	Grants Operational	-117,000
Peria Road - PGF	Grants Operational	-204,000
District Wide Storm Response & Mitigation -	Grants Operational	-250,000
District Wide Storm Response & Mitigation -	Grants Capital	-699,529
Ruaapeka Road - PGF	Grants Capital	-6,383,000
Peria Road - PGF	Grants Capital	-6,896,000
Ngapipito Road - PGF	Grants Capital	-7,040,000
		1,357,546
		4,880,106

Budget Movements

These are budgets timed in future years, brought forward into the current year (positive values) OR budgets timed in the current year to be moved out to future years (negative values).

The figures that follow exclude the \$5M Roothing budget adjustment moved out to future years to reflect the lower of FNDC or NZTA budget.



Budget Movements

General Ledger	Comment	Amount
Infrastructure & Asset Management Operations	TIF funding applications wrongly classified as Capex in EB	1,100,000
Pou Herenga Tai Cycle Trail NZ	Cycletrail MBIE grant July 2020 storm event	241,000
Community Board Operations	Opex budget savings 2020-2021 Corporate Services	-349
Internal Control & Risk Management	Opex budget savings 2020-2021 Corporate Services	-2,000
Community Board Operations	Opex budget savings 2020-2021 Corporate Services	-5,000
Community Board Operations	Opex budget savings 2020-2021 Corporate Services	-5,000
Council Advisory Services	Opex budget savings 2020-2021 Corporate Services	-5,220
Internal Control & Risk Management	Opex budget savings 2020-2021 Corporate Services	-12,000
Pou Herenga Tai Cycle Trail NZ	Cycletrail MBIE grant July 2020 storm event	-241,000
		1,070,431

Project Ledger	Comment	Amount
Footpaths Northern Ward	Reforecast NZTA Subsidy to gross up with NZTA subsidy @ 67%	622,950
Footpath Loop Te Ahu - Te Hiku Sports Hub	Forecast budget for Te Ahu to Te Hiku Sports Hub Footpath from savings Roothing	413,000

Footpaths Eastern Ward	Reforecast NZTA Subsidy to gross up with NZTA subsidy @ 67%	318,404
Footpaths Western Ward	Reforecast NZTA Subsidy to gross up with NZTA subsidy @ 67%	318,404
Kaikohe Footpath Signal Stn Rd, Omapere - MBIE	New footpath redeployment package Omapere - MBIE correction	300,700
Hokianga Harbour Coastal Repairs	Hokianga Harbour Coastal Repairs Correction of budget & forecast	200,000
BOI-Whangaroa Ward: SH11 Kaipatiki Rd to York Rd	BOI-Whangaroa Ward: SH11 Kaipatiki Rd to York Rd funded -Roading LCLR savings	186,740
Tree Management Eastern Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	150,000
Length of Blacks Road - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	110,000
RFID Installation	RFID Budget Brought Forward	90,000
Donald Ln to WINZ on N Park Drive - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	80,000
IT Online Services Stage 3	Pathway Online Services funds from future year 2021-22 required	70,330
Foreshore Road, Taipa Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	70,000
Ward Wide Town Beautification / Improvements Western	Ward Wide Town Western Beautification / Improvements	52,275
Point Road, Taipa - MBIE	Point Road, Taipa - MBIE MBIE shovel ready funds 2020-21	40,000
Jaycee Park/Centennial Park	Jaycee Park/Centennial Park Planting budget forecast from CB grant	38,719
Disability Access Halls Western	Budget Movement Disability Access Hall Western - LOS	28,320
Tree Management Northern Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	25,000
Tree Management Western Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	25,000
Mamaru Road Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	20,000
Rawene Housing for the Elderly	Rawene HFTE Unit3 building structural & plumbing fixtures renewal	15,753
Rawene Hall	Budget Movement Rawene Hall Deck Repairs -	8,250
Punguru Transfer Station	Punguru Transfer Station Sealing - Renewals	4,698
Greenway Drive to Aranga Road-	Greenway Drive to Aranga Road-Kerikeri savings	2,472
Russell Chapel Street Carpark	Russell Chapel Street Carpark Remove budget now project	-2,245
Parks & Reserves Western	P&R Western Assets moving out of future years	-3,251
Greenway Drive to Aranga Road-	Greenway Drive to Aranga Road-Kerikeri savings	-3,746
Water Saving Devices for Russell public toilet facilities	Budget not required this FY Move to 2024-25	-5,000
Whangaroa Hall Renewals	Whangaroa Hall Renewals Savings - advised by PNewman	-10,487
Kaitia Stormwater Minor Works	Capex Reforecast 3-Waters	-15,683
Pukenui Footpaths	Pukenui Footpaths savings	-18,494

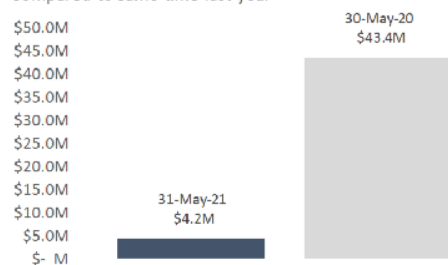
Mamaru Road Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-20,000
Tree Management Northern Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	-25,000
Tree Management Western Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	-25,000
Mains replacement Kaitia	Capex Reforecast 3-Waters	-31,861
Parks & Reserves Western	P&R Western Assets moving out of future years	-32,511
Point Road, Taipa - MBIE	Point Road, Taipa - MBIE MBIE shovel ready funds 2020-21	-40,000
Water Saving Devices for Russell public toilet facilities	Budget not required this FY Move to 2024-25	-50,000
Foreshore Road, Taipa Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-70,000
Donald Ln to WINZ on N Park Drive - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-80,000
Length of Blacks Road - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-110,000
Vehicle tracking (GPS)	Project Savings A Wiseman	-120,519
Russell Chapel Street Carpark	Russell Chapel Street Carpark Remove budget now project	-122,451
BOI-Whangaroa Ward: SH11 Kaipatiki Rd to York Rd	BOI-Whangaroa Ward: SH11 Kaipatiki Rd to York Rd funded -Roading LCLR savings	-125,116
Tree Management Eastern Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	-150,000
Kaitia Stormwater Minor Works	Capex Reforecast 3-Waters	-156,826
Maritime - Improvement to Structures	Hokianga Harbour Coastal Repairs Correction of budget & forecast	-200,000
Kaikohe HQ Building (Roof) Renewals	Kaikohe HQ Building (Roof) Renewals Savings requested as per Feb Capex Rpt	-250,000
Kerikeri Rugby Pavilion	Kerikeri Rugby Pavilion Savings - advised by	-296,230
Kaikohe Footpath Signal Stn Rd, Omapere - MBIE	New footpath redeployment package Omapere - MBIE correction	-300,700
Footpaths Eastern Ward	Reforecast NZTA Subsidy to gross up with NZTA subsidy @ 67%	-318,404
Footpaths Western Ward	Reforecast NZTA Subsidy to gross up with NZTA subsidy @ 67%	-318,404
Footpaths Northern Ward	Reforecast NZTA Subsidy to gross up with NZTA subsidy @ 67%	-622,950
TIF Funding Application	TIF funding applications wrongly classified as Capex in EB	-1,100,000

-1,433,862**-363,431**

Treasury Report

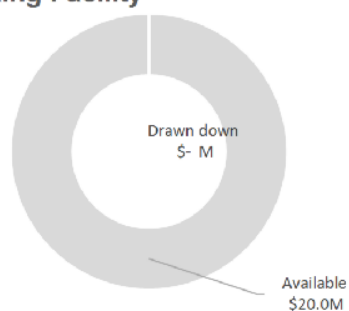
Cash Position

Compared to same time last year



	31-May-21	30-May-20
ASB General Fund	-\$ 0.9M	\$ 18.3M
ASB Special Funds	\$ 5.1M	\$ 5.1M
Investments	\$ - M	\$ 20.0M
Total Cash	\$ 4.2M	\$ 43.4M

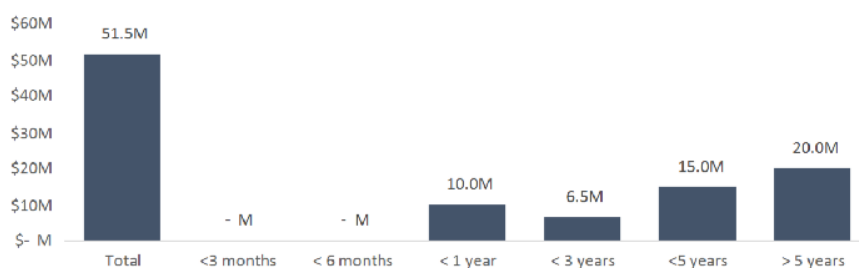
Banking Facility



Banking Facility	\$ 20.0M
Drawn down	\$ - M
Available	\$ 20.0M

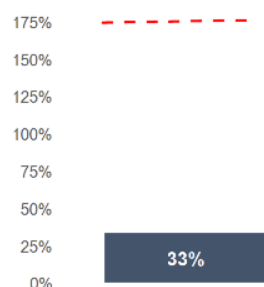
Public Debt

Loans by Maturity Date



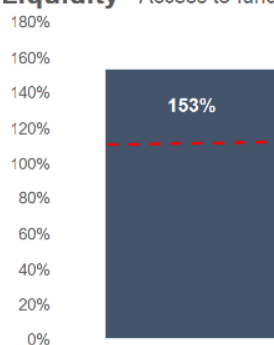
Treasury Compliance

Net Debt as a % of Revenue must be less than 175%



Net Debt	\$ 47.3M
Budgeted Total income	\$ 141.7M
Debt Ceiling	\$ 247.9M
Net debt as % total revenue	33%
Policy Maximum	142%

Liquidity - Access to funds must be greater than 110%



External Debt	\$ 51.5M
ASB Banking Facility	\$ 20.0M
ASB Banking Facility used	\$ - M
Total Committed Public Debt	\$ 71.5M
Liquid Investments Cash at Bank	\$ 4.2M
Liquid Investments ASB Overdraft Facility	\$ 3.0M
	\$ 78.7M
Access to Funds	153%
Policy Minimum	110%

Note: Total revenue is based on 2019/20 total forecast income excluding non government capital contributions (eg. developer contributions and vested assets).

Liquidity is defined as external debt + committed loan facilities + liquid investments, including bank overdraft facility, divided by existing external debt.

Statement of Financial Performance

for the period ending May 2021 (Pd11)

	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget YTD	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
Operational Income										
Rates - general (excl water supply rates)	82,138	82,065 -	74	89,525	-	89,525	7,387	92%	89,525	-
Rates - penalties	1,152	2,073	922	2,073	-	2,073	922	56%	2,073	-
Fees & charges (inc water supply rates)	17,141	15,981 -	1,160	17,059	-	17,059 -	81	100%	17,132	73
Central Govt Subsidies - Admin	-	-	-	-	-	-	-	0%	-	-
Central Govt Subsidies - Operational	9,790	8,839 -	951	10,276	550	10,825	1,035	90%	11,501	676
Other Income	8,180	2,096 -	6,084	3,686	-	3,686 -	4,494	222%	11,358	7,671
Capital Income										
Central Govt Subsidies - New Works	4,865	3,645 -	1,220	6,124	3,230	9,354	4,489	52%	11,162	1,808
Central Govt Subsidies - Renewals	13,820	13,152 -	668	15,051	2,327	17,378	3,558	80%	15,626	1,753
Development Contributions	-	-	-	-	-	-	-	0%	-	-
Other Contributions	15,456	- -	15,456	-	-	- -	15,456	100%	23,434	23,434
Total Operating Income	152,543	127,851 -	24,692	143,794	6,107	149,901 -	2,641	102%	181,811	31,910
Operational Expenditure										
Staff related costs	29,964	30,061	97	32,633	-	32,633	2,669	92%	32,609	24
Contractor Fees	26,593	25,676 -	917	28,719	-	28,719	2,126	93%	29,614	895
Professional Fees	4,887	7,051	2,164	7,515	-	7,515	2,628	65%	9,107	1,592
External Services	8,312	7,044 -	1,268	9,217	1,319	10,536	2,224	79%	14,115	3,579
Legal Costs	314	573	259	682	-	682	368	46%	687	4
General expenses	10,145	13,278	3,132	14,681	-	14,681	4,535	69%	19,866	5,185
Grants and donations	1,417	1,539	122	1,624	22	1,647	230	86%	1,677	30
Rate remissions	2,383	2,165 -	218	2,257	-	2,257 -	126	106%	2,257	-
Allocations (direct and indirect)	-	1	1	0	-	0 -	0	0%	0	-
Interest costs	1,215	1,572	356	1,715	-	1,715	499	71%	1,715	-
Sub total	85,231	88,960	3,729	99,042	1,342	100,384	15,153	85%	111,645	11,261
Depreciation and other asset costs	31,332	31,758	426	34,645	-	34,645	3,313	90%	34,645	-
Gain/Loss on Disposal	1,594	- -	1,594	-	-	- -	1,594	100%	-	-
Total Operational Expenditure	118,157	120,718	2,561	133,687	1,342	135,029	16,872	88%	146,290	11,261
Net Operating Surplus	34,386	7,133	27,253	10,107	4,765	14,872 -	19,513		35,522	20,649

Statement of Capital Performance

for the period ending May 2021 (Pd11)

	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	7,586	6,031 -	1,556	13,072	4,031	17,103	9,516	44%	19,404	2,302
Environmental Management	1,462	1,814	351	-	1,914	1,914	452	76%	1,961	47
Roading and Footpaths	40,142	27,792 -	12,350	37,388	7,974	45,362	5,219	88%	54,810	9,448
Wastewater	5,375	9,436	4,061	4,949	6,760	11,709	6,333	46%	7,369	4,340
Stormwater	865	1,521	656	1,179	666	1,844	960	47%	1,243	602
Solid Waste Management	33	96	63	325	96	421	369	8%	395	26
Water Supply	2,747	5,878	3,132	4,495	2,054	6,549	3,803	42%	12,966	6,417
Governance & Strategic Administration	2,807	2,108 -	699	2,334	1,952	4,286	1,479	65%	5,187	900
Customer Services	522	1,393	870	490	933	1,423	900	37%	1,513	90
Strategic Planning & Policy	-	-	-	-	-	-	-	100%	40	40
Total Capital Expenditure	61,539	56,069 -	5,471	64,231	26,380	90,611	29,072	68%	104,887	14,276

Analysis of Operational Income and Expenditure by LTP Group

Income	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	6,804	2,176 -	4,628	1,866	923	2,789 -	4,015	-244%	9,249	6,460
Environmental Management	6,468	5,035 -	1,433	5,464	-	5,464 -	1,004	-118%	6,355	891
Roading and Footpaths	39,460	26,887 -	12,574	34,441	3,151	37,592 -	1,868	-105%	49,604	12,012
Wastewater	867	366 -	501	403	2,032	2,435	1,568	-36%	3,873	1,438
Stormwater	648	- -	648	-	-	- -	648	-100%	1,401	1,401
Solid Waste Management	1,440	1,307 -	133	1,405	-	1,405 -	35	-102%	1,441	36
Water Supply	11,884	6,489 -	5,395	6,642	-	6,642 -	5,242	-179%	16,346	9,704
Governance & Strategic Administration	1,142	1,029 -	113	1,458	-	1,458	317	-78%	1,488	30
Customer Services	471	424 -	47	442	-	442 -	29	-107%	366	76
Strategic Planning & Policy	67	- -	67	75	-	75	8	-90%	90	15
Total Operating Income	69,252	43,713 -	25,539	52,196	6,107	58,303 -	10,949	119%	90,213	31,910

Operational Expenditure	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	8,148	9,761	1,613	9,834	550	10,484	2,336	78%	11,700	1,217
Environmental Management	8,666	9,564	898	10,489	-	10,489	1,823	83%	11,004	515
Roading and Footpaths	22,209	20,191 -	2,018	25,521	-	25,521	3,312	87%	28,885	3,364
Wastewater	5,544	7,035	1,491	6,850	792	7,642	2,098	73%	9,193	1,551
Stormwater	1,616	1,763	146	1,942	-	1,942	326	83%	3,479	1,537
Solid Waste Management	3,799	3,910	111	4,282	-	4,282	483	89%	4,328	46
Water Supply	5,670	4,532 -	1,137	4,970	-	4,970 -	699	114%	7,780	2,810
Governance & Strategic Administration	19,241	19,925	684	21,576	-	21,576	2,335	89%	21,635	59
Customer Services	4,627	4,891	264	5,274	-	5,274	647	88%	5,326	52
Strategic Planning & Policy	4,496	5,816	1,320	6,489	-	6,489	1,994	69%	6,600	110
Total Direct Costs	84,015	87,388	3,372	97,328	1,342	98,889	14,854	85%	109,930	11,261

Capital Spend Analysis

LTP Group	YTD (\$000's)		Full Year (\$000's)							
	YTD Actual	Commitments	LTP Budget	Carry Forward Budget	Total Annual Budget	Actual vs Budget %	Total Annual Forecast	Actual vs Forecast %	Forecast vs Budget %	Forecast vs Budget Variance
District Facilities	6,381	3,092	9,405	4,031	13,436	47.5%	14,572	43.8%	108%	1,137
Wastewater	5,375	1,113	4,949	6,760	11,709	45.9%	7,369	72.9%	63%	(4,340)
Water Supply	1,344	1,821	1,935	1,950	3,886	34.6%	3,169	42.4%	82%	(717)
Stormwater	865	246	1,179	666	1,844	46.9%	1,243	69.6%	67%	(602)
Solid Waste	33	196	325	96	421	7.7%	395	8.2%	94%	(26)
Project Delivery Team Subtotal	13,998	6,468	17,793	13,503	31,296	44.7%	26,748	52.3%	85%	(4,548)
Roading & Footpaths	32,373	15,145	37,388	7,974	45,362	71.4%	43,189	75.0%	95%	(2,172)
IAM Total	46,371	21,613	55,181	21,477	76,658	60.5%	69,937	66.3%	91%	(6,720)
Environmental Management	1,359	351	0	1,182	1,182	115.0%	1,471	92.4%	124%	289
Governance & Strategic Administration	2,807	216	2,334	1,952	4,286	65.5%	5,187	54.1%	121%	900
Customer Services	522	63	490	933	1,423	36.7%	1,513	34.5%	106%	90
Strategic Planning	0	0	0	0	0	0.0%	40	0.0%	0%	40
Other Total	4,688	630	2,824	4,067	6,891	68.0%	8,210	57.1%	119%	1,320
Sub Total	51,059	22,243	58,005	25,544	83,548	61.1%	78,148	65.3%	94%	(5,401)
DIA Projects										
Water Supply	1,403	504	2,560	103	2,663	52.7%	9,797	14.3%	368%	7,134
Wastewater	0	0	0	0	0	0.0%	0	0.0%	0%	0
Stormwater	0	0	0	0	0	0.0%	0	0.0%	0%	0
Total DIA Projects	1,403	504	2,560	103	2,663	52.7%	9,797	14.3%	368%	7,134
ESEO Projects										
District Facilities	1,205	1,856	3,667	0	3,667	32.9%	4,832	24.9%	132%	1,165
Environmental Management	103	9	0	733	733	14.1%	490	21.1%	67%	(243)
Roading & Footpaths	7,769	7,229	0	0	0	0.0%	11,621	66.9%	0%	11,621
Total ESEO Projects	9,078	9,094	3,667	733	4,400	206.3%	16,942	53.6%	385%	12,543
Total	61,539	31,841	64,231	26,380	90,611	67.9%	104,887	58.7%	116%	14,276

Comments:

The 'Total Annual Forecast' is what is expected to be spent by 30 June 2021.

The above completion % are based solely on the actual spend to May 2021.



Capital Spend Analysis by %

The picture below indicates the position if the commitments that are still to be completed are included in the calculations.

	Actual + commitments against total forecast budget
LTP Group	YTD Actual (%)
District Facilities	65.0%
Wastewater	88.1%
Water Supply	144.1%
Stormwater	89.4%
Solid Waste	57.8%
Project Delivery Team Subtotal	81.8%
Roading & Footpaths	110.0%
IAM Total	99.2%
Environmental Management	116.3%
Governance & Strategic Administration	58.3%
Customer Services	38.7%
Other Total	64.8%
Sub Total	95.6%
DIA Projects	
Water Supply	19.5%
Total DIA Projects	19.5%
ESEO Projects	
District Facilities	63.4%
Environmental Management	22.9%
Roading & Footpaths	129.1%
Total ESEO Projects	107.3%
Total	90.4%

6.3 REVENUE RECOVERY REPORT AS AT 30 JUNE 2021

File Number: A3277137

Author: Margriet Veenstra, Manager - Transaction Services

Authoriser: William J Taylor MBE, General Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

The purpose of this report is to provide quarterly reporting to the Far North District Council Assurance, Risk, and Finance Committee.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

This is the final report for the financial year 2020/21 and provides information on action taken to collect the current and arrears balances for rates, water and sundry debt so far this year, and to provide information on how collection is tracking against targets.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Revenue recovery report as at 30 June 2021.

TĀHUHU KŌRERO / BACKGROUND

This document has been prepared to outline current and arrears balances for rates, water and Sundry debt as at 30 June 2021 and the actions taken by the debt management team for the collection of the General Title rates and water and sundry debt.

This information is part of the standing items reported to the Committee on a regular basis.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

BACKGROUND

This document has been prepared to outline current and arrears balances for rates, water and Sundry debt as at 30 June 2021 and the actions taken by the debt management team for the collection of the General Title rates and water and sundry debt.

This information is part of the standing items reported to the Committee on a regular basis.

DISCUSSION AND NEXT STEPS

The data provided is for General Title and Maori Freehold Land rates and water accounts with sundry debtors shown in a separate table. The General Title rates total arrears balance has been reduced by 46% from \$9,498,217 on 31 July 2020 to \$5,145,536 on 30 June 2021. The General Title water rates were reduced by 45% from \$1,439,058 on 31 July 2020 to \$795,218 on 30 June 2021.

General Title rates and water debt

Key actions since the last report:

- Since the last report, payments were received for the last batch of final demand issued for the properties which had been issued mortgage demand this year. Since commencing mortgage demand, a direct debit is in place for 365 properties to clear the arrears and a further 50 cleared their arrears in full.
- Debt management contacted owners of only last years' rates owing to offer payment plans to avoid Council issuing mortgage demand in the new rating year.

Next actions:

- Complete reporting for all properties with mortgages and prepare to issue mortgage demand to the 5 major banks on the 1st of August 2021. Smaller banks and financial institutions to follow.
- Reports to be provided to Council legal team to send letters to an additional 10 property owners identified for potential legal proceedings.
- Complete review of 5 properties to commence the Abandoned land process.
- Complete reporting for properties without a mortgage to make contact and send the first demand letter as part of the final demand process which could result in legal action after the 3rd letter.

For the total number of General Title rates and water accounts marked as 'Debt recovery action to commence':

- 199 are properties with a mortgage who debt management were not able to contact and so they will be included in mortgage demand next year.
- The remaining 578 properties are those where there is no mortgage, no payments have been received and the owner has not contacted council to discuss payment options.
- 298 of these accounts have arrears of 3 or more rating years.
 - A review to take place of all the accounts who received 2 demand letters in 2019 and send a final letter notifying the owners that legal proceedings are imminent.
 - Debt management to attempt to contact the remaining property owners and/or send demand letters.
- 95 have rates arrears of up to two years.
 - Debt management to attempt to make contact and/or send demand letters.

Maori Freehold Land rates and water debt

The debt Maori Freehold land has reduced since the last report, because of write-off's which were completed in June as per the Local Government (Rating of Whenua Maori) Amendment Act 2021.

Sundry debtors debt

The total sundry debtors aged debt balance has reduced since the last report, as the outstanding invoice for \$1m was paid after the report date. However, the 90+ resource consent debt has reduced by \$134,507 since the last report.

While working closely with the resource consents team to clear the aged debt, debt management have continued their focus on current resource consent collection.

Final demand letters have been issued to debtors with outstanding debt and these will be referred to Council Legal Services team to take legal action in the next couple of months.

Work in progress:

- Resource consent team to update the resource consent application confirmation letter to customers, adding an explanation of the payment and invoicing process, plus requirements and responsibilities of the applicant.
- Resource consent team to update the resource consent invoices to give a better overview of charges and fee review objection timeline to reduce queries.
- Council Legal Services Team to review of previous legal opinion that Council is not able to request payment prior to issuing a resource consent by council legal services team.

PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

Provision is made annually for doubtful debts in relation to the arrears owed to council. A higher provision for Maori Freehold land rates and water is made in comparison to General Title rates and water due to the difference in collection options available to Council.

ĀPITI HANGA / ATTACHMENTS

1. June 2021 ARF Revenue recovery Report attachment - A3277123

General Title rates and water rates analysis by age at 30 June 2021.

General Title Rates and Water Arrears 2020-21							
General Title Rates 30 June 2021	2019-2020	2018-2019	2017-2018	2016-2017	2015+	Total	# accounts
Abandoned Land	64,876	64,110	64,007	58,840	114,051	365,885	42
Payment Arrangement	13,354	4,430	2,215	968	-	20,967	12
Deceased Rate Payer	77,721	73,875	67,956	58,563	98,615	376,730	45
Mortgage Run 2020-2021	6,288	2,908	1,563	1,413	342	12,515	5
Legal Action Commenced (external)	101,584	76,165	70,861	59,441	147,304	455,355	48
Legal Action Commenced (FNDC)	5,684	5,633	5,246	5,474	8,319	30,355	4
Liquidation	1,966	1,940	1,893	1,856	2,977	10,632	2
Direct Debit	119,560	34,669	15,013	9,844	10,476	189,562	85
Debt recovery action to commence	1,227,006	802,226	613,472	438,879	601,951	3,683,534	777
Rates Total	1,618,038	1,065,957	842,226	635,279	984,036	5,145,536	1,020

General Title Water 30 June 2021	2019-2020	2018-2019	2017-2018	2016-2017	2015+	Total	# accounts
Abandoned Land	644	185	313	296	529	1,967	1
Payment Arrangement	2,562	1,758	544	-	-	4,864	8
Deceased Rate Payer	27,333	22,544	14,237	11,485	6,258	81,857	9
Mortgage Run 2019-2020	745	730	1,080	703	1,188	4,448	1
Legal Action Commenced (external)	7,622	3,147	2,696	2,817	11,265	27,548	10
Legal Action Commenced (FNDC)	3,957	1,793	3,509	320	1,289	10,868	1
Liquidation	-	-	-	-	-	-	-
Direct Debit	40,750	21,818	29,354	4,574	2,363	98,859	58
Debt recovery action to commence	223,310	166,719	82,140	43,191	49,449	564,808	344
Water Total	306,923	218,695	133,873	63,386	72,341	795,218	432

Maori Freehold Land rates and water analysis by age at 30 June 2021.

MFL Rates 30 June 2021	2019-2020	2018-2019	2017-2018	2016-2017	2015+	Total	# accounts
Payment Arrangement	4,397	3,510	1,761	-	-	9,668	3
Deceased ratepayer	19,388	6,492	6,129	4,216	2,049	38,274	10
Direct debit	36,739	29,196	24,948	21,940	27,353	140,176	22
Abandoned Land	3,653	3,604	3,648	3,513	6,674	21,093	2
Debt recovery action to commence	2,092,532	978,456	849,662	796,552	1,415,163	6,132,366	1,126
Rates Total	2,156,709	1,021,258	886,148	826,222	1,451,240	6,341,577	1,163

MFL Water 30 June 2021	2019-2020	2018-2019	2017-2018	2016-2017	2015+	Total	# accounts
Payment Arrangement	-	-	-	-	-	-	-
Direct Debit	80	-	-	-	-	80	1
Debt recovery action to commence	50,071	53,732	50,810	32,870	41,021	228,504	37
Water Total	50,151	53,732	50,810	32,870	41,021	228,584	38

Sundry Debtors by age at 30 June 2021.

Sundry Debtors Aged Period Report as at 30 June 2021						
Category	30 Days	60 Days	90 Days	90 Days +	Total	% Debt
Sundry	60,535	7,228	58,555	34,879	161,197	23%
Bookings	3,488	-	-	2,370	5,858	1%
Septage	1,820	8,652	-	81	10,553	1%
Refuse	-	-	-	13,309	13,309	2%
Building	29,195	10,649	11,971	125,879	177,694	25%
Resource	52,723	17,428	20,422	183,134	273,706	38%
Liquor	11,949	1,162	-	0	13,110	2%
Health	8,240	3,785	7,390	41,122	60,537	8%
Total	167,949	48,903	98,338	400,775	715,964	100%

6.4 ASSURANCE, RISK AND FINANCE COMMITTEE ACTION SHEET UPDATE JULY 2021**File Number:** A3279298**Author:** Casey Gannon, Meetings Administrator**Authoriser:** Aisha Huriwai, Team Leader Democracy Services**TAKE PŪRONGO / PURPOSE OF THE REPORT**

To provide the Assurance, Risk and Finance Committee with an overview of outstanding decisions from 1 January 2020.

WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

- Council staff have reintroduced action sheets as a mechanism to communicate progress against decisions/resolutions and confirm when decisions have been implemented.
- The focus of this paper is on Assurance, Risk and Finance Committee decisions.
- Action sheets are also in place for Council and Community Boards.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Action Sheet Update July 2021.

1) TĀHUHU KŌRERO / BACKGROUND

The Democracy Services Team have been working on a solution to ensure that elected members can receive regular updates on progress against decisions made at meetings, in alignment with a Chief Executive Officer key performance indicator.

Action sheets have been designed as a way to close the loop and communicate with elected members on the decisions made by way of resolution at formal meetings.

Action sheets are not intended to be public information but will provide updates to elected members, who, when appropriate can report back to their communities and constituents.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The outstanding tasks are multi-facet projects that take longer to fully complete.

The Democracy Services staff are working with staff to ensure that the project completion times are updated so that action sheets provided to members differentiate between work outstanding and work in progress.

Take Tūtohunga / Reason for the recommendation

To provide the Assurance, Risk and Finance Committee with an overview of outstanding committee decisions from 1 January 2020.

3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications or need for budgetary provision in receiving this report.

ĀPITIHINGA / ATTACHMENTS

1. ARF Action Sheet Update July 2021 - A3279304  

OUTSTANDING ACTIONS REPORT				
		Division: Committee: Officer:	Assurance, Risk and Finance Committee	Printed: Wednesday, 7 July 2021 3:53:52 PM Date From: 1/01/2019 Date To: 7/07/2021
Meeting	Date	Title	Resolution	Notes
Assurance, Risk and Finance Committee 10/02/2021	10/02/2021	Update of Policy - Appointment of Directors to Council Organisations	<p>MOTION</p> <p>Moved: Cr John Vujcich Seconded: Cr Kelly Stratford</p> <p>That the Assurance, Risk and Finance Committee recommend to Council that the updated Policy 2117 – Appointment and Remuneration of Directors for Council Organisations be approved.</p> <p>AMENDMENT</p> <p>Moved: Cr John Vujcich Seconded: Member Bruce Robertson</p> <p>That the Assurance, Risk and Finance Committee recommend to Council:</p> <ul style="list-style-type: none"> a) the updated Policy 2117 – Appointment and Remuneration of Directors for Council Organisations be approved, subject to; b) the Chair of Assurance, Risk and Finance Committee and Chair of Strategy and Policy Committee have delegated authority to approve the amendments on an updated policy. <p>The amendment became the substantive motion.</p> <p>RESOLUTION 2021/3</p> <p>Moved: Cr John Vujcich Seconded: Member Bruce Robertson</p> <p>That the Assurance, Risk and Finance Committee recommend to Council:</p> <ul style="list-style-type: none"> a) the updated Policy 2117 – Appointment and Remuneration of Directors for Council Organisations be approved, subject to; b) the Chair of Assurance, Risk and Finance Committee and Chair of Strategy and Policy Committee have delegated authority to approve the amendments on an updated policy. <p style="text-align: right;">CARRIED</p>	<p>08 Apr 2021 1:29pm IN PROGRESS 03 May 2021 9:17am IN PROGRESS 07 May 2021 5:07pm IN PROGRESS 12 May 2021 3:26pm IN PROGRESS 07 Jul 2021 1:18pm IN PROGRESS</p>

7 TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDED**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 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	Ground(s) under section 48 for the passing of this resolution
7.1 - Confirmation of Previous Minutes	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.2 - Technology Update Report	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.3 - Tender Panel Report January - June 2021	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

8 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER**9 TE KAPINGA HUI / MEETING CLOSE**