



**Far North  
District Council**



**Te Kaunihera o Tai Tokerau ki te Raki**

# **AGENDA**


## **Assurance, Risk and Finance Committee Meeting**

**Wednesday, 16 June 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

 <b>Far North District Council</b> <i>Te Kaunihera o Tai Tokerau ki te Raki</i>	<b>Authorising Body</b>	Mayor/Council
	<b>Status</b>	Standing Committee
<b>COUNCIL COMMITTEE</b>	<b>Title</b>	Assurance, Risk and Finance Committee Terms of Reference
	<b>Approval Date</b>	19 December 2019
	<b>Responsible Officer</b>	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**

<b>Name</b>	<b>Responsibility (i.e. Chairperson etc)</b>	<b>Declaration of Interests</b>	<b>Nature of Potential Interest</b>	<b>Member's Proposed Management Plan</b>
<b>Hon John Carter QSO</b>	Board Member of the Local Government Protection Programme	Board Member of the Local Government Protection Program		
	Carter Family Trust			
<b>John Vujcich (Chair)</b>	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
<b>Bruce Robertson (Deputy)</b>	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 roiled 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.	
<b>Deputy Mayor Ann Court</b>	Waipapa Business Association	Member		Case by case
	Warren Pattinson Limited	Shareholder	Building company. FNDC is a regulator and enforcer	Case by case



Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	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
<b>Ann Court - Partner</b>	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.
<b>Mate Radich</b>	No form received			
<b>Kelly Stratford</b>	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

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	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 Ngāpuhi Council relations	Declare a perceived conflict should there appear to be one
	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

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	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
<b>Kelly Stratford - Partner</b>	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
<b>Rachel Smith</b>	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		
<b>Rachel Smith (Partner)</b>	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		
<b>Moko Tepania</b>	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 interest in Te Rarawa Council relations.	Declare a perceived conflict
	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	Declare a perceived conflict

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
			Whaingaroa Council relations.	
	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-Iwi o Ngāpuhi	As a descendent of Te Rūnanga ā-Iwi o Ngāpuhi I could have a perceived conflict of interest in Te Rūnanga ā-Iwi o Ngāpuhi Council relations.	Declare a perceived conflict
<b>Mike Edmonds</b>	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 16 June 2021 at 1.30 pm**

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**Te Paeroa Mahi / Order of Business**

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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:** A3217348

**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 5 May 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. 2021-05-05 Assurance, Risk and Finance Committee Minutes [A3174779] - A3174779** [↓](#)





**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.

<b>He Take Ōkawa / Compliance requirement</b>	<b>Te Aromatawai Kaimahi / Staff assessment</b>
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	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, 5 MAY 2021 AT 1.00 PM**

**PRESENT:** Cr John Vujcich, Member Bruce Robertson, Deputy Mayor Ann Court, Cr Mate Radich (virtually), Cr Kelly Stratford, Cr Moko Tepania, Member Mike Edmonds

**IN ATTENDANCE:** Shaun Clarke (Chief Executive Officer), William J Taylor, MBE (General Manager Strategic Planning and Policy - Acting), Andy Finch (General Manager Infrastructure and Asset Management), Dean Myburgh (General Manager District Services), Jacine Warmington (General Manager - Corporate Services (Acting), Adele Gardner

**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 Kelly Stratford  
Seconded: Cr Moko Tepania

**That the apology received from His Worship the Mayor, and Cr Rachel Smith be accepted and leave of absence granted.**

**CARRIED**

**3 NGĀ TONO KŌRERO / DEPUTATION**

Nil.

**4 CONFIRMATION OF PREVIOUS MINUTES**

**4.1 CONFIRMATION OF PREVIOUS MINUTES**

Agenda item 4.1 document number A3161100, pages 12 - 17 refers.

**RESOLUTION 2021/2**

Moved: Member Mike Edmonds  
Seconded: Cr John Vujcich

**That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 24 March 2021 as a true and correct record with the following amendment:**

- a) remove Kaikohe-Hokianga Community Board Chair title for Mike Edmonds**

**CARRIED**

**4.2 MOTION – SPCAKING RIGHTS FOR TE HIKU COMMUNITY BOARD CHAIR ADELE GARDNER****RESOLUTION 2021/26**

Moved: Cr John Vujcich

Seconded: Member Bruce Robertson

**That the Assurance, Risk and Finance Committee welcome Adele Gardner and that she be permitted to speak during member debate.****CARRIED****5 INFORMATION REPORTS****5.1 MAY 2021 RISK MANAGEMENT**

Agenda item 5.1 document number A3150970, pages 18 – 31 refers.

**RESOLUTION 2021/3**

Moved: Member Bruce Robertson

Seconded: Cr Kelly Stratford

**That the Assurance, Risk and Finance Committee receive the report May 2021 Risk Management .****CARRIED****5.2 INTERNAL AUDIT AND ASSURANCE - AUDIT RECOMMENDATIONS REGISTER UPDATE**

Agenda item 5.2 document number A3159230, pages 32 - 37 refers.

**RESOLUTION 2021/4**

Moved: Member Bruce Robertson

Seconded: Cr John Vujcich

**That the Assurance, Risk and Finance Committee receive the report Internal Audit and Assurance - Audit Recommendations Register Update.****CARRIED****5.3 LEVEL OF SERVICE KPI QUARTER 3 PERFORMANCE REPORT**

Agenda item 5.3 document number A3155141, pages 38 - 60 refers.

**RESOLUTION 2021/5**

Moved: Cr Kelly Stratford

Seconded: Cr John Vujcich

**That the Assurance, Risk and Finance Committee receive the Level of Service KPI Quarter 3 Performance Report.****CARRIED**

**5.4 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 31 MARCH 2021**

Agenda item 5.4 document number A3156181, pages 61 - 86 refers.

**RESOLUTION 2021/6**

Moved: Member Bruce Robertson

Seconded: Cr John Vujcich

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

**CARRIED**

**5.5 ELECTED MEMBER SENSITIVE EXPENDITURE**

Agenda item 5.5 document number A3157554, pages 87 - 88 refers.

**RESOLUTION 2021/7**

Moved: Member Mike Edmonds

Seconded: Cr Moko Tepania

**That the Assurance, Risk and Finance Committee receive the report Elected Member Sensitive Expenditure.**

**CARRIED**

**5.6 COUNCIL DECISION TRACKING ASSESSMENT FOR THE 2020 CALENDAR YEAR**

Agenda item 5.6 document number A3172438, pages 89 - 90 refers.

**RESOLUTION 2021/8**

Moved: Cr Kelly Stratford

Seconded: Cr John Vujcich

**That the Assurance, Risk and Finance Committee receive the report Council Decision Tracking Assessment for the 2020 Calendar Year.**

**CARRIED**

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

Moved: Member Bruce Robertson

Seconded: Cr John Vujcich

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
<b>6.1 - Confirmation of Previous Minutes</b>	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
<b>6.2 - Opua Cycle Trail Risk Mitigation Update</b>	s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority	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
<b>6.3 - Cybersecurity Framework Update</b>	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
<b>CARRIED</b>		

## CONFIRMATION OF INFORMATION AND DECISIONS IN OPEN MEETING

### RESOLUTION 2021/10

Moved: Cr John Vujcich  
Seconded: Member Mike Edmonds

**That Assurance, Risk and Finance Committee confirm that the information and decisions contained in the part of the meeting held with the public excluded is not to be restated in public meeting.**

**CARRIED**

### RESOLUTION 2021/11

Moved: Cr John Vujcich  
Seconded: Member Bruce Robertson

**That Council moves out of Closed Council into Open Council.**

**CARRIED**

**7 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER**

Cr. Moko Tepania closed with a karakia.

**8 TE KAPINGA HUI / MEETING CLOSE**

The meeting closed at 3:14PM.

The minutes of this meeting will be confirmed at the Assurance, Risk and Finance Committee Meeting held on 16 June 2021.

.....  
**CHAIRPERSON**

## 5 REPORTS

### 5.1 FAR NORTH HOLDINGS STATEMENT OF INTENT 2021 TO 2024

**File Number:** A3217104

**Author:** Janice Smith, Chief Financial Officer

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

#### TAKE PŪRONGO / PURPOSE OF THE REPORT

The purpose of this report is to receive the Far North Holdings Limited - Statement of Intent for the period 2021 to 2024

#### WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

- The Schedule 8 (3) of the Local Government Act 2002 requires Far North Holdings Limited to deliver a final Statement of Intent to the Shareholder before the commencement of the financial year to which it relates.

#### TŪTOHUNGA / RECOMMENDATION

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

#### 1) TĀHUHU KŌRERO / BACKGROUND

Far North Holdings Limited delivered a draft Statement of Intent to the Shareholder and this was reviewed at a workshop on the 3<sup>rd</sup> March. It was intended to have a further workshop before accepting the Statement of Intent but due to the work pressure arising from the Long Term Plan process this has not been possible.

#### 2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

It is intended to have a further workshop in July to discuss the Statement of Intent and any additions that Council may require for the coming year. This will include discussions around Asset Management Plans. Climate Change planning and the purpose of Far North Holdings now that the 4 well beings have been re-introduced for Council

#### Take Tūtohunga / Reason for the recommendation

To accept the Statement of Intent as required by the Local Government Act 2002

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

There are no specific financial implications arising from this report

#### ĀPITIHINGA / ATTACHMENTS

1. FNHL Statement of Intent 2021 to 2024 - A3216368  

**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.

<b>He Take Ōkawa / Compliance Requirement</b>	<b>Aromatawai Kaimahi / Staff Assessment</b>
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	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 prepared this report





**Far North  
Holdings Limited**

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## Statement of Intent 2021 to 2024

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## Statement of Intent 2021 to 2024

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# Statement of Intent 2021 to 2024

## Purpose of Statement of Intent

This Statement of Intent (SOI) is presented by Far North Holdings Limited (FNHL) in accordance with Section 64(1) of the Local Government Act 2002. This SOI takes Shareholder comments into consideration and represents the objectives, nature and scope of activities and performance targets by which FNHL is to be measured as the basis of accountability. This SOI relates to the period from 1 July 2021 to 30 June 2024.

## Abbreviations

Abbreviation / Term	Description
<b>BOI</b>	Bay of Islands
<b>CCO</b>	Council Controlled Organisation
<b>CruiseNZ</b>	Cruise New Zealand
<b>FNDC</b>	Far North District Council
<b>FNHL</b>	Far North Holdings Limited
<b>LTP</b>	Long Term Plan
<b>PGF</b>	Provincial Growth Fund
<b>SLT</b>	Far North District Council's Strategic Leadership Team
<b>SOI</b>	Statement of Intent

## Statement of Intent 2021 to 2024

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## Statement of Intent 2021 to 2024



## About Far North Holdings Limited (FNHL)

As Council's commercial vehicle, FNHL facilitates and develops commercial and infrastructural assets, and business growth, in the Far North District. In doing so, it will:

- Operate under good governance
- Seek new business development opportunities
- Identify, collaborative or joint ventures opportunities
- Manage existing assets and bring commercial expertise in property management
- Create profits for its Shareholder and improve the Shareholder asset value.

FNHL leads the delivery of property and infrastructure assets in its ownership and under its management. These actions contribute to the development of the Far North District.

FNHL primary roles are:

- To plan, manage, operate and develop; land, maritime, aviation and public assets within its ownership, or under the terms of any management agreement entered into; and
- To plan, facilitate and secure commercial outcomes in its area of Influence that support the growth of the Far North District.

As a secondary role, FNHL may use its management skills and resources to assist both Council and third parties with consultancy services including project management, funding and business support/planning on a commercial basis.

## Nature and Scope of Activity

FNHL currently owns and operates commercial and infrastructural assets in the maritime, aviation, primary and investment property sectors.

FNHL may:

- Elect to investigate and invest in any other commercial opportunities that may arise including any proposed by its Shareholder
- Carry out asset management, and may enter into management agreements for defined services on behalf of its Shareholder, or third party
- Divest any of the assets held, subject to any restrictions that may apply in specific cases (such as where the Council has the right of first refusal, council resolution or where the offer-back requirements of the Public Works Act apply).

## Statement of Intent 2021 to 2024

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FNHL will align itself with the Shareholder's broader strategic objectives by leveraging off these assets to undertake the following business activities (but not limited to) by

- Developing and enhancing a maritime economy
- Attract business and investment in the maritime economy
- Continue with the BOI Marina infrastructure and land-based development
- Ensure all maritime assets owned by FNHL are cost effectively maintained through asset management plans that appropriately balance care of asset with expenditure
- Seek funding sources to further develop or upgrade such maritime assets
- Developing and enhancing property in its ownership
- Maximise the investment in the BOI Airport and reviewing options for freight, extension to the existing runway and associated airside infrastructure
- Continue to pursue the development of the Ngawha Innovation & Enterprise Park

Where agreed with the Shareholder, enter into a management contract for commercial, strategic and non-strategic property assets in order to:

- Undertake acquisitions of strategic property on behalf of Council
- Undertake disposals or re-development of non-strategic land
- Negotiate third party leases where Council is the tenant
- Undertake management of commercial leases
- Evaluate any other properties, developments, businesses and investments as to their current and future potential.

## FNHL Strategic Direction

This SOI sets the strategic framework, activities, and performance measures we have set for the next three years to deliver the outcomes its Shareholder seeks.

At the time of preparation of this SOI FNHL has several projects seeking high level funding and approvals. For the moment, this SOI is based on known projects. FNHL will liaise with Council on the new projects and update the SOI reflecting any change.

FNHL is to be aware of and, where appropriate, seeks to align itself with FNDC's vision, mission and principles statement as outlined in the 2018/28 Long Term Plan (LTP) and related Annual Plans.

For community outcomes FNHL will be guided by the 2018/28 LTP and Council's Vision. "A District of sustainable prosperity and well-being", its mission "creating great places, supporting our people and its values".

Over the period of the SOI, FNDC will provide FNHL with any other documents that it should have knowledge of, whether they be in the consultation stage, or have been formally adopted, that reflect any changes to the Council's vision or aspirations that FNHL needs to align with.

## Statement of Intent 2021 to 2024

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## Decision for which prior Council approval is required

The following criteria are used to guide and demonstrate what types of decisions require Shareholder approval:

1. Decisions which will affect the CCO's ability to meet any statutory responsibility
2. Decisions which will impact on any intended service levels for a CCO activity (except if the impact is minor or has been agreed by the council through the SOI process)
3. Decisions which will commit the council to future provision of funding
4. Decisions which are not based on a "full arm's length" commercial basis requiring FNDC approval will to be shown in the accounts as such

## FNHL Objective

As the FNDC's commercial vehicle, FNHL will facilitate and create commercial and infrastructural assets in the Far North District, or if outside the Far North District, with the Shareholders approval, with the aim of creating profits for its Shareholder and creating shareholder value.

## Work plan to deliver on Strategic Objectives

The table below shows the key capital projects and initiatives we plan to undertake to deliver on our strategic objectives.

Key Project / Initiative	Description and Contribution to Strategic Objectives	Delivery objectives in 2020-23
<b>Ngawha Innovation and Enterprise Park</b>	To create commercial business opportunities to grow the economic and employment opportunities in Northland.	To develop Stage 1 of the Innovation and Enterprise Park over the next 18 months.
<b>Community Housing Development</b>	To create community housing developments supporting Northland.	To develop a commercially viable, sustainable housing development.
<b>Paihia Waterfront Development</b>	\$8m of Provincial Growth Funding has been granted to build breakwaters that will protect waterfront infrastructure, including the town's wharf and main road, and utility services such as sewage and water.	Work with community and iwi to achieve a final design and begin implementation.
<b>Pukenui Wharf</b>	A new concrete wharf, pontoon and service jetty.	Project scheduled for completion in Nov 2021.
<b>Te Ahurea</b>	Rewa's Villgae Kerikeri – Whare Waka and Jetty/Pontoon	Project scheduled for completion in mid-2021.

## Statement of Intent 2021 to 2024

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Key Project / Initiative	Description and Contribution to Strategic Objectives	Delivery objectives in 2020-23
<b>Unahi Wharf</b>	Demolition of the existing timber wharf and replacement with a new concrete wharf, berthing piles and concrete pontoon.	Project scheduled for completion in Jan 2022.
<b>Rangitoto / Windsor Landing</b>	Construction of a new, sealed access road and carpark to provide public access to the existing boat ramp and jetty. Includes trailer and car parks, stormwater infrastructure and landscaping. This is the only FNDC-maintained public boat ramp on the south side of the Kerikeri Inlet and will support access to the nearby NRC mooring area.	Project scheduled for completion in mid-2021.
<b>Rangitane Maritime Facilities</b>	The Provincial Growth Fund has provided \$2.45m for the construction of a reclamation that will provide much-needed recreational boating access to the Bay of Islands.	Detailed design and Resource Consent in 2021 and if Resource Consent is granted, the objective is to complete this project in 2022.
<b>Rangi Point Wharf</b>	Construction of a new, 152m-long concrete wharf with pontoon. This will improve connectivity to the isolated Rangi Point community.	Project scheduled for completion in August 2021
<b>Te Karaka Wharf</b>	Additional structural piles, replacement timber deck and new concrete pontoon.	Project scheduled for completion in mid-2021
<b>Motuti Pontoon</b>	Installation of new plastic pontoons to enable better connectivity to the Motuti marae.	Project scheduled for completion in mid-2021
<b>Mangungu Wharf</b>	Additional structural piles, replacement deck and new concrete pontoon.	Project scheduled for completion in mid-2021

In addition to the above projects, FNHL shall continue to review, maintain and re-invest in existing assets and operations to ensure maximum benefit to the Company. FNHL will also evaluate on an ongoing basis, other investment opportunities as they arise.

## Statement of Intent 2021 to 2024

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## Financials

## Operating Profit 3-year Forecast

Due to Covid-19 and the continued uncertainty of the economic impact, FNHL has been prudent with its forecasting. However, FNHL has forecast an operating profit before tax for the 2021/22 year to be \$1.91 million for the 2022/23 year \$2.80 million and for the 2023/24 year to be \$3.04 million.

## Consolidated Shareholders' Funds and Total Assets

For the period from July 2021, the Company is forecasting growth in total assets and shareholder's funds, however minimal due to the uncertainty of the current economic outlook.

FNHL has adopted an accounting policy for the government grants received through the Provisional Growth Fund. The grants received are offset against the value of the asset and the grant income will be recognised through the profit and loss through the revaluation of the asset. This will be different to the accounting treatment FNDC will incorporate into the group accounts. Additional disclosures are required to meet the needs of the Shareholders reporting requirements.

## Distribution Policy

## Dividends

The Shareholder may require FNHL to pay a dividend of 50% of its after tax operating profit on 28th February in the following financial year. For the following years the company will endeavour to pay the following minimum amounts:

2021/22 financial year	\$955,000
2022/23 financial year	\$1,400,000
2023/24 financial year	\$1,520,000

FNHL may from time-to-time present commercial proposals to the Shareholder for an alternative use of the Shareholder's share of after-tax operating profit for its consideration.

## Share Redemption

As the Ngawha Innovation and Enterprise park is being developed, the \$5m of redeemable shares are no longer redeemable and will be converted to ordinary shares.



## Statement of Intent 2021 to 2024

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## Accounting Policies

FNHL is a for-profit Tier 2 entity that has adopted accounting policies that are consistent with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. Additional disclosures are required to meet the needs of the Shareholders reporting requirements.

Details of the accounting policies are set out in the notes to FNHL's annual financial statements at 30 June 2020 published on our company website. There is no material change in accounting policies envisaged over the period covered by this SOI.

## Reporting to Shareholders

FNHL will provide quarterly reports to its Shareholder in November, February, May and an Annual Report in September. FNHL will provide a Statement of Financial Performance and a Statement of Financial Position. The Statement of Financial Performance will include previous year comparatives and budget. A report will provide an update on projects and explanations of significant variances.

## Transactions with Far North District Council

In transactions with FNDC for the provision of goods and / or services, FNHL will seek trading terms and conditions applicable to external customers.

## Acquisition of Shares

If FNHL wishes to acquire shares in another company or organisation, it will notify its Shareholder at least 30 days in advance.

## Commercial Value of Shareholder's Investment

The Council's investment in FNHL as at 30 June 2020 was independently valued at \$108,113,000.

## Performance Outlook

FNHL has an agreed set of performance measures and targets which form the basis for accountability to delivering on Council's strategic direction, priorities and targets. These are reported on a quarterly basis, in accordance with the CCO Governance Manual. These include measures agreed as part of the 2018/28 LTP.

## Statement of Intent 2021 to 2024

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## Performance Targets

Objectives	Measure	SOI Target 2021/22	SOI Target 2022/23	SOI Target 2023/24
Engage in successful commercial transactions	Growth in Shareholder value	Shareholders' funds increase by \$955k, after payment of dividend	Shareholders' funds increase by \$1.4m after payment of dividend	Shareholders' funds increase by \$1.52m, after payment of dividend
Provide a commercial return to FNDC	Dividend return to FNDC	Pay minimum \$955k	Pay minimum \$1.4m	Pay minimum \$1.52m
Effective Financial Management	FNHL is to make profitable annual returns.	\$1.9m	\$2.8 million	\$3.04 million
Ratio of consolidated shareholder funds to total assets. Shareholder funds are defined as total equity.	The ratio is to exceed 50%	50%	50%	50%
To achieve a return on funds invested	Return on Investment (ROI) is higher than the average cost of borrowing on its commercial assets	ROI 7% AV cost of borrowings 4.5%	ROI 7% AV cost of borrowings 4.5%	ROI 7% Av cost of borrowings 4.5%
Effective Governance and Financial Control	Clean audit sign-off each year from Audit NZ Annual Board Review with appointed Audit NZ representative To remain within Banking covenants Board Audit and Finance committee meetings to be conducted semi-annually	To achieve  To be held  To achieve  To be held	To achieve  To be held  To achieve  To be held	To achieve  To be held  To achieve  To be held
Ensure that the Bay of Islands Airport operates within regulatory requirements	CAA Certification	To achieve	To achieve	To achieve
Enhancing the Far North as a visitor destination	Complete a customer and airline industry survey that demonstrates satisfaction levels with facilities and services at either BOI or Kaitia Airports	85%	85%	85%
Enhancing and developing a maritime economy	Complete a marina user or maritime services customer satisfaction survey that demonstrates satisfaction levels with facilities and services available	95%	95%	95%

## Statement of Intent 2021 to 2024

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## Board's Approach to Governance

### Current Board Membership

- William Birnie CNZM (Chairman – term ends July 2021)
- Sarah Petersen (Chair Audit & Risk – Term ends 28 February 2021)
- Kevin Baxter (term ends January 2022)
- Hon Murray McCully CNZM (term ends 28 February 2021)

All new appointments will be in line with Council policy.

In undertaking its activities, the Board of FNHL will exhibit and ensure:

1. Sound business practice in its commercial undertakings, operating as an efficient and effective business
2. Ethical and good behaviour in dealing with all parties
3. An active partnership approach with Maori, and all other people in business throughout the Far North, promoting effective communication where appropriate
4. To comply with all relevant legislative requirements including those relating to the principles of the Treaty of Waitangi
5. An open and transparent approach to decision-making with its Shareholder, while respecting the need for commercially sensitive information to be protected
6. Operate according to the best practice statements produced from time to time by the Institute of Directors in New Zealand (Incorporated)
7. That Council's vision and aspirations are considered and that FNHL is conscious that it needs to contribute to the overall financial performance of Council
8. FNHL is a good employer in accordance with the legislation guidelines set by Government.

The Board will adopt the following approach to its fiduciary responsibilities to ensure good governance:

- Prepare a 3-year SOI setting out its strategic goals and obtain the Shareholder's agreement to this statement
- Define its organisation structure and individual accountabilities by ensuring management have clearly defined job descriptions
- Set corporate budgets for earnings and cash flow
- Delegate both responsibility and authority to its Chief Executive
- To hold regular board meetings to monitor progress towards the Company's goals and objectives; and
- Prepare Quarterly and Annual Reports to its Shareholder as required and in accordance with current business plan.

## Statement of Intent 2021 to 2024



## Engagement with the Shareholder

To ensure the implementation of good governance within FNHL and within the Shareholder, both parties agree to maintain a high level of communication between each other.

The Chief Executives will use their best endeavours to communicate in a timely manner and ensure that matters are raised so there will be 'no surprises'.

FNHL's relationship with the governing body of Council will generally be for the purposes of developing strategic direction, agreeing statements of intent, service agreements and levels of funding, and performance monitoring and reporting.

The Board believes that regular communication with the Shareholder is essential to the good governance of the business and therefore FNHL will, in addition, seek to meet informally with FNDC as required by either FNHL or its Shareholder, to deal with any other matter of mutual interest.

Processes will be established for on-going and regular contact with senior management (SLT) to share information, provide a commercial dimension when required and to ensure alignment with Council's strategic direction.

FNHL will attend Iwi Forums, where invited, and attend Community Board meetings where appropriate or invited to if agenda items warrant their presence.

In addition, representatives from FNHL will attend Community Board meetings at least once a quarter to update them on current projects and plans that affect their ward, and will include regular communication with the relevant board when physical works are to commence in the ward.

## 6 INFORMATION REPORTS

### 6.1 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 30 APRIL 2021

**File Number:** A3212234

**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 30 April 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 30 April 2021.**

#### TE TĀHUHU KŌRERO / BACKGROUND

This report provides financial information as at 30 April 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 ĀPITI HANGA / ATTACHMENTS

1. Council Financial Report Apr 2021 (Pd10) ARF FINAL - A3227338 [↓](#) 
2. Capital completion April 2021 - A3232950 [↓](#) 



Far North District Council

## Council Financial Report

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for the period ending **30-April-2021**



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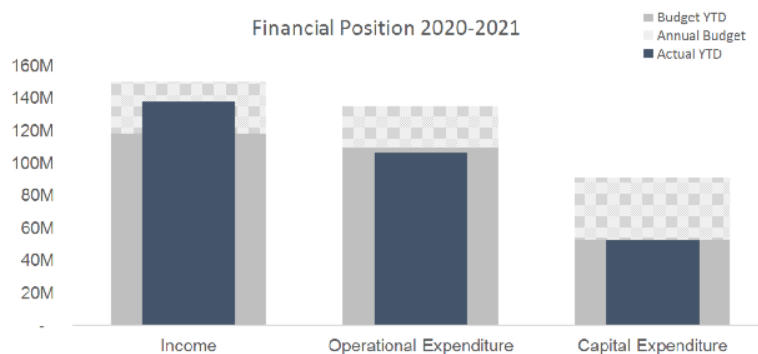
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## **Financial Overview**

Key financial metrics from the Statement of Financial Performance for the Far North District Council as at 30-April-2021.

Overall, we had an Operating Position Variance to Budget YTD movement of \$22.6M.



### Year to Date

Actual Position as at 30-April-2021

	Actual YTD	Budget YTD	Variance to Budget YTD	% Variance Actual to Budget YTD
Total Income	137.4M	118.0M	19.4M	16%
Operational Expenditure	105.9M	109.0M	3.2M	-3%
<b>Net Operating Position</b>	<b>31.6M</b>	<b>9.0M</b>	<b>22.6M</b>	<b>251%</b>
Capital Expenditure	51.9M	52.3M	0.5M	-1%

### Year End

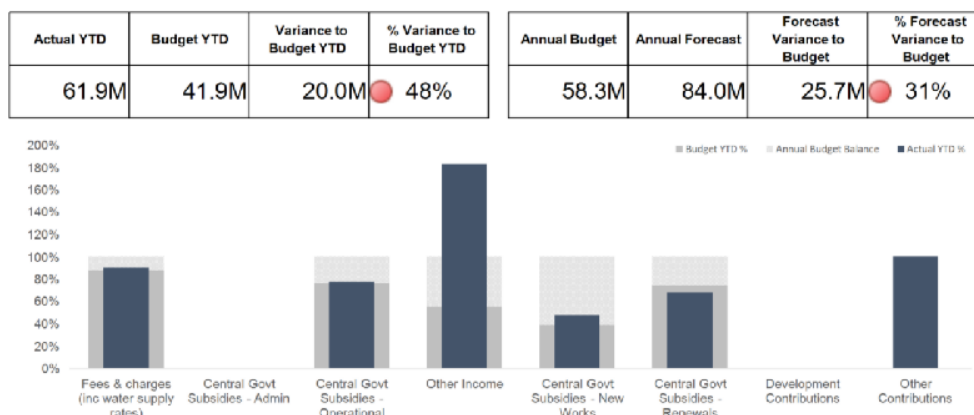
Forecast Position as at 30-June-2021

	Annual Forecast	Annual Budget	Forecast Variance to Budget	% Variance Forecast to Budget YTD
Total Income	175.6M	149.9M	25.7M	17%
Operational Expenditure	142.7M	135.0M	7.6M	6%
<b>Net Operating Position</b>	<b>33.0M</b>	<b>14.9M</b>	<b>18.1M</b>	<b>122%</b>
Capital Expenditure	102.5M	90.6M	11.9M	13%

*\*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.*



## 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.

**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.

**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 is near completion, West Coast Rd is slightly behind due to a power pole being relocated 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 Kaeo.
- 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 is expected to be paid in May 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.

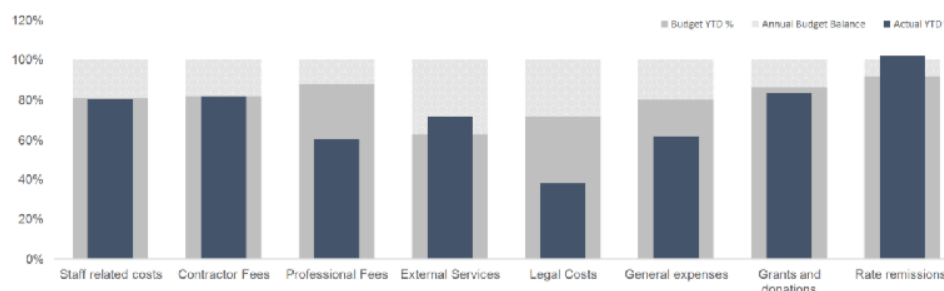
**Other Contributions**

- 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 project.
- 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
74.7M	78.7M	4.1M	-5%	98.7M	106.3M	7.6M	7%



### 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 year end.
- 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.

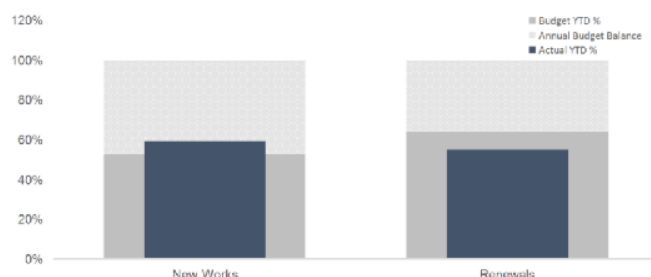
**General Expenses**

- 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
51.9M	52.3M	0.5M	-1%	90.6M	102.5M	11.9M	12%



### 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 is still being reviewed.
- Council contribution for the Te Hiku Sports Hub swimming pool project has been paid as planned.
- Council purchased a Housing for the Elderly (HFTE) property at Hokianga Harbour Drive, Omapere as planned.
- The Paihia Treatment Plant Improvements project is under budget, there has been a regression due to chemical dosing requirements.
- District wide sludge management is under budget. Sludge work has been delayed due to lack of resourcing and COVID-19. Work is ongoing and commitments have been raised.
- 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 project has experienced some 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 commences, however, works onsite has progressed well with the completion of the full pavement overlay. Sealing has started and will be completed in April subject to weather conditions.
- 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 been invoiced to Council yet.



- 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.
- The Monument Hill project has been delayed by a month due to a crack in the casing and repairs are required. Stage II testing for the sustainable yield and consenting was to be completed in March, this will determine the outcome of Stage III of the reticulation and electrical design.
- 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 not commenced as expected in April however the contract has been awarded. Amenity lighting works has been awarded, stage II of this project work to commence in May/June.

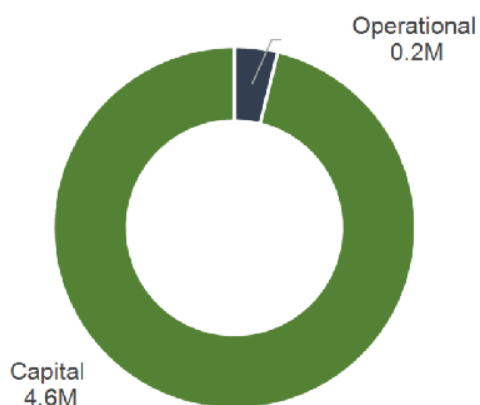
#### Renewals

- 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 is expected to be paid in May 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.

## 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
		<b>186,400</b>

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
Waipapa Sports Hub - PGF	CAPEX New Works Contract	2,000,000
Hokianga Harbour Coastal Repairs	CAPEX New Works Contract	1,815,000
Kaitaia New Source (Sweetwater) - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	1,754,000
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
Dog Pound Southern	CAPEX New Works Contract	1,000,000
Hokianga Harbour Drive, Omapere HFTE	CAPEX New Works Contract	630,000
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 main renewals - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	330,000
Windsor Landing Carpark and Access Road	CAPEX New Works Contract	291,195
Network model updates - Stormwater - 3 Waters Reform	3 Waters Reform - Professional Fees	250,000
Network model updates - Wastewater - 3 Waters Reform	3 Waters Reform - Professional Fees	250,000
Network model updates - Water - 3 Waters	3 Waters Reform - Professional Fees	250,000
Omapere Freese Park	Professional Fees	200,000
Enhanced water leak repairs - 3 Waters	3 Waters Reform - Professional Fees	200,000
Ex res chlorine measurements - 3 Waters Reform	3 Waters Reform - CAPEX New Works Contract Services	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
Kotui Library Licence/Subscription System	Software Licence Fees	137,863
WWTP Wetland remedial works - 3 Waters	3 Waters Reform - Professional Fees	130,000
Water Safety Plan updates - 3 Waters	3 Waters Reform - Professional Fees	130,000
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
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
Kaikohe WTP Chemical Bund	CAPEX New Works Contract Services	50,000
Water Safety Lead - 3 Waters Reform	3 Waters Reform - OPEX Salaries	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
Kerikeri Wastewater Infrastructure	CAPEX New Works Contract Services	31,836
MBIE Flood Program - Kawakawa Bowling	External Services	30,000
MBIE Flood Program - Wharau Road Kerikeri	External Services	30,000
MBIE Flood Program - Puckey Ave HFTE	External Services	30,000
MBIE Flood Program - Moerewa Illegal Dumping Clean-up	External Services	30,000
MBIE Flood Program - Ahipara Foreshore	External Services	25,000
Regional Allocation - Wastewater - 3 Waters	3 Waters Reform - Professional Fees	24,000
Kawakawa Housing for the Elderly Vacancy Driven Renewals	CAPEX Renewal Works Contract Services	23,758
Regional Allocation - Stormwater - 3 Waters	3 Waters Reform - Professional Fees	23,000
Regional Allocation - Water - 3 Waters Reform	3 Waters Reform - Professional Fees	23,000
60 Peninsula Parade Hihi Sewer Connection	CAPEX New Works Contract Services	22,387
MBIE Flood Program - Opua-Paihia Walkways	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
Network Model review lead - Stormwater- 3 Waters Reform	3 Waters Reform - Professional Fees	17,000
Network Model review lead - Wastewater - 3 Waters Reform	3 Waters Reform - Professional Fees	16,500
Network Model review lead - Water - 3 Waters	3 Waters Reform - Professional Fees	16,500
MBIE Flood Program - Te Wahapu	External Services	15,000
MBIE Flood Program - Paihia Seaview Lookout	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
Operational Data Management Software - 3 Waters Reform	3 Waters Reform - Professional Fees	10,000
Operational Data Management Software - 3 Waters Reform	3 Waters Reform - Professional Fees	10,000
Operational Data Management Software - 3 Waters Reform	3 Waters Reform - Professional Fees	10,000

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
Operational Data Management Software - 3 Waters Reform	Grants Operational	-10,000
Operational Data Management Software - 3 Waters Reform	Grants Operational	-10,000
Operational Data Management Software - 3 Waters Reform	Grants Operational	-10,000
MBIE Flood Program - Te Wahapu	Grants Operational	-15,000
MBIE Flood Program - Paihia Seaview Lookout	Grants Operational	-15,000
Network Model review lead - Wastewater - 3 Waters Reform	Grants Operational	-16,500
Network Model review lead - Water - 3 Waters	Grants Operational	-16,500
Network Model review lead - Stormwater- 3 Waters Reform	Grants Operational	-17,000
MBIE Flood Program - Opua-Paihia Walkways	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
Regional Allocation - Stormwater - 3 Waters	Grants Operational	-23,000
Regional Allocation - Water - 3 Waters Reform	Grants Operational	-23,000
Regional Allocation - Wastewater - 3 Waters	Grants Operational	-24,000
MBIE Flood Program - Ahipara Foreshore	Grants Operational	-25,000
MBIE Flood Program - Kawakawa Bowling	Grants Operational	-30,000
MBIE Flood Program - Wharau Road Kerikeri	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
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
Water Safety Lead - 3 Waters Reform	Grants Operational	-50,000

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
WWTP Wetland remedial works - 3 Waters	Grants Operational	-130,000
Water Safety Plan updates - 3 Waters Reform	Grants Operational	-130,000
Awanui River Intake Permanent Weir - 3	Grants Capital	-150,000
Hazard Mapping	Grants Operational	-178,000
Enhanced water leak repairs - 3 Waters	Grants Operational	-200,000
Ex res chlorine measurements - 3 Waters	Grants Capital	-200,000
Network model updates - Stormwater - 3	Grants Operational	-250,000
Network model updates - Wastewater - 3 Waters Reform	Grants Operational	-250,000
Network model updates - Water - 3 Waters	Grants Operational	-250,000
Water main renewals - 3 Waters Reform	Grants Capital	-330,000
Lake Omapere (PGF)	Grants Operational	-500,000
Kerikeri WTP New Clarifiers - 3 Waters Reform	Grants Capital	-500,000
Dog Pound Southern	Grants Capital	-1,000,000
Monument Hill Drought Impact - 3 Waters	Grants Capital	-1,184,000
Kaitia New Source (Sweetwater) - 3 Waters	Grants Capital	-1,754,000
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
Te Hiku o te Ika - PGF	Grants Capital	-7,000,000
		<b>3,290,243</b>

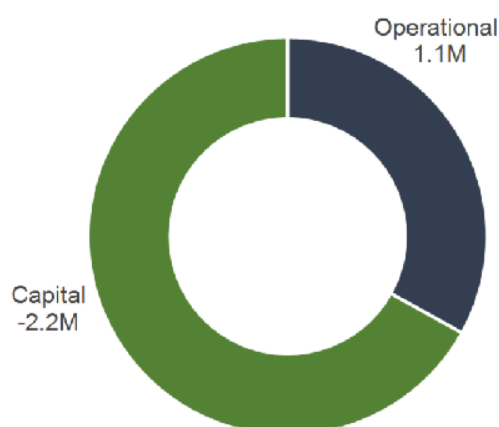
Unbudgeted Roading		Amount
Ngapipito Road - PGF	CAPEX New Works Contract	6,850,000
Peria Road - PGF	CAPEX New Works Contract	6,446,000
Ruaapekeka Road - PGF	CAPEX New Works Contract	6,133,000
District Wide Storm Response & Mitigation -	CAPEX Renewal Works Contract	699,529
Kerikeri Ring Road Development	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 & Mitigation -	External Services	250,000
Peria Road - PGF	External Services	204,000
Ruaapekeka Road - PGF	CAPEX New Works Professional	200,000
Ngapipito Road - PGF	CAPEX New Works Professional	140,000
Moerewa Safe Streets - Innovating Streets	External Services	126,500
Ruaapekeka Road - PGF	External Services	117,000
Tai Tokerau Kaikohe Safe Streets - Innovating Streets	External Services	111,550
Ngapipito Road - PGF	External Services	60,000
Ruaapekeka 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
Ruaapekapeka 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
Ruaapekapeka Road - PGF	Grants Capital	-6,383,000
Peria Road - PGF	Grants Capital	-6,896,000
Ngapipito Road - PGF	Grants Capital	-7,040,000
		<b>1,357,546</b>
		<b><u>4,834,189</u></b>

## 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 Heritage	Cycletrail MBIE grant July 2020 storm event	241,000
Community Board Operations	Opex budget savings 2020-2021 Corporate	-349
Internal Control & Risk Management	Opex budget savings 2020-2021 Corporate	-2,000
Community Board Operations	Opex budget savings 2020-2021 Corporate	-5,000
Community Board Operations	Opex budget savings 2020-2021 Corporate	-5,000
Council Advisory Services	Opex budget savings 2020-2021 Corporate	-5,220
Internal Control & Risk Management	Opex budget savings 2020-2021 Corporate	-12,000
Pou Herenga Tai Cycle Trail NZ Heritage	Cycletrail MBIE grant July 2020 storm event	-241,000
		<b>1,070,431</b>

Project Ledger	Comment	Amount
Kaikohe Footpath Signal Stn Rd, Omapere - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	300,700



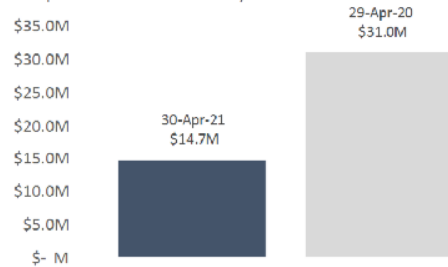
Footpaths Northern Ward	Reforecast NZTA Subsidy to gross up for CB New Footpath projects	205,573
Hokianga Harbour Coastal Repairs	Hokianga Harbour Coastal Repairs Correction of budget & forecast	200,000
Tree Management Eastern Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	150,000
Length of Blacks Road - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	110,000
Footpaths Eastern Ward	Reforecast NZTA Subsidy to gross up for CB New Footpath projects	105,073
Footpaths Western Ward	Reforecast NZTA Subsidy to gross up for CB New Footpath projects	105,073
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	New footpath redeployment package 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
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	-3,251
Water Saving Devices for Russell public	Budget not required this FY Move to 2024-25	-5,000
Whangaroa Hall Renewals	Whangaroa Hall Renewals Savings - advised by PNewman	-10,487
Kaitaia Stormwater Minor Works	Capex Reforecast 3-Waters	-15,683
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 Kaitaia	Capex Reforecast 3-Waters	-31,861

Parks & Reserves Western	P&R Western Assets moving out of future	-32,511
Point Road, Taipa - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-40,000
Water Saving Devices for Russell public	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
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
Footpaths Eastern Ward	Reforecast NZTA Subsidy to gross up for CB New Footpath projects	-175,473
Footpaths Western Ward	Reforecast NZTA Subsidy to gross up for CB New Footpath projects	-175,473
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 MBIE shovel ready funds 2020-21	-300,700
Footpaths Northern Ward	Reforecast NZTA Subsidy to gross up for CB New Footpath projects	-343,308
TIF Funding Application	TIF funding applications wrongly classified as Capex in EB	-1,100,000
		<b>-2,167,250</b>
		<b>-1,096,819</b>

## Treasury Report

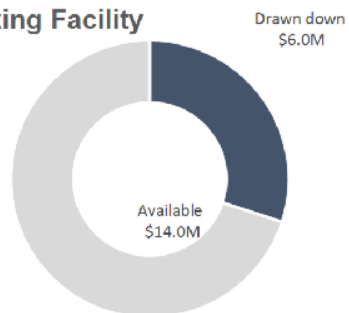
### Cash Position

Compared to same time last year



	30-Apr-21	29-Apr-20
ASB General Fund	\$ 9.6M	\$ 8.9M
ASB Special Funds	\$ 5.1M	\$ 2.1M
Investments	\$ - M	\$ 20.0M
<b>Total Cash</b>	<b>\$ 14.7M</b>	<b>\$ 31.0M</b>

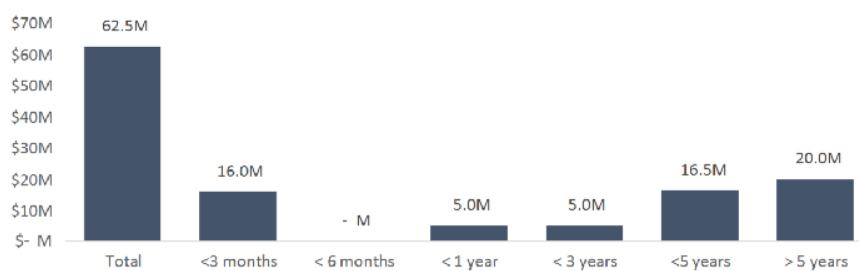
### Banking Facility



<b>Banking Facility</b>	<b>\$ 20.0M</b>
Drawn down	\$ 6.0M
Available	\$ 14.0M

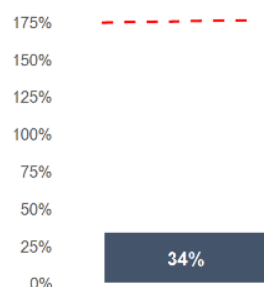
### Public Debt

Loans by Maturity Date



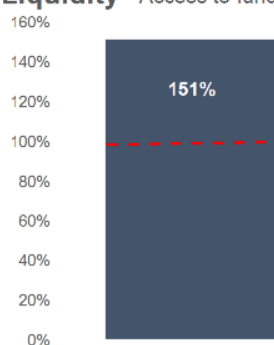
## Treasury Compliance

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



Net Debt	\$ 47.8M
Budgeted Total income	\$ 141.7M
Debt Ceiling	\$ 247.9M
Net debt as % total revenue	34%
Policy Maximum	141%

**Liquidity** - Access to funds must be greater than 110%



External Debt	\$ 62.5M
ASB Banking Facility	\$ 20.0M
ASB Banking Facility used	-\$ 6.0M
<b>Total Committed Public Debt</b>	<b>\$ 76.5M</b>
Liquid Investments Cash at Bank	\$ 14.7M
Liquid Investments ASB Overdraft Facility	\$ 3.0M
	<b>\$ 94.2M</b>
Access to Funds	151%
Policy Minimum	110%

*Note: Total revenue is based on 2020/21 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 Apr 2021 (Pd10)

	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)	74,708	74,804 -	101	89,525	-	89,525	14,820	83%	89,525	-
Rates - penalties	868	1,555	686	2,073	-	2,073	1,205	42%	2,073	-
Fees & charges (inc water supply rates)	15,414	14,998 -	416	17,059	-	17,059	1,645	90%	17,132	73
Central Govt Subsidies - Admin	-	-	-	-	-	-	-	0%	-	-
Central Govt Subsidies - Operational	8,369	8,271 -	98	10,276	550	10,825	2,456	77%	11,501	676
Other Income	6,753	2,027 -	4,727	3,686	-	3,686 -	3,067	183%	7,780	4,093
Capital Income										
Central Govt Subsidies - New Works	4,465	3,618 -	847	6,124	3,230	9,354	4,889	48%	11,115	1,761
Central Govt Subsidies - Renewals	11,839	12,970	1,131	15,051	2,327	17,378	5,540	68%	15,488	1,892
Development Contributions	-	-	-	-	-	-	-	0%	-	-
Other Contributions	15,014	-	15,014	-	-	-	15,014	100%	21,018	21,018
Total Operating Income	137,429	118,044 -	19,385	143,784	6,107	148,901	12,473	92%	175,631	25,730
Operational Expenditure										
Staff related costs	26,228	26,367	138	32,633	-	32,633	6,405	80%	32,609	24
Contractor Fees	23,438	23,464	26	28,719	-	28,719	5,261	82%	29,315	596
Professional Fees	4,520	6,603	2,083	7,515	-	7,515	2,994	60%	9,405	1,891
External Services	7,549	6,602 -	946	9,217	1,319	10,536	2,967	72%	14,074	3,539
Legal Costs	259	489	230	682	-	682	423	38%	687	4
General expenses	9,028	11,729	2,700	14,681	-	14,681	5,653	61%	16,288	1,607
Grants and donations	1,370	1,415	45	1,624	22	1,647	276	83%	1,677	30
Rate remissions	2,298	2,074 -	225	2,257	-	2,257 -	41	102%	2,257	-
Allocations (direct and indirect)	-	0	0	0	-	0 -	0	0%	0	-
Interest costs	1,118	1,429	311	1,715	-	1,715	597	65%	1,715	-
Sub total	75,809	80,172	4,363	99,042	1,342	100,384	24,575	76%	108,027	7,643
Depreciation and other asset costs	28,486	28,871	385	34,645	-	34,645	6,159	82%	34,645	-
Gain/Loss on Disposal	1,594	-	1,594	-	-	-	1,594	100%	-	-
Total Operational Expenditure	105,864	109,043	3,179	133,687	1,342	135,029	29,165	78%	142,672	7,643
Net Operating Surplus	31,565	9,001	22,564	10,107	4,765	14,872 -	16,692		32,959	18,087

## Statement of Capital Performance

for the period ending Apr 2021 (Pd10)

	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	6,768	3,994 -	2,775	13,072	4,031	17,103	10,334	40%	19,399	2,296
Environmental Management	1,251	1,633	382	-	1,914	1,914	664	65%	1,961	47
Roading and Footpaths	32,777	27,516 -	5,261	37,388	7,974	45,362	12,585	72%	54,854	9,493
Wastewater	4,626	8,715	4,089	4,936	6,760	11,696	7,070	40%	7,369 -	4,327
Stormwater	859	1,339	480	1,179	666	1,844	965	47%	1,243 -	602
Solid Waste Management	22	96	74	325	96	421	399	5%	395 -	26
Water Supply	2,431	5,733	3,302	4,495	2,054	6,549	4,118	37%	10,550	4,001
Governance & Strategic Administration	2,666	2,017 -	649	2,334	1,952	4,286	1,620	62%	5,187	900
Customer Services	478	1,307	829	490	933	1,423	945	34%	1,513	90
Strategic Planning & Policy	-	-	-	-	-	-	-	100%	40	40
<b>Total Capital Expenditure</b>	<b>51,878</b>	<b>52,349</b>	<b>471</b>	<b>64,219</b>	<b>26,380</b>	<b>90,599</b>	<b>38,720</b>	<b>57%</b>	<b>102,510</b>	<b>11,911</b>

## 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	6,638	2,051 -	4,587	1,066	923	2,789 -	3,049	-238%	9,249	6,460
Environmental Management	5,829	4,608 -	1,222	5,464	-	5,464 -	365	-107%	6,355	891
Roading and Footpaths	33,837	26,052 -	7,785	34,441	3,151	37,592	3,756	-90%	49,418	11,826
Wastewater	522	329 -	193	403	2,032	2,435	1,913	-21%	2,765	331
Stormwater	373	-	373	-	-	-	373	-100%	551	551
Solid Waste Management	1,341	1,210 -	131	1,405	-	1,405	64	-95%	1,441	36
Water Supply	11,800	6,289 -	5,510	6,642	-	6,642 -	5,150	-178%	12,309	5,668
Governance & Strategic Administration	1,028	942 -	86	1,458	-	1,458	430	-70%	1,488	30
Customer Services	420	404 -	16	442	-	442	23	-95%	366	76
Strategic Planning & Policy	67	-	67	75	-	75	8	-90%	90	15
<b>Total Operating Income</b>	<b>61,854</b>	<b>41,885 -</b>	<b>19,970</b>	<b>52,196</b>	<b>6,107</b>	<b>58,303 -</b>	<b>3,551</b>	<b>106%</b>	<b>84,033</b>	<b>25,730</b>

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	7,315	8,805	1,490	9,934	550	10,484	3,169	70%	11,860	1,176
Environmental Management	7,613	8,492	878	10,489	-	10,489	2,876	73%	11,004	515
Roading and Footpaths	19,542	18,607 -	934	25,521	-	25,521	5,979	77%	28,885	3,364
Wastewater	5,090	6,405	1,315	6,850	792	7,642	2,551	67%	8,085	444
Stormwater	1,320	1,560	240	1,942	-	1,942	622	68%	2,629	687
Solid Waste Management	3,394	3,548	154	4,282	-	4,282	869	79%	4,328	46
Water Supply	4,987	4,075 -	912	4,970	-	4,970 -	17	100%	6,160	1,190
Governance & Strategic Administration	17,299	17,868	569	21,576	-	21,576	4,277	80%	21,835	59
Customer Services	4,076	4,273	198	5,274	-	5,274	1,198	77%	5,326	52
Strategic Planning & Policy	4,054	5,108	1,054	5,489	-	5,489	2,435	62%	6,600	110
<b>Total Direct Costs</b>	<b>74,690</b>	<b>78,742</b>	<b>4,052</b>	<b>97,328</b>	<b>1,342</b>	<b>98,669</b>	<b>23,979</b>	<b>76%</b>	<b>106,312</b>	<b>7,643</b>

## Capital Spend Analysis

as at 30-Apr-2021

	YTD (\$000's)		Full Year (\$000's)					
LTP Group	YTD Actual	Commitments	LTP Budget	Carry Forward Budget	Total Annual Budget	Actual vs Budget %	Total Annual Forecast	Actual vs Forecast %
District Facilities	5,877	3,964	9,405	4,031	13,436	43.7%	14,567	40.3%
Wastewater	4,626	2,231	4,936	6,760	11,696	39.6%	7,369	62.8%
Water Supply	1,276	1,424	1,935	1,950	3,886	32.8%	3,169	40.3%
Stormwater	859	94	1,179	666	1,844	46.6%	1,243	69.1%
Solid Waste	22	139	325	96	421	5.2%	395	5.6%
<b>Project Delivery Team Subtotal</b>	<b>12,660</b>	<b>7,852</b>	<b>17,781</b>	<b>13,503</b>	<b>31,284</b>	<b>40.5%</b>	<b>26,742</b>	<b>47.3%</b>
Roading & Footpaths	27,035	16,801	37,388	7,974	45,362	59.6%	43,234	62.5%
<b>IAM Total</b>	<b>39,696</b>	<b>24,653</b>	<b>55,169</b>	<b>21,477</b>	<b>76,645</b>	<b>51.8%</b>	<b>69,976</b>	<b>56.7%</b>
Environmental Management	1,160	357	0	1,182	1,182	98.2%	1,471	78.9%
Governance & Strategic Administration	2,666	917	2,334	1,952	4,286	62.2%	5,187	51.4%
Customer Services	478	79	490	933	1,423	33.6%	1,513	31.6%
Strategic Planning	0	0	0	0	0	0.0%	40	0.0%
<b>Other Total</b>	<b>4,305</b>	<b>1,353</b>	<b>2,824</b>	<b>4,067</b>	<b>6,891</b>	<b>62.5%</b>	<b>8,210</b>	<b>52.4%</b>
<b>Sub Total</b>	<b>44,000</b>	<b>26,005</b>	<b>57,992</b>	<b>25,544</b>	<b>83,536</b>	<b>52.7%</b>	<b>78,186</b>	<b>56.3%</b>
<b>DIA Projects</b>								
Water Supply	1,155	683	2,560	103	2,663	43.4%	7,381	15.7%
Wastewater	0	0	0	0	0	0.0%	0	0.0%
Stormwater	0	0	0	0	0	0.0%	0	0.0%
<b>Total DIA Projects</b>	<b>1,155</b>	<b>683</b>	<b>2,560</b>	<b>103</b>	<b>2,663</b>	<b>43.4%</b>	<b>7,381</b>	<b>15.7%</b>
<b>ESEO Projects</b>								
District Facilities	891	1,470	3,667	0	3,667	24.3%	4,832	18.4%
Environmental Management	90	10	0	733	733	12.3%	490	18.4%
Roading & Footpaths	5,742	8,342	0	0	0	0.0%	11,621	49.4%
<b>Total ESEO Projects</b>	<b>6,723</b>	<b>9,822</b>	<b>3,667</b>	<b>733</b>	<b>4,400</b>	<b>152.8%</b>	<b>16,942</b>	<b>39.7%</b>
<b>Total</b>	<b>51,878</b>	<b>36,511</b>	<b>64,219</b>	<b>26,380</b>	<b>90,599</b>	<b>57.3%</b>	<b>102,510</b>	<b>50.6%</b>

### 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 April 2021.



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

## Capital Spend Analysis

as at 30-Apr-2021

Actual + commitments against total forecast budget	
LTP Group	YTD (\$000's)
District Facilities	67.6%
Wastewater	93.1%
Water Supply	85.2%
Stormwater	76.7%
Solid Waste	40.8%
<b>Project Delivery Team Subtotal</b>	<b>76.7%</b>
Roading & Footpaths	101.4%
<b>IAM Total</b>	<b>92.0%</b>
Environmental Management	103.2%
Governance & Strategic Administration	69.1%
Customer Services	36.8%
Strategic Planning	0.0%
<b>Other Total</b>	<b>68.9%</b>
<b>Sub Total</b>	<b>89.5%</b>
<b>DIA Projects</b>	
Water Supply	24.9%
Wastewater	
Stormwater	
<b>Total DIA Projects</b>	<b>24.9%</b>
<b>ESEO Projects</b>	
District Facilities	48.9%
Environmental Management	20.4%
Roading & Footpaths	121.2%
<b>Total ESEO Projects</b>	<b>97.7%</b>
<b>Total</b>	<b>86.2%</b>

Forecast revised for 20/21

Total budget only relates to parts of FNDC budgets

**6.2 REVENUE RECOVERY REPORT - 31 MARCH 2021****File Number: A3201566****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 fourth 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 - 31 March 2021.**

**TĀHUHU KŌRERO / BACKGROUND**

This document has been prepared to outline current and arrears balances for rates, water and Sundry debt as at 31 March 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**

The data provided is for General Title and Maori Freehold Land rates and water accounts with sundry debtors shown in a separate table.

**General Title rates and water debt**

Key actions since the last report:

- Since the last report, final demand was issued for the properties which had been issued mortgage demand this year. A total of \$930,293 has been paid with another \$125,877.71 to be paid this month. Debt management have not proceeded with mortgage demand for those properties with arrears for last year only, as Covid-19 has likely impacted the owners financially. We are therefore applying some leniency and are calling owners to offer payment plans to avoid Council issuing mortgage demand in July 2021.
- Further instructions given to external law firm to proceed with additional cases already filed with them and identify property groups to commence abandoned land procedures.
- Approval received for the policy outlining next actions for Council to take post judgment for rates arrears.

Next actions:

- Debt management are calling the owners of the remaining properties with a mortgage, with arrears from 2019-2020 rating year only, to set up payments plans to avoid mortgage demand in July 2021.
- Reports to be provided to Council legal team to send letters to an additional 20 property owners identified for potential legal proceedings.

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

- These are properties where there is no mortgage, no payments have been received and the owner has not contacted council to discuss payment options.
- 38% of these accounts have arrears of more than 2 rating years.
  - 70% of these accounts have received final demand letters from council
  - FNDC legal team now actively involved with legal proceedings.
  - Debt management will send final demand letters to the remaining 30%.
- 63% is for accounts with up to two years rates arrears.
  - Debt management to commence calling.
  - If no contact is made, demand letters will be sent.

### **Sundry debtors' debt**

The total sundry debtors aged debt balance has increased since the last report, but that was due to an outstanding invoice for over \$1m which was since paid on 9 April. The 90+ days resource consent debt has increased since the last report but \$89,000 in debt was paid, due to the collaboration between debt management and the resource consents team clearing outstanding fee reviews and queries.

While working closely with the resource consents team to clear the aged debt, debt management have also increased their focus on current resource consent collection which has resulted in an increase of payments within payment terms and reduction of the 30 to 60 days aged debt compared to previous quarters.

Key actions taken to reduce resource consent debt:

- The fee review tracker is in place and updated by both teams.
  - 39 reviews have been recorded for a total of \$178,370.58
  - 28 have been actioned by resource consent team of which;
  - 20 accounts (\$62,570.22) have now been paid
  - 8 have been reviewed (\$51,549.89) and debt collection has commenced.
  - 11 are being reviewed (\$64,250.47)
- Final demand letters issued to debtors with outstanding debt. If no payment is received after the 2<sup>nd</sup> final demand letter, the debtor will be passed to Council Legal Services team to take legal action.

Next actions:

- Resource consent team to write process for interim invoicing at key stages of a resource consent application to avoid a large final invoice when consent is issued.
- 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.

## **ĀPITIHANGA / ATTACHMENTS**

1. **ARF Revenue recovery Report March 31 attachment - A3201657** [↓](#) 

**General Title rates and water rates analysis by age at 31 March 2021.**

<b>General Title Rates and Water Arrears 2020-21</b>							
<b>General Title Rates 31 March 2021</b>	<b>2019-2020</b>	<b>2018-2019</b>	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015+</b>	<b>Total</b>	<b># accounts</b>
Abandoned Land	65,286	64,476	64,521	59,870	110,355	364,508	41
Payment Arrangement	41,063	25,664	14,537	-	-	81,263	33
Deceased Rate Payer	74,331	70,112	65,420	56,528	94,643	361,034	43
Mortgage Run 2020-2021	372,847	143,594	90,988	57,807	76,192	741,428	299
Legal Action Commenced (external)	127,082	100,047	90,924	81,105	221,175	620,332	63
Legal Action Commenced (FNDC)	11,364	10,081	8,236	8,386	13,971	52,037	8
Liquidation	5,240	4,101	3,845	3,958	7,003	24,148	3
Direct Debit	177,032	67,989	16,794	9,566	16,050	287,431	119
Debt recovery action to commence	1,093,835	751,287	566,872	393,544	511,015	3,316,552	633
<b>Rates Total</b>	<b>1,968,081</b>	<b>1,237,349</b>	<b>922,136</b>	<b>670,763</b>	<b>1,050,405</b>	<b>5,848,733</b>	<b>1,242</b>

<b>General Title Water 31 March 2021</b>	<b>2019-2020</b>	<b>2018-2019</b>	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015+</b>	<b>Total</b>	<b># accounts</b>
Abandoned Land	644	185	313	296	599	2,037	1
Payment Arrangement	80,868	5,185	215	-	-	86,267	9
Deceased Rate Payer	27,333	22,544	14,237	11,965	6,258	82,337	9
Mortgage Run 2019-2020	63,948	41,011	39,791	8,298	2,014	155,062	36
Legal Action Commenced (external)	7,622	3,147	2,696	2,817	11,265	27,548	10
Legal Action Commenced (FNDC)	4,860	3,409	7,484	1,037	2,250	19,040	2
Liquidation	-	-	-	-	-	-	-
Direct Debit	42,137	34,788	14,523	1,450	2,434	95,332	60
Debt recovery action to commence	204,848	132,052	64,579	41,208	49,258	491,944	420
<b>Water Total</b>	<b>432,259</b>	<b>242,321</b>	<b>143,838</b>	<b>67,070</b>	<b>74,078</b>	<b>959,566</b>	<b>547</b>

**Maori Freehold Land rates and water analysis by age at 31 March 2021.**

<b>MFL Rates 31 March 2021</b>	<b>2019-2020</b>	<b>2018-2019</b>	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015+</b>	<b>Total</b>	<b># accounts</b>
Payment Arrangement	4,328	3,224	1,478	217	-	9,247	5
Deceased ratepayer	23,209	23,088	22,633	20,585	32,727	122,241	13
Direct debit	38,696	31,095	25,630	22,703	28,566	146,690	26
Abandoned Land	6,658	6,582	6,598	6,437	13,424	39,699	4
Debt recovery action to commence	4,008,234	3,724,201	3,475,200	3,386,729	6,162,982	20,757,346	2,265
<b>Rates Total</b>	<b>4,081,124</b>	<b>3,788,190</b>	<b>3,531,538</b>	<b>3,436,671</b>	<b>6,237,699</b>	<b>21,075,223</b>	<b>2,313</b>

<b>MFL Water 31 March 2021</b>	<b>2019-2020</b>	<b>2018-2019</b>	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015+</b>	<b>Total</b>	<b># accounts</b>
Payment Arrangement	-	-	-	-	-	-	-
Direct Debit	8	-	-	-	-	8	1
Debt recovery action to commence	50,405	53,732	51,050	32,870	41,051	229,108	40
<b>Water Total</b>	<b>50,413</b>	<b>53,732</b>	<b>51,050</b>	<b>32,870</b>	<b>41,051</b>	<b>229,116</b>	<b>41</b>

**Sundry Debtors by age at 31 March 2021.**

<b>Sundry Debtors Aged Period Report as at 31 March 2021</b>						
<b>Category</b>	<b>30 Days</b>	<b>60 Days</b>	<b>90 Days</b>	<b>90 Days +</b>	<b>Total</b>	<b>% Debt</b>
Sundry	1,110,507	9,695	-	92,505	1,212,707	65%
Bookings	4,180	2,120	-	780	7,080	0%
Septage	28	6,048	448	2,125	8,649	0%
Refuse	-	-	-	13,638	13,638	1%
Building	25,612	11,294	12,966	128,337	178,210	10%
Resource	23,934	17,742	62,531	275,532	379,740	20%
Liquor	1,978	-	-	2,956	4,934	0%
Health	2,240	515	3,550	41,270	47,575	3%
<b>Total</b>	<b>1,168,480</b>	<b>47,414</b>	<b>79,495</b>	<b>557,143</b>	<b>1,852,532</b>	<b>100%</b>

### **6.3 JUNE RISK MANAGEMENT**

**File Number:** A3198952

**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.

#### **WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY**

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

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

Risk dashboards have been established for District Services and Infrastructure and Asset Management groups. Business continuity arrangements progress update is provided.

#### **TŪTOHUNGA / RECOMMENDATION**

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

#### **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 this 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.



Table 1: June 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	GMSP	6 Monthly	Mar 21
ARF003	Health & Safety Vulnerabilities	46		34	CEO	Manager P&C	3 Monthly	May 21
ARF004	Asset Management Risks	45		18	CEO	GMIAM	6 Monthly	Mar 21
ARF005	Affordability Risk	45		26	CEO	GMSP	6 Monthly	June 21
ARF006	Project Priorities Deliveries Delays	45		14	CEO	GMIAM	3 Monthly	May 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	May 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	ARF012	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 21 May deep dive focussed on our health and safety vulnerabilities risk. Elected Members were provided with two Worksafe documents – Worksafe’s position on Officers’ due diligence and Worksafe’s Health and Safety Guide: Good Governance for Directors which details recommended practice and provides diagnostic questions. At the session Elected Members requested:

- Improved visibility of health and safety vulnerability treatments which are in place
- Health and safety lessons learned from the Extraordinary Council meeting on May 2021
- Increased frequency of health and safety vulnerabilities deep dives to “look into” our health and safety practices.

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

Although cybercrime is not specifically mentioned in this risk report, the General Manager-Corporate Services intends to have a standing item on the Assurance, Risk and Finance agenda going forward. This will cover emerging trends in best practice, attempted attacks on FNDC, and experiences and lessons learned from other organisations in New Zealand and overseas.

*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 due to the effects 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.
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.

Emergent risks	Presented to Assurance, Risk and Finance Committee	Progress
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.  Water Services Bill is currently with the select committee. Government report is due 8 <sup>th</sup> June 2021.
6. Potential impact of the Worksafe decision, in December 2020, to charge 13 parties over the Whakaari/White Island tragedy; and the government <a href="#">review of WorkSafe New Zealand's performance of its regulatory functions in relation to activities on Whakaari White Island</a> .	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:*

Five 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. No additional reporting requirement for organisational risk has been identified.

#### *Risk progress reports – highlights and analysis:*

1. ARF005 Delivery of Service (affordability) Risk Progress Report: The inherent risk rating trend has been assessed as increasing due to the economic impact of the COVID-19 pandemic and the outcome from the recent rating review. A decision report will 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.
2. ARF007 Compliance NRC Abatements Risk Progress Report: The inherent risk rating trend has been assessed as declining with five of nine abatement notices withdrawn or closed and implementation of the infrastructure compliance strategy.
3. ARF009 Customer Service Delivery Risk Progress Report: The inherent risk rating trend has been assessed as declining. The Customer Experience Improvement Programme is progressing well with a review planned for Q1 2021/22 and Customer Journey Mapping Programme planned to provide an organisation consistent approach.
4. ARF010 Data Governance Risk Progress Report: The inherent risk rating trend has been assessed as declining. An ICT Policy Handbook is being drafted to provide a complete suite of policies, including Data Governance.
5. ARF013 Drinking Water Resilience Risk Progress Report: The inherent risk rating trend has been assessed as stable (no change). The solutions to the identified gaps will become clearer as 3-water reforms become more advanced and with the enactment of the Water Services Bill.

#### *Group Risk:*

Risk dashboards have been established for both District Services and IAM. These dashboards provide information on the total number of identified risks; by percentage the number of risks within

each group by risk impact score as assessed using our IDEATE methodology categorised as high, medium or low impact score; the level of the risk within Council; and the risk categorisation.

## Group Risk Dashboards

## District Services Risk Dashboard

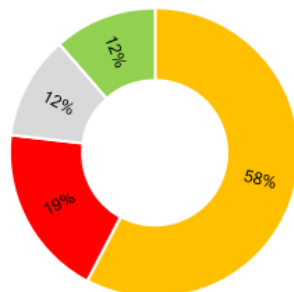
26 risks

✓ Three lines defence established

Date: 18/05/21

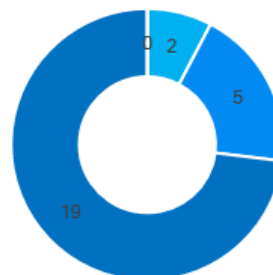
Risk by impact score

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

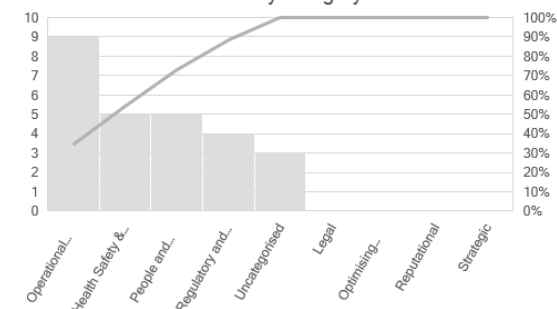


Risk by organisational level

■ Organisational ■ Group ■ Department ■ Uncategorised



Risk by category



## IAM Group Risk Dashboard

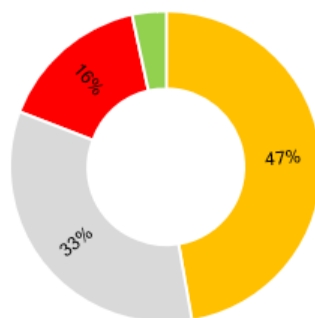
57 risks

✓ Three lines defence established

Date: 18/05/21

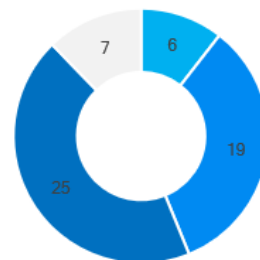
Risk by impact score

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

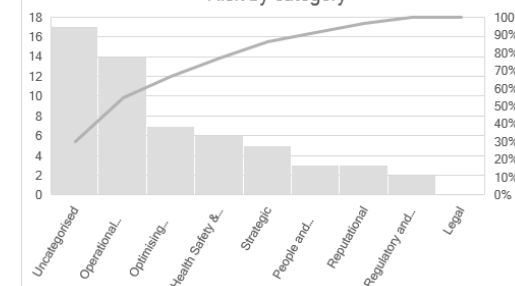


Risk by organisational level

■ Organisational ■ Group ■ Department ■ Uncategorised



Risk by category



Key below, table 4

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:*

A business continuity site for all of Council use is in development. This will include the deployment of a smart form to record business continuity plans. ICT Operations and Delivery have been engaged to both understand ICT business continuity plans and to develop ICT arrangements to support the implementation of Council business continuity plans.

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

No additional budgetary provision is requested.

## **ĀPITI HANGA / ATTACHMENTS**

1. **2021 06 ARF005 Delivery of Service Risk (affordability) Progress Report - A3198900** [↓](#) 
2. **2021 06 ARF007 Compliance NRC Abatements Risk Progress Report - A3198902** [↓](#) 
3. **2021 06 ARF009 Customer Service Delivery Risk Progress Report - A3198906** [↓](#) 
4. **2021 06 ARF010 Data Governance Risk Progress Report - A3198910** [↓](#) 
5. **2021 06 ARF013 Drinking Water Resilience Risk Progress Report - A3198914** [↓](#) 

## ARF005 Delivery of Service Risk (affordability)

### Risk Status Progress Report June 2021

Prepared: 18/05/21

#### Description of risk and impact

Affordability is acknowledged as one of Far North's key challenges. With a small rating base, diverse socio-economic factors and large distributed infrastructure base and service requirement, this will get worse over time without intervention.

Rates and charges provide the majority of FNDC funding.

Affordability in the context of rates has two aspects:

- The cost relative to income (and wealth to the extent that wealth can be converted into income)
- The ability of ratepayers to earn greater income in the future from the spending of the rates, e.g. investment in infrastructure that will allow an individual to earn higher incomes in the future.

#### Existing Treatments

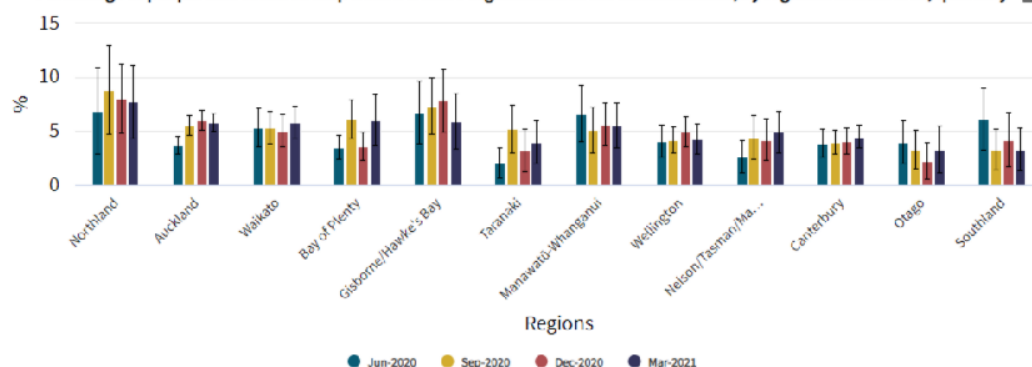
##### BERL Report

In Feb 2020 Council commissioned Business Economic Research Limited (BERL) to provide an analysis to help us understand and communicate what we mean by 'affordability'. The BERL report examined the affordability of rates (the percentage of household income spent on rates at different rating levels) for eight usual household types within the District.

One of the consequences of the COVID-19 pandemic is that we believe this study is now obsolete and that Council needs a further study to reassess affordability. This view is supported by the following analysis:

- Northland has the highest percentage of people, or any district in New Zealand, who have received help from a welfare organisation in the last 12 months to March 2021 (see Stats NZ graph below); and
- Infometric economic monitor report: job seeker recipients, annual average change, increased by 25.1% and unemployment rate is 6.6% versus the national average of 4.7%.

Percentage of people who received help from a welfare organisation in the last 12 months, by regional council area, quarterly





**A number of emergent risks are out of our control and may impact affordability, such as:**

Government reform such as the Three Waters Reform.

The impact of these reforms on ratepayers is currently unknown.

**Rating of Māori land**

This legislation has been passed.

**Government grants**

Economic stimulus and Provincial Growth Fund funding, while providing capital to build assets the District really needs, does not cover the cost of operating those assets into the future. Depreciation and other operating costs will have to be carried by ratepayers, which worsens the affordability issue. These costs largely remain unknown.

**The impact of mitigations actions within our control remain largely unknown:**

**Rating Review**

The rating review is now complete with a result which will not improve affordability profile for the Far North District.

**Operating Costs**

FNDC will continue to actively review operating costs.

Programme Darwin is a large programme of work tasked with significantly improving asset management practices, asset data, asset operations and asset planning. Any financial benefits coming out of this work will result in less cost to the ratepayer.

**Sustainable Procurement**

Impact of implementation of sustainable procurement policy.

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

With the potential to compound Far North's affordability challenges are a number of proposed government reforms and the impact of the government funding through the COVID-19 stimulus package and Provincial Growth Fund. Assets created with this funding will increase ratepayer funding requirements for their ongoing operation. There will be an interesting tension where one aspect of affordability is negatively impacted (increased rates), which will, hopefully, be offset by the economic benefit of enhanced ability of Far North ratepayers to earn greater income.

Two recommendations will form the basis of a decision report to the July 2021 Assurance, Risk and Finance Committee meeting. These are the formation of an Affordability Risk reference group (to help monitor the risk, ensure the right resources are allocated, provide a cross-functional strategy for managing the risk), this will support our three lines of defense; and a recommendation to commission a new affordability study.

<b>Inherent Risk:</b>	<b>Trend</b>	<b>Residual Risk:</b>	<b>Accountable:</b>	CEO	<b>Date raised:</b>	29/11/18	<b>Report frequency:</b>
	Increase		<b>Responsible:</b>	GM SPP	<b>Date accepted:</b>	30/05/19	Six monthly



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## ARF007 Compliance – NRC Abatements

### Risk Status Progress Report June 2021

Prepared: 28/04/21

#### Description of risk and impact

FNDC has nine abatement notices due to non-compliance with resource consent conditions for district infrastructure issued by Northland Regional Council.

Many of these notices are over two years old, and six involve expensive wastewater assets. NRC lodged an Enforcement Order application with the Environment Court for ongoing non-compliance at the Paihia Wastewater Treatment Plant (ammonia levels), and FNDC are now under suspended orders requiring delivery of solid remedial action to avoid further litigation.

#### Existing Treatments

High level treatment plan completed:

- Infrastructure compliance strategy implemented.
- Five of nine abatement notices have been withdrawn or closed.

#### High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Resolve non-compliance with resource consent conditions to clear the nine abatement notices:	<p>An additional abatement notice has been closed bringing the total to five (of nine) abatement notices withdrawn or closed off.</p> <p>The table, below, provides a summary of high-level progress on the remaining four abatement notices.</p> <p>We remain confident that we will either have cleared our abatement notices by June 2021 or be in the final process of completion.</p>
Relationship building with NRC	<p>FNDC and NRC are actively collaborating:</p> <ul style="list-style-type: none"> <li>• Monthly activity level compliance meetings and reporting in place.</li> <li>• Six monthly group level compliance meetings to provide an update on the Infrastructure Compliance Strategy.</li> </ul>
Infrastructure Compliance Strategy	<p>Two-year Infrastructure Compliance Strategy implemented in June 2020.</p> <p>The Infrastructure Compliance Lead is project managing the action points against the timeline and deliverables to ensure, and increase, ongoing compliance.</p>

## Progress update with regards to abatement notices

Abatement Notice	Progress
1. Kaitaia Water Supply – Condition 4 – Contravention of Water Shortage Direction.	Closed.
2. Kawakawa WWTP – Conditions 3 & 12 – Bunded sludge disposal areas non-compliant.	Withdrawn.
3. Russell WWTP – E.Coli levels at compliance point.	Withdrawn.
4. Paihia WWTP – ammonia levels at compliance point.	Withdrawn.
5. Kerikeri Sports Complex – Exceeded discharge limits on multiple occasions.	Closed.
6. Kerikeri WWTP – Condition 8 – Discharge of non-compliant wastewater.	As required by NRC, to close this abatement notice, we have provided three compliant test results.
7. Ahipara WWTP – Condition 2 – leachate levels.	Action Plan implemented.  Ahipara evidence-based report based on staged testing, to inform NRC. From this analysis a mitigation recommendation will be made.
8. Opononi WWTP – Condition 19 – E.Coli levels at compliance point.	An 'issues and options' report has been used to inform the replacement consent. This includes a recommendation to address the long-term solution to the non-compliance in the LTP.
9. Kaitaia WWTP – untreated discharges.	Action Plan implemented.  Issued in 2016 due to an unconsented network overflow, to prioritize leak detection in Kaitaia, we are near the end zonal monitoring. When this is completed a leak detection plan will be formalized.

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

The risk trend continues to decline as we progress actions to remedy the abatement notices. Recent reassessment of the inherent risk scored this risk as low impact with exposure to this risk difficult to assess due to the unknown impact of proposed reforms, and NRC use of abatement notices as a key part of their compliance strategy. Our last abatement notice was issued in July 2020.

Far North Waters Alliance is responsible for operational compliance with water and wastewater resource consents and FNDC must rely on Far North Waters to take ownership of this area. This includes having sound processes, systems and quality management in place, as well as having the technical capability to provide informed, cost effective and viable recommendations on improvements / upgrades needed to our water and wastewater assets to become and remain compliant.

We continue to identify social procurement opportunities.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Decline		Responsible:	GM IAMs	Date accepted:	30/05/19	Six monthly



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## ARF009 Customer Service Delivery

### Risk Status Progress Report for June 2021

Prepared: 20/04/21

#### Description of risk and impact

Customer Service Delivery is the efficient and cost-effective delivery of required District Council services to residents, ratepayers, visitors and the community. This includes timely processing and communication with the public around services.

In some cases, ineffective and inefficient processes, and information, cause delays in processing requests and affects timely communication with customers.

Frustrated customers often call elected members who need to escalate or facilitate information back to the individual.

#### Existing Treatments

##### Treatments established:

- A. Customer Experience Programme.
- B. Customer feedback improvement loop.

##### High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Customer Experience Improvement Programme	<p>In progress.</p> <p>Progressing well with a review scheduled in Q1 2021/22.</p> <p>Bimonthly customer focus discussion with CEO.</p> <p>Elected Members update presented in March 2021, with next scheduled for end of Q4 2021.</p> <p>Since inception (2 years ago) the Improvement Programme has identified 73 initiatives (36 of these are in the current programme). To date 33% have been completed and 27% are in progress.</p>
<b>Delivery of the Customer Experience Improvement Programme</b>	
Customer centric culture business engagement (internal and external)	<p>Ongoing.</p> <p>Coaching, mentoring and establishing feedback loops have been enhanced by new customer feedback system.</p>
Process diagnostic for the Roding team focused on the end to end RFS process	<p>Completed.</p> <p>Outcome is a project to improve and align the customer journey to be relaunched in Q4 2021.</p>
Customer Journey Mapping Programme	<p>To start in Q4 2021.</p> <p>Detailed plan being presented to SLT for endorsement.</p>
Unified consistent cross organisation approach to support customer facing teams to improve and align customer	

journeys with our systems and embed a customer centric mindset with colleagues.	Transport and Far North Waters (TBC) projects will pilot the programme.
Review of customer feedback processes, tools to analysis information and drive improvements.	<p>In progress.</p> <p>New digital system is achieving great response rates, (currently 37% compared to 16%) and providing customer insights. Key users are trained and are using the system. Roll out to remaining staff and contractors by end of Q4 2021.</p> <p>This initiative will allow us to use the voice of our customers to drive customer focused improvements and help lift our customer culture.</p>
Investigating impact on customers of our changing world.	Ongoing – Will be a focus of the programme refresh as we can see changes in customer behaviors and suggestion is feedback.

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

- Enterprise wide RFS Redesign Project to align customer experience across the organisation (being considered in Customer Journey Mapping Programme and revised Customer Experience Improvement Programme).
- Establish broadened view of customer interactions via Elected Members and CE Office.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Decline		Responsible:	Mgr P&C	Date accepted:	30/05/19	Three monthly

## ARF010 Data Governance Risk

### Risk Status Progress Report June 2021

Prepared: 11/05/21

#### Description of risk and impact

Because of	There is a chance that...	leading to...
Lack of formal data governance	<p>Data quality may be negatively impacted</p> <p>Data may be inappropriately used</p> <p>Data breach may negatively impact Council reputation</p> <p>We are non-compliant with relevant legislation</p>	<p>Slow, ineffective decision making</p> <p>Lack of confidence in data and decisions made on the data</p> <p>Increased organisational risk</p> <p>Mistakes/errors</p> <p>Ineffective and poor processes</p> <p>Inefficient customer service</p> <p>Legal liability and sanction</p> <p>Reputational damage to Council and Councillors</p>

Data is an asset. Good data, used and analysed appropriately, enables faster, transparent, decision making, reducing organizational risk.

Data governance is the overarching framework that outlines the creation, maintenance, disposal and protection of data. The objectives of data governance are:

- Assure of data security and data quality
- Maximise the benefit generation of information
- Designate accountability for data quality
- Enable evidence-based policy development
- Increase consistency and confidence in decision making
- Consistent reporting
- Enable evidence-based business cases and strategies

#### Existing Treatments

A number of improvement initiatives, such as Resource Consents Vision 20/20 process improvement project and BCA improvements, have positively impacted data governance with both data and processing progress within these functions now visible.

Three active programmes of work will also result in improved data governance. These are:

1. Enterprise data warehouse programme
2. Program Darwin
3. Business Intelligence strategy.

## High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
<p>Data governance policies:</p> <ol style="list-style-type: none"> <li>Data Governance Policy designed to manage the creation, transformation, and usage of data and related information owned by or in the care of Far North District Council</li> <li>A Data Protection Policy has also been drafted. Its purpose is to describe how personal data must be collected, handled, and stored and retrieved, in order to meet the Far North District Council's data protection standards, comply with the law, and respect individual rights. This policy address data - collection, storage, use, accuracy, retention and protection.</li> </ol> <p>To address governance the following internal policies and procedures are required:</p> <ul style="list-style-type: none"> <li>Policy for Data (Security, Privacy, Ethics, Retention, Sourcing)</li> <li>Procedures for monitoring performance</li> <li>Procedures for reporting on raw data (meta-data)</li> <li>Procedures for ensuring legislative and Audit compliance including Internal data audit</li> <li>Procedure for actions in event a data breach</li> </ul>	<p>Underway:</p> <p>ICT Policy Handbook is being drafted to provide the complete suite of policies. This will include Data Governance.</p>
Implementation of the ALGIM (Association of Local Government Information Management) local government ICT security framework.	<p>In place and ongoing:</p> <p>Working through the action plan generated from the ALGIM local government ICT security framework tool. This action plan is refreshed every quarter.</p> <p>A Cyber Security Framework update was made to the Assurance, Risk and Finance Committee on 5<sup>th</sup> May 2021.</p>
FNDC needs to implement the requirements of the internal policy "PC033 Privacy Policy", adopted August 2019, such as agree designated Privacy Officers.	<p>Implemented.</p> <p>The Privacy Officers are appointed by role. These roles are the Manager – Legal Services and the Legal Services Officer.</p>

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

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Decline		Responsible:	Chief Digital Officer	Date accepted:	30/05/19	Six monthly



## ARF013 Drinking Water Resilience

### Risk Status Progress Report June 2021

Prepared: 18/05/2021

#### Description of risk and impact

In accordance with our Risk Management Policy, adopted by Council August 2019, the “Drinking Water Resilience” risk was adopted at the 05/07/20 Council meeting as a top organisational risk. This risk was scored and prioritised using Council’s bespoke IDEATE methodology.

Council own and operate eight drinking water schemes supplied by 14 primary and supplementary sources and nine water treatment plants.

The primary source for Kaikohe, Kaitaia, Opononi, Rawene, Kawakawa and Paihia are surface water takes from local rivers and streams. Kerikeri also relies heavily on surface water as its secondary source. For each of these surface water takes Council hold a consent issued by the Northland Regional Council. The consents have conditions relating to many things but most importantly:

- the volume of water FNDC is authorised to take, and
- the instantaneous residual flow we are required to leave in the environment.

Surface water takes are impacted by droughts. Droughts typically cover a large geographical area; not just a single catchment or community. Irrespective of the volume of water FNDC is consented to take, there is a 20 percent chance each year that we will not be authorised to take water from the surface water sources for a week or more.

Group / SLT	Risk level	Inherent Risk	Risk description	Because of	There is a chance that...	leading to...
Infrastructure and Asset Management	Organisational	35	Strategic	Lack of freshwater resilience - long-term trends in rainfall coupled with changing and increasing consumer demands	Current freshwater supply systems will continue to not meet demand both now and into the future	Critical impact on our communities i.e. lengthy water restrictions; no/interrupted supply; costly economic consequences (affordability); extensive Health & Safety impacts across the district; economic and reputational risk from a failure to supply adequate potable and fresh water; negative environmental impacts.



The “Drinking Water Resilience” risk has been analysed as both an organisational and a strategic risk. A score of 35 or greater is in the high-risk category. Drinking Water Resilience scored 35:

To ensure clarity this risk excludes “Action for healthy waterways” new rules and regulations aimed to:

- stop further degradation of New Zealand's freshwater resources and improve water quality within 5 years
- reverse past damage and bring New Zealand's freshwater resources, waterways, and ecosystems to a healthy state within a generation.

#### Existing Treatments

1. Professionally managed water source and networks
2. Asset management plans
3. Water Supply Bylaw - this allows us to make water restrictions.
4. Water Shortage Management Plan – this outlines the processes and provides guidance on how water restrictions can be implemented to manage demand.
5. Water Shortage Management Committee is established with internal technical specialists who monitor and make recommendations on water restrictions to GMIAM.
6. Drought Communication Plan.
7. Ability to enact a dedicated drought response team (as used in the 19/20 drought).

#### High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Drought resilience work for 20/21 financial year.	Approved, work is underway and is expected to be delivered to plan.  A large part of this program is externally funded through the Crown 3-waters reform.
Water shortage management plan.	Annual review completed, waiting approval.  A further reviewed is planned to update with learnings from the 20/21 season.
2021/2031 Long Term Plan.	Programme of work for water infrastructure has been developed.
Programme Darwin – to understand asset knowledge to refine investment planning.	The establishment of an Asset Management System is underway. The other streams in the programme including Asset Lifecycle Management are in the process of being defined, resources and commenced in earnest with a reset session planned for 21 May.
Crown 3-waters reform funding.	MOU signed.  Funding agreement and delivery plans have been approved.  The Funding Agreement and Delivery Plan submitted September 2020 included a portfolio of projects to be completed prior to March 2022. The projects are split roughly 60% capital in nature, and 40% operational. Of the 18 projects, 13 of these projects will improve resilience.  Key projects include: <ul style="list-style-type: none"> <li>• Kaitia new water source</li> <li>• Kaikohe new water source</li> <li>• Update water safety plans across the district</li> <li>• Network model upgrades</li> </ul>

	<ul style="list-style-type: none"> <li>Enhanced water leak management</li> <li>Enhanced water monitoring capability and data capture</li> </ul>
Water Safety Plans	Water Safety Plans are being updated for each of our eight water schemes. This significant piece of work will be completed within the next 12 months and will inform our understanding on the resilience issues faced by each scheme.
Water Shortage Management Committee	<p>Weekly meetings were run for the summer season 20/21 from 2 Nov 2020 through to 31 March 2021. All summer restrictions were lifted by 31 March 2021.</p> <p>A Water Shortage Management Committee Lessons Learned was completed 17/05/21. This session identified a number of improvements to the Water Shortage Management Plan and eco-system.</p>
Drought Communication Plan	The “be water wise” campaign commenced December 2020 and continues to be live.

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

Whilst previous workshops with Elected Members were unable to assess the residual risk score, those workshops and ongoing work identified three aspects to understanding our adaptive capacity – source, treatment and network, of which there are a number of contributing factors towards achieving resilience.

Water Safety Plans are being updated for each of our eight water schemes. This significant piece of work will be completed by March 2022 and will inform our understanding on the resilience issues faced by each scheme. When completed this assessment, along with capacity analysis as part of the network modelling and any other available relevant information, can then be used to inform the Assurance, Risk and Finance Committee discussion to develop a residual risk profile.

The solutions to the gaps identified below will become clearer as 3-water reforms become more advanced and with the enactment of the Water Services Bill. These gaps are:

- What are Council obligations in respect of non-public schemes?
- If a private scheme starts to impact ratepayer health what is Councils responsibility?
- Council needs to determine what level of residual risk are we prepared to accept.
- The uncertainty of the ongoing ownership/management of these schemes under the Crown's proposed water supply reforms.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	March 2020	Report frequency:
	Stable		Responsible:	GM IAMs	Date accepted:	05/07/20	Three monthly

**6.4 PEOPLE AND CAPABILITY QUARTERLY UPDATE: 1 JANUARY - 31 MARCH 2021****File Number: A3211089****Author: Jill Coyle, Manager - People and Capability****Authoriser: Shaun Clarke, Chief Executive Officer****TAKE PŪRONGO / PURPOSE OF THE REPORT**

The purpose of this report is to present the Audit, Risk and Finance Committee with the quarterly update for People and Capability.

**WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY**

Included in the report is information on:

- Staff Turnover.
- Exit Interviews and Analysis.
- Personal Grievances; and
- Disciplinary Actions and Costs.

**TŪTOHUNGA / RECOMMENDATION**

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

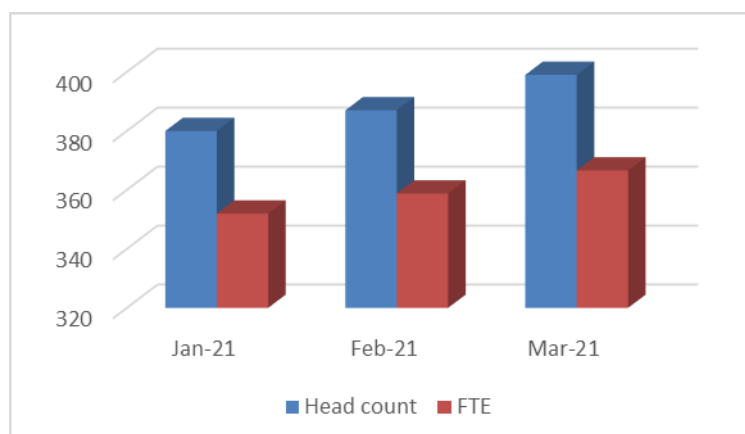
**TĀHUHU KŌRERO / BACKGROUND**

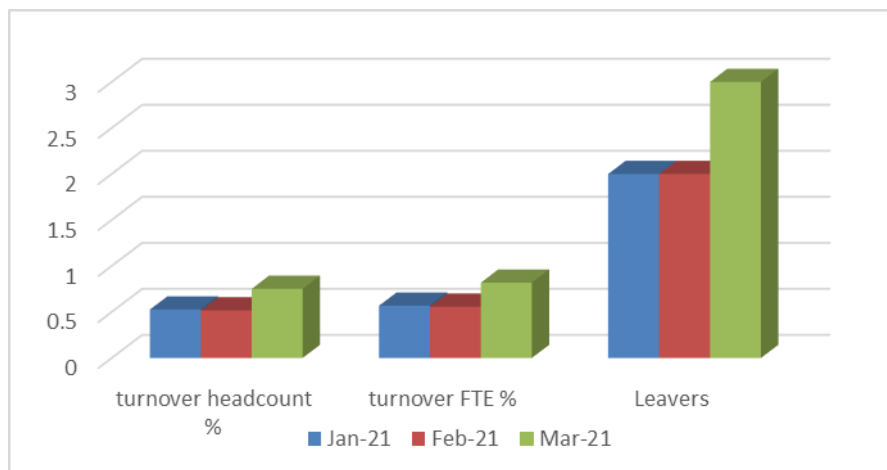
This report will be presented to the Audit, Risk and Finance Committee on a quarterly basis.

**MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS****Staff Turnover:**

FNDC had six permanent staff and one fixed term staff depart between 1 Jan – 31 March 2021, therefore for this period turnover is 2.09%. Of the 7 leavers, 4 completed and submitted an exit survey.

	Head Count	FTE
Jan-21	380	351.9921
Feb-21	387	358.7921
Mar-21	399	366.5894





### Exit Interview and Analysis:

Of the seven leavers during this period, four completed and submitted an Exit Survey. The Exit Surveys were reviewed and raised no Health, Safety and Welfare concerns. One person retired, while the remaining three had secured other positions.

### Personal Grievances:

No personal grievances for this period.

### Disciplinary Actions and Costs:

During this period there have been five instances referred for disciplinary action, two of which after investigation resulted in no action, one received an extension to a PIP (Performance Improvement Plan) with the final two receiving managed exits.

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

There are no financial implications or budgetary provisions associated with this report.

### ĀPITI HANGA / ATTACHMENTS

Nil

**6.5 AUDIT NEW ZEALAND MANAGEMENT REPORT FOR JUNE 2020****File Number: A3209230****Author: Janice Smith, Chief Financial Officer****Authoriser: William J Taylor MBE, General Manager - Corporate Services****TAKE PŪRONGO / PURPOSE OF THE REPORT**

To advise the Committee of the recommendations made by Audit New Zealand on the audit for June 2020

**WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY**

At the completion of each annual audit, Audit New Zealand issue a management report to Council in which they identify recommendations for action by staff.

In the attached report, there are 5 recommendations that are identified as “necessary”.

None of the issues are critical to the operation of Council and staff have provided commentary that identifies actions for each one.

**TŪTOHUNGA / RECOMMENDATION**

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

**TĀHUHU KŌRERO / BACKGROUND**

At the end of each financial year, Council prepares an Annual Report in accordance with the requirements of the Local Government Act 2002. The Annual Report and supporting information is audited each year by Audit New Zealand. The outcome of the audit is a report to management that identifies any issues that require attention.

**MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS**

The Management report for the audit for the financial year ended 30 June 2020 is attached. The report identifies 5 areas with recommendations that audit view as necessary. These are as follows:

Recommendation	Ref.	Priority
<b>Compliance with PBE IPSAS 17 property, plant and equipment</b> <p>The Council need to ensure the entire class of property, plant and equipment to which the asset subject to revaluation belongs shall be revalued to fully comply with PBE IPSAS 17.</p> <p>We also recommend that the Council review its disclosure to address these deficiencies identified in Property, plant and equipment note of the annual report.</p>	4.1	Necessary
<b>Network administrator user accounts</b> <p>The allocation of powerful system administration user accounts is only provided to those people whose job role it is to maintain the network operating systems software and data. Further, these accounts should be associated with strong authentication rules to guard against being compromised.</p>	4.2	Necessary
<b>Performance reporting control environment</b> <p>Council should establish appropriate controls around the performance reporting process for RFS-related performance measures to ensure calculation methodology used comply with DIA guidance and that those results are fairly stated in the annual report.</p>	4.3	Necessary
<b>Non-compliance with the Local Government (Rating) Act</b> <p>Council should ensure there is a robust review in place to ensure consistency between these documents in the future so that rates are charged in line with the overall rates resolution approved by Council.</p>	4.4	Necessary
<b>Bank suspense account</b> <p>Council should ensure suspense accounts are monitored regularly and cleared in a timely manner.</p>	4.5	Necessary

The definition of “necessary” is as follows:

**Address at the earliest reasonable opportunity, generally within six months**

These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.

Staff have provided a response to all 5 issues within the body of the report and none are seen as critical to the operation of the organisation.

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

The are no financial implications associated with this report.

## **ĀPITI HANGA / ATTACHMENTS**

- FNDC 20J final Report to Governors ARF June 2020 - A3216667** [📄](#) 

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

# Report to the Council on the audit of

Far North District Council

For the year ended 30 June 2020

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## Key messages

We have completed the audit for the year ended 30 June 2020. This report sets out our findings from the audit and draws attention to areas where the Council is doing well and where we have made recommendations for improvement.

### Audit opinion

We issued our audit report on 10 December 2020. Our report included an unmodified opinion on the financial statements and statement of service provision. This means we were satisfied that these statements present fairly the Council's activities for the year and its financial position at the end of the year.

Without modifying our audit opinion, we included an emphasis of matter paragraph to draw attention to the disclosures in the financial statements relating to the effect of the Covid-19 pandemic on Far North District Council.

### Matters identified during the audit

There is a small number of new recommendations following this year's audit. These are summarised in section 1.1. of this report with the supporting detail in section 4. There are also a number of outstanding recommendations from prior years. These are summarised in section 1.2 of this report and detailed in Appendix 1. All recommendations will be followed up during our audit for the year ended 30 June 2021.

### Thank you

We would like to thank the Council, management and staff for their assistance throughout the audit.



David Walker  
Appointed Auditor  
28 May 2021

## 1 Recommendations



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

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

### 1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Ref.	Priority
<b>Compliance with PBE IPSAS 17 property, plant and equipment</b> The Council need to ensure the entire class of property, plant and equipment to which the asset subject to revaluation belongs shall be revalued to fully comply with PBE IPSAS 17. We also recommend that the Council review its disclosure to address these deficiencies identified in Property, plant and equipment note of the annual report.	4.1	<b>Necessary</b>

Recommendation	Ref.	Priority
<b>Network administrator user accounts</b> The allocation of powerful system administration user accounts is only provided to those people whose job role it is to maintain the network operating systems software and data. Further, these accounts should be associated with strong authentication rules to guard against being compromised.	4.2	Necessary
<b>Performance reporting control environment</b> Council should establish appropriate controls around the performance reporting process for RFS-related performance measures to ensure calculation methodology used comply with DIA guidance and that those results are fairly stated in the annual report.	4.3	Necessary
<b>Non-compliance with the Local Government (Rating) Act</b> Council should ensure there is a robust review in place to ensure consistency between these documents in the future so that rates are charged in line with the overall rates resolution approved by Council.	4.4	Necessary
<b>Bank suspense account</b> Council should ensure suspense accounts are monitored regularly and cleared in a timely manner.	4.5	Necessary

## 1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous years' recommendations. Appendix 1 sets out the status of previous year's recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	0*	9	4	13
Implemented or closed	0	6	0	6
<b>Total</b>	<b>0</b>	<b>15</b>	<b>4</b>	<b>19</b>

*\*Urgent recommendation we have previously raised has been re-assessed as "Necessary" as significant progress have been made.*

## 2 Our audit report

### 2.1 We issued an unmodified audit report



We issued an unmodified audit report on 10 December 2020. This means we were satisfied that the financial statements and statement of service provision present fairly the District Council's activity for the year and its financial position at the end of the year.

Without modifying our audit opinion, we included an emphasis of matter paragraph to draw attention to the disclosures in the financial statements relating to the effect of the Covid-19 pandemic on Far North District Council.

### 2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. All significant misstatements identified during the audit have been corrected, other than the items below.

Current year uncorrected misstatements	Ref.	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Rate and rate penalty revenue	1				2,082,000
Impairment of rates receivable expense					(2,082,000)
Rate and rate penalty revenue	2				(554,000)
Unbilled accruals		554,000			
<b>Total group</b>		<b>554,000</b>			<b>(554,000)</b>

#### Explanation of uncorrected misstatements

- At the point revenue is recognised, the Council should only be recording the rates and rates penalties that it expects to receive. This "day zero impairment" should not be recognised as an impairment expense. Rather, the revenue balance should be reduced accordingly. Based on current collection rates, revenue and expenses are estimated to be overstated by \$2,082,000.
- Due to the Covid-19 Level 4 lockdown, water meters could not be read for Kaikohe and they were not billed on their water consumption during the lockdown period. The unbilled water consumption for Kaikohe had not been accrued for, and therefore, the revenue and accrued debtors are estimated to be understated by \$554,162.

### 2.3 Corrected misstatements

We also identified misstatements that were corrected by management. These corrected misstatements had an effect on the disclosure between two current asset classes as reflected in the table below.

Current year corrected misstatements	Ref.	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Movement to Retained Earnings	1				580,000
Retained Earnings				(580,000)	
<b>Total group</b>				<b>(580,000)</b>	<b>580,000</b>

#### Explanation of corrected misstatements

- 1 To recognise the accounting mismatch between FNHL and FNDC after dividend declared before 30 June 2020.

### 2.4 Corrected disclosure deficiencies

Detail of disclosure deficiency
A number of disclosure misstatements were identified which were all adjusted prior to the completion of the audit. These mainly related to note disclosure not being updated from prior year according to current year's actual results.

### 2.5 Corrected performance reporting misstatements

Detail of misstatement
A number of performance reporting misstatements were corrected during the course of the audit. These mainly related to the results being incorrectly calculated and which were subsequently corrected.

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



Management are responsible for providing information for audit relating to the annual report of Far North District Council. This includes the draft annual report with supporting working papers.

We continue to see improvements in the quality and timeliness of information provided to us for audit and appreciate management's efforts.

### 3 Matters raised in the Audit Plan



In our Audit Plan of 8 July 2020, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
<b>Impact of Covid-19</b>	
<p>In recent weeks there has been a global response to Covid-19. This has created significant uncertainty for all entities across the public sector as well as communities and families. While we expect this will create a number of issues that will impact on your business and Annual Report we have not attempted to detail these in the audit plan, given events continue to evolve and the implications are changing day-by-day.</p> <p>Our primary response at this stage is to make sure our staff are safe and that we continue to work collaboratively and safely with the Council to complete your audit. We plan to meet with management where possible, and maintain up to date with the implications of Covid-19 for as this continues to develop in the coming weeks and months.</p>	<p>The Covid-19 pandemic did not have a significant financial impact on the Council and group and on its ability to meet performance targets.</p> <p>We assessed whether the Council and group's financial statements and performance information contained sufficient information and disclosures for readers to understand the impact of Covid-19 on its operations and financial statements.</p> <p>Based on our audit work, we were satisfied that the main impacts of the pandemic were appropriately disclosed in the notes to the financial statements and in the statement of performance.</p> <p>We have included an emphasis of matter paragraph in our audit report to draw the attention of readers to these disclosures.</p>
<b>Carrying value of assets (subject to periodic revaluations)</b>	
<p>Far North District Council recognises a range of asset classes at fair value in its financial statements.</p> <p>The Council is required to carry out valuations with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</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>The Council will therefore need to formally assess whether fair value is materially different from carrying value and whether a valuation is required.</p>	<p>We enquired whether any material valuations had been performed in accordance with PBE IPSAS 17, Property, Plant and Equipment. In that regard, and in particular, we:</p> <ul style="list-style-type: none"> <li>obtained assurance that the valuation methodology complies with accounting standards;</li> <li>assessed whether the fair value reasonably reflects the condition of assets (professional assistance was sought (valuers)) and therefore their remaining useful lives; and</li> </ul>

Audit risk/issue	Outcome
<p>This assessment needs to be completed early in the audit process so that, if a full valuation is required, there is sufficient time for this to be completed, and the accounting entries processed.</p>	<ul style="list-style-type: none"> <li>checked that the Council has correctly accounted for the revaluation in its financial statements.</li> </ul> <p>Council have performed this year's valuations with an effective date ranging from May to June 2020. Impairment has been considered as part of the valuation process and also through enquiries following the completion of the valuation process up to balance date.</p> <p>We also enquired with Council into the existence of any other known impairment indicators which the Council have confirmed they are not aware of any.</p> <p>The valuers had considered the impact of Covid-19 in completing the revaluation.</p> <p>We have obtained sufficient assurance that the fair value of land and buildings is not materially different to carrying value due to uncertainties resulting from the impact of Covid-19 pandemic.</p> <p>For new recommendations raised, refer to section 4.1 below.</p>
<b>Carrying value of Property, Plant and Equipment measured at cost and intangible assets</b>	
<p>For Property, Plant and Equipment (PPE) held at cost and intangible assets, Council is required to undertake an annual assessment for indicators of impairment in accordance with the accounting standards. The bar is even higher for intangible asset work in progress, which is required to be tested for impairment.</p> <p>Due to the subjectivity involved in making this assessment, there is an inherent risk that the carrying values of PPE measured at cost and intangible assets are overstated.</p> <p>In recent years there has been an increase in severe weather events. These have had an impact on local infrastructure in the far north. It has not always been clear how the Council has considered this when valuations have been undertaken or when it has been undertaking its impairment assessments.</p>	<p>We have considered Council's impairment assessment for assets carried at costs and confirmed that the conclusions reached by management appear reasonable.</p> <p>We have reviewed the impairment and confirmed that the Council has complied with PBE IPSAS 21, <i>Impairment of Non-cash Generating Assets</i>.</p>

Audit risk/issue	Outcome
<b>The risk of management override of internal controls</b>	
<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>As part of our audit we have:</p> <ul style="list-style-type: none"> <li>• tested the appropriateness of selected journal entries;</li> <li>• reviewed accounting estimates for indications of bias; and</li> <li>• evaluated any unusual or one-off transactions, including those with related parties.</li> </ul> <p>No issues were noted from the work performed.</p>
<b>Accounting for controlled entities</b>	
<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>This is especially important this financial year given the implementation of new accounting standards that may impact on the Council. The following standards come into effect for the financial year beginning 1 July 2019:</p> <ul style="list-style-type: none"> <li>• PBE IPSAS 34 <i>Separate Financial Statements</i>.</li> <li>• PBE IPSAS 35 <i>Consolidated Financial Statements</i>.</li> <li>• PBE IPSAS 36 <i>Investments in Associates and Joint Ventures</i>.</li> <li>• PBE IPSAS 37 <i>Joint Arrangements</i>.</li> </ul>	<p>We have considered the financial information for all controlled entities and noted that none of them were material to the Group financial statements.</p> <p>The Council and the Group were also required to adopt a new suite of group accounting standards in preparing the 30 June 2020 financial statements.</p> <p>We have reviewed the accounting policies for compliance with the new standards and assessed the adequacy of disclosures in the financial statements.</p> <p>No issues were identified as a result of the work we performed.</p>



Audit risk/issue	Outcome
<ul style="list-style-type: none"> <li>PBE IPSAS 38 <i>Disclosure of Interests in Other Entities</i>.</li> </ul>	
<b>Reinstatement of four well-beings to the Local Government Act 2002</b>	
<p>The Government has reinstated the “Four well-beings” to the Act. The purpose of local government is once again “to promote the social, economic, environmental, and cultural well-being of communities”.</p> <p>The Act has reintroduced the requirement for a local authority’s Annual Report to describe any identified effects that any activity within the group of activities has had on the social, economic, environmental, or cultural well-being of the community, as opposed to the previous more general requirement to describe those effects on “the community” per clause 23(d) of Schedule 10 of the Local Government Act 2002.</p> <p>Now that the requirement has been reintroduced, Council will need to ensure that the Annual Report complies with Schedule 10 of the Act disclosures for the year ended 30 June 2020.</p>	<p>We reviewed the disclosure made in the Annual Report and assessed whether the disclosure complies with Schedule 10 of the Act.</p> <p>No issues were identified.</p>

## 4 Matters identified during the audit



During the audit we identified the following matters not specifically identified as part of our planning.

### 4.1 Compliance with PBE IPSAS 17 *Property, plant and equipment*

Not all assets in Roading asset class have been revalued this year. For example, Streetlighting, Quarries and Ferry assets, which form part of the roading activity asset class, were not revalued as at 30 June 2020 as these assets are not scheduled to be revalued until the next financial year.

This does not technically comply with PBE IPSAS 17 paragraph 51, as where an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs must be revalued.

We recommend that the Council needs to ensure the entire class of property, plant and equipment to which the asset subject to revaluation belongs should be revalued to fully comply with PBE IPSAS 17.

In addition, the Property, plant and equipment note disclosure showed Land under Roads as being classified as Operational Land under "Operational Assets". Land under roads should be classified as an infrastructural asset class in the financial statements.

Water and Wastewater assets were split into "Treatment Plants and Facilities" and "Other". For Water and Wastewater assets that are classified as "Other", there should be appropriate narration disclosed to explain what assets are classified as "Other".

We recommend that Council reviews its disclosure to address these deficiencies identified in the Property, plant and equipment note of the annual report.

#### Management comment

*Paragraphs 51A and 52 of IPSAS 17 do not actual define what a class of assets should be. In the above Audit comment, an Activity is being defined as a class of assets but that is not how Council determine an asset class. Paragraph 52 provides examples of asset classes, of which Roading is one, but the detail behind that is not defined. Council have several "classes" of asset that are revalued as required. Council does not agree that current disclosures are deficient.*

*The Local Government (Financial Regulation and Prudence) Regulations 2014 paragraph 6 (2) (a) (ii) and paragraph 6 (2) (b) (ii) requires Council to disclose "Other assets" with these noted as "such as reticulation systems" but it does not require Council to define what "other" means. Council does not agree that current disclosures are deficient but will amend the disclosures by replacing "other" with "reticulation systems".*

*Paragraph 21 of IPSAS 17 advises that there is no universally accepted definition of infrastructure assets and does not include land under specific assets in the examples. Land under roads can be moved to infrastructural assets for 30 June 2021 as suggested but it is unclear on what basis this is being suggested.*

#### **Audit NZ comment**

A “class” of asset for financial reporting purposes is defined in section 13 (PBE IPSAS 17) as: *“Class of property, plant and equipment means a grouping of assets of a similar nature or function in an entity’s operations that is shown as a single item for the purpose of disclosure in the financial statements.”* To clarify, a class of asset is not defined by an “activity”, but reference to “activity” portrays the *“... grouping of assets of a similar nature or function ...”* of the definition.

There may not be a universally accepted definition of infrastructure assets (PBE IPSAS 17.21), however there is a high degree of commonality across New Zealand Local Government on what would be included in infrastructure assets. FNDC’s own financial statements (page 82) refers; *“Infrastructural asset classes: sewerage, water, refuse, stormwater and roading”*. We acknowledge that FNDC’s PPE note goes on to refer to “sub-groups” of assets as asset classes.

What is clear is PBE IPSAS 17.51 requires that if an item of PPE is revalued “the entire class of property, plant and equipment to which that asset belongs shall be revalued”.

Council may need to consider clarifying which assets are in which classes. In doing that, consideration should also be given to maintaining the corresponding Revaluation Reserve for each class, noting the requirement to maintain a separate revaluation reserves for each class (PBE IPSAS 17.56); *“Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment must be offset against one another within that class but must not be offset in respect of assets in different classes.”*

Having consider the above, and added further explanatory comment, our recommendation remains for the 2019/20 financial year.

## **4.2 Network administrator user accounts**

We obtained a listing of all Active Directory (AD) accounts. We reviewed this list and targeted user accounts that have powerful administrative rights over systems software and data. These user accounts normally fall into the category of “Domain Administrator”, “Enterprise Administrator” and “Schema Administrator”. We expect these accounts to be limited to the people whose job role it is to administer systems software and data, for example Systems Engineers and contractors who are employed to perform specific IT tasks for Council.

Good business practice in managing these accounts includes limiting their issue to only those people who need them to perform their job role and that the accounts have strong authentication rules that preclude use by people who want to gain unauthorised access to

Council systems. Additionally, we often see that the people who own and use these accounts also have another account that they use for normal daily tasks.

Our review showed that there are many user accounts that have these systems administration rights and some of these do not conform to Council policy on user authentication rules.

We recommend that the allocation of powerful system administration user accounts is only provided to those people whose job role it is to maintain the network operating systems software and data. Further, these accounts should be associated with strong authentication rules to guard against being compromised.

#### **Management comment**

*All network administrator user accounts have been reviewed and limited to specific IT staff that need this type of account to perform their job tasks.*

*IT staff that perform system administration as part of their job tasks have two network user accounts. They have one that is used specifically for system administration which is prefixed with "SA" (System Administration). They have a separate network user account for their non-system administration usage.*

*Multi Factor Authentication (Microsoft Authenticator) has been implemented for all FNDC staff including network administrator user accounts.*

### **4.3 Performance reporting control environment**

From our testing over water supply and wastewater measures, we have identified some weaknesses in the control environment for these measures.

Calculation and reporting processes are currently reliant on manual calculation and there are limited quality assurance controls in place. Data imported from the RFS (Request for Service) system gets manually copied over to an excel spreadsheet and calculation is formula driven throughout the workbook.

From our audit we have identified the following matters:

- formulas were inconsistently applied throughout the workbook;
- formulas used to calculate the results did not comply with the DIA guidelines;
- not all data from the RFS system extraction was copied over resulting in an incomplete population that was subsequently reported against; and
- not all data was captured accurately

Due to the issues identified, we have re-extracted the RFS population and performed re-calculation in line with DIA guidance to determine whether the reported results for the year have been materially misstated.

From the analysis carried out, the results were not materially different, and therefore, we were able to accept the results disclosed as materially correct.

We recommend that the Council establish appropriate controls around the performance reporting process for RFS-related performance measures to ensure calculation methodology used comply with DIA guidance and that those results are fairly stated in the annual report.

**Management comment**

*To mitigate the above, FNW have been developing a new automated reporting system (Go Canvas Analytics), which minimize the requirement for manual input. This has been worked on for the past year and is in the final review stages. It will be fully implemented close of June 21.*

**4.4 Non-compliance with the Local Government (Rating) Act**

During our review of the Council's rating system we identified a minor non-compliance whereby the Council's Funding Impact Statement did not agree to the Rates Resolution that was approved by Council. The discrepancy between these documents was small with the variance representing \$0.10 per rating unit for the Kaikohe Sewerage Capital rate. While the difference was small this still represents a minor non-compliance with the Local Government (Rating) Act. The risk to Council is that if the discrepancy was challenge by a ratepayer whether through legal action that rate could be set-aside.

We recommend Council ensures that there is a robust review in place to ensure consistency between these documents in the future so that rates are charged in line with the overall rates resolution approved by Council.

**Management comment**

*Management acknowledge that this was an error. The Funding Impact Statement is externally reviewed by Simpson Grierson and is internally checked at three points during the process. Unfortunately, due to the similarity of the numbers involved, none of the checks identified the difference. Management will ensure that a robust checking process is in place going forward that is completed outside of the finance team.*

**4.5 Bank suspense account**

Bank suspense account is used for monies that cannot be allocated at the time of deposit where Banking Services have been unable to identify what the payment was for. Payments made which cannot be allocated due to lack of information remain in this suspense account. During the year, we noted that the bank suspense accounts were not being cleared in a timely manner with balance ageing between two to three months.

We recommend that suspense accounts are monitored regularly and cleared in timely manner.

**Management comment**

*Majority of the payments added to the suspense occur on and around rates instalment due dates due to missing or unclear references. These tend to be cleared within a few days once receipts are received or identified when rate payers contact us after receiving a penalty notice.*

*For this last reason, staff wait until after instalment due date each month before they return funds which allows customers to receive penalty notices, contact Council and claim the payments. For instance:*

- 1) Instalment 1 due date 20 August 2020*
- 2) Penalty run 27 August 2020*
- 3) Letters sent to rate payers 28 August 2020*
- 4) Allow 2-3 weeks for rate payers to contact us 18 September 2020*
- 5) Clear suspense account 30 September 2020.*

*Outside of instalment due dates, other Council teams are contacted to help identify unknown payments or staff ask Council's bank to request further information from the originating bank. Once staff have exhausted all options, they ask the bank to return the funds to the payee.*

*Staff are taking the following actions this rating year to reduce the number of payments moving in and out of the suspense account:*

- Contact all rate payers who pay multiple accounts but submit remittances to incorrect Council departments which results in a 3-5 working day delay or more, and request they send direct to Banking Services.*
- Updating Bill Payee registration information with all major banks, making Property Owner Surname and Rate Account Number (RA) or Water Account Number (WA) compulsory when their customers make online payments through their banking app.*
- Encourage more people to paying by Direct Debit or online via Council's website.*

## 5 Public sector audit



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

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

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

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

No issues were identified based on the work we performed as part of this year's audit.

## 6 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
- Northern Adventure Experience Limited

We have not identified any of the following during our audit for the year ended 30 June 2020:

- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.



## 7 Useful publications



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

Description	Where to find it
<b>Sensitive expenditure</b>	
The Auditor-General has updated his good practice guide on sensitive expenditure. The guide provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders "setting the tone from the top". It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.	On the OAG's website under publications. Link: <a href="#">Sensitive expenditure</a>
<b>Covid-19 Impact on Public Sector Reporting</b>	
<p>The state of emergency in response to the Covid-19 coronavirus has significantly impacted most public sector entities. The consequences for the completion of annual reports and the annual financial statements are one part of this impact.</p> <p>We are developing a series of Bulletins in response:</p> <ul style="list-style-type: none"> <li>• revaluations of property, plant and equipment and investment property;</li> <li>• service performance reporting; and</li> <li>• financial reporting.</li> </ul>	On our website under good practice. Link: <a href="#">Covid-19 bulletins</a>
<b>Client updates</b>	
<p>As part of our response to the Covid-19 situation, we developed online client updates to replace the in-person sessions that were cancelled.</p> <p>This year's material is accessible via video presentations on our website. You can explore the material at a pace that takes account of your busy schedule.</p> <p>The themes respond to challenges that our clients now face, such as planning for unexpected events or dealing with additional reporting requirements related to Covid-19 and climate change.</p>	On our website under publications and resources. Link: <a href="#">Client updates</a>

Description	Where to find it
<b>Client substantiation file</b>	
<p>When you are fully prepared for an audit, it helps to minimise the disruption for your staff and make sure that we can complete the audit efficiently and effectively.</p> <p>We have put together a tool box called the Client Substantiation File to help you prepare the information you will need to provide to us so we can complete the audit work that needs to be done. This is essentially a tool box to help you collate documentation that the auditor will ask for.</p>	<p>On our website under good practice.</p> <p>Link: <a href="#">Client Substantiation File</a></p>
<b>Long-term plans and consultation documents</b>	
<p>Having audited long-term plans (LTPs) since 2006, we understand the significant effort that councils invest in preparing an LTP.</p> <p>We want to make the audit process for the 2021-31 LTPs and consultation documents as straightforward as possible, so we have put together some information to help councils to:</p> <ul style="list-style-type: none"> <li>• understand our responsibilities and our main focus areas in the audit;</li> <li>• prepare better documents for their communities; and</li> <li>• develop project plans that make their LTP process go smoothly.</li> </ul>	<p>On our website under good practice.</p> <p>Link: <a href="#">Long-term plans and consultation documents</a></p>
<b>Conflicts of interest</b>	
<p>The Auditor-General has recently updated his guidance on conflicts of interest. A conflict of interest is when your duties or responsibilities to a public organisation could be affected by some other interest or duty that you have.</p> <p>The update includes a printable A3 poster, an animated video on predetermination and bias, gifts and hospitality, and personal dealings with a tenderer. There is also an interactive quiz.</p> <p>These can all be used as training resources for your own employees.</p>	<p>On the Office of the Auditor-General's website under 2019 publications.</p> <p>Link: <a href="#">Conflicts of interest</a></p>

Description	Where to find it
<b>Severance payments</b>	
Because severance payments are discretionary and sometimes large, they are likely to come under scrutiny. The Auditor-General has released updated good practice guidance on severance payments. The guide is intended to help public sector employers when considering making a severance payment to a departing employee. It encourages public organisations to take a principled and practical approach to these situations. The update to the 2012 good practice guidance reflects recent case law and changes in accounting standards.	On the OAG's website under 2019 publications. Link: <a href="#">Severance payments</a>
<b>Good practice</b>	
<p>The OAG's website has been updated to make it easier to find good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> <li>• audit committees;</li> <li>• conflicts of interest;</li> <li>• discouraging fraud;</li> <li>• good governance;</li> <li>• service performance reporting;</li> <li>• procurement;</li> <li>• sensitive expenditure; and</li> <li>• severance payments.</li> </ul>	On the OAG's website under good practice. Link: <a href="#">Good practice</a>
<b>Procurement</b>	
<p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>This is focused on local government and therefore, relevant to the District Council.</p>	On the OAG's website under publications. Link: <a href="#">Procurement article</a>

## Appendix 1: Status of previous recommendations

### Open recommendations

Recommendation	First raised	Status
<b>Necessary</b>		
<b>Periodic review of network logon accounts</b>  We recommend that the Active Directory is regularly reviewed to verify that user network logon accounts comply with Council password rules and that the accounts have not become redundant.	2019	<b>Open</b>  A formal process has been established to regularly review "Active Directory" (AD) to ensure that user network logon accounts are current. Council policy is that network user account passwords must expire and be changed on a regular basis.  We noted there are a high number of network user logon accounts that have no requirement for the password to change and additionally, there are many accounts that have not been used for a period longer than six months.  We noted that an Internal Audit review of network user accounts was carried out in March 2020 and highlighted similar issues to our review.  We continue to recommend that the review of Active Directory is completed and is regularly performed thereafter to ensure that network user logon accounts comply with Council password rules and good business practice.
<b>Cashing up on annual leave</b>  We recommend that Council's leave policy is updated to reflect the legal limits and approval processes for cashing up annual leave balances.	2018	<b>Open</b>  Some progress has been made since our last report. From our review of the policy we note that there is guidance for cashing out annual leave but no mention of legal limits.
<b>Segregation of duties – Journal entries</b>  We recommend that management investigate whether changes can be made to the settings in TechOne to prevent the same person from being able to prepare and approve a journal.	2018	<b>Open</b>  The current software does not allow such change to be made in the settings in TechOne.  Investigation is planned to take place when the software is upgraded going forward.

Recommendation	First raised	Status
		We will continue to follow up on our recommendation as part of a later audit visit.
<b>User access within TechOne accounting software</b>  We recommend that management reviews user access rights within TechOne on a regular basis to make sure that they are consistent with the Council's policy.	2018	<b>Open</b>  We noted that an Internal Audit review of network user accounts was carried out in March 2020 and highlighted user access-related issues as well.  We continue to recommend that a formal review process on user access rights within TechOne be implemented for management to review on a regular basis to make sure that they are consistent with the Council's policy.
<b>Consolidated financial statements</b>  Issues noted with the group financial statements in the prior years that could result in material misstatements going forward are as follows: <ul style="list-style-type: none"> <li>Revaluation cycles - we found that not all assets in a class are revalued at the same time by all entities in the group. For example, FNHL revalue their land and buildings annually and the District Council does not.</li> <li>The District Council currently accounts for FNHL land, buildings and runways as separate asset classes for revaluation purposes in the group financial statements. Unless the FNHL assets are entirely different asset classes from the District Council, the revaluation reserve that relates to assets owned by FNHL should be included in the same revaluation reserve line for the relevant asset class in the group financial statements (whether that is land, buildings etc.).</li> </ul>	2018	<b>Open</b>  We continued to note that not all assets in a class are revalued at the same time by all entities in the group. Same issue was noted at the Parent level this year as highlighted under Section 4.1 above.  We also note that the accounting treatment for CAPEX PGF funding recognition and other non-cash transactions between the group entities shall be considered carefully as part of the group financial statements consolidation process.  We recommend that the consolidation process undertaken by Council also take into consideration the different recognition requirements between the group entities, for example between the FNHL (For-profit) and FNDC (Public Benefit Entity) when revenue and assets are recognised on the group accounts.

Recommendation	First raised	Status
<b>High annual leave balances</b> We recommended that annual leave balances are regularly reviewed and action is taken to actively manage the leave liability and mitigate the associated risks.	2017	<b>Open</b> Leave balances continue to be high.
<b>Significant projects</b> We recommended that the Council make sure that, for each project: <ul style="list-style-type: none"> <li>• robust project governance and management structures are in place;</li> <li>• a project plan is developed;</li> <li>• a procurement plan is documented;</li> <li>• a comprehensive risk register is maintained;</li> <li>• regular project reporting is undertaken; and</li> <li>• adequate systems and controls are in place for:               <ul style="list-style-type: none"> <li>○ recording and appropriately classifying expenditure;</li> <li>○ ensuring the business benefits are identified, planned, implemented, managed and monitored through appropriate change management; and</li> <li>○ Identifying commitments for disclosure in the Council's financial statements.</li> </ul> </li> </ul> We also recommended that the Council consider obtaining independent assurance over significant projects to provide the Council with comfort that appropriate project management practices are being applied.	2016 or earlier	<b>Open</b> This recommendation has previously been graded as an "urgent" recommendation to be addressed. This year we have seen significant progress made since our last report. The Council has developed the Project Management Framework in October 2019 and the Council currently have portfolio planning project underway which serves the purpose of developing the Prioritisation Plan. This will help with portfolio planning for the next LTP process. For training purposes, a programme of running PRINCE2 Foundation and in-house sessions are to be carried out, however, this was on hold due to drought and Covid-19 pandemic during the current year under review. We intend including a status update on this recommendation as part of a later audit visit.

Recommendation	First raised	Status
<b>Deferral of capital expenditure</b> We recommended that the Council gives consideration to the impact of deferred capital expenditure on asset condition and any potential impact this may also have on Council's asset valuations and impairment assessments for future reporting cycles.	2016 or earlier	<b>Open</b> Council continues to experience issues in delivering the full capital plan detailed in the Council's 2018-28 Long-term Plan.  As this issue is to be monitored and addressed through programme Darwin, we intend including a status update on this recommendation as part of a later audit visit.
<b>Conflict of interest</b> We recommend that: <ul style="list-style-type: none"> <li>improvements are made to policies and procedures in connection with the management of conflicts of interest as a matter of priority; and</li> <li>perceived conflicts are proactively managed. This could include making a proactive disclosure to the market to give participants a level of comfort about the District Council's management of perceived conflicts of interest.</li> </ul>	2016 or earlier	<b>Started</b> The Council now uses SharePoint to record all conflicts of interest and management plans are stored in Objective. FNDC staff records are in progress of being transferred into SharePoint.  New staff are requested to fill in an Employee Declaration Form in SharePoint on their first day at FNDC.  With the Council now maintaining the records on an electronic platform, we intend on substantively reviewing how effective this process is as part of a later audit visit.
<b>Beneficial</b>		
<b>Property, plant and equipment disclosure</b> We recommended that management reviews the PPE disclosures in the financial statements in advance of the next annual reporting cycle and considers whether changes can be made so that these more fully comply with the accounting standards.	2017	<b>Open</b> Some progress has been made since our last report. For further improvement points discussed, refer to Section 4.1 of this report.
<b>Carbon credits</b> We recommended that the Council recognise the carbon credits that it acquired at fair value at the date of acquisition.	2017	<b>Open</b> No progress has been made since our last report.

Recommendation	First raised	Status
<p><b>Information security policies</b></p> <p>The information security policies were reviewed as part of the Information Security Audit and while due for review, were found to be adequate in terms of content as were the processes sitting in behind these policies and adherence to both.</p> <p>An Internal Policy review was also undertaken by FNDC's Internal Auditor in 2018 and a review programme is underway (these policies scheduled for March 2019 – there were no urgent issues identified with these policies through the audit therefore the updating has been prioritised against other commitments the IS Team have).</p>	2016 or earlier	<p><b>Open</b></p> <p>We noted that the Far North District Council implemented information security management policies some time ago. However, these policies have not been reviewed and updated since 2011.</p> <p>With the changes in management structure during the current period it has been decided to set aside the Kaon/MPA Policy System framework. New IT related policies are to be developed, reviewed, approved and published.</p> <p>We continue to recommend that the task to develop, review, update and implement the information security policies is completed.</p>
<p><b>Conflict of interest management</b></p> <p>A documented approach should be introduced detailing how declared conflicts of interest for staff members are reviewed and mitigations are implemented. The mitigations put in place for each declared interest by staff should be recorded in the Interests Register. We also recommend that all conflict of interest management plans are signed off by staff to confirm that they understand and accept the required mitigations.</p>	2019	<p><b>Started</b></p> <p>The Council now uses SharePoint to record all conflicts of interest and management plans are stored in Objective. FNDC staff records are in progress of being transferred into SharePoint.</p> <p>New staff are requested to fill in an Employee Declaration Form in SharePoint on their first day at FNDC.</p> <p>With the Council now maintaining the records on an electronic platform, we intend on substantively reviewing how effective this process is as part of a later audit visit.</p>



**Implemented or closed recommendations**

Recommendation	First raised	Status
<b>Payroll Masterfile changes</b> We recommended a payroll master file changes report is generated on a regular basis and reviewed by someone independent of the person making the changes and who does not have access to make changes to the master data themselves.	2016 or earlier	<b>Implemented</b> Management have actioned the recommendation and a HR Advisor reviews the Masterfile changes on a monthly basis from February 2020. The issue has been addressed.
<b>Valuation of land under roads</b> We recommended that the Council consider the appropriateness of the methodology used for valuing land under roads.	2017	<b>Closed</b> The Council no longer revalue land under roads. The issue has been closed.
<b>Resource management deposits</b> We recommend management reviews resource management deposits and makes an assessment as to whether they still meet the definition of a liability. If not, they should be released to revenue.	2018	<b>Implemented</b> A body of work was undertaken by the consenting team to identify refundable deposits. A significant portion of these deposits were written off to new natural account 1920 as an internal legal opinion confirmed that monies held more than six years can legally be written off. Consenting are continuing to monitor the remaining bonds held and refunding them where possible or advising the Financial Accountants if there are to be written off. The issue has been addressed and regular updates will be sought from the client to ensure that this process continues each year.
<b>Carrying value of assets subject to periodic valuation</b> We recommend that Council prepare an impairment assessment to cover the period between valuation date and year end to ensure any indicators of impairment are considered as part of preparing the financial statements.	2019	<b>Closed</b> We have sighted evidence of the Council considering impairment as part of preparing the financial statements to cover the period between valuation date and year end. This issue has been closed.

Recommendation	First raised	Status
<p><b>Kerikeri Civic Centre Trust loan guarantee</b></p> <p>Council should seek up to date financial information from the Trust to determine whether Council continues to have a financial guarantee liability or if the Trust has sufficient resources to service the loan without Council's assistance.</p>	2019	<p><b>Closed</b></p> <p>Council have recognised Nil financial guarantee liability for this year.</p> <p>From our review, it was assessed that Council is no longer required to recognise the liability nor contingent liability on the Kerikeri Civic Centre Trust loan guarantee.</p> <p>This issue has been closed.</p>
<p><b>Disclosure of agriculture assets</b></p> <p>Council should consider the disclosure requirements for agriculture assets applicable to the group financial statements and ensure that appropriate systems are in place to obtain this information from Far North Holdings Limited as part of the consolidation process.</p>	2019	<p><b>Closed</b></p> <p>Council considered the disclosure requirements for agriculture assets applicable to the group financial statements and ensured to disclose information from Far North Holdings Limited as part of the consolidation process this year.</p> <p>This issue has been closed.</p>

## Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the Local Government in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed and over the tender process for the swimming pool operators.</p> <p>Other than the audit and these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.</p>
Fees	<p>The audit fee for the year is \$176,483, as detailed in our Audit Proposal Letter.</p> <p>Other fees charged in the period are \$6,985, for limited assurance engagement related to the District Council's debenture trust deed.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council or its subsidiaries during or since the end of the financial year.</p>



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**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:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>7.1 - Confirmation of Previous Minutes</b>	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
<b>7.2 - Audit New Zealand Fraud Questionnaire for Governance - May 2021</b>	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
<b>7.3 - Far North District Council Current Legal Action and Potential Liability Claims as at 31 May 2021.</b>	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



**8 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER**

**9 TE KAPINGA HUI / MEETING CLOSE**