



**I, Kitea Tipuna, Tumu Whakarae Chief Executive, hereby give notice that
Finance, Audit & Risk Committee Meeting will be held on:**

Date: Tuesday, 12 April 2022
Time: 1.30pm
Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa

AGENDA

Finance, Audit & Risk Committee Meeting

12 April 2022

MEMBERSHIP: His Worship the Mayor Craig Little, Cr Jeremy Harker, Cr Denise Eaglesome-Karekare, Mr Philip Jones, Cr Danika Goldsack

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

Order Of Business

1	Karakia.....	5
2	Apologies for Absence	5
3	Declarations of Conflict of Interest	5
4	Chairperson's Announcements	5
5	Late Items of Urgent Business.....	5
6	Public Participation	5
7	Minutes of the Previous Meeting.....	5
8	General Items.....	9
8.1	Draft Financial Forecasts for the Annual Plan 2022-23.....	9
8.2	Rain and Flood - Emergency Event March 2022	31
8.3	EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2022	34
8.4	MONTHLY REPORT TO 28 FEBRUARY 2022	55
8.5	Annual Report for the year ended 30 June 2022: Timetable and audit plan.....	77
8.6	UPDATE ON DEVELOPMENT OF THE ANNUAL PLAN 2022/2023 AND CONSULTATION DOCUMENT	85
9	Public Excluded Items	88
9.1	Te Wairoa e Whanake Risk Review	88

- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 CHAIRPERSON'S ANNOUNCEMENTS**
- 5 LATE ITEMS OF URGENT BUSINESS**
- 6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 15.1 requests to speak must be made to the Chief Executive Officer at least one clear day before the meeting; however this requirement may be waived by the Chairperson. Requests should also outline the matters that will be addressed by the speaker(s).

7 MINUTES OF THE PREVIOUS MEETING

Ordinary Meeting - 1 March 2022

**MINUTES OF WAIROA DISTRICT COUNCIL
FINANCE, AUDIT & RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA
ON TUESDAY, 1 MARCH 2022 AT 1.30PM**

PRESENT: Cr Jeremy Harker (via zoom), Cr Denise Eaglesome-Karekare, Mr Philip Jones (via zoom), Cr Danika Goldsack (via zoom at 1.37pm)

IN ATTENDANCE: **Cr Hine Flood** (via zoom), **Kitea Tipuna** (via zoom - Tumu Whakarae | Chief Executive), **Gary Borg** (via zoom - Pouwhakarae – Pūtea/Tautāwhi Rangapū | Group Manager Finance and Corporate Support), **Stephen Heath** (via zoom - Pouwhakarae – Hua Pūmau Hapori/Ratonga | Group Manager Community Assets and Services), **Simon Mutohori** (Pouwhakarae-Whakamahere me te Waeture | Group Manager-Planning & Regulatory Services), **Lauren Jones** (via zoom – Kaikaute Putea | Senior Financial Accountant), **Alannah Marshall** (Kaiurungi Mana Ārahi me te Whakawhanake Ōhanga | Governance and Economic Development Officer), **Gay Waikawa** (Kaiurungi Mana Ārahi | Governance Officer), **Donna Moorcock** (via zoom – Kaiwhakahaere Hunga me te Aheitanga | People and Capability Manager)

1 KARAKIA

Karakia was given by Kitea Tipuna, Tumu Whakarae | Chief Executive

2 APOLOGY FOR ABSENCE

APOLOGY

COMMITTEE RESOLUTION 2022/165

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Jeremy Harker

That the apology received from His Worship the Mayor, Craig Little be accepted and leave of absence granted.

CARRIED

3 DECLARATION OF CONFLICT OF INTEREST

None.

4 CHAIRPERSON'S ANNOUNCEMENTS

None.

5 LATE ITEMS OF URGENT BUSINESS

None.

6 PUBLIC PARTICIPATION

None.

7 MINUTES OF THE PREVIOUS MEETING**COMMITTEE RESOLUTION 2022/166**

Moved: Cr Jeremy Harker

Seconded: Cr Denise Eaglesome-Karekare

That the minutes of the Ordinary Meeting held on 14 December 2021 be confirmed as amended.

CARRIED

The Committee discussed:

- the finance team overseeing the draft minutes within the finance area and make correction where need be.

8 GENERAL ITEMS**8.1 MONTHLY REPORT TO 31 JANUARY 2022****COMMITTEE RESOLUTION 2022/167**

Moved: Mr Philip Jones

Seconded: Cr Jeremy Harker

That the Committee receive the report.

CARRIED

The Committee discussed at length:

- Variance explanations under Statement of Comprehensive Revenue and Expense.
- Staff appointment and recruitment costs.
- Inflation pressure on supplies.
- Funding impact statements.

8.2 HEALTH, SAFETY AND WELLBEING UPDATE**COMMITTEE RESOLUTION 2022/168**

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Danika Goldsack

That the Committee receive the report.

CARRIED

The Committee discussed:

- Current status of COVID 19 within Council offices.
- COVID Vaccine Policy.
- Risk assessments.
- Staff reorganised, redeployment and termination.
- Working remotely.

The Meeting closed at 2.33pm with a karakia by Kitea Tipuna, Tumu Whakarae | Chief Executive.

The minutes of this meeting were confirmed at the Finance, Audit & Risk Committee Meeting held on 12 April 2022.

.....
CHAIRPERSON

8 GENERAL ITEMS

8.1 DRAFT FINANCIAL FORECASTS FOR THE ANNUAL PLAN 2022-23

Author: Gary Borg, Chief Financial Officer

Authoriser: Kitea Tipuna, Tumu Whakarae Chief Executive

Appendices:

1. Draft Financial Forecasts [↓](#)
2. Draft Annual Plan Disclosure Statement [↓](#)

1. PURPOSE

- 1.1 This report presents the draft Financial Forecasts for the Annual Plan for the year to 30 June 2023

RECOMMENDATION

The Chief Financial Officer RECOMMENDS that the Committee

1. Receives and endorses the draft Financial Forecasts and draft Disclosure Statement attached as **Appendices**, to Council for inclusion in the draft Annual Plan 2022-23.
2. Acknowledges that these forecasts represent a balanced budget per Section 100 of the Local Government Act 2002 and that it believes Council is acting prudently as set out Section 101 subsection 1, Local Government Act 2002.

EXECUTIVE SUMMARY

2. BACKGROUND

- 2.1 Council is in the process of creating its Annual Plan 2021-31.
- 2.2 Presentation of the Draft Financial Forecasts, attached as **Appendix 1**, to the Committee enhances the assurance that will be provided to Council when the draft Annual Plan is presented for adoption.
- 2.2.1. Forecast Financial Statements - highlights
- 2.2.1.1. Comprehensive Revenue and Expense
- 2.2.1.1.1. Cost escalations in the Covid environment have placed pressure on operating budgets, with increases observed in most activities. The original business as usual budget showed increases approaching \$0.25 million, and overall rates increase of 9.7% compared to 8.2% in the corresponding year of the Long-term Plan 2021-31 (LTP).
- 2.2.1.1.2. On top of this additional funding has been proposed to increase support for the community centre and the museum of \$100,000 apiece and \$40,000 committed to the Regional Economic Development Agency, which led to an overall increase of 11.3%.
- 2.2.1.1.3. This has been mitigated by reducing proposed expenditure in operating budgets across several activities, in areas where levels of service would be least threatened. It is noted that a substantial portion of this has been adjusted through the transportation activity, which means subsidy

revenue is also reduced. Consequently, the forecast net surplus is 12% lower than the LTP, with a proposed rates increase of 9.5%.

2.2.1.2. Financial Position

2.2.1.2.1. The overall view of this statement is proportionate to that portrayed in the LTP, with the main exception being that total borrowings is lower because of the higher proportion of capital projects attracting subsidy revenue in the year ending 30 June 2022, and deferred loan funded expenditure due to supply chain and capacity challenges related to Covid.

2.2.1.2.2. Debtors, cash and creditors are all higher due to the increased activity in subsidised capital projects included in the opening balances.

2.2.1.2.3. These factors are also observed in a higher work in progress balance and a lower than forecast balance for property, plant and equipment despite a much higher prospective gain on revaluations.

2.2.1.3. The Cashflow statement is affected in the same way, with higher opening balances translating into higher payments and receipts, including deferred capitalisation of work in progress.

2.2.2. Funding Impact Statements for Whole of Council as well as Groups of Activities.

2.2.2.1. The statements for the Planning and Regulatory Group and Corporate Functions both show deficits of operating funding. This is unusual, but appropriate because there are some operating projects (Regional Spatial Plan, information system migrations) that will be loan funded.

2.3 For completeness, and to assist the assessment of prudence, a draft disclosure statement prepared in accordance with the Financial Prudence and Reporting Regulations 2014 is attached as **Appendix 2**.

2.3.1. This shows that there are two benchmarks likely to land outside Council's prescribed limits:

2.3.1.1. The rates affordability benchmark will exceed the limit of 5%. This was anticipated in the Financial Strategy. It is noted above in 2.2.1.1 that the LTP budget for rates increases will also be exceeded by 1.3%

2.3.1.2. Council achieves the balanced budget benchmark as defined in the Regulations. To aid with context however Council has its own metric that excludes revenue relating to capital expenditure that is not for renewals. The purpose of this is to ensure that Council's operating revenues will be sufficient to meet its expenses. As described in 2.2.2 certain expenses will not be met by operating revenues. Further, in its LTP Council determined that it would not rate for a proportion of depreciation beyond that offset by Waka Kotahi subsidies. These measures are considered prudent and appropriate, and therefore to the extent that Council has sufficient revenue and funding sources available to meet its operating expenses, the budget is balanced.

2.4 The draft Financial Forecasts have been calculated from activity budgets and guided by the Financial Strategy.

3. OPTIONS

- 3.1 The options identified are:
- Endorse the draft Financial Forecasts
 - Recommend amendments
- 3.2 a. The draft financial forecasts attached as **Appendices** are complete in respect of the statutory requirements, including format. They have been prepared with reference to activity budgets, the LTP and the Financial Strategy. The forecasts reflect the costs and financial commitments of service provision and maintaining infrastructure at the proposed levels of service.
- 3.3 b. The Committee may wish to propose changes to budgets or the inclusion of supplementary information.
- 3.4 The preferred option is *a) Endorse the draft Financial Forecasts*, this contributes to the following community outcomes:

Economic wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
1. A strong prosperous and thriving economy	4. Safe and accessible recreational facilities	7. A safe and secure community
2. A safe and integrated infrastructure	6. Strong district leadership and a sense of belonging	8. A lifetime of good health, education and well-being
		9. An environment that is appreciated, protected and sustained for future generations

4. CORPORATE CONSIDERATIONS

What is the change?

- 4.1 The production of financial forecasts for an Annual Plan is normal business.

Compliance with legislation and Council Policy

- 4.2 The final forecasts will be incorporated into the adopted Annual Plan.
- 4.3 They have been prepared in accordance with the requirements of
- the Local Government Act 2002, particularly s18 – 20 of Schedule 10
 - Local Government Financial Reporting and Prudence) Regulations 2014
 - the relevant treatments and disclosures prescribed by IPSAS PBE

What are the key benefits?

- 4.4 The Financial Forecasts provide a roadmap against which Council will set budgets and funding and against which it will measure its financial performance for the year.

What is the cost?

4.5 Nil

What is the saving?

4.6 Nil

Service delivery review

This decision will not initiate a Service Delivery Review. The financial forecasts proposed reflect the cost of service levels that were determined in the LTP.

Māori Standing Committee

4.7 This matter has not been referred to the MSC because the LTP affects the community as a whole.

5. SIGNIFICANCE

- 5.1 Impact: The final budgets that are adopted as part of the Annual Plan will affect everyone in the community.
- 5.2 There is high public interest in Council's budgets especially the impact on rates.
- 5.3 The final budgets determine financial capacity, and so potentially continuing service levels.
- 5.4 The decision can be modified following consultation, and potentially LTP amendment.
- 5.5 These forecasts include information regarding funding the renewal of strategic assets and are prepared with reference to the Infrastructure Strategy.
- 5.6 This decision does not affect the way any significant activities are delivered, although this may be considered in community consultation.
- 5.7 The endorsement of a Financial Forecasts is administrative and of low significance.

6. RISK MANAGEMENT

- 6.1 The risk assessment below refers to the decisions associated with the Financial Forecasts and their impact on the LTP.
- 6.2 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

Human	Financial	Regulatory
Low	High	Low
Operations	Employees	Image & Reputation
Considerable	Low	High

Who has been consulted?

After some reprioritisation of the budgets the baseline is consistent with the LTP. However, the introduction of additional funding to community facilities in 2.2.1.1.2 above is considered material



enough and of high enough public interest to merit consultation. Therefore these financial forecasts will accompany a public consultation on the Annual Plan 2022-23.

Confirmation of statutory compliance

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

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

Signatories

	
Author Gary Borg	Approved by Kitea Tipuna

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	LTP 2021/22 \$000	LTP 2022/23 \$000	AP 2022/23 \$000	Variance to LTP 2022/23 \$000
Revenue				
Rates	15,459	16,726	16,921	195
Subsidies and grants	19,890	11,707	11,423	(284)
Petrol tax	85	87	87	-
Fees and charges	2,357	2,296	2,247	(49)
Investment income	471	563	676	113
Miscellaneous income	-	-	-	-
Total revenue	38,262	31,379	31,354	(25)
Expense				
Water supply	2,222	2,333	2,322	(11)
Stormwater	572	629	637	8
Wastewater	2,116	2,451	2,648	197
Solid waste	2,306	2,536	2,398	(138)
Transport	12,291	12,975	12,537	(438)
Community facilities	2,372	2,404	2,808	404
Planning and regulatory	2,094	2,191	2,375	184
Leadership and governance	3,561	3,692	3,511	(181)
Corporate expense	1,383	1,038	1,010	(28)
Total expense	28,917	30,249	30,246	(3)
Net surplus (deficit) on operations	9,345	1,130	1,108	(22)
Subvention income	250	125	-	(125)
Net surplus / (deficit) for the year	9,595	1,255	1,108	(147)
Other comprehensive revenue and expense				
Fair value movement – property, plant and equipment	-	20,613	33,871	13,258
Fair value movement - other	-	-	-	-
Total comprehensive revenue and expense for the period	9,595	21,868	34,979	13,111

STATEMENT OF FINANCIAL POSITION

	LTP 2021/22	LTP 2022/23	AP 2022/23	Variance to LTP 2022/23
Current assets	\$000	\$000	\$000	\$000
Cash and cash equivalents	1,270	2,782	4,978	2,196
Inventories	78	81	88	7
Trade and other receivables	3,902	2,982	4,283	1,301
Financial assets at fair value	1,831	395	370	(25)
Total current assets	7,081	6,240	9,719	3,479
Current liabilities				
Trade and other payables	6,016	4,889	7,761	2,872
Borrowings	1,500	3,500	5,500	2,000
Total current liabilities	7,516	8,389	13,261	4,872
Working capital	(435)	(2,149)	(3,542)	(1,393)
Non current assets				
Property, plant and equipment	296,930	331,720	326,109	(5,611)
Work in progress	20,574	9,776	12,168	2,392
Investment in subsidiary	1,250	1,250	1,250	-
Investment property	-	-	1,251	1,251
Biological asset - forestry	115	115	115	-
Available for sale financial assets	23	23	23	-
Intangible assets	12	12	21	9
Financial assets at fair value	1,161	859	769	(90)
Total non current assets	320,065	343,755	341,706	(2,049)
Non current liabilities				
Trade and other payables	66	71	54	(17)
Landfill aftercare	1,281	1,317	1,366	49
Borrowings	18,015	18,082	11,548	(6,534)
Total non current liabilities	19,362	19,470	12,968	(6,502)
Net assets	300,268	322,136	325,196	3,060
Represented by				
Equity	300,268	322,136	325,196	3,060

STATEMENT OF CHANGES IN EQUITY

	LTP 2021/22 \$000	LTP 2022/23 \$000	AP 2022/23 \$000	Variance to LTP 2022/23 \$000
Total equity - opening balance	290,673	300,268	290,217	(10,051)
Net surplus (deficit) for period	9,595	1,255	1,108	(147)
Other comprehensive income	-	20,613	33,871	13,258
Total comprehensive income	9,595	21,868	34,979	13,111
Total equity - closing balance	300,268	322,136	325,196	3,060
Components of equity				
Ratepayer's equity				
Ratepayer's equity - opening balance	160,909	170,094	156,126	(13,968)
Net surplus/(deficit) for period	9,595	1,255	1,108	(147)
Transfers from special reserves	1,914	1,829	5,679	3,850
Transfers to special reserves	(2,324)	(2,216)	(4,864)	(2,648)
Transfer from revaluation reserve	-	-	-	-
Ratepayer's equity - closing balance	170,094	170,962	137,849	(33,113)
Special reserves				
Special reserves - opening balance	13,958	14,368	18,841	4,473
Transfer from ratepayer's equity	2,324	2,216	4,864	2,648
Transfer to ratepayer's equity	(1,914)	(1,829)	(5,679)	(3,850)
Special reserves - closing balance	14,368	14,755	18,026	3,271
Revaluation reserves				
Revaluation reserves - opening balance	115,806	115,806	115,250	(556)
Net transfer to ratepayer's equity	-	-	-	-
Revaluation recognised in other comprehensive revenue and expense	-	20,613	33,871	13,258
Revaluation reserves - closing balance	115,806	136,419	169,321	32,902
Total equity - closing balance	300,268	322,136	325,196	3,060

STATEMENT OF CASH FLOWS

		LTP 2021/22 \$000	LTP 2022/23 \$000	AP 2022/23 \$000	Variance to LTP 2022/23 \$000
Cash flows from operating activities					
<i>Cash was provided from:</i>	Rates received	18,596	17,578	21,278	3,700
	Other revenue	19,162	14,122	11,060	(3,062)
	Subvention income	471	563	-	-
	Investment income	250	125	676	551
<i>Cash was applied to:</i>	Payments to suppliers and employees	(25,985)	(25,433)	(27,017)	(1,584)
	Interest paid	(368)	(495)	(371)	124
Net cash flows from operating activities		12,126	6,460	5,626	(834)
Cash flows from investing activities					
<i>Cash was provided from:</i>	Sale of property, plant and equipment	61	37	-	(37)
	Sale of financial assets	1,026	1,739	2,764	1,025
<i>Cash was applied to:</i>	Purchase of financial assets	-	-	-	-
	Purchase of property, plant and equipment	(19,987)	(8,791)	(16,782)	(7,991)
Net cash flows used in investing activities		(18,900)	(7,015)	(14,018)	(7,003)
Cash flows from financing activities					
<i>Cash was provided from:</i>	Loans raised	4,949	3,567	9,048	5,481
<i>Cash was applied to:</i>	Borrowings repaid	-	(1,500)	-	1,500
Net cash flows from financing activities		4,949	2,067	9,048	6,981
Net increase/(decrease) in cash and cash equivalents		(1,825)	1,512	657	(855)
Cash and cash equivalents at beginning of year		3,095	1,270	4,321	3,051
Cash and cash equivalents at end of year		1,270	2,782	4,978	2,196
Made up of:					
Cash		11	178	3	(175)
Short Term Deposits		1,259	2,604	4,975	2,371
Cash and cash equivalents at end of period		1,270	2,782	4,978	2,196

	LTP 2021/22 \$000	LTP 2022/23 \$000	AP 2022/23 \$000	Variance to LTP 2022/23 \$000
FUNDING IMPACT STATEMENT - WATER SUPPLY				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	155	156	154	(2)
Targeted rates (other than a targeted rate for water supply)	1,397	1,407	1,380	(27)
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	465	357	324	(33)
Internal charges and overheads recovered	-	-	-	-
Internal interest income	122	131	101	(30)
Interest and dividends from Investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	2,139	2,051	1,959	(92)
Applications of operating funding				
Payments to staff and suppliers	1,202	1,182	1,163	(19)
Finance costs	54	55	1	(54)
Internal charges and overheads applied	328	413	386	(27)
Internal interest charged	-	-	54	54
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,584	1,650	1,604	(46)
Surplus (deficit) of operating funding (A - B)	555	401	355	(46)
Sources of capital funding				
Subsidies and grants for capital expenditure	1,425	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(525)	(370)	194	564
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	900	(370)	194	564
Application of capital funding				
Capital expenditure				
- to meet additional demand	30	31	31	-
- to improve the level of service	1,410	528	73	(455)
- to replace existing assets	188	140	2,211	2,071
Increase (decrease) in reserves	(173)	(668)	(1,766)	(1,098)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	1,455	31	549	518
Surplus (deficit) of capital funding (C-D)	(555)	(401)	(355)	46
Funding balance ((A-B) + (C-D))	-	-	-	-

	2021/22 LTP/AP \$000	2022/23 LTP \$000	2022/23 AP \$000	Variance to LTP 2022/23 \$000
FUNDING IMPACT STATEMENT - STORMWATER				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	40	30	31	1
Targeted rates (other than a targeted rate for water supply)	364	267	282	15
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Internal interest income	66	70	66	(4)
Interest and dividends from Investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	470	367	379	12
Applications of operating funding				
Payments to staff and suppliers	136	141	165	24
Finance costs	50	57	-	(57)
Internal charges and overheads applied	133	161	152	(9)
Internal interest charged	-	-	43	43
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	319	359	360	1
Surplus (deficit) of operating funding (A - B)	151	8	19	11
Sources of capital funding				
Subsidies and grants for capital expenditure	42	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	349	(8)	426	434
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	391	(8)	426	434
Application of capital funding				
Capital expenditure				
- to meet additional demand	500	-	186	186
- to improve the level of service	42	-	-	-
- to replace existing assets	-	-	259	259
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	542	-	445	445
Surplus (deficit) of capital funding (C-D)	(151)	(8)	(19)	(11)
Funding balance ((A-B) + (C-D))	-	-	-	-

	2021/22 LTP/AP \$000	2022/23 LTP \$000	2022/23 AP \$000	Variance to LTP 2022/23 \$000
FUNDING IMPACT STATEMENT - WASTEWATER				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	194	233	228	(5)
Targeted rates (other than a targeted rate for water supply)	1,748	2,095	2,149	54
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Internal interest income	26	33	53	20
Interest and dividends from Investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	1,968	2,361	2,430	69
Applications of operating funding				
Payments to staff and suppliers	1,293	1,334	1,555	221
Finance costs	154	200	12	(188)
Internal charges and overheads applied	242	312	290	(22)
Internal interest charged	-	-	119	119
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,689	1,846	1,976	130
Surplus (deficit) of operating funding (A - B)	279	515	454	(61)
Sources of capital funding				
Subsidies and grants for capital expenditure	3,630	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	2,199	(95)	(86)	9
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	5,829	(95)	(86)	9
Application of capital funding				
Capital expenditure				
- to meet additional demand	100	259	259	-
- to improve the level of service	1,410	52	52	-
- to replace existing assets	4,703	161	161	-
Increase (decrease) in reserves	(105)	(52)	(104)	(52)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	6,108	420	368	(52)
Surplus (deficit) of capital funding (C-D)	(279)	(515)	(454)	61
Funding balance ((A-B) + (C-D))	-	-	-	-

	2021/22 LTP/AP \$000	2022/23 LTP \$000	2022/23 AP \$000	Variance to LTP 2022/23 \$000
FUNDING IMPACT STATEMENT - WASTE MANAGEMENT				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	111	115	119	4
Targeted rates (other than a targeted rate for water supply)	999	1,038	1,068	30
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	673	711	711	-
Internal charges and overheads recovered	-	-	-	-
Internal interest income	18	16	14	(2)
Interest and dividends from Investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	1,801	1,880	1,912	32
Applications of operating funding				
Payments to staff and suppliers	1,578	1,605	1,652	47
Finance costs	57	83	-	(83)
Internal charges and overheads applied	179	228	213	(15)
Internal interest charged	-	-	32	32
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,814	1,916	1,897	(19)
Surplus (deficit) of operating funding (A - B)	(13)	(36)	15	51
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	28	571	294	(277)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	28	571	294	(277)
Application of capital funding				
Capital expenditure	-	-	-	-
- to meet additional demand	-	309	-	(309)
- to improve the level of service	15	-	309	309
- to replace existing assets	90	252	252	-
Increase (decrease) in reserves	(90)	(26)	(252)	(226)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	15	535	309	(226)
Surplus (deficit) of capital funding (C-D)	13	36	(15)	(51)
Funding balance ((A-B) + (C-D))	-	-	-	-

	2021/22	2022/23	2022/23	Variance
	LTP/AP	LTP	AP	to LTP
	\$000	\$000	\$000	2022/23
				\$000
FUNDING IMPACT STATEMENT - TRANSPORT				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	3,774	4,211	4,097	(114)
Targeted rates (other than a targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	5,719	5,785	5,502	(283)
Fees and charges	42	43	43	-
Internal charges and overheads recovered	-	-	-	-
Internal interest income	32	38	34	(4)
Interest and dividends from Investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	9,567	10,077	9,676	(401)
Applications of operating funding				
Payments to staff and suppliers	7,387	7,414	7,107	(307)
Finance costs	18	65	-	(65)
Internal charges and overheads applied	1,243	1,655	1,527	(128)
Internal interest charged	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	8,648	9,134	8,634	(500)
Surplus (deficit) of operating funding (A - B)	919	943	1,042	99
Sources of capital funding				
Subsidies and grants for capital expenditure	8,524	5,843	5,843	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	309	98	10	(88)
Gross proceeds from sale of assets	9	9	-	(9)
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	8,842	5,950	5,853	(97)
Application of capital funding				
Capital expenditure	-	-	-	-
- to meet additional demand	-	-	-	-
- to improve the level of service	2,960	2,289	2,291	2
- to replace existing assets	7,595	5,365	5,364	(1)
Increase (decrease) in reserves	(794)	(761)	(760)	1
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	9,761	6,893	6,895	2
Surplus (deficit) of capital funding (C-D)	(919)	(943)	(1,042)	(99)
Funding balance ((A-B) + (C-D))	-	-	-	-

	2021/22 LTP/AP \$000	2022/23 LTP \$000	2022/23 AP \$000	Variance to LTP 2022/23 \$000
FUNDING IMPACT STATEMENT - COMMUNITY FACILITIES				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	3,031	3,104	2,687	(417)
Targeted rates (other than a targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	73	25	23	(2)
Fees and charges	70	72	64	(8)
Internal charges and overheads recovered	-	-	-	-
Internal interest income	12	11	21	10
Interest and dividends from Investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	3,186	3,212	2,795	(417)
Applications of operating funding				
Payments to staff and suppliers	2,599	2,574	2,150	(424)
Finance costs	41	47	68	21
Internal charges and overheads applied	297	349	289	(60)
Internal interest charged	-	-	35	35
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	2,937	2,970	2,542	(428)
Surplus (deficit) of operating funding (A - B)	249	242	253	11
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	35	(207)	(191)	16
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	35	(207)	(191)	16
Application of capital funding				
Capital expenditure				
- to meet additional demand	85	-	-	-
- to improve the level of service	60	16	41	25
- to replace existing assets	346	198	176	(22)
Increase (decrease) in reserves	(207)	(179)	(155)	24
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	284	35	62	27
Surplus (deficit) of capital funding (C-D)	(249)	(242)	(253)	(11)
Funding balance ((A-B) + (C-D))	-	-	-	-

	2021/22 LTP/AP \$000	2022/23 LTP \$000	2022/23 AP \$000	Variance to LTP 2022/23 \$000
FUNDING IMPACT STATEMENT - PLANNING AND REGULATORY				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,015	1,084	1,277	193
Targeted rates (other than a targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	754	775	775	-
Internal charges and overheads recovered	-	-	-	-
Internal interest income	-	-	-	-
Interest and dividends from Investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	1,769	1,859	2,052	193
Applications of operating funding				
Payments to staff and suppliers	1,428	1,476	1,586	110
Finance costs	12	12	-	(12)
Internal charges and overheads applied	639	650	728	78
Internal interest charged	-	-	7	7
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	2,079	2,138	2,321	183
Surplus (deficit) of operating funding (A - B)	(310)	(279)	(269)	10
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	309	279	283	4
Gross proceeds from sale of assets	53	14	-	(14)
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	362	293	283	(10)
Application of capital funding				
Capital expenditure	-	-	-	-
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	243	46	46	-
Increase (decrease) in reserves	(191)	(32)	(32)	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	52	14	14	-
Surplus (deficit) of capital funding (C-D)	310	279	269	(10)
Funding balance ((A-B) + (C-D))	-	-	-	-

	2021/22 LTP/AP \$000	2022/23 LTP \$000	2022/23 AP \$000	Variance to LTP 2022/23 \$000
FUNDING IMPACT STATEMENT - LEADERSHIP & GOVERNANCE				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	2,613	2,749	3,587	838
Targeted rates (other than a targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	53	54	54	-
Fees and charges	261	244	154	(90)
Internal charges and overheads recovered	-	-	-	-
Internal interest income	-	-	-	-
Interest and dividends from Investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	2,927	3,047	3,795	748
Applications of operating funding				
Payments to staff and suppliers	1,173	1,245	1,790	545
Finance costs	12	12	1	(11)
Internal charges and overheads applied	1,667	1,706	1,752	46
Internal interest charged	-	-	11	11
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	2,852	2,963	3,554	591
Surplus (deficit) of operating funding (A - B)	75	84	241	157
Sources of capital funding				
Subsidies and grants for capital expenditure	28	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(75)	(84)	(241)	(157)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(47)	(84)	(241)	(157)
Application of capital funding				
Capital expenditure	-	-	-	-
- to meet additional demand	-	-	-	-
- to improve the level of service	28	-	-	-
- to replace existing assets	-	18	18	-
Increase (decrease) in reserves	-	(18)	(18)	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	28	-	-	-
Surplus (deficit) of capital funding (C-D)	(75)	(84)	(241)	(157)
Funding balance ((A-B) + (C-D))	-	-	-	-

	2021/22 LTP/AP \$000	2022/23 LTP \$000	2022/23 AP \$000	Variance to LTP 2022/23 \$000
FUNDING IMPACT STATEMENT - CORPORATE FUNCTIONS				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	17	238	(138)	(376)
Targeted rates (other than a targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	397	-	-	-
Fees and charges	170	175	175	-
Internal charges and overheads recovered	4,971	5,712	5,541	(171)
Internal interest income	96	84	422	338
Interest and dividends from Investments	758	701	310	(391)
Local authorities fuel tax, fines, infringement fees, and other receipts	85	87	87	-
Total operating funding (A)	6,494	6,997	6,397	(600)
Applications of operating funding				
Payments to staff and suppliers	5,335	5,647	5,461	(186)
Finance costs	648	792	633	(159)
Internal charges and overheads applied	243	239	204	(35)
Internal interest charged	371	382	411	29
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	6,597	7,060	6,709	(351)
Surplus (deficit) of operating funding (A - B)	(103)	(63)	(312)	(249)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	518	68	617	549
Gross proceeds from sale of assets	-	14	-	(14)
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	518	82	617	535
Application of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	250	-	300	300
- to replace existing assets	520	112	140	28
Increase (decrease) in reserves	(355)	(93)	(135)	(42)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	415	19	305	286
Surplus (deficit) of capital funding (C-D)	103	63	312	249
Funding balance ((A-B) + (C-D))	-	-	-	-

	2021/22 LTP/AP \$000	2022/23 LTP \$000	2022/23 AP \$000	Variance to LTP 2022/23 \$000
WAIROA DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR PERIOD ENDING 30 JUNE 2023 (WHOLE OF COUNCIL)				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	3,554	11,920	12,042	122
Targeted rates (other than a targeted rate for water supply)	9,660	4,807	4,879	72
Subsidies and grants for operating purposes	6,521	5,864	5,580	(284)
Fees and charges	1,940	2,377	2,247	(130)
Interest and dividends from Investments	154	701	309	(392)
Local authorities fuel tax, fines, infringement fees, and other receipts	89	87	87	-
Total operating funding (A)	21,918	25,756	25,144	(612)
Applications of operating funding				
Payments to staff and suppliers	19,022	22,618	22,629	11
Finance costs	387	1,323	716	(607)
Other operating funding applications	-	-	-	-
Total Applications of operating funding (B)	19,409	23,941	23,345	(596)
Surplus (deficit) of operating funding (A - B)	2,509	1,815	1,799	(16)
Sources of capital funding				
Subsidies and grants for capital expenditure	5,474	5,843	5,843	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	2,069	252	1,306	1,054
Gross proceeds from sale of assets	37	37	-	(37)
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	7,580	6,132	7,149	1,017
Application of capital funding				
Capital expenditure				
- to meet additional demand	-	599	476	(123)
- to improve the level of service	4,378	2,885	3,066	181
- to replace existing assets	6,717	6,292	8,627	2,335
Increase (decrease) in reserves	(1,006)	(1,829)	(3,221)	(1,392)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	10,089	7,947	8,948	1,001
Surplus (deficit) of capital funding (C-D)	(2,509)	(1,815)	(1,799)	16
Funding balance ((A-B) + (C-D))	-	-	-	-

STATEMENT OF MOVEMENT IN RESERVES

	Opening Balance 1 July 2022 \$000	Transfer from \$000	Transfer to \$000	Closing Balance 30 June 2023 \$000
Reserves held for emergency purposes				
Disaster Recovery Reserve	800	20	(20)	800
Total reserves held for emergency purposes	800	20	(20)	800
Reserves held for future asset purchases				
Operational assets	1,399	1,016	(1,329)	1,086
IT Equipment	533	28	(62)	499
Infrastructure renewals	9,937	3,382	(4,062)	9,257
Library Books	209	17	(34)	192
Pensioner Housing	158	78	(21)	215
Recreational and Facilities	333	286	(113)	506
Total reserves held for future asset purchases	12,569	4,807	(5,621)	11,755
Reserves held for future operational costs				
General purpose fund	583	15	(15)	583
Wairoa urban fund	286	7	(7)	286
District development fund	264	8	(9)	263
Retirement and restructuring reserve	106	3	(3)	106
Tuai village reserve	140	4	(4)	140
Total reserves held for future operational costs	1,379	37	(38)	1,378
Reserves held for repayment of maturing debt				
Loan repayment reserve - external	2,461	-	-	2,461
Loan repayment reserve - internal	1,632	-	-	1,632
Total reserves held for repayment of maturing debt	4,093	-	-	4,093
Total special funds reserves	18,841	4,864	(5,679)	18,026

ANNUAL PLAN DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2023**WHAT IS THE PURPOSE OF THIS STATEMENT?**

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark		Planned	Met
Rates affordability benchmark			
• Income	70% of total cash revenue	68%	Yes
• Increases	5% gross rates levied per annum	9.1%	No
Debt affordability benchmark	100% of revenue	54%	Yes
Balanced budget benchmark			
• Per the regulations	100%	104%	Yes
• Per Council definition	100%	98%	No
Essential services benchmark	100%	144%	Yes
Debt servicing benchmark			
As percentage of revenue	10%	1.4%	Yes
As percentage of rates revenue	15%	2.2%	Yes

Notes:**1 Rates affordability benchmark**

(1) For this benchmark:

- (a) the council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the council's long-term plan; and
- (b) the council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the council's long-term plan.

(2) The council meets the rates affordability benchmark if:

- (a) its planned rates income for the year equals or is less than each quantified limit on rates; and
- (b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

2 Debt affordability benchmark

(1) For this benchmark, the council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the council's long-term plan.

(2) The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

3 Balanced budget benchmark

(1) For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

(2) The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

Council modified definition of the balanced budget benchmark

The LGA does allow the council to budget for a deficit, if it resolves that it is financially prudent to do so. The council acknowledges that it runs deficits from a balanced budget perspective because it does not fully rate fund depreciation.

For this reason, the council has defined its balanced budget target as the above definition modified to exclude costs and gains from asset sales and capital subsidies not related to renewals from the calculation of revenue.

4 Essential services benchmark

- (1) For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5 Debt servicing benchmark

- (1) For this benchmark, the council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
- (2) Because Statistics New Zealand projects that the council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

8.2 RAIN AND FLOOD - EMERGENCY EVENT MARCH 2022

Author: Gary Borg, Pouwhakarae - Putea / Tautawhi Rangapu Group Manager Finance and Corporate Support

Authoriser: Kitea Tipuna, Tumu Whakarae Chief Executive

Appendices: Nil

1. PURPOSE

- 1.1 This report provides information for the Committee on the known and perceived impacts of the prolonged extreme rainfall event that befell Wairoa during the last 10 days of March 2022. No decisions are required by the Committee at this stage.
- 1.2 This information is presented to assist the Committee in objectively assessing the adequacy and functioning of the Council's risk management, control and governance frameworks and in an emergency environment.

RECOMMENDATION

The Pouwhakarae - Putea / Tautawhi Rangapu Group Manager Finance and Corporate Support RECOMMENDS that Committee receive the report.

2. BACKGROUND

- 2.1 Wairoa experienced prolonged and intense rainfall for over a week in the second half of March 2022, the extent of which had not been experienced in decades. Some of the effects are listed below:
 - 2.1.1. Multiple landslips causing prolonged road closures
 - 2.1.2. Infrastructure inundated and temporarily compromised
 - 2.1.3. Isolated members of the community with risks to health and property
 - 2.1.4. Excessive hours worked by staff and contractors as part of the response effort
 - 2.1.5. Contact to customer services several times normal levels
- 2.2 Unlike Tairāwhiti, a State of Emergency was not declared in Wairoa, but full Civil Defence activation protocols were observed, with an EOC on standby.
- 2.3 At the time of writing Council is transitioning from Response to Recovery and Intelligence is still being gathered in some locations.

3. RESPONSE

- 3.1 The Controllers maintained communication with key stakeholders and provided regular updates throughout each day to elected members, several of whom supported the response in their capacity as elected members and as representatives of partner agencies.
- 3.2 Welfare activities augmented to assist with information, connecting community to agencies and distribution of supplies.
- 3.3 Infrastructure contractors initiated emergency protocols

- 3.4 The following narrative concerning the impacts on Council infrastructure is gleaned from the Controllers' updates and includes extracts from a paper to Council's Infrastructure Committee on 5 April 2022:
- 3.4.1. Wastewater: The Council invested in its sewer network over the last 5 years with a very aggressive inundation & infiltration program, upgrades to pump stations. Five years later we have now seen wastewater discharge reduced annually by 500 million litres-over 70% less, and the sewer network recovering with-in 24 - 48 hours or less after significant rain.
- 3.4.2. Water Supply: With a single source from the river for the town reticulation the Council undertook critical riverbank stabilisation works at the water intake and relocated a new water main in the associated vulnerable riverbank areas. Both of those areas had major flooding and suffered no damage to the water main and water intake. Council has dropped water loss recorded at 52% in 2017 to now around 18% which has given the district 2 - 3 days storage of treated water in its reservoirs.
- 3.4.3. Roading: There were numerous slips throughout the district and in particular blocked roads in remote areas that led to members of the community being isolated, and this situation continues. As contractors continue to work through the slips, there is ongoing communication with affected residents and endeavours to commandeer helicopters to gather intelligence, move the most vulnerable and deliver supplies.

4. RECOVERY

- 4.1 A recovery manager and team has been stood up and planning for recovery has commenced, including regional support.
- 4.2 Communication channels are being optimised, ranging from person to person, to website and social media.
- 4.3 Welfare is being scaled down, but with focus continuing in ensuring essential supplies are provided to isolated areas.
- 4.4 Intelligence is still being gathered to inform planning for recovery and ensure access is restored in good time.
- 4.5 Roothing:
- 4.5.1. It is anticipated that most of Council's recovery efforts will be in the area of road and river clean up, silt deposits, trees, and slips etc, and will be worked through, over the next few years. Currently Transport staff are indicating the clean-up will comprise of 4 basic stages i.e. Stage 1 – Response/Restore access, Stage 2 – Restore access for the likes of stock trucks, Stage 3 – Clean-Up, Stage 4 – Reinstatement/Renewal/Capital Works. These will be planned and phased with our funding partner Waka Kotahi [WK] who would fund at a 95% subsidised rate for this work. Based on previous experience in late 2018 WDC suffered a 2 day weather bomb with a lot less rain than this one and the total clean-up bill was around \$8 million, whilst most of the work has been completed there are still some asset repairs outstanding.
- 4.5.2. Cost indications for this latest weather bomb are best case \$10 million, worst case the total road clean-up bill could be \$30 million. This would need to be

accommodated over a period of years. Therefore, it is anticipated that next year's Annual Plan will mostly likely not be impacted as Council has allowed for a contribution of approx. \$500K which translates into total WK subsidised fund of \$10 million for emergency works. However, capacity constraints would make it almost impossible to physically deliver the package of work within a 12-month window. There remains a risk of exceeding budgets, but this is not yet fully understood.

- 4.5.3. It is noted from scientific reports that rainfall saturation of this degree lowers the threshold for future landslides and there is some probability of recurrence.

5. RISK MANAGEMENT

- 5.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:



Further Information

Websites: Council Website, Hawke's Bay Civil Defence Emergency Management Group, Waka Kotahi

References (to or from other Committees)

Infrastructure Committee 5 April 2022 - Community Assets And Services Department - Update

8.3 EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2022**Author:** Lauren Jones, Kaikaute Putea Financial Accountant**Authoriser:** Gary Borg, Pouwhakarae - Putea / Tautawhi Rangapu Group Manager
Finance and Corporate Support**Appendices:** 1. External Audit Plan for year ended 30 June 2022 [↓](#)**1. PURPOSE**

- 1.1 To present to the Committee the proposed timetable for the preparation and audit of the Annual Report for the year ending 30 June 2022.
- 1.2 This matter is presented to the Committee in support of its obligations under its Terms of Reference to monitor Council's audit programme and oversee the compilation of the Annual Report.
- 1.3 Although no decisions are required from the Committee, it has a critical role in ensuring that effective oversight is applied to the integrity and timeliness of the process and the information contained in the final Annual Report that is recommended for adoption by Council.

RECOMMENDATION

The Kaikaute Putea Financial Accountant RECOMMENDS that Committee receives the External Audit Plan for the year ended 30 June 2022.

2. BACKGROUND

- 2.1 The proposed audit plan has been prepared by Council's external auditor and is attached as **Appendix 1**. This sets out the auditor's responsibilities to Council and its approach to the audit, quality assurance and risk management.

3. RISK MANAGEMENT

- 3.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter pertain to legislative compliance and Council's reputation, arising from the potential failure to adopt an Annual Report within the Statutory Timeframes

Human	Financial	Regulatory
Low	Considerable	High
Operations	Employees	Image & Reputation
Considerable	Low	High

Confirmation of statutory compliance

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

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

Wairoa District Council

Audit Plan for the year ending 30 June
2022



WELCOME



Dear Members of the Finance, Audit & Risk Committee (‘the Committee’)

We are pleased to present our Audit Plan (‘Plan’) for the audit of the financial statements and service performance information of Wairoa District Council (‘the Council’) for the year ending 30 June 2022. Our meeting with you on 12 April is a forum to discuss our Audit Plan, the scope of our work, confirm your current expectations and make certain that our efforts are aligned with your expectations.

Our audit is designed to express an audit opinion on the 30 June 2022 full year financial statements and service performance information.

Our Plan has been prepared acknowledging, and with consideration of, the Council’s current and emerging business risks and the resultant financial statement and performance impacts. It is designed to be responsive to the unique needs of the Council, to maximise audit effectiveness and to deliver the high-quality audit you expect.

Should you have any questions or comments, please do not hesitate to contact me on 021 923 431 (David). We look forward to discussing our Plan with you at the Finance, Audit & Risk Committee meeting.

Yours faithfully



David Borrie
Partner
28 March 2022



Shabib Shahul
Senior Manager
28 March 2022

CONTENTS

02	Executive Summary	
03	Areas of Audit Focus	
	Provincial Growth Fund / Department of Internal Affairs subsidies	03
	Rates setting, invoicing and collection	04
	Infrastructure assets	05
	Non-financial performance reporting	06
	Other areas of focus	07
09	Audit Approach	
	Internal Control Environment	09
11	Your EY Team	
12	Engagement Execution	
13	Appendices	
	A. Independence	14
	B. Focused on your future	15
	C. Sector Focus	16
	D. Data Security	17

EXECUTIVE SUMMARY

Wairoa District Council

For the year ending 30 June 2022

4

AREAS OF
AUDIT FOCUS

key focus areas identified that remain broadly consistent with the prior year

The Areas of Audit Focus and the level of complexity or management judgement to be applied are:

- ▶ Provincial Growth Fund / Department of Internal Affairs subsidies
- ▶ Rates setting, invoicing and collection
- ▶ Infrastructure assets
- ▶ Non-financial performance reporting
- ▶ See areas of Audit Focus section for details on other areas of audit focus

HIGH

MEDIUM

MEDIUM

MEDIUM

AUDIT
SCOPING

Full Year Audit of Financial Statements & Service Performance Information

Our audit will be conducted to provide reasonable assurance as to whether the financial statements and statement of service performance of the Council for the year ending 30 June 2022 are free of material misstatement.

Trustee reporting

We have an obligation to provide a report to management and the Trustee upon the completion of our audit.

OUR AUDIT
APPROACH

The audit approach remains broadly consistent with 2021.

We seek to test controls in the key financial processes and therefore expect to take a controls based approach over rates setting, invoicing and collection, purchases and payables and payroll. Details of our controls based approach are outlined in detail on page 10.

There continues to be a substantive approach taken in relation to the valuation of infrastructure assets, Statement of Service Performance reporting, the financial statement close process, other income (fees and charges & Waka Kotahi NZTA Funding), accruals and debt facilities.

PLANNING
MATERIALITY

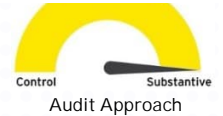
\$870K

Our planning materiality has been set at \$870k, calculated at 3% of forecast expenditure. The basis for calculating planning materiality is consistent with the prior year. We will report all audit differences over \$44k to the Committee.

INDEPENDENCE



We will confirm our independence throughout the audit and remain in compliance with the NZICA Code of Ethics and the Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (Including International Independence Standards)* (New Zealand) independence requirements and the Auditor General's independence requirements.



Planned Audit Approach

Provincial Growth Fund (PGF) / Department of Internal Affairs (DIA) subsidies

Background

- ▶ Over FY20 and FY21, Council received funding from the PGF and DIA for large scale projects to develop and improve the region.
- ▶ A significant part of these projects will be completed during FY22 and ongoing projects such as the Te Wairoa E Whanake (CBD revitalisation project) are expected to progress through FY22 and be completed in future years. The DIA three waters funding will largely be spent by the end of the 2022.
- ▶ The Te Wairoa E Whanake project has experienced delays and the business case has been revised. The project is expected to cost circa \$2.5m more than originally anticipated. The additional cost will be funded through Council's debt facilities with the LGFA.

- ▶ We will obtain and review supporting documentation for funding approved.
- ▶ We will review a sample of receipts throughout the year to check that cash is received from the PGF and the DIA.
- ▶ We will assess whether all infrastructure developments are appropriately recognised in the Fixed Asset Register.
- ▶ For any funds received but not utilised, we will assess whether revenue has been appropriately deferred.

Relevant accounting standards: PBE IPSAS 23 Revenue from Non-Exchange Transactions

Level of complexity or management judgement: **HIGH**

Rates setting, invoicing and collection

Background

- ▶ Rates income levied represents the Council's primary revenue source. There is specific legislation in place which must be adhered to for the rates strike to be legal. In the local authority context, failure to comply with rating law and the associated consultation requirements can create significant risks to the integrity of rates revenue.
- ▶ The requirement for there to be consistency between the rates resolution, the Funding Impact Statement for that year, and the Revenue and Financing Policy in the LTP is fundamental because this is the thread that links community consultation to the rates levied by Council forming the core of the Council's revenue.
- ▶ The accuracy of rates setting is dependent on the integrity of the rates database. The reliability of the billing system should also ensure rates are billed appropriately.
- ▶ Legal challenges against local authorities have identified a range of issues relating to the legislative compliance, and therefore legality of rates sought.
- ▶ Certain rate paying groups present rates collection risk to the Council.

Planned Audit Approach



- ▶ We will review the Council's procedures for ensuring the rates set is in compliance with the Local Government Rating Act and test that the rates set are being applied appropriately to the rating database and invoiced accordingly.
- ▶ We will test the accuracy of the use of underlying valuation information (as prepared by Quotable Value) within the rating database and its applications to the rates that were set.
- ▶ We will assess the setting of rates by Council for the period and how this has been applied to rates debtors and reflected within Council's annual reporting.
- ▶ We will review the nature and form of the rates resolution and the invoicing of rates in terms of risks that may impact the financial statements.
- ▶ We will test the integrity of the rates debtor management system.
- ▶ We will review any provision for impairment of rates debtors to consider whether it is appropriate in the circumstances.
- ▶ We will assess the appropriateness of any judgmental determinations made in relation to any disputes over rate charges in consideration of correspondence and any other relevant documentation.

Key Judgements: Compliance with the Local Government (Rating) Act and provisioning for outstanding rates debtors

Relevant accounting standards: PBE IPSAS 23 Revenue from Non-Exchange Transactions

Level of complexity or management judgement: **MEDIUM**



Planned Audit Approach

Our planned audit procedures for testing inventory includes:

- ▶ We will review and test the year end reconciliation and roll forward of the Fixed Assets Register to the general ledger, including additions, disposals and depreciation.
- ▶ We will review management's assessment of the assumptions underlying the historical valuations against current asset management plans and recent experience in maintaining those assets to check that values ascribed to the assets remain appropriate. We will also discuss with management potential indicators of impairment at balance date.
- ▶ We will obtain assurance in relation to the appropriateness of Work in progress (WIP) cut-off at balance date and confirm that the carrying value of WIP is supportable in relation to both valuation and that the nature of cost incurred is in line with PBE IPSAS 17.
- ▶ We will review capitalised costs and maintenance expenditure to obtain assurance over the accuracy of cost classification.
- ▶ We will review other significant additions and disposals of assets during the year.
- ▶ We will review the appropriateness of depreciation recognised against the estimated useful life in the Council's latest valuation and other supporting information.
- ▶ Assess capital projects for their impact upon capital commitments and other related disclosures.
- ▶ We will consider the progress on the Three Water Reform Programme to the extent it impacts the 30 June 2022 Annual Report, including from a disclosure perspective.

Key Judgements : Key assumptions used in valuations, useful lives of assets and classification of capital and maintenance costs

Relevant accounting standards: PBE IPSAS 17 Property, Plant and Equipment

Level of complexity or management judgement: **MEDIUM**

Infrastructure assets

Our understanding

- ▶ Infrastructure assets dominate Wairoa District Council's balance sheet with the total carrying value of the infrastructure assets at 31 January 2022 being \$287m.
- ▶ Infrastructure assets are held at fair value less accumulated depreciation and are revalued on a systematic basis in line with Council's accounting policy. The infrastructure assets were last revalued at 30 June 2020, we anticipate the next valuation being completed in 2023. However, significant movements in replacement costs may require the Council to reassess whether current carrying values of infrastructure assets approximate fair values. Management should review unit cost factors to assess if there may be indications that a revaluation is required in the current financial year.
- ▶ The integrity of the classification of maintenance and/or capital expenditure is critical given the nature and useful life of work carried out. This is particularly relevant to expenditure incurred on roading and pipeline assets.
- ▶ As part of the Three Waters Reform Programme, the Government has announced that it will establish four Water Service Entities. The four new entities will replace the services currently managed by the 67 territorial local authorities. Current expectation is that an implementation bill will be introduced during 2022 and an economic regulation bill will be introduced in early 2023. The Government expects the four new entities to be operational from 1 July 2024. There still continues to be a lot of detail to be worked through to determine Council involvement and this will likely require disclosure in the Annual Report and Audit Opinion.



Planned Audit Approach

Non-financial performance reporting

Our understanding

- ▶ The Council is required to report its performance against levels of service expectations and performance measures included in the Long Term Plan (LTP). These measures are key to the Council providing a “performance story” to the community.
- ▶ Our audit opinion on the service performance report covers compliance with generally accepted accounting practice, and whether or not the service performance report fairly reflects the Council’s actual service performance for the period.
- ▶ During the last three years there has been a significant focus on Councils compliance with waste water outflows.
- ▶ There is a risk of inadequate reporting systems to monitor performance and hence the potential failure to adequately report the provision of core services to the public.

Our planned procedures over non-financial performance reporting include:

- ▶ Update our understanding of key performance reporting processes and review the collation methodologies applied by Council.
- ▶ Examine, on a sample basis, the Statement of Service Performance to determine that the measures have been reported on and outputs have been achieved where stipulated. For the selected measures, obtain the underlying supporting documentation and review calculations on a test basis.
- ▶ Assess the completeness and effectiveness of the performance framework utilised.
- ▶ Check whether all mandatory performance measures stipulated by the Non-Financial Performance Measures rules 2013 have been included in Council’s reporting.

Level of complexity or management judgement: **MEDIUM**

Other areas of audit focus



Audit Approach



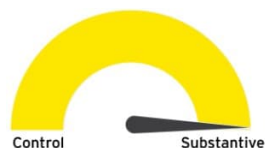
Areas of Audit Focus



Background



Planned Audit Approach



Audit and consolidation of Quality Roding Services (QRS)

- ▶ The consolidation of QRS into the Council's group financial statements is an important element of the financial statement close process.

- ▶ QRS financial statements are prepared under NZ IFRS RDI. We will review the approach adopted to consolidate QRS into the Council's group financial statements.
- ▶ We will assess whether all transactions and balances between QRS and Council have been eliminated appropriately in the consolidation.



Core controls over operating expenditure, procurement and tendering

- ▶ Council incurs significant operating costs across a range of activities.
- ▶ Appropriateness of Councillor and management expenditure is an area of interest to ratepayers.
- ▶ The Council's Capital works procurement programme involves significant cash flows.
- ▶ Areas of expenditure such as travel, accommodation, training and catering can present opportunities for personal benefit.

- ▶ We will review the incurrence and approval of operational expenditure.
- ▶ We will review the use of credit cards and obtain assurance that expenditure has been incurred for a reasonable purpose.
- ▶ We will review the application of procurement policies.
- ▶ We will review areas of potential sensitivity for appropriateness.
- ▶ Obtain assurance that appropriate processes and controls are in place.
- ▶ For a sample of contracts tendered during the year we will establish an understanding of how the tendering process was managed. This will be completed with reference to the Council's tendering policies and good practice.



Planned Audit Approach

Specific Areas of Focus

Background

- ▶ The OAG each year outlines certain areas of focus to be considered during the audit process. This year areas with relevance to our audit of the Council include:
 - ▶ Fraud
 - ▶ Sensitive expenditure
 - ▶ Legislative compliance
 - ▶ Procurements and conflict of interest
- ▶ In 2020, the OAG released refreshed guidance on the control of sensitive expenditure: Controlling sensitive expenditure: Controlling sensitive expenditure: Guide for public organisations – Office of the Auditor-General New Zealand (oag.parliament.nz)

- ▶ Fraud: We will hold discussions with management and other business / accounting process owners to understand and identify management policies and procedures surrounding fraud detection and prevention exist, and whether there had been any instance of fraud that had come to their attention during the year. We will remain alert to fraud indicators throughout the performance of our audit procedures including the completion of our controls testing surrounding the expenditure and payroll processes. We will also carry out analytical review procedures to assess whether movements in key account balances are reasonable and in line with our expectations.
- ▶ Sensitive expenditure: We will perform sensitive expenditure testing on a judgmental basis across costs relating to areas such as entertainment and travel.
- ▶ Legislative compliance: Throughout the performance of our audit procedures and discussions with management we will remain aware of any issues in relation to non-compliance with legislation.
- ▶ Procurement and conflict of interest: We will review policies and procedures surrounding procurement and conflict of interests and assess whether these procedures have been applied appropriately.

Internal Control Environment

The primary responsibility for the design and operating effectiveness of the internal control environment, including the prevention and detection of fraud and error, rests with the Committee and management.

We obtain an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit is not designed to express an opinion on the effectiveness of internal control we are required to communicate significant deficiencies in internal control to you.

Our assessment of internal controls covers:

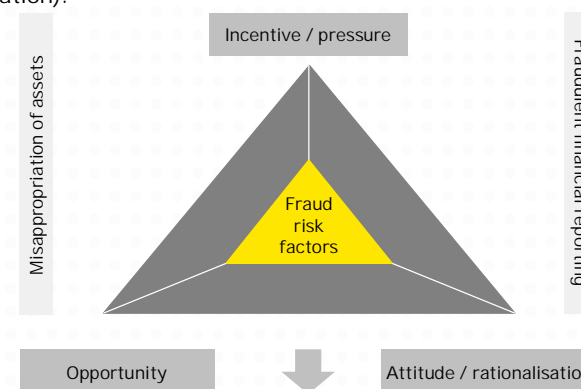
- ▶ The control environment including entity level controls
- ▶ The design and operating effectiveness of internal controls

We provide management with a Report to Management during the audit process, outlining our findings and our recommendations on where improvements in internal controls can be made. Where significant deficiencies come to our attention, we will communicate these to the Committee.

Assessing the Risk of Fraud

Our responsibility as the external auditor is to consider the risk of fraud and the factors that are associated with it so as to provide reasonable assurance that the financial statements are free from material misstatement resulting from fraud. However, it is important to note that while our external audit work is not primarily directed towards the detection of fraud or other irregularities, we will report any matters identified during the course of our work.

When developing our Audit Plan we use professional judgement in determining whether a fraud risk factor is present. We determine fraud risk factors in the context of the three conditions generally present when fraud occurs (i.e., incentive/pressure, opportunity and attitude/rationalisation).



Our approach to fraud risks are outlined below:

Understanding the business and the control environment - We will enhance this understanding to provide a foundation for our risk assessment. Our understanding includes the business model as well as external factors and internal factors, including the governance and monitoring structures in place.

Identification of risks of material misstatement due to fraud - we will challenge risk assessments in line with the current environment, applying the fraud triangle when making these risk assessments, focusing on sources of fraud risk factors.

Responding to risks of material misstatements due to fraud - we will take into account our understanding of the entity's business and its control environment, designing tailored responses to identified risks of fraud and evaluating the reliability of audit evidence obtained.

Communicating identified or suspected fraud - We will report any instances of suspected fraud to management and the Committee in accordance with obligations under both auditing and ethics standards.

Internal Control Environment

Assessment of Internal Control Environment

In accordance with the Auditor General's auditing standards, we will perform a review of the design and operating effectiveness of the Council's significant recording and reporting processes.

We will ensure that any significant deficiencies that come to our attention during the course of our audit are communicated to the Committee and management in a timely manner. We will revisit our 2020/2021 control findings during our audit to check if management's responses have been implemented during the year as agreed,

We have set out to the right a table which summarises the level of controls reliance we expect to achieve for key processes.

Controls Reliance

Set out below is the level of controls reliance we expect to achieve over the key processes.

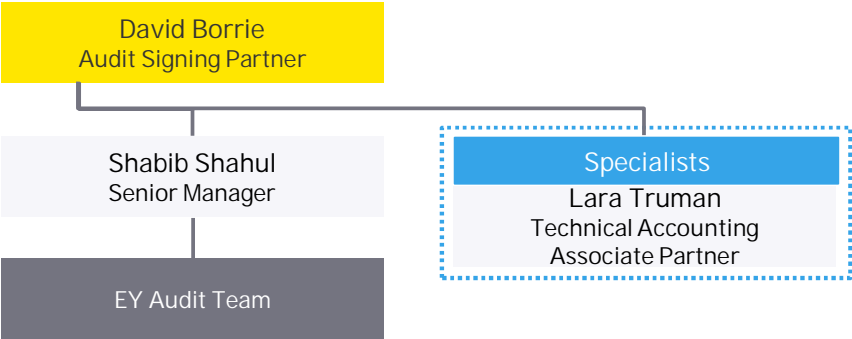
Process	Reliance On Internal Controls
Financial statement close	
Infrastructure Assets	
Rates setting and collections	
Revenue from grants and subsidies	
Purchases and payables	
Payroll	
Non-Financial Performance Reporting	

Your EY Team

We understand that our team is the most important element of your relationship with us.

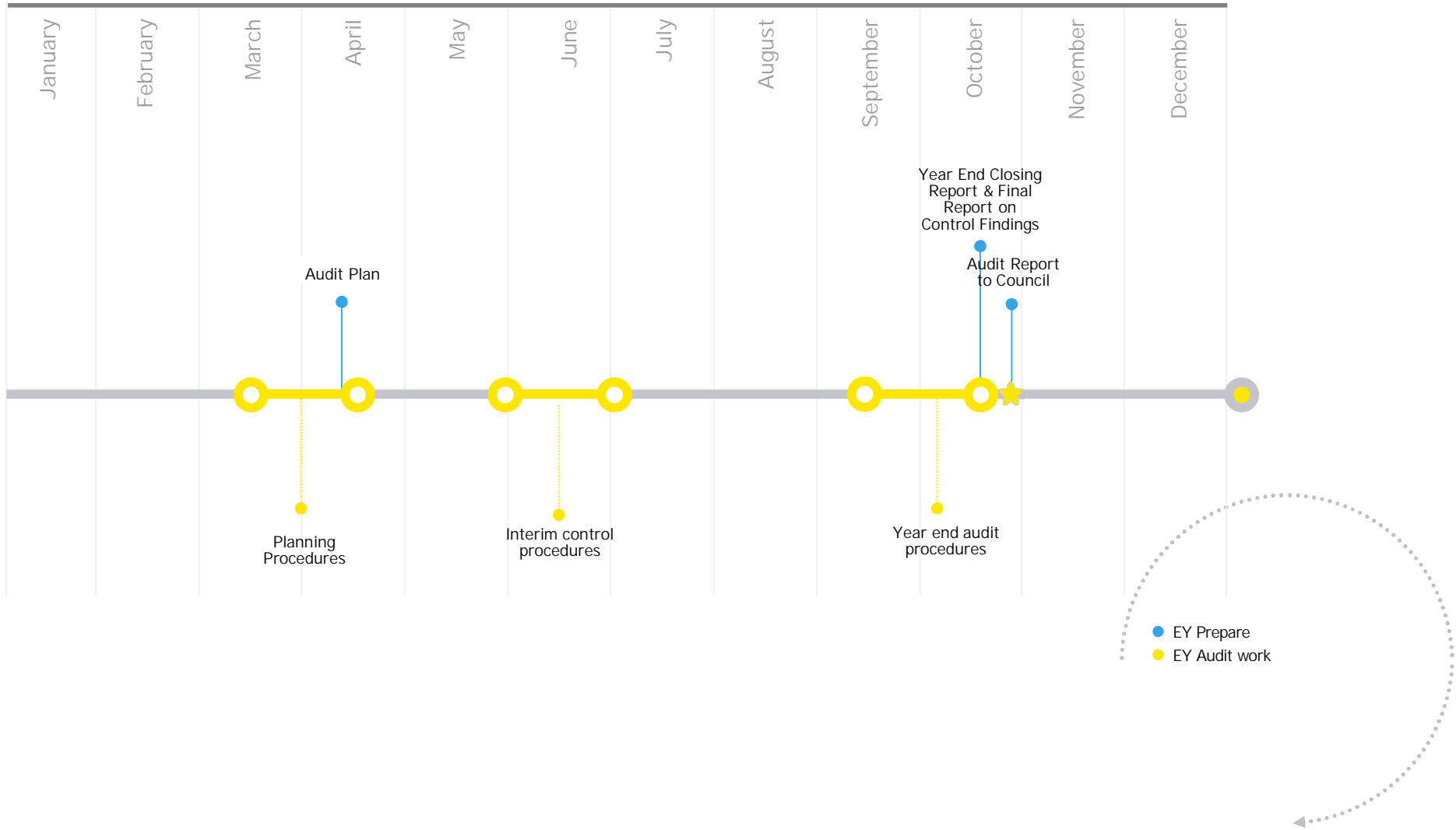
We believe that the periodic rotation of the key decision makers on the audit assists with maintaining our independence and bringing a fresh view. We actively plan rotation well in advance of the required rotation period to ensure that you benefit from a smooth transition.

Stuart Mutch was required to rotate off the Council’s audit due to mandatory rotation requirements. The 30 June 2022 audit is David’s first year as the Audit Signing Partner. David is a partner in our Wellington office with experience in audits of Councils and Council Controlled Organisations. We have maintained continuity in other elements of our audit team. This stability provides Council with continuity, historical knowledge of your organisation and industry expertise. This enables us to focus on the significant issues relevant to your organisation. Further we have incorporated experts from our Technical Accounting Team to assist us in addressing the financial risks relevant to Council.



Engagement Execution

2022



APPENDICES

A. Independence

14

B. Focused on your future

15

C. Sector Focus

16

D. Data Security and Privacy

17

Appendices

A. Independence

Independence is fundamental to EY as our ongoing reputation and success is connected to our ability to meet both Council and broader regulatory independence requirements.

We have consistently complied with all professional regulations relating to auditor independence including those outlined in:

- ▶ PES 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)
- ▶ OAG independence rules

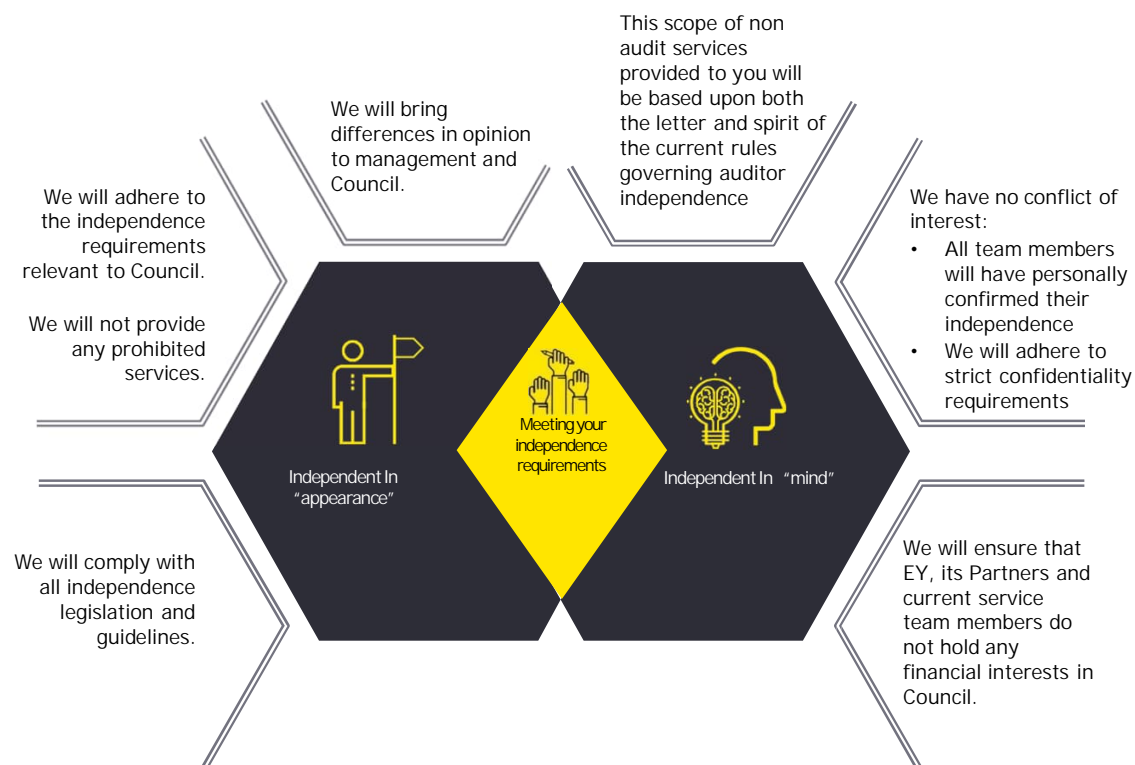
Accordingly, we ensure that there are controls in place and actions taken on a regular basis that mitigate any risks to our independence.

There are no matters that, in our professional judgement, bear on our independence which need to be disclosed to the Committee.

Non-audit services provided by EY are as follows:

	Fee (000's)	Independence threats identified	Actions taken to address the threat and safeguards adopted
Debenture Trust Deed reporting	3.5	Self interest threat	Independent assurance services
Total fees	3.5		

For context the agreed audit fee is \$120k excluding disbursements.



Appendices

B. Focused on Your Future

Recommendations

New Accounting Standards

FRS 48 Service Performance Reporting

Background

The NZASB has issued a new accounting standard for PBEs, FRS 48 Service Performance Reporting. This new standard requires the preparation of Statements of Service Performance for PBEs that report in accordance with Tier 1 and Tier 2 PBE standards.

The Standard describes service performance information as information about what an entity has done during the reporting period in working towards its broader aims and objectives, together with supporting contextual information. The standard establishes principles and high-level requirements for the reporting of service performance information rather than specifying detailed reporting requirements. This is due to the standard being applied to a wide range of PBEs.

An explanatory guide to FRS 48, called EG A10, has been issued by the XRB and is published on their website (<https://www.xrb.govt.nz/accounting-standards/not-for-profit/explanatory-guide-eg-a10/>).

WDC is required to prepare a Statement of Service Performance under legislation and the new standard will primarily result in disclosure changes as opposed to the primary content of the existing Statement of Service Performance changing. Likely disclosure changes include providing the details of the judgements associated with selecting and measuring performance metrics.

Appendices

C. Sector Focus

Change and reform in local government

The local government sector is currently undergoing significant reform and change. Some initiatives are broad and span across the sector while others relate to specific areas. While this programme of change doesn't always directly impact the detailed audit procedures we perform our audit, as whole, is completed in the context of the current programme of ongoing change in the local government sector.

Key changes and challenges

Future for Local Government review

1

- ▶ The Future for Local Government Review will consider, report, and make recommendations to the Minister of Local Government. The Interim Report has been presented to the Minister and is open to public comment. The current plan is for a final report to be presented to the Minister/Local Government New Zealand in early 2023.

Three waters reform

2

- ▶ The first phase of the reform was establishing Taumata Arowai to oversee, administer, and enforce the new drinking water regulatory system.
- ▶ The next phase of the reform relates to water service delivery. The Government has announced that it will establish four Water Service Entities as a part of its three waters reform programme.
- ▶ The Minister announced the establishment of a working group on representation, governance and accountability of the new Water Services Entities. This group comprises local authorities and iwi/Māori representatives.
- ▶ The Water Services Entities Bill will likely be introduced and passed into law during 2022. The Government expects the four new entities to be operational from 1 July 2024.

3

Resource management, building, and housing

- ▶ Many council areas are already seeing development at an increased scale. This often puts pressure on infrastructure services, as subdivisions or urban infill increases. Current reforms, especially those with potential to relax urban density and height limits, could result in some councils having to react to unplanned costs.
- ▶ Significant Resource Management reform is currently underway. This includes the repeal of the Resource Management Act and its replacement with three new pieces of legislation.

4

Covid-19

Covid-19 and the associated response measures have resulted in:

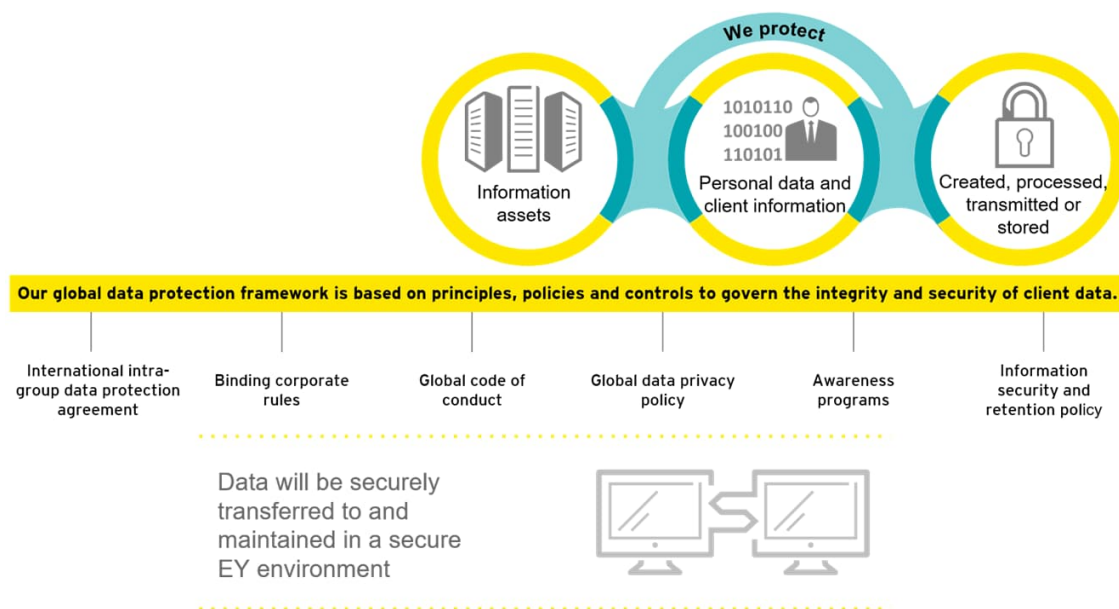
- ▶ Decreases in certain revenue types over the past two years;
- ▶ Supply chain issues and a tighter labour market have increased cost pressures and in some cases limited ability to access needed materials and skilled workers; and
- ▶ Asset valuations containing a higher level of judgement as price related inputs become more subjective.

Appendices

D. Data Security and Privacy

Our ability to provide seamless, consistent, high-quality client service is supported by a well-articulated data privacy and information security strategy. For the audit of the Council the following applies:

- ▶ Access to EY Canvas is restricted to members of the audit team only.
- ▶ Audit relevant information is transferred to EY securely via EY Canvas Client Portal.



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ED None

This report is intended solely for the information and use of the Finance, Audit & Risk Committee, other members of Council and senior management of Wairoa District Council, and should not be used for any other purpose nor given to any other party without our prior written consent. We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of this report, the provision of this report to the other party or the reliance upon this report by the other party.

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8.4 MONTHLY REPORT TO 28 FEBRUARY 2022

Author: Lauren Jones, Kaikaute Putea Financial Accountant

Authoriser: Gary Borg, Pouwhakarae - Putea / Tautawhi Rangapu Group Manager
Finance and Corporate Support

Appendices: 1. Monthly Financial Report to 28 February 2022 [↓](#)

1. PURPOSE

1.1 This report provides information for Committee on Council's operating financial performance for the 8 months to 28 February 2022. No decisions are required by Committee at this stage.

1.2 This is an information report-only report because it provides an update on Council's progress against objectives established and decisions previously made in the Annual Plan 2020-21 and Long-term Plan 2021-31.

1.3 The full half-year performance report was presented to Council at its meeting on 08 February 2022.

RECOMMENDATION

The Kaikaute Putea Financial Accountant RECOMMENDS that Committee receive the report.

1. BACKGROUND

2.1 Council's minimum statutory obligations regarding reporting, public accountability and financial management are contained in Part 6 of the Local Government Act 2002. Monitoring financial performance on Council's behalf is included in the Committee's Terms of Reference.

2.2 Beyond this, regular performance reporting is good practice, keeping Council and the community informed of its financial performance and position.

2.3 In addition, reporting during the year provides an indication of full year outcomes and informs the decision-making process for each subsequent Annual Plan and Long-term Plan.

2.4 The financial performance report, attached as Appendix 1, sets out the financial results.

MONTHLY REPORT

TO 28 FEBRUARY 2022



WAIROA

ABOUT THIS DOCUMENT

This report covers the period 1 July 2021 through 28 February 2022. As this is the first year of the Long-Term Plan (LTP) 2021-31, the LTP becomes our annual plan, therefore we have only one set of budgeted figures to compare our performance against. The Council is tracking close to budget in most cost centres.

Last financial year we had significant impacts from unbudgeted funding from the DIA and PGF (and associated project expenditure). For the current year to date we have not had these same impacts, with DIA and PGF funded projects part of our budget.

FORECAST TO 30 JUNE 2022

For our half year report to 31 December 2021, we completed a re-forecast through to 30 June 2022 with activity managers contributing their estimates for both operational and capital costs.

This forecast indicated that overall performance (revenue and expenditure) will be very close to, or under, budget. Therefore, the forecast has not been published at this time, as it will not add any meaningful analysis. However, the forecast financial performance will be reviewed again for the third quarter report.

The COVID environment and inflationary pressures being experienced in the New Zealand economy has impacted on prices of some materials and consumables, for example water treatment chemicals, contractors (availability and cost) and maintenance costs. In the most part, activity managers have forecast that they are able to absorb the rising costs in this year's budget by reduced spending in other areas. For example, travel and training costs have decreased due to less face-to-face courses and delays to scheduled training modules.

Although rising costs are forecast to be absorbed this financial year, we are considering the impact on the budgets as we work through our annual planning cycle for the 2022-23 financial year and beyond. We recognise that we cannot absorb all rising costs whilst still retaining our levels of service and maintenance programmes. There will be pressure to maintain service delivery whilst ensuring that general financial dealings are managed prudently and in a manner that promotes the current and future interests of the community.

Our forecast to 30 June 2022 will be reviewed as part of our third quarter report to 31 March 2022.



NGĀ TAUĀKĪ PŪTEA

FINANCIAL STATEMENTS

HE TAUĀKĪ PŪTEA WHIWHI ME TE PŪTEA WHAKAHAERE

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the period ended 28 February 2022

	YTD 28 Feb 2022 \$000	Annual Plan 28 Feb 2022 \$000	Variance		30 June 2021 \$000
			\$000	%	
Revenue					
Rates	10,306	10,306	-	0%	14,069
Subsidies and grants	15,274	14,537	737	5%	26,829
Petrol tax	53	57	(4)	-7%	84
Fees and charges	1,766	1,629	137	8%	2,228
Investment revenue	383	560	(177)	-32% A	100
Total revenue	27,782	27,089	693	3%	43,325
Expense					
Water supply	1,342	1,407	(65)	-5%	3,021
Stormwater	301	338	(37)	-11%	552
Wastewater	1,732	1,394	338	24% B	2,648
Solid waste	1,260	1,283	(23)	-2%	1,898
Transport	8,771	8,181	590	7%	14,968
Community facilities	1,609	1,572	37	2%	2,557
Planning and regulatory	1,705	1,397	308	22% C	1,762
Leadership and governance	1,673	2,372	(699)	-29% D	4,093
Corporate	881	1,419	(538)	-38% E	1,958
Total expense	19,274	19,363	(89)	0%	33,457
Net surplus (deficit) on operations	8,508	7,726			9,868
Subvention income	-	-	-	0%	287
Net surplus / (deficit) for the period	8,508	7,726			10,155
Other comprehensive revenue and expense					
Fair value movement PP&E	-	-	-		-
Total comprehensive revenue and expense for the period	8,508	7,726			10,155

Variance explanations (actual YTD compared to YTD annual plan)

- A** Investment revenue is \$177K (32%) below budget. This is due to a reduced return on our share portfolio which has not been fully offset by a higher than budgeted dividend from QRS.
- B** Wastewater expenses are \$338k (24%) over budget, mainly due to the operational charges relating to the resource consent application. This project was budgeted as a capital expense, but recognised as an operational costs during preliminary stages. Now that there is a preferred option for compliance, expenses are recorded as part of work in progress on the statement of financial position. This means the WIP budget is currently underspent and the operational budget overspent, with the net project spend within budget overall. Emergency event costs are \$78K over budget due to the significant weather events in the district. Māhia operating costs are \$147 over budget.
- C** Planning and regulatory expenses are \$308k (22%) over budget mainly due to an internal overhead review which increased the proportion of overhead allocated to this department, resulting in overheads being higher than budgeted. Further, there are \$62K of emergency event costs relating to the COVID lockdown which were not budgeted for.
- D** Leadership and governance expenses are \$699k (29%) under budget, mainly due to a corporate overhead review which has resulted in allocations to this department being lower than budgeted. There have also been savings in salary costs (due to the decision not to appointing a Senior Leadership Team member in this department), capitalisation of budgeted operational project costs relating to the Te Wairoa e Whanake project management and COVID related savings in festivals and events and hui expenses.
- E** Corporate expenses are \$538k (38%) under budget. This is related to lower than budgeted interest on loans (\$186k) and internal loans (\$426K) due to a lower loan balance than forecast YTD. There are also multiple small savings that may be impacted by timing of expenditure such as pensioner housing repairs and maintenance, community centre repairs and maintenance, vehicle expenses, investment brokerage and forestry management costs.

HE TAUĀKĪ TŪ PŪTEA

STATEMENT OF FINANCIAL POSITION

As at 28 February 2022

	YTD 28 Feb 2022 \$000	Annual Plan 28 Feb 2022 \$000	30 June 2021 \$000	Variance		
				\$000	%	
Current Assets						
Cash and cash equivalents	699	69	4,324	630	90%	A
Inventories	69	78	70	(9)	-13%	
Trade and other receivables	9,715	3,614	5,942	6,101	63%	B
Financial assets at fair value	1,025	1,831	1,029	(1,144)	-37%	C
Total current assets	11,508	5,592	11,365			
Current liabilities						
Trade and other payables	8,916	7,140	10,550	1,776	20%	B
Borrowings	1,500	1,500	1,000	-	0%	
Total current liabilities	10,416	8,640	11,550			
Working Capital	1,092	(3,048)	(185)			
Non-current assets						
Property, plant and equipment	286,900	297,713	290,868	(10,829)	-4%	
Work in progress	14,739	14,755	3,243			
Investment in subsidiary	1,250	1,250	1,250	-	0%	
Investment property	371	(31)	375	402	0%	
Biological asset - forestry	115	115	115	-	0%	
Intangible assets	18	12	21	6	33%	
Financial assets at fair value	2,046	2,384	2,897	(338)	-17%	C
Total non-current assets	305,439	316,198	298,769			
Non-current liabilities						
Trade and other payables	-	-	61	-	0%	
Landfill aftercare	1,306	1,273	1,306	33	3%	
Borrowings	6,500	13,480	7,000	(6,980)	-107%	D
Total non-current liabilities	7,806	14,753	8,367			
Net assets	298,725	298,397	290,217			
Represented by						
Equity	298,725	298,397	290,217			

Variance explanations (actual YTD compared to YTD annual plan)

- A** Cash is \$630k higher than budgeted, due to receipts from subsidies and maturity of investments (refer C below). These amounts are held in short-term interest-bearing accounts.
- B** Trade and other receivables are \$6 million (63%) higher than budgeted. Trade payables are \$7 million (20%) higher than budgeted. This is due to the timing of supply, invoicing and payments. IN particular the receivables balance includes invoices for both PGF and DIA funding which were paid early March.
- C** Financial assets (current and non-current) are \$1.4 million (54%) less than budgeted, due to the maturation of some investments during the period. The budget to 30 June 2022 reflects this maturation and so this variance is related to budget phasing.
- D** Borrowings are \$6.9 million lower than budgeted. Borrowings are used to fund capital projects to ensure intergenerational equity in costs. The DIA and PGF receipts, along with funds from matured investments are used prior to drawing down additional loan funding (refer A and C above).

HE TAUĀKĪ MANA TAURITE

STATEMENT OF CHANGES IN EQUITY

For the period ended 28 February 2022

	YTD 28 Feb 2022 \$000	Annual Plan 28 Feb 2022 \$000	30 June 2021 \$000
Total equity - opening balance	290,217	290,671	270,504
Net surplus (deficit) for period	8,508	7,726	3,521
Other comprehensive income	-	-	6,037
Total comprehensive income	8,508	7,726	9,558
Total equity - closing balance	298,725	298,397	280,062
Components of equity			
Ratepayer's equity			
Ratepayer's equity - opening balance	156,124	160,909	143,500
Net surplus/(deficit) for period	8,508	7,726	10,155
Transfers to special reserves	-	-	(2,768)
Transfers from special reserves	-	-	4,682
Transfer from revaluation reserve	-	-	555
Ratepayer's equity - closing balance	164,632	168,635	156,124
Special reserves			
Special reserves - opening balance	18,842	13,956	20,756
Transfer to ratepayer's equity	-	-	(4,682)
Transfer from ratepayer's equity	-	-	2,768
Special reserves - closing balance	18,842	13,956	18,842
Revaluation reserves			
Revaluation reserves - opening balance	115,251	115,806	115,806
Net transfer to ratepayer's equity	-	-	(555)
Revaluation recognised in other comprehensive revenue and expense	-	-	-
Revaluation reserves - closing balance	115,251	115,806	115,251
Total equity - closing balance	298,725	298,397	290,217

HE TAUĀKĪ KAPEWHITI

STATEMENT OF CASHFLOWS


For the period ended 28 February 2022

	YTD 28 Feb 2022 \$000	30 June 2021 \$000
Cash flows from operating activities		
<i>Cash was provided from:</i>		
Rates received	10,579	13,873
Other revenue	13,047	32,138
Investment income	383	387
<i>Cash was applied to:</i>		
Payments to suppliers and employees	(16,081)	(24,504)
Interest paid	(57)	(233)
Net cash flows from operating activities	7,871	21,671
Cash flows from investing activities		
<i>Cash was provided from:</i>		
Sale of property, plant and equipment	-	15
Insurance proceeds	-	-
Sale of financial assets	-	2,108
<i>Cash was applied to:</i>		
Purchase of financial assets	-	-
Purchase of property, plant and equipment	(11,496)	(21,265)
Net cash flows from investing activities	(11,496)	(19,142)
Cash flows from financing activities		
<i>Cash was provided from:</i>		
Loans raised	-	-
<i>Cash was applied to:</i>		
Borrowings repaid	-	(1,000)
Net cash flows from financing activities	-	(1,000)
Net increase/(decrease) in cash and cash equivalents	(3,625)	1,529
Cash and cash equivalents at beginning of year	4,324	2,795
Cash and cash equivalents at end of period	699	4,324
Made up of:		
Cash	(3)	4
Short term deposits	702	4,320
Cash and cash equivalents at end of period	699	4,324

The Council's operating activities YTD have resulted in a net cash inflow from operating activities of \$7.8 million, this figure includes grants received for capital projects.

The cash generated by operating activities has been applied to the purchase of property, plant and equipment, leaving an overall net outflow YTD of \$3.6 million.

The finance team reviews forecast cashflows to ensure there are sufficient inflows from operations and grants to meet our operational and capital requirements.



HE TAUĀKĪ WHAKAAWEAWE PŪTEA

FUNDING IMPACT STATEMENTS

Understanding Funding Impact Statements

These statements set out Council's sources of operating and capital funding to be used for the 2021/22 financial year, and how this funding is to be applied. Council's sources of operating funding include items such as fees and charges, and its applications of operating funding include items such as payments to staff and suppliers. Council's sources of capital funding include items such as subsidies and grants for capital expenditure, and its applications of capital funding include capital expenditure to improve levels of service or replace existing assets. The difference between the value of total capital funding and application of this funding is the amount that Council needs to fund from rating for depreciation, both in the current year and from reserves which have built up over several years. These statements do not include depreciation. This is because it is a non-cash item. The Whole of Council Funding Impact Statement provides combined totals of all Council's sources of operating and capital sources of funding and application, and activity-level funding impact statements which separates this information into Council's key activity groups such as water supply and waste management.

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 28 FEBRUARY 2022 (WHOLE OF COUNCIL)

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP/AP \$000	2021/22 AP YTD \$000	2021/22 YTD \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	3,523	3,528	10,950	7,300	7,300
Targeted rates (other than a targeted rate for water supply)	10,464	10,444	4,507	3,004	3,004
Subsidies and grants for operating purposes	8,041	8,972	6,242	4,161	4,583
Fees and charges	2,273	2,228	2,338	1,624	1,757
Interest and dividends from investments	761	387	758	506	383
Local authorities fuel tax, fines, infringement fees, and other receipts	89	84	85	57	53
Total operating funding (A)	25,151	25,643	24,880	16,652	17,080
Applications of operating funding					
Payments to staff and suppliers	23,213	25,435	23,457	16,079	15,231
Finance costs	202	581	623	414	85
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	23,415	26,016	24,080	16,493	15,316
Surplus (deficit) of operating funding (A - B)	1,736	(373)	800	159	1,764
Sources of capital funding					
Subsidies and grants for capital expenditure	12,168	17,857	14,185	11,526	10,691
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	2,702	5,197	(3,905)	(3,791)	(1,731)
Gross proceeds from sale of assets	17	15	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	98	-	-	-
Total sources of capital funding (C)	14,887	23,167	10,280	7,735	8,960
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	420	49
- to improve the level of service	9,364	15,555	-	-	5,633
- to replace existing assets	11,239	10,963	13,659	9,480	5,850
Increase (decrease) in reserves	(3,980)	(3,724)	(2,579)	(2,006)	(808)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	16,623	22,794	11,080	7,894	10,724
Surplus (deficit) of capital funding (C-D)	(1,736)	373	(800)	(159)	(1,764)
Funding balance ((A-B) + (C-D))	-	-	-	-	-
Expenses for this activity include the following depreciation/amortisation charge			(5,329)	(3,551)	(3,659)

The Funding Impact statement shows the link between capital subsidies received and capital expenditure. Capital subsidies (above: \$10.6 million YTD) are applied to capital expenditure, yet form part of our total revenue reported in the Statement of Comprehensive Revenue and Expense and therefore contribute to our YTD surplus of \$8.5 million. In fact, the above FIS shows that our operating activities have generated a surplus of \$1.7 million year to date, which has been mostly used to repay some internal loans (loans between activities). Our capital subsidies, plus the residual operational surplus and some reserves (\$808K) have been used to fund the YTD capital spend of \$11.5 million. The surplus of operating funding shows that we are managing our operational expenses prudently, and include rates collected for capital renewal and replacement projects.

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 28 FEBRUARY 2022 FOR WATER SUPPLY

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP/AP \$000	2021/22 AP YTD \$000	2021/22 YTD \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	155	103	103
Targeted rates (other than a targeted rate for water supply)	1,295	1,293	1,397	931	931
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	307	306	444	297	211
Internal charges and overheads recovered	436	-	-	-	-
Internal interest income	124	-	122	80	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	2,162	1,599	2,118	1,411	1,245
Applications of operating funding					
Payments to staff and suppliers	782	1,288	1,204	807	711
Finance costs	-	-	-	-	-
Internal charges and overheads applied	827	315	329	219	162
Internal interest charged	83	44	54	36	30
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,692	1,647	1,587	1,062	903
Surplus (deficit) of operating funding (A - B)	470	(48)	531	349	342
Sources of capital funding					
Subsidies and grants for capital expenditure	-	930	1,425	1,269	1,925
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	140	48	(1,941)	(1,588)	(463)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	140	978	(516)	(319)	1,462
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	20	1
- to improve the level of service	20	966	-	-	1,818
- to replace existing assets	1,155	587	188	125	29
Increase (decrease) in reserves	(565)	(623)	(173)	(115)	(44)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	610	930	15	30	1,804
Surplus (deficit) of capital funding (C-D)	(470)	48	(531)	(349)	(342)
Funding balance ((A-B) + (C-D))	-	-	-	-	-
Expenses for this activity include the following depreciation/amortisation charge			(637)	(425)	(439)

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 28 FEBRUARY 2022 FOR STORMWATER

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP/AP \$000	2021/22 AP YTD \$000	2021/22 YTD \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	40	27	27
Targeted rates (other than a targeted rate for water supply)	373	379	363	242	242
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	40	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	95	-	93	60	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	468	419	496	329	269
Applications of operating funding					
Payments to staff and suppliers	117	150	137	92	70
Finance costs	-	-	-	-	-
Internal charges and overheads applied	153	115	133	88	37
Internal interest charged	106	35	204	136	88
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	376	300	474	316	195
Surplus (deficit) of operating funding (A - B)	92	119	22	13	74
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	8	(119)	(22)	320	(37)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	8	(119)	(22)	320	(37)
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	333	37
- to improve the level of service	100	106	-	-	-
- to replace existing assets	-	40	-	-	4
Increase (decrease) in reserves	-	(146)	-	-	(4)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	100	-	-	333	37
Surplus (deficit) of capital funding (C-D)	(92)	(119)	(22)	(13)	(74)
Funding balance ((A-B) + (C-D))	-	-	-	-	-
Expenses for this activity include the following depreciation/amortisation charge			(253)	(168)	(170)

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 28 FEBRUARY 2022 FOR WASTEWATER

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP/AP \$000	2021/22 AP YTD \$000	2021/22 YTD \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	194	129	129
Targeted rates (other than a targeted rate for water supply)	1,513	1,442	1,748	1,165	1,165
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	105	56	-	-	52
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	68	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	1,686	1,498	1,942	1,294	1,346
Applications of operating funding					
Payments to staff and suppliers	999	1,937	1,293	863	1,153
Finance costs	-	-	-	-	-
Internal charges and overheads applied	295	172	243	161	214
Internal interest charged	179	96	-	-	-
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,473	2,205	1,536	1,024	1,367
Surplus (deficit) of operating funding (A - B)	213	(707)	406	270	(21)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	1,707	3,672	3,400	4,138
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1,545	609	(229)	(936)	(315)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	98	-	-	-
Total sources of capital funding (C)	1,545	2,414	3,443	2,464	3,823
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	67	-
- to improve the level of service	-	556	-	-	1,713
- to replace existing assets	2,691	1,566	4,698	3,483	2,092
Increase (decrease) in reserves	(933)	(415)	(849)	(816)	(3)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	1,758	1,707	3,849	2,734	3,802
Surplus (deficit) of capital funding (C-D)	(213)	707	(406)	(270)	21
Funding balance ((A-B) + (C-D))	-	-	-	-	-
Expenses for this activity include the following depreciation/amortisation charge			(426)	(284)	(301)

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 28 FEBRUARY 2022 FOR WASTE MANAGEMENT

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP/AP \$000	2021/22 AP YTD \$000	2021/22 YTD \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	111	74	74
Targeted rates (other than a targeted rate for water supply)	1,260	1,288	999	666	666
Subsidies and grants for operating purposes	-	40	-	-	-
Fees and charges	635	681	673	450	385
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	16	11	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	1,895	2,009	1,799	1,201	1,125
Applications of operating funding					
Payments to staff and suppliers	1,512	1,497	1,579	1,052	1,080
Finance costs	-	-	-	-	-
Internal charges and overheads applied	216	205	179	119	98
Internal interest charged	60	58	57	38	18
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,788	1,760	1,815	1,209	1,196
Surplus (deficit) of operating funding (A - B)	107	249	(16)	(8)	(71)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	265	-	-	11
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(107)	(70)	16	8	71
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(107)	195	16	8	82
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	11
- to improve the level of service	-	539	-	-	-
- to replace existing assets	-	89	90	60	-
Increase (decrease) in reserves	-	(184)	(90)	(60)	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	-	444	-	-	11
Surplus (deficit) of capital funding (C-D)	(107)	(249)	16	8	71
Funding balance ((A-B) + (C-D))	-	-	-	-	-
Expenses for this activity include the following depreciation/amortisation charge			(128)	(85)	(59)

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 28 FEBRUARY 2022 FOR TRANSPORT

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP/AP \$000	2021/22 AP YTD \$000	2021/22 YTD \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	101	102	3,774	2,516	2,516
Targeted rates (other than a targeted rate for water supply)	3,594	3,649	-	-	-
Subsidies and grants for operating purposes	7,887	7,069	5,719	3,813	3,730
Fees and charges	53	53	42	28	42
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	33	22	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	11,635	10,873	9,568	6,379	6,288
Applications of operating funding					
Payments to staff and suppliers	8,526	9,364	7,402	4,933	5,362
Finance costs	-	-	-	-	-
Internal charges and overheads applied	1,562	1,465	1,243	829	879
Internal interest charged	39	1	18	12	1
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	10,127	10,830	8,663	5,774	6,242
Surplus (deficit) of operating funding (A - B)	1,508	43	905	605	46
Sources of capital funding					
Subsidies and grants for capital expenditure	11,568	13,497	8,524	5,683	3,426
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(1,508)	4,812	(2,745)	(1,828)	195
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	10,060	18,309	5,779	3,855	3,621
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	6,362	11,986	-	-	620
- to replace existing assets	7,120	8,222	7,461	4,985	3,531
Increase (decrease) in reserves	(1,914)	(1,856)	(777)	(525)	(484)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	11,568	18,352	6,684	4,460	3,667
Surplus (deficit) of capital funding (C-D)	(1,508)	(43)	(905)	(605)	(46)
Funding balance ((A-B) + (C-D))	-	-	-	-	-
Expenses for this activity include the following depreciation/amortisation charge			(3,643)	(2,429)	(2,516)

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 28 FEBRUARY 2022 FOR COMMUNITY FACILITIES

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP/AP \$000	2021/22 AP YTD \$000	2021/22 YTD \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	786	804	3,031	2,021	2,021
Targeted rates (other than a targeted rate for water supply)	1,256	1,282	-	-	-
Subsidies and grants for operating purposes	39	221	73	49	108
Fees and charges	70	87	70	45	52
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	11	8	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	2,151	2,394	3,185	2,123	2,181
Applications of operating funding					
Payments to staff and suppliers	1,908	1,927	1,892	1,259	1,253
Finance costs	-	-	-	-	-
Internal charges and overheads applied	290	275	255	170	198
Internal interest charged	69	57	41	27	38
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	2,267	2,259	2,188	1,456	1,489
Surplus (deficit) of operating funding (A - B)	(116)	135	997	667	692
Sources of capital funding					
Subsidies and grants for capital expenditure	600	379	-	-	36
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	627	(135)	(709)	(475)	(711)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	1,227	244	(709)	(475)	(675)
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	1,546	407	-	-	106
- to replace existing assets	78	86	430	287	31
Increase (decrease) in reserves	(513)	(114)	(142)	(95)	(120)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	1,111	379	288	192	17
Surplus (deficit) of capital funding (C-D)	116	(135)	(997)	(667)	(692)
Funding balance ((A-B) + (C-D))	-	-	-	-	-
Expenses for this activity include the following depreciation/amortisation charge			(188)	(124)	(114)

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 28 FEBRUARY 2022 FOR PLANNING AND REGULATORY

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP/AP \$000	2021/22 AP YTD \$000	2021/22 YTD \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	193	154	1,015	677	677
Targeted rates (other than a targeted rate for water supply)	1,219	1,287	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	631	691	756	582	576
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	2,043	2,132	1,771	1,259	1,253
Applications of operating funding					
Payments to staff and suppliers	2,015	1,110	1,431	947	781
Finance costs	-	22	5	3	10
Internal charges and overheads applied	598	563	641	430	883
Internal interest charged	7	6	7	4	4
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	2,620	1,701	2,084	1,384	1,678
Surplus (deficit) of operating funding (A - B)	(577)	431	(313)	(125)	(425)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	650	(431)	359	160	435
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	650	(431)	359	160	435
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	37	237	171	70
Increase (decrease) in reserves	73	(37)	(191)	(136)	(60)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	73	-	46	35	10
Surplus (deficit) of capital funding (C-D)	577	(431)	313	125	425
Funding balance ((A-B) + (C-D))	-	-	-	-	-
Expenses for this activity include the following depreciation/amortisation charge			(19)	(13)	(27)

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 28 FEBRUARY 2022 FOR LEADERSHIP AND GOVERNANCE

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP/AP \$000	2021/22 AP YTD \$000	2021/22 YTD \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	2,603	2,670	2,613	1,742	1,742
Targeted rates (other than a targeted rate for water supply)	540	639	-	-	-
Subsidies and grants for operating purposes	115	1,164	53	35	306
Fees and charges	302	114	183	119	296
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	3,560	4,587	2,849	1,896	2,344
Applications of operating funding					
Payments to staff and suppliers	1,971	2,287	2,715	2,323	1,121
Finance costs	-	1	1	-	-
Internal charges and overheads applied	1,644	1,718	233	155	533
Internal interest charged	31	4	11	7	2
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	3,646	4,010	2,960	2,485	1,656
Surplus (deficit) of operating funding (A - B)	(86)	577	(111)	(589)	688
Sources of capital funding					
Subsidies and grants for capital expenditure	-	1,079	564	1,174	1,155
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	86	(732)	(453)	(585)	(502)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	86	347	111	589	653
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	916	-	-	1,341
- to replace existing assets	-	11	35	23	4
Increase (decrease) in reserves	-	(3)	(35)	(23)	(4)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	-	924	-	-	1,341
Surplus (deficit) of capital funding (C-D)	86	(577)	111	589	(688)
Funding balance ((A-B) + (C-D))	-	-	-	-	-
Expenses for this activity include the following depreciation/amortisation charge			(35)	(23)	(33)

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 28 FEBRUARY 2022 FOR CORPORATE FUNCTIONS

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP/AP \$000	2021/22 AP YTD \$000	2021/22 YTD \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	(160)	(202)	17	11	11
Targeted rates (other than a targeted rate for water supply)	(586)	(815)	-	-	-
Subsidies and grants for operating purposes	-	478	397	264	439
Fees and charges	171	200	170	113	147
Internal charges and overheads recovered	5,314	5,214	4,972	3,315	3,291
Internal interest income	1,295	269	121	93	179
Interest and dividends from investments	761	387	758	506	383
Local authorities fuel tax, fines, infringement fees, and other receipts	88	84	85	57	53
Total operating funding (A)	6,883	5,615	6,520	4,359	4,503
Applications of operating funding					
Payments to staff and suppliers	5,385	5,875	5,804	3,803	3,700
Finance costs	201	558	617	411	75
Internal charges and overheads applied	165	354	1,720	1,147	289
Internal interest charged	1,006	-	33	21	-
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	6,757	6,787	8,174	5,382	4,064
Surplus (deficit) of operating funding (A - B)	126	(1,172)	(1,654)	(1,023)	439
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1,262	1,215	1,819	1,133	(404)
Gross proceeds from sale of assets	16	15	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	1,278	1,230	1,819	1,133	(404)
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	1,336	79	-	-	35
- to replace existing assets	195	325	520	346	89
Increase (decrease) in reserves	(127)	(346)	(355)	(236)	(89)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	1,404	58	165	110	35
Surplus (deficit) of capital funding (C-D)	(126)	1,172	1,654	1,023	(439)
Funding balance ((A-B) + (C-D))	-	-	-	-	-
Expenses for this activity include the following depreciation/amortisation charge			(523)	(348)	(302)



PROJECT SUMMARY

Each year the Council budgets for a number of projects varying from computer purchases through to infrastructural improvements.

These projects form part of our “work in project” budget and are funded in one of 3 ways:

Reserve funding: Reserves are built up each year from depreciation (a non-cash charge which forms part of our expense in the statement of comprehensive income) and from retained earnings (when a project was funded in one year but not completed or deferred – the residual budget that was funded is transferred to reserves and then this is utilised in future periods to ensure projects are not rated for twice).

Loan funding: Borrowings are used to fund capital projects which exceed reserve amounts, , or for brand new assets for which no alternative funding is available. This ensures intergenerational equity in costs.

Subsidies / grants: Subsidies and/or grants can cover all or part of a project cost. Council has a number of PGF grants which fully cover current projects. Waka Kotahi subsidies are received on a cost share basis, ranging from a minimum of 75% of the cost of roading infrastructure that meet the Waka Kotahi criteria.

Sale proceeds: For some assets, in particular vehicles, sale proceeds of a fully or partially depreciated asset are utilised in conjunction with the depreciation reserve to fund a replacement purchase. Insurance proceeds are used in the same way when relating to an asset replacement or repair.

We have two major projects funded externally that have been impacted by COVID delays and cost escalations. These are outlined below.

TE WAIROA E WHANAKE (PGF FUNDING)

To date, \$500,000 has been received from the PGF in relation to this project. An application for an additional \$1.5 million was submitted in February 2022 to cover the PGF share of eligible costs incurred and committed to. *(This was paid by the PGF in early March 2022).*

Rising construction costs have impacted this project, causing the forecast total build cost to increase. In October, the Economic Development Committee was presented forecast budget variances which demonstrated that we expect project overspend, ranging from \$654,000 through to \$997,297. Due to the rapidly changing inflationary environment, which is particularly impacting the construction sector through cost increases and supply shortages, these forecasts may change.

Despite the current construction market conditions resulting in escalating costs, the PGF contribution to this project remains static, therefore the further external funding is necessary to reduce the amount of the increase borne by WDC. This shortfall will need to be met by WDC if additional contribution from external funders cannot be found.

As we finalise the scope of the Winters Building, and proceed through the construction phase for Gemmells, the forecasts of both costs and additional funding will allow Council to make decisions on future actions necessary.

3 WATERS STIMULUS PROJECT (DIA FUNDING) per Infrastructure committee agenda 22 February 2022

50% of the agreed funding was provided up front - \$5.52m. A further instalment of \$840,000 was paid in 1st September 2021. A third instalment of \$1.95m was paid in early December 2021, bringing total funds received to \$8,310,000. Total funds spent to date is approximately \$8.3m. A further \$1.77m was invoiced in February. *(This was paid by the DIA in early March 2022).*

Programme completion date is now forecast to June 2022, however majority of projects will be complete by early 2022. There are likely to be some ongoing project adjustments as variations are likely. Department of Internal Affairs understand this and are comfortable with unders and overs, i.e., some projects costing more and some projects costing less, resulting in the total funding not being exceeded.

Several work packages are being delivered through our existing three waters contractor Fulton Hogan. Their size and presence allow access to further resource if required, which will help mitigate any project delays. QRS has been involved in several projects, utilising their skilled local workforce. Three full time Council staff have been employed through this stimulus package.

Overspend: This is a constant juggling act, and an ever-present risk. Due to very tight time frames to both scope and deliver projects of this DIA Stimulus package, it is a constant juggling act and an ever-present risk. With some large key projects coming to completion this year, a better summary of committed expenditure can be produced. The project's finances are constantly monitored to avoid this risk as much as possible. The \$1.0m of previously uncommitted funds which were planned to be spent UV/filtration and irrigation, have been reallocated to cover other interrelated projects requiring essential increases in scope, i.e. the Wairoa WWTP electrical upgrade as mentioned above.

Quarterly reporting to the Department of Internal Affairs (DIA) has identified several key risks to the project. The following table is taken from the most recent January 2022 report and identifies the status of the top 6 expected risks as identified at the beginning of the project.

Top 5 Risks and Contractor Claims		
Risk Name	Risk Level	Commentary
Completion of programme by 30 June 2022	Low	This risk has been reassessed as low, however, two projects have been removed from the original project list this quarter to divert funding to other projects to enable completion. The project team is confident that all remaining projects will be completed prior to June 2022, as they are making reasonable progress to date.
Under expenditure - \$11.04M programme is significant compared to prior years' expenditure.	Low	The risk of underspend is now considered low risk. Overspend is being carefully monitored. WDC have been forced to remove two projects from scope - UV/Filtration and Irrigation to Land. While this is disappointing, the funds have been redirected to cover unforeseen costs/variations arising in other projects, including a \$750,000 electrical upgrade required at the Wairoa WWTP to cater for the new equipment being installed.
Minor variation to existing consent and landowner approval required for the Opoutama/Blue Bay WWTP effluent disposal field.	Low	Disposal field is complete and operational.
Smart metering (\$2.98M) is new to the Wairoa DC.	Low	Fulton Hogan are making good progress and have completed 1250/1750 (71%) toby replacements as at January 2022. A thorough review was completed in December 2021 to determine exact remaining scope of works. It was revealed that more tobies had already been replaced than previously thought, reducing the total from 2300 to 1750. However, as part of this exercise, the total cost to complete is similar due to high unit install cost for the more 'difficult' tobies, i.e. concrete surrounds, new laterals, Marine Parade footpath works, etc. This is still less than what was originally forecast
Covid related delays for overseas equipment orders	Medium	This still remains a significant risk to our delivery programme, and given the situation in New Zealand and throughout the world at the moment, this is unlikely to change for the duration of the project.
Lack of suppliers available to deliver accelerated works programme in such a tight timeframe	Low	All work in the remaining project list has been procured and is making good progress. Suppliers to date have achieved most agreed targets, albeit slightly delayed in some cases.

8.5 ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022: TIMETABLE AND AUDIT PLAN

Author: Lauren Jones, Kaikaute Putea Financial Accountant

Authoriser: Gary Borg, Pouwhakarae - Putea / Tautawhi Rangapu Group Manager
Finance and Corporate Support

Appendices: 1. Annual report timetable 2022 [↓](#)

1. PURPOSE

- 1.1 To present to the Committee the timetable for the preparation and audit of the Annual Report for the year ending 20 June 2022.

RECOMMENDATION

The Kaikaute Putea Financial Accountant RECOMMENDS that Committee receives the timetable for the Annual Report to 30 June 2022.

2. BACKGROUND

2.1 This matter is presented to the Committee in support of its obligations under its Terms of Reference to monitor Council's audit programme and oversee the compilation of the Annual Report.

2.2 Although no decisions are required from the Committee, it has a critical role in ensuring that effective oversight is applied to the integrity and timeliness of the process and the information contained in the final Annual Report that is recommended for adoption by Council.

2.3 This paper presents a timetable and risk assessment of the key milestones and critical path that will determine successful execution of the plan and hence Council meeting its statutory obligations.

3. CURRENT SITUATION

3.1 The timetable is attached as **Appendix 1** and includes qualitative assessments of the risk referred in 2.3. The schedule identifies key milestones and target dates for completion, audit, and adoption of the Annual Report. It is dependent on all areas of Council's operations providing the required information within the indicated timeframes. More detailed task lists will be employed as part of the project plan.

3.2 In preparing this timetable, additional attention has been applied to areas that have been challenging in previous reporting cycles, with a view to enhancing resourcing, timing, project management and distribution of tasks and the mitigation of risks to these.

Confirmation of statutory compliance

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

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

Annual Report Timetable 2021/22

Action	Target Completion Date	Risk (Likelihood)	Impact	Mitigation
Prepare Financial Statements template and annual report template (including comparatives and disclosure wording)	30 June	<p>Delayed sending of the workbooks. Unanticipated</p> <p>Incorrect Target information included Very rare</p>	Adds work to Auditors and managers to correct, delays signoff of the Audit process	Financial statement template prepared and in use with quarterly reporting therefore turnaround quicker and more accurate, with Financial Accountant familiar with the layout and expectations.
Interim Audit	May/June 2022	<p>Delayed sending of the workbooks. Unanticipated</p> <p>Delayed completion of this work Unanticipated</p>	<p>Adds work to Auditors and managers to correct, delays signoff of the Audit process.</p> <p>Work would need to be done at the time of the final audit, resulting in protracted audit process</p>	<p>Aim to have 100% of requests submitted before audit onsite, to resulting a smooth and easy audit.</p> <p>Leverage opportunity to discuss areas of judgement and interpretation, and key focus areas.</p>
Regular Year-End Adjustments <ul style="list-style-type: none"> - Investment Adjustments - Debtors – Aging of Rating Debtors and Provision for Doubtful Debts - Stocks on Hand - Payroll - Grants - Landfill provision - Rates reconciliation 	29 July	<p>Delayed completion of this work Rare</p> <p>Systemic challenges to production of base data Rare</p>	<p>Work would need to be done in August</p> <p>Delayed close of ledgers and completion of notes to accounts</p>	<p>Reminder of stocktake information early, for stocktake completion on 30 June.</p> <p>Draft landfill provision calculations provided for review at interim audit.</p> <p>Last year we made detailed notes on how to prepare the workbooks to enable easy follow through.</p>

Action	Target Completion Date	Risk (Likelihood)	Impact	Mitigation
Creditors <ul style="list-style-type: none"> - Non-Contractual Creditors <ul style="list-style-type: none"> o Processed Invoices ex GL o Invoices not received or processed - Contract claims/Prepayments and accruals 	29 July	Creditor costs are not accurately recorded in the accounts Moderate Cost information incomplete Unanticipated PO's are not receipted, have wrong value or not raised Likely	Understated expenditure and capital costs in the accounts.	Control list has been created for completeness and reconciled to contracts. PO matching has been adopted and accuracy improved throughout the organisation. Liaison with activity managers Open POs reviewed post year end Post year end payments/creditor invoices reviewed for inclusion in year end accruals
Revenue not recognised including NZTA Claim – Check for Wash-up DIA and PGF claims	22 July	Income not included in accounts. Very rare Not all items claimed by Engineering Rare	Understated Revenue and Receivables	1. Reconciliation of income to Claims. 2. Review of expenditure to claims. 3. Emergency spending FAR claims Updated tracking and reporting of NZTA monthly, collaboration between transport manager and Finance.
Ledgers closed	29 July	Timing and completeness Moderate	Delay completion of financial statements	As above. Enhanced monthly reporting schedule brings all standard tasks forward to completion by the 15 th .

Action	Target Completion Date	Risk (Likelihood)	Impact	Mitigation
Compilation of Service Performance Reports	22 July (AM and SLT review)	<p>Late or incomplete returns. Unanticipated</p> <p>Supporting information not reliable/inconsistent Moderate</p>	Additional audit work, reporting delays	<p>New SSP template prepared based on audit workpapers. Format is to facilitate easier audit process and track external year end confirmations required. Liaison with CAAS administrator for 3rd quarter reporting therefore turnaround quicker and more accurate, with managers more familiar with the layout and expectations.</p> <p>Finance and CAAS working closely to ensure data validation and commentary in advance of audit review to pre-empt queries.</p>
Capital Adjustments (Additions/Deletions/Depreciation & Valuation allocations) and Accruals	5 August	<p>Completion delayed Unanticipated</p> <p>Additions/disposals not recognised Moderate</p> <p>Operating expenditure incorrectly capitalised Moderate</p>	<p>Delays finalisation of Depreciation, Reserve Movements and reporting</p> <p>Asset values and depreciation misstated</p> <p>Asset values and depreciation misstated, operating expenditure and overall profit misstated</p>	<p>Year to 30 April for infrastructure review to be completed May/early June, focus on TWeW and WW consent in particular, ensuing correct recognition and capital/PEX split.</p> <p>Non-infrastructure asset capitalisation regularly completed monthly throughout year (prevent bottleneck).</p> <p>Financial accountant and AMs working together to clarify capitalisation considerations and</p>

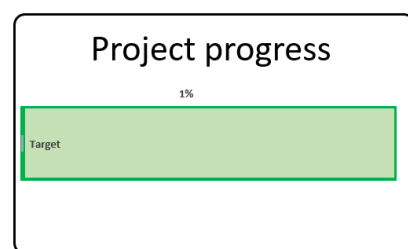
Action	Target Completion Date	Risk (Likelihood)	Impact	Mitigation
				ensure operating expenditure is identified and classified correctly. Funding Impact Statement templates to be prepared in advance of final capitalisations.
Overhead Allocations, Reserve Interest and Special Reserve funds	5 August	Complete information not available in timely fashion. Moderate	Delayed reporting, additional audit work	Dependent on above milestones, however much of the required information is now routinely prepared.
Notes, Funding Impact Statements, Financial Prudence Benchmarks	5 August			
Performance stories, joint statement	22 July (AM) followed by review 29 July (SLT)			
Full annual report draft completed	22 August			
Draft annual report - SLT review	26 August			
Draft summary report completed	9 September			
Audit	19 September – 07 October			
Presentation of Council only draft to Finance Audit & Risk Committee along with audit update	27 September			
Consolidation of CCO financial statements	12 September	QRS unable to pass info until audit is finalised Moderate	Delays completion of the accounts	Consolidation workbook and entry into the accounts template workbook to be setup in July, ready for data entry which will self populate to ensure a fast turnaround once data received.
Audit report on Control Findings, Draft opinion and Representation Letter	14 October	Moderate		

Action	Target Completion Date	Risk (Likelihood)	Impact	Mitigation
Report finalisation and Audit Opinion	Audit booked 19 Sept to 7 Oct. Aim finalisation and opinion issued by 14 October	Moderate	Delayed adoption of annual report	<p>We have planned out work similar to last year, with all documentation will be available to audit before they commence on 19th September.</p> <p>Areas of scrutiny will be discussed at interim with audit and the Financial Accountant has requested examples of documentation and testing processes so that these can be ready and complete for fieldwork.</p> <p>Annual report will be reviewed in July/August once rolled so any wording or disclosures can be updated and audit fieldwork will focus on the numbers.</p>
Presentation of audited reports to Council for adoption	31 October	Moderate	Extension of statutory deadline for adoption of the report, WDC wishes to still adopt 31 October. Will need to schedule an extraordinary meeting to prevent allow audit wrapup.	Ordinary Council Meeting scheduled for 18 October, agenda closes 10 October. Audit report unlikely to be complete by then, as fieldwork stops 7 October. Therefore to allow audit wrapup and reporting, will schedule extraordinary meeting for 31 October.

Project dashboard shows a snapshot of progress and key deadlines

Key deadlines	Progress
SSP	29-Jul
Performance stories	29-Jul
Preliminary workpapers	15-Aug
Draft TB ready	19-Aug
Draft annual report	12-Sep
Audit documentation	19-Sep
Review of draft	3-Oct
Final report for adoption	26-Oct
Adoption	31-Oct
Summary report	1-Nov
Publish	20-Nov

Key deadline status key
In progress
Due in the next 7 days
Overdue
Complete



A detailed task list has been setup on a shared drive so that all individuals know when their deadlines are and the Financial Accountant can monitor progress against deadline dates. This includes file locations so items can be picked up by others if there is any staff illness etc.

Item	Owner (WDC)	Department	Deadline	Status	Completion %	File location	File name
Audit workplan	Lauren	Finance	4-Apr	Complete	100%	G:\2021-22\Annual Report 2022\10 - Audit (final)	22 WDC 30 June 2022 Audit plan - FINAL.pdf
Capitalisation to 30 April	Lauren / Finance Team	Finance	31-May	In progress	0%		
Audit engagement letter	Lauren	Finance	31-May	In progress	0%	G:\2021-22\Annual Report 2022\10 - Audit (final)	
Infrastructure asset review	Lauren	Finance	31-May	In progress	0%	G:\2021-22\Annual Report 2022\05 - Non Current Assets\Fixed Assets\Additions	
SSP - complete to 31 May	Alyssa	CAAS	15-Jun	In progress	0%	V:\2020-2021\Annual\Annual report\SSP	
Lease Commitments Schedule reviewed for changes compared to PY (ie new/changed agreements)	Lauren / Sandra	Finance	15-Jun	In progress	0%	V:\2020-2021\Annual\Annual report	
Audit interim fieldwork	Finance team	Finance	21-Jun	In progress	0%		
Send impairment request and deadline to all managers	Lauren	Finance	25-Jun	In progress	0%		
Capitalisation to 31 April complete	Lauren / Finance Team	Finance	30-Jun	In progress	0%	G:\2021-22\Annual Report 2022\05 - Non Current Assets\Fixed Assets\Additions	
List of any properties held for sale (if any) at 30 June 2020.	Richard	CAAS	30-Jun	In progress	0%	G:\2021-22\Annual Report 2022\03 - Notes to the Accounts	
Landfill provision	Lauren	Finance	30-Jun	In progress	0%	G:\2021-22\Annual Report 2022\07 - Non Current Liabilities\Landfill provision	
Stocktake: water treatment plant	Lauren / Morgan	Finance / CAAS	30-Jun	In progress	0%	G:\2021-22\Annual Report 2022\04 - Current Assets\Inventory	

8.6 UPDATE ON DEVELOPMENT OF THE ANNUAL PLAN 2022/2023 AND CONSULTATION DOCUMENT

Author: Kimberley Tuapawa, Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience

Authoriser: Kitea Tipuna, Tumu Whakarae Chief Executive

Appendices: Nil

1. PURPOSE

- 1.1 This report provides an update on the development of Council's Annual Plan 2022/2023 Consultation Document and Annual Plan 2022/2023. No decisions are required by Committee at this stage.
- 1.2 Periodic updates on the Annual Plan's development are presented to the Finance, Audit and Risk Committee and to Council.

RECOMMENDATION

The Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience RECOMMENDS that Committee receive the report.

2. BACKGROUND

- 2.1 Council is in the process of developing its Annual Plan 2022/2023 and Consultation Document (CD). The Annual Plan sets the budget and rates requirement for the coming financial year and is based on Year Two of Council's Long Term Plan 2021-2031 (LTP). The CD provides an effective basis for public participation in Council's decision-making processes relating to its Annual Plan.
- 2.2 Under Section 95 of the Local Government Act 2022, Council is required to adopt its Annual Plan before 30 June. The Plan is an exceptions-based document, which means it does not need to include content that is unchanged from the LTP.
- 2.3 It is necessary to consult on the Plan if the content is significantly or materially different to that in the LTP. Discussions with elected members, management and the Chair of the Committee have signalled that it is appropriate for Council to consult with its community, given that the proposed changes to Council's budget and therefore its average rates increase are material.
- 2.4 The decision to consult triggers a block of work including the development of the consultation document, and a period of engagement involving submissions, hearings and deliberations.
- 2.5 Council's success in delivering its Annual Plan will come down to meeting three key goals. These are to 1) deliver quality engagement, 2) build quality documents, and 3) meet all deadlines.

3. CONSULTATION

- 3.1 During the month of May, Council will be consulting with its community on the Annual Plan. This consultation will focus on **Levels of Service** and what the community expects

from Council. People will have the opportunity to tell us how and where Council should spend its money.

- 3.2 Our consultation will take a **Levels of Service** scenario-based approach, where members of the community will be able to choose whether to spend *more*, the *same*, or *less* on a service, and see how that decision impacts on cost, rates, risk and debt. Key items of interest will be the Museum and Community Centre.
- 3.3 Council will identify its preferred options as those in the *same* category, since this is what has been proposed in order to ensure sustainable, affordable and compliant levels of service. This approach to consultation continues our '**educate and engage**' work from 2021.
- 3.4 The Consultation Document will be developed in a way that ensures readability and appeal. Changes to the design and layout will be made so that the document is easy to read and understand. Key content will be designed to stand out and complex data will be fully explained.
- 3.5 The workshop at the end of April will help Elected Members prepare for consultation and become familiar with the consultation document. A calendar of community sessions will also be confirmed. Given the current risks to our community around Covid-19, Council may consider a mix of online and in-person methods.
- 3.6 From early May, Council's consultation website www.consultation.nz/wdc will also contain all the consultation material that people will need in order to engage. It will include digital version of the CD for members of the community to view and print out, along with web forms that enable them to make online submissions. A section containing supporting documents will be available so that detailed information can be viewed.
- 3.7 Within 3 months, Council plans to have built and adopted its Consultation Document, completed formal consultation with the community, and built and adopted its and Annual Plan 2022/2023. The same project planning approach will be used as in previous years. A tentative timeframe is below:

Task	Timeframe
Build Annual Plan CD	Now – 22 April
Elected Member and SLT review of CD	End April
Workshop for consultation	End April
Adopt CD	3 May
Formal consultation	5 May – 5 June
Deliberations and hearings	Mid June
Build Annual Plan	Now – end June
Elected Member and SLT review Plan	End June
Adopt Annual Plan	29 June

- 3.8 Given the tight timeframes for the development of a consultation document, there will be need for flexibility, particularly in regards to document review and meetings. Elected Members and management will be kept updated as we head into this process.

**Further Information**

Further information is available in Council's LTP 2021-2031 and previous Annual Plans, which can be found on Council's website: www.wairoadc.govt.nz and from Council's Main Office.

References (to or from other Committees)

Council. 30 November, 2021. Planning for the Annual Plan 2022/2023.

Extraordinary Council. 30 June, 2021. Adoption of the Long Term Plan 2021-2031.

9 PUBLIC EXCLUDED ITEMS**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
9.1 - Te Wairoa e Whanake Risk Review	<p>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</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	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