



Notice is given of an Audit and Risk Committee Meeting to be held on:

Date: Tuesday, 2 July 2019

Time: Following Extraordinary Council Meeting

Location: Council Chambers Fairlie

AGENDA

Audit and Risk Committee Meeting

2 July 2019

**Suzette van Aswegen
Chief Executive Officer**

Audit and Risk Committee Membership:

James Leslie (Chair)
Russell Armstrong
Stuart Barwood
Chris Clarke
Paul Hannagan
Anne Munro
Mayor Graham Smith
Bruce Mincham
Mitch Taylor

The purpose of local government:

(1) The purpose of local government is—

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

(2) In this Act, good-quality, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are—

- (a) efficient; and
- (b) effective; and
- (c) appropriate to present and anticipated future circumstances.

(Local Government Act 2002)

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- 1 OPENING**
- 2 APOLOGIES**
- 3 DECLARATIONS OF INTEREST**
- 4 VISITORS**

5 REPORTS

5.1 MINUTES OF AUDIT AND RISK COMMITTEE MEETING - 9 APRIL 2019

File Reference: PAD

Author: Charlotte Borrell, Governance Advisor

Authoriser: Paul Numan, General Manager Corporate Services

Attachments: Nil

RECOMMENDATION


That the minutes of the Audit and Risk Committee Meeting held on Tuesday 9 April 2019 be received and adopted as a true and accurate record of the meeting.

5.2 ANNUAL REPORT TIMETABLE

File Reference: NA

Author: Tania Hoefsloot, Financial Accountant

Authoriser: Adrian Hodgett, Finance Manager

Attachments: 1. Draft 2018.2019 Annual Report Timetable [↓](#) 

PURPOSE OF REPORT

This report updates the Audit and Risk Committee on the proposed timetable for the audit of Council's Annual Report.

STAFF RECOMMENDATIONS

That the report be received.

BACKGROUND

Delegation

The Audit and Risk Subcommittee has delegated authority to consider this report under the following delegation in the Delegations Manual effective from 27 March 2018:

4.3.5.1 Terms of Reference:

- Monitor the Council's external and internal audit process.
- Consider and make recommendations to the Council on:
 - e. All year-end financial reporting obligations;

4.3.5.2 The scope of this Committee includes:

- Liaising with Council's external auditor:
 - a. at the start of each audit, confirm the terms of engagement with the external auditor including the nature and scope of the audit, timetable and fees;

Background

The Auditor-General is the auditor of all 'public entities', including Mackenzie District Council.

Under section 32 of the Public Audit Act 2001, the Auditor General has appointed Audit New Zealand to carry out the annual audit of the Council's financial statements and performance information for the 2017, 2018 and 2019 financial years.

Fees for the audit of public entities are set by the Auditor General under section 42 of the. Following agreement with Audit New Zealand, the audit fee for the year ended 30 June 2019 is \$101,030 plus GST and all reasonable disbursements. This includes an overhead charge of \$8,552 payable by Audit New Zealand to the Office of the Auditor General for a range of work that supports auditors.

The nature and scope of these audit engagements are set out in the Audit Engagement Letter as approved by Audit New Zealand and Council

Audit Approach

The audit of the Council's financial statements and performance information for the year ended 30 June 2019 is completed in two separate stages. Stage one comprises of an audit of the effectiveness

of Council's systems and internal controls underpinning the financial information and the non-financial performance during 2018/19. Stage two comprises of an audit of the financial statements and the non-financial performance information for the twelve months ended 30 June 2019 and a full review of the draft 2018/19 Annual Report.

2018/19 Annual Report Adoption Timetable

The table below sets out the scheduled dates of the Audit and Risk Committee and Council meetings that are relevant to the audit and adoption on the 2018/19 Annual Report.

Under the current Council Governance structure and delegations report, the Audit and Risk Committee has the authority to consider and recommend to Council the adoption of the Annual Report.

Agenda items relevant to the 2018/19 Annual Report have been outlined in the table below.

Meeting of:	Meeting date	Agenda items to include:
Audit and Risk Committee	Tuesday; 2 July 2019	<ul style="list-style-type: none"> • Audit NZ's Audit Plan • Annual Report Plan and Timetable for the year ended 30 June 2019.
Audit and Risk Committee	Tuesday; 8 October 2019	<ul style="list-style-type: none"> • Audit NZ's Interim Audit Report for the year ended 30 June 2019
Finance Committee	Tuesday; 27 August 2019	<ul style="list-style-type: none"> • Finance Report for the year ended 30 June 2019 • Quarterly Report from Bancorp Treasury Services to 30 June 2018
Finance Committee	Tuesday; 8 October 2019	<ul style="list-style-type: none"> • Alpine Energy Shareholder Report
Council Workshop	TBC	Draft Financial Statements for the year ended 30 June 2019, including non-financial information (Council Activities: Performance measures etc.)
Council Workshop	TBC	Draft Financial Statements for the year ended 30 June 2019. Includes COS's, FIS's, Capital Expenditure and accompanying variance explanations and the core Financial Statements.
Council Workshop	TBC [End of September 2019]	Draft Annual Report for the year ended 30 June 2019
Council	Thursday; 31 October 2019	For Decision Review and adopt the 2018/19 Annual Report.
TBC	TBC	Audit NZ's Audit Report for the year ended 30 June 2019

CONCLUSION

For the Committee to note the Draft 2018/19 Annual Report Timetable.

SUZETTE VAN ASWEGEN
CHIEF EXECUTIVE OFFICER

Draft 2018/2019 ANNUAL REPORT TIMETABLE

SECTION ONE: OVERVIEW

Introduction

The Annual Report is a **statutory requirement** of Council under sections 98 and 99, and Schedule 10 Part 3 of the Local Government Act 2002. The purpose of the Annual Report is to compare the actual activities and performance of Council over a year (1 July to 30 June) against the intended activities and levels of performance as set out in respect of the year in the Ten Year Plan or Annual Plan.

The Annual Report also provides accountability to the community of Council's decisions made throughout that year. The accountability enables stakeholders (residents and ratepayers, other local authorities, business community groups, Government regulatory bodies etc.) to assess our performance and make decisions regarding Council and how it conducts its business.

The Local Government Act 2002, section 98 (3) requires that each annual report is adopted, by resolution within four months after the end of the financial year in which it relates.

Background

The compilation of the Annual Report relies on a number of teams and individuals throughout Council working together cohesively to the point where it can be adopted by the end of October each year. **Every individual has a key part to play to ensure that the production of the Annual Report is successful.**

However, the tight deadlines required for adoption in October does place people under considerable pressure and stress during this time. That being said, the successful achievement of the annual report is reliant on effective communication channels and a cohesive team.

Objective

The Annual Report reports on Council's financial and non-financial performance for the financial year (1 July to 30 June). The purpose of this project is to complete the Annual Report:

- Within the specified deadline,
- With a clear audit opinion, and
- In compliance with legislation, including Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (IPSAS)
- Within the budget agreed with audit.

Roles and Responsibilities

Council

- The primary responsibility of the Chief Executive/Council is to ensure that the financial reporting requirements as set out by legislation are met and for establishing and maintaining a system of internal controls that is designed to provide reasonable assurance as to the integrity and reliability of the financial reporting. Hence, the Statement of Compliance and Responsibility and Statement of Financial Position are signed-off by the Mayor and Chief Executive; and
- Authority for adoption of Annual Report.

Executive Team

- The primary responsibility of the Executive Team is to ensure that the financial reporting requirements as set out by legislation are met;
- Identify and advise on Council issues that may impact on and/or require disclosure in the Annual Report;
- Review of and approval authority on the Annual Report content and disclosures;
- Provide guidance or feedback on any issues that need to be addressed at a high level;
- Responsible for the non-financial and financial information including the financial statements and the judgements used in them; and
- Responsible for the establishment and maintenance of a system of internal controls that is designed to provide reasonable assurance as to the integrity and reliability of the financial reporting.

Chief Executive

Is responsible for:

- Reports annually to Council on Council's performance by means of the external financial report;
- Ultimate approval and decision-making authority;
- Key provider of:
 - 1.1. Authorisation of the Audit Arrangements Letter and Representation Letter.
 - 1.2. The Mayor and Chief Executive Report
 - 1.3. Summary overview assessment of the achievement of Council Ends policies and a complementary commentary on the extent to which, if at all, Chief Executive Limitation policies were contravened.
- The Chief Executive delegates the responsibility for the production of the Annual Report to General Manager Corporate Services.

Finance Manager – Adrian Hodgett

Is responsible for the preparation and coordination of the Council's financial statements, including the following:

- Accountable for the project;

- Preparing the financial statements within required timeframes.
- Ensuring that the financial statements comply with applicable legislation and financial reporting standards.
- Ensuring all amounts in financial statements are supported with appropriate evidence for audit purposes.
- Significant variances between actual balances, budgeted and previous year actual amounts are explained.
- The financial statements are prepared in accordance with the accounting policies adopted by the entity.
- Approval authority on processes and material produced throughout the project.
- Provides guidance where risks have been identified and need resolution.
- Key provider of information and technical expertise with regards to
 - a. Review of group of Activities section
 - b. Legislative compliance and risk
 - c. Investment properties
 - d. Review of financial variance explanations
 - e. Commitments and contingencies
- Provide updates to Chief Executive at fortnightly meeting

Financial Accountant – Tania Hoefsloot

Is responsible for:

- Project plan and timetable preparation.
- Monitors progress with the aim of ensuring it is completed on time and to agreed standards.
- Co-ordinates and supports staff with responsibilities or roles in the project.
- Provides updates to staff, the project team and management as appropriate.
- Identifies risks and notifies relevant staff of possible resolutions.
- Ensures audit and legislative requirements are met.
- Year-end close.
- Year accruals preparation
- Compilation of audit files relating to Section Four: *Financial Statements*.
- Accounting policies review and update.
- Notes to Accounts.
- Preparation of analytical review.
- Section: *General Overview* financial information and graphs.

Senior Corporate Planner – Katherine Hill

Is responsible for:

- Co-ordinate the collection of and incorporate the non-financial information within the document including performance monitoring information.
- Oversight of the collation of the annual report document.
- Monitors progress of tasks with the aim of ensuring it is completed on time and to agreed standards.

Budget Managers

Are responsible for:

- Provide updates on those areas of the project they are responsible for.
- Provide feedback where changes in activities may impact on the project delivery.
- **Provision of performance monitoring information** in an auditable form.
- **Maintain supporting documentation** for performance monitoring results in audit files.
- Provide the necessary fixed asset component information for capitalisation.
- Provide breakdown of capex into Additional Demand. Improved levels of Service and/or Replacement classification.
- Provide variance explanations.
- Make themselves available to auditors to answer queries in a respectful manner.

Meetings

Meetings have been identified as a requirement to ensure key project milestones are met in accordance with the timetable framework. The key milestones identified are as follows:

Key Milestones

Date required	Action or Item	Person Responsible	Date completed
4 June	Interim Audit	Audit NZ/ Paul/ Adrian	
7 June	Bank & Lawyer confirmation letters sent out	Tania	
25 June	Draft Interim Audit Report Issued	Audit NZ	
21 June	Write to Pukaki Airport Board and Albury Water Supply advising reporting deadlines	Tania	
TBA	Narrative and Statement of Service Performance KPI's circulated to Managers	Katherine	
TBC	June Management reports circulated to Managers	Jo	
12 July	30 June invoices to Julie for payment on 19 th July	All Managers	
12 July	Vested assets provided	Bernie	
26 July	Invoices or estimates for work completed to 30 th June 2019 for accruals to Tania.	All Managers	
9 Aug	Pukaki Airport Board, Albury Water Supply, Downlands and Twizel information Centre financials completed	Tania	
17 Aug	Complete accruals excluding fixed assets	Tania	
24 Aug	Complete all reconciliations excluding fixed assets	Tania	
24 Aug	Infrastructure assets Three Waters Fair Value Assessment to determine if revaluation required Determine WIP and carry-forwards Journals	Jo in consultation with Bernie/Geoff	
24 Aug	Roading Journals	Jo in consultation with Bernie/Scott	
07 Sept	Land and buildings revaluation complete	Jo	
07 Sept	Fixed Assets Final capture in FAR Review misallocation within GL Run depreciation to year end Reconcile general ledger to fixed asset system Note preparation	Tania/Jo	

Date required	Action or Item	Person Responsible	Date completed
TBA	Narrative and Statement of Service Performance KPI's to be completed by Managers/ Team leaders Explanation for all significant variances on KPI's, FIS's and Capital Expenditure complete	All Managers/ Katherine	
TBA	Narrative and Statement of Service Performance KPI's typed up and recirculated to Managers for checking. All corrections to be sent back to [TBA]	All Managers/Katherine	
27 Aug	Formatting of Annual Report, narrations completed	Katherine	
27 Aug	Allocation of overheads. N/A for 2018/19.	Adrian	
6 Sept	Special funds and reserves transfers	Adrian	
13 Sept	June financial results (includes COS's, FIS' and core financial statements) and Statements of Service Performance ready for Council Workshop	Tania	
26 Sep	Completion of financial statement work-papers - balance sheet and P&L including Note Disclosures	Tania	
	<ul style="list-style-type: none"> • Rates Reconciliation and Adjustments, Rates write-offs 		
	<ul style="list-style-type: none"> • Grant funding 		
	<ul style="list-style-type: none"> • Bad debt provisions 		
	<ul style="list-style-type: none"> • Employee provisions - LSL, gratuities 		
	<ul style="list-style-type: none"> • Related party 		
	<ul style="list-style-type: none"> • Investment – interest accrual 		
	<ul style="list-style-type: none"> • Assets –Infrastructure 		
	<ul style="list-style-type: none"> • Depreciation 		
	<ul style="list-style-type: none"> • Land and buildings revaluations 		
	<ul style="list-style-type: none"> • Financial Instruments 		
	<ul style="list-style-type: none"> • Tax 		
	<ul style="list-style-type: none"> • Cashflow 		
	<ul style="list-style-type: none"> • Analytical review 		
Last week Aug	Undertake final variance analysis & update narrative Verify with Managers	Adrian/Katherine with review by Managers	
30 Sept	Annual Report Commentary draft vetted	CEO/Paul/Adrian	
30 Sept	Draft financials and Annual report to Audit	Katherine	
30 Sept - 18 Oct	Final Audit visit	Audit NZ/Paul/Adrian	
18 Oct	Final Financial Statements completed including	Tania	

Date required	Action or Item	Person Responsible	Date completed
	audit adjustments		
21 Oct	Final documents and numbers in Annual Report	Tania	
21 Oct	Final financial statements available to audit	Tania	
25 Oct	Annual Report completed and ready for distribution	Katherine	
25 Oct	Verbal clearance given	Audit	
TBC	Representation Letter signed for Audit	Finance Manager/ Mayor	
31 Oct	Audit opinion & Final Audit Report	Audit	
31 Oct	Adopt Annual Report	Council	
1 Nov	Summary Annual Report to be published	Katherine	

These milestones have been identified as work streams that may require significant involvement from members of the project team, and subsequently require a good awareness of project progress in these areas. In identifying any risks through project team meetings in delivering the timetable, any contingencies can be prepared for in advance.

Fortnightly meetings to include:

1. Mayor
 2. Chief Executive
 3. General Manager Corporate Services
 4. Finance Manager
 5. Senior Corporate Planner
- Meetings to begin on Friday, 12th July and to continue until Council adoption on Thursday, 31st October.
 - Meetings to be held fortnightly on a Friday afternoon to provide a regular forum to monitor progress against the agreed project timeframes and address issues raised for the upcoming week.

Risks and Other Matters

1. Factors to Consider

Audit NZ have recommended the following improvements to the 2018/2019 Annual Report:

Arising from 2018/2019 interim audit

- Related Parties disclosure to be reviewed and updated after the organisational review. Audit will focus on the completeness of these disclosures as they have not easy way on knowing who elected members' and executives' partners and close family members are, what interests these parties hold through trusts, joint ventures

and partnerships. Hence, Audit NZ needs to ask about the completeness of interests declared.

- John explained his advice, to the CEO, about who should be included in Key Management Personnel.
- Opportunity to advance the revaluation of infrastructure assets as at 1 July 2019 to aid the fair value assessment of infrastructure re assets as at 30 June 2019, and any impairment assessment.
- An adjustment may be needed to the Forestry Valuation for any harvesting that is scheduled to occur before balance date.
- Alpine Energy shareholders to decide on which valuer to engage and the terms of reference for the revaluation.
- To ensure that the SSP measures and supporting information are available at the commencement of the audit. There may be new measures in the 2018/28 LTP.
- Discussed the risks with the breakdown of internal controls with the organisation restructure including the potential for additional audit work being required as a result.
- The Debenture Trust Deed may need to be audited.-
- Bribery and Corruption questionnaire to be introduced by audit.

Arising from 2017/2018 final audit

5.1 *Land under roads and restricted land within inventory*

Management informed the audit team of a potential prior period error that it had identified. This related to the accounting treatment of three parcels of land that had been incorrectly classified as inventory rather than property, plant and equipment. The errors were immaterial and were able to be corrected in the current financial year. Audit were satisfied that the required adjustments were made by management.

5.2 *Alpine Energy shares valuation*

During the 2017/18 financial year the audit team was informed that the Alpine Energy Limited (AEL) shares valuation, prepared by Deloitte, may be materially overstated and that another shareholder had requested a new valuation to be completed. Due to concerns raised by the Timaru District Holdings Limited (TDHL) directors in 2018, that the value by Deloitte was grossly overstated, TDHL wanted the Deloitte valuation to be independently reviewed.

Ernst and Young (EY), through discussions with AEL management, put together a much more compelling (albeit at a significantly reduced value) valuation compared to Deloitte. Key areas of the EY valuation include:

- A better approach such as the inclusion of price reset decisions which more accurately reflect AEL's regulatory environment.
- Extended forecasts for capex and revenue.
- Valuation of the different components of AEL separately and not as one business.
- Compliance with the fair value measurement accounting standard whereas the Deloitte valuation was an indicative valuation.

The mid-point valuation from the EY of \$194 million was considered as an acceptable value to use as no organisation has a controlling share. Council subsequently correctly recognised the decrease in value of its shareholding in other comprehensive revenue and expense, and not as a charge against the surplus, as it had sufficient accumulated reserves.

Recommendation

- Ensure that Council engages an external expert to prepare a valuation of its shareholding in future years.
- Ensure that the valuation is reviewed, either internally or externally, so that the Council has sufficient assurance that is appropriate to use it in the annual report.

5.3 NCS customer complaints system

The NCS customer complaints system does not classify a complaint based on the specific nature of the complaint. For example, sewerage overflows are classified as a sewerage complaint rather than a sewerage overflow complaint. We also noted that there were complaints that did not have a time by which the complaint was resolved. Specifically, 10 complaints relating to roading did not include a time the complaint was resolved by.

Recommendation

- Ensure complaints are classified based on what performance measures they relate to.
- Ensure that all complaints include a time they are resolved by.

5.4 Review of useful lives of fixed assets

We reviewed the asset registers, and noted many assets which are either fully depreciated or almost fully depreciated. Assets that are fully depreciated, and no longer in use by the Council, need to be removed from the asset register. It is also a requirement of the accounting standards to assess the useful lives of fixed assets annually. We also noted that there are a small number of assets with depreciation rates that differ to the range prescribed in the accounting policies.

Recommendation

- Annually review current depreciation rates to determine if they are still appropriate and revise them where they are not.
- Ensure remaining useful lives are updated when significant repair work is undertaken on an asset which extends its useful life.
- Perform a stocktake of assets, with a net book value less than 10% of their costs, to determine the existence of assets.
- Remove any assets that do not exist, from the fixed asset register.
- Ensure that depreciation rates applied are consistent with the accounting policies.

Refer to **APPENDIX THREE: *Additional findings from the current year's audit*** for further details

Risks and Issues

1.1. Annual Report Project

Risk Identified	Mitigation Strategy	Responsibility	Completion Date
Annual Report Planning timetable deadlines not met internally particularly with new staff and non-financial performance measures			
Underestimating the resourcing requirements in terms of staff time for processing of assets			
The number of reworks e.g. water billing accrual			
Infrastructure valuation			

1.2. Business Risks and Issues identified by Audit New Zealand

Audit have identified the following what they consider to be the main business risks and issues facing Council. Many of these risks and issues are relevant to the audit because they affect Audit NZ's ability to form an opinion on Councils financial statements.

Consequently, the following areas are being focused on during the upcoming audit:

- Fair value assessments and impairment of assets
- Transformation project
- Investment in Alpine Energy Limited
- Significant capital projects and work in progress
- Rates
- The risk of management override of internal controls
- Prudent expenditure decisions
- Non-financial performance reporting
- Bribery and corruption
- Compliance with laws and regulations

Refer to **APPENDIX ONE: *Your business risks/issues and Results from our audit response***, and **APPENDIX TWO: *Other areas of interest for local authorities*** for further details

Other matters

Auditor-General's overview on the 2018 work about local government.

The emphasis is that Councils need good information to support conversations with their communities and to make optimal decisions.

The LTPs and other work carried out during the year showed that councils have more to do to collect better information about:

- the condition and performance of their critical assets;
- the likelihood of natural hazard events occurring (for example, flooding); and
- the effects of climate change on their infrastructure and community.

These challenges are for Central and local government to work together to address. The local government sector is currently subject to two major reviews by central government. Both of these – the review of how drinking water, wastewater, and stormwater (the three waters) are supplied and regulated, and the Productivity Commission's funding and financing review – could result in significant recommendations for change.

Responding to these challenges will require councils to be agile and they could need to act quickly. However, that should not come at the expense of following proper processes and informed decision-making. Frameworks exist so that matters can be dealt with quickly and appropriately. Councils need full and proper records of their work that show what decisions were made, how they made them, and the basis on which these were made.

Audit saw that some councils are looking to new and innovative solutions to fund the delivery of their work programmes. It is important that councils carry out appropriate due diligence, given the inherent risks associated with non-standard approaches.

In audits view, an effective audit and risk committee can be a powerful advisory group to help councillors. Audit and risk committees can provide external and independent perspectives to the risks, issues, and challenges facing councils. Many councils already have committees in place and greatly benefit from their advice. Audit would like to see all councils have an effective audit and risk committee with an independent chairperson. This would support councillors to consistently make well-informed decisions on behalf of their communities.

Finally, councils need to carefully plan for the preparation, audit, and adoption of their 2018/19 annual reports, particularly with 2019 being an election year.

Councils' 2018-28 long-term plans and their financial results for 2017/18

The Auditor-Generals overview of the 2018-28 long-term plans and councils' 2017/18 financial results highlighted the following four key matters:

Councils' forecasts for capital expenditure and debt

Councils are forecasting a significant increase in the amount of capital expenditure compared with previous LTPs. The increase in the forecast capital expenditure is mainly because of:

- councils' plans to meet demands arising from growth;
- new levels-of-service requirements (for example, the standards required through national policy statements); and
- the need to renew existing assets, because many assets are simply at the age where they need further investment.

The largest increases to forecast capital expenditure compared with the 2015-25 LTPs are to address the demand from growth and to improve levels of services. Renewing existing assets remains the largest category of forecast capital expenditure.

The capital expenditure forecasts included in LTPs will be challenging to achieve as most councils spend less than 80% of their capital expenditure budgets each year. Although it might differ for individual councils, we expect that councils will need to carefully plan, prioritise, and monitor their capital programme in 2018/19 and beyond so they can realistically achieve capital programme budgets and deliver the levels of service agreed with their communities.

The increase in forecast capital expenditure described in councils' 2018-28 LTPs indicates that councils could face funding challenges.

Responding to climate change

Communities are already feeling the effects of climate change and that will compound the pressure of increasing capital expenditure forecasts. However, most councils are deferring making decisions about how to respond to the effects of climate change because there is too much uncertainty.

Audits view is that there is a need for continued leadership from central and local government to deal with climate change matters. In particular, they should consider:

- what data is needed and which public organisation is going to collect that data;
- the quality required of this data; and
- how this data will be used in future planning and accountability documents, such as the LTPs.

Better understanding the performance and condition of critical assets

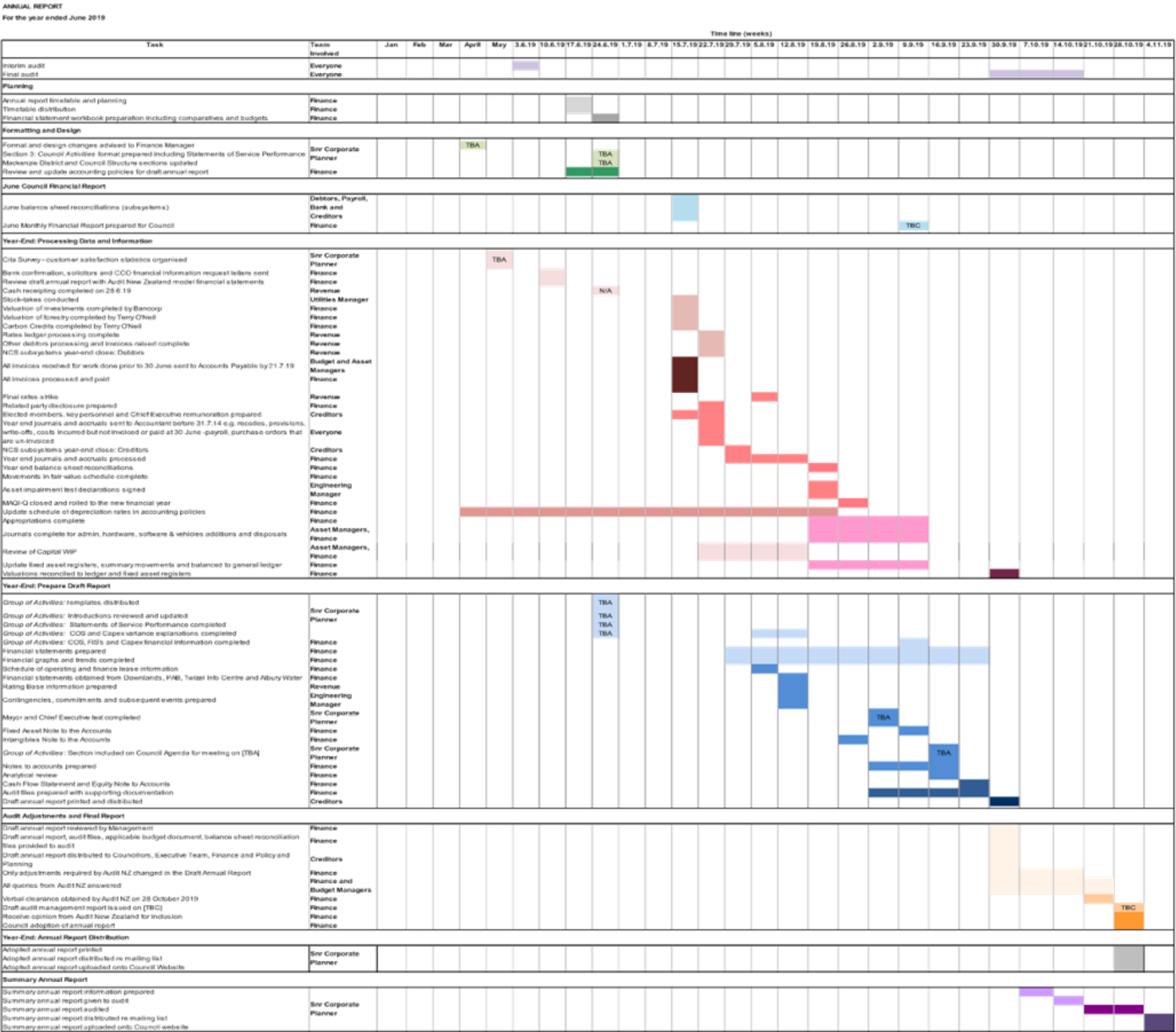
To support better planning, councils need to do more to better understand the performance and condition of their most critical assets. Councils generally have information about the age of their assets. However, councils also need reliable and complete information about how those assets are actually performing to ensure that they are being managed in the most efficient and effective way.

The issues being faced by councils are becoming more complex so they need to start prioritising completing this work. If there are gaps or weaknesses in the information, it is important that councils communicate them and their possible implications to the community. Councils should take a precautionary approach for significant services in the meantime.

The content of the long-term plans

Audit consider that it is timely for the Department of Internal Affairs and the local government sector to discuss and review the required content for LTPs to ensure that they remain fit for purpose. These less-effective matters include:

- the current suite of mandatory performance measures;
- the disclosure requirements for financial and infrastructure strategies;
- disclosures required under the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- how assumptions are disclosed.



THIS TIMELINE AIMS TO DEPICT A BROAD OVERVIEW OF KEY TASKS BY DEPARTMENT ONLY AND IS NOT MEANT TO BE AN EXHAUSTIVE LIST OF ALL TASKS THAT REQUIRE COMPLETION DURING THE ANNUAL PROCESS.

SECTION THREE: INDIVIDUAL RESPONSIBILITIES AND DEADLINES

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
Everyone				
Interim Audit Visit	04/06/19	07/06/19	Everyone	-
Final Audit Visit	30/09/19	18/10/19	Everyone	-
Governance Advisor				
Minutes including confidential minutes of all Council, sub-committee meetings and community boards, signed where adopted up to the date of signing the audit opinion.		On-going, up to adoption	Governance Advisor	-
Prepare Schedules of Rural Travel Fund and Community Trust Grants approved by Council and prepare creditor for un-invoiced amounts.	01/07/19	12/07/19	Governance Advisor	
All Managers				
Details of any legal proceedings that Council is involved in that may give rise to a contingent liability (or asset). To include names, addresses of all solicitors/barristers used by the Council and description of matter and estimate of the financial settlement. Legal letter template to be provided by Audit NZ as below.	02/07/19	06/07/19	All Managers	Finance Manager
Asset Managers				
Review of WIP (Capital Work in Progress)	02/07/19	26/07/19	Asset Managers	Financial Accountant
Audit New Zealand				
Verbal audit clearance by Audit New Zealand	25/10/19	25/10/19	Audit New Zealand	Finance Manager
Audit opinion issued	31/10/19	31/10/19	Audit New Zealand	Finance Manager
Draft interim management report issued	25/06/19	25/06/19	Audit New Zealand	Finance Manager
Draft final management report	TBC	TBC	Audit New	Finance Manager

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
issued from Audit New Zealand.			Zealand	
Audit opinion issued	31/10/19	31/10/19	Audit New Zealand	Finance Manager
Budget Managers				
Explanations for Cost of Service Statements and Capex complete	19/08/19	23/08/19	Budget Managers	Finance Manager/ Management Accountant
All 2018/19 year-end accruals to be completed and sent to Financial Accountant.	19/07/19	26/07/19	Budget Managers	Financial Accountant
For all significant classes of expenditure a comparison of the actual expenditure against 2018/19 budget.	19/08/19	23/08/19	Budget Managers	Financial Accountant
Evidence to support each item reported in the SSPs.	05/08/19	16/08/19	Budget Managers	Senior Corporate Planner-
All invoices for 2018/19 to be authorised and sent to Senior Creditors/Payroll Officer for final cheque run on 19th July.	01/07/19	12/07/19	Budget Managers	Senior Creditors/Payroll Officer
Major variances for Capital Works Projects completed.	05/08/19	16/08/19	Budget Managers	Financial Accountant
Comparison of the significant actual revenue for 2018/19 against budget and previous year including a copy of the schedule of user charges from the Long-term Plan. Prepare explanations for any fluctuations in the comparisons.	16/09/19	27/09/19	Budget Managers	Finance Manager/ Financial Accountant
Review and update non-financial performance measures text completed for Group Activities section. Completed section to be forwarded to [TBA*] for inclusion in the draft document.	01/07/19*	11/07/19*	Budget Managers	
*. TBA: Senior Corporate Planner to advise dates as information was unavailable or subject to change at the time of the Annual report Plan and Timetable preparation				
CEO & Mayor				
Mayor / Chief Executive text completed and provided to [TBA*].	TBA*	TBA*	CEO & Mayor	
*. TBA: Senior Corporate Planner to advise dates as information was unavailable or subject to change at the time of the Annual report Plan and Timetable preparation				

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
CEO, Finance Manager and Senior Corporate Planner				
Introductory paragraphs to be reviewed and updated for each Group of Activities and forwarded to [TBA*]. for inclusion in the Draft.	01/07/19*	11/07/19*	CEO, Finance Manager and Senior Corporate Planner	-
*. TBA: Senior Corporate Planner to advise dates as information was unavailable or subject to change at the time of the Annual report Plan and Timetable preparation				
Review Draft Annual Report	30/09/19	04/10/19	CEO, General Manager Corporate Services, Finance Manager	-
Senior Creditors/Payroll Officer				
Detailed holiday pay schedule and reconciled to the General Ledger, with source of date and calculation method used.	28/06/19	05/07/19	Senior Creditors/Payroll Officer	-
List of authorised cheque signatories as issued to the banks identified above.	28/06/19	28/06/19	Senior Creditors/Payroll Officer	-
Details of last cheque issued for June 2019.	01/07/19	05/07/19	Senior Creditors/Payroll Officer	-
Details of first cheque issued for July 2019.	01/07/19	05/07/19	Senior Creditors/Payroll Officer	-
Schedule of creditors at balance date supporting Aged Trial Balance.	22/07/19	26/07/19	Senior Creditors/Payroll Officer	-
NCS Year-end roll Creditors sub-system	TBA -30/06 or 22/07/19	TBA - 30/06 or 22/07/19	Senior Creditors/Payroll Officer	-
Total payments paid to related parties during the year; including: <ul style="list-style-type: none"> • Councillors (show mileage, allowances & any reimbursements separately) • Key Personnel (Executives). <i>New classification mid-year after reorganisation.</i> • Downlands • Pukaki Airport Board 	22/07/19	26/07/19	Senior Creditors/Payroll Officer	Financial Accountant
Prepare year end salaries and	08/07/19	12/07/19	Senior	Financial

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
wages accrual			Creditors/Payroll Officer	Accountant
Calculate sick leave. Data required includes: <ul style="list-style-type: none"> History of sick leave taken including; number of people who have taken sick leave per number of sick days, Accumulated sick leave; including number of sick days, staff numbers per day and total accumulated number of days 	08/07/19	12/07/19	Senior Creditors/Payroll Officer	Financial Accountant
Detailed schedule of payroll accruals (including sick leave).	08/07/19	12/07/19	Senior Creditors/Payroll Officer	Financial Accountant
Detailed schedule of refundable deposits reconciled to general ledger.	15/07/19	19/07/19	Senior Creditors/Payroll Officer	Financial Accountant
Reconciliation of creditors control to the general ledger.	15/07/19	19/07/19	Senior Creditors/Payroll Officer	Financial Accountant
Detailed schedule of retentions reconciled to general ledger.	15/07/19	19/07/19	Senior Creditors/Payroll Officer	Financial Accountant
List of payments made after 21 st July relating to June 2019.	22/07/19	16/08/19	Senior Creditors/Payroll Officer	Financial Accountant
Review creditors listing to identify any related parties as at 30 June; including: Downlands	01/08/19	03/08/19	Senior Creditors/Payroll Officer	Financial Accountant
Breakdown of creditors by category (operating/capital) as at 30 June 2019 with supporting documentation.	12/08/19	23/08/19	Senior Creditors/Payroll Officer	Financial Accountant
Elected Representatives remuneration	08/07/19	19/07/19	Senior Creditors/Payroll Officer	Financial Accountant
Chief Executive remuneration	08/07/19	19/07/19	Senior Creditors/Payroll Officer	Financial Accountant
Key management personnel remuneration. Note: <i>Reclassification mid-year due to reorganisation</i>	08/07/19	19/07/19	Senior Creditors/Payroll Officer	Financial Accountant

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
Schedule of any major remuneration changes and effective dates, e.g., wage increases, redundancies, and bonuses.	08/07/19	19/07/19	Senior Creditors/Payroll Officer	General Manager Corporate Services
Listing of performance incentives, new employees and former employees, redundancies and severances generated from the payroll system.	08/07/19	19/07/19	Senior Creditors/Payroll Officer	General Manager Corporate Services
Reasonableness reconciliation between total payroll per the general ledger and the payroll system as at 30 June 2019.	15/07/19	19/07/19	Senior Creditors/Payroll Officer	Management Accountant
Reconciliation of payroll balances in the general ledger to payroll system.	08/07/19	19/07/19	Senior Creditors/Payroll Officer	Management Accountant
Reconciliation of all suspense accounts including Recoverable Services, Cashiers Clearing and Unpresented Cheques	01/07/19	12/07/19	Senior Creditors/Payroll Officer and Senior Revenue Officer	Financial Accountant
Recoverable Services accounts to be reviewed, ensure all on-charges complete with invoices raised and balance outstanding to be confirmed.	22/07/19	26/07/19	Budget Manager	Senior Creditors/Payroll Officer
Financial Accountant				
June financial results (includes COS's, FIS' and core financial statements) and Statements of Service Performance ready for Council Workshop	13/09/19	13/09/19	Finance Manager	Financial Accountant
Financial work-papers for the Final Draft Annual Report complete	01/08/19	26/09/19	Financial Accountant	-
Trial balance supporting the Annual Report information enabling the trial balance accounts to be reconciled to the financial statements, notes and cost of service statements.	01/08/19	26/09/19	Financial Accountant	-
Final Balance Sheet	05/08/19	24/08/19	Financial Accountant	-

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
Reconciliations complete				
Completed lead sheets for all sections with figures for current year, last years, \$ movement and % movement. Provide explanations for variances \pm 10% or \$100,000 (whichever is lesser).	05/08/19	20/09/19	Financial Accountant	-
Notification of Financial Year-End deadlines sent out to staff, Chairperson of Pukaki Airport Board, Accountant acting for Pukaki Airport Board, Albury Water Supply and Twizel Information Centre	17/06/19	21/06/19	Financial Accountant	-
Annual Report planning and timetable prepared and distributed	17/06/19	21/06/19	Financial Accountant	-
Financial Statements workbook set-up for the new year including budgets and comparatives.	24/06/19	28/06/19	Financial Accountant	-
Review accounting policies and notes to accounts in accordance with Audit New Zealand model annual report	24/06/19	28/06/19	Financial Accountant	-
Any technical discussion paper submitted to audit for review and comments	N/A for 2018/19	N/A for 2018/19	Financial Accountant	-
Prepare reconciliation of grant income	01/07/19	12/07/19	Financial Accountant	-
Prepare reconciliation of IT lease commitments	01/07/19	12/07/19	Financial Accountant	-
Reconciliation of lease/rental charges to lease agreements.	08/07/19	19/07/19	Financial Accountant	-
Reconcile annual leave and retirement accruals to the general ledger and the financial statements	29/07/19	09/08/19	Financial Accountant	-
Request third party confirmations of bank accounts and any other bank arrangements. (send PAB copies of requests made)	03/06/19	07/06/19	Financial Accountant	-
Sundry debtors accrual schedule	29/07/19	09/08/19	Financial	-

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
			Accountant	
Prepare and journal consolidation for Downlands draft financial results. <i>Note: Adrian is liaising with David Codyre at Timaru Council to obtain. May require Change in Accounting Policy if early adoption</i>	28/07/19	09/08/19	Finance Manager	Financial Accountant
Reformat financial statements, accounting policies and set-up ledger accounts for change in Downlands accounting treatment, if applicable	09/08/19	16/08/19	Finance Manager	Financial Accountant
Review Downlands final financial results to ensure there has been no material change from the draft results. <i>Note: Liaising with Sandy Hogg at Timaru Council to obtain.</i>	TBC	TBC	Financial Accountant	-
Prepare and journal consolidation results for Pukaki Airport Board	22/07/19	09/08/19	Financial Accountant	-
Listing of all year-end prepayments.	22/07/19	26/07/19	Financial Accountant	-
Prepare journal for the revaluation of Alpine Shares <i>Note; New valuation provider to be confirmed and engaged.</i>	22/07/19	09/08/19	Financial Accountant	-
Prepare journal for movement in the fair value of bonds	22/07/19	09/08/19	Financial Accountant	-
Supporting documentation for investments – financial statements, market prices of shares, evidence of shareholding etc.	15/07/19	26/07/19	Financial Accountant	-
Reconciliation of investments to the general ledger.	01/07/19	12/07/19	Financial Accountant	-
Summary of investment income (interest and dividends) for the year, reconciled to the G/L.	01/07/19	12/07/19	Financial Accountant	-
Details of split between current and term investments.	15/07/19	26/07/19	Financial Accountant	-
Prepare accrued bond interest schedule	01/07/19	12/07/19	Financial Accountant	-

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
Schedule of Inventory Held for Distribution prepared (journal prepared to write-off)	12/08/19	16/08/19	Financial Accountant	-
Obtain forestry valuation as at 30 June 2019 from external valuer including movements differentiated between price and physical changes.	15/07/19	19/07/19	Financial Accountant	-
Obtain Carbon Credits – EUR transactions as at 30 June 2019 from Terry O'Neil	15/07/19	19/07/19	Financial Accountant	-
Fair value adjustment journal completed	12/08/19	16/08/19	Financial Accountant	-
Complete listing of reconciliations as at 30 June 2019, with supporting documentation.	12/08/19	23/08/19	Financial Accountant	-
Detailed schedules of any other current Liabilities.	12/08/19	23/08/19	Financial Accountant	-
Landfill calculation	01/07/19	05/07/19	Financial Accountant	-
Schedule of movements in equity and reserves, from 30 June 2017 to 30 June 2019, including the revaluation reserve. Along with supporting documentation for significant movements.	09/09/19	13/09/19	Financial Accountant	-
Funding Impact Statements for all significant activities, showing actual performance for the year compared to the targets set in the Long-term Plan/Annual Plan.	09/09/19	13/09/19	Financial Accountant	-
Request solicitors to provide a legal letter (Audit New Zealand provides a standard letter template).	27/05/19	31/05/19	Financial Accountant	-
Request copy of solicitor replies to be provided to Financial Accountant by Audit New Zealand.	05/08/19	09/08/19	Financial Accountant	-

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
Schedules of all related party transactions and end balances (debtor/creditor) together with confirmations from / reconciliations to related party balances. <ul style="list-style-type: none"> • Councillors • Key Personnel Managers <i>New classification mid-year after reorganisation.</i> • Pukaki Airport Board 	22/07/19	26/07/19	Financial Accountant	-
Joint venture financial statements received.	22/07/19	09/08/19	Financial Accountant	-
Albury Water Supply	22/07/19	09/08/19	Financial Accountant	-
Pukaki Airport Board. Liaise with Bruce Cowan to obtain.	22/07/19	09/08/19	Financial Accountant	-
Twizel Information Centre	22/07/19	09/08/19	Financial Accountant	-
Adjusting journals and Inter entity reconciliations as at 30 June 2019.	29/07/19	23/08/19	Financial Accountant	-
Float and Petty Cash holders advised of reimbursement requirements in Twizel and Fairlie.	17/06/19	21/06/19	Financial Accountant	-
Summary annual report information prepared.	07/10/19	11/10/19	Senior Corporate Planner	-
Draft of summary annual report sent to Audit NZ.	14/10/19	14/10/19	Financial Accountant	-
Summary annual report audited.	14/10/19	25/10/19	Financial Accountant	-
NCS Year End rollover	TBC	TBC	Financial Accountant	-
Calculate retirement leave accruals for year-end. Data required includes: <ul style="list-style-type: none"> • employee numbers, • salary, • date of birth, • standard hours, • start date for retirement leave 	15/07/19	26/07/19	Financial Accountant	Senior Creditors/Payroll Officer
Explanations for any significant fluctuations when compared to the	19/08/19	23/08/19	Financial Accountant	Senior Creditors/Payroll

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
previous year.				Officer
Review IPSAS accounting standards to identify and new developments or changes to legislation. Update Annual Report for any new requirements	24/06/19	28/06/19	Financial Accountant	Finance Manager
Schedule of investments held as at 30 th June 2019, with explanations for significant fluctuations when compared to the prior year.	15/07/19	26/07/19	Financial Accountant	Finance Manager
Insurance of assets (as at the end of the financial year) <ul style="list-style-type: none"> the total value of all assets of the local authority that are covered by insurance contracts, and the maximum amount to which they are insured; the total value of all assets of the local authority that are covered by financial risk sharing arrangements, and the maximum amount available to the local authority under those arrangements; and the total value of all assets of the local authority that are self-insured, and the value of any fund maintained by the local authority for that purpose. 	19/08/19	23/08/19	Financial Accountant	
Work papers clearly documenting how the figures in the cash flow statement were calculated.	16/09/19	20/09/19	Financial Accountant	
Prepare Note to Accounts of operating results to net cash flows from operating activities.	16/09/19	20/09/19	Financial Accountant	
Reconciliation of all figures in the Statement of Cash Flows back to the Statement of Financial Performance and Statement of Financial Position and supporting schedules.	16/09/19	20/09/19	Financial Accountant	

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
Reconciliation of the balance of GST payable in the general ledger to the last GST return.	19/08/19	23/08/19	Financial Accountant	
The current year tax calculation and supporting work papers.	23/09/19	23/09/19	Financial Accountant	
Last year's tax return and the latest IRD statement of account for income tax.	23/09/19	23/09/19	Financial Accountant	
All tax advice, binding ruling applications, tax compliance reports and IRD correspondence.	23/09/19	23/09/19	Financial Accountant	
Latest GST return	23/09/19	23/09/19	Financial Accountant	
Note 35: Explanations of major variances against budget for Statement of Comprehensive Income and Statement of Financial Position	16/09/19	20/09/19	Financial Accountant	
Schedule of fair value movements based on CPI Index to verify no significant movements in fair value for those categories that have not been revalued (only land not revalued).	02/09/19	06/09/19	Financial Accountant	Management Accountant
Asset revaluations done for land and building assets.	19/08/19	30/08/19	Financial Accountant	Management Accountant
Complete additions, disposals, depreciation calculated and journalled for non-revalued assets.	19/08/19	30/08/19	Financial Accountant	Management Accountant
Reconciliation of the fixed asset registers to the general ledger.	02/09/19	07/09/19	Financial Accountant	Management Accountant
Intangibles note to accounts	19/08/19	23/08/19	Financial Accountant	Management Accountant
List of and details for any Income Received in Advance; where June Invoices that relate to after year end e.g. dog registrations and Lake Alex	01/07/19	19/07/19	Financial Accountant/	-
Engineering Manager				
Landfill provision calculation. Provide copy if monitoring and landfill related invoices paid during the year and revise costs	28/06/19	05/07/19	Engineering Manager	Financial Accountant

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
estimated in the calculation to ensure reasonable.				
Schedule of vested assets completed and provided to Accountant	08/07/19	12/07/19	Engineering Manager	Financial Accountant
Schedule of commitments at 30 June 2019 differentiating between operating leases and capital commitments such as infrastructural contracts	05/08/19	16/08/19	Engineering Manager	General Manager Corporate Services
Supporting documentation for all commitments.	05/08/19	16/08/19	Engineering Assets	General Manager Corporate Services
Complete annual asset review declarations for impairment; including impairment test, residual values, useful lives and depreciation methods.	13/08/19	17/08/19	Engineering Manager	Management Accountant
Organise infrastructure valuations as at 01/07/2019.	20/06/19	13/09/19	Engineering Manager	General Manager Corporate Services
Roading Manager				
Copy of the Final NZTA New Zealand Claim calculated and accrued, along with supporting documentation (including receipts for the year).	05/07/19	05/07/19	Roading Manager	Financial Accountant
Supplementary Claim calculated and accrued, along with supporting documentation	05/07/19	05/07/19	Roading Manager	Financial Accountant
Copy of any NZTA reviews or audits performed during 2018/19.	29/06/19	06/07/19	Roading Manager	Engineering Manager
Reconciliation between final NZTA NZ claim and NZTA Income YTD and debtors.	29/06/19	06/07/19	Roading Manager	Financial Accountant
Provide explanations for variances greater than 10% and \$50,000, when the figure is compared to the previous year and budget.	19/08/19	23/08/19	Roading Manager	Management Accountant
Preparation of supporting documentation to an auditable standard for Roding performance measures	01/07/19	28/09/19	Roading Manager	

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
Administration Support Officer - Engineering				
Cash collected from Fairlie and Tekapo toilets and banked	28/06/19	28/06/19	Administration Support Officer - Engineering	-
Utilities Manager				
Water Billing Accrual.	01/07/19	16/08/19	Utilities Manager	Senior Revenue Officer
To organise stocktake conducted by Whitestone of Inventory Held for Distribution and send results to Financial Accountant.	28/06/19	28/06/19	Whitestone, Utilities Manager	-
Preparation of supporting documentation to an auditable standard for Water, Wastewater and Sewerage performance measures.	01/07/19	28/09/19	Utilities Manager	
Senior Corporate Planner				
Annual Report covers prepared	TBA*	TBA*	Senior Corporate Planner	-
* . TBA: Senior Corporate Planner to advise dates as information was unavailable or subject to change at the time of the Annual report Plan and Timetable preparation				
Format of Group Activities section to be approved by Council and/or General Manager Corporate Services including performance measures and targets.	TBA*	TBA*	Senior Corporate Planner	General Manager Corporate Services
Update the Processes to Provide Opportunities for Māori to Contribute to Decision-Making Processes section	01/07/19*	11/07/19*	Senior Corporate Planner	-
Preliminary templates distributed including: <ul style="list-style-type: none"> • Introduction from Mayor & CEO • Council Directory, and • Council Structure. 	01/07/19*	11/07/19*	Senior Corporate Planner	-
Group Activities template distributed including performance measures and targets as per Ten Year Plan/Annual Plan distributed.	01/07/19*	01/07/19*	Senior Corporate Planner	-
Statements of Service Performance included in Council	TBA if required	TBA if required	Senior Corporate Planner	-

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
Order Paper				
Customer Satisfaction Survey organised	TBA*	TBA*	Senior Corporate Planner	-
Review and Update Council Directory.	01/07/19*	11/07/19*	Senior Corporate Planner	-
Review and Update "Council Structure"	01/07/19*	11/07/19*	Senior Corporate Planner	-
Draft Annual Report distributed to Council and Management.	30/09/19	30/09/19	Senior Corporate Planner	-
Draft Annual Report printed and distributed to Audit New Zealand	30/09/19	30/09/19	Senior Corporate Planner	-
Final Annual Report for the year ended 30 June 2019 distributed to Council, Management Team and Audit NZ.	24/10/19	24/10/19	Senior Corporate Planner	-
Adopted annual report and summary uploaded onto Council Website.	31/10/19	01/11/19	Senior Corporate Planner	-
Adopted annual report and summary printed for Council, Senior Management, statutory bodies and communities.	31/10/19	01/11/19	Senior Corporate Planner	-
In-design software training	TBA*	TBA*	Senior Corporate Planner	
In-design implementation: Set-up of annual report documentation	Unknown	Unknown	Senior Corporate Planner	
Ensure a copy of final adopted 2018-2028 Ten Year Plan and 2018/19 Annual Plan available for audit	27/09/19	27/09/19	Senior Corporate Planner	-
* . TBA: Senior Corporate Planner to advise dates as information was unavailable or subject to change at the time of the Annual report Plan and Timetable preparation				
Finance Manager				
Council workshop for Draft Annual Report	TBC	TBC	Finance Manager	General Manager Corporate Services
Council workshop to present June	20/09/19	20/09/19	Finance	-

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
financial results (includes COS's, FIS' and accompanying explanations and core financial statements) and Statements of Service Performance			Manager	
Pre-interim meetings to discuss supporting documentation required for performance measures and to clarify audit focus on systems and documentation requirements per Audit's letter.	N/A for 2018/19	N/A for 2018/19	Finance Manager	-
Update the MagicQ reports for the new financial year	05/08/19	09/08/19	Finance Manager	-
Revenue and expenditure report for Exchange and Non-exchange classifications	05/08/19	09/08/19	Finance Manager	-
Schedule of all contingencies as at 30 June 2019.	05/08/19	16/08/19	Finance Manager	-
Supporting documentation for all individual contingent items with explanations as to why they are not provided for as a liability in the statement of financial position.	05/08/19	16/08/19	Finance Manager	-
A schedule of non-cancellable operating leases at year end, with explanation of any movement from prior year end and supporting documentation.	05/08/19	16/08/19	Finance Manager	Senior Senior Revenue Officer
Review financial results of organisations that are recipients of Council guarantees	05/08/19	16/08/19	Finance Manager	-
Interim management report issued from Audit New Zealand reported to Audit and Risk Committee.	02/07/19	02/07/19	Finance Manager	-
Signed Representation Letter for the Summary to be sent to Audit NZ.	TBC	TBC	Finance Manager	-
Audit Opinion issued by Audit New Zealand for signing at Council Meeting	31/10/19	31/10/19	Finance Manager	General Manager Corporate Services

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
Audit Arrangements Letter submitted signed by the Mayor.	TBC	TBC	Finance Manager	Financial Accountant
Bancorp Report received with a copy forwarded to the Financial Accountant	01/07/19	19/07/19	Finance Manager	Financial Accountant
Schedule of operating leases other than Land Leases with supporting documentation provided to Accountant.	01/07/19	26/07/19	Finance Manager	Financial Accountant
Schedule of finance leases other than IT Leases with supporting documentation provided to Accountant.	01/07/19	26/07/19	Finance Manager	Financial Accountant
Ensure audit queries and adjustments requested by Audit New Zealand during the Final Audit re checked off as addressed.	30/09/19	Week ending 18/10/19	Finance Manager	Financial Accountant
Update financial reports for any changes to legislative requirements such as accounting standards and LGA	01/06/19	29/06/19	Finance Manager	Financial Accountant
Representation Letter for the Summary to be received from Audit NZ.	TBC	TBC	Finance Manager	Financial Accountant
Finalised management report from Audit New Zealand presented to Council.	TBC	TBC	Finance Manager	General Manager Corporate Services
Expenditure transaction listing prepared and available for audit	01/07/19	30/09/19	Finance Manager	Information Technology – Hurunui Council
Schedule of investment properties and properties intended for sale as at 30 June 2019.	05/08/19	09/08/19	Finance Manager	Management Accountant
All year end transfers to/from special reserves completed (Appropriations).	19/08/19	06/09/19	Finance Manager	Management Accountant
Statements from each Council Controlled Organisation to be disclosed in the Annual Report including objectives, performance measures and actual outcomes	N/A	N/A	Finance Manager	Financial Accountant

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
Council adoption of annual report.	31/10/19	31/10/19	Finance Manager	-
Management Accountant				
Schedule of assets and replacement costs	12/08/19	16/08/19	Management Accountant	-
Revaluations and supporting documentation undertaken during the year are complete; including: <ul style="list-style-type: none"> Name and addresses of all valuers used, Valuation reports, and All journal entries and reconciliations to account for the revaluation. 	12/08/19	16/08/19	Management Accountant	Financial Accountant
Schedule of depreciation rates charged for assets during the year, with explanations of any rates that differ from Council's accounting policies.	12/08/19	16/08/19	Management Accountant	Financial Accountant
Fixed asset note to accounts	02/09/19	06/09/19	Management Accountant	Financial Accountant
Statement of significant acquisitions as required by schedule 10 of the Local Government Act 2002.	09/09/19	13/09/19	Management Accountant	Financial Accountant
Send out Cost of Service Statements to Budget Managers to provide variance explanations	12/08/19	16/08/19	Management Accountant	General Manager Corporate Services
Value of inventory reviewed and provided to Accountant (land for sale)	19/08/19	23/08/19	Management Accountant-	General Manager Corporate Services
Schedule of Commercial Inventory Land Developed for sale prepared	19/08/19	23/08/19	Management Accountant-	General Manager Corporate Services
Senior Revenue Officer				
Notification of year-end processing deadlines sent out to all staff via e-mail.	24/06/19	25/06/19	Senior Revenue Officer	-
Rates ledger processing complete	01/07/19	26/07/19	Senior Revenue Officer	-
NCS Year-end roll Debtors and Rates sub-systems	01/07/19	26/07/19	Senior Revenue Officer	-
Reconciliation between the rates	22/07/19	26/07/19	Senior Revenue	-

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
system and General Ledger (G/L).			Officer	
Reconciliation of property values between the rating system and valuation roll.	22/07/19	31/07/19	Senior Revenue Officer	-
Reconciliation of Target Rates and General Rate	22/07/19	31/07/19	Senior Revenue Officer	-
Copy of the final rates strike.	05/08/19	09/08/19	Senior Revenue Officer	-
Schedule of rates remissions.	01/07/19	16/08/19	Senior Revenue Officer	-
Aging Schedule for Rates and Water Debtors.	01/07/19	16/08/19	Senior Revenue Officer	-
Aging of arrangements to pay for rates, water and sundry debtors.	N/A	N/A	Senior Revenue Officer	-
Rating base information provided to Financial Accountant; including <ul style="list-style-type: none"> the number of rating units within the district or region of the local authority at the end of the preceding financial year; the total capital value of rating units within the district or region of the local authority at the end of the preceding financial year; and the total land value of rating units within the district or region of the local authority at the end of the preceding financial year. 	09/08/19	16/08/19	Senior Revenue Officer	-
Schedule of bank accounts and bank account numbers.	01/07/19	12/07/19	Senior Revenue Officer	-
End of year bank reconciliations for all bank accounts as at 30 June 2019, supported by un-presented cheque list and evidence of any other reconciling items.	01/07/19	12/07/19	Senior Revenue Officer	-
Details of last deposit made for June 2019.	01/07/19	31/07/19	Senior Revenue Officer	-
Details of first deposit made for July 2019.	01/07/19	31/07/19	Senior Revenue Officer	-

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
Bank statements from 1 July 2019 until the date of the audit.	27/09/19	27/09/19	Senior Revenue Officer	-
Other debtors processed and invoices raised	01/07/19	26/07/19	Senior Revenue Officer	-
Reconciliation of debtors ledger to the general ledger at year end.	01/07/19	26/07/19	Senior Revenue Officer	-
Aged debtors trial balance as at 30 June 2019.	01/07/19	26/07/19	Senior Revenue Officer	-
Sundry Debtors bad debts calculated and authorised by Finance Manager.	13/08/19	13/08/19	Senior Revenue Officer	-
List of any debtors accounts with credit balances and explanations for the credit balances together with Debtors Aging Schedule.	01/08/19	13/08/19	Senior Revenue Officer	-
Copies of July invoices which relate to June revenue.	15/07/19	31/07/19	Senior Revenue Officer	-
Schedule of Postponed Rates including total balance owing, and interest rate used for the year	22/07/19	16/08/19	Senior Revenue Officer	-
Schedule of operating lease receivables to be provided to Financial Accountant (Council Owned properties Leased Out)	05/08/19	16/08/19	Senior Revenue Officer	-
Explanations for any significant fluctuations when compared with the previous year.	19/08/19	23/08/19	Senior Revenue Officer	Financial Accountant
Total debtor balance for each related party as at 30 June; including: <ul style="list-style-type: none"> • Councillors • Key Personnel • Downlands • Pukaki Airport Board 	19/08/19	23/08/19	Senior Revenue Officer	Financial Accountant
Detailed schedule of income in advance, with supporting documentation (rates in advance/rents in advance and dog fees).	01/07/19	26/07/19	Senior Revenue Officer	Financial Accountant
Schedule of any write-offs.	01/07/19	16/08/19	Senior Revenue Officer	Finance Manager
Breakdown of debtors balances by category as at 30 June 2019, with supporting documentation,	01/08/19	23/08/19	Senior Revenue Officer	Finance Manager

Task	Start Date	Completion Date	Primary Person Responsible	Secondary Person Responsible
including evidence of subsequent payments (Notes to a/c's).				
Schedule of significant bad debts written off during the period to 30 June 2019.	01/08/19	13/08/19	Senior Revenue Officer	Finance Manager
Detailed schedule of provision for doubtful debts as at 30 June 2019 with details of the methodology and calculation used where a general provision has been made.	01/07/19	19/07/19	Senior Revenue Officer	Finance Manager
Twizel Service Centre Supervisor				
Conduct stocktake on last working day in June of Post Shop and Information Centre stock. Then update cost prices of the stock and forward completed schedules to Financial Accountant.	28/06/19	15/07/19	Twizel Service Centre Supervisor	-
Unallocated				
Addition of Annual Report timetable deadlines for staff involved put into their calendars	N/A for 2018/2019	N/A for 2018/2019	-	-

APPENDIX ONE: *Audit risks and issues*

Audit risk/issue	Audit response
Fair value assessments and impairment of assets	
<p>The District Council periodically re-values its land, buildings and individual infrastructure asset classes. The accounting standards require revaluations to be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value.</p> <p>The District Council last revalued land and buildings in 2018, and infrastructure assets, in 2017.</p> <p>Therefore, the District Council needs to perform an assessment as to whether a revaluation is needed this year. It is important that you make this assessment at an early stage, to avoid the risk of this becoming a significant issue at a late stage of the audit.</p> <p>The impairment accounting standard requires that an entity assesses, at the end of each reporting period, whether there is any indication that an asset, including intangible assets, may be impaired. If any indication exists, the entity is to estimate the recoverable amount of the asset. The standard also provides guidance on indicators that an asset may be impaired.</p> <p>In conjunction with completion of the fair value assessment, we expect the District Council to have completed an impairment assessment to determine whether any assets will need to be impaired.</p>	<p>For asset classes, Which are not proposed to be revalued this year, we will review the District Council's assessment as to whether there is any significant difference between the carrying amount and fair value of these assets.</p> <p>We will review the District Council's assessment as to whether there are any indicators of impairment, and the resulting accounting treatment, if an impairment is recognised.</p>
Transformation project	
<p>The District Council has started a project to ensure that it is better able to deliver the services and outcomes that its</p>	<p>We will assess the impact on the District Council's control environment.</p>

Audit risk/issue	Audit response
community expects.	We will ensure that any redundancy payments are based on the individual's contractual entitlements.
Investment in Alpine Energy Limited	
The audit of this investment proved challenging in last year's audit principally due to conflicting valuations obtained by different parties.	We will co-ordinate with the other Council shareholders to avoid these issues occurring again, and to improve the efficiency of the process.
Significant capital projects and work in progress	
<p>Accounting for capital projects, which are either completed during the year or in progress at balance date, requires that assumption and judgements to be made, which can have a significant effect on the financial statements, including :</p> <ul style="list-style-type: none"> • Assessment of the nature of costs and either capitalisation of these costs as work in progress, or recognition of them as expenses, • Identification of asset components and assigning appropriate useful lives to these components, and • Identification of the appropriate data of capitalisation of the asset, transfer of costs from work in progress to asset additions and the commencement of depreciation of the asset. <p>Audit risk: Incorrect classification of expenditure between capital and operating expenditure.</p>	<p>Our audit work on property, plant and equipment will review the status of large capital projects (e.g. completed or in progress at 30 June 2019), how the District Council is tracking against budget for large capital projects, and the accounting for costs incurred on capital projects, including:</p> <ul style="list-style-type: none"> • The correct classification of costs as either capital or operating in nature; • Appropriate capitalisation point for completed assets, including transfers from work in progress; • Assessing the reasonableness of depreciation rates and useful lives applied to asset components; and • Reviewing the disclosures within the financial statements.
Rates	
<p>Rates are the District Council's primary funding source. Compliance with Local Government (Rating) Act 2002 (LGRA) with rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge.</p> <p>The District Council needs to ensure that it has appropriate processes in place,</p>	<p>We will assess the District Council's compliance with those key areas of the LGRA that potentially materially impact on the financial statements. This means we will focus on those aspects of the rates setting process that present the highest risk, namely the consistency and completeness of the resolution, and the Funding Impact Statement (FIS). We will review a sample of</p>

Audit risk/issue	Audit response
<p>including seeking legal advice where appropriate, to ensure the compliance of its rates and rating processes with legislation.</p> <p>Audit risk: The rates setting and collection process does not comply with relevant legislation.</p>	<p>differentially set and/or targeted rates to assess whether the matters and factors used, are consistent with the LGRA></p> <p>Our review of compliance with legislation is completed to express our audit opinion. It is not, and should not be seen, as a comprehensive legal review. This is beyond the scope of the audit, and our expertise as auditors. The District Council has the ultimate responsibility to ensure that it complies with applicable laws and regulations.</p>
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by override of controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p> <p>Audit risk: The risk of fraud arising from management override of internal controls.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • Testing the appropriateness of selected journal entries; • Review of accounting estimates for indication of bias; • Evaluation of significant transactions that are outside the normal course of business or those that appear to be unusual given our understanding of the entity and its environment; and • Review of any changes in the District Council's accounting policies.

APPENDIX TWO: *Other areas of interest for local authorities***Matters of particular interest for 2018/19**

As well as the risks and issues noted above, there are also areas of interest common to the local government sector. The table below outlines audits other areas of interest for the audit this year. The left hand column describes each matter and the reasons for audits interest. In the right hand column, audit describes how they plan to address each matter during the audit.

Audit risk/issue	Audit response
Prudent expenditure decisions	
We expect all public entities to apply a number of principles to expenditure decisions, including that the expenditure has a justifiable business purpose, preserves impartiality, is made with integrity, is moderate and conservative in respect of the circumstances and is made transparently.	<p>We will remain alert to public sector concerns, including issues and risks of effectiveness and efficiency, waste, and lack of probity or financial prudence. This means we look at some transactions or other arrangements in more detail to ensure that expenditure is in line with the public sector principles.</p> <p>As well as specific testing across a sample of sensitive transactions, we will also make specific enquiries of the Council, management, and staff, and maintain awareness of public sector concerns throughout our audit work.</p>
Non-financial performance reporting	
<p>Each year we audit the performance information and report as to whether it fairly reflects the achievements measured against the targets and other measures in the District Council's Long Term Plan (LTP).</p> <p>The 2018/19 annual report is the first year that the District Council will report against the performance targets set out in the 2018-28 LTP.</p>	<p>We will report our findings, on the District Council's reporting of non-financial performance, in the report to the Council (if warranted). In particular we will focus on:</p> <ul style="list-style-type: none"> • The reliability of systems; • The operation of control including policies, procedures and monitoring; • The appropriateness of the information reported; and • The presentation of the information.
Bribery and corruption	
<p>The Office of Auditor General (OAG)'s work, programme for this financial year, requires us to make enquiries and report our findings on:</p> <ul style="list-style-type: none"> • Whether there is an appropriate code of conduct or ethical guidelines that 	<p>We will communicate with you and obtain your responses to a standard bribery and corruption questionnaire.</p> <p>We will then report the findings to the OAG.</p>

Audit risk/issue	Audit response
<p>encompasses bribery and corruption;</p> <ul style="list-style-type: none"> • The visibility of codes of conduct or ethical guidelines, and how the entity ensures that the codes of conduct or ethical guidelines are known about and used. For example: by provision of induction for new employees, training and regular refreshers to all employees; • How the District Council satisfies itself that there are adequate controls in place to mitigate the risks of bribery and corruption; and • The processes for notifying and dealing with breaches of codes of conduct or ethical guidelines, or incidents of bribery and corruption. 	
Compliance with laws and regulations	
<p>To discharge the Auditor General's mandate, we carry out an audit of legislative compliance. We limit this review to obtain assurance that you have complied with significant legislative requirements that may directly affect the financial statements or general accountability.</p> <p>Our review does not cover all of the District Council's legislative compliance requirements.</p>	<p>We will assess the systems and procedures that the District Council has in place to ensure compliance with significant legislation.</p> <p>We will also complete our own checklists to cover the key reporting requirements of this legislation.</p>

APPENDIX THREE: *Status of previous recommendations*

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Recommendation	First raised	Status
Urgent		
Systems to record actual performance against measures		
<p>Council:</p> <ul style="list-style-type: none"> ensures that appropriate systems are in place to report against all performance measures in the annual report; identifies alternative approaches to provide, the reader of the annual report, with reliable information on the Council's performance in meeting key levels of service targets; and uses these approaches to include the relevant service performance information in its annual report. 	<p>Based on our work performed during the interim audit, we noted a significant improvement in the systems that Council has implemented to record actual performance against its targets.</p> <p>However, our work performed, during the final audit, identified continued issues with service performance information. Areas for improvement in the system to record actual performance include:</p> <ul style="list-style-type: none"> Implement a system to record flooding events. Currently this is based on the Three Waters Manager's knowledge. From our work completed on the NCS complaints system it was noted that 10 roading complaints did not include the time the complaint was resolved. <p>Implement a system to ensure all complaints have the time of resolution recorded.</p> <ul style="list-style-type: none"> The complaints system is unable to differentiate between the different types of complaints required to be reported on as required by the DIA. Therefore a manual analysis of the complaint is required. Include information on the type of complaint based on the national performance measure 	<p>Noted. Would like to have a discussion around where the continued areas of concern are. The comments are not specific enough for us to take action.</p>

Recommendation	First raised	Status
	categories. <ul style="list-style-type: none"> • Include information, for sewerage overflow complaints, as to whether the complaint relates to a dry weather event or not. 	
Necessary		
Revaluation of Land and Buildings		
Clearly identify assets that need to be revalued, and ensure that the accounting policy, and the property, plant and equipment note, in the financial statements, separately discloses the asset classes which are accounted for under the revaluation approach from those which are not.	The 2017/18 land and buildings revaluation originally included assets not owned by Council. These assets included fire sheds, now owned by FENZ. Additionally, land held for disposal, mostly included in inventory, was included in the valuation.	We instructed our valuer to not value assets not owned by Council. Need Audit to provide evidence in 2017/18 of where this occurred. We did not have to remove any values due to not owning the asset.
Evidence to support performance reporting		
File documentation to enable accurate reporting against performance measures.		
Drinking Water Standards		
<ul style="list-style-type: none"> • Ensure the required number of samples are tested for each treatment plant and distribution zone. • Report transgressions to the Drinking Water Authority in accordance with updated requirements. 	Recommendations remain outstanding.	Noted. We email the Drinking Water Assessor, of each transgression, as it occurs.
Roading – AECOM recommendations		
Implement the AECOM recommendations included in its revaluation report.	Recommendations remain outstanding.	The points raised in the 2017 Report are the subject of a full review by the Aoraki Rounding Collaboration Group, or are ongoing.
Albury Water Scheme		
• Review the Society's	A new agreement is currently	A new agreement is in

Recommendation	First raised	Status
<p>role, as the Council's agent for the day to day operations of the water scheme, to ensure it enables the Council to effectively meet its statutory obligations.</p> <ul style="list-style-type: none"> • Ensure that appropriate oversight is in place for the Society to act as its agent for the day to day operations of the water scheme. 	<p>being negotiated with the Albury Rural Water Supply Society Inc. Committee. Under the new agreement, Council will maintain ownership of the assets, and responsibility for the scheme. The Committee will continue to act as an agent for the Council, in terms of the operational work associated with the water scheme. Under the new agreement, Council will have more oversight of the water supply. It will be treated the same as all other water supplies - it has been chlorinated, and the boil water notice has been lifted. A water plan will also be put in place.</p>	<p>place and the Water Plan is being finalised.</p>
Stocktake of property, plant and equipment		
<p>Conduct a stocktake of property, plant and equipment, and reconcile this to the fixed asset register on a periodic basis.</p>	<p>No regular stocktake process has been implemented as Council does not have the resources to undertake a stocktake.</p>	<p>We now have the resources in house to undertake this work so will commence this year.</p>
Pukaki Airport Committee		
<p>Review the operation of the Committee to determine whether a revised structure is required to provide effective oversight of the Pukaki Airport operations and assets.</p>	<p>The structure of Pukaki Airport Committee remains the same. It is noted that there has been an improvement in the information the Committee provides to the Council.</p>	<p>Noted.</p>

5.3 PROPERTY AND COMMERCIAL MANAGER REPORT**File Reference:** NA**Author:** Katie Rowland, Property and Commercial Manager**Authoriser:** Paul Numan, General Manager Corporate Services**Attachments:** Nil**STAFF RECOMMENDATIONS**

That the information be noted.

BACKGROUND

This report is to update the Committee regarding my new position of Property and Commercial Manager. I have been set a list of KPI's which I am required to meet over the next 4 months and below is an overview of where I am currently at 2 weeks into the role.

Portfolio Database

A spreadsheet of all council owned buildings and land has been compiled – this is raw data and is yet to be arranged in a format to display and manage it. I anticipate this to be completed by the end of the 4 months being 30th September.

GIS

A tab has been created in GIS to show all reserves and council owned land – this is currently in the draft stages and is yet to be completed.

I am currently working with the GIS team to work on a method to best display this information to it is easy to understand for anyone accessing the tab on our GIS server – it would be anticipated to have the majority of this task completed by 30th September with some minor tweaking issues.

Contracts

Prior to my commencement the cleaning of the Council and Community Centre was on a month by month basis with no contract in place. Over the last two weeks I have worked with the Cleaner to iron out issues and write up a contract for the next 12 months. This allows us some breathing space so we can reassess the cleaning of the buildings at the beginning of next year and look to put it out for tender or potentially renew for a further term with current cleaner.

Putting the cleaning contract in place with set hours of work per month has saved the Council approximately \$7000 per annum.

The contract takes affect from 1/07/2019 until 30/06/2020.

Leases

A register has been created of all council leases – this is almost complete and by the end of July I aim to have a thorough understanding of all leases in place. It is unclear yet to see the state of the leases we have in place but there are some that do need reviewing.

Other activities

The Twizel Pensioner flats did not meet new legislation coming in 1 July due to not having the correct insulation. It was organised for more insulation to be installed in the ceiling of the Pensioner flats so it meets new legislation – this was carried out 20/6/19.

SUZETTE VAN ASWEGEN

CHIEF EXECUTIVE OFFICER

6 PUBLIC EXCLUDED**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
6.1 - Lot 7 Village Centre Tekapo	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
6.2 - Audit Plan 2018/19	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
6.3 - Pukaki Airport Taxiway Resurfacing Incident(s) Report	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons 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	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

