

Environment Canterbury  
Meeting of the Performance, Audit and Risk Committee  
125th Meeting  
To the Chairperson and Members of the Committee

Membership of the Committee:

David Bedford (Chair)  
Dame Margaret Bazley  
Rex Williams

Date of Meeting: Thursday 11 August 2016 at 2:00pm

Venue: Council Chamber, 200 Tuam Street, Christchurch

Agendas are available on our website three days prior to the date of the meeting -  
<http://ecan.govt.nz/news-and-notice/minutes/pages/default.aspx>

Bill Bayfield  
**Chief Executive**

Recommendations in reports are not to be taken as Council Policy until adopted by the Council

**ENVIRONMENT CANTERBURY**  
**PERFORMANCE, AUDIT AND RISK COMMITTEE**

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**01. Apologies**

**02. Conflict of Interest**

**03. Deputations and Petitions**

## 04. Performance

### 04.1. Action List

<b>Agenda item number</b>	4.1	<b>Subject</b>	Action List
<b>Portfolio /Programme</b>	All	<b>Report</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>	All	<b>Commissioner</b>	
<b>Author</b>	Miles McConway Director Finance & Corporate Services	<b>Endorsed by</b>	

### Action List

Attached is the Action List for the Performance, Audit and Risk Committee.

### Recommendation

**That the Performance, Audit and Risk Committee receive the Action List.**

## Performance, Audit & Risk Committee Action List

#	Meeting Date	Resolution/Request	Action Taken	By Whom	Notes/Dates
1.	3/12/2015	To address outstanding issues with dam safety	Briefing provided, retain on action list.	Don Rule	Completed – retain on action list
2.	2/6/2016	Analytics internal audit – update on further investigations to August PAR.	Update underway	Miles McConway	August 2016
3.	2/6/2016	A plan to reduce the vehicle fleet, following the move to the Tuam Street office was requested	Report on vehicle fleet	Anne Ussher	September 2016
4.	7/7/2016	Hard targets for Metrocard uptake were requested	Targets for Metrocard uptake to be set	David Stenhouse	TBC
5.	7/07/2016	A breakdown of the overhead labour variance (page 32 of the agenda) was requested.	Breakdown to be provided to the next meeting	Sarah Fawcett	September 2016
6.	7/07/2016	A report will be provided to the Committee describing the implementation of the Risk Management Policy and Framework.	Report on implementation of Risk Management Policy and Framework	Sarah Fawcett	September 2016
7.	2/6/2016	Benchmarking Administration and Support Services report to be followed up in six months	Report to be provided in six months	Miles McConway	December 2016

## 04.2. Operational Performance Report - June 2016

### Performance, Audit and Risk Committee (PARC)

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#### General Information

<b>Agenda item number</b>	4.2	<b>Subject</b>	Operational Performance Report – June 2016
<b>Portfolio /Programme</b>	LTP and Annual Planning	<b>Report to:</b> <b>Meeting date:</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>	Regional Leadership	<b>Commissioner</b>	Dame Margaret Bazley
<b>Author</b>	Helen Sellwood Corporate Reporting Manager	<b>Endorsed by</b>	Miles McConway Director Finance and Corporate Services

### Operational Performance Report for the year to 30 June 2016

#### Purpose

To report operational performance by portfolio for the year ended 30 June 2016.

#### Recommendation

**That the Performance, Audit and Risk Committee receive the Operational Performance Report for the year ended 30 June 2016.**

#### Background

The PARC Operations Report for June 2016 includes service delivery and financial performance information for the 2015/16 year to date. It is the final report for the financial year, the next report will be the first for the 2017 financial year.

#### Overall Performance

Financial performance for the 2015/16 year is within 5% of budget, and more than 90% of our Levels of Service targets have been achieved putting overall performance in the green at year end. Last year we were within 5% of budget but our service delivery was 86% achieved, slightly under our target of 90%.

Expenditure for the year is \$151.9 million compared to a budget of \$155.9 million, most of the variance is in the Transport and Greater Christchurch Rebuild portfolio (\$3.1m), and Regional Leadership portfolio (\$1.0m). After taking these two portfolios into account the remaining five portfolios variance is less than 1% of the full year budget.

95% of targets have been achieved at year end, an improvement of 9% over last year.

As at the end of the year the actual surplus is \$3.2m compared with a budget deficit of (\$1.4m), and the full year forecast for a \$1.8m surplus.

### **Performance against Levels of Service Targets**

At the end of June 95% of targets (May 95%) had been achieved. Five targets were not achieved this year compared with twelve last year; two in Biodiversity and Biosecurity, two in Planning and Consents and one in Regional Leadership. One target is still being reported as on track while we wait for the final result (due in early August).

As noted last month, three transport targets due in 2020 or 2030 have been removed (from prior months as well) as we report on progress during the year but they cannot be measured until 2020 or 2030. In addition five other targets will not be measured this year, four in Biodiversity and Biosecurity and one in Planning and Consents. These changes have resulted in the total number of targets reducing from 105 in May to 97 in June.

Full details of levels of service, measures and targets are included in the last six pages of the report.

### **Financial Performance by Portfolio**

Revenue is 0.4% over budget at year end with most of the movement since last month attributable to additional rates collected – a significant part of this is due to the Order in Council allowing rates to be struck during the year on buildings completed in the areas affected by the earthquakes. Excluding this, the remaining variance reflects lower Greater Christchurch Transport fare revenue, partially offset by extra Flood Protection and River Control revenue earned from leased land, a one off land sale and better than expected forest harvest income for windfall logs.

Expenditure is 3% under budget at year end. Transport costs make up \$2.9 million of the variance, lower diesel prices continued to significantly affect NZTA indexation and reduce bus contract payments in Greater Christchurch. In Regional Leadership, lower annual plan costs, lower communication costs and election costs to be incurred next financial year have resulted in a \$1.0 million favourable end of year result.

The end of year surplus of \$3.2 million includes \$2.1 million of additional rates which when eliminated leaves a surplus of \$1.1 million compared with the forecast surplus of \$1.8 million and the budgeted deficit of \$1.4 million.

### **Attachment**

Operations Report June 2016



**Environment  
Canterbury**  
Regional Council  
*Kaunihera Taiao ki Waitaha*

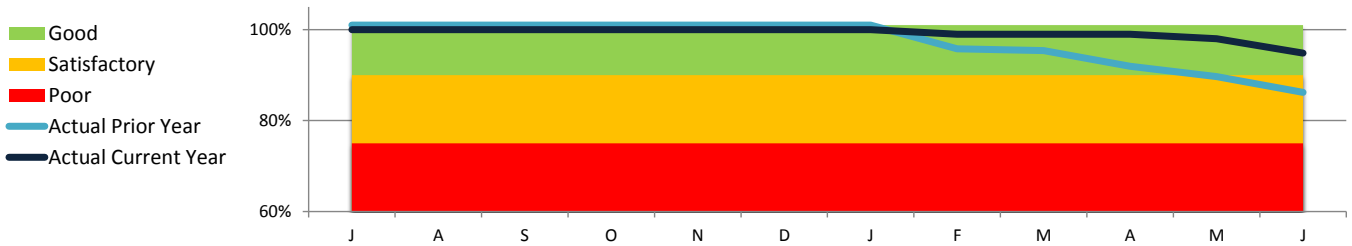
How much has been spent and progress on delivery - we aim to deliver on budget = the green cells!



Total	% OK	All Portfolios			
		Won't Achieve	Not On Track	On Track	Achieved
97	92	5	0	1	91
100%	95%	5.2%	0.0%	1.0%	93.8%

Levels of Service Targets by Portfolio		Total	% OK	Won't Achieve	Not On Track	On Track	Achieved
CWMS	<div><div></div></div>	8	100%	-	0	0	8
Transport, GCR & UD	<div><div></div></div>	14	100%	-	0	0	14
Regional leadership	<div><div></div></div>	16	94%	1	0	0	15
Air quality	<div><div></div></div>	5	100%	-	0	0	5
Biodiversity & biosecurity	<div><div></div></div>	10	80%	2	0	0	8
Hazards, risks & safety	<div><div></div></div>	34	100%	-	0	0	34
Planning, consents & compliance	<div><div></div></div>	10	80%	2	0	1	7

### Delivery of Levels of Service Targets



Levels of Service = 38      Measures = 76      Targets = 97      Not measured this year = 12

The chart reports on performance against targets - refer to LoS Summary for details of Levels of Service, Measures and Targets for this portfolio.

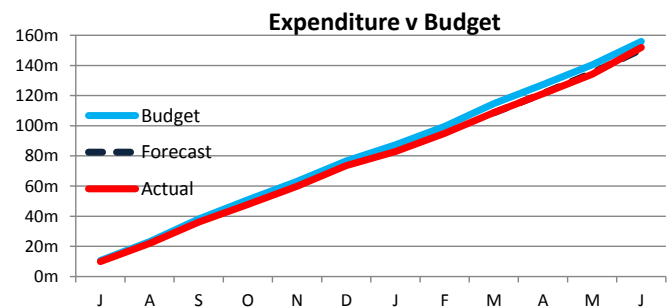
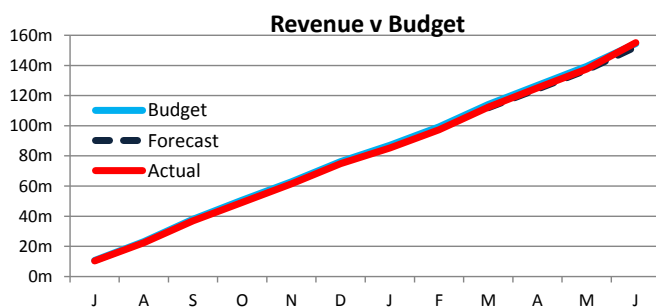
#### Comment on Service Delivery

**Delivery of Targets:** This month performance must be recorded as either achieved or not achieved. In total 92 targets are reported as achieved out of a total of 97 or 95% which exceeds the 90% required for good performance. Performance at the end of May last year was 90% and at June last year was 86%. As this is the end of the year some targets are now recorded as "Not measured" in Transport (3 targets), Biodiversity and Biosecurity (4 targets) and in Consents and Planning (1 target).

#### Commentary on Revenue, Expenditure and Financial Sustainability:

**Revenue:** Revenue is over budget by less than 1% with most of this attributable to additional rates collected in Christchurch as a result of the order in council allowing Christchurch City Council to assess rates on buildings completed during the year (rating legislation only allows rates to be struck as of 1 July). User pays and other income is under budget with Christchurch bus fare revenue down \$2.7 million and consents and compliance revenue down \$1 million. This has been offset by an extra \$1.2 million in Hazards for lease rental, harvesting windfall logs and engineering user pays, and an additional \$700k in Biosecurity for velvet leaf incursion and Clarence river predator control.

**Expenditure:** Expenditure is currently 4.38% under budget (last month 4.88%) with small improvements in Biodiversity and Biosecurity and the Regional Leadership portfolios. Overall the year end forecast is for expenditure to be 3% under budget, with the largest variance in Transport at 4% under budget by year end - the full forecast is provided in the agenda paper. In the Regional Leadership portfolio election costs will now be incurred next financial year and there have been savings in the annual planning and reporting processes.

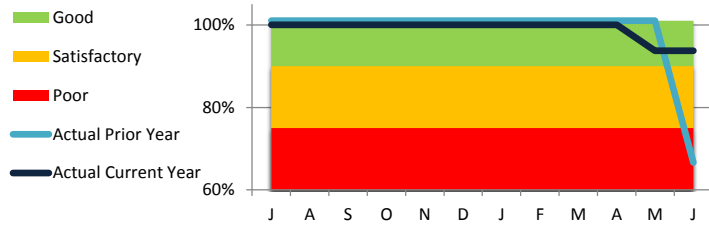


	Year to Date \$m				Full Year \$m			
FUNDING OF SERVICES - REVENUE	Act	Bud	Var	%	Fcast	Bud	Var	%
Rates	91.4	89.3	2.1	2%	89.3	89.3	0.0	0%
Grants	27.4	27.6	(0.2)	-1%	27.4	27.6	(0.2)	-1%
UP and other	36.3	37.5	(1.3)	-3%	35.6	37.5	(1.9)	-5%
<b>Total Revenue</b>	<b>155.1</b>	<b>154.5</b>	<b>0.6</b>	<b>0.4%</b>	<b>152.4</b>	<b>154.5</b>	<b>(2.1)</b>	<b>-1%</b>
DELIVERY OF SERVICES - EXPENDITURE	Act	Bud	Var	%	Fcast	Bud	Var	%
Canterbury Water Management Strategy (CWMS)	24.3	24.3	(0.0)	0%	23.3	24.3	(1.0)	-4%
Transport, greater Christchurch rebuild and urban development	65.6	68.7	(3.1)	-5%	65.8	68.7	(2.9)	-4%
Regional leadership	11.4	12.4	(1.0)	-8%	11.1	12.4	(1.3)	-11%
Air quality	4.3	4.3	(0.0)	-1%	4.2	4.3	(0.1)	-3%
Biodiversity and biosecurity	9.2	9.1	0.1	1%	9.5	9.1	0.4	4%
Hazards, risks and safety	22.1	22.1	0.0	0%	22.4	22.1	0.3	1%
Planning, consents and compliance	15.0	15.0	0.0	0%	14.4	15.0	(0.6)	-4%
<b>Total Expenditure</b>	<b>151.9</b>	<b>155.9</b>	<b>(4.0)</b>	<b>-3%</b>	<b>150.6</b>	<b>155.9</b>	<b>(5.3)</b>	<b>-3%</b>
<b>Reserve Accumulation / (Use)</b>	<b>3.2</b>	<b>(1.4)</b>	<b>4.7</b>	<b>332%</b>	<b>1.8</b>	<b>(1.4)</b>	<b>3.2</b>	<b>229%</b>





## Delivery of Levels of Service Targets



Total	Will not achieve	Not on track	On track	Achieved
16	1	0	0	15
	6.3%	0.0%	0%	94%
	6.3%		93.8%	



Levels of Service = 7

Measures = 13

Targets = 16

Not measured this year = 0

The chart reports on performance against targets - refer to LoS Summary for details of Levels of Service, Measures and Targets for this portfolio.

**Comments:**

Public information and internal communications have been delivered as agreed. Support for the CE and Mayoral Forum ongoing and monitoring of CREDS continues. Chatham Islands budget overspend for the year primarily due to the extra spending on the biosecurity spraying programme and the Emergency Management Centre, tree felling, diver training. Annual Plan has been adopted. Tangata whenua advisory services below budget as agreed with service providers.

### Commentary on revenue, expenditure and financial sustainability

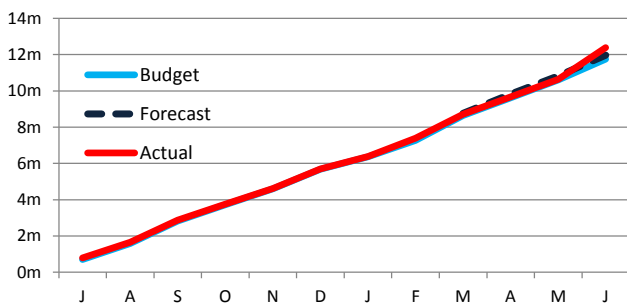
## Revenue:

Rates have increased with additional rates confirmed, most of this is from Christchurch where the order in council has allowed additional rates to be billed during the year as buildings are completed. All other revenue is on track, some additional revenue was received from territorial authorities for Youth Engagement and Canterbury Māori

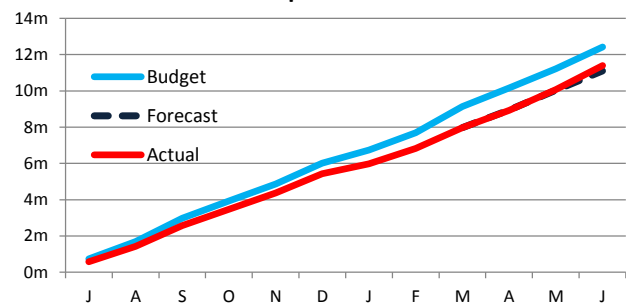
**Expenditure:**

The total budget for elections will be carried forward to 2016/7 as that is the period where costs will be incurred. Tuia underspent due to return of surplus funding from Kaikoura Runanga. Considerable savings in the annual planning budget given efficiencies generated by new LGA approach to engagement.

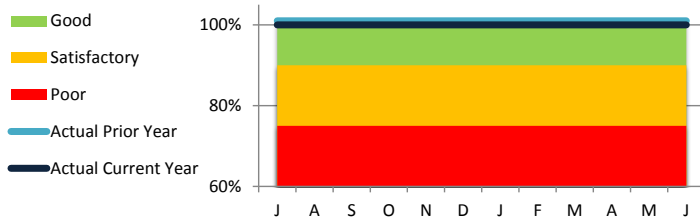
## Revenue



## Expenditure



	Year to Date					Full Year			
FUNDING OF SERVICES - REVENUE	Act	Bud	Var	%		Fcast	Bud	Var	%
Rates	10.9	10.3	0.6	95%		10.3	10.3	0	0%
Grants	0	0.1	(0.1)	0%		0.0	0.1	(0.0)	-63%
UP and other	1.5	1.4	0.1	93%		1.6	1.4	0.3	19%
Total Revenue	12.4	11.8	0.6	5%		12.0	11.8	0.2	2%
DELIVERY OF SERVICES - EXPENDITURE	Act	Bud	Var	%		Fcast	Bud	Var	%
Governance Services	1.9	3.0	(1.1)	-37%		2.2	3.0	(0.9)	-29%
Regional policy, data, strategy and community engagement	8.6	8.2	0.4	5%		7.8	8.2	(0.4)	-5%
Ngai Tahu Engagement	0.9	1.2	(0.3)	-27%		1.2	1.2	(0.0)	-3%
Total Expenditure	11.4	12.4	(1.0)	-8%		11.1	12.4	(1.3)	-11%
Reserve Accumulation / (Use)	1.0	(0.7)	1.7			0.9	(0.7)	1.5	

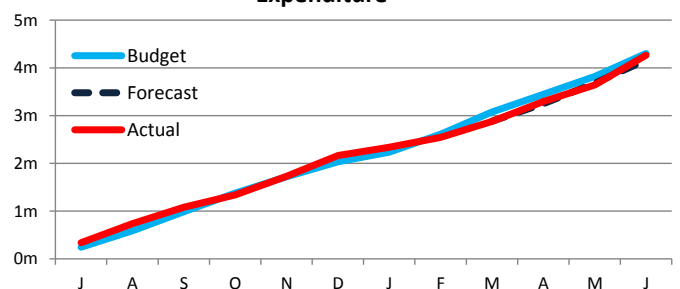
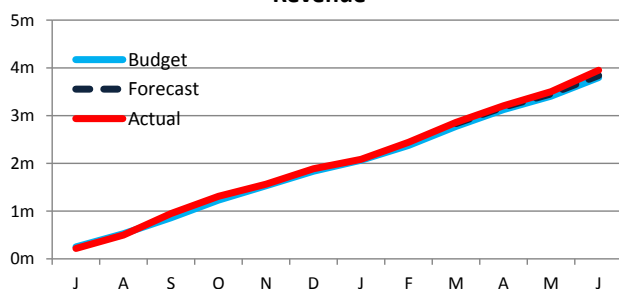


Total	Will not achieve	Not on track	On track	Achieved
5	0	0	0	5
	0.0%	0.0%	0%	100%
	0.0%		100.0%	



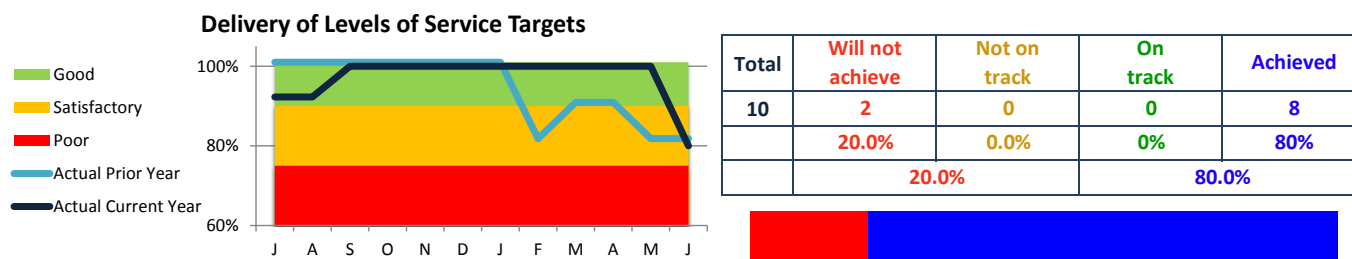
<b>Comments:</b>	Air quality investigations have completed a number of projects, with some ongoing. Over expenditure of monitoring and advice offset by reduced labour costs. Hearing process for the pCARP expected to be completed soon. Work continuing on woodburner comparative testing and authorisation projects. No visible smoke, non-complying burners, community engagement and subsidies projects progressed well.
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<b>Revenue:</b>	Interest on reserves is higher than budget with the average reserve balance higher due to early house sale repayments. A user pays income from wood burner authorisations is up due to more activity in this area.
<b>Expenditure:</b>	Air Plan hearing costs are over budget at year end, as noted previously. But Clean Heat loan interest costs are under due to early repayments as a result of house sales and Air Implementation expenditure is under budget with staff on a graduated return from parental leave and Community Energy Action putting employment of a co-ordinator on hold.



	Year to Date					Full Year			
FUNDING OF SERVICES - REVENUE	Act	Bud	Var	%		Fcast	Bud	Var	%
Rates	3.4	3.4	0.0	1%		3.4	3.4	0	0%
Grants	0.0	0.1	(0.1)	-80%		(0.0)	0.1	(0.1)	-138%
UP and other	0.5	0.3	0.2	69%		0.5	0.3	0.2	61%
<b>Total Revenue</b>	<b>4.0</b>	<b>3.8</b>	<b>0.2</b>	<b>4%</b>		<b>3.8</b>	<b>3.8</b>	<b>0.0</b>	<b>1%</b>
DELIVERY OF SERVICES - EXPENDITURE	Act	Bud	Var	%		Fcast	Bud	Var	%
Air Quality	4.3	4.3	(0.0)	-1%		4.2	4.3	(0.1)	-3%
<b>Total Expenditure</b>	<b>4.3</b>	<b>4.3</b>	<b>(0.0)</b>	<b>-1%</b>		<b>4.2</b>	<b>4.3</b>	<b>(0.1)</b>	<b>-3%</b>
<b>Reserve Accumulation / (Use)</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>0.2</b>			<b>(0.3)</b>	<b>(0.5)</b>	<b>0.2</b>	

**Director: Don Rule - Programme Manager: Don Chittock - Commissioner: Tom Lambie**



Levels of Service = 5	Measures = 7	Targets = 10	Not measured this year = 7
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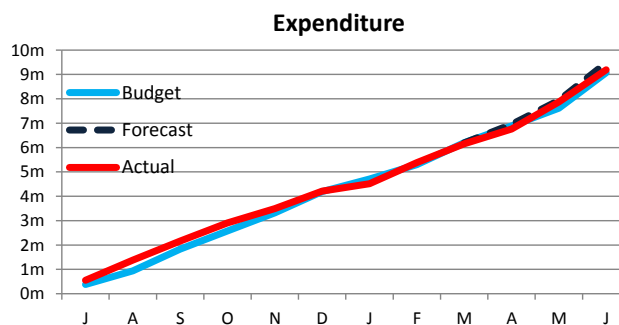
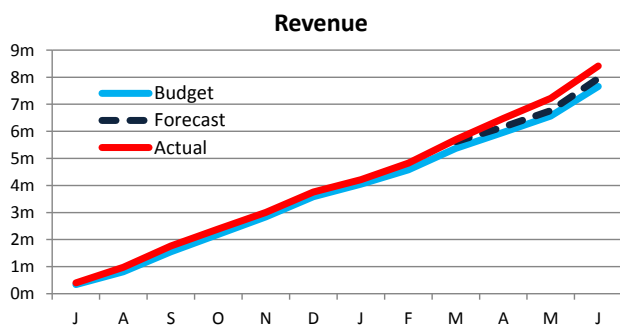
The chart reports on performance against targets - refer to LoS Summary for details of Levels of Service, Measures and Targets for this portfolio.

<b>Comments:</b>	71 biodiversity projects initiated/progressed this year. Notable projects include initiation of a multi-year programme of weed control to protect habitats and ecosystems in the Mackenzie Basin and progression of weed control on the Clarence River to protect habitat. Biosecurity work programme completed, including inspections, monitoring and response. Five incursions dealt with this year, including Velvetleaf. Regional Pest Management Plan review has been initiated and will complete next year.
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### Commentary on revenue, expenditure and financial sustainability

**Revenue:** Additional revenue has been received for the Velvetleaf incursion, Chilean needle grass awareness programme and for wilding conifer control work. Funding for the Clarence River predator control has also been received.

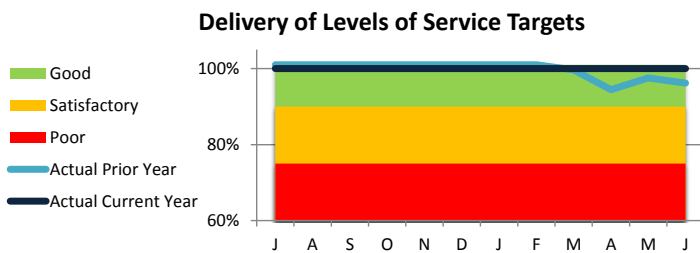
<b>Expenditure:</b>	An overspend has been registered against Regional Initiatives for work on Wainono Lagoon completed just after the start of the financial year but budgeted for last financial year - this has been offset by other variances in grant payments. Labour and goods and services costs for the Velvetleaf incursion has been reimbursed by MPI/AssureQuality.
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	Year to Date					Full Year			
FUNDING OF SERVICES - REVENUE	Act	Bud	Var	%		Fcast	Bud	Var	%
Rates	6.9	6.8	0.1	1%		6.8	6.8	0.0	0%
Grants	0.7	0.7	0.0	0%		0.7	0.7	(0.0)	-2%
UP and other	0.8	0.1	0.7	507%		0.4	0.1	0.3	227%
Total Revenue	8.4	7.7	0.8	10%		8.0	7.7	0.3	4%
DELIVERY OF SERVICES - EXPENDITURE	Act	Bud	Var	%		Fcast	Bud	Var	%
Animal Health Board	0.5	0.5	(0.0)	0%		0.5	0.5	(0.0)	0%
Biodiversity & Ecosystem Health	4.2	4.3	(0.1)	-3%		4.6	4.3	0.3	8%
Biosecurity	3.7	3.5	0.2	5%		3.5	3.5	(0.1)	-2%
Te Waihora Restoration	0.8	0.7	0.1	11%		0.9	0.7	0.1	19%
Total Expenditure	9.2	9.1	0.1	1%		9.5	9.1	0.4	4%
Reserve Accumulation / (Use)	(0.8)	(1.4)	0.6			(1.5)	(1.4)	(0.1)	

**Director: Don Rule - Programme Manager: Don Chittock - Commissioner: Elizabeth Cunningham**

**& Rex Williams**



Total	Will not achieve	Not on track	On track	Achieved
34	0	0	0	34
	0.0%	0.0%	0%	100%
	0.0%		100.0%	

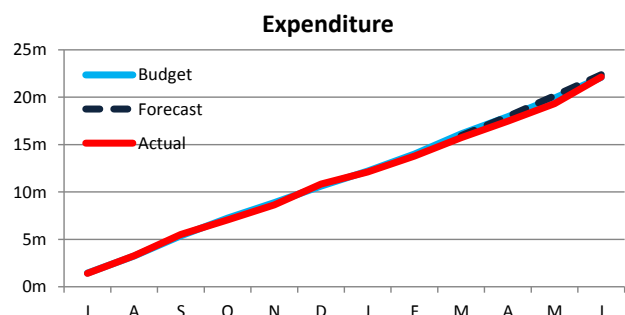
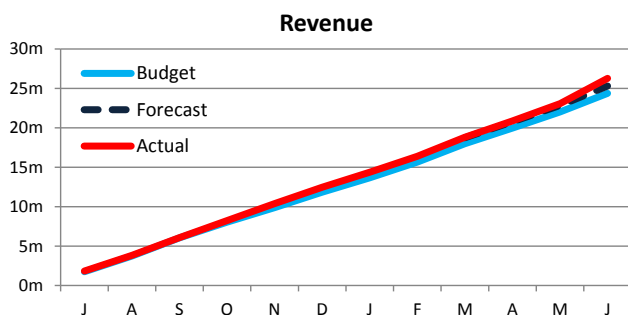
Levels of Service = 10	Measures = 18	Targets = 34	Not measured this year = 0
The chart reports on performance against targets - refer to LoS Summary for details of Levels of Service, Measures and Targets for this portfolio.			

<b>Comments:</b>	<p>The collaborative residential red zone hazardous household waste collection has been successfully completed and signed off by MfE. The rural waste project has met milestones. Good progress with hazard reports - reports are in final review for active faults in Waimate/Waitaki and Timaru Districts, Arthurs Pass land stability and Tekapo landslide-into-lake tsunami. Ashburton flood forecasting model has been delivered and Ashley River modeling of breakout flows is near completion.</p>
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### Commentary on revenue, expenditure and financial sustainability

<b>Revenue:</b>	An additional \$1 million of revenue has been collected for Flood protection and control works from increased land lease rentals and better than expected harvest returns for windblown logs. And additional rates revenue has been collected with most from the order in council allowing rates to be billed for buildings completed during the year.
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**Expenditure:** Expenditure is very close to budget and slightly better than forecast with only minor variances recorded in each portfolio.



	Year to Date					Full Year			
FUNDING OF SERVICES - REVENUE	Act	Bud	Var	%		Fcast	Bud	Var	%
Rates	17.9	17.4	0.5	3%		17.4	17.4	0.0	0%
Grants	0.9	0.7	0.2	22%		0.8	0.7	0.1	7%
UP and other	7.4	6.2	1.2	19%		7.1	6.2	0.9	14%
Total Revenue	26.3	24.4	1.9	8%		25.3	24.4	0.9	4%
DELIVERY OF SERVICES - EXPENDITURE	Act	Bud	Var	%		Fcast	Bud	Var	%
Natural hazards	2.3	2.3	0.0	1%		2.3	2.3	0.0	2%
Navigational and recreational boating safety	1.2	1.1	0.1	6%		1.3	1.1	0.1	12%
Flood protection and control works	14.4	14.3	0.1	1%		14.5	14.3	0.2	1%
Coastal environment and hazards	1.2	1.2	0.0	1%		1.2	1.2	0.0	1%
Emergency Management	1.6	1.7	(0.1)	-5%		1.7	1.7	(0.0)	-3%
Contaminated hazardous land and waste	1.3	1.5	(0.1)	-9%		1.4	1.5	(0.1)	-5%
Total Expenditure	22.1	22.1	0.0	0%		22.4	22.1	0.3	1%
Reserve Accumulation / (Use)	4.1	2.3	1.9			2.9	2.3	0.7	

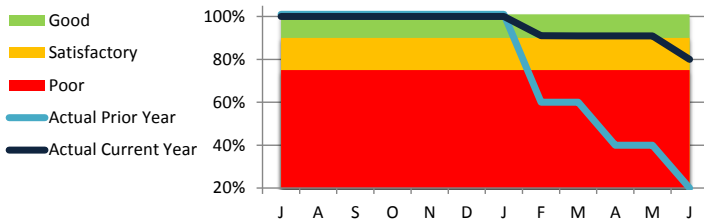
# Planning, Consents and Compliance

JUNE 2016

Director: Don Rule - Programme Manager: Don Chittock - Commissioner: Peter Skelton & David Bedford



## Delivery of Levels of Service Targets



Total	Will not achieve	Not on track	On track	Achieved
10	2	0	1	7
	20.0%	0.0%	10%	70%
	20.0%		80.0%	



Levels of Service = 6 Measures = 10 Targets = 10 Not measured this year = 1

The chart reports on performance against targets - refer to LoS Summary for details of Levels of Service, Measures and Targets for this portfolio.

### Comments

All timeframes for the regional planning timetable have been met. Positive feedback was received from territorial authorities on the district planning relationship. The target for reduced requests for information under RMA section 92 requests has been achieved. The median actual days in process for the 1,486 Consent Processing decisions was 22 days. And only 13 (0.9%) missed timeframes. There was less activity around dam consents than expected.

### Commentary on revenue, expenditure and financial sustainability

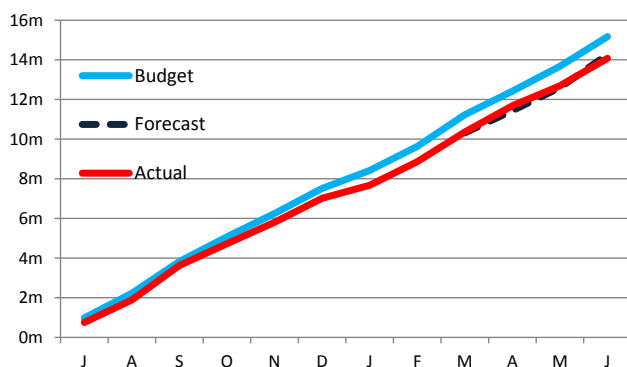
#### Revenue:

Remissions and cost penalties are tracking under budget, a positive performance result. RMA Consent Application Processing income is tracking under budget but overall there is a small surplus on cost recovery. RMA Complaint Response & Investigations has less revenue as there have been fewer prosecutions than budgeted.

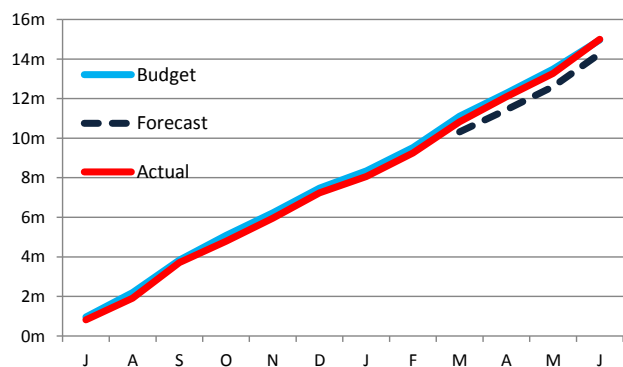
#### Expenditure:

RMA consent - plan compliance review budget likely to remain underspent for year as no further reviews planned at this time. No RMA consent - adverse effects reviews to date. RMA Consent Processing Advisory budget is over due to plan implementation costs. Budget for appeals is overspent with cases currently being managed for Waitaki, Akaroa Wastewater, Infinity and P&E.

### Revenue



### Expenditure



	Year to Date					Full Year			
	Act	Bud	Var	%		Fcast	Bud	Var	%
<b>FUNDING OF SERVICES - REVENUE</b>									
Rates	7.8	7.8	0	0%		7.8	7.8	0	0%
Grants	0.2	0.3	(0.1)	-33%		0.3	0.3	0.0	0%
UP and other	6.1	7.1	(1.0)	-14%		6.2	7.1	(0.9)	-13%
<b>Total Revenue</b>	<b>14.1</b>	<b>15.2</b>	<b>(1.1)</b>	<b>-7%</b>		<b>14.3</b>	<b>15.2</b>	<b>(0.9)</b>	<b>-6%</b>
<b>DELIVERY OF SERVICES - EXPENDITURE</b>									
Compliance of Authorisations	5.5	5.7	(0.2)	-3%		5.4	5.7	(0.3)	-6%
Processing applications for authorisations	8.5	8.3	0.3	3%		8.1	8.3	(0.2)	-3%
Regional Policy Statement	0.9	1.0	(0.0)	-3%		0.9	1.0	(0.0)	-4%
<b>Total Expenditure</b>	<b>15.0</b>	<b>15.0</b>	<b>0.0</b>	<b>0%</b>		<b>14.4</b>	<b>15.0</b>	<b>(0.6)</b>	<b>-4%</b>
<b>Reserve Accumulation / (Use)</b>	<b>(0.9)</b>	<b>0.2</b>	<b>(1.1)</b>			<b>(0.1)</b>	<b>0.2</b>	<b>(0.3)</b>	

# ALL PORTFOLIO LEVELS OF SERVICE

## Operational Performance Report

As At JUNE 2016

Levels of Service	Targets	Delivery	Delivery
Canterbury Water Management Strategy		Last Month	This Month
<b>Programme: CWMS Facilitation</b>			
<b>LoS 1 - In partnership with Canterbury's district and city councils and Ngāi Tahu, facilitate the CWMS zone and regional committees to provide ongoing and improved community input to water management decisions.</b>			
Report received from each committee on its progress with implementation of its Zone Implementation Programme and the ten target areas. Annual update from the CWMS regional committee.	Eleven reports that demonstrate progress on: - environmental restoration - improved water quality - improved water use efficiency and land management - infrastructure for reliable water supply	Achieved	Achieved
<b>Programme: Environmental monitoring, progress reporting</b>			
<b>LoS 2 - Gather and make available information on water quantity, water quality, ecosystem health, soils, and progress towards the CWMS targets.</b>			
See detailed table including: - rainfall - river flows - river/stream water quality - lake water quality - marine water quality - estuary water quality - ecosystem health - groundwater levels - groundwater quality - land - recreational swimming monitoring - water use	See detailed table that includes: - number of sites - Frequency of measure - availability of information	On track to be achieved	Achieved
Report on progress towards CWMS targets is complete.	Target reports are published every second year.	Achieved	Achieved
<b>Programme: RMA Water Framework</b>			
<b>LoS 3 - Work with the zone committees to lead a community process to collaboratively establish environmental limits for water quality and water quantity in Canterbury.</b>			
A schedule of RMA plans or variations is notified that reflects the community recommendations for environmental limits	Lake Forsyth Wairewa	Achieved	Achieved
	Waitaki	Achieved	Achieved
<b>Programme: ZIP Delivery</b>			
<b>LoS 4 - In partnership with other parties, implement the recommendations in the Zone Implementation and Regional Programmes.</b>			
Annual zone work programmes agreed by zone committees, made available and completed	Four zone work programmes available with progress reporting on the website by June 2016. Ten zone work programmes available with progress reporting on the website by June 2017.	On track to be achieved	Achieved
Joint work programmes in place with other agencies/sectors	Joint work programmes in 2015/2016 with the CDHB, the dairy sector, Fish & Game New Zealand, and Irrigation New Zealand.	On track to be achieved	Achieved
<b>Programme: Regional Water Infrastructure</b>			
<b>LoS 5 - Facilitate an integrated approach to development of water infrastructure in Canterbury that delivers on all the CWMS targets.</b>			
An annual schedule of work which influences irrigation development in the region is agreed with the CWMS Regional Committee	A regional infrastructure work programme is available with quarterly progress reporting on the website.	On track to be achieved	Achieved
<b>Transport, Greater Christchurch Rebuild and Urban Development</b>		<b>Last Month</b>	<b>This Month</b>
<b>Programme: Public Transport</b>			
<b>LoS 1 - Deliver quality public transport services that meet the needs of the community and result in increased patronage.</b>			
Provide quality public transport services that take people where they want to go.	95% of passengers are satisfied or better with the overall service.	On track to be achieved	Achieved
The number of passenger boardings per year in greater Christchurch and Timaru.	20 million trips by 2020 and 35 million trips by 2030.	May not be achieved	Not measured at
Proportion of total trips made by public transport in greater Christchurch.	3% of total trips by 2020 and 5% of total trips by 2030.	May not be achieved	Not measured at
Proportion of costs covered by passenger fares.	50% cost recovery in Canterbury in 2020.	May not be achieved	Not measured at
Provide Total Mobility scheme for transport-disadvantaged people.	Less than 5% of registered Total Mobility passengers make a complaint to Environment Canterbury about the service they received.	On track to be achieved	Achieved
Number of communities who receive support from Environment Canterbury to establish Community Vehicle Trusts where conventional public transport services are not feasible.	100% - all communities who approach Environment Canterbury regarding vehicle trusts are offered support.	On track to be achieved	Achieved
<b>Programme: Regional Land Transport</b>			
<b>LoS 2 - Through the Regional Transport Committee: - produce, implement and review a Regional Land Transport Plan; and - provide strategic leadership for integrated transport planning across the region.</b>			
Regional Land Transport Plans are produced every three years.	Deliver the Regional Land Transport Plans within set timeframes.	On track to be achieved	Achieved
Provision of administrative support to the Regional Transport Committee and associated working groups.	The Regional Transport Committee and associated working groups receive support at regular meetings.	On track to be achieved	Achieved
Advocate for integrated transport solutions regionally.	Lead the development and implementation of a joint work programme for integrated regional transport.	On track to be achieved	Achieved
<b>Programme: Greater Christchurch rebuild and urban development</b>			
<b>Support earthquake recovery and rebuild in greater christchurch through the effective development, implementation and transitioning of recovery plans and programmes.</b>			
<b>LoS 3 - Implementation of the Natural Environment Recovery Programme. Facilitate the implementation of the Natural Environment Recovery Programme by: - Supporting our strategic partners in the facilitation of the Programme; and - Transitioning (post-2016) into existing strategic frameworks as relevant: and - Implementing NEBP projects where Environment Canterbury is the lead agency, and supporting partners to implement other actions in the Programme.</b>			

# ALL PORTFOLIO LEVELS OF SERVICE

## Operational Performance Report

As At JUNE 2016

Levels of Service	Targets	Delivery	Delivery
Commissioners and Urban Development Strategy Implementation Committee are regularly updated.	Quarterly reports are submitted to commissioners and Urban Development Strategy Implementation Committee on NERP implementation.	Achieved	Achieved
Facilitate the implementation of the NERP.	Identify NERP projects that require overview in greater Christchurch post-2016.	Achieved	Achieved
Participate in future use of residential red zone processes.	Timely contribution to the future use of the red zone technical, working and steering groups as an when required.	Achieved	Achieved
<b>LoS 4 - Implement the LURP by : - Implementing Environment Canterbury's actions and supporting partners to implement their actions; and - Transitioning (post 2016) into existing strategic frameworks as relevant.</b>			
Complete relevant LURP actions.	Relevant Land Use Recovery Plan actions are completed.	On track to be achieved	Achieved
Monitoring data collated and presented to CERA as required by the LURP monitoring plan and linking to Regional Policy Statement monitoring.	LURP monitoring report is completed and published by 30 September 2015.	Achieved	Achieved
Review the LURP.	By 30 September 2015.	Achieved	Achieved
<b>LoS 5 - Complete a draft Lyttleton Port Recovery Plan and, once approved by the Minister for Canterbury Earthquake Recovery, monitor the plan and associated resource consents</b>			
The draft Lyttleton Port Recovery Plan is completed and presented to the Minister	Timelines for the Lyttleton Port Recovery Plan process are met	Achieved	Achieved
Implement the relevant actions arising from the Lyttleton Port Recovery Plan	An integrated management plan for Whakaraupo/Lyttleton Harbour is under development with key stakeholders and partners	On track to be achieved	Achieved
<b>Portfolio: Regional Leadership</b>		Last Month	This Month
<b>Programme: Governance services</b>			
<b>LoS 1 - A programme of relationship and engagement agreements is developed and maintained with councils, government agencies, key industry groups and non-government organisations.</b>			
Relationships and agreements are maintained with the CDHB, and at least two formal industry or non-government organisation agreements, and members of these organisations are satisfied with the relationship and outcomes achieved with Environment Canterbury.	A total of 70% of survey respondents rate the relationship as good or very good (on a scale of very poor, poor, fair, good and very good). By 2016 - 75%. By 2017 - 80%.	On track to be achieved	Achieved
Environment Canterbury commits to and supports the Mayoral Forum, Chief Executives Forum and Canterbury Policy Forum.	Environment Canterbury supports or is asked to lead at least one regionally significant policy or strategic matter each year.	On track to be achieved	Achieved
<b>Programme: Regional policy, data, strategy and community engagement</b>			
<b>LoS 2 - Environment Canterbury collects, maintains and shares quality assured data and information, and uses this to inform policy development and implementation and to support regional sustainable development.</b>			
State of the Environment reporting information is published annually on four environmental domains: air, coastal, biodiversity/ecosystem health, and water.	State of the Environment reporting data and information are readily accessible through the Environment Canterbury website for CWMS zones and Canterbury airsheds.	On track to be achieved	Achieved
	State of the Environment reporting is published each year in accordance with Ministry for the Environment frameworks.	On track to be achieved	Achieved
Environment Canterbury's strategic long-term planning, policy, decision-making, implementation and reporting are improved via integrated information and data management systems to bring together environmental, consents, organisational and other information to support outcomes-focused reporting.	Integrated information and data management project plan is in place by September 2015.	Achieved	Achieved
	First integrated information and data management outcomes-focused reporting by end June 2016.	On track to be achieved	Achieved
<b>LoS 3 - 'Environment Canterbury meets legislative reporting and compliance obligations through the Long-Term Plan, Annual Plans and Annual Reports, and provides accessible, easily understood reports to the community of our activities, plans and management of resources (environmental, financial and other resources).</b>			
The Long-Term Plan, Annual Plans and Annual Reports are completed within statutory timeframes, with effective engagement with the community, Environment Canterbury's partners and relevant groups and agencies.	All statutory requirements completed on time.	On track to be achieved	Achieved
	Integrated information and data management outcomes focus is demonstrated in the 2016 and 2017 Annual Plans and the 2018-2028 Long-Term Plan, maximising the value of integrating information across the organisation.	On track to be achieved	Achieved
<b>LoS 4 - 'Environment Canterbury maintains a strategic long-term policy focus to ensure that planning, policy and decision-making, and advice and submissions on central government policy and legislative changes, are well-informed, purposefully directed and outcomes-focused.</b>			
Environment Canterbury's policy advice is independently assessed each year by NZIER.	Environment Canterbury's policy advice meets NZIER's good practice standards with scores of 6.75 or better on average.	Achieved	Achieved
<b>Programme: Ngāi Tahu engagement</b>			
<b>LoS 5 - Governance, co-governance and working relationship arrangements are in place with ngā Rūnanga and Te Rūnanga o Ngāi Tahu.</b>			
At least quarterly governance meetings are held with Rūnanga chairs and Te Rūnanga, with an agreed work plan in place.	Governance agreements and work plans are in place and reviewed annually.	On track to be achieved	Achieved
A regular working group forum is held with mandated ngā Rūnanga members to improve engagement at an operational level, including recommendations to the governance group.	All required meetings have been held and issues arising have been responded to.	On track to be achieved	Achieved
Co-governance protocols are established, monitored and evaluated.	Each year, two new work programmes have co-governance protocols in operation.	On track to be achieved	Achieved
<b>LoS 6 - Environment Canterbury supports Ngāi Tahu to fulfil their roles and responsibilities as tangata whenua and kaitiaki.</b>			

# ALL PORTFOLIO LEVELS OF SERVICE

## Operational Performance Report

As At JUNE 2016



Levels of Service	Targets	Delivery	Delivery
Ngāi Tahu members working with Environment Canterbury on behalf of their Papatipu Rūnanga and/or Te Rūnanga are satisfied with the Tuia programme.	A total of 70% of survey respondents rate the relationship as good or very good (on a scale of very poor, poor, fair, good and very good). By 2016 - 75%. By 2017 - 80%.	On track to be achieved	Achieved
Service Level Agreements are in place with each Rūnanga through their advisory service business.	Each year at least two new sections of Environment Canterbury are contracting advice from Rūnanga advisory services.	On track to be achieved	Achieved
<b>LoS 7 - The Tuia programme and ethic are integrated and fostered through all Environment Canterbury activities and work programmes.</b>			
Staff feel confident and capable in their dealings and relationships with Ngāi Tahu.	A total of 70% of staff respondents are confident in their relationship with Ngāi Tahu. By 2016 - 75%. By 2017 - 80%.	On track to be achieved	Will not be achieved
Work programmes explicitly provide for the Tuia relationship.	Service Level Agreements and/or Tuia staff are providing necessary advice to work programmes.	On track to be achieved	Achieved
<b>Air Quality</b>		<b>Last Month</b>	<b>This Month</b>
<b>Programme: Air Quality</b>			
<b>LoS 1 - Canterbury airsheds progress towards the National Environmental Standards for Air Quality.</b>			
Air quality monitoring and reporting occurs across Canterbury airsheds	Airshed monitoring and reporting capability is maintained as required by the National Environmental Standard for Air Quality.	On track to be achieved	Achieved
	Outcomes-focused reporting frameworks, e.g. polluted airshed graphs of PM10 showing concentration reductions, are made public	On track to be achieved	Achieved
<b>LoS 2 - Joint work programmes are developed with health boards and territorial authorities to support air quality outcomes.</b>			
Agreements are in place with health boards and territorial authorities	Two joint work programmes in place and delivered each year	Achieved	Achieved
<b>LoS 3 - The Canterbury Air Plan 2015 and airshed action plans are in place.</b>			
Adoption and implementation of the Canterbury Air Plan 2015	2015/16: Air Plan hearings commenced.	Achieved	Achieved
	2016/17: Revised Air Plan operative.	On track to be achieved	Not measured this year
	Implementation plans are in place for seven polluted airsheds as agreed with territorial authorities and health boards.	Achieved	Achieved
<b>Biodiversity and Biosecurity</b>		<b>Last Month</b>	<b>This Month</b>
<b>Programme: Biodiversity and Ecosystem Health</b>			
<b>LoS 1 - Environment Canterbury works with Ngāi Tahu, communities, territorial authorities, Department of Conservation, land occupiers and other recreational, environmental and industry parties to protect and restore Canterbury's indigenous biodiversity and aquatic ecosystem health.</b>			
On-the-ground projects to protect and restore indigenous biodiversity.	An annual increase in the area within the region that is protected (legally or physically), or subject to restoration activities, e.g. restoration planting.	On track to be achieved	Achieved
	Tactical plans for on-going biodiversity investment are agreed with CWMS zone committees by June 2016.	On track to be achieved	Achieved
	At least two biodiversity projects are initiated or progressed in each CWMS zone annually.	On track to be achieved	Achieved
Regional biodiversity policy and strategies are given effect to.	All district plan reviews are supported and a regional approach that gives effect to regional biodiversity policy is developed with territorial authorities, Ngāi Tahu and other stakeholders, and solutions developed for at least two territorial authorities by June 2016.	On track to be achieved	Achieved
	Canterbury Region Biodiversity Strategy signatories decide by June 2017 whether a review of the Strategy is required.	On track to be achieved	Not measured this year
State of the Environment reporting information is published annually for biodiversity/ecosystem health environmental domain.	State of the Environment reporting data and information are accessible on the Environment Canterbury website.	On track to be achieved	Will not be achieved
	State of the Environment reporting is published each year in accordance with Ministry for the Environment frameworks.	On track to be achieved	Not measured this year
<b>Programme: Biosecurity</b>			
<b>LoS 2 - Environment Canterbury administers and implements a Regional Pest Management Plan. New pest incursions in the region are detected and appropriately managed, and already-identified pests are cost-effectively and equitably managed.</b>			
Implementation of a Regional Pest Management Plan that meets the requirements of the Biosecurity Act 1993.	A reducing trend in pest levels identified in the Regional Pest Management Plan.	On track to be achieved	Will not be achieved
	A Regional Pest Management Plan review discussion document is released for consultation by June 2016.	Achieved	Achieved
	A proposed new Regional Pest Management Plan is notified by June 2017, and is operative by June 2018.	On track to be achieved	Not measured this year
Development and implementation of new pathway management initiatives.	A pathway management work programme is developed during 2015/16 and implementation progressed from July 2016.	On track to be achieved	Achieved
Regional incursion response capability is maintained.	Management plans are in place and/or response decisions progressed for 100% of new pests detected.	On track to be achieved	Achieved
	Regional incursion response capability and capacity is maintained as agreed under the National Biosecurity Capability Network.	On track to be achieved	Achieved
<b>Programme: Whakaora Te Waihora</b>			
<b>LoS 3 - Environment Canterbury will work in partnership with Ngāi Tahu to implement a joint programme to progress the two-generational vision to restore and rejuvenate the mauri and ecosystem health of Te Waihora (Lake Ellesmere).</b>			

# ALL PORTFOLIO LEVELS OF SERVICE

## Operational Performance Report

As At JUNE 2016

Levels of Service	Targets	Delivery	Delivery
Implementation of the Whakaora Te Waihora Joint Cultural and Ecological Restoration Plan.	The Joint Restoration Plan is reviewed, updated and approved by programme partners by December 2016.	On track to be achieved	Not measured this year
	An annual work plan for progressing the Joint Restoration Plan is agreed by programme participants, and a report on the work plan delivery and wider Joint Restoration Plan progress is completed for programme participants annually.	On track to be achieved	Not measured this year
	At least 70% of survey respondents rate the relationship as good or very good (on a scale of very poor, poor, fair, good and very good). By 2016 - 75%. By 2017 - 80%.	On track to be achieved	Not measured this year
Parties to the Te Waihora Co-Governance agreement are satisfied with the relationship and outcomes achieved with Environment Canterbury.	Annual survey undertaken, assessed and analysed. Performance of Service Level Agreements is monitored.	On track to be achieved	Not measured this year
<b>Portfolio: Hazards, Risks and Safety</b>		<b>Last Month</b>	<b>This Month</b>
<b>Programme: Natural hazards</b>			
<b>LoS 1 - Environment Canterbury collects and provides natural hazard information for tsunami, earthquake, landslide and floodplain hazards to increase community awareness and guide longer-term development.</b>			
Ensuring natural hazard information is available.  Providing advice to partner organisations on implementing hazard risk reduction measures.	A total of 90% of advice regarding natural hazard information, in relation to private property, is provided within ten working days.	On track to be achieved	Achieved
	New technical reports and information are available on Environment Canterbury's website within six months and are available at all times.	On track to be achieved	Achieved
	Investigations undertaken and reports produced as scheduled and formally delivered to territorial authorities, with table of reports displayed annually.	On track to be achieved	Achieved
	A total of 70% of councils and CDEM survey respondents rate the relationship and service as good or very good (on a scale of very poor, poor, fair, good and very good). By 2016 - 75%. By 2017 - 80%.	On track to be achieved	Achieved
<b>Programme: Navigational and recreational boating safety</b>			
<b>LoS 2 - Environment Canterbury enables safe navigation for ships and other commercial vessels in ports, harbours and coastal areas.</b>			
The operation of an approved risk assessment regime, safety management system and appropriate risk control measures for the ports of Lyttelton and Timaru, the harbours areas of Kaikōura and Akaroa, and the coastal waters of the region.	Risk assessment regime and Safety Management System approved by Maritime New Zealand.	Achieved	Achieved
	ISO 9001:2008 certification and monitoring of the Safety Management System.	Achieved	Achieved
	Operational overview and emergency response function available at all times.	On track to be achieved	Achieved
	Qualified, experienced and independent harbour master.	Achieved	Achieved
<b>LoS 3 - Environment Canterbury enables safe navigation for recreational vessel users of the coast, harbours and inland waterways.</b>			
Navigation safety bylaws and a navigational safety officer are in place and provide guidance on the safe navigation of vessels within the region.	A navigation safety officer is employed to liaise with communities, user groups and organisations.	Achieved	Achieved
<b>Programme: Flood protection and control works</b>			
<b>LoS 4 - Reducing flood risk</b>			
Environment Canterbury's infrastructure strategy outlines river management for the next 30 years and includes a schedule of river reviews to deliver strategy outcomes. The river review schedule is made publicly available.  Flood protection infrastructure is maintained against agreed levels of service in consultation with river rating district committees.  Flood prediction information and river flood warnings are provided to key agencies when agreed trigger levels are exceeded.  Accurate region wide warnings are issued in accordance with established flood protocols.  Up-to-date and timely river flow, rainfall and flood warning advice is available through Environment Canterbury's website.	The 30-Year Infrastructure Strategy and river reviews are completed as scheduled.	Achieved	Achieved
	All completed river reviews result in a river management plan that is consulted on and agreed with river rating committees.	Achieved	Achieved
	Construction of flood protection infrastructure will be completed in accordance with the capital expenditure programme.	On track to be achieved	Achieved
	No deferred maintenance that would adversely affect performance of each scheme.	On track to be achieved	Achieved
	Following any significant hazard event, e.g. earthquake, flood, fire, and when safe to do so, engineering staff undertake prompt on-site assessments of river protection infrastructure at affected locations.	On track to be achieved	Achieved
	Police, Civil Defence management, media, KiwiRail, New Zealand Transport Agency and territorial authorities will receive flood warnings in accordance with established flood protocols.	On track to be achieved	Achieved
	Flood warning protocols will be reviewed after each significant flood event.	On track to be achieved	Achieved
	Appropriate flood warning advice is available on Environment Canterbury's website during flood events.	On track to be achieved	Achieved
<b>LoS 5 - Sustainably manage the extraction of gravel from rivers.</b>			
Environment Canterbury manages the sustainable extraction of gravel for flood management and erosion control purposes while protecting and enhancing environmental, cultural, social and economic values.	Extraction of gravel from rivers does not increase flood or erosion risk.	On track to be achieved	Achieved
<b>LoS 6 - Environment Canterbury provides cost effective and safe open space leisure and recreation opportunities on Council-owned land.</b>			

# ALL PORTFOLIO LEVELS OF SERVICE

## Operational Performance Report

As At JUNE 2016

Levels of Service	Targets	Delivery	Delivery
Maintain a management plan for regional parks.	The one remaining regional park management plan, that is yet to be completed, is developed and maintained, and the two already completed plans maintained, with a balance between safe and cost-effective recreational use, biodiversity and efficient and appropriate forestry management.	On track to be achieved	Achieved
Restoration projects on wetland and lowland forests.	Restoration management will be applied to at least 140ha of wetland and lowland regenerating forest.	Achieved	Achieved
Management of Council ground lease and licences reflects best practice.	Leases are monitored and at least 95% of those due for renewal in this financial year comply with lease terms and conditions and regional rules while maintaining acceptable risk levels and market rentals. 2015/16 - A land management plan will be developed.	On track to be achieved	Achieved
	2016/17/18 - All new leases will be managed in accordance with Environment Canterbury's land management plan.	Achieved	Achieved
	Indigenous plant communities, including mahinga kai, are protected and enhanced.	On track to be achieved	Achieved
	Ngai Tahu sites are protected.	On track to be achieved	Achieved
<b>Programme: Coastal Environment and Hazards</b>			
<b>LoS 7 - Provide information about coastal hazards.</b>			
Coastal areas susceptible to coastal erosion and sea water flooding identified and mapped.	A total of 100% of coastal erosion areas mapped.	On track to be achieved	Achieved
<b>LoS 8 - Maintain a regional marine oil spill capability.</b>			
Availability of a regional response capability that meets Maritime New Zealand's requirements.	Available at all times.	On track to be achieved	Achieved
<b>Programme: Emergency management</b>			
<b>LoS 9 - Environment Canterbury is an active partner of the Canterbury CDEM group and provides for the support, information and administration needs of the group office.</b>			
Environment Canterbury is a supportive partner within the Canterbury CDEM Group.	Participate fully as an active partner in achieving the objectives of the Group plan.	On track to be achieved	Achieved
	All emergency events are responded to as required.	On track to be achieved	Achieved
<b>Programme: Contaminated hazardous land and waste</b>			
<b>LoS 10 - Environment Canterbury reduces risk to human health and the environment from waste, hazardous substances and contaminated sites.</b>			
Environment Canterbury undertakes investigations for the purposes of identifying and monitoring contaminated land.	Information on the Listed Land Use Register is up to date, and 100% of technical enquiries are responded to.	On track to be achieved	Achieved
	One joint contaminated land identification project is carried out with a territorial authority partner.	Achieved	Achieved
Priority regional and national waste projects are supported in partnership with territorial authorities, industry and other agencies.	Two projects are co-ordinated across the region.	On track to be achieved	Achieved
	Improved understanding of options for the appropriate recycling/disposal of rural waste.	On track to be achieved	Achieved
	Technical advice and support on waste and hazardous substance is provided to industry, other agencies and territorial authorities.	On track to be achieved	Achieved
<b>Portfolio: Planning, Consents and Compliance</b>		<b>Last Month</b>	<b>This Month</b>
<b>Programme: Regional Planning</b>			
<b>LoS 1 - Environment Canterbury's regional policy and plans serve the community in an efficient and timely manner in line with the planning timetable set out in the Long-Term Plan.</b>			
A regional plan development timetable is established and maintained. The timetable is made publicly available.	Target dates for statutory plan public notification are met.	On track to be achieved	Achieved
	Statutory plans are supported by implementation plans covering consents, compliance and communication activities.	On track to be achieved	Achieved
<b>LoS 2 - Environment Canterbury works collaboratively with the region's district and city councils in the review of their district plans.</b>			
District and city plans are supported by Environment Canterbury and these plans give effect to regional policies.	Survey of territorial authorities regarding collaboration and support for review of district plans.	On track to be achieved	Achieved
<b>Programme: Consents</b>			
<b>LoS 3 - Information and support is provided to resource consent applicants and building control authority applicants (dams) to assist them in the delivery of high quality applications and information to ensure the efficient and timely processing of resource consents.</b>			
Environment Canterbury is customer-focused, resource consent applicants clearly understand the quality of application they need to submit (due to pre-application advice and guidance), and there is a reduced need to request further information from applicants.	A reduction in the number of resource consent applications where further information is required (s92 requests) is achieved through pre-application meetings.	On track to be achieved	Achieved
The median total time for all resource consent applications received is 21 days.	A median of 21 days or less of total elapsed time is achieved.	May not be achieved	Will not be achieved
<b>LoS 4 - Resource consents support the delivery and outcomes of regional plans and building control legislation.</b>			
The percentage of resource consents consistent with the RMA 1991 requirements, including proposed and operative regional plan requirements and non-statutory strategies.	Achieve a score of 'very good' (being 90% or above) based on independent audit.	On track to be achieved	On track to be achieved
<b>Programme: Compliance with plans and consents</b>			
<b>LoS 5 - Compliance and monitoring of resource consent and physical resource use are aligned with Environment Canterbury's key priorities.</b>			

**As At JUNE 2016**

Levels of Service	Targets	Delivery	Delivery
Each year ten catchment-based compliance work plans are discussed with CWMS zone committees.	Ten compliance work plans are discussed and an annual report is provided to zone committees.	On track to be achieved	Achieved
All identified moderate and major non-compliance issues and any consequent adverse effects are resolved or in the process of being resolved.	All active moderate and major non-compliance issues are resolved or in the process of being resolved, i.e. an action plan has been developed, within the reporting year.	On track to be achieved	Will not be achieved
An annual planning, consent and compliance implementation report is produced to support regional plan development and quarterly progress reporting.	Planning, consent and compliance reviews are completed and reported.	On track to be achieved	Achieved
<b>LoS 6 - Environment Canterbury's consent and compliance processes will ensure the safe and sustainable design and construction of dams and associated structures.</b>			
Dams classified as medium or high potential impact have a registered Dam Safety Assurance Programme.	100% of medium or high potential impact dams have registered a Dam Safety Assurance Programme.	On track to be achieved	Not measured this year
Once a complying building consent application is lodged, decisions are made within the statutory 20 working days.	100% compliant building consent applications are processed and granted within 20 working days.	On track to be achieved	Achieved

### 04.3. Greater Christchurch Metro Financial Update

<b>Agenda item number</b>	4.3	<b>Subject</b>	Greater Christchurch Metro
<b>Portfolio /Programme</b>		<b>Report</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>		<b>Commissioner</b>	Rex Williams
<b>Author</b>		<b>Endorsed by</b>	

#### Purpose

To provide a financial update on the Greater Christchurch Metro programme.

This report will be circulated separately.

## 04.4. Financial Health Report June 2016

### Performance, Audit and Risk Committee (PARC)

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#### General Information

<b>Agenda item number</b>	4.4	<b>Subject</b>	
<b>Portfolio /Programme</b>		<b>Report to: Meeting date:</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>		<b>Commissioner</b>	David Bedford
<b>Author</b>	John McClelland Manger Finance	<b>Endorsed by</b>	Miles McConway Director Finance & Corporate Services

## Financial Health Report June 2016

### Purpose

To report on the financial results for the period ending 30 June 2016.

### Value proposition

Commissioners' understanding of the financial state of the organisation is enhanced.

### Recommendations

**That the Council receives the monthly financial health report for the twelve months ending 30 June 2016.**

### Background

Monthly financial results are reported to Performance Audit and Risk Committee as part of our prudent financial management responsibilities.

The interim financial results for the twelve months ended 30 June 2016 have been prepared and are now presented to PARC for review.

Year end adjustments for provisions and revaluations have yet to be finalised, this report essentially provides an operating result. No material change to the operating result is expected. We are expecting that revaluations will affect the Annual Report summaries in the areas of equity and profit and loss. These will be fully explained as part of the Annual Report adoption process.

### Surplus/Deficit

The year to date position is a surplus of \$3.2M against a budgeted deficit of \$1.4M, a variance of \$4.7M. This surplus against budget is the sum of the combined variances reported under the revenue and expenditure explanations below.

## **Revenue**

Revenue for the year to date is \$0.6M over budget, 0.4%.

Territorial authorities have now confirmed the total rates collected for the year. This was forecast to be slightly higher than budget, the actual result is even higher than expected at \$2.1M in additional rates. This is due to the Order in Council allowing part year charging and collection of rates.

Grant Revenue is 0.9% below budget which equates to \$0.2M, no significant variance to budget. User Pays and Other Revenue is slightly behind budget with a variance of \$1.3M, -3.3% of budget.

## **Expenditure**

The year to date actual expenditure compared to the year to date budgeted expenditure shows expenditure under budget by \$4.0M, -2.6%.

## **Labour and Overheads**

The utilisation of labour as at the end of June was 570, with a year to date average of 544. The June figure was elevated due to annual leave for departing employees being paid out, equivalent to 9 FTEs. Operational labour is under budget by \$0.6M, -2.5%, with overhead labour over budget by \$1.6M, 9.8%. The cost of operational reorganisation is reflected in the overhead labour overspend. Overall, across all sections labour is marginally over budget at 1.3% over.

## **Portfolios**

Portfolio variances to budget are explained in detail in the Operations Report.

## **Reserves**

The position of reserves reflects the surplus over budgeted deficit with a \$4.7M variance, ie reserves have been increased by \$3.2M whereas the budgeted position was a draw of \$1.4M.

The general reserve is \$1.7M above the budgeted level, slightly below policy. The Passenger Transport is also above budget, and below policy level.

The CWMS reserve is \$1.5M over the policy level, and \$0.5M higher than budget. Overall, operational reserves are currently over policy level.

## **Cashflow, Debtors and Debt**

### **Treasury Performance**

The cash balance at the end of June was \$27.1M compared to the budget of \$15.1M. Another drawdown of debt funding from the LGFA was made in June, the total borrowed from LGFA is now \$25M. As the majority of the Tuam St cost has now been incurred, future cash requirements will be determined by the timing of payments on the Waimakariri flood protection scheme. Interest for the year to date is over budget at \$756K, the variance from budget is \$50K.

There are no exceedances of policy to report.

### **Debtors and Debt**

The debtor level has increased slightly in June with all of the increase in current debtors.

Debt remains low with interest cover well within guidelines.

### **Capital Expenditure**

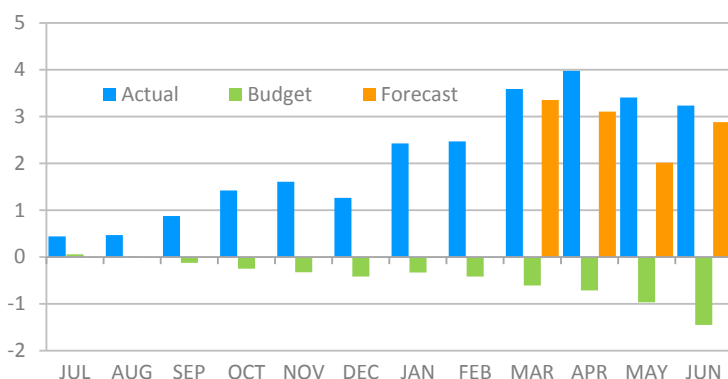
Expenditure on Tuam Street for the financial year is \$5.2M above the annual budget, this was set prior to confirmation of slippage from 2014/15 year however.

Expenditure on stopbanks is also above budget, \$1.3M. Capital expenditure overall is above budget by \$6.7M.

## **Attachment**

- Financial Health Report June 2016

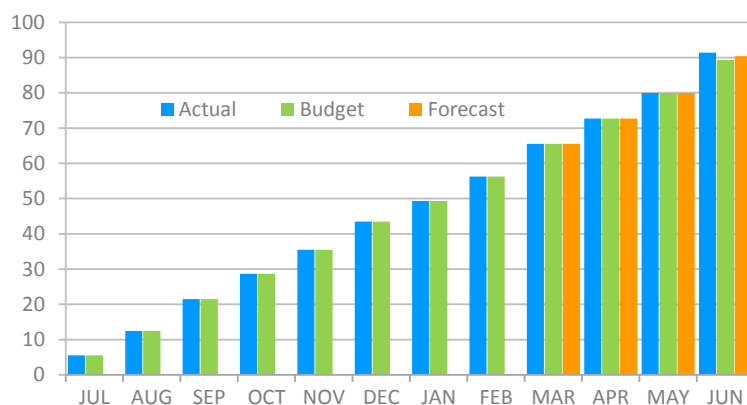
## PORTFOLIO SURPLUS/DEFICIT



\$'000	Actual	Budget	Variance
Revenue	155,123	154,478	645
Expenditure	151,887	155,927	(4,040)
<b>Surplus/(Deficit)</b>	<b>3,236</b>	<b>(1,449)</b>	<b>4,685</b>

Revenue is 0.4% over budget, \$0.6M, expenditure is under budget by \$4.0M, 2.6%; this gives a surplus for the year to date of \$3.2M rather than the expected deficit of \$1.4M

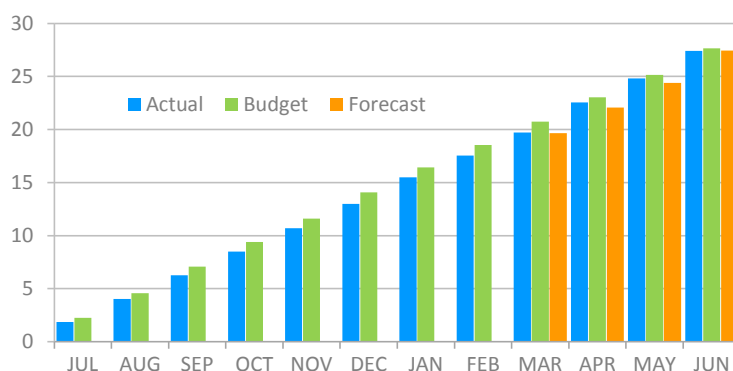
## GENERAL AND TARGETED RATES REVENUE



\$'000	Actual	Budget	Variance
General rates	31,707	31,108	599
Targeted rates	59,718	58,186	1,532
<b>Total</b>	<b>91,425</b>	<b>89,294</b>	<b>2,131</b>

Rates revenue is 2.4%, \$2.1M higher than budget due to the effect of the Order in Council allowing part year rates charging

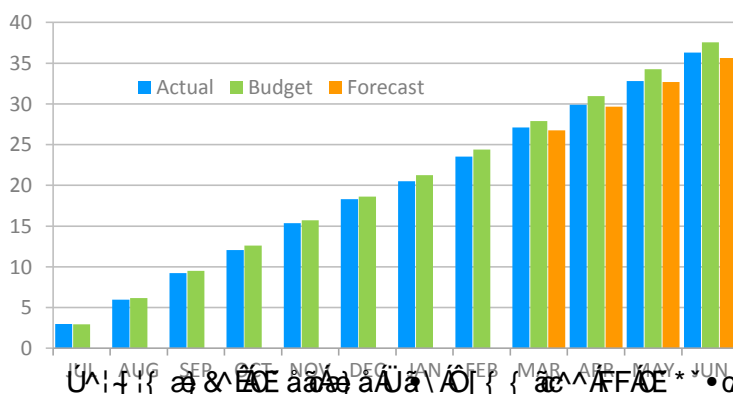
## GRANT REVENUE



\$'000	Actual	Budget	Variance
<b>Grants</b>	<b>27,403</b>	<b>27,637</b>	<b>(234)</b>

Grant revenue overall is 0.9% below budget

## USER PAYS, INTEREST AND OTHER REVENUE



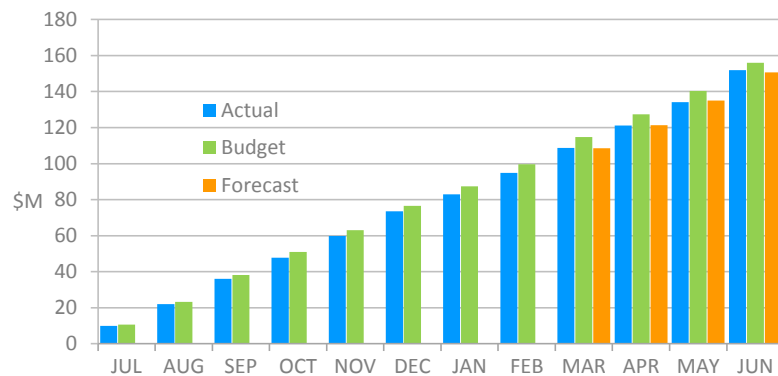
\$'000	Actual	Budget	Variance
<b>UP and Other</b>	<b>36,294</b>	<b>37,546</b>	<b>(1,252)</b>

User pays/other income is 3.3% below budget, the largest variance is from transport fare revenue

# ENVIRONMENT CANTERBURY EXPENDITURE FOR THE TWELVE MONTHS ENDED 30 JUNE 2016



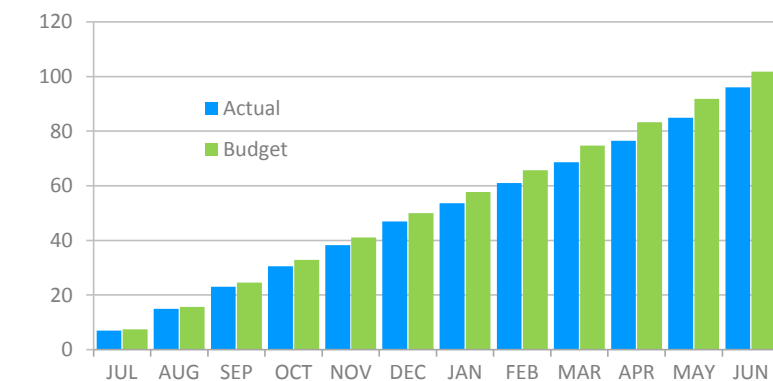
## EXPENDITURE



\$'000	Actual	Budget	Variance
Operational Labour	24,091	24,713	(622)
Overhead Labour	18,175	16,558	1,617
<i>Subtotal Labour</i>	<i>42,265</i>	<i>41,271</i>	<i>994</i>
Overhead - Other	11,419	10,813	606
<i>Subtotal Overhead</i>	<i>29,594</i>	<i>27,371</i>	<i>2,222</i>
Plant	2,114	2,084	30
Goods & Services	96,089	101,758	(5,669)
<b>Total Expenditure</b>	<b>151,887</b>	<b>155,927</b>	<b>(4,040)</b>

Expenditure is 2.6% below budget with the largest variance on Goods and Services

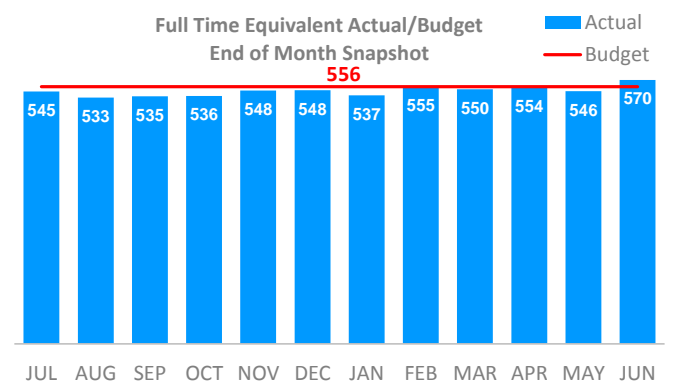
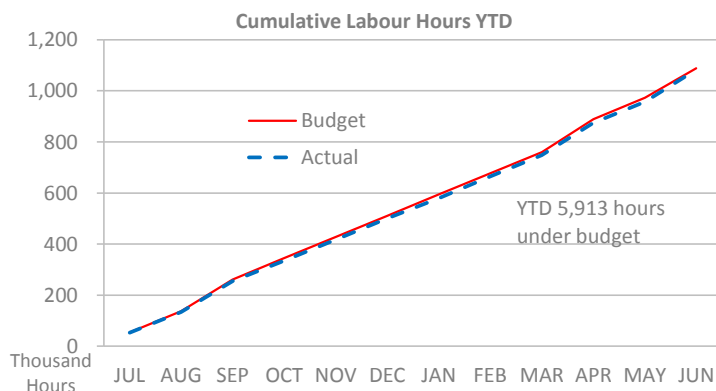
## GOODS AND SERVICES EXPENDITURE



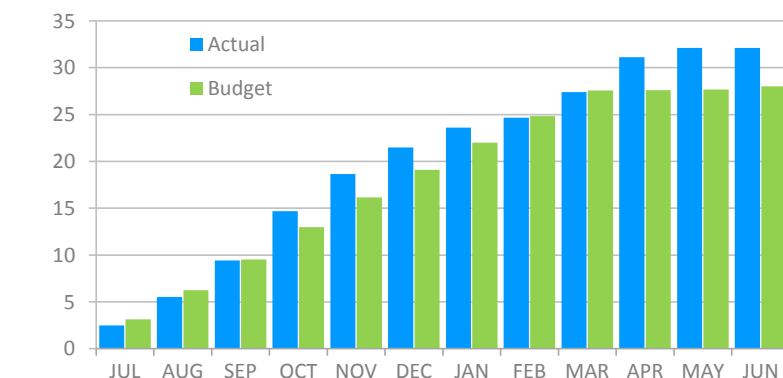
\$'000	Actual	Budget	Variance
<b>Goods &amp; Services</b>	<b>96,089</b>	<b>101,758</b>	<b>(5,669)</b>

Goods and Services expenditure is 5.6% below budget, expenditure on Contractors accounts for \$3.2M of the variance and Consultancy is \$1.9M below budget

## LABOUR



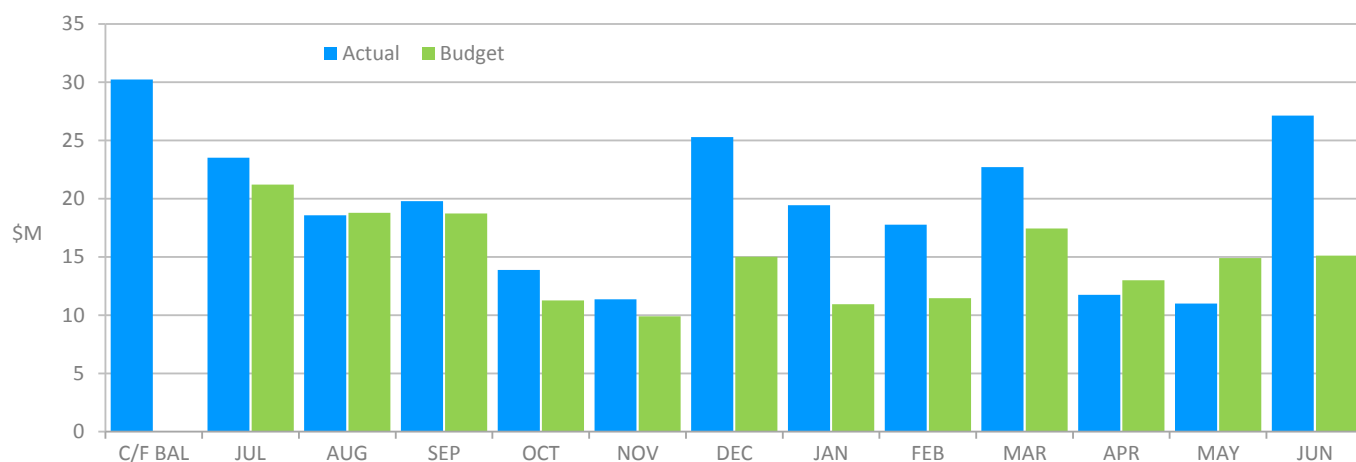
## CAPITAL EXPENDITURE



\$'000	Actual	Budget	Variance
Tuam St	27,140	21,943	5,197
Catchment	6,908	5,633	1,275
Other	699	445	255
<b>Total Capex</b>	<b>34,748</b>	<b>28,021</b>	<b>6,726</b>

Expenditure on Tuam St is over the annual budget due to slippage from the prior year; catchment is also significantly over budget; overall capital expenditure is 24% over budget

## CASH POSITION AT MONTH END



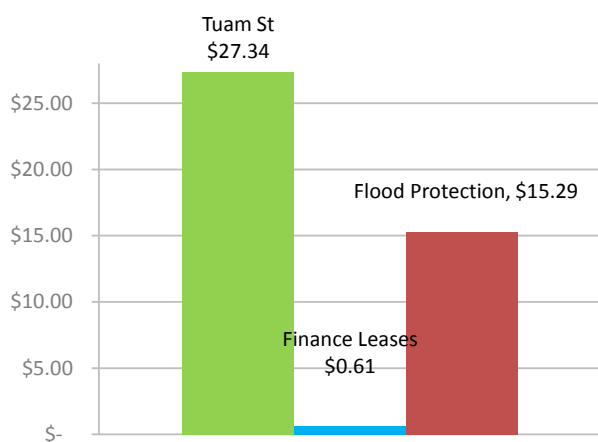
The actual cash position at the end of June was \$27.1 million, compared to the budget of \$15.1 million. The portfolio surplus to date has resulted in higher than expected cash holdings however continuing Tuam Street expenditure is expected to reduce cash holdings despite the LGFA \$10 million borrowing tranche completed in June.

## TREASURY PERFORMANCE

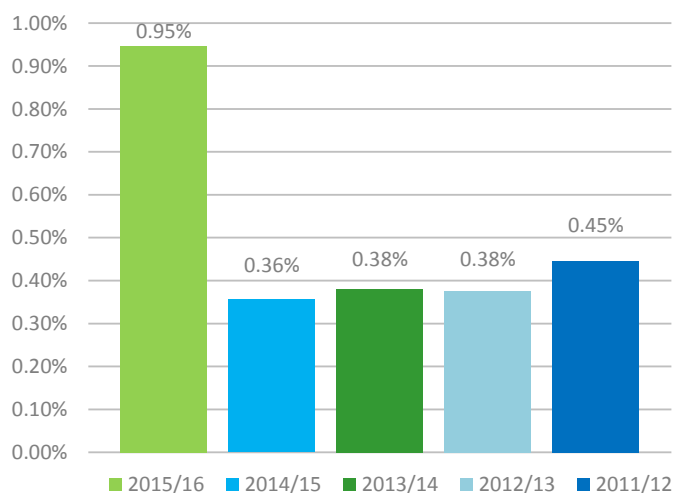
	Budgeted interest rate	Average interest rate	Budget - Full Year	Actual - Full Year	Variance YTD fav/(unfav)	Budget - 12 months
Interest received	4.02%	3.65%	705,444	755,703	50,259	705,444

The Council has arranged for the financial investments to date to be transferred to various bank term deposits as opposed to bonds which are paying lower interest rates for the same amount of risk. Performance targets have been set for bank interest rate returns. Cash balances represent actual cash held and do not include accrued income or specific purpose funds i.e. metrocard.

### DOLLARS OF DEBT PER CAPITA



### INTEREST EXPENSE AS A PERCENTAGE OF RATES



Public debt per capita now includes the \$25 million of borrowing from the Local Government Funding Agency to fund the Tuam St build & Waimakariri flood protection scheme and equates to \$43.24 per head of population in Canterbury. Interest expenditure this year has reflected the expected (budgeted) use of external loan funding for the Waimakariri flood protection project and Tuam street.



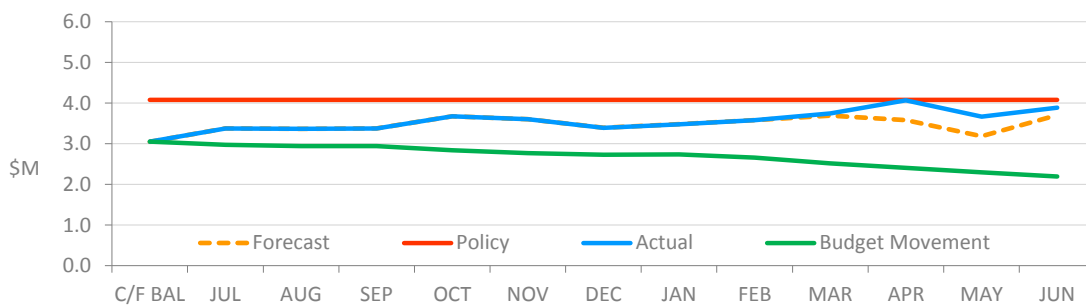
**Environment  
Canterbury**  
Regional Council  
*Kaunihera Taiao ki Waitaha*

**ENVIRONMENT CANTERBURY**  
**EFFECT ON RESERVES FOR THE TWELVE MONTHS ENDED 30 JUNE 2016**



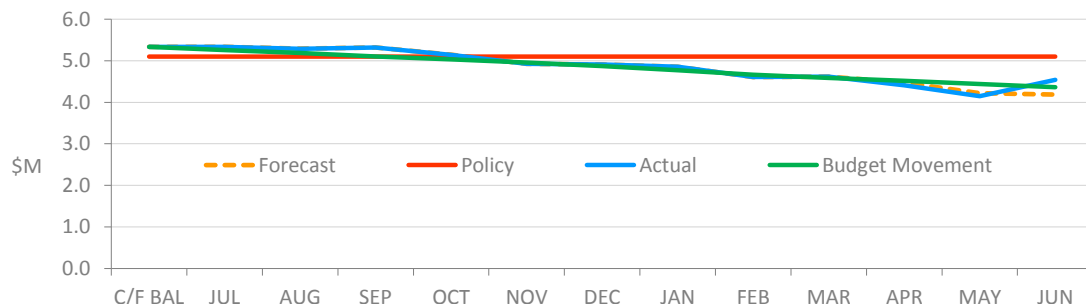
	YTD RESERVE MOVEMENT			RESERVE BALANCES		
	Actual	Budget	Variance	Balance	Policy	Variance
General reserve	839	(857)	1,696	3,888	4,080	(192)
Passenger Transport reserve	(791)	(973)	182	4,543	5,100	(557)
CWMS reserve	(330)	(808)	478	2,996	1,530	1,466
Other reserves	3,782	1,340	2,442	11,905	4,165	7,740
<b>Subtotal</b>	<b>3,500</b>	<b>(1,299)</b>	<b>4,798</b>	<b>23,332</b>	<b>14,875</b>	<b>8,457</b>
Chatham Islands Council Reserve	(264)	(150)	(114)	171	284	(113)
<b>Total Operating Reserves</b>	<b>3,236</b>	<b>(1,449)</b>	<b>4,685</b>	<b>23,503</b>	<b>15,159</b>	<b>8,344</b>

**GENERAL RESERVE**



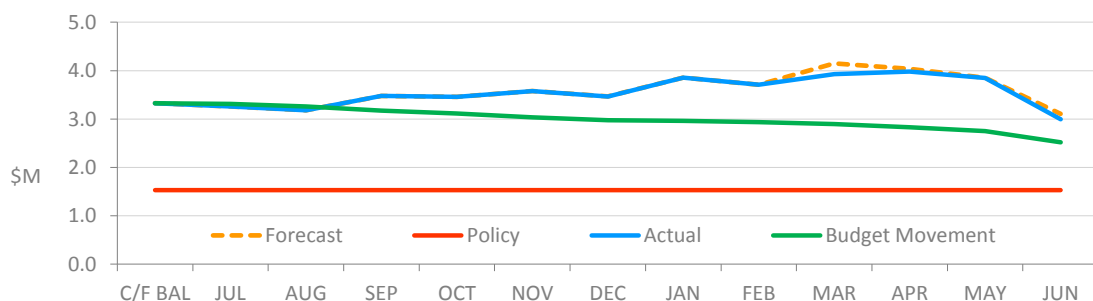
General reserves YTD movement is \$1.7M higher than budgeted movement, the balance is \$192K under policy level

**PASSENGER TRANSPORT RESERVE**



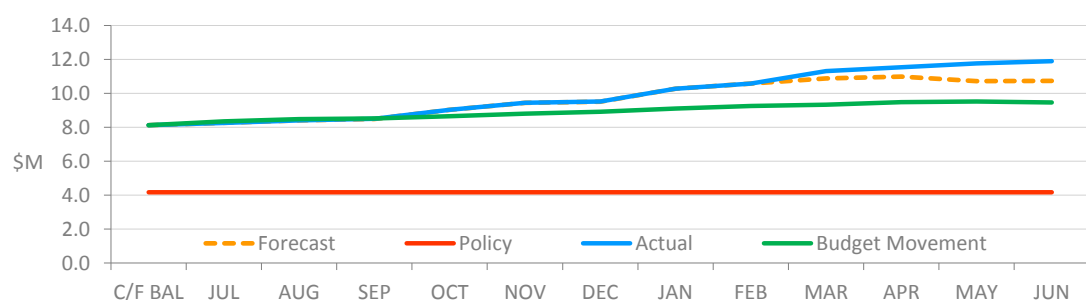
Passenger Transport YTD variance \$182K over budget, balance is \$557K under policy level

**CWMS RESERVE**



CWMS YTD variance \$0.5M higher than budget, balance is \$1.5M over policy level

**OTHER OPERATING RESERVES**



YTD movement on other reserves is \$2.4M higher than budgeted movement, balance is \$7.7M over policy level

NOTE: EXCLUDES WAIMAKARIRI RESERVE

Environment Canterbury Regional Council

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## 04.5. Significant Projects Report - June 2016

### Performance, Audit and Risk Committee (PARC)

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#### General Information

<b>Agenda item number</b>	4.5	<b>Subject</b>	Significant Projects Report – June 2016
<b>Portfolio /Programme</b>	Regional Leadership/LTP and Annual Planning	<b>Report to: Meeting date:</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>		<b>Commissioner</b>	Dame Margaret Bazley
<b>Author</b>	Helen Sellwood Corporate Reporting Manager	<b>Endorsed by</b>	Miles McConway Director Finance and Corporate Services

### Significant Projects Report to 30 June 2016

#### Purpose

To report on projects of significant interest for the year to 30 June 2016.

#### Recommendation

**That the Performance, Audit and Risk Committee receive the Significant Projects Report for the twelve months ending 30 June 2016.**

#### Discussion

Reports on significant projects are provided in addition to our business as usual reporting.

A summary of the key points on delivery and financial performance is included below and the detailed reports are attached. Content has been provided by the individual project managers and the relevant directors are sponsoring the agenda item.

1. Whakaora Te Waihora	Director: Don Rule Project Leader: David Murphy
<b>Delivery:</b> Key achievements for the programme were: <ul style="list-style-type: none"><li>For the Biodiversity workstream,<ul style="list-style-type: none"><li>Willow and weed control was implemented at key lake-shore sites;</li></ul></li><li>For the Planting Hub within the Biodiversity workstream,<ul style="list-style-type: none"><li>The maintenance of planted sites was progressed, and Final Site Reports were</li></ul></li></ul>	

<p>produced for every site where maintenance contracts have been completed;</p> <ul style="list-style-type: none"> <li>○ Retrospective landowner agreements have been achieved for 100% of the existing planting sites;</li> <li>● For the Engineering workstream, <ul style="list-style-type: none"> <li>○ The re-battering of Murray's Drain was completed ahead of schedule;</li> <li>○ Designs were completed for two riffles on the Huritini/Halswell River;</li> <li>○ An investigation into the sediment sources in the Huritini/Halswell River was completed;</li> </ul> </li> <li>● For the Science workstream, <ul style="list-style-type: none"> <li>○ The wave-barrier was installed in Te Waihora / Lake Ellesmere, behind which the macrophytes will be planted for the trial establishment of macrophyte beds;</li> <li>○ The fieldwork was completed for the majority of milestones for the NIWA led investigation into fish re-stocking, and review of fisheries management;</li> <li>○ Ongoing water quality monitoring was conducted;</li> </ul> </li> <li>● For the Extension workstream, <ul style="list-style-type: none"> <li>○ Sites planted for the Kids Discovery Plant-out were maintained, and site monitoring was coordinated by Te Ara Kākāriki in-conjunction with local schools and EnviroSchools;</li> </ul> </li> <li>● For the Communications workstream, <ul style="list-style-type: none"> <li>○ Actions were delivered to progress against the targets in the Whakaora Te Waihora Strategic Communications Plan, including <ul style="list-style-type: none"> <li>- Regular stories on <a href="http://tewaihora.org/ourstories/">http://tewaihora.org/ourstories/</a>, and</li> <li>- Periodic media releases;</li> </ul> </li> <li>○ The number of followers of the programme's Twitter account (@tewaihora) reached 1,055, exceeding the original target of 400+ followers;</li> </ul> </li> <li>● For Programme Management, <ul style="list-style-type: none"> <li>○ The Whakaora Te Waihora Health and Safety Management System continued to be delivered; detected and responded to two incidents; and, was assessed by an internal process audit;</li> <li>○ A Whakaora Te Waihora Contract Management System Framework – that included a Contract Management Standard – was completed and approved by the Joint Officials Group;</li> <li>○ The Whakaora Te Waihora Audit and Review Implementation Plan completed all but four outstanding recommendations; <ul style="list-style-type: none"> <li>- Recommendations completed included the finalisation of the Programme Management Plan, and the development of a Business Case and an Assurance Monitoring Plan, which were submitted for approval;</li> </ul> </li> <li>○ The Whakaora Te Waihora Risk Register was maintained and, with controls and assurances in place for risks, there was a decrease in the overall level of risk for the programme; and,</li> <li>○ Support was provided for the development of an Investment Approach for a phase two of the programme.</li> </ul> </li> </ul>	
<p><b>Financial:</b> For the 2015/2016 year, spend was to budget, and the majority of works for the programme were completed (with Steering Group approval for some milestones to be re-scheduled to 2016/2017).</p>	

2. Matrix of Good Management	Director: Stefanie Rixecker Project Leader: Sam Ragnarsson
<p><b>Delivery:</b> Phase I of the MGM project was completed with the notification MGM in the Nutrient Management and Waitaki Plan Change in February. New roles have been assigned for Phase II, with three distinct work streams being Science update, further</p>	

development of the Farm Portal and reconvening Governance. In the last few months there has been some scoping discussion, but most of the work has been around OVERSEER® upgrade and providing a non-policy pathway through the portal (named Phase 1.6 or the GMP Estimator). The core scoping of work will take place in July/August 2016 with actual development and science work commencing mid-August 2016.

**Financial:** Additional unbudgeted costs required to complete Phase I, Upgrade and GMP Estimator have now been substantially realised. Budgeted cost for Phase II will be accounted for from 1<sup>st</sup> July 2016.

3. Flood Protection and Control Works

Director: Don Rule

Project Leader: David Culverhouse

**Delivery:** As requested by Commissioners, the attached Flood Protection and Control Works Programme Milestones report provides information on progress against agreed milestones.

## Attachments

1. Report on Whakaora Te Waihora – YTD June 2016.
2. Report on Matrix of Good Management – YTD June 2016.
3. Milestones – Flood Protection and Control Works Programme – June 2016

## Background

Whakaora Te Waihora is a joint restoration programme between Ngai Tahu and Environment Canterbury, committed to restoring and enhancing the cultural and ecological health of Te Waihora (Lake Ellesmere). The work encompasses six main focus areas – Improving In-Lake Habitat, Lake Opening Management, Protecting Lake Shore Habitat, as well as the catchments of Kaituna, Halswell/Huritini and Waikewai. The key outcomes, values and long-term management options for these areas include:

- Restoring specific lowland tributary streams and riparian habitats
- Improving catchment management practices; and
- Restoring and enhancing specific cultural sites and mahinga kai
- Monitoring and investigations to help promote adaptive management.

**Note:** The information detailed in this section refers to the wider Whakaora te Waihora work programme and includes not only the Environment Canterbury Whakaora te Waihora programme (within the Biosecurity and Biodiversity portfolio) but also other contributing work such as that undertaken by Ngai Tahu and within other ECan programmes e.g. water quality and quantity monitoring.

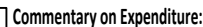
## Status Update and Comments

Below is an update for each of the individual workstreams:

STATUS SUMMARY – BY WORKSTREAMS IN 2015-16																
WORKSTREAMS	Kaituna		Halswell/ Huritini		Waikekewai		In Lake		Lake opening		Lake Shore Habitats		Management & Monitoring			
	PREVIOUS	CURRENT	PREVIOUS	CURRENT	PREVIOUS	CURRENT	PREVIOUS	CURRENT	PREVIOUS	CURRENT	PREVIOUS	CURRENT	PREVIOUS	CURRENT		
Weed control, surveillance for target species																
Riparian, wetland planting -Mainstems, drains, etc																
Springheads (Waipuna), culturally important waterways																
Mahinga kai, bio-health investigations																
Nutrient and water use efficiency (Benchmarking)					Completed in 2013-14											
Farm plans					Completed in 2013-14											
Extension programmes Support for restoration outside focus catchments		2015-16 work plan is concentrated on focus catchments														
Improved waterways management																
Stakeholder forum Catchment management		Te Waihora Agencies Group, and Sustainable drain management														
Lowland stream riffles																
Science Investigations									Completed in 2014-15							
Science, including ecological health monitoring					Covered under “Science investigations”											
Cultural monitoring			Covered under “Mahinga kai, bio-health investigations”													
Lake margin management									Covered under “Weed/willow control”							
Restoration actions across 11 lake shore sites									Covered under “Weed/willow control”							
Establish catchment nutrient and flow allocation limits					Completed in 2013-14											
Research activities coordinated		Also covered under “Science investigations”														
Comms																
Project/Programme management																

	Dark Green	Project and spending on track
	Yellow	Project and spending behind schedule, but planned workstream progress is expected to be completed on time
	Orange	Project on track but spending behind schedule, some funding may be carried over to next year
	Red	Project and spending behind schedule, and funds will be carried over to the next financial year
	Grey Grid	Not relevant to this workstream /not applicable

(WTW Project Budget includes expenditure from MfE, Ngai Tahu, and on other Environment Canterbury programmes which contribute directly to WTW)



Full year spend is \$1,227,351 vs a budget of \$1,212,284.

Biodiversity - \$319K vs \$338K YTD; spend includes planting and maintenance at various sites including planting Hub costs; many existing maintenance contracts have now concluded. Willow and weed control completed by end of June.

A small amount remaining funding will be requested to be carried into the 16/17 financial year.

Engineering - \$34K vs \$20K YTD - cost reflects bank grading and spoil removal at Murray's Drain site, Halswell sediment sources investigation costs, and lowland stream riffles work funded by carried over funds from 14/15.

Science Investigations - \$364K vs \$466K YTD; monitoring contribution on budget for the year. Fish restocking/review of fisheries management workstream funding will be carried over as they will now be incurred late in the calendar year.

Approval will be sought for a carry over of residual MfE funds for cultural monitoring of \$20,718.

Extension Programme - \$29K vs \$32K YTD - full year budgeted costs for Te Ara Kakariki Greenway Trust maintenance support incurred.

Approval will be sought to carry over the residual workstream budget.

Programme Management - \$425K vs \$299K YTD; labour overhead higher than budget as budget was based on a fixed amount agreed in 2014. \$22.6K against the programme contingency budget includes unbudgeted legal fees, and external consulting work for future funding planning.

Ngai Tahu - YTD costs tracking to budget.

Interest Income for the year of \$19,620 was applied to the programme contingency and audit fee workstreams.

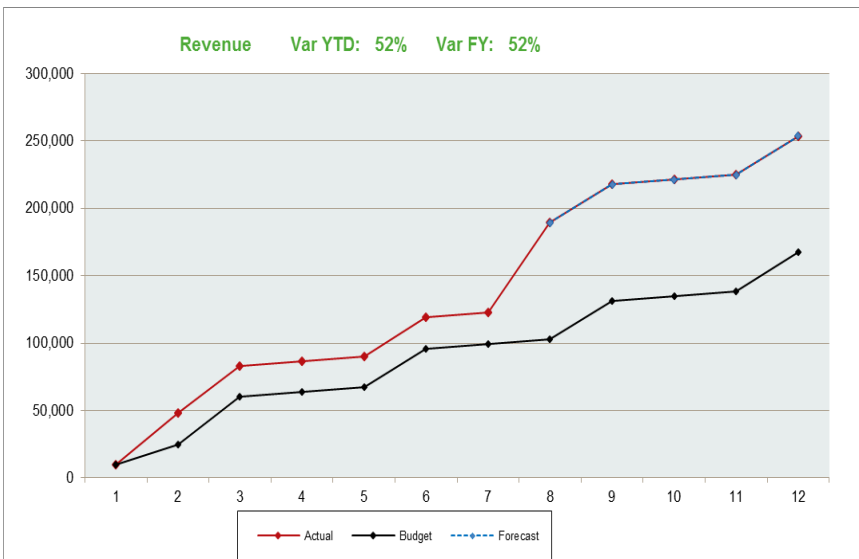
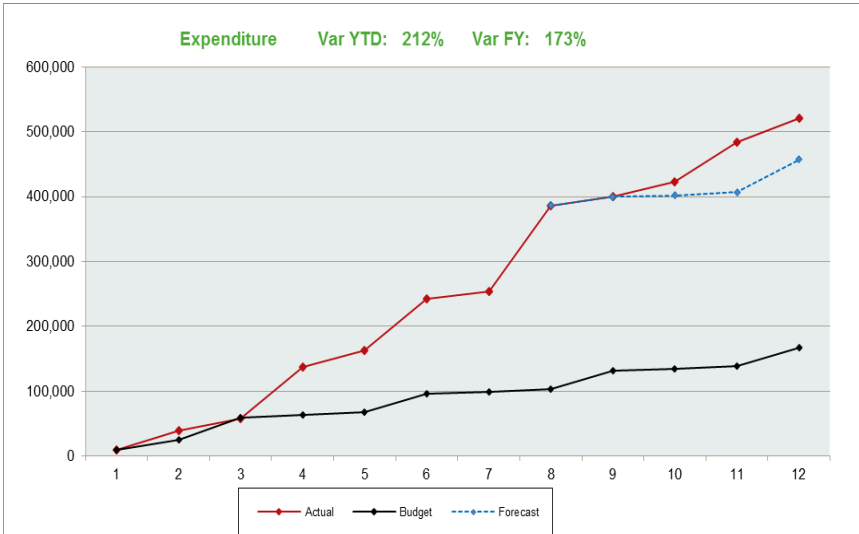
### Summary of Implementation and Spend in June 2016

For the 2015/2016 year spend was to budget, and the majority of works for the programme were completed (with Steering Group approval for some milestones to be re-scheduled to 2016/2017).

**BACKGROUND:** Phase 1 (completion November 2015) will deliver a matrix of nitrogen and phosphorus losses under agreed GMPs for various sectors (dairy, sheep/beef/deer, arable, horticulture and outdoor pigs) across a range of soils and climates.

Phase 2 (2015-2017) will develop a database to assist implementing the MGM as a tool to assess compliance throughout Canterbury, taking into account changes in farm management practices and improvements in science.

### Financial Performance - Phase 1



### Financial Commentary:

#### Phase 1:

Additional unbudgeted costs were required to complete Phase 1 during the year. These included additional project management costs \$99K and CRI support \$185K (including OVERSEER support), some of which was forecast in the 8+4 forecast in March 2016. Some expenditure savings were made in other budgeted items (project reporting, meetings).

Deferred expenditure of \$86K from the 14/15 financial year (AgResearch and Plant & Food Research, unbudgeted) was also incurred. However this was offset by matching deferred revenue carried over from 14/15. There were no externally funded revenue contributions budgeted or forecast in this financial year.

#### Phase 1.6:

During the last quarter work was undertaken for continued project oversight and scoping, OVERSEER upgrade and providing a non-policy pathway through the portal (named Phase 1.6 or the GMP Estimator). Costs of \$52.6K were incurred in addition to those in Phase 1 above for project management and support from AgResearch. This phase was not part of the budget being reported against here and therefore is not reflected in the Phase 1 financial graphs, but noted for completeness.

SPEND / REVENUE BY SUPPLIER / CONTRIBUTOR	Year to Date \$000				Var %	Full Year \$000			Var %	YTD 100% of yr
	Act	Bud	Var			Fcast	Bud	Var		
<b>Expenditure</b>										
AgResearch	86	15	71		474%	88	15	73	487%	98%
Plant & Food Research	188	60	128		214%	118	60	58	97%	159%
Landcare Research	97	25	72		288%	97	25	72	288%	100%
Effectus	52	0	52		0%	52	0	52	0%	100%
Groundwork Associates	6	0	6			6	0	6		
Project Management	66	19	47		246%	67	19	48	249%	99%
Contractors - Admin	0	0	0		0%	0	0	0	0%	0%
Runner / Summariser Software	0	5	-5		-100%	5	5	0	0%	0%
Overseer Model	12	0	12		0%	12	0	12	0%	100%
Travel/Meeting Costs	13	43	-30		-69%	12	43	-31	-72%	111%
<b>Total Expenditure</b>	<b>521</b>	<b>167</b>	<b>354</b>		<b>212%</b>	<b>457</b>	<b>167</b>	<b>290</b>	<b>173%</b>	<b>114%</b>
<b>Revenue</b>										
Ministry for the Environment	0	0	0		0%	0	0	0	0%	0%
Ministry for Primary Industries	0	0	0		0%	0	0	0	0%	0%
Primary Industries	0	0	0		0%	0	0	0	0%	0%
Regional Councils	0	0	0		0%	0	0	0	0%	0%
Deferred Revenue	86	0	86		0%	86	0	86	0%	100%
Environment Canterbury	167	167	0		0%	167	167	0	0%	100%
<b>Total Revenue</b>	<b>254</b>	<b>167</b>	<b>86</b>		<b>52%</b>	<b>254</b>	<b>167</b>	<b>86</b>	<b>52%</b>	<b>100%</b>

This report focuses on identifying milestones for monthly catchment work to provide confidence that there are no gaps or concerns within programme delivery.

**Project C0730 Catchment Works In RD - Northern Maintenance Leader: Phil Rhine - Annual Budget \$1,691,995**

**Project C0733 WEC / WFP (Waimakariri/Eyre/Cust) Leader: Brian McIndoe - Annual Budget \$4,058,620**

**Project C0735 Catchment Works in RD - Central Maintenance: Leader Verity Kirstein - Annual Budget \$2,765,601**

**Project C0739 Catchment Works in RD - Southern Maintenance: Leader Hilary Fraser - Annual Budget \$2,545,196**

Works	Milestones	Due By	Status	Comments
Asset Condition Inspection	Inspect and document the visual condition of, lower Opihi River stopbanks by end of March, and Tengawai River stopbanks	30-Jun-16	Completed	
Asset Condition Inspection	Develop prioritised programme for maintenance/repair	30-Jul-16	Completed	
Southern Area Management & Maintenance	Significant items of operation and maintenance progressing to budget and programme		Completed for the 2015/16 works programme	

Works	Milestones	Due By	Status	Comments
Capital Works	Complete Engelbrechts rock placement works	20-Nov-15	Complete	
Capital Works	Complete first stage of Cross Bank Realignment works (primary stopbank construction component)	18-Dec-15	Completed	
Capital Works	Fully complete Cross Bank Realignment works	29-Apr-16	Caution - Work has been completed except for raising the stopbank to design level beneath power lines. Negotiations are ongoing with Transpower to gain dispensation to encroach within their safety envelope, or to raise the power lines to provide adequate clearance. A temporary bund has been constructed to contain design flood flows in the interim.	
Capital Works	Complete design and prepare contract documents for secondary stopbank upgrade works between Cross Bank and Scarlett Oak Drive	30-Sep-16	On-track - Design and landowner access negotiations progressing.	
Status code: to align with commissioner deliverables.	On track	Caution	Critical	Complete

## 04.6. Efficiency and Productivity Reporting

### Performance, Audit and Risk Committee (PARC)

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#### General Information

<b>Agenda item number</b>	Leave blank	<b>Subject</b>	
<b>Portfolio /Programme</b>		<b>Report to: Meeting date:</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>		<b>Commissioner</b>	David Bedford
<b>Author</b>	Robert Woods	<b>Endorsed by</b>	Miles McConway Director Finance & Corporate Services

## Efficiency and Productivity Reporting

### Purpose

The purpose of this paper is to present examples of efficiency and productivity gains made across the organisation in recent years.

### Value proposition

These examples of productivity and efficiency gains across the organisation demonstrate positive changes that have been made in recent years, and that the organisation continues to focus on productivity and efficiency in its operations.

This ongoing focus complements, and is in addition to, more formal 'service delivery reviews' required by section 17A of the Local Government Act 2002, which focusses on ensuring cost-effectiveness of council services through assessments of governance, funding and delivery alternatives.

### Recommendations

**That the Performance, Audit and Risk Committee:**

- 1. Receives the report and attachments; and**
- 2. Notes the ongoing focus on this work across the organisation and that further reports will be provided to the Committee in due course.**

# Proposal

## Background

Commissioners have requested a report on how productivity and efficiency gains have been made in the organisation during the tenure of the Commissioners.

A template for capturing examples of such gains has been developed. It has been developed from first principles and industry definitions of productivity and efficiency so as to be clear from the outset what the terms mean to Environment Canterbury.

Related work streams are noted, including ongoing section 17A service delivery review work required under the Local Government Act, and internal reviews and investigations conducted from time to time, such as that underway for the Operations Group. These initiatives have an inherent efficiency, effectiveness and productivity objective and demonstrate that such goals are an ongoing focus for the organisation.

## Template Development

The attached template focusses on capturing the key metrics that help to define the productivity and / or efficiency gain achieved. The differences between productivity and efficiency are subtle and contextual and frequently related. They are sometimes also used inter-changeably.

They can also be tangible or intangible, and so the template allows for intangibles to be captured in words where key metrics are not available or would be too expensive or time consuming to derive.

Productivity is defined as “maximising output from available resources to generate value” and has an output focus. Conceptually speaking, it is about “getting more from the process”. An example of a productivity gain would be a team delivering four reports in one year and then five in the next; with all other things being equal a productivity gain of 25% (or 1 report). Another way of looking at it is in terms of “increasing outputs per input”.

Efficiency is defined as “minimising time and money involved in generating value”. Conceptually, it is about “doing the process smarter” and has a quality (less waste / time / cost) focus. An example of an efficiency gain would be a team delivering four reports in a year and then delivering another four in 9 months the following year; with all other things being equal an efficiency gain of 25% (or 3 months). Another way of looking at it is in terms of “reducing inputs per output”.

In the real world “all other things being equal” is rarely the case, with complicating factors such as community expectations and market conditions skewing the amount of time and money Environment Canterbury has to invest to achieve a given outcome. These reports are thus not an exact science but we can use the templates to tell the productivity and efficiency story where hard numbers are not available or would be too costly to derive.

Telling the story also provides the opportunity to convey what has been learnt from the initiative, illustrating that the organisation now continues to think in terms of productivity and efficiency.

It should be noted that a concern with the drive for productivity gain is the impact on quality. Where appropriate the attached reports highlight any such concerns where the productivity / fit for purpose balance is a fine one.

## **Ten Reports**

Key people with insights into efficiency and productivity initiatives provided input to the attached completed templates.

The ten initiatives covered by the reports are:

1. Canterbury Aerial Imagery Group
2. CanterburyMaps
3. Infrastructure as a Service
4. Governance Services Restructure
5. Forty Hour Week
6. Regional Planning Management
7. Groundwater Level Telemetry Network
8. Collector and Field Mate GIS Apps
9. Laboratory Outsourcing
10. Coasts and Waterways Restructure

The ten selected initiatives provide a good overview of the different ways in which productivity and efficiency can be achieved, including investment in technology, internal reorganisation, stronger project management, external collaboration and outsourcing.

## **Infrastructure as a Service (IaaS)**

Accompanying the ten reports is a case study document prepared in association with Revera, the provider of our servers as described in report (iii) above.

The case study was developed to encourage Canterbury Councils to consider IaaS, as this is a required building block for future collaboration opportunities. The material sets out in more detail the benefits that have accrued to the organisation since moving to the All of Government offering.

## **Financial implications**

There are no financial implications resulting from this report.

## **Legal compliance and risk assessment**

There are no legal or risk implications arising from this report.

## **Significance and engagement**

This is an internal matter and significance is not relevant.

Technical leads have been consulted as part of this work.

## **Communication**

No further internal or external communication is anticipated as a result of this report.

## **Attachments**

- Ten productivity and efficiency reports per clause 18 above.
- Case study - "From in-house IT to IaaS"

## Capturing and learning from positive changes in the way we do business

**PRODUCTIVITY** – Maximising output from available resources to generate value.  
**Getting more from the process.**

How has the process been changed?

How have outputs changed since changes to the expenditure and/or the process were made?

What is your assessment of the gain in productivity, e.g. in words and/or as a %?

What are the learnings from this productivity gain?

**EFFICIENCY** – Minimising time and money involved in generating value.  
**Doing the process smarter.**

By how much has the time taken to complete the process reduced?

ECan would normally have taken a decade to cover the whole region whereas now the whole region is resurveyed every four years. Collaboration with other agencies requiring the same information can unlock financial and time savings and also create relationships and common understandings with partner agencies.

By how much have other costs to complete the process reduced?

Tender administration cost savings have been made by sharing the administration with partners and also through less tender processes overall due to aggregated survey areas.

What is your assessment of the gain in efficiency, e.g. in words or as a percentage?

Efficiency gain has been approximately 67% (excluding staff time savings).

What are the learnings from this efficiency gain?

Collaboration with other agencies requiring the same information can unlock financial savings and also create relationships and common understandings with partner agencies.

Creating larger work packages with partners can attract more tenderers and increase price tensions between them, unlocking unit rate savings. Also results in reduced tender processes and less administration.

Report content sourced from: Iain Campion

Date: 6 May 2016

# Productivity and Efficiency Report

Capturing and learning from positive changes in the way we do business

Activity name and description: CanterburyMaps – higher productivity through a shared service approach to GIS	
<b>PRODUCTIVITY – Maximising output from available resources to generate value.</b> <b>Getting more from the process.</b>	
How has expenditure on the process changed (e.g. as a result of hours worked and/or goods and services invested)	All eleven councils make a financial contribution to ongoing development of CanterburyMaps. This enables development / production beyond what ECan or any single council could do alone.
How has the process been changed?	Development work has been accelerated thanks to larger funding contributions from councils and the allocation of 2 FTE as a dedicated resource housed in ECan.
How have outputs changed since changes to the expenditure and/or the process were made?	A formalised work programme has been created to replace the piecemeal approach. This will deliver 19 projects over four years, more than trebling the rate of development of the website compared to the early days of the initiative. These developments each have a trickle down effect on internal and external productivity across councils and to public users.
What is your assessment of the gain in productivity, e.g. in words and/or as a %?	Staff have quicker access to a range of information that enables them to produce more work to a higher standard than was possible before the platform was available. For example – access to high resolution imagery and linked data replacing the need for a site visit. Business users also have faster access to council information, enabling them to achieve more in a shorter time. For example, the production of consent applications.
What are the learnings from this productivity gain?	Making available data for public use can return benefits to council operations, such as through the increase in speed, quality and comprehensiveness of consent applications.
<b>EFFICIENCY – Minimising time and money involved in generating value.</b> <b>Doing the process smarter.</b>	
By how much has the time taken to complete the process reduced?	The platform has enabled staff and third parties to complete work faster and more accurately than before. For example the availability of high resolution imagery and the ability to interrogate it has replaced the need for map requests and organisations own surveys. This has efficiency benefits for ECan such as faster interactions with customers.
By how much have other costs to complete the process reduced?	By councils sharing data, we have been able to reduce costs by having ready access rather than having to go through the process of requesting it and then assimilating it into our systems. Operational costs are also reduced by staff having ready access.
What is your assessment of the gain in efficiency, e.g. in words or as a percentage?	Not directly measured, but likely to be significant as the data is now a click away rather than a phone call and an email and an indeterminate wait for the information to arrive. This also applies to public users, such as planners, surveyors and business using public data.
What are the learnings from this efficiency gain?	The evaluation of potential investments in improvement processes should look beyond the internal benefits and consider external benefits too.
Report content sourced from: Iain Campion	
Date: 9 May 2016	

# Productivity and Efficiency Report

Capturing and learning from positive changes in the way we do business

Activity name and description: Infrastructure as a Service (IaaS) – IT staff productivity and the efficiency of cloud storage.	
<b>PRODUCTIVITY – Maximising output from available resources to generate value.</b> <b>Getting more from the process.</b>	
How has expenditure on the process changed (e.g. as a result of hours worked and/or goods and services invested)	ECan no longer has its own servers on site. ECan no longer has to invest capital in its own on site IT infrastructure and instead pays Revera (AoG provider) a fee to store its data and software on servers housed at the Revera data centre. This releases ECan staff to work on other things, increasing overall IT team productivity.
How has the process been changed?	All ECan data is stored offsite at a Christchurch location and backed up daily to a Wellington data centre. Data is no longer held on servers in ECan buildings (formerly Kilmore Street and bus exchange).
How have outputs changed since changes to the expenditure and/or the process were made?	The outputs / service remains unchanged. Revera provides unlimited data storage capacity, so ECan is no longer having to manage the capacity of its servers. This has reduced the time spent by staff backing up data, running updates / improvements and managing data volumes to ensure server capacities are not exceeded.
What is your assessment of the gain in productivity, e.g. in words and/or as a %?	The need for facilities management has been almost entirely removed so staff now have more time to focus on other tasks in the IT area. This is likely to be as much as a doubling of productivity of the staff formerly assigned to managing servers. This includes less time required to be in the office to run updates and backups, including after hours.
What are the learnings from this productivity gain?	Moving to IaaS has unlocked staff time that can be used on more value add activities such as customer support which has wider organisational benefit.
<b>EFFICIENCY – Minimising time and money involved in generating value.</b> <b>Doing the process smarter.</b>	
By how much has the time taken to complete the process reduced?	The time spent managing the physical servers has been entirely removed. Now, staff only spend a fraction of the time they used to dealing with server issues, which is mainly to do with liaising with Revera.
By how much have other costs to complete the process reduced?	Server costs are comparable over the short term, however AoG contracts require costs to fall over time and as more agencies join up, due to Revera scale and scope efficiencies. Scale up costs to ECan if more space is required are a lot lower as the changes can be made incrementally and not en block as before.
What is your assessment of the gain in efficiency, e.g. in words or as a percentage?	Probably a 50% saving in staff time concerned with running ECan servers needs.
What are the learnings from this efficiency gain?	Outsourcing non-core back office functions that are not customer facing can unlock productivity gains by using specialists with core competencies to deliver the same service more efficiently and cheaply. Also has unlocked risk management benefits (offsite secure storage, server restoration) and more affordable, responsive scalability.
Report content sourced from: Dave Lewitt	
Date: 5 May 2016	

# Productivity and Efficiency Report

Capturing and learning from positive changes in the way we do business

Activity name and description: Governance services review 2013 - more efficient delivery of governance support services

**PRODUCTIVITY – Maximising output from available resources to generate value.**

**Getting more from the process.**

How has expenditure on the process changed (e.g. as a result of hours worked and/or goods and services invested)

How has the process been changed?

How have outputs changed since changes to the expenditure and/or the process were made?

What is your assessment of the gain in productivity, e.g. in words and/or as a %?

What are the learnings from this productivity gain?

**EFFICIENCY – Minimising time and money involved in generating value.**

**Doing the process smarter.**

By how much has the time taken to complete the process reduced?

There was no change in the time taken.

By how much have other costs to complete the process reduced?

Roles that became increasingly redundant over time were disestablished and remaining administrative support staff brought together with legal counsel in a management capacity. Reduction in governance services staff costs seen as a result of restructured approach to legal and administrative support.

What is your assessment of the gain in efficiency, e.g. in words or as a percentage?

Based on savings there was a ~20% gain in efficiency to deliver the required outcomes / outputs.

What are the learnings from this efficiency gain?

The need to ensure on an ongoing basis that staff are centred on the right priorities and that the opportunities to do things differently are regularly reviewed.

Report content sourced from: Miles McConway

Date: 12 May 2016

# Productivity and Efficiency Report

Capturing and learning from positive changes in the way we do business

Activity name and description: Forty Hour Week - workforce productivity gain through HRM policy.	
<b>PRODUCTIVITY – Maximising output from available resources to generate value. Getting more from the process.</b>	
How has expenditure on the process changed (e.g. as a result of hours worked and/or goods and services invested)	Contracts for new staff are for a 40 hour week, not 37.5 hrs in line with industry norm..  Staff changing roles internally on a voluntarily basis move to a 40 hour week if the remuneration increase (mostly as a result of promotion) is greater than 6.5%.
How has the process changed?	No change in process as a result of this initiative.
How have outputs changed since changes to the expenditure and/or the process were made?	No change in outputs as a result of this initiative.
What is your assessment of the gain in productivity, e.g. in words and/or as a %?	Approx. 25% of staff are now on 40 hour week. Two-thirds are new employees. The remainder were internal promotions.  Productivity gains to date are calculated at approximately 1.1%. This will continue to grow as more and more staff come on or transfer to a 40 hour week to the maximum of 6.6% when all staff are on 40hrs compared to when all staff were on 37.5hrs ( $2.5/37.5 = 6.6\%$ )
What are the learnings from this productivity gain?	The time taken to get agreement was underestimated.  Establishing clearer scenario possibilities and options to deal with those scenarios.
<b>EFFICIENCY – Minimising time and money involved in generating value. Doing the process smarter.</b>	
By how much has the time taken to complete the process reduced?	
By how much have other costs to complete the process reduced?	
What is your assessment of the gain in efficiency, e.g. in words or as a percentage?	
What are the learnings from this efficiency gain?	
Report content sourced from: Mark O'Dwyer	
Date: 17 May 2016	

# Productivity and Efficiency Report

Capturing and learning from positive changes in the way we do business

Activity name and description: Planning management review – achieving planning programme productivity and planning process efficiency		
<b>PRODUCTIVITY – Maximising output from available resources to generate value. more from the process.</b>		<b>Getting</b>
How has expenditure on the process changed (e.g. as a result of hours worked and/or goods and services invested)	There has been some increase in expenditure as a result of the need to deliver more sub-regional planning within a compressed timeframe, but it is not in proportion to the extra volume of work that has been delivered.	
How has the process been changed?	Sub-regional processes have been collaborative and tailored to the specific needs of the local area rather than the historic consultative process. The schedule 1 process has been process mapped and each part of that process has a deadline set and resources allocated. In short, the planning process is now managed within a project management structure to ensure delivery.	
How have outputs changed since changes to the expenditure and/or the process were made?	The planning programme is being delivered quicker overall compared to what would have been achieved under the old way of working. This has enabled more plans to be delivered per unit of time by roughly the same level of input.	
What is your assessment of the gain in productivity, e.g. in words and/or as a %?	Now drafting plans in 6 months and taking them through the RMA Schedule 1 process in 2 years. This is believed to be at the limit of balancing productivity and quality. We are also running 5 hearing processes within a financial year whereas in the past the most we have ever do might have been 2.	
What are the learnings from this productivity gain?	Processes must have set deadlines otherwise the process “will never be good enough” and can drag on. Fit for purpose plans are still being delivered as well as an increase in productivity, however there have been some mistakes made along the way and it is desirable that there is slightly less focus on productivity going forward so that quality is. Planners need to get focused on what is “good enough” – this type of thinking challenges the traditional low risk approach that has underpinned planning in the past.	
<b>EFFICIENCY – Minimising time and money involved in generating value. the process smarter.</b>		<b>Doing</b>
By how much has the time taken to complete the process reduced?	For the notification to operative stages, this has varied from plan to plan and there has never been a benchmark to compare against however the introduction of greater project management discipline has ensured process deadlines are achieved and costs managed.	
By how much have other costs to complete the process reduced?	Notification costs reduced by using Living Here. Scenario testing reduced and focus groups ceased. Consultant costs reduced by entering longer term contracts to embed staff and secure lower unit rates. Pre-notification stages have taken longer to align other stakeholders internally and externally and this has realised benefits post-notification. Plan implementation (approvals and compliance) is also now more efficient due to a clearer understanding of the intent of the Plans. This has been achieved through co-drafting of planning provisions with “implementers”.	
What is your assessment of the gain in efficiency, e.g. in words or as a percentage?	Difficult to assess however between 1991 and 2010 the organisation notified 11 plans. Since 2000 we have notified 11.	
What are the learnings from this efficiency gain?	All processes need to be continually challenged as they tend to become “the way it has to be done under the legislation”. However, a little bit of questioning soon finds that these processes can be quite flexible and innovative. The question to be considered is risk and what can be tolerated.	
Report content sourced from: Brett Aldridge		Date: 19 May 2016

## Capturing and learning from positive changes in the way we do business

**PRODUCTIVITY** – Maximising output from available resources to generate value.  
**Getting more from the process.**

**EFFICIENCY** – Minimising time and money involved in generating value.  
**Doing the process smarter.**

Report content sourced from: Carl Hanson	Date: 5 May 2016
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# Productivity and Efficiency Report

Capturing and learning from positive changes in the way we do business

Activity name and description: Collector and Field Mate GIS Apps - delivering efficiency and productivity in the field and in the office.

**PRODUCTIVITY – Maximising output from available resources to generate value.**

**Getting more from the process.**

How has expenditure on the process changed (e.g. as a result of hours worked and/or goods and services invested)	In-situ data gathering through the use of these GIS based apps has reduced the time needing to be spent by field staff back in the office transferring hand written notes and electronic notes into business systems. This has enabled field staff to spend more time on productive work in the field and in the office.
How has the process been changed?	Field staff can access aerial imagery and data entry apps on their devices and directly enter information related to specific locations. Prior to this the process involved printing off maps, making hand written notes in the field and then transferring this into systems back at the office.
How have outputs changed since changes to the expenditure and/or the process were made?	More observations can be made per unit of time and less time back in the office writing them up. This has released more time for staff to work on priority investigation work.
What is your assessment of the gain in productivity, e.g. in words and/or as a %?	Biosecurity and water science staff are the key benefactors of this technology. For each day in the field they might have spent one to two hours back in the office writing up observations into the computer systems. Since this is now automatic this time can be spent being more productive in the field, resulting in a 12.5 % to 25% gain in productivity.
What are the learnings from this productivity gain?	Collector is made available for free from ESRI under our existing licence. Field Mate cost \$15,000 to develop. With over 50 people regularly making use of these Apps the productivity gains show that small investments can unlock significant gains.

**EFFICIENCY – Minimising time and money involved in generating value.**

**Doing the process smarter.**

By how much has the time taken to complete the process reduced?	Up to two hours saved per day on data entry.
By how much have other costs to complete the process reduced?	Automation of the data transfer directly into databases means the time taken to reach a decision on the next steps is shorter.  For example, the time between discovery of a pest and notice being given to the land owner is a lot shorter.
What is your assessment of the gain in efficiency, e.g. in words or as a percentage?	25% gain in efficiency.
What are the learnings from this efficiency gain?	Integration of systems and processes through technology can speed up decision making and response times.

Report content sourced from: Iain Campion

Date: 6 May 2016

Capturing and learning from positive changes in the way we do business

**PRODUCTIVITY** – Maximising output from available resources to generate value.  
**Getting more from the process.**

What are the learnings from this productivity gain?

**EFFICIENCY** – Minimising time and money involved in generating value.  
**Doing the process smarter.**

Costs have also been avoided in terms of asset replacement and depreciation, ISO auditing, etc.. Hill is able to offer access to technological innovations sooner than ECan lab would.

Date: 12 May 2016

## Capturing and learning from positive changes in the way we do business

## Capturing and learning from positive changes in the way we do business

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## FROM IN-HOUSE IT TO IAAS FROM REVERA'S AOG CLOUD



### HOW IAAS DELIVERS FLEXIBILITY AND INCREASED RESILIENCY AT A LOWER COST THAN TRADITIONAL IT

#### Does tradition still serve the future?

Like many organisations, ECan owned and managed its own computer servers and disk storage – the vital organs supporting Information Technology (IT) services. But things change quickly in IT. Typically, every five years equipment is replaced to keep hardware and software current and accommodate additional capacity.

However, major IT upgrades are expensive and disruptive, and keeping systems at peak performance 24/7 requires specialist skills. Perhaps more critically, pouring money into modernising IT infrastructure doesn't necessarily address the most glaring vulnerability: resiliency – effective backup and disaster recovery capability.

#### What was happening at ECan

In ECan's future its employees will work from anywhere, and it will collaborate increasingly with other councils to provide the residents of Canterbury with new and improved services, like local

maps overlaid with social and geographic data. But such achievements weren't possible under its own steam.

- An IT Infrastructure review showed that it could take up to 24 hours to restore ECan's core IT systems. What's more, ECan could expect to wait 120 hours (five days) to resurrect its other systems
- A private cloud floating on 12 physical servers running mostly Microsoft applications was at full capacity
- Launching new IT projects was a juggling act that required other projects to go on the back burner. Sometimes even production was downscaled to free-up servers for development.
- Then there was backup and DR. With backups running at a 70% success rate, DR was out of the question

ECan considered upgrading its own IT Infrastructure, but soon discovered the cost/ benefit analysis didn't stack up. The infrastructure review showed recovery requirements did not justify the high cost of duplicating systems at a fail-over site. Instead, ECan made the decision to outsource the provision of core IT infrastructure services to reduce the incidence of failures and to ensure ECan systems were recoverable within required timeframes.

## Evaluating IaaS

Infrastructure as a Service (IaaS) provides on-demand computing and infrastructure services – such as storage, virtual servers, dedicated development environments, managed back-up and restore, and disaster recovery. IaaS is provided by specialist suppliers who operate multi-tenanted platforms within high-integrity interconnected data centres. Clients select the IT infrastructure services they need from a catalogue of standardised offerings, which can be wound up and down to meet demand. There's less waste and almost infinite reserves (which you don't have to stockpile).

Earlier success with IaaS sourced from a small, local provider encouraged ECan to go to market for a solution that could manage its entire enterprise. The focus turned to the All of Government (AoG) IaaS supplier panel. This was familiar territory for ECan, who had previously purchased PCs, mobile voice and data, travel, and vehicle leasing from AoG suppliers.

Department of Internal Affairs (DIA) manages the master AoG IaaS contract, including SLAs and predefined escalation paths. Audits and financial penalty rebates ensure high-quality performance, IaaS services come free of contract term commitments, and time and volume discounts are automatically applied to all participating agencies, so unit costs reduce over time and as more agencies come on board.

## Choosing a supplier

Rather than simply choose one of the three AoG IaaS providers, ECan went to tender for IaaS. They wanted to compare AoG pricing, services and service levels with the commercial offerings available from other IaaS providers.

Cloud services provider Revera was awarded the contract based on a combination of capability, pricing, available services and service level commitments.

## ECan's objectives

Subscribing to IaaS was a big step for ECan. However, it was clear that IaaS offered excellent value and addressed ECan's future strategy beyond just IaaS.

ECan's immediate requirements included server and storage technology to support managed systems and services to users and other stakeholders. ECan also saw immediate opportunities for subscribing to platforms, such as Microsoft SharePoint, rather than having to maintain SharePoint software manually via IaaS. The broad objectives included:

- Align IT with business requirements (a production system that occasionally "ground to its knees" is never good for business)
- Reduce risk (with offices in Christchurch, the spectre of disruption and loss of data loomed large)
- Improve business continuity and resiliency (if a severe earthquake struck, ECan would be locked out of its systems and data)
- Operate a scalable IT platform (the immediate focus was to support short term projects without new investment, and shifting non-critical data onto less expensive disk)
- Partner a knowledgeable specialist provider (Revera's cloud platforms support a large number of New Zealand's most critical environments)

## Financial overview

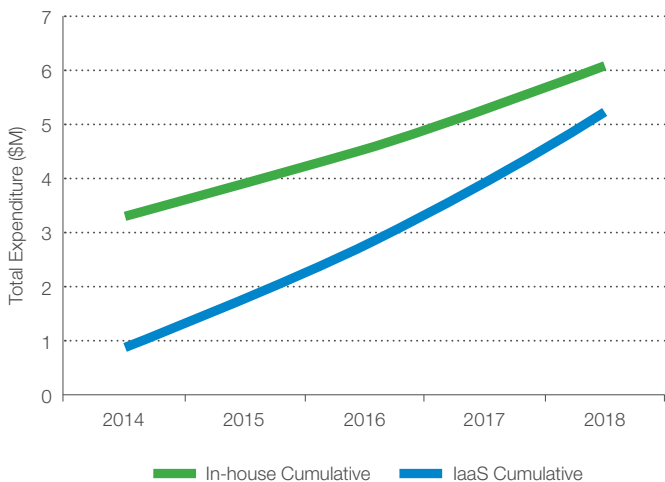
Forecast monthly IaaS spend: \$60,000 (\$720,000 per annum), which includes a full recovery capability not previously available for ECan.

AoG pricing discounts accrued as new agencies join are expected to offset the cost of additional consumption.

This budget is in stark contrast to the cost (over five years) of purchasing replacement servers and storage, and managing them at an outsourced facility.

Predicted monthly cost of in-house IT: \$100,000 (\$1,200,000 per annum).

## FORECAST IAAS VS INHOUSE CONSUMPTION

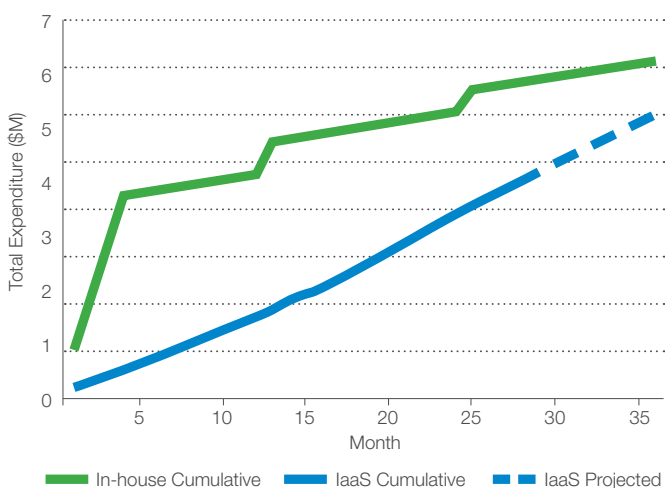


**Graph above:** Forecasted five-year spend for in-house infrastructure vs IaaS (based on 20% growth per annum). IaaS pricing includes initial transition costs. Forecasted expenditure is based on a five-year cost model – the common hardware refresh cycle.

## Capacity management

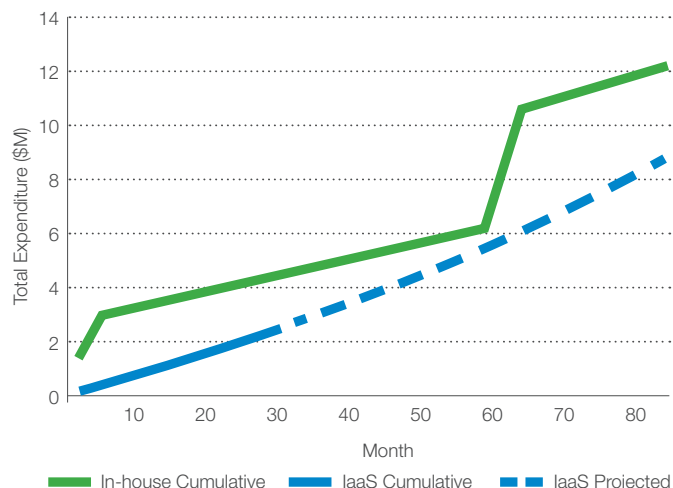
ECan's original five-year growth forecast for IaaS was 750GB of RAM and 50TBs of storage. However, ECan exceeded these amounts in just two years. Had this unforeseen demand arisen under a traditional in-house infrastructure model, ECan would have faced additional capital outlay and a capacity reshuffle, causing delays as budgets were re-drawn and hardware was approved and delivered. Upgrading on-site hardware is not without risks, either. With Revera IaaS, ECan simply added additional capacity as it was required, minimising costs and business disruption.

## ACTUAL IAAS VS IN-HOUSE CONSUMPTION



**Previous graph:** Illustrates actual IaaS expenditure over three years compared to additional investment otherwise required to purchase and support new hardware under a traditional on-site model.

## SEVEN YEAR TCO MODEL WITH HARDWARE REFRESH AFTER FIVE YEARS



**Graph above:** Note the spike in projected expenditure for in-house IT when hardware is refreshed in year five to support future growth. IaaS expenditure rises as additional resources are consumed, resulting in much smoother expenditure.

## Noteworthy

The in-house model was based on an assumed growth rate, yet in year two ECan's disk consumption grew by 130% (i.e. more than double). The in-house model simply would not have accommodated the upswing in demand.

This assessment doesn't include so-called 'soft' benefits that arise when people are released from infrastructure management to do higher value work. Nor does it include any modelling that reflects the superior performance of high-availability infrastructure.

The in-house model didn't offer the flexibility to do things like move data between disk tiers – something ECan has used extensively to manage costs.

## Broad benefits

**Peace of mind:** ECan's backup success rate hovered around 70%. Retrieving data was frequently impossible. Today, its data is backed up automatically from Revera's Christchurch data centre to active

disks at Revera's ART data centre in Wellington. This provides 'out-of-island' DR and business continuity that will protect ECan from a major event in the South Island. The regime has established a restoration pathway, which allows ECan to reactivate production systems within four working hours in the event of a data centre outage.

DIA manages the master government IaaS contract, including SLAs and predefined escalation paths. DIA and Revera also work together to ensure catalogue offerings remain current. And audits confirm that Revera complies with cloud infrastructure security and performance standards.

**Peak performance:** ECan's IT now runs smoothly. Capacity limitations that once slowed production are history. And gone are the days of managing upgrades in a live production environment. ECan spins up test and development environments where it tests stability before cutting over new and upgraded applications. At any one time ECan works with 60-plus development servers.

**Faster and more flexible:** When ECan starts a new project, additional server capacity is a phone call away. Same with storage capacity. What's more, ECan matches categories of data with the right tiers of storage. And when a project finishes, capacity is deactivated.

**Service supply syncs with demand:** ECan consumes IaaS on a pure utility basis, only paying for services actually used each month, in the process changing IT from a capital cost to opex. Services are dialled up to meet peak demand and dialled down in quiet times. Revera's price-tagged infrastructure services also shine a light on specific costs and show which departments should pay for what, should ECan move in the direction of cost accounting.

**Easier collaboration:** Now that ECan draws IT from Revera's AoG cloud, collaborating with other government agencies on joint projects is quick and easy.

**"I'm happy with this model. It's efficient, flexible and fixes major risks. We can do way more and it's way safer."**

**– DAVID LEWITT, CIO, ECAN**

## 04.7. Service Review - Section 17A of the Local Government Act 2002

### Performance, Audit and Risk Committee (PARC)

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#### General Information

<b>Agenda item number</b>	4.7	<b>Subject</b>	Compliance with Section 17A of the Local Government Act 2002
<b>Portfolio /Programme</b>	All	<b>Report</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>		<b>Commissioner</b>	David Bedford
<b>Author</b>	Robert Woods	<b>Endorsed by</b>	Miles McConway Director Finance & Corporate Services

### Service Reviews - Section 17A of the Local Government Act 2002 recommended reviews

#### Purpose

This report informs Commissioners of the requirements of Section 17A of the Local Government Act 2002 (S17A) to undertake service reviews, the process used for identifying the service reviews recommended and recommends two reviews.

#### Value proposition

Commissioners have been briefed on this requirement recently and signaled that in complying with the requirements of S17A consideration should be given to the significant number of service delivery reviews undertaken to date and to focus future reviews in areas where there is potential business improvement outcomes yet to be realized.

Service delivery reviews are intended to ensure ongoing cost-effectiveness. All council services (local infrastructure, public services and regulatory functions) must be reviewed by 8 August 2017 in terms of their governance, funding and delivery, however the Act provides for some exceptions to this.

Council has already completed a number of reviews in recent times that satisfy the requirements of the Act. Other completed reviews come close to satisfying the requirements and can easily be supplemented so that they meet the requirements. In addition there are a number of council services that can be removed from consideration as they satisfy the Act's exclusion provisions. This leaves only two council services requiring review before August 2017.

## Recommendations

**That the Performance, Audit and Risk Committee:**

- 1. notes the service delivery review requirements of the Local Government Act 2002, including the provision for exemptions and the deadline for completed reviews by 8 August 2017.**
- 2. agrees that the science strategy, good to great (consents) and public transport reviews already completed can (with some modification and/or additions) be considered completed reviews for the purposes of section 17A of the Act.**
- 3. agrees that options for governance, funding and delivery of flood protection and control works and regional parks be considered in accordance with section 17A(4) of the Act, and that these be reported back to the Committee by 8 August 2017.**

## Proposal

### Background

The requirement to complete “delivery of services” reviews was inserted into the Local Government Act 2002 in August 2014.

The intent of the addition is to ensure local authorities regularly review opportunities to be more cost-effective in the delivery of local infrastructure, public services and regulatory functions.

Section 17A(4) of the Act prescribes options to be considered for governance, funding and delivery of all council services. These are as a minimum to include that:

- (a) Responsibility for governance, funding, and delivery is exercised by the local authority.
- (b) Responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by a council-controlled organisation of the local authority; or a council-controlled organisation in which the local authority is one of several shareholders; or another local authority; or another person or agency.
- (c) Responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by a council-controlled organisation of the local authority; or a council-controlled organisation in which the local authority is one of several shareholders; or another local authority; or another person or agency.

The Act requires all council services to be reviewed by 8 August 2017 and periodically thereafter.

### Determining what is a service to be reviewed

The Act does not prescribe the services that councils should review nor does it define what a service is. Guidance as to what “level” a service is referring to can be taken from the

requirements listed above referring to governance, funding and delivery. By default the definition of service has been defined therefore at a high level.

Business improvement reviews that are, for example listed in the productivity and efficiency report on the agenda are not defined as S17A reviews.

Confirming the S17A reviews recommended in this report will not exclude the ongoing business review process at Environment Canterbury that is driven by productivity, efficiency and improved service delivery objectives.

## **Recently completed reviews**

There are several reviews completed in recent times that would have emerged as S17A reviews based on the criteria in the Act. These will be drafted into the S17A format, referred to Commissioners for adoption and filed as completed reviews. These are:

- The Science Strategy
- The Good to Great review of the consents function.
- The review of Public Transport Governance and establishment of the Joint Committee.

The recent structure change to form the Operations Group is focused on service delivery and as a result has pulled in services such as biodiversity and biosecurity. As a consequence these affected areas are not being promoted for review at this stage. In the interim it is noted that large parts of the service delivery of the Operations Group are already outsourced through competitive procurement processes.

## **Provision for exemptions**

### Legislation, contracts, binding agreements

A review is not required if the service is governed by legislation, contract, or other binding agreement such that it cannot reasonably be altered within the following 2 years.

### Costs of review outweighs potential benefits

Reviews are also not required if the council is satisfied that the potential benefits of undertaking a review of a service do not justify the costs of a review.

## **Regional council consistency**

Regional councils jointly commissioned local government consultants Giblin Group to develop a methodology for regional councils to work through to short list those services where the potential benefits would outweigh the costs of a review. This methodology has been used in determining those services that should be excluded under this provision and offers the process a level of objectivity, consistency and independence.

## **Recommended reviews**

Services, at the level identified above, have been reviewed. Governance, funding, delivery and the exemption provisions have all been taken into account. From this there remains two services that are recommended for S17A reviews between now and August 2017. These are the Flood Protection and Control Works service and the Regional Parks service.

### **Financial implications**

Existing budgets will be used to complete the work to bring existing reviews up to the level required for section 17A, as well as the two reviews to be completed.

### **Legal compliance and risk assessment**

Reviews of all services, subject to the exceptions allowed for by the Act, must be completed by early August 2017. Much existing work can be used to demonstrate compliance with the Act, as well as the two further reviews proposed.

### **Significance and engagement**

The reviews are not significant however any changes to governance, funding or delivery that might be progressed as a result of them might be.

The extent of the review and who is involved will be determined as part of scoping the review work.

### **Consistency with council policy**

This work is consistent with council policy.

### **Communication**

No communication plan is anticipated as these requirements do not directly affect communities. Communication with staff and any third parties will be determined at the scoping stage of each review.

### **Attachments**

## 04.8. Land Disposal

### Performance, Audit and Risk Committee (PARC)

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#### General Information

<b>Agenda item number</b>	Leave blank	<b>Subject</b>	
<b>Portfolio /Programme</b>		<b>Report to: Meeting date:</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>	{programme-manager}	<b>Commissioner</b>	David Bedford
<b>Author</b>	Colin Brookland. Reserves Officer	<b>Endorsed by</b>	Miles McConway Director Finance & Corporate Services

#### Properties to be declared surplus and approved for disposal.

#### Purpose

The properties on the attached schedule are no longer used for Regional Council core purposes and can be declared surplus by Council as part of the required process leading to disposal.

#### Value proposition

Council has identified the disposal of surplus property as a priority to reduce Environment Canterbury's involvement in non-core activities and exposure to the financial risk of their continued ownership.

#### Recommendations

That the Council:

1. Resolves pursuant to Section 24(1)(b) of the Reserves Act 1977 to notify the Director-General of Conservation that the Canterbury Regional Council considers that the reserve status of the Reserve Properties (described below) should be revoked;
2. Notes that:
  - a. The reason that the reserve status of Reserve Properties should be revoked is that the pest control purposes which the land was reserved for are no longer carried out by Canterbury Regional Council; and
  - b. the Reserve Properties are surplus to the Canterbury Regional Council's requirements; and

- c. **revocation of the reserve status is needed so as to permit their disposal by divesting.**
3. **Resolves pursuant to Section 12 of the Local Government Act 2002 that the Depot Properties are surplus for sale purposes.**
4. **Resolves pursuant to Section 5 of the Waimakariri River Improvement Amendment Act 1986 to sell the Kāinga Properties.**

## **Proposal**

### **Background**

For the last several years a programme has been under way to identify Environment Canterbury properties that are no longer needed to perform the organisation's functions which as a land owner revolve mainly around flood protection. The houses have been used as accommodation for depot and pest control staff in the past but have been providing income as rental properties for the last couple of decades.

The organisation's Property Strategy refers to a 2012 study that concluded there were opportunities for the rationalisation of assets. This resulted in a number of properties being identified as surplus to requirements. The main hurdles in their disposal have been the legal issues around land tenure and ownership structure.

None of the land in this report is required to deliver Environment Canterbury's core functions.

The properties appearing on the schedule to this report are the second group being prepared for disposal under this programme. The first group are going through the process of disposal.

The properties fall into three categories, as set out in the attached schedule:

1. Those that hold a "reserve status" for pest control purposes that are currently rented out (**Reserve Properties**);
2. Rental houses that are on the same titles as and adjoining Council's depot sites in Kainga and Tai Tapu (**Depot Properties**); and
3. Properties in Kainga township (**Kainga Properties**).

### **Reserve Properties**

The properties to have their Reserve status revoked will be disposed of by a Crown Agent appointed by the Crown. Staff are advised the value of the improvements on these sites will be returned to Environment Canterbury and the proceeds from the sale of the land may be shared with Environment Canterbury subject to the agreement of the Crown. This process can take time.

On revocation of reserve status the asset is deleted from Environment Canterbury's register showing a loss until proceeds are received. The receipt of funds may not happen in the same financial year as the asset deletion.

## **Depot Properties**

The subdivision of the houses adjoining the works depots in Kainga and Tai Tapu are non-complying activities under the Resource Management Act and discussion is needed with CCC to determine the feasibility of subdivision. The land these houses occupy may be useful in any future review of depot requirements.

The Depot Properties in Kainga are zoned Business 6 and future industrial development in conjunction with large parcels of adjacent Environment Canterbury owned land with the same zoning may be their highest and best use.

These properties are also subject to rights of first refusal under the Ngai Tahu Claims Settlement Act 1998. For sale purposes Ngai Tahu have a first option to purchase at market rates. If they do not purchase the property can be sold on the open market.

## **Kainga Properties**

The Kāinga Properties were part of land in Kāinga owned by Environment Canterbury as river protection reserves until most of it was subdivided and sold in the 1980's under the authority of the Waimakariri River Improvement Amendment Act 1986.

The 24 unsold vacant sections have building restrictions under district plan rules due to their proximity to the main Waimakariri River stop bank. Discussions will be held with Christchurch City Council (CCC) to look at the land use options for these sites.

The 8 house sites were not subdivided from the main block and offered for sale at the time of subdivision. They were used for depot staff accommodation but are currently being rented for residential purposes. A subdivision consent request has been made with Christchurch City Council in preparation for their sale.

## **Discussion**

The residential houses are in general well maintained but aging. Although rentals currently cover costs, the future costs of maintenance and renovation will be high, exposing Council to the risk that rental income may not match this. Occupancy is very good indicating a market for these types of properties.

Investigations will continue into those properties with restrictions on sale and development but a surplus declaration will enable the above processes to continue with the ultimate aim of disposal without further recourse to the Council.

## **Financial implications**

The disposal of these properties will save the ongoing costs of maintaining the buildings. As the age of these buildings increases so do the costs.

As there are planning complications in selling the Depot Properties and Kainga Properties, it may take time to decide their future. There may need to be financial input to get these sites into a saleable state if that is possible but this outlay is unknown at this stage. Costs will be managed within the property budget.

It is expected that the final income from the disposal of these properties will over time cover the loss on the asset register. Real estate agency, Bayleys, has been appointed to handle the marketing and sale of all properties to ensure full market value is achieved.

### **Legal compliance and risk assessment**

All of the properties have had tenure investigation reports carried out by an Accredited Crown Supplier in terms of the criteria for Section 40 Public Works Act covering disposal. These reports have looked at title, zoning, survey, right of repurchase and Ngai Tahu 'right of first refusal' and highlight the processes for disposal and sale where they exist, which Council staff will follow in due course.

Risk is minimised by following the appropriate processes for the individual properties that have impediments identified.

Continuing to own/occupy land that is not needed to deliver Environment Canterbury's core functions exposes Environment Canterbury to unnecessary costs.

Housing rental stock is not Environment Canterbury's core business and exposes Environment Canterbury to tenant disputes and litigation.

### **Conclusion**

These properties are considered surplus to the core functions of Environment Canterbury. A surplus declaration will allow a full assessment of the properties saleability to be made and the process of disposal to begin. There is still significant work to be done before these properties are disposed of however the above resolutions allow staff to proceed without further recourse to Council.

### **Consistency with council policy**

This proposal is consistent with council policy.

### **Attachments**

Attached is the schedule of properties to be declared surplus and/or approved for sale.



Surplus Properties				
Property	Type	Cert of Title	Land Status	Comments
<b>Reserve Properties</b>				
Rangitata - 15 Taylors Rd	Shed and land	Gazette notice	Crown Reserve	Reserve status to be revoked and returned to Crown for disposal
Rangitata - 8 Taylors Rd	Rural location	Gazette notice	Crown Reserve	Reserve status to be revoked and returned to Crown for disposal
Cave area - Cannington Rd	Rural location	Gazette notice	Crown Reserve	Reserve status to be revoked and returned to Crown for disposal
Omarama - 38 Chain Hills Rd	Township location	Gazette notice	Crown Reserve	Reserve status to be revoked and returned to Crown for disposal
Omarama - 30 Chain Hills Rd	Township location	Gazette notice	Crown Reserve	Reserve status to be revoked and returned to Crown for disposal
Omarama - 26 Chain Hills Rd	Township location	Gazette notice	Crown Reserve	Reserve status to be revoked and returned to Crown for disposal
Omarama - 36 Chain Hills Rd	Township location	Gazette notice	Crown Reserve	Reserve status to be revoked and returned to Crown for disposal
Omarama - 48 Chain Hills Rd	Township location	Gazette notice	Crown Reserve	Reserve status to be revoked and returned to Crown for disposal
Omarama - 40 Chain Hills Rd	Township location	Gazette notice	Crown Reserve	Reserve status to be revoked and returned to Crown for disposal
<b>Depot Properties</b>				
1260 Main North Rd, Kāinga	ECan depot connection, industrial zone	CB22K/1033	Fee simple freehold	Kāinga depot review required, subdivision restrictions
1278 Main North Rd, Kāinga	ECan depot connection, industrial zone	CB22K/1033	Fee simple freehold	Kāinga depot review required, subdivision restrictions
1280 Main North Rd, Kāinga	ECan depot connection, industrial zone	CB22K/1033	Fee simple freehold	Kāinga depot review required, subdivision restrictions
1282 Main North Rd, Kāinga	Industrial zone	CB22K/1033	Fee simple freehold	To be included in block land industrial sub?
Tai Tapu - 138 Lincoln Rd	ECan depot connection	CB22F/353	Fee simple freehold	Tai Tapu depot review required, subdivision restrictions
Tai Tapu - 140 Lincoln Rd	ECan depot connection	CB22F/353	Fee simple freehold	Tai Tapu depot review required, subdivision restrictions
<b>Kainga</b>				<b>Saleable under the Waimak Improvement Act Amentment</b>
24 vacant sections	Residential	Various	Fee simple freehold	Building restrictions due to stop bank proximity
8 houses	Residential	Various	Fee simple freehold	To be subdivided for sale

## 05. Audit

### 05.1. Report on Interim Audit 2015/16

#### Performance, Audit and Risk Committee (PARC)

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##### General Information

<b>Agenda item number</b>	5.1	<b>Subject</b>	
<b>Portfolio /Programme</b>		<b>Report to: Meeting date:</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>		<b>Commissioner</b>	David Bedford
<b>Author</b>	Sarah Fawcett Acting CFO	<b>Endorsed by</b>	Miles McConway

### Report on Interim Audit

#### Purpose

1. For Commissioners to note the findings of Audit New Zealand (Audit NZ) from the interim audit for the 2015/16 financial year.

#### Value proposition

2. The interim audit report provides commissioners with a summary of internal controls tested and progress against previous audit recommendations. The small number of recommendations provides assurance of the reliability of internal controls.

#### Recommendations

That the Performance, Audit and Risk Committee:

- a. note the findings of Audit NZ from their interim audit for the 2015/16 financial year, and
- b. endorse management responses to Audit NZ recommendations contained on pages 9,10,12,13 and 15 of the attached report.

#### Proposal

#### Background

3. Audit NZ are the Appointed External Auditors for Environment Canterbury. They performed the interim audit for the 2015-16 year in April 2016. The attached report

outlines their findings including recommendations and management responses. The report also includes a summary of areas that will be reviewed when Audit NZ return to complete the final audit in August 2016.

## **Key Recommendations**

4. Key Recommendations covered the following areas:
  - a. Fraud Policy – minor amendments required to the Fraud Policy – these will be incorporated into the policy.
  - b. Ensuring compliance performance can be measured and reported on – a new dashboard tool has been created to measure and provide reporting on compliance performance. This will be tasked to a staff member once the operations group review is complete.
  - c. Ensuring payroll reports are reviewed with variances checked – all payroll reports are reviewed prior to any payment being made. We have reminded staff to evidence their review by signing off all appropriate pages.

## **Financial implications**

5. Nil

## **Legal compliance and risk assessment**

6. Nil

## **Significance and engagement**

7. Nil

## **Consistency with council policy**

8. N/A

## **Communication**

9. Finance staff have been made aware of recommendations and management's response.

## **Attachment**

- Report to Commissioners on the Interim Audit for 2016

# Environment Canterbury

# Report to the Commissioners on the interim audit for the year ended 30 June 2016

## Key messages

### Summary

We have completed our initial interim audit of Environment Canterbury for the year ended 30 June 2016. This visit focused on the overall control environment, as well as a review of specific financial and non-financial controls in place at Environment Canterbury. Where appropriate, we also tested key controls during our visit to ensure that these have operated effectively during the period. We will use this information in planning our final audit.

A member of our Information Systems Audit and Assurance (ISAA) team performed a further visit in late June 2016 to review the IT General Controls in place at Environment Canterbury. This review focused on assessing the design effectiveness of activity-level control processes, such as network security, data management, and incident management. The results of this review will be reported in our final management report.

### Management restructure

Environment Canterbury carried out a restructure of second tier management positions, including the creation of a new Operations Group. This restructure became effective on 7 December 2015.

There is also a process currently under way to amend the structure of the Operations Group. This proposal was consulted on in May 2016 and recruitment commenced in late June 2016.

### Total mobility scheme – Potential overpayment

In late 2015, Environment Canterbury became concerned that some contracted taxi drivers might have claimed for taxi trips which did not occur, resulting in an overpayment to taxi companies.

Environment Canterbury commissioned Deloitte to investigate the matter, and a number of instances were identified where trips per the Ridewise system did not have a corresponding GPS record to support the trip (a “non-matched trip”). The potential overpayment in the 2015 calendar year has been estimated at \$427,000. No estimate has been provided for possible overpayments prior to 2015.

A formal request is to be made to the three taxi companies involved before the end of 2016 to ask for their explanation for each “non-matched trip”. Management have also taken a number of steps to mitigate the risk of future similar events occurring.

### Environment Canterbury's new head office building

The construction of Environment Canterbury's new head office building in Tuam Street was completed in April 2016.

During our final audit, we will:

- assess the appropriateness of amounts capitalised in connection with the construction project;
- confirm that the non-current liability representing the purchase price payable in 2018 has been appropriately recognised; and
- review the accounting for the lease contracts remaining in place for the buildings previously occupied by Environment Canterbury across Christchurch.

### Issues identified during the audit

Our key findings from our interim audit are included in this report. The following table summarises our recommendations and their priority:

Recommendation	Urgent	Necessary	Beneficial	Ref
<b>Fraud policy</b> Enhance the content of the fraud policy, in line with the recommendations in section 2.3.1 of this report.		✓		2.3.1
<b>Compliance with plans and consents performance measure</b> Ensure that the necessary processes are in place to ensure that the compliance performance measures can be monitored, and can therefore be accurately reported against in the annual report.	✓			3.1.1
<b>Public passenger transport performance measure</b> Adequate disclosure and explanation is provided in the Annual Report to explain the rationale behind the re-reporting of the 2014/15 result, to inform the readers of the statement of portfolio performance.		✓		3.1.2
<b>Review of payroll reports</b> Ensure all payroll reports are reviewed, and variances checked, as required by Environment Canterbury's internal control procedures.		✓		3.2.1

There is an explanation of the priority rating system in Appendix 1.

We also commend Environment Canterbury for its good progress in addressing matters raised in prior years' audits.

We have provided further details on the status of our prior years' recommendations in Appendix 2 to this report.

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### Thank you

We express our thanks to management and staff for the cooperation and assistance we received during the interim audit visit.



Julian Tan  
Audit Director  
13 July 2016

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	Appendix 2: Status of recommendations.....	15

## 1 Assessment of your control environment

We have performed a high-level assessment of the control environment. This assessment was performed for the purpose of planning the most effective and efficient audit approach, in order to enable us to express an audit opinion on Environment Canterbury's financial statements and the non-financial information. We considered the overall attitude, awareness, and actions of the Commissioners and management in establishing and maintaining effective management procedures and internal controls.

In performing this assessment we consider both the "design effectiveness"<sup>1</sup> and "operational effectiveness"<sup>2</sup> of internal control. The explanation of these terms is outlined below. However, it is not the purpose of our assessment to provide you with assurance on internal control in its own right. As such we provide no assurance that our assessment will necessarily identify and detect all matters in relation to internal control.

In performing this assessment we have identified areas where we believe the control environment can be improved. These matters are detailed later in this report.

### Internal controls

We reviewed the key financial and non-financial controls in place, as detailed below. Internal controls are the policies and processes that are designed to provide reasonable assurance as to reliability and accuracy of financial and non-financial reporting, as well as compliance with significant legislative requirements. These internal controls are designed, implemented and maintained by the Commissioners and management. Both "design effective" and "operationally effective" internal control is important to minimising the risk of either fraud or misstatement occurring. The responsibility for the effective design, implementation and maintenance of internal control rests with the governing body.

## 2 Areas of audit focus

We have outlined in our audit arrangements letter the areas that we are giving particular attention to this year. We are able to comment on the following areas based on our work performed during the interim audit.

### 2.1 Management restructure

During the first half of the 2015/16 financial year, Environment Canterbury carried out a restructure of second tier management positions, including the creation of a new Operations Group. This restructure became effective on 7 December 2015.

There is also a process currently under way to amend the structure of the Operations Group. This proposal was consulted on in May 2016 and recruitment commenced in late June 2016.

<sup>1</sup> Control is effective to either prevent or detect a material error in either the financial statements and/or non-financial information. The control is "fit for purpose".

<sup>2</sup> Control has operated effectively throughout the period tested.

During our final audit:

- we will review the accounting implications arising from any redundancies which result from the restructure process; and
- we will also review any redundancy provisions recognised to ensure that they are appropriate in accordance with PBE IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*.

## 2.2 Total mobility scheme – Potential overpayment

Environment Canterbury administers the total mobility scheme, which provides subsidised transport through contracted taxi and private hire companies for individuals who cannot use public transport due to a disability. Environment Canterbury subsidises 20% of the trip fare, with the New Zealand Transport Agency (NZTA) meeting 30% of the total cost. The client pays the remaining 50%.

The scheme started in 1984 and the current mobility card system was introduced in July 2014.

In late 2015, Environment Canterbury became concerned that some contracted taxi drivers might have claimed for taxi trips which did not occur, resulting in an overpayment to taxi companies.

Environment Canterbury commissioned Deloitte to investigate the matter, and Deloitte performed analysis for the 2015 calendar year of instances where a submitted Total Mobility trip per Ridewise did not have a corresponding GPS record to support it.

As a result of Deloitte's review, the total estimated potential overpayment in the 2015 calendar year amounted to \$427,000. No estimate has been provided for possible overpayments prior to 2015.

In their report, Deloitte recommended a number of actions arising from their review. Deloitte recommended that Environment Canterbury:

- Select a sample of "outliers" for further investigation, to determine whether there are explanations for the "non-matched" trips.
- Meet with NZ Police to gauge their interest to accept an official Police complaint.
- Review controls around the total mobility scheme.

We note that a formal request would be sent to the three taxi companies involved asking for their explanation for each "non-matched" trip identified in the Deloitte report. Once the response is received from the taxi companies, Environment Canterbury will consider whether there is sufficient evidence to bring a claim against any or all of the companies for a breach of contract. We note that that Environment Canterbury is receiving assistance from their insurers in this course of action.

We note that that management have taken a number of steps to mitigate the risk of future similar events occurring:

- A system has been fully implemented whereby all total mobility trips are compared against GPS data. Unless the two data sets match, Environment Canterbury will not pay for the trip concerned.
- Environment Canterbury staff have engaged with total mobility agencies and their clients to remind them of the terms of issue for the cards, including the requirement to retain cards at all times, rather than leaving them in the driver's care.
- Environment Canterbury staff have conducted training in the total mobility system for all taxi operators and carried out testing of the system and of individual operators' vehicles. Testing to date has not revealed any issues with the integrity of the system.
- The matter has been discussed with Wellington Regional Council (who operate the same Total Mobility system) to confirm the changes that both regional councils would like to make to existing systems and processes.
- The contracts with taxi companies are being reviewed, in particular to enhance reporting and audit provisions. Other delivery options are also being considered.

Environment Canterbury are still considering whether to approach the Serious Fraud Office (SFO) regarding this matter, given that the Christchurch Police Fraud Squad division has been disbanded.

We have advised this matter to the OAG in accordance with our reporting obligations.

We will follow up developments on this issue as they arise, and we appreciate management's commitment to keep us informed as and when further information is received.

## **2.3 Fraud risk management - Fraud control plan and fraud policy**

In February 2016, Environment Canterbury developed a fraud control plan to address the key fraud risks faced by the organisation. As part of this plan, the fraud policy has been updated.

We have reviewed this policy against the requirements expected of a fraud policy as detailed in the Auditor-General's Standard AG ISA (NZ) 420 *The Auditor's Responsibilities relating to Fraud in an Annual Audit*.

We have reviewed each requirement in the Standard and compared this to the content of Environment Canterbury's fraud policy (which includes Fraud Guidelines and Procedures).

Requirement of AG ISA (NZ) 240	How this requirement is reflected in Environment Canterbury's fraud policy
A system for undertaking regular reviews of transactions, activities, or locations that may be susceptible to fraud.	<p>The guidelines note (on page 7) that fraud risk will be assessed as part of Environment Canterbury's risk management framework, and that this process will involve ongoing fraud risk assessment and the monitoring of the adequacy of relevant internal controls and alignment of related Environment Canterbury policies to the fraud policy.</p> <p><b>Recommendation:</b></p> <p>Environment Canterbury should ensure that this monitoring of internal controls also considers activities or locations that may be susceptible to fraud.</p>
Specifications for fully documenting what happened in a fraud and how it is to be managed.	As noted in section 4 of the guidelines (page 7), the Fraud Register shall contain information on all suspected fraud notifications and how Environment Canterbury will handle these. It will record how the notification was resolved, the outcome by way of financial loss and details of amounts recovered, and if any changes are required to existing management policies, procedures or systems.
The means for ensuring that every individual suspected of committing fraud (whether they are an employee or someone external to the entity) is dealt with consistently and fairly.	<p>The principle on page 1 states that the policy will be applied consistently to all cases of suspected fraud.</p> <p>Section 5.2 of the guidelines states that if a fraud is suspected to have occurred, or is still occurring, the Chief Executive will develop an appropriate response based on the known circumstances having regard to Environment Canterbury's policies.</p>
The principle that recovery of the lost money or other property will be pursued wherever practicable and appropriate.	The principle on page 1 of the policy states that Environment Canterbury will seek to recover funds/assets lost through fraud wherever possible and practicable.

We have also noted the following from our review of the fraud policy:

- We would also expect that the policy clearly states that all instances of suspected or actual fraud be advised to the auditors. The "Fraud Responsibility Matrix" on page 14 includes an action "External reporting of suspected employee fraud including advising Environment Canterbury's external auditors". We recommend that the requirement to report to the external auditors be included in the body of the policy.

- We also recommend that the reference to NZ IAS 24 in the definition of “Associated person” be amended to refer to PBE IPSAS 20 *Related Party Disclosures*, given that Environment Canterbury has transitioned to Public Benefit Entity Accounting Standards in 2015.
- The “Responsibilities” section on page 2 and page 3 of the Policy details the respective responsibilities of the Executive Leadership Team, Managers, and Employees. We recommend that the section which details the responsibilities of managers is enhanced to detail managers’ specific responsibilities in respect of actual or suspected fraud.
- Section 4 of the guidelines notes that “all information in the [Fraud] Register will be purged after a period of two years unless management action in respect of a recorded item remains incomplete”. We recommend that this period be extended to seven years.

### Management comments

*As discussed on 8 July 2016 Environment Canterbury updated and adopted its fraud policy in February 2016. A fraud control plan was subsequently developed in June 2016 and adopted after review by Deloitte.*

*All activities and locations that may be susceptible to fraud will be assessed as part of developing our annual internal audit programme. The Fraud Control Officer (i.e. CFO) will also be undertaking internal fraud control analysis as part of business as usual and activities and locations will determine this ongoing review programme.*

*We will amend our fraud policy to include the following:*

- *Add the requirement to report any fraud or suspected fraud to the external auditors in the body of the policy.*
- *Update the current reference from NZ IAS 24 to PBE IPSAS 20.*
- *Add an additional responsibility to that of managers to ensure Executive Leadership Team and Performance Audit and Risk Committee are advised of any suspected fraud or corruption.*
- *Amend the purge period for the fraud register from two years to seven years.*

## 2.4 Environment Canterbury’s new head office building

Environment Canterbury commenced construction of its new head office building in Tuam Street in March 2014. Payment for the land on which the new building has been constructed is not due until 31 August 2018.

The project was completed in April 2016, with all associated costs expected to be substantially accounted as at 30 June 2016. A total of \$51 million has been spent on the project.

During our final audit, we will:

- Assess how any expenses connected with the construction project have been accounted for, including assessing the appropriateness of the amounts capitalised. This will include reviewing the accounting for the completion of the project, and the transfer of costs from work-in-progress.
- Confirm whether the non-current liability representing the purchase price payable in 2018 has been appropriately recognised in the 30 June 2016 financial statements.
- Review the accounting for the lease contracts remaining in place for the buildings previously occupied by Environment Canterbury across Christchurch. Where these buildings have not been able to be sub-leased, we will consider the need for the recognition of a provision in respect of an onerous contract, in accordance with PBE IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*.

## 2.5 Property, plant and equipment – valuation

Environment Canterbury periodically revalues certain asset classes. PBE IPSAS 17 *Property, Plant and Equipment* requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.

Environment Canterbury's land and buildings and reserve land assets are to be revalued at 30 June 2016.

During our final audit, we will review the appropriateness of the valuation approach taken and the assumptions used for different asset classes. For asset classes not revalued, we will review management's assessment of whether there is any significant difference between the carrying amount and fair value.

## 3 Internal control review findings

### 3.1 Controls over non-financial performance information

#### 3.1.1 Compliance with plans and consents performance measure

We performed a review of the systems and controls relating to the reporting against the following measure within the "Compliance with plans and consents" programme within the Planning, Consents and Compliance Portfolio:

*"All identified moderate and major non-compliance issues and any consequent adverse effects are resolved or in the process of being resolved".*

As a result of the restructure which has occurred within the Compliance department, and the associated changes in staff, there is no longer a dedicated staff member monitoring the performance in respect of resolving non-compliances.

In previous years, Environment Canterbury had a staff member who would provide both formal and ad hoc reporting to the Section Leader, providing details of the non-

compliances at Environment Canterbury each month, reporting whether each non-compliance was either resolved, or in the process of being resolved. This staff member retired last year, and since then there has not been any monitoring processes in place. The Monitoring and Compliance Manager noted that, currently, there is no means of tracking his team's performance for this measure.

We note that the Compliance Department is currently working together with IT staff to implement "Dashboard reporting", which will provide a snapshot of all the non-compliances that Environment Canterbury has, the staff member responsible, and whether the non-compliance is in the process of being resolved, amongst other reporting. This is expected to be implemented by the end of the 2015/16 financial year.

### **Recommendation**

Ensure that the necessary processes are in place to ensure that the compliance performance measures can be monitored, and can therefore be accurately reported against in the annual report.

### **Management comments**

*This is being addressed as part of the operations group review. In addition to ensuring this responsibility is tasked to a staff member a dashboard tool to allow performance measures to be easily monitored and reported on has been developed and will be used by the new leadership team being recruited.*

### **3.1.2 Public passenger transport performance measure**

We reviewed the systems and controls relating to the reporting against the following measure within the "Public Transport" programme within the Transport, Greater Christchurch Rebuild and Urban Development Portfolio:

*"Proportion of total trips made by public transport in greater Christchurch".*

The result for this performance measure is derived from the Ministry of Transport Household Travel Survey (HHTS) that is usually conducted on an annual basis. As a result of timing of the survey results, the result reported in the annual report is usually one year in arrears, with the result at 30 June 2015 representing the results of the Ministry's 2013/14 survey.

We note that the Ministry of Transport is currently changing their methodology for the HHTS, as they are moving towards using electronic data collection.

Due to this change in methodology, the Ministry did not undertake any surveys for the second half of 2014, or for all of 2015. As a result of the surveys not being carried out for this period, there will be no survey results for 2014/15 and therefore Environment Canterbury plan to re-report the 30 June 2015 result in this year's annual report.

## **Recommendation**

Adequate disclosure and explanation is provided in the Annual Report to explain the rationale behind the re-reporting of the 2014/15 result, to inform the readers of the statement of portfolio performance.

## **Management comments**

*Agreed, we will ensure full explanation is provided in the 2015/16 Annual Report.*

## **3.2 Financial controls**

### **3.2.1 Review of payroll reports**

We noted that there is a lack of consistency in review and authorisation of payroll reports. In certain instances, we were not able to identify who prepared the report, and we identified occasions where the reports were not reviewed.

#### *Pay variance analysis report*

This report details variances for each employee between their current pay and their last pay. All variances over \$20 identified in this report are required to be checked by the Payroll Officers and the overall report reviewed by the Senior Payroll Officer. We noted in our testing that there were several instances where variances between \$20 and \$90 were not checked.

#### *Z02/Z03 report*

The Z02 report details the hours worked by each employee during the current pay period.

The Z03 report details the variance between normal/usual number of hours worked and the hours worked during the current pay period.

These reports are required to be reviewed by the Senior Payroll Officer. We noted in our testing instances where this review could not be evidenced.

#### *Gross pay report*

This report lists all details by employee (hours worked, overtime, net pay, etc.). The report is required to be reviewed by the Senior Payroll Officer.

We noted that the Gross Pay Report for the 27 March 2016 pay run was unable to be located during the interim audit, so we were unable to evidence whether it had been reviewed for the pay period.

#### *Direct credit schedule report*

The Direct Credit Schedule details the payment to be made in the payrun, and is required to be reviewed by the Senior Payroll Officer. This review is required to be evidenced on the report by way of signature.

We noted during our testing that the Direct Credit Schedule for 20 November 2015, 15 January 2016 and 11 March 2016 were not signed as reviewed, although these payments were appropriately authorised by the required signatories.

### Recommendation

Payroll reports should be reviewed and variances checked as required by Environment Canterbury's internal control procedures.

### Management comments

*Payroll reports are reviewed and checked as required by our internal control procedures. No payroll is approved for bank transfer payment unless this has been done. For the specific payroll dates mentioned above we are satisfied all documentation was reviewed but the physical signing off evidence of the review was not recorded. We have reminded all staff of the need to record evidence of review by signing off all appropriate documents and will endeavour to ensure this is followed in future.*

*As discussed on 8 July 2016 our requirement for variance checking has been increased to \$50. Staff scan every item on the report as part of their duties and review in detail those that are above \$50. Again we have reminded staff to ensure they provide evidence of their review.*

## 3.3 Review of the IT general controls

We performed a review of the IT General Controls in place at Environment Canterbury in late June 2016. This review focused on assessing the design effectiveness of activity-level control processes, such as network security, data management, and incident management.

We will report the results of this review in our final management report.

## 4 Summary of recommendations

Summary of action taken against previous years' recommendations:

Number of recommendations from previous years' audits	Current status
2	Outstanding matters
5	Matters that have been resolved

This summary needs to be read in conjunction with the status of recommendations raised in previous years' management reports as detailed at Appendix 2.

Our recommendations for improvement and their priority are based on our assessment of how far short Environment Canterbury is from a standard that is appropriate for the size, nature, and complexity of its business. We have developed the following ratings for our recommendations:

<p><b>Urgent</b></p> <p>Major improvements required</p>	<p><b>Needs to be addressed <i>urgently</i></b></p> <p>These recommendations relate to a serious deficiency that exposes Environment Canterbury to significant risk. Risks could include a material error in the financial statements and the non-financial information; a breach of significant legislation; or the risk of reputational harm.</p>
<p><b>Necessary</b></p> <p>Improvements are necessary</p>	<p><b>Address at the earliest reasonable opportunity, <i>generally within 6 months</i></b></p> <p>These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness that could undermine the system of internal control or create operational inefficiency.</p>
<p><b>Beneficial</b></p> <p>Some improvement required</p>	<p><b>Address, <i>generally within 6 to 12 months</i></b></p> <p>These recommendations relate to deficiencies that result in Environment Canterbury falling short of best practice. These include weakness that do not result in internal controls being undermined or create a risk to operational effectiveness. However, in our view it is beneficial for management to address these.</p>

## Appendix 2: Status of recommendations

### Outstanding matters

Recommendation	Current status	Priority	Management's proposed action
<b>Creditor masterfile changes report</b>			
Produce and review a masterfile changes report on a monthly basis that is reviewed by an independent employee (i.e. an employee who does not have access to create creditors or post invoices) back to supporting documentation. This report should be signed and dated as evidence of review.	We note that the Team Leader Transactional Processing is now reviewing masterfile changes. However, the Team Leader also access to make changes to the masterfiles. Environment Canterbury should ensure that anyone who has access to make masterfile changes has their changes independently reviewed. Alternatively, change the system access to "read-only" for the reviewer so changes cannot be made them.	Necessary	Agreed. We are planning to amend Team Leader security access by 15 August 2016.
<b>Bus contracts settlement reports review</b>			
Prepare and review the settlement reports on a timely basis, so that any errors and inconsistencies can be identified and corrected in a timely manner.	There has been some delay in the review of these reports, with the last report reviewed, at the time of our interim audit in April 2016, being the report of 25 January 2016.  The delays resulted from the Passenger Transport Manager being on a period of leave (until the beginning of May 2016).	Necessary	Noted. In future we will ask manager to delegate task.

Recommendation	Outcome
<b>Conflicts of interest</b>	
Complete conflict of interest declarations on an annual basis, in line with Environment Canterbury's conflict of interest policy. Record mitigations against each item in the conflicts of interest register.	We have confirmed declarations are now occurring at least on an annual basis and that there is a column to record mitigations in the register.
<b>Contract management</b>	
Implement an organisation wide approach to contract management. This should be accompanied by a comprehensive organisation-wide contract management system which allows centralised tracking of contracts across Environment Canterbury.	Confirmed that Environment Canterbury have introduced a contract management system during 2015/16, which allows centralised tracking of contracts across Environment Canterbury.
<b>Tender/Quotes policy update</b>	
Update the tender/procurement policy in line with PwC's recommendations by 30 June 2015 so that a simple, yet comprehensive policy is in place for future procurement.	As a result of the implementation of PwC's recommendations, the following guidance documents have been introduced: <ul style="list-style-type: none"> <li>• Procurement Guide.</li> <li>• Procurement and Contracts Management Strategy &amp; Policy.</li> <li>• Tendering Guide.</li> </ul>
<b>Vehicle numbers</b>	
Reconcile the Accommodation Fleet Services records and the accounting fixed asset register records at least annually. This reconciliation should include an existence verification check of vehicles.	Confirmed that the first annual reconciliation was completed in February 2016.
<b>Asset purchase details form</b>	
Authorise the asset purchase details form appropriately to reduce the risk of unauthorised asset additions into the finance system.	The form advises details of an already approved capital purchase. The form now has an "Actioned by" sign off as well as a "Checked by" sign off, to confirm the existence of the addition and to confirm the match to the capital budget.

## 05.2. Internal Audit - Data Analytics

### Performance, Audit and Risk Committee (PARC)

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#### General Information

<b>Agenda item number</b>	5.2	<b>Subject</b>	Internal Audit – Data Analytics
<b>Portfolio /Programme</b>		<b>Report to: Meeting date:</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>		<b>Commissioner</b>	David Bedford
<b>Author</b>	Steve McAuley Internal Audit Practice Lead	<b>Endorsed by</b>	

#### Internal Audit – Data Analytics

##### Purpose

Report back to the Committee on the final findings & recommendations from the Data Analytics Internal Audit following the earlier report to PAR on this audit.

##### Value proposition

Internal audits adds value to the organisation by providing assurance over our control environment and identifying both efficiency and effectiveness improvements. It identifies whether operations or programmes are achieving the intended results.

##### Recommendations

**That the Performance, Audit and Risk Committee receive the final Data Analytics Internal Audit report**

##### Proposal

##### Background

1. A data analytics review was recommended in the 14/15 year Fraud Control Framework audit to help prevent & detect fraud.
2. Specialised data analytics software from professional services firm Deloitte was used to analyse Environment Canterbury's employee and supplier data to identify potential conflicts of interests/fraudulent activities.

3. The initial results were presented to this Committee at the June 2016 Meeting. Not all the analysis had been completed for the 350 items of potential interest. Commissioners asked therefore that staff report back when all investigations had been completed.
4. Final investigations are now complete and this paper provides the final findings and recommendations.

### **Finding and recommendations**

5. All items have now been reviewed and no potential fraud or undisclosed conflicts of interest were found.
6. Recommendations to strengthen the organisation's controls are listed in Attachment 1 along with the implementation timetable.

### **Financial implications**

7. There are no specific financial implications arising from the Audit's recommendations.

### **Attachment**

- Recommendations from the Data Analytics Internal Audit

## Attachment 1: Recommendations

## Part A – Recommendations from the Deloitte Data Analysis Report

<b>Finding:</b> 350 unusual relationships and transactions (“exceptions”) of potential interest.	
<b>Recommendations:</b>	<b>Timeframe</b>
1. Review the relationships and transactions highlighted in the report to determine whether there are legitimate explanations for each or whether further investigation is required;	<b>Completed.</b> Refer to Part B for findings and recommendations
2. Ensure adequate controls are implemented or maintained around the addition and modification of master file databases and internet banking systems.	<b>August 16</b>
3. Ensure related party transactions (employee relationships with vendors) are reported to management and recorded in an interests register.	<b>August 16</b>

## Part B – Recommendations from review of exceptions

<p><b>Finding:</b></p> <p>Potential conflict of interests can occur for employees in their day-to-day role. There is a lack of guidance for staff on what to do when a potential conflict of interest situation occurs.</p> <p>Without a sound reporting and recording system, the organisation may not be adequately addressing conflict of interests. Staff and the organisation can be at risk of accusations of improper conduct.</p>	
<p><b>Recommendations:</b></p> <p>4. Provide clear guidance for reporting potential conflicts of interest. The guidance information to be made readily available to staff e.g. on the staff Intranet and an awareness campaign undertaken.</p> <p>5. The key messages from the audit to be shared with staff, both to highlight the good culture and fraud awareness within the organisation, and also to raise awareness that the organisation actively monitors activities to detect potential fraudulent activity.</p>	<p><b>Timeframe</b></p> <p><b>August 16</b></p> <p><b>August 16</b></p>

**Finding:** Vendors listing in the Finance system includes suppliers that have not been used for several years.

**Recommendation:**

6. A review of vendors is undertaken and ones not used for some time be “archived” to reduce the current suppliers and improve procurement efficiency. This activity to be undertaken annually.

**Timeframe**

**Completed July 16**

## 05.3. Current Internal Audit Programme Update

### Performance, Audit and Risk Committee (PARC)

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#### General Information

<b>Agenda item number</b>	5.3	<b>Subject</b>	Internal Audit Programme
<b>Portfolio /Programme</b>	Finance & Corporate Services	<b>Report to: Meeting date:</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>		<b>Commissioner</b>	
<b>Author</b>	Gaynor Smith Project Manager	<b>Endorsed by</b>	Miles McConway Director Finance & Corporate Services

#### Current Internal Audit Programme Update

##### Purpose

The paper is to:

- Provide an update on the progress of implementing the recommendations from key audits undertaken over the past two years.
- Highlight any issues with the implementation of further recommendations.

##### Value proposition

The audits have aimed to improve the effectiveness and operational robustness and capability of our organisation. These benefits will not be realised if the organisation does not implement the recommendations provided.

##### Recommendation

**That Performance, Audit and Risk Committee receive the current internal audit programme update.**

##### Proposal

##### Background

A number of internal audits were undertaken during 2014 / 2015. The audits were last reporting on to the PAR Committee in May 2016. At that stage the recommendations of three audits had been completed/implemented. The following updates the remaining audits.

Resource Monitoring & Other Charges (May 2014)	100% Complete
Motor Vehicle (May 2014)	100% Complete
Legislative Compliance (Jun 2014)	75% Complete
Contract Management & Procurement (Mar 2015)	100% Complete
Risk Management (Jun 2015)	100% Complete
Fraud Control Framework (Jun 2015)	100% Complete

In terms of the Legislative Compliance; a policy review is underway with a scheduled completion of December 2016.

All other internal audit recommendations have either been completed or are now being undertaken as on-going business as usual.

The three 2016 audits plus an update on the Legislative Compliance audit will be included in the next quarter reporting.

### **Legal compliance and risk assessment**

Delays in following up on audit recommendations may pose some risk to the organisation. The level of this risk was identified within the individual audits.

## 06. Risk

### 06.1. Health and Safety

#### Performance, Audit and Risk Committee (PARC)

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##### General Information

<b>Agenda item number</b>	6.1	<b>Subject</b>	HEALTH AND SAFETY REPORT – August 2016
<b>Portfolio /Programme</b>	Health and Safety	<b>Report</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>	Miles McConway	<b>Commissioner</b>	Rex Williams
<b>Author</b>	Matthew Bennett	<b>Endorsed by</b>	Miles McConway

### Health and Safety Report

#### Purpose

To provide a summary of information on Health and Safety matters to the Performance, Audit and Risk Committee.

#### Recommendations

**That the Performance Audit and Risk Committee receive the Health and Safety report.**

### Health and Safety Activities

#### Health & Safety Committee & Staff Engagement

The Health & Safety Committee meet on the 19<sup>th</sup> of July with fifteen people present.

Discussion on the levels and manner of representation looked at a number of factors:

- Currently there are 47 Health & Safety Representatives (HSR) across all of Environment Canterbury.
- Ensuring that the HSR list is up to date so that staff have easy access to their Representative(s)
- Through September four training events will be occurring for Health & Safety Reps to bring them up to the new unit standard for HSR's. Currently most reps have gone through the transitional training with a few having been elected only recently.
- Move for each Group to have a HS Committee facilitated by an HS Champion who then in turn attends the HS Champions Committee. The intention is to increase the levels of leadership within the staff and promote improvement of safety matters within each work group.
- With the re-structuring of the Operations Group a review of the representation within the Operations Group has been initiated.

The next committee meeting is on the 19<sup>th</sup> of August and these points will be re-visited then.



Diagram 1: Health & Safety Representation and committee structure

### Event Reporting and Information Management

At the June Performance, Audit & Risk Committee meeting it was reported that the existing software package being used to report events and record progress was not keeping up with our current needs. Since then Improvements have been made and we have good incident tracking, new / emerging risk information is being migrated into the same recording and tracking method and inspections & monitoring will be moved across in late August. Simultaneously an overall review of Health & Safety information management is underway, planning to make a determination of what direction to take at the end of November.

### Workplace Monitoring

Monitoring of both work sites, contractors and work activities continues across all of Environment Canterbury. Over the past month there has been eleven work site inspections and four contractor reviews. Resulting from this there has been:

- 11 recommendations for improvement
- No requirements for immediate action / change
- All recommendations are on track and on schedule (no overdue tasks)

### **Reported Incident Data (January 2014 – July 2016)**

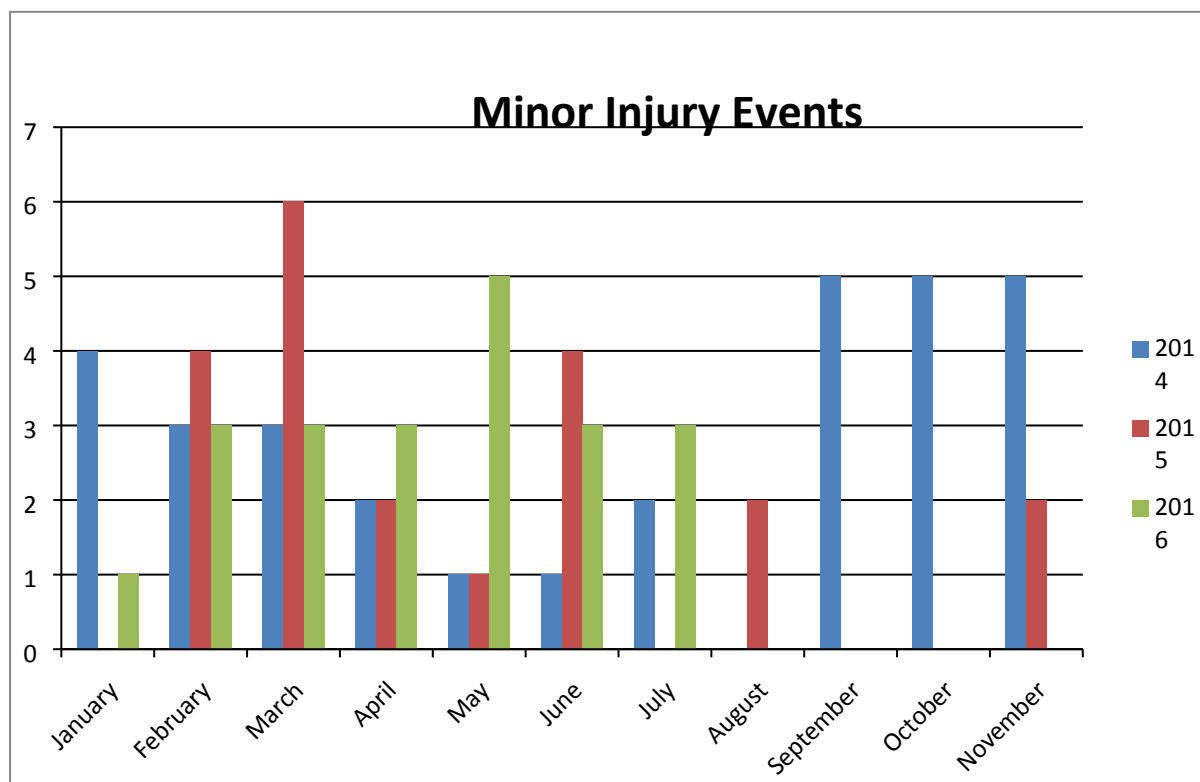
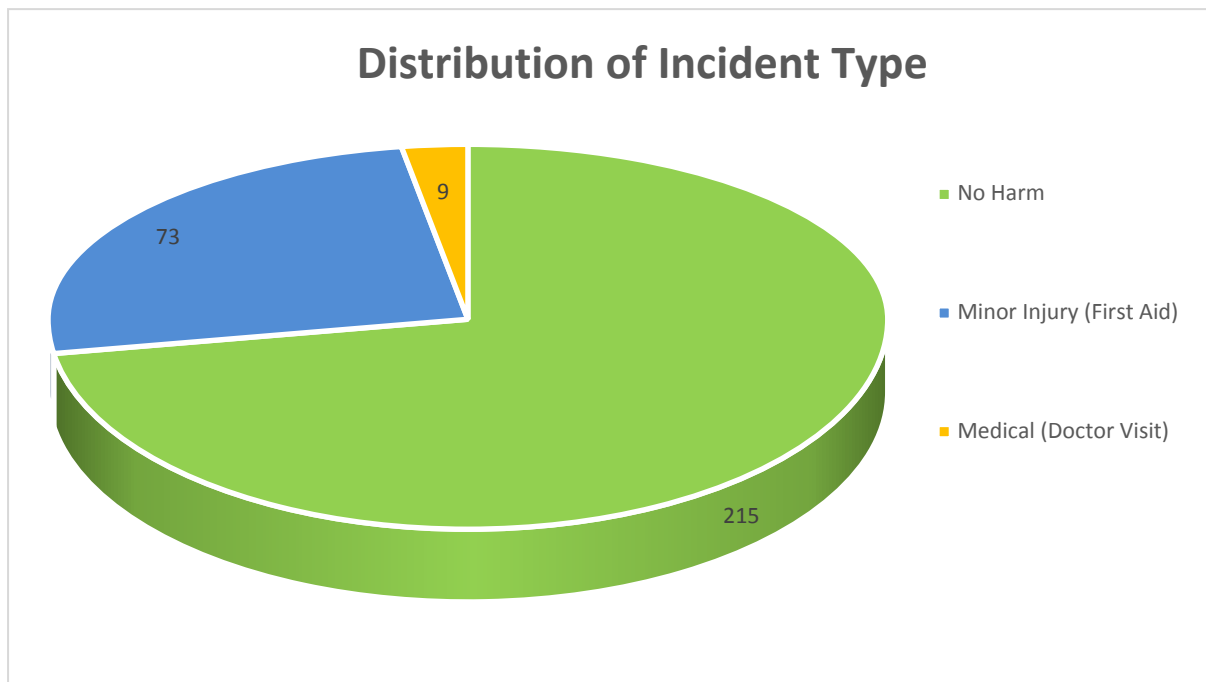


Diagram 2: Annual Comparison of Monthly Reported Incidents



Diagrams 3, 4 & 5: Distribution of Incident Type 2014, 2015 & 2016

## Looking Ahead

- Health & Safety Rep Training – September
- Health & Safety Rep Forum – Spring
- Release of the draft H&S Strategy - August / September
- Publication of the Environment Canterbury Emergency Response Plan - August / September

## 07. Public Excluded

### Performance, Audit and Risk Committee (PARC)

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#### General Information

<b>Agenda item number</b>	7	<b>Subject</b>	Exclusion of the public
<b>Portfolio /Programme</b>		<b>Report</b>	Performance, Audit and Risk Committee
<b>Programme Manager</b>		<b>Commissioner</b>	
<b>Author</b>	Louise McDonald Senior Administration Officer	<b>Endorsed by</b>	

#### Meeting with the public excluded

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

- 7.1 Project 200 Tuam
- 7.2 Options for Vacant Buildings Leased by Environment Canterbury

The general subject of the matters to be considered while the public is excluded, the reason for passing this resolution and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>
7.1 Project 200 Tuam 7.2 Options for Vacant Buildings Leased by Environment Canterbury	That good reason exists for not discussing the matter with the public present and is not outweighed by the public interest.	Section 48(1)(a)

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceeding of the meeting in public are as follows:

- 7.1 & 7.2 *Enable the Council holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)*

*That appropriate officers remain to provide advice to the Committee.*

**08. Notices of Motion**

**09. Extraordinary and Urgent Business**

**10. Questions**

**11. Next Meeting - 22 September**

**12. Closure**