

Sharing good practice

Whangarei District Council's journey

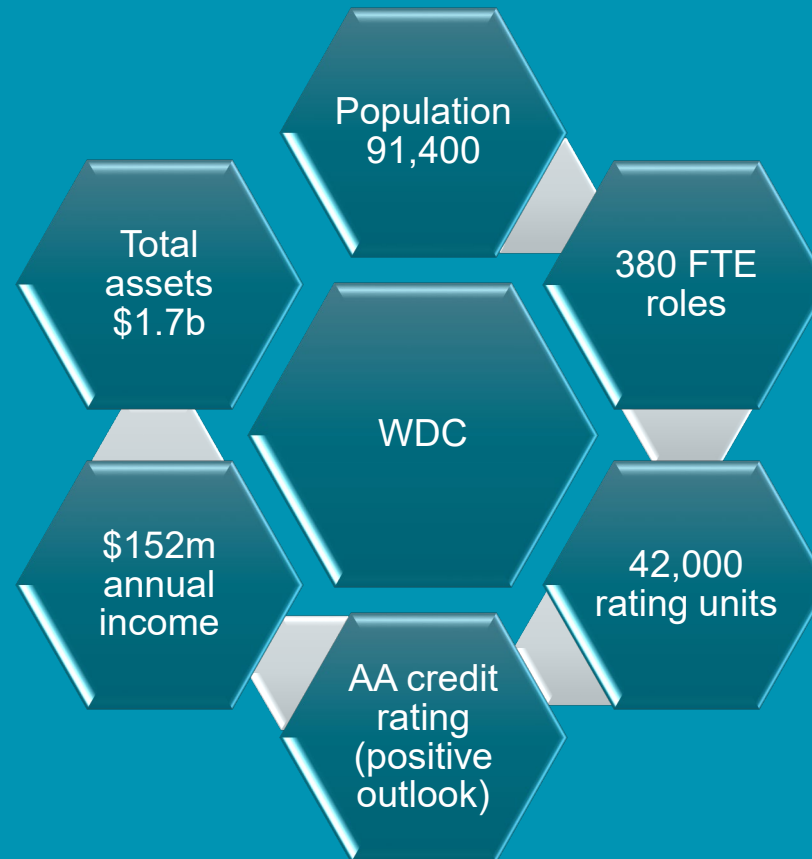
Outline

- Introduction
- Why we are here
- Getting to know Whangarei
- What was the catalyst for change
- How we went about it
- What was impact of the change
- Where to from here

Why we are here

- To share our learnings and experiences in the successful re-engineering of our Annual Report
- To provide an insight into the importance of our professional relationship and communication with Audit NZ.

Whangarei District Council (WDC) Overview



Annual Plan Video

This video was created as part of our consultation for the preparation of our 2019-20 Annual Plan.

Historical Context

Things were not always this rosy:

- Delivery focused organisation
- Significant corporate governance gaps
- Difficult relationship with Audit

Started working through issues in 2013 and by 2015 had addressed a number of high risk gaps

But we were heading into . . .



2014/15 year

- Staff changes:
 - Financial Accountant
 - PPE Accountant
 - Contractor
- Implementation of Value Financials
- PBE IPSAS 23 exchange/non-exchange
- Over \$15m of opex accumulated in WIP over several years
- 52 management point letters
- October adoption

The Fallout



Finance Department

- Significant overtime with additional stress and pressure
- A number of prior period adjustments and comparative restatements
- Detracted staff from BAU and other value-add work



Auditors

- Additional audit hours which resulted in additional audit fees
- Required input from Audit NZs technical department
- Additional stress and pressure on Audit NZ team

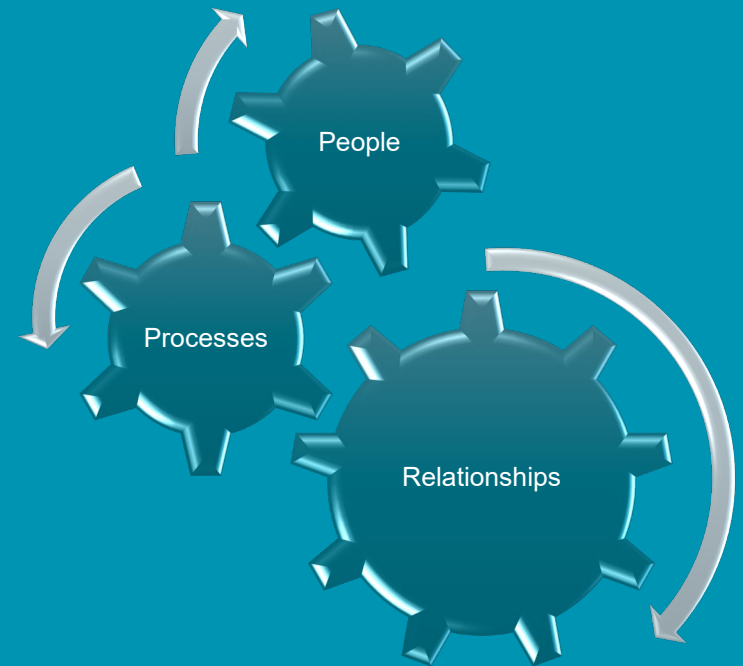


Wider WDC

- Concerns raised by elected members
- Overtime for various staff outside of finance
- Push back – “not my job”

Culture Change

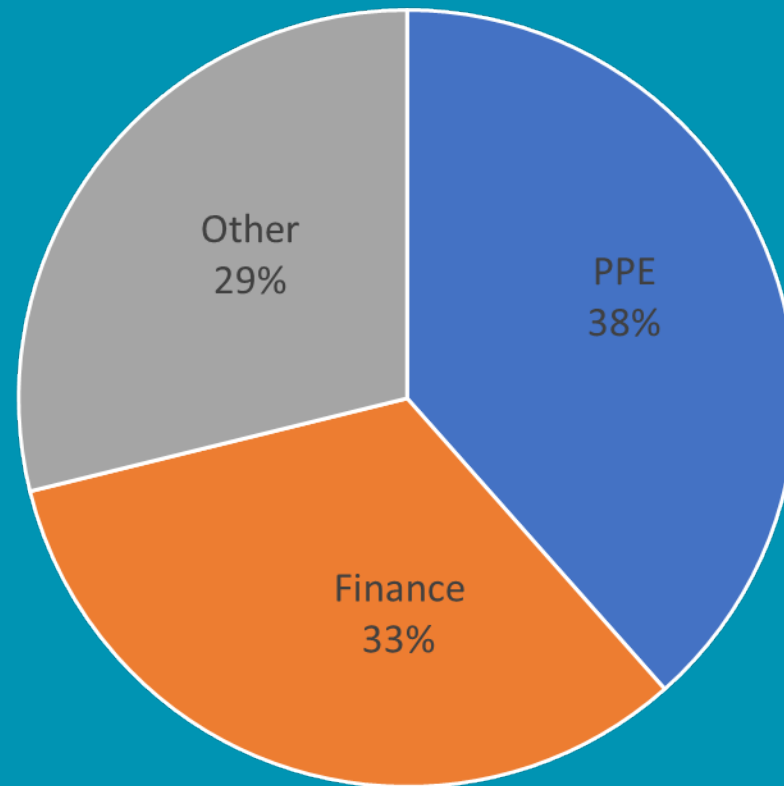
- Bringing people along key to success
- *‘This is part of our job’*
- Carrot and stick
- Visibility and accountability critical to establishing trust



What we did

- Initial planning meeting with WDC and Audit NZ to discuss our intentions
- Developed a detailed project plan.
 - Identifying tasks that could be completed sooner
 - Looking at interdependencies
 - Allocating tasks
- Detailed review of reconciliations
- Engaged Deloitte's to assist with our review
- Applied process review tools (David Parmenter)
- Launched a PPE Continuous Improvement Programme (key players finance, asset team, and I&S)

PPE Management Letter Points



PPE Continuous Improvement Programme

- End-to-end PPE process
- Introduced a Capitalisation Policy with guidance
- Training and education
- Management of Work in Progress
- Created a 'Projects' ledger - transforming the way we budget/report on our major projects
- Created a capitalisation template for project/asset managers
- Identified opportunities for earlier engagement of external providers e.g. valuers

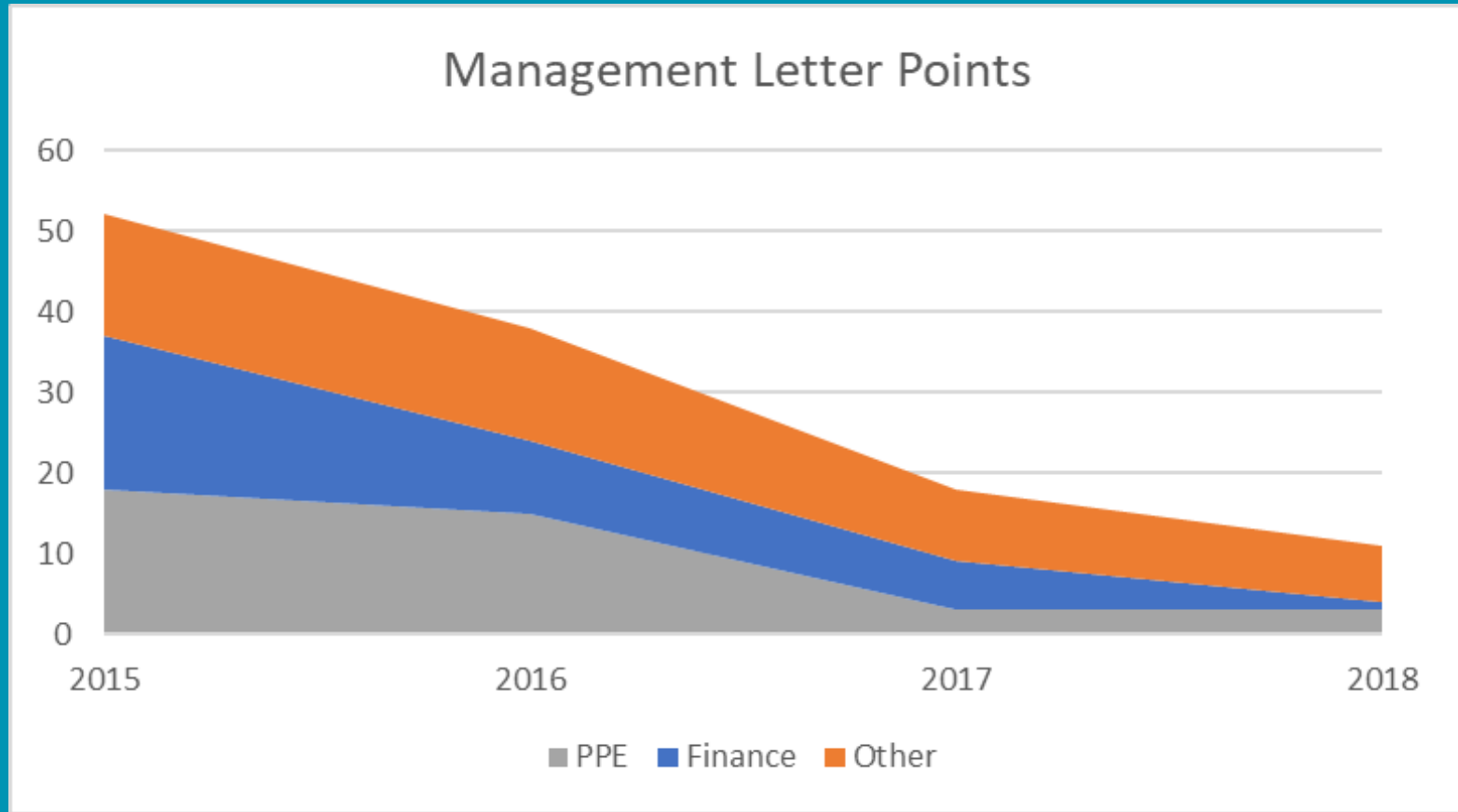
Working with Audit NZ

- Provided contractor access to Sharepoint and General Ledger
- Use file notes/memos to Audit NZ throughout the year
- Audit NZ presence at WDC Audit & Risk Committee meetings
- Audit is there to assist and recommend improvements – not a gatekeeper
- Up-front and transparent
- Collaborative approach

The outcomes

- ✓ Adoption now possible at the end of September
- ✓ Improved processes and accuracy
- ✓ Reduced overtime and stress
- ✓ Increased confidence from elected members and senior leadership team
- ✓ Drives a continuous improvement environment
- ✓ Significantly reduced outstanding management letter points
- ✓ Happy auditor – Happy life

A picture is worth a thousand words...



WDC governance outcomes

- Video with thoughts from:
 - Sharon Morgan (Audit & Risk Chair)
 - Sheryl Mai (Mayor)
 - Rob Forlong (CE)

Our next challenge

- Room for improvement
- WDC Organisation Strategy
- Front foot new issues with audit as they arise
- Proactively manage our outstanding audit points
- Use the audit process and audit report to drive continual improvement
- Delivering our capital projects programme

In Memory of Rich Kerr



5 March 1967 – 15 October 2018