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Committee Policy, Finance and Strategy
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Finance and Administration: Proposed Business Plan 2003-2013

1. Purpose

To seek approval of the proposed Business Plan for the Finance and Administration division, including any amendments approved by the Committee.

2. Overview

The Finance and Administration division includes the following departments:

- Finance
- IT and Support Services
- Chief Financial Officer

In addition, the division includes responsibility for property services (currently contracted out), the costs of which are directly charged to those departments using property services.

The Finance department is responsible for co-ordinating financial planning and consolidated financial reporting throughout the organisation. In this co-ordination role the Finance department's function is both that of an information provider and of a 'central controller'. Finance provides a key element of the 'corporate glue' which binds the organisation together and, as such, has responsibility for providing the Council's corporate Financial Information Systems (FIS). Finance is also responsible for administering Council's Treasury function and for processing of financial transactions, including Accounts Receivable and Accounts Payable.

IT and Support Services includes three main areas of activity:

- Information Technology
- Records/Library Services
- Reception/Administration Support

Regional Council Centre (RCC) occupancy is also included within the IT and Support Services Operating Plan. RCC occupancy is a cost recovery unit established to receive and redistribute occupancy costs of the RCC. The Council pays rental for the RCC to its 100% owned subsidiary, Pringle House Ltd. This rental, along with other costs of occupying the RCC centre, is recharged to each area of Council on the basis of floor space.

In terms of staff numbers, IT and Support remains the largest component of the division (approximately 55% of staff numbers within the division).

The CFO support area consists of the Chief Financial Officer and his Secretary.

The proposed Business Plan for the division includes the following proposed Operating Plans:

- Finance
- IT and Support Services
- Chief Financial Officer

These plans have been previously distributed to Councillors and will be tabled at the meeting on 4 March 2003.

3. Key Issues/Areas of Focus

3.1 Provision of Financial Advice on Key Issues

The provision of financial analysis and advice to the General Manager, Councillors and Directors of Council's 100% owned companies will remain a key area of focus for 2003/04 and beyond. Key issues going forward include:

- Tranz Metro (improvements to the Rail contract)
- Governance over Council controlled organisations
- Pro-active advice in other key areas of business risk

A prime focus of the CFO will be to provide advice that as far as practicable is consistent with maintaining the Council's five "excellent" grades from the Audit Office and its AA credit rating from Standard and Poor's.

3.2 Service Delivery to divisions

The Division aims to continue to provide quality services to other divisions which compare well when benchmarked to externally provided services. Staff are encouraged to contribute positively to the way the division delivers services, in line with the continuous improvement philosophy.

3.3 Refinement of Rates Collection Process

During 2002 a major review of rate collection procedures was undertaken which resulted in new rate collection agreements being signed with all TLA's in the Region (with the exception of Tararua District). The agreements come into force during 2003/04 and it is expected that the successful implementation of the new procedures, which underpin the agreement, will take some time to be fine tuned.

3.4 Implementation of the requirements of the new Local Government Act

The Local Government Act which was recently passed into law contains a number of new reporting and disclosure requirements, many of which need to be addressed as part of the 2003 LTCCP, such as improving the linkage of outputs to outcomes. However, it is expected that there will be a continuing focus on Local Government Act implementation issues during 2003/04 and beyond as the Council refines its procedures.

3.5 Monitoring of Council's investments

The Council continues to hold a portfolio of investments which contribute significantly to the Council's rate line. The focus remains on risk reduction and on enhancing investment returns and shareholder value for as long as Council retains its ownership interest in investments.

Resolution of the status of the Wellington Regional Stadium Trust for both governance/accountability and income tax purposes remains a key issue.

3.6 Strategic Direction of Records Section

During 2000/01 a pilot study was undertaken for the long term development of the records management systems in response to a concern that Council's record keeping practices may not be keeping pace with best practice in an increasingly on-line environment. A new document management system was implemented during 2001/02 aimed at increasing the integration between Council's paper based and electronic records. The new system is now being progressively rolled out within the organisation and this is expected to continue during 2003/04.

3.7 Enhancing value from the Council's Financial Information Systems

The Division implemented a new FIS solution during the 1999/2000 year.

The systems implementation, and subsequent upgrade to the latest version of the SAP software, was very successful and the Council's FIS systems are now

operating well in a “steady state”. However, like any major asset it is important that good asset management practices are followed by appropriately planning for future upgrades and other process improvements. The next major software upgrade is scheduled to take place in 2004/05. In addition, efforts are expected to continue in 2004/05 to fine tune business continuity planning for Council’s key FIS system, SAP.

3.8 Information Technology Developments

The division will continue to assist other divisions to investigate, acquire and operate IT systems that support their operations.

Current projects, which are likely to continue in the 2003/04 year include:

- enhancing the Council’s web site and Intranet
- assisting with the development and implementation of an “E strategy”

In addition, the IT staff will continue planned upgrades to the overall technology infrastructure so that the infrastructure remains reliable and appropriate to the users’ needs.

3.9 Further refinement of Council’s business planning framework

The Council has a very well developed business planning framework which sits at the heart of Council’s management culture. Business planning, incorporating both financial and non-financial targets, is an important part of management accountability whereby managers are held accountable for the cost effective delivery of quality outputs.

The Council has for some years integrated its annual planning cycle into the long term planning framework, which is now also a requirement of the Local Government Act. Each three years the Council undertakes a thorough review of the basis of its resource allocation, and of the success of its programmes in achieving its stated outcomes towards achieving a sustainable Region.

Further refinements in the framework are desirable particularly in the area of linking performance indicators to outcomes.

3.10 Review of Procurement Practices

During 2001 a review was conducted of Council’s procurement practices. The recommendations from that review are currently being implemented by a cross divisional team lead by the CFO. Essentially the review identified that improvements were possible in the area of procurement information and in the toolkit available to staff who undertake procurement decisions.

It is expected that work will be ongoing in this area as we look to fine tune Council practices and procedures in the procurement of goods and services.

3.11 Improvements to Asset Management Policies

The division will continue to work closely with other divisions in respect of asset revaluation issues and the CFO will continue to act as a facilitator in respect of improvements to asset management plans to ensure the Council remains a leader in this area.

4. Values

In performing the work of the division it is important that all staff operate within a framework of expected behaviour. In this regard the Chief Financial Officer has identified the following values as important to him personally and to the division.

1.

Integrity

 - Individual
 - Systems/information quality
2.

People

 - Job satisfaction for all staff
 - Having fun at work
 - Personal development of all staff
3.

Net Ratepayer Benefit

 - Value for money for ratepayers
 - Appropriate management of risk
4.

Customer Satisfaction

 - Delivering on promises
 - “Going the extra mile”
5.

Practicality

 - Making sure it works
 - Keeping it simple

5. Changes between 2002/03 and 2003/04

There have been no significant changes to the budget between the 2002/03 and the 2003/04 years. The modest increases in funding sought relate to increases in input costs rather than new initiatives.

6. Financial implications across the ten years

Funding required by the division is relatively flat over the ten year period.

7. Changes to the proposed business plan recommended by officers

Nil.

8. Recommendations

That the Committee recommend to Council that it:

- (1) receive the report and note its contents.*
- (2) note that the proposed business plan for the Finance and Administration division includes proposed operating plans for the following departments:*
 - Finance*
 - IT and Support Services*
 - Chief Financial Officer*
- (3) note that officers are not recommending any changes to the proposed business plan for the Finance and Administration division.*
- (4) approve the proposed business plan for the Finance and Administration division (including any amendments approved by the Committee) for inclusion in the Council's proposed Long term Council Community Plan 2003-2013 (incorporating the Council's 2003/04 Annual Plan).*

Report prepared by:

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