



## **Financial Working Party News November 2014 edition**

The SOLGM Financial Working Party (FWP) met on 28 November. The following are the issues of interest from that meeting

### ***Strategic Finance Forum online in the new year***

Development of the programme for the 2015 Strategic Finance Forum. The event will be held on 23/24 April at the Kingsgate Hamilton. We understand the Chiefs will be playing the Western Force in Hamilton on 24 April (and there's a "Mondayised" Anzac Day following) so early booking of accommodation and flights will be essential.<sup>1</sup>

The theme for the event is 'Unlocking the Capability within the Finance Function'. When the programme goes live we expect to have sessions on:

- shared services – moving beyond picking the low hanging fruit
- risks and opportunities from technological developments
- skills, competencies and career opportunities for finance professionals
- collaborative approaches and smart ways of reducing budgets .

All in addition to the usual topical issues and updates on audit, tax, SOLGM and others matters.

The Forum has been timed for the end of the CD consultation window and 'misses' school holidays. There's no excuse for missing out on professional development that isn't even half the cost of what a private provider will charge.

### ***Coming Soon: Fraud Prevention and Detection for Local Government***

One of the lessons some of us have learned, to our cost, is that most fraud is systematic, ongoing and almost always has early warning signs. Culture plays a big role in fraud prevention. FWP have therefore ticked off a proposal for a local government themed event on fraud prevention and detection. We expect to hold this in very late June or the first week in July.

---

<sup>1</sup> Source: Super 15 website – information retrieved on 29 November

### ***FIS and Resolutions Improving – but RFPs need work***

SOLGM has completed its review of revenue and financing policies, FIS, and resolutions. In most cases there has been a significant improvement in the compliance and clarity of FIS and resolutions over 2013/4. Some areas to watch moving ahead are:

- *process* – a rate resolution is not optional (one local authority has managed to assess 2013/4 rates without setting them first), and cannot occur until after adoption of the annual plan (or LTP)
- *clarity* – some areas of benefit, especially for small rates, are not well defined
- *capability of connection* – define what this means. Most local authorities usually define this by distance to/from council provided pipes (typically 100 metres for water and 30 metres for wastewater)
- *terminology* – there are still instances of Rating Powers Act terminology doing the rounds. Examples include uniform charge, separately rateable property, equalised capital value etc
- *penalty resolutions* – applying penalties cannot be delegated, if you want flexibility put a policy on waiving penalties into your remission policy and delegate application of the policy to an officer or officers.

Revenue and Financing Policies must show how your local authority has complied with the requirements of the Local Government Act (especially sections 101 and 103). Many policies appear to have taken some risks in this regard either by missing one or more of the steps in the two step process, or by 'missing out' one or more of the four matters in section 101(3)(a). Some policies appear to have lost their 101(3) analysis in a desire to shorten them. The Working Paper shown in the More Dollars and Sense guide is one way, but far from the only way to tackle section 101(3) analysis.

### ***Questions We've Been Asked: RFPs, FIS and Supporting Information***

There has been quite a deal of 'chatter' on LG Connect around consultation on an RFP. We consider that the RFP should be significantly advanced by the time the consultation document is adopted. The RFP is the device for engaging on changes to the funding system, and therefore has obvious links to the requirement that the CD describe any proposed significant changes to the funding system. It is sensible for councils to engage concurrently on amendments to the RFP, provided that the information for the two is clearly identified and kept separate.

We've also been asked whether the draft RFP and the FIS should be treated as supporting information and 'adopted' before the CD. We consider that these documents should generally be treated as supporting information. SOLGM's *Jigsaw* guide also states that treating the proposed FIS as supporting information is not just good practice, but is essential. In addition to setting out proposed significant changes to funding, the CD must also include the sample rating models that form part of a FIS. The FIS supports both disclosures, and regardless, is the only means through which people could determine

whether or not they are liable for a particular targeted rate before adoption of the LTP proper.