

Regional Software Holdings Limited
Annual Report Including Financial
Statements

For the Year Ended 30 June 2016

Regional Software Holdings Limited
For the Year Ended 30 June 2016

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Regional Software Holdings Limited

Entity Information for the Year Ended 30 June 2016

Legal Name

Regional Software Holdings Limited (RSHL)

Type of Entity and Legal Basis

RSHL is a Public Limited Liability Company incorporated and registered under the Companies Act 1993 and is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

The Company's purpose or mission

The primary objective is to provide a framework for collaboration between the shareholders. It supports the procurement or development of shared software resource products and services in a manner that provides a more cost effective alternative than individual councils can achieve on their own.

Structure of the Company

The Company comprises of a Board of six directors. The Board oversee the governance of RSHL. In addition there is a general manager who is responsible for the day-to-day operations of RSHL and reporting to the Board. Each Shareholder is entitled to separately appoint one director each.

Main sources of RSHL's cash and resources

Funds are received by way of levies from each Council. These levies are set annually in the Statement of Intent. These are the primary source of funding to RSHL.

Outputs

Outputs are described in the statement of performance and reported upon as part of the Annual Report.

Regional Software Holdings Limited

Directors' Report

For the Year Ended 30 June 2016

RSHL's Director's Report

On behalf of Regional Software Holdings Ltd (RSHL), and the six regional council shareholders, it is our pleasure to present the Company's fourth Annual Report.

RSHL is a major shared services undertaking by the Northland, Waikato, Taranaki, Horizons, West Coast and Southland regional councils. It is responsible for the long-term maintenance and development of the Integrated Regional Information System (IRIS) product as developed for and by the shareholding councils. Over the last few years, the six regional councils have developed a leading edge software solution (IRIS) for the regional council specific functions undertaken by those councils. The development project has been a remarkable success with the project being delivered to specification and within budget.

The 2015/2016 year was a busy and productive period for RSHL and the six councils. The year involved bedding down the implementations and driving the operational benefits and efficiencies. At 30 June 2015, there was a level of development and enhancement that was not complete. There was considerable focus on the completion of the final two modules of work from the initial development suite. The mobile and self-service applications were delivered and will provide considerable additional benefits, efficiencies and cost-savings to both external customers of the councils and internal users.

RSHL's Advisory Group spent considerable time and effort developing the work programme for 2015/2016 as well as the roadmap for the ongoing development and enhancement of IRIS. A technology roadmap for all the underlying components of the IRIS solution was completed, ensuring that we have a sound understanding of the investment and activity required to keep the IRIS solution maintained and relevant from a technology perspective. RSHL has managed to address outstanding developments at 30 June 2015 as well as the full roadmap for 2015/2016. RSHL is well placed and committed to keeping the IRIS offering up to date from a technical point of view and fit for purpose for all external and internal users. During the year, all Councils completed a technical health check to establish that IRIS was operating effectively within each technology suite. The report showed that each environment was technically sound, but provided a number of site-specific recommendations for improving the performance of IRIS.

There were five releases of new functionality over the year, with a sixth release due in July 2016. These have included a total of 12 major enhancements have been delivered across the year, with a further 2 due in the July 2016 release. There have also been significant changes to the way we manage the development and delivery of minor enhancements, with the adoption of a more agile approach based on 'user stories'. This has resulted in a total of 26 minor enhancements being delivered over the year, with a further 12 to be delivered as part of the July release. The focus has increasingly been on mobile solutions, online services and ensuring that our underlying technology platform remains current and fit for purpose.

Financially, the company is in a sound position as planned. The IRIS assets have been recognized in the financial statements. RSHL's revenue comes from licence charges and fees from the shareholding councils. This funding is used for the maintenance and development of the IRIS product. Therefore, the company does not trade to make a profit. Rather, it charges to cover its planned level of

expenditure. The continuing investment in the development and enhancement of IRIS ensures that the product maintains its value within the Company's balance sheet.

RSHL faces a number of challenges going forward. In particular the Company will be looking to expand the number of IRIS users to other regional councils. The Board committed significant effort into the strategic plans and strategies going forward, and RSHL has worked with a number of other regional councils to attract them as either shareholders or customers. RSHL continues to refine the IRIS product and proposition and is committed to working closely with the remaining regional councils. Opportunities to attract new regional councils as shareholders or users will continue to arise and RSHL will actively pursue these opportunities, noting that no process is ever guaranteed success.

The success of IRIS and RSHL is due to the collaborative approach of the six regional councils. The success and richness of the IRIS product is a reflection of the contribution, expertise, and commitment of a team of well over 100 people from all the shareholding councils, in a variety of roles. It is a pleasure to record our appreciation to all involved. At the end of 2015/2016 Mr Graeme Alsweiler retired from his roles as a Director and Chairman of the Company's Advisory Group. Graeme had been with the IRIS project since its earliest days. He chaired the Regional Council Collaborative Development Group through the development of IRIS and then became Regional Software Holdings Ltd's director and Chairman of the Advisory Group. The Board records its appreciation for Graeme's significant contribution to the success of IRIS.

The outlook for RSHL and the IRIS product is bright and there are significant opportunities to support the activities and achievements of New Zealand regional councils.

Financial Statements

The financial statements required by section 67 of the Local Government Act 2002 (LGA(2002)), together with the audit report required by section 69 of the LGA(2002), are attached.

Directors

The following directors were in office at the end of the year:

	2015-16		2014-15	
	Remuneration	Benefits	Remuneration	Benefits
GA Alsweiler	-	-	-	-
MD Garrett	-	-	-	-
C Ingle	-	-	-	-
LJ Gibbs	-	-	-	-
MJ McCartney	-	-	-	-
MC Nicolson	-	-	-	-
MJ Nield	-	-	-	-
Total Remuneration	-	-	-	-

There were two changes in Directors during the year with LJ Gibbs replacing C Ingle as at 26 February 2016, and the receipt of GA Alsweiler's resignation, effective 30 June 2016.

Registered Office

C/o Horizons Regional Council
11-15 Victoria Avenue
Palmerston North

Auditors

Audit New Zealand on behalf of the Controller and Auditor General.

Interest Register

All Directors listed their interests in the register on being appointed to the company. The following interests were registered:

Director	Organisation	Interest
MD Garrett	G & G Properties (2008) Limited	Director & Shareholder
	Golden Cross Trust	Trustee
	Newmont Waihi Gold Water Rights Trust	Trustee
MJ McCartney	Dundas Farms Limited	Director
	Manawatu-Wanganui LASS Limited	Director
MC Nicolson	Hawk Hill Estates Limited	Director
	The Masters Group Holdings Limited	Director
MJ Nield	Taranaki Stadium Trust	Trustee

Statement of Compliance

The Board of Directors hereby confirm that all statutory requirements in relation to the annual report, as outlines in the Local Government Act 2002, have been complied with.

Statement of Responsibility

In terms of the Local Government Act 2002 and the Companies Act 1993, the Board of Directors is responsible for the preparation of Regional Software Holdings Limited's financial statements and to assist the company meet its objectives and any other requirements in its Statement of Intent (SOI).

The Board of Directors of Regional Software Holdings Limited has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board of Director's opinion, these financial statements fairly reflect the financial position and operations of Regional Software Holdings Limited for the year ended 30 June 2016.

Signed on behalf of the Board of Directors:

MJ Nield – Chairman
25 August 2016

M McCartney
25 August 2016

Regional Software Holdings Limited
Statement of Financial Performance
For the Year Ended 30 June 2016

	Note	Actual 2015-16	Budget 2015-16	Actual 2014-15
Income				
Members Contributions		1,034,627	1,034,627	1,150,475
Interest Income		2,806		1,361
Other Income	1	57,750	-	54,313
Total Income		1,095,183	1,034,627	1,206,149
Expenses				
Administration Costs	2	28,437	86,808	26,344
Audit Fees		5,094	5,068	4,977
DATACOM Support Services		172,961	195,239	149,973
Cyber Environmental Charges		9,280	-	10,440
Management Fees		141,574	91,876	154,596
External Contractors and Consultants		51,671		
Other Direct Software Expenses		57,750	-	54,313
Pre Sales		-		27,566
Depreciation	6	625,532	655,636	556,762
Total Expenses		1,092,299	1,034,627	984,970
Surplus/(Deficit) Before Tax		2,884	-	221,179
Income Tax Expense	3	-	-	(1,723)
Surplus/(Deficit) After Tax		2,884	-	222,902

Explanations of major variances against budget are provided in note 13
The accompanying notes form part of these financial statements

Regional Software Holdings Limited
Statement of Financial Position
As at 30 June 2016

	Note	Actual 2015-16	Budget 2015-16	Actual 2014-15
Assets				
Current Assets				
Bank Accounts and Cash	4	196,758	70,272	441,078
Debtors and Prepayments	5	-	-	86,861
GST Receivable		45,663	-	-
Withholding Tax Paid		888	-	620
Total Current Assets		243,309	70,272	528,559
Non Current Assets				
Property, Plant and Equipment	6	5,284,399	5,083,310	5,077,552
Total Non Current Assets		5,284,399	5,083,310	5,077,552
Total Assets		5,527,708	5,153,582	5,606,111
Liabilities				
Current Liabilities				
Creditors and Accrued Expenses		148,341	-	205,576
GST Payable		-	-	24,051
Total Current Liabilities	7	148,341	-	229,627
Total Liabilities		148,341	-	229,627
Net Assets	8	5,379,367	5,153,582	5,376,484
Represented By:				
Equity				
Equity	8	5,149,150	5,149,150	5,149,150
Retained Earnings	8	230,217	4,432	227,334
Total Equity		5,379,367	5,153,582	5,376,484

Explanations of major variances against budget are provided in note 13
The accompanying notes form part of these financial statements

Regional Software Holdings Limited
Statement of Cash Flows For the Year
Ended 30 June 2016

	Note	Actual 2015-16	Budget 2015-16	Actual 2014-15
Cashflows from Operating Activities				
Cash was provided from:				
Receipts from Customers		1,114,368	1,034,627	1,045,603
Interest		2,011	-	1,361
Other Income		53,625	-	54,313
Tax Refunds Received		514	-	-
Total Operating Receipts		1,170,518	1,034,627	1,101,277
Cash was applied to:				
Payments to Suppliers		459,042	378,991	443,347
Net GST Movement		66,567	-	(16,562)
Total Operating Payments		525,609	378,991	426,785
Net cash from operating		644,909	655,636	674,492
Cashflow from Investing Activities				
Cash was applied to:				
Purchase of Fixed/Intangible Assets		889,229	655,636	606,536
Term deposits		-	-	-
Total Investment Payments		889,229	655,636	606,536
Net cash from investing		(889,229)	(655,636)	(606,536)
Cashflow from Financing Activities				
Cash was provided from:				
Capital raised		-	-	155,216
Total Financing Receipts		-	-	155,216
Cash was applied to:				
Dividends		-	-	-
Total Financing Payments		-	-	-
Net cash from financing		-	-	155,216
Net increase (decrease) in cashflow for the year		(244,320)	-	223,172
Opening Cash Balance		441,078	70,272	217,906
Closing Cash Balance		196,758	70,272	441,078
Made up of:				
Westpac Current Account		160,555	70,272	426,619
Westpac Online Saver Account		36,203	-	14,459
		196,758	70,272	441,078

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue Departments. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent.

Explanations of major variances against budget are provided in note 13

The accompanying notes form part of these financial statements

Regional Software Holdings Limited

Notes to the Financial Statements

For the Year Ended 30 June 2016

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Regional Software Holdings Limited (RSHL) is a Council Controlled Organisation (CCO), owned by Waikato Regional Council (32.75%) Northland Regional Council (16.75%) Horizons Regional Council (15.50%) Taranaki Regional Council (15.50%) Southland Regional Council (15.50%) and West Coast Regional Council (4.00%). RSHL was incorporated on 17 October 2012. RSHL was primarily incorporated for the purposes of managing the investment and development of IRIS Software, and has designated itself a Public Benefit Entity (PBE), in keeping with the designation of the shareholders.

The financial statements are those of RSHL, for the 12 months ended 30 June 2016, and were authorised for issue by the Board of Directors on 25 August 2016.

Public Benefit Entity Simple Format Reporting

RSHL qualifies for Public Benefit Simple Format Reporting – Accrual (PBE-SFR-A) on the basis that the Company does not have publically accountable (as defined) and has total annual expenses of less than \$2 million.

Basis of Preparation of the Financial Statements

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The financial statements have been prepared on a historical cost basis.

Statement of Compliance

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared in accordance with Tier 3 Public Benefit Entity (PBE) Standards.

These financial statements comply with PBE Standards.

Presentation Currency and Rounding

The financial statements have been prepared in New Zealand dollars and there will be rounding in the numbers in the financial statements, as the financial model used calculates to the cent but the annual report is rounded to the nearest dollar.

The functional currency of RSHL is New Zealand dollars.

Changes in Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Summary of Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Members Contributions and Other forms of Revenue (excluding investment revenue), including fees, charges, and other revenues are recognised on an accrual basis.

Interest revenue is recorded as it is earned.

Expenditure

Expenditure is recognised on an accrual basis when the service was provided, or the goods received.

Costs associated with maintaining the IRIS software suite are recognised as an expense when incurred.

Bank Accounts and Cash

Cash and cash equivalents includes include cash on hand, on demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are presented as a current liability in the Statement of Financial Position.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Inventories

Inventory is initially recorded at cost. Goods held for sale are subsequently measured at the lower of cost and their selling process. Goods for use or distribution are subsequently measured at cost and written down if they become obsolete.

Goods and Services Tax (GST)

RSHL is registered for GST; these financial statements are presented net of GST, except for receivables and payables which are inclusive of GST. Where GST paid is not recoverable, due to it relating to exempt items, the GST inclusive amount is recognised as part of the related asset or expense including the GST relating to investing and financing activities.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or recovered from, the Inland Revenue Department is recognised as an item in operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

Income tax expenses calculated using the taxes payable method. As a result no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Property, Plant and Equipment

Software acquisition and development

Costs that are directly associated with the development of the IRIS software suite are recognised as property, plant and equipment.

Depreciation

Depreciation begins when the asset is available for use and ceases at the date that the asset is derecognised. The depreciation charge for each period is recognised through the Statement of Financial Performance.

The carrying value is depreciated on a straight-line basis over its useful life. The useful life and associated depreciation rate for the IRIS software suite is 10 years and 10%.

Where software in this category is replaced, upgraded or determined by RSHL to be of no further operational benefit, a change in value will be recognised through the Statement of Financial Performance. This change in value will be the difference between the carrying value of the original item and its fair value.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, RSHL has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Additional Disclosure

The Companies Act 1993 requires disclosure of the amount of donations, audit fees, fees for other services from the auditor, and the number of employees of the company who received remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000. For this financial year, no staff were employed by RSHL. The audit fee for the period is expected to be \$5,094 (GST exclusive) paid to Audit New Zealand.

Notes to the Financial Statements for the Year Ended 30 June 2016

1. Other Income

	2015-16	2014-15
Recovery of other direct software expenses	57,750	54,313
Total Other Income	57,750	54,313

2. Administration Costs

	2015-16	2014-15
Administration Support	20,936	15,585
Insurance	1,780	1,775
Consultants and Technical Support	5,683	8,909
Bank Fees	38	75
Total Administration Support	28,437	26,344

3. Income Tax

	2015-16	2014-15
Current Tax	-	-
Adjustments to current tax in prior years	-	(1,723)
Income Tax Expense	-	(1,723)

Relationship between income tax expense and accounting surplus

Net surplus/(deficit) before tax	2,884	221,179
Tax at 28%	807	61,930
Plus/(Less) tax effects of:		
Temporary differences	(168,421)	(529,280)
Non-deductible expenses	-	7,718
Tax losses utilised	167,613	459,632
Income Tax Expense	-	-

Unused tax losses of \$3,671,498 (2015; \$3,072,879) are available to carry forward and offset against future taxable income.

4. Bank Accounts and Cash

	2015-16	2014-15
Current Account	160,555	426,619
Savings Account	36,203	14,459
Total Bank Accounts and Cash	196,758	441,078

5. Debtors and Prepayments

	2015-16	2014-15
Debtors	-	86,861
Prepayments	-	-
Total Debtors & Prepayments	-	86,861

6. Property, Plant and Equipment

IRIS Software Intellectual Property

Carrying amount as of 01 July 2014		4,922,377
Additions		457,941
Work in Progress		253,996
Disposals (net of accumulated depreciation)		-
Depreciation Expense		(556,762)
Carrying Amount as of 30 June 2015		5,077,552

Carrying amount as of 01 July 2015		5,077,552
Additions		429,277
Work in Progress		403,102
Disposals (net of accumulated depreciation)		-
Depreciation Expense		(625,532)
Carrying Amount as of 30 June 2016		5,284,399

7. Creditors and Accrued Expenses

	2015-16	2014-15
Creditors	143,247	200,599
Audit New Zealand	5,094	4,977
GST		24,051
Total Creditors and Accrued Expenses	148,341	229,627

8. Equity

	2015-16	2014-15
Contributed Capital		
Balance at 01 July	5,149,150	5,149,150
Capital Contribution	-	-
Balance at 30 June	5,149,150	5,149,150
Accumulated Surpluses		
Balance at 01 July	227,334	4,432
Surplus/(Deficit) for the year	2,884	222,902
Balance at 30 June	230,217	227,334
Total Equity	5,379,367	5,376,484

There are 10,000 shares which have been fully called to the value of \$515.00. Share capital currently \$5,149,150

9. Commitments

There are no commitments at balance date (previous year: \$220,000).

10. Contingencies

There are no contingent liabilities at balance date and no contingent assets at balance date, (previous year: Nil).

11. Related Party Transactions

Related party transaction disclosures have not been made for transactions with related parties that are within a normal supplier/client or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect RSHL would have adopted in dealing with the party at arms length in the same circumstances.

Related Party Transactions Significant to RSHL Requiring Disclosure:

RSHL purchased management services from Waikato Regional Council (WRC) (32.75% shareholder) to the value of \$156,701.19 (including GST) (2015: \$253,876.48 (incl. GST)). At 30 June 2016 \$nil (including GST) (2015: \$10,485.13 (incl. GST)) was outstanding to WRC.

RSHL purchased administrative services and reimbursed for ESP Support from Horizons Regional Council (HRC) (15.50% shareholder) to the value of \$23,041.36 (including GST) (2015: \$38,339.85 (incl. GST)). At 30 June 2016 there was \$23,041.36 outstanding (2014: \$5,462.72 (incl. GST)) to HRC.

12. Events After Balance Date

There are no significant events after balance date.

13. Explanations on Major Variances

Explanations for major variances from RSHL's budgeted figures in the 30 June 2016 Statement of Intent are as follows:

Statement of Financial Performance	Actual	Budget	Variance	
Total Income	1,095,183	1,034,627	60,556	Budget does not factor in Other Income being members purchasing software from an external Company at a group rate (increased revenue vs. increased costs of \$57,750). Balance is interest earned; also not budgeted.
Administration Costs	28,437	86,808	58,371	The administrative services costs associated with the service provided by Horizons were lower than budgeted. This is offset by higher than budgeted costs for management fees (provided by WRC). The budgets need to be adjusted in the future to review time allocation.
DATAKOM Support Services	172,961	195,239	22,278	Slightly less services used along with separating out environmental charges.

Cyber Environmental Charges	9,280	-	(9,280)	This is a new category of charging from DATACOM that RSHL wished to categorise separate to support services. While costs have increased to budget, overall they are still lower than the previous year; this reflects that this year was the first full year of normal business as usual. There was no additional time spent in pre-marketing and follow up from sales presentations to potential new Councils, however, it also highlights the fact that the split between administrative and management fees needs to be reviewed.
Management Fees	141,574	91,876	(49,698)	
External Contractors and Consultants	51,671	-	(51,671)	This is costs arising from Datacom, which was initially budgeted as part of the Capital programme; however it is expenses that are not capital in nature.
Other Direct Software Expenses	57,750	-	(57,750)	As with Other Income; members purchase this as an agreed arrangement and is offset by Other Income.
Depreciation	625,532	655,636	30,104	Less assets capitalised in 2013-14 and 2014-15, which created an on-going variance.
Statement of Financial Position				
Bank Accounts and Cash	196,758	70,272	126,486	Opening cash balance commenced higher than budget.
GST Receivables	45,663	-	45,663	End of June GST return resulted in a GST refund along with \$18k attributed to accounts payable.
Property, Plant and Equipment	5,284,399	5,083,310	201,089	Reflects that the capital works programme is now back on target.
Creditors and Accrued Expenses	148,341	-	148,341	All current and since been paid.
Statement of Cash Flow				
Total Operating Receipts	1,170,518	1,034,627	135,891	Unbudgeted members repayments as noted in Other Income and timing of 2014-15 final quarterly invoice being paid in July 2015.
Total Operating Payments	525,609	378,991	(146,618)	Timing of receipts creates a close to equivalent increase in costs, as it is expected to be cash-flow neutral.
Total Investment Payments	889,229	655,636	(233,593)	The committed costs from 2014-15 have now been expensed, equating to an additional \$220k of investment payments. The balance is timing of end of year costs into 2015-16.

14. Statement of Performance Targets for 2015-16

Performance target	Level of Achievement		Comment
	2015-16	2014-15	
Non-Financial			
IRIS Advisory Groups meets regularly & is effective (Self-assessed by the Advisory Group, compared to expectations in the Terms of Reference for the Advisory Group)	Achieved	Achieved	The Advisory Group (AG) met every month (except for a single combined meeting for December and January), and these have now moved from voice to video conference meetings. Three in-person meetings were also held across the year. The AG has continued to operate in an effective and constructive manner throughout the year, with the addition of more in-person meetings helping to strengthen the collaborative nature of the group and ensure more in-depth discussion.
95% of Support requests are resolved within agreed timeframes (as per section 13 of Support Contract)	Achieved	Achieved	Section 13 of the Support Agreement sets target response and resolution times for Priority One issues (Critical/Showstopper) only. There were no issues logged at this status during the year. Overall figures for support issues across the 2015/16 year: <ul style="list-style-type: none"> • Open issues as at 30 June 2015 = 28 • Raised between 1 July 2015 and 30 June 2016 = 120 • Closed between 1 July 2015 and 30 June 2016 = 122 • Resolved (to be released) = 10 Open as at 30 June 2016 = 26 (including the 10 resolved issues which will be included in the July 2016 release)
IRIS user groups meet and effectively control their support and minor development budgets.	Achieved	Achieved	User group meetings have been held fortnightly and have been very effective. An in-person User Group meeting was also held in March. This focused on the consents process in order to help drive the exchange of best practice and greater standardisation across the councils. The support and minor development budgets have been effectively managed and controlled throughout the year.

Performance target	Level of Achievement		Comment
IRIS annual development projects have approved business cases, and are completed on time and within budget.	Achieved	Partially achieved	Development projects have progressed based on approved business cases and Statements of Work for each project, and these have been completed within the agreed budget and on time (original indicative timeframes for some projects were adjusted by agreement). Development projects were within the overall budget.
Reporting and Payments (Section 9.3 of Business Plan) are completed on time.	Not achieved	Achieved	The reporting and payments timetable has largely been met, with the exception of the revised Business Plan which did not pass through a formal approval process within the timeframe set out in the reporting timetable.
Consider a new service area or areas outside of the current scope of IRIS ¹	Achieved	Achieved	Business Intelligence and Customer Portal are being planned to compliment the current functionality of IRIS.
Financial	2015-16	2014-15	
RSHL will operate within its budget.	Achieved	Achieved	Expenditure against the available funding has been closely monitored throughout the year and has tracked close to budget overall. In the areas of increased expenditure, such as Management Fees, there have been offsetting under-spends, as in Administration Costs, to ensure the operating expenditure overall aligns to budget.
Annual charges: increase in cost to councils not to exceed the CPI.	Not achieved	Achieved	The annual charges were increased by 3% for the 2015/16 year. Although this exceeds the current CPI, this is in line with assumption made in the 2015/16 RSHL Business Plan of a 3% CPI increase for all costs (section 10.2).
Growth	2015-16	2014-15	
Respond to requests from Councils with the intent of adding one further Council to IRIS as a shareholder or customer by end of 2018	In progress	In progress	In progress. Informal discussions held with three councils who have expressed interest in IRIS.

¹ Consider does not mean commit to do, but to identify & evaluate one or more opportunities

Independent Auditor's Report

To the readers of Regional Software Holdings Limited's financial statements and performance information for the year ended 30 June 2016

The Auditor-General is the auditor of Regional Software Holdings Limited (the company). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages 5 to 14, that comprise the statement of financial position as at 30 June 2016, the statement of financial performance and statement of cash flows for the year ended on that date and the notes to the financial statements that include the statement of accounting policies and other explanatory information; and
- the performance information of the company on pages 15 to 16.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.
- the performance information of the company presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2016.

Our audit was completed on 25 August 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported performance information within the company's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the company.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company.

Clint Ramoo
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand