



Audit and Risk Committee

Notice of Meeting

An Audit and Risk Committee meeting will be held in the Council Chamber, 26 Gordon Street, Dannevirke on **Monday 29 March 2021** commencing following the conclusion of the Audit and Risk workshop.

Bryan Nicholson
Chief Executive

Agenda

- 1. Present**
- 2. Apologies**
- 3. Notification of Items Not on the Agenda**
- 4. Confirmation of Minutes** **3**
Recommendation
That the minutes of the Audit and Risk Committee meeting held on 17 November 2020 (as circulated) be confirmed as a true and accurate record of the meeting.
- 5. Matters Arising from the Minutes not otherwise dealt with in the Agenda**
- 6. Reports**
- 6.1 Adoption of Supporting Information for the Consultation Document 2021/2031** **7**
- 6.2 Adoption of the Long Term Plan Consultation Document 2021/2031** **27**
- 6.3 Draft Audit New Zealand Management Report 2019/2020** **31**

6.4	Progress with Audit New Zealand Findings and Recommendations	71
6.5	Health and Safety	75
6.6	Risk Management	81
7.	Public Excluded Items of Business	

Recommendation

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

Tararua Alliance performance review

Tararua Alliance financial audit

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

<i>General subject matter to be considered</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under Section 48 (1) for the passing of this resolution</i>
<i>Tararua Alliance financial audit</i>	<i>To protect commercial activities</i>	<i>Section (1)(a)(i)</i>
<i>Tararua Alliance performance review</i>	<i>To protect the commercial position of a third party</i>	<i>Section (1)(a)(i)</i>

This resolution is made in reliance on Section 48 (1) (a) 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 or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

s7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

s7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

8. Closure



Audit and Risk Committee

Minutes of an Audit and Risk Committee meeting held in the Council Chamber, 26 Gordon Street, Dannevirke on Tuesday 17 November 2020 commencing at 3.35pm.

1. Present

Mr K Ross (Chairperson), Her Worship the Mayor - Mrs T H Collis (until item 6.1.4), Crs E L Peeti-Webber (Deputy Mayor), A K Franklin, S A Hull, C J Isaacson, P A Johns, K A Sutherland, R A Treder and S M Wards.

In Attendance

Mr B Nicholson	- Chief Executive (until item 6.1.4)
Mr R Taylor	- Governance Manager
Mr P Wimsett	- Manager Strategy and District Development
Mr R Suppiah	- Chief Financial Officer
Mr C McKay	- Finance Manager
Mrs S Walshe	- Senior Financial Accountant
Ms S Lowe	- Risk Manager
Mr B Rush	- Health and Safety Coordinator (until item 6.4)
Ms D Perera	- Audit Director Audit New Zealand
Ms F Quilongquilong	- Audit Manager Audit New Zealand

2. Apologies

- 2.1 Apologies are noted from Her Worship the Mayor - Mrs T H Collis and Chief Executive - Mr B Nicholson for early departure from the meeting due to another commitment.

3. Notification of Items Not on the Agenda

- 3.1 Nil

4. Confirmation of Minutes

- 4.1 *That the minutes of the Audit and Risk Committee meeting held on 18 August 2020 (as circulated) be confirmed as a true and accurate record of the meeting.*

Ross/Hull

Carried

5. Matters Arising from the Minutes not otherwise dealt with in the Agenda

5.1 Nil

6. Reports

6.1 Adoption of the 2019/2020 Annual Report

6.1.1 The Senior Financial Accountant elaborated on significant changes to the pre-audit draft Annual Report submitted in August 2020 with regard to comprehensive revenue and expenses variances.

6.1.2 Council will receive a modified audit report this year regarding its Annual Report as a result of an interpretation on when to record CRM's as a complaint for the water and wastewater measures, being the mandatory water measures required by Department of Internal Affairs.

6.1.3 The qualification on this issue will mean Council will have a modified Audit Report for the next three years until the issue is fully cleared (both current and comparative results).

6.1.4 ***That the report from the Senior Financial Accountant dated 11 November 2020 concerning adoption of the 2019/2020 Annual Report (as circulated) be received, and***

That the Audit and Risk Committee recommend to Council the 2019/2020 Annual Report is adopted upon receiving the modified audit report in accordance with Section 98 of the Local Government Act 2002.

Johns/Sutherland

Carried

6.2 Progress with Audit New Zealand Findings and Recommendations

6.2.1 Her Worship the Mayor - Mrs T H Collis and Chief Executive - Mr B Nicholson departed from the meeting at 3.53pm.

6.2.2 ***That the report from the Chief Financial Officer dated 11 November 2020 concerning progress with Audit New Zealand findings and recommendations (as circulated) be received, and***

That the Audit and Risk Committee note management's progress in addressing the eleven outstanding Audit New Zealand recommendations, and it shall continue to provide updates on this matter as progress is made.

Wards/Johns

Carried

6.3 Health and Safety

6.3.1 *That the report from the Health and Safety Coordinator dated 11 November 2020 concerning health and safety (as circulated) be received, and*

That the Audit and Risk Committee note the following with regard to the focus on health and safety matters and this update:

- *Preparations are ongoing for Council to complete a SafePlus audit in the new year.*
- *Get Home Safe has been chosen as the preferred lone worker monitoring solution.*
- *An independent audit of hazardous substances compliance has been undertaken and a report back to Council is now overdue.*
- *Health and safety risk deep-dive sessions with each department are nearing completion.*

Hull/Johns

Carried

6.4 Risk Management

6.4.1 *That the report from the Risk Manager dated 11 November 2020 concerning risk management (as circulated) be received, and*

That the Audit and Risk Committee note the review of the risk management framework has been completed, and the changes outlined in this report are confirmed, and

That the Audit and Risk Committee note the development of the three-year work programme to focus this committee's direction and form the basis of agenda items for its meetings and workshops.

Hull/Johns

Carried

7. Notified Items Not on the Agenda

7.1 Nil

There being no further business the Chairperson thanked those present for their attendance and contributions, and declared the meeting closed at 4.10pm.

Chairperson

Report

Date : 22 March 2021

To : Chairperson and Committee Members
Audit and Risk Committee

From : Raj Suppiah
Group Manager - Corporate

Subject : **Adoption of Supporting Information for the Consultation Document 2021/2031**

Item No : **6.1**

1. Recommendations:

- 1.1. *That the report from the Group Manager - Corporate dated 22 March 2021 concerning the Adoption of Supporting Information for the Consultation Document 2021/2031 (as circulated) be received, and***
- 1.2. *That this matter be recognised as significant in terms of Section 76 of the Local Government Act 2002 and Council's Significance and Engagement Policy, and***
- 1.3. *That the Audit and Risk Committee recommend to the Council that it:***
- a) adopt the policies, strategies and documents detailed in paragraph 13 of this report as information defined as supporting information for the Draft Long Term Plan 2021/2031, and***
 - b) in accordance with Section 100 of the Local Government Act 2002, the Council confirm the Draft Long Term Plan 2021/2031 budgets have been prepared based on reasonable judgement and assumptions, and it considers the projected financial results, including the projected operating deficit over the ten year period to be financially prudent given its financial position, the cumulative surplus projected over the ten year period and its financial management policies, and***
- 1.4. *That the Chief Executive is authorised to approve any final edits required to the supporting information to finalise the documents for distribution.***

2. Reason for the Report

- 2.1. This report is for the Audit and Risk Committee to review the supporting information for the Consultation Document, and recommend to the Council the adoption of the supporting information that provides the basis for the preparation of the Draft Long Term Plan 2021/2031 (Draft LTP) and the Consultation Document for consultation with the community.

3. Background

- 3.1. Council is required by legislation to adopt a LTP and review it every three years.
- 3.2. The process to develop Council's LTP 2018/2028 began in October 2019 with the first Council workshop in February 2020.
- 3.3. The Local Government Act 2002 (LGA) sets the requirements for consultation. The LGA states that the consultation material and process should provide an effective basis for the public to participate in local authority decision-making processes.
- 3.4. Information that reflects the decisions of the elected members has been prepared. This information is termed the supporting information. The supporting information forms the basis for the Consultation Document and preparation of the LTP.
- 3.5. The supporting information attached for Council's review and adoption are:
 - a) Draft Long Term Plan 2021/2031;
Contained within this document are the following key strategies and information:
 - i. Financial Strategy
 - ii. Financial Prudence Benchmarks
 - iii. Revenue and Financing Policy
 - iv. Rates Funding Impact Statements and Rating Policy
 - v. Rates Remission Policy
 - vi. Forecast Financial Statements and Accounting Policies
 - vii. Significant Forecast Assumptions and Risks
 - viii. Activity Profiles and Performance Management Framework
 - ix. Building community with tangata whenua
 - b) Asset Management Policy
 - c) Infrastructure Strategy
 - d) Treasury Risk Management Policy
 - e) Significance and Engagement Policy
 - f) Draft Fees and Charges 2021/2022

4. Key Messages

- 4.1. This LTP has arguably been one of the more challenging to undertake.
- 4.2. Council are faced with new challenges and exciting opportunities, and this Long Term Plan details Council's strategies, outcomes, and outputs. The following paragraphs summarises the key messages/highlights in this Draft LTP.

5. Council Vision, Mission, Outcomes and Strategy

- 5.1. With the reinstatement of the community four well-beings and continuing to deepen Council's relationships with its iwi partners, Council developed a new Vision and Mission together with these partners.



- 6.
- 6.1. This naturally meant the re-write of Council Outcomes and followed through to the Strategic Outcomes. The Council Outcomes focused on the four well-beings.



6.2. The Strategic Objectives then focused on

- Delivering Resilient Infrastructure
- Prudent Financial Management
- Growing Strong Communities
- Building a Vibrant Economy

6.3. The underlying strategies, programme of work and funding requirements reflect these new priorities.

6.4. Refer to the section on *Our vision, mission, outcomes, and strategy* of the Draft LTP for details on the changes made to the Council's Vision, Mission, Council outcomes and Strategic Objectives.

7. Financial Strategy

7.1. The Financial Strategy is at the core of the Draft LTP – *“The Financial Strategy provides a financial framework for making decisions, and outlines how Council intends to manage its finances prudently for the next 10 years, and the impacts on rates, debt, levels of service, and investments.”*

7.2. This strategy outlines the issues and challenges in the Long Term Plan, how Council intends to respond and the resulting outcomes and impacts.

7.3. In the 2018/2028 LTP the strategies in the Financial Strategy were focused on Affordability (rates increase), depreciation funding (fund renewals and intergenerational equity) and a balanced budget.

7.4. In the 2021/2031 LTP Council are facing significant challenges and cost increases due to the impacts of things like Covid-19, population growth, land use change, climate change and regulatory reform that require a more integrated strategy.

7.5. The 2021/2031 Financial Strategy assesses the current state, discusses challenges and opportunities, clearly states Council's strategies, how it is responding to the challenges and opportunities, and finally the desired future state.

7.6. The key theme of this Financial Strategy is creating financial headroom to enable Council to respond in the future to opportunities and challenges as they arise.

7.7. To achieve these the strategy focuses on the following inter-linked key strategic directions that enable Council to achieve its strategic goals, whilst ensuring financial sustainability and prudence by leaving headroom for the unknown:

WHAT	REASON
Introduce a debt repayment programme	Ensures Council has continued financial resilience whilst continuing to invest in infrastructure that meets existing community needs and enables future growth.
Increase Councils debt limit against revenue from 100% to 150% (LGFA covenant is 175%)	to enable Council's capital investment programme
Increase Councils rates limit	to service the increase debt levels and fund operational cost increases resulting from growth, increased service levels, and increased compliance costs
Continue to explore alternative funding streams	To meet the objectives of Councils pricing strategy and ensure opportunities for external funding is maximised.
Grow the rating base	Spreads the cost of Council services across more people, reducing the burden on existing ratepayers.
Fund an appropriate level of depreciation for future asset renewals.	Council may choose to fund a level of depreciation that is different to the depreciation expense based on modelling of expected renewals over the next 30+ years.

7.8. Refer to the section on *Financial Strategy* in the Draft LTP.

Key Changes to Council's Rating Policies

7.9. Council regularly reviews areas of its revenue and financing, and remissions policies to ensure they are aligned to and enable the strategic outcomes in the Financial Strategies. The key changes are:

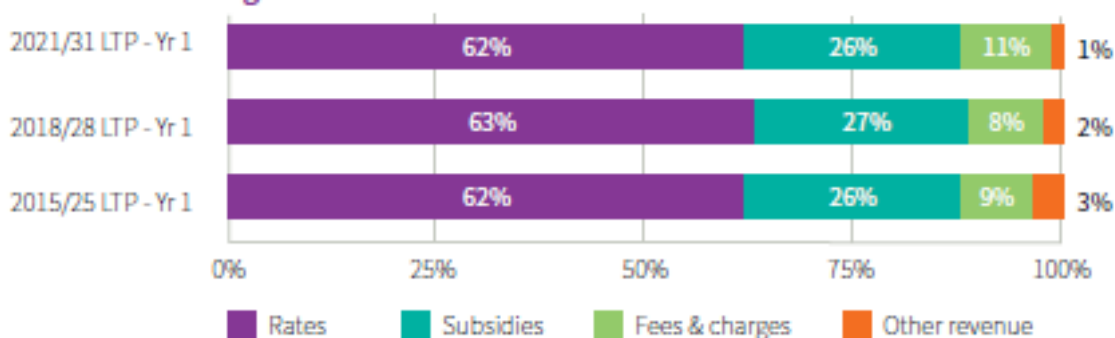
Sources of Funding

7.10. For some time, Council has been introducing a user pays approach for those services that are for the benefit of users as opposed to the public good for all ratepayers. This process is continuing, and it is anticipated there will be continued increases in some fees for services in future.

7.11. To balance the burden of increasing costs on ratepayers, Council has reviewed its fees and charges against the pricing strategy it set in the 2015-2025 Long Term Plan. One of the objectives in this strategy is to recover the cost of activities that direct users can be identified through fees and charges. A significant increase in user charges for building and planning services, as well as dog registration fees are proposed in year 1 of this LTP. The increase in user charges for year 1 of the LTP reduced the rates increase by just over 1%.

7.12. The key changes to the Fees & Charges are detailed in Paragraph 10 of this report.

Source of funding



- 7.13. Council is also looking at introducing a targeted forestry rate and development contributions. These are discussed in the Consultation Document.

Uniform annual general charge

- 7.14. The uniform annual general charge (UAGC) is a specific levy of an equal amount on each rating unit. The UAGC is applied as a fixed amount to every rating unit within the district and does not vary with the value of the rating unit. Following the significant property value increases the district has experienced in the new rating valuations, Council has adjusted the current range of 27% to 30% of the rates requirement to be recovered by way of a UAGC to 25% to 29% in this LTP.

New Targeted Kerbside Recycling Rate

- 7.15. With the introduction of the new kerbside recycling services that will benefit mainly urban ratepayers and rolled out by towns.

3% discount from full payment of rates

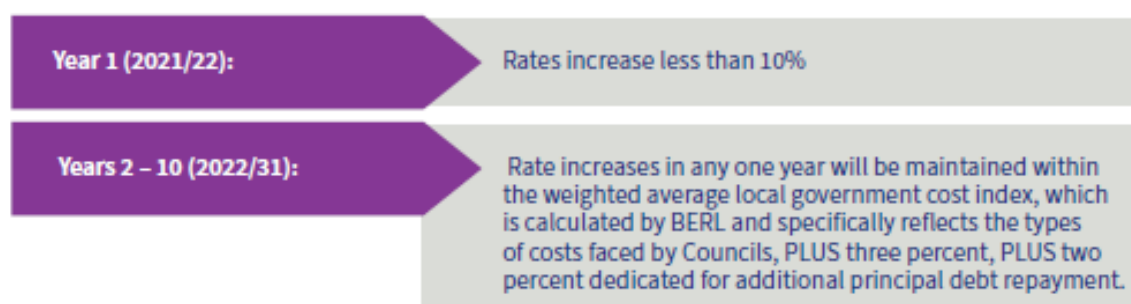
- 7.16. Council had provided for a 3% discount to ratepayers who pay the full rates on or before the 1st Rates Instalment. This scheme was introduced when interest rates were very high (8%-10%) and the money collected earned interest and helped offset rates. However, given the very low interest rates in the current market this scheme is being subsidised by other ratepayers in the district.
- 7.17. Hence in this LTP, Council is proposing to remove the 3% discount and reconsider this again in the 2024/2034 LTP if market conditions improve.

Remissions Policy on Maori Freehold Land

- 7.18. Council recognises the unique challenges in rating Maori Freehold Land and has proposed a new remissions policy on Maori Freehold Land with the aim to provide rates relief to Maori freehold land held that meet defined conditions.
- 7.19. Refer to the Draft Long Term Plan 2021-31 for further details on these changes.

Increases in Council Rates Limit

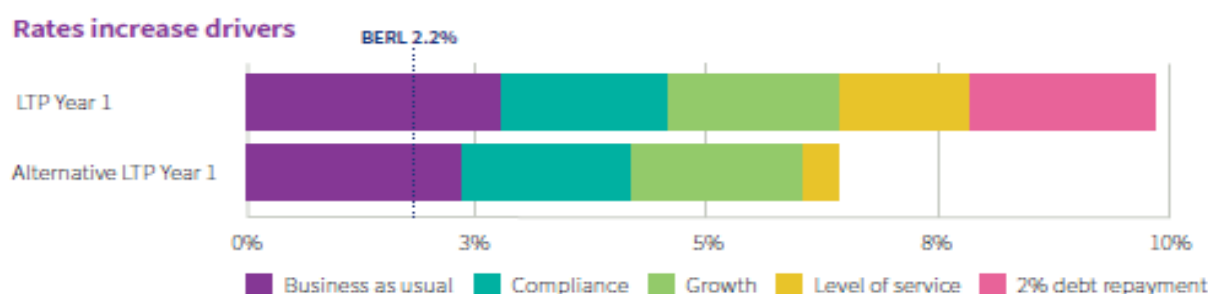
- 7.20. Over the previous 9 years, Council has maintained rates at relatively low levels despite record investment in infrastructure. However, due to the challenges outlined in the Financial Strategy, a period of higher rates increases is needed.
- 7.21. Council has resolved to change the rates limit in the 2018-2028 LTP from BERL (Local Government Cost Index) plus two percent a year to the following new limits:



- 7.22. The two percent debt repayment above is subject to the Debt Repayment option chosen from the Right Debate item in this Consultation Document.

Rates Increase for Year 1

- 7.23. The proposed rates increase for year 1 is 9.83%, which is noticeably the largest increase in the past decade. The graph below highlights the key drivers for the rates increase in year 1 of the LTP.



- 7.24. The graph also shows the alternate Year 1 where Council significantly reduce its service levels. In the Consultation Document, though Council provide options, it discusses the risk the alternative year poses and explains why the proposed strategies in the Financial Strategies are critical to the district's success.

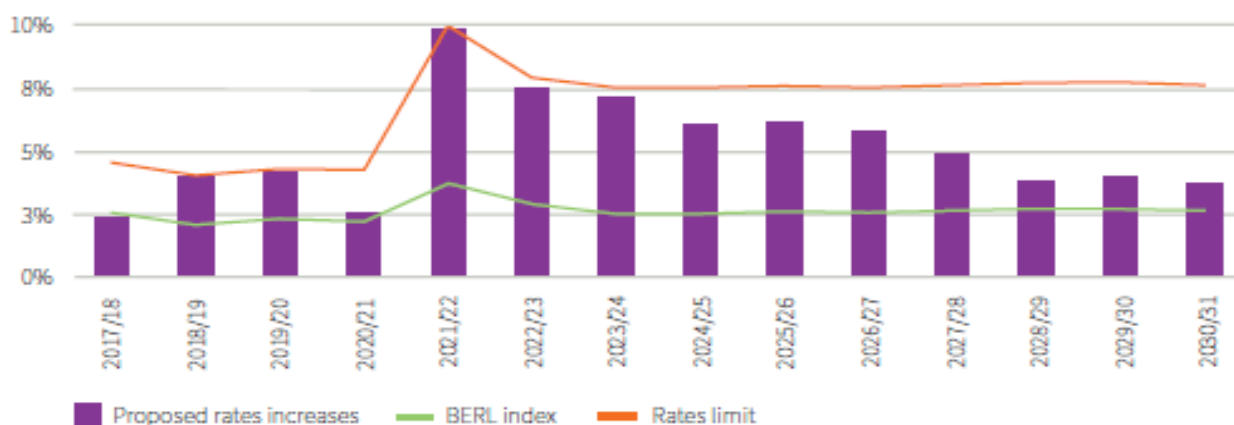
Rates Increases in the LTP

- 7.25. The average rates increase in this LTP is 5.87% compared to 3.54% in the 2018 LTP and 2.72% in the 2015 LTP – see table and graph below. The trend is obvious - impacts of things like Covid-19, population growth, land use change, climate change, regulatory reforms, and increases to service levels are costly.

Rates Forecast - Proposed Rates Increases	2017/18	2018/19	2019/20	Current Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Proposed Rates Increases	2.3%	4.0%	4.1%	2.5%	9.8%	7.5%	7.1%	6.0%	6.1%	5.8%	4.9%	3.8%	4.0%	3.7%
BERL Index	2.5%	2.1%	2.3%	2.2%	3.7%	2.9%	2.5%	2.5%	2.6%	2.5%	2.6%	2.7%	2.7%	2.6%
Rates Limit	4.5%	4.1%	4.3%	4.2%	10.0%	7.9%	7.5%	7.5%	7.6%	7.5%	7.6%	7.7%	7.7%	7.6%

The proposed rates increases for the 10 year plan 2021-2031 are as follows:

Rates forecast - proposed rates increases



Sector Rates Increases

- 7.26. The table below shows the sector rates distribution, the Uniform Annual General Charge (UAGC) rates cap and charge per rating assessment.

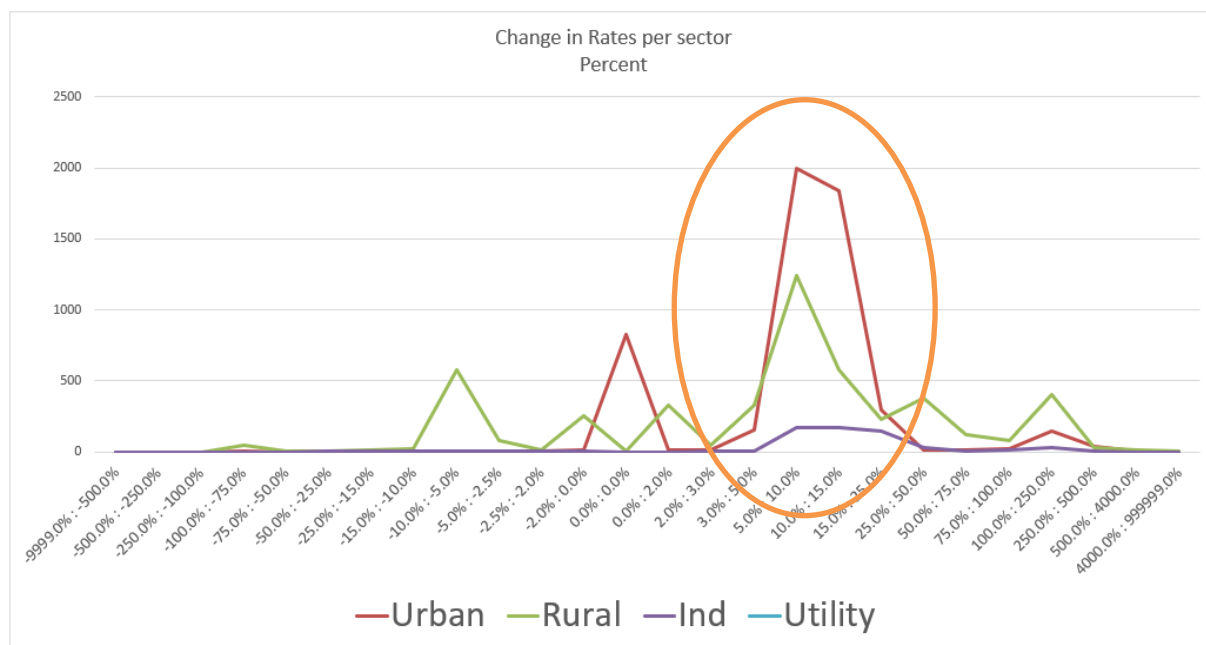
	Year 1 LTP	Current Year
Rates Cap:	25.89%	29.71%
UAGC :	\$558.53	\$590.31

Sector	Current Year	Year 1 LTP	% Change
Urban	10,816,389	12,053,269	11.44%
Rural	14,554,748	15,843,834	8.86%
Ind	2,066,931	2,248,252	8.77%
TOTAL RATES	27,438,068	30,145,355	9.87%

- 7.27. The rates cap is lower than the current year. This is Council's desire to balance rates affordability and rates equity (user pays). The significant shift in the results of the 2020 rating valuations make this challenge more difficult.
- 7.28. The snip below of the analysis done shows the percentage change in land value (LV) for the 3 sectors.

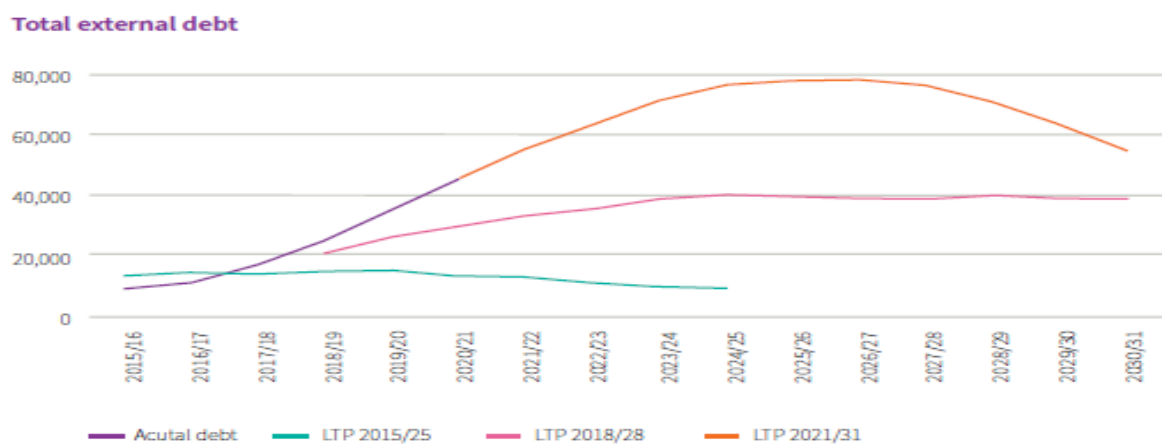
Rates Breakdown	LV Variance %	Rating Units
North	32.84%	5219
Ind/Com Nth Ward	88.42%	316
Rural Nth Ward	23.74%	2417
Urban Nth Ward	174.80%	2486
South	31.45%	4661
Ind/Com Sth Ward	55.24%	283
Rural Sth Ward	22.70%	2384
Urban Sth Ward	179.91%	1994
Total	32.19%	9880

- 7.29. The detailed analysis of the rates increases impact in the graph below, on all ratepayers shows a wider distribution of rates. But there is a concentration around the 5% to 15%. This wider distribution is a primarily the result of the rating valuation where roading and general rates, which make up 57% of total rates, are allocated on land values.
- 7.30. To compound the issue further, the 3 waters targeted rates (mainly impacting urban ratepayers) has increased by 9.2% in Year 1 compared to current year.

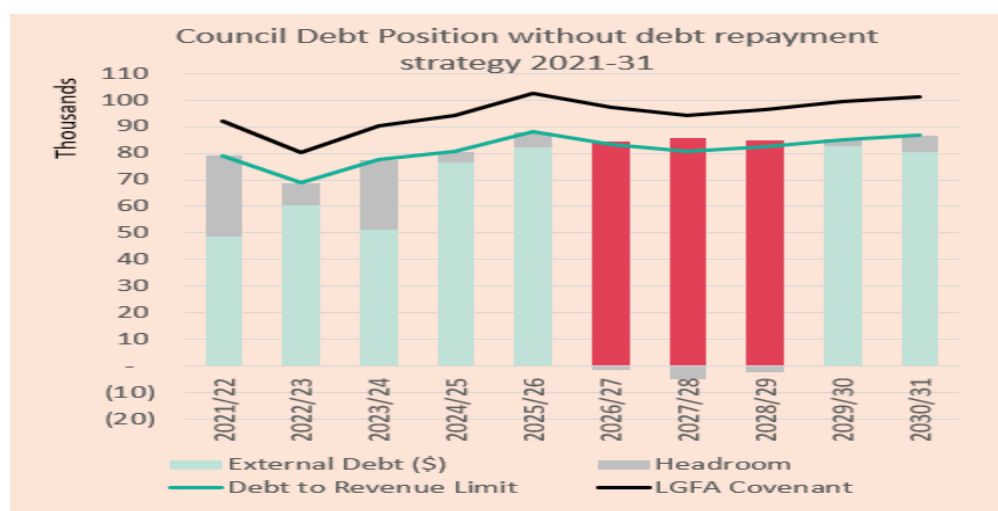
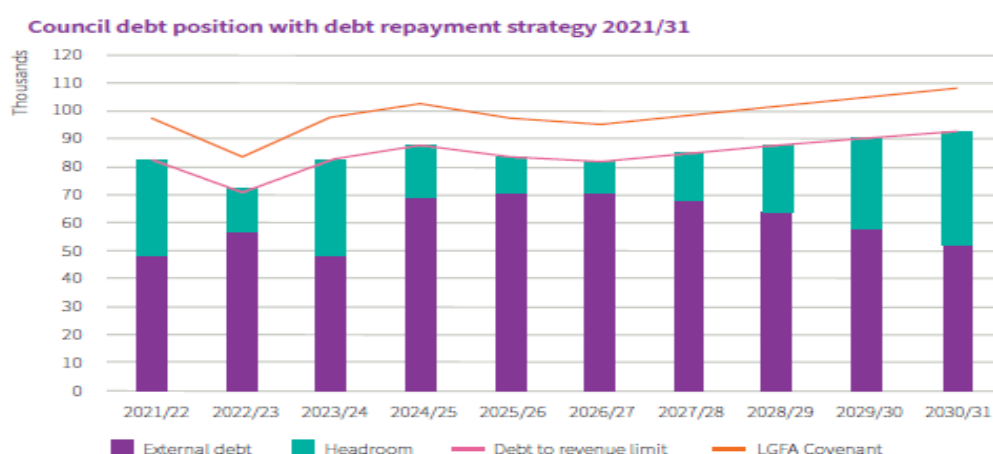


Infrastructure Investment and Managing Growing Debt

- 7.31. Over the past decade Council has been investing heavily in improving core infrastructure, whilst gradually increasing planned asset replacements. This theme continues in the proposed Long Term Plan and in addition Council is preparing for future investments in community and recreation facilities that meet the changing needs of current and future residents.
- 7.32. As a result, Council's external debt is projected to increase significantly from \$45 million to \$80 million in 2025/26 as shown in the graph below.



- 7.33. To enable this investment, the Council has increased one of its debt limits, Net Debt as a Percentage of Revenue, from “no greater than 100% of revenue”, to “no greater than 150% of revenue”.
- 7.34. External debt repayment is currently provided from surplus cash from depreciation reserve funding (used to fund the replacement of long-term assets). Council’s infrastructure is aging, and planned renewals are increasing, meaning that there is no longer sufficient surplus cash to repay external debt.
- 7.35. The need to introduce a debt repayment programme was previously signalled in the 2018 Financial Strategy, but not beginning until 2025/26. Council needs to bring this strategy forward to 2021/22 to enable Council to fund its capital programme and create the financial headroom needed to respond to new opportunities and challenges as they arise. Therefore, Council is introducing a debt principal repayment programme funded at 2% rates increase per year over the course of this LTP.
- 7.36. The graph below shows the financial headroom that is created for future borrowing from this strategy. Without this strategy, Council would breach its revenue to net debt limit in year 2026/27. The second graph shows the risk (lack of headroom) if Council do not introduce a debt management strategy.



Our Future State

- 7.37. The Financial Strategy also indicates where Council expects to be in year 10 of the Draft LTP.
- 7.38. Council is planning on investing heavily to upgrade assets, prepare for growth, improve levels of service, and improve the well-being of the community.
- 7.39. In achieving Council's vision, by 2031 it would have:
- Built a sustainable level of ongoing debt principal repayment resulting in debt levels reducing after a period of steady increase.
 - Planned for growth and be maximising the benefits of growth in the district.
 - Completed significant capital investments to improve infrastructure and meet the needs of a growing district.
 - Invested in improving community facilities for residents to enjoy.
 - Promoted and supported a resilient, safer, and cared for community.
 - Significantly improved the safety and resilience of the roading network
 - Made significant progress in building a connected community (digital and physical infrastructure).
 - Undertaken significant renewals on ageing reticulation networks, significantly reducing the risk of network failures.
- 7.40. Council will continue to monitor progress against "Our Future State" and take stock at the 2021/31 Long Term Plan.

8. Infrastructure Strategy

- 8.1. As with most councils around New Zealand, Tararua District Council is faced with the ongoing challenge of meeting ever-increasing regulatory, compliance and health standards for infrastructure (water, wastewater, stormwater, and transport) while maintaining affordability for ratepayers.
- 8.2. The challenges in the Infrastructure Strategy are similar to the Financial strategy i.e. affordability, climate change, growth, and legislative changes.
- 8.3. Though it is believed Council's infrastructure assets are in overall good condition for their age, there is still a lot of gaps in knowledge of the condition and performance of some of the infrastructure.

- 8.4. This challenge is made even more difficult as the effects of under-investment in infrastructure renewal over the last few decades and gaps in knowledge of the condition and performance of some of Council's infrastructure is starting to emerge and proving a challenge. Council are not able to make good strategic decisions.
- 8.5. Hence, in preparing Council's 30-year infrastructure strategy it is taking the following key strategic responses:
- Continue to improve knowledge and understanding of existing infrastructure.
 - Undertake ongoing maintenance and renewal programmes to meet current levels of services and extend the life of existing infrastructure where possible.
 - Address existing deficiencies in key areas such as meeting NZ Drinking Water Standards, compliance with wastewater discharge consents and undertaking minor road safety improvements
 - Address known key network performance issues such as reducing stormwater that gets into the wastewater network and removing the risk of water backflow from properties into the network.
 - Improving infrastructure resilience such as upgrades to Route 52 and increasing water storage ability.
 - Providing for minor extensions to infrastructure to accommodate population growth in the district's larger towns.

9. Levels of Service and Performance Measures

- 9.1. Levels of service are outputs that Council expects will be generated by an activity. Good levels of service flow from the rationale for service delivery and demonstrate a customer focus.
- 9.2. Levels of service are attributes that either demonstrate value to the community or are key to the way the public uses or experiences the activity.
- 9.3. Council do that with having an overarching defined performance management framework. For each activity Council then have established performance measures and targets that will demonstrate 'value for money' and performance against these targets.
- 9.4. Performance management is the process of determining objectives, measuring progress against those objectives, and using the results to improve a local authority's delivery of services to the community.

- 9.5. Timely, relevant performance information helps demonstrate 'value for money' to the public. This means the information Council report must mean something to the community, elected members, and staff.
- 9.6. Performance management helps elected members and staff assess whether the Council's policies and services are making the community's lives better. Performance management is not just a legal requirement, it explains what Council is doing and why.
- 9.7. These are detailed in the "Performance Measures" section for each activity. In the Draft LTP Council are proposing a total of 100 performance measures compared to 112 in the 2018/28 LTP. See table below
- 9.8. Council have introduced 16 new measures, increased the levels of service (LOS) for 10 and reduced LOS for 8 measures.

	2018/28 LTP	Proposed in 2021/31 LTP				TOTAL
		Same LOS	Increase LOS	Decrease LOS	New	
Community Development	2	1			4	5
Representation	3	3				3
Cemeteries	2	2				2
Community Buildings	2	2				2
Customer Services	4	1		3		4
Libraries	3	3				3
Parks and Reserves	3	3				3
Pensioner Housing	2	1	1			2
Public Conveniences	3	1		2		3
Swimming Pools	4	2		1		3
Commercial Investments	1					0
Economic Development	6	3	1			4
Animal Control	3	1			2	3
District Planning	3			1	1	2
Emergency Management	3				3	3
Health & Safety	6	1		1	5	7
Solidwaste	5	3	2			5
Stormwater	9	9				9
Footpath	3	2			1	3
Roading	14	6				6
Wastewater	14	10	3			13
Water Supplies	17	12	3			15
TOTAL	112	66	10	8	16	100

9.9. The notable changes are:

Activity	Key Changes
Community Development	<ul style="list-style-type: none"> This is a new activity and replaces Community Support Introduced 3 new measures
Customer Services	<ul style="list-style-type: none"> Reduce service levels for customer satisfaction surveys and abandoned calls.

Emergency Management	<ul style="list-style-type: none"> • New measures to reflect the focus of this activity on training and stakeholder management (lead collaboration and coordination between entities).
District Planning	<ul style="list-style-type: none"> • The percentage of non-notified resource consent applications processed within statutory timeframes reduced from 100% to 95%.
Health & Safety	<ul style="list-style-type: none"> • The percentage of building consent applications processed within statutory timeframes reduced from 100% to 95%.
Roading	<ul style="list-style-type: none"> • 7 technical measures have been removed as they have no relevance to the ratepayers.
Solid Waste Management	<ul style="list-style-type: none"> • Measures for waste to landfill and tonnage of recycled materials though have a lower level of service in year 1, they gradually increase by year 4.

10. Fees and Charges

10.1. Council's Revenue and Financing Policy details how each activity will be funded. It also determines funding splits, i.e. public vs private good, rates vs fees and charges.

10.2. The following are the critical changes to the draft fees and charges 2021-2022:

Fee	The Changes
Cemetery Interments	An increase in the charge for adult interments from \$1,000 to \$1,400, Ashes interred into the ground from \$90 to \$150. This reflects the actual cost of providing the service
Purchase of Plots	An adult plot is to increase from \$900 to \$1000.
Pensioner Housing	(Applies from 1 Jan 2022) Increase in rentals from \$120 to \$140 for 1-bedroom flats for all except Eketahuna. Eketahuna increases from \$115 to \$125 per week. Two Bedroom units increase from \$170 to \$190 per week. These reflect the funding required to continue to invest in pensioner housing, and reflects the steep movements in market rentals in Tararua
Regulatory Fees	Significant increases in building and planning consent fees are proposed. Council is proposing to move towards user pays for these services. The increase in demand for these services has resulted in the need to significantly increase resources over the previous 2 years.
Animal Control Fees	Increase urban domestic dog registrations from \$95 to \$115, working and rural dogs from \$40 to \$50, and preferred owner from \$50 to \$65.

Fee	The Changes
	The pricing objectives of this activity requires 75 – 85% of the costs to be recovered through user charges, necessitating an increase in fees to become compliant with this objective
Solid Waste Disposal	Dannevirke weigh bridge charges to increase from \$258 to \$290 per tonne. This reflects the increased costs in transporting and disposing of waste and include the increase in government levies and taxes on waste.
Water Supplies	The administration charge for metered water charges has increased from \$15 per quarter to \$20 per quarter. Council expect this to reduce when it gains efficiencies when it fully rolls out electronic meters.

11. Balanced Budget

- 11.1. Section 100 of the Local Government Act 2002 requires Council to ensure that for every year of the Long Term Plan, its projected operating revenues are set at a level sufficient to meet its projected operating expenditure.
- 11.2. Council may set projected operating revenues at a different level from that required, if Council resolves that it is financially prudent to do so.
- 11.3. In assessing a financially prudent position, Council considers:
- The estimated expenses of achieving and maintaining the predicted levels of service set out in the Draft LTP, including the estimated expenses associated with maintaining the service capacity and integrity of the assets throughout their useful life; and
 - The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
 - The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
 - The funding and financial policies.
- 11.4. The Council's overall approach is to operate in a fiscally prudent and conservative manner. To achieve this, Council endeavours to keep rates increases at an affordable level to deliver on service levels and maintain and renew its infrastructure assets.
- 11.5. Due to the introduction of its debt repayment programme, and Route 52 upgrade project that is 100% subsidised, Council balances its budget in all years of this LTP except for 2023/24. The main driver for this deficit is Council choosing not to fully fund asset depreciation. This is due to:

- Maintenance and renewal costs of roading are funded (66%) by NZ Transport Agency by way of a subsidy. Council only rates for its share of the depreciation expense being 34%.
- The housing activity is self-funding from rental income. This activity continues to build reserves sufficient to renew and upgrade housing assets in future years. The annual rental income is sufficient to cover operational expenses.
- Some assets will not be identically replaced due to a change in needs. An example of this is replacing a multi-story building with single-story building. Hence, Council will only fund for the estimated replacement cost of a single-story building.
- Council earns interest on the depreciation funds it collects. In determining the level of deprecation funding required, Council has considered the effect of compounding interest.

12. Significance Assessment

- 12.1. The adoption of the supporting information for the LTP is a decision that is recognised as significant in terms of Section 76 of the Local Government Act 2002 and Council's Significance and Engagement Policy.

13. Conclusion

- 13.1. The supporting information attached for the Audit and Risk Committee to review and recommend to the Council to adopt for consultation are:

a) Draft Long Term Plan 2018/19

Contained within this document are the following key strategies and information:

- i. Financial Strategy
 - ii. Financial Prudence Benchmarks
 - iii. Revenue and Financing Policy
 - iv. Rates Funding Impact Statements and Rating Policy
 - v. Rates Remission Policy
 - vi. Forecast Financial Statements and Accounting Policies
 - vii. Significant Forecast Assumptions and Risks
 - viii. Activity Profiles and Performance Management Framework
 - ix. Policy on the Development of Maori Capacity to Participate in Council Decision-Making
- b) Asset Management Policy
- c) Infrastructure Strategy
- d) Treasury Risk Management Policy
- e) Significance and Engagement Policy

f) Draft Fees and Charges 2021/2022

Attachments

Nil.

Report

Date : 22 March 2021

To : Chairperson and Committee Members
Audit and Risk Committee

From : Raj Suppiah
Group Manager - Corporate

Subject : **Adoption of the Long Term Plan Consultation Document
2021/2031**

Item No : **6.2**

1. Recommendation

- 1.1 *That the report from the Group Manager - Corporate dated 22 March 2021 concerning the Adoption of the Long Term Plan Consultation Document 2021/2031 (as circulated) be received, and*
- 1.2 *That this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002 and Council's Significance and Engagement Policy, and*
- 1.3 *That the Audit and Risk Committee recommend to the Council the adoption of the Consultation Document 2021/2031 for consultation with the community, and*
- 1.4 *That the Chief Executive is authorised to approve any final edits required to the Consultation Document in order to finalise the document for printing and distribution.*

2. Executive Summary

- 2.1 Council is required to have a Long Term Plan (LTP) and must use the special consultative procedure in adopting the LTP. The Local Government Act 2002 (LGA) requires a Consultation Document to be prepared and adopted in accordance with Section 93A(1)(a).
- 2.2 Following the adoption of the Consultation Document and supporting information for consultation, formal consultation will commence on 12 April 2021.
- 2.3 The Project Team has developed a Consultation Plan that details how Council will consult with the community on this LTP.

3. Reason for the Report

- 3.1 To adopt the Consultation Document 2021-2031 for consultation with the community as required by the Local Government Act (the Act).

4. Purpose of consultation document for long-term plan as required under the Local Government Act 2002

- 4.1 Council is required to have a Long Term Plan (LTP) and must use the special consultative procedure in adopting the LTP. The Local Government Act 2002 (LGA) requires a Consultation Document to be prepared and adopted in accordance with Section 93A(1)(a).
- 4.2 As per Section 93B of the LGA, the purpose of the consultation document is to provide an effective basis for public participation in local authority decision making processes relating to the content of a Long Term Plan by:
 - a) providing a fair representation of the matters that are proposed for inclusion in the Long Term Plan, and presenting these in a way that:
 - i. explains the overall objectives of the proposals, and how rates, debt, and levels of service might be affected; and
 - ii. can be readily understood by interested or affected people; and
 - b) identifying and explaining to the people of the district or region, significant and other important issues and choices facing the local authority and district or region, and the consequences of those choices; and
 - c) informing discussions between the local authority and its communities about the matters in paragraphs (a) and (b).

5. The Consultation Document

- 5.1 The Consultation Document sets out a number of issues and options around proposals for Council's Long Term Plan. It aims to capture the key challenges facing the district and the major proposals for the 10 years of the Plan.
- 5.2 The Consultation Document has been presented in the following way:
- **Mayor's message**
 - **Our Vision & Mission, Council Outcomes and Strategic Objectives**
 - **Right Debate** - Council is consulting on four issues
 - **There's plenty more to discuss** – Council is informing the communities of the challenges and opportunities in nine other areas,
 - **Financial Strategy** – highlighting 6 key strategic directions in the Financial Strategies
 - **Infrastructure Strategy** - significant capital investment for the 10 years of the Plan
 - **Audit Report**
 - **Your submission**
- 5.3 These are detailed in the Consultation Document attached.

6. Consultation

- 6.1 Following the adoption of the Consultation Document and supporting information for consultation, formal consultation will commence on 12 April 2021. The Project Team has developed a Consultation Plan that details how Council will consult with the community on this LTP.
- 6.2 In addition to having the Consultation Document publicly available, Council will also use the following ways to engage with the community:
- a) Each ratepayer will be sent a mock invoice detailing the proposed rates for their property and a Long Term Plan pamphlet.
 - b) Council will advertise in the Bush Telegraph (a centre spread) that summarises the Consultation Document and informs the reader of consultation timelines and how to make a submission.
 - c) Road shows in April – The Mayor, Councillors and staff will visit seven towns across the district (Norsewood, Dannevirke, Woodville, Pahiatua, Eketahuna, Herbertville and Pongaroa) to discuss the Consultation Document and the Long Term Plan with the community.
 - d) Council will have a dedicated LTP page on the Council website. Public will be able to download the Consultation Document and make on-line submissions on this page. Council will also have Homepage advertising the LTP on the website.

- e) Council will advertise LTP Consultation via Facebook and radio during the consultation period. Advertising posters will also be produced for display at Libraries and Service Centres.
- f) In the event there are changes to Covid-19 levels, Council will change its community consultation accordingly which has been factored into the Consultation Plan.

7. Significance Assessment

- 7.1 The Consultation Document is the key consultation tool for the Council's Long Term Plan. Council will have to use the special consultative process for this consultation to be compliant with the Act and Council's Significance and Engagement Policy.

Attachments

Nil.

Report

Date : 22 March 2021

To : Chairperson and Committee Members
Audit and Risk Committee

From : Sarah Walshe
Senior Financial Accountant

Subject : **Draft Audit New Zealand Management Report 2019/2020**

Item No : **6.3**

1. Recommendation

- 1.1 *That the report from the Senior Financial Accountant dated 22 March 2021 concerning the Draft Audit New Zealand Management Report 2019/2020 (as circulated) be received and,*
- 1.2 *That the Audit and Risk Committee acknowledge a modified audit opinion was issued by Audit New Zealand in respect of the 2019/2020 Annual Report, and note the following matters arising from the audit:*
- *Recording of complaints is not in line with Department of Internal Affairs guidance*
 - *Leave Support Scheme eligibility and refund*
 - *Roading valuation improvement points*
 - *No central register of all contractors and non-staff people working for Council*
 - *One verbal recommendation regarding payroll reconciliations*

2. Reason for the Report

- 2.1 To update the Audit and Risk Committee on the 2019/2020 Annual Report audit findings and management report. The final audit report is attached in the Appendix.

- 2.2 The progress against audit recommendations will be discussed in detail in a separate report.

3. 2019/20 Annual Report

- 3.1 Council was issued an unmodified opinion for the Financial Statements and a modified opinion for the Statement of Service Performance by Audit New Zealand for the year ended 30 June 2020.
- 3.2 Council was qualified on its Statement of Service Performance as the auditors while completing their work were limited with respect to the verification of the number of complaints regarding the DIA for some services.

This has resulted from interpretation of when to record CRM's as a complaint for the water and wastewater measures being the mandatory water measures required by Department of Internal Affairs (DIA). Staff and the after-hours service record the first call to an event only as a complaint, with after-hours only logging an information request for subsequent calls, and Council's internal customer services only recording subsequent notifications if requested by the customer.

The audit team has indicated that every call must be logged as a complaint (e.g. if ten people call to notify Council of one leaking pipe, then staff should record ten complaints against drinking water pressure or flow). In addition, only the first call should be measured for response times to the event (e.g. water leak).

However, this creates significantly greater administration work as staff will need to then identify and link every call notification to the first notification in a manner that records the total number of complaints, but not the response time.

The qualification on this issue will mean Council will have a modified Audit Report for the next three years until the issue is fully cleared (both current and comparative results).

- 3.3 The report states the Financial Statements are free from material misstatement, including omissions. During the audit, any misstatement was discussed with management and adjusted as required. Council does however have one uncorrected misstatement being the non-consolidation with Tararua Aquatic Centre Community Trust.
- 3.4 The draft detailed management report from Audit New Zealand – Year Ended 30 June 2020 is attached.

4. Matters Identified During the Audit

- 4.1 Impact of COVID-19 where no significant issues or deficiencies arising due to COVID-19, and Audit was satisfied that the related disclosure in the Annual Report was appropriate and reasonable.

- 4.2 Revaluation of infrastructure assets where Audit found the revaluations were carried out in accordance with PBE IPSAS 17 *Property, Plant and Equipment* and the revaluation movements were correctly accounted for and supported with one area identified for improvement.
- 4.3 Property, plant, and equipment for fair value assessments and impairment assessments where Audit was satisfied that there was no material difference between the fair value and carrying value of property, plant and equipment.

5. New Recommendations Raised

- 5.1 Audit identified and raised 4 new recommendations for Council to implement of which all are in progress to be implemented prior to 30 June 2021 (listed below). One verbal recommendation was raised of which Council has implemented and the consolidation of the Tararua Aquatic Community Trust continues to be recommended. For full details and managements comments see attached draft management report from Audit New Zealand.
- Recording of complaints not in line with DIA guidance
 - Leave Support Scheme eligibility and refund
 - Roading Valuation – Improvement points
 - No Central register of all contractors and non-staff people working for Council
 - One verbal recommendation regarding payroll reconciliations

Attachments

- 1 [↓](#). Tararua District Council Draft Management Report 2019-2020 Annual Report

Report to the Council on the audit of

Tararua District Council

For the year ended 30 June 2020

Contents

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Key messages

We have completed the audit for the year ended 30 June 2020. This report sets out our findings from the audit and draws attention to areas where the Tararua District Council (the District Council) is doing well and where we have made recommendations for improvement.

1 Audit opinion

We issued an unmodified opinion for the District Council's financial statement and a modified opinion for the District Council's Statement of Service Performance for the year ended 30 June 2020, on 9 December 2020. We qualified the Statement of Service Performance because our work was limited with respect to the verification of the number of complaints for some services.

In common with all other Councils, the audit opinion included an "emphasis of matter" paragraph to draw the users' attention to the relevant notes in the annual report that describe the impact of COVID-19 on the District Council.

2 Key matters identified during the audit

- **Statement of service performance.** We found that recording of complaints were not in line with Department of Internal Affairs (DIA) guidance. We make recommendations in section 4.1 to address this issue.
- **Impact of COVID-19.** We did not identify any significant issues or deficiencies arising due to COVID-19. We are satisfied that the related disclosure in the annual report were appropriate and reasonable.
- **Revaluation of infrastructure assets.** Overall, we found the revaluations were carried out in accordance with PBE IPSAS 17 *Property, Plant and Equipment* and that the revaluation movements were correctly accounted for and supported. We make recommendations in section 4.2 on areas identified for improvement.
- **Property, plant, and equipment fair value assessments and impairment assessments.** We are satisfied that there is no material difference between the fair value and carrying value of property, plant, and equipment. We are satisfied that impairment assessment has been appropriately carried out and accounted for.

3 Thank you

We would like to thank the Council, management and staff for assistance received during the audit.

Debbie Perera
Appointed Auditor
8 March 2021

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Priority	Explanation
Urgent	<p>Needs to be addressed <i>urgently</i></p> <p>These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.</p>
Necessary	<p>Address at the earliest reasonable opportunity, <i>generally within six months</i></p> <p>These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.</p>
Beneficial	<p>Address, <i>generally within six to 12 months</i></p> <p>These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.</p>

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
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Recommendation	Reference	Priority
Recording of complaints not in line with DIA guidance		
<p>Review and amend the process of recording in CRM the complaints received to ensure completeness of records and compliance with DIA guidelines.</p> <p>Implement monthly reconciliations of records received from PNCC (evidenced with a dated signature) to ensure all “Jobs Logged” on the PNCC spreadsheets:</p> <ul style="list-style-type: none"> are appropriately broken down into the correct category and have been classified correctly to the CRM system; and have the supporting request for service (RFS), <p>Follow up any issues to be resolved between PNCC and the District Council in a timely manner.</p>	5.1	Urgent
Leave Support Scheme (LSS) eligibility and refund		
<p>Review Council’s eligibility for the Leave Support Scheme and confirm with the Ministry of Social Development whether any refunds are required.</p>	5.3	Urgent
Roading valuation - improvement points		
<ul style="list-style-type: none"> Review the index used to inflate unit rates (where first principles could not be applied); Review the unit rate used to revalue the assets to ensure that these are not understated; and Perform a QA over the valuation report to ensure there is consistency internally and with the actual valuation method used. The valuation report should provide a variance explanation and analysis over significant movements against the pre-valuation carrying values. 	5.2	Necessary
Inventory of forestry assets		
<p>Carry out an inventory exercise over the forestry assets in line with the Valuer’s recommendations.</p>	5.4	Necessary
No central register of all contractors and non-staff people working for council		
<p>Develop procedures for recording and advising IT of the commencement and end dates of all non-staff personnel working for Council so they can be immediately removed.</p>	5.5	Necessary
Consolidation of Tararua Aquatic Trust		
<p>We continue to recommend that TACT is consolidated into the financial statements of the District Council going forward.</p>	4	Necessary

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations.
Appendix 1 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	0	8	2	10
Implemented or closed	0		1	1
Total	0	8	3	11

2 Our audit report

2.1 We issued an unmodified audit report



We issued a qualified opinion on the statement of service performance for incomplete information about the number of complaints the District Council has received related to water, wastewater, and stormwater complaints.

For the year ended 30 June 2020 and the comparative year, we were unable to determine whether the Council's reported results for these measures were materially correct. Refer to section 5.1 for further detail.

We issued an unmodified opinion over the financial statements. This means we were satisfied that the financial statements present fairly the District Council's activity for the year and its financial position at the end of the year and that the financial statement comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Without modifying our audit opinion, we included an emphasis of matter paragraph to draw the users' attention to the relevant notes in the financial statements and statement of service performance that describe the impact of Covid-19 on the District Council. Given the significance of the pandemic, this is a standard addition to audit reports issued on behalf of the Auditor-General in 2020.

Impact of Covid-19

Since Covid-19 was declared a pandemic in the early part of 2020, it has had and continues to have an impact on the operations and financial results of the District Council.

The District Council prepared an assessment of the impact on its operations including, changes to internal controls, activities, financial and performance results, the assumptions around the fair value of assets and possible impairment. We have discussed with management and reviewed this assessment and related information. We have not identified any additional risk that have arisen as a result.

We have reviewed disclosure around the differences of actual financial results against budget and the disclosure around the actual non-financial performance results against targets.

We assessed the District Council's disclosure around these impacts and concluded that it was appropriate.

In forming our audit opinion, we considered the following other matters. Refer to section 4 for further detail on these matters:

- Revaluation of infrastructure assets:
- Fair value of property, plant, and equipment:

- New group accounting standards Uncorrected misstatements; and
- Infrastructure projects

2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial.

2.3 Uncorrected misstatements and disclosure deficiencies

There were no uncorrected disclosure deficiencies.

2.4 Uncorrected performance reporting misstatements

Except for the number of complaints for some services that resulted to the qualification of the statement of service performance, there were no uncorrected performance misstatements in the statement of service performance. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial.

2.5 Corrected misstatements

We also identified misstatements that were corrected by management. These corrected misstatements had the net effect of decreasing revenue by \$1,818,591, increasing expenditure by \$67,835, decreasing assets by \$1,402,151 and increasing liability by \$484,275 compared to the draft financial statements.

The corrected misstatements are listed in Appendix 2.

2.6 Corrected disclosure deficiencies and corrected performance reporting misstatements

We identified several disclosure and performance reporting misstatements that were corrected by management. These are listed in Appendix 2.

3 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the District Council. This includes the draft annual report with supporting working papers. We provided a listing of information we required for the final audit to management on 3 September 2020. This included the dates we required the information to be provided to us.

We appreciated that the financial statements and supporting information was provided to us in a timely manner, in accordance with our agreement with the finance team, and was of a good quality.

4 Matters raised in the Audit Plan



In our Audit Plan of Tararua District Council, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
Revaluations and Fair value movements	
<p>The District Council revalues its land and buildings on a triennial basis and infrastructure assets on an annual basis.</p> <p>Revaluation of land, buildings and infrastructure assets.</p> <p>A revaluation of the District Council's infrastructure assets was conducted as at 1 July 2019. Management used this information to update its fixed assets register and underlying assets records. These revaluations have a significant impact on the overall carrying value of the District Council's infrastructural, land and building assets, future depreciation charges and rates set and need to be carefully considered by the District Council before acceptance.</p> <p>Fair value assessment</p> <p>The last land and building revaluation was completed as at 1 July 2017. Land valuation date PBE IPAS 17 Property, Plant and Equipment, requires that valuations are carried out with enough regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>The Saddle Road improvements</p> <p>The Saddle Road improvements completed by NZTA will need to be considered as part of the valuation process, the accounting for these is based on the contract indicating transfer will occur completion, however this is a complex issue and the District Council should ensure that the accounting rationale is documented</p>	<p>We were satisfied that:</p> <ul style="list-style-type: none"> The revaluation complies with Generally Accepted Accounting Practice and the revaluation has been appropriately accounted for and disclosed in the Council's annual report. For those assets that were not revalued, there is no material difference between the fair value and carrying value of property, plant and equipment; and That the impairment assessment has been appropriately carried out and accounted for. <p>Infrastructure assets</p> <p>The valuations for infrastructure assets were performed by internal valuers and peer reviewed externally as at 1 July 2019. This is the same process the Council follows every year and is in compliance with the relevant accounting standard (PBE IPSAS 17 Property, Plant and Equipment).</p> <p>The revaluation loss booked in the current year was \$1.4m, this represents a decrease of 0.17% from 30 June 2019.</p> <p>To gain assurance over the revaluation we:</p> <ul style="list-style-type: none"> assessed the valuation process including the competence and experience of the internal valuers and external peer reviewer completing and reviewing the valuation. We found the valuers used by the Council were competent and experienced to carry out such revaluations; reviewed the valuation report and discussed with the valuers and peer reviewer that the requirements of PBE IPAS

Audit risk/issue	Outcome
<p>with reference to the applicable accounting standards.</p> <p>Impairment</p> <p>At the end of each reporting period, the District Council is expected to have completed an impairment assessment in accordance with PBE IPSAS 21, Impairment of Non-Cash Generating Assets, and PBE IPSAS 26 Impairment of Cash Generating Assets. This impairment assessment is on both tangible and intangible assets. If any such indication exists, the entity shall estimate the recoverable amount of the asset.</p>	<p>17 Property, Plant and Equipment (including the appropriateness of the valuation basis) have been met;</p> <ul style="list-style-type: none"> ensured the valuation increase has been appropriately accounted for. This involved reconciling assets per the Council system to the valuation report to ensure completeness and reconciling the valuation to the general ledger and re performing expected movements; confirmed the presentation and disclosure of information related to the valuation; enquired into the processes used by the District Council to ensure that the items revalued are complete, and any items excluded from the revaluation are identified and the reason for their exclusion is documented; reviewed the District Council's process to satisfy itself that overall the revaluation results are appropriate; and obtained an assurance letter directly from the peer reviewer, and we met with the internal valuer. <p>We identified areas where the revaluation could be improved. See section 5.2 of this report.</p> <p>Fair value assessment</p> <p>For those assets that were not revalued, we reviewed the robustness of management's assessments as to whether there is a material difference between the fair value and the carrying value of those assets.</p> <p>Impairment</p> <p>We determined that:</p> <ul style="list-style-type: none"> assets have been appropriately assessed by management for impairment; and any impairment charges have been accounted for in accordance with the relevant accounting standards.

Audit risk/issue	Outcome
Infrastructure projects	
<p>The District Council achieved a 96% capital expenditure budget spend in the prior year. The % spend was influenced by unbudgeted emergency works but showed a significant improvement on prior years.</p> <p>Achieving the capital expenditure budget remains a focus area for the District Council as the current annual plan includes significant projects related to its Water Management Strategy and Road Network. The level of carry forwards can impact on the District Council's ability to deliver the levels of service it has committed to in the Long Term Plan. They can also cause cost escalation issues for the District Council if projects are not completed in a timely manner.</p> <p>Wastewater resource consents for Eketahuna and Pahiatua are still in the renewal process, until complete this process creates a risk for the District Council around final operating requirements and the extent of any additional investment needed to comply.</p>	<p>We are satisfied that the Council has appropriate processes in place for:</p> <ul style="list-style-type: none"> • monitoring programmes and budgets, and exception report; and • processes for carrying forward expenditure for future period. <p>We are satisfied that the reasons for significant variances to budget has been appropriately disclosed in the annual report.</p> <p>We gained an understanding of:</p> <ul style="list-style-type: none"> • the District Council's processes for monitoring of programmes and budgets; and • exception reporting. <p>For any significant cost increases, delays, or changes to planned delivery, we gained an understanding of:</p> <ul style="list-style-type: none"> • the reasons for this; and • processes for carrying forward expenditure to future periods. <p>We found that Council has spent \$1.7m more than its annual plan budget which is largely the \$4.1m higher than budget for emergency reinstatement (budget was \$0.9m) due to higher than expected flood damage repairs. This is offset by capital works being less than budget, e.g. minor safety improvements (\$0.7m less) and Wastewater Treatment Renewals on Infiltration Strategy and Implementation (\$0.5m less).</p> <p>We continued to discuss the progress of resource consent renewals and proposed drinking water reforms with management and the implications the District Council.</p> <p>COVID-19 restrictions delays have limited the Council's ability to complete the Pahiatua water membrane treatment plant. Also due to COVID-19, there had been variations to time and cost (extra safety measures due to social distancing required). The plant was commissioned later in</p>

Audit risk/issue	Outcome
	2020.
Accounting matters: Adoption of IPSAS based group accounting standards	
<p>Public benefit entities were required to adopt a new suite of IPSAS based group accounting standards for periods beginning on or after 1 January 2019. Of note are:</p> <ul style="list-style-type: none"> • PBE IPSAS 35 – Consolidated Financial Statements; • PBE IPSAS 36 – Investments in Associates and Joint Ventures; • PBE IPSAS 37 – Joint Arrangements; and • PBE IPSAS 38 – Disclosure of interests in other entities. <p>The key changes arising from these new standards are:</p> <ul style="list-style-type: none"> • Varied the definition of control that may result in additional entities which were previously accepted as not controlled now being assessed as controlled; • Introduced the concept of an investment entity; • The Joint Arrangement standard has changed the classifications and subsequent treatment of joint arrangements; and • A new standard which is specific to disclosures on an entity's interest in other entities. This has increased the amount of disclosures required in an entity's financial statements. <p>Management were required to prepare an impact assessment which considers whether these new standards change how the District Council currently accounts for and discloses controlled entities, associates, joint ventures and joint arrangements. This includes the Tararua Aquatic Community Centre</p>	<p>We reviewed the accounting and disclosure around the adoption of the new standards and are satisfied that these are materially correct.</p> <p>We assessed the impact on the Group accounts of the District Council not consolidating the TACT accounts and determined the accounts are not material to the Group.</p> <p>New group accounting standards</p> <p>The District Council has adopted PBE IPSAS 34 to 38 in preparing the 2019/20 financial statements. Management prepared an assessment of the impact of introducing these standards and concluded that these standards do not have a significant impact on the financial statements, except for the change in accounting for the investment in MWLASS into investment in associate and is now equity accounted.</p> <p>Additional disclosures were added into the accounts for the change in accounting policy and the disclosures required for investments accounted for under the equity method.</p> <p>We note that the District Council continue to not consolidate TACT into their accounts because they believe they do not have control.</p> <p>Tararua Aquatic Community Centre (TACT)</p> <p>The District Council had, until 2015, consolidated the TACT accounts. The rationale for stopping the consolidation has been identified as incorrect. We consider TACT to be a public entity under the "auto-pilot" considerations of PBE IPSAS 35 Consolidated Financial Statements, therefore it will need to be consolidated with Council accounts this year.</p> <p>The District Council has engaged technical accounting advice about TACT.</p> <p>The District Council chose not to consolidate TACT into their accounts for 30 June 2020 based on the fact that they believe they do not have control.</p> <p>We have assessed the impact of not</p>

Audit risk/issue	Outcome
(TACT).	<p>consolidating TACT in to the Group accounts and determined the TACT accounts are not material to the Group.</p> <p>Recommendation</p> <p>We continue to recommend that TACT is consolidated into the financial statements of the District Council going forward.</p>
Management override of internal controls	
<p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it results in a risk of material misstatement due to fraud.</p> <p>It is a requirement of NZ ISA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements that we consider the risk of fraud due to management override and complete audit procedures to address this risk.</p>	<p>From our testing we did not identify any issues that indicated management override or need to be brought to your attention.</p> <p>To reduce the risk of material misstatement due to fraud to an acceptable level we completed the following audit work:</p> <ul style="list-style-type: none"> • Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. • Reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. • Tested the revaluation and confirmed revaluation adjustments. • Maintained awareness of any significant transactions that were outside the normal course of business, or that otherwise appear to be unusual given our understanding of the Council and its environment, and other information obtained during the audit.

5 Issues noted during the audit



The following are the new items noted during the audit that we draw to your attention.

5.1 Recording of complaints not in line with DIA guidance

Recommendation

Review and amend the process of recording in CRM the complaints received to ensure completeness of records and compliance with DIA guidelines.

Implement monthly reconciliations of records received from PNCC (evidenced with a dated signature) ensure all “Jobs Logged” on the PNCC spreadsheets:

- are appropriately broken down into the correct category and have been classified correctly to the CRM system; and
- have the supporting request for service (RFS).

Any issues should be followed up with PNCC in a timely manner.

Findings

The District Council is required to report against the performance measures set out in the Rules. These mandatory performance measures include the total number of complaints (per 1,000 connections) received about the following:

- drinking water clarity, taste, odour, pressure or flow, continuity of supply, and the District Council’s response to any of these issues;
- sewage odour, sewerage system faults or blockages, and the District Council’s response to issues with the sewerage system; and
- the performance of the stormwater system.

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including on how to count complaints.

We identified during the year that the District Council had not been recording complaints in line with DIA guidance as not all customer complaints are recorded in the CRM:

- For calls received during the day through the District Council’s telephone system, only the first call received regarding an issue/event is recorded in the CRM system. Subsequent calls are recorded as information given.

- For calls received afterhours through the Palmerston North City Council (PNCC) afterhours call centre, there is not enough information received from PNCC about subsequent phone calls for the same event to be able to recreate the complaints population because:
 - Spreadsheets obtained from PNCC do not contain sufficient information to determine whether RFS are complete (for both jobs logged, and information given), and what category they actually relate to (for example; calls received for the three waters are not separately classified, rather they are lumped into the category of “sewer/water”); and
 - Supporting information cannot be provided retrospectively, due to system limitations at PNCC erasing voice recordings after three months.

Going forward, the District Council will need to ensure that it obtains sufficient information around complaints from the Palmerston North City Council who provide the afterhours service for the District Council. This will include appropriately breaking down calls into the correct category and identifying complaints for subsequent calls.

As complete records for all calls made to the District Council were not available, we were unable to determine whether the reported results for the performance measures were materially correct. As a result, our work was limited and there were no practical audit procedures we could apply to obtain assurance over the number of complaints reported against for the three performance measures. As a result, our audit opinion was modified to reflect this.

Management comment.

Council has been working on this issue since discovering it during the 2019/2020 Annual Report. Council is retaining all support with regards to RFS received from afterhours. Council is logging all calls into its system (other than those not required ie. Staff call in sick), this is a time consuming process for customer services. Council is investigating ways in which it can streamline this process and the reconciliation process for the afterhours calls.

5.2 Roading valuation - improvement points

Recommendations

- Review the index used to inflate unit rates (where first principles could not be applied);
- Review the unit rate used to revalue the assets to ensure that these are not understated; and
- Perform a QA over the valuation report to ensure there is consistency internally and with the actual valuation method used. The valuation report should provide a variance explanation and analysis over significant movements against the pre-valuation carrying values.

Findings

During our review of the roading revaluation, we found areas where improvements could be made, these include:

- Inflation rate used was from Stats' Civil Construction and Pipelines indices (which were also used by 3 waters at 3.1267%).

We assessed that BERL is the more appropriate inflation index to use as the Stats' Civil Construction is more appropriate for the reticulation and plant networks, as opposed to roading which deals mainly with earthworks. We also note that in previous revaluation, the inflation rate used was BERL.

- The actual unit rate applied to the valuation is the average of the past 3 years of unit rates. We assessed that this approach is inappropriate.

The replacement cost should reflect what it would cost to replace the assets in today's dollars, which, in the absence of first principles valuation, would be an inflation adjustment. Averaging over unit rates from the prior 3 years could understate the valuation.

We also note that this approach was not clearly stated in the valuation report.

We note that both above items offset each other, therefore the overall impact was not significant to the valuation.

We found several inconsistencies in the valuation report (both 3 waters and roading). These were:

- The valuation report notes that the roading index used is BERL CGI at 1.5%. However, in page 10 of the report, it notes that Roothing are indexed using BERL at 3.13%. Both areas were incorrect in that the actual index used was Stats NZ.
- The report notes that the unit rate source for those not using the Tararua Alliance unit rate is last year's unit rate + inflation rate. However, the actual unit rate applied to the valuation is the average of the past 3 years of unit rates.
- Page 47 of the Valuation report (page 47) showed a \$13m increase. This is incorrect as the "pre-revaluation DRC" stated in the valuation report (\$760m) refers to the 1 July 2018 Depreciated Replacement Cost. This was in error and is also inconsistent with the tables shown for the 3 waters (pages before roading).

We performed a reasonableness check over the valuation movements given known quantity changes and unit rate sources. We found that some of the movements were

inconsistent with our expectation but that these movements were not well explained in the valuation report.

Management comment

Council agrees with the recommendations and is factoring these in when completing the valuation for 1 July 2020.

5.3 Leave Support Scheme (LSS) eligibility and refund

Recommendation

Review Council's eligibility for the Leave Support Scheme and confirm with the Ministry of Social Development whether any refunds are required.

Findings

We noted that the District Council applied for Leave Support Subsidy for its 8 staff that were required to self-isolate or be in quarantine and received \$18k during the year, of which \$8k was refunded.

We were not provided with support that there was a 30% reduction in revenue and therefore we were not able to conclude whether Council will be required to refund the subsidy. We have raised this issue with management to review to ensure that Council complies with legislative requirements. While the amount is not material, there is a high public interest in ensuring that subsidies were claimed appropriately.

Management comment

Council has consulted an external tax adviser who has recommended that Council refund this Leave Support Subsidy, Council is in the process of doing so.

5.4 Inventory of forestry assets

Recommendation

Carry out an inventory exercise over the forestry assets in line with the Valuer's recommendations.

Findings

During our review of the forestry valuation, we noted that the valuer was unable to obtain further detail of the inventory that was carried out in September 2012. No further inventory has been carried out and no tending quality control data was available for the younger stands.

While we were satisfied that assumptions and adjustments made to the valuation did not materially misstate the fair value as at 30 June 2020, we are conscious that the recommendations need to be put in place to ensure appropriateness of future valuation exercises.

We note that the valuer made the following recommendations:

- some basic inventory be carried out in all stands to confirm tending and growth status.
- some basic inventory be carried out in younger stands to confirm tending status and ensure no stands are overlooked for thinning.
- pre-harvest inventory of the Birch North 1976-1995 stands be carried out to validate the yield assumptions used in this report, particularly as these stands comprise a significant proportion of the overall forest value.
- thinning quality control and mid-rotation data be collected on an on-going basis to validate yield forecasts for the younger stands

Management comment

We undertook an extensive harvesting, replanting and silviculture programme under FOMs (our forestry management firm). But once our harvesting programme was finished about 2 years ago, Council started to consider options i.e. sell or retain and was leaning towards selling. Council went to market in 2019. Given that decision, we halted all silviculture. We valued the forest as it is and went to the market. We declined the offer received and continue to explore the sale option.

The recommendations the valuer has made would have been carried out if we had chosen to retain the forest as an investment. Council is still in the process of determine the best outcome with regards to the Birch North Forest, the Forestry Committee is awaiting external advice before making a decision. If the option to retain the forest is chosen Council will arrange for the recommended works by the valuer to proceed.

5.5 No central register of all contractors and non-staff people working for council

Recommendation

Develop procedures for recording and advising IT of the commencement and end dates of all non-staff personnel working for council so they can be immediately removed.

Findings

We noted during our testing of adding and removing network and application access, that the council engages a high number of non-payroll paid people who require access to council systems. We also noted that on occasion when a staff member leaves, that the manager

asks IT to leave access open in case they want to re-engage the person as a contractor or temp at a future date.

Where a person ceases their contract early, IT should be advised and access to the District Council systems be immediately removed. If management wish to re-engage a staff member who has left, access can be reinstated at the time the person is re-engaged.

We were unable to confirm that the current list of people who have access to the District Council systems is accurate, as there is no centrally held register of who is working for council, outside the payroll system.

This raises the risk that these people could continue to have access to update council information after they have ceased their contract with council (and we have noted that this does appear to be the case in some instances).

Management comment

Progress is being made, but not yet fully resolved.

IT are working proactively to perform regular checks of users, and when they hear of a person leaving they disable access, however these practices should be additional to, not replace formal notification from HR and managers in the Council.

HR are completing IT exit forms and are currently working with IT to have these forms part of our internal intranet to streamline the notification process.

5.6 Verbally discussed recommendations

We also verbally raised the following recommendations with management:

- that payroll reconciliations be independently reviewed and evidenced with a dated signature, to ensure that variances are resolved in a timely manner; and
- that payroll reports be independently reviewed and evidenced with a dated signature to ensure that only appropriate payments are made.

Management Comment

A reconciliation process is in place. There is a two-step process that is in place. All payroll authorisations are approved by the GM – Corporate before being processed by Datacom.

Once processed, the Finance Manager downloads a CSV file from Datacom with the payroll coding, and processes the payroll journal. The payroll reconciliation worksheet is updated at the same time to identify any variances. This is then sent to the Senior Financial Accountant for review.

Payroll reports are reviewed and approved by the Group Manager - Corporate prior to their authorisation with our payroll provider.

6

Public sector audit



The District Council is accountable to their local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the District Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the District Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the District Council carrying out its activities effectively and efficiently;
- the District Council incurring waste as a result of any act or failure to act by a public entity;
- any sign or appearance of a lack of probity because of any act or omission, either by the District Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence because of any act or omission by a public entity or by one or more of its members, office holders, or employees.

Other than the issues raised in section 5, there are no other items noted during our audit that need to be brought to your attention in these areas.

7 Useful publications



Based on our knowledge of the District Council, we have included some publications that the Council and management may find useful.

Description	Where to find it
Sensitive expenditure	
The Auditor-General has updated his good practice guide on sensitive expenditure. The guide provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders “setting the tone from the top”. It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.	On the OAG’s website under publications. Link: Sensitive expenditure
Covid-19 Impact on Public Sector Reporting	
<p>The state of emergency in response to the Covid-19 coronavirus has significantly impacted most public sector entities. The consequences for the completion of annual reports and the annual financial statements are one part of this impact.</p> <p>We are developing a series of Bulletins in response:</p> <ul style="list-style-type: none"> • revaluations of property, plant and equipment and investment property; • service performance reporting; • financial reporting; 	On our website under good practice. Link: Covid-19 bulletins

Description	Where to find it
Client updates	
<p>As part of our response to the Covid-19 situation, we developed online client updates to replace the in-person sessions that were cancelled.</p> <p>This year's material is accessible via video presentations on our website. You can explore the material at a pace that takes account of your busy schedule.</p> <p>The themes respond to challenges that our clients now face, such as planning for unexpected events or dealing with additional reporting requirements related to Covid-19 and climate change.</p>	<p>On our website under publications and resources.</p> <p>Link: Client updates</p>
Model financial statements	
<p>Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes:</p> <ul style="list-style-type: none"> • significant accounting policies are alongside the notes to which they relate; • simplifying accounting policy language; • enhancing estimates and judgement disclosures; and • including colour, contents pages and subheadings to assist the reader in navigating the financial statements. 	<p>On our website under good practice.</p> <p>Link: Model Financial Statements</p>
Tax matters	
<p>As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.</p>	<p>On our website under good practice</p> <p>Link: Tax Matters</p>

Description	Where to find it
Client substantiation file	
<p>When you are fully prepared for an audit, it helps to minimise the disruption for your staff and make sure that we can complete the audit efficiently and effectively.</p> <p>We have put together a tool box called the Client Substantiation File to help you prepare the information you will need to provide to us so we can complete the audit work that needs to be done. This is essentially a tool box to help you collate documentation that the auditor will ask for.</p>	<p>On our website under good practice.</p> <p>Link: Client Substantiation File</p>
Long-term plans and consultation documents	
<p>Having audited long-term plans (LTPs) since 2006, we understand the significant effort that councils invest in preparing an LTP.</p> <p>We want to make the audit process for the 2021-31 LTPs and consultation documents as straightforward as possible, so we've put together some information to help councils to:</p> <ul style="list-style-type: none"> • understand our responsibilities and our main focus areas in the audit; • prepare better documents for their communities; and • develop project plans that make their LTP process go smoothly. 	<p>On our website under good practice.</p> <p>Link: Long-term plans and consultation documents</p>
Conflicts of interest	
<p>The Auditor-General has recently updated his guidance on conflicts of interest. A conflict of interest is when your duties or responsibilities to a public organisation could be affected by some other interest or duty that you have.</p> <p>The update includes a printable A3 poster, an animated video on predetermination and bias, gifts and hospitality, and personal dealings with a tenderer. There is also an interactive quiz.</p> <p>These can all be used as training resources for your own employees.</p>	<p>On the Office of the Auditor-General's website under 2019 publications.</p> <p>Link: Conflicts of interest</p>

Description	Where to find it
Severance payments	
Because severance payments are discretionary and sometimes large, they are likely to come under scrutiny. The Auditor-General has released updated good practice guidance on severance payments. The guide is intended to help public sector employers when considering making a severance payment to a departing employee. It encourages public organisations to take a principled and practical approach to these situations. The update to the 2012 good practice guidance reflects recent case law and changes in accounting standards.	On the OAG's website under 2019 publications. Link: Severance payments
Good practice	
<p>The OAG's website has been updated to make it easier to find good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. 	On the OAG's website under good practice. Link: Good practice
Procurement	
<p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.</p>	On the OAG's website under publications. Link: Procurement article

Appendix 1: Status of previous recommendations

4 Open recommendations

Recommendation	First raised	Status
Necessary		
Age of rates debtors		
Review outstanding rates debtors on a regular basis and that outstanding rates are reviewed for recovery or write off.	June 2017	<p>In progress</p> <p>Management continues the focus on reducing the amount of outstanding rates debtors.</p> <p>Management comment</p> <p><i>Council has a dedicated resource for managing debtors and works actively with the MZLASS Debt Management Central (debt collection agency). Management continues the focus on reducing the amount of outstanding rates debtors It is a work in progress, however we have ensured outstanding debtors are reviewed regularly and have noted a decrease in outstanding debtors driven from active management.</i></p> <p><i>Council has began legal proceedings to issue formal demands which it will then look to progress to a rating sale if payment is not made in full. Council also has 11 Abandoned Land rating units of which 6 have no record of title (records were destroyed in the Napier Earthquake of 1931) Council will be approaching Land Information to see if they can assist Council in obtaining titles in order for Council to sell the rating units. Council is working with DMC to get the remaining 5 units sold under the Abandoned land process.</i></p>
Removal of users access		
Ensure council managers and HR are	June 2018	In progress:

Recommendation	First raised	Status
providing information to IT promptly about additions, changes and terminations of staff and contractors.		<p>While Managers and HR are still not providing information promptly to IT, IT staff are proactively seeking information about users starting and leaving so that they can action creating and removing users access efficiently.</p> <p><i>Management comment</i></p> <p><i>The following actions have been undertaken:</i></p> <ul style="list-style-type: none"> • <i>IT procedures reviewed and updated-User accounts will be disabled in systems as soon as the IT alliance is notified of the staff member leaving the organisation-</i> • <i>Accounts are permanently removed upon receipt of formal notice from HR.</i> <p><i>Council is working on a series of checks that will tighten control in this area which include working with IT Alliance to have the IT Exit forms be part of our internal intranet system to streamline the notification process. Management will also include regular checking of contractor and temporary/casual staff accounts.</i></p>
Sensitive expenditure		
<p>Finalise the staff handbook (sensitive expenditure) as soon as possible, reviewing it against best practice, such as those set out in the OAG's Guidelines as applicable.</p> <p>Ensure that sensitive expenditure is approved as required by the policy to provide enhanced control and judgements for sensitive expenditure that can withstand public scrutiny.</p>	April 2017	<p>In progress:</p> <p>The staff handbook is currently being finalised.</p> <p>Management comment</p> <p><i>The staff handbook is still in the process of being updated, however Council has pulled the sensitive expenditure element from the handbook and has drafted a separate sensitive expenditure policy of which it is putting through the Audit & Risk Committee for discussion prior to adoption.</i></p>

Recommendation	First raised	Status
Sensitive expenditure policy		
Update the sensitive expenditure policy to reflect best practice and the OAG guidance	April 2020	<p>Matter outstanding</p> <p>To follow up during the 21J interim.</p> <p>Management comment</p> <p><i>Policy has been updated and Council has ensure it is consistent with OAG guidance. Management have the draft policy going to the next Audit & Risk Committee Meeting (March 2021) for discussion prior to being adopted.</i></p>
Alliance agreement		
Update the performance framework for the Alliance to include specific measures across roading, water and asset management to enable the District Council to assess performance of the Alliance across the different services delivered.	June 2017	<p>In progress:</p> <p>We understand that the Council has agreed to the extension of the Alliance agreement. We will complete our review when this has been signed.</p> <p>Management comment</p> <p><i>With the new Alliance Manager on board (November 2021) he has been leading this project, as we were already well into the financial year David is working towards the end of June 2021 deadline, this will ensure that Council has the framework in operation for the 2021/2022 financial year.</i></p>
Formal monitoring of alliance agreements for IT Services		
<p>We recommend that the Principals Group meet as per the IT Alliance agreement, to monitor the performance of the IT support provider.</p> <p>The Principals Group also need to finalise and monitor the project schedule.</p>	June 2019	<p>In progress:</p> <p>MBS have been bought out by a company called Objective, and an alliance meeting with the new owners of MBS and Tararua DC senior management was booked for March 2020. Due to the pandemic and the water drought on the region, this meeting was postponed to April 2020.</p> <p>Management comment</p> <p><i>Council is working towards more</i></p>

Recommendation	First raised	Status
		<i>formal monitoring of the IT Alliance operation. This will be split between reporting back to the Principals Group governance role and to Council's Executive Leadership Team.</i>
Update and test organisational business continuity and IT disaster recovery plans		
Update and test IT Disaster recovery plans and organisational business continuity plans.	June 2017	<p>In progress:</p> <p>IT Disaster Recovery plans are starting to be updated</p> <p>We are not aware of progress on organisational Business Continuity planning and testing</p> <p>Management comment</p> <p><i>A review of the IT Disaster Recovery plan is currently underway with system infrastructure recovery tests planned for later in the year.</i></p>
Bank reconciliations		
Ensure that reconciliations are signed and dated by the preparer and reviewer within a month of being prepared.	April 20	<p>Matter outstanding</p> <p>To follow up during the 21J interim.</p> <p>Management comment</p> <p><i>We will ensure bank reconciliation are reviewed in a timely manner and are dated.</i></p>
Beneficial		
Carry-over of capital projects		
Continue to monitor the level of carry forwards of capital expenditure and reduce these were possible.	June 2014	<p>No progress</p> <p>To follow up during the 21J interim.</p> <p>Management comment</p> <p><i>Due to COVID-19 lockdown some planned works had to be delayed. This has affected our potential carry overs for 20/21 year. However, there is effort being made to complete some of these projects before year end. PMO with the help of the IT Business Analyst are currently documenting end to end processes, including finance components to</i></p>

Recommendation	First raised	Status
		<i>identify areas for improvement. Enhancements to this process is expected to be applied during the 20/21 financial year. Further work is being done on building a coordinated view and understanding of projects across the board. In years 1-3 of the LTP capital program Management have scoped and drafted project management plans for all projects.</i>
Expenditure approval		
Implement one up approval for purchases.	June 2017	<p>No progress</p> <p>To follow up during the 21J interim.</p> <p>Management comment</p> <p><i>The project was put on-hold due to the software solution not meeting our business requirements. With staff changes and resourcing, project scheduled to start in FY 2019/20. In the meantime process and controls improvements are being undertaken.</i></p> <p><i>We are exploring automating Accounts Payable System which will include the electronic PO system.</i></p> <p><i>Management have begun initial investigations into the electronic purchase order system, this is however dependant on staff availability. With ongoing changes/improvements made to the payment approval process which begun during lockdown, management is comfortable with how this project is progressing.</i></p>

5 Implemented or closed recommendations

Recommendation	First raised	Status
Impact of the COVID-19 pandemic on the financial statements		
Prepare an assessment of the impact of COVID-19 on the District Council's financial	April 20	Closed:

Recommendation	First raised	Status
statements.		A COVID-19 impact assessment was undertaken and appropriate disclosures were made in the financial statements.

Appendix 2: Corrected misstatements

Current year misstatements \$0	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Non-Current liability derivatives	1		463,000		
Current liability derivatives			(463,000)		
Trade receivables	2	(819,911)			
Grants and subsidies					839,316
GST received		(19,405)			
Subsidies and grants	3				484,275
Revenue received in advance			(484,275)		
Gains and losses	4				495,000
Non-Current asset held for sale		(495,000)			
Other operating expenses	5				67,835
PPE additions		(67,835)			
Total parent		(1,402,151)	(484,275)		1,886,426

6 Explanation of corrected misstatements

- 1 Reclassification of the current portion derivative liability.
- 2 Correction of NZTA grant that was double-counted and incorrect posting of GST exclusive amount as GST inclusive amount.
- 3 Recognition of grants that have unmet substantive conditions as revenue received in advance.
- 4 Reversal of the fair value gains recognised for non-current assets held for sale to comply with the relevant accounting standards.
- 5 Reversal of the capitalisation of 3 Waters Residential Growth Study as it is operational in nature.

7 Corrected disclosure deficiencies

Detail of disclosure deficiency
<p>Update of the annual report to reflect FY 19/20 results, includes correction following arithmetical accuracy, internal consistency checks, and check against accounting standards disclosure requirements.</p> <p>Corrected classification errors, for example from “term deposits greater than 12 months” into “cash and cash equivalent”.</p> <p>Inclusion of additional disclosures for MW LASS in response to adoption of the group standards.</p> <p>Enhanced disclosure on forestry note.</p> <p>Addition of variance explanations at the FIS level.</p> <p>Update of subsequent events disclosure.</p> <p>Inclusion of COVID 19 impacts.</p>

8 Corrected performance reporting misstatements

Detail of misstatement
<p>Update of the reported data to reflect current year results.</p> <p>Correction of reported results following audit recalculation for example, number of crashes based on financial year as opposed to calendar year.</p>

Appendix 3: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to our audit we have performed a limited assurance engagement related to the District Council's debenture trust deed. Other than the audit and this engagement, we have no relationship with, or interests in, the District Council.</p>
Fees	<p>The audit fee for the year is \$119,762, as detailed in our Audit Proposal Letter.</p> <p>Other fees charged in the period are \$4,500 for Tararua Debenture Trust.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council or its subsidiaries during or since the end of the financial year.</p>

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

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Palmerston North, 4440
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Report

Date : 22 March 2021

To : Chairperson and Committee Members
Audit and Risk Committee

From : Sarah Walshe
Senior Financial Accountant

Subject : **Progress with Audit New Zealand Findings and Recommendations**

Item No : **6.4**

1. Recommendation

- 1.1 *That the report from the Senior Financial Accountant dated 22 March 2021 concerning Progress with Audit New Zealand Findings and Recommendations (as circulated) be received, and*
- 1.2 *That the Audit and Risk Committee note progress made by management in addressing the status of eighteen recommendations from Audit New Zealand (being three are ongoing, eleven are in progress, two are complete, one is closed, with one is still to be commenced), and*
- 1.3 *That management continue to provide updates on this matter to the Audit and Risk Committee as further progress is made.*

2. Reason for the Report

- 2.1 To update the Audit and Risk Committee on progress with Audit New Zealand's audit findings and recommendations. A summary of the findings and management progress are detailed in the attachment - Audit New Zealand Recommendations/ Action Register.

3. Progress Update on Existing Recommendations

- 3.1 Staff have made progress since the last report in November 2020 and have completed one of the existing recommendations, changed the status of one of the recommendations to ongoing, and have closed one of the existing recommendations.

- 3.2 As part of the 2019/2020 Annual Report Council was provided with an additional 5 recommendations and 1 verbal recommendation.
- 3.3 Staff have already made progress with these additional recommendations with all being in progress and looking to have 4 completed by 30 June 2021.
- 3.4 1 new recommendation is not started and that is around the inventory of forestry assets of which staff will seek direction from the forestry portfolio holders once a decision around Birch North Forest has been reached.
- 3.5 The status of 18 recommendations are 3 is ongoing, 11 in progress, 2 complete, 1 closed and 1 not started.
- 3.6 Council has received the draft audit management report from Audit New Zealand as a result of the completion of the 2019/2020 Annual Report.

4. Outstanding Recommendations

- 4.1 The attached report details the eleven recommendations, their status and management's comments. Changes to management comments from the update in November 2020 are in red.

5. Conclusion

- 5.1 Management continues to address the audit recommendations.
- 5.2 Management will provide an update on the progress at each Audit and Risk Committee meeting.

Attachments

- 1 [↓](#). Audit Recommendations Action and progress updates register - 22 March 2021

Audit New Zealand Recommendations / Action Register											
Count of entries					18						
Last entry:					22/03/2021						
No.	Financial Year identified	Action point	Description	Owner / responsibility	Status	Priority	Has Recommendation been Implemented	Due date	Date closed by Audit	Auditors' Comments on current status	Management comments
1	Jun 2014	Carry-over of capital projects	We recommend that the District Council continue to monitor the level of carry forwards and reduce these where possible.	Tina	Ongoing	Beneficial	Yes	30/06/2021		No Progress: To follow up during the 21J interim.	<p>We have improved our process around project management.</p> <p>Due to COVID-19 lockdown some planned works had to be delayed. This has affected our potential carry overs for 20/21 year. However, there is effort being made to complete some of these projects before year end.</p> <p>PMO with the help of the IT Business Analyst are currently documenting end to end processes, including finance components to identify areas for improvement. Enhancements to this process is expected to be applied during the 20/21 financial year. Further work is being done on building a coordinated view and understanding of projects across Council.</p> <p>Update August 2020: Council completed 82% of its planned capital programme despite Covid significantly disrupting the delivery of the capital programme. With unplanned emergency works of \$4.1million included, Council spent \$27.1 million against a budget of \$27.9 million (97%).</p> <p>Update November 2020 Annual Plan capital project carried forwards currently being assessed with managers by the PMO. This will feed into the quarterly report.</p> <p>10 year capital programme for LTP are currently being proactively scoped to ensure 90-100% certainty for year 1 projects, 80-90% certainty year 2, and 50-80% certainty year 3.</p> <p>Update March 2021 Years 1-3 LTP capital programme all scoped, with project management plans being developed for all. These will be completed in priority of start date to ensure active planning for delivery.</p> <p>A total of 43 out of 144 projects in the annual plan have been completed with 40 either abandoned or deferred into Year 1 of the LTP (exists as part of the documented capital programme). 22 projects are renewals that will only be set at a status of completed at the end of the financial year, due to being renewals that are ongoing.</p> <p>As at the end of January 2021, there was a budget of \$18M yet to be spent. This is predominantly made up of Route 52 (multi year project), other footpaths and roading (still in the middle of construction season) as well as Pahiatua Main Street Upgrade (due to be completed June 2021).</p>
2	Jun 2017	Age of rates debtors	We recommend that outstanding rates debtors are reviewed on a regular basis and that outstanding rates are reviewed for recovery or write off.	Eleanor	Ongoing	Necessary	Yes	30/06/2021		In progress: Management continues the focus on reducing the amount of outstanding rates debtors	<p>Covid had impacted the original plan for the abandoned land process. We had to revisit the plans and communicated the reviewed plan in our 3rd Quarter Performance Report to Council.</p> <p>Council has a dedicated resource for managing debtors and works actively with the MZLASS Debt Management Central (debt collection agency).</p> <p>Management continues the focus on reducing the amount of outstanding rates debtors.</p> <p>It is a work in progress, however we have ensured outstanding debtors are reviewed regularly and have noted a decrease in outstanding debtors driven from active management.</p> <p>Update November 2020 Have reengaged with MZLASS to progress the rating sales, mortgagee demands and abandoned land properties. Developing a focused plan to manage the various categories.</p> <p>Update March 2021: Council has begun legal proceedings to issue formal demands which it will then look to progress to a rating sale if payment is not made in full. Council also has 11 Abandoned Land rating units of which 6 have no record of title (records were destroyed in the Napier Earthquake of 1931) Council will be approaching Land Information to see if they can assist Council in obtaining titles in order for Council to sell the rating units. Council is working with DMC to get the remaining 5 units sold under the Abandoned land process.</p>
3	Jun 2017	Alliance agreement	We recommend that the performance framework for the Alliance be updated to include specific measures across roading, water and asset management to enable the District Council to assess performance of the Alliance across the different services delivered.	Raj	In Progress	Necessary	No	30/06/2021		In progress: We understand that the Council has agreed to the extension of the Alliance agreement. We will complete our review when this has been signed.	<p>Workshops with the Alliance Management team completed. Draft framework is being developed and expected to be presented to the Principal Group thereafter to the Work Liaison Committee in August.</p> <p>August Update: The impact of Covid has pushed out the timeline.</p> <p>Update November 2020 With David Geary onboard, he is leading this project. As we are already well into the financial year, David is working towards the end June 2021 deadline, this will ensure that we have a framework in operation in the 2021/22 Financial Year.</p>
4	Jun 2017	Expenditure approval	One up approval for purchase orders is not in place. Current mitigations include review of invoice when input and review during expenditure payment by an accountant and CFO. When the District Council moves to electronic PO they will look to include further data analysis.	Cameron	In Progress	Beneficial	No	30/06/2021		No Progress: To follow up during the 21J interim.	<p>The project was put on-hold due to the software solution not meeting our business requirements. With staff changes and resourcing, project scheduled to start in FY 2019/20. In the meantime process and controls improvements are being undertaken.</p> <p>We are starting the FIMS upgrade project in the next year where we explore automating the accounts payable process including the electronic PO system.</p> <p>August 2020 Update: With Covid-19 requiring a change in business process from paper to electronic, the focus has been on this change, the next phase of this project is to investigate a procure to pay system (OLR with AP workflow), with a project currently being initiated for this financial year.</p> <p>March 2021 Update: Management have begun initial investigations into the electronic purchase order system, this is however dependant on staff availability. With ongoing changes/improvements made to the payment approval process which begun during lockdown, management is comfortable with how this project is progressing.</p>
5	Jun 2017	Update and test organisational business continuity and IT disaster recovery plans	We recommend that the council finalise and test its IT Disaster Recovery (DR) Plan. We continue to recommend that IT Disaster recovery plans and organisational business continuity plans be updated and tested.	Peter W	In Progress	Necessary	No	31/07/2019		In progress: IT Disaster Recovery plans are starting to be updated We are not aware of progress on organisational Business Continuity planning and testing	<p>Update November 2020 A review of the IT Disaster Recovery plan is currently underway with system infrastructure recovery tests planned for later in the year</p>

6	Jun 2018	Removal of users access	We recommend that management reinforce the requirement for user access to be removed promptly once the person has ceased employment with the District Council. We continue to recommend that HR and managers advise IS prior to, or as soon as a staff member or contractor is leaving so that access can be removed promptly.	Sandy / Chris W	In Progress	Necessary	Yes	30/12/2018		In progress: While Managers and HR are still not providing information promptly to IT, IT staff are proactively seeking information about users starting and leaving so that they can action creating and removing users access efficiently. Update March 2021: Council is working on a series of checks that will tighten control in this area which include working with IT Alliance to have the IT Exit forms be part of our internal intranet system to streamline the notification process. Management will also include regular checking of contractor and temporary/casual staff accounts.
7	Jun 2018	Staff Handbook and Sensitive Expenditure Policy	Finalise the staff handbook (sensitive expenditure) as soon as possible, reviewing it against best practice, such as those set out in the OAG's Guidelines as applicable. Ensure that sensitive expenditure is approved as required by the policy to provide enhanced control and judgements for sensitive expenditure that can withstand public scrutiny	Sandy	In Progress	Necessary	No	30/11/2020		Update November 2020 Management have separated the sensitive expenditure policy from the staff handbook. Efforts have been focused on the LTP but expectation is that an updated policy will be completed by the March 2021 meeting. Update March 2021: This has been drafted and will be submitted to the ARC workshop (March 2021) for discussion before finalising and providing training on the policy and guidelines. The staff handbook is currently being updated.
8	Apr 2020	Sensitive expenditure	Update the sensitive expenditure policy to reflect best practice and the OAG guidance	Sandy	Complete	Necessary	No	30/11/2020		Matter outstanding To follow up during the 21J interim. Update March 2021: Policy has been updated and Council has ensure it is consistent with OAG guidance. Management have the draft policy going to the next Audit & Risk Committee Meeting (March 2021) for discussion prior to being adopted.
9	Jun 2019	Formal monitoring of alliance agreement for IT Services	We recommend that the Principals Group finalise and monitor the project schedule	Peter W	In Progress	Necessary	No	30/06/2021		In progress: MBS have been bought out by a company called Objective, and an alliance meeting with the new owners of MBS and Taranua DC senior management was booked for March 2020. Due to the pandemic and the water drought on the region, this meeting was postponed to April 2020. Council is working towards more formal monitoring of the IT Alliance operation. This will be split between reporting back to the Principals Group governance role and to Council's Executive Leadership Team.
10	Apr 2020	Impact of the COVID-19 pandemic on the financial statements	Prepare an assessment of the impact of COVID-19 on the District Council's financial statements.	Raj	Closed	Necessary	Yes	30/09/2020	9/12/2020	Closed: A COVID-19 impact assessment was undertaken and appropriate disclosures were made in the financial statements. As part of the Annual Report, Management are conducting a detailed assessment of the impact of COVID-19 on the Councils financial statements. The impact on Council has mainly been in the area of service performance and capital delivery due to the lockdown, with pandemic supplies largely in stock from prior preparations. The water crisis and resulting works to ensure water delivery during the drought had a larger financial impact than Covid-19
11	Apr 2020	Bank reconciliations	Ensure that reconciliations are signed and dated by the preparer and reviewer within a month of being prepared.	Cameron	Complete	Necessary	Yes	30/09/2020		Matter outstanding: To follow up during the 21J interim. We will ensure bank reconciliation are reviewed in a timely manner and are dated
12	Mar 2021	Recording of complaints not in line with DIA guidance	Review and amend the process of recording in CRM the complaints received to ensure completeness of records and compliance with DIA guidelines. Implement monthly reconciliations of records received from PNCC (evidenced with a dated signature) to ensure all "Jobs Logged" on the PNCC spreadsheets: -are appropriately broken down into the correct category and have been classified correctly to the CRM system; and -have the supporting request for service (RFS). Follow up any issues to be resolved between PNCC and the District Council in a timely manner.	Cameron	In Progress	Urgent	Yes	30/06/2021		New recommendation Council has been working on this issue since discovering it during the 2019/2020 Annual Report. Council is retaining all support with regards to RFS received from afterhours. Council is logging all calls into its system (other than those not required ie. Staff call in sick), this is a time consuming process for customer services. Council is investigating ways in which it can streamline this process and the reconciliation process for the afterhours calls.
13	Mar 2021	Leave Support Scheme (LSS) eligibility and refund	Review Council's eligibility for the Leave Support Scheme and confirm with the Ministry of Social Development whether any refunds are required.	Sarah	In Progress	Urgent	Yes	30/06/2021		New recommendation Council has been in touch with an external tax adviser and as a result will refund the balance of what was received.
14	Mar 2021	Roading Valuation - improvement points	•Review the index used to inflate unit rates (where first principles could not be applied); •Review the unit rate used to revalue the assets to ensure that these are not understated; and •Perform a QA over the valuation report to ensure there is consistency internally and with the actual valuation method used. The valuation report should provide a variance explanation and analysis over significant movements against the pre-valuation carrying values.	Cameron	In Progress	Necessary	Yes	30/06/2021		New recommendation Council agrees with the recommendations raised and is factoring these in while completing the valuation for 1 July 2020.
15	Mar 2021	Inventory of forestry assets	Carry out an inventory exercise over the forestry assets in line with the Valuer's recommendations.	Raj	Not Started	Necessary	No	30/06/2021		New recommendation Will follow up once decision to sell or retain Birch North forest is made.
16	Mar 2021	No central register of all contractors and non-staff people working for council	Develop procedures for recording and advising IT of the commencement and end dates of all non-staff personnel working for Council so they can be immediately removed.	Chris W	In Progress	Necessary	No	30/06/2021		New recommendation Progress is being made, but not yet fully resolved. IT are working proactively to perform regular checks of users, and when they hear of a person leaving they disable access, however these practices should be additional to, not replace formal notification from HR and managers in the Council. HR are completing IT exit forms and are currently working with IT to have these forms part of our internal intranet to streamline the notification process.
17	Mar 2021	Consolidation of Taranua Aquatic Trust	We continue to recommend that TACT is consolidated into the financial statements of the District Council going forward.	Raj	Ongoing	Necessary	No			New recommendation This remains in dispute. We have sought independent advice and it is contrary to the opinion of Audit NZ and the Office of the Auditor General. The Trust is also reviewing its Trust Deed to clarify that there is no control by Council over its activities.
18	Mar 2021	Verbal Recommendation: Payroll Reconciliations	We also verbally raised the following recommendations with management: •that payroll reconciliations be independently reviewed and evidenced with a dated signature, to ensure that variances are resolved in a timely manner; and •that payroll reports be independently reviewed and evidenced with a dated signature to ensure that only appropriate payments are made.	Cameron	In Progress	Necessary	No	30/06/2021		New recommendation A reconciliation process is in place. There is a two-step process that is in place. All payroll authorisations are approved by the GM – Corporate before being processed by Datacom. Once processed, the Finance Manager downloads a CSV file from Datacom with the payroll coding, and processes the payroll journal. The payroll reconciliation worksheet is updated at the same time to identify any variances. This is then sent to the Senior Financial Accountant for review. Payroll reports are reviewed and approved by the Group Manager - Corporate prior to their authorisation with our payroll provider

Report

Date : 23 March 2021
To : Chairperson and Committee Members
Audit and Risk Committee
From : Sharron Smith
Health & Safety Coordinator
Subject : **Health and Safety**
Item No : **6.5**

1. Recommendation

- 1.1 *That the report from the Health and Safety Coordinator dated 23 March 2021 concerning health and safety (as circulated) be received, and*
- 1.2 *That the Audit and Risk Committee note the following regarding the focus on health and safety matters and this update:*
- *The SafePlus audit is to be held on 8 to 9 April 2021.*
 - *Council staff have been invited to participate in the Ask Your Team Local Government Health and Safety Survey.*
 - *A Get Home Safe trial is now under way for a period of one month.*
 - *The Health and Safety Committee will submit a draft 'Working Alone' Policy to the Executive Leadership Team at their 1 April 2021 meeting.*
 - *The Health and Safety Committee will submit a draft 'Workplace Bullying and Harassment' Policy to the Executive Leadership Team by the end of April 2021.*

2. Reason for the Report

- 2.1 To provide an update to the Audit and Risk Committee on health and safety matters.

3. Resourcing

- 3.1 Sharron Smith has been employed into the full-time permanent Health & Safety Coordinator position from 18 January 2021.

Caitlyn Smyth has been seconded for three months to the People & Capabilities Group to assist with general administration tasks within the team focusing on human resource administration.

4. Health and Safety Regional Group

- 4.1 The SafePlus audit date was moved by the auditors due to a conflict at their end, this will now be held from 8-9 April 2021.
- 4.2 The assessment this year, will be looking at workplace health and safety culture and focuses on leadership, risk management and worker engagement. The assessment will cover a deep dive on three risk areas: mental wellbeing, working alone and PCBU interactions/activities (contractor management). Groups of staff from all departments including senior leadership, Mayor and Councillors and the H&S Committee, will meet with the auditors over the two-day period, these meetings are currently being scheduled.
- 4.3 Council will also be provided with a SafePlus report for the MWLASS, outlining potential opportunities for it to collaborate on specific health and safety areas that are common across the participating councils to aid in continual improvement.
- 4.4 Tararua District Council is participating in the Equip, local government, health, safety and wellbeing survey which has been sent out to all participating Councils. Staff have been encouraged to complete the survey.
- 4.5 Individual reports will be sent out to each council on Monday, 5 April 2021, the results of which will be considered alongside the SafePlus report to form our continual improvement programme and health and safety strategy document.

5. Continual Improvement

- 5.1 The Health & Safety Committee are at present engaging with their teams in identifying the major risks of working alone and how to best eliminate or minimise the risks involved with this work.
- 5.2 The GetHomeSafe trial is underway and involves staff who are currently out in the field and working alone. The trial involves seven staff from a variety of areas within the Council. The Committee aim to have the draft 'Working Alone Policy' completed for the Executive Leadership Team (ELT) to review at their next meeting scheduled on 1 April 2021.

- 5.3 The Wellbeing Program has kicked off to a great start. Activate Gym are offering Tararua District Council staff membership discounts and a 'Body Challenge' program which will run for a total of eight weeks. The aim is to help staff to adopt and maintain healthy behaviors by eating right and exercising on a regular basis. The program is scheduled to start 1 April 2021 pending the recruitment of 10 new gym members. The Health & Safety Committee will continue to discuss further items to be included in the TDC Wellbeing Program this year.

6. Health and Safety Committee

- 6.1 The Health and Safety Representatives have been realigned to accommodate the updates to the organisational structure. Representatives will, where applicable, continue to be assigned to their area of work but where necessary, broken down by department. Sharron Smith has replaced June Vermeer in her capacity as a health and safety representative and therefore, the election of a new health and safety representative will not be required.
- 6.2 The committee are currently reviewing documentation regarding 'Workplace Bullying & Harassment'. The topic will be reviewed and discussed at the April Health and Safety Committee meeting with the aim of a draft 'Workplace Bullying & Harassment' Policy to go to ELT by the end of April.

7. Risk Management

- 7.1 The Health & Safety Committee will initiate an 'Annual Workplace Hazard Identification Audit'. A stronger focus will be given to involve the Health & Safety representatives in more hazard investigating and identification within their areas which in return will encourage more worker engagement and participation.

8. Contractor Management

- 8.1 Due to ongoing configuration issues with the SHE software, staff have been unable to complete implementation of this project. Council have given the provider the opportunity to rectify this in a timely manner. If there is no practical solution that will meet the function requirements, staff have discussed exiting the contract with the provider and looking at alternate options.

9. Hazardous Substances Regulations (2017)

- 9.1 The draft Hazardous Substances Management Audit report has been completed by the Auditor, Peter O'Donnell. Peter has met with key staff to go over the draft and further discuss findings and recommendations. Some of the findings included chemical signage controls, general housekeeping regarding layers of fine dust (Tan-Floc) in the Woodville Wastewater Treatment Plant, Safety equipment and Chemical Storage Facilities. Once the final report has been received, a prioritised action plan will be prepared.

10. Hazard and Risk Investigation

10.1 Water Treatment Plant Hazard

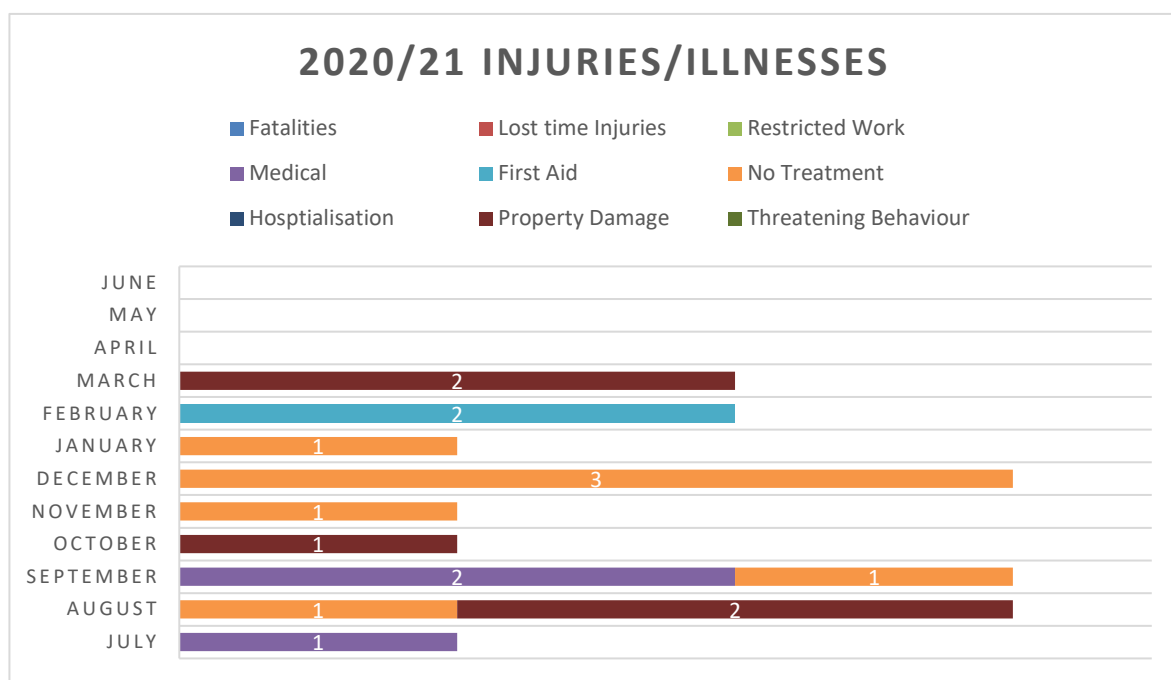
- 10.1.1 A hazard was reported at the Water and Wastewater Treatment Plants involving the strong odour of what was thought to be chlorine. Further investigation also showed a significant corrosion of the stainless-steel pipework and equipment.
- 10.1.2 Immediate temporary health and safety measures were put in place. Staff were advised to wear masks (with correct filters) and to ensure doors were opened at each end of the room for ventilation additional to extraction fans while in the plant.
- 10.1.3 Six water and wastewater treatment staff underwent health monitoring conducted by Tararua Medical Centre which involved lung, eyes, and ear testing. Although the tests were conducted in response to the hazard concerns, it is something Council should be conducting on an annual basis due to the use of hazardous substances by the team. Therefore, annual health monitoring has now been put in place. Staff are awaiting a report to come back from the practice once all tests have been completed.
- 10.1.4 WSP have conducted a walkthrough assessment of the Pahiatua Water Treatment Plant and both the Woodville Water and Wastewater treatment plants to determine the level of potential exposure to airborne chlorine-using a hand held chemical sensor instrument and included the taking of samples relating to humidity and dew point assessment to identify areas of potential poor ventilation. Staff are expecting a report back from WSP within the next week.

10.2 Animal Control Hazard

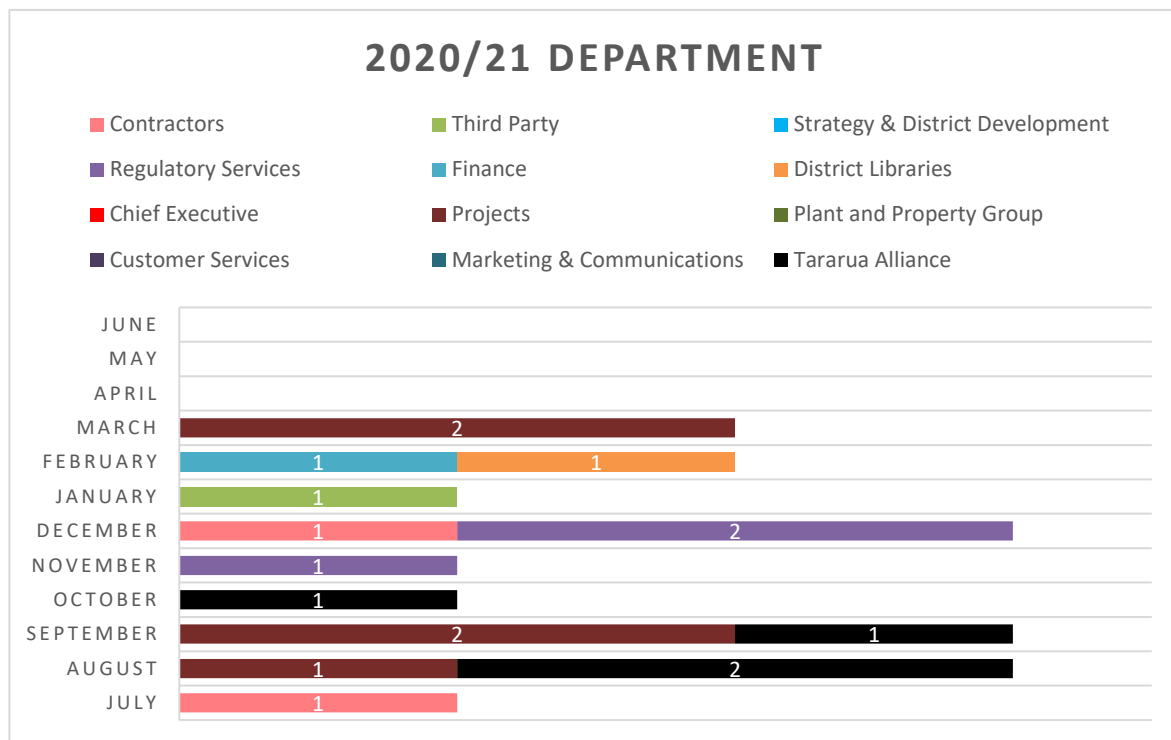
- 10.2.1 There has been an issue with a drain at the animal control pound, involving the risk of the inside drains overflowing into dog kennels and exercise areas.
- 10.2.1.. A plumber has flushed all pound drains and cleared the blockage. To ensure there is no reoccurrence of this, the outside drain has been altered to prevent foreign matter such as stones from entering. Slots will be cut for water to drain away and a lid put on top for access by the plumber in the future.
- 10.2.1.. The drain that was dug out by the plumber has added an additional trip/fall hazard to the area which is being managed through isolation of areas. All after-hours staff and contractors working in this area have been notified and informed of the hazard.

11. Incidents

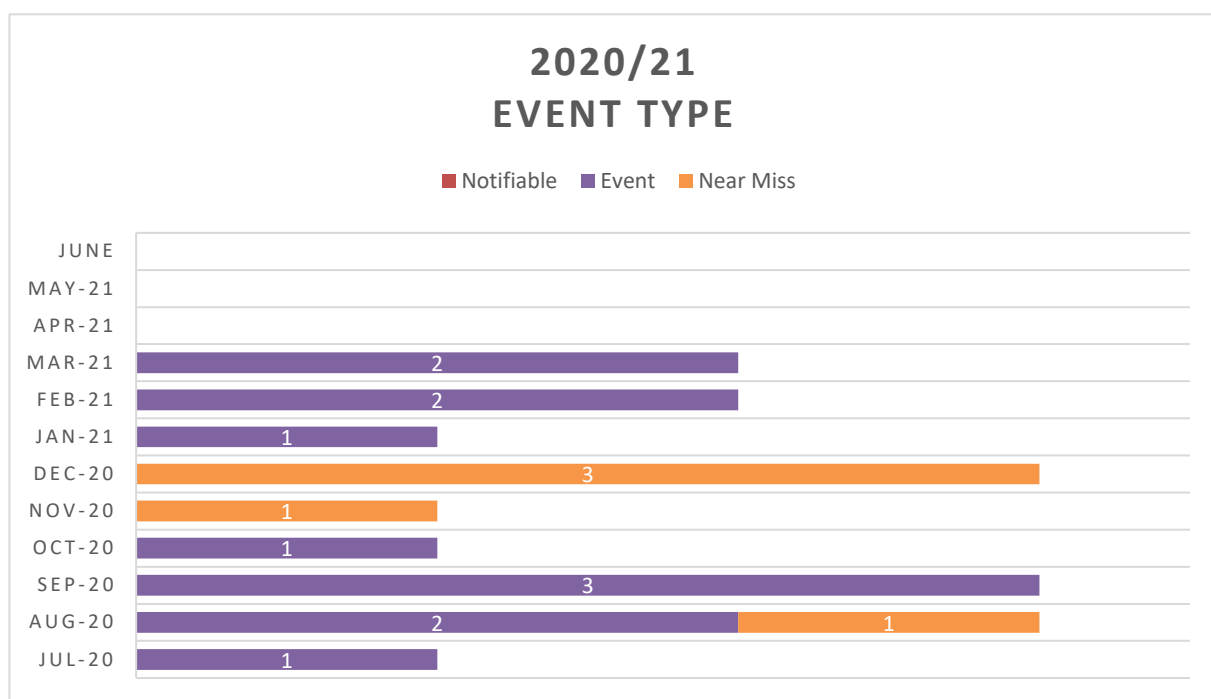
11.1



11.2



11.3



Attachments

Nil.

Report

Date : 22 March 2021
To : Chairperson and Committee Members
Audit and Risk Committee
From : Sandy Lowe
Group Manager - People and Capability
Subject : **Risk Management**
Item No : **6.6**

1. Recommendation

- 1.1 *That the report from the Group Manager - People and Capability dated 22 March 2021 concerning risk management (as circulated) be received, and*
- 1.2 *That the Audit and Risk Committee note the updates to the strategic risk register, including the addition of the risk 'Resource Management Act reform' and*
- 1.3 *That the Audit and Risk Committee note the need for further work in internal audit to drive improvements in risk mitigation, and*
- 1.4 *That the Audit and Risk Committee adopt the three-year work programme, and*
- 1.5 *That progress on the CKS audit recommendations is noted and those completed and confirmed are closed off requiring no further action.*

2. Reason for the Report

- 2.1 To provide an update to the Audit and Risk Committee on the management of strategic risk at Council.

3. Full Strategic Risk Register

- 3.1 Based on the residual risk assessment, the top five strategic risks listed on Council's register are climate change, resource management act reform, three waters reform, significant natural disaster, and non-compliance with statutory

requirements. A full copy of the register, including assessments, treatment controls and monitoring frequency is attached for further information.

4. Updates to Risk

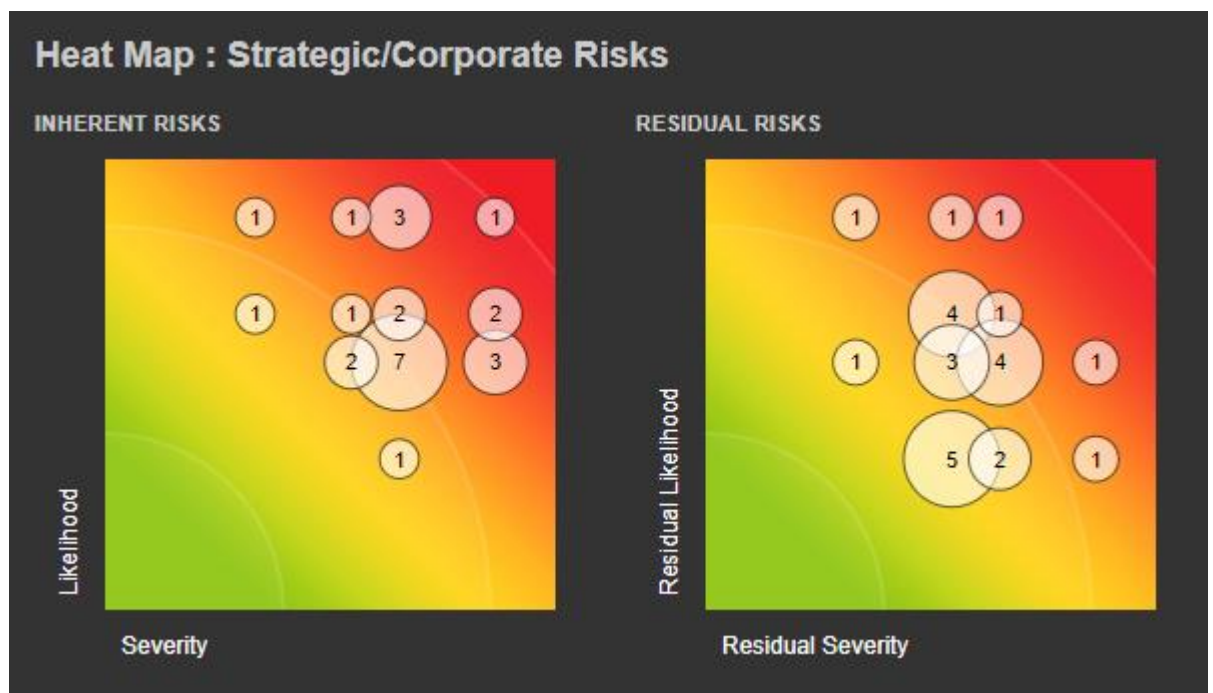
4.1 Following the work that was completed to establish the scope, context, and criteria of the Resource Management Act (1991) Reform, this risk has been added to the Strategic Risk Register and is viewable in the attached document titled 'Tararua District Council - Strategic Risk Register – March 2021'.

4.2 Changes in the organisational structure has meant that the ownership of a number of risks has been updated to reflect this.

5. Strategic Risk Exposure

5.1 The management of strategic risk is a key process which underpins the successful achievement of Council's priorities and outcomes. Council's current risk exposure, when plotted on the matrix is demonstrated as follows:

5.2



6. Project Risk

6.1 Currently there are no individual project risks assessed as having high residual risk.

6.2 Work is being completed to measure the overall project risk, which is different from individual project risks. Overall project risk is the effect of uncertainty on the project as a whole, rather than just a sum of the individual risks within a project. This creates a higher-level understanding of the risk profile of each project. Once

this work is completed, the overall project risk will be reported through to the Audit and Risk Committee.

- 6.3 Regular project reports including risk information will continue to be reported through the Works Liaison Committee.

7. Internal Audit

- 7.1 The role of internal audit is to provide independent assurance that an organisation's internal control processes are working effectively. Reports from internal audit present objective findings and make recommendations for corrective measures, ensuring continual improvement in Council's risk mitigation controls.
- 7.2 MWLASS have for the 2018-2020 period, contracted an external party (Cotton Kelly Smit – CKS), to complete the Internal Audit programme across the various councils. The Internal Audit Programme for 2020 was deferred due to COVID-19.
- 7.3 Several factors, including lack of staff capacity to drive the internal audit function, has resulted in continuing delays in finalising the internal audit programme. The People and Capabilities Group has been approved to employ a role focussing on risk and internal audit to fill the gap in this space and ensure appropriate resource is applied to confirm risk mitigation controls.

8. Adoption of the three-year work programme

- 8.1 Since the last Audit and Risk Committee meeting in November, there have only been two updates to the programme; firstly, to reinclude Project Risk Management as a reoccurring subject (covered in this report) and secondly, to differentiate between the workshop and committee sections of the work programme.
- 8.2 Please see the attached final three-year work programme for the audit and risk committee for adoption.
- 8.3 Note that the insurance risk profiling session has been delayed from this workshop, as the management session that was due to take place with Aon and key staff members was unable to occur due to COVID alert level restrictions. This has been rescheduled to the June Meeting.

9. CKS Audit Recommendations

- 9.1 At the Audit and Risk Committee meeting in June 2020 the CKS 'Post Implementation Review of Tararua District Council's Audit and Risk Committee' was reviewed.
- 9.2 To provide appropriate oversight to the committee, please see the attached recommendations list from the report and subsequent actions/progress that have been made against these.

Attachments

- 1 [!\[\]\(cd3e54d951a9fb854f48e4697cf550f9_img.jpg\)](#). Tararua District Council - Strategic Risk Register - March 2021
- 2 [!\[\]\(cc729e263f29c0a76fbdc4cfe67fceb0_img.jpg\)](#). Tararua District Council - Audit and Risk Committee - Three Year Work Programme 2021 - 2023
- 3 [!\[\]\(90d36d418f8f7ab67431ba2525e00a5e_img.jpg\)](#). CKS Internal Audit - Post Implementation Review of the Audit & Risk Committee - Recommendations - December 2020

Risk Register



Filter: Portfolio(s) Strategic/Corporate Risks

RESIDUAL 20.0 HIGH	STRATEGIC/CORPORATE RISKS, ENVIRONMENTAL, REDUCE, SUSTAINABLE ENVIRONMENT		TREATMENT MC00048	SIGNOFF(S):	Peter Wimsett
	Climate Change Climate change increases weather events and drought and also forecasts sea levels rising, impacting the 3 waters, roading, migration, and emergency repair costs. This may result in legislative changes.		Monitoring advice from central government and experts. Renewing in line with industry best standard (i.e. earthquake strengthening). Flexibility in the Long Term Plan to reprioritise levels of service. Maintaining depreciation reserve. Emergency reserves. Discretionary assistance from Central Government (60:40). Insurance. Maintain strong balance sheet, ensuring the ability to borrow or cash in assets. Consideration of climate change impacts in future planning e.g. water treatment and storage, asset protection, renewable energy initiatives, connectivity. Infrastructure Strategy and Growth Strategy.	DUE DATE:	01 Aug 2021
INHERENT 20.0	OWNER	Portfolio Managers: Group Manager - People & Capability, Risk Administrator	FREQUENCY:		The first Day of every 6 months
R00051	CREATED	6/6/2019 11:49:20 AM			
	LIKELIHOOD	Highly Likely			
	SEVERITY	Major			
	RESIDUAL LIKELIHOOD	Highly Likely			
	RESIDUAL SEVERITY	Major			

Opportunities:	
1. Define a point where we are no longer able to manage the effects of Climate Change	
2. Determine alternate water supplies for at risk supply areas. Note the three waters reform and Taumata Arowai funding opportunities to achieve greater resilience and a new LTP intention to look for secondary water sources (particularly bore sources)	
3. Determine alternate roading routes for at risk routes.	
4. District Plan identification of safe sites for building i.e. lower risk of flood	
5. Stormwater review	
6. Man-made lakes for water source - drinking & fire response.	

RESIDUAL
16.0
HIGH

INHERENT
16.0

R00090

STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, LEGISLATIVE, COMPLIANCE AND CONTROL

Resource Management Act (1991) Reform

Repeal and replacement of the RMA potentially resulting in:

Impact on our District Plan review process

Financial and resourcing impacts to our organisation

Increased potential for Local Government consolidation

OWNERPortfolio Managers: Group Manager - People & Capability, Risk Administrator

CREATED11/12/2020 11:05:51 AM

LIKELIHOODLikely

SEVERITYMajor

RESIDUAL LIKELIHOODLikely

RESIDUAL SEVERITYMajor

TREATMENT MC00082

Monitoring Central Government announcements and direction in relation to RMA reform.

Lobbying at a Central Government Level against Local Government amalgamation.

Allocating resource to manage the technical and political submissions.

Consideration of this reform in any decision making regarding the District Plan review.

SIGNOFF(S):

DUE DATE:

FREQUENCY:

Craig Lunn

12 May 2021

12th day of every 3 months

nintexpromapp

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<div> <div>RESIDUAL</div> <div>15.0</div> <div>HIGH</div> </div> <div> <div>INHERENT</div> <div>15.0</div> </div>	<p>STRATEGIC/CORPORATE RISKS, ENVIRONMENTAL, REDUCE, SUSTAINABLE ENVIRONMENT</p> <p>Significant Natural Disaster</p> <p>A geological or meteorological event or events that significantly impact on the community and Council ability to deliver essential services (for example the three waters and roading), and/or significantly impacts on Council's ability to lead the response to the disaster while maintaining services. Climate change is increasing the frequency and severity of meteorological events.</p>		<p>SIGNOFF(S): Sandy Lowe</p> <p>DUE DATE: 01 Jun 2021</p> <p>FREQUENCY: The first Day of every 12 months</p>
<p>R00054</p> <p>OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator</p> <p>CREATED 6/7/2019 11:57:57 AM</p> <p>LIKELIHOOD Quite possible</p> <p>SEVERITY Catastrophic</p> <p>RESIDUAL LIKELIHOOD Quite possible</p> <p>RESIDUAL SEVERITY Catastrophic</p>			
	<p>TREATMENT MC00051</p> <p>Manage exposure to natural hazards through the RMA and District Plan.</p> <p>Maintain financial capacity and insurance to mitigate exposure to moderate events.</p> <p>Develop understanding of natural hazards e.g. Horizons - flood mapping, GNS - fault mapping, East Coast LAB - Hikurangi fault maximum credible scenario modelling.</p> <p>Maintain strong relationships with partner organisations through groups such as the Manawatu Whanganui Civil Defence Emergency Management Group, and the Regional Lifelines Group.</p> <p>Train staff to national standards in emergency management response.</p> <p>Provide leadership in developing community resilience to natural disasters e.g. involvement with community development, involvement with social sector agencies.</p> <p>Maintain business continuity plans for Council essential services.</p> <p>Opportunities:</p> <p>Ensure consideration of natural disaster risk across all Council operations and departments to improve organisational resilience, e.g. risk, asset and project planning for critical failures in relation to natural disaster.</p> <p>Develop processes for how we use and share natural hazard research. For example liquefaction and fault avoidance zone research results in the District Plan, LIM's, and asset, and emergency plans.</p> <p>Supplement regional Civil Defence Emergency Management plans with District level response and recovery plans in collaboration with the Tararua Emergency Management Committee and Tararua Lifelines Group.</p>		

RESIDUAL 15.0 HIGH	INHERENT 20.0	R00049	STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL, REDUCE
Three Waters Reform Programme			
3 waters service delivery transferred by government potentially resulting in:			
Poor outcomes for our communities			
-local priorities deferred or delayed due to regional priorities			
-reduced levels or service or capital investment			
- accountability for ratepayers spend			
- loss of localisation			
Financial risk			
-a loss of revenue/funding			
-loss of ownership			
- stranded overheads - 3 waters currently contribute 10% of the overhead costs resulting in increased in rates or downsizing and restructuring of the organisation.			
Loss of control and expertise			
-capability and capacity during an EOC event			
- ability to comment, lobby or affect change in water policy			
- loss of integration with council documents (economic plan).			
- Growth may not be supported by infrastructure.			
- loss of control of risks			
Damage to council reputation			
- culmination of previous impacts would be worsened by poor change management.			
Tranche 2 requirements unknown - Dependency on full and complete information including impacts on local authorities.			
OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator			
CREATED 6/4/2019 4:54:27 PM			
LIKELIHOOD Highly likely			
SEVERITY Major			
RESIDUAL LIKELIHOOD Highly likely			
RESIDUAL SEVERITY Moderate			

TREATMENT MC00046	SIGNOFF(S):	Chris Chapman
Strategic planning to align with Government initiatives - section 17a review for three waters model currently on hold due to potential organisational structure change.	DUE DATE:	01 May 2021
Regional working group participation via GHD (currently paused).	FREQUENCY:	The first Day of every month
Communication with other district councils on approach and future planning		
Capital works prioritisation on non-compliance areas		
Application of project framework to deliver projects and strategic objectives		
Completed:		
Strategic planning for multiple submissions to Government Select Committees is underway as of March 2020 alongside SOLGM and LGNZ		
Lobbying for consideration of key issues to accountability for rates spend.		
Involvement in regional discussion around allocation of funding for regional distribution.		
Preparation for signing MOU due 31st August 2020.		
Prioritising the project workplan for three waters in preparation for funding agreements with Central Government and development of delivery plan.		
Delivery plan conditionally approved - this component of strategic risk will now move into project risk for delivery		
DIA request for information complete - risk of resource capacity to deliver requirements		
Weekly webinar sessions on RFI		
Opportunities:		
Communications to our communities educating on reform changes.		

RESIDUAL

12.0

MEDIUM

INHERENT

20.0

R00047

STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, PEOPLE RISKS, REDUCE

Health and safety notifiable event

Council fails to manage its health and safety risks / meet its responsibilities under the HSWA Act resulting in injury or death to staff/contractor. Legal impacts, stress and pressure, wellbeing of staff, personal liability of CE, and potential for business interruption.

OWNERPortfolio Managers: Group Manager - People & Capability/Risk Administrator

CREATED5/15/2019 9:31:25 AM

LIKELIHOODLikely

SEVERITYCatastrophic

RESIDUAL LIKELIHOODQuite possible

RESIDUAL SEVERITYMajor

TREATMENT MC00043

Health and Safety Risk Register complete and up-to-date.

Health and Safety Committee meet on monthly basis. Representatives chosen to maximise representation of all areas of work.

Incident investigation, hazard identification, contractor management processes all in place.

Keeping abreast of emerging health and safety issues nationally through worksafe, safeguard, MWLASS regional H&S group, NZISM and others.

Engagement of consultants/technical experts when needed.

Reporting to Council, Executive Leadership Team, Audit & Risk Committee to ensure they are meeting due diligence requirements.

Staff are inducted to processes and their rights and responsibilities under the HSWA (2015)

Stand in the gap ethos implemented through staff induction and reiterated ongoing culture.

Additional engagement with staff on risk management with scenario based testing of controls.

Definition, focus and management specific to defined critical risks - see critical risks video and bowtie posters.

Crisis Management Plan specific to notifiable events published.

Opportunities:

Testing of crisis management plan.

Proactive auditing of tasks, workites and contractors.

Additional engagement with Officers in ensuring due diligence

SIGNOFF(S):

DUE DATE:

FREQUENCY:

Sandy Lowe

01 Aug 2021

The first Day of every 6 months

Printed: 22 Mar 2021 08:31:21 by Sandy Lowe for Tararua District Council

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RESIDUAL 12.0 MEDIUM	STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, GOVERNANCE AND REPUTATION		RESIDUAL 12.0 MEDIUM	STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, GOVERNANCE AND REPUTATION	
	Failure to maintain and strengthen Iwi and Maori Relationships			Failure to maintain and strengthen Iwi and Maori Relationships	
	Failure to manage Council relationships with Iwi and Maori and meet Memorandum of Partnership objectives, resulting in reduced input from Iwi and Maori into decisions, weakening social, cultural, economic and environmental outcomes.			Failure to manage Council relationships with Iwi and Maori and meet Memorandum of Partnership objectives, resulting in reduced input from Iwi and Maori into decisions, weakening social, cultural, economic and environmental outcomes.	
	OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator			OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator	
R00048	CREATED	5/28/2019 10:40:03 AM	LIKELIHOOD	Likely	LIKELIHOOD
	SEVERITY	Major	SEVERITY	Major	SEVERITY
	RESIDUAL LIKELIHOOD	Likely	RESIDUAL LIKELIHOOD	Likely	RESIDUAL LIKELIHOOD
	RESIDUAL SEVERITY	Moderate	RESIDUAL SEVERITY	Moderate	RESIDUAL SEVERITY
INHERENT 16.0	STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL, REDUCE		INHERENT 16.0	STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL, REDUCE	
	Non-compliance with statutory requirements			Non-compliance with statutory requirements	
	Failure to comply with statutory requirements such as the drinking water standards, consent conditions, or other regulatory legislation, which could lead to a number of outcomes including but not limited to: illness, injury or death, political conflict, an increase in capital and operating costs, rework, government enquiry/review, failure to achieve public outcomes, exceeding our authority i.e. enforcing expired bylaws, reputational damage and flow on economic effects to the public and businesses.			Failure to comply with statutory requirements such as the drinking water standards, consent conditions, or other regulatory legislation, which could lead to a number of outcomes including but not limited to: illness, injury or death, political conflict, an increase in capital and operating costs, rework, government enquiry/review, failure to achieve public outcomes, exceeding our authority i.e. enforcing expired bylaws, reputational damage and flow on economic effects to the public and businesses.	
	OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator			OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator	
R00052	CREATED	6/6/2019 2:41:02 PM	LIKELIHOOD	Highly likely	LIKELIHOOD
	SEVERITY	Catastrophic	SEVERITY	Catastrophic	SEVERITY
	RESIDUAL LIKELIHOOD	Quite possible	RESIDUAL LIKELIHOOD	Quite possible	RESIDUAL LIKELIHOOD
	RESIDUAL SEVERITY	Major	RESIDUAL SEVERITY	Major	RESIDUAL SEVERITY
RESIDUAL 12.0 MEDIUM	TREATMENT MC00044		RESIDUAL 12.0 MEDIUM	TREATMENT MC00044	
	Continued liaison with Iwi and Maori, ensuring respect to the Treaty of Waitangi and our Memorandum of Partnerships, ensuring close engagement of critical decisions and matters of interest.			Continued liaison with Iwi and Maori, ensuring respect to the Treaty of Waitangi and our Memorandum of Partnerships, ensuring close engagement of critical decisions and matters of interest.	
	Working with Iwi to help fulfil treaty settlement funding and related matters.			Working with Iwi to help fulfil treaty settlement funding and related matters.	
	Combination of ad-hoc and scheduled hui and koia for Iwi/Maori relationship building.			Combination of ad-hoc and scheduled hui and koia for Iwi/Maori relationship building.	
	Memorandum of Partnerships with both Ngāi Kahungunu ki Tāmaki nui-a-Rua and Rangitāne o Tāmaki Nui-a-Rua.		Memorandum of Partnerships with both Ngāi Kahungunu ki Tāmaki nui-a-Rua and Rangitāne o Tāmaki Nui-a-Rua.		
INHERENT 25.0	Opportunities: Joint project central to Iwi/Maori outcomes and objectives. Cultural recognition within the way we're working and formalised staff inductions i.e. stronger use of Te Reo. Stronger resourcing for liaison with Iwi/Maori.		INHERENT 25.0	Opportunities: Joint project central to Iwi/Maori outcomes and objectives. Cultural recognition within the way we're working and formalised staff inductions i.e. stronger use of Te Reo. Stronger resourcing for liaison with Iwi/Maori.	
	Consideration of Iwi/Maori representation at the Council table. Definition of Council matters of interest and levels of engagement. Mapping of sites of cultural significance.			Consideration of Iwi/Maori representation at the Council table. Definition of Council matters of interest and levels of engagement. Mapping of sites of cultural significance.	
	TREATMENT MC00049			TREATMENT MC00049	
	Monitoring compliance requirements/changes. Engaging external experts to provide advice/audits for high risk / high interest areas. Capital investment and increased operating budget.			Monitoring compliance requirements/changes. Engaging external experts to provide advice/audits for high risk / high interest areas. Capital investment and increased operating budget.	
	Reporting on compliance to Council and Government agencies.		Reporting on compliance to Council and Government agencies.		
	Ensuring good relationships with Government agencies and other Councils.		Ensuring good relationships with Government agencies and other Councils.		
	Submissions to proposed legislative change.		Submissions to proposed legislative change.		
	Delegations, warrants.		Delegations, warrants.		
	Project planning to ensure compliance is considered through design to delivery.		Project planning to ensure compliance is considered through design to delivery.		
RESIDUAL 12.0 MEDIUM	SIGNOFF(S):		RESIDUAL 12.0 MEDIUM	SIGNOFF(S):	
	DUE DATE:			DUE DATE:	
	FREQUENCY:			FREQUENCY:	
	The first Day of every 6 months			The first Day of every 6 months	
	Craig Lunn		Craig Lunn		
	01 Aug 2021		01 Aug 2021		
	The first Day of every 6 months		The first Day of every 6 months		
INHERENT 25.0	Opportunities:		INHERENT 25.0	Opportunities:	
	Creation of standard operating procedures (SOPs) that are monitored and audited for high risk areas.			Creation of standard operating procedures (SOPs) that are monitored and audited for high risk areas.	
	Improve current processes to ensure staff knowledge and competency.			Improve current processes to ensure staff knowledge and competency.	

RESIDUAL
12.0
MEDIUM
INHERENT
20.0

STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE,
GOVERNANCE AND REPUTATION, REDUCE

Compliance cost increases

Actions by the Manawatu-Whanganui Regional Council (MWRC),
Central Government and Iwi/legal increase costs for Council to
meet service delivery.

OWNER Portfolio Managers: Group Manager - People & Capability, Risk
Administrator

CREATED 6/6/2019 3:07:17 PM

LIKELIHOOD Highly likely
SEVERITY Major
RESIDUAL LIKELIHOOD Likely
RESIDUAL SEVERITY Moderate

TREATMENT MC00050

Keep MWRC informed of any consent changes.
Plan in advance of consent deadlines, procuring
expert advice to guide Council's consenting
strategy.
Advocating MWRC and Central Government
policy settings change.
Submissions to proposed legislative change.
Advocating for change in the Local Government
funding model.
Applications for supplementary funding and
development contributions.
Futureproofing at design stage looking to update
processes and technology.
17A review for efficiency and economy.
Fees and changes reviewed to ensure appropriate
funding.
Monitoring and working with local government
bodies for proposed legislative changes e.g. three
waters reform

SIGNOFF(S):

DUE DATE:

FREQUENCY:


Chris Chapman

01 Aug 2021

The first Day of every 6 months

Opportunities:

Operational management supported by standard
operating procedures that are monitored and
audited for high risk areas.

 nintex promapp


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RESIDUAL	STRATEGIC/CORPORATE RISKS, ENVIRONMENTAL, GREAT LIFESTYLE
12.0	
MEDIUM	
INHERENT	
20.0	
R00041	
OWNER	Portfolio Managers: Group Manager - People & Capability, Risk Administrator
CREATED	4/30/2019 11:01:43 AM
LIKELIHOOD	Likely
SEVERITY	Catastrophic
RESIDUAL LIKELIHOOD	Likely
RESIDUAL SEVERITY	Moderate
Human Disease Pandemic	
Human disease pandemic impacting on capacity or loss of operational staff affecting levels of services, including cemeteries, customer services and communications, resulting in economic downturn, reduced export income from education and tourism and wellbeing/mental health.	
TREATMENT MC00038	
Complete Re-surgence plans and adjust Business Continuity Plans for adjustments to the national actions plan, including use of face masks at different levels.	
Review all business continuity plans to adjust these to the expert-based projected severity of the virus, bacteria or other pathogen. Consider MoH, NEMA, SOLGM, LGNZ and other expert advisors/series of response processes for critical council functions. Determine community wellbeing issues and Council leadership and functional role in response and recovery.	
IT facilities to enable relevant staff to work from home.	
Maintaining a healthy balance sheet.	
Flexibility within the LTP to enable change to service levels i.e., essential services only, suspension of face to face public services (swimming pool, library).	
The ability to use Council facilities for emergency public health or quarantine.	
Reducing contamination and transfer of disease through masks, gloves and antibacterial solution - Comms plan to educate staff and public.	
Opportunities:	
no touch taps/handwash etc.	
create comms templates to enable faster response.	
create an emergency mental health plan.	
consider this risk within our business continuity planning.	
stock pile resources for essential services i.e fuel stores, chlorine gas.	
SIGNOFF(S):	
Sandy Lowe	
DUE DATE:	
10 Apr 2021	
FREQUENCY:	
10th day of every 3 months	

R00042	RESIDUAL 12.0 MEDIUM	STRATEGIC/CORPORATE RISKS, ENVIRONMENTAL, PROSPEROUS ECONOMY	Agriculture Biosecurity Risk A breach in biosecurity that results in a significant impact to any of agriculture, forestry, food safety, the natural environment, or economy in Tararua.	TREATMENT MC00039	SIGNOFF(S): Sandy Lowe
	INHERENT 12.0	OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator CREATED 4/30/2019 11:18:27 AM	LIKELIHOOD Quite possible SEVERITY Major RESIDUAL LIKELIHOOD Quite possible RESIDUAL SEVERITY Major	DUE DATE: 01 Aug 2021 FREQUENCY: 1st day of every 12 months	
R00043	RESIDUAL 12.0 MEDIUM	STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, GOVERNANCE AND REPUTATION, REDUCE	Lack of clarity and understanding regarding the roles and responsibilities in governance and management. Lack of clarity in the divergence between governance and operations resulting in potential risks to compromise the decision making process and jeopardise the effectiveness of the organisations structure and cause disruption to organised priorities.	TREATMENT MC00040	SIGNOFF(S): Raj Suppiah
	INHERENT 15.0	OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator CREATED 5/7/2019 2:37:24 PM	LIKELIHOOD Highly likely SEVERITY Moderate RESIDUAL LIKELIHOOD Likely RESIDUAL SEVERITY Moderate	DUE DATE: 19 Oct 2022 FREQUENCY: The fourth Wednesday of every 36 months	
			Opportunities: Ongoing performance development planning with members		

RESIDUAL 12.0 MEDIUM	STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL		INHERENT 12.0	
	Failure to enable growth – District Growth is not supported by the District Plan, Infrastructure capacity and availability of funding			
	Resulting in failure to meet Council's LTP strategies, funding challenges ie rating base, higher rates increases – affordability issues, defer renewals and replacement of assets, ratepayers submit applications to build in permitted zones but are unable to do so due to lack of services and stymied district growth due to inability to take advantage of potential growth opportunities			
	OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator CREATED 7/8/2019 4:25:56 PM LIKELIHOOD Quite possible SEVERITY Major RESIDUAL LIKELIHOOD Quite possible RESIDUAL SEVERITY Major			
TREATMENT MC00053 Council is undertaking a growth study to establish where growth can happen across the district. The first stage is to understand where existing infrastructure can cope with growth. District Plan is due to be reviewed by 2022. Opportunities: Develop a growth Strategy that informs/give directions to other strategies – create better alignment to Council's vision Amendments to District Plan Proactive planning to prepare for a growth scenario. Align and anticipate Government priorities and funding, while advocating for opportunities that align our Vision				SIGNOFF(S): Mark Maxwell DUE DATE: 01 Apr 2021 FREQUENCY: The first Day of every 3 months
RESIDUAL 10.0 MEDIUM	STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL, REDUCE		INHERENT 15.0	
	The technical or structural failure of one or more critical infrastructure assets			
	The technical or structural failure of one or more critical infrastructure assets affecting delivery of key services to our communities. Potentially impacting Council financially, reputationally and wellbeing of staff and public.			
	OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator CREATED 5/9/2019 4:59:52 PM LIKELIHOOD Quite possible SEVERITY Catastrophic RESIDUAL LIKELIHOOD Unlikely RESIDUAL SEVERITY Catastrophic			
TREATMENT MC00045 Robust Asset Management Plans. Condition ratings on assets with expected life of asset to help determine replacement before failure. Monitoring processes in place, scada, drone inspections. Customer CRMs & asset repair forms, recognising patterns of small failures which may indicate deterioration. Major parts that are difficult or timely to source are kept in stock. Infrastructure Strategy. Opportunities: Determine and record which specific infrastructure assets are 'critical'. Emergency Response plan for disaster recovery. Monitoring and portable generators available for each pump station.				SIGNOFF(S): Chris Chapman DUE DATE: 01 Aug 2021 FREQUENCY: The first Day of every 6 months



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RESIDUAL

10.0

MEDIUM

INHERENT

10.0

R00036

STRATEGIC/CORPORATE RISKS, PROSPEROUS ECONOMY

Increasing proportion of fully retired residents

Changes in Council service design due to an increasing proportion of fully retired residents

OWNERPortfolio Managers: Group Manager - People & Capability, Risk Administrator

CREATED4/3/2019 8:44:29 AM

LIKELIHOODHighly likely

SEVERITYMinor

RESIDUAL LIKELIHOODHighly likely

RESIDUAL SEVERITYMinor

RESIDUAL

9.0

MEDIUM

INHERENT

9.0

R00039

STRATEGIC/CORPORATE RISKS, LEGISLATIVE, COMPLIANCE AND CONTROL, PROSPEROUS ECONOMY

Significant variation to population

A significant increase or decrease to the population impacting on housing, skilled workers, infrastructure, service design, lifestyle, social change and political pressure. This could result in a change in Council revenue sources, demand for council services and/or capital and operating expenditure which could reduce our resilience.

OWNERPortfolio Managers: Group Manager - People & Capability, Risk Administrator

CREATED4/3/2019 11:26:31 AM

LIKELIHOODQuite possible

SEVERITYModerate

RESIDUAL LIKELIHOODQuite possible

RESIDUAL SEVERITYModerate

TREATMENT MC00033

Pensioner Housing Investment

Increasing of safety including CCTV

Economic Development Plan to consider service design

Opportunities: Elderly Strategy. Encourage older workforce. Review of service design. Consider accommodation alternatives to pensioner housing (Abbeyfield)

SIGNOFF(S):

Mark Maxwell

DUE DATE:

01 Apr 2021

FREQUENCY:

The first Day of every 12 months

TREATMENT MC00036

Monitor population trends with a view to review / change the Economic Development Plan and/or Long Term Plan if significant population trend changes occur. Initiated investigation into the three waters networks to determine capacity available for growth - this flows into the asset management plans (LTP).

Opportunities: District Plan review. Development/Financial Contributions. Lobby for additional Government services e.g. housing.

SIGNOFF(S):

Mark Maxwell

DUE DATE:

01 Jul 2021

FREQUENCY:

The first Day of every 6 months

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RESIDUAL 9.0 MEDIUM	STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL		INHERENT 9.0	Inability to fund 3 waters increased renewals Inability to fund 3 waters increased renewals impacting our ability to meet agreed service levels, regulatory standards, Council's LTP strategies potentially resulting in forced amalgamations, deferral of renewals and replacement of assets, with the potential for of flow on effects to public health	TREATMENT MC00055 Data quality improvement programme Better forecast renewals – based on risk, service levels and asset condition/performance Increase maturity of Asset Management Plans Appropriately funded depreciation renewals.	SIGNOFF(S): Raj Supplah DUE DATE: 01 Jul 2021 FREQUENCY: The first Day of every 6 months
	OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator CREATED 7/8/2019 4:38:22 PM LIKELIHOOD Quite possible SEVERITY Moderate RESIDUAL LIKELIHOOD Quite possible RESIDUAL SEVERITY Moderate			Opportunities: Data quality and strategic approach to renewals		
RESIDUAL 9.0 MEDIUM	STRATEGIC/CORPORATE RISKS, PEOPLE RISKS, PROSPEROUS ECONOMY		INHERENT 12.0	Failure to attract and retain suitable skilled staff Failure to attract and retain suitable skilled staff resulting in lower productivity, increased training costs, remedial costs to fix significant mistakes affecting our reputation as an employer of choice.	TREATMENT MC00042 Tararua District Council aims to be an employer of choice. Supportive, safe & happy culture – Council Values, Wellness framework Flexible working conditions Options for growth – training, upskilling, transfer or promotion. Cadetships offered for hard to fill roles - nationally. Road Maps – enhancing current roles, professional development, feedback and communication. Competitive remuneration – based on job sizing and industry demand. Succession planning and cross-skilling staff where possible. Vacancies – advertising promotes Tararua District to attract more specialised skill sets, targeting local population and local government industry. Staff networking encourages others to consider working for TDC. Skills and team fit considered during interview process. Mediation and dispute resolution. Feedback from staff and exit interviews enables process improvements and areas of improvement for managers and staff.	SIGNOFF(S): Sandy Lowe DUE DATE: 01 Aug 2021 FREQUENCY: The first Day of every 12 months
	OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator CREATED 5/14/2019 4:33:09 PM LIKELIHOOD Likely SEVERITY Moderate RESIDUAL LIKELIHOOD Quite possible RESIDUAL SEVERITY Moderate			Opportunities: Staff survey and organisational strategy - working for continual improvement		

RESIDUAL 8.0 MEDIUM	STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, LEGISLATIVE, COMPLIANCE AND CONTROL		TREATMENT MC00056	SIGNOFF(S): Tina Love
INHERENT 12.0	<p>A major discretionary project is undertaken despite community opposition and/or failure to consider the expectations of the community</p> <p>Community opposition and expectations are not considered resulting in reduced ratepayer confidence in Council and political backlash</p> <p>OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator</p> <p>CREATED 7/8/2019 4:41:22 PM</p> <p>LIKELIHOOD Quite possible</p> <p>SEVERITY Major</p> <p>RESIDUAL LIKELIHOOD Unlikely</p> <p>RESIDUAL SEVERITY Major</p>		<p>Consultation requirements for major projects to ensure early signals of public opinion are available to shape project direction.</p> <p>Increased communication on key projects via website to help public awareness and understanding.</p> <p>Build increased awareness of Council of consequences of working outside of community expectations.</p>	DUE DATE: 10 Aug 2021
RESIDUAL 8.0 MEDIUM	<p>Failure to develop and understand our relationship with our key stakeholders</p> <p>Resulting in a loss of public confidence in Council and inability to achieve outcomes where stakeholder input is required.</p> <p>OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator</p> <p>CREATED 7/8/2019 4:21:10 PM</p> <p>LIKELIHOOD Quite possible</p> <p>SEVERITY Major</p> <p>RESIDUAL LIKELIHOOD Unlikely</p> <p>RESIDUAL SEVERITY Major</p>		<p>Ongoing monitoring and proactive management of key stakeholder relationships</p>	DUE DATE: 10 Aug 2021
INHERENT 12.0				FREQUENCY: 10th day of every 6 months

R00055

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<div>RESIDUAL 6.0 MEDIUM</div> <div>INHERENT 12.0</div>	<p>STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, GOVERNANCE AND REPUTATION</p> <p>Amalgamation of Councils into larger administrative bodies</p> <p>Amalgamation of Council or Council Services occurring as either, forced by Central Government, forced by need to share resources or associated costs, or undertaken due to community demand. Resulting in loss of community identity and loss of local control, impacting on staff wellbeing with potential for restructure.</p>	<p>TREATMENT MC00047</p> <p>Monitoring Local Government Commission activity.</p> <p>17a review of service delivery.</p> <p>Engaging with our communities and ensuring good communication to allow for informed decision making.</p> <p>Collaboration with other Councils where possible.</p> <p>Opportunities:</p> <p>More robust 17A reviews to review efficiency and economy.</p> <p>Investigation for further collaboration through procurement, alliance models and outsourcing to other Councils rather than creating CCO's.</p>	<p>SIGNOFF(S):</p> <p>Bryan Nicholson</p> <p>DUE DATE:</p> <p>10 Aug 2021</p> <p>FREQUENCY:</p> <p>10th day of every 12 months</p>
<p>OWNER</p> <p>Portfolio Managers: Group Manager - People & Capability, Risk Administrator</p> <p>CREATED</p> <p>6/5/2019 4:04:27 PM</p> <p>LIKELIHOOD</p> <p>Quite possible</p> <p>SEVERITY</p> <p>Major</p> <p>RESIDUAL LIKELIHOOD</p> <p>Unlikely</p> <p>RESIDUAL SEVERITY</p> <p>Moderate</p>	<p>STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, LEGISLATIVE, COMPLIANCE AND CONTROL</p>	<p>TREATMENT MC00037</p> <p>Communications plans for all major projects and for all issues which carry a high level of public interest as determined by the significance and engagement policy and through feedback from Councilors and the community.</p> <p>Customer feedback gathered through surveys influence service areas.</p> <p>Creating opportunities for community engagement through social media and (opportunity) other technological avenues (apps).</p>	<p>SIGNOFF(S):</p> <p>Mark Maxwell</p> <p>DUE DATE:</p> <p>01 Apr 2021</p> <p>FREQUENCY:</p> <p>1st day of every 6 months</p>
<div>RESIDUAL 6.0 MEDIUM</div> <div>INHERENT 8.0</div>	<p>Failure to engage and communicate with our communities effectively</p> <p>Reputational impacts led by a lack of communication and understanding across Council and our communities, resulting in a lack of community buy in, affecting our ability to deliver best results and creating a negative view of Council from both the media and the community.</p>	<p>Opportunities:</p> <p>Future proof communication with public through development of an online publication (Buzz It)</p>	
<p>OWNER</p> <p>Mark Maxwell</p> <p>CREATED</p> <p>4/16/2019 10:55:59 AM</p> <p>LIKELIHOOD</p> <p>Likely</p> <p>SEVERITY</p> <p>Minor</p> <p>RESIDUAL LIKELIHOOD</p> <p>Quite possible</p> <p>RESIDUAL SEVERITY</p> <p>Minor</p>			

RESIDUAL

6.0

MEDIUM

INHERENT

12.0

R00037

STRATEGIC/CORPORATE RISKS, LEGISLATIVE, COMPLIANCE AND CONTROL, PROSPEROUS ECONOMY

Atypical Global Depression

Significant global economic depression affecting NZ and the Tararua District. Affecting our ability to fund Council services through rates, which could disrupt our current service design and reduce or remove credit lines. This could also lead to community unrest and increased political pressure.

Note that COVID-19 Government intervention for employment subsidy, quantitative easing and other significant measures have moderated the effects of the COVID-19 event.

Tararua District is one of the least impacted districts in New Zealand due to the economic focus on dairy and meat produce.

OWNER
Portfolio Managers: Group Manager - People & Capability, Risk Administrator

CREATED
4/3/2019 9:58:10 AM

LIKELIHOOD
Quite possible

SEVERITY
Major

RESIDUAL LIKELIHOOD
Unlikely

RESIDUAL SEVERITY
Moderate

TREATMENT MC00034

Monitoring of any significant international economic instability and review LTP with the flexibility to alter or defer plans and/or projects, specifically the Financial and Economic Strategies to ensure a healthy balance sheet is maintained and rate increases are moderate. Local campaign has been initiated to encourage economic stimulus locally. Applying for additional Government funding for infrastructure improvements projects, increasing local employment opportunities creating economic stimulus.

Opportunities:
Consider Council projects that could be developed as 'work schemes' in the event of severe unemployment / community unrest.

SIGNOFF(S):

Raj Suppiah

DUE DATE:

01 Apr 2021

FREQUENCY:

The first Day of every 2 months

R00038

STRATEGIC/CORPORATE RISKS, LEGISLATIVE, COMPLIANCE AND CONTROL, PROSPEROUS ECONOMY

Typical Severe Recession

Significant economic downturn affecting NZ and the Tararua District. Affecting our ability to fund Council services through rates, which could disrupt our current service design and reduce or remove credit lines. This could also lead to increased political pressure and significant resistance to any cutbacks.

OWNER
Portfolio Managers: Group Manager - People & Capability, Risk Administrator

CREATED
4/3/2019 11:09:49 AM

LIKELIHOOD
Unlikely

SEVERITY
Major

RESIDUAL LIKELIHOOD
Unlikely

RESIDUAL SEVERITY
Moderate

TREATMENT MC00035

Monitor economic indicators and review LTP with the flexibility to alter or defer plans and/or projects, specifically the Financial and Economic Strategies to ensure a healthy balance sheet is maintained and rate increases are reduced. Identify the level of capex that Council can handle under current business as usual.

Opportunities: Buy Local. Model interest rate increases as part of business case development.

SIGNOFF(S):

Raj Suppiah

DUE DATE:

01 May 2021


FREQUENCY:

The first Day of every 3 months

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RESIDUAL	STRATEGIC/CORPORATE RISKS, COLLABORATIVE COUNCIL, LEGISLATIVE, COMPLIANCE AND CONTROL		TREATMENT MC00041	SIGNOFF(S):	Raj Suppliah
6.0	Significant IT Failure that disrupts the organisations ability to provide agreed levels of service		Refer to contractual IT Alliance agreement and Disaster Recovery Plan.	DUE DATE:	01 May 2021
MEDIUM	IT Failure that disrupts the organisations ability to provide agreed levels of service and restrict the ability for Council functions to perform. This could be caused through physical damage to a site, or through data corruption with either malicious intent or accidentally.		Disaster Recovery Sites - back ups daily at Pahiatua Office.	FREQUENCY:	The first Day of every 6 months
INHERENT	OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator		Cyber-liability insurance arrangements are in place.		
15.0	CREATED 5/14/2019 3:48:46 PM		Ability to recover data to points in time going back up to 7 years.		
	LIKELIHOOD Quite possible		Policies & procedures in place to lockdown access as required only.		
	SEVERITY Catastrophic		Firewall & authentication protocols.		
	RESIDUAL LIKELIHOOD Unlikely		Penetration testing.		
	RESIDUAL SEVERITY Moderate		Opportunities:		
			A full security audit.		
RESIDUAL	STRATEGIC/CORPORATE RISKS, EFFICIENT INFRASTRUCTURE, LEGISLATIVE, COMPLIANCE AND CONTROL, REDUCE		TREATMENT MC00054	SIGNOFF(S):	Tina Love
6.0	Failure to deliver major infrastructure project(s)		Established Project team continue to drive and increase project management principles and capability.	DUE DATE:	01 Apr 2021
MEDIUM	Failure to deliver major infrastructure project(s) resulting in failure to meet agreed service levels, regulatory standards, Council's LTP strategies and community expectations – reputational impacts		Improved project governance oversight via Works Liaison committee and Council.	FREQUENCY:	The first Day of every 2 months
INHERENT	OWNER Portfolio Managers: Group Manager - People & Capability, Risk Administrator		Improved project management disciplines/methodology.		
12.0	CREATED 7/8/2019 4:32:46 PM		Established structure for projects to allow for additional capacity for high-risk projects.		
	LIKELIHOOD Quite possible		Culture re-organised to allow for proactive planning and scoping of future projects.		
	SEVERITY Major		Opportunities:		
	RESIDUAL LIKELIHOOD Unlikely				
	RESIDUAL SEVERITY Moderate				
R00057					

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Audit and Risk Committee three-year Work Programme

Key	○ Workshop Item	● Committee Item												
			2021				2022				2023			
Workstream	March	June	August	October	March	June	August	October	March	June	August	October		
Risk Management														
Health and Safety due diligence reporting	●	●	●	●	●	●	●	●	●	●	●	●		
Risk Register update on any significant changes	●	●	●	●	●	●	●	●	●	●	●	●		
Senior Leadership Team – key concerns	○	○	○	○	○	○	○	○	○	○	○	○		
Emerging risks overview	○	○	○	○	○	○	○	○	○	○	○	○		
Deep Dive into topical risks			○				○				○			
Risk Management Framework and Policy				●				●				●		
Full strategic risk register review	●				●				●					
Setting of risk appetite				○						○				
Audit and Improvement Programme Updates														
Confirmation of 2021/22 Internal Audit Programme		●				●				●				
Internal Audit Reporting / Monitoring of Improvement Programme progress	●			●				●				●		
Confirmation of 2021/22 External Audit Programme		●				●				●				
External Audit Reporting / Monitoring of Improvement Programme progress	●			●				●				●		
Key Financial Risks - Insurance / Treasury														
Insurance Risk Profiling with Aon	○													
Insurance Risk Strategy		○			○				○					
Treasury Risk Workshop presentation by PWC				○				○				○		

Annual Plan and Annual Reports												
Annual Report Audit Plan		•				•				•		
Interim Management Report				•				•				•
Final Management Report	•				•				•			
Long Term Audit Plan and Fee Proposal											•	
Adopt Draft Long Term Plan/Annual Plan	•				•				•			
Adopt Final Long Term Plan/Annual Plan		•				•				•		
Adopt Draft Annual Report			•				•				•	
Adopt Final Annual Report				•				•				•
Tararua Alliance												
Performance Audit	•				•				•			
Financial Audit	•				•				•			
Other												
Confirmation of Terms of Reference for the Committee									○			
Health and Safety elected member induction									○			
Risk Framework elected member induction									○			
Review of draft work programme for following three years											•	
Review of performance and effectiveness of the Audit and Risk Committee at the end of the triennium								•				

CKS Internal Audit - Post Implementation Review of the Audit and Risk Committee

Recommendations	Response	Assigned to	Resolution	Date completed
2. Attendees				
More in-depth analysis is done, considering each staff position separately, regarding the value added to the effective and efficient operations of TDC, of the attendance of the various staff roles at Committee meetings	Looking back through the minutes it does not appear that staff in attendance have reduced, however the staff that do attend do so either because they are presenting or because this is of note to their role	Sandy	Confirmed & Complete	Dec-20
3. Composition of the Committee including Chair				
The process for procuring a Chair, also the terms and conditions of the role of Chair, be agreed by Council	Confirmed & Complete	Raj	Confirmed & Complete	Jul-20
That before forming a new Committee that consideration is given to what is the ideal mix of background, experience and skills available to fit with the complexity and the risk profile of TDC. Once this has been determined this information be considered when appointing new Committee members.	Confirmed & Complete	Raj	Confirmed & Complete	Jul-20
4. Workplan				
That the content of the workplan form part of a discussion, document updating and induction process of new Committee members	Work programme feedback has been sought, with adoption expected in March 2021. The programme outlines the work programme review to be completed upon the new triennium	Sandy	Confirmed & Complete	Mar-21
That the most recent copy of the workplan be included on all Committee meeting agendas as a standing item	This will be included from now on and form the majority of the agenda from 2021 onwards	Sandy	Confirmed & Complete	Nov-20
5. Agenda Content				
Time to discuss the agenda before each meeting, whether by telephone or face to face, is included in the diaries of the Mayor and the Chair or between the Mayor, the Chair and the CE if more convenient for all parties	Discussion to take place with Mayor Tracey, Kevin and Bryan.	Sandy	Confirmed & Complete	Mar-21
That the existing work with respect to an increasing focus on risk by the Committee, continues	A breakdown of the risk framework and several deep dive sessions on critical/emerging risks were completed in the 2020 workshops. This will continue.	Sandy	Confirmed & Complete	Jan-20
Recognition continue that resources are not unlimited and a balance needs to be found between what is desirable and what is possible. It is recommended that prioritising exercise be included as part of a discussion, document updating and induction process of new Committee members	The work programme covers this and any additional assurance required external resources can be budgeted for	Sandy	Confirmed & Complete	Nov-20
6. Workshops				
The timing and purpose of workshops for the next 12 months form part of the preparation of the annual work plan and be included as part of a discussion, document updating and induction process of new Committee members	The work programme has been split between workshops and committee to clearly identify what will be covered in the workshop sections.	Sandy	Confirmed & Complete	Mar-21
7. Governance level policies				
That a list of existing audit, finance and risk related policies, including those in draft form, be prepared	A full review of policies and how they relate to the whole of council is being conducted. This will ensure all policies are seen and reviewed by the appropriate people/committees	Raj/Peter	A list of Council policies and action plan for reviews/develop new policies was presented at the March Strategy & Policy Committee Meeting.	
That the above list is reviewed by management and the Committee for completeness and a timeline agreed to prepare and approve policies to fill any identified gaps	as per above	Raj/Peter	As above	
That the policies are regularly reviewed and updated when the need to do so is identified by the review	as per above	Raj/Peter	A framework for policy review will be developed	
8. General Communications				
That as part of the induction process of the new Committee that the lines of communications between the parties are identified, captured in writing, and where applicable, diarized for the next 12 months. This may include setting time aside for informal updates	Discussion to take place with Mayor Tracey, Kevin and Bryan.	Sandy		
9. Induction				
The induction process for 2019 incorporates the aspects of the 2016 that were found to be informative and add value				
That the following suggestions generated from our inquiries be included in the induction of the next committee or form part of a workshop shortly afterwards:				
The terms of reference of the Audit and Risk Committee	This was reviewed and accepted alongside the triennial appointment of the Chair and is scheduled in the work programme to be reviewed in conjunction with this occurrence every three years	Raj	Confirmed & Complete	Jul-20
The Audit and Risk Work Programme	Draft has been implemented for the next three years.	Sandy	Confirmed & Complete	Mar-21
The section on Audit and Risk Committees in the March 2017 TDC Local Governance Statement	At the commencement of the term a workshop was held on setting the Audit and Risk Committee's direction, and this included committee members expectations in fulfilling the terms of reference (which is what is set out in the Local Governance Statement).	Richard	Confirmed & Complete	2019
The policies relevant to audit and risk	as per point 7.	Raj/Peter	see updates on point 7 above	
potential workshop topics for the next 12 months	Covered by work programme	Sandy	Confirmed & Complete	Mar-21
Discussion around known and potential future risks with input actively sought from new Committee members	This is being achieved through workshops	Sandy	Confirmed & Complete	ongoing
The list of relevant policies be included in the induction pack	as per point 7.	Raj/Peter	Now that the policy stocktake completed and list developed, this list will be included in the induction pack.	
Induction and on-going training matters channel through workshops and training sessions arranged by MWLASS.	Discussion to take place with Tracey. Raj to follow up with Andrea from OAG. Consider the following options; * Internal IOD options * LGNZ/SOLGM training options * Bruce Robertson and/or Steve McDowell * Attendance at other local government ARC	Raj/Sandy	In progress - discussion on ongoing training plan for the March 2021 ARC Workshop	
10. Risk Management				
The existing work of expanding the focus on risk continue	Continuing to continue :)	Sandy	Confirmed & Complete	ongoing
If not being done already, that the work on risk is periodically benchmarked against authoritative good practice	The risk framework has been reviewed against best practice and ISO31000. Interaction with other LG organisations will assist with benchmarking the strategic risk register	Sandy	Confirmed & Complete	Jan-20
That the consideration of risk includes adequate procedures to ensure that new or materially change risks are properly and promptly identified and incorporated into the risk management framework	Procedures for identifying risks are outlined in our framework and regular sign-off of these risks allows for consistent monitoring of our risk profile. Further work to include risk discussion in all reports is required.	Sandy	Confirmed & Complete	Jan-20
That the risk register is review quarterly by the Committee	We have this listed in the work programme to occur yearly, however the workshops provide a deep dive on the risks throughout the year which we see as more beneficial and provides additional engagement	Sandy	Confirmed & Complete	Jan-20
11. Future role of the Committee				
Include periodic reviews of the Committee against best practice	We have listed in our work programme to conduct an internal audit towards the end of this triennium.	Sandy	Confirmed and noted in work programme to be completed	Jul-22