



Audit and Risk Committee

Notice of Meeting

A meeting of the Audit and Risk Committee will be held in the Council Chamber, 156 High Street, Dannevirke on **Tuesday 18 February 2025** commencing at **9:30am**.

Bryan Nicholson
Chief Executive

Agenda

- 1. Welcome and Meeting Opening**
- 2. Apologies**
- 3. Public Forum**

A period of up to 30 minutes shall be set aside for a public forum. Each speaker during the public forum section of a meeting may speak for up to five minutes.

Standing Orders may be suspended on a vote of three-quarters of those present to extend the period of public participation or the period any speaker is allowed to speak.

With the permission of the Chairperson, members may ask questions of speakers during the period reserved for public forum. If permitted by the Chairperson, questions by members are to be confined to obtaining information or clarification on matters raised by the speaker.

- 4. Notification of Items Not on the Agenda**

Major items not on the agenda may be dealt with at this meeting if so resolved by the Committee and the Chairperson explains at the meeting at a time when it is open to the public the reason why the item was not listed on the agenda and the reason why discussion of the item cannot be delayed until a subsequent meeting.

Minor matters not on the agenda relating to the general business of the Committee may be discussed if the Chairperson explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at that meeting, but no resolution, decision or recommendation may be made in respect of that item except to refer it to a subsequent meeting.

5. Declarations of Conflicts of Interest in Relation to this Meeting's Items of Business

6. Confirmation of Minutes 5

Recommendation

That the minutes of the Audit and Risk Committee meeting held on 11 December 2024 (as circulated) be confirmed as a true and accurate record of the meeting.

7. Reports

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7.8 Tararua Alliance Quarterly ARC Report - February 2025 91

8. Public Excluded Items of Business

Recommendation

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

Elected Member Security

Tararua Alliance Performance Audit Report 2023/24

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 Performance Audit Report 2023/24</i>	<i>To protect the commercial position of a third party</i>	<i><Section (1)(a)(i)</i>
<i>Elected Member Security</i>	<i>To protect the safety of the public</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:

s6(b) The making available of the information would be likely to endanger the safety of a person.

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.

9. Closure



Audit and Risk Committee

Minutes of a meeting of the Audit and Risk Committee held in the Council Chamber, 136 Main Street, Pahiatua on Wednesday 11 December 2024 commencing at 9:30am.

1. Welcome and Meeting Opening

Mr P Jones (Chairperson), Her Worship the Mayor - Mrs T H Collis, Crs E L Peeti-Webber (Deputy Mayor), N L Chase, A K Franklin, S M Gilmore, P A Johns, M F Long, K A Sutherland, and S M Wards

In Attendance

Mr B Nicholson	- Chief Executive
Mrs K Tani	- Group Manager – Strategy and Community Wellbeing (via Teams)
Ms S Lowe	- Group Manager – People, Capability and Customer Experience
Mr H Featonby	- Group Manager – Infrastructure
Mr P Wimsett	- Chief Advisor
Mr R Earp	- Strategic Advisor
Mr S Dunn	- Risk and Assurance Advisor
Mrs G Anderson	- Health and Safety Coordinator
Mrs S Walshe	- Finance Manager
Ms J Smith	- Legal Counsel and Procurement Manager (via Teams)
Mrs B Fowler	- Senior Financial Accountant
Mr M Thomas	- Contractor - Strategy
Ms A Rule	- Policy and Planning Advisor (via Teams)
Mrs A Dunn	- Manager – Democracy Services

2. Welcome and meeting opening

Her Worship the Mayor opened the meeting with prayer.

3. Apologies

That the apologies from Councillor S A Wallace be accepted and leave of absence granted for the meeting.

4. Public Forum

There were no requests for public forum time.

5. Notification of Items Not on the Agenda

Nil

6. Declarations of Conflicts of Interest in Relation to this Meeting's Items of Business

Chairperson Jones – noted that the writer of the investigation report for the rates rebate direct debit error was a colleague of his. Mr Jones advised for transparency that although the author used him as a sounding board for some of the reporting, he did not have an influence on the report.

7. Confirmation of Minutes

- 7.1 *That the minutes of the Audit and Risk Committee meeting held on 22 October 2024 (as circulated) be confirmed as a true and accurate record of the meeting.*

Johns/Long

Carried

8. Reports

8.1 Adoption of the Annual Report 2023/24

The Audit and Risk Committee considered the report of the Senior Financial Accountant dated 5 December 2024 that presented the audited Annual Report for the 2023-24 financial year for consideration and recommending to Council for adoption at its meeting on 18 December 2024.

The Senior Financial Accountant spoke to her report, and noted that a summary Annual Report would also be prepared, ready for publication within 30 days of adoption of the Annual Report.

Fiona Elkington of Audit New Zealand addressed the committee regarding the audit and their pending audit opinion. She noted that they had planned to be able to circulate a draft opinion, however there was an issue that affected a number of councils in New Zealand regarding the Smooth Travel Exposure (STE) measure that required additional work to be undertaken. This now needed to be reviewed by their Technical Team prior to release.

She noted that in general the audit went very well, including the revaluation process, and that there was a good process in place. She noted there had been

some illness in the audit team that had caused delays to finishing their final work. She thanked the Finance team for all of their help and noted the good relationship that had developed over the past few months. She advised that they would be liaising with the Finance team on the work plan for the 2024-25 Annual Report to ensure the Annual Report would be ready for adoption by 31 October 2025.

In questioning, regarding the Smooth Travel Exposure (STE) measure, which is a mandatory measure from the Department of Internal Affairs, further explanation was given on how the regular traffic counts had helped make this process better in this district, where other Councils had not done their traffic counts within the last two years. This measure compares the roughness of road surface with number of traffic movements, and the ratio is the STE measure. It was noted that NZTA would be taking over part of the roughness survey in the coming year, which would have an impact.

The Chairperson noted that this year had been positive in terms of the financial result, and recommended that the Mayor and Chief Executive include that information in their part of the Annual Report.

In response to a request for clarification of whether there were any changes in accounting policies, it was noted that there was one on audit fees, on page 168, disclosure of fees.

That the report from the Senior Financial Accountant dated 05 December 2024 concerning the Adoption of the Annual Report 2023/24 be received.

That the Audit and Risk Committee recommend to Council:

That the Mayor and Chief Executive be delegated the authority to make any minor changes requested by Audit New Zealand and to sign the Statement of Compliance and Responsibility that is contained within the Annual Report for the year ending 30 June 2024; and

That the Tararua District Council adopt the Annual Report 2023/24 in accordance with Section 98 of the Local Government Act 2002.

Johns/Chase

Carried

8.2 **Investigation into Errors with Direct Debit Processes**

The Audit and Risk Committee considered the report of the Chief Executive dated 3 December 2024 that summarised the outcomes and actions proposed from the investigation into the direct debit errors within the Tararua District Council's rates collection process, and provided a copy of the investigation report.

In discussion, questions were asked regarding the following:

Whether there were any other financial processes that were manual in nature

that could also be at risk of inadequate oversight. In response it was noted that focus had been on addressing the direct debit rates process, but there were no others that had come to light. Resources had been put into reviewing the processes used.

Information provided to governance, assurance was sought that reporting would be improved to enable governance to pick up similar issues in the future. The recommendations in the report give more certainty, with use of reporting through the CRM system, and additional oversight would reduce the risk.

It was asked whether there had there been any conversations in developing shared services relationships with other Councils for this function. It was advised that discussions had been held with other Chief Executives, and noted the landscape changing that would push us in this direction in the future. Those conversations would happen when Council looked to change its enterprise system.

Regarding the additional resource, explanation was provided about the ongoing relationship with the Debt Management Central team as to what functions they could undertake on behalf of Council.

With regard to the new process for handling enquiries, an explanation was provided of the proposal to transition to using the CRM system for managing enquiries, which would provide better tracking. It was asked that the CRM system have its own category for this to enable better reporting to Council.

With regard to oversight of processes, it was asked whether there were any other processes where the manager was undertaking the processing as well as the checking. In response it was noted that many of Council's managers were also technical experts that were involved in doing the work as well as managing the team.

It was noted that work would need to be done on recovering Council's reputation. The importance of the elected members and the officers to be working together to rebuild the trust of the community was highlighted.

It was asked why the matter had not been picked up by Audit New Zealand in their annual audits, and it was asked that a clear answer be provided for the community. It was explained that an auditor's role is to say whether the financial results are fairly reflected. When they look at the debtors, are they fairly reflected, and these had been. The only way to pick it up would have been to look at the aging of the receivables in detail. This was not usually done, and these debts were not showing as aged debts due to continual payments being made against them. An internal audit function that looked at systems and processes would be the way that could potentially identify these types of issues.

It was noted that the financial reporting had been updated to include a specific line to report to Council on the direct debit rates rebate payments. It was also asked that reporting include information that provided more information on rates debtors.

Progress reports would also be provided on the recommendations from the investigation report.

Concern was expressed about the resourcing risk, and the Chief Executive provided an explanation of how the structure of the team was being reviewed, and recruitment for cover for the vacancies within the team.

That the report from the Chief Executive dated 03 December 2024 concerning the Investigation into Errors with Direct Debit Processes be received.

That a regular report be brought back to the committee on the achievement of the progress on items identified within the investigation report.

Jones/Gilmore

Carried

8.3 Insurance Update

The Audit and Risk Committee considered the report of the Group Manager – Corporate and Regulatory Services dated 29 November 2024 that provided an update on insurance matters, building on the item presented to the committee’s previous meeting held 22 October 2024. Additional detail was provided on reclassification of assets from the infrastructure policy to material damage policy, for example oxidation ponds. It was also noted that there had been an improvement in data around asset additions, and valuation updates. The next steps identified in the report were discussed and it was noted that a report would be provided on the 10 year claims to the committee’s February 2025 meeting. With regards to the insurance strategy and preparation of insurance schedules, it was asked that assurance be provided to Council on compliance with the insurance strategy. It was noted that the officer checking the insurance schedule would not be an officer that prepared the schedule.

That the report from the Group Manager - Corporate & Regulatory Services dated 29 November 2024 concerning the Insurance Update (as circulated) be received.

Johns/Peeti-Webber

Carried

The meeting adjourned at 11:00am and reconvened at 11:10am.

8.4 Environmental Scan December 2024

The Audit and Risk Committee considered the Environmental Scan v12 that outlined key trends and high-level external challenges, including affordability, costs, legislative changes and insights from the 2023 Census, impacting the 2025-

26 Annual Plan process. In discussion, the changes in the construction industry and the retail sector were highlighted, and the impact on assumptions made in the Long Term Plan were noted. The growing risk worldwide as to what could affect farm profitability, for example with tariffs, was noted, along with affordability in the residential sector. It was noted that changes were coming frequently as a result of Government policy direction, for example the upcoming freshwater policy statement.

That the Audit and Risk Committee notes the Environmental Scan dated 4 December 2024.

Sutherland/Wards

Carried

8.5 **WorkSafe Notices - Pahiatua Water Treatment Plant**

The Audit and Risk Committee considered the report of the Risk and Assurance Advisor dated 28 November 2024 that informed the committee of WorkSafe notices that had been received and outlined the proactive steps being taken to address these, including opportunities for improvement and lessons learned. It was noted that a due diligence site visit had taken place on 10 December 2024, for committee members to view the site.

That the report from the Risk & Assurance Advisor dated 28 November 2024 concerning the WorkSafe Notices - Pahiatua Water Treatment Plant (as circulated) be received and adopted.

Gilmore/Peeti-Webber

Carried

8.6 **Health, Safety and Wellbeing Workplan**

The Audit and Risk Committee considered the report of the Risk and Assurance Advisor dated 22 November 2024 that provided an update on the development of the Health, Safety and Wellbeing Workplan for 2025.

Councillor M F Long left the meeting at 11:48am and returned at 11:50am.

It was asked that information be provided on the expected timeframe for review of the smokefree workplace policy.

It was noted that a review of contractor health and safety compliance monitoring would be undertaken as part of the review of risk controls, and would be reported back to the committee.

That the report from the Risk & Assurance Advisor dated 22 November 2024 concerning the Health, Safety and Wellbeing Workplan (as circulated) be received and adopted.

Gilmore/Franklin

Carried

9. Items not on the Agenda

9.1 Nil

There being no further business the Chairperson thanked those present for their attendance and contributions, and declared the meeting closed at 11:52am.

Chairperson



Report

Date : 13 February 2025

To : Chairperson and Committee Members
Audit and Risk Committee

From : Sarah Walshe
Finance Manager

Subject : **Audit New Zealand 2024 Draft Management Report**

Item No : **7.1**

1. Recommendation

1.1 ***That the report from the Finance Manager dated 11 February 2025 concerning the Audit New Zealand 2024 Draft Management Report be received.***

2. Reason for the Report

2.1 To update the Audit and Risk Committee on the 2023/2024 annual report audit findings and draft management report.

3. 2023/2024 Annual Report

3.1 Council was issued an unmodified audit report on Council's financial statements and statement of service performance dated 18 December 2024.

3.2 The audit report states that the financial statements are free from material misstatement including omissions. During the audit any misstatements were discussed with officers and adjusted as required.

3.3 This report highlights three uncorrected misstatements that Audit New Zealand is satisfied that they are individually and collectively immaterial as follows:

- Building Revaluation – this misstatement arose in the 2023 annual report and as building revaluations are only completed every three years will remain as an uncorrected misstatement until the next revaluation is completed.

- Loans Receivable – this misstatement arose in the 2023 annual report also and relates to the change in accounting standards where community loans should be recognised at a fair value book calculation. Officers opted to leave the community loan in the annual report at the value in which was provided and is anticipated to be repaid.
- Vested Asset Revenue – this item was identified late in the audit process and there was discussion around the approval process and when the asset should be classed as vested into Council in which case be recorded within its assets register and the associated revenue declared.

3.4 This report also discusses corrected misstatements and lists these in the associated appendix.

3.5 A key highlight for the Finance team is seen on page 7 of the report where Audit have commented on the significant improvement in readiness for the 2024 audit

4. Matters Identified During the Audit

4.1 The below is a list of matters identified during the year, the report highlights Audit was satisfied with Council’s assessments and work carried out:

- 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.”
- Fair value assessment of property, plant and equipment (non-revaluation year) – “We were satisfied that there was no significant difference between the fair value and carrying value of land and buildings.”
- Asset impairment considerations – “We gained assurance that asset classes were assessed for impairment and measured at higher than the recoverable amount.”
- “Local Water Done Well” programme – “We were satisfied that sufficient disclosure about the impact of the programme had been made in the Annual Report.”
- Dannevirke impounded water supply (impounded supply) – “We agreed with Council’s assessment that there was no impairment to be recognised as there had not been reduced functionality and the level of service potential was maintained.”

5. New Recommendations Raised

5.1 Two new recommendations were raised for Council to implement as follows:

- Vested Asset notification

- Sensitive expenditures

Officers have provided an update on the vested asset notification recommendation received under the management's comments section of the report.

Sensitive expenditures recommendation officers have requested further information from Audit on this as we were not aware of any issues being identified during the audit.

5.2 Two recommendations were verbally discussed with management to implement as follows:

- Ensure that all journals are independently reviewed (and duly evidenced) in a timely manner.

This item arose from a couple of journals been initially reviewed (and could be sited from the content manager system as reviewed) but not signed off as further questions were being asked by the approver of the preparer before the approval of the journal could be recoded within the register.

- Ensure that all related party transactions are supported by appropriate documentation and that transactions are processed per the underlying support.

Officers are not certain on the full extent of this recommendation with an internal change in personnel having occurred. However, understand that there was an instance where an officer had engaged a contractor that had made a declaration as a related party, and the officer did not document the process for engaging the contractor to show the appropriate level of supporting documentation for the awarding of the work. Understand that this was a one off and highlighted a need for additional training which has occurred.

6. Status of previous recommendations

6.1 In the 2022/2023 Audit Management Report Audit New Zealand had 15 recommendations prioritised as necessary that were classed as open or in progress.

6.2 During the 2023/2024 audit process 6 of these were able to be closed.

6.3 Of the remaining 9 previous recommendations 4 were classified as in progress by Audit with officers in the process of making any required changes ready for the 2024/2025 annual report audit, 1 was identified as Audit would review in the next years audit, 1 would be reviewed in the next valuation (2026), and officers have signalled the remaining 3 recommendations officers are in the process of making any required changes ready for the 2024/2025 annual report audit as well.

Attachments

1 [↓](#). DRAFT - Audit New Zealand - Report to Governors 2024

Report to the Council on the audit of

Tararua District Council

For the year ended 30 June 2024

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Key messages

We have completed the audit for the year ended 30 June 2024. This report sets out our findings from the audit and draws attention to areas where Tararua District Council (Council) is doing well and where we have made recommendations for improvement.

Audit report

We issued an unmodified audit report on the Council's financial statements and statement of service performance dated 18 December 2024.

Matters identified during the audit

- **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.
- **Fair value assessment of property, plant and equipment (non-revaluation year).** We were satisfied that there was no significant difference between the fair value and carrying value of land and buildings.
- **Asset impairment considerations.** We gained assurance that asset classes were assessed for impairment and measured at higher than the recoverable amount.
- **"Local Water Done Well" programme.** We were satisfied that sufficient disclosure about the impact of the programme had been made in the Annual Report.
- **Dannevirke Impounded water supply (impounded supply).** We agreed with Council's assessment that there was no impairment to be recognised as there had not been reduced functionality and the level of service potential was maintained.

Thank you

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

Fiona Elkington
Appointed Auditor
Draft – 1 February 2025

1 Recommendations



We base our recommendations for improvement and their priority 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 recommendations.

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

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Vested Asset notification Develop a system to ensure that assets vested to Council are appropriately recognised, disclosed and accounted for.	4.1	Necessary
Sensitive expenditures Implement checks to ensure that sensitive expenditure incurred is within the limits set in Council's policy.	5	Necessary

1.2 Status of previous recommendations

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

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open		9		9
Implemented or closed		6		6
Total		15		15

2 Our audit report

2.1 We issued an unmodified audit report



We issued an unmodified audit report on 18 December 2024. This means we were satisfied that the financial statements and statement of service performance present fairly the Council's activities for the year and its financial position at the end of the year.

In issuing our unmodified audit report, we considered the following matters. Refer to section 3 for further detail on these matters.

2.2 Uncorrected misstatements

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

The misstatements that have not been corrected are listed below along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

Current year uncorrected misstatements (\$'000)	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Building	1	5,684			
Building – asset revaluation reserve				(5,684)	
Retained earnings	2				
Loan receivable		(276)		367	
Interest revenue					(91)
Roading	3	281			
Vested asset revenue					(281)
Total parent		5,689		(5,317)	(372)

Explanation of uncorrected misstatements

- To account for building assets included in the 2023 valuation that were not accounted for in the general ledger.

- 2 To reflect the fair value of the community loan and the subsequent amortised cost and current year interest. The community loan is recorded in the general ledger at face value.
- 3 To recognise the revenue from the roading asset vested to Council.

2.3 Uncorrected disclosure deficiencies

During the audit, we discussed with management any misstatements that we found, other than those which were clearly trivial. There were no disclosure deficiencies which were left uncorrected in the financial statements.

2.4 Uncorrected service performance reporting misstatements

There were no uncorrected service 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 increasing assets by \$188k, increasing liabilities by \$1,099k, increasing expenditure by \$640k and decreasing revenue by \$271k 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.

2.7 Quality and timeliness of information provided for audit

Management needs to provide information for audit relating to the Annual Report of Council. This includes the draft Annual Report with supporting working papers. We received the financial statements on 7 October 2024, with the majority of the supporting workpapers.

While the timing of the final audit with the signing date extended to the 18 December 2024 (as allowed under the 2024 legislative requirements) provided additional time for the audit, there was a significant improvement in readiness for the 2024 audit.

As the statutory timeframe for the annual audit returns to 31 October for 2025, District Council management will need to adapt the prior year processes to fit with an earlier signing timeframe and maintain the improvements in the 2024 process.

Audit will liaise with District Council management around the timeframes for 2025 and where the processes can be further improved.

3 Matters raised in the audit plan



In our audit plan of, we identified the following matters as the main audit risks and issues:

Risk/issue	Outcome
Valuation of infrastructural assets held at fair value	
<p>Council revalues its Infrastructural assets held at fair value annually. The last revaluation was performed as at 30 June 2023.</p> <p>The accuracy of the valuation depends on the valuation method applied, the completeness and accuracy of the source data and the appropriateness of underlying assumptions.</p> <p>For the infrastructure assets, Council uses the optimised depreciated replacement cost methodology to determine fair value. The valuation is based on a number of significant assumptions, including the useful lives and replacement costs of the assets.</p> <p>Because of the large value of the assets held by the group, a small movement in the key assumptions can have a significant impact on the valuation and consequential depreciation expense recognised in the financial statements.</p>	<p>We carried out the following:</p> <ul style="list-style-type: none"> • reviewed the valuation report to assess the competence and experience of the person completing the valuation and whether the requirements of PBE IPAS 17 Property, Plant and Equipment (including the appropriateness of the valuation basis) have been met; • audited the method of valuing the assets and assess if the valuation method used is in line with the financial reporting framework; • reviewed the reasonableness of the data and key assumptions used; and • assessed the presentation and disclosure of information related to the valuation in the financial statements. <p>We were satisfied that the revaluation complied with Generally Accepted Accounting Practice and the revaluation has been appropriately accounted for and disclosed in Council’s Annual Report.</p>
Fair value assessment of property, plant and equipment (non-revaluation year)	
<p>For those assets that Council is not planning to revalue, Council should perform a fair value movement assessment (assessment) to determine whether there is a significant difference between the fair value and the carrying value. Where the estimated difference is significant a revaluation may be necessary.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> • factor in local cost information; 	<p>We reviewed the reasonableness of Council’s assessment including the appropriateness of the assumptions used in the assessment.</p> <p>The movement of the assets individually or in combination with other asset classes was not significant therefore there was no need for the Council to complete a revaluation.</p> <p>We were satisfied that there was no significant difference between the fair value and carrying value of land and buildings.</p>

Risk/issue	Outcome
<ul style="list-style-type: none"> • utilise relevant and reliable price movement indicators; and • involve consulting with valuers, if necessary. <p>Alternatively, Council could engage valuers to assist in preparing a fair value assessment.</p>	
Asset impairment considerations	
<p>In accordance with PBE IPSAS 21, <i>Impairment of Non-Cash-Generating Assets</i> and PBE IPSAS 26 <i>Impairment of Cash-Generating Assets</i>, at each reporting date management must assess whether there is any indication that an asset may be impaired. If management identifies any indication of an impairment, then they must estimate the recoverable service amount of the asset.</p> <p>Assets are required to be assessed for indicators of impairment on an annual basis.</p> <p>Irrespective of whether there are any indications of impairment, intangible assets not yet available for use (that is, work in progress) and intangible assets with indefinite useful lives must be <i>tested</i> for impairment at least annually.</p> <p>Work-in-progress (WIP) values on projects that span an extended period of time should be assessed regularly for impairment over the life of the project. Council needs to ensure that as phases of a project are completed, and assets become operational, capitalisation of the WIP balance occurs in a timely manner. This will ensure that depreciation expense on these assets is recognised and accounted for appropriately.</p> <p>Council will need to complete the necessary assessment of impairment of assets (as above). In</p>	<p>We reviewed Council’s impairment assessments and evaluated the reasonableness of significant assumptions used in the assessments.</p> <p>We have gained assurance that asset classes have been assessed for impairment and are materially measured at higher than the recoverable amount.</p>

Risk/issue	Outcome
<p>addition, intangible assets not yet available for use (i.e. work in progress) and intangible assets with indefinite useful lives must be tested for impairment at least annually.</p> <p>Due to the judgemental nature of the valuations used in assessing impairment there is a risk of bias or error in the assumptions and inputs used. Any bias or errors in the inputs used or calculations performed could result in a material misstatement in the carrying value of property plant and equipment/investment property/intangible assets and the related impairment expense.</p>	
“Local Water Done Well” programme	
<p>In February 2024, the Government passed legislation that repealed the affordable waters reform legislation passed into law by the previous Government.</p> <p>The Government intends implementing its “Local Water Done Well” through the passing of two further bills through Parliament.</p> <p>The first bill will set out provisions relating to council service delivery plans, transitional economic regulation and provide for streamlining the establishment of CCOs to deliver water should councils desire to do so.</p> <p>A second bill will set out provisions relating to long-term requirements for financial sustainability, provide for a complete economic regulation regime, and a new range of structural and financing tools, including a new type of financially independent council-controlled organisation.</p> <p>The first and second bills are expected to be passed in the middle of 2024 and the middle of 2025 respectively.</p>	<p>We reviewed Council’s assessment of the impact of the legislative change on the Annual Report to ensure any accounting or disclosure implications were considered.</p> <p>We were satisfied that sufficient disclosure about the impact of the programme had been made in the Annual Report. There was no requirement for an emphasis of matter in the 2024 audit opinion in relation to this.</p>

Risk/issue	Outcome
<p>The timing of legislation through Parliament may result in some impact on the 30 June 2024 Annual Report. Until the content of the bills is known the impact is unclear.</p> <p>Council should ensure that sufficient disclosure about impact of the programme (to the extent that the impact is known) is included in the Annual Report.</p>	
Dannevirke Impounded water supply (impounded supply)	
<p>In 2020/21 the Dannevirke Dam suffered damage following a severe drought which compromised the containment structure, and concerns are that there could be a failure of the structure. In October 2023, District Council had to pause starting the physical repairs to the impounded supply as there were some key pieces of information which were still outstanding, supply chain challenges, as well as issues around the dam liner system.</p> <p>Council engaged professional engineers, Tonkin and Taylor as experts to perform an assessment of the reservoir and options available to Council in light of new dam regulations. This report is expected mid to late August 2024. The full extent of the work required will not be known until the further information is received from Tonkin and Taylor.</p> <p>As Council will have better information on the cost and options to remediate, consideration will need to be given as to whether any impairment recognised on the asset at 30 June 2024 needs to be adjusted and if there are any other disclosure requirements for the 2024 Annual Report.</p> <p>Under PBE IPSAS 14, para 10 An entity shall adjust the amounts recognised in</p>	<p>We carried out the following:</p> <ul style="list-style-type: none"> • reviewed the latest available information on the assessment of the reservoir and options to remedy and progress of Council’s selection of a preferred solution; • reviewed for any impact on impairment recognised on the impounded supply; and • ensured any accounting or disclosure implications are considered. <p>We agreed with Council’s assessment that there was no impairment to be recognised as there had not been further reduced functionality and the asset was meeting its level of service potential.</p> <p>Council will need to continue to reassess and review the life of the existing impound supply and look to recognise impairment of this once a firm solution is arrived at and timeline for replacement.</p>

Risk/issue	Outcome
<p>its financial statements to reflect adjusting events after the reporting date and under para 11 this includes the receipt of information after the reporting date indicating that an asset was impaired at the reporting date, or that the amount of a previously recognised impairment loss for that asset needs to be adjusted.</p>	
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls.</p> <p>Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to treat this as a risk on every audit.</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 Council and its environment, and other information obtained during the audit.

4 Other matters identified during the audit



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

4.1 Vested asset notification

During our review of the vested assets, we found that there was a road vested asset which was not communicated to both infrastructure and finance team. There was a delay in confirming this, and once identified, the subsequent status and amount to be recognised. Due to the timing, this also resulted in an adjusted error of \$281k in the letter of representation in relation to the 2024 Annual Report.

Council management should review their current process to ensure that there is a system in place so that when assets are vested to Council that all impacted areas of Council are informed so the relevant costs, sign offs and accounting for the assets can occur as identified. If vesting of assets to Council is not a regular occurrence, this could also be built into a formal end of year Annual Reporting requirements to ensure that any vested asset revenue and the related capital expenditure is accounted for.

We **recommend** developing a system to ensure that assets vested to Council are appropriately recognised, disclosed, and accounted for.

Management comment

Officers have come together since the annual report to discuss this at length. We are in the process of drafting up internal procedures and sign off points to ensure all assets are recognised in the appropriate manner.

As a final stop point the finance team have built these checks into the annual reporting planning process to ensure they are aware of any assets that might need to be vested into Council and will ensure they are accounted for accordingly.

4.2 Recommendations verbally discussed with management

During the 2024 audit process we raised issues with District Council management which were verbally discussed. For completeness we have summarised these matters below. We made the following recommendations:

- Ensure that all journals are independently reviewed (and duly evidenced) in a timely manner.
- Ensure that all related party transactions are supported by appropriate documentation and that transactions are processed per the underlying support.

5 Public sector audit



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, 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 Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also considered if there were any indication of issues relevant to the audit with:

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

We tested a sample of sensitive expenditures incurred during the year and we continued to identify several instances where the one-up approval principle was not applied to sensitive expenditure transactions. Our prior year recommendation in relation to this remains outstanding, as referred to Appendix 1.

We also identified one instance where expenditure incurred for a bereavement gift exceeded the limit set by the sensitive expenditure guidelines.

We **recommend** that checks be put in place to ensure that sensitive expenditure is incurred within the limits set by Council's policy.

Management Comment

Officers were not been informed of these instances during the audit and were anticipating this item being closed off during the 2024 annual report. Officers have reached out to Audit New Zealand to seek further information on what these transactions are in order to provide a response to this item.

6 Useful publications



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

Description	Where to find it
Performance reporting	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications. Link: The problems, progress, and potential of performance reporting
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice. Link: Good practice in reporting about performance — Office of the Auditor-General New Zealand (oag.parliament.nz)
Local government risk management practices	
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications. Link: Observations on local government risk management practices
Public accountability	
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications. Link: Building a stronger public accountability system for New Zealanders
Setting and administering fees and levies for cost recovery	
This good practice guide provides guidance on settings fees and levies to recover costs. It covers the principles that public organisations should consider when making any decisions on setting and	On the Office of the Auditor-General's website under publications. Link: Setting and administering fees and levies for cost recovery: Good practice guide

Description	Where to find it
<p>administering fees and levies. It also sets out the matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.</p>	
<p>Managing conflicts of interest involving council employees</p>	
<p>This article discusses findings across four councils on how conflicts of interest of council employees, including the chief executive and staff, are managed.</p>	<p>On the Office of the Auditor-General’s website under publications. Link: Getting it right: Managing conflicts of interest involving council employees</p>
<p>Model financial statements</p>	
<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>Link: Model Financial Statements</p>
<p>Client substantiation file</p>	
<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 collection of resources 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 toolbox to help you collate documentation that the auditor will ask for.</p>	<p>On our website under good practice. Link: Client Substantiation File</p>
<p>Sensitive expenditure</p>	
<p>The Auditor-General’s good practice guide on sensitive expenditure provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of</p>	<p>On the Office of the Auditor-General’s website under good practice. Link: Sensitive expenditure</p>

Description	Where to find it
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.	
Good practice	
The OAG’s website contains a range of good practice guidance. This includes resources on: <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • procurement; and • severance payments. 	On the OAG’s website under good practice. Link: Good practice

Appendix 1: Status of previous recommendations

Recommendation	First raised	Status
Necessary		
<p>Documentation of roading and water assets</p> <p>We recommend that Council has a procedures and clear instruction in place for documentation of assets in in Road assessment and maintenance management system (RAMM).</p> <p>Independent review of documented assets in RAMM should be in place to identify human error in recording the details.</p>	2023	<p>Open</p> <p>We noted that issues remain in the RAMM documentation and improvements are required for the Roothing and Three Waters assets recorded as parts are not recorded or easily accessible within the system.</p> <p>Further to this we recommend that additional training be provided within the Alliance to ensure business continuity alongside the review processes recommended in the 2022/23 FY.</p> <p>Management comment</p> <p><i>Officers have a session booked in with the wider roading team to go over this item and discuss lessons learnt. From this we are expecting to see changes in the processes and implemented for the 2025 Annual Report.</i></p>
<p>Land and buildings valuation</p> <p>We recommend:</p> <ul style="list-style-type: none"> • Council reviews its current land, and buildings register and ensures that it is complete. This includes ensuring assets included in the register are appropriate to be categorised as land and buildings given the accounting standard requirements on revaluation. • Implement a robust reconciliation after each valuation cycle between the valuer records and Council records and explain the differences. 	2023	<p>Open</p> <p>The next revaluation is scheduled in FY2026.</p> <p>We will revisit this area in more detail for the next full-revaluation cycle before we fully close this item.</p> <p>Management comment</p> <p><i>Officers have received additional feedback from Audit New Zealand in this space and we will look to see how we can resolve and improve this process for all parties moving forward.</i></p>

Recommendation	First raised	Status
<p>Depreciation of new assets</p> <p>We recommend Council depreciates new asset in line with the accounting standard requirement.</p>	2022	<p>In progress</p> <p>We noted similar issues during our capitalisation testing.</p> <p>Management comment</p> <p><i>Officers now have a greater understanding from Audit New Zealand on what this item relates to, Council's accounting policies in the 2024 Annual Report were adjusted to reflect the appropriate useful lives for the roading assets. Officers have incorporated this check into their Annual Report plan moving forward.</i></p>
<p>Asset additions – approval in line with delegated financial authority</p> <p>We recommend Council ensures that capital expenditure is approved within delegated financial authority.</p>	2022	<p>In progress</p> <p>Similar issues noted this year with staff who have no Delegated Financial Authority approving transactions however improvements were noted.</p> <p>Management comment</p> <p><i>Officer have not been informed of these instances during the audit and were anticipating this item being able to be closed off. Officers have reached out to Audit New Zealand to seek further information on what these transactions are in order to provide a response to this item.</i></p>
<p>Reconciliation review</p> <p>Prepare and independently review reconciliations in a timely manner.</p>	2022	<p>Open</p> <p>Issue remains this year as the rates reconciliation was performed late.</p> <p>Management comment</p> <p><i>This reconciliation was completed late for 2024-2025 year as the officers were still working through QV objections which resulted in a change in rates for those properties. After receiving feedback from Audit New Zealand officers have made changes to the way this reconciliation is completed. As part</i></p>

Recommendation	First raised	Status
		<p><i>of the processing of rates revenue to the general ledger a full reconciliation to the final rates modelling work and published annual plan for that year is carried out, this reconciliation is being reviewed and signed off and will be provided to Audit. This will be on top of the detailed reconciliations that are completed from Councils rating system , QV database and the rates resolution.</i></p>
<p>Sensitive expenditure</p> <p>We recommend that all transactions follow the one-up approval principle.</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>	<p>2021, 2022</p> <p>2019</p>	<p>Open</p> <p>Refer to Section 5 of the report.</p> <p>Management comment</p> <p><i>Officers have implemented a one up approval in this space and are awaiting information from Audit New Zealand on this item.</i></p>
<p>Sensitive expenditure policy</p> <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>Update the sensitive expenditure policy to reflect best practice and the OAG guidance.</p>	<p>2019</p> <p>2020</p>	<p>In progress</p> <p>Sensitive expenditure policy was updated during FY 2022 but still not in line with OAG best practice guidelines.</p> <p>The procedures and policies covering travel, meals and accommodation, gifts, donations, use of the entity’s assets, entertainment and hospitality of the entity do not comply completely with good practice.</p> <p>Management comment</p> <p><i>Management will initially need to review the guidelines against best practice to ascertain the areas that do not comply completely, the specifics of which will be reported the Audit and Risk Committee for remedy into the policy.</i></p>
<p>No central register of all contractors and non-staff people working for Council</p>	<p>2020</p>	<p>In progress</p> <p>We understand an interim solution is in place for this in the Council</p>

Recommendation	First raised	Status
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.		intranet site and more work is needed to further develop the process. Management comment <i>We are putting in place a Contractor Group within Active Directory. Contractors will be added to this group. This effectively gives us a register that we can use for reporting, communication, and viewing start and end dates.</i>
Alliance agreement Update the performance framework for the Alliance to include specific measures across roading, water and asset management to enable the Council to assess performance of the Alliance across the different services delivered.	2017	Open We understand that a new performance framework was approved by the Alliance Board and is in place for the 2024/25 Financial Year. We will review this in next year's audit.

Implemented or closed recommendations

Recommendation	First raised	Status
Necessary		
Review of PNCC After Hours Reports We recommend a review process is undertaken over all "information given" items to ensure that if they are excluded from the CRM, that this is appropriate and that they are legitimate information requests rather than subsequent customer complaint. These items are not captured within your current reconciliation process.	2023	Closed Management has obtained the necessary documentation and updated their instructions to PNCC as a result. A process has been put in place to confirm all data has been captured.
Pre-valuation reconciliation between RAAM and the General Ledger We recommend there be a pre-valuation reconciliation between the RAMM and the	2023	Closed Pre-valuation reconciliations were completed in the current financial year.

Recommendation	First raised	Status
<p>general ledger before a revaluation exercise is conducted.</p>		
<p>Improvements to the revaluation process</p> <p>We recommend that Council:</p> <ul style="list-style-type: none"> • Develop a formal timeline to ensure that valuation reviews and updates are completed prior to the being approved by the District Council. • Use the most up-to-date information including consideration to current contract rates. • Ensure the right level of expertise to perform the valuations. • Carry out quality review to ensure consistency and accuracy in the valuation, and that underlying data is complete and accurate with clear referencing. • Apply appropriate accounting and disclosure in the financial statements. 	<p>2022</p>	<p>Closed</p> <p>The issues that arose in 2022 and 2023 have largely been addressed and we did not identify any issues regarding the revaluation process in the current year. We note that with the statutory timeframe shifting back to 31 October in 2025 that Council will need to factor this into its timetable for the external valuation.</p> <p>All recommendations have been actioned by the Council and verified during our work in the Revaluation space in the engagement process.</p>
<p>Password parameters</p> <p>Review the current password settings to and align them with NZISM guidance.</p>	<p>2022</p>	<p>Closed</p> <p>We note that Council has implemented a multifactor authenticator which mitigates the risk.</p>
<p>Roading valuation - improvement points</p> <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. • 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. 	<p>2020</p>	<p>Closed</p> <p>There was a significant improvement around the infrastructure revaluations and major areas have been addressed in 2024.</p>

Recommendation	First raised	Status
<p>Update and test organisational business continuity and IT disaster recovery plans</p> <p>Update and test IT Disaster recovery plans and organisational business continuity plans.</p>	<p>2017</p>	<p>Closed</p> <p>We note the prior year management comments of the approval of the IT Disaster Recovery Plan and the plan to stand up a project to develop the organisational business continuity plan. We are closing this issue based on the further work being done by Council. We note that Council should ensure that there is adequate testing over both plans.</p>

Appendix 2: Corrected misstatements

Current year misstatements \$000	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Miscellaneous Expenses	1				640
GST Receivable			(640)		
Interest revenue	2				196
Community loan		(196)			
Gain on derivatives	3				75
current asset derivatives		199			
Non-current asset derivatives		185			
current liability derivatives			(167)		
Non-current liability derivatives			(292)		
Total parent		188	(1,099)		911

Explanation of corrected misstatements

- To ensure the receivable at year-end is consistent with the GST returns.
- To reinstate the community loans to \$1m face value.
- Reclassification of derivatives so they do not offset in the financial statements, correction to reflect the missing swap and removal of the duplicate swap.

Corrected disclosure deficiencies

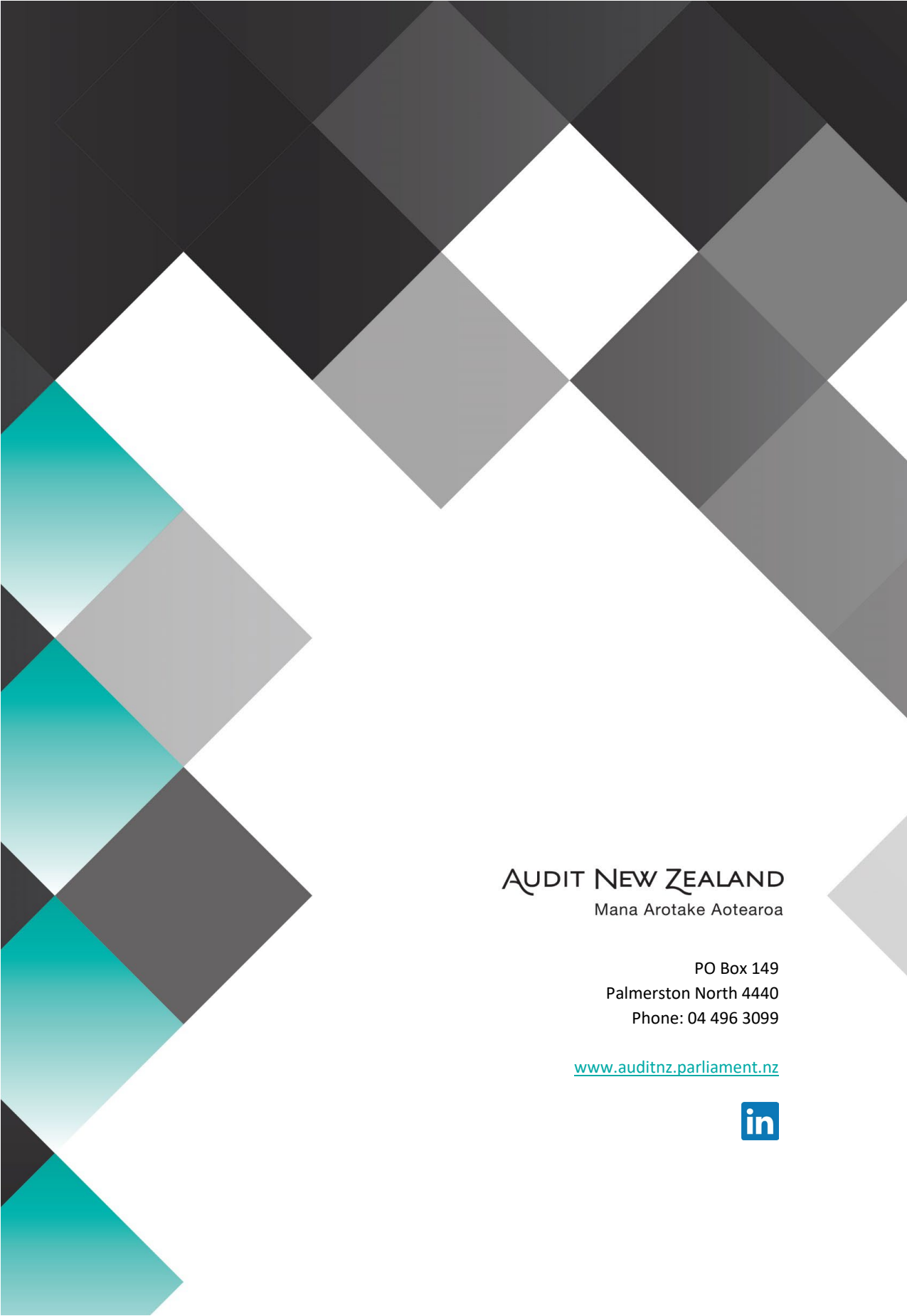
Detail of disclosure deficiency
Update of the Annual Report to reflect FY 2023/24 results, includes correction following arithmetical accuracy, internal consistency checks, and accuracy check of comparatives.
Correction of reported results and disclosures following audit recalculation for example, salary banding, remuneration disclosures, financial instruments, benchmark disclosures, statement of cashflow, disclosure of severance payments, correction to capital expenditure disclosures, etc.
Update of Note explaining variances to budget, including the FISs.
Update to subsequent events note to include Local Water Done Well programme.

Corrected performance reporting misstatements

Detail of misstatement
Update of the Annual Report following arithmetical accuracy, internal consistency checks, and accuracy check of comparatives.
Correction of reported results and disclosures following audit recalculation for example, compliance with drinking water standards, survey results, summary of service performance reporting.
Additional narratives added where reported result is significantly different from target.

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 statement of service performance 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 and statement of service performance does not relieve management or Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and 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 instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. 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 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: <i>International 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 Council's debenture trust deed and the 2024-2034 Long term plan audit which are compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in, Council.</p>
Fees	<p>The audit fee for the year is \$209,765, as detailed in our Audit Proposal Letter.</p> <p>Other fees charged in the period are \$4,900, for the assurance engagement related to the debenture trust deed and \$86,200 for the audit of Council's 2024-34 Long Term Plan.</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 Council 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 Council during or since the end of the financial year.</p>



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Report

Date : 13 February 2025
To : Chairperson and Committee Members
Audit and Risk Committee
From : Sarah Walshe
Finance Manager
Subject : **Audit New Zealand Timeline 2025**
Item No : **7.2**

1. Recommendation

- 1.1 *That the report from the Finance Manager dated 10 February 2025 concerning the Audit New Zealand Timeline 2025 (as circulated) be received.*

2. Reason for the Report

- 2.1 To provide Audit and Risk Committee an update on the proposed timings for Audit New Zealand's 2025 work programme.

3. Proposed Timeline

- 3.1 Officers have received the below timeline from Audit New Zealand, this is subject to change as resourcing is confirmed.
- 3rd – 10th February – Planning time with audit plan expected to be received end of February.
 - 12th – 16th May – Interim audit is currently scheduled. Audit were able to complete some of their key systems when completing the 2024 final in November/December this means that the time will have capacity to begin some of the substantive testing till the end of April period which will streamline the final audit.

- No pre-final is currently booked but if resourcing becomes available Audit New Zealand will look to schedule on late June/July, this will be to further complete substantive testing to streamline the final audit.
- 22nd September – 31st October – Final with expected signing last week of October.

4. Audit Plan

- 4.1 Officers will table the Audit Plan to the next Audit and Risk Committee once received.

Attachments

Nil.



Report

Date : 13 February 2025
To : Chairperson and Committee Members
Audit and Risk Committee
From : Stephen Dunn
Risk & Assurance Advisor
Subject : **Risk Appetite Development**
Item No : **7.3**

1. Recommendation

- 1.1 *That the report from the Risk & Assurance Advisor dated 09 February 2025 concerning the Risk Appetite Development be received.*

2. Reason for the Report

- 2.1 The purpose of this report is to update the Committee on the progress to develop a Risk Appetite, summarise the feedback provided at the 22 August 2024 Audit and Risk Committee meeting, and outline the ongoing work that will be reported at the April 2025 Committee meeting.

3. Summary of August 2024 Risk Appetite Discussion

- 3.1 At the 22 August 2024 meeting, the Committee reviewed the outcomes of two Risk Appetite Setting Workshops held on 18 June 2024 and 23 July 2024. These workshops:

- Provided an overview of risk appetite, risk capacity, risk tolerance, and risk attitude.
- Engaged elected members and officers in defining initial risk appetite settings for key Council activities.
- Considered information from AON Insurance on the role of insurance as a risk control measure.

- Gathered elected members' and officers' perspectives on risk appetite levels.
- Initiated an assessment of how these risk appetite settings align with Council's Risk Management Framework, strategic risk register, and strategic objectives.

4. Key Outcomes of the Workshops

- 4.1 The workshops established initial risk appetites for Council activities, some of which were later amended by the Committee during the August 2024 meeting.
- 4.2 Members provided their justification for each risk appetite setting.
- 4.3 Some strategic risks were identified as exceeding the initial risk appetite settings, which will necessitate either mitigation strategies or a reassessment of appetite levels.
- 4.4 Some risks, such as legislative changes, remain outside of Council's control.

5. Definitions for Risk Appetite Levels

- 5.1 The following draft definitions outline the different risk appetite levels and their impact on decision-making:
- 5.2 **Low Risk Appetite:** Council prefers minimal exposure to risk, prioritising stability, compliance, and conservative decision-making. Decisions favour proven, low risk approaches with stringent risk mitigation strategies.
- 5.3 **Moderate Risk Appetite:** Council is willing to take measured risks to achieve objectives while maintaining a balanced approach to risk-taking and control. Decisions weigh risk against opportunity, with safeguards in place to manage uncertainties.
- 5.4 **High Risk Appetite:** Council is prepared to accept significant levels of risk in pursuit of strategic objectives. Decisions may involve innovative, high-reward opportunities, acknowledging that some risks will materialise and require active management.

6. Initial Risk Appetite Settings (August 2024 Report)

- 6.1 Below is a summary of the proposed risk appetite levels set during the workshops and reported to the August 2024 Committee meeting:

Risk Appetite Statements	Low	Moderate	High
<p>Infrastructure Assets and Service Delivery</p> <p>Risk Appetite: Moderate (with plans to reduce over time).</p> <p>Council focuses on resilience and affordability, prioritising critical infrastructure while reassessing the approach to non-critical assets.</p> <p>Key Risks: 3Waters reform, Waka Kotahi funding changes, infrastructure capability, and capital project delivery.</p>			
<p>Other Assets and Service Delivery:</p> <p>Risk Appetite: Moderate - High (Increase)</p> <p>Council aims to enhance community well-being while optimising asset use. It is not accepting the status quo and is considering asset consolidation, alternative uses, or divestment where appropriate.</p> <p>The Council is willing to take more risk on non-critical assets, exploring reduced insurance coverage and alternative funding models, while maintaining a conservative approach for critical community assets like pensioner housing.</p> <p>The Long-Term Plan and Infrastructure Strategy will need to consider whether all non-essential assets should continue in their current form, so investment is targeted for maximum community benefit..</p>			
<p>Environmental Impacts and Resource Consents:</p> <p>Risk Appetite: Moderate (aiming to reduce).</p> <p>Council acknowledges financial constraints while striving for compliance and sustainability.</p> <p>Focus on transparent reporting and gradual improvements in environmental performance.</p>			
<p>Strategy: (District Strategy, Financial Strategy, Infrastructure Strategy, Housing Strategy, Growth Strategy):</p> <p>Risk Appetite: Moderate (aiming to reduce).</p> <p>Council seeks to achieve long-term strategic goals despite funding and regulatory challenges.</p>			
<p>Planning:</p> <p>Risk Appetite: Moderate (aiming to reduce).</p> <p>Council is reviewing the District Plan to align with growth strategies and resilience planning.</p>			

<p>Enforcement:</p> <p>Risk Appetite: Low-Moderate (to be maintained).</p> <p>Council follows a fair and practical enforcement approach, ensuring legal compliance while allowing officer discretion.</p>			
<p>Central Government Relationships:</p> <p>Risk Appetite: Moderate (to be maintained).</p> <p>Council will advocate for the District while navigating funding constraints and political environment changes.</p>			
<p>Community Relationships:</p> <p>Risk Appetite: Low (aiming to increase).</p> <p>Council aims to move from a reactive approach to a more proactive, inclusive engagement strategy.</p>		→	
<p>Iwi Partner Relationships:</p> <p>Risk Appetite: Low (to be maintained).</p> <p>Council is committed to maintaining strong partnerships with local iwi, and values operational relationships with iwi and maintains a conservative approach to governance partnerships.</p>			
<p>Key Stakeholder Relationships:</p> <p>Risk Appetite: Moderate (to be maintained).</p> <p>Council values strong management and governance relationships and is prepared to engage and escalate matters at different levels of governance.</p>			
<p>Income and Revenue Generation:</p> <p>Risk Appetite: Low (aiming to reduce).</p> <p>Council is financially conservative but open to exploring alternative funding sources.</p>		←	
<p>Rates Setting:</p> <p>Risk Appetite: Low (to be maintained).</p> <p>Council prioritises strict legal compliance and transparency in rates collection.</p>			
<p>Expenditure:</p> <p>Risk Appetite: Low (aiming to reduce).</p>		←	

Focus on financial discipline, scrutiny over capital spending, and reducing carry forwards.			
Debt and Interest Rates: Risk Appetite: High (to be maintained). Council is committed to managing debt prudently to maintain long term sustainability. Council plans to raise its debt ceiling to support critical infrastructure projects.			
Health, Safety, and Wellbeing: Risk Appetite: Moderate (aiming to reduce). Council aims to strengthen safety culture while balancing financial constraints.			
Resourcing: Risk Appetite: Moderate (to be maintained). Council will reallocate resources as needed to maintain effective service delivery.			
Information Technology and Cyber Security: Risk Appetite: Moderate (aiming to reduce). Council prioritises cybersecurity and operational efficiency, adapting to emerging AI and digital risks.			
Records and Data: Risk Appetite: Moderate (aiming to reduce). Council will focus on digitization and improving document accessibility.			

7. Ongoing Work and April 2025 Report

- 7.1 Since August 2024, further work has been undertaken to refine the risk appetite framework and ensure alignment with Council’s strategic objectives. However, progress has been slower than anticipated, and updates will be presented at the April 2025 Committee meeting.
- 7.2 Additional work is required to review risk appetite with managers to check alignment with the Long Term Plan, District Strategy, Growth Strategy, and Risk Management Framework. For example, the risk appetite for Infrastructure and Service Delivery is to reduce from Moderate to Low while the Long Term Plan has

a focus on preparing for growth, climate adaption, and legislative compliance which may require a more proactive level of risk taking to achieve.

7.3 Consideration of a more nuanced approach will also be considered for example a different risk appetite for critical infrastructure versus non-critical.

7.4 Consideration of changes that will be required for Local Water Done Well. For example, risk appetite for Debt once debt and assets are transferred.

8. Finalising Risk Appetite

8.1 The April report will propose a framework within the existing Risk Management Framework for:

- Periodic reassessment of risk appetite levels.
- Integration of risk appetite considerations into decision-making processes, for example in Council decision making reports.
- Alignment of risk appetite settings with financial and operational planning including the Annual Plan and Long Term Plan.

8.2 Another key focus will be reviewing Council's insurance strategy as the Committee expressed interest in adjusting insurance coverage as part of broader risk management efforts (See Insurance update in the Assurance Management Report).

8.3 For areas where risks exceed the proposed appetite, the April report will recommend:

- Potential mitigation strategies for high-risk areas.
- Adjustments to risk appetite settings where necessary.

Attachments

Nil.



Report

Date : 13 February 2025
To : Chairperson and Committee Members
Audit and Risk Committee
From : Stephen Dunn
Risk & Assurance Advisor
Subject : **Risk Management Report**
Item No : **7.4**

1. Recommendation

- 1.1 *That the report from the Risk & Assurance Advisor dated 23 January 2025 concerning the Risk Management Report (as circulated) be received and adopted.*

2. Reason for the Report

- 2.1 To update the Committee on matters relating to risk management.

3. Local Water Done Well

- 3.1 The Local Water Done Well reform represents a significant shift in how councils manage and deliver water services. We, like other councils, must navigate this transition by developing a Water Services Delivery Plan (WSDP) that aligns with new legislative, regulatory, and financial requirements.
- 3.2 This report outlines the key decision points, information gaps, and risk mitigation strategies that will shape the Council's approach to implementing the reform. However, this is an evolving process, and the report is intended to **inform discussion rather than provide finalised details**, as the project is actively being worked on in a fast-paced and changing environment. Key regulatory and financial settings are still emerging, meaning decisions will need to be refined as more information becomes available.

3.3 The Council’s work is being guided by engagement with central government agencies, legal and financial advisors, iwi, and sector organisations, supporting efforts to make decisions are robust and aligned with government expectations. This report also highlights the project timeline, key dependencies, and risk mitigation strategies to support effective decision-making leading up to the 3 September 2025 deadline for submitting the WSDP.

3.4 Governance and Consultation Process

Decision Point	Key Considerations	Date
Approval of Consultation Document	<ul style="list-style-type: none"> • What will be included in the consultation document? • How will the public be engaged? • What service delivery options will be presented? 	Feb/March 2025
Decisions following consultation and hearings	<ul style="list-style-type: none"> • What feedback has been received from the community? • How does it impact the proposed service delivery model? 	May 2025
Approval of Draft Water Services Delivery Plan (WSDP)	<ul style="list-style-type: none"> • What are the final service delivery recommendations? • What governance and financial structures will be in place? 	June/July 2025
Submission of WSDP to Government	<ul style="list-style-type: none"> • Does the plan align with regulatory and financial sustainability requirements? 	3 Sept 2025 (Fixed)
Submission of Water Strategy	<ul style="list-style-type: none"> • Long-term approach to investment, resilience, and service delivery. 	30 June 2028 (Fixed)

3.5 Key Information Gaps

Information gap	Impact on decision-making	Expected Timeline
Outcome of consultation	Determines community acceptance and feasibility of proposed water service models.	May/June 2025
Local Government Water Services Bill Finalisation	Defines final legislative obligations for councils.	June 2025
Water Regulator (Taumata Arowai) Standards	Will set compliance thresholds for drinking water, wastewater, and stormwater.	Feb 2025

Information gap	Impact on decision-making	Expected Timeline
National Engineering Design Standards	Unclear design standards could affect infrastructure investment decisions.	Unknown
Commerce Commission Economic Regulation Measures	Will define pricing controls and performance expectations.	Unknown

3.6 Strategies to Mitigate Risks from information Gaps

3.7 Given that some critical regulatory, financial, and technical details are still unknown, the following steps are being taken to avoid poor decision-making:

3.8 Engagement with Key Government and Industry Bodies:

- DIA Three Waters Leads to ensure alignment with central government expectations.
- Crown Infrastructure Partners (CIP) who provide assurance on financial structuring and risk.
- LGFA (Local Government Funding Agency) who is the key financing partner for water infrastructure investment.

3.9 Legal and Financial Risk Management:

- Legal Advice (Russell McVeigh & Simpson Grierson via Taituarā).
- Access to DIA Council-Specific Reports & Financial Models

3.10 Governance and Oversight Structures:

- Officer, CEO, Governance/Iwi Oversight Groups
- Dedicated Specialist Groups (Media, CFO, Financial Modelling Teams)
- Risk Register and MS Project Plan (GANTT)

4. Strategic Risk Register – Top Risks

4.1 The table below is a summary of the top risks from the strategic risk register and any control deficiencies. The table only shows controls that have not been sign-off by the relevant manager as being in place and effective. It does not include compliant and signed-off controls.

Risk Ratings			
Low	Moderate	High	Severe
Control Verifications			
Compliant	Some non-complaint	Key control(s) non-complaint	

No.	Risk	Risk rating	Comments on the status of non-compliant controls	Control verifications
57	Capital Projects Do-ability		Controls compliant.	
49	3Waters Reform and Subsidies for Water and Wastewater Upgrades		See separate item on Local Water Done Well in Section 3 of this report.	
91	Waka Kotahi Funding		Controls compliant.	
103	Interest Rates		Controls compliant.	
159	Infrastructure Capability		All controls signed-off except in relation to asset data. See the <i>Assurance Management Report Section 5. Audit New Zealand Audits</i> for recommendations and management response in relation to asset data improvements.	
51	Climate Change		Controls compliant.	
164	Forest Harvesting		Controls compliant.	
58	Sources of Funds for the Replacement of Significant Assets		Controls compliant.	
39	Population Growth		All controls signed-off except in relation to asset data. See the <i>Assurance Management Report Section 5. Audit New Zealand Audits</i> for recommendations and management response in relation to asset data improvements.	
54	Natural Disasters		Control: Development of an Insurance Strategy. See an update in the Assurance Management Report – Section 8. Insurance Update.	
158	Legislating and One Plan Changes		All controls are signed-off except the following which we are awaiting an update for: Council makes submissions on relevant national and regional legislative and policy change, promoting the Tararua District and its aspirations. It considers how it will respond to change as part of regular planning processes.	
163	Wind and Solar Farm Developments		Controls compliant.	

5. Operational Risk Register – Top Risks

5.1 The following table lists the top risks recorded in the Operational Risk Register and any control deficiencies. The table only shows controls that have not been sign-off by the relevant manager as being in place and effective. It does not include compliant and signed-off controls.

No.	Risk	Risk rating	Comments on the status of controls	Control verifications
169	3Waters: Wastewater Private Lateral Connections		Controls compliant.	
175	Emergency Management: Climate Change		New risk identified from the 2024-2034 Emergency Management Activity Management Plan – development of controls from the AMP into the risk register not yet complete.	
46	Staff resources are inadequate to successfully deliver Council strategic objectives		The control requiring managers to complete Performance Development Plans (PDPs) for their teams has not been fully completed by all managers. As part of the Human Resources Work Plan, efforts are underway to refresh the PDP process to enhance engagement and compliance.	
52	Non-compliance with Statutory Requirements (Council as consent holder)		Controls compliant.	
176	Emergency Management: Resourcing		New risk identified from the 2024-2034 Emergency Management Activity Management Plan – development of controls from the AMP to the risk register not yet complete.	
204	Transportation - Climate Change and Resilience		New risk identified from the 2024-2034 Emergency Management Activity Management Plan – development of controls from the AMP into the risk register not yet complete.	
95	Conflict of Interest		Controls compliant.	
47	Health and Safety Notifiable Event		All existing controls for this organisational-level risk have been signed off as compliant. However, some controls related to specific health and safety areas have not yet been signed off as compliant. Refer to the Health & Safety Management Report Section 5. Health & Safety Work Plan and Section 6. Critical Risks for specific H&S risks and improvement plan.	
45	Significant IT Failure that Disrupts		Controls compliant.	

No.	Risk	Risk rating	Comments on the status of controls	Control verifications
	the Organisations Ability to Provide Agreed Levels of Service			
131	Information Services - Cyber attack		Controls compliant.	

Attachments

Nil.



Report

Date : 13 February 2025
To : Chairperson and Committee Members
Audit and Risk Committee
From : Stephen Dunn
Risk & Assurance Advisor
Subject : **Health, Safety and Wellbeing Management Report**
Item No : **7.5**

1. Recommendation

- 1.1 *That the report from the Risk & Assurance Advisor dated 23 January 2025 concerning the Health, Safety and Wellbeing Management Report (as circulated) be received.*

2. Reason for the Report

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

3. Due Diligence Plan

- 3.1 The table provides an update on scheduled activities from the 2022-25 Health & Safety Due Diligence Plan.
- 3.2 The Due Diligence Plan supports Officers - elected members and senior leaders - in meeting their health and safety obligations under the Health and Safety at Work Act 2015. It provides a structured approach to governance through training, risk reviews, external assessments, and regular reporting. Aligned with best practice, the plan works to enhance health, safety, and wellbeing leadership and foster a proactive safety culture.

Complete	On hold	On track	Revised but on track	Off track

Scheduled Activity	Comment	Due	Status
H&S governance training for Elected members.	Ākona course scheduled for 18 February 2025.	Feb 2025 (Mar 2023)	
Institute of Directors training for Governance H&S Champion and key staff.	In progress.	Apr 2025 (Mar 2023)	
Annual H&S Activity Plan	Complete for 2025.	Dec 2024	
Risk review – utilities	Completed December 2024.	Dec 2024	
Develop H&S Strategy	Expect a draft strategy for the July 2025 Committee meeting. Developing a Due Diligence Plan, identifying critical risks, setting measurable goals, areas of the strategy have already been implemented. See section 6. Internal Audits of the Assurance Management Report for more details).	Jul 2025 (Dec 2023)	
Risk review – Facilities	Tentative for 29 April 2025.	Apr 2025 (Apr 2024)	
Safe365 Internal audit report	Delayed until conclusion of the current work programme.	Dec 2025 (Oct 2024)	
Risk review – Regulatory	Re-schedule from December 2024	Oct 2025 (Dec 2024)	
Risk review – Animal control	Re-scheduled from April 2025	Oct 2025 (Apr 2025)	
SafePlus Assessment	Re-scheduled from December 2023	Dec 2025 (Dec 2023)	

4. Due Diligence Visit to Pahiatua sites

4.1 Committee members conducted site visits to Pahiatua Refuse Transfer Station, Pahiatua Water Treatment Plant, and Wastewater Plant on the 10th of December 2024.

4.2 The visit was programmed as part of the 2022-2025 Due Diligence Plan, for the purpose of:

- acquiring and updating knowledge on health, safety, and wellbeing matters.
- developing understanding of Council operations and associated hazards and risks.

- verify that resources and processes effectively eliminate or minimise risks, and to confirm compliance with statutory duties and responsibilities.

4.3 A brief was provided to Committee members on the top critical risks and issues for each site.

4.4 Committee members spoke directly with staff and/or managers on site and were provided a tour and comprehensive update on plant operations and the risks and issues identified.

4.5 Committee members provided feedback on the risks and issues they observed. It was also noted by Committee members at each site about the professionalism and commitment of staff and managers they spoke to.

4.6 **Pahiatua Water Treatment Plant**



Pahiatua Water Treatment Plant

Pahiatua Water Treatment Plant	
<p>Critical risks:</p> <ul style="list-style-type: none"> • Hazardous substances • Contractor management • Working alone or remotely • Stress and fatigue 	<p>Issues:</p> <ul style="list-style-type: none"> • Gas/vapour exposure relating to potential misting of hydrochloric acid and the advanced corrosion of the plant. • WorkSafe Improvement Notices and Directives relating to the above and to health monitoring. (See Section 10 WorkSafe Notices). • Fatigue (See Section 7 Fatigue Management for the Water Treatment Team)

4.7 The committee sought management input on the following matters:

- **Health monitoring** – Health monitoring is being implemented as part of the Health, Safety, and Wellbeing work plan (see Section 5 H&S Work Plan and Section 10 WorkSafe Notices).

- **Hazardous substances storage inside the plant** – A remedial plan is in place for removing chemical storage from the plant. (See update in Section 6 Critical Risks – Pahiatua Water Treatment Plant -Gas/vapour)
- **Fatigue management** – refer Section 7 Fatigue Management for the Water Treatment Team for a full update on this matter.
- **Working alone** – working alone solutions remain a challenge to implement. Refer to refer Section 6 Critical Risks – Working Alone for an update on implementing controls.

4.8 Pahiatua Wastewater Treatment Plant



Pahiatua Water Treatment Plant fencing issue

Pahiatua Wastewater Treatment Plant	
<p>Critical risks:</p> <ul style="list-style-type: none"> • Biological hazards • Contractor management • Working alone or remotely • Drowning 	<p>Issues:</p> <ul style="list-style-type: none"> • Recent reviews identified fencing and signage deficiencies. (See Section 6 Critical Risks – Slipping into ponds).

4.9 The committee sought management input on the following matters:

- **Public access and fencing** – Please refer to Section 6 Critical Risks – Slipping into ponds for an update on this matter.

- **Working alone** – Please refer Section 6 Critical Risks – Working Alone for an update on this matter.

4.10 **Pahiatua Refuse Transfer Station**



Pahiatua Refuse Transfer Station kiosk area

Pahiatua Wastewater Refuse Transfer Station	
<p>Critical risks:</p> <ul style="list-style-type: none"> • Hazardous Substances and Biological hazards • Violent, Aggressive, and Threatening Behaviour • Working alone or remotely • Vehicle movement on site 	<p>Issues:</p> <ul style="list-style-type: none"> • We continue to work through establishing a full suite of H&S documentation for solid waste sites.

4.11 The committee sought management input on the following matters:

- Site security – Trail cameras and signage have been installed. Any further improvements to site security will be reviewed as part of the Solid Waste 17A process.
- Site Facilities – the site has several issues including visibility, power and sanitation, uneven ground, steep driveway, no weighbridge. These matters will be canvassed as part of the Solid Waste 17A review.

4.12 The next risk review session is scheduled for 29 April 2025 for the Facilities team with a focus on contractor management.

5. 2025 Health, Safety, and Wellbeing Workplan

5.1 The table below summarises the health, safety, and wellbeing work plan for the 2025 calendar year.

Project	Comment	Due Date	Status
Health Monitoring	Implement health monitoring and vaccination programme. Linked to WorkSafe directive.	28 Feb	
Critical Risk Reviews	Coordinate reviews of critical risks and controls on a bi-monthly interval. First two reviews are Hazardous Substances and Fatigue.	First review due Mar 2025	
Policy Review	Conduct a full review of the Health and Safety Policy.	Apr 2025	
Contractor Management	Standardise a contractor induction and monitoring process.	May 2025	
H&S Manual update	Update our current Health, Safety and Wellbeing Manual.	Dec 2025	
Improved Reporting	Enhance reporting to ELT and the Audit and Risk Committee	Dec 2025	
H&S Committee Development	Strengthen the maturity of the H&S Committee.	Dec 2025	

6. Critical Risks

6.1 The table below provides an update on critical risks from the Health, Safety, and Wellbeing Risk Register, specifically highlighting any non-compliance with existing controls. **Only non-compliant controls are shown; compliant controls are excluded from the table.**

6.2 The Committee monitors critical risks as part of its due diligence obligations to ensure risks are identified, controls remain effective, and governance standards are upheld. Monitoring activities include risk review sessions, SafePlus assessments, and internal audits to evaluate safety systems. Quarterly reporting to the Committee enhances transparency, while governance oversight reinforces accountability and continuous improvement.

Risk Ratings			
Low	Moderate	High	Severe
Control Verifications			
Compliant	Some non-complaint	Key control(s) non-complaint	

No.	Risk	Risk Status	Non- Compliant or overdue Controls	Control Status
147	Slipping into Ponds – Pahiatua Wastewater Treatment Plant and Eketāhuna Wastewater Treatment Plant		<p>Following a H&S incident, a review of wastewater fencing identified significant deficiencies at the Pahiatua and Eketāhuna wastewater plants and some deficiencies at other plants.</p> <p>The fencing project is in Yr1-4 of the LTP. Work on the Pahiatua and Eketāhuna wastewater plants has been prioritised. A more detailed timeline will be provided when available.</p>	
171	Pahiatua Water Treatment Plant - Gas/vapour		<p>Remedial action plan in place. All actions were due for completion by December 2024.</p> <p>Significant progress has been made towards removal of chemicals from the plant. An updated timeline for this work will be provided when available.</p> <p>Health monitoring is being progressed through the H&S workplan and is on track for completion by 28 Feb.</p>	
97	Stress & Fatigue		<p>The control, utilisation of time in lieu for peaks and troughs workload, is non-compliant for the Water Treatment team.</p> <p>See Section 7 – Fatigue management for the water treatment team for an update on this issue.</p> <p>Fatigue is to be reviewed as part of the H&S workplan for April/May 2025. See Section 5.</p>	
94	Hazardous Substances		<p>Controls are complaint however there is an issue at Pahiatua Water treatment Plant - Refer to risk 171 above.</p> <p>A formal review of the Hazardous Substances critical risk is part of H&S workplan scheduled for February – March 2025. (See section 7)</p>	
152	Fire Danger/Explosion		All controls complaint.	
93	Working Alone or Remotely		Not all staff are using the GetHomeSafe app when appropriate. Next steps are to review, monitor and escalate.	
98	Contractor Management		<p>Standardised contractor inductions and monitoring is not in place.</p> <p>See section 7 H&S Work Plan for remedial actions.</p>	
99	Violent, Aggressive or Threatening behaviour		All controls complaint.	
92	Operation of Vehicles,		Current controls are compliant however policy is due to be reviewed to update and align with current H&S	

No.	Risk	Risk Status	Non- Compliant or overdue Controls	Control Status
	including Driving		practice. See section 4. Policy Review Programme in the Assurance Management Report for details.	

7. Fatigue Management for the Water Treatment Team

7.1 Introduction

7.1.1 In February 2023, a heightened fatigue hazard was identified among three waters treatment operators through the Health & Safety Committee.

7.1.2 In 2024, the issue was escalated to the Audit and Risk Committee in accordance with the Risk Management Policy, underscoring its importance as a critical health & safety risk.

7.1.3 Fatigue was also a key topic during the Committee risk session at the Pahiatua Water Treatment Plant in November 2024 (see Section X.X).

7.2 Worker Feedback

7.2.1 Workers have reported instances of fatigue, including being too fatigued to drive safely. They actively communicate about fatigue and manage it within their team to the best of their ability.

7.2.2 Workers have said that an additional paid rostered day off (RDO) following their on-call shifts would improve recovery. Workers prefer planned RDOs over utilising stand-down provisions as they allow for better workload management. While this option was considered, management determined that it would result in an additional 10.4 weeks of paid time off annually, increasing operational pressures.

7.3 Contributing Factors to Fatigue

7.3.1 Several factors contribute to the heightened fatigue risk, including:

- Persistent understaffing within the three waters team, a sector-wide challenge.
- Frequent alarm activations requiring operator response.
- Increased workload due operator requirements for the Pahiatua Water Treatment Plant upgrade exceeding initial projections.

7.4 Staffing and Structural Adjustments

7.4.1 The three waters team continues to experience staffing shortages.

7.4.2 In 2022, Council introduced the Water & Wastewater Operations Manager role to help manage increased workloads, particularly at the Pahiatua Water Treatment Plant. This role has alleviated some of the responsibilities previously handled by the Water Treatment Team Leader.

7.4.3 Recruitment for an additional Water Treatment Operator is ongoing to complete the team.

7.4.4 Recent appointments to the Water & Wastewater Operations Manager and 3Waters Manager roles are expected to strengthen supervision, support staff, and improve fatigue management.

7.5 **Alarm Systems and Telemetry Upgrades**

7.5.1 Issues with alarm systems persist.

7.5.2 The Telemetry and SCADA Upgrade – Phase 2 project, aimed at a comprehensive overhaul of SCADA alarm systems, is currently underway. This project is being monitored by the Infrastructure, Climate Change, and Emergency Management Committee and is expected to be completed by June 2026.

7.6 **Current Council wide Controls for Fatigue**

7.6.1 The H&S risk register has the following controls for fatigue:

- Prioritisation of workload by managers and teams.
- Mental health first aid training for leadership.
- Utilisation of time-in-lieu during peak periods.
- Promotion of Employee Assistance Program (EAP) services.
- Stand-down provisions for on-call operators.
- Continuous process improvement reviews.
- Scheduled breaks and access to dedicated break facilities.

7.6.2 Fatigue has been identified as a critical risk across Council and is under formal review as part of the 2024 Health & Safety work plan. The review is scheduled for April and May 2024, with worker feedback being a key component of the assessment.

7.7 **Planned Mitigations**

7.7.1 The following mitigations are planned for the water treatment team:

- Completion of vacant Water Treatment Operator recruitment.

- Complete the Telemetry and SCARA Upgrade – Phase 2 project.

7.8 **Recommended Actions**

7.8.1 The Health & Safety team has reviewed the current situation and developed the following management-endorsed recommendations. These are based on existing control measures, WorkSafe guidance, and the Good Practice Guide for Occupational Health and Safety in the New Zealand Water Industry:

- Enhance fatigue monitoring by tracking alarm activations, stand-down usage, and ERoad data alongside leave and overtime tracking to identify trends.
- Maintain focus on recruitment to fill the vacant Water Treatment Operator position.
- Strengthen fatigue management supervision under the leadership of the newly appointed Water & Wastewater Operations Manager.
- Integrate fatigue management discussions into toolbox meetings, ensuring documentation.
- Conduct regular wellness check-ins with staff, including fatigue assessments (utilising Safe365 or GetHomeSafe), and maintain documented records.
- Provide fatigue management and mental health first aid training, including sessions for people leaders.
- Conduct ongoing efficiency reviews to identify process improvements that may help reduce workload.
- Ensure plant and equipment are well-maintained and fit for operational demands.
- Engage directly with workers to explore optimised work and on-call arrangements.

7.9 **Conclusion**

7.9.1 Management recognises the significant impact of fatigue on operations and workforce well-being. Addressing this issue remains a top priority, with active efforts underway to fill the vacant position, system improvements, and fatigue management enhancements. Regular monitoring and worker engagement will be required to ensure that ongoing efforts are effective and aligned with industry best practices.

8. **Health and Safety Committee**

8.1 **Health & Safety Staff Survey**

- 8.1.1 An all-staff survey was conducted in November 2024.
- 8.1.2 Survey goals where, to understand employee views on where we focus our efforts towards health and safety, and to get a base line score of staff views on our health and safety practices.
- 8.1.3 The high level results from the survey are outlined below:

What's working well	What's needs some work
<ul style="list-style-type: none"> • Strong staff engagement with health & safety. • Open communication between staff and managers about health & safety. • Positive perception of the importance of health & safety. 	<ul style="list-style-type: none"> • Communication about psychological wellbeing. • Recognition of health & safety role models. • Better use of reporting tools.

8.1.4 The next steps are that the Health & Safety Committee will review the results through the lens of our values Whanaungatanga, Pono and Whanake and report to the executive leadership team with recommendations for action.

8.2 H&S Committee – Site Visit to the Dannevirke Refuse Transfer Station



- 8.2.1 The Committee visited the Dannevirke Refuse Transfer Station in November and conducted their monthly meeting while there so the Solid Waste team could and participate. The Solid Waste Manager gave the committee a tour of the site.
- 8.2.2 It is the aim of the Committee to conduct more site visits, and alternative site meetings to engage with departments across the organisation.

9. Key Indicator Reporting

9.1 The following table provides the first update on agreed reporting indicators from the 2022-2025 Due Diligence Plan.

Indicator	Target	Actual	Comments	Type	Status
Notifiable Incidents	0	0		Lag	Green
% H&S new staff inductions completed	100%	100%		Lead	Green
% contractors pre-qualified	100%	86%	<p>We have made significant gains in contractors achieving H&S pre-qualification and currently have five contractors who are being used for work on Council sites and are yet to submit any H&S documentation for assessment.</p> <p>We are working towards pre-qualifying our community facility providers e.g. swimming pools.</p>	Lead	Yellow
GetHomeSafe use	100%	22.2%	<p>There is low usage where the app has been identified as a critical risk control.</p> <p>Activities completed:</p> <p>Lone and Remote Worker Policy rolled out 2024.</p> <p>Lone and remote worker risk assessments and SOP's for each staff member regularly working alone were due for completion by 30 September 2024. To date 28 of 55 assessments completed.</p> <p>Monitoring and feedback for SOP's to be implemented.</p>	Lead	Red
SafePlus result	Performing	Performing	This is the audit result from 2021. Council did not participate in the 2024 audit. Next audit due end of 2025.	Lead	Yellow
H&S staff survey	TBA	67.5%	Action plan to be developed.	Lead	Yellow
H&S critical risk reviews conducted for 2025	6	0	On track. Review of hazardous substances critical risk underway.	Lead	Green
H&S Committee meetings held for 2025	11	1	On track.	Lead	Green

10. WorkSafe Notices

10.1 On 5 November 2024 WorkSafe visited the Pahiatua Water Treatment Plant following Council's notification about the accelerated corrosion and gas/vapour issues at the plant.

10.2 The table below provides an update of Council's response to the WorkSafe improvement notice and directive letters. All items are complete or on track for completion within the required 28 February 2025 deadline:

WorkSafe Requirements	Management Response	GM	Due	Status
Improvement Notice				
Ensure effective containment of hazardous substances and prevention of spills.	This requirement relates to a leaking pipe.		Complete	
Review the selection and usage of chemicals.	A review of treatment chemicals is in progress, with a goal of reducing or eliminating the use of highly toxic substances.	Hamish	Feb 2025	
Maintain an effective system for plant maintenance e.g. regular inspection and maintenance schedule.	Procurement for a service and maintenance contract is underway.	Hamish	Feb 2025	
Direction Letters				
The directive requires Council to track Class 6.1B substances.	Following further discussions with WorkSafe it has been confirmed that Council meets legislative requirements, and the notice has been withdrawn.		Complete	
The directive requires Council to maintain a health monitoring programme for workers exposed to hazardous substances.	Health monitoring is in place for the Solid Waste team. Health monitoring is being rolled out to water, wastewater, animal control, and compliance and monitoring teams. (See section 5. H&S work plan)	Sandy	Feb 2025	

Attachments

Nil.



Report

Date : 13 February 2025
To : Chairperson and Committee Members
Audit and Risk Committee
From : Stephen Dunn
Risk & Assurance Advisor
Subject : **Assurance Management Report**
Item No : **7.6**

1. Recommendation

1.1 *That the report from the Risk & Assurance Advisor dated 13 February 2025 concerning the Assurance Management Report be received.*

2. Reason for the Report

2.1 To update the Committee on matters relating to assurance.

3. Committee Work Programme

3.1 The Committee work programme is up to date except for the following items:

3.2 The Procurement and Contract Management audit was due to be completed in 2024. The audit has been scoped and will be completed this financial year.

4. Policy Review Programme

4.1 The table below provides an update on the status of internal control framework policies within the work programme.

4.2 The Committee maintains oversight of these policies to fulfill its terms of reference. This includes ensuring the internal control framework remains effective and making recommendations to Council on its robustness.

4.3 Policy review programme status:

Complete	On hold	On track	Revised but on track	Off track

Policy	Comments	Expected Completion	GM	Status
Strategic Procurement Policy	Existing policy due for review 2023. Expect a draft to the April Committee meeting.	Jul 2025	Raj	
Contract Management Policy	Drafting underway.	Dec 2025	Raj	
Asset Disposal Policy	No policy in place. Expect a draft to the April Committee meeting.	Apr 2025	Raj	
Vehicle User Policy & Agreement	Existing policy due for review 2020. We are expecting to initiate a review this financial year.	Sep 2025	Bryan	
Sensitive Expenditure Policy	Existing policy due for review 2023. Expect a draft to the April Committee meeting.	Apr 2025	Sandy	
Health & Safety Policy	Existing policy review due April 2025. In H&S work programme. Expect a draft to the April Committee meeting.	Apr 2025	Sandy	
Complaints Policy	Existing policy due for review March 2025. Scoping underway.	Dec 2025	Sandy	
Delegations Policy	An update is required to accommodate one-up approvals for accounts payable. Expect a draft to the April Committee meeting. The Policy is due for review May 2025.	Apr 2025	Raj	

5. Audit New Zealand Audits

- 5.1 The following table provide an update on the management response to Audit New Zealand audits. The table shows open audit comments only - recommendations that have already been addressed are excluded.
- 5.2 This report focuses on providing updated timelines for the completion of projects.
- 5.3 Monitoring the management response to Audit New Zealand recommendations assists the Committee fulfill its Terms of Reference including the addressing internal control weaknesses, strengthening probity and fraud prevention, and aligning Council processes and policies with sector best practices.

Audit New Zealand Priority				
Beneficial	Necessary	Urgent		
Management actions status				
Complete	On hold	On track	Revised but on track	Off track

Table of open Audit New Zealand recommendations

No.	Recommendation	Priority	Actions	Group Manager	Due Date	Status
48	Monitor and reduce where possible carry-over capital projects. (Raised 2016)		Regularly report projects to the relevant Council Committee		Complete	
			Establish Project Management Office.		Complete	
			Implement Project Management Framework.		Complete	
			Improve Scoping for LTP/AP.		Complete	
49	Implement one-up approval for purchases. (2016)		Implement one-up for invoices without a purchase order.	Raj	Jun 2025	
			Implement one-up for purchase orders.	Raj	Apr 2025	
			Update Delegations Policy. Expect a draft update for the April Committee meeting.	Raj	Apr 2025	
			Implement Esker accounts payable software.		Complete	
47	Implement and test organisational business continuity and disaster recovery plans. (2016)		Implement and test an organisational business continuity plan.	Sandy	Dec 2025	
			Implement and test an organisational disaster recovery plan.	Raj	Dec 2025	
			Implement Covid-19 business continuity plans.		Complete	
45	Regularly review rates debtors for recovery or write-off. (2021)		Refer to separate report <i>Progress Report on the Direct Debit Process and Investigation Report</i> .	Raj		
39	Produce an inventory of forest assets (2021)		Complete inventory for blocks remaining after the sale of Birch North	Raj	Apr 2025	
36	Update Sensitive Expenditure Policy to reflect best practice (2021)		Review Sensitive Expenditure Policy and Guidelines (See 4 Policy Review Programme)	Sandy	Apr 2025	

No.	Recommendation	Priority	Actions	Group Manager	Due Date	Status
	Align password parameters to NZISM guidance (2022)		Implement recommended password parameters	Raj	Apr 2025	
	Ensure capital expenditure approved within delegated authority (2022)		Update the Procurement Policy and associated processes (See 4 Policy Review Programme)	Raj	Jul 2025	
			Implement Project Management Framework		Complete	
			Establish Project Management Office		Complete	
			Implement Esker Accounts Payable software		Complete	
34	Prepare and independently review reconciliations. (2022)		Update and implement finance and rates reconciliation processes.	Raj	Complete	
	Introduce procedures and instructions for documenting assets in RAMM. (2023)		<p>Roading assets are documented into RAMM using well established procedures from the Downer Transport Knowledge Hub.</p> <p>Work is required to document a process map for inputting three waters assets into RAMM.</p>	Hamish	In progress	
	Introduce a process to independently review documented assets in RAMM. (2023)		See above response.	Hamish	In progress	
	Implement a review process for all PNCC Afterhours reports to ensure customer complaints are captured. (2023)		Implement the required process.	Sandy	Complete	
	Dedicate resources to undertake the actions in the Infrastructure Strategy Improvement Plan and ensure progress is monitored and reported. Especially develop an asset criticality framework. (2024 LTP)		Review and update criticality list. (Infrastructure Strategy)	Hamish	Dec 2026	
			Develop formal criticality system. (Infrastructure Strategy)	Hamish	Dec 2025	
			Implement monitoring and progress reporting for the Infrastructure Strategy Improvement Plan. A progress update will be provided at the end of the financial year.	Hamish	Jul 2025	

No.	Recommendation	Priority	Actions	Group Manager	Due Date	Status
	Continue to dedicate resources to better understand its three waters pipe network assets. (2024 LTP)		Resources are dedicated to better understand three waters network assets		Complete	
	Continue improving the robustness of overall asset data. (2024 LTP)		Target additional asset data collection, in particular asset condition and performance information, validation, and analysis of the data for other activities (Infrastructure Strategy)	Hamish	Ongoing	

6. Internal Audits – Health, Safety, and Wellbeing

6.1 The table below provides a summary of the management response to the 2021 SafePlus Onsite Assessment and Advice Report and the 2021 IMPAC Health & Safety Risk Register Review. The chart below summarises the total open and closed recommendations from the audits.

6.2 Monitoring management responses to health, safety, and wellbeing internal audits assists the Committee in meeting its Terms of Reference responsibilities, including addressing internal control weaknesses, improving internal reporting, and aligning Council processes and policies with sector best practices. It also supports due diligence responsibilities as officers under the Health and Safety at Work Act 2015.

Management actions status				
Complete	On hold	On track	Revised but on track	Off track

No.	Recommendation	Actions	Due Date	Status
2021 SafePlus Onsite Assessment and Advice Report				
64A 64D	Have ELT develop a Health, Safety, and Wellbeing Strategy that includes: <ul style="list-style-type: none"> Goals and objectives. Critical risks and mitigations. 	Finalise the Health, Safety, and Wellbeing strategy document. Expect a draft to the April Committee meeting.	Jul 2025	
		Involve the Health & Safety Committee in developing the Health, Safety, and Wellbeing strategy.	Feb 2025	

No.	Recommendation	Actions	Due Date	Status
	<ul style="list-style-type: none"> Effectiveness of risk mitigations. A work programme. Due diligence activities. Measurement framework. 	<ul style="list-style-type: none"> Implement a Due Diligence Plan. Identify critical risks and mitigations. Establish measurable goals and objectives. Adopt measures for chief executive and elected members due diligence activities. 	Complete	
64B	Improve Health, Safety, and Wellbeing reporting, using data to provide insights.	<p>Improve reporting for critical risk verifications.</p> <p>Reporting will be improved as each critical risk is reviewed (refer to section 6 of the Health, Safety, and Wellbeing Management Report).</p>	Dec 2025	
		<p>Improve reporting for health & safety activities.</p> <p>Reporting will be improved as the H&S work plan rolls out (refer to section 5. of the Health, Safety, and Wellbeing Management Report).</p>	Dec 2025	
		Report progress of the Due Diligence plan.	Complete	
		Report data for incidents, near misses, and new hazards.	Complete	
64E	Consider the implementation of H&S KPI's for managers.	Council currently uses Performance Development Plans rather than formalised KPI's for managers and staff. Health & safety requirements are also set in each position description.	Complete	
65A	Develop a work programme for the Health & Safety Committee.	<p>Develop a work programme for the Health & Safety Committee.</p> <p>The H&S Committee has a draft work programme and expect to implement it at its February meeting.</p>	Feb 2025	
66A	Update the current risk register to reflect the hierarchy of controls.	On hold while we make improvements to the risk register and complete the 2025 work plan.	On hold	
66B	Review good practice guidance to inform risk controls.	Utilise good practice guidance to inform risk controls.	Complete	
66C	Add a column to the Risk Register as to	On hold while we complete the 2025 work	On hold	

No.	Recommendation	Actions	Due Date	Status
	how controls will be verified for effectiveness.	plan.		
		The Promapp risk register requires managers to sign off their controls as compliant.	Complete	
66D	Implement tracking of health monitoring and immunisation.	Implement health monitoring and immunisation programme. (See Section 5 of the Health, Safety, and Wellbeing Management Report).	Feb 2025	
66E 68C	Centralise all contractor health & safety data, including inspections and event reports, to track critical risks, best practices, and performance. Ensure assessment tools collect useful data on contractor risks and control effectiveness, providing lead indicators for safety management.	Implement contractor H&S induction and monitoring processes. (See Section 5 of the Health, Safety, and Wellbeing Management Report).	May 2025	
		Implement SiteWise contractor H&S pre-qualification.	Complete	
66F	Review how Council manages its overlapping duties in relation to the Tararua Alliance.	Additional H&S reporting to the Committee has been commenced. A review of how Council manages its overlapping duties in relation to Tararua Alliance will be completed this financial year.	Jun 2025	
66G	Consider strengthening Council's H&S contractor review and assessment processes.	Implement contractor H&S induction and monitoring processes. (See Section 5 of the Health, Safety, and Wellbeing Management Report).	May 2025	
		Implement SiteWise contractor H&S pre-qualification.	Complete	
66I	Consider developing H&S standards for critical risks.	Critical risks reviews are being completed as part of the 2025 work plan. (See Section 6 of the Health, Safety, and Wellbeing Management Report).	Dec 2025	
66K	Ensure contract managers have the technical knowledge required to assess safety for critical tasks such as excavation, working at heights, and confined spaces.	Develop and implement a Contract Management Policy and processes. (See Section 4 Policy Review Programme)	Dec 2025	
67A	Complete a review of who works alone and what current procedures are in place.	Complete a review of who works alone and what procedures are in place.	Complete	
67C	Work with business units to develop working alone procedures.	Provide tools and support to managers to complete working alone and remotely risk assessments and SOP's.	Complete	

No.	Recommendation	Actions	Due Date	Status
		Develop a working alone and remotely policy	Complete	
67D	Review who is responsible for ERoad and escalation processes.	Review Vehicle Users Policy and associated processes. (See Section 4 Policy Review Programme)	On hold	
		Review staff welfare escalation processes.	Complete	
68A	Ensure consistency in H&S processes across all contractual arrangements.	Update the Procurement Policy and associated processes. (See Section 4 Policy Review Programme)	Jul 2025	
		Short form agreement H&S arrangements standardised.	Complete	
68B	Identify staff responsible for contractors and ensure they understand overlapping duties. Assist in developing health and safety assessment tools if needed.	Implement contractor H&S induction and monitoring processes. (See Section 5 of the Health, Safety, and Wellbeing Management Report).	May 2025	
		Provide ongoing training and support for contract managers.	Complete	
		Identify contract managers.	Complete	
69A 69B	Develop a workplace mental health framework with prevention, early intervention, and support strategies. Define clear goals, measure outcomes, and assess available resources. Create guidance to help managers assist struggling staff.	The development of a workplace mental health framework will be considered as part of the critical risk review for fatigue which is part of the H&S work plan. (See Section 6 of the Health, Safety, and Wellbeing Management Report).	On hold	
2021 IMPAC Hazard Register Review				
61A 61B	Streamline the Risk Register into Hazard, Hazardous Activity, and Critical, Generic, and Department-Specific sections, aligning project and operational risks with Water Industry Guidelines where possible.	Critical risk reviews in the 2025 work plan are aligned with industry guidance. (See Section 6 of the Health, Safety, and Wellbeing Management Report).	Dec 2025	
		Streamline the risk register into critical, generic and department specific sections.	Complete	
61C	Fully review and reassess Risk Register risks, incorporating recommendations. Engage an independent expert for assurance and compliance checks.	Reviews and reassessment of risks is underway. Council will participate in a SafePlus later this year.	Complete	
62A	Include electricity and live equipment as hazards in the risk register and implement permission to work and lock	Electricity is in the register and LOTO is a control for machinery. Permission to work requirements are not centrally implemented yet. Details of where this will be implemented	TBA	

No.	Recommendation	Actions	Due Date	Status
	out tag out requirements.	in the work plan are yet to be determined.		Red
62B	Establish a formal contractor management process and terms and conditions in contracts	In progress see item. 66E above	May 2025	Green
63A	Review water and wastewater activities to identify where confined space entry is required and implement missing controls.	Confined space entry is not done by Council staff and is done by contractors. Permit to work processes are not currently centralised. Details of where this will be implemented in the work plan are yet to be determined.	TBA	Red

7. Issues Monitoring

7.1 Dannevirke Impounded Supply Dam Safety Monitoring

7.2 This report provides the Committee with the regular update on dam safety monitoring for the Dannevirke Impounded Supply.

Alert Level: Emergency response level remains at “monitor only,” with no activations since the last report.	Green
Data Monitoring: Data monitoring is up to date, with no concerning trends. <i>Note: Regular independent reviews have been suspended due to in-house capability now performing this work.</i>	Green
Physical Observations: Physical observations are up to date, with no concerning trends. <i>Note: The frequency of physical observations has been reduced to three times per week following a risk analysis.</i>	Green
ROV Inspections: The last ROV inspection was completed in September 2024. The November inspection will be completed post-dive to allow for guide markings to be laid.	Yellow
Dive Observations and minor repairs: Dive observations and minor repairs initially scheduled for December 2024 are now booked for February 2025.	Yellow

7.3 Resource Consents

7.4 This report provides the Committee with the regular update on the status of Council’s resource consent projects. We are working towards providing expected completion dates for these projects.

Resource Consent Status				
Expiring soon	Expired	Significant non-compliance		
Yellow	Red	Orange		
Project Status				
Complete	On hold	On track	Revised but on track	Off track



Consent	Expiry	Consent Status	Project Update	Project Status
Water Abstraction				
Dannevirke	2026	Yellow	The flowmeter is enroute from Europe, Horizons data loggers are installed, and the compliance team has begun consulting with WSP on the Resource Consent Renewal Application.	Green
Woodville	2021	Red	The flowmeter was relocated and verified, the compliance certificate sent to Horizons, and the compliance team is addressing section 92 requirements with WSP.	Green
Eketāhuna	2019	Red	The Horizons data logger is in place, the flowmeter is awaiting installation, the consent application is ready for submission, and iwi approval is required.	Green
Pahiatua	2022	Red	The Horizons data logger is in place, the flowmeter is awaiting installation, and the consent application is ready for submission pending iwi approval.	Green
Wastewater				
Pahiatua	2033	Yellow	Tonkin & Taylor are finalising the outfall structure design, construction methodology, and erosion control plan for Phocus to lodge the consent application, with Horizons expecting submission by 21 February 2025 (Significant Non-Compliance). The UV alarm at Pahiatua Plant has been installed, resolving the Moderate Non-Compliance issue.	Green
Pongaroa	2019	Red	A decision is pending from the 3 Waters Advisory Group and Stakeholders Group, who are holding regular meetings.	
Norsewood	2018	Red	A decision is pending from the 3 Waters Advisory Group and Stakeholders Group, who are holding regular meetings.	
Ormondville	2026	Yellow	A decision is pending from the 3 Waters Advisory Group and Stakeholders Group, who are holding regular meetings.	
Landfill				
Pongaroa	2021	Red	With WSP awaiting update.	

8. Update on Actions Since the Insurance Report

8.1 During the 11th December Audit and Risk Committee meeting, officers identified several next steps related to the insurance report. This section provides an update on the progress of these actions.

8.2 **Actions Taken**

8.3 **Proposal Request to AON for Schedule of Value (SOV) Methodology**

- Officers have reached out to AON to request a proposal for developing a more robust methodology for the creation of the Schedule of Value (SOV).
- AON has implemented similar improvements for other councils, focusing on automation from asset registers, data analysis, and identifying additional information to enhance the SOV process annually.
- Status: Officers are awaiting AON's proposal for Tararua District Council.

8.4 **Work on 3Waters Treatment Assets Transfer to RAMM**

- This large-scale project involves componentising and recording all 3Waters treatment assets in RAMM.
- Status: The project is underway but is estimated to take place over the first three years of the Long Term Plan and is part of the Improvement Plan in the Infrastructure Strategy. (See also Section 5 of this report Audit New Zealand Audits)
- AON's proposed work will also support and inform this project.

8.5 **Insurance Review for Council Buildings**

- This review aligns with the rationalisation of buildings project and Council's risk appetite work.
- A key Council decision on 18th December approved a recommendation to reduce insurance coverage to demolition-only policies for older, low-use buildings nearing the end of their lifecycle and to limit renovation investments to essential operational needs.
- Status: This work is in progress.

8.6 **Defining Critical Infrastructure for Insurance Refinement**

- Officers are using findings from the critical infrastructure asset project to refine insurance coverage for key assets.
- Status: Work is ongoing and dovetails into the Infrastructure Improvement Plan action to define an asset criticality framework. (Also refer to Section 5 of this report Audit New Zealand Audits)

8.7 **Claims History Summary for the Last 10 Years**

- Officers have requested a claims history report from AON, summarizing the past 10 years.

- Status: The report will be provided to the Committee once received.

8.8 **Actions to Be Completed**

8.9 **Initiation of the Insurance Strategy Project**

- A broader Insurance Strategy project is scheduled to commence in June 2025 to guide future insurance decisions.
- Status: The project is on track for its June 2025 launch.

8.10 **Accuracy Review of Insurance Schedules**

- Once the 3Waters RAMM project is complete, officers will confirm the accuracy of insurance schedules.
- Status: This work will be ongoing, with improvements expected through AON's proposal and the asset data being collated.

8.11 **Review of Deductibles Across All Insurance Policies**

- Officers will assess opportunities to adjust deductibles, ensuring a balance between risk and financial requirements.
- Status: This work will be incorporated into the development of the Insurance Strategy.

8.12 **Risk Appetite Presentation to Audit and Risk Committee**

- Officers have been working with Elected Members to define Council's risk appetite, which will shape insurance planning.
- Status: An update on the risk appetite project is provided in the Risk Appetite Report.

Attachments

Nil.



Report

Date : 13 February 2025

To : Chairperson and Committee Members
Audit and Risk Committee

From : Roger Earp
Strategic Advisor

Subject : **Assurance Report Direct Debit Investigation Recommendations**

Item No : **7.7**

1. Recommendation

- 1.1 *That the report from the Strategic Advisor dated 23 January 2025 concerning the Assurance Report Direct Debit Investigation Recommendations be received.*

Executive Summary

Management has been working on addressing the issues relating to the direct debit calculation error since July 2024. The Chief Executive commissioned an independent investigation, and the final investigation report was completed in November 2024 and presented to the Audit and Risk Committee in December 2024.

The investigation report provided clarification and gave clear direction to management on the areas for focus and issues to address.

During the compilation of this report, it became increasingly apparent that a lack of experienced staff and ongoing business-as-usual demands are limiting management's ability to address the recommendations in this report as quickly as desired. The Rates Team has only two experienced staff with the third having commenced 12 months parental leave in February 2025. We have successfully recruited a fixed term cover, who commences on the 13 February 2025. The permanent vacancy has been re-advertised for the third time following another unsuccessful round of recruitment. Several additional staff have been seconded to support the team but none of them have had previous rates experience.

Ongoing progress of the recommendations will be made quarterly in the Assurance Report to the Audit and Risk Committee.

2. Reason for the Report

2.1 To provide an update to the Elected Members on the progress of the recommendations from the report ‘Investigation into errors with direct debit processes’ authored by R & J Business Solutions Ltd.

3. Progress Update

3.1 The following table identifies the various recommendations and our expected completion of each recommendation.

Management actions status				
Complete	On hold	On track	Revised but on track	Off track

No.	Recommendation	Actions	Group Manager	Due Date	Status						
6.1	Review all ratepayer accounts where a payment arrangement is in place to ensure the regular payments have been reviewed and adjusted.	<p>This review was expanded to ensure no regular payments have been missed:</p> <ul style="list-style-type: none"> • Ratepayers with Direct Debits; • Ratepayers who missed instalments 1 and/or 2; • Existing debtors with DMC; • Ratepayers on a TDC plan. 	Raj	1 Mar 25							
6.2	Implement improved procedures to track all rates enquiries and ensure they are reviewed and actioned in a timely manner.	<p>A Rates CRM test environment has been created pending testing, training and implementation.</p> <p>The existing process for processing internal rates enquiries will continue.</p>	Raj	1 Mar 25							
6.2.1	Check and clear outstanding enquiries currently in the revenue team’s inbox to bring all actions in this area up to date.	<p>The contents of the inbox have been reviewed and prioritised. There has been a small reduction in read enquiries.</p> <table border="1" data-bbox="662 1921 1013 2033"> <tr> <td></td> <td>Nov 24</td> <td>Feb 25</td> </tr> <tr> <td>Total emails:</td> <td>1200</td> <td>1074</td> </tr> </table>		Nov 24	Feb 25	Total emails:	1200	1074	Raj	1 Jun 25	
	Nov 24	Feb 25									
Total emails:	1200	1074									

No.	Recommendation	Actions	Group Manager	Due Date	Status			
		<table border="1" data-bbox="662 315 1018 360"> <tr> <td data-bbox="662 315 778 360">Unread:</td> <td data-bbox="778 315 895 360">500</td> <td data-bbox="895 315 1018 360">523</td> </tr> </table> <p data-bbox="662 360 1018 490">Progress is being hampered by a lack of experienced staff and the volume of enquiries.</p>	Unread:	500	523			
Unread:	500	523						
6.3	Review the current management structure, resourcing, processes and accountabilities	A review of the management structure, resourcing, and accountabilities has commenced.	Sandy	1 Apr 25				
		The permanent vacancy has been re-advertised for the third time following another unsuccessful round of recruitment.	Raj	1 May 25				
		<p>An applicant has been appointed to the fixed term cover role and starts on the 13 February 2025.</p> <p>Some duties have been transferred from the Rates to the Finance Team.</p> <p>The Strategic Advisor continues to guide and support the Rates Team.</p> <p>Two internal staff have been identified and put in place to support the Rates Team.</p> <p>Responsibility for Debtor Management has been transferred to DMC</p> <p>GM has assumed lead in debtor management and reporting, as well as metered Water remissions</p>	Raj	13 Feb 25				
		<p>A detailed review of all tasks completed by the Rates Team has been completed.</p> <p>Some tasks have been identified for reallocation across Council predominantly to the Finance and 3 Waters Teams and Customer Services.</p>	Raj	1 Feb 25				

No.	Recommendation	Actions	Group Manager	Due Date	Status
		Transfer of tasks to the 3 Waters Team. Specialist resources have yet to be identified to continue this process.	Raj	1 Jun 25	Blue
		Transfer of tasks to the Customer Services Team	Raj	1 Apr 25	Green
		Transfer of tasks to the Finance Team	Raj	1 Jun 25	Green
6.3.1	Ensure that council has a resilient structure with a plan in place to provide cover and succession planning for key roles within the Rates & Revenue team.	This is being included in the management structure review.	Sandy	1 Apr 25	Green
		Succession planning will continue once all team roles have been filled and new staff have been trained.	Raj	1 Jun 25	Green
6.3.2	Ensure that resourcing, and oversight of key tasks and processes, is aligned to Council expectations and policies on revenue collections and administration of Council's revenue policies.	This will occur as part of the management structure review.	Sandy	1 Apr 25	Green
6.3.3	Ensure that a master schedule of key tasks and/or processes (including the annual calculation and revision of direct debits) is developed and monitored to ensure tasks are completed and timeframes are met.	A master schedule of the over 80 tasks currently completed by the Rates Team has been developed. Since June 2024 half of these tasks have been reviewed and pro-maps updated. The remainder have yet to be reviewed. Additional resources have yet to be identified to continue this process.	Raj	1 Jun 25	Red
		A review has commenced of the direct debit calculation process and improvements are currently being documented including the decision to include or exclude Rates Rebate.	Raj	1 May 25	Green

No.	Recommendation	Actions	Group Manager	Due Date	Status
6.3.4	Ensure that accountability for key tasks and controls is clearly outlined.	Accountabilities will be made clear through the structural review and process mapping	Bryan	1 Jun 25	Green
6.4	Develop a detailed annual work programme for the revenue team and ensure key deadlines and pressure points are shared with other departments and with the executive management team.	A high-level work program has been mapped.	Raj	1 Apr 25	Yellow
6.5	Report back to Council to provide assurance that the immediate actions have been actioned and that all ratepayers on direct debits have had their accounts reviewed.	All ratepayers on direct debit have had their accounts reviewed.	Raj	1 Feb 25	Grey
		Implementation of postponement in the Authority system.	Raj	1 Apr 25	Green
6.6	Review the status of debt management within Council to ensure all debts are being actively managed	All debt management has now been transferred to DMC.	Raj	1 Apr 25	Green
		A Debtor Report will be presented to the Finance and Performance Committee on the 5 March 2025.	Raj	1 Apr 25	Green
		Sourcing policies and procedures from Councils and DMC relating to rate rebates and debtors' management.	Raj	1 May 25	Green
6.7	Report back to Council's Audit and Risk Committee on the final measures introduced to monitor and ensure the risk of a similar issue should not reoccur. This report should provide evidence and assurance on the effectiveness of the measures introduced.	A final report will be presented to the Council's Audit and Risk Committee Council once the investigation recommendations have been implemented.	Bryan	25 Jul 25	Green
6.8	Change the quarterly reporting on debtors to:				
6.8.1	Report debts and debt management to Council's Audit & Risk committee on the basis that this is a key area of Council risk.	Debt and debt management will be reported to the ARC starting from the April 2025 meeting, using the same information prepared for the Finance and Performance Committee (see point 6.8.2.1	Sandy	Apr 25	Green

No.	Recommendation	Actions	Group Manager	Due Date	Status
		below).			
6.8.2	Amend the reporting so that:				
6.8.2.1	All debt is reported on (not just rates debtors).	Reporting will focus on 3 aspects: <ul style="list-style-type: none"> • Data reporting • Performance reporting • Trend analysis A new report format is being developed in consultation with DMC which will be presented to the March Finance and Performance Committee meeting	Raj	5 Mar 25	
6.8.2.2	There is reporting on credit balances.				
6.8.2.3	There is separate reporting on direct debit customers to provide ongoing assurance that the issues remain under control.	A report has been created to check all ratepayers with Direct Debits to ensure an annual change has been completed excluding those on 'out of cycle' payment plans. This report identified 35 ratepayers' Direct Debits that were not recalculated after the 24/25 rates were set – all except one of these were on a Payment Plan	Raj	5 Mar 25	

3.2 Additional Initiatives

3.3 **System Utilisation.** In consultation with IS, Direct Debit calculations, reporting, escalation and business processes are being analysed and tools developed to improve efficiency.

3.4 **Review Rates Invoice.** Considering the additional disclosures needed for the rates postponement in the Rates Assessment Notice, Council is taking the opportunity to improve the format and readability of the rates invoice. A Rates Statement to provide additional information for those impacted households that have chosen to pay arrears is also being considered.

Attachments

Nil.



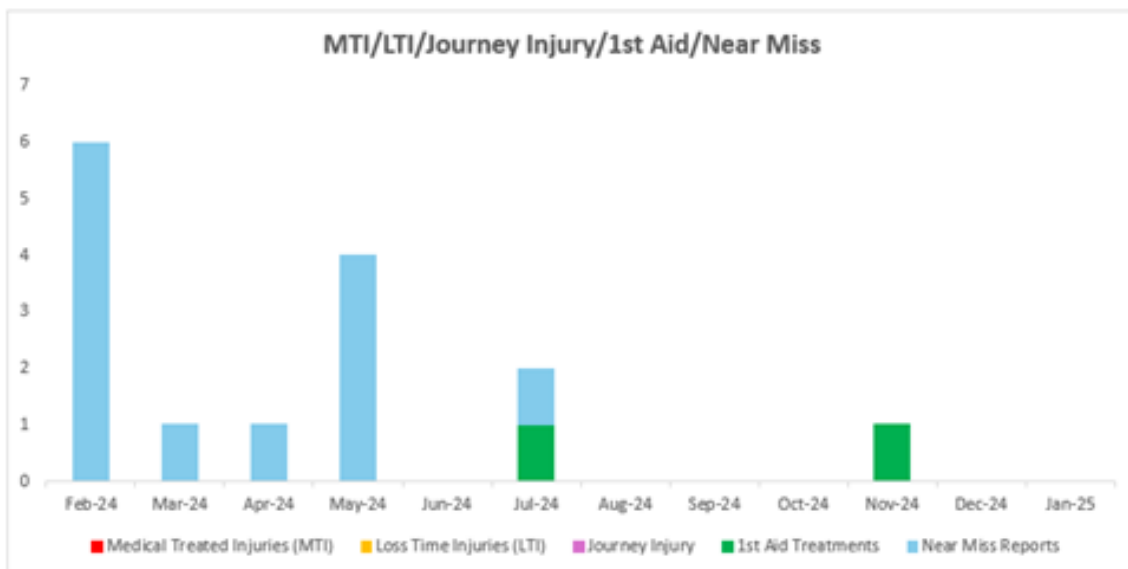
Report

Date : 13 February 2025
To : Chairperson and Committee Members
Audit and Risk Committee
From : Dan Erard
Tararua Alliance Manager
Subject : **Tararua Alliance Quarterly ARC Report - February 2025**
Item No : **7.8**

1. Recommendation

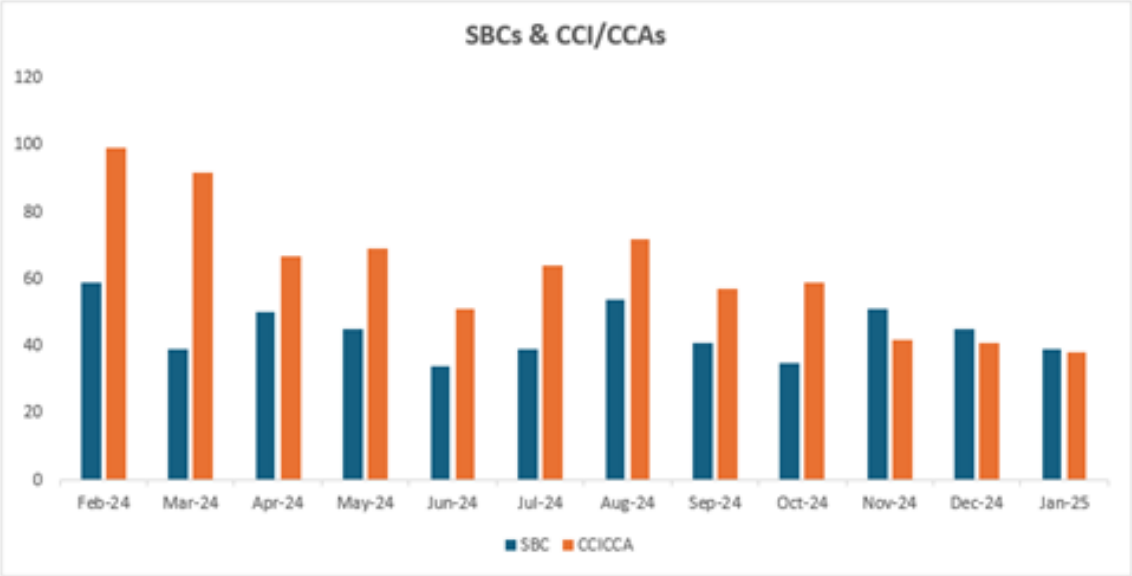
- 1.1 *That the report from the Tararua Alliance Manager dated 10 February 2025 concerning the Tararua Alliance Quarterly ARC Report - February 2025 be received.*

2. ZERO HARM STATISTICS



Zero Harm Meetings – We are continuing with our monthly Zero Harm Field Staff meetings followed by our Zero Harm Leadership meetings.

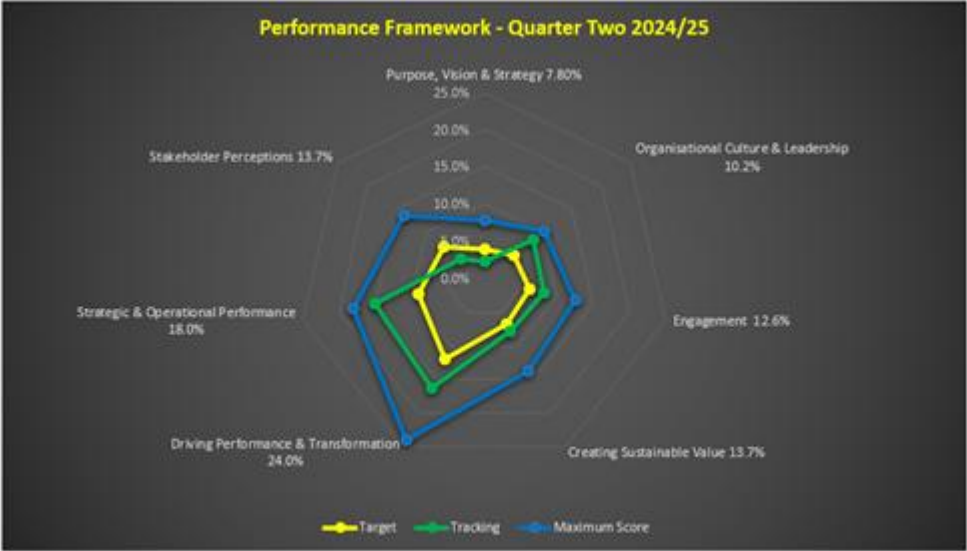
3. SAFETY CONVERSATIONS/INSPECTIONS



Zero Harm Meetings – We are continuing with our monthly Zero Harm Field Staff meetings followed by our Zero Harm Leadership meetings.

4. PERFORMANCE FRAMEWORK

Performance Framework scoring for the second quarter of the financial year.



Performance Framework Key Areas:

Purpose, Vision & Strategy

This is a key focus area for the Alliance at present. We are in the process of implementing a new Strategy for 2024-2027. Staff will be introduced to this Strategy at our All Staff Toolbox at the end of February with the goal of ensuring the team has full understanding and alignment with the new Strategy.

Strategic and Operational Performance

There has been considerable improvement in this area. This has been largely due to the implementation of a new process focusing on improving our Customer Request Response times.

5. Recent Audits:

We have had four audits during this quarter.

- Performance Audit
- Financial Audit
- Asset Management Maturity Audit
- NZTA Audit

Performance Audit: 6 November 2024

The Performance Audit conducted for the 2023-24 FY was the first audit of the new Performance Framework. This new Framework aligns with the EFQM 2020 model. The Framework focuses on three main areas; Direction, Execution and Results.

Executive Summary:

1. The review of the Tararua Alliance Performance Framework for the year 1 July 2023 to 30 June 2024 was undertaken on the 6th November 2024 in the Tararua Alliance Office. The Audit was undertaken by Hamish Featonby (Tararua District Council), Dave Macdonald (Opoet Ltd - Independent Auditor) and Scott Francis (Downer). The auditors were supported by the local Alliance Team including Daniel Erard, Sally Boyt, Andrew Desmond and Marlize DeKock.
2. This is the first review undertaken on the updated framework, the framework has been updated to the EFQM 2020 model. Previously the framework was the EFQM 2013 system.
3. The EFQM 2020 Performance Framework represents a significant shift from the EFQM 2013 model. While the 2013 framework focused on achieving excellence through quality management with criteria divided into Enablers and Results, the 2020 framework consolidates into criteria organised around Direction (purpose, vision, strategy), Execution (culture, leadership, engagement), and Results (stakeholder value).
4. The KPI's that have been developed for each of the areas are a good reflection of what the team are trying to achieve in the Tararua Alliance, and some changes to specific wording and targets will aid in measuring their performance accurately. Some suggestions are included in this report – some specifically around transitioning from an input-based measure to output or outcome-based measures (i.e. going from measuring 'how many audits per month' to the score of the audits).
5. Consideration should be given to what are the foundation measures that should be always included and can demonstrate improvement and value of the course of time, and what measures can be included for a period to demonstrate focus on a particular challenge.

6. It was noted that the 2023/24 year challenged the Alliance team by the impacts of Cyclone Gabrielle on the District and the subsequent events and recovery work. The team have also undergone a structure change during the year to move more towards a single delivery team setup to streamline Alliance operations.
7. In the previous framework (EFQM 2013) the team felt that they had maximised their results and have been actively trying to stretch themselves with the changes in models and looking to have appropriately tensioned measures, these have already changed for the current financial year and will see further changes (some taken from these recommendations) for the next financial year.
8. We commend the Tararua Alliance Team for their achievements and commitment to the performance measures agreed during the 2023/24 year in the new Framework.

See Performance Audit attached.

Financial Audit: 27-29 November 2024

The Financial Audit for the 23/24 FY was conducted in November 2024. This was conducted by Brian Smith Advisory Services. This was Brian's last audit of the Alliance. TDC have engaged IMA Services as the new auditing firm. Shelley Keery is the Director, and she attended a handover with Brian Smith on the final day of the audit at the Tararua Alliance Office.

Concluding Comments:

The financial audit of the Tararua Alliance has been completed for the 2023-24 year.

Overall there has been very good financial management;

- I was satisfied that the labour methodology assumptions and on-cost allowances were fair and reasonable. Base information was checked to payroll records
- The expected utilisation of most plant items was seen as satisfactory
- Overhead charges for 2023-24 were adjusted during the year. The agreed overheads have been claimed
- The mark-up was correctly applied.
- The claims preparation process was sound.
- Review of tender processes indicated satisfactory compliance to NZTA procurement procedures for recovery work. A more robust procurement strategy is being planned for cyclic and business-as usual contracts with effect from July 2025
- Meetings of Alliance Principals' Group were infrequent in the 2023-24 year.
- The TCE preparation process was sound but it is concerning that the finalisation of the TCE is occurring late into the financial year.
- The transaction audit, delivered mainly by way of internal audit, indicated excellent accuracy and recordkeeping. Additional testing on Alliance salaries also indicated an accurate result.

AMMA Audit: 28 November 2024

The annual AMMA (Asset Management Maturity Assessment) Audit was conducted in December 2024. This is an internal Downer audit on our management of assets. The expected Downer Group maturity level on contracts is “Proficient” which equates to 61% to 80%. The Alliance obtained an overall score of 70.4%, therefore the Tararua Alliance is easily within this bracket.

A summary from the report as follows:

Tararua Alliance was independently assessed as “Proficient” against a Downer Group target of “Proficient.” Over the last 4 years the team have maintained a consistent focus on all sectors, increasing their score by 1.7% to 70.4%. Operations will improve with more focus on monthly maintenance programming and Business alignment with lift with the implementation of the SAMP, RASCI and contract AM objectives. The team have carried out some great work on understanding their bridge assets and presented at the Low Volume Road conference and they are trialling the use of Juno bridge.

It was noted the team have successfully implemented most action items from the previous years audit and are demonstrating a focused commitment to advancing asset management maturity.

Most areas of the audit showed an improvement and it was observed the team have a good asset management culture and understanding.

There are sixteen recommendations from this audit. The team expects to have implemented all recommendations by the end of the 2024-25 Financial Year.

See AMMA Audit attached

NZTA Audit: 7-9 October 2024

Still waiting on results.

Attachments

- 1 [↓](#). Performance Audit Report 2023/24
- 2 [↓](#). Asset Management Maturity Assessment Report



Tararua Alliance

Annual Review of Performance Framework – Report for FY23/24

1 November 2024

Document Status	Updated By	Date
Draft for Comment	S Francis	19 th November 2024
Managers comments added	S Boyt and D Erard	6 th January 2025
Adjusted comments in bullet point 2 under Performance pool for better clarification	Sally Boyt	17 th January 2025



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Executive Summary

1. The review of the Tararua Alliance Performance Framework for the year 1 July 2023 to 30 June 2024 was undertaken on the 6th November 2024 in the Tararua Alliance Office. The Audit was undertaken by Hamish Featonby (Tararua District Council), Dave Macdonald (Opoet Ltd - Independent Auditor) and Scott Francis (Downer). The auditors were supported by the local Alliance Team including Daniel Erard, Sally Boyt, Andrew Desmond and Marlice DeKock.
2. This is the first review undertaken on the updated framework, the framework has been updated to the EFQM 2020 model. Previously the framework was the EFQM 2013 system.
3. The EFQM 2020 Performance Framework represents a significant shift from the EFQM 2013 model. While the 2013 framework focused on achieving excellence through quality management with criteria divided into Enablers and Results, the 2020 framework consolidates into criteria organised around Direction (purpose, vision, strategy), Execution (culture, leadership, engagement), and Results (stakeholder value).
4. The KPI's that have been developed for each of the areas are a good reflection of what the team are trying to achieve in the Tararua Alliance, and some changes to specific wording and targets will aid in measuring their performance accurately. Some suggestions are included in this report – some specifically around transitioning from an input-based measure to output or outcome-based measures (i.e. going from measuring 'how many audits per month' to the score of the audits).
5. Consideration should be given to what are the foundation measures that should be always included and can demonstrate improvement and value of the course of time, and what measures can be included for a period to demonstrate focus on a particular challenge.
6. It was noted that the 2023/24 year challenged the Alliance team by the impacts of Cyclone Gabrielle on the District and the subsequent events and recovery work. The team have also undergone a structure change during the year to move more towards a single delivery team setup to streamline Alliance operations.
7. In the previous framework (EFQM 2013) the team felt that they had maximised their results and have been actively trying to stretch themselves with the changes in models and looking to have appropriately tensioned measures, these have already changed for the current financial year and will see further changes (some taken from these recommendations) for the next financial year.
8. The Alliance has for a number of years' audits achieved a diminishing Limb 3. This is expected as previous gains are locked into new TOC's and opportunities for gains become more challenging. Consideration needs to be given to what is an appropriate way to keep focussed on achieving high performance and what incentives could be developed.
9. We commend the Tararua Alliance Team for their achievements and commitment to the performance measures agreed during the 2023/24 year in the new Framework.

Background

1. The current Tararua Alliance Performance Framework is based on the EFQM 2020 model (figure below). This is the current version of the EFQM framework moves away from enablers and results and focusses the criteria on Direction, Execution and Results.



The EFQM Model has a strategic approach focussed on:

Direction

- Purpose, Vision and Strategy
- Organisational Culture and Leadership

Execution

- Engaging Stakeholders
- Creating Sustainable Value
- Driving Performance and Transformation

Results

- Stakeholder Perceptions
- Strategic and Operational Performance

The model stresses the importance of customers and stakeholders, the need to take a long-term stakeholder focussed view and understanding the cause-and-effect linkages between why a team does something, how it does it and what it achieves as a consequence of its actions. Other focus areas include:

Culture The model recognises that nurturing an outstanding team culture is how we manage and inspire our people to deliver purpose and sustainable value. It combines beliefs, diversity, the environment, and the tone of a team.

Leadership Effective leadership keeps a team true to its purpose and vision. The framework advocates a 'leaders at every level' approach to ensure strong decision-making, collaboration, and teamwork.

Transformation & Performance Transformation and performance are a two-sided coin. How do you embrace one while maintaining the other? The model provides a tested framework for delivering organisational success.

Flexible & Adaptive No two teams are alike or have the same objectives and strategy therefore the framework has been built to be flexible and adaptive for all teams, supporting them on a path to sustainable and measurable performance.

This proposed model gives a proven, world class approach that can be used to evaluate against a variety of measures of what is important to the Tararua Alliance.

Audit Notes

Direction: Purpose, Vision & Strategy; Organisational Culture & Leadership

Key Observations

The Alliance is actively trying to get people operating within the Alliance to understand and live the values & implement the strategy. The team is focussed on evolving the strategy to ensure it is relevant and communicable. The governance team is established and make time to meet and work through their agendas during the year, so is the Alliance Leadership Team (ALT).

1. Purpose: The Alliance demonstrates a strong commitment to improving community infrastructure in line with the changing needs and pressures of the contracting environment in NZ.
2. Vision and Strategy: The strategy is communicated to Alliance participants and followed up understanding by quizzing. The team were then refreshed on the strategy once the results were in.

Alliance governance (the PG) meets quarterly (3 in person, 2 via teams).
3. Culture: The Alliance is demonstrating a great culture; this is evident in the number of recognition for staff going above and beyond regularly as well as the number of initiatives put forward and being implemented.
4. Leadership: The Alliance Leadership team meet regularly and work through their agendas with actions sitting in a tracker which is reviewed at each meeting.

Recommendations:

- Need to consider alternative ways to demonstrate the strategy is in place.
- Can also consider how we can widen the uptake of the strategy to all Alliance Stakeholders.

- Consider more output focussed measures rather than number of meetings held (actions delivered by the PG).
- Change the measure for the ALT Meetings to be output focussed – how many / what actions are important and being delivered as part of the ALT Meetings rather than just the number of actions.
- Consider additional awards / recognitions for those who are going the extra mile, i.e. Own'D awards.

Execution: Engagement; Creating Sustainable Value; Driving Performance & Transformation.

Key Observations:

The Alliance is working to grow the skill of their team and have plans to improve on this in the current financial year. The success at the National CCNZ awards cannot be understated, it is a fantastic achievement and a testament to their partnerships that Mayor Tracey, the local Iwi and Richard Ashman (NZTA) shared in the award as they felt connected to the Alliance.

There is good work happening with the Risk Management process becoming more active over the year which is proving to add value. There is opportunity to change the way in which the TCE is signed off to make better use of the early work and report in the early months of the new financial year. Capturing and reporting rework is an area that needs improvement – visibility is paramount to the success and integrity of the model.

1. Engagement: Key talent hadn't been identified and development plans not completed off the back of that. PDP's & TUT's had been completed. There is a real opportunity to improve in this space.

Cadets have been embedded in the Alliance which is good. Training is occurring for teams with dashboards available to show progress and Supervisors ensuring that tasks are being completed.

Some fantastic Industry Recognition has occurred in this Financial Year for the Alliance with Jordan being a finalist at the NAWIC, and the Alliance winning at the National CCNZ Awards.

2. Creating Sustainable Value: The Alliance has developed meaningful partnerships with the two Iwi locally, as well as Horizons Regional Council & NZTA (the key external stakeholders) and engage with them regularly as well as when required for specific projects etc. Tararua DC has benefitted in other areas from the good relationships held in this space.

One environmental incident occurred during the year which was due to a lack of controls on site, and now the team have improved their expectation setting for crews coming into the region.

The Asset Strategy measure needs some work as it has scored zero, however when you look at the individual components that are needing completion to achieve this

measure, they were in a large way completed i.e. the MIS Strategy development and the inputs into the TCE's.

Continuous Improvement by way of Lesson Learned workshops are happening post projects and the actions sit within the overall action register on the Alliance.

3. Driving Performance & Transformation: Audits / conversations with delivery teams are occurring via CCO's, CCR's & SBC's and the frequency of these picked up over the year. There is also a H&S Committee and H&S Leadership Committee feeding into a Zero Harm Improvement Register which is providing good visibility on improvements that need to be made in this space.

Risk management is active on the contract with all risks being transferred to the Downer Standard Risk Register Format – 26 Risks were identified during the year.

The AMMA process is showing that the Tararua Alliance is still proficient as per international best practice for asset management, a discussion needs to be had around what the ideal level is for asset management delivery – is a score higher than proficient over investment? What is delivering the best value for the network?

Rework is not being recorded and this needs to be rectified with urgency. There are tools for capturing rework (i.e. Rework Register, recording the dispatch as rework in RAMM, identifying the cost using R codes in JDE or using the Transport Analytics quality dashboard to identify spatially where rework has occurred as a minimum). The PG need to be more involved in following up during their meetings as to the status of Rework as per the Performance Framework document.

Changes in TTM auditing systems meant that it was difficult to consistently compare audit scores, however the new system provides a granular view of what needs improvement on site and gives the team visibility monitor trends and react accordingly. 20% of sites were scored as Dangerous – this has been a focus and is now improved significantly. The scoring mechanism for this has shifted for the current financial year to be what is the score rather than number of audits.

Recommendations

- Refresh the metric around key talent – ensure that it matches the intent
- Consider location of Cadets as a secondary factor, having cadets and developing them needs to be the primary factor
- Consider other ways of measuring recognition, NZTA's view, other Local Authorities views and engagement etc.
- Change the wording in the Asset Strategy measure to unlink MIS & TCE – the inputs for the TCE can be completed early, however we often suffer with the timing of the overhead and budget allocations – consider having an early sign off with inputs so that individual rates can be targeted with the overall TOC being signed off at a second step.
- Look to capture other disciplines for Lessons Learned workshops, as well as on a per project basis so learnings can be embedded earlier rather than waiting until the end of the season.

- Focus the Zero Harm Culture measure around outputs of committee meetings or management of incidents as well as number of audits.
- Demonstrate a more active risk management metric – frequency of risk reporting that shows updates to individual risks rather than just identification of new risks.
- Actively record and report rework – agree on the system that will be used. Monitor and report to the PG regularly.
- Adjust Vested Assets measure to include all assets added to or modified on the network rather than vested assets only.

Results: Strategic & Operational Performance; Stakeholder Perceptions.

Key Observations:

The Alliance works hard at enhancing relationships whether that is external or internal, with the relationship with the two local Iwi a particular highlight. The CRM's are well recorded and documented but the scoring target is particularly high for the team.

1. Strategic & Operational Performance: The Stakeholder Relationship Management Plan calls for a monthly meeting, and the measure is related to what is in the plan – there is better day-to-day or informal engagement than what the scoring reflects. The complements received sit at 19 for the year with no complaints which is a great achievement. Internal satisfaction is measured by a survey annually with actions taken forward to be followed up, these sit on the Actions Register for the Alliance.

CRMs are being closed at a 90.6% timeliness of completion rate, time is often lost when CRMs are reassigned to others within the team. It is likely a harder target in the performance framework than what the Tararua District Council have mandated. Proactive communication is well in hand with high numbers of letter drops, bush telegraph articles and social media posts being completed.

2. Stakeholder Perceptions:

There are a range of actions being recorded from a variety of sources, the AMMA Review generates the highest number of actions. The financial review offered 3 actions, 1 was completed, 1 was agreed as no action required and the other action is still in progress.

The Financial Tension items was agreed internally to be not scored, however it is unsure why this decision was made. Better documentation around this needs to occur in future, especially as financial tension is an important component to the Alliance success.

The timing of the TCE being signed off, and there is commentary in the above discussing some opportunities to improve the outcomes for this.

Recommendations

- Consider measuring ratio or complements to complaints and stretching the target.

- Look to measure the action follow up from the staff engagement survey
- Check TDC requirements when it comes to CRM responses and frame the measure around that as the neutral position.
- Look to enhance the metric around pro-active communication and brand management for the Alliance.
- Investigate other items of expenditure in the Alliance that TCE's can be developed for and measure against them during the months.
- Consider splitting input components of the TCE with the overall TOC and measure them separately.

Conclusion

This is the first EFQM 2020 review of the Alliance and it highlights many strengths across strategic direction, operational execution, and stakeholder-focused results. The Alliance demonstrates a strong commitment to its purpose of improving the Tararua network, underpinned by strategy and sound leadership and governance teams. A positive organisational culture is evident through staff recognition programs and collaborative initiatives. Notable achievements include the CCNZ National Award, and meaningful partnerships with local Iwi and key stakeholders, reflecting the Alliance's focus on creating sustainable value. However, opportunities exist to enhance strategy understanding, adopt more outcome-focused metrics for leadership and governance meetings, and improve talent development processes. Additionally, capturing and reporting on rework, refining performance measures, and expanding lessons learned practices can further strengthen operational and transformational outcomes. With targeted action on these recommendations, the Alliance is well-positioned to achieve its objectives and drive greater value for all stakeholders.

Recommendations

Below are all of the recommendations from the above in a table to use for discussion and action where appropriate.

Criteria	Recommendation	Management Comment and planned action	Date	Owner
Direction	Need to consider alternative ways to demonstrate the strategy is in place.	Currently working with Downer People & Culture team to realign the Alliance's Strategy, ensuring clear concise Strategic Priorities and Key Contributors are identified. Key Measures will then be aligned to the Key Contributors which will ensure a clear, easy to understand Strategy is implemented. The aim is to have this signed off by the Principals Group prior to "Our Safety Focus" day which is scheduled for 31 January 2025. The Alliance Manager will roll this out to all staff on this day. Achieving our actions associated with our Key Contributors will be a good demonstration of the level of understanding.	31 Jan 2025	Alliance Manager
	Can also consider how we can widen the uptake of the strategy to all Alliance Stakeholders.	Once the new Strategy has been signed off by the Principals Group and rolled out to staff, it will be included in all future inductions for Subcontractors, TDC Staff and TDC Elected Members.	31 Jan 2025	Alliance Manager

Execution	Refresh the metric around key talent – ensure that it matches the intent	The Alliance Manager is currently working with Downer People & Culture team for this. Once this process is complete, we will change the scope of this KPI for the 25/26 FY. The adjustment to this KPI will match the intent of ensuring our Succession Planning is completed, maintained and the development of staff is focused in the correct areas.	27 June 2025	Alliance Manager
	Consider additional awards / recognitions for those who are going the extra mile, i.e. Own'D awards.	The Alliance Manager is currently working with Downer People & Culture team for this. Once this process is complete, we will change the scope of this KPI for the 25/26 FY. The adjustment to this KPI will match the intent of ensuring our Succession Planning is completed, maintained and the development of staff is focused in the correct areas.	31 Jan 2025	Business Support Manager
	Change the measure for the ALT Meetings to be output focussed – how many / what actions are important and being delivered as part of the ALT Meetings rather than just the number of actions.	Same as above recommendation comments. There is also a continuous review between the Alliance Manager and the Performance Manager of prioritising action points from the ALT meetings.	Completed	
	Consider more output focussed measures rather than number of meetings held (actions delivered by the PG).	This has already been implemented for the 24/25 FY. The Measures for both the Principals Group and Alliance Leadership Team meetings is now based on the % of action items closed out and the number of meetings that are held.	Completed	



	<p>Consider location of Cadets as a secondary factor, having cadets and developing them needs to be the primary factor</p>	<p>The word 'local' was removed from the measure of this KPI for the 24/25 FY. However, the scoring still reflects higher if the Tararua Alliance engage locally. But we can still obtain a score without them being local. The term 'local' is very subjective, therefore it will be reviewed during the prep for the 25/26 FY PF which the Performance Manager will be working on in the new year.</p>	27 June 2025	Performance Manager
	<p>Consider other ways of measuring recognition, NZTA's view, other Local Authorities views and engagement etc.</p>	<p>There has been other positive feedback from external sources, i.e: NZTA, other Alliances, other Councils etc. We will endeavour to reword this KPI for the 25/26 FY to allow us to include other outstanding feedback we receive to highlight our industry recognition as well as awards.</p>	27 June 2025	Alliance Manager



<p>Change the wording in the Asset Strategy measure to unlink MIS & TCE – the inputs for the TCE can be completed early, however we often suffer with the timing of the overhead and budget allocations – consider having an early sign off with inputs so that individual rates can be targeted with the overall TOC being signed off at a second step.</p>	<p>The MIS and TCE have already been unlinked for the 24/25 FY. We also changed the scoring for TCE Timeliness KPI from a Pass/Fail to a staggered approach which separates the Development of the TCEs against the Approval of them due to significant factors out of the Alliance's control – ie: obtaining our Labour and Plant rates.</p>	<p>Completed</p>	<p>Performance Manager</p>
<p>Look to capture other disciplines for Lessons Learned workshops, as well as on a per project basis so learnings can be embedded earlier rather than waiting until the end of the season.</p>	<p>The specific Lesson Learned activities/projects have been included in the KPI in the 24/25 FY PF. This ensures we are completing Lessons Learned on all required Workstreams.</p>	<p>27 June 2025</p>	<p>Performance Manager</p>
<p>Focus the Zero Harm Culture measure around outputs of committee meetings or management of incidents as well as number of audits.</p>	<p>During the next adjustments of the PF for the 25/26 FY we will look to include outputs from our ZH leadership monthly meetings into this KPI.</p>	<p>27 June 2025</p>	<p>Performance Manager</p>
<p>Demonstrate a more active risk management metric – frequency of risk reporting that shows updates to individual risks rather than just identification of new risks.</p>	<p>The Risk Register is analysed and updated at AL T meetings each month. Risk register reported to the Principals Group quarterly.</p>	<p>Completed</p>	<p></p>
<p>Actively record and report rework – agree on the system that will be used. Monitor and report to the PG regularly.</p>	<p>The Performance Manager has implemented a system to capture rework since the start of the 24/25 FY. We are also in the process of</p>	<p>28 March</p>	<p>Performance Manager</p>



Results	Adjust Vested Assets measure to include all assets added to or modified on the network rather than vested assets only.	including more quality auditing to be conducted by one of our engineers. It was identified at the end of the 23/24 FY this KPIs 'heading' was incorrect.	Completed	
	Consider measuring ratio or complements to complaints and stretching the target.	This KPI was introduced to efficiently capture the collection of new and renewed assets and disposal data on the network in a timely manner. This KPI was renamed 'Renewal As-Built Data' for the 24/25 FY PF.	27 June 2025	Performance Manager
	Look to measure the action follow up from the staff engagement survey	We will look at stretching this target for the 25/26 FY and also look at including targets for audit scores in this KPI.	Completed	
	Check TDC requirements when it comes to CRM responses and frame the measure around that as the neutral position.	We have changed the scoring in the 24/25 FY PF to reflect the percentage of actions closed out.	27 June 2025	Performance Manager
	Look to enhance the metric around pro-active communication and brand management for the Alliance.	This KPI will be revamped for the 25/26 FY PF looking at rewording to give effect to what's actually required. ie: Currently Letter Drops are a measure, however they are only required if we need to advise certain areas of activities occurring. Will won't do Letter drops for the sake of doing Letter drops, therefore the measure and scoring of this needs considerable work.	27 June 2025	Stakeholder & Communications Manager



	<p>Investigate other items of expenditure in the Alliance that TCE's can be developed for and measure against them during the months. Consider splitting input components of the TCE with the overall TOC and measure them separately.</p>	<p>We are looking to improve year on year with the percentage of budget that is tensioned. Our scoring needs to reflect this. Tararua Alliance will review how we can incorporate the tracking of the other components of the overall TOC from the TCEs. Will propose a KPI as part of the 25/26 FY adjustments to the Principals Group for consideration</p>	27 June 2025	Alliance Manager
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List of Appendices

Appendix A: Scored Framework

Appendix A: Scored Framework

Tararua Alliance Performance Framework 2023-24

Criterion	KPI	KPI Description	KPI %	EOY Score (1-5)	EOY %		
						<p>First year of EFQM 2020 Model.</p> <p>Many of the current measures are input focussed, there is opportunity to shape these as more output or outcome focussed into the future</p> <p>Org structure has changed during the year - more geared towards a single delivery team</p> <p>Under the previous 2013 EFQM Model the Alliance had maximised their results</p> <p>Some improvements have already been made for the current FY model - there will be ongoing iterations and improvements</p>	
Direction	Purpose, Vision & Strategy	Active Strategy	Implementation and successful execution of the Tararua Alliance's documented strategic direction.	4.50%	1	0.90%	<p>28/39 (70%) Passing - Office Staff, score based on Quiz for the Alliance Strategy. 31/63 Passing from field staff (slightly simpler quiz)</p> <p>Team refreshed strategy post results of quiz</p> <p>How do we demonstrate the strategy is in place?</p> <p>Developing a more output focussed strategy</p> <p>Opportunity to widen the uptake of strategy - Alignment with Council strategy also</p>
		Consistent and Effective Governance	Principal Group meetings held throughout the financial year to ensure robust governance is achieved.	3.60%	2	1.44%	<p>3 in person meetings, 2 on teams after EOFY - due to extreme weather event</p> <p>Adjusting to measuring actions in future - become output focussed</p>
	Organisational Culture & Leadership	Consistent and Effective Management	Consistent and effective management achieved by regular Leadership Team meetings during the financial year.	4.50%	4	3.60%	<p>11 Meetings Held (January the only one missing). Suggest similar changes to Governance - report on actions as the measure</p>
		Initiatives	Value-for-money innovations derived from customer or current network requirements.	3.60%	5	3.60%	<p>Well documented Innovations Register, this FY 11 Implemented, 8 Started, 3 Ideas</p>
		Celebrating Success	Acknowledging and encouraging staff to represent Tararua Alliance in line with our values.	2.50%	5	2.50%	<p>Easy metric currently, looking to target 12 going forward. Some coming from external / complements received.</p> <p>Consider Own'D awards in the future</p>

Execution	Engagement	Staff Development & Training	Having a meaningful training and development plan for Key Talent Staff to develop and become the best they can.	4.50%	0	0.00%	Hadnt identified key talent, only PDP's or TUTS undertaken Refresh happening - better sucesion planning and identification of key talent and critical roles
		Cadet & Graduate Development	Fostering of local cadets and graduates within the community.	3.60%	3	2.16%	Measure being reviewed - less specific around location. Additional cadet seconded via lwi connection
		Apprentice & Training Development	Enhanced and structured development of field staff throughout the Tararua Alliance.	3.60%	5	3.60%	Training occuring, dashboard showing how many and rates of progress. People currently working through and the supervisors ensuring these are getting completed
		Industry Recognition	Seeking local and national industry recognition for the Tararua Alliance model	1.60%	4	1.28%	Stakeholder manager driving this process. Industry leading win at CCNZ, Jordan finalist at NAWIC, Apopo submission. Need to consider other ways of gaining industry recognition - NZTA view, people in the industry perspective, other LA's (visiting councils to understand the Alliance as an example)
	Creating Sustainable Value	Partnerships	Enchancing the relationship between the Tararua Alliance and Council's local lwi partners.	4.50%	5	4.50%	lwi involvement in project planning - also haing monthly catch ups Two lwi locally, TDC has enjoyed the good relationship also with the good work done by the Alliance Engagement has made life easier with the planning of works and spending additional funding. Need to replicate the engagement across the 3 waters space lwi was involved and celebrated the CCNZ award and we have an aligned view on tolling and are collaborating on this. Good relationships also with Horizons and NZTA
		Environmental Incidents	Environmental incidents documented and reported as a result of Tararua Alliance's environmental decision making.	3.60%	3	2.16%	One incident - wet concrete entered sump - lack of controls onsite. Area was cleaned - now have better induction process and setting expectations with crews (crew was from Palmerston North so earlier briefing with them)
		Asset Strategy	Financial decision making that gives effect to the Acitivity Management Plan.	3.60%	0	0.00%	Wording to change - unlink MIS & TCE. MIS was developed on time, TCE - burdened rates were developed, overheads developed late, individual rates had been developed, budget to conclude activity was late. Look to amend that the input work is done early and signed off with final budget allocation and quantities done at a later date.
		Continuous Improvement	To develop continuous improvement strategies within the Tararua Alliance, by ensuring lessons learnt reviews are conducted and follow-up actions closed out on a regular basis.	2.50%	5	2.50%	Achieved 9/10 actions with due dates within the year. Items relate to Reseals and Rehabs and the Lessons Learned sessions that were held for each. Look to widen to other disciplines going forward. Also opportunity to capture on a per project basis.

Execution	Driving Performance & Transformation	Zero Harm Culture	Actively building a Zero Harm Culture within the Tararua Alliance, ensuring a high standard of compliance is achieved.	4.50%	1	0.90%	CCOs/CCRs/SBCs completed at 66% - reporting improved on second half of the year. Low completion in first 6 months was due to lack of visibility of completion rates. Reporting better this year. Tararua Alliance also has H&S Committee, and a H&S Leadership Committee and a ZH improvement register. TDC Staff and Downer Staff both undertake CCO/SBC Opportunity to be more of an output focussed measure - outputs from Committee meetings or management to incidents?
		Risk Management	Risk management used as a standard business process utilizing the Risk Management Framework.	3.60%	5	3.60%	Risks were captured in a SharePoint list (now in the FM003). 26 risks identified during the year. Demonstrate more towards a metric that scores active risk management.
		Asset Management Maturity	An asset management maturity assessment (AMMA) is undertaken to ensure that data managed, collected and produced by the Tararua Alliance accurately enables data-based decision-making across the spectrum of asset management-related activities.	3.60%	1	0.72%	68.7% current score (trending down mildly but still at Proficient Rating). Need to agree what a score should be - Proficient meets TDC's needs, Advanced is likely over investing.
		Rework	To ensure all lessons learnt are applied to future projects/activities in order to minimise any rework for the future.	2.50%	0	0.00%	Not recording Rework in this FY. No Rework Register, Not identifying quantity. Transport Analytics to be minimum offering for capturing quantity.
		Zero Harm Outcomes	Industry benchmarking utilizing TRiFr to ensure all staff members go home safe.	2.50%	0	0.00%	1 First Aid Incident 1 Lost Time Incident LTI was subcontractor undertaking arborist work. Refreshed their process around undertaking the work. We reviewed their documentation - the team need to follow the process. Now implemented a PTW & ATW for subcontractors aswell.
		Temporary Traffic Management	Ensuring a high quality of temporary traffic management on Tararua Alliance's worksites for the safety of both staff and road users.	1.60%	1	0.32%	Measure was previously how many audits, now the measure is whats the score. Change in the form during the year - calculation showed to keep apples with apples in the scoring. 10/50 sites Dangerous - massive improvement in current reporting. New reporting now more granular and identifies the area for improvement on the site.
		Asset Condition - Roads	The average percentage of travel on roads is smoother than the roughness threshold for each road classification, as measured by the ONRC Performance Reporting Tool.	1.60%	3	0.96%	No survey - same numbers as previous. Survey coming in March '25
		Vested Assets	Capture and collection of newly vested asset and disposal data is completed in a timely fashion.	1.00%	2.5	0.50%	Wording needs to change to all assets not just vested. No assets vested in this FY. Data shown was all renewals data and shows to be mid range in scoring.

Results	Strategic & Operational Performance	Stakeholder Relationship Management Plan	Stakeholder relationship management is documented in keeping with the Communication and Stakeholder Strategy. Stakeholder interactions will be reviewed during the Monthly leadership meetings.	4.50%	2	1.80%	8/12 Meetings held as per the plan (Iwi, NZTA, Horizons) Opportunity to widen the measurement to other engagements. Strategy stated a monthly meeting and the measure is to the plan only. Engagement has been better (day to day) than what the scoring reflects.
		Integrity & Professionalism	Integrity & Professionalism is normalised in Tararua Alliance's everyday working environment.	4.50%	5	4.50%	19 Compliments received, no complaints. Audit score should feature in future frameworks - also ratio of complements:complaints
		Staff Satisfaction (VOE)	Feedback from staff is sought regularly to assess engagement and satisfaction levels. This feedback will be used to recommend and implement initiatives to help improve the overall satisfaction of staff.	3.60%	5	3.60%	Output focussed. Survey undertaken, actions themed up from here - delivered on actions. Score is based on the number of actions. Employee satisfaction was 7.3. 6 Acitons completed easily - 10 in total. Look to change the measure to the score not the actions
		Customer Request Response Time	All customer requests received are responded to within the specified time frame in order to enhance public support for Tararua Alliance.	3.60%	1	0.72%	Measured monthly - averaged 90.6% Allocated CRMs to supervisors - lost time when reallocating. This is most likely a harder target than TDC KPI's. Look to make TDC requirement the neutral.
		Communication & Brand Management	Communications materials for internal and external audiences are relevant, timely and enhance the Tararua Alliance brand.	2.50%	5	2.50%	23 Letter Drops, 19 social media posts, 26 bush telegraph articles. Opportunity to improve the metric
	Stakeholder Perceptions	Performance Audit Improvement Plan	Utilization of a Performance Improvement Plan to achieve continuous improvement of Tararua Alliances performance.	4.50%	2	1.80%	Financial 3 actions (TCE lateness, salary splits, internal audit) 1 completed, 1 not required, 1 Work In Progress Of all actions from a range of sources / audits 44/51 actions completed (86%). AMMA produces the highest number of actions
		Commercial Tension	To monitor that work is carried out effectively, comparing the target estimate versus the actual costs.	3.60%	5	3.60%	The team is aiming to tension more of the spend going forward, and tightening the saving potential
		Financial Tension	Ensure tension is applied to all budgets allocated to the Alliance.	3.60%	2.5	1.80%	Not Scored (agreed early why not scored, reason unknown - potentially storm?)
		TCE Timeliness	The TOC (targeted on Costs) and other supporting information, such as auditor endorsement, are developed and approved promptly.	2.50%	0	0.00%	10th of Nov letter drafted and content presented, TCE signed in March. Metric being reviewed



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Asset Management Maturity Assessment

Tararua Alliance

Contract No. 1096 Infrastructure Term
Service Contract

T&I New Zealand

6 December 2024

DG-AM-TP004 NPDC

B



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Revised	Description	By	Checked	Approved	Customer
A	Issued for internal review.	Phillipa O'Shea	Kyran Ferguson		
		6/12/2024	081/01/2025		
B	Issued for Business Units review and comment.	Phillipa O'Shea	Dan Erard		
		8/01/2025	9/01/2025		
0	Issued for Distribution	Phillipa O'Shea		Adam Bevins	
		Date		Date	
	Other				



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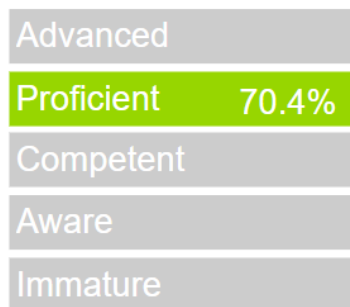
1 ASSESSMENT RESULTS SUMMARY

1.1 Summary of Results

Tararua Alliance was independently assessed as “Proficient” against a Downer Group target of “Proficient.”

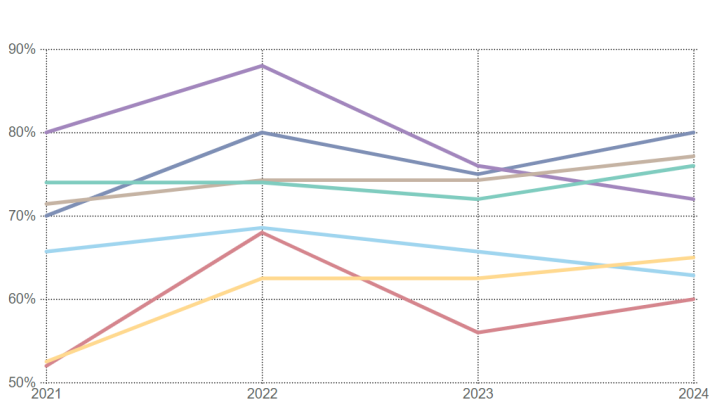
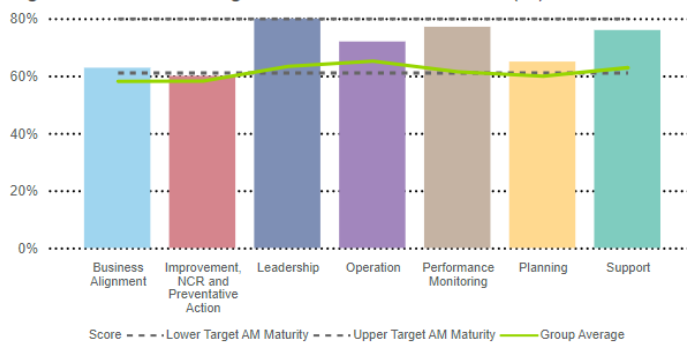
Over the last 4 years the team have maintained a consistent focus on all sectors, increasing their score by 1.7% to 70.4%. Operations will improve with more focus on monthly maintenance programming and Business alignment with lift with the implementation of the SAMP, RASCI and contract AM objectives. The team have carried out some great work on understanding their bridge assets and presented at the Low Volume Road conference and they are trialling the use of Juno bridge.

Maturity Score



The following figure is a summary of the findings.

Figure. 1 - Asset Management Process Area Score (%)



Asset Management Process Area	2021	2022	2023	2024
Business Alignment	65.7%	68.6%	65.7%	62.9%
Improvement, NCR and Preventative Action	52.0%	68.0%	56.0%	60.0%
Leadership	70.0%	80.0%	75.0%	80.0%
Operation	80.0%	88.0%	76.0%	72.0%
Performance Monitoring	71.4%	74.3%	74.3%	77.1%
Planning	52.5%	62.5%	62.5%	65.0%
Support	74.0%	74.0%	72.0%	76.0%



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1.2 Summary of Scoring and Actions

The table below summarises and outlines key actions and recommended priorities that will increase the asset management maturity of Tararua Alliance District Council.

For detailed report findings and recommended actions, see section 3 *ASSESSMENT RESULTS DETAILS* commencing on page 10.

Area	Scoring		Actions	Action Priority
	Self	Independent		
Business Alignment	Only an Independent assessment conducted at this time	Proficient and done most of the time	Roll out of the TKH to maintenance and delivery team but further support will be required from SME's in these sectors.	4
Leadership		Proficient and done most of the time	Induct all appropriate team members to the new RASCI.	2
Planning		Proficient and done most of the time	Kyran to lead a workshop to guide the contract team on mapping the SAMP objectives to the contract objectives.	1
Support		Proficient and done most of the time	Team to add 3rd party data supply to the monthly activity report - the template can be found in TKH.	6
Operation		Proficient and done most of the time	Team to undergo a maintenance prioritisation refresher workshop to implement the new sheet in the TKH.	3
Performance Monitoring		Proficient and done most of the time	Team to think about what sites they could tag and monitor to show performance after a preventative treatment has been implemented.	7
Improvement		Proficient and done most of the time	Team to utilise the appropriate NCR form moving forward.	5



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1.3 Conclusion

The Tararua Alliance contract team have successfully implemented most of the action items from last year's review, demonstrating a focused commitment to advancing asset management maturity. They have increased their AM maturity score 1.7% to reach a new total of 70.4%.

As illustrated in Section 1.1, most areas have shown improvement. The team have a good asset management culture and understand that everyone has a part to play in the delivery of asset management at different stages of the asset's lifecycle. This was testament to the number of team members that attended the review.

The Tararua Alliance entered a number of industry awards including:

Apopo Asset Management Excellence Awards – Tararua entered the Innovation category and were advised they just missed out on being a finalist but did receive a 'special mention' at the ceremony.

NAWIC Women in Construction Awards – Asset Manager Jordan Taylor was a finalist in the 'Rising Star' category in 2024.

Civil Construction New Zealand Awards – Maintenance Contract category winner 2024.

The team is under some pressure presently, with the Asset Manager absent for the last 7 weeks and due to be away for a further 6 weeks. The senior asset management team is supporting the team.

2 ASSESSMENT OVERVIEW

2.1 Introduction

Asset Management Maturity Assessment is based on the maturity of how Asset Management within the parameters of Tararua Alliance District Council performs in relation to the seven key areas outlined in the table below.

Key Area	Description
Business Alignment	Alignment to business objectives, stakeholder engagement and scope of the asset management system.
Leadership	Policy awareness and commitment to asset management by the business.
Planning	Based on the business objectives, is risk managed in the planning to achieve objectives?
Support	Resourcing, Awareness, Competence, Engagement and Documentation and Data.
Operation	Operational planning and control change management and outsourcing.
Performance Monitoring	Monitoring, measuring, analysis, and evaluation of asset and system data.
Improvement	Continual Improvement, preventive action and non-conformance.

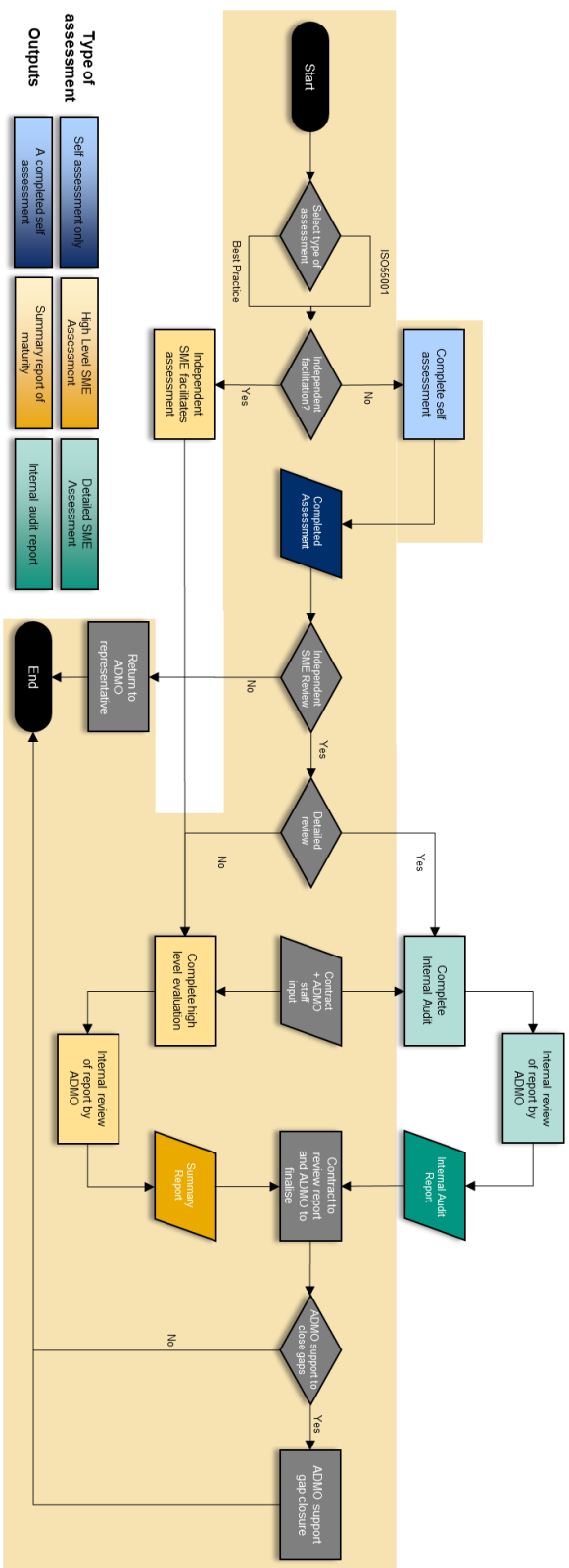
2.2 Assessment Process

The following diagram is a summary of the asset management maturity process and the three available outputs.

- **A completed self-assessment only**
- **Self-assessment reviewed by an independent person and summary report provided**

Internal audit conducted by independent person after self-assessment completed

The current progress in Tararua Alliance District Council is shown highlighted in green below. Next steps are shown not highlighted.





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2.3 Assessment Maturity Score Explained

The expected Downer Group maturity level on contracts is “Proficient” which equates to a 61% to 80% overall maturity score.

Maturity Score (Percentage)	Description
0 – 40%	Immature or not at all
41 – 50%	Aware or sometimes done
51 – 60%	Competent and done often
61 – 80%	Proficient and done most of the time
81 – 100%	Advanced or done consistently

2.4 Assessment Background and Summary

The business unit designated subject matter expert has conducted this maturity assessment to understand what gaps the Tararua Alliance District Council Contract has and how best to support the contract team to close the gaps.

This Asset Management Maturity Assessment was conducted at the request of the Road Corridor Maintenance Governance Group.

The aim of the assessment was to determine the maturity and alignment of Tararua Alliance District Council to ISO 55001.

2.5 Assessment Objective and Scope

2.5.1 General Scope

The objective of the assessment was to conduct a high-level asset management maturity assessment of the existing asset management system in accordance with the Downer Group **Asset Management Maturity Tool**.

The health check was to assess whether the project is effectively managing assets to support the achievement of applicable statutory, regulatory and contractual requirements and the organisation’s specified objectives and needs.

The scope of the assessment was the documented management system with relation to the requirements of the Downer Group Asset Management Maturity Tool and the defined assessment plan provided in terms of locations and areas of the system and organisation to be assessed. Typical durations for the high-level asset management maturity assessment are 6hrs meeting with an independent assessor.

2.5.2 Specific Scope

The scope of this maturity assessment was the assets within the scope of the Tararua Alliance Contract.

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2.6 Assessor

Assessor	Phillipa O'Shea
Business	Transport and Infrastructure New Zealand
Role	Principal Asset Strategy Engineer

2.7 Participants

Name	Business	Role
Dan Erard	Tararua Alliance	Alliance Manager
Kyran Ferguson	NZ Transport South	Senior Asset Manager Local Roads
Andrew Desmond	Tararua Alliance	Network Manager
Rick Morris	Tararua Alliance	Corridor Manager
Benji Orpilla	NZ T&I	Project Manager
Pam Fletcher	NZ T&I	Principal Asset Information Manager
JP Coetzee	Tararua Alliance	Asset Information Technician
Marais Meyer	Tararua Alliance	Asset Information Manager
Karun Kalesh	Tararua Alliance	Asset Engineer
Geoff Stantiall	Tararua Alliance	Operations Manager
Jamie Hughes	Tararua Alliance	Project Manager
Robin Hynes	Tararua Alliance	Network Inspector
Stephen Hainsworth	Tararua Alliance	Southern Inspector
Mark Toohey	Tararua Alliance	Structures Inspector
Sally Boyt	Tararua Alliance	Performance Manager
Melua Watson	Tararua Alliance	Communications & Stakeholder Manager
Geoff Smith	Tararua Alliance	Network Inspector



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3 ASSESSMENT RESULTS DETAILS

The following sections are the detailed results breakdown of the seven key areas of asset management outlined in section 2.1 Introduction. The seven key areas are:

1. Business Alignment
2. Leadership
3. Planning
4. Support
5. Operation
6. Performance Monitoring
7. Improvement.

Each section contains findings, actions and recommendations.

The actions and recommendations are not listed priority order.

Each Business Unit or contract must prioritise the actions and recommendations based on a corporate risk approach of which should occur first and why.

3.1 BUSINESS ALIGNMENT

The business alignment section is aimed at determining if the contract or Business Unit understands the context in which they operate. This includes:

- understanding of the scope of the assets they manage
- whether the personnel understand how the contract fits into the Downer corporate strategy
- understanding of the market factors affecting their contract
- the stakeholders and how they affect the assets or are affected by the assets; and
- decision thresholds for assets and their lifecycle management.

3.1.1 Findings

After discussion with the various Business Unit representatives, the Functional Areas performance is noted below:

- The contract has a performance Framework which documents all the thresholds and decision rules the contract needs to follow to meet the level of service. This is stored on the contract SharePoint site and sighted during the review. The strategy the team then use to meet these levels of service is documented in the MMP. The MMP is reviewed annually and has been inducted to all team members with inductions sheets sighted for this review. Performance KPIs are reported quarterly, and the team have recently undergone an external audit which went well. Once the next MMP review is finalised and approved and signed off, all the team to be re-inducted to the MMP. The scope is referenced in the MMP and DQP.
- The team utilise the DGM app to upload the required reports on a monthly and quarterly basis in line with TDS. The DGM was sighted during the review showing the contract to be compliant with all reports. TKH has been implemented well for the core AM team but requires implementation for the maintenance and delivery teams.
- Many of the contract's objectives documented in the Performance Framework will align to the corporate objectives but a full alignment workshop has not yet taken place.
- Team has a Communications and Engagement Strategy document that is reviewed annually. This is not using TDS but is well documented and includes all the external stakeholders and their issues. The team also have a Comms Plan Register which details all the contact details for all stakeholders.
- The team have a monthly stakeholder meeting with the IWI and horizons - minuets are kept and store of the contract SharePoint site. the team also have an informal fortnightly meeting with the Mayor. Minuets from this meeting are not captured as they are informal, and the invites are stored in the calendar.

3.1.2 Actions and Recommendations

- a) A possible opportunity for improvement would be to copy what Napier have done, to summarise the scope of assets on AWM insights.
- b) Kyran Ferguson will help support the roll-out of the TKH to the maintenance and delivery team, but further support will be required from SME's in these sectors.
- c) Internal Stakeholders to be documented in the comms plan or reference made to the RASCI.



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3.2 LEADERSHIP

The leadership section is aimed at determining if the contract or Business Unit feels they have the support of management to conduct asset management activities. This includes:

- a policy on asset management
- commitment to asset management; and
- defined responsibilities and authorities for asset management.

3.2.1 Findings

After discussion with the various Business Unit representatives the Functional Areas performance is noted below:

- Downer has an AM policy that the team are aware of. The team were able to identify where copies of this policy can be found on the walls in the office and which documents have a copy of them.
- Senior management actively support asset management. The contract governance board is made from a combination of Downer and Council senior management. The team are supported to attend community practice monthly meetings and annual face to face workshops. Asset management is promoted through the RCM governance group through the delivery and implementation of the SAMP.
- Three senior leaders presented at the Asset Engineering workshop in September and 2 presented at the AIM workshop in November. The RCM governance group which includes 4 General managers actively promote asset management practice through the socialization and implementation of the SAMP and AM objectives.
- Senior management conducted a top management review in September this year to discuss the outcomes of all the AMMA reviews on how the AMS was performing across all T&I contracts.
- The team have completed RASCI on the new template but have not implemented it across the team yet.
- The team completed a competency matrix in April 2024 for the roles of AM, AE, AIM.

3.2.2 Actions and Recommendations

- e) Induct all appropriate team members to the new RASCI.
- f) It is recommended the whole team go through the 'Asset Management Awareness' module on TKH under the AMMA folder. This could be done during a toolbox meeting.

3.3 PLANNING

The planning section is aimed at determining if the contract or Business Unit has planning in place to conduct effective asset management activities and then whether the contract or business unit manages the risks and opportunities during that planning phase. This includes:

- how is risk and opportunity managed on the contract or business unit
- is asset-based risk and opportunity managed; and
- the asset management plans link to corporate objectives and whether it is reviewed for effectiveness.

3.3.1 Findings

After discussion with the various Business Unit representatives the Functional Areas' performance is noted below:

- T&I NZ have a SAMP which has been socialised and implemented with all AE's and Contract Managers through presentation delivered by Peter Mortimer and Asset Engineering workshops. A workshop is planned for the New Year for the team to review and implement this template.
- The team have a risk register that is using TDS template. It is reviewed monthly at the ALT and quarterly with the Principals Group. The team have tidied up their P5 process which is now documented in the MMP. Insights dashboards summarise all critical assets. A risk management process for bridges has been documented.
- Risk and network need was identified and included in the AMP. The team received more money this year through the NLTP based on the documentation and evidence they provided. The team are developing a differential level of service to meet future demand and needs - Road hierarchy project - potential divestment.
- Inspection Regime is documented and stored on SharePoint. The team uses RAMM patrol as a general network inspection tool. A new process has been documented in TKH for carriageway inspections. This was presented and socialized to all AIM at the AIM workshop in November.
- The team are using the new national 3 month programming process. Work is being validated before it is committed to the programme. The programme then informs the financial forecast for quantities based on the crews productivities. The team meet monthly to review the forecast against actuals. Resourcing is based on network need established from forecasted quantities. Their crews operate under a multi criteria basis to provide the resource requirements as needed. Weekly surfacing meetings are held to share resourcing with neighbouring contracts. These meetings are minuted and emailed to Darren.
- Renewals are planned using predictive analytics and financial optimisation. The chosen sites then follow a prioritisation scoring process. This prioritisation calculation sheet was sighted during the review.
- Team carry out predictive modelling for pavement and surfacing to help develop the FWP. Fuse reports show this 10yr FWP is stable All other asset types use condition rating to develop FWPs. The team have also tried to utilise a bridge model to help them with the development of the bridge FWP. Team have a 3yr FWP for bridges but nothing for footpaths, drainage and other structures.

3.3.2 Actions and Recommendations

- g) Kyran to lead a workshop to guide the contract team on mapping the SAMP objectives to the contract objectives.
- h) Team to implement AWM carriageway inspection sets and use inspection sets for all asset inspections.
- i) The score from the renewal prioritisation process needs to be included in the appropriate column in the FWP Live.
- j) Team to utilise other asset prioritisation sheets from the TKH to help with the development of their FWPs.

3.4 SUPPORT

The support section is aimed at determining if the contract or Business Unit feels they have the necessary backing from support functions to ensure that asset management activities are delivered effectively. This includes:

- resourcing
- competence of all stakeholders
- awareness of all stakeholders
- communication and engagement
- information requirements; and
- documented information.

3.4.1 Findings

After discussion with the various Business Unit representatives the Functional Areas' performance is noted below:

- The team has the correct resources for the contract and only lacks an Engineering Technician. The performance manager and both inspectors were asked about their roles and how they contribute to the delivery of Asset management. All answered well. The team recently updated all the PDs and aligned them to the contract objectives, with each team member as a PDP.
- DQP is in place and has been updated since last year and is currently being reviewed for approval and requires signatures. The team also have a Data Quality Improvement plan which documents all the improvements needed to be made to documents and data.. The Quality management team conducts a 10% audit every month - the results are shared during management meetings - meeting minutes are stored on the contract SharePoint site. Transport Analytics Dispatch Health report shows a score of 94.9% which is slightly below the 98% target. The maintenance costs report show they are 100% compliant. Dash Pivot is used to collect and store quality records. This information is then stored in the project folder as a PDF.
- The teams Network and Asset Management Calendar 24/25 details all the document reviews, contract audits and reviews planned for the year.
- The team utilise the DGM app to upload the required reports on a monthly and quarterly basis in line with TDS. The DGM was sighted during the review showing the contract to be compliant with all reports. TKH has been implemented well for the core AM team but requires implementation for the maintenance and delivery teams.
- The team use the Downer learning portal to store all the training and licence expiry dates. Everyone has a PDP and a position description. Objectives set out in individual PDP's align with the contract objectives.

3.4.2 Actions and Recommendations

- k) Team to add 3rd party data supply to the monthly activity report - the template can be found in TKH.
- l) It is recommended that the team roll out the AM awareness video in a toolbox for all contract staff to see.

3.5 OPERATION

The operation section is aimed at determining if the contract or Business Unit feels they have been executing and monitoring the plans made in the planning phase to conduct asset management activities. This includes:

- operational planning and control documents and processes
- managing changes within the assets and their support processes
- management of the outsourcing activities in relation to asset activities.

3.5.1 Findings

After discussion with the various Business Unit representatives the Functional Areas' performance is noted below:

- The transport analytics reports can demonstrate whether the team are utilising the asset management system effectively.
 - Rework report - shows excellent results well below 5% for pavement and surfacing
 - Maintenance programme report - the team are not meeting the 80% target for completion of programmed work. The team have implemented the maintenance prioritisation tool but have not enabled the new sheet. The team do have a 3 month programme.
 - The all faults report shows a good spread of faults across all priorities and across all ONRC categories. Inspectors are all faults trained and are not due for a refresher for another year.
 - The FWP report shows the team have a stable and realistic programme.
- On-site validation of the programme is used to configure the treatment length segmentation.
- When changes occur in the renewals programme, a process is followed but not documented. Similarly, when changes occur in the maintenance programme, a process is followed but not documented.
- Sub-contractors' competency and training are managed if they are Tier 1 by Downer. For 3 sub-contractors, the training is managed by themselves. The contract team provide packages of work. This could be 1 month's worth or a whole year, depending on the subbie and the work they are responsible for. Some sub-contractors use RAMM to update assets and if so, Downer ensures they are qualified to the right level.
- A sub-contractor's performance is monitored through a mini performance framework, and this is 2 way using the Downer Portal. Smaller subbies are monitored through the Downer evaluation template. Under performance is managed through the opportunities and improvement.
- Felix is used to onboard all sub-contractors to ensure they have all the correct documentation to be a Downer sub-contractor.

3.5.2 Actions and Recommendations

- n) Team to document process for managing change for renewals and maintenance activities.
- o) Team to undergo a maintenance prioritisation refresher workshop to implement the new sheet in the TKH.

3.6 PERFORMANCE MONITORING

The performance monitoring section is aimed at determining if the contract or Business Unit feels they understand how they monitor the performance of the asset base and processes that support asset management activities. This includes:

- monitoring, measuring, analysing and evaluating performance of assets and processes
- internal auditing or health checks on assets and their processes; and
- management review and oversight into the asset management practice.

3.6.1 Findings

After discussion with the various Business Unit representatives the Functional Areas' performance is noted below:

- All Fault data is collected for pavements and surfaces. Condition rating is carried out for culverts, bridges, retaining walls and footpaths. High speed data is also collected annually or bi-annually depending on the roads ONRC classification. Customer satisfaction surveys are collected along with smooth travel exposure report and FWD data at a project level.
- The team develop the Activity Management Plan (AMP) every 3 years for the council. This includes capitalisation and valuation. It also details depreciation forecasting. The team facilitate the interface with TIO and JDE. They have a formal handover with the Council. Performance measures CAS, STE are detailed in the Performance Framework.
- Team have also started to use Juno Bridge to help capture condition data for bridges more accurately to enable Forward Works planning.
- Any recommendations that come from the Performance Framework Report go to the Councils Audit and Risk committee - who then approve the recommendations.
- Team have been conducting AMIP/AMMA's for the last 4 years. The team have a defined FWP of audits for all contract documents and AMMA reviews documented on the AM calendar. AMMA actions are discussed in the PG meeting at a senior management level.
- Senior management carried out a top management review of all the AMMA review findings in September 2024. The conclusions were reported, and top initiatives rolled out to the contracts.
- The team carry out REG catch ups where they focus on AM checkups.
- The team have instigated Bridge modelling and are actively trialling Juno bridge to help them understand their bridge assets in more detail.

3.6.2 Actions and Recommendations

- p) Team to think what sites they could tag and monitor to show performance after a preventative treatment has been implemented.
- q) Team to share the learnings from using Juno Bridge with the wider community.

3.7 IMPROVEMENT

The improvement section is aimed at determining if the contract or Business Unit feels they have conducted continuous improvement, non-conformity and preventive action activities that support asset management activities. This includes:

- non-conformity on assets and asset support processes
- preventive action
- continual improvement.

3.7.1 Findings

After discussion with the various Business Unit representatives the Functional Areas' performance is noted below:

- The team have been using the AMMA review process for the last 4 years, to identify areas for improvement on their asset maturity.
- The Performance Improvement Plan on SharePoint consolidates all improvements identified across the contract, from all the various meetings, workshops and reviews. There are various Community of Practice groups, summarised in the SAMP that the team are part of.
- Non-conformity is being monitored and discussed with solutions being implemented but the team are not following TDS process or using the correct template. Root cause is being recorded on design reports for Rehabs.
- Team have pro-actively identified asset need to secure more funds for the network. The team carry out a 10% audit of maintenance claims across all asset types monthly.
- Team to think what sites they could tag and monitor to show performance after a preventative treatment has been implemented.

3.7.2 Actions and Recommendations

- r) Team to utilise the appropriate NCR form moving forward.



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ANNEX A – SUMMARY OF OPPORTUNITIES FOR IMPROVEMENT

Area	Opportunity for Improvement	Person Responsible	Date to complete
Business Alignment	A possible opportunity for improvement would be to copy what Napier have done, to summarise the scope of assets on AWM insights.	Marais Meyer	Feb-25
Business Alignment	Kyran Ferguson to help support the roll out of the TKH to maintenance and delivery team but further support will be required from SME's in these sectors.	Karun Kalesh	Jun-25
Business Alignment	Internal Stakeholders to be documented in the comms plan or reference made to the RASCI.	Andrew Desmond/ Marais Meyer	May-25
Leadership	Induct all appropriate team members to the new RASCI.	Andrew Desmond	May-25
Leadership	It is recommended the whole team go through the 'Asset Management Awareness' module on TKH under the AMMA folder. This could be done during a toolbox meeting.	Marlize de Kock	Mar-25
Planning	Kyran to lead a workshop to guide the contract team on mapping the SAMP objectives to the contract objectives.	Daniel Erard	Apr-25
Planning	Team to implement AWM carriageway inspection sets and use inspection sets for all asset inspections.	Marais Meyer	Mar-25
Planning	The score from the renewal prioritisation process needs to be included in the appropriate column in the FWP Live.	Karun Kalesh	Apr-25
Planning	Team to utilise other asset prioritisation sheets from the TKH to help with the development of their FWPs	Karun Kalesh	Jun-25
Support	Team to add 3rd party data supply to the monthly activity report - the template can be found in TKH.	Marias Meyer	Jun-25

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Support	It is recommended that the team roll out the AM awareness video in a toolbox for all contract staff to see.	Duplicate Action Point	N/A
Operations	Team to document process for managing change for renewals and maintenance activities.	Karun Kalesh	Apr-25
Operations	Team to undergo a maintenance prioritization refresher workshop to implement the new sheet in the TKH.	Maraia Meyer/ Karun Kalesh	May-25
Performance	Team to think what sites they could tag and monitor to show performance after a preventative treatment has been implemented.	Ray Cannon	Jun-25
Performance	Team to share the learnings from using Juno Bridge with the wider community.	Karun Kalesh	Sep-25
Improvement	Team to utilize the appropriate NCR form moving forward.	All	Ongoing