



AGENDA

Audit and Risk Sub-committee Meeting

**I hereby give notice that a Meeting of the Audit and Risk
Subcommittee will be held on:**

Date: Thursday, 13 August 2020

Time: 9.30am

**Location: Council Chamber
Ground Floor, 175 Rimu Road
Paraparaumu**

**Mark de Haast
Group Manager Corporate Services**

Kapiti Coast District Council

Notice is hereby given that a meeting of the Audit and Risk Subcommittee will be held in the Council Chamber, Ground Floor, 175 Rimu Road, Paraparaumu, on Thursday 13 August 2020, 9.30am.

Audit and Risk Subcommittee Members

Mr Bryan Jackson	Independent Chair
Mayor K Gurunathan	Member
Cr Angela Buswell	Deputy
Deputy Mayor Janet Holborow	Member
Cr Gwynn Compton	Member
Mr Gary Simpson	Independent

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1 WELCOME**2 COUNCIL BLESSING**

“As we deliberate on the issues before us, we trust that we will reflect positively on the communities we serve. Let us all seek to be effective and just, so that with courage, vision and energy, we provide positive leadership in a spirit of harmony and compassion.”

I a mātou e whiriwhiri ana i ngā take kei mua i ō mātou aroaro, e pono ana mātou ka kaha tonu ki te whakapau mahara huapai mō ngā hapori e mahi nei mātou. Me kaha hoki mātou katoa kia whaihua, kia tōtika tā mātou mahi, ā, mā te māia, te tiro whakamua me te hihiri ka taea te arahi i roto i te kotahitanga me te aroha.

3 APOLOGIES**4 DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA**

Notification from Elected Members of:

4.1 – any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting, and

4.2 – any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968

5 PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA**6 MEMBERS' BUSINESS**

- (a) Public Speaking Time Responses
- (b) Leave of Absence
- (c) Matters of an Urgent Nature (advice to be provided to the Chair prior to the commencement of the meeting)

7 UPDATES

Nil

8 REPORTS

8.1 HEALTH AND SAFETY QUARTERLY REPORTS: 1 JANUARY 2020 - 30 MARCH 2020; AND 1 APRIL 2020 - 30 JUNE 2020

Author: Dianne Andrew, Organisational Development Manager

Authoriser: Wayne Maxwell, Chief Executive

PURPOSE OF REPORT

- 1 This report presents Health and Safety reports for the periods 1 January 2020 – 31 March 2020 and 1 April 2020 – 30 June 2020.

DELEGATION

- 2 The Audit and Risk Sub Committee has delegated authority to consider this report under the following delegation in the Governance Structure, Section C.1:
 - *Ensuring that the Council has in place a current and comprehensive risk management framework and making recommendations to the Council on risk mitigation;*
 - *Assisting elected members in the discharge of their responsibilities by ensuring compliance procedures are in place for all statutory requirements relating to their role;*
 - *Governance role in regards to the Health and Safety Leadership Charter and Health and Safety Plan.*

BACKGROUND

- 3 The quarterly Health & Safety Performance Report is intended to provide the Council with insight into initiatives and activities, and their progress, as part of our organisations commitment to providing a safe and healthy place to work. The contents and any subsequent discussions arising from this report can support Council officers to meet their due diligence obligations under the Health & Safety at Work Act (HSWA) 2015.
- 4 Between July and September 2017 the Simpson Grierson Health and Safety team were engaged to review how the Council was progressing with changes and planned initiatives following the introduction of the Health and Safety at Work Act (HSWA) 2015. The findings were presented back to the Audit and Risk Committee in November 2017. This review identified areas for improvement, in particular where we can improve some current processes to further strengthen our ability to more effectively monitor and verify.
- 5 A draft Health and Safety Plan 2018 – 2020 was provided to the Committee at the meeting 13 September 2018 and has since been adopted by the Senior Leadership Team.
- 6 Progress on the 2018 – 2020 Health and Safety Plan has been incorporated into quarterly reports going forward.
- 7 Two reports are presented at this time due to the business interruptions as a result of the Covid19 pandemic impact on 'business as usual'.

ISSUES AND OPTIONS

Issues

- 8 Progress on the Health and Safety 2018-2020 Plan initiatives is progressing however the alert level 4 and alert level 3 restrictions severely disrupted planned health and safety related initiatives and training. Several time lines may be extended and this will be updated through the reporting cycle.

CONSIDERATIONS**Policy considerations**

- 9 There are no Policy considerations.

Legal considerations

- 10 There are no legal considerations.

Financial considerations

- 11 Budget has been provided for implementation of the action plan initiatives as part of the 2018-38 Long Term Plan.

Tāngata whenua considerations

- 12 There are no Tāngata whenua considerations.

SIGNIFICANCE AND ENGAGEMENT**Significance policy**

- 13 This report does not trigger the Council's Significance and Engagement Policy.

Publicity

- 14 There are no publicity considerations.

RECOMMENDATIONS

- 15 That the Audit and Risk Sub Committee notes the two Health and Safety Quarterly Reports for the periods: 1 January 2020 – 31 March 2020; and 1 April 2020 – 30 July 2020 attached as Appendix One and Appendix Two to this Report.

APPENDICES

1. Appendix One - H&S Quarterly Report Jan-March 2020 [!\[\]\(f27fcb70c1e5b985e115fc4716d86ff2_img.jpg\) !\[\]\(6c6f20642b351a420d854c876275f471_img.jpg\)](#)
2. Appendix Two - H&S Quarterly Report April-June 2020 [!\[\]\(a6b5b4e27693ae4754a4877b79b5cb49_img.jpg\) !\[\]\(da6b138c7d59deafc4e59f6db3d95ea8_img.jpg\)](#)

Appendix One

KĀPITI COAST DISTRICT

COUNCIL

**Health and Safety Quarterly Report to the Audit and Risk Committee
1 January 2020 – 31 March 2020**

Following the recommendations from the SimpsonGrierson review we continue to progress the work programme. The Health and Safety Plan 2018 – 2020 was presented to the Audit and Risk Committee at the September 2018 meeting. The plan is split into three high level areas: Leadership; Health and Safety Management Systems, and Contractor Management. Underlying these there is a particular focus on:

- skill and capability of our people
- managing our critical risks, and
- leadership and engagement

As a result of the rapidly increasing threat to public health and safety from the COVID-19 virus, New Zealand moved to Alert Level 3 on 23rd March, and Alert Level 4 followed forty-eight hours later.

LEAD INDICATORS**1. CORPORATE HEALTH AND SAFETY TRAINING COMPLETED () indicates no. of attendees****TASK RELATED:**

- | | |
|---|-----|
| • Forklift Licence | (2) |
| • Traffic Management Supervisor – Level 1 | (1) |
| • Truck Loader Crane | (6) |
| • Growsafe Basic | (1) |

ROLE RELATED:

- | | |
|--|-------|
| • First Aid - Comprehensive including 2 yearly refresh | (18). |
| • Keeping Yourself Safe At Work | (19) |
| • Fire Warden | (2) |
| • Emergency Management – EOC Tools | (34) |
| • Emergency Management in the Wellington region | (28) |
| • Health and Safety Governance | |

CRITICAL RISK RELATED:

- None this quarter

HEALTH AND SAFETY RELATED:

- None this quarter

2. EMERGENCY EVACUATIONS AND DRILLS

- Six-monthly emergency evacuation drills – 2 due, 0 completed.

The advice received from the fire safety services provider in July is as follows: the FENZ (COVID-19) Amendment Regulations 2020 remain in force until the Epidemic Preparedness (Covid-19) Notice 2020 expires or is revoked. The Epidemic Notice was renewed on 24 June 2020 and will not now expire until 24 September 2020 unless it is revoked earlier. The modifications to the FENZ Regulations mean that there is no requirement to run trial evacuations at this time, as the 'timer' for calculating the next due date has been temporarily halted, effective right back to 25 March 2020 when the Epidemic Notice came into force. However, now we are at alert level 1 and there are no restrictions on gathering numbers, we have started scheduling trial evacuations again. This will help us to get through the backlog of trial evacuations that will be due once the Epidemic Notice expires.

3. EMPLOYEE HEALTH AND SAFETY INDUCTIONS

- 4 inductions were entered as completed this quarter.

Appendix Two

4. WELLNESS INITIATIVES*() indicates no. of attendees*

- Eye Examinations (14)
- Ergonomic Work Assessments (11)
- EAP Services hours utilized (20)

5. DRUG AND ALCOHOL MANAGEMENT

- Drug and Alcohol Tests pre-employment continue to be undertaken by all preferred applicants.
- Reasonable cause testing continues to be undertaken as a mandatory requirement where any incident involves the use of machinery or vehicles.
- No Reasonable Cause tests were conducted this quarter.

6. STANDARD OPERATING PROCEDURES (SOPS)

- SOPs continue to be maintained.

7. CONTRACTOR MANAGEMENT

- As at 1 January a total of 150 Contractors were listed as 'current approved' on the Contractor Register.
- Ten contractors were either newly added or had their approval renewed this quarter.
- No contractor incidents occurred this quarter.
- Significant work continues in the area of contractor management in conjunction with the recommendations from the SimpsonGrierson health and safety review.

8. RISK MANAGEMENT

- As part of the 2018-2020 work program, three organizational critical risk areas have been identified as current: Asbestos Management, Hazardous Substance Management, and Driving. Work has progressed in each of these areas.
- Hazardous substances management is now Business-As-Usual. For example, there is an enduring expectation on line management to continue to pursue opportunities to reduce and where practicable eliminate the storage and handling of hazardous substances. In March WorkSafe NZ served an Improvement Notice on the Council under the Health and Safety at Work Act relating to the bulk storage of a hazardous substance (Alum) at the Waikanae Water Treatment Plant which had become technically non-compliant due to regulatory changes. Generally, enforcement action by the regulator would be deemed and reported as a lag (negative) not lead (positive) performance indicator; however in this case the notice was served as WorkSafe deemed it the best option to permit time for the 2021 scheduled plant upgrade to happen in a timely manner, while maintaining statutory oversight. The Notice compliance period was initially set for 3 months, with an expectation of extending it significantly. An update will be provided in the next quarter's report. Note: the Notice was served as a legal device by WorkSafe to allow Council time for the planned plant upgrade to happen, rather than as the enforcement action which it normally is.
- Driving remains an ongoing critical risk. Job specific training for specialist vehicles (pump trucks, bulldozers etc.) is already in place, and all regular drivers of council vehicles will be undertaking refresher training which will be rescheduled due to the Covid19 interruptions.
- As at 31 March 2020 there were 43 Care Register entries, with two new additions this quarter.
- Risk assessments and safety plans for Council Operations staff working at parks and reserves planned to commence in the Apr - Jun 2019 quarter were further deferred due to Operations resource unavailability. The project will be rescheduled.

9. HEALTH AND SAFETY COMMITTEE (HSC)

- The first 2020 meeting of the corporate HSC happened in February. There was no meeting in March because of the COVID-19 emergency.
- The mechanism for Operations worker input remains to be resolved.
- Two new Health and Safety Representatives were elected to fill vacancies in the pool of representatives for workers in the Civic and Maple Buildings and Takiri House.

10. SLT INITIATIVES

Appendix Two

- A health and safety site visit was made to Waikanae Pool, with observations and recommendations reported back to the Aquatics management group.
- The SLT met with the HSC, in line with the strategic aim for a stronger relationship between the two.

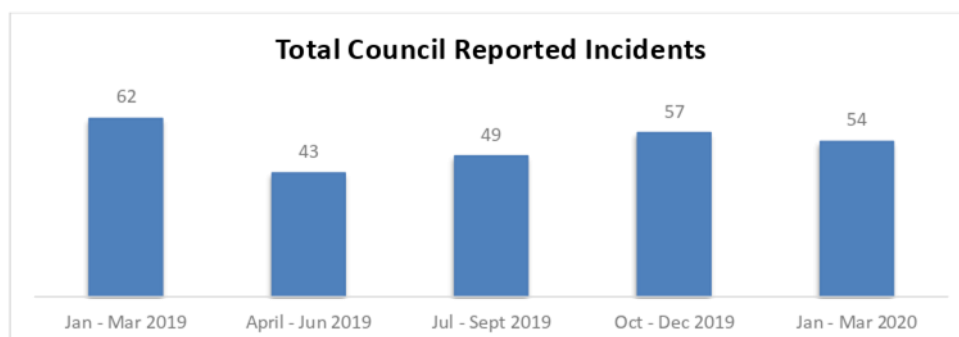
11. HEALTH AND SAFETY POLICY REVIEW

- The significantly updated draft formal top tier health and safety management system policy document is expected to be published in the next quarter. Compared to the pre-existing document it will be significantly more strategic, and consistent with both international standards and WorkSafe's SafePlus model of what good organisational health and safety management looks like and will have an emphasis on engagement and leadership.
- The wider health and safety policy review work program continues to be a work in progress, with 12 key procedure documents either drafted or pending. This work stream is contained under the Health and Safety Management Systems section of the 2018-2020 plan. The schedule is slipping behind, due to competing operational demands on the services of the Health and Safety Risk Manager as previously reported.
- The Health and Safety Toolkit on HubKap has been maintained under business-as-usual continuous improvement.

LAG INDICATORS**12. INCIDENTS, INJURIES AND NEAR MISSES 1 JAN – 31 MAR 2020**

	Incident/Injury / illness	Notifiable* Incident / Injury or illness	Near Miss	Total
Corporate Services	2	0	0	2
Infrastructure Services	11	0	0	11
People and Partnerships	5	0	0	5
Place and Space	8	0	0	8
Regulatory Services	2	0	0	2
Chief Executive including Org Dev	0	0	0	0
Third Party	23	0	3	26
Contractor	0	0	0	0
Total				54

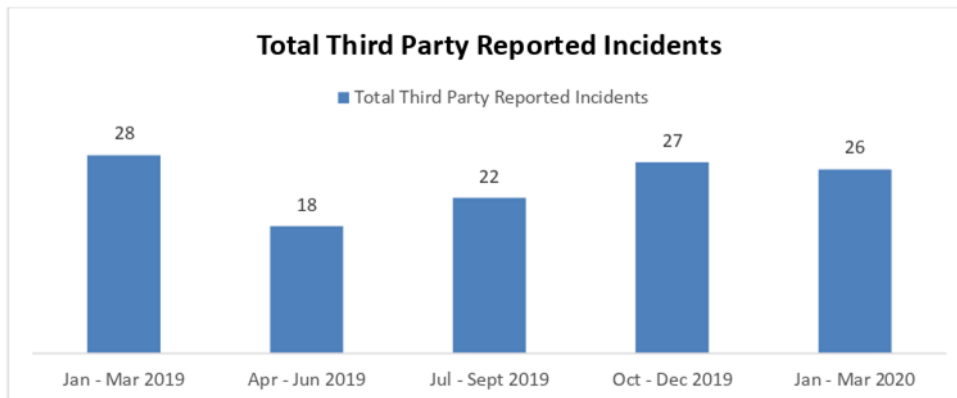
- * *Notifiable Incident: an unplanned or uncontrolled incident in relation to a workplace that exposes the health and safety of workers or others to a serious risk, arising from immediate or imminent exposure.*
- * *Notifiable Injury or illness: suffers a serious injury or illness as a result of work or workplace, for example requires immediate qualified medical assistance or admittance to hospital, or treatment from a registered medical practitioner within 48 hours of exposure to a substance.*



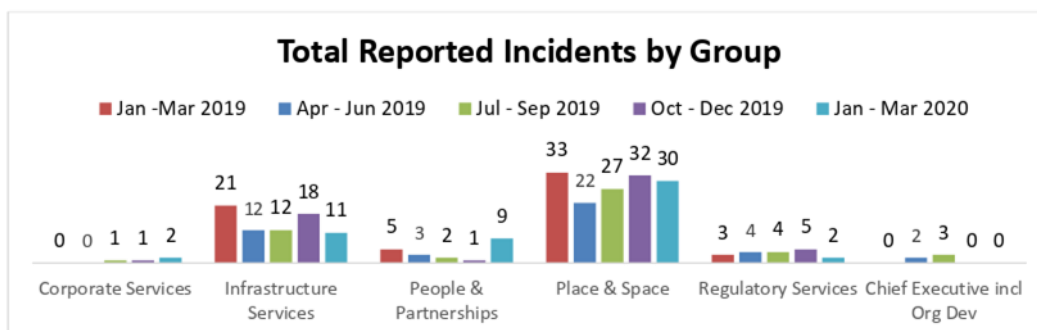
- All reported incidents were investigated and corrective actions identified and actioned where required.
- Of 54 total incidents:

Appendix Two

- 15 worker injuries: including over-exertion / bodily stressing (5), repetitive movement (4), hit by moving object (3), skin puncture (2).
- 13 worker non –injuries including 0 serious near miss, 3rd party behaviour (5), vehicle events (3), biological (1), fire (1), hazardous substance (1), fall on same level (1), other (1)
- 26 third party incidents



- Third Party is defined as a person who does not hold employee status or contractor worker status
- This quarter Third Party events continue to be predominantly Aquatics (12) and Libraries (10) i.e. Council's public spaces.
- Monitoring of third party events is continuous and dealt with directly by each site and escalated where risk is identified.



Appendix Two

KĀPITI COAST DISTRICT

COUNCIL

**Health and Safety Quarterly Report to the Audit and Risk Committee
1 April 2020 – 30 June 2020**

Following the recommendations from the SimpsonGrierson review we continue to progress the work programme. The Health and Safety Plan 2018 – 2020 was presented to the Audit and Risk Committee at the September 2018 meeting. The plan is split into three high level areas: Leadership; Health and Safety Management Systems, and Contractor Management. Underlying these there is a particular focus on:

- skill and capability of our people
- managing our critical risks, and
- leadership and engagement

Due to threat to public health and safety from the COVID-19, New Zealand moved to Alert Level 3 on 23rd March, and AL 4 forty-eight hours later. The AL was not lowered again to AL3 until 27th April, followed by AL2 on 13th May, and AL 1 on 9th June. The AL4 and 3 restrictions severely disrupted planned health and safety related activities including first aid and other training, scheduled vehicle plant and equipment routine maintenance, and fire evacuation exercises. Both of the two planned in-house influenza vaccination clinics were also impacted, but did proceed with detailed COVID infection control arrangements in place.

Staff migrated en-masse to remote working at home. Communication, facilitation and the sharing of responsibilities for physical and psychosocial health and safety were largely successful, although a small number of issues such as discomfort and pain related to poor ergonomics did arise, and there are often psychosocial factors such as social isolation involved with those type of issues.

Under the emergency regulatory regime for road transport, all WoFs and CoFs, driver licences, and vehicle certifications that expired on or after 1 January 2020 were deemed current for 6 months from 10 April.

LEAD INDICATORS**1. CORPORATE HEALTH AND SAFETY TRAINING COMPLETED () indicates no. of attendees****TASK RELATED:**

- Traffic Management Level 1 Basic (11)
- Wheels Tracks and Rollers Licence (10)

ROLE RELATED:

- None this quarter

CRITICAL RISK RELATED:

- None this quarter

HEALTH AND SAFETY RELATED:

- None this quarter

2. EMERGENCY EVACUATIONS AND DRILLS

- Six-monthly emergency evacuation drills – 9 due, 0 completed.

The advice received from the fire safety services provider in July is as follows: the FENZ (COVID-19) Amendment Regulations 2020 remain in force until the Epidemic Preparedness (Covid-19) Notice 2020 expires or is revoked. The Epidemic Notice was renewed on 24 June 2020 and will not now expire until 24 September 2020 unless it is revoked earlier. The modifications to the FENZ Regulations mean that there is no requirement to run trial evacuations at this time, as the 'timer' for calculating the next due date has been temporarily halted, effective right back to 25 March 2020 when the Epidemic Notice came into force. However, now we are at alert level 1 and there are no restrictions on gathering numbers, we have started scheduling trial evacuations again. This will help us to get through the backlog of trial evacuations that will be due once the Epidemic Notice expires.

Appendix Two

3. EMPLOYEE HEALTH AND SAFETY INDUCTIONS

- 1 induction was recorded as completed this quarter.

4. WELLNESS INITIATIVES*() indicates no. of attendees*

- Eye Examinations (1)
- Ergonomic Work Assessments (1)
- Influenza Vaccinations (117)
- EAP Services hours utilized (15)

5. DRUG AND ALCOHOL MANAGEMENT

- Drug and Alcohol Tests pre-employment continue to be undertaken by all preferred applicants.
- Reasonable cause testing continues to be undertaken as a mandatory requirement where any incident involves the use of machinery or vehicles.
- No Reasonable Cause tests were conducted this quarter.

6. STANDARD OPERATING PROCEDURES (SOPS)

- SOPs continue to be maintained.

7. CONTRACTOR MANAGEMENT

- As at 1 April a total of 160 Contractors were listed as 'current approved' on the Contractor Register.
- Ten contractors were either newly added or had their approval renewed this quarter.
- No contractor incidents occurred this quarter.
- Significant work continues in the area of contractor management in conjunction with the recommendations from the SimpsonGrierson health and safety review.

8. RISK MANAGEMENT

- As part of the 2018-2020 work program, three organizational critical risk areas have been identified as current: Asbestos Management, Hazardous Substance Management, and Driving. Work has progressed in each of these areas.
- Hazardous substances management is now Business-As-Usual. For example, there is an enduring expectation on line management to continue to pursue opportunities to reduce and where practicable eliminate the storage and handling of hazardous substances. As reported last quarter, in March WorkSafe NZ served an Improvement Notice on the Council under the Health and Safety at Work Act relating to the bulk storage of a hazardous substance (Alum) at the Waikanae Water Treatment Plant which had become technically non-compliant due to regulatory changes. Also as reported previously, the Notice was served as a legal device by WorkSafe to allow Council time for the planned plant upgrade to happen, rather than as the enforcement action which it normally is. The compliance period was initially set for 3 months, with an expectation of extending it significantly. The notice period has now been extended until 26th March 2021 with acknowledgement that further extension will be likely.
- Driving remains an ongoing critical risk. Job specific training for specialist vehicles (pump trucks, bulldozers etc.) is already in place, and all regular drivers of council vehicles will be undertaking refresher training which has been rescheduled to commence by the end of August.
- As at 30 June 2020 there were 44 Care Register entries, with one new addition this quarter.
- Risk assessments and safety plans for Council Operations staff working at parks and reserves planned to commence in the Apr - Jun 2019 quarter were further deferred due to Operations resource unavailability. The project will be rescheduled.

9. HEALTH AND SAFETY COMMITTEE (HSC)

- There were no meetings in April or May because of the COVID-19 emergency.
- The mechanism for Operations worker input remains to be resolved; an updated Worker Health and Safety Participation Agreement is under development.
- The two newly elected Health and Safety Representatives to the pool of four representatives for workers in the Civic and Maple Buildings and Takiri House have begun induction to the role.

Appendix Two

10. SLT INITIATIVES

- Key SLT health and safety focus this quarter was on maintaining essential services, welfare of staff, supporting the care in the community roles of the EOC, facilitating remote working from home, and preparing to safely re-occupy workplaces and re-open pools libraries and customer service desks.

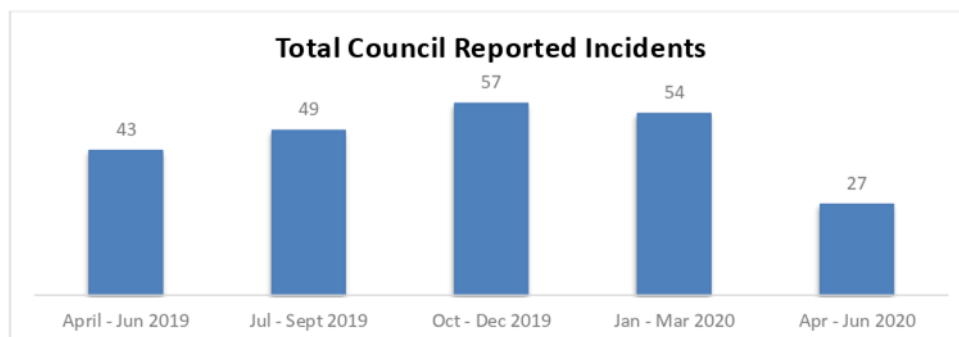
11. HEALTH AND SAFETY POLICY REVIEW

- Two significantly updated strategic level health and safety policies were due to be published this quarter - the top tier health and safety management system policy and the contractor health and safety management policy. A third one on health and safety risk management has been drafted and is awaiting sign-off.
- The wider health and safety policy review work program continues to be a work in progress, with 12 key procedure documents either published, drafted or pending. This work stream is contained under the Health and Safety Management Systems section of the 2018-2020 plan. The schedule continues to slip behind, due to competing operational demands on the services of the Health and Safety Risk Manager as previously reported.
- The Health and Safety Toolkit on HubKap has been maintained under business-as-usual continuous improvement.

LAG INDICATORS**12. INCIDENTS, INJURIES AND NEAR MISSES 1 APR – 30 JUN 2020**

	Incident/Injury / illness	Notifiable* Incident / Injury or illness	Near Miss	Total
Corporate Services	0	0	0	0
Infrastructure Services	10	0	0	10
People and Partnerships	1	0	0	1
Place and Space	7	0	0	7
Regulatory Services	1	0	0	1
Chief Executive including Org Dev	0	0	0	0
Third Party	7	0	0	7
Contractor	0	0	1	1
Total				27

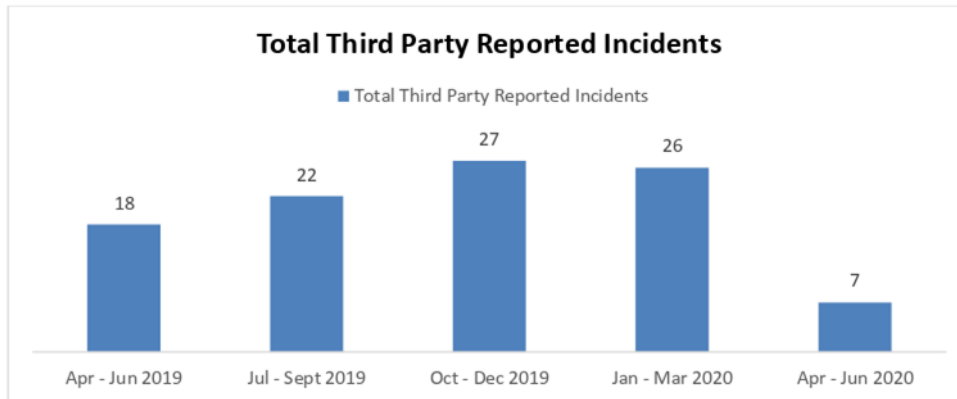
- ** Notifiable Incident: an unplanned or uncontrolled incident in relation to a workplace that exposes the health and safety of workers or others to a serious risk, arising from immediate or imminent exposure.*
- ** Notifiable Injury or illness: suffers a serious injury or illness as a result of work or workplace, for example requires immediate qualified medical assistance or admittance to hospital, or treatment from a registered medical practitioner within 48 hours of exposure to a substance.*



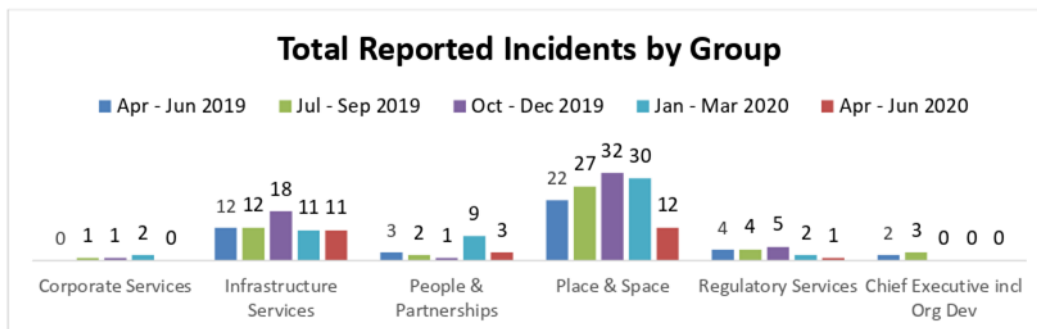
- *All reported incidents were investigated and corrective actions identified and actioned where required.*

Appendix Two

- Of 27 total incidents:
 - 8 worker injuries: including over-exertion / bodily stressing (2), hit by moving object (2), fall on same level (2), skin puncture (1), behaviour (1).
 - 11 worker non –injuries including 0 serious near miss, 3rd party behaviour (4), vehicle events (4), other (2), biological (1)
 - 7 third party incidents
 - 1 contractor non-injury minor near-miss



- Third Party is defined as a person who does not hold employee status or contractor worker status
- This quarter Third Party events were dramatically reduced, associated with Council's recreational public buildings i.e. Aquatics centres and Libraries being closed for most of the period.
- Monitoring of third party events is continuous and dealt with directly by each site and escalated where risk is identified.



8.2 UPDATE ON KEY 2018-19 AUDIT FINDINGS

Author: Anelise Horn, Manager Financial Accounting

Authoriser: Mark de Haast, Group Manager Corporate Services

PURPOSE OF REPORT

- 1 This report provides the Audit and Risk Subcommittee with a progress update regards Ernst & Young's Report on Control Findings for the year ended 30 June 2019.

DELEGATION

- 2 The Audit and Risk Subcommittee has delegated authority to consider this report under the following delegation in the Governance Structure, Section C.1.

- *Reviewing and maintaining the internal control framework.*

OBTAINING FROM EXTERNAL AUDITORS ANY INFORMATION RELEVANT TO THE COUNCIL'S FINANCIAL STATEMENTS AND ASSESSING WHETHER APPROPRIATE ACTION HAS BEEN TAKEN BY MANAGEMENT IN RESPONSE TO THE ABOVE.BACKGROUND

- 3 In accordance with New Zealand Auditing Standards, Ernst & Young (Audit) performed a review of the design and operating effectiveness of the Council's significant financial reporting processes as part of their audit for the year ended 30 June 2019.
- 4 Control risk matters and/or issues are classified as high, moderate or low. Control risk definitions are as follows:
 - **High Risk** – matters and/or issues are considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.
 - **Moderate Risk** – matters and/or issues are considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should normally be taken within six months.
 - **Low Risk** – A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6 -12 months.
- 5 Audit identified eight control risk issues for the year ended 30 June 2019, ranging from low to moderate risk rankings. The table at the end of the report, details the year to date progress against these control findings.
- 6 Unfortunately, some of the planned work programmes to fully address Audit's 2018/19 control findings have been delayed due to the Covid-19 restrictions.
- 7 As part of their audit for the year ended 30 June 2020, Audit will consider this progress update and in doing so, Audit will assess whether any existing control findings can be formally closed-out.

Considerations**Policy considerations**

- 8 There are no policy implications arising from this report.

Legal considerations

- 9 There are no legal considerations arising from this report.

Financial considerations

- 10 Financial issues have been covered as part of this report.

Tāngata whenua considerations

- 11 There are no direct tāngata whenua considerations arising from this report.

SIGNIFICANCE AND ENGAGEMENT**Significance policy**

- 12 This matter has a low level of significance under the Council's Significance and Engagement Policy.

Publicity

- 13 There are no publicity considerations.

RECOMMENDATIONS

- 14 That the Audit and Risk Subcommittee notes the progress update in regards to Ernst & Young's Report on Control findings for the year ended 30 June 2019 and that Ernst & Young will re-assess these as part of their audit for the year ended 30 June 2020.

APPENDICES

Nil

Summary of Control Findings for the year ended 30 June 2019

1. Service requests - Accuracy of response and resolution times (Moderate)	
Target date for completion and current status	31/03/2020 Complete
Ernst & Young Audit Observation	<p>In completing our testing of performance reporting information we identified multiple instances where the response and resolution times used as a basis for calculating measures were inconsistent with the times indicated on job sheets that were completed for those jobs by the staff attending to the request.</p> <p>One particular issue we observed that occurred for multiple items tested was requests being marked as responded to or resolved too early. This was observed for both water supply and waste water when measuring response or resolution times to urgent and non-urgent requests. This is primarily the result of the first action logged in response to the request being treated as either KCDC having responded to, or resolved, the matter when in actual fact the action was a step towards either responding to, or resolving, the matter.</p> <p>Since a number of performance measures require reporting of response or resolution times discrepancies in the time recorded will lead to incorrect outcomes being reported. Whilst this has implications for Council's non-financial performance reporting it also impacts management's ability to understand the team's responsiveness to ratepayer requests and any resourcing or process issues that may need to be remedied to allow timely responses to requests.</p>
EY Audit Recommendation	Requests logged in Council's system should be reviewed on a periodic basis to ensure the time to respond to, or resolve, matters is being accurately reflected in the system.
Action Plan	<p>We agree with the observation. The MagiQ system allows multiple actions to be recorded against a service request. In some cases, the final response time is recorded on the second or later action. Our analysis found that, although the correct response time is being entered in the system, the automatic reports used to calculate the response time measures only capture the time that the first action is completed. This has meant that in cases when the final response time is not when the first action is completed, the calculations of median response time are being made incorrectly.</p> <p>The issues have been documented and several solution options will be investigated further:</p> <ul style="list-style-type: none"> • Re-design the service request system and data capture process, to allow for reports to accurately calculate the correct median response time. This is the most robust and long-term solution, but would be the most complex to implement. • Adopt a workaround whereby staff ensure that only the first action can be used for the resolving action, allowing existing reports to calculate the median response time accurately. • Continue the current practice of cleaning the report data manually to ensure that the measure is reported accurately, but undertake this on a more regular basis throughout the year as recommended above. This is a short-term solution that does not fix the root cause of the problem. However, in advance of a more sustainable solution being implemented, a review and cleaning of the first two months of data for FY19/20 is already underway. <p>Responsibility: Manager Corporate Planning and Reporting and Chief Information Officer</p>
Progress Update	<p>In March 2020, we activated new fields on the Service Request form to capture <i>service restored date and time</i> which the Operations team are now using. The median response time reports have been rewritten so they now calculate the resolution KPI measures using the time elapsed from the date and time of receipt to the date and time of service restored. This avoids the previous risk of errors when calculating the resolution time by excluding the action completed times from any calculation. The new field is included on hard copy SR forms and in the MagiQ system. We have retrospectively completed this field for SRs from July 2019 to March 2020 to ensure the data is consistent for the full 2019/20 year.</p> <p>The new report also excludes the following requests:</p> <ul style="list-style-type: none"> • private site requests (coded as 'Not Council issue'). • requests where no fault was found (coded as 'Not Council issue'). • requests generated by staff (coded as <i>internal requests</i>) per control finding 3 below.

2. Service requests - Monitoring of roading requests for service (Moderate)	
Target date for completion and current status	31/03/2020 Proposed solution in operation, testing in progress.
Ernst & Young Audit Observation	<p>For the access and transport measure relating to the Council's response time to requests for service for roads and footpaths, Council were unable to accurately determine if requests for service had been responded to within the target timeframes. The information for this measure is sourced from two separate systems, MagiQ which holds the details of requests, and RAMM, which holds the details of work and actions undertaken. The primary issue is that there is insufficient clarity of how some requests in MagiQ can be linked to actions taken recorded in RAMM.</p> <p>Because requests for service in MagiQ are unable to be fully mapped to work undertaken and recorded in RAMM, Council is unable to report an outturn for the year against this target. The issue also limits Council's ability to measure responsiveness from the perspective of managing operations and considering performance on a regular basis and how resource should be allocated.</p>
EY Audit Recommendation	We recommend that work is completed to improve the interfacing or flow of data between these two systems. Alternatively work completed could be recorded in MagiQ against each of the relevant requests for service.
Action Plan	<p>Investigative work will be needed to determine the best way forward to accurately measure response time to service requests for road and footpath work. The ideal would be an automated flow of data between MagiQ and RAMM where the interface is seamless and error-free. However, if that proves unattainable we will have to look at establishing systems to achieve manual updates of service request response time information from RAMM to MagiQ at the same time that completion times are entered into MagiQ from RAMM. This may require additional consistency checks between the two databases to ensure that request types and priority assignments are the same in the two systems so that response time targets are equivalent. At first glance this appears to be a substantial piece of work and will probably exceed the recommended six-month timeframe.</p> <p>Responsibility: Chief Information Officer and Manager Corporate Planning and Reporting</p>
Progress Update	<p>Council's road maintenance contractor Higgins has identified a solution to automate service requests data from Council's MagiQ system into RAMM to ensure the data is consistent across both systems. Currently this is a one-way data transfer, and solutions to enable two-way data transfer are being investigated.</p> <p>A new process whereby Higgins update MagiQ directly using their remote access has been documented and is now in place. Test Reports need to be run to check whether there is a need for any improvements in data quality.</p>

3. Service requests – Duplicate requests for services (Low)	
Target date for completion and current status	30/06/2020 Complete
Ernst & Young Audit Observation	<p>When reviewing requests for service data for the water supply and wastewater management activities we identified duplicate requests for service for the same matter. In some instances, requests for service were closed with zero response times if they were confirmed as duplicates. This has an impact on median response times through reducing this measure incorrectly.</p> <p>We also noted instances where Council initiated requests for service for planned work and these were included in the calculation of median response times. The request for service based metrics are primarily intended to measure response times to ratepayer requests as opposed to Council's internal work program.</p> <p>Duplicate requests included in the system impact the reported results especially in instances where duplicates have a response time set to zero and have been included in the calculation of the median.</p> <p>The inclusion of requests for service from Council employees means the measures become less focused on Council's responsiveness to ratepayer requests.</p>
EY Audit Recommendation	We recommend implementing controls that prevent duplicate requests for service being recorded in the system. Alternatively, a periodic review of requests within the system could be undertaken to identify and remove duplicate requests. The same review could ensure Council generated requests are clearly labelled as such and excluded from the calculation of the measure.
Action Plan	<p>We agree with the observation.</p> <p>Several solution options will be investigated further in conjunction with the response in 2.1.1:</p> <ol style="list-style-type: none"> 1. Re-design the service request system and data capture process, to ensure that duplicate requests, internal requests, planned work, and other non-applicable requests can be excluded from the calculation of the performance measure. 2. Continue the current practice of cleaning the report data manually to ensure that the measures are reported accurately, but undertake this on a more regular basis throughout the year as recommended above. <p>As noted in 2.1.1, we have already begun a review and cleaning of the report data for FY19/20. As well as correcting the response times, this task also includes removing duplicates and non-applicable service requests from the calculated median response times.</p> <p>Responsibility: Manager Corporate Planning and Reporting, and Chief Information Officer</p>
Progress Update	<p>The process for managing duplicate requests within MagiQ was updated in March 2020. Staff are now using the system's ability to add multiple callers to one request (rather than raising multiple requests for the same issue). Process documentation for dealing with multiple callers & duplicate requests has also been developed.</p> <p>A report to identify all duplicate requests (more than one request for a single issue) is now being circulated to the business activity areas at month end for review, so that these can be rectified prior to month-end reporting. Records that are duplicated in error are being deleted from the system to ensure accuracy of the median response time determinations. A few key staff have been selected to be given access to do this. This work is ongoing, however, all duplicates for 2019/20 service requests have been removed.</p> <p>Requests that are raised internally (between departments) are flagged as INTERNAL within the system and the DIA report has been amended to exclude these.</p>

4. Service requests – Manual reorganisation of requests for services (Low)	
Target date for completion and current status	30/06/2020 Solution development in progress but delayed due to COVID-19. Expect new process to be in place from August 2020.
Ernst & Young Audit Observation	<p>To calculate outcomes for some measures, data was extracted from the system and put through a further manual process to determine the category of the request. This involved adjusting the category of the request per the system and then calculating the measure to be reported based on the excel spreadsheet with updated categorisations.</p> <p>We identified instances where information extracted from the system was subjected to further manual categorisation and was incorrectly categorised, affecting the reported results. For example, requests for service that did not relate to the particular activity or urgency categorisation were included in calculating the outcome for that measure.</p> <p>We also identified instances where subsequent to information being extracted from the system, changes were made to the information in the system and the associated spreadsheet wasn't updated to reflect these changes. Because the measures are calculated based on the data in the spreadsheet this results in information relevant to the request for service being excluded.</p> <p>Incorrect categorisation of data could lead to measures being incorrectly calculated.</p>
EY Audit Recommendation	We recommend that processes be updated to allow for correct classification of requests for service at the point the requests are received. If this is impractical we would suggest that requests for service be reviewed on a periodic basis and reclassified within the system when a reclassification is required.
Action Plan	<p>The points above appear to refer to the current system for assessing and reporting on Stormwater and Coastal service requests.</p> <p>We agree that this system should be amenable to significant improvement. However, following our own analysis we have further characterised the issue:</p> <p>Firstly, our understanding is that <i>'instances where information extracted from the system subjected to further manual categorisation was incorrectly categorised affecting the reported results'</i> relates to two separate matters;</p> <ul style="list-style-type: none"> i) Where instances of service requests related to stormwater outlets were included in calculations of the Coastal measure for 'Urgent requests to repair sea walls or rock revetments' when they should only be accounted for in the Coastal measure for 'Stormwater beach outlets are kept clear'. This has been fixed in the current reporting and is a straightforward fix even in the existing 'manual' spreadsheet method of reporting on Coastal KPI measures. ii) There were three instances of stormwater service requests (out of 89) which were classified as urgent in error. This error rate is unlikely to be improved by adopting the suggestion that <i>'processes be updated to allow for correct classification of request for service at the point requests are received'</i>. Requests are received at the call centre for the most part and staff often either a) do not have sufficient or accurate enough information from the caller to correctly classify the request, or b) do not have the experience to be able to do so. This is why we rely on a subsequent, secondary, classification process by our stormwater team, who occasionally make errors. <p>Secondly, it was identified that <i>'instances where subsequent to information being extracted from the system changes were made to the information in the system and the associated spreadsheet wasn't updated to reflect these change'</i>. It isn't clear how many instances of this were found but to our knowledge there weren't many and we expect they would be largely immaterial to the measures being reported on or the response time calculations. Many of the changes made to request types subsequent to data being extracted from the system do not have any material bearing on the secondary categorisation made by the stormwater team and to revisit MagiQ on a regular basis to update these would be both time-consuming and probably not very productive.</p>

	<p>A full improvement solution to MagiQ to enable it to generate more stream-lined and efficient Coastal and Stormwater service request reporting will take significant investigation and discussion with both MagiQ, regarding the system's capabilities, and the Coastal and Stormwater team, regarding their requirements. We envisage the following:</p> <ul style="list-style-type: none"> i) introducing a pro-forma report that doesn't require manual set-up each week and only needs date ranges entered to provide the appropriately filtered list of service requests each week. ii) ideally, we would then like to see enhancements to the system so that there are a range of drop-down or pick-list categories that the Coastal and Stormwater team can use for providing secondary and tertiary categorisations to each service request (so that this is done in MagiQ rather than on a separate spreadsheet). This categorisation process would include categorisations as to which service requests are Coastal or Stormwater requests, and further to that, which are urgent/non-urgent, council/private issues, affect buildings/or don't etc. iii) if such improvements are feasible then when that secondary categorisation process is complete each week, a report should be able to be generated from MagiQ which generates the equivalent of the current Stormwater and Coastal service request spreadsheets. <p>This approach would significantly improve the efficiency of the current process and improve the audit trail. It would not remove the human judgement factor behind the categorisation process as that is how the categorisations are currently made in MagiQ in any case. We would need to investigate whether there is an efficient process for checking whether subsequent changes to categorisations of service requests not initially identified as relevant for Coastal or Stormwater reporting purposes have, as a result of a re-categorisation in MagiQ, become relevant for those purposes.</p> <p>This will be a significant piece of work and will need to be undertaken in concert with the planned upgrade to MagiQ and other proposed improvements recommended to improve reporting of actual resolution times and avoidance of counting duplicate service requests in those calculations.</p> <p>Responsibility: Manager Corporate Planning and Reporting, and Chief Information Officer</p>
Progress Update	<p>The management of Coastal & Stormwater service requests and manual data manipulation was reviewed as part of a previous KPI project. The BI team and Coastal & Stormwater team reviewed the proposed changes from that project and agreed the following:</p> <ul style="list-style-type: none"> • amend SR request "types" to align with KPI reporting requirements • update Kbase instructions for Customer Engagement staff • create new reports in MagiQ to align with KPI reporting requirements <p>Due to key resources being allocated to the EOC to assist with Covid-19 response, this work has been delayed. For the 2019/20 audit the current manual categorisation and quality checking will remain. The above changes are planned to be implemented in August 2020.</p>

5. Corporate policies due for review (Low)	
Target date for completion and current status	30/12/2020 On-track but progress delayed by COVID-19
Ernst & Young Audit Observation	<p>We observed various employee manuals and policy documents were last updated over 3 years ago. Specifically, we noted the below policies are currently overdue for review and update:</p> <ul style="list-style-type: none"> a. Receipt of gifts and hospitality b. Rewards and recognition policy c. Mitigation of fraud d. Employee code of conduct e. Elected member code of conduct <p>Policies and other guidance documents should be updated on a regular basis to ensure any changes in circumstances that require additional guidance are incorporated on a timely basis.</p>
EY Audit Recommendation	We recommend that corporate policies be monitored and updated on a regular basis.
Action Plan	<p>We accept the findings and recommendation from audit. The register of corporate policies, including review dates, will be updated and monitored by Corporate Services going forward as part of the wider policy programme.</p> <p>Responsibility: Manager Research and Policy, Corporate Services</p>
Progress Update	The Research and Policy team are currently developing a programme of work to review, update and maintain all corporate policies. This includes prioritising the review of the policies identified above. This programme has been delayed by COVID-19 restrictions, however, work has now resumed on this programme.

6. Timeliness of purchase order initiation (Low)	
Target date for completion and current status	30 September 2020 Delayed but on-track
Ernst & Young Audit Observation	During our testing of the expenditure and payments process we observed that some purchase orders were generated subsequent to the receipt of invoices. Without adequate controls for processing and reconciling purchase orders, invoices and the receipt of goods and services, there is an increased risk that inappropriate or erroneous expenditure is incurred or reported. A purchase order system works most effectively when purchase orders are approved prior to goods or services being purchased. After the transaction has occurred there may be less opportunity to change the agreement that has been entered into.
EY Audit Recommendation	We recommend purchase orders are raised and appropriately approved prior to placing orders with suppliers.
Action Plan	Management accepts the recommendation and is currently working on a programme for induction and increased training for staff to ensure there is a consistent high standard of compliance with the Procurement Policy across all areas of the Council. The Finance team worked with the suppliers during the 2018/19 year to highlight the importance of requesting an EPO number from Council before beginning any work. Responsibility: Chief Financial Officer/ Manager, Financial Accounting
Progress Update	Finance is implementing an Accounts Payable Automation function across the Council and engaged CSG technologies Limited in February 2020 to implement a Scanning and Optic character recognition (SOCR) solution to streamline our supplier payment process. Council is currently testing the solution functionality and its integration with our current Financial Management Information System (MagiQ). The delivery of the project was delayed by the COVID-19 restrictions and full implementation has been delayed to the end of August 2020. As part of this project, EPO training will be rolled out to all EPO users within Council. Automation will strengthen the discipline of initiating an EPO when the goods or services are ordered as the EPO number will be a key field on the supplier invoice required by the payment solution. Council suppliers will be informed, before the "go-live" date, of the changes to our systems and the importance of the EPO reference on their invoices to ensure prompt payment. Council-wide procurement training continues.

7. Approval of expenditure (Low)	
Target date for completion and current status	30/06/2020 On-going
Ernst & Young Audit Observation	<p>KCDC's General Expenses policy states "one-up" authorisation must be given to the person who will benefit or might be perceived to benefit from the expenditure."</p> <p>We noted two instances where an expense claim was either authorised by a person who was not one up from the individual that incurred the cost or was not one up from the most senior individual that benefited or might be perceived to have benefited from the expenditure. In both instances we are satisfied that the expenditure was appropriate but have recommendations regarding the execution of the relevant controls. This may increase the risk that inappropriate expenditure goes undetected.</p> <p>This policy also serves to safeguard staff in that in instances where they may have been perceived to have benefited from Council expenditure an independent member of staff has concurred with their judgement that the costs are appropriate.</p>
EY Audit Recommendation	We recommend that expenses incurred are approved in a manner that is in line with KCDC's policies
Action Plan	<p>Management accepts the findings and recommendation from Audit. Corporate Services will seek to increase Council-wide access to and awareness of all corporate policies</p> <p>Responsibility: Chief Financial Officer / Manager, Financial Accounting</p>
Progress Update	<p>The Accounts Payable team are manually reviewing each expense claim submitted for payment to ensure that it has been approved in accordance with the General Expenses policy. If not, the claim is returned to the relevant staff members to be corrected.</p> <p>The General Expense policy is included in the programme of work being developed by the Research and Policy team to review, update and maintain Corporate Policies, as noted in control finding No. 5 above.</p>

8. Review of useful life of landfill asset (Low)	
Target date for completion and current status	30/06/2020 Completed
Ernst & Young Audit Observation	The useful life of the Otaihanga landfill asset has not been thoroughly re-assessed recently. The asset is nearing the end of its capacity and is only able to accept clean-fill going forwards. There is currently an asset recorded on balance sheet for the Otaihanga landfill that has a residual useful life spanning a number of years. If the landfill is near to the end of its useful life and the asset has limited remaining value the residual useful life used for accounting purposes may need to be reduced or the value attributed to the asset may need to be decreased.
EY Audit Recommendation	The current useful life of the landfill suggests that benefit will continue to be derived from the landfill over a number of years going forward. We recommend that Council consider the nature and timing of the expected benefits from the landfill and use this as context for evaluating if the current useful life is still appropriate and if Council is likely to receive future benefit from the landfill that broadly equates to the current carrying value of the landfill asset.
Action Plan	Management accepts the findings and will assess the economic life of the asset during the 2019/20 year. Responsibility: Chief Financial Officer /Manager, Financial Accounting
Progress Update	Council reviewed the current useful life and future benefit/service potential of the Otaihanga landfill asset during June 2020. The capping of the landfill has progressed faster than initially anticipated. Therefore, the final closure date of the landfill has been brought forward from the resource consent closure date of June 2026 to June 2022. While the landfill will be in-use for another 2 years, it has been determined that the future income generated from accepting clean-fill is negligible. In accordance with IPSAS (International Public Sector Accounting Standards) an asset should be held at its recoverable service amount. As negligible service value will be delivered by the asset, the full value of this asset at year-end (\$2,998,259) has been impaired to the statement of comprehensive revenue and expense.

8.3 QUARTERLY TREASURY COMPLIANCE REPORT

Author: Anelise Horn, Manager Financial Accounting

Authoriser: Mark de Haast, Group Manager Corporate Services

PURPOSE OF REPORT

- 1 This report provides confirmation to the Audit and Risk Subcommittee of the Council's compliance with its Treasury Management Policy (Policy) for the six months ended 30 June 2020.

DELEGATION

- 2 The Audit and Risk Subcommittee has delegated authority to consider this report under the following delegation in the Governance Structure, Section C.1.

Ensuring that the Council has in place a current and comprehensive risk management framework and making recommendations to the Council on risk mitigation.

BACKGROUND

- 3 The Policy sets out a framework for the Council to manage its borrowing and investment activities in accordance with the Council's objectives and incorporates legislative requirements.
- 4 The Policy mandates regular treasury reporting to management and the Strategy and Operations Committee, as well as quarterly compliance reporting to the Audit and Risk Subcommittee.
- 5 In order to assess the effectiveness of the Council's treasury management activities and compliance to the Policy, certain performance measures and parameters have been prescribed. These are:
 - cash/debt position;
 - liquidity/funding control limits;
 - interest rate risk control limits;
 - counterparty credit risk;
 - specific borrowing limits; and
 - risk management performance.
- 6 Due to the cancellation of the Audit and Risk Subcommittee meeting on 24 May 2020 due to COVID-19, this report covers the compliance reporting for both the third quarter (January to March) and the fourth quarter (April to June) of the 2019/2020 financial year.

DISCUSSION

Cash/Debt Position

- 7 Table 1 below shows the Council's net debt position as at 30 June 2020 against the 2019/20 full year budget and the prior year closing balance.

Table 1	June YTD Actual \$000's	Full Year Budget \$000's	Full year 2018/19 \$000's
External debt	210,000	210,000	210,000
/less borrower notes	(3,360)	(3,360)	(3,360)
/less cash and cash equivalents	(50,944)	(45,200)	(59,086)
Net debt	155,696	161,440	147,554

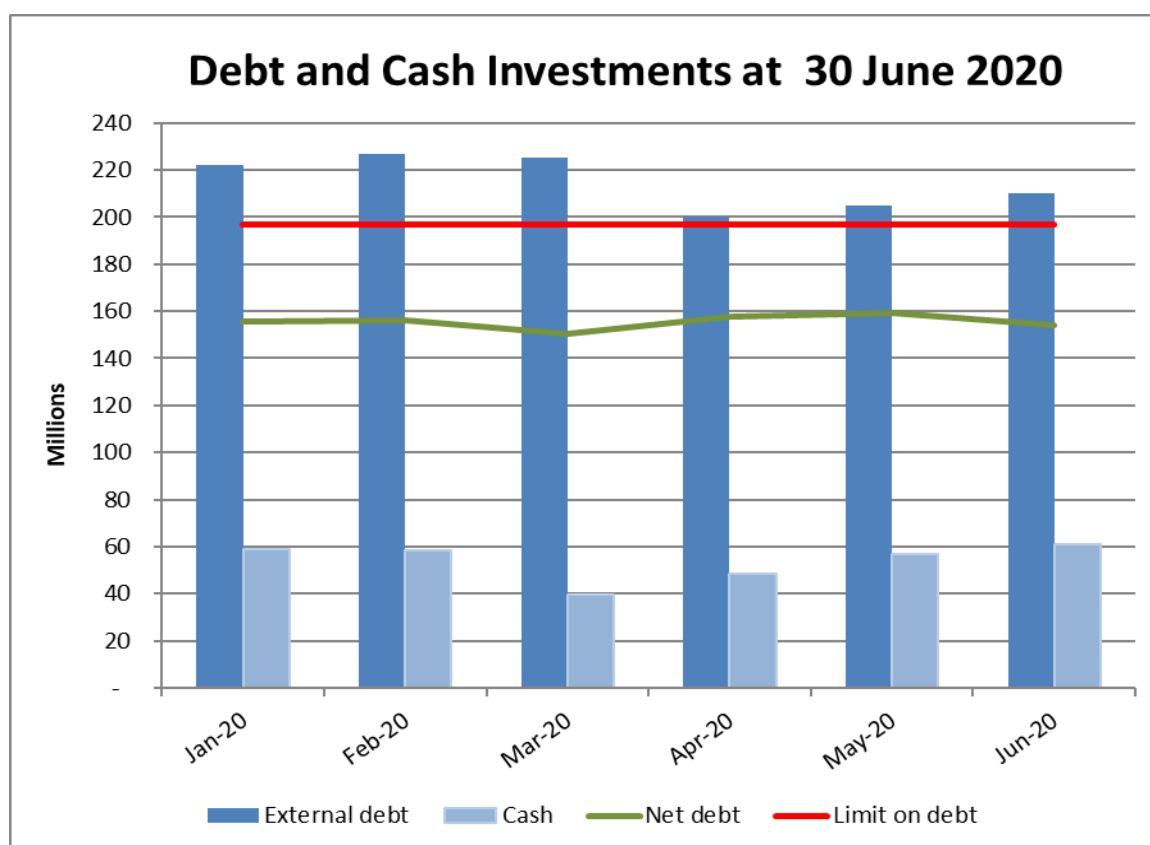
- 8 During the past six months, the Council has issued \$20 million of new debt.
- 9 \$15 million was issued to pre-fund the May 2021 and October 2021 debt maturities. As part of the Council's prefunding programme, all prefunding is placed on term deposit, at the most favourable market rates available at that time.
- 10 \$5 million was issued to part fund the 2019/20 planned capex work programme.
- 11 During the same period, \$25 million of long term debt matured during April 2020. This was fully funded through the Council's prefunding programme and was repaid from term deposits maturing on the day.
- 12 The table below shows (a) the movement in the Council's external debt balance and (b) the movement in the Council's pre-funding programme by debt maturity, for the year ended 30 June 2020.

Borrowings	Gross borrowings \$000	Explained by: Pre-funding borrowings					
		TD Sept 2019 \$000	TD April 2020 \$000	TD Oct 2020 \$000	TD May 2021 \$000	TD Oct 2021 \$000	19/20 Capex programme \$000
Opening balance 1 July	210,000	20,000	20,000	10,000			
New Long term debt issued YTD	45,000		5,000	10,000	15,000	10,000	5,000
Matured Long term debt	(45,000)	(20,000)	(25,000)				
Total	210,000	-	-	20,000	15,000	10,000	5,000

- 13 As at 30 June 2020, the Council had \$54.3 million of cash, borrower notes and term deposits on hand, relating mainly to the Council's debt pre-funding programme. This is broken down as follows:

Term deposits, cash & borrower notes	Term deposits to prefund borrowings \$000	Borrower notes \$000	Cash \$000	Total \$000
LGFA debt maturing Oct 2020	20,000	-	-	20,000
LGFA debt maturing May 2021	15,000	-	-	15,000
LGFA debt maturing Oct 2021	10,000			10,000
Surplus cash	-	-	5,944	5,944
Borrower notes held	-	3,360	-	3,360
Total	45,000	3,360	5,944	54,304

- 14 For the six months ended 30 June 2020, the Council has not breached its net debt upper limit, as shown in the chart below:

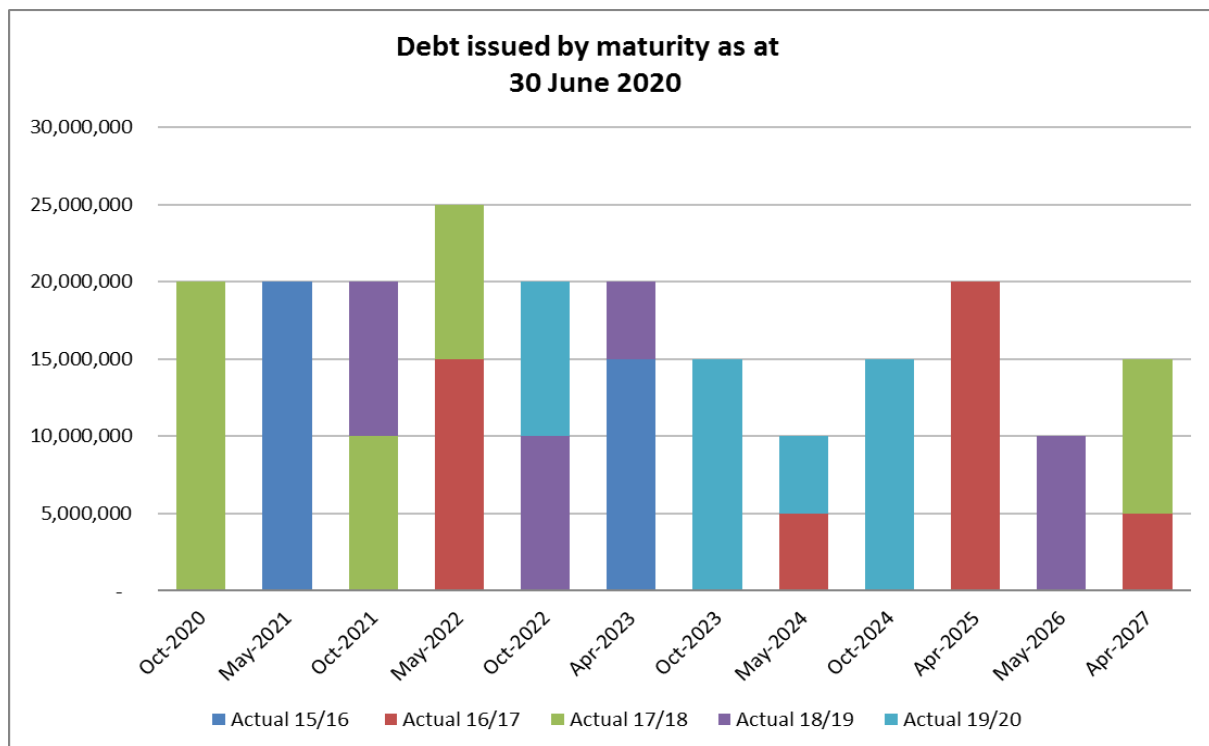


- 15 The Council is however targeting ,through its financial strategy, to keep net borrowings below 200% of total operating income. At 30 June 2020, the Council's net borrowings are 184.8% of total operating income.

Liquidity/Funding control limits

- 16 Liquidity and funding management focuses on reducing the concentration of risk at any point so that the overall borrowings cost is not increased unnecessarily and/or the desired maturity profile is not compromised due to market conditions. This risk is managed by spreading and smoothing debt maturities and establishing maturity compliance buckets.
- 17 Since October 2015 the Council's treasury strategy has included a debt pre-funding programme. The Policy allows pre-funding of the Council debt maturities up to 18 months in advance, including re-financing. Market conditions have been favourable for this approach, where the Council draws down debt early and is able to invest the funds on term deposit for a positive net return.
- 18 The strength of the Council's debt pre-funding programme was again highlighted by the Council's independent Credit Rating Agency, Standard & Poor's (S&P), during their July 2020 review. This has resulted in the Council's credit rating remaining at AA with a stable outlook for the following year. S&P noted that the Council's liquidity coverage remains exceptional.

- 19 The following chart presents the Council's debt maturity dates in relation to the financial year in which the debt was issued. This demonstrates that since 2016/17, the Council has actively reduced risk concentration by spreading debt maturity dates and debt maturity values.

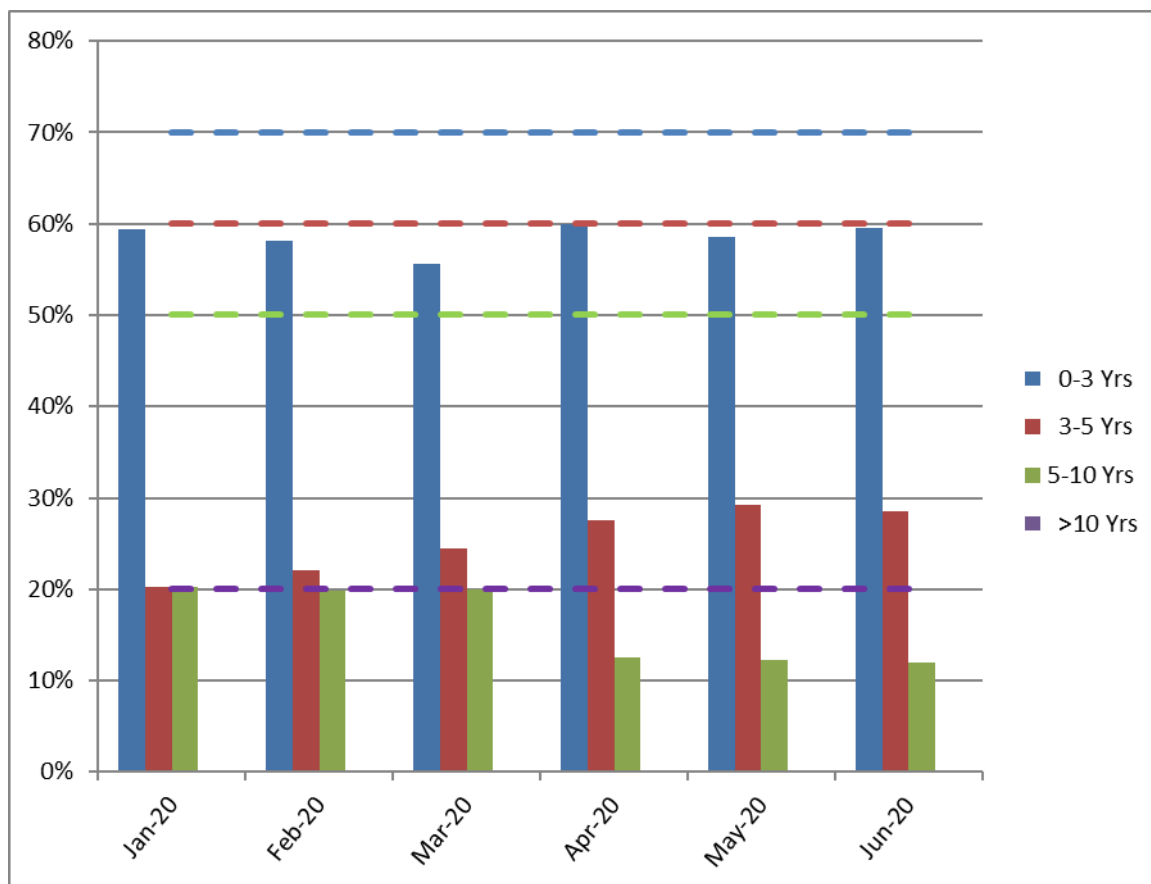


- 20 Debt maturities must fall within maturity compliance buckets. These maturity buckets are as follows:

Maturity Period	Minimum	Maximum
0 to 3 years	10%	70%
3 to 5 years	10%	60%
5 to 10 years	10%	50%
10 years plus	0%	20%

21

For the six months ended 30 June 2020, the Council has been fully compliant with its debt maturity limits, as shown by the chart below. The upper limits, as shown by dashed lines, relate to the bars of the same colour. For example, the 0 to 3 year upper limit of 70% is in blue. Actual maturities in the 0-3 year bucket are represented by the blue bars. The Council has no long term debt maturing in ten years' time or beyond.



Interest rate risk control limits

- 22 The Council issues all debt on a floating rate basis, as lower interest rates are realised this way, and uses fixed interest rate swaps (hedges) to minimise exposure at any one time to interest rate fluctuations. This ensures more certainty of interest rate costs when setting our Annual Plan and Long Term Plan budgets.
- 23 Without such hedging, the Council would have difficulty absorbing adverse interest rate movements. A 1% increase in interest rates on \$210 million of external debt would equate to additional interest expense of \$2.1 million per annum. Conversely, fixing interest rates does however reduce the Council's ability to benefit from falling and/or more favourable interest rate movements.
- 24 The objectives of any treasury strategy are therefore to smooth out the effects of interest rate movements, while being aware of the direction of the market, and to be able to respond accordingly.
- 25 The Policy sets out the following interest rate limits:
Major control limit where the total notional amount of all interest rate risk management instruments (i.e. interest rate swaps) must not exceed the Council's total actual debt, and;
Fixed/Floating Risk Control limit, that specifies that at least 55% of the Council's borrowings must be fixed, up to a maximum of 100%.

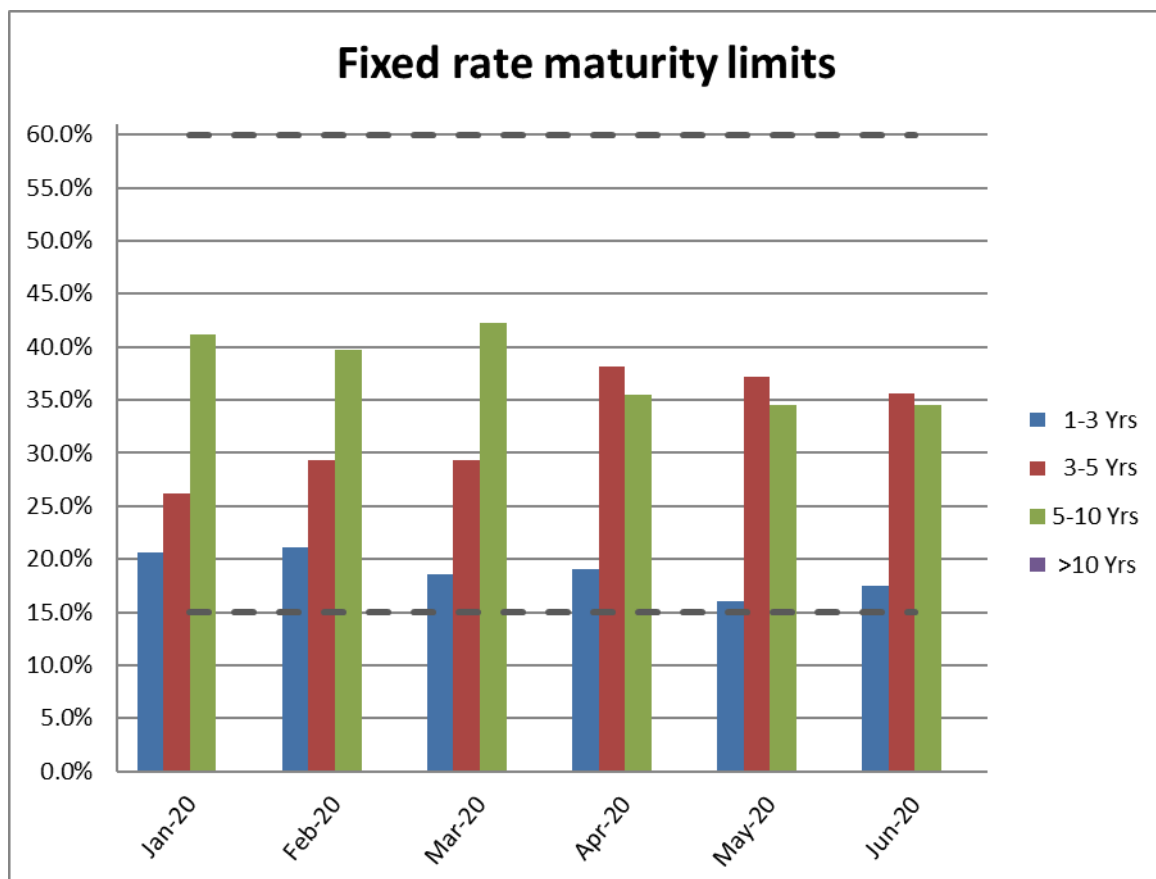
- 26 The Council has been fully compliant for the six months ended 30 June 2020, as shown by the table below.

\$000's	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
External debt (floating rate)	222,000	227,000	225,000	200,000	205,000	210,000
Swaps (fixed portion)	198,975	193,975	193,975	188,838	193,838	193,838
Fixed %	89.6%	85.5%	86.2%	94.4%	94.6%	92.3%
Unfixed debt	23,025	33,025	31,025	11,163	11,163	16,163

- 27 Similar to debt maturities, hedging instrument maturities must also fall within maturity compliance buckets. These maturity compliance buckets are as follows:

Period	Minimum	Maximum
1 to 3 years	15%	60%
3 to 5 years	15%	60%
5 to 10 years	15%	60%
10 years plus	0%	20%

- 28 The Council has been fully compliant for the six months ended 30 June 2020, as shown by the following chart. Note that maturities falling within 1 year are not included.



Counterparty Credit Risk

- 29 The policy sets maximum limits on transactions with counterparties. The purpose of this is to ensure the Council does not concentrate its investments or risk management instruments with a single party.

- 30 The policy sets the gross counterparty limits as follows:

Counterparty/Issuer	Minimum Standard and Poor's long term	Investments maximum per counterparty	Risk management instruments maximum per counterparty	Borrowing maximum per counterparty
NZ Government	N/A	Unlimited	None	Unlimited
LGFA	AA-/A-1	\$20m	None	Unlimited
NZ Registered Bank	A+/A-1	60% of total investments or \$25m; whichever is greater	50% of total instruments or \$80m; whichever is greater	\$50m

- 31 The Council was in full compliance with all counterparty credit limits for the six months ended 30 June 2020. The tables below show the Council's investments and risk management instruments holdings per counterparty for this period.

Term deposits

Counter party	Jan-2020		Feb-2020		Mar-2020		Apr-2020		May-2020		Jun-2020		Comply
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	
NZ Registerd Bank 1	10,000	18.18%	10,000	16.67%	10,000	16.67%	-	0.00%	-	0.00%	-	0.00%	✓
NZ Registerd Bank 2	25,000	45.45%	30,000	50.00%	30,000	50.00%	20,000	57.14%	20,000	50.00%	25,000	55.56%	✓
NZ Registerd Bank 3	20,000	36.36%	20,000	33.33%	20,000	33.33%	15,000	42.86%	20,000	50.00%	20,000	44.44%	✓
NZ Registerd Bank 4	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	✓
	55,000	100%	60,000	100%	60,000	100%	35,000	100%	40,000	100%	45,000	100%	

*Policy Limit: 60% of total investments or \$25 million; whichever is greater

Interest rate swaps

Counter party	Jan-2020		Feb-2020		Mar-2020		Apr-2020		May-2020		Jun-2020		Comply
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	
NZ Registerd Bank 1	60,000	30.15%	55,000	28.35%	55,000	28.35%	50,000	26.48%	50,000	25.79%	50,000	25.79%	✓
NZ Registerd Bank 2	84,975	42.71%	84,975	43.81%	84,975	43.81%	84,838	44.93%	84,838	43.77%	84,838	43.77%	✓
NZ Registerd Bank 3	54,000	27.14%	54,000	27.84%	54,000	27.84%	54,000	28.60%	59,000	30.44%	59,000	30.44%	✓
	198,975	100%	193,975	100%	193,975	100%	188,838	100%	193,838	100%	193,838	100%	

*Policy Limit: 50% of total instruments or \$80 million; whichever is greater

Specific Borrowing Limits

- 32 In managing debt, the Council is required to adhere to the limits below. The Council fully complied with these limits for the 6 months ended 30 June 2020 (or a period as otherwise specified) and the results are shown below:

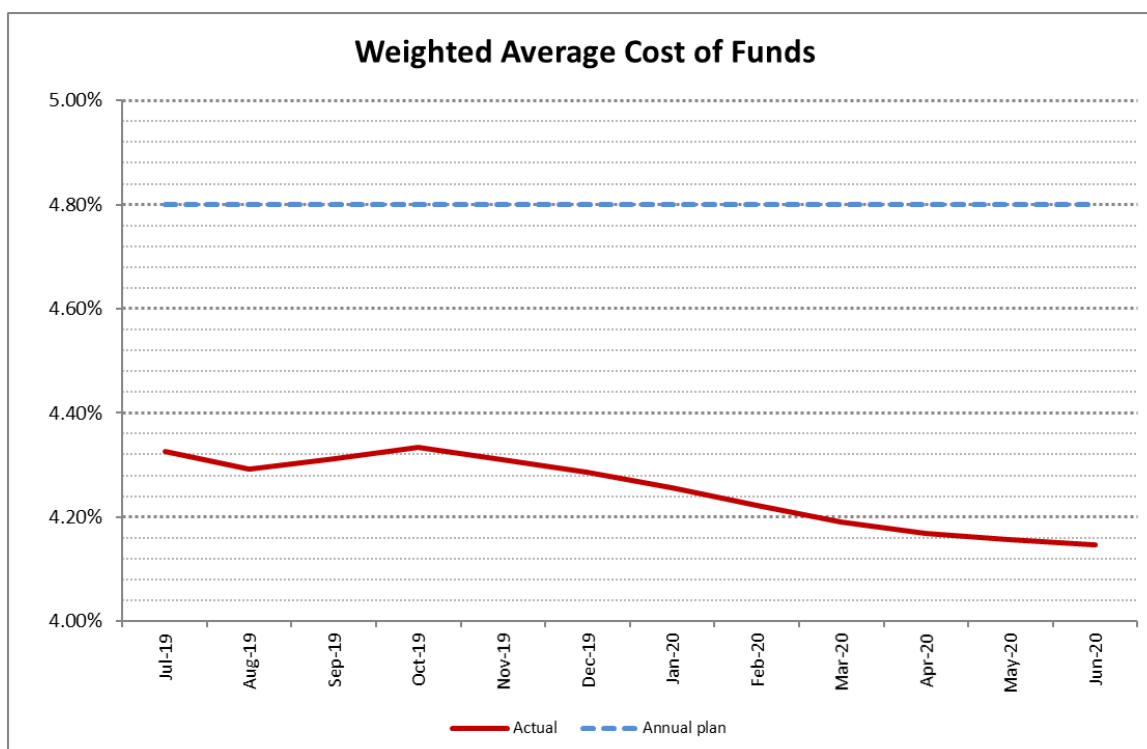
Borrowing limit	Policy limit	2019/20	Comply
Net interest expense/Total Operating Income	< 20%	8.6%	✓
Liquidity ((total debt +total committed facilities +cash on hand)/total debt))	> 110%	133.8%	✓
Net External Debt/Total Operating Income	< 240%	184.8%	✓

Risk Management Performance

- 33 The following table shows the Council's interest income and expense for the year ended 30 June 2020, together with the weighted average cost of borrowing (WACB)

	June YTD Actual \$000	YTD Budget \$000	Variance (Fav/UnFav) \$000
Interest Expense	8,857	9,493	636
less: Interest Income	(1,624)	(1,848)	(224)
Net Interest Cost	7,233	7,645	412
Weighted Average Cost of Borrowings	4.15%	4.80%	0.65%

- 34 The Council's net interest cost for the year is \$412,000 favourable to budget. This is mainly due to less external borrowings at the start of the 2019/20 financial year than planned and delays to the Council's capital works programme due to Covid-19 restrictions.
- 35 The Council has been effective in its treasury management with its weighted average cost of funds being 0.65% lower than planned as at the 30 June 2020.
- 36 The following graph shows the cost of borrowing each month.

**CONSIDERATIONS****Policy considerations**

- 37 There are no policy considerations in addition to those already noted in this report.

Legal considerations

- 38 There are no legal considerations arising from this report.

Financial considerations

39 There are no financial considerations in addition to those already noted in this report.

Tāngata whenua considerations

40 There are no tāngata whenua considerations arising directly from this report.

SIGNIFICANCE AND ENGAGEMENT**Significance policy**

41 This matter has a low level of significance under the Council's Significance and Engagement Policy.

Publicity

42 There are no publicity considerations arising from this report.

RECOMMENDATIONS

43 That the Audit and Risk Subcommittee notes the Council's full compliance with its Treasury Management Policy for the six months ended 30 June 2020.

APPENDICES

Nil

8.4 RISK MANAGEMENT - BUSINESS ASSURANCE UPDATE

Author: Sharon Foss, Business Improvement Manager

Authoriser: Mark de Haast, Group Manager Corporate Services

PURPOSE OF REPORT

- 1 This report primarily updates the Audit and Risk Subcommittee on the on-going implementation of the Enterprise Risk Management (ERM) framework.

DELEGATION

- 2 The Audit and Risk Subcommittee has delegated authority to consider this report under the following delegation in the Governance Structure, Section C.1.

Ensuring that Council has in place a current and comprehensive risk management framework and making recommendations to the Council on risk mitigation.

BACKGROUND

- 3 The key elements of the Enterprise Risk Management Framework include:
 - Risk Management;
 - Business Continuity Management;
 - Business Assurance; and
 - Procurement Improvement Programme.
- 4 The key work streams within this area are:
 - Regularly discuss risks with the Council's business groups and Senior Leadership Team and embed the day-to-day management of risks in the more routine activities;
 - develop a risk communication/reporting process at, and between, the following levels:
 - Council/Committees;
 - Senior Leadership Team (SLT);
 - Business Units/Groups; and
 - Projects, Asset Management.
 - develop a Business Continuity Management System for effective response to a range of potential business disruptions;
 - provide fraud awareness training;
 - provide business assurance oversight and complete business assurance work; and
 - improve the understanding and tools to support good procurement practices.
- 5 As previously reported, the intended outcomes from performing this programme well will include:
 - stakeholders, external auditors, Council and management achieve high levels of assurance that the real risks are being identified and managed effectively;
 - better decision making throughout the business through greater awareness of the real risks (threats and opportunities); and
 - clarification and socialisation of the Council's risk appetite and tolerance.

Enterprise Risk Management Progress Update

- 6 Guidance for the risk management, procurement and assurance work has been established through a collaborative process with Council staff.
- 7 The work has focussed primarily on tangible outputs, as discussed separately below.

Corporate Risk Profile – Status Update

- 8 As part of Enterprise Risk Management (ERM) a risk profile, comprising a risk register and risk treatment plan, was established. This is subject to approximately quarterly updates by management and is then reported to the Subcommittee. The focus is on identifying, managing and communicating the very highest strategic and operational risks that the Council faces.
- 9 Engagement on the risk profile now routinely includes conversation with activity managers as well as Group Managers. The overall risk management culture and practice is improving and risk conversations are widening.
- 10 The concept of risk acceptance is being further embedded across the organisation, i.e. certain moderate level risks may be overtly tolerated by the business in the context of the costs or impracticalities to further mitigate the risk.
- 11 The risk profile has been reviewed and updated by the Group Managers and the relevant Activity Managers. The Corporate Risk Register is attached as Appendix 1 to this report.
- 12 The intention is for the Subcommittee to first familiarise themselves with the Corporate Risk Register and thereafter, to nominate any risk/s for “deep dive” discussions at future Subcommittee meetings. Risk “deep dives” provide an opportunity for Subcommittee members to engage and gain a deeper insight on a specific risk/s.
- 13 Whilst there is no specific “deep dive” included in this report, it is appropriate to provide the Subcommittee with an overview of the Council’s response to date to the challenges brought about by Covid-19.
- 14 On 11 March 2020, the World Health Organization declared the outbreak of a coronavirus (Covid-19) pandemic and two weeks later, the New Zealand Government declared a State of National Emergency. From this, the country went into Alert Level 4 lockdown. As a result, the Council implemented its pandemic plan and responded in line with government Alert Level guidelines.
- 15 The Council moved quickly to open the Emergency Operations Centre and comply with the Health Order. Services deemed essential continued and non-essential services ceased and/or were delivered in accordance with the Health Order and the appropriate Alert Level. Examples of some key changes to service delivery made at Alert Levels 4 and 3 are shown in the table below:

Example of changes made to Service Levels	Alert Level 4 - 25 March 2020	Alert Level 3 - 27 April 2020
Council Offices	Closed. Staff working remotely	Closed. Staff working remotely
Transfer / recycling stations and kerbside recycling	Closed. No kerbside collection.	Open for rubbish drop off only. Kerbside recycling collection resumed.
Sewer/water/stormwater maintenance	Emergency repairs and maintenance as required.	Emergency repairs and maintenance as required.
Reserves, playgrounds and sportsgrounds	Closed. No mowing or planned maintenance undertaken.	Closed. High priority mowing and maintenance undertaken.

Example of changes made to Service Levels	Alert Level 4 - 25 March 2020	Alert Level 3 - 27 April 2020
Roads and coastal infrastructure	Emergency repairs and maintenance as required.	Emergency repairs and maintenance as required. Planning and higher priority work undertaken.
Resource and building consents	Processing continued but no building inspections undertaken.	Processing continued. Building and subdivision site inspections undertaken. Virtual hearings for resource consents.
Noise control	Very limited service.	Excessive noise complaints investigated.
Libraries	Closed. Virtual services available.	Closed. Virtual services available.
Pools, Halls, Public Toilets	Closed.	Closed.

- 16 A considerable amount of effort went into establishing working from home arrangements for staff where possible. This included using technology for remote communication and meetings. Covid-19 necessitated \$115,000 of critical IT expenditure planned for 2020/21 to be brought forward to March 2020 in order to fully support staff during the lockdown. Travel was reduced to an absolute minimum.
- 17 Services for ratepayers and businesses were provided remotely, therefore the impact on customers was largely limited to changing meetings from in-person to virtual meetings, and from walk-ins to phone calls or emails. A point to note is that our customers were also subject to lockdown rules.
- 18 The Council offices and facilities including service centres, libraries, aquatic facilities, community centre, halls and venues started reopening at Alert Level 2 on 13 May 2020 with contact tracing and appropriate Covid-19 safety measures in place. Up to 50% of our office-based staff continued to work remotely from home to enable us to maintain physical distancing requirements.
- 19 For Alert Level 1, staff began the transition back into the office from 9 June 2020.

Corporate Business Continuity Management System (BCMS) – Status Update

- 20 Business Disruptions are currently assessed as a “moderate” level risk (with a target risk level of “Low”), on the Corporate Risk Register, attached as Appendix 1 to this report.
- 21 To address this risk, the Council is actively progressing its BCMS development programme. The objective of the programme is to ensure that following a disruptive incident, the Council has the systems and capability to continue the delivery of its critical activities and services within acceptable, predefined levels and timeframes.
- 22 We intend to review all aspects of the Council’s Covid-19 lockdown experience. The aim is to identify the key learnings from the impacts of, and the Council’s response to the Covid-19 pandemic on our business, our staff and our customers and stakeholders and make all necessary improvements where needed. Some examples of what we are already planning / doing are listed below:
 - i. We are currently developing an Emergency Preparedness framework to support our Emergency Preparedness Policy. Covid-19 is highlighting the need for better clarity around both the alignment and separation of the Pandemic Plan, CDEM/EOC requirements, BCPs, staff resourcing, Infection Prevention and Control Policy etc.

- ii. We are currently refreshing our Pandemic Plan and we will retrospectively review how well we are positioned against the requirements of the updated Pandemic Plan. This retrospective comparison will provide a good baseline around our pandemic readiness and related resourcing and training needs etc.
- iii. An independent technical review of Infrastructure Service's preparedness, readiness and security of supply of essential infrastructure services, (water, wastewater and stormwater), following localised natural disasters and pandemic events, is currently underway to identify any service delivery risks that need to be further mitigated.

Procurement Improvement Programme – Status Update

- 23 A procurement improvement programme commenced in 2017. Significant improvements have been made to date. The Council established its own procurement framework in 2018, modelled on the latest public sector procurement materials, customised for the local government environment. This framework comprises a procurement policy containing key principles and rules, a procurement manual setting out procurement procedures, along with a set of templates, forms and guides to support good procurement practice.
- 24 However, further progress on the framework has been constrained by limited staff capacity and resources and variable quality of data and information. As previously reported to the Council, progress on the framework was particularly delayed when the Procurement Specialist was reassigned in the previous triennium to advise and lead the procurement process required by the Independent Organisational Review.
- 25 However, progress toward better procurement maturity has recommenced now and further work is planned to meet the improvement targets, addressing the barriers to progress, and adjusting the sequencing of work.

Business Assurance – Status Update

- 26 The Council has contracted PricewaterhouseCoopers (PwC) to complete a PAYE tax compliance review. Originally this was planned in March 2020 but has been delayed due to Covid-19 restrictions. Officers are working with PwC to finalise a new review date and a report back will be provided to the Subcommittee once the review has been completed.
- 27 In addition, Officers are planning to recruit a dedicated Risk and Assurance Manager on a two year fixed term contract to develop and implement a risk assurance and monitoring programme. This position will work with the Business Units, as well as Finance, Legal, Business Improvement and IT, to identify any internal control risks and implement all steps necessary to satisfactorily mitigate those risks. Report backs will be provided to the Subcommittee when internal assurance reviews have been completed.

Considerations

Policy considerations

- 28 There are no further policy implications arising from this report.

Legal considerations

- 29 There are no further legal considerations arising from this report.

Financial considerations

- 30 The work described above is planned to be funded from the 2020/21 Annual Plan budget by way of prioritised spending.

Tāngata whenua considerations

- 31 There has been no direct engagement with tāngata whenua regarding this report.

Strategic considerations

- 32 This enterprise risk management framework contributes to ensuring that the Council is continuing to improve its financial position against financial constraints.

SIGNIFICANCE AND ENGAGEMENT

- 33 This matter has a low level of significance under the Council Policy.

RECOMMENDATIONS

- 34 That the Audit and Risk Subcommittee receives and notes this report, including Appendix 1 to this report.

APPENDICES

1. Corporate-wide Risk Register 2020/21 [↓](#) 

Appendix 1

Corporate-wide Risk Register: 2020/21 Risk Profile

	Risk	Impacts	(C) consequence (L) likelihood	Current C*L	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Latest	Treatment	Risk Update as at 31 July 2020	
1	Natural hazards exacerbated due to Global Warming: Sea Level Rise / Climate Change Erosion, property floods, property abandonment, early asset replacements and higher costs for more resilient assets are likely to result due to global warming effects.	- Building consent liabilities - Erosion, property abandonment - Property floods - Greater costs - Early stormwater asset replacements - Higher capital costs for more resilient assets - Environmental non-compliances due discharges during more frequent extreme weather events - Wastewater overflow incidents increase - Impacts on business and the wider community	100	4	400	Extreme	High	- Asset management plans including risk and event targeted asset upgrades, seawall and other protective measures - Proactive coastal hazards and climate change planning - Council Climate Change Working Group - Self insurance fund (\$250k Capex, \$150k Opex per annum) - Stormwater Plan - Ensure future development takes into account expected sea level rise.	- Community engagement - Resilience work and prioritise interventions to preclude house flooding - Establish sufficient resource to lead strategy development - Include risk assessments for natural hazards in District Plan to support land use planning that prevents creating vulnerable housing opportunities. - 30 year asset management plans. - Updated data that informs regulatory work and District Plan (such as Mean high water surveys, sea level rise data (GWRC/NIWA) and model, and flood maps). - Ensure appropriate recognition of the risk across key Council strategies and activity management plans and the impact on the business and wider community	Senior Leadership Team	Dec-18	Jun-23	On Track	On Track	- Completed updates to Mean High Water Surveys and Sea Level Rise data by GWRC and NIWA. - Proactively engaging with key community groups such as Low Carbon Kapiti and Kapiti Climate Change Group. - Establishment of a community led coastal adaptation programme. Project plan is currently being developed and progressing. - Continuing to explore projects necessary to reach targeted CO2 emissions reduction by 2021/22. - Have started this financial year a two year programme to update flood maps that will inform regulatory work and District Plan.
2	Infrastructure Service Disruption Loss of critical infrastructure and services for extended periods are likely to occur in an extreme natural event or pandemic due to lack of resilience and inadequate insurance arrangements.	- Loss of core infrastructure and services - May impact the usability of buildings in the district. - Injuries, fatalities - Significant impact on the ability of business and the wider community to operate effectively. - Lack of resilience - Uncertainty with Central Government assurance of 60% loss funding	100	4	400	Extreme	Moderate	- AON / Tonkin Taylor / GNSR vulnerability / resilience modelling report - Self insurance fund (\$250k Capex, \$150k Opex per annum) - Asset replacement programme & condition assessments - Resilience programme - Insurance programme \$130M underground assets - Redundant network - Embedded water storage	- Review insurance arrangements - Waikanae Water Treatment Plant clarifier project - Strategy development and review to include climate change vision and actions. - Emergency recovery plan is incorporated within the wider Wellington Regional Civil Defence Emergency response. - Review Infrastructure Services Covid-19 response.	GM Infrastructure Services	Dec-18	Jul-20	On Track	On Track	- The Outer Wellington Shared Services resilience study is complete and highlights significant anomalies in risk and hence cost sharing amongst the subscribed councils. The arrangement is to be reviewed. - Significant uncertainty of Central Government 60% loss contribution in the context of a major event. - Currently scoping a technical review of Infrastructure Services Covid-19 pandemic response. This is a technical systems focus that will inform asset management.

Risk Level Legend



5/08/2020

Treatment Update Legend

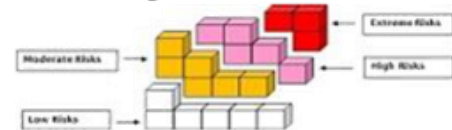


Appendix 1

Corporate-wide Risk Register: 2020/21 Risk Profile

	Risk	Impacts	(C) consequence (L) likelihood	Current C*L	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Latest	Risk Update as at 31 July 2020
3	Asset Investment Decisions Sub-optimal asset investment decisions due to various constraints could potentially result in poor District outcomes, possible financial losses and/or failure to achieve KPIs.	- Financial losses - Strategy not achieved - Reputational damage - Higher priority issues unresolved - Deliverables / KPIs not met	100	4	400	Extreme	- Underpinned by Infrastructure and Financial Strategy - Activity management plans - Asset renewal programme - SLT and Council reviews and approvals - Business cases required	- SLT discussion to be held regarding activity management plan / audit process across Council. - Increase frequency of activity management plan review and audit processes - Ensure asset management decisions align with land-use and regulatory approach to ensure good planning, consenting and implementation decisions. - Ensure appropriate reports include a risk disclosure / declaration.	GM Infrastructure Services and GM Place and Space	-	Jul-20	On Track	- A more strategic asset management approach is now underway. It includes asset management maturity training; upskilling; and updating Elected Members. - This approach is already increasing confidence in our asset management. It will ensure much more accurate asset information and intelligence lead asset management decisions.
4	Management of Council Owned Property Assets Poor council asset management practices and outcomes	- Reputational damage - Costs - Penalties - Social, environmental harm	100	4	400	Extreme	- SPM asset management system - RFS processes - Condition surveys - Business intelligence reporting	- Establish an asset management maturity improvement programme. - Complete condition surveys.	GM Place and Space	Jun-20	Ongoing	On Track	- An asset management maturity improvement programme is well underway. It establishes a more strategic asset management approach and involves asset maturity programme training; upskilling; and updating Elected Members (e.g. a recent briefing for Councillors on Building Condition Surveys). This initiative will ensure improved accurate asset information and intelligence lead asset management decisions. - Two of 200 property assets inspected required further inspection to see if they meet structural and moisture standards. Those inspection reports have now been received and they confirm both buildings require remediation work. A monthly maintenance inspection is currently undertaken of both buildings.

Risk Level Legend



5/08/2020

Treatment Update Legend

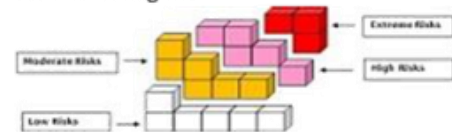


Appendix 1

Corporate-wide Risk Register: 2020/21 Risk Profile

Risk	Impacts	(C) consequence (L) likelihood	Current C*L	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Latest	Risk Update as at 31 July 2020
5 Iwi Relationships Lack of mutual understanding and agreement between iwi and Council.	- Reputational damage - Additional time and cost in meeting Statutory and Memorandum of Partnership obligations - Delays, misalignment on key initiatives.	70	4	280	High	- Regular and proactive communications between Council and iwi partners. - Council funding for iwi capacity. - Te Whakaminenga o Kapiti work programme - Partnership requirements reflected in Activity Management Plans.	- Ongoing conversation with iwi partners about partnership needs and aspirations - Establish a staff capability development programme on enhancing Te Ao Maori and Council's obligation to Maori. - Collaborate with iwi through Te Whakaminenga o Kāpiti to ensure the iwi perspective of risk is incorporated.	GM People and Partnerships	Dec-18	Ongoing	On Track	- Regular meetings are occurring with each iwi. Te Ati Awa ki Whakarongotai Charitable Trust have removed themselves from Te Whakaminenga o Kapiti. The next step is to have a conversation with Te Ati Awa to discuss what a direct 1-1 partnership might look like. - Work on beginning to scope a broader capability development programme including induction and training was delayed due to Covid-19. - The Independent Organisational Review by MartinJenkins is presented in 10 themes, one of which is to strengthen the partnership relationship with mana whenua. A separate report was prepared for Council at its meeting on the 30 July 2020, to formally receive the final report from MartinJenkins and refer the report to the Chief Executive.
6 Central and Regional Government Policy & legislation Uncertainty Unforeseen district impacts / opportunities brought about by new Government policies and legislation.	- Financial impacts - Government intervention - Delays in projects and programmes - Redesign - Priority change - Community dissatisfaction - Resourcing.	70	4	280	High	- Monitor policy and legislative announcements - Prepare submissions to advocate on behalf of the community - Clear communication within the organisation	- Monitor policy and legislative announcements. - Advocacy to be presented and approved by Council and/or Committee. - Form and strengthen good relationships and actively collaborate with Central and Regional Government to influence decisions.	Senior Leadership Team	Jun-18	Ongoing	On Track	- The Government has embarked on a significant round of policy consultations. - New 3 Waters regulatory changes have been announced. The financial implications of compliance need to be determined and resourced. - The Sustainability & Resilience team has been established and is participating in the national risk assessment. - Council is represented on the DIA working group for Wellbeing and Central & Local Government relationships. - New RMA & Building legislative changes were announced during the Covid-19 lockdown. We are currently working through the implications.

Risk Level Legend



5/08/2020

Treatment Update Legend



Appendix 1

Corporate-wide Risk Register: 2020/21 Risk Profile

Risk	Impacts	(C) consequence (L) likelihood	Current C*L	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Latest	Risk Update as at 31 July 2020
7 Staff recruitment and retention Additional costs, high staff stress, poor morale, loss of staff, loss of IANZ accreditation, poor decision making may result from difficulties in recruiting and retaining staff due to more attractive work/salaries elsewhere and industry staffing fluctuations.	<ul style="list-style-type: none"> - Loss of intellectual knowledge - Additional costs e.g. consultants - Delays in critical work programmes. - Loss of IANZ accreditation - Shortage of building control staff - Poor staff morale - Less than optimal decision making - Corporate loss of institutional knowledge - Few staff leads to high workload and high stress 	70	4	280	High	<ul style="list-style-type: none"> - Staff engagement surveys - Employ contractors/consultants to backfill vacancies - Succession planning - Workforce planning - Talent management - Short term workload management - Job grade and pay structure reviews - Adjust forward work programmes to align with capability and capacity. 	<ul style="list-style-type: none"> - Greater capacity in Organisational Development area - Professional Development - Leadership training - Monitoring staff work loads - Monitoring remuneration trends - Continuous review on agile ways to recognise contributions i.e. flexible working. - Increased focus on culture and development. 	Organisational Development Manager	Jun-19	On-going	On Track	<ul style="list-style-type: none"> - A Council-wide Gallup engagement survey and action plans and training have been completed. - We now have greater capacity in the Organisational Development area and there is an increased focus on culture and engagement in conjunction with the Gallup Survey and action plans. - Strong competition from larger metropolitan Councils and central government, in particular since the Covid-19 lockdown. - SOLGM recognise widespread industry skills shortages, particularly in the RMA and Building areas. <p>Staff workload is still an issue - and has potentially becomes a deeper issue now post Covid-19 lockdown.</p>
8 Fraudulent Activity Fraudulent activity could occur undetected due to inadequate monitoring, lack of strong physical and process controls resulting in financial loss, business interruption and reputational damage.	<ul style="list-style-type: none"> - Financial loss - Business interruption - Reputational damage 	70	3	210	High	<ul style="list-style-type: none"> - Maintain fraud awareness - Protected disclosures - Employee screening - Statutory year end audits - Internal controls - Fraud management framework 	<ul style="list-style-type: none"> - Fraud awareness training - Enterprise risk management - Internal audit programme (as resources allow) - Conflict of interest declaration processes 	GM Corporate Services	Feb-21	Ongoing	On Track	<ul style="list-style-type: none"> - Officers plan to recruit a Risk and Assurance Manager (on a fixed term contract) in the coming months to re-develop and undertake an internal assurance programme and work with Business Units, Finance, the Business Improvement and ICT teams to address and implement all change recommendations (if any). - Officers will be reviewing and updating (where necessary) the Mitigation of Fraud Policy and will be considering the proposed new Protected Disclosures Act over the next coming months.

Risk Level Legend



5/08/2020

Treatment Update Legend

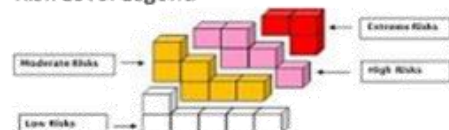


Appendix 1

Corporate-wide Risk Register: 2020/21 Risk Profile

Risk	Impacts	(C) consequence	(L) likelihood	Current C*L	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Latest	Risk Update as at 31 July 2020
9 Paraparaumu Wastewater Treatment Plant Consent - Legislative change could result in reduced number of viable options and higher discharge standards at substantial cost to further treat/dispose. - Poor investigations, assessments and/or iwi engagement result in unsuccessful application.	- Costly additional works required to consent WWTP - More onerous discharge conditions require substantial upgrade to WWTP - Failure to secure consent limits growth and development	100	2	200	High	Moderate	- Comprehensive consenting strategy include risk assessment and mitigations - Professional services contract aligned to risk mitigation actions including engagement and consultation strategies	- Track PNRP and Whaitua Processes - Close working relations with GWRC through the development of the Assessment of Environmental Effects and options assessments - Maintain and strengthen iwi/community relationships - New consenting strategy	GM Infrastructure Services	Jun-18	Jun-22	On Track	- Significant uncertainty continues due to engagement challenges with iwi. - Lack of availability for iwi to engage is now critical to the ability to progress the consent process. - Alternative interim option decision is imminent.
10 Programme Delivery Planned project delivery could be compromised due to unforeseen events.	- Projects not delivered as planned Financial losses Reputational damage Non delivery of core services	40	5	200	High	Moderate	- Quarterly reports of performance (financial and non-financial) of Council's priority projects are provided to the Strategy and Operations Committee. In-house Project Management Office (PMO) Risk management Regular financial reporting and monitoring Rationalised capital project programme budget for the first 6 years of the 2018-38 LTP	- Continue to develop financial management capability - Continue to develop capability of in-house PMO function - Continue to improve risk management awareness and capability - More extensive asset inventory - More conservative/resilient forward programme - Roll-out of project management techniques and educate new/existing staff - Council has limited the capital programme budget for the first 6 years of the 2018-38 LTP	Senior Leadership Team	Jun-19	Ongoing	On Track	- Deliverability of the Annual Plan CAPEX programme is reviewed quarterly and presented to the Strategy & Operations Committee. - Covid-19 post-lockdown recovery considerations are now an important factor. - More frequent reporting to SLT, on all relevant detail is now occurring.
11 Health & Safety Harm occurs due to inadequate safeguards against extreme events (e.g. natural events/pandemics) and/or hazardous environments.	- Injuries to people - Loss of reputation - Penalties, fines - Welfare staff exposure - Staff stress / reduced resilience	100	2	200	High	Low	- H&S Wellbeing role - Health and safety management systems - Asbestos management plan - Care register - Working alone policy - Resilience training, safety in the workplace - Increase awareness	- H&S Committee - Risk based approach focus on: - Asbestos - Hazardous substances - Contractor management - Driving - Employee Assistance Programme - Wellbeing initiatives.	Senior Leadership Team	Feb-22	Ongoing	On Track	- Commenced implementing staff asbestos health monitoring programme. - HSWA 2 year integrated action plan (including Hazardous Substances) operational. - Pandemic Plan being refreshed as required under our Emergency Preparedness Policy.

Risk Level Legend



5/08/2020

Treatment Update Legend



Appendix 1

Corporate-wide Risk Register: 2020/21 Risk Profile

	Risk	Impacts	(C) consequence (L) likelihood	Current C*L	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment	Latest Treatment	Risk Update as at 31 July 2020	
12	LGA Social Well-Being Policy Expectations Council loses the trust of the community if it fails to respond to the increased demand/expectations as a result of the new LGA well-being policies (e.g. social housing).	- Community dissatisfaction - Reputational risk	40	4	160	Moderate	Low	- Explore responses at next LTP round - Welfare planning as part of the wider emergency management planning.	- Developing strategies and putting wellbeing policy measures in place	GM People and Partnerships	Dec-20	Dec-20	On Track	On Track	- The LGA amendments will be explored as part of the development of the Long Term Plan process and are also a focus of Covid-19 recovery planning.
13	Financial Management Actual costs exceed budget due to poor financial management.	- Actual costs exceed budgets - Financial losses - Reputational damage - Non-delivery of core services	40	4	160	Moderate	Low	- Monthly management reports provided to budget managers - SLT provided with monthly management report identifying financial risks - Quarterly financial and non-financial performance reporting to Council.	- Reprioritisation of budgets - Procurement improvement programme - PMO - Risk management - Financial management awareness training.	GM Corporate Services	Dec-18	Ongoing	On Track	On Track	- Council's half year financial performance and position including year end forecasts (including the capital works programme) and the Quarterly Report to 31 December 2019 were both reported to the Strategy and Operations Committee in March 2020. - Council's financial performance and position including year end forecasts (including the capital works programme) for the nine-months ended 31 March 2020 was reported to Council on 28 May 2020.
14	New Asset Operational Deficiencies Assets transferred to KCDC are not fit for purpose due to lack of quality in design/construction.	- High costs to maintain or replace	40	4	160	Moderate	Low	- District Plan - Consent processes - Hand over processes - Subdivision Design & Principles Review (SDPR) process	- Subdivision Design & Principles Review (SDPR) has commenced. - Develop an Open Spaces Strategy. - Refine the subdivision process to provide internal visibility across Council of both the assets scheduled to be vested and also monitoring / assurance that the vesting is completed.	GM Infrastructure Services, GM Regulatory Services & GM Place and Space	Dec-18	Ongoing	On Track	On Track	- Review of subdivision processes still in progress. - SDPR work has begun and is currently on hold due to reprioritisation of resources during Covid-19 lockdown. - The Open Space Strategy is being progressed for adoption in December 2020. - The Council's Policy Work Programme includes development of a "Gifting of Assets Policy" which includes all assets gifted to the Council (except for assets vested from subdivisions and/or developments). The policy has been drafted and is being considered by the SLT over the coming weeks.
15	Significant Contractual Disputes Contractual obligations not met or breached by the principal and/or contractor leading to disputes.	- Costs, fines - Dispute - Arbitration - Judicial review - Reputation	70	2	140	Moderate	Moderate	- Contract Management Processes - Appropriate oversight by Legal Team	- Review current practices to ensure process consistency - Continuous improvement	GM Infrastructure Services	Dec-18	Ongoing	On Track	Completed	- Target risk reached and risk level accepted.

Risk Level Legend



5/08/2020

Treatment Update Legend



Appendix 1

Corporate-wide Risk Register: 2020/21 Risk Profile

Risk	Impacts	(C) consequence (L) likelihood	Current C*L	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Latest	Risk Update as at 31 July 2020
16 Business Disruptions Following a disruptive incident and/or extreme events (including natural disasters / pandemics); extended non delivery of core services, financial losses, reputational damage could result due to lack of Business Continuity Plans (BCPs).	- Financial losses - Reputational damage - Non-delivery of core services - H&S compromised	40	3	120	Moderate Low	- Pandemic Plan - Continuity Leadership Team (CLT) - Corporate BCPs in place as listed: - Payroll (HR and Finance) - Loss of office buildings - Supplier payments - Customer call centre - Drinking Water Supply - Laboratory Water Testing - Wastewater Services - Electoral Services	- Development and testing of organisation wide BCPs	Senior Leadership Team	Dec-18	Ongoing	On Track On Track	- Now that we are at a lower alert level, we are planning to identify key learnings from the impact of, and our response to, the current Covid-19 pandemic on our business, our staff and make any improvements. Key examples of what we are planning / doing includes: 1) Currently developing an Emergency Preparedness framework to support our Emergency Preparedness Policy. Covid-19 is highlighting the need for better clarity around both the alignment and separation of the Pandemic Plan, CDEM/EOC requirements, BCPs, staff resourcing, Infection Prevention & Control Policy etc. 2) Currently refreshing our Pandemic Plan and establishing an internal audit programme that includes preparedness testing. 3) Intend to retrospectively review how well we are positioned against the requirements of the updated Pandemic Plan. This retrospective comparison will provide a good baseline around our pandemic readiness and related resourcing & training needs etc. 4) We will fold into the retrospective review any learnings, where appropriate, from the Infrastructure Services Covid-19 Technical Review of the 3 waters that impact the wider business.

Risk Level Legend



5/08/2020

Treatment Update Legend

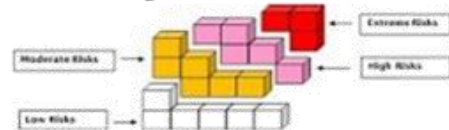


Appendix 1

Corporate-wide Risk Register: 2020/21 Risk Profile

Risk	Impacts	(C) consequence (L) likelihood	Current C*L	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Latest	Risk Update as at 31 July 2020		
17 Community Engagement Challenges in understanding and achieving optimal engagement with the community could lead to delays to critical works and reputational damage.	<ul style="list-style-type: none">- Reputational damage- Delays to critical works- Raising community expectations but disconnect with current resources- Reputational damage through lack of progress- Lack of progress- People opt out	40	3	120	Moderate	Moderate	<ul style="list-style-type: none">- Consultation processes- Significance and engagement policies- Communication & engagement strategy- LG Act requirements- Connecting the dots; blend / extend consultation topics	<ul style="list-style-type: none">- Slow down and be more deliberate- Seek out more opportunities for information sharing to encourage positive engagement.	GM Corporate Services GM People and Partnerships	Dec-18	Ongoing	On Track	Completed	<ul style="list-style-type: none">- Target risk reached and risk level accepted.- Increased alignment and awareness of complimentary work programmes (E.g. Coastal Strategy and Beach Bylaw).- Digital campaigns are achieving far greater reach.- Currently reviewing our Engagement and Consultation Strategy.- We are being responsive to the pressures of Covid-19 on the community and during Lockdown we reduced the volume of engagement around non-essential items while the business focussed on it's pandemic response.
18 Open for Business Poor customer perceptions of council, financial losses, legal challenges, developer dissuasion and reputational damage could likely result if the Open for Business initiative is not implemented or successful. Also refer "Engagement Fatigue" and "Staff Recruitment and Retention" risks.	<ul style="list-style-type: none">- Reputational damage – council perceived as not helpful- Loss of trust with customers- Dissuades new developers- Loss claims- H&S compromised- Litigation and legal challenges- Financial losses	40	3	120	Moderate	Low	<ul style="list-style-type: none">- Open for Business initiative- Case/project management- Pre-application meetings- Business start-up meetings- Meeting with developers- Structural and cultural changes	<ul style="list-style-type: none">- Continue to build on "Open for Business" initiative- Enhance systems and processes- Ensure timely delivery- Integrated services- Working with the Chamber of Commerce- Ongoing engagement with key customers- Improve customer solution focused culture- Ensure staff are empowered to make decisions- Develop and highlight positive examples / case studies where staff have developed innovative approaches.	Senior Leadership Team	Dec-18	Dec-20	On Track	On Track	<ul style="list-style-type: none">- The Independent Organisational Review by MartinJenkins is presented in 10 themes, one of which is to change the name of the Open for Business initiative while continuing to foster the associated values to guide staff attitudes to service quality and customer focus. - A separate report was prepared for Council at its meeting on the 30 July 2020, to formally receive the final report from MartinJenkins and refer the report recommendations to the Chief Executive.

Risk Level Legend



5/08/2020

Treatment Update Legend

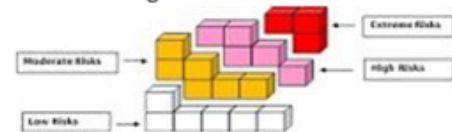


Appendix 1

Corporate-wide Risk Register: 2020/21 Risk Profile

	Risk	Impacts	(C) consequence (L) likelihood	Current C*L	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Latest	Risk Update as at 31 July 2020
19	High Debt Potential inability to increase debt funding in the future constraining council's ability to deliver (revised wording)	- Inability to increase debt - Debt cap breached faster - High interest costs - Financial losses - Reputational damage - Non-delivery of core services	40	3	120	Moderate	- Infrastructure strategy - Rating system - Strong treasury management with quarterly treasury performance reporting to A&R Committee	- Focus on green line strategy and on capital expenditure that provides for resilience and growth - Reprioritise to ensure borrowings stay below 200% of operating income - Developer contributions and other funds - Central government funding, provincial growth fund - Continue to seek alternate funding sources and/or increase non-rates funding sources to keep debt down	Chief Executive	Feb-21	On-going	On Track	- Independent credit rating agency Standard and Poor's affirmed council's credit rating of AA stable (was A+) in July 2020. - Council's Treasury Management Policy to be reviewed over coming months to reflect higher interim borrowing covenants imposed by LGFA as a direct result of Covid-19 (as well as other changes deemed necessary).
20	Emergency Response Financial loss and reputational damage may result during a significant natural disaster or a pandemic due to a lack of preparedness, lack of unified response approach and loss of key staff.	- Reputational damage - Financial loss - Injuries, fatalities	100	1	100	Moderate	- WREMO response plan - CD and emergency management systems - CD training and exercises	- Community resilience - Work with WREMO - Continually review emergency management plans and staff capability/resources - Enterprise risk management - New infrastructure resilience	GM Place and Space	Dec-18	Ongoing	On Track	- The Sustainability and Resilience team led the emergency management work in partnership with WREMO. - The EOC staffing roster when the Pandemic hit NZ COVID-19 lockdown is full and the 2020 training programme starts in February. - Regular meetings with lifelines are occurring and the welfare plan and earthquake response plan is currently being finalised.
21	Drinking Water Safety Threat to sufficient water supply and delivery of safe drinking water. Also refer "Central Government Policy Uncertainty" risk.	- Reputational damage - Non-M22 compliance with critical NZDWS element (Note we don't fully comply with all non-critical NZDWS on all schemes currently) - Water shortages - Community dissatisfaction	100	1	100	Moderate		- Water safety and resilience works programme \$15m 2018-22 - Bulk mains condition assessment \$90k 2018-20 - Otaki water supply reservoir 2024-26	GM Infrastructure Services	Dec-19	Jun-22	On Track	- The report on the 3 waters regulatory review was released by central government. - A proposed MoU to form a 'Wellington Region Water Group' is being considered. The group would aim to ensure greater collaboration in the region and provide greater assurance of drinking water safety.

Risk Level Legend



5/08/2020

Treatment Update Legend

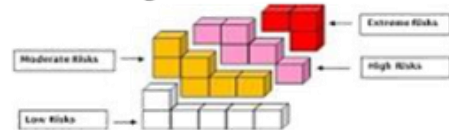


Appendix 1

Corporate-wide Risk Register: 2020/21 Risk Profile

	Risk	Impacts	(C) consequence	(L) likelihood	Current C*L	Current Risk Level	Target Risk Level	Controls	Treatments	Owner	Target Date Original	Target Date Revised	Previous Treatment Latest	Treatment	Risk Update as at 31 July 2020
22	Economic Development & District Growth Less actual economic development and growth than planned may occur and result in higher rates increases being required or levels of service reduced. • Outside macro-economic influences and impacts • Changes in Government Policy • Lack of delivery from Council and partners to support economic growth. • Required workforce unavailable to support growth	- Sub-optimal district outcomes - Ad-hoc development and business growth unpredictable - Higher rates due lower than predicted growth - PGF funding - Reputation damage for Council and District - Increased unemployment - Loss of existing businesses and jobs	40	2	80	Moderate	Moderate	- Current forecasts - Constant review - Monitoring and quarterly reporting on resources and business land demand and supply underway (NPS-UDC) - Monthly / quarterly reporting A robust development contributions policy and scheme	- Potential partnering with central government development initiatives - Economic Development Strategy refresh being implemented - Review Development Management Strategy (Growth Strategy) - More targeted business and visitor attraction policies - PGF / WIP development and applications - Relevant measures - Sufficient resourcing - Strong partnerships within Council and with key partners and stakeholders to support delivery of agreed actions.	GM Place and Space	Ongoing	Ongoing	On Track	Completed	- Target risk reached and risk level accepted. However subject to continuous improvement. - Potential development partnering initiatives with central government are being explored.
23	Procurement Process Compliance Successful tenderer objection to procurement process. Failure to follow procurement processes.	- Costs, fines, reputation damage	40	2	80	Moderate	Moderate	- Procurement processes - Audits	- Continuous improvement	GM Infrastructure Services	Ongoing	Ongoing	On Track	Completed	- Level of risk accepted however subject to continuous improvement
24	Environmental Compliance Harm to the environment, costs, fines due not following processes are failure to identify risks.	- Costs, fines - Environmental harm - M25Reputation damage	40	2	80	Moderate	Moderate	- Consent processes - Operational procedures - Risk management - CSVue compliance management system introduced as a pilot	- Greater awareness, ownership of consents and more rigorous approach to compliance achieved through CSVue	GM Infrastructure Services	Ongoing	Ongoing	On Track	Completed	- Level of risk accepted however subject to continuous improvement

Risk Level Legend



5/08/2020

Treatment Update Legend



8.5 WAKA KOTAHI NZ TRANSPORT AGENCY PROCEDURAL INVESTMENT AUDIT REPORT

Author: Glen O'Connor, Access and Transport Manager

Authoriser: Sean Mallon, Group Manager Infrastructure Services

PURPOSE OF REPORT

1. To present the findings of the Waka Kotahi NZ Transport Agency (Waka Kotahi) Procedural Investment Audit undertaken in February 2020.

DELEGATION

2. Section C.1 of the Governance Structure and Delegations 2019-22 Triennium provides that the Audit and Risk Committee will monitor Council's financial management and report mechanisms and framework and review the audit and risk function, ensuring the existence of sound internal systems.

BACKGROUND

3. Waka Kotahi undertake investment audits every three to six years on Local Authorities. The audits provide assurance that Waka Kotahi's investment in land transport programmes (roading) is being well managed and is delivering value for money. Further, Waka Kotahi seek assurance that Council are appropriately managing risk associated with the Transport Agency's investment.
4. Waka Kotahi carry out two types of audit for Local Authorities which are:
 - a. Investment audits; and
 - b. investment procedural audits.
5. The **investment audit** monitors investment performance and is technical in nature focusing on physical works such as road resealing, network condition and minor works programmes. **Council was audited in 2019 and was rated as effective, which is the highest rating.** This was reported to the Operations and Finance Committee on 15 August 2019.
6. The **investment procedural audit** examines the financial administration and processes associated with the funding claimed from Waka Kotahi. The audit focuses on reviewing documents/ledgers, ledger transactions, procedures for claiming Waka Kotahi funds and the procurement and management of roading related works and services contracts. Waka Kotahi previously carried out a procedural audit in 2017.
7. The items covered in the February 2020 Investment Procedural Audit included:
 - Previous Audit Issues – review of recommendations from the previous procedural audit.
 - Financial Processes – review of financial management/controls and alignment of funds claimed with the Transport Agency's activity classes.
 - Procurement Procedures – examination of procured services/physical works and compliance with Council and Waka Kotahi procurement procedures and requirements.
 - Contract Management – review of contracts with regard to contract administration, management and control procedures and processes.

- Professional Services – review of council’s approach to providing and funding professional services in accordance with Waka Kotahi requirements.
8. Waka Kotahi’s investment into our district is typically 51% of our approximately \$6-8m per year (depending on the amount of works undertaken) land transport programme.
9. The investment procedural audit was undertaken at Council offices over four days and involved Waka Kotahi’s auditors and Councils roading and finance staff.

ISSUES AND OPTIONS

Issues

10. The key findings of the audit are as follows:

- **Previous Audit Issues**

There were no issues outstanding from the previous audit.

- **Financial Processes**

Council’s land transport disbursement account is correctly established within the general ledger and appropriate controls are in place to ensure Council is managing the Transport Agency’s investment. Qualifying expenditure was confirmed in the general ledger to support Council’s claims for financial assistance for the three years from 1 July 2016 to 30 June 2019.

- **Procurement Procedures**

Six physical works and four professional services contracts were reviewed for compliance with procurement procedures. Council’s procurement practices meet the Transport Agency’s procurement requirements and are consistent with their procurement strategy.

- **Contract Management**

Council’s contract management and administration procedures are documented, and processes are in place to ensure contracts are effectively managed. Effective procedures for managing and monitoring contracts are supported by activity and performance reporting. Recordkeeping and administration of contract files are suitably organised, which greatly assisted the audit process. Controls are in place to ensure contract variations and payment authorisations are in accordance with Council’s delegations. These processes are documented in detail.

- **Professional Services**

Council has documented the management structure for its in-house operations and the methodology covering how costs for in-house services, including associated overheads and administration, are determined in accordance with Transport Agency requirements. Budgeted expenditure for the business unit for the current financial year (2019/20) appear reasonable. Council’s costs for the previous three years are consistently mid-range when compared with Council’s urban peer group.

11. The overall **audit rating for our Council was effective, which is the highest obtainable rating. All subject areas assessed were also rated as effective.**

12. The audit identified minor issues for Council to address, and these were identified as recommendations or suggestions in the audit and are listed as follows:

- **Financial Processes**

Recommendation 1 - Transfer eligible expenditure between work categories within the maintenance activity class to enable activity costs exceeding any of the allocated work category funding caps to be claimed.

Recommendation 2 - Claim 30% of costs only for street cleaning activities when claiming expenditure against work category 113.

These recommendations were made so to ensure that Council claimed the allowable funding entitlements. Following this recommendation Council has implemented changes to allow the full subsidy to be claimed.

- **Procurement Procedures**

Suggestion - Consider expanding the policy on declaring conflicts of interest for staff involved in the procurement of suppliers, to include staff involved in the ongoing management of the contract.

This suggestion will be considered by Council.

- **Contract Management**

Recommendation - Confirm exemption declarations will be completed where it decides a road safety audit is unnecessary.

This recommendation will be implemented by Council.

13. The executive summary of the audit report reads:

Kapiti Coast District Council has effective financial controls and management procedures in place to ensure the Transport Agency's investment in its land transport programme is successfully delivered.

We found Council has erred on the side of under claiming its full subsidy entitlements as a result of misinterpreting some Transport Agency rules around the funding of maintenance activities. Road safety audit procedures are being considered at appropriate project stages. However, the requirement to complete and file exemption declarations when it has decided an audit is unnecessary has been overlooked.

Procurement procedures meet Transport Agency requirements and contract management activities are appropriately documented. Administration and recordkeeping systems are effective in supporting the delivery of planned activities on the network.

CONSIDERATIONS

Policy considerations

14. There are no policy considerations from this report.

Legal considerations

15. There are no legal considerations from this report.

Financial considerations

16. Any financial considerations are accommodated under current budgets.

Tāngata whenua considerations

17. There are no Iwi considerations from this report.

Strategic considerations

18. This audit relates to infrastructure investment that supports resilience and agreed growth projections, and improved accessibility of Council services.

SIGNIFICANCE AND ENGAGEMENT**Significance policy**

19. This matter has a low level of significance under Council's Significance and Engagement Policy.

Consultation already undertaken

20. Consultation was not required for this report.

Engagement planning

21. Engagement was not required for this report.

Publicity

22. A media release will be developed around the findings of this audit.

RECOMMENDATIONS

That the Operations and Finance Committee notes the findings from the February 2020 Waka Kotahi Procedural Investment Audit Report.

APPENDICES

1. Kapiti Coast 2020 Audit [↓](#) 



INVESTMENT AUDIT REPORT

Procedural Audit of **Kapiti Coast District Council**

Monitoring Investment Performance

Report of the investment audit carried out under Section 95(1)(e)(ii) of the Land Transport Management Act 2003.

RON WHEELER

20 FEBRUARY 2020

FINAL REPORT

New Zealand Government

Audit: Kapiti Coast District Council

Approved Organisation (AO):	Kapiti Coast District Council
NZ Transport Agency Investment (2018 – 2021 NLTP):	\$12,893,800 (budgeted programme value)
Date of Investment Audit:	17 – 20 February 2020
Auditor:	Ron Wheeler
Report No:	RARWI-1935

AUTHORITY SIGNATURES

Prepared by:



Ron Wheeler, Senior Investment Auditor

Approved by:



Yuliya Gultekin, Practice Manager Audit & Assurance

11/05/2020

Date**DISCLAIMER**

WHILE EVERY EFFORT HAS BEEN MADE TO ENSURE THE ACCURACY OF THIS REPORT, THE FINDINGS, OPINIONS, AND RECOMMENDATIONS ARE BASED ON AN EXAMINATION OF A SAMPLE ONLY AND MAY NOT ADDRESS ALL ISSUES EXISTING AT THE TIME OF THE AUDIT. THE REPORT IS MADE AVAILABLE STRICTLY ON THE BASIS THAT ANYONE RELYING ON IT DOES SO AT THEIR OWN RISK, THEREFORE READERS ARE ADVISED TO SEEK ADVICE ON SPECIFIC CONTENT.

Audit: Kapiti Coast District Council

EXECUTIVE SUMMARY

Kapiti Coast District Council has effective financial controls and management procedures in place to ensure the Transport Agency's investment in its land transport programme is successfully delivered.

We found Council has erred on the side of under claiming its full subsidy entitlements as a result of misinterpreting some Transport Agency rules around the funding of maintenance activities. Road safety audit procedures are being considered at appropriate project stages. However, the requirement to complete and file exemption declarations when it has decided an audit is unnecessary has been overlooked.

Procurement procedures meet Transport Agency requirements and contract management activities are appropriately documented. Administration and recordkeeping systems are effective in supporting the delivery of planned activities on the network.

AUDIT RATING ASSESSMENT

Subject Areas		Rating Assessment*
1	Previous Audit Issues	N/A
2	Financial Processes	Effective
3	Procurement Procedures	Effective
4	Contract Management	Effective
5	Professional Services	Effective
Overall Rating		Effective

* Please see Introduction for Rating Assessment Classification Definitions

RECOMMENDATIONS SUMMARY

The table below captures the audit recommendations. Agreed dates are provided for the implementation of recommendations by the approved organisation.

We recommend that Kapiti Coast District Council:		Implementation Date
R2.1	Transfer eligible expenditure between work categories within the maintenance activity class to enable activity costs exceeding any of the allocated work category funding caps to be claimed.	This has been implemented
R2.2	Claims 30% of costs only for street cleaning activities when claiming expenditure against work category 113.	This has been corrected for the 2019/20 financial year, and will continue to be undertaken
R4.1	Confirms exemption declarations will be completed where it decides a road safety audit is unnecessary.	This has been implemented

Audit: Kapiti Coast District Council

1.0 INTRODUCTION

1.1. Audit Objective

The objective of this audit is to provide assurance that the Waka Kotahi NZ Transport Agency's (hereafter the Transport Agency) investment in Council's land transport programme is being well managed and delivering value for money. We also seek assurance that the Council is appropriately managing risk associated with the Transport Agency's investment. We recommend improvements where appropriate.

1.2. Rating Assessment Definitions

	Effective	Some Improvement Needed	Significant Improvement Needed	Unsatisfactory
Investment management	Effective systems, processes and management practices used.	Acceptable systems, processes and management practices but opportunities for improvement.	Systems, processes and management practices require improvement.	Inadequate systems, processes and management practices.
Compliance	Transport Agency and legislative requirements met.	Some omissions with Transport Agency requirements. No known breaches of legislative requirements.	Significant breaches of Transport Agency and/or legislative requirements.	Multiple and/or serious breaches of Transport Agency or legislative requirements.
Findings/ deficiencies	Opportunities for improvement may be identified for consideration.	Error and omission issues identified which need to be addressed.	Issues and/or breaches must be addressed, or on-going Transport Agency funding may be at risk.	Systemic and/or serious issues must be urgently addressed, or on-going Transport Agency funding will be at risk.

1.3. Council Comments

Prior to this report being approved, Kapiti Coast District Council was invited to comment on the auditors' findings, recommendations and suggestions. Where appropriate this report has been amended to reflect this dialogue. Any additional auditee response comments are attached in the Appendices.

Audit: Kapiti Coast District Council

2.0 ASSESSMENT FINDINGS

Our findings relating to each subject area are presented in the tables below. Where necessary, we have included recommendations and/or suggestions.

1. Previous Audit Issues

There were no recommendations arising from the previous procedural audit in May/June 2017.

* * *

2. Financial Processes

Effective

Council's land transport disbursement account is correctly established within the general ledger and appropriate controls are in place to ensure Council is managing the Transport Agency's investment.

Qualifying expenditure was confirmed in the general ledger to support Council's claims for financial assistance for the three years from 1 July 2016 to 30 June 2019.

We noted Council had underclaimed eligible expenditure from within the maintenance activity class in each of the three years reviewed, as follows:

- 2016/17 \$223,052 (\$107,065 NZTA share)
- 2017/18 \$405,235 (\$198,565 NZTA share)
- 2018/19 \$109,668 (\$55,931 NZTA share)

We believe Council's mis-interpretation of the Transport Agency's rules* allowing the transfer of allocated funds between work categories within the maintenance activity class, limited their claims for full subsidy entitlement. We recommend, in situations where Council reaches the allocated funding cap for any of the maintenance work categories, that any additional eligible expenditure be transferred and claimed against any remaining funding entitlements within that activity class. An audit trail showing the transfer must be maintained in the general ledger.

For expenditure claimed against work category 113 – Routine Drainage Maintenance, the Transport Agency's policy** is that funding assistance will be provided for 30 percent of the total cost of cleaning channels, sumps and cesspits in urban areas. For all other qualifying activities within that work category the Transport Agency will provide funding assistance at the regular financial assistance rate (FAR) allocated for maintenance activities. We found Council is under claiming expenditure against work category 113 by applying the 30 percent street cleaning requirement to all activity costs in that work category. We recommend Council claim only 30% of the street cleaning costs to ensure it maximises its full funding entitlements for other activities claimed against work category 113.

Transactions sampled from the 2018/19 financial year confirmed expenditure was correctly coded to the land transport disbursement account and payment authorisations were consistent with Council's financial delegations.

Activity on a sample of contract retentions was confirmed to source records. The retentions account is appropriately managed with regular monitoring and reconciliation processes evident.

* Knowledge Base - Programme Management Delegations [\[hyperlink\]](#)

** Knowledge Base – WC 113 Routine Drainage Maintenance – Street Cleaning [\[hyperlink\]](#)

Recommendations

That Kapiti District Council:

R2.1 - Transfer eligible expenditure between work categories within the maintenance activity class to enable activity costs exceeding any of the allocated work category funding caps to be claimed.

Audit: Kapiti Coast District Council

	R2.2 - Claims 30% of costs only for street cleaning activities when claiming expenditure against work category 113.
Kapiti Coast District Council's comment	<p>The underclaimed expenditure is due to misalignment of TIO figures and Council share, and underspent NZTA funding not declared surplus or carried forward into the following financial year when possible.</p> <p>Council has implemented claiming the full subsidy against eligible drainage maintenance activities, and the reduced 30% of costs only for street cleaning activities. Council has also carried over the 2018/19 underspend into 2019/20 financial year and will manage the remaining budget within the three year funding round, and for future funding rounds.</p>

* * *

3. Procurement Procedures		Effective
<p>Six physical works and four professional services contracts were reviewed for compliance with procurement procedures (refer appendix C). Council's procurement practices meet the Transport Agency's procurement requirements and are consistent with their procurement strategy.</p> <p>We would encourage Council to expand its policy on conflict of interest declarations for staff immediately engaged in the procurement of contract suppliers, to include staff involved in the ongoing management of the contracts for their duration.</p>		
Suggestion	<p>We suggest that Kapiti District Council:</p> <p>S3.1 - Considers expanding its policy on declaring conflicts of interest for staff involved in the procurement of suppliers, to include staff involved in the ongoing management of the contract.</p>	
Kapiti Coast District Council's comment	We will include this in our procurement processes and add this process into our Contract Construction Manual.	

* * *

4. Contract Management		Effective
<p>Council's contract management and administration procedures are documented, and processes are in place to ensure contracts are effectively managed. Effective procedures for managing and monitoring contracts are supported by activity and performance reporting. Recordkeeping and administration of contract files are suitably organised, which greatly assisted the audit process.</p> <p>Controls are in place to ensure contract variations and payment authorisations are in accordance with Council's delegations. These processes are documented in detail.</p> <p>Road safety audits are being considered and several examples were reviewed. Council is reminded that audit exemption declarations also need to be completed on the contract file, where it has decided that an audit is unnecessary.</p> <p>Data reported to the Transport Agency in its annual achievement returns is consistent with source records provided for audit. The status of two conditions (#1851 and #1852) of funding for the Urban Cycleway programme remain outstanding in Transport Investment Online (TIO). They required Council to share phase outputs with the Transport Agency prior to claiming expenditure. We confirmed both conditions have been met and the funding released. It remains for the Transport Agency to close off both conditions in TIO.</p>		
Recommendation	We recommend that Kapiti Coast District Council:	

Audit: Kapiti Coast District Council

	R4.1 - Confirms exemption declarations will be completed where it decides a road safety audit is unnecessary.
Kapiti Coast District Council's comment	Council currently follows the NTZA Guidelines for safety audits: https://www.nzta.govt.nz/assets/resources/road-safety-audit-procedures/docs/road-safety-audit-procedures-tfm9.pdf and we confirm that road safety audit exemption declarations will be completed where Council has decided an audit is unnecessary at the key stages of a projects development. We will additionally add a process into our Contract Construction Manual.

* * *

5. Professional Services	Effective
<p>Council delivers professional services activities in-house through its Access and Transport Business Unit. A current service level agreement is in place for the 2018 – 2021 land transport programme period. Council has documented its management structure for its in-house operations and the methodology covering how costs for in-house services, including associated overheads and administration, are determined in accordance with Transport Agency requirements.</p> <p>Budgeted expenditure for the business unit for the current financial year (2019/20) appear reasonable. Its costs for the previous three years are consistently mid-range when compared with Council's urban peer group.</p>	
Kapiti Coast District Council's comment	The above comments are noted.

* * *

Audit: Kapiti Coast District Council

3.0 APPENDICES

APPENDIX A

Council Feedback

From: Neil Williams <Neil.Williams@kapiticoast.govt.nz>
Sent: Friday, 8 May 2020 4:52 PM
To: Ron Wheeler <Ronald.Wheeler@nzta.govt.nz>
Cc: Glen O'Connor <Glen.O'Connor@kapiticoast.govt.nz>
Subject: RE: Kapiti Coast DC DRAFT Audit Report 2020

Hi Ron

Thank you for providing the draft audit report.

Attached is our feedback on the audit, apologies regarding the delay in getting this to you.

Our actions and timeframes for completion are noted in the respective comment boxes, and we can confirm that:

- The facts disclosed have been stated correctly;
- No facts material to an issue have been omitted; and
- No unfair inference has been conveyed, either generally or in particular.

To additionally confirm that the report does not contain information that Council would withhold if the report was requested under the Official Information Act.

Furthermore, as per our correspondence over recent days, we can provide assurance road safety audit exemption declarations will be completed where Council has decided an audit is unnecessary at the key stages of a projects development, which is reflected in the respective audit comment.

On behalf of Council, thank you for undertaking our audit, which was an enjoyable and meaningful experience. Your time and efforts were constructive and appreciated by us all.

We look forward to receiving your final report.

Enjoy the weekend, be good to hopefully get down to level 2.

Kind Regards

Neil Williams
Roading Network Performance Team Leader
Poutoko Tutuki Kōtui Huarahi

Kāpiti Coast District Council
Tel 04 2964 744
Mobile 027 5555 744

www.kapiticoast.govt.nz

Audit: Kapiti Coast District Council

APPENDIX B

Audit Programme

1. Previous audit June 2017
2. Land Transport Disbursement Account
3. Final Claims for 2016/17, 2017/18 and 2018/19
4. Transactions (accounts payable) – 2018/19
5. Retentions Account
6. Procurement Procedures
7. Contract Variations
8. Contract Management & Administration
9. Professional Services
10. Transport Investment On-line (TIO) Reporting
11. Other issues that may be raised during the audit
12. Close out meeting

Audit: Kapiti Coast District Council

APPENDIX C

Contracts Audited

Contract Number	Tenders Received	Date Let	Description	Contractor		
			Professional Services			
2018/C230	3 Expedited	Dec 2018	Bridge Inspections 2018/19 & 2019/20	WSP Opus	Estimate Let Price Final Cost	\$55,000 \$45,426 Ongoing
2018/C231	3 Expedited	Dec 2018	Culvert Replacements, Marine Parade & Kapiti Rd, Paraparaumu	Gillespie Consultants	Estimate Let Price Final Cost	\$90,000 \$80,000 Ongoing
2018/C278	4	Oct 2019	Traffic Counting 2019 – 2022	AES	Estimate Let Price Final Cost	\$209,120 \$265,486 Ongoing
2019/C247	4	Oct 2019	Kapiti Coast East West Connection Business Case	Jacobs NZ	Estimate Let Price Final Cost	\$320,000 \$268,726 Ongoing
			Physical Works			
2017/C149	2	Feb 2018	Minor Works 2018	Higgins Contractors	Estimate Let Price Final Cost	\$256,331 \$371,975 \$293,675
2018/C178	1	Jun 2018	Road Maintenance 2018 – 2021	Higgins Contractors	Estimate Let Price Final Cost	\$10,247,342 \$13,344,727 Ongoing
2018/C200	4	Nov 2018	Ngaio Road Shared Path	Downer NZ	Estimate Let Price Final Cost	\$454,674 \$353,997 \$389,041
2018/C198	1	Dec 2018	Chipsealing 2018 – 2021	Higgins Contractors	Estimate Let Price Final Cost	\$2,938,140 \$3,537,000 Ongoing
2019/C240	4	May 2019	Streetlight Maintenance & Renewal 2019 – 2022	Fulton Hogan	Estimate Let Price Final Cost	\$1,088,450 \$984,693 Ongoing
2019/C218	2	Jun 2019	Mazengarb – Ratanui Roundabout	Higgins Contractors	Estimate Let Price Final Cost	\$628,221 \$623,758 \$703,031

REPORT NUMBER: RARWI-1935

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9 CONFIRMATION OF MINUTES**9.1 CONFIRMATION OF MINUTES**


Author: Tanicka Mason, Democracy Services Advisor

Authoriser: Leyanne Belcher, Democracy Services Manager

RECOMMENDATIONS

That the minutes of the Audit & Risk Subcommittee meeting on 20 February 2020 be accepted as a true and accurate record of the meeting.

APPENDICES

1. Minutes 20 February 2020 [↓](#) 

**MINUTES OF KAPITI COAST DISTRICT COUNCIL
AUDIT AND RISK SUB-COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, GROUND FLOOR, 175 RIMU ROAD, PARAPARAUMU
ON THURSDAY, 20 FEBRUARY 2020 AT 9.30AM**

PRESENT: Cr Angela Buswell, Deputy Mayor Janet Holborow, Cr Gwynn Compton, Mr Gary Simpson, Mr Bryan Jackson

IN ATTENDANCE: Wayne Maxwell (Mr), Mark de Haast (Mr), Natasha Tod (Ms), Glen O'Connor (Mr), Janice McDougall (Mrs), Tim Power (Mr), Jacinta Straker (Ms), Anelise Horn (Ms), Tanicka Mason (Mrs), David Borrie (Mr), Grayson Rowse (Mr), Dan O'Connel (Mr), Jill Griggs (Mrs).

APOLOGIES: Mayor K Gurunathan

**LEAVE OF
ABSENCE:** Nil

1 WELCOME

2 COUNCIL BLESSING

The Chair welcomed everyone to the meeting and read the Council blessing.

3 APOLOGIES

COMMITTEE RESOLUTION 2020/1

Moved: Cr Gwynn Compton

Seconder: Mr Gary Simpson

That the apology received from Mayor K Gurunathan be accepted.

CARRIED

4 DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA

Nil

5 PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA

Nil

6 MEMBERS' BUSINESS

(a) Public Speaking Time Responses

Nil

(b) Leave of Absence

Nil

- (c) Matters of an Urgent Nature (advise to be provided to the Chair prior to the commencement of the meeting)

Nil

7 UPDATES

Nil

8 REPORTS

8.1 PROPOSAL TO CONDUCT THE AUDIT OF THE COUNCIL ON BEHALF OF THE AUDITOR-GENERAL FOR 2020, 2021 AND 2022 FINANCIAL YEARS

Anelise Horn, Finance and Accounting Manager, introduced herself and David Borrie to the sub-Committee.

David Borrie spoke to the report and answered questions from the members.

COMMITTEE RESOLUTION 2020/2

Moved: Cr Angela Buswell

Seconder: Deputy Mayor Janet Holborow

That the Audit and Risk Subcommittee receives and accepts Ernst & Young's proposal to conduct the audit of Council on behalf of the Auditor-General for the 2020, 2021 and 2022 financial years.

CARRIED

8.2 ERNST AND YOUNG AUDIT PLAN FOR THE YEAR ENDED 30 JUNE 2020

Ms Horn handed over to David Borrie who spoke to the report and answered questions from the members.

COMMITTEE RESOLUTION 2020/3

Moved: Cr Angela Buswell

Seconder: Deputy Mayor Janet Holborow

That the Audit and Risk Subcommittee receives and notes the Ernst & Young Audit Plan for the year ended 30 June 2020 attached as Appendix 1 to this report.

CARRIED

8.3 TIMETABLE FOR THE AUDIT PLAN FOR THE YEAR ENDED 30 JUNE 2020

Ms Horn spoke to the report, informed members of reports timelines and answered members questions.

COMMITTEE RESOLUTION 2020/4

Moved: Cr Angela Buswell

Seconded: Cr Gwynn Compton

That the Audit and Risk Subcommittee notes the timetable for the audit of the Council's Annual Report and the Council's Debenture Trust Deed for the year ended 30 June 2020.

CARRIED

8.4 UPDATE ON KEY 2018-19 AUDIT FINDINGS

Ms Horn spoke to the update. Members questions were answered.

COMMITTEE RESOLUTION 2020/5

Moved: Cr Gwynn Compton

Seconded: Deputy Mayor Janet Holborow

That the Audit and Risk Subcommittee notes the progress update in regards to Ernst & Young's Report on Control findings for the year ended 30 June 2019 and that Ernst & Young will re-assess these as part of their audit for the year ended 30 June 2020.

CARRIED

8.5 QUARTERLY TREASURY COMPLIANCE REPORT

Ms Horn speaks to the report. She advises members that it is for six months rather than the usual 3 months.

Ms Horn and Mr de Haast, Group Manager, Corporate Services answered members questions.

Mr Simpson noted that this report is consistently good and useful.

COMMITTEE RESOLUTION 2020/6

Moved: Cr Angela Buswell

Seconded: Mr Gary Simpson

That the Audit and Risk Subcommittee notes the Council's compliance with its Treasury Management Policy for the six months ended 31 December 2019.

CARRIED

8.6 OMBUDSMAN INVESTIGATION INTO CHRISTCHURCH CITY COUNCIL LGOIMA PRACTICES

Tim Power, Senior Legal Counsel speaks to the report.

Questions were asked and answered.

COMMITTEE RESOLUTION 2020/7

Moved: Cr Gwynn Compton

Seconder: Deputy Mayor Janet Holborow

That the Audit and Risk Subcommittee:

Notes the CCC Ombudsman report;

Notes the areas highlighted for improvement set out in paragraph 28 to this report.

CARRIED

8.7 RISK MANAGEMENT - BUSINESS ASSURANCE UPDATE

Jacinta Straker, Chief Financial Officer spoke to the report and answered members questions.

COMMITTEE RESOLUTION 2020/8

Moved: Cr Angela Buswell

Seconder: Mr Gary Simpson

That the Audit and Risk Committee notes the progress on the Council's Enterprise Risk Management Framework.

CARRIED

8.8 HEALTH AND SAFETY QUARTERLY REPORTS: 1 JULY 2019 - 30 SEPTEMBER 2019; AND 1 OCTOBER 2019 - 31 DECEMBER 2019

Mark de Haast, Group Manager Corporate Services talked to the report on behalf of Diane Andrews, Organisational Development Manager.

COMMITTEE RESOLUTION 2020/9

Moved: Deputy Mayor Janet Holborow

Seconder: Cr Angela Buswell

That the Audit and Risk Sub Committee notes the two Health and Safety Quarterly Reports for the periods: 1 July 2019 – 30 September 2019; and 1 October 2019 – 31 December 2019 attached as Appendix One and Appendix Two to this Report.

That the Audit and Risk Sub Committee note the Health and Safety Leadership Charter which is attached for members' future reference as Appendix Three to this Report.

CARRIED

Meeting adjourned at 10:40am

Meeting resumed at 10:50am

9 PUBLIC EXCLUDED REPORTS**RESOLUTION TO EXCLUDE THE PUBLIC****PUBLIC EXCLUDED RESOLUTION 2020/10**

Moved: Cr Gwynn Compton

Seconder: Mr Gary Simpson

That, pursuant to Section 48 of the Local Government Official Information and Meetings Act 1987, the public, with the exception of Council's auditor and Community Board Members present now be excluded from the meeting for the reasons given below, while the following matters are considered.

The general subject matter 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 are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
10.1 - Update on Ombudsman and Privacy Commissioner Investigations and Litigation Status Report	<p>Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>Section 7(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</p> <p>Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege</p> <p>Section 7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	Section 48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

The Audit and Risk Subcommittee meeting went into public excluded session at 10:54 am.

COMMITTEE RESOLUTION 2020/11

Moved: Cr Angela Buswell

Seconder: Deputy Mayor Janet Holborow

That the Audit and Risk Subcommittee moves out of a public excluded meeting.

CARRIED

The Audit and Risk Subcommittee came out of public excluded session at 11.36 am having resolved that the following resolution and the report Update on Ombudsman and Privacy Commissioner Investigations and Litigation Status Report be released from publically excluded business.

COMMITTEE RESOLUTION 2020/12

Moved: Cr Gwynn Compton

Seconder: Deputy Mayor Janet Holborow

That the Audit and Risk Subcommittee:

notes the current status of Ombudsman and Privacy Commissioner investigations and litigation;

agrees that this report and resolutions only be released from public excluded business; and

agrees that Appendix A and Appendix B to this report be excluded from public release.

CARRIED

Appendices

- 1 Update on Ombudsman and Privacy Commissioner investigations and litigation status report

The Audit and Risk Subcommittee meeting closed at 11.36 am.

.....
CHAIRPERSON

10 CONFIRMATION OF PUBLIC EXCLUDED MINUTES

11 PUBLIC EXCLUDED REPORTS

RESOLUTION TO EXCLUDE THE PUBLIC

PUBLIC EXCLUDED RESOLUTION

That, pursuant to Section 48 of the Local Government Official Information and Meetings Act 1987, the public now be excluded from the meeting for the reasons given below, while the following matters are considered.

The general subject matter 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 are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
10.1 - Confirmation of Public Excluded Minutes	<p>Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>Section 7(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</p> <p>Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege</p> <p>Section 7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	Section 48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
11.1 - Update on litigation status, statutory compliance issues and investigations	<p>Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>Section 7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making</p>	Section 48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

	<p>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</p> <p>Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege</p> <p>Section 7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	
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