



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, 3 March 2022

Time: 9.30am

Location: Online via Zoom

**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 Online via Zoom, on Thursday 3 March 2022, 9.30am.

Audit and Risk Subcommittee Members

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

Order Of Business

1	Welcome.....	5
2	Council Blessing.....	5
3	Apologies	5
4	Declarations of Interest Relating to Items on the Agenda	5
5	Public Speaking Time for Items Relating to the Agenda.....	5
6	Members' Business	5
7	Updates	5
	Nil	
8	Reports	6
8.1	Insurance Overview	6
8.2	Ernst & Young Audit Plan for the Year ended 30 June 2022	12
8.3	Health and Safety Quarterly Report : 1 October 2021 - 31 December 2021	31
8.4	Risk Management	39
8.5	Quarterly Treasury Compliance.....	66
8.6	Progress Update regarding Audit Control Findings 2020/21	75
9	Confirmation of Minutes.....	79
9.1	Confirmation of Minutes	79
10	Confirmation of Public Excluded Minutes.....	86
11	Public Excluded Reports.....	87
	Resolution to Exclude the Public	87
10.1	Confirmation of Public Excluded Minutes	87
11.1	Update on Litigation Status, Statutory Compliance Issues and Investigations	87

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 INSURANCE OVERVIEW

Kaituhi | Author: **Ian Georgeson, Chief Financial Officer**

Kaiwhakamana | Authoriser: **Mark de Haast, Group Manager Corporate Services**

Te pūtake | Purpose

- 1 This report summarises 2021 insurance renewals and seeks endorsement of the proposed future direction.

He whakarāpopoto | Executive summary

- 2 Not required.

Te tuku haepapa | Delegation

- 3 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.

Taunakitanga | Recommendations

- A. That the Audit and Risk Sub-Committee:
 - A.1 notes the insurance renewal outlined in this paper; and
 - A.2 agrees the Council should commission a feasibility review of alternative self-insurance options, and report back to the Audit and Risk Sub-Committee in due course.

Tūāpapa | Background

- 4 The Kāpiti Coast District Council's (Council) Property and Underground Infrastructure insurances, which account for the majority of our insurance cover, renewed on 1 May 2021. Aon are our insurance advisers.
- 5 The Council, together with Porirua, Hutt City and Upper Hutt City councils (collectively known as the Outer Wellington Shared Services Insurance Group or OWSS) has been purchasing insurance for their respective assets on a combined basis since 2009. This syndicate was established to provide the OWSS with the scale necessary to access wider domestic and off-shore insurers. In July 2016 Greater Wellington Regional Council joined the OWSS to insure their above ground assets through the collective.
- 6 Over recent years, insurance markets have been firming. New Zealand, and in particular Wellington, is seen as increasingly challenging for underwriters due to the seismic risk. Through the increasing severity and frequency of global natural disaster and weather events insurance capital is increasingly demanding higher returns. The most simple lever insurers have to meet these costs is through increases in premium levels, which has been the recent trend.
- 7 Insurance is only one method of transferring risk, and Council is exploring how best to appropriately mitigate risks while optimising value to ratepayers. Increasingly, entities are looking to retain greater risk themselves through, for example, self-insuring certain assets or accepting higher deductible levels in exchange for reduced premiums.
- 8 Through the most recent renewal process, the Council explored reducing purchased insurance of certain lower value, non-critical assets, and eventually opted to exclude general parks equipment and low value structures (replacement cost under \$200,000), such as toilet blocks and sheds. These assets were not considered critical to operations, and the risk of incurring a significant loss was considered low given their dispersed nature and relatively low

value on an individual basis. The replacement value of these excluded assets totalled around \$40 million and self-insuring them is estimated to have reduced premiums by approximately \$110,000.

- 9 To offset the additional risk assumed by the Council by no longer insuring these assets, we continue to build our self-insurance reserve. This is discussed in more detail later in this paper.
- 10 The Council also explored through the renewal process the possibility of adopting higher deductibles. This was not found to be a viable option, with insurers offering negligible or no premium savings in return. As the Council does not make frequent low-level claims, insurers are primarily concerned about major loss events, in which case a deductible of an additional \$1million (for example) makes little difference to their total exposure. It is likely that deductibles would need to be substantially higher (i.e. many millions of dollars), before meaningful premium savings became available, and this was not considered to be an acceptable risk.

11 Significant asset insurances, as renewed for the year commencing 1 May 2021, are summarised in the following table:

Asset	Type of insurance	Value of assets insured	Limit of cover	Deductible
Infrastructure assets	Material damage and business interruption in the event of natural catastrophe	~\$650 million	\$600 million OWSS combined material damage and business interruption limit for an event involving more than one council for any loss or series of losses arising out of any one event. Limited to a \$130 million sub-limit for the Council.	The deductible is \$1million per event.
Property, plant and equipment	Material damage and business interruption (MDBI)	~\$172 million	\$600 million OWSS combined limit for any one loss or series of losses arising out of any one event and applying to material damage and business interruption combined.	The natural disaster deductible is 5% of sum insured, with a minimum deductible of \$100,000. For other events the deductible is \$50,000 (except for landslip or subsidence which is \$250,000).
Residential property	Included within MDBI policy above Earthquake Commission (EQC)	~\$31 million	EQC: First \$150,000 for each loss event per property to be recovered from the EQC. All other losses: as per MDBI policy above	The EQC deductible is 1% of sum insured with a minimum deductible of \$200, if claim is for land deductible is 10% with minimum of \$500. All other deductibles: as per the MDBI policy above

- 12 Current government policy allows for central government to reimburse local government up to 60% of the cost of restoring infrastructure (known as the 60:40 cost sharing arrangement). This policy has been in place for over 25 years. Insurance cover has been based on the assumption that government will provide a full contribution of up to 60%, and therefore, insurance has been placed which covers approximately 40% of loss estimates.
- 13 The Council's infrastructure has a total replacement value of \$650 million. Maximum insurance cover is \$130 million for natural catastrophe damage to infrastructure assets, within a combined \$600 million limit for OWSS. The \$130 million limit is based on assessed Maximum Probable Loss event in Kapiti. Of this \$130 million limit, 40% is insured with offshore insurers with Central Government responsible for the remaining 60% of the costs. There is a \$1 million deductible per claim per event.
- 14 The Council has a sum insured value of \$172 million for material damage and business interruption (MDBI) insurance to above ground assets, with a deductible of \$50,000 per claim per event. Losses suffered to above ground assets by natural catastrophe/s trigger a deductible of 5% of the site sum insured with a minimum \$100,000 deductible per claim per event. The total limit of cover available to the OWSS collective group is \$600 million. The overall limit will be shared among the five councils following an event.
- 15 Residential assets have a sum insured of \$31 million and are also covered under the MDBI policy. EQC covers up to \$150,000 per dwelling, with the balance of any loss covered with the MDBI policy with a deductible of \$50,000 per event.
- 16 In addition to the above key policies, the Council also carries motor vehicle, liability, professional indemnity and construction insurances, which renewed in November 2021.

He kōrerorero | Discussion

PREMIUM AND BUDGET IMPACTS OF RENEWAL

- 17 Renewal premiums are summarised in the following table:

	Renewed premium \$000	Previous premium \$000	Change \$000	Change %
Infrastructure	605	552	53	9.6%
Above ground	1,027	928	99	10.6%
Other policies	345	278	67	24.1%
Premium refund – prior period	(17)	-	(17)	-
Total	1,960	1,758	202	11.5%

- 18 As shown, the total annual cost of 2021 renewals was \$1.960 million, an increase of \$202,000 or 11.5% over the previous year. This is within the 2021-41 Long-Term Plan (LTP) budget allowance of \$2.279m for 2021/22. In finalising the LTP, the Council agreed that the uncommitted balance of the insurance premium budget should be transferred to the self-insurance reserve, to further build that fund.

SELF INSURANCE FUND

- 19 Maintaining a self-insurance fund is one way of offsetting the increased levels of risk being assumed through self-insuring certain assets or accepting higher excess levels. The Council has a self-insurance reserve on its balance sheet, which as at 30 June 2021 stood at \$312,000.

- 20 The LTP contains self-insurance budgets for 2021/22, 2022/23, and 2023/24 of \$154,000, \$210,000, and \$269,000 respectively and as noted above, in finalising the LTP the Council agreed that any uncommitted 2021/22 insurance premium budget should also be transferred to the self-insurance fund. The 2021/22 uncommitted premium budget is estimated at \$319,000.
- 21 In total, assuming no losses are incurred, it is therefore estimated that Council's self-insurance fund will reach approximately \$1.26 million by the end the 2023/24 financial year, as shown in the following table:

	Estimated contribution in year \$000	Estimated fund balance \$000
Balance as at 30 June 2021		312
2021/22: budgeted self-insurance contribution	154	466
2021/22: uncommitted premium budget (est.)	319	785
2022/23: budgeted self-insurance contribution	210	995
2023/24: budgeted self-insurance contribution	269	1,264

- 22 Looking forward, as this fund grows, the Council intends to further explore options to carry higher levels of risk ourselves in return for reduced premiums. If this is achieved and associated premium savings are transferred to the reserve, the fund balance will be correspondingly higher.
- 23 Aon advise that depending on our longer-term strategy there are more sophisticated self-insurance models that may be beneficial (as opposed to simply a reserve on our balance sheet) which could be explored, specifically a captive or protected cell.
- 24 A captive is an insurance company owned by a non-insurance company parent (e.g. the Council), which primarily insures the risks of its parent and/or affiliated companies. Captives are usually formed in a specialised regulatory environment - a domicile. At a very basic level a captive is a form of risk retention mechanism (like a deductible) that is used to aggregate premium and loss information for its parent. A captive can retain a portion of the risk and seek co-insurance or reinsurance cover for the full risk amount. A captive can make risk financing more cost effective and ultimately reduce the total cost of risk. A captive will control the budget that is allocated to risk management and will pay for the company's losses.
- 25 A Protected Cell, or Cellular Captive can provide similar risk retention capabilities, with the flexibility of faster entry and exit and reduced governance requirements. A protected cell entity is less onerous to establish and administer than a captive and is likely to be the more suitable form for our Council, should we wish to proceed in this direction.
- 26 Irrespective of the form adopted, advantages of establishing an independent insurance vehicle include:
- achieving a degree of formality and separation from the parent, allowing for arms length management of insurances;
 - adopting a level of risk retention separate from the parent;
 - assuming no significant losses, the benefit of retaining some risk (and therefore some of the premium budget) will accumulate in our self-insurance vehicle, rather than being paid away to insurers;
 - fund capital, while being retained to meet potential future losses, could be invested and earn a return, subject to appropriate investment risk and liquidity controls; and
 - the ability to provide insurance cover for uninsurable or hard to insure assets.

- 27 It is proposed that the Council commissions Aon to conduct a feasibility analysis of establishing a captive or protective cell and reports back to the Audit and Risk Sub-Committee in due course.

He take | Issues

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

Ngā kōwhiringa | Options

- 29 There are no options in addition to those already noted in this report.

Tangata whenua

- 30 There are no tāngata whenua considerations required with this report.

Panonitanga āhuarangi | Climate change

- 31 There are no climate change considerations required with this report.

Ahumoni me ngā rawa | Financial and resourcing

- 32 All financial impacts discussed in this report are within Long-term Plan budget allowances.

Ture me ngā Tūraru | Legal and risk

- 33 If it is agreed to further explore alternative insurance vehicles, a legal review will be included.

Ngā pānga ki ngā kaupapa here | Policy impact

- 34 This report has no impact on the Council policies.

Te whakawhiti kōrero me te tūhono | Communications & engagement

Te mahere tūhono | Engagement planning

- 35 There are no engagement plans required for this report.

Whakatairanga | Publicity

- 36 No publicity is planned in relation to this report.

Ngā āpitihanga | Attachments

Nil

8.2 ERNST & YOUNG AUDIT PLAN FOR THE YEAR ENDED 30 JUNE 2022

Kaituhi | Author: **Ian Georgeson, Chief Financial Officer**

Kaiwhakamana | Authoriser: **Mark de Haast, Group Manager Corporate Services**

Te pūtake | Purpose

- 1 This report provides the Audit and Risk Subcommittee with a summary of the Ernst & Young Audit Plan for the year ending 30 June 2022.

He whakarāpopoto | Executive summary

- 2 This report does not exceed four pages therefore there is no requirement for an Executive Summary.

Te tuku haepapa | Delegation

- 3 The Audit and Risk Subcommittee has delegated authority to consider this report under the following delegation in the Governance Structure, Section C.1.
 - *Confirming the terms of engagement for each audit with a recommendation to the Council; and receiving the external audit reports for recommendation to the Council.*
 - *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.*

Taunakitanga | Recommendations

- A. That the Audit and Risk Subcommittee receives and notes the Ernst & Young Audit Plan for the year ended 30 June 2022 attached as Appendix 1 to this report.

Tūāpapa | Background

- 4 The Council's Auditors, Ernst & Young (Audit) has been engaged to undertake the audit of the Council's Annual Report, including the Council's Summary Annual Report and compliance with its Debenture Trust Deed, for the year ended 30 June 2022.
- 5 The Audit Plan is attached as Appendix 1 to this report. This provides an overview of audit's focus areas, their risk assessment and their audit approach for the year ended 30 June 2022.

He kōrerorero | Discussion**Audit focus areas and risk assessment**

- 6 The areas of audit focus, which are broadly consistent with the previous year are summarised below:
 - Infrastructure assets;
 - Rates setting, rates invoicing and collection;
 - Non-financial performance reporting;
 - Expenditure, procurement and tendering;
 - Debt facilities and derivatives

Materiality

- 7 Audit has set their materiality threshold at \$1.9 million, being 2% of forecast expenditure. Materiality is broadly defined as the quantum of any misstatements (through error or otherwise), that would likely mislead users of the financial statements. Any identified misstatements impacting on the Council's operating result by more than \$95,000 will be reported to the Subcommittee by way of Audit's Closing Report on conclusion of their audit

He take | Issues

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

Ngā kōwhiringa | Options

- 9 There are no options to be considered.

Tangata whenua

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

Panonitanga āhuarangi | Climate change

- 11 There are no climate change considerations within this report.

Ahumoni me ngā rawa | Financial and resourcing

- 12 The total audit fees payable to Ernst & Young for the year ended 30 June 2022 are estimated to be \$196,400 plus disbursements and GST. This fee includes the audit of the 2021/22 Annual Report and the Council's compliance with its Debenture Trust Deed for the year ended 30 June 2022. Provision for this audit fee has been included in the 2021/22 operating budget.

Ture me ngā Tūraru | Legal and risk

- 13 There are no legal and risk issues arising from this report.

Ngā pānga ki ngā kaupapa here | Policy impact

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

Te whakawhiti kōrero me te tūhono | Communications & engagement**Te mahere tūhono | Engagement planning**

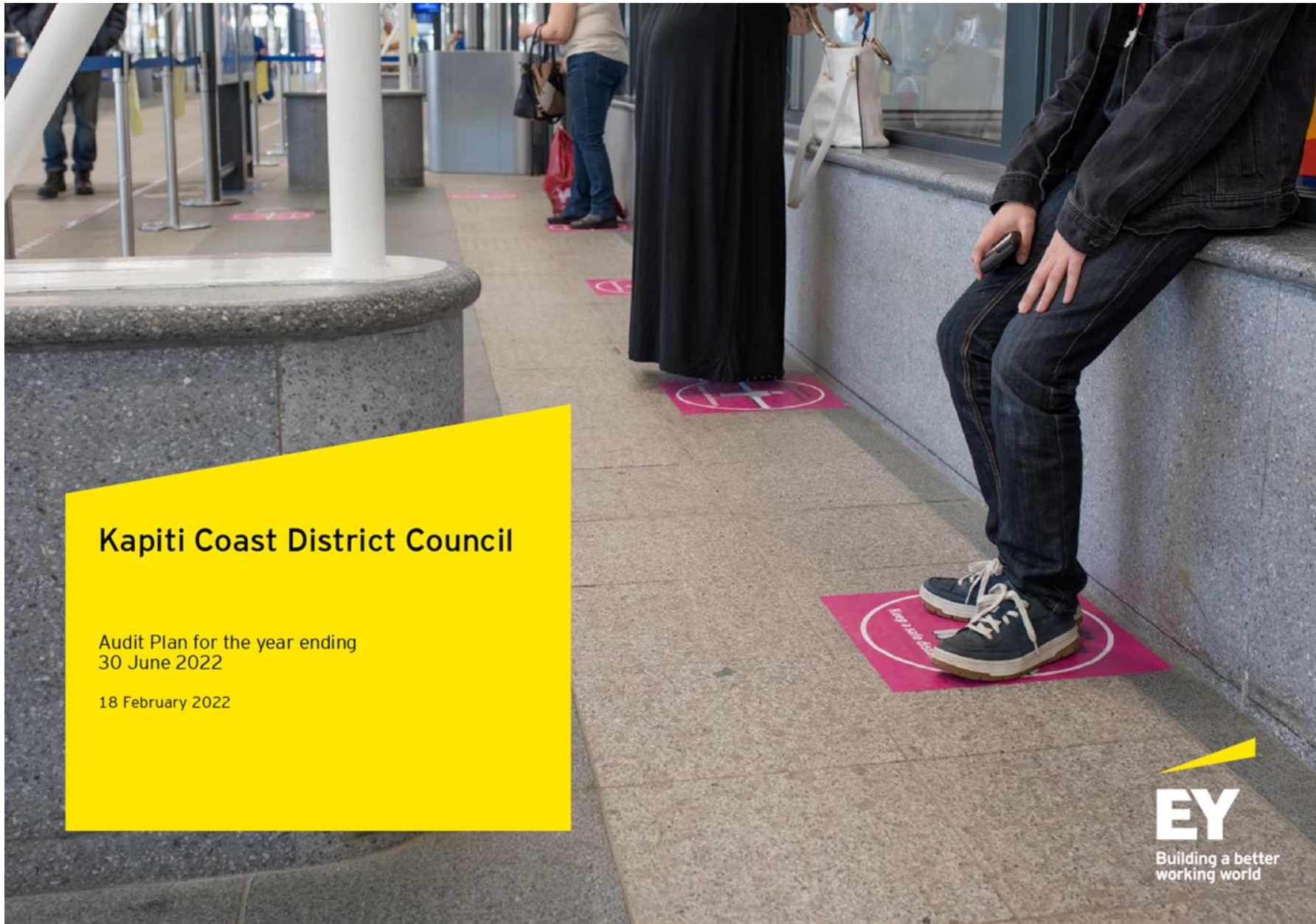
- 15 An engagement plan is not required for this report.

Whakatairanga | Publicity

- 16 There are no specific publicity considerations arising from this report.

Ngā āpitihanga | Attachments

1. Ernst and Young Audit Plan for the year ended 30 June 2022 [📄](#)



WELCOME



Dear Audit and Risk Sub-committee Members

We are pleased to present our External Audit Plan ("Audit Plan") for Kapiti Coast District Council ("KCDC" or "the Council") for the year ending 30 June 2022. Our meeting with you on 3 March 2022 is a forum to discuss our Audit Plan, the scope of our work, confirm your current expectations and make certain that our efforts are aligned with your expectations.

Our audit is designed to express an audit opinion on the 30 June 2022 full year financial statements, service performance information and information included in the annual report in compliance with the *Local Government Act 2002* and *Prudence Regulations 2014*.

Our Audit Plan has been prepared acknowledging, and with consideration of, the Council's current and emerging risks and the resultant financial statement impacts. It is designed to be responsive to the unique needs of KCDC, to maximise audit effectiveness and to deliver the high-quality audit you expect.

Should you have any questions or comments, please do not hesitate to contact me on 021 923 431. We look forward to discussing our Audit Plan with you at the Audit and Risk Sub-committee ("the Committee") meeting on 3 March 2022.

Yours faithfully



David Borrie
Partner
18 February 2022



Thomas Marshal
Manager
18 February 2022

© 2022 Ernst & Young New Zealand

CONTENTS

02

Executive Summary

03

Areas of Audit Focus

Infrastructure Assets	4
Rates setting, invoicing and collection	5
Non-financial performance reporting	6
Expenditure, procurement and tendering	7
Debt facilities and derivatives	8

09

Audit Approach

Digital Audit	9
Internal Control Environment	10

11

Engagement Execution

12

Appendices

A. Independence	13
B. Focused on Your Future	14
C. Sector focus	14





EXECUTIVE SUMMARY

Kapiti Coast District Council

For the year ending 30 June 2022

AREAS OF AUDIT FOCUS

5

key focus areas identified that remain broadly consistent with the prior year

Our areas of audit focus have been summarised below and explained in detail in the Areas of Audit Focus section.

- | | | | |
|---|--------|--|-----|
| ▶ Infrastructure Assets | HIGH | ▶ Expenditure, procurement and tendering | LOW |
| ▶ Rates setting, invoicing and collection | HIGH | ▶ Debt facilities and derivatives | LOW |
| ▶ Non-financial performance reporting | MEDIUM | | |

AUDIT FEE

The audit fee has been agreed in the audit proposal letter dated 15 January 2020 for the 2022 financial year and is set out below.

	\$'000s
Audit fee	180.9
OAG contribution	15.5
Audit fee excluding disbursements	196.4

AUDIT APPROACH

We will seek to test controls over key financial statement processes and therefore expect to take a control-based audit approach for the following processes:

- ▶ Expenditure and accounts payable
- ▶ Rates setting and collection
- ▶ Payroll

There continues to be a substantive approach taken to the following areas of the audit that typically involve more judgement, or where such an approach is more efficient:

- ▶ Valuation of infrastructural assets
- ▶ Other Income (fees and charges and NZTA subsidies)
- ▶ Statement of Service Performance reporting
- ▶ Debt and Derivatives
- ▶ Accruals

PLANNING MATERIALITY

\$1.9M

Our planning materiality has been set at \$1.9m, calculated at 2% of forecast expenditure for 2021/22. The basis for calculating planning materiality is consistent with the prior year. We will report all audit differences over \$95k.

Materiality will be set individually for each significant performance measure selected for testing.

INDEPENDENCE

We will confirm our independence throughout the audit and remain in compliance with the NZICA Code of Ethics and the Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* independence requirements and the Auditor General's independence requirements.



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

AUDIT APPROACH

ENGAGEMENT EXECUTION

APPENDICES

page 2

EY | Kapiti Coast District Council | For the Year ending 30 June 2022

Summary - Areas of Audit Focus

Set out below are the areas of audit focus and a description of our planned approach.

1 Infrastructure Assets

Infrastructure assets are KCDC's highest value assets with a carrying value of \$1.5b at 30 June 2021. These assets are held at fair value less accumulated depreciation and are re-valued on a systematic basis. Whilst FY22 is an out of cycle valuation year, the Council is required to assess whether there are any factors or circumstances that would suggest that the carrying values of infrastructure assets won't approximate fair value and updated valuations are required.

Nationally the management of three water assets is going through a major change with the establishment of a dedicated national water regulator and central and local government considering options for a new model for water assets and activities. This will likely require disclosure in the Annual Report and Audit Opinion.

2 Rates setting, invoicing and collection

Rates income levied represents KCDC's primary revenue source. There is specific legislation in place which must be adhered to for the rates set to be lawful. In the local authority context, failure to comply with rating law and the associated consultation requirements can create significant risks to the integrity of rates revenue. Rates revenue for KCDC is forecast to be \$75.7m for the year ending 30 June 2022. (\$70.4m in FY21). The accuracy of rates revenue is dependent on the integrity of the rates database. The reliability of the rates billing system is also key to rates being billed appropriately.

3 Non-financial performance reporting

The Council is required to report its performance against performance measures included in the Long-Term Plan (LTP). These measures are key to the Council providing a 'performance story' to the community. There have been changes to accounting standards in relation to service performance reporting that will apply for the 2023 year onwards.

4 Expenditure, procurement and tendering

All expenditure should be subject to a high standard of probity and financial prudence and should be able to withstand public scrutiny. Areas of expenditure such as travel, accommodation, training and catering can present opportunities for personal benefit, or perceived personal benefit, and therefore require additional focus.

5 Debt facilities and derivatives

Borrowing represents one of the main sources of funding for KCDC's capital costs and debt levels change with the timing of planned capital projects and repayment timelines. The total forecast value of debt at year end is \$260m (\$230m in FY21). KCDC accesses debt through the Local Government Funding Authority (LGFA) and has reporting requirements and debt covenant compliance obligations. KCDC maintains interest rate swaps to manage the Council's exposure to interest rate fluctuations.



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

AUDIT APPROACH

ENGAGEMENT EXECUTION

APPENDICES

page 3

EY | Kapiti Coast District Council | For the Year ending 30 June 2022

Infrastructure Assets

Our Understanding

- Infrastructure assets is the most significant balance on the Council's balance sheet with a 30 June 2021 carrying value of approximately:

Assets	\$million
Bridges	17
Land under roads	768
Roading and Footpaths	366
Wastewater	138
Drinking water	122
Stormwater	71
Seawalls	8
Assets under construction	32
Total value	1,522

- Infrastructure assets comprise of roading, three waters, and coastal management assets and are valued using Optimised Depreciated Replacement Cost (ODRC).
- FY22 is not a scheduled valuation year per the revaluation cycles disclosed in the LTP. However, significant movements in replacement costs may require the Council to reassess whether current carrying values of infrastructure assets approximate fair values. Management should review unit cost factors to assess if there may be indications that a revaluation is required in the current financial year.
- The integrity of the classification of maintenance and/or capital expenditure is important both from the perspective of correct classification in the financial statements and tracking asset condition.
- As part of the Three Waters Reform Programme, the Government has announced that it will establish four Water Service Entities. The four new entities will replace the services currently managed by the 67 territorial local authorities. Current expectation is that an implementation bill will be introduced during 2022 and an economic regulation bill will be introduced in early 2023. The Government expects the four new entities to be operational from 1 July 2024. There still continues to be a lot of detail to be worked through to determine Council involvement and this will likely require disclosure in the Annual Report and Audit Opinion.
- KCDC does not expect any significant roading asset revocations from Waka Kotahi in FY22 due to delays with State Highway 1.

Planned Audit Approach



- For the asset classes that won't be revalued in the current year, we will review management's assessment of the assumptions underlying the historical valuations against current asset management plans and recent experience in maintaining those assets to check that values ascribed to the assets remain appropriate. We will also discuss with management potential indicators of impairment at balance date.
- Where assets are being revalued we will examine the integrity of the data provided to the valuer and the cost information used as an input to the valuation process.
- We will review and test the year end reconciliation and roll forward of the fixed assets, including additions, disposals and depreciation.
- We will obtain assurance in relation to the appropriateness of work in progress (WIP) cut-off at balance date and confirm that the carrying value of WIP is supportable in relation to both valuation and the nature of cost incurred is in line with PBE IPSAS 17.
- For completed WIP projects, we will trace the transfer through to the fixed asset register and check that these projects are subject to depreciation.
- We will review the appropriateness of depreciation recognised against the estimated useful lives determined in previous valuations and other supporting information.
- Assess capital projects for their impact upon capital commitments and other related disclosures.
- We will consider the progress on the Three Water Reform Programme to the extent it impacts the 30 June 2022 Annual Report, including from a disclosure perspective.

Key Judgements : Key assumptions used in valuations, useful lives of assets and classification of capital and maintenance costs

Relevant accounting standards: *PBE IPSAS 17 Property, Plant and Equipment, PBE IPSAS 23 Revenue from Non-Exchange Transactions*

Level of complexity or management judgement: **HIGH**



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

AUDIT APPROACH

ENGAGEMENT EXECUTION

APPENDICES

page 4

EY | Kapiti Coast District Council | For the Year ending 30 June 2022

Rates setting, invoicing and collection

Our Understanding

- ▶ Rates income levied represents KCDC's primary revenue source. The Rates setting process is guided by specific legislation which must be adhered to for the rates set to be lawful. With this in mind, we note that failure to comply with rating law and the associated consultation requirements could create significant risks to the integrity and collectability of rates revenue.
- ▶ Below is a summary of the rates revenue recognised by the Council for the year ended 30 June 2021 alongside Y1 of the 21/41 Long Term Plan.

Rates revenue	2021 Annual Report \$million	2022 LTP \$million
General rates	24.7	26.4
Targeted rates	47.2	49.9
Internal rates and rates remitted	(1.5)	(0.6)
Total value	70.4	75.7

- ▶ The requirement for there to be consistency between the rates resolution, the Funding Impact Statement for that year, and the Revenue and Financing Policy in the LTP is fundamental because this is the thread that links community consultation to the rates levied by KCDC.
- ▶ Rates revenue accuracy is largely dependent on the integrity of the rates database. The reliability of the rates billing system is also key to rates being billed appropriately.
- ▶ Certain rate paying groups may represent significant collection risk to the Council.
- ▶ Management have a history of consulting with external legal counsel (Simpson Grierson) to check compliance with rating legislation is maintained.

Planned Audit Approach



- ▶ We will review KCDC's procedures for ensuring the rates set are compliant with the Local Government Rating Act and test that the rates set are being applied appropriately to the rating database and invoiced accordingly.
- ▶ We will test the accuracy of the use of underlying valuation information (as prepared by Quotable Value) within the rating database and its application to rates set.
- ▶ On a sample basis we will undertake a review of the billing to specific ratepayers and subsequent collection.
- ▶ We will employ data analytics tools to perform correlation analysis across revenue, receivables and cash. This approach will allow us to analyse 100% of KCDC transactional revenue data.
- ▶ For a sample of rates invoiced we will agree the amounts to supporting information and trace the cash received to bank statements.
- ▶ We will review any provision for doubtful rates debtors to consider whether it is appropriate in the circumstances. We understand that Council continues to successfully use the assistance of Debt Management Central (DMC) to manage the age profile of rates debtors. We will consider whether this has been appropriately reflected in the provision for doubtful debts recognised at year end.
- ▶ We will obtain a sample of the rates assessments for 2022/23 and check that the recommendations made by Council's legal advisor is appropriately applied.

Key Judgements : Compliance with the Local Government (Rating) Act 2002 and provisioning for outstanding rates debtors

Relevant accounting standards: *PBE IPSAS 23 Revenue from Non-Exchange Transactions*

Level of complexity or management judgement: **HIGH**



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

AUDIT APPROACH

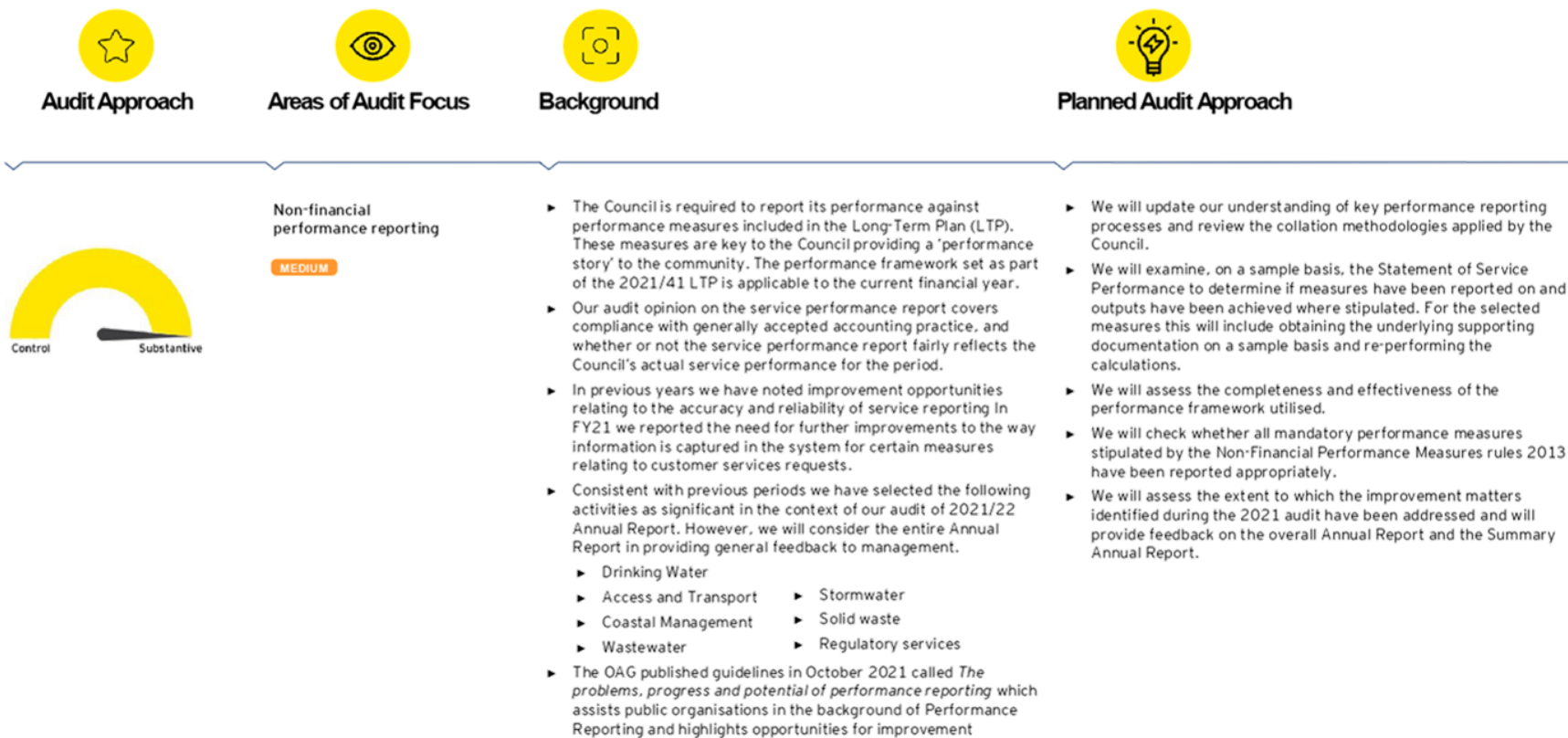
ENGAGEMENT EXECUTION

APPENDICES

page 5

EY | Kapiti Coast District Council | For the Year ending 30 June 2022

Medium and Low Risk Focus Areas



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

AUDIT APPROACH

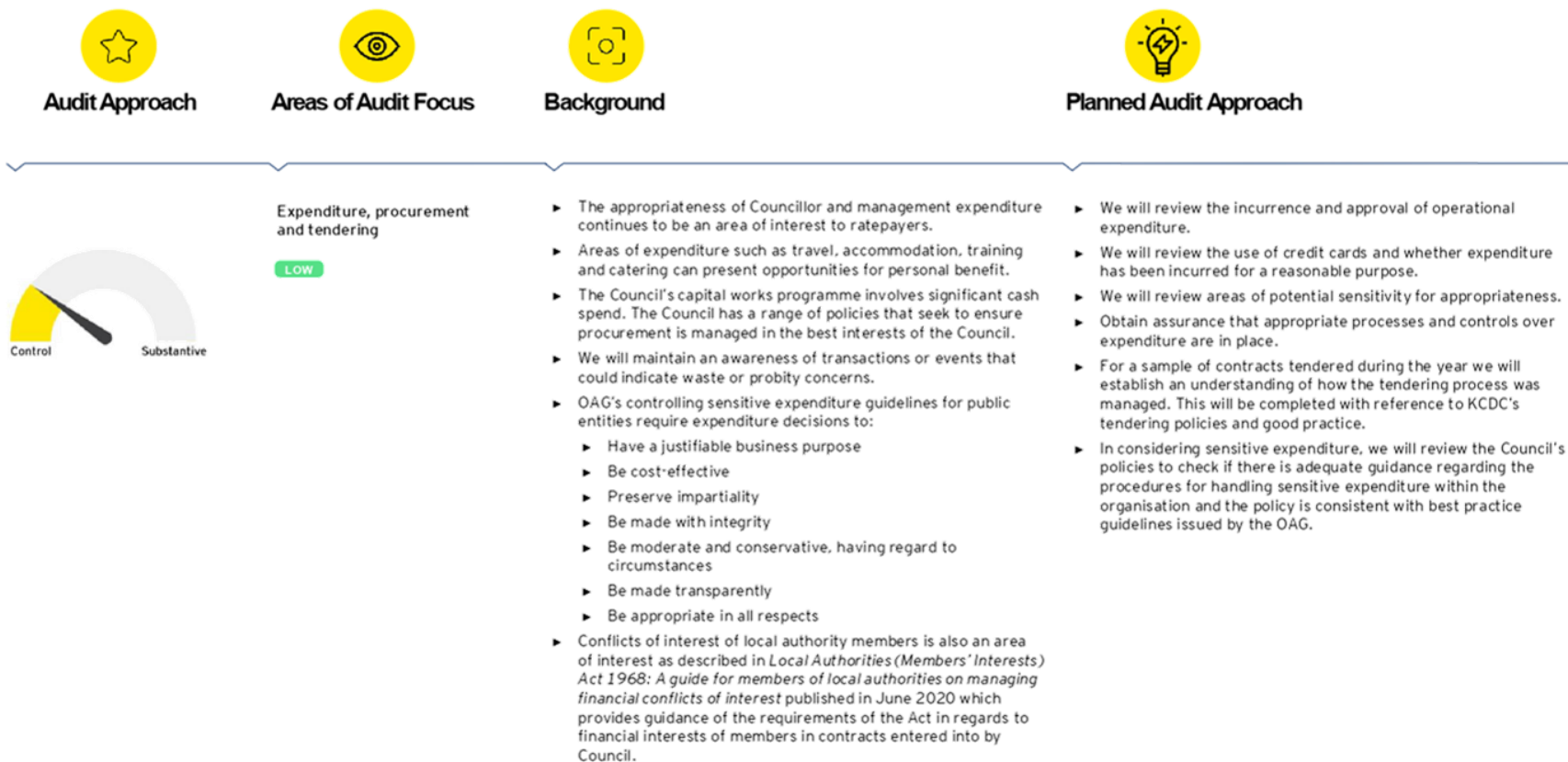
ENGAGEMENT EXECUTION

APPENDICES

page 6

EY | Kapiti Coast District Council | For the Year ending 30 June 2022

Medium and Low Risk Focus Areas



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

AUDIT APPROACH

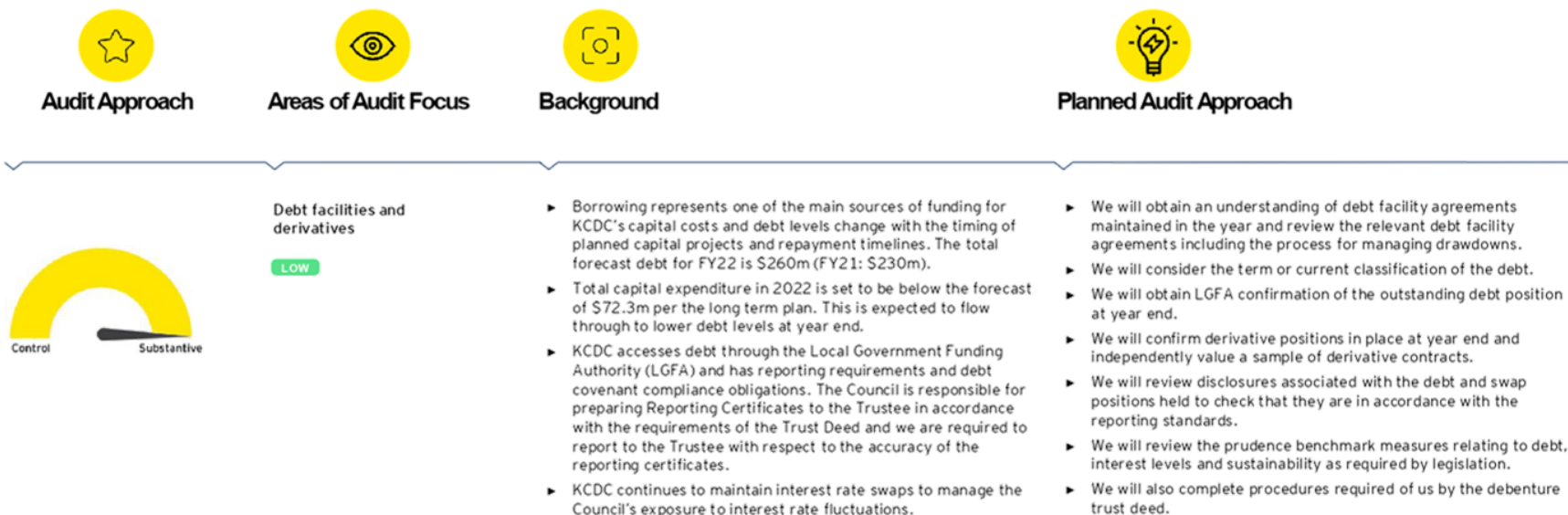
ENGAGEMENT EXECUTION

APPENDICES

page 7

EY | Kapiti Coast District Council | For the Year ending 30 June 2022

Medium and Low Risk Focus Areas



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

AUDIT APPROACH

ENGAGEMENT EXECUTION

APPENDICES

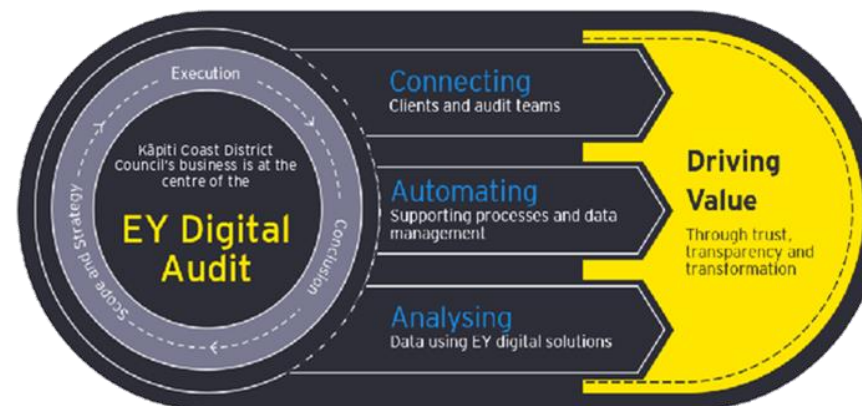
page 8

EY | Kapiti Coast District Council | For the Year ending 30 June 2022

Digital Audit

Your purpose built digital audit for now, next and beyond

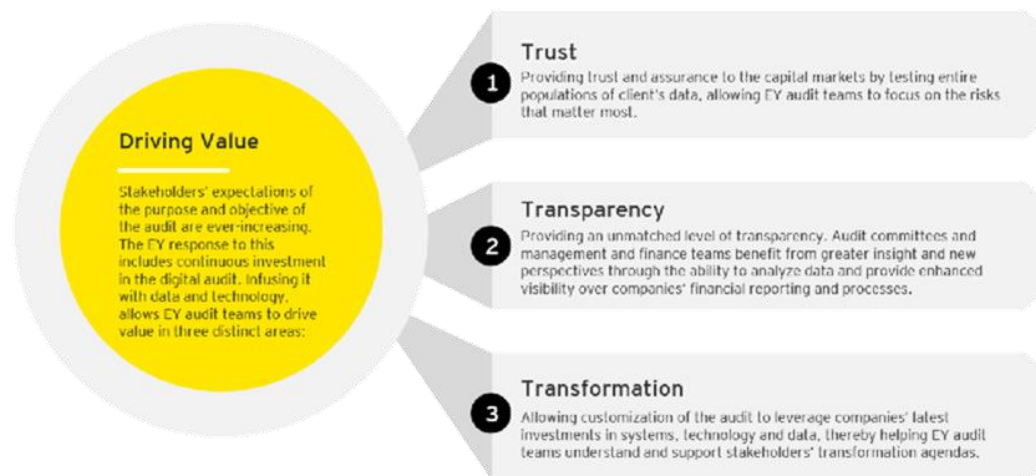
Digitalisation continues to be one of the most important drivers of transformation, especially in these changing times. The effects of the COVID-19 pandemic have disrupted the normal accounting and reporting cycle for many organisations and accelerated the digitalisation of working environments. It is even more important now for organisations to share trustworthy and readily available financial information for stakeholders.



Data-driven Audit

To meet the expectations of stakeholders, regulators and clients of a modern audit, EY has invested over a \$1bn globally in new technology, revolutionising our professional practice and approach to digital audit.

With the EY Digital Audit analysing large or full sets of data from our clients' data population, we are responsive to the changing risk profiles of our clients.



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

AUDIT APPROACH

ENGAGEMENT EXECUTION

APPENDICES

page 9

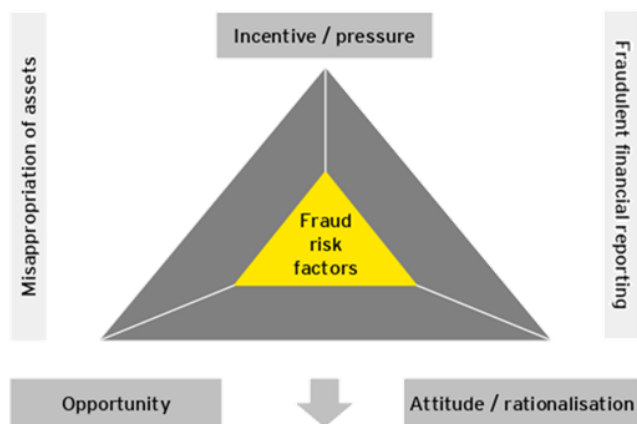
EY | Kapiti Coast District Council | For the Year ending 30 June 2022

Internal Control Environment

Assessing the Risk of Fraud

Our responsibility as the external auditor is to consider the risk of fraud and the factors that are associated with it so as to provide reasonable assurance that the financial statements are free from material misstatement resulting from fraud. However, it is important to note that while our external audit work is not primarily directed towards the detection of fraud or other irregularities, we will report any matters identified during the course of our work.

When developing our Audit Plan we use professional judgement in determining whether a fraud risk factor is present. We determine fraud risk factors in the context of the three conditions generally present when fraud occurs (i.e., incentive/pressure, opportunity and attitude/rationalisation).



Controls reliance

In accordance with the Auditor General's auditing standards, we will perform a review of the design and operating effectiveness of KCDC's significant financial recording and reporting processes. We will ensure that any significant deficiencies that come to our attention during the course of our audit are communicated to the Sub-committee and management in a timely manner. We will revisit our 2021 control findings during our audit to check if management's responses have been implemented during the year as agreed.

We have set out below a table which summarises the level of controls reliance we expect to achieve in the key financial statements processes.

Process	Approach
Financial statement close	
Infrastructural Assets	
Rates setting and collections	
Purchases and payables	
Fees and charges & NZTA Funding	
Payroll	
Non-Financial Performance Information Reporting	
Debt Facilities and Derivatives	
Sector focus areas	



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

AUDIT APPROACH

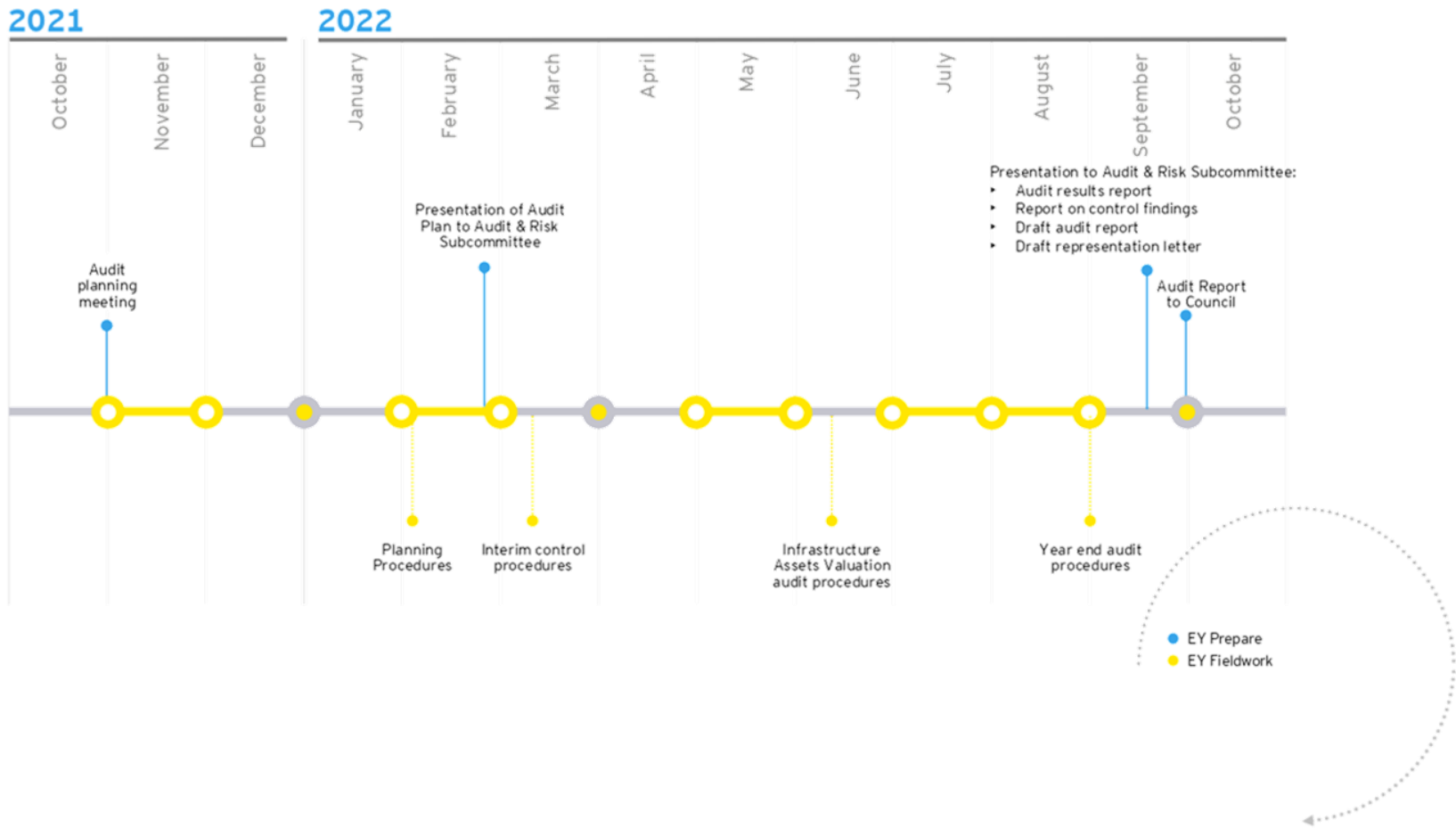
ENGAGEMENT EXECUTION

APPENDICES

page 10

EY | Kapiti Coast District Council | For the Year ending 30 June 2022

Engagement Execution





APPENDICES	A. Independence	13
	B. Focused on Your Future	14
	C. Sector Focus	15

Appendices

A. Independence

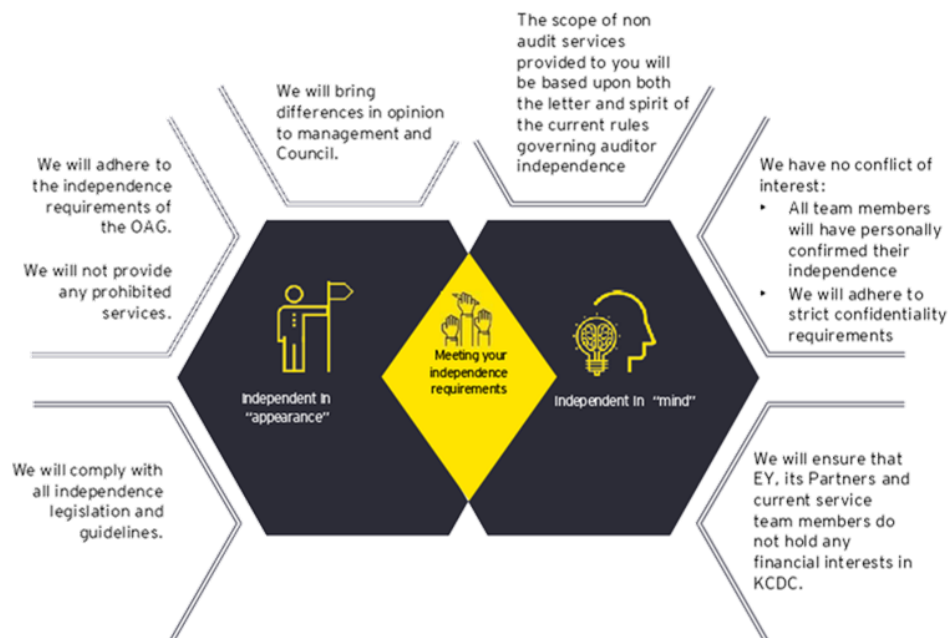
Independence is fundamental to EY as our ongoing reputation and success is connected to our ability to meet both KCDC's and broader regulatory independence requirements.

We have consistently complied with all professional regulations relating to auditor independence including those outlined in:

- ▶ PES 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)
- ▶ OAG independence rules

Accordingly, we ensure that there are controls in place and actions taken on a regular basis that mitigate any risks to our independence.

There are no matters that, in our professional judgement, bear on our independence which need to be disclosed to the Audit and Risk Sub-committee.



Appendices

B. Focused on Your Future

FRS 48 Service Performance Reporting

Background

The NZASB has issued a new accounting standard for PBEs, FRS 48 Service Performance Reporting. This new standard requires the preparation of Statements of Service Performance for PBEs that report in accordance with Tier 1 and Tier 2 PBE standards.

The Standard describes service performance information as information about what an entity has done during the reporting period in working towards its broader aims and objectives, together with supporting contextual information. The standard establishes principles and high-level requirements for the reporting of service performance information rather than specifying detailed reporting requirements. This is due to the standard being applied to a wide range of PBEs.

An explanatory guide to FRS 48, called EG A10, has been issued by the XRB and is published on their website (<https://www.xrb.govt.nz/accounting-standards/not-for-profit/explanatory-guide-eg-a10/>).

PBE IPSAS 41 Financial Instruments

Background

PBE IPSAS 41 introduces a new model for classifying financial assets, whereby financial assets are classified based on the nature of their underlying cash flows and the business model under which the assets are held and managed.

PBE IPSAS 41 introduces a new, forward-looking impairment model based on expected credit loss ("ECL"), which is different to the current "incurred loss" model in PBE IPSAS 29. The new impairment model will impact financial assets recognised at amortised cost (e.g. trade receivables) and debt instruments recognised at fair value through other comprehensive revenue and expense, as well as lease receivables.

Even for those PBEs that are not financial institutions and have simple financial assets, the standard will require consideration of the model an entity uses to assess impairment. It is expected that the new model will bring forward the recognition of impairments.

Recommendations

New Accounting Standards

KCDC is required to prepare a Statement of Service Performance under legislation and the new standard will primarily result in disclosure changes as opposed to the primary content of the existing Statement of Service Performance changing. Likely disclosure changes include providing the details of the judgements associated with selecting and measuring performance metrics.

KCDC holds financial instruments, including:

- ▶ Contractual receivables and payables
- ▶ Loans to/from other entities
- ▶ Derivatives

The new impairment model is unlikely to significantly affect short-term receivables of KCDC, but may have a significant impact on longer-term financial assets such as long-term receivables / loans not measured at fair value. When applying the new model, KCDC should consider the following:

- ▶ When assessing assets for impairment under PBE IPSAS 41, KCDC will need to estimate and recognise credit losses arising from possible future default events, rather than recognising impairment only once indicators of default occurs, as per PBE IPSAS 29.



Appendices

C. Sector Focus

Change and reform in local government

The local government sector is currently undergoing significant reform and change. Some initiatives are broad and span across the sector while others relate to specific areas. While this programme of change doesn't always directly impact the detailed audit procedures we perform our audit, as whole, is completed in the context of the current programme of ongoing change in the local government sector.

Key changes and challenges

Future for Local Government review

1

- ▶ The Future for Local Government Review will consider, report, and make recommendations to the Minister of Local Government. The Interim Report has been presented to the Minister and is open to public comment. The current plan is for a final report to be presented to the Minister/Local Government New Zealand in early 2023.

Three waters reform

2

- ▶ The first phase of the reform was establishing Taumata Arowai to oversee, administer, and enforce the new drinking water regulatory system.
- ▶ The next phase of the reform relates to water service delivery. The Government has announced that it will establish four Water Service Entities as a part of its three waters reform programme.
- ▶ The Minister announced the establishment of a working group on representation, governance and accountability of the new Water Services Entities. This group comprises local authorities and iwi/Māori representatives.
- ▶ The Water Services Entities Bill will likely be introduced and passed into law during 2022. The Government expects the four new entities to be operational from 1 July 2024.

3

Resource management, building, and housing

- ▶ Many council areas are already seeing development at an increased scale. This often puts pressure on infrastructure services, as subdivisions or urban infill increases. Current reforms, especially those with potential to relax urban density and height limits, could result in some councils having to react to unplanned costs.
- ▶ Significant Resource Management reform is currently underway. This includes the repeal of the Resource Management Act and its replacement with three new pieces of legislation.

4

Covid-19

Covid-19 and the associated response measures have resulted in:

- ▶ Decreases in certain revenue types over the past two years;
- ▶ Supply chain issues and a tighter labour market have increased cost pressures and in some cases limited ability to access needed materials and skilled workers; and
- ▶ Asset valuations containing a higher level of judgement as price related inputs become more subjective.



EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2022 Ernst & Young, New Zealand
All Rights Reserved.

ED None

This report is intended solely for the information and use of the Audit and Risk Sub-committee, other members of Council and senior management of Kapiti Coast District Council, and should not be used for any other purpose nor given to any other party without our prior written consent. We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of this report, the provision of this report to the other party or the reliance upon this report by the other party.

ey.com



8.3 HEALTH AND SAFETY QUARTERLY REPORT : 1 OCTOBER 2021 - 31 DECEMBER 2021

Kaituhi | Author: **Dianne Andrew, Organisational Development Manager**

Kaiwhakamana | Authoriser: **Wayne Maxwell, Chief Executive**

Te pūtake | Purpose

- 1 This report presents a Health and Safety report for the period 1 October 2021 – 31 December 2021

He whakarāpopoto | Executive summary

- 2 The Health and Safety Quarterly Report links to the draft Health and Safety Plan 2020-2023 which retains alignment to the WorkSafe NZ SafePlus model of 'what good looks like', the framework of which sets out ten performance requirements under the three themes of Leadership, Worker Engagement and Risk Management. The Plan will continue to build on the three high level areas of Leadership, Health and Safety Management Systems, and Contractor Management all with an underlying focus on:
 - skill and capability of our people
 - managing our critical risks, and
 - leadership and engagement.

Te tuku haepapa | Delegation

- 3 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.*

Taunakitanga | Recommendations

- A. That the Audit and Risk Sub Committee notes the Health and Safety Quarterly Report for the period 1 October 2021 – 31 December 2021 attached as Appendix One to this Report.

Tūāpapa | Background

- 4 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 Council's commitment to providing a safe and healthy place to work. The contents and any subsequent discussions arising from this report can support Officers to meet their due diligence obligations under the Health & Safety at Work Act (HSWA) 2015.
- 5 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 some process improvements to further strengthen Council's ability to more effectively monitor and verify.
- 6 The draft Health and Safety Plan period has been extended from two to three years and will cover 2020 – 2023 to enable Covid-19 lockdown delays and interruptions to be included.

- 7 A draft of the Health and Safety Strategic Plan 2020-2023 has been adopted by the Senior Leadership Team and was to be presented to this sub-committee following a Discussion Forum which was to be scheduled before this meeting. However due to the Covid-19 disruptions to work deliverables, the Discussion Forum has yet to be confirmed. Work is however proceeding based on the deliverables stated in the 2020-2023 plan.
- 8 Progress on the 2020 – 2023 Health and Safety Plan will continue to be incorporated into quarterly reports going forward

He kōrerorero | Discussion

- 9 Progress on the initial Health and Safety 2018-2020 Plan initiatives continue to progress however the alert level 4 and alert level 3 restrictions severely disrupted planned health and safety related initiatives and training. Several timelines continue to require extensions and this will be updated through the regular reporting cycle.
- 10 Disruptions as a result of previous and future Covid-19 alert level resurgence and/or restrictions have been factored into the draft 2020 – 2023 Health and Safety Plan but actions and deliverables are progressing, albeit slower than anticipated.

He take | Issues

- 11 Training for key competency/qualification requirements for specific roles has been disrupted through Covid-19 restrictions and changes to alert and traffic light systems however this training has been prioritised to ensure compliance where required and where delays are out of the Council's control, specific measures are being put in place to manage this to minimise any potential for organisational risk.
- 12 Planning has been in progress this quarter in anticipation of an Omicron outbreak in the community and minimising organisational risk to enable best opportunities to continue a level of service delivery to our community during Covid-19 disruptions. Planning for this contingency includes the health and safety and wellbeing of staff and customers, and members of the community and as such will be contingent on Council's resource availability and as such some services may be reduced for a period of time.

Ngā kōwhiringa | Options

- 13 For the delivery of key competency/qualification training, most will be remote delivery for the next few months and where possible, staff in their team 'bubble' may gather in their bubble and complete the training. This will be worked through team by team to ensure staff risk management is effective balanced with the practical need to keep staff current in their skill areas as required for their roles. Where roles do not have specific training for compliance reasons, this training will continue to be prioritised and delivered as and when appropriate given the limitations from Covid-19 restrictions at the time.

Tangata whenua

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

Panonitanga āhuarangi | Climate change

- 15 This Report does not impact on the work programmes for climate change.

Ahumoni me ngā rawa | Financial and resourcing

- 16 Budget has been provided for implementation of the action plan initiatives as part of the 2018-38 Long-term plan.

Ture me ngā Tūraru | Legal and risk

- 17 There are no legal and risk considerations in addition to those already noted in this report.

Ngā pānga ki ngā kaupapa here | Policy impact

18 There are no policy considerations arising from this report.

Te whakawhiti kōrero me te tūhono | Communications & engagement

19 There are no communication and engagement considerations arising from this report.

Te mahere tūhono | Engagement planning**Whakatairanga | Publicity**

21 There are no publicity considerations.

Ngā āpitihanga | Attachments

1. Health and Safety Quarterly Report 1 October 2021-31 December 2021 [↓](#)

Appendix One

KĀPITI COAST DISTRICT COUNCIL
Health and Safety Quarterly Report to the Audit and Risk Sub Committee
1 October 2021 – 31 December 2021

The draft plan retains alignment to the recently introduced WorkSafe NZ SafePlus model of 'what good looks like', the framework of which sets out ten performance requirements, under the three themes of Leadership, Worker Engagement, and Risk Management. The plan will continue to build on the three current high-level areas of Leadership; Health and Safety Management Systems, and Contractor Management, with the underlying focus on:

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

Lag performance indicators are a measure of adverse events that have occurred and been reported. Compared to the same period last year, the total number of health and safety incidents reported this quarter are very similar (80 compared to 85).

1 LEAD INDICATORS

1.1 Corporate Health and Safety Training summary

Training Type	Training Course Name	Scheduled	Status
<i>Task Related</i>	• Breathing Apparatus		Not Scheduled
	• Chlorine Maintenance		Not Scheduled
	• Dangerous Goods		Not Scheduled
	• Fire Extinguisher handling		Not Scheduled
	• Chemical Awareness		Not Scheduled
	• Approved Chemical Handler		Not Scheduled
	• Confined Spaces & Gas Detection		Not Scheduled
	• Working at Height	Nov 2021	Completed
	• Chainsaw Safety	Oct 2021	Completed
<i>Role Related</i>	• Traffic Controller		Not Scheduled
	• Site Traffic Management Supervisor (STMS)		Not Scheduled
	• Playground Inspection & Maintenance course		Not Scheduled
	• Asbestos Awareness	Nov 2021	Completed
	• Electrical Competency		Not Scheduled
<i>Critical Risk Related</i>	• Growsafe		Not Scheduled
	• Introduction to Water Quality (US20046)	Nov 2021	Completed
	• Situational Safety Workshop	Dec 2021	Completed
	• AA Safe Driving Assessment – Phase 1: Regular Drivers of Council vehicles (online assessments)	Commenced Sept 2020	Completed
	• AA Safe Driving Assessment - Phase 1 – practical assessments	Commenced Nov 2020	Completed
<i>General - Health and Safety Related</i>	• AA Safe Driving Assessment - Phase 2: other staff (online assessment) - to complete within 2 months of notification	Commenced Nov 2020	Completed
	• Comprehensive First	5 courses scheduled	5 courses completed
	• CPR and AED		Not Scheduled
	• Health and Safety Representative	As required	Not Scheduled
	• Fire Warden Training	Annual	Not Scheduled

Appendix One

1. EMERGENCY EVACUATIONS AND DRILLS

- The Council has 12 buildings which all have emergency evacuation plans in place. Ten of these buildings have their evacuation plans approved and lodged with Fire and Emergency NZ as required by the nature of their operation. Ten buildings are required to carry out six monthly emergency evacuation drills.
- The Council has two buildings which do not require six monthly evacuation drills and instead require procedures to be in place, checked and reviewed which is occurring.
- No emergency evacuation drills were undertaken this quarter. With the Evacuation Drill dates being stopped, and then restarting once the suspension time is up, at present we are not overdue on any of our drills, and this is the reason why there have been no drills for this quarter.
- With all regions in New Zealand in the red-light setting of the Covid Protection Framework (CPF) the requirement to conduct trial evacuations is suspended. Although the requirement to conduct trial evacuations is suspended, there are buildings which are able to proceed while adhering to the governments CPF requirements. Our Property team continue to work very closely with the evacuation drill provider, especially with the ever changing environment and supersessions caused by the changes with Covid-19 evaluations transitioning from Alert levels to the Traffic Light system.

2. EMPLOYEE HEALTH AND SAFETY INDUCTIONS

- 37 new employees commenced this quarter. A review of current induction processes is underway and will be captured as part of the new 'Cognise' on line training module. This new online system is a collaboration between the Digital Solutions team and Organisational Development team and has been a work in progress due to Covid-19 interruptions. During this quarter further development has recommenced and a roll out plan is being developed.

3. WELLNESS INITIATIVES

Wellness Initiative	Staff recipients
Eye Examinations	9
Ergonomic Work Assessments	6
Hearing Tests Annual cycle August – December	11
Noise Monitoring (water Treatment Plants and Operations) - 5 yearly cycle commenced October – December 2020 - Completed December 2020	Not due this quarter
EAP Services hours utilized	19 HOURS

4. 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 and a worker's actions or lack of action may have contributed.
- No Reasonable Cause tests were conducted during this quarter.

5. STANDARD OPERATING PROCEDURES (SOPS)

- Operational activity SOPs continue to be maintained as work in progress/continuous improvement.

6. CONTRACTOR MANAGEMENT – MAJOR WORKS*

- As at 31 December 2021, a total of 167 Contractors were listed as 'current approved' on the Contractor Register.
- 1 contractor was newly added and 28 had their approval status renewed this quarter.

**Major Works refers to contractors undertaking work other than office/administrative based work.*

Appendix One

7. RISK MANAGEMENT

- The 2018-2020 work program identified three organizational critical risk priority areas: Asbestos Management, Hazardous Substance Management, and Driving. Work on each area has progressed to the point where processes, procedures and plans to mitigate and more effectively manage these risks are now in place. This does not mean they should be 'removed' as organizational critical risks as these areas will still remain critical risks for our organization.
- Driving: Job specific training for specialist vehicle drivers (pump trucks, bulldozers etc.) remains in place. 35 drivers identified as higher risk due to their roles regular requirement to drive a Council vehicle have now completed both the on-line assessment and the on-road assessment.
- As at 31 December there were 53 Care Register entries, with two new additions this quarter. Work continues on managing/reviewing high risk existing entries including particular attention to events involving abusive customers interacting with staff on Council work sites.
- Focus on wellbeing initiatives and supporting psychological wellbeing is a focus and psychological wellbeing has been added to the organisational critical risk register.
- A project to complete an overall review of all risk assessments and safety plans for Council Operations staff working at parks and reserves has been deferred due to Operations resource unavailability. Rescheduling for the overall project is yet to be confirmed however ongoing risk assessments and safety plans are monitored and updated on a case-by-case basis.
- Occupational noise monitoring across Infrastructure Operations and Water Treatment Plants staff has been completed and will now become part of the 5-yearly cycle. Where circumstances change and different equipment / new machinery is introduced to these areas, assessments may be done within the 5 yearly cycle as required.
- The Health and Safety at Work Act asserts that a PCBU is required to ensure the safety of their employees, protect both their physical and mental health and manage risks arising from exposure to hazards at work. In this respect there has been an increased focus of the psychosocial hazards and risks associated with these of staff having potential health outcomes such as stress, depression, anxiety, sleep disorders. Some examples of psychosocial hazards include bullying, harassment, violence, work design and work load, un reasonable deadlines.

8. HEALTH AND SAFETY COMMITTEE (HSC)

- Monthly meetings were held in October, November and December 2021.
- A number of initiatives were undertaken for Mental Health Awareness Week in October including team talks/walks, competitions and stickers/kit-kats for all staff - feedback from staff has been very positive.
- A Safeplus assessment/survey was undertaken in November for all staff to assess the organisation's health and safety performance. Results identified that the main issues are managing stress and fatigue and the committee has created an action item to review these results and implement appropriate strategies to address any issues.
- The committee continues work on a plan for the key focus areas outlined in the draft 3-year Health and Safety Plan (2020-2023). Covid-19 business disruptions have impacted on the committee members' availability during this quarter.

9. SLT INITIATIVES

- SLT undertook a site visit of the Paraparaumu Depot in September 2021. SLT continues to maintain a focus on wellbeing, including psychological wellbeing because of previous lockdowns and future planning for Covid related contingencies and potential impacts amongst our staff.
- SLT continues to monitor and review leave usage which has resulted in the implementation of a new leave provision to enable staff to care for their dependants.
- SLT recognises that off shore/ nationwide travel holidays are not likely to be an option as a destination of choice for staff using annual leave at this time however ensuring opportunities for rest and recreational breaks away from the workplace is still a priority to enable opportunities for wellbeing, resilience and general good workplace practices.

10. HEALTH AND SAFETY POLICY REVIEW

- An updated Health and Safety Risk Management Policy and an Accidents and Incidents Management Policy is awaiting formal sign off/approval. Emergency Preparedness and Business Continuity policies remain under constant review and monitoring.
- The wider health and safety policy related review work program continues to be a work in progress using a continuous improvement approach to enable best opportunities for checking fit for purpose post covid-19 lockdowns.

Appendix One

- The Health and Safety Toolkit on HubKap continues to be maintained under business-as-usual continuous improvement.

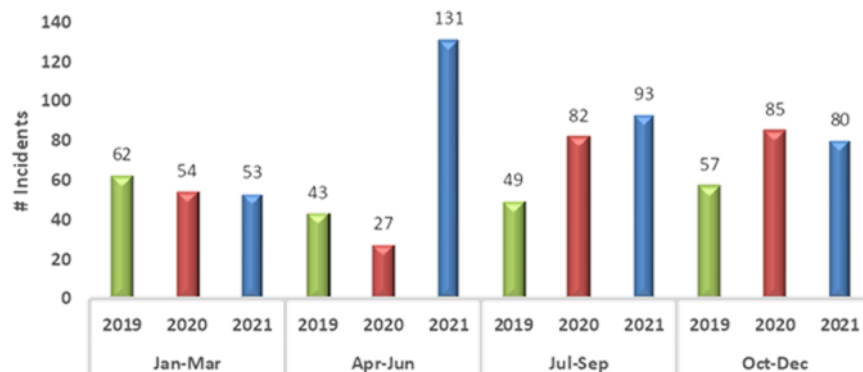
LAG INDICATORS**11. INCIDENTS, INJURIES, ILLNESSES AND NEAR MISSES 1 OCTOBER – 31 DECEMBER 2021**

Group	Incident/Injury or Illness	Notifiable* Incident/Injury or Illness	Near Miss	Total
Chief Executive including Org Dev	0	0	0	0
Corporate Services	1	0	0	1
Infrastructure Services	6	0	1	7
People and Partnerships	0	0	0	0
Place and Space	23	0	1	24
Regulatory Services	4	0	0	4
Strategy, Growth & Recovery	0	0	0	0
Third Party	38	0	5	43
Contractor	1	0	0	1
Total	73	0	7	80

* 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.

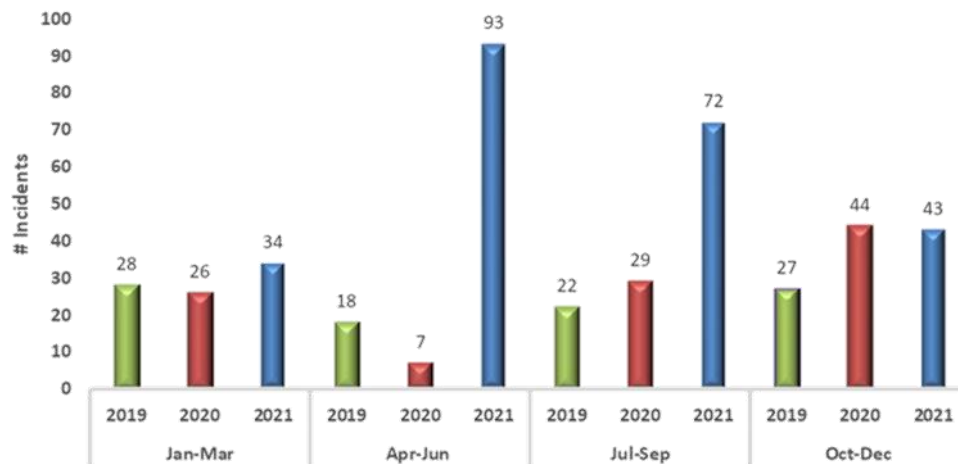
Total Reported Incidents 3-yearly Comparison as at December 2021

**Of the 80 total incidents for Oct-Dec 2021:**

- 9 were worker injuries: including bruising/crushing/sprain (4), cuts/abrasion (4), burn (1)
- 27 were worker non-injuries including near miss (2), 3rd party behaviour / mental stress (11), vehicle and mobile plant events (5), biological agencies (2), illness (3), physical hazards (4)
- 1 was a Contractor incident related to 3rd party behaviour
- 43 were third party incidents.
- 43 of the total incidents occurred at the Pools, 19 at the Libraries, with the remaining 18 at other locations throughout the council.

Appendix One

Third Party Incidents 3-yearly Comparison as at December 2021

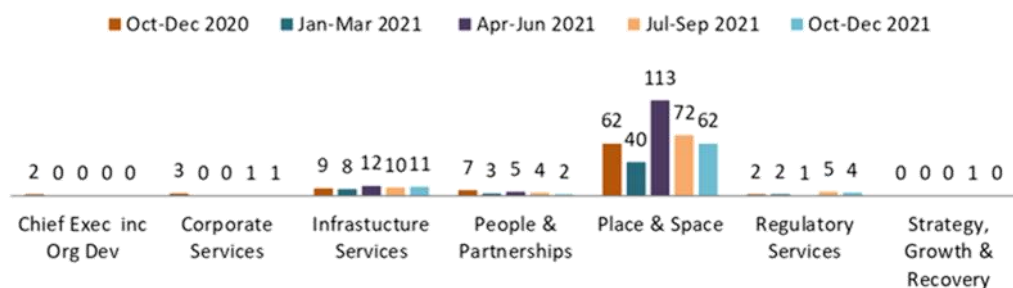


- Third Party is defined as a person who does not hold employee status or contractor worker status
- Third Party events are associated primarily with Council's recreational public buildings ie. Aquatics centres and Libraries.

Of the 43 total third party incidents for Oct-Dec 2021:

- 17 were behavioural related incidents 8 of which were categorised as aggressive/concerning behaviour by external parties to staff or others. (8 libraries, 5 Pools and 4 through remainder of Council)
- 19 were third party injuries: including bruising/crushing (5), cuts/abrasion (4), Nosebleed (5), water-related (3), Sting (1), and Burn (1)
- The remaining 7 included Water related incidents (5), Mental stress (1), Being hit by moving objects (1)

Total Reported Incidents by Group



The high proportion observed in Place and Space is a reflection of the range of community facilities where responsibility sits under this group's activity area.

8.4 RISK MANAGEMENT

Kaituhi | Author: **Andrew Gillespie, Risk Advisor**

Kaiwhakamana | Authoriser: **Mark de Haast, Group Manager Corporate Services**

Te pūtake | Purpose

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

He whakarāpopoto | Executive summary

- 2 This report does not exceed four pages therefore there is no requirement for an Executive Summary.

Te tuku haepapa | Delegation

- 3 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.*

Taunakitanga | Recommendations

- A. That the Audit and Risk Subcommittee receives and notes this report, including Appendices 1 and 2 to this report.

Tūāpapa | Background

- 4 The key elements of the Enterprise Risk Management Framework include; risk management, corporate business continuity management, procurement improvement programme; and business risk and assurance.
- 5 The main work streams are:
 - regular risk discussions with staff and managers and embed the day-to-day management of risks in work streams such as: projects, activity delivery, and asset management.
 - communicate and report risk up to Council/Committees.
 - have 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.
- 6 Risk is defined as the effect of uncertainty on expected results and is managed on a continual basis. The intended outcomes from performing this risk management programme will assure:
 - stakeholders, external auditors, the Council and management that the real risks are being identified and managed effectively. Risks can be negative or positive:
 - a negative risk is a threat and/or potential problem. It creates concern or uncertainty around our delivery of overall programmes, projects, strategies, or other expectations that can result in major health and safety, financial, fraud, operational and reputational impacts. Identifying negative risks before they occur means that we can take measures to mitigate or remove the threat, so that it does not materialise.

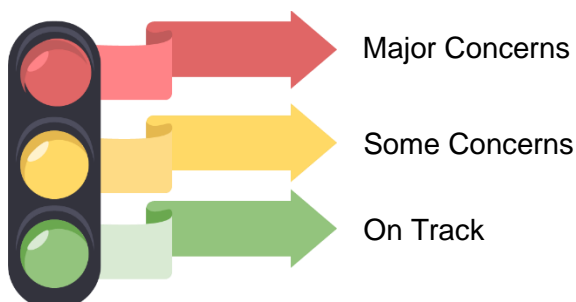
- a positive risk is an opportunity which has a positive impact on our objectives. When these are identified the appropriate action is to make use of the opportunity and leverage them to cause them to occur. For example, ensuring that everything is looked at and actions are put in place to make risks as small as possible might highlight the value of using new technology to increase quality assurance and improve service delivery.
- better decision making throughout the business through greater awareness of the real risks and how these are going to be addressed; and
- clarification and socialisation of the Council's risk appetite and tolerance.

He kōrerorero | Discussion

Enterprise Risk Management Progress Update








Strategic Risk Profile – Summary Update

- 7 The strategic risk profile is managed by a risk register and presented in the associated Strategic Risk Summary attached as Appendix 2 to this report. This Summary:
 - 7.1 lists the risk impacts, controls and treatments planned with updates to reach the target risk level, and
 - 7.2 plots each Strategic Risk (SR) on the risk matrix.
- 8 The risk treatment status is categorised as follows:



- 9 Engagement on the strategic risk profile is through quarterly conversations with managers. These conversations drive the responses in the update column of the Strategic Risk Register attached as Appendix 2 to this report and are highlighted in yellow to make for easier reading.
- 10 The focus is on identifying, managing, and communicating the very highest strategic and operational risks that the Council faces. Our approach to how we assess risk is illustrated in diagrams in Appendices 1 and 2 to this report. Important matters to note when reading the diagrams are that:
 - 10.1 Likelihood is how likely the risk is to materialise and is rated as rare, unlikely, possible, likely, and almost certain.
 - 10.2 Consequence is the impact on the Council - not just financial, but also health and safety, fraud, operational and reputational; and
 - 10.3 This assessment tool is subjective and is used as a prompt for a risk comparison and ranking mechanism.
- 11 The overall risk management culture and practice continues to improve, and the risk conversations widen. The concept of risk acceptance is being further embedded across the organisation, i.e. certain moderate level risks may be tolerated by the business in the context of the costs or impracticalities to further mitigate the risk.
- 12 In summary, our Strategic Risk Status is healthy. There are 21 strategic risks presented in Appendix 2 to this report, 16 of which have maintained the same status as previously reported to the 12 August 2021 meeting.

- 13 In the meeting on 12 August 2021, it was agreed that 'SR8 - Fraudulent activity' risk level be reduced from 'High' to 'Moderate'. This change has been incorporated in the Strategic Risk Summary attached as Appendix 2 to this report.
- 14 Seven of the 21 total Strategic Risks are classified as "some concern" (noted below) and the other 14 are classified as "on track".

Risk #	Risk Treatment Status	Risk Treatment Update
SR2 – Infrastructure service disruption associated with significant Natural Hazards.	Some Concerns 	Waikanae Wastewater Treatment Plant Clarifier Project - Delays to securing materials and sourcing additional contractors onsite to complete works which will impact on the completion date.
SR7 - Difficult to recruit and retain staff.	Some Concerns 	Due to a number of other Strategic Risks being classified as 'Some Concerns' as a result of staffing and recruitment constraints, this risk treatment status has been classified as some concerns itself.
SR9 - Paraparaumu Wastewater Treatment Plant – difficulties with consent process.	Some Concerns 	Appeal process delayed, still awaiting the outcome and any changes as a result of the appeal to the Proposed Natural Resources Plan. Awaiting approval of the Draft terms of reference developed for the Paraparaumu Wastewater Treatment Plant process which defines Iwi involvement in the consenting process.
SR10 – Programme delivery is disrupted.	Some Concerns 	Delivery of work programme is delayed due to SLT reprioritisation of work programmes to manage Covid-19 disruptions to supply chains and labour markets which are impacting on deliverability of the capex programme as well as the provision of services.
SR17 – Customer Focus.	Some Concerns 	The draft Customer Framework and associated work programmes previous timing of Quarter One 2021/22 financial year is delayed due to SLT reprioritisation of work programmes to manage the resilience of staff resources and recruitment constraints.
SR19 – Emergency response.	Some Concerns 	A more adaptive approach to retention is being deployed in order to retain critical staff. This risk has been exacerbated by Covid-19. Highly competitive recruitment market and shortage of skilled workers is leaving some areas understaffed. Timelines set by government has increased worker demand in some areas with consultants also working at capacity. Concern about further pandemic impacts on workforce and contractor availability.
SR21 – Cyber Security – Enterprise Management Replacement	Some Concerns 	Organisations are doing far more digitally as a result of Covid-19, this in turn increases the risk of a potential Cyber Security attack.

Procurement Improvement Programme

- 15 With the Council-wide Procurement Strategy as the foundation, progress towards better procurement maturity is well in hand. Work has continued to uplift procurement capability and provide procurement support across the organisation.
- 16 A broader Outcomes Guide was launched to support staff to achieve wider social, economic, cultural and environmental outcomes that go beyond the immediate purchase of goods and services. The existing Council procurement framework was reviewed by independent procurement experts and improvements identified in the review are underway.
- 17 A procurement technology roadmap was developed, and a contract has been signed with an implementation partner. Deliverables from this work will be an external-facing Supplier Portal that enables effective digital interactions between the Council and suppliers outside a formal tender process and an internal-facing Procurement Hub that provides staff with smarter technology to guide, support and enable good procurement work.
- 18 Staff are provided with continuing advice and training to lift procurement capability.

Risk and Assurance

- 19 Development of a Council-wide assurance and business improvement work programme remains on hold due to limited resources and prioritising the Council's Covid-19 response.

He take | Issues

- 20 There are no issues to be raised in this report.

Ngā kōwhiringa | Options

- 21 There are no options to be raised in this report.

Tangata whenua

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

Panonitanga āhuarangi | Climate change

The Strategic Risk Summary attached as Appendix 2 to this report includes 'SR1 - Natural hazards exacerbated due to - global warming, sea level rise / climate change, and earthquakes. This risk is reported on every quarter to the Audit and Risk Subcommittee with updates to the treatments being collated from the Senior Leadership Team. [Ahumoni me ngā rawa | Financial and resourcing](#)

- 24 There are no further financial and resourcing considerations arising from this report.

Ture me ngā Tūraru | Legal and risk

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

Ngā pānga ki ngā kaupapa here | Policy impact

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

Te whakawhiti kōrero me te tūhono | Communications & engagement**Te mahere tūhono | Engagement planning**

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

Whakatairanga | Publicity

- 28 There are no publicity considerations.

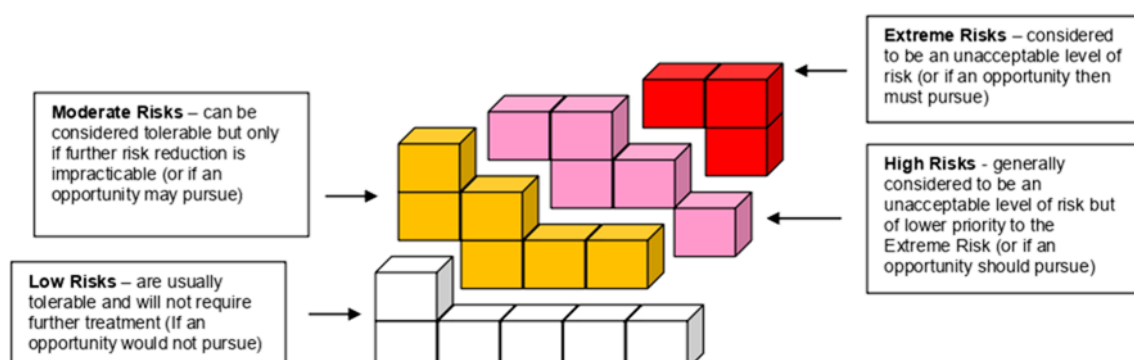
Ngā āpitihanga | Attachments

1. Appendix 1 - Strategic Risk Matrix with plotted risks [↓](#)
2. Appendix 2 - Strategic Risk Summary [↓](#)

Appendix 1: Risk Matrix with Strategic Risks Plotted

Risk Assessment Matrix

		Likelihood				
		Rare	Unlikely	Possible	Likely	Almost Certain
		1	2	3	4	5
Consequence	Catastrophic	Moderate ❖ SR20	High ❖ SR9 ❖ SR10 ❖ SR11	High ❖ SR21	Extreme ❖ SR1 ❖ SR2 ❖ SR3	Extreme
	Major	Moderate	Moderate	High	High ❖ SR4 ❖ SR5 ❖ SR6 ❖ SR7	Extreme
	Moderate	Low	Moderate	Moderate ❖ SR8 ❖ SR15 ❖ SR16 ❖ SR17 ❖ SR18 ❖ SR19	Moderate ❖ SR12 ❖ SR13 ❖ SR14	High
	Minor	Low	Low	Low	Low	Low



Yellow = New Update

Strategic Risk Summary February 2022



#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status
			Current	Target		
SR 1	Natural hazards exacerbated due to - global warming, sea level rise / climate change, and earthquakes.	<ul style="list-style-type: none">- Injuries, fatalities- Lack of resilience- Higher capital costs for resilient assets- Greater costs- Building consent liabilities- Erosion.- Properties are flooded or abandoned.- Early stormwater asset replacements.- Environmental non-compliances due to discharges during more frequent extreme weather events.- Increase in wastewater overflow incidents.- Massive disruption to core infrastructure.- Economic Development and other Impacts on local business and/or wider community.	Extreme	High	Maintain Current Controls: <ul style="list-style-type: none">- 30-year Asset Management Plans include risk and targeted asset upgrades, seawall, and other protective measures.- Proactive coastal hazards and climate change planning.- Ensure future development considers expected sea level rise.- Stormwater Plan.- Ongoing engagement with key sectors and community groups and organisations.- Wellington Region Climate Change Working Group.- Climate Emergency Action Framework.- Self-Insurance Fund.	<div>On track</div> <div></div>
	Owner <ul style="list-style-type: none">- SLT	Risk Treatments				

Yellow = New Update**Strategic Risk Summary February 2022**

#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status																																														
			Current	Target																																																
SR 2	Infrastructure service disruption associated with significant Natural Hazards.	<ul style="list-style-type: none">- Injuries, fatalities- Lack of resilience- Uncertainty with Central Government assurance of 60% loss funding.- Loss of core infrastructure and services for extended periods likely to occur in an extreme natural event or pandemic due to lack of resilience and inadequate insurance arrangements	Extreme	Moderate	Maintain Current Controls: <ul style="list-style-type: none">- AON / Tonkin Taylor / GNSR vulnerability / resilience modelling report.- Self-insurance Fund (\$250k Capex and \$150k Opex) per annum).- Asset Management Plans- Asset replacement programme and condition assessments.- Syndicate Insurance programme.- Redundant network.- Embedded water storage- Emergency Recovery Plan is incorporated within the wider Wellington Regional Civil Defence Emergency response.	<div>Some Concerns</div> <div></div>																																														
	Owner <ul style="list-style-type: none">- Infrastructure Services- Corporate Services	Risk Treatments <table><tr><th>Treatments to reach Target Risk Level:</th><th>Update:</th></tr><tr><td>Waikanae Water Treatment Plant Clarifier Project</td><td>Delays to securing materials and sourcing additional contractors onsite to complete works which will impact on the completion date.</td></tr><tr><td>Ensure Council that sufficient insurance cover is in place.</td><td>Council renewed its insurance cover for Infrastructure and above ground assets in May 2021, continuing as part of the Outer Wellington Shared Services syndicate with Porirua, Upper Hutt and Hutt City Councils. It has been assumed that the government 60:40 cost sharing arrangement whereby central government will meet 60% of the cost of underground asset losses in the event of a natural disaster, continues to apply.</td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr></table>			Treatments to reach Target Risk Level:		Update:	Waikanae Water Treatment Plant Clarifier Project	Delays to securing materials and sourcing additional contractors onsite to complete works which will impact on the completion date.	Ensure Council that sufficient insurance cover is in place.	Council renewed its insurance cover for Infrastructure and above ground assets in May 2021, continuing as part of the Outer Wellington Shared Services syndicate with Porirua, Upper Hutt and Hutt City Councils. It has been assumed that the government 60:40 cost sharing arrangement whereby central government will meet 60% of the cost of underground asset losses in the event of a natural disaster, continues to apply.																																									
Treatments to reach Target Risk Level:	Update:																																																			
Waikanae Water Treatment Plant Clarifier Project	Delays to securing materials and sourcing additional contractors onsite to complete works which will impact on the completion date.																																																			
Ensure Council that sufficient insurance cover is in place.	Council renewed its insurance cover for Infrastructure and above ground assets in May 2021, continuing as part of the Outer Wellington Shared Services syndicate with Porirua, Upper Hutt and Hutt City Councils. It has been assumed that the government 60:40 cost sharing arrangement whereby central government will meet 60% of the cost of underground asset losses in the event of a natural disaster, continues to apply.																																																			
<table><tr><th colspan="2"></th><th colspan="5">Likelihood</th></tr><tr><th colspan="2"></th><th>Rare</th><th>Unlikely</th><th>Possible</th><th>Likely</th><th>Almost Certain</th></tr><tr><th colspan="2"></th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr><tr><td rowspan="4">Consequence</td><td>Catastrophic</td><td>100</td><td>200</td><td>300</td><td>400</td><td>500</td></tr><tr><td>Major</td><td>70</td><td>140</td><td>210</td><td>280</td><td>360</td></tr><tr><td>Moderate</td><td>40</td><td>80</td><td>120</td><td>160</td><td>200</td></tr><tr><td>Minor</td><td>10</td><td>20</td><td>30</td><td>40</td><td>50</td></tr></table>									Likelihood							Rare	Unlikely	Possible	Likely	Almost Certain			1	2	3	4	5	Consequence	Catastrophic	100	200	300	400	500	Major	70	140	210	280	360	Moderate	40	80	120	160	200	Minor	10	20	30	40	50
		Likelihood																																																		
		Rare	Unlikely	Possible	Likely	Almost Certain																																														
		1	2	3	4	5																																														
Consequence	Catastrophic	100	200	300	400	500																																														
	Major	70	140	210	280	360																																														
	Moderate	40	80	120	160	200																																														
	Minor	10	20	30	40	50																																														
<div></div>	= current risk level																																																			

Yellow = New Update

Strategic Risk Summary February 2022



#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status			
			Current	Target					
SR 3	Asset investment decisions are less than desirable resulting in poor management of council owned assets.	<ul style="list-style-type: none">- Costs.- Financial Strategy not achieved.- Social, environmental harm.- Deliverables / KPIs not met.- Higher priority issues are unresolved.- Less than desirable asset investment decisions can result in poor District outcomes, council asset management practices and outcomes possible financial losses and/or failure to achieve KPIs.- Penalties / Non-compliance- Reputational damage.- Infrastructure Strategy not achieved.	Extreme	Moderate	Maintain Current Controls: <ul style="list-style-type: none">- Infrastructure Strategy.- Financial Strategy.- Apply a strategic asset management approach.- Accurate asset information and intelligence lead asset management decisions (business cases required).- Capture assets using software: SPM (property and parks assets), RAMM (roading assets), INFONET (3-Waters).- Asset maturity programme - training and updates.- Asset and Activity Management Plans and associated regular reviews and audit processes.- SLT / Council reviews and approvals.	<div>On track</div> <div></div>			
	Owner	Risk Treatments							
	<ul style="list-style-type: none">- Infrastructure Services- Corporate Services- Strategy, Growth & Recovery- Place and Space	Treatments to reach Target Risk Level:			Update:				
	Complete Asset Management Plans.	The completed Asset Management Plans that informed the 2021-41 Long Term Plan will be presented to Council in the next few months.							
		Asset Management - Develop a framework that provides for regular reporting against the investment programme and against the Long-Term Plan requirements and timeframes.			Initial considerations underway as to an improvement plan and schedule of work.				
Consequence			Likelihood				Asset investment decisions and property acquisitions and disposal align with land use and regulatory approach, and appropriate risk considerations.	Organisational changes have been made to grow capability and capacity in this area.	
			Rare	Unlikely	Possible	Likely			Almost Certain
			1	2	3	4			5
	Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400			Extreme 500
	Major	70	Moderate 70	Moderate 140	High 210	High 280			Extreme 350
	Moderate	40	Low 40	Moderate 80	Moderate 120	Moderate 160	High 200		
	Minor	10	Low 10	Low 20	Low 30	Low 40	Low 50		
<div></div>	= current risk level								

Yellow = New Update

Strategic Risk Summary February 2022





#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status																																																	
			Current	Target																																																			
SR 4	Iwi relationships – lack of mutual understanding and agreement between Iwi and Council.	<ul style="list-style-type: none">- Additional time and cost in meeting statutory and Memorandum of Partnership obligations.- Delays and or misalignment on key initiatives.- Lack of mutual understanding and agreement between Iwi and Council.- Reputational damage.	High	Low	Maintain Current Controls: <ul style="list-style-type: none">- Regular and/or 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.	On track <div></div>																																																	
	Owner <ul style="list-style-type: none">- People and Partnerships				Risk Treatments Treatments to reach Target Risk Level: 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	Update: Discussions are ongoing with all three of our Iwi partners. They have all been heavily involved in our Covid-19 response (Health, MSD & Welfare), this in return has impacted progress in this space. SLT has approved the approach for the first tranche of this programme, to build the Te Reo capability within the organisation.																																																	
<div><div>Consequence</div><table><tr><th colspan="2"></th><th colspan="5">Likelihood</th></tr><tr><th colspan="2"></th><th>Rare</th><th>Unlikely</th><th>Possible</th><th>Likely</th><th>Almost Certain</th></tr><tr><th colspan="2"></th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr><tr><td>Catastrophic</td><td>100</td><td>Moderate 100</td><td>High 200</td><td>High 300</td><td>Extreme 400</td><td>Extreme 500</td></tr><tr><td>Major</td><td>70</td><td>Moderate 70</td><td>Moderate 140</td><td>High 210</td><td>High 280</td><td>Extreme 350</td></tr><tr><td>Moderate</td><td>40</td><td>Low 40</td><td>Moderate 80</td><td>Moderate 120</td><td>Moderate 160</td><td>High 200</td></tr><tr><td>Minor</td><td>10</td><td>Low 10</td><td>Low 20</td><td>Low 30</td><td>Low 40</td><td>Low 50</td></tr></table></div> <div><div></div> = current risk level</div>									Likelihood							Rare	Unlikely	Possible	Likely	Almost Certain			1	2	3	4	5	Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500	Major	70	Moderate 70	Moderate 140	High 210	High 280	Extreme 350	Moderate	40	Low 40	Moderate 80	Moderate 120	Moderate 160	High 200	Minor	10	Low 10	Low 20	Low 30	Low 40	Low 50
		Likelihood																																																					
		Rare	Unlikely	Possible	Likely	Almost Certain																																																	
		1	2	3	4	5																																																	
Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500																																																	
Major	70	Moderate 70	Moderate 140	High 210	High 280	Extreme 350																																																	
Moderate	40	Low 40	Moderate 80	Moderate 120	Moderate 160	High 200																																																	
Minor	10	Low 10	Low 20	Low 30	Low 40	Low 50																																																	

Yellow = New Update



Strategic Risk Summary February 2022



#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status
			Current	Target		
SR 5	Central and regional government policy and legislation creates uncertainty	<ul style="list-style-type: none">- Financial impacts.- Government intervention / timeframes.- Unforeseen district impacts / opportunities bought about by new Government policies and legislation.- Delays in projects and programmes.- Redesign.- Priority change/status not always feasible.- Resourcing.- Costs to Council and Developers.- Dissatisfaction with Council blamed for effects on stakeholders such as e.g., uncertainty for development community.	High	Moderate	Maintain Current Controls: <ul style="list-style-type: none">- Monitor policy / legislative announcements.- Prepare submissions to advocate on behalf of the community.- Clear communication across the organisation.	On track 
	Owner <ul style="list-style-type: none">- SLT				Risk Treatments	
					Treatments to reach Target Risk Level:	Update:
					Form and strengthen good relationships, and actively collaborate, with Central and Regional Government to influence decisions.	Ongoing interactions with central and regional government are occurring at different levels across the organisation.
						Ongoing engagement and input on key government reforms and policy proposals are occurring as opportunities arise. Where government timeframes allow, advocacy is presented to Council in advance of submission lodgement.
					Actively monitor / follow Central Government policy / legislative announcements and present related advocacy to Council and/or Committees for approval.	Some timeframes for input are very short and some legislative announcements have no warning, which makes input difficult and diverts staff from delivery of other critical work. Recent example of this is the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act which had a very truncated parliamentary process, and significant implications for Council. Our advocacy resulted in some positive changes being made to areas of concern.
						Significant implications are anticipated from RM Reforms. The parliamentary process for these new laws will occur in 2022, and may cut across Local Government elections. When legislation is introduced, assessment will be undertaken of implications for Council.
	= current risk level					


Yellow = New Update

Strategic Risk Summary February 2022

#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status
			Current	Target		
SR 6	Central Government changes to 3-waters services (drinking water, wastewater, and stormwater) create uncertainty. Owner - SLT	- Financial impacts. - Unforeseen district impacts / opportunities brought about by the new legislation. - Government intervention. - Delays in projects and programmes. - Redesign. - Priority change. - Resourcing. - Dissatisfaction. Council blamed for effects on stakeholders such as e.g., uncertainty for development community.	High	Moderate	Maintain Current Controls: <ul style="list-style-type: none"> Monitor policy / legislative announcements. Prepare submissions to advocate on behalf of the community. Clear communication across the organisation. Form and strengthen good relationships, and actively collaborate, with Central and Regional Government to influence Council decisions 	On track 
					Risk Treatments	
					Treatments to reach Target Risk Level:	Update:
					Monitor, consider and respond as appropriate to direction and decisions.	Continue to monitor and respond to central government's report on the 3-waters reform.
					Framework - New regulatory requirements.	Central Government has mandated the 3-waters reform. Local government sector feedback was being considered and further feedback on how governance and local participation was delayed from late 2021 to early 2022. Officers continue to monitor and respond to central governments findings report on the 3-waters reform.
					Transition Plan	The Transition Plan can be determined once central government provide clear guidance on all matters relating to the 3-waters reform i.e., governance, local participation, asset purchases etc.
					Advocacy to be presented and approved by Council and/or Committee.	Council provided feedback on central government's 3-waters proposal in late 2021. In accordance with the specified deadline. Subsequently, the 3-waters reform was mandated. Council will continue to advocate for the District as and when feedback is requested from central government.
	= current risk level					

Yellow = New Update

Strategic Risk Summary February 2022



#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status
			Current	Target		
SR 7	Difficult to recruit and retain staff.	<ul style="list-style-type: none"> Poor staff morale due to not enough staff, and high workload/stress. Additional costs e.g., replacing staff in a competitive market, consultants. Loss of and/or difficulties recruiting and retaining staff due to attractive work and/or salaries elsewhere and industry staffing fluctuations. Delays in critical work programmes and/or associated poor decision making. Loss of IANZ accreditation due to shortage of building staff. Corporate loss of institutional and intellectual knowledge. 	High	Moderate	Maintain Current Controls: <ul style="list-style-type: none"> Gallup Staff Engagement Survey and associated work programmes. Workforce and Succession planning. Talent management/Professional development. Monitoring staff workloads Short term workload management. Employ contractors / consultants to backfill vacancies. Adjust forward work programmes to align with capability and capacity. Rewards & Recognition Policy. Monitoring remuneration trends. Job grade / pay structure reviews. Professional Development. 	Some Concerns 
	Owner				Risk Treatments	
	<ul style="list-style-type: none"> SLT Organisational Development 				Treatments to reach Target Risk Level:	Update:
					<p>Continuous review on ways to maintain an effective workforce.</p>	<p>This work supports our readiness to respond to upcoming changes in the local government sector. Actions include:</p> <ul style="list-style-type: none"> employing contractors / consultants to backfill vacancies. adjusting forward work programmes to align with capability and capacity; and embedding rewards and recognition as the way we do things here and actively used as a management tool. Maintaining agility and effective prioritisation to deliver key services with reduced staff numbers. <p>A more adaptive approach to retention is being deployed in order to retain critical staff. This risk has been exacerbated by Covid-19.</p> <p>Highly competitive recruitment market and shortage of skilled workers is leaving some areas understaffed. Timelines set by government has increased worker demand in some areas with consultants also working at capacity. Concern about further pandemic impacts on workforce and contractor availability.</p>
					<p>Workforce and Succession Planning.</p>	<p>We are undertaking a workforce planning project to address resourcing and development pathways, not only for "growth" but as an employer of choice regionally.</p> <p>This work improves our understanding of the cost to replace staff and on agile ways to build / maintain an effective workforce.</p> <p>A career pathway model for technical skills in hard to recruit roles is under development.</p> <p>Additional consideration around shared services for key risk areas is currently being considered.</p>
					<p>Continue work programmes associated with Gallup Staff Engagement Survey.</p>	<p>Ongoing workshops focused on key areas for each Group.</p> <p>Ongoing upskilling of our leaders ensuring staff, stakeholders and customers know what is expected of each other is important. A Leadership Strategy is under development. The next step will be to implement Leadership Training.</p>
					<p>Advocacy of Local Government sector organisations e.g., Taituara (formerly SOLGM).</p>	<p>Other stakeholders such as Mana Whenua and the Chamber of Commerce are also providing feedback as this is an endemic risk that is not restricted to KCDC.</p>

		Likelihood					
		Rare	Unlikely	Possible	Likely	Almost Certain	
		1	2	3	4	5	
Consequence	Catastrophic	100	100	200	300	400	500
	Major	70	70	140	210	280	350
	Moderate	40	40	80	120	160	200
	Minor	10	10	20	30	40	50



= current risk level

Yellow = New Update**Strategic Risk Summary February 2022**

#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status																																											
			Current	Target																																													
SR 8	Fraudulent activity.	<ul style="list-style-type: none">- Financial loss.- 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.- Business interruption.- Reputational damage.	Moderate	Low	Maintain Current Controls: <ul style="list-style-type: none">- Fraud management framework.- Mitigation of Fraud Policy.- Maintain fraud awareness.- Protected disclosures.- Employee screening.- Statutory year end audits.- Enterprise risk management.- Internal controls.	On track 																																											
	Owner				Risk Treatments																																												
	<ul style="list-style-type: none">- Corporate Services				Treatments to reach Target Risk Level:		Update:																																										
<div><div>Likelihood</div><table><tr><td colspan="2"></td><td>Rare</td><td>Unlikely</td><td>Possible</td><td>Likely</td><td>Almost Certain</td></tr><tr><td colspan="2"></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td rowspan="4">Consequence</td><td>Catastrophic</td><td>100</td><td>Moderate 100</td><td>High 200</td><td>High 300</td><td>Extreme 400</td><td>Extreme 500</td></tr><tr><td>Major</td><td>70</td><td>Moderate 70</td><td>Moderate 140</td><td>High 210</td><td>High 280</td><td>Extreme 350</td></tr><tr><td>Moderate</td><td>40</td><td>Low 40</td><td>Moderate 80</td><td>Moderate 120</td><td>Moderate 160</td><td>High 200</td></tr><tr><td>Minor</td><td>10</td><td>Low 10</td><td>Low 20</td><td>Low 30</td><td>Low 40</td><td>Low 50</td></tr></table></div>							Rare	Unlikely	Possible	Likely	Almost Certain			1	2	3	4	5	Consequence	Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500	Major	70	Moderate 70	Moderate 140	High 210	High 280	Extreme 350	Moderate	40	Low 40	Moderate 80	Moderate 120	Moderate 160	High 200	Minor	10	Low 10	Low 20	Low 30	Low 40	Low 50	Fraud awareness training.	The Mitigation of Fraud Policy has been reviewed and updated.
		Rare	Unlikely	Possible	Likely	Almost Certain																																											
		1	2	3	4	5																																											
Consequence	Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500																																										
	Major	70	Moderate 70	Moderate 140	High 210	High 280	Extreme 350																																										
	Moderate	40	Low 40	Moderate 80	Moderate 120	Moderate 160	High 200																																										
	Minor	10	Low 10	Low 20	Low 30	Low 40	Low 50																																										
					Internal audit programme (as resources allow).	Development of an assurance and business improvement programme has been delayed due to Covid-19 response priorities.																																											
					Regularly review relevant corporate policies.	Ongoing.																																											
	= current risk level																																																

Yellow = New Update

Strategic Risk Summary February 2022



#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status
			Current	Target		
SR 9	Paraparaumu Wastewater Treatment Plant – difficulties with consent process. Owner - Infrastructure Services	- Legislative change could result in reduced number of viable options and higher discharge standards at substantial cost to further treat/dispose. - Costly additional works required to consent WWTP. - Poor investigations, assessments and/or lwi engagement result in delayed and/or costlier applications or an unsuccessful application. - More onerous discharge conditions require substantial upgrade to WWTP. - Failure to secure consent limits growth & development.	High	Moderate	Maintain Current Controls: - Comprehensive consenting strategy include risk assessment and mitigations. - Professional services contract aligned to risk mitigation actions including engagement and consultation strategies.	Some Concerns
Risk Treatments Treatments to reach Target Risk Level:					Update:	
Track Appeal: Proposed Natural Resources Plan.					Appeal process delayed, still awaiting the outcome and any changes as a result of the appeal to the Proposed Natural Resources Plan.	
Whaitua Processes.					GWRC now looking at establishing the committee in April 2022. Commencement of the Whaitua process will begin once the committee is established.	
Maintain and strengthen lwi relationships.					Draft terms of reference developed for the Paraparaumu Wastewater Treatment Plant process which defines lwi involvement in the consenting process. Awaiting approval.	
Relations with GWRC through the development of the Assessment of Environmental Effects (AEE) and options assessments.					AEE has be lodged with GWRC, they've accepted the resource consent application and we are currently awaiting feedback from them.	
Progress new consent - wider view on future treatment plant locations and scale.					AEE has be lodged with GWRC, they've accepted the resource consent application and we are currently awaiting feedback from them.	
= current risk level						


		Likelihood				
		Rare	Unlikely	Possible	Likely	Almost Certain
Consequence		1	2	3	4	5
	Catastrophic	100	200	300	400	500
	Major	70	140	210	280	350
	Moderate	40	80	120	160	200
	Minor	10	20	30	40	50

Yellow = New Update

Strategic Risk Summary February 2022

#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status
			Current	Target		
SR 10	Programme delivery is disrupted – e.g., non-availability of specialist resources and materials.	<ul style="list-style-type: none"> Financial losses. Planned project delivery could be compromised due to unforeseen events. Projects not delivered as planned. Non-delivery of core services. Reputational damage. 	High	Moderate	Maintain Current Controls: <ul style="list-style-type: none"> Quarterly reports of performance (financial and non-financial) of Council's priority projects are provided to the Strategy and Operations Committee. Deliverability of the Annual Plan CAPEX programme is reviewed quarterly and presented 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 Long Term Plan. 	Some Concerns
	Owner				Risk Treatments	
	- SLT				Treatments to reach Target Risk Level: Continue to develop capability of in-house PMO function.	Update: Delivery of work programme is delayed due to SLT reprioritisation of work programmes to manage Covid-19 disruptions to supply chains and labour markets which are impacting on deliverability of the capex programme as well as the provision of services.
					Continue to better optimise procurement activity	A broader Outcomes Guide was launched to support staff to achieve wider social, economic, cultural and environmental outcomes that go beyond the immediate purchase of goods and services. The existing Council procurement framework was reviewed by independent procurement experts and improvements identified in the review are underway. A procurement technology roadmap was developed, and a contract has been signed with an implementation partner. Deliverables from this work will be an external-facing Supplier Portal that enables effective digital interactions between Council and suppliers outside a formal tender process and an internal-facing Procurement Hub that provides staff with smarter technology to guide, support and enable good procurement work. Staff are provided with continuing advice and training to lift procurement capability.

		Likelihood				
		Rare	Unlikely	Possible	Likely	Almost Certain
		1	2	3	4	5
Consequence	Catastrophic	100	200	300	400	500
	Major	70	140	210	280	350
	Moderate	40	80	120	160	200
	Minor	10	20	30	40	50

 = current risk level

Yellow = New Update


Strategic Risk Summary February 2022

#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status					
			Current	Target							
SR 11	Health and Safety Harm.	<ul style="list-style-type: none">- Inadequate safeguards against extreme events (e.g., natural events / pandemics) and/or hazardous environments.- Injuries to people.- Psychological Wellbeing post Covid-19 lockdown.- Reduced resilience.- Penalties, fines.- Lost time.- Loss of reputation.	High	Low	Maintain Current Controls: <ul style="list-style-type: none">- Proactive modelling of good Health & Safety behaviours to promote wellbeing.- Health and safety management systems.- Health and Safety Strategic Plan – 3 yearly.- Asbestos Management Plan.- Policies – Care Register; Working Alone, Time in Lieu, Driver Awareness.- Resilience training, safety in the workplace.- AA Driver Training and Assessment Programme - two-yearly cycle or as required in between.- Prevention of Infection: Covid-19 practices and processes.- Staff Health and Safety Committee.- Employee Assistance Programme.	<div>On track</div> <div></div>					
	Owner <ul style="list-style-type: none">- SLT- Organisational Development	Risk Treatments <table><tr><td>Treatments to reach Target Risk Level:</td><td>Update:</td></tr><tr><td>Continuing the risk-based approach / assessment focus on:<ul style="list-style-type: none">- asbestos,- hazardous substances,- contractor management, driving, and psychological wellbeing</td><td>Continuing the staff asbestos health monitoring programme and others such as driver training. Physiological wellbeing is a priority given Covid-19 business disruptions and the effect on individuals.</td></tr><tr><td>Offer Wellbeing initiatives.</td><td>Continuing to offer Flu vaccines, Hearing and Eye Checks. Developing an annual health focus programme. Providing time for staff to receive Covid19 Vaccines at off-site venues.</td></tr><tr><td>The Health and Safety Committee provides regular updates to the Senior Leadership Team</td><td>Meetings have been disrupted by Covid-19 business disruptions.</td></tr><tr><td>Introduced new Covid-19 policy mandating vaccinations for our workforce and contractors</td><td>New policy has been consulted on and is now in force to mitigate impacts on workforce of pandemic related illness and absenteeism.</td></tr></table>			Treatments to reach Target Risk Level:		Update:	Continuing the risk-based approach / assessment focus on: <ul style="list-style-type: none">- asbestos,- hazardous substances,- contractor management, driving, and psychological wellbeing	Continuing the staff asbestos health monitoring programme and others such as driver training. Physiological wellbeing is a priority given Covid-19 business disruptions and the effect on individuals.	Offer Wellbeing initiatives.	Continuing to offer Flu vaccines, Hearing and Eye Checks. Developing an annual health focus programme. Providing time for staff to receive Covid19 Vaccines at off-site venues.
Treatments to reach Target Risk Level:	Update:										
Continuing the risk-based approach / assessment focus on: <ul style="list-style-type: none">- asbestos,- hazardous substances,- contractor management, driving, and psychological wellbeing	Continuing the staff asbestos health monitoring programme and others such as driver training. Physiological wellbeing is a priority given Covid-19 business disruptions and the effect on individuals.										
Offer Wellbeing initiatives.	Continuing to offer Flu vaccines, Hearing and Eye Checks. Developing an annual health focus programme. Providing time for staff to receive Covid19 Vaccines at off-site venues.										
The Health and Safety Committee provides regular updates to the Senior Leadership Team	Meetings have been disrupted by Covid-19 business disruptions.										
Introduced new Covid-19 policy mandating vaccinations for our workforce and contractors	New policy has been consulted on and is now in force to mitigate impacts on workforce of pandemic related illness and absenteeism.										
<div><div></div><div>= current risk level</div></div>											

Yellow = New Update



Strategic Risk Summary February 2022



#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status		
			Current	Target				
SR 12	LGA wellbeing policies: expectations not met.	<ul style="list-style-type: none">- Council loses the trust of the community if it fails to respond to the increased demand / expectations because of the Local Government Act wellbeing policies (e.g., social housing).- Community dissatisfaction.- Reputational risk.	Moderate	Low	Maintain Current Controls: <ul style="list-style-type: none">- Welfare planning as part of the wider emergency management planning.	On track 		
	Owner <ul style="list-style-type: none">- People and Partnerships- Strategy, Growth & Recovery				Risk Treatments			
	Treatments to reach Target Risk Level:				Update:			
					Explore responses at the next Long Term Plan round.	Wellbeing Strategy included in the work programme for financial year 22/23 and will go to Council for approval. This will guide the focus of Council's response to Wellbeing through the next LTP.		
					Implement and review the Kapiti Recovery Plan	The review of the Kapiti Recovery has been put on hold following the August 2021 Covid-19 delta outbreak putting the District back into the response phase. Implementation of the plan is continuing.		

Yellow = New Update



Strategic Risk Summary February 2022

#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status																																																	
			Current	Target																																																			
SR 13	Poor financial management.	<ul style="list-style-type: none">- Actual costs exceed budgets due to poor financial management.- Financial losses.- Non-delivery of core services.- Reputational damage.	Moderate	Low	Maintain Current Controls: <ul style="list-style-type: none">- 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.- Council wide Procurement Strategy.	On track 																																																	
	Owner	Risk Treatments																																																					
	<ul style="list-style-type: none">- Corporate Services	Treatments to reach Target Risk Level:			Update:																																																		
<div><div>Consequence</div><table><tr><th colspan="2"></th><th colspan="5">Likelihood</th></tr><tr><th colspan="2"></th><th>Rare</th><th>Unlikely</th><th>Possible</th><th>Likely</th><th>Almost Certain</th></tr><tr><th colspan="2"></th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr><tr><td>Catastrophic</td><td>100</td><td>Moderate 100</td><td>High 200</td><td>High 300</td><td>Extreme 400</td><td>Extreme 500</td></tr><tr><td>Major</td><td>70</td><td>Moderate 70</td><td>Moderate 140</td><td>High 210</td><td>High 280</td><td>Extreme 350</td></tr><tr><td>Moderate</td><td>40</td><td>Low 40</td><td>Moderate 80</td><td>Moderate 120</td><td>Moderate 160</td><td>High 200</td></tr><tr><td>Minor</td><td>10</td><td>Low 10</td><td>Low 20</td><td>Low 30</td><td>Low 40</td><td>Low 50</td></tr></table></div>							Likelihood							Rare	Unlikely	Possible	Likely	Almost Certain			1	2	3	4	5	Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500	Major	70	Moderate 70	Moderate 140	High 210	High 280	Extreme 350	Moderate	40	Low 40	Moderate 80	Moderate 120	Moderate 160	High 200	Minor	10	Low 10	Low 20	Low 30	Low 40	Low 50	Financial management awareness training.	Monthly financial performance reports are provided to budget managers.
							Likelihood																																																
							Rare	Unlikely	Possible	Likely	Almost Certain																																												
							1	2	3	4	5																																												
Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500																																																	
Major	70	Moderate 70	Moderate 140	High 210	High 280	Extreme 350																																																	
Moderate	40	Low 40	Moderate 80	Moderate 120	Moderate 160	High 200																																																	
Minor	10	Low 10	Low 20	Low 30	Low 40	Low 50																																																	
					Financial Reporting.	SLT review monthly management reports. A half-year Council performance report for the six months ended 31 December 2021 is scheduled to be tabbed at the S&O meeting on 10 March.																																																	
					Procurement improvement programme.	A broader Outcomes Guide was launched to support staff to achieve wider social, economic, cultural and environmental outcomes that go beyond the immediate purchase of goods and services. The existing Council procurement framework was reviewed by independent procurement experts and improvements identified in the review are underway. A procurement technology roadmap was developed, and a contract has been signed with an implementation partner. Deliverables from this work will be an external-facing Supplier Portal that enables effective digital interactions between Council and suppliers outside a formal tender process and an internal-facing Procurement Hub that provides staff with smarter technology to guide, support and enable good procurement work. Staff are provided with continuing advice and training to lift procurement capability.																																																	
	= current risk level																																																						

Yellow = New Update



Strategic Risk Summary February 2022



#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status																																															
			Current	Target																																																	
SR 14	New asset operational deficiencies.	<ul style="list-style-type: none">- High costs to maintain or replace.- Assets transferred to Council are not fit for purpose due to lack of quality in design /construction.	Moderate	Low	Maintain Current Controls: <ul style="list-style-type: none">- District Plan- Consent processes.- Hand over processes.- Subdivision Design and Principles process.- Gifting of Assets Policy.	On track 																																															
	Owner				Risk Treatments																																																
	<ul style="list-style-type: none">- Infrastructure Services- Regulatory Services- Place and Space- Corporate Services				Treatments to reach Target Risk Level:	Update:																																															
					Develop an Open Spaces Strategy.	To be considered by Council in March 2022.																																															
<table><tr><td colspan="2" rowspan="2"></td><td colspan="5">Likelihood</td></tr><tr><td>Rare</td><td>Unlikely</td><td>Possible</td><td>Likely</td><td>Almost Certain</td></tr><tr><td rowspan="4">Consequence</td><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td>Catastrophic</td><td>100</td><td>Moderate</td><td>High</td><td>High</td><td>Extreme</td><td>Extreme</td></tr><tr><td>Major</td><td>70</td><td>Moderate</td><td>Moderate</td><td>High</td><td>High</td><td>Extreme</td></tr><tr><td>Moderate</td><td>40</td><td>Low</td><td>Moderate</td><td>Moderate</td><td>Moderate</td><td>High</td></tr><tr><td>Minor</td><td>10</td><td>Low</td><td>Low</td><td>Low</td><td>Low</td><td>Low</td></tr></table>							Likelihood					Rare	Unlikely	Possible	Likely	Almost Certain	Consequence		1	2	3	4	5	Catastrophic	100	Moderate	High	High	Extreme	Extreme	Major	70	Moderate	Moderate	High	High	Extreme	Moderate	40	Low	Moderate	Moderate	Moderate	High	Minor	10	Low	Low	Low	Low	Low	Subdivision Design and Principles Review process.	This work is almost complete, currently going through peer review and socialising with the development community.
		Likelihood																																																			
		Rare	Unlikely	Possible	Likely	Almost Certain																																															
Consequence		1	2	3	4	5																																															
	Catastrophic	100	Moderate	High	High	Extreme	Extreme																																														
	Major	70	Moderate	Moderate	High	High	Extreme																																														
	Moderate	40	Low	Moderate	Moderate	Moderate	High																																														
Minor	10	Low	Low	Low	Low	Low																																															
 = current risk level																																																					



Yellow = New Update

Strategic Risk Summary February 2022

#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status																																											
			Current	Target																																													
SR 15	Business disruptions.	<ul style="list-style-type: none">- Health and Safety compromised.- Financial losses.- Non-delivery of core services- Reputational damage.	Moderate	Low	Maintain Current Controls: <ul style="list-style-type: none">- Pandemic Plan.- Business Continuity Leadership.- BCPs (Payroll [HR and Finance], Loss of office buildings, Supplier payments, Customer call centre, Drinking water supply, Laboratory water testing, Wastewater services, Electoral services).	On track 																																											
	Owner				Risk Treatments																																												
	<ul style="list-style-type: none">- SLT				Treatments to reach Target Risk Level:		Update:																																										
<div><div>Likelihood</div><table><tr><th></th><th></th><th>Rare</th><th>Unlikely</th><th>Possible</th><th>Likely</th><th>Almost Certain</th></tr><tr><th></th><th></th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr><tr><td rowspan="4">Consequence</td><td>Catastrophic</td><td>100</td><td>Moderate 100</td><td>High 200</td><td>High 300</td><td>Extreme 400</td><td>Extreme 500</td></tr><tr><td>Major</td><td>70</td><td>Moderate 70</td><td>Moderate 140</td><td>High 210</td><td>High 280</td><td>Extreme 350</td></tr><tr><td>Moderate</td><td>40</td><td>Low 40</td><td>Moderate 80</td><td>Moderate 120</td><td>Moderate 160</td><td>High 200</td></tr><tr><td>Minor</td><td>10</td><td>Low 10</td><td>Low 20</td><td>Low 30</td><td>Low 40</td><td>Low 50</td></tr></table></div>							Rare	Unlikely	Possible	Likely	Almost Certain			1	2	3	4	5	Consequence	Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500	Major	70	Moderate 70	Moderate 140	High 210	High 280	Extreme 350	Moderate	40	Low 40	Moderate 80	Moderate 120	Moderate 160	High 200	Minor	10	Low 10	Low 20	Low 30	Low 40	Low 50	Assure effective operational readiness.	A Covid-19 Working Group has continued to meet. The key areas of focus and core responsibilities of the Working Group have been extended to ensure that Council is best prepared to respond quickly, from an organisational perspective to any future changes to alert levels as confirmed by central government. There are now two dedicated FTE overseeing Covid-19 response.
							Rare	Unlikely	Possible	Likely	Almost Certain																																						
							1	2	3	4	5																																						
					Consequence	Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500																																					
						Major	70	Moderate 70	Moderate 140	High 210	High 280	Extreme 350																																					
Moderate	40	Low 40	Moderate 80	Moderate 120		Moderate 160	High 200																																										
Minor	10	Low 10	Low 20	Low 30		Low 40	Low 50																																										
	= current risk level																																																

Yellow = New Update

Strategic Risk Summary February 2022

#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status																																							
			Current	Target																																									
SR 16	Community engagement challenges in understanding and achieving optimal engagement with the community. Owner - People and Partnerships	<ul style="list-style-type: none"> Delays to critical works. Lack of progress. People opt out. Loss of trust and confidence in Council's ability to deliver to our community. Raising community expectations but disconnect with current resources. Reputational damage through lack of progress. 	Moderate	Moderate	Maintain Current Controls: <ul style="list-style-type: none"> Consultation processes. Communication and Engagement Strategy. Local Government Act requirements - Significance and Engagement. 	On track 																																							
Risk Treatments Treatments to reach Target Risk Level:						Update:																																							
Likelihood <table border="1"> <thead> <tr> <th></th><th></th><th>Rare</th><th>Unlikely</th><th>Possible</th><th>Likely</th><th>Almost Certain</th></tr> <tr> <th></th><th></th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr> </thead> <tbody> <tr> <td rowspan="4">Consequence</td><td>Catastrophic</td><td>100</td><td>200</td><td>300</td><td>400</td><td>500</td></tr> <tr> <td>Major</td><td>70</td><td>140</td><td>210</td><td>280</td><td>350</td></tr> <tr> <td>Moderate</td><td>40</td><td>80</td><td>120</td><td>160</td><td>200</td></tr> <tr> <td>Minor</td><td>10</td><td>20</td><td>30</td><td>40</td><td>50</td></tr> </tbody> </table>					Rare	Unlikely	Possible	Likely	Almost Certain			1	2	3	4	5	Consequence	Catastrophic	100	200	300	400	500	Major	70	140	210	280	350	Moderate	40	80	120	160	200	Minor	10	20	30	40	50	- Exploring new ways to extend our community reach and make it easy for people to participate in the work of Council: Treatments that are likely to flow through into this work include: <ul style="list-style-type: none"> Slow down and be more deliberate. Seek out more opportunities for information sharing to encourage positive engagement. Connect the dots; blend / extend consultation topics. 			We are exploring new ways to extend our community reach and make it easy for people to participate in the work of Council: e.g. <ul style="list-style-type: none"> New digital engagement and consultation platform. Website enhancements. Enhancement in digital channels Increased visual presence in our communities. <p>Our ability to engage broadly across a range of channels may be impacted as we manage the resilience of staff resources and recruitment constraints.</p> <p>These risk treatments will be combined with SR17 once the Customer Framework has been adopted by SLT.</p>
		Rare	Unlikely	Possible	Likely	Almost Certain																																							
		1	2	3	4	5																																							
Consequence	Catastrophic	100	200	300	400	500																																							
	Major	70	140	210	280	350																																							
	Moderate	40	80	120	160	200																																							
	Minor	10	20	30	40	50																																							
 = current risk level																																													

Yellow = New Update



Strategic Risk Summary February 2022

#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status																																														
			Current	Target																																																
SR 17	Customer Focus. Customer needs not fully met in the absence of a coordinated approach to increasing customer focus in Council's everyday work.	<ul style="list-style-type: none">- Health and Safety compromised- Financial losses.- Loss claims.- Litigation and legal challenges.- Unmet customer needs and expectations.- Poor customer perceptions.- Reputational damage.- Council perceived as not helpful.- Loss of trust with customers.- Deters new developers.	Moderate	Low	Maintain Current Controls: <ul style="list-style-type: none">- Case/project management.- Pre-application meetings.- Business start-up meetings.- Meeting with developers.- Structural and cultural changes	<div>Some Concerns</div> <div></div>																																														
	Owner <ul style="list-style-type: none">- SLT																																																			
	Risk Treatments																																																			
	Treatments to reach Target Risk Level:				Update:																																															
	Enhance systems and processes and ensure that a customer focus is applied to all improvements.																																																			
Ensure timely delivery.																																																				
<table><tr><td colspan="2"></td><td colspan="5">Likelihood</td></tr><tr><td colspan="2"></td><td>Rare</td><td>Unlikely</td><td>Possible</td><td>Likely</td><td>Almost Certain</td></tr><tr><td colspan="2"></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td rowspan="4">Consequence</td><td>Catastrophic</td><td>100</td><td>200</td><td>300</td><td>400</td><td>500</td></tr><tr><td>Major</td><td>70</td><td>140</td><td>210</td><td>280</td><td>350</td></tr><tr><td>Moderate</td><td>40</td><td>80</td><td>120</td><td>160</td><td>200</td></tr><tr><td>Minor</td><td>10</td><td>20</td><td>30</td><td>40</td><td>50</td></tr></table>							Likelihood							Rare	Unlikely	Possible	Likely	Almost Certain			1	2	3	4	5	Consequence	Catastrophic	100	200	300	400	500	Major	70	140	210	280	350	Moderate	40	80	120	160	200	Minor	10	20	30	40	50	<div>Integrated services.</div> <div>Working with the Chamber of Commerce.</div> <div>Ongoing engagement with key customers.</div> <div>Improve customer solution focused culture.</div> <div>Ensure staff are empowered to make decisions.</div> <div>Develop and highlight positive examples / case studies where staff have developed innovative approaches.</div>	<div>The draft Customer Framework and associated work programmes previous timing of Quarter One 2021/22 financial year is delayed due to reprioritisation of work programmes to manage the resilience of staff resources and recruitment constraints.</div> <div>Some recruitment has commenced for new customer focussed roles (eg Development Facilitation lead role) to better support customer liaison and help targeted customers navigate through the council processes.</div> <div>It is anticipated additional roles will also follow (in Regulatory) as 12 roles approved. An education officer is included in this, which will aim to make the journey easier for customers. The Customer mapping journey in this area has also recently been completed.</div>
		Likelihood																																																		
		Rare	Unlikely	Possible	Likely	Almost Certain																																														
		1	2	3	4	5																																														
Consequence	Catastrophic	100	200	300	400	500																																														
	Major	70	140	210	280	350																																														
	Moderate	40	80	120	160	200																																														
	Minor	10	20	30	40	50																																														
<div></div>	= current risk level																																																			

Yellow = New Update



Strategic Risk Summary February 2022



#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status																																														
			Current	Target																																																
SR 18	High Debt	<ul style="list-style-type: none">- Potential inability to increase debt funding in the future constrains council's ability to deliver.- Debt cap breached faster.- High interest costs.- Financial losses.- Non-delivery of core services.- Reputational damage.	Moderate	Low	Maintain Current Controls: <ul style="list-style-type: none">- Infrastructure Strategy.- Treasury Management Policy- Rating system.- Strong treasury management with quarterly treasury reports	On track 																																														
	Owner																																																			
	<ul style="list-style-type: none">- CE																																																			
					Risk Treatments																																															
					Treatments to reach Target Risk Level:	Update:																																														
<table><tr><th colspan="2" rowspan="3"></th><th colspan="5">Likelihood</th></tr><tr><th>Rare</th><th>Unlikely</th><th>Possible</th><th>Likely</th><th>Almost Certain</th></tr><tr><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr><tr><td rowspan="4">Consequence</td><td>Catastrophic</td><td>100</td><td>Moderate 100</td><td>High 200</td><td>High 300</td><td>Extreme 400</td><td>Extreme 500</td></tr><tr><td>Major</td><td>70</td><td>Moderate 70</td><td>Moderate 140</td><td>High 210</td><td>High 280</td><td>Extreme 350</td></tr><tr><td>Moderate</td><td>40</td><td>Low 40</td><td>Moderate 80</td><td>Moderate 120</td><td>Moderate 160</td><td>High 200</td></tr><tr><td>Minor</td><td>10</td><td>Low 10</td><td>Low 20</td><td>Low 30</td><td>Low 40</td><td>Low 50</td></tr></table>							Likelihood					Rare	Unlikely	Possible	Likely	Almost Certain	1	2	3	4	5	Consequence	Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500	Major	70	Moderate 70	Moderate 140	High 210	High 280	Extreme 350	Moderate	40	Low 40	Moderate 80	Moderate 120	Moderate 160	High 200	Minor	10	Low 10	Low 20	Low 30	Low 40	Low 50	Reprioritise to ensure net debt stays below 250% of operating income.	The 2021-41 Long Term Plan set an upper limit for net debt of 280% of operating income, with a preferred limit of 250%. Actual net debt levels are monitored closely and are forecast to remain within the preferred limit for the first three years of the LTP.
									Likelihood																																											
									Rare	Unlikely	Possible	Likely	Almost Certain																																							
					1	2			3	4	5																																									
					Consequence	Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500																																								
Major	70	Moderate 70	Moderate 140	High 210		High 280	Extreme 350																																													
Moderate	40	Low 40	Moderate 80	Moderate 120		Moderate 160	High 200																																													
Minor	10	Low 10	Low 20	Low 30		Low 40	Low 50																																													
Continue to seek alternate funding sources and/or increase non-rates funding sources to keep debt down.	Ongoing.																																																			
Regular treasury reports for governance review.	Council continues to present a quarterly Treasury compliance report to the Audit and Risk sub-committee.																																																			
 = current risk level																																																				

Yellow = New Update

Strategic Risk Summary February 2022

#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status
			Current	Target		
SR 19	Emergency response.	<ul style="list-style-type: none">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.	Moderate	Low	Maintain Current Controls: <ul style="list-style-type: none">Wellington Regional Emergency Management Organisation (WREMO) Response Plan.Civil Defence and Emergency Management systems.Civil Defence training and exercises.Kapiti Recovery Plan.Lifelines	Some Concerns 
	Owner <ul style="list-style-type: none">Regulatory ServicesInfrastructure ServicesCorporate ServicesStrategy, Growth and Recovery	<ul style="list-style-type: none">Preparedness training severely impacting "Business as Usual".			Risk Treatments	
	Treatments to reach Target Risk Level:					Update:
Community resilience.					This preparedness work is on-going but severely impacted by on-going duration of Covid-19 response and significant increase in regional flooding and storm events.	
Work with WREMO.					A good relationship exists with WREMO, constraints are as above across the region, and a willingness regionally to collaborate and support each TA is welcome.	
Continually review emergency management plans and staff capability and resources.					On-going subject to above constraints.	
Ensuring clarity around roles and responsibilities of partner agencies.					Government has commenced a review of the CDEM framework which will further clarify roles and responsibilities. Council is looking to provide input through regional channels, however this will be limited as timeframes are not adequate for reasonable consultation.	
Continuous review on ways to maintain an effective workforce.					A more adaptive approach to retention is being deployed in order to retain critical staff. This risk has been exacerbated by Covid-19. Highly competitive recruitment market and shortage of skilled workers is leaving some areas understaffed. Timelines set by government has increased worker demand in some areas with consultants also working at capacity. Concern about further pandemic impacts on workforce and contractor availability.	
	= current risk level					

Strategic Risk Summary February 2022

#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status																																										
			Current	Target																																												
SR 20	Drinking water regulations compliance.	<ul style="list-style-type: none">Health and Safety compromised.Threat to sufficient water supply and delivery of safe drinking water.	Moderate	Low	Maintain Current Controls: <ul style="list-style-type: none">Water safety and resilience works programme (\$15m 2018-22).Bulk mains condition assessment (\$90k 2018-19)	On track <div></div>																																										
	Owner	Risk Treatments																																														
	<ul style="list-style-type: none">Infrastructure Services	Treatments to reach Target Risk Level:			Update:																																											
<div>Consequence</div>	<div>Likelihood</div> <table><tr><td></td><td></td><td>Rare</td><td>Unlikely</td><td>Possible</td><td>Likely</td><td>Almost Certain</td></tr><tr><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td>Catastrophic</td><td>100</td><td>Moderate 100</td><td>High 200</td><td>High 300</td><td>Extreme 400</td><td>Extreme 500</td></tr><tr><td>Major</td><td>70</td><td>Moderate 70</td><td>Moderate 140</td><td>High 210</td><td>High 280</td><td>Extreme 350</td></tr><tr><td>Moderate</td><td>40</td><td>Low 40</td><td>Moderate 80</td><td>Moderate 120</td><td>Moderate 160</td><td>High 200</td></tr><tr><td>Minor</td><td>10</td><td>Low 10</td><td>Low 20</td><td>Low 30</td><td>Low 40</td><td>Low 50</td></tr></table>						Rare	Unlikely	Possible	Likely	Almost Certain			1	2	3	4	5	Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500	Major	70	Moderate 70	Moderate 140	High 210	High 280	Extreme 350	Moderate	40	Low 40	Moderate 80	Moderate 120	Moderate 160	High 200	Minor	10	Low 10	Low 20	Low 30	Low 40	Low 50	<u>Operational Treatment</u> <ul style="list-style-type: none">Otaki water supply reservoir 2024-26Hautere /Te Horo Treatment Plant Upgrade.	Water safety and resilience works programme - work underway. Non-compliance related to Protozoa. Upgrades started continuing into 2021/22 and 2022/23
			Rare	Unlikely	Possible	Likely	Almost Certain																																									
			1	2	3	4	5																																									
	Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500																																									
	Major	70	Moderate 70	Moderate 140	High 210	High 280	Extreme 350																																									
Moderate	40	Low 40	Moderate 80	Moderate 120	Moderate 160	High 200																																										
Minor	10	Low 10	Low 20	Low 30	Low 40	Low 50																																										
					Annual Compliance Reports to Ministry of Health	Completed as required and published on the Council website.																																										
<div></div>	= current risk level																																															

Yellow = New Update

Strategic Risk Summary February 2022



#.	Risk	Impacts	Risk Level		Risk Controls	Risk Treatment Status
			Current	Target		
SR 21	Cyber Security – Enterprise Management replacement	<ul style="list-style-type: none"> - Technology - Service Delivery - Reputational - Financial - Regulatory - Economic - Legal 	High	Moderate	Maintain Current Controls: <ul style="list-style-type: none"> - Member of ALGIM Local Government Cybersecurity Programme which provides us with benchmarking against other Council's by way of a dashboard. - Incident Management Response Plan. - Regular training of staff (eLearning videos made available to staff). - Quarterly review of user security permissions. - Software security patches are applied as soon as possible. 	Some Concerns
	Owner				Risk Treatments	
	- SLT				Treatments to reach Target Risk Level:	Update:
					Report cyber security threats to CERT NZ.	Ongoing.
					Implementation of 'Computer Security Incident Management System'.	Delayed due to Covid-19 responses. To be implemented by 30 June 2022.
					Independent audit of Council's Cyber Security controls.	Completed in August 2021. Work to strengthen cyber security controls is ongoing.

		Likelihood				
		Rare	Unlikely	Possible	Likely	Almost Certain
		1	2	3	4	5
Consequence	Catastrophic	100	200	300	400	500
	Major	70	140	210	280	350
	Moderate	40	80	120	160	200
	Minor	10	20	30	40	50

	= current risk level
--	----------------------

8.5 QUARTERLY TREASURY COMPLIANCE

Kaituhi | Author: **Ian Georgeson, Chief Financial Officer**

Kaiwhakamana | Authoriser: **Mark de Haast, Group Manager Corporate Services**

Te pūtake | Purpose

- 1 This report provides confirmation to the Audit and Risk Subcommittee of the Council's compliance with its Treasury Management Policy (Policy) for the quarter ended 31 December 2021

He whakarāpopoto | Executive summary

- 2 The Council had net debt of \$162.7 million at 31 December 2021, equating to 171% of operating income. This is within the LTP Financial Strategy limit of 280%.
- 3 The Council's Treasury policy contains a number of treasury risk management limits or requirements designed to minimise risk. These policy requirements are reported upon in this paper. The Council complied with all policy requirements during the quarter.

Te tuku haepapa | Delegation

- 4 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.

Taunakitanga | Recommendations

- A. That the Audit and Risk Subcommittee notes the Council's full compliance with its Treasury Management Policy for the three months ended 31 December 2021.

Tūāpapa | Background

- 5 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.
- 6 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.
- 7 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.

He kōrerorero | Discussion

Cash/Debt Position

- 8 Table 1 below shows the Council's net debt position as at 31 December 2021 against the 2021/22 full year budget and the prior year closing balance.

Table 1	December YTD Actual	Full Year Budget	Prior year 2020/21
	\$000's	\$000's	\$000's
External debt	250,000	260,000	230,000
/less borrower notes	(4,900)	(6,505)	(4,220)
/less Term Deposits	(70,000)	(55,000)	(60,000)
/less cash	(12,379)	(23,882)	(11,133)
Net debt	162,721	174,612	154,647

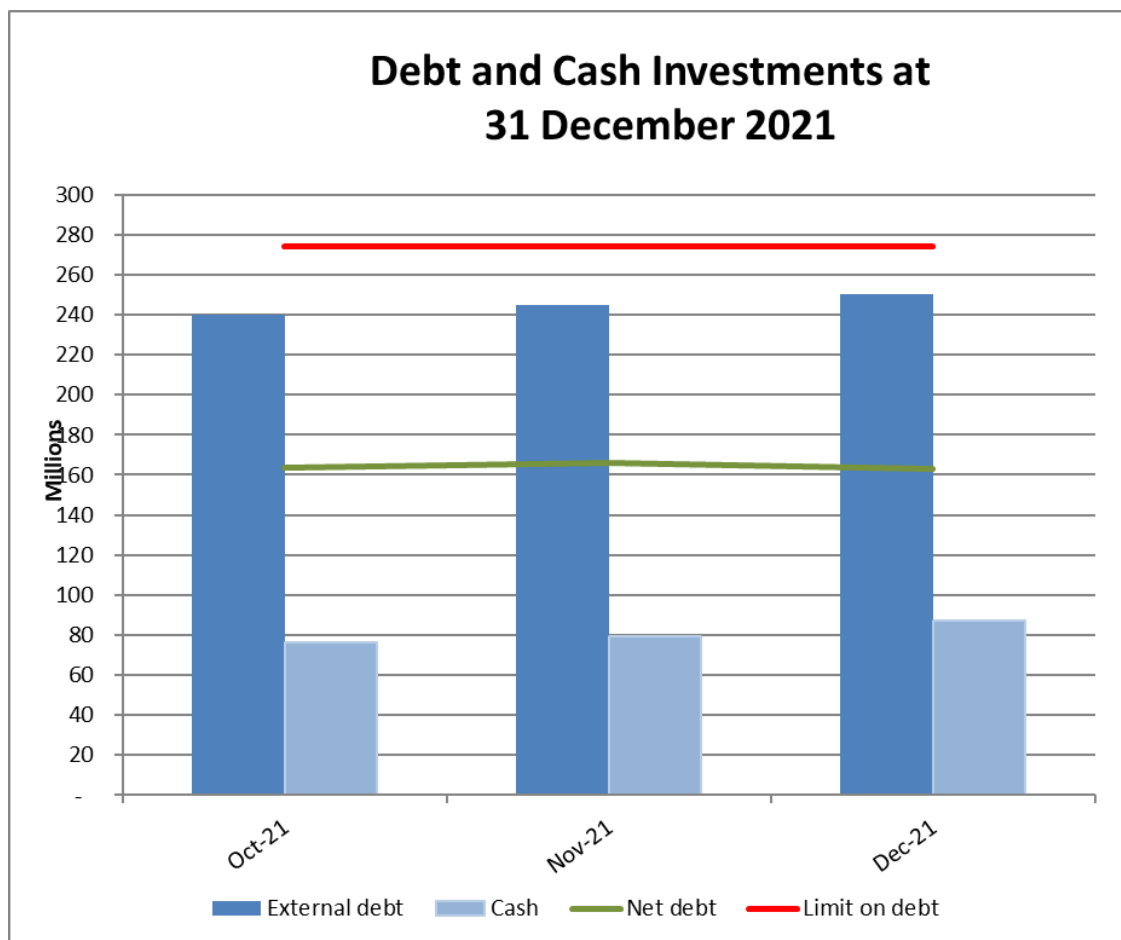
- 9 During the past three months, the Council has issued \$10 million of new debt, bringing the total amount of debt drawn during the past six months to \$40 million.
- 10 The \$10 million issued this quarter was used to pre-fund the October 2022 (\$5 million) and April 2023 (\$5 million) debt maturities.
- 11 In addition, \$5 million of 2021/22 capex programme prefunding that was held on term deposit matured in October and was reallocated to pre-fund the October 2022 debt maturity. This took total 2021/22 capex prefunding down from \$25 to \$20 million, in line with the reduced capex expectation for the year.
- 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 six months ended 31 December 2021.

Borrowings	Gross borrowings \$000	Pre-funding					20/21 Capex programme \$000
		TD Oct 2021 \$000	TD May 2022 \$000	TD Oct 2022 \$000	TD Apr 2023 \$000	21/22 Capex programme \$000	
Opening balance 1 July	230,000	20,000	25,000			15,000	
New Long term debt issued YTD	40,000			15,000	5,000	10,000	10,000
Matured Long term debt	(20,000)	(20,000)	-	-	-	-	-
Reallocation of Capex prefunding	-			5,000		(5,000)	
Total	250,000	-	25,000	20,000	5,000	20,000	10,000

- 13 As at 31 December 2021 the Council had \$87.28 million of cash, borrower notes and term deposits on hand. This is broken down as follows:

Term deposits, cash & borrower notes	Prefund borrowings \$000	Prefunding capex 21/22 \$000	Borrower notes \$000	Cash \$000	Total \$000
LGFA debt maturing May 2022	25,000	-	-	-	25,000
LGFA debt maturing Oct 2022	20,000	-	-	-	20,000
LGFA debt maturing Apr 2023	5,000	-	-	-	5,000
Prefund 21/22 CAPEX	-	20,000	-	-	20,000
Surplus cash	-	-	-	12,379	12,379
Borrower notes held	-	-	4,900	-	4,900
Total	50,000	20,000	4,900	12,379	87,279

- 14 For the three months ended 31 December 2021, the Council has not breached its net debt upper limit, as shown in the chart below:

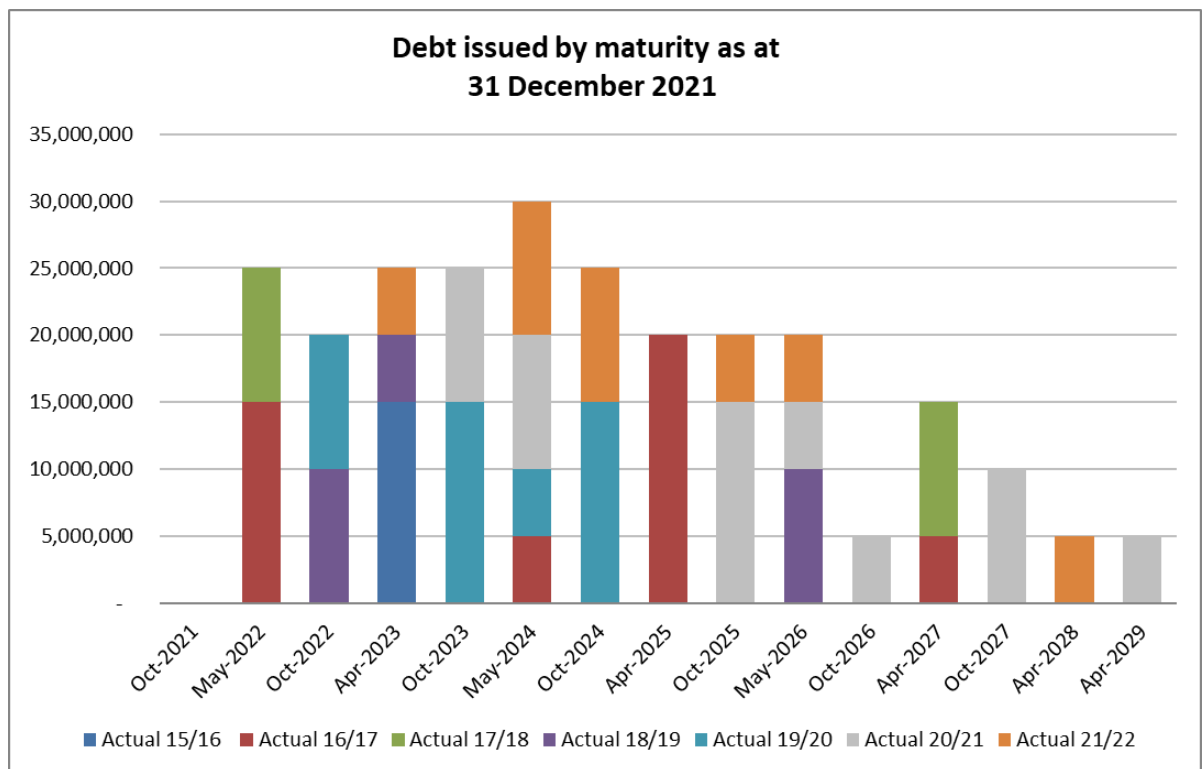


- 15 The Council targeted through its LTP 2021-41 financial strategy to keep net borrowings below 280% of total operating income with a preferred limit of 250%. As at 31 December 2021, the Council's net borrowings are 171% of total operating income.

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 and Capex programme up to 18 months in advance, including re-financing.
- 18 The strength of the Council's debt pre-funding programme was again highlighted by the Council's independent Credit Rating Agency, S&P Global Ratings (S&P), during their July 2021 review. This has resulted in the Council's credit rating remaining at AA for the following year.
- 19 S&P has noted that the Council's liquidity coverage remains exceptional but has revised their outlook on the Council to negative from stable due to the Council's large spending plans in the 2021-2041 long-term plan.

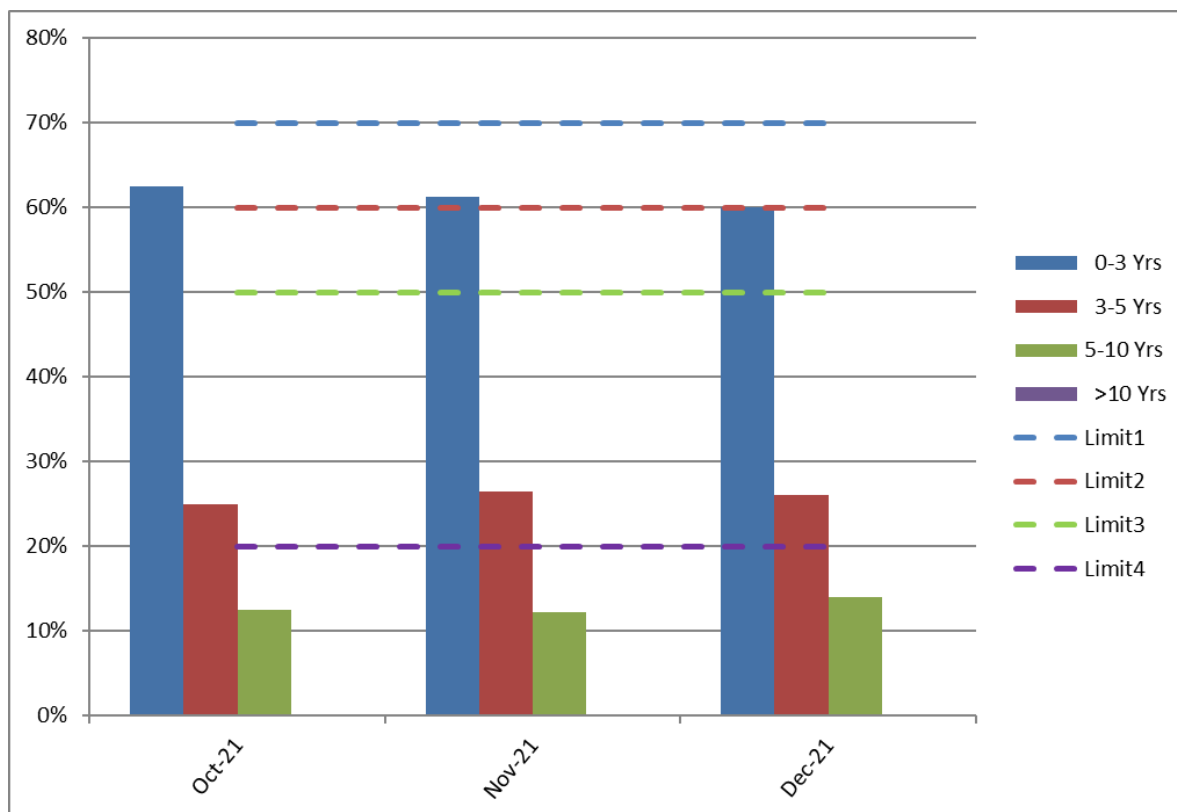
- 20 The following chart presents the Council's debt maturity dates in relation to the financial year in which the debt was issued. This demonstrates that since 2016/17, the Council has actively reduced risk concentration by spreading debt maturity dates and debt maturity values.



- 21 ² 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%

- 22 For the three months ended 31 December 2021, 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

- 23 The Council issues all debt on a floating rate basis 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.
- 24 Without such hedging, the Council would have difficulty absorbing adverse interest rate movements. A 1% increase in interest rates on \$250 million of external debt would equate to additional interest expense of \$2.5 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.
- 25 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.
- 26 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%.

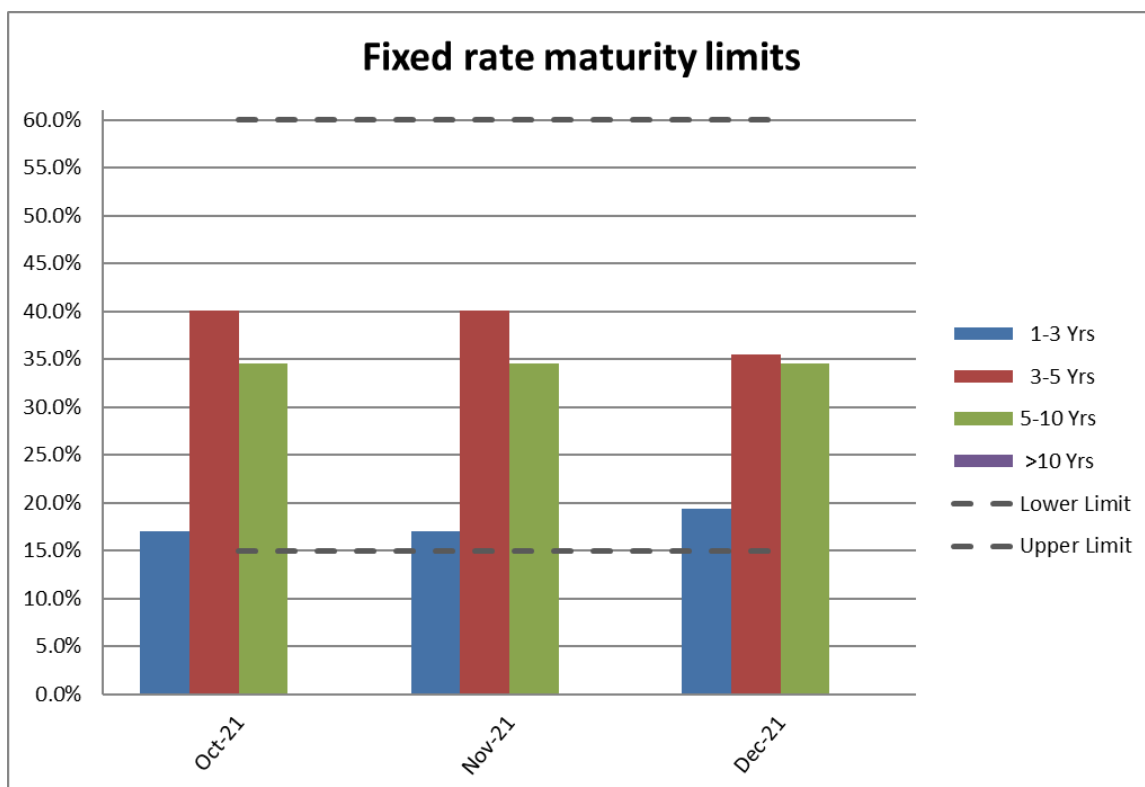
- 27 The Council has been fully compliant for the three months ended 31 December 2021, as shown by the table below.

\$000's	Oct-21	Nov-21	Dec-21
External debt	240,000	245,000	250,000
Swaps (fixed portion)	217,000	217,000	217,000
Fixed %	90.4%	88.6%	86.8%
Unfixed debt	23,000	28,000	33,000

- 28 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%

- 29 The Council has been fully compliant for the three months ended 31 December 2021, as shown by the following chart. Note that maturities falling within 1 year are not included.



Counterparty Credit Risk

- 30 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.

- 31 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

- 32 The Council was in full compliance with all counterparty credit limits for the three months ended 31 December 2021. The tables below show the Council's investments and risk management instruments holdings per counterparty for this period.

Term deposits

Counter party	Oct-2021		Nov-2021		Dec-2021		Comply
	\$000	%	\$000	%	\$000	%	
NZ Registerd Bank 1	15,000	25.00%	20,000	30.77%	35,000	50.00%	✓
NZ Registerd Bank 2	10,000	16.67%	10,000	15.38%	-	0.00%	✓
NZ Registerd Bank 3	25,000	41.67%	25,000	38.46%	25,000	35.71%	✓
NZ Registerd Bank 4	10,000	16.67%	10,000	15.38%	10,000	14.29%	✓
	60,000	100%	65,000	100%	70,000	100%	

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

Interest rate swaps

Interest Rate Swaps - Policy limit: 50% of total instruments or \$80m; whichever is greater							
Counter party	Oct-2021		Nov-2021		Dec-2021		Comply
	\$000	%	\$000	%	\$000	%	
NZ Registerd Bank 1	55,000	25.35%	55,000	25.35%	55,000	25.35%	✓
NZ Registerd Bank 2	93,000	42.86%	93,000	42.86%	93,000	42.86%	✓
NZ Registerd Bank 3	69,000	31.80%	69,000	31.80%	69,000	31.80%	✓
	217,000	100%	217,000	100%	217,000	100%	

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

Specific Borrowing Limits

- 33 In managing debt, the Council is required to adhere to the specific borrowing limits.
- 34 The Council fully complied with these limits for the three months ended 31 December 2021 (or a period as otherwise specified) and the results are shown below:

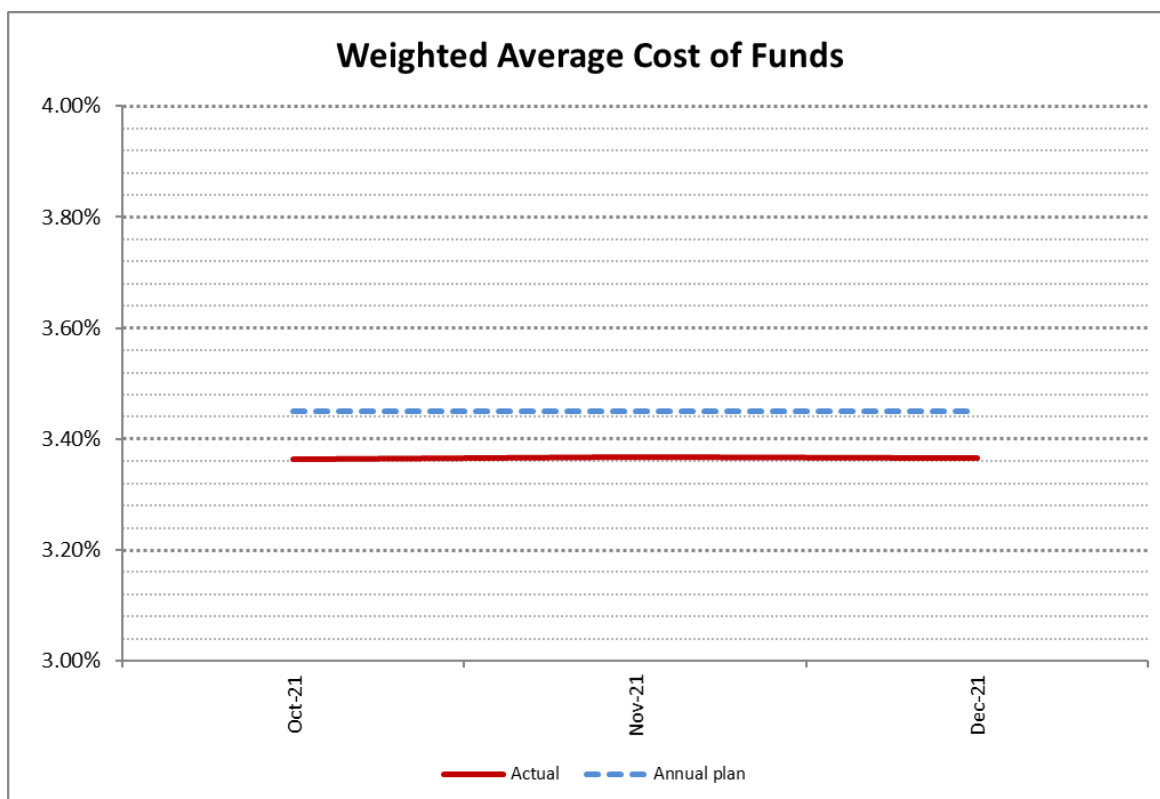
Borrowing limit	Policy limit	2021/22	Comply
Net interest expense/Total Operating Income	< 20%	7.8%	✓
Liquidity ((total debt +total committed facilities +cash on hand)/total debt))	> 110%	137.0%	✓
Net External Debt/Total Operating Income	< 300%	170.6%	✓

Risk Management Performance

- 35 The following table shows the Council's interest income and expense for the period ended 31 December 2021 together with the weighted average cost of borrowing (WACB), compared to year-to-date budget and full year forecast.

	December YTD Actual \$000	YTD Budget \$000	Variance (Fav/UnFav) \$000	Full year Forecast \$000
Interest Expense	4,198	4,071	(128)	8,380
Income	(509)	(335)	174	(1,052)
Net Interest Cost	3,690	3,736	46	7,328
Weighted Average Cost of Borrowings	3.38%	3.45%	0.07%	3.34%

- 36 The following graph shows the year to date average cost of borrowings, for each month of the quarter.

**He take | Issues**

- 37 This report has a low level of significance under the Council's Significance and Engagement Policy).

Ngā kōwhiringa | Options

- 38 There are no options to be considered.

Tangata whenua

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

Panonitanga āhuarangi | Climate change

- 40 There are no climate change considerations within this report.

Ahumoni me ngā rawa | Financial and resourcing

- 41 There are no financial and resourcing considerations in addition to those already noted in this report.

Ture me ngā Tūraru | Legal and risk

- 42 There are no legal and risk considerations arising from this report.

Ngā pānga ki ngā kaupapa here | Policy impact

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

Te whakawhiti kōrero me te tūhono | Communications & engagement**Te mahere tūhono | Engagement planning**

- 44 An engagement plan is not required for this report.

Whakatairanga | Publicity

- 45 There are no publicity considerations arising from this report.

Ngā āpitihanga | Attachments

Nil

8.6 PROGRESS UPDATE REGARDING AUDIT CONTROL FINDINGS 2020/21Kaituhi | Author: **Andrew Gillespie, Risk Advisor**Kaiwhakamana | Authoriser: **Mark de Haast, Group Manager Corporate Services****Te pūtake | Purpose**

- 1 This report provides the Audit and Risk Subcommittee with a progress update regards Ernst & Young's (Audit) Report on Control Findings for the year ended 30 June 2021.

He whakarāpopoto | Executive summary

- 2 This report does not exceed four pages therefore there is no requirement for an Executive Summary.

Te tuku haepapa | Delegation

- 3 The Audit and Risk Subcommittee has delegated authority to consider this report under the following delegation in the Governance Structure, Section B.3.
- *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.*

Taunakitanga | Recommendations

- A. That the Audit & Risk Sub-Committee notes:
- A.1 the progress update regarding Ernst & Young's Report on Control Findings for the year ended 30 June 2021, and
- A.2 that Ernst & Young will re-assess these as part of their audit for the year ended 30 June 2022.

Tūāpapa | Background






- 4 In accordance with New Zealand Auditing Standards, 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 2021.
- 5 Control risk matters and/or issues are classified as high, moderate, or low. Control risk definitions are as follows:


	Ernst & Young – Risk Ranking System
High	Matters and/or issues 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	Matters and/or issues 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	A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6 -12 months.

He kōrerorero | Discussion

6 Audit identified six control risk issues in their Report on Control Findings for the year ended 30 June 2021. One of the risk control issues was ranked as moderate and five as low.

7 The table below details the year-to-date progress against these control findings.

Risk Level	Control Findings year end 30 June 2021		As at March 2022	
			Status	Update
Moderate	2.1.1	Accuracy of response & resolution times	On track 	<ul style="list-style-type: none"> Work is underway with the Digital Solutions team to simplify all data input fields in MagiQ to ensure timely and accurate reporting against Council's performance measures.
	2.2.1	Approval of expenditure	On track 	<ul style="list-style-type: none"> Eight instances were identified where an expense claim was authorised by a person who was not one up from the person benefiting from the expenditure. Further investigation has identified that the eight instances related to expense claims for (a) the mayor or elected members, which were approved by the CE, or (b) the CE, which were approved by the GM Corporate Services or, in two instances, the Democracy Services Manager. These approvals are consistent with recent council practice which are considered to be good practice, however management accepts this should be clarified in council policy. This will be attended to in the next revision of the Elected Member Expense and Remuneration Policy, and the Delegations policy which is under development.
Low	2.2.2	Purchase orders approved after receiving invoices	On track 	<ul style="list-style-type: none"> Four instances were identified where purchase orders were approved after invoices were received. Management accepts that it is best practice for purchase orders to be approved prior to work being commissioned and invoices received. This will be reiterated to the budget managers involved with the four identified exceptions.
	2.2.3	Missing job sheet for water request for service	On track 	<ul style="list-style-type: none"> EY are engaging an internal IT specialist to determine the best way that they can approach testing service requests at year end, which would include assessing the IT general control environment.
	2.3.4	Transition to maintenance of records electronically	On track 	<ul style="list-style-type: none"> This Control Finding relates to both SSP documentation and Payroll documentation that was unable to be supplied to EY while we were in a Covid-19 lockdown last year. With regards to the SSP documentation, the use of MagiQ ensures that this

Risk Level	Control Findings year end 30 June 2021		As at March 2022	
			Status	Update
				<p>information is captured electronically and has been clarified with EY.</p> <ul style="list-style-type: none"> We are still looking into solutions for the Payroll documentation and will bring a further update to the Subcommittee in the next coming months.
	2.3.5	Signed contract not available	<p>On track</p> 	<ul style="list-style-type: none"> A procurement technology roadmap has been developed, and a contract has been signed with an implementation partner. The implementation of the internally-facing Procurement Hub and the organisation-wide contracts register are included in the deliverables. Staff are provided with continuing advice and training to lift procurement capability.

- 8 In keeping with standard practice, Audit will consider whether these control findings can be closed-out, as part of their audit for the year ended 30 June 2022.

He take | Issues

- 9 There are no issues to be raised in this report.

Ngā kōwhiringa | Options

- 10 There are no options to be raised in this report.

Tangata whenua

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

Panonitanga āhuarangi | Climate change

There are no Climate Change issues arising from this report. [Ahumoni me ngā rawa | Financial and resourcing](#)

- 13 Financial considerations have been covered as part of this report.

Ture me ngā Tūraru | Legal and risk

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

Ngā pānga ki ngā kaupapa here | Policy impact

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

Te whakawhiti kōrero me te tūhono | Communications & engagement

Te mahere tūhono | Engagement planning

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

Whakatairanga | Publicity

17 There are no publicity considerations.

Ngā āpitihanga | Attachments

Nil

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

Author: Jayne Nock, Executive Secretary to Group Manager Corporate Services

Authoriser: Mark de Haast, Group Manager Corporate Services

RECOMMENDATIONS

That the minutes of the Audit and Risk Subcommittee meeting on 2 November 2021 be accepted as a true and accurate record of the meeting

APPENDICES

1. Draft Minutes of the Audit and Risk Sub-Committee of 2 November 2021 [↓](#)

AUDIT AND RISK SUB-COMMITTEE MEETING MINUTES**2 NOVEMBER 2021**

**MINUTES OF KAPITI COAST DISTRICT COUNCIL
AUDIT AND RISK SUB-COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, GROUND FLOOR, 175 RIMU ROAD, PARAPARAUMU
ON TUESDAY, 2 NOVEMBER 2021 AT 10.00AM**

PRESENT: Mr Bryan Jackson (Chair), Cr Angela Buswell (Deputy Chair),
Mayor K Gurunathan, Deputy Mayor Janet Holborow, Mr Gary Simpson

IN ATTENDANCE: Wayne Maxwell, Mark de Haast, Dianne Andrew, Mr Ian Georgeson,
Tim Power, Jo Bryan, Andrew Gillespie, Tanicka Mason, Jayne Nock,
Cr Martin Halliday, Cr Sophie Handford, David Borrie, Ahmed Sofe
Ōtaki Community Board Member Cam Butler

APOLOGIES: Cr Gwynn Compton

**LEAVE OF
ABSENCE:** Nil

1 WELCOME

The Chair welcomed everyone to the meeting.

2 COUNCIL BLESSING

The Chair read the Council blessing.

3 APOLOGIES**APOLOGY****COMMITTEE RESOLUTION AAR2021/31**

Moved: Cr Angela Buswell

Seconder: Deputy Mayor Janet Holborow

That the apology received from Cr Gwynn Compton 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

AUDIT AND RISK SUB-COMMITTEE MEETING MINUTES**2 NOVEMBER 2021**

- (b) Leave of Absence

Nil

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

Nil

7 UPDATES

Nil

8 REPORTS**8.1 CLOSING REPORT FROM AUDIT FOR THE YEAR ENDED 30 JUNE 2021**

David Borrie, from Ernst and Young Auditors, gave a brief summary of the report and responded to Members' questions.

In addition to the report, following the Government's announcement to proceed with the 3-Waters Reform, there would be some minor changes made within the financial statements and Audit report.

COMMITTEE RESOLUTION AAR2021/32

Moved: Deputy Mayor Janet Holborow

Seconder: Cr Angela Buswell

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

That the Audit and Risk Sub-Committee notes that there are no unadjusted financial or non-financial differences, as identified by Audit in the draft 2020/21 Annual Report.

CARRIED**8.2 AUDIT REPORT TO MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2021**

Mr Ahmed Sofe, from Ernst & Young Auditors gave a brief summary of the report and responded to Members' questions.

COMMITTEE RESOLUTION AAR2021/33

Moved: Cr Angela Buswell

Seconder: Mr Gary Simpson

That the Audit & Risk Sub-Committee receives and notes this report, including Appendices 1 to this report.

That the Audit & Risk Sub-Committee notes that regular progress updates against the Control Findings will be provided.

CARRIED

AUDIT AND RISK SUB-COMMITTEE MEETING MINUTES

2 NOVEMBER 2021

8.3 DRAFT ANNUAL REPORT FOR 2020-21

Ms Jo Bryan, Manager, Corporate Planning and Reporting spoke to the report, noted Members' comments and questions were responded to.

COMMITTEE RESOLUTION AAR2021/34

Moved: Deputy Mayor Janet Holborow

Seconder: Mayor K Gurunathan

That the Audit and Risk Sub-Committee:

Notes and receives this report, including Appendix 1 and 2 to this report.

Recommends the draft Annual Report 2020-21 and its Summary for consideration and adoption by Council on 25 November 2021.

Delegates authority to the Chief Executive and Chair of the Audit and Risk Sub-Committee to make minor editorial changes to the draft Annual Report 2020-21 and its Summary required by Audit, prior to being submitted to the Council for consideration and adoption.

CARRIED

8.4 QUARTERLY TREASURY COMPLIANCE REPORT

Mr Ian Georgeson, Chief Financial Officer spoke to the report and responded to Members' questions.

COMMITTEE RESOLUTION AAR2021/35

Moved: Mr Gary Simpson

Seconder: Cr Angela Buswell

That the Audit and Risk Subcommittee notes the Council's full compliance with its Treasury Management Policy for the three months ended 30 September 2021.

CARRIED

8.5 HEALTH AND SAFETY QUARTERLY REPORT: 1 JULY 2021 - 30 SEPTEMBER 2021

The report was taken as read and Dianne Andrew, Organisational Development Manager responded to Members' questions.

In addition to the report:

- The Health and Safety Strategic Plan 2020-2023 (Plan) had been delayed due to time commitments of staff and elected members but it is hoped a workshop can be arranged to discuss the details of the Plan to Councillors before it is tabled at a future Audit and Risk Sub-Committee meeting.
- Will be reviewing the induction programme for elected members to ensure we capture the appropriate health and safety issues such as psychological wellbeing and how we mitigate and support elected members. It will be completed for the new triennium and will be discussed with elected members in the interim.
- Mobile app for Vault, for elected members to log incidents, is currently being worked through with the Council's Digital Solutions Team and training/refresher sessions, on how the process works, will be arranged when all issues have been resolved. In the interim, if elected members experience any urgent incident/issues, they need to call 111 or if they

Page 3

AUDIT AND RISK SUB-COMMITTEE MEETING MINUTES

2 NOVEMBER 2021

have an interaction with someone who is threatening and may pose a risk for other people, be it staff, members of the public or colleagues and there is no immediate danger, please report to the Mayor's PA and details of the incident will then be reviewed with a view for consideration of inclusion on the Council's Care Register.

It was advised:

- all councils were waiting on more instructions from the Government regarding a policy around vaccinations of council staff. In the interim, our Council was looking at risk assessments of its roles;
- surveyed staff with vaccination questions and received a good response; and
- in ongoing discussions with Unions to achieve a safe, healthy environment for all staff.

The Sub-Committee gave their congratulations on movements around mental health and a request to discuss further with Elected Members would be arranged.

The Chair gave his compliments on a good report.

COMMITTEE RESOLUTION AAR2021/36

Moved: Deputy Mayor Janet Holborow

Seconder: Cr Angela Buswell

That the Audit and Risk Sub Committee notes the Health and Safety Quarterly Report for the period 1 July 2021 – 30 September 2021 attached as Appendix One to this Report.

CARRIED

9 CONFIRMATION OF MINUTES**9.1 CONFIRMATION OF MINUTES****COMMITTEE RESOLUTION AAR2021/37**

Moved: Deputy Mayor Janet Holborow

Seconder: Cr Angela Buswell

That the minutes of the Audit and Risk Subcommittee meeting on 12 August 2021 be accepted as a true and accurate record of the meeting.

CARRIED

The Audit and Risk Subcommittee meeting went into public excluded session at 11.11am.

10 CONFIRMATION OF PUBLIC EXCLUDED MINUTES**11 PUBLIC EXCLUDED REPORTS****RESOLUTION TO EXCLUDE THE PUBLIC****PUBLIC EXCLUDED RESOLUTION AAR2021/38**

Moved: Cr Angela Buswell

Seconder: Mr Gary Simpson

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.

AUDIT AND RISK SUB-COMMITTEE MEETING MINUTES

2 NOVEMBER 2021

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>	<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>
11.1 - Update on Litigation Status, Statutory Compliance 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 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>	<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>

CARRIED

AUDIT AND RISK SUB-COMMITTEE MEETING MINUTES**2 NOVEMBER 2021****MOVE OUT OF PUBLIC EXCLUDE BUSINESS****COMMITTEE RESOLUTION AAR2021/39**

Moved: Deputy Mayor Janet Holborow

Seconder: Cr Angela Buswell

That the Audit and Risk Sub-Committee meeting moves out of the public excluded meeting at 11:17am.

CARRIED

The Audit and Risk Sub-Committee resolved their approval to release report 'Update on Litigation Status, Statutory Compliance Issues, Investigations' and the resolutions from the public excluded session.

COMMITTEE RESOLUTION AAR2021/40

Moved: Deputy Mayor Janet Holborow

Seconder: Cr Angela Buswell

That the Audit and Risk Subcommittee:

note the information on the Council's legislative compliance declarations;

note the current status of Ombudsman and Privacy Commissioner investigations, other compliance matters and litigation;

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

agree that Appendix A of this report, be excluded from public release.

CARRIED**Appendices**

- 1 Update on litigation status, statutory compliance issues, investigations

The Audit and Risk Subcommittee meeting closed at 11:17am.

.....
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>	
--	---	--