



RĀRANGI TAKE AGENDA

Hui Te Komiti Whakamauru Tūraru | Risk and Assurance Committee Meeting

**I hereby give notice that a Meeting of the Te Komiti Whakamauru
Tūraru | Risk and Assurance Committee will be held on:**

Te Rā | Date: Tuesday, 16 May 2023

Te Wā | Time: 9.30am

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

**Mark de Haast
Group Manager Corporate Services**

Kāpiti Coast District Council

Notice is hereby given that a meeting of the Te Komiti Whakamauru Tūraru | Risk and Assurance Committee will be held in the Council Chamber, Ground Floor, 175 Rimu Road, Paraparaumu, on Tuesday 16 May 2023, 9.30am.

Te Komiti Whakamauru Tūraru | Risk and Assurance Committee Members

Mr David Shand	Chair
Mr David Cochrane	Member
Mayor Janet Holborow	Member
Deputy Mayor Lawrence Kirby	Member
Cr Liz Koh	Member
Cr Jocelyn Prvanov	Member
Cr Glen Cooper	Member

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1 NAU MAI | WELCOME**2 KARAKIA A TE KAUNIHERA | 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 WHAKAPĀHA | APOLOGIES**4 TE TAUĀKĪ O TE WHAITAKE KI NGĀ MEA O TE RĀRANGI TAKE | 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 HE WĀ KŌRERO KI TE MAREA MŌ NGĀ MEA E HĀNGAI ANA KI TE RĀRANGI TAKE | PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA**6 NGĀ TAKE A NGĀ MEMA | MEMBERS' BUSINESS**

(a) Leave of Absence

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

7 HE KŌRERO HOU | UPDATES

Nil

8 PŪRONGO | REPORTS

8.1 CHIEF EXECUTIVE REPORT

Kaituhi | Author: **Darren Edwards, Chief Executive**

Kaiwhakamana | Authoriser: **Darren Edwards, Chief Executive**

TE PŪTAKE | PURPOSE

- 1 The purpose of this report is to inform the Risk and Assurance Committee of the key risks faced by Kapiti Coast District Council that the Chief Executive would like to highlight.

HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY

- 2 This report does not require an Executive Summary.

TE TUKU HAE PAPA | DELEGATION

- 3 The Risk and Assurance Committee has delegated authority to consider this report under section C.3 of the Governance Structure and Delegations.

TAUNAKITANGA | RECOMMENDATIONS

- A. That the Risk and Assurance Committee receives and notes this report.

TŪĀPAPA | BACKGROUND

- 4 The establishment of this new Risk and Assurance Committee as a full standing committee reporting to Council (rather than the Audit and Risk sub-Committee of the previous triennium) supports my successful oversight of the various functions of this organisation. In return, I trust that this inaugural report provides a high-level summary of risks that concern me as I lead the organisation and is useful to you.
- 5 As CE of this Council there are a myriad of issues and matters that come to my attention every day and it would not be sustainable for me to report all to this Committee. Nor is it appropriate of me to report my operational responsibilities in detail – that sits with me while you manage your governance duties.
- 6 However, the following four areas are of sufficient concern for me to raise with you:
 - Staff vacancies
 - Health and Safety
 - Top 10 Organisational Risks, and
 - Inflation and Increasing Costs.

HE KŌRERORERO | DISCUSSION

Staff Vacancies

- 7 New Zealand's labour market continues to be extremely competitive, and the country is experiencing record high employment. Council continues to have a significant number of staff vacancies as a result, several of which are in a competitive market.
- 8 Strong competition for candidates continues to cause pressure to match higher remuneration levels being offered by other organisations. These higher remuneration levels being offered in Wellington are also causing issues retaining staff in key positions. Additionally, recruitment agencies are becoming more aggressive in shoulder tapping our existing staff offering significant salaries to entice them to leave Council.

- 9 To compete for talent, and to support retention of existing staff, we are introducing new initiatives which can be found in more detail later in this agenda in the Top 10 Organisational Risk Report which includes *ORG 10 - Inability to attract and retain sufficient capacity to deliver Council's objectives.*

Health and Safety

- 10 Maintaining a safe working environment for workers continues to be a top priority. Focus continues on sustainable actions to support the psychological wellbeing of our people.
- 11 Along with staff shortages, the Covid-19 isolation requirements and general sickness is exacerbating work pressures and fatigue of our people. Both Council staff and external suppliers to Council are experiencing this phenomenon.
- 12 People Leaders continue to support staff by regularly checking in on their wellbeing and helping them prioritise their workload to manageable levels. A small internal working group has been working collaboratively to look at how we engage, empower, and enable our leaders to lead in and across the organisation; to problem solve and inform our direction and change; and to work on organisational wide issues.
- 13 At a recent Health and Safety Committee, it was acknowledged that our frontline staff are continuing to experience aggressive and intimidating customer behaviour. Training is underway for key staff, and we are turning our attention to what systems and processes we need to put in place to better manage aggressive and intimidating customer behaviour.
- 14 A more detailed look into this risk can be found later in this agenda in the Top 10 Organisational Risk Report which includes *ORG 1 - Loss of life, serious injury or illness due to insufficient Health, Safety and Wellbeing management.*

Top 10 Organisational Risks

- 15 This calendar year the risk profile at Council has been under review, with the Senior Leadership Team (SLT) determining a new set of Top 10 Organisational Risks. Rather than repeat these here I refer you to the more detailed separate report on this agenda.
- 16 Part of this process involved considering the global risk landscape, this was insightful as it enabled SLT to compare the global landscape against the risk discussions they had worked through in selecting the Top 10.
- 17 This new focus on the Top 10 Organisational Risks is a deliberate move away from the strategic risk reporting of the previous triennium. This approach is designed at an organisational level to set a clear direction for staff as to what SLT believe are the key risk areas for the organisation being able to successfully achieve its objectives and how we plan to mitigate them through our work programmes.

Inflation and Increasing costs

- 18 Inflation and the cost impact on Council is an ongoing concern.
- 19 The increasing costs are not only causing significant problems for Council but also for our community. The continued global impacts of the war in Ukraine and the hangover from Covid-19 has driven increases in inflation as the demand for products, materials and labour is outstripping supply. Higher interest rates are also a significant contributor to the increase in costs.
- 20 The World Economic Forum Report on Global Risks 2023 highlights that 'cost of living crisis' is going to be the number one risk for the next two years. We are aware that the Council and our community will be affected by this, as a result the draft 2023/24 Annual Plan currently under development has committed to managing these costs by confirming the Council will continue to deliver year three of our Long Term Plan. With our decision to stick to our plan, comes an unavoidable rates increase, but alongside Elected Members we have worked very hard to reduce the average rates increase from the forecast 14 percent (December 2022) to 7.8 percent as per the draft Annual Plan now out for consultation.

He take | Issues

21 There are no issues to be raised in this report.

Ngā kōwhiringa | Options

22 There are no options to be raised in this report.

Tangata whenua

23 This report does not directly affect tangata whenua, however I note that considerations are included as appropriate in other reports on this agenda.

Panonitanga āhuarangi | Climate change

24 This report does not directly relate to climate change; however I note that considerations are included as appropriate in other reports on this agenda.

Ahumoni me ngā rawa | Financial and resourcing

25 There are no additional financial and resourcing considerations arising from this report.

Ture me ngā Tūraru | Legal and risk

26 There are no specific legal and risk considerations arising from this report.

Ngā pānga ki ngā kaupapa here | Policy impact

27 There are no policy implications arising from this report.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT**Te mahere tūhono | Engagement planning**

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

Whakatairanga | Publicity

29 There are no publicity considerations.

NGĀ ĀPITI HANGA | ATTACHMENTS

Nil

8.2 ERNST & YOUNG AUDIT PLAN FOR THE YEAR ENDED 30 JUNE 2023

Kaituhi | Author: **Jing Zhou, Chief Financial Officer**

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

Te pūtake | Purpose

- 1 This report provides the Risk and Assurance Committee with Ernst & Young's Audit Plan, on behalf of the Office of the Auditor General (OAG), for the year ending 30 June 2023.

He whakarāpopoto | Executive summary

- 2 There is no requirement for an Executive Summary.

Te tuku haepapa | Delegation

- 3 The Risk and Assurance Committee has delegated authority to consider this report under section C.3 of the Governance Structure and Delegations.
 - *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 Committee receives and notes the Ernst & Young Audit Plan for the year ended 30 June 2023 attached as Appendix 1 to this report.

Tūāpapa | Background

- 4 The Council's Auditors, Ernst & Young (Audit), have 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 2023.
- 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 2023.

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

- 6 The areas of audit focus are summarised below:
 - Valuation of infrastructure assets
 - Rates setting and collection
 - Other income (fees charges and Waka Kotahi subsidies)
 - Expenditure and accounts payable
 - Accruals
 - Payroll
 - Debt and derivatives
 - Statement of service performance reporting

Materiality

- 7 Audit has set their materiality threshold at \$2.7 million, being 2.5% 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 \$136,000 will be reported to the Committee 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 tangata 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 At the time of writing this report, the audit fees payable to Audit for the three years ended 30 June 2026 have not been finalised and proposed by the OAG . Provision for an audit fee of \$257,000 has been included in the 2022/23 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. EY Audit Plan [↓](#)



Kāpiti Coast District Council
DRAFT FOR COMMENT

Audit Plan for the year ending
30 June 2023

12 April 2023



WELCOME



Dear Risk and Assurance Committee Members

We are pleased to present our External Audit Plan (“Audit Plan”) for Kāpiti Coast District Council (“KCDC” or “the Council”) for the year ending 30 June 2023. Our meeting with you on 16 May 2023 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 2023 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 027 489 9693 or sam.nicolle@nz.ey.com. We look forward to discussing our Audit Plan with you at the Risk and Assurance Committee (“the Committee”) meeting on 16 May 2023.

Yours faithfully



Sam Nicolle
Partner
12 April 2023



Shiela Mae Guardo
Manager
12 April 2023

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EXECUTIVE SUMMARY

Kāpiti Coast District Council
For the year ending 30 June 2023

AREAS OF AUDIT FOCUS

6

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 | ▶ Revenue from grants and subsidies | LOW |

YOUR EY TEAM

Sam Nicolle has replaced David Borrie as the Appointed Auditor on behalf of the Auditor-General and he will be supported by Shiela Mae Guardo who will be the Audit Manager.

AUDIT FEE

The audit fee has been agreed in the audit proposal letter dated April 2023 for the 2023 financial year and is set out below.

	\$'000s
Audit fee	
OAG contribution	
Audit fee excluding disbursements	

AUDIT APPROACH

A substantive approach will be taken to the following key financial statement processes:

- ▶ Valuation of infrastructural assets
- ▶ Rates setting and collections
- ▶ Other income (fees and charges and NZTA subsidies)
- ▶ Expenditure and accounts payable
- ▶ Accruals
- ▶ Payroll
- ▶ Debt and derivatives
- ▶ Statement of service performance reporting

PLANNING MATERIALITY

\$2.7M

Our planning materiality has been set at \$2.7m, calculated at 2.5% of forecast expenditure for 2022/23.

The basis for calculating planning materiality is consistent with the prior year. We will report all audit differences over \$136k.

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

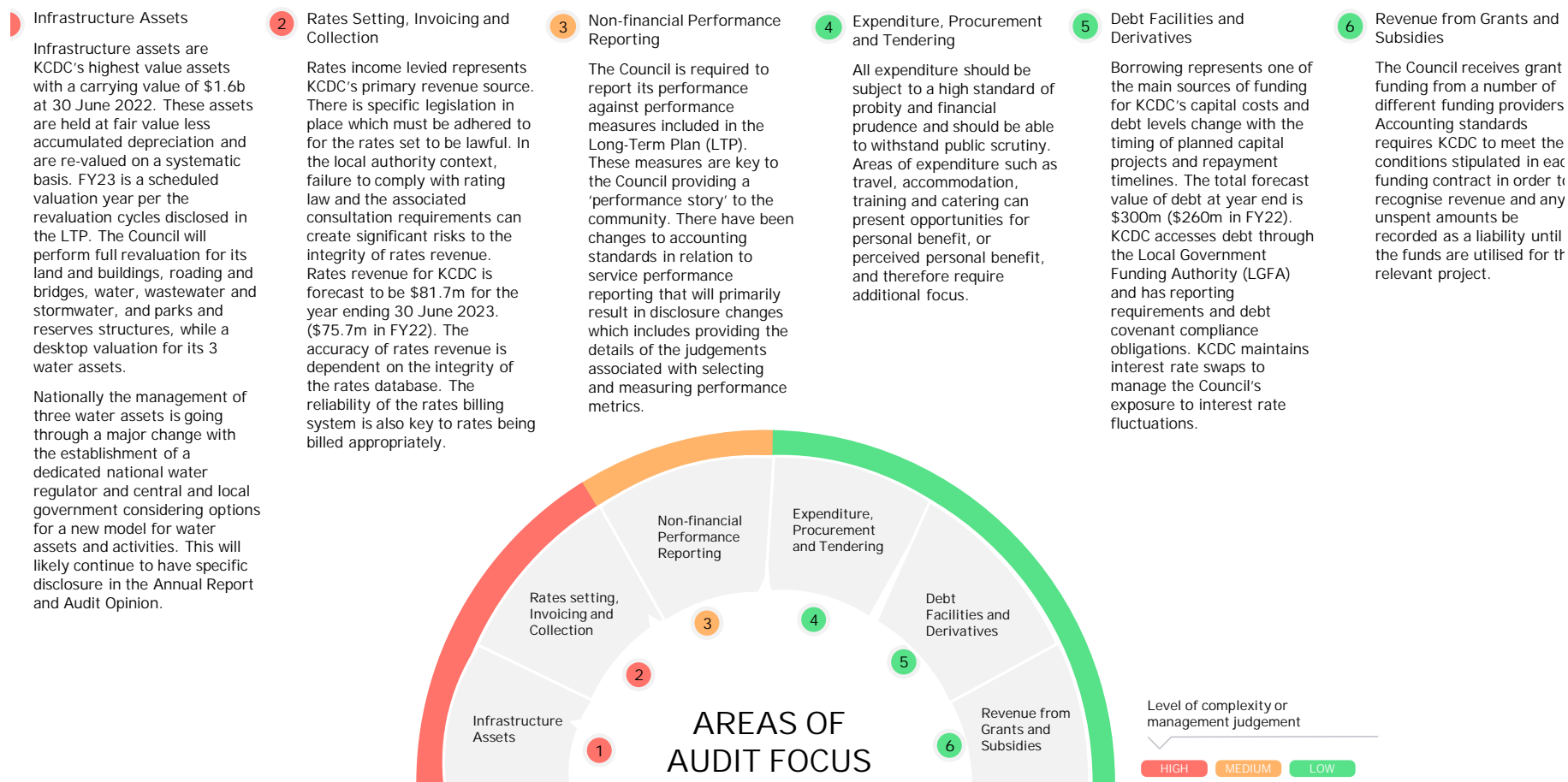
INDEPENDENCE

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.

EY | Kāpiti Coast District Council | For the Year ending 30 June 2023

Summary – Areas of Audit Focus

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



EY | Kāpiti Coast District Council | For the Year ending 30 June 2023

Infrastructure Assets

Our Understanding

- Infrastructure assets is the most significant balance on the Council's balance sheet with a 30 June 2022 carrying value comprising:

Assets	\$million
Bridges	18
Land under roads	768
Roading and footpaths	413
Wastewater	164
Drinking water	141
Stormwater	80
Seawalls	9
Assets under construction	48
Total value	1,641

- Infrastructure assets comprise of roading, three waters, and coastal management assets and are valued using Optimised Depreciated Replacement Cost (ODRC).
- FY23 is a scheduled valuation year per the revaluation cycles disclosed in the LTP. The Council will perform full revaluation for its land and buildings, roading and bridges, water, wastewater and stormwater, and parks and reserves structures, while a desktop valuation for its 3 water assets.
- 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. Implementation bill and an economic regulation bill were introduced in 2022. The Government expects the four new entities to be operational from 1 July 2024. There 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 FY23 due to delays with State Highway 1 revocation works.

Planned Audit Approach

- We will discuss with management their assessment of 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 2023 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

EY | Kāpiti Coast District Council | For the Year ending 30 June 2023

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 2022 alongside Y2 of the 2021-41 Long Term Plan.

Rates revenue	2022 Annual Report \$million	2023 LTP \$million
General rates	25.3	29.6
Targeted rates	52.2	53.7
Internal rates and rates remitted	(1.8)	(0.6)
Total value	75.7	82.7

- ▶ 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.
- ▶ Accuracy of rates revenue 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 are 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**

EY | Kāpiti Coast District Council | For the Year ending 30 June 2023

Medium and Low Risk Focus Areas



Audit Approach



Areas of Audit Focus



Background



Planned Audit Approach

Non-financial
Performance Reporting

MEDIUM

- ▶ 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. The performance framework set as part of the 2021-41 LTP is applicable to the current financial year.
 - ▶ Our audit opinion on the service performance report covers compliance with generally accepted accounting practice, and whether or not the service performance report fairly reflects the Council's actual service performance for the period.
 - ▶ In previous years we have noted improvement opportunities relating to the accuracy and reliability of service reporting. In FY22 we reported the need for further improvements to the way information is captured in the system for certain measures relating to customer services requests.
 - ▶ Consistent with previous periods we have selected the following activities as significant in the context of our audit of 2022/23 Annual Report. However, we will consider the entire Annual Report in providing general feedback to management.
 - ▶ Drinking water
 - ▶ Access and transport
 - ▶ Coastal management
 - ▶ Wastewater
 - ▶ Stormwater
 - ▶ Solid waste
 - ▶ Regulatory services
 - ▶ The OAG published guidelines in October 2021 called *The problems, progress and potential of performance reporting* which assists public organisations in the background of Performance Reporting and highlights opportunities for improvement
- ▶ We will update our understanding of key performance reporting processes and review the collation methodologies applied by the Council.
 - ▶ We will examine, on a sample basis, the Statement of Service Performance to determine if measures have been reported on an outputs have been achieved where stipulated. For the selected measures this will include obtaining the underlying supporting documentation on a sample basis and re-performing the calculations.
 - ▶ We will assess the completeness and effectiveness of the performance framework utilised.
 - ▶ We will check whether all mandatory performance measures stipulated by the Non-Financial Performance Measures rules 201 have been reported appropriately.
 - ▶ We will assess the extent to which the improvement matters identified during the 2022 audit have been addressed and will provide feedback on the overall Annual Report and the Summary Annual Report.

EY | Kāpiti Coast District Council | For the Year ending 30 June 2023

Medium and Low Risk Focus Areas



Areas of Audit Focus

Expenditure, Procurement
and Tendering

LOW



Background

- ▶ The appropriateness of Councillor and management expenditure continues to be an area of interest to ratepayers.
- ▶ Areas of expenditure such as travel, accommodation, training and catering can present opportunities for personal benefit.
- ▶ The Council's capital works programme involves significant cash spend. The Council has a range of policies that seek to ensure procurement is managed in the best interests of the Council.
- ▶ We will maintain an awareness of transactions or events that could indicate waste or probity concerns.
- ▶ OAG's controlling sensitive expenditure guidelines for public entities require expenditure decisions to:
 - ▶ Have a justifiable business purpose
 - ▶ Be cost-effective
 - ▶ Preserve impartiality
 - ▶ Be made with integrity
 - ▶ Be moderate and conservative, having regard to circumstances
 - ▶ Be made transparently
 - ▶ Be appropriate in all respects
- ▶ Conflicts of interest of local authority members is also an area of interest as described in *Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest* published in June 2020 which provides guidance of the requirements of the Act in regards to financial interests of members in contracts entered into by Council.



Planned Audit Approach

- ▶ We will review the incurrence and approval of a sample of operational expenditure.
- ▶ We will review the use of a sample of credit cards and whether expenditure has been incurred for a reasonable purpose.
- ▶ Obtain an understanding of Council's over expenditure are in place.
- ▶ For a sample of contracts tendered during the year we will establish an understanding of how the tendering process was managed. This will be completed with reference to KCDC's tendering policies and good practice.
- ▶ In considering sensitive expenditure, we will review the Council's policies to check if there is adequate guidance regarding the procedures for handling sensitive expenditure within the organisation and the policy is consistent with best practice guidelines issued by the OAG.

EY | Kāpiti Coast District Council | For the Year ending 30 June 2023

Medium and Low Risk Focus Areas



Areas of Audit Focus

Debt Facilities and Derivatives

LOW



Background

- ▶ 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 debt for FY23 is \$300m (FY22: \$260m).
- ▶ Total capital expenditure in 2023 is set to be above the forecast of \$79.4m per the long term plan. This is expected to flow through to higher gross debt levels at year end.
- ▶ KCDC accesses debt through the Local Government Funding Authority (LGFA) and has reporting requirements and debt covenant compliance obligations. The Council is responsible for preparing Reporting Certificates to the Trustee in accordance with the requirements of the Trust Deed and we are engaged to report to the Trustee with respect to the accuracy of the reporting certificates.
- ▶ KCDC continues to maintain interest rate swaps to manage the Council's exposure to interest rate fluctuations.



Planned Audit Approach

- ▶ We will obtain an understanding of debt facility agreements maintained in the year and review the relevant debt facility agreements including the process for managing drawdowns.
- ▶ We will consider the term or current classification of the debt.
- ▶ We will obtain LGFA confirmation of the outstanding debt position at year end.
- ▶ We will confirm derivative positions in place at year end and independently value a sample of derivative contracts.
- ▶ We will review disclosures associated with the debt and swap positions held to check that they are in accordance with the reporting standards.
- ▶ We will review the prudence benchmark measures relating to debt, interest levels and sustainability as required by legislation.
- ▶ We will also complete procedures required of us by the debenture trust deed.

EY | Kāpiti Coast District Council | For the Year ending 30 June 2023

Medium and Low Risk Focus Areas



Areas of Audit Focus



Background



Planned Audit Approach

Revenue from Grants and Subsidies

LOW

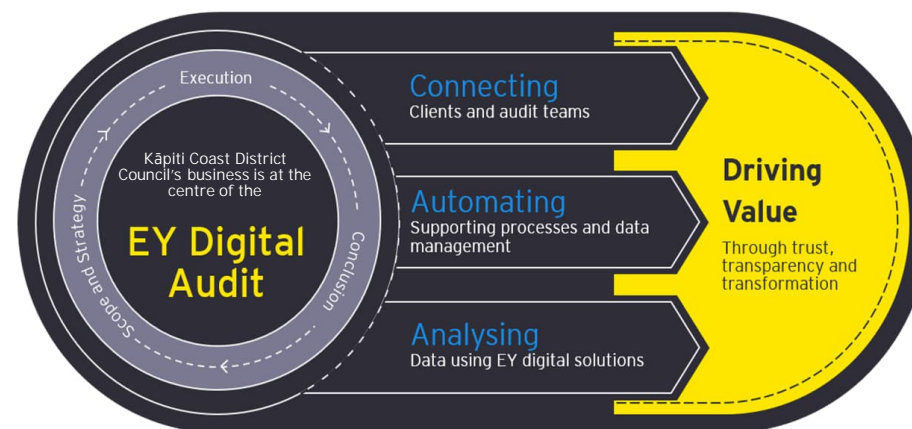
- ▶ Council receives grant funding from a number of different funding providers.
 - ▶ KCDC receives NZTA funding to subsidise costs associated with local roads. The funding assistance rate is typically 51% with higher amounts being available in certain circumstances. Financial reporting standards require NZTA subsidies to be recognised as revenue, while a portion of the associated expenditure is capitalised as part of roading assets.
 - ▶ The Department of Internal Affairs (DIA) allocated \$6.3m of funding in FY21 to KCDC for various water safety and resilience initiatives. Half of this funding was received in the previous financial year. As part of the funding application Council has submitted a plan detailing how the funding is to be spent. For the year 30 June 2022 \$3.3m had been spent in line with the funding plan.
 - ▶ The Ministry for Culture & Heritage approved a \$1.7m grant to rebuild the Mahara Gallery and this work has commenced. KCDC owns the Mahara Gallery building including the land. The Mahara Gallery trust runs the operations of the gallery.
 - ▶ Accounting standards require KCDC to meet the conditions stipulated in each funding contract in order to recognise revenue and any unspent amounts be recorded as a liability until the funds are utilised for the relevant project.
- ▶ We will obtain new agreements and amendments or correspondence between KCDC and the Ministry for Culture & Heritage relating to the Mahara Gallery and the Department of Internal Affairs relating to the water funding.
 - ▶ We will check, on a sample basis, that the costs being recovered are in line with the funding agreements.
 - ▶ We will check, on a sample basis, that revenue is being recognised in line with obligations/undertakings being satisfied.
 - ▶ We will examine costs claims from NZTA, on a sample basis, to check the expenditure is allowed to be claimed and the funding assistance rate applied is appropriate.
 - ▶ We will carry out an assessment of the reasonability of NZTA income and its completeness in consideration of the level of costs incurred for the period.
 - ▶ We will assess the disclosures in the annual report in relation to each funding is in line with relevant accounting standards.

EY | Kāpiti Coast District Council | For the Year ending 30 June 2023

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.

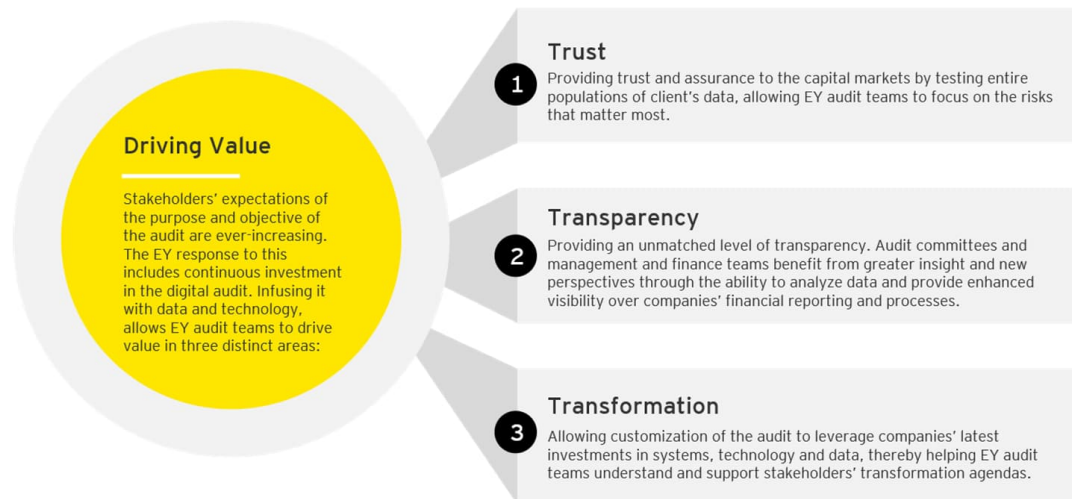


Data-driven Audit

To meet the expectations of stakeholders, regulators and clients of a modern audit, we have invested heavily in new technology, revolutionising our professional practice.

With the EY Digital Audit analysing large or full sets of data from your data population, we are responsive to the changing risk profiles of our clients. This helps establish trust. Data-driven procedures can bring insights to management and risk and assurance committee alike, enabling them to be proactive in investigating issues and addressing risks.

The EY Digital Audit improves the way our auditors look at risk, reduces management burden in supporting the audit and provides an opportunity for new insights to improve KCDC's financial processes.

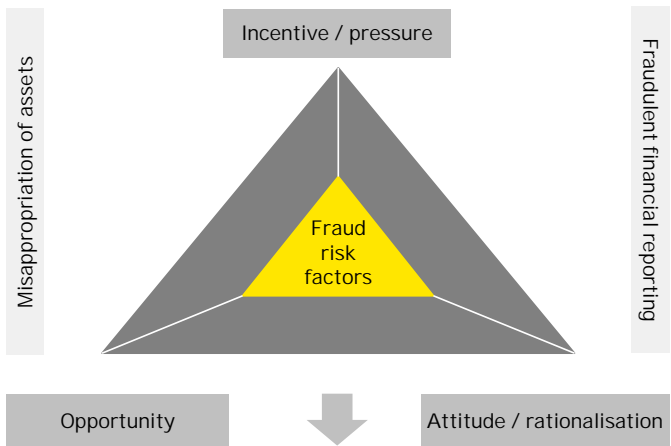


Internal Control Environment

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).



EY | Kāpiti Coast District Council | For the Year ending 30 June 2023

Revised ISA (NZ) 315 - Impact on the 2023 KCDC's audit

Summary of key changes

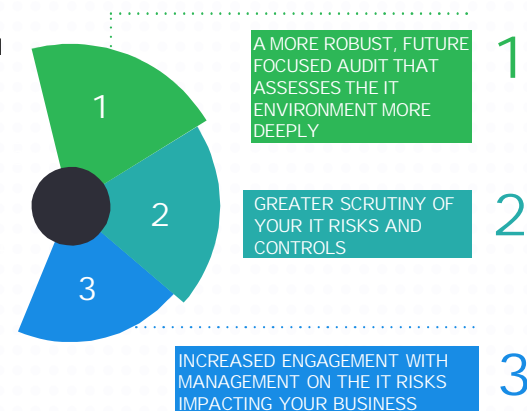
The revisions to the auditing standard on risk assessment (ISA (NZ) 315) are effective for the 2023 KCDC's audit. The effects are far-reaching, particularly in our risk assessment of the IT environment. The following are the main areas of the revisions.

- 1 Understanding the IT environment, including IT general controls
 - Regardless of whether we plan to rely on controls, new requirements to:
 - A deeper understanding of the IT environment (applications, infrastructure and IT processes) that support key business processes
 - Identify specific IT risks, and evaluate design and implementation of management's IT general controls ("ITGCs") that address those risks.
- 2 Evaluation of internal control
 - Procedures to obtain an understanding of and evaluate internal control to extend beyond enquiry and include observation and inspection.
 - This will include understanding whether those charged with governance have created and maintained a culture of honesty and integrity.

So what does this mean?

We have upskilled our people, invested in technology and expanded our audit programs to respond to these incremental changes to auditing standards.

We stay focused on the risks that impact your organisation and provide feedback to management and the Board.



Find out more:



ISA (NZ) 315: Identifying and assessing the risks of material misstatement

How KCDC's audit is impacted

This table summarises the key changes to the audit of KCDC for the year ending 30 June 2023.

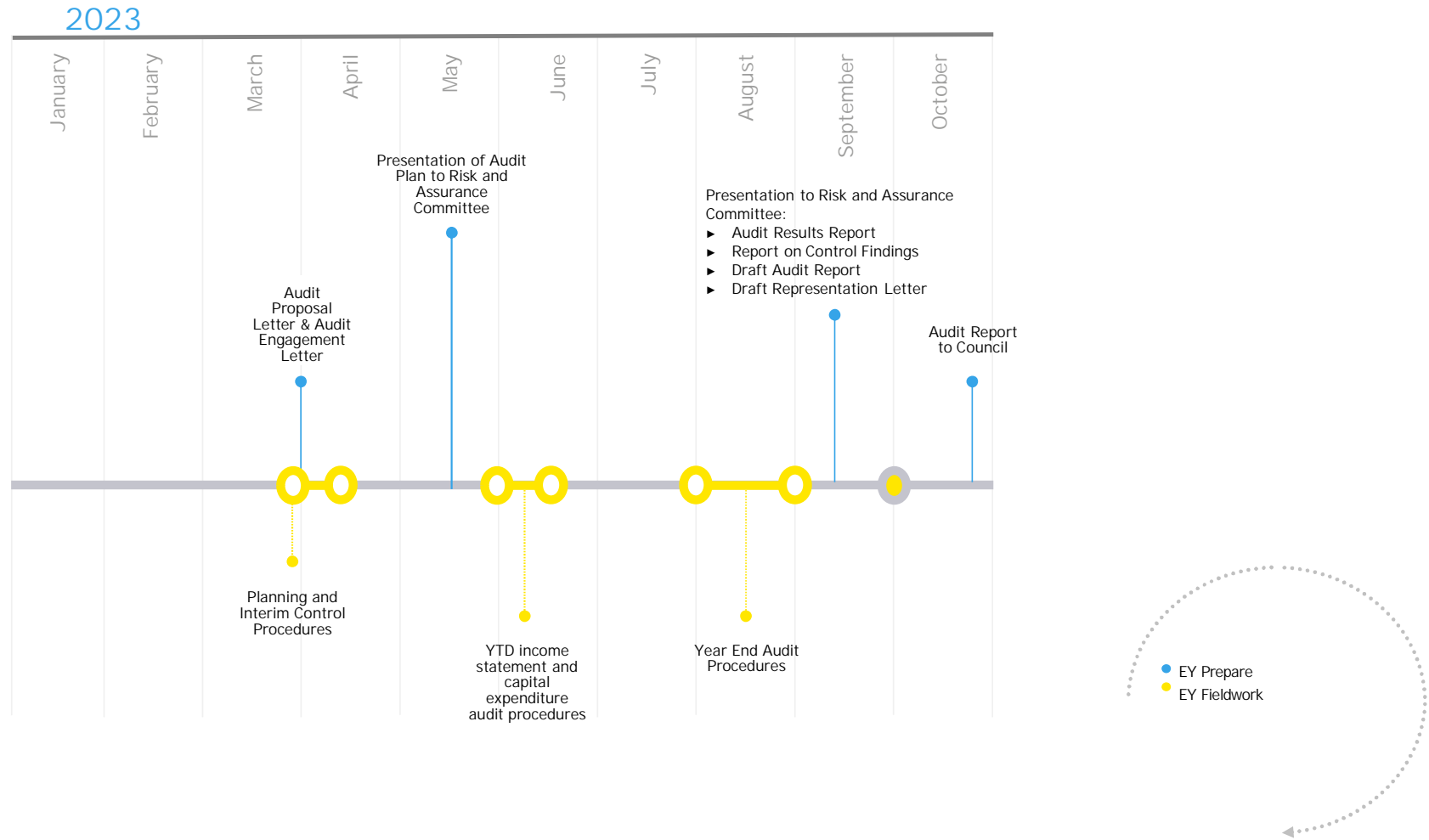
Significant class of transaction	Application	Assessment of impact
Financial statement close process, asset management and tendering, expenses, rates setting and collection, other income (incl. NZTA), payroll, statement of service performance, debt and derivatives, water rates	MagiQ Performance - Version 4	Moderate
Asset management and tendering	Infonet, RAMM	Moderate
Payroll	iChris/Chris21	Moderate

Key

 Substantive audit strategy, requirement applies to *minimum* relevant controls only.

EY | Kāpiti Coast District Council | For the Year ending 30 June 2023

Engagement Execution



APPENDICES

A. Independence

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B. Focused on Your Future

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Appendices

A. Independence

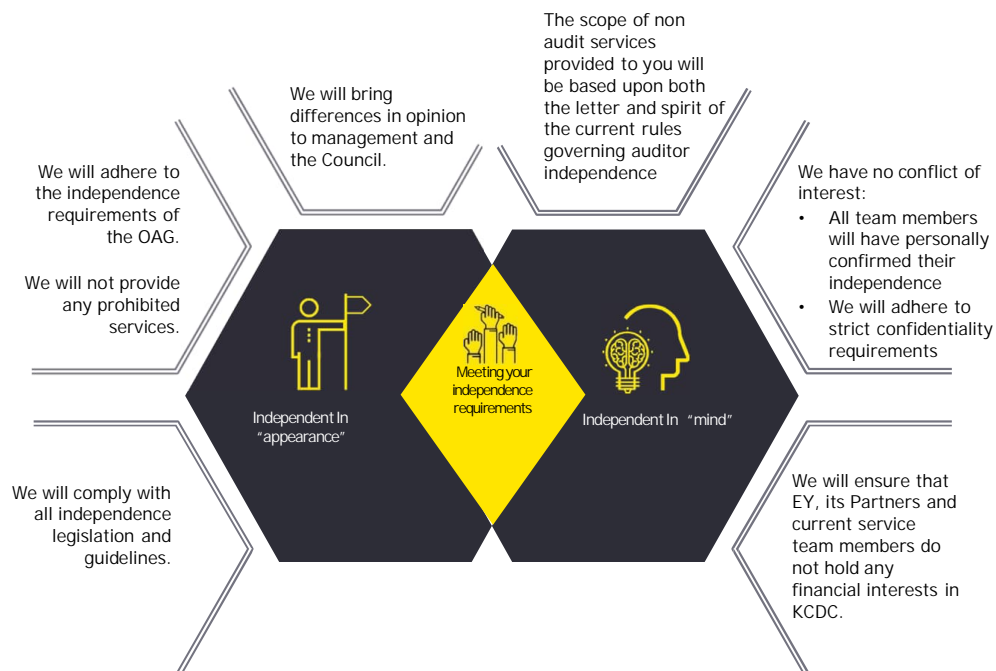
Independence is fundamental to EY as our ongoing reputation and success is connected to our ability to meet both KCDC's and broader regulatory independence requirements.

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 Risk and Assurance Committee.



Appendices

B. Focused on Your Future

Application of PBE IPSAS 41 Financial Instruments

Background

During March 2019, the New Zealand Accounting Standards Board (NZASB) issued PBE IPSAS 41 *Financial Instruments*, which replaces parts of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* and is effective on 1 January 2022. The first time it will apply to KCDC is the 2023 financial year.

The changes proposed by the new Standard included the following:

- Classification of financial assets

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. Specifically:

- whether cash flows reflect solely payments of interest and principal, or not; and
- whether the asset is held to collect cash flows or held for trading purposes, or a mix of both.

In order to achieve measurement at amortised cost for financial assets, the cash flows must be solely payments of principal and interest, and the business model must be to hold the instrument to collect the contractual cash flows. If these two tests are not met, the financial asset will be measured at fair value. Where and how an entity then recognises the movements in fair value will depend on the business model, type of instrument or the entity's accounting policy choices.

Classification of financial liabilities is unlikely to change under the new Standard.

Recommendations

Accounting

Kāpiti Coast District Council holds financial instruments, including:

- Contractual receivables and payables
- Term deposits
- LGFA borrowings and associated derivatives
- LGFA Borrower Notes

Classification of financial instruments

The classification of Council's financial assets, and consequently the subsequent accounting for these assets, changes under PBE IPSAS 41. The changes include removing the financial assets classification "available for sale" under PBE IPSAS 29. All entities applying PBE IPSAS 41 are required to assess the classification of financial instruments under the new standard.

Appendices

B. Focused on Your Future

Accounting for Climate Change

Climate-related matters	Potential accounting considerations	Climate-related matters	Potential accounting considerations
PBE IPSAS 1 – <i>Presentation of Financial statements</i>	<ul style="list-style-type: none"> Potential additional disclosures: <ul style="list-style-type: none"> assumptions in respect of climate-related matters, sensitivity analyses for a range of scenarios, uncertainties in the estimates relied on in the primary financial statements and in the sensitivities disclosed, climate-related judgments that have significant effect on the amounts recognised PBE IPSAS 1 requires entities to disclose information, for instance, climate-related matters, that is not specifically required by PBE Standards and is not presented elsewhere, but which is relevant to an understanding of the financial statements. Consider climate-related matters in conjunction with other uncertainties when assessing going concern 	PBE IPSAS 19 – <i>Provisions, contingent liabilities and Contingent Assets</i>	<ul style="list-style-type: none"> New liabilities or contingent liabilities arising from new laws or regulations (e.g. decommissioning and asset retirement obligations), business model changes (e.g. restructuring provisions), legal claims Assess whether a public commitment creates a constructive obligation that requires recognition of a provision Assess whether a provision is required for onerous contracts
PBE IPSAS 26 – <i>Impairment of Cash-Generating Assets</i>	<ul style="list-style-type: none"> Indication of impairment due to government actions to manage environmental change, change of stakeholders' preference and entity's commitment to reduce its carbon footprint 	PBE IPSAS 41 – <i>Financial Instruments</i>	<ul style="list-style-type: none"> Changes in expected credit losses for loans and other financial assets due to climate-related risks (physical and transition risks) Careful analysis to assess whether cash flows of sustainability-linked loans represent solely payments of principal and interest (SPPI). Do the sustainability-linked features provide commensurate compensation for basic lending risks, such as credit risk. Are they de-minimis or non-genuine, or do they introduce compensation for new risks that are inconsistent with basic lending arrangements and thus cause an instrument to fail the SPPI test
PBE IPSAS 21 – <i>Impairment of Non-Cash-Generating Assets</i>	<ul style="list-style-type: none"> Existence of active markets and identification of CGUs Factoring in environmental change when determining the recoverable amount based on VIU – variations in amount or timing of cash flows, inclusion of future investments, use of multiple scenarios, period of reliable cash flow projections, terminal value 	PBE IPSAS 30 – <i>Financial Instruments: Disclosures</i>	<ul style="list-style-type: none"> Consider to what extent the entity is exposed to climate risks as a result of its involvement in financial instruments PBE IPSAS 30 requires qualitative and quantitative disclosures unless the information resulting from disclosure is not material.
PBE IPSAS 17 – <i>Property, Plant and Equipment</i>	<ul style="list-style-type: none"> The impact of climate on PP&E – useful life, residual value, overhauls and redesigns, decommissioning costs, business models 		

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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.

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ED None

This report is intended solely for the information and use of the Risk and Assurance Committee, other members of Council and senior management of Kāpiti 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.

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8.3 HEALTH AND SAFETY QUARTERLY REPORTS : 1 JULY 2022 - 31 MARCH 2023

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

Kaiwhakamana | Authoriser: **Darren Edwards, Chief Executive**

Te pūtake | Purpose

- 1 This report presents Health and Safety Quarterly Reports for the periods 1 July 2022 – 31 March 2023.

He whakarāpopoto | Executive summary

- 2 Due to the timing of local government elections and subsequent dates for new triennium meetings, the Health and Safety Quarterly Reports for the periods covering July 2022- March 2023 were also tabled at the Council Meeting 27 April 2023 as a one-off interim measure to bring the reporting cycle back into the meetings schedule.
- 3 The Health and Safety Quarterly Report links to the Strategic Health and Safety Plan 2020-2023 which aligns 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

- 4 The Risk and Assurance 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 Risk and Assurance Committee notes the Health and Safety Quarterly Reports for the periods 1 July 2022 – 31 March 2023 attached as Appendix One to this Report.

Tūāpapa | Background

- 5 The quarterly Health & Safety 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.
- 6 The Health and Safety Plan period was extended from two to three years to enable Covid-19 lockdown delays and ongoing related interruptions to be taken into account. With the current work programme and resource challenges, the three-year period remains appropriate.
- 7 A draft Health and Safety Strategic Plan 2020-2023 was adopted by the Senior Leadership Team. Work is proceeding based on the deliverables stated in the 2020-2023 Plan.

- 8 In advance of the Health and Safety Strategic Plan being tabled at this Committee, a Discussion Forum will be scheduled to provide an opportunity for the Committee to familiarise themselves with the content and understand the context of some of the components.
- 9 To assist with further understanding the context for the Health and Safety Quarterly Reporting process, a Briefing has been scheduled for 11 May 2023 to enable an opportunity for elected members and Risk and Assurance Committee members to refresh their knowledge and understanding of the Council's role under the Health and Safety at Work Act.
- 10 The timing of the Health and Safety Quarterly Reports does not prevent an 'as and when required' verbal update from the Chief Executive to the Mayor and Council regarding serious or high profile or high risk events. Such events will be recorded and retrospectively included in the next available Quarterly Report.

He kōrerorero | Discussion

- 11 Disruptions as a result of previous Covid-19 alert level resurgence and/or restrictions have been factored into the draft 2020 – 2023 Health and Safety Plan and actions and deliverables are progressing, albeit slower than anticipated primarily due to limited resource availability.

He take | Issues

- 12 Training for key competency/qualification requirements for specific roles was significantly disrupted through Covid-19 restrictions and the overflow effect of limitations on the availability of training opportunities. 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.
- 13 Planning continues to minimise organisational risk and enable best opportunities to continue a level of service delivery to our community during any future pandemic related or emergency related disruptions. Planning for such contingency includes the health and safety and wellbeing of staff and customers, and members of the community and as such will be dependant on Council's resource availability and acknowledgement of the potential that some services may be reduced intermittently or for a period of time.

Ngā kōwhiringa | Options

- 14 For the delivery of key competency/qualification training, most can continue to be via remote delivery where practicable. 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 context of any restrictions or limitations at the time.

Tangata whenua

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

Panonitanga āhuarangi | Climate change

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

Ahumoni me ngā rawa | Financial and resourcing

- 17 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

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

Ngā pānga ki ngā kaupapa here | Policy impact

19 There are no policy considerations arising from this report.

Te whakawhiti kōrero me te tūhono | Communications & engagement

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

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

22 There are no publicity considerations.

Ngā āpitihanga | Attachments

1. Health and Safety Quarterly Reports for the periods 1 July 2022 - 31 March 2023 [↓](#)

Appendix One

KĀPITI COAST DISTRICT COUNCIL
Health and Safety Quarterly Report to the Risk and Assurance Committee
1 July 2022 – 30 September 2022

1. Executive Summary

There were no notifiable events or serious harm events this Quarter. However, this Quarter has seen a continued prevalence of events related to aggression and abuse towards workers from customers and members of the public. Training and support for frontline workers is being refreshed to enable an ongoing cycle of health, safety and wellbeing workshops and will be customized to the context for each team.

Two contractor events were reported this quarter. One was a near miss on the Waikanae River walking track. A Bobcat digger became stuck in soft silt after taking evasive action to avoid speeding moped riders. It was subsequently discovered through the investigation that the warning signs that had been well placed along the track had been removed and were found in the bushes. The Bobcat was towed out and there were no injuries. The second event saw a small digger fall onto its side when it drove across soft sand while clearing a beach accessway. This work was being undertaken as part of emergency remediation works to reinstate post storm beach access. A comprehensive investigation found that the Contractor worker was operating with the correct settings and using the correct procedures. There were no injuries. Both Contractor events highlighted the importance for robust risk assessments and have provided an opportunity to improve on the council's processes when engaging contractors and the discussions required on the nature of the work and the management of risks related to the tasks. The planned implementation of the SiteWise tool coupled with identifying improvements to the health and safety activities within the procurement cycle will reinforce the learning from these events and strengthen the processes around engaging contractors.

The Place and Space Group continue to report the highest number of events, and this is not surprising given the volume of community activity spaces (i.e.: Pools, Parks, Libraries) that this Group is responsible for, and as such the majority of Third-Party events are also attributed to this Group. Of the 85 total events reported this Quarter, 49 occurred at Pools – 40 of which were Third Party; 15 occurred at Libraries- 5 of which were Third Party.

The use of Employee Assistance Program (EAP) remains steady with use being predominantly for non-work related issues.

The Care Register (a confidential internal database to advise our workers of a known potential for harm from people or properties that workers may be required to engage with or visit to carry out their roles) had one new entry this Quarter in regard to an abusive customer.

The Senior Leadership Team (SLT) continues to monitor, and review leave usage. A recent outcome from this process resulted in two new leave provisions: one to enable employees to care for their Dependents, and one for employees to recover from Covid related illness.

2. LEAD INDICATORS

2.1. CORPORATE HEALTH AND SAFETY TRAINING SUMMARY

Training Type	Training Course Name	Scheduled	Status
<i>Task Related</i>	<ul style="list-style-type: none"> Breathing Apparatus Confined Spaces & Gas Detection Safety in Trenches Sling Regular Loads Safety 	Sep 2022 Sep 2022 Sep 2022 Aug 2022	Completed Completed Completed Completed
<i>Role Related</i>	<ul style="list-style-type: none"> Truck Loader Crane Asbestos Awareness Electrical Competency 	Aug-Sep 2022 Sep 2022 Aug 2022	Completed Completed Completed
<i>Critical Risk Related</i>	<ul style="list-style-type: none"> AA Safe Driving Assessment – Phase 1: Regular Drivers of Council vehicles (online assessments) 	Aug-Sep 2022	Completed

1

Appendix One

Training Type	Training Course Name	Scheduled	Status
	<ul style="list-style-type: none"> AA Safe Driving Assessment - Phase 1 – practical assessments AA Safe Driving Assessment - Phase 2: other staff (online assessment) - to complete within 2 months of notification 		Not yet Scheduled Not yet Scheduled
<i>General - Health & Safety</i>	Comprehensive First Aid	Sep 2022	Completed
	First Aid Refresher	Sep 2022	Completed
	WFA Heartbeat (CPR/AED)	Sep 2022	Completed
	Health and Safety Representative	As required	Underway
	Fire Warden Training	As required	Completed
	Keeping Yourself Safe at Work		Not yet Scheduled
	Disability Awareness Training	Sep 2022	Completed

2.2. EMERGENCY EVACUATIONS AND DRILLS

- With the addition of Maple Building in June 2022, the Council now has 13 buildings which have emergency evacuation plans in place. Eleven of these buildings have their evacuation plans approved and lodged with Fire and Emergency NZ (FENZ) as required by the nature of their operation. Eleven buildings are required to carry out six monthly emergency evacuation drills.
- The Council has two buildings (EOC and Animal Management Shelter) which do not require six monthly evacuation drills and instead require procedures to be in place, checked and reviewed which is occurring.
- The Property Services Team have been working with Safety First to review the Council's evacuation and emergency plans as well as appointing and training new fire wardens
- Over the previous six months, trial evacuations have been on hold due to the ever-changing environment and supersessions caused by the changes with Covid-19 evaluations transitioning from Alert levels to the Traffic Light system. However, as we no longer have the Traffic Light system, for this quarter 9 trial evacuations were completed, putting us back on track.

2.3. EMPLOYEE INDUCTIONS

- 32 new employees commenced this quarter. Current induction processes are under review and health and safety inductions will be captured as part of the new 'Cognise' online 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 and resource limitations.

2.4. WELLNESS INITIATIVES

Wellness Initiative	Staff recipients
Eye Examinations	16
Ergonomic Work Assessments	11
Hearing Tests Annual cycle August – October	50
Noise Monitoring (Water Treatment Plants and Operations) - 5 yearly cycle commenced October – December 2020	Not due this quarter
EAP Services hours utilized	25 hours

Appendix One

2.5. DRUG AND ALCOHOL MANAGEMENT

- Pre-employment Drug and Alcohol Tests 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 for employees were conducted during this quarter.

2.6. STANDARD OPERATING PROCEDURES (SOPs)

- Operational activity SOPs continue to be maintained as work in progress/continuous improvement and have now been incorporated into business as usual.

2.7. RISK MANAGEMENT

- Contractors: *This term refers to contractors undertaking physical works or work where the risks are higher than would normally be present in a general office workplace.* As of 30 September 2022, a total of 168 Contractors had been approved by the in-house health and safety pre-qualification process.
- 3 contractors were newly added and 6 had their approval status renewed this quarter.
- The Safety for Contractors process is under review as changes to the process for engaging contractors will be required in conjunction with the planned implementation of the SiteWise Contractor Prequalification and Management Tool.
- SiteWise's prequalification system grades and publishes a contractor's health and safety capability allowing the Council better assurance on contractor selection and an easier tendering process for both contractors and contract managers
- As of 30 September, there were 55 Care Register entries, with one addition this quarter. The Care Register policy, process and forms are currently being reviewed to ensure they are working effectively and continue to be fit for purpose.

2.8. ORGANISATION HEALTH AND SAFETY COMMITTEE

- Monthly meetings were held in July, August, and September 2022.
- The committee has been working to increase worker participation on the committee. The revised Organisation Health and Safety Committee Terms of Reference was approved by SLT in early September.

2.9. SENIOR LEADERSHIP TEAM

- Senior Leadership Team (SLT) site visits recommenced under the orange traffic light setting. The Animal Management facility was visited in the previous quarter and future site visits will be confirmed for the new calendar year. No sites visits were scheduled this quarter.
- SLT continues to maintain a focus on wellbeing, including psychological wellbeing. SLT recognises the potential impact lockdowns, health concerns and feelings of general uncertainty may have on our people and as such continue to review and refresh related contingencies and support availability for staff.
- SLT continues to monitor, and review leave usage to ensure the leave policy is fit for purpose and staff have a balance between rest, recreation, and work. A recent outcome of this review process resulted in the implementation of a new leave provision to enable staff to care for their dependants. A new leave provision for Covid related sickness has also been introduced. 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.

2.10. HEALTH AND SAFETY POLICY REVIEW

- 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 is retained. This work program has been slowed down due to resource availability however priority is given where required in specific areas.

Appendix One

3. Reported Events**3.1. TOTAL REPORTED EVENTS 1 JULY – 30 SEPTEMBER 2022**

Group	Events	Notifiable* events	Near Miss	Total
Chief Executive including Org Dev	0	0	0	0
Corporate Services	0	0	1	1
Infrastructure Services	12	0	0	12
People and Partnerships	0	0	0	0
Place and Space	17	0	3	20
Regulatory Services	6	0	0	6
Strategy, Growth & Recovery	0	0	0	0
Third Party	40	0	6	46
Contractors undertaking major works	1	0	1	2
Total	76	0	11	87

**Under the Health and Safety at Work Act 2015, Council must notify WorkSafe when certain work-related events occur.*

3.2. WORKER REPORTED EVENTS BY TYPE 1 JULY – 30 SEPTEMBER 2022

Worker Events by Type	Jul – Sep 2022
Aggressive Interactions (towards staff from externals)	11
Injuries	9
Chemical/Biological Hazards & Unknown Organisms	7
Near Miss	5
Theft	2
Vehicle	2
Property Damage	2
Equipment/Machinery	1
Psychological Health and Safety (prolonged exposure)	1
Aggressive/roaming animal	1
TOTAL	41

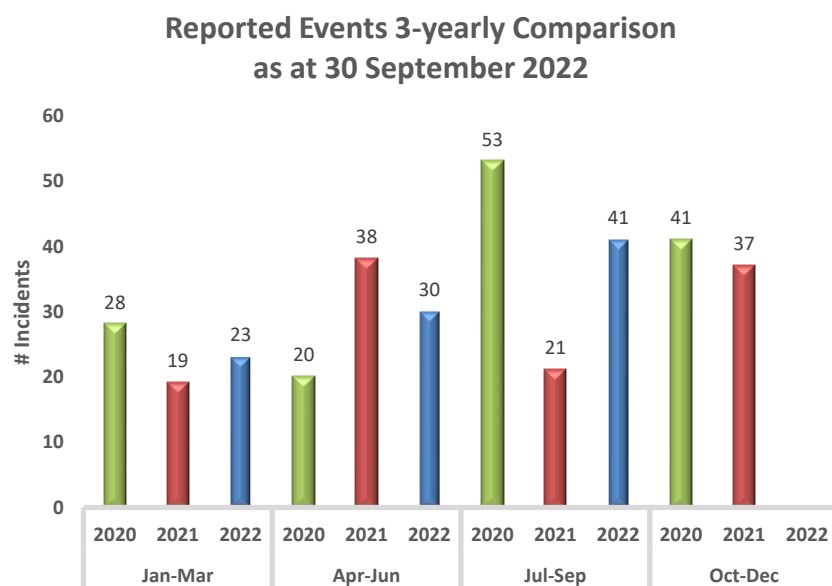
- 2 of the above were Contractor events related to equipment/machinery (1 near miss, 1 incident)

Appendix One

3.3. THIRD PARTY REPORTED EVENTS BY TYPE 1 JULY – 30 SEPTEMBER 2022

Third Party Events by Type	Jul – Sep 2022
Injuries	18
Near Miss	6
Chemical/Biological Hazards & Unknown Organisms	6
Aggressive or Inappropriate Behaviour	5
Theft	2
Wet Rescue	2
Physical Hazard	2
Equipment/Machinery	2
Fall/Trip or Slip	1
Psychological Health and Safety (prolonged exposure)	1
Medical Event	1
TOTAL	46

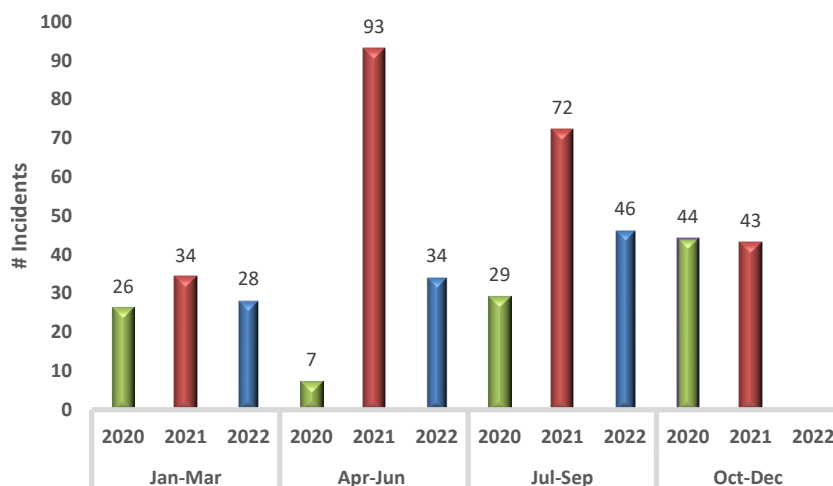
3.4. TOTAL REPORTED EVENTS 3-YEARLY COMPARISON



Appendix One

3.5. THIRD PARTY EVENTS 3-YEARLY COMAPRISON

Third Party Events 3-yearly Comparison
as at 30 September 2022

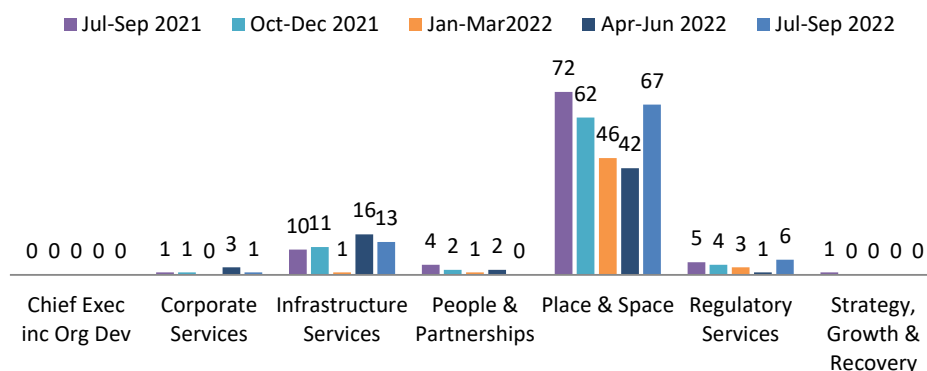


- Third Party is defined as a person who does not hold employee status or contractor worker status
- Third Party events tend to be associated primarily with Council's recreational public buildings i.e., Aquatics centres and Libraries.

3.6. TOTAL REPORTED EVENTS 3-YEARLY COMPARISON (INCLUDING THIRD PARTY)

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

Total Reported Events by Group



KĀPITI COAST DISTRICT COUNCIL
Health and Safety Quarterly Report to the Risk and Assurance Committee
1 October 2022 – 31 December 2022

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1 Executive Summary

There were no notifiable events or serious harm events this Quarter. No 'reasonable cause' drug and alcohol tests were required from employees this quarter.

There has been a concerning number of incidents reported by workers who have experienced Aggressive Interactions from customers or members of the public whilst carrying out their tasks. There were 11 reported in the previous quarter and 17 in this quarter.

A number of these incidents have occurred within the Regulatory Team and a series of workshops will be scheduled, initially for Regulatory staff and then rolled out across other teams, to explore the threats, triggers workers face, identify existing proactive controls (pre-event, how do we stop the aggressive interaction from starting), identify existing reactive controls (post-event, how do we manage the aggressive interaction) and determine if the controls are effective and what improvements can be made.

The number of reported events increased from 87 the last quarter to 116 for this quarter. The Aquatic Facilities within the Place and Space Group continue to report the highest number of events. Of the 116 total events reported this quarter, 77 occurred at Pools – 65 of which were Third Party. It should be noted that the reporting period for this quarter covers the opening of the Waikanae Pool season, so an increase of reported events is not unexpected. Customer behavior issues at the Coastlands Aquatic Centre around the sauna and waterslide has resulted in the implementation of health and safety improvements including 15-minutes checks of the sauna and the reception staff now monitoring activity at the water slide via a newly installed camera.

The Organisational Health and Safety Committee has been working to increase worker participation on the committee and 4 new members were confirmed this quarter.

The use of our Employee Assistance Program (EAP) has increased this quarter however this is not a major concern as the context and background of some situations is known and additional intervention support is in place where appropriate. The current EAP provider will be providing a revised reporting format over the coming months to enable a breakdown of usage between employees and elected members. This is a work in progress and updates will be provided going forward.

2 LEAD INDICATORS

2.1 CORPORATE HEALTH AND SAFETY TRAINING SUMMARY

Training Type	Training Course Name	Scheduled	Status
	<ul style="list-style-type: none"> Forklift Code of Practice DiSC Profile Training (Leadership) Electric Fishing Machine training Electrical Awareness Waka Kotahi Inspector Wheels, Tracks Rollers Licence 	Oct 2022 Oct 2022 Oct 2022 Nov 2022 Nov 2022 Oct 2022	Completed Completed Completed Completed Completed Completed
<i>Critical Risk Related</i>	<ul style="list-style-type: none"> AA Safe Driving Assessment - Phase 1: All drivers of Council vehicles (online assessment) AA Safe Driving Assessment - Phase 2: Regular drivers (practical assessment) 		Scheduled to recommence next quarter Scheduled to recommence next quarter
<i>General - Health & Safety</i>	<ul style="list-style-type: none"> Comprehensive First Aid First Aid Refresher Health and Safety Representative 	Oct, Nov 2022 Oct, Nov 2022 As required	Completed Completed Underway

1

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Training Type	Training Course Name	Scheduled	Status
	<ul style="list-style-type: none"> Fire Warden Training Keeping Yourself Safe at Work 		Not scheduled A rolling schedule to be completed by end May
	<ul style="list-style-type: none"> Disability Awareness Training Risk Analysis – Aggressive Interactions 	Oct 2022 As required	Completed To be completed by end March 2023

2.2 EMERGENCY EVACUATIONS AND DRILLS

- Trial evacuations are current for all required buildings.

2.3 EMPLOYEE INDUCTIONS

- 30 new employees commenced this quarter. Progress on the new online induction system continues with limited resourcing but a revised implementation date has been proposed for 1 July 2023. Currently the induction process is manual based.

2.4 WELLNESS INITIATIVES

Wellness Initiative	Staff recipients
Eye Examinations	14
Ergonomic Work Assessments	4
Hearing Tests Annual cycle August – October	1
Noise Monitoring (Water Treatment Plants and Operations) - 5 yearly cycle commenced October – December 2020	Not due this quarter
EAP Services hours utilized	42 hours

2.5 DRUG AND ALCOHOL MANAGEMENT

- Pre-employment Drug and Alcohol Tests 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 for employees during this quarter.

2.6 RISK MANAGEMENT

- As of 31 December 2022, a total of 167 Contractors* had been approved by the in-house health and safety pre-qualification process.
- 6 contractors were newly added and 5 had their health and safety pre-qualification approval status renewed this quarter.
- The transition of the Council's contractor health and safety prequalification process over to SiteWise is due for completion by 31 March 2023.

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- Concerns about customer behavioral issues at the pools around the sauna and waterslide has resulted in the implementation of health and safety improvements including 15-minutes checks of the sauna and the reception staff are now able to monitor activity at the water slide via a newly installed camera.
- As of 31 December, there were 54 Care Register entries, with no additions and one deletion this quarter following review. The Care Register policy, process and forms have been reviewed and updated to ensure they are fit for purpose. A refresher for using the Care Register has been developed and will be incorporated into the new Cognise learning tool for all employees.

**Refers to contractors undertaking physical works, or work where the risks are higher than would normally be present in a general office workplace*

2.7 ORGANISATION HEALTH AND SAFETY COMMITTEE

- Monthly meetings were held in October and November 2022.
- The Health and Safety Committee continues a focus to increase worker participation and 4 new members were confirmed onto the Committee this quarter. There is now a total of 7 Health and Safety Representatives.
- Further Health and Safety Representative vacancies have been identified across the Council work groups, and a call for nominations will be circulated.

3 Reported Events

3.1 TOTAL REPORTED EVENTS 1 OCTOBER – 31 DECEMBER 2022

Group	Events	Notifiable* Events	Near Miss	Total
Chief Executive including Org Dev	0	0	0	0
Corporate Services	0	0	0	0
Infrastructure Services	9	0	2	11
People and Partnerships	5	0	0	5
Place and Space	23	0	7	30
Regulatory Services	5	0	0	5
Strategy, Growth & Recovery	0	0	0	0
Third Party	58	0	7	65
Contractors undertaking major works	0	0	0	0
Total	100	0	16	116

**Under the Health and Safety at Work Act 2015, Council must notify WorkSafe when certain work-related events occur.*

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3.2 WORKER REPORTED EVENTS BY TYPE 1 OCTOBER – 31 DECEMBER 2022

Worker Events by Type	Oct – Dec 2022
Injuries	17
Aggressive Interactions	12
Near Miss	9
Theft	4
Chemical/Biological Hazards & Unknown Organisms	3
Vehicle	2
Medical Event	1
Vandalism	1
Electrical Contact	1
Equipment/Machinery	1
TOTAL	51

3.3 THIRD PARTY REPORTED EVENTS BY TYPE 1 OCTOBER – 31 DECEMBER 2022**

Third Party Events by Type	Oct – Dec 2022
Injuries	24
Aggressive Behaviour	13
Chemical/Biological Hazards & Unknown Organisms	12
Near Miss	7
Medical Event	3
Theft	2
Water Related	2
Drugs/Alcohol onsite	1
Physical Hazard	1
TOTAL	65

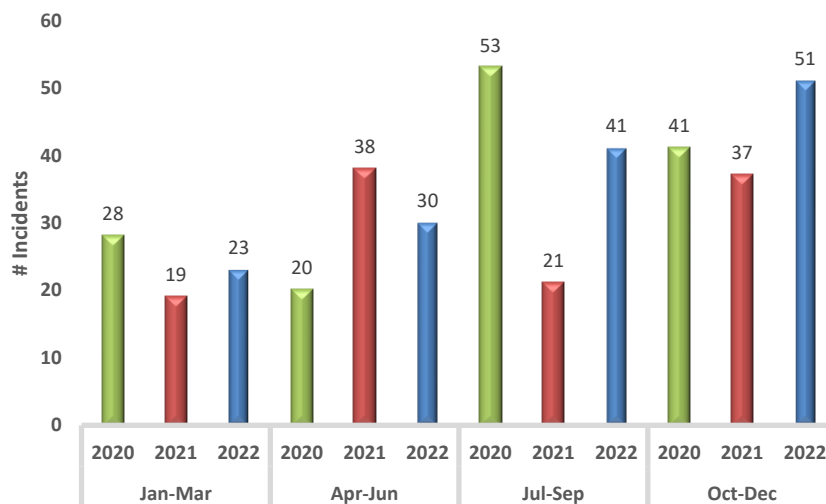
*** Retrospectively a further 9 third party events were reported giving a total of 74 third party events. Of these 65 were from Pools and 9 were spread across the other teams.*

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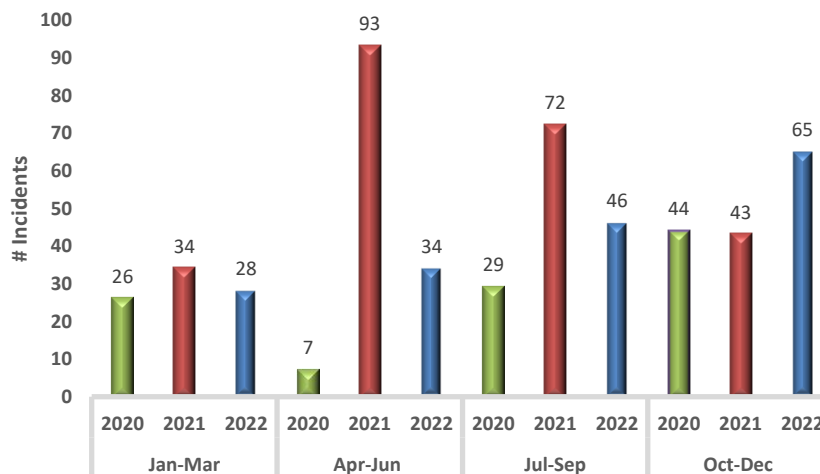
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3.4 TOTAL REPORTED EVENTS 3-YEARLY COMPARISON

Worker Events 3-yearly Comparison
as at 31 December 2022

**3.5 THIRD PARTY REPORTED EVENTS 3-YEARLY COMPARISON**

Third Party Events 3-yearly Comparison
as at 31 December 2022

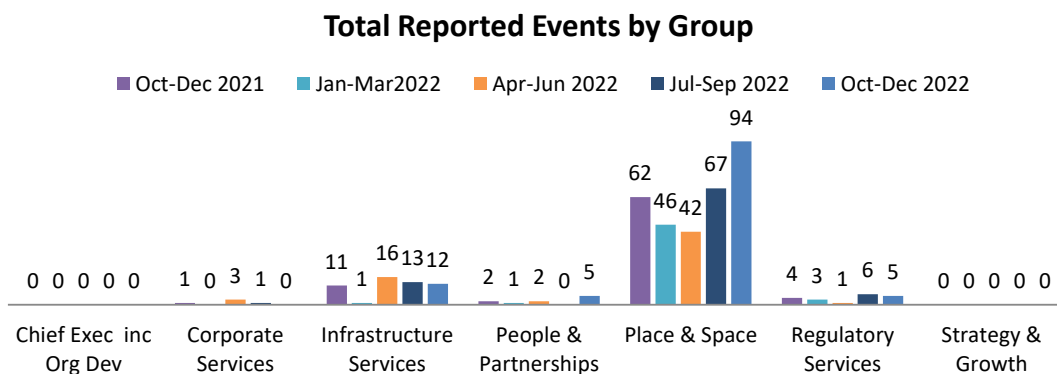


- *Third Party is defined as a person who does not hold employee status or contractor worker status*
- *Third Party events tend to be associated primarily with Council's recreational public buildings i.e., Aquatics centres and Libraries.*

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3.6 TOTAL REPORTED EVENTS 3-YEARLY COMPARISON (INCLUDING THIRD PARTY)



The high proportion observed in Place and Space reflects the range of community facilities where responsibility sits under this group's activity area. Of the 116 total incidents, 77 occurred at the Pools, 14 at Libraries, 12 across Infrastructure teams, with the remaining 13 at other locations throughout the Council

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1 Executive Summary

There were no notifiable events or serious harm events this Quarter. No 'reasonable cause' drug and alcohol tests were required from employees this quarter. WorkSafe were notified of the Canada Geese incident but did not consider this to be defined as a 'notifiable event'.

SiteWise is now the Council's preferred health and safety accreditation system. All contractors that do physical work for Council or do work where health and safety risk is higher than would normally be present in a typical workplace, are required to be either be accredited by SiteWise, or by an alternative Health and Safety assessor, provided that the alternative accreditation is acceptable to us. As of 31 March 2023, there are a total of 146 selected contractors on the SiteWise system.

With the recent concerning number of incidents reported by workers who have experienced Aggressive Interactions from customers or members of the public whilst carrying out their tasks, two risk analysis workshops have been carried out with the Regulatory Services Team. The purpose of the workshops is for staff to identify the threats and triggers that can lead to an aggressive interaction while carrying out their duties, discuss the proactive and reactive controls that are already in place and their effectiveness, and identify any further controls. To finish the risk analysis, a further two more workshops are scheduled in April with the Regulatory Services Team and results will then be shared with the Senior Leadership Team.

The Organisational Health and Safety Committee has had a positive response to their call for nominations for further Health and Safety Representatives across Council. 9 new members were confirmed this quarter, taking the total number of Representatives to 16.

An investigation into the Canada Geese Culling incident has been completed. The investigation identified two key contributing factors:

- the introduction of new equipment and a new methodology for night shooting was different from what had worked in the past, and new risks associated with this change were not adequately identified and managed;
- assumptions about the new methodology limited the extent to which neighbours were notified of the cull.

These factors culminated in the private residence being struck by a bullet and shotgun pellets hitting the roof, and the ensuing concern. We have a corrective action plan in place and have committed to undertaking a full hazard assessment before making any future decisions to resume this method of culling Canada Geese. This has been a testing incident for staff involved. Our approach has been open and constructive with a view to continual improvement and we have learned a lot.

The initial investigation into the Public Spaces and Animal Management Team incident where a calf fell off a Council trailer while being transported to the Animal Shelter has been completed. The investigation highlighted several contributing factors of which further investigation into this matter is still continuing.

For future Health and Safety Reports the format will be changing slightly to provide more of a 'dashboard' style of summary information. This improvement is a result of a new HR reporting platform which compliments the financial reporting system. Implementation of a refreshed report format is due for the first quarter of the new financial year.

2 LEAD INDICATORS

2.1 CORPORATE HEALTH AND SAFETY TRAINING SUMMARY

Training Type	Training Course Name	Scheduled	Status
<i>Task Related</i>	• Confined Spaces & Gas Detection	Mar 2023	Completed

1

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Training Type	Training Course Name	Scheduled	Status
	<ul style="list-style-type: none"> AMI SAC254 – UVT Analyser (measurement of UV absorption for monitoring of organic contamination at WWTP) 	Mar 2023	Completed
<i>Critical Risk Related</i>	<ul style="list-style-type: none"> AA Safe Driving Assessment - Phase 1: All drivers of Council vehicles (online assessment) AA Safe Driving Assessment - Phase 2: Regular drivers (practical assessment) Situational Safety and Tactical Communications 	Feb 2023 Feb 2023	Rescheduled for June/July Completed Completed
<i>General - Health & Safety</i>	<ul style="list-style-type: none"> Comprehensive First Aid First Aid Refresher Risk Analysis – Aggressive Interactions 	Feb 2023 Feb 2023 As required	Completed Completed 2 workshops completed with a further 2 scheduled for April 2023

2.2 EMERGENCY EVACUATIONS AND DRILLS

- Trial evacuations are current for all required buildings.

2.3 EMPLOYEE INDUCTIONS

- 54 new employees commenced this quarter. Good progress is now being made on the new 'Cognise' online training module with implementation date being brought forward to May.

2.4 WELLNESS INITIATIVES

Wellness Initiative	Staff recipients
Eye Examinations	20
Ergonomic Work Assessments	7
Hearing Tests Annual cycle August – October	Not due this quarter
Noise Monitoring (Water Treatment Plants and Operations) - 5 yearly cycle commenced October – December 2020	Not due this quarter
EAP Services hours utilised	33 HOURS

2.5 DRUG AND ALCOHOL MANAGEMENT

- Pre-employment Drug and Alcohol Tests continue to be undertaken by all preferred applicants.

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- 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 on employees during this quarter.

2.6 RISK MANAGEMENT

- SiteWise is now our preferred health and safety accreditation system. We require all our suppliers that do physical work for us or do work where health and safety risk is higher than would normally be present in a typical workplace, to either be accredited by SiteWise, or by an alternative Health and Safety assessor, provided that the alternative accreditation is acceptable to us.
- As of 31 March 2023, there are a total of 146 selected Contractors on the SiteWise system.
- Two risk analysis workshops looking at the critical risk, aggressive interactions were carried out with the Regulatory Services Team. The purpose of the workshops is for staff to identify the threats and triggers that can lead to an aggressive interaction while carrying out their duties, discuss the proactive and reactive controls that are already in place and their effectiveness, and identify any further controls. To finish the risk analysis, a further two more workshops are scheduled in April with the Regulatory Services Team.
- As of 31 March, there were 55 Care Register entries, with one addition this quarter.

2.7 ORGANISATION HEALTH AND SAFETY COMMITTEE

- Monthly meetings were held in February and March 2023.
- The committee has been successful in increasing worker participation on the committee and 9 new members were confirmed this quarter, taking the total number of representatives to 16, including the Chair.

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3 Reported Events**3.1 TOTAL REPORTED EVENTS 1 JANUARY – 31 MARCH 2023**

Group	Events	Notifiable Events*	Near Miss	Total
Chief Executive including Org Dev	0	0	1	1
Corporate Services	2	0	0	2
Infrastructure Services	13	0	3	16
People and Partnerships	5	0	0	5
Place and Space	27	0	4	31
Regulatory Services	4	0	4	8
Strategy, Growth & Recovery	1	0	0	1
Third Party	65	0	5	70
Contractor	2	0	2	4
Total	119	0	19	138

**Under the Health and Safety at Work Act 2015, Council must notify WorkSafe when certain work-related incidents occur.*

3.2 WORKER REPORTED EVENTS BY TYPE 1 JANUARY – 31 MARCH 2023

Worker Events by Type	Jan – Mar 2023
Injuries	19
Near Miss	15
Aggressive Interactions	12
Medical Event	5
Biological Hazards/Unknown Organisms	2
Vandalism/property damage	3
Water related	3
Hit by moving object	3
Live animals	2
Theft	1
Vehicle	1
Fall/Trip/Slip	1
Fire	1
TOTAL	68

- 4 of the above were Contractor events related to equipment/machinery (2 near miss, 1 non injury incident) and the firearm incident related to the Geese culling.

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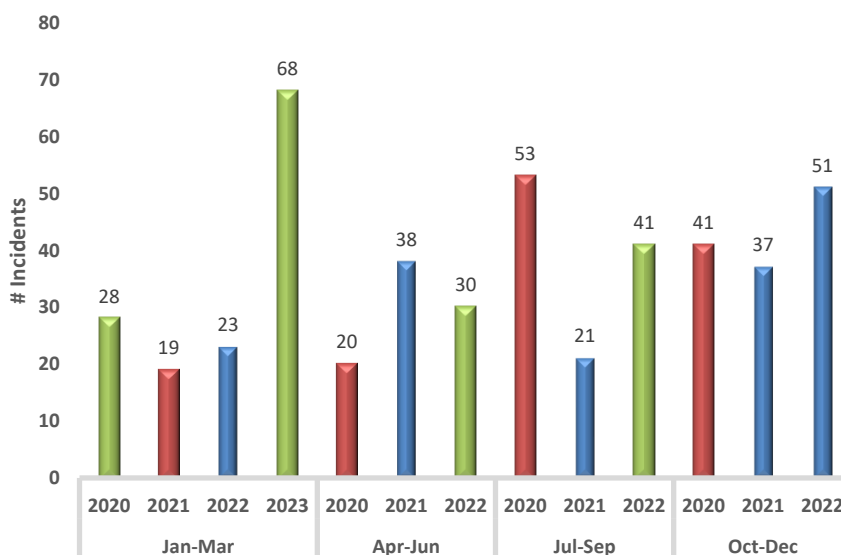
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3.3 THIRD PARTY REPORTED EVENTS BY TYPE 1 JANUARY – 31 MARCH 2023

Third Party Incidents by Type	Jan – Mar 2023
Injuries	35
Aggressive Behaviour	12
Water Related	5
Near Miss	5
Drugs/Alcohol onsite	4
Medical Event	2
Fire	2
Theft	1
Physical Hazard	1
Trip/Slip	1
Other	1
Vehicle	1
TOTAL	70

3.4 TOTAL REPORTED EVENTS 3-YEARLY COMPARISON

Total Reported Events 3-yearly Comparison
as at 31 March 2023

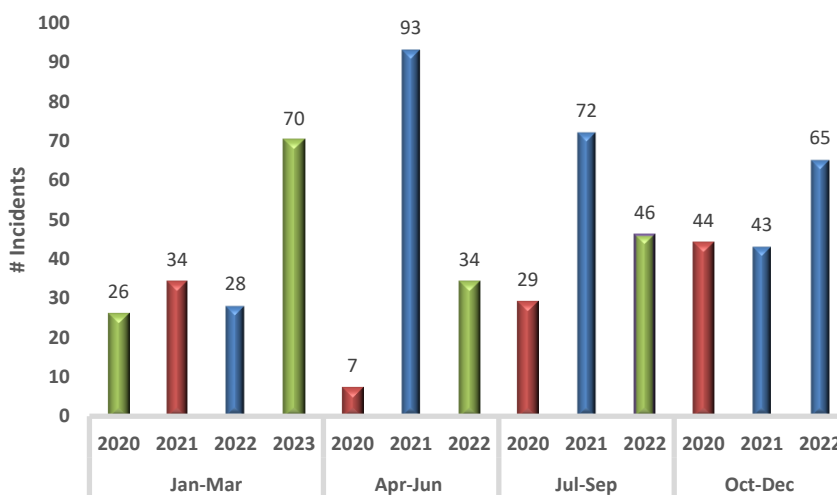


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3.5 THIRD PARTY REPORTED EVENTS 3-YEARLY COMAPRISON

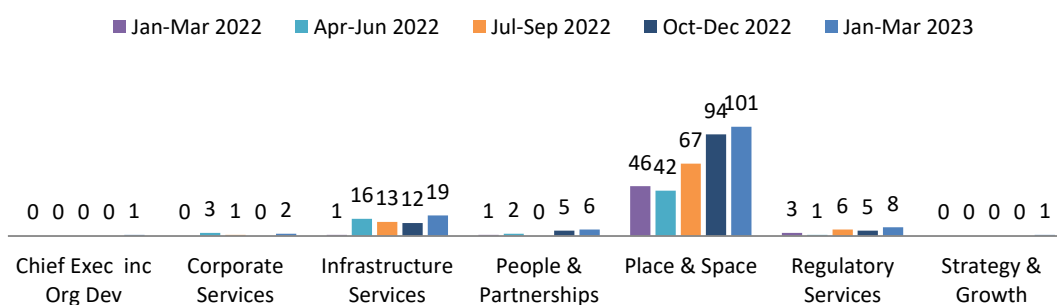
Third Party Events 3-yearly Comparison
as at 31 March 2023



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

3.6 TOTAL REPORTED EVENTS YEARLY COMPARISON (INCLUDING THIRD PARTY)

Total Reported Incidents by Group



The high proportion observed in Place and Space reflects the range of community facilities where responsibility sits under this group's activity area. Of the 138 total incidents, 78 occurred at the Pools - primarily third party events; 18 at Libraries; 19 across the Infrastructure Group; with the remaining 23 across other teams throughout the Council

8.4 QUARTERLY TREASURY COMPLIANCE

Kaituhi | Author: **Jing Zhou, Chief Financial Officer**

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

Te pūtake | Purpose

- 1 This report provides confirmation to the Risk and Assurance Committee of the Council's compliance with its Treasury Management Policy (Policy) for the quarter ended 31 March 2023.

He whakarāpopoto | Executive summary

- 2 The Council had net debt of \$192.1 million on 31 March 2023, equating to 187% of total operating income. This is within the LTP Financial Strategy limit of 280%.
- 3 The Council's Treasury policy contains several treasury risk management limits or requirements designed to minimise risks. The Council complied with all policy requirements during the quarter ended 31 March 2023.

Te tuku haepapa | Delegation

- 4 The Risk and Assurance 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 Risk and Assurance Committee notes the Council's full compliance with its Treasury Management Policy for the three months ended 31 March 2023.

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, Operations and Finance Committee, as well as quarterly compliance reporting to the Risk and Assurance Committee.
- 7 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 March 2023 against the 2022/23 full year budget and the prior year closing balance.

Table 1	March YTD Actual	Full Year Budget	Prior year 2021/22
	\$000's	\$000's	\$000's
External debt	265,000	300,000	255,000
less borrower notes	(5,680)	(6,735)	(5,250)
less Term Deposits	(60,000)	(75,000)	(65,000)
less cash	(7,251)	(15,596)	(15,274)
Net debt	192,069	202,669	169,476

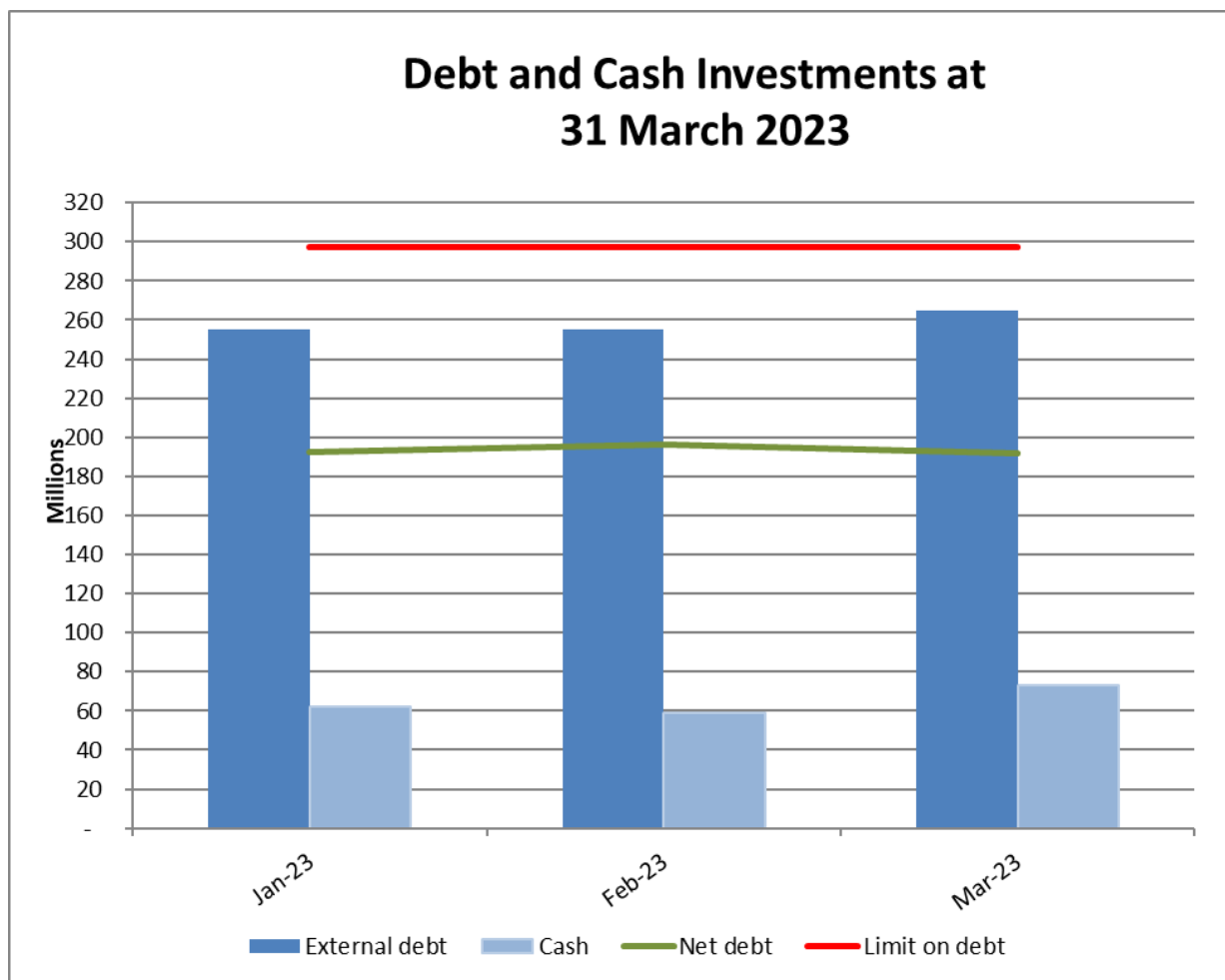
- 9 During the past three months, the Council has issued \$10 million of new debt bringing the total amount of debt drawn during the past nine months to \$30 million.
- 10 The \$10 million issued this quarter was used to pre-fund the May 2024 debt maturity.
- 11 The table below shows (a) the movement in the Council's external debt balance and (b) the movement in the Council's pre-funding programme by debt maturity, for the nine months ended 31 March 2023.

Borrowings	Gross borrowings \$000	Pre-funding					CAPEX
		TD Oct 2022 \$000	TD Apr 2023 \$000	TD Oct 2023 \$000	TD May 2024 \$000	Total Prefunding \$000	Capex programme \$000
Opening balance 1 July	255,000	20,000	25,000	20,000	-	65,000	n/a
New Long term debt issued YTD	30,000	-	-	5,000	10,000	15,000	15,000
Matured Long term debt	(20,000)	(20,000)	-	-	-	(20,000)	n/a
Total	265,000	-	25,000	25,000	10,000	60,000	15,000

- 12 As at 31 March 2023 the Council had \$72.9 million of cash, borrower notes and term deposits on hand. This is broken down as follows:

Term deposits, cash & borrower notes	Prefund borrowings \$000	Borrower notes \$000	Cash \$000	Total \$000
LGFA debt maturing Apr 2023	25,000	-	-	25,000
LGFA debt maturing Oct 2023	25,000	-	-	25,000
LGFA debt maturing May 2024	10,000	-	-	10,000
Surplus cash	-	-	7,251	7,251
Borrower notes held	-	5,680	-	5,680
Total	60,000	5,680	7,251	72,931

- 13 For the three months ended 31 March 2023, the Council has not breached its net debt upper limit, as shown in the chart below:

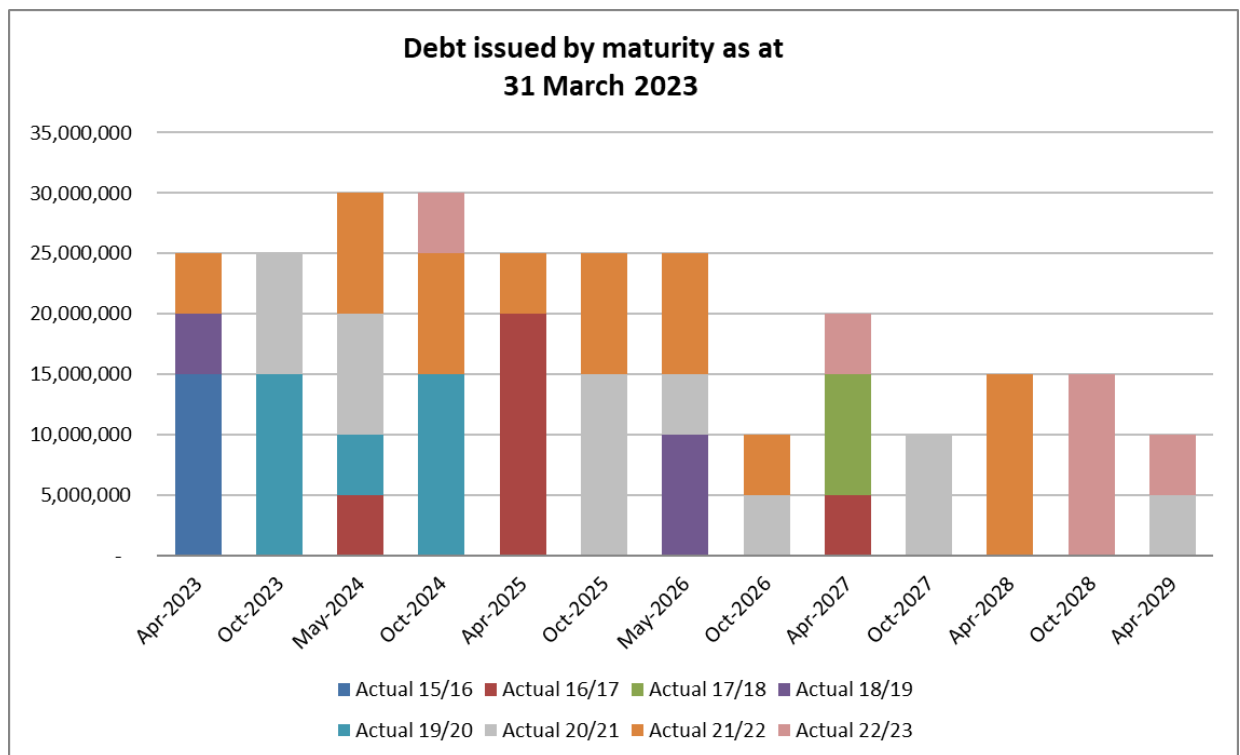


- 14 The Council targeted through its LTP 2021-41 financial strategy to keep net borrowings below 280% of total operating income with a preferred limit of 250%. As at 31 March 2023, the Council's net borrowings are 187% of total operating income.

Liquidity/Funding control limits

- 15 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.
- 16 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.
- 17 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 2022 review. This has resulted in the Council's credit rating remaining at AA for the following year.
- 18 S&P has noted that economic growth prospects for the region has improved and therefore revised their outlook on the Council from a previous negative to a stable outlook.

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

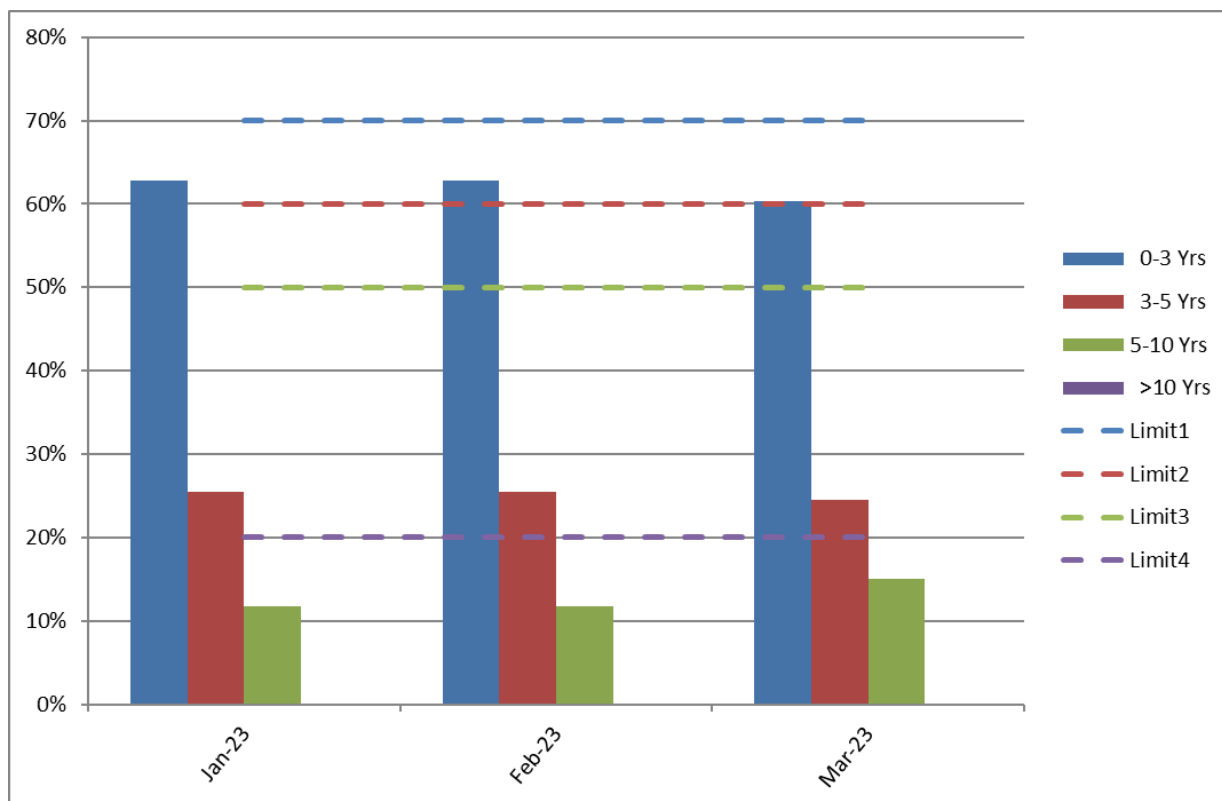


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- 20 Debt maturities must fall within maturity compliance buckets. These maturity buckets are as follows:

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

- 21 For the three months ended 31 March 2023, the Council has been fully compliant with its debt maturity limits, as shown by the chart below. The upper limits, as shown by dashed lines, relate to the bars of the same colour. For example, the 0 to 3 year upper limit of 70% is in blue. Actual maturities in the 0-3-year bucket are represented by the blue bars. The Council has no long-term debt maturing in ten years' time or beyond.



Interest rate risk control limits

- 22 The Council seeks endorsement from Bancorp, its independent treasury advisor for all debt issuances. Typically, Council issues debt on a floating rate basis and applies its fixed interest rate swaps (hedges) to minimise its exposure at any one time to interest rate fluctuations. This ensures more certainty of interest rate costs when setting our Annual Plan and Long-Term Plan budgets.
- 23 Without such hedging, the Council would have difficulty absorbing adverse interest rate movements. A 1% increase in interest rates on \$265 million of external debt would equate to additional interest expense of \$2.65 million per annum. Conversely, fixing interest rates does however reduce the Council's ability to benefit from falling and/or more favourable interest rate movements.
- 24 The objectives of any treasury strategy are therefore to smooth out the effects of interest rate movements, while being aware of the direction of the market, and to be able to respond accordingly.
- 25 The Policy sets out the following interest rate limits:
- Major control limit where the total notional amount of all interest rate risk management instruments (i.e. interest rate swaps) must not exceed the Council's total actual debt, and;
- Fixed/Floating Risk Control limit, that specifies that at least 55% of the Council's borrowings must be fixed, up to a maximum of 100%.

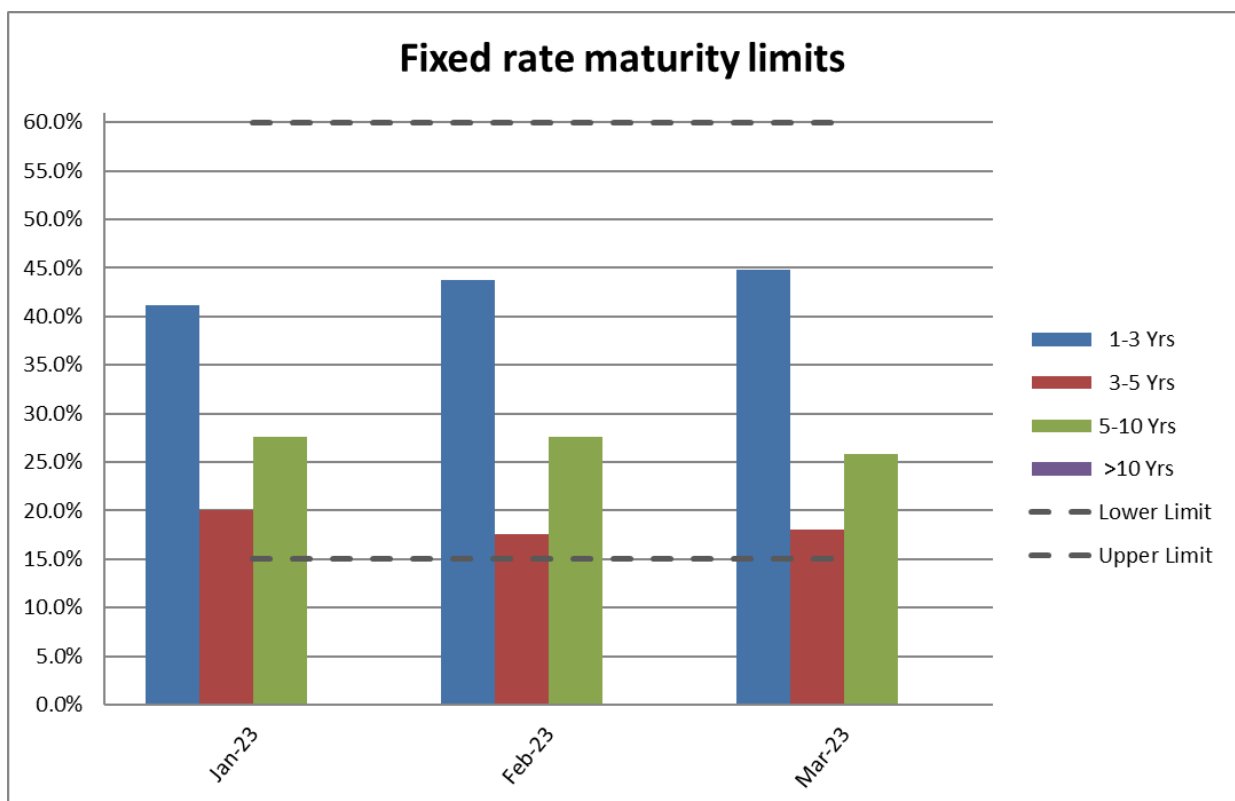
- 26 The Council has been fully compliant for the three months ended 31 March 2023, as shown by the table below.

\$000's	Jan-23	Feb-23	Mar-23
External debt (floating)	255,000	255,000	265,000
Swaps (fixed portion)	199,000	199,000	194,000
Fixed %	78.0%	78.0%	73.2%
Unfixed debt	56,000	56,000	71,000

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

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

- 28 The Council has been fully compliant for the three months ended 31 March 2023, as shown by the following chart. Note that maturities falling within 1 year are not included. The Council has no hedging instrument maturities in ten years' time or beyond.



Counterparty Credit Risk

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

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

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

- 31 The Council was in full compliance with all counterparty credit limits for the three months ended 31 March 2023. The tables below show the Council's investments and risk management instruments holdings per counterparty for this period.

Term deposit & Cash investments

Counter party	Jan-2023		Feb-2023		Mar-2023		Comply
	\$000	%	\$000	%	\$000	%	
NZ Registerd Bank 1	30,000	52.77%	30,000	56.19%	35,000	52.04%	✓
NZ Registerd Bank 2	-	0.00%	-	0.00%	-	0.00%	✓
NZ Registerd Bank 3	20,000	35.18%	20,000	37.46%	31,000	46.10%	✓
NZ Registerd Bank 4	6,846	12.04%	3,393	6.35%	1,251	1.86%	✓
	56,846	100%	53,393	100%	67,251	100%	

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

Interest rate swaps

Counter party	Jan-2023		Feb-2023		Mar-2023		Comply
	\$000	%	\$000	%	\$000	%	
NZ Registerd Bank 1	40,000	20.10%	40,000	20.10%	40,000	20.62%	✓
NZ Registerd Bank 2	93,000	46.73%	93,000	46.73%	93,000	47.94%	✓
NZ Registerd Bank 3	66,000	33.17%	66,000	33.17%	61,000	31.44%	✓
	199,000	100%	199,000	100%	194,000	100%	

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

Specific Borrowing Limits

- 32 In managing debt, the Council is required to adhere to the specific borrowing limits.
- 33 The Council fully complied with these limits for the three months ended 31 March 2023 and the results are shown below:

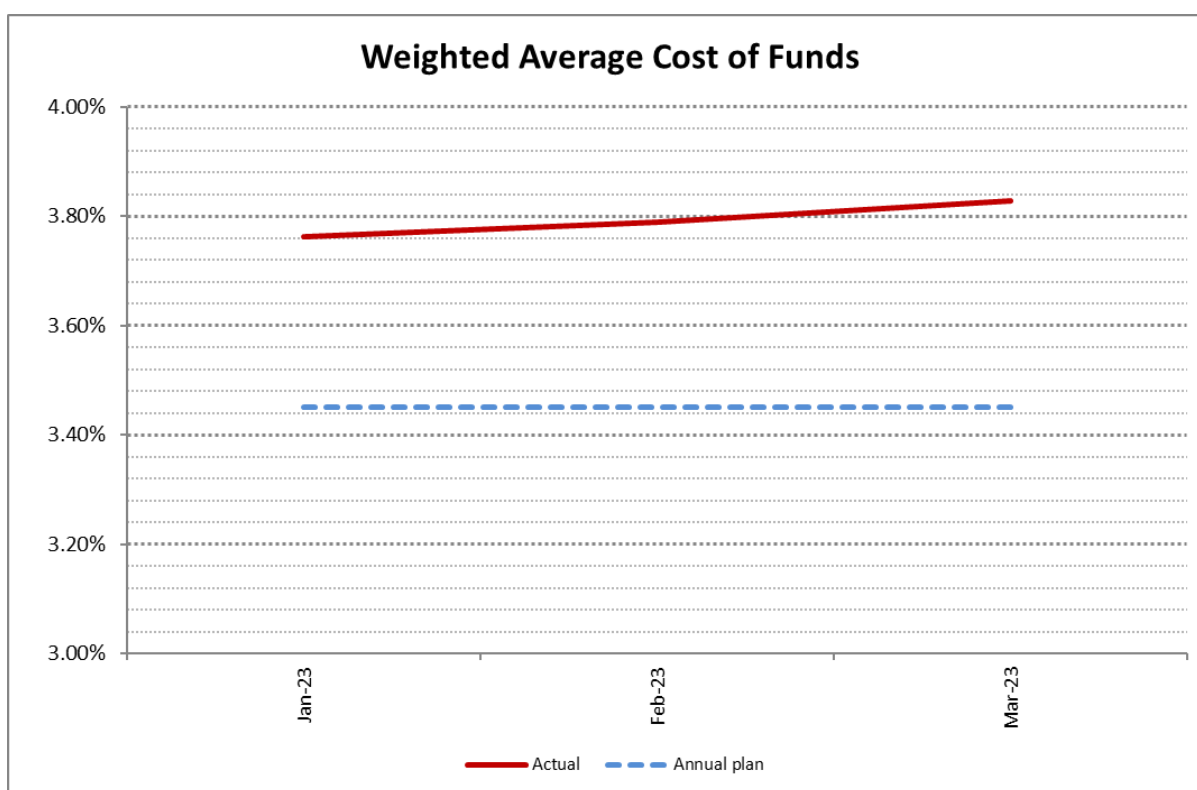
Borrowing limit	Policy limit	2022/23	Comply
Net interest expense/Total Operating Income	< 20%	7.2%	✓
Liquidity ((total debt +total committed facilities +cash on hand)/total debt))	> 110%	129.2%	✓
Net External Debt/Total Operating Income	< 300%	187.3%	✓

Risk Management Performance

- 34 The following table shows the Council's interest income and expense for the nine months ended 31 March 2023 together with the weighted average cost of borrowing (WACB), compared to year-to-date budget and full year forecast.

	March YTD Actual \$000	YTD Budget \$000	Variance (Fav/UnFav) \$000	Full year Forecast \$000
Interest Expense	7,293	6,557	(736)	10,146
less: Interest Income	(1,827)	(1,101)	726	(2,090)
Net Interest Cost	5,467	5,456	(11)	8,056
Weighted Average Cost of Borrowings	3.83%	3.45%	-0.38%	3.93%

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



He take | Issues

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

Ngā kōwhiringa | Options

- 37 There are no options to be considered.

Tangata whenua

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

Panonitanga āhuarangi | Climate change

39 There are no climate change considerations within this report.

Ahumoni me ngā rawa | Financial and resourcing

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

Ture me ngā Tūraru | Legal and risk

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

Ngā pānga ki ngā kaupapa here | Policy impact

42 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**

43 An engagement plan is not required for this report.

Whakatairanga | Publicity

44 There are no publicity considerations arising from this report.

Ngā āpitihanga | Attachments

Nil

8.5 TOP 10 ORGANISATIONAL RISK REPORT

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

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

TE PŪTAKE | PURPOSE

- 1 This report updates the Risk and Assurance Committee on the Top 10 Organisational Risks currently facing the organisation.

HE WHAKARĀPOOTO | EXECUTIVE SUMMARY

- 2 This report does not require an Executive Summary.

TE TUKU HAE PAPA | DELEGATION

- 3 The Risk and Assurance Committee has delegated authority to consider this report under section C.3 of the Governance Structure and Delegations.
 - *Ensuring that 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 Risk and Assurance Committee receives and notes this report, including Appendix 1 to this report.

TŪĀPAPA | BACKGROUND

- 4 A Risk Management report was last presented to the then Audit and Risk Sub-Committee on 2 June 2022. This report updated the sub-committee on progress against the risk treatments for the Strategic Risks at that time.
- 5 This calendar year, the Senior Leadership Team (SLT) have reviewed the risk profile at Council. The result of this work is the newly formed 'Top 10 Organisational Risks' which are detailed further in the discussion section of this report.
- 6 As reported in the Chief Executive's report to this meeting:
 - 6.1 part of this process involved considering the global risk landscape. This enabled SLT to compare the global landscape against the risk discussions they had worked through in selecting the Top 10 Organisational Risks, and
 - 6.2 this new focus on the Top 10 Organisational Risks is a deliberate move away from the strategic risk reporting of the previous triennium. This approach is designed at an organisational level to set a clear direction for staff as to what SLT believe are the key risk areas for the organisation being able to successfully achieve its objectives and how we plan to mitigate them through our work programmes.
- 7 A briefing was held on 11 May 2023 with the Risk and Assurance Committee. This session was part of the induction process for the new Committee and allowed staff to take the members through the work programme and their responsibilities when it comes to managing risk. The session was also used to detail what to expect at Committee meetings throughout the triennium.

HE KŌRERORERO | DISCUSSION




Organisational Risks

- 8 As mentioned above, this report updates the Risk and Assurance Committee of the current Top 10 Organisational Risks for the organisation. These risks are defined as;

- 8.1 the impact of unforeseen events on the planned objectives that SLT intend to deliver and/or achieve (short, medium and long term), and
 - 8.2 risks including strategic, reputational, regulatory, legal, security, change and some operational risks deemed important enough to become organisational risks. Although they haven't happened, they have the potential to affect the ability of the SLT to achieve its objectives.
- 9 The new risk listing results from a series of sessions conducted with SLT to:
- 9.1 understand what SLT has identified as the highest areas of risk for the organisation to be able to achieve its objectives,
 - 9.2 discovered emerging risks not previously captured and reported on. In that regard, it is interesting to note that the majority of the previously identified risks still exist within the new Top 10 Organisational Risks framework and updated to better reflect the current risk environment for the Council.
- 10 Three factors to note about the Top 10 Organisational Risks as set by the Chief Executive and SLT are that:
- 10.1 the risks are not ranked in order of severity,
 - 10.2 the risk listing is capped at ten, to provide a clear focus for SLT and the Committee,
 - 10.3 the risk listing is not 'set in stone', emerging risks can be brought forward by SLT to replace an existing organisational risk when required and/or relevant.
- 11 The table below details the results of the above work programme to identify the current Top 10 Organisational Risks for the organisation.

Risk No.	Risk Title
ORG 1	Loss of life, serious injury or illness due to insufficient Health, Safety and Wellbeing management
ORG 2	Failure to adequately maintain social licence
ORG 3	Failure to give effect to Te Tiriti and our obligations to Iwi, Hapu and Māori
ORG 4	Inadequate mitigation and adaptation responses to known and future climate change challenges
ORG 5	Failure to achieve legislative obligations
ORG 6	Inadequate management of the impacts of central government reform/change
ORG 7	Inadequate safeguards against cyber security threats
ORG 8	Failure to prudently manage Council's financial stability including fraudulent activity
ORG 9	Failure to maintain business continuity for our core services
ORG 10	Inability to attract and retain sufficient capacity to deliver Council's objectives

- 12 The Top 10 Organisational Risks are managed in a risk register in our Enterprise Risk Management software: Camms Risk. The 'Top 10 Organisational Risk Heatmap Report' attached as Appendix 1 to this report, goes into more detail of how the organisation is treating and mitigating these risks, with progress updates against each of the individual risk treatments.
- 13 A list of *AS/NZS/ISO 31000:2018 Standard: Risk Management – Guidelines* definitions are listed below to assist the reader in understanding each part of the attached report:

Term	Definition
Risk Sponsor	A person with the accountability and authority to manage the risk
Secondary Risk Sponsor	A person who contributes to the mitigation of the risk
Cause	The reason why an event could occur
Consequence	The outcome of an event which affects Council achieving its objectives
Likelihood	The chance of something occurring
Initial Risk Rating	The initial risk level without taking into consideration existing control measures
Current Risk Rating	The current risk level taking into consideration existing risk controls
Target Risk Rating	The future risk level taking into consideration the planned treatments
Treatment	A measure to be implemented to address / mitigate the risk
Risk Treatment Response	<p>Accept - No further treatment required</p> <p>Take further action to modify impact and/or likelihood - Not satisfied with current risk rating, further planned mitigations are required</p> <p>Avoid/Eliminate - Deciding not to start or continue with the activity that gives rise to the risk i.e. steer clear from source of risk</p> <p>Share or Transfer (to Council team or Group) - Sharing the risk across Council's Teams/Groups</p> <p>Share or Transfer (outside Council) - Sharing the risk (e.g., buying insurance, transfer to another entity)</p> <p>Drive/Enhance - Taking or increasing the risk to pursue an opportunity</p>
Control	A measure that maintains and / or modifies the current risk rating
Control Effectiveness	<p>Not Assessed - Effectiveness of Control has not yet been assessed.</p> <p>Ineffective - Significant control gaps exist and do not reduce the risk as the operating effectiveness of the control is ineffective</p> <p>Partially Effective - Deficiencies in the control design that do not address the risk or control may not be consistently applied, meaning the risk is only partially reduced</p> <p>Effective - Control is well designed and operating effectively to reduce risk. These controls are consistently applied to address the root cause of risk</p>
Risk Appetite	The amount of risk that Council is willing to pursue or retain to achieve its objectives
Trend	 Current risk rating has increased over the last reporting period
	 Current risk rating has decreased over the last reporting period
	 Current risk rating has stayed the same over the last reporting period

- 14 Engagement on the organisational risk profile is through quarterly conversations with SLT. These conversations ensure each risk is regularly reviewed providing assurance that the treatments and progress updates are being carried out to further mitigate the risk.
- 15 These Top 10 Organisational Risks will be useful during the development of the 2024 Long Term Plan (LTP), particularly to help inform the significant forecasting assumptions that form the foundation of the LTP. Both SLT and Elected Members will be able to reference them during their considerations and they may also help develop proposed new work programmes for the LTP which assist in mitigating some of the Organisational Risks in the future.

Emerging Risks

- 16 As noted, SLT has just been through the process of setting the new Top 10 Organisational Risks. Emerging risks have been captured and highlighted as part of the development of the Top 10 Organisational Risks.

Global Risk Horizon Scan

- 17 In January 2023, the World Economic Forum released [The Global Risks Report 2023](#) which presents the results of the latest Global Risks Perception Survey. Below are key findings of the report.
 - i. Cost of living dominates global risks in the next two years while climate action failure dominates the next decade (refer graphic below)
 - ii. As an economic era ends, the next will bring more risks of stagnation, divergence and distress
 - iii. Geopolitical fragmentation will drive geoeconomic warfare and heighten the risk of multi-domain conflicts
 - iv. Technology will exacerbate inequalities while risks from cybersecurity will remain a constant concern
 - v. Climate mitigation and climate adaptation efforts are set up for a risky trade-off, while nature collapses
 - vi. Food, fuel and cost crises exacerbate societal vulnerabilities while declining investments in human development erode future resilience
 - vii. As volatility in multiple domains grows in parallel, the risk of polycrises (where disparate crises interact such that the overall impact far exceeds the sum of each part) accelerates.
- 18 The Global Risks Report was used to form the basis of the risk profile review during the development of the new Top 10 Organisational Risks. As you can see from the graphic below, there are a number of similarities between the new Top 10 Organisational Risks and the global risks predicted for the next two and ten years. This highlights the maturity of the risk discussions that were held with SLT and the commitment to ensure risk management is taken seriously with a strong view to looking further than what is currently affecting the organisation now.

Global risks ranked by severity over the short and long term

"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period"



Assurance Update

- 19 Two of the top 10 Risks (*ORG 8 - Failure to prudently manage Council's financial stability including fraudulent activity and ORG 9 Failure to maintain business continuity for our core services*) have treatments planned that will help to assist the Internal Audit function in completing their audits.
- 20 For more information please refer to the Internal Audit – Progress update and forward work programme report on this agenda.

He take | Issues

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

Ngā kōwhiringa | Options

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

Tangata whenua

- 23 The Top 10 Organisational Risk Heatmap Report attached as Appendix 1 to this report includes *ORG 3 - Failure to give effect to Te Tiriti and our obligations to Iwi, Hapu and Māori*.
- 24 This risk is reviewed and updated every quarter to the Risk and Assurance Committee together with status updates against the treatments collated and signed off by SLT.

Panonitanga āhuarangi | Climate change

- 25 The Top 10 Organisational Risk Heatmap Report attached as Appendix 1 to this report includes *ORG 4 – Inadequate mitigation and adaptation responses to known and future climate change challenges*.
- 26 This risk is reviewed and updated every quarter to the Risk and Assurance Committee together with status updates against the treatments collated and signed off by SLT.

Ahumoni me ngā rawa | Financial and resourcing

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

Ture me ngā Tūraru | Legal and risk

- 28 There are no further legal considerations arising from this report.
- 29 This report provides an update on the current Top 10 Organisational Risks.

Ngā pānga ki ngā kaupapa here | Policy impact

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

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT**Te mahere tūhono | Engagement planning**

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

Whakatairanga | Publicity

- 32 There are no publicity considerations.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Appendix 1 - Top 10 Organisational Risk Heatmap Report [↓](#)



Top 10 Organisational Risk Heatmap Report

Kapiti Coast District Council

camms**risk**

HEATMAP SUMMARY

The Heatmap shown below presents a 'big picture' and concise view of all the current Organisational Risks for Council. It enables you to see on one page how each risk has travelled since the last time they were reported on and where the Council is aiming to get the target risk rating down to with appropriate treatment plans. The treatments in this report will detail how the Council will look to achieve this.

- Initial Risk Rating - The initial risk level without taking into consideration existing control measures
- Current Risk Rating - The current risk level taking into consideration existing risk controls
- Target Risk Rating - The future risk level taking into consideration the planned treatments



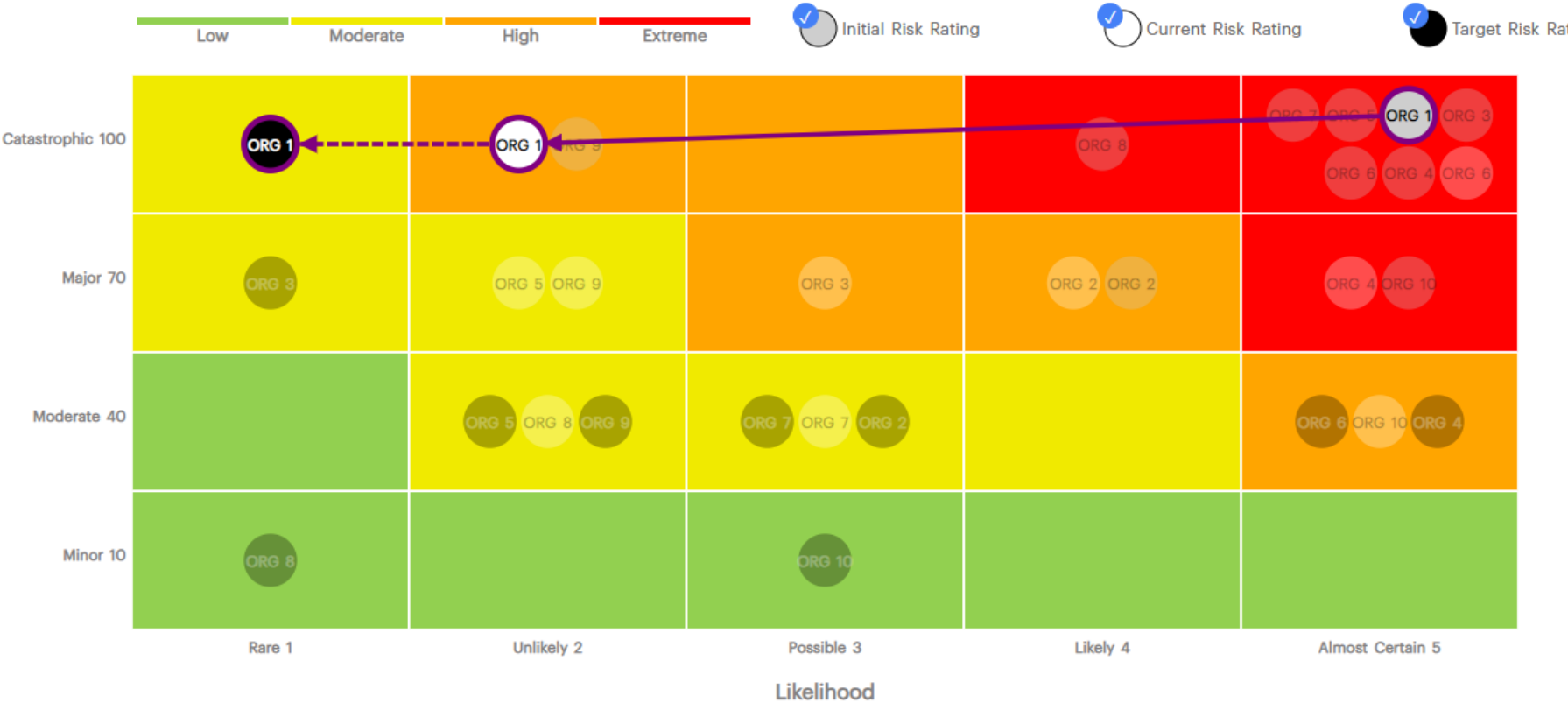
RISK SUMMARY

Organisational Risks

Risk Title	Initial	Current	Target	Trend
ORG 1 - Loss of life, serious injury or illness due to insufficient Health, Safety and Wellbeing management	Extreme	High	Moderate	↔
Risk Comment: Council is committed to providing a healthy, safe working environment improved by a continuous improvement approach for learning opportunities and leadership development.				
ORG 2 - Failure to adequately maintain social licence	High	High	Moderate	↔
Risk Comment: This is a new way of understanding and thinking about how our organisation maintains the trust and confidence of its community so our understanding of this risk and the appropriate controls and treatments will grow over time.				
ORG 3 - Failure to give effect to Te Tiriti and our obligations to Iwi, Hapu and Maori	Extreme	High	Moderate	↔
Risk Comment: There are potential partnership, legal and reputational consequences for the Council associated with this risk, however an increased focus within Council provides an improving foundation for working alongside our mana whenua iwi partners to understand and mitigate these. The creation of an Iwi Partnerships Group will further enhance the work in this space.				
ORG 4 - Inadequate mitigation and adaptation responses to known and future climate change challenges	Extreme	Extreme	High	↔
Risk Comment: We are seeing increasing impacts of climate change, from severe weather events to loss of biodiversity and will need to continually increase our response to adapt and mitigate climate change. The risk treatments underway are critical to essentially keeping our head above water, they will not reduce the likelihood of climate change, this is a global crisis.				
ORG 5 - Failure to achieve legislative obligations	Extreme	Moderate	Moderate	↔
Risk Comment: There are significant controls in place and staff are acutely aware of the risks of not meeting their statutory obligations as part of their jobs. Staff understand the potential consequences to Council's reputation if we were to fail to meet these legislative obligations from our community and customers.				
ORG 6 - Inadequate management of the impacts of central government reform/change	Extreme	Extreme	High	↔
Risk Comment: We are working in a reasonably fluid environment as we head into an election year in regard to central government reform/change. We should see a pause in momentum between June and October due to the election, however there remains a high degree of uncertainty around direction for much of the planned reform/change currently underway. We are focused on the highest risk areas, monitoring change and direction closely and ensuring there is a good understanding of the implications of changes proposed now.				
ORG 7 - Inadequate safeguards against cyber security threats	Extreme	Moderate	Moderate	↔
Risk Comment: Cyber security protection measures need to be fit for purpose for the Council and resourced appropriately.				
ORG 8 - Failure to prudently manage Council's financial stability including fraudulent activity	Extreme	Moderate	Low	↔
Risk Comment: Generally satisfied with internal controls of the financial system, however more regular training and awareness of the fraud mitigation policy is to be achieved.				
ORG 9 - Failure to maintain business continuity for our core services	High	Moderate	Moderate	↔
Risk Comment: Significant work has been undertaken in this area due to Covid-19, but core infrastructure business continuity has been a key area of focus from before Covid-19 for Local Government. Work review to be undertaken to ensure BCP's are fit for purpose, with regular reviews and complacency checks to ensure controls are kept up to date with improvements to processes highlighted and updated.				

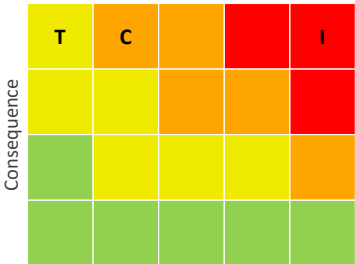
Risk Title	Initial	Current	Target	Trend
ORG 10 - Inability to attract and retain sufficient capacity to deliver Council’s objectives	Extreme	High	Low	↔
Risk Comment: Our Council is experiencing similar challenges in attracting and retaining suitably skilled and experienced staff. This is a current observation across Local Government at present, especially in small-sized Councils.				

ORG 1 - Loss of life, serious injury or illness due to insufficient Health, Safety and Wellbeing management



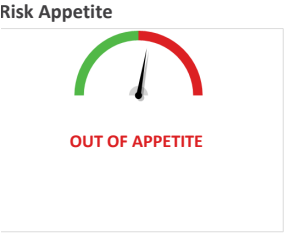
ORG 1 Loss of life, serious injury or illness due to insufficient Health, Safety and Wellbeing management				
Risk Category: Health, Safety and Wellbeing, Legal and Regulatory Compliance, Reputational and Stakeholder Relationship		Risk Sponsor: Chief Executive	Secondary Risk Sponsors: Senior Leadership Team (SLT)	Last Reviewed Date: 01 May, 2023 Next Review Date: 13 Jul, 2023

Individual Heatmap



- I Initial Risk Assessment
- C Current Risk Assessment
- T Target Risk Assessment

Effectiveness of control	
I	N/A
C	Partially Effective
T	N/A



Causes

- Complacency
- Failure to engage and listen to staff
- Ineffective consistent engagement and communication between staff and management
- Ineffective safeguards and/or process controls
- Insufficient levels of capability
- Lack of adherence of contractor management frameworks
- Lack of sharing information to enable lessons learnt
- Loss of balance between resourcing and expectations
- Personal circumstances of staff
- Poor health and safety processes
- Poor safety culture and/or behaviours

Consequences

- Absenteeism
- Financial penalties
- Injuries and/or fatalities
- Negative impact on psychological wellbeing
- Reduced resilience
- Reputational damage




Risk Sponsor Comments: Council is committed to providing a healthy, safe working environment improved by a continuous improvement approach for learning opportunities and leadership development.

Risk Treatment: Take further action to modify impact / likelihood

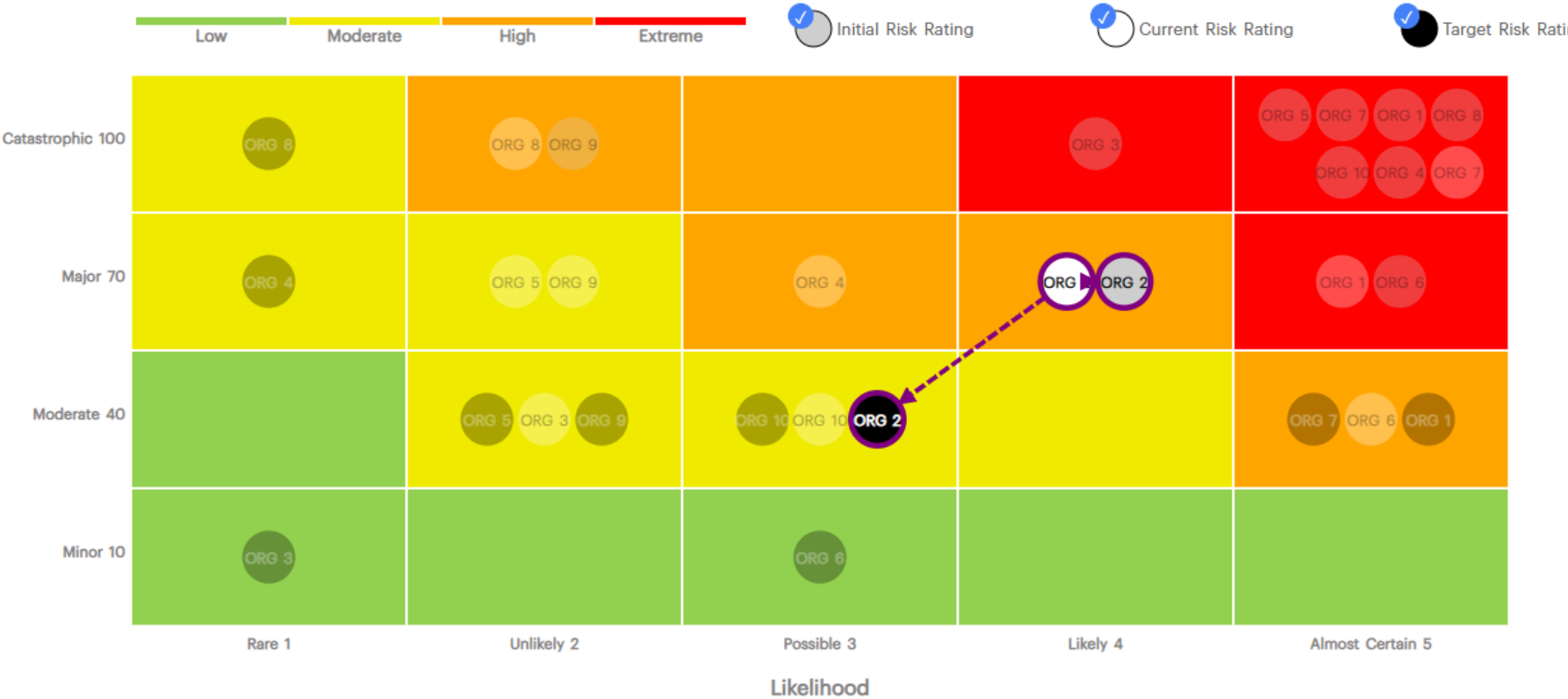
Risk Controls

Control Title	Control Owner	Control Effectiveness Rating
Staff Health and Safety Committee	Organisational Development Manager	Not Assessed
Proactive modelling of good Health & Safety behaviours to promote wellbeing	Organisational Development Manager	Partially Effective
Health and safety management systems	Organisational Development Manager	Effective
Employee Assistance Programme	Organisational Development Manager	Effective
Asbestos Management Plan	Organisational Development Manager	Partially Effective
AA Driver Training and Assessment Programme	Organisational Development Manager	Partially Effective

Risk Treatments

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Continuing the risk-based approach / assessment focus on: - asbestos, - hazardous substances, - contractor management, driving, and psychological wellbeing	Organisational Development Manager	Ongoing	N/A	31 Dec, 2024	 N/A
Progress Comment: Work continues on developing and strengthening a risk based approach across the organisational critical Health and Safety risks. This includes risk assessment and mitigation education resulting in a revised more highly focused format for Health and Safety reports.					
Offer Wellbeing initiatives	Organisational Development Manager	Ongoing	N/A	31 Dec, 2024	 N/A
Progress Comment: Additional resources are now in place to focus on development and implementing a range of wellbeing initiatives.					
The Health and Safety Committee provides regular updates to the Senior Leadership Team	Organisational Development Manager	Ongoing	N/A	31 Dec, 2024	 N/A
Progress Comment: A new Health and Safety Committee structure has been implemented to provide greater opportunities for worker engagement and more regular engagement with the CE and SLT.					

ORG 2 - Failure to adequately maintain social licence



ORG 2**Failure to adequately maintain social licence**

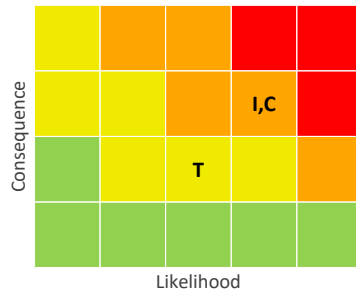
Risk Category: Reputational and Stakeholder Relationship, Assets & Infrastructure Resilience, Environmental Impact, Legal and Regulatory Compliance

Risk Sponsor: GM People & Partnerships

Secondary Risk Sponsors: Senior Leadership Team (SLT)

Last Reviewed Date: 27 Apr, 2023

Next Review Date: 13 Jul, 2023

Individual Heatmap**Effectiveness of control**

I	N/A
C	Partially Effective
T	N/A

Risk Appetite

OUT OF APPETITE

Causes

- Inconsistent approaches to engagement and collaboration
- Inconsistent direction setting across Council activities
- Lack of transparency and accountability
- Poor explanation of rationale for Council decisions
- Poor understanding of and responsiveness to community needs and expectations

Risk Sponsor Comments: This is a new way of understanding and thinking about how our organisation maintains the trust and confidence of its community so our understanding of this risk and the appropriate controls and treatments will grow over time.

Risk Treatment: Take further action to modify impact / likelihood

Risk Controls

Control Title	Control Owner	Control Effectiveness Rating
Proactive Disclosures Policy	Governance & Legal Services Manager	Partially Effective
Residents Opinion Survey	Manager Corporate Planning and Reporting	Partially Effective
Communication and Engagement Strategy	Communications & Engagement Manager	Partially Effective
Significance and Engagement Policy	GM People & Partnerships	Partially Effective

Risk Treatments

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Work is underway to better understand social licence and develop an approach and associated work programme Progress Comment: Draft approach and action plan will be agreed by Q1 23/24. Deep dive into social licence proposed for a future Risk and Assurance Committee meeting.	GM People & Partnerships	In Progress	5	30 Sep, 2023	GREEN

ORG 3 - Failure to give effect to Te Tiriti and our obligations to Iwi, Hapu and Maori



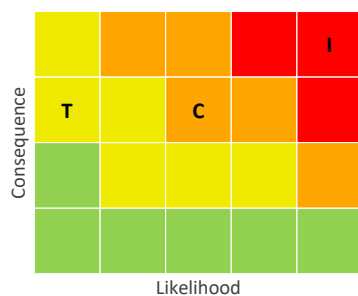
ORG 3**Failure to give effect to Te Tiriti and our obligations to Iwi, Hapu and Maori**

Risk Category: Reputational and Stakeholder Relationship

Risk Sponsor: Chief Executive

Last Reviewed Date: 02 May, 2023

Next Review Date: 13 Jul, 2023

Individual Heatmap

I Initial Risk Assessment
C Current Risk Assessment
T Target Risk Assessment

Effectiveness of control

I	N/A
C	Partially Effective
T	N/A

Risk Appetite

OUT OF APPETITE

Causes

- Failure to be a supportive partner to mana whenua iwi during treaty claim and negotiation processes
- Inadequate resourcing of organisation to have appropriate capacity and capability to partner, collaborate and engage
- Inadequate support for resourcing of mana whenua iwi to enable appropriate capacity to partner, collaborate and engage
- Inadequate understanding of obligations to iwi, hapu and maori
- Inadequate understanding of partnership obligations to mana whenua iwi
- Inadequate understanding of Te Tiriti o Waitangi obligations
- Miscommunication or No communication

Risk Sponsor Comments: There are potential partnership, legal and reputational consequences for the Council associated with this risk, however an increased focus within Council provides an improving foundation for working alongside our mana whenua iwi partners to understand and mitigate these.

Risk Controls

Control Title	Control Owner	Control Effectiveness Rating
Mana whenua representation in Council Governance Structure	GM People & Partnerships	Effective
Te Whakaminenga o Kapiti work programme	GM People & Partnerships	Partially Effective
Regular communication between Council and Iwi partners	GM People & Partnerships	Partially Effective
Funding for Iwi capacity	GM People & Partnerships	Partially Effective
Asset Management Plans	Senior Leadership Team (SLT)	Partially Effective

Risk Treatments

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Establish a staff capability development programme on enhancing Te Ao Maori and Council's obligation to Maori	GM People & Partnerships	Ongoing	N/A	29 Dec, 2023	N/A
Progress Comment: Procurement of suppliers for a multi-year programme is underway. This was delayed slightly due to the impacts of the recent Covid-19 Omicron wave on our workforce.					
Establishment of new Iwi Partnerships Group	Chief Executive	In Progress	80	31 May, 2023	GREEN
Progress Comment: Interviews for Group manager are in progress.					

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Requests for specialist advice to understand implications and opportunities in response to Waitangi Tribunal Reports (past, current and future reports)	GM People & Partnerships	Ongoing	N/A	31 Dec, 2024	<div><div></div><div></div><div></div></div> N/A
Progress Comment: Ongoing					
Work with our mana whenua iwi partners to review the Memorandum of Partnership and Te Whakaminega o Kapiti terms of reference	GM People & Partnerships	Ongoing	N/A	29 Dec, 2023	<div><div></div><div></div><div></div></div> N/A
Progress Comment: Discussions are ongoing with all three of our Iwi partners specific to the partnership aspirations and needs of each Iwi.					

ORG 4 - Inadequate mitigation and adaptation responses to known and future climate change challenges



ORG 4**Inadequate mitigation and adaptation responses to known and future climate change challenges**

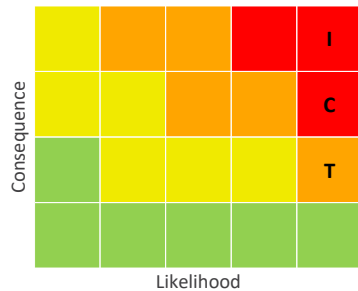
Risk Category: Environmental Impact, Assets & Infrastructure Resilience, Health, Safety and Wellbeing, Reputational and Stakeholder Relationship

Risk Sponsor: GM Strategy & Growth

Secondary Risk Sponsors: GM Regulatory Services, GM Corporate Services, GM Infrastructure Services

Last Reviewed Date: 27 Apr, 2023

Next Review Date: 13 Jul, 2023

Individual Heatmap

- I** Initial Risk Assessment
C Current Risk Assessment
T Target Risk Assessment

Effectiveness of control

I	N/A
C	Partially Effective
T	N/A

Risk Appetite**Causes**

- Failure to appropriately consider climate change in growth decisions
- Failure to consider climate change appropriately in BAU activities
- Inadequate consideration in Council strategies and plans
- Misalignment between Council's climate change strategies and operational activities
- Misalignment between national direction and appropriate local responses

Consequences

- Building consents liabilities
- Coastal erosion
- Disruption to core Infrastructure
- Economic development disruption to local businesses and community
- Environmental non-compliances due to discharge
- Flooded properties
- Increased capital costs for resilient assets
- Increased wastewater overflow
- Injuries and/or fatalities
- Loss of credit rating
- Loss of cultural taonga of significance
- Negative impacts on our resilience
- Reduced quality of land for use
- Reduced quality of wai (rivers, streams and ocean)



Risk Sponsor Comments: We are seeing increasing impacts of climate change, from severe weather events to loss of biodiversity and will need to continually increase our response to adapt and mitigate climate change. The risk treatments underway are critical to essentially keeping our head above water, they will not reduce the likelihood of climate change, this is a global crisis.

Risk Treatment: Take further action to modify impact / likelihood

Risk Controls

Control Title	Control Owner	Control Effectiveness Rating
Regulatory assessment of environmental non-compliance	Environmental Standards Manager	Partially Effective
Build climate change into Asset Management Plans	Sustainability & Resilience Manager	Effective
Natural Catastrophe Insurance	GM Corporate Services	Effective
Stormwater Framework	Stormwater & Coastal Asset Manager	Effective

Risk Treatments

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Coastal Adaptation Panel (CAP) recommendations provided to Council	District Planning Manager	In Progress	30	01 Aug, 2024	 GREEN
Progress Comment: We've initiated engagement in the northern adaptation area and the CAP work programme is now finalised					
Develop a report on the effectiveness of consent decisions regarding response to climate change challenges	Resource Consents and Compliance Manager	In Progress	30	31 Dec, 2023	 GREEN
Progress Comment: This work is underway.					
Ensure comprehensive assessment of district plan changes respond to climate change challenges	District Planning Manager	Not Started	0	31 Dec, 2025	 GREEN
Progress Comment: As component parts of the district plan are amended an assessment of impact will be made.					
Ensure that key data informs regulatory work and the District Plan is updated	District Planning Manager	Ongoing	N/A	31 Dec, 2027	 N/A
Progress Comment: Submissions on the Proposed Plan Change 2 have now closed. Further submissions planned for November 2023 with hearings scheduled for early-mid 2023.					
Implement Climate Emergency Action framework	Sustainability & Resilience Manager	Ongoing	N/A	31 Dec, 2025	 N/A
Progress Comment: Council was presented with an annual update of actions through inductions late last year. Climate adoption grant was approved, and we are now consulting with the community. Note- this will be incorporated into the action plan for the Climate Strategy.					
Implement recommendations from CAP	District Planning Manager	Not Started	0	31 Dec, 2026	 GREEN
Progress Comment: The recommendation from CAP, if adopted will inform the district plan change and other associated actions.					
Implement resilience maintenance of core infrastructure	Manager Project Management Office	Ongoing	N/A	31 Dec, 2041	 N/A
Progress Comment: Ongoing through to end of current LTP in 2041.					
Introduce a Climate Strategy	Strategy Manager	In Progress	20	31 Dec, 2023	 GREEN
Progress Comment: Preliminary work is underway – Council has agreed to an emissions reduction target. Council will be provided with the straw person strategy in June 2023.					
Introduce recovery plan to address potential impacts of severe weather events or states of emergency in the future	Chief Advisor, Strategy & Growth / Research & Policy Manager	In Progress	10	31 Dec, 2023	 GREEN
Progress Comment: Early assessment of recovery requirements is underway with input from lessons learnt from WREMO and cyclone Gabrielle that Council will be involved in a series of workshops in May & June to land a recovery plan to ensure that resilience is optimised in the event of exacerbated climate impacts or natural hazard events. This also includes local businesses and community.					
Progress district plan changes (flood and coastal risk)	District Planning Manager	Not Started	0	31 Dec, 2025	 GREEN
Progress Comment: This work has not started as it depends on the CAP and flood mapping work underway (refer to infrastructure stormwater and inland flooding project).					

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Update the Carbon and Energy Management Plan	Sustainability & Resilience Manager	In Progress	20	31 Dec, 2023	<div><div></div><div></div><div></div></div> GREEN
Progress Comment: This will be required to meet our carbon audit requirements. Review will be done in conjunction with emissions reduction target resetting early in 2023.					

ORG 5 - Failure to achieve legislative obligations



ORG 5**Failure to achieve legislative obligations**

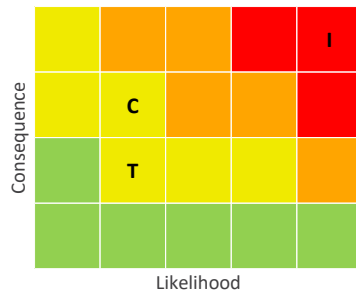
Risk Category: Legal and Regulatory Compliance, Reputational and Stakeholder Relationship

Risk Sponsor: GM Regulatory Services

Secondary Risk Sponsors: GM People & Partnerships, GM Strategy & Growth, GM Corporate Services, GM Infrastructure Services

Last Reviewed Date: 01 May, 2023

Next Review Date: 13 Jul, 2023

Individual Heatmap

I Initial Risk Assessment
C Current Risk Assessment
T Target Risk Assessment

Effectiveness of control

I	N/A
C	Partially Effective
T	N/A

Risk Appetite

WITHIN APPETITE

Causes

- Breach of policy or procedure
- Failure to provide or maintain safe infrastructure
- Insufficient analysis of available data
- Insufficient resourcing
- Misaligned policies
- Miscommunication or No communication
- Political decisions made against professional advice
- Political influence in operational matters
- Staff non-compliance
- Staff providing incorrect advice to Council

Consequences

- Community impact
- Council liability
- Environmental impact
- Failed infrastructure
- Failure to adopt LTP / Annual Plans
- Financial exposure
- Legal consequences
- Loss of IANZ accreditation
- Loss of public confidence
- Loss of skilled and specialist staff
- Loss of staff due disciplinary action or termination
- Non-compliance with regulatory and legislative obligations
- Poor decision making
- Regulatory infringement
- Reputational damage
- Unlawful decisions

Risk Sponsor Comments: There are significant controls in place and staff are acutely aware of the risks of not meeting their statutory obligations as part of their jobs. Staff understand the potential consequences to Council's reputation if we were to fail to meet these legislative obligations from our community and

Risk Controls

Control Title	Control Owner	Control Effectiveness Rating
Improved communications (Regulatory Services)	Planning Projects Team Leader	Effective
Building consent authority International Accreditation New Zealand (IANZ) audits	Building Team Manager	Effective
Implement District Plan	District Planning Manager	Partially Effective
Internal legal counsel services	GM People & Partnerships	Effective
Advice available from external legal service providers	Governance & Legal Services Manager	Effective
Annual Compliance Reports to Ministry of Health	GM Infrastructure Services	Effective
Compliance with Regulatory standards and associated Annual Reports	GM Regulatory Services	Effective
Compliance with Local Government Act 2002	Senior Leadership Team (SLT)	Effective

Risk Controls

Control Title	Control Owner	Control Effectiveness Rating
Monitoring policy / legislative announcements	Chief Advisor, Strategy & Growth / Research & Policy Manager	Effective

Risk Treatments

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Better analysis of trend information	Senior Leadership Team (SLT)	Ongoing	N/A	31 Dec, 2023	<div><div></div><div></div><div></div></div> N/A
Progress Comment: This data will be picked up through half yearly reports and updates to the Risk and Assurance Committee.					
Better communications with Elected Members	Senior Leadership Team (SLT)	Ongoing	N/A	31 Dec, 2024	<div><div></div><div></div><div></div></div> N/A
Progress Comment: This is an ongoing treatment that SLT will continue to improve to build trust and confidence with Elected Members.					
Regulatory Services monthly reporting	GM Regulatory Services	Ongoing	N/A	31 Dec, 2025	<div><div></div><div></div><div></div></div> N/A
Progress Comment: This is an ongoing BAU task completed within Regulatory Services. Improvements will be made in the future to share these reports outside of the Regulatory Services group.					
Review of regulatory information on the Council website	GM Regulatory Services	Ongoing	N/A	31 Dec, 2024	<div><div></div><div></div><div></div></div> N/A
Progress Comment: Focus has started on the Resource Consents area of the website, making it easier to navigate and using more plain English. This work will be an ongoing task as we will continue to ask for feedback on content and update the website to improve usability.					
Reviews of Quality Assurance Systems (QAS)	GM Regulatory Services	Ongoing	N/A	31 Dec, 2024	<div><div></div><div></div><div></div></div> N/A
Progress Comment: This is an ongoing requirement for the IANZ accreditation in the BCA area. Continuous improvement reviews now embedded as part of our 3 year strategy.					
SLT oversight of Asset Management Plans and work programmes	Senior Leadership Team (SLT)	Ongoing	N/A	31 Dec, 2024	<div><div></div><div></div><div></div></div> N/A
Progress Comment: Ongoing status updates on work programmes to SLT continuing					

ORG 6 - Inadequate management of the impacts of central government reform/change



ORG 6**Inadequate management of the impacts of central government reform/change**

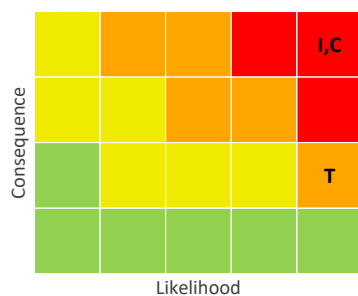
Risk Category: Legal and Regulatory Compliance, Environmental Impact, Financial Exposure, Reputational and Stakeholder Relationship

Risk Sponsor: GM Strategy & Growth

Secondary Risk Sponsors: GM Regulatory Services, GM People & Partnerships, GM Place & Space, GM Infrastructure Services

Last Reviewed Date: 27 Apr, 2023

Next Review Date: 13 Jul, 2023

Individual Heatmap

I Initial Risk Assessment
C Current Risk Assessment
T Target Risk Assessment

Effectiveness of control

I	N/A
C	Partially Effective
T	N/A

Risk Appetite

OUT OF APPETITE

Causes

- Change in Government
- District impacts
- Government intervention
- Government timeframes
- Lack of clarity of current government priorities

Consequences

- Decreased level of service
- Delays to work programmes
- Doability challenges in implementing national directive
- Financial exposure
- Increased costs
- Redesign
- Reprioritisation
- Reputational damage

Risk Sponsor Comments: We are working in a reasonably fluid environment as we head into an election year in regard to central government reform/change. We should see a pause in momentum between June and October due to the election, however there remains a high degree of uncertainty around direction for much of the planned reform/change currently underway. We are focused on the highest risk areas, monitoring change and direction closely and ensuring there is a good understanding of the implications of changes proposed now.






Risk Treatment: Take further action to modify impact / likelihood

Risk Controls

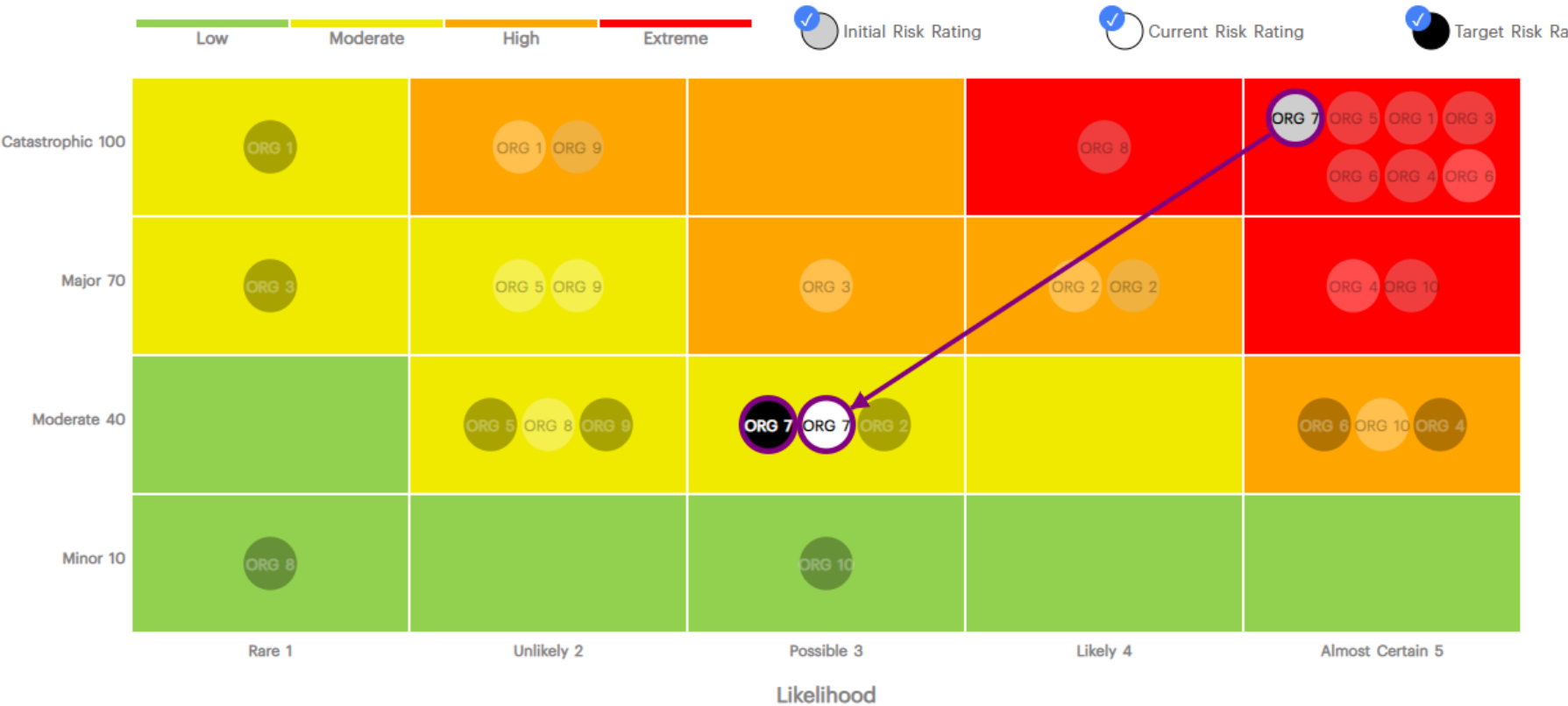
Control Title	Control Owner	Control Effectiveness Rating
Engaged in the Wellington leadership committee (this includes opportunities to engage with Horowhenua District Council)	Chief Advisor, Strategy & Growth / Research & Policy Manager	Partially Effective
Environmental scanning – looping in all other change	Strategy Manager	Not Assessed
Submissions to advocate on behalf of the community	Chief Advisor, Strategy & Growth / Research & Policy Manager	Effective
Monitoring policy / legislative announcements	Chief Advisor, Strategy & Growth / Research & Policy Manager	Effective

Risk Treatments

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Actively engaging with DIA to progress implementation steps required for 3 Waters	Transition Manager - 3 Waters	Ongoing	N/A	01 Jul, 2024	N/A
Progress Comment: Internal transition has been established and is engaging with DIA to progress the agreed work programme (noting the recent announcements and uncertainty around elections)					
Annually form and strengthen good relationships, and actively collaborate, with both Central and Regional Government to influence decisions	Chief Advisor, Strategy & Growth / Research & Policy Manager	In Progress	20	29 Dec, 2023	RED

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Progress Comment: Progressively targeting engagement with central government and regional government. We have a series of upcoming engagement with various committees and sub committees where key governing agencies are engaging on current issues and upcoming change.					
Council is reviewing current settings to identify the potential implications of the proposed RMA amendments and its implications for district planning and growth	District Planning Manager	Ongoing	N/A	30 Jun, 2027	 N/A
Progress Comment: We are currently progressing district plan change for intensification which responds to national direction. We're also engaged in the development of the future development strategy and regional policy statement, which are new requirements set through the RMA. There is a degree of uncertainty around this due to the elections later this year and not all aspects of the legislation programme have currently landed.					
Implications of health reform for Kapiti district as a locality will need to be worked through as well as existing growing gaps in service addressed through the development of a health strategy	Strategy Manager	In Progress	5	30 Jun, 2024	 GREEN
Progress Comment: This work is just starting, initial conversations with the sector including KHAG are underway. We are working with Cr Halliday and Deputy Mayor to outline a picture of roles and responsibilities including how Council will step into its new role set through the legislation.					
Recent introduction of new central government powers for recovery of national/civil emergency will require the development of more comprehensive recovery planning	Chief Advisor, Strategy & Growth / Research & Policy Manager	In Progress	10	29 Dec, 2023	 GREEN
Progress Comment: Early assessment of recovery requirements is underway with input from lessons learned from WREMO and cyclone Gabrielle that Council will be involved in a series of workshops in May & June to land a recovery plan.					
Scenario planning that will inform our short, medium and long term direction (includes input to LTP)	Strategy Manager	In Progress	20	29 Feb, 2024	 GREEN
Progress Comment: Councillors have agreed that this is part of the strategic direction approach that will be progressed to October 2023.					
There's an increasing need to plan for the impacts of climate change and to establish roles and responsibilities through an overarching climate strategy and environment strategy due to increasing legislative requirements	Strategy Manager	In Progress	20	29 Dec, 2023	 GREEN
Progress Comment: We have initiated discussions with Council to establish a districtwide emissions reduction target by 30 June alongside the priorities of focus that will inform the development of a climate strategy, environment strategy and associated action plans. Council have declared the intention to set this target and these strategies.					

ORG 7 - Inadequate safeguards against cyber security threats



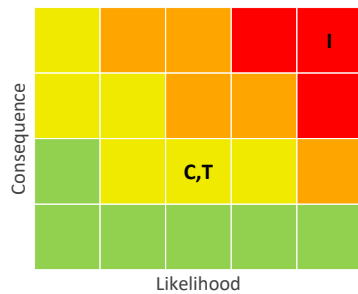
ORG 7**Inadequate safeguards against cyber security threats**

Risk Category: Information and Data Management, Financial Exposure, IT Systems and Processes, Reputational and Stakeholder Relationship

Risk Sponsor: GM Corporate Services

Last Reviewed Date: 27 Apr, 2023

Next Review Date: 13 Jul, 2023

Individual Heatmap

I Initial Risk Assessment
C Current Risk Assessment
T Target Risk Assessment

Effectiveness of control

I	N/A
C	Effective
T	N/A

Risk Appetite**Causes**

- Data breach
- Denial of service
- Inappropriate use
- Malicious code
- Phishing attack
- Poor physical security
- Ransomware
- Supplier being breached
- Unauthorised access
- Unpatched systems
- Zero-day attacks

Consequences

- Financial exposure
- Information leakage
- Legal consequences
- Reputational damage
- Service disruption
- Theft of information

Risk Sponsor Comments: Cyber security protection measures need to be fit for purpose for the Council and resourced appropriately.

Risk Treatment: Take further action to modify impact / likelihood

Risk Controls

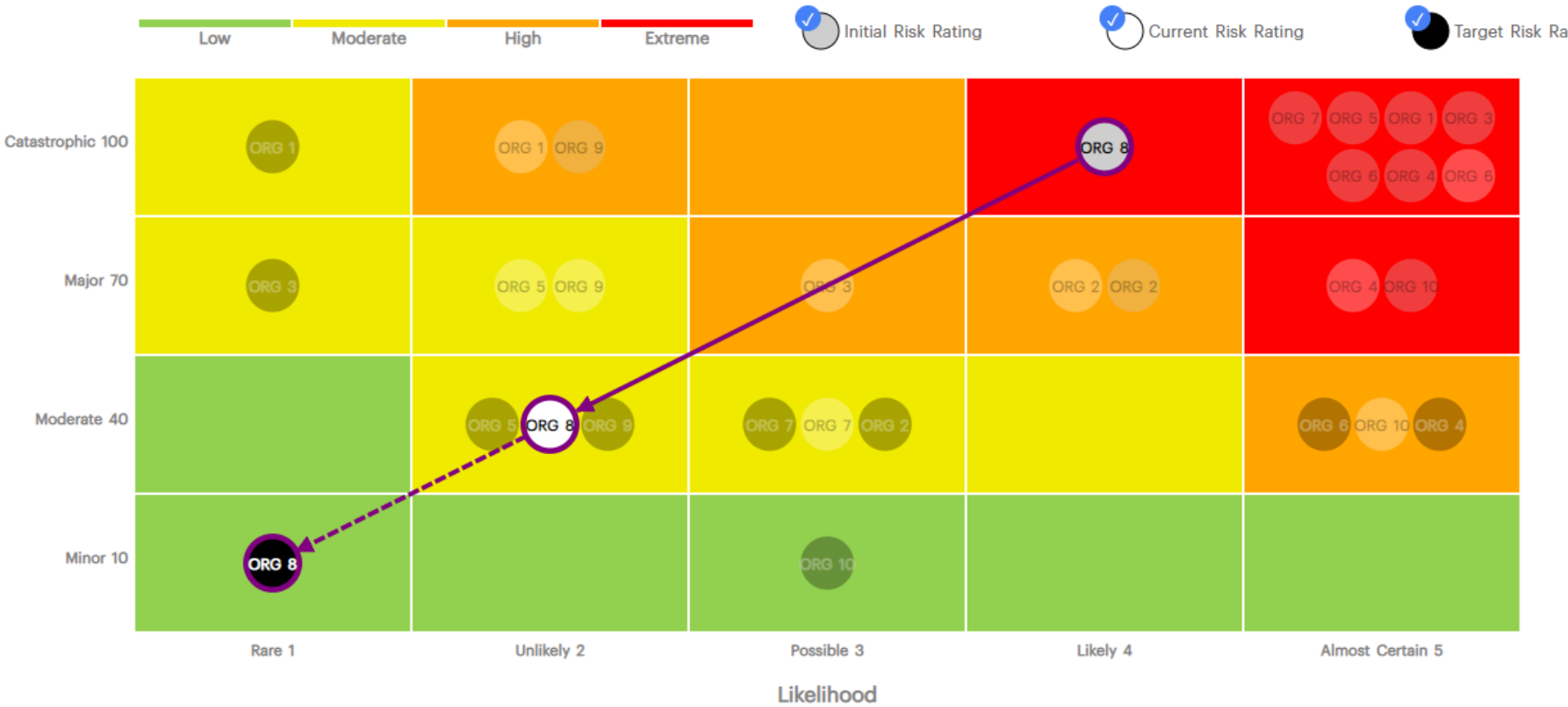
Control Title	Control Owner	Control Effectiveness Rating
Managed Security Information Event Management (SIEM) for proactive monitoring	Information Technology Manager	Effective
User Security Permissions	Chief Information Officer	Effective
Software security patches	Chief Information Officer	Effective
Annual independent cyber security audit	Chief Information Officer	Effective
Maintain ALGIM Government Cyber Security Programme membership	Chief Information Officer	Effective
Security Incident Management System	Information Technology Manager	Effective
Cyber Security Awareness Training	Chief Information Officer	Effective

Risk Treatments

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Develop and run staff training on cyber security	Chief Information Officer	In Progress	25	31 Dec, 2023	GREEN

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Progress Comment: Scheduled for Q1/Q2 of 2023/24.					
Rapid implementation of cyber security independent audit action recommendations	Chief Information Officer	Ongoing	N/A	31 Dec, 2025	<div><div></div><div></div><div></div></div> N/A
Progress Comment: Respond rapidly to all accepted recommendations.					

ORG 8 - Failure to prudently manage Council’s financial stability including fraudulent activity



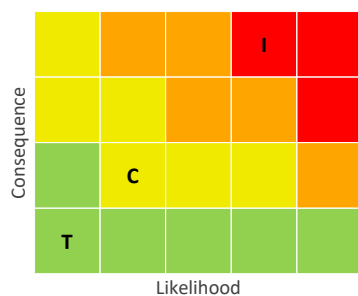
ORG 8**Failure to prudently manage Council's financial stability including fraudulent activity**

Risk Category: Financial Exposure, Reputational and Stakeholder Relationship

Risk Sponsor: GM Corporate Services

Last Reviewed Date: 13 Apr, 2023

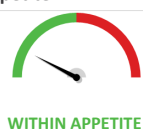
Next Review Date: 13 Jul, 2023

Individual Heatmap

- I** Initial Risk Assessment
C Current Risk Assessment
T Target Risk Assessment

Effectiveness of control

I	N/A
C	Effective
T	N/A

Risk Appetite**Causes**

- Cost of living crisis
- Cyber security attack
- Decreased revenue
- Global financial crisis
- Inadequate financial controls
- Increased insurance premiums
- Inflation
- Lack of process controls
- Major government policy changes
- Personal circumstances of staff
- Recession
- Rising costs

Risk Sponsor Comments: Generally satisfied with internal controls of the financial system, however more regular training and awareness of the fraud mitigation policy is to be achieved.

Risk Treatment: Take further action to modify impact / likelihood





Risk Controls

Control Title	Control Owner	Control Effectiveness Rating
Internal Audit work programme	Business Improvement Manager	Effective
Mitigation of Fraud Policy	GM Corporate Services	Effective
Fraud management framework	Chief Financial Officer	Effective
Fraud awareness training	Chief Financial Officer	Effective
Enterprise Risk Management	Business Improvement Manager	Effective
Employee screening	Organisational Development Manager	Effective
Procurement Policy and Manual	Procurement Lead	Effective
Financial Strategy	GM Corporate Services	Effective
Financial reporting	Chief Financial Officer	Effective
Financial management awareness training	GM Corporate Services	Effective

Risk Controls

Control Title	Control Owner	Control Effectiveness Rating
Financial Internal Audits	Chief Financial Officer	Effective
Financial External Audits	Chief Financial Officer	Effective

Risk Treatments

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Mitigation of Fraud Policy Internal Audit	Business Improvement Manager	In Progress	90	26 May, 2023	 GREEN
Progress Comment: Final review stage, update will be included in the Internal Audit Work Programme report scheduled for the Risk and Assurance Committee meeting on 16/05/2023.					
Promote awareness and understanding of the fraud mitigation policy and the protected disclosures policy/procedures annually (or more often as required)	Chief Financial Officer	Not Started	0	31 Dec, 2023	 GREEN
Progress Comment: Planned for Q1 of 23/34					
Regularly review relevant corporate policies	GM Corporate Services	Ongoing	N/A	26 Dec, 2025	 N/A
Progress Comment: Ongoing as part of Corporate Services work programme					
Test the adequacy of financial system internal controls (1st and 2nd line of defence)	Chief Financial Officer	Not Started	0	31 Dec, 2023	 GREEN
Progress Comment: This will be a combination of internal testing and sample testing by external auditors					

ORG 9 - Failure to maintain business continuity for our core services



ORG 9**Failure to maintain business continuity for our core services**

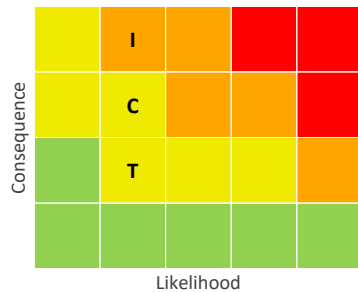
Risk Category: Assets & Infrastructure Resilience, Financial Exposure, Health, Safety and Wellbeing, IT Systems and Processes, Legal and Regulatory Compliance, Reputational and Stakeholder Relationship

Risk Sponsor: GM Infrastructure Services

Secondary Risk Sponsors: GM People & Partnerships, GM Corporate Services

Last Reviewed Date: 27 Apr, 2023

Next Review Date: 13 Jul, 2023

Individual Heatmap

I Initial Risk Assessment
C Current Risk Assessment
T Target Risk Assessment

Effectiveness of control

I	N/A
C	Partially Effective
T	N/A

Risk Appetite**Causes**

- Cyber security attack
- Data breach
- Earthquakes
- Fire
- Flooding
- Natural catastrophe
- Network failure
- Pandemics

Consequences

- Criminal prosecution
- Customer dissatisfaction
- Decreased capacity in production
- Delays to work programmes
- Disruption to core Infrastructure
- Failure to achieve business objectives
- Financial exposure
- Financial losses
- Loss of time
- Negative impacts on our resilience
- Reputational damage
- Service disruption

Risk Sponsor Comments: Significant work has been undertaken in this area due to Covid-19, but core infrastructure business continuity has been a key area of focus from before Covid-19 for Local Government. Work review to be undertaken to ensure BCP's are fit for purpose, with regular reviews and complacency checks to ensure controls are kept up to date with improvements to processes highlighted and updated.

Risk Treatment: Take further action to modify impact / likelihood

Risk Controls

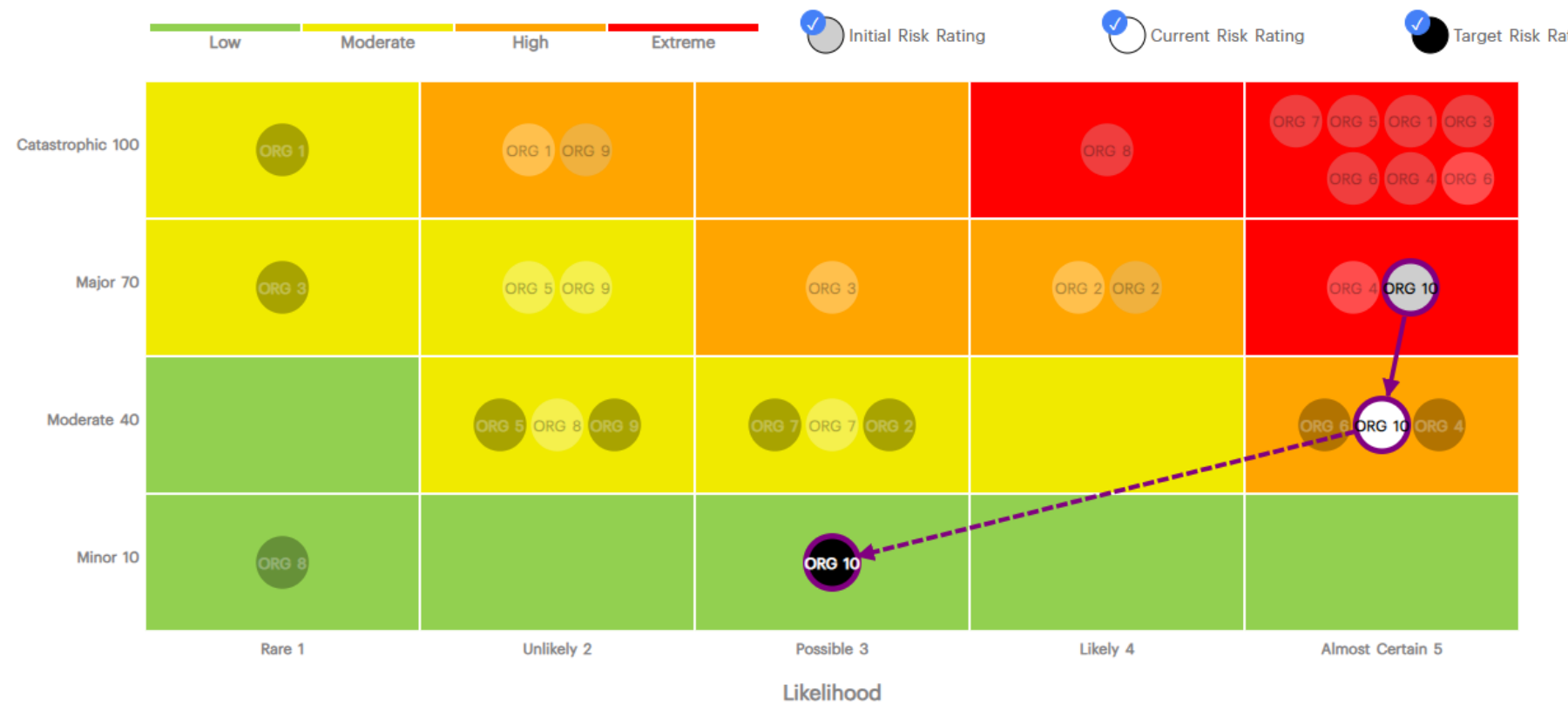
Control Title	Control Owner	Control Effectiveness Rating
Asset Management Plans	Senior Leadership Team (SLT)	Partially Effective
Business Continuity Plans	Senior Leadership Team (SLT)	Partially Effective
Operational readiness	Business Improvement Manager	Effective
Pandemic plan	Business Improvement Manager	Effective

Risk Treatments

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Council wide review of BCP's	Senior Leadership Team (SLT)	Not Started	0	30 Jun, 2024	GREEN
Progress Comment: This is planned for financial year 2023/24.					

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Regular testing of back-up systems for business functions	Senior Leadership Team (SLT)	Ongoing	N/A	31 Dec, 2025	<div><div></div><div></div><div></div></div> N/A
Progress Comment: Ongoing					
Review of Infrastructure BCP's	GM Infrastructure Services	Ongoing	N/A	29 Dec, 2023	<div><div></div><div></div><div></div></div> N/A
Progress Comment: Review of current plans for appropriateness.					

ORG 10 - Inability to attract and retain sufficient capacity to deliver Council’s objectives



ORG 10 Inability to attract and retain sufficient capacity to deliver Council's objectives

Risk Category: Health, Safety and Wellbeing

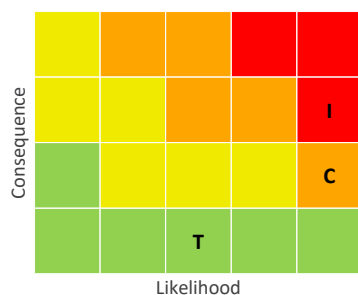
Risk Sponsor: Organisational Development Manager

Secondary Risk Sponsors: Senior Leadership Team (SLT)

Last Reviewed Date: 01 May, 2023

Next Review Date: 13 Jul, 2023

Individual Heatmap



I Initial Risk Assessment
C Current Risk Assessment
T Target Risk Assessment

Effectiveness of control

I	N/A
C	Partially Effective
T	N/A

Risk Appetite



OUT OF APPETITE

Causes

- Competitive market
- Increased workload expectations
- Inflation
- Limited opportunities for career progression
- Significant family or life event

Consequences

- Corporate loss of institutional and intellectual knowledge
- Decreased staff welfare and mental health
- Delays to work programmes
- Failure to meet legislative and statutory obligations
- Increased costs
- Loss of skilled and specialist staff
- Lowering of staff morale
- Reputational damage

Risk Sponsor Comments: Our Council is experiencing similar challenges in attracting and retaining suitably skilled and experienced staff. This is a current observation across Local Government at present, especially in small-sized Councils.

Risk Treatment: Take further action to modify impact / likelihood

Risk Controls

Control Title	Control Owner	Control Effectiveness Rating
Reprioritisation of Work Programmes	Senior Leadership Team (SLT)	Partially Effective
Workforce and Succession Planning	Organisational Development Manager	Partially Effective
Regular staff engagement surveys and associated work programmes	Organisational Development Manager	Partially Effective
Professional development opportunities	Organisational Development Manager	Partially Effective
Monitoring Remuneration trends	Organisational Development Manager	Effective
Monitoring job grade & remuneration policy	Organisational Development Manager	Effective
Engaging Contractors / Consultants to backfill vacancies	Organisational Development Manager	Partially Effective

Risk Treatments

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Continuous review on ways to maintain an effective workforce	Organisational Development Manager	Ongoing	N/A	31 Dec, 2024	N/A
Progress Comment: Highly competitive recruitment market and shortage of skilled workers is leaving some areas understaffed. Timelines set by government have increased worker demand in some areas with consultants also working at capacity. We have concerns about further pandemic impacts on workforce and contractor availability.					

Risk Treatment Title	Responsible Officer	Action Status	% Completed (Ongoing=N/A)	End Date	Performance
Workforce and Succession Planning	Organisational Development Manager	Ongoing	N/A	31 Dec, 2024	<div><div></div><div></div><div></div></div> N/A
Progress Comment: A career pathway model for technical skills in hard to recruit roles is under development across the organisation and has been commenced in some areas, we are also looking to establish a value proposition for attracting incoming staff candidates.					



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8.6 PROGRESS UPDATE REGARDING AUDIT CONTROL FINDINGS 2021/22Kaituhi | Author: **Andrew Gillespie, Risk Advisor**Kaiwhakamana | Authoriser: **Mark de Haast, Group Manager Corporate Services****TE PŪTAKE | PURPOSE**

- 1 This report provides the Risk and Assurance Committee with a progress update on Ernst & Young's (EY) Report on Control Findings for the year ended 30 June 2022.

HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY

- 2 There is no requirement for an Executive Summary.

TE TUKU HAEPAHA | DELEGATION

- 3 The Risk and Assurance Committee has delegated authority to consider this report under section C.3 of the Governance Structure and Delegations.
 - *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 Risk and Assurance Committee notes:
 - A.1 the progress update regarding Ernst & Young's Report on Control Findings for the year ended 30 June 2022, including Appendix 1 to this report, and
 - A.2 that Ernst & Young will re-assess these as part of their audit for the year ended 30 June 2023.

TŪĀPAPA | BACKGROUND

- 4 In accordance with New Zealand Auditing Standards, EY 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 2022.
- 5 Control risk matters and/or issues are classified by EY as high, moderate, or low. Control risk definitions are as follows:

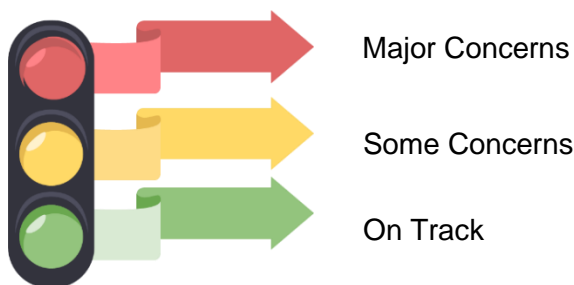
	Ernst & Young – Risk Ranking System
High	Matters and/or issues considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.
Moderate	Matters and/or issues considered to 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 The following table provides an overview of the number of observations and the associated risk ratings across the last two external audits conducted by EY.






Overview of Risk Ranking System and Control Findings				
Status	Risk Ranking			Total
	High	Moderate	Low	
Open at 30 June 2021	-	1	5	6
Closed during financial year 21/22	-	-	(2)	(2)
New points raised in financial year 21/22	-		1	1
Total open points at 30 June 2022	-	1	4	5









- 7 EY identified five control risk issues in their Report on Control Findings for the year ended 30 June 2022 attached as Appendix 1 to this report. One of the risk control issues was ranked as moderate and four as low.
- 8 In keeping with standard practice, EY will consider whether these control findings can be closed out, as part of their audit for the financial year ended 30 June 2023.
- 9 The Audit Control Findings status update is categorised as follows:



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

Risk Level	Control Findings year end 30 June 2022		As at 9 May 2023		Estimated Completion date
			Status	Summary	
Moderate	2.1.1	Accuracy of response and resolution times		Agreed action: Investigate why there were discrepancies between response and resolution times Update: Email from the depot explaining how this happened. Follow up meeting scheduled to work on a solution. Progress: Completed	Completed (Ready for EY testing)
				Agreed action: Meet with Depot staff to agree a process improvement Update: Meeting highlighted the need for an additional step to be added into the 'Ops Report - process maps'. Progress: Completed	

Risk Level	Control Findings year end 30 June 2022		As at 9 May 2023		Estimated Completion date
			Status	Summary	
				<p>Agreed action: Update all 'Ops Report - process maps' to reflect the new agreed process</p> <p>Update: Step: If the Service Request STATUS on the report shows "Responded Late" / "Overdue" – check service requests if any errors made while entering times if not and we did respond late leave as is. Make sure to rerun report if any amendments to SR's are made – IF overdue check to make sure the Call Centre printed to Depot.</p> <p>Progress: Completed </p>	
				<p>Agreed action: Depot staff to run regular reports checking for discrepancies</p> <p>Update: This is an agreed ongoing assurance check. If any discrepancies are discovered, additional training / investigation will be conducted.</p> <p>Progress: Completed </p>	
Low	2.2.1	Approval of expenditure		<p>Agreed action: The Elected Members Remuneration, Expenses and Allowances policy update</p> <p>Update: The Elected Members Remuneration, Expenses and Allowances policy was updated in January 2023, and has now clarified that all claims for elected members (including the Mayor) will be approved by the Democracy Services Manager</p> <p>Progress: Completed </p>	September 2023
				<p>Agreed action: Chief Executive expense claims process</p> <p>Update: It is proposed that Chief Executive expense claims be approved by the Mayor and co-signed by the GM Corporate Services, and this requirement will be captured in the Financial Delegations procedures which is scheduled for approval by September 2023.</p> <p>Progress: In Progress </p>	

Risk Level	Control Findings year end 30 June 2022		As at 9 May 2023		Estimated Completion date
			Status	Summary	
				Agreed action: Periodic monitoring process Update: A periodic monitoring process has been established to identify exceptions, these will be followed up on a case-by-case basis with the relevant people with advice and training provided as appropriate. Progress: Completed 	
	2.2.2	Purchase orders approved after receiving invoices		Agreed action: General Expenses policy update Update: The General Expenses policy is being refreshed by June 2023, and will clarify that PO authorisation must be given before expenditure is incurred, wherever practicable. Progress: In Progress  Agreed action: Monitoring and review process Update: A monitoring and review process is currently being developed to identify cases where the EPOs was authorised after the fact, which will be followed up on a case-by-case basis with the relevant people with advice and training provided as appropriate. Progress: In Progress 	June 2023
	2.2.3	Transition to maintenance of records electronically		Agreed action: Implementation of new payroll system iCHRIS21 Update: This upgrade was completed on 07/02/2023. Progress: Completed 	Completed (Ready for EY testing)
	2.2.4	Overhead rate applied to projects		Agreed action: Specific Overhead allocation model Update: The current model has been used for developing the 2023/24 Annual Plan. However, we have added more regular reviews for 2022/23 and will be looking at develop a mechanism to ensure our time and effort for projects are considered for 2023/24. Progress: In Progress 	June 2023

He take | Issues

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

Ngā kōwhiringa | Options

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

Tangata whenua

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

Panonitanga āhuarangi | Climate change

- 14 There are no Climate Change issues arising from this report.

Ahumoni me ngā rawa | Financial and resourcing

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

Ture me ngā Tūraru | Legal and risk

- 16 There are no legal considerations arising from this report.
- 17 This report provides a progress update in regard to appropriate action taken by management in regard to the Control Findings for the year ended 30 June 2022.

Ngā pānga ki ngā kaupapa here | Policy impact

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

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT**Te mahere tūhono | Engagement planning**

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

Whakatairanga | Publicity

- 20 There are no publicity considerations.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Appendix 1 - Ernst & Young Kāpiti Coast District Council Report on Control Findings [↓](#)

Kāpiti Coast District Council

Report on Control Findings

6 September 2022





**Building a better
working world**

Ernst & Young
100 Willis Street
Wellington 6011 New Zealand
PO Box 490 Wellington 6140

Tel: +64 4 499 4888
ey.com/nz

Mark de Haast
Group Manager - Corporate Services
Kāpiti Coast District Council
Private Bag 60601
Paraparaumu 5254

6 September 2022

Dear Mark

Report on Control Findings

We have substantially completed our audit of the financial statements and service performance information of Kāpiti Coast District Council ("Council" or "KCDC") for the year ended 30 June 2022.

This Report on Control Findings includes control matters and issues arising from our audit that we consider appropriate for review by management.

In accordance with the Auditor-General's Auditing Standards we performed a review of the design and operating effectiveness of KCDC's significant financial and non-financial reporting processes. Our audit procedures do not address all internal control and accounting procedures and are based on selective tests of accounting records and supporting data. They have not been designed for the purposes of making detailed recommendations. As a result, our procedures would not necessarily disclose all weaknesses in KCDC's

internal control environment. We wish to express our appreciation for the courtesies and co-operation extended to our representatives during the course of their work. If you have any questions or comments, please do not hesitate to call me on 021 923 431.

Yours faithfully

A handwritten signature in dark ink, appearing to be 'D. Borrie', with a horizontal line extending to the right.

David Borrie
Partner
Ernst & Young

EY | i

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2. Detailed recommendations..... 4

1. Overview

1.1 Overview of Risk Ranking System and Recommendations

The following table provides an overview of the number of observations and the associated risk ratings.

	High	Moderate	Low	Total
Open at 30 June 2021	-	1	5	6
Closed during FY22	-	-	(2)	(2)
New points raised in FY22	-	-	1	1
Total open points as at 30 June 2022	-	1	4	5

Key:

■	A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.
■	Matters and/or issues are considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should normally be taken within 6 months.
■	Matters and/or issues are considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within 3 months.

1.2 Audit observations

The following table summarises open recommendations at 30 June 2022.

Observations	High Needs significant improvement	Moderate Needs substantial improvement	Low Needs some improvement
Accuracy of response and resolution times	-	✓	-
Approval of expenditure	-	-	✓
Purchase orders approved after receiving invoices	-	-	✓
Transition to maintenance of records electronically	-	-	✓
Overhead rate applied to projects	-	-	✓

1.3 Disclaimer

Issues identified are only those found within the course of the audit for year ended 30 June 2022. Recommendations are intended solely for the use of Council's management. We disclaim any assumption of responsibility for any reliance on this report, to any person other than Council and the management team or for any purpose other than that for which it was prepared.

2. Detailed recommendations

2.1 Moderate Risk

2.1.1 Accuracy of response and resolution times

Observation	<p>One of Council's key activities is managing, and responding to, requests for service that ratepayers make of Council. KCDC uses the MagiQ system to record and monitor these requests. When a member of the community makes a request the time of the request, actions taken to respond to and resolve the request, and the time these actions were taken are all recorded in the system. This data then forms the basis for reporting a number of performance measures which relate to how quickly Council have either responded to, or resolved, requests for service relating to a particular area of operations.</p> <p>In completing our testing of performance reporting information, we identified instances where the response times used as a basis for calculating performance measures were identical to the time the request for service was raised with Council. We observed this mostly arises where a request for service is not logged with the call centre immediately. This results in the on call staff member arriving on site before the request for service has been logged in the system. As MagiQ does not allow response times to be before the received time the response time will default to the earliest possible time which will be identical to the received time.</p> <p>For six items tested we noted the 'response' time was identical to the 'service requested' time (one instance for stormwater services requests and five instances for wastewater overflow and blockage requests).</p>
Implication	There is a risk that Council report incorrect performance results as a result of not using accurate response times. This can also impact management's ability to understand the team's responsiveness to ratepayer requests and any resourcing or process issues that may need to be remedied to allow timely responses to requests.
Recommendation	We recommend the either the process for recording requests for service be updated or that the data used as an input to calculating the request for service based measures be reviewed prior to being used to calculate performance measures.
Management Response	Management accepts Audit's findings and recommendation. A continuous improvement process will be implemented to ensure timely and accurate reporting against Council's performance measures.
Responsibility	Corporate Services

2.2 Low Risk

2.2.1 Approval of expenditure

Observation	<p>KCDC's General Expenses policy states "one-up authorisation must be given to the person who will benefit or might be perceived to benefit from the expenditure."</p> <p>We noted seven instances where an expense claim was either authorised by a person who was not one up from the individual that incurred the costs or not one up from the most senior individual that benefited or might be perceived to have benefited from the expenditure. In all of these instances we are satisfied that the expenditure was appropriate, but improvements could be made regarding how the relevant controls were executed.</p>
Implication	<p>This may increase the risk that inappropriate expenditure goes undetected.</p> <p>This policy also serves to safeguard staff in instances where they may be perceived to have benefited from Council expenditure and an independent member of staff has concurred with their judgement that the costs are appropriate.</p>
Recommendation	We recommend that expenses incurred are approved in a manner that is in line with KCDC's policies.
Management Response	Management accepts Audit's findings and recommendation. Further training will be provided where necessary to budget managers regarding the Council's General Expenses Policy over the coming months. The Policy will also be reviewed and updated to better reflect current Council practices.
Responsibility	Corporate Services

2.2.2 Purchase orders approved after receiving invoices

Observation	<p>During our testing of the expenditure and payments process we observed fourteen instances where purchase orders were approved after the receipt of invoices and one instance where a purchase order was raised after receipt of the related invoice.</p> <p>Without adequate controls for processing and approving purchase orders, invoices and receipt of goods and services there is an increased risk inappropriate or unneeded expenditure is incurred.</p>
Implication	A purchase order system works most effectively when purchase orders are approved prior to goods or service being purchased. After the transaction has occurred there may be less opportunity to change the agreement that has been entered into.
Recommendation	We recommend purchase orders are raised and appropriately approved prior to placing orders with suppliers.

Management Response	Management accepts Audit's findings and recommendation. Further training will be provided to all budget managers regarding the Council's Procurement Policy and procurement processes over the coming months.
Responsibility	Corporate Services

2.2.3 Transition to maintenance of records electronically

Observation	<p>During our previous audit we noted instances where Council records are maintained as hard copies and we highlighted the benefit and convenience of retaining information electronically.</p> <p>During this year's audit we noted improvement in relation to Council's records for performance measure information being stored electronically.</p> <p>However; we also noted there is a continued opportunity relating to payroll information where information continues to be maintained as hard copy. We acknowledge that Council is transitioning to iCHRIS21 in the near future which might assist in shifting record keeping to electronic form.</p>
Implication	There is a risk that key documentation could be inaccessible in situations where either the Council premises was closed due to changes in Covid-19 alert levels or impacted by a natural disaster.
Recommendation	We recommend KCDC transition remaining hard copy documentation to electronic storage. The benefits of backing up all data electronically would include aiding with disaster recovery as well as increased accessibility.
Management Response	Management accepts Audit's findings and recommendation. As noted in the observation above, over the coming months Council will transition to iCHRIS21 which will assist in shifting record keeping to electronic form.
Responsibility	Corporate Services

2.2.4 Overhead rate applied to projects

Observation	During our testing of the capital grants and capex, we observed that there was change in the method to apply the allocation of overhead staff costs to capital projects. This method allocates based on an approved SLT rate (percentage) that is applied against the budgeted personnel recovery costs. The approved SLT rates are average market recovery rates and are not specific to KCDC.
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Implication	The Council are using rates that are reasonable in the market but not specific to KCDC. Therefore, there is uncertainty on whether the time and effort recovered at the market rates is reflective of the actual time and effort incurred on the project
Recommendation	We recommend KCDC develop an overhead rate specific to actual time and effort that has been incurred for KCDC projects.
Management Response	Management accepts the finding and recommendation, and commits to exploring options to enhance the overhead recovery methodology to be more KCDC specific.
Responsibility	Corporate Services

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8.7 INTERNAL AUDIT - PROGRESS UPDATE AND FORWARD WORK PROGRAMME

Kaituhi | Author: **Linda Guerin, Business Analyst - Business Improvement**

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

TE PŪTAKE | PURPOSE

- 1 This report updates the Risk and Assurance Committee on the Internal Audit function of Council.

HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY

- 2 This report does not require an Executive Summary.

TE TUKU HAEPAPA | DELEGATION

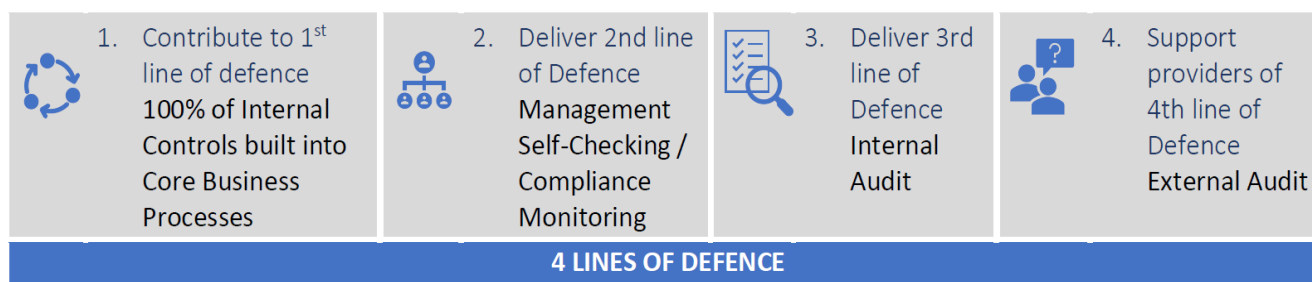
- 3 The Risk and Assurance Committee has delegated authority to consider this report under section C.3 of the Governance Structure and Delegations.
 - *Ensuring that Council has in place a current and comprehensive risk management framework and making recommendations to the Council on risk mitigation.*

TAUNAKITANGA | RECOMMENDATIONS

- A. That the Risk and Assurance Committee receives and notes the Internal Audit progress update and forward work programme for 2023.

TŪĀPAPA | BACKGROUND

- 4 Internal audit is an independent, objective assurance activity. It adds value and can improve an organisation's operations, in particular in areas that expose the organisation to risk and vulnerability. It brings a systematic and disciplined approach to evaluating and improving the effectiveness of risk management in the organisation.
- 5 Additionally, internal audit as a continuous improvement tool Council can expect to gain organisational advantages from carrying out an internal audit work programme. For example to:
 - influence positive change: by encouraging the business to ensure that processes, policies and systems are effective and efficient,
 - review internal controls: by identifying the potential impact of successes and failures in areas of operation,
 - understand risks: by confirming that our current risk understanding for the area being audited is satisfactory,
 - identify improvement opportunities: by identifying situations where we can mitigate risks and improve opportunities,
 - promote integrity: by identifying situations where we can improve how we message our standards and issue guidance,
 - inform senior management: the audit results provide objective analysis, evaluations and recommendations.
- 6 The Risk and Assurance workstream uses the 'Four Lines of Defence' model as the basis to how it is implementing assurance across the Council. The four lines are explained below:



- 7 Each of these four sources of assurance contribute to the overall level of assurance provided and importantly by breaking them down into four categories they can be integrated into everyday life at Council.
- First line: Risks are managed and controlled day-to-day. Assurance comes directly from those responsible for delivering specific objectives or processes.
 - Second line: Council oversees the control framework so that it operates effectively.
 - Third line: Internal audit, providing reasonable (not absolute) assurance of the overall effectiveness of governance, risk management and controls.
 - Fourth line: Assurance from external independent bodies such as the external auditors and other external bodies.
- 8 Each line of defence has a purpose and provides robust assurance. There is no one line which provides better quality assurance than any of the others. An integrated range of assurance activities across all four lines of defence provides a more thorough assurance environment. It can reduce the functional gaps, overlaps and duplication in assurance activity, and remove the silo approach to risk identification, assessment, mitigation and reporting.
- 9 The internal audit work programme as set by the Chief Executive is developed with reference to a range of sources including:
- The Office of the Auditor-General published resources and guidance,
 - Audit NZ published resources and guidance,
 - Ernst and Young (our “appointed auditor” appointed by the Auditor-General) independent recommendations and control findings, and
 - other observations made from internal audits.
- 10 Progress against the internal audit work programme as set by the Chief Executive is reported to this Committee in the form of this report.
- 11 The final outcomes of the internal audits completed this calendar year will be reported to the 9 November 2023 meeting of this Committee. That report will consider the set of control findings against the components of the Integrity Framework for the Public Sector issued by the Auditor-General in June 2022 titled “*Putting integrity at the core of how public organisations operate*”.

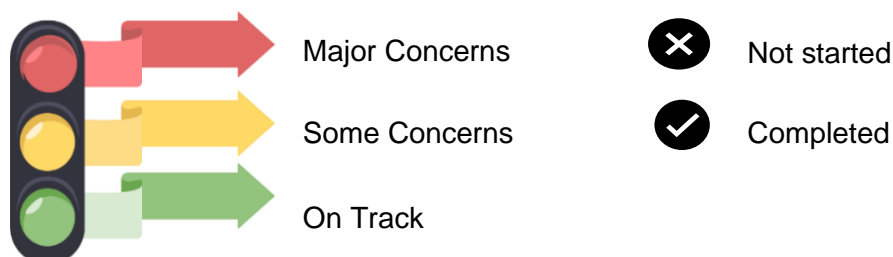
HE KŌRERORERO | DISCUSSION

Third Line of Defence (Internal Audit)

- 12 In accordance with the New Zealand Auditing Standards, we have chosen to use the same Risk Ranking System as is used by Ernst & Young when conducting their external audits of the organisation for selecting which Internal Audits to conduct. This ranking system is as follows:





Internal Audit – Risk Ranking System	
High	<ul style="list-style-type: none"> Matters and/or issues considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance.
Moderate	<ul style="list-style-type: none"> Matters and/or issues considered to be of major importance to maintenance of internal control, good corporate governance, or best practice for processes.
Low	<ul style="list-style-type: none"> A weakness which does not seriously detract from the internal control framework.

- 13 The Internal Audit Assurance Activity update status is categorised as follows:



- 14 The table below summarises the year-to-date progress against the internal audit work programme. Good progress has been made against the Internal Audit Work Programme.

Risk level	Activity	Internal Audit Work Programme 2023 Progress as at 9 May 2023	
		Status	Update
High	Compliance with Mitigation of Fraud Policy <u>Audit scope</u> Review 6 key internal controls to see if they meet their objectives, remain current to meet the organisation's requirements and are being followed.		<u>Completed</u> Agreed scope, reviewed policy, conducted interviews, tested findings and drafted recommendations. <u>Next step(s)</u> <ul style="list-style-type: none"> - finalise recommendations - prepare report to CE - implement control findings - report audit outcomes to 9 November 2023 meeting of this Committee.
High	Compliance with Procurement Policy Framework <u>Audit scope</u> Review 6 key internal controls to see if they meet their objectives, remain current to meet the organisation's requirements and are being followed.		<u>Completed</u> Agreed scope, reviewed relevant material, and tested findings. <u>Next step(s)</u> <ul style="list-style-type: none"> - collate findings. - draft and finalise recommendations - prepare report to CE - implement control findings - report audit outcomes to 9 November 2023 meeting of this Committee.
High	Compliance with General Expenses Policy		Not started
High	Compliance with Employee Code of Conduct document		Not started

Risk level	Activity	Internal Audit Work Programme 2023 Progress as at 9 May 2023	
		Status	Update
Moderate	EY Audit Control Findings - Follow up on independent recommendations		F/Y 2022.23 Ongoing. Refer to separate report on this agenda.
Moderate	Compliance with Receipt of Gifts and Hospitality Policy		Not started
Moderate	Compliance with Protected Disclosures (Protection of Whistleblowers) Policy		Not started
Low	Review preparedness for business interruption and continuously improve.		<u>Continuous</u> - Monitor readiness across the organisation and identify risks to assurance and raise control improvements (system and/or process). 3 - Develop rolling review of Business Continuity Plans across Council. (Top 10 Organisational Risk ORG 9 refers).

He take | Issues

15 There are no issues to be raised in this report.

Ngā kōwhiringa | Options

16 There are no options to be raised in this report.

Tangata whenua

17 There are no tāngata whenua considerations arising from this report.

Panonitanga āhuarangi | Climate change

18 There are no climate change issues arising from this report.

Ahumoni me ngā rawa | Financial and resourcing

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

Ture me ngā Tūraru | Legal and risk

20 There are no legal considerations arising from this report.

21 This report provides an update on the Internal Audit function.

Ngā pānga ki ngā kaupapa here | Policy impact

22 There are no policy implications arising from this report.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT

Te mahere tūhono | Engagement planning

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

Whakatairanga | Publicity

24 There are no publicity considerations.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Appendix 1 - Internal Audit Work Programme 2023 [↓](#)

Internal Audit Work Programme 2023				
Type	Activity	Details	Associated Top 10 ORG Risk*	Schedule as at 9 May 2023
Internal Audit	Compliance with Mitigation of Fraud Policy.	<ul style="list-style-type: none"> Test the protection of our financial systems and assets from fraudulent conduct. 	ORG 8	Q3 - 2022/23
	Compliance with Procurement Policy Framework.	<ul style="list-style-type: none"> Test the fundamental principles and high-level rules that apply to procurement activity. 	ORG 8	Q3-Q4 - 2022/23
	Compliance with Employee Code of Conduct document.	<ul style="list-style-type: none"> Test the fundamental principles and high-level rules that apply to employee conduct. <i>Note: The Mitigation of Fraud Policy references this as a related document.</i> 	ORG 8	Q4 - 2022/23
	Compliance with General Expenses Policy.	<ul style="list-style-type: none"> Test the protection of our compliance with the General Expenses Policy. <i>Note: Ernst & Young issued a Control Finding (FN03-01) in 2021/22 recommending that expenses incurred are approved in a manner that is in line with KCDC's policies and the Mitigation of Fraud Policy references this as a related policy.</i> 	ORG 8	Q1 - 2023/24
	Compliance with Receipt of Gifts and Hospitality Policy.	<ul style="list-style-type: none"> Test the high-level rules that apply to Receipt of Gifts and Hospitality. <i>Note: The Mitigation of Fraud Policy references this as a related policy.</i> 	ORG 8	Q2 - 2023/24
	Compliance with Protected Disclosures (Protection of Whistleblowers) Policy.	<ul style="list-style-type: none"> Test the high-level rules that apply to protecting disclosures (protection of whistleblowers). <i>Note: The Mitigation of Fraud Policy references this as a related policy.</i> 	ORG 8	Q3 - 2023/24
	Follow up on independent recommendations identified by Ernst & Young as Audit Control Findings.	<ul style="list-style-type: none"> Follow up control findings issued by Ernst and Young. Provide quarterly updates to the Risk and Assurance Committee. Support EY to resolve and close these recommendations. 	ORG 8	Continuous
	Review Business Continuity Plan preparedness for business interruption and continuously improve.	<ul style="list-style-type: none"> Monitor readiness across the organisation and identify risks to assurance and raise control improvements (system and/or process). Undertake a rolling review of BCP's and test controls. 	ORG 9	Continuous
	<p>*Note: Top 10 Organisational Risk References ORG 8 = Failure to prudently manage Council's financial stability including fraudulent activity. ORG 9 = Failure to maintain business continuity for our core services.</p>			

8.8 FORWARD WORK PROGRAMME 2023 FOR RISK AND ASSURANCE COMMITTEE

Kaituhi | Author: **Sharon Foss, Business Improvement Manager**

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

TE PŪTAKE | PURPOSE

- 1 This report seeks agreement to the forward work programme for the Risk and Assurance Committee in 2023.

HE WHAKARĀPOOTO | EXECUTIVE SUMMARY

- 2 An executive summary is not required for this report.

TE TUKU HAE PAPA | DELEGATION

- 3 The Risk and Assurance Committee (Committee) has the delegation to consider this matter under the section of Part C.3 of the Governance Structure and Delegations 2022-2025 Triennium which states: *"This committee is responsible for monitoring the Council's financial management, financial reporting mechanisms and framework, and risk and assurance function, ensuring the existence of sound internal systems."*

TAUNAKITANGA | RECOMMENDATIONS

- A. That the Risk and Assurance Committee approves its Forward Work Programme for the 2023 calendar year as set out in Appendix 1 to this report.

TŪĀPAPA | BACKGROUND

- 4 The work programme that has been undertaken to date since the start of the triennium was led by the Group Manager Corporate Services, in the absence of an independent Committee chairperson and the delayed scheduling of this inaugural meeting.
- 5 The remaining work programme for 2023 needs to be discussed and agreed at this meeting. While the Chief Executive retains responsibility for approving the Committee agenda, this report provides an opportunity for the Committee to discuss and agree its work programme going forward.

HE KŌRERORERO | DISCUSSION

- 6 The 2023 forward work programme for the Risk and Assurance Committee as developed by the Group Manager is attached in Appendix 1 to this report.

He take | Issues

- 7 The establishment and presentation of the forward work programme is in accordance with the Office of the Auditor General's best practice guidance. This approach is used by other councils throughout New Zealand.
- 8 That same best practice also provides for the Committee to review its forward work programme at each subsequent meeting to ensure it remains relevant and can be adapted to changes in the Council's top 10 organisational risks, a separate report to the Committee.

Ngā kōwhiringa | Options

- 9 The Committee can consider and if necessary, make amendments to its forward work programme attached as Appendix 1 to this report.

Tangata whenua

- 10 Mana whenua have not been separately consulted on the specific development of the work programme attached as Appendix 1 to this report.
- 11 Under the current Governance Structure, a mana whenua representative will be appointed to this Committee and will have the opportunity for ongoing input through attendance at subsequent Committee meetings.

Panonitanga āhuarangi | Climate change

- 12 There are no climate change considerations for this report.

Ahumoni me ngā rawa | Financial and resourcing

- 13 There are no financial or additional considerations for this report.

Ture me ngā Tūraru | Legal and risk

- 14 There are no legal considerations or risks for this report.

Ngā pānga ki ngā kaupapa here | Policy impact

- 15 There is no impact on existing Council policies.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT**Te mahere tūhono | Engagement planning**

- 16 No engagement planning is required for this report.

Whakatairanga | Publicity

- 17 All approved forward work programmes by the Committee will be uploaded to the Council website and will also be publicised through the publication of the agenda and minutes of the Council meetings.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Appendix 1 - Risk and Assurance Committee - Forward Work Programme 2023 [↓](#)

Forward work programme of Risk and Assurance Committee - 2023

Area of Work (as per OAG guidance) and Lead	Te Komati Whakahaere Tūraru Risk and Assurance Committee - Forward work programme 2023 as at 9 May 2023			
	<p>This Risk and Assurance Committee (the Committee) assists and advises the Governing Body in discharging its responsibility & ownership of governance, risk management and internal control across the council.</p> <p>Responsibilities include reviewing and advising on enterprise risks, health and safety, legal risks, insurance, internal audit and external audit.</p> <p>The Committee monitors compliance, organisational risk management and has oversight of risk management and assurance of financial and non- financial reporting, the preparation of the annual report, and other statutory financial reports.</p>			
	Meeting # 1 - 16 May 2023	Meeting #2 - 3 August 2023	Meeting #3 - 21 September 2023	Meeting #4 - 9 November 2023
Forward work programme <i>GM, Corporate Services</i>	<ul style="list-style-type: none"> Work Programme 	<ul style="list-style-type: none"> Work Programme 		<ul style="list-style-type: none"> Work Programme
Assurance <i>GM, Corporate Services</i>	<ul style="list-style-type: none"> Internal Audit activities update Forward Internal Audit Work Programme 2023 	<ul style="list-style-type: none"> Internal Audit activities update 		<ul style="list-style-type: none"> Final outcomes of 2023 Internal Audits Assurance charter and audit plan for the upcoming year
Enterprise Risk – CE Oversight <i>Chief Executive</i> – Top 10 Organisational Risks <i>GM, Corporate Services</i> – Audit Control Findings <i>GM, Corporate Services</i>	<ul style="list-style-type: none"> CE update – key risks 	<ul style="list-style-type: none"> CE Report update – key risks 		<ul style="list-style-type: none"> CE Report update – key risks
	<ul style="list-style-type: none"> Top 10 Organisational Risk Report 	<ul style="list-style-type: none"> Top 10 Organisational Risk Report 		<ul style="list-style-type: none"> Top 10 Organisational Risk Report
	<ul style="list-style-type: none"> Update on Audit Control Findings (year ended 30 June 2022) 	<ul style="list-style-type: none"> Update on Audit Control Findings (year ended 30 June 2022) 	<ul style="list-style-type: none"> Management response to Control Findings identified by External Audit (year ended 30 June 2023). Attendance by Ernst & Young 	<ul style="list-style-type: none"> Update regarding Audit Control Findings (year ended 30 June 2023)
Health and Safety <i>Organisational Development Manager</i>	<ul style="list-style-type: none"> Health and Safety Quarterly Report: 1 July 2022 to 30 March 2023 	<ul style="list-style-type: none"> Health and Safety Quarterly Report: 1 April to 30 June 2023 		<ul style="list-style-type: none"> Health and Safety Quarterly Report: 1 July to 31 September 2023
Annual report <i>GM, Corporate Services</i>	<ul style="list-style-type: none"> Review annual report arrangements 		<ul style="list-style-type: none"> (Draft) Annual Report 2022/23 Audit Closing Report (year ended 30 June 2023) Audit Report to Management (year ended 30 June 2023) Attendance by Ernst & Young 	<ul style="list-style-type: none"> Final audit management report.
Annual budget 2023/24 <i>GM, Corporate Services</i>	<ul style="list-style-type: none"> Quarterly Treasury Compliance 	<ul style="list-style-type: none"> Quarterly Treasury Compliance 		<ul style="list-style-type: none"> Quarterly Treasury Compliance
External Audit <i>Ernst & Young</i>	<ul style="list-style-type: none"> Ernst & Young Audit Plan for the Year ended 30 June 2023 Attendance by Ernst & Young 	Attendance by Ernst & Young tbc		Attendance by Ernst & Young tbc
Legal <i>GM, People and Partnerships</i>	<ul style="list-style-type: none"> Update on Litigation Status, Statutory Compliance Issues and Investigations 	<ul style="list-style-type: none"> Update on Litigation Status, Statutory Compliance Issues and Investigations 		<ul style="list-style-type: none"> Update on Litigation Status, Statutory Compliance Issues and Investigations
Insurance <i>GM, Corporate Services</i>	<ul style="list-style-type: none"> Update on Insurance activities 	<ul style="list-style-type: none"> Update on Insurance activities 		<ul style="list-style-type: none"> Update on Insurance activities

9 PURONGO KĀORE E WĀTEA KI TE MAREA | 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 - 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 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>	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