



RANGITIKEI
DISTRICT COUNCIL
Making this place home.

ORDER PAPER

AUDIT AND RISK COMMITTEE MEETING

Date: Wednesday, 16 November 2022

Time: 10.00 am

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Chair: Mr Philip Jones

Membership: Cr Dave Wilson
HWTM Andy Watson
Cr Fi Dalgety
Cr Tracey Piki Te Ora Hiroa

For any enquiries regarding this agenda, please contact:

Kezia Spence, Governance Advisor, 0800 422 522 (ext. 917), or via email

kezia.spence@rangitikei.govt.nz

Contact:	0800 422 522 info@rangitikei.govt.nz www.rangitikei.govt.nz (06) 327 0099			
Locations:	<table border="0" style="width: 100%;"> <tr> <td style="width: 33%; vertical-align: top;"> <u>Marton</u> Head Office 46 High Street Marton </td> <td style="width: 33%; vertical-align: top;"> <u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls </td> <td style="width: 33%; vertical-align: top;"> <u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape </td> </tr> </table>	<u>Marton</u> Head Office 46 High Street Marton	<u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls	<u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape
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Notice is hereby given that an Audit and Risk Committee Meeting of the Rangitīkei District Council will be held in the Council Chamber, Rangitīkei District Council, 46 High Street, Marton on Wednesday, 16 November 2022 at 10.00 am.

Order Of Business

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AGENDA

1 Welcome / Prayer

2 Apologies

3 Public Forum

4 Conflict of Interest Declarations

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

5 Confirmation of Order of Business

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting, [enter item number](#) be dealt as a late item at this meeting.

6 Follow-up Action Items from Previous Meetings

6.1 Follow-up Action Items from Audit and Risk Meetings

Author: Kezia Spence, Governance Advisor

1. Reason for Report

- 1.1 On the list attached are items raised at previous Audit and Risk meetings. Items indicate who is responsible for each follow up, and a brief status comment.

2. Decision Making Process

- 2.1 Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

Attachments:

1. **Follow-Up Actions Register** [↓](#)

Recommendation

That the report 'Follow-up Action Items from Audit and Risk Meetings' be received.

Current Follow-up Actions

Item	From Meeting Date	Details	Person Assigned	Status Comments	Status
1	5-Sep-22	Regarding the Audit and Risk Committee Work Programme: Mr O'Connell advised that he would expect this programme to be presented to the new Committee (after the election).	Dave Tombs	Paper presented to Audit & Risk Committee (ARC) in November 2022. This will be a standing item at future ARC meetings; Officers accordingly consider this Action can be Closed.	Closed
2	5-Sep-22	The Committee requested that staff highlight the agreement for share services between the Rangitikei and Manawatu District Council's as an area of focus for the new Committee (after the election).	Arno Benadie		Open
3	5-Sep-22	Regarding the Internal Audit Programme: The Mayor noted that the Ombudsmen's office had indicated that this would be a focus area for them in the future. He suggested that those items that are driven by legislation should be identified in the programme reporting (i.e., they should be "asterixed").	Dave Tombs	Noted in the Internal Audit Program.	Closed
4	5-Sep-22	Regarding the new Protected Disclosures Policy: Mr O'Connell suggested that the 'Retaliation' section (p. 4 of the policy) be re-worded to "not to retaliate or treat less favourably". Ms Ritchie agreed with this suggestion and undertook to amend the document.	Christine Ritchie	The policy has been updated and published.	Closed
5	10-Mar-22	As per resolution 22/ARK/004 : The report 'Rail Hub Project - Significant Risks and Mitigations (first draft)' contained in the 10 Mar 22 Order Paper is to be distributed to the Rail Hub Project Advisory Board, in order to seek their guidance in identifying 'tier 1 risks' associated with the project. Following the receipt of the Project Advisory Board's guidance, staff are to analyse these responses and present a formal report back to the Committee.	Arno Benadie	The MRH project is subject to the Environment Court decision and so this action is on hold until a decision has been received.	In progress
6	10-Mar-22	As per resolution 22/ARK/004 : Staff to consider the organisation-wide risk framework that is being used, taking into account the feedback from CouncilMARK (when received).	Dave Tombs	Risk Management Policy has been approved by ELT and reviewed by Audit/Risk Committee in December 2021. Draft Risk Management Strategy has been reviewed by ELT and discussed with SLT, and is being finalised in conjunction with the new Risk Appetite and Tolerance Policy that is being finalised. Departmental Business Continuity Plans are scheduled to be completed by the end of 2022. Departmental Risk Registers are scheduled for completion before end of Jan 2023. Strategic Risk Register is currently being extended. Council Papers that are 'for Decision' are now required to include commentary regarding 'Implications for Strategic Risks'.	In progress
7	10-Mar-22	As per resolution 22/ARK/004 : Staff to consider what other major projects should be considered within a 'tier 1 risk' group, and a definition to identify them.	Dave Tombs / Arno Benadie	All projects included in the PMO Report to Council are to be regarded as Tier 1.	Ongoing. Clos

7 Reports for Information

7.1 Internal Audit Programme

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide the Audit/Risk Committee with an update on Council's Internal Audit Programme.

2. Context

- 2.1 In March 2021 Officers drafted a formal five-year Internal Audit Programme (Attachment 1) that includes the provision of an update to each Audit/Risk Committee meeting.
- 2.2 Since its introduction, it has become apparent that competing work demands, covid disruptions and resource constraints have caused delays - and will continue to cause delays - in the intended timeframes for completing elements of this Program.

3. Discussion

- 3.1 As previously advised:
 - 3.1.1 two formal reviews that were scheduled for 2021/22 (Ethics and Legislative Compliance) were not completed (although the *Ethics in Recruitment* element of the Ethics Review has been completed, with the recommendations currently being reviewed by Officers); and
 - 3.1.2 Officers propose commencing the 2022/23 Internal Audit Program in the second/third quarter of the financial year.
- 3.2 Officers have reviewed the Program and welcome the opportunity to discuss the Program with Committee members to confirm the reviews it wishes to undertake in 2022/23 (as per Attachment 2). It has become apparent the Council is not resourced to undertake the volume of internal audits that were included in the initial Program.
- 3.3 As discussed at a prior Committee meeting, Officers will continue to monitor the Internal Audit Program, noting any reviews that are required/recommended by legislation and external agencies such as the Ombudsman Office.

Attachments

1. [Internal Audit Program](#) ↓
2. [Internal Audit Program - Proposed](#) ↓

Recommendation 1

That the report 'Internal Audit Programme' be received.

**Rangitikei District Council
Internal Audit Program (draft)**

	21/22	22/23	23/24	24/25	25/26
Known/arising material risks	A	A	A	A	A
Health and Safety (Safeplus)	A		A		A
Fleet management Services	A			B	
Community Engagement (note 1)	A			A	
Ethics (2)	A			A	
Legislative Compliance (3)	A				A
Cyber Security/IT Recovery Plans	B	A	B	B	A
Business Continuity Plan (4)	B			B	
Indirect tax evaluation	C		C		B
Antifraud Assessment (5)		A		C	C
Cash handling controls/processes		A		B	
Statement of Service Performance (6)		A/B	C	C	C
Planning Applications (6)		A/B			C
Peer review (6) (7)		A/B			
Procurement and Contract Management			A		
Elected Member effectiveness (8)			A		
Insurance Management			A/B		
Risk Management Framework			A/B		C
Digital Transformation (9)			A/B		
Community Wellbeing (10)			A/B		
Accounts Payable				A	
Treasury Management				A	
Complaints Handling				A/B	
Capital Program (11)				A/B	
Onboarding/off boarding of staff (12)					A

Key:

- A formal, externally review
- B structured internal review
- C overview

Notes

1. Includes working with Iwi/other partnerships; improvements to our ongoing communication with the community
2. Evaluation of our ethics related objectives/procedures/activities etc
3. Include compliance with payroll legislation (holiday pay etc)
4. In the event of major flood/quake
5. Fuel card, credit card, sensitive expenditure, false invoices, false time sheets/overtime
6. Improvements identified?? Barriers to success??
7. Other governance arrangements
8. Year 2 of election cycle
9. Existing and future 'ways of working'
10. Homelessness, health/leisure facilities, community support
11. Including Project Management, works order management, department set up
12. including new/old staff 'getting' on/off of payroll

Rangitikei District Council
Internal Audit Program (draft)

	21/22	22/23	23/24	24/25	25/26
Known/arising material risks	A/B ✓	A/B ✓	A/B	A/B	A/B
Health and Safety (Safeplus)	A ✓		A		A
Fleet management Services	A ✓			B	
Community Engagement (note 1)	A ✓			A	
Ethics (2)	<i>A partially done</i>			A	
Legislative Compliance (3)	<i>A not done</i>				A
Cyber Security/IT Recovery Plans	B/C ✓	A ✓	B	B	A
Business Continuity Plan (4)	B/C ✓			B	
Indirect tax evaluation	C ✓		C		B
Antifraud Assessment (5)		A *		C	C
Cash handling controls/processes		A/B *		B	
Statement of Service Performance (6)		A/B	C	C	C
Consenting Applications (6)	B ✓	A/B	B	A	B
Peer review/Councilmark	A ✓			A °	
Procurement and Contract Management			A		
Elected Member effectiveness (8)			A		
Insurance Management			A/B		
Risk Management Framework			A/B		C
Digital Transformation (9)			A/B		
Community Wellbeing (10)			A/B		
Accounts Payable				A	
Treasury Management				A	
Complaints Handling				A/B	
Capital Program (11)				A/B	
Onboarding/off boarding of staff (12)					A

* subject to market availability

Key:

- A formal, externally review
- B structured internal review
- C overview

Notes

1. Includes working with Iwi/other partnerships; improvements to our ongoing communication with the community
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10. Homelessness, health/leisure facilities, community support
11. Including Project Management, works order management, department set up
12. including new/old staff 'getting' on/off of payroll

7.2 Health, Safety and Wellbeing

Author: Sharon Grant, Group Manager - People & Culture

Authoriser: Peter Beggs, Chief Executive

1. Reason for Report

1.1 This report provides an update on health, safety and wellbeing matters. The report includes: the Health, Safety and Wellbeing Dashboards for August, September and October 2022; an update on progress with the Health, Safety and Wellbeing Due Diligence Plan; and highlights from the Health, Safety and Wellbeing Work Programme.

2. Context

2.1 Elected Representatives are considered Officers under the Health and Safety at Work Act 2015 (Act). This means that they have an obligation to exercise due diligence in relation to health and safety matters. Due diligence is defined in section 44(4) of the Act as taking reasonable steps to:

2.1.1 Acquire and update knowledge of health and safety matters; and

2.1.2 Gain an understanding of the operations carried out by the organisation, and the hazards and risks generally associated with those operations; and

2.1.3 Ensure the person conducting business or undertaking (PCBU) has appropriate resources and processes to eliminate or minimise those risks; and

2.1.4 Ensure the PCBU has appropriate processes for receiving and considering information about incidents, hazards and risks, and for responding to that information in a timely way; and

2.1.5 Ensure there are processes for complying with any duty, and that these are implemented; and

2.1.6 Verify that these resources and processes are in place and being used.

2.2 Council's Health, Safety and Wellbeing Dashboards (Dashboards) provide monthly health and safety event data and year-to-date trends. The Dashboards support Elected Members to exercise their due diligence obligations by providing up-to-date information on incidents, hazards and risks, together with current activities and wellbeing initiatives.

2.3 Council is committed to continuous improvement across all aspects of workplace health, safety and wellbeing. Continuous improvement is achieved through actions identified in the Health, Safety and Wellbeing Due Diligence Plan and the Health, Safety and Wellbeing Work Programme.

3. Discussion

3.1 Health, Safety and Wellbeing Dashboards

3.1.1 The Dashboards for August, September and October 2022 are attached to this report.

3.1.2 The Dashboard for the period ending 31 August 2022 includes two events (medical event and slip-trip-fall categories) and three near misses (two slip-trip-fall and one small appliance categories).

3.1.3 The Dashboard for the period ending 30 September 2022 includes four near misses (slip-trip-fall, abusive behaviour and security categories) and one new hazard identified (slip-trip-fall category). There were no events reported in September 2022.

3.1.4 The Dashboard for the period ending 31 October 2022 includes four events (burn, plant/machinery, cut and abusive behaviour categories).

3.1.5 There were no WorkSafe notifiable accidents or incidents for August, September or October 2022.

3.1.6 All reported near misses have been appropriately investigated and addressed. The trip hazard identified in September 2022 has been eliminated.

3.2 Health, Safety and Wellbeing Due Diligence Plan

3.2.1 The Audit and Risk Committee endorsed the Health, Safety and Wellbeing Due Diligence Plan (Due Diligence Plan) at its September 2021 meeting. The Due Diligence Plan outlines activities that will be undertaken to enhance knowledge and understanding of health and safety matters. The current Due Diligence Plan is attached to this report for reference. Apart from Health, Safety and Wellbeing Governance Training for the incoming Council, the current Due Diligence Plan is completed. A new Due Diligence Plan will be developed for the new triennium.

3.3 Health, Safety and Wellbeing Work Programme Highlights

3.3.1 Health, safety and wellbeing highlights since the last report:

- Advanced Driver Training (Driving Simulator)
- Annual Mole Maps
- Regional Health, Safety and Wellbeing Representatives Forum

3.3.2 Health, safety and wellbeing initiatives currently underway:

- Trial of on-line tool for reporting events, near misses and hazards
- Launch of new Wellbeing Programme (Hauora Ake)
- Recruitment of Senior Health, Safety and Wellbeing Advisor

3.3.3 Health, safety and wellbeing initiatives coming soon:

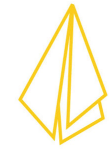
- Review of Health, Safety and Wellbeing Risk Framework
- Review of Health, Safety and Wellbeing Due Diligence Plan
- Psychosocial First Aid Training for leadership team and Health, Safety and Wellbeing Representatives

4. Attachments

1. **Health, Safety and Wellbeing Dashboard - August 2022** [↓](#)
2. **Health, Safety and Wellbeing Dashboard - September 2022** [↓](#)
3. **Health, Safety and Wellbeing Dashboard - October 2022** [↓](#)
4. **Health, Safety and Wellbeing Due Diligence Plan** [↓](#)

Recommendation

That the Health, Safety and Wellbeing Report together with attachments, be received.

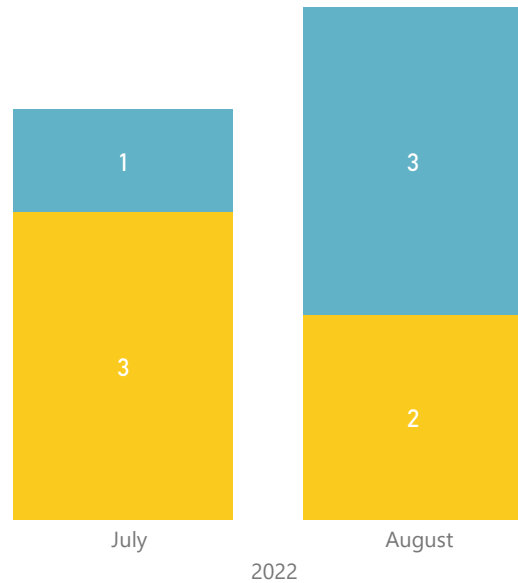


Rangitikei District Council Health & Safety

Events, Hazards and Near Misses

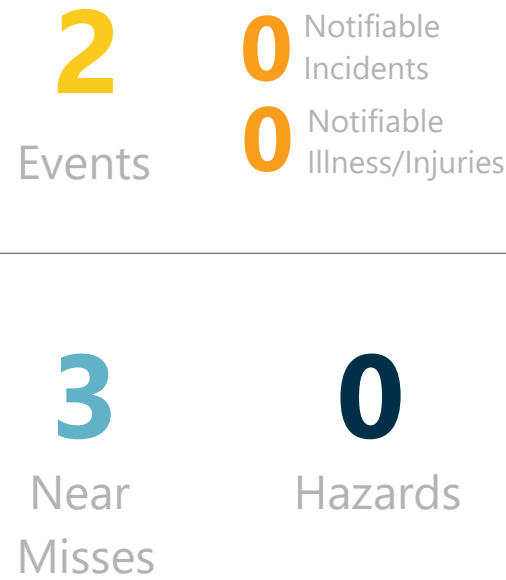
01 June 2022 to date

● Event ● Near Miss



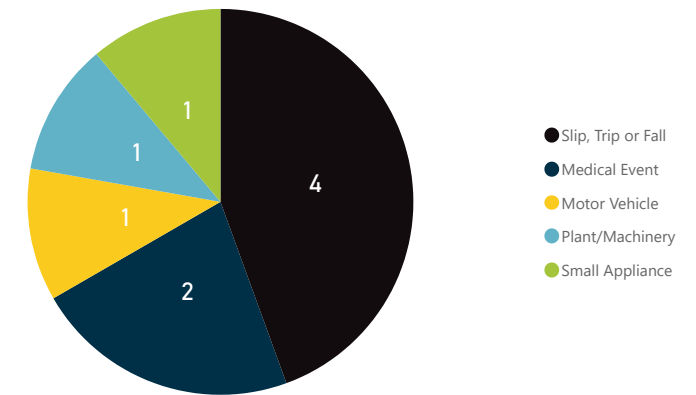
Last month

August 2022



Event/Near Miss Category

01 June 2022 to date



Wellbeing News

It is very important to report all Near Miss Events!

The definition of a near miss is "an event not causing harm, but has the potential to cause injury or ill health. Any unplanned incident that occurred at the workplace which, although not resulting in any injury or disease, had the potential to do so".

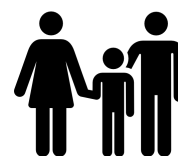
Near misses are those close call moments that, in a different circumstance, could result in an injury or loss of control. Near misses tell us when an accident could happen and/or where a hazard needs to be addressed. By reporting near misses it will enable us to pro-actively identify and resolve or minimise hazards, identify any negative trends, help us to reduce workplace accidents overall and increase our safety and wellbeing culture. For this reason it's really important that near misses are reported along with accidents. You'll find the reporting form on the safety and wellbeing section of Kapua (click on 'working here' then click on 'safety and wellbeing').

Spring is around the corner!

Can you feel it yet? Does spring make you feel happy? The snow may still be lingering on the ground in some areas, but the air feels just a tiny bit warmer, and the days are getting longer. It's time to shake off the winter blues, turn your face toward the sunshine, and rejuvenate yourself. Here are some springtime wellness tips that are super-easy to apply in your daily routine: Spring into a healthier diet; Jump-start your body with a new workout; Sprout a new hobby, try something completely new and Blossom by recharging your psychological batteries in the great outdoors.

Location

Events, Hazards and Near Misses



Driver Ratings

	Jun	Jul	Aug
★★★★★	9	6	6
★★★★	10	12	8
★★★	13	15	17
★★	5	5	7
★	0	0	0

Note: The star ratings measure over speed, sharp acceleration and harsh breaking events as per data captured from E-Roads

Coming Up

13 September - Driver Awareness Simulator Training, Te Matapihi

We want all our staff to be safe drivers, both at work and outside work and want to provide you with better skills to handle situations that may arise while driving. This training programme helps to make you a safer driver by providing risk awareness training, defensive driving skills and updates Road Code changes that you may not be aware of. There are still spaces available - talk to your Team Leader if you would like to attend.

6 September (Marton) and 8 September (Taihape) – First Aid Training

Both full First Aid Training and Refresher First Aid Training is scheduled to be held in Chambers, Marton on 6 September and at St Margarets Church Hall, Taihape on 8 September. Contact Marcelle Williams for further information.

Full Molemaps and Annual Rechecks

Full body Molemaps and annual rechecks are scheduled for September, October and November. Vouchers are available for staff who would prefer to go to either the Wanganui or Palmerston North clinics. There are still spaces available in October and November - contact Marcelle Williams for further information.

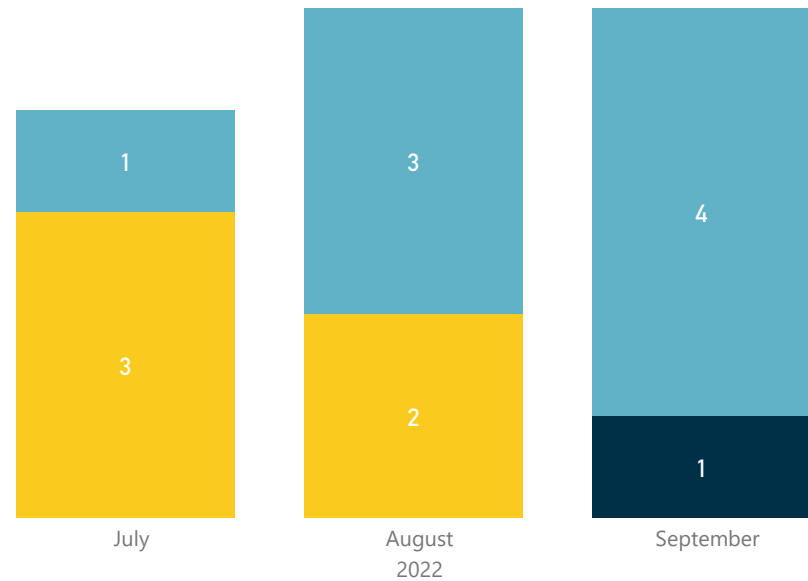


Rangitikei District Council Health & Safety

Events, Hazards and Near Misses

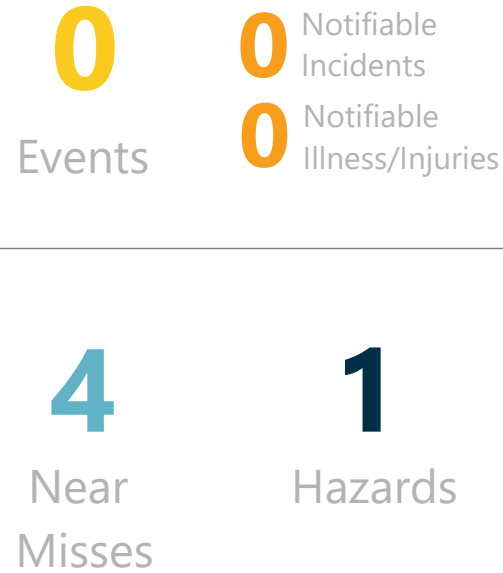
01 June 2022 to date

● Event ● Hazard ● Near Miss



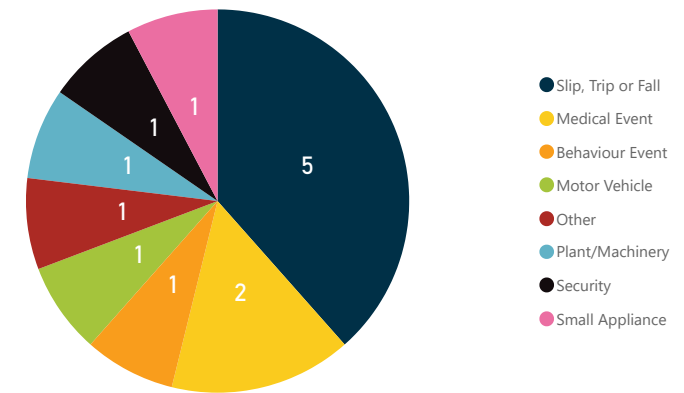
Last month

September 2022



Event/Near Miss Category

01 June 2022 to date



Wellbeing News

Avoid manual handling injuries- Protect your back!!

Some roles require staff to lift, push, pull or carry heavy objects. If the load is too heavy to move or carry by yourself ask for help, use a trolley or move the load in stages.

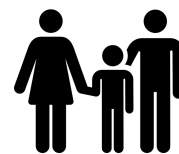
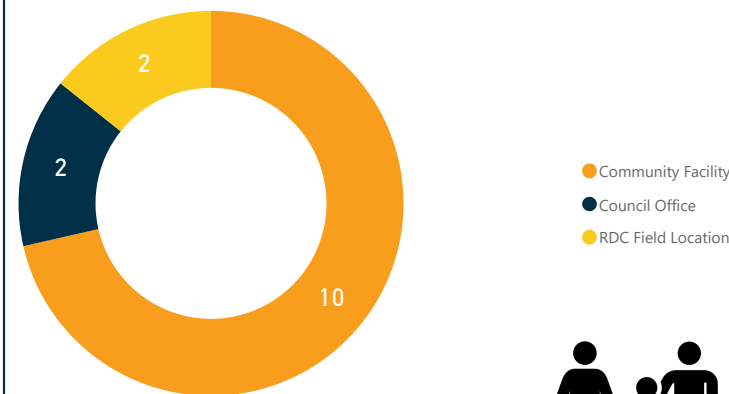
When you pick up the load make sure you stand reasonably close to the load with your feet hip-width apart and with one foot slightly forward, pointing in the direction that you are going to go. Your knees should be bent while maintaining a good posture. Breathe in before commencing the lift and make sure you have a good grip. Carry out the lift smoothly, avoiding any jerky or twisting movements to avoid straining your back. Keeping your back straight, arms close to your body and using your legs to take the strain step off in the direction your front foot is pointing, keeping the load close to your body. If necessary stop and have a rest. For more guidance on safe lifting techniques, have a look at www.worksafe.govt.nz/topic-and-industry/manual-handling/lifting-and-carrying

AED's

We have four AED Defibrillators (AEDs) which are available for staff and community use. The AED's are located at the Marton Office, King St Depot, Taihape Library and Te Matapihi. The AED's come with clear instructions on how to use them, and training is currently underway for staff. If you would like to join one of the upcoming training sessions please contact Marcelle Williams

Location

Events, Hazards and Near Misses



Driver Ratings

Rating	Jul	Aug	Sep
5 Stars	6	6	8
4 Stars	12	8	12
3 Stars	15	17	13
2 Stars	5	7	5
1 Star	0	0	0

Note: The star ratings measure over-speed, sharp acceleration and harsh breaking events as per data captured from E-Roads

Coming Up

Full Molemaps and Annual Rechecks

Full body Molemaps and annual rechecks are scheduled for October and November. Vouchers are available for staff who would prefer to go to either the Wanganui or Palmerston North clinics. Contact Marcelle Williams for further information.

Regional Local Government HSR Forum - 2 November 2022

This is a fantastic opportunity for our HSW Reps to get together with HSW Reps from other Councils in our Region for a day of professional development and networking. Please contact Marcelle for more information.

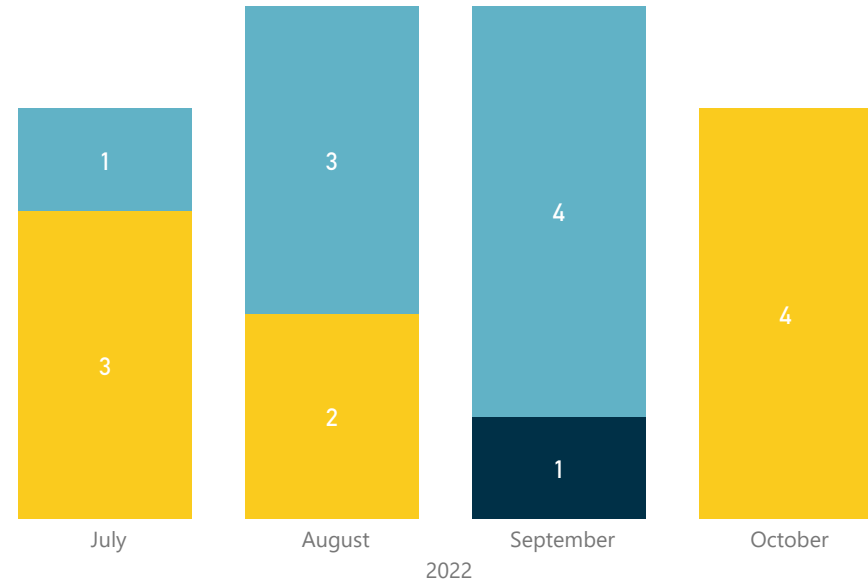


Rangitikei District Council Health & Safety

Events, Hazards and Near Misses

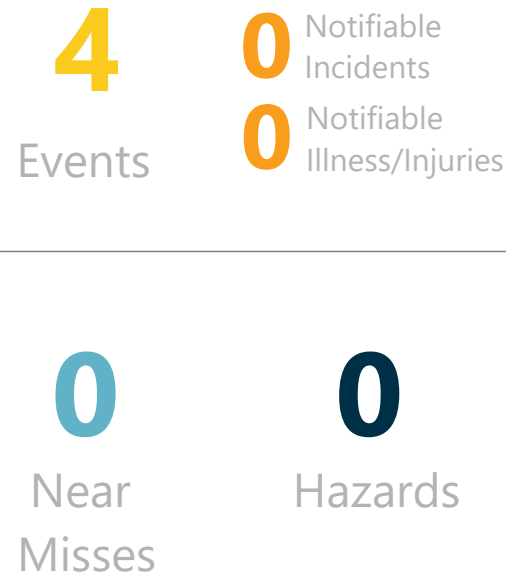
01 June 2022 to date

● Event ● Hazard ● Near Miss



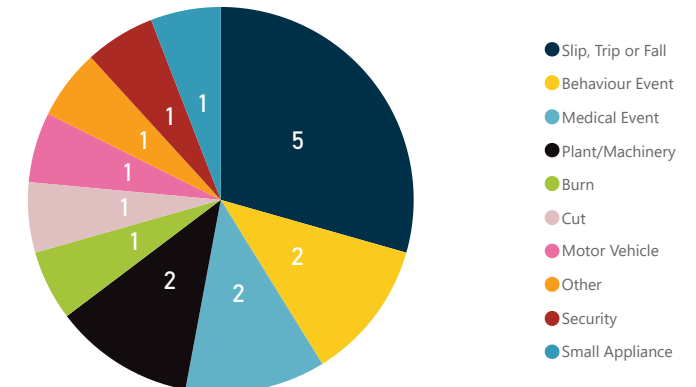
Last month

October 2022



Event/Near Miss Category

01 June 2022 to date



Wellbeing News

Enjoy the sun and be sun smart

The days are getting warmer and spending time outside is a great way to be physically active, reduce stress and get some vitamin D. Protect yourself from the harmful effects of the sun by using sunscreen, a sun hat and sunglasses and where possible stay in the shade.

My Everyday Wellbeing

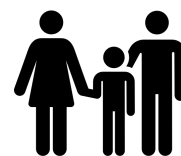
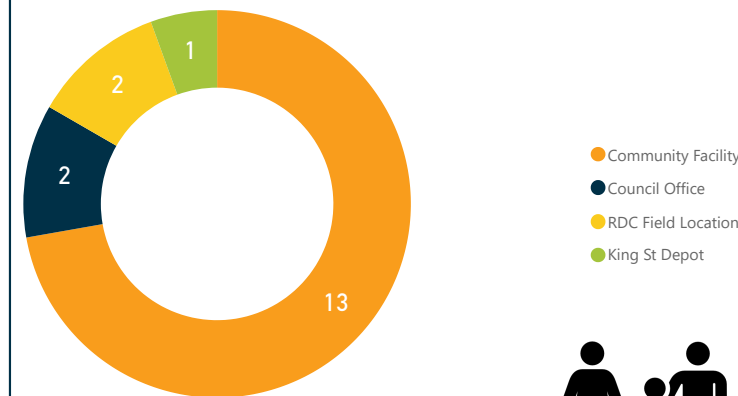
Just a reminder that as an RDC employee, and as part of our Wellbeing Programme, you and your household can get free access to all the on-line health and wellbeing resources on the My Everyday Wellbeing site. Resources include healthy recipes, wellbeing videos, exercise tips, healthy lifestyle challenges, and lots more. If you don't already have access and want to set up your account, or need to change your password, please contact Marcelle Williams.

We're Making Reporting Incidents a Lot Easier!

A small cross-council team has been collaborating to develop an on-line form to make it much easier to report accidents, near misses and hazards. It's almost finished, and soon we'll be trialing it with a couple of teams to make sure it's working the way we want it to before we launch it across RDC.

Location

Events, Hazards and Near Misses



Driver Ratings

	Aug	Sept	Oct
★★★★★	6	8	5
★★★★	8	12	12
★★★	17	13	15
★★	7	5	5
★	0	0	0

Note: The star ratings measure over-speed, sharp acceleration and harsh braking events as per data captured from E-Roads

Coming Up

Full Mole Maps and Annual Rechecks

Full body mole maps and annual rechecks are scheduled for November. Vouchers are available for staff who would prefer to go to either the Wanganui or Palmerston North clinics. Contact Marcelle Williams for further information.

Prevention of Back Injury Training - 14 December 2022

Safety n Action will be providing two half-day training sessions on the Prevention of Back Injuries. This course teaches effective lifting and moving techniques to help prevent back injuries. If you are interested in attending a Prevention of Back Injury training course please contact Marcelle Williams.

Health, Safety and Wellbeing Due Diligence Plan

This Due Diligence Plan is aligned to the Institute of Directors Health and Safety Guide: Good Governance for Directors (March 2016) and aims to enhance due diligence in health, safety and wellbeing (HS&W) leadership at Rangitikei District Council (RDC).

A positive and robust HS&W culture begins at the Council table and spreads throughout the organisation. The Health and Safety at Work Act places a duty on elected members – as Officers – to exercise due diligence to ensure that RDC complies with its health and safety duties and obligations.

Due diligence requires Officers to take reasonable steps to understand RDC's operations and HS&W risks, and to ensure that they are managed so that everyone is safe. Due diligence is defined in the Health and Safety at Work Act as taking reasonable steps to:

- Acquire and update knowledge of health and safety matters
- Gain an understanding of the operations carried out by the organisation and the hazards and risks generally associated with those operations
- Ensure the organisation has, and uses, appropriate resources and processes to eliminate or minimise those risks
- Ensure the organisation has appropriate processes for receiving and considering information about incidents, hazards and risks, and for responding to that information in a timely way
- Ensure there are processes for complying with any duty, and that these are implemented
- Verify that these resources and processes are in place and being used.

This due diligence plan outlines the activities that will be undertaken to enhance elected member knowledge and understanding of HS&W matters. The plan is aligned to the elements of policy and planning, delivery, monitoring and review.

A key part of this plan is the 'Work as Done' sessions. The intent of these sessions is for the key staff responsible for each area to demonstrate the nature of their operations, the hazards and risks associated with those operations, and their HS&W approach and processes to eliminate or minimise those risks. Where appropriate, a site visit will be scheduled as part of this process.

Scheduled activities		Due diligence element				When
What	Who	Policy & planning	Delivery	Monitoring	Review	
SafePlus Assessment	Whole organisation				*	March 2021 <i>Complete</i>
Work as Done Session: Landfill remediation at Putorino Road / Mangaweka Bridge Replacement	Elected Members Chief Executive, ELT, Officers.		*	*		May 2021 <i>Complete</i>
SafePlus Assessment report to Audit and Risk	Audit and Risk Committee Chief Executive, GM People and Culture				*	Sept 2021 <i>Complete</i>
Endorse HS&W in the Workplace Policy	Audit and Risk Committee	*				Sept 2021 <i>Complete</i>
Endorse HS&W Due Diligence Plan	Audit and Risk Committee	*				Sept 2021 <i>Complete</i>
Appoint Governance HS&W Champion	Council	*				Sept 2021 <i>Complete</i>
Institute of Directors Advanced H&S Governance Training (on-line)	Governance H&S Champion Group Manager People and Culture		*			Oct 2021 <i>Complete</i>
Develop HS&W Governance Charter	H&S Champion GM People and Culture	*				Oct/Nov 21 <i>Complete</i>
Review HS&W strategy and reporting	H&S Champion GM People and Culture	*				Oct/Nov 21 <i>Complete</i>
Endorse HS&W Governance Charter, strategy and reporting	Audit and Risk Committee	*				Dec 2021 <i>Complete</i>
Work as Done Session: Parks and Reserves (includes site visit)	Elected Members Chief Executive, ELT, Officers.		*	*		14 July 2022 <i>Complete</i>
Work as Done Session: Lone workers	Elected Members Chief Executive, ELT, Officers.		*	*		14 July 2022 <i>Complete</i>
Work as Done Session: Animal Control (includes site visit).	Elected Members Chief Executive, ELT, Officers.		*	*		14 July 2022 <i>Complete</i>
Work as Done Session: Libraries / front of house	Elected Members Chief Executive, ELT, Officers.					18 August 22 <i>Complete</i>
HS&W governance training for new Council.	Elected Members		*			Nov/Dec 22

Regular activities (including reporting schedule)		Due diligence element				When
What	Who	Policy & planning	Delivery	Monitoring	Review	
Monthly HS&W Report (Dashboard)	Full Council CE and Executive Leadership Team			*		Monthly
Quarterly HS&W Report (full report)	Audit and Risk Committee			*		Quarterly
Full report of notifiable incidents or accidents	Audit and Risk Committee			*		As needed
Discussion of HS&W incidents, innovations and other matters	CE and Executive Leadership Team		*	*		Monthly
Attend HS&W Committee Meetings	GM People and Culture GM Assets and Infrastructure		*	*		Bimonthly
Review of HS&W Committee Meeting minutes and matters arising	CE and Executive Leadership Team		*	*	*	Bimonthly
Departmental HS&W Toolbox Meetings	Departmental GM's		*	*	*	Monthly
Updates / training on HS&W Matters	As appropriate		*			As needed

7.3 Insurance Update**Author:** Sam Zhang, Manager - Financial Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Audit and Risk Committee with an update on current Insurance related matters.

2. Commentary**2.1 Insurance Claims for 2022/23:**

2.1.1 A new insurance claim was lodged in September as a staff member reversed a vehicle into a post:

1. Driver and post were not harmed
2. Vehicle needs minor panel work.

2.2 All insurance policies are on track to be renewed from 01 November 2022.

Attachments

Nil

Recommendation

That the report 'Insurance Update' be received.

7.4 Treasury Reporting

Author: Sam Zhang, Manager - Financial Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

1.1 To provide the Audit and Risk Committee with a report on Council’s performance in relation to compliance with its Treasury Management Policy as at 31 October 2022.

2. Context

2.1 Council’s Liability Management Policy is contained within Council’s Treasury Management Policy. The Liability Management Policy includes four borrowing covenants that Council’s borrowing arrangements must comply with.

3. Analysis – Current Position

3.1 The four borrowing covenants are as follows:

1. Net Interest/Total Revenue must not exceed 20%
2. Net Interest/Annual Rates Revenue must not exceed 25%
3. Net Debt/Total Revenue must not exceed 175%
4. External Debt plus Committed Facilities plus Liquid Investments divided by External Debt must be greater than 110%

3.2 Net Interest/Total Revenue must **not exceed 20%**

• Interest Expense	\$214k
• Interest Income	\$109k
• Net Interest	\$105k
• Total Revenue	\$16m
Net Interest/Total Revenue	<1%

3.3 Net Interest/Annual Rates Revenue must **not exceed 25%**

• Net Interest (from S3.2)	\$105k
• Annualised net interest	\$315k
• Rates Revenue full year budget	\$26.5m
Net Interest/Annual Rates Revenue	1.2%

ITEM 7.43.4 Net Debt/Total Revenue must **not exceed 175%**

• Debt	\$19m
• Bank/Deposits	\$9.7m
• Net Debt	\$9.3m
• Notional Full Year Revenue	\$52m
Net Debt/Total Revenue	18%

3.5 External Debt plus Committed Facilities plus Liquid Investments (Available Finance) divided by External Debt must be **greater than 110%**

• External Debt	\$19m
• Bank/Deposits	\$9.7m
• Available Finance	\$28.7m
Available Finance divided by External Debt	151%

Attachments

Nil

Recommendation

That the report 'Treasury Reporting' be received.

7.5 Annual Report 21/22 Progress Update**Author:** Sam Zhang, Manager - Financial Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide Audit and Risk Committee with an update of the progress in completing the Annual Report 2021/22.

2. Commentary

- 2.1 Ordinarily Council's fully audited Annual Report must be adopted by 31st October. However, due to COVID these statutory deadlines have been moved to 31 December. Council's Summary Annual Report must then be adopted within one month of the Annual Report being adopted.
- 2.2 Officers are not aware of any reason these timeframes will not be met although note that the auditors are still completing their field work (Council's Annual Report is scheduled to be adopted by Council on 15 December 2022).
- 2.3 A draft Annual Report will be presented to the Finance and Performance Committee on 23 November 2022.
- 2.4 Audit New Zealand have indicated that, like other councils, we are likely to receive an emphasis of matter paragraph in our audit opinion. This is to highlight our Events After Balance Date note which highlights Central Government's announcement relating to the 3 Waters.
- 2.5 Council's Audit Plan is attached for general information.

Attachments

Nil

1. **Audit Plan 21/22** [↓](#)

Recommendation

That the report 'Annual Report 2021/22 Progress Update' be received.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit plan

Rangitikei District Council

For the year ended 30 June 2022

Audit plan

I am pleased to present our audit plan for the audit of Rangitikei District Council (the District Council) for the year ended 30 June 2022. The purpose of this audit plan is to discuss:

Audit risks and issues.....	2
Our audit process.....	10
Reporting protocols.....	16
Audit logistics.....	17
Expectations.....	19

The contents of this plan provided the basis of discussion when we met with you in March 2022.

We will be happy to elaborate further on the matters raised in this plan.

Our work improves the performance of, and the public’s trust in, the public sector. Our role as your auditor is to give an independent opinion on the financial statements and performance information. We also recommend improvements to the internal controls relevant to the audit.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Nāku noa, nā



Chris Webby
 Appointed Auditor
 7 November 2022

Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit.

Audit risk/issue	Our audit response
Revaluation of infrastructure assets	
<p>PBE IPSAS 17 <i>Property, Plant and Equipment</i> requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>Infrastructure assets were last revalued to fair value at 30 June 2019. Infrastructure assets are being revalued this year.</p> <p>The District Council uses the depreciated replacement cost methodology to determine fair value. The valuation is based on a number of significant assumptions, including the useful lives and replacement cost for modern equivalent assets. The high level of estimation uncertainty resulting from the need to apply these assumptions increases the risk that the value is materially misstated.</p>	<p>Our audit procedures will include:</p> <ul style="list-style-type: none"> • reviewing the information and instructions provided to the valuer; • assessing relevant controls that management has put in place for the valuation, including the completeness of items being revalued, the reasonableness of useful lives and consideration of the condition of assets; • evaluating the qualifications, competence and expertise of the external valuer used; • reviewing the method of valuing the assets and assessing if the applicable method used is in line with PBE IPSAS 17, including the reasonableness of the assumptions and judgements made by the valuer and other inputs to the valuation; • reviewing evidence of management’s review of the appropriateness of the valuation inputs (for example, confirming unit rates back to recent contract data); and • assessing whether the resulting change in values are correctly incorporated into the financial statements and the assumptions and judgements relating to the valuation are adequately disclosed.

Audit risk/issue	Our audit response
Fair value of land and building assets	
<p>Land and building assets were last revalued to fair value at 1 July 2019. Land and building assets are not being revalued this year.</p> <p>In a non-revaluation year the District Council must consider whether there has been any significant movement in the fair value of the assets.</p> <p>We expect that the District Council will have done a comprehensive analysis to determine whether there is a significant variance between the fair value as at 30 June 2022 and the carrying value. If the variance is significant it would trigger the need for the District Council to revalue the assets.</p>	<p>We will review the District Council’s assessment of whether there is any significant difference between the carrying amount and fair value of its land and building assets.</p> <p>We will consider the reasonableness of assumptions and judgements applied in making the assessments. This will include considering the appropriateness of the District Council’s methodology and significant assumptions.</p> <p>To strengthen the fair value assessment we recommend that management:</p> <ul style="list-style-type: none"> • factor the District Council’s own cost information into the fair value assessment from recent construction projects (where this information is available) and apply relevant cost indices taking into account the cost pressures in the construction industry; • consult with the valuers who performed the previous valuations. They will have construction cost data and market data available which will further improve the District Council’s assessment; and • if the assessment is being prepared by management consider the use of a peer reviewer given the uncertainties in the current environment and recent cost escalations.

Audit risk/issue	Our audit response
Impairment of Property, Plant and Equipment	
<p>In accordance with PBE IPSAS 21 <i>Impairment of Non-Cash-Generating Assets</i> and PBE IPSAS 26 <i>Impairment of Cash-Generating Assets</i>, at each reporting date management must assess whether there is any indication that an asset may be impaired. If management identifies any indication of an impairment, then they must estimate the recoverable service amount of the asset.</p> <p>Due to the judgemental nature of the valuations used in assessing impairment there is a risk of bias or error in the assumptions and inputs. Any bias or errors in the inputs used or calculations performed could result in a material misstatement in the carrying value of property, plant and equipment and the related impairment expense.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the impairment assessment; • evaluate the reasonableness of the significant assumptions; • evaluate how management has addressed estimation uncertainty; and • reperform calculations made by management.
Drinking water performance measures	
<p>The District Council is responsible for reporting performance against the safe drinking water standards. In particular this requires the District Council to report the extent to which its drinking water supply complies with:</p> <ul style="list-style-type: none"> • part 4 of the drinking-water standards (bacteria compliance criteria), and • part 5 of the drinking-water standards (protozoal compliance criteria). <p>Up until November 2021 performance related data was captured in the Drinking Water Online (DWO) database and compliance was assessed by Drinking Water Assessors (DWA). As a result of changes to the regulatory framework for drinking water quality, the DWO is no longer accessible and the DWA role no longer exists.</p> <p>Given these changes the District Council will need to ensure appropriate systems and controls are in place to report complete and accurate compliance results. This may include engaging an independent drinking water quality expert to provide assurance over the District Council’s compliance with the Drinking Water Standards for New Zealand (DWSNZ) and the performance measures.</p>	<p>Our audit response will depend on the approach the District Council takes.</p> <p>The preferred approach from the Office of the Auditor-General and Audit New Zealand is for the District Council to engage an independent drinking water quality expert. Assuming that we can rely on that expert and the scope of their work provides sufficient coverage of, and assurance over compliance with DWSNZ, there should be little change to our audit approach from previous years.</p> <p>If the District Council does not engage an independent drinking water quality expert, we will need to carry out additional audit procedures to obtain sufficient appropriate audit evidence for the performance measures or engage an auditor’s expert to carry out the procedures for us. This will result in additional audit hours and costs. We expect local authorities will meet these additional costs, and we would have to work through the timing of this, which could impact on our ability to meet the statutory deadline.</p>

Audit risk/issue	Our audit response
Impact of three waters reform	
<p>On 27 October 2021, the Local Government Minister announced the Government’s intention to proceed with the three waters service delivery reforms using a legislated “all in” approach. The Three Waters Reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure currently owned by local authorities, with effect from 1 July 2024. The Three Waters Reform programme is expected to result in significant changes to how water supply, wastewater and stormwater assets are owned and managed in the local government sector.</p> <p>There are still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance of these entities and the accounting implications. Notwithstanding the current uncertainty the announcement once legislated will mean the District Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.</p> <p>The District Council should ensure that sufficient disclosure about impact of the reform (to the extent that the impact is known) is included in the annual report.</p>	<p>Because the impact could be significant, but it is uncertain, we are likely to include information in our audit report to draw a reader’s attention to the District Council’s disclosure about the Three Waters Reform programme.</p>

Audit risk/issue	Our audit response
Performance reporting – recording of complaints	
<p>The District Council reports on a number of complaints related performance measures included in its long-term plan in accordance with the Non-Financial Performance Measures Rules 2013 made by the Secretary for Local Government.</p> <p>The significant performance measures, mandated by legislation, and impacted for the year ended 30 June 2021 and the comparative year were:</p> <ul style="list-style-type: none"> • The total number of complaints (per 1000 connections) received about any of the following: <ul style="list-style-type: none"> ○ Drinking water clarity, taste, or odour. ○ Drinking water pressure or flow. ○ Continuity of supply. ○ The District Council’s response to any of these issues. • The total number of complaints received about sewerage odour, system faults or blockages, or the Council’s response to issues with the sewerage system (per 1000 connected properties). • The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority’s stormwater system. <p>The District Council did not keep a record of all calls which meant the District Council were not able to review all calls to identify any additional complaints that should have been recorded. As a result, the District Council was unable to report completely on the complaints performance measures and the number of complaints reported was understated, resulting in a modification to the audit opinion for the year ended 30 June 2021. As part of this year’s audit we will need to review whether the District Council is able to report completely on the complaints for the entire financial year.</p>	<p>Our audit response to this risk involves:</p> <ul style="list-style-type: none"> • gaining an understanding of changes to the District Council’s processes for recording all complaints; and • determining if the changes made have been effective for the entirety of the year ended 30 June 2022. <p>Our understanding from completing the 2021 audit was that the issues for recording all complaints were resolved part way through the year ended 30 June 2021. If this is the case then our audit opinion would not be modified for this issue this year (but would be modified for the comparative year results).</p>

Audit risk/issue	Our audit response
Ongoing impact of Covid-19 pandemic	
<p>The long-term impact of Covid-19 in New Zealand, and how it might affect public entities, is unknown. However, it is possible that the uncertainties in the economic environment will increase the risk of material misstatement in financial statements. These effects might include uncertainties relating to revenue and asset valuations.</p> <p>Some local authorities have received funding from central government (such as “Shovel Ready” funding, or infrastructure recovery funding). If the District Council has received such funding, it is important that the District Council is appropriately accounting for this funding, taking account of any obligations of the funding agreements.</p> <p>Some District Council projects may have been impacted by periods of lockdown due to Covid-19 where the cost of closing and reopening sites may have been significant. Where no benefit has been obtained from these costs they should be expensed by the District Council.</p> <p>We would expect the District Council has taken steps to:</p> <ul style="list-style-type: none"> • reconsider the risks that the District Council faces; • reconfirm that reporting and internal control systems are in place and functioning effectively; • ensure any central government funding received by the District Council has been appropriately accounted for in accordance with PBE accounting standards; and • identify and expense any significant costs lockdown related costs incurred on projects. 	<p>As part of our audit response, we will:</p> <ul style="list-style-type: none"> • gain an updated understanding of the impact of Covid-19 on the District Council's operations, financial statements, and performance story; • establish if management has identified and recorded any additional Covid-19 related revenue, receivables, and costs, including as a result of Shovel Ready or recovery funding, and whether these are recognised in line with PBE accounting standards; and • assess the completeness and reasonableness of disclosures contained within the annual report relating to the impact of Covid-19. <p>If we identify additional Covid-19 related audit risks or issues, we will advise you of these separately.</p>

Audit risk/issue	Our audit response
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.

Other matters to consider

Service Performance Reporting – new PBE FRS 48 standard

The District Council will be required to adopt the new standard PBE FRS 48 Service Performance Reporting for the year ended 30 June 2023.

PBE FRS 48 replaces the part of PBE IPSAS 1 Presentation of Financial Statements that deals with service performance reporting requirements.

The Standard imposes additional reporting obligations on entities. The District Council should consider the reporting requirements of the new standard into account as early as possible and assess the impact of adopting PBE FRS 48 on future disclosure in the 30 June 2023 annual report.

Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. In considering fraud risk, two types of intentional misstatements are relevant – misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. In this regard, we will discuss the following questions with you:

- What role does the Council play in relation to fraud? How do you monitor management’s exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?

- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to the Council? Has appropriate action been taken on any lessons learned?

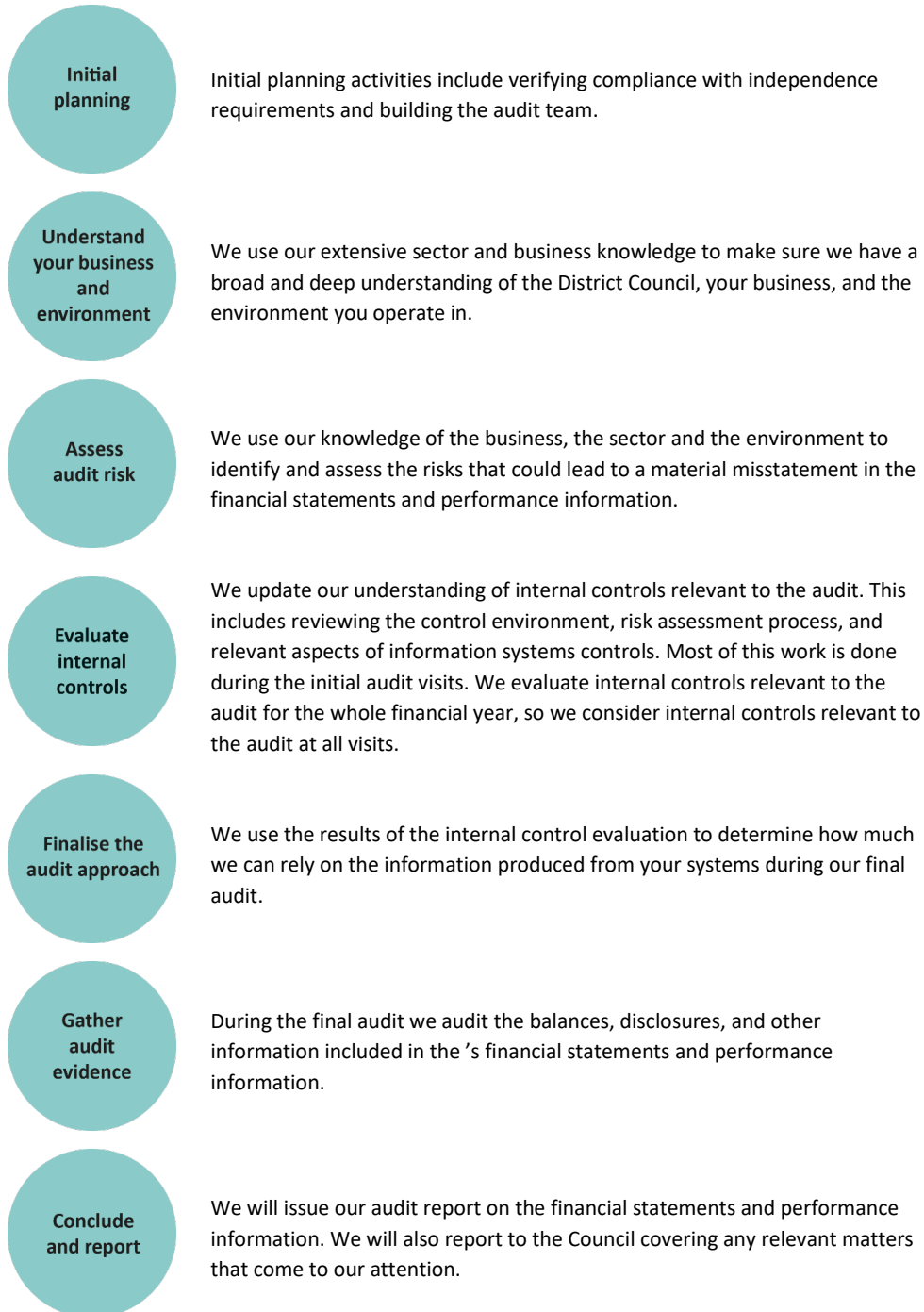
Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform substantive audit procedures; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Our audit process



Materiality

In performing our audit, we apply materiality. In the public sector, materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers’ overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. In the public sector qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in our assessment of materiality in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The Council and management need to consider materiality in preparing the financial statements and service performance information and make their own assessment of materiality from a preparer’s perspective. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer’s perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities. Management and the Council should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set **overall materiality** for the financial statements at \$67,800,000 based on budgeted property, plant and equipment. This is subject to change once the actual results for the current years valuations are available. For this audit we are only applying this overall materiality to the fair value of property, plant and equipment.

Overall materiality	\$67,800,000
Specific materiality	\$1,200,000
Clearly trivial threshold	\$60,000

For this audit we have set a lower, **specific materiality** of \$1,200,000 for all items not related to the fair value of property, plant and equipment. A lower specific materiality is also determined separately for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for related party and key management personnel disclosures.

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the Council other than those that are **clearly trivial**. We consider misstatements of less than \$60,000 to be clearly trivial unless there are qualitative considerations that heighten its significance. We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from management and the Council on the reasons why the corrections will not be made.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader’s overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against overall materiality and qualitative considerations.

Overall financial statement materiality does not apply to any matters of effectiveness and efficiency, waste, or a lack of probity or financial prudence.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the District Council’s performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers’ overall understanding, decision making, or assessment of District Council’s performance. We consider a variety of factors including the level of public interest and potential public risk. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
Safety of Drinking Water (Water Supply) The extent to which the local authority’s drinking water supply complies with: (a) part 4 of the drinking-water standards (bacteria compliance criteria); and (b) part 5 of the drinking-water standards (protozoa compliance criteria).	0% of result

Material measure	Materiality
<p>Customer Satisfaction (Water Supply)</p> <p>The total number of complaints (expressed per 1000 connections to the reticulated networks) received by the Council about:</p> <ul style="list-style-type: none"> (a) drinking water clarity; (b) drinking water taste; (c) drinking water pressure or flow; (d) continuity of supply; and (e) the Council’s response to any of these issues. 	8% of result
<p>Faults (Water Supply)</p> <p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response time measured:</p> <ul style="list-style-type: none"> - resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. 	8% of result
<p>System and Adequacy (Sewerage)</p> <p>The number of dry weather sewerage overflows from the Council’s sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p>	5% of result
<p>Customer Satisfaction (Sewerage)</p> <p>The total number of complaints received by the Council about any of the following:</p> <ul style="list-style-type: none"> (a) sewage odour; (b) sewerage system faults; (c) sewerage system blockages; and (d) the Council’s response to issues with its sewerage systems expressed per 1000 connections to the Councils sewerage system. 	8% of result
<p>Discharge Compliance (Sewerage)</p> <p>Compliance with the Council’s resource consents for discharge from its sewerage system measured by the number of:</p> <ul style="list-style-type: none"> (a) abatement notices; (b) infringement notices; (c) enforcement orders; and (d) convictions <p>received by the Council in relation to those resource consents.</p>	5% of result

Material measure	Materiality
<p>Faults (Sewerage)</p> <p>Where the local authority attends to sewerage overflows resulting from a blockage or other fault in the local authority’s sewerage system, the following median response time measured:</p> <ul style="list-style-type: none"> - resolution time: from the time that the local authority receives notification to the time that service personnel confirm resolution of the blockage or other fault. 	8% of result
<p>Customer Satisfaction (Stormwater)</p> <p>The number of complaints received by the Council about the performance of its stormwater system, expressed per 1000 properties connected to the Council’s stormwater system.</p>	8% of result
<p>Road Safety</p> <p>The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.</p>	5% of result
<p>Road Condition</p> <p>The average quality of ride on a sealed local road network, measured by smooth travel exposure.</p>	8% of result

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements and performance information.

The term “opinion” reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything we are told at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

How we consider compliance with laws and regulations

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

Wider public sector considerations

A public sector audit also examines whether:

- The District Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by the District Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees.

Reporting protocols

Communication with management and the Council



We will meet with management and the Council throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Reports to the Council



We will provide a draft of all reports to management (and the Council) for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the Council.

We will also follow up on your progress in responding to our previous recommendations.

Audit logistics

Our team



Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

Chris Webby	Appointed Auditor
Alistair Love	Audit Manager
Zintle Mehlomakulu	Audit Supervisor

Timetable



Our proposed timetable is:

Interim audit begins	9 May 2022
Draft financial statements available for audit (including notes to the financial statements) with actual year-end figures	14 October 2022
Final audit begins	17 October 2022
Annual report available, including any Chair and Chief Executive’s overview or reports	31 October 2022
Final financial statements available, incorporating all the amendments agreed to between us	5 December 2022
Verbal audit clearance given	8 December 2022
Audit opinion issued	15 December 2022
Draft report to the Council issued	15 December 2022

There is the possibility that, due to Covid-19 and the approach on getting assurance over the compliance with DWSNZ, there may be disruptions that will require changes to the timetable proposed above. Where this arises, we will discuss a revised timetable with you.

AuditDashboard

In 2021, we used AuditDashboard, our online portal, to transfer files between your employees and Audit New Zealand. Overall, the use of AuditDashboard helped the audit to run more smoothly.

We will again use AuditDashboard for transferring audits as part of the audit.

Working remotely

Covid-19 restrictions, such as lockdowns, and resultant changes to our own and our client's work locations, including increasing numbers working from home since the start of the pandemic have meant we changed how we worked with our clients over the last two years.

Lockdowns meant that our clients and our auditors did not always have access to their premises and information and had to work remotely. For clients able to work remotely, with access to systems and electronic documentation, as well as being prepared for the audit, audits continued to progress and progress well.

Performing our audit work during higher alert level restrictions confirmed that aspects of our audit work can be done efficiently off-site. We plan to continue to perform aspects of your audit remotely as there are some benefits to you and us of having our team off-site for parts of the audit. For you these benefits include:

- Staging and sending the information we request for audit over an agreed period of time as opposed to having all the information requested ready for our arrival at one agreed date.
- Less time spent on travel, so we will have more time focus on auditing what matters and raising issues earlier.
- Reduction in disbursements as we will incur less travel and overnight costs.
- Less auditor time on site which allows you to get on with your work and enables planned focused conversations when these take place.

To complete audit work off-site and fully obtain the benefits detailed above, you will need to:

- ensure that you can assess your systems remotely.
- store supporting documents electronically and be able to easily retrieve these.

Based on our experience we found that the District Council has good systems and processes in place to facilitate any future off-site work by us.

We recognise different organisations are positioned differently to enable off-site audit work. We will be discussing and agreeing off-site working expectations in conjunction with our information requests with you as part of your 2022 audit. This will include our continued use of AuditDashboard to manage our information requests.

Expectations



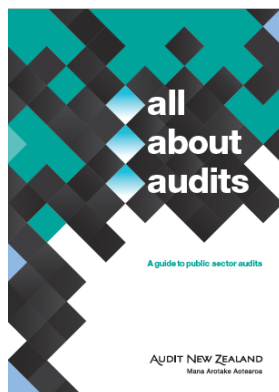
For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We have also published information to help explain the audit process:



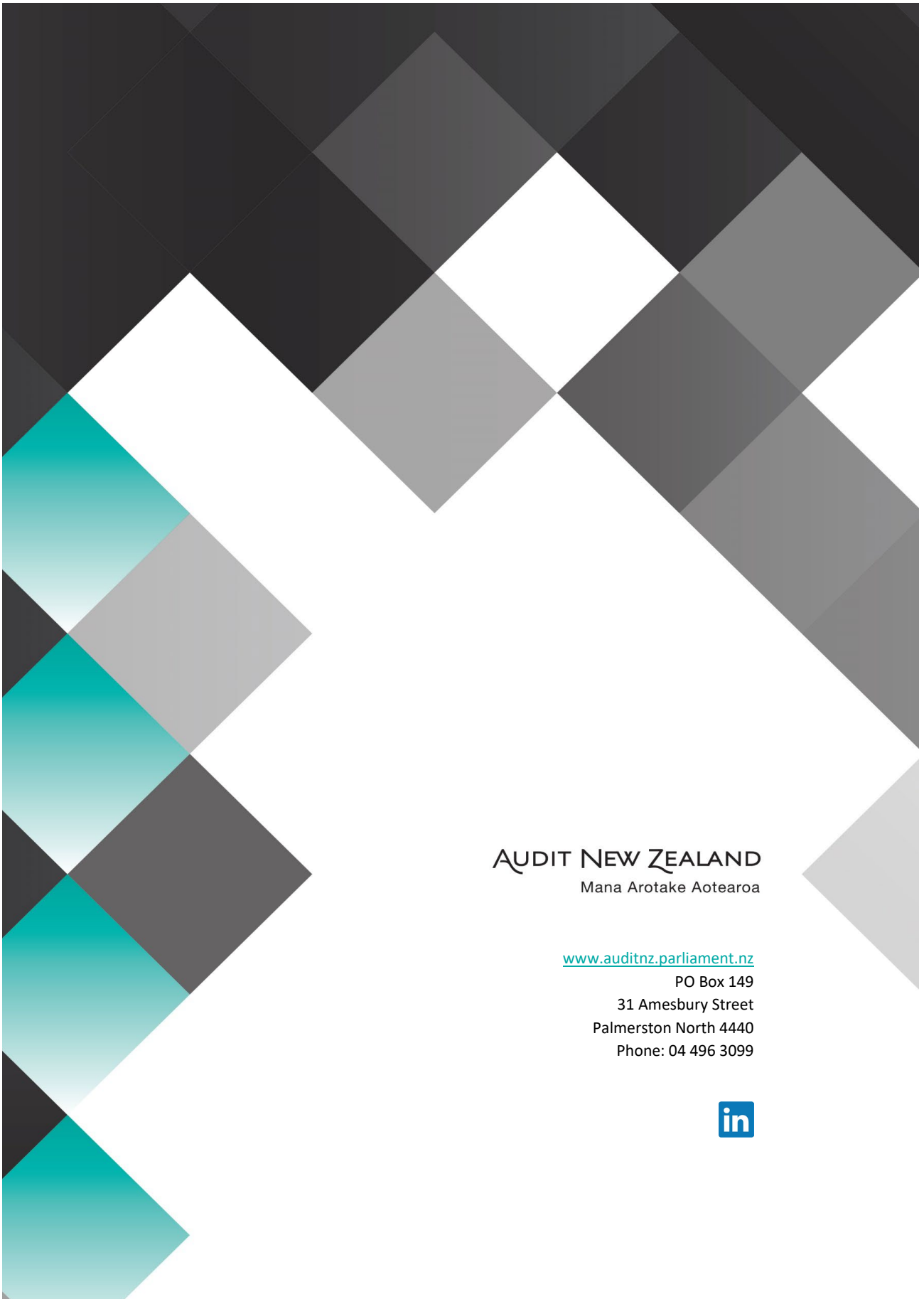
Health and safety



The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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31 Amesbury Street
Palmerston North 4440
Phone: 04 496 3099



7.6 Fraud Reporting

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

1.1 To provide the Audit and Risk Committee (“the Committee”) an update on the latest Fraud Register.

2. Commentary – Fraud Allegations

2.1 The Fraud Register summarises all outstanding fraud allegations against Council that have been made to the Fraud Officer. These allegations will remain on the Fraud Register until ‘closed’ by the Committee.

2.2 As for the previous Committee meeting, there are no outstanding fraud allegations so the Fraud Register is ‘blank’ and hence no register is attached.

3. Commentary – Fraud Awareness

3.1 In 2022, Fraud Awareness communication was circulated to all staff in February, June and October. Regular updates regarding this will continue to be sent out.

Attachments

Nil

Recommendation

That the report ‘Fraud Reporting’ be received.

7.7 Strategic Risk Review

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide Audit and Risk Committee with an update of the Strategic Risk Review ('SRR') conducted by the Executive Leadership Team ('ELT').

2. Context

- 2.1 Council conducted a full review of its SRR during 2021 and is committed to keeping the SRR 'current'.
- 2.2 ELT has recently reviewed each of its Strategic Risks and:
 - 2.2.1 Added more detail to the Inherent Risk and Mitigated Risk summaries included at the bottom of each risk; and
 - 2.2.2 Identified a Risk Oversight Officer for each risk, to have primary responsibility for oversight of the particular Risk and managing how it is reported within the SRR; and
 - 2.2.3 Amended the commentary relating to several of the risks; and
 - 2.2.4 Identified two new risks, being:
 - Honouring the Commitments of Te Tiriti o Waitangi/Treaty of Waitangi; and
 - Obligations with environmental protection are not met
- 2.3 Officers note that a small number of strategic risks are yet to undertake the changes described in sections 2.2 of this report, as can be identified from the attached.
- 2.4 Subject to feedback from the Audit and Risk Committee, the SRR will be updated to include proposed changes.
- 2.5 There are two attachments to this Paper:
 - 2.5.1 SRR with track-changes as referred to above; and
 - 2.5.2 A 'working copy' of the SRR in a new format that Officers are developing.

3. Commentary

- 3.1 ELT will:
 - Continue to review the other risks contained in the SSR; and
 - Consider whether the SSR should include any other risks not currently contained in the SRR; and
 - Continue the development of other aspects of Council's evolving Risk Management Framework (specifically the Risk Appetite and Tolerance Policy/Statements, Departmental Risk Registers, Whole of Council Business Continuity Plan and Departmental Business Continuity Plans); and

- Continue to provide updates to the Audit and Risk Committee.

ITEM 7.7**Attachments**

1. **Strategic Risk Register with track changes** [↓](#)
2. **Strategic Risk Register (WIP) new format** [↓](#)

Recommendation

That the report 'Strategic Risk Review' be received.

Recommendation 2

That the Audit/Risk Committee consider, and provide feedback regarding, the proposed changes to Council's Strategic Risk Register.

Strategic risks for Rangitikei District Council

<p><u>Introduction</u> As highlighted by Council's Risk Management Policy, a key element of Council's Risk Management Framework is our Strategic Risk Register.</p> <p>The Strategic Risk Register summarises the following key strategic risks identified by ELT and provides a response to how each risk will be addressed:</p> <ol style="list-style-type: none"> 1. Failure to honour the commitments of Te Tiriti o Waitangi/Treaty of Waitangi 2. Trust and confidence is tarnished 3. Insufficient capability and capacity to fulfil agreed commitments 4. Legal and political environment requires excessive resources 5. Capital programme falters 6. Financial stability is lost 7. Regulatory effectiveness is questioned 8. Climate change responsiveness is ineffective 9. Business continuity is compromised 10. Obligations with health and safety are not met 11. Changes to governmental legislation are transformational 12. Obligations with environmental protection are not met <p>Each strategic risk will be weighted using the following matrix assessment–</p> <table border="1"> <thead> <tr> <th rowspan="2">Likelihood / Frequency</th> <th colspan="5">Consequence to Council</th> </tr> <tr> <th>Insignificant</th> <th>Minor</th> <th>Moderate</th> <th>Major</th> <th>Significant</th> </tr> </thead> <tbody> <tr> <td>Almost Certain</td> <td>Low</td> <td>Moderate</td> <td>High</td> <td>Extreme</td> <td>Extreme</td> </tr> <tr> <td>Likely / Probable</td> <td>Low</td> <td>Moderate</td> <td>Moderate</td> <td>High</td> <td>Extreme</td> </tr> <tr> <td>Possible</td> <td>Low</td> <td>Low</td> <td>Moderate</td> <td>Moderate</td> <td>High</td> </tr> <tr> <td>Unlikely</td> <td>Minimal</td> <td>Low</td> <td>Low</td> <td>Moderate</td> <td>Moderate</td> </tr> <tr> <td>Highly Unlikely</td> <td>Minimal</td> <td>Minimal</td> <td>Low</td> <td>Low</td> <td>Low</td> </tr> </tbody> </table>	Likelihood / Frequency	Consequence to Council					Insignificant	Minor	Moderate	Major	Significant	Almost Certain	Low	Moderate	High	Extreme	Extreme	Likely / Probable	Low	Moderate	Moderate	High	Extreme	Possible	Low	Low	Moderate	Moderate	High	Unlikely	Minimal	Low	Low	Moderate	Moderate	Highly Unlikely	Minimal	Minimal	Low	Low	Low	<p><u>Introduction</u> As highlighted by Council's Risk Management Policy, Management Framework is our Strategic Risk Register.</p> <p>The Strategic Risk Register was subject to a full review (ELT) and Council's Audit and Risk Committee in 2020/21.</p> <p>The Strategic Risk Register summarises the following key strategic risks identified by ELT and provides a response to how each risk will be addressed:</p> <ol style="list-style-type: none"> 1. Trust and confidence is tarnished 2. Insufficient capability and capacity to fulfil agreed commitments 3. Legal and political environment requires excessive resources 4. Capital programme falters 5. Financial stability is lost 6. Regulatory effectiveness is questioned 7. Climate change responsiveness is ineffective 8. Business continuity is compromised 9. Obligations with health and safety and environmental protection are not met <p>Changes to governmental legislation are transformational</p>
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Highly Unlikely	Minimal	Minimal	Low	Low	Low																																					

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Inherent Risks will be managed by applying at least one of the following treatments –

Avoid Choose to avoid the actions/inactions that cause the risk

Reduce Reduce the risk (to a more acceptable level) by applying some mitigating measures

Transfer Transfer the risk to an external third party (eg via insurance or the outsourcing of a project). Some of these techniques may give rise to 'secondary risks' (eg risk that an external project manager fails to deliver)

Accept Accept the risk (being aware of the risk will often result in the risk being closely monitored)

What is the risk (and its consequences)?	How to address the risk?
<p><u>1. Failure to honour the commitments of Te Tiriti o Waitangi/Treaty of Waitangi</u></p> <p><i>Risk Oversight Officer: Chief Executive</i></p> <p><u>Elected members and staff are unclear as to the appropriate processes and pathways in the expression of Treaty partnership, causing offence and disrespect to the original customs and tikanga (protocol) of the whenua (land) and the obligation of local authorities to uphold those.</u></p> <p><u>Uninformed decision making that does not uphold the obligatory role as stewards of Treaty partnership.</u></p> <ul style="list-style-type: none"> • <u>Māori Advisory having no presence in governance and leadership spaces</u> • <u>Leaders making decisions void of subject matter expertise</u> • <u>An unfounded negative approach to Treaty partnership</u> 	<p><u>Strategies to address this risk include:</u></p> <ul style="list-style-type: none"> • <u>Iwi representation on appropriate Council committees, including the Te Roopuu Ahi Kaa Komiti.</u> • <u>Formalised partnership agreements between Iwi and Council</u> • <u>Regular programmed cultural time with Elected Members and ELT.</u> • <u>Iwi induction pathway alongside mana whenua for all new staff.</u> • <u>Facilitate more Council business on local marae or Māori community group settings</u> • <u>Maintain a Māori Advisor within Council staff with appropriate delegation and role clarity.</u> • <u>Regular dialogue at Strategic/Governance level between Council and Iwi</u> • <u>Maintaining Māori wards.</u> • <u>Maintain the policies and guidelines relating to Māori responsiveness and assist staff in the implementation of those across project work within Council.</u>
<p><u>Inherent Risk : Extreme</u></p> <p><u>Likelihood – Almost certain</u> <u>Consequence – Major</u></p> <p><u>Proposed Risk Treatment: (bold those that apply)</u></p> <ul style="list-style-type: none"> • <u>Avoid</u> • <u>Reduce</u> • <u>Transfer</u> • <u>Accept</u> 	<p><u>Current Mitigated Risk : Moderate</u></p> <p><u>Likelihood – Possible</u> <u>Consequence – Major</u></p> <p><u>Planned Future Additional Risk Treatments: (bold those that apply)</u></p> <ul style="list-style-type: none"> • <u>Avoid</u> • <u>Reduce</u> • <u>Transfer</u> • <u>Accept</u>

What is the risk (and its consequences)?	How to address the risk?
<p>2. Trust and confidence is tarnished</p> <p><i>Risk Oversight Officer: Chief Executive</i></p> <p><u>There are three main types of risk that can lead to a loss of confidence in Council's effectiveness:</u></p> <p><u>There are three main types of risk:</u></p> <p>a) Communication. The risk that -</p> <ul style="list-style-type: none"> • Council misunderstands community expectations or fails to work with advocacy groups. Either of these may lead to continuous public criticism, particularly in social media and division among elected members and staff. • Council allows community expectations to exceed council's ability to deliver. This can occur through unofficial promises being made to the community or council not properly communicating its plans. <p>b) <u>Operational: The risk that -</u></p> <ul style="list-style-type: none"> • <u>Inadequate handling of sensitive issues involving (for example) drinking water, wastewater discharges, lwi, privacy, or information disclosures.</u> • <u>Staff act in an overly bureaucratic or officious manner.</u> <p>b) Operational. The risk that inadequate handling of sensitive issues involving (for example) drinking water, wastewater discharges, lwi, privacy, or information disclosures can lead to a loss of confidence in Council's effectiveness.</p> <p>c) Reputational: the action or inaction of any representative of Council which impacts Council's reputation in a negative way.</p> <p><u>Inherent Risk</u> <u>Likelihood — Low to Medium</u></p>	<p><u>Communication</u></p> <p><u>Strategies to address the risk:</u> <u>Communication:</u> <u>Strategies to address the risk –</u></p> <ol style="list-style-type: none"> <u>1. Councillors are proactive in being visible with all community sectors and have a forum for discussing public views with ELT.</u> 1. Councillors are proactive in being visible with all sectors of the population and have a forum for discussing public views with ELT. 2. Public are encouraged to speak at public forums at Council meetings. 3. Council is represented on community boards, working groups, local industry groups, committees etc. 4. Council promotes its future strategies and priorities and 'makes it easy' for the community to provide comments/responses. 5. Council posts relevant 'up to date' information on its website, in local media and on its social media pages (and monitors responses <u>where possible</u>). <p><u>Operational:</u> <u>Strategies to address the risk -:</u></p> <ol style="list-style-type: none"> 1. ELT ensure capability and capacity of resources required are identified and established 2. ELT ensure proper systems and accountabilities are in place for <u>appropriate customer service standards and complaints handling</u> <u>3. Customer satisfaction and service performance reviews are undertaken, with ELT analysing key statistics every quarter.</u> 3. ELT reviews key statistics relating to complaints, service performance and

<p><u>Impact – High</u> This changes to one of 5 weightings</p> <p><u>Treatment:</u> 4 bullet points (highlight which one)</p> <p><u>Inherent risk is one of the 4</u> e.g. if accept do nothing on RHS But if one of other 3 then into what is on RHS now:</p> <p><u>New mitigated risk on RHS</u></p> <p><u>** do we accept this and if not what are we going to do</u></p>	<p><u>customer satisfaction handling every quarter</u></p> <p><u>Reputational:</u> <u>Strategies to address the risk –</u> +</p> <ol style="list-style-type: none"> 1. Clear policy outlining expected standards of conduct 2. Clear delegations for speaking to or posting on media/social media 3. Media training for those delegated to speak on Council's behalf. <p><u>Mitigated Risk</u> <u>Likelihood – Low</u> <u>Impact – Medium</u></p> <p>**</p>
<p><u>Inherent Risk : High</u></p> <p><u>Likelihood – Likely</u> <u>Consequence – Major</u></p> <p><u>Proposed Risk Treatment: (bold those that apply)</u></p> <ul style="list-style-type: none"> • <u>Avoid</u> • Reduce • <u>Transfer</u> • <u>Accept</u> 	<p><u>Current Mitigated Risk : Moderate</u></p> <p><u>Likelihood – Possible</u> <u>Consequence – Major</u></p> <p><u>Planned Future Additional Risk Treatments: (bold those that apply)</u></p> <ul style="list-style-type: none"> • <u>Avoid</u> • <u>Reduce</u> • <u>Transfer</u> • Accept

5

<u>What is the risk (and its consequences)?</u>	<u>How to address the risk?</u>
<p>4.3. Insufficient capability and capacity to fulfil agreed commitments</p> <p><i>Risk Oversight Officer: Group Manager, People and Performance</i></p> <p>The risk is that Council doesn't have the appropriate composition and number of skilled staff required to fulfil current and future commitments, eg inability to attract talent, failure to appropriately train existing staff, inability to retain skilled staff, failure to undertake appropriate workforce planning.</p> <p>An associated risk comes from a change in Elected Members and the potential loss of knowledge and experience</p> <p><i>Inherent Risk Likelihood – High Impact – High</i></p>	<p><i>Having a culture and employee experience that attracts a high caliber of applications, and increases the retention of staff. This includes mechanisms for meaningful staff feedback such as staff surveys and exit interviews.</i></p> <p><i>Having a culture and employee experience that attracts a high caliber of applications, selects the right people and increases the retention of staff. This includes mechanisms for meaningful staff feedback such as staff surveys and exit interviews.</i></p> <p>A learning and development programme that targets future skill requirements and enables staff to grow in the areas that we need them to.</p> <p>Identify key roles and develop succession and/or continuity plans for those roles and functions.</p> <p>Undertake strategic workforce planning to identify skills and numbers required.</p> <p><i>A high quality and comprehensive orientation and induction for all new staff and for elected members after the triennial elections.</i></p> <p><i>A high quality and comprehensive orientation and induction programme for all new staff, and for elected members after the triennial elections.</i></p> <p><i>Mitigated Risk Likelihood – Low Impact – Low</i></p>
<p><i>Inherent Risk : High</i></p> <p><i>Likelihood – Likely / Probable</i></p> <p><i>Consequence – Major</i></p> <p>-</p> <p>-</p> <p>-</p> <p><i>Proposed Risk Treatment: (bold those that apply)</i></p>	<p><i>Current-Mitigated Risk : Moderate</i></p> <p><i>Likelihood – Possible</i></p> <p><i>Consequence – Moderate</i></p> <p>-</p> <p>-</p> <p>-</p> <p><i>Planned Future Additional Risk Treatments: (bold those that apply)</i></p>

<ul style="list-style-type: none">• Avoid• Reduce• Transfer• Accept	<ul style="list-style-type: none">• Avoid• Reduce• Transfer• Accept
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Future Action Plan:

- [Design and maintain a remuneration and reward strategy that is competitive within both Local Government and general recruitment markets.](#)

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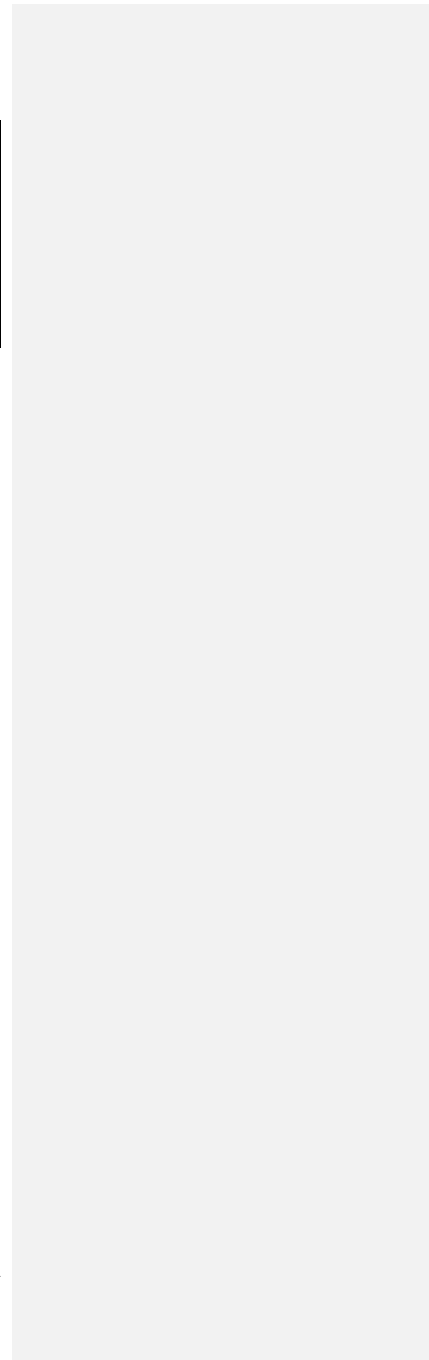
<u>What is the risk (and its consequences)?</u>	<u>How to address the risk?</u>
<p>2.4. Legal and political environment requires excessive resources¹</p> <p><u><i>Risk Oversight Officer: Group Manager, Democracy and Planning</i></u></p> <p>The risk is that Council is unable<u>has limited capacity</u> to respond in a timely and efficient way to changes in central government policies and legal requirements, which may mean unexpected costs, a risk of noncompliance, and/or a consequential reduction in service performance.</p> <p>An associated risk is that Horizons Regional Council <u>makes changes to processes that impacts this Council, which could cause increased its stance with local authorities, increasing costs or and imposing reputational damage, due to lack of ability to respond on</u> to Rangitikei District Council.</p> <p>Inherent Risk Likelihood – Medium-High Impact – High</p>	<p>Council continues dialogue with other local councils, and stresses the potential benefits of a regional/national partnership approach to influence central government policy and legislation. This includes discussion with LGNZ and Taituarā (SOLGM) to clarify issues that may or do impact the sector. <u>Council keeps up to date on key submissions; reforms; and policy changes.</u></p> <p>Adopting a no surprises and collaborative approach with Horizons Regional Council.</p> <p>Council appropriately engages and communicates potential changes and the associated risks with the public.</p> <p>Mitigated Risk Likelihood – Medium Impact – Medium-High</p>
<p><u>Inherent Risk : High</u></p> <p><u>Likelihood – Almost Certain</u> <u>Consequence – Moderate</u></p> <p><u>Proposed Risk Treatment: (bold those that apply)</u></p> <ul style="list-style-type: none"> • <u>Avoid</u> • <u>Reduce</u> • <u>Transfer</u> • <u>Accept</u> 	<p><u>Current Mitigated Risk : Moderate</u></p> <p><u>Likelihood – Likely/Probable</u> <u>Consequence – Moderate</u></p> <p><u>Planned Future Additional Risk Treatments: (bold those that apply)</u></p> <ul style="list-style-type: none"> • <u>Avoid</u> • <u>Reduce</u> • <u>Transfer</u> • <u>Accept</u>

¹ See also risk 10.

<u>What is the risk (and its consequences)?</u>	<u>How to address the risk?</u>
<p>3.5. Capital Programme Faltering</p> <p><i>Risk Oversight Officer: Chief Operating Officer</i></p> <p>The risk is that Council is unable to achieve its capital works programme because of:</p> <ol style="list-style-type: none"> 1. Lack of overall capacity in the market to deliver nationally and regionally 2. Lack of capacity and capability of staff to deliver capital programme 3. The increasing dominance of larger contractors 4. The cost of delivery is higher than allocated budget (materials and land value prices greatly exceed inflation) 5. The impact of an unexpected event e.g. pandemic, natural disaster or other adverse occurrence <p>This situation may lead to failure of major infrastructure, failure to deliver our capital programme, reduction in investment and frustration in the community.</p> <p>Inherent Risk Likelihood – Medium/High Impact – High</p>	<p>Strategies to address the risk:</p> <ol style="list-style-type: none"> 1. Capital works to be prioritised, realistic and achievable 2. Strategies for staff attraction, retention and development strategies to secure workforce capability and capacity 3. Deliver projects in accordance with Project Management Office processes 4. Establish early engagement and a future programme of works with contractors 5. Establish mutually beneficial and long lasting relationships with contractors 6. Consider alternative procurement strategies 7. Regular review of capital expenditure by ELT and reported to Council meetings 8. Project Management Office delivers project fiscal oversight. 9. Major capital projects utilise external advisory boards. <p>Mitigated Risk Likelihood –Medium Impact – Medium</p>

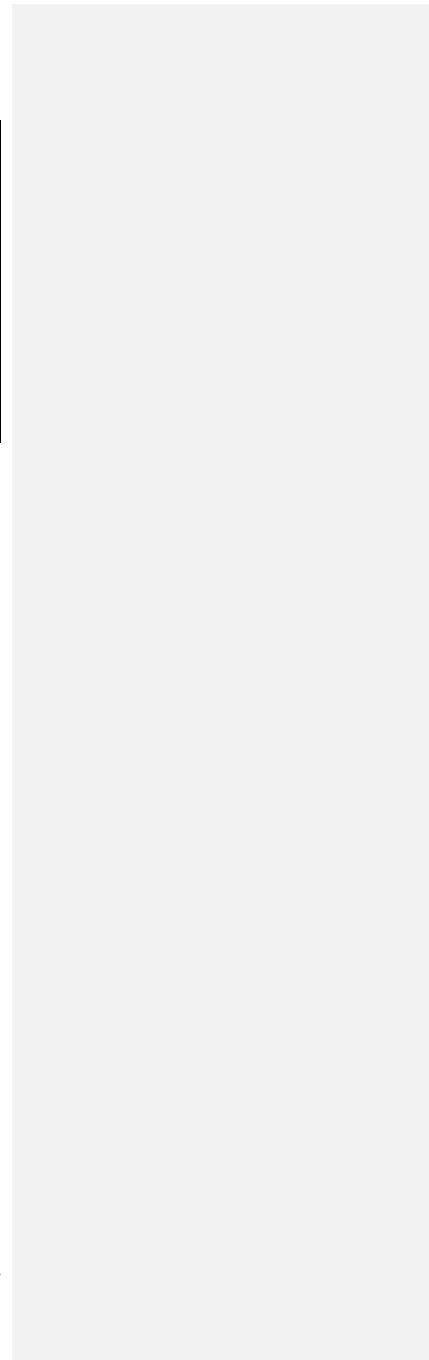
<u>What is the risk (and its consequences)?</u>	<u>How to address the risk?</u>
<p>56. Financial stability is lost Risk Oversight Officer: Group Manager, Corporate Services</p> <p>The risks <u>are either:</u> a) is that Council’s financial projections, in terms of operating expenditure and revenue, prove substantially incorrect or insufficient; <u>or</u>. This could require a substantial increase in rates and increase the level of borrowing. b) <u>Council’s projections highlight financial problems that are not properly addressed.</u></p> <p><u>This could require a substantial increase in rates and increase the level of borrowing.</u></p> <p>Inherent Risk Likelihood – Medium/High Impact – High</p>	<p>The following initiatives are in place:</p> <ul style="list-style-type: none"> • The Long Term Plan 2021-2031 and subsequent Annual Plans demonstrate Council will achieve a sustainable balanced budget. • Ongoing financial management and oversight is a critical responsibility of the ELT. • Cost centre managers proactively take responsibility for continually managing their respective budgets and provide forecast information for a mid year budget review. • Maintain external stakeholder relationships with key funding partners. • Maintain resilience with our internal billing systems. <u>all financial systems, processes and controls.</u> • Current and accurate asset and infrastructure management information is maintained. • Requests for significant unbudgeted expenditure are thoroughly scrutinised and considered by ELT. • <u>Rates modelling is effective and well informed.</u> • <u>Ensure the impact of Three Waters Reforms is maintained and fully understood.</u> • <u>Ensure appropriate insurance cover is maintained.</u> • <u>Ensure appropriate skills exist on Audit/Risk Committee.</u> <p>Mitigated Risk Likelihood – Low Impact – High</p>
<p><u>Inherent Risk :High</u></p> <p><u>Likelihood –Possible</u> <u>Consequence –Significant</u></p>	<p><u>Current Mitigated Risk :Low</u></p> <p><u>Likelihood –Unlikely</u> <u>Consequence –Moderate</u></p>

<p><u>Proposed Risk Treatment: (bold those that apply)</u></p> <ul style="list-style-type: none">• <u>Avoid</u>• Reduce• <u>Transfer</u>• <u>Accept</u>	<p><u>Planned Future Additional Risk Treatments: (bold those that apply)</u></p> <ul style="list-style-type: none">• <u>Avoid</u>• <u>Reduce</u>• <u>Transfer</u>• Accept
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<u>What is the risk (and its consequences)?</u>	<u>How to address the risk?</u>
<p>6. Regulatory effectiveness is questioned</p> <p><u>Risk Oversight Officer: Group Manager, Regulatory Services</u></p> <p>The risks are <u>is that</u>:</p> <ul style="list-style-type: none"> there are inconsistencies with how regulatory matters (e.g. building and resource consents) are dealt with, which could mean <u>inconsistent building consents and resource consents being granted</u> the community loses confidence in Council’s processes and could have a negative impact on Council’s reputation <u>including future legal liability and cost</u>. <u>An additional risk is</u> Council’s ability to perform its regulatory functions within legislative timeframes. <u>Loss of accreditation as a Building Consenting Authority (BCA)</u>. <p><u>Risk Drivers include –</u></p> <p>a) <u>Lack of sufficient processes and safeguards to identify and reduce future exposure arising out of increased building activities.</u></p> <p>b) <u>Turnover of competent staff, lack of resources and use of external contractors without consistent approaches or systems.</u></p> <p>a)c) <u>Increase in new house builds.</u></p> <p><u>Inherent Risk</u> Likelihood – High Impact – High</p>	<p>Council shall ensure there is the correct balance of facilitating pragmatic solutions and compliance with legislative requirements, Council bylaws and policies.</p> <p>Ensure that Council’s Building Consenting Authority (BCA):</p> <ol style="list-style-type: none"> Is clear on requirements and expectations for staff and applicants; Has the appropriate systems and training in place. Is resourced appropriately. <u>Maintain risk based processes and compliance management processes.</u> <u>Maintaining quality assurance and auditing of building consenting processes to ensure compliance with accreditation framework.</u> <p>Council to consider common systems with neighbouring Councils and BCAs by regularly assessing its business model.</p> <p>Council remain abreast of future changes that impact Council’s regulatory function.</p> <p><u>Mitigated Risk</u> Likelihood – Low Impact – Low</p>
<u>Inherent Risk : High</u>	<u>Current Mitigated Risk : Moderate</u>

<p><u>Likelihood – Likely</u> <u>Consequence – Major</u></p> <p><u>Proposed Risk Treatment: (bold those that apply)</u></p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<p><u>Likelihood – Possible</u> <u>Consequence – Moderate</u></p> <p><u>Planned Future Additional Risk Treatments: (bold those that apply)</u></p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept
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ITEM 7.7
ATTACHMENT 1

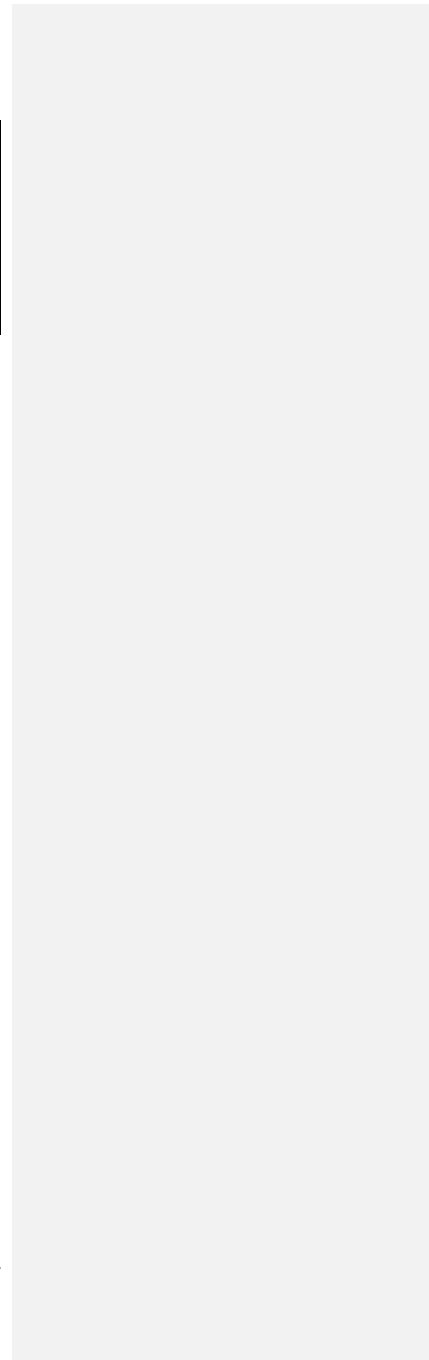
<u>What is the risk (and its consequences)?</u>	<u>How to address the risk?</u>
<p>87. Climate change responsiveness is ineffective</p> <p><u>Risk Oversight Officer: Group Manager, Democracy and Planning</u></p> <p>The risk is that Council does not take sufficient steps to mitigate and adapt to the impacts of climate change.</p>	<p>Council is part of the Joint Climate Action Committee to share information and facilitate collaborative action in response to climate change. This is made up of all Councils in the Manawatu Whanganui region.</p> <p>The response and mitigation of the impacts of climate change is part of the <u>future Spatial Plan. A climate change strategy will be implemented following consultation on the 2022/23 Annual Plan, development of a Climate Impact Strategy and supporting Action Plan.</u></p> <p><u>Mitigated Risk</u> <u>Likelihood – Low</u> <u>Impact – Medium</u></p>
<p><u>Inherent Risk : High</u></p> <p><u>Likelihood – Likely/Probable</u> <u>Consequence – Major</u></p> <p><u>Proposed Risk Treatment: (bold those that apply)</u></p> <ul style="list-style-type: none"> • <u>Avoid</u> • <u>Reduce</u> • <u>Transfer</u> • <u>Accept</u> 	<p><u>Current Mitigated Risk : Moderate</u></p> <p><u>Likelihood – Possible</u> <u>Consequence – Moderate</u></p> <p><u>Planned Future Additional Risk Treatments: (bold those that apply)</u></p> <ul style="list-style-type: none"> • <u>Avoid</u> • <u>Reduce</u> • <u>Transfer</u> • <u>Accept</u>

<u>What is the risk (and its consequences)?</u>	<u>How to address the risk?</u>
<p>8. Business Continuity is Compromised</p> <p><i>Risk Oversight Officer: Chief Operating Officer</i></p> <p>The risk is that Council is unable to perform one or more essential services and/or statutory functions due to disruptions such as</p> <ul style="list-style-type: none"> • Cyber attacks • Systems failure • Natural disaster or other emergency • Pandemic • Loss of critical staff/contractors/supply chain • Loss of critical assets or infrastructure • Terrorism • Staff competencies <p>Inherent Risk Likelihood – Medium/High Impact – Extreme</p>	<p>Council has a range of protective barriers and procedures that includes (or are under development)</p> <ul style="list-style-type: none"> • Business continuity plan • IT disaster recovery plan • Information Management Plan • Pandemic plan • Staff learning and development framework – Ara Poutama and Mahere Ako • Identification of critical positions and plans for cover • Partnership relationships with neighbouring Councils Regional Critical Services Support Charter • Standard operating procedures are documented and available • Good supply chain and contractor management • Staff attraction and retention frameworks • Ongoing vigilance <p>The Information Systems Strategic Plan now being implemented is a key mechanism.</p> <p>Mitigated Risk Likelihood – Low/Medium Impact – Medium</p>

<u>What is the risk (and its consequences)?</u>	<u>How to address the risk?</u>
<p>910. Obligations with health, safety and wellbeing and safety and environmental protection are not met <i>Risk Oversight Officer: Group Manager, People and Performance</i></p> <p>The risk is that staff, <u>contractors, volunteers or visitors to RDC worksites or the public are injured or killed or there is damage to the environment in the course of Council carrying out its work seriously harmed due to a hazard and/or loss of control within the work environment. This includes harm to mental health and wellbeing.</u></p> <p><u>An associated risk is damage to Council plant or property as a result of a hazard/loss of control.</u></p> <p>Inherent Risk Likelihood – Medium Impact – High</p>	<p>The Executive Leadership Team have an unrelenting focus on the health, safety and wellbeing of all staff, and contractors, <u>volunteers and visitors</u> and are committed to establishing and maintaining a strong health and safety culture within the organisation.</p> <p>Active employee participation frameworks are in place to encourage employee engagement <u>and leadership</u> in health, safety and wellbeing matters.</p> <p>Council are constantly reviewing the resilience of our assets and infrastructure. Risks to health, safety and wellbeing are identified. Risk control methods are in place and these are regularly reviewed and verified.</p> <p>Council has a Transformational Health Safety and Wellbeing framework that promotes excellence and leadership in the field.</p> <p>Council strives to minimise environmental harm by balancing network maintenance and operation within fiscal constraints. This is consistent with the Local Government sector within New Zealand.</p> <p>Council works with Horizons Regional Council to prioritise capital works to effectively manage wastewater treatment plant consents.</p> <p>Mitigated Risk – Health & Safety Likelihood – Low Impact – High</p> <p>Mitigated Risk – Environmental Harm Likelihood – Low Impact – Medium</p>
<p><u>Inherent Risk : Extreme</u></p> <p>- Likelihood – Likely / Probable Consequence – Significant</p>	<p><u>Current Mitigated Risk :Moderate</u></p> <p>- Likelihood – Possible Consequence – Moderate</p>

- - <u>Proposed Risk Treatment: (bold those that apply)</u> <ul style="list-style-type: none">• <u>Avoid</u>• <u>Reduce</u>• <u>Transfer</u>• <u>Accept</u>	- - <u>Planned Future Additional Risk Treatments: (bold those that apply)</u> <ul style="list-style-type: none">• <u>Avoid</u>• <u>Reduce</u>• <u>Transfer</u>• <u>Accept</u>
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Future Action Plan: Council has engaged appropriate senior expertise to enable health, safety and wellbeing excellence.
Continuous improvement and review



<u>What is the risk (and its consequences)?</u>	<u>How to address the risk?</u>
<p>410.Changes to government legislation are transformational</p> <p><i><u>Risk Oversight Officer: Group Manager, Democracy and Planning</u></i></p> <p>The risk is that new or amended legislation, <u>reforms</u>, regulations or policy statements cause changes that negatively impact affordability:</p> <ol style="list-style-type: none"> 1. Ratepayers’ ability to pay; 2. For Council to deliver services <u>it can afford or resource appropriately</u>. <p>The speed of change and the cumulative effects may detract from achieving statutory requirements (e.g. the long-term plan) and meeting community expectations.</p> <p>The change is of a magnitude that considerably impacts Council (Three Waters, Resource Management Act, Future of Local Government)</p> <p>Inherent Risk Likelihood – Medium/High Impact – High</p>	<p>Maintain active participation in LGNZ sector discussions <u>at all levels.</u></p> <p>Ensure submissions by Council are made to Central Government policy and/or legislative amendments.</p> <p>Maintain positive engagement with <u>Local and</u> Central Government politicians and lobby groups e.g. Federated Farmers.</p> <p>Early assessment of likely impact of confirmed changes so that appropriate planning, mitigation and communication can take place.</p> <p><u>Have plans in place to keep our community updated.</u></p> <p>Mitigated Risk Likelihood – Low/Medium Impact – High</p>
<p><u>Inherent Risk : Extreme</u></p> <p><u>Likelihood – Almost Certain</u> <u>Consequence – Significant</u></p> <p><u>Proposed Risk Treatment: (bold those that apply)</u></p> <ul style="list-style-type: none"> • <u>Avoid</u> • Reduce • <u>Transfer</u> • <u>Accept</u> 	<p><u>Current Mitigated Risk : High</u></p> <p><u>Likelihood – Almost Certain</u> <u>Consequence – Moderate</u></p> <p><u>Planned Future Additional Risk Treatments: (bold those that apply)</u></p> <ul style="list-style-type: none"> • <u>Avoid</u> • Reduce • <u>Transfer</u> • Accept
<p><u>Future Action Plan:</u></p> <ul style="list-style-type: none"> • <u>Continue Lobbying</u> 	

<u>What is the risk (and its consequences)?</u>	<u>How to address the risk?</u>
<p><u>12. Obligations with environmental protection are not met</u></p> <p><i><u>Risk Oversight Officer: Chief Operating Officer</u></i></p> <p><u>The risk is that there is damage to the environment in the course of Council carrying out its work, and that there are substantial fines imposed on Council as a result.</u></p> <p><u>Inherent Risk – Health & Safety</u> <u>Likelihood – Medium</u> <u>Impact – High</u></p>	<p><u>Council strives to minimise environmental harm by balancing network maintenance and operation within fiscal constraints. This is consistent with the Local Government sector within New Zealand.</u></p> <p><u>Council works with Horizons Regional Council to prioritise capital works to effectively manage wastewater treatment plant consents.</u></p> <p><u>Mitigated Risk – Health & Safety</u> <u>Likelihood – Low</u> <u>Impact – High</u></p> <p><u>Mitigated Risk – Environmental Harm</u> <u>Likelihood – Low</u> <u>Impact – Medium</u></p>

26 September 2019, updated and adopted 5 December 2019; reviewed 30 July 2020 (italicized text in sections 9 and 10) provided to the Committee's meeting on 24 September 2020.

RANGITĪKEI DISTRICT COUNCIL

STRATEGIC RISK REGISTER

This is the Rangitīkei District Council's Strategic Risk Register as endorsed by the Executive Leadership Team (subject to review by the Audit & Risk Committee).

Approved:	October 2022
Next review:	October 2024
Version number:	1.0
Who is responsible:	Group Manager Corporate Services

Strategic risks for Rangitikei District Council

INTRODUCTION

As highlighted by Council’s Risk Management Policy, a key element of Council’s Risk Management Framework is our Strategic Risk Register.

The Strategic Risk Register summarises the following key strategic risks identified by ELT and provides a response to how each risk will be addressed:

	STRATEGIC RISKS	INHERENT RISK	CURRENT MITIGATED RISK
	Failure to honour the commitments of Te Tiriti o Waitangi	Extreme	Moderate
	Trust and confidence is tarnished	High	Moderate
	Insufficient capability and capacity to fulfil agreed commitments	High	Moderate
	Legal and political environment requires excessive resources	High	Moderate
	Capital programme falters	Extreme	Moderate
	Financial stability is lost	High	Low
	Regulatory effectiveness is questioned	Extreme	Moderate
	Climate change responsiveness is ineffective	Extreme	Moderate
	Business continuity is compromised	Extreme	Moderate
	Obligations with health and safety are not met	Extreme	Moderate
	Changes to governmental legislation are transformational	Extreme	Moderate
	Obligations with environmental protection are not met	Extreme	Moderate

Each strategic risk is weighted using the following matrix assessment:

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risks will be managed by applying at least one of the following treatments:

- Avoid** Choose to avoid the actions/inactions that cause the risk
- Reduce** Reduce the risk (to a more acceptable level) by applying some mitigating measures
- Transfer** Transfer the risk to an external third party (eg via insurance or the outsourcing of a project). Some of these techniques may give rise to 'secondary risks' (eg risk that an external project manager fails to deliver)
- Accept** Accept the risk (being aware of the risk will often result in the risk being closely monitored)

FAILURE TO HONOUR THE COMMITMENTS OF TE TIRITI O WAITANGI



Risk Oversight Officer: Chief Executive

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

Elected members and staff are unclear as to the appropriate processes and pathways in the expression of Treaty partnership, causing offence and disrespect to the original customs and tikanga (protocol) of the whenua (land) and the obligation of local authorities to uphold those.

Uninformed decision making that does not uphold the obligatory role as stewards of Treaty partnership.

- Māori Advisory having no presence in governance and leadership spaces
- Leaders making decisions void of subject matter expertise
- An unfounded negative approach to Treaty partnership

HOW TO ADDRESS THE RISK?

Strategies to address this risk include:

- Iwi representation on appropriate Council committees, including the Te Roopuu Ahi Kaa Komiti.
- Formalised partnership agreements between Iwi and Council
- Regular programmed cultural time with Elected Members and ELT.
- Iwi induction pathway alongside mana whenua for all new staff.
- Facilitate more Council business on local marae or Māori community group settings
- Maintain a Māori Advisor within Council staff with appropriate delegation and role clarity.
- Regular dialogue at Strategic/Governance level between Council and Iwi
- Maintaining Māori wards.
- Maintain the policies and guidelines relating to Māori responsiveness and assist staff in the implementation of those across project work within Council.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

<p>Inherent Risk : Extreme</p> <p>Likelihood – Almost certain</p> <p>Consequence – Major</p> <p>Proposed Risk Treatment: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<p>Current Mitigated Risk : Moderate</p> <p>Likelihood – Possible</p> <p>Consequence – Major</p> <p>Planned Future Additional Risk Treatments: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept
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TRUST AND CONFIDENCE IS TARNISHED

Risk Oversight Officer: Chief Executive



WHAT IS THE RISK (AND ITS CONSEQUENCES)?

There are three main types of risk that can lead to a loss of confidence in Council's effectiveness:

- a) **Communication:** The risk that -
 - Council misunderstands community expectations or fails to work with advocacy groups. Either of these may lead to continuous public criticism, particularly in social media and division among elected members and staff.
 - Council allows community expectations to exceed council's ability to deliver. This can occur through unofficial promises being made to the community or council not properly communicating its plans.
- b) **Operational:** The risk that -
 - Inadequate handling of sensitive issues involving (for example) drinking water, wastewater discharges, lwi, privacy, or information disclosures.
 - Staff act in an overly bureaucratic or officious manner.
- c) **Reputational:** the action or inaction of any representative of Council which impacts Council's reputation in a negative way.

HOW TO ADDRESS THE RISK?

Communication:

Strategies to address the risk -

1. Councillors are proactive in being visible with all community sectors and have a forum for discussing public views with ELT.
2. Public are encouraged to speak at public forums at Council meetings.
3. Council is represented on community boards, working groups, local industry groups, committees etc.
4. Council promotes its future strategies and priorities and 'makes it easy' for the community to provide comments/responses.
5. Council posts relevant 'up to date' information on its website, in local media and on its social media pages (and monitors responses where possible).

Operational:

Strategies to address the risk -

1. ELT ensure capability and capacity of resources required are identified and established
2. ELT ensure proper systems and accountabilities are in place for appropriate customer service standards and complaints handling
3. Customer satisfaction and service performance reviews are undertaken, with ELT analysing key statistics every quarter

Reputational:

Strategies to address the risk -

1. Clear policy outlining expected standards of conduct
2. Clear delegations for speaking to or posting on media/social media
3. Media training for those delegated to speak on Council's behalf.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risk : High
Likelihood – Likely
Consequence – Major
Proposed Risk Treatment: (bold those that apply)
<ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept

Current Mitigated Risk : Moderate
Likelihood – Possible
Consequence – Major
Planned Future Additional Risk Treatments: (bold those that apply)
<ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept

INSUFFICIENT CAPABILITY AND CAPACITY TO FULFIL AGREED COMMITMENTS



Risk Oversight Officer: Group Manager, People and Performance

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

There are three main types of risk that can lead to a loss of confidence in Council’s effectiveness:

The risk is that Council doesn’t have the appropriate composition and number of skilled staff required to fulfil current and future commitments, e.g. inability to attract talent, failure to appropriately train existing staff, inability to retain skilled staff, failure to undertake appropriate workforce planning.

An associated risk comes from a change in Elected Members and the potential loss of knowledge and experience

HOW TO ADDRESS THE RISK?

Having a culture and employee experience that attracts a high caliber of applications, and increases the retention of staff. This includes mechanisms for meaningful staff feedback such as staff surveys and exit interviews.

A learning and development programme that targets future skill requirements and enables staff to grow in the areas that we need them to.

Identify key roles and develop succession and/or continuity plans for those roles and functions.

Undertake strategic workforce planning to identify skills and numbers required.

A high quality and comprehensive orientation and induction for all new staff and for elected members after the triennial elections.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

<p>Inherent Risk : High</p> <p>Likelihood – Likely / Probable</p> <p>Consequence – Major</p> <p>Proposed Risk Treatment: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<p>Current Mitigated Risk : Moderate</p> <p>Likelihood – Possible</p> <p>Consequence – Moderate</p> <p>Planned Future Additional Risk Treatments: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept
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Future Action Plan:

- Design and maintain a remuneration and reward strategy that is competitive within both Local Government and general recruitment markets.

LEGAL AND POLITICAL ENVIRONMENT REQUIRES EXCESSIVE RESOURCES



Risk Oversight Officer: Group Manager, Democracy and Planning

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that Council has limited capacity to respond in a timely and efficient way to changes in central government policies and legal requirements, which may mean unexpected costs, a risk of noncompliance, and/or a consequential reduction in service performance.

An associated risk is that Horizons Regional Council makes changes to processes that impacts this Council, which could cause increased costs or impose reputational damage, due to lack of ability to respond on Rangitikei District Council.

HOW TO ADDRESS THE RISK?

Council continues dialogue with other local councils, and stresses the potential benefits of a regional/national partnership approach to influence central government policy and legislation. This includes discussion with LGNZ and Taituarā (SOLGM) to clarify issues that may or do impact the sector. Council keeps up to date on key submissions; reforms; and policy changes.

Adopting a no surprises and collaborative approach with Horizons Regional Council.

Council appropriately engages and communicates potential changes and the associated risks with the public.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

<p>Inherent Risk : High</p> <p>Likelihood – Almost Certain</p> <p>Consequence – Moderate</p> <p>Proposed Risk Treatment: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<p>Current Mitigated Risk : Moderate</p> <p>Likelihood – Likely / Probable</p> <p>Consequence – Moderate</p> <p>Planned Future Additional Risk Treatments: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept
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CAPITAL PROGRAMME FALTERS

Risk Oversight Officer: Chief Operating Officer



WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that Council is unable to achieve its capital works programme because of:

1. Lack of overall capacity in the market to deliver nationally and regionally
2. Lack of capacity and capability of staff to deliver capital programme
3. The increasing dominance of larger contractors
4. The cost of delivery is higher than allocated budget (materials and land value prices greatly exceed inflation)
5. The impact of an unexpected event e.g. pandemic, natural disaster or other adverse occurrence

This situation may lead to failure of major infrastructure, failure to deliver our capital programme, reduction in investment and frustration in the community.

Inherent Risk :
Likelihood – Medium/High
Impact – High

HOW TO ADDRESS THE RISK?

Strategies to address the risk:

1. Capital works to be prioritised, realistic and achievable
2. Strategies for staff attraction, retention and development strategies to secure workforce capability and capacity
3. Deliver projects in accordance with Project Management Office processes
4. Establish early engagement and a future programme of works with contractors
5. Establish mutually beneficial and long lasting relationships with contractors
6. Consider alternative procurement strategies
7. Regular review of capital expenditure by ELT and reported to Council meetings
8. Project Management Office delivers project fiscal oversight.
9. Major capital projects utilise external advisory boards.

Mitigated Risk :
Likelihood – Medium
Impact – Medium

FINANCIAL STABILITY IS LOST

Risk Oversight Officer: Group Manager, Corporate Services



WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risks are either:

- a) Council’s financial projections, in terms of operating expenditure and revenue, prove substantially incorrect or insufficient; or
- b) Council’s projections highlight financial problems that are not properly addressed.

This could require a substantial increase in rates and increase the level of borrowing.

HOW TO ADDRESS THE RISK?

The following initiatives are in place:

- The Long Term Plan 2021-2031 and subsequent Annual Plans demonstrate Council will achieve a sustainable balanced budget.
- Ongoing financial management and oversight is a critical responsibility of the ELT.
- Cost centre managers proactively take responsibility for continually managing their respective budgets and provide forecast information for a mid year budget review.
- Maintain external stakeholder relationships with key funding partners.
- Maintain resilience with all financial systems, processes and controls.
- Current and accurate asset and infrastructure management information is maintained.
- Requests for significant unbudgeted expenditure are thoroughly scrutinised and considered by ELT.
- Rates modelling is effective and well informed.
- Ensure the impact of Three Waters Reforms is maintained and fully understood.
- Ensure appropriate insurance cover is maintained.
- Ensure appropriate skills exist on Audit/Risk Committee.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risk : High	Current Mitigated Risk : Low
Likelihood – Possible	Likelihood – Unlikely
Consequence – Significant	Consequence – Moderate
Proposed Risk Treatment: (bold those that apply)	Planned Future Additional Risk Treatments: (bold those that apply)
<ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept

REGULATORY EFFECTIVENESS IS QUESTIONED

Risk Oversight Officer: Group Manager, Regulatory Services



WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that there are inconsistencies with how regulatory matters (e.g. building and resource consents) are dealt with, which could mean the community loses confidence in Council’s processes and could have a negative impact on Council’s reputation.

An additional risk is Council’s ability to perform its regulatory functions within legislative timeframes.

Inherent Risk :
Likelihood – High
Impact – High

HOW TO ADDRESS THE RISK?

Council shall ensure there is the correct balance of facilitating pragmatic solutions and compliance with legislative requirements, Council bylaws and policies.

Ensure that Council’s Building Consenting Authority (BCA):

1. Is clear on requirements and expectations for staff and applicants;
2. Has the appropriate systems and training in place.
3. Is resourced appropriately.

Council to consider common systems with neighbouring Councils and BCAs by regularly assessing its business model

Council remain abreast of future changes that impact Council’s regulatory function.

Mitigated Risk :
Likelihood – Low
Impact – Low

CLIMATE CHANGE RESPONSIVENESS IS INEFFECTIVE



Risk Oversight Officer: Group Manager, Democracy and Planning

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that Council does not take sufficient steps to mitigate and respond to the impacts of climate change.

HOW TO ADDRESS THE RISK?

Council is part of the Joint Climate Action Committee to share information and facilitate collaborative action in response to climate change. This is made up of all Councils in the Manawatu Whanganui region.

The response and mitigation of the impacts of climate change is part of the development of a Climate Impact Strategy and supporting Action Plan.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

<p>Inherent Risk : High</p> <p>Likelihood – Likely/Probable</p> <p>Consequence – Major</p> <p>Proposed Risk Treatment: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<p>Current Mitigated Risk : Moderate</p> <p>Likelihood – Possible</p> <p>Consequence – Moderate</p> <p>Planned Future Additional Risk Treatments: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept
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BUSINESS CONTINUITY IS COMPROMISED

Risk Oversight Officer: Chief Operating Officer



WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that Council is unable to perform one or more essential services and/or statutory functions due to disruptions such as

- Cyber attacks
- Systems failure
- Natural disaster or other emergency
- Pandemic
- Loss of critical staff
- Loss of critical assets or infrastructure
- Terrorism
- Staff competencies

Inherent Risk :
Likelihood – Medium/High
Impact – High

HOW TO ADDRESS THE RISK?

Council has a range of protective barriers and procedures that includes (or are under development)

- Business continuity plan
- IT recovery plan
- Data protection plan
- Pandemic plan
- Staff learning and development framework
- Identification of critical positions
- Succession plans
- Partnership relationships with neighbouring Councils
- Staff policies and procedures
- The Information Systems Strategic Plan now being implemented is a key mechanism.

Mitigated Risk :
Likelihood – Low/Medium
Impact – Medium

OBLIGATIONS WITH HEALTH, SAFETY AND WELLBEING ARE NOT MET



Risk Oversight Officer: Group Manager, People and Performance

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that staff, contractors, volunteers or visitors to RDC worksites are seriously harmed due to a hazard and/or loss of control within the work environment. This includes harm to mental health and wellbeing.

An associated risk is damage to Council plant or property as a result of a hazard/loss of control.

HOW TO ADDRESS THE RISK?

The Executive Leadership Team have an unrelenting focus on the health, safety and wellbeing of staff, contractors, volunteers and visitors and are committed to establishing and maintaining a strong health and safety culture within the organisation.

Active employee participation frameworks are in place to encourage employee engagement and leadership in health, safety and wellbeing matters.

Risks to health, safety and wellbeing are identified. Risk control methods are in place and these are regularly reviewed and verified.

Council has a Transformational Health Safety and Wellbeing framework that promotes excellence and leadership in the field.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

<p>Inherent Risk : Extreme</p> <p>Likelihood – Likely / Probable</p> <p>Consequence – Significant</p> <p>Proposed Risk Treatment: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<p>Current Mitigated Risk : Moderate</p> <p>Likelihood – Possible</p> <p>Consequence – Moderate</p> <p>Planned Future Additional Risk Treatments: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept
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CHANGES TO GOVERNMENT LEGISLATION ARE TRANSFORMATIONAL



Risk Oversight Officer: Group Manager, Democracy and Planning

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that new or amended legislation, reforms, regulations or policy statements cause changes that negatively impact affordability:

1. Ratepayers' ability to pay;
2. For Council to deliver services it can afford or resource appropriately.

The speed of change and the cumulative effects may detract from achieving statutory requirements (e.g. the long-term plan) and meeting community expectations.

The change is of a magnitude that considerably impacts Council (Three Waters, Resource Management Act, Future of Local Government)

HOW TO ADDRESS THE RISK?

Maintain active participation in LGNZ sector discussions at all levels

Ensure submissions by Council are made to Central Government policy and/or legislative amendments.

Maintain positive engagement with Local and Central Government politicians and lobby groups e.g. Federated Farmers.

Early assessment of likely impact of confirmed changes so that appropriate planning, mitigation and communication can take place.

Have plans in place to keep our community updated.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risk : Extreme	Current Mitigated Risk : High
Likelihood – Almost Certain	Likelihood – Almost Certain
Consequence – Significant	Consequence – Moderate
Proposed Risk Treatment: (bold those that apply) <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	Planned Future Additional Risk Treatments: (bold those that apply) <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept

Future Action Plan: <ul style="list-style-type: none"> • Continue lobbying
--

OBLIGATIONS WITH ENVIRONMENTAL PROTECTION ARE NOT MET



Risk Oversight Officer: Chief Operating Officer

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that there is damage to the environment in the course of Council carrying out its work, and that there are substantial fines imposed on Council as a result.

Inherent Risk : Health & Safety
Likelihood – Medium
Impact – High

HOW TO ADDRESS THE RISK?

Council strives to minimise environmental harm by balancing network maintenance and operation within fiscal constraints. This is consistent with the Local Government sector within New Zealand.

Council works with Horizons Regional Council to prioritise capital works to effectively manage wastewater treatment plant consents.

Mitigated Risk : Health & Safety
Likelihood – Low
Impact – High

Mitigated Risk : Environmental Harm
Likelihood – Low
Impact – Medium

26 September 2019, updated and adopted 5 December 2019; reviewed 30 July 2020 (italicized text in sections 9 and 10) provided to the Committee's meeting on 24 September 2020.

7.8 Audit NZ Management Letter Update**Author:** Sam Zhang, Manager - Financial Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Audit and Risk Committee ('the Committee') with an update of progress made regarding Management Letter Points raised by Audit NZ.

2. Context

- 2.1 Officers have updated the list of outstanding Management Letter points as attached. Although the attached has not yet been fully reviewed by Executive Management it does demonstrate that progress is being made with regards to the management of these matters
- 2.2 Reminder to the Committee - the intent of including the Management Letter Update on this agenda is for Officers to 'demonstrate proper oversight' of these issues rather than for a detailed review of the items to be undertaken.

Attachments

1. **Audit New Zealand Management Letter Points** [↓](#)

Recommendation

That the report 'Audit NZ Management Letter Update' be received.

Issue raised in:	Recommendation	Managed	Current Status (for committee)	Priority	Update Oct 2022
19/20	Identification of earthquake prone buildings Update the earthquake prone listing spreadsheet and take into account allowances for any works required to the earthquake prone buildings as part of the next valuation.	GM Assets & IS	Open-In progress	Necessary	Based on MBIE criteria 17 Council owned buildings have been identified for detailed assessment. The assessment is in progress.
18/19	Assets with no construction date Implement a process to improve the asset data on road assets with no construction date.	GM Assets & IS	Open-In progress	Beneficial	This is in progress
18/19	Condition and performance data for Infrastructure Assets Continue to implement a program to collect condition and performance data.	GM Assets & IS	Open-In progress	Necessary	This is in progress
Prior to 17J	Monitoring of Contractor Performance Implement a quality assurance (QA) programme over services contracted out to third parties. This is especially important when the performance of these contractors feed into Council's KPIs, for example responding to roading call outs.	GM Corp Services	Open-In progress	Necessary	Other priorities and staff vacancies have prevented any significant progress with this matter. Much of the benefit of this Recommendation is being achieved via improved informal contract management practices. It is hoped to formalise such practices during the 2022/23 year.
2018/19	Bribery and Corruption policy The District Council consider the following: · Develop an overarching bribery and corruption policy that links to related policies and procedures. · Update the related policies/procedure to ensure their scope clearly includes bribery and corruption.	GM Corp Services	Open-In progress	Beneficial	A draft Policy has been developed. It is hoped to formalise such practices during the 2022/23 year. Other Management Letter points, with higher 'Priority Ratings' are being addressed first.
Prior to 17J	Performance measure rules Continue to review the effectiveness of the collection and reporting of data.	GM Democracy & Planning	Open-In progress	Necessary	Effectiveness of collection and reporting has improved and will continue to be monitored via the 6 monthly updates
Prior to 17J	Request for service Review the process and remind staff of the need to ensure that the request for service (RFS) system is updated on a timely basis.	GM Democracy & Planning	Open-In progress	Necessary	While improvements have been made to the process and alignment between data entry and reporting functions, it has been identified that an upcoming task for the business analyst role will be to develop and record processes that support consistent entry and reporting into the future.
17/18	Service Performance Information Implement a regular review of information entered to ensure that the correct data is being captured for attendance times. Continue to reinforce training on requirements to ensure staff are aware of the correct processes to follow and understand the information being captured.	GM Democracy & Planning	Open-In progress	Necessary	Information has been reviewed during preparation of statement of service performance for the 2021/22 Annual Report. Data is entered more accurately as staff have improved processes and understanding of requirements has made the reporting more efficient.

20/21	<p>Classification of capital expenditure</p> <p>Management performs a review of all costs currently classified as capital expenditure work in progress to ensure that they have been correctly coded.</p> <p>Management issues guidance to all staff that approve expenditure on what constitutes OPEX and CAPEX. The guidance should include examples of classification for common types of expenditure incurred by the Council.</p>	Manager Financial Services	Open-In progress	Necessary	A guidance has been emailed to the senior leadership team in July 2022. A refresher will be sent every 6 months.
20/21	<p>Fraud risk Assessment</p> <p>Council undertakes a formal fraud assessment to assess: a) transactions, activities, or locations that may be susceptible to fraud; and controls/processes the Council has in place to mitigate those risks</p>	Manager Financial Services	Open-In progress	Beneficial	This is in progress
18/19	<p>Changes to financial delegations</p> <p>The District Council review all financial delegations set up within the system to ensure these are correct. Going forward each quarter there is an independent review of any changes made to the financial delegations with the District Council's FMIS.</p>	Manager Financial Services	Open-In progress	Necessary	The review has been scheduled to be conducted in the next quarter. Subsequently, the GM Corporate Services will be provided with a system-generated report showing all changes made each quarter.
18/19	<p>Tracing infrastructure assets from the asset management systems to the finance system</p> <p>Develop a common asset identifier to ensure assets in roading asset management system (RAMM) and Assetfinda can be reconciled with the District Council's finance system.</p>	Manager Financial Services	Open-In progress	Beneficial	As the previous update stated, there are common identifier for the group of assets. Roading and 3 waters assets are being revealed for 30 June 2022. Therefore the asset management system will be reconciled to the finance system as at 30 June 2022.
Prior to 18J	<p>No Regular Testing of Business Continuity and IT Disaster Recovery Plans</p> <p>We continue to recommend that Business Continuity and IT Disaster Recovery plans be finalised. As part of the project to implement new IT infrastructure we recommend that testing of failover to the new secondary datacentre be performed and the IT DR plan be finalised.</p>	Mgr Info Services	Open-In progress	Necessary	<p>BCP will be completed by Dec 2022.</p> <p>There is a DR plan in place that covers</p> <ul style="list-style-type: none"> * Current Disaster Recovery (DR) Infrastructure configuration. * DR process to Fail-Over. * DR process to Fail-Back * VPN access for staff during a DR event. * Graphical diagrams
Prior to 18J	<p>Review of Procurement Practice</p> <p>As part of our 2016 audit we completed a review of the joint procurement process undertaken by Manawatu District Council, Horowhenua District Council, and the Council. Our summarised recommendations are detailed below:</p> <p>Conflict of interest declarations to be signed off by the appropriate authority at the time that they are signed off by the person completing the declaration</p> <ul style="list-style-type: none"> · Declarations to be regularly updated, both actively and at key stages of the procurement process. · Declarations to be completed by those with the ability to influence the decision of the evaluation team, regardless of whether or not these individuals have decision making power. · A business case be prepared for all procurements of significant value and risk · A procurement strategy or plan should specify the roles and responsibilities of those involved in the process. This includes those sitting on the evaluation team and any advisors to the process. · Consider risks during the procurement planning stage. These risks relate to the procurement process rather than the contract. <p>While the procurement strategy identified the broad scope of the procurement, we would expect to see more specificity around timing and quality of what was being procured.</p>	PMO	Open-In progress	Necessary	During the Council meeting on 30th June 2022, staff advised that this Policy needed further review by the Project Management Team, therefore it was agreed to leave this lie on the table. The revised Policy will go to the Audit & Risk Committee meeting in December 2022, and then to full Council in February 2023.

<p>Prior to 17J</p>	<p>Contract management Endorse an integrated policy for organisation-wide use and review the Councils current contract management system for appropriateness. Monitor service contracts between contractors and the Council against the Key Performance Indicator's (KPI's); to confirm the work performed is completed to a satisfactory standard.</p>	<p>PMO</p>	<p>Open-In progress</p>	<p>Necessary</p>	<p>During the recent 2022/23 annual plan process the Assets and Infrastructure Group prepared a detailed business case for the addition of 5 new FTE positions as part of the PMO and the wider Assets and Infrastructure Group. The addition of the 5 new positions will allow the PMO lead role to devote more time to the management of large contracts to ensure alignment with contract KPIs. The review of the RDC procurement policy will be finalised by the end of 2022 and adopted in early 2023. This will allow for more structured procurement strategies that will lead in to more streamlined contract management.</p>
<p>20/21</p>	<p>Impact of three waters reform - stimulus funding Implement a process to investigate and explain the variance between the general ledger and the quarterly reporting to the DIA. If adjustments are required to quarterly reporting the Council should notify DIA.</p>	<p>PMO</p>	<p>Open-In progress</p>	<p>Necessary</p>	<p>No more variances between what's been reported to DIA and what's in Council's finance system.</p>

7.9 Summary of Management Accounts

Author: Hilary Walker, Management and Systems Accountant

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide the Audit/Risk Committee with a Summary of the key aspects of the detailed monthly Financial Snapshot. Due to the timing of Finance and Performance committee meetings this report has not been presented to, nor reviewed by, the Finance/Performance Committee.

2. Context

- 2.1 A detailed Financial Snapshot is presented, and reviewed, at each Finance/Performance Committee meeting.
- 2.2 Audit/Risk Committee has previously requested a summarised version to be presented at the Audit/Risk Committee meetings.
- 2.3 The attached Activity Performance Report provide commentary on the whole of Council operational budget variances in excess of \$100k (excluding Depreciation) and capital budget variance variances split by cost centre with the larger budgets (>\$500k) being shown separately.
- 2.4 The 2022/23 budget amendments approved by Council on the 29 September are reflected in the Full Year budget figures but have not yet been amended in all the year to date figures.

Attachments

1. **September 2022 Financial Snapshot Summary** [↓](#)

Recommendation

That the report 'Summary of Management Accounts' be received.

**Whole of Council
Activity Performance Report
For the 3 months ended 30 September 2022**

	YTD Actuals	YTD Budgets	YTD Variance	YTD Percentage Variance	Full Year Budget
	\$000	\$000	\$000		\$000
Total Revenue	(11,036)	(10,610)	427	4%	(48,617)
Subsidies and Grants	(3,567)	(3,102)	465	15%	(17,299)
Other Revenue	(1,018)	(1,147)	(129)	-11%	(3,897)
Finance Revenue	(80)	(10)	70	704%	(41)
Gains	0	0	0	0%	(840)
Rates	(6,371)	(6,351)	20	0%	(26,541)
Total Expense	9,302	9,767	465	5%	45,734
Other Expenses	4,010	4,398	389	9%	22,850
Personnel Costs	1,639	1,680	41	2%	7,298
Finance Costs	5	0	(5)	-100%	752
Depreciation	3,648	3,689	40	1%	14,834
Overhead Allocation	0	(0)	(0)	0%	0
Grand Total	(1,735)	(843)	892		(2,883)

Note: The 2022/23 budget amendments approved by Council on the 29 September are reflected in the Full Year budget figures but have not yet been amended in the year to date figures.

Variations > \$100k: Comments

Subsidies and Grants	Two grants have been received ('Mayors Taskforce for Jobs' Programme of \$215k and 'Three Waters Stimulus Grant' of \$238k) that, as they relate to September Budget Adjustments, are not yet included in the year to date figures. Once they are, these variances will disappear.
Other Revenue	The variance is mainly caused by Fees related to Dog Registration and Waste Transfer Stations. Officers are currently investigating these variances.
Other Expenses	September invoices have yet to be received for some of Council's electricity usage (\$50k under budget) and from some external contractors relating to Waste Transfer Stations (approx \$100k). In addition, the Contractor budgets for Swim Centre Management do not take into account the seasonal fluctuation in costs and this has resulted in a YTD Budget variance of \$90k. There are also a number of other smaller budget variances, many of which are expected to 'correct themselves' over the coming months.
Depreciation	The YTD Depreciation figure is based on current book values of assets. These assets have been revalued for the 30 June 2022 financial statements and once the revalued figures are applied the Depreciation figure is expected to exceed budget. Officers are currently working on these figures.

**Capital Expenditure +\$500k projects
For Period to 30 September 2022**

Whole of Council	YTD Actuals	YTD Budgets	Full Year Budget	Comments
	3,338,647	6,505,736	34,575,540	

Business Units	YTD Actuals	YTD Budgets	Full Year Budget	Comments
95500701. Motor Vehicle Purchases	990	0	500,001	Procurement plan of vehicles is in underway.

Community and Leisure Assets	YTD Actuals	YTD Budgets	Full Year Budget	Comments
4410170611. Taihape Amenities Detailed Design Construction bf from 20/21	191,818	144,369	535,995	Detailed report provided separately to Council as part of PMO Reporting
4410174501. Taihape Amenities Detailed Design & Construction	0	0	2,900,004	Detailed report provided separately to Council as part of PMO Reporting

Roading and Footpaths	YTD Actuals	YTD Budgets	Full Year Budget	Comments
70100745. Marton Rail Hub	198,242	675,000	2,900,000	Detailed report provided separately to Council as part of PMO Reporting
70100781. Sealed Road Pavement Rehabilitation	30,051	206,025	824,100	Programmed for September to April, phasing of the budget will be reviewed.
70100782. Drainage Renewals	3,561	154,650	618,600	Delays due to weather event clean up.
70100783. Structures Components Replacements	40,730	149,454	597,816	Network bridge corrosion and asset assessments underway.
70100787. Sealed Road Surfacing	0	228,771	915,084	Programmes is due to start January, phasing of the budget will be reviewed.
70100795. Improvements- Low Cost Low Risk	210,971	600,000	7,341,936	Continuance of programme.

Water, Sewerage & Stormwater	YTD Actuals	YTD Budgets	Full Year Budget	Comments
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	1,619,186	3,489,635	11,126,687	
6060174503. Marton New Bore	21,604	150,000	2,000,004	Detailed report provided separately to Council as part of PMO Reporting
6070176204. 52: Wastewater Reticulation - Renewals	2,938	240,000	698,172	Marton wastewater pipe bridge over Tutaenui Stream. To date slow progress.
6070177111. Ratana Complete Upgrade	13,636	294,532	1,750,695	Detailed report provided separately to Council as part of PMO Reporting
6070176206. Marton to Bulls Centralisation Project	750,762	750,000	1,000,000	Detailed report provided separately to Council as part of PMO Reporting
6070176207. Land Purchase - Marton to Bulls Centralisation Project	0	0	1,200,000	Detailed report provided separately to Council as part of PMO Reporting
6070177109. Taihape / Papakai Wastewater Pump Station	6,388	278,064	1,068,741	Contractor appointed - Fulton Hogan. Revised costs are expected, delaying start.

7.10 Audit and Risk Committee Work Programme**Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide, for reference, the Committee with the current Audit and Risk Committee Work Programme.

2. Commentary

- 2.1 Officers have developed a structured Audit and Risk Committee Work Programme.
- 2.2 The proper management of this includes having structured Audit Committee agenda items, ensuring that the Audit and Risk Committee reviews key governance, risk management and regulatory matters.
- 2.3 The current Work Programme was reviewed at a previous Committee meeting and is intended to be presented at each subsequent Committee meeting to provide members with an opportunity to review/amend the proposed Work Programme in light of potential recent/current factors.

3. Discussion

- 3.1 This Programme has been drafted on the assumption that the Audit and Risk Committee will hold quarterly meetings in March, June, September and December each year (with additional meetings scheduled as required).
- 3.2 Current Audit and Risk Committee Work Programme:

Item	Audit and Risk Committee Meeting
Governance	
Audit Committee Terms of Reference	March 2021; at least once every 3 years
Latest Management Accounts - Overview	Each meeting
Latest Health and Safety reporting	Each meeting
Compliance with Treasury Management Policy	Each meeting
Fraud Reporting	Each meeting
Protected Disclosure Reporting	Each meeting
Outstanding AuditNZ management letter points	Each meeting
Insurance Update	Each meeting

ITEM 7.10

Current Areas of Concern	Each meeting – see S3.3 below.
Statutory	
Annual Report	Summary Update: September and December each year (as required)
Internal Audit	
Outstanding internal audit recommendations	Each meeting (none currently exist)
Annual Internal Audit workplan	Discuss March, confirm June each year
Internal Audit Workplan Updates	Each meeting
Policies etc	Policies considered appropriate for ARC to review
Gifts and Hospitality Policy	Review every 2 years : reviewed September 2022 (see below)
Sensitive Expenditure Policy	Review every 2 years : reviewed September 2022 (see below)
Fraud, Bribery and Corruption Policy	Annual Review: September (not sufficiently advanced – deferred until 2022)
Protected Disclosure “Whistle Blower” Policy	Review every two years: next review September 2023
Staff Code of Conduct	ARC Review every 2 years; next review September 2023.
Health, Safety and Wellbeing Policy	ARC Review every 2 years; next September 2023.
Delegations Register	Last updated January 2018; next review deferred until 2022.
Policy on Development Contributions	Required by S102 LGA; S106 LGA requires Policy to be reviewed every 3 years. Current version adopted 9 June 2021.
Procurement Policy	Draft to Audit & Risk Committee in December 2021. Then review every 3 years.
Rates Postponement Policy	Required by S102 LGA; S110 LGA requires Policy to be reviewed every 6 years. Update required by June 2026.
Rate Remission Policy	Required by S102 LGA; S109 LGA requires Policy to be reviewed every 6 years. Update required by May 2027.
Rate Remission for Maori Freehold Land Policy	Required by S102 & S108 LGA; Update required by 2024.
Significance and Engagement Policy	Required by S76 LGA; Update required by 2024.

Treasury Management Policy	Adopted by Council October 2020; ARC review each financial year (March 2022)
Accounting Policies	Annually as part of annual financial statements preparation
Revenue and Finance Policy	March each year (part of Annual Plan)
Finance and Infrastructure Policy	Every three years (part of LTP)
Risk	
Risk Management Policy	Review every 2 years (last review was September 2021)
Strategic Risk Register	Reviewed in full during 2021; currently subject to a 'rolling review'

3.3 Current Areas of Concern

Officers have included current known Areas of Concern within reports submitted to this meeting but welcome discussion regarding any other topics that the Committee would like included.

Policy Reviews

3.4 As stated above the following Policies have been reviewed since the last Audit and Risk Committee:

3.4.1 Gifts and Hospitality Policy

3.4.2 Sensitive Expenditure Policy

The results of these reviews are summarised below and the current versions of these Policies are attached (these Policies have been attached mainly 'for completeness', not 'as a request to Committee Members to conduct a full review').

3.5 Gifts and Hospitality Policy:

3.5.1 Minor changes, mainly to reflect amended Position Titles that are referenced in the Policy in Sections 4 and 5.

3.6 Sensitive Expenditure Policy:

3.6.1 Minor changes to Section 5.2 to increase 'reasonable daily Dinner amounts' by \$5; and

3.6.2 Expanded 'Staff Meetings, Events, Functions and Other Matters' Section (Section 8) to provide more detail/clarification regarding such events. Previously, this Section simply said:

Council may subsidise the costs of a staff celebration, retirement function, entertainment or staff sponsorship, but only with prior approval of a Group Manager and where the Council contribution does not exceed \$250 (or \$8 per

person expected). Any other expenditure for entertainment requires prior approval from the Chief Executive.

ITEM 7.10**Attachments**

1. **RDC Gifts and Hospitality Policy** [↓](#)
2. **RDC Sensitive Expenditure Policy** [↓](#)

Recommendation

That the report 'Audit and Risk Committee Work Programme' be received.

RANGITĪKEI DISTRICT COUNCIL

GIFTS AND HOSPITALITY POLICY

This Policy provides staff, contractors and Elected Members with a clear framework regarding the acceptance or otherwise of gifts and hospitality from external parties; and explains the principles when considering whether to accept or decline gifts or hospitality.

Approved:	September 2021
Reviewed:	September 2022
Approved by:	Executive Leadership Team
Next review:	September 2024
Version number:	2.0
Who is responsible:	Group Manager Corporate Services



Making this place home

UNCONTROLLED IF PRINTED

Gifts and Hospitality Policy

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1. INTRODUCTION

Overview

- 1.1. This Policy:
 - applies to all or our staff, contractors and Elected Members. For the purposes of this Policy, all references to 'staff' includes 'contractors' and 'Elected Members'.
 - provides staff with a clear framework regarding the acceptance or otherwise of gifts and hospitality from external parties; and
 - explains the principles for staff when considering whether to accept or decline gifts or hospitality.
- 1.2. Compliance with this Policy ensures that when gifts and hospitality are offered, they are managed in a fair and transparent manner that protects the reputation of the staff member and of Council.
- 1.3. Failure to comply with the principles of this Policy may be considered misconduct under the Council's Code of Conduct and may result in disciplinary action.

2. BACKGROUND

- 2.1. All staff are required to be fair, impartial, responsible and trustworthy and act in a way that maintains public confidence.
- 2.2. Gifts and hospitality:
 - are a commonplace part of the modern business/corporate environment and relationships; and
 - have potential to influence a staff member (and/or give the perception of having such influence).
- 2.3. Receiving a gift or hospitality from external suppliers or contacts is a sensitive issue and needs to be managed carefully. It is critical that the acceptance of gifts or hospitality does not give rise to, or any perceived rise to, biased decision making, a lack of impartiality, or create a conflict of interest (real or perceived).

3. POLICY

Policy Overview

- 3.1. The general Policy position is that gifts or hospitality may only be accepted where it is not prohibited under S4.1 and:
- the gift/hospitality has a value less than \$50; or
 - refusal would cause cultural or diplomatic embarrassment or offence.

Note: 'Value' in S3.1, S4.2 and S4.3 refers to 'the cumulative value of gifts/hospitality offered by the same supplier (or related parties) to any staff member in any 12 month period.

- 3.2. Gifts/hospitality that are offered/accepted and comply with S3.1 do not need to be recorded.

4. POLICY EXCEPTIONS

Note: where this Section – apart from S4.7 - is being applied to an Elected Member, references to 'Executive Leadership Team' should be replaced with 'Mayor'

- 4.1. Offers of gifts or hospitality must always be declined in the following circumstances:
- Money, cash vouchers, shares, or similar items and payments;
 - Gifts, rewards or benefits which might compromise, or be seen to compromise, staff/Council integrity;
 - Items where a direct instruction has been given by a member of the Executive Leadership Team that they should not be accepted; or
 - Where acceptance could be perceived as a promise of a business relationship or contract.

Note: special consideration must be applied in situations that involve staff being seen to be acting with independence and impartiality (eg procurement, awarding of tenders, issuing consents etc).

- 4.2. Gifts/hospitality offered with a value of more than \$50 must be reported to the relevant member of Executive Leadership Team to decide the most appropriate treatment of the offer (offers to the CEO must be reported to the Mayor for such determination and vice versa).
- 4.3. Gifts/hospitality offered with a value greater than \$150 also require 'sign off' from the CEO.
- 4.4. Once the staff member has received feedback from the Executive Leadership Team he/she must forward details to the Executive Assistant to the CEO and Mayor for inclusion in the year's Gift/Hospitality Register (regardless of whether the gift/hospitality was accepted).
- 4.5. Unless specifically approved by Executive Leadership Team or CEO, all gifts offered with a value over \$50 that are accepted must be surrendered to the Executive Assistant to the CEO and Mayor to be ultimately distributed as per instruction from the CEO.
- 4.6. Where appropriate, the Executive Leadership Team may discuss the offered gift/hospitality with the staff member and agree that the staff member pay a donation etc in respect of receiving the gift/hospitality.
- 4.7. All such donations must be:
- advised to, and given to, the Executive Assistant to the CEO and Mayor for inclusion in the Gifts/Hospitality Register; and
 - given to a cause as determined by Executive Leadership Team no longer than 6 months after.
- 4.8. Reasonable meals and refreshments provided at a networking or business meeting, site visit, official function, conference, training event or similar are not considered 'hospitality'.
- 4.9. The Executive Assistant to the CEO and Mayor shall report the Gifts/Hospitality Register to the Executive Leadership Team every six months.

5. REPORTING

- 5.1. Staff who suspect other staff member(s) of contravening this Policy must report this to:
- Their Group Manager; or if not appropriate the
 - Group Manager Corporate Services; or if not appropriate the
 - Group Manager People and Performance; or if not appropriate the
 - Chief Executive Officer or if not appropriate the
 - Chair of Audit and Risk Committee.

Appendix

APPENDIX 1: Details Recorded in the Register

The register records the following information:

- Date
- Name
- Title
- Department
- External party offering the gift/hospitality
- Gift or hospitality
- Description of gift/hospitality
- Reason for gift/hospitality being offered (if known)
- Estimated value
- Accepted or declined
- Reasons for accepting/declining and, if accepted, who approved the acceptance
- If a gift has been accepted, how the gift has been dealt with (and details of donation made by staff member)
- Confirmation that this Procedure has been read and that acceptance is in compliance with the Procedure
- Other comments

APPENDIX 2: Declining a gift and/or offer of hospitality

These guidelines are provided for situations where you need to decline a gift and/or offer of hospitality in accordance with the Gifts and Hospitality Policy.

- Please ensure that you decline politely. Where possible, it is best to do this in person or over the phone where you can talk directly to the giver. Declining by email should be the last resort.
- Please thank the giver for their offer and advise them of the reasons why you are unable to accept their gift / hospitality (refer to policy). Try to word your response in a way that shows thoughtfulness to the giver; the last thing we want to do is offend or embarrass them.
- Keep your wording simple. Be kind and honest, but be firm.
- If the giver refuses to take the gift back, please notify your manager so that we have a record of actions and any follow up that may need to occur.

If you have any questions about whether or not a gift / hospitality offer should be declined, or if you would like advice on how to do this, please speak to your manager.

RANGITĪKEI DISTRICT COUNCIL

SENSITIVE EXPENDITURE POLICY

This Policy sets out the principles and guidance for Council staff incurring Sensitive Expenditure.

Sensitive Expenditure is expenditure by the Council that could be seen as giving some private benefit to an individual staff member, contractor or Elected member that either:

- is additional to the business benefit to the Council; or
- could be considered unusual for the Council's purpose and/or functions

Travel, accommodation, gifts/koha and hospitality spending are examples. Such expenditure is required to be moderate, conservative and related to Council's roles and functions.

Approved:	30 September 2022
Approved by:	The Executive Leadership Team
Next review:	30 September 2024
Version number:	1.4
Who is responsible:	Group Manager Corporate Services

Sensitive Expenditure Policy

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1. INTRODUCTION

We are committed to maintaining an ethical workplace where everyone who works here upholds the principles of honesty, integrity and impartiality, and respects the organisation’s values.

This Policy applies to all or our employees, contractors and Elected Members. For the purposes of this Policy, all references to ‘staff’ includes ‘contractors’ and ‘Elected Members’.

A key reputational risk for all public entities is where staff receive a material benefit, real or perceived, from official expenditure.

2. ROLES AND RESPONSIBILITIES

- 2.1. All staff are responsible for ensuring their compliance with this Policy.
- 2.2. The Finance Manager shall provide a Sensitive Expenditure summary to Executive Leadership Team and the Audit and Risk Committee every six months for review.

3. WHAT SENSITIVE EXPENDITURE IS PROVIDED BY COUNCIL

- 3.1. The following are the most common types of Council's Sensitive Expenditure. These examples are not comprehensive and staff must seek clarification from their manager/supervisor where they suspect an item of expenditure may be regarded as 'sensitive'.
- 3.2. Generally, if an item of expenditure could be perceived as providing a staff member, either directly or indirectly, a benefit it will be regarded as 'sensitive expenditure'.

4. AIR TRAVEL

- 4.1. Council will pay actual and reasonable airline travel costs where a justifiable business purpose exists – i.e. scheduled domestic travel, at economy class (where this is provided).
- 4.2. Bookings should be made as early as practicable to secure the most favourable terms. For international travel, discounted economy or economy class is to be used when the uninterrupted flight duration is up to five hours. Business class may be used for longer journeys only when the distance travelled, work schedule on arrival, personal health, safety or security reasons readily justify that.
- 4.3. Staff who include stop overs in any travel plans must be able to clearly demonstrate the business benefit of any such stop over.
- 4.4. Staff must clearly advise their supervisor where they intend to either:
 - extend a business trip to include/allow some private time; or
 - have a family member accompany them on the trip.Such private time/accompaniment cannot result in additional costs being charged to Council.
- 4.5. Any request by a staff member to have Council pay for an airline club membership requires prior explicit approval from the Chief Executive Officer.
- 4.6. Where a staff member accrues airline points from Council funded travel they are expected to use these points on future Council related travel.
- 4.7. The Chief Executive's approval is required for any proposed international travel and associated expenses involving staff, except where that travel is by the Chief Executive, in which case Council's prior approval is required.

5. ACCOMMODATION

- 5.1. Council will pay actual and reasonable accommodation costs (including meals) incurred by a staff member. The exception is where an approved conference registration includes a conference dinner and/or entertainment. 'Reasonable' accommodation costs means non-premium hotel/motel rooms and moderate meals. The exceptions are where security/safety issues necessitate a higher standard of accommodation or where it is the venue for a conference for which registration has been approved. In other cases, a staff member may elect to pay the difference for a higher standard of travel or accommodation, provided this is clearly documented.

5.2. As a general guide, the following meal amounts up to the following levels will be considered reasonable in New Zealand (unless such meals are offered as part of an organised event in which case, unless exceptional circumstance exist, the staff member is not entitled to separate reimbursement of a substitute meal):

Meal	City Centres	Other
Breakfast	\$30	\$25
Lunch	\$30	\$25
Dinner	\$45	\$40

6. RENTAL CAR/TAXI

- 6.1. Council will pay the costs of a rental car, provided it is being used for Council business. The car must be an economical type and size, having regard to the number of passengers and distance to be travelled.
- 6.2. Council will pay the cost for the use of taxis or equivalent (for example Uber) provided it is moderate, conservative and cost-effective.

7. TIPS

- 7.1. Council will pay for tips during international travel only in places where tipping is local practice and where it is documented as part of the transaction.

8. STAFF MEETINGS, EVENTS, FUNCTIONS AND OTHER MATTERS

Staff Meetings

- 8.1. Team gatherings and functions, such as operational meetings, Christmas lunches and ‘celebratory’ meetings are not to be funded by Council (subject to the provisions of this section).

Team Building Events

- 8.2. Team Building Events differ from other Staff Meetings in that they are more structured, less frequent, may involve outside parties and are able to have a defined purpose/focus. These may be funded by Council but only with prior approval from the Group Manager Democracy and Planning. The associated costs are to be charged to the respective Department’s budget and generally managed by the Team hosting the event.

Internal Events

- 8.3. Where a meeting, forum, training or similar event is hosted internally, external catering may be provided where;
 - Prior approval has been obtained from the budget holder; and
 - The event extends over lunch time; and
 - Costs are reasonable; and
 - External parties are in attendance or the training is structured training coordinated by a member of ELT

Such events are generally managed by the Team hosting the event.

Recognising Achievements, Rewards and Recognition, Farewells and Long Service Retirements

- 8.4. The 'primary reference point' for these costs is any Guidance issued by Council's People and Performance Group. Where a proposed event under this category is not covered by any such Guidance, the event shall be treated as a Team Building Event as above.
- 8.5. It is generally not expected that Council will fund any farewell function for staff with less than 5 years' service. The costs of Farewells where the staff member has in excess of 5 year service should be treated as a Team Building Event as above.
- 8.6. Expenditure on recognising staff achievements must be treated as a Team Building Event as above.

Reasonable Levels of Expenditure

- 8.7. As a general principle, the following amounts will be considered 'reasonable' under this section of the Policy (amounts exclude GST):
 - a 'per-head' amount of between \$5 and \$10
 - if the number of attendees cannot reasonably be estimated, a total amount of \$100

Recognition of Family Bereavement

- 8.8. On death of a direct family member (spouse, child, parent, sibling, grandparent, parent of spouse/partner) a gift may be provided to a staff member (eg flowers, food hamper) if coordinated through the Office of the Executive Assistant to the Mayor/CEO.

Points to note:

- references to 'direct family member' include de facto and adopted direct family members
- the Office of the Executive Assistant to the Mayor/CEO may extend these principles as deemed appropriate

Other

- 8.9. These principles may be overridden:
 - where culturally appropriate (eg provision of kai) where prior approval is required from Council's Iwi Strategic Advisor and/or Group Manager Democracy and Planning
 - as deemed appropriate in writing by the CEO

9. KOHA/GIFTS

- 9.1. Koha or gifts made by staff to external parties need to be approved in advance by the Chief Executive on the form prescribed by Finance, and recorded in the Gifts Made register maintained by the Executive Office Assistant.
- 9.2. The gifting of koha is an integral part of showing appreciation to others. Koha is a gift where the recipient has not stipulated that it be given, and that there is no expectation of receiving it.
- 9.3. The size of the koha or gift will have regard for the significance of the organisation and/event being supported. When a koha is \$500 or more, it will be reported to the next available meeting of the Finance and Performance Committee.
- 9.4. Koha or gifts can be one or more of the following:
 - cash; or
 - vouchers, flowers, food or similar; or
 - the provision of Council assistance through resources of staff and/or facilities; or
 - a payment to external person(s) or non-profit community groups who provide support, or undertake a one-off activity and expect non-payment for such activity or support in return.
- 9.5. Koha / Gifts should:
 - not be given in lieu of salary or as a payment for service(s) provided; and
 - be provided in line with Council's Sensitive Expenditure Policy.

If appropriate, the person gifting koha may consult the Strategic Advisor for Mana Whenua on an alternative gift.

Guidelines for giving of Koha is included in Appendix One.

10. HOSPITALITY

- 10.1. Hospitality can cover a wide range of different type of expenditure. The general rule is that all such expenditure must:
 - have a justifiable business purpose; and
 - be moderate and conservative; and
 - be supported by appropriate documentation that includes, as far as practicable, names of teams/parties entertained and the reasons for the entertainment

11. HOME OFFICE COSTS/USE OF A STAFF MEMBER'S ASSETS

- 11.1. Council will pay a staff member's home office/domestic type costs or reimburse a staff member for the use of their assets (eg vehicle, specialist IT equipment etc) only on approval from a Group Manager or the Chief Executive Officer.
Such approval should be obtained in advance of the costs being incurred.

12. WHAT COSTS ARE NOT COVERED BY COUNCIL

- 12.1. Council will not cover the following costs:
 - Cash advances to individual staff members travelling overseas.
 - Costs of alcohol or entertainment (including movie downloads or other pay-per-view options)
 - Tipping in New Zealand.
 - Rental cars used for private purposes.
 - Parking or traffic offences.
 - Additional costs, for a partner or other family to travel with a staff member and be accommodated in the same venue.
 - Any personal goods or services purchased via the Purchase Order system. Even if there is the intention to reimburse the Council for so doing.

Appendix

APPENDIX ONE - KOHA GUIDELINES

Why we need these guidelines

Council recognises the need to give appropriate koha or gifts from time to time. These guidelines provide guidance ONLY to staff and elected members in order to meet the obligations associated with payment or giving a koha to organisations and/or individuals. Within these guidelines the Council aims to identify the approach it will take in performing its functions when gifting koha.

Who are these guidelines prepared for

These guidelines are prepared for both Council staff and Elected members for operational use and should be used as a guideline ONLY. Occasionally, these guidelines may apply to others representing Council ie. Iwi members, Samoan Leaders / Samoan Ministers etc.

Definition - A Koha is a present or gift ¹

Table 1: Guideline ONLY for an amount of koha to be given for specific occasions

Engagement that requires a pōwhiri, whakatau or welcome	Marae visit / Tangi / Funeral	Special Occasions e.g. Ratana 25th etc
\$200	\$250	\$350 - \$500

Individuals Representing Council in Council matters	
Kai-kōrero / Waiata	\$200
Kai-karanga / Waiata	\$200
Openings / Blessings	\$200
Citizenship	\$200
Language Translator	\$200

¹ According to IRD - "An unconditional gift is defined as a donation made to a non-profit body, where the giver (or any relative) does not receive any goods or services in return for the donation. This carries with it no obligations to account for tax".

7.11 Protected Disclosures Update**Author:** Sharon Grant, Group Manager - People & Performance**Authoriser:** Peter Beggs, Chief Executive**1. Reason for Report**

This report provides the Audit and Risk Committee with an update on protected disclosures for the reporting period, this update being that there are no protected disclosures to report.

2. Background

The Protected Disclosures Act 2022 (Act) came into force on 1 July 2022 and replaced the Protected Disclosures Act 2000. The purpose of the Act is to facilitate the disclosure and timely investigation of serious wrongdoing in or by an organisation and protect people who make a disclosure under the Act.

Under the Act a disclosure can be made by an employee. The definition of employee under the Act is wider than other legislation and includes employees, secondees, contractors, volunteers and boards / governing bodies.

Employees who make a disclosure under the Act are not liable to any civil or criminal proceedings, or to disciplinary proceedings by the employer, for reasons of that disclosure.

Rangitikei District Council introduced a revised Protected Disclosures Policy and Procedure (Policy and Procedure) to reflect the new Act in July 2022. The revised Policy and Procedure was considered and endorsed by the Audit and Risk Committee at its September 2022 meeting.

The revised Policy and Procedure is attached to this report and includes a minor amendment following feedback received from the Audit and Risk Committee, this being the addition of wording to reflect that someone making a protected disclosure is protected from being treated less favourably because of that disclosure.

Internal policies are available on the staff intranet (Kapua). Policies are communicated to staff at regular intervals including when a new policy is introduced, when changes are made to a policy, as part of the orientation process for new staff, and when it is timely to do so. Staff have received training on the new Protected Disclosures Policy and Procedure.

3. Discussion

There are no protected disclosures to report for this period.

Attachments

- 1. Protected Disclosures Policy and Procedure** [↓](#)

Recommendation 1

That the report 'Protected Disclosures Update' report be received.

RANGITĪKEI DISTRICT COUNCIL

PROTECTED DISCLOSURES POLICY AND PROCEDURE

This policy provides information on the Protected Disclosures (Protection of Whistleblowers) Act 2022 (Act). It also outlines how you may make a disclosure under the Act.

Approved:	July 2022
Approved by:	Executive Leadership Team
Next review:	September 2023
Version number:	1.0
Who is responsible:	Group Manager People and Performance



Making this place home

UNCONTROLLED IF PRINTED

Protected Disclosures (Protection of Whistleblowers) Act 2022

INTRODUCTION

The purpose of the Protected Disclosures (Protection of Whistleblowers) Act 2022 (Act) is to facilitate the disclosure and timely investigation of serious wrongdoing in or by an organisation and protect people who disclose in accordance with the Act.

This Policy sets out RDC's commitment to these purposes.

WHAT IS SERIOUS WRONGDOING?

A protected disclosure may be made in respect of acts, omissions or courses of conduct in or by RDC that amount to serious wrongdoing. Under the Act, the following matters are considered serious wrongdoing:

- An unlawful, corrupt, or irregular use of public funds or resources; or
- A serious risk to public health, safety, the health or safety of any individual, or the environment; or
- A serious risk to the maintenance of the law; or
- An offence; or
- Oppressive, unlawfully discriminatory, or grossly negligent acts, omissions or courses of conduct or gross mismanagement by public sector employees and persons performing (or purporting to perform) a function or duty or exercising (or purporting to exercise) a power on behalf of a public sector organisation or the Government.

The Act does not cover employment issues that are more properly covered by the Employment Relations Act 2000 (ERA).

WHO CAN MAKE A DISCLOSURE?

To make a disclosure, you need to be a discloser within the meaning of the Act. The definition of discloser, in relation to Rangitikei District Council (RDC), includes an individual who is or was formerly:

- an employee;
- a secondee;
- engaged or contracted as a contractor;
- concerned in the management of the organisation (for example, as a member of the board or governing body i.e. elected members); or
- a volunteer.

WHEN WILL MY DISCLOSURE BE PROTECTED?

Your disclosure will be protected if:

- The information is about serious wrongdoing in or by RDC; and
- You believe on reasonable grounds that the information is true; and
- You disclose the information in accordance with the Act; and
- You do not disclose the information in bad faith.

Your disclosure won't be protected if:

- You know the allegations are false or your disclosure is made in bad faith;
- The information you are disclosing is protected by legal professional privilege;
- You have made the disclosure to a person not identified in this Policy or an appropriate authority, unless it is on a confidential basis and for the purposes of seeking advice about whether or how to make a protected disclosure in accordance with the Act; or
- The disclosure is made to a journalist or other media source.

WHAT PROTECTIONS DO I HAVE?

The Act provides legal protection to employees who disclose (blow the whistle) on serious wrongdoing within their workplace. Employees who make a protected disclosure in accordance with the Act benefit from the following protections:

- confidentiality;
- against retaliation or being treated less favourably;
- against victimisation; and
- immunity for the disclosure in civil, criminal and disciplinary proceedings.

Appendix 1 is a flowchart which you may use to determine if you have protection under the Act for making a protected disclosure.

Confidentiality

When you make a protected disclosure, the person you make it to will use their best endeavours to keep confidential any information that might identify you. The exceptions are if you consent to the release of the identifying information, or if there are reasonable grounds to believe that the release of the identifying information is essential:

- a) to the effective investigation of the disclosure; or
- b) to prevent a serious risk to public health or safety, or the health or safety of any individual, or the environment; or
- c) to comply with the principles of natural justice (natural justice is a duty to act fairly; for example, if the alleged wrongdoer needs to be provided with more information about the allegations in order to respond); or
- d) to an investigation by a law enforcement or regulatory agency for the purpose of law enforcement.

Before releasing identifying information for reasons relating to (a) or (c), RDC will consult with you about the release and inform you once the identifying information has been released.

Before releasing identifying information for reasons relating to (b) or (d), RDC will, if practicable, consult with you about the release and inform you once the identifying information has been released.

Retaliation

RDC must not retaliate, or threaten to retaliate, against an employee because the employee intends to make or has made a protected disclosure. Retaliation means doing or organising to do any of the following:

- dismissing the employee;
- refusing or omitting to offer or afford the same terms of employment, conditions of work, fringe benefits, or opportunities for training, promotion and transfer as are made available to other employees of the same or substantially similar qualifications, experience or skills employed in the same or substantially similar circumstances;
- detriment or disadvantage (including any detrimental or disadvantageous effect on the employee's employment, job performance or job satisfaction) in circumstances in which other employees employed by the employer in work of that description are not or would not be subjected to such detriment or disadvantage; and
- retiring the employee or causing the employee to retire or resign.

If you consider that RDC has not upheld this requirement, you may bring a personal grievance under section 103(1)(k) of the ERA.

Victimisation

RDC must not treat, or threaten to treat, a person less favourably than any other person in the same or substantially similar circumstances because they (or a relative or associate):

- intends to make, or has made a protected disclosure under the Act; or
- has encouraged another person to make a protected disclosure; or
- has given information in support of, or relating to, a protected disclosure; or
- RDC believes or suspects that they (or a relative or associate) intends to or has done any of the above.

HOW DO I MAKE A PROTECTED DISCLOSURE?

If you wish to make a protected disclosure under the Act then, unless there is a reason not to, you may make the disclosure to RDC or to an appropriate authority at any time. Your disclosure should include details of the alleged serious wrongdoing and any evidence you have to support the allegation(s).

Disclosure to RDC

The appropriate contacts at RDC are the holders of the following internal roles:

- Group Manager People and Performance; or
- Senior People and Performance Advisor

If you are considering making a protected disclosure but would like more information, then the holders of the above roles are also available to provide you with information about making the disclosure and the protections available.

The Group Manager People and Performance and/or Senior People and Performance Advisor can, where appropriate, act as the communication channel between you and the Chief Executive in respect to the disclosure investigation and resolution of the disclosure you have made.

If you believe that there is a conflict of interest preventing you from making the disclosure to the Group Manager People and Performance and/or the Senior People and Performance Advisor, or the disclosure is about them, then you may make the disclosure directly to the Chief Executive.

If you believe that the Chief Executive is implicated in the serious wrongdoing, or where the matter has been raised with the Chief Executive but has not been satisfactorily resolved, then you may make the disclosure to another appropriate authority.

Disclosure to appropriate authority

You may also choose to make a disclosure to an appropriate authority. The appropriate authority will likely depend on the nature of the serious wrongdoing to be disclosed. Appropriate authority includes (but is not limited to):

- The Mayor of Rangitikei District Council
- The Chairperson of the Audit and Risk Committee
- Commissioner of Police
- Controller and Auditor General
- Director of the Serious Fraud Office
- Inspector-General of Intelligence and Security
- Office of the Ombudsman
- Ministry for the Environment
- Solicitor-General
- Public Service Commission

WHAT WILL HAPPEN AFTER I MAKE A DISCLOSURE?

Within 20 working days of receiving a protected disclosure, RDC will endeavour to:

- acknowledge receipt of the disclosure on the date the disclosure is received and (if made orally, summarise its understanding of the disclosure);
- consider the disclosure and whether it warrants investigation;
- check with you whether the disclosure has been made elsewhere (and any outcome);
- deal with the matter by doing one or more of the following:
 - investigating the disclosure;
 - addressing any serious wrongdoing by acting or recommending action;
 - referring the disclosure to an (or another) appropriate authority; or
 - deciding that no action is required; and
- inform you (with reasons) about what RDC has done or is doing to deal with the matter.

If it is impracticable for RDC to complete these actions within 20 working days, you will be informed of how long the process is expected to take together with updates on progress as appropriate.

If it is determined that the protected disclosure is within the scope of this Policy and warrants an investigation, RDC will appoint an appropriate investigator. At RDC's discretion, the investigator may be internal or external to RDC. Any investigation process will vary depending on the nature of the serious wrongdoing that has been disclosed.

If RDC considers that the protected disclosure should be referred to an (or another) appropriate authority, it will consult with you and the intended recipient of the referral. This may be, for example, if RDC considers that the protected disclosure can be more suitably and conveniently investigated by the other authority.

Every endeavour will be made to keep you as informed as possible throughout the investigation process.

DELIBERATELY MAKING FALSE DISCLOSURES

When making a protected disclosure about serious wrongdoing, you must have reasonable grounds to believe that the information is true. In these circumstances, you will not be penalised if the information is found to be mistaken or incorrect.

However, deliberately making a disclosure that is false, trivial, malicious, fraudulent, or in bad faith will be treated as serious disciplinary matter and you will not benefit from the protections referred to in this Policy.

WHERE CAN I GET MORE INFORMATION?

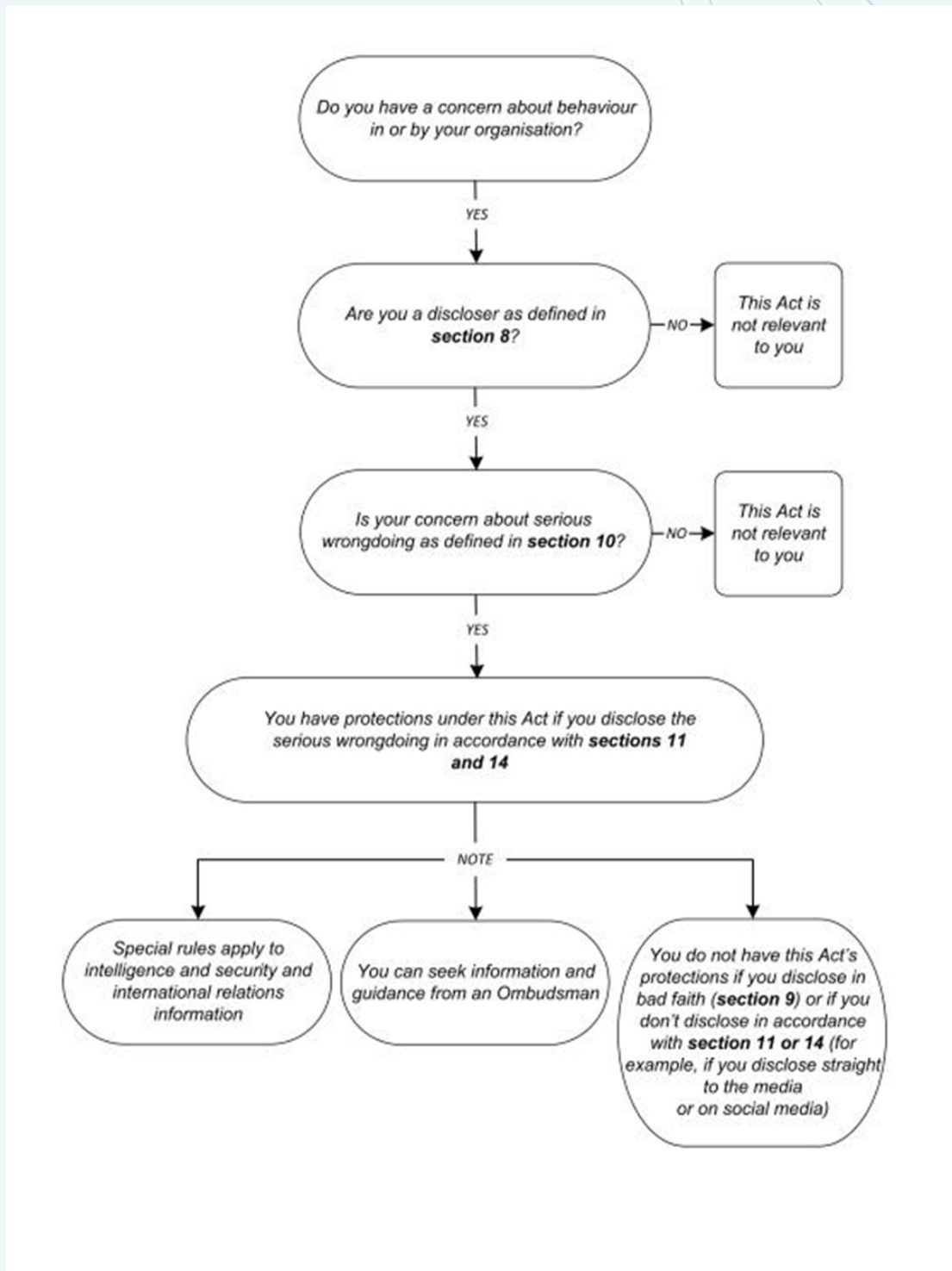
For additional independent information on how to make a protected disclosure, please view the Public Service Commission guidance available through the following link:

[Protected Disclosures Act 2022 | Te Kawa Mataaho Public Service Commission](#)

If you would like to view the Act, please visit www.legislation.govt.nz

APPENDIX 1

Do I have protection under the Act for making a protected disclosure?



8 Open Meeting