



RANGITIKEI
DISTRICT COUNCIL
Making this place home.

ORDER PAPER

RISK AND ASSURANCE COMMITTEE MEETING

Date: Thursday, 22 June 2023
Time: 9.30am
Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Chair: Mr Philip Jones

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

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:	<p>0800 422 522 info@rangitikei.govt.nz www.rangitikei.govt.nz</p> <p>(06) 327 0099</p>				
Locations:	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p><u>Marton</u> Head Office 46 High Street Marton</p> </td> <td style="width: 50%; vertical-align: top;"> <p><u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls</p> </td> </tr> <tr> <td colspan="2" style="text-align: center; vertical-align: top;"> <p><u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape</p> </td> </tr> </table>	<p><u>Marton</u> Head Office 46 High Street Marton</p>	<p><u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls</p>	<p><u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape</p>	
<p><u>Marton</u> Head Office 46 High Street Marton</p>	<p><u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls</p>				
<p><u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape</p>					
Postal Address:	Private Bag 1102, Marton 4741				
Fax:	(06) 327 6970				

Notice is hereby given that an Risk and Assurance Committee Meeting of the Rangitikei District Council will be held in the Council Chamber, Rangitikei District Council, 46 High Street, Marton on Thursday, 22 June 2023 at 9.30am.

Order Of Business

1	Welcome / Prayer	5
2	Apologies	5
3	Public Forum	5
4	Conflict of Interest Declarations	5
5	Confirmation of Order of Business	5
6	Confirmation of Minutes	6
	6.1 Confirmation of Minutes	6
7	Follow-up Action Items from Previous Meetings	15
	7.1 Follow-up Action Items from Risk and Assurance Meetings.....	15
8	Chair's Report	17
	8.1 Chair's Report - June 2023.....	17
9	Reports for Decision	18
	9.1 Strategic Risk Deep Dive	18
	9.2 Health, Safety and Wellbeing Update	21
	9.3 Review of Staff Code of Conduct.....	58
10	Reports for Information	68
	10.1 2021/22 Audit NZ Management Letter	68
	10.2 Audit NZ Management Letter Points	109
	10.3 Privacy Update	113
	10.4 Risk and Assurance Committee Work Programme	115
	10.5 Protected Disclosures Update	132
	10.6 Treasury Reporting	133
	10.7 Internal Audit Programme	142
	10.8 Fraud Reporting.....	158
	10.9 Summary of Management Accounts.....	159
	10.10 Sensitive Expenditure 2022/23 Financial Year Summary.....	163
11	Discussion Items	165
	11.1 Insurance Update	165
12	Public Excluded	166
	12.1 Cyber Security.....	166

13 Open Meeting 167

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 Confirmation of Minutes

6.1 Confirmation of Minutes

Author: **Kezia Spence, Governance Advisor**

1. Reason for Report

- 1.1 The minutes from **Risk and Assurance Committee Meeting held on 15 March 2023** are attached.

Attachments

1. **Risk and Assurance Committee Meeting - 15 March 2023**

Recommendation

That the minutes of Risk and Assurance Committee Meeting held on 15 March 2023 [**as amended/without amendment**] be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this Committee be added to the official minutes document as a formal record.

MINUTES

UNCONFIRMED: RISK AND ASSURANCE COMMITTEE MEETING

Date: Wednesday, 15 March 2023

Time: 9.30am

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Present Mr Philip Jones
Cr Dave Wilson
Cr Fi Dalgety
Cr Jarrod Calkin
Cr Simon Loudon
HWTM Andy Watson

In attendance Mr Peter Beggs, Chief Executive
Mrs Carol Gordon, Group Manager- Democracy and Planning
Mrs Sharon Grant, Group Manager- People and Culture
Mr Dave Tombs, Group Manager- Corporate Services
Ms Kezia Spence, Governance Advisor
Mr Matt Gordon, Health, Safety and Wellbeing Advisor
Mr Gerhard Roux, Manager- Financial Services

Order of Business

1	Welcome / Prayer	3
2	Apologies	3
3	Public Forum	3
4	Conflict of Interest Declarations	3
5	Confirmation of Order of Business	3
6	Confirmation of Minutes	3
	7.1 Follow-up Action Items from Risk and Assurance Meetings.....	3
8	Chair's Report	4
	8.1 Chair's Report - March 2023.....	4
9	Reports for Decision	4
	9.1 Health, Safety and Wellbeing.....	4
10	Reports for Information	4
	10.1 Privacy Update	4
	10.2 Protected Disclosures Update.....	5
	10.3 Internal Audit Programme	5
	10.4 Risk and Assurance Committee Work Programme.....	5
	10.5 Fraud Reporting.....	5
	10.6 Strategic Risk Register	6
	10.7 Summary of Management Accounts.....	6
	10.8 Risk Appetite and Tolerance Policy (draft).....	6
	10.9 Audit NZ Management Letter Update (2020/21).....	6
11	Discussion Items	7
	11.1 Treasury Reporting.....	7
	11.2 Annual Report 21/22 Progress Update	7
	11.3 Insurance Update	7

1 Welcome / Prayer

Mr Jones welcomed the committee. The Mayor read the Council prayer.

2 Apologies

No apologies were received.

3 Public Forum

There was no public forum.

4 Conflict of Interest Declarations

No conflict of interests were declared.

5 Confirmation of Order of Business

Item 10.1 - Treasury Reporting followed the confirmation of the minutes.

Item 7.1 - Chairs report was at the conclusion of the meeting.

6 Confirmation of Minutes

Resolved minute number 23/ARK/001

That the minutes of Risk and Assurance Committee Meeting held on 16 November 2022 **without amendment** be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this Committee be added to the official minutes document as a formal record.

Cr D Wilson/Cr S Loudon. Carried

7.1 Follow-up Action Items from Risk and Assurance Meetings

This item was taken as read.

Resolved minute number 23/ARK/002

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

Mr Jones/Cr F Dalgety. Carried

8 Chair's Report

8.1 Chair's Report - March 2023

The Chair provided an update at the conclusion of the meeting, noting that the weather events earlier this year are a concern and is important for Council to mitigate risks in this type of environment.

He also noted the cost of living is increasing and is important for the committee to consider what this means for the community.

Resolved minute number 23/ARK/003

That the Chair's Report –March 2023 be received.

Mr Jones/HWTM A Watson. Carried

9 Reports for Decision

9.1 Health, Safety and Wellbeing

The Committee welcomed Mr Matt Gordon as the Health and Safety Advisor for Council.

Mrs Grant took the Committee through the report and asked for endorsement of the due diligence plan.

Resolved minute number 23/ARK/004

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

That the Risk and Assurance Committee endorses the revised Health, Safety and Wellbeing Due Diligence, without amendment.

Cr F Dalgety/Cr D Wilson. Carried

10 Reports for Information

10.1 Privacy Update

Mrs Grant noted this is the first time this has been presented to the Committee and this will become a regular report.

Mrs Grant noted a minor breach relating to information being shared to the wrong property. The staff member involved reported the breach to Mrs Grant as soon as it happened.

Resolved minute number 23/ARK/005

That the report 'Privacy Update' be received.

Mr Jones/Cr D Wilson. Carried

10.2 Protected Disclosures Update

Staff confirmed that the Protected Disclosures policy and Privacy policy are reviewed externally.

Resolved minute number 23/ARK/006

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

Cr D Wilson/HWTM A Watson. Carried

10.3 Internal Audit Programme

Mr Jones stated that there are potential lessons learned from Cyclone Gabrielle and recommended Council test business continuity plans against weather events. Mr Beggs advised he would be comfortable bringing the business continuity plans forward to next year, 2023/24 and to advise what will be dropped to bring this forward.

Resolved minute number 23/ARK/007

That the report 'Internal Audit Programme' be received be received noting that we review the timeframe for the Business Continuity Planning.

Mr Jones/Cr F Dalgety. Carried

10.4 Risk and Assurance Committee Work Programme

Mr Jones commented that the committee can raise issues that they believe have not be adequately considered. Mr Jones stated his view was that it would be of benefit to have a closer look at projects as an example of risks. Mr Jones stated he likes to see timelines and showing the risks associated that impact these timelines.

The committee discussed the procedure of Assets and Infrastructure projects and referring this to Risk and Assurance committee if needed. Mr Jones stated he anticipates the District Plan may come to Risk and Assurance. Mr Beggs to bring a protocol back to the committee to the next meeting.

Resolved minute number 23/ARK/008

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

Cr D Wilson/Cr S Loudon. Carried

10.5 Fraud Reporting

The report was taken as read.

Resolved minute number 23/ARK/009

That the report 'Fraud Reporting' be received.

HWTM A Watson/Cr D Wilson. Carried

10.6 Strategic Risk Register

Mr Jones discussed the obligations of Health, Safety and Wellbeing and would in future like to deep dive into one strategic risk at each committee meeting.

Resolved minute number 23/ARK/010

That the report 'Strategic Risk Register' be received.

Mr Jones/Cr F Dalgety. Carried

10.7 Summary of Management Accounts

This item was taken as read.

Resolved minute number 23/ARK/011

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

HWTM A Watson/Cr F Dalgety. Carried

10.8 Risk Appetite and Tolerance Policy (draft)

His Worship the Mayor requested staff need to be risk averse and conservative.

Next steps are to finalise and then put this in place however it may come back to the committee on annual basis.

Resolved minute number 23/ARK/012

That the report 'Risk Appetite and Tolerance policy (draft)' be received.

Mr Jones/HWTM A Watson. Carried

10.9 Audit NZ Management Letter Update (2020/21)

Mr Jones advised that if officers disagree with Audit they can bring this to the committee and we can note that we will take the risk.

Resolved minute number 23/ARK/013

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

Mr Jones/HWTM A Watson. Carried

11 Discussion Items

11.1 Treasury Reporting

The Committee discussed the impacts of the changes to three waters and noted that there are a number of unknowns.

His Worship the Mayor stated his view, that he suspects there will be changes to stormwater and changes to happen with rural water schemes.

Resolved minute number 23/ARK/014

That the report 'Treasury Reporting' be received.

Mr Jones/HWTM A Watson. Carried

11.2 Annual Report 21/22 Progress Update

Mr Tombs introduced Mr Gerhard Roux, Council's Finance Manager, to the committee.

Audit NZ is under a lot of pressure which impacts the delivery of the Annual Report, however other councils are also in the same position. Council is outside of the statutory timeframes and this impacts the management letter.

Resolved minute number 23/ARK/015

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

Cr F Dalgety/Cr D Wilson. Carried

11.3 Insurance Update

Mr Tombs discussed his intention to develop an Insurance Strategy. Mr Jones recommended that there should be an insurance strategy and renewals workshop with elected members and AON insurance. This should be to discuss the options of self-insuring and offshore insurance. Mr Jones further stated that Council should develop an insurance strategy. He also said that flood mapping and predicting potential flood areas when it comes to insurance risk is crucial.

Resolved minute number 23/ARK/016

That the report 'Insurance Update' be received.

HWTM A Watson/Cr D Wilson. Carried

The meeting closed at 11.39am.

The minutes of this meeting were confirmed at the Risk and Assurance held on 22 June 2023.

.....

Chairperson

UNCONFIRMED

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from Risk and Assurance 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 Risk and Assurance Meetings' be received.

Current Follow-up Actions

Item	From Meeting Date	Details	Person Assigned	Status Comments	Status
1	15-Mar-23	Follow up with Audit Director to see the status of the RDC Engagement Letter	Dave Tombs	Advised to expect Engagement Letter during June 2023	Ongoing
2	15-Mar-23	Business Continuity Plan review be brought forward to 23/24 year (may need to delay another area to achieve this)	Dave Tombs	BCP moved to 2023/24; Procurement & Contract Management moved from 2023/24 to 2024/25 (to allow for impact of 3W Reforms to be better known)	Closed (subject to agreement of item that has been deferred)
3	15-Mar-23	What is the role of the Risk & Assurance Committee and independent chair to review council's major decisions (e.g roading contract, shared services agreement etc)	Committee Members		
4	15-Mar-23	Develop protocols for EMs to speak to the Risk & Assurance Chair - develop these with CE and Phillip	Peter, Philip	Risk and Assurance Chair and Chief Executive agree open dialogue should exist between Elected Members and the Chair, and that the Chair will ensure all committee members are transparently kept updated on matters requiring their attention.	Completed
5	5-Sep-22	The Committee requested that staff highlight the agreement for shared services between the Rangitikei and Manawatu District Council's as an area of focus for the new Committee (after the election).	Arno Benadie	Future workshop discussion	In progress
6	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
7	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.	Dave Tombs	New Risk Management Framework is now in place	Completed

8 Chair's Report

8.1 Chair's Report - June 2023

Author: Philip Jones, Chair

1. Reason for Report

- 1.1 Mr Jones may provide a verbal update or a tabled report.

Recommendation

That the Chair's Report –June 2023 be received.

9 Reports for Decision

9.1 Strategic Risk Deep Dive

Author: Sharon Grant, Group Manager - People & Performance

Authoriser: Peter Beggs, Chief Executive

1. Reason for Report

- 1.1 This report provides the Risk and Assurance Committee with an update on the strategic risk 'deep dive' review recently undertaken with respect to the strategic risk 'obligations with health, safety and wellbeing are not met'.

2. Context

- 2.1 Rangitikei District Council (RDC) has a Risk Management Framework which includes:
 - 2.1.1 Strategic Risk Register
 - 2.1.2 Risk Appetite and Tolerance Policy
 - 2.1.3 Risk Management Policy
 - 2.1.4 Risk Management Strategy
- 2.2 The Strategic Risk Register identifies and summarises Council's 12 strategic risks along with the risk assessment and controls for each strategic risk.
- 2.3 At its March 2023 meeting, the Risk and Assurance Committee requested a systematic 'deep dive' review of a strategic risk each quarter with the first review being of the strategic risk 'obligations with health, safety and wellbeing are not met'.
- 2.4 The deep dive review was undertaken by Council's Executive Leadership Team in April 2023, with improvements being made to the strategic risk description as a result.

3. Discussion

- 3.1 The strategic risk 'deep dive' review considered risk assumptions, what elements may be missing from the risk description, and the risk treatment, appetite and assessment.
- 3.2 In relation to the strategic risk 'obligations with health, safety and wellbeing are not met', assumptions considered include:
 - 3.2.1 Risk controls are appropriate and adequate.
 - 3.2.2 Workers are acting in a manner that is consistent with controls.
 - 3.2.3 Workers are using their best endeavours to work safety, and in a way that proactively avoids harm to themselves and others.
 - 3.2.4 RDC's leaders are leading 'good work' and demonstrate behaviours consistent with ELT's 'unrelenting focus on health, safety and wellbeing'.
- 3.3 As a result of the 'deep dive' review, it was identified that the following elements were missing from the risk description:
 - 3.3.1 Reference to RDC's most critical hazards.

3.3.2 Inclusion of the Leadership Health, Safety and Wellbeing Charter as one of the methods to mitigate the risk.

3.3.3 Acknowledgement that RDC has introduced dedicated staff resourcing to support health, safety and wellbeing excellence.

3.4 In relation to the review of risk treatment, it was felt that the current risk treatments (avoid / reduce) are appropriate with no changes required.

3.5 When assessing risk appetite and tolerance, it was felt that the current approach of 'minimal' (risk appetite) and 'avoid' (risk tolerance) was appropriate with no changes required.

3.6 In relation to the risk assessment, it was felt that the current mitigated risk assessment for 'non-critical' risks (moderate) was correct because control measures reduce the consequence of the risk, should it occur. However, it was identified that for some critical risks, the consequences (based on worst credible scenario) may remain significant if the hazard occurs, even with all control methods in place. For these situations, the risk assessment has been re-assessed as 'high'.

3.7 The amended risk description for 'obligations with health, safety and wellbeing are not met' is attached, with changes highlighted in yellow. Feedback from the Risk and Assurance Committee is invited.

3.8 It is intended that the next strategic risk to have a quarterly 'deep dive' review will be 'climate change responsiveness is ineffective'.

4. Impact on Strategic Risks

4.1 The description and assessment for the strategic risk 'obligations with health, safety and wellbeing are not met' has been amended.

5. Conclusion

5.1 Feedback on the 'deep dive' review, and the resulting improvements to the strategic risk description 'obligations with health, safety and wellbeing are not met', is invited from the Risk and Assurance Committee.

Attachments:

1. **RDC Strategic Risk Register - Obligations with health, safety and wellbeing are not met.**
[↓](#)

Recommendation 1

That the report on Strategic Risk Deep Dive is received.

Recommendation 2

That the improvements to the strategic risk description 'obligations with health, safety and wellbeing are not met' are endorsed by the Risk and Assurance Committee with / without amendment.

OBLIGATIONS WITH HEALTH, SAFETY & 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 **fatally or** 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.

RDC's most critical hazards are those where the potential consequences (based on the worst credible scenario) remain significant, even with controls in place. Examples of critical hazards include driving, working around vehicles and machinery, working alone and violent/aggressive behaviour.

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. **This commitment is visibly expressed through RDC's Health, Safety and Wellbeing Leadership Charter.**

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.

RDC has sufficient dedicated resources to deliver quality health, safety and wellbeing frameworks and practices throughout RDC.

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					
Likely / Probable					Extreme
Possible			Moderate*		HIGH
Unlikely					
Highly Unlikely					

Inherent Risk: Extreme Likelihood – Likely / Probable Consequence – Significant Proposed Risk Treatment: (bold those that apply) • Avoid • Reduce • Transfer • Accept	Current Mitigated Risk: Moderate* Likelihood – Possible Consequence – Moderate Planned Future Additional Risk Treatments: (bold those that apply) • Avoid • Reduce • Transfer • Accept	Current Mitigated Risk – Critical Hazards: High** Likelihood – Possible Consequence – Significant Planned Future Additional Risk Treatments: (bold those that apply) • Avoid • Reduce • Transfer • Accept
---	--	---

* based on worst credible scenario in relation mitigated hazards
 ** based on worst credible scenario in relation to mitigated critical hazards

Future Action Plan:

- Review of Health, Safety and Wellbeing Risk Framework including cyclic review and improvement of risk controls and the verification of these

9.2 Health, Safety and Wellbeing Update

Author: Sharon Grant, Group Manager - People & Performance

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 March, April and May 2023 together with an update on due diligence activities 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, safety and wellbeing 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 Dashboard for March, April and May 2023 are attached to this report.
- 3.1.2 The Dashboard for March 2023 includes six events and four near misses. The event categories are abusive behaviour (five) and one cut incident. The near miss categories are motor vehicle (two), cut, and electric shock.

- 3.1.3 The Dashboard for April 2023 includes four events. The event categories are motor vehicle (two) and abusive behaviour (two). The April 2023 Dashboard also includes enhanced reporting of lead and lag indicators related to vehicle safety. This new reporting will continue to feature in all future Dashboards.
- 3.1.4 The Dashboard for May 2023 includes seven events. The event categories are abusive behaviour (three), motor vehicle (two), and one each for cut and object strike.
- 3.1.5 The most commonly reported event / near miss categories (year to date) are abusive behaviour, motor vehicle and slip, trip or fall.
- 3.1.6 There were no WorkSafe notifiable accidents or incidents for this reporting period.
- 3.1.7 All reported events and near misses have been appropriately investigated and corrective actions taken where required.

3.2 Health, Safety and Wellbeing Due Diligence Plan

3.2.1 The Health, Safety and Wellbeing Due Diligence Plan (Due Diligence Plan) supports Elected Members to meet due diligence requirements by providing opportunities for enhanced understanding of RDC's critical health, safety and wellbeing risks, and the controls for these risks. The Risk and Assurance Committee endorsed a revised Due Diligence Plan at its March 2023 meeting (attached for information). Current Due Diligence Plan activities are outlined below.

3.2.2 Review of Governance Health, Safety and Wellbeing Charter

The current Governance Health, Safety and Wellbeing Charter (Charter) is signed by the Mayor and displayed in Council Chambers. The Charter provides a visual representation of Elected Members commitment to their Due Diligence obligations as the governing body of Rangitikei District Council. The Charter was endorsed during the last triennium and is now due for review in accordance with the Due Diligence Plan. Changes recommended to the Charter include minor grammatical corrections, and replacement of the word 'organisation' with 'Council'. The revised Charter is attached for the Committees consideration and feedback.

3.2.3 Review of Health, Safety and Wellbeing in our Workplace Policy

The Health, Safety and Wellbeing in our Workplace Policy (Policy) has been reviewed in accordance with the Due Diligence Plan and Risk and Assurance Committee Work Programme. The revised document includes some minor wording changes and additional signatures to reflect the current composition of the Executive Leadership Team. The revised Policy is attached for the Committees information and feedback.

3.2.4 Better Governance Report – Findings and recommendations to improve health and safety governance in Aotearoa New Zealand

At the March 2023 meeting of the Risk and Assurance Committee, Members were advised of a best practice case study that Rangitikei District Council was invited to contribute to the Better Government Report jointly produced by the Institute of Directors, WorkSafe and the New Zealand Business Leaders Health and Safety Forum. The case study focused on Councils Due Diligence Plan and Work as Done

Sessions. That report has now been published, and the report summary is attached for information. RDC's case study begins on page 24. The report contains a number of recommendations focused on improving health and safety governance across New Zealand. These recommendations are being explored further by a national working group and it is anticipated that further resources and guidance to support governance capability will be available in the coming months.

3.3 Health, Safety and Wellbeing Work Programme Highlights

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

- Launch of new Safer Driver Framework (Waka Haumarū).
- Mental Health First Aid Training.
- Situational safety and tactical communications training for front line employees (de-escalation training).
- Taituara Health Safety and Wellbeing Benchmark Survey.
- Review of Health, Safety and Wellbeing in the Workplace Policy.
- Strategic risk deep dive review (obligations with health, safety and wellbeing are not met).

3.3.2 Health, safety and wellbeing activities currently underway:

- Review of Health, Safety and Wellbeing Risk Framework / Risk Register.
- Safe Plus assessment workplan stocktake.

3.3.3 Health, safety and wellbeing initiatives coming soon:

- Review of contractor health and safety management processes.
- Annual mole map checks.

Attachments:

1. **Health, Safety and Wellbeing Dashboard, March 2023** [↓](#)
2. **Health, Safety and Wellbeing Dashboard, April 2023** [↓](#)
3. **Health, Safety and Wellbeing Dashboard, May 2023** [↓](#)
4. **Health, Safety and Wellbeing Due Diligence Plan** [↓](#)
5. **Governance Health, Safety and Wellbeing Charter** [↓](#)
6. **Health, Safety and Wellbeing in Our Workplace Policy** [↓](#)
7. **Better Governance Report Summary** [↓](#)

Recommendation

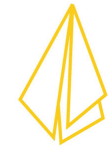
That the Health, Safety and Wellbeing Report together with attachments, be received.

Recommendation

That the Risk and Assurance Committee endorses the revised Health, Safety and Wellbeing Governance Charter, with or without amendment.

Recommendation

That the Risk and Assurance Committee endorses the revised Health, Safety and Wellbeing in the Workplace Policy, with or without amendment.

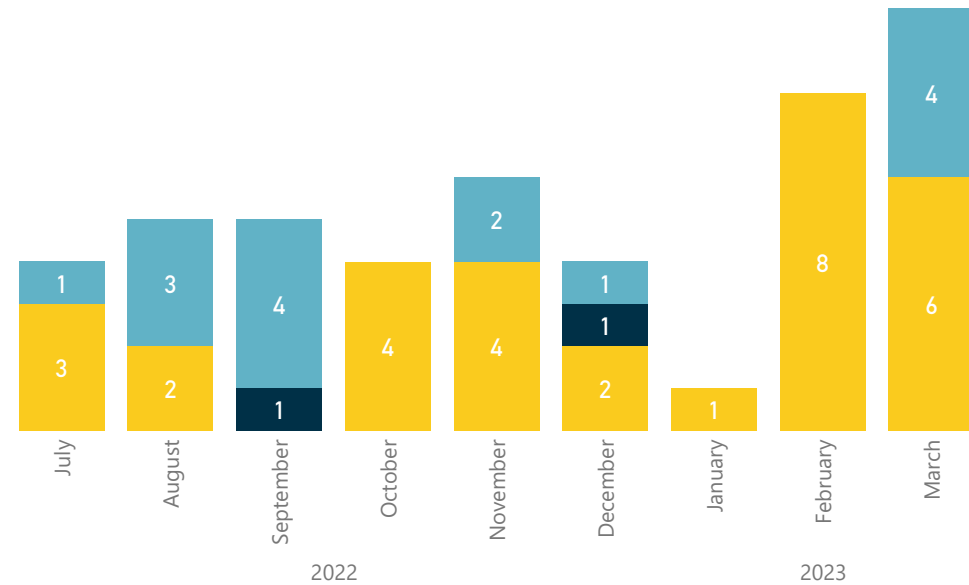


Rangitikei District Council Health & Safety

Events, Hazards and Near Misses

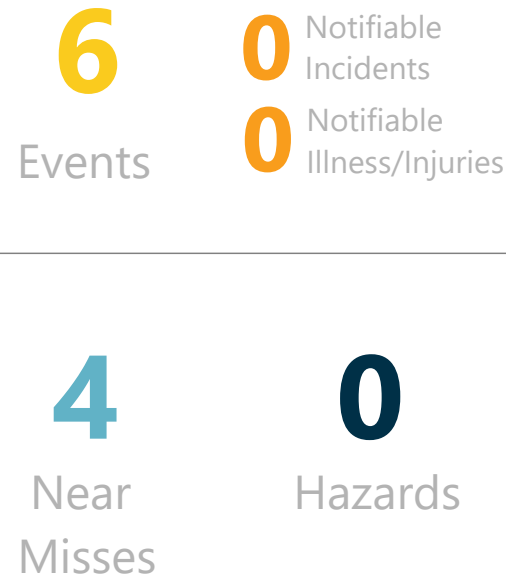
01 June 2022 to date

● Event ● Hazard ● Near Miss



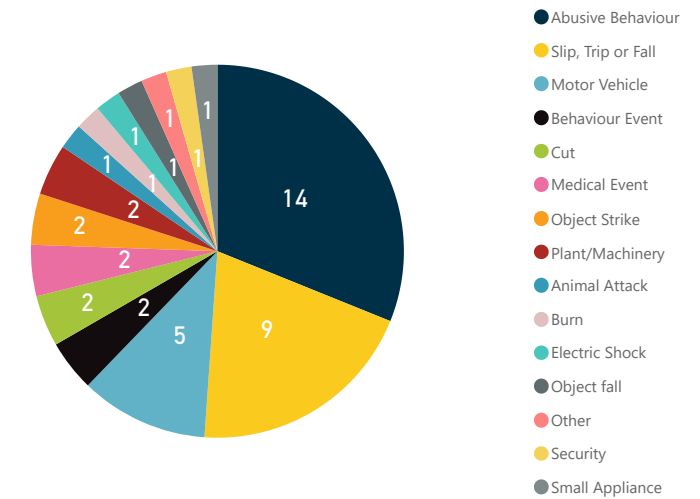
Last month

March 2023



Event/Near Miss Category

01 June 2022 to date



Wellbeing News

Thank you!

A huge thanks to everyone who took part in our Health, Safety and Wellbeing Focus Week activities and to those of you who participated in the Taituara Wellbeing Survey - we'll share the results with you once they are out.

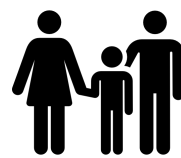
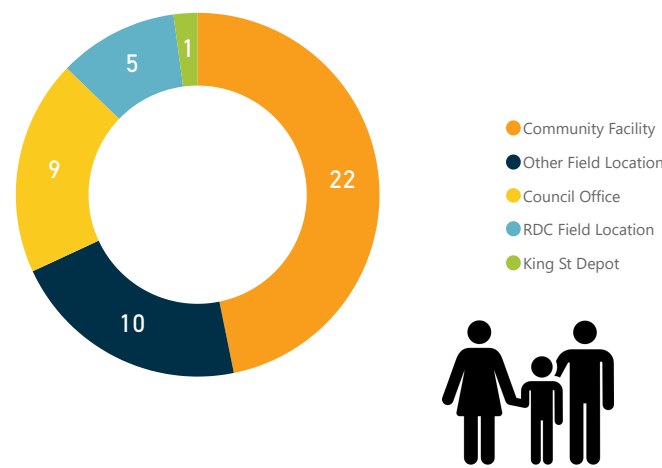
Hauora Ake - Wellbeing Programme

There's still time to access opportunities through My Choice Wellbeing for 2022/23. This initiative gives you the choice and flexibility to select wellbeing options that suit you. Have a look at the Safety and Wellbeing Section of Kapua for more information.

While you're there, have a look at our new wellbeing initiative 'Giving Back to the Community', which provides options for how you can volunteer your time for Council run community events or other charities.

Location

Events, Hazards and Near Misses



Driver Ratings

Rating	Jan	Feb	Mar
5 Stars	12	8	4
4 Stars	9	11	17
3 Stars	10	13	11
2 Stars	3	4	4
1 Star	0	0	0

Coming Up

Mental Health First Aid Training - 17th April
Contact Matt Gordon for more information.

Flu season is coming

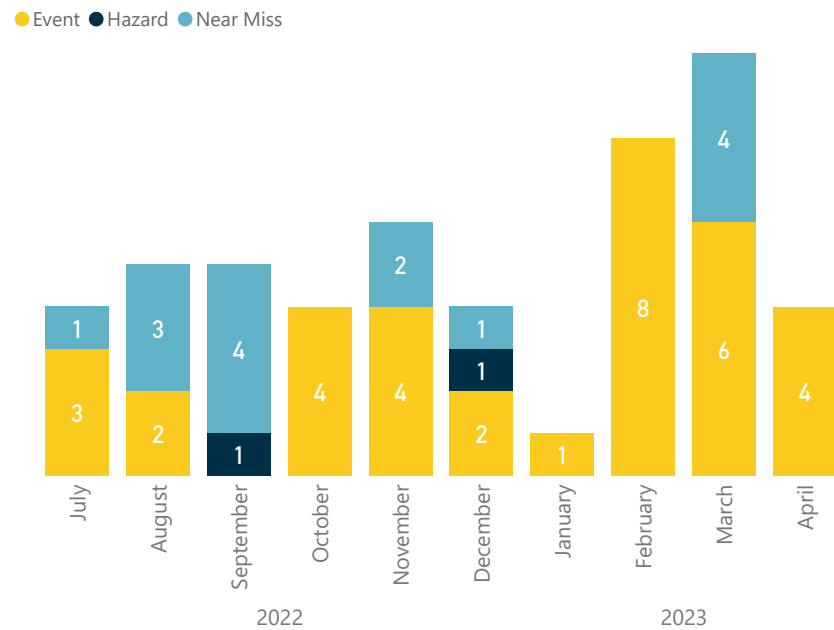
It's time to start thinking about protecting ourselves from winter ailments. As in previous years, all staff may access Flu vaccinations and Buccaline tablets through our Wellbeing Programme (HauoraAke). Buccaline tablets can be collected from the pharmacies in Bulls, Marton and Taihape by showing your Council ID card. If you missed our on-site Flu vaccination clinic, you're welcome to receive one from your own medical practice or local pharmacy and claim back the expense.

Covid-19 Boosters

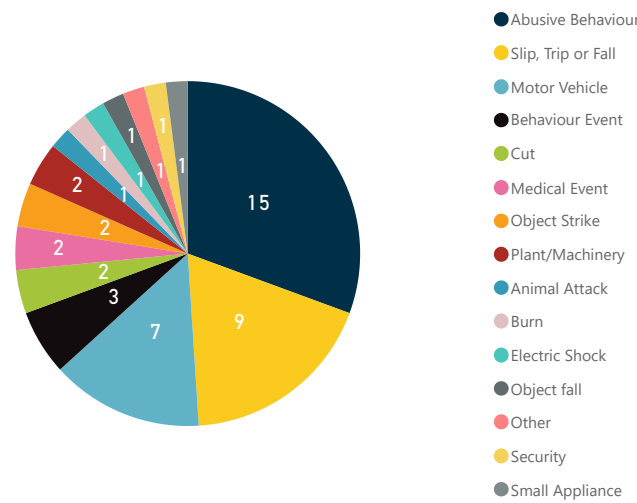
From 1st April 2023 the eligible age for Covid-19 boosters reduces to 30 years. We encourage you to stay on top of your Covid-19 immunity by receiving booster vaccinations.

Rangitīkei District Council Health & Safety

Events, Hazards and Near Misses 01 June 2022 to date



Event/Near Miss Category 01 June 2022 to date



Wellbeing News

Mental Health First Aid Training

Thank you for all those who attended the Mental Health First Aid Training Day, the course was a valuable learning experience for all those who attended. Further courses are in planning so if you're interested contact Matt to register interest.

Flu Vaccinations / Buccaline Tablets and Covid Boosters

Flu Vaccinations and Buccaline tablets are still available and are fully funded for all RDC employees. Additionally, Covid-19 boosters are now available to anyone over 30. Please contact Matt for more information.

Upcoming Training Opportunities

- Situational Awareness and Tactical Communications Training - Tuesday 23rd May
- First Aid Refresher - Tuesday 30th May
- Driver Simulator Training - Next course TBC

If interested in these courses please contact Matt to register interest.

Last Month

April 2023

4

Events

0

Notifiable Incidents

0

Notifiable Illness/Injuries

0

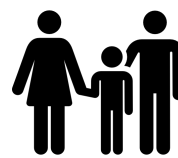
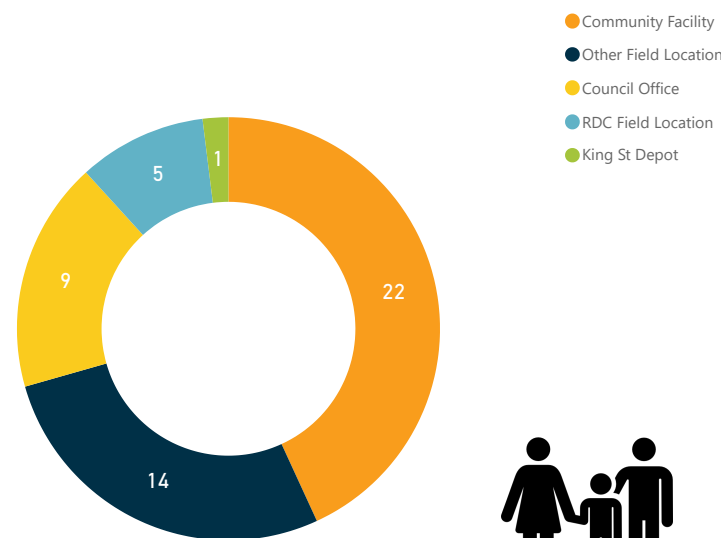
Near Misses

0

Hazards

Location

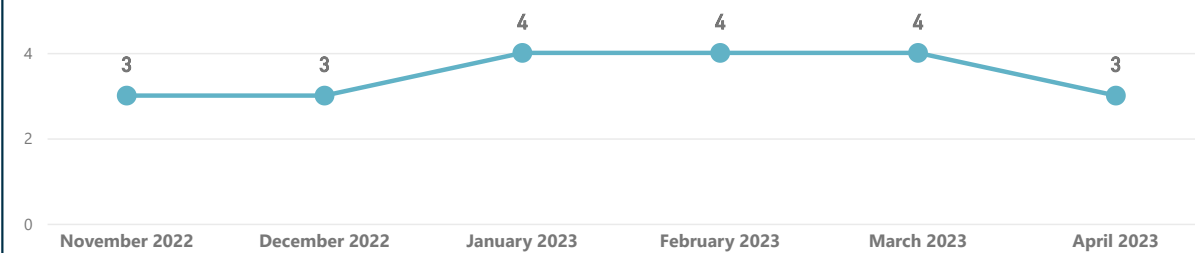
Events, Hazards and Near Misses



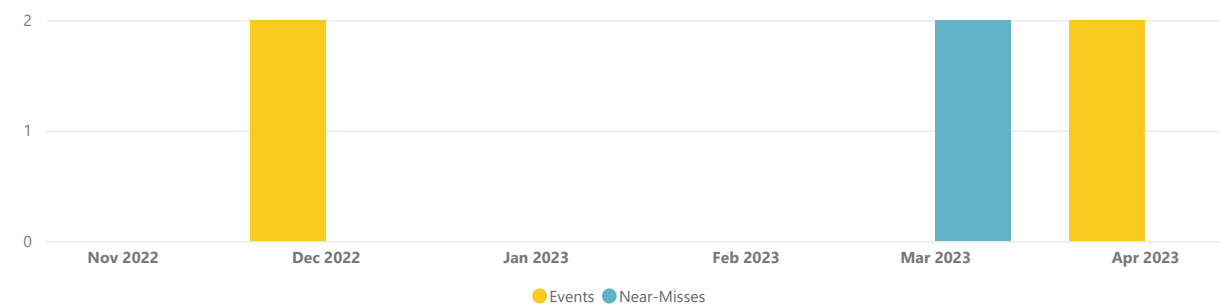
Average Driver Ratings

Ratings from E-Road Dashboard (Overspeed / Harsh Braking & Harsh Acceleration Events)

37% Completed Driver Safety Training

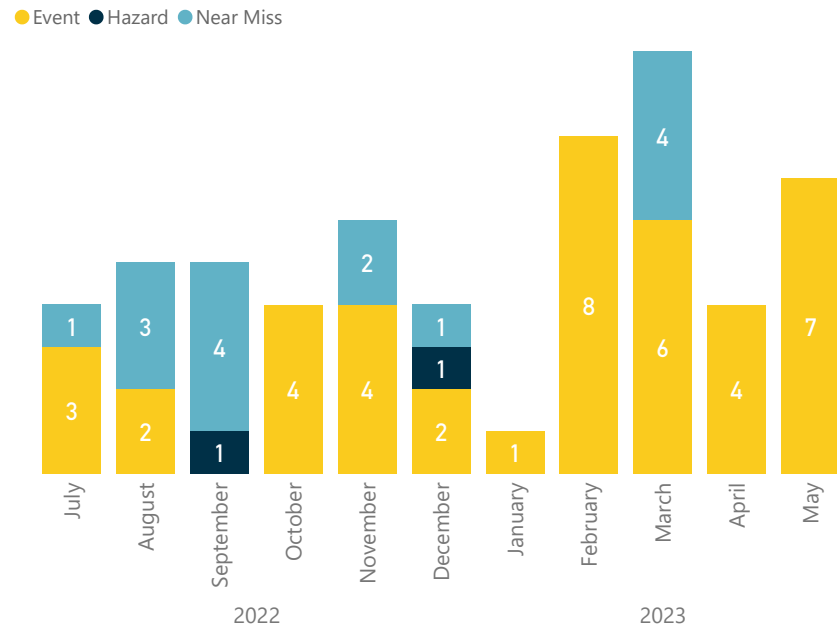


Vehicle Incidents

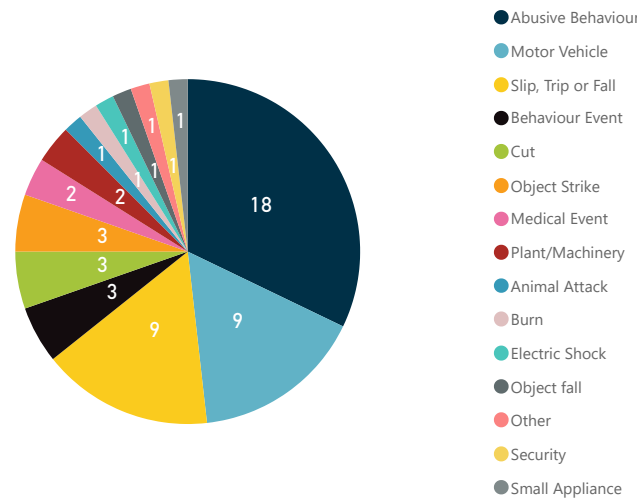


Rangitīkei District Council Health & Safety

Events, Hazards and Near Misses 01 July 2022 to date



Event/Near Miss Category 01 July 2022 to date



Wellbeing News

My Choice Wellbeing

June is the last month to claim for 'My Choice Wellbeing' in the 2022/23 financial year, so if you have something you wish to claim, please get your expense form completed now. The list of options you can access is included in Hauora Ake - Wellbeing Programme. If you have any questions, please contact Matt or Christin.

Upcoming Training opportunities

Mental Health First Aid Training - Tuesday 4th July.

We're also arranging the following courses over the next few weeks.

- Driver Simulator Training
- 4WD Training Course (2-Day course)
- First Aid Refresher Course

If you are interested in any of these courses please contact Matt to register your interest.

Last Month

May 2023

7

Events

0

Notifiable Incidents

0

Notifiable Illness/Injuries

0

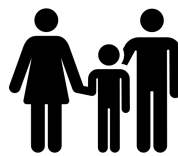
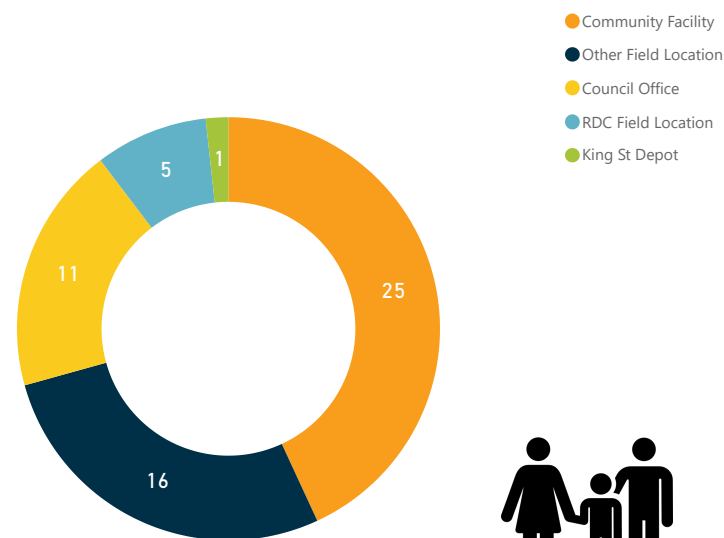
Near Misses

0

Hazards

Location

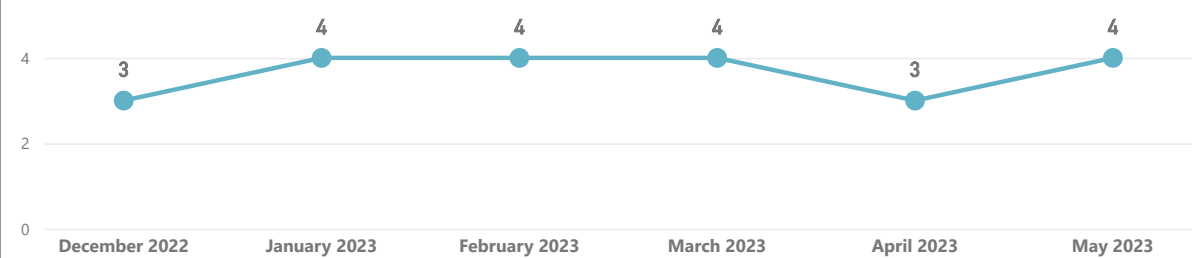
Events, Hazards and Near Misses



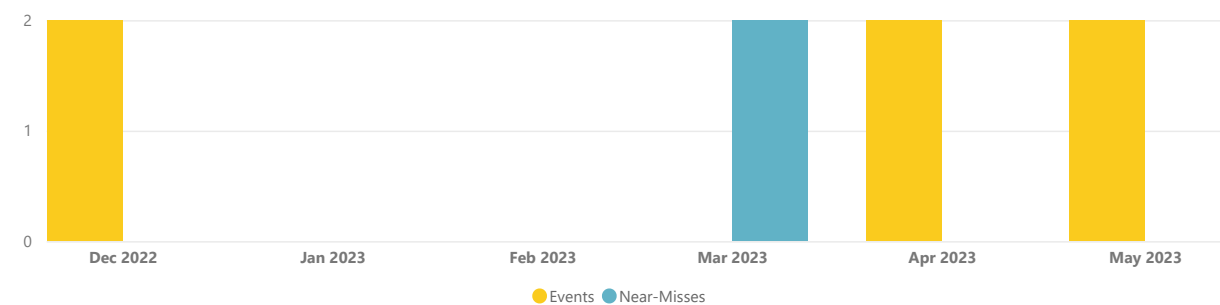
Average Driver Ratings

37% Completed Driver Safety Training

Ratings from E-Road Dashboard (Overspeed / Harsh Braking & Harsh Acceleration Events)



Vehicle Incidents



Health, Safety and Wellbeing Due Diligence Plan 2023 - 2025

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.

ITEM 9.2 ATTACHMENT 4

Scheduled activities		Due diligence element				When
What	Who	Policy & planning	Delivery	Monitoring	Review	
Workshop on HS&W governance for new Elected Members	Council		*			TBC
Appoint / re-confirm Governance HS&W Champion	Council	*				TBC if required
Endorse HSW Due Diligence Plan, including HSW Reporting Structure	Risk and Assurance Committee	*				Complete
Review and endorse HSW Governance Charter	Risk and Assurance Committee	*			*	June 2023
Institute of Directors Advanced H&S Governance Training (on-line)	Governance HSW Champion (if new person appointed)		*			As required
Review and Endorse HS&W in the Workplace Policy	Audit and Risk Committee	*				June 2023
SafePlus Assessment	Whole organisation	*			*	Oct 2023
Review and endorse HSW Strategy	Risk and Assurance Committee	*			*	2024

Regular activities and reporting structure		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), including update of HS&W incidents, innovations and other matters.	Risk and Assurance Committee			*		Quarterly
Full report of notifiable incidents or accidents	Risk and Assurance Committee			*		As needed
Work as Done Sessions (on-site experiences)	Elected Members Chief Executive, ELT, Officers.		*	*		Annually / as required
HS&W Committee Meetings	GM People and Performance Second ELT representative		*	*		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

Governance Health, Safety and Wellbeing Charter

VISION

Rangitikei District Council's Health, Safety and Wellbeing vision is 'everyone gets home safe'. This means that every person who comes to work at or with the Council gets home each day safe, healthy and well.

PURPOSE

1. Elected members have a governance role in providing leadership and oversight on all matters relating to health, safety and wellbeing.
2. Elected members are committed to ensuring the Council complies with its health, safety and wellbeing duties arising out of its operations.
3. Elected members are committed to supporting management in implementing and maintaining health, safety and wellbeing systems that meet excellent practice standards.
4. This Charter sets out the responsibilities of elected members in relation to health, safety and wellbeing.

RESPONSIBILITIES

Each elected member will exercise due diligence to ensure that Council complies with its duties under relevant health and safety legislation. This means that each elected member will take all reasonably practicable steps to:

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

REVIEW

The responsibilities set out in this Charter will be reviewed at least every three years to ensure it adequately sets out elected member's governance role in health, safety and wellbeing, and the Council's commitment to a safe, healthy and well workplace.

Signed on behalf of Council:

Andy Watson, Mayor of Rangitikei District

Date

Health, Safety and Wellbeing in our Workplace



The safety and wellbeing of our people is our number one priority; we want everyone to be safe at work and get home healthy and well.



COMMITMENTS

We aspire to a culture that supports our unrelenting focus on health, safety and wellbeing. We will achieve this by empowering our people to take personal and collective responsibility to ensure that all work activities are carried out safely. We support forward-thinking continuous improvement measures and innovations that proactively enhance the health and wellbeing of our workers. We want our people to experience greater wellbeing, because they are part of our team.

Peter Beggs
Chief Executive



RESPONSIBILITIES

We are committed to continuously improving health, safety and wellbeing practices by:

- Providing a safe working environment including safe systems of work
- Providing opportunities and programmes that support the wellness and enhanced wellbeing of our employees
- Ensuring that all parties, including Elected Members, senior leaders and employees, are kept up to date with relevant legislation, codes of practice and regulations, including but not limited to the Health and Safety at Work Act 2015
- Ensuring property and equipment is in a safe and working condition
- Ensuring safe use and management of chemicals
- Provision of correct personal protective equipment (PPE)
- Ensuring emergency procedures are in place
- Ensuring all vehicles are maintained in a safe warrantable condition
- Providing appropriate training, instruction and supervision to ensure that everyone can work safely, and in a manner that is free from risks to health and wellbeing.
- We are committed to engaging and cooperating with workers and external agencies in all matters relating to health, safety and wellbeing in the workplace and we will continually improve performance through effective safety management and systems.



EMPLOYEES AND CONTRACTORS

All employees and contractors have an obligation to proactively engage in safe work practices that prevent injury to themselves and others; and which prevent damage to property and equipment by:

- Following instruction, directions and policies to prevent incidents or injuries
- Taking care of the health, safety and wellbeing of themselves and others
- Wearing PPE and suitable clothing
- Not misusing or interfering with any health, safety and wellbeing related equipment or signage
- Accurately reporting all accidents, incidents and near misses as soon as possible on the day of the event, no matter how trivial
- Reporting all known new hazards or observed risks to their manager or the Health, Safety and Wellbeing Advisor as soon as possible.

Johan Cullis
Group Manager Regulatory

Gaylene Prince
Group Manager Community Services



APPLICATION OF THIS POLICY

We will work in collaboration with workers, customers, suppliers and visitors. We encourage feedback and suggestions for improving the safety of our work environment and achieving our health, safety and wellbeing objectives. Our policy applies to all Council workers, operations and functions, including those situations where workers are required to travel or work off-site.

Adina Foley
Group Manager Capital Projects

Dave Tombs
Group Manager Corporate Services

Sharon Grant
Group Manager People & Performance

Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand

SUMMARY

The **Better Governance** Report Series

- 2 Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand – Summary

Introduction to the *Better Governance* project

The health, safety and wellbeing of kaimahi (workers) is both an ethical and legal responsibility for those who govern and lead businesses and organisations in Aotearoa New Zealand. This includes those governing and leading organisations from overseas, for example, in the case of multinationals.

We know that health and safety are generally on the agenda for boards, officers and leaders. We also know that our performance against some measures has stalled. In some cases, our performance is getting worse. Kaimahi are still being killed and seriously harmed while whakamahi (working) in Aotearoa. The agenda is not driving the necessary change towards positive outcomes.

Mahi Haumarū Aotearoa – WorkSafe New Zealand (WorkSafe) has publicly signalled an intention to increase its focus on boards, officers and other leaders supporting healthy and safe mahi (work) under the *Health and Safety at Work Act 2015* (HSWA). This provides the opportunity for officers and leaders to improve health and safety governance culture, competency and consistency of practice.

Over the past five years, an average of **77 kaimahi** have been killed each year while working¹

Injuries resulting in **more than a week away from work** have risen every year over the past ten years, except in 2020

There are an estimated **5,000–6,000** hospitalisations each year due to work-related ill-health

Health and safety governance has a critical and crucial role in improving outcomes for organisations and their kaimahi

The *Better Governance* project (the project) was initiated in the context of Aotearoa's flatlining and deteriorating performance, and the renewed focus of WorkSafe on leaders. And, because governance is an area of opportunity identified by a number of health and safety leadership organisations and professionals, following the path set out by the *Royal Commission into the Pike River Mine Tragedy* and the *Independent Taskforce on Workplace Health and Safety* (the Independent Taskforce).

The project is being led by the *Business Leaders' Health and Safety Forum* (BLHSF) and the General Manager Safety Forum (GM Safety Forum). It has support from the *Institute of Directors* (IoD) and from WorkSafe, along with a wide range of stakeholders.

¹ All health and safety-related statistics referenced in this report are from WorkSafe unless otherwise noted, and are subject to the data limitations noted at <https://data.worksafe.govt.nz/>

WorkSafe funding has enabled this phase, **phase one: discovery and options identification**. The funding provided for the project team, acting in a strategic and advisory capacity drawing from our subject matter expertise and experience. It also provided for a part-time project team member to support the project.

As a result of phase one, the project team have already shared two legacy reports with over 1,000 stakeholders. This includes with ministers and members of parliament, policy makers, operational agencies and teams, regulators, those working in a wide range of governance sectors and in businesses and organisations throughout the motu, along with *Te Kauae Kaimahi – the New Zealand Council of Trade Unions*.

The team have now developed a suite of recommended actions to improve health and safety governance, and outcomes, in Aotearoa. They are summarised in this document and detailed our final report, which concludes phase one and the current dedicated funding for the project.

The project team believes that **phase two** of the project – to implement our recommendations – is necessary so that the work to-date translates into action for positive change. There is goodwill towards the project and the work, and there is momentum that we need to harness. **Phase three: monitoring and evaluation** should follow in order for success to be measured and adjustments made.

We invite all of you to continue to advocate for the importance of improving health and safety governance, and to take action to improve governance and leadership in your organisations and sector. The project team knows that taking action to make improvements is important to many. This is because the project has benefited from the contribution of many stakeholders and *subject matter experts* (SMEs). We would like to *whakamihi* (acknowledge) everyone who has contributed to date, and say *tēnā koe* (thank you).

The team, and our resources, for this phase of the project were small. But, we had a big ambition and a clear project vision that remains true as we conclude this phase. It was focused on directors and officers, their discussions and questions about health and safety, and the decisions they make drawing from diverse, reliable and credible insights and advice. It is that:

Governance leadership genuinely improves health and safety performance in Aotearoa

The project team:

Chris Jones
GM Safety Forum

Francois Barton
BLHSF

Mike Cosman
IoD

Greg Lazzaro
Expert advisor

Craig Marriott
Expert advisor

4 Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand – Summary

Background to this report

To start the project, a stakeholder engagement and discovery exercise was undertaken. This was to better understand how governance was done in Aotearoa, and to hear about the opportunities and challenges confronting health and safety governance from a range of stakeholders. The project team also wanted to understand:

- where officers and leaders were getting their health and safety governance advice
- the health and safety governance information and guidance material that was available
- what was influencing officers and leaders in their governance discussions and decisions
- if there was any evidence connecting good governance with better health and safety outcomes.

We produced a *Stakeholder Engagement* report. In it, we identified that most stakeholders agreed action to make improvements in health and safety governance, and governance generally, was needed. We also identified a compliance-focused approach to health and safety governance.

Health and safety governance has not been the catalyst for system and performance change that was anticipated with the creation of a legal duty in the HSWA



A challenge to health and safety governance that was consistently raised with the team was the increasingly complex environment in which officers and leaders govern. Stakeholders also noted the challenge of lifting the governance performance across the diverse range of governance sectors.

Our *Health and safety governance advisors, advice and other influences report* sets out the detailed findings from our discovery exercise. We found that:

- officers and leaders may seek advice from a wide range of people and organisations, some of whom provide general advice, some health and safety-specific advice
- there’s a wealth of publicly available governance materials but very little work-related health and safety governance material adding value
- influences and concerns include legislation and case law, COVID-19, mental health and wellbeing, the environmental, social and governance (ESG) agenda, social licence and the media.

We reviewed over 200 governance materials, including:

information and guidance	templates and checklists	questions and answers documents	training course outlines and workbooks
-----------------------------	-----------------------------	---------------------------------------	--

Stakeholder generally accepted that good health and safety governance can support good outcomes for organisations and their kaimahi, and that of their partners. They confirmed the view of the *Independent Taskforce* which saw a clear role for those in governance enabling healthy and safe mahi.² There is also evidence that boards and officers influence health and safety outcomes in their organisations. The most powerful evidence is, sadly, catastrophic events and inquiries into them. The Pike River Mine tragedy is an example.

We found evidence of the value of integrating health and safety into organisational strategy and purpose, not seeing it as a transactional or compliance activity, and understanding it as a long-term commitment. There were references to the benefits of caring for kaimahi, valuing them, seeing them as an asset, and ensuring worker participation in health and safety. The need to collaborate across an organisation, and be open and transparent about health and safety risks and harms was referenced.

² <http://hstaskforce.govt.nz/documents/report-of-the-independent-taskforce-on-workplace-health-safety.pdf>

- 6 Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand – Summary

The opportunity to redefine health and safety, and health and safety governance

Redefining health and safety as an outcome

The project team considers that there is an opportunity to clearly define, and for some redefine, “health and safety”. This is so Aotearoa can share a view on these things that we want officers and leaders to govern and lead for; we want business and organisations to manage and deliver; and we want our kaimahi, their family and whānau, and our communities to be.

Health and safety are positive outcomes of work going well

If Aotearoa understands health and safety as positive outcomes of work going well, in both expected and unexpected situations, we can then ask how best to achieve those outcomes for our organisations and kaimahi. The *Independent Taskforce* noted that officers have power, influence and resources, and described the need for their leadership as “vital”.³

Leadership is about having a vision, and setting out a strategy that supports an organisation and its kaimahi to work towards achieving it

Redefining health and safety governance through a shared vision and principles to guide action

The need to have a vision, and a strategy that flows from it, is widely accepted as important for business and organisations to succeed. Strategy and purpose are one of the IoD’s *Four Pillars of Governance Best Practice*.⁴ We have prepared a draft vision and set of principles for health and safety governance. They are koha (an offering) from the project team.

³ <http://hstaskforce.govt.nz/documents/report-of-the-independent-taskforce-on-workplace-health-safety.pdf>

⁴ <https://www.iod.org.nz/resources-and-insights/4-pillars-landing-page/#>

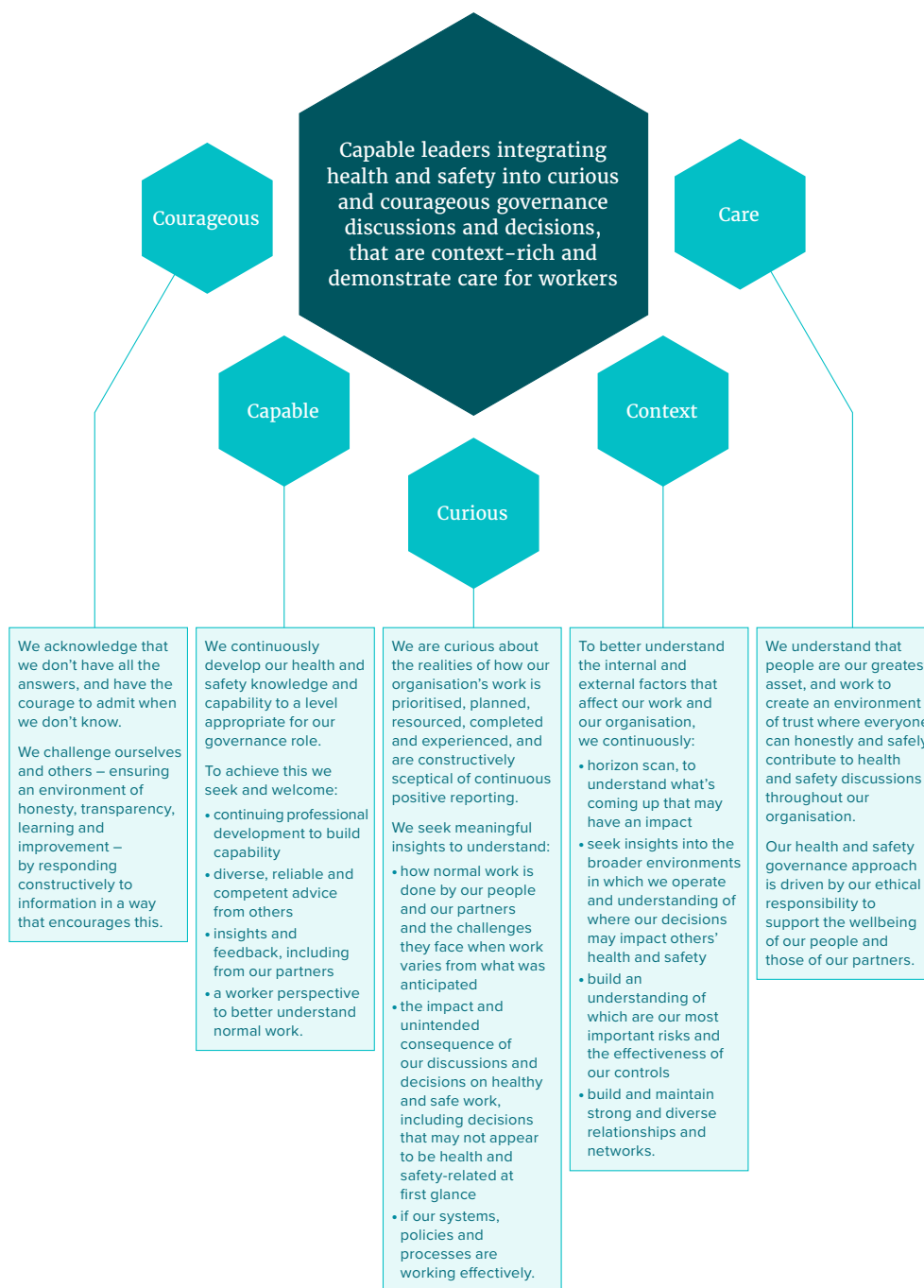
What is governance?

There is no one single activity that defines “governance”. It is the system through which organisations are directed and controlled. It includes strategic planning, vision and purpose-setting, and risk and performance management and assurance.



8 Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand – Summary

Our vision for health and safety governance



Summary of our principles for health and safety governance

Our principles for health and safety governance complement our vision. They are a place to begin in doing the necessary work to build a picture of what health and safety governance should look like. We would like to see further work done in the next phase of the project to align them with uara and tikanga Māori (Māori values and principles).

Learn and develop	We recognise that ongoing learning and development is vital and a requirement of our role
Anticipate and understand	We anticipate the impacts of change, and understand that a range of different scenarios may occur from it
Plan and resource	We plan for dynamic, messy work, and recognise that positive health and safety outcomes require people and resources to cope with that complexity
Trust and verify	We trust our people and partners to give advice and implement the decisions we make; we verify that those things happen, and that our critical systems and controls work
Monitor and respond	We monitor our work, seeking and welcoming genuine insights into our risks, and respond in a way that encourages honesty and transparency

10 Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand – Summary

Better understanding how governance can address inequitable outcomes

As part of this discovery phase, the project team identified the need for further korero (discussion) and whakaaro (consideration) about how better health and safety governance can help address inequitable outcomes for Māori and non-European kaimahi. We see the need to share a better understanding of the fact that inequities for Māori and other non-European kaimahi are *not* just because they are working in higher-risk sectors or industries, or higher risk jobs, although this is a significant issue.

We acknowledge that this kōrero can be challenging and will require a commitment to building further cultural understanding and competency in our officers and leaders. We also know engaging in the kōrero will provide boards, officers and leaders with a significant opportunity.

If we can govern and lead to address inequities in outcomes for non-European kaimahi, we will significantly improve outcomes for all of Aotearoa. If we cannot, we will struggle to achieve the performance improvements we want and need.

We need to break out of the status quo and stop saying “this is the way we have always done it” – what we’re doing now isn’t enough



Between 2013 and 2019 outcomes for Māori got worse with an increase in both acute injuries, and acute injuries with a week or more away from work⁵

55%

The rate of acute injury with a week or more away from work for Māori has been, on average, 55% higher than the rate for non-Māori⁶

15%

The Māori rate of acute injury with a week or more away from work has increased by 15% in the past six years; in the same period the non-Māori rate increased by 8%⁷

⁵ <https://www.worksafe.govt.nz/dmsdocument/46468-maruiti-2027-safe-haven/latest>

⁶ Ibid

⁷ Ibid

Our initial recommendations for action and change

Our vision and principles for health and safety governance are about foundation-building. Building upon those pou (pillars), our initial recommended actions are summarised below. They are focused on:

- understanding and adapting to the **context** in which health and safety governance is done in Aotearoa, by officers and leaders in different governance sectors and prioritising future work
- ensuring **clarity** of obligations and what good practice can look like in different sectors, and of the expectations and intervention approach of the regulators
- building **capability** and **diversity** in officers and leaders, and those advising health and safety governance, so they can better support organisations and kaimahi to thrive
- **monitoring what matters** to shift the compliance focus to a focus on critical and strategic risk, and to assuring critical controls and systems are in place and working as intended.

In making our recommendations have not sought to replicate our earlier reports. They are our:

- *Stakeholder Engagement report*
- *Health and Safety Governance Advisors, Advice and Influences report.*

We have made suggestions about the stakeholders that might be party to delivering an action. We recognised that some stakeholders will not have the resources available to make an ongoing commitment to this work without support.

We acknowledge that to some stakeholders the project team’s recommended actions may not be as ambitious as they might have wanted. Their foundational focus created a tension with our desire to contribute more and recommend more. But, they recognise the diversity of the governance sectors, and the range of health and safety governance maturity, we have identified. They are a place to begin, and we believe that with ongoing goodwill and momentum, we *can* do more and the team’s vision *is* achievable.

I orea te tuatara ka puta ki waho

The need for a focus on health and safety is constant

12 Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand – Summary

What we recommend

Our recommended action(s)	Priority	Key stakeholders
Context		
<p>1. Establish and fund a health and safety governance reference group to:</p> <ul style="list-style-type: none"> represent the key stakeholders that should be engaged in the next phase of the project support the development and delivery of the recommended actions provide advice on the sectors that should be prioritised as targets for intervention. 	High	Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
<p>Rationale: An overarching reference group can help ensure there is diversity and representation from a range of sectors supporting the next phase of the project. The group can help build an understanding of the different sectors, and support the development and implementation of the recommended actions so that they are fit for purpose.</p>		
<p>2. Develop and share a set of governance sector-specific “personas” that:</p> <ul style="list-style-type: none"> identify the key features of each sector and the way their governance is generally done can be used to develop specific examples to support the vision and principles can enable communications, information and other actions for change to be better targeted. 	High	Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
<p>Rationale: High-level personas – such as a professional director on the board of a publicly listed company, an owner-operator of a family business, a volunteer not-for-profit board member – will provide a start from which further detailed and nuanced personas could follow in the future. It will help with the development and implementation of our recommended actions, and the regulators to build an understanding of governance practice in the different sectors.</p>		

Our recommended action(s)	Priority	Key stakeholders
Context		
3. Use the personas, the knowledge gained in developing them, and risk and harm data and insights to identify target sectors for which the delivery and implementation of the recommended actions should be prioritised.	High	Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
Rationale: There will need to be some prioritisation of our recommended actions, and we provide our views on this in the “priority” column and next section of this report, <i>Implementing the recommended actions</i> . Prioritisation decisions should be made considering risk and harm data and insights, and the influence a particular governance sector might have.		
Clarity		
4. Develop and communicate detailed guidance , with reference to the sector “personas”, about who comprises an officer , so that leaders, senior managers and others can be clear about whether they hold officer duties.	High	Health and Safety Policy Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
Rationale: The meaning of “significant influence” is context and case-specific. However, better, clearer and more detailed guidance than exists now can be developed for the various governance sectors. It does not have to identify named roles, but the activities that a person who is an officer, or with significant influence, undertakes within an organisation.		

- 14 Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand – Summary

Our recommended action(s)	Priority	Key stakeholders
Clarity		
5. Develop and communicate detailed guidance , with reference to the sector “personas”, about the difference between due diligence and a PCBU’s duties , so due diligence duty can be better understood and delivered.	High	Health and Safety Policy Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
Rationale: Officers who are managers and/or workers need to be clear about the different roles they play, and what HSWA duties apply to those roles. This was acknowledged as a significant challenge by many stakeholders.		
6. Develop and communicate detailed guidance , with reference to the sector “personas”, about governing PCBUs who hold shared and overlapping duties .	Medium	Health and Safety Policy Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
Rationale: The project team was surprised at how few of the governance materials we reviewed provided information or guidance on governing PCBUS with shared and overlapping duties. This is a significant gap considering few organisations and their kaimahi work in isolation.		

Our recommended action(s)	Priority	Key stakeholders
Clarity		
<p>7. Develop and communicate detailed guidance, with reference to the sector “personas” and varying levels of maturity, about the activities and actions that support good work-related <u>health</u> governance along with good <u>safety</u> governance so that key features of each are understood.</p>	Medium	Health and Safety Policy Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
<p>Rationale: Officers need guidance on the activities and actions that support good work-related health governance along with good safety governance. There needs to be more than lists of questions or checklists in the guidance materials. There needs to be sector-based examples of what a good answer would look like.</p>		
<p>8. Undertake a further, detailed review of the publicly available health and safety governance material to encourage the removal or correction of outdated or inaccurate materials, and reduce the overall number of materials.</p>	High	Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
<p>Rationale: Although it is not possible to control who produces information, there needs to be <i>trusted</i> and <i>authoritative</i> sources of information and guidance to support a range of governance sectors and maturities. The regulators, and the main governance organisations, should be the primary sources of freely available, foundational health and safety governance advice. They should further review the information available to give effect to this; encouraging out of date, incomplete or inaccurate information to be removed.</p>		

- 16 Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand – Summary

Our recommended action(s)	Priority	Key stakeholders
Clarity		
<p>9. Develop, communicate and implement a regulatory intervention approach to give officers clarity about the expectations of them in fulfilling their duties, and to enable those who fail to fulfil their duties to be held to account.</p> <p>There is a need for the regulators (to work together) to clarify their:</p> <ul style="list-style-type: none"> • position on and expectations of officers • intervention approach covering: <ul style="list-style-type: none"> – engagement and education – investigations – sanctions – prosecutions. 	High	Regulators
<p>Rationale: We heard that the regulators have not set a clear baseline of expected officer behaviours and actions, and that there is limited use of sanctions. This is not fair to those boards, officers and leaders who are fulfilling their duties where others are not. The current WorkSafe position statement is not enough and no position statement has been articulated by the CAA or Maritime NZ.⁸</p>		
<p>10. Develop and deliver a multi-modal, multi-channel communication and education campaign, with reference to the sector “personas”, to inform officers and leaders of their HSWA obligations and the competencies and activities required to deliver them.</p>	Lower	Regulators, with support
<p>Rationale: There needs to be a sustained effort to build awareness of the officer duties in the HSWA, what they require of officers and leaders, and the competencies required to deliver them. The regulators should lead this work with support from all stakeholders.</p>		

⁸ <https://www.worksafe.govt.nz/laws-and-regulations/operational-policy-framework/worksafe-positions/officers-due-diligence>

Our recommended action(s)	Priority	Key stakeholders
Capability and diversity		
<p>11. Develop and communicate, with reference to the sector “personas”, a health and safety governance competency framework for officers and leaders, with a complementary:</p> <ul style="list-style-type: none"> recruitment pack with job description criteria and interview questions induction pack speaking to the due diligence duty and the organisation’s risk management approach performance plan framework and assessment criteria. 	Medium	Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
<p>Rationale: The development of a competency framework will support lifting the capability of new officers, and those lower levels of experience and / or maturity. It may encourage a wider range of people to apply for governance roles by clarifying the skills and competencies needed. It will enable those with existing experience and skills to grow in their roles as officers and leaders. A continuing and continuous learning approach will enable Aotearoa’s leaders to access innovations, and be informed of new and emerging leading governance practice.</p>		
<p>12. Develop and communicate, with reference to the sector “personas”, a health and safety governance meeting pack, with:</p> <ul style="list-style-type: none"> annual plans for structured health and safety deep dives example board or management paper templates considering health and safety example questions (and answers) for curious governance discussions. 	Lower	Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
<p>Rationale: We don’t want boards, officers and leaders to take a templated approach to health and safety. But we recognise that people and organisations can benefit from having a place to begin, to escalate health and safety, and integrate it into their governance discussions and decisions.</p>		

- 18 Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand – Summary

Our recommended action(s)	Priority	Key stakeholders
Capability and diversity		
13. Support the New Zealand Institute of Safety Management’s (the NZISM’s) programme of work to develop and implement a health and safety governance competency framework and professional registration mark for health and safety practitioners.	Medium	Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
Rationale: The NZISM is developing a new governance initiative to support health and safety professionals build their skills and competencies. This work should be actively supported so that there is alignment in the approach for officers, practitioners and the regulators.		
14. Implement a health and safety governance team within WorkSafe, supporting the regulators, with a complementary: <ul style="list-style-type: none"> • recruitment pack with job description criteria and interview questions • performance plan framework and assessment criteria • work programme aligned to the intervention strategy. 	High	Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
Rationale: In order to deliver a health and safety governance intervention strategy, the regulators need executive ownership and dedicated capability and resources. They need people who can effectively engage with, educate and investigate boards and officers. The skills and competencies needed a unique.		

Our recommended action(s)	Priority	Key stakeholders
Capability and diversity		
<p>15. Develop and fund a training and continuing professional development programme for health and safety governance including recommended:</p> <ul style="list-style-type: none"> • information and guidance • reading materials • training and development programmes • networking and learning opportunities. 	Medium	Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
<p>Rationale: There are health and safety governance training programmes available for officers, leaders, practitioners and others looking to develop their skills and capabilities; however, they come with a cost and can be very expensive. They need to be complemented by freely accessible, clear and authoritative guidance materials, reading lists, and fee or funded training opportunities.</p>		
<p>16. Develop, implement and fund a health and safety governance mentoring programme for officers, leaders, practitioners and others looking to develop their skill and competencies.</p>	Lower	Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
<p>Rationale: The mentoring programmes we heard about (rightly) target specific population groups. The good work being done through these programmes could be an example for developing health and safety governance networking programmes that are accessible to all officers, leaders and health and safety practitioners.</p>		

- 20 Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand – Summary

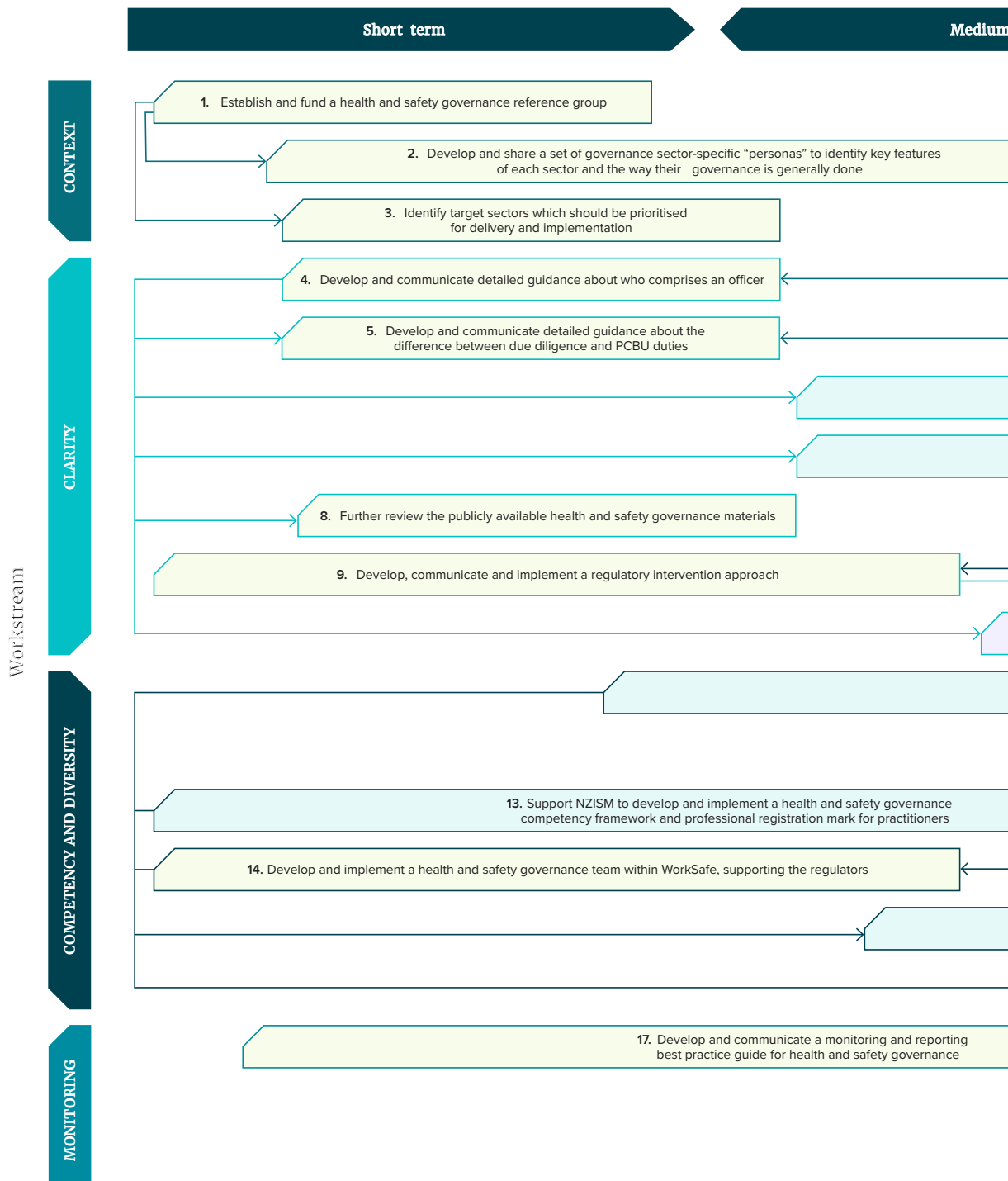
Our recommended action(s)	Priority	Key stakeholders
Monitoring		
<p>17. Develop and communicate, with reference to the sector “personas”, a monitoring and reporting best practice guide for health and safety governance including measures and insight supporting effective:</p> <ul style="list-style-type: none"> • health and safety system, policies and processes performance • governance practice so that officers and leaders can reflect on their own mahi. 	High	Regulators Governance organisations Sector organisations H&S sector organisations Practitioner representatives Worker representatives Hāpu and Iwi representatives Ethnic sector representatives
<p>Rationale: Officers and leaders need more than just data. They need insights on:</p> <ul style="list-style-type: none"> • their organisation’s critical and strategic risks, and how those risks are being effectively mitigated and managed • the performance of their systems, policies and processes; are they known about, followed, successful, needing work • what additional controls might be available, and why they are not being used within their organisation or by their partners • the way normal work is done and how it varies from those systems, and why; is the variation healthy, safe innovation or is it risky. 		

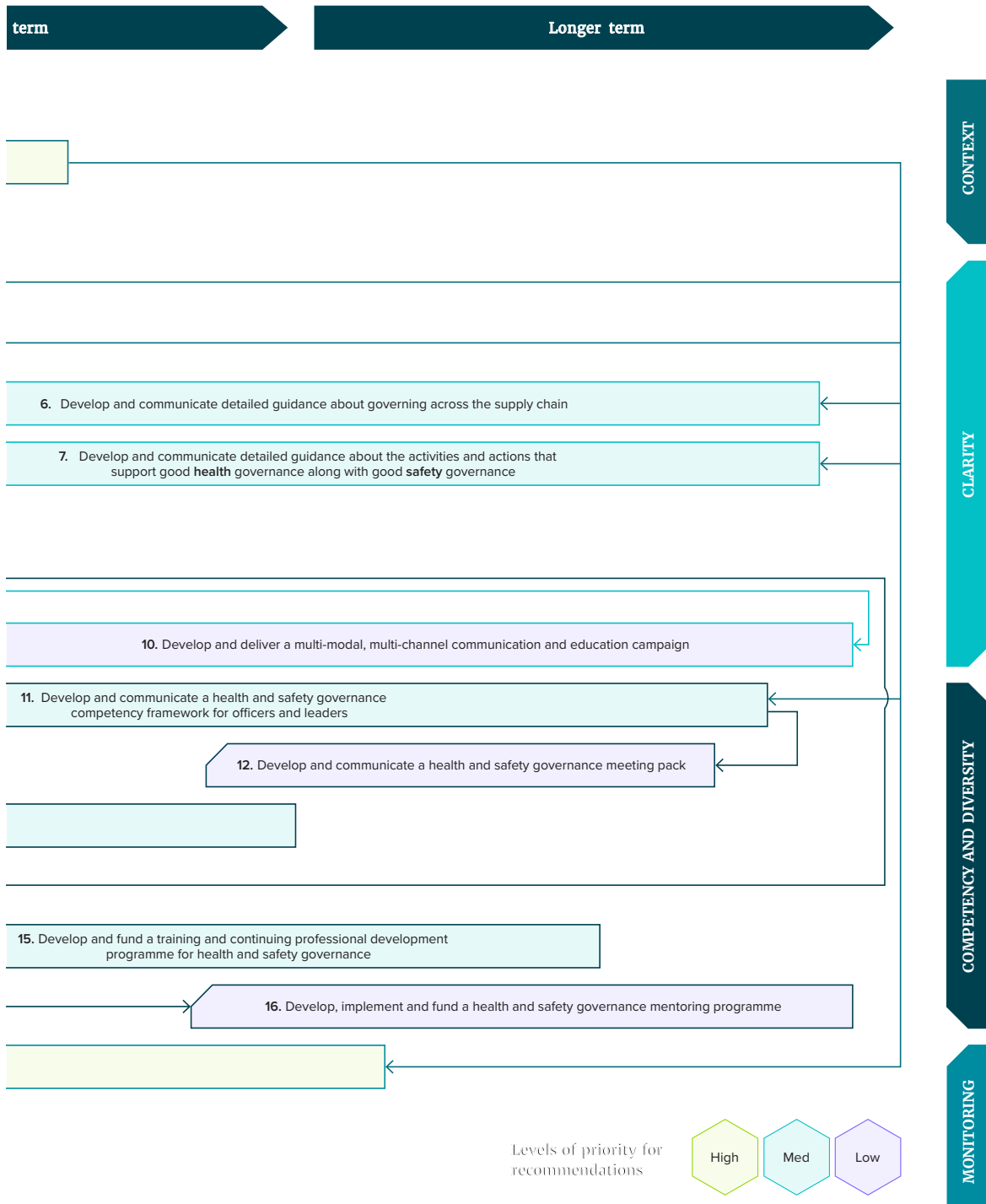
Implementing the recommended actions

The diagram below sets out a high-level starting approach toward implementation. We have tried to indicate where recommended actions directly relate to, or flow into, each other. This is not an implementation plan but a starting point on which one can be built for the next phase of the project. The recommendations in green are those which we consider the highest priority. Those in blue are the next level of priority, with those in purple to follow. The width of the boxes in which the recommendations are presented are a high-level indication of the expertise, time and resources we consider will be required to deliver a recommendation.

22 Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand – Summary

Figure two: proposed approach to delivering and implementing our recommended actions





- 24 Findings and recommended actions to improve health and safety governance in Aotearoa New Zealand – Summary

Work as done – case study

Health, safety and wellbeing is an important priority for Rangitikei District Council. They want everyone to be safe at work, and get home healthy and well. Not only that, they also want their people to experience greater overall wellbeing because they work for the Council.

Like any other Board, the Elected Members of Rangitikei District Council are expected to carry out due diligence. Working together, Council's senior managers and Elected Members developed a Health, Safety and Wellbeing Due Diligence Plan aligned to the WorkSafe and IoD *Health and Safety Guide – Good Governance for Directors*.⁹ The plan provides a programme designed to support Elected Members achieve their due diligence obligations and to increase their overall health, safety and wellbeing capability, by helping them better understand the organisation's work including the risks that staff may face and the controls for these risks.

Rangitikei District Mayor, Andy Watson, notes the benefits of Elected Members and senior managers working together to ensure the safety of the Council's workforce. *"By working together collaboratively, we are ensuring that we are jointly tackling risk to the health, safety and wellbeing of our workforce. The approach taken gives governors a high level of confidence in, and increased understanding of, the information presented to us by Council officers."*

One of the key features of the Health, Safety and Wellbeing Due Diligence Plan includes 'Work as Done' sessions. While the Elected Members hear about health and safety matters in Council Chambers, the Work as Done sessions enhance understanding by offering practical demonstrations within the workplace.

Elected Member and Governance Health, Safety and Wellbeing Champion, Fi Dalgety, says that the 'Work as Done' sessions are an invaluable tool to help governance translate what they hear about in Council Chambers into real-life scenarios. *"The Work as Done sessions provide Elected Members with practical work experiences and in-the-field demonstrations. They see first-hand the critical risks our workers face and the processes we have in place to eliminate or control these risks."*

Other features of the plan include governance health and safety training, appointing a Governance Health, Safety and Wellbeing Champion, and collaboration between Elected Members and senior managers in developing Council's health, safety and wellbeing strategy, policies and frameworks.

⁹ <https://www.worksafe.govt.nz/managing-health-and-safety/businesses/guidance-for-business-leaders/>

Rangitikei District Councils Chief Executive, Peter Beggs, acknowledges that it's not the only Council doing great work in this space. *“We know other Councils around the country have also implemented initiatives to support effective health, safety and wellbeing governance. We applaud these organisations and the effort they’re putting into their workers’ wellbeing. We’ve learned a great deal from other Councils, particularly within the Manawatū-Whanganui region, and we often share tools and frameworks. We are proud of the steps we have taken to improve the health and wellbeing of our staff. We will continue to optimise our Due Diligence Plan and Work as Done sessions to ensure that health, safety and wellbeing remains at the forefront of our governors thinking and decision making.”*



Elected Members and Senior Managers learning about safety controls for ride on mowers.



A demonstration of safety enhancements to control the risks experienced by Animal Control Officers.



Prepared by	Better Governance project team
Prepared for	Better Governance – Governance Group Better Governance – Stakeholders
Date	20230127
Version	V3
Status	Final

9.3 Review of Staff Code of Conduct

Author: Sharon Grant, Group Manager - People & Performance

Authoriser: Peter Beggs, Chief Executive

1. Reason for Report

- 1.1 This report provides the Risk and Assurance Committee with an update on the biannual review of Rangitikei District Council's Staff Code of Conduct (Standards of Integrity and Conduct).

2. Context

- 2.1 Rangitikei District Council (RDC) maintains a Staff Code of Conduct (Standards of Integrity and Conduct). The purpose of the Standards of Integrity and Conduct is to clearly clarify what is expected of all RDC employees in relation to their conduct. The Standards of Integrity and Conduct also outlines the processes that will be followed in cases where standards may have been breached, or where performance improvement is required. The appendix to the document outlines examples of what constitutes misconduct and serious misconduct.
- 2.2 The Risk and Assurance Committee Work Programme states that the biannual review of the Standards of Integrity and Conduct is due in September 2023. That review has been completed early to accommodate internal work programme requirements.
- 2.3 The Standards of Integrity and Conduct (including any amendments to this document) forms part of RDC's terms and conditions of employment and all employees are required to adhere to it.
- 2.4 The Standards of Integrity and Conduct is available on the staff Intranet (Kapua). Like other internal policies, it is communicated to staff at regular intervals including when a new version is introduced, when changes are made, as part of the orientation process for new staff, and when it is timely to do so. Refresher training on the Standards of Integrity and Conduct is being arranged.

3. Discussion

- 3.1 A review of the Standards of Integrity and Conduct has been undertaken. The review included external review and advice from an experienced employment relations professional.
- 3.2 As a result of the review, in addition to minor grammatical corrections, some further examples of what constitutes serious misconduct have been added.
- 3.3 The revised Standards of Integrity and Conduct is attached for the Committees information and feedback.

4. Impact on Strategic Risks

- 4.1 The Standards of Integrity and Conduct supports Council to achieve workforce related risk controls outlined in its Strategic Risk Register.

5. Statutory Implications

- 5.1 The Standards of Integrity and Conduct supports RDC to undertake legally robust disciplinary and/or performance improvement processes if required.

Attachments:

1. **RDC Standards of Integrity and Conduct** [↓](#)

Recommendation 1

That the report on Review of Staff Code of Conduct is received.

Recommendation 2

That the revised Standards of Integrity and Conduct is endorsed by the Risk and Assurance Committee with / without amendment.

RANGITĪKEI DISTRICT COUNCIL

STANDARDS OF INTEGRITY AND CONDUCT POLICY

Approved:	May 2023
Approved by:	Executive Leadership Team
Next review:	September 2025
Version number:	2.0
Who is responsible:	Group Manager People and Performance



Making this place home

UNCONTROLLED IF PRINTED

Standards of Integrity and Conduct

Our Standards of Integrity and Conduct have been written to clarify what’s expected of you as you go about your work. They are there to guide your behaviour and the decisions you make, from everyday choices to those decisions that are more challenging.

Our Standards of Integrity and Conduct are important because we achieve what we want to achieve through our people. If our people do not display the standards of integrity and conduct that we expect, then we will not be the organisation we want to be. We will not be able to serve our community as well as we should, and we will not be able to support our colleagues in the way they deserve to be supported.

We all have a role to play so no matter what position you hold at Rangitikei District Council (“RDC”), our Standards of Integrity and Conduct apply. Your actions are representative of the actions of RDC, and you are accountable to the public in the work you undertake. By adhering to the expectations outlined in this policy, while at the same time living our Ngā Pou Organisational Values, you are showing our communities and those you work with, that you have earned the trust placed in you to get the job done.

This policy also outlines what we will do in cases where we believe that our standards have been breached.

From time-to-time we may review, amend or change this policy. If changes occur, these will be communicated with you.







THE WAY WE DO THINGS AROUND HERE

At RDC we have a vital role in supporting and growing our communities and achieving our vision of “making this place home”.

We recognise that our staff are key to achieving this vision and we want to be an outstanding place to work, where people feel a common sense of purpose.

To achieve our objectives, we must ensure we provide the best possible service to our communities who rely on us to work consistently, professionally and to the highest standard.

Our Ngā Pou Organisational Values are the foundation of our Standards of Integrity and Conduct:

	POU 1.	Manaakitanga	The customer is at the centre of everything we do.
	POU 2.	Rangatiratanga	We aspire to the highest standards.
	POU 3.	Whakapono	We strive to be trusting and trustworthy.
	POU 4.	Whanaungatanga	We act with courage, respect, kindness and empathy.
	POU 5.	Kotahitanga	We embrace diversity and strive to be inclusive.
	POU 6.	Aroha	We believe in and encourage each other.

Each Value (Pou) translates into behaviours that outline what is okay (and by default what is not okay) at RDC. We expect everyone to behave, and perform their duties, in a way that aligns to our Ngā Pou Organisational Values. Additionally, we also ask that you:

- Act honestly and with integrity at all times
- Consistently perform your job to the best of your ability
- Provide a consistently high level of service to customers, and participate in the continuous improvement of all services
- Act in a way that enhances the reputation and standing of the Rangitikei District Council
- Be presented in a way that is appropriate to the job you do, and reflects an appropriate image of Rangitikei District Council
- Keep us informed of any matters that impinge on the carrying out of your duties
- Be committed to your own professional growth and development

We will not tolerate conduct that is threatening, abusive or which may amount to harassment. Similarly, we will not tolerate conduct which is dishonest or could be reasonably interpreted as dishonest. We are a public organisation responsible for public money and we must conduct ourselves accordingly. That means that we must never act in a way which might give rise to our integrity and professionalism being questioned, in the eyes of those we serve.

Of course, we cannot cover every possible situation in one policy. If you have questions about whether or not something aligns to our expectations, please talk to your manager or a member of the People and Performance Team.

WHAT HAPPENS IF OUR STANDARDS MAY HAVE BEEN BREACHED?

We want everyone to work together as a team in a positive and professional manner.

If we become aware of conduct or behaviour that potentially falls short of our expectations, we will take steps to address it. These steps may include the initiation of our investigative procedure as outlined below.

Usually, we will consider what's happened and see if there is a reasonable explanation (as set out below). Sometimes though, the conduct circumstances might warrant us skipping this step.

Examples of misconduct and serious misconduct are included in Appendix 1. It is not possible to list every possible instance. Conduct or behaviours not on this list may warrant disciplinary action as outlined below.

If managers become aware of conduct which might breach this policy, they should seek advice from People and Performance in the first instance.

Fact finding investigation (if required):

If we consider that the nature of the allegations or circumstances warrant it, a preliminary fact-finding investigation may be carried out, in advance of a more substantive investigation. Whether a preliminary investigation is required is at our discretion and will depend on the circumstances.

Employment Investigation:

If we have a potential breach of this policy and/or behaviour which might constitute misconduct or serious misconduct, we will always complete an investigation in a fair and lawful manner which is consistent with the principle of natural justice. In summary, this means that you will be provided with information about the allegations and will be given the opportunity to respond to those allegations with a support person or representative present. Your responses will be taken into account by the decision maker before any decisions are made regarding disciplinary action, if any.

If we reach the point where we form the view that the conduct of an employee requires a disciplinary response (for example a warning, or where we are considering dismissal), then we will advise the employee and seek feedback from them, before deciding on the appropriate disciplinary response.

Disciplinary procedure:

The disciplinary outcome will depend on the seriousness of the misconduct.

In cases where misconduct is substantiated, the following procedure is likely to be followed:

- A first written warning initially;
- A final written warning if there is further misconduct;
- Ultimately, summary termination of employment if misconduct is repeated for a third time.

Where misconduct is considered serious enough though, a final warning may be issued without a prior warning being issued.

In cases where it is considered that serious misconduct has occurred, there may be no warnings at all, and we may consider termination of employment without notice. Examples include abuse or harassment of others, dishonesty and otherwise acting in a way which means that we lose trust and confidence in you as an employee.

Suspension

Depending on the nature of the alleged misconduct or serious misconduct, you may be suspended on pay pending the outcome of an investigation. In circumstances where the process is substantially protracted we may, following consultation with you, suspend you without pay.

The nature and conditions of the suspension will be provided in writing.

Conduct Detrimental to the Best Interest of Rangitikei District Council

Other conduct may also be detrimental to the best interest of RDC and therefore amount to misconduct or serious misconduct. We will investigate where appropriate and disciplinary action may follow.

Conduct detrimental to the best interest of RDC includes:

1. Any conviction in a Court of Law for an offence which has the potential to adversely impact on the reputation of RDC or brings the standing of the employee into disrepute.
2. An employee’s behaviour (whether during or outside working hours) that brings RDC or the standing of the employee into disrepute.

PERFORMANCE IMPROVEMENT PROCEDURE

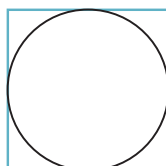
We have a responsibility to our community, the organisation and each other to address poor performance.

It is not fair to leave poor performance unchecked, when others in the team are doing what’s expected. Otherwise, our organisational performance will drop, and we do not want that to happen.

As part of our Career and Performance Development Framework (Ara Poutama) your manager/team leader will review your performance regularly and provide you with constructive feedback, including what is going well, and any concerns they may have about your performance.

The goal of regular feedback conversations is to support you to achieve in all aspects of your role, including our Ngā Pou Organisational Values. By way of example, we expect that you will perform the functions of your role competently and professionally. In addition, we expect that you will conduct yourself in a way which is consistent with our Ngā Pou Organisational Values and our responsibilities as a public body. We must not behave in a way which detracts from our own performance, our colleague’s performance or in a way which undermines what we are striving to achieve as an organisation.

In accordance with our Ara Poutama framework ‘achieving’ is where the circle (you) is the same size or bigger than the square (your role).

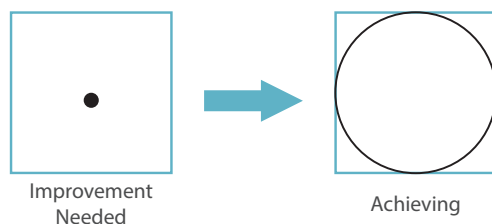


Achieving

Sometimes, performance falls short of expectations. In other words, the circle is smaller than the square and/or may be outside the square. Poor performance impacts productivity and team morale. If our usual constructive feedback conversations do not have the desired result of improving performance, then a more formal performance improvement process may be initiated.

The aim of our processes is always to ensure quality outcomes. Usually, low level and informal discussions will be enough to address problem performance. If that does not work though, then managers will be required to increase the formality and seriousness of the response. Ultimately, if performance is not able to be improved to the required standard, termination of the employment relationship may be required.

Our performance improvement procedures are designed to assist you to achieve the required performance level (increase the size of the circle and/or its alignment within the square). This can be in relation to job performance (what you do) but can also help to address values and behavioral concerns that are not initially considered to be misconduct or serious misconduct.



A formal performance improvement process will include us considering the reasons behind the poor performance and agreeing to a Performance Improvement Plan (PIP). The PIP will:

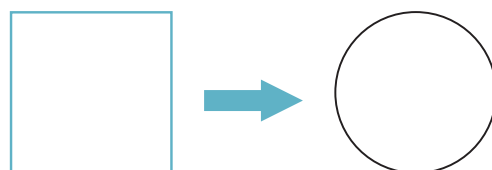
1. Outline the areas where performance (including behavioural performance) is falling short of expectations
2. Clearly clarify the standards expected
3. Outline the support and training that we will provide to assist you to improve your performance
4. Confirm the timeframe within which improvement is required.

If, following the performance improvement plan, the required level of performance is still not achieved and/or is not sustained, then termination of the employment relationship is possible.

Role misalignment:

Sometimes a perceived performance issue may indicate a misalignment of role rather than unsatisfactory performance. This can happen when the employee has the ability to achieve in a different role or environment and the performance issues are more due to a role mismatch, rather than individual capability.

If we believe this is the case then we will take steps to work with you to support you to achieve in a role that is better aligned to your capabilities and aspirations. We will always consult with you on proposed changes to your role before any decisions are made.



Appendix 1

Misconduct

'Misconduct' is when an employee engages in incidents of behaviour or conducts themselves in a way that is unacceptable.

Examples of Misconduct

The following are examples of the type of actions and behaviour that RDC considers misconduct. They are likely to result in formal warnings and if repeated, dismissal. This list is not exhaustive. Where an act is carried out by an employee that is not specifically covered by the examples below, RDC reserves the right to apply disciplinary actions as it deems appropriate. Additionally, depending on the circumstances, misconduct may also amount to serious misconduct and be dealt with accordingly, depending on the seriousness of the incident.

1. Abusive, offensive language or behaviour that causes offence to another person.
2. Acting in a disrespectful, discourteous or unprofessional way toward colleagues or members of the community.
3. Carrying out duties in a manner that is negligent, careless, inefficient, or incompetent, or failing to perform work to the required standards.
4. Breach of confidentiality.
5. Frivolous wasting of time or materials.
6. Smoking/vaping in a non-smoking area.
7. Reporting to work in a condition that, in the opinion of the employer, means that duties are unable to be carried out competently or safely.
8. Disruptive, boisterous, or unruly behaviour, including joking in a way which others may find offensive,
9. Interfering with or preventing another employee carrying out their duties.
10. Demonstrating a pattern of lateness or absenteeism or failing to report at the time required without notifying the manager.
11. Leaving the workplace during working hours without good reason or authority.
12. Without good reason, sleeping during working hours.
13. Misuse or major or minor damage to property belonging to RDC, a member of the public or another employee, through negligence or misuse.
14. Failure to promptly report a fire, accident or other workplace accident or incident.
15. Failure to observe health and safety requirements, working in an unsafe manner or failing to make proper use of safety equipment or personal protective equipment.
16. Posting of unauthorised notices within RDC.
17. Any act which could diminish the reputation of RDC in the community.
18. Acting in an unprofessional and/or discourteous manner towards a customer, staff member, elected member or member of the community.
19. Failure to follow RDC procedures, or any other lawful and reasonable instruction.

Serious Misconduct

Serious misconduct is misconduct at a more serious level.

Examples of Serious Misconduct

The following are examples of the type of actions/behaviour that RDC considers serious misconduct and are likely to lead to dismissal without notice or formal warning. This list is not exhaustive. Where an act is carried out by an employee that is not specifically covered by the examples below, RDC reserves the right to apply disciplinary actions as it deems appropriate.

1. Dishonesty, including falsification of any record or document, including timesheets, payment authorisations, submitting false expense claims, committing fraud or making a false or misleading statement in an investigation.
2. Failing to appropriately declare a conflict of interest.
3. Misappropriation or unauthorised use of RDC funds.
4. Failure to account for cash or failure to follow RDC procedures for handling cash.
5. Gambling on the premises or during working hours without management consent.
6. Misrepresentation of an employees, or RDC position, whether or not for personal gain.
7. Willfully disregarding or refusing to carry out a lawful and reasonable instruction or walking off the job without good reason.
8. Sexual, racial or other harassment; or bullying, intimidation or unwelcome behaviour towards employees, customers or members of the community, including by way of electronic media.
9. Gross incompetence or negligence in the performance of duties.
10. Reporting to work, or being at work, under the influence of alcohol or drugs, including prescription medication where it may impact on an employee's ability to operate safely.
11. The unauthorised use of alcohol or being in possession of or using drugs or drug paraphernalia while on RDC premises or carrying out RDC business.
12. Copying, removal or unauthorised disclosure of confidential information, or otherwise breaching privacy obligations in relation to the information we hold.
13. Violation of, or failure to follow, safety rules and/or occupational health and safety procedures (this includes failure to wear prescribed safety equipment and clothing).
14. Deliberate, reckless or careless activities that result or could result in the injury of another person, or damage to RDC or personal property.
15. Unauthorised possession of any gun, firearm, knife or other offensive or dangerous weapon or material on RDC premises or while carrying out RDC business.
16. Unauthorised or irresponsible use of fire protection or safety equipment.
17. Actual or threatened physical or verbal violence against another person or persons, including employees, customers or members of the community during work hours or during any out of work hours function or event.
18. Use of abusive, offensive, threatening, or intimidating language or behaviour to a staff member, customer or visitor in work time and/or when attending Council functions out of normal work hours.
19. Being absent from work for three consecutive days without reporting (except in extenuating circumstances).
20. Unauthorised absence from work, including misleading the employer as to the nature of the approved absence.
21. Unauthorised possession of, use or removal of property belonging to RDC, customers, the public at large or another employee.
22. Misrepresenting or withholding criminal convictions, health or employment history or qualifications pertinent to RDC's decision to hire or promote an employee.
23. Failure to report to RDC any criminal conviction or serious traffic offence (such as loss of licence) obtained while employed by RDC.
24. Failing to report to RDC any traffic infringements, road accidents or vehicle damage while driving RDC vehicles.
25. Being convicted of a criminal offence which impacts the employee's ability to perform their work function, or which may damage Council's reputation.

26. Failing to advise RDC of any police investigation into the employee's conduct.
27. Breach of RDC email, internet and/or computer policies, including (but not limited to) downloading, saving, printing viewing or forwarding pornographic, offensive or objectionable material.
28. Acts or behaviours detrimental to the quality and/or efficiency of RDC business, safety of RDC staff, customers or the community.
29. Accepting a personal fee or remuneration other than normal salary/wages or lump sum payment for any service provided in the normal course of duty.
30. Signing any document or making a statement on behalf of RDC without proper authorisation.
31. Bringing RDC into disrepute or acting in a way that has the potential to bring RDC into disrepute, or damage the interests or integrity of RDC.
32. Any social media (including but not limited to Facebook, Instagram, Twitter, TikTok, Google+ and any blog sites / discussion forums) postings by the Employee that brings RDC into disrepute, speaks ill of the RDC or undermines the relationship with employee(s) / management / customers and / or the RDC.
33. Reckless, dangerous or careless driving of a RDC motor vehicle or any serious breach of the Land Transport Rules / Regulations.
34. Knowingly / intentionally failing to report a fire, accident or other workplace accident or incident.
35. Spreading malicious gossip in the workplace.
36. A serious breach of any RDC policy or procedure.
37. Any behaviour listed as misconduct which RDC in its sole discretion considers to be of sufficient seriousness to warrant consideration as Serious Misconduct.

10 Reports for Information

10.1 2021/22 Audit NZ Management Letter

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide the Risk and Assurance Committee with the Audit NZ Management Letter arising from their audit of the 2021/22 Annual Report.

2. Context

- 2.1 The items raised in the Management Letter are in the process of being added to the *Outstanding Management Letter Points* Register and will be actively managed by staff.

Attachments

1. **2021/22 Audit NZ Management Letter** [↓](#)

Recommendation

That the report '2021/22 Audit NZ Management Letter' be received.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

**Report to the Council
on the audit of**

Rangitikei District Council

For the year ended 30 June 2022

ITEM 10.1 ATTACHMENT 1

Contents

Key messages	3
1 Recommendations	5
2 Our audit report.....	7
3 Matters raised in the Audit Plan	12
4 Other audit findings.....	20
5 Public sector audit.....	26
6 Useful publications.....	27
Appendix 1: Recommendations made by valuers and peer reviewer	28
Appendix 2: Status of previous recommendations.....	31
Appendix 3: Disclosures	38

Key messages

We have completed the audit for the year ended 30 June 2022. This report sets out our findings from the audit and draws attention to areas where the Rangitikei District Council (the District Council) is doing well and where we have made recommendations for improvement.

Audit opinion

We issued a modified audit opinion dated 30 March 2023. The modified opinion is on the activity statements for incomplete information about the number of complaints the District Council has received related to water, wastewater and stormwater complaints in the comparative year to 30 June 2021.

We issued an unmodified opinion over the financial statements. This means that financial statements and accompanying information are fairly presented.

In common with all other Councils, the audit opinion included an “emphasis of matter” paragraph to draw the users’ attention to the relevant note in the annual report that describe the impact of the Government’s three waters reform programme announcement.

Matters identified during the audit

The following key matters were considered as part of the audit.

Revaluation of infrastructure assets

The District Council revalued its infrastructural assets this year. This is a significant portion of the District Council’s asset base. The work we performed over these revaluations is detailed in Section 3 of the report.

We are satisfied that the revaluations comply with the requirements of PBE IPSAS 17 *Property, Plant and Equipment* and are fairly stated in the District Council’s financial statements.

Drinking water performance measures

The District Council engaged Wai Comply to undertake an independent assessment of the District Council’s compliance against the Drinking-water Standards for New Zealand 2005 (Revised 2018). Wai Comply confirmed the results reported by the District Council in the annual report. We reviewed the approach used by the independent expert and assessed the methodology was reasonable. Overall, we are satisfied with the process followed in terms of the requirements of the standards.

We are satisfied that the District Council’s performance is materially correct in the annual report.

Quality and timeliness of information provided for audit

The first draft annual report we received was of poor quality and some items were incomplete. The poor quality and incomplete nature of the draft annual report significantly impacted on our ability to carry out the audit. We experienced delays in the receipt of information, including information relating to infrastructure asset valuations and DIA mandatory performance measures. Given the delays it was not possible for the annual report to be adopted by the 31 December 2022 statutory deadline.

Thank you

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



Chris Webby
Appointed Auditor
9 May 2023

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

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

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Breach of Local Government Act 2002 section 98(7)(b) Make improvements to processes for preparing the annual report to ensure that it is complete and of reasonable quality at the beginning of our audit.	4.1	Necessary
Breach of Local Government Members (2021/22) Determination 2021 Changes to elected representatives' remuneration are independently reviewed for compliance with the relevant Determination to ensure remuneration in line with the Determination.	4.2	Necessary

Recommendation	Reference	Priority
<p>Dry weather sewerage overflows</p> <p>Implement a system to accurately record dry weather sewerage overflows in line with the requirements of the DIA's mandatory performance measure on sewerage overflows.</p>	4.3	Necessary
<p>Payroll system calculating termination pay incorrectly</p> <p>Manually recalculate employee's termination pay to verify the accuracy of the payroll system.</p> <p>If the payroll system calculates a termination pay incorrectly then the District Council should override the system to ensure it pays the correct amount.</p>	4.4	Necessary
<p>General rate on Defence land</p> <p>The rates resolution states that the general rate is set on a capital value basis for all land, but that defence land is assessed as if that rate was based only on its land value.</p>	4.5	Necessary
<p>Recommendations made by valuers and peer reviewer</p> <p>Implement the recommendations made by the infrastructure asset valuers and peer reviewer.</p>	4.6	Beneficial
<p>Sensitive expenditure policies do not align with good practice</p> <p>Sensitive expenditure policies are updated to align with the Office of the Auditor-General's good practice guide on controlling sensitive expenditure.</p>	4.7	Beneficial

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 2 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	-	13	3	16
Implemented or closed	-	7	1	8
Total	-	20	4	24

2 Our audit report

2.1 We issued a modified audit report



We issued a modified audit opinion dated 30 March 2023. The modified opinion is on the activity statements for incomplete information about the number of complaints the District Council has received related to water, wastewater and stormwater complaints in the comparative year to 30 June 2021.

Our audit opinion on the performance reporting for the year to 30 June 2021 was modified. The issue that led to the modification has been resolved for the 30 June 2022 year. As the limitation on our work cannot be resolved for the 30 June 2021 year, the District Council’s reported performance for the performance measures for the year to 30 June 2022 may not be directly comparable to the 30 June 2021 results.

We issued an unmodified opinion over the financial statements. This means that financial statements and accompanying information are fairly presented.

In common with all other Councils, the audit opinion included an “emphasis of matter” paragraph to draw the users’ attention to the relevant note in the annual report that describe the impact of the Government’s three waters reform programme announcement.

In forming our audit opinion, we considered the following matters. Refer to sections 3 and 4 for further detail on these matters.

2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. The misstatement that has not been corrected is set out below along with management’s reasons for not adjusting the misstatement. We are satisfied that the misstatement is immaterial.

Current year uncorrected misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Overstatement of work in progress (WIP)	1	(352)			352
Total		(352)			352

Explanation of uncorrected misstatements

- 1 Relates to impairment for the Marton Rail Hub project which is in WIP at year-end. Management assessed as not material and will review the project as part of next year's audit.

2.3 Corrected misstatements

We also identified misstatements that were corrected by management. These corrected misstatements had the net effect of significantly increasing assets and equity compared to the draft financial statements. The significant corrected misstatements are listed below.

Current year corrected misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Infrastructure assets cost	1	99,687			
Accumulated depreciation			33,211		
Revaluation gain				(132,898)	
Weather events provision	2		4,229		
Emergency works expense					(4,229)
Revaluation loss				4,229	
Roading assets cost		(4,229)			
Rates revenue	3				481
Rates expense					(481)
Receivables	4	239			
Three waters funding					(239)
Total		95,697	37,440	(128,669)	(4,468)

Explanation of corrected misstatements

- 1 To recognise roading network, water systems, wastewater systems, stormwater network, and waste transfer station asset revaluations that were not recognised in the first draft financial statements.
- 2 To reverse a provision made to repair damage to roading network assets in error and to recognise it as an impairment via the roading network revaluation reserve.

- 3 To eliminate the impact of rates charged by the District Council on its own properties.
- 4 To recognise a receivable for three waters grant funding that the District Council was entitled to recognise as revenue at year end.

2.4 Corrected disclosure deficiencies

Detail of disclosure deficiency
<p>Performance reporting and financial statements</p> <p>Amendments required to correctly disclose headings, prior year results and amounts, and disclosures.</p>
<p>Equity</p> <p>Amendments required to ensure equity amounts repeated in the financial statements were consistent, and to correctly disclose budget figures for reserves.</p>
<p>Statement of cash flows</p> <p>Amendments required to accurately disclose cash flows for the year.</p>
<p>Note 9: Receivables</p> <p>Amendment required to ensure amounts repeated in the note were consistent.</p>
<p>Note 18: Reconciliation of net surplus (deficit) to net cash flow from operating activities</p> <p>Amendments required to accurately disclose the surplus and an item in movements in working capital.</p>
<p>Note 19: Capital commitments and operating leases</p> <p>Amendments required to accurately disclose capital commitments at year end.</p>
<p>Note 20: Contingencies</p> <p>Added in contingent liability disclosure in relation to the Council being a guarantor of the New Zealand Local Government Funding Agency Limited.</p>
<p>Note 22: Remuneration</p> <p>Amendments required to correctly disclose the number of full-time employees and the remuneration by bands.</p>
<p>Note 24: Events after balance date</p> <p>Amendment required to accurately reflect the current status of the three waters reform programme.</p>
<p>Note 25C: Financial instrument risks</p> <p>Amendments required to contractual cash flows to accurately disclose amounts that included the cash payments for loan principal and interest.</p>

Detail of disclosure deficiency
<p>Note 27: Explanation of major variances against budget</p> <p>Amendments required to accurately disclose variances following amendments to amounts in the financial statements. We have discussed with management about improving these explanations going forward.</p>
<p>Benchmarks disclosure statement</p> <p>Amendments required to correctly disclose benchmark results for some benchmarks.</p>

2.5 Corrected performance reporting misstatements

Detail of misstatement
<p>Roading and footpaths</p> <p>Added in narrative disclosures to state 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 in line with the Department of Internal Affairs (DIA) mandatory performance measure requirements.</p>
<p>Water supply</p> <p>Amendment required to accurately disclose the number of water supplies that are compliant with part five of the drinking water standards (protozoa compliance criteria).</p>
<p>Sewerage and the Treatment and Disposal of Sewage</p> <p>Amendment required to accurately disclose an increased number of dry weather sewage overflows. Outcome amended from achieved to not achieved.</p>
<p>Stormwater drainage</p> <p>Amendment required to accurately disclose an increased number of complaints received by the District Council about the performance of its stormwater systems.</p>

2.6 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the District Council. This includes the draft annual report with supporting working papers. We provided a listing of information we required to management. This included the dates we required the information to be provided to us.

The first draft annual report we received was of poor quality and some items were incomplete. It did not include the following:

- Funding impact statement – whole of Council
- Note 11: Property, plant and equipment

- Note 15: Employee entitlements
- Note 17: Equity
- Note 18: Reconciliation of net surplus (deficit) to net cash flow from operating activities
- Note 24: Events after balance date
- Note 27: Explanation of major variances against budget
- Benchmarks disclosure statement

The poor quality and incomplete nature of the draft annual report significantly impacted on our ability to carry out the audit. We experienced delays in the receipt of information, including information relating to infrastructure asset valuations and DIA mandatory performance measures. Given the delays it was not possible for the annual report to be adopted by the 31 December 2022 statutory deadline. We will discuss with management recovering the additional costs we incurred as a result of the delays.

3 Matters raised in the Audit Plan



In our Audit Plan we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
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 included:</p> <ul style="list-style-type: none"> • reviewing the information and instructions provided to the valuers and peer reviewer; • 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 valuers and peer reviewer used; • reviewing the method of valuing the assets and assessing if the applicable method used was in line with public sector accounting standards (PBE IPSAS 17, <i>Property, Plant and Equipment</i>), including the reasonableness of the assumptions and judgements made by the valuers 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); • assessing whether the resulting change in values were correctly incorporated into the financial statements and the assumptions and judgements relating to the valuation were adequately disclose; and

Audit risk/issue	Outcome
	<ul style="list-style-type: none"> comparing the unit rates for significant asset components in the three water valuations to other similar Councils to ensure they were consistent. <p>Conclusion</p> <p>We are satisfied that the revaluation of infrastructure assets complies with the requirements of PBE IPSAS 17 <i>Property, Plant and Equipment</i> and the results of the revaluation are fairly stated in the District Council’s financial statements.</p>
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>The District Council completed an assessment of whether a revaluation was needed this year for its land and buildings assets. It did so by reviewing the valuation of the assets performed by valuer QV as at 1 July 2022 (the day after year end). From this assessment the District Council concluded that no revaluation was required.</p> <p>We reviewed the District Council’s assessment and concluded this was a reasonable assessment. We agreed with the District Council’s conclusion that there was no material difference between the carrying amount of the land and building assets and their fair value.</p> <p>We have discussed with management that they review the valuation to ensure it considers the impact of earthquake prone buildings. We will review this as part of the 2022/23 audit.</p> <p>Conclusion</p> <p>We are satisfied that the carrying amount of land and building assets at year-end approximated the asset’s fair values.</p>

Audit risk/issue	Outcome
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 discussed with management whether there had been any impairment indicators identified. Management identified earthquake prone buildings and damage to roading assets caused by adverse weather events as indicators of impairment.</p> <p>We are aware that the District Council is carrying out a detailed assessment program on the earthquake strength of its buildings. When this assessment is complete the District Council will need to apply the appropriate accounting treatment to the carrying values of its earthquake prone buildings.</p> <p>The Rangitikei district was impacted by three adverse weather events that caused significant damage to the District Council’s roading network. The District Council prepared estimates of the costs to repair the damage. Remedial work was not fully completed by year end.</p> <p>To account for the amount of remedial work that was not completed the District Council initially recognised a provision. This accounting treatment was not correct because at year end the District Council did not have a present obligation to carry out the remedial work. Instead, the correct accounting treatment was to recognise an impairment of the roading assets via the roading asset revaluation reserve. The District Council amended the financial statements to recognise an impairment. Any clean-up costs related to these events incurred in the 2022/23 financial year will need to be recognised as expenditure and not capital.</p> <p>Conclusion</p> <p>We are satisfied that the impact of adverse weather events was materially reflected in the financial statements.</p>

Audit risk/issue	Outcome
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>The District Council maintained its testing regime as it had been done in previous years.</p> <p>The District Council engaged Wai Comply to undertake an independent assessment of the District Council’s performance against the Drinking-water Standards for New Zealand 2005 (Revised 2018). Wai Comply confirmed the results reported by the District Council in the annual report. We reviewed the approach used by Wai Comply and assessed the methodology was reasonable. Overall, we are satisfied with the process followed in terms of the requirements of the drinking water standards.</p> <p>Conclusion</p> <p>We are satisfied that the District Council’s performance is correctly reported in the annual report.</p>

Audit risk/issue	Outcome
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>We reviewed the District Council’s disclosure on the three waters reform. Given the timing of when the annual report was adopted, this required the disclosure to be updated in line with the latest information. Given the importance of the three waters reform, we included an emphasis of matter paragraph to draw attention to the disclosure in the financial statements.</p> <p>Conclusion</p> <p>We are satisfied that the District Council appropriately disclosed the latest information on the three waters reform in the financial statements.</p>

Audit risk/issue	Outcome
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</p>	<p>We confirmed that the District Council’s system for recording complaints was updated last year and all complaints are now recorded. As a result, we were able to issue an unmodified audit opinion over this year’s performance measures related to complaints.</p> <p>Conclusion</p> <p>As stated in Section 2.1, we issued a modified audit opinion. The modified opinion is on the activity statements for incomplete information about the number of complaints the District Council has received related to water, wastewater and stormwater complaints in the comparative year to 30 June 2021.</p>

Audit risk/issue	Outcome
<p>need to review whether the District Council is able to report completely on the complaints for the entire financial year.</p>	
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>To cover off our audit risk related to the impact of the Covid-19 pandemic on the District Council we:</p> <ul style="list-style-type: none"> • gained an updated understanding of the impact of Covid-19 on the District Council’s operations, financial statements, and performance story; • determined that management has not identified or recorded any significant additional Covid-19 related revenue, receivables, or costs, other than Shovel Ready funding. Shovel Ready funding has been recognised in line with PBE accounting standards; and • assessed the completeness and reasonableness of disclosures contained within the annual report relating to the impact of Covid-19. <p>Conclusion</p> <p>We are satisfied that the impact of the Covid-19 pandemic is fairly reflected in the financial statements and performance information.</p> <p>We are satisfied that funding agreements have been appropriately accounted for in the financial statements.</p>

Audit risk/issue	Outcome
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>To address the risk of management override we:</p> <ul style="list-style-type: none"> • tested the appropriateness of selected journal entries; • reviewed accounting estimates for indications of bias; • reviewed the revaluation of infrastructure assets; and, • evaluated any unusual or one-off transactions, including those with related parties. <p>Conclusion</p> <p>From our testing we did not identify any issues that indicated management override.</p>

4 Other audit findings



Other matters identified during our audit are detailed below.

4.1 Breach of Local Government Act 2002 section 98(7)(b)

Recommendation

We recommend that the District Council makes improvements to its processes for preparing the annual report to ensure that it is complete and of reasonable quality at the beginning of our audit.

Background

The Local Government Act 2002 section 98(7)(b) required the audited annual report to be adopted by Council no later 31 December 2022. Due to the matters outlined in Section 2.6 the Council did not adopt its annual report until 30 March 2023.

Management comment

Council accepts that the draft Annual Report was incomplete at the beginning of the audit. Management considers that the reference by Audit New Zealand to 'poor quality' was due, to a large extent, to the fact that the initial draft was incomplete. The completion of the Annual Report was subsequently based around timeframes that were agreed with Audit New Zealand, based upon commitments and resources of both parties.

Council currently foresees a significantly lower level of external factors (e.g. delays in obtaining revaluation information, delays in receiving water quality audit information, COVID related issues and issues relating to confirming SSP information) that will prevent it from achieving its June 2023 related deadlines.

4.2 Breach of Local Government Members (2021/22) Determination 2021

Recommendation

We recommend that all changes to elected representatives' remuneration are independently reviewed for compliance with the relevant Determination to ensure remuneration in line with the Determination.

Background

During our testing on elected representatives' remuneration, we identified that due to a transposition error one elected representative was paid \$360 more than the applicable remuneration set out in the Local Government Members (2021/22) Determination 2021.

An elected representative is only entitled to the applicable remuneration set out in the Determination.

Management comment

The overpayment to a Councillor occurred between July 2021 and July 2022. The Councillor's salary was incorrectly entered as \$23,513.88 when it should have been \$23,153.88. This resulted in a total overpayment of \$360.

The error occurred due to the 5 and the 1 (as highlighted above) being transposed when entered into the payroll system, which was not picked up when the change was checked. The issue corrected itself from July 2022 when the next pay adjustment was made.

The issue came to our attention in January 2023 when it was picked up by Audit.

Prior to that, a process to ensure greater scrutiny was implemented with payroll maintenance checking to ensure that transposed figures are picked up. So, this means the person doing Payroll alongside the Group Manager People and Performance reading the approved figure out loud, while the other checks against what is entered.

4.3 Dry weather sewerage overflows

Recommendation

We recommend that the District Council implements a system to accurately record dry weather sewerage overflows in line with the requirements of the DIA's mandatory performance measure on sewerage overflows.

Background

During our testing on dry weather sewerage overflows we identified four instances where a sewerage overflow that occurred in dry weather had been incorrectly classified as occurring in wet weather.

These errors had a material impact on the District Council's reported result for dry weather sewerage overflows. The District Council initially reported that it had achieved its target of fewer overflows than 3 per 1,000 connections. Following a correction to account for the errors we identified the target was not achieved.

Management comment

RDC agree with the view that the capture of the wet weather sewerage overflows can be improved. At the moment the only way to check if the sewerage overflow occurred during a wet weather period is to check each overflow against recorded rainfall in the general area of the overflow. This is a time-consuming activity and not something that RDC can achieve on a reliable basis with the current workloads and staff compliments. We are investigating some form of software automation to do this check without the involvement of staff time.

4.4 Payroll system calculating termination pay incorrectly**Recommendation**

We recommend that the District Council manually recalculates employee's termination pay to verify the accuracy of the payroll system.

If the payroll system calculates a termination pay incorrectly then the District Council should override the system to ensure it pays the correct amount.

Background

During our audit work over the payroll system, we identified that the system is incorrectly calculating employee's termination pay for salaried employees. When the payroll system calculates termination pay it uses the employee's salary for a fortnight regardless of how many days were actually worked in their final pay period. This means that where an employee ceases employment partway through a pay period their termination pay will be incorrect.

Based on the number of employees that left the District Council during the year and their rates of pay we are satisfied that this issue did not give rise to a material misstatement in the amount of personnel costs disclosed in the financial statements.

Management comment

The issue has been resolved. Officers calculated the final difference as negligible and corrected the processes to calculate this on the system correctly going forward.

4.5 General rate on Defence land**Recommendation**

We recommend that the rates resolution states that the general rate is set on a capital value basis for all land, but that defence land is assessed as if that rate was based only on its land value.

Background

As per the Local Government (Rating) Act 2002 section 13(3) the rateable value of land for the general rate must be based on either:

- the annual value of the land; or
- the capital value of the land; or
- the land value of the land.

The District Council's general rate is based on capital value for all land apart from defence land. The general rate for defence land is based on land value. This inconsistency opens the

District Council up to the risk of a legal challenge and that the general rate could be invalidated.

The value of general rates collected from defence land is not material for our audit (being approximately \$18,000 excluding GST). But if the general rate was challenged there could be a risk to the general rates charged on all other land that is not defence land.

Management comment

Rates Resolution has been amended accordingly.

4.6 Recommendations made by valuers and peer reviewer

Recommendation

We recommend that the District Council implements the recommendations made by the infrastructure asset valuers and peer reviewer.

Background

During our work on the revaluation of infrastructure assets we noted that the infrastructure asset valuers and peer reviewer made recommendations to the District Council for improvement. These recommendations are listed in Appendix 1.

Management comment

Noted. Officers have listed the details under our management letter tracker document for monthly discussion and planning to implement these recommendations and report progress at ELT meetings and to the Risk and Assurance Committee. These recommendations include those made by:

- The Datastack on roading asset valuations;
- WSP on roading asset unit rate review and Three Waters and solid waste valuations; and
- Brian Smith peer review on roading valuation.

These recommendations (which are included in appendix 1 of this report) will be implemented to be included by the next valuation period.

4.7 Sensitive expenditure policies do not align with good practice

Recommendation

We recommend that the District Council's sensitive expenditure policies are updated to align with the Office of the Auditor-General's good practice guide on controlling sensitive expenditure.

Background

We reviewed the District Council's sensitive expenditure policies for alignment with the Office of the Auditor-General's good practice guide [Controlling sensitive expenditure: Guide for public organisations](#).

The good practice guide on sensitive expenditure provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders "setting the tone from the top". It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.

We identified the following clauses in the good practice guide that are not currently included in the District Council's policies:

- approval of sensitive expenditure should be given by a person senior to the person who will benefit or who might be perceived to benefit from the sensitive expenditure;
- approval of sensitive expenditure of the Chief Executive should be given by the Mayor. Where this is not possible, this fact should be recorded, and the Chief Executive's expenditure should be subject to some form of monitoring by those charged with governance;
- claims relating to sensitive expenditure need to clearly state the business purpose of the expenditure;
- claims relating to sensitive expenditure need to:
 - be accompanied by adequate original supporting documentation;
 - document the date, amount, description, and purpose of minor expenditure when receipts are unavailable;
 - be separate claims for each person whenever possible; and
 - be in English or Te Reo Māori.
- policies should require initial consideration of technology-enabled solutions as opposed to travel in person;
- policies should cover the use of telecommunication equipment including what costs are reimbursable for telephone calls and Wi-Fi usage while travelling;
- policies and procedures should outline the costs that may be paid when staff members stay with a friend or relative rather than in commercial accommodation;
- policies should discuss the use of assets and supplies, particularly regarding:

- staff purchasing directly from a supplier for personal use, and how purchasing privileges cannot be used to benefit others;
- an explicit policy that staff cannot use purchasing privileges on behalf of any third party, such as family members or friends, and that staff should pay in full and must not use the organisation as a source of credit; and
- staff purchasing District Council assets identified for sale.
- policies should specifically state that receiving cash gifts is unacceptable in any circumstances.

Management comment

Officers will incorporate these suggestions in the Sensitive Expenditure Policy as considered appropriate. Note the final bullet point in the Auditors list above pertains to the receipt of cash gifts – this matter is addressed in Council’s Gifts and Hospitality Policy (S4.1).

5 Public sector audit



The District Council is accountable to the local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the District Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the the District Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the District Council carrying out its activities effectively and efficiently;
- waste being incurred as a result of any act or failure to act by the District Council;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the the District Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the the District Council or by one or more of its members, office holders, or employees.

We have no significant matters to bring to your attention.

6 Useful publications



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

Description	Where to find it
Performance reporting	
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand’s website under good practice. Link: Good practice in reporting about performance – Office of the Auditor-General New Zealand (oag.parliament.nz)
Model financial statements	
Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes: <ul style="list-style-type: none"> • significant accounting policies are alongside the notes to which they relate; • simplifying accounting policy language; • enhancing estimates and judgement disclosures; and • including colour, contents pages and subheadings to assist the reader in navigating the financial statements. 	Link: Model Financial Statements
Good practice	
The OAG’s website contains a range of good practice guidance. This includes resources on: <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. 	On the OAG’s website under good practice. Link: Good practice

Appendix 1: Recommendations made by valuers and peer reviewer

The Datastack

Roading asset valuer The Datastack made the following recommendations:

The following data and process improvement opportunities have been identified, for RDC to review and consider for future roading asset valuations.

- Review the traffic facility asset dataset to determine if this is a table that should be actively managed in RAMM. If the asset type is no longer applicable, consider excluding it from the relevant RAVM settings.
- In the next Roothing Assets Unit Rate Review exercise, include within the scope of that project a review of asset lives for the Pavement Unsealed Wearing Course component. This exercise could include consideration of the average yearly re-metalling rates to help with assessing achieved lives on the RDC network.
- Review current condition data monitoring and collection practises, to evaluate the confidence in these datasets for the purpose of adjusting asset lives. The forthcoming Waka Kotahi consistent condition data collection project should be monitored, as this may create some further opportunities to leverage in this space.
- Monitor ongoing industry initiatives, such as the Asset Management Data Standard (AMDS), to evaluate any potential impacts or improvement opportunities for the current roading asset valuation methodology.
- The drainage natural ground SRC is currently set in the RAVM to depreciate. Assets valued with this SRC should be reviewed to confirm if it is applicable to continue to depreciate them in future valuations.
- Thinkproject is expected to deprecate the existing RAMM Manager application at some future point in time. It is recommended that RDC test and evaluate the RAMM HTML valuation software prior to this happening. This exercise would help to identify changes and factors that could potentially influence existing valuation processes and outcomes and assess any relevant mitigation steps if required.
- In the next Roothing Assets Unit Rate Review exercise, include within the scope of that project a comparison between RAVM asset lives, and those which RDC uses in their Long Term Plan and Asset Management Plan.
- Look at opportunities to objectively evaluate and report on data confidence for roading assets. There may be opportunities to utilise the REG data quality scores as an input into this process.

- Consider consolidating and streamlining current RAVM settings, to remove or make inactive any configuration settings which are no longer in use. An example of this would be those SRCs relating to painted road markings, which are no longer valued in RAMM.

WSP

Roading assets unit rate review

As part of their review of roading unit rates, asset valuer WSP made the following recommendation:

- We recommend RDC to closely monitor, record, and analyse actual construction costs and provide evidence to support future valuations.

Three waters and solid waste assets valuation

Three waters and solid waste asset valuer WSP made the following recommendations:

Suggestions for further improvement to the valuation are bulleted below. They are not arranged in any particular order. We recommend that those with the biggest impact on the valuation be prioritised.

- Continue to maintain and develop the asset component register, with additional information on construction and renewal dates to improve the reliability of the valuation.
- Continue to complete, maintain and improve the accuracy of the asset component register.
- Filter out any unvalued assets in the valuation schedules (e.g. Proxy Assets and Proposed Assets) to ensure the asset register reflects the network.
- Assessment of asset condition and performance to be undertaken to improve expected and remaining lives of assets, as well as the accuracy of valuation.
- Keep good records of construction costs to provide better information for future valuation updates.
- Assess unit rate optional to provide greater evidence to support that these rates are reflective of the market cost of the asset.
- Undertake a review of the overhead costs experienced by RDC on their network is carried out for greater confidence in the rates used for the next valuation.
- Review and update the asset register for assets located at Duddings Lake as they have again been excluded in the valuation due to the lack of credibility of data.
- Review and update the asset register for the \$115m water plant consent such that it could be included in the next valuation (note Audit has confirmed with management that this is not an asset and should have not been included in the asset register).

- Consider using recent maintenance report to review quantity, length, lives and conditions of assets. This information could then be incorporated into the next valuation to gain higher confidence ratings in data and improve valuation accuracy.
- Keep a detailed record of assets additions and deletions for the next valuation. There were many incidents where asset additions were incorrectly documented under the wrong water network.
- A site visit is recommended for the next full valuation to reconcile RDC's asset register and assess asset conditions.

Brian Smith Advisory Services Limited

Peer reviewer Brian Smith Advisory Limited made the following recommendations:

Matters to improve future valuations are noted in each valuation report. From a peer review perspective, areas of future focus could include:

- Reviewing unsealed roading wearing surface lives and comparing this with the average yearly re-metalling quantum;
- Formally using condition assessments to inform the useful lives of assets;
- Ensuring that natural assets (e.g. grass berms) do not attract depreciation; and
- In the light of increased overhead costs, ensuring that overheads costs are finessed for each asset type.

Appendix 2: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Necessary		
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.	2019/20	In progress <i>The District Council is carrying out a detailed assessment program on the earthquake strength of its buildings. The costs to strength the buildings should be reflected in the land and buildings valuation.</i>
Condition and performance data for Infrastructure Assets		
Continue to implement a program to collect condition and performance data.	2018/19	Outstanding
Changes to financial delegations		
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.	2018/19	Outstanding
Improving creditor masterfile review process		
The District Council phone to confirm new creditors or changes to a creditor's bank account number to ensure they are valid.	2017/18	Outstanding
Capital work-in-progress		
Review the capital WIP balance to: <ul style="list-style-type: none"> clearly identify projects included in the balance; perform an impairment assessment over the outstanding WIP balance at year-end; and ensure projects are 	Prior to 2017/18	In progress <i>An impairment assessment was performed at year end, but the District Council did not expense costs that it identified as impaired. Refer to Section 2.2 for the uncorrected misstatement.</i>

Recommendation	First raised	Status
capitalised on a timely basis once they are ready for use; and <ul style="list-style-type: none"> perform a monthly reconciliation. 		<i>Monthly reconciliations are not being performed.</i>
Reviews of Magiq users access levels		
We continue to recommend that regular reviews of users of the District Council’s Magiq system be completed to ensure access remains appropriate.	Prior to 2017/18	In progress <i>Regular review of dormant accounts are now in place.</i> <i>The following issues remain open:</i> <ul style="list-style-type: none"> <i>issues related to log on accounts with admin rights. In particular, we noted the following this year:</i> <ul style="list-style-type: none"> <i>some accounts in the domain admin group have no password expiry set</i> <i>a generic account is issued to an IT vendor support partner (Advantage). It wasn’t clear during the audit if such vendor actually requires domain admin level access rights.</i> <i>the built-in domain admin account is still in use without a formal approval process when it is to be used.</i>
No regular testing of Business Continuity and IT Disaster Recovery plans		
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.	Prior to 2017/18	In progress <i>Full fail over testing is currently planned.</i>

Recommendation	First raised	Status
Carry forward of capital expenditure		
Continue to reduce the amount of capital expenditure carried forward to the next financial year.	Prior to 2017/18	Outstanding <i>The District Council continues to carry forward a significant capital expenditure budget.</i>
Performance measure rules		
Continue to review the effectiveness of the collection and reporting of data.	Prior to 2016/17	In progress <i>Improvements have been made to the way complaints are recorded.</i> <i>We have raised a new recommendation this year on accurately recording dry weather sewerage overflows.</i>
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.	2017/18	Outstanding <i>From our limited testing we identified issues with timings.</i>
Review of procurement practice		
As part of our 2016 audit we completed a review of the joint procurement process undertaken by the District Council, Manawatu District Council, and Horowhenua District Council. Our summarised recommendations are detailed below: <ul style="list-style-type: none"> • 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. • 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 	Prior to 2017/18	Outstanding

Recommendation	First raised	Status
<p>the decision of the evaluation team, regardless of whether or not these individuals have decision-making power.</p> <ul style="list-style-type: none"> • 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. • 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. 		
Contract management		
<p>Endorse an integrated policy for organisation-wide use and review the current contract management system for appropriateness.</p> <p>Monitor service contracts between contractors and the District Council against the Key Performance Indicators to confirm the work performed is completed to a satisfactory standard.</p>	Prior to 2016/17	Outstanding
Monitoring of contractor performance		
<p>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.</p>	Prior to 2016/17	Outstanding

Recommendation	First raised	Status
Beneficial		
Fraud risk assessment		
We recommend that the District Council undertakes a formal fraud assessment to assess: <ul style="list-style-type: none"> transactions, activities, or locations that may be susceptible to fraud; and controls/processes the District Council has in place to mitigate those risks. 	2020/21	Outstanding
Assets with no construction date		
Implement a process to improve the asset data on road assets with no construction date.	2018/19	Outstanding
Bribery and corruption policy		
The District Council consider the following: <ul style="list-style-type: none"> 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. 	2018/19	Outstanding

Implemented or closed recommendations

Recommendation	First raised	Status
Impact of three waters reform – stimulus funding		
We recommend that the District Council implements a process to investigate and explain the variance between the general ledger and quarterly reporting to DIA. If adjustments are required to quarterly reporting the District Council should notify DIA.	2020/21	Issue closed During our work on three waters funding revenue we confirmed that DIA has provided funding to the District Council based on the District Council's quarterly reporting to DIA.

Recommendation	First raised	Status
Lack of support for manual journal entries		
We recommend that supporting documentation is maintained for all manual journal entries recorded in the general ledger. All manual journal entries should be independently reviewed, and this process should include a review of the supporting documentation.	2020/21	Issue closed The manual journal entries we tested during the audit all had adequate supporting documentation.
Classification of capital expenditure		
We recommend that management performs a review of all costs currently classified as capital expenditure work-in-progress to ensure that they have been correctly coded. We also recommend that management issues guidance to all staff that approve expenditure on what constitutes operating expenditure and capital expenditure. The guidance should include examples of classification for common types of expenditure incurred by the District Council.	2020/21	Issue closed No issues were noted during our testing on capital expenditure during this year's audit.
Sensitive expenditure – one-up approval		
The District Council enforces a one-up approval for sensitive expenditure items. Retrospective approval should be sought if the one-up approval can't be given at the time of payment.	2018/19	Issue closed No issues were noted during our testing on one-up approval of sensitive expenditure during this year's audit.
Tracing infrastructure assets from the asset management systems to the finance system		
Develop a common asset identifier to ensure assets in the roading asset management system (RAMM) and Assetfinda can be reconciled with the District Council's finance system.	2018/19	Issue closed The fixed asset registers and the finance system were reconciled as part of this year's infrastructure asset valuation.

Recommendation	First raised	Status
Process for removing Manawatu District Council staff from the District Council's IT systems when they leave		
We continue to recommend that formalised procedures be established, and managers made aware of their responsibilities for advising IT when external contractors cease employment with the Council.	Prior to 2017/18	Issue closed A regular review of user log on accounts is now in place.
Sensitive expenditure approvals		
We recommend that: <ul style="list-style-type: none"> all credit card statements get approved on a one-up basis in a timely manner; and sufficient supporting documentation for purchases be included with the credit card statement. 	Prior to 2016/17	Issue closed No issues were noted during our testing on approval of sensitive expenditure during this year's audit.
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.	Prior to 2016/17	Issue closed No issues were noted during our testing RFSs during this year's audit.

Appendix 3: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General’s Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the District Council in accordance with the independence requirements of the Auditor-General’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit, we have carried out a limited assurance engagement related to the District Council’s Debenture Trust Deed. This engagement is compatible with those independence requirements. Other than this engagement, we have no relationship with, or interests in, the District Council.</p>
Fees	<p>The audit fee for the year is \$146,799, as detailed in our Audit Proposal Letter. As noted in 2.6, we will be discussing a cost recovery with management for this years audit.</p> <p>Other fees charged in the period are \$4,750 for the limited assurance engagement related to the District Council’s Debenture Trust Deed.</p>

Area	Key messages
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council that is significant to the audit.</p> <p>A staff member of Audit New Zealand has accepted a position of employment with the District Council after the end of the financial year. Whilst employed by Audit New Zealand they had no involvement in this year’s audit.</p> <p>We are not aware of any other situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council during or since the end of the financial year.</p> <p>We are aware of a staff member who worked on the audit identifying a relevant personal relationship¹ during the audit. This staff member was immediately removed from the audit and had access to our audit files removed.</p>

¹ Relevant personal relationship is defined as:

- a relationship that involves a close personal association and regular interaction between the employee and another person who is not a family member. Such a relationship may, for example, include:
 - a close friend;
 - a parent-in-law;
 - a landlord or flatmate;
 - a person with whom the employee has an income-earning business or investment arrangement;
 - a cousin the employee actively keeps in touch with; or
 - a former spouse or partner the employee keeps in regular contact with.

ITEM 10.1 ATTACHMENT 1



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

PO Box 149
Palmerston North
Phone: 04 496 3099

www.auditnz.parliament.nz



10.2 Audit NZ Management Letter Points

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1 Reason for Report

- 1.1 To provide Risk and Assurance Committee with a summary of Council's current Audit New Zealand Management Letter points.

2 Context

- 2.1 Audit New Zealand typically provide Council with a Management Letter after each audit (interim and final) that contains recommendations to improve various controls/systems/processes they identified when conducting their fieldwork. Officers will track and update these to report on progress of these items.
- 2.2 The intent of including the Management Letter Register on this agenda is to 'establish the practice' of including this as a standing agenda item rather than undertake a detailed review of these items. These follow up action items will be submitted in the tracker document and updated for each meeting.
- 2.3 Once reported to Risk and Assurance Committee and confirmed by Audit NZ as being 'resolved', the item will be removed from this register.

3 Recommendation

- 3.1 That the report 'Audit New Zealand Management Letter Points' be received.

Attachments:

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

Updated as at June 2023							
Issue raised in:	Recommendation	Managed	Audit NZ Priority	February 2023 Update	June 2023 Update	Expected due date	Officer's assessment
19/20 Also reported on 21/22 Interim	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. May impact impairment of assets due to correction or preventative maintenance costs.	GM Assets & IS	Necessary	The assessments have been completed.	Finalising review	Feb-23	
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	Beneficial	This is in progress	Ongoing	TBA	Beneficial
Prior to 18/	Capital Work in progress Review the capital WIP balance to: · clearly identify projects included in the balance; and · perform an impairment assessment over the outstanding WIP balance at year-end; and ensure projects are capitalised on a timely basis once they are ready for use; and · perform a monthly reconciliation.	Manager Financial Services	Necessary		Much of this Recommendation is 'standard year practice'. Officers consider it impractical to conduct monthly reconciliations. Accordingly Officers now consider that this item can be closed.	NA	Ready to close
Prior to 18/	Carry forward of capital expenditure Continue to reduce the amount of capital expenditure carried forward to the next financial year.	GM Assets & IS	Necessary		The annual capital program is now subject to significant consideration before being finalised. One of the matters considered is 'ability to deliver'. This has become BAU for Council and Officers now consider that this item can be closed.	NA	Ready to close
18/19	Condition and performance data for Infrastructure Assets Continue to implement a program to collect condition and performance data.	GM Assets & IS	Necessary	This is in progress	Constantly being progressed.		
Prior to 17/	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	Necessary	Generally, this is essentially being achieved via a more informal 'management approach'. Specifically, regarding Roading, the GM Assets & IS is looking at various models of achieving this.	The monitoring of Contractor Performance has become BAU for Council. The performance under the Roading Contract is subject to regular reporting to either Council or its Committees. As this has become BAU for Council and Officers now consider that this item can be closed.	NA	Ready to close
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	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.	Council's Fraud, Bribery and Corruption Policy was approved in April 2023.	NA	Ready to close
Prior to 17/	Performance measure rules Continue to review the effectiveness of the collection and reporting of data.	GM Democracy & Planning	Necessary	Effectiveness of collection and reporting has improved and will continue to be monitored via the 6 monthly updates	This has now become BAU and can be Closed	NA	Ready to close
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	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.	A cross-team project will be commenced to ensure the data is able to be retrieved when its required and is correct. GM Democracy & Planning will lead this.	Jun-23	Beneficial
20/21	Fraud risk Assessment 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	Financial Services	Beneficial	Fraud register reported on 16 November 2022 and contained no open fraud matters to report. Awareness communication to continue in February, June, October in 2023. Formal fraud assessment - Planned in terms of Internal Audit Plan and scheduled for March and April 2023.	Internal audit procedures planned for April 2023 to cover cash handling and fraud assessment at three locations has been deferred due to lack of resources.. Formal fraud awareness communication planned for June 2023 and October 2023.	Sep-23	Beneficial
18/19	Changes to financial delegations 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.	Financial Services	Necessary	The review has been rescheduled due to Annual Report commitments - it is now 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.	In progress	Sep-23	
Prior to 18/	No Regular Testing of Business Continuity and IT Disaster Recovery Plans 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.	Mgr Info Services	Necessary	This is in process with a majority of items completed.	Third party service provider are providing disaster recovery and backup services to RDC. DR tests are performed on selected servers on a monthly basis with full DR failover scheduled annually. Monthly reports on DR and backup services are produced, reviewed and stored in our EDRMS. RDC is currently working on building a priority server list in conjunction with the business to ensure that the DR site has the ability to support business continuity should we failover to alternate hardware.		Necessary

\\vdc-file01\Finance\Monthly Tasks (all)\Monthly reports\Risk and Assurance\2023-06\2023-06 Audit NZ Management Letter Items

Updated as at June 2023							
Issue raised in:	Recommendation	Managed	Audit NZ Priority	February 2023 Update	June 2023 Update	Expected due date	Officer's assessment
Prior to 18/1	<p>Review of Procurement Practice 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: 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 : 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> <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>	GM Corporate Services / Chief Operating Officer	Necessary	The Project Management Team has reviewed the policy and will engage a consultant to prepare the supporting operational internal documents and guidelines. The responsibility of the policy has been changed to be a shared responsibility between the GM Corporate Services and Chief Operating Officer. The revised Policy will need to go to the Risk & Assurance Committee meeting in March or June 2023, and then to full Council after that.	The Procurement Policy/Guidelines have been developed and pending final review. Financial year end is causing delays to this final stage.	Sep-23	Necessary
Prior to 18/1	<p>Reviews of Magiq users access levels We continue to recommend that regular reviews of users of the District Council's Magiq system be completed to ensure access remains appropriate.</p>	Mgr Info Services	Necessary		Magiq users are audited as we complete our regular user audit of Active Directory. At this time, we only review access levels at such times as we receive role change forms from People and Performance. Under review		
Prior to 17/1	<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>	PMO	Necessary	Three FTEs were filled late 2022. The PMO Lead is working with a consultant to establish Project Management Framework (incl. contract management) to be used across the organisation.	Work is continuing	Dec-23	Necessary
21/22 Interim	<p>Improving creditor Masterfile review process The District Council phone to confirm new creditors or changes to a creditor's bank account number to ensure they are valid</p>	Financial Services	Necessary	The procedure has been incorporated into new or amended creditors banking details. This will take place for any new creditors or for creditors where banking details have been changed.	This has become BAU for Council and Officers now consider that this item can be closed.	NA	Ready to close
22/23	<p>Breach of Local Government Act 2002 section 98(7)(b) Make improvements to processes for preparing the annual report to ensure that it is complete and of reasonable quality at the beginning of our audit.</p>	Manager Corp Serv	Necessary		Council accepts that the draft Annual Report was incomplete at the beginning of the audit. Management considers that the reference by Audit New Zealand to 'poor quality' was due, to a large extent, to the fact that the initial draft was incomplete. The completion of the Annual Report was subsequently based around timeframes that were agreed with Audit New Zealand, based upon commitments and resources of both parties. Council currently foresees a significantly lower level of external factors (e.g. delays in obtaining revaluation information, delays in receiving water quality audit information, COVID related issues and issues relating to confirming SSP information) that will prevent it from achieving its June 2023 related deadlines.	Sep-23	
22/23	<p>Breach of Local Government Members (2021/22) Determination 2021 Changes to elected representatives' remuneration are independently reviewed for compliance with the relevant Determination to ensure remuneration in line with the Determination.</p>	Mgr People & Performance	Necessary		A process to ensure greater scrutiny has been implemented with payroll maintenance checking to ensure that transposed figures are picked up. This process involves the person processing Payroll sitting alongside the Group Manager People and Performance (or other approved person signing off payroll) and reading the approved figure out loud, while the other checks against what is entered. This has become BAU for Council and Officers now consider that this item can be closed.	NA	Ready to close
22/23	<p>Dry weather sewerage overflows Implement a system to accurately record dry weather sewerage overflows in line with the requirements of the DIA's mandatory performance measure on sewerage overflows.</p>	COO	Necessary		RDC agree with the view that the capture of the wet weather sewerage overflows can be improved. At the moment the only way to check if the sewerage overflow occurred during a wet weather period is to check each overflow against recorded rainfall in the general area of the overflow. This is a time-consuming activity and not something that RDC can achieve on a reliable basis with the current workloads and staff compliments. We are investigating some form of software automation to do this check without the involvement of staff time.	Jan-24	
22/23	<p>Payroll system calculating termination pay incorrectly Manually recalculate employee's termination pay to verify the accuracy of the payroll system. If the payroll system calculates a termination pay incorrectly then the District Council should override the system to ensure it pays the correct amount.</p>	Mgr People & Performance	Necessary		The issue has been resolved. Officers calculated the final difference as negligible and corrected the processes to calculate this on the system correctly going forward.	NA	Ready to close
22/23	<p>General Rate on Defence land The rates resolution states that the general rate is set on a capital value basis for all land, but that defence land is assessed as if that rate was based only on its land value.</p>	Manager Corp Serv	Necessary		Rates Resolution has been amended accordingly.	NA	Ready to close

\\dc-file01\Finance\Monthly Tasks (all)\Monthly reports\Risk and Assurance\2023-06\2023-06 Audit NZ Management Letter Items

Updated as at June 2023							
Issue raised in:	Recommendation	Managed	Audit NZ Priority	February 2023 Update	June 2023 Update	Expected due date	Officer's assessment
22/23	Recommendations made by valuers and peer reviewer Implement the recommendations made by the infrastructure asset valuers and peer reviewer.	COO	Beneficial		<p>Noted. Officers have listed the details under our management letter tracker document for monthly discussion and planning to implement these recommendations and report progress at ELT meetings and to the Risk and Assurance Committee. These recommendations include those made by:</p> <ul style="list-style-type: none"> * The Datastack on roading asset valuations; * WSP on roading asset unit rate review and Three Waters and solid waste valuations and * Brian Smith peer review on roading valuation <p>These recommendations (which are included in appendix 1 of the Audit NZ report) will be implemented to be included by the next valuation period.</p>	Jun-24	
22/23	Sensitive expenditure policies do not align with good practice Sensitive expenditure policies are updated to align with the Office of the Auditor-General's good practice guide on controlling sensitive expenditure.	Manager Corp Serv	Beneficial		<p>Officers will incorporate these suggestions in the Sensitive Expenditure Policy as considered appropriate. Note the final bullet point in the Auditors list above pertains to the receipt of cash gifts – this matter is addressed in Council's Gifts and Hospitality Policy (S4.1).</p>	Dec-24	

\\rdc-file01\Finance\Monthly Tasks (all)\Monthly reports\Risk and Assurance\2023-06\2023-06 Audit NZ Management Letter Items

10.3 Privacy Update

Author: Sharon Grant, Group Manager - People & Performance

Authoriser: Peter Beggs, Chief Executive

1. Reason for Report

- 1.1 This report provides the Risk and Assurance Committee with an update on privacy breaches for the reporting period. There are two known minor privacy breaches to report and no known notifiable (serious) privacy breaches to report.

2. Context

- 2.1 The Privacy Act 2020 (Act) governs how agencies (including local councils) may collect, store, use and share private information about individuals. The Act contains 13 principles that stipulate how information can be collected and used, and outlines people's rights to gain access to that information and ask for it to be corrected.
- 2.2 The Office of the Privacy Commissioner receives and considers privacy complaints. Agencies must notify the Privacy Commissioner if a notifiable privacy breach has occurred. A notifiable privacy breach is one which has caused, or is likely to cause, serious harm to the affected individual(s).
- 2.3 Rangitīkei District Council (RDC) has an internal Privacy Policy and Procedure (February 2023). The Privacy Policy and Procedure outlines how RDC will manage private information related to individuals who work for Council. It also outlines RDC's internal procedures for responding to actual or potential privacy breaches related to all information held about identifiable individuals, including employees and members of the public.
- 2.4 RDC also has an external Customer Privacy Statement which details how Council will protect the private information of members of the public. The external Customer Privacy Statement is published on RDC's website and can be accessed through the following link: [Privacy Statement](#).
- 2.5 In a RDC context, *personal information* includes any information collected or held by Council about identifiable individuals, such as information about our employees, rate payers and other members of the public who interact with Council.
- 2.6 RDC has a Privacy Officer, as is required under the Act. RDC's Privacy Officer is the Group Manager People and Performance.
- 2.7 The internal Privacy Policy and Procedure is 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. Refresher training on the Privacy Policy and Privacy Act is being arranged.

3. Discussion

- 3.1 There are two known minor privacy breaches to report. One of the minor privacy breaches occurred in the last reporting period however due to timing was not included in the March 2023 written report. A verbal update was provided to the Risk and

ITEM 10.3

Assurance Committee at the meeting of 15 March 2023 with an action taken to include it in the written report for the next meeting. The second minor privacy breach occurred during the current reporting period.

- 3.2 Both of the minor privacy breaches involved the unintentional disclosure of one person's personal information to one other person. Council's internal procedure to respond to a potential privacy breach was followed in full and, following investigation, it is considered that no serious harm occurred (or is likely to occur) as a result of the minor privacy breaches.
- 3.3 There are no known notifiable (serious) privacy breaches to report.

Recommendation

That the report 'Privacy Update' be received.

10.4 Risk and Assurance 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 Risk and Assurance Committee Work Programme.
- 1.2 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.

2. Discussion

- 2.1 This Programme has been drafted on the assumption that the Risk and Assurance Committee will hold quarterly meetings in March, June, September and December each year (with additional meetings scheduled as required).
- 2.2 Current Risk and Assurance Committee Work Programme (June 2023 note: Council's Revenue and Finance Policy has been added to the *Policies* subsection as per below):

Item	Audit and Risk Committee Meeting
Governance	
Risk and Assurance 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
Current Areas of Concern	Each meeting – see below.
Statutory	

ITEM 10.4

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 (this was discussed at November 2022 meeting)
Internal Audit Workplan Updates	Each meeting
Policies etc	Policies considered appropriate for ARC to review
Revenue and Finance Policy	March each year
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	Review every 2 years: reviewed June 2023 (see S2.3 below)
Protected Disclosure “Whistle Blower” Policy	Review every two years: next review September 2024
Staff Code of Conduct	Review every 2 years; next review September 2023.
Health, Safety and Wellbeing Policy	Review every 2 years; next September 2023.
Delegations Register	Last updated January 2018; review currently being finalised.
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 presented in December 2021; currently being finalised. 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; next review due by September 2023 (as per Policy)
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'

Current Policy Reviews

- 2.3 Officers have reviewed/expanded the 'old' Fraud Policy and Procedures with a new Fraud, Bribery and Corruption Prevention Policy. Both of these documents are attached for the Committee's review/comment.

2.4 Current Areas of Concern

The proposed Three Waters reforms have created a significant level of uncertainty around many aspects of Council's operations. The impact of these reforms continues to be carefully monitored and assessed at all senior levels of Councils. The potential financial impacts of these reforms continue to be reported to Finance/Performance Committee and Risk/Assurance Committee.

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.

Attachments

1. **Fraud Procedure Policy (2014)** [↓](#)
2. **Fraud, Bribery and Corruption Prevention Policy (2023)** [↓](#)

Recommendation

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

RANGITĪKEI DISTRICT COUNCIL

FRAUD PROCEDURE POLICY

Unauthorised possession (theft), fraud and
corruption response policy.

Approved:	2014
Approved by:	Executive Leadership Team
Next review:	2022/23
Version number:	1.0
Who is responsible:	Group Manager – Corporate Services



Making this place home

UNCONTROLLED IF PRINTED

Fraud Procedure Policy

CONTENTS

- 1. Purpose
- 2. Scope
- 3. Management Responsibilities
- 4. Process Requirements For Suspected Fraud

2
3
4
5

1. PURPOSE

- 1.1. The Rangitikei District Council ("the Council") is committed to preventing the occurrence of fraud and corruption. This fraud procedure has been established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Council.
- 1.2. The Council is committed to protecting its revenue, property, information, and other assets from any attempt (by members of the public, contractors, sub-contractors, agents, intermediaries, or its own employees) to gain financial or other benefits from it by deceit.
- 1.3. This procedure sets out specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraud and other similar irregularities.
- 1.4. Fraud is defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.
- 1.5. It is the intent of Council to promote an anti-fraud culture by providing these guidelines and by assigning responsibility for the development of controls and conduct of investigations.

2. SCOPE

- 2.1. This procedure applies to all current employees of Council. This procedure applies to any fraud, impropriety or dishonesty (suspected or actual), involving employees of Council or Council Controlled Organisations (CCOs) as well as councillors, consultants, vendors, contractors and/or any other parties with a business relationship with Council

Fraud Procedure

This procedure outlines what irregularities constitute fraud, as well as the responsibilities of Council employees.

Procedure Summary

In addition to this procedure some members of Council staff belong to professional bodies, such as the Institute of Professional Engineers and the Institute of Chartered Accountants of New Zealand, both of which bind their members to their professions individual code of ethics concerning professional behaviour.

Associated Documents

- Local Authorities (Members' Interests) Act 1968
- The Secret Commissions Act 1910
- Sections 99,105, 105A of the Crimes Act 1961
- Protected Disclosures Act 2000
- Delegation Manual
- Personnel Manual
- Staff Employment contracts
- The responsibilities and duties of public entities: Office of the Auditor General

Actions constituting fraud

Fraud (and other irregularities) includes, but is not limited to:-

- Any dishonest or fraudulent act;
- Forgery or alteration of cheques, drafts, promissory notes, and securities.
- Any misappropriation of funds, securities, supplies or any other assets.
- Any irregularities of funds, securities, supplies or any other asset.
- Any irregularity in handling or reporting of money transactions.
- Authorising or receiving payment for time not worked
- Authorising or receiving payment for goods or services not received or performed
- Identity theft
- Destruction, removal or inappropriate use of records, furniture, fixtures and equipment.
- Seeking or accepting anything of material value from vendors, consultants, or contractors without prior consent of the Chief Executive.
- Profiteering as a result of insider knowledge of Council activities or activities of Council Controlled Organisations;
- Disclosing confidential and proprietary information to outside parties;
- Unauthorised use or misuse of Council property, equipment, materials or records.
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation or copying of data for fraudulent purposes - or the misappropriation of Council-owned software.
- Any claim for reimbursement of expenses that are not made for the exclusive benefit of the Council.
- Any fraud defined by the Crimes Act 1961 and Summary Offences Act 1981, including the definition of "intent".

3. MANAGEMENT RESPONSIBILITIES

Management is responsible for the detection and prevention of fraud, impropriety and dishonesty. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Management should be alert to the possibility that unusual events may be symptoms of fraud or attempted fraud and that fraud may be highlighted as a result of management checks or be brought to their attention by a third party. They are responsible for:

- being aware of fraud; and
- ensuring that an adequate system of internal controls exists within their area of responsibility and that those controls are operating effectively. These controls should include a system for undertaking regular reviews of transactions and activities that may be susceptible to fraud.

Where there are areas considered susceptible to fraud, Management will regularly undertake reviews of those areas. Any irregularity that is detected or suspected must be reported immediately to the Chief Executive, who coordinates or refers any investigation to the relevant agency if required.

Procedure Statements

- It is the Council's intent to fully investigate any suspected acts of fraud, misappropriation, or similar irregularity.
- Each Manager is responsible for instituting and maintaining a system of internal control to provide assurance for the prevention and detection of fraud, misappropriations, and other irregularities.
- The Chief Executive has the primary responsibility for the overseeing of the investigation of all suspected fraud. This may require the formation of an investigation team or referral to outside public or private agency support.
- The Chief Executive will notify the Human Resources Adviser and the Mayor of a reported allegation of fraudulent or irregular conduct upon the commencement of the investigation. Throughout the investigation, these officials will be informed of pertinent investigative findings.
- Members of the Investigation Team as appointed by the Chief Executive will have:
 - free and unrestricted access to all Council records and premises, whether owned or rented; and
 - the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, computers and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.
- The Chief Executive will notify Audit New Zealand.
- In circumstances where there are reasonable grounds to indicate that a fraud may have occurred, the Chief Executive must refer the matter to the Police.
- Upon conclusion of the investigation, the results will be reported to the Human Resources Adviser and the Mayor.
- The Council will pursue every reasonable effort (including court-ordered restitution) to obtain recovery of Council's losses from the offender, or other appropriate source(s).

Confidentiality

- All participants in a fraud investigation shall keep the details and results of the investigation confidential.
- The Chief Executive will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Chief Executive immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act

Media issues

Any staff or elected official contacted by the media (with respect to an investigation) shall refer the media to the Chief Executive, except where the investigation concerns the Chief Executive when the referral will be to Audit New Zealand.

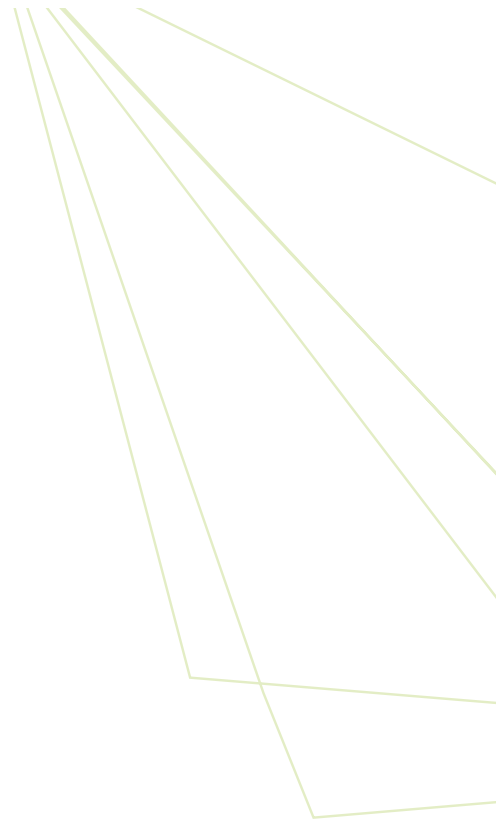
The alleged fraud or audit investigation shall not be discussed with the media by any person other than through the Chief Executive, except where the investigation concerns the Chief Executive when the referral will be to Audit New Zealand.

4. PROCESS REQUIREMENTS FOR SUSPECTED FRAUD

Responsible	Actions
<p>Any Council Employee (who observes or suspects fraud)</p>	<p>1. If you have any knowledge of an occurrence or have reason to suspect that a fraud has occurred, notify your Supervisor/Manager immediately.</p> <p>Note: The Protected Disclosures Act 2000 states that no employer (or person acting on behalf of an employee who discloses information) shall:</p> <ul style="list-style-type: none"> • Dismiss (or threaten to dismiss) an employee who discloses information. • Discipline or suspend (or threaten to discipline or suspend) an employee who discloses information. • Impose any penalty upon an employee who discloses information. • Intimidate or coerce an employee who discloses information. • Where an employee confesses to their own fraud they will be subject to normal proceedings as if another individual had disclosed the fraud. <p>Violation of this section of the Act will result in discipline, up to and including dismissal.</p>
<p>Manager (of the employee who notified the suspected fraud)</p>	<p>2. Upon notification of and allegation of suspected fraud, or if you suspect that a fraud occurred, notify the Chief Executive immediately.</p> <p>The reporting individual should be informed of the following:</p> <ul style="list-style-type: none"> • Do not contact the suspected individual in an effort to determine facts or demand restitution. • Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Chief Executive or members of the Investigation team.
<p>Head of Finance/Investigation Team</p>	<p>3. Upon notification (or discovery) of a suspected fraud, a preliminary investigation of the suspected fraud will be undertaken immediately.</p> <p>4. Within 24 hours the details of the suspected fraud, the person or persons involved, and the quantity and/or value of the fraud should be recorded and documented. Also how the fraud was carried out should be documented and any possibility of further fraud in that area should be eliminated. Every effort should be made to gather sufficient reliable evidence to support a prosecution.</p> <p>5. The Chief Executive should be kept informed of the results of the investigation.</p> <p>6. If a case is considered to exist, the Chief Executive or a person designated by them shall, unless another course of action is more appropriate:</p> <ol style="list-style-type: none"> a) Inform the person in writing of the investigation and request an immediate meeting with them at which their representative or representatives are invited to be present. b) Meet with the person who is the subject of the allegation of theft or fraud and their representatives to explain the complaint against them. c) Obtain a verbal or preferably a written response (all verbal responses must be recorded as minutes of that meeting, and the accuracy of those minutes should be attested by all persons present). d) Advise the person in writing of the processes to be involved from this point on.

<p>Head of Finance (in consultation with the Chief Executive and Human Resources Adviser)</p>	<p>7. If there appears to be reasonable grounds for suspecting that a fraud has taken place, contact the Police, and co-ordinate the investigation with them.</p> <p>Note: To secure any evidence, take immediate action to prevent theft, alteration, or destruction of relevant records. Such actions include (but are not necessarily limited to):</p> <ul style="list-style-type: none"> • Removing the records and placing them in a secure location. • Limiting access to the location where the records re currently held, and • Preventing the individual suspected of committing the fraud from having access to the records. (The records must be adequately secured until the Financial Controller obtains the records to begin the audit investigation.) • Preventing the individual suspected of committing the fraud from having access to any computer especially any computer connected to the Council network.
<p>Appropriate Manager (in consultation with the Human Resources Adviser)</p>	<p>8. Where fraud has occurred the Police must be notified by the Chief Executive.</p> <p>Every case of fraud will be referred to the appropriate law enforcement agency with a view to prosecution of the individuals involved.</p> <p>Wherever it is possible and practicable any money or property lost will be recovered, and pursued through the processes of the law if necessary.</p> <p>9. After the investigation, and before talking final disciplinary action, give the person (under investigation for fraud) written notice of the essential particulars of the allegations - unless exceptional circumstances exist.</p> <p>Note: This step is subject to any collective employment agreement provisions respecting the rights of employees during disciplinary proceedings.</p>
<p>Head of Finance/Investigation Team</p>	<p>10. At the conclusion of the investigation, document the results in a confidential memorandum report to the CE.</p> <p>Note: If the report concludes that the allegations are founded and of a serious nature, then forward the report to the Police.</p> <p>11. Make recommendations to the appropriate Manager - this will assist in the prevention of similar occurrences in the future.</p> <p>12. Upon completion of the investigation (including all legal and human resource actions), return any records, documents, and other evidentiary material to the relevant department.</p>
<p>When a senior manager (i.e. a manager who is a member of the Executive Management team and/or who reports directly to the Chief Executive), is suspected of fraud:</p>	<p>The notification is made directly to the Chief Executive who will determine the composition of the investigation team and/or engage external expertise. All other steps in the procedure, modified where necessary to keep the including notification to the Mayor and the Human Resources Adviser (unless being the person suspected of fraud) and Audit New Zealand, will be followed.</p>
<p>When the Chief Executive is suspected of fraud:</p>	<p>The notification is made to the Head of Finance or the Community Services Group Manager who will jointly comprise the investigation team, with authority to engage external expertise and to direct the Chief Executive to take special leave on pay while the investigation is conducted. All other steps in the procedure will be followed including notification to the Mayor, the Human Resources Adviser and Audit New Zealand, will be followed. All records of the investigation and any subsequent proceedings until the matter is concluded are to be lodged with the Executive Director of Audit New Zealand who will, at least until the records become subject to the archives deposit requirements of the Public Records Act, allow access only to public law enforcement agencies.</p>

ITEM 10.4 ATTACHMENT 1



RANGITĪKEI DISTRICT COUNCIL

FRAUD, BRIBERY AND CORRUPTION PREVENTION POLICY

Approved: April 2023
Approved by: The Executive Leadership Team
Next review: April 2025
Version number: 2.0
Who is responsible: Group Manager Corporate Services



Making this place home

UNCONTROLLED IF PRINTED

Fraud, Bribery And Corruption Prevention Policy

1. PURPOSE

- 1.1. The purpose of the Fraud, Bribery and Corruption Prevention Policy is to:
 - 1.1.1. Provide guidance for Rangitikei District Council (RDC) employees on what constitutes fraud, bribery and corruption
 - 1.1.2. Establish RDC's zero tolerance stance with regards instances of fraud, bribery and corruption
 - 1.1.3. Outline clear roles and responsibilities for RDC employees who encounter or suspect fraud, bribery or corruption.
- 1.2. This Policy should be read alongside the RDC **Protected Disclosures Policy and Procedure**.

2. SCOPE

- 2.1 This Policy applies to:
 - 2.2.1. all employees of RDC, including temporary employees and contractors.
 - 2.2.2. any person who is involved in the operation of the RDC, including elected members, volunteers and those people with honorary or unpaid staff status.
 - 2.2.3. every business department, service or activity of RDC.

3. DEFINITIONS

- 3.1. **"Assets"** includes, but is not be limited to financial assets (debtors, loans), real property, plant and equipment, furniture and fittings, ICT devices and equipment, collections, vehicles, and other stores items (including redundant and excess items).
- 3.2. **'Bribery'**: The offer, promise or giving of anything of value (or forgiving of a debt/liability) in order to improperly influence a person's actions or decisions to gain or retain a business benefit.
- 3.3. **'Corruption'**: The misuse of entrusted power or office for personal or third party gain.
- 3.4. **'Kickback'**: A form of bribery in which an unofficial payment is received by a person in a position of authority or decision-making for services rendered or awarding business.
- 3.5. **'Due Diligence'**: An investigation of a business, person or process prior to entering into an agreement, or establishing a standard of professional transparency and assurance (i.e. vetting) before entering into an agreement or a transaction with another party.
- 3.6. **'Facilitation Payments'**: Are typically small, unofficial payments made to secure or expedite a routine process or action by a government or business official. These constitute 'bribes' under the law, regardless of whether they are considered a 'way of doing business' in a particular country or context.
- 3.7. **'Fraud'**: Includes all acts of deception, misrepresentation or omission committed with the intention of gaining an unjust or illegal financial advantage, or to cause an unjust or illegal loss or disadvantage.
- 3.8. **'Fraud Control Officer'**: this role is with the Group Manager, Corporate Services (Alternate Fraud Control Officers are Manager Financial Services and Group Manager People and Performance)
- 3.9. **'RDC Employee'**: Within the context of this Policy, 'employee' refers to all staff of RDC and any other individuals identified in section 2.1 above.
- 3.10. **'RDC Manager'**: Within the context of this Policy, 'manager' refers to members of the Executive Leadership Team (ELT), Senior Leadership Team and those with formal staff management responsibilities.

4. PRINCIPLES

- 4.1. Rangitikei District Council (RDC) regards fraud, bribery and corruption as unacceptable and will apply a 'Zero Tolerance' approach to any such behaviour.
- 4.2. All RDC employees are required to, at all times, act honestly and with integrity and to safeguard the public resources, services and interests for which RDC is responsible.
- 4.3. Employees who suspect fraud, bribery or corruption must report such behaviour as outlined in this Policy and associated procedures and guidance.
- 4.4. All suspected fraud, bribery and corruption will be investigated and reported to the Risk and Assurance Committee at each scheduled meeting.
- 4.5. Incidences of 'significant' suspected fraud, bribery or corruption (i.e. involving the theft or misuse of Council assets valued at more than \$1,000 or of a nature that has the potential to impact on business operations, service delivery or sector/ public confidence in RDC) will be reported by the Fraud Control Officer (or 'Alternate' Fraud Officer) as follows:
 - To the Chair of the Risk and Assurance Committee, Chief Executive Officer and the Mayor **within 48 hours;** and
 - To the Risk and Assurance Committee at **its next meeting**, or earlier if appropriate.
- 4.6. The Fraud Control Officer (or 'Alternate') may also consider it necessary to notify thirdparties including the NZ Police, Serious Fraud Office, Council's external auditors (Audit NZ) as well as insurers, as soon as is practical.
- 4.7. Any decision to contact third parties should be made in collaboration with the Chief Executive Officer and the Chair of the Risk and Assurance Committee.
- 4.8. Employees who commit fraud, bribery or corruption will be subject to RDC disciplinary procedures. Fraud, bribery and corruption are criminal offences and if proven will generally constitute serious misconduct.

5. POLICY CONTENT

- 5.1. Fraud, bribery and corruption pose financial and reputational risk to RDC, as well as impacting on the values, culture and performance of the organisation and its employees.
- 5.2. Fraud includes, but is not limited to:
 - Unauthorised use of facilities, vehicles or equipment for personal gain;
 - Deliberately not recording leave taken, or any other employee theft of time;
 - Misappropriation or improper disposal of assets, including cash, funds and supplies;
 - Forgery or alteration of documents or accounts belonging to RDC;
 - Disclosing confidential or proprietary information to third parties;
 - Accepting or seeking anything of material value from contractors or persons, including before, during and after, any procurement processes;
 - Manipulating reporting to obscure impropriety;
 - Obtaining funds or any other benefit through misleading claims, representations or by false pretenses;
 - Inappropriate claims for expenses for personal gain;
 - Profiteering for personal or another person or entities gain as a result of insider knowledge of RDC's activities;
 - Unapproved destruction, removal or inappropriate use of records, furniture, fixtures, and equipment;
 - Use of the RDC's purchase card for personal gain;
 - Inappropriate payments to third parties;
 - Presenting false credentials or qualifications;
 - Supporting others in, or in any way being party to, fraud or not reporting fraud;
 - Any of the above for personal gratification and/or edification, or for political or business advantage whether or not there is pecuniary gain.

- 5.3. Bribery and corruption include, but is not limited to:
- the provision or acceptance of cash, facilitation payments or kickbacks;
 - facilitation of business transactions such as securing contracts or fast-tracking services for personal gain or when compromised by a conflict of interest;
 - unauthorised political or charitable contributions;
 - the improper use of a political/business position of authority or 'influence';
 - giving or receiving unauthorised gifts, travel and/or hospitality;
 - giving or receiving unauthorised rebates or reimbursements.

Fraud, Bribery and Corruption Prevention

- 5.4. RDC will proactively take all reasonable steps to prevent fraud, bribery and corruption by developing and maintaining a framework that sets out clearly:
- the procedures, processes and expectations of employee behaviour, and
 - promotes robust internal controls for key business functions, including the protection of assets, procurement, purchasing, payroll, treasury and cash management.

Managers' Responsibilities

- 5.5. The day to day responsibility for the prevention and detection of fraud, bribery and corruption and other inappropriate conduct rests with Managers.
- 5.6. Managers are responsible for:
- Demonstrating the highest standards of ethical behaviour;
 - Identifying the risks to which systems, operations and procedures are exposed;
 - Developing and maintaining effective internal controls to ensure effective stewardship of funds and to prevent and detect fraud, bribery or corruption;
 - Ensuring these internal controls are being complied with;
 - Strictly adhering to delegations of authority (including the 'one up' approval principle and the amount they can authorise);
 - Ensuring compliance with all corporate and business policies, procedures and guidelines;
 - An awareness and sense of responsibility for the types of impropriety that may occur within their respective areas and being alert for any indication of irregularity.
 - Being vigilant to 'red flag' and other fraud, bribery and corruption risks, which may necessitate further due diligence and/or process change.

(Examples of 'red flags' or situations where fraud, bribery or corruption risk may arise are outlined in Appendix 1 of this Policy)

Employee's Responsibilities

- 5.7. All employees are responsible for:
- Being scrupulously fair and honest in their business activities and dealings with contractors, suppliers or customers;
 - Taking reasonable steps to safeguard RDC funds and assets against fraud, theft, unauthorised use and misappropriation;
 - Strictly adhering to all system security measures, segregation of duties and delegations;
 - Reporting immediately to the Fraud Control Officer or 'Alternate' Fraud Officer (or where this is inappropriate, the Chief Executive Officer or Chair of the Risk and Assurance Committee) if they suspect or believe that there is evidence of irregular or improper behaviour or that fraud, bribery or corruption may have been committed.

RDC Responsibilities

- 5.8. RDC will not tolerate any fraud, bribery or corruption and will investigate all instances of suspected fraudulent behaviour.
- 5.9. RDC shall ensure that all staff are provided adequate and regular training on the Fraud, Bribery and Corruption Prevention Policy. The Fraud Control Officer is responsible for anti-fraud, bribery and corruption training and awareness initiatives for all employees to support them in complying with their obligations under this Policy.

RDC Fraud, Bribery and Corruption Reporting

- 5.10. The reporting of real or suspected fraud, corruption or bribery to the Fraud Control Officer may be made in person, by phone or email. Reporting may be made anonymously.
- 5.11. The contact details for the Fraud Control Officer are as follows:
 - Name: Dave Tombs
 - Email: dave.tombs@rangitikei.govt.nz
 - Phone: 027 210 2267
- 5.12. Employees are required to report all instances of suspected fraud, bribery or corruption to the Fraud Control Officer, or if this is not appropriate, to an 'Alternate' Fraud Control Officer:
 - Manager Financial Services; or
 - Group Manager People and Performance

Or, if considered more appropriate:

 - The Chief Executive Officer; or
 - The Chair of the Council's Risk and Assurance Committee as follows:
 - Name: Philip Jones
 - Email: philip@pja.co.nz
 - Phone: 027 4999 408

Employees reporting suspected instances of 'serious wrongdoing' are also covered by the RDC **Protected Disclosures Policy and Procedure**. This Policy provides legal protection for any employee reporting improper, inappropriate or unlawful behaviour in good faith, or for participating in the investigation of a complaint in accordance with the Protected Disclosures Act 2000.

Breach of this **Fraud, Bribery and Corruption Policy** may lead to disciplinary action, up to and including dismissal (or termination of contractual arrangements for contractors or other external parties) in accordance with RDC's Employment Agreement, and Standards of Integrity and Conduct Policy (including disciplinary procedures outlined in this policy).

- 5.13. In some circumstances, a breach of this Policy may result in civil or criminal liability.

Relevant Legislation:

Crimes Act 1961	Organised Crime and Anti-corruption Legislation Bill 2015
Employment Relations Act 2000	OECD Anti-Bribery Convention
Protected Disclosures Act 2000	United Nations Convention Against Corruption (UNCAC)
Privacy Act 1993	

Associated Documents: Fraud, Bribery and Corruption Procedure

Fraud, Bribery and Corruption Procedure	Conflict of Interest Policy
Protected Disclosures Policy and Procedure	Procurement and Contract Management Policy
Standards of Integrity and Conduct	Purchasing Card Procedures
Sensitive Expenditure Policy and Guidelines	Staff Delegations Policy and Delegations Register(s)
Gifts and Hospitality Policy and Procedure	

Appendix One

RECOGNISING FRAUD, BRIBERY AND CORRUPTION 'RED FLAGS'

RDC recognises that there are generally three pre-conditions associated with fraud, bribery and corruption occurring in the workplace. These factors should be understood and inform the development of fit-for-purpose policies, procedures and business controls, as well as training and awareness activities:

- **Incentives/pressure:** employees and other (external) parties may have a personal incentive or be under pressure in their work or personal lives, which motivates them to commit fraud or wrongdoing (for example experiencing financial difficulty or the need to meet a significant business target).
- **Opportunities:** circumstances may exist that allow an employee to commit fraud, bribery or corruption, such as not having appropriate conflict of interest controls in place, or employees being able to 'work around' business controls (for example authorising personal expenditure).
- **Attitudes:** employees are able to rationalise committing fraud, bribery or corruption (for example having attitudes or beliefs that the organisation "owes you", "everybody else is doing it" or "I deserve this").

There are a number of scenarios or activities ('red flags') that may raise concerns of fraud, bribery and corruption, and require further investigation to ensure no wrongdoing has been committed.

Fraud 'Red Flags'

These include, but are not limited to:

- An employee living 'beyond their means'
- An employee experiencing a period of significant/ protracted personal or financial difficulty
- An inability to account for missing RDC assets and/ or inventory
- Orders for inventory that exceed 'normal' business use – or purchases made outside of standard centralised processes and oversight
- An employee receives an invoice or payment request that is non-standard or customised, lacks key information or is 'last minute and urgent' (for example on a Friday at 4:55pm)
- A failure to maintain a clear 'paper trail' including an absence of emails, written agreements, business documentation or record keeping
- An employee exerts an unusual degree of control over a work process, procedure or system, or is unwilling to share duties or business information (including a refusal to take leave)
- Unusual spikes in expenditure, invoice volume, financial adjustments (including 'rounded payments') and fee waivers, or the number and timing of service transactions – above and beyond business averages and trends
- A lack of segregation of key system, financial or business access, process/duties and authority (including the ability to approve personal expenditure or manage critical financial transactions end-to-end)
- A 'wheeler dealer' approach to business and disregard for process controls and business discipline.

Bribery And Corruption 'Red Flags'

These include, but are not limited to:

- A third party has a reputation for having a "special relationship" with RDC including instances of open-ended ('evergreen') contracts or informal work agreements
- An employee or third party has previously engaged in, or been accused of improper business practices
- An employee or third party insists on receiving a commission or fee payment before committing to a contract or carrying out a service
- An employee or third party requests payment be made in cash or to an unverified account (including at a different location or offshore)
- An employee or third party refuses to provide an invoice or receipt for a payment made
- An employee or third party requests that a payment is made to 'overlook' potential legal or performance violations
- An employee or third party insists on the use of side letters, refuses to put terms agreed in writing, or requires the use of an agent or intermediary that is not known to RDC
- An employee or third party requests/ is offered entertainment or gifts before commencing contract negotiations or services
- An employee receives an invoice or makes a payment that appears large given the services provided
- Unreported payments are made to third parties on RDC's behalf
- An employee has an unusually close relationships with third party vendors or customers, including an unwillingness to delegate management of a client relationship (services or portfolio)
- An employee provides/ offers unauthorised access to privileged information to a third party vendor or customer
- A refusal by employees or third party vendors to complete Conflict of Interest documentation or certify compliance with RDC Policy.

Individuals who encounter any of these red flags must report them promptly in accordance with this Fraud, Bribery and Corruption Policy and associated Procedures.

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

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

2. Background

- 2.1 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.
- 2.2 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.
- 2.3 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.
- 2.4 Rangitīkei 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.
- 2.5 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

- 3.1 There are no protected disclosures to report for this period.

Recommendation 1

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

10.6 Treasury 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 with a report on Council's performance in relation to compliance with its Treasury Management Policy as at 31 May 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 must comply with.

3. Analysis – Current Position

3.1 Council's current debt position is:

Amount	Maturity Date	Fixed Rate of Interest	Annual Interest Cost
\$3 million	15/4/2029	3.12%	\$94k
\$5 million	14/4/2033	3.68%	\$184k
\$11 million	15/4/2027	4.17%	\$255k
\$19 million	Balance at 1 July 2022		\$533k
2022/23 Increase:			
\$5 million Apr 2023)	15/5/2028	5.10%	\$385k
\$24 million	Current Balance		\$1.38m

(For these purposes, 2022/23 Annual Interest Cost has been taken to be \$575k. A further \$7m debt is expected to be sourced in June 2023)

3.2 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%

3.3 The following analysis includes full year forecasts for these figures.

ITEM 10.6

3.4	Net Interest/Total Revenue must not exceed 20%	
	• Interest Expense (see above)	\$575k
	• Interest Income (forecast)	\$350k
	• Net Interest	\$225k
	• Total Revenue	\$45m
	Net Interest/Total Revenue	<1%
3.5	Net Interest/Annual Rates Revenue must not exceed 25%	
	• Net Interest (from S3.4)	\$225k
	• Rates Revenue full year budget	\$26.5m
	Net Interest/Annual Rates Revenue	<1%
3.6	Net Debt/Total Revenue must not exceed 175%	
	• Debt	\$31.0m
	• Bank/Deposits (30 June estimate)	\$8.6m
	• Net Debt	\$22.4m
	• Total Revenue	\$45m
	Net Debt/Total Revenue	50%
3.7	External Debt plus Committed Facilities plus Liquid Investments (Available Finance) divided by External Debt must be greater than 110%	
	• External Debt	\$31.0m
	• Bank/Deposits	\$8.6m
	• Available Finance	\$39.6m
	Available Finance divided by External Debt	128%

4. Commentary – Current Position

- 4.1 The above analysis shows that Council is expected to be comfortably within its borrowing covenants at 30 June 2023.
- 4.2 Officers tabled a report during the Annual Plan Deliberations showing possible future scenarios. The scenarios showed that this level of comfort is expected to extend into 2023/24 during which time these Scenarios will be further developed as part of the Long Term Plan 2024 planning.

Attachments

1. **Deliberations Debt Report** [↓](#)

Recommendation

That the report 'Treasury Reporting' be received.

Council Debt - Future Scenarios**Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:** Peter Beggs, Chief Executive**1. Reason for Report**

- 1.1 To provide Elected Members with an overview of Council's future possible debt position, based on a range of noted assumptions, to support Council's Annual Plan Deliberations.

2. Background

- 2.1 Councils' Long Term Plan 2021/31 (LTP21), pages 32 and 33, attached, include:
 - 2.1.1 Planned capital expenditure of \$221m for the 10 years; and
 - 2.1.2 Maximum debt of \$71m during the 10 years.
- 2.2 As stated later in this Report, both of these figures could now change.
- 2.3 Pages 32 and 33 of LTP21 also state that Council's debt ceiling for the period covered by the LTP was \$91m. This debt ceiling was determined with reference to the four borrowing covenants noted on page 33 of the LTP (note: these are reported at each Council *Risk and Assurance Committee* meetings):
 - 2.3.1 Net interest payments/total revenue must <20%
 - 2.3.2 Net interest payments/annual rates revenue must <25%
 - 2.3.3 Net debt/total revenue must <175%
 - 2.3.4 External debt plus liquid investments/external debt must >110%
- 2.4 Each of these four covenants provides a different 'maximum debt' figure: the lowest figure is the one that determines the debt ceiling.
- 2.5 As noted in LTP21, assuming Council maintains a Bank Balance of \$9m, the fourth of these covenants provides the lowest debt ceiling figure of the four covenants (being \$91m).
- 2.6 Council could increase this \$91m ceiling by having a greater bank balance: the resulting 'new' debt ceiling figure could then be provided by another of the four covenants.

3. Discussion

- 3.1 The financial projections included in LTP21 were based upon a number of financial assumptions, many of which could be different if the projections were recalculated today.
- 3.2 These assumptions include:
 - 3.2.1 Impacts of proposed Three Water reforms
 - 3.2.2 Future Capital Program Expenditure (eg Preferred Choices included in the draft 2023/24 Annual Plan)

3.2.3 Inflation rates being higher than predicted when developing LTP21

3.2.4 Underlying Other Operating Expenses budgets are now higher than those in the LTP (Other Operating Expenses for 2022/23 are \$3.4m higher than the LTP figure: as shown below, increasing these budgets by a higher rate of annual inflation increases the 'maximum LTP debt figure' of \$71m to around \$97m)

3.3 Each of these three assumptions is summarised below, followed by future debt graphs that incorporate these matters.

Three Water Reforms

3.4 The financial impact of the Three Water reforms, for these purposes, is:

- projected debt to be repaid at 1 July 2026: calculated to be around \$41m (current debt balance of around \$23m plus significant future spend in relation to Marton Bore and Marton/Bulls Centralisation project)
- No Worse Off Funding being received by Council

Note : even though the actual repayment of this total debt is expected to be staggered over a number of years, the unpaid amount will be offset by an equal (interest bearing) amount owed to Council so, for these purposes, can all be assumed to be repaid on 1 July 2026

Future Capital Expenditure

3.5 The preferred choices in the 2023/24 Annual Plan Consultation would change the levels of future capital expenditure, and therefore debt, compared to LTP21. Specifically, the preferred choices that would have the most significant debt impact are increases of:

- \$14m for the Marton Civic Centre (LTP21 already includes \$19m for this); and
- \$4.3m for Taihape Town Hall/Civic Centre (LTP21 already includes \$9.7m for this)

(the debt impact of the new mobility pathway has been ignored for these purposes due to its relatively minor debt-impact)

Inflation

3.6 Councils were advised to use inflation rates of around 3% for LTP21. This figure would be nearer 5% (higher for the most immediate years) if the projections were restated.

3.7 All of the points noted in S3.2 to S3.6 above impact Council's future projected debt levels. Council's future debt levels will influence Council's future required rates levels (and future rate increases) as Council needs to comply with the four borrowing covenants listed above and needs to be able to afford its future interest costs.

Scenarios

3.8 The following section in this Report provides three scenarios that show future possible debt outcomes based on the impact of the items in S3.2 to S3.6 above:

3.8.1 Scenario 1: 'as is': Council continues to operate in its current form:

- the proposed Three Water reforms do not proceed;
- Council does not proceed with its Preferred Choices
- Council proceeds with future rate increases as per LTP21 (page 32)
- Inflation of 5%pa is applied

3.8.2 Scenario 2: 'as is' but assumes the Three Waters reforms proceed from 1 July 2026

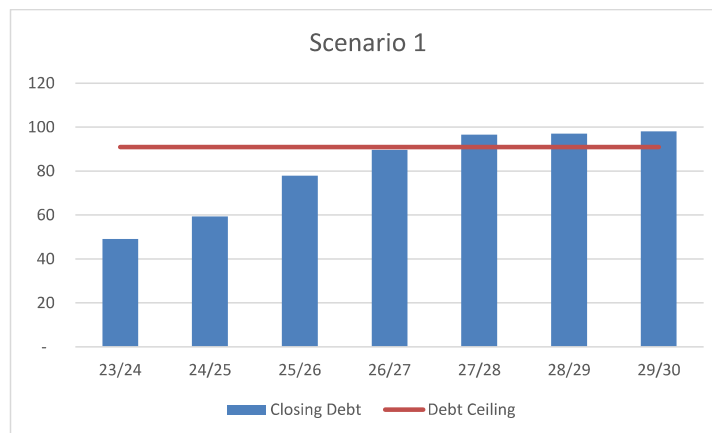
3.8.3 Scenario 3: assumes the Three Water reforms proceed from 1 July 2026 *and* Council proceeds with its Preferred Choices as per the 23/24 Annual Plan Consultation

3.9 These Scenarios all assume a rate increase of 10.01% for 2023/24 is applied.

4. Future Debt Levels

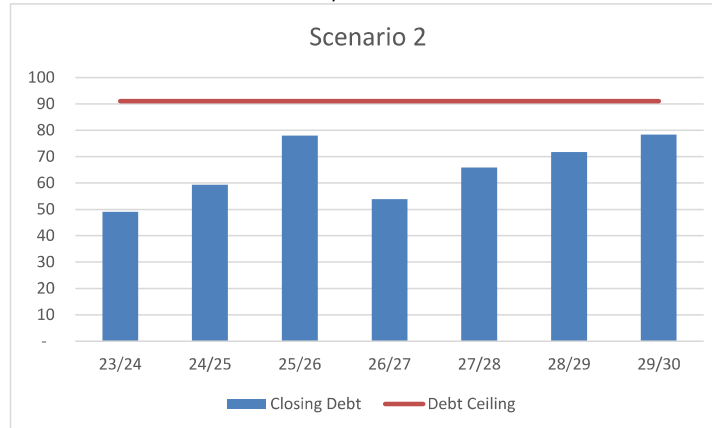
Scenario 1

- Future rate increases as per LTP
- Current Operating Expense Budgets are maintained, with future Inflation applied at 5% pa
- See S5 below for commentary relating to the Debt Ceiling being exceeded



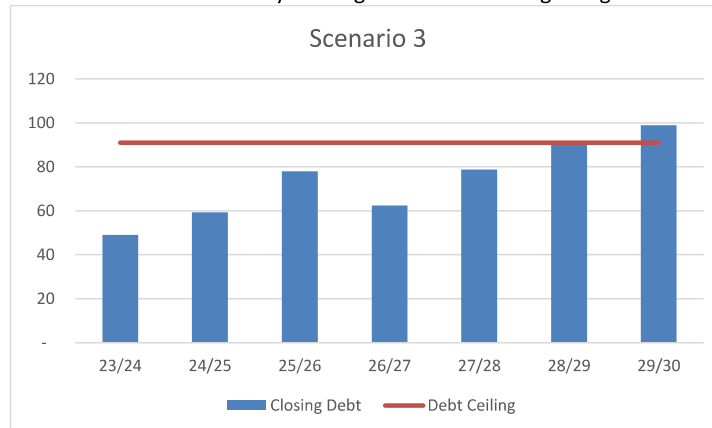
Scenario 2

- Future rate increases as per LTP
- Current Operating Expense Budgets are maintained (apart from those associated with Three Waters), with future Inflation applied at 5% pa
- Three Water reforms result in \$41m debt repaid to Council in 2026/27 and \$6m No Worse Off funding received (indicative amount)
(The other borrowing covenants still provide debt ceiling in excess of \$91m even without the Three Waters revenue)



Scenario 3

- Future rate increases as per LTP
- Current Operating Expense Budgets are maintained (apart from those associated with Three Waters), with future Inflation applied at 5% pa
- Three Water reforms result in \$41m debt repaid to Council in 2026/27 and \$6m No Worse Off funding received (indicative amount)
- Preferred Choices in 23/24 Annual Plan are confirmed
- See S5 below for commentary relating to the Debt Ceiling being exceeded



5. Financial Implications

- 5.1 Under Scenarios 1 and 3 Council would, if it retained the four borrowing covenants, have to increase its debt ceiling.
- 5.2 This could be achieved by Council holding a bank balance of over \$10m.
- 5.3 For Scenario 3, the other three covenants would provide a debt ceiling of:
 - \$99m in 2027/28; and
 - \$105m in 2028/29; and
 - 109m in 2029/30

This would leave minimal debt headroom.

- 5.4 This Report does not consider these matters in the context of Council having a balanced budget.

6. Impact on Strategic Risks

- 6.1 One of Council's Strategic Risks is '*Financial Stability Is Lost*'. The Strategic Risk Register notes that an element of this risk is that:
 - Council's projections highlight financial problems that are not properly addressed
- 6.2 Officers highlight the degree of future Debt Headroom in the scenarios included in this Report.

Attachments:

1. LTP21 Pages 32 & 33

Recommendation

That the Report 'Council Debt – Future Scenarios' be received.

ITEM 10.6 ATTACHMENT 1

Section 2: Financial and Infrastructure Strategy

Financial Summary

Overall the District is in good shape and approaching exciting times. The Government's stimulus response to COVID-19 has presented the District with some unprecedented opportunities and there are numerous signs that we are entering a period of long and sustained growth.

Our population is expected to grow and our economy is expected to grow. Our infrastructure has to keep up. However, we must not simply focus on growth infrastructure. If we are to avoid problems other councils are facing it is critical we also maintain our existing infrastructure. Unfortunately, this is becoming more expensive to do and, in the absence of external funding, puts pressure on rates.

However, with an increasing population, in most sectors, including residential, industrial and commercial, the increasing rates burden will be spread over a larger ratepayer base. That means that if rates are increased by, say, 5% and the rate base increases by 2%, each existing ratepayer will face a rate increase of around 2.95%.

Council currently has relatively low levels of debt. This will enable us to push ahead and pursue our opportunities. Our Long Term Plan shows that we intend to invest around \$221m throughout the District in the next 10 years.

However, the cost of our asset renewals has grown faster than our income in recent years. This will require higher rate increases in the first few years of our Long Term Plan than we would like.

Key Issues

Balancing the Budget

Council is required, both morally and legally, to have a sustainable balanced budget. Where considered prudent, Council may set its operating revenues at a different level to its operating expenses.

Capital grants to be received in years 1 and 2 of the Long Term Plan prevent these years from being in deficit. However, Council is planning deficits for years 3 to 5 of the Long Term Plan.

A key cause of these deficits is the increase to the depreciation cost that Council incurs – depreciation has increased from \$10.6m in 2019 to a budgeted figure of \$14m in 2022. Without reducing its assets and infrastructure base, Council has very limited ability to manage this cost.

Council considers it prudent to rate for such cost increases over several years, thus avoiding unanticipated and large increases in any one year. Although this will result in Council having an unbalanced budget for some years of this Long Term Plan, it will result in an ongoing, sustainable balanced budget.

Council considers this a better model than imposing large rate increases in the early years

32 Tirohanga Whakamua – Look to the future

of the Long Term Plan. Council has considered its ratepayers and its favourable funding position when making these decisions.

Council has also committed to an ongoing programme of pursuing operational efficiencies. Future budgets include an element of inflation and Council has also incorporated efficiency savings in its various operating budgets. Council recognises that contemporary business practices (including greater use of technology, strategic procurement, greater focus on long term business partnerships etc) enable sustainable operating efficiencies to be obtained. The budgets included in this Long Term Plan include \$8 million of cost reduction without impacting on levels of service delivery in recognition of this initiative. To the extent that such savings are not achieved this will impact on future debt levels, service levels and/or rate rises.

Rates Over the Coming Years

Rates are an important source of Council revenue. Council has kept recent rate increases relatively low. Rates help pay for the renewal of its assets, the cost of which has grown faster than the recent rates increases. This needs to be addressed and Council has elected to do this over several years rather than in one year.

Overall, Council expects to increase rates (excluding penalties and remissions) over the next 10 years as follows:

1	2	3	4	5	6	7	8	9	10
7.07%	7.29%	6.54%	6.54%	8.79%	5.54%	3.79%	3.79%	2.54%	2.04%

As mentioned above, these increases are NOT what each individual ratepayer will be facing as we expect a significant larger ratepayer base over which these increases will be spread.

Council has set limits on its rate increases (excluding penalties and remissions) as follows:

1. Less than 7.5% for years 1 and 2
2. An average of less than 5% for the remaining 8 years

Council will use rating differentials and will amend the level of its Uniform Annual General Charge where it considers that the results of doing so are fair and equitable to the overall community. The very nature of our rating system means that, from time to time, unforeseen outcomes can arise that will be considered unfair and inequitable by some ratepayers.

Capital Expenditure

Council's planned capital expenditure programme shows we intend to invest more than \$221m in the District over the next 10 years. This level of investment will be funded by a mix of rates, grants and debt. Council expects its debt to increase to around \$71m during this Long Term Plan. Council also expects to maintain cash reserves of over \$9m in years

Treasury

Council recognises that it needs to increase its debt levels if it is to crystallise the opportunities that lies before it. However Council, also recognises that increases to debt must only be made in a responsible and managed manner.

Council's borrowing limits are set out in its Treasury Management Policy:

1. Net interest payments as a ratio of total revenue must be less than 20%
2. Net interest payments as a ratio of annual rates revenue must be less than 25%
3. Net debt as a ratio of total revenue must be less than 175%
4. External debt plus liquid investments divided by external debt must be more than 110%

Council's Long Term Plan shows that these limits in the next 10 years are forecast to be:

1. Ranges from 1.0% to 3.4% maximum
2. Ranges from 2.0% to 5.2% maximum
3. Ranges from 51% to 126% maximum
4. Ranges from 114% to 124% minimum

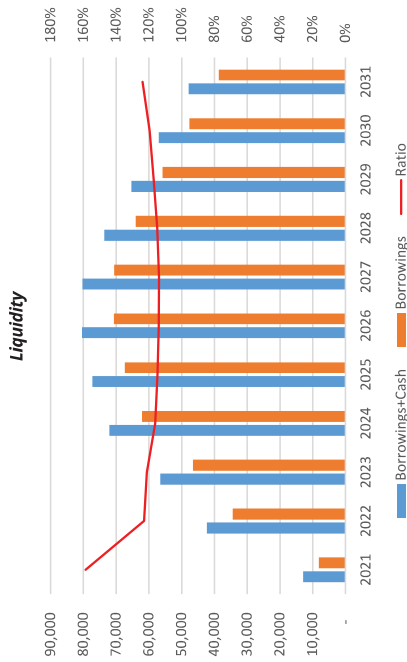
Council's Treasury Management Policy provides further information regarding Council's strategies regarding Borrowing Mechanisms and issuing security for debt. Generally, Council will primarily seek debt finance from the Local Government Funding Agency. Such debt will be secured by way of a charge over rates revenue offered through a Debenture Trust Deed ("DTD"). Under a DTD, Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by Council ranks pari passu with other lenders.

From time to time, and with Council approval, security may be offered by providing a charge over one or more of Council's assets.

Council's objectives for holding and managing financial investments and equity securities is contained in its Treasury Management Policy. Council's general policy regarding investments is:

- Council may hold financial, property, forestry and equity investments if there are strategic, commercial, economic or other valid reasons;
- Council will keep under review its approach to all major investments and the credit rating of approved financial institutions; and
- Council will review its policies on holding investments at least once every three years.

three to 10 of this Long Term Plan (which provides a debt capacity of around \$91m). Critically, this amount includes maintaining our existing infrastructure and flood management strategies and also investing in the District's future. Further details of these initiatives are stated elsewhere in this strategy.



One of our challenges is whether we'll be able to complete all the capital work we've planned to do. Not completing our programme presents some risks. Our planned Capital Works programme for the 10 years is \$221 million.

Delays could potentially result in increased costs or assets could fall before they are upgraded or replaced, risking continuity and delivery of services. There is also the risk that we charge rates to fund programmes that we then can't deliver in the proposed timeframe.

We have already taken steps to ensure we can complete our capital works programme, including employing more dedicated project managers and seeking early external expertise for major projects. We will continue to maintain our critical infrastructure to meet our existing levels of service.

There are some things we can't control, like the increased demand for skilled construction workers and materials, but we don't believe these risks to be significant and we are confident we can deliver our programme.

10.7 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 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 that includes the provision of an update to each Risk and Assurance 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 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.

3.2 Staff vacancies have prevented some of the 2022/23 internal audit work (scheduled for the March to June period) from proceeding.

3.3 The review of Council's Building Consenting function has been completed and Council's accreditation has been renewed.

3.4 An independent assessment of Council's cyber security arrangements was conducted in March 2023. The report arising from this assessment is contained in a separate report to this Committee meeting.

4. Future Considerations

4.1 Officers are aware of an emerging trend within the sector where the scope of Internal Audits is placing a greater focus on aligning the Internal Audit Program with Council's Strategic Risks and/or business objectives. An example (Waipa District Council) is attached to this Report.

4.1.1 Page 11 of the current LTP (attached) contains a range of Community Outcomes (under four headings) that have been identified as supporting Council's Purpose. Officers invite discussion around placing a greater Internal Audit emphasis on, or having a more visible link to, such 'LTP Outcomes' (when the next LTP is finalised);

4.1.2 Officers welcome the opportunity to discuss this approach with Committee Members bearing in mind we are a small Council with limited resources.

4.2 As can be seen from the attached Internal Workplan, Officers suggest deferring the review of the Risk Management Framework as it has just been completed, after a series of robust internal reviews (attached, for information, is an Overview – still WIP so please ignore the typos! – that, once completed, will form part of the Framework).

Attachments

1. **RDC Internal Audit Workplan** [↓](#)
2. **Example Alternative Internal Audit Program** [↓](#)
3. **RDC Key Outcomes (LTP21)** [↓](#)
4. **WIP Risk Framework Overview** [↓](#)

Recommendation 1

That the report 'Internal Audit Programme' be received.

Rangitikei District Council
Internal Audit Program (subject to ongoing review)

	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		A/B
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 resources/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
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



Internal Audit Plan Refresh FY 2024 (July 2023 to June 2024)

Waipā District Council

February 2023





#	Section	Page #
01	Executive summary	03
02	Approach to developing the Internal Audit Plan	05
03	Indicative view - FY2024 & FY2025 Internal Audit Plan	06
04	Detailed FY2024 Internal Audit coverage	07
05	Mapping of assurance coverage to WDC's KERs	08

1. Executive summary

This plan proposes the Internal Audit Plan for Waipā District Council (“Waipā”) for FY2024 (July 2023 to June 2024) and outlines potential audits for FY2025.

The proposed plan:

- Ensures strong oversight of controls over key business processes, whilst also focusing on key enterprise risks and the linkage to strategy.
- Incorporates key themes and focus areas in the local government sector and those highlighted by Management.
- Considers the threats and opportunities from emerging risks.
- Integrates with work conducted by other assurance providers to ensure efficiency and effectiveness of coverage across the business.
- Reflects the broad sector and specialist skills and knowledge of our Internal Audit function.

Internal Audit objective

Working with other assurance providers, Internal Audit’s goal is to provide Waipā with innovative, responsive, effective and value added assurance over the risks threatening Waipā’s business objectives. This should assist Management and the Audit and Risk Committee (“ARC”) in managing risks, monitoring compliance with policies and procedures and improving the efficiency and effectiveness of its internal control systems.

Approach to developing the Internal Audit Plan

A three year plan (FY2023-25) was approved by the ARC in March 2022. The reviews approved by the ARC as per the three year IA Plan have been adopted for FY2024 following discussions with Management as part of the refresh of the IA Plan. The proposed plan has been developed after reviewing and considering the following factors and with input from Management:

- Waipā’s strategic objectives;
- Waipā’s top risks, emerging risks, issues, trends and regulations;
- Consideration of the entity level business model and the complexity of the processes;
- Recent and expected changes in Waipā’s regulatory and operating environment, processes; controls and systems; and
- Levels of assurance from Management and other external assurance providers and Internal Audit coverage over the last few years.

1. Executive summary (cont'd)

Proposed FY2024 Internal Audit coverage

Key areas of focus for FY2024 include:

- A maturity assessment of WDC’s Risk Management framework. The last review in this area was carried out in 2018. In the last 5 years, Council has taken significant steps in uplifting the maturity of its risk management practices and thus a re-visit by Internal Audit is timely.
- Change Management
- Based on a discussion with Management, it has been proposed that a review originally planned for FY2025 ‘Follow-up of legislative compliance framework review’ to be brought forward.

In addition, there were two reviews planned for FY2024 i.e. “Follow-up on Fraud Risk Management Gap Analysis” and “Stakeholder Engagement and Management”. These will be deferred to FY2025 as Management initiatives in these areas are still underway. These reviews are outlined in **Section 3**.

Section 5 of this IA plan shows the mapping between FY2020-FY2023 and proposed FY2024 internal audit coverage to WDC’s enterprise risk profile to demonstrate assurance focus and coverage across the key risk areas.

The proposed plan, timetable and indicative scope of coverage for FY2024 are set out in **Section 4**.

Despite this structured view, risks and priorities can change during the year due to business changes, emerging risks or risk events. The plan has a degree of flexibility to respond to this. Should this occur during the year, alternative projects will be considered and agreed with WDC, Executive team and the Council.

Review and approval

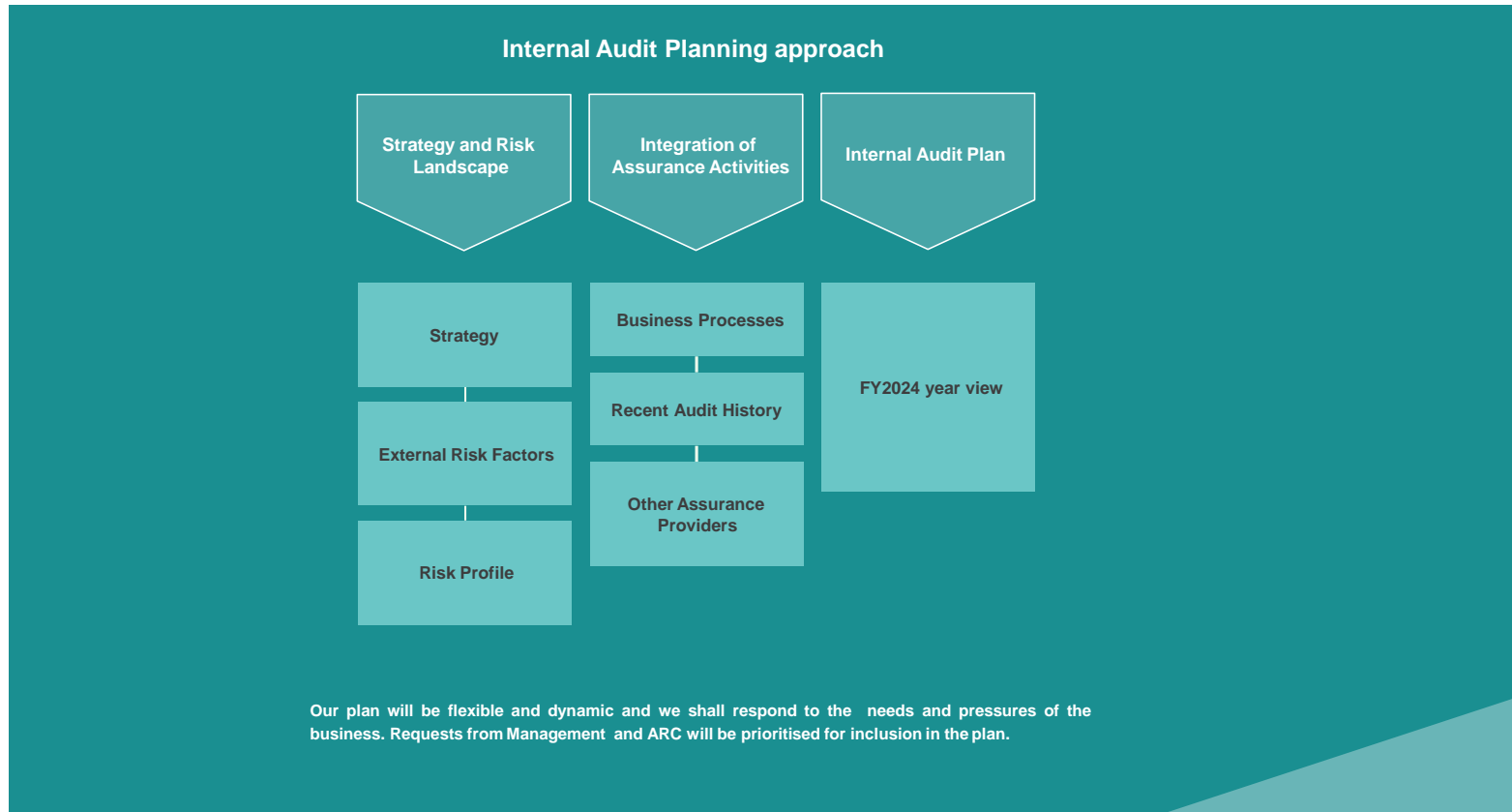
The current plan continues to build on Waipā’s assurance model and ensures:

- Internal Audit that continues to provide strong oversight of financial and related information technology controls whilst also focussing on key business risks, major business processes and the linkage to strategy;
- Access to a broad skill set and specialist knowledge and complemented by strong business understanding; and
- Continued consideration of work performed by other assurance providers.

The ARC is requested to review and approve the proposed plan for FY2024 and note the indicative year FY2025.

2. Approach to developing the Internal Audit Plan

The Internal Audit Plan has been prepared based on the following key activities as depicted below.



3. Indicative view - FY2024 and FY2025 Internal Audit Plan

The Indicative view for FY2024 and FY2025 reviews has been depicted below.

Reviews	FY2024	FY2025
Risk Management Maturity Assessment	Q1 (Jul 23-Sept 23)	
Change Management	Q2 (Oct 23-Dec 23)	
Follow up of Legislative Compliance Framework Review	Q3 (Jan24-Mar24)	(Brought forward from FY2024 to FY2025)
Follow Up: Fraud Risk Management Gap Analysis	Deferred	FY2025
Stakeholder Engagement and Management	Deferred	FY2025
Follow up: Project Management Governance Review; and Deep dive on Business Case Prioritisation & Benefits Realisation		FY2025
Treasury review		FY2025



© 2023 KPMG New Zealand, a New Zealand Partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

4. Detailed FY2024 Internal Audit coverage

The nature and focus areas detailed in the table below are provided as an indicative scope prior to a detailed scoping process being performed. The detailed scope will be agreed with WDC prior to commencement of any work.

Proposed Internal Audit	Link to KERs and Key Business Processes	Indicative summary scope and rationale for inclusion	Proposed timing and fees
Risk Management Maturity Assessment	<ul style="list-style-type: none"> Key Business Processes 	<p>Rationale: An effective risk management framework will enable WDC to respond appropriately to risks on a timely basis. The last risk management maturity review was carried out in 2018 and the overall assessment was 'Sustainable' with a number of improvement opportunities identified by Internal Audit. We acknowledge that significant uplift initiatives have been implemented in the last few years. The review will be built on the assessment carried out in 2018 and we will leverage off our knowledge of WDC's risk management processes and practices.</p> <p>Scope: The review will assess the design and operating effectiveness of WDC's Risk Management processes using KPMG's Enterprise Risk Management maturity framework. The areas covered will include risk strategy and appetite, risk governance, risk culture, risk assessment and measurement, risk management and monitoring, risk reporting and insight, and data and technology.</p>	<p>Q1 (Jul23-Sept23) FY2024</p> <p>\$25,000 to \$30,000</p>
Change Management	<ul style="list-style-type: none"> Inadequate staffing capacity and capability to deliver councils objectives Failure to manage an effective response to climate change impacts 	<p>Rationale: Its important that robust change management framework and processes are in place and embedded effectively by WDC to deliver change effectively across the Council. An assessment of the change management would be timely as the Council is going through a few significant programmes requiring change to be managed appropriately.</p> <p>Scope: The focus of the review will be on assessing whether appropriate change management controls are in place to mitigate risks. The scope would include design and operating effectiveness assessment of the framework, methodology, tools, templates, and processes, assessing the effectiveness of change management framework and methodologies and the governance processes in place.</p>	<p>Q2 (Oct23-Dec23) FY2024</p> <p>\$40,000 to \$42,000</p>
Follow up of Legislative Compliance Framework Review	<ul style="list-style-type: none"> Failure to manage Health and Safety and Wellbeing 	<p>Rationale: A robust legislative compliance framework will enable WDC to comply with and adapt to changes in laws and regulations over time. Internal Audit conducted a review of WDC's legislative compliance processes in 2018. This follow-up review would ensure whether WDC has implemented the relevant action plans as agreed. As part of uplifting the compliance management processes, Waipā has rolled out a compliance management system – ComplyWith which was the area highlighted by Internal Audit in 2018.</p> <p>Scope: The focus of the review will be following up on the previous internal audit findings from the legislative framework review to assess the status of implementation of the agreed actions.</p>	<p>Q3 (Jan24-Mar24) FY2024</p> <p>\$32,000 to \$35,000</p>
Internal Audit Refresh for FY2025	Not Applicable		At no cost to Council
Attendance at the ARC meetings			



© 2023 KPMG New Zealand, a New Zealand Partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

5. Mapping of Internal Audit coverage to WDC's KERs

We have mapped coverage by Internal Audit in prior years, external assurance and the proposed FY2024 and FY2025 areas to WDC's top risks for 2022/23. At the time of this plan development, Management was in the process of updating top risks. This may change the top risks listed below and/or rating of the KERs.

Key Risks	Inherent Risk Rating	External Assurance	FY2020-23	FY2024	Proposed FY 2025
1. Inadequate staffing capacity and capability to deliver councils objectives	Extreme	<ul style="list-style-type: none"> CoLab 		<ul style="list-style-type: none"> Change Management 	
2. Failure to deliver the programme of capital works	Extreme		<ul style="list-style-type: none"> Asset Management Framework Review (FY2020) Capex Procurement via Professional Services Panel (FY2020) Follow Up review: Procure to Pay and Contract Management (FY2022) Project Management and Governance Review (FY2022) 		<ul style="list-style-type: none"> Follow Up Review: Project Management Governance Review and deep dive on Business Case Prioritisation & Benefits Realisation
3. Risk to Financial Sustainability	Extreme		<ul style="list-style-type: none"> Fees and Charges - Building and Resource Consent & Development Contribution (FY2023) 		<ul style="list-style-type: none"> Treasury Review
4. Failure to effectively engage with the community	Extreme				
5. Failure to manage an effective response to climate change impacts	Extreme		<ul style="list-style-type: none"> Climate Change Governance and Management (FY2023) 	<ul style="list-style-type: none"> Change Management 	
6. Failure to give effect to Te Tiriti and build successful Iwi/Mana Whenua partnerships	Very High				<ul style="list-style-type: none"> Stakeholder Engagement and Management
7. Failure of relationships with key stakeholders	Very High				<ul style="list-style-type: none"> Stakeholder Engagement and Management
8. Failure to manage response to and the impacts of central government reforms	Very High	<ul style="list-style-type: none"> CoLab 			



© 2023 KPMG New Zealand, a New Zealand Partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

5. Mapping of assurance coverage to WDC’s KERs (cont’d)

We have mapped coverage by Internal Audit in prior years, external assurance and the proposed FY2024 and FY2025 areas to WDC’s top risks for 2022/23. At the time of this plan development, management was in the process of updating top risks. This may change the top risks listed below and/or rating of the KERs

Key Risks	Inherent Risk Rating	External assurance	FY2020-23	FY2024	Proposed FY2025
9. Failure to manage Health and Safety and Wellbeing	Extreme		<ul style="list-style-type: none"> Follow-up review: H&S SafePlus Assessment (FY2021) 	<ul style="list-style-type: none"> Follow up of Legislative Compliance Framework Review 	
10. Failure to protect information management assets	Very High	<ul style="list-style-type: none"> CoLab 	<ul style="list-style-type: none"> Fraud Risk Management Gap Analysis (FY2021) 		<ul style="list-style-type: none"> Follow up - Fraud Risk Management Gap Analysis





Contact us

Bineeta Nand
Partner
Risk Consulting
Auckland

T: +64 21 867 052
E: bineetanand@kpmg.co.nz

Murtaza Ali
Director
Risk Consulting
Auckland

T: +64 21 243 6169
E: murtazaali@kpmg.co.nz

Aashita Mehta
Senior Manager
Risk Consulting
Auckland

T: +64 27 3248714
E: aashitamehta@kpmg.co.nz

kpmg.com/nz



© 2023 KPMG New Zealand, a New Zealand Partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

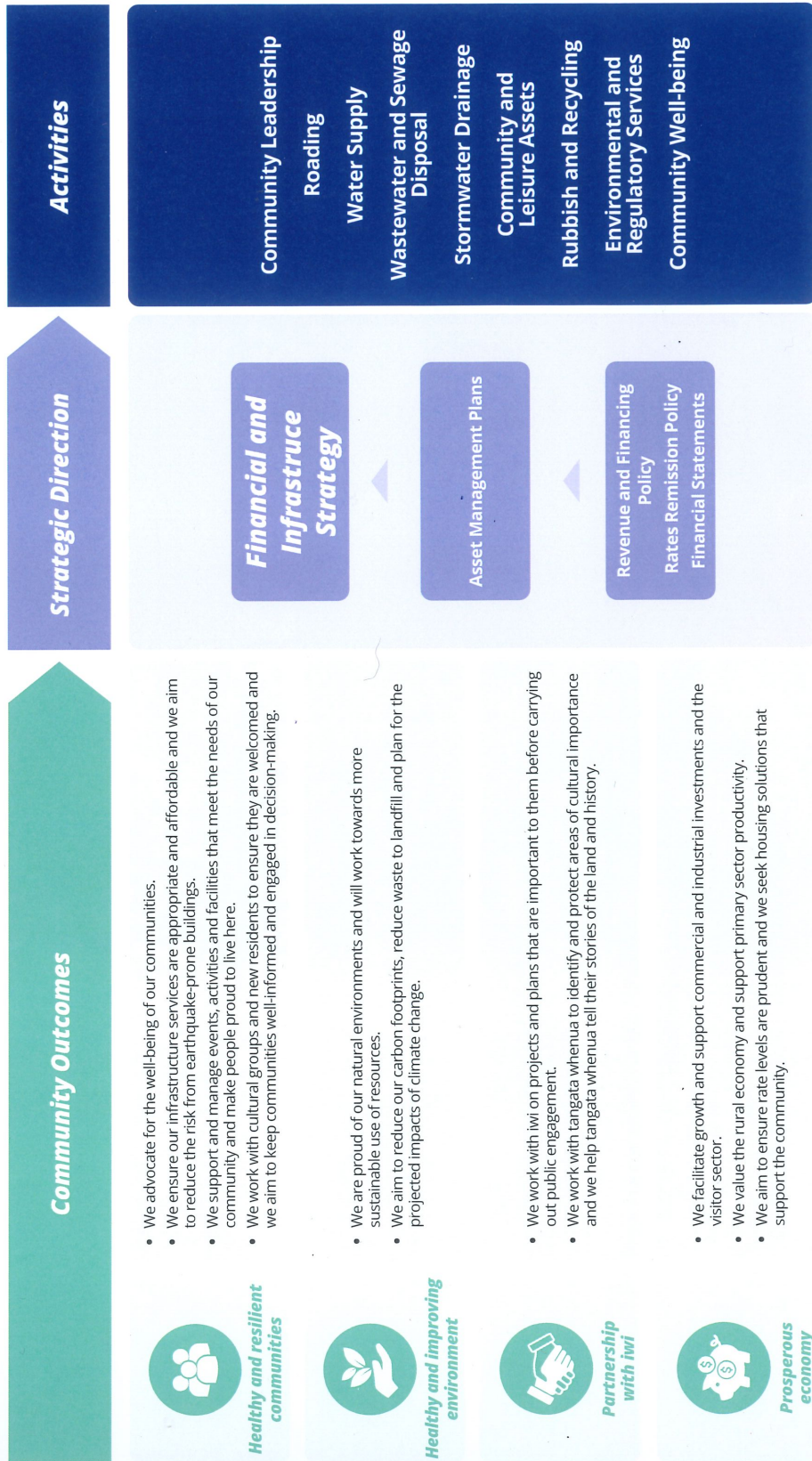
ITEM 10.7 ATTACHMENT 3

11

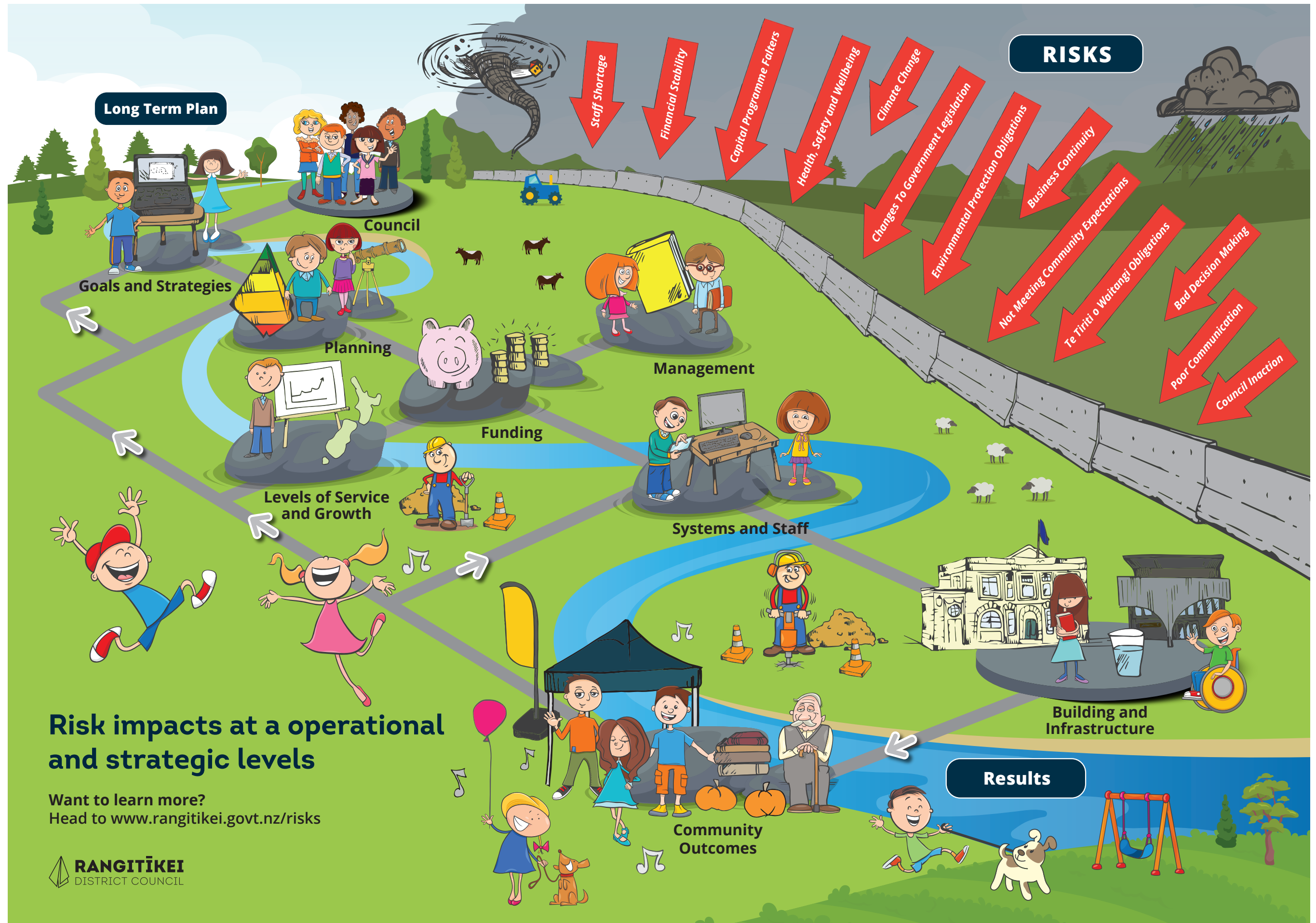
Long Term Plan 2021-31

four aspects of wellbeing. We recognise that wellbeing is interwoven in all of the work we undertake and will partner with iwi, community groups and agencies to work towards achieving the wellbeing aspirations of our communities.

In September 2019, Central Government re-introduced the four aspects of wellbeing back into the Local Government Act 2002, those being Cultural, Social, Wellbeing and Environmental. Council has implemented these when developing this 10 Year Plan. We have developed Four Wellbeing Pillars and our Community Outcomes also reflect the



Rangitikei District Council



Risk impacts at a operational and strategic levels

Want to learn more?
Head to www.rangitikei.govt.nz/risks



10.8 Fraud Reporting**Author: Dave Tombs, Group Manager - Corporate Services****Authoriser: Dave Tombs, Group Manager - Corporate Services****ITEM 10.8****1. Reason for Report**

- 1.1 To provide the Risk and Assurance Committee (“the Committee”) with an update on Fraud incidents. Such incidents are listed on Council’s 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 have been no fraud allegations so the Fraud Register is ‘blank’ and hence no register is attached.

3. Commentary – Fraud Awareness

- 3.1 Fraud Awareness communication was circulated to all staff in February 2022, June 2022, October 2022 and February 2023. Regular updates regarding this will continue to be sent out.

Recommendation

That the report ‘Fraud Reporting’ be received.

10.9 Summary of Management Accounts

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide the Risk and Assurance Committee ('the Committee') with a Summary of the key aspects of the detailed monthly Financial Snapshot.

2. Context

- 2.1 A detailed Financial Snapshot is presented, and reviewed, at each Finance/Performance Committee meeting.
- 2.2 The Committee has previously requested a summarised version to be presented at their Committee meetings.
- 2.3 The attached Activity Performance Report provide commentary on the whole of Council operational budget variances in excess of \$100k and capital budget variance variances split by cost centre with the larger budgets (>\$500k) being shown separately.
- 2.4 Officers note the following explanation that is provided at each Finance & Performance Committee: *'as previously advised, Depreciation exceeds budget due to the recent asset revaluations (this has resulted in proposed Depreciation budget increases for 2023/24)'*.

Attachments

1. **2022/23 YTD Financial Summary** [↓](#)

Recommendation

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

**Whole of Council
Activity Performance Report
For the period ending April 2023**

	YTD Actuals	YTD Budgets	YTD Variance	YTD Percentage Variance	Full Year Budget
	\$000	\$000	\$000		\$000
Total Revenue	(41,423)	(39,669)	1,754	4%	(48,378)
Subsidies and Grants	(11,449)	(10,176)	1,273	13%	(17,060)
Other Revenue	(3,150)	(3,244)	(94)	-3%	(3,897)
Finance Revenue	(298)	(34)	264	778%	(41)
Gains	(423)	(430)	(7)	-2%	(840)
Rates	(26,104)	(25,786)	318	1%	(26,541)
Total Expense	38,239	36,685	(1,554)	-4%	45,288
Other Expenses	17,746	17,312	(435)	-3%	22,484
Personnel Costs	6,485	6,247	(238)	-4%	7,218
Finance Costs	592	752	160	21%	752
Depreciation	13,416	12,375	(1,041)	-8%	14,834
Overhead Allocation	0	(0)	(0)	0%	0
Grand Total	(3,184)	(2,984)	200		(3,090)

Subsidies and Grants

Mayors Task Force for Jobs (MTFJ) funding has been received, resulting in unbudgeted revenue (>\$400k) and associated unbudgeted expenditure.

Two unbudgeted tranches of the Governments Three Waters Transition Funding of \$88k have been received.

This variance also includes grant revenue associated with unbudgeted Emergency Works.

Finance Revenue/Costs

The variance is mainly caused by higher than anticipated interest rates and bank balances (Revenue) and lower than budgeted debt levels (Costs). Some of the Finance Costs relate to 2023/24 and will be adjusted as part of financial year end adjustments.

Rates

YTD rate remissions of \$550k are lower than the associated budget of \$800k, due mainly to a reduction in rate remission requests.

Other Expenses/Personnel Costs

These variances should be viewed collectively as Officers offset Budgets between these two categories if necessary (e.g instead of engaging a Contractor, appointing a fixed-term staff member). Main causes:

- Expenditure associated with the unbudgeted Emergency Works: \$900k of expenditure related to Emergency Response is currently included in Operating Expenditure
- Better Off Funding: YTD actual expenditure of \$36k against a YTD budget \$138k
- MTFJ: as noted above

**Capital Expenditure +\$500k projects
For Period ending April 2023**

Whole of Council	YTD Actuals	YTD Budgets	Full Year Budget	Comments
	17,709,393	26,419,161	33,159,378	

Business Units	YTD Actuals	YTD Budgets	Full Year Budget	Comments
	691,505	1,334,667	1,792,079	
95500701. Motor Vehicle Purchases	226,497	166,667	500,000	All vehicles, as part of the 22/23 order, will be delivered by 31 May 2023.

Community and Leisure Assets	YTD Actuals	YTD Budgets	Full Year Budget	Comments
	3,425,147	5,231,157	6,560,713	
4040170601. Building Alterations - Contract	376,285	506,626	565,650	On target to spend by 30 June.
4410170611. Taihape Amenities Detailed Design Construction bf from 20/21	2,209,838	448,967	535,995	Detailed report provided separately to Council as part of PMO Reporting
4410174501. Taihape Amenities Detailed Design & Construction	0	1,812,500	2,900,000	Detailed report provided separately to Council as part of PMO Reporting

Roading and Footpaths	YTD Actuals	YTD Budgets	Full Year Budget	Comments
	8,555,849	10,426,742	13,679,887	
70100745. Marton Rail Hub	831,073	2,329,170	2,795,000	Detailed report provided separately to Council as part of PMO Reporting
70100781. Sealed Road Pavement Rehabilitation (214)	1,072,125	907,886	1,204,105	Currently tracking close to budget.
70100782. Drainage Renewals (213)	428,034	573,525	749,700	About 57% of the total budget completed. Contractor is still aiming to spend the full budget by end of current FY.
70100783. Structures Components Replacements (215)	250,185	498,180	597,813	Works diverted back to BAU from Weather Events, Budget is aiming to be spent by end of current FY.
70100787. Sealed Road Surfacing (212)	1,458,236	939,022	1,328,824	Works Programme now complete. Tracking over budget. Officers are currently determining which budgets this overspend will be offset by.
70100795. Improvements- Low Cost Low Risk (341)	1,752,850	2,663,635	3,449,092	Numerous culvert upgrades and other site works have been occurring since the start of the FY. Progress slow due weather conditions.
70100797. Emergency Works 2022	1,238,189	0	0	Unbudgeted expenditure. This relates to work undertaken on emergency works of 2021/22. 84% of this will be funded by FAR, the remaining will be either debt funded or offset against underspends in other projects.

Water, Sewerage & Stormwater	YTD Actuals	YTD Budgets	Full Year Budget	Comments
	5,036,892	9,425,595	11,126,699	
6060174501. 117.1: New Plant	12,590	416,670	500,004	Detailed report provided separately to Council as part of PMO Reporting
6060174503. Marton Water Strategy	1,026,471	1,588,892	2,000,000	Detailed report provided separately to Council as part of PMO Reporting
6070176210. Marton Wastewater Pipe Bridge	2,154	250,000	500,000	Detailed report provided separately to Council as part of PMO Reporting
6070176206. Marton to Bulls Centralisation Project	969,790	977,778	1,000,000	Detailed report provided separately to Council as part of PMO Reporting
6070176207. Land Purchase - Marton to Bulls Centralisation Project	0	1,200,000	1,200,000	Detailed report provided separately to Council as part of PMO Reporting
6060176316. Bulls Water Pump Station / Rising Main	455,237	0	0	Offset against Marton to Bulls Centralisation Project
6070177109. Taihape / Papakai Wastewater Pump Station	826,639	893,035	1,068,740	Detailed report provided separately to Council as part of PMO Reporting
6070177111. Ratana Complete Upgrade	171,896	1,459,829	1,750,692	Detailed report provided separately to Council as part of PMO Reporting

10.10 Sensitive Expenditure 2022/23 Financial Year Summary**Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Risk and Assurance Committee with a summary of the sensitive expenditure that was incurred for the 2022/23 financial year.

2. Context

- 2.1 A Sensitive Expenditure Summary is scheduled to be presented to the Risk and Assurance Committee every six months.
- 2.2 The Summary for the July to December 2022 period was omitted from the March Committee Agenda and so a Year To Date Summary (as at 8 June 2023) is attached to this Report.

3. Discussion and Options Considered

- 3.1 The summary of sensitive expenditure:
 - 3.1.1 has been extracted from the Council's General Ledger,
 - 3.1.2 has not been audited,
 - 3.1.3 is provided for information purposes.

Attachments

1. **Sensitive Expenditure Summary: 2022/23** [↓](#)

Recommendation

That the report 'Sensitive Expenditure 22/23 Financial Year Summary' be received.

ITEM 10.10 ATTACHMENT 1

SENSITIVE EXPENDITURE 2022/23

Account	2022/23 YTD Actuals June	2022/23 YTD Variance June	2022/23 Full Year Budget
Business Units	27,583	17,304	44,887
Asset Services	2,828	9,687	12,515
95100321. Flowers and Gifts	0	259	259
95100583. Catering	65	191	256
95100676. Travel Costs	797	5,203	6,000
9510067601. Travel Costs - Accommodation	1,965	4,035	6,000
CEO Business Unit	1,911	8,581	10,492
91100321. Flowers/Gifts	89	631	720
91100583. Catering	51	561	612
91100676. Travel Costs	1,034	3,154	4,188
9110067601. Travel Costs - Accommodation	738	4,234	4,972
Community and Leisure	464	1,120	1,584
94100583. Catering	80	172	252
94100676. Travel Costs	101	415	516
9410067601. Travel Costs - Accommodation	283	533	816
Customer Services	0	1,578	1,578
92300583. Catering	0	516	516
92300676. Travel Costs	0	530	530
9230067601. Travel Costs - Accommodation	0	532	532
Environmental and Regulatory	7,941	(4,149)	3,792
96100583. Catering	320	4	324
96100676. Travel Costs	1,048	(28)	1,020
9610067601. Travel Costs - Accommodation	6,573	(4,125)	2,448
Financial Services	2,780	185	2,965
92100583. Catering	14	88	102
92100676. Travel Costs	616	1,428	2,044
9210067601. Travel Costs - Accommodation	2,149	(1,330)	819
Information Services	5,051	(1,779)	3,272
92600676. Travel Costs	2,477	(1,045)	1,432
9260067601. Travel costs - Accommodation	2,574	(734)	1,840
People and Performance	3,045	1,162	4,207
91200583. Catering	573	(62)	511
91200676. Travel Costs	1,212	396	1,608
9120067601. Travel Costs - Accommodation	1,260	828	2,088
Policy and Democracy	3,563	919	4,482
91400583. Catering	0	312	312
91400676. Travel costs	1,602	339	1,941
9140067601. Travel Costs - Accommodation	1,961	268	2,229
Community and Leisure Assets	843	253	1,096
Civil Defence	165	115	280
40300583. Catering	165	115	280
Libraries	678	138	816
40801321. Flowers/Gifts	174	(174)	0
40801583. Catering	504	312	816
Community Leadership	27,952	5,168	33,120
Council	27,952	3,224	31,176
10100321. Flowers/Gifts	5,906	370	6,276
10100583. Catering	18,190	(4,090)	14,100
10100676. Travel Costs	3,418	1,994	5,412
1010067601. Travel Costs - Accommodation	438	4,950	5,388
Council Committees	0	1,944	1,944
10300583. Catering	0	816	816
10300676. Travel Costs	0	564	564
1030067601. Travel Costs - Accommodation	0	564	564
Environmental and Regulatory	217	498	715
Building	217	(13)	204
30100583. Catering	217	(13)	204
District Planning	0	511	511
30200583. Catering	0	511	511
Grand Total	56,595	23,223	79,818

11 Discussion Items

11.1 Insurance Update

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

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

2. Commentary – Insurance Claims

- 2.1 Council's only Insurance Claims this financial year relate to motor vehicle claims, mostly minor apart from one incident where a ute was seriously damaged (with no serious physical injury to staff, third parties, property etc). The insurance claim for this has been settled.

3. Future insurance considerations

- 3.1 Council recently undertook an Insurance Strategy Workshop with its Insurance Brokers and are planning to develop an Insurance Strategy.
- 3.2 Officers are planning to meet with an external party in July to discuss options relating to self insurance (mainly for minor policies). Any new strategies that may arise from these discussions are unlikely to be incorporated in the upcoming Insurance Renewal program.
- 3.3 Council has been invited to consider an increased Excess Layer of its Infrastructure insurance cover (due mainly to the increasing levels of declared values within its Insurance Group).

Recommendation

That the report 'Insurance Update' be received.

12 Public Excluded

Resolution to Exclude the Public

The meeting went into public excluded session [enter time](#)

Recommendation

That the public be excluded from the following parts of the proceedings of this meeting.

1. Cyber Security

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the *Local Government Official Information and Meetings Act 1987* for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
12.1 - Cyber Security	s7(2)(j) - Improper Gain or Improper Advantage	s48(1)(a)(i)

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding or the whole or the relevant part of the proceedings of the meeting in public as specified above.

13 Open Meeting