



RANGITIKEI
DISTRICT COUNCIL
Making this place home.

ORDER PAPER

RISK AND ASSURANCE COMMITTEE MEETING

Date: Thursday, 20 June 2024
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 Piki Te Ora Hiroa
Cr Dave Wilson
HWTM Andy Watson

For any enquiries regarding this agenda, please contact:

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kezia.spence@rangitikei.govt.nz

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Locations:	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <u>Marton</u> Head Office 46 High Street Marton </td> <td style="width: 50%; vertical-align: top;"> <u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls </td> </tr> <tr> <td style="vertical-align: top;"> <u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape </td> <td></td> </tr> </table>	<u>Marton</u> Head Office 46 High Street Marton	<u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls	<u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape	
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Notice is hereby given that an 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, 20 June 2024 at 9.30am.

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AGENDA

1 Welcome / Prayer

2 Apologies

3 Public Forum

4 Conflict of Interest Declarations

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

5 Confirmation of Order of Business

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

6 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 20 March 2024** are attached.

Attachments

1. **Risk and Assurance Committee Meeting - 20 March 2024**

Recommendation

That the minutes of Risk and Assurance Committee Meeting held on 20 March 2024 [**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, 20 March 2024
Time: 9.30am
Venue: Council Chamber
 Rangitikei District Council
 46 High Street
 Marton

Present Mr Philip Jones
 HWTM Andy Watson
 Cr Simon Loudon
 Cr Piki Te Ora Hiroa
 Cr Fi Dalgety
 Cr Dave Wilson (Zoom)

In attendance Mr Kevin Ross, Chief Executive
 Mr Arno Benadie, Chief Operating Officer
 Mrs Carol Gordon, Group Manager- Democracy and Planning
 Mr Dave Tombs, Group Manager- Corporate Services
 Ms Gaylene Prince, Group Manager- Community
 Ms Sharon Grant, Group Manager- People and Performance
 Mr Jarrod Calkin, Economic Wellbeing Lead
 Ms Kezia Spence, Governance Advisor
 Mr Mark Barnes, Project Director, Marton Rail Hub
 Ms Fiona Elkington, AuditNZ (Zoom)
 Mr Chris Webby, AuditNZ (Zoom)

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ITEM 6.1 ATTACHMENT 1

1 Welcome / Prayer

Mr Jones opened the meeting at 9.30am and read the council prayer.

2 Apologies

No apologies received.

3 Public Forum

There was no public forum.

4 Conflict of Interest Declarations

There were no conflicts of interest declared.

5 Confirmation of Order of Business

Item 9.9 2022/23 Audit NZ Management Letter and item 9.10 Audit NZ Management Letter Points was moved to after the Item 8 Chair's Report.

6 Confirmation of Minutes

Resolved minute number 24/ARK/001

That the minutes of Risk and Assurance Committee Meeting held on 6 December 2023 **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 F Dalgety/Mr Jones. Carried

7 Follow-up Actions

7.1 Follow-up Action Items from Risk and Assurance Meetings

Item 12

Members noted that this item is now completed.

Resolved minute number 24/ARK/002

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

Mr Jones/Cr S Loudon. Carried

8 Chair's Report

8.1 Chair's Report - March 2024

The report was taken as read.

Resolved minute number 24/ARK/003

That the Chair's Report –March 2024 be received.

Mr Jones/Cr F Dalgety. Carried

9 Reports for Information

9.1 Health, Safety and Wellbeing Update

This item was returned to after 9.10 Audit NZ Management Letter Points.

His Worship the Mayor asked about the traffic management plans and the increasing costs associated with traffic management. Staff noted that these questions would sit better with the Assets and Infrastructure committee and that the purpose of this item is to maintain health and safety of staff and contractors.

Resolved minute number 24/ARK/004

That the Health, Safety and Wellbeing Report be received.

Cr F Dalgety/Cr S Loudon. Carried

9.2 Protected Disclosures Update

The report was taken as read.

Resolved minute number 24/ARK/005

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

Mr Jones/HWTM A Watson. Carried

9.3 Privacy Update

The report was taken as read.

Resolved minute number 24/ARK/006

That the report 'Privacy Update' be received.

Cr F Dalgety/Cr Hiroa. Carried

9.4 Treasury Reporting

Mr Tombs advised that due to the uncertainty surrounding the timing of large payments required for some pending land acquisition, future debt increases may be required at intervals less than 3 months and that this contravenes Council's Treasury Management Policy. The Committee understood the reasons for this.

Resolved minute number 24/ARK/007

That the report 'Treasury Reporting' be received.

Cr S Loudon/HWTM A Watson. Carried

9.5 Risk and Assurance Committee Work Programme

Mr Jones requested an item on the reporting to the committee for the remainder of the year be included in this report.

The committee were concerned about the risks and uncertainty of Three Waters legislation and the impact this will have on Council, specifically on council debt. It was noted that council has made a commitment to capital works in this space regardless in the Long-Term Plan.

It was requested that the Terms of Reference for the committee be ready to review at the next meeting.

Resolved minute number 24/ARK/008

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

Mr Jones/Cr F Dalgety. Carried

9.6 Insurance Update

Mr Tombs responded to questions regarding the theft of the motorbike which was very old and was kept on private property for the rural water schemes use.

Resolved minute number 24/ARK/009

That the report 'Insurance Update' be received.

HWTM A Watson/Mr Jones. Carried

9.7 Summary of Management Accounts

Mr Jones is not concerned about the capital expenditure variance but is concerned that council is not achieving its capital works programme.

Resolved minute number 24/ARK/010

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

Mr Jones/Cr F Dalgety. Carried

9.8 Internal Audit Programme

The report was taken as read.

Resolved minute number 24/ARK/011

That the report 'Internal Audit Programme' be received.

Cr S Loudon/Cr Hiroa. Carried

9.9 2022/23 Audit NZ Management Letter

This item was moved to after Item 8 Chair's Report. Chris Webby and Fiona Elkington joined via zoom.

Mr Webby highlighted that the Annual Report has been completed within the statutory timeframes.

Mr Webby answered questions regarding the determination of CAPEX and OPEX when a project is not completed, that this is part of the assessment at the financial year end.

Resolved minute number 24/ARK/012

That the report '2022/23 Audit NZ Management Letter' be received.

HWTM A Watson/Cr F Dalgety. Carried

9.10 Audit NZ Management Letter Points

Mr Webby noted that the risks can be accepted by council and therefore can be removed from the action list.

The committee thanked the work from Mr Webby over the previous years.

Resolved minute number 24/ARK/013

That the report Audit NZ Management Letter Points be received and noting the associated risks.

HWTM A Watson/Cr Hiroa. Carried

9.11 Fraud Reporting

The report was taken as read.

Resolved minute number 24/ARK/014

That the report 'Fraud Reporting' be received.

Mr Jones/HWTM A Watson. Carried

9.12 Strategic Risk - Capital Programme Falters - Deep Dive

It was noted that it would be beneficial for contractors to attend workshops or meetings and speak to councillors to support the understanding of capital projects. Mr Ross noted that it is important to get as much information in front of councillors as early as possible.

Resolved minute number 24/ARK/015

That the report 'Strategic Risk - Capital Programme Falters - Deep Dive' is received.

Cr Hiroa/Mr Jones. Carried

9.13 Marton Rail Hub - Project Risks Review

It was noted that last night council received a letter from Anderson Llyod from IRO-MAR and this was tabled at the meeting.

There was a discussion regarding Cr Loudon being conflicted with this item. Mr Jones stated that the committee only needs to receive the report and if the committee has questions on the project to seek clarity from Mr Ross.

Mr Barnes came to the table to explain the report to councillors and that the report lists the top 5 risks to the project.

His Worship the Mayor spoke that Kānoa is genuine in their commitment to project but there is always a risk of a change of direction from central government.

Mr Ross noted that these are payments in arrears and that there is some exposure to the financial risks for Council.

The Chair directed the committee to focus on risks for council not the risks of the project.

Resolved minute number 24/ARK/016

That the 'Marton Rail Hub - Project Risks Review' be received and that the Chief Executive report to the committee on those risks as they are updated.

Mr Jones/HWTM A Watson. Carried

10 Public Excluded

The meeting went into public excluded session 11.23am

Resolution to Exclude the Public

Resolved minute number **24/ARK/017**

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

- 1 Risk and Assurance Committee Meeting - 6 December 2023
2. Cybersecurity

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
9.1 - Risk and Assurance Committee Meeting - 6 December 2023	To consider the minutes relating to matters that were the subject of discussion at the 06 December meeting	S48(1)(a)
10.2 – Cybersecurity	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.

HWTM A Watson/Mr Jones. Carried

10 Open Meeting

The meeting went into open session 11.29am.

Resolved minute number **24/ARK/018**

That the public excluded meeting move into an open meeting, and the below recommendations be confirmed in the open meeting:

22/RDC/018 - 22/RDC/019

Cr F Dalgety/Mr Jones. Carried

The meeting closed at 11.29am.

The minutes of this meeting were confirmed at the Risk and Assurance held on 20 June 2024.

.....
Chairperson

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from Risk and Assurance Meetings

Author: Kezia Spence, Governance Advisor

ITEM 7.1

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	20-Mar-24	Look at rolling 12 month forecast going forward [whats going to be spent and where do we think we will end up at the end of the year - whats our debt strategy?]	Dave Tombs	Included in Debt Report	Completed
2	6-Dec-23	Climate change Strategy and Action Plan - report back on relevant risks to this committee next year	Kezia Spence	This will come to the September 2024 meeting	In progress
3	21-Sep-23	Dry weather sewerage overflows (pg 57 of the agenda)	Arno Benadie	Discuss this further with the Auditors to see what they want	In progress
4	21-Sep-23	Council officers to further review the Treasury Management Policy by 30 June 2024	Dave Tombs	Reviewed in May 2024. No amendments/updates identified to the updates made 8 months ago.	Completed
5	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		
6	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 Committee.	Arno Benadie	Future workshop discussion	In progress
7	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.	CE	A paper was provided to the December 2023 Committee meeting, but was legally challenged so will now go to a future meeting in 2024 to allow time to consider the points raised in the letter.	In progress

8 Chair's Report

8.1 Chair's Report - June 2024

ITEM 8.1

Author: Philip Jones, Chair

1. The Chair's report is attached.

Attachments:

1. Chair's Report- 20 June 24 [↓](#)

Recommendation

That the Chair's Report –June 2024 be received.

Risk and Assurance Committee - Rangitikei District Council - Chair’s Report - June 2024

Author: Philip Jones, Chair

As part of my role as Chair, I am part of a group of other independent members, and together we developed a list of number emerging risks for local authorities across the sector. These include:

Financial sustainability i.e. the ability to meet costs increases against a limited ability to increase rates and debt

Inability to deliver key services for a variety of reasons including supply chain and having appropriate resources - staff & Other external parties

Internal conflict over different priorities, roles and responsibilities

Lack of community responsibility the community not taking ownership but leaving the total responsibility to counsel which happens to be the community

Increasing compliance requirements for example drinking water standards

In addition, listed below are the top public sector risks from a 2023 survey

	Top 12 Public sector risks	Translated to Local Government
1	Cyber Attacks / Data Breach	Loss of data and/or key services due a data attack or systems failure
2	Failure to Attract or Retain Top Talent	Failure to Attract or Retain Top Talent
3	Economic Slowdown / Slow Recovery	Reduced ability for Ratepayers to pay
4	Regulatory / Legislative Changes	Change in Government policy results in more cost or less subsidy
5	Business Interruption	Inability to provide services to the community
6	Damage to Reputation / Brand	Loss of confidence by the community
7	Failure to Innovate / Meet Customers’ Needs	Failure to provide appropriate services to the community
8	Cash Flow / Liquidity Risk	Inability to pay amounts due in a timely manner, or having too much cash on hand.
9	Property Damage	Loss of Council's assets
10	Political Risk	Poor decision making
11	Rapidly Changing Market Trends	Increase costs for services, or reduction in activity. e.g. reduction in consents but Councils' fix costs remain

12	Supply Chain or Distribution Failure	Failure to acquire goods and services in a timely manner to meet levels of service
----	--------------------------------------	--

These are similar to the Aon GRMS 2023 – Top 10 Global Risks which I reported to the committee at its last meeting:

1. Cyberattacks data breaches
2. Business interruption
3. Economic slowdown/slow recovery
4. Failure to attract or retain top talent
5. Regulatory/legislative changes
6. Supply chain or distribution failure
7. Commodity price risk/scarcity of materials
8. Damage to reputation or brand
9. Failure to innovate/meet customer needs
10. Increased competition

9 Reports for Information

9.1 Health, Safety and Wellbeing Update

Author: Sharon Bennett, Group Manager - People & Performance

Authoriser: Kevin Ross, 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 the current reporting period, 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 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 incident data and year-to-date trends. The Dashboards support Elected Members to exercise due diligence obligations by providing up-to-date information on incidents, hazards and risks, together with current activities and wellbeing initiatives.

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

3. Discussion

3.1 Health, Safety and Wellbeing Dashboards

3.1.1 The Dashboards for March to May 2024 are attached to this report.

- 3.1.2 The Dashboard for March 2024 includes 10 events two hazards. The reported event categories are abusive behaviour (6), slip-trip-fall, object strike, animal attack and security. The reported hazards related to the categories of security and motor vehicle.
- 3.1.3 The Dashboard for April 2024 includes three events. The reported event categories are abusive behaviour, motor vehicle and security.
- 3.1.4 The Dashboard for May 2024 includes seven events. The reported event categories are medical event (3), motor vehicle, abusive behaviour, object fall and security.
- 3.1.5 There was a downward trend in reported incidents in April 2024 followed by increased reporting in May 2024
- 3.1.6 The most commonly reported event / near miss categories (year-to-date) are abusive behaviour, motor vehicle, and slip-trip-fall.
- 3.1.7 All reported events, near misses and hazards 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).
- 3.2.2 Progress with Due Diligence Plan activities is on-track. Upcoming activities are likely to include a Work as Done Session (practical on-site experience) for Elected Members.

3.3 Health, Safety and Wellbeing Work Programme

- 3.3.1 The health, safety and wellbeing work programme includes new initiatives and opportunities, together with the ongoing review and continuous improvement of existing health, safety and wellbeing frameworks and practices.
- 3.3.2 Health, safety and wellbeing work programme highlights achieved since the last report include:
- Speaking opportunity at the Taituarā Future Workplaces Forum (May 2024) regarding RDC's use of High Engagement to address psychosocial risk.
 - Review and development of health and safety management processes for contractors and contract managers.
- 3.3.3 Health, safety and wellbeing activities currently underway:
- Review of Health, Safety and Wellbeing Strategy.
 - Update of health, safety and wellbeing work programme to incorporate 2023/24 Safe Plus Assessment Recommendations.
- 3.3.4 Health, safety and wellbeing activities coming soon:
- Design of a health, safety and wellbeing operating system showing how RDC's health, safety and wellbeing frameworks integrate.

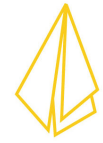
- Development of Health, Safety and Wellbeing Risk Management Framework with a focus on critical risks and risk tolerance.

Attachments:

1. **Health, Safety and Wellbeing Dashboard, March 2024** [↓](#)
2. **Health, Safety and Wellbeing Dashboard, April 2024** [↓](#)
3. **Health, Safety and Wellbeing Dashboard, May 2024** [↓](#)
4. **Health, Safety and Wellbeing Due Diligence Plan** [↓](#)

Recommendation

That the Health, Safety and Wellbeing Report be received.



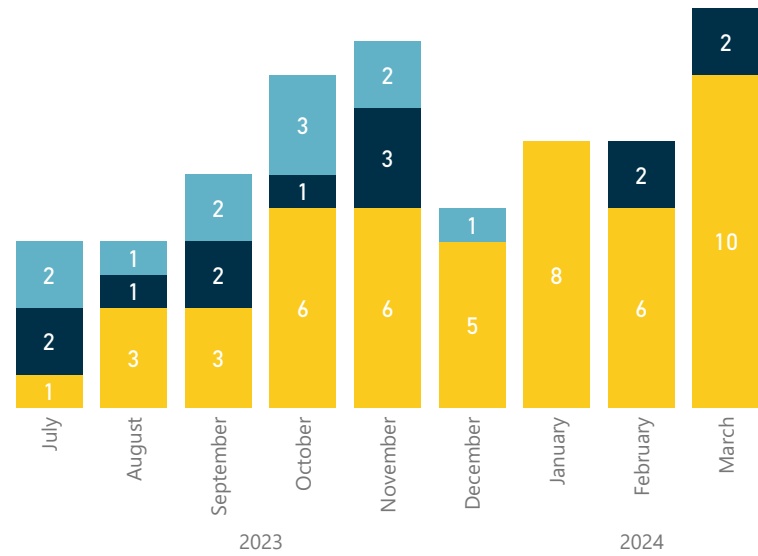
RDC Health and Safety Dashboard March 2024

ITEM 9.1
ATTACHMENT 1

Events, Hazards and Near Misses

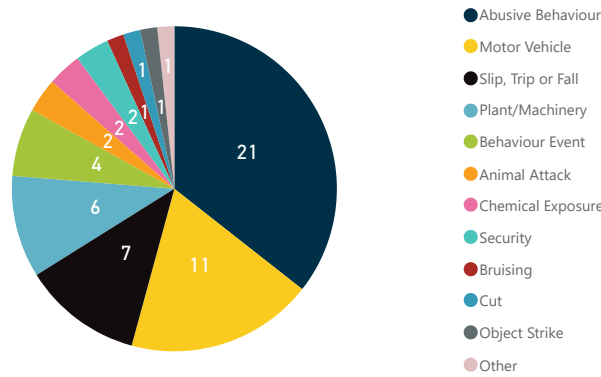
01 July 2023 to date

● Event ● Hazard ● Near Miss



Event/Near Miss Category

01 July 2023 to date



Wellbeing News

Protect yourself (and others) from seasonal illness.

On Friday 12th April, Stewart Street Medical will be at High Street offices between 12pm and 2pm to administer Flu Shots and Covid Boosters. To book for either (or both) please contact Matt Gordon asap. If you can't make it on the 12th, you are welcome to visit your own provider and claim the cost back through our Wellbeing Programme. Buccaline Tablets are now available from pharmacies in Taihape, Marton and Bulls. These are funded through our Wellbeing Programme, so if you would like a dose, please pop into one of the pharmacies and show your RDC ID card. Please remember all the usual health and hygiene protocols and stay home if you're sick.

Abusive Behaviour

Unfortunately, we are noticing an increase in abusive behaviour from some members of the public aimed at RDC employees. No one should have to put up with this unacceptable behaviour and if you have been the target of abuse from members of the public, please talk to your manager and report these events via the Accident, Incident, Hazard and Near Miss reporting form on Kapua.

The RDC Wellbeing Programme provides RDC staff access to wellbeing support from Vitae Services either as an individual or as a team through their Professional Supervision support options. Please contact the People and Performance Team for more information.

Summary of Month

10

Events

0

Notifiable Incidents

0

Notifiable Illness/Injuries

0

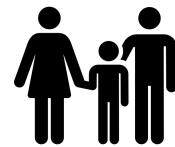
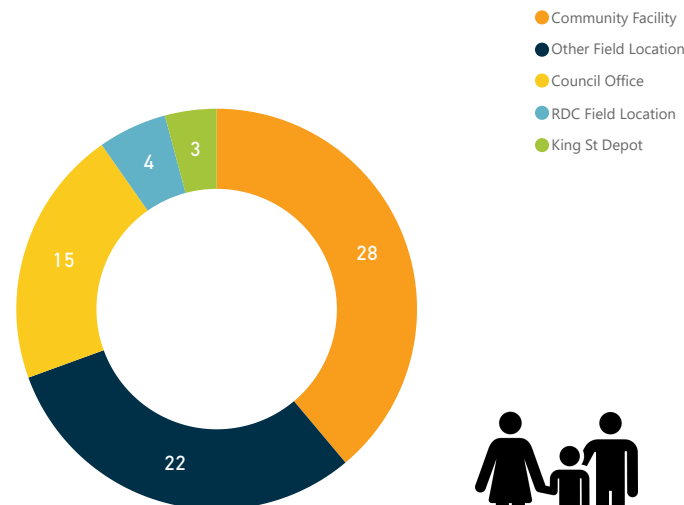
Near Misses

2

Hazards

Location

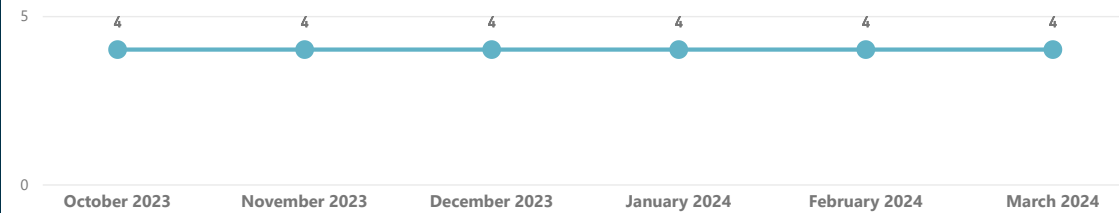
Events, Hazards and Near Misses



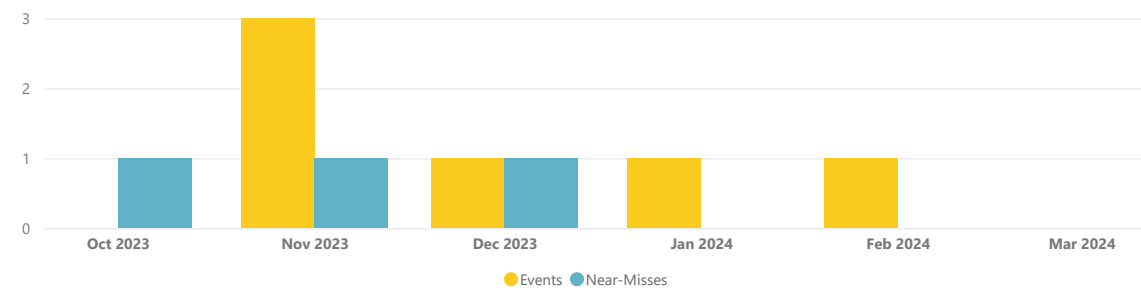
Average Driver Ratings

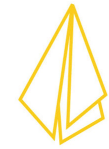
Ratings from E-Road Dashboard (Overspeed / Harsh Braking & Harsh Acceleration Events)

52% Completed Driver Safety Training



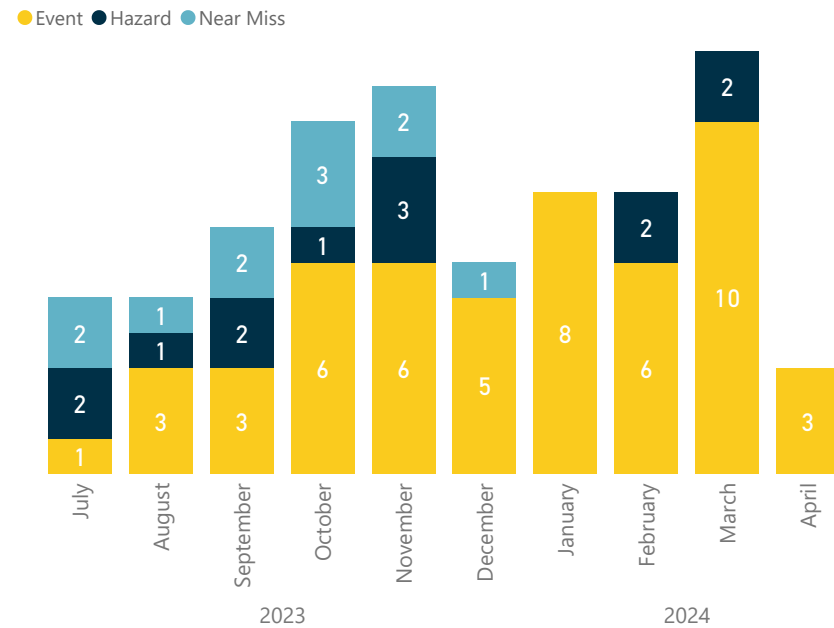
Vehicle Incidents



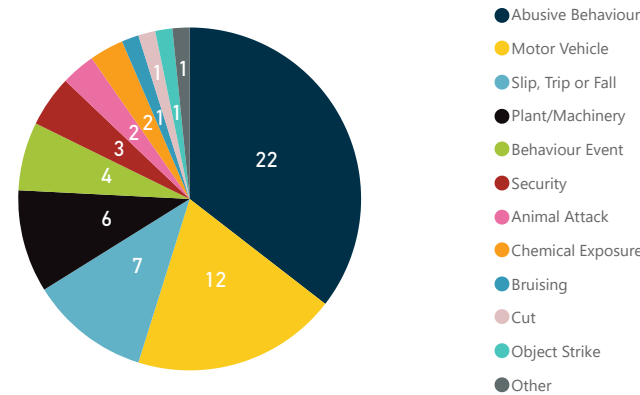


RDC Health and Safety Dashboard April 2024

Events, Hazards and Near Misses 01 July 2023 to date



Event/Near Miss Category 01 July 2023 to date



Wellbeing News

Winter Fire Safety Precautions.

Every year as winter rolls in Fire and Emergency NZ see a significant increase in house fires, to help prevent these events they suggest the following:

- **Keep heaters at least 1 metre away from all surrounding surfaces**, plug heaters directly into a wall socket not a multiplug and don't dry clothes or other items on the heater.
- **Indoor Fires** – remember to clean your fireplace and chimney before you light your first fire of the season, empty ashes into a metal bucket place outside away from structure and pour cold water onto the ashes. Ashes can take up to 5 days to completely cool.
- **Electric blankets** – get these tested annually, ensure cords and controls are not twisted and the blanket lies flat on the bed. Do not place heavy objects on the bed whilst the blanket is in use.
- **Finally, change your batteries in your smoke detectors.**

For more information check out FENZ Winter Fire Safety page

Protect yourself (and others) on the road this winter.

The AA has the following tips to assist drivers stay safe during the winter months:

- Drive more slowly than usual and increase your following distance.
- Avoid sudden braking or sharp turns as these can cause skidding.
- Watch for shady areas on the road on cold days, as ice will form faster and linger longer in these spots.
- Dip your headlights on foggy, snowy, or very cold days.

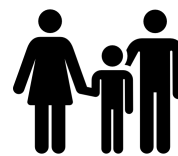
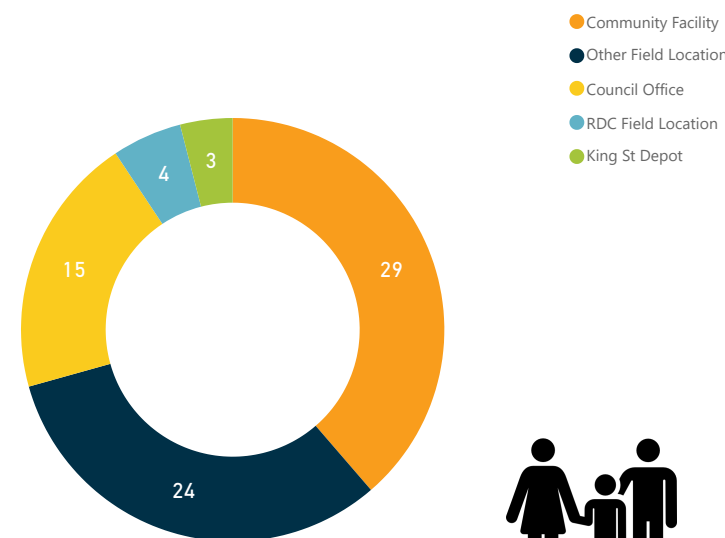
For more information check out the AA Motoring page – Winter Driving techniques

Summary of Month

3 Events
0 Notifiable Incidents
0 Notifiable Illness/Injuries

0 Near Misses
0 Hazards

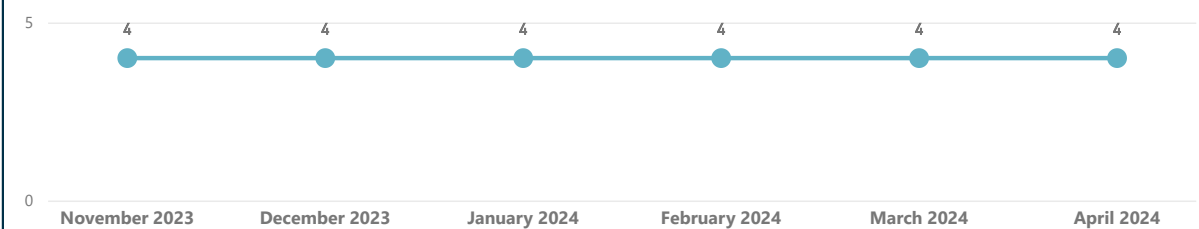
Location Events, Hazards and Near Misses



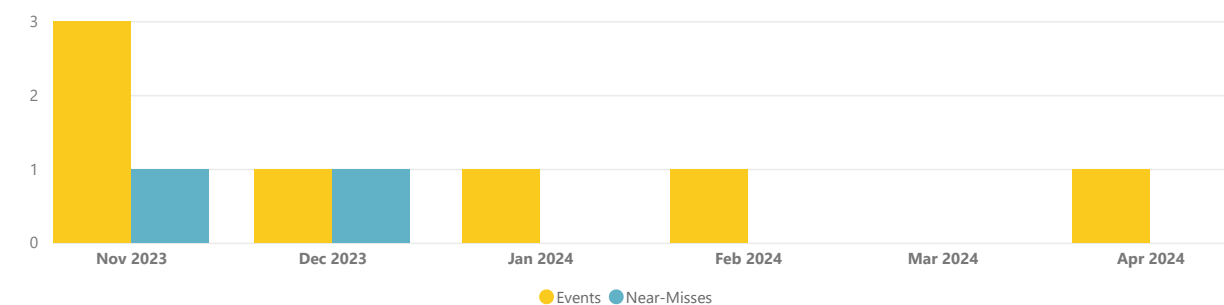
Average Driver Ratings

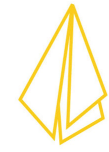
Ratings from E-Road Dashboard (Overspeed / Harsh Braking & Harsh Acceleration Events)

52% Completed Driver Safety Training



Vehicle Incidents

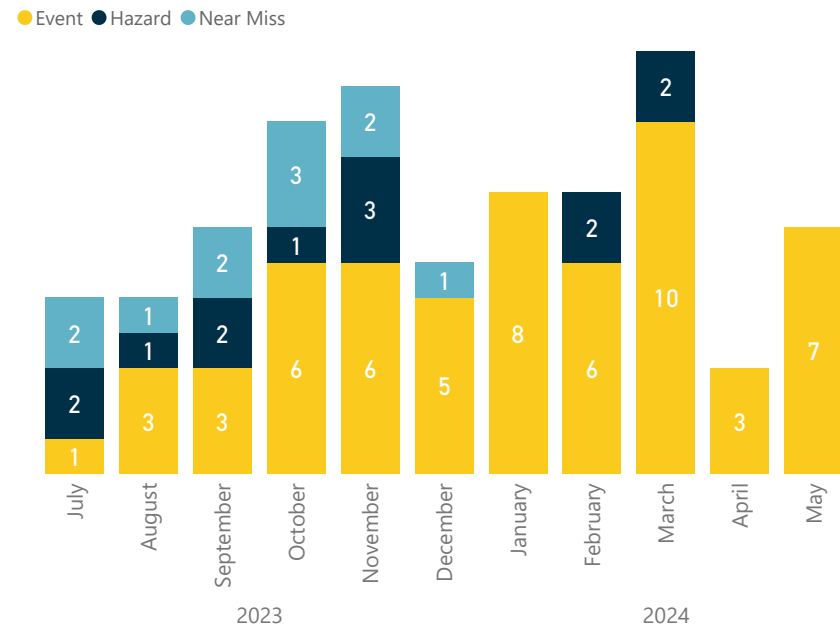




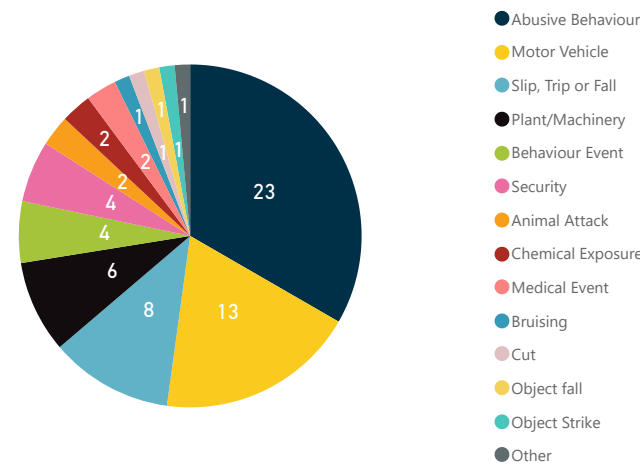
RDC Health and Safety Dashboard May 2024

ITEM 9.1 ATTACHMENT 3

Events, Hazards and Near Misses 01 July 2023 to date



Event/Near Miss Category 01 July 2023 to date



Wellbeing News

Accident / Incident / Near Miss and Hazard Reporting

The Accident / Incident / Near Miss and Hazard reporting link can be found on the main page of Kapua, RDC encourages staff to report all incidents on this link.

- **Accident / Incident** – these are events that directly effect staff, if you have a slip trip of fall, are abused by a member of the public or are injured in your BAU activities we want you to complete the form.
- **Near Miss Reporting** - A near-miss is a potential hazard or incident in which no property was damaged, and no personal injury was sustained, but where, given a slight shift in time or position, damage or injury easily could have occurred.
- **Hazard** – A hazard is a source or a situation with the potential for harm in terms of human injury or ill-health, damage to property, damage to the environment. Hazard reporting and the RDC Stop Take 5 assessments, assist staff to make informed decisions to stop or report hazardous situations to make the workplace safer.

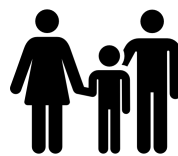
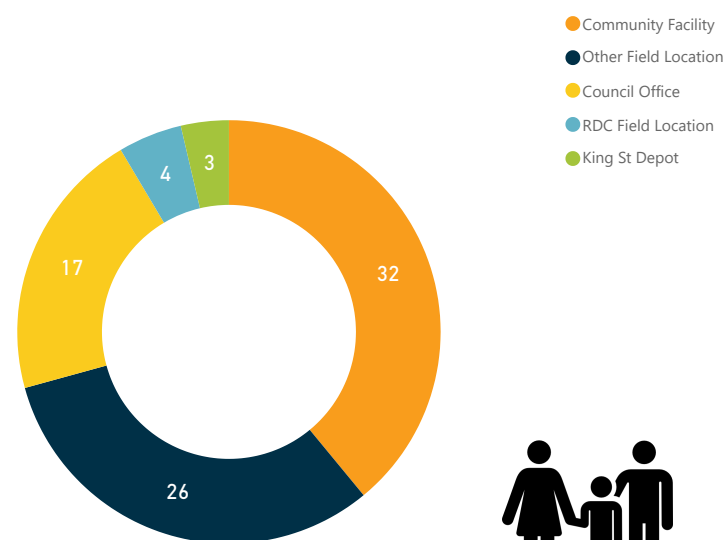
If you are unsure whether, you should report any Accident / Incident / Near Miss or a Hazard please feel free to contact Matt at any time.

Summary of Month

7 Events
0 Notifiable Incidents
0 Notifiable Illness/Injuries

0 Near Misses
0 Hazards

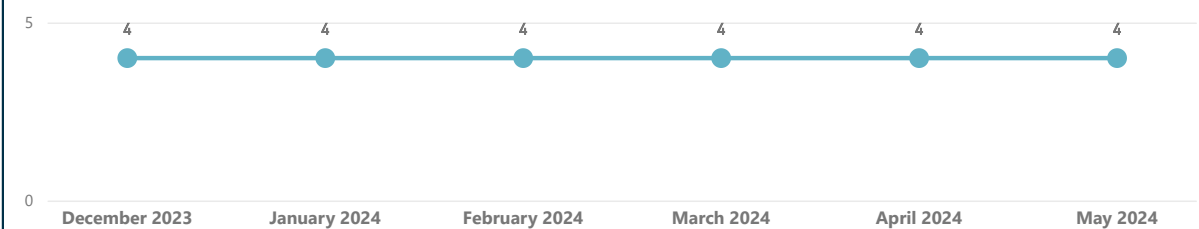
Location Events, Hazards and Near Misses



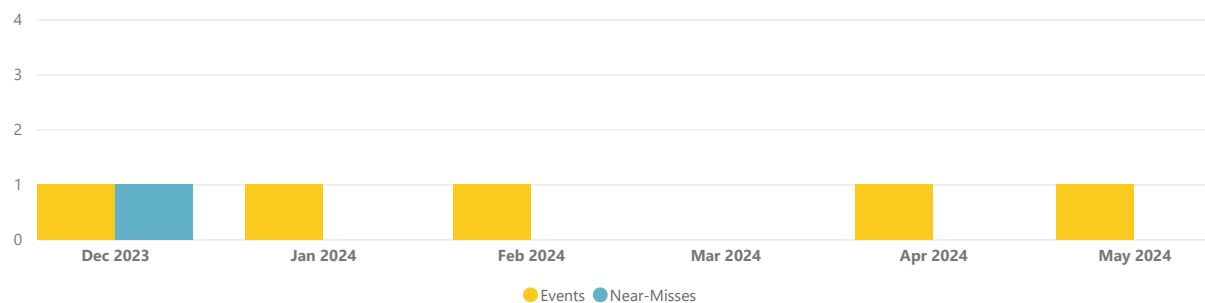
Average Driver Ratings

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

52% Completed Driver Safety Training



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 9.1 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	*				March 2023 (Complete)
Review and endorse HSW Governance Charter Endorsed HSW Charter to full Council for adoption.	Risk and Assurance Committee Council	*			*	May 2023 (Complete)
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	*				May 2023 (Complete)
SafePlus Assessment	Whole organisation	*			*	Nov 2023 (Complete)
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

9.2 Protected Disclosures Update

Author: Sharon Bennett, Group Manager - People & Performance

Authoriser: Kevin Ross, Chief Executive

1. Reason for Report

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

2. Context

- 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 (RDC) maintains a Protected Disclosures Policy and Procedure which is aligned to the requirements of the 2022 Act.
- 2.5 Internal policies are available on the staff intranet (Kapua). Policies are communicated to staff at regular intervals including when the policy is introduced, when changes are made, as part of the orientation process for new staff and when it is timely to do so. Training on the Protected Disclosures Policy and Procedure has been provided to staff.

3. Discussion

- 3.1 There are no protected disclosures to report for this period.
- 3.2 RDC's Protected Disclosures Policy is due for review prior to September 2024 and the reviewed document will be presented at the next Risk and Assurance Committee Meeting.

Recommendation

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

9.3 Privacy Update

Author: Sharon Bennett, Group Manager - People & Performance

Authoriser: Kevin Ross, Chief Executive

1. Reason for Report

- 1.1 This report provides an update on privacy breaches for the reporting period. There is one known minor privacy breach to report. There are no known notifiable (serious) privacy breaches to report.

2. Context

- 2.1 The Privacy Act 2020 (Act) governs how agencies may collect, store, use and share private information about individuals. The Act also provides for an individual's right to access information held about them 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 Rangitikei District Council (RDC) has an internal Privacy Policy and Procedure (last reviewed in February 2023). The Privacy Policy and Procedure outlines how RDC manages private information related to individuals who work for Council. It also outlines RDC's procedure for responding to actual or potential privacy breaches related to private information held about all individuals, including employees and the public.
- 2.4 RDC also has an external Customer Privacy Statement which details how RDC will protect private information held about customers. The Customer Privacy Statement is published on RDC's website and is accessible through the following link: [Privacy Statement](#).
- 2.5 In RDC's context, *private information* includes information collected or held by Council about identifiable individuals, such as information about employees, rate payers and members of the public who interact with Council.
- 2.6 RDC has a Privacy Officer as 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 the policy is introduced, when changes are made, as part of the orientation process for new staff and when it is timely to do so. Training on the Privacy Act and Privacy Policy and Procedure has recently been provided to Elected Members and RDC staff.

3. Discussion

- 3.1 One minor privacy breach occurred in April 2024. The minor privacy breach related to the temporary, unintentional, disclosure of private information on Council's website. The privacy breach was immediately and fully rectified upon discovery. Following investigation, it was determined that serious harm was very unlikely to have occurred and is unlikely to occur in the future. Follow up training and corrective action has been undertaken.

3.2 There are no known privacy notifiable (serious) breaches to report.

ITEM 9.3

Recommendation

That the report 'Privacy Update' be received.

9.4 Risk and Assurance Committee Work Programme**Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:****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 Currently being reviewed
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.

ITEM 9.4

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
Statutory Policies etc	
Revenue and Finance Policy	Every 3 years (March preceding new LTP) Reviewed Jan to April 2024 Next Review : By March 2027
Rates Postponement Policy	Required by S102 LGA; S110 LGA requires Policy to be reviewed every 6 years. Next Review : By June 2026.
Rate Remission Policy	Required by S102 LGA; S109 LGA requires Policy to be reviewed every 6 years. Reviewed Jan to April 2024 Next Review : by May 2027
Rates Remission for Maori Freehold Land Policy	Required by S102 & S108 LGA: Next Review : By 2028.
Significance and Engagement Policy	Required by S76 LGA; Reviewed Jan to April 2024 Next Review : 2027 (LTP)
Treasury Management Policy	Adopted by Council September 2023 Reviewed May 2024 Next Review : September 2026
Accounting Policies	Annually as part of annual financial statements preparation
Finance and Infrastructure Policies	Every three years (part of LTP) Reviewed Jan to June 2024 Next Review : 2027 (LTP)
Protected Disclosure “Whistle Blower” Policy	Required by Protected Disclosures Act Review every two years Next review by September 2024
Privacy Policy	Required by Privacy Act Review every 2 years Next review February 2025
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. Reviewed May 2024 Next Review: June 2027

Other Policies etc	Not specifically required by statute but considered 'critical'
Gifts and Hospitality Policy	Review every 2 years: last reviewed September 2022 Next Review : By September 2024
Sensitive Expenditure Policy	Review every 2 years: reviewed October 2023 Next Review : By October 2025
Fraud, Bribery and Corruption Policy	Review every 2 years: reviewed June 2023 Next Review : By June 2025
Procurement Policy	Draft update currently being finalised. Then review every 3 years.
Staff Standards of Integrity and Conduct	Review every 2 years: Next review September 2025
Health, Safety and Wellbeing Policy	Review every 2 years Next September 2025
Risk	
Risk Management Policy	Review every 3 years – next review 2025
Strategic Risk Register	Reviewed in full during 2022; currently subject to a 'rolling review'

Current Policy Reviews

- 2.3 In accordance with the Table in S2.2, the Committee's current Terms of Reference are currently being reviewed.
- 2.4 As part of Council's Long Term Plan preparations, the following Policies have been reviewed, updated as necessary, been subject to public consultation and approved:
- 2.4.1 Revenue and Finance Policy
 - 2.4.2 Rates Remission Policy
 - 2.4.3 Significance and Engagement Policy
 - 2.4.4 Policy on Development Contributions.

Current Areas of Concern

- 2.5 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 as they become clearer.
- 2.6 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

ITEM 9.4

Recommendation

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

9.5 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. Insurance Claims

- 2.1 Council has had the following Insurance Claims approved this financial year (vehicle excess is \$500):
 - 2.1.1 Theft of motorbike used for off road purposes by a rural water scheme (\$3.5k received)
 - 2.1.2 Minor damage to motor vehicle in single vehicle accident whilst parking - no personal injury involved.
 - 2.1.3 Minor damage to motor vehicle in a single vehicle accident – no personal injury involved
 - 2.1.4 Theft of trailer from King St depot – claim lodged April 2024
 - 2.1.5 Minor damage to vehicle air conditioning unit caused by stone ‘flicking up’

3. Insurance Renewal

- 3.1 Officers have started preparing for the November Insurance renewal.

Recommendation

That the report ‘Insurance Update’ be received.

9.6 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 and now provides a 'progress 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 can cause delays in the intended timeframes for completing elements of this Programme.

3. Discussion

3.1 As discussed at a prior Committee meeting, Officers will continue to monitor the Internal Audit Programme, noting any reviews that are required/recommended by legislation and external agencies such as the Ombudsman Office.

3.2 As requested at the June 2023 Risk and Assurance committee meeting, Officers have 'linked' Council's Strategic Risks to this Work Program as per the attached.

4. Year to Date progress

4.1 Safeplus review has been completed, as reported in the Health, Safety & Wellbeing Update to this Committee.

4.2 Cyber Security/IT Recovery Plans: completed

4.3 Business Continuity Plan: first draft completed.

4.4 Indirect tax evaluation : Senior Finance staff attended a formal local government Indirect Tax Workshop hosted by a 'top six' firm in November 2023. This workshop covered the key local government-specific tax matters relating to tax compliance, PAYE, GST, Income Tax and FBT that officers are now reviewing.

4.5 Statement of Service Performance: staff have made significant improvements in the process and controls involved with the SSP reporting and management.

4.6 Consenting Applications review has been completed – no significant findings.

4.7 Insurance Management: senior officers and selected Councillors reviewed Council's insurance arrangements in a series of workshops.

4.8 Digital Strategy: Digital Strategy drafted, scheduled to be finalised in 2024.

4.9 Community Wellbeing: to be considered in 2024/25.

5. Future Considerations

5.1 Officers invite discussion around the following item that is scheduled for review in 2023/24:

5.1.1 Elected Member Effectiveness

- 5.2 As noted in the Risk and Assurance Committee Work Programme, the Internal Audit Workplan is scheduled for Discussion in March each year, with a view to being confirmed at each June Committee meeting.

Attachments

1. **Internal Audit/Review Summary** [↓](#)

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
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

9.7 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 outstanding 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 various suggested improvements to Council's controls/systems/processes.
- 2.2 The intent of including the Management Letter Register on this agenda is to demonstrate that Officers are 'keeping these matters alive' as opposed to inviting a detailed review of these items.
- 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 Marton Rail Hub

- 3.1 During its review of the Audit NZ June 2023 Management Report, the Committee requested further information regarding the \$1.1m of expenditure relating to the Marton Rail Hub that the auditors recommended be treated as operational expense.
- 3.2 The auditors considered that costs related to the following activities, although being 'project costs', were not 'asset costs'. Such costs are 'abnormal costs, not envisaged at the commencement of the project' and should be considered 'feasibility' in nature:

- 3.2.1 District Plan changes

- 3.2.2 Environment Court related costs (expert witness etc)

4 Recommendation

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

Attachments:

1. **June 2024 Outstanding Audit Management Letter Points** [↓](#)

That the report Audit NZ Management Letter Points be received.

Issue raised in:	Recommendation	Managed	Audit NZ Priority	September Update 2023	February 2024 Update	June 2024 Update	Expected due date	Officer's assessment
19/20 Also reported on 21/22 Interim And June 2023 final	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. June 2023: The Council has identified the earthquake prone buildings after the audit commenced but hasn't accounted for this when operational and restricted assets were revalued. Refer to section 3.	GM Corp Services	Necessary	Feb 2023 comment: The spreadsheet has been updated. (The seismic assessments have been completed but the upgrades to the buildings to get them up to code has not yet been completed: the seismic assessments and the wider RDC owned buildings condition assessment that will be completed early in the new financial year will identify a prioritised list of upgrades to our buildings that will be included in the new LTP.) For these purposes this item can be closed.	Initial point has been addressed. Finance staff are considering the accounting treatment of such buildings	Council has actioned the Audit recommendation and written off these buildings	May-24	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	On going	Ongoing	Ongoing		
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.	Manager Financial Services	Necessary	In progress	Current delegations being reviewed by new Financial Services Manager. Quarterly report back (commencing March 2024) to be provided to GM – Corporate Services, confirming correctness of set-up in Magiq System and any recommendation for delegation process improvements and to include any changes made to delegations in the quarter.	Ongoing	23/24	
Jun-23	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. June 2023 Update : Partially resolved with the final check of the failover firewall remains to be completed and full DR test is scheduled for October 2023.	Mgr Info Services	Necessary	As part of our DR and BCP planning we have been implementing a reconfiguration of the Disaster Recovery Platform, which is hosted in Palmerston North, to streamline and simplify that process when initiating a fail-over & fail-back during a DR event. This process is almost complete with the final server duplication being completed on the 12/09/2023. The DR SAN storage is permanently addressable storage, but is connected via secured separate storage VLAN's & not accessible by users. Both the onsite and DR storage SAN's are protected by storage based Snapshot's that run every hour and daily (2 days for on premise & 7 days for DR). The DR SAN snapshot's cannot be altered/deleted by RDC users. There is a six monthly test of these systems to confirm the viability of these back up systems A final check of the failover firewall remains to be completed and full DR test is scheduled for October 23.	We continue to test DR plans of single servers monthly. We completed a full fail-over test end November 2023 and successfully failed over to the DR site in Palmerston North. Full fail-over testing is planned annually.		Dec-23	Ready to close
Prior to 17J	Performance measure rules Continue to review the effectiveness of the collection and reporting of data.	GM Democracy & Planning	Necessary				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				Jun-23	Ready to Close

<http://intranet/RCCDoc/Corporate-Management/EX/finaud/2024-02 Audit NZ Management Letter Items>

Issue raised in:	Recommendation	Managed	Audit NZ Priority	September Update 2023	February 2024 Update	June 2024 Update	Expected due date	Officer's assessment
Prior to 18J	<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. 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	Necessary	Proposed new Policy being reviewed by PMO	Proposed new Policy being reviewed/finalised	Matters covered by new Procurement and Contract Management Policy that is being finalised	2024/25	Necessary
Prior to 17J	<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>	GM Corporate Services	Necessary	Work is continuing, the consultant has shared a first draft and we are expecting conclusion by the end of Dec 2023	New ontract management system being scoped	Matters covered by new Procurement and Contract Management Policy that is being finalised	2024/25	Necessary
20/21	<p>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</p>	Manager Financial Services	Beneficial	Ongoing formal fraud awareness program (February, June and October) established. Fraud assessment to be conducted once other current priorities have been addressed.	Fraud awareness now scheduled for twice a year. Fraud assessment to be conducted once other current priorities have been addressed.	Cash Handling Review completed - sumamry being drafted	2024	Beneficial
18/19	<p>Assets with no construction date Implement a process to improve the asset data on road assets with no construction date. Audit 2021 Update: In progress. The District Council continues to look at processes that will improve the integrity of asset data. Analysis and implementation of possible measures will require a multiple-year timeframe</p>	GM Assets & IS	Beneficial	On going	Ongoing	Ongoing	TBA	Beneficial

<http://intranet/RCCDoc/Corporate-Management/EX/finaud/2024-02 Audit NZ Management Letter Items>

9.8 LTP 2024 - Audit Engagement Letter**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 a copy of the Audit New Zealand Audit Engagement Letter for the audit of the Long Term Plan 2024/34.

2. Context

- 2.1 Auditors generally provide an engagement letter for each of their engagements. Audit New Zealand are Council's auditors for the Long Term Plan 2024/34 (LTP) and have provided the attached engagement letter (which has been signed and returned).
- 2.2 The Audit Timetable as per section 6.1 of the attached will enable Council's LTP to be adopted at the Council meeting of 27 June 2024.
- 2.3 Council has not yet received the Audit Plan for the audit of the June 2024 Annual Report.

Attachments:

1. **LTP 2024 Audit Engagement Letter** [↓](#)

Recommendation

That the Report 'LTP 2024 – Audit Engagement Letter' be received.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Level 2, 100 Molesworth Street
Thorndon
PO Box 99, Wellington 6140

3 May 2024

Andy Watson
Mayor
Rangitikei District Council
Private Bag 1102
Marton 4741

Dear Andy

Audit engagement letter: Audit of the Long-term plan for the period commencing 1 July 2024

This audit engagement letter is sent to you on behalf of the Auditor-General, who is the auditor of all “public entities”, including Rangitikei District Council (the Council), under section 14 of the Public Audit Act 2001. The Auditor-General has appointed me, Fiona Elkington, using the staff and resources of Audit New Zealand, under section 32 and 33 of the Public Audit Act 2001, to carry out the audit of the Council’s long-term plan (LTP).

This letter outlines:

- the terms of the audit engagement and the respective responsibilities of the Council and me as the Appointed Auditor;
- the audit scope and objectives;
- the approach taken to complete the audit;
- the areas of audit emphasis;
- the audit logistics; and
- the professional fees.

1 Specific responsibilities of the council for preparing the consultation document and the long-term plan

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for preparing the consultation document and LTP, by applying the Council’s own assumptions, in accordance with the Local Government Act 2002 (the Act) (in

particular, the requirements of Part 6 and Schedule 10) and in accordance with generally accepted accounting practice in New Zealand. We assume that elected members are familiar with those responsibilities and, where necessary, have obtained advice about them.

The Council has chosen not to have its 2024 consultation document audited.¹ For clarity, we note the following statutory responsibilities as set out in the Act:

- Section 93 of the Act requires the Council to have an LTP at all times, and Part 1 of Schedule 10 prescribes the information that must be included in the LTP.
- Section 111 requires all information that is required to be included in the LTP to be prepared in accordance with applicable generally accepted accounting practice standards.
- Section 83 (with reference to section 93A) sets out the special consultative procedure that the Council is required to follow to adopt the consultation document and LTP.
- Section 94 requires an audit report on the LTP.

Given Council has elected not to have its consultation document audited. We will not be providing any assurance to the Council as to whether the consultation document achieves its purpose in accordance with Section 93B of the Local Government Act 2002. The Council has the responsibility to satisfy itself that the consultation document achieves its purpose in accordance with Section 93B of the Local Government Act 2002.

Please note that the audit of the LTP does not relieve the Council of any of its responsibilities.

Other general terms are set out in the relevant sections of this letter and Appendix 1.

2 Our audit scope

The Act requires us to provide a report on:

- whether the LTP gives effect to the purpose in section 93(6); and
- the quality of the information and assumptions underlying the forecast information provided in the LTP.

We expect our work to assess the quality of underlying information and assumptions to be a single, continuous process during the entire LTP preparation period including the consultation document stage.

¹ Section 93C(4) of the Act requires an auditor's report on the consultation document. However, clause 45 of Schedule 1AA of the Act (inserted by the Water Services Acts Repeal Act 2024) provides that, despite section 93C(4), the consultation document for the 2024-2034 LTP of a territorial authority (except the Chatham Islands Council) or the Wellington Regional Council need not contain an auditor's report.

Our focus for the first limb of the LTP audit report will be to assess whether the LTP meets its statutory purposes.

Our focus for the second limb will be to obtain evidence about the quality of the information and assumptions underlying the information contained in the LTP. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the information and assumptions underlying the information contained in the LTP, whether because of fraud or error.

Our audit report does not:

- provide a guarantee of absolute accuracy of the information in the LTP;
- provide a guarantee that the Council has complied with all relevant legal obligations;
- express an opinion on the merits of any policy content; or
- include an opinion on whether the forecasts will be achieved.

3 Our approach to this audit

3.1 The content of the consultation document

The Council has elected not to have its Consultation Document audited – in accordance with the option provided to you by the Water Services Acts Repeal Act 2024.

While we will not be issuing an audit opinion on the consultation document, we will still need to form a view about the major matters that the Council consulted on in their consultation document, as this will inform our audit opinion on whether the LTP meets its purpose in accordance with Section 93(6) of the Local Government Act 2002. Further, the audit of the assumptions, underlying information, financial model, performance framework, infrastructure strategy, and financial strategy should ideally take place at the time the Council is producing its consultation document. Delaying this work increases the risk of audit issues arising that are unable to be resolved before Council adopts its LTP.

We will work with you to ensure sufficient assurance is provided over these fundamental aspects of the LTP in a timely fashion.

3.2 Adopting and auditing the underlying information

Before adopting the consultation document, section 93G of the Act requires the Council to prepare and adopt the information that:

- is relied on by the content of the consultation document;
- is necessary to enable the Auditor-General to issue an audit report under section 93C(4); and

- provides the basis for the preparation of the LTP.

We note that the requirements in the first and third bullet points above continue to apply despite the consultation document not being audited.

We consider that local authorities will need to have thought comprehensively about how best to meet the requirements of the Act. Consistent with the guidance of Taituarā, Local Government Professionals Aotearoa, our view is that core building blocks of an LTP will be needed to support an effective consultation document. This will include, but not be limited to, draft financial and infrastructure strategies and the information that underlies them, including asset management information, assumptions, defined levels of service, funding and financial policies, and a complete set of financial forecasts.

From a practical perspective, it will be important that the Council is well advanced with the preparation of the full LTP when it issues the consultation document. Otherwise, you may find it difficult to complete the work and adopt the full LTP before the statutory deadline. The same is true for the audit work. The more audit work that can be completed at the first stage of the process, the less pressure there will be on you and the audit team at the end of the process.

3.3 Control environment

The Council is responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the Council), supported by written policies and procedures, designed to prepare the consultation document and LTP, and to provide reasonable quality information and assumptions underlying the information contained in these documents.

Our approach to the audit will be to identify, confirm, and assess the Council's key processes and controls over the underlying information and the production of the LTP. The purpose of this assessment is to enable us to plan the most effective and efficient approach to the work needed to provide our audit report. Our assessment is not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls.

We will carry out a review of the control environment to help us understand the approach taken to develop the LTP, develop expectations of what should be included in the LTP, and identify areas of potential audit risk. This will involve discussions with elected representatives and selected staff throughout the Council, review of publicly available information about the Council, updating our knowledge of Council issues developed during recent years, and a review of Council minutes since the last audit review.

Our review of your self-assessment response (see below) and key controls relating to the underlying information and development of the LTP is useful to our initial assessment of audit risk and so the nature and extent of our overall audit work.

3.4 Project management, reporting deadlines, and audit progress

The development of the consultation document and LTP is a significant and complex project, and a comprehensive project plan is required for a successful LTP process. It is also essential that there is commitment throughout the organisation for the project, starting with the elected representatives. The involvement of senior management and elected representatives is important in deciding what to include in the consultation document.

The LTP has complex and inter-related information needs and draws together plans, policies, decisions, and information from throughout the Council and its community. We recognise that the Council will be doing its LTP preparation over an extended period. A more efficient and cost-effective audit can be achieved when audit work and feedback is provided in “real time” or on an “auditing as you go” basis as the underlying information is developed.

Consequently, we will discuss with you and your staff the Council’s approach to preparing and completing the LTP. We expect that the Council is approaching its preparation on a project basis and recognise that our audit work should “shadow” that project timetable. The success of this “auditing as you go” approach will depend on the Council’s project management of the overall LTP process, which should include time for audit work at appropriate points in the process.

3.5 Self-assessment

To assist our audit planning, we intend to use a self-assessment process to assist with our risk assessment process. The self-assessment requires you to reflect on your most significant issues and risks, governance of the LTP project, and the systems and processes you have in place (particularly to meet the purposes in the Act for the consultation document and the LTP), asset management, performance management and reporting, and financial management.

The self-assessment is like those used with our audit of previous LTPs. The information provided through the self-assessment will be confirmed with you through discussion after its completion.

4 Our particular areas of audit emphasis

4.1 Financial strategy and infrastructure strategy

The Act requires a local authority to prepare two key strategies as part of the LTP: the financial strategy and the infrastructure strategy.

The purpose of the financial strategy is to:

- facilitate prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and

- provide a context for consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt, and investments.

The purpose of the infrastructure strategy is to:

- identify significant infrastructure issues for the local authority during the period covered by the strategy; and
- identify the principal options for managing those issues and the implications of those options.

For the two strategies to be effective, they must be closely aligned. Section 101B(5) allows for them to be combined into a single document.

Although the Act clearly sets the minimum requirements for these strategies, it does not define the only things that can be in a strategy. A good strategy should include what is needed to be a good quality strategic planning document. In the case of the infrastructure strategy, the principles of ISO 55000 should be considered, particularly where the Council is seeking to prepare a best practice strategy.

Our focus when reviewing both strategies is to assess whether the Council has met the purpose outlined in the Act and presented the strategies in a coherent and easily readable manner. Specifically, we will:

- confirm that the two strategies are appropriately aligned;
- understand the effect of the financial forecasts included in the infrastructure strategy on the prudence of the financial strategy; and
- assess the reasonableness of the prepared forecasts by:
 - understanding how the Council has applied the effect of its assumptions (for example, allowing for changing demographics, the implications of the changing climate, the condition and performance of critical assets) and levels of service on expenditure decisions and outlined the implications of these decisions in the strategies;
 - reviewing the Council's relationship between its renewal capital expenditure and depreciation expenditure forecasts; and
 - checking that the infrastructure strategy is appropriately inflated.

We will also follow up on any areas of improvement identified in prior LTPs.

The Council's financial modelling is a significant component of the underlying information that supports both the financial strategy and infrastructure strategy. We will place particular emphasis on the integrity and effectiveness of the financial modelling of all local authorities.

An additional role played by these strategies is to facilitate accountability to the community. It is critical that these strategies are presented in such a way that they are engaging and informative, and support the presentation of issues, options, and implications presented in the consultation document.

4.2 Assumptions

The quality of the Council's financial forecasts is significantly affected by whether the assumptions on which they are based are defined and reasonable. The Act recognises this by requiring all local authorities to clearly outline all significant forecasting assumptions and risks underlying the financial estimates in the LTP (Schedule 10, clause 17). Prospective Financial Statements (PBE FRS 42) also requires the disclosure of significant assumptions.

We will review the Council's list of significant forecasting assumptions and confirm that they are materially complete. We will also test the application of selected assumptions in the financial forecasts to check they have been reasonably applied. Finally, we will confirm that:

- all significant forecasting assumptions disclose the level of uncertainty associated with the assumption; and
- for all significant forecasting assumptions that involve a high level of uncertainty, the uncertainty, and an estimate of the potential effects of the uncertainty on the financial forecasts are appropriately disclosed in the LTP.

Climate change assumption

We will continue to focus on the assumptions that the Council has made about climate change and the adequacy of other information and disclosures relating to climate change.

We will review the Council's climate change assumptions to determine whether they are reasonable and supportable. We will assess the quality of the supporting information the Council is using in developing its assumptions and disclosures included in the LTP, and the adopted underlying information.

We do expect the Council to reflect information on the impacts of climate change identified in the last three years in its climate change assumptions and work plans outlined in the LTP.

4.3 Quality of asset-related forecasting information

A significant portion of the Council's operations relates to the management of its infrastructure. These activities typically make up about 43% of operational expenditure and 39% of capital expenditure.

To prepare reasonable quality asset information, the Council needs to have a comprehensive understanding of its critical assets and the cost of adequately maintaining

and renewing them. An important consideration is how well the Council understands the condition of its assets and how the assets are performing.

In reviewing the reasonableness of the Council's asset-related forecasting information, we will:

- assess the Council's type asset management planning systems and processes;
- understand what changes the Council proposes to its forecast levels of service;
- understand the Council's assessment of the reliability of the asset-related information;
- consider how accurate recently prepared budgets have been; and
- assess how matters such as affordability have been incorporated into the asset-related forecasts prepared.

Depending on what we identify in completing the above, we may have to complete further detailed testing on the Council's asset-related information.

4.4 Delivering capital expenditure programmes

The ability of councils to deliver their capital expenditure forecasts is an area we will look at closely at in the 2024-34 LTP audit. The capital expenditure forecasts produced by a local authority are an assumption of what it can achieve over time.

Under-delivery of capital expenditure budgets can have significant implications for the council and the community. Ratepayers pay for work that is not completed, and levels of service are likely to be below those forecast in the LTP. Under-delivery also increases the risk that the priority assigned to each project is overlooked when determining which are actually undertaken.

We expect the forecast capital expenditure programme to be subject to robust scrutiny as part of preparing the LTP. As part of our audit, we will be assessing the actual expenditure incurred in recent years compared to the budgeted expenditure over that same period. We will also require the Council to provide a supportable explanation on how the proposed capital expenditure budgets in the LTP will be delivered.

4.5 Council-specific matters

We will also review the following key projects, progress of these and support for the financial forecasts and timing and disclosures of related risks and assumptions included in the 2024-34 LTP. These projects include the:

- Marton/Bulls Wastewater centralisation project. There are risks around delays to the project progressing due to the timing of resource consents and land

purchases. This may result in an increase in capital costs and potential penalties due to delays in meeting resource consents.

- Marton administration and library building and Taihape building upgrades. These are long standing projects which have previously been consulted on and the design and construction is due to commence in the first 3 years of the 2024-34 LTP. The Council is proceeding with construction on the basis that the budget costs of \$19m and \$13m respectively are fixed with the design build projects contracts to be let on the basis that contracted cost will not exceed the maximum budget. These are significant non infrastructural capital projects for Council and there is a risk that the maximum budgets will not provide the Council with the desired levels of service from the upgrades without additional expenditure.
- Marton Rail Hub. The recent Environmental Court decision allows for around 65 hectares of land on the southern boundary of Marton to be rezoned from Rural to Industrial, allowing the Marton Rail Hub project to progress.
- This is a significant project for the District Council which is currently supported by a \$9.1m Government investment administered by the Provincial Development Unit (PDU). The District Council needs to ensure the grants are properly accounting for and fairly reflected in the financial statements. We also note that external investment and continued non-monetary support from Government may also be required to ensure the project proceeds.

5 Other matters

5.1 Our independence

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of the Council (including being independent of management personnel and the Council). This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with integrity, objectivity, and independence.

5.2 Publication of the consultation document and adopted long-term plan on the Council's website

The Council is responsible for the electronic presentation of the consultation document and LTP on its website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the presented data. Please ensure that your project plan allows time for us to examine the final electronic file version of the respective documents, including our audit report on the LTP, before its inclusion on the website.

We need to do this to ensure consistency with the paper-based document that has been subject to audit.

6 Audit logistics**6.1 Audit timing**

The key dates in the audit timetable are as follows:

Self-assessment provided to Council	29 November 2023
Self-assessment returned to audit team for consideration	12 December 2023
First interim visit	29 January 2024
Updated Draft LTP	10 May 2024
Final Visit – final LTP	3 June 2024 (TBC)
Proposed LTP for adoption available	6 June 2024
Audit report on adopted LTP required	20 June 2024
Draft report to governors on LTP engagement	4 July 2024
Finalised report to governors on LTP engagement	18 July 2024

Should we encounter any significant problems or delays during the audit, we will inform you immediately.

We have an electronic audit management system. This means that our auditors will complete most of their work on their laptops. Therefore, we would appreciate it if the following could be made available during our audit:

- A suitable workspace for computer use (in keeping with the health and safety requirements discussed in Appendix 1).
- Electronic copies of key documents.

As noted in section 3.4, our audit work needs to be done as you develop your underlying information and prepare your consultation document and LTP, to ensure the timely completion of our audit.

To ensure that we meet agreed deadlines, it is essential that the dates agreed are adhered to.

7 Professional fees

Our audit fee, covering the LTP for the period commencing 1 July 2024, is \$103,100 (excluding GST and disbursements).

In the unlikely event the actual hours to carry out the audit of the LTP results in the above audit fee being more than \$210 per hour, the fee will be reduced to a maximum \$210 per hour.

For the 2018 LTP, our actual hours were 696. These hours are likely to include some inefficiencies on our part, as well as inefficiencies caused by the council. The audit fee we charged was \$79,805, which was an effective hourly rate of \$113. For context, in 2018 the average effective charge out rate for an audit of this complexity should have been \$163-\$211 per hour.

For the 2021 LTP, our actual hours were 859. These hours are likely to include some inefficiencies on our part, as well as inefficiencies caused by the council. The audit fee we charged was \$110,760 (\$85,200 agreed fee plus \$25,560 fee recovery), which was an effective hourly rate of \$129. For context, in 2021 the average effective charge out rate for an audit of this complexity should have been \$180-\$233 per hour.

We cannot continue to spend significant amounts of time on the audit that is not compensated. Over time, we need to increase our audit fees to fairly reflect the costs of performing an efficient audit. The proposed 2024 fee is an increase of \$17,900 compared to the 2021 agreed fee.

The proposed fee is based on the following assumptions:

- Information required to conduct the audit is complete and provided in accordance with the agreed timelines. This includes the full draft financial strategy, draft infrastructure strategy and key underlying assumptions and information that supports the LTP.
- There will be an appropriate level of assistance from your staff.
- All documentation provided will be subject to appropriate levels of quality review before submission for audit.
- The LTP will include all relevant disclosures.
- We will review, at most, two drafts of the LTP during our audit.
- We will also review one printer's proof copy of the LTP and one copy of the electronic version of the LTP (for publication on your website).
- There are no significant changes in the structure or level of operations of the Council impacting on the audit, such as the establishment of a CCO to deliver core functions or a major restructuring of groups of activities.

- The local authority is preparing forecast financial statements for the “Council parent” only, rather than including consolidated forecast financial statements for the Council and any controlled entities in the adopted LTP.²

If information is not available for the visits as agreed, or the systems and controls the Council use to prepare the underlying information and assumptions cannot be relied on, we will seek to recover additional costs incurred as a result. We will endeavour to inform you as soon as possible should such a situation arise.

We wish to interim bill as work progresses. We propose the following billing arrangements:

	\$
February	24,196
March	35,904
April	25,000
June	18,100
	\$103,100

We need to begin our LTP audit work in a timely fashion to ensure that the LTP can be adopted before the statutory deadline.

8 Personnel

Our personnel involved in the management of the audit are:

Fiona Elkington	Associate Audit Director
Dereck Ollsson	Engagement Quality Review Director
Jonathan Roylance	Associate Director, SAAS
Mandla Tanali	Manager
Jeby Jacob	Audit Supervisor

We have endeavoured to maintain staff continuity as far as possible.

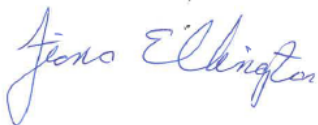
9 Agreement

Please sign and return the attached copy of this letter to indicate that:

- it is in accordance with your understanding of the arrangements for this audit of the LTP for the period commencing 1 July 2024; and
- you accept the terms of the engagement set out in this letter that apply specifically to the audit of the LTP and supplement the existing audit engagement letter dated 14 June 2023.

If there are any matters requiring further clarification, please do not hesitate to contact me.

Yours sincerely



Fiona Elkington
Associate Director

cc Kevin Ross, Chief Executive
Carol Gordon, LTP project co-ordinator/manager

I acknowledge that this letter is in accordance with my understanding of the arrangements of the audit engagement. I also acknowledge the terms of the engagement that apply specifically to the audit of the LTP, and that supplement the existing audit engagement letter dated 14 June 2023.

Signed: _____ Date: _____
Andy Watson
Mayor

Appendix 1: Terms of the engagement that apply specifically to the audit of the LTP

Objectives

The objectives of the audit of the LTP are to:

- provide an independent report on the LTP (under section 94(1) of the Act) about:
 - whether the LTP gives effect to the statutory purpose; and
 - the quality of the information and assumptions underlying the information included in the LTP; and
- report on matters relevant to the Council's planning systems that come to our attention.

Our audit involves performing procedures that examine, on a test basis, evidence supporting assumptions, amounts, and other disclosures in the LTP, and evaluating the overall adequacy of the presentation of information.

We also review other information associated with the LTP to identify whether there are material inconsistencies with the audited LTP.

Provision of a report to the governors of the Council

At a minimum, we will report to the governors of the Council at the conclusion of the engagement. The report communicates matters that come to our attention during the engagement and that we think are relevant to the Council. For example, we will report:

- any weaknesses in the Council's systems; and
- uncorrected misstatements noted during the audit.

Please note that the Auditor-General may refer to matters that are identified in the audit of consultation documents and LTPs in a report to Parliament if it is in the public interest, in keeping with section 20 of the Public Audit Act 2001.

Materiality

Consistent with the annual audit, the audit engagement for the LTP adheres to the principles and concepts of materiality during the 10-year period of the LTP and beyond (where relevant).

Materiality is one of the main factors affecting our judgement on the areas to be tested and the nature and extent of our tests and procedures performed during the audit. In planning and performing the audit, we aim to obtain assurance that the LTP, and the information and assumptions

underlying the information contained in these documents, do not have material misstatements caused by either fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence a reader's overall understanding of the LTP.

Consequently, if we find material misstatements that are not corrected, we will refer to them in the audit report. Our preference is for any material misstatement to be corrected, avoiding the need to refer to misstatements.

The standards applied when conducting the audit of the adopted long-term plan

Our audit is carried out in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we consider particular elements of the Auditor-General's Auditing Standards and International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that are consistent with those requirements.

Responsibilities

General responsibilities

The general responsibilities of the Council for preparing and completing the LTP are consistent with those for the Annual Report, as set out in the audit engagement letter dated 14 June 2023 – but noting that the LTP includes forecast information.

These responsibilities include those set out in Appendix 1 of that audit engagement letter as detailed below:

- Appendix 1: Respective specific responsibilities of the Council and the Appointed Auditor:
 - responsibilities for compliance with laws and regulations; and
 - responsibilities to establish and maintain appropriate standards of conduct and personal integrity.

Specific responsibilities

The Council is responsible for:

- maintaining accounting and other records that:
 - correctly record and explain the forecast transactions of the Council;
 - enable the Council to monitor the resources, activities, and entities under its control;

- enable the Council's forecast financial position to be determined with reasonable accuracy at any time; and
- enable the Council to prepare forecast financial statements and performance information that comply with legislation; and
- providing us with:
 - access to all information and assumptions relevant to preparing the LTP, such as records, documentation, and other matters;
 - additional information that we may request from the Council for the purpose of the audit;
 - unrestricted access to Council members and employees that we consider necessary; and
 - written confirmation of representations made to us in connection with the audit.

Health and safety of audit staff

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, we need to make arrangements with you to keep our audit staff safe while they are working at your premises.

We expect you to provide a safe work environment for our audit staff that is without risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

9.9 Fraud Reporting

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

1.1 To provide the Risk and Assurance Committee with an update on Fraud related matters. Such incidents are listed on Council's Fraud Register as appropriate.

2. Commentary – Fraud Allegations

2.1 Since the last Risk and Assurance Committee Meeting, no fraud related incidents have been reported or investigated.

3. Commentary – Fraud Awareness

3.1 Fraud Awareness communication was circulated to all staff in February 2022, June 2022, October 2022, February 2023, October 2023, February 2024 and June 2024. Regular updates regarding this will continue to be sent out.

Recommendation

That the report 'Fraud Reporting' be received.

9.10 Council Debt**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 information regarding Council's Debt position and outlook.

2. Context

- 2.1 At its meeting in March 2024, the Committee requested Officers to provide a 12 month forecast of its debt position.

3. Analysis

- 3.1 Council's current debt position, which is expected to its debt position at the end of the 2023/24 financial year, is:

Amount	Settled Date	Maturity Date	Fixed Rate of Interest	Annual Interest Cost
\$3 million	10/05/2019	15/04/2029	3.12%	\$94k
\$5 million	08/02/2022	14/04/2033	3.68%	\$184k
\$11 million	14/04/2022	15/04/2027	4.17%	\$459k
\$5 million	27/04/2023	15/05/2028	5.10%	\$255k
\$7 million	12/06/2023	15/05/2028	5.30%	\$371k
\$9 million	15/04/2023	15/06/2026	5.62%	\$506k
\$4 million	12/06/2023	20/04/2029	5.55%	\$222k
\$44 million				\$2.1m

- 3.2 This \$44m of debt has a weighted average cost of funds of 4.75%.
- 3.3 Council had initially expected to acquire a plot of land before 30 June which would have increased its debt to around \$48m to \$50m. This acquisition is now expected to occur in 2024/25.

4. Commentary – Future Treasury Position: General

- 4.1 Council is currently finalising its Long Term Plan 2024 to 2034 ('LTP'). Future Debt levels are a key part of the LTP.
- 4.2 Officers have applied, and ensured compliance with, Council's Treasury Management Policy (and Finance Strategy) when developing the LTP Budgets.
- 4.3 Council's draft LTP shows that its Debt is budgeted to remain within its Debt Ceiling and Debt Limit throughout the term of the LTP (the Debt Ceiling is Council's maximum debt

it can access from LGFA; the Debt Limit is a self imposed amount, at least \$4m to 5m lower than the Debt Ceiling, to allow for unforeseen costs).

- 4.4 The main factors that could change the position outlined in S4.3 are:
 - 4.4.1 Changes in Council's future expenditure levels resulting in increased levels of Debt
 - 4.4.2 Changes in the timing of Council's expenditure could potentially 'bring forward' increases to Debt - which could potentially put pressure on Council's ability to meet LGFA Borrowing Covenants
 - 4.4.3 Future reduction in Council's budgeted levels of rates income and other income, resulting in increased Debt and potentially impacting Council's ability to comply with LGFA Borrowing Covenants (which may result in a reduced Debt Ceiling)
 - 4.4.4 Council not maintaining sufficient liquid funds to enable compliance with LGFA Borrowing Covenants (which may result in a reduced Debt Ceiling)
 - 4.4.5 Combination of the above (noting that Council would be, to varying extents, be able to introduce mitigating strategies should the above points become apparent).
- 4.5 In the absence of the matters listed in S4.4, Council is expected to remain within its Debt Limits through the period covered by the LTP (subject to the impact of S4.6 below).
- 4.6 The transfer of Water Assets, Debt, Revenues and Costs that are scheduled to occur during the LTP will obviously impact the budgets included in the LTP. However, the timing and extent of these impacts are currently unknown.

5. **Commentary – Future Treasury Position: 12 Month Position**

- 5.1 Should Council's 2024/25 budgets be realised, Council is budgeted to have around \$30m surplus debt capacity at June 2025:
 - 5.1.1 Budgeted Debt at 30 June 2025 being \$73m;
 - 5.1.2 Debt Limit being \$102m.

Recommendation

That the report 'Council Debt' be received.

9.11 Risk Management

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 At its March 2023 meeting, the Risk and Assurance Committee requested a systematic 'deep dive' review of a strategic risk each quarter.
- 1.2 As part of its ongoing Risk Management discussions, Council's Executive Leadership Team (ELT) committed to identifying their respective key risks and have begun a program of collectively understanding and mitigating these.
- 1.3 ELT has chosen to provide a summary of this (in progress) Risk Management Program to Risk and Assurance Committee in place of a Strategic Risk Deep Dive.

2. Approach

- 2.1 Each ELT Member has identified their respective Top 5 Group Risks (each starting with Key Person Reliance).
- 2.2 ELT are now scheduled to collectively discuss these and identify cross-Group risk mitigation strategies.
- 2.3 The attached Summary provides an overview of this Risk Management Program so Committee Members can see the nature of this Program.
- 2.4 This exercise is expected to be finalised in advance of the next Risk Assurance Committee meeting.

Attachments:

1. **Key Group Risks** [↓](#)

Recommendation 1

That the report 'Risk Management' is received.

Key Group Risks – BCP Exercise

Summary

Group	1	2	3	4	5
CEO	Key Person Reliance – Kevin	Alignment between staff and governors	Key Staff identification & retention	Lease/contract management	Need to expand ELT strategic thinking
Assets & Infrastructure	Key Person Reliance – Arno	Litigation due to consent compliance breaches	Failure of key plant/machinery due to IT/mechanical issues making drinking water unsafe	Reputational risk due to inadequate infrastructure services (waters/roading)	Loss of key information – records held by other parties/staff retaining information
Community	Key Person Reliance – Gaylene	Alignment between staff and community	Key Staff identification & retention	Lease/rent management	Technology failure – internet, phones, breach of personal info
Corp Services	Key Person Reliance – Dave	Insufficient comms/collaboration between different departments/teams	Key Staff identification & retention	Loss of key info (key contracts)	Financial processes/systems fail
Democracy & Planning	Key Person Reliance – Carol	Iwi relationships	Failure to meet legislative requirements (RMA, LGA, LGOIMA, bylaws)	Reputational risk due to action/inaction on Council’s communication channels (including projects and legislative requirements)	Technology failure – phones, RFS

People and Performance	Key Person Reliance – Sharon	Payroll failure	Inadequate HSW provisions, or failure of provisions resulting in serious harm/fatality	Litigation due to employment relations failure	Privacy/employee data breach resulting in serious harm
Regulatory	Key Person Reliance – Johnny	Loss of Building Accreditation (we lose the ability to issue building consents)	Loss of key IT applications	Loss of key information, property & building files	CCC liabilities
WOC stuff	Emergency event – inability to open/access Marton office	EQP buildings – not remediated in required timeframes. Council need to demolish and recover costs from owner	Cost of living/rates results in Service Reduction (downsizing)		

Further Analysis – Risk Mitigation Plans

CEO					
Risk	Key Person Reliance – Kevin	Alignment between staff and governors	Key Staff identification & retention	Lease/contract management	Need to expand ELT strategic thinking
Mitigation					

Assets & Infrastructure					
Risk	Key Person Reliance – Arno	Litigation due to consent compliance breaches	Failure of key plant/machinery due to IT/mechanical issues making drinking water unsafe	Reputational risk due to inadequate infrastructure services (waters/roading)	Loss of key information – records held by other parties/staff retaining information
Mitigation					

Community					
Risk	Key Person Reliance – Gaylene	Staff/community alignment	Key Staff identification & retention	Lease/rent management	Technology failure – internet, phones, breach of personal info
Mitigation					

Corporate Services					
Risk	Key Person Reliance – Dave	Insufficient comms/collaboration between different departments/teams	Key Staff identification & retention	Loss of key info (key contracts)	Financial processes/systems fail
Mitigation	SLT members CCd to all key emails (so they know what's going on). Monthly 'strategic focus' meetings. Regular one-on-one meetings (include work flow matters). SLT encouraged to attend sector Conferences etc.	Active participation in ELT & SLT meetings. Build relationships across Council departments.	Constant dialogue with staff.	Will be addressed once property files have been digitised (Sharepoint OnLine will assist).	

Democracy & Planning					
Risk	Key Person Reliance – Carol	Iwi relationships	Failure to meet legislative requirements (RMA, LGA, LGOIMA, bylaws)	Reputational risk due to action/inaction on Council’s communication channels (including projects and legislative requirements)	Technology failure – phones, RFS
Mitigation					

People & Performance					
Risk	Key Person Reliance – Sharon	Payroll failure	Inadequate HSW provisions, or failure of provisions resulting in serious harm/fatality	Litigation due to employment relations failure	Privacy/employee data breach resulting in serious harm
Mitigation	Back up cover and skill development within team means that team members can cover each others roles.	Comprehensive BCP for Payroll has been developed and is regularly reviewed.	Quality HSW policies, procedures and SOP's. Well resourced HSW function. Quality leadership accountability and capability. High functioning HSW culture.	Quality internal employment policies and procedures. Strong working relationships with Employment relations experts (including legal). Team attends regular briefings and updates on employment matters.	Quality internal privacy policy and procedures. Regular training provided to staff and leaders. Thorough investigation and debrief following any privacy breaches.

Regulatory					
Risk	Key Person Reliance – Johan	Loss of Building Accreditation (we lose the ability to issue building consents)	Loss of key IT applications	Loss of key information, property & building files	CCC liabilities
Mitigation					

WOC					
Risk	Emergency event – inability to open/access Marton office	EQP buildings – not remediated in required timeframes. Council need to demolish and recover costs from owner	Cost of living/rates results in Service Reduction (downsizing)		
Mitigation					

10 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 Risk and Assurance Committee Meeting - 20 March 2024

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
10.1 - Risk and Assurance Committee Meeting - 20 March 2024	To consider the minutes relating to matters that were the subject of discussion at the 20 March meeting.	S48(1)(a)

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.

11 Open Meeting