

# Agenda

**Notice is hereby given of  
an Audit and Risk Committee Meeting**

**Tuesday 8 September 2020**

Commencing at 9.30am

The Function Room  
Waimate Event Centre  
Paul Street  
Waimate

[www.waimatedc.govt.nz](http://www.waimatedc.govt.nz)

**Notice is hereby given that a meeting of the Audit and Risk Committee will be held in the The Function Room, Waimate Event Centre, Paul Street, Waimate, on Tuesday 8 September 2020, commencing at 9.30am.**

**Committee Membership**

Damian Hogue	Chairperson
Sheila Paul	Deputy Chairperson
Craig Rowley	Mayor
Miriam Morton	Councillor
Tom O'Connor	Councillor

Quorum – no less than three members

**Significance Consideration**

Evaluation: Council officers, in preparing these reports have had regard to Council's Significance and Engagement Policy. Council and Committee members will make the final assessment on whether the subject under consideration is to be regarded as being significant or not. Unless Council or Committee explicitly determines that the subject under consideration is to be deemed significant then the subject will be deemed as not being significant.

**Decision Making**

The Council, in considering each matter, must be:

- i. Satisfied that it has sufficient information about the practicable options and their benefits, costs and impacts, bearing in mind the significance of the decision;
- ii. Satisfied that it knows enough about and will give adequate consideration to the views and preferences of affected and interested parties bearing in mind the significance of the decisions to be made.

Stuart Duncan  
Chief Executive

## Order Of Business

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**OPENING****1 APOLOGIES****2 VISITORS**

11.00am - Jerard Cowburn of Marsh Limited

**3 CONFLICTS OF INTEREST**

As per the Local Authorities (Members' Interests) Act 1968 (as below), the Chair will enquire if there are any Conflicts of Interest to be declared on any item on the agenda, and if so, for any member to declare this interest.

**Local Authorities (Members' Interests) Act 1968**

Councillors are reminded that if they have a pecuniary interest in any item on the agenda, then they must declare this interest and refrain from discussing or voting on this item and are advised to withdraw from the meeting table.

**4 IDENTIFICATION OF MAJOR (URGENT) OR MINOR ITEMS NOT ON THE AGENDA**

1. The Chair will call for any major (urgent business) or minor items not on the agenda to be raised according to Standing Orders, as below:

**a. Standing Orders 3.7.5 – Major Items**

An item not on the agenda for a meeting may be dealt with at the meeting if the local authority by resolution so decides, and the presiding member explains at the meeting at a time when it is open to the public –

- i. The reason why the item was not listed on the agenda; and
- ii. The reason why discussion of the item cannot be delayed until a subsequent meeting.

**b. Standing Orders 3.7.6 – Minor Items**

An item not on the agenda for a meeting may be dealt with at the meeting if –

- i. That item is a minor matter relating to the general business of the local authority; and
- ii. The presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- iii. No resolution, decision, or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.

**MINUTES****5 CONFIRMATION OF MINUTES****5.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 9 JUNE 2020**

**Author:** Karalyn Reid, Committee Secretary and PA to the Mayor

**Authoriser:** Tina Stevenson, Corporate Services Group Manager

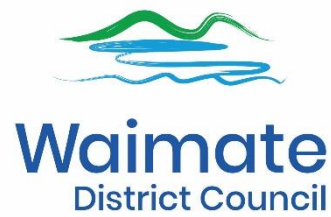
**Attachments:** 1. Minutes of the Audit and Risk Committee Meeting held on 9 June 2020

**PURPOSE**

For the unconfirmed Minutes of the Audit and Risk Committee Meeting held on 9 June 2020 to be presented for confirmation.

**RECOMMENDATION**

That the Minutes of the Audit and Risk Committee Meeting held on 9 June 2020 be adopted as a true and correct record.



# **MINUTES**

## **Audit and Risk Committee Meeting**

**9 June 2020**

**MINUTES OF WAIMATE DISTRICT COUNCIL  
AUDIT AND RISK COMMITTEE MEETING  
HELD AT THE FUNCTION ROOM, WAIMATE EVENT CENTRE, PAUL STREET, WAIMATE  
ON TUESDAY 9 JUNE 2020, COMMENCING AT 9.30AM**

**PRESENT:** Chair Damian Hogue, Cr Sheila Paul, Mayor Craig Rowley, Cr Miriam Morton, Cr Tom O'Connor

**APOLOGIES:** Nil

**IN ATTENDANCE:** Deputy Mayor Sharyn Cain, Cr Sandy McAlwee, Cr Colin Pankhurst  
Stuart Duncan (Chief Executive), Paul Cooper (Regulatory and Compliance Group Manager), Fiona Hester-Smith (Human Resources Manager), Carolyn Johns (Community and Strategy Group Manager), Dan Mitchell (Asset Group Manager), Tina Stevenson (Corporate Services Group Manager), Melissa Thomson (Accountant), Karalyn Reid (Committee Secretary)

## **OPENING**

### **1 APOLOGIES**

David Owen, Fabia Fox

### **2 VISITORS**

Nil

### **3 CONFLICTS OF INTEREST**

The Chair asked members if there were any conflicts of interest. There were no conflicts of interest declared.

### **4 IDENTIFICATION OF MAJOR (URGENT) OR MINOR ITEMS NOT ON THE AGENDA**

Nil

## **MINUTES**

### **5 CONFIRMATION OF MINUTES**

#### **5.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 19 MARCH 2020**

##### **COMMITTEE RESOLUTION 2020/11**

Moved: Mayor Craig Rowley  
Seconded: Chair Damian Hogue

That the minutes of the Audit and Risk Committee Meeting held on 19 March 2020 be adopted as a true and correct record.

**CARRIED**

## REPORTS

### 6 GENERAL REPORTS

#### 6.1 HUMAN RESOURCES MANAGERS REPORT

##### COMMITTEE RESOLUTION 2020/12

Moved: Mayor Craig Rowley

Seconded: Cr Sheila Paul

That the Human Resources Manager's report is accepted.

**CARRIED**

##### Note:

The Committee noted the staff leave liability was a concern. The Chief Executive gave the Committee assurance that the leadership team was aware that the level of leave liability was not ideal; and closely monitor the health and wellbeing of staff should they not take adequate holidays.

#### 6.2 HEALTH AND SAFETY REPORT

##### COMMITTEE RESOLUTION 2020/13

Moved: Mayor Craig Rowley

Seconded: Cr Miriam Morton

That the Health and Safety update report is accepted.

**CARRIED**

#### 6.3 COVID-19 RISK

##### COMMITTEE RESOLUTION 2020/14

Moved: Chair Damian Hogue

Seconded: Cr Sheila Paul

That the COVID-19 Risk Report is accepted.

**CARRIED**

##### Note:

The EOC team were thanked for their proactive approach on the community involvement during the lock-down project.

The Chief Executive commented an agency debrief is to be held on COVID-19, which will highlight gaps and concerns.

The transparent protective COVID-19 barriers that were attached to the Council and library reception desks will remain in place as these will help protect staff from transmission of the common flu each year. The Chief Executive commented that all-staff need to be congratulated for their efforts and compliance during the COVID Level lockdown levels. The EOC, three waters, cleaning staff and leadership team did an outstanding job, and he intends to hold an all of staff BBQ to thank everyone.



**6.4 CORPORATE SERVICES GROUP MANAGER REPORT****COMMITTEE RESOLUTION 2020/15**

Moved: Cr Tom O'Connor

Seconded: Cr Miriam Morton

That the Corporate Services Group Manager Report is accepted.

**CARRIED**

**Note:**

Key Risk Register: Financial - Council have been actively promoting and engaging with the public regarding options for any ratepayers struggling with payment of rates post COVID-19. There were already procedures in place before the pandemic, however the demand for assistance is to be monitored.

**6.5 AUDIT NEW ZEALAND ENGAGEMENT & AUDIT PLAN**

The Audit and Risk Committee reviewed the Audit Engagement Letter 2020-2022, and terms of Audit New Zealand's Audit Plan for the year ending 30 June 2020.

**COMMITTEE RESOLUTION 2020/16**

Moved: Cr Sheila Paul

Seconded: Chair Damian Hogue

1. That the 'Audit New Zealand Engagement & Audit Plan' report is accepted; and
2. That the Audit and Risk Committee recommends that the Mayor be authorised to sign the Audit Engagement Letter 2020-2022 and return to Audit New Zealand; and
3. That the Audit and Risk Committee confirms the terms of Audit New Zealand's Audit Plan for the audit for the year ending 30 June 2020.

**CARRIED**

**Note:**

The Committee noted that Audit highlighted there may be additional audit work and therefore costs relating to the COVID-19 pandemic.

Moves towards procuring an Alpine Energy Valuation is underway.

An EY report on accounting for interest in the Downlands water Scheme did not sufficiently address the fundamental questions in relation to the structure and ownership of the scheme.

Timaru District Council have recently obtained legal advice to address these concerns which is to be shared with both Waimate and Mackenzie District Councils.

The Committee raised concerns about the risk of not having the ownership and responsibilities of each party clearly recorded.

**6.6 AUDIT NEW ZEALAND PROPOSAL TO CONDUCT AUDIT 2020-2022**

That the Audit and Risk Committee reviews the Audit New Zealand Proposal to Conduct Audit 2020-2022 and makes a recommendation as to whether the Mayor may sign to accept the audit fees for the audit of the 2020 financial year.

**COMMITTEE RESOLUTION 2020/17**

Moved: Cr Sheila Paul

Seconded: Chair Damian Hogue

1. That the 'Audit New Zealand Proposal to Conduct Audit 2020-2022' report is accepted; and
2. That the Audit and Risk Committee recommends that the Mayor be authorised to sign the Audit New Zealand Proposal to Conduct Audit 2020-2022 and return to Audit New Zealand to accept the audit fees for the audit of the 2020 financial year.

**CARRIED**

**Note:**

It was noted that the increase in 2020 audit fees were held to a 1.5% increase over the agreed 2019 fees.

The Committee noted the 2020 fees were close to fully recovery.

It was noted the Office of the Auditor General is the governing body overseeing Audit New Zealand and how they work with councils.

Audit NZ offered to attend the meeting but was declined by the Mayor.

The meeting was adjourned for morning tea at 10.40am.

The meeting was reconvened at 11.00am.

**6.7 AUDIT NEW ZEALAND INTERIM AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2020**

The Audit and Risk Committee reviewed the Audit NZ report on the interim audit of Council for the year ended 30 June 2020.

**COMMITTEE RESOLUTION 2020/18**

Moved: Mayor Craig Rowley

Seconded: Cr Sheila Paul

1. That the Audit New Zealand Interim Audit Report for the year ended 30 June 2020 report is accepted; and
2. That the Audit and Risk Committee provides feedback on areas noted within the report and propose any related action items.

**CARRIED**

**Note:**

The Interim Audit continued throughout lock-down to avoid a build-up of work, however some 'walk-through processes' still need to be carried out with staff members and will be incorporated into the final audit.

The Interim Audit identified only two additional recommendations which were minor in nature. The Committee discussed the process of updating the identified policies with the amendments as requested by Audit prior to the planned policy review. However, as these are only minor there is no risk to Council by waiting for the planned reviews and updating at that time.

**6.8 EXTERNAL AUDIT RECOMMENDATIONS PROGRESS REPORT TO JUNE 2020****COMMITTEE RESOLUTION 2020/19**

Moved: Cr Tom O'Connor

Seconded: Mayor Craig Rowley

1. That the External Audit Recommendations Progress Report to June 2020 report is accepted; and
2. That the Committee considers the updated progress on the External Audit Recommendations and provides any relevant feedback; and
3. That the following Audit recommendations are noted as 'closed':
  - a. Alpine Energy Shares Valuation
  - b. Quality Assurance (QA) review of draft council activities performance reporting

**CARRIED**

**Note:**

The Chair noted it would be preferable to close as many Audit recommendations as possible.

**6.9 COUNCIL'S POLICY STATUS****COMMITTEE RESOLUTION 2020/20**

Moved: Chair Damian Hogue

Seconded: Mayor Craig Rowley

That the Council's Policy Status report is accepted.

**CARRIED**

**Note:**

The Committee noted it was good to see only one policy overdue for review.

The 327 Freedom Camping Policy was identified and will need further Council discussion; however it was noted it might be worthwhile waiting until Central Government gives direction on this post COVID-19. It was also noted this was identified because of potential issues with freedom camping at the Waitaki lakes campsites.

**6.10 2019/20 MAJOR PROJECT UPDATE****COMMITTEE RESOLUTION 2020/21**

Moved: Chair Damian Hogue

Seconded: Mayor Craig Rowley

That the 2019/20 Major Project Update report is accepted.

**CARRIED**

**Note:**

Council's application to Central Government's Shovel Ready Project Fund has been deferred to the Provincial Growth Fund but as yet there has been no indication of success or otherwise.

## PUBLIC EXCLUDED

## 7 EXCLUSION OF THE PUBLIC REPORT

## RESOLUTION TO EXCLUDE THE PUBLIC

**COMMITTEE RESOLUTION 2020/22**

Moved: Mayor Craig Rowley

Seconded: Cr Miriam Morton

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

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
<b>7.1 - Public Excluded minutes of the Audit and Risk Committee Meeting held on 19 March 2020</b>	s6(a) - the making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>7.2 - Council Actions - Public Excluded Report</b>	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>7.3 - Corporate Services Group Manager Report - Public Excluded</b>	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons  s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

**CARRIED**

**8 RE-ADMITTANCE OF THE PUBLIC REPORT****COMMITTEE RESOLUTION 2020/23**

Moved: Mayor Craig Rowley

Seconded: Cr Sheila Paul

That Council moves out of Closed Council into Open Council.

**CARRIED****MEETING CLOSURE**

There being no further business, the Chair closed the meeting at 11.54am.

The Minutes of this meeting are to be confirmed at the Audit and Risk Committee Meeting scheduled on 8 September 2020.

.....  
**CHAIRPERSON**

## REPORTS

## 6 GENERAL REPORTS

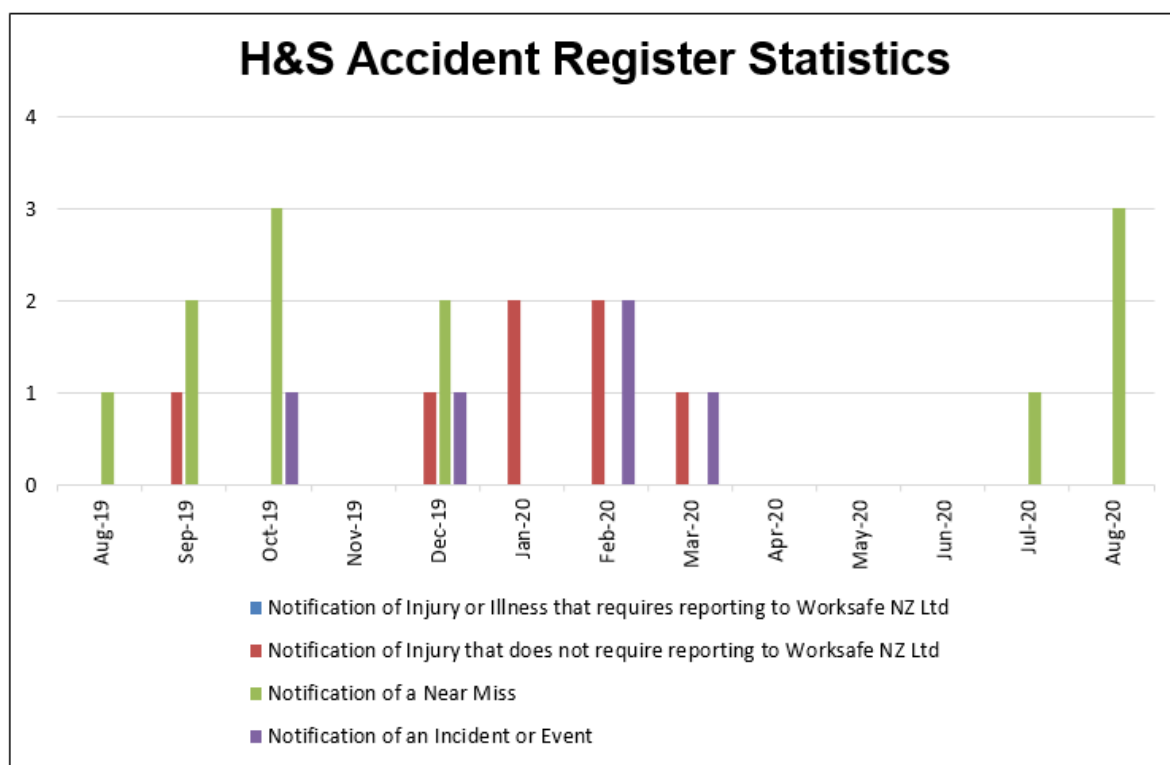
## 6.1 HEALTH AND SAFETY REPORT

**Author:** Luci Swatton, Emergency Management and Health and Safety Officer  
**Authoriser:** Paul Cooper, Regulatory and Compliance Group Manager  
**Attachments:** Nil

## PURPOSE

1. The Health and Safety Report is submitted for the information of the Audit and Risk Committee.

## Health and Safety Statistics



2. Since May 2020, there have been four near miss incidents. Two of the near miss incidents were tripping on the mat in the staff kitchen at the Local Government Centre and two were from items of furniture falling from the stored furniture in the back office. There was a pattern identified of people tripping on the mats at the Library, the front entrance to the Local Government Centre and the Events Centre. This has been worked through with the contractor who provides the matting, looking into heavier mats and changing the way in which they fold the mats. The other two near miss incidents with furniture falling in the back office of the Local Government Centre required an immediate action of placing 'Danger Keep Out' tape along the furniture to discourage people from leaning on it. The furniture has since been disassembled ready to be removed from the office on Thursday 27 August.

3. On 22 July a fire evacuation drill was held at both the Local Government Centre and the Events Centre, both evacuation drills went well. There were learnings taken from both evacuation drills, the Events Centre evacuation assembly point will be moved to the grass area, ensuring people are not gathering in the car park. At the Local Government Centre the decision has been made that over the coming months all staff will train in the role of a Fire Warden. Some areas of the office, with the Gorge Road site being operational, have few staff members in them and therefore at times a trained fire warden is not in their specified zone. This additional training will ensure that all areas of the building are cleared safely and efficiently during an evacuation without fail.
4. The internal health and safety audit inspections are over 90 percent complete with the only outstanding audit being the Gorge Road office. This will be completed within the next two weeks. The information gathered in the audits is being worked through for each council building, park and piece of infrastructure. The majority of identified hazards can be easily resolved and are minor in nature, this work is already underway with first aid checks being undertaken, test and tag appliance checks being organised, and new equipment being purchased (smoke detectors and PPE). There are two hazards identified which needed further investigations to understand the risk to staff and public, what the legislative requirements are and what the mitigation measures might be. These hazards are the lower height and type of fencing around the Timaru Road Water treatment plant and the layout and construction of the Stock Yards at the Pound. Both of these hazards are being investigated to determine their level of risk, and the best solution to reduce the risk as necessary in order to ensure current regulations are adequately met.

**RECOMMENDATION**

That the Health and Safety update report is accepted.

## 6.2 HUMAN RESOURCES MANAGERS REPORT

**Author:** Fiona Hester-Smith, Human Resources Manager

**Authoriser:** Fiona Hester-Smith, Human Resources Manager

**Attachments:** Nil

### PURPOSE

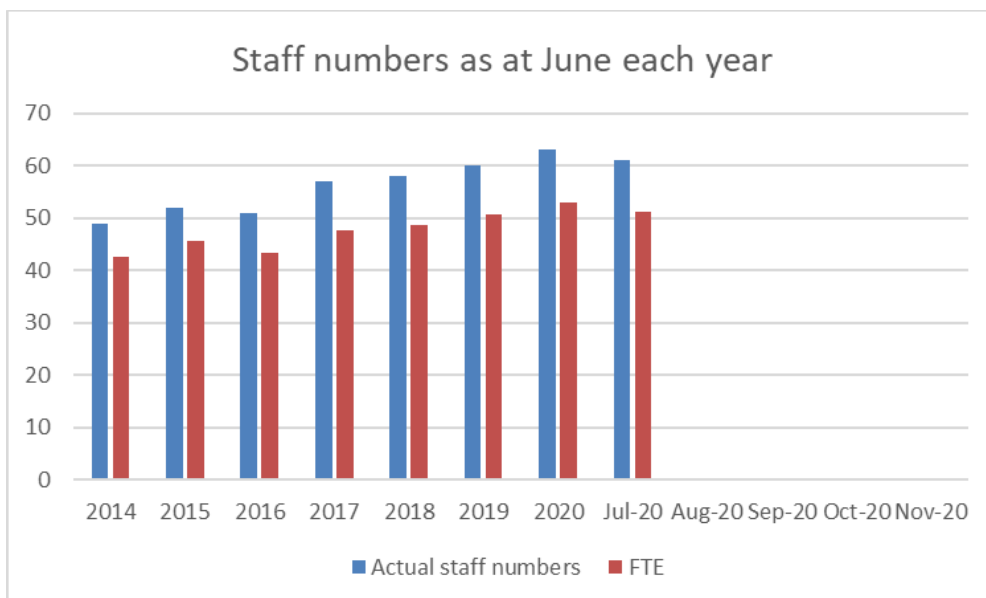
1. The Human Resources Report is submitted for the information of the Audit and Risk Committee.
2. Leave Liability Graph – the below graph shows a drop in leave liability, since the end of L4 COVID-19 lockdown Managers have been working with their staff to reduce the leave liability as operational requirements will allow.



3. We currently have 16 staff with excess leave. *(Note: excess leave is any leave over one year's entitlement. e.g. if an employee has a yearly entitlement of 150.00 hours and they have a balance of 160.00 hours, then 10 hours will be counted as excess leave.)*



4. The below graph shows the proportion of excess leave (red) to the balance of the leave liability as current leave (blue).



### RECOMMENDATION

That the Human Resources Manager's report is accepted.

**6.3 CORPORATE SERVICES GROUP MANAGER REPORT**

**Author:** Tina Stevenson, Corporate Services Group Manager

**Authoriser:** Tina Stevenson, Corporate Services Group Manager

**Attachments:** 1. Key Risk Register - September 2020 [↓](#) 

**PURPOSE**

1. To provide the Audit and Risk Committee with an update of the following Council activities:

**Risk Register**

2. In accordance with the Audit and Risk Committee Annual Work Plan, the Committee is to 'monitor corporate risk assessment' at each meeting. We provide the register to the Audit and Risk Committee regarding Council's key risks and mitigation measures.
3. The register includes some changes in commentary but no additional significant corporate risks identified.

**Carbon Footprint**

4. At the March 2020 Audit and Risk Committee meeting the committee resolved "That the Committee recommend that the Council consider measuring our carbon footprint."
5. By way of an update, we can advise that Council have engaged Mad World to prepare a Greenhouse Gas Emission Report. 75% of the information required has been collated and provided. Information already provided includes stationary combustion materials used, vehicle fuel use, travel costs/details, electricity use, taxi/Uber/rental car/shuttle/public transport use, accommodation and detail of forestry areas. The balance of the information required is to be supplied as resources and prioritising allows.

**Budget Carry Forwards Review**

6. A review of requests for budgets to be carried forward to the following financial year is scheduled in the Audit and Risk Committee's Work Plan for September each year. The timing of the September meeting in conjunction with the completion of the Annual Report has not allowed this to be completed at the time of writing.
7. The Budget Carry Forwards will be presented to the next Audit & Risk Committee Meeting which is scheduled for the 24<sup>th</sup> of November, 2020.

**RECOMMENDATION**

That the Corporate Services Group Manager Report is accepted.

# PUBLIC KEY RISK REGISTER – SEPTEMBER 2020

## RISK IMPACTS

Rating Level	Consequence Description	Score
<b>Catastrophic</b>	<ul style="list-style-type: none"> <li>• Catastrophic loss of public or stakeholder confidence, or breakdown in standards, which requires major recovery action to restore reputation or effectiveness; or</li> <li>• Clearly threatens operations or ability of organisation over an extended period to achieve its objectives, or</li> <li>• Major unexpected financial overspend or loss of \$1 million or above</li> <li>• Loss of life</li> <li>• Prolonged national media and political attention</li> </ul>	5
<b>Major</b>	<ul style="list-style-type: none"> <li>• Major unexpected financial overspend or loss of \$500,000 to \$1 million</li> <li>• Significant dissatisfaction expressed by stakeholders,</li> <li>• Serious harm, or</li> <li>• Unexpected failure to meet a standard and/or legislation.</li> </ul>	4
<b>Moderate</b>	<ul style="list-style-type: none"> <li>• Failure leading to review of project or operation that will require changes to processes or goals; or</li> <li>• Likely to cause some damage or, disruption or breach of controls; or</li> <li>• Moderate financial overspend or loss of \$100,000 to \$500,000</li> <li>• Regional media attention, loss of image</li> <li>• Injury to staff or contractor</li> </ul>	3
<b>Minor</b>	<ul style="list-style-type: none"> <li>• Localised or isolated failure to meet stakeholder requirements or standards,</li> <li>• Unlikely to cause damage or threaten the effectiveness of the project,</li> <li>• Minor financial impact, involves management time, up to \$100,000</li> </ul>	2
<b>Insignificant</b>	<ul style="list-style-type: none"> <li>• Very low impact that will not be visible, negligible</li> </ul>	1

## RISK LIKELIHOOD

Likelihood	Likelihood Description	Scoring	Probability % (to assist assessment)
<b>Frequent</b>	Will almost certainly occur, and at least once in a month	5	91-100
<b>Often</b>	Will probably occur 6-12 times per year	4	71-90
<b>Likely</b>	1-5 times per year – likely to occur at least once in the next two - three months. There is a chance in the foreseeable future	3	51-70
<b>Possible</b>	May occur at least once in the next year. Little chance of occurrence in foreseeable future	2	21-50
<b>Rare</b>	Not expected to occur this year but may occur in a future period – unlikely in foreseeable future	1	1-20

## SCORING RISKS

Likelihood	Consequence				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
<b>Frequent (5)</b>	5	10	15	20	25
<b>Often (4)</b>	4	8	12	16	20
<b>Likely (3)</b>	3	6	9	12	15
<b>Possible (2)</b>	2	4	6	8	10
<b>Rare (1)</b>	1	2	3	4	5

Risk Score	Level of risk	Action Required	Attention of / assigned to
<b>15-25</b>	<b>Extreme risk</b>	Requires immediate assessment of actions	Audit and Risk Committee / Council / Chief Executive (as required), statutory bodies
<b>8-12</b>	<b>Significant risk</b>	Requires remedial assessment and action via the annual planning process	Chief Executive / Leadership Team
<b>4-6</b>	<b>Moderate risk</b>	Address via new procedures and/or modification of existing practices and training	Group Manager, programme manager, work stream leaders
<b>1-3</b>	<b>Low risk</b>	No formal requirement for further action, unless escalation of risk is possible	Work stream leaders, project managers

## RISK AREAS

				Who is responsible for following up and managing this risk	What could happen?	How likely is it to occur?	How severe is it when it does occur	Risk Matrix value	Combined rating	What are we doing about the risk?	What other actions need to happen to manage this risk	Risk Rating with Risk Mitigation actions applied	Any occurrence of events	
Risk ID	Type of Risk	Category	Division	Who is Accountable?	Risk Description	Likelihood	Impact		Risk level	Current risk mitigation	Future risk mitigation		Incidents	Comments
R0001	Strategic	Business Continuity	All	Chief Executive	Impact of severe weather, fire, natural disasters on Council Infrastructure, Council- owned Forestry	3	4	12	Significant	<ul style="list-style-type: none"> <li>• Policies</li> <li>• Asset Management Plans</li> <li>• Civil Defence</li> <li>• Phone-In Facilities</li> <li>• Insurance Cover</li> <li>• Secondary Ops centre (Gorge Road)</li> </ul>	Consider contingency fund to cover unbudgeted repair works to protect existing works program.	Significant		Flooding is the highest risk/impact - we need to be prepared Wind secondary Infrastructure survives very well at present
R0002	Strategic	Governance	Mayor	Mayor	Councillors: confidentiality, conflicts of interest, bad decisions, ignorance of/ignoring statute, failing to meet timelines, "loose tongues", disposal of papers (particularly sensitive council papers)	2	4	8	Significant	<ul style="list-style-type: none"> <li>• Workshop topics</li> <li>• Publications (Auditor General)</li> <li>• Email to Councillors via Council network</li> <li>• Education</li> <li>• Professional Advice</li> <li>• LGNZ Advice</li> <li>• Members handbook</li> <li>• Legal opinions</li> <li>• Identify conflicts of interest</li> <li>• Use of Council facilities</li> <li>• Leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Continuation of Formal and Informal training</li> <li>• Being transparent / information sharing</li> </ul>	Moderate		Individuality will always come in to play
R0003	Strategic	Reputation	Councillors	Councillors	Non-functional Council (Council unable to make resolutions due to reconcilable differences)	1	4	4	Moderate	<ul style="list-style-type: none"> <li>• Councillor workshops, Councillor retreats and keeping all elected members informed (no surprises)</li> </ul>	<ul style="list-style-type: none"> <li>• Government intervention</li> <li>• General Elections</li> </ul>	Moderate		
R0004	Strategic	Reputation	All	Chief Executive	<ul style="list-style-type: none"> <li>• Neglecting to act at correct or prescribed time</li> <li>• Tending towards Customer Service issue predominantly</li> <li>• We do not react when we should</li> </ul>	2	5	10	Significant	<ul style="list-style-type: none"> <li>• Appropriate relationship maintained between Mayor and CE</li> <li>• Regular timeline reviews</li> <li>• Open communication between Leadership Team and Elected Members</li> <li>• Evidence based reporting to Council</li> </ul>	Regular Planning meetings	Moderate		
R0005	Strategic	Business Continuity	All	Chief Executive	Local Government Building destroyed by Earthquake/ Fire	1	5	5	Moderate	<ul style="list-style-type: none"> <li>• IT Information recovery (off-site back-ups) Insurance coverage</li> <li>• Impact on staff from injury, lack of workplace</li> <li>• Business Continuity plan</li> <li>• Secondary Ops centre (Gorge Road)</li> </ul>	Availability of Waimate Event Centre and Works yard as secondary operational centres	Moderate		Fire is major issue - other events likely to impact whole District
R0006	Strategic	Business Continuity	Planning and Regulatory	Regulatory and Compliance Manager	IANZ Accreditation - potential loss of accreditation	2	3	6	Moderate	<ul style="list-style-type: none"> <li>• Constant monitoring of IANZ assessments. To be reviewed by CE and Audit Committee</li> </ul>		Low		
R0007	Strategic	Strategic Planning	All	Chief Executive	Non-completion of Performance measures and failure to understand their significance	1	1	1	Low	<ul style="list-style-type: none"> <li>• Good procedures and systems in place</li> <li>• Better understanding of measures</li> </ul>	Audit Team monitoring	Low		
R0008	Strategic	Legislation and compliance	All	Chief Executive	<ul style="list-style-type: none"> <li>• Compliance with all Statutes</li> <li>• Government's 3 waters review may result in new regulation and aggregation</li> <li>• Four wellbeing's</li> </ul>	2	3	6	Moderate	<ul style="list-style-type: none"> <li>• Archive mechanisms in place</li> <li>• CE Review</li> <li>• Audit and Risk Committee</li> <li>• Legislation/LGNZ newsletters regularly</li> <li>• Published timelines</li> <li>• Working to due process and prescribed timelines</li> <li>• Liaise with Audit NZ</li> </ul>	<ul style="list-style-type: none"> <li>• Distribute Anderson Lloyd newsletters to Councillors</li> <li>• Internal Audit projects</li> </ul>	Low		Revisit pending Aon Insurance conversation
R0009	Strategic	Market Forces	Finance	Corporate Services Group Manager	<ul style="list-style-type: none"> <li>• Insurance cost and changes in nature of the cost</li> <li>• Other standard costs on the increase</li> <li>• Changes in property Valuations (QV)</li> </ul>	2	3	6	Moderate	<ul style="list-style-type: none"> <li>• LAPP</li> <li>• Use of Insurance Broker</li> <li>• All of Government Contracts availability</li> </ul>	<ul style="list-style-type: none"> <li>• Review insurance cover required. Review what needs to be fully insured, have limited cover, have fire cover only, or be self-insured.</li> <li>• Other Shared Services/All of Government contracts that may become available</li> </ul>	Moderate		Further "Pick and Mix" reviews required on insurance covers with Probability/Consequences to be reviewed during insurance renewal process.

				Who is responsible for following up and managing this risk	What could happen?	How likely is it to occur?	How severe is it when it does occur	Risk Matrix value	Combined rating	What are we doing about the risk?	What other actions need to happen to manage this risk	Risk Rating with Risk Mitigation actions applied	Any occurrence of events	
Risk ID	Type of Risk	Category	Division	Who is Accountable?	Risk Description	Likelihood	Impact		Risk level	Current risk mitigation	Future risk mitigation		Incidents	Comments
R0010	Operational	Legal and Contractual	All	Chief Executive	<ul style="list-style-type: none"> <li>Incurrence of Legal costs</li> <li>Minimise the cost of Legal Opinions, mitigate conflicting opinions and monitor New Legislation</li> <li>Breach of Public Liability creating exposure and cost</li> </ul>	3	4	12	Significant	<ul style="list-style-type: none"> <li>Up to date Policies, specifically Procurement, HR and Delegations Policy</li> <li>Standard Conditions of contract</li> <li>File of Legal opinions maintained.</li> <li>legal activity to be approved by CE (re delegations Policy)</li> <li>Annual report of legal matters discussed with Council (confidential)</li> </ul>	CE with sole delegation to instruct Legal advisors and involved in all litigation	Moderate		Predicting occurrence of events not easy
R0011	Operational / Strategic	Fraud / Theft / Bribery / Corruption	All	Chief Executive / Corporate Services Group Manager	<ul style="list-style-type: none"> <li>Theft of assets, portable &amp; attractive items or cash</li> <li>Acceptance of bribes</li> <li>Acceptance of Gifts</li> </ul>	3	3	9	Significant	<ul style="list-style-type: none"> <li>Review Councils Fraud Policy and training for the nominated fraud officers</li> <li>Maintain accurate asset registers and asset owners</li> <li>Staff awareness and training</li> <li>Whistle blower policy</li> </ul>		Moderate		Fraud awareness and Bribery & Corruption training was undertaken by all available staff and elected members in March 2019. Council's Fraud Policy was reviewed and adopted by Council in October 2019. Asset stocktakes are undertaken by class of asset as appropriate.
R0012	Operational	Non Compliance	Assets	Asset Group Manager	Supply of non-potable water	3	5	15	Extreme	<ul style="list-style-type: none"> <li>SCADA monitoring and reporting</li> <li>Testing for bacterial compliance</li> <li>Monitoring adverse weather events</li> <li>Monitoring and regulating catchment activities (Regional and District Plans)</li> <li>Maintenance of approved Water Safety Plans alongside regular implementation reviews</li> <li>Inclusion of "Critical Control Points" and associated procedures</li> <li>Residual chlorination</li> </ul>	Programmed upgrades of all supplies to achieve compliance with the Health Act 1956, Health (Drinking Water) Amendment Act 2007, and the Drinking Water Standards for New Zealand 2005 (Revised 2008) (DWSNZ). See Waimate District Council 2018-28 Long Term Plan.	Moderate	Bacterial transgressions have occurred in the past with appropriate measures implemented. These include the transgression response procedures required by DWSNZ or the issue of Boil Water Notices (Permanent and Temporary) where controls are considered inadequate.	Predicting occurrence of events not easy. Council has participated in the Canterbury Drinking Water Reference Group and the CE Forum directed investigation into voluntary aggregation of water services (attended by DIA and ECan representatives).
R0013	Strategic / Operational	Financial	Finance	Corporate Services Group Manager	<ul style="list-style-type: none"> <li>Unaffordable rates</li> <li>Not operate within budget</li> <li>Unable to maintain agreed levels of service</li> <li>Increased borrowing / debt limits</li> <li>Alpine Energy share revaluation</li> </ul>	4	3	12	Significant	<ul style="list-style-type: none"> <li>Report income and expenditure against budget monthly and annually</li> <li>Performance reporting quarterly and annually</li> </ul>	Continually monitor internally	Moderate		Budget variation reports are provided to Council on a quarterly basis
R0014	Operational	Cyber security	All	Corporate Services Group Manager	<ul style="list-style-type: none"> <li>Cyber threats</li> <li>Compromised availability of systems</li> <li>Sensitive information exposed</li> </ul>	2	3	6	Moderate	<ul style="list-style-type: none"> <li>Commissioning of Cyber Security Review Report</li> <li>Cyber Security Project</li> <li>Preventative operational processes</li> </ul>	Completion of Cyber Security Project to achieve project outputs	Moderate		The Cyber Security Project has been completed. Training was delivered to staff and elected members during February and March 2019. Customisation of reports to describe cyber-security threats and incidents has progressed. A Computer Systems Use policy was reviewed and completed in February 2020. Further identified priorities are to be considered.
R0015	Operational	Roading Quality Assurance	Assets	Asset Group Manager	<ul style="list-style-type: none"> <li>Contracts not being performed to the standard required</li> <li>Unsafe bridges</li> </ul>	3	2	6	Moderate	<ul style="list-style-type: none"> <li>Audits carried out</li> <li>Inspections completed</li> <li>Failures identified</li> </ul>	<ul style="list-style-type: none"> <li>Increased audit numbers</li> <li>Increased work inspections</li> </ul>	Low		
R0016	Operational	Management of Closed Landfill Sites	Assets	Asset Group Manager	<ul style="list-style-type: none"> <li>Illegal dumping at closed sites</li> <li>Exposure of legacy materials</li> <li>Leachate causing contamination</li> </ul>	2	3	6	Moderate	<ul style="list-style-type: none"> <li>Sites are visually monitored by staff</li> <li>Some sites groundwater monitored</li> <li>Identify contingent liability associated with sites</li> </ul>	Increase monitoring frequency	Moderate	Hook landfill where erosion exposed old material. River realigned to protect edge of closed landfill.	
R0017	Operational and reputational	Compliance & Enforcement	Regulatory & Compliance	Regulatory & Compliance Group Manager	<ul style="list-style-type: none"> <li>Conduct a regulatory function subsequently found in proceedings to be in error or ultra vires (done beyond one's legal power or authority).</li> </ul>	3	3	9	Significant	<ul style="list-style-type: none"> <li>Follow enforcement policy guidance</li> <li>Provide appropriate and current training to staff</li> <li>Liaise closely with manager around work being conducted so assess risk to organisation</li> <li>Seek legal advice where appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Provide training for staff and managers</li> <li>Continued vigilance to ensure current best practice is followed</li> <li>Monitor current case law</li> <li>Ensure regular meetings occur between manager and regulatory practitioners to ensure on going risk assessment is undertaken</li> </ul>	Moderate		Council may choose to warrant enforcement officers to issue infringement notices under section 372 of the Act. Any enforcement activities are to follow policy guidelines, and any enforcement action beyond minor instances should be backed by legal advice.

				Who is responsible for following up and managing this risk	What could happen?	How likely is it to occur?	How severe is it when it does occur	Risk Matrix value	Combined rating	What are we doing about the risk?	What other actions need to happen to manage this risk	Risk Rating with Risk Mitigation actions applied	Any occurrence of events	
Risk ID	Type of Risk	Category	Division	Who is Accountable?	Risk Description	Likelihood	Impact		Risk level	Current risk mitigation	Future risk mitigation		Incidents	Comments
R0018	Strategic / Operational	Investments	Finance	Corporate Services Group Manager	<ul style="list-style-type: none"> <li>• Lesser return on investment compared to that anticipated, resulting in reduced income to use to potentially offset against rates</li> <li>• Loss on value of investment</li> <li>• Volatility of market prices i.e. forestry</li> </ul>	3	3	9	Significant	<ul style="list-style-type: none"> <li>• Follow our Investment Policy</li> <li>• Monitoring returns on investments</li> <li>• Participation in Shareholder, company and board represented meetings for Alpine Energy Limited to ensure District's wishes are heard</li> <li>• Engaged Forestry Consultants to provide advice</li> </ul>	<ul style="list-style-type: none"> <li>• Consider alternative investment opportunities</li> <li>• Ensure active participation in Shareholder, company and board represented meetings for Alpine Energy Limited</li> <li>• Reduce reliance on investment returns used to offset rates</li> </ul>	Moderate	<ul style="list-style-type: none"> <li>• Present economic climate is exhibiting low returns on investments due to low interest rates</li> <li>• Anticipated reduction in Alpine Energy Dividend to take effect in 2020/21 financial year</li> </ul>	The 2020/21 Annual Plan budgets will be incorporating a reduction in reliance on Alpine Energy Dividend funds used to offset rates in order to spread our exposure to the anticipated income reduction.
R0019		Climate mitigation and adaptation		Chief Executive	<ul style="list-style-type: none"> <li>• Higher proportion of extreme weather events</li> <li>• Financial (from disaster mitigation and recovery and transitioning to low carbon economy)</li> <li>• Legal - Planning provisions need to recognise for the management of significant risks from natural hazards.</li> </ul>	3	4	12	Significant	<ul style="list-style-type: none"> <li>• Update planning and GIS provisions including possible prohibition of building in certain areas or restricted designs.</li> <li>• Liaise with Ecan, LGNZ and other TA's</li> <li>• Show leadership through action</li> </ul>	<ul style="list-style-type: none"> <li>• Flood erosion protection</li> <li>• Infrastructure relocation</li> <li>• Map carbon footprint and identify opportunities to reduce emissions</li> </ul>	Significant	<p>We are experiencing a change in climatic conditions.</p> <p>Under the Resource Management Act 1991 (RMA) local government is required to consider the effects of a changing climate on communities. It is also required to incorporate climate change into existing frameworks, plans, projects and standard decision-making procedures. A climate change perspective is now integrated into activities such as flood management, water resources, planning, building regulations and transport</p>	<p>Council is about to review its District Plan.</p> <p>Climate mitigation and adaptation requires global investment and is a long-game.</p> <p>New Zealand accounts for 0.17% of the world's greenhouses gases, but we rank much higher on a per capita basis (18 per person per year)</p> <p>WDC as a minor player in the overall ability to reduce this risk, therefore the risk is assessed at remaining Significant.</p>
R0020	Operational	Pandemic		Chief Executive	<ul style="list-style-type: none"> <li>• Part or all of community locked down for extended periods, including Council.</li> <li>• Inability to deliver statutory functions.</li> <li>• Loss of revenue.</li> <li>• Potential high levels of sickness/mortality across all of staff, leadership and governance.</li> <li>• Significant impacts on corporate planning cycle (A/P's &amp; LTP's)</li> <li>• Council heavily relied on to provide for welfare needs in the community (food, shelter and access to medical services).</li> </ul>	1 to 2	4 to 5	8 to 10	Significant	<ul style="list-style-type: none"> <li>• Completed a Pandemic Plan that aligns with the National Pandemic Plan and has incorporated local learnings from the COVID-19 response.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider developing some generic business continuity planning to provide a high level framework across a number of scenarios.</li> </ul>	Significant	COVID-19 had all Council sites closed for 7 weeks and only very limited services available throughout the lockdown period – particularly at Alert Level 4.	The Waimate District Council Pandemic Plan was developed at the beginning of the COVID-19 lockdown period and updated after the lockdown period to incorporate the learnings from it.

**6.4 EXTERNAL AUDIT RECOMMENDATIONS PROGRESS REPORT TO SEPTEMBER 2020**

**Author:** Tina Stevenson, Corporate Services Group Manager

**Authoriser:** Tina Stevenson, Corporate Services Group Manager

**Attachments:** 1.  Audit NZ Recommendations - Progress Report to September 2020 [↓](#)

**PURPOSE**

1. To provide the Audit and Risk Committee with a progress update on recommendations from Audit New Zealand.

**BACKGROUND**

2. Council staff have updated progress on the External Audit Recommendations for the committee's information and any relevant feedback.

**RECOMMENDATION**

That the External Audit Recommendations Progress Report to September 2020 report is accepted.



## AUDIT NEW ZEALAND RECOMMENDATIONS – PROGRESS REPORT TO SEPTEMBER 2020

## Open recommendations as per 2020 Interim Audit

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
<b>Necessary</b>				
<b>Correctly recording incidents in Asset Finda</b>				
To ensure that staff correctly enter information into Asset Finda, the Council should develop a handbook and educate staff on its use.	2018/19	<b>In progress – improvements noted</b> We reviewed the population of water faults and sewerage faults recorded in Asset Finda for the six months ended 31 December 2019, to identify any anomalies which may be indicative of inaccurate reporting. Compared to 2018/19, we noted that a lower percentage of faults had no "arrived on site" time, or an "arrived on site" or "closed" time earlier than the "works request date/time". We also noted a significant reduction in the number of faults without any service request details or resolution comments entered.	Training for Utilities staff for the service request system.  Production of a reference guide in order to prevent incorrect data entry in the future.	Additional training for utilities staff has been undertaken and staff now possess a much better understanding of the service request system. The training focus identified the issues highlighted and in particular focused on the fault/request type and the calculation of the appropriate response times.

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
		Although some potential errors were identified, we commend the Council for the effectiveness of staff training.		
<b>Payroll processing super users</b>				
The Council should complete a periodic comparison of approved timesheets to what has actually been processed to ensure any anomalies or changes can be adequately explained.	2017/18	<b>In progress – improvements noted</b> Based on correspondence with the HR Manager, we understand that a new control has been implemented in 2019 to address this risk as it pertains to manual timesheets. However, we have been advised that there is presently no control around employees who complete electronic timesheets.	Management are implementing a cyclical process which will involve the Corporate Services Group Manager review of pays processed compared to approved timesheets.	New control implemented for manual timesheets during 2019.

## Implemented or closed recommendations as per 2020 Interim Audit

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
<b>Procurement policy</b>				
The procurement policy should include conditions relating to set value, quantity limits and restrictions on the use of purchasing privilege for third parties such as family and friends.	2013/14	<b>Closed</b>  We consider the Procurement Policy and Staff Manual to provide sufficient coverage of this matter given the nature of purchases currently made by the Council.	N/A  Recommendation was previously 'closed' by Audit & Risk Committee.	N/A  Recommendation was previously 'closed' by Audit & Risk Committee.

## Matters that will be followed up during the final 2020 audit visit

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
<b>Necessary</b>				
<b>Interest in Downlands Rural Water Scheme (DWS)</b>				
<p>Assess whether the Council's interest in the DWS meets the definition of a joint arrangement and, if so, whether it is a joint venture or a joint operation, or whether it is that of an associate.</p> <p>Design and perform steps to confirm that the value of the investment is accurate, including consideration of impairment indicators.</p>	2018/19	<p><b>Please refer to section 3.1 of 2020 Interim Audit Report</b></p> <p>This relates to year-end reporting. We will complete our review of the Council's assessment during the final audit.</p>	<p>Waimate District Council will enter into discussions with Timaru District Council and Mackenzie District Council so all three parties can conclude the basis of their interest in the Downlands Water Scheme and use this assessment to determine how the scheme is accounted for in the financial statements.</p> <p>We acknowledge the recommendation around an assessment of the value of the investment and consideration of impairment.</p>	<p>Timaru District Council engaged Anderson Lloyd for an opinion on the ownership of the Downlands Scheme and the Joint Committee's authority to operate the scheme. This has clarified the position upon which to base our assessment of the new PBE accounting standards on interests in other entities.</p> <p>We, and the other parties, have interpreted the Anderson Lloyd legal advice received by Timaru District Council as confirming Downlands is a 'Joint Operation' and under PBE IPSAS 37 we will be recognizing the</p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
				<p>portion of its assets, liabilities, revenue and expenses relating to our 14% interest in the scheme.</p> <p>Timaru have scheduled a Workshop which will be led by Anderson Lloyd to help us to work collectively through the scheme Ownership and Management in order that the documents that govern this entity are updated to clearly reflect the status. Anderson Lloyd are to prepare a term sheet in advance of the 10 September workshop. The workshop will have representatives from each Council including the CE, Finance and Asset Managers.</p>
<b>Property, plant and equipment revaluations</b>				
We recommended:	2016/17	Pending		Infrastructure assets valuation work progressed

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
<p>The Council ensure all assets within an asset class are revalued when they perform revaluations.</p> <p>Valuations should be completed at an earlier stage to allow time for quality assurance processes and the figures to be included in the financial statements.</p>		<p>The recommendation was made in respect of infrastructure assets. As they are being revalued this year, we will assess implementation of the recommendations during the final audit.</p>		<p>through June, July and August with some delays due to COVID-19 and competing priorities.</p> <p>Council uses BERL adjustment factors (LGCI) and other indices and will need to monitor these and to whether an intermediate revaluation may be required.</p>
<b>Property, plant and equipment fair value and impairment assessments</b>				
<p>The Council needs to prepare a formally documented fair value assessment for each revalued asset class that is not subject to a revaluation in the current financial year, in order to determine whether there are any indications that the carrying values recorded in the general ledger are no longer materially consistent with the fair values.</p> <p>Similarly, for assets recorded at cost, the Council needs to prepare a formally documented impairment assessment in order to determine whether there are any indications of impairment.</p>	2013/14	<p><b>Pending</b></p> <p>This relates to year-end reporting. We will assess implementation of the recommendation during the final audit.</p>	<p>Council acknowledges the recommendation and will take steps to include consideration of construction indices as required, and formally document impairment reviews prior to the commencement of audit.</p>	<p>In conjunction with the preparation of the 2020 Annual Report, various reviews have been undertaken to complete fair value and impairment assessments for the asset classes not subject to revaluation this year. In 2020 this has included comparisons of motor vehicles to relative market values, plant and equipment assessments and reviews and obtaining market movements from our land and building valuer to apply in</p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
				order to identify any material movements.
<b>Internal controls regarding property, plant and equipment</b>				
<p>Strengthen internal controls around property plant and equipment:</p> <p>Regular stocktakes and timely reconciliations between the general ledger and fixed assets register should be performed to confirm the existence and accuracy of these asset records.</p> <p>Implement a monitoring and write off process to account for the infrastructure assets that are replaced during the year.</p>	2013/14	<p><b>Pending</b></p> <p>We will assess implementation of the recommendations during the final audit.</p>	<p>Management will ensure that, where possible, resources are employed to address the areas of highest risk with regard to stock-take, asset reconciliations and write offs.</p>	<p>In conjunction with fair value and impairment assessments, assets were reviewed and assets no longer held identified and adjusted accordingly.</p> <p>The Finance Team have obtained a better understanding of Asset Finda software in order to aid in the assessment of infrastructural assets for impairment as at 30 June each year.</p> <p>A mechanism to capture disposals of roading infrastructure assets replaced during the year is yet to be developed.</p>

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
<b>Beneficial</b>				
<b>Project and contract management</b>				
<p>Consideration to be given to enhancing contract management and project management policies and practices.</p> <p>For contract management, the Council could:</p> <ul style="list-style-type: none"> <li>have an overall policy outlining an organisationally consistent approach to contract management;</li> <li>implement more detailed reporting of contract monitoring to Council;</li> <li>ensure contract managers have sufficient skills and expertise to effectively manage contracts. This could be achieved by formal training and identification of training needs (i.e. structured instead of ad hoc); and</li> <li>complete a self-review to identify areas for improvement.</li> </ul> <p>For project management, the Council's grading here could be improved through:</p> <ul style="list-style-type: none"> <li>development of Council wide formal project management practices;</li> </ul>	2013/14	<p><b>Pending</b></p> <p>We were unable to review project and contract management practices due to the COVID-19 lockdown period. We will complete our assessment during the final audit.</p>	<p>Policies around Contract Management are expected to be developed.</p> <p>Council have recently formalised the role of IT Project Manager whose core role is to apply Prince2 project methodologies to new and existing technology projects. Since tech projects represent a priority area for Council, we believe this represents a significant step in Project management maturity for Council.</p> <p>Independent QA (by Deloitte) was applied to the 2018-28 Performance</p>	<p>With the understanding at this time, the risk has been considered and was accepted by the Audit &amp; Risk Committee.</p> <p>Council's contract for roading is the most significant and is governed by NZTA processes that result in independent review through collaboration.</p> <p>Council's major contracts are in the asset area and are monitored by the activity managers who report to the Asset Group Manger. Progress of major projects are reported to the Audit &amp; Risk Committee and a quarterly report of projects from all areas of</p>



AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
conducting post implementation reviews on completed projects; consideration of independent quality assurance over projects; and more comprehensive reporting and monitoring of projects by management and Council as discrete projects – rather than as part of monthly reports.			Reporting & LTP system project. Council will continue to give consideration to independent QA where projects are deemed significant enough to justify this additional outlay.	Council are included in the respective Council committee reports  Training has and is to be undertaken for the management of contracts written under NZS3910.

### New recommendations as per 2020 Interim Audit

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
<b>Necessary</b>				
<b>Compliance with Investment Policy</b>				
Ensure compliance with the Investment Policy.	2019/20	New	We acknowledge the three month Term Deposit limitation was exceeded due to making an investment for a 120 day term to optimise the best available interest rate at that time. We do not	Council's Investment Policy is to be reviewed as part of the Long Term Plan 2021-2031 process with the policy review due by June 2021.

AUDIT NEW ZEALAND			WAIMATE DISTRICT COUNCIL	
Recommendation	First raised	Status	Managements Initial Response to Recommendation	Progress
			presently have any Term Deposits with a term of more than three months. We propose to update our Investment Policy to allow for more flexibility to obtain the best return on our term deposit investments, when next reviewing our Policy.	
<b>Beneficial</b>				
<b>Enhancing sensitive expenditure policies</b>				
Consider updating sensitive expenditure policies to fully comply with good practice guidelines.	2019/20	New	When next reviewing the Sensitive Expenditure Policy we will incorporate Audit New Zealand's recommendations, that is, closer alignment to the OAG guidelines.	Council's Sensitive Expenditure Policy is due for review by December 2021.

**6.5 COUNCIL'S POLICY STATUS**

**Author:** Carolyn Johns, Community and Strategy Group Manager  
**Authoriser:** Carolyn Johns, Community and Strategy Group Manager  
**Attachments:** Nil

**INTRODUCTION**

1. For the information of the Audit and Risk Committee, I present the Policy Status Report.

**Policy – up to 28 August 2020**

## Waimate District Council Policy Index

Legend		Legend	
Policy is current		Policy review date has lapsed	
Policy review date is close / due		Proposed new policy	

Code	Title	Departmental Responsibility (Legislation)	Notes	Review Due Review Expected	Status
200 Series (DEMOCRACY)					
201	Standing Orders	Chief Executive (LGA cl 27 sch. 7)		October 2022	
202	Code of Conduct	Chief Executive (LGA cl 15 sch. 7)		October 2022	
203	Governance Statement	Chief Executive (LGA s 40)		March 2023	
204	Triennial Agreement	Chief Executive (LGA s 15)		February 2023	
300 Series (PUBLIC POLICIES)					
301	Significance and Engagement Policy	Community and Strategy	To be included in the LTP	October 2020	
303	Media Policy	Executive Support	Under development	December 2020	
304	Social Media Policy	Executive Support	Under development	December 2020	

Code	Title	Departmental Responsibility (Legislation)	Notes	Review Due Review Expected	Status
305	Gambling Venue Policy	Regulatory and Compliance		November 2021	
306	Dog Control Policy	Regulatory and Compliance		December 2021	
307	Sustainability Policy	Asset Group	Under development	October 2020	
308	Delegations Policy	Corporate Services		August 2022	
309	Tab Board Venue Policy	Regulatory and Compliance		August 2021	
310	Elected Members Reimbursement and Expenses Policy	Corporate Services		March 2023	
311	Fraud Policy	Corporate Services		October 2022	
312	Smoke-free Environments Policy	Community and Strategy		February 2022	
313	Dangerous Buildings Policy	Regulatory and Compliance		December 2022	
314	Local Approved Products Policy	Regulatory and Compliance		10 December 2024	
315	Insanitary Buildings Policy	Regulatory and Compliance		December 2022	
316	Procurement Policy	Corporate Services		October 2022	
317	Unmanned Aircraft Policy	Asset Group		April 2022	
320	Vehicle Use and Monitoring Policy	Corporate Services	Reviewed by Leadership Team 26/8/20. Proposed to move to an internal policy	June 2020 September 2020	
321	Security Camera Policy	Corporate Services		August 2021	
323	Friends and Voluntary Organisations Policy	Community & Strategy		August 2021	
324	Community Housing Policy	Community & Strategy		March 2022	
325	Enforcement Policy	Regulatory & Compliance		June 2022	

Code	Title	Departmental Responsibility (Legislation)	Notes	Review Due Review Expected	Status
326	Protected Disclosures Policy	Human Resources		October 2022	
327	Freedom Camping Policy	Regulatory & Compliance	Council agreed to formulate a policy 8 October 2019. At Audit & Risk meeting 9 June 2020 it was agreed to continue to wait until further information is received nationally before developing the policy.		
328	Information Management Policy	Corporate Services	Currently under development	October 2020	
400 Series (FINANCIAL POLICIES)					
Note: Policies 401 – 409 these policies are reviewed as part of each Long Term Plan process and are effective when the LTP is adopted in June.					
401	Revenue and Financing Policy	Corporate Services LTP (LGA sch 10)	Currently under review	June 2021	
402	Liability Management Policy	Corporate Services		June 2021	
403	Investment Policy	Corporate Services		June 2021	
404	Financial Contributions Policy	Corporate Services		June 2021	
406	Remission and Postponement of Rates on Maori Freehold Land Policy	Corporate Services		June 2024	
407	Rates Remission Policy	Corporate Services	Review started	June 2024	
409	Statement of Accounting Policies	Corporate Services	Reviewed for each annual plan and annual report	October 2020	
410	Property and Land Sale, Purchase and Lease Policy	Asset Group		December 2021	
411	Sensitive Expenditure Policy	Corporate Services	To include Audit NZ feedback	December 2021	

Code	Title	Departmental Responsibility (Legislation)	Notes	Review Due Review Expected	Status
500 Series (INFRASTRUCTURE POLICIES)					
501	Dust Suppression Policy	Asset Group		August 2021	
502	Water Supply - Rural	Asset Group	Awaiting on review of 3 waters.	December 2014 Mid 2020	
503	Asset Management Policy	Asset Group		March 2023	
600 Series (INTERNAL POLICIES)					
601	Harassment Policy	Human Resources		June 2023	
602	Policy Authorisation and Validation Procedure	Community & Strategy		September 2020	
603	Building Security & Key Policy	Corporate Services		April 2022	
604	Subdivision Reserves Contributions Fund Policy	Corporate Services	Previously 318-rendered internal by the instruction of Council.	July 2020	
605	Dress Code Policy	Human Resources		September 2020	
606	Lockdown Procedure	Regulatory & Compliance		September 2020	
607	Computer Systems Use Policy	Corporate Services		February 2023	
613	Personnel Records Policy	Human Resources		August 2021	
616	Drug and Alcohol Policy	Human Resources		March 2021	
618	Sick Leave Gifting Policy	Human Resources		September 2021	
Manuals - Internal					
605	Health and Safety Manual	Regulatory & Compliance		September 2022	

Code	Title	Departmental Responsibility (Legislation)	Notes	Review Due <b>Review Expected</b>	Status
	Staff Manual	Human Resources	Last updated September 2019	September 2022	

**RECOMMENDATION**

That the Council's Policy Status report is accepted.

**6.6 2019/20 MAJOR PROJECT UPDATE**

**Author:** Dan Mitchell, Asset Group Manager

**Authoriser:** Dan Mitchell, Asset Group Manager

**Attachments:** 1. Major Projects Report - 30 June 2020 [!\[\]\(96cc62f861fdd6e50510c0224a756dff\_img.jpg\)](#) 

**PURPOSE**

The 2019/20 Major Project list as at 30 June 2020 is submitted for the information of the Audit and Risk Committee.

**RECOMMENDATION**

That the 2019/20 Major Project Update report is accepted.



## 2019/20 Major Project Report - as at 28 July 2020

Financial Year	Project	Project Description	Budget	Spend to Date	% Complete	Status		Comments / Issues / Risks / Reasons
						Time	Budget	
Water Supply								
2016/17 (carry forward)	Lower Waihao DWSNZ CAP funded upgrade	Planned project that will increase service levels for 2016/17	Subsidised	\$350,798	25%			The trial membrane plant was successful and the results have now been analysed. The bore appears to have been developed further through use and the fine particulate has greatly reduced meaning that the site may only require provision for a membrane unit rather than actually purchasing one as part of the project. Placed on hold until the outcome of the shovel ready projects is known. Carried over to 20/21 and awaiting feedback on RWS within new regime.
2019/20	Hook / Waituna - Drinking Water Intake/Plant Compliance Upgrade		\$399,300	\$0	0%			Carried over from 2018/19. Ultra filtration membrane trial has been undertaken. Selection of plant and configuration is evaluated. Next stage is to prepare a tender / request for proposal for design build.
2019/20	Lower Waihao - Drinking Water Intake/Plant Compliance Upgrade		\$800,200	\$38,525	5%			Carried over from 2018/19. A trial membrane plant was successful and the results have now been analysed. The bore appears to have been developed further through use and the fine particulate has greatly reduced meaning that the site may only require provision for a membrane unit rather than actually purchasing one as part of the project. UVT and Tubidity analysis have been purchahsed and installed
2019/20	Otaio / Makikihi - Tavistock Bore - Treatment Filter & UV		\$166,400	\$48,213	7%			Project managed in house. Medium Pressure UV and analytical equipment have been purchased. Planning of pipework and electrical control in progress.
2019/20	Waikakahi - Drinking Water Intake/Plant Compliance Upgrade		\$1,443,900	\$28,659	10%			Note, New Treatment Plant upgrade is on hold with the agreement of DWA until 2020/21 and clearer direction on legislation and standards. Investigation was done into alternate source which did not yeild any usable water. Turbidity meter instaled at shed.
2019/20	Urban Water - Rising Main Renewals		\$219,992	\$0	0%			To be used for Urban pipe renewal to support pressure management. Carried over
2019/20	Urban Water - Lateral Renewals		\$61,680	\$57,256	93%			Ongoing
2019/20	Urban Water - AC Water Main Renewals		\$223,080	\$227,754	102%			Contract 19/22 completed
2019/20	Urban Water - CI Water Main Renewals		\$336,780	\$292,484	100%			Contract 19/22 completed
2019/20	Urban Water - Manchester Road Bore Replacement		\$92,700	\$250,000	100%			Total combined budget allocation (with GL 5310760013) has been agreed up too \$780,000. Completion date 5 December 2019.
2019/20	Urban Water - Man Rd Plant - Treatment Filter & UV		\$99,400	\$735,473	100%			Total combined budget allocation (with GL 531076005) has been agreed up too \$780,000. Completion date 5 December 2019. Project complete.
2019/20	Urban Water - Tim Rd Plant - Treatment Filter & UV		\$278,588	\$32,031	11%			Project managed in house. Analytical equipment has been purchased and installed. MP UV unit being sourced. Planning of pipework and electrical control in progress.
Sewerage and Sewage								
2019/20	Investigate inflow and infiltration	Infiltration investigation from surface influences i.e. illegal storm water connections	\$6,169	\$0	0%			Ongoing. Total budget of \$17,476 under GL, which \$6,169 of is set aside for Investigate inflow and infiltration. Offer of service received in relation to flow monitoring (circa \$75-\$80k). Looking at alternatives for catchment analysis.
2019/20	Sewer - Waimate Urban Renewals		\$327,794	\$88,554	27%			Re-allocated to Queen Street Upgrade. Work has started with Hadlee & Brunton jetting, cleaning and camera the sewer main on Queen St. New Manhole installed August 2020. Contract documents complete and ready for tender. The renewal of a section of High Street has been completed.

Financial Year	Project	Project Description	Budget	Spend to Date	% Complete	Status		Comments / Issues / Risks / Reasons
						Time	Budget	
2018/19	Sewer - Edward Street Upgrade (Renewal)		\$551,000	\$22,405	4%			Carried over from 2018/19. Investigative work and modelling by WSP. Considered as part of the Covid-19 funding package.
<b>Stormwater Drainage</b>								
2019/20	Stormwater - Consent & Management Plan		\$30,000	\$113,056	85%			The draft stormwater management plan is completed and work is now complete on the assessment of environmental effects. This assessment is a core requirement of the consenting process. Consent application lodged. Original budget \$140k
2019/20	Stormwater - Queen Street Upgrade		\$133,640	\$14,255	11%			To be tendered concurrently with the programmed sewer works. Likely October 2020
<b>Parks and Reserves</b>								
2018/19 (carry forward)	Waitaki Lakes - Chlorine Dosing UV	Increase water quality standard at Waitangi	\$48,000	\$35,000	95%			Majority of project complete with scada link yet to be completed. Delayed due to Covid-19
2019/20	Waitaki Lakes - Chlorine Dosing UV	Increase water quality standard at Te Aka	\$31,000	\$13,340	30%			Equipment purchased and work to be commissioned during the 2019/20 camping season.
<b>Property</b>								
2018/19	Waimate Library extension		\$1,400,000	Nil	0%			Delayed due to investigation into Library / LGC redevelopment proposal
2016/17 (carry forward)	Public toilets (new) Waimate town and review of District toilets		\$200,000	Nil	0%			Staff currently reviewing a proposal to develop a public toilets strategy

**Status Key:**

	On track with time / budget for completion within the plan year
	High Risk (budget and/or timeframe)
	Some risk (budget and/or timeframe) - Highlight issues in comments
	Not started / External to Council

<b>6.7      PRESENTATION: INSURANCE RENEWALS - 11.00AM</b>
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**Author:** Karalyn Reid, Committee Secretary and PA to the Mayor  
**Authoriser:** Tina Stevenson, Corporate Services Group Manager  
**Attachments:** Nil

**PURPOSE**

Jerard Cowburn of Marsh Limited will give the Audit and Risk Committee a high level overview of Council's current insurance arrangements and the local and global insurance markets.

## PUBLIC EXCLUDED

## 7 EXCLUSION OF THE PUBLIC REPORT

## RESOLUTION TO EXCLUDE THE PUBLIC

**RECOMMENDATION**

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

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
<b>7.1 - Public Excluded minutes of the Audit and Risk Committee Meeting held on 9 June 2020</b>	s6(a) - the making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>7.2 - Outstanding Audit &amp; Risk Committee Actions Report - Public Excluded</b>	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>7.3 - Corporate Services Group Manager Report - Public Excluded</b>	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

**8 RE-ADMITTANCE OF THE PUBLIC REPORT  
MEETING CLOSURES**