



PALMERSTON NORTH CITY COUNCIL

AGENDA

AUDIT AND RISK COMMITTEE

9AM, MONDAY 6 MAY 2019
COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH



MEMBERSHIP

Vaughan Dennison (Chairperson)
Bruno Petrenas (Deputy Chairperson)
Grant Smith (The Mayor)

Susan Baty
Adrian Broad
Gabrielle Bundy-Cooke

Lew Findlay QSM
Jim Jefferies
Lorna Johnson

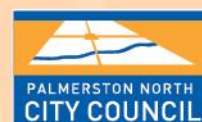
Agenda items, if not attached, can be viewed at:

pncc.govt.nz | Civic Administration Building, 32 The Square
City Library | Ashhurst Community Library | Linton Library

Heather Shotter
Chief Executive, Palmerston North City Council

Palmerston North City Council

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Private Bag 11034, 32 The Square, Palmerston North



AUDIT AND RISK COMMITTEE MEETING

6 May 2019

ORDER OF BUSINESS

NOTE: The Audit and Risk Committee meeting coincides with the ordinary meeting of the Planning and Strategy Committee. The Committees will conduct business in the following order:

- Planning and Strategy Committee
- Audit and Risk Committee

1. Apologies

2. Notification of Additional Items

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson's explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

3. Declarations of Interest (if any)

Members are reminded of their duty to give a general notice of any interest of items to be considered on this agenda and the need to declare these interests.

4. Public Comment

To receive comments from members of the public on matters specified on this Agenda or, if time permits, on other Committee matters.

(NOTE: If the Committee wishes to consider or discuss any issue raised that is not specified on the Agenda, other than to receive the comment made or refer it to the Chief Executive, then a resolution will need to be made in accordance with clause 2 above.)

5. Confirmation of Minutes

Page 7

"That the minutes of the Audit and Risk Committee meeting of 18 February 2019 Part I Public be confirmed as a true and correct record."

6. Health and Safety Report Jan - Mar 2019

Page 13

Memorandum, dated 29 April 2019 presented by the Human Resources Manager, Wayne Wilson.

7. Surveillance in Public Space in the City

Page 21

Report, dated 5 April 2019 presented by the Legal Counsel, John Annabell.

8. Risk Management Progress YTD March 2019

Page 25

Memorandum, dated 12 April 2019 presented by the Risk Manager, Miles Crawford.

9. AMP Update - Property Asset Management Planning

Page 29

Memorandum, dated 29 March 2019 presented by the Property Manager, Bryce Hosking and the Asset and Planning Manager, Jono Ferguson-Pye.

10. AMP Update - Wastewater Asset Management Planning

Page 35

Memorandum, dated 29 April 2019 presented by the Transport & Infrastructure Manager, Robert van Bentum.

11. New Audit - Fixed Assets Management Process Page 47

Memorandum, dated 9 April 2019 presented by the Senior Internal Auditor, Vivian Watene.

12. Management Agreed Corrective Actions Implementation Progress March 2019 Page 53

Memorandum, dated 2 April 2019 presented by the Senior Internal Auditor, Vivian Watene.

13. Committee Work Schedule Page 83

14. Exclusion of Public

To be moved:

“That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution

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

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

Chief Executive (Heather Shotter), Chief Financial Officer (Grant Elliott), Chief Infrastructure Officer (Tom Williams), General Manager – Strategy and Planning (Sheryl Bryant), General Manager - Community (Debbie Duncan),

Chief Customer and Operating Officer (Chris Dyhrberg), General Manager - Marketing and Communications (Sacha Haskell), Sandra King (Executive Officer) because of their knowledge and ability to provide the meeting with advice on matters both from an organisation-wide context (being members of the Council's Executive Leadership Team) and also from their specific role within the Council.

Legal Counsel (John Annabell), because of his knowledge and ability to provide the meeting with legal and procedural advice.

Committee Administrators (Penny Odell, Rachel Corser, Natalya Kushnirenko and Courtney Kibby), because of their knowledge and ability to provide the meeting with procedural advice and record the proceedings of the meeting.

[Add Council Officers], because of their knowledge and ability to assist the meeting in speaking to their report and answering questions, noting that such officer will be present at the meeting only for the item that relate to their respective report.

[Add Third Parties], because of their knowledge and ability to assist the meeting in speaking to their report/s [or other matters as specified] and answering questions, noting that such person/s will be present at the meeting only for the items that relate to their respective report/s [or matters as specified].

PALMERSTON NORTH CITY COUNCIL

Minutes of the Audit and Risk Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 18 February 2019, commencing at 9.00am

Members Present: Councillor Vaughan Dennison (in the Chair) and Councillors Susan Baty, Adrian Broad, Gabrielle Bundy-Cooke, Lew Findlay QSM, Jim Jefferies, Lorna Johnson and Bruno Petrenas.

Non Members: Councillors Brent Barrett, Rachel Bowen, Leonie Hapeta, Duncan McCann, Karen Naylor and Tangi Utikere.

Apologies: The Mayor (Grant Smith) (for lateness, on Council Business), Deputy Mayor (Tangi Utikere) (for lateness) and Councillor Aleisha Rutherford.

Councillor Leonie Hapeta left the meeting at 11.23am during consideration of clause 5. She entered the meeting again at 11.33am during further consideration of clause 5.

1-19 Apologies

Moved Vaughan Dennison, seconded Susan Baty.

The COMMITTEE RESOLVED

1. That the Committee receive the apologies.

Clause 1-19 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor and Bruno Petrenas.

The meeting adjourned at 9.03am

The meeting resumed at 10.57am

2-19 Confirmation of Minutes

Moved Vaughan Dennison, seconded Lorna Johnson.

The COMMITTEE RESOLVED

1. That the minutes of the Audit and Risk Committee meeting of 19 November 2018 Part I Public be confirmed as a true and correct record.

Clause 2-19 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

3-19 Business Continuity Planning, PNCC update

Memorandum, dated 29 January 2019 presented by the Head of Emergency Management, Stewart Davies.

Moved Vaughan Dennison, seconded Bruno Petrenas.

The **COMMITTEE RESOLVED**

1. That the Audit & Risk Committee note the report dated 29 January 2019 and titled 'Business Continuity Planning, PNCC update', the programme for and progress of the Business Continuity Planning within the organisation.
2. That Business Continuity Planning update be reported to the Audit and Risk Committee 6 monthly.

Clause 3-19 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

4-19 Risk Management Report February 2019

Memorandum, dated 16 January 2019 presented by the Risk Manager, Miles Crawford.

Moved Vaughan Dennison, seconded Bruno Petrenas.

The **COMMITTEE RESOLVED**

1. That the Audit and Risk Committee note developments for risk management and reporting.
2. That the Audit and Risk Committee note Management's progress made to the strategic and operational risk profiles

Clause 4-19 above was carried 14 votes to 0, with 1 abstention, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Abstained:

Councillor Lew Findlay QSM.

5-19 Health and Safety Report - Oct - Dec 2018

Memorandum, dated 18 January 2019 from the Human Resources Manager, Wayne Wilson.

Councillor Leonie Hapeta left the meeting at 11.23am

Moved Karen Naylor, seconded Lorna Johnson.

The COMMITTEE RESOLVED

1. That the Audit and Risk Committee note the information contained within this report.

Councillor Leonie Hapeta entered the meeting at 11.33am

Clause 5-19 above was carried 13 votes to 0, with 2 abstentions, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Abstained:

Councillors Lew Findlay QSM and Leonie Hapeta.

6-19 2018/19 Internal Audit Plan 6-Month Progress Update

Memorandum, dated 15 January 2019 presented by the Senior Internal Auditor, Vivian Watene.

Moved Vaughan Dennison, seconded Leonie Hapeta.

The COMMITTEE RESOLVED

1. That the Committee note the internal audit progress made against the 2018/19 Internal Audit Plan in the Memorandum titled '2018/19 Internal Audit Plan 6-Month Progress Update' dated 15 January 2019, and its five Appendixes.

Clause 6-19 above was carried 14 votes to 0, with 1 abstention, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Abstained:

Councillor Lew Findlay QSM.

7-19 Library Building - Risk Assessment

Memorandum, dated 1 February 2019 presented by the Property Manager, Bryce Hosking and the Chief Infrastructure Officer, Tom Williams.

Moved Vaughan Dennison, seconded Lorna Johnson.

The COMMITTEE RECOMMENDS

1. That Council receive the Risk Assessments for the Central Library Service's options regarding the occupation of the library building.

Clause 7-19 above was carried 14 votes to 0, with 1 abstention, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Abstained:

Councillor Lew Findlay QSM.

8-19 Committee Work Schedule

Elected members were of the view that Part II details that became public should be reported in a more robust, detailed and transparent way. It was agreed that the timeframe to provide for two years would be too short to be available by the February Council meeting.

Moved Vaughan Dennison, seconded Bruno Petrenas.

The COMMITTEE RECOMMENDS

1. That the Audit and Risk Committee receive its Work Schedule dated February 2019.

Clause 8-19 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Moved Grant Smith, seconded Vaughan Dennison.

2. That the Chief Executive be instructed to report on all Committee/Council Part II matters that have been transferred to Part I (over the last 12 months), the establishment of a public register of transferred items, and a review of the process; such report to be presented to the next Council meeting.

Clause 8-19 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Moved Vaughan Dennison, seconded Susan Baty.

3. That the balance of this term of Council (Committee/Council Part II matters to be transferred into Part I) be reported to the March 2019 Council meeting.

Clause 8-19 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

The meeting finished at 12.12pm

Confirmed 6 May 2019

Chairperson

MEMORANDUM

TO: Audit and Risk Committee

MEETING DATE: 6 May 2019

TITLE: Health and Safety Report Jan - Mar 2019

DATE: 29 April 2019

PRESENTED BY: Wayne Wilson, Human Resources Manager, Headquarters

APPROVED BY: Heather Shotter, Chief Executive

RECOMMENDATION(S) TO AUDIT AND RISK COMMITTEE

1. That the Audit and Risk Committee note the information contained within the memorandum titled 'Health and Safety Report Jan – Mar 2019' dated 29 April 2019.

1. REPORT

This report covers the period 1 January to 31 March 2019. The information included in this report is discussed at the appropriate H&S Committee, the Main H&S Committee and Management Team.

Hazards, Incidents and Near Misses Reported

Quarter	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Mar 19
Hazards	7	4	3	3	6	31	2	4
Incidents	20	58	12	33	37	21	36	24
Near Misses	28	27	8	23	18	25	20	26
Lost Time (days)	140	129.15	133.06	93.8	39.1	45.08	49	118.46
L.T. Injuries	9	17	9	12	8	8	6	12

Lost Time Injuries were higher in the quarter with a number of injuries requiring short periods of time off work. We are notified of contractor Incidents, but the reporting and recording of these is not consistent. We are working with our main contractors to rectify this.

Manual Handling

A comparative study was undertaken between the Council and Fonterra Research relating to the effectiveness of manual handling training. The main difference, which we have incorporated into our current training, is that we randomly select the groups whereas Fonterra Research undertook training in work teams. This enhanced the uptake of the stretching exercises in the work teams. Secondly, we analysed the past 2 years of injuries recorded as manual handling. These injuries accounted for 25% of injuries and 25% of lost time. There are three main causes; lifting, slips, and stepping down from height.

Steps taken to reduce the incidence:

Lifting – 157 staff undertaking training in April and May, two-person lift stickers placed on equipment requiring 2 people.

Slips – store reviewing footwear – a high proportion of slips occur in wet weather.

Stepping down from height (ladders or out of vehicles) – reminders at tailgate meetings.

Investigations

No investigations required this quarter.

Previous Investigations

Number of Recommendations 24

Number of Recommendations Completed 24

External Review

The formal external review of our H&S processes and procedures was completed by Safe On Site in April. A programme of work has been developed to address the suggestions and recommendations of the report. The number of recommendations and suggestions from the Audit is 29. 48 actions have been identified in the plan to address the issues.

Status of Actions	High	Medium	Low
Completed	6	9	1
On-going action (completed but continues)	2	8	
In Progress	9	3	
Awaiting completion of a prerequisite action	6	5	
On Hold (Timing)		3	

The majority of the actions that are awaiting completion of a prerequisite action relate to standardised standard operating procedures.

Training

Attached is a report on H&S specific training undertaken this calendar year. This captures most of the training provided but not all, as H&S can be a component of other courses and it does not capture the on-the-job instruction type learning. The highlighted courses are those that new employees undertake. Not included is the H&S induction that all new staff receive.

Wellness

The **Activate Wellness Gym** data is not available for this period.

Annual leave.

Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Mar 19
2277	2433	1556	1660	3287	2051

Turnover for the quarter of permanent staff was 18 or 3.2%. The annual turnover rate was 12.9%. Normally we measure employee initiated turnover only which is 10.4%. Employee initiated turnover are resignations and retirements. Our benchmark is 12% which ensures that we have sufficient turnover to refresh the organisation.

Date	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Mar 19
Employee Initiated	14	20	11	12	20	15
Other	2	3	0	0	11	3

Attachment One is the H&S report for the quarter that is discussed at H&S committees.

PALMERSTON NORTH CITY COUNCIL

Event	Jun 18	Sep 18	Dec 18	Mar 19
Accident and Event Investigation				14
Arboriculture Workplace Assessor		1		
Blood Levels Lead Based Paint				
BRANZ Bracing Seminar				
Brushwood Chipper Training				
Business First Line Management L4				
Chainsaws Use and Safety	8	6		
Chemical Handling & Spill Management			1	
Concrete Saw		20		
Collections Induction				
Confined Space Entry		11		
Contractor Pre-Qualification	53			
Customer Conflict Awareness	30			
Dealing with Critical Incidents	35	11		
Dealing with Difficult People				
Dealing with Mental Health			23	
Defibrillator Training			8	
Drainlaying		2		
Driver Assessment Training				28
Driver's License – Class 1R (Restricted)			1	
Driver's License – Class 2L (Learners)	1			
Driver's License – Class 5L (Learners)				
Driver's License – Class 4L (Learners)				
Driver's License – Class 1 (Car License)	4	1		1
Driver's License – Class 2 (Medium Rigid Vehicle)	1	1	1	2
Driver's License – Class 3 (Medium Combination)			1	
Driver's License – Class 4 (Heavy Rigid)	2		1	1
Driver's License – Class 5 (Heavy Combination)			1	
Driver's License – Class 6 (Motorcycle)			1	
Drug Awareness Training for Managers				8
Electric Glass Truck		7		
Electric Rearpacker Truck		7		
Electrofusion Certificate	13			
Elevated Working Platform (Scissor Lift and Boom)		4		
Embracing Change		74		

Emergency Management CIMS4				
Endorsement (D) Dangerous Goods				
Endorsement (F) Forklift				
Endorsement (R) Roller	2	1	1	1
Endorsement (T) Tracks	2	1	1	1
Endorsement (W) Wheeled Special Type	2	1	1	1
Fall Arrest System Refresher, Rope & Abseiling Refresher				
First Aid Certificate	7	30	9	5
Forklift OSH Certificate		1	4	
Growsafe	12			
Harassment Prevention and Awareness			26	35
Height Safety Advanced	3			
Height Safety Intro			1	
H&S Essentials	19			
H&S Rep Stage 1	3	3		
H&S Rep Stage 2	1			
How To: Tell Your Story				
ID Plant & Trees	1	3		
Internal Training – Basic Asbestos Induction				
Internal Training – Easy Start Orientation	4			
Internal Training - Collections Induction Video				
Internal Training – Forklift SOP				
Internal Training – Notifiable Events				
Kerbside Collection Traffic Leader	3			
Managing Mental Health		30		
Managing Performance Masterclass				
Move at Work (Manual Handling)				
NC in Sports Turf L5				
NZ Certificate in Infrastructure Level 2				
Other PCBUs – Dealing with Sub/Contractors			36	
Playground Safety Inspections Level 2				
Quad Bike Training		14		
Resilience	15	11	10	
Safe Work Zones				
Site Induction Training: Depot	1			
Site Induction Training: MRF	1			
STMS Level 1 – Site Traffic Management	3	6	2	

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TC1 – Basic Traffic Controller Level 1	4	5	2	1
Tractor and LUV Training Level 2				
Truck Loader Crane/Hi Ab				
WCTL (Waste Collection Traffic Leader)				4
Total Number of Events	26	24	20	13
Total Number of Staff Attending	230	253	131	102

- Highlighted Courses are for new staff, in addition all new staff complete a H&S induction.

2. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in	
The action is: Providing a safe and healthy workplace	
Contribution to strategic direction	Providing a healthy and safe workplace.

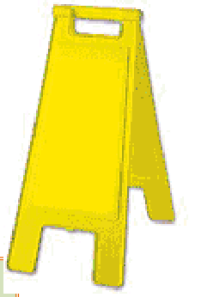
ATTACHMENTS

- H&S Dashboard Report Jan - Mar 2019  



Health and Safety Quarterly Dashboard Report – Jan to Mar

2019



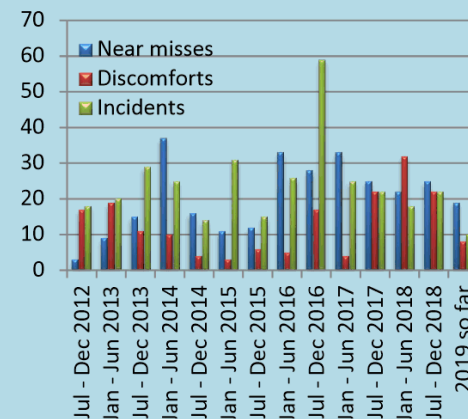
Near Misses

Incidents

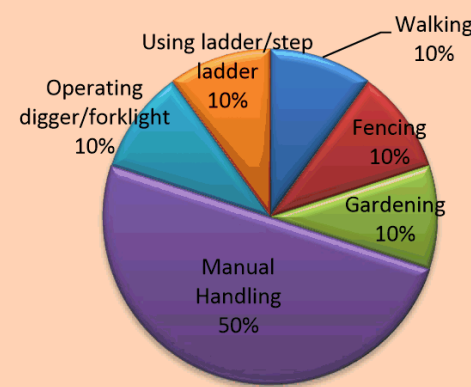
Near Misses by Activity



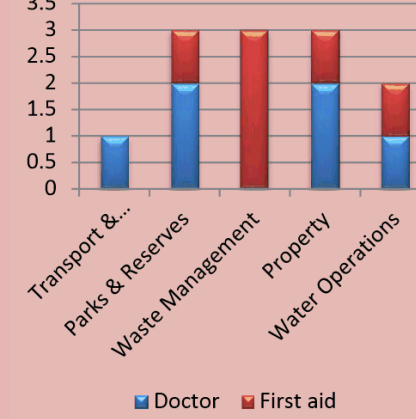
Health and Safety Reporting



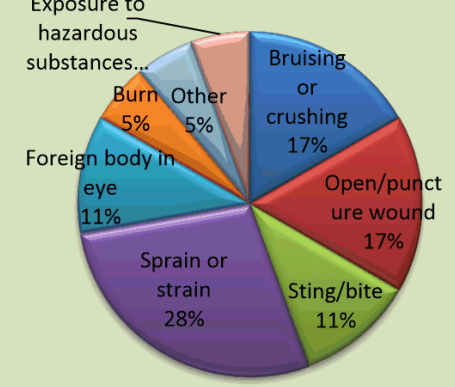
Incidents by Cause



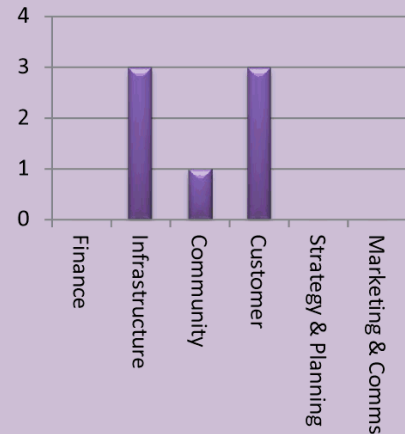
Treatment by Area (where recorded)



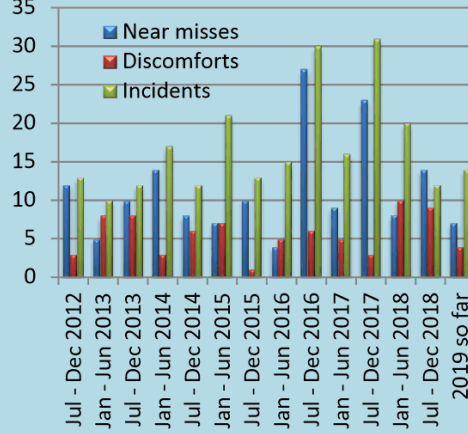
Nature of Injurv



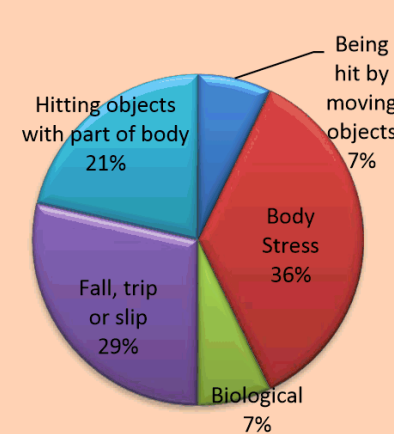
Near Misses by Unit



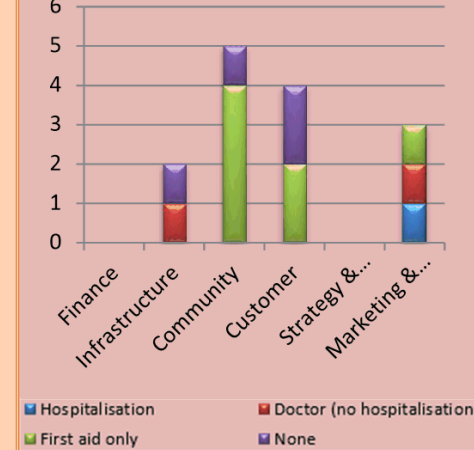
Health and Safety Reporting



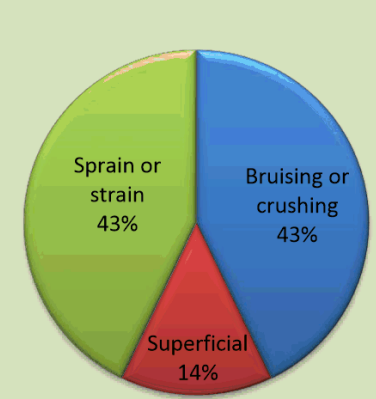
Incidents by Cause



Treatment by Area



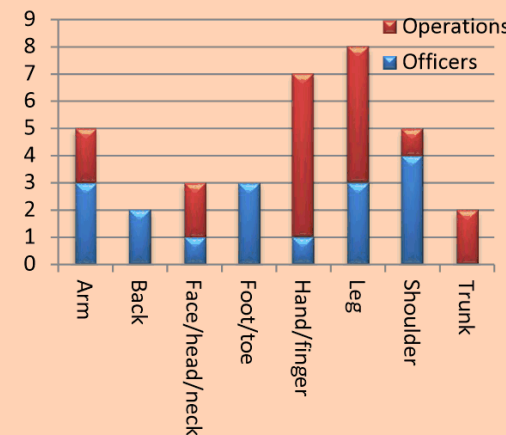
Nature of Injury



Critical Risks:

- There have been several near misses and an incident related to PNCC's critical risks in the last quarter.
 - One near miss involved exposure to asbestos pipes (hazardous substances critical risk)
 - One near miss involved a staff member falling into the Lagoon (bodies of water critical risk)
 - Two incidents involving staff members receiving verbal abuse from members of the public (mental health critical risk)
 - There have also been several near misses involving the mobile plant critical risk and an incident where a contractor's leg was crushed between a digger bucket and a trailer

Affected Body Part



Summary:

- Throughout Council there have been the most near misses in the last quarter relating to service locating
 - Manual handling continues to make up the largest portion of incidents both in the Infrastructure Works area and the rest of Council (labelled as body stress for the rest of PNCC)
 - The most commonly affected body part for Infrastructure Works (labelled here as operations) is the hand/finger while for the rest of Council (labelled here as officers) it is the shoulder
 - The Infrastructure Works stats show a greater number of incidents resulting in doctors visits than the rest of PNCC
- *Please note the difference in reporting info above is due to the two different reporting systems currently in use

REPORT

TO: Audit and Risk Committee

MEETING DATE: 6 May 2019

TITLE: Surveillance in Public Space in the City

DATE: 5 April 2019

PRESENTED BY: John Annabell, Legal Counsel, Strategy & Planning

APPROVED BY: Sheryl Bryant, General Manager - Strategy & Planning

RECOMMENDATION(S) TO AUDIT AND RISK COMMITTEE

1. That the memorandum titled "Surveillance in Public Space in the City" dated 5 April 2019, be noted and be received for information.

1. ISSUE

The Audit and Risk Committee issued the following instruction from its meeting held on 19 November 2018:

That the Chief Executive be instructed to report on PNCC compliance with the Privacy Act 1993 with regards to the use of surveillance in public space in the city.

2. BACKGROUND

The Council owns or operates a number of surveillance systems which operate in the public space or in buildings to which the public have access. The systems and numbers of cameras involved are listed below, noting that in some instances cameras also operate in space to which the public does not normally have access:

- Civic Administration Building (26 cameras approximately)
- Central City Carpark areas (24 cameras)
- Conference and Functions Centre (23 cameras)
- Central Energy Trust Arena (18 cameras)
- Water and Wastewater Treatment Plants (10 cameras)

- Albert Street Depot and Recycling Centre (11 cameras)
- Awapuni Resource Recovery Park (16 cameras)
- Central Library and Youth Space (currently 24 cameras but to be replaced with 44 cameras)
- Te Patikitiki Library (8 cameras)
- Roslyn Library (7 cameras are proposed)
- Wildbase Facility (8 cameras)
- The Square and Central Business Area (12 cameras)
- The Pound (15 cameras are proposed)

Broadly speaking, there has been substantial compliance with requirements of the Privacy Act 1993. In particular:

- Surveillance is undertaken for a valid purpose. To date, systems have been installed for reasons of site and property security and/or to protect staff and members of the public, so that that they can feel safer and to deter others from carrying out criminal activities. For Wildbase, reasons include animal and pest monitoring.
- The information derived from security cameras is retained for only a short period. Most systems store data for a specified number of days before the data is automatically deleted. A typical retention period is about one to two months. However, in appropriate instances, it may be possible to make longer term records relating to specific incidents.
- Security camera footage is disclosed or made available only to appropriate personnel. These personnel are staff members having specified responsibilities for the facility concerned. Footage has also been provided to the Police either to report criminal activity observed by Council staff or in response to a request from the Police. Very occasionally, information has been made available to members of the public requesting access to images held about themselves. Such requests are typically responded to by providing a supervised viewing of the relevant video footage but not permitting any recording to be made or handed over. In the case of cameras located in The Square and immediate business area, these are monitored by the Police, assisted by members of Safe City Hosts.

- The main deficiency, however, is compliance with the need to provide the public with notice that surveillance cameras are operating, as this has been undertaken only on a partial basis. Notices are included in The Square, Albert Street Depot, Arena 1 Grandstand and at some of the entrances to the Civic Administration Building. No notices are displayed at any of the other locations.

The above comments are based on the outcome of a preliminary review undertaken by myself in conjunction with the operators of the various systems identified above. However, a full audit of these systems has been initiated by a Council project team but this is still a work in progress at the time this memorandum was prepared.

The purpose of this fuller audit is to provide a basis for enhanced controls over the various systems so that they are more integrated and can be better managed from an information management and legal compliance point of view. It is also likely that surveillance systems may be extended in the near future, for example, to those branch libraries which at present have no coverage. Other possibilities include the use of cameras to facilitate research such as recording pedestrian traffic movements and the use of mobile cameras for security purposes at public events.

3. NEXT STEPS

Within the next three months, it is proposed to provide further notice about surveillance of public space by locating more notices near to the cameras concerned and on the Council's website. As per the suggestions of the Office of the Privacy Commissioner, notices in the field will be relatively brief, but with more detailed information displayed on the Council's website.

We also propose to develop guidelines which can be applied to both existing surveillance systems and any new surveillance systems that may be established. Such guidelines would be based on the requirements of privacy legislation. It is anticipated that these guidelines will be reported to the Executive Leadership Team for approval within the next three months, then further reported to the Committee for its information.

The further report to the Committee will also be able to comment on compliance information in more detail, given that a full audit of surveillance systems operated or owned by the Council will have been completed by that time.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No

Does this decision require consultation through the Special Consultative procedure?		No
Is there funding in the current Annual Plan for these actions?		Yes
Are the recommendations inconsistent with any of Council's policies or plans?		No
The recommendations contribute to Goal 3: A Connected and Safe Community		
The recommendations contribute to the outcomes of the Connected Community Strategy		
The recommendations contribute to the achievement of action/actions in the Safe Community Plan		
The action is: To be a city where people feel safe and are safe.		
Contribution to strategic direction	Surveillance systems contribute to a safe urban environment and crime prevention initiative.	

ATTACHMENTS

Nil

MEMORANDUM

TO: Audit and Risk Committee

MEETING DATE: 6 May 2019

TITLE: Risk Management Progress YTD March 2019

DATE: 12 April 2019

PRESENTED BY: Miles Crawford, Risk Manager, Finance

APPROVED BY: Grant Elliott, Chief Financial Officer

RECOMMENDATION(S) TO AUDIT AND RISK COMMITTEE

1. That the Committee note developments for risk reporting to the Audit and Risk Committee and Management's progress made to the strategic and operational risk profiles.

ISSUE

1. For the Committee to note developments in risk management processes and reporting.
2. To inform the Committee on risk management Year-to-Date March 2019 progress as outlined in the appended 'Risk Management Dashboard'.

BACKGROUND

3. Starting in January 2019, the Risk Manager has worked to establish relationships across the Council in order to share quality risk information. While further work is required to reach certain parts of the Council, on the whole the organisation has shown that a risk-based approach is appreciated and adds value in achieving work objectives.
4. Work to develop clarity around Council's risk profile continues. This includes risk identification workshops, risk awareness presentations, risk register reviews, as well as networking with similar organisations with similar risks.
5. The Risk Management Policy is being updated and a supporting framework is being developed. The policy and framework will provide clearer structure around Council's

attitude towards risk and how this will be developed, applied and managed across the organisation.

6. Work is ongoing to adopt a risk information system to better achieve communication and oversight of Council's risks. A number of options are being considered including an in-house system build, buying 'off the shelf', and piggy-backing in with new systems with wide capabilities that are being considered in other parts of the Council.

NEXT STEPS

7. The organisation's existing risk management structures and processes are undergoing change to better ensure that Council has appropriate risk information to support its strategic decision making.
 - a. The Risk Management Policy is being updated. Risk management policies are being reviewed for good practice and how they fit with the organisation's existing policies and practices.
 - b. The policy will set out Council's attitude towards risk management across its different activities and will inform the criteria for how risk is assessed and evaluated.
 - c. A supporting Risk Management Framework is under development to define how the Policy will be embedded and applied across the organisation. This will be supported by a risk awareness programme aiming to grow staff understanding of risk management and a risk information management system.
8. The Risk Management Policy and Framework will be presented at the next Risk and Audit Committee in August.
9. The next report to the Audit and Risk Committee also intends to include a 'Risk Management Dashboard'; a one-page document providing information on strategic and key operational risks. The dashboard will include information on the organisation's 'Top 10' risks and their inherent and residual risk ratings; overall values of risks by type and severity; how those risks are tracking over time; and the number and type of risk mitigation measures.
10. Any further information on the management of Council's risks will be provided for the Committee upon request.

COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable	
Contribution to strategic direction	The purpose of the risk report supports decision making for governance purposes

ATTACHMENTS

NIL

MEMORANDUM

TO: Audit and Risk Committee

MEETING DATE: 6 May 2019

TITLE: AMP Update - Property Asset Management Planning

DATE: 29 March 2019

PRESENTED BY: Bryce Hosking, Property Manager, Infrastructure
Jono Ferguson-Pye, Senior Policy Planner, Strategy and Planning

APPROVED BY: Tom Williams, Chief Infrastructure Officer
Sheryl Bryant, General Manager - Strategy & Planning

RECOMMENDATION(S) TO COUNCIL

1. That the Audit and Risk Committee receives the memorandum titled “AMP Update – Property Asset Management Planning” dated 29 March 2019.
-

1. ISSUE

- 1.1 On 2 August 2018 the Audit and Risk Committee resolved (22-18) that the Property Manager report back to the Committee with an update on the progress of Asset Management Planning in the Property Division.
- 1.2 This was resolved through the following resolution:

‘May 2019 – AMP Update: asset management planning in the Property area/ proposed 2019/20 AMP update schedule for members consideration.’
- 1.3 The purpose of this memo is to address this resolution by providing an update on:
 - An overview of the current AMPs for the Property Division.
 - Provide an update of the extent to which the Property Division has progressed asset management planning since August 2018.
 - Provide clarity about plans to improve the AMPs in the Property Division moving forward.

2. OVERVIEW OF THE CURRENT ASSET MANAGEMENT PLANS

General Observations

- 2.1 Council Officers have reviewed the current Property Division AMPs and make, in no particular order, the following assessment and comments:
- The current AMPs are a static snapshot in time as opposed to a live document that is constantly referred to and updated throughout its life.
 - At the time of writing the AMP, the information within them is correct, however, they are not updated until being reviewed every 3-years as part of the LTP cycle.
 - AMPs provide a sound general history of the property.
 - AMPs provide an overview of the upcoming large capital spend forecasted.
 - There is little information in the AMPs on scheduled and unscheduled maintenance, asset service schedules and end of life replacement.
 - There is little information in the AMPs regarding the compliance and risk matters the property is subject to i.e. Asbestos, Seismic, or Reputational risk.
 - AMPs are currently aligned to asset class. A good example of this is the Arena being classed as a recreational property. As such, it sits within the greater recreational AMP.
 - AMPs each have a 2017 Property AMP Improvement Plan, however, very little work has been undertaken to progress these improvement plans.
 - Current AMPs are not directly aligned with or reference Council's vision, goals, and strategic direction.
 - Current AMPs are silent on certain asset classes such as stormwater and wastewater infrastructure and talks to the building only.

Summary Comments

- 2.2 Overall the current AMPs for the Property Division are not fit for purpose and require significant improvement.
- 2.3 Improved AMPs are needed to better inform the budgeted programme of works and the Infrastructure Strategy that delivers on Council's vision, goals, and strategic direction.
- 2.4 The Property Division is currently not resourced to undertake strategic asset management planning. This is due to a capacity issue and this requires a specific skill set over and above that of project managers and facilities management.

3. ASSET MANAGEMENT PLANNING SINCE AUGUST 2018

- 3.1 The organisation's approach to asset management has been reviewed which has allowed for the assessment and comments in Section 2 of this report. The issue is the approach to asset management across the organisation has been siloed and AMPs have been shoe-horned into the strategic context rather than being derived in a way that aligns with the strategic context as they are being developed.
- 3.2 In reviewing the organisation wide approach to asset management and how this has been given effect to through the Infrastructure Unit, it became apparent to Council Officers that there has historically been a lack of resourcing and focus on asset management planning across the Council. The whole of the asset management approach is not broken. However, the maturity of the approach to assessment management varies across the different asset groups.
- 3.3 Acknowledging this, and reviewing the Infrastructure Unit's structure, it is being proposed that a new Asset Planning Division (APD) is being set up within the Unit. The new APD seeks to deliver on the CEO's goal of organisational transformation and on strategic Goal 5 to be a driven and enabling Council. The APD will work towards achieving these goals by ensuring asset management delivers improved accountability, sustainability, risk management, financial efficiency and optimised asset investment.
- 3.4 The proposed APD is in the process of being resourced currently, and once operational will seek to refocus the organisation's approach to asset management, including our approach to developing AMPs. The new approach is expanded on in Section 4 of this report.
- 3.5 In addition to the above, KPMG have been commissioned to review Council's facilities management operations and activities. This review will provide a series of recommendations as to the way forward to achieve an enhanced service delivery model suitable for the Council and the desired future state.
- 3.6 The enhanced service delivery model will also allow for prudent asset management to be integrated into FM service provision. For example, when a contract is conducting service work in one of our facilities they are also reporting on the condition of the asset at the same time.
- 3.7 These recommendations will help to inform the model of how we do asset and facilities management going forward, which will have a direct improvement on the content of our AMPs. KPMG's report is due mid-May 2019.

4. IMPROVING ASSET MANAGEMENT PLANS MOVING FORWARD

4.1 The purpose of the proposed APD is to:

- To provide a corporate-wide asset management and planning function to the organisation.
- Provide an asset management function that develops an Asset Policy, Strategic Asset Management Plan (SAMP), Asset Management Plans (AMPs) and an Infrastructure Strategy (IS) that align with the organisation's vision, goals and strategic direction.
- To provide an asset planning function that develops a budgeted programme of works informed by Asset Management Plans and the Infrastructure Strategy that delivers on Council's vision, goals, and strategic direction. The programme of works needs to:
 - Be better supported by robust business case analysis;
 - Be better supported by thorough options analysis; and
 - Provide high level costings and clarity regarding the scope of costing for programmes robust enough to feed into LTP programmes.
- To provide asset information intelligence that better informs asset management planning at the operational, tactical and strategic levels and asset planning when developing priorities for the programme of works.

4.2 The new Division will take a whole of organisation approach to asset management and separate the operational (present day focus) from the planning function (forward looking focus). This approach will ensure asset management is given appropriate priority and is not crowded out by operational demands. The APD will seek to make asset management an organisational responsibility, not just the responsibility of those managing the core business of assets daily, and avoid a siloed approach. The proposed structure of the APD includes the following teams:

- *Asset Management Team*: responsible for developing an Asset Policy, SAMP, AMPs and an IS that aligns with the organisation's vision, goals and strategic direction;
- *Asset Planning Team*: responsible for developing a costed and scoped programme of works informed by AMPs and IS; and

- *Asset Information Team*: responsible for providing asset information (data) intelligence that better informs development of AMPs and the programme of works.
- 4.3 The long-term benefits to the Council and the community of effective asset management include improved accountability, sustainability, risk management, financial efficiency and optimised asset investment.
- 4.4 In the short-term, the APD is commissioning an independent Asset Management Maturity Assessment and a review of AMP Improvement Plans (2017). The purpose of these reviews is to identify gaps in the Council's approach to asset management and to better understand and prioritise tasks contained in AMP Improvement Plans.

5. NEXT STEPS

- 5.1 The APD to commission an independent Asset Management Maturity Assessment.
- 5.2 The APD to commission an independent review of the 2017 AMP Improvement Plans.
- 5.3 The APD to develop first Draft Asset Management Plans (for the 2021/31 LTP) and report to a Councillor workshop in December 2019.
- 5.4 Recommendations from the KPMG report to feed into the Property AMP being developed for the 2021 LTP.

COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	

The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in a plan under the Driven and Enabling Council Strategy	
The action is: There are no specific actions associated with this goal, however one of the aspirations of Goal 5 is <i>“to meet, beyond expectations, our responsibility to manage and renew the infrastructure our community relies on for its health and wellbeing.”</i>	
Contribution to strategic direction	The establishment of the APD and the tasks described under the heading ‘Next Steps’ will assist governance to efficiently and effectively deliver the Goal 5 aspiration to meet, beyond expectations, our responsibility to manage and renew the infrastructure our community relies on for its health and wellbeing.

ATTACHMENTS

Nil

MEMORANDUM

TO: Audit and Risk Committee

MEETING DATE: 6 May 2019

TITLE: AMP Update - Wastewater Asset Management Planning

DATE: 29 April 2019

PRESENTED BY: Robert van Bentum, Transport & Infrastructure Manager, Infrastructure

APPROVED BY: Tom Williams, Chief Infrastructure Officer

RECOMMENDATION(S) TO COUNCIL

1. That the Audit and Risk Committee receives the memorandum titled “AMP Update – Wastewater Asset Management Planning” dated 29 April 2019.
-

1. ISSUE

1.1 Council’s Audit & Risk Committee of 20 August 2018 resolved “that a rolling audit of the Asset Management Plans be established and that this item remain on the Committee’s work schedule until they are completed”. A reporting schedule has been established and to date the following have been presented to the Audit and Risk Committee:

- A general overview of AM planning has been presented the Committee - 20 August 2018.
- An update on the condition and performance of the footpaths - 19 November 2018.

1.2 The reporting schedule for the committee included a report on the condition and performance of the three water assets. Given the scope of the three waters area and the significant value and complexity of the assets being managed, separate reports for each of the three water’s activities is now proposed. This report deals with the condition and performance of the wastewater assets under the following headings:

- Overview of the wastewater network assets
- Current asset condition and performance understanding

- Current renewal strategy and priorities
- Improvement to the renewal strategy
- Summary

2. OVERVIEW OF THE WASTEWATER NETWORK ASSETS

2.1 The wastewater system comprises the following key asset components:

- 418 km of pipeline, 5,679 manholes and 27,800 lateral connections serving Asshurst, Aokautere, Longburn, Linton, Bunnythorpe and the city
- 35 net pumping stations
- Tertiary treatment facility at Totara Road with primary treatment and buffer storage via two oxidation ponds at Ashhurst
- Replacement value of the wastewater assets of \$291M.

2.2 Figure 1 below illustrates the extent of the network with the major trunk mains highlighted.

2.3 The wastewater network dates from 1890 however around 70% of the network has been installed since 1960 with slightly over half the network made up of concrete pipes with smaller lengths of earthenware and more modern PVC pipes (refer figures 2 and 3).

2.4 The life expectancy of wastewater pipes and buildings and civil structures is typically 100 – 175 years in normal conditions. However mechanical and electrical asset components in pump stations and treatment plant have much shorter expected lives of between 10 -35 years. Council has been undertaking routine inspections particularly of buried pipeline assets to determine pipe condition and the urgency and level of renewals.

2.5 Asset condition is graded on a scale of 1 to 5 (excellent to poor) based on guidelines from the International Infrastructure Management Manual. The condition inspections undertaken to date indicate most of the network is in good physical condition with pipe deterioration having minimum impact on performance. This reflects the fact that the bulk of the pipes are in the young to middle part of their asset lifecycle.

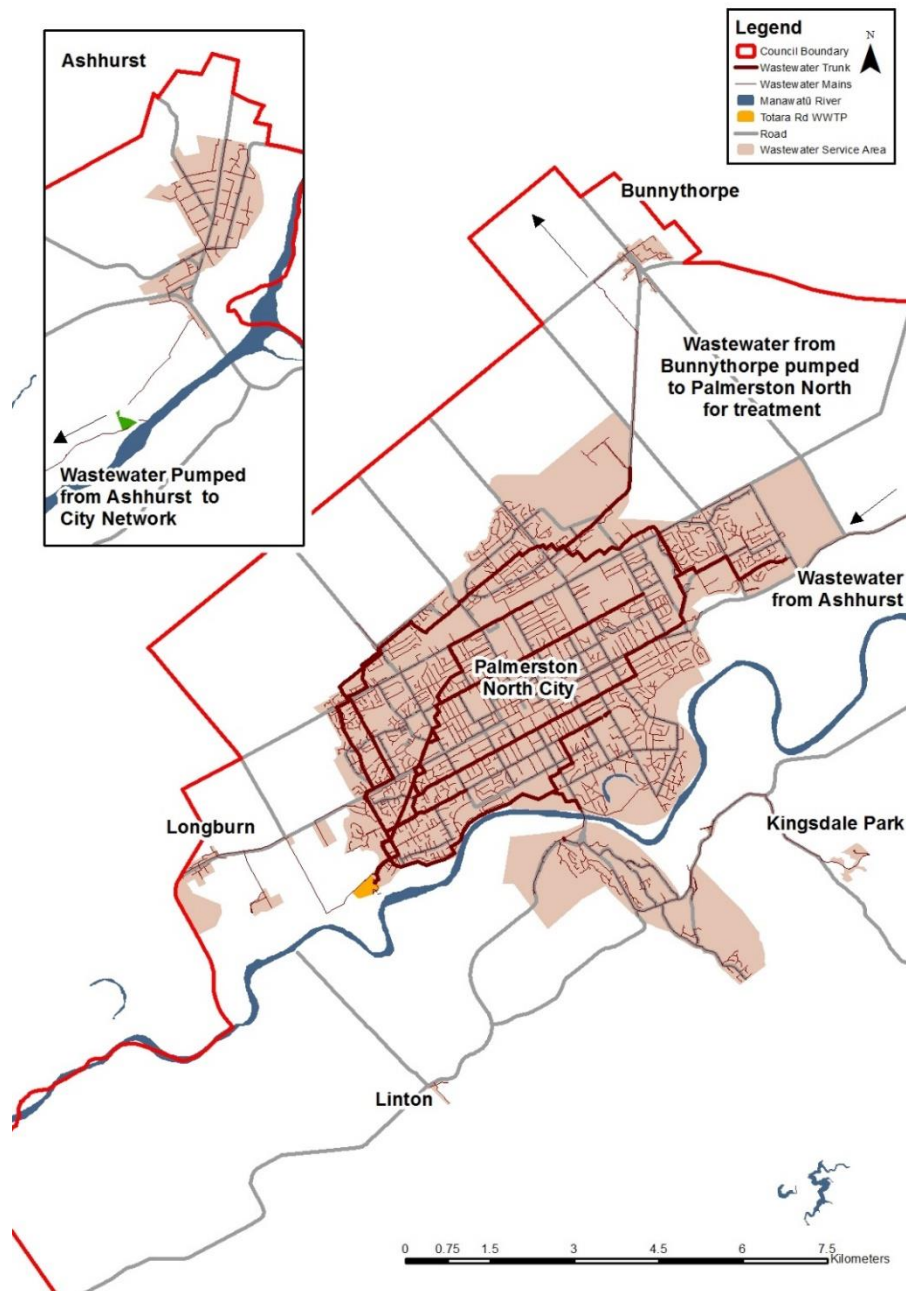


Figure 1 Extent of the Wastewater Network

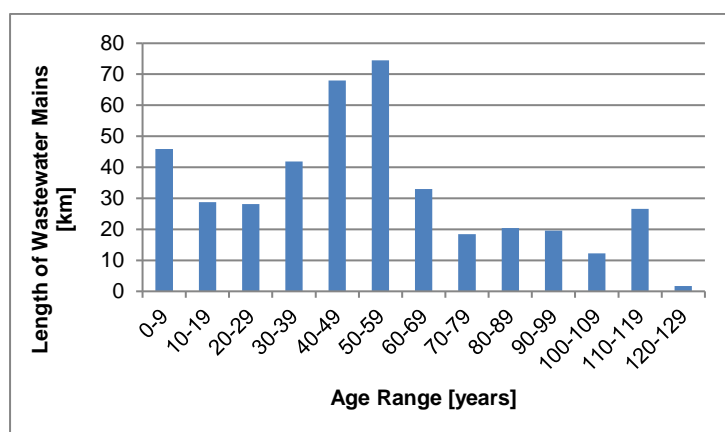


Figure 2 Age Profile of the Wastewater Network

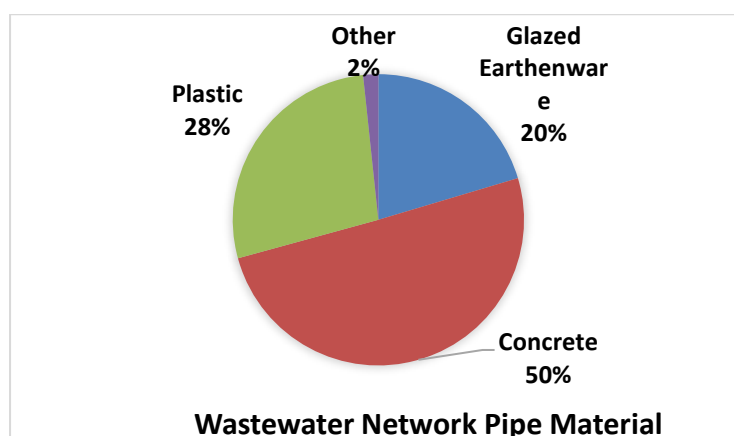


Figure 3 Material Composition of the Pipe Network

3. CURRENT ASSET CONDITION AND PERFORMANCE UNDERSTANDING

- 3.1 The collection of asset condition information including CCTV inspection data is critical to the management of the assets and the prediction of the likely renewal requirements. Current modelling of renewal funding highlights that the length of the pipe network reaching old age is steadily increasing. Additional operational intelligence is identifying other isolated parts of the network where there is accelerated deterioration due to local flow conditions (pump station rising mains) or other faults such as shallow grades.
- 3.2 Over the last 10 years an average of around 0.3 to 0.4% of the network has been renewed per year (1.5 km). With the aging of the network and other isolated deterioration, the portion of the network which requires renewal is increasing. If the pipes are not renewed, then higher operating and maintenance costs will be incurred to manage and respond to higher blockage and failure rates. Maintaining performance within target levels of service will require steadily increasing

investment. Renewal planning undertaken for the 2018-28 LTP, predicts an increase in the funding required over the next 10 years to enable renewal of 2-3 km of pipe each year. The quantum of network renewals required is expected to go on increasing through to around 2070, subject to more detailed work on pipe deterioration modelling and expected remaining lives.

YEAR	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
\$'000	1600	1845	2097	2148	2199	2254	2313	2373	2437	2505

Table 1 Renewal Funding for Wastewater Network – 2018-28 LTP

- 3.3 For other asset groups such as pump stations, while the basic pump station well and civil structure is in good condition, the electrical and mechanical components are needing to be replaced both due to age but also due to obsolescence, with replacement parts no longer available. Mechanical, electrical and control equipment in a significant number of pump stations installed in the 1990s is now reaching the end of its life. To ensure on-going reliability an enhanced level of renewal spending is required over the next 3 to 5 years.
- 3.4 Effective management of wastewater assets is designed to ensure that the assets are maintained and renewed to meet the required level of wastewater services committed to by Council. The levels of service are confirmed and adopted by Council through the 10-year Long Term Plan every 10 years. The current 2018-28 10-year plan includes the following specific KPIs relevant to the asset management of the wastewater activity:
- Dry weather overflows from Council's wastewater system (Target is no more than 1 per 1000 connections per year)
 - Compliance with resource consents for discharge from Council's wastewater system (Target is zero non-compliances)
 - Complaints in respect of the wastewater system related to odour, network faults and blockages (Target is no more than 15 per 1000 connections)
 - A 30-year Asset Management Plan is in place for the wastewater activity
- 3.5 For the 2018-19 year, the numbers of dry weather overflows are tracking below the target. In addition, apart from a technical issue related to sampling for the Ashhurst wastewater ponds, there have also been no non-compliances. The only KPI which is not likely to be achieved is the complaints target and this relates to the very broad

definition of complaint which records a wide variety of matters which are not related to any network deficiency.

- 3.6 A rise in the rate of blockages during the period 2012/13 to 2017/18 has been traced to third party damage from the Ultra-Fast broadband programme rollout in the city. Excluding this specific issue, the level of blockages and faults is within expected levels for a network of this size.

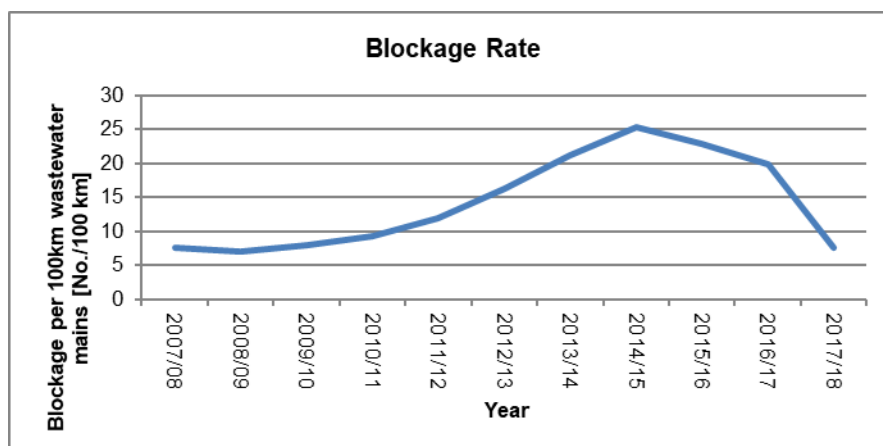


Figure 4 Lateral Blockage Rate

- 3.7 While compliance with the LTP performance indicators indicates effective asset management, there have been evidence of issues and concerns with the performance and reliability of some wastewater assets which highlight the need for the development of an optimised asset management strategy. Specific areas of concern include:
- 3.8 **Wet Weather Overflows:** The increasing frequency of wet weather overflows due to significant stormwater inflow and infiltration to the wastewater network. The condition of the network is such that with an increasing incidence of high intensity rainfall events, more frequent wet weather overflows can be expected. This is particularly an issue in some of the smaller communities of Longburn and Bunnythorpe with limited wet weather storage as well as lower parts of the city where the large wastewater trunk mains are surcharged during wet weather events.
- 3.9 **Single Point of Failure Vulnerability.** All the city's wastewater is now treated through the Totara Road Wastewater Treatment Plant. The critical nature of reliable plant performance has been highlighted recently by failures of some key items of mechanical plant and equipment including the back-up generator. The consequences of failure include a significant discharge non-compliance and/or wet weather overflow from the network neither of which is considered acceptable.

3.10 Wet Weather Network Capacity Constraints: The need for pro-active renewal and upgrade of the critical network assets including large capacity sewer mains, sewer rising mains and wastewater pump stations is highlighted by the increasing incidence of wet weather overflows and surcharging. Council is pursuing several strategies such as implementing pressure sewers, increasing wet weather storage, and looking to identify and address stormwater inflow at source under a dedicated I&I programme. Renewal of the sewer network will remain a key approach to limit increasing wet weather flows.

3.11 Isolated Failures in the Trunk Network: While the average age of the network based on the known date of installation, indicates that most of the network has significant residual life, there have been several isolated failures in key parts of the network indicating a need for more detailed and complete condition assessment. This will confirm the extent of additional renewal funding required for the trunk network.

4. WASTEWATER RENEWAL STRATEGY AND PRIORITIES

4.1 The key objective of the current renewal strategy is to maintain the overall condition and service potential of the network and treatment plant. This is achieved by renewing the assets which have either reached the end of their functional life (non-critical) or before the end of the asset's life where failure would result in unacceptable consequences (critical).

4.2 The approach to renewals is divided into non-critical and critical assets based on the following distinction and definition:

- Non-critical assets are those which can be allowed to fail before they are renewed on the basis that the consequences of failure are very localised and repairs can be undertaken in a cost-effective and timely manner with little impact on the community served
- Critical assets are those which cannot be allowed to fail based on the significant consequences of failure (e.g. consent non-compliance, public health) impacting large numbers of customers and repairs require specialist external resources which cannot be completed without significant delay

4.3 Based on this objective the key elements of the current renewal programme include:

- Non-critical: Pipe network renewals driven by condition inspection or operational information which identify problems such as root ingress, pipe blockages, pipe collapse resulting in overflows, loss of service and/or high levels of maintenance
- Non-critical: Minor pump station mechanical, electrical and control equipment renewal in response to unscheduled outages requiring unscheduled repairs and maintenance

- Critical: Pro-active scheduled renewal of large diameter mains (gravity and pumped) where condition inspections identify severe pipe deterioration or defects e.g. Western Trunk Sewer / Relining of Maxwell Trunk Sewer
- Critical: Pro-active renewal of Totara Road WWTP and major network pump station mechanical, electrical and control equipment renewals based on regular condition assessments with renewal timing scheduled prior to end of life
- Critical: Renewal of back-up generation and electrical power supply to ensure continuity of services during power outages.

4.4 In respect of the critical assets the understanding of asset condition is continuously developing as better information is obtained on the condition of the entire asset portfolio. With respect to the network pump stations, recent detailed condition assessments have identified a significant backlog of renewals, to replace components which are coming to the end of their life.

4.5 Renewal funding for the wastewater treatment plant to date has been largely focussed on renewal of the major mechanical components such as pumps and screens. Condition information on the large number of smaller mechanical and electrical components has been more limited and as this has been improved over the last year, a considerable backlog in respect of renewal has emerged.

4.6 It has become clear that levels of investment in critical plant and equipment renewal must increase significantly for the next few years. The scoping of the extent and detail of the additional renewal work required is on-going.

5. IMPROVEMENTS TO THE RENEWAL STRATEGY

5.1 It is acknowledged that the current approach to renewal planning for the wastewater activity cannot provide the necessary certainty around renewal funding requirements nor the assurance that renewals have been optimised. The strategy for improvement is based around two key elements namely:

- Implement an organisational focus on asset management planning through the proposed establishment of the Assets and Planning Division within the Infrastructure Unit
- Invest in enhanced condition assessment and performance modelling to inform optimised renewal planning

5.2 Organisational Focus on Asset Management Planning

5.2.1 In reviewing the organisation wide approach to asset management and how this has been given effect to through the Infrastructure Unit, it became apparent to Council Officers that there has historically been a lack of resourcing and focus on asset

management planning across the Council. While the whole of the asset management approach is not broken, the maturity of the asset management approach varies across the different asset groups. For example, the maturity of the asset management approach for wastewater assets is well advanced compared to property assets.

- 5.2.2 The proposed new Assets and Planning Division (APD) will take a whole of organisation approach to asset management and separate the operational (present day focus) from the planning function (forward looking focus). This approach will ensure asset management is given appropriate priority and is not crowded out by operational demands. The APD will seek to make asset management an organisational responsibility, not just the responsibility of those managing the core business of assets daily, and avoid a siloed approach.
- 5.2.3 The proposed APD is in the process of being resourced and once operational will seek to refocus the organisation's approach to asset management, including our approach to developing the renewals programme for wastewater associated with AMPs.

5.3 Condition Assessment and Performance Modelling

- 5.3.1 Recent unexpected plant and equipment asset failures has identified the on-going need for investment in a continuous process of asset condition assessment. Early work started on developing 5 year rolling plant and equipment renewal plans will be extended to all wastewater asset groups. Council staff as well as contractors will be required to record and update asset condition as part of normal operation providing updated estimates of optimised remaining life.
- 5.3.2 A greater focus will be given to planning for renewal of critical assets to ensure that renewals are undertaken in a timely manner to limit the risk of major failure in any part of the system. The planning will extend to back-up systems such as generators and standby plant and equipment to ensure these are reliable and can operated when required.
- 5.3.3 Significant emphasis will be given to advancing multiple streams of work targeting reducing stormwater inflow and infiltration into the network, given that wet weather flows are the single biggest factor impacting conveyance, pumping and treatment capacity and any uncontrolled or consented releases of wastewater into the environment.
- 5.3.4 Use improved asset condition information and network and treatment plant modelling to identify the priorities for renewal funding so that Council can make choices about the level of renewal funding with the knowledge of the risks associated with not renewing specific infrastructure in a timely manner.

6. SUMMARY

- 6.1 Over the past 10 years around \$14.6m has been spent on renewal of wastewater assets, represented some 98% of the budgeted funding collected by Council. While most of the wastewater network and facilities have been assessed as being in good physical condition, operational events and more detailed asset condition inspection information have identified some asset groups for which the risk of failure and the likelihood of significant negative impacts on levels of service compliance is high.
- 6.2 With more pipes approaching the latter part of their life cycle and the identified deficit in respect of plant and equipment renewals, increasing renewal investment requirements is certain. A significant increase in the next 2 to 3 years to address a renewal deficit in the plant and equipment assets is urgently required. The extent of future renewal funding increases particularly for pipeline assets is more uncertain and depends on improved data on asset condition as well as modelling of any network capacity constraints.
- 6.3 The establishment of the Assets and Planning Division will enable appropriate priority and focus to be given to asset management. This will be essential if Council is to move from the current largely descriptive Asset Management Plans to optimised asset management planning which consider lifecycle operation and maintenance costs as well as appropriate risk assessments to develop a range of alternative renewal investment profiles for consideration by Council.

7. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 4: An Eco City	
The recommendations contribute to the outcomes of the Eco City Strategy	
The recommendations contribute to the achievement of action/actions in the Three Waters Plan	
The action is: Planning for the renewal of the wastewater network and treatment facilities.	

Contribution to strategic direction	Asset management planning for renewal of the wastewater system contributes to the community being provided with a safe and reliable collection, treatment and disposal of wastewater from residential and commercial properties in the city.
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ATTACHMENTS

Nil

MEMORANDUM

TO: Audit and Risk Committee

MEETING DATE: 6 May 2019

TITLE: New Audit - Fixed Assets Management Process

DATE: 9 April 2019

PRESENTED BY: Vivian Watene, Senior Internal Auditor, Strategy and Planning

APPROVED BY: Sheryl Bryant, General Manager - Strategy & Planning

RECOMMENDATION(S) TO AUDIT AND RISK COMMITTEE

1. That the Committee receive the Memorandum dated 9 April 2019 and titled "New Audit – Fixed Assets Management Process" and its Appendix.

1. ISSUE

In keeping with the Internal Audit Charter, this Memorandum keeps the Committee informed of the recently completed audit on the Council's Fixed Assets Management Process.

2. BACKGROUND

This project is one of six new internal audit projects in the 2018/19 Internal Audit plan approved by this Committee.

The audit highlighted several good practices, and identified a series of issues to be addressed. The corrective actions and their implementation timeframe to the audit issues have been collaboratively developed and agreed to between the business and the auditor.

A summary report of this audit is appended to this Memorandum.

3. NEXT STEPS

Internal Audit will follow up the agreed corrective actions in due course.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in a plan under the Driven and Enabling Council Strategy	
The action is: to ensure a fixed assets system that is: fit-for-purpose, complied with the Accounting Policy, and managed effectively and efficiently. As such, the Governance and Management can have the assurance and confidence that the system is able to contribute to Council's Goal 5 stated above.	
Contribution to strategic direction	As above.

ATTACHMENTS

1. Fixed Assets Management Process Audit - Appendix A [!\[\]\(750841ae7100dc832cb0a4b3af4492f3_img.jpg\)](#) 

Appendix A



Fixed Assets Management Process Review

Business Assurance Summary Report

For Audit & Risk Committee meeting

January 2018

1. Executive Summary

INTERNAL AUDIT OBJECTIVE:	CONTROL AUDIT OBJECTIVES <i>Whether</i>	Audit Recommendations <i>By Priority</i>		
		High ¹	Medium ²	Low ³
<p>To provide assurance about the adequacy and effectiveness of design and operations of end to end processes and controls surrounding the Fixed Assets Management Process.</p> <p>Recommendations from this review contribute to GOAL 5: A driven and enabling Council.</p>	1. Fixed Assets Management activities comply with the relevant policy & procedural requirements related to asset management?	-	5	-
	2. Fixed Assets are correctly and accurately identified, and reflected in the accounts?	-	7	3
	3. Depreciation is appropriate and in accord with the PNCC Accounting policy?	8	-	-
	4. Fixed Assets are regularly verified and details reconciled between Asset Systems Database (ASD) ⁴ and Financial Asset Management system (AMS) ⁵ ?	-	1	-
	5. All Fixed Assets disposals and write offs are valid, authorised and correctly reflected in the accounts?	1	2	-
	<i>Collaborative actions according to Risk Ranking</i>	9	15	3

REVIEW OPINION

Our review identified the following areas of good practice:

- ✓ Adequate high-level accounting policies exist that defined type of fixed assets capitalised, capitalisation limits, revaluation criteria, depreciation and other requirements.
- ✓ Periodic reviews of unusual transactions or peculiar operational expenditures occur to identify and / or reassign any distinctly identifiable expenses which should have been initially capitalised.
- ✓ Authorisation of Capex⁶ forms in terms of correct authorisation by Asset Manager including a review of the cost centre, cost element, Capex number, asset value and description of the item is kept on file for assets classified as Operational assets.
- ✓ Asset disposal process and controls are adequately designed and operating effectively for Plant and Vehicles.
- ✓ The reconciliation between the AMS and General Ledger is approved by an individual independent of the upkeep / maintenance of the AMS.
- ✓ Recent process improvement to check asset data quality issues in Rooding Asset Management systems (RAMM) has enabled more accurate Rooding Asset data which in turn will facilitate more accurate Rooding Asset valuation.

However, at the time of this audit, Internal Audit could only provide **'Limited Assurance'**⁷ to Management on the effectiveness of the operation and design of existing internal controls. We raised **13 audit issues** and an action plan with **27 recommendations** has been developed in collaboration with the business to address these issues. If the agreed action plan is implemented fully and effectively, the assurance level may be elevated to **'Full Assurance'**⁸.

¹ High - These recommendations relate to a serious weakness which exposes the Council to a material extent in terms of achievement of Council's objectives, financial results, operational efficiencies, and legislative compliance or otherwise impair the Council's reputation.

² Medium - These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness which could undermine the system of internal control or operational efficiency.

³ Low - A weakness which detract from the system of internal control or operational efficiency but will be beneficial to management to address.

⁴ ASD- for maintaining various asset details such RAMM for Rooding assets, IPS for Three Waters etc.

⁵ AMS - Financial Asset accounting record system in OZONE (Council's Financial Management system).

⁶ CAPEX - Capital Expenditure

⁷ Limited Assurance: There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.

⁸ Full Assurance: There is a sound system of control designed to achieve the system objectives and the control are consistently applied

Notable audit issues were as follows:

- × Clear administrative/ operational procedures need to be documented which clearly define all Fixed Assets accounting processes and activities involved including well defined and roles and responsibilities.
- × Asset category type and description need to be aligned between the Council's accounting policy and the AMS in Ozone.
- × A process needs to be established to capture, tag, record and reconcile some of the Fixed Asset items (especially operational assets which are portable & attractive in nature and below the capitalisation threshold limit.)
- × A systematic process of how changes to the asset details in both the systems (ASD and AMS) needs to be established, so that both systems work with the same dataset and to avoid associated risks of manual entry when making changes to the asset details.
- × There needs to be annual reconciliation of asset valuation details in the ASD to the AMS in Ozone.
- × There needs to be a review of the depreciation methodology and the rates applied to all the existing asset items to ensure that the computed depreciation rates fall within the estimated useful lives of the assets.
- × Organisation wide procedure and controls around Fixed Asset disposal and transfer (except for Plant & Vehicle asset type) needs to be established and monitored accordingly.
- × Process to manage the assets held for sale needs to be established to comply with the PNCC Accounting Policy requirements.

OVERVIEW of Fixed Assets Management Process

Fixed Assets Management process review was identified as part of the approved Internal Audit Plan 2018/19.

Fixed Assets in PNCC are typically defined as long term assets with value greater than the capitalizing limit (capitalisation threshold limit is assets greater than \$2000 excl. GST). Fixed Assets are broadly classified as Tangible Fixed Assets and Intangible Assets (non-physical assets). For PNCC, Tangible Assets (Property, Plant and Equipment) consist of Operational Assets, Restricted Assets and Infrastructure Assets and Intangible assets consists of Software acquisitions & development, goodwill and carpark leases. Our audit review was limited to the Fixed Asset Management processes of the Tangible assets (as per agreed terms of reference).

PNCC's Operational, Infrastructural and Restricted assets are the largest part of the Fixed Assets in the Council's balance sheet. They have a total carrying balance of \$1.6 billion as at 30 June 2018 made up of:

- Operational Assets (*Land, Buildings, Improvements, Office equipment & furniture, Library Materials, Plant and Vehicles*) - \$312 million
- Infrastructural (*Three waters, Roading network and Land under roads*) - \$1228 million
- Restricted (*Land*) - \$17.6 million

PNCC's Accounting Policy stipulates the rules concerning capitalisation of Fixed Assets management. Financial valuation details are maintained in the AMS in OZONE (and the details asset related information is maintained in the various relevant ASD maintained for Roading, Three Waters, Parks & Property, Plant and Vehicle.

2. Next Steps

The implementation of the collaborative action plan is the responsibility of the relevant General Manager who will monitor and manage the process.

The audit will continue the follow-up process as usual. On completion or full & effective implementation of the collaboratively agreed action plan, the assurance level may be elevated from the initially 'Limited Assurance' to 'Full Assurance'.

MEMORANDUM

TO: Audit and Risk Committee

MEETING DATE: 6 May 2019

TITLE: Management Agreed Corrective Actions Implementation Progress March 2019

DATE: 2 April 2019

PRESENTED BY: Vivian Watene, Senior Internal Auditor, Strategy & Planning

APPROVED BY: Sheryl Bryant, General Manager - Strategy & Planning

RECOMMENDATION(S) TO AUDIT AND RISK COMMITTEE

1. That the Committee receive the Memorandum titled 'Management Agreed Corrective Action Implementation Progress March 2019' dated 2 April 2019 and its two Appendixes for information.

ISSUE

1. In accordance with the Internal Audit Charter, this Committee receives a quarterly update on the management agreed audit corrective actions from the internal audit reviews that have not been satisfactorily resolved.
2. This Memorandum also includes the follow up on the external auditors' recommendations from their audit of the Council's 2017/18 Annual Report.

BACKGROUND – INTERNAL AUDIT

3. The Timeline Missed Schedule on the management agreed corrective actions based on the recent follow-up is attached in Appendix A. Items listed on this schedule are items that management has missed the agreed to action deadline by more than 6 months.
4. A few items from this schedule have been implemented and they will be dropped off from the next progress update. On the other hand, a few items were added onto the list from the recent follow-up of the prior audits.

BACKGROUND – EXTERNAL AUDIT

5. The corrective actions recommended by Audit New Zealand, and management's implementation progress on these recommendations are in Appendix B. It includes those items requiring management action from the Final Management Report received in October 2018, for the final audit of the Palmerston North City Council 2017/18 Annual Report for the year ended 30 June 2018.





NEXT STEPS

6. Internal Audit will continue to follow up the Management Agreed Audit Corrective Actions and report to this Committee quarterly on this subject.

COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
Contribution to strategic direction	The follow up of management agreed corrective actions ensure the organisation rectifies the issues identified; works toward a more efficient and effective systems and processes.

ATTACHMENTS

1. Appendix A Internal Audit Schedule  
2. Appendix B External Audit Schedule  

Internal Audit Management Agreed Corrective Action - Timeline Missed Schedule

Recent follow-up on the Management Agreed Corrective Actions recommended by the Internal Audit - Progress Status as at March 2019)
(Agreed Timeline missed by 6 months or longer)

MT	Original Timeline	Unit	Audit Issue	Agreed Corrective Act ions	Significance of each action	Updated Timeline	Management Comments	Progress at YTD March 2019 toward full implementation
	Non-Financial Performance Measures (Final Report1166089 Follow Up 5425578)							
	Feb 2015	Infrastructure	4a)	Provide more staff training on the requirement to enter the actual response timings from the job sheets not the data entry time.	Data may not be accurately captured and report	Dec-2018 June 2019	This is in hand and we should have some data by January 2015 to enable any necessary tweaks to be made before formal reporting is required.	<u>YTD March 2019 Update</u> As previously indicated the handheld mobile solution has been fully rolled out for scheduled maintenance job assignments. Relevant staff have been trained on the use of handheld mobile. The unscheduled maintenance job assignments have been rolled out for sewer and storm. The unscheduled maintenance job assignments for Water has been put on hold until staffing issues are addressed.
			4b)	Provide a system to verify the recorded response times.		Dec-2018 June 2019	Provision of handhelds for field staff would assist enormously in ensuring that accurate time data is recorded. Discussions with regard to roll out of handheld equipment for field staff have begun with Council's IT department.	<u>YTD March 2019 Update</u> Recommendation 4b is embraced into the handheld mobile solution
	Parking Collection Contract Management (Final Report 893010 Follow Up 6032564)							
	June 2015	Finance	1 a)	Improve its guidance for its staff on contract management by explaining when a Contract Management Plan is expected to be prepared, how it will be authorised and what it should contain.	Staff may not have the appropriate tool to carry out their tasks	March-2019 August 2019	Agreed that a standalone Guide for Service Contracts will be prepared.	<u>YTD March 2019 Update</u> The new Procurement Manager has completed an analysis of the current state of the Procurement practises and various initiatives have commenced.
	Project Management (Final Report 6687588 Follow Up 8937936)							
	By Sept 2016	Infrastructure	15	Risk register not updated or reviewed by Management; Management should update the risk registers for each team	Unmanaged risks could affect the success of the project	March 2019	Agree we could do this better and will implement.	<u>YTD March 2019 Update</u> Since January 2019 we have developed a Risk Management Strategy and a Risk Register template for use in projects. Other templates for project management documentation such as Business Cases and Project Execution Plans incorporate risk management sections and a prompt to develop a separate risk management plan where required. These templates have been sent to staff for use. A project management process has not yet been documented, but when it is, risk management will form a core part of that. The Risk Manager has been involved and consulted as part of that development, and has made useful contributions. This update is from the acting manager of the Project Management Office rather than Infrastructure unit-wide, but will form part of Infrastructure's approach to risk management. A central Infrastructure unit Risk Register may be set up, but this is not a responsibility of the PMO at this point.

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MT	Original Timeline	Unit	Audit Issue	Agreed Corrective Actions	Significance of each action	Updated Timeline	Management Comments	Progress at YTD March 2019 toward full implementation
								<p>This action is now an ongoing operational matter.</p> <p>This will be the last time this issue will be reported.</p>
Budget Setting (Final Report 6774311, Follow up 8191226)								
	June 2016	Customer	2b	Complete the review of the IM Strategy	PNCC Information technology not meeting the business needs	February 2019 TBD (Subject to ELT approval)	a) Agree and will implement. The IM Strategy review will be completed by 30 th June with the draft document ready to distribute to Management Team.	<p><u>YTD March 2019 Update</u></p> <p>It is expected that this work will be incorporated as a part of the Digital Transformation and will be a contributor to the emerging digital roadmap. A draft roadmap is being completed; it is also subject to the ELT approval.</p>
	June 2018	Finance	5a	Request vendors to consider integration and easy access to supporting budgeting data issues in the future development of their systems for Councils	Lack of interfaces is inefficient and potentially could lead to errors in data input.	December 2020	a) Asset Management Planning occurs at the same time as annual planning for the following year so Corporate Planning can't run two plans at the same time. Datacom are looking to redesign the corporate planning module so we will wait and see what comes out of that.	<p><u>YTD March 2019 Update</u></p> <p>As part of the Financial System replacement project. The timeframe for this is 12 – 18 months.</p>
	June 2018	Finance	5b	Consider ways to integrate or simplify the spreadsheet tools provided to the Budget Managers	Using spreadsheets to distribute previous year's information adds complexity.	December 2020	b) An Asset Management Planning (AMP) tool was developed for programme entry only. For Maintain Service Level (MSL) budgets, a spreadsheet was designed. Ideally the user would use the same AMP tool for both programmes and MSL budgets and the Corporate Accountant will have this conversation with Information Management for the next round of Asset Management Planning.	<p><u>YTD March 2019 Update</u></p> <p>As part of the Financial System replacement project. The timeframe for this is 12 – 18 months.</p>
Procurement Planning (Final Report 6343537 Follow up 10117351)								

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MT	Original Timeline	Unit	Audit Issue	Agreed Corrective Actions	Significance of each action	Updated Timeline	Management Comments	Progress at YTD March 2019 toward full implementation
	June 2016	Finance	2b)	Include in the Life Cycle Procurement Manual the criteria when a Business/justification case (s) should be prepared, further details on needs and the preparation of options analysis.	If Policy and Procedures do not cover the whole Procurement Lifecycle there may be gaps, such as the omission of criteria for how and when to complete a Business/justification case, details of how to complete Procurement Planning, and how to manage different types of contract.	March 2019 August 2019	Agree and will implement.	<u>YTD March 2019 Update</u> The new Procurement Manager has added business case justification into the initial draft of a new Procurement Process and Procedures guide. This guide will be completed by April 2019 and will require cross-functional input and approvals to be completed by 31 July 2019.
Asset Management Plans (Final Report 8344928 Follow up 9471017)								
	June 2017	Customer	9a	Ensure the staff comply with the Information Management Policy	Staff may not know the document is there on the U drive. The Policy is not followed. The U drive is backed up.	Dec 2018	Agree. Information Management (IM) encourages all staff to comply with the Information Management policy and will highlight issues of non-compliance, where found to be deliberate, to the appropriate manager to enforce the policy. Records staff are always available to help staff in using the Document Management System.	<u>YTD March 2019 Update</u> This has been completed, there is a follow-up to be published on the intranet in the first quarter of 2019. This will be the last time this issue will be reported.
Accounts Receivables & Aged Debtors (Final Report 9820008, Follow-up Report 10446849)								
	June 2018	Finance	8	Whilst considering the cost-benefit analysis and the security of our financial information processed over the Internet, we recommend reviewing the possibility of extending the Credit Card Payment option to the Front of House and via Customer Contact Centre for all types of invoices.	By not providing citizens with the option to pay using Credit Card at all Customer Contact points may potentially contribute to slower collections, and requiring staff to perform significant amounts of payment processing activities.	Dec-2018 June 2019	Acceptable methods of payment are reviewed from time to time taking account of changing commercial practice, customer behaviour & cost – a further review will be completed by 30 June 2018	<u>YTD March 2019 Update</u> Implementation proposals are currently being evaluated. If proposals are practical expect to implement by 30 Jun 19.
Earthquake Strengthening (Final report 9814823, Follow up report 10533013)								
	October 2017	Infrastructure	1b	Communicate with the CAB (Civic Administration Building) staff about building risk.	The Programme is not completed effectively.	Oct-2018 March 2019 April 2019	Agree and will implement.	<u>YTD March 2019 Update</u> Council is to set its policy on strengthening earthquake prone buildings in the Jan-Mar 2019 quarter for the process, plans and actions for addressing the extent of works required. This will inform the communications to staff, so this will wait until after policy is determined.

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MT	Original Timeline	Unit	Audit Issue	Agreed Corrective Actions	Significance of each action	Updated Timeline	Management Comments	Progress at YTD March 2019 toward full implementation
	November 2017	Infrastructure	1c	Prepare a Project Execution Plan (PEP; including programme governance matters)		Dec-2018 Feb-2019 April 2019	Agree and will implement.	<u>YTD March 2019 Update</u> Council is to set its policy on strengthening earthquake prone buildings in the Jan-Mar 2019 quarter for the process, plans and actions for addressing the extent of works required. This will inform the PEP.
	December 2017	Infrastructure	3a	Present an updated analysis of the options for levels of strengthening of Council Buildings for Councillors in light of the new Act.	Council did not have an opportunity to reconsider its decisions in light of the new legislation. This may lead to a sub-optimal outcome.	November 2018 March 2019 April 2019	Agree and will implement.	<u>YTD March 2019 Update</u> Council is to set its policy on strengthening earthquake prone buildings in the Jan-Mar 2019 quarter for the process, plans and actions for addressing the extent of works required. This will inform a review of Programme 902 - Seismic Strengthening of Council Owned Buildings.
	December 2017	Infrastructure	4a	Ensure that decisions are documented regarding early strengthening of the external stairs to the CAB.	If the strength of the stairs is not assessed the organisation cannot be confident there would be a means of egress if the Central Core building collapsed in a ultimate state earthquake	December 2018 March 2019 April 2019	Agree and will implement.	<u>YTD March 2019 Update</u> Council is to set its policy on strengthening earthquake prone buildings in the Jan-Mar 2019 quarter for the process, plans and actions for addressing the extent of works required. This will inform a review of Programme 902.
	December 2017	Infrastructure	4b	Complete an assessment of the external stairs		December 2018 February 2019 April 2019	Agree and will implement.	<u>YTD March 2019 Update</u> Structural engineers have been engaged to assess the external stairs of the CAB by April 2019.
Contract Tendering (Final Report 9916076, Follow up report 10244701)								
	December 2017	Customer	17a	Ensure that MT 86 Policy requirement around Record Disposal is reminded to all staff members.		Dec-2018 March 2019 April 2019	Agree and will implement.	<u>YTD March 2019 Update</u> MT86 policy has been reviewed and is awaiting Management Team Approval.
	March 2018	Finance	5a	Build a formal guidance & standard template on what level of information is required when planning for individual procurement.	May result in ineffective decision making and/or to non-identification and subsequent mitigation strategies of potential procurement risks.	March 2019 August 2019	Agree and will implement	<u>YTD March 2019 Update</u> Protocols and procedures related to Procurement Plans and the associated templates have been created. Procurement Planning guidance and instruction is included in the initial draft of a new Procurement Process and Procedures guide. This guide will be completed by April 2019 and will require cross-functional input and approvals to be completed by 31 July 2019
	March 2018	Finance	6a	Include a Policy guidance on how and when to use a multistage competitive procurement process and any relevant records to be maintained	Lack of following the correct procurement progression especially in a multi-stage process can lead to potential risks of not being open, fair and transparent.	March 2019 August 2019	Agree and will implement	<u>YTD March 2019 Update</u> Protocols and procedures related to the various types and levels of competitive procurement, including records management procedures, have been included in the initial draft of a new Procurement Process and Procedures guide. This guide will be completed by April 2019 and will

Appendix A 5 of 10

MT	Original Timeline	Unit	Audit Issue	Agreed Corrective Actions	Significance of each action	Updated Timeline	Management Comments	Progress at YTD March 2019 toward full implementation
								require cross-functional input and approvals to be completed by 31 July 2019
	March 2018	Finance	6b	Ensure the policy requirement is communicated to staff.	Lack of following the correct procurement progression especially in a multi-stage process can lead to potential risks of not being open, fair and transparent.	March 2019 August 2019	Agree and will implement	<u>YTD March 2019 Update</u> Training documentation, along with a training programme, related to the entire Procurement Framework will be implemented after appropriate approvals to new policies and procedures have been confirmed. Framework and extensive corresponding documentation is anticipated to be finalised and approved by 31 July 2019 with formal training to be implemented August 2019
	March 2018	Finance	9a	Include guidance in its Contract Administration Manual on when to carry out due diligence (high value high risk contract types) and the type of record to be maintained which documents the outcome of the check conducted.	Lack of a formal process could lead to potential risk of fraud, corruption or financial loss	March 2019 August 2019	Agree and will implement	<u>YTD March 2019 Update</u> The new Procurement Manager is working on updates to the current Building and Civil Engineering Contract Administration Manual to assure it aligns with the new Procurement Process and Procedures guide (currently in draft form). This effort is a joint effort with staff in the Infrastructure unit. In the future, the Building and Civil Engineering Contract Administration Manual will be utilised for Infrastructure related contracts. A new Contract Administration Manual for "non-infrastructure" contracts is being written by the new Procurement Manager. This new manual will require cross-functional input and approvals and is estimated to be completed by 31 August 2019.
	March 2018	Finance	9b	Develop a list of Suppliers that have had a Due Diligence Check so as to avoid duplication of due diligence checks	Lack of a formal process could lead to potential risk of fraud, corruption or financial loss	March 2019 August 2019	Agree and will implement	<u>YTD March 2019 Update</u> Supplier Management protocols and procedures are currently being incorporated into the new PNCC Procurement Framework. Due diligence criteria/checks are one component of several supplier management metrics that will be tracked and measured in the future. Additional procurement resources are needed to accomplish this in relation to confirming and recording current status of over 2,500 suppliers and then maintaining appropriate updates on an ongoing basis in the future.
	March 2018	Finance	9c	Participants should be advised of the due diligence process in the tender or proposal documents.	Lack of a formal process could lead to potential risk of fraud, corruption or financial loss	March 2019 August 2019	Agree and will implement	<u>YTD March 2019 Update</u> Protocols related to due diligence checks will be included in future tender/RFx documents e.g. Request for Proposal etc. and will be part of the new Procurement Process and Procedures guide. This guide will be completed by April 2019 and will require cross-functional input and approvals to be completed by 31 July 2019
	March 2018	Finance	12b	Setup a process that ensures any policy amendments are published and timely communicated to staff.	Approved Management Team Policy but not communicated or published may not be enforceable when challenged	March 2019 August 2019	The procurement policy is currently published on City Port. However, policy communication process has not been clarified yet	<u>YTD March 2019 Update</u> The new Procurement Manager has begun work on a communications and training plan related to a new Procurement Framework and the associated policies, protocols, templates and resources. In addition to communications outreach when new policy changes go into effect via email, City Port, and a new "Procurement Portal" for procurement records

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MT	Original Timeline	Unit	Audit Issue	Agreed Corrective Actions	Significance of each action	Updated Timeline	Management Comments	Progress at YTD March 2019 toward full implementation
								and information, there will be training of key staff and procurement will become a component of new staff induction processes.
	March 2018	Finance	16a	Include in the proposed Contract Administration Manual for Service Delivery units, a standardised performance evaluation form on contract completion or Develop a Unit Specific Template that allows for the documenting of reasons why the tender has been extended	Non- availability of a documented Performance review can affect not only the transparency but also it can take away the opportunities for improvements or renegotiation identified as part of the vendor performance review process	March 2019 August 2019	Support and will address	<p><u>YTD March 2019 Update</u></p> <p>The new Procurement Manager is currently working on standardising templates for the entire procurement cycle with differentiation in these for Infrastructure and 'Non-Infrastructure' business unit needs and requirements. Core evaluation criteria has been developed and evaluation of tenders is addressed in-depth in the new Procurement Process and Procedures guide. This guide will be completed by April 2019 and will require cross-functional input and approvals to be completed by 31 July 2019</p>
	March 2018	Finance	16b	Develop a Unit Specific Template that allows for the documenting of reasons why the tender has been extended	Non- availability of a documented Performance review can affect not only the transparency but also it can take away the opportunities for improvements or renegotiation identified as part of the vendor performance review process	March 2019 August 2019	Support and will address	<p><u>YTD March 2019 Update</u></p> <p>Supplier Management protocols and procedures are currently being incorporated into the new PNCC Procurement Framework. Key Performance Indicators (KPI's), Supplier Scorecards and Performance reviews are all components of the new Procurement Framework being established. The new Procurement Manager has completed an analysis of the current state of PNCC's procurement practises and various initiatives have commenced. Protocols for the associated records retention of supplier management processes are incorporated in the new Procurement Process and Procedures guide. This guide will be completed by April 2019 and will require cross-functional input and approvals to be completed by 31 July 2019</p>
	April 2018	Finance	18b	Establish a Routine check which involves a periodic review of files (e.g. quarterly) to ensure compliance with the policies and procedures for Tendered Contracts (high risk high value)	Non-compliance to policies and procedure	March 2019 August 2019	<p>Technical Services will introduce a six-monthly review of compliance with the (reviewed) CAM tendering procedures for contracts issued for tender by Technical Services within the previous six-month period.</p> <p>It is not possible for Technical Services to perform this review on contracts issued for tender outside of Technical Services control. Such cases will be considered as part of Recommendation 1.a).</p>	<p><u>YTD March 2019 Update</u></p> <p>The new Procurement Manager has completed an analysis of the current state of the Procurement practises and various initiatives have commenced. Additional procurement resources will be needed to fulfil the need for periodic reviews/audits of high risk/high value contracts.</p>

MT	Original Timeline	Unit	Audit Issue	Agreed Corrective Actions	Significance of each action	Updated Timeline	Management Comments	Progress at YTD March 2019 toward full implementation
	March 2018	Finance	19b	Seek legal advice to clarify if both parties should be required to initial each page of the Contract Documentation.	The risk of not having a signed contract documentation in place is that it might lead to legal enforcing issues should the contract be legally challenged.	March 2019 August 2019	Agree and will implement	<u>YTD March 2019 Update</u> Contract signing protocols and records retention will be part of the future Contract Administration Manual (s). Updated Contract Administration Manuals for Infrastructure and “non-infrastructure” are currently being drafted. The new manuals will require cross-functional input and approvals and are estimated to be completed by 31 August 2019.
	August 2018	Finance	1a	To formalize and develop a Contract Administration Operating Manual along with standardised templates and forms for Service delivery units or project works outside of the construction & civil engineering scope of work.	Besides the operational inconsistencies, absence of an approved procedural framework can lead to potential legal risk implications where by the staff without being aware of the risks can attempt to alter or omit the Legal term & conditions or the information that is to be disclosed to or to be requested from potential suppliers.	August 2019	Recommendations 1a) and b) require consideration by the Senior Management Team as to how contract administration is to occur for non-building or civil engineering works.	<u>YTD March 2019 Update</u> A new Contract Administration Manual for “non-infrastructure” contracts is being written by the new Procurement Manager. This new manual will require cross-functional input and approvals and is estimated to be completed by 31 August 2019. The new Procurement Manager is working on updates to the current Building and Civil Engineering Contract Administration Manual to assure it aligns with the new Procurement Process and Procedures guide (currently in draft form). The Building and Civil Engineering Contract Administration Manual will be utilised for Infrastructure related contracts and the updates to this manual are being collaborating on by the Procurement Manager and staff within Infrastructure.
	August 2018	Finance	1b	Once completed, Council-wide communication and training are also recommended to ensure that employees have a good understanding of the processes		August 2019		Training documentation, along with a training programme, related to the entire Procurement Framework will be implemented after appropriate approvals to new policies and procedures have been confirmed. Framework and extensive corresponding documentation is anticipated to be finalised and approved by 31 July 2019 with formal training to be implemented August 2019
	August 2018	Finance	3a	Develop a training programme of Council's B&CE CAM to all relevant staff, including any external Consultant that the Council uses to tender on its behalf.	Can potentially lead to inconsistent contract tendering / proposal processes being followed.	August 2019	Technical Services staff will undergo refresher training once the review of the Contract Administration Manual (CAM) has been completed. Use of CAM will be incorporated into the induction processes for new Technical Services personnel. External consultants engaged to assist Council with contract management including tendering need to demonstrate competency in the discipline. Accordingly, there should not be a need for training of their personnel. However, as part of their engagement, the brief needs to outline	<u>YTD March 2019 Update</u> A new Contract Administration Manual for “non-infrastructure” contracts is being written by the new Procurement Manager. This new manual will require cross-functional input and approvals and is estimated to be completed by 31 August 2019. The new Procurement Manager is working on updates to the current Building and Civil Engineering Contract Administration Manual to assure it aligns with the new Procurement Process and Procedures guide (currently in draft form). The Building and Civil Engineering Contract Administration Manual will be utilised for Infrastructure related contracts and the updates to this manual are being collaborating on by the Procurement Manager and staff within Infrastructure. Training documentation, along with a training programme, related to the entire Procurement Framework will be implemented after appropriate approvals to new policies and procedures have been confirmed. Framework and extensive corresponding documentation is anticipated to be finalised and approved by 31 July 2019 with formal training to be implemented August 2019

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MT	Original Timeline	Unit	Audit Issue	Agreed Corrective Actions	Significance of each action	Updated Timeline	Management Comments	Progress at YTD March 2019 toward full implementation
							Council's procurement requirements as this impact on the consultancy service being sought.	
	August 2018	Finance	3b	Ensure Training records are appropriately saved for operational & audit trail purposes		August 2019	Technical Services staff attendance at training will be noted on their personnel files.	<p><u>YTD March 2019 Update</u></p> <p>The new Procurement Manager is working on the implementation of new records management protocols and procedures which will include the retention of training documentation, as well as records of who has participated/completed components of a future Procurement Training programme. Training documentation, along with a training programme, related to the entire Procurement Framework will be implemented after appropriate approvals to new policies and procedures have been confirmed. Framework and extensive corresponding documentation is anticipated to be finalised and approved by 31 July 2019 with formal training to be implemented August 2019</p>
	June 2018	Finance	4c	Ensure there is ownership of the Register of Contracts & Agreement so that each unit is reminded to manage their accuracy of their listings.	Non-compliance to MT70 Policy relevant requirement which was setup on the pretext of the Public Records Act 2005 requirements around record keeping.	August 2019	The cost/benefit of a centralised procurement position will be undertaken by 30 June 2018	<p><u>YTD March 2019 Update</u></p> <p>The new Procurement Manager is working on the implementation of new records management protocols and procedures which will include an improved Contract Register and new protocols and procedures which have been incorporated in to the draft of a new Procurement Process and Procedures guide. This guide will be completed by April 2019 and will require cross-functional input and approvals to be completed by 31 July 2019</p>
	June 2018	Finance	4d	Setup a monitoring / reporting process to produce a snapshot report that can further enable management in making any business or strategic decisions.		August 2019		<p><u>YTD March 2019 Update</u></p> <p>The new Procurement Manager's analysis of the current state of the Procurement has resulted in the creation of an initial "current state snapshot" in relation to PNCC Procurement. Additional procurement resources are needed to implement a process/system for future monitoring and proper compliance. The new Procurement Manager is working with the Information Manager on creating some initial dashboard tools related to Procurement as a short-term solution. New reporting tools will come from the proposed future implementation of robust, modern Procure-to-Pay and Contract Management software.</p>
	March 2018	Finance	15a	Setup a default contract file folder system which also includes mandatory list of documentation templates required when a new Contract request form is sent to the Records Team	Possibility of transparency issues, risk of loss of information and records in event of theft, Council intellectual property being misused.	August 2019	Agreed and will endeavour to implement	<p><u>YTD March 2019 Update</u></p> <p>The new Procurement Manager is working on the implementation of new records management protocols and procedures for tenders and contracts. This will include standardised templates and an improved Contract Register with associated training guidance, reference materials protocols and procedures. This has been incorporated in to the draft of a new Procurement Process and Procedures guide. This guide will be completed by April 2019 and will require cross-functional input and approvals to be completed by 31 July 2019</p>

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MT	Original Timeline	Unit	Audit Issue	Agreed Corrective Actions	Significance of each action	Updated Timeline	Management Comments	Progress at YTD March 2019 toward full implementation
	March 2018	Finance	15c	Files should be subject to regular, independent review to ensure that standards are met	Possibility of transparency issues, risk of loss of information and records in event of theft, Council intellectual property being misused.	August 2019	Agreed: - We will endeavour to monitor content of contracts to ensure requirements are met	<u>YTD March 2019 Update</u> The new Procurement Manager has completed an analysis of the current state of the Procurement records related to tenders and contracts. Additional procurement resources will be needed to appropriately consolidate, organise and maintain records related to current contracts to ensure compliance requirements are met and associated risks mitigated. Once the new Procurement Framework is fully implemented, resources will be needed to ensure an appropriate level of monitoring and review of contracts occurs in the future. There is currently not staff available to address this risk and meet requirements.
Landfill Revenue Collection (Final Report 9864244, Follow up report 10529803)								
	March 2018	Finance	2b	Complete the Review of MT81 currently underway.	The organisation violates its own Policy and the Council's assets may be at risk	Sept-2018 Feb-2019 April 2019	Awaiting Finance Manager to review MT81 Cash Policy.	<u>YTD March 2019 Update</u> MT81 has been reviewed and no changes have been proposed. It is awaiting approval from Executive Leadership Team and to be published on City Port.
	March 2018	Finance	1c	Better communicate MT81, such as by including in MT81 an explanation of the purpose of following transactions.	Lack of assurance that income accurately and completely recorded	Sept-2018 Feb-2019 April 2019	Awaiting Finance Manager to review MT81 Cash Policy. Policy will be communicated after the revised policy has been approved by Management.	<u>YTD March 2019 Update</u> MT81 has been reviewed and no changes have been proposed. It's awaits approval from the Executive Leadership Team and to be published on City Port. The policy will be communicated to all staff once it has been approved and published online.
Development Contributions (Final report_8337085)								
	June 2018	Customer	7	Consider introducing early innovations such as an online estimated Development Contribution calculator	Development opportunities are not facilitated.	April 2019	Agree to consider the options. The calculation of Development Contributions is more complex for Industrial Zones, but could be set up. There is a risk that the data input is incorrect rendering the calculation unreliable, so appropriate caveats will be stated concerning the reliability to be placed on the result.	<u>YTD March 2019 Update</u> Currently in the testing phase with the Planners. Once they are happy with the work we have done, we will be liaising with Communications and Marketing to get their approval for the estimator product.
Rating Processes Review (Final report 10582163)								
	June 2018	Customer	2a	Customer Services shares the Food & Hairdressing License database with City Corporate on a periodic basis as agreed or as required between the two teams.	It leads to non-compliance to Council's Rating Policy which requires correct categorisation of all	April 2019	Agree to implement: The proposal will be implemented for new and renewed registrations once the Privacy Act 1993 requirements have been addressed.	<u>YTD March 2019 Update</u> The privacy act requirements still await to be addressed and will be implemented depending on when legal advice is received.

MT	Original Timeline	Unit	Audit Issue	Agreed Corrective Act ions	Significance of each action	Updated Timeline	Management Comments	Progress at YTD March 2019 toward full implementation
					rating units based on the type of land use.			
	June 2018	Finance	2b	Rates team updates the Residential Unit Category code to Miscellaneous / Commercial based on the information received from the Customer Services Team.		April 2019.	Agree to implement	<u>YTD March 2019 Update</u> At the rates conference in February 2018, Simpson Grierson confirmed that information collected for a specific purpose, could not be legally shared for the purposes of updating the Rating Information Database. However, we are seeking further legal advice to understand if this can be allowed provided a privacy disclaimer / statement is provided on the application form.
	August 2018	Finance	11	Setting up an escalation process of debt recovery actions for a certain group of ratepayers with high dollar outstanding balance between the 1st and the final reminder letter sent if any response is not received by the due date mentioned in the 1st reminder letter.	Opportunity loss of recovering debt faster		Agree to implement. We will look to add another step into our debt collection processes to incorporate this recommendation	<u>YTD March 2019 Update</u> The decision has been made not to follow this recommendation. Our collection of rates is already very good, and we currently do not wish to further antagonise our ratepayers. We will keep the recommendation in mind and perhaps adopt it when required. This will be the last time this issue will be reported.

(Note: Track changes on the Timeline included as requested by the A&R Committee at its November 2018 meeting)

Audit New Zealand Final 2018 Management Report to Council
Implementation Progress Status – March 2019

The following table is a summary of issues raised by Audit New Zealand in their final management report to the Council received October 2018, together with management comment, responsibility and status of any implementation where implementation is required. All quarterly updates include updated progress in achieving the agreed action. It includes from the report only those items requiring action.

The “Agreed Action” is a summary from the report. That report should be referred to for the full recommendation and basis for that recommendation.

Audit reference	Agreed Action	Person responsible	Target date	Status
4.1	Financial management information systems - Review the adequacy and reliability of the financial management information system (FMIS) given current issues.	Finance Manager	No target date	<p>Management comment We plan to undertake some independent analysis shortly, and the outcome may determine our next steps, whether that be a system replacement or some other outcome.</p> <p>Update December 2018 An independent consultant has been employed to undertake the work described above.</p> <p>Update March 2019 This review work continues.</p>
Appendix 1	<p>Actual renewals and capital expenditure below forecasts -</p> <ul style="list-style-type: none"> continue to implement the action plan, internal audit's findings from 2015/16, our review recommendations on procurement, contract management, and project management. review the capital budgets of projects going into the next LTP to ensure these have realistic timeframes. 	<p>Chief Infrastructure Officer</p> <p>Transport and Infrastructure Manager</p>	Ongoing	<p>Update September 2018 Continuing implementation of the action plan has enabled increased performance compared to budget. Total capital expenditure for the 2017/18 year has been \$48.8m compared to \$33.1m in 2016/17, an increase of \$15.7m, with 70.6% of budget completed compared to 63% in 2016/17. These improvements are a significant achievement.</p> <p>Update December 2018 A major re-structure of the Infrastructure Unit has been</p>

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Audit reference	Agreed Action	Person responsible	Target date	Status
				<p>initiated and will be progressively implemented during 2019. This will see the establishment of a dedicated Project Management Office (PMO) to deliver major and complex projects, drive standard project management processes and monitor and report on project delivery for the entire unit.</p> <p>In addition, a Development Planning Division will be formed to better plan and scope programmes of work and major projects to facilitate more streamlined project delivery.</p> <p>The restructure will support the separation of the project management role from programme and activity functions. Additional in-house project managers are being recruited to strength specific divisions e.g. Transport and Infrastructure.</p> <p>These initiatives will drive a step change in project delivery performance.</p> <p>Update March 2019</p> <p>One of the key objectives of the restructure is to lift performance in this area. Work is in process to establish a Project Management Office and a Planning and Asset Division within Infrastructure.</p> <p>Already the focus on this area has contributed to a step change in delivery performance. The work of the two new divisions will further enhance and secure this change in performance.</p>

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Audit reference	Agreed Action	Person responsible	Target date	Status
Appendix 1	Business Continuity Plan - Business Continuity Plan should be finalised and re-tested. Plans be regularly updated and tested.	Head-of Emergency Services CFO and GM Infrastructure	TBA	<p>Management comment BCPs have been completed. Training for all units will be completed by year end 2018. This training will be repeated in 2019 with a different scenario.</p> <p>Update December 2018 Training was completed for three Units of Council by this date. It is anticipated that the training for the other remaining 3 Units will be completed early 2019. The delay in completing training by the end of the year was due to the restructure of Council which has now been completed.</p> <p>Update March 2019 Training for the new Infrastructure Unit was carried out on 21 March 2019. It is planned to have the two remaining Units, Marketing and Communications, and Community, first round of training completed by end of April 2019.</p>
Appendix 1	<p>Financial statement reconciliations All financial statements reconciliations should be prepared in a timely manner and independently reviewed.</p> <p>In progress. Audit found that there had been improvements in timeliness of preparation and review and sign-off of reconciliations. However, some reconciliations are not being prepared and signed off in a timely manner.</p>	Finance Manager	Ongoing	<p>Management comment All reconciliations were prepared at year end. Some of these, and earlier reconciliations, contained some differences due to system faults as referred to in 4.1 above.</p> <p>Update December 2018 Not all reconciliations were completed and reviewed during this quarter. However, the high priority ones were.</p>

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Audit reference	Agreed Action	Person responsible	Target date	Status
				<p>Update March 2019 All reconciliations have been prepared on time.</p>
Appendix 1	<p>Contract management The City Council consider whether a whole of Council contract management system would be useful. Audit are of the view that it would be.</p> <p>The City Council continues to utilise the Oasis system as a contract management register for the whole of the Council. All contracts are required to be added to the Oasis system. The system however is still being modified to ensure its functionality is appropriate for all types of contracts.</p> <p>Audit decided to follow this up in their next audit to ensure that new positions were filled and systems and processes are embedded within the City Council.</p>	<p>Chief Infrastructure Officer</p> <p>Transport and Infrastructure Manager</p> <p>Information Manager</p>	<p>Completed and Ongoing</p>	<p>Update September 2018 Contract Administration Manual update was signed on 3 August 2018. New updated construction contract templates have been prepared by Simpson Grierson and are intended to be incorporated into the Contract Administration Manual by 26 October 2018.</p> <p>Update December 2018 The establishment of a PMO as part of the Infrastructure Unit re-structure will include development of process mapping and standard templates for key project delivery phases including contract documentation.</p> <p>New contract templates for NZ3910 and a standard alone minor works contracts have been adopted and are in use. Further work is underway to develop simple multi-year contract models for a range of preferred supplier and sub-contractor relationships.</p> <p>All professional services and physical works engagements are captured within the contract register and supported by a dedicated folder in the document management system (Oasis).</p> <p>Update March 2019 The creation of a unique contract number for each internal and external contract for services or goods is</p>

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Audit reference	Agreed Action	Person responsible	Target date	Status
				<p>now standard operating procedure. For each new contract created a matching Oasis folder is also created to enable capture of key documents generated in the implementation of a contract.</p> <p>This action is now completed and is ongoing operational matter.</p>
Appendix 1	<p>Mandatory performance measures</p> <ul style="list-style-type: none"> Continue to review the effectiveness of current reporting and systems to accurately capture the underlying data and to ensure the data is complete. Systems and processes should be formally documented and regular training provided to all staff involved. Perform a regular weekly quality review of data entered into the Request for Service (RFS) system in relation to complaints, service requests and response times to ensure it is complete, accurate and supportable. Reviews should focus on following up unclosed jobs, ensuring all data fields are updated and reviewing any unusual response times. Audit would expect that these reviews are formally evidenced by way of a date and signature. Ensure data fields include information to clearly show why data has been amended or re categorised with a clear audit trail of any changes made and who authorised these. Document any calls that are excluded as Department of Internal Affairs (DIA) service 	<p>Chief Infrastructure Officer</p> <p>Transport and Infrastructure Manager</p> <p>Head of Community Planning</p>	<p>June 2018</p>	<p>Update September 2018</p> <p>Work is continuing to resolve this issue (K-base efficiency, data extraction).</p> <p>Update December 2018</p> <p>Requests for service (RFS) logged in Council's KBase system are reviewed on a quarterly basis prior to completing non-financial reporting to Council. KBase resolution and outstanding RFSs are reviewed weekly to ensure compliance with Councils performance targets.</p> <p>Staff assigned to respond to RFSs have been trained and are familiar with the processes and systems, reducing the likelihood of error.</p> <p>The current KBase software system does not provide the functionality or usability required to meet the levels of accuracy and detail sought by Audit NZ. Council is undertaking a review of its corporate systems and implementing a new Customer Response System is a high priority. No major changes or upgrades to the current system are contemplated to address known deficiencies.</p>

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Audit reference	Agreed Action	Person responsible	Target date	Status
	<p>requests or complaints. This may require additional fields to be added to the existing RFS if this information is not already captured.</p> <ul style="list-style-type: none"> Continue to review DIA's guidance to ensure that the data being captured and reported meets the mandatory reporting requirements. Audit expect that there will be further clarification around these measures as they become embedded into the annual reporting. Ensure there is a system in place to check contractor times recorded are accurate instead of relying solely on the time that the contractor/staff noted. This is important to ensure accurate monitoring of performance by contractors against the City Council's key performance targets. <p>In progress. During Audit review of the City Council's systems they did not find any changes to systems. At the final audit with the change of staff responsible for pulling together the report on the performance measures Audit found that there were errors in the data presented. These were corrected.</p>			<p>Staff will continue to extract data and amend and re-categorise information to insure KPI reporting, including mandatory DIA measures, is as accurate and detailed as possible.</p> <p>Update March 2019 The limitations of the KBase customer response system remain an obstacle to extracting and reporting on robust and reliable information is still problematic.</p> <p>At an organisational level, a review of replacement customer response software systems is underway.</p>
Appendix 1	<p>Performance measure rules Continue to make improvements to the collection and reporting of data.</p>	Head of Community Planning	March 2019 Completed	<p>Update March 2018 Business Rules are being developed to ensure KPIs are reported properly.</p>

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Audit reference	Agreed Action	Person responsible	Target date	Status
	This is an on-going issue and should be able to be cleared when the City Council reports against the 2018-28 LTP.			<p>Update December 2018 Majority of the Business Rules have been developed. The rest will be completed during the next quarter.</p> <p>Update March 2019 Business rules have been completed.</p>
Appendix 1	<p>Presentation of the financial overview in the annual report</p> <p>Ensure what is reported in the financial overview section of the annual report is a balanced summary for the year and that it does not take away from the results in the financial statements.</p> <p>Improvements have been made, however Audit believe it is not ideal having a non-generally accepted accounting practice (GAAP) table in financial overview, even if it is reconciled to the GAAP statements.</p> <p>The financial overview section of the annual report remained largely unchanged in the 2018 annual report.</p>	Financial Accountant	June 2019	<p>Management comment Disclosures were reviewed and updated. Those made are considered appropriate to report against the annual budget and particularly how rates are determined.</p> <p>Update December 2018 Will be reviewed in planning for the 2019 annual report however 2018 disclosures are likely to be considered appropriate and in accordance with the 10 Year Plan.</p> <p>Update March 2019 Will be reviewed in planning for the 2019 annual report, however 2018 disclosures are likely to be considered appropriate and in accordance with the 10 Year Plan.</p>

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COMMITTEE WORK SCHEDULE

TO: Audit and Risk Committee

MEETING DATE: 6 May 2019

TITLE: Committee Work Schedule

RECOMMENDATION(S) TO AUDIT AND RISK COMMITTEE

1. That the Audit and Risk Committee receive its Work Schedule dated May 2019.

ATTACHMENTS

1. Committee Work Schedule [↓](#) 

AUDIT AND RISK COMMITTEE

COMMITTEE WORK SCHEDULE – MAY 2019

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	February 2019	Health and Safety quarterly update including manual handling	Human Resources Manager		19 November 2018
2.	May 2019	AMP Update: The condition and performance of the three waters assets (report 1 of 3)	Chief Infrastructure Officer	To report on classes of water assets separately – first one in May 2019	21 May 2018 Clause 15-18
3.	May 2019	AMP Update: Asset Management planning in the property area/proposed 2019/20 AMP update schedule for members consideration	Chief Infrastructure Officer	On track	
4.	TBA May 2019	PNCC Compliance with the Privacy Act 1993 with regards to the use of surveillance in public space in the city	General Manager – Strategy and Planning		19 November 2018 Clause 29.2
5.	May 2019	Health and Safety quarterly update (includes manual handling)	Human Resources Manager		
6.	August 2018 TBA August 2019	Business Continuity Planning PNCC update	Chief Infrastructure Officer, Chief Financial Officer	Will be looked at by new Risk Manager role	19 February 2018 Clause 4.2 (Audit & Risk)
7.	August 2019	AMP Update: The condition and performance of the three waters assets (report 2 of 3)	Chief Infrastructure Officer	To report on classes of water assets separately	21 May 2018 Clause 15-18