



## PALMERSTON NORTH CITY COUNCIL

**AGENDA** 

# RISK & ASSURANCE COMMITTEE

9AM, WEDNESDAY 23 AUGUST 2023

COUNCIL CHAMBER, FIRST FLOOR
CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH

## **MEMBERS**

Stephen Armstrong (Chair) Karen Naylor (Deputy Chair) Grant Smith (The Mayor)

Mark Arnott Brent Barrett Vaughan Dennison Leonie Hapeta Lorna Johnson Orphée Mickalad William Wood Kaydee Zabelin

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

**Waid Crockett** 

Chief Executive | PALMERSTON NORTH CITY COUNCIL





#### RISK & ASSURANCE COMMITTEE MEETING

23 August 2023

#### **ORDER OF BUSINESS**

#### 1. Karakia Timatanga

#### 2. Apologies

#### 3. 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.

#### 4. 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.



#### 5. 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.)

#### 6. Confirmation of Minutes

Page 7

"That the minutes of the Risk & Assurance Committee meeting of 26 April 2023 Part I Public be confirmed as a true and correct record."

7. Health and Safety Report, April to June 2023 (Q4 inclusive March)

Page 13

Memorandum, presented by Selwyn Ponga-Davis, Health and Safety Manager.

8. Wellbeing Report, April to June 2023 (Q4 inclusive March)

Page 39

Report, presented by Connie Roos, Employee Experience Manager.

9. Long Term Plan - Planning, Budgeting, Prioritisation & Benefits Review with Action Plan

Page 45

Memorandum, presented by Masooma Akhter, Business Assurance Manager, & Andrew Boyle, Head of Community Planning.

10. Audit NZ 2022 Management Report with Action Plan

Page 77

Memorandum, presented by Masooma Akhter, Business Assurance Manager & Cameron McKay, Chief Financial Officer.

11. Sustainable Practices Review with Action Plan

Page 121

Memorandum, presented by Masooma Akhter, Business Assurance Manager & David Murphy, Chief Planning Officer.

12. Committee Work Schedule - 23 August 2023

Page 129



#### 13. Karakia Whakamutunga

#### 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:

	eral subject of each er to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution		
15.	Minutes of the Risk & Assurance Committee meeting - Part II Confidential – 26 April 2023	For the reasons set of Assurance Committe 26 April 2023, held in	ee minutes of		

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.

[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 Risk & Assurance Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 26 April 2023, commencing at 9.00am

Members Mr Stephen Armstrong (in the Chair) and Councillors Karen Naylor, Mark Present:

Arnott, Brent Barrett, Vaughan Dennison, Lorna Johnson, Orphée

Mickalad, William Wood and Kaydee Zabelin.

Non Councillors Lew Findlay, Roly Fitzgerald, Patrick Handcock, Debi

Members: Marshall-Lobb and Billy Meehan.

**Apologies:** The Mayor (Grant Smith) and Councillor Leonie Hapeta for lateness, and

Councillor Lew Findlay for early departure.

The Mayor (Grant Smith) entered the meeting at 9.50am during the consideration of clause 4. He left the meeting at 11.09am during consideration of clause 6. He was not present for clauses 1 to 3 and 6 to 10 inclusive.

Councillor Leonie Hapeta entered the meeting at 9.33am during the consideration of clause 3. She was not present for clauses 1 and 2.

Councillor Roly Fitzgerald was not present when the meeting resumed at 10.40am. He was not present for clauses 6 to 10 inclusive.

#### Karakia Timatanga

Councillor Debi Marshall-Lobb opened the meeting with karakia.

#### 1-23 **Apologies**

Moved Stephen Armstrong, seconded Karen Naylor.

#### The **COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Clause 1-23 above was carried 14 votes to 0, the voting being as follows:

Mr Stephen Armstrong and Councillors Karen Naylor, Mark Arnott, Brent Barrett, Vaughan Dennison, Lorna Johnson, Orphée Mickalad, William Wood, Kaydee Zabelin, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Debi Marshall-Lobb and Billy Meehan.



#### **REPORTS**

#### 2-23 2023/24 Business Assurance Work Programme

Memorandum, presented by Masooma Akhter, Business Assurance Manager.

Moved Stephen Armstrong, seconded Karen Naylor.

#### The **COMMITTEE RESOLVED**

- 1. That the Committee approve the Business Assurance Work Programme for the 2023/24 period (Attachment 1) presented to the Risk & Assurance Committee on 26 April 2023.
- 2. That each review from the 2023/24 Business Assurance Work Programme be included on the work schedule for Risk & Assurance Committee.

Clause 2-23 above was carried 14 votes to 0, the voting being as follows:

#### For:

Mr Stephen Armstrong and Councillors Karen Naylor, Mark Arnott, Brent Barrett, Vaughan Dennison, Lorna Johnson, Orphée Mickalad, William Wood, Kaydee Zabelin, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Debi Marshall-Lobb and Billy Meehan.

#### 3-23 Quality Assurance Report - Kōtuia (Ozone Replacement) Project

Memorandum, presented by Masooma Akhter, Business Assurance Manager & Simon Lloyd-Evans, Programme Manager.

Councillor Leonie Hapeta entered the meeting at 9.33am.

Moved Stephen Armstrong, seconded Karen Naylor.

#### The **COMMITTEE RESOLVED**

1. That the Committee receive the memorandum titled 'Quality Assurance Report – Kōtuia (Ozone Replacement) Project' and its attachment, presented on 26 April 2023.

Clause 3-23 above was carried 15 votes to 0, the voting being as follows:

#### For:

Mr Stephen Armstrong and Councillors Karen Naylor, Mark Arnott, Brent Barrett, Vaughan Dennison, Leonie Hapeta, Lorna Johnson, Orphée Mickalad, William Wood, Kaydee Zabelin, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Debi Marshall-Lobb and Billy Meehan.

#### 4-23 Assurance Report - Risk Management Review

Memorandum, presented by Masooma Akhter, Business Assurance Manager, Jason McDowell, Head of Risk & Resilience, and Stephen Minton, Risk Management Advisor.

The Mayor (Grant Smith) entered the meeting at 9.50am.



Moved Stephen Armstrong, seconded Karen Naylor.

#### The **COMMITTEE RESOLVED**

1. That the Committee receive the memorandum titled 'Assurance Report – Risk Management Review' and its attachment, presented to the Risk & Assurance Committee on 26 April 2023.

Clause 4-23 above was carried 16 votes to 0, the voting being as follows:

#### For:

Mr Stephen Armstrong, the Mayor (Grant Smith) and Councillors Karen Naylor, Mark Arnott, Brent Barrett, Vaughan Dennison, Leonie Hapeta, Lorna Johnson, Orphée Mickalad, William Wood, Kaydee Zabelin, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Debi Marshall-Lobb and Billy Meehan.

#### 5-23 Business Assurance Accountability Report

Memorandum, presented by Masooma Akhter, Business Assurance Manager.

Moved Stephen Armstrong, seconded Karen Naylor.

#### The **COMMITTEE RESOLVED**

1. That the Committee receive the memorandum titled 'Business Assurance Accountability Report' and its attachment, presented to the Risk & Assurance Committee on 26 April 2023.

Clause 5-23 above was carried 16 votes to 0, the voting being as follows:

#### For

Mr Stephen Armstrong, the Mayor (Grant Smith) and Councillors Karen Naylor, Mark Arnott, Brent Barrett, Vaughan Dennison, Leonie Hapeta, Lorna Johnson, Orphée Mickalad, William Wood, Kaydee Zabelin, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Debi Marshall-Lobb and Billy Meehan.

The meeting adjourned at 10.23am. The meeting resumed at 10.40am.

Councillor Roly Fitzgerald was not present when the meeting resumed.

## 6-23 Health, Safety and Wellbeing Report, July to September 2022 (Q1 2022) Memorandum, presented by Danelle Whakatihi, Chief People & Performance Officer.

The Mayor (Grant Smith) left the meeting at 11.09am.

Moved Stephen Armstrong, seconded Karen Naylor.

#### The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Health, Safety and Wellbeing Report, July to September 2022 (Q1 2022)' presented to the Risk and Assurance Committee on 26 April 2023, be received for information.

Clause 6-23 above was carried 14 votes to 0, the voting being as follows:



#### For:

Mr Stephen Armstrong and Councillors Karen Naylor, Mark Arnott, Brent Barrett, Vaughan Dennison, Leonie Hapeta, Lorna Johnson, Orphée Mickalad, William Wood, Kaydee Zabelin, Lew Findlay, Patrick Handcock, Debi Marshall-Lobb and Billy Meehan.

## 7-23 Health, Safety and Wellbeing Report, October to December 2022 (Q2 2022)

Memorandum, presented by Danelle Whakatihi, Chief People & Performance Officer.

Moved Stephen Armstrong, seconded Karen Naylor.

#### The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Health, Safety and Wellbeing Report, October to December 2022 (Q2 2022)' presented to the Risk and Assurance Committee on 26 April 2023, be received for information.

Clause 7-23 above was carried 14 votes to 0, the voting being as follows:

#### For:

Mr Stephen Armstrong and Councillors Karen Naylor, Mark Arnott, Brent Barrett, Vaughan Dennison, Leonie Hapeta, Lorna Johnson, Orphée Mickalad, William Wood, Kaydee Zabelin, Lew Findlay, Patrick Handcock, Debi Marshall-Lobb and Billy Meehan.

## 8-23 Health, Safety and Wellbeing Report, January to February 2023 (Q3) Memorandum, presented by Danelle Whakatihi, Chief People & Performance Officer.

Moved Stephen Armstrong, seconded Karen Naylor.

#### The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Health, Safety and Wellbeing Report, January to February 2023 (Q3)' presented to the Risk and Assurance Committee on 26 April 2023 be received for information.

Clause 8-23 above was carried 14 votes to 0, the voting being as follows:

#### For

Mr Stephen Armstrong and Councillors Karen Naylor, Mark Arnott, Brent Barrett, Vaughan Dennison, Leonie Hapeta, Lorna Johnson, Orphée Mickalad, William Wood, Kaydee Zabelin, Lew Findlay, Patrick Handcock, Debi Marshall-Lobb and Billy Meehan.

#### 9-23 Committee Work Schedule

Moved Stephen Armstrong, seconded Karen Naylor.

#### The **COMMITTEE RESOLVED**

1. That the Risk & Assurance Committee receive its Work Schedule



dated April 2023.

Clause 9-23 above was carried 14 votes to 0, the voting being as follows:

#### For

Mr Stephen Armstrong and Councillors Karen Naylor, Mark Arnott, Brent Barrett, Vaughan Dennison, Leonie Hapeta, Lorna Johnson, Orphée Mickalad, William Wood, Kaydee Zabelin, Roly Fitzgerald, Patrick Handcock, Debi Marshall-Lobb and Billy Meehan.

#### **EXCLUSION OF PUBLIC**

#### 10-23 Recommendation to Exclude Public

Moved Stephen Armstrong, seconded Karen Naylor.

#### The **COMMITTEE RESOLVED**

"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	
14.	Business Assurance Accountability Report - Confidential	Third Party Commercial and Health Safety	s7(2)(b)(ii) and s7(2)(d)	
15.	Fraud & Whistleblowing Policy Update	Privacy, Third Party Commercial, Prejudice supply of similar Information, and	s7(2)(a), s7(2)(b)(ii), s7(2)(c)(i) and s7(2)(f)(ii)	
		Protect from improper Pressure or Harassment		

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.

Clause 10-23 above was carried 14 votes to 0, the voting being as follows:

#### For

Mr Stephen Armstrong and Councillors Karen Naylor, Mark Arnott, Brent Barrett, Vaughan Dennison, Leonie Hapeta, Lorna Johnson, Orphée Mickalad, William Wood, Kaydee Zabelin, Lew Findlay, Patrick Handcock, Debi Marshall-Lobb and Billy Meehan.



The public part of the meeting finished at 11.34a	The	public par	t of the	meeting	finished	at 11.	.34an
---	-----	------------	----------	---------	----------	--------	-------

Confirmed 23 August 2023

Chair



#### **MEMORANDUM**

TO: Risk & Assurance Committee

MEETING DATE: 23 August 2023

TITLE: Health and Safety Report, April to June 2023 (Q4 inclusive

March)

PRESENTED BY: Selwyn Ponga-Davis, Health and Safety Manager

APPROVED BY: Danelle Whakatihi, Chief People & Performance Officer

#### RECOMMENDATION TO RISK & ASSURANCE COMMITTEE

 That the Committee received the memorandum titled 'Health and Safety Report, April to June 2023 (Q4 inclusive March)' presented to the Risk & Assurance Committee on 23 August 2023.

#### 1. EXECUTIVE SUMMARY

- 1.1 Please note the information in this report includes March 2023 from the Q3 period as March was not included in the report presented at the last Committee meeting (26 April 2023) due to the data for the full period not being available at the time of reporting.
- 1.2 Furthermore, the Wellbeing information has been separated out from the quarterly report. Going forward other teams within People and Performance will report on:
  - Lost Time Injuries
  - Biennial Health/Eye Checks
  - Annual Flu Vaccinations
  - Gym Usage
  - Vitae pastoral care
  - Annual Leave
  - Turnover
- 1.3 The Business Assurance division will continue to report on SafePlus audit actions through their accountability reporting.
- 1.4 Notable highlights over the March, and April to June, periods include:
  - Completion of the PeopleSafe health and safety improvement project.



- Working with contractors on pre-qualification and resetting Palmerston North City Councils (Council) commitment and expectations with all-in induction sessions held in June.
- Post internal investigations provided opportunities to train staff with Situational Safety and Tactical Communications, and de-escalation training for front-facing staff.

#### 1.5 Looking ahead:

- Development of training package for managers: contractor management, Person Conducting a Business or Undertaking (PCBU) responsibilities.
- Update and refresh Health and Safety Management Plans for Turitea Water Treatment Plant and WasteWater Treatment Plant.
- Work is currently progressing on refreshing the organisational emergency flip charts.
- Liaise with Infrastructure Leadership Team and understand how Health and Safety can support their Unit's operations.
- Review of PeopleSafe health and safety system has been completed.
   There is work still to be completed competency framework, implementation of recommendations (including training plans for staff).

#### 2. HEALTH AND SAFETY REPORT

2.1 This report covers the periods 1 to 31 March 2023, as well as 1 April 2023 through to 30 June 2023. The information included in this report is discussed at the relevant Health and Safety Committee meetings.

A. Hazards, Incidents and Near Misses Reported

	Mar	22	Jur	22	Sep	22	Dec	22	Mar	23	Jun	23
Quarter	PNCC	CON	PNCC	NOO	PNCC	CON	PNCC	NOO	PNCC	CON	PNCC	CON
Hazards	52		14		14		17		6	1	19	4
Incidents	32	4	49	2	100	3	69	8	45	1	99	16
Near Misses	18	1	25	1	14		19	3	7	0	10	5

Key: PNCC = Staff; CON = Contractor



#### 2.2 Comments:

- March Incidents (9) of note involving Threatening Behaviour (Members of the Public) occurred within the Front of House. De-escalation training for front-facing staff has been delivered as a result.
- During the April to June quarter a portion of Members of the Public incidents (10) have seen homeless people seeking shelter in public bathrooms and youths damaging/forcing lockdowns of our i-site facilities.
- There have been incidents (4) where a significant contributing factor
  was contractors not being inducted onto our sites correctly or not
  fulfilling our expectations in terms of site management. The contractor
  risks have been addressed through contractor induction sessions held
  in June.

#### B. Critical Risk Table<sup>1</sup>

2.3 The tables below have been included to provide clarity on the number of critical risk events and the category each event relates to.

No.	Critical Risk – for the month of March 2023	Near Miss	Incident
8	Working with mobile plant	2	
9	Work environment (psycho/social)	1	
10	Members of the public	1	23
12	Hazardous substances	1	

#### 2.4 Comments:

- Several managers successfully completed Drug and Alcohol training.
- Successful PCBU/inspection training was delivered to Infrastructure Projects and Facilities teams.

No.	Critical Risk – April to June (Q4) 2023	Near Miss	Incident
1	Bodies of water		
2	Use of powered hand tools and stationary plant		
3	Tree felling / sectional takedowns		
4	Working alone		
5	Working at height (fall to lower level)		
6	Excavation work	2	1

<sup>&</sup>lt;sup>1</sup> Attachment 1 refers – pages 11-15.



7	Confined space work		
8	Working with mobile plant		
9	Work environment (psycho/social)		17
10	Members of the public	2	29
11	Asset control		
12	Hazardous substances		

#### 2.5 Comments:

- Observed increased engagement from Council staff requiring information and assistance.
- As threatening behaviour (dealing with the public) continues to be an issue across Council, training is ongoing to provide staff with the skills necessary for Situational Safety and Tactical Communication, and frontline de-escalation (Front of House).
- Safety Plans for front-facing staff have been initiated to support the Safety Charter.

#### C. Manual Handling<sup>2</sup>

- 2.6 Manual Handling incidents of note for the current quarter (April to June 2023) and the last quarter (January to March 2023) are highlighted below:
  - Incidents for the full Q3 2023 period, that includes March, totals 7: 1 involving an NZRT (NZ Response Team) volunteer during the Hawkes Bay flooding (minor injury sustained to knee); 3 involving Infrastructure workers (including a contractor) during rubbish collections (minor injuries sustained).
  - Overall, Q4 2023 (April to June) incidents involved contractors (2; Awapuni Recycling Centre) and injuries (6 – removal of an aggressive dog, rubbish collections, removal of dead trees, and repositioning a ramp at Arena).

#### 2.7 Comment:

- Of note, two of the Manual Handling incidents involved firearms: a contractor discovering a pouch containing a rifle bolt and ammunition whilst collecting rubbish bags, and a worker discovering 12-gauge ammunition just days afterwards. On both occasions the weaponry was reported and handed into the Police.
- 2.8 A number of proactive measures continue:

<sup>&</sup>lt;sup>2</sup> Attachment 1 refers – pages 7-10: Graphs titled '3-Incidents by Activity'.



- Education Manual handling procedure including stretching, warm-up/cool-down and the importance of early reporting of discomfort, pain and injury are covered during a staff member's induction (early reporting of pain and discomfort).
- Training Move at work/manual handling training occurs annually with refresher training occurring every three years (next occurrence is August 2025). There is also an online self-booking manual handling course available via the Sauce.
- Monitoring Manual handling incidents are reviewed, and additional training/supervision initiated as needed.
- The Safe Systems of Work manual handling procedure (used as a refresher by business unit supervisors) has been superseded. A refresh on manual handling training options used over recent years (onsite via an external provider, internally, and virtually) are being considered.

#### D. WorkSafe Investigations

2.9 WorkSafe investigation information remains on the report for 12 months or until actions are completed.

Investigations occurred this quarter	0
Previous investigations (last 12 months)	
Number of remedial actions required	4
Number of remedial actions completed	4

#### 2.10 Comments:

- During the period being reported on, Council classified nil incidents as 'notifiable'.
- A previously reported investigation did not initiate any further action from WorkSafe.

#### E. Training

2.11 Summary information on Health and Safety training undertaken in the last 12 months is shown below.<sup>3</sup>

Date	Jun 22	Sep 22	Dec 22	Mar 23 <sup>4</sup>
Number of events	16	23	26	19

<sup>&</sup>lt;sup>3</sup> Further detail is provided in Attachment 2 – pages 16-22.

<sup>&</sup>lt;sup>4</sup> Please note the information in the Training table for March 2023 relates to the month – the full data for the Q3 period was not available when previously reported but has been factored in when reporting for Q4 2023 (June).



Staff attending	212	330	315	140
-----------------	-----	-----	-----	-----

Date	Sep 22	Dec 22	Mar 23	Jun 23
Number of events	23	26	29	48
Staff attending	330	315	329	398

#### 2.12 Comments:

- Managers successfully completed Drug and Alcohol Training followed by the release of random Drug and Alcohol testing across safety sensitive roles (in April).
- As mentioned earlier, Situational Safety and Tactical Communications training, and De-escalation training, for front-facing staff has been carried out; Council has also reset its commitment and expectations with all-in Contractor Induction sessions (April and June).

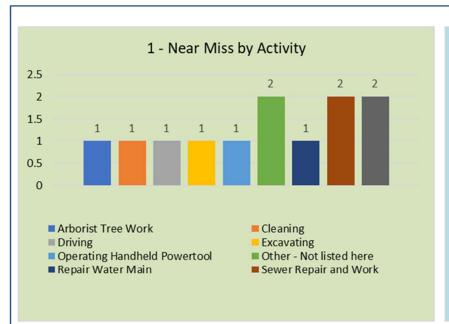
#### 3. COMPLIANCE AND ADMINISTRATION

Does the Committee	Yes					
Are the decisions sign	No					
If they are significant	No					
Can this decision only	Can this decision only be made through a 10 Year Plan?					
	Does this decision require consultation through the Special Consultative procedure?					
Is there funding in the	e current Annual Plan for these actions?	No				
Are the recommender plans?	ations inconsistent with any of Council's policies or	No				
The recommendation	ns contribute to Goal 5: A Driven & Enabling Counci	l.				
The recommendatio Applicable)	The recommendations contribute to the achievement of action/actions in (Not Applicable)					
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Providing information to Council about the ongo towards the good performance of the organisation health and safety.	• •				

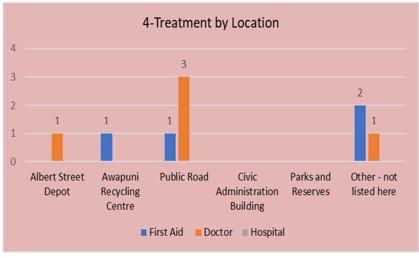


#### **ATTACHMENTS**

- 1. H&S Dashboard report Q4 2023 🗓 ื
- 2. H&S Dashboard report March 2023 # 🖺
- 3. Training Update for March 2023 J.
- 4. Training Update for April to June 2023 J. 🛣



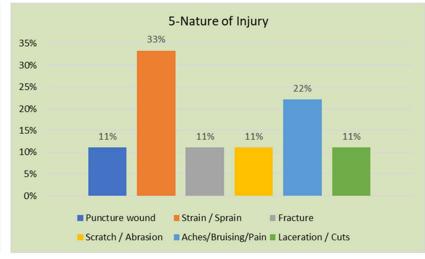
1 – Near Miss by Activity: Despite low numbers for the Q4 period, the incidents span a variety of Activities. The all-in contractor induction sessions held in June covered PNCC's expectations of contractors to reduce incidents.



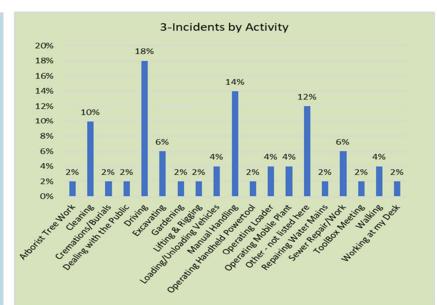
4 – Treatment by Location graph reflects the work-related injuries and where they have occurred for Q4.



2 – Health & Safety Reporting graph is updated six monthly to enable increased visibility of trending. The next occurrence will be for the July to December 2023 half-year period.



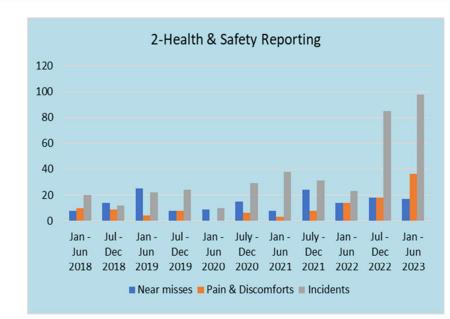
5 – Nature of Injury graph is reflective of Manual Handling and Loading/Unloading Vehicles – resulting in strains/sprains and aches/bruising/pain.



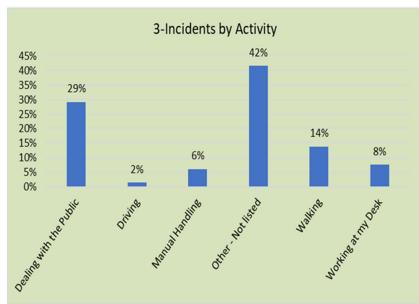
3 – Incidents by Activity: Driving, Manual Handling, and Other – not listed here, account for the top Incidents by Activity (44%) for the Q4 2023 period. Of note, Manual Handling included the most Contractor involved incidents.



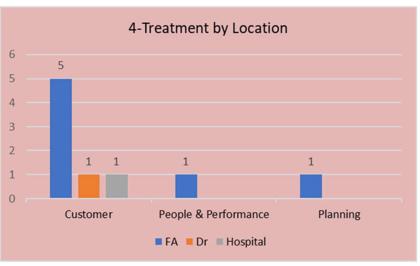
1 - Near Miss by Unit: Incidents are low for the April to June (Q4) period – down on Q3 (January to March – 13). The incidents overall have occurred in the Customer division.



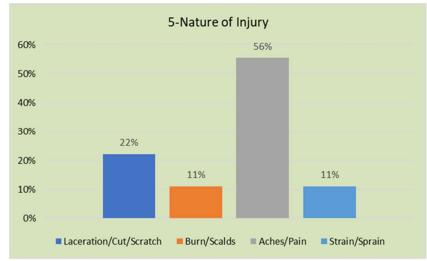
2 —Health & Safety Reporting graph is updated six monthly to enable increased visibility of trending. The next occurrence will be for the July to December 2023 half-year period.



3 – Incidents by Activity: Top activities account for 85% of incidents. Other (activities within Blueprint & CAB), Dealing with the Public (noise complaint & City Central Library), and Walking are the most common sources.



4 – Treatment by Location reflects the number of injuries that have occurred. A number of Customer the incidents occurred within Blueprint and our venues.



5 – Nature of Injury graph is reflective of Other (Blueprint and CAB locations), Manual Handling (Arena and Pound), Working at Desk (ergonomic assessments), and Walking.

### CRITICAL RISK INCIDENT DESCRIPTION CAUSE ACTION TAKEN

ember of public	1. Whilst assisting a customer, the person's partner paced and was agitated – constantly	Agitated member of the public.	Staff were booked to attend Front Counter Safety Training in June
1OP)	complained and cursed PNCC.	0	SOP – working with public – being developed in P/Safe aligning to front-line safety charter.
	During closing worker discovered men's toilet cubicle vandalised – graffiti, toilet seat damage, toilet roll holder set alight.	Unknown member of the public.	Graffiti kit could not remove sustained damage. Police report file youth behaviour was being monitored by staff. Smoke alarm was activated – contractor was contacted to check sensors.
	3. Youths verbally abusive when told to leave – one threatening that a parent was a gang member. Various staff asked the youths to leave.	Members of the public.	Book marked review of CCTV identified Youths from prior incider (toilet cubicle vandalism). Trespass notice issued. Staff followed protocol / training while de-escalating the situation.
	4. Member of the public trying to sleep (early start next morning). Became aggressive due to flashing light keeping them awake, and noise levels. Unfortunately, STMS contractor proceeded to make more noise than was necessary thereafter.	Flashing light and noise levels.	PNCC no longer users the contractor – PNCC has renewed with another contractor. New contractor has been inducted through t contractor induction.
	5. Worker intercepted youths wearing balaclavas – one of whom was previously trespassed from the library. Youth spat at and verbally abusive towards worker when asked to leave.	Members of the public.	Youths were verbally trespassed; one youth was suspected of ars (previously identified in earlier incident). Staff contacted Youth Space immediately as youths retreated into that space. Youth Sp de-escalated the situation. No Police response received, and no paperwork filed regarding verbal trespass given from Police. Libr trespass register was updated.
	6. Known member of the public with disabilities entered office in central library and placed a large knife on worker's desk, which had been found in the garden by the ramp.	Member of the public.	Police report filed and knife taken to the Police station. Safety Bulletin for Discovery sent out through business.
	7. Members of the public became emotional, aggressive and intimidating during committal at crematorium. At the conclusion a group, who were drinking, started to drive dangerously.	Members of the public.	Police were contacted as the general public were put at risk. Hea & Safety are pulling together induction information for funeral directors; gang-related events will involve advance warnings goir forward also.
	8. As worker was driving down a hill a member of the public, standing in the middle of the path, refused to move.	Member of the public.	Worker applied slow evasive action around the member of the public.
	9. Whilst worker was entering the closed library, member of the public entered behind worker. Worker advised person library was closed. Person became verbally abusive.	Member of the public.	Staff reminded of situational awareness training. Refresher train takes place also. A debrief was held with staff member concerned
	Customer reported that someone had defecated in urinal of public bathroom.	Member of the public.	Staff wore appropriate PPE to remove initial mess; Contractor arrived shortly after to sanitize the area.
	11. Member of the public poked finger at and was verbally aggressive with worker over PNCC issues.	Person upset with Council.	Training to assist with dealing with similar incidents to be considered; Lone Worker risk established in Safety Plan.
	12. Worker called 111 for both Police and Fire services on a group of members of the public, in a van near the quarry who had lit a fire, possibly burning a vehicle. Van and occupants then followed worker.	Members of the public.	CCTV at main gate shows vehicle movement – could not identify anything further. Security advisor has stated from the Police rep it was a one-off incident; a few days later same offenders were arrested & charged with burglary. Next few mornings a guard was stationed at the gate to ensure the safety of PNCC staff member being first to arrive.
	13. A homeless person approached worker and threw an empty paper coffee cup at the worker's feet. Worker picked up the cup and walked away from the person. A PNCC staff member from the Depot witnessed the incident.	Homeless member of the public.	New risk identified and Safety Plan established.
	14. Members of the public spoke to and then threatened gardening workers with a cleaver knife. Same persons then drove past a few times in a vehicle.	Threatening with an offensive weapon.	Garden to be replaced with concrete; de-escalation training to be considered; Police engaged.
	15. After speaking to a member of the public to move two cars off the footpath, person got into a car, revved the engine, drove up the street, turned around and sped back. No tickets were issued.	Member of the public.	Front-line Safety Plan (Working Alone or in Isolated Environmer adhered to, and risk level reviewed for mitigation and controls.

<b>CRITICAL RISK</b>	INCIDENT DESCRIPTION	CAUSE	ACTION TAKEN
	16. Customer became aggressive with Customer Service staff member whilst receiving assistance.	Parking ticket.	Staff recently attended FCST training; safety plan developed for FOH. Duress panic procedure tested & confirmed by Alarm NZ. This is documented in safety plan.
	17. Person photographed and verbally threatened warden after discussion about illegally parked vehicle.	Member of the public.	Access to appropriate equipment has been actioned; situational (CERT) awareness training facilitated and followed.
	18. Contractor confronted and assaulted by a person whilst attending to a noise complaint at private address. Body worn camera and book stolen.	Member of the public.	Police attended but were unable to locate camera.
	19. Masked person observed to be taking photos/video on mobile phone of PNCC office from the street.	Member of the public.	Planning Services Manager spoke with masked person. Respectfully person was asked to stop the behaviour. Person apologised; no further incidents have occurred.
	20. Warden suddenly approached by adult male who threw parking tickets at warden's face and then verbally and racially abused the warden.	Member of the public.	Staff member followed 100% CERT techniques & followed internal SOPs. PPE equipment worn. Team meeting to remind staff to be aware of working environment/working with the public. Body worn cameras being upgraded & implemented soon.
	21. After advising customer we had to send rates arrears letters, customer commenced swearing, then physically grabbed for items through desk screens. An item was thrown and hit a wall near another customer.	Member of the public.	Staff have attended Front Counter Safety Training. 5 Whys investigation summary and report are being finalised.
	22. After advising a customer that part payments could not be made, customer became angry, yelling at worker, before storming off whilst swearing loudly.	Member of the public.	Safety plan developed; staff had recently added FCST training that was followed 100% as per training. FOH panic duress testing completed; procedure captured on safety plan.
	23. Three scared youths (earlier plied with alcohol, etc, by an adult) have entered the Youth Space to talk to youth workers and seek refuge. The adult has followed the youths to the Youth Space.	Member of the public.	Staff used de-escalation techniques and safety plan. Staff ensured the youths were supported by agencies who could work with them further.
	24. A member of the public on a bicycle approached and threatened officer, mentioning their cars got ticketed for the registrations and WOFs.	Member of the public.	Staff applied de-escalation training to the situation as per training techniques & followed the internal SOPs. PPE equipment was worn.
	25. Worker heard a loud alarm, which then stopped. Sounded similar to the fire alarms. Siren sound repeated a few times, then lengthened and people were starting to exit the building. Worker observed two youths and whilst walking down the ramp noticed a wireless speaker sitting on the balcony behind a pillar.	Members of the public.	Staff adhered to emergency procedures – ready to evacuate. Follow up conversation with Police later identified person of interest – Police issued a warning to one of the two youths.
	26. After the above incident, workers observed two adults who ended up arguing loudly over a phone. A worker advised both adults to refrain from swearing and continue their debate outside. As they eventually made to leave, one of the adults made unwanted comments towards the worker, before exiting when other staff appeared.	Members of the public.	Staff de-escalated the situation – members of the public left and went outside. Staff were supported throughout the incident. Staff debriefed post incident.
	27. Four youths continuing disruptive and combative behaviour were asked to leave. After an exchange with another group outside, the four re-entered but after continuing their disruptive behaviour were asked to leave for the final time.	Members of the public.	Weekend incident – reminded staff of Library protocols, reporting process, and phone de-escalation. Youths were stood down; protocol followed by all satellite libraries who would receive alert notifications; Library code of conduct applies to all Libraries.
	28. Officer started scanning registration label of a car. Driver in the car blew horn (officer did not notice the driver in the car because of the sun glare). Driver jumped out of the car aggressively and verbally/racially abused the officer. Officer stepped back and walked away from driver.	Member of the public.	Staff utilised de-escalation training & followed the internal SOPs.  PPE equipment was worn. Team meeting held to remind staff to be aware of working environment/working with the public.
There have been 23 0	Other Incidents of Interest related to the April to June (Q4 2023) Quarter	· 	
Near Miss	Valve in a butterfly chamber incorrectly isolated and the valve shifted, draining the pipeline.	Incorrectly isolated valve.	Investigation found the risks hadn't been identified. Valve isolation Safe Operating Procedure has been revisited.
	Operator of concrete saw was using the saw with no protective chaps and was very unsure of the saw's use.	Operation of handheld equipment without protection.	Observations led to purchase of chainsaw chaps for each crew and implementation of box to store safety equipment for the concrete saw use. Internal concrete saw training and competency assessments have been put in place.

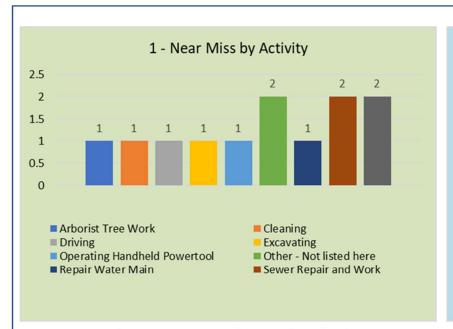
CRITICAL RISK	INCIDENT DESCRIPTION	CAUSE	ACTION TAKEN
	3. Dog rescue training team found 2x utes parked outside locked Quarry gates. Saw three individuals and heard gunshots (apparently shooting ducks from within). Resource Recovery team leader and Police contacted.	Members of the public.	Increased security measures would avoid this situation; incident would be added to safety review work.
	4. Patron sitting at the main table with support worker had a minor epileptic seizure, fell sideways, and then onto the ground as the seizure severity increased.	Member of the public.	Support person contacted residential facility who came and collected patron. Staff responded/supported the support worker with first aid.
Nice Job	Worker noticed large shipment of miscellaneous had been deposited at the bottom of stairs.	Potential trip hazard.	Relocated pallets and carpet protection so it was out of the way.
	2. Health and Safety unit visual leadership site visits to community libraries.	Welfare checks.	Engagement with library staff and follow-up discussion/s.
	3. Safety team visual leadership visit to community libraries (Roslyn and Ashhurst).	Welfare checks.	Engagement/general discussions with library staff and introductions (new Health & Safety advisor).
	4. Safety team observations – no signage to remind patrons of no vaping/smoking policy.	Vaping/smoking.	Applicable warning stickers provided.
	5. Safety team visual leadership visit to the Blueprint and Youth Space teams. Brief tour of areas/overview on how well things are running.	Welfare checks.	Engagement/general discussions and introductions (new Health & Safety advisor).
	6. Safety team meet and greet with Health and Safety representative.	General site visit.	Discussion on how actions are tracked within internal systems.
	7. Worker found 12-gauge ammunition which was reported to management and handed in to the Police.	Member of the public.	Staff are identifying hazards and reporting them.
	8. When collecting rubbish bags, driver found a pouch with a rifle bolt and ammunition.	Member of the public.	The items were delivered to the Police station.
Damage	1. Excavating trench to install sewer main on street. Digging in layers, gas was struck. The ground conditions on the street involved a hard clay.	Gas plans not marked correctly.	Safety Plan SOP #001 – Working Around Underground Services – involved.
	2. Discovered in the morning two of the Esplanade aviaries had cage wire cut.	Member of the public.	Contractor covered/secured the cut areas with wire mesh. PNCC publicised the damage done via social media.
Other – not listed here	1. Health and Safety welfare check-in on Front of House staff following verbal abuse incident on 29/06.	Member of the public.	Front Counter Safety training was revisited in terms of what had occurred.
	2. Health and Safety general visit to engage with Wildbase Recovery Centre staff.	General visit.	Old health and safety board to be replaced with new board.
	3. Health and Safety walk through of all levels following the weekend.	General visit.	Welfare check-ins and acknowledging staff during walk-about.
	4. Health and Safety walk through. All going well – adult artwork group was in progress.	General visit.	Engagement and site check.
	5. Health and Safety attended debrief following recent member of the public threatening behaviour incident. Discussed procedure regarding phone notifications to internal line managers and the external DDI line communications that will be received via Alarm NZ.	Welfare visit.	Recapped CERT training that staff attended recently which was very beneficial. Also show-cased staff body cameras.
	6. Library site check-in by Health and Safety to see all is well with staff/work area.	General visit.	Noticed an Exit route not identified with an Exit sign.
	7. Post incident visit by Health and Safety after a member of the public had a medical event in recent days.	Welfare visit.	Debrief with staff – all staff and patrons had handled the situation well.
	8. Health and Safety partnering with Parking Officers. Officers have a safe system plan for them to work in pairs of two.	General visit.	Team of two always kept a visual and close proximity of each other while in the part of the city concerned.
	9. Health and Safety check-in on the staff/area where a member of the public slipped over on the floor.	Welfare visit.	Identified area where the member of the public slipped; within the wider area the floor was uneven.

#### STAFF REPORT COMMENTS – APRIL TO JUNE 2023

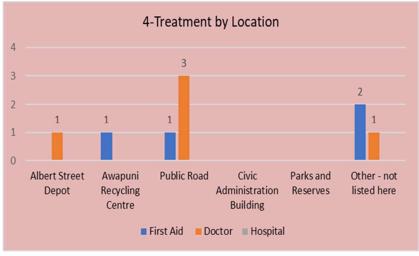
Number of incidents involving Members of the Public lower than the previous quarter.

Dangerous/offensive weapons (knives found/presented; ammunition and a rifle bolt found during rubbish collections) were also involved.

During work on sites, risks have not been properly identified. All-in contractor induction sessions were held in June to cover PNCC's commitment and expectations to health and safety.



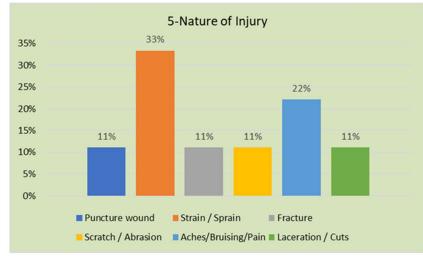
1 – Near Miss by Activity: Despite low numbers for the Q4 period, the incidents span a variety of Activities. The all-in contractor induction sessions held in June covered PNCC's expectations of contractors to reduce incidents.



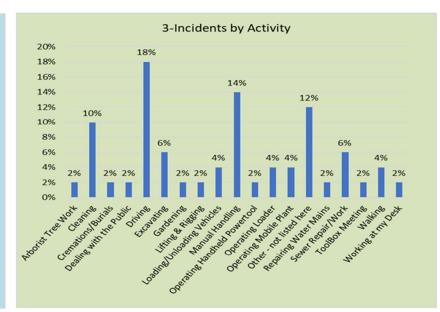
4 – Treatment by Location graph reflects the work-related injuries and where they have occurred for Q4.



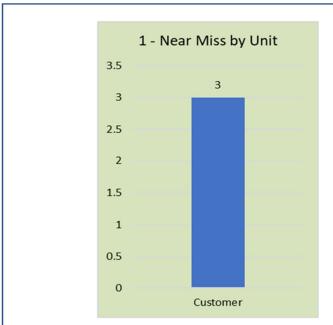
2 – Health & Safety Reporting graph is updated six monthly to enable increased visibility of trending. The next occurrence will be for the July to December 2023 half-year period.



5 – Nature of Injury graph is reflective of Manual Handling and Loading/Unloading Vehicles – resulting in strains/sprains and aches/bruising/pain.



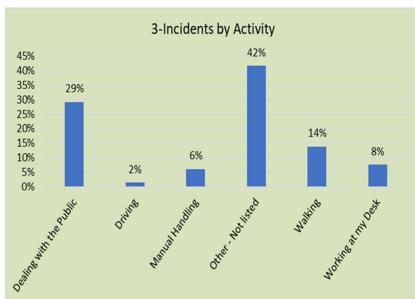
3 – Incidents by Activity: Driving, Manual Handling, and Other – not listed here, account for the top Incidents by Activity (44%) for the Q4 2023 period. Of note, Manual Handling included the most Contractor involved incidents.



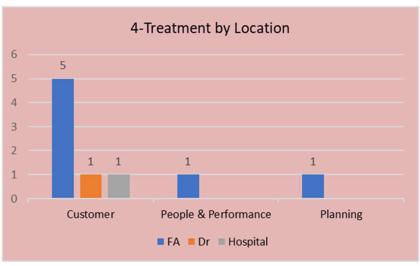
1 - Near Miss by Unit: Incidents are low for the April to June (Q4) period – down on Q3 (January to March – 13). The incidents overall have occurred in the Customer division.



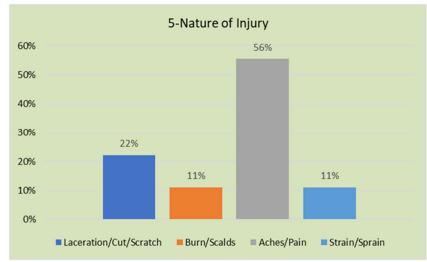
2 —Health & Safety Reporting graph is updated six monthly to enable increased visibility of trending. The next occurrence will be for the July to December 2023 half-year period.



3 – Incidents by Activity: Top activities account for 85% of incidents. Other (activities within Blueprint & CAB), Dealing with the Public (noise complaint & City Central Library), and Walking are the most common sources.



4 – Treatment by Location reflects the number of injuries that have occurred. A number of Customer the incidents occurred within Blueprint and our venues.



5 – Nature of Injury graph is reflective of Other (Blueprint and CAB locations), Manual Handling (Arena and Pound), Working at Desk (ergonomic assessments), and Walking.

## **Health and Safety Quarterly Dashboard Report: March 2023**

### CRITICAL RISK INCIDENT DESCRIPTION CAUSE ACTION TAKEN

Member of the Public	1.	Customer angry and rude about a ticket. Team Leader intervened; customer eventually	Received a parking	Safety plan developed, includes duress panic alarm procedure.
(MOP)		completed a waiver.	infringement.	Procedure tested & confirmed by Alarm NZ. SOP to be developed for
				P/safe aligning to safety charter – working the front line.
	2.	Customer aggressive in complaint about neighbour's dog.	Neighbour's dog.	Story wasn't reviewed within the timeframe required.
	3.	Inappropriate comment made by Customer about staff member's looks – staff member felt uncomfortable.	Inappropriate comment.	Story wasn't reviewed within the timeframe required.
	4.	Member of the public not happy with not being able to log onto computers due to closing time. Verbally berated staff member and physically smashed over a stand.	Not able to log onto computers due to closing time.	Story wasn't reviewed within the timeframe required.
	5.	Ticketing a vehicle when member of the public approached.	Person upset with Warden looking at vehicle.	Tried to educate member of the public about vehicles parked in Council car parks; incident recorded on body camera.
	6.	Customer rude to worker, making comments on how useless Council is.	Customer angry about a parking ticket.	Safety plan developed; staff attended Front Counter Safety Training (June). SOP to be developed in P/safe – working with the public, aligning to safety charter, working the front line.
	7.	Whilst issuing a ticket, member of the public returned to vehicle with two others. Became verbally abusive. Drove off soon after.	Customer angry with being issued a ticket.	Clarified status of WOF with one of the other members of the public who was apologetic and responded it would be corrected.
	8.	Customer had hunting safety complaint about hearing guns being shot, bullets fired and safety.	Issuing a key permit for firearms.	Story wasn't reviewed within the timeframe required.
	9.	Warden had to avoid courier van reversing out of mobility parking spot during issuance of ticket.	Driver reversing from mobility parking spot.	Staff member followed 100% CERT techniques & followed internal SOPs. Appropriate PPE worn. Team meeting to remind staff to be aware of working environment/working with the public. Body worn camera being reviewed & new ones implemented shortly.
	10	. Customer became rude whilst wanting to pay for dog that was in the pound.	Customer rude and unhappy with fees.	Staff have since attended FCST training, and safety plan developed that includes duress alarm procedure. SOP aligning with safety charter – working the front line to be added into Peoplesafe.
	11	. Despite wardens initially offering to provide warnings, customer became verbally abusive and aggressive whilst manoeuvring vehicle.	Customer upset about tickets issued.	Staff member followed 100% CERT techniques & followed internal SOPs. Appropriate PPE worn. Team meeting to remind staff to be aware of working environment/working with the public. Body worn camera being reviewed & new ones implemented shortly.
	12	. Customer was upset – waiting for registration label to arrive in mail. Stated they had mental health issues and heart condition – made staff member feel guilty.	Customer angry they received a ticket.	Staff have attended Front Counter Safety Training (FCST).
	13	. Customer walked up and threw an envelope at staff member. Envelope addressed to Parking staff. Customer then turned around and walked away.	Customer upset.	Staff have attended FCST training.
	14	. Owner yelled obscenities and threatened warden when they returned to vehicle. Owner drove around the block and yelled out names to warden.	Member of the public upset.	Letter was posted to vehicle owner advising abuse directed at PNCC workers will not be tolerated. Staff training/escalation techniques and internal SOPs were adhered to.
	15	. Member of the public was yelling, screaming, being very threatening and violently walking up and down a street where worker was collecting commercial glass.	Member of the public verbally threatening.	Worker phoned 111 as the person was a danger to all people walking up the street.
	16	. Housing tenant could not see housing officer; rude to other staff.	Customer angry at not being able to see relevant staff.	Staff have attended FCST training.

## **Health and Safety Quarterly Dashboard Report: March 2023**

CRITICAL RISK	INCIDENT DESCRIPTION	CAUSE	ACTION TAKEN
	17. Customer swore at staff, shouting not paying for ticket and that they had compliance from Police.	Customer angry about parking ticket.	Staff have attended FCST training.
	18. Customer made racist comments and how much they hated NZ.	Customer angry about parking ticket.	Staff member handled exchange well. Staff have attended FCST training.
	19. Customer walked into Front of House yelling about a streetlight that had been left on for months.	Customer upset about streetlight.	Staff have attended FCST training.
	20. Customer swearing and furious over parking ticket; walked out swearing more.	Customer angry about parking ticket received.	Staff have attended FCST training.
	21. Vehicle – earlier ticketed – accelerated towards parking warden who was walking over a crossing. Warden forced to run in order to get to safety.	Driver reactive to ticketing.	Staff followed the internal SOPs. PPO equipment worn. Team meeting to remind staff to be aware of working environment/ working with the public.
	22. Aggressive driver approached and verbally abused and threatened warden.	Driver's vehicle had been ticketed.	Staff followed the internal SOPs. PPE equipment worn. Team meeting to remind staff to be aware of working environment/ working with the public.
	23. Member of the public grabbed issued tickets from car and tried to stuff them down the back of warden.	Member of the public irate over ticketing.	Staff followed the internal SOPs. PPE equipment worn. Team meeting to remind staff to be aware of working environment/ working with the public. Staff debrief about incident at next team meeting.
There have been 5 O	ther Incidents of Interest related to the Month of March 2023		
Near Miss	1. An inspection was conducted with Downer NZ who were working on the Pitt/Ferguson Upgrade Project. This was based on a concern that the TMP was confusing. Intent of the inspection was to seek assurance and seek opportunities.	Traffic Management Plan confusion.	As part of the inspection, we had the Downer H&S advisor on site for the inspection. Report sent to Downer NZ and various PNCC stakeholders.
	A truck and trailer parked at fence-line to drop off swipe card. When the driver went to leave, they came close to hitting another vehicle.	Vehicle placement.	Layout of weigh bridge and traffic management utilisation of road cones process were all contributing factors that will be addressed. Will be monitor & review; consider use of convex traffic reflection mirrors on blind corners/hill area.
	3. Had a truck weighing out while a vehicle was coming in with trailer. The incoming vehicle was confused when seeing the truck and tried to come through in the out lane. Vehicle then left their lane and drove past the weighbridge on the wrong side against any potential traffic.	Vehicle lane confusion.	Monitor & review customer behaviour at weigh bridge during busy / peak times; utilise road cones to direct the traffic.
	4. Moving material on the riverbank in the Hawkes Bay, slipped over and injured knee.	Slippery riverbank.	Ensure appropriate PPE / footwear worn; review & monitor environmental conditions each day.
Nice Job	1. Worker observed pedestrian had been hit by a vehicle.	Driver and Pedestrian.	Worker called 111. Police attended the scene. Worker stayed with

#### STAFF REPORT COMMENTS – MARCH 2023

The number of incidents involving Members of the Public for the month of March has exceeded the previous two months (January and February) combined; March has also recorded an increase in negative interactions occurring at Front of House. Overall, for the Q3 2023 period the total stands at 41.

elderly driver who was extremely shaken.

#### Attachment Two – for the month of March 2023: Training undertaken<sup>1</sup>

Event	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Asbestos Awareness Training					
Behavior Safety Observed training					
Breathing Apparatus					8
Certified Handler Preparation Online (CHOP)					
Certified Handlers (Hazardous Substances)					
Chainsaw Training		1			
Challenging Conversations and Resilience		45	29	20	10
Chemical training /handling	34				
Confined Space and Gas Detection			9	6	3
Creating Respectful Workplaces		69	16		19
Customer Conflict Awareness				14	
Cyber Security at Work					
Dangerous Goods (DG)					
Driver's License – Class 1R (Restricted)					
Driver's License – Class 2L (Learners)					
Driver's License – Class 4L (Learners)					
Driver's License – Class 1 (Car License)		1	1	5	
Driver's License – Class 2 (Medium Rigid Vehicle)			1	5	
Driver's License – Class 3 (Medium Combination)				1	
Driver's License – Class 4 (Heavy Rigid)			4	7	
Driver's License – Class 5 (Heavy Combination)				1	
Driver's License – Class 6 (Motorcycle)					
Drug and Alcohol					19
Efficient Compaction Operators Course					
Electrofusion certificate			15	2	
Elevated Working Platform (Scissor Lift and Boom)					
Emergency Management – Foundations				9	
Emergency Management – Foundations Assessment					2
Emergency Management – Intermediate				6	
Emergency Management – Specialist				4	
Emergency Management – Critical Incident Stress					
Emergency Management – Working in the NCMA/NCC					
Emergency Medical Response Revalidation			1		
Endorsement (D) Dangerous Goods		1		1	

 $<sup>^{\</sup>rm 1}\,{\rm Sourced}$  from PeopleSafe and Employee Experience training resources.

Event	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Endorsement (F) Forklift		2	1	2	
Endorsement (R) Roller		2	3	2	2
Endorsement (T) Tracks		2	2	2	2
Endorsement (W) Wheeled Special Type		3	2	3	2
Evac Chair			7		
Fire Safety				164	
Fire Warden Training					
First Aid Certificate	2	9	53	13	2
Forklift OSH Certificate	1	2			
Forklift (F) Endorsement					
Front End Loader					
Gantry Crane Training					
Grow-safe		14	2		
Harassment Prevention and Awareness					
Harassment Prevention and Awareness – Managers workshop					
Hazardous Substances in the Workplace					1
Height Safety Introduction			4	1	
Height Safety Advanced			1		
H&S Representative Training		9			
ICAM Investigation					1
Internal Training – Forklift SOP				1	
IVO Power Brush XL – Cleaners					
Kerbside Collection Traffic Leader KCTL (was WCTL)			6		
Managing Mental Health					
Management and Handling of Hazardous Substance					1
Managing Upset or Difficult Customers				22	
Manual Handling			37		
Manual Handling Online			21	9	
Mask Fit Testing					
NC Utilities Maintenance L4 (water)					
New Starter Lunch					7
Onboarding – Easy Start Orientation					11
Onboarding – Tour of the City					14
OPSEC Situational Safety			69		
Peer Lunch and Chat – Report Writing					17
PeopleSafe Training					

Event	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Permit to Work					
Playground Safety Inspections	4				
Quality Management System Training (3 Waters)					7
Resilience training (Completed in May 2020-21)					
Report Writing and InfoCouncil					
Safety into CAB					
Safety 'n Action – Construction Site Access Course					12
Safety Plans		32			
Site Safe Foundation Passport					
Site Specific Safety Plan					
Spill Management	34				
SOP Compost Op G/Waste Shredder					
STMS Level 1 – Site Traffic Management				5	
TC1 – Basic Traffic Controller Level 1					
T1 Tennant Battery Floor Scrubber - Cleaners					
TC Refresher					
Trespass Training		4			
Truck Loader Crane / HIAB	16				
Twintec TTB 1840 Battery Compact - Cleaners					
Understanding Mental Health in the Workplace		16	25	10	
Understanding Unconscious Bias			21		
Total Number of Events	6	16	23	25	19
Total Number of Staff Attending	91	212	330	315	140

#### Attachment Two – June 2023: Training undertaken<sup>1</sup>

Event	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
Asbestos Awareness Training				13	
Behavior Safety Observed training					
Breathing Apparatus				8	
Certified Handler Preparation Online (CHOP)				1	
Certified Handlers (Hazardous Substances)					
Chainsaw Training	1				
Challenging Conversations and Resilience	45	29	20	10	
Chemical training /handling					
Concrete Saw Usage and Basic Safety					11
Confined Space and Gas Detection		9	6	16	3
Contractor All-In Induction sessions					170
Creating Respectful Workplaces	69	16		49	
CTO Class 4					1
CTO Concrete Saw					4
CTO Excavator					5
CTO New Transport Trailer					1
Customer Conflict Awareness			14		
Cyber Security at Work					85
Dangerous Goods (DG)					
Driver Assessment Training					1
Driver's License – Class 1R (Restricted)					
Driver's License – Class 1 (Car License)	1	1	5		1
Driver's License – Class 2L (Learners)					2
Driver's License – Class 2 (Medium Rigid Vehicle)		1	5		
Driver's License – Class 3 (Medium Combination)			1		1
Driver's License – Class 4L (Learners)					
Driver's License – Class 4 (Heavy Rigid)		4	7		1
Driver's License – Class 5 (Heavy Combination)			1		1
Driver's License – Class 6 (Motorcycle)					
Drug and Alcohol				26	
Efficient Compaction Operators Course					
Electrofusion certificate		15	2		
Elevated Working Platform (Scissor Lift and Boom)					
Emergency Management – Foundations			9	3	

 $<sup>^{\</sup>rm 1}\,\mbox{Sourced}$  from Health & Safety and PeopleSafe training resources.

Event	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
Emergency Management – Foundations Assessment				2	
Emergency Management – Intermediate			6	1	
Emergency Management – Specialist			4		
Emergency Management – Critical Incident Stress				1	
Emergency Management – Working in the NCMA/NCC				1	
Emergency Medical Response Revalidation		1			
Endorsement (D) Dangerous Goods	1		1		
Endorsement (F) Forklift	2	1	2		1
Endorsement (R) Roller	2	3	2	3	1
Endorsement (T) Tracks	2	2	2	3	1
Endorsement (W) Wheeled Special Type	3	2	3	3	1
Evac Chair		7			11
Evac Chair – Certified In-House Trainer Certificate					2
Fire Safety			164		
Fire Warden Training					
First Aid Certificate	9	53	13	34	11
Forklift OSH Certificate	2				
Forklift (F) Endorsement					
Front Counter Safety Training (CERT)					8
Front End Loader					
Gantry Crane Training					
Grow-safe	14	2			13
Harassment Prevention and Awareness					
Harassment Prevention and Awareness – Managers workshop					
Hazardous Substances in the Workplace				1	
Hazardous Substance Training General					16
Height Safety Introduction		4	1		
Height Safety Advanced		1			
Height Safety Advanced Latest					1
Height Safety and Fall Arrest					2
Health and Safety Representative Stage 1					1
H&S Representative Training	9				
ICAM Investigation				1	
Internal Training – Forklift SOP			1		
Internal Training – Manual Handling					1
Internal Training – Safe Entry & Exit from Cab					1

Event	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
IVO Power Brush XL – Cleaners					
Kerbside Collection Traffic Leader KCTL (was WCTL)		6			
Low Level Scaffolding & Inspection					1
Managing Mental Health					
Management and Handling of Hazardous Substance				2	
Managing Upset or Difficult Customers			22		
Manual Handling		37			
Manual Handling Online		21	9	1	
Mask Fit Testing				15	
NC Horticulture Level 4					1
NC Sewer Level 3					1
NC Utilities Maintenance L4 (water)					
NC WasteWater Retic Service Person Level 3					1
NC Water Reticulation & WasteWater Level 3					1
NC Water Reticulation Level 3					1
NC Water Reticulation Supervisor Level 4					1
NZ Certificate in Infrastructure Level 2					1
NZ Certificate in Infrastructure Level 3					1
New Starter Lunch				7	
Onboarding – Easy Start Orientation				38	
Onboarding – Tour of the City				29	
OPSEC Situational Safety		69			
Peer Lunch and Chat – Report Writing				28	
PeopleSafe Training					
PeopleSafe Dashboard Reporting					8
PeopleSafe for Managers/Supervisors					2
PeopleSafe Standard User Training					1
Permit Issuer					1
Permit to Work					
Playground Safety Inspections					
Quality Management System Training (3 Waters)				7	5
Resilience training (Completed in May 2020-21)					
Report Writing and InfoCouncil				8	
Road Saw Operation					2
Safety into CAB					
Safety 'n Action – Construction Site Access Course				12	
Safety Plans	32				

Event	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
Site Induction - Depot					1
Site Safe Foundation Passport					
Site Specific Safety Plan					
Situational Safety & Tactical Communications (SSTC – CERT)					28
Slinging Regular Loads					8
Spill Management					
SOP Compost Op G/Waste Shredder					
STMS Level 1 – Site Traffic Management			5		17
TC1 – Basic Traffic Controller Level 1					
T1 Tennant Battery Floor Scrubber - Cleaners					
TC Refresher					
Tools for Change					32
Trespass Training	4				
Truck Loader Crane / HI AB					12
Twintec TTB 1840 Battery Compact - Cleaners					
Understanding Mental Health in the Workplace	16	25	10	6	
Understanding Unconscious Bias		21			
Total Number of Events	16	23	25	29	48
Total Number of Staff Attending	212	330	315	329	398



# **REPORT**

TO: Risk & Assurance Committee

MEETING DATE: 23 August 2023

TITLE: Wellbeing Report, April to June 2023 (Q4 inclusive March)

PRESENTED BY: Connie Roos, Employee Experience Manager

APPROVED BY: Danelle Whakatihi, Chief People & Performance Officer

#### **RECOMMENDATION TO RISK & ASSURANCE COMMITTEE**

1. That the Committee receive the memorandum titled 'Wellbeing Report, April to June 2023 (Q4 inclusive March)' presented to the Risk & Assurance Committee on 23 August 2023.

# 1. ISSUE

- 1.1 Wellbeing continues to be a focus area for leadership at all levels of Council and is core to our Employee Experience. Our organisation aims to be proactive in managing risks to wellbeing, take a holistic view and enable our people to stay safe and well.
- 1.2 This memorandum has been separated from the Health, Safety and Wellbeing report to reflect the changed accountabilities within the People and Performance Unit. The purpose of this report is to keep Elected Members informed about ongoing and new projects to enhance kaimahi (staff) wellbeing and provide an opportunity for Elected Member oversight.
- 1.3 Employee initiated turnover is included in this report.

# 2. HIGHLIGHTS FROM QUARTER

- 2.1 Notable highlights over the April and June report period include:
  - Reflect and Learn sessions have been trialled in some frontline areas. Feedback has generally been positive. These are a regular opportunity for kaimahi (staff) in frontline roles to meet with an independent facilitator to reflect on and explore work-related issues, challenges, and achievements in a safe and supportive environment. Sessions are designed to assist staff to deal constructively with high conflict incidents in front facing customer roles. Assessment of the impact of this trial will be considered by senior leaders.
  - Introduction of New Starter Orientation Day Wellbeing presentation. The presentation discusses the Employee Experience Framework's focus on



Health, Safety and Wellbeing and how to access support available Presented to 28 staff this quarter and will be incorporated into business as usual.

# 3. QUARTER 4 REPORT (1 APRIL-30 JUNE 2023)

Quarter 4 Wellbeing Report (March inclusive)	Mar 23 <sup>5</sup>	Q4	YTD	
Gym usage	509	1484	5671	Q4 2022-23 (January to February) showing a positive increase partially as the colder months encourage inside physical activity. Additionally, the Gym induction process at CAB has become business as usual which encourages more access.
Biennial health / eye check	8	15	122	Biennial Health and Eye Check information is sent directly to staff members on their even birthdays, e.g. age 38. This quarter had a significant decrease in uptake, potentially related to organisational capacity.
Annual flu vaccinations	0	259	259	Flu vaccination information is widely published across the organisation. These occur annually in Q4 period (May 2023). In future reports this will only be reported annually.
Vitae – Pastoral contacts (significant strengths / issues)	N/A	139	1196	In response to staff feedback, Vitae pastoral services in the Civic Administration Building ceased at the end of Q4 2023. This portion of data will therefore not be included in future reports.  These services will continue at sites where it is confirmed to add value.

<sup>&</sup>lt;sup>5</sup> In the previous Health, Safety and Wellbeing Report, data presented only covered January and February 2023. Historic reporting mechanisms do not allow for monthly reporting so some data which is only accessible in a quarterly format is not available in this report.



Quarter 4 Wellbeing Report (March inclusive)	Mar 23 <sup>5</sup>	Q4	YTD	
Creating Respectful Workplaces (attendees)	19	17	72	This training encourages positive workplace relationships by addressing unacceptable behaviours such as bullying and harassment that could create internal and unhealthy conflict.
Challenging Conversations & Resilience (attendees)	10	10	37	This workshop is designed to provide employees with practical information and frameworks to deal with successfully with situation evoking strong emotional responses.
Manager completion of Understanding Mental Health in the Workplace (attendees)	6	8	38	One way to support employee's wellbeing is to ensure managers understand the impact of mental health on wellbeing. Due to training this quarter a total 55% of Mangers at Council have completed. Understanding Mental Health in the Workplace.
Wellbeing Presentation	11	25	36	This presentation helps to inform new starters of the wellbeing support available here at PNCC.
Reflect and Learn sessions	8	19	24	Reflect and Learn sessions
Total Reflect and Learn participants	8	102	122	began in March and will continue into August.

- 3.1 The Employee Experience team continue to review the provision of Mental Health/Resilience training to identify opportunities to capture our workforce and equip our people with skills and tools.
- 3.2 Unmind App usage has continued to increase since the beginning of the year. Campaigns have been communicated to the organisation including Optimising Sleep, aligned with World Sleep Day in March, and Combatting Stress, a seven-session series designed to build understanding of stress and offer practical strategies to help kaimahi (staff) manage it in a more effective way. Top completed Unmind Shorts in April to June are Digital Detox, One-Minute Rule and Morning Goal Setting. The most completed Unmind course in this quarter is Wellbeing Champions Training. This implies that there is some



- appetite in the organisation to 'champion' wellbeing. A total of 203 kaimahi (staff) have registered on Unmind.
- 3.3 Wellbeing is interconnected with a variety of individual and systemic factors which makes it a difficult area to report on. The above metrics have been recorded with that in mind.

# Turnover – Employee initiated

Year	17/18	18/19	19/20	20/21	21/22	22/23
			0.5	100	100	110
Number	67	67	85	120	123	119
%	12.0%	12.0%	14.1%	20.9%	19.8%	18.8%

Month	Turnover for Month	Turnover Previous 12 Months	Percentage (annual)
Jul 22	12	123	19.5%
Aug 22	8	121	19.5%
Sep 22	11	122	19.2%
Oct 22	9	114	18.0%
Nov 22	8	115	18.3%
Dec 22	8	119	18.9%
Jan 23	14	127	20.0%
Feb 23	9	130	20.6%
Mar 23	9	128	20.3%
Apr 23	13	128	20.3%
May 23	7	121	19.1%
Jun 23	11	119	18.8%
Jul 23	10	117	18.5%

- 3.4 Turnover is higher than desirable and has been for the last 3 years, although this is not unique to Council. The turnover rate is improving. The highest turnover occurs in the first 12 months of employment.
- 3.5 Although the number of suitable applicants is still low for roles, the quality of applicants has been higher so the ability to appoint successful candidates has increased.



# 4. NEXT STEPS

- 4.1 Organisational events and activities will be implemented for Mental Health Awareness week in late September.
- 4.2 A room in the Civic Administration Building has been repurposed for a wellness space. We will look at opportunities to implement similar spaces in other areas across the organisation.

# 5. COMPLIANCE AND ADMINISTRATION

Does the Committ	Yes				
Are the decisions s	ignificant?	No			
If they are significa	int do they affect land or a body of water?	No			
Can this decision of	only be made through a 10 Year Plan?	No			
Does this decision require consultation through the Special Consultative procedure?					
Is there funding in	the current Annual Plan for these actions?	No			
Are the recommendations inconsistent with any of Council's policies or plans?					
The recommenda	ions contribute to Goal 5: A Driven & Enabling Council				
The recommendo Applicable)	The recommendations contribute to the achievement of action/actions in (Not Applicable)				
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Providing information to Council about the ongoi towards the good performance of the organisatio wellbeing.	• . •			

# **ATTACHMENTS**

Nil



# **MEMORANDUM**

TO: Risk & Assurance Committee

MEETING DATE: 23 August 2023

TITLE: Long Term Plan - Planning, Budgeting, Prioritisation & Benefits

**Review with Action Plan** 

PRESENTED BY: Masooma Akhter, Business Assurance Manager, & Andrew

Boyle, Head of Community Planning

APPROVED BY: Donna Baker, Acting Chief Executive Unit Manager

#### **RECOMMENDATION TO RISK & ASSURANCE COMMITTEE**

1. That the Committee receive the memorandum titled 'Long Term Plan - Planning, Budgeting, Prioritisation & Benefits Review with Action Plan' presented at the Risk and Assurance Committee on 23 August 2023.

# 1. ISSUE

- 1.1 The Business Assurance Plan for 2021/22, was approved at Council on 20 December 2021, and required the following two reviews:
  - a) Review of project planning and budgeting
  - b) Benefits realisation framework and strategic prioritisation review
- 1.2 Following a scoping exercise for each, it was deemed that these reviews would be delivered more effectively if combined as they are both crucial parts of the Long-Term Plan (LTP) process.
- 1.3 In April 2023 the review outcome was presented at Council for information, at which point it was noted that a detailed action plan would be reported back in due course.

## 2. BACKGROUND

- 2.1 The objective of this review was to provide confidence to stakeholders that the LTP planning and budgeting processes are robust and ensure that Elected Member decisions are made with appropriate information.
- 2.2 The findings of this review were based on interviews with key stakeholders to the process and a review of relevant documents. Interviews were conducted with both the Palmerston North City Council (Council) Officers and Elected Members to gain insights on the processes used in previous LTPs, their strengths



and weaknesses, and where interviewees saw opportunities to improve. In addition to interviews Council Officers, two other large New Zealand city councils were engaged with to provide an alternative perspective on how their LTPs are produced. The findings presented are the result of fieldwork completed between 19 September and 22 November 2022.

- 2.3 It appeared that Council followed a reasonably structured (albeit both protracted and rushed at certain points) process to work with Elected Members to consider changes to plans, levels of service and potential new programmes for inclusion in the LTP. This is undertaken within an inherently challenging context given incomplete and uncertain information, the political context in which it is undertaken, long-term budget horizons and the requirement to make trade-offs across multiple competing domains and activities.
- 2.4 Notwithstanding the above, it was concluded that there are a range of areas across planning, budgeting, prioritisation and benefits which could be strengthened to provide Elected Members with better information to make informed LTP decisions.
- 2.5 For many of the recommendations it was recognised that the Organisation was generally aware of the issue and already working towards achieving the recommendation to some degree. Recommendations are therefore focused on strengthening and improving current practice. It is expected that the recommendations would be implemented over the next two LTPs.
- 2.6 The agreed action plan highlights actions that will be prioritised over the next 12-18 months and are expected to bring more immediate value. An assessment (debrief) will then be undertaken to assess progress made once the LTP has been adopted and a new set of actions will be agreed.
- 2.7 A copy of the review report and agreed action plan are attached.

# 3. NEXT STEPS

3.1 The action plan that has been developed will be followed up on by Business Assurance every 6 months and will be reported back to Risk & Assurance Committee through the accountability reporting.

# 4. COMPLIANCE AND ADMINISTRATION

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



Consultative proce	edure?				
<u>'</u>	the current Annual Plan for these actions?	Yes			
Are the recommendations inconsistent with any of Council's policies or plans?					
The recommendat	tions contribute to Goal 5: A Driven & Enabling Counci	I			
The recommenda Applicable)	The recommendations contribute to the achievement of action/actions in Applicable) (Not				
Contribution to strategic direction and to social, economic, environmental and cultural well-being	This report is presented as a business assurance response to the business assurance plan endorsed by	•			

# **ATTACHMENTS**

- LTP Review Management Action Plan J. 2.
   LTP Review Report J. 2.



# LTP Review of Programme Planning, Budgeting, Prioritisation and Benefits

#### **Management Comment by Chief Planning Officer**

In late 2022 KPMG carried out a review of Council's process for developing the Long-term Plan (LTP). Through the review KPMG made 22 recommendations on how Council could improve its LTP process.

Council discussed the KPMG Review and recommendations on 5 April 2023. The accompanying Management Comment said that *KPMG's recommendations* mostly focus on strengthening and improving current practice, rather than identifying fundamental gaps in our process. Many of the recommendations are about the quality of financial and non-financial information for levels of service and programmes. Our suggested approach [for improvements to the 2024 LTP development] is to focus on providing:

- improved information on levels of service and maintained service level budgets
- improved information on programmes

These two points would give Elected Members good information to consider levels of service and programme trade-offs.

Council endorsed this approach and added putting an increased emphasis on improving Council's approach to benefits realisation through the 2024 LTP.

We have developed the following Action Plan accordingly. It focuses on providing improved information to help Elected Members make trade-offs and prioritisation decisions about which levels of service and programmes should be in the LTP, plus better ways to evaluate the success of these levels of service and programmes.

KPMG also carried out a review of Council's Sustainability Practices and Maturity (Sept 2022). Both reviews are about Council having sound processes to develop, implement and monitor a clear, integrated, and sustainable direction. Hence there is considerable overlap between the Reviews. One recommendation from the Sustainability Review is particularly relevant to the LTP:

Build Sustainability risks and opportunities into financial planning in the short-term through the LTP prioritisation process. (Rec 1.3b)

Sustainability (in terms of social, economic, environmental and cultural well-being) will be a key consideration in the LTP prioritisation and benefits realisation processes outlined in this Action Plan.

# **Action Plan Monitoring**

As part of the debrief on the 2024-34 LTP, we will reconsider all of KPMG's recommendations to see whether the improvements have met Elected Member (and other) expectations or whether further improvements are needed.

# **Action Table**

#### Recommendations:

No.	Management Action
1	Provide EMs with improved information for prioritising and making trade-offs with levels of service and programmes.  This action also has two key parts:
	1. Provide EMs with improved information on levels of service and maintained service level budgets. Give Elected Members better information to make decisions about Activity levels of service and budgets throughout the LTP process.
	We are still working out the details of this, but the general intent is to show the following information for each Activity:
	<ul> <li>The current level of service. Why we provide it and the difference it makes to peoples' lives.</li> <li>The cost of providing it. What that cost is made up of.</li> <li>How and why the level of service has changed over time. Why its costs have changed.</li> <li>Evidence that we are providing the right level of service, and that we are providing it efficiently.</li> <li>Where Elected Members have indicated they want to change a level of service, we will provide some costed options, with their anticipated impacts.</li> </ul>
	We will provide meaningful narrative and financial information at a material level, rather than to present lots of details (eg, most Activities' levels of service should be covered in one A3 sheet of paper each).
	2. Provide EMs with improved information on programmes. Provide Elected Members with improved programme descriptions and justifications, especially for major projects in the 2024-34 LTP. Consider developing a full business case model as part of the next LTP.

	The intent of Key Action 1 is to provide Elected Members with useful information so they can consider levels of service and programme trade-offs.
	This action will be led by the LTP Project Sponsors and implemented by the LTP Project Managers. EMs will make the levels of service and programme trade-off / prioritisation decisions in Oct-Nov 2023.
	This intends to meet recommendations: 2, 3, 7, 8, 10, 11, 17, 18, 19, 20, 21
2	Implement the MagiQ Budgeting Tool (In progress – implementation commenced)
	To collect the information in Key Action 1, staff are implementing a new budget entry tool (MagiQ) for the 2024 LTP. It will be supported by new Project Management Software, due to be implemented in 2023/24. In the meantime additional programme information for the 2024 LTP is being captured in a Programme Planning Data Entry Spreadsheet. The MagiQ Tool and the spreadsheet require a greater level of supporting material than in previous LTPs. The new process also includes stronger review and sign-off procedures, including General Manager sign-off. We also have a new review process to ensure that all programmes include all the necessary digital, HR and communications resources.
	This action will be led by the Chief Financial Officer and implemented by the Finance Manager. It is an ongoing action.
	This intends to meet recommendations: 4, 6, 9, 12, 13
3	Staff will make rigorous assessments of level of service and programme deliverability throughout the LTP. This will be a stepped process involving Activity staff, then Unit staff, then ELT. ELT will seek EM guidance on deliverability limits and provide EMs with clear information.
	Action Lead: LTP Sponsors.
	Action Implementation: ELT.
	Action timeframe: throughout the LTP process.
	This intends to meet recommendations: 16
4	New project management software being introduced in 2023-24 will help address this for the 2027 LTP. In improvements to date, Asset Owners, Project Managers, and Contract Managers have developed a process to mitigate project risks and set contingency budgets.
	Action Lead and Implementation: Manager – Project Management Office. Action timeframe: 2023-24

	This intends to meet recommendations: 14, 15
5	This is a recommendation that Council wants to focus on for the 2024 LTP. Key Action 1 (improved information on levels of service and programmes) will ensure that Council has clearer descriptions of the planned benefits and strategic linkages of levels of service and programmes. Staff will review the performance framework and KPIs in the 2024 LTP to ensure they properly evaluate whether the benefits are being realised and can be clearly reported to Council and the community. This will focus on capital projects, and EMs will identify which projects require close-out reports.
	Action Lead: LTP Sponsors. Action Implementation: LTP Project Managers, Financial Accountant Team Leader. Action timeframe: by June 2024.
	This intends to meet recommendations: 22

Review Recommendations: 5, 10, 11 are being partially addressed through this LTP, a more formal approach will be considered at the end of this LTP process for the next LTP.

EMs held a scene setting workshop on 2/12/22 and a Direction Setting Retreat on 9-10/2/23. A further workshop was held on 16/5/23 so they could discuss the key principles and issues for the Financial and Infrastructure Strategies. Staff provided EMs with clear information on the impact of their current strategic direction and the strategic issues facing the City and the Council. The feedback we received from EMs at these workshops is driving the development of the LTP. This is enabling review recommendation 1.



# Business Assurance Review of LTP - Planning, Budgeting, Prioritisation and Benefits

**Palmerston North City Council** 

February 2023

kpmg.com/nz

**KPMG Contact** 

Gina Barlow
Director
T 04 816 4798
E gbarlow@kpmg.co.nz

**PNCC Contact** 

Masooma Akhter
Business Assurance Manager
T 06 356 8199
E Masooma.akhter@pncc.govt.nz

# **Contents**

Executive summary	1
2. Detailed findings and recommendations	4
Appendix 1: LTP process background	17
Appendix 2: Internal Audit scope (extract)	19
Appendix 3: Ratings and classifications	20

#### **Disclaimers**

#### Inherent Limitations

This report has been prepared in accordance with our Engagement Letter dated 15 September 2022. The services provided under our engagement letter ('Services') have not been undertaken in accordance with any auditing, review or assurance standards. The term "Audit/Review" used in this report does not relate to an Audit/Review as defined under professional assurance standards.

The information presented in this report is based on that made available to us in the course of our work/publicly available information/information provided by Palmerston North City Council/information provided by other party. We have indicated within this report the sources of the information provided. Unless otherwise stated in this report, we have relied upon the truth, accuracy and completeness of any information provided or made available to us in connection with the Services without independently verifying it.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, Palmerston North City Council management and personnel / stakeholders consulted as part of the process.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form

Any redistribution of this report requires the prior written approval of KPMG and in any event is to be a complete and unaltered version of the report and accompanied only by such other materials as KPMG may agree. Responsibility for the security of any electronic distribution of this report remains the responsibility of those parties identified in the engagement letter. KPMG accepts no liability if the report is or has been altered in any way by any person.

#### Third Party Reliance

This report is solely for the purpose set out in Section [refer to "Scope" section] of this report and for Palmerston North City Council information, and is not to be used for any other purpose or copied, distributed or quoted whether in whole or in part to any other party without KPMG's prior written consent.

Other than our responsibility to Palmerston North City Council, neither KPMG nor any member or employee of KPMG assumes any responsibility, or liability of any kind, to any third party in connection with the provision of this report. Accordingly, any third party choosing to rely on this report does so at their own risk.

# Internal Controls

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities may occur and not be detected. Our procedures were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed are on a sample basis. As such, except to the extent of sample testing performed, it is not possible to express an opinion on the effectiveness of the internal control structure.

# 1. Executive summary

#### Introduction

This report outlines the overall findings and recommendations for our review of the planning, budgeting, prioritisation and benefits realisation processes that support the development of the Palmerston North City Council (PNCC) Long Term Plan (LTP).

This review was scheduled as part of PNCC's Internal Audit plan for 2022/23 and was completed in accordance with our Engagement Letter dated 15 September 2022.

#### **Objectives and process**

The Local Government Act requires local authorities to produce, every three years, a LTP covering not less than 10 financial years. PNCC adopted its last LTP on 7 July 2021 and is currently planning to begin the substantive process for the 2024 - 2034 LTP in 2023. Further details on the LTP process and definitions are set out in Appendix 1.

The objective of this review is to provide confidence to stakeholders that the LTP planning and budgeting processes are robust and ensure that Elected Member (EM) decisions are made with appropriate information. Refer to Appendix 2 for the scope of this work.

The findings of this review are based on interviews with key stakeholders to the process and a review of relevant documents. Interviews were conducted with both Officers and EMs to gain insights on the processes used in previous LTPs, their strengths and weaknesses, and where interviewees saw opportunities to improve. In addition to interviews with PNCC staff, we spoke with two other large New Zealand city councils to provide an alternative perspective on how their LTPs are produced. Our findings are the result of fieldwork completed between 19 September and 22 November 2022.

# **Overall summary**

In our view, PNCC follows a reasonably structured (albeit both protracted and rushed at certain points) process to work with EMs to consider changes to Plans, Levels of Service (LOS) and potential new

programmes for inclusion in the LTP. This is undertaken within an inherently challenging context given incomplete and uncertain information, the political context in which it is undertaken, long-term budget horizons and the requirement to make trade-offs across multiple competing domains and activities.

Notwithstanding the above, we consider that there are a range of areas across planning, budgeting, prioritisation and benefits that could be strengthened to provide EMs with better information to make informed LTP decisions. We note that PNCC has previously undertaken a process to identify issues with its LTP process and has proactively taken steps to improve key aspects, and our recommendations would, over time, continue to support this ongoing improvement of the LTP.

Our key findings are summarised below and recommendations are set out in the body of the report. Based on the results of the above, we have rated the processes as 'Developing'. This overall rating means that some weaknesses were identified in the LTP development process that should be remedied in upcoming LTPs to ensure that EM decisions are made with appropriate information. Refer to Appendix 3 for the classification of the internal audit ratings.

Overall Rating	DEVELOPING
Planning	Developing
Budgeting	Developing
Prioritisation	Effective
Benefits	Developing

# Note on recommendations

Our recommendations and priority ratings are set out in section 2. For many of the recommendations, we recognise that PNCC is generally aware of and does achieve (or seek to achieve) these points to some degree. Our recommendations are therefore mostly focused on strengthening and improving current practice, rather than identifying fundamental gaps in the existing process. We would anticipate PNCC to implement these recommendations over time, with a focus on higher priority

recommendations and higher profile / critical LOS, budgets and programmes.

#### Key findings/observations

#### 1. Planning

- LOS descriptions are inherently high-level, but consistent feedback from interviewees was that LOS workshops were difficult to engage with and draw connections between LOS and the underlying services that the Council provides. Further, there is a lack of financial and non-financial performance information provided in these workshops on the scope and performance of services that the Council already provides.
- The material provided to EMs during workshops to revise the LOS generally did not provide meaningful options to reprioritise within and between LOS, and between LOS and programmes.
- The summary sheets produced for prospective programmes are not suitable proxies for businesses cases, and shouldn't be seen as such. For significant programmes, the business case (or similar) should be prepared and considered in advance of the LTP programme prioritisation process.
- Given the hundreds of potential programmes considered through the LTP, the use of short summary sheets is not unreasonable and is probably essential to allow simple but consistent comparison across all programmes. The material required by the template is broadly appropriate, although as outlined below, the quality of the information filled in can be of variable quality.
- From our interviews, there appears to have historically been limited controls on which programmes are submitted for consideration in the LTP. There is also limited quality assurance on programme information submitted, resulting, at times, in inconsistent information being provided and some technical issues that should ideally be caught earlier in the process (e.g. categorisation of spending as

capital / operating to support appropriate financial planning).

#### 2. Budgeting

- The 'rollover' (rather than 'zero-based')
  approach used by PNCC to updating
  Maintaining Service Level (MSL) budgets is
  not uncommon in either local or central
  government. However, the success of this
  approach relies on decision makers being
  provided with transparency of what services
  are currently delivered, what their outcomes
  are, the efficiency of those services (e.g.
  benchmarking) and what is driving changes
  between years. The provision of this evidence
  currently appears to be very limited within the
  material we reviewed from the most recent
  LTP.
- The above issues appear to have resulted in a view amongst at least some EMs that there is inefficiency within current council spend and the process does not allow EMs to sufficiently interrogate and examine the spending 'base'. In a more fiscally constrained environment, the current process is unlikely to provide EMs with the ability to make informed decisions on savings and reprioritisation opportunities if those were required.
- The budget information sitting behind costings in programme summary sheets appears to be of variable robustness, and systems do not allow consistent tracking of budget estimate changes between LTPs.
- There was consistent feedback that PNCC has made significant improvements over the last five years in the data supporting its asset management spend, and that it sought in the last LTP to begin remedying the historically insufficient renewals spend. Further, there has been greater emphasis on 'fully costing' capex new programmes to account for incremental additional costs imposed on Council. While these are both positive changes, there are further incremental improvements that Council could make to enable informed EM decision

making in this area, as detailed in the body of this report.

#### 3. Programme prioritisation

- The prioritisation process to categorise programmes used in the previous LTP was generally seen as broadly effective. The more quantitative approach that Officers are considering for the next LTP has some risks, but Officers appear to be aware of these and are designing the detailed process with these in mind. We would support the direction of travel that Officers are proposing. The success of the prioritisation process, regardless of the exact method, will always be significantly contingent on how EMs themselves engage in what can be an inherently political process.
- In previous LTPs, the removal of some programmes by the former CEO & CFO prior to consideration by EMs has created the perception, amongst at least some EMs, that councillors are not provided with the full range of programme options. There is also a view from at least some Officers that the removal of programmes by the former CEO & CFO was not always completed with sufficient evidence. While there is clearly a role for ELT in providing some filtering of programmes, this needs to be approached and/or messaged more carefully to manage the above perception risks.

#### 4. Benefits

- There appears to be limited benefit reporting and quantitative reporting of the outcomes of programmes of the Council. For example, the benefits stated within programme summary sheets appear not to have any further use and are generally not formally tracked after programme approval.
- There also appears to be significant emphasis on more qualitative measures, rather than quantitative. While quantitative measures are not always appropriate or practical, they are generally a better tool for tracking performance across time.

While this is an area for improvement, we would note that limitations in this area are not uncommon amongst both local and central government agencies. The issues cited above do not appear notably weaker at PNCC than many other government entities (although this is a general impression, rather than from a comparative analysis of other councils).

**DEVELOPING** 

# 2. Detailed findings and recommendations

#### 1. Planning

This section summarises our key observations on the initial planning phases of the LTP development. In particular, it focuses on:

- A. The setting of the Council's strategic direction.
- B. The process to update the LOS in the Plans.
- C. The preparation of the programme summary sheets.

#### **Key findings**

## A. Council strategic direction

The development of PNCC's strategic direction is not specifically within scope of this review, however we briefly summarise comments from interviewees below for context and completeness.

The current PNCC vision was adopted as part of the 2018 PNCC LTP and was developed following an externally facilitated set of workshops. During the 2021 LTP process, the 2018 vision was tested with EMs to see if any revisions were sought and we understand was largely re-adopted.

Feedback from interviewees was that these previously used processes seemed reasonable and fit for purpose, including that they would not expect a significant revision of the strategic vision to occur for each LTP. As an aside, we note that workshop material generally asked EMs if they wished to make any changes to the status quo, rather than clear recommendations on where adjustments should be made (with the exception of minor changes to the number / structure of goals). For LTPs where the strategic vision is only being revised, a more systematic approach could be used to test the current strategic direction.

It was also noted that Officers should more clearly articulate to EMs how changes to the strategic direction would flow through the rest of the LTP development process. For example, how a shift in a particular priority area (e.g. climate resilience) for EMs would ultimately be reflected in either LOS or programme recommendations put forward by Officers. We would support this view and agree that this is not currently clear from the material we reviewed

## **B.** Levels of Service revision

PNCC's current LOS descriptions are generally at a high-level, and not prescriptive on the scope, scale and nature of specific services that would sit underneath them. An important step in the LTP development is EMs being asked to review and revise these existing LOS. The feedback from interviewees was that many EMs do not find the existing format of workshop material easy to engage with, nor do they see a close link between LOS and the higher-level goals/ strategies of the Council. Our own review of the workshop material would support this view. Our key observations include:

- It is generally difficult to determine what services are currently provided to achieve the LOS, and therefore
  challenging to relate the LOS with real world activities or whether LOS are set at the appropriate level or
  not.
- It is generally difficult to determine the efficiency and effectiveness of what PNCC currently does to
  achieve the LOS. There is limited information provided to EMs to facilitate informed discussions on the
  performance of Council's existing services, resulting in a likely bias towards maintaining current LOS and
  associated MSLs (see further details below). Workshop material tends to focus on general risks of
  changes to budgets, and prioritisation options are generally provided in a piece-meal fashion making
  comparisons and trade-offs difficult.
- EMs are generally asked a version of "Do you want to make any changes?" to existing LOS, without
  being provided sufficient evidence to understand where genuine choices exist. It is generally difficult to
  determine what a higher or lower LOS would mean in practice, and where EMs have genuine options to
  amend the scope and scale of what the Council delivers (noting that the very high-level wording of many

LOS also makes this more challenging). Further, the workshop material does not tend to provide opportunities to consider whether the same LOS (and/or intended outcomes) could be achieved through a different delivery route / set of underlying services.

## C. Programme planning

The programmes considered in the LTP are sourced from business units across the organisation. While there are not strict criteria for what programmes can be submitted, there is a general expectation that there is at least some link between programmes and the Plans. A standardised template (known as the programme summary sheets) is filled out by business units using guidance provided by the LTP project team.

Given the hundreds of programmes considered through the LTP, we think it is reasonable to utilise these summary documents to allow simple and consistent comparison across all programmes. In general, the existing template includes the key data fields we would typically expect to see given this purpose.

Having said that, the summary sheets are, in most cases, not a suitable proxy for businesses cases (as we understand they are sometimes viewed) and should not be seen as such. The information on the summary sheets alone is likely to be insufficient to allow genuine consideration of scope and scale options by EMs, and would expect that, particularly for larger projects, that separate supplementary evidence is produced (see below).

Based on our interviews, there also appears to be somewhat limited quality control over how programmes are submitted into the LTP. This can result in limited quality assurance on programme information submitted with inconsistent information and technical errors still being present when provided to EMs. We consider that there is an opportunity for more structured sign-off processes to mitigate these risks.

Supplementary information: Standardised business case approach

Based on our field work, there does not appear to be a standardised business case approach within PNCC, with practice varying across the organisation. In a central government context, a business case is required for investments of over \$15 million whole of life cost, or where new funding is being sought from Cabinet.

Organisations with a large capital portfolio, such as the New Zealand Defence Force, have business case approaches tailored to the scale and risk of a particular project.

In general, business cases need to be in the five-case 'Better Business Cases' (BBC) format prescribed by Treasury, based on a model originally developed in the United Kingdom. For low-cost projects or more routine capital spending, a shorter memo format is prepared that still covers the key areas of the five-case model but with a lower requirement for analysis and supporting documentation. This latter approach is likely to be more suitable for fairly routine programmes that PNCC undertakes, such as regular asset renewals.

The five cases in the BBC model seeks to address five key area:

- Strategic Case what is the case for change? (i.e. problem definition). What are the potential benefits?
- Economic Case What are the scope, scale and delivery options and which is the preferred?
- Commercial Case Is the proposed procurement commercially viable? Can the market deliver?
- Financial Case Is the investment proposal affordable? How will we fund it?
- Management Case How will management and governance arrangements support successful delivery?

The programme summary sheets provide some of this information already, although largely focus on some aspects of the strategic case (e.g. council plans and linkages, other programmes, high-level benefits and risks) and the financial case (i.e. financial cost tables). The sheets are, however, weaker in articulating the underlying case for change (strategic case) and the options that were considered in the process (economic case). The material typically in a commercial case and management case is also absent, although we would consider these of lower priority to include in these sheets as they are less likely to impact EM decision making.

#### Recommendations

	Description	Priority	
--	-------------	----------	--

.

A. Str	ategic direction	n	
1.	Ensure that	any workshop material prepared by Officers for EMs enables:	
	i.	EMs to clearly consider whether changes in the current operating environment necessitate a change in the goals, strategies or plans.	
	ii.	EMs to articulate any specific strategies / goals that they wish to prioritise in the upcoming LTP (either based on the above analysis, constituent feedback or other sources).	Low
	iii.	EMs to clearly understand how any such changes would 'flow-through' and impact later stages of the LTP development process (e.g. LOS revisions, process, MSL budget setting, programme prioritization process).	
B. Le	vels of Service	planning	
2.	more inform	the content, format and structure of relevant workshop material to enable ed discussions on choices and trade-offs within and between LOS. This cample, include:	
	i.	more detailed financial information on the scale of each LOS relative to the overall MSL budget (to better understand materiality).	
	ii.	more detailed and real-world descriptions of the services that are provided underneath each LOS. These should be developed by Officers for any LOS where they do not currently exist.	
	iii.	developing a framework for classifying LOS based on scope for EM direction e.g. 'core' Council services relative to those more discretionary.	High
	iv.	greater detail on what budget lines are composed of, their historical trend and levels of variance relative to budget.	g
	V.	more evidence-based performance narratives regarding the value for money of existing services (note baseline review recommendation below).	
	vi.	clearer options for potential adjustments and the implications of scope and scale choices for LOS where there is flexibility / discretion.	
	∨ii.	ensuring that internally focused Plans are subject to the same process and scrutiny as externally focused services (while still respecting the operational separation between EMs and Council management).	
3.	performance	ore that the LTP project team feels empowered to present a strong e narrative for material produced for EMs (i.e. material that clearly e strengths and weaknesses in the services provided by the Council).	High
C. Pro	ogramme plan	ning	
4.	process, inc business pa programmes	tronger approval process for the submission of programmes into the LTP duding quality assurance and completeness reviews, review by finance ritners for technical accuracy, and approval by relevant managers so that is submitted reflect business unit and organisational priorities. This should anied by clear sign-off procedures at each stage.	Medium
5.		tablishing a separate LTP investment / gateway committee to provide rance on submitted programmes before being submitted to ELT, including	Low

	ensuring that there has been sufficient rigour of costing information and risk identification.		
6.	Consider re	evisions to the process to develop programme summary sheets through:	
	i.	providing stricter guidance to ensure there is a more consistent approach to the presentation of cost, benefits and risk material.	
	ii.	requiring a stronger 'case for change' in line with the Budget Initiative Template used by The Treasury in the central government budget process.	
	iii.	requiring a stronger link to link investments to the vision, goals and strategies of Council. The summary sheet should also include information on reprioritisation options from current operating or capital spending of the relevant business unit.	
7.	appropriate confidence case mode prior to fun- business ca	separate business case approach for Council investment decisions, to the scale and risk of PNCC programmes. This would provide greater to decision makers that the key questions of the Better Business Case five I (strategic, economic, commercial, financial, management) are answered ds being committed. For large projects this may require a full detailed ase, while lower risk projects could be subject to a shorter summary or similar artifact covering the key information for the project.	Low

finding: DEVELOPING

#### 2. Budgeting

This section summarises our key observations on LTP budgeting. In particular, it focuses on:

A. The setting of MSL budgets

B. The setting of Programme budgets

**Key findings** 

# A. Setting of MSL budgets

MSL budgets are the ongoing level of spend across existing activities of Council (in contrast to programme budgets that are intended to have a finite lifespan) and represent the majority of the Council's operating expenditure. These have historically been rolled over year-on-year by budget managers that use the current budget as the starting point and then propose often relatively marginal adjustments. In addition to the proposed changes by the budget holder, there are also centralised adjustments managed centrally within PNCC to support consistency of approach (e.g. changes to insurance costs, general remuneration changes). Our key observations relating to the setting of MSL budgets include:

- The process to update MSL budgets lacks transparency, particularly for EMs. The current LTP process does not facilitate EMs to consider the efficiency of the existing spending, whether savings / reprioritisation could be found to meet cost increases or more generally allowing investigation into the base of spending. Similar to earlier points on the revision of LOS, EMs are generally not provided with detailed information on what services are delivered, what their outcomes are, the efficiency of those services (e.g. benchmarking) and what is driving changes between years. This has created the perception (of at least some EMs) that there are inefficiencies in the base of Council spending that are challenging to investigate and are effectively 'protected' by Officers. Interviewees indicated that the current process for reviews of MSL and LOS reinforces this bias towards rolling over existing budgets rather than promoting further review.
- Notwithstanding the comment above, there was also view amongst interviewees that MSL budgets for public
  facing outputs receive a greater level of scrutiny than internal MSL budgets for internal Council functions. This
  also reinforces the perception (both from some Officers and EMs) that adjustments to these internal MSL
  budgets are not transparent or sufficiently rigorous.
- Several interviewees commented on the fact that PNCC does not generally undertake 'zero-based budgeting'. While this budgeting approach is theoretically desirable, we would note that it is uncommonly practiced in both local and central government agencies. The 'success' of a rollover approach does however rely on providing accompanying material on the outcomes and efficiencies of current spend, and what is driving changes between years, to provide confidence that further spending is appropriate, affordable, and deliverable. As mentioned above, the current information provided to EMs does not tend to provide this.
- A key part of the LTP is the drafting of Asset Management Plans (AMP) which forecast the level of investment required to maintain the physical assets of the Council. The AMP includes consideration of the LOS that the assets support, the current condition of the assets and future demand drivers. This inherently (and appropriately) more heavily relies on technical input from specialists to determine ongoing maintenance budgets. While there was recognition from interviewees of this, there was a view that clearer information could be provided to EMs on where alternate options and trade-offs exist with regard to asset management and the resulting outcomes for asset users. We would support PNCC giving consideration to how this can be more clearly articulated to EMs.

Finally, we would note in a central government context that almost all departmental appropriations<sup>1</sup> are not subject to any technical cost changes each year to account for inflation or other cost increases. This is known as 'fixed nominal baselines' with any changes requiring a separate budget initiative (i.e. in a PNCC context, this would mean all MSL budget changes would effectively require the submission of a programme). As a first call, it would be expected that the agency seeks to absorb such costs through reprioritisation and efficiencies. While we have not specifically recommended a similar approach for PNCC, this would represent an approach that PNCC could consider to managing increases in baseline spending.

<sup>&</sup>lt;sup>1</sup> Note that this does not apply to all areas of government expenditure, such as social welfare payments, which are indexed annually.

# **B. Setting of Programme budgets**

We acknowledge that the estimation of capital spending, often well in advance of project procurement and delivery, is inherently challenging, particularly given the current economic climate and supplier constraints. This has also been compounded for PNCC by other infrastructure spending in Manawatū including construction at Ōhakea Air Base and the Manawatu Tararua Highway, limiting competition for contracts. While acknowledging these challenges, our key observations are that:

- There is significant inconsistency in the robustness of costing information and budgeting within programme budget submissions. This is partially driven by the level of development of the project at the time, while others represent just a generally lower quality / less rigorous submission from the relevant project team. The perceived poor forecasting of both the budget and timing of projects appears to have historically undermined EM confidence in the delivery of projects, and impacts the ability to sequence capital spending.
- Key information such as cost categories, estimation methodology or other assumptions that make up
  programme costing, are not recorded by summary sheets or consistently within other PNCC systems. As a
  result, the level of evidence and rigour behind costings cannot be systematically interrogated, and the reasons
  for cost escalation between LTPs cannot be tracked over time.
- The Council has invested in increasing its understanding of asset condition across its portfolio, and subsequently the AMP, to address historic underinvestment in asset maintenance. While there is still further work to do, there was consistent feedback from interviewees that the Council has significantly improved the quality of information to support both its maintenance and renewals budgets for its major assets.
- The marginal costing of operating expenditure associated with capital assets, including internal PNCC costs such as Marketing and Human Resources, has previously been identified as a weakness in cost estimation practices. This had resulted in understating the costs of projects and increased pressure on internal teams to deliver additional activity without corresponding funding. We understand PNCC has taken steps to fully cost capital new programmes, including budgeting for the ongoing operating costs resulting from capital investment.

#### Recommendations

No.	Description	Priority
8.	Ensure that all changes to MSL budgets are clearly articulated to EMs, including:	
	<ul> <li>the key drivers of the proposed changes, including the degree of Council control and options to potentially mitigate any such changes.</li> </ul>	
	<ol> <li>what spending was considered for reprioritisation to meet increased costs (rather than through an increase in the budget), and why such options were not pursued.</li> </ol>	High
	<ol> <li>the extent to which an efficiency factor has been applied to the indexation of any costs (i.e. using indexation rates below CPI to account for efficiency gains).</li> </ol>	' "g"
	<ul> <li>any other evidence to provide comfort to EMs that the service is being delivered at an efficient cost (e.g. benchmarking) despite increases in the MSL budget.</li> </ul>	
9.	Budget holders should provide information as part of their budget submission that supports the LTP project team to prepare the information above.	High
10.	Consider developing a process for rolling spending reviews (that run outside of the LTP process) across core areas of MSL spending, with a focus on areas of spend that are significant in absolute quantum or been subject to significant change. This	Low

	could involve benchmarking against other councils, across time, between activities within Council and/or against internal/ external standards.	
11.	Develop a framework for presenting key options and trade-offs for investment decisions relating to asset management to allow informed trade-offs between asset condition and better EM understanding of relative asset management spend. In particular, EMs should be provided with information to ensure they understand:	
	<ul> <li>i. where genuine scope and scale choices exist and where they do not, and how this may differ across asset classes / geographies.</li> </ul>	Low
	<ol> <li>the implications of changes in spending profile (e.g. either increases/decreases in quantum or changes in timing).</li> </ol>	
	iii. where information and recommendations are based on robust evidence vs. areas where Officer judgement has been required.	
12.	Ensure guidance and templates for programme costing clearly require the inclusion of all relevant costs and to capture key assumptions so that these can be tracked and updated between LTPs, with the reasons for changes to cost forecasts being captured.	Medium
13.	Ensure that programme summary sheets require rigour on the timing of spend, including pre and post contract costs so that these can be used to forecast the timing of capital spend and the demand on key project planning and delivery resources within Council. This can be used to provide a more realistic forecast of the Council's ability to deliver projects, and the likely timing of spending.	Medium
14.	Develop a consistent cost contingency matrix that is applied to capital programmes taking account of key risk factors, with these contingency amounts included within the programme budgets.	Low
15.	Consider undertaking analysis to track programme budgets across their lifespan, including understanding the key areas for variance (e.g. scope change, escalation, ground conditions etc). This analysis should be used to inform future budgeting practice and identification of issues (e.g. whether scope change is occurring too frequently because programme objectives were not sufficiently certain at the outset).	Low

#### 3. Prioritisation

This section summarises our key observations on prioritisation. In particular, it focuses on:

- A. Previous approaches to programme prioritisation
- B. Proposed future approach to programme prioritisation
- C. Prioritisation of spending outside of the LTP

Rating of finding: EFFECTI<u>VE</u>

#### **Key findings**

The revisions to the LOS and prioritisation of programmes are separate processes within the LTP, with consideration of each area separated by up to six months. The prioritisation process requires EMs to consider which of the long list of proposed programmes should be funded, with the key constraining factors being both financial (e.g. rates impact, Council's debt covenants) and delivery capacity (e.g. ability for Council to contract with suppliers and deliver at the proposed levels).

# A. Previous approaches to programme prioritisation

Given the number of programmes exceeds the financial and delivery capacity of the council, PNCC has used a number of different approaches in previous LTPs to engage EMs on prioritisation. In the 2018 LTP, we understand this involved an EM-led scoring exercise of the proposed programmes. In the most recent LTP, this was replaced by three prioritisation categories with Officer-led scoring within each, as follows:

- 1. programmes necessary to maintain current LOS.
- 2. programmed needed to meet expected levels of service not currently delivered.
- 3. programmes to achieve an increased level of service.

Based on our interviews and review of documents, our key observations are that:

- In general, the most recent prioritisation approach generally worked reasonably well and that the Officer-led
  prioritisation framework strongly assisted the process for EMs. However, there was also a widely held view
  amongst those we interviewed that there is a disproportionate amount of time taken up by programme
  prioritisation relative to the level of spending it represents (compared to MSL budgets). We would note that a
  similar critique is often made within central government regarding the annual budget process.
- There were mixed views from interviewees on the role of ELT in the programme prioritisation. The two key
  issues raised were a view that ELT did not sufficiently engage with the prioritisation process, and that some
  programmes were (without sufficient basis) removed prior to EMs receiving the full list. The removal of
  programmes without sufficient transparency can impact the confidence of EMs that they are being provided by
  a full range of investment options.
- Finally, there was general acknowledgement and awareness that the prioritisation process is inherently
  political and its success can depend heavily on how EMs choose to participate. The fact that public excluded
  workshops have often been used to discuss detailed prioritisation issues, with these then confirmed in a later
  public Council meeting, was cited as a detrimental feature of the process. We understand however that this
  will change in the upcoming LTP.

The delivery of forecast infrastructure spend was also identified as an issue, including that the Officers had effectively overcommitted to the level of infrastructure spend that could actually be delivered. We understand that improving forecast of spend timing has been identified by PNCC as an area for improvement in the 2023 LTP. It is critical that EMs are provided robust information on what is genuinely deliverable, and that EMs have greater opportunity to influence the delivery priority and phasing of programmes.

## B. Proposed future approach to programme prioritisation

PNCC is in the process of developing of a new tool to support the prioritisation of the programmes in the LTP process. This tool makes use of both a net present value calculation and quantitative benefit assessment to calculate a type of cost / benefit ratio. The implementation of the new tool will include engaging EMs on both criteria and weighting to build by-in to the prioritisation outcomes.

Our view is that the proposed multi-criteria analysis is reasonable, although managing the implementation risks will be critical. We are comfortable that Council officers understand the risks and trade-offs of their proposed approach, including the risk of adopting an approach which is too mechanistic and/or appears to have a spurious level of accuracy. The use of a multi criteria assessment tool is a common and good practice method to aid in prioritisation processes, and we would support the Council's direction of travel in this regard.

# C. Prioritisation of spending outside of the LTP

We understand that some EMs have also been surprised by the funding of programme cost overruns from underspends in existing budgets, and therefore providing funding to programmes above what was approved by EMs. This creates the risk of undermining the prioritisation process and the impression that Officers can find additional funding when they wish to within their MSL budget delegations. We did not investigate this issue in depth as part of this review, but note the issue for completeness as Officers may wish to consider how these types of internal reprioritisation are consulted and/or communicated to EMs.

#### Recommendations

No.	Description	Priority
16.	Ensure that EMs are provided with high-quality information on the delivery timeframes for their preferred package of programmes, as well as a framework for making phasing choices between programmes where this is required (i.e. due to practical delivery constraints).	High
17.	Ensure that EMs are briefed and consulted on the proposed approach of a multi- criteria analysis scoring tool, evaluation criteria and weightings to ensure a reasonable level of 'buy-in' in advance to the proposed approach.	High
18.	Consider approaches to ensure there is fair and consistent scoring against any assessment criteria, including, for example:	
	<ul> <li>i. clear scoring guidance for evaluators on what is expected at each rating level.</li> </ul>	
	<ol> <li>a single set of evaluators for each criteria (rather than evaluators doing every criterion but only a subset of programmes).</li> </ol>	
	<ol> <li>ensure ELT is engaged sufficiently to provide a top-down level of moderation, as well as appropriate managerial sign-off.</li> </ol>	Medium
	iv. grouping scores within a small set of categories to ensure the outputs are reasonable (i.e. moderate by looking at all the transport programme scores together, and then all the property scores together).	
	<ul> <li>evaluation criteria should be a manageable number and closely align with the council's vision, goals and strategies</li> </ul>	
	<ul><li>ii. utilising a 1 - 4 scoring system rather than 1 - 5 to avoid ratings being grouped at the midpoint.</li></ul>	
19.	Consider options to reduce the number of programmes that are submitted into the programme prioritisation process to enable a more targeted and efficient prioritisation process, for example:	
	<ul> <li>upfront compliance criteria or categorisation to identify mandatory programmes that can be excluded from prioritisation</li> </ul>	Medium
	<ol> <li>setting criteria, agreed with EMs, for the types of programmes that can submitted into the process.</li> </ol>	
20.	Ensure that both cost and risk is considered in the prioritisation approach through clear criteria and instruction for evaluators. This is to ensure there is a consistent	Low

	approach for how these will be considered by evaluators (i.e. built into scoring for other categories or scored separately).	
21.	Ensure that EMs are provided with some visibility of the full set of programmes that were submitted into the process and a brief description for why programmes were not submitted to EMs for consideration.	Medium

#### 4. Benefits

This section summarises our key observations on benefits. In particular, it focuses on:

A. Benefit articulation

B. Benefit tracking

**Key findings** 

Rating of finding: DEVELOPING

Benefits management is an area that is regularly seen as an area for improvement throughout local and central government. This phenomenon is generally driven by a lack of genuine incentive and resource to undertake programme evaluation, as well as often poor or non-existent performance measurement data. While PNCC appears to be in a similar position, it does not appear notably weaker than what we have observed in other public sector agencies (although this is a general impression, rather than from a comparative analysis of other entities).

#### A. Benefit articulation

The programme summary sheets require a benefit statement as part of the template. Guidance is provided to staff on providing benefits statements, specifying that benefits should be specific, measurable, achievable, relevant and time bound (SMART). Based on our review of samples, it would appear that renewals programmes tended to use the same four benefits:

- 1. Improve average condition score of the facility and its component assets at 30 June on any given year.
- 2. The facility meets all health and safety and compliance requirements and standards at 30 June on any given year.
- 3. The facility meets the expectations and functional requirements of the users of the facility at 30 June on any given year.
- 4. Reduction in the average percentage of unplanned and reactive maintenance required at the facility to less than 30% of the total maintenance spend

While these are not unreasonable measures, we would note that these are not articulated in a way that would provide EMs and the community an understanding of why the investment in an asset is needed to achieve the vision of the Council and the actual benefit to the community of the investment. With regard to benefit and performance measurement more generally (e.g. as defined as part of LOS), we would note that there is a heavy reliance on qualitative / narrative-based measures that would be difficult to track over time and/or deliver genuine insight into the performance of Council services. While not understating the challenges, we would expect that, over time, PNCC develop more data driven measures to track performance.

#### B. Benefit tracking

There was a general view from interviewees that there was only limited benefit in performance tracking across what the Council does. We note that the key formal performance reporting provided to EMs is via the quarterly report. This provides commentary of performance of major capital programmes against budget, and commentary on the progress of selected programmes and initiatives. Further, it includes updates on the LOS performance measures.

While we have not reviewed these documents in depth, we would observe that:

- The presentation of performance information against LOS performance measures is not unreasonable, but is
  heavily reliant on the quality of the performance measures themselves. As stated above, these tend to be
  often narrative based and ultimately are unlikely to allow the reader to form a clear view on the efficiency and
  effectiveness of the Council's activities.
- The quarterly report has a reasonably heavy focus on budget variance. The benefits stated within programme summary sheets appear not to have any further use and do not appear to be formally tracked after programme approval.

## Recommendations

No.	Description		Priority
22.	Strengthen t	the articulation and tracking of benefits, including ensuring that:	
	i.	benefits are articulated such that they have a clear link through to the plans, goals, strategies and vision of the Council (rather than being focused on delivery of outputs)	
	ii.	benefits are tracked and reported through the delivery of programmes. This is also important when considering the impact of changes to project budget / scope, should the need arise.	Low
	iii.	benefit / objective statements are ideally framed and articulated in a SMART format, where possible (Specific, Measurable, Achievable, Realistic, Timebound).	
	iv.	benefits are measured using quantified performance metrics where possible (rather than narrative based).	



# **Appendices**

# **Appendix 1: LTP process background**

The LTP development process is an extensive process involving a broad set of council functions and as well as close involvement of EMs. For the purpose of this report, we have summarised the key stages and definitions below. Many of these would occur in parallel and the description below is not exhaustive, but rather focuses on the key areas of our scope.

- The council begins preparing Asset Management Plans (AMPs) and the associated evidence to inform
  these (e.g condition assessments). It also undertakes initial planning for the LTP process as a whole,
  including establishing an internal project team.
- EMs consider the overall strategic direction for the upcoming LTP, including financial and infrastructure strategies. This recently has been focused on what key changes that EMs wish to make from the previous strategic direction, with the current vision having been last significantly revised in the 2018 LTP.
- 3. Given the strategic direction, Officers prepare both the AMPs and a broader draft set of plans (all collectively referred to as the Plans) that cover the full range of Council services (e.g. Council's actions in supporting civic events). For this report, the key elements of the plans are:
  - a. Levels of Service (LOS) statements that are statements that describe the services Council intends to deliver. These are intended to be used for a number of purposes, including informing the public of what the council intends to provide, enable measurement of effectiveness and identifying costs.
  - b. Maintain Service Level (MSL) budgets represent both the capital and operating budgets associated with delivering the LOS. MSL budgets are effectively the Council's 'baseline' spending that is expected to occur each year.
- 4. As part of the development of the Plans, Officers prepare workshop material for EMs to consider whether there should be adjustments to the LOS. This includes providing EMs with high-level cost and performance information on existing LOS areas.
- Following the review of LOS by EMs, Officers (budget holders specifically) prepare proposed updated MSL budgets for inclusion in the LTP. A range of cost changes are considered centrally (i.e. not by budget holders), including insurance, overseas and labour charges. Proposed MSL budgets are subsequently considered by both the PNCC finance team staff and the ELT.
- 6. In parallel to the above, Officers prepare the list of potential **programmes** which represent time-limited spending on top of MSL budgets. There are primarily three programme types:
  - a. Capital (new) new capital spending proposal e.g. spending for new infrastructure.
  - Capital (operating) new operating spending (e.g. for a new Council initiative following an increase or decrease in a LOS, or time-limited programme).
  - c. Capital (renewals) capital spending on existing assets.
- 7. For each programme, Officers prepare a programme summary sheet that provides a summary of key information of each programme. These are completed by Council staff from each programme's respective area and includes (not-exhaustive):
  - a. Description and type of programme.
  - b. Key proposed benefits and risks.

- c. Costing estimates over the LTP period, and costing confidence rating.
- d. Community and stakeholders.
- e. Impact of not proceeding.
- 8. The 'long-list' of programmes submitted from Council staff is initially considered by ELT, with some programmes being removed at this stage. The remaining programmes are submitted to EMs for consideration in a series of EM workshops.
- 9. In 2021 LTP, EMs were provided with a prioritisation framework which segmented the potential programmes into three categories. The programmes within each were then scored and ranked by Officers in material provided to EMs. The three categories were:
  - a. programmes necessary to maintain current levels of service.
  - b. programmed needed to meeting expected levels of service not currently delivered.
  - c. programmes to achieve an increased level of service.
- 10. As part of the above discussion, EMs are informed about the financial (particularly rates) impact of their programme choices. Further, EMs receive advice from Officers on the timing deliverability of the capital package being agreed.
- 11. The final stages of the LTP development involve the public consultation of the proposed LTP which occurs in the first half of the year. Following consideration of the public feedback, the LTP is formally adopted by June.

#### Summary strategic vision

As shown below, the overall strategic direction for PNCC is articulated as a hierarchy of documents consisting of the vision, goals, strategies and plans. The current **vision** of the PNCC is "small city benefits, big city ambition" which is supported by five goals. The goals are then supported by **plans**, which provide a more detailed view including what the Council is seeking to achieve, actions the Council will take to achieve this, and new or one off activities established by the LTP.



# **Appendix 2: Internal Audit scope (extract)**

#### **Internal Audit Objectives**

The objective of this engagement was to provide the PNCC and key stakeholders with confidence that the LTP planning, and budgeting process will enable the Council to deliver effectively to its capital and operational budget (including digital) and is positioned to successfully deliver the planned portfolio outcomes within the Asset Management Plan. We will align to the guidance suggested and used by PNCC to structure their LTP process (Taituarā).

#### **Internal Audit Scope**

The scope of the review involved an assessment of the most recent LTP process to understand deficiencies and potential process improvements for the upcoming cycle. This assessment was in line with the below structure and include, but is not limited to, the following areas:

#### Planning

- Assessing the process to develop the programme summary sheets that are presented to Elected Members, as a form of business case equivalent.
- We will also assess the viability of summary sheets at programme level, not supported at the project level.
- How are the LTP projects prioritised? Where trade-offs are made, what is the assessment criteria applied and is it consistent?
- For planning and budgeting purposes, asses the levels of service against the baseline.

#### Budaetina

Assessing the four primary budgeting streams (maintain service level, renewals, capital new (one off) and
operating programme (one off)) for accuracy and to identify causes for insufficient budgets.

#### **Prioritisation**

Understanding the internal approval process from first draft to what is presented to Elected Members, and then
what information is presented to Elected Members to enable appropriate decision making.

#### Benefits

- Understanding and assessing how a programme is approved, what is being recording in the planning stage and what monitoring and realisation processes are in place.
- What is reported to Management and Governance at the end of the process?

#### Out of scope

Participation in management or governance decision-making.

#### Interviewees

The following individuals were interviewed as part of this review

Name	Role
Grant Smith	Mayor
Brent Barret	Elected Member
Karen Naylor	Elected Member

19

Lorna Johnson	Elected Member
Vaughan Dennison	Elected Member
Cameron McKay	Chief Financial Officer
David Murphy	Chief Planning Officer
Sarah Sinclair	Chief Infrastructure Officer
Sheryl Bryant	Assistant Chief Executive
Adam Jarvis	Senior Climate Change Advisor
Andrew Boyle	Head of Community Planning
Anna Yates	Finance Partner Team Leader
Grant Jensen	Corporate Accountant
Hannah White	Democracy and Governance Manager
Helen Churton	Manager - Asset Management Planning
Jason McDowell	Head of Risk and Resilience
Julie Macdonald	Strategy and Policy Manager
Raewyn Eastwood	Organisation Performance Manager
Ryan Eames	Head of Digital Solutions
Steve Paterson	Strategy Manager - Finance
Sue Kelly	Manager – Project Management Officer

# **Appendix 3: Ratings and classifications**

#### **Audit rating**

The audit ratings are defined as follows:

Rating	Definition
GOOD	The processes are fit for purpose and are being performed in a manner which effectively mitigates the identified risks.
EFFECTIVE	Despite the fact that some process weaknesses were identified, these are considered to be generally adequate, appropriate and effective. They ensure that the audited business processes will achieve their objectives.
DEVELOPING	Process weaknesses were identified which, if not appropriately addressed, could in the future result in the audited business processes not achieving their objectives.
NOT EFFECTIVE	Existing processes are considered to be inadequate and ineffective to ensure that the audited business processes will achieve their objectives. Significant improvements are required to improve the adequacy and effectiveness of the process.

# **Priority rating**

The priority rating assigned to the recommendations are intended to provide a guide as to the importance (in our view) of the recommendation being implemented for the upcoming LTP, relative to those that could be pursued on a longer timeframe (i.e. developed between LTPs)

Rating	Definition
LOW	Matters which we consider could be progressed by the Council between LTPs / after the next LTP.
MEDIUM	Matters which we consider should ideally be resolved for the next LTP.
HIGH	Matters which we consider are high priority to action for the next LTP.

**KPMG Contact** 

Gina Barlow Director T 04 816 4798 E gbarlow@kpmg.co.nz **PNCC Contact** 

Masooma Akhter Business Assurance Manager T 06 356 8199 E Masooma.akhter@pncc.govt.nz



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



# **MEMORANDUM**

TO: Risk & Assurance Committee

MEETING DATE: 23 August 2023

TITLE: Audit NZ 2022 Management Report with Action Plan

PRESENTED BY: Masooma Akhter, Business Assurance Manager & Cameron

Mckay, Chief Financial Officer

APPROVED BY: Donna Baker, Acting Chief Executive Unit Manager

Cameron McKay, Chief Financial Officer

#### **RECOMMENDATION TO RISK & ASSURANCE COMMITTEE**

1. That the Committee receive the memorandum titled 'Audit NZ 2022 Management Report with Action Plan' presented to the Risk and Assurance Committee on 23 August 2023.

### 1. ISSUE

- 1.1 Audit NZ undertook the annual Statutory Financial Statement Audit for Year End 30 June 2022.
- 1.2 As part of the annual audit, each year Audit NZ produces an Audit Management Report providing an overview of the audit and outlining any matters from the audit, and an assessment of Councils internal controls. Recommendations for improvements are included in this report, along with progress against previous recommendations raised in prior audits.
- 1.3 In June 2023 Audit NZ released a draft final management report for the June 2022 audit. Following further discussions and clarifications with management, this was finalised by Audit NZ on 01 August 2023 (Attachment 1).
- 1.4 On 08 August 2023, management finalised an action plan to address the findings that Audit NZ had highlighted (Attachment 2).

# 2. BACKGROUND

2.1 In response to the Audit NZ reports, the Business Assurance division facilitated the preparation of an action plan that was subsequently endorsed by management.



- 2.2 It should be noted that through clarification with Audit NZ, three out of seven new findings were removed. A few of the previous points are still outstanding, however the reason for a lack of progress on that front can be attributed to resourcing and system constraints. We have therefore updated the previous action plan to reflect up-to-date target dates.
- 2.3 It is expected that with the implementation of the new finance system, procurement tool and internal policy framework, we will see an improvement in our internal controls and therefore see a number of our recommendations close off. However, this should not be expected until the report for the 2024 financial year is released.
- 2.4 Three recommendations have been closed since June 2022 and this has been acknowledged in the report. These are marked completed in the action plan.

# 3. NEXT STEPS

3.1 The action plan that has been developed will be followed up on by Business Assurance every 6 months and will be reported back to Risk & Assurance Committee through the accountability reporting.

## 4. COMPLIANCE AND ADMINISTRATION

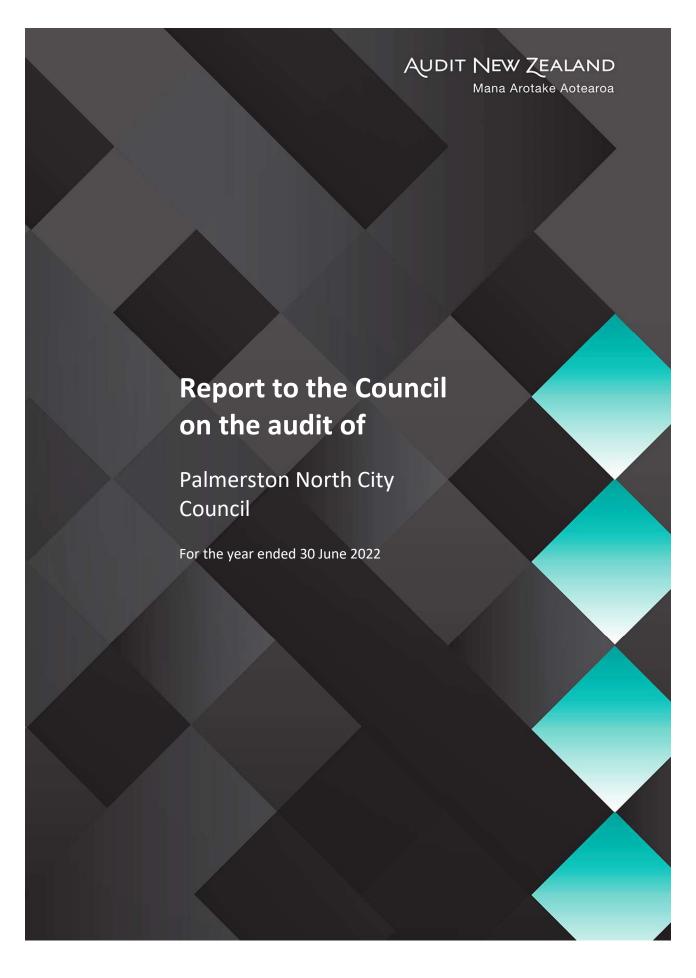
Does the Committ	ee have delegated authority to decide?	Yes			
Are the decisions s	ignificant?	No			
If they are significa	int do they affect land or a body of water?	No			
Can this decision of	only be made through a 10 Year Plan?	No			
Does this decis Consultative proce	ion require consultation through the Special edure?	No			
Is there funding in	the current Annual Plan for these actions?	No			
Are the recommer plans?	ndations inconsistent with any of Council's policies or	No			
The recommenda	The recommendations contribute to Goal 5: A Driven & Enabling Council				
The recommendations contribute to the achievement of action/actions in Governance and Active Citizenship					
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Business Assurance aims to help the Council succeed trust and confidence in the core controls rel management and governance.				



# **ATTACHMENTS**

- Audit NZ 2022 Management Report 1
   Audit NZ June 2022 Action Plan 1





# **Contents**

Key mes	ssages	3
1	Recommendations	4
2	Our audit report	6
3	Matters raised in the Audit Plan	9
4	Other matters identified during the audit	18
5	Matters verbally discussed with management	21
6	Assessment of internal control	22
7	Public sector audit	23
8	Group audit	24
9	Useful publications	25
Append	lix 1: Status of previous recommendations	28
Append	lix 2: Disclosures	35

# **Key messages**

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

## **Audit opinion**

We issued an unmodified opinion for the City Council's financial statements and a modified opinion for the City Council's statement of service provision for the year ended 30 June 2022, on 14 December 2022. We qualified the statement of service provision because our work was limited with respect to the verification of the number of complaints for some services and the verification of the attendance and resolution times for water supply and wastewater faults.

In common with other Councils, the audit opinion included an "emphasis of matter" paragraph to draw the users' attention to the relevant notes in the annual report that describe the impact of the governments three waters reform programme announcement.

## Matters identified during the audit

The following significant issues were considered during the audit:

- **Statement of service provision.** We found that the recording of complaints was not in line with Department of Internal Affairs (DIA) guidance. We were also unable to determine whether the City Council's reported results for the attendance and resolution times were materially correct.
- Revaluation of three waters infrastructure assets. Overall, we found the revaluation of
  these assets was carried out in accordance with PBE IPSAS 17 Property, Plant and
  Equipment and that the revaluation movements were correctly accounted for and
  supported.

We have raised 4 new issues this year for your consideration, these are summarised in section 1.1 of this report.

#### Thank you

We would like to thank the Council, management and staff for the assistance given to the audit team over the course of the audit.

Debbie Perera Appointed Auditor

1 August 2023

# 1 Recommendations



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

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

# 1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Dry weather overflows	4.1	Necessary
Improve categories included in the RFS system for overflows to ensure that it is clear if there was an overflow and, if so, whether it was a dry or wet period as defined in the regulations. Alternatively ensure that clear descriptions capturing that information are added for each item raised in the system.		
Sensitive expenditure approvals	4.2	Necessary
Approve all sensitive expenditure in a timely manner.		

Recommendation	Reference	Priority
Signing of contracts	4.3	Necessary
Sign all contracts in a timely manner by both parties before work commences on the project.		
Review of IT policies	4.4	Necessary
Regularly review IT policies and update as required to ensure the Council is up to date with the latest regulations and technology, as well as consistent with the industry's best practices.		

# 1.2 Status of previous recommendations

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

Priority	Priority					
	Urgent	Necessary	Beneficial	Total		
Open	1	8	-	9		
Implemented or closed	-	-	-	-		
Total	1	8	-	9		

# 2 Our audit report

#### 2.1 We issued a modified audit report



We issued an unmodified opinion over the financial statements. This means we were satisfied that the financial statements present fairly the City Council's activity for the year and its financial position at the end of the year and that the financial statement comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting

Standards.

We issued a qualified opinion on the statement of service provision for incomplete information about the number of complaints and the attendance and resolution times the City Council has recorded. Complaints received related to water, wastewater and stormwater, and the attendance and resolution times relate to water supply and wastewater. We were unable to determine whether the Council's reported results for these measures were materially correct.

For the year ended 30 June 2022 and the comparative year, we were unable to determine whether the Council's reported results for these measures were materially correct.

Without further modifying our audit opinion, we included an emphasis of matter paragraph to draw the users' attention to the relevant notes in the annual report that describe the impact of the governments three waters reform programme announcement.

In forming our audit opinion, we considered the following matters.

#### 2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. There were no uncorrected misstatement for Council.

Group misstatements that have not been corrected are listed below along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

Current year uncorrected misstatements	Ref	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
None					
Total parent		0	0	0	0
Inventory	1	50,000			
Investment Property		(50,000)			

Current year uncorrected misstatements	Ref	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Asset revaluation reserve	2			2,858,853	
Airside infrastructure		(2,858,853)			
Total group		(2,858,853)	0	2,858,853	0

## **Explanation of uncorrected misstatements**

- To correctly record Zone H (CleanCo) as inventory (unadjusted in the PNAL annual report). This was not changed as it was deemed to be not material to the financial statements.
- To correctly record the revaluation of the airside infrastructure using correct remaining useful lives (unadjusted in the PNAL annual report). This was not changed as it was deemed to be not material to the financial statements.

#### 2.3 Corrected misstatements

We also identified misstatements that were corrected by management. These corrected misstatements had the net effect of \$0 for the net surplus. The corrected misstatements are listed below.

Current year corrected misstatements	Ref	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Other financial assets	1	5,000,000			
Cash and cash equivalents		(5,000,000)			
Current inventories	2	574,000			
Non-current inventories		(574,000)			
Total parent		0	0	0	0

# **Explanation of corrected misstatements**

- 1 Term deposit incorrectly included as cash and cash equivalents rather than a short-term investment with a maturity over 90 days.
- 2 Correct classification between current and non-current inventories.

#### 2.4 Corrected disclosure deficiencies

## **Detail of disclosure deficiency**

There were three severance payments that were not included in the initial draft of the annual report in note 8.

The FTE disclosure needed to be updated to reflect the correct staff numbers.

The debt control benchmark needed to be updated as net debt had not been calculated correctly.

Capital commitments were overstated as there were two items that did not have signed contracts at balance date – please see item 4.4 below.

There were a number of items within the group of activities funding impact statements and the whole of council funding impact statement that needed to be updated.

## 2.5 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the City Council. This includes the draft annual report with supporting working papers. We provided a listing of information we required to management via Audit Dashboard on 13 June 2022. This included the dates we required the information to be provided to us.

The Council staff provided us with most of the documents and information requested on a timely basis and by the due dates set. This allowed the resourced phase of the audit to proceed more efficiently and reduced the level of interruption to Council staff.

# 3 Matters raised in the Audit Plan



In our Audit Plan of 10 May 2022, we identified the following matters as the main audit risks and issues:

#### Audit risk/issue

#### **Outcome**

#### Complaints and response time performance measures

An important part of the City Council's service provision is the number of complaints it receives over the water, wastewater and stormwater networks and the response times to these complaints. This is important because the number of complaints and the response time for them are indicative of the quality of services received by ratepayers.

The City Council reports on several complaints and response time related performance measures included in its long-term plan in accordance with the Non-Financial Performance Measures Rules 2013 made by the Secretary for Local Government.

For the year ended 30 June 2021, and its comparative information for 2020, we were unable to determine whether the Council's reported results for these measures were materially correct. The City Council only recorded the first call received about an issue in its system. This does not comply with guidance from the Department of Internal Affairs (DIA). Which says:

Where there is more than one complaint per event, each complaint is counted separately, not each event or occurrence.

The City Council updated its processes part way through the previous financial year. However, for the City Council to avoid a qualification on future results, the system and processes for recording

#### Complaints

Complete records for all calls made to the City Council were not available and we were unable to determine whether the Council's reported results for these performance measures were materially correct. As a result, our work was limited and there were no practical audit procedures we could apply to obtain assurance over the number of complaints reported against these three performance measures.

#### Response times

Complete records for all callouts made by the City Council were not available and we were unable to determine whether the Council's reported results for these performance measures were materially correct. As a result, our work was limited and there were no practical audit procedures we could apply to obtain assurance over the number of complaints reported against these three performance measures.

#### Conclusion

A qualified audit opinion was issued over the incomplete information for both complaints and response times.

We had previously made detailed recommendations in our 2020 Report to Council about how to rectify these issues. Refer also to our open urgent recommendation on page 28 of this report.

Audit risk/issue	Outcome
all complaints should be in place for the entire year.	
The City Council also did not maintain sufficient appropriate evidence to support the time taken to attend and resolve water supply and wastewater faults.	

#### Management override

Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it results in a risk of material misstatement due to fraud.

To reduce the risk of material misstatement due to fraud to an acceptable level we completed the following audit work:

- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- Reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud.
- Maintained awareness of any significant transactions that were outside the normal course of business, or that otherwise appear to be unusual given our understanding of the Council and its environment, and other information obtained during the audit.

### Conclusion

From our testing we did not identify any issues that indicated management override.

#### Fair value/Impairment assessment

#### Fair value assessment

The City Council revalued its land and buildings as at 30 June 2021 and its Infrastructural Assets as at 30 June 2020. Therefore, it was not scheduled to perform any revaluations this year.

In a non-revaluation year the City Council must consider whether there has been any significant movement in the fair value of the assets, in In the current year management consulted with Council's valuers about whether there had been material movements for their assets that are on a revaluation cycle. It was determined that land and buildings, and the roading assets had not materially moved in value from the last valuation as at 30 June 2021. This assessment also referenced the industry indices. It was determined that there was no requirement to revalue these assets and that they are fairly stated in the annual report.

#### Audit risk/issue

accordance with the accounting standards.

Accounting standard, PBE NZ IPSAS 17, Property, Plant and Equipment, requires that valuations be carried out with enough regularity to ensure that the carrying amount of property, plant and equipment does not differ materially from the fair value.

#### Impairment assessment

On a yearly basis the City Council must review its property, plant and equipment for impairment indicators in accordance with accounting standards, PBE IPSAS 21 Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash Generating Assets.

#### We expected that:

- the City Council had done a comprehensive analysis to determine, for both land and buildings and infrastructure assets, whether there is a significant variance between the carrying value and the fair value as at 30 June 2022 that would trigger the need for the Council to revalue or impair the assets; and
- an annual impairment
   assessment of the City Council's
   assets be performed, including
   performing a regular assessment,
   over the period of the project, of
   the value of work in progress
   (WIP) on projects that span an
   extended period of time.

#### **Outcome**

We performed our own analysis and gained confidence that there were no material movements that needed to be considered in the annual report.

#### Three waters

Although the three waters assets were not scheduled for a revaluation in the current year, through the work completed on the fair value assessment, it was determined that a full revaluation of the three waters assets needed to be undertaken as at 30 June 2022.

The City Council uses depreciated replacement cost methodology to determine fair value due to the nature of the assets in the water asset classes. The valuation of the three waters assets was undertaken by AECOM. The valuation was based on several significant assumptions, including the useful lives and current replacement costs of the assets. The high level of estimation uncertainty resulting from the need to apply these assumptions in the valuation created a risk that the value could be materially misstated.

#### To address this risk we:

- reviewed how the City Council ensured completeness over the asset data;
- tested the integrity of the underlying data used for the valuations;
- tested the validity of the significant judgments, assumptions and unit rates applied and whether they have been applied consistently;
- reviewed the revaluation of the City Council's three waters assets and ensured that revaluation movements are correctly accounted for and supported;
- reviewed the City Council's explanations of variances between the latest and prior years' valuations for reasonableness; and
- held discussions with and obtained confirmation from the Independent Valuer.

#### Conclusion

Audit risk/issue	Outcome
	We were satisfied that the carrying value of revalued assets was fairly stated.
Drinking water performance measures	
Council is responsible for reporting performance against the safe drinking water standards. In particular this requires Councils to report the extent to which the local authority's drinking water supply complies with:  (a) part 4 of the drinking-water standards (bacteria compliance criteria), and  (b) part 5 of the drinking-water standards (protozoal compliance criteria).  Up until November 2021 performance related data was captured in the Drinking Water Online (DWO) database and compliance was assessed by Drinking Water Assessors (DWA). As a result of changes to the regulatory framework for drinking water quality, the DWO is no longer accessible and the DWA role no longer exists.  Given these changes Council needed to ensure appropriate systems and controls were in place to ensure performance information was complete and accurate for reporting purposes.	The City Council maintained their testing regimes as had been done in previous years in the current year and they engaged an expert (Matt Molloy – Matt Molloy Consulting Limited) to ensure that they complied with the drinking water standards. The expert examined the City Councils processes and confirmed to us that the standards had been met. We assessed the experts work and were satisfied that the work was suitable to use as audit evidence.  Conclusion  We were satisfied that the drinking water standards have been met by the City Council and this is accurately reflected in the annual report.

## **Central government funding**

The Government has announced a number funding initiatives to support housing and infrastructure development, stimulate economic recovery following the impact of Covid–19 and to support Councils to transition through the Three Waters Reform. This included the following packages.

 A \$3.8 billion Housing acceleration fund announced on 23 March 2021. \$1 billion of this has been set aside for investment in local Infrastructure. While the We examined significant funding agreements and reviewed the accounting of grants revenue to ensure it has been recorded in accordance with the obligations of the contracts and the relevant accounting standards.

# Conclusion

We were satisfied that the funding agreements have been appropriately included in the annual report.

Audit risk/issue	Outcome
majority of this funding is available to agencies other than local government, we would expect that this is likely to result in vested assets in the future.	
\$2.5 billion known as the "better off" and "no worse off" package aimed at supporting local government transition through the three waters reforms. We understand that Councils are able to apply for their share of an initial \$500 million tranche currently available from this package.	
\$2.6 billion shovel ready funding package aimed at supporting economic recovery following Covid–19.	
\$761 million funding package provided to local authorities to maintain and improve three waters infrastructure.	
The Council needed to ensure that any funding agreements entered into with the Government in relation to these or other funding packages are properly accounting for and fairly reflected in the financial statements.	
Major capital projects	
The city council continues to have a significant ongoing capital programme which is challenging to deliver against in the current market.  Accounting for capital projects, whether completed during the year or in progress at balance date, requires assumptions and judgements to be made that can have a significant impact on the financial statements.  Management and the Council are responsible for managing the financial statement risks associated with capital projects. This includes ensuring:	We reviewed the accounting for costs incurred on capital projects, including:  assumptions and judgements used by management in classifying costs as either capital or operational;  appropriate capitalisation point for completed assets, including transfers from work in progress;  the reasonableness of depreciation rates and useful lives applied to asset components; and

#### Audit risk/issue **Outcome** the disclosures included within the financial project costs are reviewed to ensure these are appropriately classified as capital or operational capital commitments. in nature; Conclusion work in progress (WIP) balances for projects already completed or available for use are transferred

WIP balances on projects that span an extended period of time are assessed regularly for impairment over the period of the project. Costs no longer meeting criteria for recognition as an asset should be expensed in a timely manner;

to the appropriate class of asset

depreciated accordingly from the

in a timely manner and

date of capitalisation;

- asset components are identified at an appropriate level, and appropriate useful lives are assigned to these components on completion; and
- the value and remaining useful life (RUL) of existing assets remains appropriate given replacement projects underway;
- capital commitments related to contracts entered into before balance date are disclosed in the notes to the financial statements.

statements, including those relating to

We were satisfied that the capital projects have been appropriately included in the annual report. We do note that the capital programme is well behind what has been budgeted for. We understand that this is as a result of the current supply chain issues and difficulties in hiring contractors.

#### Three waters reform

On 27 October 2021, the Local Government Minister announced the Government's intention to proceed with the three waters service delivery reforms using a legislated "all in" approach. The Three Waters Reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure currently owned by local

The City Council has appropriately disclosed the latest information, at the time of the adoption of the annual report, from the Government on the three waters reform in the subsequent events note and this has been included as an emphasis of matter in the audit opinion as per section 2.1 above.

Audit risk/issue	Outcome
authorities, with effect from 1 July 2024.	
The Three Waters Reform programme is	
expected to result in significant changes	
to how water supply, wastewater and	
stormwater assets are owned and	
managed in the local government	
sector.	
There are still a number of uncertainties	
associated with the new three waters	
delivery model including the mechanism	
for how assets will be transferred to the	
newly established entities, and the	
control and governance of these entities	
and the accounting implications.	
Notwithstanding the current uncertainty	
the announcement once legislated will	
mean Council is no longer responsible	
for the delivery and infrastructure of	
three water services from 1 July 2024.	
The Council needed to ensure that	
sufficient disclosure about impact of the	
reform (to the extent that the impact is	
known) is included in the annual report.	
WWTP upgrade	

#### WWTP upgrade

The City Council has completed the work relating to the best practicable option for the replacement of the WWTP to be able to lodge a new consent application by June 2022.

The City Council at the time of adopting the 2021-31 long-term plan (LTP) had not settled on the best practicable option but did include \$350 million (uninflated) into the capital programme on the basis that this was considered to be a reasonable estimate.

While the three water assets are currently to be moved to a new entity under the reforms the City Council needs to ensure that the project remains on track and that the consent application is made by the due date.

The City Council applied to have the deadline for the resource consent for the new WWTP extended to 31 December 2022 from June 2022. The Regional Council agreed to this extension and the Council are working towards this date and at the time of our audit. The consent application has been prepared to be lodged with Horizons Regional Council on 19 December 2022.

Audit risk/issue	Outcome		
Impact of Covid-19 pandemic			
The long-term impact of Covid-19 in New Zealand, and how it might affect public entities, is unknown. However, it is possible that the uncertainties in the economic environment will increase the risk of material misstatement in financial statements.	The City Council continued to manage the effects of Covid-19 and the resulting impact of supply chain issues, lack of contractors and the increase in interest rates.		
Configuration and customisation costs for	r Software-as-a-service (SaaS)		
Entities can sometimes incur significant costs when implementing cloud computing arrangements. Until recently, there has been no specific guidance on this subject in IFRS accounting standards.	This will become an issue for the 30 June 2023 year and on-going as the new FMIS is implemented and goes live.		
The IFRS Interpretations Committee recently published decisions clarifying how arrangements in respect of a specific part of cloud technology, (SaaS), should be accounted for. The agenda decisions must be applied by for-profit entities. For PBEs, the agenda decisions can be referred to in determining the accounting treatment because the underlying intangible asset standards are consistent between IFRS and PBE IPSAS.			
The City Council needed to consider whether or not their accounting policy is consistent with the Committees decision and should consider whether costs relating to SaaS are correctly accounted for and appropriate disclosures are included in the financial statements of the City Council.			
The key issues are whether such costs:			
shall be capitalised as an intangible asset and amortised; or			
expensed when incurred; or			
expensed over the term of the software as a service (SAAS)			

PNCC 22J Report to Council (final).docx 16

arrangement (including

Audit risk/issue	Outcome
capitalising as a prepaid service if paid upfront).	
Changes to the classification of asset balances as a result of the IFRIC's decision should be treated as a change in accounting policy and accounted for retrospectively. This would require a restatement of prior period amounts in accordance with PBE IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors.	
Adoption of PBE FRS 48 Service Performa	nce Reporting
PBE FRS 48 Service Performance Reporting replaced that part of PBE IPSAS 1 Presentation of Financial Statements that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, i.e. for the City Council, it is for the year ended 30 June 2023.	This is currently an on-going process for the City Council and is applicable for the 30 June 2023 annual report.
PBE FRS 48 imposes additional reporting obligations on entities. For example, paragraph 44 requires an entity to "disclose those judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information reported in accordance with this Standard that are relevant to an understanding of the entity's service performance information". Paragraph 47 allows an entity to cross reference this disclosure to another document, such as the LTP or Annual Plan that sets out the forecast service performance information. Most of these judgements are made at the time the LTP is adopted.	
Although it is not yet applicable, we encourage the City Council and management to assess the impact of	

PNCC 22J Report to Council (final).docx

adopting PBE FRS 48 and consider what disclosure changes will be required in

future annual reports.

# 4 Other matters identified during the audit



In this section we outline the issues we have identified through the audit work we have performed.

#### 4.1 Dry weather wastewater overflows

#### Recommendation

Improve categories included in the RFS system for overflows to ensure that it is clear if there was a wastewater overflow and, if so, whether it was for a dry or wet period as defined in the regulations. Alternatively ensure that clear descriptions capturing that information are added for each item raised in the system.

#### Findings and analysis

We noted during the completion of the work on the wastewater system dry weather overflows that Council has a manual system of capturing the information, which involves a staff member going through each wastewater request for service (RFS) to determine if there was an overflow and if so, whether it occurred in dry or wet weather conditions.

By improving the categories of information captured in the RFS system at the time each RFS is attended to will reduce the manual risk that an overflow is missed. We suggest including two additional categories to record, at the time the RFS is attended to, whether there has been a wastewater overflow and whether the overflow was in dry or wet weather conditions.

Having complete and accurate records in the system will allow the results of the measures to be obtained more easily for either reporting to Council or reporting in the annual report, which should also reduce the time being taken by Council staff to sift through the information to ensure that it is being correctly reported.

### Management comment

Noted.

# 4.2 Sensitive expenditure approvals

#### Recommendation

Approve all sensitive expenditure in a timely manner.

#### Findings and analysis

From our review of sensitive expenditure, we noted that the Chief Executive's credit card expenditure from 1 April 2022 to 30 June 2022 had not been approved at the time of our final audit in October 2022.

We also noted that expenditure of the Chief Executive's Executive Assistant from 1 June 2022 to 30 June 2022 had not approved at the time of our final audit in October 2022.

Sensitive expenditure items not being approved in a timely manner poses a risk that inappropriate expenditure is processed.

## Management comment

Noted. This process was reviewed and has been tweaked to ensure that this oversight is not repeated.

#### 4.3 Signing of contracts

### Recommendation

Sign all capital expenditure contracts in a timely manner by both parties before work commences on the project.

#### Findings and analysis

While completing our work on the capital commitments disclosed in the annual report, we noted two contracts that were not signed by both the Council and the contractor prior to work commencing.

Both contracts had associated invoices paid prior to 30 June 2022 indicating the contractual relationship had begun prior to the contracts being signed, however the contracts were only signed in November when Audit requested a copy. Best practice is that capital contracts are agreed and signed prior to commencement of work.

#### Management comment

Noted. Contract management procedures, including contract execution will be covered under the new procurement framework. This guidance will promote best practice.

# 4.4 Review of IT Policies

#### Recommendation

Regularly review IT policies and update as required to ensure the Council is up to date with the latest regulations and technology, as well as consistent with the industry's best practices.

#### Findings and analysis

We noted that there is Management Team Policy pertaining to Information Technology and Social Media (MT71) that was adopted in November 2014 and was last reviewed in 2017.

Outdated policies can leave the Council at risk. Old policies may fail to comply with new laws and regulations. They may not address new systems or technology, which can result in inconsistent practices.

Without appropriate formal policies and guidance it becomes difficult to hold users accountable for their actions.

# Management comment

Noted. This policy is currently being reviewed.

# 5 Matters verbally discussed with management



During the 2022 audit process we raised issues with Council management which were verbally discussed.

For completeness we have summarised these matters below:

#### 5.1 Investment policy limits

We noted that the Council had exceeded the policy limit set out in the Treasury Management Policy for the maximum level of investments with an individual bank of \$15m. During the last quarter of the financial year the City Council had \$35m invested with Westpac which meant they were exceeding their policy by \$20m.

While the Treasury Management policy sets out limits, it does allow for non-compliance with the policy as long as any counterparties exceeding the limits are reported Council. We have confirmed that this has been appropriately reported to Council.

We understand that the Treasury Management Policy will be reviewed as part of the LTP.

#### 5.2 Password requirements

We had suggested management consider aligning Council's process for standard network password length and maximum age to NZISM (New Zealand Information Systems Manual issued by the Government Communications Security Bureau) password standards.

NZISM's password policy standards is either enforcing a minimum password length of 16 characters with no complexity requirement; or a minimum password length of ten characters with complexity enabled, and maximum password age of 90 days.

Council's network and payroll password length requirements do not meet recommended NZISM requirements, however management accept this risk and advise that they apply the Microsoft guidance around password security which includes two factor authentication.

# 5.3 Variances in reconciliations

We identified variances in some general ledger reconciliations. These variances largely related to system issues that required the system provider to fix. With the implementation of the new FMIS from 1 July 2023 this issue will be resolved.

# 6 Assessment of internal control



The Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information. We review internal controls

relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

#### 6.1 Control environment

The control environment reflects the overall attitudes, awareness and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy and is the context in which the accounting system and control procedures operate. Management, with the oversight of the Council, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the Council and management to establish and maintain effective management procedures and internal controls.

We consider that a culture of honesty and ethical behaviour has been created. The elements of the control environment provide an appropriate foundation for other components of internal control.

#### 6.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented and maintained by the Council and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

In performing this assessment we consider both the "design effectiveness" and "operational effectiveness" of internal control. However, it is not the purpose of our assessment to provide you with assurance on internal control in its own right. As such we provide no assurance that our assessment will necessarily identify and detect all matters in relation to internal control. Any areas of improvement are covered in section 4 above.

# 7 Public sector audit



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

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

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

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

There were no items noted during our audit that need to be brought to your attention.

# 8 Group audit



The group comprises:

- Palmerston North Airport Limited
- Te Manawa Museums Trust
- The Regent Theatre Trust
- Globe Theatre Trust Board
- Palmerston North Performing Arts Trust

We have not identified any of the following during our audit for the year ended 30 June 2022:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.

# 9 Useful publications



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

Description	Where to find it		
Performance reporting			
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications.  Link: The problems, progress, and potential of performance reporting		
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice.  Link: Good practice in reporting about performance — Office of the Auditor-General New Zealand (oag.parliament.nz)		
Local government risk management practices			
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications.  Link: Observations on local government risk management practices		
Public accountability			
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications.  Link: Building a stronger public accountability system for New Zealanders		

Description	Where to find it		
Managing conflicts of interest involving council employees			
This article discusses findings across four councils on how conflicts of interest of council employees,	On the Office of the Auditor-General's website under publications.		
including the chief executive and staff, are managed.	Link: Getting it right: Managing conflicts of interest involving council employees		
Covid-19 implications for financial reporting and aud	lit in the public sector		
Audit New Zealand Executive Director Steve Walker and Head of Accounting Robert Cox joined an online panel hosted by Victoria University of Wellington and the External Reporting Board. They discuss the effects of Covid-19 and the economic recovery on financial reporting and audit in the public sector.	On our website under good practice.  Link: Covid-19 page  Link: Webinar		
Model financial statements			
Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes:	Link: Model Financial Statements		
<ul> <li>significant accounting policies are alongside the notes to which they relate;</li> </ul>			
<ul> <li>simplifying accounting policy language;</li> </ul>			
<ul> <li>enhancing estimates and judgement disclosures; and</li> </ul>			
<ul> <li>including colour, contents pages and subheadings to assist the reader in navigating the financial statements.</li> </ul>			
Sensitive expenditure			
The Auditor-General's good practice guide on sensitive expenditure provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders "setting the tone from the top". It also describes how organisations can take a good-practice approach to policies and procedures for	On the Office of the Auditor-General's website under good practice.  Link: Sensitive expenditure		

Description	Where to find it		
Conflicts of interest			
The Auditor-General has published guidance on conflicts of interest. A conflict of interest is when your duties or responsibilities to a public organisation could be affected by some other interest or duty that you have.  The material includes a printable A3 poster, an animated video on predetermination and bias, gifts and hospitality, and personal dealings with a tenderer. There is also an interactive quiz.  These can all be used as training resources for your own employees.	On the Office of the Auditor-General's website under 2019 publications.  Link: Conflicts of interest		
Good practice			
The OAG's website contains a range of good practice guidance. This includes resources on:  audit committees;  conflicts of interest;  discouraging fraud;  good governance;  service performance reporting;  procurement;  sensitive expenditure; and  severance payments.	On the OAG's website under good practice.  Link: Good practice		
Procurement			
The OAG are continuing their multi-year work programme on procurement.  They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.  Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.	On the OAG's website under publications.  Links: Strategic suppliers: Understanding and managing the risks of service disruption  Getting the best from panels of suppliers Local government procurement		

# **Appendix 1: Status of previous recommendations**

# Open recommendations

Recomm	nmendation		First raised	Status	
Urgent	Urgent				
Performance reporting - recording of complaints and attendance and resolution times			2020	In progress  The City Council has adjusted their	
Record all complaints, and attendance and resolution times in the City Council's Knowledge Base system in accordance with				systems for recording the afterhours services but the Council does not record all complaints in line with DIA guidance.	
the DIA guidance and formalise the procedural guidance.			The recording of attendance and resolution times has not been addressed.		
				This led to a modified opinion on the statements of service performance.	
Necessar	ry				
Expendit	ture system		2020	Outstanding	
Ensure that all expenditure is subject to one-up approval and that the creditor masterfile changes are reviewed on a timely basis (at least monthly).			From the work completed in the current year there has been no change.		
Council	policies overdue f	or review	2018	In progress	
We recommend the following policies (which are overdue for review) be reviewed against current accepted good practice in the public sector:			The Internal Auditor presented a Management Action Plan to the Audit and Risk Committee on the 11 May 2022.		
Ref	Policy	Due for review		The plan noted that PNCC intended to review the policies by the end of the year with a current expected	
MT 18	Expenses	August 2017		completion date of October 2022.	
MT 57	Gifts, inducements and rewards	October 2017		We acknowledge that MT-18 Sensitive Expenditure Policy has since been completed and adopted by the Executive Leadership Team in	
MT 54	Use of Council vehicles	October 2017		March 2023.	
MT 79	Conflicts of interest	August 2018			

Recommendation	First raised	Status
OAG guidance should be sought for credit cards, travel, meals and accommodation, motor vehicles, loyalty reward schemes, staff support well-being and entertainment and hospitality.		
Financial statement reconciliations	Prior to 2017	In progress
We recommend that all financial statements reconciliations be independently reviewed.  We recommend timely preparation of all reconciliations.		During the 21/22 financial year the Financial Accountant Team Lead implemented the process that all reconciliations are reviewed, regardless of whether they were prepared by an accountant.
		A new reconciliation policy and procedure is being introduced from 1 July 2022 to make clearer guidelines to preparers and reviewers, more clearly defining 'timely'. This is intended to address the risk of misstatement.
		We will follow up again in the next audit.
High annual leave balances	2020	In progress
Monitor leave balances and encourage staff to take leave regularly to ensure staff wellbeing is maintained, reduce fraud risk and to reduce the leave liability owed by		As of 30 June 2022, there are 231 staff (37%) that had balances greater than 25 days.  We note that Council has a policy
the Council.  We have assessed high leave as being greater than 25 days (one year		that allows staff to accumulate up to 50 days leave (two years entitlement).
entitlement).		We do note that the average annual leave balance has been reducing and for the 2022 year the average balance is 20.59 days.
Business continuity plan	Prior to 2017	In progress
Business Continuity Plan (BCP) should be finalised and retested. Plans be regularly updated and tested.		At the time of our audit this recommendation was still to be implemented.
		We note that Council has since had a complete revamp of the Crisis Management Plan (dated 30 September 2022). We will review this as part of our 2023 audit.

Recommendation	First raised	Status
A procurement strategy or plan to be completed for every significant project prior to tendering which includes maintenance or operations contracts. This is important to ensure that Council resources are being used effectively and the best approaches to the market are taken.		developing management plans. However, in our experience, risks from actual, potential, or even perceived conflicts can cause disruption, delay, and a loss of market confidence. In this context, it is our expectation for there to be a well-structured approach to identifying and managing any risks to a procurement process from actual, potential, or perceived conflicts of interest. We expect any declared issues to be independently reviewed by management, and any resulting conflict management plans to be reviewed and approved by a manager, to ensure the Council does not take risks outside of its risk appetite. Managing risks related to conflicts of interest is an essential element of planning and is a common area where probity risks arise.  We note the planned enhancement to the existing COI policy including the release of an COI online tool will be important to help staff involved understand the Council's requirements and ease the administration time.  Closed  In relation to procurement planning, we found that the level of planning completed for the sample we reviewed was reflective of the risk, value and significance of the procured goods and services. A detailed procurement strategy for the significant roading maintenance contract was completed. We commend the Council improvement around this part, and consider this specific matter closed.
Contract management	Prior to 2017	In progress
We recommend:		

Recommendation	First raised	Status
Ensure completeness and accuracy of data information on the contract management system. Also, review the data that is being placed there.  Ensure consistency of what is retained on the contract management system by formally documenting the required documents that are needed on the system.		We commend the Council's commitment to develop a contracts centre of excellence to lift capability and improve resources. The council is highly reliant on third party suppliers to deliver its capital programme and support its service delivery. As such, good contract management is an important discipline for the council.  We understand that the procurement portal under development will include a module on contract management. This will provide a central point for contract management policy, guidance, and templates.  We understand the Council plan to develop and refresh existing contract management policy, guidance, and templates. This will include a checklist on what documents are required for filling in Oasis. There is currently limited review around the completeness and accuracy of documentation in Oasis due to capacity constraints.  We encourage the council to complete these developments to
		strengthen its contract management. We will follow up progress again as part of future audits.
Mandatory performance measures	Prior to 2017	Outstanding
We made the following recommendations for improvement:		See section 2.1 above and the uncleared urgent issue above.
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		

Recommendation	First raised	Status
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. We would expect that these reviews are formally evidenced by way of a date and signature.		
<ul> <li>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.</li> </ul>		
Document any calls that are excluded as DIA service requests or complaints. This may require additional fields to be added to the existing RFS if this information is not already captured.		
Continue to review Department of Internal Affairs' guidance to ensure that the data being captured and reported meets the mandatory reporting requirements. We 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.		

### Implemented or closed recommendations

Recommendation	First raised	Status
None		

# **Appendix 2: Disclosures**

Area	Key messages
Our responsibilities in conducting the audit	We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.
	The audit of the financial statements does not relieve management or the Council of their responsibilities.
	Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.
Auditing standards	We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.
Auditor independence	We are independent of the City Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.
	In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the City Council's debenture trust deed. This engagement is compatible with those independence requirements. Other than this engagement, we have no relationship with or interests in the City Council or its subsidiaries and controlled entities.
Fees	The audit fee for the year is \$260,479, as detailed in our Audit Proposal Letter.
	Other fees charged in the period are \$5,950, for the assurance engagement related to the debenture trust deed.

Area	Key messages
Other relationships	We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the City Council or its subsidiaries that is significant to the audit.
	We are aware of two former Audit New Zealand staff members who have accepted positions at Council, one as the Senior Rates Officer in December 2019 and the other an Internal Audit position in December 2020.
	We are not aware of any other situations where a staff member of Audit New Zealand has accepted a position of employment with the City Council or its subsidiaries during or since the end of the financial year.



# Page IIIs

# Audit NZ Action Plan – June 2022

Pg.	Finding	First Raised	Management Action	Responsible	Target Date
18	Dry Weather Wastewater Overflows	2022	The knowledge base system is being replaced with a new system, Service Now. This is expected to resolve this issue.	Mike Monaghan	June 2024
18	Sensitive Expenditure Approvals	2022	No actions are being taken, the instances were reviewed and considered one off due to staff turnover.	Finance Manager	N/A
19	Signing of Contracts	2022	To roll-out new procurement guidance and tool that will require all contracts to be signed and filed prior to the commencement of work.	Procurement Manager	June 2024
19	Review of IT Policy	2022	To update the IT/Social Media Policy	People Operations Manager	Feb 2024
28	Performance reporting - recording of complaints and attendance and resolution times	2020	The knowledge base system is being replaced with a new system, Service Now. This is expected to resolve this issue.	Customer Contact Manager	June 2024
28	Expenditure system	2020	The updated Finance System corrects this as it forces one-up approval for requisitions.	Finance Manager	>01/07/2023
28	Expenses Policy overdue for review	2018	Updated and approved by ELT in March 2023.	Finance Manager	Completed
28	Gifts, Inducements and Rewards Policy overdue for review	2018	To update Gifts, Inducements and Rewards Policy	People Operations Manager	Feb 2024
28	Use of Council Vehicles Policy overdue for review	2018	Updated and approved by ELT on 11 July 2023.	Fleet Manager	Completed
28	Conflict of Interest Policy overdue for review	2018	To update Conflict of Interest Policy	Legal Counsel	Dec 2023
29	Financial Statement Reconciliations	Prior to 2017	New processes are being adopted with the new finance system. These will be tested and reviewed at the end of this financial year.	Finance Manager	June 2024
29	High Annual Leave Balances	2020	Update Leave Policy to reflect the reduced amount of leave an employee can accumulate from two years to one year.	People Operations Manager	Dec 2023
29	Business Continuity Plan	Prior to 2017	These were completed as at 30/09/2023. To await confirmation from Audit NZ in the next audit.	Head of Risk & Resilience	Completed
30	Procurement	2017	To roll-out new procurement guidance and tool. The tool will include conflict of interest management capability.	Procurement Manager	Dec 2023
31	Contract Management	Prior to 2017	To roll-out new procurement policy and guidance. This includes guidance on records management.  A 6 monthly check on the contract management system will be undertaken on a sample of procurements to ensure appropriate records are being filed.	Procurement Manager	Dec 2023
32/33	Mandatory Performance Measures	Prior to 2017	The knowledge base system is being replaced with a new system, Service Now. As part of this, relevant processes will be reviewed and documented.	Customer Contact Manager	June 2024



#### **MEMORANDUM**

TO: Risk & Assurance Committee

MEETING DATE: 23 August 2023

TITLE: Sustainable Practices Review with Action Plan

PRESENTED BY: Masooma Akhter, Business Assurance Manager & David

Murphy, Chief Planning Officer

APPROVED BY: Donna Baker, Acting Chief Executive Unit Manager

#### **RECOMMENDATION TO RISK & ASSURANCE COMMITTEE**

1. That the Committee received the memorandum titled 'Sustainable Practices Review with Action Plan' presented to the Risk & Assurance Committee on 23 August 2023.

#### 1. ISSUE

- 1.1 The Business Assurance Plan for 2021/22, was approved at Council on 20 December 2021, required a review of our sustainable practices.
- 1.2 In September 2022 the review outcome was presented to the former Finance & Audit Committee for information, at which point it was noted that a detailed action plan would be reported back in due course.

#### 2. BACKGROUND

- 2.1 Sustainability is fundamental to building future resilience and agility. Sustainability is about meeting the needs of people living today without compromising the ability of future generations to meet their needs. It's about protecting and enhancing our environmental, economic, social and cultural wellbeing.
- 2.2 The objective of this review was to assess Palmerston North City Councils (Council) climate change and sustainability maturity. The scope of this work included the systems and settings related to Councils sustainability and climate change initiatives. This maturity assessment tool is organised around four substantive domains:

#### Governance

This domain assesses whether 'Governance-level' Elected Members (EM) and 'Management-Level' Executive Leadership Team (ELT) have the right structures, skills, processes, and policies in place to govern Councils sustainability risks, opportunities, and performance in an effective manner.



#### **Strategy**

Strategy is understood to describe a solution for moving from where an organisation is now to where it wants to be. As such, a strategy sets out the conditions (for example: people, policies, and processes) that an organisation believes will enable it to achieve an end.

#### Risk Management

This domain assesses Councils processes for identifying, analysing, and managing material sustainability-related risks and opportunities. This includes processes for managing and reporting on critical risks, and integration of risks into organisation wide risk processes.

## Metrics and Targets

Metrics are understood as a system of measurement used for assessing, comparing and tracking performance. Targets are understood to be time-bound levels of achievement. Target setting transforms 'expected results' into measurable quantities against which future progress can be objectively compared.

#### 3. SUMMARY OF REVIEW FINDINGS AND RECOMMENDATIONS

#### 3.1 Governance

General observations are that sustainability considerations are not actively embedded into all decision-making processes by EMs. The creation of the Sustainability Committee was noted as a step in the right direction. It was noted that there is no governance procurement policy that prioritises the sustainability goals that we want to achieve. This indicates that we have not formally made a commitment to invest in delivering sustainable outcomes.

- 3.2 It was noted that no ELT member has formal accountability for overseeing Councils sustainability practices, initiatives, and resourcing. As a result of this gap at ELT level, roles and responsibilities regarding sustainability throughout Council are not clear. Further, there is a lack of understanding of who is responsible for establishing processes to achieve sustainability related goals and targets. Responsibility for elements of sustainability exists at operational levels across three different business units, however these staff members work in silos. This means that sustainability is being driven by personal values of staff as opposed to clear and joined-up strategic direction.
- 3.3 It is recommended that ELT formally demonstrate commitment to sustainability.
- 3.4 Management Agreed Actions:
  - Allocate sustainability accountability to an ELT member (Completed Chief Planning Officer).



- Define and develop a sustainability framework through the LTP that joins all the siloed efforts across the organisation and how the goals will be achieved.
- Account for sustainability principles in a governance procurement policy (Drafted).
- Add a section for sustainability risks and opportunities in all agenda templates, to ensure Council considers this as part of all reports.
- Incorporate sustainability into EM training programme.

#### 3.5 Strategy

When the strategic LTP goals are viewed holistically as a set, the structure embeds sustainability principles into Councils strategic direction. However, there appears to be a lack of structure at the ELT and senior management level, to support how Councils goals will be executed at an operational level. Some key issues include the lack of an operational framework to support implementation of both Councils strategic goals and the Low-Carbon Fund initiative.

- 3.6 The Low-Carbon Fund represents great initiative by Council and signposts the direction that funding needs to be heading in. However, allocation of funding towards making business-as-usual projects more sustainable is not currently embedded into Council operations and sustainability is (based on our interviews) currently viewed as an optional add-on.
- 3.7 The work underway to create an improved LTP prioritisation process is a valuable piece of work to embed broader sustainability outcomes into planning decisions. This process will enable EMs to understand LTP decisions in the context of wellbeing value as well as cost. This process will create a solid foundation for Councils sustainability structures, systems, and settings.
- 3.8 The Low-Carbon Fund, the improved LTP prioritisation process, and the strategic goals, represent a great start to incorporating sustainability into Councils strategic direction. It is recommended that the roll-out of the LTP prioritisation process is supported by a change management plan.
- 3.9 Management Agreed Actions:
  - Actions from the "Governance" section will support this category too.
  - Develop a LTP prioritisation model and obtain EM buy-in prior to implementation.

#### 3.10 Risk Management

While Councils sustainability risk management approach is lacking compared to best practise, the current enterprise risk management framework represents a solid foundation to build upon once scenario analysis has been completed.



- 3.11 Operational progress has been made around the risk register for water modelling. Environmental uncertainty regarding flood risk has been built into asset management planning through the development of robust storm water models.
- 3.12 Sustainability risks are highly complex and dynamic. In order to effectively evaluate risks and opportunities across the organisation, it is recommended that a cross functional working group is more effective than a single technically specialised role. Ideally this group should understand both the strategic direction of Council as a whole, as well as being experts in the operational delivery role of different divisions. Furthermore, building risk management capability council-wide, combats the issue of climate-related capacity being lost in case of a key individual/champion leaving Council.

#### 3.13 Management Agreed Actions:

• Build sustainability risks and opportunities into the risk management framework (completed) and practice. This should include scenario analysis, coverage of sustainability principles, processes and associated accountability in the risk management framework.

#### 3.14 Metrics and Targets

Council has made a good start setting up city dashboards to demonstrate progress towards Goal 4: An Eco-City. Reporting currently includes greenhouse gas emissions, waste diverted from landfill and electricity usage, however there is lack of targets associated with other metrics relating to sustainability. For example, there is a clear gap with targets associated with climate change adaptation.

- 3.15 It is difficult for Council to achieve any existing targets because of a lack of operational guidance and process for establishing team and individual targets and Key Performance Indicators (KPI), and to drive and monitor progress.
- 3.16 Officers note a lack of a framework detailing clear delivery expectations, particularly timeframes and review periods, associated with the goals. This results in uncertainty of when to prioritise resources needed to achieve or measure progress. Similarly, Officers note that Council has not been measuring what has been achieved so far and the Sustainability Committee has not received the type of reporting it was expecting to demonstrate progress towards the Eco-City goal.
- 3.17 Overall, this creates the risk that Council is unable to demonstrate their progress and commitment to sustainability to the Palmerston North community. It is recommended that key measures and monitoring processes are established for a broader range of sustainability activities.

#### 3.18 Management Agreed Actions:

• Build monitoring of a wide range of sustainability metrics and targets into an LTP monitoring plan. Specify roles and responsibilities for monitoring, evaluation and learning actions.



#### 4. CONCLUSION

- 4.1 Strong beginnings have been made by a small group of highly committed people that can now be supplemented and extended through organisational support. However, the approach to sustainability is currently siloed, and this can result in missing both opportunities and synergies. The lack of clear accountability, roles and responsibilities relating to sustainability, mean that progress towards sustainability is being driven by the initiative and passion of a small number of individuals rather than from clear organisational direction. These factors together result in confusion and frustration by Council staff and is likely to negatively impact the motivation and retention of valuable staff members.
- 4.2 Implementing some of these actions will be challenging. Key headwinds in the organisation's journey include constrained resources, including specialist staff and budgets, and election cycle shifts in priorities and plans. Meanwhile, significant tailwinds include existing commitments and internal momentum in key areas. The organisation has passionate staff, for whom the opportunity to create a more sustainable council will strongly resonate.
- 4.3 The overall maturity of Council climate change and sustainability structures, systems and settings are basic. Council could reasonably aim to achieve high intermediate or low advanced maturity over the next 3-5 years, based on other public sector organisations in New Zealand. Consequently, the agreed action plan highlights actions that will be prioritised over the next 12-18 months and are expected to bring more immediate value. An assessment (health check) will then be undertaken to assess progress made and what the next steps should be at that point in time.
- 4.4 A more detailed action plan is attached.

#### 5. MANAGEMENT COMMENT BY CHIEF PLANNING OFFICER

5.1 Management acknowledges the findings and recommended actions of the Sustainable Practices Review. Sustainability is at the core of the Councils strategic direction and functions under the Local Government Act 2002 and Resource Management Act 1991 and is expressed through the four well-beings. ELT has reviewed the recommendations and endorsed the following action plan, which identifies appropriate project workstreams, timeframes and responsible executive and officer leads. ELT held a sustainability-focused session in July which recognised that sustainability is connected across the four well-beings, and that more clear and targeted sustainability actions and KPIs are required in the next LTP.



5.2 The plan focusses on key actions over the next 12-18 months and these have been sequenced to the appropriate step in LTP planning and implementation. Several of the recommendations, such as procurement, risk management and LTP planning are already underway. Management recognises the important connections between these various actions and will ensure these are delivered in an integrated way. This aligns well with EMs intention to have a more integrated strategic approach across the 2024-34 LTP goals.

#### 6. NEXT STEPS

6.1 The action plan that has been developed will be followed up on by Business Assurance every 6 months and will be reported back to Risk and Assurance Committee through the accountability reporting.

#### 7. COMPLIANCE AND ADMINISTRATION

		1			
Does the Committ	ee have delegated authority to decide?	Yes			
Are the decisions s	ignificant?	No			
If they are significa	ınt do they affect land or a body of water?	No			
Can this decision o	only be made through a 10 Year Plan?	No			
Does this decis	ion require consultation through the Special edure?	No			
Is there funding in	the current Annual Plan for these actions?	Yes			
Are the recommer plans?	Are the recommendations inconsistent with any of Council's policies or plans?				
The recommendations contribute to Goal 5: A Driven & Enabling Council					
The recommendations contribute to the achievement of action/actions in Applicable) (Not					
Contribution to strategic direction and to social, economic, environmental and cultural well-being	This report is presented as a business assurance response to the business assurance plan endorsed by	•			

#### **ATTACHMENTS**

1. Sustainable Practices Review - Action Plan

#### Sustainable Practices Review

#### Management Agreed Action Plan

Domain	Action	Responsible	Due Date
Governance	Allocate sustainability accountability to an ELT member	Waid Crockett	Completed
Governance	Define and develop a sustainability framework through the LTP that joins all the siloed efforts across the organisation and how the goals will be achieved	Andrew Boyle	June 2024
Governance	Account for sustainability principles in a governance procurement policy	Paul Hollis	Dec 2023
Governance	Add a section for sustainability risks and opportunities in all agenda templates, to ensure Council considers this as part of all reports	Hannah White	Dec 2023
Governance	Incorporate sustainability into EM training programme	Hannah White	Dec 2023
Strategy	Develop a LTP prioritisation model and obtain EM buy in prior to implementation	Andrew Boyle	Oct 2023
Risk Management	Build sustainability risks and opportunities into the risk management framework and practice	Stephen Minton	Dec 2023
Metrics & Targets	Build monitoring of a wide range of sustainability metrics and targets into an LTP monitoring plan. Specify roles and responsibilities for monitoring, evaluation and learning actions	Andrew Boyle	June 2024

#### Management Comment by Chief Planning Officer

Management acknowledges the findings and recommended actions of the KPMG Review. Sustainability is at the core of the Council's strategic direction and functions under the Local Government Act 2002 and Resource Management Act 1991, and is expressed through the four well-beings. ELT has reviewed the recommendations and endorsed the following action plan, which identifies appropriate project workstreams, timeframes and responsible executive and officer leads. ELT held a sustainability-focused session in July which recognised that sustainability is connected across the four well-beings, and that more clear and targeted sustainability actions and KPIs are required in the next LTP.

The plan focusses on key actions over the next 12-18 months and these have been sequenced to the appropriate step in LTP planning and implementation. Several of the recommendations, such as procurement, risk management and LTP planning are already underway. Management recognises the important connections between these various actions and will ensure these are delivered in an integrated way. This aligns well with EM's intention to have a more integrated strategic approach across the 2024-34 LTP goals.



# **COMMITTEE WORK SCHEDULE**

TO: Risk & Assurance Committee

MEETING DATE: 23 August 2023

TITLE: Committee Work Schedule - 23 August 2023

#### **RECOMMENDATION TO RISK & ASSURANCE COMMITTEE**

1. That the Risk & Assurance Committee receive the Work Schedule dated August 2023.

#### **COMMITTEE WORK SCHEDULE - 23 AUGUST 2023**

Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause number
23 Aug 2023	Health and Safety Quarterly Update	Chief People and Performance Officer		
23 Aug2023	Wellbeing Quarterly Update	Chief People and Performance Officer	Wellbeing separated out from H&S quarterly reports	
23 Aug 2023	Audit NZ Management Report & Action Plan - update	Business Assurance Manager		Finance and Audit Committee 22 June 2022 Clause 46
23 Aug 2023	Sustainable Practices Review - Action Plan	Business Assurance Manager		Finance and Audit Committee 28 September 2022 Clause 67
23 Aug 2023 18 Oct 2023	Animal Shelter Review	Business Assurance Manager	In progress	Committee of Council 15 June 2022 Clause 38.4-22  = 26 April 2023 Clause 2-23



23 Aug 2023 18 Oct 2023	Quality Assurance Framework for Wastewater Discharge Consent Project	Business Assurance Manager	In Progress. Work aligned with timeframes of external authorities.	Finance and Audit Committee 28 September 2022 Clause 69
23 Aug 2023 18 Oct 2023	Risk Management Reporting	Chief Financial Officer	Initial workshop on matter scheduled same day	Terms of Reference of Committee
23 Aug 2023 18 Oct 2023	Follow Up Auditors Report - Annual Report 2021/22	Chief Financial Officer	Dependent on external report	Finance and Audit Committee 22 June 2022 Clause 46-22 Adopted Council 29 June 22 Clause 80-22
23 Aug 2023 18 Oct 2023	Quality Assurance Reporting for Ozone Replacement Project - post go-live	Business Assurance Manager	Final review in progress	Finance and Audit Committee September 2022
18 Oct 2023	Business Assurance six- monthly accountability report	Business Assurance Manager		Finance and Audit Committee 16 December 2020 Clause 68.2
18 Oct 2023	Review of Human Resource Support Processes	Business Assurance Manager		26 April 2023 Clause 2-23
18 Oct 2023	Fraud and Whistleblowing Policy Update	Business Assurance Manager		26 April 2023 Clause 12-23
TBC	3 Waters Transition - Assets and Liability	Chief Financial Officer	On hold until direction is set after elections	



	Assessment		
TBC 2024	Review of Commercial Advisory Framework	Business Assurance Manager	26 April 2023 Clause 2-23
TBC 2024	Review of Contract Management Framework	Business Assurance Manager	26 April 2023 Clause 2-23
TBC 2024	Review of Complaints Policy	Business Assurance Manager	26 April 2023 Clause 2-23
TBC 2024	Review of Legal Services Framework	Business Assurance Manager	26 April 2023 Clause 2-23
TBC 2024	Quality Assurance Reporting - Call Centre Review	Business Assurance Manager	26 April 2023 Clause 2-23
TBC 2024	Quality Assurance Reporting - Risk Review & Future of Libraries	Business Assurance Manager	26 April 2023 Clause 2-23
TBC 2024	Quality Assurance Reporting for Council Controlled Entities	Business Assurance Manager	26 April 2023 Clause 2-23
TBC 2025	Review of CCTV Policy/Processes	Business Assurance Manager	26 April 2023 Clause 2-23