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PALMERSTON  
NORTH  
CITY

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# **PALMERSTON NORTH CITY COUNCIL**

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AGENDA

## **RISK & ASSURANCE COMMITTEE**

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1:00 PM, WEDNESDAY 6 MARCH 2024

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

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# MEMBERS

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**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](http://pncc.govt.nz) | Civic Administration Building, 32 The Square  
City Library | Ashhurst Community Library | Linton Library

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**Waid Crockett**

**Chief Executive | PALMERSTON NORTH CITY COUNCIL**

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Te Marae o Hine | 32 The Square  
Private Bag 11034 | Palmerston North 4442 | New Zealand  
[pncc.govt.nz](http://pncc.govt.nz)

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# **RISK & ASSURANCE COMMITTEE MEETING**

6 March 2024

## **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 18 October 2023 Part I Public be confirmed as a true and correct record."

**7. Setting Council's Risk Management Appetite and Tolerance Levels**

Page 13

Memorandum, presented by Stephen Minton, Risk Management Advisor and Jason McDowell, Head of Risk and Resilience.

**8. Setting Council's Strategic Risks**

Page 27

Memorandum, presented by Stephen Minton, Risk Management Advisor and Jason McDowell, Head of Risk & Resilience.

**9. Business Assurance Work Programme - Update**

Page 37

Memorandum, presented by Masooma Akhter, Business Assurance Manager.

**10. Business Assurance Accountability Report**

Page 49

Memorandum, presented by Masooma Akhter, Business Assurance Manager.

**11. Audit NZ 2023 Management Report with Action Plan**

Page 67

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

**12. External Funding & Commercial Revenue - Business Assurance Review**

Page 111

Memorandum, presented by Masooma Akhter, Business Assurance Manager and Fiona Dredge, Commercial Advisory Manager.

**13. Wellbeing Report, October to December 2023 (Quarter 2)** Page 127

Memorandum, presented by Connie Roos, Employee Experience Manager and Wayne Wilson, People Operations Manager.

**14. Health and Safety Report, October to December 2023 (Quarter 2)** Page 133

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

**15. Committee Work Schedule** Page 149

**16. Exclusion of Public**

To be moved:

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

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

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
17.	Minutes of the Risk & Assurance Committee meeting - Part II Confidential - 18 October 2023	For the reasons set out in the Risk & Assurance Committee minutes of 18 October 2023, held in public present.	
18.	Health and Safety Report, October to December 2023 (Quarter 2) Confidential Attachment 2	PREJUDICE THE SUPPLY OF SIMILAR INFORMATION: Releasing this information could negatively effect similar confidential information or discourage people from sharing such information and ENDANGER THE SAFETY OF A	s7(2)(c)(i) and s6(d)

		PERSON: Sharing this information could put someone's health and safety at risk	
19.	Contact Centre Progress Review - Quality Assurance Report	COMMERCIAL ACTIVITIES: This information needs to be kept confidential to allow Council to engage in commercial activities without prejudice or disadvantage	s7(2)(h)
20.	Employee Life Cycle - Business Assurance Review	THIRD PARTY COMMERCIAL: Disclosing the information could harm a company's commercial position and NEGOTIATIONS: This information needs to be kept confidential to ensure that Council can negotiate effectively, especially in business dealings	s7(2)(b)(ii) and s7(2)(i)

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].

### 23. Karakia Whakamutunga

# 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 18 October 2023, commencing at 9.01am

**Members Present:** Stephen Armstrong (in the Chair), The Mayor (Grant Smith) and Councillors Karen Naylor, Mark Arnott, Brent Barrett, Vaughan Dennison, Leonie Hapeta, Lorna Johnson, Orphée Mickalad, William Wood and Kaydee Zabelin.

**Non Members:** Councillors Rachel Bowen, Lew Findlay, Patrick Handcock, Debi Marshall-Lobb and Billy Meehan.

### Karakia Timatanga

Councillor Debi Marshall-Lobb opened the meeting with karakia.

### 21-23 Confirmation of Minutes

Moved Stephen Armstrong, seconded Karen Naylor.

#### The COMMITTEE RESOLVED

1. That the minutes of the Risk & Assurance Committee meeting of 23 August 2023 Part I Public be confirmed as a true and correct record.

Clause 21-23 above was carried 15 votes to 0, with 1 abstention, the voting being as follows:

#### **For:**

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

#### **Abstained:**

Councillor Leonie Hapeta.

### 22-23 Adoption of Annual Report 2022/23

Memorandum, presented by Scott Mancer, Finance Manager and Debbie Perera, Audit Director.

Moved Stephen Armstrong, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the Committee note the 2022/23 financial reporting and draft auditor's opinion of Council's 2022/23 Annual Report.

The **COMMITTEE RECOMMENDS**

2. That Council adopt the Annual Report 2022/23 and Summary Annual Report 2022/23.
3. That Council note that, assuming Audit clearance is given, the final Auditor's 'opinion' from Audit New Zealand will be received following expected adoption by Council on 25 October 2023 and Council signing of the reports.
4. That Council delegate authority to the Chief Executive to make minor edits to the Annual Report 2022/23 and Summary Annual Report 2022/23.

Clause 22-23 above was carried 16 votes to 0, the voting being as follows:

**For:**

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

**23-23**

**Business Assurance 6 Monthly Accountability Report**

Memorandum, presented by Masooma Akhter, Business Assurance Manager.

Moved Stephen Armstrong, seconded Brent Barrett.

The **COMMITTEE RESOLVED**

1. That the Committee receive the memorandum titled 'Business Assurance 6 Monthly Accountability Report' and its attachment, presented to the Risk & Assurance Committee on 18 October 2023.

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

**For:**

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

**24-23**

**Risk Management Update**

Memorandum, presented by Stephen Minton, Risk Management Advisor and Jason McDowell, Head of Risk & Resilience.

Moved Stephen Armstrong, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the Committee receive the Risk Management Policy and Framework for information.

Clause 24-23 above was carried 16 votes to 0, the voting being as follows:

**For:**

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

The meeting adjourned at 10.34am

The meeting resumed again at 10.51am

**25-23**

**Wellbeing Report, July to September 2023**

Memorandum, presented by Connie Roos - Employee Experience Manager, Wayne Wilson - People Operations Manager.

Moved Stephen Armstrong, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the Committee receive the memorandum titled 'Wellbeing Report, July to September 2023' presented to the Risk and Assurance Committee on 18 October 2023.

Clause 25-23 above was carried 16 votes to 0, the voting being as follows:

**For:**

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

**26-23**

**Committee Work Schedule**

Moved Stephen Armstrong, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

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

Clause 26-23 above was carried 16 votes to 0, the voting being as follows:

**For:**

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

## EXCLUSION OF PUBLIC

### 27-23 Recommendation to Exclude Public

Officers noted Item 15, Assurance Report – Animal Shelter Review, referred to s7(s)(f)(i) in the agenda in error. Elected Members did not consider this as part of the resolution below.

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
13.	Health and Safety Report, July to September 2023 (Quarter 1)	PREJUDICE THE SUPPLY OF SIMILAR INFORMATION: Releasing this information could negatively affect similar confidential information or discourage people from sharing such information and ENDANGER THE SAFETY OF A PERSON: Sharing this information could put someone's health and safety at risk	s7(2)(c)(i) and s6(d)
14.	Post Implementation Review - Kotuia (Ozone Replacement) Project	THIRD PARTY COMMERCIAL: Disclosing the information could harm a company's commercial position	s7(2)(b)(ii)
15.	Assurance Report - Animal Shelter Review	THIRD PARTY COMMERCIAL:	s7(2)(b)(ii)

		Disclosing the information could harm a company's commercial position.	
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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].

Clause 27-23 above was carried 15 votes to 1, the voting being as follows:

**For:**

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

**Against:**

Councillor William Wood.

The public part of the meeting finished at 11.15am

Confirmed 6 March 2024

**Chair**



## MEMORANDUM

**TO:** Risk & Assurance Committee

**MEETING DATE:** 6 March 2024

**TITLE:** Setting Council's Risk Management Appetite and Tolerance Levels

**PRESENTED BY:** Stephen Minton, Risk Management Advisor and Jason McDowell, Head of Risk and Resilience

**APPROVED BY:** Cameron McKay, Chief Financial Officer

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### RECOMMENDATION(S) TO COUNCIL

- 1. That Council agree the recommended risk appetite and risk tolerance levels as noted in section 3.1 and 3.2 of the memorandum titled 'Setting Council's Risk Management Appetite and Tolerance Levels,' presented to the Risk and Assurance Committee on 6 March 2024.**
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#### 1. ISSUE

- 1.1 The Risk Management Framework requires the Council to adopt Risk Appetite and Tolerance levels. The levels describe the amount and category of risk the Council is willing to accept to pursue its goals and the level of risk the Council should endure without significantly affecting its ability to achieve its objectives.
- 1.2 This paper sets out Officer recommendations to Council.

#### 2. BACKGROUND

- 2.1 Effective risk management means attempting to control, as much as possible, future outcomes by acting proactively rather than reactively.
- 2.2 Council has a Risk Management Policy that outlines its policy statement and objectives along with the roles and responsibilities of Officers. This policy is operationalised through the Council's Risk Management Framework, a structured approach that Council follows to identify, assess, and manage risks that could affect its objectives or goals.
- 2.3 Council's Risk Management Framework was developed using ISO:31000 International Risk Management standards. It has undergone a Business Assurance review in 2023, and the framework was updated in 2023 to reflect recommendations from the review.

- 2.4 The Risk Policy and Framework were presented to the Risk & Assurance Committee on 18 October 2023 for information.
- 2.5 The Risk Management Framework describes the Council's risk appetite and tolerance, which allows Officers to manage identified risks appropriately, escalates risks (refer 3.5) outside of the Council's tolerance levels for approval, and assists for good decision-making.
- 2.6 Officers created risk appetite and tolerance levels based on several factors, including legislative requirements, acceptance level of tolerance, cost of compliance with tolerance, current maturity of risk management in the organisation and peer review where data exists.
- 2.7 During a risk management workshop held on 26 April 2023, Officers shared the Risk Management Framework, which included risk appetite and risk tolerance. Elected Members requested further information and analysis on the risk tolerance and appetite, including options to adjust levels. This is described in 3.6 of this memorandum.
- 2.8 The risk matrix (Figure 1) determines the Council's risk ratings and should be read in conjunction with the likelihood and consequence tables in Attachment 1.
- 2.9 The data used to determine the consequence and likelihood tables is largely subjective and the risk ratings are therefore largely qualitative.

Figure 1: Risk Matrix

		CONSEQUENCE				
		Minor (1)	Moderate (2)	Serious (3)	Major (4)	Severe (5)
LIKELIHOOD	Almost Certain (5)	Medium 5	High 10	Very High 15	Extreme 20	Extreme 25
	Likely (4)	Medium 4	High 8	Very High 12	Very High 16	Extreme 20
	Possible (3)	Low 3	Medium 6	High 9	Very High 12	Very High 15
	Unlikely (2)	Low 2	Medium 4	Medium 6	High 8	High 10
	Rare (1)	Low 1	Low 2	Low 3	Medium 4	Medium 5

2.9 The Council uses a five-scale risk matrix, relatively common across organisations, which provides more insight into levels of severity. Apart from those risk categories that are rated at the absolute lowest levels of our tolerance (e.g. health and safety harm to our people), most tolerance levels for organisations will be slightly higher than the absolute minimum given this five-scale graduality. Because of this increased granularity, and in the sphere of subjective assessments, most risk appetite and tolerance levels are above the lowest level but still relatively conservative.

2.10 The Risk Management Framework defines **Risk Appetite** as the amount of risk the Council is willing to accept or retain, on a broad level, in order to achieve its objectives/goals.

It also defines **Risk Tolerance** as the level of risk-taking acceptable to achieve a specific objective or manage a category of risk.

The difference between the two is that risk appetite is a broad-based description of the desired level of risk that Council will take in pursuit of its goals, whereas risk tolerance reflects the acceptable variation in outcomes related to specific measures linked to objectives the Council seeks to achieve.

2.10 The Risk Management Framework categorises risk appetite into three broad bands: averse, neutral, and seeking. These are defined below.

**Averse:** Avoidance of risk must be the priority, with minimal risk exposure and maximum treatment effort required.

Any uncertainty or risk that remains after treatment efforts (controls and/or mitigation) should only be allowable where necessary to achieve goals.

**Neutral:** Risk exposure is not preferred but is recognised as part of achieving objectives.

Treatments to minimise risks and uncertainties are expected to be in place where reasonably considered necessary.

**Seeking:** The Organisation is actively seeking to take on more of this risk/uncertainty as it relates to and enhances the achievement of goals.

### 3. SETTING COUNCILS RISK APPETITE AND TOLERANCE LEVELS

3.1 Officers recommend the following risk appetite for Council, which broadly follows other councils and general expectations of a public funded local government entity; that is tending to the conservative/aversion side of the matrix.

Risk Category	Risk Appetite								
	Averse			Neutral			Seeking		
	1	2	3	4	5	6	7	8	9
Financial									
Legal/Compliance									
Environmental									
Health, Safety & Wellbeing									
Reputational									
Service Delivery									
Performance and Capability									
Cultural									
Strategic									

For risk category descriptions, refer to Attachment 2 to this memorandum.

### 3.2 Setting Council's Risk Tolerance

Officers recommend the following risk tolerance for Council. The risk matrix should be referenced while reviewing the risk tolerance levels. This risk matrix will help guide users to the level of likelihood and relevant consequences acceptable to Council.

Risk Category	Risk Tolerance
Financial	Medium
Legal/Compliance	Medium
Environmental	Medium
Health, Safety & Wellbeing	Low
Reputational	Medium
Service Delivery	Medium
Performance and Capability	Medium
Cultural	Medium
Strategic	Medium

3.3 Ultimately, risk tolerance, versus risk appetite is the final determinant on the amount of risk the Council is prepared to take, setting the line to which it endeavours not to cross.

3.4 The tolerance levels determine in part the degree of mitigation required to maintain risk within these levels, generally involving increasing or decreasing

costs and/or consequences dependant of the level set. For example, if a risk category had an extremely high appetite and tolerance, there may be zero cost to implement controls and mitigation.

3.5 The Risk Management Framework requires escalation of risk tolerance breaches to an appropriate level of officer for acceptance and remedial actions/management. This involves explaining current state and proposed actions to reduce the risk through new and/or improved controls and mitigation, or in a worst-case scenario, ceasing the activity if the risk is considered unacceptable.

3.6 Implications on risk appetite and risk tolerance if different to recommendations:

Risk Category	Implications	
	Increased Appetite & Tolerance	Decreased Appetite & Tolerance
<b>Financial</b>	<ul style="list-style-type: none"> <li>• Increased potential financial losses</li> <li>• Reduced costs (through non-delivery of services/activities and reduced mitigation costs)</li> <li>• Increased legal disputes</li> <li>• Increased public disquiet</li> <li>• Greater occurrences of project costs blowouts</li> <li>• Greater opportunities for fraud (internal &amp; external)</li> </ul>	<ul style="list-style-type: none"> <li>• Increased financial costs through control/mitigation implementation</li> <li>• Reduced financial losses, albeit at cost of implementation of controls</li> <li>• Requirement for higher buffers/contingencies to mitigate unforeseen events</li> <li>• Increased insurance requirements and resultant premium costs</li> <li>• Slower delivery of outcomes due to burdensome processes and procedures</li> </ul>
<b>Legal/ Compliance</b>	<ul style="list-style-type: none"> <li>• Increased defensive litigation</li> <li>• Increased legal defence costs</li> <li>• Appointment of a commissioner</li> <li>• Judicial or Ombudsman adverse rulings</li> <li>• Increased legal fines and adverse litigious outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Increased legal advice costs</li> <li>• Increased internal legal resource costs</li> <li>• Increased cost through transfer of legal risk</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Increased measurable, reversible damage to the environment</li> <li>• Breaches of environmental protection legislation and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Decreased measurable, reversible damage to the environment</li> <li>• Higher mitigation/compliance costs</li> <li>• Perceived imbalance from</li> </ul>

Risk Category	Implications	
	Increased Appetite & Tolerance	Decreased Appetite & Tolerance
	<ul style="list-style-type: none"> <li>• Potential public discourse at environmental inaction and/or damage</li> <li>• Higher recovery costs</li> </ul>	<p>the public of costs verse environmental protections</p> <ul style="list-style-type: none"> <li>• More opportunities for realising co-benefits</li> <li>• Restrictive growth opportunities</li> </ul>
<b>Health, Safety and Wellbeing</b>	<ul style="list-style-type: none"> <li>• Causing death or serious injury to our people</li> <li>• Increased incidence of health &amp; safety events</li> <li>• Breaches of Health &amp; Safety at Work Act 2015, and potentially prosecution.</li> <li>• Increased absenteeism, and resultant decreased productivity</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable (already lowest level)</li> </ul>
<b>Reputational</b>	<ul style="list-style-type: none"> <li>• Increased public disquiet across the city</li> <li>• Ineffective community engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Increased resource engagement requirements</li> <li>• Increased costs for community wellbeing and activity delivery to meet broader level of satisfaction</li> <li>• Increase costs to meet goals</li> <li>• Increasing conflicts between priorities</li> </ul>
<b>Service Delivery</b>	<ul style="list-style-type: none"> <li>• Reduced activities provision</li> <li>• Provision of services not meeting community expectations and low customer satisfaction</li> <li>• More regular suspension of activities and services</li> </ul>	<ul style="list-style-type: none"> <li>• Significant increase in costs to meet greater service delivery goals</li> <li>• Potential stifling of innovation, including productivity gains</li> </ul>
<b>Performance and Capability</b>	<ul style="list-style-type: none"> <li>• Higher turnover rates</li> <li>• Continuous loss of corporate knowledge</li> <li>• Reduced technical expertise</li> <li>• Not seen as an employer of choice, actual or perceived</li> </ul>	<ul style="list-style-type: none"> <li>• Increased remuneration costs</li> <li>• Increased costs for benefits and wellbeing provisions</li> </ul>
<b>Cultural (Including spiritual)</b>	<ul style="list-style-type: none"> <li>• Causing cultural/spiritual offence</li> <li>• Undermine relationships with</li> </ul>	<ul style="list-style-type: none"> <li>• Increased operational costs of control/mitigation for avoidance</li> </ul>

Risk Category	Implications	
	Increased Appetite & Tolerance	Decreased Appetite & Tolerance
matters)	<ul style="list-style-type: none"> <li>Maori and cultural/ ethnic representatives/groups</li> <li>Not fulfil fully our Treaty commitments and obligations</li> </ul>	<ul style="list-style-type: none"> <li>Increased advisor resourcing within Maori Advisory, Community Development or consultancy costs</li> <li>Strengthen cultural resilience and resultant costs, including cultural events, engagement etc</li> <li>Increasing conflict in priorities across segments of the community</li> </ul>



**4. NEXT STEPS**

- 4.1 Officers will continue to embed risk management in Council processes.
- 4.2 The Risk Management Framework will be reviewed on a triennial basis, or by a request of Council or the Chief Executive. This includes assessing risk appetite, tolerance, and Council risk maturity settings.
- 4.3 Officers will bring Officer-identified strategic risks to the next Risk & Assurance Committee meeting to seek the direction and agreement of Council's Strategic Risks.

**5. COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide?	<b>No</b>
Are the decisions significant?	<b>No</b>
If they are significant do they affect land or a body of water?	<b>No</b>
Can this decision only be made through a 10 Year Plan?	<b>No</b>
Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?	<b>No</b>
The recommendations contribute to Goal 5: A Driven & Enabling Council	
The recommendations contribute to the achievement of action/actions in (Not Applicable)	
Contribution to strategic direction and	The risk management system is one of the aspects that assists in ensuring Council can fulfil the tasks required to

<p>to social, economic, environmental and cultural well-being</p>	<p>achieve its purpose and objectives. These objectives will cover all aspects of the organisation, including strategy, tactics, operations and compliance. The risk appetite and risk tolerance guide the parameters within which to operate.</p>
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**ATTACHMENTS**

1. Risk Likelihood & Consequence Tables [↓](#) 
2. Risk Category Descriptions [↓](#) 

**Attachment - Risk Assessment of Likelihood  
From Risk Management Framework**

	<b>General Description</b>	<b>Strategic</b>	<b>Project</b>	<b>Quantitative</b>	<b>Likelihood</b>
<b>Likelihood of Frequency</b>	Risk is expected to occur in most circumstances.	Almost certain to occur in the next 3 years.	Almost certain to occur in most circumstances during the life of the project.	>90% within the next 12 months, or 18 out of every 20 years.	Almost Certain
	Risk event will probably occur in most circumstances.	Will likely occur in the next 3 years.	Will likely occur sometime during the life of the project.	75% - 90% within the next 12 months, or 11 out of every 20 years.	Likely
	Risk event should occur at some time.	Possibly occur in the next year.	Possibly occur sometime during the life of the project.	25% - 75% within the next 12 months, or 5 out of every 20 years.	Possible
	Risk event could occur at some time.	Unlikely to occur in the next 3 years.	Unlikely to occur during the life of the project.	5% - 25% within the next 12 months, or 1 out of every 10 years.	Unlikely
	Risk event may only occur in exceptional circumstances.	Would occur only in rare instances in the next 3 years.	Occur in only rare circumstances during the life of the project.	<5% within the next 12 months, or 1 out of every 20 years.	Rare

## Risk Criteria (Consequence Table)

Risk Category	Minor	Moderate	Serious	Major	Severe
Financial	No impact on achievement of output targets, business can continue as normal. Localised failure only. Financial loss <\$50,000	Up to 1% impact on targets Limited to a single business area of the Council. Financial loss between \$50,000 and \$200,000	Up to 5% impact on targets Financial loss or between \$200,000 and \$500,000	Up to 10% impact on targets. Financial loss between \$500,000 and \$1 million. Impact to multiple and diverse areas of the Council	Greater than 10% impact on targets Financial loss >\$1 million.
Financial – Projects (Budget means Annual)	No impact on achievement of budget targets or <\$10,000	Up to 1% impact on Project budget, or between \$10,000 and \$100,000	Up to 5% impact on Project budget, or between \$100,000 and \$250,000	Up to 10% impact on Project budget or between \$250,000 and \$1 million.	Greater than 10% impact on Project budget or greater than \$1 million
Legal/ Compliance	Council fined / sued for a sum <\$10,000	Council fined / sued for a sum between \$10,000 and \$100,000	Council fined / sued for a sum between \$100,000 and \$250,000 Compliant to the Ombudsman or other statutory office	Council fined / sued for a sum between \$250,000 and \$1 million Legislative noncompliance involving the prosecution or the potential for a fine or a significant criticism of Council by Judiciary or Ombudsman. Adverse ruling by the Ombudsman or other statutory officer with power to investigate or make rulings. Judicial review of Council decision	Council fined / sued for a sum more than \$1 million. Legislative noncompliance involving potential for imprisonment of a Councilor or senior officer Judicial review of a Council decision on a matter relating to funding or rates
Environmental	Small localised and reversible environmental resulting in: <ul style="list-style-type: none"> <li>➤ Slight, short term damage to use (use of) land and/or water</li> <li>➤ Slight short-term damage to land and/or water ecosystems</li> <li>➤ No noticeable species reduction</li> </ul> Occasional inconsistency with the intent of legislation, district plan, and Council's goals.	Contained and reversible (minimal) environmental impact resulting in: <ul style="list-style-type: none"> <li>➤ Localised minor reversible damage to use (use of) land and/or water</li> <li>➤ Localised minor reversible damage to land and/or water ecosystems</li> <li>➤ Temporary reduction in one species</li> </ul> Minor erosion and/or damage to property. Minor inconsistency with the intent of legislation, district plan, and Council's goals.	Measurable damage to the environment requiring significant corrective action resulting in: <ul style="list-style-type: none"> <li>➤ Localised medium-term reversible damage to use (use of) land and/or water</li> <li>➤ Localised medium-term reversible damage to land and/or water ecosystems</li> <li>➤ Moderate reduction in 1 or more species</li> </ul> Moderate erosion and/or damage to property. Recovery time 1 month. Repeated inconsistency with the intent of legislation, district plan, and Council's goals.	Irreversible localised damage (major) to the environment resulting in: <ul style="list-style-type: none"> <li>➤ Widespread long-term reversible damage to use (use of) land and/or water</li> <li>➤ Widespread long-term reversible damage to land and/or water ecosystems</li> <li>➤ Significant reduction in 1 or more species</li> </ul> Serious erosion and/or damage to property. Recovery time up to 6 months. Repeated and significant inconsistency with the intent of legislation, district plan, and Council's goals.	Extensive irreversible damage (widespread) to the environment resulting in: <ul style="list-style-type: none"> <li>➤ Widespread long-term irreversible damage to use (use of) land and/or water</li> <li>➤ Widespread irreversible damage to land and/or water ecosystems</li> <li>➤ Permanent reduction in 1 or more species</li> </ul> Destruction of property/widespread flooding. Recovery time exceeding 9 months. No recognition of the intent of legislation, district plan, and Council's goals.
Reputational	No significant adverse comment of media coverage Letter to Council and/or to Call Centre Minimal public disquiet	Adverse comment on local media (coverage 3 days+) Letters to CE, complaints to Councilors Public disquiet limited to small sections of the community	Adverse comment on local media (coverage 1 week+) Coverage in national media Public disquiet one or more community	Adverse comment on local media (coverage 2-3 weeks) Coverage in national media 2-3 days Public disquiet over majority is city e.g. major rates issue	Adverse comment on local media (coverage for 4 weeks+) Coverage in national media >3 days All plus "Commission of Inquiry/questions in Parliament Widespread civil unrest
Strategic	Negligible impact on goals and outcomes.	Temporary impact on long term goals and outcomes.	Noticeable impact on long term goals in one or more categories.	Achievement of goals significantly below expectation in one or more categories.	Achievement of goals significant across all outcome categories.
Performance and Capability	<ul style="list-style-type: none"> <li>➤ Permanent staff turnover equal to or 1.25 times industry average</li> <li>➤ Insignificant skill gaps.</li> <li>➤ Individual significance or concern that can be managed as part of business as usual</li> </ul>	<ul style="list-style-type: none"> <li>➤ Permanent staff turnover 1.25 – 1.5 times industry average.</li> <li>➤ Few specialist skills gaps.</li> <li>➤ Minor disruption to the organisation that can be managed as part of business as usual</li> </ul>	<ul style="list-style-type: none"> <li>➤ Permanent staff turnover 1.5 – 1.75 times industry average</li> <li>➤ Some specialist skill gaps.</li> <li>➤ Moderate disruption to the organisation resulting in reduced performance</li> </ul>	<ul style="list-style-type: none"> <li>➤ Permanent staff turnover 1.7 – double industry average</li> <li>➤ Major specialist skill gaps.</li> <li>➤ Major disruption to the organisation resulting in the failure of core activities</li> </ul>	<ul style="list-style-type: none"> <li>➤ Permanent staff turnover is more than double industry average</li> <li>➤ No internal or external specialist skills available.</li> <li>➤ Critical disruption to the organisation resulting in the ongoing failure to deliver core activities</li> </ul>

Risk Category	Minor	Moderate	Serious	Major	Severe
<b>Health &amp; Safety</b> NB: To be addressed under Health, Safety & Wellbeing Risk Type	Minor injury or near miss, first aid not required.	Minor injury requiring first aid (minor cuts, bruises).	Injury and/or sickness requiring medical treatment. Up to 3 months incapacitation.	Serious injury and/or sickness requiring specialist medical treatment or hospitalisation. 3+ months incapacitation or long-term disability. H&S issue taken to court.	Permanent severe disability or loss of life, or multiple serious injuries. H&S issue taken to court resulting more likely in fine imprisonment or entering in to Undertaking arrangement. Widespread sickness in the community.
<b>Wellbeing</b> NB: To be addressed under Health, Safety & Wellbeing Risk Type	The person impacted resolves themselves. There is no disruption to ongoing work	Some internal intervention (facilitation, training, restorative) is required. Any issues are resolved within the workplace. There may be some disruption to the work, person or team, but it's not ongoing.	An external level of intervention (e.g. GP, psychologist, mediator, EAP) is required to support. There may be short-term (generally less than a month) impact of absenteeism / presenteeism / reduced capability / performance.	An external level of intervention is ongoing. There is a negative impact on the wider team and / or organisation. There may be a long term (more than one month) impact of absenteeism / presenteeism / impact on capability / performance. Trust in the organisation is diminished	Permanent or ongoing impact on a person. This could result in resignation / severely affected mental health or illness, or loss of life / suicide. Results in adverse impact on rest of team and operational functions of the service. Negative impact is on whole function. Impact on reputation of organisation if not addressed. Loss of employee trust in the organisation.
<b>Service Delivery</b> -General	No loss of operational capability and/or minimal disruption to service levels. Access affected Minimal loss of internal capacity. No measurable disruption to delivery of essential services.	Loss of operational capability in some areas and/or some disruption to service levels.	Serious loss of operational capability and /or disruption to service levels. Isolated, or suburb-wide impact to essential service delivery/facility.	Serious loss of operational capability for over extended period and major disruption to service levels. Suburb, multi-suburb or critical facility impact to essential service delivery that is extended over significant period.	Serious loss of operational capability long term and serious disruption to service levels loss of internal capacity. Suburb, multi-suburb or critical facility /service impact to critical service delivery.
<b>Service Delivery</b> -Essential Services	25% of the RTO is reached	50% of the RTO is reached	100% of the RTO is reached	The RTO is breached by up to 50%	The RTO is breached by more the 50%
<b>Service Delivery</b> - Critical Services	50% of the RTO is reached	100% of the RTO is reached	The RTO is breached by up to 50%	The RTO is breached by more the 50%	The RTO is breached by more the 100%
<b>Service Delivery</b> - Other Services	100% of the RTO is reached	The RTO is breached by up to 50%	The RTO is breached by more the 50%	The RTO is breached by more the 100%	The RTO is breached by more the 250%
<b>Time Delay</b> -Projects -Programmes of work	1 month (0-5%)	1-3 months (5-10%)	3-6 months (10-15%)	6-9 months (15-20%)	>9 months (20%)
<b>Cultural</b>	Cultural factors are not considered when making decisions requiring a review before the decision is implemented <ul style="list-style-type: none"> <li>➤ Minor observations of tikanga and/or other cultural protocols</li> <li>➤ Translations including signage</li> <li>➤ Lack of cultural confidence</li> <li>➤ Perceiving Māori engagement as more challenging or difficult</li> <li>➤ Perceiving engagement with culturally and/or linguistically diverse community members as more challenging or difficult.</li> </ul>	Cultural factors are not considered when making decision requiring decisions to be reviewed and reconsidered after action has commenced on the decision <ul style="list-style-type: none"> <li>➤ Cultural advice not sought</li> <li>➤ Relevant parties excluded from a decision affecting their cultural interests</li> <li>➤ Failure to acknowledge Rangitāne Partnership with PNCC and their kaitiaki role encompassing all cultures</li> <li>➤ Failure to consider culturally and/or linguistically diverse community members in a decision.</li> </ul>	Offence is caused to a group of people requiring some effort to repair relationships; or; mana, artefacts/place of cultural or heritage significance is damaged requiring repair. <ul style="list-style-type: none"> <li>➤ Disregard for tikanga and/or other cultural protocols</li> <li>➤ Cultural advice ignored.</li> </ul>	Offence is caused to a group of people requiring significant efforts to repair relationships; or; mana, artefacts/place of cultural or heritage significance is significantly damaged. Rectification may be difficult but possible in the long term <ul style="list-style-type: none"> <li>➤ Decision to act against best practice advice and/or tikanga and/or other cultural protocols.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Significant offence is caused to a group of people resulting in ongoing strain on relationships; Or; mana, artefacts/place of cultural or heritage significance is irreparably destroyed</li> <li>➤ Systematic or conscious suppression of Treaty partnership commitments and diverse cultural worldviews of our community.</li> </ul>

RTO: Recovery Time Objective. Refer section 5.9, Consequence Tables. Refer also to Divisions' Business Continuity Plan.



## Attachment – Risk Categories

Risk Category	Description
Financial:	Generally related to risks to money and assets.
Legal/Compliance:	The risk that the Organisation has violated a law or regulation or risk or loss because of regulatory or legal actions. This includes our legislative obligations under the Treaty.
Environmental:	Adverse effects on living organisms and/or the environment.
Health, Safety and Wellbeing <sup>NB1</sup> :	The potential for harm to come to people. Includes physical and psychological security.
Reputational:	Potential for a major adverse event that threatens the Organisation's reputation. It is typically related to financial mismanagement, employee relations, social concerns, governance, information security, violation of laws or environmental practices.
Service Delivery <sup>NB2</sup> :	Failure of a process, such as a human error and/or digital tools, can give rise to the non-delivery of service, activity or project.
Performance and Capability:	Lack of people, capital or inappropriately trained people. It also refers to higher than normal staff turnover.
Strategic:	Risks that arise from the fundamental decisions concerning the Organisation's objectives and goals. Essentially, strategic risks are the risks of failing to achieve these objectives and goals.
Cultural (Including spiritual matters)	The risks that arise because of monocultural local government systems not responding to the diverse communities they serve. The failure to uphold obligations relating to the Treaty of Waitangi partnership and relationship with tangata whenua.

NB1: Consequence tables have health & safety separated from wellbeing

NB2: Service delivery consequences are broken down into subsets dependent on the type of delivery.



## MEMORANDUM

**TO:** Risk & Assurance Committee

**MEETING DATE:** 6 March 2024

**TITLE:** Setting Council's Strategic Risks

**PRESENTED BY:** Stephen Minton, Risk Management Advisor and Jason McDowell, Head of Risk & Resilience

**APPROVED BY:** Cameron McKay, Chief Financial Officer

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### RECOMMENDATIONS TO COUNCIL

1. That Council agree the strategic risk statements (Attachment 1) in the memorandum titled 'Setting Council's Strategic Risks' presented to the Risk & Assurance Committee on 6 March 2024.
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#### 1. ISSUE

- 1.1 Council's Risk Management Framework requires the creation of risk registers to manage strategic, enterprise and business (operational) risks.
- 1.2 The purpose of this memorandum is to provide Elected Members with a summary of the process Officers have undertaken towards the development of strategic risk descriptions, registers and next steps.

#### 2. BACKGROUND

- 2.1 Business (or divisional) and enterprise risks are operational risks by nature, however in the context of the Council there is the need for an additional level of strategic risks that sit above these.
- 2.2 Operational risks and strategic risks are two distinct kinds of risks.
- 2.3 Operational risk is potential adverse events resulting from disruptions to business operations. These are connected with internal resources, systems and processes, and can have a financial impact, affect business continuity or provision of services, derogation of assets damage, reputation or weaken regulatory compliance. Given these are, on the whole, shorter term in nature, ongoing management is essential.
- 2.4 Strategic risks focus on internal and external scenarios that impacts on Council's ability to achieve its long-term visions and goals. The Council may accept some strategic risks in the short term and, at the same time, remain

proactive and undertake actions to reduce or eliminate these over a longer timeframe. The following diagram shows the connection between each level.



### 3. SETTING COUNCIL'S STRATEGIC RISKS

- 3.1 Officers have analysed Council's operations and the risk environment that Council operates in. It is proposed that the Strategic Risk statements in Attachment 1 are endorsed and that these will be reported to future Risk and Assurance Committee meetings. The list is not exhaustive and additional risks may be added (or existing ones removed) if needed or identified.
- 3.2 Each review will look at identifying causes and consequences of the risk event. This leads to the creation of risk registers, which includes controls and mitigations, their effectiveness and reliance, and any control improvements/actions proposed.
- 3.3 The Strategic Risks are identified in the table below. None of the Strategic Risks are prioritised over the other.

<b>Risk 1:</b> Failure to meeting financial obligations
<b>Risk 2:</b> Failure to deliver on key projects and programmes
<b>Risk 3:</b> Failure to manage and protect Council information
<b>Risk 4:</b> Environmental damage, including climate change related damage
<b>Risk 5:</b> Ineffective relationship and stakeholder engagement
<b>Risk 6:</b> Major failure of health, safety and wellbeing policies and procedures

<b>Risk 7:</b> Failure to attract and retain staff
<b>Risk 8:</b> Legislative non-compliance
<b>Risk 9:</b> Significant disruption to Council's continuity &/or lifeline utility disruption
<b>Risk 10:</b> Failure to manage critical/strategic assets

NB: Risk ID number is NOT based on priority/importance

3.4 An overview of the risk descriptions for strategic risks is in Attachment 1. The analysis and risk register creation is yet to be done for all but once completed, they will provide an understanding of what could stop the achievement of Council's strategic goals, the causes, and the controls and mitigations to avoid or reduce effects of events on the goals with resultant raw, residual and target risk ratings determined.

**4. FUTURE REPORTING**

4.1 Future reporting to the Risk & Assurance Committee will include risk dashboards, an example of which is included in Attachment 2, and strategic risk assessments.

**5. NEXT STEPS**

5.1 Officers will begin completing more in-depth analyses of the strategic risks, and create risk registers for Committee oversight.

5.2 Regular review of strategic risk statements.

**6. COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide?	<b>No</b>
Are the decisions significant?	<b>No</b>
If they are significant, do they affect land or a body of water?	<b>No</b>
Can this decision only be made through a 10 Year Plan?	<b>No</b>
Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?	<b>No</b>
The recommendations contribute to Goal 5: A Driven & Enabling Council	
Contribution to strategic direction and to social,	The risk management objectives cover all aspects of the Council, including strategy, tactics, operations and compliance. The Risk Management Framework sets out the basis for managing risk across the Council and a large part of this is

<p>economic, environmental and cultural well-being</p>	<p>culminated through the creation of risk registers.</p>
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**ATTACHMENTS**

1. Strategic Risk Descriptions [↓](#) 
2. Strategic Risk Dashboard Example [↓](#) 

## Strategic Risks

As an example, Strategic risks are addressed as the failure to meet long-term strategic plans, goals and objectives. For example, the Long-Term Plan and Asset Management Plan form part of the tools (therefore controls) for the delivery of these goals and their failure can have resultant negative impact on the achievement of Council’s goals, plans and objectives.

This in turn could lead to failure to deliver on significant strategic activities and therefore potentially significantly impacting on community outcomes.

STRATEGIC RISKS DESCRIPTIONS	
TITLE	DESCRIPTION
<p><b>Risk 1:</b> Failure to meet Financial Obligations</p>	<p>The inability to source sufficient funding will have detrimental long-term effects on the city. Council is expected to provide residents services, facilities and infrastructure in line with legislation and public expectations. These require funding through various mechanisms, including rates, fees/charges, debt, government and other funding sources.</p> <p>Council is unable to finance their operations / service delivery leading to reputational damage and reduced ability to meet their financial obligations</p> <p>This is caused by:</p> <ul style="list-style-type: none"> <li>➤ adverse economic conditions,</li> <li>➤ increasing expenditures,</li> <li>➤ lack of income etc.,</li> <li>➤ lack of qualified staff,</li> <li>➤ changing geopolitical environment,</li> <li>➤ changes or new legislation</li> </ul>
<p><b>Risk 2:</b> Failure to deliver on key projects and programmes</p>	<p>Inadequate ability to or ineffectual delivery of the infrastructure for the long-term (30+ years) needs to the city, constraining delivery of essential and critical services and ultimately multi-faceted failure of the goals of the city.</p> <p>Non-delivery on key capital works projects / programmes, resulting in:</p> <ul style="list-style-type: none"> <li>➤ inadequately informed policy / procedures development,</li> <li>➤ failure to deliver on the LTP commitments,</li> <li>➤ deferring of projects,</li> <li>➤ over / under spending of budgets and reputational damage (loss of Council's image and credibility).</li> <li>➤ downgrading of Council’s financial rating (which impacts borrowing) etc.</li> </ul> <p>This is caused by:</p> <ul style="list-style-type: none"> <li>➤ inadequate project planning or management,</li> <li>➤ uncertainty of resource availability,</li> <li>➤ lack of ownership,</li> <li>➤ change of leadership,</li> <li>➤ cost escalation,</li> <li>➤ changing contractor/supplier market and externalities (e.g. national increase in demand for infrastructure and contractors)</li> </ul>
<p><b>Risk 3:</b> Failure to manage and protect Council information</p>	<p>Inadequate controls and procedures for the safe protection of Council’s data and information.</p> <p>This results in:</p> <ul style="list-style-type: none"> <li>➤ Council function is significantly interrupted</li> <li>➤ Suffer legislative breaches.</li> </ul>

	<ul style="list-style-type: none"> <li>➤ Financial consequences</li> <li>➤ Reputational damage</li> </ul> <p>This is caused by:</p> <ul style="list-style-type: none"> <li>➤ unauthorised access to Council data</li> <li>➤ unauthorised distribution of Council data</li> <li>➤ cyber-attack</li> <li>➤ unauthorised destruction of Council data</li> <li>➤ Inadequate data protection protocols</li> </ul>
<b>Risk 4:</b> Environmental damage, including climate change related damage	<p>Unforeseen, unplanned, unbudgeted or lack of resilience to climate change adaption requirements or natural events (e.g. cyclone, earthquake) leads to significant change in direction of city growth, dynamics, economy, financial stability or ability to achieve long term goals.</p> <p>Significant environmental damage caused by Council, which impacts the community, takes unplanned and expensive corrective action and / or results in harm to public health, negative Council image &amp; legal and financial consequences.</p> <p>This is caused by:</p> <ul style="list-style-type: none"> <li>➤ poor environmental management,</li> <li>➤ Failure to take into account environmental considerations</li> </ul>
<b>Risk 5:</b> Ineffective relationship and stakeholder engagement	<p>Breakdown in relationship principles and engagement with strategic partnerships to extend it influences the ability to work together and have positive outcomes for the city and its goals.</p> <p>Not engaging effectively with key stakeholders (e.g. iwi, key industry), leading to:</p> <ul style="list-style-type: none"> <li>➤ an inability to achieve strategic objectives and reputational damage.</li> </ul> <p>This is caused by:</p> <ul style="list-style-type: none"> <li>➤ not understanding their requirements / expectations,</li> <li>➤ not communicating or operating within Council's values</li> <li>➤ lack of appropriate resources (the right staff / skills / funding)</li> </ul>
<b>Risk 6:</b> Major failure of Health, safety and wellbeing policies and procedures	<p>The risk of detrimental effect to the health, safety and wellbeing to our people, a result of, amongst other matters, poor health and safety culture, leadership, processes and control/mitigation environment.</p> <p>Non-compliance with the Health &amp; Safety and Wellbeing requirements for employees, contractors, volunteers and public in the workplace, resulting in:</p> <ul style="list-style-type: none"> <li>➤ injury and / or illness or permanent disability,</li> <li>➤ fatalities,</li> <li>➤ penalties,</li> <li>➤ prosecution,</li> <li>➤ jail term(s) and reputational damage.</li> </ul> <p>This is caused by:</p> <ul style="list-style-type: none"> <li>➤ unsafe work environment,</li> <li>➤ unhealthy work environment and facilities,</li> <li>➤ not following the Health &amp; Safety Policy and procedures etc</li> </ul>
<b>Risk 7:</b> Failure to attract and retain staff	<p>Inability to attract sufficient capable talent and retain due to poor employee value proposition and/or poor organisational cultural reputation.</p> <p>Inability to attract and retain appropriate staff leading to:</p> <ul style="list-style-type: none"> <li>➤ inability to deliver on Council services,</li> <li>➤ poor employee engagement;</li> </ul>

	<ul style="list-style-type: none"> <li>➤ negative impacts on staff wellbeing</li> </ul> <p>This is caused by:</p> <ul style="list-style-type: none"> <li>➤ lack of career and salary progression opportunities</li> <li>➤ skill shortages</li> </ul>
<b>Risk 8:</b> Legislative Non-compliance	<p>Loss or legal penalty that can result from lack of awareness or misunderstanding of, ambiguity in, or reckless indifference to, the way legislation affects Council, its relationships, processes, products and services. Extends to contractual issues resulting in financial loss or undue burden placed on the Council.</p> <p>Council fails to comply with its legislative obligations resulting in:</p> <ul style="list-style-type: none"> <li>➤ ineffective strategic plans,</li> <li>➤ unlawful action,</li> <li>➤ exposure to litigation risk,</li> <li>➤ regulatory and / or government sanctions,</li> <li>➤ judicial review of Council's decisions and reputational damage (diminished trust and confidence in Council).</li> </ul> <p>This is caused by:</p> <ul style="list-style-type: none"> <li>➤ lack of awareness / knowledge,</li> <li>➤ incorrect interpretation,</li> <li>➤ disputes with regulatory authorities,</li> <li>➤ reliance placed on key staff to ensure compliance etc</li> <li>➤ insufficient resources to implement</li> <li>➤ Incorrect or insufficient advice or information</li> </ul>
<b>Risk 9:</b> Significant disruption to Council's continuity &/or lifeline utility disruption	<p>Council is not adequately prepared or able to continue to provide essential services to the community during a major natural hazard or emergency event for an extended period of time.</p> <p>This results in:</p> <ul style="list-style-type: none"> <li>➤ failure to provide services</li> <li>➤ reputational damage</li> <li>➤ the disaster event can potentially affect the Council's financial position and cause environmental damage.</li> <li>➤ earthquake or other event can close the landfill; refuse disposal facility may be unavailable.</li> </ul> <p>This is caused by:</p> <ul style="list-style-type: none"> <li>➤ damage to Council's property or facility, or power / ICT / systems / telecommunications failure, with no continuity plans</li> <li>➤ failure of water supply, wastewater, stormwater and roading network (including bridge collapses and chemical leaks).</li> </ul>
<b>Risk 10:</b> Failure to manage critical/strategic assets	<p>Inadequate management and maintenance of critical and/or strategic assets to a level that meets the levels of service for the long-term goals of the city.</p> <p>Failure to manage critical strategic assets over their full life-cycle, leading to:</p> <ul style="list-style-type: none"> <li>➤ failure to provide sustained delivery of core services,</li> <li>➤ reputational damage,</li> <li>➤ financial loss,</li> <li>➤ damage to public health and environment,</li> <li>➤ injury and/or death;</li> </ul> <p>This is caused by:</p> <ul style="list-style-type: none"> <li>➤ inadequate asset strategy, planning, management and maintenance;</li> </ul>

	<ul style="list-style-type: none"><li>➤ inadequate knowledge of critical / strategic assets and existing asset condition,</li><li>➤ difficulty attracting appropriately qualified staff.</li><li>➤ effect of change in environment</li></ul>
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<b>Strategic Risk Dashboard</b>			
Ratings for illustrative purposes only, not actual			
Risk Name	Raw Risk	Residual Risk	Target Risk
<b>Risk 1:</b> Failure to meeting financial obligations	Extreme	High	Medium
<b>Risk 2:</b> Failure to deliver on key projects and programmes	Extreme	Medium	Low
<b>Risk3:</b> Failure to manage and protect Council information	Choose an item.	Choose an item.	Medium
<b>Risk 4:</b> Environmental damage, including climate change related damage	Choose an item.	Choose an item.	Medium
<b>Risk 5:</b> Ineffective relationship and stakeholder engagement	Choose an item.	Choose an item.	Medium
<b>Risk 6:</b> Major failure of health, safety and wellbeing policies and procedures	Choose an item.	Choose an item.	Medium
<b>Risk 7:</b> Failure to attract and retain staff	Choose an item.	Choose an item.	Medium
<b>Risk 8:</b> Legislative Non-compliance	Choose an item.	Choose an item.	Medium
<b>Risk 9:</b> Significant disruption to Council’s continuity &/or lifeline utility disruption	Choose an item.	Choose an item.	Medium
<b>Risk 10:</b> Failure to manage critical/strategic assets	Extreme	High	Medium

**Example only. For illustrative purposes only**  
**Not actual ratings**



## MEMORANDUM

**TO:** Risk & Assurance Committee

**MEETING DATE:** 6 March 2024

**TITLE:** Business Assurance Work Programme - Update

**PRESENTED BY:** Masooma Akhter, Business Assurance Manager

**APPROVED BY:** Donna Baker, Acting Chief Executive Unit Manager

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### RECOMMENDATION(S) TO RISK & ASSURANCE COMMITTEE

1. That the Risk & Assurance Committee approve the updated Business Assurance Work Programme for the 2024/2025 period (Attachment 1) presented on 6 March 2024.
  2. That the timeframes and amendments from the updated Business Assurance Work Programme be updated on the work schedule for Risk & Assurance Committee.
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#### 1. ISSUE

To ensure the protection of self, leadership and the organisation, the International Standards for the Professional Practice of the Internal Auditing (the standards) requires that the Business Assurance work programme is approved by the Risk & Assurance Committee, or its equivalent. This will ensure robust outcomes can be confidently represented by management and governance.

A six monthly review of the work programme has been undertaken and an updated work programme (Attachment 1) presented for approval.

#### 2. BACKGROUND

In April 2023 Risk & Assurance Committee approved a Business Assurance Plan for the 18 months ending December 2024. At the time it was indicated that the work programme would be reviewed every six months to reflect any changes in the Council's operating environment, risk profile and assurance needs. In addition to this, a factor that has been considered is the change in the function's resourcing while one member is away on leave for six months.

The updated work programme was socialised with the Executive Leadership Team on 20 February 2024 and no additional changes were made to the proposed work programme.

**3. NEXT STEPS**

Following approval, the updated work programme will supersede the existing work programme and go live, effective immediately. Business Assurance will complete the scheduled reviews and report back to the Risk & Assurance Committee in due course.

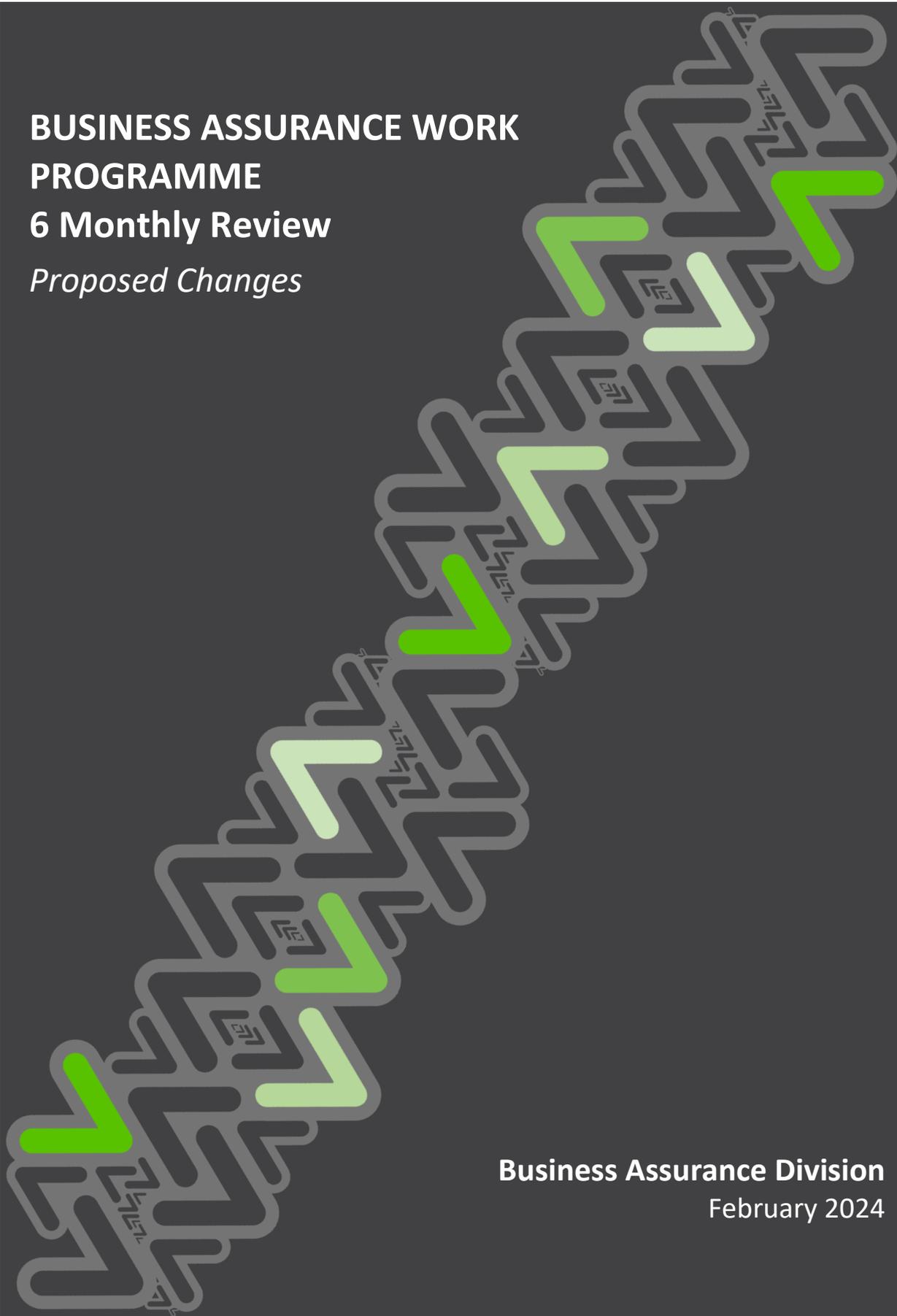
**4. COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from S4.8 – TOR for Risk & Assurance Committee		<b>Yes</b>
Are the decisions significant?		<b>No</b>
If they are significant do they affect land or a body of water?		<b>No</b>
Can this decision only be made through a 10 Year Plan?		<b>No</b>
Does this decision require consultation through the Special Consultative procedure?		<b>No</b>
Is there funding in the current Annual Plan for these actions?		<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?		<b>No</b>
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 by building trust and confidence in the core controls relied on by management.	

**ATTACHMENTS**

1. Proposed Business Assurance Work Programme [!\[\]\(cf0287acaaf517665041f12e04788338\_img.jpg\) !\[\]\(a62f870a963a6783b50f666e178c6aa9\_img.jpg\)](#)

**BUSINESS ASSURANCE WORK  
PROGRAMME**  
**6 Monthly Review**  
*Proposed Changes*



**Business Assurance Division**  
February 2024

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## Executive Summary

Business Assurance operates a centralised assurance function. Its purpose is to:

- Provide independent and objective assurance and advice on organisational governance, risk management and internal control processes.
- Help identify opportunities for improved outcomes.
- To assist with a better understanding and management of risk and provide confidence that key business elements relied on to manage risk are in place and working effectively.

It partly delivers assurance through a formal work plan that provides a clear, concise and transparent programme of work that is approved by Council. But it also delivers assurance through advisory services to accommodate the dynamic and changing economic, social and technological environment we operate in.

The relationship between Business Assurance and the Council is a constructive one with a mutual goal of helping the organisation better understand and manage risks through an effective control environment. While delivering on this plan, Business Assurance balances the need to:

- Work collaboratively with management to provide advice and support.
- Whilst providing an independent and objective assessment of the organisation’s performance in maintaining an appropriate control environment.

## Work Programme

Risk & Assurance approved the existing work programme on 26 April 2023 (section 2). This has been delivered on until now by Business Assurance. It was indicated that the work programme would be reviewed every six months to reflect any changes in the Council’s operating environment, risk profile and assurance needs. One additional factor that has been considered is the change in the functions resourcing while one member is away on leave for 6 months.

While undertaking a review of the work programme, the key drivers outlined on appendix 2 were taken into consideration. Discussions with key stakeholders (CEO and Chair of RAC) also informed the proposed changes. A mix of internal and external reviews have also been considered. Key changes proposed are summarised below:

Remove Review	Add Review	Amend Review Timeframe
Review of Complaints Policy	Review of Cyber Security	Review of Contract Management Framework
Review of CCTV Policy / Processes	Review of Health & Safety Framework	Review of Legal Compliance Framework
Quality Assurance – Risk Review & Future of Libraries	Featherston Street Engagement Review	
Quality Assurance – Council Controlled Entities		

The proposed work programme can be found in section 1 of this report.



Masooma Akhter  
**Business Assurance Manager**  
 15 February 2024

## Section 1 - 2024 / 2025 Work Programme - Proposed

### Internal Audits

Timeframe	Review & Indicative Scope	Assurance Element	ELT Sponsor	Status Update
Dec – June 2023	<b>Animal Shelter Review</b> Review project plan and process from the approval of the business case to the contract being awarded in June 2022.	Issue	Chief Infrastructure Officer	Completed
July – Sept 2023	<b>Review of Human Resource Support Processes</b> A review of human resource support processes that are in place to manage the talent attraction and retention risk. The following areas will be considered for inclusion when scoping the review: recruitment; onboarding; workflow management; performance management; employment records; legislative compliance; and exiting processes.	Issue / Control / Risk	Chief People & Performance Officer	Reporting to RAC - March 2024
Oct – Dec 2023	<b>Review of Commercial Advisory Framework</b> A review of the commercial advisory operating framework and surrounding processes to ensure it is appropriately mitigating the “effectiveness of organisation support services” enterprise risk.	Control / Risk	Chief Finance Officer	Reporting – March 2024
Nov - March 24	<b>Featherston St Cycleway Project – Stakeholder Engagement Review</b> To review effectiveness and level of stakeholder engagement for the Featherston Street Cycleway Project.	Issue	Chief Executive	In Progress – To report to Council - 1 May
April – Sept 24	<b>Review of Contract Management Framework</b> A review of contract management discipline across Council, primarily in Infrastructure and its alignment with best practice.	Issue / Change	Chief Infrastructure Officer	Not Started
July – Dec 24	<b>Review of Health &amp; Safety Framework</b> Conduct a health & safety audit with the goal of identifying any gaps and making recommendations for steps to enhance the processes and management system.	Risk	Chief People & Performance Officer	Not Started
Jan – June 25	<b>Review of Legal Compliance Framework</b> A review of policies and frameworks in place to support and enable legal compliance across Council to ensure it is appropriately mitigating the “cross council legal processes” enterprise risk.	Risk	Assistant Chief Executive	Not Started
Jan – June 25	<b>Review of Cyber Security</b> Identify and assess the current state of cybersecurity. This includes understanding the business processes, technology use, and identifying gaps in the cybersecurity defences.	Risk	Chief People & Performance Officer	Not Started

*Sections that are highlighted yellow are where changes have been proposed from the existing approved work programme.*

## Quality Assurance

Timeframe	Review & Indicative Scope	Element	ELT Sponsor	Status Update
2022-2023	<b>Ozone Replacement Project (Underway)</b> Develop and implement a quality assurance framework over the Ozone Replacement Project.	Change / Risk / Issue	Chief Finance Officer	Completed
2023 Onwards	<b>Nature Calls Project</b> Develop and implement a quality assurance framework over the Nature Calls Project. This was requested by Council in 2022.	Change / Risk	Chief Infrastructure Officer	In Progress – To report to Council - 1 May
July – Dec 2023	<b>Call Centre Review</b> In 2021, PWC undertook a review of the call centre with the primary focus on its future direction and the commercial viability of how these services are provided. This included gaining an understanding of the future demand and the associated investment requirements. Several recommendations were made accordingly. A quality assurance review be undertaken to follow up on the recommendations from this report and understand its current state.	Risk	Chief Customer Officer	Reporting – March 2024
Jan – Dec 2024	<b>LTP Debrief</b> A review to capture learnings and recommend improvements for the next LTP development.	Control	Chief Executive	To be started during LTP consultation period.

*Sections that are highlighted yellow are where amendments have been proposed from the existing approved work programme.*

## Monitoring & Accountability

Timeframe	Review & Indicative Scope	ELT Sponsor
6 Monthly	<b>Accountability Report</b> A progress update on outstanding recommendations from prior reviews.	Chief Executive

The following reviews (previously approved by RAC) are recommended to be removed and reconsidered as part of the development of the next formal work programme.

- Review of Complaints Policy
- Review of CCTV Policy / Processes
- Quality Assurance – Risk Review & Future of Libraries
- Quality Assurance – Council Controlled Entities

## Section 2 - Existing Work Programme - Approved by Risk & Assurance Committee

The following pages outlines the suggested 18 month review programme. It is intended that this programme be reviewed or refined every 6 months to reflect changes in the Council's operating environment, risk profile and assurance needs.

### Internal Audits

Timeframe	Review & Indicative Scope	Assurance Element	ELT Sponsor
Dec – June 2023	<b>Animal Shelter Review</b> Review project plan and process from the approval of the business case to the contract being awarded in June 2022.	Issue	Chief Infrastructure Officer
July – Sept 2023	<b>Review of Human Resource Support Processes</b> A review of human resource support processes that are in place to manage the talent attraction and retention risk. The following areas will be considered for inclusion when scoping the review: recruitment; onboarding; workflow management; performance management; employment records; legislative compliance; and exiting processes.	Issue / Control / Risk	Chief People & Performance Officer
Oct – Dec 2023	<b>Review of Commercial Advisory Framework</b> A review of the commercial advisory operating framework and surrounding processes to ensure it is appropriately mitigating the “effectiveness of organisation support services” enterprise risk.	Control / Risk	Chief Finance Officer
Jan – March 2024	<b>Review of Contract Management Framework</b> A review of contract management discipline across Council, primarily in Infrastructure and its alignment with best practice.	Issue / Change	Chief Infrastructure Officer / Chief Finance Officer
April – June 2024	<b>Review of Complaints Policy</b> A review of policies and processes in place to support the management and handling of customer complaints.	Issue / Control	Chief Customer Officer
July – Sept 2024	<b>Review of Legal Services Framework</b> A review of policies and frameworks in place to support and enable the delivery of legal services across Council to ensure it is appropriately mitigating the “cross council legal processes” enterprise risk.	Risk	Assistant Chief Executive
Oct – Dec 2024	<b>Review of CCTV Policy / Processes</b> A review of policies and processes in place to support the management and handling of CCTVs.	Risk / Change / Issues	Chief Finance Officer

Note: The scope noted is at a high level, when planning for the review a specific scope will be determined and consulted with the sponsor.

## Quality Assurance

Timeframe	Review & Indicative Scope	Assurance Element	ELT Sponsor
2022-2023	<b>Ozone Replacement Project (Underway)</b> Develop and implement a quality assurance framework over the Ozone Replacement Project.	Change / Risk / Issue	Chief Finance Officer
2023 Onwards	<b>Nature Calls Project</b> Develop and implement a quality assurance framework over the Nature Calls Project. This was requested by Council in 2022.	Change / Risk	Chief Infrastructure Officer
July – Dec 2023	<b>Call Centre Review</b> In 2021, PWC undertook a review of the call centre with the primary focus on its future direction and the commercial viability of how these services are provided. This included gaining an understanding of the future demand and the associated investment requirements. Several recommendations were made accordingly. A quality assurance review be undertaken to follow up on the recommendations from this report and understand its current state.	Risk	Chief Customer Officer
Jan – June 2024	<b>Quality Assurance – Risk Review &amp; Future of Libraries</b> Undertake an independent review of the libraries operational risk registers. This will highlight areas where there is an opportunity for deeper dives for process reviews. Undertake an independent assessment of the role of the library by gaining the views of governance, management and operational staff to assess alignment. Any other relevant perspectives will also be considered. This is intended to feed into the work undertaken by the function in relation to the future of libraries.	Issue / Change	Chief Customer Officer
Jan – June 2024	<b>Council Controlled Entities</b> Develop an assurance framework to ensure Council is satisfied that sufficient controls are in place to mitigate key risks.	Control	Chief Executive

## Monitoring & Accountability

Timeframe	Review & Indicative Scope	ELT Sponsor
*	<b>Accountability Report</b> A progress update on outstanding recommendations from prior reviews.	Chief Executive

\* This will be reported to every second Risk & Assurance Committee. Ideally resulting in an update every 6 months.

## Appendix 1 - The Assurance Framework



## Appendix 2 - Programme Development Process

### Work Programme Drivers / Triggers



#### Risks

*Things that could go wrong in the future*

Divisional risk registers and enterprise risks are assessed. Particularly where the current risk is either sitting very high or extreme to ensure we are well positioned to manage those risks.



#### Issues

*Things that went wrong in the past*

Interviews, historic knowledge and findings from fraud and whistleblowing incidents are utilised to identify opportunities for reviews.



#### Changes

*Areas where we have changed the way we work*

Identify and assess projects or initiatives planned, underway or recently completed that brought change in the operating environment of the organisation. Assessed impact of change and consideration to value in reviewing the realisation of the intended benefits.



#### Controls

*Routine activities that don't / haven't changed*

Identified areas that have not been subject to reviews previously and may present an opportunity for better ways of working.



#### Requests

*Where would you like reassurance*

This assists in identifying specific areas of focus to support senior leaders understand where to prioritise resources to address risks.



## MEMORANDUM

**TO:** Risk & Assurance Committee

**MEETING DATE:** 6 March 2024

**TITLE:** Business Assurance Accountability Report

**PRESENTED BY:** Masooma Akhter, Business Assurance Manager

**APPROVED BY:** Donna Baker, Acting Chief Executive Unit Manager

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### RECOMMENDATION(S) TO RISK & ASSURANCE COMMITTEE

1. That the Risk & Assurance Committee receive the memorandum titled 'Business Assurance Accountability Report' and its attachment, presented on 6 March 2024.
- 

#### 1. ISSUE

The Business Assurance Charter requires that follow-up procedures for review recommendations are undertaken regularly and reported to the Risk & Assurance Committee.

#### 2. BACKGROUND

Follow-up is a process by which internal auditors evaluate the adequacy, effectiveness, and timeliness of actions taken by management on reported observations and recommendations, including those made by external auditors and others. This process also includes determining whether senior management and/or the Committee have assumed the risk of not taking corrective action on reported observations.

Where an external review/audit has been completed and reported to the Risk & Assurance Committee, the recommendations form part of the accountability report.

Attached is the report that shows the status of each agreed action. As items are reported as completed, they fall off the following report.

#### 3. NEXT STEPS

A six-monthly accountability report will be reported to the Risk & Assurance Committee.

As further reviews are completed (as per the Business Assurance Plan) and reported to the Risk & Assurance Committee, their recommendations will form part of future accountability reports presented by Business Assurance.

**4. COMPLIANCE AND ADMINISTRATION**

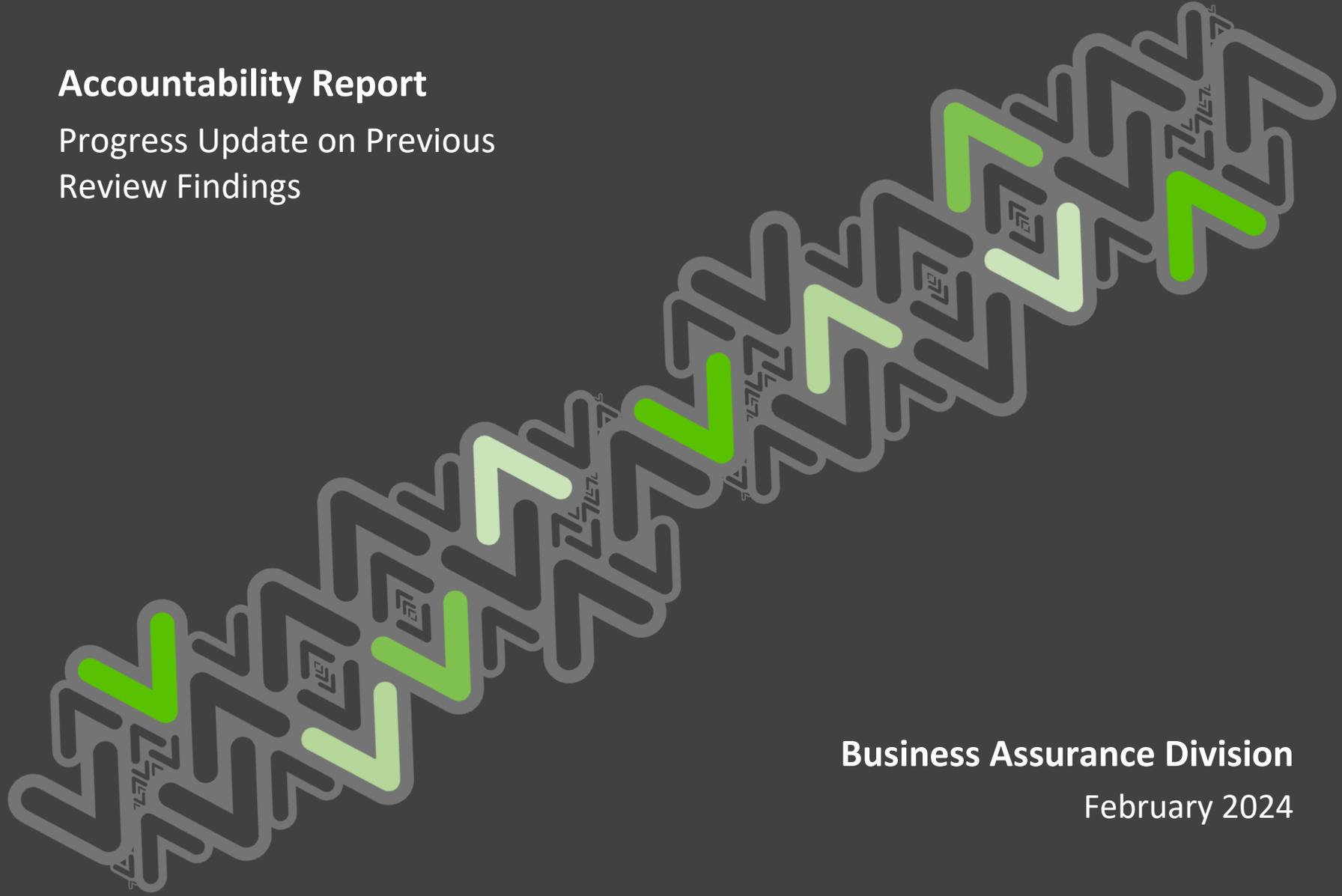
Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from S4.8 – TOR for Risk & Assurance Committee	<b>Yes</b>
Are the decisions significant?	<b>No</b>
If they are significant do they affect land or a body of water?	<b>No</b>
Can this decision only be made through a 10 Year Plan?	<b>No</b>
Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?	<b>No</b>
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 by building trust and confidence in the core controls relied on by management.

**ATTACHMENTS**

1. 6 Monthly Accountability Report [↓](#) 

# Accountability Report

Progress Update on Previous  
Review Findings



Business Assurance Division

February 2024

## Review Status Summary

Completed Reviews	Not Started	In Progress	Completed	Accept Risk	Closed in Prior Period	Total
Business Continuity Planning Review		3			9	12
PMO Review		4	2		16	22
IT Disaster Recovery Review		4			7	11
Health & Safety Review		14	4		29	47
Procurement Review		3	8		3	14
Financial Delegations Review		3			2	5
EM/ELT Culture Survey			1		8	9
Asset Management Maturity Assessment		23	1		7	31
Sustainable Practices Review		4	2		2	8
Risk Management Review		3	1			4
LTP Programme Planning, Budgeting, Prioritisation and Benefits Review		3	2			5
Road Maintenance Renewal & Capital Improvements Contract Review		4			1	5
<b>Total Actions</b>		<b>68</b> 39%	<b>21</b> 12%		<b>84</b> 49%	<b>173</b>
<b>Completion Stats at Sept 2023</b>		52%	14%	1%	32%	

## Business Continuity Planning Review (Presented August 2020)

Ref	Agreed Action:	Responsible:	Initial Agreed Date:	Current Agreed Date:	Status:
1	Looking after staff: Update emergency procedure flip charts and communicate to managers and team leaders to ensure they are aware their immediate response to emergency events	Head of R&R	Dec-20	June-24	In Progress
2	That exercises are run across the Council at least annually using a range of scenarios	Head of R&R	Dec-20	June-24	In Progress
4	Looking after staff: Implement text blast to all staff	Head of R&R	Dec-20	Oct-24	In Progress

*An additional 9 items have been completed and closed off through prior reports. Those marked as completed will drop off this report in the future.*

### Management Comment by Head of R&R:

Progress is ongoing with all actions as we embed BCP into day to day operations led by Risk & Resilience function.

Shake Out 2023 the National earthquake and tsunami drill lead by NEMA, an opportunity we took to test our all staff text blast.

This test went to all staff that are issued council phones in the text blast, however those without a council phone were not included. Draft messaging is complete, and training of key staff is ongoing.

Officers will work on processes and set a date to include all staff for the next test to close off this action.

## PMO Review (Presented December 2020)

Ref	Agreed Action:	Responsible:	Initial Agreed Date:	Current Agreed Date:	Status:
1	The PMO manual should be finalised and approved by the Chief Infrastructure Officer. This should include key roles and responsibilities, capturing learnings.	Programme Governance TL	Mar-21	July-24	In Progress
2	That a suitable project management portfolio tool is invested in to assist the PMO to meet its goals and objectives.	PMO Manager	TBD	June-24	In Progress
3	In the 'Conceive' phase the Project Sponsor should approve an appropriate business case before any programme is commissioned to commence. Additional resourcing is required to enable this. In the 'Develop' phase a more detailed project plan should be completed.	Asset Management Planning Manager	Jun-21	Jun-25	In Progress
4	If the benefits are only realised after the project has closed down, then a mechanism to continue tracking their realisation should be established. Determine, when and how, benefits realisation will be reported to the ELT and Elected Members.	PMO Manager	Mar-21	Dec-24	In Progress
5	Fast track the new procurement and contract management system's implementation and associated training and knowledge resources.	Procurement Manager	Mar-21	Dec-23	Completed
6	That adequate risk management training is offered to all Project Managers	Head of R&R	Jun-21	Dec-23	Completed

*An additional 16 items have either been merged or completed and closed off through prior reports. Those marked as completed will drop off this report in the future.*

### Management Comment by Project Management Office Manager:

Strong progress has been made towards the implementation of the Project Management Tool. Tool functionality has been well considered and has been tested within a sandbox environment. Currently selected staff are using the tool with live projects as part of a pilot group from across all infrastructure divisions. The next phase will see this rolled out to all Infrastructure staff delivering projects. The Project Management Manual and Risk Framework require revision and update following recent updates to procurement and the NZS3910 construction contract. An infrastructure wide conversation regarding benefits realisation post-project will be required to ensure the benefits are being monitored, assessed and evaluated appropriately following the completion of the project lifecycle.

## IT Disaster Recovery Review (Presented January 2021)

Ref	Agreed Action:	Responsible:	Initial Agreed Date:	Current Agreed Date:	Status:
1	Prioritise and formalise the IT business continuity programme to provide structure, resources and transparency to IT business continuity enhancements.	Digital Solutions Manager	Jan-21	Mar-24	In Progress
2	Comprehensively update IT DR Plans so they address all aspects of best practice.	Digital Solutions Manager	Jan-21	Mar-24	In Progress
3	Ensure workarounds for any IT disruption are included and tested in all Council Unit BCPs.	Head of R&R	Jan-21	Mar-24	In Progress
4	Update and exercise the Council's crisis management plan to provide clarity on activation processes, roles and responsibilities for IT DR.	Head of R&R	Jan-21	Mar-24	In Progress

*An additional 7 items have been completed and closed off through prior reports. Those marked as completed will drop off this report in the future.*

### Management Comment by Head of Risk & Resilience and Head of Digital Solutions

Work is underway to review the actions in line with the change in the digital space. In parallel, the Digital Transformation (DX) Program is addressing issues with complex legacy systems that require significant dependencies on key staff members.

DX is moving critical applications to the cloud where DR/BCP is provided by a vendor as-a-service or there are enterprise tools that allow for seamless failover in the event of a disaster.

Officers will be progressing this over the next quarter.

## Health & Safety Review (Presented August 2021)

Ref	Agreed Action:	Responsible:	Initial Agreed Date:	Current Agreed Date:	Status:
1	Set Health and Safety KPIs and report to the organisation how we are performing against them	ELT	Dec-23	Apr-24	In Progress
2	Health and Safety Representatives carry out work area safety checks through the Safe 365 Tool. Including auditing and site inspection capabilities.	Health & Safety Manager	Jun-23	Mar-24	In Progress
3	Develop a worker competency framework which includes assessments on training, knowledge and experience	Chief People & Performance Officer	Jun-24	Jun-24	In Progress
4	Develop a Health and Safety Framework	Chief People & Performance Officer	Apr-23	Jun-24	In Progress
5	ELT's professional development include health and safety management, for example through the Institute of Directors NZ or similar	ELT	Dec-23	Jun-24	In Progress
6	Hazards and Risk Management (including Risk Identification and Assessment) Site Safe training to be provided for the health and safety representatives.	Health & Safety Manager	Mar-24	Mar-24	In Progress
7	Review the organisation's health and safety processes for those facilities that operate on a 24-hour/7-day operation	Safety & Health Manager / Head of R&R	Nov-23	Mar-24	In Progress
8	Review the visitor/contractor induction/sign in process across the organisation.	Health & Safety Manager	Dec-23	Mar-24	In Progress
9	Review the security requirements related to the libraries, especially outside the normal working day.	Head of R&R	Nov-23	Jun-24	In Progress
10	Ensure there is regular refresher training programme for workers.	Health & Safety Manager	Jun-25	Jun-25	In Progress
11	Provide First-Aid Mental Health Training through the Wellbeing Advocate initiative	Employee Experience Manager	Jun-23	Jun-24	In Progress
12	Review how hazardous substances will be managed across the organisation	Health & Safety Manager	Jun-23	Jun-24	In Progress
13	Undertake basic hazardous substance training for nominated managers and team leaders	Health & Safety Manager	Mar-23	Jun-24	In Progress
14	Review health monitoring requirement base on hazardous substances used	Health & Safety Manager	Mar-23	Jun-24	In Progress

15	Involve the health and safety representative in the development and review of health and safety processes that affect their area of representation	Health & Safety Manager	Jun-24	Jun-24	Completed
16	Review Health and Safety Risks across the organisation	Head of R&R	Jun-25	Jun-25	Completed
17	Provide conflict management and de-escalation training for relevant frontline workers and managers	Health & Safety Manager	Jun-25	Jun-24	Completed
18	Provide mental health response training and support to frontline managers and team leaders.	Employee Experience Manager	Jun-24	Jun-24	Completed

*An additional 29 items have been completed and closed off through prior reports. Those marked as completed will drop off this report in the future.*

### Management Comment by Health & Safety Manager:

Since our last report, the reporting culture of our kaimahi has been steady. This has allowed us to gather data which in turn gives us a better understanding across Council on where our key focus should be in managing risk to the organisation and in particular our people. Poor behaviour from 'The Public' is ongoing and we continue to wrap all of the support mechanisms around our people. We took a look at our critical risk profile where 'Working with the Public' sat at number 6. This critical risk now called 'The Public' was moved to number 1 recognising that this is as a top priority for Council to manage.

Supported by Council in our last report, we have taken affirmative action with poor public behaviour which has resulted in an increase in trespass notices ranging from seven days, 3 months and serious cases 2 years. Police support has been providing further assurance and seen them responding quickly to calls for assistance and dealing with matters swiftly.

To ensure we maintain consistency across Council with our front facing staff to combat poor public behaviour, we have developed our own in-house Situational Awareness and De-escalation Training Program. Apart from being a significant cost saving, the program is tailored specifically to the various front facing business' within council and is not reliant on capacity numbers for delivery. One pilot has been delivered with positive results with a view to role this package out in due course.

The Safe Management Framework which has been under development will soon be ready for release by the 4th quarter once various stakeholders have reviewed the content consisting of new policies and standards. Once completed and embedded we are confident that we have provided sufficient information and in instructions in promoting our Safety and Wellbeing intent.

Major achievements so far have been the Gold accreditation awarded to Council by Sitewise who are a national contractor accreditation service and recently we achieved 'Performing' accreditation from Tōtika, a government driven accreditation platform placing us amongst other Councils and PCBU's who are committed to the safety of their kaimahi.

Overall, Council is on track with our safety improvement plan with further opportunities on the horizon.



## Procurement Review (Presented August 2022)

Ref:	Agreed Action:	Responsible:	Initial Agreed Date:	Current Agreed Date:	Status:
1	Review OAG goods and services contract template and endorse for PNCC use.	Legal Counsel	Dec-22	Jun-24	In Progress
2	Undertake regular spot checks and report results through finance dashboard to ELT.	Procurement Manager	Jun-23	Apr-24	In Progress
3	Spend management encompasses spend analysis, strategic sourcing and supplier relationship management. The first step entails mapping our spend, so we know what we spend, on who, across what units and on what. To do this, we need to ensure all data and information repositories are captured and that rules are in place to establish 'buckets'/ categories. Once the spend analysis is complete prepare a plan to develop preferred supplier panels. Starting with the Planning Unit.	Procurement Manager	Dec-22	Jun-24	In Progress
4	Develop a checklist to support contract execution that will also assist in determining when legal advice should be sought.	Procurement Manager	Dec-22	Dec-23	Completed
5	An options analysis to be undertaken and presented to CFO and subsequently ELT to assess whether Oasis should continue to be our official records platform for procurement. This should also determine who is responsible for ensuring that record management compliance for procurement is met.	Head of Digital Solutions	Dec-22	Dec-23	Completed
6	Develop guidelines on contract management and incorporate into the procurement framework.	Procurement Manager	Dec-22	Dec-23	Completed
7	To add a live link to the portal (that has all the templates on it) on the Sauce.	Procurement Manager	Dec-22	Oct-23	Completed
8	That a governance Procurement Policy be developed and adopted.	Procurement Manager	Mar-23	Dec-23	Completed
9	Complete and roll-out an updated management procurement policy and framework.	Procurement Manager	Dec-22	Dec-23	Completed
10	Procurement division to define levels of service provided by the division and obtain endorsement from CFO.	Procurement Manager	Dec-22	Dec-23	Completed
11	To partner with the change manager through the implementation of the updated procurement framework and then to facilitate training as part of the employee onboarding process	Procurement Manager	Dec-22	Dec-23	Completed

*An additional 3 items have been completed and closed off through prior reports. Those marked as completed will drop off this report in the future.*

### Management Comment by Procurement Manager:

The adoption and implementation of the new procurement framework has as anticipated seen us address a high number of the procurement review recommendations. The framework provides the principles and standards for consistent and robust procurement practice to occur, paving the way for the Division to focus on implementing strategic procurement initiatives, such as Category Management and Supplier Relationship Management. These strategic procurement initiatives, along with future scheduled spot checks will address the remaining actions items.

## Financial Delegations Review (Presented August 2022)

Ref:	Agreed Action:	Responsible:	Initial Agreed Date:	Current Agreed Date:	Status:
1	Update Council Delegations Manual (sections 141, 173-178, 204-223)	Democracy & Governance Manager	Aug-22	May-24	In Progress
2	Update Delegations Made by Chief Executive Manual (sections 23-39)	Democracy & Governance Manager	Aug-22	May-24	In Progress
3	Develop Framework to support Delegations Made by Chief Executive Manual	Democracy & Governance Manager	Aug-22	June-24	In Progress

*An additional 2 items have been completed and closed off through prior reports. Those marked as completed will drop off this report in the future.*

### Management Comment by Democracy & Governance Manager:

Financial delegations work has been on hold while the teams have been busy with LTP budgets. The intention is to bring proposed changes to the Risk and Assurance Committee for review before Council approval. Work is ongoing to update the CE Delegations manual to include all relevant legislation and include bylaws and their responsibilities. This will be a significant improvement when completed. Staff are getting used to the new financial delegation limits set by the CE and implemented at the time of Authority Altitude introduction, i.e. since 1 July 2023. AA is much stricter with one-up authorities and total Purchase Orders which is improving practices. A new system through IT is being used to disperse information about temporary delegation when a staff member is away for a short period. Each of these systems will need to be tested for how well they are used and understood as we develop a process to ensure delegations are being upheld, including spot checks.

## EM/ELT Culture Survey (Presented August 2022)

Ref	Agreed Action:	Responsible:	Initial Agreed Date:	Current Agreed Date:	Status:
1	Develop an organisational health dashboard that covers the elements of Employee Experience, Health and Safety, Risk and Resilience, Infrastructure CaPex Pipeline, Performance and Progress	Chief People & Performance Officer	Sep-22	Jun-24	Completed

*An additional 8 items have been completed and closed off through prior reports. Those marked with "Risk Accepted" will drop off this report in the future.*

### Management Comment by Democracy & Governance Manager:

We propose to close the action item for development of an organisational health dashboard as the content is being presented to Elected Members in a series of reports: Health and safety incident, near misses and hazard ID and management - in Quarterly Health and Safety Report; annual leave accruals/ balances, sick leave usage, staff turnover; employee engagement, wellbeing initiatives, professional development investment- in new Quarterly Wellbeing Report; Organisational risks- risk framework reporting under development; capital expenditure pipeline, performance and progress- Quarterly Performance Report.

## Asset Management Maturity Assessment (Presented August 2022)

Ref	Agreed Action:	Responsibility	Initial Agreed Date:	Current Agreed Date:	Status:
1	Conduct LoS workshops with Councillors. Present options aligned with organisational strategies and include discussion of costs and risks against different service levels.	Manager - Asset Management Planning	Jun-25	Next LTP	In Progress
2	Develop separate wastewater and stormwater development plans and explore the impact of different development scenarios and management strategies.	Asset Management Team Leader	Jun-24	Jun-24	In Progress
3	Review transport levels of service performance measures and develop options for the next LTP round.	Asset Management Team Leader	Dec-26	Next LTP	In Progress
4	Develop programme and implement bridge condition assessments.	Asset Management Team Leader	Apr-24	Apr-24	In Progress
5	Develop asset management plans that are more focused on the transport corridor and reallocating space, and align the Network Operating Plans to the AMP.	Asset Management Team Leader	Aug-24	Aug-24	In Progress
6	Develop LoS scenarios to test through the Waste Minimisation Management Plan (WMMP) and Long Term Plan (LTP) processes.	Asset Management Team Leader	Dec-26	Next LTP	In Progress
7	Undertake review of new growth areas in the future to determine number of trucks, staff, estimate waste volumes and impact on recycling	Planning and Investigation Team Leader	Jun-24	Jun-24	In Progress
8	Complete condition assessment of Material Recovery Facility (MRF) and any other critical assets	Planning and Investigation Team Leader	Apr-24	Apr-24	In Progress
9	Review asset data and determine where gaps are. Work with new asset data team to fill gaps	Asset Information Team Leader	Jun-24	Jun-24	In Progress
10	Review property levels of service performance measures and develop options for the next LTP round.	Asset Management Team Leader	Dec-26	Next LTP	In Progress
11	Undertake further condition assessment training to enable staff to rate condition.	Planning and Investigation Team Leader	Apr-24	Apr-24	In Progress
12	Review parks levels of service performance measures and develop options for the next LTP round.	Asset Management Team Leader	Dec-26	Next LTP	In Progress
13	Complete community needs assessments prior to the next LTP.	Asset Management Team Leader	Dec-23	Jun-25	In Progress
14	Ensure that the responsibilities of each division - ownership, management and funding of Council assets, is clearly articulated in AMPs and/or policy.	Manager - Asset Management Planning	Jun-24	Jun-24	In Progress
15	Review the levels of service for each activity through customer engagement to identify areas for change prior to the next LTP.	Manager - Asset Management Planning	Dec-26	Next LTP	In Progress
16	Cost and evaluate the level of service options resulting from the customer engagement.	Manager - Asset Management Planning	Dec-25	Next LTP	In Progress

17	Complete the asset criticality identification and align processes for inspection frequency, response time and interventions to the criticality of assets.	Planning and Investigation Team Leader	Dec-23	Jun-24	In Progress
18	Embed standard operating policies, processes, and procedures for documenting and escalating new risks to provide a consolidated and consistent view across all activities	Manager - Asset Management Planning	Jun-26	Jun-26	In Progress
19	Each of the activities needs to develop processes to centrally develop and track proactive maintenance schedules	Asset Management Team Leader	Oct-23	Jun-26	In Progress
20	Develop business case process to ensure cases progressively become more detailed as they progress through the project investigation, feasibility and detailed design stages	Planning and Investigation Team Leader	Jun-24	Jun-24	In Progress
21	Review the validity of the financial policy of rating for three year rolling renewals versus rating for long term depreciation, to ensure adequate reserves are built up over time.	Manager - Asset Management Planning	Dec-24	Dec-24	In Progress
22	Complete a review of the form and function of asset management plans (AMPs) to enable better engagement and make AMPs more dynamic, interactive, and focused to meet business needs.	Asset Management Team Leader	Dec-24	Next LTP	In Progress
23	Once the identification of critical assets is completed, populate the asset criticality field for each asset in the asset information systems. This will need to be regularly updated.	Planning and Investigation Team Leader	Apr-24	Dec-24	In Progress
24	Review the policy threshold for open market tenders	Procurement Manager	Dec-23	N/A	Completed

*An additional 7 items have been completed and closed off through prior reports. Those marked as completed will drop off this report in the future.*

#### Management Comment by Asset Planning Management Manager:

Improvement in our asset management practice as an organisation will be an ongoing process. Presently we are working on improvements to increase the maturity of our practice to a level appropriate for an organisation of our size and with our complexity of assets. Beyond that we will need to take actions to maintain our maturity. To ensure lasting improvement all changes will need to be fully considered and carefully managed.

There are many actions we need to take to improve our asset management practice. Currently we have 214 open improvement actions from varying sources and of varying scale. It is likely that this number will increase when we add the improvements identified during the preparation of the 2024 asset management plans. The current number of open actions include the 24 open actions in this report. The actions in this report are those that the 2022 Asset Management Maturity Assessment identified as the most significant in terms of effort and importance to overall maturity.

To manage the large volume of interrelated actions we have developed processes to around them. This includes grouping similar actions into programmes to be prioritised and implemented together. We have also assigned oversight of each programme to personnel in the Asset Planning Division, which are the responsibilities shown in the report. However, many of the programmes will be implemented across the whole organisation and will need to align with organisational priorities.

Implementation of the improvement items is aligned with the long-term planning cycle. The same resources in the organisation have oversight of the implementation of the improvement plan and prepare the asset management plans. The ability to of the entire organisation to implement improvement and absorb change is also reliant on the same cycle. The greatest opportunity to improve our practice is in year 1 and the first half of year 2 of any given long-term planning cycle. Our current target completion dates are based on these considerations. This also provides insight into why progress has been limited since the last reports on the actions.

## Sustainable Practices Review (Presented September 2022)

Ref	Agreed Action:	Responsible:	Initial Date:	Current Date:	Status:
1	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	Head of Community Planning	Jun-24	-	In Progress
2	Add a section for sustainability risks and opportunities in all agenda templates, to ensure Council considers this as part of all reports	Democracy & Governance Manager	Dec-23	Jun-24	In Progress
3	Incorporate sustainability into EM training programme	Democracy & Governance Manager	Jun-24	-	In Progress
4	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	Head of Community Planning	Jun-24	-	In Progress
5	Build sustainability risks and opportunities into the risk management framework and practice	Head of R&R / Risk Management Advisor	Dec-23	-	Completed
6	Develop an LTP prioritisation model and obtain EM buy in prior to implementation	Head of Community Planning	Oct-23	-	Completed

*An additional 2 items have been completed and closed off through prior reports. Those marked as completed will drop off this report in the future.*

### Management Comment by Head of Community Planning:

Ref 1: On track. Council's Strategic Direction for the 2024 LTP still has four goals (social, economic, environmental and cultural) but it takes a more sustainable approach by integrating these goals into a single Oranga Papiaoea City Strategy. This emphasises the links between the Goals (including the Plans that sit beneath them). The Oranga Papiaoea City Strategy includes a section on how the Strategy relates to the Sustainable Development Goals. This action has been largely completed, subject to consultation on the Strategic Direction and adoption alongside the LTP in June.

Ref 2 and 3: On track. The timeframe for this work has been better aligned with the development of the LTP - as the LTP is Council's main document through which it will plan, fund and implement a sustainable (4 well beings) approach.

Ref 4: On track. Components of the LTP monitoring plan are being developed as the LTP is being prepared. These include an Indicator Framework and level of service KPIs. These have been discussed by Council in December and February.

Ref 5: The Risk Management Framework has been updated and reissued with a section on sustainability risks and processes for capturing and recording climate adaptability and carbon mitigation.

Ref 6: Council prioritised the LTP capital and operating work programme and budgets at meetings in November and December. The prioritisation process put more emphasis on the strategic (sustainable) rationale for the work programmes. Officers provided better information on levels of service and strategic links through the Activity Summary Sheets. The new Activity structure, along with the new MagiQ budgeting system, meant that it was not possible to provide as much information on Activity budget trends as officers hoped. This will be a focus for the next LTP prioritisation process. The debrief for the 2024 LTP is likely to identify further prioritisation improvements for future LTPs.

## Risk Management Review (Presented April 2023)

Ref	Agreed Action:	Responsible:	Initial Agreed Date:	Current Agreed Date:	Status:
1	Strategic Risk & Engagement with Elected Members - Define strategic risk, socialise policy and framework, gain risk appetite and tolerance endorsement, and initiate Risk & Assurance risk reporting. Review enterprise risks with ELT.	Head of R&R	Mar-24	Nov-24	In Progress
2	Continuous Improvement & Implementation of Framework - determine target maturity, define and implement risk management platform and undertake risk acceptance for higher risks.	Head of R&R	Feb-24	Mar-25	In Progress
3	Scope and implement an obligations/compliance register.	Legal Counsel	Dec-23	Dec-24	In Progress
4	Undertake Scheduled Review of Risk Management Framework - seek feedback, include risk management advisor on key projects.	Head of R&R	Nov-23	-	Completed

*Those marked as completed will drop off this report in the future.*

### Management Comment by Head of Risk & Resilience:

Significant progress has taken place progressing actions. Officers continue to have discussions with Chief officers to develop Strategic and Enterprise Risks for the organisation. We are progressing well against all actions, including state 2 of our implementation plan.

Setting Councils Risk Tolerance and appetite will be with the Risk & Assurance committee during March.

Some action completion dates have moved to allow for timing of other actions to be completed.

## LTP Programme Planning, Budgeting, Prioritisation and Benefits Review (Presented April 2023)

Ref	Agreed Action:	Responsible:	Initial Agreed Date:	Status:
1	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.	LTP Sponsors	Jun-24	In Progress
2	Implement new project management software.	Manager – Project Management Office	Jun-24	In Progress
3	Ensure better descriptions of planned benefits and strategic links are clearly described for levels of services and programmes. Governance to determine which capital projects will require a close out report through the LTP development process.	LTP Sponsors	Jun-24	In Progress
4	Provide EMs with improved information for prioritising and making trade-offs with levels of service and programmes.	LTP Project Sponsors	Nov-23	Completed
5	Implement the MagiQ Budgeting Tool.	Chief Financial Officer	Jun-24	Completed

*Those marked as completed will drop off this report in the future.*

### Management Comment by Head of Community Planning:

These are on track for being implemented through the LTP.

Ref 1: On track. Programme deliverability feed into the programme and budgets by officers and the Councillor prioritisation process. Officers and Councillors will re-assess deliverability as part of the adoption of the final LTP in June.

Ref 2: On track. The exploration, development, user acceptance testing stages have been completed. A pilot group has started using the tool for projects management, with full Infrastructure roll out in February/early March.

Ref 3: On track. See note to Ref 1 for the update on programme and level of service information. Close out reports will be considered as the LTP is finalised in June.

Ref 4: Council prioritised the capital and operating work programmes at meetings in November and December. Officers provided better information on levels of service and strategic links through the Activity Summary Sheets. However there were delays in Officers providing Councillors with information on the capital projects (including indicative officer priorities). This was rectified after Councillor feedback. The feedback has been noted for future LTPs.

Ref 5: MagiQ was used to develop the LTP budgets and is being used to monitor current budgets.

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## Road Maintenance Renewal & Capital Improvements Contract Review (Presented May 2023)

Ref	Agreed Action:	Responsible:	Initial Agreed Date:	Status:
1	Finalise training and development Programme	Chief Infrastructure Officer	Apr-24	In Progress
2	Update and sign new contract for next term	Chief Infrastructure Officer	Jun-24	In Progress
3	Develop and implement Joint Relationship Management Plan	Chief Infrastructure Officer	Jun-24	In Progress
4	Formulate and set budget and programme	Chief Infrastructure Officer	Jun-24	In Progress

*An additional 1 items have been completed and closed off through prior reports. Those marked as completed will drop off this report in the future.*

### Management Comment by Chief Infrastructure Officer:

The action plan remains on schedule.

Foundation work on the contract and operating review is complete. It is critical momentum is maintained early in the New Year to progress the development and drafting of contract papers by 31 March.

PNCC and FH staff will continue to actively engage in the review and implementation of processes (and plans) to work towards resolution of identified pain points and opportunities.

## MEMORANDUM

**TO:** Risk & Assurance Committee

**MEETING DATE:** 6 March 2024

**TITLE:** Audit NZ 2023 Management Report with Action Plan

**PRESENTED BY:** Masooma Akhter, Business Assurance Manager and Cameron McKay, Chief Financial Officer

**APPROVED BY:** Donna Baker, Acting Chief Executive Unit Manager

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### RECOMMENDATION(S) TO RISK & ASSURANCE COMMITTEE

1. That the Risk & Assurance Committee receive the memorandum titled 'Audit NZ 2023 Management Report with Action Plan' presented on 6 March 2024.
- 

#### 1. ISSUE

- 1.1 Audit NZ undertook the annual Statutory Financial Statement Audit for Year End 30 June 2023.
- 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 Council's internal controls. Recommendations for improvements are included in this report, along with progress against previous recommendations raised in prior audits.
- 1.3 In December 2023 Audit NZ released a draft final management report for the June 2023 audit. Following further discussions and clarifications with management, this was finalised by Audit NZ on 07 February 2024 (Attachment 1).
- 1.4 An action plan was subsequently agreed with management to address the findings that Audit NZ had highlighted (Attachment 2). This was approved by ELT on 14 February 2024.

#### 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 six findings from the prior year were closed off during the testing. Some 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, internal policy framework and Kbase replacement, 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 One recommendation has been actioned since the audit was completed and this has been acknowledged in the report. This is also marked as completed in the action plan.

**3. MANAGEMENT COMMENT BY CHIEF FINANCIAL OFFICER**

- 3.1 Officers have noted that there has been some good progress made on several issues raised by Audit NZ, with 6 completed and 3 new issues raised. Management are aware of the length of time some of the issues have been on the management report and the need to address these. Officers had been in discussions with DIA and OAG in relation to items on the recording of information regarding customer complaints, but to date no change to the guidelines has been achieved. Therefore, it is intended these be resolved as part of the Contact Centre modernisation project currently in progress. Further to this, some items were not tested this time by the Audit team so are unable to be removed from the register. These have been requested to be reviewed in the upcoming audit.

**4. NEXT STEPS**

- 4.1 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.

**5. COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide?	<b>Yes</b>
Are the decisions significant?	<b>No</b>
If they are significant do they affect land or a body of water?	<b>No</b>
Can this decision only be made through a 10 Year Plan?	<b>No</b>
Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?	<b>No</b>
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 by building trust and confidence in the core controls relied on by management and governance.

**ATTACHMENTS**

1. Audit NZ 2023 Management Report [↓](#) 
2. 2023 Management Action Plan [↓](#) 



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

Palmerston North City  
Council

For the year ended 30 June 2023

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## Key messages

We have completed the audit for the year ended 30 June 2023. This report sets out our findings from the audit and draws attention to areas where the Palmerston North City Council (City Council) is doing well and where we have made recommendations for improvement.

### Audit opinion

We issued an unmodified audit opinion over the City Council's financial statements and a qualified opinion over the service performance provision on 25 October 2023. 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, the verification of the attendance and resolution times for water supply and wastewater faults, and due to the City Council not undertaking a road smoothness survey within the last two years.

Without further modifying our audit opinion, we included emphasis of matter paragraphs to draw the users' attention to the relevant note in the financial statements which outlines the disclosures about the potential impact of the Government's Three Waters Reform and the inherent uncertainties in the measurement of greenhouse gas emissions.

### Matters identified during the audit

The following significant issues were considered during the audit:

- **Statement of service provision.** We continue to find that the recording of complaints was not in line with Department of Internal Affairs (DIA) guidance. We were unable to determine whether the City Council's reported results for the attendance and resolution times were materially correct.

We continue to recommend that City Council makes the necessary improvements to its reporting of complaints to meet expectations, our recommendation is included in Appendix 1 of this report.

We were also unable to obtain assurance over the performance measure for smooth travel exposure due to the City Council not undertaking a road smoothness survey within the last two years. Refer to section 5.1 of this report for further comments.

- **Revaluation of roading infrastructure assets.** Overall, we are satisfied with the process followed in terms of the requirements of PBE IPSAS 17 *Property, Plant and Equipment* and that the revaluation movements were correctly accounted for and supported.

We have raised four new recommendations which 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  
7 February 2024

# 1 Recommendations



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

Priority	Explanation
Urgent	<b>Needs to be addressed <i>urgently</i></b> 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	<b>Address at the earliest reasonable opportunity, <i>generally within six months</i></b> 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	<b>Address, <i>generally within six to 12 months</i></b> 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
<b>Road smoothness</b> Conduct a road smoothness survey across the entire sealed road network during the 2023/24 period, and at least every two years thereafter.	5.1	Necessary
<b>Vested assets</b> Develop policies and procedures to ensure the Finance Team is notified when assets are vested to the City Council. This process should include a regular review of s224c certificates issued by the City Council for any related vested assets.	5.2	Necessary
<b>Roading revaluation</b> Implement the Valuers' recommended improvement actions for roading assets.	5.3	Necessary

Recommendation	Reference	Priority
Review the depreciation accounting policy in the financial statements and ensure it is aligned to the useful lives stated in the valuation report.		

**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			
	Urgent	Necessary	Beneficial	Total
Open	1	8	-	9
Implemented or closed	-	6	-	6
<b>Total</b>	<b>1</b>	<b>14</b>	<b>-</b>	<b>15</b>

## 2 Our audit report

### 2.1 We issued a modified audit report



We issued an unmodified audit opinion over the financial statements and a qualified opinion over the service performance provision on 25 October 2023.

This means that 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 statements comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

The qualified opinion relates to the statement of service provision, as there were issues, as documented below, with information about the number of complaints for some services, for attendance and resolution times for water supply and wastewater faults, and the average quality of ride on a sealed local road network measured by smooth travel exposure.

The City Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. This includes measures relating to complaints, the time taken to attend and resolve water supply and wastewater faults, and the average quality of ride on a sealed local road network measure by smooth travel exposure.

Our audit testing found that the City Council has not been counting complaints in accordance with this guidance and that the City Council's method of counting was likely to have understated the actual number of complaints received both in the current year and in the comparative year to 30 June 2022. This has been an issue impacting our audit opinions since the year ended 30 June 2020.

Our audit testing also found that the City Council did not maintain sufficient appropriate evidence to support the time taken to attend and resolve water supply and wastewater faults. As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance that the reported information fairly reflected the performance against these measures for the year and the comparative.

The City Council has not undertaken a road smoothness survey within the last two years. As a result, this is the third year that the City Council is reporting using the same road smoothness survey results.

## 2.2 Emphasis of matter – The Government’s three waters reform programme

Without further modifying our opinion, we drew attention to Note 38, which outlines developments in the Government’s water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities’ establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council as outlined in Note 38 remains uncertain until the relevant water services entity’s establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

We note that, subsequent to the adoption of annual report, there is now further uncertainty around the water services reform legislation. With the change in government, it may be repealed or substantially amended.

## 2.3 Emphasis of matter – Green House Gas Emissions

The Group has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. In considering the public interest in climate change related information, we draw attention to page 108 of the Statement of Performance, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

Refer to sections 3 and 4 for further detail on these matters.

## 2.4 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. The 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) \$000	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000
Vested assets	1	492			(492)

Current year uncorrected misstatements	Ref	Assets	Liabilities	Equity	Financial performance
		Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000
<b>Total parent</b>		<b>492</b>			<b>(492)</b>
Revaluation of assets	2	2,859	(2,859)		
<b>Total group</b>		<b>3,351</b>	<b>(2,859)</b>		<b>(492)</b>

#### Explanation of uncorrected misstatements

- 1 To recognise roading and utility assets vested during the year. This was not changed as it was deemed to be not material to the financial statements.
- 2 To correctly record the revaluation of the airside infrastructure using correct remaining useful lives (unadjusted in the Palmerston North Airport Limited annual report). This was not changed as it was deemed to be not material to the financial statements (carried forward from prior year).

#### 2.5 Uncorrected disclosure deficiencies

There were no uncorrected disclosure deficiencies.

#### 2.6 Uncorrected performance reporting misstatements

There were no uncorrected performance reporting misstatements.

#### 2.7 Corrected misstatements

We also identified misstatements that were corrected by management. These corrected misstatements had the net effect of decreasing revenue by \$530,000 and decreasing the associated asset by the same amount compared to the draft financial statements.

Current year corrected misstatements	Ref	Assets	Liabilities	Equity	Financial performance
		Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000
Development contributions	1	(530)			530
<b>Total parent and group</b>		<b>(530)</b>			<b>530</b>

#### Explanation of corrected misstatements

- 1 Adjustment of development contributions

**2.8 Corrected disclosure deficiencies**

Detail of disclosure deficiency
Updated disclosures around PBE IPSAS 41 <i>Financial Instruments</i>
Updated disclosures around budget variances
Update on the water services reform programme
Correction of related party receivables and disclosures
Tamakuku land development sales classified as exchange from non-exchange

**2.9 Corrected performance reporting misstatements**

Detail of misstatement
Enhanced disclosures around PBE FRS-48 <i>Service Performance Reporting</i>
Updated disclosures within the performance measures to explain significant variances
Inclusion of water loss methodology
Updated drinking water standards with the results from the review by expert
Corrections to numbers of dry weather overflows and resource consents
Providing full year data on serious and fatal crashes on the road network

**2.10 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 on 5 July 2023. This included the dates we required the information to be provided to us.

The information was provided on time and the quality was good. This enabled the resourced phase of the audit to proceed efficiently.

### 3 Matters raised in the Audit Plan



In our Audit Plan of 14 August 2023, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Our audit response
<b>Complaints and response time performance measures</b>	
<p>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.</p> <p>The City Council reports on a number of 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.</p> <p>For the year ended 30 June 2022, and its comparative information for 2021, we were unable to determine whether the City 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.</p> <p>The City Council updated its process’s part way through the previous financial year. However, for the City Council to avoid a qualification on the 2023 results, the system and processes for recording all complaints should be in place for the entire year.</p> <p>The City Council also did not maintain sufficient appropriate evidence to support the time taken to attend and resolve water supply and wastewater faults.</p>	<p><u>Complaints</u></p> <p>Complete records for all calls made to the City Council were not available and we were unable to determine whether the City 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.</p> <p><u>Response times</u></p> <p>Complete records for all callouts made by the City Council were not available and we were unable to determine whether the City 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 response times.</p> <p><b>Conclusion</b></p> <p>A qualified audit opinion was issued over the incomplete information for both complaints and response times.</p> <p>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 30 of this report.</p>

Audit risk/issue	Our audit response
<b>The risk of management override of internal controls</b>	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls.</p> <p>Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>• testing the appropriateness of selected journal entries;</li> <li>• reviewing accounting estimates for indications of bias; and</li> <li>• evaluating any unusual or one-off transactions, including those with related parties.</li> </ul> <p><b>Conclusion</b></p> <p>From our testing we did not identify any issues that indicated management override.</p>
<b>Revaluation of roading infrastructure assets</b>	
<p>The City Council periodically revalues its roading infrastructure assets every three years. PBE IPSAS 17 <i>Property, Plant and Equipment</i> requires that valuations are conducted with sufficient regularity to ensure that the carrying value does not differ materially from fair value. A revaluation of roading infrastructure assets is scheduled for this year.</p> <p>The City Council uses the optimised depreciated replacement cost methodology to determine fair value. The valuation is based on a number of significant assumptions, including the useful lives and replacement costs of the assets. The high level of estimation uncertainty resulting from the need to apply these assumptions in the valuation creates a risk that the value is materially misstated.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• reviewing the method of valuing the assets and assessing if the applicable method used is in line with the financial reporting framework, including the reasonableness of the assumptions and judgements made by the valuer and other inputs to the valuation;</li> <li>• assessing the valuation process, including the competence and experience of the valuer;</li> <li>• discussing the results with and obtaining a confirmation letter from the valuer;</li> <li>• assessing relevant controls in place including the completeness of items being revalued, the reasonableness of useful lives and consideration of the condition of assets;</li> <li>• reviewing evidence of the appropriateness of the valuation inputs (e.g. confirming unit rates back to recent contract data); and</li> <li>• assessing the presentation and disclosure of information related to the valuation in the financial statements, including whether the resulting change in values are correctly incorporated into the financial statements and the assumptions and judgements relating to the valuation are adequately disclosed.</li> </ul> <p><b>Conclusion</b></p> <p>We are satisfied that the 30 June 2023 revaluation of roading assets is fairly stated.</p>

Audit risk/issue	Our audit response
<b>Fair value assessment of property, plant and equipment</b>	
<p>For those asset classes that the City Council is not planning to revalue this year the City Council will need to perform a fair value movement assessment to determine whether there is a significant difference between the fair value and the carrying value. Where the estimated difference is significant a revaluation may be necessary.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> <li>• factor in local cost information;</li> <li>• utilise relevant and reliable price movement indicators; and</li> <li>• involve consulting with valuers, if necessary.</li> </ul> <p>Alternatively, the City Council could engage valuers to assist in preparing a fair value assessment.</p>	<p>We reviewed the reasonableness of the City Council’s assessment including the appropriateness of the assumptions used in the assessment.</p> <p>To assist with the making of this assessment the City Council engaged an independent expert to assist with updating and validating asset values.</p> <p>We reviewed the methodology and assumptions applied by the independent valuer in their fair value assessments. Based on our review, we assessed that:</p> <ul style="list-style-type: none"> <li>• the assumptions are reasonable and have been appropriately applied;</li> <li>• the assessment complies with the relevant accounting standards; and</li> <li>• disclosures in the financial statements are appropriate.</li> </ul> <p><b>Conclusion</b></p> <p>We are satisfied that no full revaluation for the land and buildings and three waters asset classes is required for this year.</p>
<b>Asset impairment considerations</b>	
<p>In accordance with PBE IPSAS 21 <i>Impairment of Non-Cash-Generating Assets</i> and PBE IPSAS 26 <i>Impairment of Cash-Generating Assets</i>, at each reporting date management must assess whether there is any indication that an asset may be impaired. If management identifies any indication of an impairment, then they must estimate the recoverable service amount of the asset.</p> <p>Assets are required to be assessed for indicators of impairment on an annual basis.</p> <p>Irrespective of whether there are any indications of impairment, intangible assets not yet available for use (that is, work in progress) and intangible assets with indefinite useful lives must be <i>tested</i> for impairment at least annually.</p> <p>Work-in-progress (WIP) values on projects that span an extended period of time should be assessed regularly for impairment over the life of the project. The City Council needs to ensure that as phases of a project are completed, and assets become</p>	<p>Due to the judgemental nature of the valuations used in assessing impairment there is a risk of bias or error in the assumptions and inputs used. Any bias or errors in the inputs used or calculations performed could result in a material misstatement in the carrying value of property plant and equipment/investment property/intangible assets and the related impairment expense.</p> <p>We:</p> <ul style="list-style-type: none"> <li>• reviewed the impairment assessment;</li> <li>• evaluated the reasonableness of the significant assumptions;</li> <li>• evaluated how management has addressed estimation uncertainty; and</li> <li>• reperformed calculations made by management.</li> </ul>

Audit risk/issue	Our audit response
<p>operational, capitalisation of the WIP balance occurs in a timely manner. This will ensure that depreciation expense on these assets is recognised and accounted for appropriately.</p> <p>The City Council will need to complete the necessary assessment of impairment of assets (as above). In addition, intangible assets not yet available for use (i.e. WIP) and intangible assets with indefinite useful lives must be <i>tested</i> for impairment at least annually.</p>	<p><b>Conclusion</b></p> <p>From the work that we completed over the property plant and equipment we did not note any impairment of assets that had not been considered.</p>
<b>Valuation of investment property</b>	
<p>The City Council revalues its investment property annually. The relevant accounting standard is PBE IPSAS 16 <i>Investment Property</i>.</p> <p>The fair value of investment properties needs to reflect the market conditions as at reporting date.</p> <p>Due to the nature and value of the revaluations, any bias or errors in the inputs used or calculations performed could result in a significant misstatement in the value of investment property.</p>	<p>We reviewed the:</p> <ul style="list-style-type: none"> <li>• valuation report and hold discussions with the City Council and the valuer to confirm our understanding;</li> <li>• valuation report to assess whether the requirements of PBE IPAS 16 (including the appropriateness of the valuation basis) have been met;</li> <li>• qualifications, competence and expertise of the external valuer;</li> <li>• valuation method and assessed if the applicable method used is in line with the financial reporting framework, including the reasonableness of the data and key assumptions used; and</li> <li>• accounting entries and associated disclosures in the annual report against relevant accounting standards.</li> </ul> <p><b>Conclusion</b></p> <p>We are satisfied that investment properties are fairly valued.</p>
<b>Three waters reform</b>	
<p>The three waters reform programme (the reform) is expected to result in significant structural changes to the management, funding and ownership of water supply, wastewater, and stormwater assets in the local government sector.</p> <p>The Government has recently announced a number of changes to the reform. On 13 April 2023, the Government outlined changes to the number of water services entities and a staggering of their establishment dates starting from early 2025, with all</p>	<p>We reviewed the City Council’s disclosures to ensure they accurately reflect the significance and uncertainty of the reforms on the City Council.</p> <p><b>Conclusion</b></p> <p>We are satisfied that the City Council made accurate disclosures.</p> <p>Because the impact could be significant, but is uncertain, we included information in our audit report</p>

Audit risk/issue	Our audit response
<p>the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.</p> <p>The Bill to enable the transfer of three waters related assets and liabilities to the water services entities is currently with the select committee and will need to be passed to enable water assets to transfer to the related water entity.</p> <p>The timing of the legislation through Parliament will impact the 30 June 2023 annual report. If the legislation has not passed before 30 June an updated disclosure may still be appropriate. If the legislation is passed before 30 June, there will likely be some additional accounting and disclosure requirements.</p> <p>The City Council should ensure that sufficient disclosure about impact of the reform (to the extent that the impact is known) is included in the annual report.</p>	<p>to draw a reader’s attention to the City Council’s disclosure about the reform.</p>
<b>Drinking water quality performance measures</b>	
<p>Providing safe drinking water is a core function of the City Council and reporting how the City Council has performed in respect of this function in the annual report is important performance information.</p> <p>The regulatory regime in place over the safety of drinking water has transitioned in the current year from the Drinking Water Quality Standards (DWS) to the new Drinking Water Quality Assurance Rules (DWQARs) which came into effect on 14 November 2022.</p> <p>Performance measures about compliance with the DWS are currently mandated by the Department of Internal Affairs who have issued mandatory performance measures that are required to be reported against in the City Council’s annual report. There are currently no similar performance measures with respect to the new DWQARs. Despite this it is important to include appropriate performance information about compliance with the new DWQARs.</p> <p>DIA still expects councils to report against the bacteria and protozoa measures set out in the non-financial performance measures for the entire 2022/23 year. This would mean councils reporting against the former drinking water standards Parts 4 and 5 for the</p>	<p>The City Council maintained their testing regimes in accordance with the appropriate standards. 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 expert’s work and were satisfied that the work of the expert, Matt Molloy Consulting, is suitable to use as audit evidence.</p> <p>The City Council was compliant under the DWS, but non-compliant for some water supplies under the DWQARs. At our request the City Council have disclosed the compliance with each water supply.</p> <p><b>Conclusion</b></p> <p>We were satisfied that the City Council has accurately reported on its compliance with the DWS and the DWQAR in the annual report.</p>

Audit risk/issue	Our audit response
<p>whole financial year. However, the Department will accept councils reporting against Parts 4 and 5 up to 14 November 2022 and then against the new Drinking Water Quality Assurance Rules (as they relate to bacteria and protozoa) from 15 November 2022 to 30 June 2023.</p> <p>The new Drinking Water Quality Assurance Rules have similar standards to the former Drinking Water Standards for New Zealand 2005 provided by the Ministry of Health (as there has been a legislative change we support this option).</p> <p>The City Council will need to disclose the changes to the drinking water standards in their 2022/23 annual reports and explain the impact of this on their reporting of the bacteria and protozoa measures.</p>	
<b>Configuration and customisation costs for software-as-a-service (SaaS)</b>	
<p>The City Council is in the process of implementing its new enterprise management system (ERP). 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.</p> <p>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.</p> <p>The City Council should 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.</p> <p>The key issues are whether such costs:</p> <ul style="list-style-type: none"> <li>• shall be capitalised as an intangible asset and amortised; or</li> <li>• expensed when incurred; or</li> </ul>	<p>The City Council has completed an assessment of its arrangements and subsequent accounting treatment of SaaS.</p> <p><b>Conclusion</b></p> <p>We have reviewed the City Council’s assessment and accounting treatment and are satisfied with it.</p> <p>The accounting policy is consistent with the Committees’ decision and SaaS arrangements are correctly accounted for and appropriate disclosures are included in the financial statements.</p>

Audit risk/issue	Our audit response
<ul style="list-style-type: none"> <li>expensed over the term of the SaaS arrangement (including capitalising as a prepaid service if paid upfront).</li> </ul> <p>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 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>.</p>	
<b>New accounting standard - First-time adoption of PBE IPSAS 41 <i>Financial Instruments</i></b>	
<p>PBE IPSAS 41 <i>Financial Instruments</i> is effective for periods beginning on, or after 1 January 2022. Earlier application was permitted however the City Council did not early adopt the standard.</p> <p>The standard introduces new and amended classification, measurement, impairment and hedging requirements and disclosure for financial assets and financial liabilities. This standard replaces both PBE IPSAS 29 and PBE IFRS 9.</p> <p>As the City Council is transitioning from PBE IPSAS 29, the transition may result in a number of significant changes.</p> <p>The main changes introduced by PBE IPSAS 41 are that the standard:</p> <ul style="list-style-type: none"> <li>introduces a new classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held. This could result in some instruments moving from amortised cost accounting to fair value accounting, or vice versa;</li> <li>applies a forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing;</li> <li>introduces a hedge accounting model that broadens the hedging arrangements in scope of the guidance and removal of the 80-125% effectiveness "bright line" test. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. Entities that adopt</li> </ul>	<p>We reviewed the:</p> <ul style="list-style-type: none"> <li>transition/first time adoption analysis prepared by the City Council for reasonableness;</li> <li>updated accounting policies, presentation and disclosure in the financial statements is in accordance with the requirements of the standard; and</li> <li>expected credit loss assessment for significant receivables and other financial assets.</li> </ul> <p>We also worked with the City Council in relation to disclosures that have been included in the annual report.</p> <p><b>Conclusion</b></p> <p>We are satisfied that the disclosures in the annual report comply with PBE IPSAS 41 <i>Financial Instruments</i>.</p>

Audit risk/issue	Our audit response
<p>PBE IPSAS 41 have a choice of either adopting the new hedging model of PBE IPSAS 41 or continuing to apply the hedging model of PBE IPSAS 29; and</p> <ul style="list-style-type: none"> <li>there are also new disclosure requirements as the standards setters believe additional information on risks such as credit risk are increasingly important to users of the financial statements.</li> </ul> <p>The City Council will need to prepare an analysis of the classification of its financial instruments in terms of the standards and determine the necessary accounting and disclosure adjustments required.</p> <p>The City Council will need to update its accounting policies and disclosures in the financial statements to reflect the adoption of the new standard. The 2020/21 <a href="#">Local authorities model financial statements</a> reflect the early adoption of this standard and provide illustrative disclosures.</p>	
<b>New accounting standard - adoption of PBE FRS 48 <i>Service Performance Reporting</i></b>	
<p>PBE FRS 48 <i>Service Performance Reporting</i> replaced that part of PBE IPSAS 1 <i>Presentation of Financial Statements</i> that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the City Council, it is for the year ending 30 June 2023.</p> <p>The objective of the standard is “to establish principles and requirements for an entity to present service performance information that is useful for accountability and decision-making purposes in a general-purpose financial report”. PBE FRS-48 requires an appropriate and meaningful mix of performance measures and/or descriptions, including, where appropriate, measures of both the goods and services provided and of what has been achieved in the City Council’s areas of responsibility.</p> <p>In addition, PBE FRS 48 imposes additional presentation and disclosure 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</p>	<p>We worked with the City Council in relation to disclosures that have been included in the annual report.</p> <p><b>Conclusion</b></p> <p>We are satisfied that the disclosures in the annual report comply with PBE FRS 48 <i>Service Performance Reporting</i>.</p>

Audit risk/issue	Our audit response
<p>Standard that are relevant to an understanding of the entity's service performance information". Further if the City Council changes what it reports as service performance information compared to the previous year, then PBE FRS 48 requires the City Council to explain the nature of the changes and their effect.</p>	

## 4 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.

### 4.1 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.

### 4.2 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, but we do report any deficiencies we have identified. See section 5 and Appendix 1 for issues identified with internal controls.

## 5 Other matters identified during the audit



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

During the audit we also raised issues with management which were verbally discussed. See Appendix 2 for the issues raised.

### 5.1 Road smoothness

#### Recommendation

Conduct a road smoothness survey across the entire sealed road network during the 2023/24 period, and at least every two years thereafter.

#### Findings and analysis

The City Council is required to report annually against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. This includes a measure relating to the average quality of ride on a sealed local road network measure by smooth travel exposure.

A road smoothness survey is one of two main inputs into the calculation of smooth travel exposure (traffic counts is the other input). The City Council has not undertaken a road smoothness survey within the last two years. As a result, this is the third year that the City Council reported using the same road smoothness survey results.

As mentioned in Section 2.1 above, our audit report was modified as a result of this issue.

Management has informed us that a road smoothness survey has now been completed. We will review this during our next audit.

#### Management comment

*We acknowledge this finding. This survey was completed in November 2023 and has been noted by Audit NZ.*

### 5.2 Vested assets

#### Recommendation

Develop policies and procedures to ensure the Finance Team is notified when assets are vested to the City Council. This process should include a regular review of s224c certificates issued by the City Council for any related vested assets.

### Findings and analysis

Management notified us during the audit of a number of assets that were vested to the City Council in prior periods but that were not accounted for in those periods. The value of those assets was \$6.25 million. This issue occurred because the City Council did not have any formal processes in place to identify and account for vested assets.

Due to the material nature of this error the City Council restated the prior year opening and closing balances that were impacted throughout the financial statements. The City Council also made disclosures in Note 37 – Prior years adjustments to explain that the error had occurred and summarise the impacts on the financial statements. We reviewed the City Council's disclosures on the error and were satisfied that they were accurate and complied with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*.

### Management comment

*The recommended process improvements have been noted and are in the process of being implemented.*

## 5.3 Roothing revaluation

### Recommendation

We recommend that Management:

- Implement the valuers' recommended improvement actions for roading assets.
- Review the depreciation accounting policy in the financial statements and ensure it is aligned to the useful lives stated in the valuation report.

### Findings and analysis

During the review of the roading revaluation we noted several recommended improvement actions made by the external valuer Stantec. These include the following:

- **Valuation Methodology** - Continue to regularly review all aspects of the valuation methodology to ensure they continue to be appropriate for the Council. In particular review the lives of those asset types where assets are exceeding their expected total useful lives.
- **User Defined Tables** - Council currently has several tables that appear to be duplications using user defined tables. Where possible determine a single source of truth for these assets as this will ensure the right data is accessed. Tables include Bollards, Traffic Islands, markings, and there are standard tables for these assets.
- **Retaining Walls** - There are 64 assets currently in the database which require further dimensional information and asset ownership to allow valuing.

- **Drainage** - Culverts to be split into size to allow for complexity of build in unit rates.
- **Signs** - These would be better managed by concatenating the signs by category and averaging unit rates.
- **Streetlights** - Where a program of upgrade to LED exists then lives can be adjusted accordingly.
- **Formation** - Current width used is the width of seal. This should cover the width of green field development.
- **First Coat Seals** - Currently these are provided lives based on material, whereas this layer forms part of the pavement and should be given appropriate lives.
- **Footpaths** - Investigate current construction practice as basecourse currently is valued with the footpath yet may have a different lifespan.

In the roading valuation report the valuer identified a range of useful lives of each roading component. The useful lives of these components are compared to useful lives in the 2021-31 Long Term Plan (LTP). We noted a small number of variances between the ranges appearing in the valuation report and LTP. Currently, this does not impact on the financial statements as depreciation rates in the valuation dictate the depreciation expense going forward. However, the presentation of depreciation policy rates will need to be amended in next year's Annual Report.

#### **Management comment**

*Management acknowledge the valuers' recommended improvement actions for roading assets.*

*Useful lives stated in the 2023/24 Annual Report and 2024-34 Long Term Plan will be reviewed to ensure they align with the lives stated in the valuation report for roading.*

*Note that:*

- *the actual depreciation rates from the valuation report are used in calculating Council's depreciation expense*
- *Council uses a 3 year average rolling renewals calculation for funding replacement of assets, instead of depreciation, therefore using actual depreciation rates will not impact future year rate requirements.*

## 6 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.

## 7 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 2023:

- 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.

## 8 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
<b>Performance reporting</b>	
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: <a href="#">The problems, progress, and potential of performance reporting</a>
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: <a href="#">Good practice in reporting about performance — Office of the Auditor-General New Zealand (oag.parliament.nz)</a>
<b>Local government risk management practices</b>	
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: <a href="#">Observations on local government risk management practices</a>
<b>Public accountability</b>	
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: <a href="#">Building a stronger public accountability system for New Zealanders</a>

Description	Where to find it
<b>Setting and administering fees and levies for cost recovery</b>	
<p>This good practice guide provides guidance on settings fees and levies to recover costs. It covers the principles that public organisations should consider when making any decisions on setting and administering fees and levies. It also sets out the matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: <a href="#">Setting and administering fees and levies for cost recovery: Good practice guide</a></p>
<p>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.</p>	<p>On Audit New Zealand’s website under good practice.</p> <p>Link: <a href="#">Good practice in reporting about performance — Audit New Zealand (auditnz.parliament.nz)</a></p>
<b>Managing conflicts of interest involving council employees</b>	
<p>This article discusses findings across four councils on how conflicts of interest of council employees, including the chief executive and staff, are managed.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: <a href="#">Getting it right: Managing conflicts of interest involving council employees</a></p>
<b>Model financial statements</b>	
<p>Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes:</p> <ul style="list-style-type: none"> <li>• significant accounting policies are alongside the notes to which they relate;</li> <li>• simplifying accounting policy language;</li> <li>• enhancing estimates and judgement disclosures; and</li> <li>• including colour, contents pages and subheadings to assist the reader in navigating the financial statements.</li> </ul>	<p>Link: <a href="#">Model Financial Statements</a></p>

Description	Where to find it
<b>Sensitive expenditure</b>	
<p>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 managing sensitive expenditure.</p>	<p>On the Office of the Auditor-General’s website under good practice. Link: <a href="#">Sensitive expenditure</a></p>
<b>Conflicts of interest</b>	
<p>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.</p> <p>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.</p> <p>These can all be used as training resources for your own employees.</p>	<p>On the Office of the Auditor-General’s website under 2019 publications. Link: <a href="#">Conflicts of interest</a></p>
<b>Severance payments</b>	
<p>Because severance payments are discretionary and sometimes large, they are likely to come under scrutiny. The Auditor-General has released updated good practice guidance on severance payments. The guide is intended to help public sector employers when considering making a severance payment to a departing employee. It encourages public organisations to take a principled and practical approach to these situations. The update to the 2012 good practice guidance reflects recent case law and changes in accounting standards.</p>	<p>On the OAG’s website under 2019 publications. Link: <a href="#">Severance payments</a></p>
<b>The Auditor-General’s report on the results of recent audits</b>	
<p>The OAG publishes a report on the results of each cycle of annual audits for the sector.</p>	<p>The latest report is on the OAG’s website under publications: <a href="#">Local Government: 2020/21 audits</a></p>

Description	Where to find it
<b>Good practice</b>	
<p>The OAG’s website contains a range of good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> <li>• audit committees;</li> <li>• conflicts of interest;</li> <li>• discouraging fraud;</li> <li>• good governance;</li> <li>• service performance reporting;</li> <li>• procurement;</li> <li>• sensitive expenditure; and</li> <li>• severance payments.</li> </ul>	<p>On the OAG’s website under good practice.</p> <p>Link: <a href="#">Good practice</a></p>
<b>Procurement</b>	
<p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.</p>	<p>On the OAG’s website under publications.</p> <p>Links: <a href="#">Strategic suppliers: Understanding and managing the risks of service disruption</a></p> <p><a href="#">Getting the best from panels of suppliers</a></p> <p><a href="#">Local government procurement</a></p>

## Appendix 1: Status of previous recommendations

### Open recommendations

Recommendation	First raised	Status
<b>Urgent</b>		
<p><b>Performance reporting - recording of complaints and attendance and resolution times</b></p> <p>Record all complaints, and attendance and resolution times in the City Council's Knowledge Base system in accordance with the DIA guidance and formalise the procedural guidance.</p>	2020	<p><b>Open</b></p> <p>The City Council has adjusted their systems for recording the afterhours services, but the City Council does not record all complaints in line with DIA guidance.</p> <p>The recording of attendance and resolution times has not been addressed.</p> <p>This led to a modified opinion on the statements of service performance.</p> <p>Management has informed us that they are implementing a new system that will resolve these issues. It is due to go live in March 2024. We will review this system once it has been implemented.</p>
<b>Necessary</b>		
<p><b>Dry weather overflows</b></p> <p>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.</p>	2022	<p><b>Open</b></p> <p>This was still an issue for the 2022/23 calculation. We continue to recommend that a category be added to the system to recognise if there was an overflow or not.</p> <p>Management has informed us that they are implementing a new system that will resolve this issue. We will review this system once it has been implemented.</p>
<p><b>Council policies overdue for review</b></p> <p>We recommend the following policies (which are overdue for review) be reviewed against current accepted good practice in the public sector:</p>	2018	<p><b>In progress</b></p> <p>Management has informed us that they intend to review policies MT 57 and MT 79 during 2023/24.</p>

Recommendation			First raised	Status
Ref	Policy	Due for review		
MT 57	Gifts, inducements and rewards	October 2017		
MT 79	Conflicts of interest	August 2018		
<p>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.</p>				
<p><b>Financial statement reconciliations</b></p> <p>We recommend that all financial statements reconciliations be independently reviewed.</p> <p>We recommend timely preparation of all reconciliations.</p>			Prior to 2017	<p><b>In progress</b></p> <p>We identified that some reviews weren't being undertaken in a timely manner due to staff leave or competing priorities with the implementation of the new FMIS.</p> <p>Management has informed us that reconciliation processes are being updated as part of the implementation of the new FMIS. We will review reconciliation processes again as part of our next audit.</p>
<p><b>IT business continuity plan</b></p> <p>The IT business continuity plan (BCP) should be finalised and retested. Plans be regularly updated and tested.</p>			Prior to 2017	<p><b>In progress</b></p> <p>The IT BCP has been finalised.</p> <p>We will review progress with testing as part of our next audit.</p>
<p><b>Procurement</b></p> <p>We recommend:</p> <p>That conflict-of-interest declaration forms be completed; including being signed off, as soon as a person becomes involved in the procurement process. The continued involvement of a person who has not sufficiently completed the declaration process creates a potential risk to the integrity of the procurement.</p>			2017	<p><b>In progress</b></p> <p>Procurement was last reviewed by our Special Audit and Assurance Services (SAAS) team in 2021/22. No audit work was performed over procurement during this year's audit.</p> <p>Management has informed us that they have made significant progress against our recommendations. We will review progress against our</p>

Recommendation	First raised	Status
<p>Staff who are involved in procurement be made aware of the different types of conflict of interest and how these should be managed (for example, considering the relationship with the incumbent going for the tender as a potential conflict of interest). Regardless of whether there is an actual conflict or bias, it is important to consider perceptions to maintain market confidence.</p> <p>Declaration forms be treated as a live document, and they are updated numerous times throughout the procurement.</p>		<p>recommendations as part of our next audit.</p> <p><b>Management comment</b></p> <p><i>Conflict of interest guidance and a new conflict of interest tool are covered under a new procurement portal. The portal was adopted and implemented in its entirety at the end of the 2023 calendar year. The benefits of this should be apparent in Audit New Zealand's next review.</i></p>
<p><b>Contract management</b></p> <p>We recommend:</p> <ul style="list-style-type: none"> <li>ensure completeness and accuracy of data information on the contract management system. Also, review the data that is being placed there.</li> <li>ensure consistency of what is retained on the contract management system by formally documenting the required documents that are needed on the system.</li> </ul>	Prior to 2017	<p><b>In progress</b></p> <p>Contract management was last reviewed by our SAAS team in 2021/22. No audit work was performed over contract management during this year's audit.</p> <p>Management has informed us that they have made significant progress against our recommendations. We will review progress against our recommendations as part of our next audit.</p>
<p><b>Mandatory performance measures</b></p> <p>We made the following recommendations for improvement:</p> <p>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.</p> <p>Perform a regular weekly quality review of data entered into the Request for Service (RFS) system in relation to complaints, service requests and response times to ensure it is complete, accurate and supportable. Reviews should focus on following up unclosed jobs, ensuring all data fields are updated and reviewing any</p>	Prior to 2017	<p><b>Outstanding</b></p> <p>Management has informed us that they are implementing a new system that will address these recommendations. It is due to go live in March 2024. We will review this system once it has been implemented.</p>

Recommendation	First raised	Status
<p>unusual response times. We would expect that these reviews are formally evidenced by way of a date and signature.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>This is important to ensure accurate monitoring of performance by contractors against the City Council's key performance targets.</p>		

**Implemented or closed recommendations**

Recommendation	First raised	Status									
<p><b>Sensitive expenditure approvals</b></p> <p>Approve all sensitive expenditure in a timely manner.</p>	2022	<p><b>Closed</b></p> <p>No issues noted during our audit work over sensitive expenditure approvals.</p>									
<p><b>Signing of contracts</b></p> <p>Sign all contracts in a timely manner by both parties before work commences on the project.</p>	2022	<p><b>Closed</b></p> <p>No issues noted during our audit work over operational and capital expenditure approvals.</p>									
<p><b>Expenditure system</b></p> <p>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).</p>	2020	<p><b>Closed</b></p> <p>The creditor masterfile is being reviewed in a timely manner.</p>									
<p><b>Review of IT policies</b></p> <p>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.</p>	2022	<p><b>Closed</b></p> <p>The IT policies have been re-written and submitted for peer review before being sent to ELT.</p>									
<p><b>Council policies overdue for review</b></p> <p>We recommend the following policies (which are overdue for review) be reviewed against current accepted good practice in the public sector:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #00a651; color: white;">Ref</th> <th style="background-color: #00a651; color: white;">Policy</th> <th style="background-color: #00a651; color: white;">Due for review</th> </tr> </thead> <tbody> <tr> <td>MT 18</td> <td>Expenses</td> <td>August 2017</td> </tr> <tr> <td>MT 54</td> <td>Use of Council vehicles</td> <td>October 2017</td> </tr> </tbody> </table>	Ref	Policy	Due for review	MT 18	Expenses	August 2017	MT 54	Use of Council vehicles	October 2017	2018	<p><b>Closed</b></p> <p>Policies MT 18 and MT 54 have been reviewed.</p>
Ref	Policy	Due for review									
MT 18	Expenses	August 2017									
MT 54	Use of Council vehicles	October 2017									
<p><b>High annual leave balances</b></p> <p>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 the Council.</p>	2020	<p><b>Closed – Management accepts risk</b></p> <p>As of 30 June 2023, there are 206 staff (31%) that had balances greater than 25 days.</p> <p>We note that Council has a policy that allows staff to accumulate up to 50 days leave (two years</p>									

Recommendation	First raised	Status
<p>We have assessed high leave as being greater than 25 days (one year entitlement).</p>		<p>entitlement). Management has informed us that they accept the risks of some staff having high annual leave balances.</p> <p><b>Management comment</b></p> <p><i>Managers and staff who have high leave balances are managed and plans are put in place to reduce high balances.</i></p>

## Appendix 2: Matters verbally discussed with management

### Employee start form

The new employee start form is approved by a new employee's manager and is used to input their details into the payroll system. Currently it does not include an employee's hours of work and salary. While the offer of employment does include hours of work and salary, we have discussed with Management about including this information in the next version of the employee start form.

We do not consider this matter to be a control breakdown. It has been raised to encourage efficiency.

We have been advised that Management intend to capture these details in the next version of the employee start form.

### Variances in reconciliations to be cleared in a timely manner

We identified immaterial variances in some general ledger reconciliations. These variances have been outstanding for a long time and are largely related to system issues that required the system provider to fix. We note that a number of historic variances have been resolved during the year. With the implementation of the new FMIS from 1 July 2023 we understand this issue will be resolved.

## Appendix 3: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the 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: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit, we have carried out engagements in the areas of the City Council's Trust Deed, which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with or interests in the City Council or its subsidiaries.</p>
Fees	<p>The audit fee for the year is \$291,634, as detailed in our Audit Proposal Letter.</p> <p>Other fees charged in the period are \$6,500, for the limited assurance engagement related to the City Council's Debenture Trust Deed.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the City Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any 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.</p>



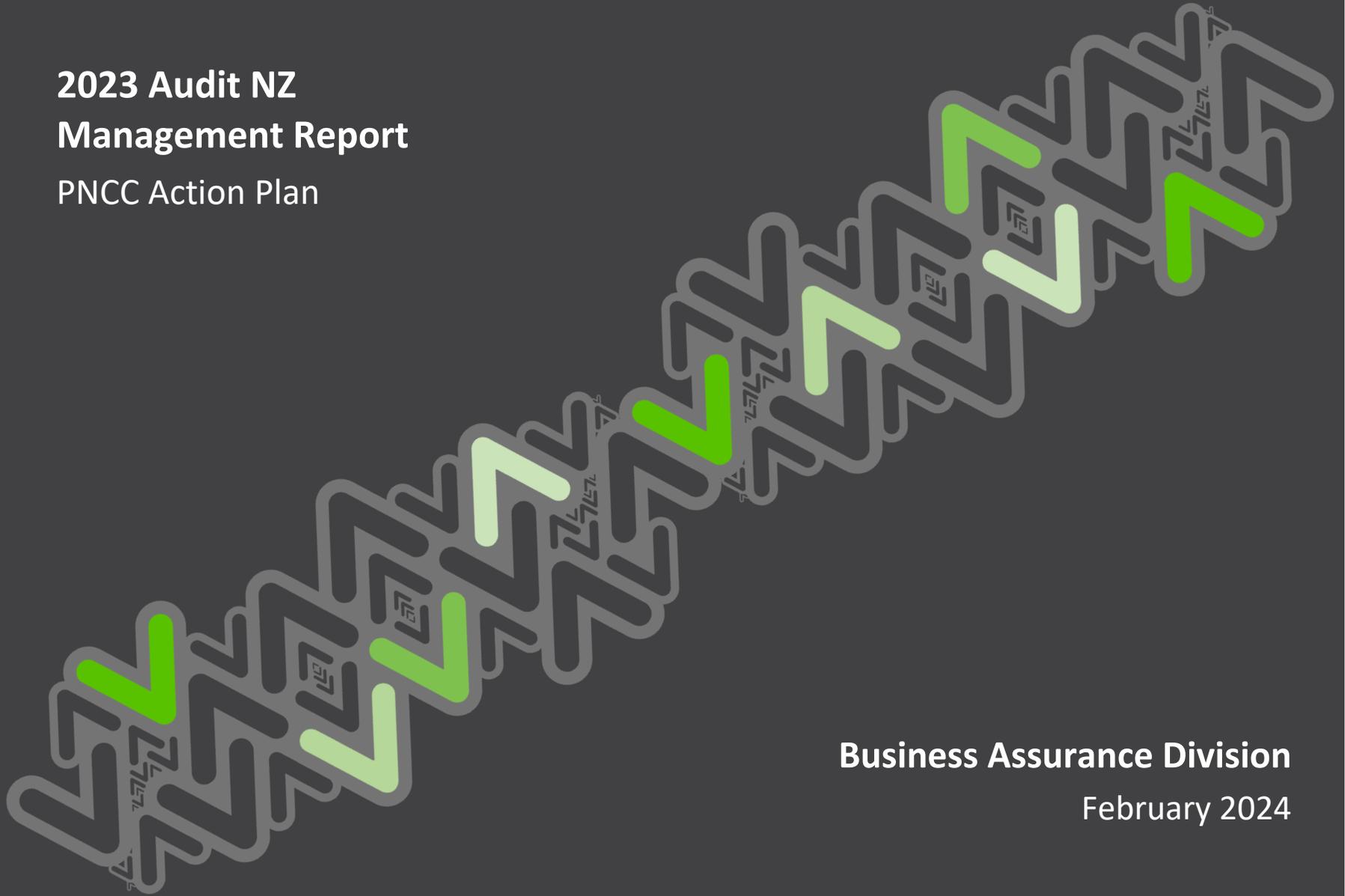
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[www.auditnz.parliament.nz](http://www.auditnz.parliament.nz)



**2023 Audit NZ  
Management Report**  
PNCC Action Plan



**Business Assurance Division**  
February 2024

## Audit NZ Annual Report 2023 Review

Ref	Audit NZ Report Ref:	Agreed Action:	Responsible:	Initial Agreed Date:	Status:
1	Pg 21 – 5.1	Complete a road smoothness survey	GM, Transport & Infrastructure	-	Completed
2	Pg 22 – 5.2	Include a regular review of s224c certificates issued for vested assets	Finance Manager	Jun-24	Not Started
3	Pg 23 – 5.3	Implement valuers recommended improvements for roading assets	GM, Transport & Infrastructure	Jun-24	In Progress
4	Pg 23 – 5.3	Update accounting policy in annual plan and long term plan with updated useful lives for assets	Finance Manager	Jun-24	In Progress
5	Pg 30/32 – Performance Reporting / Dry Weather	Replace Kbase to resolve dry weather wastewater overflows and mandatory performance measure issues.	Customer Contact Manager	Jun-24	In Progress
6	Pg 31 - Policies	Update Gifts, Inducements and Rewards Policy	People Ops Manager	Jun-24	In Progress
7	Pg 31 - Policies	Update Conflict of Interest Policy	Legal Counsel	Jun-24	In Progress
8	Pg 31 - Reconciliations	New finance system to provide better reconciliation processes	Finance Manager	Jul-24	In Progress

No actions have been put in place for the following findings as Audit NZ have indicated that these rolled over from the prior year and were not checked in the 2023 audit. They will be reviewing these in the upcoming audit for 2024.

- Pg 31 – IT Business Continuity Plan
- Pg 31 – Procurement
- Pg 32 – Contract Management

A total of 6 recommendations were closed off during the 2023 audit.

The sponsor for this external review engagement is the Chief Finance Officer.

## MEMORANDUM

**TO:** Risk & Assurance Committee

**MEETING DATE:** 6 March 2024

**TITLE:** External Funding & Commercial Revenue - Business Assurance Review

**PRESENTED BY:** Masooma Akhter, Business Assurance Manager and Fiona Dredge, Commercial Advisory Manager

**APPROVED BY:** Donna Baker, Acting Chief Executive Unit Manager

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### RECOMMENDATION(S) TO RISK & ASSURANCE COMMITTEE

1. That the Risk & Assurance Committee receive the memorandum titled 'External Funding & Commercial Revenue – Business Assurance Review' and its attachments, presented on 6 March 2024.
- 

#### 1. ISSUE

The Business Assurance plan for 2023/2024 endorsed by Council on 26 April 2023 required this review.

#### 2. BACKGROUND

The opportunity to support current and future funding needs through the development and implementation of commercial behaviours and practices has become a popular topic in the current climate. In general, councils are facing many significant and often conflicting pressures (including financial) which require difficult decisions to be made as a result and Palmerston North City Council is no different.

The overall objective of this review is to provide assurance over the effectiveness of the internal controls and processes put in place over the Commercial Advisory Framework. The purpose and scope of this review will ensure:

- that the processes in place to maximise external funding and sponsorship opportunities are robust, and
- that the process to identify and analyse prospective business and economic opportunities (to ensure they are financially and commercially sound) are robust.

### **3. FINDINGS & RECOMMENDATIONS**

A Commercial Advisory Framework was recently drafted. This framework sets out the intended role of Commercial Advisory and the outcomes they seek to achieve. This review was used as an opportunity to provide feedback and guidance on next steps to further enhance the framework.

While reviewing the framework we noted that the funding processes were in a more mature state in comparison to the commercial aspects of the framework. We have made recommendations to reconsider the operating model and improve processes to help maximise the return from funding and commercial opportunities.

It was acknowledged that the development of the framework is a starting point for Commercial Advisory to gain maturity within the organisation and once the framework is finalised, the organisation will be better placed to enhance funding and commercial practices.

Detailed findings, recommendations and agreed actions can be found in the attached review report.

### **4. MANAGEMENT COMMENT**

With the creation of the draft Commercial Advisory Framework in 2023 this review is timely to identify further opportunities to improve the framework and clarify the opportunities for the Commercial Advisory Function to add further value. The currently in progress Draft LTP has enabled Elected Members to provide direction through the Finance Strategy, as well as the Significant Forecasting Assumptions for Officers to investigate and provide advice on opportunities for private partnerships and exploring opportunities to generate increased revenue from the assets that Council owns and controls. It is acknowledged through the LTP process that Council is heavily reliant on rates income, and funding new infrastructure through debt, and that for a number of key programmes external funding will be required to enable them to proceed.

In terms of the services Council provides on a commercial basis, moving from providing advice on an ad-hoc basis to creating a schedule for regularly reviewing these arrangements to ensure they are still valuable to Palmerston North City Council will provide assurances that what we charge to others reflect any changing circumstances in relation to costs and risks of providing the services.

I would like to thank the Business Assurance Team for undertaking this review.

### **5. NEXT STEPS**

The actions from this review will be followed up by Business Assurance and reported back to the Risk & Assurance Committee through the six-monthly accountability reporting.

**6. COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from S4.8 – TOR for Risk & Assurance Committee	<b>Yes</b>
Are the decisions significant?	<b>No</b>
If they are significant do they affect land or a body of water?	<b>No</b>
Can this decision only be made through a 10 Year Plan?	<b>No</b>
Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?	<b>No</b>
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	This report is presented as a business assurance activity in response to the business assurance plan approved by Risk & Assurance Committee and as required by the Committee Terms of Reference.

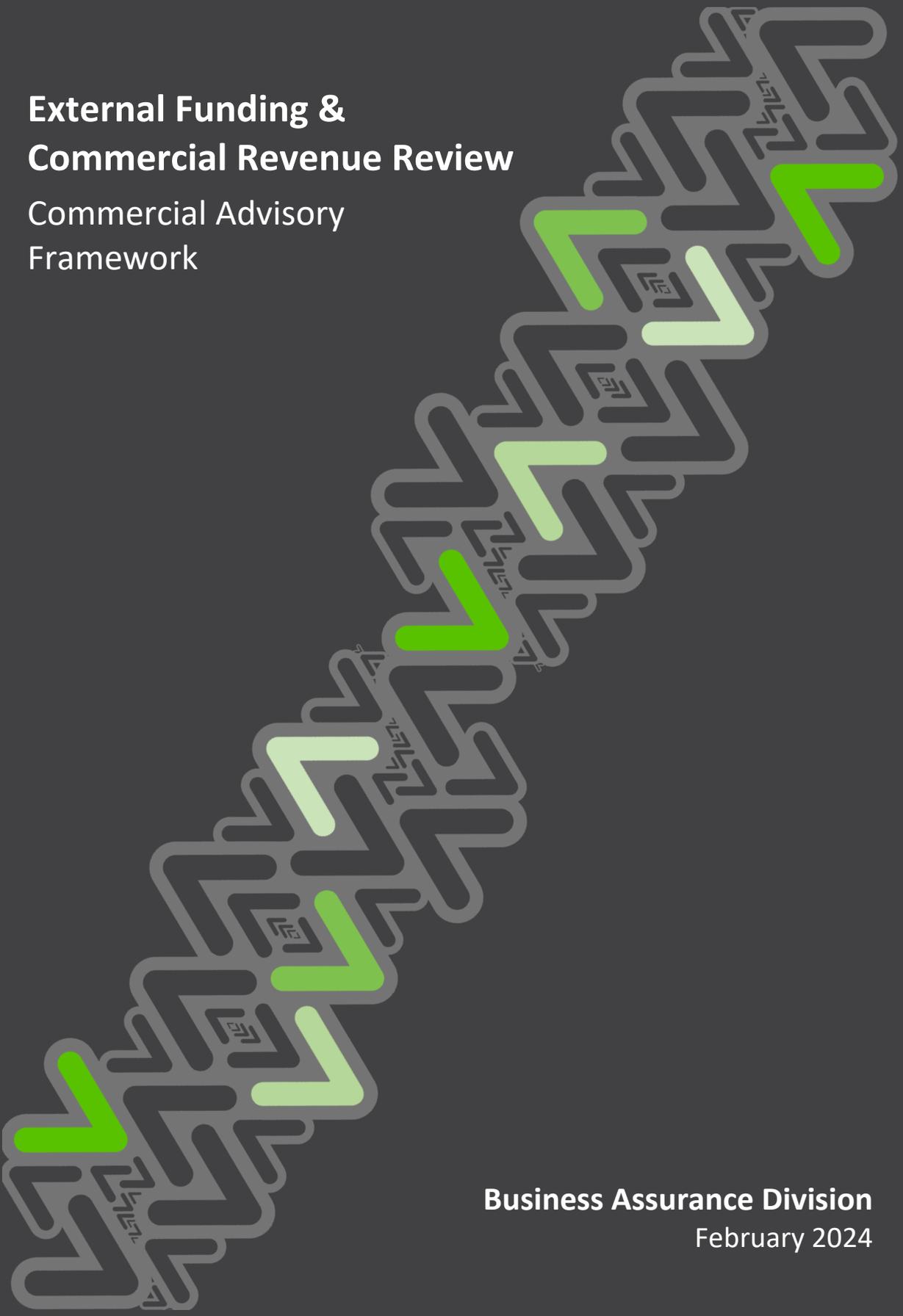
**ATTACHMENTS**

1. External Funding & Commercial Revenue Review Report [↓](#) 



# External Funding & Commercial Revenue Review

Commercial Advisory  
Framework



**Business Assurance Division**  
February 2024

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## Executive Summary

### Objective and Scope

The overall objective of this review is to provide assurance over the effectiveness of the internal controls and processes put in place over the Commercial Advisory Framework. The purpose and scope of this review will ensure:

- That the processes in place to maximise external funding and sponsorship opportunities are robust, and
- That the process to identify and analyse prospective business and economic opportunities (to ensure they are financially and commercially sound) are robust.

### Background & Context

The opportunity to support current and future funding needs through the development and implementation of commercial behaviours and practices has become a popular topic in the current climate. In general councils are facing many significant and often conflicting pressures (including financial) which require difficult decisions to be made as a result. They also need to reinvest in their existing infrastructure, sometimes at higher levels than in the past to address historical underinvestment, meet changing legislative requirements and improve services to meet community expectations.

This often comes at a cost which includes significant forecast capital expenditure compared with previous LTPs. Councils have a difficult job balancing the services they provide to communities with the long-term cost of those services, so providing affordable and sustainable services to communities remains a challenge.

These challenges coupled with the increased reliance on generating its own income indicate the need for the organisation to assess the adequacy and effectiveness of its income/benefit streams i.e. put a commercial lens over PNCC activities and potential future opportunities. Accordingly, the value that Commercial Advisory can add within this process is significant.

### Summary of Findings & Recommendations

The Commercial Advisory function at PNCC was established in 2019 and have mainly worked in the external funding space, to name a few they have been involved in Covid Recovery, Better Off Funding or Shovel Ready projects. A Commercial Advisory Framework (framework) was drafted and presented to ELT for endorsement in October 2023. Whilst ELT gave some feedback it remained in a draft state and this review has been used as an opportunity to provide further guidance and recommendations on next steps.

The draft framework has set out the intended role of Commercial Advisory within the organisation and the outcomes that Commercial Advisory seek to achieve. During the review we found that these outcomes could be better aligned to Council strategy providing the potential for the framework to be more strategy led.

While we noted that funding processes were in a more mature state within the organisation, some improvements were recommended around its operating model and processes in place to help maximise the return from funding opportunities. On the other hand, we found the commercial aspects of the draft framework to be light which reflected the limited maturity of commercial practices within the organisation as well. Recommendations have been made to reconsider the operating model and to further invest in the partnership, commercial contracts and advocacy aspects of the draft framework.

Governance discussions through the recent development of the LTP and the strategies and policies within it have acknowledged a need for the organisation to explore further funding opportunities (particularly commercial partnerships). Acknowledging that this will be a relatively new space for the organisation, Management have indicated that moving forward they will be focusing their efforts in line with the governance direction.

We appreciate that the development of this framework is the starting point for Commercial Advisory to gain maturity within the organisation and once the framework is updated and finalised, the Commercial Advisory team will be better placed to enhance the funding and commercial practices and performance of the organisation.

**Management Comment by Chief Finance Officer**

With the creation of the draft Commercial Advisory Framework in 2023 this review is timely to identify further opportunities to improve the framework and clarify the opportunities for the Commercial Advisory Function to add further value. The currently in progress Draft LTP has enabled Elected Members to provide direction through the Finance Strategy, as well as the Significant Forecasting Assumptions for Officers to investigate and provide advice on opportunities for private partnerships and exploring opportunities to generate increased revenue from the assets that Council owns and controls. It is acknowledged through the LTP process that Council is heavily reliant on rates income, and funding new infrastructure through debt, and that for of a number of key programmes external funding will be required to enable them to proceed.

In terms of the services Council provides on a commercial basis, moving from providing advice on an ad-hoc basis to creating a schedule for regularly reviewing these arrangements to ensure they are still valuable to PNCC will provide assurances that what we charge to others reflect any changing circumstances in relation to costs and risks of providing the services.

I would like to thank the Business Assurance Team for undertaking this review.

**General**

We would like to extend our appreciation to staff for their assistance in completing this review.

Prepared By:

Reviewed By:



Chanelle Nathoo  
**Internal Auditor**  
07 February 2023



Masooma Akhter  
**Business Assurance Manager**  
16 February 2024

## Key Findings & Recommendations

Category	Findings & Recommendations
<p><b>General</b></p>	<p><b><u>1. Strategy and Governance</u></b>            To enable the commercial advisory framework to deliver its intended benefits it requires adequate direction from Governance. Currently, the Finance and Revenue Policy and the Finance Strategy (LTP) provides some guidance however it was unclear if this was sufficient to support the framework outcomes.</p> <p>We recommend that a gap analysis is completed between the existing strategies/policies and the direction that would be required by Governance to enable an effective framework. This will highlight any direction that is currently missing. Through interviews we noted that there is an appetite amongst some Elected Members to feed into this process and acknowledged that there is the potential for further direction to be provided in this space. Other practices such as material from other Councils should also be taken into consideration when preparing options for Elected Members. This exercise may confirm that adequate direction is already in place or highlight some considerations for when these policies and strategies are next reviewed.</p>
<p><b>General</b></p>	<p><b><u>2. Reporting and Monitoring</u></b>            During the review we noted that due to the draft framework being in early maturity there has been little reporting on commercial and funding activities. Interviews with some senior stakeholders (Governance and Management) expressed that it would be valuable to have additional oversight over commercial &amp; funding activities. We acknowledge that in October 2023 Commercial Advisory reported an update in the Finance dashboard to ELT. We encourage that this be continued and regularly improved. Further to this we recommend that once the framework is finalised, Commercial Advisory increase visibility and feedback of activities to Elected Members for better oversight and decision making. Management advised that they intend to transfer the reporting that is completed for ELT will transfer into the quarterly report for Elected Members from 2024/2025.</p>
<p><b>External Funding</b></p>	<p><b><u>3. Operating Model</u></b>            While reviewing the draft framework and during interviews, we were unable to determine which operating model (decentralised, centralised or centre-led) the external funding processes were currently operating under. Whilst the desire of Commercial Advisory is to operate as centre-led this was also not clear from the draft framework and therefore is yet to be formally confirmed. Current observations indicate that the team operates under a mix of centralised, sometimes centre led and sometimes decentralised model. Funding opportunities are sometimes sought out and applied for completely independent of the Commercial Advisory team and sometimes it is fully administered by the function. Funding from Waka Kotahi is handled independently and centrally by the Infrastructure team. Due to there being no consistent model, funding documentation is not centrally stored and funding obligations are sometimes managed without any acknowledgement or input from the Commercial Advisory team. This way of working does not encourage collaboration and cohesion for better decision making across the organisation.</p> <p>If a centre led model was adopted then the role of Commercial Advisory would be to provide guidance and the expectation would be on the subject matter experts to administer and process the funding applications.</p>

	<p>It came to light during interviews that some stakeholders within the organisation believed that capacity to seek out and apply for funding was a constraint as it is being done over and above their role responsibilities. For this reason, they expressed the desire to have someone within the organisation who is responsible for sourcing opportunities. Although this role does exist within commercial advisory in was evident that in some cases work is done in siloes and this could potentially be due to the levels of services of commercial advisory not being defined and socialised across the organisation. On the flip side of this we have also heard concern that when opportunities for funding were sourced by Commercial Advisory and the respective officers were advised of the opportunity, capacity was again a constraint and acted as a deterrent to the successful application for funding.</p> <p>We recommend operating under a centralised model for external funding. Other than resourcing in terms of capacity being an issue around the organisation, the role requires a specific skillset to administer the application process and manage obligations. Furthermore, funding rounds vary, for example, monthly or annually depending on the funder. Generally, only one application from Council will be considered by a funder at any one time and funders may limit the number of successful grant applications that Council can make over a specified period such as once every 12 months. Therefore, it is important that funding applications are coordinated and not set up to compete against each other. For these reasons a centralised model would provide better oversight and encourage strategic decision making.</p> <p>We recommend that the models are reconsidered and the framework be updated to include the model endorsed by ELT. To support and embed the model into the organisation, the framework will need to include supporting processes and be socialised effectively. To ensure effective delivery, the process for Waka Kotahi funding should be included in the framework but still be managed and monitored centrally by the Infrastructure unit.</p>
<p><b>External Funding</b></p>	<p><u>4. Advisory into LTP Development</u></p> <p>The LTP has the potential to include several projects that have an external funding expectation attached to it. In the preparation of the current LTP it was noted that the commercial advisory team provided some input into where possible external funding opportunities existed which the Chief Finance Officer discussed further with the respective units. While this exercise added some value to the process, we noted that early collaboration with the organisation to subsequently support the team in providing this advice was limited. There is an opportunity for the team to be more proactively involved in providing their advice and collaborating with the respective units regarding funding opportunities for projects that might be proposed to be included in the LTP. This would add value to the process and enhance the reliability of the expectation for the respective projects in the LTP which are predicted to be co-funded. The draft finance strategy is expected to support and enable the team to deliver on this.</p>
<p><b>External Funding</b></p>	<p><u>5. Process for unbudgeted funding</u></p> <p>While the LTP can highlight some expectations on where the organisation can expect external funding, sometimes opportunities that were not predicted/budgeted arise and require analysis. We noted that the draft framework includes a process to deal with unbudgeted funding opportunities that may arise including any necessary rescheduling of work to ensure deliverability of obligations to funders. We acknowledge this process was not supported in its current form by ELT.</p> <p>To take advantage of unbudgeted funding opportunities the organisation is often given a short timeframe to consider if it can meet the funders requirements. Another related element is having unbudgeted projects available to take up opportunities when they arise. There is a need</p>

	<p>for these decisions to be made at the Executive Leadership Team and the Elected Member level. Taking on additional unplanned projects as a result of securing external funding requires reprioritisation and trade-offs of programmes that are planned and budgeted in the LTP. It is recommended that this be considered when the process is finalised.</p> <p>Although these opportunities may not come by often it would be good practice to be in a position to capitalise on them when they do arise and therefore we recommend that the process to deal with these unbudgeted funding opportunities be determined and formalised.</p>
<b>External Funding</b>	<p><b>6. Missed Opportunities</b> Typically, if a project is in the LTP to be fully funded by Council it is unlikely to attract external funding, however if circumstances change whereby the project needs to be expanded or brought forward then that may improve its chances of receiving external funding. Currently the draft framework is silent on how we could maximise on these opportunities, should they arise.</p> <p>We acknowledge that these opportunities do not arise often but for when they do we recommend that a set of criteria be determined and included in the framework which lists out some of the circumstances in which funding opportunities could be sought for projects which have been fully budgeted in the LTP.</p>
<b>Commercial</b>	<p><b>7. Framework Content</b> We noted that the draft framework provided a fair amount of detail relating to the funding category in comparison to commercial activities which is likely a result of external funding activities being at a higher level of maturity within the organisation. We recommend that the Framework provide more coverage of the commercial aspects such as the intended processes to review, manage and monitor partnerships and commercial contracts. The recent Governance discussions during LTP sessions and the updated Finance Strategy will help inform this.</p>
<b>Commercial</b>	<p><b>8. Operating Model</b> Support for commercial activities within the organisation is currently being completed on an ad-hoc basis and appears to be following a decentralised model. Similarly to external funding, an operating model needs to be determined for the commercial functions of Commercial Advisory. We recommend a centralised model within which the advisory element is undertaken by Commercial Advisory. This will ensure it is not treated as a nice to have and that the advisory is led out and owned by Commercial Advisory. The framework should detail out the supporting processes required to enable good decisions to be made through this model and also include a set of guiding principles to lead out the implementation and support the success of the model. Authorities such as who can accept the risk of not taking the given advice and points of escalation should be covered in the framework. This will support the team’s ability to provide sound advice on behalf of the organisation’s best interests.</p>
<b>Commercial</b>	<p><b>9. Commercial Contracts &amp; Partnerships</b> The draft framework included limited information on partnerships and commercial contracts.</p> <p>There are commercial income/benefit generating streams that already exist within the organisation that would require regular reviews to confirm that they remain fit for purpose and are yielding the intended benefits to the organisation and community. We recommend that a stocktake is undertaken of all existing commercial contracts within the organisation in order to support the development of a centralised register which can then inform future work programmes. This will support with the monitoring, oversight and proactive scheduling of commercial reviews.</p>

	<p>Commercial reviews will assist the organisation to determine what is working well versus what needs improvement and from there onward to determine the strategic direction and needs of the organisation from a commercial lens. Determining the strategic direction for the commercial activities of the council would provide clarity within the organisation of what to focus efforts on. Through investment in projects that provide good financial returns, enhancing traded services and taking a commercial approach to management of costs and assets the council can optimise financial sustainability by generating more income, reducing costs and maximising use of its assets.</p> <p>Further to this there is an appetite and scope around the organisation to have support in putting together a sponsorship package and seek out funders/partners to help fund activities or costs. The supporting processes and guiding principles relating to sponsorships should be defined in the framework.</p> <p>We recommend that a review is completed of the existing partnerships and where strategic opportunities exist that can also assist to enable the upcoming LTP outcomes. A policy for partnerships may add value in this regard with the aim of the policy being to highlight whether their purpose and values align with the organisation, how the council can work together with the community and sector organisations, government agencies, business and/or philanthropic investors to deliver more of the quality facilities that the city needs, faster and more cost-effectively than the organisation can achieve alone. A need for such a policy would become apparent through the gap analysis recommended in the first finding.</p>
<p><b>Commercial</b></p>	<p><u>10. Advocacy</u></p> <p>The draft framework included strategic regional funding for projects of regional significance however was silent on advocacy. We note that an Advocacy role exists in the Strategic Planning Unit which is closely linked with Strategic Regional Funding but noted that both functions were working in silos. This may be due to the advocacy role being outsourced to an external to complete. During interviews we noted that one of the challenges of Strategic Regional funding is enabling consistency of messaging around which projects to prioritise. Regional funding generally depends on what funding central government decide they will lean towards however it will still be important to work together with regional neighbours to set priorities and having an external funding strategy may add value in this regard. A need for such a strategy would become apparent through the gap analysis recommended in the first finding.</p> <p>We recommend that the linkages with Advocacy be included in the framework. Particularly under the roles &amp; responsibilities section. To embed this into practice there is a need for effective collaboration between the two functions which will promote better alignment and success for the organisation.</p>

## Management Agreed Action Plan

Ref	Agreed Action	Target Date	Responsibility
#1	<b>Governing Strategies &amp; Policies</b> Undertake gap analysis. If gaps identified then governance policy framework applied to determine the best pathway forward.	December 2024	Commercial Advisory Manager
#2-10	<b>Update Commercial Advisory Framework &amp; Establish Associated Processes</b> Taking into consideration the findings and recommendations of this report and obtain ELT approval.	December 2024	Commercial Advisory Manager

## Appendix 1 | Documents Reviewed

PNCC – Finance and Revenue Policy

PNCC - Naming Rights for Council Owned Recreational Facilities Council Policy (2001)

New Zealand Productivity Commission – Local Government Funding and Financing Report (2019)

LGNZ – Local Government Funding Review (2015)

Giblin Group – Review of Local Government Investment in Business and Industry Support Across the Hawkes Bay Region (2020)

Auckland City Council – Facility Partnerships Policy

Hawkes Bay District Council – Partnerships with the Private Sector Policy

Thames – Coromandel District Council - Partnerships with the Private Sector Policy

Rotorua Lakes Council – Policy on Partnerships with the Private Sector

Tauranga City Council – Commercial Activities on Council Facilities

Tauranga City Council – City Partnership Programme

Tauranga City Council – Sponsorship from Corporates and Others

## Appendix 2 | Interviews

Name	Role
Grant Smith	Mayor
Brent Barrett	Elected Member
Kaydee Zabelin	Elected Member
William Wood	Elected Member
Cameron McKay	Chief Financial Officer
David Murphy	Chief Planning Officer
Chris Dyhrberg	Chief Infrastructure Officer
Kerry Lee Probert	Chief Customer Officer
Fiona Dredge	Commercial Advisory Manager
Bevan Trotman	External Funding and Relationship Manager (ex-employee)
Hayley Sandilands	Business Development Advisor (ex-employee)
Bryce Hosking	Group Manager – Property and Resource Recovery
Luke McIndoe	Head of Events
Dave Evans	Parks Operations Manager
Steve Paterson	Strategy Manager Finance
Julie Macdonald	Strategy and Policy Manager
Aaron Phillips	Activities Manager - Parks
Matthew Duxfield	Financial Accountant Team Leader
Jenni Giblin	Funding HQ
Gus Charteris	Hastings District Council
Anne Blakeway	Tauranga City Council



## MEMORANDUM

**TO:** Risk & Assurance Committee

**MEETING DATE:** 6 March 2024

**TITLE:** Wellbeing Report, October to December 2023 (Quarter 2)

**PRESENTED BY:** Connie Roos, Employee Experience Manager and Wayne Wilson, People Operations Manager

**APPROVED BY:** Danelle Whakatihi, Chief People & Performance Officer

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### RECOMMENDATION(S) TO RISK & ASSURANCE COMMITTEE

1. That the Committee receive the memorandum titled 'Wellbeing Report, October to December 2023 (Quarter 2)' presented to the Risk & Assurance Committee on 6 March 2024.
- 

#### 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.
- 1.2 Due to feedback from the Risk and Assurance Committee, this report has been adjusted to align with our wellbeing programme. These three components, Prevent Harm, Provide Support and Enhance Wellbeing are a holistic approach to wellbeing. Support relating to each of these components will be found under each section. When applicable comparative data is included for context.
- 1.3 Employee initiated turnover and lost time is included in this report.

#### Prevent Harm

- 1.4 Continuing from the endorsement of hybrid working principles in August 2023, training for leaders has commenced in October, providing managers with the skills to lead hybrid teams. These trainings will continue into Quarter 3. Being flexible about how we work contributes to life-work integration which can improve overall wellbeing.
- 1.5 Psychosocial risk management practices are currently being assessed by the Employee Experience team. This will inform organisational workplace stressor mitigation activities in future.

Quarter 2 Wellbeing Report – Prevent Harm	Q2 2023	YTD	Average Quarter for 2022/23 FY	
Wellness space usage	1478	2984	1418	The comparative data shows that wellness space usage has improved compared to the previous average. This includes gym usage.
Biennial health / eye check	34	50	20	Biennial Health and Eye Check information is sent directly to staff members on their even birthdays, e.g. age 38. This quarter had an increase compared to the previous quarter (16).

#### Provide Support

Quarter 2 Wellbeing Report – Provide Support	Q2 2023	YTD	Average Quarter for 2022/23 FY	
Vitae – On-site services	249	451	324	On-site services involve Vitae Officers visiting sites to conduct informal wellbeing check-ins. Front facing roles, dealing with the public directly, have reported to Vitae that these visits are appreciated.
Reflect and Learn sessions	10	26	18	Sessions are designed to assist staff to deal constructively with high conflict incidents in front facing customer roles.

**Enhance Wellbeing**

<b>Quarter 2 2023</b>	<b>Year to date Number of attendees</b>	<b>Target to be completed by End of FY 23/24</b>	
Creating Respectful Workplaces (attendees)	11	60	This training encourages positive workplace relationships by addressing unacceptable behaviours such as bullying and harassment that could create internal and unhealthy conflict. The service provider was unable to present this workshop during Q2. Training will re-start in Q3.
Challenging Conversations & Resilience (attendees)	14	30	This workshop is designed to provide employees with practical information and frameworks to deal successfully with situations evoking strong emotional responses.
Tools for Change (attendees)	140	150	This training helps employees to identify thinking styles, recognise thinking traps and manage responses to change.
Manager Completion of Leading Through Change (Manager attendees)	65	70	One way to support employees' wellbeing is to provide managers with a toolset to lead their team through changing environments.
Manager completion of Understanding Mental Health in the Workplace (Manager attendees)	9	20	To date, 74 kaimahi (staff) have attended this training. Support can be enhanced if managers understand the impact of mental health on wellbeing.
Wellbeing Presentation (attendees)	57/86 (66% of new starters)	90% of new starters	This presentation helps to orient new starters to the wellbeing support available here at Council. This presentation was first created in February 2023 and is presented to all staff who attend Orientation Day.

1.6 Unmind app usage has fluctuated this quarter. Unmind is a tool that takes a proactive, preventative approach to mental health. This includes wellbeing and mood trackers, courses and shorts focused about wellbeing. Top completed Unmind Shorts in October to December are Managing Stress, Team Synergy and Opening Up.

**Turnover – Employee initiated**

Year	18/19	19/20	20/21	21/22	22/23	July 2023 - Jan 2024 (7 months)
Number	67	85	120	123	114	59
%	12.0%	14.1%	20.9%	19.8%	18.8%	15.3% Annualised

Month	Turnover for Month	Turnover Previous 12 Months	Percentage (annual)
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	11	126	19.9%
May 23	7	119	18.8%
Jun 23	8	114	18.0%
Jul 23	10	112	17.7%
Aug 23	8	112	17.7%
Sep 23	5	105	16.6%
Oct 23	10	107	16.9%
Nov 23	8	107	16.7%
Dec 23	9	108	16.4%
Jan 24	9	103	15.7%

Turnover by Unit (12 months to Jan 2024)

Chief Executive Unit	5	13.5%
Customer	35	14.6%
Finance	7	20.6%
Infrastructure	48	18.1%
People & Performance	5	9.8%
Strategy & Planning	2	7.4%
Headquarters	1	25%

- 1.7 Turnover has continued to drop over the course of this financial year.
- 1.8 Our trends show that the highest turnover occurs in the first 12 months of employment. This is standard globally and we are not unique in this instance.

**Lost Time (Days)**

Dec-21	Mar-22	Jun-22	Oct-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec 23
378	319	286	348	352	257	263	358	180.53

- 1.9 The above lost time includes non-work injuries.
- 1.10 The number of lost days is significantly lower, due to less accidents.
- 1.11 People Operations are working on recruitment data in this space to ensure accuracy.

**2. BACKGROUND**

- 2.1 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.
- 2.2 The Employee Experience team continue to review the provision of Mental Health/Resilience training to identify opportunities and improvements to capture our workforce and equip our people with skills and tools.

**3. NEXT STEPS**

- 3.1 Explore opportunities in the wellbeing space to prevent harm, provide support and enhance wellbeing. This includes presenting preliminary recommendations for psychosocial risk management to the Chief People & Performance Officer before presenting to Executive Leadership Team.

3.2 Presentations available to all staff in the next quarter that touch on nutrition, sleep and financial wellbeing. These presentations are planned to supplement our Unmind courses and have been provided with no cost to Council.

**4. COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide?		<b>Yes</b>
Are the decisions significant?		<b>No</b>
If they are significant do they affect land or a body of water?		<b>No</b>
Can this decision only be made through a 10 Year Plan?		<b>No</b>
Does this decision require consultation through the Special Consultative procedure?		<b>No</b>
Is there funding in the current Annual Plan for these actions?		<b>No</b>
Are the recommendations inconsistent with any of Council's policies or plans?		<b>No</b>
The recommendations contribute to Goal 5: A Driven & Enabling Council		
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 ongoing progress towards the good performance of the organisation regarding wellbeing. The wellbeing of our kaimahi (staff) directly relates to how the strategic direction is implemented.	

**ATTACHMENTS**

Nil

## MEMORANDUM

**TO:** Risk & Assurance Committee

**MEETING DATE:** 6 March 2024

**TITLE:** Health and Safety Report, October to December 2023 (Quarter 2)

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

**APPROVED BY:** Danelle Whakatihi, Chief People & Performance Officer

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### RECOMMENDATION(S) TO COUNCIL

1. That the Committee receive the memorandum titled 'Health and Safety Report, October to December 2023 (Quarter 2)' presented to the Risk & Assurance Committee on 6 March 2024.
  2. That the Chief Executive release the memorandum and attachments 1 and 3 as soon as is practicable.
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### 1. EXECUTIVE SUMMARY

1.1 Health and Safety continues to be a focus area when providing encouragement to our staff to report incidents as and when they occur. Management also recognises the importance of sustaining effort and our investment to keep our people safe.

- Although we continue to experience high levels of incidents involving the public, the health and safety culture continues to improve with solid reporting through our PeopleSafe health and safety management tool.
- The number of Threatening Behaviour incidents toward staff has increased slightly from 37 to 39 in comparison to the previous quarter (July to September 2023). Details are included within the confidential Critical Risks Report schedule (Attachment 2).
- Progress on the close out of actions against the SafePlus report recommendations is near complete.

1.2 Notable highlights over the October to December 2023 quarter:

- Major achievements have been the Gold accreditation status awarded by SiteWise, and recently Totika accreditation of 'Performing' that now places us amongst the ranks of other Person Conducting a

Business or Undertaking (PCBUs). Council therefore continues to move forward on its health and safety journey.

1.3 Looking ahead:

- Hazard and Risk registers are still under review, in particular Council's Critical Risks. Critical Risk 6 (Members of the Public) has been moved to Critical Risk 1 and renamed 'Frontline Working' due to the continued trend of our staff experiencing unacceptable behaviour when working amongst the public. This, along with the new Health and Safety safe management framework, will be provided to an internal reference group for review, ahead of consideration by senior management.
- Towards the end of Q3 (March) Health and Safety plans to again hold an annual induction where we will set out and explain our expectations for contractors engaged in our undertakings for PN City Council and on PN City Council premises. The induction will include staff that are supporting / engaging with contractors as part of their role.

1.4 Due to feedback received at the last Risk & Assurance Committee meeting on 18 October 2023, this report has been adjusted to include information which notes Police involvement, along with a coding reference within the confidential Critical Risks Report Schedule (Attachment 2). This schedule identifies Critical Risks involving verbal altercation and/or physical danger when staff are Frontline Working. This additional information can be found below under section B. Critical Risks.

- Graphed data (refer to Table 3: CR1 – Frontline Working – on page 5) has also been included within the public part of this memorandum to reference the verbal altercation and/or physical danger information.

1.5 Updates on topics reported previously:

- Update and refresh on the Health and Safety Management Plans for Turitea Water Treatment Plant, and WasteWater Treatment Plant remain ongoing.
- The refresh on the organisational emergency flip charts, managed by Risk and Resilience, is progressing.
- The competency framework, implementation of recommendations (including training plans for staff) is yet to be completed, presented and accepted.

## 2. HEALTH AND SAFETY REPORT

2.1 This report covers the period 1 October 2023 through to 31 December 2023. The information included in Table 1 below is discussed at the Officers and Operations Health and Safety Committee meetings.

**A. Hazards, Incidents and Near Misses Reported**

Table 1: Hazards, Incidents and Near Misses

Quarter	Sep 22		Dec 22		Mar 23		Jun 23		Sep 23		Dec 23	
	PNCC	CON										
Hazards	14		17		19	2	19	4	55	5	28	11
Incidents	100	3	69	8	125	11	99	16	115	11	108	11
Near Misses	14		19	3	19	2	10	5	9	1	14	1

Key: PNCC = Staff; CON = Contractor

2.2 Comments:

- **Hazards and Incidents.** Contractors have been reminded that:
  - The use of a mobile device while driving is illegal and an unsafe activity;
  - They ensure standard PPE practices are adhered to at all times; and
  - That prior approval is required for a contractor to drive a fleet vehicle.
  - It has also been noted and raised that some worksites are left in unkempt states – concrete and material found in manholes, and no environmental controls put in place.
- Graphed information in the Health and Safety Quarterly Dashboard Report (Attachment 1) is no longer separated out to differentiate incidents occurring within Infrastructure vs the rest of Council. Due to the number of incidents being reported for the Customer division, the detail is now combined for All of Council.

**B. Critical Risks**

2.3 The table below has been included to provide clarity on the number of critical risk events and the category each event relates to. For more information on the individual events please refer to the confidential Critical Risks Report schedule (Attachment 2).

Table 2: Critical Risks

No.	Critical Risk...	Near Miss	Incident
1	Frontline Working	5	48
2	Work Environment	1	1
3	Working at Height	1	
4	Breaking Ground		1
5	Confined Space		
6	Working with Mobile Plant	3	1
7	Driving		
8	Lone Worker		
9	Working Around Water		
10	Hazardous Substances	1	
11	Use of Power Handtools / Plant		2
12	Asset Failure		

#### 2.4 Comments

- A number of Nice Job Incidents have been included within CR1 (Frontline Working). These relate to Parking staff providing support to not only our community, but also their colleagues through positive displays of de-escalation.
- Police have been providing support to Council.
- Overall, 5 trespass notices have been actioned over the quarter.
- The graphs below identify Critical Risks involving Verbal Altercation (VA) and/or Physical Danger (PD) when staff are Frontline Working.
  - Customer has recorded 31 VA incidents and 3 PD incidents for the quarter;
  - Infrastructure has recorded 5 VA incidents and 1 PD incident for the quarter.
  - The details of these incidents are included within the confidential Critical Risks Report Schedule (Attachment 2).

Table 3: CR1 – Frontline Working



**C. Manual Handling**

2.5 A number of proactive Manual Handling measures continue to be applied across Council.

- Manual Handling education (stretching, warm-up/cool-down), which is covered during a staff member’s onboarding process – workstation set-up and onboarding induction; the early reporting of discomfort and pain and injury is also covered during Health and Safety inductions.
- Move at Work/Manual Handling training occurs annually with refresher training 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.
- A refresh on Manual Handling training options used over recent years (onsite via an external provider, internally, and virtually) is being considered.

**D. WorkSafe Investigations**

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

Table 4: Investigations

Investigations occurred this quarter	0
<b>Previous Investigations (last 12 months)</b>	
Number of remedial actions required	0
Number of remedial actions completed	0

2.7 Comments:

- During the period being reported on, PNCC classified nil incidents as 'notifiable'.

**E. Training**

2.8 Summary information on Health and Safety training undertaken in the last 12 months is shown below as reported in PeopleSafe and delivered internally by Health and Safety.

Table 5: Training

Date	Mar-23	Jun-23	Sep-23	Dec-23
Number of events	29	48	35	35
Staff attending	329	398	187	210

2.9 Comments:

- Although poor behaviour during Frontline Working continues, we remain committed to training and providing support and assurance to what is important here at Council – our people.
- Situational Safety and Tactical Communications training was conducted with our Parking Officers and Youth Space staff during the quarter.
  - Looking ahead, Health and Safety is currently piloting situational and de-escalation training internally during Q3. The intent is to deliver this offering as an internal PN City Council program to different parts of the business – specifically tailored to their business needs.
- Further to the Front-Facing Charter and Safety Plan project, duress alarm and radio communications trials / training was carried out for identified staff in both the Customer and Infrastructure divisions.

- A two-day Health and Safety Representative training course was successfully achieved by newly elected staff. This ensures our commitment to worker engagement.

### 3. COMPLIANCE AND ADMINISTRATION

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

### ATTACHMENTS

1. Health & Safety Dashboard report, Q2 2023 
2. Health & Safety Critical Risks report, Q2 2023 - **Confidential**
3. Training Update for October to July 2023 [↓](#) 



# Health and Safety Quarterly Dashboard Report: October to December 2023

ALL OF COUNCIL

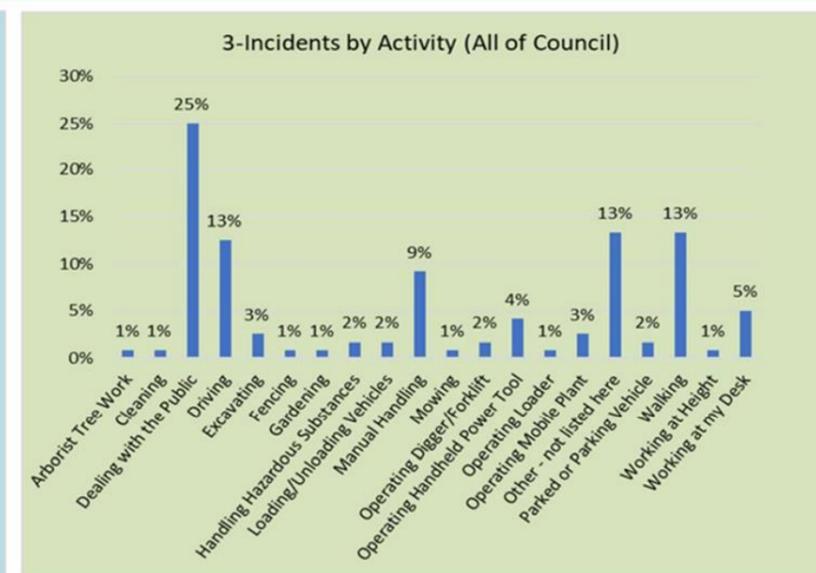
ITEM 14 - ATTACHMENT 1



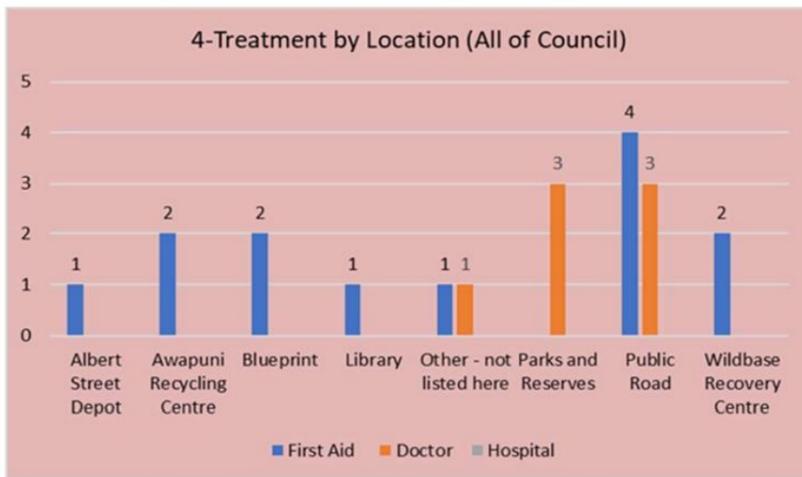
1 – Near Miss by Activity: Q2 numbers are slightly up on the previous quarter. 1x Infrastructure incident (Working at Height) involved contractor work being stopped – contractors will be reminded of our expectations at an upcoming annual induction. A number of Customer incidents have involved the public – de-escalation training etc was applied.



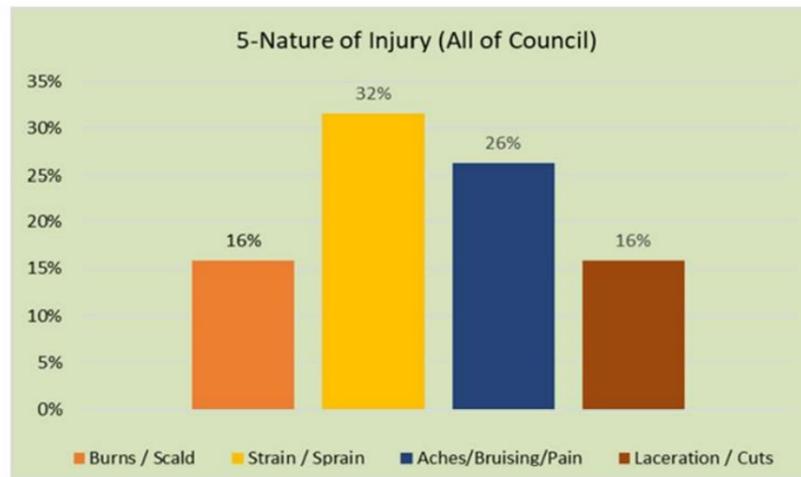
2 – Health & Safety Reporting graph is updated six monthly to enable increased visibility of trending. The next occurrence will be for the January to June 2024 half-year period.



3 – Incidents by Activity: Top Activities account for 64% of incidents. Customer contributes to those incidents of note - Dealing With the Public (25%) and Walking (13%). Details have been expanded upon within the confidential Critical Risks Report schedule (Attachment 2).



4 – Treatment by Location graph reflects work-related injuries and where they have occurred for Q2. Injuries have increased on the last quarter, but have been minor (aches, cuts, strain/sprains). Reviews are being held regularly.



5 – Nature of Injury graph is reflective of Driving and Manual Handling/Excavating (strain/sprains and cuts). Number of incidents involved (aches/fracture/puncture wound) Wildbase contractors.



**Attachment 3 – October to December 2023: Training undertaken<sup>1</sup>**

Event	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Asbestos Awareness Training		13			
Behavior Safety Observed training					
Breathing Apparatus		8			
Business (First Line Management) L4				20	
Butt Welding Course				2	
Certified Handler Preparation Online (CHOP)		1			
Certified Handlers (Hazardous Substances)					
Chainsaw Training				5	
Challenging Conversations and Resilience	20	10			
Chemical training /handling					
Concrete Saw Usage and Basic Safety			11		
Confined Space and Gas Detection	6	16	3	17	5
Confined Space Entry				1	1
Contractor All-In Induction sessions			170		
Creating Respectful Workplaces		49			
CTO Class 1 Vehicle				2	12
CTO Class 2 Crew Cab					6
CTO Class 4			1		2
CTO Concrete Saw			4	2	1
CTO Excavator			5	6	2
CTO Hiab Truck Operation				5	
CTO Loader					10
CTO New Transport Trailer			1		
CTO Road Saw				1	
Customer Conflict Awareness	14				
Cyber Security at Work			85		
Dangerous Goods (DG)					
Driver Assessment Training			1	3	
Driver's License – Class 1 Motor Vehicle				2	1
Driver's License – Class 1R (Restricted)					
Driver's License – Class 1 (Car License)	5		1		
Driver's License – Class 2L (Learners)			2		
Driver's License – Class 2 (Medium Rigid Vehicle)	5			2	1
Driver's License – Class 3 (Medium Combination)	1		1	1	

<sup>1</sup> Sourced from Health & Safety and PeopleSafe training resources.

Event	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Driver's License – Class 4L (Learners)					
Driver's License – Class 4 (Heavy Rigid)	7		1	2	
Driver's License – Class 5 (Heavy Combination)	1		1	1	
Driver's License – Class 6 (Motorcycle)					
Drug and Alcohol		26			
Efficient Compaction Operators Course					
Electrofusion Certificate	2			1	
Electrofusion Jointing PE Pipe				1	
Elevated Working Platform (Scissor Lift and Boom)					
Emergency Management – Foundations	9	3			
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					
Endorsement (D) Dangerous Goods	1				
Endorsement (F) Forklift	2		1	3	10
Endorsement (R) Roller	2	3	1	2	
Endorsement (T) Tracks	2	3	1	2	
Endorsement (W) Wheeled Special Type	3	3	1	2	
Endorsement R				1	
Endorsement T				1	
Endorsement W				1	
Evac Chair			11		
Evac Chair – Certified In-House Trainer Certificate			2		
Fire Safety	164				
Fire Warden Training					
First Aid Certificate	13	34	11	29	39
Forklift OSH Certificate				6	10
Forklift (F) Endorsement					
Front Counter Safety Training (CERT)			8		
Front End Loader					
Gantry Crane Training					
Grow-safe			13		
Harassment Prevention and Awareness					
Harassment Prevention and Awareness – Managers workshop					

Event	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Hazardous Substances in the Workplace		1			
Hazardous Substance Training General			16		
Height Safety Introduction	1				4
Height Safety Advanced					4
Height Safety Advanced Latest			1		4
Height Safety and Fall Arrest			2		4
Health and Safety Representative Stage 1			1		16
H&S Representative Training					
Higgins Gas Toolbox Discussion					31
How to: Tell Your Story					1
ICAM Investigation		1			1
Internal Training – Basic Asbestos					1
Internal SWP – LEV Rear Packer Collection Vehicle					1
Internal SWP – LEV Rubbish Collection Vehicle					1
Internal SWP – Street Bins Collection Vehicle					1
Internal Training LEV Glass Collection Vehicle					2
Internal Training Side Load Collection Vehicle					1
Internal Training – Forklift SOP	1				
Internal Training – Manual Handling			1		
Internal Training – Safe Entry & Exit from Cab			1		
ISO 9001 Quality Management Systems				1	
IVO Power Brush XL – Cleaners					
Kerbside Collection Traffic Leader KCTL (was WCTL)				7	
Low Level Scaffolding & Inspection			1		
Managing Mental Health					
Management and Handling of Hazardous Substance		2			
Managing Upset or Difficult Customers	22				
Manual Handling					23
Manual Handling Online	9	1			
Mask Fit Testing		15			3
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		

Event	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
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					
Peer Lunch and Chat – Report Writing		28			
PeopleSafe Training					
PeopleSafe Dashboard Reporting			8	6	
PeopleSafe for Managers/Supervisors			2		
PeopleSafe Standard User Training			1		
PeopleSafe & The Law – Notifiable Events					1
Permit Issuer			1	1	
Permit to Work					
Plan Reading Basics				10	
Playground Safety Inspections					
Quality Management System Training (3 Waters)		7	5	11	
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					
Safe Work Zones					1
Site Induction - Depot			1		
Site Induction Training: MRF					1
Site Safe Foundation Passport					
Site Specific Safety Plan					
Situational Safety & Tactical Communications (SSTC – CERT)			28	9	7
Slinging Regular Loads			8		
Spill Management					
SOP Compost Op G/Waste Shredder					
STMS Level 1 – Site Traffic Management	5		17		1
TC1 – Basic Traffic Controller Level 1					
T1 Tennant Battery Floor Scrubber - Cleaners					
TC Refresher					
Tools for Change			32		

<b>Event</b>	<b>Dec-22</b>	<b>Mar-23</b>	<b>Jun-23</b>	<b>Sep-23</b>	<b>Dec-23</b>
Trenching and Excavation				21	
Trespass Training					
Truck Loader Crane / HI AB			12		
Twintec TTB 1840 Battery Compact - Cleaners					
Understanding Mental Health in the Workplace	10	6			
Understanding Unconscious Bias					
Would You Do It?					1
<b>Total Number of Events</b>	<b>25</b>	<b>29</b>	<b>48</b>	<b>35</b>	<b>35</b>
<b>Total Number of Staff Attending</b>	<b>315</b>	<b>329</b>	<b>398</b>	<b>187</b>	<b>210</b>



## COMMITTEE WORK SCHEDULE

TO: Risk & Assurance Committee

MEETING DATE: 6 March 2024

TITLE: Committee Work Schedule

### RECOMMENDATION TO RISK & ASSURANCE COMMITTEE

1. That the Risk & Assurance Committee receive its Work Schedule dated March 2024.

COMMITTEE WORK SCHEDULE – MARCH 2024				
March 2024	Delegations Manual - Review of financial delegations and associated definition sections	CE Unit Manager		<u>Council 6 September 2023</u> <u>Clause 147-23</u>
<del>March 2024</del>	<del>Review of Human Resource Support Processes</del>	<del>Business Assurance Manager</del>		<del><u>26 April 2023</u></del> <del><u>Clause 2-23</u></del>
<del>March 2024</del>	<del>Review of Commercial Advisory Framework</del>	<del>Business Assurance Manager</del>		<del><u>26 April 2023</u></del> <del><u>Clause 2-23</u></del>
<del>March 2024</del>	<del>Health &amp; Safety Quarterly Update (Q2 October to December 2023)</del>	<del>Chief People and Performance Officer</del>		
<del>March 2024</del>	<del>Wellbeing Quarterly Update (Q2 October to December 2023)</del>	<del>Chief People and Performance Officer</del>		
<del>March 2024</del>	<del>Business Assurance six-monthly</del>	<del>Business Assurance</del>		<del>Finance and Audit Committee</del>

	<del>accountability report</del>	<del>Manager</del>		<del>16 December 2020</del> <del>Clause 68.2</del>
<del>March 2024</del>	<del>Quality Assurance Reporting – Call Centre Review</del>	<del>Business Assurance Manager</del>		<del>26 April 2023</del> <del>Clause 2-23</del>
2024	Quality Assurance Framework for Wastewater Discharge Consent Project	Business Assurance Manager	Reporting to Council meeting on 1 May 2024	<a href="#">Finance and Audit Committee 28 September 2022</a> <a href="#">Clause 69</a>
<del>March 2024</del>	Business Assurance Report - Featherston Street Cycleway and Safety Improvements process and engagement	Business Assurance Manager	Reporting to Council meeting on 1 May 2024	Council 27 September 2023 Clause 154-23
As required	Fraud and Whistleblowing Policy Quarterly Update  (Q1 October to December 2023)	Business Assurance Manager	No new matters to report	<a href="#">26 April 2023</a> <a href="#">Clause 12-23</a>
May 2024	Review of Contract Management Framework	Business Assurance Manager		<a href="#">26 April 2023</a> <a href="#">Clause 2-23</a>
May 2024	Health & Safety Quarterly Update (Q3 January to March 2024)	Chief People and Performance Officer		
May 2024	Wellbeing Quarterly Update (Q3 January to March 2024)	Chief People and Performance Officer		
September 2024	Review of Complaints Policy	Business Assurance		<a href="#">26 April 2023</a> <a href="#">Clause 2-23</a>

		Manager		
September 2024	Quality Assurance Reporting – Risk Review & Future of Libraries	Business Assurance Manager		<a href="#">26 April 2023 Clause 2-23</a>
September 2024	Health & Safety Quarterly Update (Q4 April to June 2024)	Chief People and Performance Officer		
September 2024	Wellbeing Quarterly Update (Q4 April to June 2024)	Chief People and Performance Officer		
October 2024	Review Annual Report	Chief Financial Officer		Terms of Reference
November 2024	Quality Assurance Reporting for Council Controlled Entities	Business Assurance Manager		<a href="#">26 April 2023 Clause 2-23</a>
November 2024	Review of Legal Services Framework	Business Assurance Manager		<a href="#">26 April 2023 Clause 2-23</a>
November 2024	Health & Safety Quarterly Update (Q1 July to September 2024)	Chief People and Performance Officer		
November 2024	Wellbeing Quarterly Update (Q1 July to September 2024)	Chief People and Performance Officer		
TBC	Risk Management Reporting	Chief Financial Officer	Following confirmation of risk appetite and strategic risks	Terms of Reference
TBC	3 Waters Transition - Assets and Liability Assessment	Chief Financial Officer	On hold until direction set after election	

TBC 2025	Review of CCTV Policy/Processes	Business Assurance Manager		<a href="#">26 April 2023</a> <a href="#">Clause 2-23</a>
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**Proactive Release of Confidential Decisions**

All [released confidential decisions](#) can be found on Council's website.