

**AUDIT & RISK
COMMITTEE MEETING**

ORDER PAPER

**THURSDAY, 26 SEPTEMBER 2019,
9.00AM**

**COUNCIL CHAMBER, RANGITĪKEI DISTRICT COUNCIL
46 HIGH STREET, MARTON**

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Chair - Mr Craig O'Connell

Deputy Chair - Councillor Nigel Belsham

Membership

Councillors Angus Gordon and Dave Wilson.

His Worship the Mayor, Andy Watson (ex officio)

Please Note: Items in this agenda may be subject to amendments or withdrawal at the meeting. It is recommended therefore that items not be reported upon until after adoption by the Council. Reporters who do not attend the meeting are requested to seek confirmation of the agenda material or proceedings of the meeting from the Chief Executive prior to any media reports being filed.

Making this place home.





Rangitikei District Council

Audit and Risk Committee Meeting

Agenda – Thursday 26 September 2019 – 9:00 a.m.

Contents

1	Welcome	2	
2	Council prayer	2	
3	Public Forum	2	
4	Apologies.....	2	<i>Agenda note</i>
5	Members' conflict of interest	2	<i>Agenda note</i>
6	Confirmation of order of business	2	<i>Agenda note</i>
7	Confirmation of minutes	2	Attachment 1, pages 6-12
8	Chair's report	2	<i>Tabled</i>
9	Council decisions on recommendations from the Committee	2	Attachment 2, pages 13-17
10	Questions put at previous meeting for advice or action.....	3	<i>Agenda note</i>
11	Work Programme matrix – progress update	3	Attachment 3, pages 18-24
12	Results of interim audit for 2018/19.....	3	Attachment 4, pages 25-46
13	Review of bringing cleaning services in-house	3	Attachment 5, pages 47-58
14	NZ Transport Agency Investment Audit Report	4	Attachment 6, pages 59-75
15	Late items.....	4	
16	Future items for the agenda	4	
17	Next meeting.....	4	
18	Meeting closed.....	4	

The quorum for the Audit and Risk Committee is 3.

Council's Standing Orders (adopted 3 November 2016) 10.2 provide: The quorum for Council committees and sub-committees is as for Council, i.e. half the number of members if the number of members (including vacancies) is even or a majority if the number of members is odd.

1 Welcome

2 Council prayer

3 Public Forum

4 Apologies

Chris Webby, Audit Director

5 Members' conflict of interest

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

6 Confirmation of order of business

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting, be dealt with as a late item at this meeting.

7 Confirmation of minutes

The Minutes of the Audit/Risk Committee meeting held on 27 June 2019 are attached.

File ref: 3-CT-17-2

Recommendation:

That the Minutes of the Audit/Risk Committee meeting held on 27 June 2019 be taken as read and verified as an accurate and correct record of the meeting.

8 Chair's report

A report will be tabled at the meeting.

Recommendation:

That the Chair's report to the Audit/Risk Committee meeting held on 26 September 2019 be received.

9 Council decisions on recommendations from the Committee

Council agreed to a workshop on 18 July 2019 (facilitated by the Committee's Chair) to provide discussion on the Committee's proposed approach to strategic risks.

The updated statement on strategic risks, reflecting that discussion, together with an assessment of likelihood and impact of each risk, is attached.

Recommendation:

That the Audit/Risk Committee endorses (without amendment/as amended) the updated approach to strategic risks as a background document to the incoming Council following the October 2019 elections.

10 Questions put at previous meeting for advice or action

There were no questions raised at the meeting to be addressed.

11 Work Programme matrix – progress update

An update is attached. Changes from the previous update are in *italic* type.

File ref: 3-CT-17-5

Recommendation:

That the 'Work programme matrix – progress update' to the Audit/Risk Committee meeting 26 September 2019 be received.

12 Results of interim audit for 2018/19

The report to the Council on the Interim audit of Rangitikei District Council for the year ending 30 June 2019 is attached.

Ms Devine will update the Committee on progress with the final audit.

Recommendation:

That the report 'Report to the Council on the Interim audit of Rangitikei District Council for the year ending 30 June 2019' to the Audit/Risk Committee meeting 26 September 2019 be received.

13 Review of bringing cleaning services in-house

The Internal Audit Project – 2018 -19, Rangitikei District Council: Review of bringing cleaning services in-house is attached.

Recommendation:

That the report 'The Internal Audit Project – 2018 -19, Rangitikei District Council: Review of bringing cleaning services in-house' to the Audit/Risk Committee meeting 26 September 2019 be received.

14 NZ Transport Agency Investment Audit Report

A report is attached.

File Ref: 6-RT-2

Recommendation:

That the 'NZ Transport Agency Investment Audit Report' to the Audit/Risk Committee 26 September 2019 be received.

15 Late items

16 Future items for the agenda

17 Next meeting

This is the final meeting of the triennium.

18 Meeting closed

Attachment 1



Rangitikei District Council

Audit and Risk Committee Meeting

Minutes – Thursday 27 June 2019 – 9:00 a.m.

Contents

1	Welcome	3
2	Council prayer	3
3	Public Forum	3
4	Apologies.....	3
5	Members' conflict of interest	3
6	Confirmation of order of business	3
7	Confirmation of minutes	3
8	Chair's report	3
9	Council decisions on recommendations from the Committee	3
10	Questions put at previous meeting for advice or action.....	4
11	Work Programme matrix – progress update	4
12	Actions to reduce risk- half-year update, 31 May 2019.....	4
13	Internal Audit programme – progress	5
14	Plan for 2018/2019 audit (and results of interim audit).....	5
15	Strategic Risks – Further consideration	6
16	Late items.....	6
17	Future items for the agenda	6
18	Next meeting.....	6
19	Meeting closed.....	6

Present: Mr Craig O'Connell (Chair)
His Worship the Mayor, Andy Watson
Cr Nigel Belsham
Cr Dave Wilson
Cr Angus Gordon

In attendance: Mr Ross McNeil, Chief Executive
Mr Chris Webby, Audit New Zealand
Ms Jo Devine, Group Manager, Finance & Business Support
Mr Arno Benadie, Principal Advisor – Infrastructure
Mr Michael Hodder, Community & Regulatory Services Group Manager
Mr Hamish Waugh, Infrastructure Group Management
Mr Ashley Dahl, Financial Services Team Leader
Ms Bonnie Clayton, Governance Administrator

Tabled Documents **Item 15** Strategic risks for Rangitikei District Council

1 Welcome

The meeting opened at 9.10 am. The Chair welcomed everyone to the meeting.

Cr Wilson arrived 9.12 am

2 Council prayer

The Chair read the Council Prayer.

3 Public Forum

Nil

4 Apologies

The apology for lateness of Cr Gordon was received.

5 Members' conflict of interest

The Chair reminded members of their obligation to declare any conflicts of interest they might have in respect of items on the agenda.

There were no conflicts of interest declared.

6 Confirmation of order of business

There were no late items.

7 Confirmation of minutes

Resolved minute number

19/ARK/005

File Ref

3-CT-17-2

That the Minutes of the Audit/Risk Committee meeting held on 28 February 2019 be taken as read and verified as an accurate and correct record of the meeting.

His Worship The Mayor / Cr Nigel Belsham. Carried

8 Chair's report

There was no report to provide.

9 Council decisions on recommendations from the Committee

There were no recommendations.

10 Questions put at previous meeting for advice or action

There were no questions raised at the meeting to be addressed.

11 Work Programme matrix – progress update

The Committee members discussed:

- 3 Waters – Council will continue being proactive in the region, not just waiting on the Government. A group of Councils are working with GHD, there is a need for an independent regulatory body.
- Taihape Area School – A decision has been made to demolish the school due to ongoing financial costs for repairs.

The Committee also spoke about the need to request a discussion with the Ministry of Education around the new build for Taihape Area School, and whether the build will be like for like. Council was interested to know if there is potential for the build would include a large gym or hall and, if so, what that means for the need of upgrading Memorial Park's public facilities.

Resolved minute number

19/ARK/007

File Ref

3-CT-17-5

That the 'Work programme matrix – progress update' to the Audit/Risk Committee meeting 27 June 2019 be received.

His Worship The Mayor / Cr Belsham. Carried

Cr Gordon arrived 9.28 am

12 Actions to reduce risk- half-year update, 31 May 2019

The schedule together with the risk matrix were taken as read.

Mr Hodder spoke to the schedule advising that the overall assessment of risk has not changed.

Mr McNeil provided an update around the Bulls Waste Water Scheme advising that Council had reached an agreement with Ngai Wairiki Ngati Apa for long-term access or purchase of commercial land to discharge wastewater.

The Committee discussed that they are happy for Te Roopu Ahi Kaa to initiate any MoUs required; they are useful in keeping mutual intentions clear. His Worship the Mayor advised that there is a new draft MoU with Te Poho o Tuariki.

Responding to a question, Mr McNeil reiterated that Council response timeframes for noise complaints are prompt and this has previously been followed up. They are aware it does not reflect this in reporting, however it is the timeframes between the response from the contractor and when the data is input into the system.

Resolved minute number **19/ARK/008** **File Ref** **5-PY1-3**

That the updated schedule of 'Actions to reduce risk, 31 May 2019', to the Audit/Risk Committee meeting 27 June 2019 be received.

Cr Gordon / Cr Wilson. Carried

13 Internal Audit programme – progress

Ms Devine provided an update, noting that a meeting had been scheduled with Cotton Kelly for the 2019/20 Internal Audit Programme. Mr McNeil noted that other MW LASS councils had a positive reaction to Cotton Kelly's engagement.

Resolved minute number **19/ARK/009** **File Ref** **5-EX-2-6**

That the update 'Internal Audit programme – progress' to the Audit/Risk Committee meeting 27 June 2019 be received.

Cr Belsham / His Worship the Mayor. Carried

14 Plan for 2018/2019 audit (and results of interim audit)

The Audit Plan was taken as read. Mr Webby noted a few issues arising from the interim audit:

- Valuation date was shifting from 30 June 2019, to 1 July 2019, i.e. moving forward one day.
- Cost of compliance is higher for smaller councils, estimated cost of each revaluation is \$20-\$30,000.
- Discussions on the extent of change in the roading valuation.
- Potential risk around creditors and payment of false invoices. Audit is suggesting a policy change so that there is a verification process with suppliers. Scammers are becoming more sophisticated.

Undertaking **Subject**

Ms Devine to come back to the Audit/Risk Committee with costs of revaluation.

Undertaking **Subject**

Ms Devine to check current verification processes for suppliers.

Resolved minute number **19/ARK/010** **File Ref**

That the 'Audit Plan Rangitikei District Council for the year ending 30 June 2019' to the Audit/Risk Committee meeting 27 June 2019 be received.

Cr Belsham / His Worship the Mayor. Carried

15 Strategic Risks – Further consideration

Mr Hodder spoke to the tabled report.

In discussion, the Committee identified the need for Council (along with the Chair) to take part in a workshop where all members can have an opportunity to understand strategic risks. It would be a live document that can be updated regularly. It was agreed that this document could be used in the induction process for incoming Council.

Resolved minute number **19/ARK/011** **File Ref**

That the discussion draft 'Strategic risks for the Rangitikei District Council' be received.

Cr Gordon / Cr Wilson. Carried

16 Late items

None

17 Future items for the agenda

Strategic Risks for Rangitikei District Council

18 Next meeting

29 August 2019, 9.00 am

19 Meeting closed

10.19 am.

Confirmed/Chair: _____

Date:

Attachment 2

Strategic risks for Rangitikei District Council

Introduction

One of the areas of improvement for the Council identified in the 2017 report from the Independent Assessment Board was for all elected members to be actively engaged in, and have a detailed understanding of, strategic risk issues. These are 'risk that affect or are created by an organisation's business strategy and strategic objectives'¹: they arise from adverse business decisions, improper implementation of decisions or lack of responsiveness in the business environment.

The Committee has discussed this question at its meetings in November 2018 and February 2019. The following explores the eight risks discussed and offers suggestions on how each risk might be addressed:

1. Reputation is tarnished
2. Human capital is weakened
3. Legal and political environment requires excessive resources
4. Capital programme falters
5. Financial stability is lost
6. Regulatory effectiveness is questioned
7. Climate change responsiveness is ineffective
8. Information systems are compromised

The final set of strategic risks will be the starting point to review the current risk framework, for consideration by the Committee at its December meeting. It would be helpful for Council to include this as a workshop topic before then so all elected members have an early understanding.

What is the risk?	How to address the risk?
<p>1. Reputation is tarnished</p> <p>The risk is that Council misunderstands community expectations or fails to work with advocacy group either of which may lead to continuous public criticism, particularly in social media and division among elected members and staff.</p> <p>Inept handling of sensitive issues involving (for example) drinking water, wastewater discharges, Iwi, privacy, or information disclosures can lead to a loss of confidence in Council's effectiveness.</p>	<p>Council regularly samples community views and individual elected members have a wide range of contacts in the community. These could be reinforced by more informal polls, sample questioning of those submitting service requests and inviting identified advocacy groups to speak to Council.</p> <p>Developing and applying protocols for sensitive issues would be a useful initial step. Longer-term, priority could be given to procedures and policies which would reduce the likelihood of such issues arising.</p>

¹ Deloitte, 'Exploring strategic risk', 2013, page 4.

	Analysing social media comments more closely in conjunction with similar (rural) councils could help alert Council to sensitive issues, to understand their degree of uniqueness and to develop targeted responses (not necessarily in social media but in Council policies and practices).
<p>2. Human capital weakens</p> <p>The risk is that Council loses a number of specialist staff which exposes a knowledge gap. This may lead to a reduction in service standards and additional costs to buy in external expertise.</p>	<p>A small council inevitably has single points of knowledge. There are two complementary approaches –</p> <ul style="list-style-type: none"> (a) promoting documentation of processes and (b) rotation of staff (both within the council and with neighbouring councils) – <p>would be likely to reduce that dependency on individual expertise and increase staff understanding of how roles can develop and become more effective.</p>
<p>3. Legal and political environment requires excessive resources</p> <p>The risk is that Council is unable to respond in a timely and efficient way to changes in central government policies and legal requirements, which may mean unexpected costs, a focus on achieving compliance, and a consequential reduced service standards</p>	<p>Council could maximize its dialogue with other local councils, and stress the potential benefits in a partnership approach to influence central government policy and legislation. This would require discussion with LGNZ and SOLGM to clarify issues which those organisations would lead and how councils participate in those initiatives.</p>
<p>4. Capital programme falters</p> <p>The risk is that Council is unable to secure contractors for major capital works because of</p> <p>(i) other councils' programmes and central government initiatives such as the road replacement for the Manawatū Gorge and new social housing complexes in the larger centres of the region and</p>	<p>Council could promote a more consistent, open sharing of intended capital programmes, testing of the market, and agreeing where priorities lie.</p> <p>Council could also help increase the supply of contractors by</p> <ul style="list-style-type: none"> (a) running apprenticeships, (b) insisting on engagement of local contractors as part of awarding a contract and

<p>(ii) the increasing dominance of larger contractors, a result of increasing compliance costs.</p> <p>This situation may lead Council to be a price leader in contracts, may frustrate the community (because of delays/and or increased costs and rates) and may discourage new external investment.</p>	<p>(c) sponsoring workshops to clarify compliance requirement for local contractors.</p>
<p>5. Financial stability is lost</p> <p>The risk is that Council's financial projections, in terms of operating expenditure and revenue, prove substantially incorrect. This could require a substantial increase in rates and increase the cost of borrowing. This could arise from unanticipated but unavoidable expenditure which is not covered by insurance, including legal costs. Council is fortunate in almost entirely avoiding the impact of weather-tightness failure but the recent exposure of the historic Putorino landfill (and an appreciation there are others) is an example of an unexpected issue.</p>	<p>Council's current prudent approach means that all operating expenditure is funded through rates and not by loan. By ensuring that projected capital expenditure on planned new works or upgrades is kept below the borrowing threshold provides headroom should Council need additional funds to address a previously unknown issue.</p>
<p>6. Regulatory effectiveness is questioned</p> <p>The risk is that Council loses community confidence that it is being consistent and fair in exercising its regulatory responsibilities, including building and resource consents. That may arise if different responses are provided depending on where a matter is raised – i.e. an elected member, the chief executive, regulatory staff or customer service staff.</p>	<p>Council may be about the extent of this risk since it is a matter of holding a balance between (i) development and facilitating initiatives and (ii) compliance with central government requirements and Council bylaws and policies.</p> <p>One way to test the community's appreciation of this risk could be to offer an amnesty period to those who knew or thought it possible that they (or someone else) was in breach of regulations. During that period Council could facilitate compliance by providing advice and/or reducing or waiving its fees.</p> <p>Longer-term, it would be beneficial to establish (and publicise) the decision-making and discretion and appeal processes – with the latter being public</p>

	reported, either in a Council (Committee) meeting or through the Council website.
<p>7. Climate change responsiveness is ineffective</p> <p>The risk is that Council does not take sufficient steps to protect the community against the impacts of increasingly severe weather events and erosion</p>	<p>Council is already taking a more proactive stance in its roading programme by increasing expenditure on larger culverts and more stringent oversight of their maintenance and of roadside drains. The strategic look being taken over stormwater will also mean Council is more informed about the points of greatest risk and failure.</p> <p>The request from Kauangaroa Marae for dialogue and support from Council for relocation might be a prompt to reopen dialogue about Whangaehu and also to reconsider the likely scenario at Scotts ferry and Koitiata.</p> <p>Council could develop and implement a plan to reduce its own carbon footprint, looking to engage local businesses in similar efforts.</p>
<p>8. Information systems are compromised</p> <p>The risk is that Council suffers a cyber-attack which leads to compromised integrity and/or loss of information. However, there are lesser (but more likely) risks from staff anywhere in the organisation who lack training and understanding how to use Council's IT systems and manage their record-keeping in a consistent and adequate fashion. That increases cost to the Council in trying to find relevant information and may mean that records critical to establishing what Council did and why cannot be found and disclosed.</p>	<p>Council has a range of protective barriers and procedures to minimize the likelihood of a cyber-attack. This includes an increasing robust back-up procedure so that if data is lost or compromised, it can be recovered.</p> <p>Increasing staff knowledge of safe IT protocols and sound records management practices would reduce the risk of information unable to be found.</p> <p>An information audit could be a useful early step in understanding the extent of this risk.</p>

Attachment 3

Topic	What	Why	Who/How	Priority	Committee decision/action	Progress to 19 September 2019
Annual Audit review	Interim management report (2017/18)	Ensure Council operating procedures and policies are appropriate and managed	Council management and Audit Director	Very high	Review Audit comment and Council response; recommendation to Council	Complete. The planned interim audit (second part) for 2017/18 in the first week of July was deferred (and shortened) because of the death of George McIrvine. Agreed no interim management report to be provided. Main audit commenced on 10 September. Adoption occurred on 11 October. Management report provided to Committee at its November 2018 meeting.
	Interim management report (2018/19)					In progress. <i>Interim management report provided to Committee's September 2019 meeting. Final audit under way.</i>
Other reviews of Council operations		Ensure recommendations are well-founded and there is a robust plan of action	Chief Executive	Medium	As required. Consideration of interest-free loan to Edale was flagged once relevant information is received, but was not needed because of its purchase by the Masonic Villages Trust.	In progress. The NZTA Investment Audit conducted in October 2017 found Council's performance 'effective' except in safety performance. This was given profile in the Asset Management Plan and the 2018-28 Long Term Plan. The Audit management report on the Consultation Document for the 2018-28 Long Term Plan was considered at the Committee's June meeting; the Audit management report on the final adopted Long Term Plan was included in the Committee's August 2018 meeting agenda.
Natural disaster events	Annual insurance reviews	Ensure accurate, appropriate and cost-effective cover for all built assets	GM Finance & Business Support	Medium	Review periodic updates from GM (Finance and Business Support) Committee has already reviewed decision to cease membership of LAPP.	In progress. Considered as part of additional cover being secured through MW LASS.
	Business continuity	Ensure Council can maintain business operations	GM Finance & Business Support	High	Review periodic updates from GM (Finance and Business Support)	In progress. This is an element in the Information Services Strategic Plan being developed. <i>First workshop held 18 September 2019</i> . Off-site storage of all servers has now been made secure.

	Disaster recovery	Ensure robust processes aligned with MCDEM requirements	Chief Executive	Very high	Review six-monthly updates on development of internal capability and external liaison, periodic MCDEM reviews, and recommend any changes or enhancements	In progress. Quarterly update on CDEM Improvement plans provided to Council's meetings in January, April, July 2018 and October. New improvement plan being developed to align with MCDEM strategic priorities.
	Areas of unstable ground	Ensure awareness where land and buildings may be at risk		Low	to be determined	
Topic	What	Why	Who/How	Priority	Committee decision/action	Progress to 19 September 2019
Community facilities	Bulls community centre	Ensure robust project management for construction and fit-out	Chief Executive	High	Review and comment on project plan and exception reporting to each meeting	In progress. High-level project plan reviewed at Council workshop, 31 May 2018. Formal consideration of tenders at Council on 30 August 2018. Final decision (to award contract) made on 15 November 2018. Project team meets weekly/fortnightly. Audit review during July of the project in terms of its current status and Council's approach to the planning and delivery of the project.
	Marton civic centre	a) Ensure cost-effective option for new Civic Centre design	Chief Executive	High	Review and comment on project plan and exception reporting to each meeting	In progress. High-level project plan reviewed at Council workshop, 31 May 2018. At its meeting on 13 December 2018, Council approved engaging WSP Opus to develop concept designs and finalising the project plan (to incorporate a community engagement phase) and completing the business case by September 2019 for a decision on the proposed civic centre. A workshop outlining progress in developing the business plan was held with Elected Members in June 2019. A further workshop reviewing the construction and funding options was held in August 2019.
		b) Ensure robust project management for construction and fit-out	Chief Executive	High	Review project plan and exception reporting to each meeting	Not yet started.

	Taihape community facilities (on Memorial Park) and community centre (town hall site)	a) Ensure Memorial Park facility has external funding and community support		High	Review and comment on project plan and exception reporting to each meeting. Workshop consideration, 15 November 2018; report to be prepared for Council's meeting on 29 November.	In progress. High-level project plan reviewed at Council workshop, 31 May 2018. After discussions with Park uses, key stakeholders and a public meeting in Taihape on 3 August., the Committee agreed to investigate costs for the grandstand to be fully functional (as well as strengthened) and to seek clarification from Clubs Taihape on its intentions. Further consideration at Council workshop with decision report approved at Council's meeting on 29 November 2018, to build a new amenities block on the site beside the No. 3 field . Discussion with Clubs Taihape. Additional budget of \$600,000 included in draft 2019/20 Annual Plan. Subsequently, further discussion with Clubs Taihape about a joint facility and a concept plan with staging scenarios led to an MoU and timeline for the new facility being signed off by Council at its 29 August 2019 meeting.
		b) Ensure cost-effective and community support for new Civic Centre design		High	Review project plan and exception reporting to each meeting	Not yet started.

Topic	What	Why	Who/How		Committee decision/action	Progress to 19 September 2019
Risk management framework	Alignment with national/sector approach	Ensure framework reflects sector good practice	GM Community & Regulatory Services		Understand and give effect to Local Government Risk Agency expectations in the framework and follow-up actions	LGRA yet to be established.
	Biennial reviews	Ensure framework reflects changing risk environment	GM Community & Regulatory Services	Very high	Review proposed changes to framework and recommend to Council	Review due December 2019
	Half-year management actions to reduce risk	Ensure identified risks are being reduced	GM Community & Regulatory Services	High	Review adequacy of management action and recommend any changes to actions at August and February meetings	In progress. Proposed actions to address risk from December revision of the framework provided to Committee's February 2018 and June 2019 meeting.
Ongoing analysis of capital expenditure	Capacity	Ensure that the projected capital work programme is realistic (i.e. affordable and achievable)	GM Finance & Business Support	Very high	Review proposed capital programme at October or December meetings. Recommend changes to Council if warranted.	In progress. At its September 2017 the Committee considered a report on Council's involvement with the Local Government Funding Agency and recommended to Council that it participate in the Agency's scheme as a borrower. Council approved this recommendation. The capital programme for 2019/20 forecasted in the Long Term Plan was reviewed as part of the preparation for the 2019/20 Annual Plan.
	Consenting requirements and timelines	Ensure that consenting requirements are reflected in capital programme		High	Examine briefing on consenting requirements at October meetings	Complete. Works programmes included in the draft Long Term Plan have been timed as to consenting requirements including seeking interim consents for Marton and Ratana wastewater upgrades and allowing for full consideration of options and (at Ratana) fulfilment of funding commitments. Horizons has made explicit its expectations about the timing of applications to renew consents.
	Carry-overs	Ensure that carry-overs are minimised and validated against external factors.	GM Finance & Business Support and GM Infrastructure	Medium		In progress. Council approved carry-forwards from 2017/18 to 2018/19 (incorporated in the final Long Term Plan) totalling \$19,229,729. In addition, \$177,780 was approved additional to the Long Term Plan budgets. Carry-forwards from 2018/19 to 2019/20 were considered by Council's meeting on 28 February 2019 (and included in the draft Annual Plan); the final carry-forwards (for inclusion in the adopted 2019/20 Annual Plan) was considered at Council's 27 June 2019 meeting.

Topic	What	Why	Who/How		Committee decision/action	Progress to 19 September 2019
Water supply	Drinking-water standards compliance	Ensure Council's potable water supplies address changes from Havelock North enquiry and government's timetable for implementing them	GM Infrastructure	Very high	Understand government policy setting; review project plan for giving effect to this and exception reporting to each meeting, and recommend Committee's view to Council.	In progress. Government's decisions on the Havelock North enquiry's recommendations not yet announced. Structural reform proposals from central government yet to be finalised, although Cabinet paper on scope/process released on 19 November. LGNZ has conducted a survey of territorial authority views and issued a position statement. At its meeting on 31 January 2019, Council approved development of Marton water strategy - this is not driven by compliance but issues with odour, colour and taste.
	Accurate billing for usage	Ensure that all water usage is paid for and that historical rights are correctly applied	GM Finance & Business Support	Medium	Review project plan and exception reporting to each meeting	Not yet considered.
Alignment with Council strategic framework and key priorities	Progress with key priorities (reported monthly to relevant Council committees)	Ensure that the identified key priorities are implemented or modified to give effect to the strategic direction	Chief Executive	High	Review draft consultation document for 2018-28 LTP at December 2017 meeting and determine whether risks and uncertainties have been adequately addressed.	Complete. Discussion at Committee's February 2018 meeting
Information management	Progress in implementing robust, integrated and accessible electronic corporate records systems	Ensure Council meets Public Records Act and LGOIMA requirements	GM Finance & Business Support	Medium	Review periodic updates on work programme and compliance with LGOIMA. There is currently no compliance reporting undertaken by Archives New Zealand	In progress. This is an element in the Information Services Strategic Plan being developed. Council engaged with the National Library's survey (opening 25 February 2019) to understand the extent to which the potential loss of local authority 'high value' digital content is considered a risk that could be mitigated by having access to national-level digital preservation services.
Infrastructure Shared Services (with Manawatu District Council)	Performance under revised agreement	Ensure Rangitikei is getting value for money and minimises risk of non-compliance in levels of service or funding of infrastructure	Chief Executive	Medium	Consider half-yearly assessments from Chief Executive and determine whether a recommendation to Council is warranted in terms of perceived risks	In progress. First quarterly update to Council's meeting on 29 March 2018. Principal Adviser Infrastructure started on 3 September 2018.

Appetite for risk around consents	Policy and procedure for exercise of discretion and enforcement of Code requirements	Ensure Council and local building sector are clear on balance between compliance and discretion	Chief Executive	Medium	Consider periodic updates from Chief Executive and determine whether a recommendation to Council is warranted in terms of perceived risks	Complete. Further consideration of issue on Committee's February 2018 meeting agenda. Approach considered and endorsed at Council's 1 March 2018 meeting. Subsequent notification of approach to local builders/building service providers. Enforcement strategy (and prosecution policy) adopted by Council on 26 April 2018; a report back on its effect due with Council's 29 November 2018 meeting.
Topic	What	Why	Who/How		Committee decision/action	Progress to 19 September 2019
Infrastructure inspection regimes	Condition reporting reflects age, maintenance and incidents	Ensure that asset condition reporting is comprehensive, is reviewed against inspections, and is reflected in capital/renewal programmes	GM Infrastructure	High	Review draft infrastructure strategy at October 2017 meeting and make recommendation to Council on adequacy of risk assessment	In progress. Draft strategy (combined infrastructure and financial) as provided to Audit included in Committee's February 2018 meeting agenda. However, there is uncertainty about the basis for the condition assessment reporting which needs to be resolved for the 2021-31 Long Term Plan.

Attachment 4

Report to the Council on the Interim audit of

Rangitikei District Council

For the year ended 30 June 2019

Contents

Key messages	3
1 Recommendations	4
2 Assessment of internal control	6
3 Findings arising as a result of our interim audit.....	7
4 Other	10
5 Useful publications.....	11
Appendix 2: Disclosures	20

Key messages

We have completed our interim audit for the year ended 30 June 2019. This report sets out our findings from the interim audit.

Summary

We performed an assessment of the District Council's control environment. In performing this assessment, we considered both the design effectiveness and operational effectiveness of internal control.

Overall we have assessed the control environment as "effective". This means, based on the work we performed, the District Council has adequate internal controls in place that will either prevent or detect material misstatements in its financial statements and statement of service performance. For further detail refer to section 2 of this report.

We have made recommendations for improvement within section 3 and 4 of this report.

Thank you

We would like to thank management and staff for their assistance during the Interim Audit.

A handwritten signature in blue ink, reading "Chris Webby".

Chris Webby
Appointed Auditor
16 August 2019

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 recommendations.

Priority	Explanation
Urgent	<p>Needs to be addressed <i>urgently</i></p> <p>These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.</p>
Necessary	<p>Address at the earliest reasonable opportunity, <i>generally within six months</i></p> <p>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.</p>
Beneficial	<p>Address, <i>generally within six to 12 months</i></p> <p>These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.</p>

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
<p>Changes to financial delegations</p> <p>The District Council review all financial delegations set up within the system to ensure these are correct.</p> <p>Going forward each quarter there is an independent review of any changes made to the financial delegations with the District Council's FMIS.</p>	3.1	Necessary
<p>Sensitive Expenditure policy to be updated</p> <p>The District Council consider incorporating further guidance into their next update of its sensitive expenditure policies and staff handbook.</p>	3.2.1	Necessary

Recommendation	Reference	Priority
Sensitive Expenditure – one up approval The District Council enforces a one up approval for sensitive expenditure items. Retrospective approval should be sought if the one up approval can't be given at the time of payment.	3.2.2	Necessary
Improving Creditor Masterfile review process The District Council phone to confirm new creditors or changes to a creditors bank account number to ensure they are valid.	3.3	Necessary
Bribery and Corruption policy The District Council consider the following: <ul style="list-style-type: none"> Develop an overarching bribery and corruption policy that links to related policies and procedures. Update the related policies/procedure to ensure their scope clearly includes bribery and corruption. 	4.1	Beneficial

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous year's recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open/ In Progress		9	2	11
Implemented or closed		1	1	2
Matters that will be followed up during our final audit visit		6		6
Total		16	3	19

2 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.

2.1 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 those charged with governance, 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.

2.2 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.

The controls in each system are capable collectively of preventing or detecting and correcting material misstatements.

We have raised areas of improvement in section 3.

3 Findings arising as a result of our interim audit

3.1 Changes to financial delegations

There is currently no review of new or amended financial delegations entered into the District Council's financial management information system (FMIS).

A key control for the District Council's expenditure system is that only employees with the appropriate financial delegation can approve a purchase order. There is a risk that unauthorised changes have been made to the financial delegations which could mean that employees are approving expenditure that they should not have financial delegation for.

We recommend the District Council review all financial delegations set up within the system to ensure these are correct.

We also recommend that going forward each quarter there is an independent review back to supporting documentation of any changes made to the financial delegations with the District Council's FMIS.

Management comment

The Council is currently reviewing the processes supporting the financial delegation system, the above recommendations will be considered as part of this review.

3.2 Sensitive expenditure

3.2.1 Sensitive expenditure policies

We have reviewed the District Council's sensitive expenditure procedures and policies covering travel, meals and accommodation, gifts, donations, use of the District Council's assets, entertainment and hospitality against the Office of Auditor-General's (OAG) published good practice "Controlling sensitive expenditure: Guidelines for public entities".

In performing our review we noted some areas where guidance could be further strengthened or updated to reflect current good practice. Some of the key areas where guidance could be improved include:

- Clarifying that all sensitive expenditure is required to be approved by a person senior to the person who will benefit or who might be perceived to benefit from the sensitive expenditure, wherever possible. The approval process including where retrospective approval may be required should be clear.
- Updating the motor vehicle policy for current good practice.
- Developing clear Koha and Gift guidelines.

We have provided a comprehensive list to management of areas where the current policies can be strengthened to reflect good practice. However, the District Council should also take into consideration the types of sensitive expenditure they are incurring to ensure that any updates are fit for purposes and practical. We would also note that the staff hand book may also need to be updated to ensure consistency between the staff handbook and the sensitive expenditure policies.

We recommend the District Council consider incorporating further guidance into their next update of its sensitive expenditure policies and staff handbook.

Management Comment

The sensitive expenditure policy has been updated and this is currently going through an approval process.

3.2.2 Sensitive Expenditure approval

As part of our testing of sensitive expenditure items we identified instances where the sensitive expenditure incurred was not approved on a one-up-basis. This is not in line with good practice as this can create a perception that the approver may feel forced to approve a more senior person's expenditure.

We are aware that there are situations where sensitive expenditure items need to be paid prior to one up approval being obtained. In these situations we would expect retrospective approval to occur. This could happen through a Council sub-committee if the expenditure is incurred by the Chief-Executive or Mayor.

In the case of international travel, approval is generally approved in a District Council meeting and formally documented. In these situations we would also expect retrospective approval of the actual costs incurred especially if these have exceeded an agreed budget.

Sensitive expenditure has received a significant amount of media coverage in the past year which reinforces the importance of the District Council being satisfied not only with the approval processes but also with the appropriateness of the expenditure incurred and the quantum. Some good practice we have seen from other entities is that those charged with governance have received a monthly report (either directly or through a sub-committee) which lists the expenditure incurred by senior management and the total spend year-to-date of sensitive expenditure items like travel and entertainment.

We recommend the District Council enforces a one up approval for sensitive expenditure items. Retrospective approval should be sought if the one up approval can't be given at the time of payment.

Management Comment

This has been included in the revised sensitive expenditure policy which is currently going through an approval process.

3.3 Improving Creditor Masterfile review process

On other audits we have seen an increase in third parties trying to get entities to add new fraudulent creditors or make changes to existing creditors bank account numbers. The lengths these third parties are going to are getting more and more sophisticated every day for example, altering invoices or bank deposit slips. This requires entities to be even more vigilant when setting up new creditors or making changes to existing creditors.

As part of the audit we reviewed the District Council's controls around ensuring changes to the creditors Masterfile are appropriate. We identified that the District Council performs checks on new creditors and changes to existing creditors bank accounts. Checks performed include reviewing details back to invoices or bank deposit slips. At no stage does the District Council ring the creditor directly to confirm the details per the invoice or bank deposit slips are correct.

We had previously recommended that any changes to the creditors Masterfile should be independently reviewed. We are very pleased to see this has been implemented since April.

We recommend that the District Council phone to confirm new creditors or changes to a creditor's bank account number to ensure they are valid.

Management Comment

As noted above an independent review process has been implemented. In addition to this the Council is currently considering an efficient and effective means of confirming new creditors or changes to a creditor's bank account.

4 Other

4.1 Bribery and Corruption policy

Parliament's Finance and Expenditure Committee has expressed an interest in understanding whether the public sector has effective corruption prevention and detection processes in place.

As part of its response to the Committee, the Office of the Auditor-General asked auditors to undertake some work for all public entities to better understand the controls in place in public entities to reduce the risk of wrongdoing, particularly bribery and corruption.

We obtained an understanding of the controls in place to reduce the risk of wrongdoing in the District Council, particularly bribery and corruption. From our review we identified that the District Council has components of good practice in its existing policies, processes and procedures.

Areas where the District Council could strengthen its existing practice is by looking at developing an overarching bribery and corruption policy that clearly explains what bribery and corruption is which links to existing policies such as the code of conduct, fraud policy and procurement policies which outline the behaviour expected of staff and the procedures and processes to follow where issues are identified. The linked policies could also be further strengthened by specifically including bribery and corruption within their scope as part of the next scheduled update.

There are examples of public sector entities with such a policy in place (including another local district council) so these could provide a good base on which the District Council could develop its own policy.

We recommend the District Council:

- Develop an overarching bribery and corruption policy that links to related policies and procedures.
- Update the related policies/procedure to ensure their scope clearly includes bribery and corruption.

Management Comment

A draft anti-bribery and corruption policy has been developed and this is currently going through an approval process.

5 Useful publications



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

Description	Where to find it
Client updates	
<p>In March 2019, we hosted a series of client updates. The theme was “Our high performing and accountable public sector”.</p> <p>These included speakers from both Audit New Zealand and external organisations.</p> <p>Relevant sessions for the District Council include:</p> <ul style="list-style-type: none"> • A high performing and accountable public sector. • Economic outlook. • He Puna Hao Pātiki: 2018 Investment Statement, Investment for Wellbeing. • Procurement. • Annual reports and Stakeholder expectations. • Valuing your audit and risk committee. • Accounting technical update. 	<p>On our website under publications and resources.</p> <p>Link: Client updates</p>
Model financial statements	
<p>Our model financial statements reflect best practice we have seen to improve financial reporting. This includes:</p> <ul style="list-style-type: none"> • significant accounting policies alongside the notes to which they relate; • simplifying accounting policy language; • enhancing estimates and judgement disclosures; and • including colour, contents pages and subheadings to assist the reader in navigating the financial statements. 	<p>On our website under publications and resources.</p> <p>Link: Model Financial Statements</p>

Tax matters	
As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.	On our website under publications and resources. Link: Tax Matters
Data in the public sector	
<p>The Office of the Auditor-General (the OAG) has published a series of articles about how data is being used in the public sector. These cover:</p> <ul style="list-style-type: none"> • functional leadership; • building capability and capacity; • collaboration; and • security. 	On the OAG's website under publications. Link: Data in the public sector
Matters arising from the 2017/18 audits	
<p>The OAG has published a report on the results of the 2017/2018 audits for the sector.</p> <p>These included:</p> <ul style="list-style-type: none"> • Matters arising from our audits of the 2018-28 long-term plans. • Long-term plans: Our audits of councils' consultation documents. <p>There were also a number of inquiries/reports which may also be of interest including:</p> <ul style="list-style-type: none"> • Inquiry into procurement of work by Westland District Council at Franz Josef. • Introducing our work about procurement 	On the OAG's website under publications. Link: Recent publications
Audit Committees	
The OAG has released various best practice information on Audit Committees.	On the OAG's website under "Our Work – Audit Committee Resources". Link: Audit Committee Resources
Infrastructure as a Service	
The OAG has completed a performance audit on Infrastructure as a Service and considered whether the benefits are achieved.	On the OAG's website under publications. Link: Infrastructure as a Service

Appendix 1: Status of previous recommendations

Open and in progress recommendations

Recommendation	First raised	Status
Necessary		
High Annual Leave Balances		
Implement regular reviews of annual leave balances of all staff to ensure the liability and associated risks are minimised by implementing leave plans for staff with high leave balances.	2017/18	<p>Open</p> <p>While an annual leave review process had not been implemented at our interim visit, the District Council management are in the process of implementing this. It is planned that regular annual leave reports will be run and reviewed by the Group Manager Finance and Business Support. Staff with high leave balances will be followed up to put leave plans in place.</p> <p>We will follow up this issue at our final audit.</p>
Capital Work in progress		
<p>Review the capital WIP balance to:</p> <ul style="list-style-type: none"> clearly identify projects included in the balance; and perform an impairment assessment over the outstanding WIP balance at year-end; and ensure projects are capitalised on a timely basis once they are ready for use. 	Prior to 17/18J	<p>Open</p> <p>There is no change in this issue since progress reported in the 17/18 final management report.</p> <p>We will follow up as part of the final audit.</p>
Inconsistent procedures for adding and removing users from systems		
Procedures for amending and removing access should be formalised and all council staff be made aware of their responsibilities for advising IT about staff leaving.	Prior to 17/18J	<p>To be followed up at final</p> <p>Our ISAA audit team have not yet completed the ISAA audit.</p> <p>We will update the status of this issue in our final management report.</p>

Recommendation	First raised	Status
Process for removing Manawatu District Council staff from the Council's IT systems when they leave		
We continue to recommend that a review and improvement to procedures for adding, reviewing and removing external users access be done to ensure security of councils systems and data.	Prior to 17/18J	To be followed up at final Our ISAA audit team have not yet completed the ISAA audit. We will update the status of this issue in our final management report.
Virus and Patch Management		
IT need to develop monitoring and reporting on the status of patching and anti-virus updates across the District Council's IT to ensure they remain up to date.	Prior to 17/18J	To be followed up at final Our ISAA audit team have not yet completed the ISAA audit. We will update the status of this issue in our final management report.
No Regular Testing of Business Continuity and IT Disaster Recovery Plans		
We continue to recommend that Business Continuity and IT Disaster Recovery plans be finalised. As part of the project to implement new IT infrastructure we recommend that testing of failover to the new secondary datacentre be performed and the IT DR plan be finalised.	Prior to 17/18J	To be followed up at final Our ISAA audit team have not yet completed the ISAA audit. We will update the status of this issue in our final management report.
IS Policies are not up to date		
We recommend that the new IS policies be finalised and communicated to all staff and contractors. The staff handbook needs to be updated to match the new IS policies.	Prior to 17/18J	To be followed up at final Our ISAA audit team have not yet completed the ISAA audit. We will update the status of this issue in our final management report.
Reviews of MagiQ users access levels		
The review of users access levels in MagiQ needs to be finalised to ensure access to change critical District Council data is limited to approved personnel.	Prior to 17/18J	To be followed up at final Our ISAA audit team have not yet completed the ISAA audit. We will update the status of this issue in our final management report.
Monthly capital work in progress reconciliations		
Implement a monthly reconciliation of capital work in progress.	Prior to 17/18J	In Progress No change in the way RDC performs this process.

Recommendation	First raised	Status
		<p>The monthly financial report to the Finance/ Performance Committee includes a Statement of Capital Works specifying (for each relevant General Ledger code) the year-to-date actuals, the year-to date budget, and the full year budget.</p> <p>Monthly project reporting to the Assets/Infrastructure Committee (which typically shows % completion) will be expanded to include, in each instance, the project budget, the amount committed and the amount spent.</p>
Carry forward of capital expenditure		
Continue to reduce the amount of capital expenditure carried forward to the next financial year.	Prior to 17/18J	<p>In Progress</p> <p>The District Council approves any carry forward proposals. A consultation document for 2019/20 has been published by the District Council to consult with the public regarding some of these carry forward projects.</p>
Review of Procurement Practice		
<p>As part of our 2016 audit we completed a review of the joint procurement process undertaken by Manawatu District Council, Horowhenua District Council, and the Council. Our summarised recommendations are detailed below:</p> <ul style="list-style-type: none"> • Conflict of interest declarations to be signed off by the appropriate authority at the time that they are signed off by the person completing the declaration. • Declarations to be regularly updated, both actively and at key stages of the procurement process. • Declarations to be completed by those with the ability to influence the decision of the evaluation team, regardless of whether or not these individuals have decision making power. 	Prior to 17/18J	<p>In Progress</p> <p>There is no change in this issue since progress reported in the 17/18 final management report.</p> <p>We will follow up as part of the final audit.</p>

Recommendation	First raised	Status
<ul style="list-style-type: none"> • A business case be prepared for all procurements of significant value and risk. • A procurement strategy or plan should specify the roles and responsibilities of those involved in the process. This includes those sitting on the evaluation team and any advisors to the process. • Consider risks during the procurement planning stage. These risks relate to the procurement process rather than the contract. • While the procurement strategy identified the broad scope of the procurement, we would expect to see more specificity around timing and quality of what was being procured. 		
Succession Planning		
<p>There are some District Council staff members who have a vast amount of sector knowledge. The District Council needs to ensure that there are succession plans in place for when these staff members leave so that the operations of the District Council will not be effected. There is a risk that once staff members leave, there will no longer be this knowledge base within the District Council.</p>	<p>Prior to 17/18J</p>	<p>In Progress</p> <p>Progress is being made, but not yet fully resolved.</p> <p>The District Council has a mechanism called PROMAP which can help mitigate this risk by capturing job processes and instructions on how to do these.</p> <p>Group managers have been asked to identify top priority processes and to enter it in PROMAPP.</p> <p>The Chief Executive has reiterated that priority needs to be given to work on ProMapp and tracks progress of processes documented in PROMAPP at each corporate management meeting.</p> <p>We will follow up progress as part of our final audit.</p>

Recommendation	First raised	Status
Beneficial		
Conflict of Interest Policy		
<p>There is no organisation wide conflict of interest policy in place for Council Staff.</p> <p>While the staff handbook briefly mentions conflicts of interest, it is not robust.</p> <p>We expect Council to have a conflict of interest policy in place containing:</p> <ul style="list-style-type: none"> • The principles that should guide decision making about Conflicts of Interest, including integrity, honesty, transparency, openness, independence, good faith, fairness, and impartiality. • Comprehensive guidance on what may constitute a Conflict of Interest. • Examples of circumstances in which there may be a perceived, actual, or potential interest. • Differences between pecuniary and non-pecuniary interests and when these may arise. • Broad range of options for avoiding or mitigating any Conflicts of Interest that may arise. • What gifts or hospitality may be acceptable and the process which applies to disclosure. 	Prior to 17/18J	<p>In Progress</p> <p>A draft Conflict of Interest updated policy is in its final stages of approval/ review as at April 2019.</p> <p>We will follow up progress as part of our final audit.</p>

Recommendation	First raised	Status
Update to staff handbook		
<p>The staff handbook could be improved by including the following specific matters:</p> <ul style="list-style-type: none"> • Prohibition (or disclosure) of any significant financial interests in customers, suppliers or competitors. • Prohibition or disclosure of the receipt of gifts, loans or other special privileges from customers, suppliers or competitors. • Prohibition of the payment of bribes and certain types of rebates or other forms of compensation to induce sales or obtain favourable contract terms. • Prohibition of the use of the Council's funds to reimburse employees or others for expenditures that would violate the entity's policies. • Prohibition of unrecorded cash funds. 	Prior to 17/18J	<p>In Progress</p> <p>This is expected to be resolved as part of the staff handbook update.</p> <p>We will follow up progress as part of our final audit.</p>

Implemented or closed recommendations

Recommendation	First raised	Status
Beneficial		
Review Changes to Water Billing Input		
Formalise the current review processes with by evidencing the independent review of the water billing and meter reading spot checks by way of signature and date.	2017/18	Closed A review process has now been implemented, starting from the January billing cycle in 2019. A reasonableness check is performed, and a check of all entries that have been manually updated is performed. The independent review of this report is signed and dated.
Necessary		
Creditors Masterfile Maintenance review		
Independently review the Creditors Masterfile Maintenance report back to supporting documentation by a staff member that has no edit-access.	Prior to 17/18	Closed The staff member who reviews the Creditors' Masterfile Maintenance report no longer has "edit" access from April 2019.

Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carry 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. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements and performance information 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 carry out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the District 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 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>To date, other than the audit and the limited assurance engagement related to the District Council's debenture trust deed, we have no relationship with, or interests in, the District Council.</p>
Fees	<p>The audit fee for the year is \$121,732 (disbursements and GST exclusive), as detailed in our Audit Proposal Letter dated 13 June 2017.</p> <p>Other fees charged of \$4,000 relate to assurance engagement related to the 2018 Debenture Trust Deed.</p> <p>To date, no other fees have been charged in this period.</p>
Other relationships	<p>To date, 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 District Council that is significant to the audit.</p> <p>We are not aware of any situations to date where a staff member of Audit New Zealand has accepted a position of employment with the District Council during or since the end of the financial year.</p>

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Attachment 5

Internal Audit Project -2018-19

Rangitikei District Council: Review of bringing cleaning services in-house

Finalised 4 September 2019

Contents

Contents.....	2
Executive Summary.....	3
Introduction and background	5
Statistics	5
Objective and Scope	6
Approach and Work Done	6
Detailed Findings.....	7
1. On-boarding process.....	7
2. On-going cleaning team management practices	8
3. Quality Monitoring of cleaning work	9
Appendix A – RDC Distribution List.....	11

Executive Summary

The bringing “in-house” of the cleaning services previously provided to Rangitikei District Council (RDC) by Professional Property & Cleaning Services Ltd (PPCS) identified deficiencies in the employment practices of PPCS, such as the absence of employment contracts. As cleaning staff are ‘vulnerable workers’ under the Employment Relations Act 2000 they have the right to transfer over to the new employer on their existing terms and conditions of employment.

To bring the cleaners “in-house” RDC used a combination of outside expertise and the RDC team to provide comprehensive training and to welcome the cleaners to the RDC family. This included a half day workshop to meet the Chief Executive (CE), understand the background as to the change in employer and learn about RDC culture and expectations, as well as practical matters such as health and safety and the use of timesheets.

On-going training and managing of the quality of the work includes: annual training; one-on-one training where needed; feedback to cleaners on their work; monthly meetings with the Group Leader; six monthly and annual performance reviews; surprise and pre-notified inspections; stock usage monitoring, and twice yearly meetings with the CE¹.

Thorough processes were followed at the time of the cleaners becoming employees of RDC; along with the combination of good employment practices, such as: on-going training, pre-notified and surprise inspections, stock usage monitoring, facility users’ feedback, keeping the cleaning staff informed of feedback and inspection results, and the prompt addressing of issues when they arise. The issues to consider further are whether the on-going processes mentioned above are sufficient to ensure the ongoing quality of cleaning is kept to a high standard; and related, that all hours paid for are actually worked.

The processes implemented currently do not allow for 100% assurance that all hours paid for are actually worked. We were advised that not all cleaning sites have external monitoring systems in place. To obtain that assurance, devices to monitor entry and exit of the staff would need to be installed/used at all cleaning sites and their information reviewed. For some sites, such as toilets, certain monitoring may not be practical or appropriate. In such situations, the use of surprise inspections and the knowledge that they occur is an effective tool for reducing the risk of work being claimed for but not being done which may be more appropriate. The increase in assurance that could be gained by monitoring entry and exit times would need to be balanced against the practicality and cost of purchasing, installing and maintaining the necessary equipment in sites where this information is not currently available.

Cleaners are often lone workers and as such separate and further consideration could be given to the management of health and safety issues unique to employees working alone.

¹ The CE aims to meet with all RDC teams twice a year.

We acknowledge the support and assistance of the staff and senior management team of the Rangitikei District Council during the review process and appreciate their input on the matters identified and included in this report.

Introduction and background

In 2017 a Section 17(A) review was carried out on the provision of cleaning services to RDC. As a result of this review the provision of cleaning services, which had previously been provided by PPCS, ended and on the 1st November 2017 the ten cleaners joined RDC as employees.

Cleaning staff are 'vulnerable workers' under the Employment Relations Act 2000. The rules give these workers the right to transfer over to the new employer on their existing terms and conditions of employment.

In early 2019 it was identified that some instances had occurred with one staff member claiming for hours that had not actually been worked. This matter was investigated and appropriate action has since been taken with respect to the individual concerned. However, as a consequence of this discovery CKS Audit (the MWLASS internal auditors) was engaged to carry out a review as follows:

1. of the on-boarding processes followed in November 2017 when the provision of cleaning services was moved in-house and cleaning staff became employees of RDC; and
2. to ascertain how assurance is gained regarding the quality of the cleaning work provided by employees engaged as cleaners.

Statistics

Of the original ten cleaners that joined RDC from PPCS, four are still employed by RDC. Of the six that have left, four have left due to work performance reasons and two through natural attrition.

Four cleaners have since joined RDC and two vacancies are currently being recruited for. In the meantime the existing team of eight are doing additional work to cover for the vacancies.

The current work load is as follows

Location of sites that are cleaned	Number sites cleaned	Number of sites cleaned when other people are present
Bulls	6	1
Marton	8	1
Huntermville	3	0
Mangaweka	2	0
Taihape	5	1
Total	24	3

We were advised that five of the twenty four sites have alarms and an additional three always have somebody on site. Sixteen sites have neither alarms nor cameras. Twelve of the sixteen are toilet blocks. The other four without alarms or camera are three halls and the current Bulls Information Centre. The new Bulls building is currently under construction and will include the Information Centre and a hall. This building will have an alarm and cameras which will leave two halls and twelve toilet blocks with no

external monitoring.

Objective and Scope

The objective of the review was to report on:

1. the adequacy of the on-boarding processes followed in November 2017 when the provision of cleaning services was moved in-house and cleaning staff became employees of Rangitikei District Council (RDC); and
2. whether current processes to monitor the quality of the cleaning work are sufficient to provide reasonable assurance that the work being paid for was being carried out and to a reasonable standard.

The review will also comment on any other matters considered useful to report on at this time.

Approach and Work Done

The approach for this review included the following:

- meeting with key personnel to gather background information;
- further meetings and communications with key personnel to obtain explanations and provide further information;
- sighting evidence (where appropriate i.e. sighting inspection reports)

Detailed Findings

1. On-boarding process

What we found:

There were challenges bringing the cleaners on-board due to an inability to readily obtain information such as their existing terms and conditions of employment because documentation such as employment contracts with PPCS did not appear to exist. The inability of RDC to obtain employment contracts was a particular issue because cleaning staff are 'vulnerable workers' under the Employment Relations Act 2000 and have the right to transfer over to the new employer on their existing terms and conditions of employment.

In addition it was discovered that the cleaners appeared to have had little or no training. At the time of taking cleaning in-house the cleaners advised they had received no training in any of the following:

- health and safety general principles;
- protective clothing;
- safe use of hazardous substances;
- equipment used in the job.

When PPCS provided the cleaning service the feedback provided by RDC to PPCS was not shared with the cleaners. If any issues arose such as complaints about the quality of the cleaning the PPCS supervisor would remedy the issue themselves whilst the cleaners remain unaware there was an issue or had been a complaint.

Via a competitive process RDC engaged outside expertise to:

- advise on appropriate equipment and consumables;
- provide training in the use of equipment, hazardous materials, and health and safety;
- provide documentation such as material safety data sheets.

Agreement was reached with SuperClean Distributors from Whanganui to supply consumables and provide the outside expertise.

Within the first month from the cleaners joining RDC a half day workshop was held with the ten cleaners to enable them to meet the Chief Executive and be inducted into the RDC team. Also present at the workshop were the RDC HR and Health and Safety Co-Coordinator, the Community & Leisure Services Team Leader and colleague. The latter has recently been appointed Group Leader of the cleaning team. Matters covered at the workshop included:

- explaining the reasons for the change of employer and why the cleaning function was now in-house;
- introducing the cleaners to the RDC culture;
- expectations around level of service;
- Human resources, logistical and administration matters such as timesheets, leave and rosters;
- Health and safety matters such as reporting incidents, both accidents and near misses;
- Health and safety training including SuperClean training on hazardous chemicals, hazard identification and first aid training;
- the opportunity for the cleaners to give feedback.

In addition to the workshop training the cleaning team was taken to Whanganui for expert training by SuperClean. This training included practical sessions on the use of equipment and the use of Material Safety Data Sheets (MSDs). A RDC cleaning plan sheet was prepared and this A3 document is in all the cleaning cupboards for easy reference.

Recommendations

The on-boarding process appeared to be thorough and fair to the incoming employees. We have no recommendations to make.

Management comment

Noted

2. On-going cleaning team management practices

What we found:

The ongoing cleaning team management practices include:

- the provision by SuperClean of an annual refresh of the training;
- cleaning team members have First Aid training;
- one-on-one cleaning procedure assessments (provided by SuperClean); if a need is identified to upskill an individual cleaning team member then one on one training is provided;
- the provision of positive reinforcement for good work and for going 'above and beyond the call of duty'. For example a cleaner who was checking toilets in a busy area in her own time received a letter of thanks and gift voucher from the Chief Executive;
- positive feedback is shared with cleaners;
- the recently appointed Group Leader holds monthly meetings with the whole team;
- six monthly and annual personal development reviews (PDRs) are held with all staff. The PDRs are also used to identify training needs and prepare training and development plans;
- on-going discussions with the cleaners regarding the match between hours allocated for tasks and the actual time required for performing those tasks to the required standard;
- meetings with the Chief Executive.

An additional role, Handyman, has been created to increase the level of service to property (including toilets) and maintenance times. This role has responsibility for minor maintenance tasks and property matters and covers the whole RDC district.

The information provided to us showed evidence of comprehensive on-going management of the cleaning team and the practices of a good employer.

Recommendation

We are not aware of any formal process being completed to consider the health and safety risks to an employee when working alone. It is noted however that the cleaners are given first aid training, which is one of the practices suggested for reducing risk to lone workers. It is recommended that RDC formally consider ways to manage risks to the health and safety of their lone workers and record the decisions made regarding either eliminating risk or minimizing it as far as is reasonably practical.

Management comment

Passed to the Health and Safety Committee for their consideration.

3. Quality Monitoring of cleaning work

What we found:

The ongoing monitoring of the quality of the cleaning work includes:

- surprise inspections are carried out by SuperClean and inspection sheets completed;
- surprise and pre-notified inspections are carried out by the Group Leader and from time to time, the Community & Leisure Services Team Leader. The pre-notified inspections generally coincide with a visit for another purpose such as to drop off materials. The Group Leader visits some of the cleaning sites every week;
- the results of the inspections are reported to the cleaners and areas for improvement discussed. These inspections may also identify the need for replacement of equipment or the need for a deep clean. Deep cleans are used when the degree of worked required is more than can be provided by the in-house cleaning team. An example of this is when chewing gum blocks pipework e.g. urinals and basins. Note: If quality issues with a deep clean' are identified then the organisation that had done the work is contacted;
- if additional training and other support does not result in work being brought up to an acceptable standard then staff disciplinary measures are implemented;
- stock usage at the different sites is monitored which will enable the usage at different sites to be compared and unexpected variances investigated. At this point in time the data is still being fine-tuned;
- feedback, both positive and negative, is received from facility users.

While monitoring processes occur (see above), these are often quality focused. As such there remains some lack of external monitoring systems for recording the times staff are on site,

leaving the potential in place for hours to be claimed and paid for, but not worked.

Recommendation

RDC consider whether implementing additional monitoring (e.g. alarm monitoring/cleaner swipe cards/cameras/GPS) warrants the increased cost of the assurance gained. We also acknowledge that there can be some difficulties and sensitivities when monitoring certain public sites, for example public toilet blocks.

Management comment

This action is under consideration by Management.

Appendix A – RDC Distribution List

Draft copy, for management comment (management team taken from web)

Mr Ross McNeil	-Chief Executive
Mr Michael Hodder	-Group Manager, Community & Regulatory Services Group Manager
Ms Jo Devine	-Group Manager, Finance & Business Support

Final copy, including management comment

Audit & Risk Committee

Attachment 6

Report

Subject: **NZ Transport Agency Investment Audit Report**

To: Elected Members

From: John Jones

Date: 12th August 2019

File Ref: 6-RT-2

1 Executive Summary

1.1 Purpose of the report

To provide Council with the findings of the NZ Transport Agency Investment Audit that was carried out in July 2019.

2 Context

2.1 Background

The NZ Transport Agency carried out an 'Investment Audit' in July 2019. The audit focused on the procurement of Roothing Capital Projects between 1st July 2015 to 30th June 2018.

The objective of this audit was to provide assurance that the New Zealand Transport Agency's (NZTA) investment in Rangitikei District Council's land transport programme was well managed and delivering value for money.

NZTA made recommendations for improvements.

2.2 Long Term Plan

The report is consistent with the Long Term Plan

2.3 Significance

This report is not significant in terms of Council's significance policy.

2.4 Maori consultation

There aren't any cultural considerations.

2.5 Legal issues

Land Transport Management Act 2003 is the relevant legislation.

3 Analysis

3.1 Views

Rangitikei District Council's systems and procedures for managing its land transport programme are appropriately aligned to meet Transport Agency requirements. Effective financial management controls are in place to ensure the accuracy of its claims for financial assistance.

Council's procedures are generally compliant with Transport Agency procurement requirements. There is consistent evidence of conflict of interest declarations on contract files.

The request for proposal (RFP) for Contract C1054 – Watershed Road Retaining Walls was prepared, and proposals evaluated on Council's behalf by external consultants. The nominated supplier selection method was lowest price conforming which was correctly communicated in the RFP but the RFP failed to disclose the attributes against which proposals were to be assessed.

The engineers' estimate for the contract was \$213k. For contracts with an estimated total value exceeding \$200k, at least one member of the proposal evaluation team must be appropriately qualified.

The consultant evaluator named in the summary evaluation report is neither qualified nor approved by the Transport Agency. However, the eventual outcome was not compromised as only one proposal was received.

3.2 Costs

Rangitikei District Council is engaged in a collaborative arrangement with Manawatu District Council for the delivery of in-house professional services across the two councils. The agreement also extends to joint contract activities, to explore value for money opportunities generated by lower overheads and administration costs.

4 Conclusions

The issues identified by NZTA are relatively minor, and corrective actions have already been implemented.

Council now has a system whereby a "Request for Approval to Commence Tender Procurement Process" form has to be completed and signed by Council's Principal Advisor

– Infrastructure prior to calling tenders. This will provide a quality assurance oversight of Council's consultancy delivered services.

Council also completes road safety audit exemption declarations where it decides an audit is unnecessary.

4.1 Impact on Council policy

Procurement of suppliers for financially assisted contracts must comply with approved Transport Agency procedures.

4.2 Impact on taking a sustainable development approach

There are no impacts on sustainable development.

4.3 Need for further consultation

No consultation is required.

4.4 Issues for Maori

4.5 There aren't any issues for Maori.

5 Recommendation

That the 'NZ Transport Agency Investment Audit Report' to the Audit/Risk Committee 26 September 2019 be received.

John Jones
Roading Manager

Appendices

- Copy of NZ Transport Agency Investment Audit Report
- Copy of Request for Approval to Commence Tender Procurement Process Form

Appendix 1

August 2019

NZ TRANSPORT AGENCY INVESTMENT AUDIT REPORT

Monitoring Investment Performance

Report of the investment audit carried out under section 95(1)(e)(ii) of the Land Transport Management Act 2003.

Approved Organisation (AO):	Rangitikei District Council
NZ Transport Agency Investment (2018 – 2021 NLTP)	\$25,659,700 (budgeted programme value)
Date of investment audit:	22 – 25 July 2019
Investment Auditor:	Ron Wheeler
Report No:	RARWI-1966

OBJECTIVE

The objective of this audit is to provide assurance that the New Zealand Transport Agency's investment in Rangitikei District Council's land transport programme is being well managed and delivering value for money. We also seek assurance that the Council is appropriately managing risk associated with the Transport Agency's investment. We recommend improvements where appropriate (for audit programme refer appendix A).

EXECUTIVE SUMMARY

Rangitikei District Council's systems and procedures for managing its land transport programme are appropriately aligned to meet Transport Agency requirements. Effective financial management controls are in place to ensure the accuracy of its claims for financial assistance.

Some improvement in quality assurance oversight of procurement services delivered by consultants is required. Council is reminded of the need to complete road safety audit exemption declarations where it decides an audit is unnecessary.

Rangitikei District Council is engaged in a collaborative arrangement with Manawatu District Council for the delivery of in-house professional services across the two councils. The agreement also extends to joint contract activities, to explore value for money opportunities generated by lower overheads and administration costs.

DISCLAIMER

While every effort has been made to ensure the accuracy of this report, the findings, opinions, and recommendations are based on an examination of a sample only and may not address all issues existing at the time of the audit. The report is made available strictly on the basis that anyone relying on it does so at their own risk, therefore readers are advised to seek advice on specific content.

AUDIT RATING ASSESSMENT

	Issue	Rating Assessment*
1	Previous Audit Issues	N / A
2	Financial Processes	Effective
3	Procurement Procedures	Some Improvement Needed
4	Contract Management & Administration	Effective
5	Professional Services	Effective
Overall Rating		Effective

* Key to rating assessment – refer appendix C

RECOMMENDATIONS SUMMARY

That Rangitikei District Council:

Section	Recommendations	Implementation Target Date
3	Confirms it has effective quality assurance processes in place to ensure compliance with Transport Agency procurement requirements.	1 Sept 2019
4	Confirms road safety audit exemption declarations will be completed where it has been decided a road safety audit is unnecessary.	Immediate 1 Sept 2019

Note: Before being finalised this report was referred to Rangitikei District Council for comment. Council's response is attached as appendix D.

FINDINGS

Section 1: What issues, if any, remain unresolved from the previous audit?	
Findings	The previous audit report from September 2016 made three recommendations relating to Procurement Strategy requirements, road safety audits and service level agreement for in-house professional services. All recommendations have been resolved, the first two issues have been addressed and the third matter regarding service level agreements is no longer a Transport Agency requirement.

* * *

Section 2: Financial Processes		Effective
Findings	<p>Council's land transport disbursement account is correctly established within the general ledger and controls are in place to ensure Council is appropriately managing the Transport Agency's investment.</p> <p>Financial assistance claims for the three years from 1 July 2016 to 30 June 2019 were successfully reconciled to the general ledger. A spreadsheet management tool created by Council provides detailed audit trails linking the general ledger to the claims.</p> <p>Expenditure transaction samples were correctly coded to the land transport disbursement account and confirmed for financial assistance eligibility.</p> <p>A sample of contract retentions was tested and tracked to source documents. The retentions account is monitored, regularly reconciled and appropriately managed.</p>	

* * *

Section 3: Procurement Procedures		Some Improvement Needed
Findings	<p>With the exception of contract C1054, Council's procedures are generally compliant with Transport Agency procurement requirements (refer appendix C for schedule of contracts reviewed). There is consistent evidence of conflict of interest declarations on contract files, although none of the review sample contained any declared conflicts.</p> <p>The request for proposal (RFP) for Contract C1054 – Watershed Road Retaining Walls was prepared, and proposals evaluated on Council's behalf by external consultants. The nominated supplier selection method was lowest price conforming which was correctly communicated in the RFP but the RFP failed to disclose the attributes against which proposals were to be assessed.</p> <p>The engineers' estimate for the contract was \$213k. For contracts with an estimated total value exceeding \$200k, at least one member of the proposal evaluation team must be appropriately qualified (refer section 10.19, Transport Agency Procurement Manual). The consultant evaluator named in the summary evaluation report is neither qualified nor approved by the Transport Agency. The eventual outcome was not compromised by the breaches of Transport Agency requirements as only one proposal was received. Council needs to ensure quality assurance oversight of its consultancy delivered services.</p>	
Recommendation	That Rangitikei District Council confirms it has effective quality assurance processes in place to ensure compliance with Transport Agency procurement requirements.	

* * *

Section 4: Contract Management and Administration		Effective
Findings	<p><u>Contract Management and Administration</u></p> <p>Procedures for managing and monitoring contract activities is supported by performance and management reporting. Recordkeeping and administration of contract files is effectively organised, and documents were readily available for audit.</p> <p>Appropriate procedures for managing contract variations are in place.</p> <p><u>Road Safety Audits</u></p> <p>Two examples of completed detailed design road safety audits for separate sections of area wide treatments on Parewanui Road were reviewed. Audit requirements are understood by Council staff. However, as well as the need to consider road safety audits at key stages of a projects development, Council is reminded that the decision not to conduct an audit needs to be documented by way of an exemption declaration.</p> <p><u>Transport Investment On-line</u></p> <p>Financial and activity data reported by Council in its 2018/19 annual achievement return to the Transport Agency is consistent with source records reviewed during the audit.</p> <p><u>Low Cost / Low Risk Programme</u></p> <p>Council's low cost, low risk improvement programme was underspent by 33% (\$525k) in the 2018/19 year. Resourcing was unavoidably redirected to address compounding emergency works projects dating back as far as July 2014.</p> <p>Improvement programme momentum is expected to resume pending carry-over approval of the underspent funding allocation.</p>	
Recommendation	That Rangitikei District Council confirms road safety audit exemption declarations will be completed where it has been decided a road safety audit is unnecessary.	

* * *

Section 5: Professional Services		Effective
Findings	<p>Council provides professional services activities in-house in collaboration with Manawatu District Council subject to a shared services arrangement.</p> <p>Charge-out rates are time costed. Council has documented its management structure for its in-house operations and the methodology covering how costs for in-house services, including associated overheads and administration, are determined. These appear reasonable. Council made a one-off adjustment for claiming its in-house costs in 2018/19, to correct a previous anomaly whereby costs were being assigned to multiple work categories within the maintenance class.</p>	

	A significant portion of Council's claimed professional services costs are disbursed to the network maintenance contractor for professional services activities delivered under the contract.
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* * *

APPENDIX A

Audit Programme

1. Previous audit September 2016
2. Land Transport Disbursement Account
3. Final Claims for 2016/17, 2017/18 and 2018/19
4. Transactions (accounts payable) - 2018/19
5. Retentions Account
6. Procurement Procedures
7. Contract Variations
8. Contract Management & Administration
9. Professional Services
10. Transport Investment On-line (TIO) Reporting
11. Other issues that may be raised during the audit
12. Close out meeting

APPENDIX B

AUDIT RATING TABLE

Rating	Definition
Effective	<p>Investment management – effective systems, processes and management practices used.</p> <p>Compliance – Transport Agency and legislative requirements met.</p> <p>Findings/deficiencies – opportunities for improvement may be identified for consideration.</p>
Some Improvement Needed	<p>Investment management – acceptable systems, processes and management practices but opportunities for improvement.</p> <p>Compliance – some omissions with Transport Agency requirements. No known breaches of legislative requirements.</p> <p>Findings/deficiencies – error and omission issues identified which need to be addressed</p>
Significant Improvement Needed	<p>Investment management – systems, processes and management practices require improvement.</p> <p>Compliance – significant breaches of Transport Agency and/or legislative requirements.</p> <p>Findings/deficiencies – issues and/or breaches must be addressed, or on-going Transport Agency funding may be at risk.</p>
Unsatisfactory	<p>Investment management – inadequate systems, processes and management practices.</p> <p>Compliance – multiple and/or serious breaches of Transport Agency or legislative requirements.</p> <p>Findings/deficiencies – systemic and/or serious issues must be urgently addressed, or on-going Transport Agency funding will be at risk.</p>

APPENDIX C

(From Question 3)

CONTRACTS AUDITED

Contract Number	Tenders Received	Date Let	Description	Contractor		
			Professional Services			
* C1035	5	Sep 2016	Manawatu DC & Rangitikei DC Bridge Management	MWH	Estimate Let Price Final Cost	\$560,000 \$511,980 (refer footnote)
** C1063	1	Dec 2017	Mangaweka Bridge Replacement – Detailed Business Case	GHD	Estimate Let Price Final Cost	\$200,000 \$250,000 Contract Ongoing
			Physical Works			
C1050	2	Mar 2017	Road Pavement Marking 2017-2019	Road Marking Services	Estimate Let Price Final Cost	\$161,966 \$176,534 \$183,857
C1054	1	May 2017	Emergency Works 2016 – Watershed Retaining Walls	Higgins Contractors	Estimate Let Price Final Cost	\$213,623 \$201,507 \$180,073
C1078	3	Mar 2018	Watershed Road Dropouts	Higgins Contractors	Estimate Let Price Final Cost	\$454,997 \$447,233 \$399,416
C1079	4 Expedited Closed Contest	Feb 2018	Makirikiri Road Bridge No. 33 Rock Protection	Downer	Estimate Let Price Final Cost	\$98,653 \$72,202 \$66,239
C1090	2	Apr 2019	Swan Street Slip Repair	Higgins Contractors	Estimate Let Price Final Cost	\$319,663 \$350,319 Contract Ongoing

* C1035 – RDC let portion \$252,670, final cost RDC portion \$142,841

** C1050 was joint contract with Manawatu DC, figures shown are Rangitikei DC's share.

APPENDIX D

From: John Jones <John.Jones@mdc.govt.nz>
Sent: Friday, 9 August 2019 4:41 PM
To: Ron Wheeler <Ronald.Wheeler@nzta.govt.nz>
Subject: FW: Rangitikei DC DRAFT Audit Report 2019

Hi Ron

Happy with the Audit Report, attached is the Auditee Feedback.

All the best
John

From: Allen Geerkens [<mailto:Allen.Geerkens@rangitikei.govt.nz>]
Sent: Friday, 9 August 2019 4:29 PM
To: John Jones <John.Jones@mdc.govt.nz>
Subject: FW: Rangitikei DC DRAFT Audit Report 2019

Hi John,

No issues, all correct, no surprises

Cheers

Allen Geerkens	Programme Delivery Manager	
46 High Street, Private Bag 1102, Marton 4741	www.rangitikei.govt.nz	
P 06 327 0099 or 0800 422 522	F 06 327 6970	M 027 277 9545

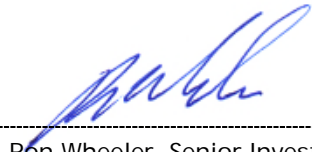


Investment Audit of Rangitikei District Council

Report Number: RARWI – 1966

August 2019

Prepared by:



Ron Wheeler, Senior Investment Auditor

Approved by:



Richard Leverington, Senior Manager Risk and Assurance

Appendix 2

The tenders secretary Rangitikei District Council		File ref: _____ Date: _____				
Contract number / name						
Draft advertisement checked, approved and attached	Yes <input type="checkbox"/> No <input type="checkbox"/> Not required					
Tender to be advertised using	_____					
Date to be advertised	_____					
Supplier selection method to be used (include price/non-price attribute weightings)	Price	RE	TR	% RS	% Meth	%
TET members proposed (note qualified evaluator)	_____					
Tenders close at 4pm	Date :		Location:			
Request for tender document checked and accepted	Yes <input type="checkbox"/> No <input type="checkbox"/>		Scope of work checked			
Resource/Building Consent granted	Yes <input type="checkbox"/> No <input type="checkbox"/>		N/A <input type="checkbox"/>			
Land Purchase completed	Yes <input type="checkbox"/> No <input type="checkbox"/>		N/A <input type="checkbox"/>			
Contract base estimate checked approved and accepted	Yes <input type="checkbox"/> No <input type="checkbox"/>		N/A <input type="checkbox"/>			
Appropriate contingencies and escalation allowance applied	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		_____			
Approved funding allocation (for current phase(s))	Phase(s) in contract: Select project phase (type of work is PS or physical)					
Approved funding adequate	Yes <input type="checkbox"/> No <input type="checkbox"/>		_____			
The above details are certified correct.		_____ Project Manager		_____ Date		
The above estimate is within the funding allocation and the contract is recommended to commence the procurement process:		_____ Roading Manager		_____ Date		
The above contract is approved to commence the procurement process:		_____ Principal Advisor – Infrastructure		_____ Date		