

## AUDIT/RISK COMMITTEE - WORK PROGRAMME FOR THE 2019-22 TRIENNIUM

| Topic   | What  | Why   | Who/How                          | Priority    | Committee decision/action  | Progress to 29 July 2020  |
|---|---|---|----------------------------------|-------------|--|---|
| <b>1. Trust and confidence is tarnished</b>                               |   |   |                                  |             |  |   |
| 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 2021-31 LTP and determine whether risks and uncertainties have been adequately addressed.   | Strategic vision document accepted by Council. More detailed strategies and key actions <i>are being</i> developed by Executive Leadership Team for inclusion in the LTP. A new dimension is the actual and potential impacts of Covid-19.  |
| Reviews of Council operations (other than Audit New Zealand)              | (Will include the reassessment under CouncilMARK, June 2020)  | Ensure recommendations are well-founded and there is a robust plan of action  | Chief Executive                  | Medium      | As required  | In December 2019 MBIE advised its finding from its visit to monitor progress with earthquake-prone building assessments. The major concern was whether sufficient regard had been given to vehicle/pedestrian thoroughfares between unreinforced masonry buildings. Council will consider a recommendation (at its meeting on 30 July 2020) to ask the Independent Assessment Board to postpone the CouncilMARK process until 2021. |
| Project management  | High-profile, high value or strategic projects - e.g. Bulls Community Centre, Marton Civic Centre, Taihape Memorial Park facilities, Ratana wastewater, Marton-Bulls wastewater | Ensure significant projects meet Council's outcome, time, risk and cost expectations  | Principal Infrastructure Advisor | High        | Review and comment on project plan and exception reporting to each meeting   | Management of timeline and costs of the Bulls Community Centre contracted to specialist adviser.  |
|   | Implementation of Project Management Office   | Ensure consistent, 'traffic light' approach which is easily understood, fosters transparency and provides for robust governance   | Principal Infrastructure Advisor | High        | Exception reporting ('red light')  | Recruitment in progress for two project managers to provide this capability to other projects and other parts of the organisations.   |
| Customer-focussed services  | A more effective and efficient customer focus in all public offices of the Council and internally.  | A well-managed customer interface will provide an improved and more consistent level of service and be more efficient             | GM Finance & Business Support    | Medium/High | Review periodic updates on implementation of the Customer Experience Strategy and the associated performance measurement.  | Initial briefing to Finance/Performance Committee, 27 February 2020. Implementation delayed by Covid-19 but will commence in August 2020.   |
| Information management  | Progress in implementing robust, integrated and accessible electronic corporate records systems   | Ensure Council meets Public Records Act and LGOIMA requirements and aligns with the Government's Cyber-security Strategy (2019)   | GM Finance & Business Support    | Medium      | Review periodic updates on implementation of the Information Services Strategic Plan. The most recent compliance reporting undertaken by Archives New Zealand was across the entire local government sector. | Part of the Information Services Strategy being implemented   |
| Prosecution of Council for breaches of consents or statutory requirements | Approach taken to avoid prosecution when this is being contemplated and, if prosecution proceeds, how Council presents its case   | Ensure the community understands the circumstances leading to the prosecution and actions being taken to avoid a similar incident | Principal Infrastructure Advisor | High        | Review briefings and, if necessary, recommend changes in approach to Council   | Active preparation and negotiation in response to prosecution by Horizons of discharge of Taihape wastewater into the Hautapu River. That prosecution resulted in a conviction and a fine.  |

TABLED DOCUMENT

Tabled at Audit Risk  
on 31 July 2020



| Topic  | What  | Why  | Who/How                            | Priority     | Committee decision/action   | Progress to 29 July 2020  |
|--|---|--|------------------------------------|--------------|---|---|
| <b>2. Human capital is weakened</b>                                    |   |  |                                    |              |   |   |
| External investor perception   | Progress in presenting the District as a desirable location for new or expanding businesses | Builds a more sustainable community and economy  | Chief Executive                    | High         | Review briefings and, if necessary, recommend changes in approach to Council  | Formal presentation in February made to convince an existing Marton business to remain and expand. <i>The independent Commissioner's decision on the Council-initiated The District Plan Change to rezone a rural area as industrial is expected in August 2020.</i>  |
| Staff development and motivation                                       | Increased focus on mentoring, job overlap and succession planning                           | Ensure low ongoing dependency on sole specialists  | Chief Executive                    | Medium       |   |   |
|  | Revised annual survey of staff perceptions of themselves and the work environment           | Ensure clear understanding of issues for staff and an approach to addressing these   | Chief Executive                    | Medium/High  | Review summary results of survey and updates on progress to addressing issues raised.   |   |
|  | Implement regular one on one sessions between staff and their line manager                  | Build trust. Provide constructive and effective feedback   | GM Finance & Business Support      | Medium/High  |   |   |
| <b>3. Legal and political environment requires excessive resources</b> |   |  |                                    |              |   |   |
| Water supply   | Drinking-water standards compliance   | Ensure Council's potable water supplies address changes in requirements from the independent Drinking-water Regulator  | Principal Infrastructure Advisor   | 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. | <i>The Government has announced the next stages of its proposed reforms to the provision of drinking water.</i>   |
| Impact of Government's fresh-water direction                           | New standards affecting discharge of wastewater and stormwater                              | Impact on Council's expenditure (and thus rates)   | Principal Infrastructure Advisor   | High         | Understand government policy setting as it evolves  |   |
| Planning standards   | New standards affecting the presentation of the District Plan                               | Ensure the District Plan has the national definitions embedded and meets the required level of e-access.   | GM Community & Regulatory Services | Medium/ High | Review progress updates at each meeting   | The foundation requirements in terms of electronic accessibility and functionality, due by 5 April 2020, are now met (except for the formal notification of the update to the Addendum which is adopted by reference). All other requirements, except having an online interactive plan, are due by 5 April 2024; the online interactive plan requirement is due by 5 April 2029. |
| <b>4. Capital programme falters</b>                                    |   |  |                                    |              |   |   |
| Ongoing analysis of capital expenditure                                | Capacity  | Ensure that the projected capital work programme is realistic (i.e. affordable and achievable) and that carry-overs are minimised and validated against external factors | GM Finance & Business Support      | Very high    | Review proposed capital programme at October or December meetings. Recommend changes to Council if warranted.   | This will be a major focus for the 2021-31 Long Term Plan, in both the financial strategy and the infrastructure strategy.  |
|  |   |  |                                    |              |   |   |
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|---|--|--|---------------------------------------|--------------|---|---|
| Consenting requirements                             | Timelines for new consents and variations to existing ones are those agreed with Horizons Regional Council | Ensure that consenting requirements (including required remedial actions) are reflected in capital programme                     | Principal Infrastructure Advisor      | High         | Consider exception reporting when necessary.<br>Review update briefing on consenting requirements at October meetings                     | No new issues arising. Approach to the exposed historic landfill at Putorino has yet to be determined with Iwi and Horizons; consent application will follow that.  |
|   |  |  |                                       |              |   |   |
| <b>5. Financial stability is lost</b>               |  |  |                                       |              |   |   |
|   |  |  |                                       |              |   |   |
| Annual Audit review                                 | Interim management report (2018/19, 2019/20, 2020/21)  | 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  | Interim audit planned for late March-early April <i>was delayed by Covid-19 and occurred late June-early July.</i>  |
| Access to external funds                            | Borrowing is at sustainable levels and other external funding is as projected.                             | Ensure short-term and long-term implications of borrowing are understood and accepted by Council                                 | GM Finance & Business Support         | Medium       | Review updates provided to each meeting of the Committee  | This <i>was</i> a focus in developing the 2020/21 Annual Plan.  |
|   |  |  |                                       |              |   |   |
| 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                                  | GM Community & Regulatory Services    | High         | Consider periodic updates from Chief Executive and determine whether a recommendation to Council is warranted in terms of perceived risks | One critical test of the balance between discretion and compliance is the construction of the new Bulls Community Centre. The external project management adviser has assessed the BCA's approach and finds it is strict but is within accepted practice. |
| Customer experience with consenting                 | Timeliness of approvals and communication at all stages  | Ensure applicants are well informed at all stages of the consenting process  | GM Community & Regulatory Services    | Medium/ High | Review updates provided to each meeting of the Committee  | This will be part of the Customer Service Experience Strategy about to be implemented.  |
|   |  |  |                                       |              |   |   |
| Potential to disrupt people's lives and livelihoods | Engagement with community on proposed strategy and policies, and subsequent actions                        | Ensure Council understands the degree of potential risks and takes appropriate action (including advocacy to central government) | GM Community & Regulatory Services    | Medium       | Review periodic updates   | Focus is on regional collaboration on developing a vulnerability assessment.  |
| Council's initiatives                               | Action plan for Council's operations: 'walking the talk'   | Council needs to show leadership in reducing emissions   | GM Community & Regulatory Services    | Medium       | Review periodic updates   |   |
|   |  |  |                                       |              |   |   |



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| <b>8. Business continuity is compromised</b>  |  |  |                                  |             |   |   |
| 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.                           |   |
|   | Business continuity  | Ensure Council can maintain business operations  | GM Finance & Business Support    | High        | Review periodic updates from GM   | Part of the Information Systems Strategy about to be implemented.   |
|   | 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      |   |
| <b>9. Obligations with health and safety and environmental protection are not met</b> |  |  |                                  |             |   |   |
| Health and safety   | High awareness of potential health and safety issues and willingness to take corrective action | Proactive attitude to health and safety is the strongest assurance that Council's facilities and operations are safe for staff and the public  | Principal Infrastructure Advisor | High        | Review six-monthly updates on health and safety considerations at unit toolbox meetings, Council's health and safety committee, to the senior leadership team |   |
|   | Focus on all aspects of physical and mental health for staff                                   | Proactive approach to encourage individual staff members to be at their best and to be sensitive when circumstances warrant assistance.  | Chief Executive                  | High        | Review periodic updates   |   |
| <b>10+B32:B65. Changes to government legislation are transformational</b>             |  |  |                                  |             |   |   |
| Sustainable future for the District   | High awareness of potential risks to delivery of services, maintenance of infrastructure       | Significant and sudden changes in standards for freshwater and emissions may threaten existing agriculture enterprises and thus affordability of Council services. In addition, significant and sudden changes in what local councils are expected to do for their communities may prove costly and of no value. | Chief Executive                  | Medium/High | Review periodic updates and make recommendations to Council   | Council <i>has expressed</i> its concerns to the Ministry for the Environment on the proposed National Standard for indigenous biodiversity, highlighting affordability and potential negative impact on farming. |