

# ORDER PAPER

## AUDIT AND RISK COMMITTEE MEETING

**Date:** Wednesday, 15 December 2021

**Time:** 9.00 am

**Venue:** Council Chamber  
Rangitikei District Council  
46 High Street  
Marton

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**Chair:** Mr Craig O'Connell

**Deputy Chair:** Cr Nigel Belsham

**Membership:** Cr Angus Gordon  
Cr Dave Wilson  
HWTM Andy Watson

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**Notice is hereby given that an Audit and Risk Committee Meeting of the Rangitikei District Council will be held in the Council Chamber, Rangitikei District Council, 46 High Street, Marton on Wednesday, 15 December 2021 at 9.00 am.**

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## **AGENDA**

### **1 Welcome / Prayer**

### **2 Apologies**

### **3 Public Forum**

No public forum.

### **4 Conflict of Interest Declarations**

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

### **5 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, [enter item number](#) be dealt with as a late item at this meeting.



## 6 Confirmation of Minutes

### 6.1 Confirmation of Minutes

**Author:** Ash Garstang, Governance Advisor

#### 1. Reason for Report

- 1.1 The minutes from the Audit and Risk Committee meeting held on 09 September 2021 are attached.

#### Attachments

1. **Audit and Risk Committee Meeting - 09 September 2021**

#### Recommendation

That the minutes of the Audit and Risk Committee meeting held on 09 September 2021, **[as amended/without amendment]**, be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this committee be added to the official minutes document as a formal record.

# MINUTES



**RANGITIKEI**  
DISTRICT COUNCIL  
*Making this place home.*

## **UNCONFIRMED: AUDIT AND RISK COMMITTEE MEETING**

**Date:** Thursday, 9 September 2021  
**Time:** 9.30 am  
**Venue:** Council Chamber  
Rangitikei District Council  
46 High Street  
Marton

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**Present** Mr Craig O'Connell  
Cr Nigel Belsham  
Cr Angus Gordon (*via Zoom*)  
Cr Dave Wilson  
HWTM Andy Watson

**In attendance** Mr Peter Beggs, Chief Executive (*via Zoom*)  
Mr Arno Benadie, Chief Operating Officer  
Mr Dave Tombs, Group Manager – Corporate Services  
Mrs Carol Gordon, Group Manager – Democracy and Planning  
Mrs Sharon Grant, Group Manager – People and Culture  
Ms Gaylene Prince, Group Manager – Community Services (*via Zoom*)  
Mr Ash Garstang, Governance Advisor  
Cr Waru Panapa (*via Zoom*)

**Order of Business**

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## **1 Welcome / Prayer**

Mr O'Connell opened the meeting at 9.33 am and read the Council prayer.

## **2 Apologies**

There were no apologies.

## **3 Public Forum**

There was no public forum.

## **4 Conflict of Interest Declarations**

There were no conflicts declared.

## **5 Confirmation of Order of Business**

No changes were made to the order of business.

## **6 Confirmation of Minutes**

**Resolved minute number** **21/ARK/042**

That the minutes of the Audit and Risk Committee meeting held on 27 May 2021, without amendment, be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this committee be added to the official minutes document as a formal record.

Cr D Wilson/Cr N Belsham. Carried

## **7 Follow-up Action Items from Previous Meetings**

### **7.1 Follow-up Action Items from Audit and Risk Meetings**

Taken as read.

**Resolved minute number** **21/ARK/043**

That the report 'Follow-up Action Items from Audit and Risk Meetings' be received.

Cr D Wilson/Mr C O'Connell. Carried

## **8 Chair's Report**

### **8.1 Chair's Report - September 2021**

The Chair advised that AON NZ are going to facilitate a session with all the Chair's of local Councils (that are interested in attending) in order to discuss critical issues that are facing local government in this area, such as cybercrime.

The Mayor noted that Three Waters are likely to be another area of interest for AON NZ, if the reforms proceed.

## 9 Reports for Decision

### 9.1 Audit and Risk Committee Work Programme

The Committee asked if staff had processes around updating policies on the Council website when changes have been made by central government. Mr Tombs advised that this was done as required, but that staff will look into this further to ensure that the appropriate processes are in place to capture updates in a timely manner.

**Resolved minute number** **21/ARK/044**

That the report, Audit and Risk Committee Workplan, be received.

.Cr D Wilson/HWTM A Watson. Carried

### 9.2 Treasury Reporting

The Committee noted that there was a future risk to Council's debt limit if the Three Waters reforms result in local councils losing their water assets. It was noted that while this is not as much of an immediate issue for our Council compared to other (especially larger) councils across the country, it was something that will have to remain on Councils radar.

Following on from this, the Committee also discussed the viability of Councils sources of external funding (e.g. bank sources). Mr O'Connell advised that Council's capacity to borrow is not always certain. Staff agreed with this, but advised that there was a lot of uncertainty around the Three Waters reforms and whether this would proceed on a voluntary basis or become mandated. There is also uncertainty about how water assets would be transferred to the new water entity (Entity B) if the reforms proceeded and Council was involved.

The Committee agreed that while it was too early to test Councils external sources of funding, due to uncertainty around the Three Waters reforms, it was something that would need to be thoroughly considered prior to the next Long Term Plan process in 2024 – especially if the Three Waters reforms proceed.

**Resolved minute number** **21/ARK/045**

That the report on Treasury Reporting be received.

Cr N Belsham/Cr D Wilson. Carried

### 9.3 Sensitive Expenditure Policy Annual Review

In response to a query, Mr Tombs confirmed that this policy had been reviewed by the Executive Management team prior to it being presented to the Committee.

Cr Wilson sought confirmation that staff were made aware of this (and other Council policies). Staff confirmed that staff are advised of new policies when they are released via the internal email system and Chief Executive updates. Additionally, all policies relating to staff are stored in a central location, communicated through the Senior Leadership Team, and introduced to new staff during their onboarding process.

The Mayor noted that the policy routinely refers to staff and employees, but not explicitly to elected members. Staff advised that elected members are covered by the policy as they are technically considered to be contractors (which are included), but notwithstanding that, Mr Tombs undertook to make it explicit within the policy that elected members are covered.

The Committee raised the issue of cost caps for meals. Staff advised that the cost cap was a general guideline and that the purpose behind it was to provide staff with more certainty around their expenditure. Staff acknowledged that there would be instances where it was reasonable for the cost of meals to be higher.

**Resolved minute number** **21/ARK/046**

That the report 'Sensitive Expenditure Policy Annual Review' be received.

Cr D Wilson/Cr N Belsham. Carried

### 9.4 Gifts and Hospitality Policy - Annual Review

The Mayor noted that the appropriateness of accepting or rejecting gifts from outside parties was very contextual, and that sometimes refusal would cause offence. His personal litmus test on the appropriateness of accepting a gift was to consider whether it would stand up to public scrutiny in the event that it was reported.

The Committee agreed that Elected Members should be expected to abide by staff policies, while acknowledging that this was not necessarily required by law. Staff agreed and undertook to update the Elected Member code of conduct to reflect this expectation.

**Resolved minute number** **21/ARK/047**

That the Gifts and Hospitality Policy - Annual Review, be received.

HWTM A Watson/Cr D Wilson. Carried

### 9.5 Health, Safety and Wellbeing Update

Dashboards

Mrs Grant noted that the only notifiable injury in May was the fatality at the train crossing. Although she could not provide details on the incident as it is with the NZ Police, she advised the Committee that staff have engaged with the relevant sub-contractor and that they have made internal changes.

In response to a query about the abusive behaviour category, Mr Beggs advised that there are not any noticeable trends with this (e.g. not occurring in one staff area more than others), although he did note that he was expecting an increase in these incidents post the COVID-19 lockdown, as this occurred after the last lockdown.

#### Safe Plus Assessment Summary

In response to a query, Mrs Grant advised that our Council is in the top three councils across MWLASS (Manawatu-Whanganui Local Authority Shared Services).

Mrs Grant clarified that the comment “ensure controls are effective” on page 53 refers to what controls staff have in place to ensure that our processes are effective.

#### Due Diligence Plan

The Committee agreed that the nomination of a ‘Governance Health, Safety and Wellbeing Champion’ should go to full Council for a decision.

**Resolved minute number** **21/ARK/048**

That the Health, Safety and Wellbeing Update report, together with attachments, be received.

Cr N Belsham/Cr D Wilson. Carried

## **10 Reports for Information**

### **10.1 Protected Disclosures Update**

Mrs Grant advised that there were no protected disclosures to report.

**Resolved minute number** **21/ARK/049**

That the report Protected Disclosures Update, be received.

HWTM A Watson/Mr C O'Connell. Carried

### **10.2 Employee Code of Conduct Review**

Mrs Grant advised that this policy had been updated and was now more aspirational and positive in scope, and aligned with our organisational values. The policy covers behaviour which could bring the organisation into disrepute, both during and outside of work hours.

The Committee received the policy positively, noting that it was good to see a delineation between ‘misconduct’ and ‘serious misconduct’.

**Resolved minute number 21/ARK/050**

That the report on the Employee Code of Conduct Review be received.

Cr N Belsham/Cr D Wilson. Carried

**10.3 Sensitive Expenditure 2020/21 Summary**

In response to a query about several budget lines reading as \$0, Mr Tombs advised that certain budgets are set across multiple cost centres and were managed as a group rather than as individual lines.

**Resolved minute number 21/ARK/051**

That the Sensitive Expenditure 2020/21 Summary report be received.

Cr D Wilson/Cr N Belsham. Carried

The meeting was adjourned at 11.02 am and re-convened at 11.09 am.

**10.4 Internal Audit Programme**

In response to a query, Mr Tombs advised that staff do not expect to use the same external reviewer for all items, and that external reviewers will be contracted as required.

In response to a query about the \$100,000 budget set aside for external reviewing, Mr Tombs advised that he believed this amount would be sufficient. Mr O'Connell agreed, noting that there would also be opportunities for staff to work with other councils.

**Resolved minute number 21/ARK/052**

That the Internal Audit Programme report be received.

Cr D Wilson/Cr N Belsham. Carried

**10.5 June (draft) Financial Report**

The Committee discussed whether certain reports should come to the Audit & Risk Committee for review. Mr Beggs' preference was for reports to go to one Committee only, and then be escalated by that specific Committee if they felt it was necessary. Mr O'Connell agreed that it was important not to double up on reporting, but noted that there could be value in assessing what activities might be better suited coming to Audit & Risk, based on whether they have a potential to impact on strategic risks.

The Committee and staff agreed that the Mayor and Mr O'Connell should define the items of interest and scope for the Audit & Risk Committee's oversight of activities that are potentially impacting strategic risks.



**Resolved minute number 21/ARK/053**

That the June (draft) Financial Report, be received.

Cr D Wilson/Cr N Belsham. Carried

**10.6 Fraud Reporting**

Taken as read.

**Resolved minute number 21/ARK/054**

That the report 'Fraud Reporting' be received.

Cr N Belsham/Cr D Wilson. Carried

**10.7 Audit NZ Management Letter Points**

The Committee requested an update on 'unsealed road usage' and whether this was under control. Mr Tombs advised that it will be re-evaluated in the next financial year.

The Mayor noted that Waka Kotahi have indicated that they will provide Council with more funding, but that this is funding that falls under a 'shared-costs' arrangement for roading projects, which will require Council to find funding as unbudgeted expenditure. He believed that staff needed to advise Council whether there would be issues with this. Mr Beggs confirmed that this work was underway. Mr Tombs advised that this was being looked through with the Manawatu District Council under our shared services agreement. The Mayor requested that Council be updated on this issue once staff have completed this work.

**Resolved minute number 21/ARK/055**

That the AuditNZ Management Letter Points report be received.

Cr N Belsham/Cr D Wilson. Carried

**10.8 Risk Management Policy**

The Committee agreed that this was an important issue and that due to time constraints, it should be deferred to the next Audit & Risk Committee meeting.

**Resolved minute number 21/ARK/056**

That the report Risk Management Policy be deferred to the next Audit and Risk Committee meeting.

HWTM A Watson/Mr C O'Connell. Carried

**10.9 Insurance Update**

The Committee agreed that this report should continue coming to the Audit & Risk Committee in future.

Mr Tombs provided an update on section 3.2 , noting there have been a couple of vehicle claims for minor damage.

The Mayor asked if there were any timing issues with Councils contract with AON. Mr Tombs confirmed that it was under control, and that some of the delays were at AON's end.

**Resolved minute number** **21/ARK/057**

That the Insurance Update report be received.

Mr C O'Connell/Cr D Wilson. Carried

## 11 Public Excluded

The meeting went into a public excluded session at 11.41 am.

### Resolution to Exclude the Public

**Resolved minute number** **21/ARK/058**

That the public be excluded from the following parts of the proceedings of this meeting.

1. Audit and Risk Committee Minutes (Public Excluded) – 27 May 2021
2. Council's Cybersecurity Risk Management Framework
3. Follow-up Action Items from Audit and Risk Meetings (Public Excluded)

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>1.1 – Audit and Risk Committee Minutes (Public Excluded) – 27 May 2021</b>	s7(2)(b)(i) - Trade secret s7(2)(f)(i) – Free and frank expression of opinions	S48(1)(a)
<b>1.2 - Council's Cybersecurity Risk Management Framework</b>	s7(2)(j) – Improper gain or improper advantage	s48(1)(a)(i)
<b>1.3 - Follow-up Action Items from Audit and Risk Meetings (Public Excluded)</b>	s7(2)(b)(i) - Trade secret	s48(1)(a)(i)

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

HWTM A Watson/Cr N Belsham. Carried

The meeting closed at 11.48 am.

The minutes of this meeting were confirmed at the Audit and Risk Committee held on 16 December 2021.

.....  
Chairperson

## **7 Follow-up Action Items from Previous Meetings**

### **7.1 Follow-up Action Items from Audit and Risk Meetings**

**Author:** Ash Garstang, Governance Advisor

**Authoriser:**

#### **1. Reason for Report**

- 1.1 On the list attached are items raised at previous Audit and Risk meetings. Items indicate who is responsible for each follow up, and a brief status comment.

#### **2. Decision Making Process**

- 2.1 Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

#### **Attachments**

1. Follow-up Actions Register

#### **Recommendation**

That the report 'Follow-up Action Items from Audit and Risk Meetings' be received.

## Current Follow-up Actions

From Meeting Date	Details	Person Assigned	Status Comments	Status
9-Sep-21	<p>Regarding the Audit and Risk Committee Work Programme: Staff to consider the below questions and clarify if existing processes satisfy this, or whether new processes are required:</p> <p>1. How do our governors know that we have applied relevant legislation in a timely manner?</p> <p>2. Staff to write guidance on our website for each policy that effectively states something to the effect of "this policy contains the most up-to-date information in alignment with central government policy..." etc.</p>	Dave Tombs	Each Policy has an "Approved" date on the front cover which is essentially showing when it was last reviewed and how current it is.	Closed
9-Sep-21	Regarding the Sensitive Expenditure Policy Annual Review: Staff to include the line "elected members are considered to be contractors" on page 25 and make this clear throughout the document.	Dave Tombs	Policy amended as required.	Closed
9-Sep-21	Regarding the Gifts and Hospitality Policy: Staff to include advice to staff on "how they can say no to gifts", when the policy is rolled out.	Sharon Grant	Complete: Guidance wording has been appended to the Policy	Closed
9-Sep-21	Regarding the Health, Safety and Wellbeing Update: Staff to take the appointment of a 'Governance Health, Safety and Wellbeing Champion' to full Council for a nomination.	Sharon Grant	Complete: Item taken to September Council Meeting, with Fi Dalgety being selected as the Governance Health, Safety and Wellbeing Champion	Closed
9-Sep-21	With the assistance of HWTM, that the Chair of A&R defines the items of interest and scope for its oversight of activities that are potentially impacting strategic risks.	HWTM / Craig O'Connell		Open

9-Sep-21	Regarding Audit NZ Management Letter Points: The Mayor advised that Waka Kotahi had increased its funding to Council for roading projects, but that this would necessitate unbudgeted expenditure by Council as these roading projects are funded under a 'cost-sharing' arrangement. The Mayor requested that staff provide an update to Council on this once work in the background to clarify this issue has been completed.	Dave Tombs	Reported to Council 30 Sept 2021 and 28 Oct 2021.	Closed
9-Sep-21	Regarding the Risk Management Policy: Staff to carry-forward this report to the next Audit & Risk Committee meeting.	Ash Garstang / Dave Tombs	Will be included in the agenda for the December meeting.	Closed

## **8 Chair's Report**

### **8.1 Chair's Report - December 2021**

**Author:** Craig O'Connell, Chair

#### **1. Reason for Report**

- 1.1 Mr O'Connell may provide a verbal update or table a report.

#### **Recommendation**

That the Chair's Report – December 2021 be received.

## 9 Reports for Decision

### 9.1 Revised Procurement Policy

**Author:** Jessica McIlroy, Operations Manager

**Authoriser:** Dave Tombs, Group Manager - Corporate Services

#### 1. Reason for Report

- 1.1 In early 2021 it was identified that Council's Procurement Policy should be updated now that a Project Management Office is in place and as part of regular review of policies.
- 1.2 A draft new Procurement Policy has been prepared that aligns closely with the current Government Procurement Rules (4<sup>th</sup> edition, 2019). The new policy has been reviewed by the Group Manager, Corporate Services.
- 1.3 Feedback and / or approval of the new Policy is sought from the Audit and Risk Committee.

#### Attachments

1. Draft Procurement Policy\_2021

#### Recommendation 1

That the report 'Revised Procurement Policy' be received.

#### Recommendation 2

That the Audit and Risk Committee review and provide feedback on the draft revised Procurement Policy.



## Procurement Policy

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<b>Approved</b>	xx/xx/2020
<b>Approved by</b>	The Executive Leadership Team
<b>Updated</b>	
<b>Next review</b>	/xx/2024
<b>Version number</b>	0.1 (Draft)
<b>Who is responsible</b>	Operations Manager

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## 1. Introduction

Rangitikei District Council (Council) spends approximately \$50 million annually on a wide range of works, goods and services that enable the delivery of community infrastructure, facilities and services for the communities of Rangitikei District.

The impact of Council's approach to procurement not only has a budgetary impact, but can also have a significant impact on our local communities, our quality of life, and our economy. Council is also accountable to its rate payers for the manner in which it spends its funds.

Council aims to deliver the best public value for residents, recognising the potential for broader outcomes beyond value for money.

The purpose of this policy is to:

- Define 'procurement' in the context of Council;
- Align procurement with Council's vision and outcomes as set out in the Long Term Plan;
- Define the concepts of Public Value and Broader Outcomes;
- Highlight key legislation and policies that procurement activities must align with.

## 2. Scope

This Procurement Policy covers all activities associated with purchasing by, or on behalf of, Rangitikei District Council. It applies to all employees, management, and consultants engaged to assist with procurement, elected Council members and Community Board members.

For Council Controlled Organisations (CCOs) this policy shall only apply where Rangitikei District Council (as the majority shareholder) is the controlling entity.

This policy applies to all procurement activity undertaken by Council, with the exception of:

- Acquisition of art and similar unique items of interest.
- Employment.
- Grants and sponsorship.
- Land acquisition.
- Leasing of Council-owned property and the leasing of property to the Council.
- Payments to government and regulatory bodies.
- Procurement undertaken by Council Controlled Organisations that is not on behalf of the Council.
- Tax.
- Treasury and financial instruments.
- Unsolicited proposals.

## 3. Interpretation

<b>Public Value</b>	The principle of public value is not solely focused on price but is about getting the best possible result over the whole-of-life of the goods, services or works. This includes using resources effectively, economically, and without waste, and taking into account the total costs and benefits (total cost of ownership), and its contribution to the results Council is trying to achieve (such as social or environmental outcomes).
<b>Broader Outcomes</b>	The concept that procurement can and should be used to support wider social, economic, cultural and environmental outcomes that go beyond the immediate purchase of goods and services.
<b>Probity</b>	The quality of having strong moral principles; honesty and decency.

## 4. Policy Statement

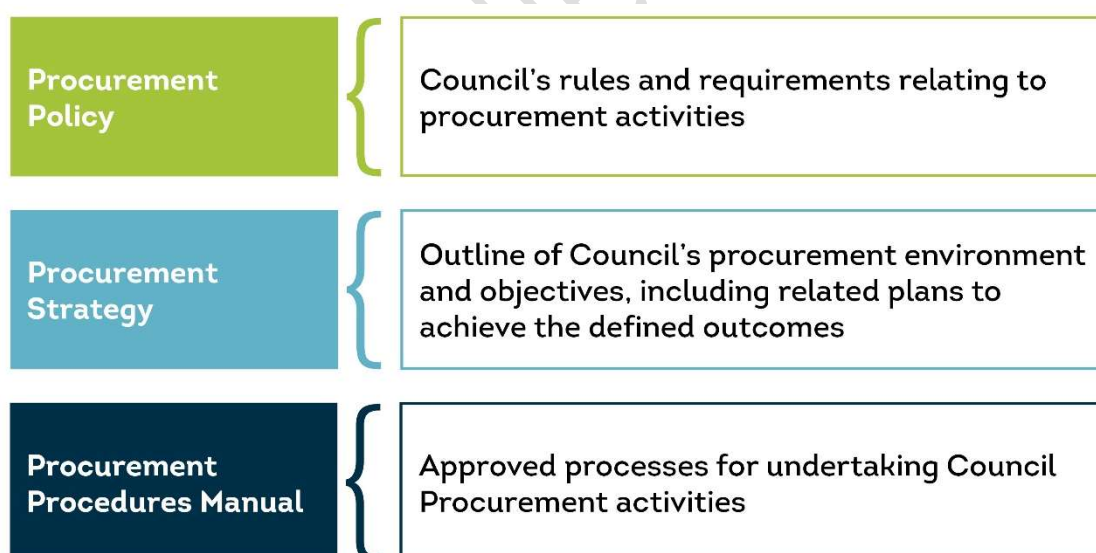
The term 'procurement' covers all aspects of acquiring works, goods and services, including every aspect of the procurement lifecycle (plan, source, manage), and ends with the completion of the service contract or the disposal or repurposing of an asset at the end of its useful life.

All procurement should:

- Meet a justifiable and approved business purpose,
- Be fully accountable and conducted within the requirements of funding agencies,
- Appropriately manage risk,
- Provide the best public value over the whole of life of the goods, service or asset,
- Be conducted with integrity and in a fair and transparent manner,
- Support effective competition, while minimising relationship costs, ongoing operation costs and consequential costs,
- Allow for full and fair opportunity for local suppliers,
- Deliver broader outcomes through the consideration of economic, environmental, social and cultural impacts, and
- Be within the law and in accordance with Councils legal responsibilities.

To maintain Councils integrity, accountability and probity, all procurement activity within Council must be undertaken in accordance with this policy, performed as per the relevant processes documented in the Council Procurement Procedures Manual (2022), and adhere to Council's Procurement Strategy (2022).

The diagram below shows the relationship between the Procurement Policy, Procurement Strategy and Procurement Procedures Manual.



## 5. Mandate and Commitment

The Project Management Office and Group Manager Corporate Services are responsible for the development and oversight of the procurement strategy, policy and procedures for Council. The team will provide expertise, guidance, advice and support to employees undertaking procurement in the achievement of Council objectives.

## **6. Principles**

Council applies the 'The Five Principles of Government Procurement' and takes into consideration the Government procurement charter and rules, as set out in the Government Procurement Rules (4th Edition) 2019, published by the Ministry of Business, Innovation and Employment (MBIE). Council recognises this publication as providing a best practice framework to guide Council in the delivery of the best 'public value' through its procurement, and to drive innovation and performance. Council is also guided by the Government Procurement Rules for sustainable and inclusive procurement.

## **7. Public Value**

When assessing procurement options, employees should use 'public value' as a means of determining the best outcome from funds spent.

The value factors not directly linked to price include environmental, social, economic and cultural outcomes. These are considered 'broader outcomes' and can have a profound effect on the local economy and the wellbeing of the community. Council does not place an obligation on employees to use a process that only accepts the lowest quote or tender from a supplier; however, reasons for accepting a tender that is not the lowest priced should be transparent and justified on a 'whole of life' public value basis.

## **8. Broader Outcomes**

Procurement must be undertaken in line with the broader outcomes as outlined in Rule 16 of Government Procurement Rules (4<sup>th</sup> ed, 2019).

## **9. Locally-based Suppliers**

The overarching requirement for Council procurement activities is to optimise public value, which includes promoting the economic growth and wellbeing of Rangitikei district. This broader outcome can be achieved through sourcing goods and services through local suppliers where practicable.

A 'local supplier' is defined as a supplier of goods and services operating or based in the Rangitikei, and employing and developing local people.

Council will foster and encourage a viable and competitive supply market that is able to provide goods and services now and into the future, ensuring the optimisation of public value for ratepayers and service users.

Employees undertaking procurement should choose to procure goods and services from locally-based suppliers where:

- The public value offered by the locally-based supplier is as good as suppliers based outside the District; and/or
- There is a need to ensure market capacity and capability in the long-term; and/or
- The community will benefit from selection of a local provider, through stronger commitment and/or local accountability, employment growth or other social benefit.

When it is practical Council will also bundle its procurement activities in such a way that ensures opportunities for locally-based (smaller) suppliers, i.e. where it is cost effective and does not compromise efficient management systems.

## **10. Delegated Financial Authorities**

All employees who make purchases, enter into financial / contractual agreements, give refunds or sign off or approve any form of expenditure are limited in their authority to enter into a Council procurement activity. These limits are recorded in the register of Delegated Financial Authority held by the Group Manager Corporate Services.

Employees must comply with their applicable financial delegations when they procure goods or services.

Employees at all levels of Delegated Financial Authority must comply with the procurement and tender award financial procedures set out in the Procurement Procedures Manual (2022).

## **11. Emergency Expenditure**

The delegated financial authorities identify which employees can exceed their level of financial authority for:

- Declared emergencies.
- Rural fire, Civil Defence and hazardous substances emergencies.
- Emergency work to prevent immediate risk to public health, or public safety, or to prevent damage to public property or Council assets.

Expenditure in these circumstances must be in accordance with the appropriate emergency expenditure procedures rather than the strict requirements of the policy and the related strategy and procedures.

## **12. Using Consultants to Procure on Councils Behalf**

If a consultant is engaged to assist Council in a procurement process, the consultant must observe the same ethical standards, principles and behaviours set out within this document. An employee with the appropriate delegated financial authority must brief and work with the consultant.

## **13. Risk Management**

Risk is inherent in all procurement activities and effective risk management is required to ensure that Council and its ratepayers are not exposed to significant unmitigated risk and future liability. Employees shall proactively identify, evaluate and manage any risks, opportunities and issues at all stages of the procurement process.

## **14. Legal and Ethical Considerations**

Council must act ethically and with integrity when procuring goods and services. Employees must:

- Act, and be seen to be acting, in a fair, open and unbiased manner; and
- Observe ethical standards, principles, and behaviour throughout the procurement process.

## **15. Compliance with Legislation**

In addition to policy and rules, anyone involved in procurement must be aware of relevant statutes that relate to Local Government, contracting, and the common law of contracts. Employees must ensure they comply with all applicable legislation throughout the procurement process. Legislation that may apply to Council procurement activities includes, but is not limited to:

- [Commerce Act 1986](#)
- [Construction Contracts Act 2002](#)
- [Contracts and Commercial Law Act 2017](#)
- [Health and safety at Work Act 2015](#)
- [Fair Trading Act 1986](#)
- [Land Transport Management Act 2003](#)
- [Local Authorities \(Members' Interests\) Act 1968](#)
- [Local Government Act 2002](#)
- [Local Government Official Information & Meetings Act 1987](#)
- [Official Information Act 1982](#)
- [Public Audit Act 2001](#)
- [Public Bodies Contracts Act 1959](#)
- [Public Finance Act 1989](#)
- [Public Records Act 2005](#)
- [Trade \(Anti-dumping and Countervailing Duties\) Act 1988](#)

## **16. Contractual Considerations**

Council must comply with all relevant law on the formation and performance of contracts. Legal risks may exist when procuring through a competitive tender or proposal process. Employees must follow the evaluation process that was set out in the invitation or request for tender.

Council's PMO provides a suite of approved procurement contracts, however it is accepted that in some instances a supplier contract may be more suitable.

Where a supplier contract is used, the agreement should be reviewed by the appropriate Group Manager to ascertain its suitability.

## **17. Public Law Considerations**

Council is a public body and as such its tendering processes can be scrutinised by judicial review. Employees should always take into account the risk that its procurement actions and decisions could be subject to judicial review, or a complaint to the Ombudsman or to the Office of the Auditor General.

## **18. Intellectual Property Risks**

Where procurement involves the purchase of intellectual property rights, such as designs or computer software development, employees need to determine whether the intellectual property rights should belong to Council or to the supplier. Relevant factors may include the effect on the price of the contract and the ongoing ability of the parties to develop innovations.

Employees should refer to [Government Rules of Procurement - Rule 63: Intellectual Property](#) for guidance in preparing a Request for Proposal or Request for Tender where intellectual property is likely to be developed or created during the delivery of outcomes.

## **19. Liability**

When contracting for goods or services suppliers may look to limit their liability under a contract.

Employees should take a risk-based approach when considering an exclusion or limitation on a supplier's liability.

All procurement contracts should state:

- The scope and limit of liability
- Events that might cause liability to be incurred; and
- Number of events to be covered.

Without a limit defined in the contract, the supplier's liability will be determined by general law. In circumstances where there is a limit on a supplier's liability, associated costs to Council should be taken into account when considering that supplier's goods or services.

## **20. Conflicts of Interest**

As part of Council's obligation to act fairly and openly, employees must take care that decision-making cannot be challenged on the basis of actual or potential bias and/or conflicts of interests. Conflicts of Interest may relate to Council Officers who make decisions relating to procurement, including governance, management, operational employees and the person approving the procurement.

Any conflicts of interest identified through the risk management process shall be handled in accordance with the Council's Code of Conduct.

## **21. Confidentiality**

Confidentiality is a common characteristic of competitive procurement processes and employees should take particular care when handling commercially sensitive information; confidentiality obligations can apply throughout the entire procurement process including after the contract has terminated or expired.

Employees must:

- Respect the confidentiality and sensitivity of information received in the course of their work
- Not use this information for personal gain
- Not use confidential information to influence, disadvantage, or advantage other participants; and
- Always communicate information accurately, impartially, and in a manner not designed to mislead, to all interested participants.

## **22. Disclosure under Law**

There are times when Council's obligations to ratepayers, under either the [Official Information Act 1982](#) or the [Local Government Official Information and Meetings Act 1987](#), might override the interests of confidentiality. These Acts mean that Council is not able to give suppliers comprehensive assurances about the protection of sensitive information. Note that there are relevant grounds for withholding information under those Acts, such as unreasonable prejudice to the commercial position of a potential supplier, but these can be overridden if there is greater public interest in disclosing the information.

## **23. Fraud and Corruption**

Council regards fraud and corruption as totally unacceptable and will apply a 'Zero Tolerance' approach to fraudulent behaviour, misuse of funds, or corruption.

## **24. Supplier Complaints**

All supplier complaints are managed in accordance with the [Government Rules of Procurement – Rule 50: Supplier Complaints](#).

## **25. Documentation and Publication Requirements**

Adequate records must be kept of procurement decisions in accordance with [The Public Records Act 2005](#) and in accordance with normal prudent business practice. Information to be retained should include decisions, actions, minutes, reports and correspondence relating to the procurement lifecycle stages of plan, source and manage.

All documentation relating to procurement should be saved to the appropriate location in Council's record management system for a minimum of seven years.

Council will ensure its Procurement Policies, Strategy and Procedures are publically available and current at all times.



## 26. Waka Kotahi Documentation and Publication Requirements

Council receives funding from Waka Kotahi to undertake some transportation projects. The [NZTA Procurement Manual Amendment 5](#) outlines Council's requirements under *Rule 10.6: Documentation and Publication Requirements*, which may also include compliance with the Government Rules of Procurement. Council employees will comply with the relevant rules of the NZTA Procurement Manual and the Government Rules of Procurement.

## 27. Roles and Responsibilities

Role	Responsibility
All Employees	<ul style="list-style-type: none"><li>Undertake all procurement activities in line with the Procurement Strategy, Policy and Procedures.</li></ul>
Project Management Office	<ul style="list-style-type: none"><li>Work to continuously improve Council's procurement and contract management processes, ensuring compliance with all relevant policy and legislative requirements.</li><li>Maintain the Procurement Strategy to reflect Council's objectives and budgets, and any changes to relevant policy.</li><li>Ensure robust policies, procedures, and templates are available to employees to undertake procurement within Council principles.</li><li>Provide guidance and support to staff to ensure compliance with Council's procurement processes.</li></ul>
Managers	<ul style="list-style-type: none"><li>Ensure employees are aware of their procurement requirements as relevant to their role.</li><li>Support employee development to ensure their capability aligns with the requirements of their role.</li></ul>
Group Manager, Corporate Services	<ul style="list-style-type: none"><li>Provide oversight of the Procurement function.</li><li>Review and approval of the Procurement Policy, Strategy and Procedures.</li></ul>

## 28. Review

This policy will be reviewed every three years or at the request of Council or in response to changes to legislative and statutory requirements.

**9.2 Health, Safety and Wellbeing****Author:** Sharon Grant, Group Manager - People & Culture**Authoriser:** Peter Beggs, Chief Executive**1. Reason for Report**

- 1.1 This report provides an update on health, safety and wellbeing matters. The report includes monthly Health and Safety Dashboards and an update on progress with the Health, Safety and Wellbeing Due Diligence Plan. The report also provides relevant new documents for Audit and Risk Committee review and feedback.

**2. Context**

- 2.1 Elected Representatives are considered Officers under the Health and Safety at Work Act 2015 (Act). This means that they have an obligation to exercise due diligence in relation to health and safety matters. Due diligence is defined in section 44(4) of the Act as taking reasonable steps to:
  - 2.1.1 Acquire and update knowledge of health and safety matters; and
  - 2.1.2 Gain an understanding of the operations carried out by the organisation, and the hazards and risks generally associated with those operations; and
  - 2.1.3 Ensure the person conducting business or undertaking (PCBU) has appropriate resources and processes to eliminate or minimise those risks; and
  - 2.1.4 Ensure the PCBU has appropriate processes for receiving and considering information about incidents, hazards and risks, and for responding to that information in a timely way; and
  - 2.1.5 Ensure there are processes for complying with any duty, and that these are implemented; and
  - 2.1.6 Verify that these resources and processes are in place and being used.
- 2.2 Council's Health and Safety Dashboards (Dashboards) provide health and safety event data and year-to-date trends. The Dashboards also identify critical risk categories and provide information on current health, safety and wellbeing initiatives. The Dashboards support Elected Members to exercise their due diligence obligations by providing up-to-date information on incidents, hazards and risks, together with continuous improvement activities and wellbeing initiatives.
- 2.3 Council is committed to continuous improvement, monitoring and review across all aspects of workplace health, safety and wellbeing. Continuous improvement is achieved through actions identified in the Health, Safety and Wellbeing Due Diligence Plan and the Health, Safety and Wellbeing Improvement Action Plan.

**3. Discussion****3.1 Health and Safety Dashboards**

- 3.1.1 The Dashboards for September, October, and November 2021 are attached to this report.

3.1.2 The Dashboard for the period ending 30 September 2021 includes one near miss event. The Dashboard for the period ending 31 October 2021 includes two near miss events, and the identification of one new hazard. The Dashboard for the period ending 30 November 2021 includes one accident and one near miss event. There were no notifiable (serious harm) events during this reporting period.

3.1.3 The Dashboard data shows that the two most common risk categories are abusive behaviour and motor vehicles. These common risk categories are consistent with previous reporting and are current focus areas for ongoing training and support.

### **3.2 Health, Safety and Wellbeing Due Diligence Plan**

3.2.1 The Audit and Risk Committee endorsed the Health, Safety and Wellbeing Due Diligence Plan (Due Diligence Plan) at its September 2021 meeting. The Due Diligence Plan outlines activities that will be undertaken to enhance elected member knowledge and understanding of health and safety matters. An update of Due Diligence Plan activities undertaken since September 2021 is provided below. The Due Diligence Plan is attached to this report for reference.

3.2.2 Governance Health, Safety and Wellbeing Champion:

A Governance Health, Safety and Wellbeing Champion was appointed by Council at the meeting held on 30 September 2021.

3.2.3 Institute of Directors Advanced Health and Safety Governance Training:

The Governance Health, Safety and Wellbeing Champion and Council's Group Manager People and Culture have completed the Institute of Directors Advanced Health and Safety Governance Training (on-line modules).

3.2.4 Health, Safety and Wellbeing Governance Charter:

A Health, Safety and Wellbeing Governance Charter (Charter) has been developed to provide a one-page, visual reference of Governances' commitment to due diligence obligations. If endorsed, it is anticipated that the Charter will be published, printed and displayed within Council Chambers.

The proposed Charter is attached to this report. Comment and feedback on the Charter is invited from the Audit and Risk Committee.

3.2.5 Health, Safety and Wellbeing Reporting Schedule:

The current health, safety and wellbeing reporting schedule is included in the 'Regular Activities' section of the Due Diligence Plan. The schedule has been reviewed by the Governance Health, Safety and Wellbeing Champion and Group Manager People and Culture. The current reporting schedule includes:

- Monthly: Health, Safety and Wellbeing Dashboard presented to Council
- Quarterly: Full Health, Safety and Wellbeing Report to Audit and Risk Committee
- As required: Full report of notifiable events (incidents or accidents) to Audit and Risk Committee

Following review, no changes to the current reporting schedule are proposed.

### 3.2.6 Health, Safety and Wellbeing Strategy

A new Health, Safety and Wellbeing Strategy (Strategy) has been developed to replace Council's existing Health and Safety Manual. The Manual was reviewed as part of Council's health, safety and wellbeing workplan.

The Strategy was developed by Councils Executive Leadership Team, with contribution from Health and Safety Representatives and the Governance Health, Safety and Wellbeing Champion.

The Strategy outlines Council's commitment to health, safety and wellbeing, and includes key aspects of Council's health, safety and wellbeing frameworks and practices.

There are eight documents appended to the Strategy as listed below.

1. Health, Safety and Wellbeing in the Workplace Policy
2. Health, Safety and Wellbeing Representatives Role Overview
3. Health, Safety and Wellbeing Due Diligence Plan
4. Governance Health, Safety and Wellbeing Charter
5. Health, Safety and Wellbeing Improvement Action Plan
6. Contractor Risk Level Classification
7. Nga Pou Organisational Values Framework
8. Volunteer Health and Safety Guidebook

The Health, Safety and Wellbeing Strategy (including appendices) is attached to this report. Comment and feedback is invited from the Audit and Risk Committee.

### 3.3 Volunteer Health and Safety Procedures

3.3.1 An action arising out of the Policy and Planning Committee meeting held on 14 October 2021 was the development of procedures to support Council's volunteer workers. A Volunteer Health and Safety Guidebook has been developed to outline procedures and considerations to support and protect Council volunteers and guide those coordinating volunteer groups.

The Volunteer Health and Safety Guidebook is attached to this report. Comment and feedback is invited from the Audit and Risk Committee.

### 3.4 Health, Safety and Wellbeing Work Programme Update

3.4.1 Health, safety and wellbeing initiatives that have recently been completed include safe driver awareness training, the review of Council's Health and Safety Manual, and the development of a Volunteer Health and Safety Guidebook

3.4.2 Health, safety and wellbeing initiatives currently underway include Covid-19 workplace risk assessments and staff consultation on Councils proposed position on Covid-19 vaccinations.

3.4.3 Health, safety and wellbeing initiatives planned within the next two months include the review of Councils Health and Safety Risk Register, selection and implementation of an on-line health and safety system and the arrangement of a 'work as done' session for Elected Members as per the Due Diligence Plan.

**4. Attachments**

1. Health and Safety Dashboard, September 2021
2. Health and Safety Dashboard, October 2021
3. Health and Safety Dashboard, November 2021
4. Health, Safety and Wellbeing Due Diligence Plan
5. Health, Safety and Wellbeing Governance Charter
6. Health, Safety and Wellbeing Strategy (under separate cover)
7. Volunteer Health and Safety Guidebook (under separate cover)

**Recommendation 1**

That the report 'Health, Safety and Wellbeing' together with attachments, be received.

**Recommendation 2**

That the Audit and Risk Committee reviews the proposed Health, Safety and Wellbeing Governance Charter and provides feedback (if any).

**Recommendation 3**

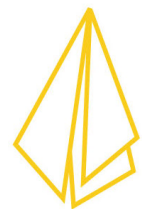
That the Audit and Risk Committee approves the current health, safety and wellbeing reporting schedule as provided in the Health, Safety and Wellbeing Due Diligence Plan.

**Recommendation 4**

That the Audit and Risk Committee reviews the Health, Safety and Wellbeing Strategy and provides feedback (if any).

**Recommendation 5**

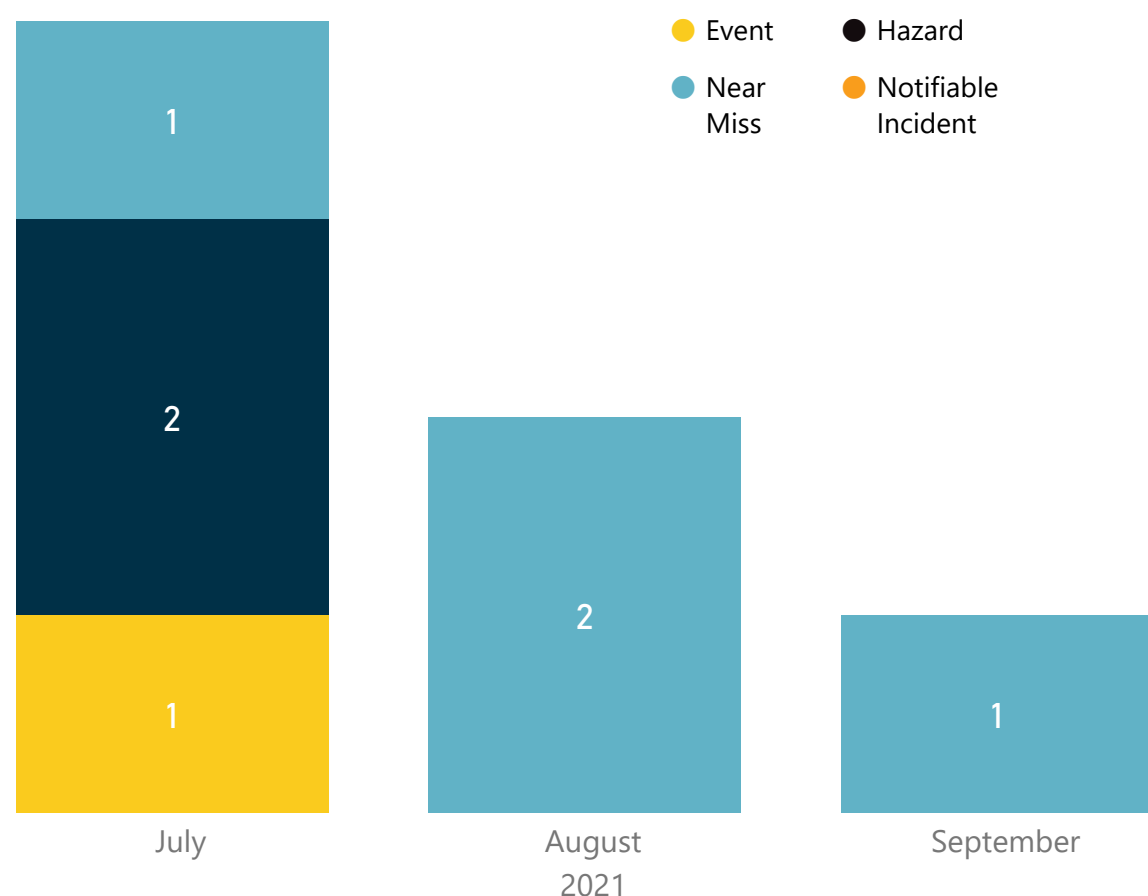
That the Audit and Risk Committee reviews the Volunteer Health and Safety Guidebook and provides feedback (if any).



# Rangitikei District Council Health & Safety

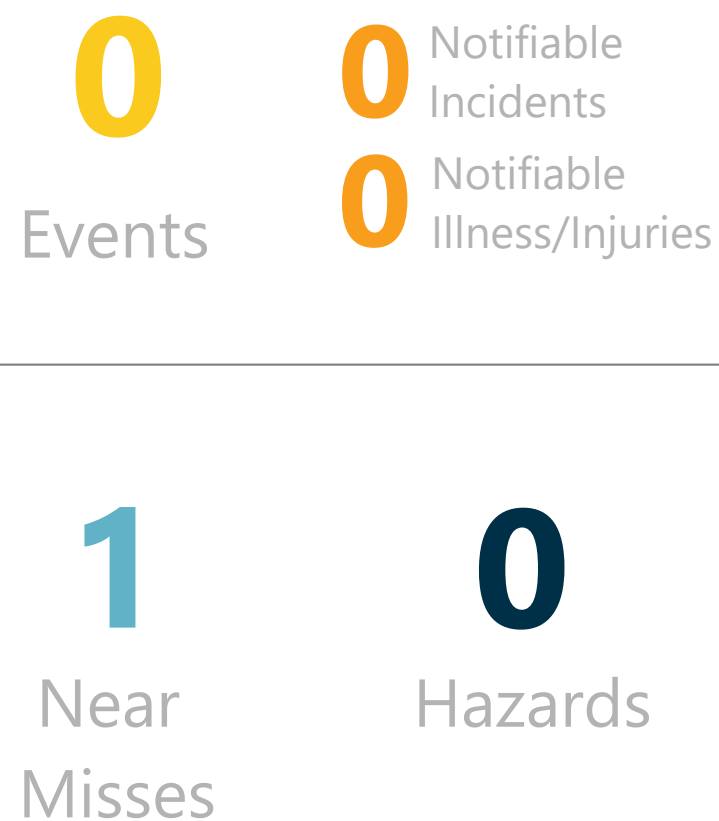
## Events, Hazards and Near Misses

01 July 2021 to date



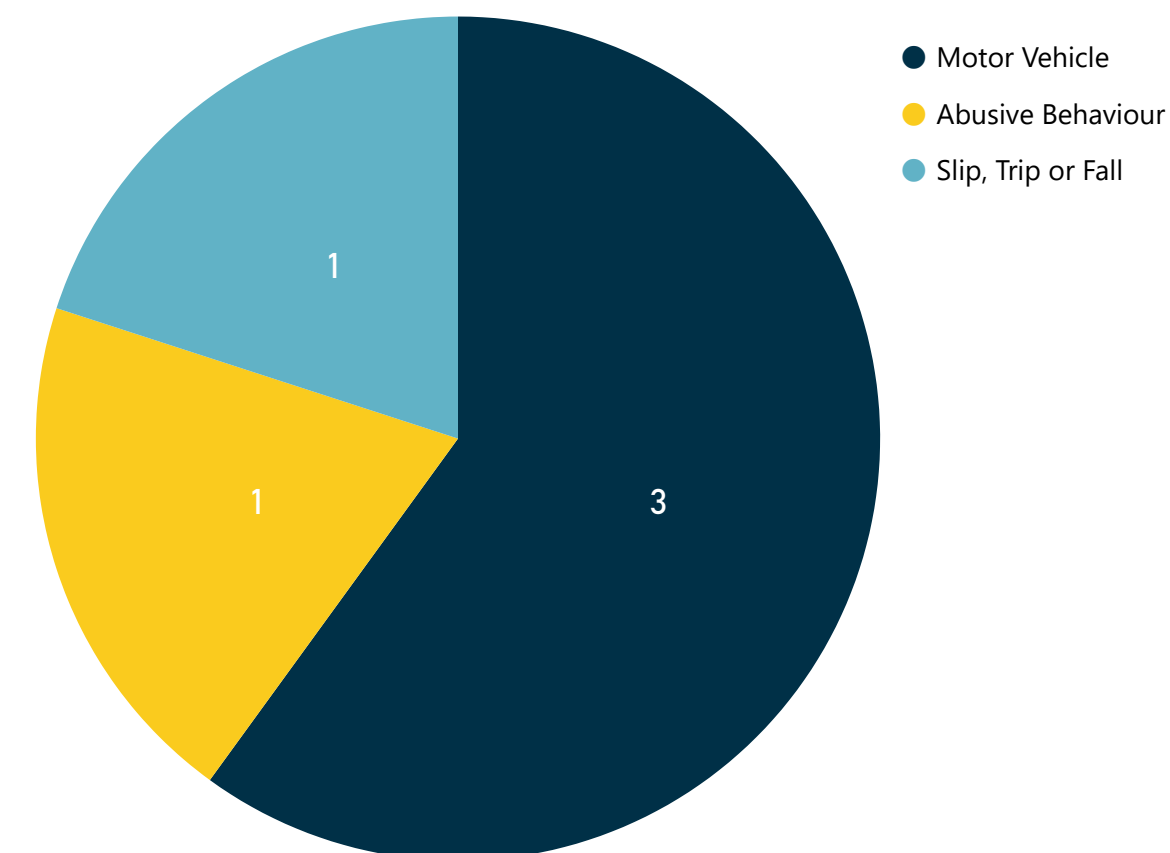
## This month

September 2021



## Event/Near Miss Category

01 July 2021 to date



## Wellbeing News

Look after your physical and mental wellbeing!

A healthy mind makes your body work better, and a healthy body improves your mental wellbeing. Taking care of this important relationship can significantly improve overall wellbeing. Having a healthy mind-body connection means you can generally have a good nights sleep and wake up feeling rested, coordinate your body movements (e.g. good eye-hand coordination), have mental, emotional and physical energy needed to achieve daily tasks and cope with pressure in a productive way.

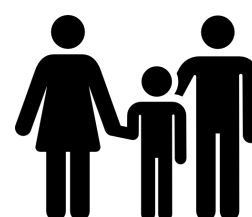
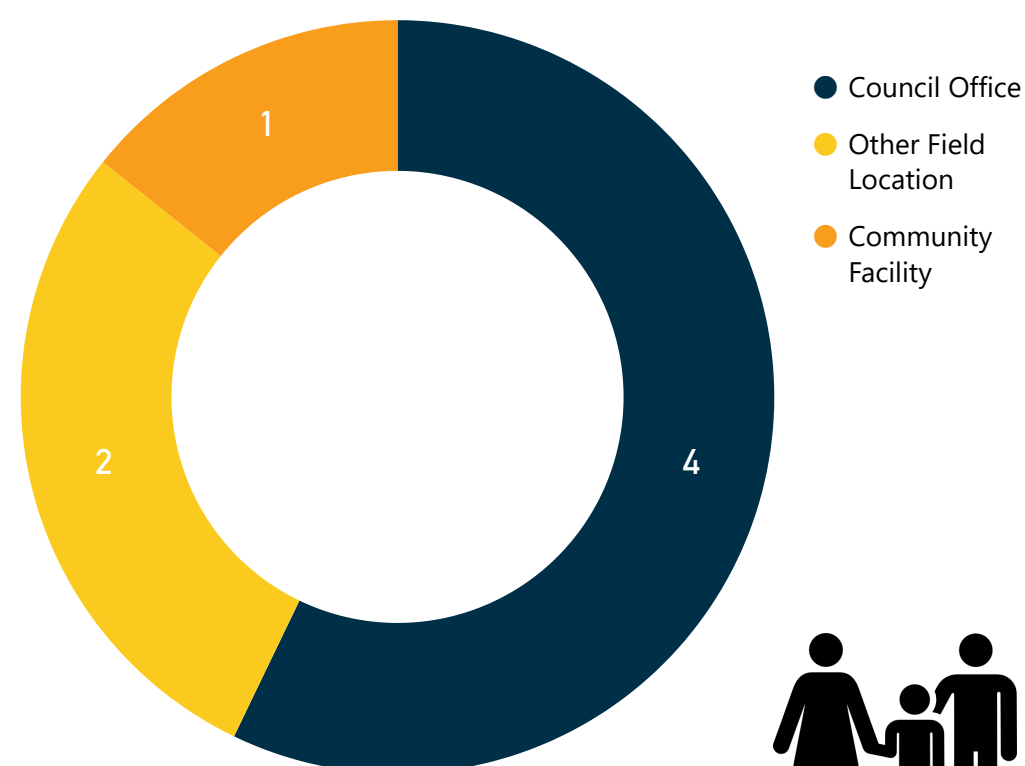
Remember all RDC staff can access the My Everyday Wellbeing website for some great recipes and health and wellbeing tips to help keep you on track.

### Annual Health Checks

A free yearly 15 minute check-up is offered to permanent staff. These checks include diabetes and cholesterol screening, blood pressure checks and body mass index. A free blood test for prostate cancer is also available. All you need to do is make an appointment with your GP and RDC will reimburse you for the GP visit.

## Location

Events, Hazards and Near Misses



## Driver Ratings

	Jul	Aug	Sep
★★★★★	8	6	6
★★★★	8	7	10
★★★	11	10	8
★★	10	10	11
★			

**NOTE:** Star ratings for August 2021 are for 33 vehicles only.

## Coming Up

Full body Molemaps are scheduled for 28 October and another 1/2 day to be arranged for the staff cancelled in September. Vouchers are available for staff who would like a Molemap and these can be used at either the Wanganui or Palmerston North clinics.

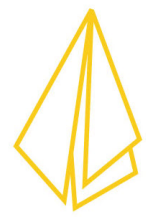
Full First Aid and Refresher Training - unfortunately the First Aid Training has been postponed due to COVID Lockdowns. These will be rescheduled and held when we go down to Level 1.

Driver Safety Awareness Seminars have been rescheduled to Tuesday 2 November in Chambers at 1.30pm and 3pm. Please advise Marcelle Williams if you would like to attend as certificates of attendance will be issued to attendees.

We have set up cross-Council project teams to work on some exciting new initiatives including an app-based reporting system, H&S Manual review and our H&S Risk Register. If you want to be involved, please contact Marcelle Williams.

The Regional Health & Safety Rep Forum is being held on Wednesday 17th November 2021 in Palmerston North. Contact Marcelle to register.

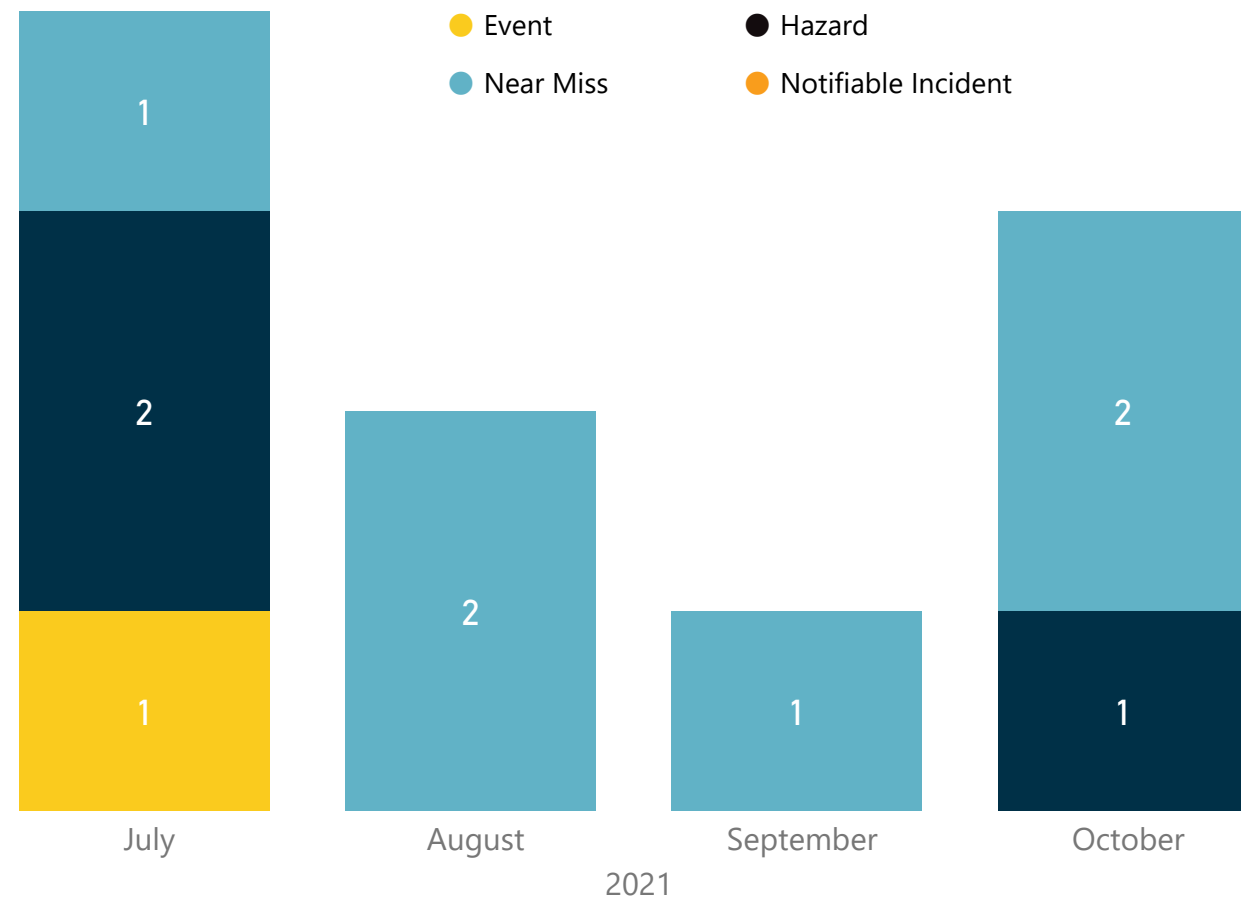




# Rangitikei District Council Health & Safety

## Events, Hazards and Near Misses

01 July 2021 to date



## This month

October 2021

0

Events

0 Notifiable Incidents  
0 Notifiable Illness/Injuries

2

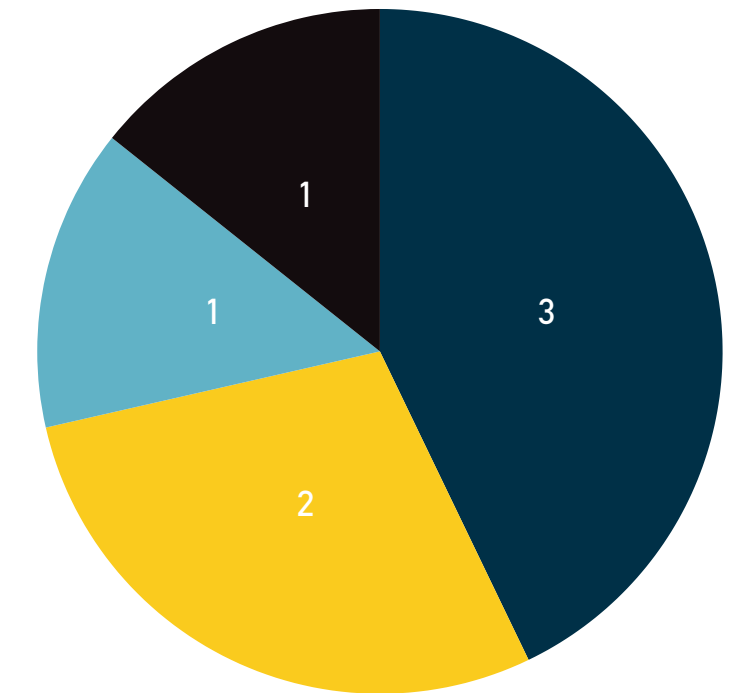
Near Misses

1

Hazards

## Event/Near Miss Category

01 July 2021 to date



● Motor Vehicle ● Slip, Trip or Fall ● Abusive Behaviour ● Object fall

## Wellbeing News

### Unite against Covid-19!

We are doing everything we can to promote vaccinations within our community and our workplace, and we want to support everyone to be fully vaccinated.

There is excellent, trusted, on-line information available at [covid19.govt.nz](https://covid19.govt.nz).

If there are barriers preventing you from getting vaccinated that RDC can help with please speak to your manager, or a member of the People and Culture Team. For the most up to date information on Covid-19 alert levels and other information, please refer to [www.covid19.govt.nz](https://www.covid19.govt.nz)

### Reminder of some of our wellbeing opportunities for staff to access:

#### \* Swimming pool access

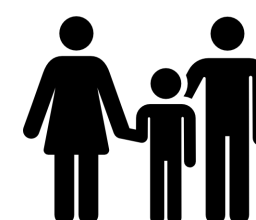
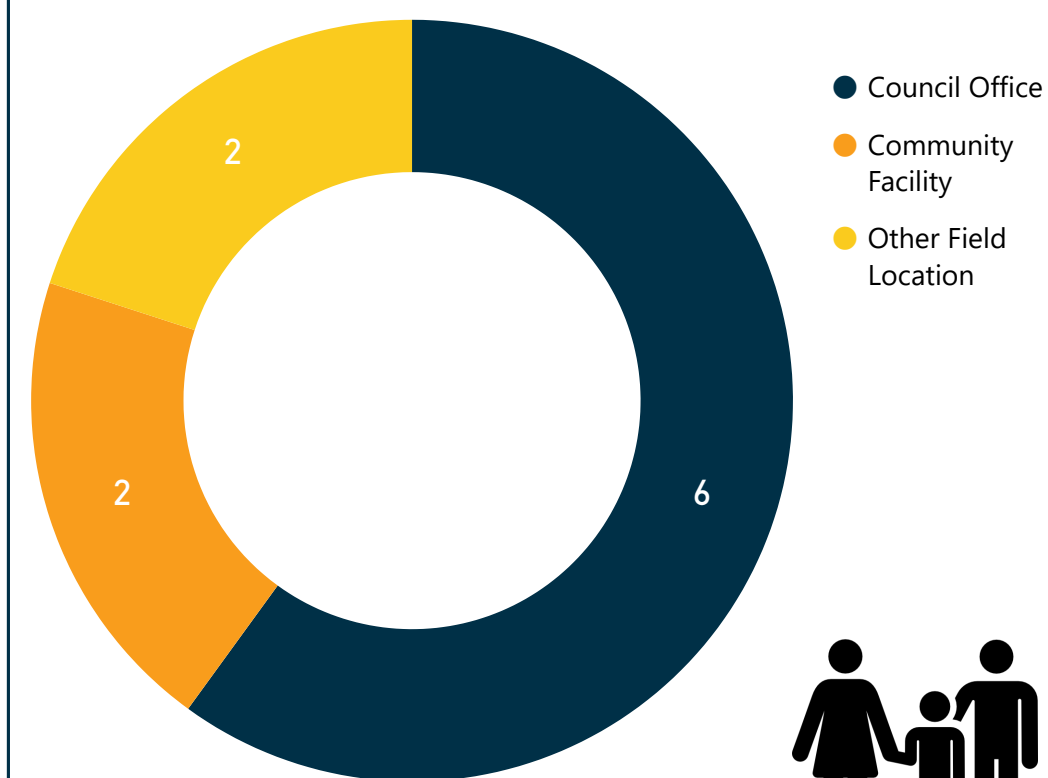
Remember all staff receive free entry to the Marton and Taihape swimming pools using your staff photo ID.

#### \* Sick Leave Gifting

Sick leave gifting enables you to donate your unused sick leave days on a voluntary basis to a sick leave bank. The sick leave bank provides an option for colleagues who are unwell, and have no other leave options, to apply for gifted sick leave. The policy includes further detail about how to donate sick leave, how to apply to the sick leave bank, and how applications will be considered. There are forms attached to the policy for both donations and applications

## Location

### Events, Hazards and Near Misses



## Driver Ratings

	Aug	Sep	Oct
★★★★★	6	6	8
★★★★	7	10	8
★★★	10	8	15
★★	10	11	5
★	<b>NOTE:</b> Star ratings for August 2021 are for 33 vehicles only.		

## Coming Up

Full body Molemaps are scheduled for 9 December for the staff who were cancelled in September. Vouchers are available for staff who would like a Molemap and these can be used at either the Wanganui or Palmerston North clinics.

Full First Aid and Refresher Training scheduled for 5 November and 2 December at Te Matapihi, Bulls.

Driver Safety Awareness Seminars are being held on Tuesday 2 November in Chambers at 1.30pm and 3pm.

Health, Safety and Wellbeing Committee meeting on Tuesday 7 December

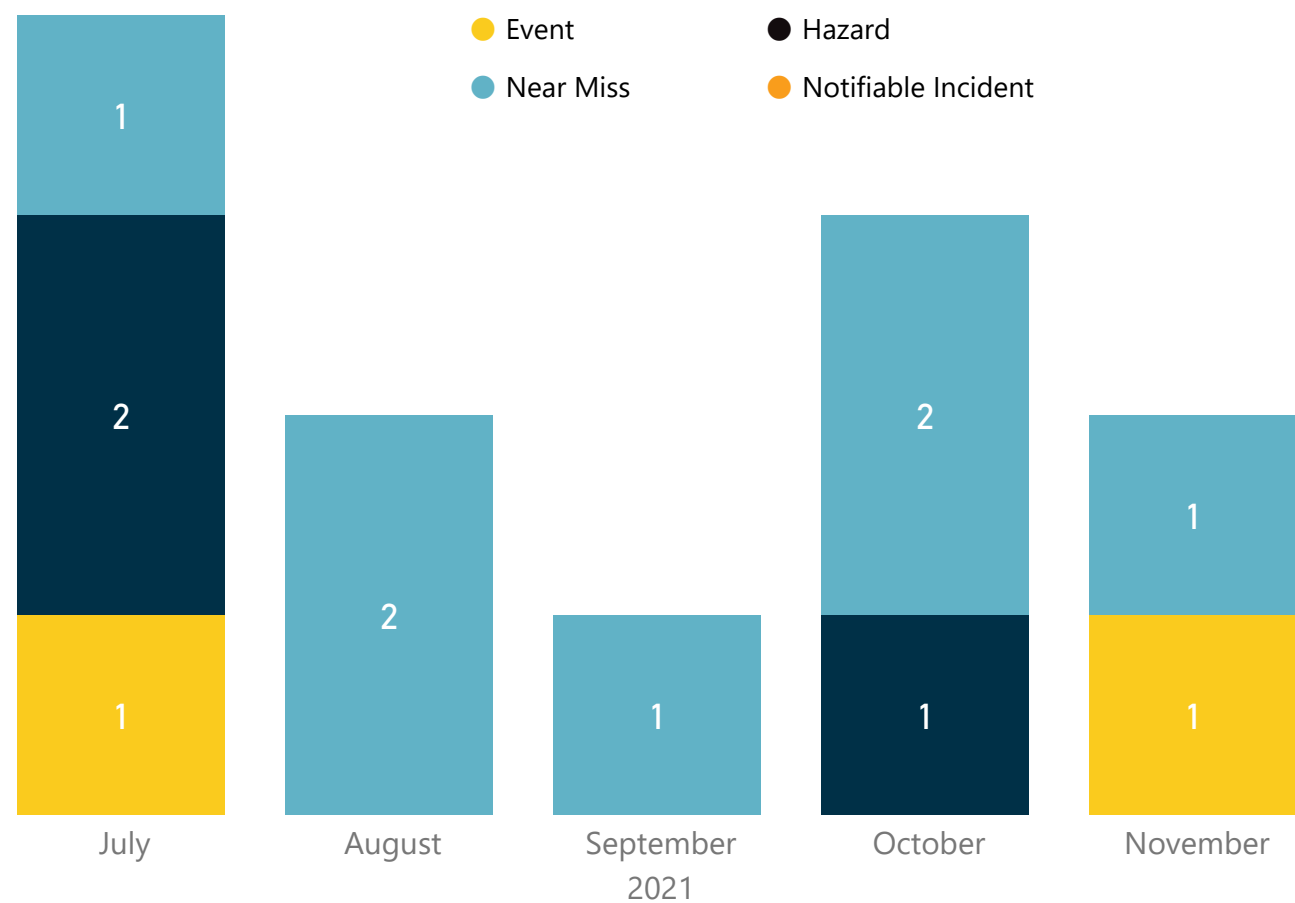




# Rangitikei District Council Health & Safety

## Events, Hazards and Near Misses

01 July 2021 to date



## This month

November 2021

1 Events

0 Notifiable Incidents

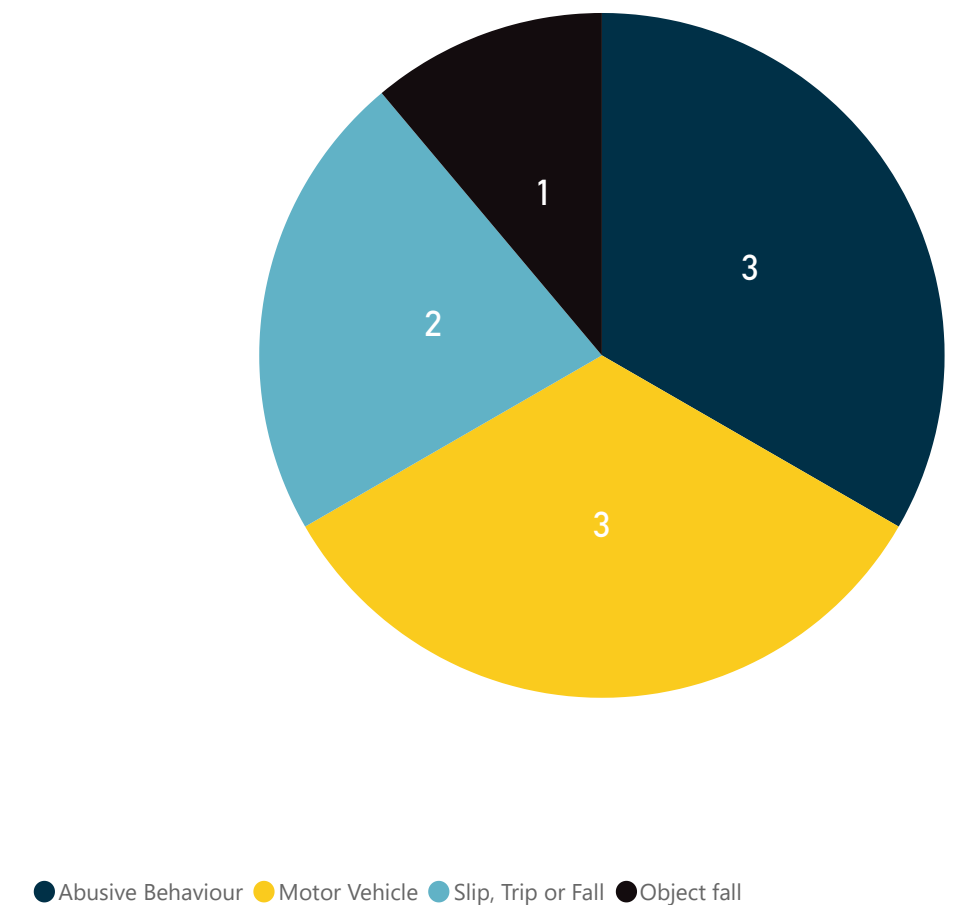
0 Notifiable Illness/Injuries

1 Near Misses

0 Hazards

## Event/Near Miss Category

01 July 2021 to date



## Wellbeing News

### Unite against Covid-19!

NZ is moving out of Alert Levels into the Covid-19 Protection Framework. Vaccination continues to be the best method to protect against Covid-19 and we encourage everyone to be fully vaccinated. For help accessing information about Covid-19 vaccinations, or for information on where to go to get vaccinated, please chat to Marcelle or Sharon.

### iPhone "Do Not Disturb" function while driving

We want all our staff to be safe while driving, including eliminating distractions that may take your attention away from the road. We all know that we must never send, check, or respond to text messages when driving. iPhones have a "Do Not Disturb" function you can activate while driving. Follow the steps below to set it up:

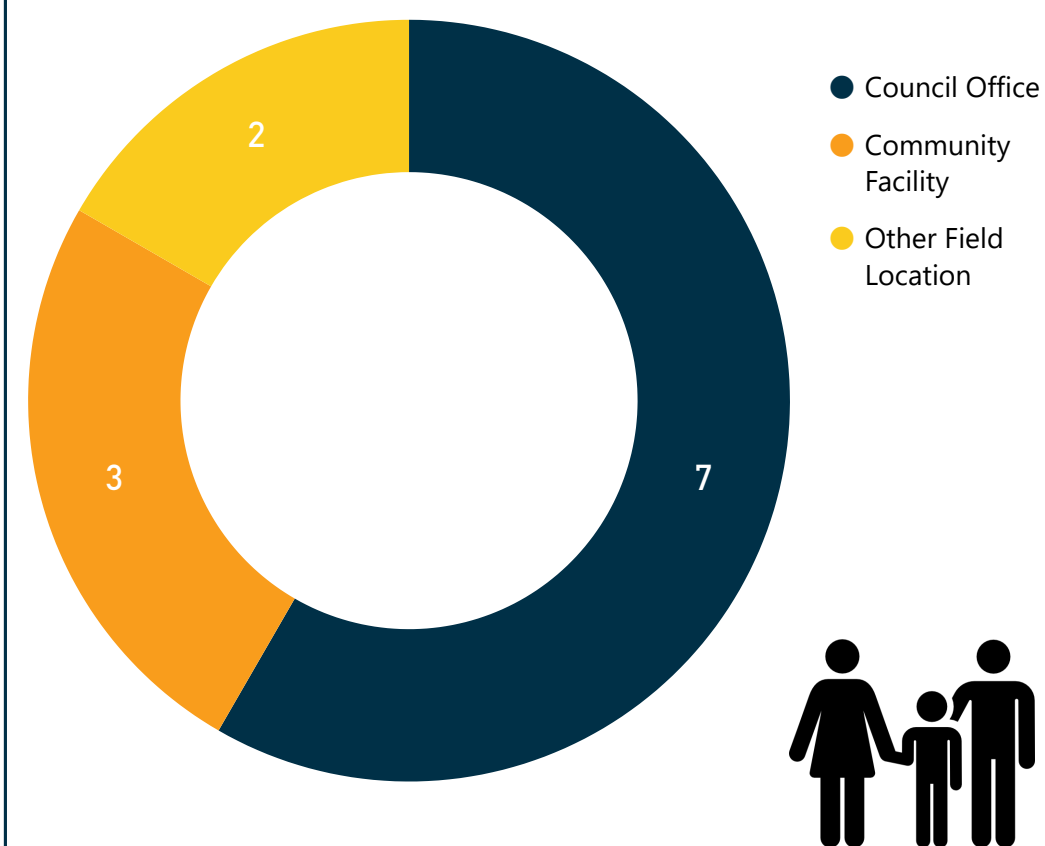
- Make sure the car and phone are linked via Bluetooth first then go to settings
- Turn on blue tooth and scroll down to 'Do not Disturb'
- Activate When Connected to blue tooth
- Auto Reply message "I'm driving and will reply to your message when I reach my destination".

### Preventing harm as summer approaches!

As the season of festivities and fun in the sun approaches it is a good time to remember the risks of summer. Remember to be a responsible host by providing food and low, or no alcohol options, be SunSmart, especially if you choose an outside venue. Ensure there is plenty of shade and sunscreen available.

## Location

## Events, Hazards and Near Misses



## Driver Ratings

	Sep	Oct	Nov
★★★★★	6	8	9
★★★★	10	8	8
★★★	8	15	16
★★	11	5	4
★	0	0	0

## Coming Up

Full body Molemaps are scheduled on 9 December for the staff who were cancelled in September. Vouchers are available for staff who would like a Molemap and these can be used at either the Wanganui or Palmerston North clinics.

Next Health and Safety Committee Meeting is schedule for 10am Tuesday 7 December 2021 in Chambers.

Personal Resilience Workshops (Vītae) 2 December and 6 December - Learn techniques to build and enhance your personal resilience, and support those around you to do the same





## **Health, Safety and Wellbeing Due Diligence Plan**

This Due Diligence Plan is aligned to the Institute of Directors Health and Safety Guide: Good Governance for Directors (March 2016) and aims to enhance due diligence in health, safety and wellbeing (HS&W) leadership at Rangitikei District Council (RDC).

A positive and robust HS&W culture begins at the Council table and spreads throughout the organisation. The Health and Safety at Work Act places a duty on elected members – as Officers – to exercise due diligence to ensure that RDC complies with its health and safety duties and obligations.

Due diligence requires Officers to take reasonable steps to understand RDC's operations and HS&W risks, and to ensure that they are managed so that everyone is safe. Due diligence is defined in the Health and Safety at Work Act as taking reasonable steps to:

- Acquire and update knowledge of health and safety matters
- Gain an understanding of the operations carried out by the organisation and the hazards and risks generally associated with those operations
- Ensure the organisation has, and uses, appropriate resources and processes to eliminate or minimise those risks
- Ensure the organisation has appropriate processes for receiving and considering information about incidents, hazards and risks, and for responding to that information in a timely way
- Ensure there are processes for complying with any duty, and that these are implemented
- Verify that these resources and processes are in place and being used.

This due diligence plan outlines the activities that will be undertaken to enhance elected member knowledge and understanding of HS&W matters. The plan is aligned to the elements of policy and planning, delivery, monitoring and review.

A key part of this plan is the 'Work as Done' sessions. The intent of these sessions is for the key staff responsible for each area to demonstrate the nature of their operations, the hazards and risks associated with those operations, and their HS&W approach and processes to eliminate or minimise those risks. Where appropriate, a site visit will be scheduled as part of this process.

Scheduled activities		Due diligence element				When
What	Who	Policy & planning	Delivery	Monitoring	Review	
SafePlus Assessment	Whole organisation				*	March 2021 <i>Complete</i>
Work as Done Session: Landfill remediation at Putorino Road / Mangaweka Bridge Replacement	Elected Members Chief Executive, ELT, Officers.		*	*		May 2021 <i>Complete</i>
SafePlus Assessment report to Audit and Risk	Audit and Risk Committee Chief Executive, GM People and Culture				*	Sept 2021 <i>Complete</i>
Endorse HS&W in the Workplace Policy	Audit and Risk Committee	*				Sept 2021 <i>Complete</i>
Endorse HS&W Due Diligence Plan	Audit and Risk Committee	*				Sept 2021 <i>Complete</i>
Appoint Governance HS&W Champion	Council	*				Sept 2021 <i>Complete</i>
Institute of Directors Advanced H&S Governance Training (on-line)	Governance H&S Champion Group Manager People and Culture		*			Oct 2021 <i>Complete</i>
Develop HS&W Governance Charter	H&S Champion GM People and Culture	*				Oct/Nov 21 <i>Complete</i>
Review HS&W strategy and reporting	H&S Champion GM People and Culture	*				Oct/Nov 21 <i>Complete</i>
Endorse HS&W Governance Charter, strategy and reporting	Audit and Risk Committee	*				Dec 2021
Work as Done Session: Parks and Reserves (includes site visit)	Elected Members Chief Executive, ELT, Officers.		*	*		Feb 2022
Work as Done Session: Lone workers	Elected Members Chief Executive, ELT, Officers.		*	*		March 2022
Work as Done Session: Animal Control (includes site visit).	Elected Members Chief Executive, ELT, Officers.		*	*		May 2022
Work as Done Session: Libraries / front of house	Elected Members Chief Executive, ELT, Officers.					July 2022
HS&W governance training for new Council.	Elected Members		*			Nov/Dec 22

Regular activities (including reporting schedule)		Due diligence element				When
What	Who	Policy & planning	Delivery	Monitoring	Review	
Monthly HS&W Report (Dashboard)	Full Council CE and Executive Leadership Team			*		Monthly
Quarterly HS&W Report (full report)	Audit and Risk Committee			*		Quarterly
Full report of notifiable incidents or accidents	Audit and Risk Committee			*		As needed
Discussion of HS&W incidents, innovations and other matters	CE and Executive Leadership Team		*	*		Monthly
Attend HS&W Committee Meetings	GM People and Culture GM Assets and Infrastructure		*	*		Bimonthly
Review of HS&W Committee Meeting minutes and matters arising	CE and Executive Leadership Team		*	*	*	Bimonthly
Departmental HS&W Toolbox Meetings	Departmental GM's		*	*	*	Monthly
Updates / training on HS&W Matters	As appropriate		*			As needed

## Governance Health, Safety and Wellbeing Charter

### Vision

Rangitikei District Council's health, safety and wellbeing vision is 'everyone gets home safe'. This means that every person who comes to work at or with the Council gets home each day safe, healthy and well.

### Purpose

1. Elected members have a governance role in providing leadership and oversight on all matters relating to health, safety and wellbeing.
2. Elected members are committed to ensuring the Council complies with its health, safety and wellbeing duties arising out of its operations.
3. Elected members are committed to supporting management in implementing and maintaining health, safety and wellbeing systems that meet excellent practice standards.
4. This charter sets out the responsibilities of elected members in relation to health, safety and wellbeing.

### Responsibilities

Each elected member will exercise due diligence to ensure that Council complies with its duties under relevant health and safety legislation. This means that each elected member will take all reasonably practicable steps to:

1. Acquire and update knowledge of health and safety matters
2. Gain an understanding of the operations carried out by the organisation and the hazards and risks generally associated with those operations
3. Ensure the organisation has, and uses, appropriate resources and processes to eliminate or minimise those risks
4. Ensure the organisation has appropriate processes for receiving and considering information about incidents, hazard and risks, and for responding to that information in a timely way
5. Ensure there are processes for complying with any duty, and that these are implemented
6. Verify that these resources and processes are in place and being used.

### Review

The objectives and responsibilities set out in this charter will be reviewed at least every three years to ensure it adequately sets out elected member's governance role in health, safety and wellbeing, and the Council's commitment to a safe, healthy and well workplace.

Signed on behalf of Council

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Andy Watson, Mayor

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Date

**9.3 Treasury Reporting****Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Audit and Risk Committee with a report on Council's performance in relation to compliance with its Treasury Management Policy as at November 2021.

**2. Context**

- 2.1 Council's Liability Management Policy is contained within Council's Treasury Management Policy. The Liability Management Policy includes four borrowing covenants and Council must ensure that its borrowing arrangements do not contravene these covenants.

**3. Analysis**

- 3.1 The four borrowing covenants are as follows:

1. Net Interest/Total Revenue must not exceed 20%
2. Net Interest/Annual Rates Revenue must not exceed 25%
3. Net Debt/Total Revenue must not exceed 175%
4. External Debt plus Committed Facilities plus Liquid Investments divided by External Debt must be greater than 110%

- 3.2 Net Interest/Total Revenue must not exceed 20%

November YTD figures (draft)

• Interest Expense	\$50k
• Interest Income	\$5k
• Net Interest	\$45k
• Total Revenue	\$17m
Net Interest/Total Revenue	<1%

## ITEM 9.3

- 3.3 Net Interest/Annual Rates Revenue must not exceed 25%
- YTD Net Interest (from S3.2) \$45k
  - YTD Net Interest annualised ('flat rate') \$100k  
(S3.6 below shows the impact of future increases of Debt on this benchmark)
  - Rates Revenue full year budget \$25.6m
  - Net Interest/Annual Rates Revenue (based on current debt levels) <1%
- 3.4 Net Debt/Total Revenue must not exceed 175%
- Debt \$3m
  - Bank/Deposits \$8.9m
  - Net Debt NA
  - Notional Full Year Revenue \$47.2m
  - Net Debt/Total Revenue NA
- 3.5 External Debt plus Committed Facilities plus Liquid Investments (Available Finance) divided by External Debt must be greater than 110%
- External Debt \$3m
  - Bank/Deposits \$8.9m
  - Available Finance \$11.9m
  - Available Finance divided by External Debt 396%
- 3.6 Expected Debt Increase: next 6 months
- Expected increase to Council Debt (borrow at 2%): \$26m
- (Assume spend further \$40m full year on Cap Ex; further \$17m on Op Ex, receive further \$31m Revenue)
- Interest Expense (full year) est \$250k
- Net Interest/Total Revenue (200k/47m) must be <20% <1%
- Net Interest/Annual Rates Revenue (250k/25.6m) : must be <25% 1%
- Net Debt/Total Revenue (21m/47m) : must be <175% 45%
- Available Finance divided by External Debt (34m/29m) : must be >110% 117%
- (assumes Bank/Investments is around \$5m)

**Recommendation 1**

That the report 'Treasury Reporting' be received.

**Recommendation 2**

That the Audit and Risk Committee review the Treasury Reporting report.

**9.4 Audit and Risk Committee Work Programme****Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide, for reference, the Committee with the current Audit and Risk Committee Work Programme.

**2. Context**

- 2.1 Councils such as Rangitikei District Council (RDC) need to have in place a properly structured and managed Audit and Risk Committee Work Programme.
- 2.2 This includes having structured Audit Committee agenda items, ensuring that the Audit and Risk Committee reviews key governance, risk management and regulatory matters.
- 2.3 The current Work Programme was reviewed at a previous Committee meeting and is presented at each subsequent Committee meeting to provide members with an opportunity to review/amend the proposed Work Programme in light of potential recent/current factors.

**3. Discussion**

- 3.1 This Programme has been drafted on the assumption that the Audit and Risk Committee will hold quarterly meetings in March, June, September and December each year (with additional meetings scheduled as required).
- 3.2 Current Audit and Risk Committee Work Programme:

Item	Audit and Risk Committee Meeting
Governance	
Audit Committee Terms of Reference	March 2021; at least once every 3 years
Latest Management Accounts	Each meeting.
Latest Health and Safety reporting	Each meeting
Compliance with Treasury Management Policy	Each meeting
Fraud Reporting	Each meeting
Protected Disclosure Reporting	Each meeting
Outstanding AuditNZ management letter points	Each meeting
Insurance Update	Each meeting



Current Areas of Concern	Each meeting – see S3.3 below.
Statutory	
Draft Annual Financial Statements	<p>September each year : deadline for 2020/21 financial statements has been deferred until December.</p> <p>The draft Annual Financial Statements (AFS) are also presented to Finance and Performance Committee. Officers are now proposing to avoid submitting the same report to two different Committees so now suggest:</p> <ul style="list-style-type: none"> <li>• that the draft Annual Report/AFS continue to be reported to Finance and Performance Committee and</li> <li>• the AuditNZ Management Letter will be provided to Audit and Risk Committee (and not the Finance and Performance Committee).</li> </ul> <p>Officers propose submitting a 'Summary Annual report/AFS paper' instead of the full draft AFS to the Audit and Risk Committee, as included in this Agenda.</p> <p>Officers note that two of the items reported to Audit &amp; Risk Committee in the Governance section above (Management Accounts and Health &amp; Safety Reporting) are also reported to other Council Committees but feel that these should continue to also be reported to this Committee (only the dashboard part of the Health Safety Reporting is provided to other Council Committees).</p>
Internal Audit	
Outstanding internal audit recommendations	Each meeting (none currently exist)
Annual Internal Audit workplan	Discuss March, confirm June each year
Internal Audit Workplan Updates	Each meeting
Policies etc	Policies considered appropriate for ARC to review
Gifts and Hospitality Policy	Annual Review: September
Sensitive Expenditure Policy	Annual Review: September

## ITEM 9.4

Fraud, Bribery and Corruption Policy	Annual Review: September (not sufficiently advanced – deferred until 2022)
Protected Disclosure “Whistle Blower” Policy	Annual Review: September
Staff Code of Conduct	ARC Review every 2 years; next review September 2023.
Health, Safety and Wellbeing Policy	ARC Review every 2 years; next September 2023.
Delegations Register	Last updated January 2018; next review deferred until 2022.
Policy on Development Contributions	Required by S102 LGA; S106 LGA requires Policy to be reviewed every 3 years. Current version adopted 9 June 2021.
Procurement Policy	Draft to Audit & Risk Committee in December 2021. Then review every 3 years.
Rates Postponement Policy	Required by S102 LGA; S110 LGA requires Policy to be reviewed every 6 years. Update required by June 2026.
Rate Remission Policy	Required by S102 LGA; S109 LGA requires Policy to be reviewed every 6 years. Update required by May 2027.
Rate Remission for Maori Freehold Land Policy	Required by S102 & S108 LGA; Update required by 2024.
Significance and Engagement Policy	Required by S76 LGA; Update required by 2024.
Treasury Management Policy	Adopted by Council October 2020; ARC review each financial year (March 2022)
Accounting Policies	Annually
Finance and Infrastructure Policy; Revenue and Finance Policy	March each year
Risk	
Risk Management Policy	December each year (was reviewed September 2021)
Strategic Risk Register	December each year (was reviewed in full during 2021; currently subject to a ‘rolling review’)

## 3.3 Current Areas of Concern

Officers have included current known Areas of Concern within reports submitted to this meeting but welcome discussion regarding any other topics that the Committee would like included.

**Recommendation 1**

That the report 'Audit and Risk Committee Work Programme' be received.

**Recommendation 2**

That the Audit and Risk Committee provide feedback regarding the proposed Audit and Risk Work Programme.

## 10 Reports for Information

### 10.1 Protected Disclosures Update

**Author:** Sharon Grant, Group Manager - People & Culture

**Authoriser:** Peter Beggs, Chief Executive

#### 1. Reason for Report

This report provides members of the Audit and Risk Committee with an update on protected disclosures for the reporting period, this update being that there are no protected disclosures to report.

#### 2. Context

The Protected Disclosures Act 2000 and Amendment Act 2009 (Act) enables the disclosure and investigation of serious wrongdoing within or by an organisation. The Act provides legal protection to employees who disclose serious wrongdoing within the workplace. Employees who make a disclosure under the Act are not liable to any civil or criminal proceedings, or to disciplinary proceedings by the employer, for reasons of that disclosure.

The Act defines serious wrongdoing as:

1. An unlawful, corrupt, or irregular use of public funds or resources; or
2. Conduct that poses a serious risk to public health, safety, the environment; or
3. Conduct that poses a serious risk to the maintenance of the law; or
4. A criminal offence; or
5. Gross negligence or mismanagement by public officials.

Under the Act, a disclosure can be made by an employee. The definition of employee under the Act is wider than other legislation and includes employees, contractors, volunteers and elected members.

#### 3. Discussion

has a Protected Disclosures Policy and Procedure which was last reviewed in March 2021. In relation to disclosures made during this reporting period, there are no protected disclosures to report.

#### Recommendation

That the Protected Disclosures Update be received.

**10.2 2020/21 Annual Report Overview****Author:** Danny Le Mar, Manager Financial Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Audit and Risk Committee an overview, and status, of the preparation of this year's Annual Report.

**2. Context**

- 2.1 Each year we complete an Annual Report which is required to be audited before being adopted by Council.
- 2.2 The draft 2020/21 Annual Report was presented to the November Finance and Performance Committee.

**3. Update**

- 3.1 For the 2020/21 Annual Report, a decision was made to replace the old model that was used to produce our financial statements. This meant the model has had to be rebuilt from scratch. In doing so we have tried to make the model as automated as possible to help prepare annual reports more effectively - not just this year but in future years.
- 3.2 With rebuilding the model this year, it has meant the preparation of the Annual Report took longer than we would normally expect. This was possible as audit had advised that the 'sign off' dates had been deferred until December.
- 3.3 Next year will be the first year we shall realise the full benefits from the new model.
- 3.4 The changing of the model should also help address Audit NZ's comments about QA of the document (eg different notes and funding impact statements not aligning).
- 3.5 The rebuilding of the model used to produce the financial statements is just one aspect of the changes we have made to the Annual Report this year. We have also updated and refined the format of the whole Annual Report has been.
- 3.6 It has been modernised to align with both our Long Term and Annual Plans so that the different documents now have the same feel and message.

**4. Statutory Implications**

- 4.1 Ordinarily the Annual Report must be adopted, with the audit opinion, by 31<sup>st</sup> October. However, due to COVID these statutory deadlines have, for the second year, been moved to 31 December. The Summary Annual Report must then be adopted within one month of the Annual Report being adopted. We are expecting to still meet our statutory deadlines.
- 4.2 Council is scheduled to adopt the Audit Report on 23 December. Currently:
  - 4.2.1 The auditors are still completing their fieldwork; and
  - 4.2.2 Officers are unaware of any reason the timeframe will not be met.

**ITEM 10.2**

- 4.3 Audit New Zealand have indicated that, like other councils, we are likely to receive an emphasis of matter paragraph in our audit opinion. This is to highlight our Events After Balance Date note which highlights Central Government's announcement relating to the 3 Waters.
- 4.4 This year it is likely we will receive the same qualification in our audit opinion that we received last year. The qualification was for completeness of our mandatory measure relating to total complaints. We believe the issue is resolved, however, as the resolution of the issue was not for the entire period it still stands for the current Annual Report.

**Recommendation**

That the report '2020/21 Annual Report Over' be received.

**10.3 Risk Management Policy**

**Author:** Dave Tombs, Group Manager - Corporate Services

**Authoriser:** Dave Tombs, Group Manager - Corporate Services

**1. Reason for Report**

- 1.1 As part of its evolving Risk Management Framework, Council's Executive Leadership Team has developed a draft Risk Management Policy. See Attachment 1. This draft Risk Management Policy is being presented to Audit/Risk Committee for review/comment.

**Attachments**

1. Draft Risk Management Policy

**Recommendation**

That the report 'Risk Management Policy' be received.

# RISK MANAGEMENT POLICY - draft

Date of adoption by Council/Committee	
Resolution Number	
Date by which review must be completed	
Relevant Legislation	
Statutory or Operational Policy	Operational
Included in the LTP	No

## 1 Introduction

Council is committed to maintaining an effective and relevant Risk Management Framework, ensuring a structured, consistent and systematic approach to risk management throughout the organisation.

Council's Risk Management Policy is an integral part of Council's Risk Management Framework and should be considered alongside the other parts of the Risk Management Framework, namely:

1. Risk Management Strategy
2. Risk Appetite and Tolerance Policy
3. Risk Registers
  - a. Strategic Risk Register
  - b. Operational/Departmental Risk Registers
  - c. Project Risk Registers

This Framework is/will be consistent with the standards and principles of best practice established by AS/NZS ISO31000:2018 *Risk Management – Principles and Guidelines*.

## 2 Key Principles

1. "The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives." (AS/NZS ISO31000:2018)
2. Effective risk management is:
  - a) a fundamental activity of Council
  - b) the responsibility and duty of all staff, contractors, volunteers and elected members of Council.
3. Staff should immediately report to their supervisor whenever they recognise a new, significant or extreme risk.



### **3 Summary**

Council is exposed to a range of risks that could have a significant negative impact on:

- its ability to achieve its objectives (as per Long Term Plan, Statement of Service Performance etc)
- the level and quality of services it provides
- its image and reputation
- its ability to comply with regulatory, legal and moral obligations

Council and the Executive Leadership Team consider it of paramount importance to establish an effective Risk Management Framework to enable this level of effective risk management.

Risk exists in all areas and activities of Council and risk management is accordingly the responsibility of all staff, contractors, volunteers and elected members of Council. Generally:

1. the Executive Leadership Team is responsible for introducing the Risk Management Framework
2. staff, contractors, volunteers and elected members of Council are responsible for complying with all aspects of the Risk Management Framework.

### **4 Risk Management Strategy**

The Executive Leadership Team will develop and maintain a Risk Management Strategy (RMS).

The RMS will incorporate the key principles that:

- effective risk management requires an integrated, structured and coordinated approach; and
- this approach must exist throughout all business functions and activities of Council.

The RMS will define and establish clear responsibilities and structures to ensure risk management practices are incorporated into strategic, operational/departmental and project planning and review processes.

The key stages for which Risk Management will be considered are:

1. Risk identification
2. Risk analysis, evaluation and recording
3. Risk treatment (remove, mitigate, transfer or endure) and associated actions
4. Escalation of risk
5. Reporting of key risks

The RMS will encourage an innovative approach to risk management.

## 5 Risk Appetite and Tolerance Policy

The Executive Leadership Team will develop and maintain a Risk Appetite and Tolerance Policy (RATP).

The RATP will enable officers to follow a structured approach to risk assessment, considering the consequences of each risk in the following key areas (plus others as required):

- Safety and wellbeing
  - Staff, contractors etc
  - The Community
- Political
- Reputational
  - Environmental
  - Impact on Ratepayers/the Community
  - Ability to achieve Long Term Plan and Statement of Service Performance objectives etc
- Compliance
  - Legal
  - Regulatory
- Financial

## 6 Risk Registers

Different risks will be managed at different levels within Council. Council's RMS will require Risk Registers to be maintained at each of these different levels.

<b>Risk Level:</b>	<b>Strategic</b>
Nature	Strategic Risks are those that: <ul style="list-style-type: none"><li>• directly affect Council's ability to deliver its strategic objectives; or</li><li>• are sufficiently significant that they affect the longer term interests of Council and/or the community and/or future service delivery.</li></ul>
Responsibility	Executive Leadership Team (ELT)
Reviews	Reviews are reported to Audit and Risk Committee: <ul style="list-style-type: none"><li>• Whenever there is a change to one of the considerations/assessments of any of its risks</li><li>• Whenever new risks are identified</li><li>• At least every six months</li></ul>

<b>Risk Level:</b>	<b>Operational</b>
Nature	<p>Operational Risks are those that affect the viability of achieving objectives associated within individual business units and/or departments. These risks generally:</p> <ul style="list-style-type: none"> <li>• affect the unit's 'business as usual' activities; or</li> <li>• relate to the effective and efficient use of departmental resources; or</li> <li>• have an indirect impact of Council's ability to meet its strategic objectives.</li> </ul>
Responsibility	Department Managers - typically Senior Leadership Team (SLT)
Reviews	<p>Reviews are reported to the relevant ELT member:</p> <ul style="list-style-type: none"> <li>• Whenever there is a change to one of the considerations/assessments of any of its risks</li> <li>• Whenever new risks are identified</li> <li>• At least every six months</li> </ul>

<b>Risk Level:</b>	<b>Project</b>
Nature	<p>Project Risks are associated with individual projects and/or initiatives. These risks generally have an impact on Council's ability to meet its operational objectives, although some may be sufficiently significant to have an influence on Council's strategic objectives.</p>
Responsibility	Project Managers (typically nominated by ELT or SLT)
Reviews	<p>Reviews are reported to the relevant ELT/SLT member:</p> <ul style="list-style-type: none"> <li>• Whenever there is a change to one of the considerations/assessments of any of its risks</li> <li>• Whenever new risks are identified</li> <li>• At the completion of the Project (residual risks to be determined and managed)</li> <li>• At least every three months</li> </ul>

**10.4 Management Accounts**

**Author:** Dave Tombs, Group Manager - Corporate Services

**Authoriser:** Dave Tombs, Group Manager - Corporate Services

**ITEM 10.4****1. Reason for Report**

- 1.1 To provide the Audit and Risk Committee with a copy of Council's latest Management Accounts.

**2. Context**

- 2.1 The attached Financial Report was reported to the Finance/Performance Committee in November 2021.

**Attachments**

1. RDC Management Accounts - October 2021

**Recommendation**

That the report 'Management Accounts' be received.

**9.2 Financial Snapshot - October 2021****Author:** Hilary Walker, Management and Systems Accountant**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide Committee Members with Council's latest management financial accounts and related commentary.

**2. Activity Performance Reports**

- 2.1 The attached Departmental Activity Performance Reports provide commentary on Departmental operational budget variances in excess of \$100k (excluding Depreciation and Internal Charges).
- 2.2 Consistent with previous months, most budget variances are timing differences which will 'correct themselves' during the coming months.
- 2.3 Covid has made some of these timing differences larger than would otherwise have been the case (especially in the Roading and Footpath results).
- 2.4 The allocation of Internal Charges, and their related budgets, has resulted in some large budget differences which all cancel out but do result in inflated 'Year To Date Budget Variances' for some departments.

**3. Capital Expenditure****Year To Date Summary**

- 3.1 The attached summary shows the budget variances split by cost centre with the larger budgets (>\$500k) being shown separately.
- 3.2 The attachments to this paper include a reconciliation between Budgets that are:
  - 3.2.1 reported in the 2021/22 Finance System; and
  - 3.2.2 used by the Project Management Office (which often cover multiple years).

**2020/21 Projects**

- 3.3 During 2020/21 Officers identified a number of capital projects that would not be delivered during 2020/21 and arranged for these budgets to be added to the 2021/22 capital budget. These budget carry overs increased the 2021/22 Capital Budget from \$32.8m to \$43.5m.
- 3.4 At the time Officers noted that, additionally, other 2020/21 capital budgets would be identified in the period post 30 June 2021 that would not be spent by 30 June 2021.
- 3.5 These capital projects have all previously been approved by Council but, for a range of different reasons, have incurred delays that have prevented them for being completed by 30 June 2021.
- 3.6 A number of these additional projects were included in last month's Financial Snapshot, when it was also noted that a smaller number would be included in this month's report.

**ITEM 9.2**

3.7 Officers are now recommending that Finance and Performance Committee endorse these carry overs be taken to Council for approval to continue in 2021/22 and that the budgets are amended accordingly.

3.8 The additional projects required to be carried forward from 2020/21 are as follows:

Type	Carry Over	2021/22 Budget	2021/22 Available Budgeted Spend
Taihape Memorial Park	\$221k	\$1.6m	\$1.821m
Bulls Community Centre	\$271k	-	\$271k
Community Housing Building Alterations	\$89k	\$175k	\$264k
Bulls Civic Centre furniture	\$88k	\$30k	\$118k
Swim Centres (new pool covers etc)	\$65k	-	\$65k
Bulls Domain Pavilion	\$50k	-	\$50k
Taihape Domain Power Upgrade	\$30k	-	\$30k
Hautapu River Parks Project	\$15k	-	\$15k
Mangaweka Pavilion	\$8k	-	\$8k
Northern Rugby Sub Union	\$8k	-	\$8k
Fleet Proceeds from Disposal	\$35k	\$35k	\$70k

3.9 The 2021/22 capital budgets do not yet incorporate the amended project budgets referred to in Section 3.7 above or the recent changes to Waka Kotahi budgets. These will be updated for November reporting.

#### 4. Treasury and Debt

4.1 At 31 October 2021 Council had \$5.6 million available for immediate needs, \$1 million in Term Deposits and \$5.9 million in Receivables.

4.2 Rangitikei District Council has not drawn down any debt in the 2020/21 financial year. The debt balance at 31 October remained at \$3 million.

4.3 Council's Long Term Plan (Prospective Statement of Cash Flows – page 121) shows that any capital expenditure in 2021/22 in excess of \$17m was expected to be 'debt funded' (Capital Expenditure of \$43.3m is budgeted to increase Debt by \$26.3m).

#### Attachments

1. Budget Summary October 2021 [↓](#)
2. Reconciliation : Project Budgets [↓](#)

**Recommendation 1**

That the Finance and Performance Committee receive the report 'Financial Snapshot – October 2021'.

**Recommendation 2**

That Finance and Performance Committee recommend to Council the carrying over from 2020/21 the list of projects included in this report, and the 2021/22 budgets are amended accordingly.

**Whole of Council**  
**Activity Performance Report**  
**For the 4 months ended 31 October 2021**

	2021/22 YTD Actuals October	2021/22 YTD Budgets October	2021/22 YTD Variance October	2021/22 YTD Percentage Variance October	2021/22 Full Year Budget
	\$000	\$000	\$000	%	\$000
<b>Revenue</b>	<b>(16,078)</b>	<b>(18,628)</b>	<b>(2,550)</b>	<b>-13.69%</b>	<b>-46,840</b>
Subsidies and Grants	(2,749)	(5,488)	(2,738)	-49.90%	-18,780
Other Revenue	(1,271)	(1,355)	(84)	-6.19%	-3,544
Finance Revenue	(4)	(4)	(1)	-13.98%	-13
Other Comprehensive	(202)	0	202	100.00%	0
Rates	(11,853)	(11,781)	71	0.60%	-24,503
<b>Expense</b>	<b>11,522</b>	<b>13,849</b>	<b>2,327</b>	<b>16.80%</b>	<b>40,702</b>
Other Expenses	4,905	6,758	1,853	27.42%	19,532
Personnel Costs	2,327	2,289	(38)	-1.66%	6,632
Finance Costs	49	122	72	59.33%	496
Depreciation and Amortisation	4,241	4,681	440	9.40%	14,042
Internal Charges and Recoveries	0	0	0	0.00%	0
<b>Grand Total</b>	<b>(4,556)</b>	<b>(4,779)</b>	<b>(223)</b>	<b>-4.66%</b>	<b>-6,138</b>



**Business Units**  
**Activity Performance Report**  
**For the 4 months ended 31 October 2021**

	2021/22 YTD Actuals October	2021/22 YTD Budgets October	2021/22 YTD Variance October	2021/22 YTD Percentage Variance October	2021/22 Full Year Budget
	\$000	\$000	\$000	%	\$000
<b>Revenue</b>	<b>(1,696)</b>	<b>416,342</b>	<b>2,112</b>	<b>507.31%</b>	<b>755</b>
Subsidies and Grants	(46)	(61)	(15)	-24.81%	-184
Other Revenue	(8)	(12)	(4)	-34.91%	-35
Finance Revenue	(4)	(4)	(1)	-13.98%	-13
Other Comprehensive	(0)	0	0	0.00%	0
Rates	(1,639)	493,439	2,132	432.06%	987
<b>Expense</b>	<b>1,609</b>	<b>354</b>	<b>(1,255)</b>	<b>-353.98%</b>	<b>-43</b>
Other Expenses	785	1,184	399	33.71%	3,298
Personnel Costs	1,923	1,980	58	2.90%	5,739
Finance Costs	49	122	72	59.33%	-285
Depreciation and Amortisation	125	191	66	34.64%	574
Internal Charges and Recoveries	(1,273)	(3,123)	(1,850)	-59.23%	-9,369
<b>Grand Total</b>	<b>(87)</b>	<b>771</b>	<b>858</b>	<b>111.27%</b>	<b>712</b>

**Variances > \$100k: Comments**

**Rates** The rates variance is a temporary 'internal variance' caused by the allocation of General Rates Revenue to the Community & Leisure, Community Leadership, Community Wellbeing and Environment and Regulatory Groups. The variance above is offset by similar variances in these other Groups.

**Other Expenses**

The main cause of this variance is a timing difference of \$185k arising from 2021/22 Audit Fees being budgeted in advance of the costs being incurred and the reversal of the 2020/21 Audit Fee accrual. These will be eliminated during the 2021/22 year.

A number of other smaller favourable budget variances also exist - these are expected to be utilised during the 2021/22 year.

**Community & Leisure**  
**Activity Performance Report**  
**For the 4 months ended 31 October 2021**

	2021/22 YTD Actuals October	2021/22 YTD Budgets October	2021/22 YTD Variance October	2021/22 YTD Percentage Variance October	2021/22 Full Year Budget
	\$000	\$000	\$000	%	\$000
<b>Revenue</b>	<b>(1,723)</b>	<b>(2,519)</b>	<b>(796)</b>	<b>-31.60%</b>	<b>-5,316</b>
Subsidies and Grants	(150)	(60)	90	150.93%	-119
Other Revenue	(256)	(255)	1	0.57%	-787
Other Comprehensive	(202)	0	202	100.00%	0
Rates	(1,115)	(2,205)	(1,089)	-49.42%	-4,409
<b>Expense</b>	<b>1,427</b>	<b>1,790</b>	<b>363</b>	<b>20.27%</b>	<b>5,315</b>
Other Expenses	699	895	195	21.84%	2,413
Personnel Costs	0	0	0	0.00%	0
Finance Costs	0	0	0	0.00%	217
Depreciation and Amortisation	415	625	211	33.72%	1,876
Internal Charges and Recoveries	313	270	(43)	-16.11%	809
<b>Grand Total</b>	<b>(296)</b>	<b>(729)</b>	<b>(433)</b>	<b>-59.42%</b>	<b>0</b>

**Variances > \$100k: Comments**

Other Comprehensive Revenue This is connected with the sale of Walton St land.

Rates Revenue See Business Units above.

Other Expenses This YTD Budget variance relates mainly to the payment of Grants and is expected to be utilised during 2021/22.

**Community Leadership**  
**Activity Performance Report**  
**For the 4 months ended 31 October 2021**

	2021/22 YTD Actuals October	2021/22 YTD Budgets October	2021/22 YTD Variance October	2021/22 YTD Percentage Variance October	2021/22 Full Year Budget
	\$000	\$000	\$000	%	\$000
<b>Revenue</b>	<b>(308)</b>	<b>(611)</b>	<b>(303)</b>	<b>-49.63%</b>	<b>-1,221</b>
Other Revenue	(0)	0	0	0.00%	0
Rates	(307)	(611)	(303)	-49.65%	-1,221
<b>Expense</b>	<b>358</b>	<b>405</b>	<b>47</b>	<b>11.65%</b>	<b>1,221</b>
Other Expenses	241	228	(13)	-5.92%	688
Finance Costs	0	0	0	0.00%	0
Depreciation and Amortisation	0	1	1	100.00%	2
Internal Charges and Recoveries	117	177	60	33.93%	532
<b>Grand Total</b>	<b>51</b>	<b>(205)</b>	<b>(256)</b>	<b>-124.63%</b>	<b>0</b>

**Variances > \$100k: Comments**

Rates                                      See Business Units above.

**Community Wellbeing**  
**Activity Performance Report**  
**For the 4 months ended 31 October 2021**

	2021/22 YTD Actuals October	2021/22 YTD Budgets October	2021/22 YTD Variance October	2021/22 YTD Percentage Variance October	2021/22 Full Year Budget
	\$000	\$000	\$000	%	\$000
<b>Revenue</b>	<b>(669)</b>	<b>(737)</b>	<b>(67)</b>	<b>-9.14%</b>	<b>-1,509</b>
Subsidies and Grants	(322)	(52)	269	513.24%	-125
Other Revenue	(6)	(4)	2	42.44%	-24
Other Comprehensive	0	0	0	0.00%	0
Rates	(342)	(680)	(338)	-49.74%	-1,360
<b>Expense</b>	<b>540</b>	<b>485</b>	<b>(55)</b>	<b>-11.32%</b>	<b>1,509</b>
Other Expenses	303	295	(7)	-2.49%	946
Personnel Costs	118	61	(57)	-93.96%	176
Finance Costs	0	0	0	0.00%	0
Depreciation and Amortisation	2	3	2	49.30%	10
Internal Charges and Recoveries	117	125	8	6.42%	376
<b>Grand Total</b>	<b>(130)</b>	<b>(252)</b>	<b>(122)</b>	<b>-48.52%</b>	<b>0</b>

**Variances > \$100k: Comments**

Subsidies and Grants      An unbudgeted \$250k Community Recovery Grant was received in relation to 'Mayors Taskforce for Jobs' grant from MSD. Another \$250k is expected this financial year. These funds will be offset by unbudgeted expenditure.

Rates Revenue      See Business Units above.

**Environmental & Regulatory  
Activity Performance Report  
For the 4 months ended 31 October 2021**

	2021/22 YTD Actuals October	2021/22 YTD Budgets October	2021/22 YTD Variance October	2021/22 YTD Percentage Variance October	2021/22 Full Year Budget
	\$000	\$000	\$000	%	\$000
<b>Revenue</b>	<b>(1,006)</b>	<b>(1,356)</b>	<b>(350)</b>	<b>-25.79%</b>	<b>-2,936</b>
Subsidies and Grants	0	0	0	0.00%	0
Other Revenue	(702)	(752)	(50)	-6.71%	-1,729
Rates	(305)	(604)	(299)	-49.55%	-1,207
<b>Expense</b>	<b>651</b>	<b>987</b>	<b>336</b>	<b>34.01%</b>	<b>2,936</b>
Other Expenses	119	222	103	46.35%	665
Personnel Costs	286	247	(38)	-15.48%	717
Finance Costs	0	0	0	0.00%	0
Internal Charges and Recoveries	247	518	271	52.38%	1,554
<b>Grand Total</b>	<b>(355)</b>	<b>(369)</b>	<b>(14)</b>	<b>-3.77%</b>	<b>0</b>

**Variances > \$100k: Comments**

Rates See Business Units above.

Other Expenses This YTD Budget variance relates mainly to the payment of External Contractor costs and is expected to be utilised during 2021/22.

**Roading & Footpaths**  
**Activity Performance Report**  
**For the 4 months ended 31 October 2021**

	2021/22 YTD Actuals October	2021/22 YTD Budgets October	2021/22 YTD Variance October	2021/22 YTD Percentage Variance October	2021/22 Full Year Budget
	\$000	\$000	\$000	%	\$000
<b>Revenue</b>	<b>(5,989)</b>	<b>(9,087)</b>	<b>(3,097)</b>	<b>-34.09%</b>	<b>-23,536</b>
Subsidies and Grants	(2,231)	(5,314)	(3,083)	-58.01%	-15,942
Other Revenue	(39)	(49)	(10)	-20.32%	-147
Other Comprehensive	0	0	0	0.00%	0
Rates	(3,719)	(3,723)	(5)	-0.12%	-7,447
<b>Expense</b>	<b>4,010</b>	<b>6,371</b>	<b>2,362</b>	<b>37.07%</b>	<b>19,096</b>
Other Expenses	1,174	2,269	1,096	48.28%	6,697
Finance Costs	0	0	0	0.00%	93
Depreciation and Amortisation	2,679	2,725	47	1.71%	8,176
Internal Charges and Recoveries	157	1,377	1,220	88.59%	4,130
<b>Grand Total</b>	<b>(1,980)</b>	<b>(2,715)</b>	<b>(736)</b>	<b>-27.09%</b>	<b>-4,440</b>

**Variances > \$100k: Comments**

**Subsidies and Grant** Subsidies and Grants Revenue is \$3.0m below Budget as the activity associated with Council receiving these Roding Subsidies has been delayed. This variance is a timing difference that should catch up during coming months.

**Other Expenses** Other Expenses is \$1m behind budget and is related to the above (delay in roading maintenance). Officers expect to be able to make up this backlog during the rest of the financial year (in the absence of any unforeseen prolonged interruption).

**Rubbish & Recycling**  
**Activity Performance Report**  
**For the 4 months ended 31 October 2021**

	2021/22 YTD Actuals October	2021/22 YTD Budgets October	2021/22 YTD Variance October	2021/22 YTD Percentage Variance October	2021/22 Full Year Budget
	\$000	\$000	\$000	%	\$000
<b>Revenue</b>	<b>(743)</b>	<b>(762)</b>	<b>(19)</b>	<b>-2.48%</b>	<b>-1,723</b>
Other Revenue	(234)	(225)	8	3.69%	-649
Other Comprehensive	0	0	0	0.00%	0
Rates	(510)	(537)	(27)	-5.07%	-1,074
<b>Expense</b>	<b>434</b>	<b>587</b>	<b>153</b>	<b>26.10%</b>	<b>1,723</b>
Other Expenses	406	501	96	19.06%	1,463
Finance Costs	0	0	0	0.00%	1
Depreciation and Amortisation	8	21	13	62.39%	64
Internal Charges and Recoveries	20	65	45	68.61%	195
<b>Grand Total</b>	<b>(309)</b>	<b>(175)</b>	<b>134</b>	<b>76.88%</b>	<b>0</b>

**Variances > \$100k: Comments**

**Water, Sewerage & Stormwater**  
**Activity Performance Report**  
**For the 4 months ended 31 October 2021**

	2021/22 YTD Actuals October	2021/22 YTD Budgets October	2021/22 YTD Variance October	2021/22 YTD Percentage Variance October	2021/22 Full Year Budget
	\$000	\$000	\$000	%	\$000
<b>Revenue</b>	<b>(3,943)</b>	<b>(3,973)</b>	<b>(30)</b>	<b>-0.75%</b>	<b>-11,355</b>
Subsidies and Grants	0	0	0	0.00%	-2,410
Other Revenue	(27)	(58)	(31)	-53.59%	-173
Other Comprehensive	0	0	0	0.00%	0
Rates	(3,917)	(3,916)	1	0.03%	-8,772
<b>Expense</b>	<b>2,493</b>	<b>2,869</b>	<b>376</b>	<b>13.10%</b>	<b>8,945</b>
Other Expenses	1,179	1,165	(14)	-1.24%	3,361
Finance Costs	0	0	0	0.00%	469
Depreciation and Amortisation	1,013	1,113	101	9.05%	3,340
Internal Charges and Recoveries	302	591	290	48.98%	1,774
<b>Grand Total</b>	<b>(1,450)</b>	<b>(1,104)</b>	<b>346</b>	<b>31.34%</b>	<b>-2,410</b>

**Variances > \$100k: Comments**



**Rangitikei District Council**  
**For Period 31st October 2021**  
**Capital Expenditure +\$500k projects**

Account	2021/22 YTD Budgets October	2021/22 YTD Actuals October	2021/22 Full Year Budget	Comments
<b>Grand Total</b>	<b>10,096,595</b>	<b>3,030,981</b>	<b>43,488,287</b>	
<b>Business Units</b>	<b>329,009</b>	<b>282,820</b>	<b>889,498</b>	
<b>Community &amp; Leisure Assets</b>	<b>2,057,012</b>	<b>665,137</b>	<b>8,465,912</b>	
Domains	1,077,514	150,603	4,315,330	
4410170611. -60.1 Taihape Memorial Park	533,332	131,952	1,599,996	Detailed report provided separately to Council as part of PMO Reporting.
4410170630. Taihape Grandstand	200,000	13,591	1,000,000	Pricing has been received and will be presented to Council in November. PMO is recommending combining this project with the Amenities Building and complete the work at the same time.
4410174501. Taihape Amenities Detailed Design & Construction	340,000	0	1,700,000	Same as Taihape Memorial Park.
Halls	204,774	316,238	1,312,990	
4090170607. -84 Marton Memorial Hall	20,000	220,871	750,000	Various delays through issues during the construction phase (unknown issues and additional scope), work to be completed early 2022
4090174505. Marton Building Design & Construction	166,664	14,919	500,000	Better Business Case has been commissioned to create a recommendation to council how to progress with the construction. The full result can be expected by February 2022. Concept design for option development will be commissioned by December and should be completed by March 2022.
Libraries	707,224	26,702	2,287,672	
4080170605. 68: New Marton Admin & Library - Construction	658,224	0	1,974,672	Same as Marton Building Design & Construction.

Account	2021/22 YTD Budgets October	2021/22 YTD Actuals October	2021/22 Full Year Budget	Comments
<b>Roading &amp; Footpaths</b>	<b>3,849,906</b>	<b>1,554,161</b>	<b>19,456,873</b>	
Subsidised Roding	3,324,906	1,426,678	18,541,873	
70100745. Marton Rail Hub	200,000	414,160	7,800,000	Detailed report provided separately to Council as part of PMO Reporting.
70100782. Drainage Renewals	200,000	100,009	600,000	Work is completed December through to April. On target.
70100787. Sealed Road Surfacing	0	0	928,606	Expect to spend the full \$929k by end of March
70100795. Improvements- Low-Cost Low Risk	1,844,288	26,993	5,532,864	We are underspent due to: - Waka Kotahi late approving the programme, RMA consent process is becoming slower. Some of this may be deferred to 2022/23.
7010079601. Mangaweka Bridge Construction	666,668	627,824	2,000,004	Detailed report provided separately to Council as part of PMO Reporting.
<b>Rubbish &amp; Recycling</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Water, Sewerage &amp; Stormwater</b>	<b>3,860,668</b>	<b>528,863</b>	<b>14,676,004</b>	
Wastewater - Sewerage	2,632,004	280,982	10,690,012	
6070176204. 52: Wastewater Reticulation - Renewals	166,668	1,575	500,004	Currently on track to complete.
6070176205. 89: Wastewater Treatment - Renewals	166,668	60,074	500,004	Detailed report provided separately to Council as part of PMO Reporting.
6070176206. 54.1: Pipeline Marton to Bulls	0	47,425	1,200,000	Contract has been awarded and works have started on the pipeline.
6070176207. 54.2: Land Purchase	400,000	0	1,200,000	Land parcels are being identified and evaluated for their suitability.
6070177109. Papakai Pump Station Replacement	400,000	51,628	1,200,000	Detailed design stage, update Feb 2022.
6070177110. Marton to Bulls Centralisation Project	1,092,000	0	5,300,000	Detailed report provided separately to Council as part of PMO Reporting.
6070177111. Ratana Complete Upgrade	310,000	23,533	500,000	Detailed report provided separately to Council as part of PMO Reporting.
Water - District	896,668	156,721	2,690,004	
6060174501. 117.1: New Plant	300,000	43,215	900,000	Due for completion 30 June 2021
6060174503. Marton New Bore	333,332	13,325	999,996	Detailed report provided separately to Council as part of PMO Reporting.

**Reconciliation : Project Budgets and Annual Budgets**

Project	Total Project Cost	Source	Amount	Comments
Mangaweke Bridge	\$4,489,686	2020-21 Budget	\$4,489,686	Spent \$2.5 Mil in 2020/2021 FY and carry forward \$2 Mil to 2021/2022 FY
		2021-22 Budget	\$2,000,000	Carry forward from 2020/2021 FY
Marton to Bulls Wastewater pipeline	\$25,000,000	2020-21 budget	\$1,500,000	No spend in 2020-21 FY. Carry forward \$1.5 Mil to 2021-22 FY
		3 Waters Reform funding	\$3,500,000	No spend in 2020-21 FY. Carry forward \$3.5 Mil to 2021-22 FY
		2021-22 Budget	\$5,300,000	
		2022-23 Budget	\$6,700,000	
		2023-24 Budget	\$8,000,000	
Ratana Wastewater treatment project	\$2,425,000	2020-21 Budget	\$1,050,000	No spend in 2020-21 FY. \$1 Mil carry forward to 2021-22
		MfE funding	\$875,000	No spend in 2020-21 FY. Funding will be claimed after financial commitments.
		2021-22 Budget	\$500,000	
Bulls Bus lane and town square	\$1,025,603	2020-21 Budget	\$785,373	Carry forward of full amount to 2021-22 FY
		2020-21 Budget	\$441,368	Carry forward of full amount to 2021-22 FY
		2021-22 Budget	\$785,373	Carry forward from 2020-21 FY
		2021-22 Budget	\$441,368	Carry forward from 2020-21 FY
Taihape Memorial Park Ameniteis Building	\$3,100,000	2020-21 Budget	\$2,000,000	\$300 000 spent in 2020-21 FY and \$1.7 Carry forward to 2021-22 FY
		2021-22 Budget	\$1,700,000	\$1.7 Mil Carry forward from 2020-21 FY
		2022-23 Budget	\$1,200,000	
Taihaoe Grandstand	\$1,091,915	2020-21 Budget	\$0	\$96,076 spent in 2020-21
		2021-22 Budget	\$1,091,915	\$995,839 available in the 2021-22 FY
Marton Industrial Park	\$9,850,000	2020-21 Budget	\$750,000	CF to 2021-22
		IRG Funding	\$9,100,000	\$910,000 received in 2020-21 and mostly spent in 2020-21. Remainder to be received and spent in 2021-22
Marton Water Strategy	\$11,000,000	2021-22 Budget	\$1,000,000	
		2022-23	\$5,000,000	
		2023-24	\$5,000,000	
Regional Treatment plant consenting	\$452,655	2020-21 Budget	\$250,000	\$240,000 Carry Forward to 2021-22 FY
		2021-22 Budget	\$240,000	Carry forward from 2020-21 FY
		2022-23 Budget	\$250,000	

**10.5 Internal Audit Programme****Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Audit/Risk Committee with an Internal Audit Programme update.

**2. Context**

- 2.1 Council is introducing a more formal Internal Audit Programme which will include providing an update to each Audit/Risk Committee meeting.

**3. Discussion and Options Considered**

- 3.1 Officers have developed a draft five year Internal Audit Programme that is attached to this report. See Attachment 1.

- 3.2 Officers have developed the following draft 'key points' for the internal audit reviews currently scheduled for 2021/22:

## 3.2.1 Health and Safety (SafePlus)

- Council conducted its most recent SafePlus assessment in March 2021
- These assessments are scheduled every 18 to 24 months so officers suggest amending the draft Internal Audit Workplan so the next one of these is conducted in 2022/23.

## 3.2.2 Fleet Management Services (August to April)

- Review the composition of our fleet and provide fleet utilisation analysis
  - a. Draft preliminary report received
  - b. Majority of fleet is aged and needs replacement
  - c. Will feed into 22/23 Annual Plan
- Develop a Vehicle Ownership Policy

## 3.2.3 Community Engagement (January to March)

- Council has developed a draft Community Engagement Framework and will commission an independent formal review of the Framework to make sure it addresses the 'key considerations'.

## 3.2.4 Ethics (January to May)

- This is a very broad topic that can be structured to encompass a large number of areas for review
- The following are currently being suggested to be included in this review:
  - (1) Review of Council's recruitment and selection processes

(2) Community Engagement: do all sections of our community have an equal opportunity to contribute to Council business (do any barriers exist for some sections of our community?)

(3) Procurement: is our Procurement conducted in an ethical manner

- The scope of these reviews, subject to amendment pending discussion at Audit/Risk Committee, will be more precisely defined after further discussion by Executive Leadership Team.

#### 3.2.5 Legislative Compliance (March to June)

- Provide an updated, current Schedule of all legislation that Council is required to comply with, with recommended timetable for each to be reviewed 'for possible compliance concerns'
- Recommend a process to ensure that the Schedule is current at all times
- Identify those different capacities (e.g. mandatory or 'result of a business like decision') in which Council must comply with each piece of legislation (e.g. the Building Act 2004, Dog Control Act 1996, Sale and Control of Liquor Act 2012).

This summary will then lead into Part Two of this Review which will include an assessment of Council's compliance with this legislation.

## 4. Financial Implications

4.1 Council has an annual budget of around \$100k for these external reviews.

### Attachments

#### 1. Draft Internal Audit Programme

### Recommendation

That the report 'Internal Audit Programme' be received.

**Rangitikei District Council**  
**Internal Audit Program (draft)**

	21/22	22/23	23/24	24/25	25/26
Known/arising material risks	A	A	A	A	A
Health and Safety (Safeplus)	A		A		A
Fleet management Services	A			B	
Community Engagement (note 1)	A			A	
Ethics (2)	A			A	
Legislative Compliance (3)	A				A
Cyber Security/IT Recovery Plans	B	A	B	B	A
Business Continuity Plan (4)	B			B	
Indirect tax evaluation	C		C		B
Antifraud Assessment (5)		A		C	C
Cash handling controls/processes		A		B	
Statement of Service Performance (6)		A/B	C	C	C
Planning Applications (6)		A/B			C
Peer review (6) (7)		A/B			
Procurement and Contract Management			A		
Elected Member effectiveness (8)			A		
Insurance Management			A/B		
Risk Management Framework			A/B		C
Digital Transformation (9)			A/B		
Community Wellbeing (10)			A/B		
Accounts Payable				A	
Treasury Management				A	
Complaints Handling				A/B	
Capital Program (11)				A/B	
Onboarding/off boarding of staff (12)					A

Key:

- A formal, externally review
- B structured internal review
- C overview

Notes

1. Includes working with Iwi/other partnerships; improvements to our ongoing communication with the community
2. Evaluation of our ethics related objectives/procedures/activities etc
3. Include compliance with payroll legislation (holiday pay etc)
4. In the event of major flood/quake
5. Fuel card, credit card, sensitive expenditure, false invoices, false time sheets/overtime
6. Improvements identified?? Barriers to success??
7. Other governance arrangements
8. Year 2 of election cycle
9. Existing and future 'ways of working'
10. Homelessness, health/leisure facilities, community support
11. Including Project Management, works order management, department set up
12. including new/old staff 'getting' on/off of payroll

**10.6 Audit NZ Management Letter Points**

**Author:** Dave Tombs, Group Manager - Corporate Services

**Authoriser:** Dave Tombs, Group Manager - Corporate Services

**1. Reason for Report**

- 1.1 To provide the Audit and Risk Committee (“the Committee”) with a summary of Council’s current Audit NZ Management Letter Points. See Attachment 1.

**2. Context**

- 2.1 Audit NZ typically provide Council with a management letter after each audit (interim and final) that contains recommendations to improve various controls/systems/processes they identified when conducting their field work.
- 2.2 Due, largely to COVID related disruptions, the Management Letter for:
- 2019/20 has yet to be finalised (draft version has four new Recommendations) and
  - 2020/21 has not been received (final audit not yet completed).
- 2.3 Officers advise that, since the previous Committee meeting, they are now able to report a large number of these matters as being ‘closed’. This indicates that either the matter has been finalised or that it is ‘an ongoing’ matter that has been incorporated into ‘business as usual’ activities.
- 2.4 Reminder to the Committee - the intent of including the Management Letter Register on this agenda is for officers to ‘demonstrate activity’ rather than for a detailed review of the items to be undertaken.

**Attachments**

- 1. Audit Management Letter Points November 2021**

**Recommendation**

That the report ‘Audit NZ Management Letter Points’ be received.



Issue raised in:	Recommendation	Managed	Priority	Update Aug 2021
18/19 Final	<b>Quality and timeliness of information provided to audit</b> *Ensure that fair value assessments are performed earlier for assets not being revalued. *Perform revaluations early to ensure that for the final audit all the information required is able to be provided and has been reconciled and included in the first draft of the financial statements. We note that the land and building valuations are due to be performed next year. *Perform a quality assurance review over the annual report by a staff member not directly involved in collating the information. *Provide a complete annual report at the start of the audit	MFS (Manager Financial Services)	Necessary	19/20 Comments Fair value assessments pretty much completed waiting for final asset figures to be complete. Only revaluation this year is in relation to forestry and has been completed already -QA over Annual report will be done within the team -Full annual report should be able to be provided, note, we don't have a date for our final audit yet, would expect late October early November if last year is anything to go off  20/21 Comments - all incorporated in our Planning  CONSIDERED CLOSED
18/19	<b>Condition and performance data for Infrastructure Assets</b> Continue to implement a program to collect condition and performance data.	GM Assets & IS	Necessary	This is in progress
18/19	<b>Unsealed road useful life change</b> Review the unsealed road useful life to ensure that the useful life of 19 years is appropriate.	GM Assets & IS	URGENT	Will be considered when the revaluations are conducted at June 2022. Officers do not consider this as 'Urgent'.
18/19	<b>Assets with no construction date</b> Implement a process to improve the asset data on road assets with no construction date.	GM Assets & IS	Beneficial	This is in progress
18/19	<b>Tracing infrastructure assets from the asset management systems to the finance system</b> Develop a common asset identifier to ensure assets in roading asset management system (RAMM) and Assetfinda can be reconciled with the District Council's finance system.	MFS (Manager Financial Services)	Beneficial	We do have a common identifier for groups of assets however, asset finda and RAMM get out of date over time due to entries being different, Finance have been in discussion around how we keep them reconciled going forward, likely timeframe will be from 30 June 2022 as that's when the assets get revalued and at that point in time everything will reconcile.
18/19	<b>Monthly reconciliation of operational property, plant and equipment to the fixed asset register</b> Implement a monthly reconciliation of work-in-progress and the fixed asset register to the general ledger which is independently reviewed.	MFS (Manager Financial Services)	Necessary	Our fixed asset register and financial system are both in Magiq, therefore always reconciles to each other. We are working on a process to capitalise assets monthly, however, this is separate from a reconciliation  CONSIDERED CLOSED
18/19	<b>Creditors Cut-off</b> · Review and improve the current cut-off procedures to ensure expenditure is recorded in the correct period.	MFS (Manager Financial Services)	Necessary	Unsure on PY procedures, however, we have gone through every invoice greater than \$5K to accrue back if required, we believe this threshold is appropriate to pick up material amounts by themselves or in aggregate.  CONSIDERED CLOSED
18/19	<b>Risk management Improvements</b> · At the next update, ensure the risk management policy and guidance incorporate the 11 principles in line with AS/NZS ISO 31000:2009. Formally review risks and update the District Council's risk management framework on an annual basis.	GM Corp Services	Beneficial	draft Risk Management Policy presented to Audit/Risk Committee Sept 2021 (deferred until December 2021). Risk Management Framework to be developed throughout 2021/22.

18/19	<b>Performance Measure Result Classification</b> · The District Council report its statement of service performance results as achieved/not achieved with additional disclosure if required.	Carol	Necessary	The 9 month report was presented to the June Council Meeting. CONSIDERED CLOSED
18/19	<b>Legislative compliance</b> Implement a process to ensure the summary annual report is made publicly available within a month of signing the annual report.	MFS (Manager Financial Services)	Necessary	To be managed as we go through the 20/21 Annual Report process.
18/19	<b>Changes to financial delegations</b> The District Council review all financial delegations set up within the system to ensure these are correct. Going forward each quarter there is an independent review of any changes made to the financial delegations with the District Council's FMIS.	GM Corp Services	Necessary	Open No Change
18/19	<b>Sensitive Expenditure policy to be updated</b> The District Council consider incorporating further guidance into their next update of its sensitive expenditure policies and staff handbook. [appears to be b/f from 30Jun15 ML "update policy to reflect the use of Council Credit Cards and Reward schemes" <i>refers to Council Payments made on personal credit cards in order to benefit from reward schemes on personal credit cards</i>	GM Corp Services	Necessary	To be presented to Audit & Risk Committee September 2021 CONSIDERED CLOSED
18/19	<b>Sensitive Expenditure – one up approval</b> 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.	GM Corp Services	Necessary	Draft Sensitive Expenditure Policy requires all sensitive expenditure to be reported to ELT (and Audit & Risk Committee) every 6 months. CONSIDERED CLOSED
17/18	<b>Service Performance Information</b> Implement a regular review of information entered to ensure that the correct data is being captured for attendance times. Continue to reinforce training on requirements to ensure staff are aware of the correct processes to follow and understand the information being captured.	GM Democracy & Planning	Necessary	RFS system is being reviewed and made easier to extract info from - for 1 July 2021 onwards
Prior to 18/19	<b>Capital Work in progress</b> Review the capital WIP balance to: · 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; and · perform a monthly reconciliation.	MFS (Manager Financial Services)	Necessary	WIP management has been developed so we can clearly identify what has been put to WIP. We have not completed an impairment assessment over WIP as there is no WIP been there for longer than 12 months. Not considered efficient/necessary to reconcile every month, the WIP process is completed at year end so not reviewed monthly but will be done annually. . CONSIDERED CLOSED

Prior to 18J	<p><b>IS Policies are not up to date</b></p> <p>We continue to recommend that updates to IS policies be approved and staff and contractors made aware of the policies.</p>	Mgr Info Services	Necessary	<p>We have made progress in this area and policies and procedures are being reviewed.</p> <p>a. We have completed the following policies:</p> <ul style="list-style-type: none"> <li>• Information Security policy</li> <li>• Information Backup and Restore</li> <li>• IT Asset Replacement</li> <li>• Information Management Strategy</li> <li>• Remote and Flexible Working</li> </ul> <p>b. Policies currently being reviewed</p> <ul style="list-style-type: none"> <li>• Acceptable Use</li> <li>• Mobile devices</li> <li>• CCTV</li> <li>• Incident Management Plan</li> </ul> <p>We consider that these reviews have now become 'BAU' for Council so, for these purposes, this matter can be considered closed.</p> <p>CONSIDERED CLOSED</p>
Prior to 18J	<p><b>Inconsistent procedures for adding and removing users from systems</b></p> <p>We continue to recommend that 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.</p>	Mgr Info Services	Necessary	<p>IS and People &amp; Culture have been working together on procedure regarding onboarding of new staff.</p> <p>IS have been involved in the development of the onboarding booklet and we are currently reviewing our acceptable use policy which will be key in onboarding of new staff.</p> <p>We also have an exit procedure in place when staff leave.</p> <p>CONSIDERED CLOSED</p>
Prior to 18J	<p><b>Process for removing Manawatu District Council staff from the Council's IT systems when they leave</b></p> <p>We continue to recommend that formalised procedures be established, and managers made aware of their responsibilities for advising IT when external contractors cease employment with the council.</p>	Mgr Info Services	Necessary	<p>We have met with Manawatu staff and have improved the process. Manawatu is using our exit checklist and is sending this through to RDC people and culture when MDC staff are leaving.</p> <p>CONSIDERED CLOSED</p>
Prior to 18J	<p><b>Reviews of Magiq users access levels[2]</b></p> <p>We continue to recommend that regular reviews of users of the District Council's Magiq system be completed to ensure access remains appropriate.</p> <p><i>([2] The original report read "Develop a report that shows MagiQ users and their access levels so that regular reviews can be done to ensure access remains appropriate")</i></p>	Management Accountant & Mgr Info Services	Necessary	<p>Review of all Admin access within modules completed and will be repeated as a quarterly exercise.</p> <p>Managers of areas were asked to confirm users with admin access for Magiq modules they manage.</p> <p>CONSIDERED CLOSED</p>
Prior to 18J	<p><b>No Regular Testing of Business Continuity and IT Disaster Recovery Plans</b></p> <p>We continue to recommend that Business Continuity and IT Disaster Recovery plans be finalised.</p> <p>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.</p>	Mgr Info Services	Necessary	<p>DR process in place with Advantage which includes testing of failover process</p> <p>Daily reports provided to confirm successful backups</p> <p>Business continuity plans have not been completed yet.</p> <p>PARTIALLY COMPLETED</p>

Prior to 18J	<b>Carry forward of capital expenditure</b> Continue to reduce the amount of capital expenditure carried forward to the next financial year.	Ash/MFS	Necessary	Carry forwards will be reviewed each year. CONSIDERED CLOSED (for these purposes)
Prior to 17J	<b>Performance measure rules</b> Continue to review the effectiveness of the collection and reporting of data.	GM Democracy & Planning	Necessary	as above - RFS system is being reviewed
Prior to 18J	<b>Review of Procurement Practice</b> 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: 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. · 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.	PMO	Necessary	To be addressed in new Procurement Policy and Procedures, scheduled for 2021/22
Prior to 18J	<b>Succession Planning</b> 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.	GM People & Culture	Necessary	There is a new organisational structure in place which provides for a more even distribution of activities, and allows for easier career pathways and succession plans. Additionally, a review project is underway which will result in improvements to Councils performance and development framework, including career planning and professional development.  CONSIDERED CLOSED (for these purposes)

Prior to 17]	<b>Contract management</b> Endorse an integrated policy for organisation-wide use and review the Councils current contract management system for appropriateness. Monitor service contracts between contractors and the Council against the Key Performance Indicator's (KPI's); to confirm the work performed is completed to a satisfactory standard.	PMO	Necessary	<p>In 2021 the PMO established preferred conditions for engaging consultants based on modified ACENZ short form and CCCS long form contracts, as well as preferred conditions for engaging contractors based on modified NZS3910:2013.</p> <p>These terms are being used in all contracting and procurement activities, and specify minimum levels of insurance for contractors.</p> <p>A large-scale revision of the RDC procurement policy is being undertaken by the PMO. This will clarify and streamline procurement activities, which then lead in to streamlined contract management.</p> <p>The PMO lead role is expanding to include managing long-term contracts like shared services and roading contracts. A large contract performance matrix is being developed, and establishment of KPIs for long-term contracts is being investigated.</p>
Prior to 17]	<b>Sensitive expenditure approvals</b> We recommend that: <ul style="list-style-type: none"> <li>· All credit card statements get approved on a one-up basis in a timely manner; and</li> <li>· Sufficient supporting documentation for purchases be included with the credit card statement.</li> </ul>	GM Corp Services	Necessary	<p>This is now standard practice.</p> <p>CONSIDERED CLOSED</p>
Prior to 17]	<b>Monitoring of Contractor Performance</b> Implement a quality assurance (QA) programme over services contracted out to third parties. This is especially important when the performance of these contractors feed into Council's KPIs, for example responding to roading call outs.	GM Corp Services	Necessary	Open - in progress
Prior to 17]	<b>Request for service</b> Review the process and remind staff of the need to ensure that the request for service (RFS) system is updated on a timely basis.	GM Democracy & Planning	Necessary	Improvements have been made to the RFS system, the system continues to be updated and improved, with the appointment of a complaints resolution more progress will be made during the next few months.
Prior to 17]	<b>Project Management</b> Perform a review over Council's project management system to ensure that appropriate project management techniques are implemented, including developing a post implementation review (PIR) to bring forward lessons learnt from completed projects to current projects.	PMO	Necessary	<p>These actions have been completed. The PMO is well established now, and protocols include a post-implementation review with lessons learned shared widely and incorporated in the scoping of new projects.</p> <p>CONSIDERED CLOSED</p>

Prior to 17J	<p><b>Marion Pool</b></p> <p>* Perform a review of all invoices received from Nicholls Swim Academy to ensure they are paid in accordance with the contract.</p> <p>* We also recommend that Council establish a process to ensure the reasonableness of the credit notes received for pool entry fees.</p>	GM Community Services	Necessary	<p>Update Feb/Mar 21 - From Jan 2021 we have commenced attaching the monthly payment schedule programme, as well as the credit detail received each month, to the purchase order. These documents, along with the invoice and credit note from the contractor, will show that the payment is made in accordance with the contract.</p> <p>With regards to reasonableness of the credit notes received, they are reconciled with the credit detail received. Footprint counters may be installed, however these will not be accurate particularly in Taihape where the children's playground is outside the entrance to the complex and children go in and out of the door, along with other users of Memorial Park who enter the complex solely to use the toilet facilities.</p> <p>CONSIDERED CLOSED</p>
2018/19	<p><b>Bribery and Corruption policy</b></p> <p>The District Council consider the following:</p> <ul style="list-style-type: none"> <li>· Develop an overarching bribery and corruption policy that links to related policies and procedures.</li> <li>· Update the related policies/procedure to ensure their scope clearly includes bribery and corruption.</li> </ul>	GM Corp Services	Beneficial	Scheduled for review during 2021/22
Prior to 18J	<p><b>Update to staff handbook</b></p> <p>The staff handbook could be improved by including the following specific matters:</p> <ul style="list-style-type: none"> <li>· Prohibition (or disclosure) of any significant financial interests in customers, suppliers or competitors.</li> <li>· Prohibition or disclosure of the receipt of gifts, loans or other special privileges from customers, suppliers or competitors.</li> <li>· Prohibition of the payment of bribes and certain types of rebates or other forms of compensation to induce sales or obtain favourable contract terms.</li> <li>· Prohibition of the use of the Council's funds to reimburse employees or others for expenditures that would violate the entity's policies.</li> <li>· Prohibition of unrecorded cash funds.</li> </ul>	Ash(MFS) / Sharon	Beneficial	<p><del>Open - in progress</del> (Now Complete - Mar 2021)</p> <p>[Noted in 2017 Report - "This will be addressed by the adoption of a separate Conflict of Interest Policy"]</p> <p>2017 had a recommendation for Council to have a Conflict of Interest Policy. Management's proposed action was that this would be adopted. That point was dropped from the next Management Letter recommendations.</p> <p>Update Feb/Mar 2021 - Complete. This is covered in the Conflict of Interest Policy and Declaration Process, and the Sensitive Expenditure Policy. Both policies are current and available to staff on the Intranet. Additionally, this is covered in Individual Employment Agreements, which all employees sign. Relevant clauses are clause 31 (Gifts), 32 (Conflicts of Interest), and 33 (Policies and Work Rules).</p> <p>CONSIDERED CLOSED</p>

**10.7 Insurance Update****Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Audit and Risk Committee (“the Committee”) with an update on any current Insurance related matters.

**2. Discussion****2.1 Insurance Cover for 2021/22:**

2.1.1 Insurance Cover for the year November 2021 to October 2022, and related premiums are being finalised.

**2.2 Insurance Claims:**

2.2.1 Council has three insurance claims this financial year that are being reviewed:

- July: ute slipped on ice, went through a fence, down a steep hill (panel damage)
- August: ute hit a bin while turning (dent to rear door)
- November: vehicle backed into a trailer (minor damage)

2.2.2 None of these incidents resulted in damage to any person.

**2.3 Insurance Administration:**

2.3.1 Officers continue to work with Council’s Insurer to address potential improvements to its Insurance Administration Framework.

**Recommendation**

That the report ‘Insurance Update’ be received.

**10.8 Fraud Reporting**

**Author:** Dave Tombs, Group Manager - Corporate Services

**Authoriser:** Dave Tombs, Group Manager - Corporate Services

**1. Reason for Report**

- 1.1 To provide the Audit and Risk Committee (“the Committee”) an update on the latest Fraud Register.

**2. Context**

- 2.1 The Fraud Register summarises all outstanding fraud allegations against Council that have been made to the Fraud Officer. These allegations will remain on the Fraud Register until ‘closed’ by the Committee.
- 2.2 As for the previous Committee meeting, there are no outstanding fraud allegations so the Fraud Register is ‘blank’ and hence no register is attached.

**Recommendation**

That the report ‘Fraud Reporting’ be received.



**10.9 Strategic Risk Review**

**Author:** Dave Tombs, Group Manager - Corporate Services

**Authoriser:** Dave Tombs, Group Manager - Corporate Services

**1. Reason for Report**

- 1.1 To provide Audit and Risk Committee with an update of the Strategic Risk review currently being conducted by the Executive Leadership Team (“ELT”).

**2. Context**

- 2.1 Council conducted a full review of its Strategic Risk Register (‘SRR’) during 2021 and is committed to keeping the SRR ‘current’.
- 2.2 ELT has recently reviewed four of the ten risks contained in the SRR and the results of these reviews are attached.
- 2.3 ELT will:
- Continue to review the other risks contained in the SSR; and
  - Consider whether the SSR should include any other risks not currently contained in the SRR; and
  - Continue to provide updates to the Audit and Risk Committee.
- 2.4 Subject to feedback from the Audit and Risk Committee, the SRR will be updated to incorporate the proposed changes.

**Attachments**

- 1. Strategic Risk Register - Review**

**Recommendation**

That the report ‘Strategic Risk Review’ be received.

## Strategic risks for Rangitikei District Council

### Introduction

As highlighted by Council's *Risk Management Policy*, a key element of Council's *Risk Management Framework* is our Strategic Risk Register.

The Strategic Risk Register was subject to a full review by the Executive Leadership Team (ELT) and Council's Audit and Risk Committee in 2020/21.

The Strategic Risk Register summarises the following key strategic risks identified by ELT and provides a response to how each risk will be addressed:

1. Trust and confidence is tarnished
2. Insufficient capability and capacity to fulfil agreed commitments
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. Business continuity is compromised
9. Obligations with health and safety and environmental protection are not met.
10. Changes to governmental legislation are transformational

What is the risk (and its consequences)?	How to address the risk?
<p><b>1. Trust and confidence is tarnished</b></p> <p>There are three main types of risk:</p> <p>a) Communication. The risk that -</p> <ul style="list-style-type: none"> <li>• Council misunderstands community expectations or fails to work with advocacy groups. Either of these may lead to continuous public criticism, particularly in social media and division among elected members and staff.</li> <li>• Council allows community expectations to exceed council's ability to deliver. This can occur through unofficial promises being made to the community or council not properly communicating its plans.</li> </ul> <p>b) Operational. The risk that inadequate handling of sensitive issues involving (for example) drinking water, wastewater discharges, lwi, privacy, or information disclosures can lead to a</p>	<p>Communication</p> <p>Strategies to address the risk:</p> <ol style="list-style-type: none"> <li>1. Councillors are proactive in being visible with all sectors of the population and have a forum for discussing public views with ELT</li> <li>2. Public are encouraged to speak at public forums at Council meetings</li> <li>3. Council is represented on community boards, working groups, local industry groups, committees etc</li> <li>4. Council promotes its future strategies and priorities and 'makes it easy' for the community to provide comments/responses</li> <li>5. Council posts relevant 'up to date' information on its website, in local media and on its social media pages (and monitors responses).</li> </ol> <p>Operational</p> <p>Strategies to address the risk:</p>

<p>loss of confidence in Council's effectiveness.</p> <p>c) Reputational: the action or inaction of any representative of Council which impacts Council's reputation in a negative way.</p> <p>Inherent Risk Likelihood – Low to Medium Impact – High</p>	<ol style="list-style-type: none"> <li>1. ELT ensure capability and capacity of resources required <del>to effectively discharge its responsibilities</del> <u>is</u> <u>are</u> identified and established</li> <li>2. ELT ensure proper systems and accountabilities are in place for complaints handling</li> <li>3. ELT reviews key statistics relating to complaints, <u>service performance and customer satisfaction</u> handling every quarter</li> </ol> <p>Reputational Strategies to address the risk:</p> <ol style="list-style-type: none"> <li>1. Clear policy outlining expected standards of conduct</li> <li>2. Clear delegations for speaking to or posting on media/social media</li> <li>3. Media training for those delegated to speak on Council's behalf.</li> </ol> <p>Mitigated Risk Likelihood – Low Impact – Medium</p>
<p><b>2. Insufficient capability and capacity to fulfil agreed commitments</b></p> <p>The risk is that Council doesn't have the appropriate composition and number of skilled staff required to fulfil current and future commitments, eg inability to attract talent, failure to appropriately train existing staff, inability to retain skilled staff, failure to undertake appropriate workforce planning.</p> <p>An associated risk comes from a change in Elected Members and the potential loss of knowledge and experience</p> <p>Inherent Risk Likelihood – High Impact – High</p>	<p>Having a culture and employee experience that attracts a high caliber of applications, and increases the retention of staff.</p> <p>A learning and development programme that targets future skill requirements and enables staff to grow in the areas that we need them to.</p> <p>Identify key roles and develop succession and/or continuity plans for those roles and functions.</p> <p>Undertake strategic workforce planning to identify skills and numbers required.</p> <p>A comprehensive induction for Council after the triennial elections is critical.</p> <p>Mitigated Risk Likelihood – Medium Impact – Low</p>

<p><b>3. Legal and political environment requires excessive resources<sup>1</sup></b></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, <u>a risk of non-compliance, and/or a consequential reduction in service performance. standards</u></p> <p>An associated risk is that Horizons Regional Council changes its stance with local authorities, increasing costs and <u>inflicting imposing</u> reputational damage to Rangitikei District Council.</p> <p>Inherent Risk Likelihood —Medium-<u>High</u> Impact - High</p>	<p>Council continues dialogue with other local councils, and stresses the potential benefits of a regional/<u>national</u> partnership approach to influence central government policy and legislation. This includes discussion with LGNZ and Taituarā (SOLGM) to clarify issues that may or do impact the sector.</p> <p>Adopting a no surprises and collaborative approach with Horizons Regional Council.</p> <p><u>Council appropriately engages and communicates potential changes and the associated risks with the public.</u></p> <p>Mitigated Risk Likelihood —<del>Low</del>-Medium Impact – Medium-High</p>
<p><b>4. Capital Programme Falters</b></p> <p>The risk is that Council is unable to achieve its capital works programme because of:</p> <ol style="list-style-type: none"> <li>1. Overall capacity in the market to deliver nationally and regionally</li> <li>2. <u>Capacity and capability of staff to deliver capital programme</u></li> <li>2.3. <u>The increasing dominance of larger contractors</u></li> <li>4. The cost of delivery is higher than allocated budget <u>(materials and land value prices greatly exceed inflation)</u></li> <li>3. <u>The impact of an unexpected event e.g. pandemic, natural disaster or other adverse occurrence</u></li> </ol> <p>This situation may lead to failure of major infrastructure, <u>failure to deliver our capital programme,</u> reduction in investment and frustration in the community.</p>	<p>Strategies to address the risk:</p> <ol style="list-style-type: none"> <li>1. Capital works to be prioritized, realistic and <u>achievable</u></li> <li>1.2. <u>Strategies for staff attraction, retention and development strategies to secure workforce capability and capacity</u></li> <li>2.3. <u>Deliver projects in accordance with</u> <del>Establish a</del> Project Management Office <u>processes</u></li> <li>3.4. <u>Establish early engagement and a future pipeline programme of works with contractors</u></li> <li>4.5. <u>Establish meaningful mutually beneficial</u> and long lasting relationships with contractors</li> <li>6. Consider alternative procurement strategies</li> <li>5.7. <u>Regular review of capital expenditure by ELT and reported to Council meetings</u></li> </ol> <p>Mitigated Risk</p>

<sup>1</sup> See also risk 10.

<p>Inherent Risk Likelihood – Medium/High Impact – High</p>	<p>Likelihood – <del>Low</del>/Medium Impact – Medium</p>
<p><b>5. Financial stability is lost</b></p> <p>The risk is that Council’s financial projections, in terms of operating expenditure and revenue, prove substantially incorrect or insufficient. This could require a substantial increase in rates and increase the level of borrowing. .</p> <p>Inherent Risk Likelihood – Medium/High Impact – High</p>	<p>The following initiatives are in place:</p> <ul style="list-style-type: none"> <li>• The Long Term Plan 2021-2031 demonstrates Council will achieve a sustainable balanced budget.</li> <li>• Ongoing financial management and oversight is a critical executive function that is reported at each Finance and Performance Committee and Audit and Risk Committee meeting.</li> <li>• Maintain external stakeholder relationships with key funding partners.</li> <li>• Maintain resilience with our internal billing systems.</li> <li>• Project Management Office delivers project fiscal oversight.</li> <li>• Major capital projects utilise external advisory boards.</li> <li>• Current and accurate asset and infrastructure management information is maintained.</li> <li>• Appropriate insurance cover is maintained.</li> </ul> <p>Mitigated Risk Likelihood – Low Impact – High</p>
<p><b><u>6.8.</u> Regulatory effectiveness is questioned</b></p> <p>The risk is that there are inconsistencies with how regulatory matters (e.g. building and resource consents) are dealt with, which could mean the community loses confidence in Council’s processes and could have a negative impact on Council’s reputation.</p>	<p>Council shall ensure there is the correct balance of facilitating pragmatic solutions and compliance with legislative requirements, Council bylaws and policies.</p> <p>Ensure that Council’s Building Consenting Authority (BCA):</p> <ol style="list-style-type: none"> <li>1. Is clear on requirements and expectations for staff and applicants;</li> </ol>

<p>An additional risk is Council's ability to perform its regulatory functions within legislative timeframes.</p> <p>Inherent Risk Likelihood – High Impact - High</p>	<p>2. Has the appropriate systems and training in place. 3. Is resourced appropriately.</p> <p>Council to consider common systems with neighbouring Councils and BCAs by regularly assessing its business model.</p> <p>Mitigated Risk Likelihood – Low Impact - Low</p>
<p><b>7.9. Climate change responsiveness is ineffective</b></p> <p>The risk is that Council does not take sufficient steps to mitigate and respond to the impacts of climate change.</p> <p>Inherent Risk Likelihood – Low/Medium Impact – High</p>	<p>Council is part of the Joint Climate Action Committee to share information and facilitate collaborative action in response to climate change. This is made up of all Councils in the Manawatu Whanganui region.</p> <p>The response and mitigation of the impacts of climate change is part of the future Spatial Plan, and is an anticipated requirement of the proposed Spatial Planning Act.</p> <p>Council could consider declaring a Climate Change Emergency.</p> <p>Mitigated Risk Likelihood – Low Impact – Medium</p>
<p><b>8. Business Continuity is Compromised</b></p> <p>The risk is that Council is unable to perform one or more essential services and/or statutory functions due to disruptions such as</p> <ul style="list-style-type: none"> <li>• Cyber attacks</li> <li>• Systems failure</li> <li>• Natural disaster or other emergency</li> <li>• Pandemic</li> <li>• Loss of critical staff</li> <li>• Loss of critical assets or infrastructure</li> <li>• Terrorism</li> <li>• Staff competencies</li> </ul> <p>Inherent Risk</p>	<p>Council has a range of protective barriers and procedures that includes (or are under development)</p> <ul style="list-style-type: none"> <li>• Business continuity plan</li> <li>• IT recovery plan</li> <li>• Data protection plan</li> <li>• Pandemic plan</li> <li>• Staff learning and development framework</li> <li>• Identification of critical positions</li> <li>• Succession plans</li> <li>• Partnership relationships with neighbouring Councils</li> <li>• Staff policies and procedures</li> </ul>

<p>Likelihood – Medium/High Impact – High</p>	<p>The Information Systems Strategic Plan now being implemented is a key mechanism.</p> <p>Mitigated Risk Likelihood – Low/Medium Impact – Medium</p>
<p><b>9 Obligations with health and safety and environmental protection are not met</b></p> <p>The risk is that staff or the public are injured or killed or there is damage to the environment in the course of Council carrying out its work, and that there are substantial fines imposed on Council as a result.</p> <p>Inherent Risk – Health &amp; Safety Likelihood – Medium Impact – High</p>	<p>The Executive Leadership Team have an unrelenting focus on the health, safety and wellbeing of all staff and contractors and is committed to establishing and maintaining a strong health and safety culture within the organisation.</p> <p>Active employee participation frameworks are in place to encourage employee engagement in health, safety and wellbeing matters..</p> <p>Council strives to minimise environmental harm by balancing network maintenance and operation within fiscal constraints. This is consistent with the Local Government sector within New Zealand.</p> <p>Council works with Horizons Regional Council to prioritise capital works to effectively manage wastewater treatment plant consents.</p> <p>Mitigated Risk – Health &amp; Safety Likelihood – Low Impact – High</p> <p>Mitigated Risk – Environmental Harm Likelihood – Low Impact – Medium</p>
<p><b>10. Changes to government legislation are transformational</b></p> <p>The risk is that new or amended legislation, regulations or policy statements cause changes that negatively impact affordability:</p> <ol style="list-style-type: none"> <li>1. Ratepayers' ability to pay;</li> <li>2. For Council to deliver services.</li> </ol>	<p>Maintain active participation in LGNZ sector discussions.</p> <p>Ensure submissions by Council are made to Central Government policy and/or legislative amendments.</p> <p>Maintain positive engagement with local Central Government politicians and lobby groups e.g. Federated Farmers.</p>

<p>The speed of change and the cumulative effects may detract from achieving statutory requirements (e.g. the long-term plan) and meeting community expectations.</p> <p><u>The change is of a magnitude that considerably impacts Council (Three Waters, Resource Management Act, Future of Local Government)</u></p> <p>Inherent Risk Likelihood – <del>Medium</del> <u>Medium/High</u> Impact – High</p>	<p>Early assessment of likely impact of confirmed changes so that appropriate planning, mitigation and communication can take place.</p> <p>Mitigated Risk Likelihood – Low/Medium Impact – <del>Medium/High</del> <u>High</u></p>
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26 September 2019, updated and adopted 5 December 2019; reviewed 30 July 2020 (italicized text in sections 9 and 10) provided to the Committee's meeting on 24 September 2020.



## 11 Public Excluded

### Resolution to Exclude the Public

The meeting went into public excluded session [enter time](#)

#### Recommendation

That the public be excluded from the following parts of the proceedings of this meeting.

1. Audit and Risk Committee Minutes (Public Excluded) - 09 September 2021

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>11.1 – Audit and Risk Committee Minutes (Public Excluded) – 09 September 2021</b>	s7(2)(b)(i) - Trade secret s7(2)(f)(i) – Free and frank expression of opinions s7(2)(j) – Improper gain or improper advantage	S48(1)(a)

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

## 12 Open Meeting