

Audit and Risk Committee Agenda

Date: Wednesday, 25 September, 2019

Time: 9:00 am

Location: Council Chamber
Forum North, Rust Avenue
Whangarei

Elected Members: Cr Sharon Morgan (Chairperson)
Her Worship the Mayor Sheryl Mai
Cr Crichton Christie
Cr Shelley Deeming
Cr Sue Glen
Cr Cherry Hermon
Cr Greg Innes

For any queries regarding this meeting please contact
the Whangarei District Council on (09) 430-4200.

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Audit and Risk Committee – Terms of Reference

Membership

Chairperson:	Councillor Sharon Morgan
Members:	Her Worship the Mayor Sheryl Mai Councillors Crichton Christie, Shelley Deeming, Sue Glen, Cherry Hermon, Greg Innes
Independent Advisor:	Philip Jones
Meetings:	Quarterly.
Quorum:	4

Purpose

To oversee risk management and internal control, audit functions (internal and external), financial and other external corporate reporting, governance framework and compliance with legislation.

Key responsibilities include:

- Audit
 - Agree audit scope with Management
 - Provide direct input on audit scope to the external auditor
 - Consider audit management report, taking appropriate action
 - Consider any internal audit needs, including probity, waste and performance
 - Hold a confidential meeting with the external auditors at least once every year.
- Risk
 - Ensure a comprehensive risk management framework is in place and being operated effectively
 - Identify and monitor risks for the organisation including major projects
 - Ensure Council's assets are insured appropriately.
- Ensure Council has suitable business continuity arrangements in place.
- Policy review program.
- Service delivery review program.

Delegations

- (i) All powers necessary to perform the committee's responsibilities, including:
 - (a) establishment of working parties or steering groups.

Item 3.1
Audit and Risk Committee Meeting Minutes

Date: Wednesday, 26 June, 2019
Time: 9:00 a.m.
Location: Council Chamber
 Forum North, Rust Avenue
 Whangarei

In Attendance
 Cr Sharon Morgan (Chairperson)
 Her Worship the Mayor Sheryl Mai
 Cr Shelley Deeming
 Cr Cherry Hermon

Not in Attendance
 Cr Greg Innes
 Cr Crichton Christie
 Cr Sue Glen
 Cr Philip Jones (Independent Adviser)

Also present
 Cr Anna Murphy
 Athol Graham and Carl Wessels (Audit
 New Zealand)
 Adelle Albon and Haydon Keast (BDO)

Scribe C Brindle (Senior Democracy Adviser)

1. Declarations of Interest

There were no declarations of interest made at this meeting.

2. Apologies

Cr Sue Glen and Philip Jones (absent) and Cr Cherry Hermon (late arrival)

Moved By Cr Sharon Morgan

Seconded By Cr Greg Innes

That the apologies be sustained.

Carried

3. Confirmation of Minutes of Previous Audit and Risk Committee Meeting
3.1 Minutes of the Audit and Risk Committee meeting held 27 March 2019

Moved By Cr Shelley Deeming

Seconded By Her Worship the Mayor

That the minutes of the Audit and Risk Committee meeting held on Wednesday 27 March 2019, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting.

Carried

4. Information Reports

4.1 Financial Management Activity Update Report - June 2019

Moved By Cr Greg Innes

Seconded By Cr Shelley Deeming

That the Audit and Risk Committee notes the financial management activity over the previous three months.

Carried

4.2 Health and Safety Report June 2019

Moved By Her Worship the Mayor

Seconded By Cr Shelley Deeming

That the Committee notes the Health and Safety Report.

Carried

4.3 Internal Audit - Contract Management May 2019

Moved By Her Worship the Mayor

Seconded By Cr Greg Innes

That the Audit and Risk Committee notes:

- a. The Final Contract Management Internal Audit Report issued by BDO.
- b. The recommendations raised by BDO and Councils response to them.

Carried

Cr Hermon joined the meeting at 9.26am during Item 4.3.

4.4 Internal Audit Actions - June 2019 Update

Moved By Cr Shelley Deeming

Seconded By Her Worship the Mayor

That the Audit and Risk Committee notes the status of the outstanding internal audit actions.

Carried

4.5 Audit NZ Draft Interim Report June 2019

Moved By Cr Greg Innes

Seconded By Cr Cherry Hermon

That the Audit and Risk Committee notes the Draft Interim Audit Management Report issued by Audit NZ for the year ended 30 June 2019.

Carried

4.6 External Audit Actions - June 2019

Moved By Cr Shelley Deeming

Seconded By Her Worship the Mayor

That the Audit and Risk Committee notes the status of the outstanding external audit actions.

Carried

4.7 June 2019 - Risk Report

Moved By Cr Greg Innes

Seconded By Cr Cherry Hermon

That the Audit and Risk Committee notes the Risk Report.

Carried

5. Public Excluded Business

There was no business conducted in public excluded.

6. Closure of Meeting

The meeting concluded at 9.58am.

Confirmed this 25th day of September 2019

Cr Sharon Morgan (Chairperson)

4.1 Internal Audit – Giving Of Grants August 2019

Meeting: Audit and Risk Committee
Date of meeting: 25 September 2019
Reporting officer: Emily Thompson (Audit and Risk Analyst)

1 Purpose

To present the BDO internal audit report on Whangarei District Council's Giving of Grants process.

2 Recommendation/s

That the Audit and Risk Committee notes:

- a. The Final Giving of Grants Internal Audit Report issued by BDO
- b. The recommendations raised by BDO and Council's response to them.

3 Background

As part of our ongoing internal audit programme we engaged BDO to undertake an internal audit of our giving of grants process to identify potential areas of weakness or concern that may create risks for Council.

It is important that a public entity create an environment that mitigates risk associated with the giving of grants. Good grant processes that are applied consistently are central to mitigating these risks.

The giving of grants review covered a sample of 20 grants awarded in the 18-19 financial year, these grants were across the whole organization.

4 Discussion

The internal audit work encompassed a review of the existing controls regarding grants and concessions including an assessment of policy and procedure.

The agreed focus included the following areas:

- Review of a selection of grants awarded for conformance with policies and procedures
- Review a selection of grants that were not awarded to assess the decision-making process
- A light touch on the process for the awarding of rent concessions

- Assess completeness of reporting to Council
- Consider the clarity of roles and responsibilities and consistency of approach between Council departments.

Overview of findings presented in the attached report:

Findings and recommendations.

REF	TITLE	TYPE	RATING
4.1	Identification of Potential Conflicts of Interest	Risk	High
4.2	Central Management of Rent Concessions	Risk	High
4.3	Decentralisation of Pockets of Funding	Risk	Medium
4.4	Council Controlled Organisations	Opportunity	Medium
4.5	Amendments to Recommendations	Risk	Low
4.6	Rent Concession Observations & Peppercorn Leases	Opportunity	Medium
4.7	Reporting by Grant Recipients	Risk	Medium
4.8	Policy - Definition & Clarity	Opportunity	Low
4.9	Housekeeping Observations	Opportunity	Low

Positive Findings

TITLE	SUMMARY OF KEY FINDINGS
Award of Grants - sample based testing	None of the grants we selected as part of our internal audit appeared to have been inappropriately awarded or not adequately supported by required documentation.
Policy and Guide	There is existing policy, (0031- Grants Concessions and Loans), in place that is supported by a comprehensive community funding guide which is updated annually. We have suggested some recommendations for improvement and we are aware that this documentation will be subject to further internal review; irrespective the current documentation provides good structure as a platform to further develop and improve.
Feedback & Support	Upon reviewing some declined applications, we noted evidence of constructive feedback and encouragement to reapply at a future date. The decisions reached appeared to be reasonable with the rationale documented.

5 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

6 Attachment

BDO Internal Audit on Giving of Grants Final Report



WHANGAREI DISTRICT COUNCIL

INTERNAL AUDIT

Giving Grants

Final Report

August 2019



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Private & Confidential

11 September 2019

Dominic Kula
 GM Strategy and Democracy
 Whangarei District Council
 Private Bag 9023
 WHANGAREI 0148

Dear Dominic

We are pleased to present our report pertaining to the Internal Audit of Giving Grants.

In accordance with the relevant AoG Consultancy Services Order the Whangarei District Council (the 'Council') engaged BDO Wellington and Northland to undertake an internal audit over the process of giving grants. This report sets out a summary of the work we have performed, our findings, the conclusion that we reached, and recommendations we have made.

We would like to take this opportunity to acknowledge our appreciation for the assistance and co-operation provided to us in addressing our information requests and dealing with our queries as they arose during the course of the audit.

Yours sincerely

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1. SCOPE AND APPROACH

Our internal audit has been performed in accordance with the Consultancy Services Order dated 12 July 2019. The objective of the internal audit was to assess if the Council has adequate internal policies and controls to manage key risks associated with giving grants.

Our work encompassed a review of the existing controls regarding grants and concessions including an assessment of policy and procedure.

The agreed focus included the following areas:

- ▶ Review of a selection of grants awarded for conformance with policies and procedures
- ▶ Review a selection of grants that were not awarded to assess the decision making process
- ▶ A light touch on the process for the awarding of rent concessions
- ▶ Assess completeness of reporting to Council
- ▶ Consider the clarity of roles and responsibilities and consistency of approach between Council departments.

Based on our review of the above areas, we have highlighted in this report the issues identified, implications and our recommendations for continuous improvement as applicable.

Key Activities

To complete the objectives of this engagement, we have performed the following activities:

Interviewed	• Relevant personnel from Community Funding and elsewhere within Council.
Reviewed	• Council policies and guidance relevant to the giving of grants.
Evaluated	• The adequacy and effectiveness of policies and controls in place to manage associated risks relevant to giving grants.
Evaluated	• Council assessment of the applications for a selection of 20* recently awarded grants including recipient reporting where applicable.
Reported	• Work completed and significant issues identified together with our recommendations.

* The nature of a limited assurance audit determines that selection sizes for testing are judgemental. As such the selection size of transactions/activities tested are deemed appropriate in the context of the scope of this limited assurance audit. It is important to note, due to the nature of the limited assurance audit, we cannot conclude over the entire population of contracts during the period. The work completed by BDO Northland is subject to the limitations set out in [APPENDIX 2](#).



BDO's reference points

We have used interviews with relevant Council management and staff as a fixed point of reference for conducting our review. The management and staff interviewed included:

Interviewee	Position
Tracey Schiebli	Manager (Democracy & Assurance)
Emily Thompson	Senior Audit and Risk Analyst (Democracy & Assurance)
Jonny Gritt	Community Development Manager
Cindy Velthuisen	Community Funding Officer
Tony Collins	District Development Manager
Mike Hibbert	Property Manager
Aubrey Gifford	Technical Officer
Carina de Graaf	Manager (Venues and Events)

BDO's work completed

For a detailed summary of work completed refer to **SECTION 5 - INTERNAL AUDIT WORK CONDUCTED**.



2. EXECUTIVE SUMMARY OF FINDINGS

We have delivered upon the agreed scope of work and we take this opportunity to thank Council management and staff that assisted us throughout the process.

The results of our detailed testing were generally positive and we did not note any instances within that sample to indicate that a grant had not been appropriately awarded. The grants selected that are managed through the Community Funding department were in accordance with current policy and guidance.

As with other internal audit topics that have been conducted at Council by BDO we noted that there is some degree of decentralisation that should be reviewed to ensure consistency of policy and procedure. In the case of rent concessions we observed a cross over between divisions in terms of both process and responsibility that we have recommended be assessed and resolved.

The giving of grants is by nature a sensitive topic and can be a source of added public scrutiny. With this in mind we have recommended some specific processes are put in place to more transparently manage conflicts of interest throughout the grant assessment process.

REF	TITLE	TYPE	RATING
4.1	Identification of Potential Conflicts of Interest	Risk	High
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4.7	Reporting by Grant Recipients	Risk	Medium
4.8	Policy - Definition & Clarity	Opportunity	Low
4.9	Housekeeping Observations	Opportunity	Low



Positive Findings

TITLE	SUMMARY OF KEY FINDINGS
Award of Grants - sample based testing	None of the grants we selected as part of our internal audit appeared to have been inappropriately awarded or not adequately supported by required documentation.
Policy and Guide	There is existing policy, (0031- Grants Concessions and Loans), in place that is supported by a comprehensive community funding guide which is updated annually. We have suggested some recommendations for improvement and we are aware that this documentation will be subject to further internal review; irrespective the current documentation provides good structure as a platform to further develop and improve.
Feedback & Support	Upon reviewing some declined applications, we noted evidence of constructive feedback and encouragement to reapply at a future date. The decisions reached appeared to be reasonable with the rationale documented.

3. CONCLUSION

Based on our work performed, as specified in the scope of work in our terms of reference, we have formed the following conclusions:

SCOPE OF WORK	CONCLUSION	EFFECTIVENESS
Adequacy and effectiveness of internal policies and controls in place to manage key risks associated with the giving of grants.	We have made some recommendations to refine policy and procedure. Nothing has come to our attention however to indicate that the policies and controls in place to manage risks associated with the giving of grants are not effective.	Effective with further refinement recommended.
Compliance of current management processes against Council policies and controls.	Other than the findings in section 4 of this report nothing has come to our attention to indicate that the implementation of policies and controls in place to manage risks associated with the giving of grants is not effective.	Partially effective

Because of the inherent limitations of limited assurance audits, it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance audit is not designed to detect all instances of non-compliance within the areas reviewed by BDO, as it generally comprises making enquiries, primarily of the responsible party, and applying analytical and other review procedures. The opinion expressed in this report has been formed on the above basis. Our firm provides no other services to the Council and we have no other relationship or interests in the Council.



4. DETAILED FINDINGS

4.1 Identification of Potential Conflicts of Interest

Type: Risk

Rating: High

Audit Findings

There is no specific policy or guidance around potential conflicts of interest and the giving of grants. We are aware that when Council or Community Funding Committee meetings are held that declarations of interest are called for in the normal course of proceedings.

As part of the grant application process there is no provision within the current forms for applicants to declare if there are any potential conflicts of interest between the individual or group applying for the grant and either Council management or Council members.

It is relatively common for organisations to apply for funding from Whangarei District Council that may have sitting Councillors on the Committee of the applicant. This should not preclude the application however in the interests of transparency, should be recognised.

Further to this there is the potential for political conflicts of interest to arise in the event that there may be applicants applying for funding that have a sitting Councillor within the same ward as the applicant and conversely an applicant who has no ward representation on the funding committee.

We raise this finding based upon a potential lack of process and to present an opportunity to reduce risk as opposed to an observation where we have identified an inappropriate conflict of interest.

Implication

A lack of specific process and transparency around conflicts of interest could place Council or management at unnecessary risk of alleged unfairness or unequal treatment. Robust and transparent process serves to protect both the applicant and the Whangarei District Council.

Recommendations

That the risk of potential conflicts of interest is clearly documented within policy and procedure pertaining to the giving of grants; this encompasses both concessions and loans.

That applicants are requested to declare any potential conflicts of interest when completing applications - this question could be incorporated within the existing forms and will require explanation within the supporting guide.

Where potential conflicts are identified the impact of the conflict, if any, should be documented within the funding decision framework/process and any action required due to the possible conflict should be appropriate and made clear to all.

Management Comments

Management accept the recommendation.

Enhancements to application and impact assessment forms are scheduled for the March/April review of the new Funding Model - this will provide the mechanism to include this.

Declarations are otherwise recorded within SOPs for Elected Members



4.2 Central Management of Rent Concessions

Type: Risk

Rating: High

Audit Findings

There is currently some degree of cross over between the Community Funding and the District Development management divisions within Whangarei District Council. That is, the award and monitoring of most concessions falls within community funding however there are a few concessions that seem to sit outside of Community Funding, whereas some involve the input of both departments.

As an example the 2017/2018 annual reporting of rent concessions listed 16 organisations that receive rent concessions from the Community Development department however it also made reference to 3 concessions which were managed by District Development. It is likely that the process and reporting between Community Funding and District Development may differ. We observed one concession that is on a month to month basis, may not be fit for purpose and effectively has no formal concession in place.

We consider it is likely that previous systems and historical responsibilities for rent concessions together with the practical requirement for different skill sets when dealing with such concessions are factors that could have led to this cross over. For example, the award of the concession versus the management of the practical relationship including lease negotiations etc. We further note that the goals of Community Funding versus District Development differ in that Community Funding has a budget designed to support the community whereas District Development looks to maximise returns from Council owned properties.

The documented policy and guidance appears to be relatively brief for concessions as compared with say the giving of grants.

Implication

The current environment creates the opportunity for tension between the two departments and perhaps more importantly, creates a risk that controls could be compromised from a wider Council perspective in the event that roles are not clearly defined.

Recommendations

That the roles and responsibilities together with the underlying budgets pertaining to rent concessions are workshopped/reviewed.

It is important that roles and responsibilities are clear and that all concessions are managed on a consistent basis that is underpinned by robust policy and procedure.

Management Comments

Management accept the recommendation.

There is work to be done by SLT to approve the adoption of the model proposed by Community Development and this can then be implemented.



4.3 Decentralisation of Pockets of Funding

Type: Risk

Rating: Medium

Audit Findings

There are some funding streams that are managed outside of the Community Funding department.

This allows for a degree of decentralisation which creates a risk of inconsistent policy and process.

The following are current examples of decentralisation;

Venues & Events

We met with the Venues and Events Manager who noted that there is no current policy or procedure pertaining to the award of grants specific to this department. The giving of grants from venues and events had therefore been stalled as a result whilst the manager had been tasked with introducing relevant policy and procedure. Upon enquiry we noted that she was not aware of the current process documentation being applied by Community Funding. We acknowledge that this department has been subject to several staffing and management changes in recent years.

Parks & Recreation

This department manages a number of grants including mowing, annual operating grants for conservation and garden organisations and the Sport Northland subsidy/grant which encompasses the aquatic centre.

Northland Inc

We note that Northland Inc. (a council-controlled organisation of the Northland Regional Council), received \$105k in funding from WDC in the 2018/2019 financial year. This was in the form of economic development \$25k and destination development \$80k. Finance refer to these as operating grants however they do not fall within the remit of Community Funding on the basis that they are to support commercial intent.

The rationale for some grants to continue to fall outside of Community Development is not necessarily clear. For example mowing grants have traditionally been managed by parks and recreation however the nature of the grants, (reimbursement of volunteer time versus a move to paid contractors), has changed. The reason for having a different point of contact from say resident and ratepayer or community hall funding is not particularly clear other than it being a historical position.

This observation should be read in conjunction with finding 4.9 which recommends that the definition of a grant is clarified and further defined.

Implication

Grants managed outside of Community Funding are not necessarily following the same process as those managed within Community Funding. This can lead to inconsistency of both process and follow up. From a transparency and fairness perspective it is important that all grants funded by Whangarei District Council are subject to the same procedure and rigor.

Recommendations

That all payments classified as grants by finance are reviewed to ensure that the department responsibility remains fit for purpose. Wherever possible, the giving of grants should be centralised and subject to consistent process.

Management Comments

Management accept the recommendation.

This will be formalised and progressed to SLT for adoption so that Community Development and District Development can move this forward.



4.4 Council Controlled Organisation

Type: Opportunity

Rating: Medium

Audit Findings

The Whangarei District Council provides funding to its Council Controlled Organisations (CCO's) utilising a variety of mechanisms. This includes the annual operating fund, rent concessions and a performance underwrite. The funding for CCO's currently follows a similar process to that of other not for profit organisations and is managed by Community Funding.

The inclusion of CCO's within the remit of Community Funding could be seen as conflicted. This is on the basis that CCO's are currently receiving funding from a pool or budget that is primarily for independent not for profits. Further to this WDC provides annual letters of comfort to its external auditor pertaining to CCO's for the purpose of providing assurance that they will provide appropriate financial support to ensure the CCO continues to act as a going concern.

Because the funding of CCO's sits within various funding mechanisms the overall funding of CCO's as a group is not as clear/transparent as it could be. CCO's are required to report on funding in the same way as non-controlled organisations. This can lead to a duplication of reporting for CCO's who are also required to prepare statements of intent and ½ yearly financial reports.

Implication

By nature CCO's are heavily influenced by WDC and it is difficult to apply a funding process that was essentially designed for independent entities. There is currently a lack of clarity/cohesion surrounding the responsibility for managing the funding arrangements of CCO's.

Recommendations

An internal WDC paper has been prepared to outline the current funding of CCO's and several options for change are presented. We recommend that this paper is formally reviewed with a planned outcome of making a recommendation to Council as to the best way forward to manage and monitor the funding of CCO's.

Management Comments

Management accept this recommendation.



4.5 Amendments to Recommendations

Type: Risk

Rating: Low

Audit Findings

During our sample based testing we observed a couple of instances where the recommendation put forward by the Community Funding department was not followed by the Community Funding Committee of Council.

Following our initial observation we then obtained the community fund minutes for rounds 1 and 2 of the 2018/2019 Community Fund and we noted several other exceptions.

The changes from the recommendation presented to the Community Funding Committee included variations in the quantum of the grant and the overturn of a recommended declined application to an accepted application.

We appreciate that there are likely valid reasons as to why the recommendation was not followed. From our review of the minutes however the rationale for the change was not documented.

Implication

The basis of recommendations from the community funding department are fully documented. When this decision is changed or overturned, there is no formal record as to the rationale for that outcome. This can create the risk of a loss of information and can serve to reduce the transparency of the decision.

Recommendations

That the means of documenting the approval of grant allocations by the Community Funding Committee of Council is reviewed. This is particularly in the context of when the grant recommendations put forward by management are either amended or not followed.

Management Comments

Management agree with the finding and support the recommendation.



4.6 Rent Concession Observations & Peppercorn leases

Type: Opportunity

Rating: Medium

Audit Findings

During our review of rent concessions we noted that Council management had observed some weaknesses in the reporting by recipients and as funding streams evolved, some practical matters had been identified. Examples include;

- “The level of community benefit expected was not evidenced within the recipients report”.
- “It was identified that the recipients report lacked detail and therefore did not demonstrate the community benefit to justify the rent concession”.
- Impact of other grants - Hihiaua Cultural Centre received a capital building grant of \$500k. Practical considerations arising include ownership of the building and the ongoing relevance of the rent concession given the capital grant. Responsibility for maintenance and insurance.

WDC provides a number of peppercorn land leases to community and sporting organisations. These could be construed as a form of concession however are excluded from that context. Many of the peppercorn leases are historic however these are subject to renegotiation and new leases do occur. We are not aware of a current approved policy pertaining to the process for peppercorn leases however we understand one was drafted for approval some time ago. There is currently some inconsistency in practice with new leases tending to be based upon a \$500 annual lease however a number of \$1 annual leases remain in existence.

Implication

Weaknesses in reporting by concession recipients have been identified by management and communicated to them. However to date there has been no financial penalty and the concessions continue. There is some inconsistency in the way in which peppercorn leases are negotiated and there appears to be a lack of formal policy in place.

Recommendations

That there is a clear policy to follow in the event of non-compliant reporting by recipients. We note that this finding should be read in conjunction with 4.2 above.

That the impact of the capital grant to the Hihiaua Cultural Centre is formally documented with a conclusion formed as to the ongoing applicability of the rent concession.

That a policy specific for peppercorn leases is approved and put into practice.

We are aware that some rent concessions and peppercorn leases have an historical origin. It is important however that these are subject to consistent and regular review to ensure the benefit remains fit for purpose and is comparable/fair between similar entities. Also that the recipient is either fully compliant or subject to tangible penalties for non-compliance.

Management Comments

Management accept the recommendation. This will be presented to SLT for adoption and then allocated to departmental managers to action.



4.7 Reporting by Grant Recipients

Type: Risk

Rating: Medium

Audit Findings

We observed that a number of grant recipients within our sample selected were overdue in the provision of their outcome reporting back to Council. We were pleased to note that reminders had been sent out advising the recipient to comply however a lack of timely response from recipients was noted as a general observation.

Further to this there were two instances where management had waived the requirement for the recipient to report. We have no reason to doubt the justification of this waiver however note there is no specific policy which allows for this to occur or what the parameters for the same might be.

In regard to the partnership fund a grant condition is that progress reports are to be provided 6-monthly using a particular template. For the grant we selected we were unable to locate the expected report and upon enquiry were advised that the template was outstanding to be drafted for circulation. We note that in this instance the recipient was overdue to provide its first report in the required timeframe.

In the letter advising organisations of the success of their grant it is generally stipulated that a funding report be completed at the end of the project and that the recipient is ineligible for future funding until such time as it is presented.

Implication

Delays in reporting could be construed as leniency when compared to organisations who report effectively within the required timeframes.

Recommendations

That the follow up process and penalty for late or nil recipient reporting is reviewed as part of the overall grants policy and funding guide renewal.

That a policy around the waiver of reporting is drafted inclusive of the types of circumstances that can lead to the appropriateness of a waiver.

Management Comments

Management accepts the recommendation, but would like to note that grant conditions require reporting and adherence to this is taken into account for future funding.



4.8 Policy - Definition & Clarity

Type: Opportunity

Rating: Low

Audit Findings

We make the following observations from our review of the current policy 0031 - Grants, Concessions and Loans;

- Throughout our work we noted that there was sometimes a lack of clarity as to what constitutes a grant as opposed to some other form of funding. For example, the Sport Northland subsidy/grant, Northland Inc support, the Woman's Rugby World cup versus a more clear cut community or operations grant. The current policy does not define what constitutes a grant.
- Clauses 5.4 and 8 of the policy reference multiple grants. We observed that it is relatively common for an entity to receive grants from multiple WDC sources and that the policy could benefit from more specific guidance in this area. For example, we noted one trust had received a library grant, a resident and ratepayers grant and a capital grant. The combined quantum of these grants exceeds the \$15,000 delegated authority of the Community Fund Committee however individually they fall within the delegation. Clause 8 allows an entity that receives multiple grants to apply one funding agreement and consequently one set of reporting requirements. In practice however, this is not applied.
- Clause 6.7 states that within three months of the financial year, staff will submit a report to Council on the grants, concessions and loans for the previous financial year. We obtained this report and noted that it was tabled 11.9.18 at the Community Funding Committee. We recommend the audience is defined as pertains to Council or the Community Funding Committee. We note the terms of reference for the Community Funding Committee does not include all Council members.

Recommendations

That the following observations are considered when next updating the policy and related guidance.

Management Comments

Management accepts the recommendation. The next Policy review will address these.



4.9 Housekeeping Observations

Type: Opportunity

Rating: Low

Audit Findings

We raise the following housekeeping observations identified from our sample based testing procedures;

- Annual Financial Statements were not provided for a Creative Communities Fund application. In this instance the applicant was a private company (allowed under this fund). We were advised that financials were not required in that particular circumstance however the standard application form for groups states that annual financial statements must be provided. Perhaps the term “group” would benefit from further expansion.
- There is a standard application form required for the community halls fund. We observed that the content of these applications is generally less detailed than those of other funds. The successful grant application we selected to review was not supported by financial statements, a quote had not been provided and the bank account number was not noted on the basis the entity had received prior funding. Further to this we observed that the maintenance schedule had identified the works required as low risk however the priority rating applied in the assessment was medium.

Recommendations

That the above matters are also considered when next updating the policy and related guidance. It might be that an abridged application form is more relevant for the community halls fund.

Management Comments

Management accept the recommendation



5. INTERNAL AUDIT WORK CONDUCTED

The following summarises the work that we conducted during our internal audit. The purpose of this summary is to provide an understanding of the areas we covered.

Scope Required	Work Completed	Conclusion
Adequacy and effectiveness of internal policies and controls in place to manage key risks associated with giving grants.	<ul style="list-style-type: none"> Interviewed relevant Council staff to identify and assess the adequacy and effectiveness of all relevant policies and controls. Assessed the adequacy and effectiveness of the Council's: <ul style="list-style-type: none"> Grants concessions and loans policy (0031) Community funding guide (2018-2019) User templates and grant application forms Evaluated current policies and controls against industry best practice. Documented and communicated where we perceived there to be policy limitations or control gaps. 	Based on the work completed we acknowledge that the current policy and guide is reasonably sound. We noted some limitations with regard to the documentation of conflicts of interest and have raised some recommendations for further refinement in terms of definition & clarity.
Compliance of current management practices against Council policies and guidance.	<ul style="list-style-type: none"> Evaluated actual practices against policy and controls through testing of a selection of recently awarded grants. 20 contracts were tested in total and our review involved assessment of Council documentation to support conformance of the following key activities: <ol style="list-style-type: none"> Completeness of the application form and supporting documentation provided by the applicant. Agreed the quantum (per finance), of the grant awarded with the acceptance letter from WDC. Assessed if the approval of the grant was in line with the delegated authority, agreed to management's recommendation & Committee/WDC minutes as appropriate. Assessed if the decision generally appeared reasonable and displayed a clear link to community outcomes. Considered and cross checked the legal status of the entity and reviewed committee members/trustees/directors for any potential conflicts of interest. Considered the impact (if any) on other grants received by the recipient and assessed for any retrospective spending prior to the award of the grant. Assessed the quality and timeliness of recipient reporting back to Council. The 20 grants tested were selected in consultation with the Strategy and Democracy team, so as to ensure a range in nature and department. Note the actual grants were randomly selected by BDO following guidance on the process. As a point of reference, the 20 selected grants contained the following attributes: 	The results of our testing was generally positive. We have made some recommendations for refinement as noted within section 4 of this report.



Selected	Department
1	Creative Communities
4	Community Fund
2	Performing Arts Fund
1	Community Halls Fund
1	Partnership Fund
3	Annual Operations Fund
2	Annual Events Fund
2	Rent Concessions
1	Library Grant
1	Capital Grant
2	Parks Department Grants

Reviewed a selection of grants that were NOT awarded.	<ul style="list-style-type: none"> Assessed in detail the decision making process and documentation for 2 declined grants. Reviewed the applications tracking schedule for declined grants and considered the rationale for the decision not to award. 	No exceptions were noted. We raised a positive finding in regard to the feedback that was provided to declined applicants.
A review of the process around funding for CCO's.	<ul style="list-style-type: none"> Enquiry of management Review of a management paper that had been prepared summarising the current process and potential limitations. 	We have recommended that the process for the award of grants to CCO's be reviewed.
Assessed the clarity of roles & responsibilities & consistency of approach between Council departments.	<ul style="list-style-type: none"> Interviews with various council departments Sample testing to cover a cross section of departments Review of grants per finance reports to assist with determining the spread through Council. 	There are some pockets of decentralised funding that we recommend are reviewed.



APPENDIX 1 - FINDINGS RATING

We classify our findings according to whether the matter raised represents, in our view, either a risk or an opportunity to the company. A risk is generally linked to an internal control weakness whereas an opportunity represents the identification for a potential efficiency.

To enable Management to set priorities on their action plans we will report our findings in four categories, namely, critical, high, medium and low based on our assessment of the importance of each finding.

Definitions for each category are provided below.

Explanation	
	Risk
	A risk may represent a source of potential harm or negative impact.
	Opportunity
	Opportunities may represent sub-optimal performance or potential for an efficiency to be gained.

Explanation	
	Critical
	Severe breakdown in controls exposing Council to substantial risk, requiring immediate management attention and resolution as soon as practicable.
	High
	Significant breakdown in controls exposing the organisation to risk, requiring urgent management attention and resolution.
	Medium
	Breakdown in controls requiring timely management attention and resolution.
	Low
	Process inefficiencies or non-compliance with policies and procedures of a housekeeping nature.



APPENDIX 2 - LIMITATIONS OF INTERNAL AUDIT PROJECT

This limited assurance quality assurance audit has been conducted in accordance with New Zealand Audit Standard ISAE 3000. This quality assurance audit is limited primarily to inquiries of entity personnel, inspection of evidence and observation of, and enquiry about, the operation of the control procedures for a small number of transactions or events. This audit is designed to provide a limited level of assurance in relation to the areas included within the terms of reference. An audit providing a high level of assurance has not been performed.

The engagement was performed on the basis of the following limitations:

- ▶ As a result of the inherent limitations of any internal control structure it is possible that errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that we have reviewed operate, has not been reviewed and no view is expressed as to its effectiveness.
- ▶ The engagement is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis. Also, this engagement does not provide all the evidence that would be required in high level positive assurance audit.
- ▶ Any projection of the evaluation of the procedures reviewed for selected processes to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The matters raised in this report are only those which came to our attention during the course of our limited quality assurance audit and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures reviewed, or potential instances of fraud that may exist. Findings within this report may have been prepared on the basis of management representations and should be read in the context of the scope of our work.

The Council should assess management actions for their full commercial impact before they are implemented. This report has been prepared by BDO Northland and Wellington for the purpose of, and with a view to access by the Council. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

4.2 Audit New Zealand – Verbal Report 2019

Meeting: Audit and Risk Committee
Date of meeting: 25 September 2019
Reporting officer: Athol Graham (Audit NZ) / Delyse Henwood (Finance Manager)

1 Purpose

To update the committee on the recently completed external audit for 2018-19.

2 Recommendation

That the Audit and Risk Committee notes the report from the external auditors.

3 Background

The external audit is due to be completed for the financial year end June 2019. The final report is due to be provided to staff during the week of the Audit and Risk Committee.

This session is to allow for a verbal update from Audit NZ on any key outcomes from the final audit report.

4 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

4.3 Financial Management Activity Update Report – September 2019

Meeting: Audit and Risk Committee
Date of meeting: 25 September 2019
Reporting officer: Delyse Henwood (Finance Manager)

1 Purpose

To update the Committee on financial management activities over the previous three month period as well as on upcoming financial matters.

2 Recommendation

That the Audit and Risk Committee notes the financial management activity over the previous three months.

3 Discussion

2018-19 Annual Report

The 2018-19 Annual Report is scheduled for adoption at the 26 September 2019 Council meeting. Audit New Zealand commenced their final audit on 26 August.

At the time of preparing this agenda the audit was progressing well with no material changes identified.

Draft operational results were provided during the August Finance and Corporate Committee meeting, with a workshop on 19 September to provide an update to Elected Members.

2019-20 Financial Reporting

The 2019-20 budgets have been phased, with budget managers completing the first round of forecasting for the 2019-20 financial year. A financial operational report for the two months ended 31 August 2019 will be tabled at the September Finance and Corporate Committee meeting.

Tax Compliance

Included as an attachment to this agenda is PWC's Annual Tax Update. This update is provided to Council as part of the Tax Risk Governance Framework. This framework assists Council to identify and manage tax risks in order to maintain our low risk profile.

The review of Council's property transactions has now been completed. A power-point presentation summarising the key findings of this review will be presented during the meeting. PwC Tax partner Phil Fisher will be in attendance.

During our 2018/19 end of year reconciliations, an error was identified in the GST returned to IRD on rates revenue. An error was made in calculating the amount of the journal that splits the GST on total rates to each instalment period. GST was correctly returned on the first rates instalment, but the GST returns covering the subsequent periods were understated. The total GST error covering the 3 instalment periods amounted to \$522k (total GST on rates \$12.7m). This adjustment brought the overall GST payment on rates in line with our budgets.

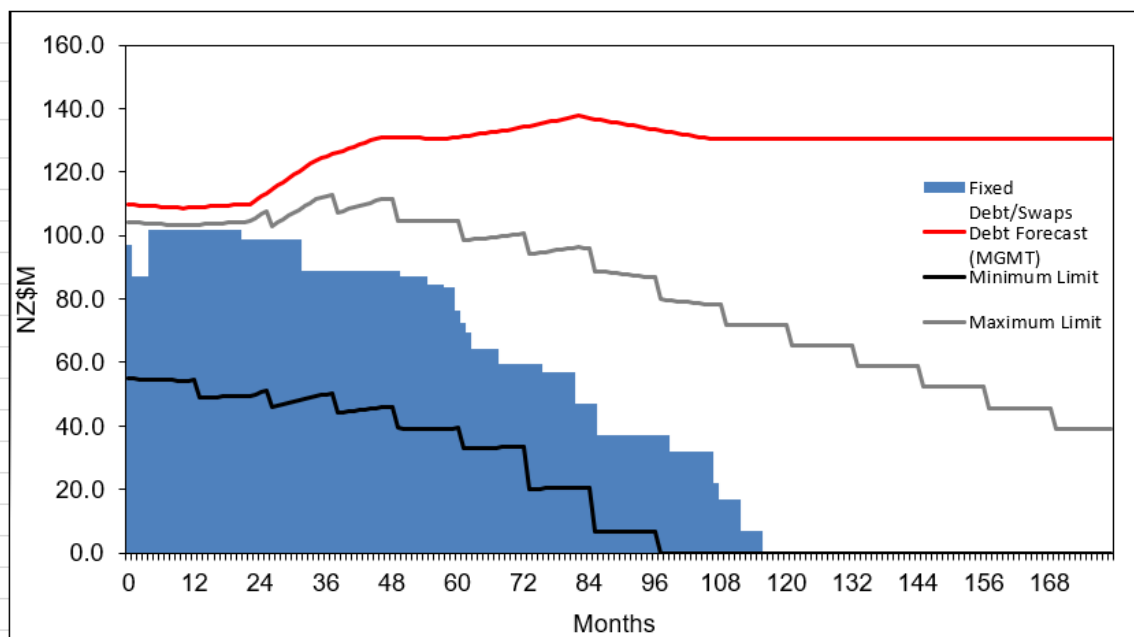
A voluntary disclosure has been lodged with IRD, and at the time of preparing this agenda a reassessment had not yet been received. PWC tax pooling will be used to reduce any use of money interest charged.

Treasury Risk Management

The graphs below should Council's compliance to risk parameters set out in the Treasury Risk Management Policy.

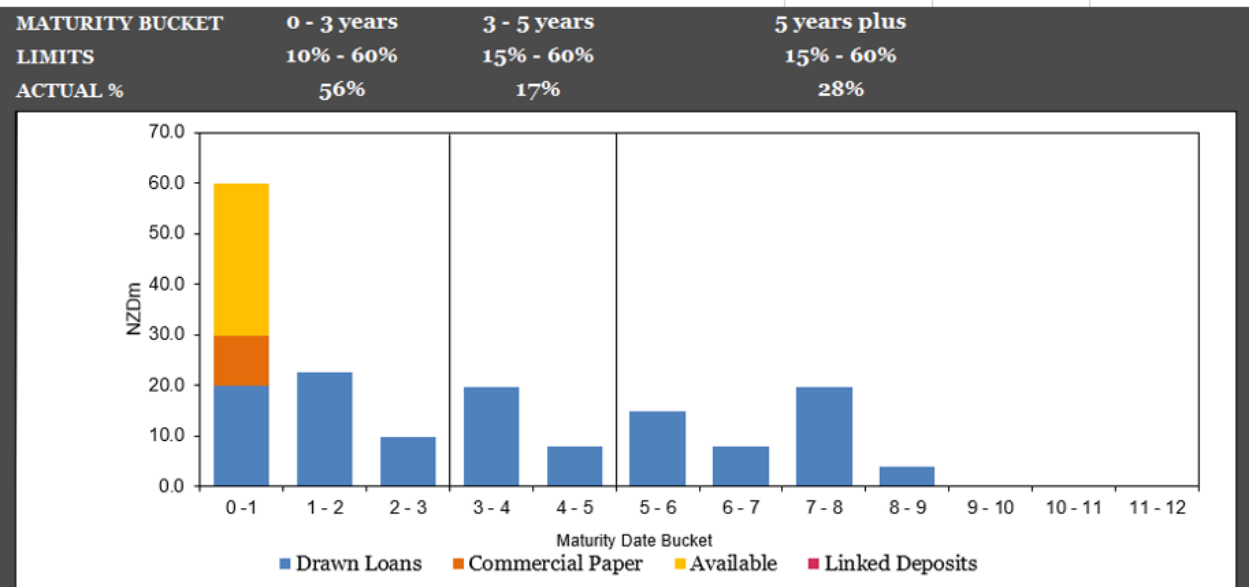
Fixed Interest Rate Hedge Position




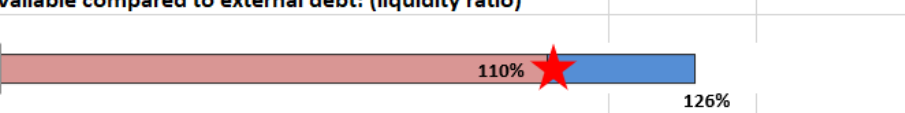
This graph illustrates Council's fixed interest rate position i.e. the nominal value of the fixed interest rate swaps that Council has in place for different durations indicated in months (solid blue). It indicates whether swaps in place are within the approved interest rate control limits set in the Treasury Risk Management Policy. Limits are set based on forecast "core debt" (red line).



Funding Maturity

This graph illustrates the maturity of Council's total external debt against the approved limits within each maturity bucket. Current limits for each bucket are set in the Treasury Risk Management Policy and shown in the graph below, with percentages calculated on total external debt.



	Years
Weighted average duration of Loans	3.17
Weighted average duration of Swaps	6.91
POLICY LIMITS:	
The following information displays Council's position in comparison to policy limits.	
Net debt to total revenue:	Policy Limit
	less than 150%
Net interest to rates income:	
	less than 25%
Net debt per capita:	
	less than \$2150
Borrowing level available compared to external debt: (liquidity ratio)	
	greater than 110%

4 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

5 Attachment

PWC Annual Tax Update

Whangarei District Council Annual Tax Update Year to 30 June 2019

By **Phil Fisher & Josie Goddard**

August 2019



1

Report:
Annual Tax
Update to the
Audit and Risk
Committee

Annual Tax Update

Introduction

Whangarei District Council (Council) has adopted a Tax Governance Framework. It was a proactive step towards identifying and managing tax risk in order to maintain Council's low risk profile.

As part of the Tax Governance Framework, we have prepared this annual tax update as a report to Council's Audit and Risk Committee (Committee) on progress made during the period up to 30 June 2019.

This memorandum provides:

- A summary of the more substantive tax advice Council has sought from PwC during the period 1 July 2018 to 30 June 2019.
- Commentary on tax matters currently being addressed as at 30 June 2019.
- A more general update on the wider tax environment which may affect Council, albeit kept to a high-level – refer *Part Three*.

Context

Council is largely exempt (not completely) from income tax. However, Council pays significant amounts of indirect taxes including:

<i>Tax Type</i>	<i>Year Ended 30 June 2019</i>
GST Output tax paid	\$19,383,435
GST Input tax claimed	\$16,368,998
PAYE	\$6,142,828
FBT	\$263,860

Significant work undertaken

In accordance with Council's tax risk management, it is appropriate to report to the audit and risk committee on significant tax matters that arose throughout the year.

For the most part, the tax compliance of Council has been 'business as usual' for much of the year with the various tax returns (income tax, GST, PAYE, FBT, etc.) being filed on time and without any concerns being raised.

Relevant tax work undertaken throughout the year included:

- Submitting a voluntary disclosure in July 2018 in relation to FBT on group life insurance premiums and GST on rubbish bag sales. As this was pre-notification of an audit no penalties were ultimately imposed by Inland Revenue. Tax Pooling was used to minimise the interest cost.
- Requesting assistance with the preparation and filing of the income tax return for the year ended 30 June 2018, as well as assistance in completing the tax disclosure notes for the 2018 financial statements.
- Undertaking a project to review the GST treatment of property transactions. In order to ensure Council is compliant going forward, PwC took a GST training session in February 2019. Further, the Finance Manager has developed a clear process whereby all property transactions now come through Finance.
- As part of preparing for Inland Revenue's new requirements in the PAYE filing system, Council commissioned PwC to undertake a training on the changes to payday reporting in February 2019.
- Commissioning PwC to undertake a workshop in respect of the GST treatment of grants in February 2019
- Seeking PwC's assistance on the GST treatment on multiple property transactions.

Council also submitted a voluntary disclosure to Inland Revenue in August 2019 in relation to a GST error that arose in relation to rates income.

In addition, to support the ongoing tax risk management, Council:

- Continued to subscribe and use PwC's online Indirect Tax Policies and Guides,
- Sought assistance on a number of ad hoc queries by utilising the PwC Tax Helpdesk to strengthen their business decisions with confirmation of the potential impact of the relevant tax issues.

Council has taken a proactive approach to tax risk management in the past. This is particularly relevant given the increased focus by Inland Revenue on tax governance and the tax control framework. It is important to continue to keep this focus moving into the future. To develop this focus we have proposed a future tax management strategy in accordance with Council's current tax governance framework, – refer *Part Two*.

2

Report:
Tax Strategy
Year to 30 June 2022

Tax Strategy

Current Proposed Strategy to 30 June 2022

Tax services	Financial year ending 30/06/2018	Financial year ending 30/06/2019	Proposed future strategy		
			Financial year ending 30/06/2020	Financial year ending 30/06/2021	Financial year ending 30/06/2022
Tax helpdesk facility	✓	✓	✓	✓	✓
Access to online taxation policies	✓	✓	✓	✓	✓
Tax compliance reviews undertaken					
• GST				✓	
• PAYE/withholding taxes			✓		
• FBT					✓
• GST on property transactions	✓				
Income tax return independently reviewed	✓	✓	✓	✓	✓
Tax disclosure notes independently reviewed	✓	✓	✓	✓	✓
Tax agency – income tax	✓	✓	✓	✓	✓
External advice sought on major tax issues	✓	✓	✓	✓	✓
Tax training provided to staff			As required		

3

Report: Tax Developments

Tax Developments Over the Year

Other relevant points of note that may impact Council include:

- Inland Revenue continues to encourage public sector organisations to be tax compliant. One of the standard questions when Inland Revenue review any organisation is whether there has been an independent assessment of tax compliance, and if so, to request any reports issued. We note that the increasing focus of the BCP programme (used for large Corporates) has been on the employment taxes and GST, with a significantly reduced focus on income tax matters.
- Inland Revenue's ongoing internal transformation has caused disruption to usual services. Clients are noting refunds automatically being swept from one tax type to meet a tax payment in another account. This is sometimes occurring prior to a due date. This is frustrating and time consuming to rectify often requiring multiple communications with Inland Revenue. We encourage clients to ensure all MyIR account balances are reconciled as a final step in the compliance process. We recommend that this reconciliation occur at least monthly.
- Once the Inland Revenue transformation project is fully operational we can expect to see the results of their ability to see significantly more data about each taxpayer. The final step in the Transformation journey is for individuals to receive pre-populated accounts. While there have been some such accounts issued this year, we expect from 31 March 2020 that all individuals will be issued with these. We are encouraging our clients to ensure they are comfortable that their Payday filing transitions have been successful by applying analytical tools across their payroll data. Ideally employers would identify any risk areas before employees are given their first pre-populated accounts.
- The Tax Working Group issued its final report in February 2019. The Government is currently considering the recommendations made. The most significant recommendation was the proposed introduction of a capital gains tax which has now officially been rejected by the Government.
- Inland Revenue updated kilometre rate methodology in operational statements [OS 19/04a](#) and [OS19/04b](#): "Commissioner's statement on using a kilometre rate for business running of a motor vehicle - deductions" and "Commissioner's statement on using a kilometre rate for employee reimbursement of a motor vehicle" respectively. The statements updated the mileage rates used in the two tier system. Further evolution of this two-tier approach is currently being considered. Mileage rates are set by Inland Revenue and published on their website and updated annually.
<https://www.ird.govt.nz/topics/income-tax/day-to-day-expenses/vehicle-running-costs/kilometre-rates-for-business-use-of-vehicles-2018-2019-income-year>
- Donee organisations must now be either on Schedule 23 of the Income Tax Act 2007 as approved donee organisations or listed on the charities register in a move to ensure greater transparency of donations tax credits. This could impact local authorities income tax positions.
- Inland Revenue recently confirmed that local authorities should not account for GST on rates in relation to Council owned residential properties. We suggest revisiting how Council's are approaching the GST for rates on residential properties it owns to ensure the correct GST treatment is applied. If Council has historically accounted for output tax in relation to rates on residential property, we recommend quantifying the refund and considering claiming the refund in a subsequent GST return (subject to thresholds below), or filing a voluntary disclosure.

Broader Tax Developments

A brief overview of relevant tax developments over the year.

Other broader tax developments include:

- From 1 July 2019 a local authority who is a member of a Tax Consolidated Group will no longer receive all of the benefits of being in a Tax Consolidated Group. Whilst local authorities will remain eligible to be members of Consolidated Tax Groups, from 1 July 2019 dividends derived by a local authority from a CCO that is member of a Consolidated Tax Group will no longer be excluded income for income tax purposes ie such dividends will have to be included in the calculation of taxable income of the Consolidated Tax Group. Effectively this means that dividends paid by a CCO to a local authority will be subject to income tax post 1 July 2019, although imputation credits can be attached to those dividends. Other non-dividend income such as interest, rental income, management fees etc that are paid between the tax CCO and parent local authority will continue to be 'ignored' where a consolidated tax group exists. This is potentially a 'temporary' change, with a more fulsome review of local authority taxation to be undertaken by Inland Revenue.
- From 1 April 2020 Donee Organisations will be required to be listed with Charities Services in order for donors to be able to claim tax credits for donations made to them. [QB 19/10](#) was released clarifying the requirements of a donee organisation to establish and maintain a fund under s LD 3(2)(c) of the Income Tax Act 2007. The consultation reference for this item was PUB00337.
- Payday Filing went live 1 April 2019 requiring employers to submit PAYE returns within 2 days of a payday.
- Interpretation Statement [IS 18/07](#): "Goods and services tax — zero-rating of services related to land" was released December 2018. The interpretation statement concerns 1 April 2017 amendments to the Goods and Services Tax Act 1985. The amendments relate to the circumstances in which services related to land can be zero-rated under s 11A(1)(e) and (k).
- Interpretation statement [IS 18/04](#): "Goods and services tax – single supply or multiple supplies" updates and replaces IS 17/03: "Goods and services tax – single supply or multiple supplies".
- IRD Numbers required on all property transactions [Supplementary Order Paper \(SOP\) No 248](#) to the Taxation (Annual Rates for 2019-20, GST Offshore Supplier Registration, and Remedial Matters) Bill (114-2). The SOP includes a proposal that will require all buyers and sellers of property to provide their IRD number as part of the transaction process. Previously, those buying or selling a main home did not have to provide an IRD number.
- Regulations have been issued providing for how errors in an employer's employment income information for a payday may be corrected. Tax Administration (Correction of Errors in Employment Income Information) Regulations 2019 (LI 2019/62) was issued on 28 March 2019.
- Standard Practice Statement [SPS 19/02](#) — Voluntary disclosures has been released by Inland Revenue with application from 27 March 2019. It replaces SPS 09/02 and follows the 2018 consultation document, ED0201.
- [IS 19/01: Income tax — application of schedular payment rules to non-resident directors' fees](#) The Interpretation Statement considers the situations in which tax must be withheld from directors' fees paid to non-residents. This includes a discussion of when directors' fees paid to non-residents are considered to have a New Zealand source. The Interpretation Statement then goes on to consider when and how much tax must be withheld and paid to the Commissioner, if withholding is required from directors' fees paid to a non-resident.

Broader Tax Developments

A brief overview of relevant tax developments over the year.

- Research and Development tax credit scheme introduced. The 15% tax credit is available from the beginning of the 2019/20 income year for income tax payers.
- GST on low value (under \$1,000) imported goods rules will apply from 1 December 2019. GST will apply at 15% on what will be known as “distantly taxable goods” and offshore sellers, marketplaces and re-deliverers who exceed the GST threshold (NZD\$60,000) will be required to register for GST.
- The criteria for self-correction of errors in later income tax, FBT or GST returns been replaced with a combination of a monetary threshold and materiality threshold. Taxpayers now have the option of correcting an error in a subsequent return, provided it is not material and the purpose isn't to delay the payment of tax, when the error results in a difference of tax to pay that is equal to or less than the lower of:
 - \$10,000 of tax; and
 - 2% of the taxpayers annual gross income, or GST output tax.

Local Government relevant matters

- PwC undertook some research recently into urbanisation. Whilst focussed around the 6 largest centres in New Zealand, it is an interesting read and provides some food for thought. A further article in the New Zealand Herald discussing the comparison in discretionary income between Auckland and Napier after factoring in housing and transport costs is also worth noting. Links below.

https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12148026

<https://www.pwc.co.nz/insights-and-publications/2019-publications/citiesinstitute.html>
- Infrastructure Funding - The Government is currently investigating means by which large infrastructure projects can be funded where local authorities have funding constraints. This is an ongoing piece of work and brings into spotlight the limited means by which local authorities can currently generate revenue.
- Local Government Funding Inquiry - The Productivity Commission released their draft (and rather lengthy!) report – the briefer summary can be found at the following link. Submissions can be made on the draft report before the end of August, and a final report is due to be issued by 30 November 2019. The Department of Internal Affairs conducted workshops with over 60 councils to review the operation of the Local Government Financial Management System and were intending to feed the insights from those workshops into their response.

<https://www.productivity.govt.nz/inquiry-content/3819?stage=3>
- The Wellbeing Budget has been the most recent output following some increased focus of the government in this area. Whilst there are a number of criticisms being imposed, and this is very much the start of a journey, this will be a key focus of this government, and is naturally of relevance to local government given the four key Wellbeing pillars of the Local Government Act
- Tax Policy have invited us to an open discussion on the tax framework for local government. Whilst it may be some time before any conclusions are reached, and legislative changes enacted, this is consistent with their previously signalled review of the income tax legislation as it applied to local government.

Tax Working Group Final Report

Released February 2019

Key recommendations with regards to the New Zealand tax system:

- **Capital gains tax:** Extend the existing coverage of taxing capital gains. Eight of the 11 members of the TWG favoured a broad capital gains tax that would apply at full income tax rates, on realisation (sale or other disposal) of an asset and with no allowance for inflation. This has now been ruled out by the Government and will not go ahead.
- **Environment taxes:** In the short term, expand the coverage and rate of the Waste Disposal Levy, strengthen the Emissions Trading Scheme (ETS) and advance the use of congestion charging. Strengthening the ETS would involve all emissions (including from agriculture) facing a price. Tax instruments that address water pollution and the extraction of water from rivers, streams and aquifers, are also discussed.
- **Company tax:** No plans to alter the company tax rate or move away from the imputation system.
- **Personal income tax:** Consideration was given to raising the bottom income tax threshold (currently \$0 - \$14,000) to \$20,000 or \$30,000, and potentially combining this with an increase in the second marginal tax rate (currently 17.5%) to 21%.
- **Retirement savings:** Encourage greater participation in KiwiSaver for low-income earners through various measures, including refunding the ESCT for KiwiSaver members earning less than \$48,000, increasing the member tax credit from 0.50 to 0.75 per \$1 of contribution and reducing the PIE rates for KiwiSaver funds,
- **Digital services tax:** Be ready to implement a digital services tax to if a critical mass of other countries move in that direction and New Zealand's export industries are not materially impacted.

Other possible areas earmarked for reform are changes to the loss continuity rules for start-ups, bringing back depreciation deductions on buildings if capital gains tax is extended, expanding deductions for 'black-hole' expenditure, and concessions for nationally significant infrastructure projects.

The full report can be found at: <https://taxworkinggroup.govt.nz/resources/future-tax-final-report>

PwC commentary on the report can be found at: <https://www.pwc.co.nz/insights-and-publications/subscribed-publications/tax-tips/2019-02-21.html>

Thank you

[pwc.co.nz](https://www.pwc.co.nz)

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4.4 Health and Safety Report September 2019

Meeting: Audit and Risk Committee

Date of meeting: 25 September 2019

Reporting officer: Desarae Williams

1 Purpose

To update the Audit and Risk Committee with information on key health and safety risks and the measures in place to mitigate those risks at the Whangarei District Council workplace.

2 Recommendation

That the Committee notes the Health and Safety report.

3 Background

Elected members have significant influence over our workplace and are obliged to:

- Apply due diligence to ensure the council is meeting legal health and safety obligations.
- Ensure that health and safety risks have been identified and are being suitably mitigated.
- Be confident that Council is providing a safe workplace for workers.

This report provides key information that addresses these matters at a governance level.

4 Discussion

The top risks remain as detailed in the last report, which are attached. In addition, there are a number of other matters for your information.

Securing Wastewater Treatment Ponds from members of the public

Following the death of a toddler in a Gore District wastewater treatment pond we approached WorkSafe NZ regarding both the need to fence ponds and the required standard of the fencing. As a result of these discussions we have adopted a risk management approach. We have initially identified ponds in areas where there is a house within 500 metres or a location where you might expect there to be the public, in order to address these areas first.

Changes to legislation

A WorkSafe NZ discussion document, *'Implementing the Health and Safety at Work Act 2015: Better regulation. Plant structures and working at heights'*, has been sent out to the public for comment. This includes potential new legislation about working at heights, plant

and machinery requirements, structures, amusement devices and other aspects that WorkSafe NZ have advised they do not believe is covered in enough detail in existing legislation.

WorkSafe NZ have recently publicised a number of useful guidance documents including, 'Safety in Design' and 'PCBUs working together' in an effort to support organisations such as ours to meet our legal obligations.

Internal SafePlus assessment

WorkSafe NZ and ACC have developed a health and safety self-assessment tool called SafePlus and an informal sample audit was conducted recently in the organisation. The tool is a safety culture survey looking at leadership, risk management and engagement. A summary of key findings included;

- Dealing with workplace stress is perceived as something we could get better at managing in the workplace with some differences in perception noted between leaders and staff
- More assistance and involvement from workers is needed in reducing risks
- More involvement is needed from Health and Safety Reps
- More can be done to encourage staff (particularly those in Forum North) to report accidents and incidents
- More resources are required to manage worker health
- The largest gap in perception between leaders and workers was how fatigue was managed in some of the outlying sites.

These findings have been discussed and will be addressed in our health and safety plan.

External Health and Safety audit of Venue and Events Venues

An external audit was commissioned by Venues and Events to review health and safety systems at both Forum North and the NEC Stadium. An action plan will be developed to address the recommendations made in the report.

Contractors

As part of our desire to provide health and safety leadership to our community have a number of initiatives underway including:

- In our recent Contractor Forum WorkSafe NZ presented and took lots of questions from the floor.
- Council have sponsored the Health and Safety Award at the local Civil Contractors Federation, with the Council Health and Safety Manager participating as a judge over the last four years. This year, there was an increase in the number of entries with Downer Ltd receiving the final Award.

While some of our contractors were not initially enthusiastic about becoming Sitewise prequalified, we now have a higher than average contractor score. The national average score is 73%, while ours is 80%. We have noted a positive trend upward over these last three years.

Sitewise Scores	Number at end of June 2019	Approx. % at end of June 2019
High Risk Contractors with a Site Wise score of 100%	15	7.5%
High Risk Contractors with a score of 90% or more	47	23.5%
High Risk Contractors with a score of 75% or more	129	65%

Table 1: Contactor Sitewise pre-qualification statistics

Accident Statistics

The table below shows injuries and incidents reported within the January to March 2019 quarter. While Figure 1 shows this in a more visual way. Figure 2 is a pie chart of the injury types of employees, with 59 percent of these being near miss incidents.

Injury Type	Employee April - June 2019	Contractor April - June 2019	Public April - June 2019	Totals April - June 2019	Last quarter totals	Trend Since last quarter
Worksafe NZ Notifiable event	0	0	0	0	0	Same
Lost time injury (injury needing days off)	2	6	0	8	1	↑
Medical treatment Injury (visited doctor or physio)	1	5	1	7	9	↓
Occupational health exposure	0	1	0	1	0	↓
Minor injuries (First Aid)	4	17	4	25	20	↓
Pain and Discomfort	19	6	0	25	15	↑
Incidents	12	23	4	39	60	↓

Table 2: Council workplace injuries 1 April – 30 June 2019 quarter.

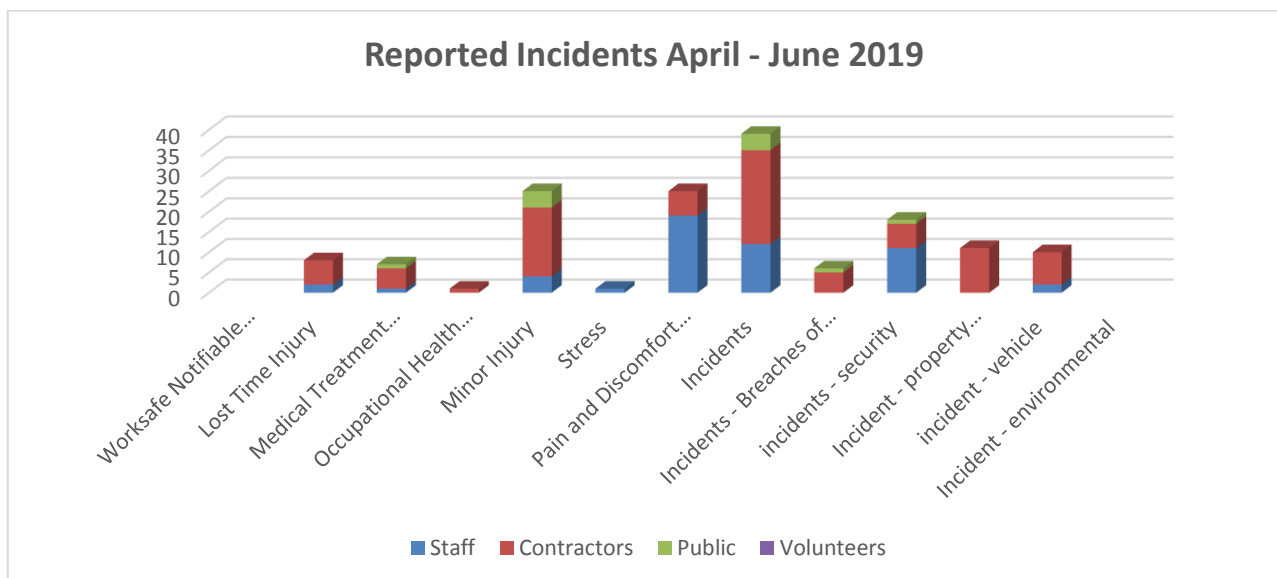


Figure 1: Total reported incidents

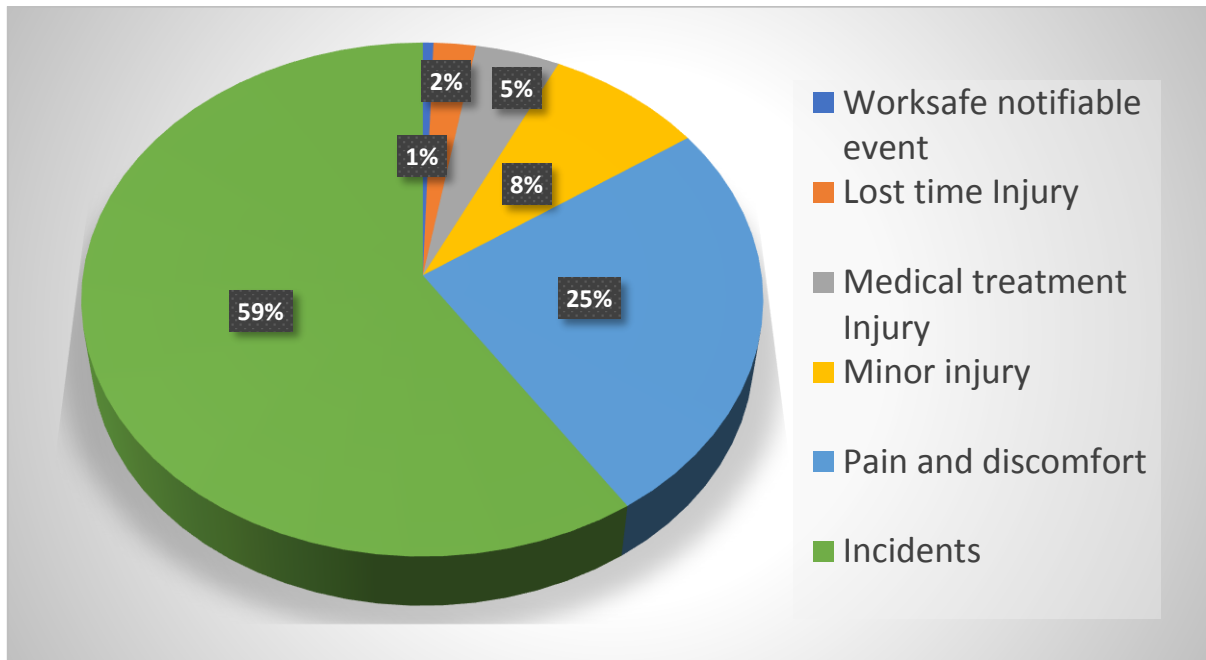
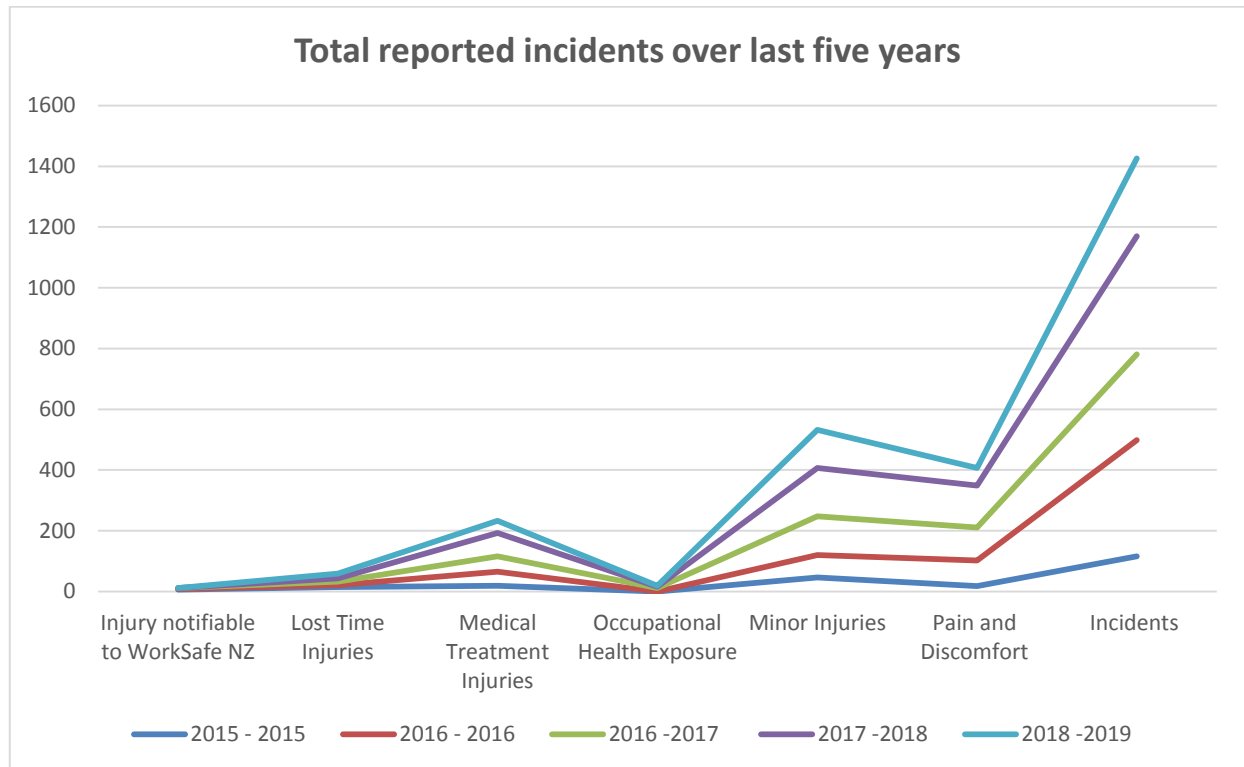


Figure 2: Employee Injury and Incident types 2018-2019

A table and graph of injuries follow, showing differing trends. Some explanation of the increasing trends is more awareness and better reporting and more staff than five or six years ago.

Incident Type	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	Trend since previous year
Injury notifiable to WorkSafe NZ	3	6	2	3	0	0	Same
Lost Time Injuries	13	14	7	11	11	16	↓
Medical Treatment Injuries	37	19	46	51	77	40	↑
Occupational Health Exposure	0	0	0	11	4	4	Same
Minor Injuries	40	46	74	127	160	125	↑
Pain and Discomfort	9	18	84	109	138	58	↓
Incidents	137	116	382	283	389	256	↓

Table 3: Council workplace injuries over last six financial years



Health and safety training undertaken since last report

Internal training	External training
<ul style="list-style-type: none"> • Health and safety inductions • Contractor Be safe engagement workshops • Safetywhys for Leaders – Pain and discomfort • Safetywhys for Leaders – Dealing with a serious accident • Safetywhys for Leaders – Staff security 	<ul style="list-style-type: none"> • First Aid (new and refreshers) • H&S Rep training – level 1 • First moves manual handling training • Hazardous substances – Certified handler training • Attendance at a Safeguard conference on improving health and safety representative engagement

Table 5: Health and Safety Training undertaken since last report

5 Significance and engagement

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via report publication on the website.

6 Attachment

Highest Health and Safety Risks, September 2019

Attachment 1: Highest Health and Safety Risks in Whangarei District Council 'workplaces'

These risks have been identified from the Council hazard register, based on residual (After controls put in place) risk scores.

Risk Description	Cause of the Risk	Consequence/ impact of an event happening	Inherent Risk Rating	Controls in Place	Residual Risk Rating	Future Controls	Future Risk Rating
Threats and aggression from members of public.	<p>Workers out in field coming across aggressive people, causing physical and/or emotional harm to workers.</p> <p>Aggressive people coming in or around our workplaces, causing physical and/or emotional harm to workers.</p> <p><i>Note: Why this risk remains so high, is the lack of control we have as council in controlling the behaviour of the public.</i></p>	Worksafe notifiable injury affecting workers	Critical	<ul style="list-style-type: none"> • Security systems, policies, procedures and information in place to cover many eventualities • Regular training sessions on what to do in threat and lockdown events. • Training provided to cover off differing threat situations • H&S & Security meetings held with other tenants and PCBU's • Planned emergency drills, which check the effectiveness of the systems • Audits of high risk areas • CCTV and panic buttons installed • Work alone devices and cell phones, to summon assistance • Use of security companies to provide assistance • Audits and monitoring 	High		Little change foreseen
Traffic, pedestrian and driving hazards	<p>Poor driving behaviour of other people, causing accidents involving our workers, both in vehicles and as pedestrians.</p> <p>Poor driving behaviour of our workers, causing accidents and injuries.</p>	One Worksafe notifiable injury or potentially many fatalities	Critical	<ul style="list-style-type: none"> • Driver assessments • Driver licence checks • Driver – car control training provided for high use fleet drivers • Driver checklists • Driver inductions • Safe access through traffic guidelines • Staff informed of requirements 	High		Little change foreseen

Risk Description	Cause of the Risk	Consequence/ impact of an event happening	Inherent Risk Rating	Controls in Place	Residual Risk Rating	Future Controls	Future Risk Rating
	<i>Note: Why this risk remains so high, is the lack of control we have as council in controlling the behaviour of the public.</i>			<ul style="list-style-type: none"> Road safety and traffic management requirements 			
Workplace stress and fatigue	<p>Work overload, working long hours and overtime (for a long period of time), bullying and other unreasonable behaviours, including unresolved conflict.</p> <p>This can be compounded by out of work issues.</p>	WorkSafe NZ notifiable injury	Critical	<ul style="list-style-type: none"> EAP (Employee Assistance Programme) system available Encouragement to early report and resolve issues Policies in place giving guidance Fatigue management processes in place and monitoring Leader awareness of issues, with individual plans to resolve Support of individuals from People and Capability team Monitoring of this area and reporting 	High		
Contractors creating risks in the workplace	Contractors injuring themselves and others when undertaking council work or while at council workplace.	Multiple fatalities WorkSafe NZ and likely prosecution, affecting workers	Critical	<ul style="list-style-type: none"> Initial health and safety appraisal system, using a prequalification requirement of being SiteWise approved to 50% or more Annual review of existing contractors Stringent asbestos removal controls Monitoring processes Contractors informed of requirements and standards, with regular communication to contractors Council staff trained in requirements Contractor Management policy in place Permit to Work system in place Lockout system in place 	Medium		

Risk Description	Cause of the Risk	Consequence/ impact of an event happening	Inherent Risk Rating	Controls in Place	Residual Risk Rating	Future Controls	Future Risk Rating
				<ul style="list-style-type: none"> • Induction of contractors 			
Slips and trips	Slippery surfaces, unrecognised trip hazards, people not paying attention	WorkSafe NZ notifiable injury affecting workers	High	<ul style="list-style-type: none"> • Encouragement of reporting and remedying of the risk as soon as possible • Workplace inspections • Worker awareness 	Medium		
Work at heights (WAH)	Falling from height	WorkSafe NZ notifiable injury affecting workers	High	<ul style="list-style-type: none"> • WAH training, with two-yearly refresher requirements • WAH permit to work in place for high risk work at height • WAH reviews and audits • WAH Policy and procedures • Fall prevention hardware, such as handrails and use of scaffolding • Use of Elevated work platforms • Assessments of risk and plans to work safely • Supervision and monitoring • WAH gear and equipment checked and certified 	Medium		
Confined space entries (CSE)	Entry into confined spaces where there is; insufficient oxygen, the risk of toxic or solvent chemicals, engulfment and energy sources or processes that could start up.	Multiple fatalities WorkSafe NZ Prosecution affecting workers	High	<ul style="list-style-type: none"> • Requirement to use CSE permit to work and suitable procedures • CSE policy and procedures • Only trained workers to enter with a two-yearly refresher requirement • CSE registers in place, making it clear what is a confined space • Air & gas monitoring requirements before and during entry • Rescue plans planned in advance • Monitoring and supervision 	Medium		

Risk Description	Cause of the Risk	Consequence/ impact of an event happening	Inherent Risk Rating	Controls in Place	Residual Risk Rating	Future Controls	Future Risk Rating
				<ul style="list-style-type: none"> Notification to our contractors about our standards and requirements 			
Fire and emergency in workplaces	<p>Unplanned fire, bomb threat, gas leak and similar causing the need to evacuate a building.</p> <p>Crowd control can become a risk in some workplaces, with the potential for crushing, if people panic.</p>	Multiple fatalities (But low probability)	High	<ul style="list-style-type: none"> Drills held six monthly in most workplaces, or annual table top review in small workplaces Procedures in place, that are regularly reviewed and updated Trained fire wardens Sprinkled buildings Approved fire evacuation schemes in place Emergency lighting and systems in place <p>Workers informed of risks and procedures to adhere to</p>	Medium	Hard wired smoke detectors	
Seismic risk at Kioreroa road Admin Building, Whau Valley Water Treatment building and Forum North	<p>Earthquake risk.</p> <p>The key aspect being, lack of compliance to new earthquake building standards, although not enforceable till 2025.</p>	Multiple fatalities (But note – very low probability)	High	<p>Nil, just awareness.</p> <p>Earthquake procedures available and two yearly drills arranged.</p>	Medium	Building new Water plant. One building concept – so staff not in at risk area. Remedial action at Waste plant	Eliminated

4.5 September 2019 – Risk Report

Meeting: Audit and Risk Committee
Date of meeting: 25 September 2019
Reporting officer: Emily Thompson (Senior Audit and Risk Analyst)

1 Purpose

To provide an update to the committee on the current risks across the Council.

2 Recommendation/s

That the Audit and Risk Committee notes the Risk Report.

3 Background

Council has a risk management framework. The framework details how each department of Council can record and manage their risks. It must be noted that risk management is a subjective activity and the framework aims to provide some consistency on the use of ratings identified for risks.

The audit and risk analyst provides support to all departments to identify risks and recognize any controls they have in place, or intend to put into place around these risks. Department Managers manage their risks as part of the operational management of the department.

The audit and risk analyst collates all of the risk information and provides a risk report to every audit and risk committee. Following the request in March 2019 to provide more detail around critical Council risks, the attached report was created and has been updated to align with the risk status as at the end of August 2019.

4 Discussion

The current risk management framework, adopted in April 2016, provides the following scale for risk categories following assessment of the risks for likelihood and impact. This scale has been used to identify the critical risks for the organisation which are included and articulated in the attached report.

Impact	Catastrophic	High	Critical	Critical	Critical	Critical
	Major	High	High	Critical	Critical	Critical
	Moderate	Medium	Medium	High	High	Critical
	Minor	Low	Low	Medium	High	High
	Insignificant	Low	Low	Low	Medium	High
		Rare	Unlikely	Possible	Likely	Almost Certain
Likelihood						

5 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

6 Attachment

September 2019 – Risk Matrix and Detailed Critical Risks to Council

September 2019 – Risk Matrix and Detailed Critical Risks to Council

Risk Matrix showing the spread of risks across the organization. This has been prepared for the Audit and Risk Committee September 2019.

The tables below shows the residual risk to Council of the operational risks at each quarter through the last year.

Table one: Residual risk spread of current Council risks (September 2019). (Total 350)

Impact	Catastrophic	1	Nil	2	Nil	Nil
	Major	7	3	5	2	1
	Moderate	23	43	50	18	6
	Minor	16	50	71	19	5
	Insignificant	3	16	4	5	Nil
		Rare	Unlikely	Possible	Likely	Almost Certain
Likelihood						

Table two: Residual risk spread of June 19 Council Risks (total 345)

Impact	Catastrophic	3	Nil	3	Nil	Nil
	Major	6	4	9	3	2
	Moderate	8	38	53	33	2
	Minor	13	46	67	20	12
	Insignificant	4	8	4	4	3
		Rare	Unlikely	Possible	Likely	Almost Certain
Likelihood						

Table two: Residual risk spread of March 19 Council Risks (total 438)

Impact	Catastrophic	1	1	3	Nil	Nil
	Major	6	4	13	Nil	2
	Moderate	24	47	77	33	14
	Minor	19	47	71	33	10
	Insignificant	3	13	4	6	3
		Rare	Unlikely	Possible	Likely	Almost Certain
Likelihood						

Table two: Residual risk spread of December 18 Council Risks (total 421)

Impact	Catastrophic	1	2	3	Nil	Nil
	Major	7	7	12	1	2
	Moderate	21	45	81	36	10
	Minor	17	46	70	24	9
	Insignificant	2	10	4	3	6
		Rare	Unlikely	Possible	Likely	Almost Certain
Likelihood						

Please note that the health and safety risks are managed via a database portal and reported separately to the Audit and Risk Committee.

Using the definitions provided in the risk management framework the following lists the current critical risks across the organization, this doesn't include Strategic risks or Health and Safety risks as mentioned previously.

The current critical rated risks have been split by operational group and then aligned to the LTP activity group.

Table two: Council's current critical rated risks

LTP Activity Group	Risk description	Current Controls - What we are already doing about it	Future treatment - What we plan to do
Group - Community			
Community Facilities and Services_Venue and Events	Replacement of Lighting Towers at NEC Stadium	Costings submitted via LTP process, support will be 50% WDC and 50%NECT in the LTP to be completed yr. 3/4 2019 Lux level testing occurred, levels not favourable for HDD coverage, therefore replacement brought forward to align to future televised events.	Procurement process underway to ensure replacement in time for Women's Rugby World Cup 2021. Remains a high risk due to short timeframes to procure, consent, design and build.
Group - Corporate Services			
Corporate Services_Support Services Infrastructure	Construction assessment of vested assets	Design assessments and construction inspections carried out by qualified personnel. Most sites visited but only a small proportion of all assets inspected during construction	Reduce. Ensure vested assets are constructed to high standard. Hold points for essential construction points. Ensure adequate capacity in team for construction assessments - may require additional WDC resources or third party assessments by consultant engineers. (Ref Marsden City example) See also BP-PLAN-6

LTP Activity Group	Risk description	Current Controls - What we are already doing about it	Future treatment - What we plan to do
Corporate Services_SupportServices	Internal Intrusion - Resulting in a virus or business outage, loss of data caused by an unknown threat	AM18022019 - user devices operating systems and antivirus software updated regularly. Phriendly phishing training deployed to whole organisation. Quarterly security meeting held to discuss best practice. Mitigate: In place: Monitoring of all cyber threat activity on a daily basis. Updating of all Anti-Virus software on a daily basis – scheduled and managed by all Cloud providers and onto desktop equipment. Intrusion detection provided on all PC's. Separate “ghost” network for public spaces. By policy no Systems Administrator privileges applied to any devices to allow free install of applications by users. System policies employed to reduce ability to download or access black listed sites. Continuity plans in place to recover data.	Under constant review. Currently going to market to look at Cyber insurance for Council as a way to mitigate potential losses.
Group - Infrastructure			
Infrastructure Corporate Services_Support Services	Unclear legal liability for Council engineering and development approvals	Construction supervisor in W&D team to oversee developer projects. However, insufficient resources to maintain adequate level of supervision. Env engineering standards in place, also bylaws. However no clear legal liability for Council. Internal Reference: BP-PLAN-4	Reduce. Consider options to improve internal processes and clarify legal liability issues (ref Marsden City example)
Infrastructure	Inadequate scoping of proposed projects for inclusion in LTP	Ad hoc scoping of projects, reliant on individual experience at a high level with no or little detail. Trying to put a cost estimate on this is a “Gut Feeling” approach.	Review job descriptions and role requirements against staff experience and knowledge New processes required for the establishment of new LTP projects, and a structured process for late projects e.g. through submissions.

LTP Activity Group	Risk description	Current Controls - What we are already doing about it	Future treatment - What we plan to do
Flood Protection Stormwater Water	Climate change impacts on weather events and sea level rise impact service delivery across Council and communities across the district	Currently part of expectations with in the 30 year plan. Regular monitoring on the progress and changes that are occurring. Climate Change adaptation working group in development. Local mitigation will not prevent predicted weather changes, so adaptation necessary.	Reduce impacts. Improvement through AMS project will help with condition data. Once data available look at engaging a modelling resource to work out the key areas of concern for this type of change to the Whangarei district. Additional work then required to consider options and way forward. Develop Council wide Climate Change Strategy and implement.
Stormwater	Reliance on attenuation to cater for growth impacts on SW network	Vested assets assessed on application and inspected during construction but often are poorly maintained (no additional maintenance budget). Also may be issues with inadequate attenuation or required upgrades to WDC SW system. Inadequate knowledge of system capacity to identify high-risk areas.	Reduce. Develop case for collection of SW DC charges to anticipate attenuation maintenance costs as well as future upgrades of network. Review of attenuation policy
Transportation	Funding provision	Workshops with developers of the DC programme, department guidance on best practice, process management document compiled to track how DC have been developed for Transport. Continued staff training.	Continue with existing controls, ensure continued review of database setup
Transportation	Unauthorised corridor activity	Council Policy requires Traffic Management Plan (TMP) and RON when working on the road.	Providing a utilities engineer, public education programme. Corridor manager and general roading staff observe the network to identify unauthorised activity, and undertake site audits of worksites for compliance and training.

LTP Activity Group	Risk description	Current Controls - What we are already doing about it	Future treatment - What we plan to do
Water	Risk of prolonged inability to supply potable water	In place: Demand management strategy. Network maintenance strategy. Comply with NZ dam safety guidelines and comprehensive dam safety review regime every 5 years. Emergency action plan, understood by stakeholder and shared with contractors. Consent renewals for intakes (rivers and streams etc.)	This is a wider risk for managing in Council. Maintenance of the contingency plans and the specific requirements of key customers (Hospital/ refinery). Assumption is there may be pockets of outages rather than wide spread issues (widespread would be covered by drought planning). Generators at key sites, Fairway Drive pump station upgrade to include a generator, What Valley Dam Chimney Drain project. Wairua River source and treatment at Poroti. Engineering Lifeline protocols for power restoration to key sites (Ruakaka)
Water	Current Whau Valley Treatment Plant - location	Relocation project has been initiated to move the WTP to the new Whau Valley Road site. Land purchase in progress and design in waiting Capital Project no. WS01-03 Whau Valley Upgrade	Continue with project activities to relocate Whau Valley treatment plant. Risk will be reduced once new WTP in operation. Project WhauValley W14-W21)
Group - Planning and Development			
Planning and Regulatory services – Building Control	Swimming pool inspections	Following identification of issue in March 2018 operation splash project was set up to work across the organisation to manage the response process regarding the lack of swimming pool audits in the preceding years. Audit process for all Whangarei District pools on the register (including notice to fix and support for owners)	Close watch on progress through first year of operation. Risk has been reduced but still a lot of work to complete so will remain as critical risk until further project work completed.
Group - Strategy and Democracy			
Nil			

Table three: Councils strategic risks

Area	Risk Description	Current Mitigation – what we are doing about it.
Data	Data sets across all systems and databases in Council are not currently aligned and interactive. This leads to lack of visibility of knowledge across management teams. Specific risk around GIS skill set within council	Current work on Trilogy part 2, and focus in multiple departments on development of better datasets to improve modelling and knowledge.
Staffing	Recruitment and retention of staff in public sector in Whangarei, with specific concerns around specialist roles, contract termination clauses and loss of organisational knowledge.	Limited. We can only employ people who live or are willing to move to Whangarei. The direction of the district and its development is helping to encourage skills into the area.
Regional growth	Growth of region is faster than identified in current Statistics New Zealand projections. Leading to lack of budget on development of core infrastructure and amenities to support the population.	Monitor and work with facts as they are identified.
Elections	Following a local government election, a number of Councillors on the Council may change leading to a change in direction for the organisation.	Limited. Until changes occur we are not able to respond. Changes will be managed as part of the election process and on boarding of new Councillors.
Way of working	Due to increase in the use of social media as a rate payer's communication tool, there is a risk that Council is not meeting the needs of the ratepayers in timely response to their concerns. This includes infrastructure real time maintenance information as well as 24/7 social media presence.	External facing departments are investigating ways to improve mobile working for infrastructure teams (to provide real-time information) and how staff can support the rise in social media communications coming into Council.
Litigation	Due to the increasingly litigious environment there is a potential for increase cases being brought against council. Some are appropriate however some are not.	Limited. Litigations brought against Council are being dealt with on a case by case basis with external legal support provided as required. Some transfer of risk under the insurance programme (statutory liability, public liability and professional indemnity insurances).

Area	Risk Description	Current Mitigation – what we are doing about it.
Government Policy Changes	Central government policy can be changed at any time outside the legislative process, this can impact Councils budget and the operational activities of the organisation. There is also potential for regulatory changes made through orders from Council which can cause significant costs to ratepayers with little consultation and no useful rights of appeal.	Limited: Until changes occur we are not able to respond. There is a process to engage following legislative changes but changes to central government policy have to be managed by the senior and operational leadership teams as they occur.

4.6 Policy Register Update – September 2019

Meeting: Audit and Risk Committee
Date of meeting: 25 September 2019
Reporting officer: Emily Thompson (Audit and Risk Analyst)

1 Purpose

To update the status of the internal policy programme and the process of ongoing management of both internal and external policies.

2 Recommendation

That the Audit and Risk Committee notes the report.

3 Background

The Audit and Risk Committee has a responsibility to monitor the reviewing and updating of policies across Council. This includes both internal policies and external policies.

The policies are currently updated by the operational owner when policies are due for review and utilize the new workflow in Kete. Training has been provided to staff, however due to operational priorities there are still some gaps in the on-line register for internal and external policies. Staff are currently working to ensure that we have the latest information in the policy register.

Rollout is being overseen by the Audit and Risk Analyst (internal policies) and the Strategy Team (external policies).

4 Discussion

The current policy register is attached, this was compiled from the Kete register and the previous spreadsheet view. It shows that Council has:

- 66 External policies
- 60 Internal policies

There are a number of policies showing as overdue for review, this is partly due to the change in review timeframes that was introduced with the updated policy process. As part of this change, the default timeframe for review has been set to 3 years, previously it may have been 5 years or 10 years. This change continues to be socialised with staff who own the documents to ensure it is appropriate for their policies.

5 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website, Council News

6 Attachment

Council Policy Status Report - September 2019

	Name	Policy or Strategy Type	Date of Council Resolution or SLT Approval	Review Next Due	Review Period in Years
External Policies					
POLICY018	Appointments to Council Organisations Policy	Policy External	1/07/2003	30/06/2016	13
POLICY020	Backflow Prevention Policy and Code of Practice	Policy External	1/06/2015	1/06/2020	5
POLICY021	Board Venue Policy (Policy021)	Policy External	28/03/2019	27/03/2022	3
POLICY022	Building Over Public Sewers Policy	Policy External	10/06/2015	9/05/2020	5
POLICY025	Camping Ground Exemption Policy	Policy External	1/11/2015	31/10/2018	3
POLICY026	Civic Honours Awards	Policy External	22/06/2016	21/06/2021	5
POLICY028	Coastal Erosion Protection Policy	Policy External	9/09/2015	9/09/2019	4
POLICY030	Community Facilities - Operating and Maintenance Policy (Policy030)	Policy External	1/09/2015	31/08/2019	4
POLICY031	Grants, Concessions and Loans Policy 0031	Policy External	27/05/2015	25/05/2021	6
POLICY032	Community Libraries - Services V3	Policy External	27/05/2015	25/05/2020	5
POLICY033	Release of Confidential Item	Policy External	19/12/2007	19/12/2027	20
POLICY034	Council Owned Sports Parks Playgrounds and Neighbourhood Reserves – Smoke Free Policy	Policy External	9/09/2015	9/09/2019	4
POLICY035	Dangerous, Insanitary and Earthquake Prone Buildings Policy	Policy External	1/12/2012	30/11/2017	5
POLICY037	Disposal of Crown Owned Reserves where Management is Vested in Council (Policy037)	Policy External	1/07/2015	30/06/2018	3
POLICY038	Dog Management Policy	Policy External	1/03/2013	27/02/2023	10
POLICY040	Forests - Recreational Use Policy (Policy040)	Policy External	1/08/2015	31/07/2018	3
POLICY042	Independent Qualified Persons Policy	Policy External	1/07/2015	1/07/2019	4
POLICY044	Leases - Parks and Recreation Policy	Policy External	1/03/1999	1/03/2019	20
POLICY045	Leasing Sportsfields to Clubs Policy (Policy045)	Policy External	1/08/2015	31/07/2019	4
POLICY049	On Road Parking Restrictions	Policy External	1/09/2015	30/08/2020	5
POLICY050	Pensioner Housing Policy	Policy External	25/03/2015	25/03/2019	4
POLICY051	Performance Bond Policy (Policy051)	Policy External	1/08/2015	31/07/2018	3
POLICY052	Policy for undertaking enforcement action under the Building Act 2004	Policy External	1/06/2015	31/05/2018	3
POLICY053	Policy for Variations and Plan Changes	Policy External	11/03/2015	10/03/2018	3
POLICY054	Policy on Elected Members Allowances and Recovery of Expenses (Policy054)	Policy External	31/08/2018	30/08/2021	3
POLICY056	Pressure Sewer Policy	Policy External	1/05/2012	1/05/2018	6
POLICY057	Private-Charitable Organisations - Transfer of Title	Policy External	1/08/2015	31/07/2018	3
POLICY058	Property – Sale of Reserve Land Policy	Policy External	9/09/2015	8/09/2018	3
POLICY059	Retirement Villages	Policy External	1/08/2015	1/08/2019	4
POLICY060	Revenue and Financing Policy (LTP 2018-2028)	Policy External	1/07/2015	30/06/2018	3
POLICY061	River Management Policy	Policy External	1/05/2015	30/04/2018	3
POLICY063	Road Encroachment Licences for Permanent Structures V2	Policy External	1/11/2015	31/10/2020	5
POLICY064	Road Naming Policy 2009	Policy External	1/09/2015	31/08/2018	3
POLICY065	Rural Fire Policy (Policy065)	Policy External	11/11/2015	10/10/2020	5
POLICY066	Service Connections – Water	Policy External	1/11/2015	30/10/2020	5
POLICY067	Spray Use Policy	Policy External	1/02/2016	1/02/2019	3
POLICY069	Strategic Seal Extension Policy	Policy External	1/11/2015	30/10/2020	5
POLICY070	Structures on Coastal Reserves Policy	Policy External	31/03/2014	29/06/2019	5.25
POLICY071	Town Basin Control of Activities Policy (Policy071)	Policy External	1/03/2015	28/02/2018	3
POLICY072	Traffic Constraints Policy (Slow Streets)	Policy External	1/11/2015	1/11/2020	5
POLICY073	Tree Policy	Policy External	1/04/2015	31/03/2018	3
POLICY074	Uncompleted Works Bonds Policy 2011	Policy External	1/02/2016	31/01/2019	3
POLICY075	Water Demand Management Policy 0075	Policy External	1/10/2015	29/09/2020	5
POLICY076	Water Revenue Policy 2015	Policy External	1/05/2015	30/04/2018	3
POLICY077	Youth Policy	Policy External	8/02/2017	8/02/2020	3
POLICY078	Property Policy	Policy External	1/03/2016	1/03/2019	3

	Name	Policy or Strategy Type	Date of Council Resolution or SLT Approval	Review Next Due	Review Period in Years
POLICY079	Psychoactive Substances Policy 2014	Policy External	1/06/2014	31/05/2019	5
POLICY080	Rates Remission and Postponement Policies	Policy External	28/06/2018	28/06/2021	3
POLICY081	Significance and Engagement Policy	Policy External	28/09/2017	27/09/2020	3
POLICY082	Accessibility Policy	Policy External	1/11/2014	31/10/2019	5
POLICY086	Procurement Policy	Policy External	25/10/2018	24/10/2021	3
POLICY087	Tax Governance Framework	Policy External	1/12/2014	1/12/2017	3
POLICY088	Treasury Risk Management Policy - Including Liability and Investment Policy (Policy088)	Policy External	2/04/2015	2/04/2018	3
POLICY089	Fees Policy - Tree Protection - District Plan	Policy External	1/04/2015	31/03/2018	3
POLICY124	Road Closure Policy for Motor Vehicle Events	Policy External	1/08/2016	1/08/2019	3
POLICY129	Land Development Stabilisation Policy -Technical Design Requirements	Policy External	1/04/2018	1/04/2021	3
POLICY131	Asset Management Policy (Policy131)	Policy External	9/12/2016	9/12/2019	3
POLICY133	Whangarei Living Roof Guide (Policy133)	Policy External	25/08/2017	24/08/2022	5
POLICY135	Class 4 Gambling Venues Policy (Policy135)	Policy External	25/07/2019	25/07/2022	3
POLICY136	Development Contributions Policy 2018	Policy External	28/06/2018	28/06/2021	3
POLICY138	Smoke Free District Policy	Policy External	25/10/2018	24/10/2021	3
POLICY139	Easter-Sunday-Shop-Trading-Policy	Policy External	21/02/2019	20/02/2024	5
POLICY150	WDC_DelegationsPolicy2018	Policy External	29/11/2018	28/11/2021	3
POLICY181	Community Garden Policy	Policy External	31/05/2018	30/05/2023	5
POLICY186	Subsoil drainage policy	Policy External	12/10/2011	11/10/2014	3
POLICY198	Provisional Local Alcohol Policy (Policy198)	Policy External	28/08/2015	27/08/2020	5
Internal Policies					
POLICY002	ICT Policy - Staff Moves Additions and Changes - October 2014	Policy Internal	26/03/2019	26/03/2022	3
POLICY003	ICT Policy - Electronic Transmission and Transaction - October 2014	Policy Internal	26/03/2019	25/03/2022	3
POLICY005	ICT Policy - Equipment Purchases and BYOD - October 2014	Policy Internal	1/10/2014	1/10/2021	7
POLICY006	ICT Policy - Data and Information Compliance - October 2014	Policy Internal	1/10/2014	1/10/2017	3
POLICY007	ICT Policy - Asset Refresh- October 2014	Policy Internal	1/10/2014	1/10/2021	7
POLICY008	ICT Policy - IT Access Control - July 2016 [POLICY0008]	Policy Internal	26/03/2019	26/03/2022	3
POLICY012	ICT Policy - Crime and Incident - October 2014	Policy Internal	1/10/2014	1/10/2021	7
POLICY013	ICT Policy - Software Procurement and Changes - October 2014	Policy Internal	1/10/2014	1/10/2021	7
POLICY014	ICT Policy - IT Infrastructure On-Call - April 2014	Policy Internal	8/05/2019	8/05/2022	3
POLICY015	ICT Policy - Contractor Engagement and Exit - October 2014	Policy Internal	1/10/2014	1/10/2021	7
POLICY016	ICT Policy - All ICT System Acceptable Use - April 2014	Policy Internal	1/10/2014	1/10/2021	7
POLICY039	File Control Recovery (Policy039)	Policy Internal	9/09/2015	7/09/2020	5
POLICY041	Fraud and Whistleblowing Policy	Policy Internal	12/03/2018	12/03/2021	3
POLICY083	Leave Policy	Policy Internal	1/08/2015	1/08/2018	3
POLICY084	Preventing and Responding to Unreasonable Behaviours in the Workplace	Policy Internal	1/02/2015	1/02/2019	3
POLICY085	Pain and Discomfort Policy	Policy Internal	24/03/2017	24/03/2019	2
POLICY090	Property Plant and Equipment - Capitalisation Policy	Policy Internal	31/07/2016	31/07/2019	3
POLICY091	Visitor Policy	Policy Internal	1/09/2016	1/09/2019	3
POLICY092	Contractor Health and Safety Management Policy	Policy Internal	24/03/2017	24/03/2020	3
POLICY093	First Aid Policy	Policy Internal	17/05/2017	17/05/2019	2
POLICY094	Worker Participation Policy	Policy Internal	1/09/2016	1/09/2019	3
POLICY095	Working Alone Policy	Policy Internal	1/09/2016	1/09/2019	3
POLICY096	Eye Care and Protection Policy	Policy Internal	1/11/2018	1/11/2021	3
POLICY097	Accident and Incident Management Policy	Policy Internal	24/03/2017	23/03/2020	3
POLICY098	Emergency Management Policy	Policy Internal	1/10/2016	1/10/2019	3
POLICY099	Health and Safety Policy	Policy Internal	1/09/2016	1/09/2019	3

	Name	Policy or Strategy Type	Date of Council Resolution or SLT Approval	Review Next Due	Review Period in Years
POLICY0100	Asbestos Management Policy	Policy Internal	19/03/2018	19/03/2019	1
POLICY101	Volunteer Health and Safety Policy	Policy Internal	1/09/2016	1/09/2019	3
POLICY102	Fatigue Prevention Policy	Policy Internal	1/09/2016	1/09/2018	2
POLICY103	Healthy Choices Policy	Policy Internal	1/09/2016	1/09/2018	2
POLICY104	Workplace Hazard and Risk Management Policy	Policy Internal	1/10/2016	1/10/2018	2
POLICY105	Smoke Free Workplace Policy	Policy Internal	1/10/2016	1/10/2018	2
POLICY106	Workplace Drug and Alcohol Policy	Policy Internal	1/04/2016	1/04/2019	3
POLICY107	Occupational Health Monitoring Policy	Policy Internal	1/09/2016	1/09/2018	2
POLICY108	Rehabilitation Policy	Policy Internal	1/09/2016	1/09/2019	3
POLICY109	Personal Protective Equipment Policy	Policy Internal	1/09/2016	1/09/2019	3
POLICY110	Workplace Security Policy (Policy110)	Policy Internal	24/03/2017	24/03/2019	2
POLICY111	Auditing Monitoring Planning and Review Policy	Policy Internal	22/02/2017	22/02/2020	3
POLICY113	Health and Safety Training, Supervision and Information	Policy Internal	1/04/2016	1/04/2018	2
POLICY114	Confined Space Entry Policy	Policy Internal	7/09/2018	7/09/2021	3
POLICY115	Health and Safety Responsibilities Policy	Policy Internal	22/02/2016	22/02/2019	3
POLICY116	Travel Policy	Policy Internal	24/02/2016	24/02/2019	3
POLICY119	Sensitive Expenditure Policy [POLICY0119]	Policy Internal	27/07/2016	27/07/2019	3
POLICY121	Disciplinary Policy	Policy Internal	1/05/2016	1/05/2019	
POLICY122	Property_ Plant and Equipment - Disposal Policy	Policy Internal	31/07/2015	31/07/2018	3
POLICY125	Electrical Equipment - Test and Tag Policy	Policy Internal	1/10/2016	1/10/2019	3
POLICY126	Sun Safety Policy	Policy Internal	1/10/2016	1/10/2018	2
POLICY127	Hazardous Substances in the Workplace	Policy Internal	18/09/2017	18/09/2020	3
POLICY128	Work At Heights Policy	Policy Internal	1/10/2016	1/10/2018	2
POLICY137	Lockout and Equipment Isolation Policy (Policy137)	Policy Internal	1/09/2016	1/09/2019	3
POLICY0140	Employee Assistance Programme (EAP)	Policy Internal	1/01/2019	1/01/2022	3
POLICY0141	Fleet Management Policy Manual 2012 [10-21359]	Policy Internal	1/09/2012	1/09/2015	3
POLICY0142	Code of Conduct - CURRENT	Policy Internal	31/01/2016	31/01/2019	3
POLICY0143	Flexible Working Policy	Policy Internal	1/03/2015	1/03/2018	3
POLICY0144	Higher Duties Policy	Policy Internal	1/12/2014	30/11/2017	3
POLICY0145	Recruitment Referral Policy	Policy Internal	1/12/2010	1/12/2013	3
POLICY0146	Service Recognition Policy	Policy Internal	1/10/2015	1/10/2018	3
POLICY0147	Support for Fitness Activities Policy - February 2008	Policy Internal	1/12/2010	1/12/2013	3
POLICY0148	Staff Purchasing Policy 2011- in review	Policy Internal	1/02/2015	1/02/2018	3
POLICY176	Workplace Noise Exposure Policy (Policy 0176)	Policy Internal	1/12/2018	1/12/2021	3

Key:

Overdue - less than 12 months

Overdue - more than 12 months

RESOLUTION TO EXCLUDE THE PUBLIC

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

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

1.	The making available of information would be likely to unreasonably prejudice the commercial position of persons who are the subject of the information. {Section 7(2)(c)}
2.	To enable the council (the committee) to carry on without prejudice or disadvantage commercial negotiations. {(Section 7(2)(i))}.
3.	To protect the privacy of natural persons. {Section 7(2)(a)}.
4.	Publicity prior to successful prosecution of the individuals named would be contrary to the laws of natural justice and may constitute contempt of court. {Section 48(1)(b)}.
5.	To protect information which is the subject to an obligation of confidence, the publication of such information would be likely to prejudice the supply of information from the same source and it is in the public interest that such information should continue to be supplied. {Section 7(2)(c)(i)}.
6.	In order to maintain legal professional privilege. {Section 2(g)}.
7.	To enable the council to carry on without prejudice or disadvantage, negotiations {Section 7(2)(i)}.

Resolution to allow members of the public to remain

If the council/committee wishes members of the public to remain during discussion of confidential items the following additional recommendation will need to be passed:

Move/Second

"That _____ be permitted to remain at this meeting, after the public has been excluded, because of his/her/their knowledge of Item _____.

This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because _____.

Note:

Every resolution to exclude the public shall be put at a time when the meeting is open to the public.