Risk and Audit Committee Agenda

Date: Wednesday, 24 June, 2020

Time: 1:00 pm

Location: Council Chamber

Forum North, Rust Avenue

Whangarei

Elected Members: Her Worship the Mayor Sheryl Mai

Gavin Benney

Vince Cocurullo

Cr Nicholas Connop

Cr Ken Couper

Tricia Cutforth

Cr Shelley Deeming

Cr Jayne Golightly

Phil Halse

Cr Greg Innes

Greg Martin

Anna Murphy

Cr Carol Peters

Cr Simon Reid

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

Recommendations contained in the agenda are not the decisions
of the meeting.

Please refer to minutes for resolutions.

Risk and Audit Committee – Terms of Reference

Membership

Chairperson	Independent Chair
Members	Her Worship the Mayor Sheryl Mai
	Councillors Gavin Benney, Vince Cocurullo, Nicholas Connop, Ken Couper, Tricia Cutforth, Shelley Deeming, Jayne Golightly, Phil Halse, Greg Innes, Greg Martin, Anna Murphy, Carol Peters, Simon Reid
Meetings	Quarterly
Quorum	**7**

Purpose

To provide assurance to Council that robust, independent and operationally effective controls around operational and financial management practices are in place.

To provide oversight of the risk management of internal controls including but not limited to:

- Risk management framework
- Operational risk management
- Financial risk management
- Health and safety risk management
- Compliance with legislation

Key responsibilities

- Risk
    - Approve and review Councils risk management framework
    - Review and monitor Council critical risks
    - Receive and review Health and Safety reports
    - Oversight of the processes used to manage project risks.

- Internal audit
    - Approve and review the internal audit programme
    - Receive and review the internal audit reports as they become available.

- External audit
    - Receive and consider audit management reports, monitor that appropriate action is being taken
    - Hold a confidential meeting with the external auditors at least once every year.

- Financial planning and control
    - Treasury – debt and interest risk management

- Procurement – major risks associated with procurement

- Overseeing and making decisions relating to an ongoing programme of service delivery reviews as required under section 17A of the Local Government Act 2002.

- Other assurance activities:
  - Receive and monitor Councils policy review program
  - Receive and monitor Councils legislative compliance attestations
  - Receive renewal information to provide assurance that Council's assets are insured appropriately.

Delegations

(i)   All powers necessary to perform the committee's responsibilities, including:

     (a) establishment of working parties or steering groups.

3.1 Risk and Audit Committee 3 year rolling work programme

Meeting:	Risk and Audit Committee
Date of meeting:	24 June 2020
Reporting officer:	Emily Thompson (Senior Assurance Advisor)

1 Purpose

To socialise with the Risk and Audit Committee the proposed 3 year rolling work programme for the committee throughout this triennium of Council.

2 Recommendations

That the Risk and Audit Committee endorses the work programme for the triennium.

3 Background

The Risk and Audit committee was established by The Mayor as part of the committee structure for the 2019-2022 term. The establishment of this committee was noted by Council in the meeting on 31 October 2019.

Terms of reference for the committee were approved at the Council meeting on 27 November 2019.

Following the creation of the Risk and Audit committee staff have developed a work programme for the committee, to align with the terms of reference.

4 Discussion

The committee terms of reference responsibilities are to provide oversight of the risk management of internal controls including but not limited to:

- Risk management framework
- Operational risk management
- Financial risk management
- Health and safety risk management
- Compliance with legislation.

All of these aspects have been considered and migrated to a rolling work plan to ensure appropriate coverage of these items across the year and repeated visibility for the committee throughout the triennium. Refer attachment 1.

Should additional items arise that staff consider applicable to the Risk and Audit Committee, the workplan will revised with items being reported back to the committee.

4.1 COVID-19 Statement

The impacts of COVID-19 on this programme have been considered. There are no impacts expected.

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

1. Risk and Audit Committee 3 year rolling work plan 2019-2020

Agenda topic	Mar-20		Jun-20		Sep-20	
Work Stream	Agenda Items	Notes and responsibility	Agenda Items	Notes and responsibility	Agenda Items	Notes and responsibility
Risk and Audit Committee	Risk and Audit Committee - 3 year rolling agenda - Draft	Senior Assurance Advisor	Risk and Audit Committee - 3 year rolling agenda - Draft	Senior Assurance Advisor		
Health and Safety	Health & Safety Report	Health & safety Manager	Health & Safety Report	Health & safety Manager	Health & Safety Report	Health & safety Manager
Financial Planning and Control	Financial Activity Update Report (Treasury)	Finance Manger	Financial Activity Update Report	Finance Manger	Financial Activity Update Report	Finance Manger
Risk Management	Risk Matrix and overview of current risks	Senior Assurance Advisor	Risk Matrix and overview of Current risks	Senior Assurance Advisor	Risk Matrix and overview of current risks	Senior Assurance Advisor
Internal Audit					Report and overview of actions outstanding from previous audits	Senior Assurance Advisor
Internal Audit - BDO	IA - Rates Review Final Report	BDO - External Team Senior Assurance Advisor			Internal Audit Plan – 2020 (update of 3yr plan and IA's for 2020)	BDO - External Team Senior Assurance Advisor
External Audit	External Audit Action Update Report	Senior Assurance Advisor			External Audit Action Update Report	Senior Assurance Advisor
External Audit - Audit NZ	NZ Audit Plan for 2019-20 Annual Plan audit	NZ Audit - External Finance Manger	Interim Audit report	NZ Audit - External Finance Manger	Verbal report from Audit NZ on completion of this year's Audit CONFIDENTIAL	NZ Audit - External
Other Assurance Activities						
Insurance			Insurance Update	Senior Assurance Advisor		
Policy Status Report (Internal and External Policy Register)			Internal and External Policy Register	Senior Assurance Advisor		
Business Continuity	Update on Business Continuity Implementation	Senior Assurance Advisor				
ICT (Technology)	~~ICT update Report~~	~~ICT Manager~~	ICT update Report	ICT Manager		
Procurement process			Exception Report	Business Support Manager		
Legislative Compliance					TBC	Legal Advisor
Deep Dives					TBC	Department Manager

Agenda topic	Dec-20		Mar-21		Jun-21	
Work Stream	**Agenda Items**	**Notes and responsibility**	**Agenda Items**	**Notes and responsibility**	**Agenda Items**	**Notes and responsibility**
Risk and Audit Committee						
Health and Safety	Health & Safety Report	Health & safety Manager	Health & Safety Report	Health & safety Manager	Health & Safety Report	Health & safety Manager
Financial Planning and Control	Financial Activity Update Report	Finance Manger	Financial Activity Update Report	Finance Manger	Financial Activity Update Report	Finance Manger
Risk Management	Risk Matrix and overview of current risks	Senior Assurance Advisor	Risk Matrix and overview of current risks	Senior Assurance Advisor	Risk Matrix and overview of current risks	Senior Assurance Advisor
Internal Audit			Internal Audit Plan – 2021 (update of 3yr plan and IA's for 2021)	BDO - External Team Senior Assurance Advisor	Report and overview of actions outstanding from previous audits	Senior Assurance Advisor
Internal Audit - BDO			IA - Next Audit Final Report	BDO - External Team Senior Assurance Advisor	IA - Next Audit Final Report	BDO - External Team Senior Assurance Advisor
External Audit			External Audit Action Update Report	Senior Assurance Advisor		
External Audit - Audit NZ	Final Audit NZ management report 2019-20.	NZ Audit - External Finance Manger			Interim Audit report	Audit NZ - External Senior Assurance Advisor
Other Assurance Activities						
Insurance	Insurance Renewal Report	AON - External Team Senior Assurance Advisor			Insurance Update	Senior Assurance Advisor
Policy Status Report (Internal and External Policy Register)	Internal and External Policy Register	Senior Assurance Advisor			Internal and External Policy Register	Senior Assurance Advisor
Business Continuity			Update on Business Continuity Implementation	Senior Assurance Advisor		
ICT (Technology)	ICT update Report	ICT Manager	ICT update Report	ICT Manager		
Procurement process	Exception Report	Business Support Manager			Exception Report	Business Support Manager
Legislative Compliance			TBC	Legal Advisor		
Deep Dives	TBC	Department Manager			TBC	Department Manager

Agenda topic	Sep-21		Dec-21		Mar-22	
Work Stream	**Agenda Items**	**Notes and responsibility**	**Agenda Items**	**Notes and responsibility**	**Agenda Items**	**Notes and responsibility**
Risk and Audit Committee			Proposal for Audit and Risk Committee for next triennium	Senior Assurance Advisor		
Health and Safety	Health & Safety Report	Health & safety Manager	Health & Safety Report	Health & safety Manager	Health & Safety Report	Health & safety Manager
Financial Planning and Control	Financial Activity Update Report	Finance Manger	Financial Activity Update Report	Finance Manger	Financial Activity Update Report	Finance Manger
Risk Management	Risk Matrix and overview of current risks	Senior Assurance Advisor	Risk Matrix and overview of current risks	Senior Assurance Advisor	Risk Matrix and overview of current risks	Senior Assurance Advisor
Internal Audit			Report and overview of actions outstanding from previous Internal audits	Senior Assurance Advisor	Internal Audit Plan – 2022 (update of 3yr plan and IA's for 2022)	BDO - External Team Senior Assurance Advisor
Internal Audit - BDO			IA - Next Audit Final Report	BDO - External Team Senior Assurance Advisor		
External Audit	External Audit Action Update Report	Senior Assurance Advisor			External Audit Action Update Report	Senior Assurance Advisor
External Audit - Audit NZ	Verbal report from Audit NZ on completion of this year's Audit	Audit NZ - External Senior Assurance Advisor	Final Audit NZ management report 2020-21.	Audit NZ - External Senior Assurance Advisor		
Other Assurance Activities						
Insurance			Insurance Renewal Report	AON - External Team Senior Assurance Advisor		
Policy Status Report (Internal and External Policy Register)			Internal and External Policy Register	Senior Assurance Advisor		
Business Continuity					Update on Business Continuity Implementation	Senior Assurance Advisor
ICT (Technology)	ICT update Report	ICT Manager			ICT update Report	ICT Manager
Procurement process			Exception Report	Business Support Manager		
Legislative Compliance	TBC	Legal Advisor			TBC	Legal Advisor
Deep Dives			TBC	Department Manager		

Agenda topic	Jun-22		Sep-22	
Work Stream	**Agenda Items**	**Notes and responsibility**	**Agenda Items**	**Notes and responsibility**
Risk and Audit Committee				
Health and Safety	Health & Safety Report	Health & safety Manager	Health & Safety Report	Health & safety Manager
Financial Planning and Control	Financial Activity Update Report	Finance Manger	Financial Activity Update Report	Finance Manger
Risk Management	Risk Matrix and overview of current risks	Senior Assurance Advisor	Risk Matrix and overview of current risks	Senior Assurance Advisor
Internal Audit	Report and overview of actions outstanding from previous Internal audits	Senior Assurance Advisor		
Internal Audit - BDO	IA - Next Audit Final Report	BDO - External Team Senior Assurance Advisor		
External Audit			External Audit Action Update Report	Senior Assurance Advisor
External Audit - Audit NZ	Interim Audit report	Audit NZ - External Senior Assurance Advisor	Verbal report from Audit NZ on completion of this year's Audit	Audit NZ - External Senior Assurance Advisor
Other Assurance Activities				
Insurance			A&R Analyst to input insurance update	
Policy Status Report (Internal and External Policy Register)	Internal and External Policy Register	Senior Assurance Advisor		
Business Continuity				
ICT (Technology)			ICT update Report	ICT Manager
Procurement process	Exception Report	Business Support Manager		
Legislative Compliance			TBC	Legal Advisor
Deep Dives	TBC	Department Manager		

4.1 Financial Management Activity Update Report – June 2020

Meeting:	Risk and Audit Committee
Date of meeting:	24 June 2020
Reporting officer:	Delyse Henwood (Finance Manager)

1 Purpose

To update the Committee on financial management activity in relation to risk and audit matters.

2 Recommendation

That the Risk and Audit Committee notes the financial management activity in relation to risk and audit matters.

3 Discussion

2019-20 Annual Report

Planning for the 2019-20 Annual Report and associated audit continues to progress both internally and through continued communication with Audit NZ.

Audit New Zealand's draft interim audit report has been included as a separate agenda item in the June Risk and Audit Committee meeting.

The final audit is expected to begin 17 August 2020 with the final opinion scheduled for issue on 24 September 2020. If no delays are experienced, this timeline will allow for the adoption of the 2019-20 Annual Report at the September Council meeting. The impact on COVID-19 on Audit New Zealand's resources may see delays due to audit staff being redeployed to what they deem to be higher priority audits. Audit New Zealand will communicate with us as soon as they are aware of any potential impacts on our timeline.

The timely completion of the audit of Northland Regional Landfill Limited Partnership, and in particular the Whangarei Art Museum Trust (WAMT) are critical to enable the completion of Council's Annual Report. Audit New Zealand have identified WAMT as a significant component of Whangarei District Council's Annual Report due to the Hundertwasser project. This means that WAMTs financial statements may have a significant and/or material impact on the Group's financial statements.

2019-21 Treasury Risk Management

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

For local government, one of the main issues caused by the economic impact of Covid-19 will be tightened liquidity. Council is currently well placed with regards to this but will continue to monitor closely through this period of uncertainty.

As shown in the first graph below, due to suppressed capital spend our overall fixed hedging percentage is currently non-compliant with the interest rate risk management Policy parameters. We are adjusting our swap portfolio to mitigate this before year end.

Interest rate risk timeline
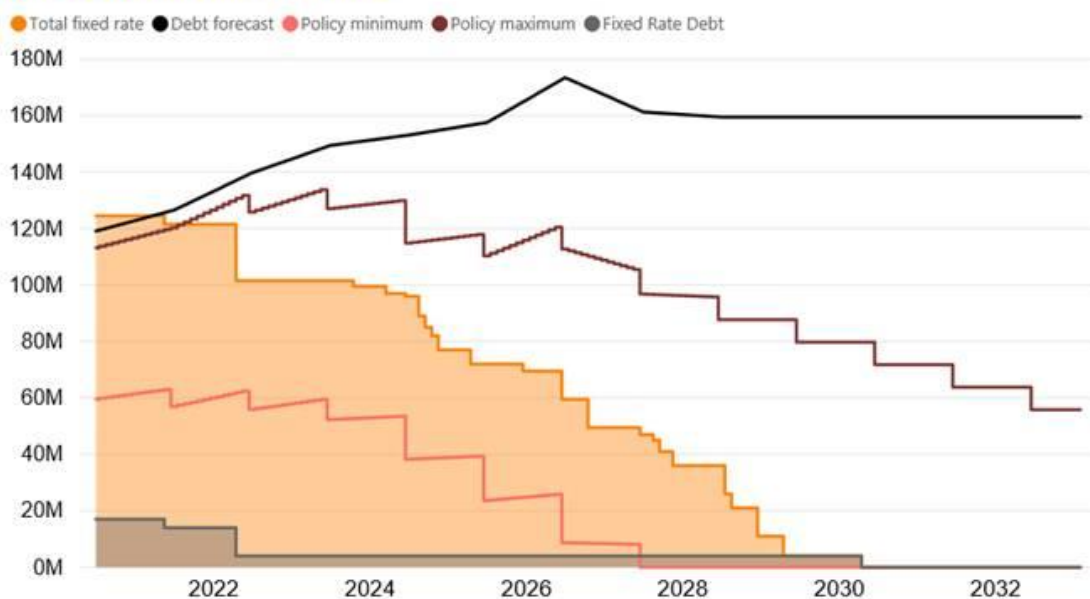
Funding risk profile
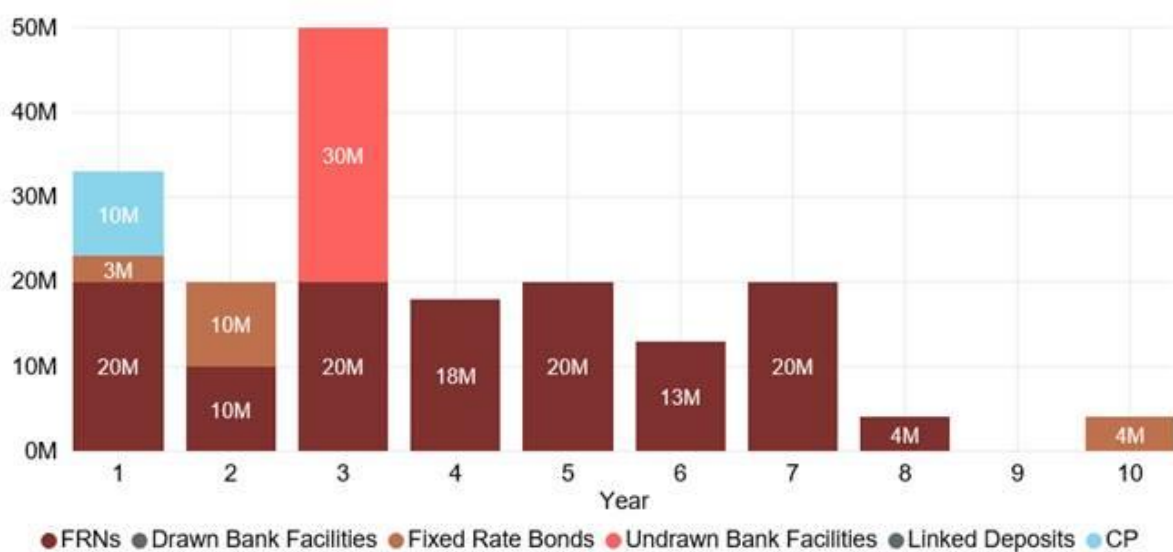
2019-22 Tax Compliance

Staff continue to monitor Council's tax compliance with the support of external tax advisors PwC. Recent areas of focus have included advice on GST surrounding various COVID-19 relief package options, and GST treatment of MBIE funding contracts.

2019-23 COVID-19

The impacts of COVID-19 on the way Council operates are expected to be seen for many months and even years ahead. These changes have resulted in a constrained operating budget for the 2020-21 Annual Plan. Operating within this uncertain climate will create new challenges and require significant financial discipline and trade-offs to be made.

Finance staff are cognisant of this and are developing additional reporting tools to assist department managers for the financial year ahead.

The delivery of our capital programme for the current year has also been impacted by COVID-19. Staff are currently working through the implications on the 2020-21 Annual Plan capital programme to ensure we don't increase the already ambitious programme Council consulted on as increased project carry forwards are taken into the next financial year.

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.

4.2 Audit NZ Draft Interim Audit Report – June 2020

Meeting:	Audit and Risk Committee
Date of meeting:	24 June 2020
Reporting officer:	Emily Thompson (Senior Audit and Risk Analyst)
	Delyse Henwood (Manager – Finance)

1 Purpose

To present Audit NZ's Draft Interim Audit Report of Whangarei District Council for the year ended 30 June 2020

2 Recommendation

That the Audit and Risk Committee notes the Draft Interim Audit Management Report issued by Audit NZ for the year ended 30 June 2020.

3 Background

Each financial year, Audit NZ performs an audit on the Council's financial statements and supporting processes. This is agreed with management prior to the audit commencement.

Audit NZ issues two Audit Management Reports each financial year, highlighting areas where they have identified Council's processes can be improved. The first report is called an Interim Audit Management Report following their interim audit visit prior to 30 June.

The second (and final) report is issued after conclusion of their final audit after 30 September every year. The final report incorporates the items in the Interim report as well as those items identified in their final audit visit.

Council management receives the draft Audit Management Reports and provides commentary to Audit NZ to clarify matters, provide explanations and address any technical concerns.

Audit NZ considers the comments and adjusts their findings, if needed, before finalising and issuing the Audit Management Reports to Council. The Audit Management Reports are reported to the Risk and Audit Committee.

Council is committed to ensuring that any areas for improvement agreed with Audit NZ are monitored, addressed and implemented.

4   Discussion

The Audit NZ draft interim audit report for the 2019/20 Financial year is attached. At this time management comments have not been collated for inclusion, but these will be added into the final report.

Findings from the report will be added to the audit action tracker that is reported to the Risk and Audit Committee every six months.

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

Audit NZ Draft Interim Audit Management Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Report to the Council on the interim audit of

Whangarei District Council

For the year ending 30 June 2020

Contents

Key messages

We have completed our interim audit for the year ending 30 June 2020. This report sets out our findings from the interim audit and draws attention to areas where the District Council is doing well or where we have provided recommendations for improvement.

The main purpose of the interim audit visit was to review and perform testing on the District Council's control environment and internal control systems. Our assessment is for the purpose of planning an effective and efficient audit approach in order to enable us to express an audit opinion on the District Council's financial statements and performance information.

We continue to encourage management to implement the recommendations from prior year audits. The status of open and closed recommendations from prior years is set out in Appendix 1. We will again follow-up at year-end with the progress made by management on the implementation of our findings.

During the financial year ending 30 June 2020, the District Council is undertaking revaluations on roading assets and investment properties. We will undertaking our review of the roading assets and investment properties, further information is set out in the report below. As part of the final audit, we will review the revaluations on roading assets as well as Investment Properties.

At this point in time, we have not been able to assess the impact of Covid-19 on your annual report. We plan to do this prior to the start of the final audit and we will communicate with the District Council if any audit risks or issues have been identified as a focus area.

We recommend the District Council completes a detailed assessment of where Covid-19 could impact the values, transactions, and disclosures within the annual report. This should include financial and non-financial reporting. We would like to review this assessment as part of the final audit or earlier if available.

Thank you

We would like to thank management and staff for their assistance during the interim audit.

Carl Wessels
Appointed Auditor
10 June 2020

1   Recommendations

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

Priority	Explanation
Urgent	**Needs to be addressed *urgently*** These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.
Necessary	**Address at the earliest reasonable opportunity, *generally within six months*** These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	**Address, *generally within six to 12 months*** These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

1.1   New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
The District Council considers the potential implications due to the Covid-19 emergency in the revaluation of roading assets and investment properties.	3.2	Necessary
The District Council completes a detailed assessment of where Covid-19 could impact the annual report.	3.3	Necessary

1.2   Status of previous recommendations

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

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open		1	3	**4**
Implemented or closed		0	0	**0**
Matters that will be followed up during our final audit visit		11	2	**13**
Total	**0**	**12**	**5**	**17**

2 Assessment of internal control

The Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information. We review internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

2.1 Control environment

The control environment reflects the overall attitudes, awareness and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy, and is the context in which the accounting system and control procedures operate. Management, with the oversight of those charged with governance, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the Council and management to establish and maintain effective management procedures and internal controls.

We consider that a culture of honesty and ethical behaviour has been created. The elements of the control environment provide an appropriate foundation for other components of internal control.

2.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented and maintained by the Council and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

3 Other Matters

3.1 Quality and timeliness of information provided for audit

Management is required to provide information for audit. We provided a listing of information we required to management on 25 February 2020. This included the dates we required the information to be provided to us. We are pleased that the specified dates, delivery of the information and quality of information provided had been well managed and achieved during the interim audit.

3.2 Impact of Covid-19 on the District Council's roading assets and investment property valuations

The District Council is undertaking a revaluation of its roading assets and investment property as at 30 June 2020. As part of our final audit, we will review management's assessment of the revaluation. We also consider this revaluation an area of audit focus due to the complexity of the valuation and the level of judgement involved in completing the valuation.

With Covid-19, we expect there to be an impact on the valuation of land and buildings. At this point, we expect that valuers should be able to determine fair values. However, we expect to see greater comments by valuers in their reports about significant uncertainties in their valuations. We have prepared a bulletin on our website that provides guidance on the implications of the Covid-19 emergency, for revaluations of property, plant and equipment, and investment property. Refer to https://auditnz.parliament.nz/good-practice/public-sector-reporting/bulletin-one.

We recommend the District Council considers the potential implications due to the Covid-19 pandemic in the revaluation of land and buildings.

Management comment

3.3 Impact of Covid-19 on your organisation

On 11 March 2020, the World Health Organization declared the outbreak of a coronavirus (Covid-19) a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. From this the country was at Alert Level 4 and in lockdown. As a result, economic uncertainties have arisen which are likely to negatively affect our operations and services. The announcement that the Covid-19 virus is a global pandemic has had a significant impact on the majority of organisations and their people across the globe.

At this point in time, we have not been able to assess the impact of Covid-19 on your annual report. We plan to do this prior to the start of the final audit and we will

communicate with the District Council if any audit risks or issues have been identified as a focus area.

We recommend the District Council completes a detailed assessment of where Covid-19 could impact on the values, transactions and disclosures within the annual report. This should include financial and non-financial reporting. We would like to review this assessment as part of the final audit or earlier if available.

Management comment

4 Adoption of new accounting standards

Public benefit entities must apply the new "group" accounting standards, PBE IPSAS 34 Separate Financial Statements, PBE IPSAS 35 Consolidated Financial Statements, PBE IPSAS 36 Investments in Associates and Joint Ventures, PBE IPSAS 37 Joint Arrangements, and PBE IPSAS 38 Disclosure of Interest in Other Entities, in preparing their 30 June 2020 financial statements.

Management is responsible for performing the necessary transition work to successfully implement these new standards. Areas of focus with the transition include:

- Assessing whether the revised control definition and guidance result in an entity being assessed as controlled under PBE IPSAS 35 for those entities previously assessed as not controlled under prior standards. For example, trusts established by Whangarei District Council that support Council in achieving its objectives.

- Determining whether a joint arrangement is categorised as a joint venture or joint operation. Joint ventures must be accounted for using the equity method.

- Updating the "group" accounting policies and "group" related disclosures in the financial statements. PBE IPSAS 38 generally requires more disclosure about interests in other entities than the previous standards.

- Implementing changes to systems and processes that may be necessary to support changes in accounting practices.

- Keeping relevant parties informed, such as your auditor and audit committee.

The transition to these new standard may require significant judgement for some arrangements and maybe particularly time consuming for those entities with a large number of potentially controlled entities. It is important that management substantially completes its transition work on these new standards well in advance of 30 June 2020. We recommend that as part of this, management prepare pro-forma financial statements so that revised group-related disclosures can be agreed.

We encourage Whangarei District Council to share its transition plan and transition work with us early in the audit process so we can agree issues and adjustments in a timely manner.

5   Useful publications

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

Description	Where to find it
Client updates	
In March and April 2019, we hosted a series of client updates. The theme was "Improving trust and confidence in the public sector". These included speakers from both Audit New Zealand and external organisations. Relevant sessions for District Council include • Procurement and Contract management; and • Accounting technical update.	On our website under publications and resources. Link: Client updates
Model financial statements	
Our model financial statements reflect best practice we have seen to improve financial reporting. This includes: • significant accounting policies are alongside the notes to which they relate; • simplifying accounting policy language; • enhancing estimates and judgement disclosures; and • colour, contents pages and subheadings to assist the reader in navigating the financial statements.	On our website under publications and resources. Link: Model Financial Statements
Tax matters	
As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.	On our website under publications and resources. Link: Tax Matters

Description	Where to find it
Client substantiation file	
When you are fully prepared for an audit, it helps to minimise the disruption for your staff and make sure that we can complete the audit efficiently and effectively. We have put together a tool box called the Client Substantiation File to help you prepare the information you will need to provide to us so we can complete the audit work that needs to be done. This is essentially a tool box to help you collate documentation that the auditor will ask for.	On the OAG's website under publications and resources. Link: Client Substantiation File
Matters arising from the 2017/18 audits	
The OAG has published a report on the results of the 2017/18 audits for the sector.	On the OAG's website under publications. Links: Local Government
Good practice	
The OAG's website has been updated to make it easier to find good practice guidance. This includes resources on: • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments.	On the OAG's website under good practice. Link: Good practice
Reporting fraud	
The OAG has released data from 2012-2018 on fraud in public entities. This includes how the fraud was detected, the type of fraud and the methods and reasons for the fraud. The graphs show the high-level sector, and this can be broken down further into sub-sectors by opening the spreadsheets available.	On the OAG's website under data. Link: Reporting Fraud

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Necessary		
Roading assets We recommend management carry out a condition assessment of its roading assets.	2019	**Open** We will assess as part of our review of the Roading valuation during the final audit.
Stormwater, flood protection, solid waste, wastewater, water and parks and recreation We recommend that management carry out a review over the pipe depth information and ensure this is updated and taken into account for the next valuation round.	2019	**Open** Seeing water assets are not scheduled to be reviewed during the financial year, we will only be able to follow-up the implementation during the following revaluation of water assets.
Hundertwasser Wairau Maori Art Centre project monitoring We recommend that the District Council requests the Trustees of Whangarei Art Museum Trust to improve the project monitoring reports provided to Council.	2019	**Open** To be followed-up during the final audit.
Carry forwards We recommend management continue to progress the carry forwards to avoid any decline in service delivery and escalated project costs	2019	**Open** Council's progress on the carry forwards will be assessed during the final audit.
Non-financial performance measures We recommend that the District Council reviews its performance measures to ensure that information backing the results is accurate and can be re-performed. We also recommend that the review process over the performance information is strengthened.	2019	**Open** We will follow-up the implementation of our recommendation during our review of the performance information during the final audit.

Recommendation	First raised	Status
Group entities We recommend that the District Council ensures that the group entities are fully compliant with the Local Government Act 2002.	2019	**Open** To be followed-up during the final audit.
Sensitive expenditure testing We recommended that management remind staff that tax invoices are retained for all credit card expenditure and ensure these are approved on a one-up basis. We further recommend that Council considers implementing processes that require sensitive expenditure to be reported.	2019	**Ongoing** No issues identified during our testing of sensitive expenditure during the interim audit but we will again follow-up during the final audit.
Improvement in process - Water Safety performance measure We recommend that the District Council reviews its process around the monitoring and review of its Water safety performance measure ensuring that an independent peer review is performed over the data uploaded into Water Online. We further recommend that the District Council uploads the data from the laboratory results into Water Online at least every quarter and review the results uploaded to those previously reported to SLT at least every quarter when the data is uploaded.	2019	**Open** We will follow-up the implementation of our recommendation during our review of the performance information during the final audit.
Improvement to roading processes We recommended that: • Processes are improved so that projects can be easily traced to assets capitalised within RAMM. • A formal review over the unit prices and overhead rates be performed to ensure that unit prices reflect the contracted amount. This will ensure that there is no significant difference between the contract amount and valuation unit prices.	2018	**Open** To be followed-up during the final audit.

Recommendation	First raised	Status
- For all new additions a record for that asset is added in RAMM or can easily be traced to an existing record. - A review over operational contracts to ensure if a proportion of the contracts are capitalised that a proportion of the contracts are also included as part of capital commitments. All assets that are showing as capitalised in the financial statements should also be capitalised in the RAMM database.		
Redundant network user accounts We recommended that a review of user accounts and access rights at network level is carried out to ensure that unused accounts are disabled.	2018	**Open** We obtained a current Active Directory listing of user accounts and noted redundant user accounts are present. There are also a number of accounts that have not been used at all.
Retaining signed employee agreement We recommended that management ensures they retain a copy of the employee's signed employee agreement and ensure this is signed prior to the person starting employment. We also recommended that signed salary review letters are retained by the District Council.	2018	**Ongoing** No issues identified during our interim testing of payroll expenditure and payroll data. We will again follow-up during the final audit.
Valuation of plant, property and equipment We recommended that asset condition data should be incorporated into the asset management system. This will ensure that the assets are consistently and objectively valued.	2017	**Open** To be followed-up during the final audit.

Recommendation	First raised	Status
Beneficial		
Procurement policy We recommended that the District Council considers including the improvements noted to the Procurement Policy to ensure it is in line with best practice.	2019	**Open** No progress made.
Inappropriate set-up of Wastewater Mandatory measure We recommended that the District Council reviews all long term planning (LTP) measures uploaded into their Corporate Performance Module and ensure these are in-line with both the performance framework approved in the 2018-28 LTP and in line with the DIA regulations.	2019	**Open** To be followed-up during the final audit.
Project management We identified the following areas for improvement. The project management framework was last updated in 2009. This project management framework and guidance should be reviewed: • there needs to be more clear guidance on what projects are required to be managed by the project management team; • the scope of projects need to be more clearly defined so management can ensure the projects have achieved what they set out to achieve; and • post implement reviews over projects should be performed, documented and reported.	2018	**Open** Project scoping recommendation is implemented with requirement to complete the project brief for every project. Audit has sighted an example for the project Recreation and Ecological Linkages – Tracks and Walkways. Hatea Walkway - track up-grade. The following areas are pending on client feedback: • Project Management Framework Review implementation; • clearer guidance on what project is required to be managed by the project management team; and

Recommendation	First raised	Status
The project management system is currently being maintained on a spreadsheet. To gain efficiency and reduce the likelihood of human error it would be beneficial to improve this project management reporting system to enable better reporting. This system should be integrated with financial management and asset management and could be considered as part of the planned updates to the asset management systems.		• whether project management has moved from spreadsheet-based to an improved reporting system (that is, integrated to an upgraded AMS). To be followed-up during the final audit.
Review of employee Code of Conduct We recommended that the Employee Code of Conduct is reviewed and updated.	2016	**Open** No progress made.
Controls over employee masterfile changes We recommended that the District Council implements an effective review process for employee masterfile changes. This could be achieved by implementing a one-up approval step in the system. Alternatively, a masterfile change report can be obtained from IT and independently reviewed on a regular basis, for example, after each pay run.	2015	**Open** No progress made.

Implemented or closed recommendations

Recommendation	First raised	Status
n/a		

Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	We carry out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information. This responsibility arises from section 15 of the Public Audit Act 2001. The audit of the financial statements does not relieve management or the District Council of their responsibilities. Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the District Council.
Auditing standards	We carry out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The District Council and management are responsible for implementing and maintaining systems of controls for detecting these matters.
Auditor independence	We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners,* issued by New Zealand Auditing and Assurance Standards Board. In addition to the audit we have carried out engagements in the areas of the Debenture Trust Deed audit, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the District Council or its subsidiaries.
Fees	The audit fee for the year is $202,153, as detailed in our Audit Proposal Letter. Other fees charged in the period that will be charged include $4,154 for the Debenture Trust Deed audit. To date, no other fees have been charged in this period.
Other relationships	To date, we are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council or its subsidiaries that is significant to the audit.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

4.3 Information Communications Technology (ICT)

Meeting:	Risk and Audit Committee
Date of meeting:	24 June 2020
Reporting officer:	Ian Fernandes (Manager – ICT)

1   Purpose

This report is to keep the Risk and Audit Committee aware of the ICT related risks and inform the committee on steps being taken to mitigate them.

2   Recommendation

That the Risk and Audit Committee notes the ICT risk report.

3   Discussion

Activities or work programs in progress to mitigate or manage risks include:

- COVID-19 forced the world to embrace a flexible working environment and this has increased the need to ensure the Organisation has robust security practices in place, therefore we are currently:
    - Drafting an ICT Security Strategy
    - Implementing Microsoft Teams to enhance virtual collaboration
    - Planning the replacement of all user-assigned desktops with laptops
    - Standardising audio-visual equipment in 7 of our meeting rooms.
- Decommissioning our legacy remote access tool (Citrix) as this platform is no longer supported and replacing it with RDS (Remote Desktop Services).
- Replacing end of life Juniper network routers with Watchguard routers.
- Updating our Outlook Archive and Compliance policies.
- Adding a signing header to all WDC email which verifies it's legitimacy.

- Intrusions blocked by our main firewall – 05/06/2020 – 12/06/2020
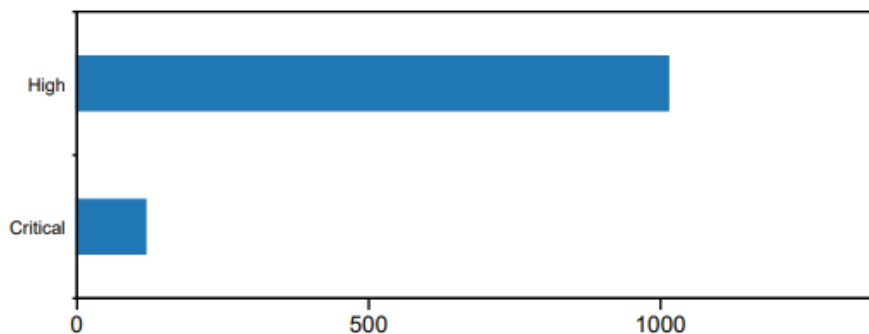
Threat Level	Allowed Hits	Denied Hits	Hits (%)
High	0	1013	89.65
Critical	0	117	10.35
Total: 2	0	1130	

- Attempts to access unauthorised URL's – none.

- Viruses cleaned off desktop devices – 15/05/2020 – 10/06/2020

Action	Count of occurrence User Computer name
Blocked	376
Cleaned by deleting	13
Cleaned	1
Connection terminated	212
Deleted	3
Total	**605**

- Over the lockdown period we remediated various vulnerabilities including the Zoom security vulnerability.

3.1 COVID-19 Statement

The impacts of COVID-19 on this decision have been considered. There are no impacts expected.

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.

4.4 Health and Safety Report – June 2020

Meeting: Risk and Audit Committee

Date of meeting: 24 June 2020

Reporting officer: Desarae Williams

1 Purpose

To update the Risk and Audit 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 Risk and Audit Committee notes the health and safety report.

3 Background

It is important elected members have information on any significant health and safety risks in the workplace, including positive indicators of success and any areas of concern. This report aims to provide key information to address these matters at a governance level.

4 Discussion

COVID 19 health and safety considerations

Councillors have previously received information on the organisation's initial preparation for the COVID 19 situation, the lead up to the lockdown and shift to Alert level 3.

Alert Level 2 commenced on Thursday 14th May. A small number of staff undertaking the task of preparing a safe workplace returned that week along with those managing essential work and those who needed certain resources that were not available in their home environment. Staff have been steadily returning, which has been managed in a staggered way to avoid overcrowding of facilities and maintenance of safe physical distancing. Much planning and effort went into making front line areas safe for both staff and the public in preparation for Alert Level 2 openings.

Each COVID 19 Alert Level change required a large amount of planning, preparation and action. The Corona Virus Watch team which was made up of representatives from across the organisation and formed in early February, largely managed this on an operational level.

One of the new risks which came to light during this pandemic, apart from the obvious health and hygiene aspects, was the risk of having literally hundreds of new and unchecked workplaces, as staff began to work remotely. As Council is still responsible for the health and safety of these workplaces, this was a large task to oversee and manage at very short notice.

Staff completed a checklist that aided health and safety personnel in assessing any significant risks, with most staff also providing a photo of their remote work area set up.

It is anticipated staff will be back as usual when level 1 comes into effect, however, many staff have been querying the ability to carry on doing some work remotely. This will require a much deeper level of risk analysis and management for the future.

The wellbeing of some staff did suffer through the lockdown period and as the alert levels have moved down these situations have been dealt with compassionately and in a practical manner. Many staff from all levels of the organisation put significant effort into maintaining high levels of communication and checking in with others to reduce the impact of any feelings of isolation. Health and safety representatives have commented on the positive impact that daily or regular Skype meetings arranged by their Department Managers had on their teams. We continued to hold the All Staff meetings via skype with very positive feedback.

Accident Statistics

In the last Risk and Audit report, information was provided about the second quarter of the financial year, from October – December 2019. This report provides new information on the third quarter, from January – March 2020.

Table 1 below, shows injuries and incidents reported with the number of incidents reported a generally a little lower than usual due to the effects of both the Christmas period, with many staff on leave, and away from their usual workplace for some of March due to the Lockdown in Alert Level 4.

Injury Type	Employees	Contractor	Public	Volunteers	Totals third quarter	Trend Since last quarter	Totals second quarter	Totals first quarter
WorkSafe NZ Notifiable event	0	0	0	0	**0**	**Same**	0	1
Lost time injury (injury needing days off)	1	3	0	0	**4**	↑	3	6
Medical treatment Injury (visited doctor or physio)	0	2	2	0	**4**	↓	9	17
Occupational health exposure	0	0	0	0	**0**	**Same**	0	6
Minor injuries	4	9	6	0	**19**	↓	39	52
Pain and discomfort reports	12	1	0	0	**13**	**Same**	13	24
Incidents and near misses	14	82	3	0	**99**	↓	101	109

Table 1: Council workplace injuries 1 January – 31 March 2020.

The employee lost time injury reported involved a staff member falling down the narrow back stairs at Forum North. The contractor lost time injuries all involved Northland Waste Ltd employees and included;

- A manual handling injury causing a strained back (aggravating a previous back strain history)
- A wrist strain when handling a recycle bin, when the bin accidentally hit the truck, jarring the workers wrist
- Cut by broken glass from a broken picture frame, poking out of rubbish bag.
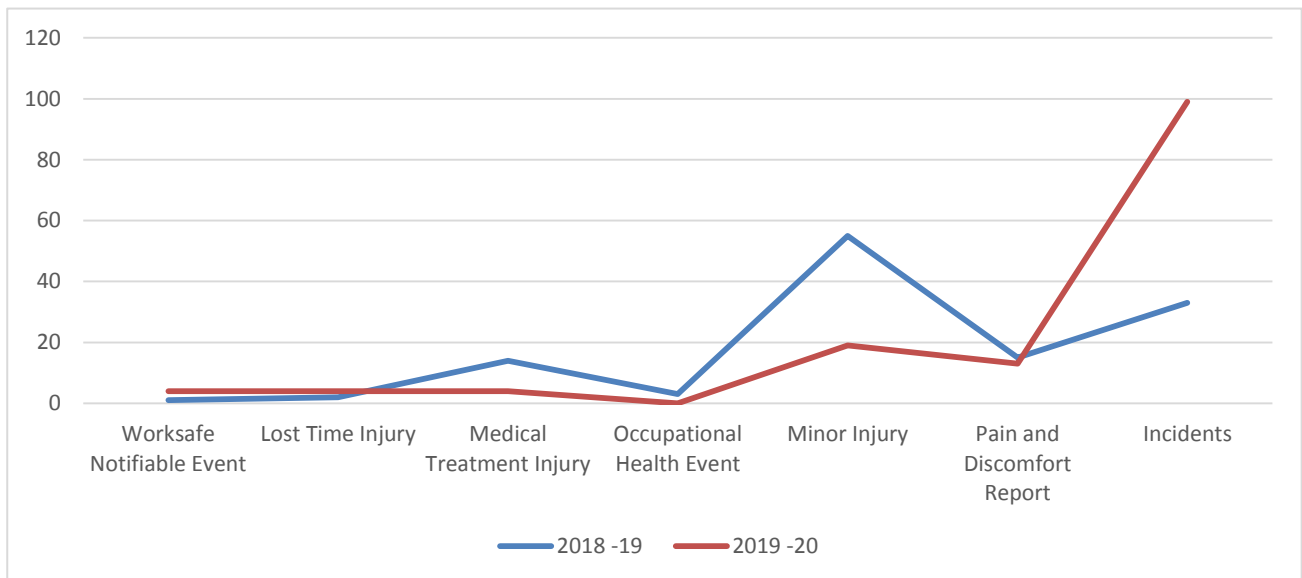
Figure 1: Totals of incidents for the third quarter both last year and this year

Figure 1 above shows a comparison of total number of incidents for the third quarter in last year and this year. The key difference is the volume of incidents reported this year in comparison to the previous (a positive sign), with more minor injuries reported the previous year.
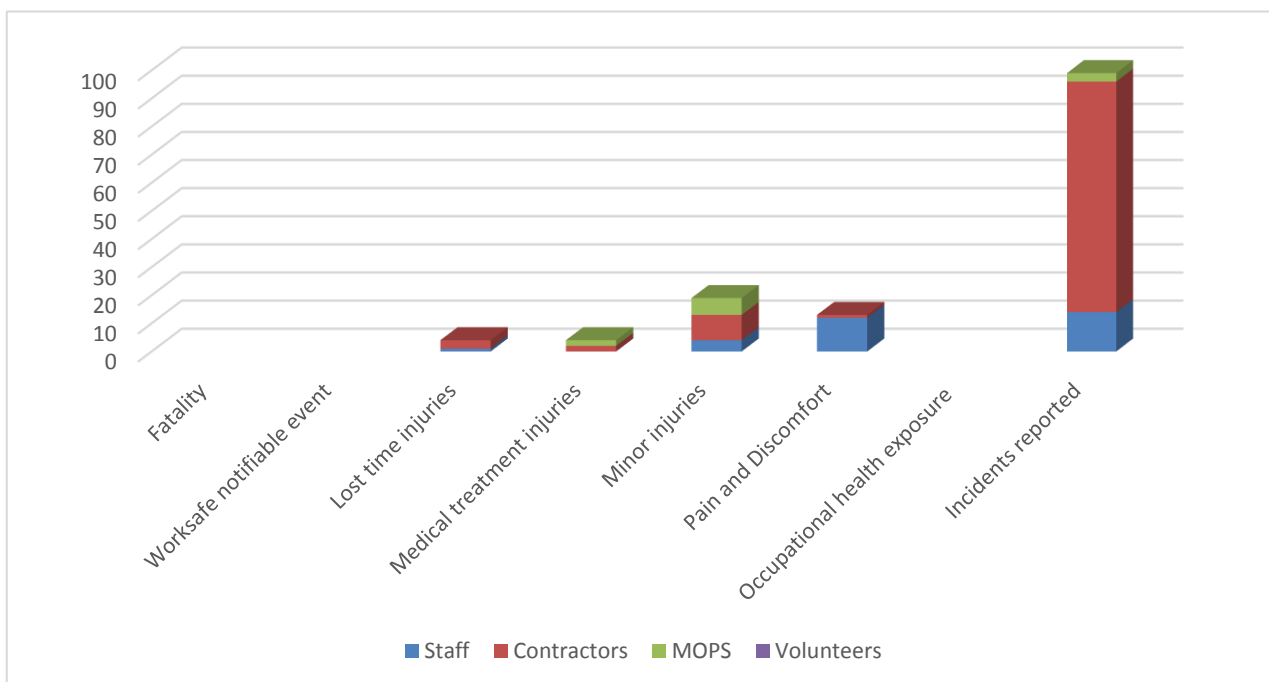

Figure 2: Council workplace injuries reported 1 January – 31 March 2020.
Note: MOPs is short for members of public.

Incident Type	2019-2020 YTD	2018 - 2019	2017 - 2018	2016 - 2017
Injury notifiable to WorkSafe NZ	1	0	0	3
Lost Time Injuries	13	16	11	11
Medical Treatment Injuries	30	40	77	51
Occupational Health Exposure	6	4	4	11
Minor Injuries	110	125	160	127
Pain and Discomfort	50	58	138	109
Incidents	309	256	389	283

Table 2: Council workplace injuries over last three financial years

Table 2 above shows health and safety statistics over the last three years, with the 2019 – 2020 column showing the nine-month period from 1 July 2019- 31 March 2020, so this column is not complete until financial year end.

Risks

The highest risks for Council are shown in Attachment 1 and have not changed since the last report. Some consideration has gone into whether a pandemic should now be included, but due to the success and stringency of the controls put in place, the actual health and safety risk became reasonably low.

Minimum risk standards and minimum hazard controls have continued to be developed and we are collaborating with some of our high-risk contractors for high risks affecting them (e.g. tree felling, which is a very specialist area)

Monitoring

The planned SafePlus assessment for April was deferred due to COVID 19 and will now be held in August 2020.

Compliance

There have been no known updates to health and safety legislation since the last health and safety report.

WorkSafe have put out some new guidance on first aid. This has been helpful as we were already reviewing many aspects of first aid in the workplace. We have an appointed St John ambulance volunteer (a staff member) now attending health and safety committee meetings and have found first aiders willing to take responsibility for each first aid kit in the workplace. First aiders will shortly receive a label to add to their staff photo identification signifying they are a first aider. A review of the number of first aiders in the workplace also has recently taken place along with the first aid kit contents.

Health and safety training undertaken since last report

Health and safety training is one of our lead indicators, but the same factors affecting the number of incidents (Christmas break and COVID 19) meant that little training was arranged and undertaken.

Seven of the attendants at the H&S Legislative briefing for Officers and Elected members were elected members.

Internal H&S training	Sessions	Attendants	Hours	External H&S training	Sessions	Attendants	Hours
New employee H&S induction	1	12	18	H&S Legislative briefing for Officers and Elected members	1	20	30
Safetywhys – When to walk away	1	20	10	H&S Rep training	1	1	16
Totals	**2**	**32**	**28**		**2**	**21**	**46**

Table 3: Health and Safety Training undertaken January – March 2020 Quarter

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

1.   Highest Health and Safety Risks

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.	Workers out in field coming across aggressive people, causing physical and/or emotional harm to workers. Aggressive people coming in or around our workplaces, causing physical and/or emotional harm to workers. *Note: Why this risk remains so high, is the lack of control we have as council in controlling the behaviour of the public.*	Life changing injury or psychological damage	**Critical**	• 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 PCBUs • 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	Poor driving behaviour of other people, causing accidents involving our workers, both in vehicles and as pedestrians. Poor driving behaviour of our workers, causing accidents and injuries. *Note: Why this risk remains so high, is the*	Potentially many fatalities	**Critical**	• Driver assessments • Driver licence checks • Driver – car control training provided for high use fleet drivers • Driver checklists and checks • Driver inductions • Safe access through traffic guidelines • Staff informed of requirements • Road safety and traffic management 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
	lack of control we have as council in controlling the behaviour of the public.		**(red)**		**(orange)**		
Exposure to hazardous substances	Some staff and contractors deal with toxic, solvent or corrosive chemicals in the work they do, exposing them to burns, respiratory exposure and potentially long term health effects	Life changing injury or long term medical condition	**High**	• Certified handlers, who have attended approved courses • Signage • Safety data information sheets • Chemicals isolated or secured • Procedures to follow • External suiting to check compliance	**Medium**		
Work at heights (WAH)	Falling from height	Life changing injury or death	**High**	• 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**		
Working while fatigued	Work overload, working long hours and overtime (for a long period of time), especially if driving or undertaking hazardous tasks. This can be compounded by out of work issues.	Life changing injury or death	**High**	• Fatigue management processes in place and monitoring • Monitoring of this area and reporting • Staff information and training provided	**High**	Use of vehicles with line recognition, Driver fatigue products	**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
Exposure to energy sources	Moving machinery, electricity, hydraulic, pneumatic, gravity and other energy sources causing injury	Life changing injury	**High**	• Lock out tag out procedures • Trained staff • Personal locks applied • Auditing and monitoring • Supervision • Use of permit to work system	**Medium**		
Working in 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**	• 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 • Notification to our contractors about our standards and requirements	**Medium**		
Exposure ot workplace psychological risks	Bullying and other unreasonable behaviours, work overload, conflict, poor leadership and team relationships. This can be compounded by out of work issues.	Lost time injury, losing valuable staff	**High**	• EAP (Employee Assistance Programme) system available • Encouragement to early report and resolve issues • Policies in place giving guidance • Leader awareness of issues, with individual plans to resolve • Support of individuals from People and Capability team • Peer support team available	**Medium**		
Work alone	Staff going out into unknown and hazardous situations. Or could have a medical problem arise.	Life changing injury	**High**	• Staff training and awareness • Procedures in place • Work alone devices available • Cell phones taken	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
	Staff occasionally need to visit areas out of cellular coverage range.			• Monitoring • First aid kits in vehicles			
Asset failure	Assets in the workplace that might corrode and fall on people, or malfunction causing injuries	Life changing injury or death – potentially multiple injuries		• Identification of assets that if they fail could cause harm • Monitoring and maintenance schemes in place • External condition monitoring reports undertaken by suitable experts • Reporting of issues and resolution of these in a timely manner	Medium - low		

As well as the above, the following risks have been identified in consultation with contractors, about risks which primarily affect them;

- Working around mobile plant and equipment
- Felling trees
- Dust causing respiratory and other health risks
- Working under suspended loads
- The task of rigging, involving items falling from height
- Working in and around deep excavations

4.5 Risk Report – June 2020

Meeting:	Risk and Audit Committee
Date of meeting:	24 June 2020
Reporting officer:	Emily Thompson (Senior Assurance Advisor)

1 Purpose

To provide an overview to Council of the current risks across the organisation.

2 Recommendation

That the Risk and Audit Committee notes the 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.

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

It must be noted that Operational risks have been recognized though out COVID-19 and some have cut across multiple departments. These have been reported separately via the COVID-19 response and risk report during the 14 May 2020 Council meeting.

Department managers continue to work hard to prepare and respond to the changing environment created by this global pandemic and it is expected that changes will be reflected in operational activities and departmental risk registers. The COVID-19 watch group continues to monitor the situation to allow Council to respond to future developments.

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

June 2020 Risk Report

June 2020 – Risk Matrix and Detailed Critical Risks to Council

Risk Matrix showing the spread of risks across the organization. This has been prepared for the Risk and Audit Committee in June 2020. The tables below show's 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 (June 2020). (Total 352)

Impact		Rare	Unlikely	Possible	Likely	Almost Certain
	Catastrophic	1	Nil	Nil	1	Nil
	Major	7	4	10	3	3
	Moderate	19	47	51	18	4
	Minor	14	48	68	20	8
	Insignificant	4	14	4	5	Nil

Likelihood

Table two:
Residual risk spread of current Council risks (March 2020). (Total 341)

Impact		Rare	Unlikely	Possible	Likely	Almost Certain
	Catastrophic	1	Nil	Nil	1	Nil
	Major	6	Nil	10	3	3
	Moderate	18	45	47	15	4
	Minor	16	44	65	17	9
	Insignificant	5	15	3	5	Nil

Likelihood

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

Impact		Rare	Unlikely	Possible	Likely	Almost Certain
	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

Likelihood

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

Impact		Rare	Unlikely	Possible	Likely	Almost Certain
	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

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. These should be read in conjunction with the Health and safety risk report which includes risk that may impact staff.

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	2019 Lux level testing occurred, levels not favourable for HDD coverage, therefore replacement brought forward to align to future televised events. Project on track but remains on critical risk list.	Avoid: 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. Project on track but risk remains until installation.
Community Facilities and Services_Venue and Events	NECT governance arrangement runs out in June 2020	External review conducted by RJ Robertson (external consultant). Health and safety management system review completed by IMPAC (external consultant). Working group developing actions plan and council workshops being held to consider options.	Avoid: Staff have worked with Elected Members on governance options, these will be presented to Council to make a final decision in July 2020.
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 - Support Services	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.	Reduce: 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. Staff have put in place a project brief document to increase understanding. New resources have been approved for Waste and Drainage and Water Services which will assist in reducing this risk.	Accept and Reduce: New processes are required, and staff are looking at developing structured processes to improve establishment of new LTP projects, including how to respond to late project request 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 within the 30 year plan. Regular monitoring on the progress and changes that are occurring. Climate Change adaptation working group established. Local mitigation will not prevent predicted weather changes, so adaptation necessary.	Accept the risk and Reduce the 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. Development of a Council wide Climate Change Strategy.
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, Increased risk due to 1-50 Yr drought	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.) Work has started to reduce network leakage renewals and detections. Working across Council on education on customers minimising water use	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 as well as wide spread issues (note: widespread are covered by specific 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	Modern methods of construction	The building industry is evolving fast with MMC being utilised across New Zealand. Some of these MMC create challenges for building controls as there is no knowledge base to work from for the consenting process.	Close watch on progress with other Councils across the country, working with external specialist to ensure an appropriate approach in line with the building act specifically BA04.

LTP Activity Group	Risk description	Current Controls - What we are already doing about it	Future treatment - What we plan to do
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	Reduce: 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.	Accept: 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. Staff continue to review roles when appropriate to ensure that job specifications align with the department requirements.
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.	Accept: Monitor and work with facts as they are identified.

Area	Risk Description	Current Mitigation – what we are doing about it.
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.	Reduce Impact: 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.	Accept. 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).
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.	Accept: 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   June 2020 – Policy Status Report

Meeting:	Risk and Audit Committee
Date of meeting:	24 June 2020
Reporting officer:	Emily Thompson (Senior Assurance Advisor)

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 Risk and Audit Committee notes the policy status report.

3   Background

Policies are the building blocks of our organisation. The primary purpose of a policy is that they put in writing what the Council expects in terms of the behaviour, actions, and processes.

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.

This was last reported to Audit and Risk Committee in September 2019.

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.

This is being overseen by the Audit and Risk Analyst and the Strategy Team.

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:

- 68 External polices
- 54 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.

Policies are categorised as statutory and non-statutory.

Focus has been on ensuring that we have the appropriate statutory policies. Those that are showing as overdue are:

1. Dangerous affected and insanitary buildings – this policy is in the early stages of the review process which includes a special consultative procedure (SCP)

2. People and Capability policies – these three policies are currently under review and remain in place until the reviews have been completed. The review of both the flexible working and leave policies are occurring through guideline development flowing from our response to COVID-19. The new guidelines will transfer into the updated policies when appropriate. The disciplinary policy is under review with a completion date of the end of this year.

3. Psychoactive substances policy – this was created due to a gap in legislation. It is due for review but remains relevant until the review is completed.

Whist creating this report it has been discovered that a number of policies showing as overdue have been reviewed or are considered by department managers to be still relevant with no changes. Therefore, the Kete approval process has not been completed.

Staff recognise this gap in training and will work with policy owners to ensure that the records are maintained appropriately.

4.1 Risk

The creation of a policy is considered to be important as this ensures that Council has consistent guidelines relating to specific topics that arise. These may be internal, and operationally focused or external with a public facing responsibility.

Policies that have been approved by Council resolution or by the Strategic Leadership Team remain relevant until they are reviewed. Following a review they may be updated or made inactive.

However, for some policies there has been failure to prioritise timely reviews once created. Therefore, the attachment to this report shows a number of polices that have gone beyond their review deadlines.

For some of these the policy will remain fit for purpose, but a review has not been prioritized. For others it may be that a review has been undertaken and not signed off, or that the system has not been updated following sign off.

Reporting to Risk and Audit provides assurance oversight for this function, highlighting areas where improvement is required. Through this reporting the need to improve internal processes to ensure that fit for purpose policies are presented to Strategic Leadership Team or Council for confirmation has been identified.

Staff will work across the organisation to establish a better way of working and we hope to see significant improvement in the details presented to the Risk and Audit committee in the December 2020 report.

4.2 COVID-19 Statement

The impacts of COVID-19 have been considered. There are no impacts expected.

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

Policy Report June 2020

Policy ID	Title	Policy Type	Date of Council Resolution or Senior Leadership Team Approval	Review Pe	Review Next Due	Controlled Document Owner
	Statutory Policies					
203	Drinking-water quality policy (Policy203)	Policy External	28/05/2020	5	28/05/2025	Role - Asset Engineer - Water
038	Dog Management Policy (Policy038)	Policy External	1/03/2013	10	27/02/2023	Role - Manager - Health and Bylaws
018	Appointments to Outside Organisations Policy (Policy018)	Policy External	27/02/2020	3	26/02/2023	Role - CCO Project Coordinator
135	Class 4 Gambling Venues Policy (Policy135)	Policy External	25/07/2019	3	24/07/2022	Role - Manager - Health and Bylaws
021	Board Venue Policy (Policy021)	Policy External	28/03/2019	3	27/03/2022	Role - Strategic Planner
060	Revenue and Financing Policy (Policy060)	Policy External	1/07/2018	3	1/07/2021	Role - Manager - Finance
136	Development Contributions Policy (Policy136)	Policy External	30/06/2018	3	29/06/2021	Role - Team Leader - Development Contributions
080	Rates Remission and Postponement Policy Including Maori Freehold Land (Policy080)	Policy External	28/06/2018	3	27/06/2021	Role - Manager - Revenue
176	Workplace Noise Exposure Policy (Policy176)	Policy Internal	30/12/2018	2	30/12/2020	Role - Health and Safety Manager
081	Significance and Engagement Policy (Policy081)	Policy Internal	28/09/2017	3	27/09/2020	Role - Consultation Adviser
083	Leave Policy (Policy083)	Policy Internal	31/12/2016	3	31/12/2019	Role - Business Partner - People & Capability
079	Psychoactive Substances Policy (Policy079)	Policy External	1/06/2014	5	31/05/2019	Role - Manager - Community Development
121	Disciplinary Policy (Policy121)	Policy Internal	1/05/2016	3	1/05/2019	Role - Business Partner - People & Capability
143	Flexible Working Policy (Policy143)	Policy Internal	30/05/2015	3	30/05/2018	Role - Business Partner - People & Capability
035	Dangerous Insantitary and Earthquake Prone Buildings Policy (Policy035)	Policy External	1/12/2012	5	30/11/2017	Role - Manager - Building Control
	Voluntary or Non statutory policies					
139	Easter Sunday Shop Trading Policy (Policy139)	Policy External	21/02/2019	5	20/02/2024	Role - Strategic Planner
181	Community Gardens POlicy (Policy181)	Policy External	31/05/2018	5	30/05/2023	Role - Manager - Parks and Recreation
091	Visitor Policy (Policy091)	Policy Internal	27/02/2020	3	27/02/2023	Role - Health and Safety Manager
087	Tax Governance Framework (Policy087)	Policy External	19/12/2019	3	19/12/2022	Role - Manager - Finance
098	Emergency Management Policy (Policy098)	Policy Internal	27/09/2019	3	27/09/2022	Role - Health and Safety Manager
133	Whangarei Living Roof Guide (Policy133)	Policy External	25/08/2017	5	24/08/2022	Role - Manager - Strategy
142	Employee Code of Conduct Policy (Policy142)	Policy Internal	13/08/2019	3	12/08/2022	Role - Business Partner - People & Capability
095	Working Alone Policy (Policy095)	Policy Internal	2/08/2019	3	2/08/2022	Role - Health and Safety Manager
097	Accident and Incident Management Policy (Policy097)	Policy Internal	21/06/2019	3	21/06/2022	Role - Health and Safety Manager
111	Auditing, Monitoring, Planning and Review Policy (Policy111)	Policy Internal	22/03/2019	3	22/03/2022	Role - Health and Safety Manager
107	Occupational Health Monitoring Policy (Policy107)	Policy Internal	15/03/2020	2	15/03/2022	Role - Health and Safety Manager
094	Worker Participation Policy (Policy094)	Policy Internal	27/02/2020	2	27/02/2022	Role - Health and Safety Manager
105	Smoke-Free Workplace Policy (Policy105)	Policy Internal	21/02/2020	2	21/02/2022	Role - Health and Safety Manager
146	Service Recognition Policy (Policy146)	Policy Internal	31/12/2018	3	30/12/2021	Role - Business Partner - People & Capability
140	Employee Assistance Programme Policy (Policy140)	Policy Internal	31/12/2018	3	30/12/2021	Role - Business Partner - People & Capability
110	Workplace Security Policy (Policy110)	Policy Internal	29/11/2019	2	29/11/2021	Role - Health and Safety Manager
150	Delegations Policy (Policy150)	Policy External	29/11/2018	3	28/11/2021	Role - Audit and Risk Analyst
106	Workplace Drug and Alcohol Policy (Policy106)	Policy Internal	1/11/2019	2	1/11/2021	Role - Health and Safety Manager
138	Smoke Free District (Policy138)	Policy External	25/10/2018	3	24/10/2021	Role - Manager - Strategy
086	Procurement Policy (Policy086)	Policy External	25/10/2018	3	24/10/2021	Role - Manager - Business Support
054	Policy on Elected Members Allowances and Recovery of Expenses (Policy054)	Policy External	31/08/2018	3	30/08/2021	Role - Manager - Democracy and Assurance
198	Provisional Local Alcohol Policy (Policy198)	Policy External	28/08/2015	6	26/08/2021	Role - Manager - Health and Bylaws
104	Workplace Hazard and Risk Management Policy (Policy104)	Policy Internal	26/07/2019	2	26/07/2021	Role - Health and Safety Manager
093	First Aid Policy (Policy093)	Policy Internal	12/07/2019	2	12/07/2021	Role - Health and Safety Manager
102	Fatigue Prevention Policy (Policy102)	Policy Internal	12/07/2019	2	12/07/2021	Role - Health and Safety Manager
113	Health and Safety Training, Supervision and Information Policy (Policy113)	Policy Internal	12/07/2019	2	12/07/2021	Role - Health and Safety Manager
204	Early payment of rates policy (Policy204)	Policy External	28/06/2018	3	27/06/2021	Role - Manager - Revenue
085	Pain and Discomfort Policy (Policy085)	Policy Internal	21/06/2019	2	21/06/2021	Role - Health and Safety Manager
184	Safe work over or near water policy (Policy184)	Policy Internal	21/06/2019	2	21/06/2021	Role - Health and Safety Manager
026	Civic Honours Awards Policy (Policy026)	Policy External	22/06/2016	5	21/06/2021	Role - Manager - Community Development
031	Grants, Concessions and Loans Policy (Policy031)	Policy External	27/05/2015	6	25/05/2021	Role - Manager - Community Development
129	Stabilisation Systems for Land Development (Policy129)	Policy External	10/05/2018	3	10/05/2021	Role - General Manager - Infrastructure
128	Work At Heights Policy (Policy128)	Policy Internal	8/05/2019	2	8/05/2021	Role - Health and Safety Manager
041	Fraud and Whistleblowing Policy (Policy041)	Policy Internal	12/03/2018	3	11/03/2021	Role - Audit and Risk Analyst
144	Higher Duties Policy (Policy144)	Policy Internal	31/12/2017	3	30/12/2020	Role - Business Partner - People & Capability
069	Strategic Seal Extension Policy (Policy069)	Policy External	1/11/2015	5	30/10/2020	Role - Manager - Roading
072	Traffic Constraints Policy (Slow Streets) (Policy072)	Policy External	1/11/2015	5	30/10/2020	Role - Manager - Roading
066	Service Connections - Water Policy (Policy066)	Policy External	1/11/2015	5	30/10/2020	Role - Manager - Water Services
126	Sun Safety Policy (Policy126)	Policy Internal	19/10/2018	2	19/10/2020	Role - Health and Safety Manager

Policy ID	Title	Policy Type	Date of Council Resolution or Senior Leadership Team Approval	Review Pe	Review Next Due	Controlled Document Owner
065	Rural Fire Policy (Policy065)	Policy External	11/11/2015	5	10/10/2020	Role - Manager - Infrastructure Development
002	Staff Moves, Additions and Changes Policy (Policy002)	Policy Internal	10/10/2019	2	10/10/2020	Role - Systems Architect, ICT
125	Electrical Equipment - Test and Tag Policy (Policy125)	Policy Internal	9/10/2018	2	9/10/2020	Role - Health and Safety Manager
003	Electronic Transmission and Transaction Policy (Policy003)	Policy Internal	9/10/2019	2	9/10/2020	Role - Systems Architect, ICT
006	Data and Information Compliance Policy (Policy006)	Policy Internal	8/10/2019	2	8/10/2020	Role - Systems Architect, ICT
007	Asset Refresh Policy (Policy007)	Policy Internal	7/10/2019	2	7/10/2020	Role - Systems Architect, ICT
008	IT Access Control Policy (Policy008)	Policy Internal	6/10/2019	2	6/10/2020	Role - Systems Architect, ICT
012	Crime and Incident Policy (Policy012)	Policy Internal	5/10/2019	2	5/10/2020	Role - Systems Architect, ICT
013	Software Procurement and Changes Policy (Policy013)	Policy Internal	4/10/2019	2	4/10/2020	Role - Systems Architect, ICT
014	IT Infrastructure On-Call (Policy014)	Policy Internal	3/10/2019	2	3/10/2020	Role - Systems Architect, ICT
015	Contractor Engagement and Exit Policy (Policy015)	Policy Internal	2/10/2019	2	2/10/2020	Role - Systems Architect, ICT
016	All ICT System Acceptable Use Policy (Policy016)	Policy Internal	1/10/2019	2	1/10/2020	Role - Systems Architect, ICT
114	Confined Space Entry Policy (Policy114)	Policy Internal	30/09/2018	2	30/09/2020	Role - Health and Safety Manager
005	Equipment Purchases and BYOD Policy (Policy005)	Policy Internal	30/09/2019	2	30/09/2020	Role - Systems Architect, ICT
075	Water Demand Management Policy (Policy075)	Policy External	1/10/2015	5	29/09/2020	Role - Manager - Water Services
101	Volunteer Health and Safety Policy (Policy101)	Policy Internal	27/09/2019	1	27/09/2020	Role - Health and Safety Manager
039	File Control Recovery (Policy039)	Policy Internal	9/09/2015	5	7/09/2020	Role - Manager - Infrastructure Development
049	On Road Parking Restrictions Policy (Policy049)	Policy External	1/09/2015	5	30/08/2020	Role - Manager - Roading
099	Health and Safety Policy (Policy099)	Policy Internal	31/07/2018	1	31/07/2020	Role - Health and Safety Manager
020	Backflow Prevention Policy and Code of Practice (Policy020)	Policy External	1/06/2015	5	30/05/2020	Role - Manager - Water Services
032	Community Libraries - Services Policy (Policy032)	Policy External	27/05/2015	5	25/05/2020	Role - Manager - Libraries
022	Building Over or near Public Sewers and stormwater Pipelines Policy (Policy022)	Policy External	10/06/2015	5	9/05/2020	Role - Manager - Waste and Drainage
189	Engineering Standards (Policy189)	Policy External	1/05/2019	1	1/05/2020	Role - Manager - Infrastructure Development
0050	Pensioner Housing Policy (Policy0050)	Policy External	25/03/2015	5	25/03/2020	Role - Manager - Community Development
077	Youth Policy (Policy077)	Policy External	8/02/2017	3	8/02/2020	Role - Manager - Community Development
145	Recruitment Referral Policy (Policy145)	Policy Internal	31/12/2016	3	31/12/2019	Role - Business Partner - People & Capability
131	Asset Management Policy (Policy131)	Policy External	9/12/2016	3	9/12/2019	Role - General Manager - Infrastructure
082	Accessibility Policy (Policy082)	Policy External	1/11/2014	5	31/10/2019	Role - Manager - Community Development
030	Community Facilities - Operating and Maintenance Policy (Policy030)	Policy External	1/09/2015	4	31/08/2019	Role - Manager - Parks and Recreation
124	Road Closure Policy for Motor Vehicle Events (Policy124)	Policy External	1/08/2016	3	1/08/2019	Role - Manager - Venues and Events WHANGAREI
059	Retirement Villages Policy (Policy059)	Policy External	1/08/2015	4	31/07/2019	Role - Manager - Community Development
045	Leasing Sportsfields to Clubs Policy (Policy045)	Policy External	1/08/2015	4	31/07/2019	Role - Manager - Parks and Recreation
119	Sensitive Expenditure Policy (Policy119)	Policy Internal	27/07/2016	3	27/07/2019	Role - Manager - Finance
096	Eye Care and Protection Policy (Policy096)	Policy Internal	26/07/2019	2	26/07/2019	Role - Health and Safety Manager
042	Independent Qualified Persons Policy (Policy042)	Policy External	1/07/2015	4	30/06/2019	Role - Manager - Building Control
070	Structures on Coastal Reserves (Policy070)	Policy External	31/03/2014	5	29/06/2019	Role - Manager - Parks and Recreation
034	Council Owned Sportsparks Playgrounds and Neighbourhood Reserves - Smoke Free Policy (Policy034)	Policy External	9/09/2015	4	8/06/2019	Role - Manager - Parks and Recreation
028	Coastal Erosion Protection Policy (Policy028)	Policy External	9/09/2015	4	8/06/2019	Role - Manager - Parks and Recreation
210	Risk Management Policy (Policy210)	Policy Internal		3	16/04/2019	Role - Senior Assurance Adviser
092	Contractor Health and Safety Management Policy (Policy092)	Policy Internal	24/03/2017	2	24/03/2019	Role - Health and Safety Manager
078	Property Policy (Policy078)	Policy External	1/03/2016	3	1/03/2019	Role - General Manager - Planning and Development
116	Travel Policy (Policy116)	Policy Internal	24/02/2016	3	24/02/2019	Role - Procurement and Contract Support Officer
067	Spray Use Policy (Policy067)	Policy External	1/02/2016	3	31/01/2019	Role - Manager - Parks and Recreation
074	Uncompleted Works Bonds Policy (Policy074)	Policy External	1/02/2016	3	31/01/2019	Role - Manager - RMA Consents
025	Camping Ground Exemption Policy (Policy025)	Policy External	1/11/2015	3	31/10/2018	Role - Manager - Health and Bylaws
063	Road Encroachment Licenses for Permanent Structures (Policy063)	Policy External	1/11/2015	3	31/10/2018	Role - Manager - Roading
058	Property - Sale of Reserve Land Policy (Policy058)	Policy External	9/09/2015	3	8/09/2018	Role - Manager - Parks and Recreation
108	Rehabilitation Policy (Policy108)	Policy Internal	1/09/2016	2	1/09/2018	Role - Health and Safety Manager
064	Road Naming Policy (Policy064)	Policy External	1/09/2015	3	31/08/2018	Role - Manager - RMA Consents
057	Private-Charitable Organisations - Transfer of Title (Policy057)	Policy External	1/08/2015	3	31/07/2018	Role - Manager - Parks and Recreation
040	Forests - Recreational Use Policy (Policy040)	Policy External	1/08/2015	3	31/07/2018	Role - Manager - Parks and Recreation
051	Performance Bond Policy (Policy051)	Policy External	1/08/2015	3	31/07/2018	Role - Manager - RMA Consents
037	Disposal of Crown Owned Reserves where Management is Vested in Council (Policy037)	Policy External	1/07/2015	3	30/06/2018	Role - Manager - Parks and Recreation
088	Treasury Risk Management Policy - Including Liability and Investment Policy (Policy088)	Policy External	31/05/2015	3	31/05/2018	Role - Manager - Finance
052	Policy for Undertaking Enforcement Action under the Building Act 2004 (Policy052)	Policy External	1/06/2015	3	31/05/2018	Role - Manager - Building Control
076	Water Revenue Policy (Policy076)	Policy External	1/05/2015	3	30/04/2018	Role - Manager - Water Services
089	Fees Policy - Tree Protection - District Plan (Policy089)	Policy External	1/04/2015	3	31/03/2018	Role - Manager - District Plan

Policy ID	Title	Policy Type	Date of Council Resolution or Senior Leadership Team Approval	Review Pe	Review Next Due	Controlled Document Owner
073	Tree Policy (Policy073)	Policy External	1/04/2015	3	31/03/2018	Role - Manager - Parks and Recreation
053	Policy for Variations and Plan Changes (Policy053)	Policy External	11/03/2015	3	10/03/2018	Role - Manager - District Plan
071	Town Basin Control of Activities Policy (Policy071)	Policy External	1/03/2015	3	28/02/2018	Role - Manager - Venues and Events WHANGAREI
084	Preventing and Responding to Unreasonable Behaviours in the Workplace Policy (Policy084)	Policy Internal	1/02/2015	3	31/01/2018	Role - Business Partner - People & Capability
033	Release of Confidential Items Policy (Policy033)	Policy External	19/12/2007	10	16/12/2017	Role - Manager - Democracy and Assurance
056	Pressure Sewer Policy (Policy056)	Policy External	1/05/2012	6	29/10/2017	Role - Manager - Waste and Drainage
090	Property, Plant and Equipment Capitalisation Policy (Policy090)	Policy Internal	31/07/2013	3	31/07/2016	Role - Manager - Finance
122	Property, Plant and Equipment Disposal Policy (Policy122)	Policy Internal	31/07/2015	1	30/07/2016	Role - Manager - Finance
141	Fleet Management Policy (Policy141)	Policy Internal	30/09/2012	3	30/09/2015	Role - Procurement and Contract Support Officer
044	Leases - Parks and Recreation Policy (Policy044)	Policy External	1/03/1999	3	31/12/2014	Role - Manager - Parks and Recreation

Whangarei
District Council

4.7 Variations to Procurement Process Report

Meeting:	Risk and Audit Committee
Date of meeting:	24 June 2020
Reporting officer:	Eddie Wotherspoon (Manager – Business Support)

1 Purpose

To report on policy adherence as required by the Procurement Policy.

2 Recommendation

That the Risk and Audit Committee notes the variations to procurement process report.

3 Background

Council's Procurement Policy (the Policy) was adopted in October 2018 and requires the reporting of adherence to the Policy. This is monitored via the approval of Recommendations for a Variation in Procedure to Council's Procurement Policy (Variations). These Variations record instances where Council has varied from processes and procedures prescribed in the Policy.

The need for Variations from time to time is defined and allowed for in the Policy.

It should be noted that these are different to Contract Variations, which vary the terms that Council has agreed with a supplier.

Variations are required to outline the area of Policy being varied from along with background, scope, options, reasoning, risks and other relevant information. Variations require approval by the relevant Department Manager, General Manager and the Chief Executive.

4 Discussion

This is the first of a regular six monthly cycle to report Variations that have been approved. Variations are generated across the organisation and are collated and reported on by Business Support.

It is noted that the attached spreadsheet outlining the notified variations is not yet complete. The current reliance on Department Managers to advise of variations initially and then supply information pertaining to them could be a gap in the notifications process.

We will be reviewing the process moving forward to ensure that all content is captured. Additionally we be considering how we can capture all variations, not just the ones we are notified of.

The risk of not being notified of variations to policy is that the variations were never signed-off and that Council is not in a position to defend its procurement decisions.

4.1 COVID-19

The reporting of variations to the procurement process is procedural. The impacts of COVID-19 have been considered. There are no impacts expected.

5 Attachment

Register of procurement policy variations

Project/Contract	Policy area varied from	Description of Variation agreed to
PRO19009 - Whangarei Heads Wastewater Network Upgrades	Going to market for work between $100k and $250k	A variation to policy be approved so that Mott MacDonald can be directly appointed as a consultant for undertaking flow monitoring, model build and upgrade options study for Whangarei Heads Wastewater Network Upgrades -The work be awarded to Mott MacDonald at the quoted fee of $180,000
CON19009 Hikurangi Sports field Drainage	Going to market for work between $100k and $250k	The contractor had recently won an open tender for similar work, they had won by a significant margin and had much better rates than other contractors. They were completing the other contract around the same time that we wanted this work done. Knowing that they had a much better price and significant time would be saved by not tendering this work approval was sought to directly award the contract to Tractors Ag and Turf.
RO06936 - Bank St Footpath Renewal	Going to market for work between $100k and $250k	Sought prices from maintenece contractor, excessive price and therefore sought prices from previous contractor BRS who have competency in completing similar high level works and had resourcing to complete works. Awarded to BRS to complete as price lower than maintenance contractor. Direct awarded.
CON19022 – Whau Valley Water Main Replacement	Requirement to open tender	it is recommended that approval be given to vary from Council's Procurement Policy to allow Contract CON19022 to be procured by direct award to Broadspectrum Ltd for the price of $406,421.52 excl GST
PRO19003 & PRO19004	Requirement to go to market	It is recommended that approval be given to allow wastewater and stormwater renewal projects under LTP indicator 00019 - Stormwater improvement and 00031 - Wastewater Treatment with low risk and value under $250,000 to be procured through this blanket Procurement Plan.
CON19040 Ruakaka Sand Ridge Renewal	Requirement to open tender	It is recommended that approval is given to vary Council's Procurement Policy to allow Contract CON19040 Ruakaka Sand Ridge Removal to be procured by obtaining three quotes from McKenzie Contracting, Wilson Earthmoving Group and Clements Contractors.
Public Toilet Repairs & Maintenance – Mike Saunders Ltd	Requirement to go to market	Due to scope of the maintenance work, knowledge of Council assets and being available 24/7, the various WDC departments confidentally utilise Mike Saunders Ltd, therefore a variation to policy is signed off annually by the SLT.
CON14027 - Provision of CitySafe Services	Requirement to go to market at the end of the contract term	Extended for one year by variation due to pilot programme being completed and request made for additional funds
Supply of Legal Information	Requirement to go to market at the end of the contract term	Approval granted to vary from Council's Procurement Policy to allow the Supply of Legal Information Contract with Thomson Reuters to be extended for one year at a cost of $45,360.84 excl.
Hazardous Chemicals Removal Support at Sustainable Solvents Site, Ruakaka	Going to market for work between $100k and $250k	Approval given to sole source subject matter experts - Emergency Procurement.
Town Basin Bus Facilities Upgrade Stage 1 PRO19026	Going to market for work between $100k and $250k	It is recommended that approval is given to vary from Council's Procurement Policy to allow PRO19026 – Town Basin Bus Facility Upgrade Stage 1 to be procured through as Sole Sourced and engage Isthmus Group Limited for the next stage of the Design process.
CON20035 Stadium Sound Upgrade	Requirement to go to market	Approval granted to proceed with single source contract for Stadium sound upgrade.
CON20039 - Stadium Field of Play Renovation	Going to market for work between $100k and $250k	It is recommended that approval is given to vary from Council's Procurement Policy to allow CON20039 Stadium Field of Play Renovation to be procured direct appointment of Recreational Services based on the provision of an acceptable quote.
PRO19022 - Civic Centre Construction Project	Going to market for work between $100k and $250k	Initially the expected cost of works was $80,600 (excluding GST). It is recommended that approval is given to vary from Council's Procurement Policy to allow Geotechnical Investigations for the Civic Centre RSA Site to be procured through direct appointment of the supplier. Please would you approve the deviation to Council's Procurement Policy and approve the raising of a Purchase Order for Tonkin and Taylor for the value of $106,500.00. The Land Contamination Report produced as a result of this work has highlighted the requirement for a further detailed Site Investigation based on Hazardous Activities Industries List (HAIL). The estimated costs for this additional work will take the total estimated cost to $106,500. While this work could have been split into two parcels, it is more appropriate to extend the scope of the original engagement given the nexus of the two bodies of work. This total estimated cost now takes the work over the $100k threshold for direct supplier engagement and requires a Variation to approve direct appointment rather than a closed quote approach to the market.
PRO19022 - Civic Centre Construction Project	Going to market	To direct source select organisations to tender for works on a lump sum basis as opposed to an open market approach. Local organisations to be included in the mix with others to allow for healthly market tension (value for rate payer). Some of the Consultants included for consideration in stage two were put forward by CANAM however they were still required to follow the same approach and be competitive in their pricing.
Stormwater Catchment Management Plans & Assessments Stage 3	Going to market for work between $100k and $250k	Approval is given to vary from Council's Procurement Policy to allow Stormwater Catchment Management plans and Assessments Stage 3 to be procured through Sole Sourcing direct to Morphum Environmental Ltd

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. {Section7(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.