

Audit and Risk Committee Agenda

Date: Wednesday, 28 March, 2018

Time: 9:00 am

Location: Council Chamber
Forum North, Rust Avenue
Whangarei

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

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

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Audit and Risk Committee – Terms of Reference

Membership

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

Purpose

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

Key responsibilities include:

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

Delegations

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

Audit and Risk Committee Meeting Minutes

Date: Wednesday, 6 December, 2017
Time: 9:00 a.m.
Location: Council Chamber
Forum North, Rust Avenue
Whangarei

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

Not in Attendance Cr Crichton Christie

Also present Cr Vince Cocurullo
Philip Jones (Independent Advisor)
Athol Graham and Claudia Brink (Audit
New Zealand)
Adelle Albon and Haydon Keast (BDO)

1. Declarations of Interest

2. Apologies

Her Worship the Mayor (early departure) and Cr Greg Innes (possible early departure)

Moved By Cr Greg Innes

Seconded By Cr Sue Glen

That the apologies be sustained.

Carried

3. Confirmation of Minutes of Previous Audit and Risk Committee Meeting

3.1 Confirmation of Minutes of the Audit and Risk Committee Meeting 27 September 2017

Moved By Cr Cherry Hermon

Seconded By Cr Shelley Deeming

That the minutes of the Audit and Risk Committee meeting held on Wednesday 27 September 2017, having been circulated, be taken as read and confirmed and adopted as a true and correct record of proceedings of that meeting.

Carried

4. Information Reports

4.1 Final Audit NZ Report at 30 June 2017

Moved By Cr Greg Innes

Seconded By Cr Cherry Hermon

That the Audit and Risk Committee:

- a) Notes the Final Audit Management Report issued by Audit NZ for the 2016/2017 Financial Year.
- b) Notes the recommendations raised by Audit NZ and the updated staff response to them.

Carried

Her Worship the Mayor left the meeting at 918am following Item 4.1.

4.2 Final Audit NZ Report - Payroll

Moved By Cr Greg Innes

Seconded By Cr Shelley Deeming

That the Audit and Risk Committee:

- a) Notes the Final Payroll Internal Audit Report issued by BDO.
- b) Notes the recommendations raised by BDO and Councils response to them.

Carried

4.3 Financial Management Activity Update Report

Moved By Cr Shelley Deeming

Seconded By Cr Cherry Hermon

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

Carried

Cr Cocurullo joined the meeting at 9.27am following Item 4.3.

4.4 Health and Safety Report

Moved By Cr Sue Glen

Seconded By Cr Cherry Hermon

That the Audit and Risk Committee notes the information presented in the report and its attachment.

Carried

4.5 Insurance Renewal Update

Moved By Cr Cherry Hermon
Seconded By Cr Shelley Deeming

That the Audit and Risk Committee notes the successful renewal of the Council's insurance schedules.

Carried

4.6 Internal Audit – Outstanding Actions Report

Moved By Cr Greg Innes
Seconded By Cr Shelley Deeming

That the Audit and Risk Committee:

- a) Notes that reporting of internal audit activity will occur every six months.
- b) Notes the status of the outstanding internal audit actions.

Carried

4.7 Policy Register – Status Report

Moved By Cr Sue Glen
Seconded By Cr Shelley Deeming

That the Audit and Risk Committee:

- c) Notes the status of the current internal policy register.
- d) Recognises the work being undertaken within Council to provide reporting on internal and external policies.

Carried

4.8 Risk Management Activity Report

Moved By Cr Greg Innes
Seconded By Her Worship the Mayor

That the Audit and Risk Committee:

- (a) Note the progress that has been made on the review of risk registers and the ongoing work relating to risk management across Council.

Carried

5. Public Excluded Business

There was no business conducted in public excluded.

7. Closure of Meeting

The meeting concluded at 10.06am

Confirmed this 28th day of March 2018

Councillor Sharon Morgan (Chairperson)

4.1 Internal Audit Strategy and Three-year Rolling Plan 2018-2021

Meeting: Audit and Risk Committee
Date of meeting: 28 March 2018
Reporting officer: Emily Thompson (Audit and Risk Analyst)

1 Purpose

To present the updated internal audit strategy and the three year rolling plan for 2018-2021.

2 Recommendation

That the Audit and Risk Committee adopts the updated internal audit strategy and three year rolling plan for 2018-2021.

3 Background

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve Whangarei District Council's operational processes. It helps Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The rolling internal audit strategic plan was initially approved at the March 2017 Audit and Risk Committee meeting. Since then we have conducted three internal audits covering Open Order purchasing, Payroll and Discretionary expenditure, and the results of these are reported back separately to this committee. Staff have now updated the plan to cover the next three years from 2018 to 2021. This is located at Attachment One.

The plan has been updated using information from the recently created departmental risk registers, discussions with departmental and senior managers. It has also been reviewed by local government peer groups and in consultation with our internal auditors.

The themes that will be used as internal audit focus for this year are Procurement, Contract Management and Asset Management. These may change throughout the year if an area of concern is raised or other factors are identified to change the priority.

4 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 publication of this report on the website.

5 Attachment

1. Internal Audit Strategy and Three-year Rolling Plan 2018-2021

Internal Audit Strategy and Three-year Rolling Plan 2018-2021

CONTRIBUTION TO COUNCIL'S STRATEGIES

- 1.1. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve Whangarei District Council's (WDC) operational processes. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

BACKGROUND

- 2.1 According to Council's Internal Audit Methodology, the Audit and Risk Analyst is responsible to develop and maintain internal audit strategies, plans, initiatives and processes. The Audit and Risk Analyst is also responsible to plan, co-ordinate and report on internal audits and other assurance related activities with support from contracted auditors/expertise where necessary.
- 2.2 Under the Risk Management Framework, the primary way risks are identified, analysed and managed is based around the four types of risks:

Strategic - through governance reports and workshops

Operational - through departmental risk workshops, and planning process.

Compliance - through management processes which identify the applicable requirements defined for example in laws, regulations, contracts, strategies and policies

Health and safety - through governance reports and management of all high-risk hazards identified and recorded in the workplace

INTERNAL AUDIT PLANNING PROCESS

- 3.1 The Rolling Internal Audit Strategic Plan has been updated to cover the next three years from 2018 to 2021 and the Internal Audit Annual Plan for 2017/18 and 2018/19.
- 3.2 The approach to assessing the internal audit needs of WDC included the following phased risk based approach:

Inputs

Review of key documents including the LTP, previous Audit Committee minutes, previous internal audit reports, and prior year external audit management letters; to research the potential auditable areas for the Council, and understand the key strategic outcomes, objectives, issues, opportunities and changes anticipated

Identifying potential sources of obtaining assurance, e.g. external audit – year end audit and review of LTP, third party certification / review (ACC, IANZ)

Risk assessment workshops undertaken with the Council's departmental teams to identify key areas of risk for the council, and reports provided to SLT and Audit & Risk Committee are used to inform Internal audit items.

Process

From the above key inputs, the auditable areas for the Council were identified.

A review of resourcing and available budget indicates that Council currently has the capacity to complete 3 - 4 audits per annum. This is based on budget constraints and an average of 10 working days per audit and allowing for advisory and consulting activities

Internal Audit Strategy and Three-year Rolling Plan 2018-2021

related to risk management and internal controls

Classifying the audit areas for review as:

Governance audits – where established practice indicates regular oversight and review is required, e.g. legislative compliance, sensitive expenditure;

Core audits – focusing on the core processes and functions within Finance, Human Resources and ICT, e.g. procurement, accounts payable, leave management, network security

Strategic Plan

Prioritising the audits for 2018 based on Council's risk profile, management concerns and internal audit's insights to date.

Outputs

The deliverables from our planning process are the following internal audit plans, which are recommended to WDC management for approval and the Audit and Risk Committee for noting:

- An Internal Audit Work Programme for 2018.
- A 3-Year Rolling Internal Audit Strategic Plan and the Internal Audit Annual Plan for 2018/21 that will be tabled for approval by the Audit and Risk Committee in March 2018 (Appendix A).

High level objectives and scopes for each review anticipated are detailed in the 3-Year Rolling Internal Audit Strategic Plan and the Internal Audit Work Programme.

The agreed 3-Year Rolling Internal Audit Strategic Plan allows for flexibility to ensure appropriate coverage and alignment with Council's key risks. Any material changes to the plan will be communicated to the Audit and Risk Committee, as and when required.

INTERNAL AUDITs COMPLETED

In line with the previous Internal Audit strategy.

Task	Completion date	Reported to Audit & Risk Committee
Open Order Purchasing	Jan 17	March 17
Discretionary Expenditure	June 17	June 17
Payroll Review	Nov 17	Dec 17

Internal Audit Strategy and Three-year Rolling Plan 2018-2021

Note Health and Safety internal audit programme is managed by the Health and Safety team and is an ongoing programme or work across all areas of the hazards management and health and safety operations.

INTERNAL AUDIT 2018 WORK PROGRAMME

Through the Internal Audit planning process, an Internal Audit Work Programme for 2018 has been developed.

High level objectives and scopes for the reviews included in the Internal Audit Work Programme have been detailed in Appendix A of this report in the 3-Year Rolling Internal Audit Strategic Plan.

The proposed 2018 work programme is as follows:

Audit topic	2018/19 Indicative effort (days)	2018 /19 Indicative budget	Quarter
Procurement Review	10	\$15,000	1
Contract Management	10	\$ 15,000	2
Asset Management	10	\$15,000	4
Total	30	\$45,000	-

In compiling this plan, consideration was given to the management's views relating to anticipated spend for the overall internal audit programme. Further considerations were WDC's overall internal audit needs assessment and plan in relation to how the work is allocated over the three years and how the plan compares to other organisations of a similar nature and size.

The above plan will be delivered by the Audit and Risk Analyst with support from contracted auditors/expertise where necessary. Fees have been determined based on the expected mix of contracted auditors and agreed discounted rates through a tender process.

The timing of the audits will be discussed with management on an ongoing basis, and any material change in timing or audit coverage will be communicated to the Audit and Risk Management Committee, as and when required.

Internal Audit Strategy and Three-year Rolling Plan 2018-2021

#	Audit Topic	Indicative Scope	Lead BU	Expected Year	Notes
1	Procurement Review	Review of Council Procurement process and policy documentation against best practice. Confirmation that procurement process is operating in line with appropriate legislation and policies.	Business Support	2018	In planning – Field work due March 18.
2	Contract Management	Review of contract management across Council. Confirmation that Council have sufficient controls to ensure that contractors are working to the contract and providing value for money for ratepayers.	Contract owners	2018	Planned for later 2018
3	Asset Management	Review of the condition of asset register and alignment to assets owned and managed by Council.	Asset Managers	2018	Planned for later 2018
4	Privacy of data	Review the retention and management of personal data in line with the privacy act. Including a review of controls across IT systems to ensure that ratepayer data is being gathered and used appropriately for its intended purpose.	Governance	2019	
5	Revenue Collection points	Reviews of cash handling procedures at cash handling sites. Will include service centres, sports facilities, and libraries.	Customer Services	2019	
6	Rates	Review of the process for updating rates database, rate determination, rate deferment decisions, collection of rates, rate rebates and refunds, remissions and monitoring of arrears.	Revenue	2019	

Internal Audit Strategy and Three-year Rolling Plan 2018-2021

#	Audit Topic	Indicative Scope	Lead BU	Expected Year	Notes
7	Training and development	To determine the effectiveness of staff training and development processes to support the business achieving its objectives. Includes the Council's development of leadership capability.	HR	2019	
8	Operational Audit	Annual review of a key Council operation, to ensure risks are managed and controlled. Scope to include assessing budget control, performance measurement, compliance with resource consents / legislation, monitoring and reporting. 2019/20 = Pools /water treatment plants/sewerage treatment plants or other.	TBC	Future	
9	Debt management and credit control	Review of the controls in place over recording and collection of revenue, credit control, and debt management.	TBC	Future	
10	Capital Expenditure	Assessing the management, monitoring and reporting of capital expenditure.	TBC	Future	
11	Revenue Charges	Assess that Council approved fees and charges are consistently and effectively applied (excludes rates and water charges as reviewed in point 20).	TBC	Future	
12	Parking Enforcement	Review of the controls for enforcing parking infringements and for compliance with procedures.	TBC	Future	

Internal Audit Strategy and Three-year Rolling Plan 2018-2021

#	Audit Topic	Indicative Scope	Lead BU	Expected Year	Notes
13	Management Reporting	Assess the design of performance reports that are submitted to Boards, LT, CE and Finance Committee - to determine the effectiveness of the reports in enabling Council / Officers to carry out its mandate, roles and to inform decision making.	TBC	Future	
14	Water Billing	Review of the process for recording water usage, processing of invoices and debt collection.	TBC	Future	
15	External Funding / Receiving Grants	A review of the processes to ensure compliance with grant conditions, Council's ability to secure grant funding and the monitoring and recording of grants received.	TBC	Future	
16	Delegations	Assess the appropriateness of financial delegations to ensure processes are safeguarded and adherence with policy. Consider inclusion of non-financial delegations.	TBC	Future	
17	Development Contributions	A review of the process which is being utilised to calculate, charge and collect contributions, including mechanisms used to levy developers. Will also include review of the policy and models used to determine DC contributions including accounting for and applying of proceeds.	TBC	Future	
18	Recreation and Civic Contributions	Review the process for recording and controlling recreation and civic financial contributions to ensure transactions are accurately and completed recorded and to ensure risks are appropriately	TBC	Future	
19	Property Leases	Review of rents on Council owned properties including setting the rent, income collection, and renewals.	TBC	Future	

Internal Audit Strategy and Three-year Rolling Plan 2018-2021

#	Audit Topic	Indicative Scope	Lead BU	Expected Year	Notes
20	Giving Grants	Review of the processes for making grants across the council to include assessment of consistency, criteria for giving grants, transparent decision making, managing conflicts of interest and monitoring of grants given for intended purposes.	TBC	Future	
21	Forecasting and budgetary control	Review of the processes for forecasting operational and capital expenditure budgets, the budget setting and approval processes and the monthly budgetary control and re-forecasting processes for completeness and accuracy.	TBC	Future	Reviewed by External audit, may be removed from this schedule

Note: COO's have not been included in the scope of this internal audit schedule. Touch points with Council may be reviewed as part of specific audits. Specific exclusions to internal audit schedule are NTA, Landfills/ Northland Waste, WAM or other COO's operational processes.

5.1 Financial Management Activity Update Report

Meeting: Audit and Risk Committee
Date of meeting: 28 March
Reporting officer: Rich Kerr – Manager, Finance

1 Purpose

To update the Committee on financial management activity over the previous three-month period and upcoming financial matters.

2 Recommendation

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

2017 – 2018 Annual Report

Planning for YE 2018 continues to progress both internally and through continued communication with Audit NZ.

Audit Interim is planned from Monday 23 April for 2 weeks. We expect to receive an initial draft of the Audit Arrangements Letter from Audit NZ after that, but will work through identified issues and items, and how WDC intend to approach these during interim. Some of these issues and items include:

- accounting treatment of Hundertwasser in WAMT's books and WDC Group
- disclosure and accounting treatment of the Marsden City settlement
- treatment of digitisation
- potential claims under the Building Act
- cessation of the BBLOA
- pensioner housing revaluation

Treasury Risk Management

The graphs below show Council's compliance to the risk parameters set out in the Treasury Risk Management Policy. Due to current net debt tracking well below budgeted debt, staff have worked with our treasury advisors (PwC) to establish whether there is a requirement to reduce some of its short-term hedging. This has resulted in entering into some short-term receiver swaps.

We are also looking at better ways to forecast cashflows to assist with these treasury management decisions.

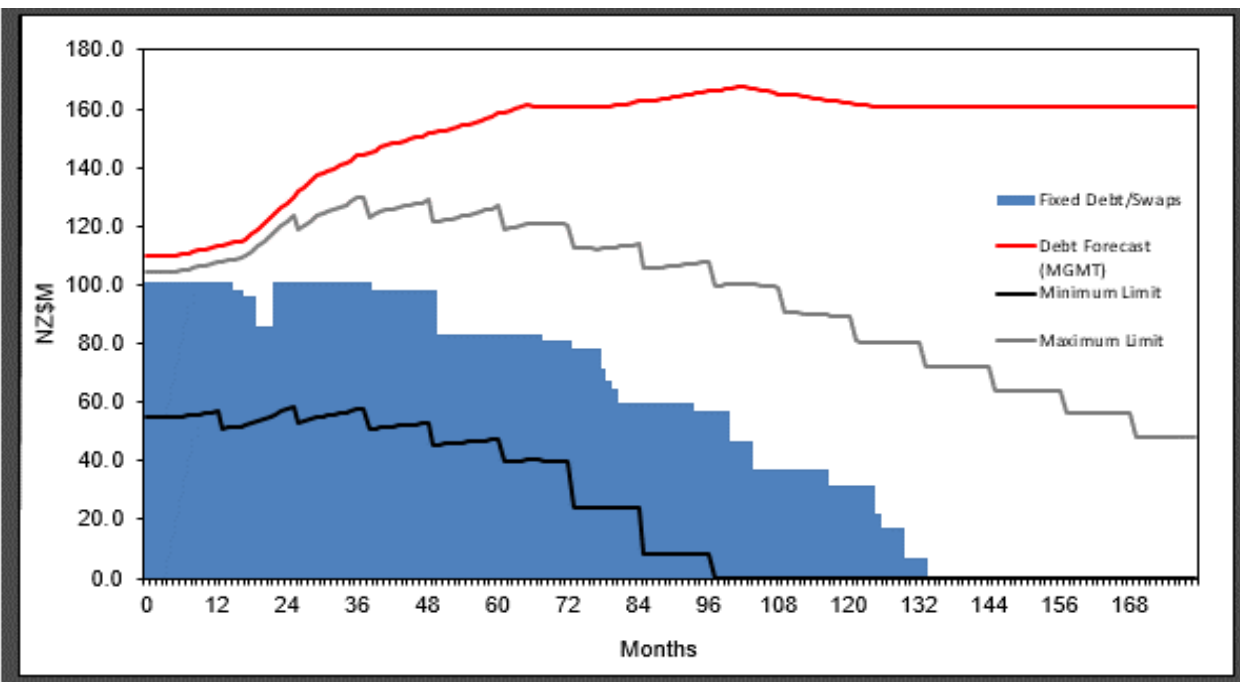
TREASURY RISK REPORT

28 February 2018



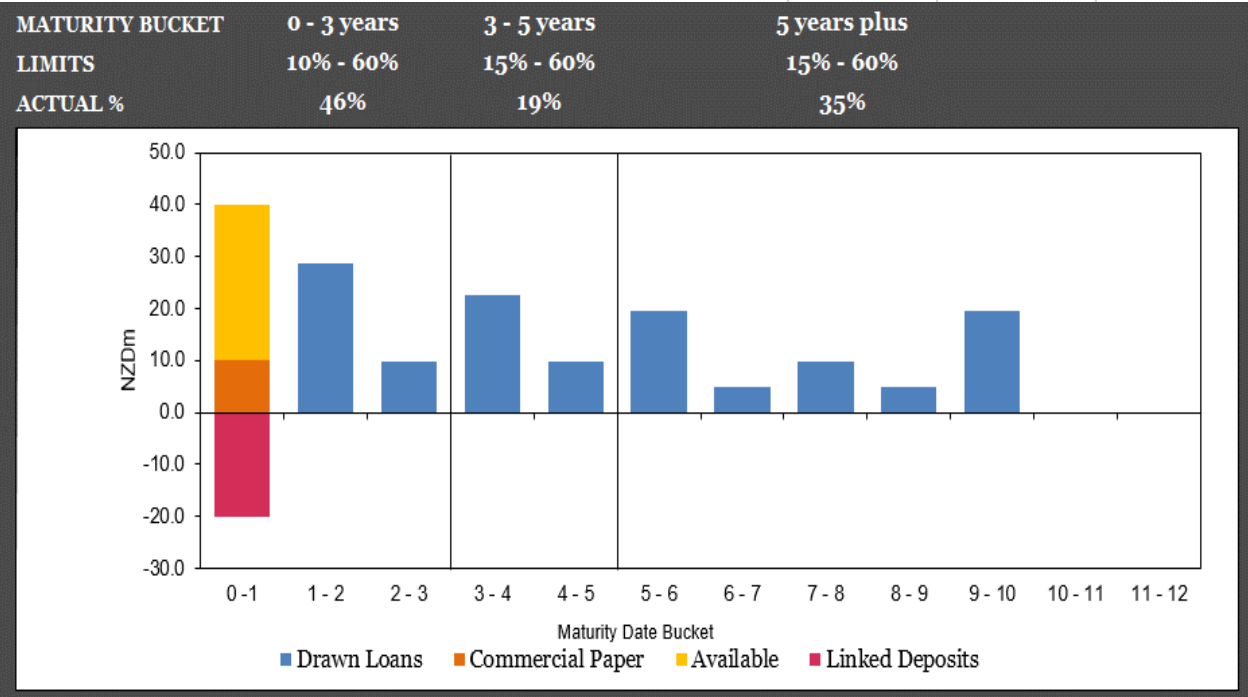
Fixed Interest Rate Hedge Position

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



Funding Maturity

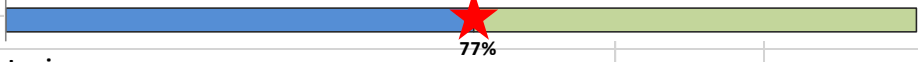
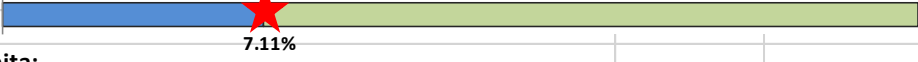

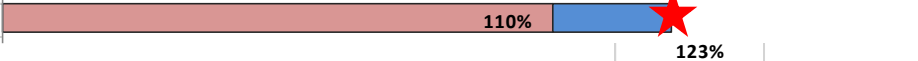
This graph illustrates the maturity of Council's total external debt against the approved limits within each maturity bucket. Current limits for each bucket are set in the Treasury Risk Management Policy and shown in the graph below, with percentages calculated on total external debt.



	Years
Weighted average duration of Loans	4.07
Weighted average duration of Swaps	7.93

POLICY LIMITS:

The following information displays Council's position in comparison to policy limits.

	Policy Limit
Net debt to total revenue:	
	less than 150%
Net interest to rates income:	
	less than 25%
Net debt per capita:	
	less than \$2150
Borrowing level available compared to external debt: (liquidity ratio)	
	greater than 110%

Payables Automation and Plan for Improved Purchase to Pay Compliance

In the last Audit and Risk report it was noted that PysiCapture which uses optical character recognition technology (OCR) to scan and capture the data on supplier invoices and then workflow it directly into TechOne i.e. without manual data entry, was implemented as part of the purchase to pay process in November. In the last report it stated *“There will be a saving through efficiency in the current payables role. It is intended to review the role in the new year with a goal of focusing it more on internal customer support and identification of road blocks in the business that prevent compliance with the purchase to pay process. The role will identify required process change or training to ultimately improve the compliance. At the moment compliance is around the 67% mark and the initial goal is to get this to 90% by the end of the 2018 calendar year if possible.”*

The implementation of PysiCapture has highlighted various organisational practices with the purchase to pay process (P2P). This will delay efficiency gains expected from the implementation. Discussions with a TechOne consultant have confirmed that what we have experienced is quite a normal outcome of implementing OCR.

Identifying or highlighting the issues is actually a positive because it means that we can improve the P2P process. A project has been initiated and the Finance team is working through this and engaging with different parts of the business and TechOne where applicable. It would still be nice to achieve a 90% compliance rate by the end of the year, but this will be dependent on how quickly organisational practices improve.

It is important to point out that Payables processing has continued, and that approved payments to suppliers are being completed within contractual terms. Also, identified issues have not resulted in any fraud or losses to Council; rather they primarily relate to staff raising invoices prior to gaining one-up approval.

An investigation to assessing the merits of introducing Purchase Cards is being developed for consideration.

Insurance

The bulk of insurance schedules have undergone their annual renewal at 1 November 2017. This is reported as a separate agenda item on this Audit and Risk Committee agenda.

5.2 Health and Safety Report

Meeting: Audit and Risk Committee
Date of meeting: 28 March 2018
Reporting officer: Desarae Williams, Health and Safety (H&S) Manager

1 Purpose

To provide the Audit and Risk Committee with information on key health and safety (H&S) risks, and measures in place to mitigate those risks at the Whangarei District Council workplace.

2 Recommendation

That the Audit and Risk Committee notes the information presented in the report and its attachment.

3 Background

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

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

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

4 Discussion

Risks

Attachment one of this report shows the top ten H&S risks at the Whangarei District Council workplace. There have been some changes to these risks since the last report due to the completion of annual department risk reviews and collation of multiple risks previously recorded about the same issue. Specifically,

1. Threat and aggression risks: After re-examining the risk register, the separate risks of threats to staff at Walton Plaza and threats to staff in general have been collated together.

There have been several incidents involving threats to Walton Plaza staff since the last report. These include threats from Work and Income and Oranga Tamariki clients. There was also a recent protest held on February 26th aimed towards Oranga Tamariki. This was

somewhat disruptive to our business, due to the added security precautions put in place. Two security threat drills have been conducted by tenants where information relating to the event failed to reach us as per the agreed process.

The lack of CCTV as a separate risk has been removed and is now also included as threat risk as progress continues in this area.

Of particular note was an incident occurring at the Kamo Branch library where a known patron attacked the sole librarian on duty. This event has been reviewed and some further preventative strategies put in place.

2. Traffic related risks: The risks to workers as pedestrians is highlighted with one of the higher risks to staff being crossing Walton Street, when moving between council buildings.

We have recently instigated a new internal driver induction programme which includes how to use the new electric vehicles.

3. Stress and fatigue: Fatigue has been included with stress in this risk. This is common practice also followed by WorkSafe NZ. That said, stress and fatigue can have separate mitigating actions.

The committee note a new risk was logged in this area as work on the new Trilogy project embarks. There is an expectation of increased workload for pockets of staff. We aim to begin looking at risk reduction prior to this happening.

Work fatigue has been identified as a risk at the Water Treatment plants, where some operators are on a call out roster. Venues and Events staff can also be at risk, if not managed, where large events especially if held back to back occur.

There has been discussion amongst the Health and Safety Committee about workplace stress, with H&S Representatives (Reps) reporting on problem areas, particularly related to a feeling of work overload. Due to the attention these received many strategies have been put in place to reduce this with many positive outcomes as a result.

4. Contractor management: The benefits of requiring contractors to go through an independent H&S pre-qualification system are now coming to fruition. The risk scoring has therefore reduced to a medium level risk, rather than high. Now, instead of checking paperwork, our Health and Safety Field Officer is able to conduct physical checks of contractor worksites. This is of much better value. Spot audits are also being conducted in-house to verify our own staff are monitoring contractor work sites, as per the requirements.

5. Slips and trips: The residual risk score has been re-evaluated and reduced from high to medium, due to the many strategies we now have in place and the noted reduction in injuries related to this over the last year.

6. Falling from height: We have reviewed risks about working at heights, particularly in the water treatment area. All fixed ladders have been checked for compliance to safety standards, with the intent to build working platforms and guard rails over time on the top of reservoirs. Customised work at heights training for the water operators and contractors has also been arranged for April.

7. Roller incidents: This risk remains the same. Although there have been no incidents reported to us recently, unfortunately, serious roller incidents continue nationally.

8. Confined spaces: After the Whau Valley incident in February 2017 where a contractor became breathless when entering a confined space, there has been a heightened awareness of the risks and requirements.

9. Ergonomic risks; The risk of injury as a result of manual handling is now on a similar risk score to many other risks and has been included for the first time in the top ten. This risk has lower consequences but higher probability. We have been holding some very good 'First Moves' manual handling training with staff who lift, carry out manual handling or repetitive tasks. We also provide several lifting devices to reduce the risk. Included in this, are risks of workstation or task related injuries. These are the type of injuries that affect most of our staff and the H&S Committee is also working on this as a focus area this year.

There is an open hazard affecting three departments who use tablets out in the field to record findings/assessments. The tablets weigh several kilos and are held generally by one arm for a considerable part of the day. We are working with these departments to mitigate this risk.

10. Earthquake compliance: A new seismic risk has been included as this remains an uncontrolled risk of potential high consequence but very low probability. It is a compliance risk rather than a true safety risk, with the likelihood of earthquakes in Whangarei supposedly very low. This risk is related to three Council buildings where we know we do not meet the new earthquake standards;

- The risk to Water Department workers at Whau Valley will be eliminated when the new plant is built. It has been determined as not worth the cost to repair in the remaining time they will be there.
- The Kioreroa Waste Plant Administration Building is affected and the team have noted for future capex plans to remediate.
- The Forum North Administration building will also need some work to meet the standards. The one Council building currently under consideration would remove the risk to staff.

It is important to note that the new standards will not be enforced until 2025, so this is not yet an urgent compliance concern.

There has been one new high risk identified during the last quarter of note, where a H&S Rep reported a potential crush injury when moving the pit area of the Captain Bougainville theatre for orchestras. This task had previously required staff to get under the stage area. It was found that the holding devices were insufficient for the weight load. This was immediately addressed by prohibiting staff to enter this area. Fortunately, the first patron requiring this area will be in July 2018. Engineers have been engaged to address this matter and therefore this risk should be eliminated by the next committee meeting.

Another recent previously unrecorded risk is falling palm fronds. An elderly lady was hit by a falling palm frond outside Botanica on First Ave and taken to hospital. This potential risk has been reviewed with Parks and Recreation staff. The importance of recommended tree maintenance regimes and their associated but necessary costs, along with the suitability and type of trees planted in high pedestrian areas has been given further consideration. This has resulted in an increase in checking and maintenance. Botanica staff are conducting daily checks of falling palm fronds at their entry. During recent windy conditions, staff were finding on average seven or eight palm fronds daily on the pathways. One tree is planned to be removed.

Injuries

Statistics are shown for the second quarter of the 2017-18 financial year below. The trend arrow relates to the previous quarter. All areas are trending downwards, except medical treatment injury. There have been no notifiable injuries or events, as they are now called, to WorkSafe NZ this quarter or the previous one.

Injury Type	Employee	Contractor	Public	Totals YTD to 31/12/17	Trend
Injury event to WorkSafe NZ	0	0	0	0	-
Lost Time Injury (injury needing days off)	1	1	0	2	↓
Medical Treatment Injury (visited doctor or physio)	0	15	0	15	↑
Occupational health exposure	0	0	0	0	↓
Minor injuries (First Aid)	0	36	0	36	↓
Pain and Discomfort	24	7	0	31	↓
Incidents	18	32	0	50	↓

Table 1: Council workplace injuries 1 October – 31 December, 2017

The employee lost time injury was a Botanica staff member who was poked in the eye by a lily leaf. The contractor lost time injury involved a worker pushing a heavy wheelie bin resulting in a back strain.

There was also a fatality reported in a public space.

Table 2 below, shows incidents reported over last four years, including this financial year to date totals.

Incident Type	2013-2014	2014-2015	2015-16	2016-2017	1/7/17 to 31/12/17
Injury notifiable to WorkSafe NZ	3	6	2	3	0
Lost Time Injuries	13	14	7	11	5
Medical Treatment Injuries	37	19	46	51	27
Occupational health exposure	0	0	0	11	2
Minor Injuries	40	46	74	127	73
Pain and Discomfort	9	18	84	109	64
Incidents	137	116	382	283	116

Table 2: Council workplace injuries over last five financial years

Legislative Compliance

The new Hazardous Substances Regulations came into effect from December 1st, 2017. A hazardous substances audit was conducted at the Waste Treatment site at Kioreroa Road and the Ruakaka Water Treatment site. One non-conformance was noted - a diesel generator with attached diesel tank did not have a stationery tank location certificate. A number of other generators have also been identified around council and these certificates of compliance are being arranged. Several recommendations were made by the auditor, with action plans developed from these. Much information has been issued by WorkSafe NZ on this area with almost daily new updates. Some breaches of this legislation such as not having a current Safety Data Sheet for a hazardous chemical will result in an instant fine.

The new Asbestos Regulations come into effect on April 1 2018. We are doing our best to ensure we are compliant, but new information continues to be provided, keeping us busy.

Workers being exposed to asbestos dust is not one of our top ten because the residual risk is very low. That said, the old Balance Building at Port Road has been our highest and most visible asbestos risk. It is now removed. We have been proactively communicating with Worksafe NZ about the demolition works as this building is high profile in the district. The building was demolished using a new process involving spraying the material with a gluey substance, reducing the risk of creating dust rather than the more expensive method of completely enclosing the building with positive air pressure.

Training

Table 3, below, shows a summary of training undertaken since the last report. There has been not as much as usual, due to the Christmas season.

Internal	External
<ul style="list-style-type: none"> • New Manager Briefings • Contractor Management Briefings 	<ul style="list-style-type: none"> • First Aid (Lifecare) • Site Safe passports • Hazardous substances • First moves manual handling (AIM)

Table 3: Summary of health and safety training undertaken November 15, 2017- March 12, 2018

Emergency Systems

We recently undertook an exercise involving a significant chlorine leak at any of our water treatment plants. We used 'bowtie' methodology in which you take a significant event (a major chlorine leak in this instance) and look at what you have in place to prevent the event from occurring and what you have in place to reduce the consequences. This exercise was reassuring in both aspects with staff identifying several key low cost items which will reduce the risk even further. The risk of a chlorine leak has not appeared in the top ten risks, because although of potentially fatal consequences, the likelihood is extremely low.

Mock drills involving first aid, aggressive customers, suspicious mail, chlorine leaks have been carried out. There is an annual schedule of emergency drills for all sites and all types of emergencies for the coming year.

Audits and Monitoring

A schedule of internal and external health and safety system audits and monitoring has also been developed. This includes a workplace inspection at each location, using H&S personnel, H&S Reps and Leaders from the area. SLT are also undertaking due diligence H&S visits to selected higher risk sites.

One of the interesting decisions we face is what we do to replace the ACC accreditation audit that is no longer active. Our accreditation runs out in August 2019, so there is time left to decide. At this point there are three options;

1. Do nothing
2. SafePlus Assessment - this is a Worksafe NZ and ACC developed assessment tool, using external auditors, involving interviewing people in Council, from the Mayor and councilors, to leaders, workers, contractors and even volunteers. This aims to check how far through the organisation health and safety is embedded. Several selected risks are identified and followed through thoroughly by the auditors
3. ISO 45001 – This is the new ISO health and standard which has replaced and superseded previous H&S standards. We could choose to be audited against this.

Council Controlled Organisations

We have been reviewing our operational health and safety involvement in Council Controlled Organisations (CCOs). We plan to move towards a clearer model where CCO trusts are responsible for the health and safety of those organisations. However, in the case of Toll Stadium we have employees residing on site so it is not quite so clear cut. We currently have an agreement with Northland Event Center Trust in place.

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

Top Ten Health and Safety Risks, March 2018

Attachment 1: Ten highest perceived health and safety risks in Whangarei District Council ‘workplaces’

#	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
1	Aggression from members of public. <i>This includes Aggression from WINZ and CYFs clients at Walton Plaza.</i>	Workers out in field coming across aggressive people, aggressive people coming into council. Fellow tenants aggressive customers affecting our workplace.	Worksafe notifiable injury	Critical	<ul style="list-style-type: none"> • Security procedures in place • Regular training sessions on what to do in lock down or restricted access events. • Personal safety and armed robbery training provided • Monthly H&S & Security meetings held with other tenants • Planned drills, which expose holes in systems • Audits of high risk areas • CCTV and panic button installed 	High		
2	Traffic, pedestrian and driving hazards	Other people driving badly, pedestrians walking out in front of vehicles, errors of judgement made. Fatigue risks when driving. Maintenance risks. Also risk to workers when	One Worksafe notifiable injury or potentially many fatalities	Critical	<ul style="list-style-type: none"> • Driver assessments • Licence checks • Driver – car control training being provided for high use fleet drivers • Driver checklists implemented • Driver inductions 	High		

#	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
		crossing roads from traffic – particularly Walton Street.						
3	Workplace stress and fatigue	Work overload, bullying, unreasonable behaviours, unresolved conflict. This can be compounded by out of work issues	WorkSafe NZ notifiable injury	Critical	<ul style="list-style-type: none"> EAP (Employee Assistance Programme) system available Encouragement to early report and resolve issues Policies in place giving guidance Fatigue management processes in place and monitoring 	High	Note: the staff review has reportedly made a number of staff anxious or overwhelmed.	
4	Contractors creating risks in the workplace	Contractors injuring themselves and others when undertaking council work or while at council workplaces/ This is especially risky if they are uncertified (H&S) contractors	Multiple fatalities WorkSafe NZ Prosecution	Critical	<ul style="list-style-type: none"> Good initial health and safety appraisal system – we are moving to a prequalification requirement of being SiteWise approved to 50% or more, within stated timeframes Tight asbestos removal controls Annual review of existing contractors Monitoring processes Contractors informed of requirements and standards, with regular communication to contractors 	Medium		

#	Risk Description	Cause of the Risk	Consequence / impact of an event happening	Inherent Risk Rating	Controls in Place	Residual Risk Rating	Future Controls	Future Risk Rating
					<ul style="list-style-type: none"> • Council staff trained in requirements • Contractor Management policy in place • Permit to Work system in place • Lockout system in place • Induction of contractors 			
5	Slips and trips	Slippery surfaces, unrecognised trip hazards, people not paying attention	WorkSafe NZ notifiable injury	High	<ul style="list-style-type: none"> • Encouragement of reporting and resolving the risk as soon as possible 	Medium		
6	Work at heights (WAH)	Falling	Worksafe NZ notifiable injury	High	<ul style="list-style-type: none"> • Training • Permits to work • WAH reviews and audits • Procedures • Handrails • Use of scaffolding • Use of Elevated work platforms • Assessments of risk and plans to work safely • Supervision 	Medium		
7	Roller related accidents	Wrong roller type used, camber and slant of road, roller driving technique, driver fatigue or boredom or	Worksafe notifiable injury	High	<ul style="list-style-type: none"> • Training • Standard operating procedures – our larger contractors have recently shared theirs with others • Review of the issue with contractors 	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
		inattention, lack of trained workers			<ul style="list-style-type: none"> • Use of correct rollers • Use of radios on worksites 			
8	Confined space entries (CSE)	Unmitigated risk into confined spaces including lack of; training, certified people, procedures, air monitoring, supervision, permits etc.	Multiple fatalities WorkSafe NZ Prosecution	High	<ul style="list-style-type: none"> • Requirement to use CSE permit to work and suitable procedures • CSE policy • Trained staff • Air & gas monitoring • Rescue plans • Monitoring • Supervision • Notification to our contractors about our standards and requirements 	Medium		
9	Manual handling and ergonomic risks	Staff unaware of risk or requirements or taking the unnecessary risk	Lost time injury	High	<ul style="list-style-type: none"> • Manual handling training • Lifting equipment • Use of two people to lift heavy items • Storage controls • Monitoring and supervision 	Medium		
10	Seismic risk at Kioreroa road Admin Building, Whau Valley Water treatment building and Forum North	Lack of compliance to new earthquake building standards, although not enforceable till 2025	Multiple fatalities (But note – very low probability)		Nil		Building new Water plant. One building concept – so staff not in at risk area. Remedial action at Waste plant	Eliminated

5.3 ICT Risk Report

Meeting: Audit and Risk Committee
Date of meeting: 28 March 2018
Reporting officer: Jo Wheat-Connelly

1 Purpose

To provide the Audit and Risk Committee with information on key ICT risks, and measures in place to mitigate those risks.

2 Recommendation

That the Audit and Risk Committee notes the information presented in the report.

3 Background

Information, Communication and Technology is critical to the council's business operations. Governance of ICT risks is an executive and board level responsibility. This reports provides an overview of the status of ICT risks critical to the function of council.

4 Discussion

The ICT general operational risk threat continues to operate at a medium level. Monitoring of cyber threat levels indicate normal rates of traffic with a spike in the increase of phishing attempts in early March. With the next phase of the ICT Strategic Business Transformation Strategy now in progress, programme risks are also being managed at an individual project level.

4.1 General Operational Risks

The threat of a cyber-attack remains our single highest/critical risk. Essentially, while controls are in place and constantly monitored and updated to respond to the changing cyber environment, the critical focus is on minimising the impact of any threat and recovery operations. New and more sophisticated threats are beginning to emerge including:

- Data brokerage of consumer data mined illegally
- An increase in spear phishing (false emails and calls using real contact information) using machine-learning or artificial intelligence models to increase the strike rate.
- Cyber physical attacks/hacks on infrastructure, targeting electrical grids and transportations systems such as the successful attack on the Ukraine's Kiev electrical supply lines.
- Crypto currency mining hijacks. Recently publicised in New Zealand with the high-profile hijacking of the BrowseAloud web function used by councils (including our own) and 4,200 other businesses and government agencies. This hijack targeting a third-party

function, accessible from legitimate websites, gaining access to a user's device in order to provide bandwidth to mine (process) crypto currencies. This is essentially illegal distributed processing.

While deploying, software based solutions to monitor and deflect any potential attacks is part of the tool kit in responding to threats, there is a balance in ensuring that the business can still operate effectively without being hindered by blocks on all activity.

Associated risks around device patch management, i.e. keeping device software updated and having the appropriate levels of skilled resources to manage operations also remain medium to high risks. For further information, refer to the organisational risk register.

4.2 The BrowseAloud Hijack

Our council along with many other organisation's websites were recently targeted in a crypto currency hijack of the BrowseAloud plug-in. Much of the media reporting surrounding the incident was inaccurate. So, what really happened? In the early hours of the morning on Monday 12th of February for a period of 4 hours, the plugin BrowseAloud (this function allows physically impaired customers to browse our website content) was hijacked by a cryptocurrency miner. This means that for this period any customer clicking on the BrowseAloud plugin on our website would have run a hijacked script. The effect to customers using BrowseAloud during this 4 hours would have been a slower than normal response time from their computer or device. BrowseAloud removed and cleaned/isolated the script running the plugin within the four-hour period. It is important to understand that:

- At no time during the Hijack was any virus or code downloaded onto a customer's device or computer via the WDC Website
- There has been absolutely no compromise of our website, computer systems, payment gateways or any data. Our systems are protected by intrusion detection software, which identified the threat and stopped any possible intrusion to our network.
- The Hijack was only active for 4 hours, and only affected customers using the BrowseAloud link during this period. Our monitoring shows that no customers were using our websites during the 4-hour period.

Our response to this incident has included a review of our protection protocols across our online presence and to build in automatic alerting to any change in third-party plugins. We are also working with all our third-party plugin suppliers to ensure and understand their response plans to such threats.

4.3 Business Continuity

ICT operates an extensive Business Continuity (BC) plan which provides an action plan for keeping our services running in several disaster or outage scenarios. The implementation of Trilogy Phase I in November 2016 saw fundamental changes in the way our IT services are managed and delivered. New BC plans were developed and implemented at this time.

We are now working through a process to re-test each scenario and check that the new BC plan is fit for purpose and that our recovery plans work as expected if called upon. These tests have been taking place in a "dummy" environment prior to a full "production" wide test, which will take place over a weekend in April.

4.4 Trilogy Phase 2 – Strategic Project Risks

Each project operating under the Trilogy Phase 2 programme maintains and manages a risk register. Each risk identified is shared with project steering committees, with critical risks escalated to the Strategic Leadership team in their role as the ICT Strategic Governance team.

Top current project risks include:

Project	Risk	Triggered by	Mitigation	Risk Rating
Technology One CiA Upgrade	Early adopter approach to implementing the new Technology One interface may see unknown issues occur and cause schedule delays	Council are one of 3 early adopters of the new Technology One CiA interface, which brings substantial change to the functions and how they are used.	Plan the approach with the vendor (Technology One) as a joint plan. Set key deadlines and implement escalation pathways to the Technology One Executive team	High
Corporate Performance Management (CPM)	Lack of buy in by stakeholders to perform key operational tasks required to enable Corporate Performance to be reported.	Lack of engagement at Executive sponsorship level to drive the model and discipline to incorporate corporate performance reporting in regular operations	Engage and induct the Sponsor and Executive Sponsor to provide key leadership for the process changes, business value drivers and lead the change management plan.	Medium
All Projects	Ability to deliver to project outcomes and timelines may be compromised where additional ICT change requests require a diversion of the ICT team's attention.	Additional and ancillary change requests from business units. Un planned work.	Implement a Change Moratorium for ICT changes during the programme timeline.	Medium

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.

5.4 Risk Register March 2018 Update

Meeting: Audit and Risk Committee
Date of meeting: 28 March 2018
Reporting officer: Emily Thompson (Audit and Risk Analyst)

1 Purpose

To provide a current snapshot of risks across the Council.

2 Recommendation

That the Audit and Risk Committee notes the report outlining the current risks to the Council.

3 Background

Whangarei District Council adopted the Risk Management Framework in April 2016. Initial workshops were completed shortly afterwards to identify key risks to the organisation, which were reported to the Audit and Risk Committee until September 2017.

A new Audit and Risk Analyst joined the council in August 2017 and has continued work on the risk management process across the Council. Activities include:

- The development of a training pack on risk management for departmental teams. This is included at Attachment One for information
- Running risk workshops with 22 out of 25 council departments to date
- Creating draft risk registers for each department which have been adopted by the departments for ongoing update.

There are three departments that have not yet undertaken a risk management workshop. The delay in scheduling these has been due to the recruitment of new department managers. All three now have department managers and we will complete risk workshops with them within the next quarter.

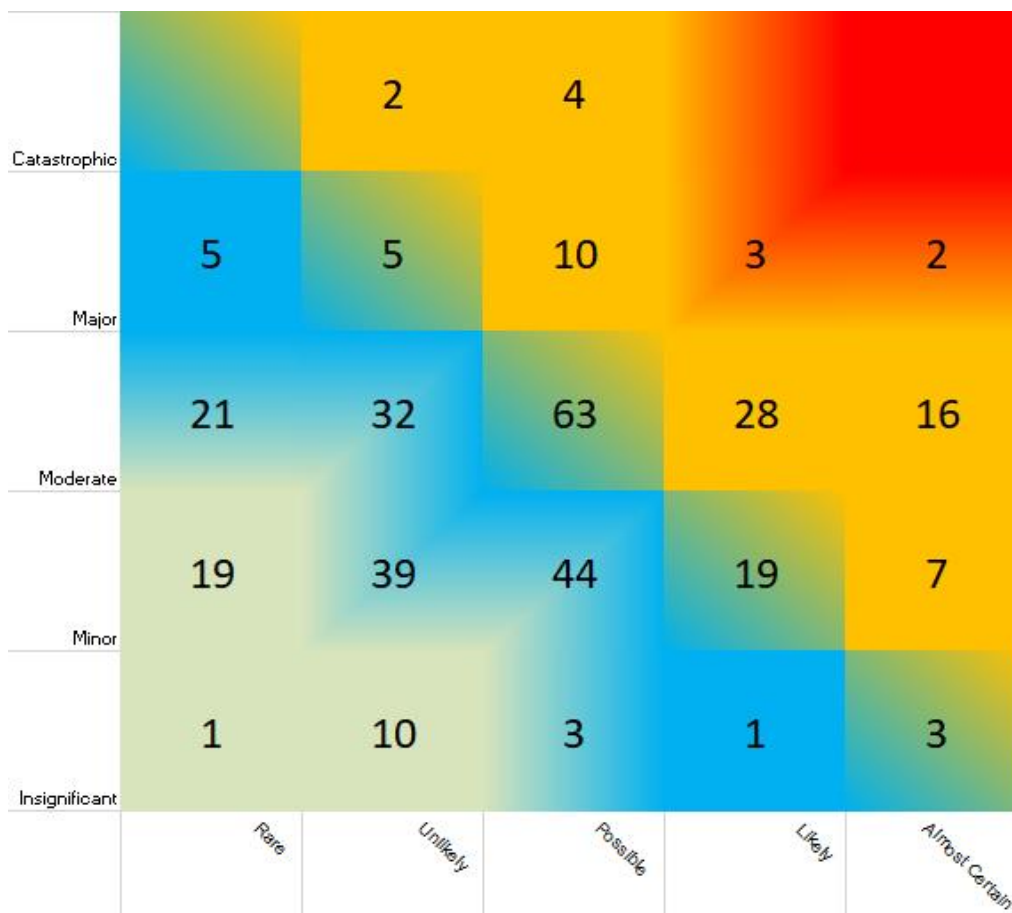
All departments that have been involved with a risk workshop now have a risk register that is updated regularly. The audit and risk analyst continues to work with departments to help them identify and articulate risks across their departments.

4 High level risk information

This is the first round of reporting that has been completed from risk registers that were available to the audit and risk analyst by the end of February.

All of the departmental risk registers were collated into an overall master sheet, identifying 337 risks across the organisation. All of the risks are relevant but many are managed at a department level as part of our business as usual processes.

Graph One: Risk overview March 2018



The graph above shows the spread of risk across the organisation, after controls. This comes directly from the consolidated departmental risk registers following the initial workshops. As the risk management process matures we may see changes to these numbers and the spread.

Some of the department risks, that resulted in a 'Critical' rating following the application of current controls, have been raised to the Senior Leadership Team for awareness and consideration. They are identified as the risks in the red area of the graph and are also outlined below in Table One as our 'key department risks' within Council.

Table One: Key Departmental Risks

Department	Risk summary	Mitigation plan
ICT	Ongoing Cyber Threat or internal intrusion by staff affecting systems and data across the organisation. Leading to reputation damage, data loss and operational impact across all departments.	The threat remains high however daily monitoring is in place and regular updates to Anti-Virus software is scheduled and managed by the ICT department.

Department	Risk summary	Mitigation plan
Roading	Development contributions are insufficient for the growth we are seeing across the district. This leads to increase cost of ensuring service and infrastructure provision for our growing population.	Currently having to accept the risk as we have no other criteria to determining development contributions.
District Development	Potential misalignment of property management requirements and strategic property revenue plan. Leading to loss in revenue collections and inconsistencies in lease negotiations.	Reviewing current process to highlight and correct this misalignment
District Plan	District plan review is occurring in increments, leading to potential for failure to meet legal obligations and increase costs for council	Investigating options to undertake a full and timely review.
Waste & Drainage	Vested assets are inherited by Council as part of the understanding with developers, however they sometimes do not meet the expected Levels of Service for the asset and fail prematurely leading to premature renewal or expensive maintenance above budget.	Currently all sites are visited during construction but only proportion of assets can be inspected. Investigating the introduction of hold points in construction to allow for appropriate inspection of assets.

The risks were also categorised to identify trends across departments which lead to potential strategic concerns for the council. These risks have been presented to both the Operational Leadership Team and the Strategic Leadership Team (SLT).

The current organisational strategic risks are shown in Table Two below.

Table Two: Strategic Risks

Area	Risk	Mitigation
Data	Data sets across all systems and databases in Council are not currently aligned and interactive. This leads to lack of visibility of knowledge across management teams. Specific risk around GIS skill set within council	Current work on Trilogy part 2, and focus in multiple departments on development of better datasets to improve modelling and knowledge.
Staffing	Recruitment and retention of staff in public sector in Whangarei, with specific concerns around specialist roles, contract termination clauses and loss of organisational knowledge.	Limited. We can only employ people who live or are willing to move to Whangarei. The direction of the district and its development is helping to encourage skills into the area.
Regional growth	Growth of region is faster than identified in current NZ stats data. Leading to lack of budget on development of core infrastructure and amenities to support the population.	Monitor and work with facts as they are identified.

Area	Risk	Mitigation
Rates	Complexity of the current rates system could lead to complications in protecting revenue for council.	Options under the LTP to review how we allocate and collect rates
Elections	That a local or government level of elections changes the nature of Council business.	Limited. Until changes occur we are not able to respond. However known changes will be managed on an individual basis.
Way of working	Due to increase in the use of social media as a rate payer's communication tool, there is a risk that Council is not meeting the needs of the ratepayers in timely response to their concerns. This includes infrastructure real time maintenance information as well as 24/7 social media presence.	External facing departments are investigating ways to improve mobile working for infrastructure teams (to provide real-time information) and how staff can support the rise in social media communications coming into Council.
Litigation	Due to the increasingly litigious environment there is a potential for increase cases being brought against council. Some are appropriate however some are not.	Limited. Litigations brought against Council are being dealt with on a case by case basis with external legal support provided as required.

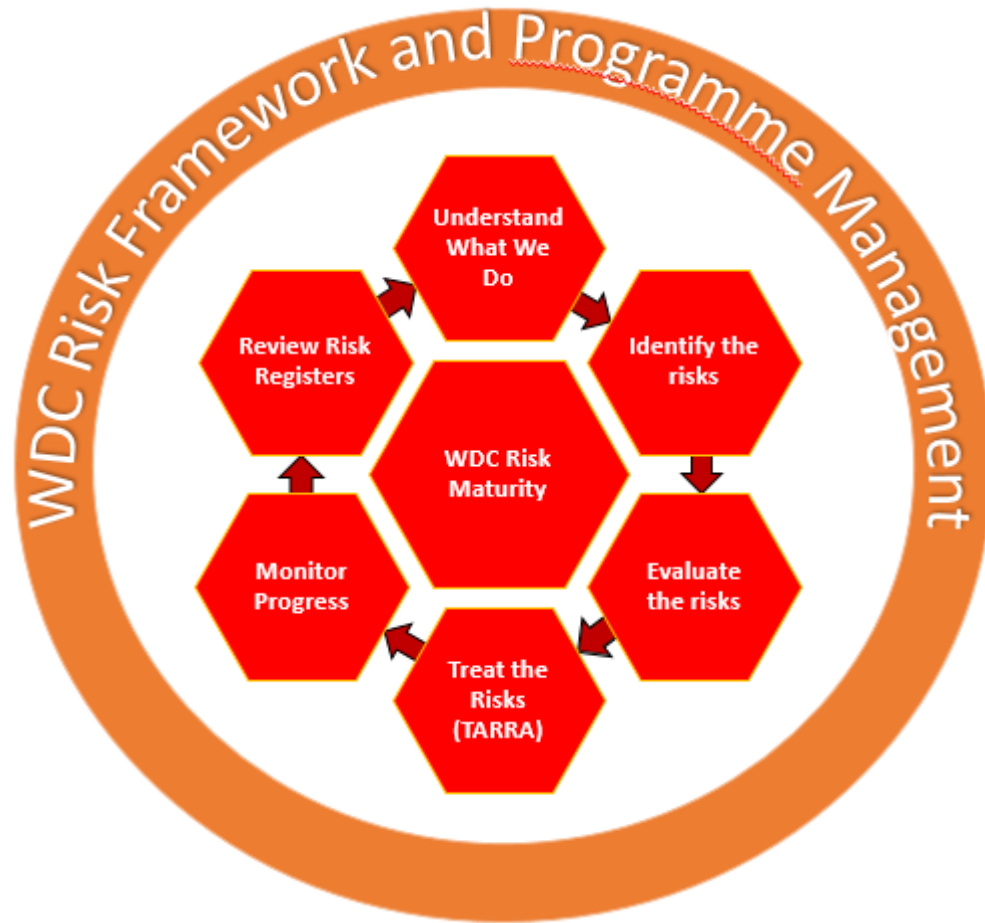
5 Significance and engagement

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. WDC Risk Framework – workshop pack

WDC Risk Framework Overview



Risk Type	High Level Definition
Strategic Risk	The Major Challenge to delivering the outcomes required from the organisations key objectives as detailed in the Councils Long Term Plan
Operational Risk	Challenges to Delivering operations or services required to support the key outcomes. The risk of loss occurring as a result of weak or ineffective internal controls and processes.
Health and Safety Risk	The Risk of injury, whether lost time, serious harm or a fatality, directly attributable to organisations, mechanical or infrastructure failure.
Compliance Risk	The risk of non compliance with laws, regulations resulting in enforceable undertakings, fines / penalties.

Identifying the Risks

What has happened in the last 6 months?
 What has happened in the last 12 months?
 What bothers you, keeps you awake a night?

Language for risk identification:

Because of.....

There is a risk that.....

Leading to.....

Determine the likelihood of a risk event

	General Description	Frequency expression
5 Almost certain	Risk event expected to occur in most circumstances	90% chance within next 12 months; or 18 out of every 20 years.
4 Likely	Risk event will probably occur in most circumstances	55% chance within next 12 months; or 11 out of every 20 years
3 Possible	Risk event should occur at some time	25% chance within next 12 months; or 5 out of every 20 years.
2 Unlikely	Risk event could occur at some time.	10% chance within next 12 months; or 1 out of every 10 years
1 Rare	Risk event may occur only in exceptional circumstances.	Up to 4% chance within next 12 months ; or once in 25 years.

Evaluating the Risks

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Slide 3

Determine the consequence using the ratings Insignificant, Minor, Moderate, Major and Critical



	CONSEQUENCE/ IMPACT				
Category	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Council Reputation/ Corporate Image	Of interest to individuals	Minor community interest, low key local media coverage	Public /community discussion, broad adverse media coverage	Loss of confidence in Council. National publicity. Public agitation for action.	Public investigation, international media coverage, management changes demanded, insertion of commissioner(s).
Environmental	Aesthetic issue only, no damage or contamination	Minor damage with on-site release and immediately contained. Reversible within days.	Material damage of local importance. Prosecution possible. On-site release contained with outside assistance and impact reversible within 1 year.	Serious damage of national importance. Prosecution expected. Off-site release with significant detrimental effects and impact reversible within 5 years.	Severe damage of national importance. Prosecution. Toxic release offsite with major detrimental effect; non-reversible.
Health & Safety	Negligible injury (first aid response only)	Minor injury (medical treatment required)	Serious injury or potential injuries (near miss)	Fatality	More than 3 fatalities or district-wide epidemic
Council Third Party Loss	Council liability < \$10,000	Council liability >\$10,000 <\$100,000	Council liability >\$100,000 <\$250,000 Complaint to the Ombudsman or other statutory offices.	Council liability >\$250,000 <\$1,000,000. Legislative non compliance involving the prosecution or the potential for a fine or a significant criticism of Council by Judiciary or Ombudsman. Adverse ruling by the Ombudsman or other statutory officer with power to investigate or make rulings.	Council liability >\$1,000,000 Legislative non compliance involving the potential for imprisonment of a Councillor or Senior Officer. Judicial review of a Council decision on a matter relating to funding or rates.
Operational capability of Council	No loss of operational capability and/or minimal disruption to service levels Access affected Minimal loss of internal capacity.	Loss of operational capability in some areas and/or some disruption to service levels Local roads impassable Loss of internal capacity up to 1 week	Serious loss of operational capability for over 6 weeks and /or disruption to service levels for 4-6 weeks Collector roads impassable Loss of internal capacity 1-3 weeks	Serious loss of operational capability for over 8 weeks and major disruption to service levels Major roads impassable Loss of internal capacity 4-6 weeks	Serious loss of operational capability for 3 - 4 months and serious disruption to service levels Loss of internal capacity >6 weeks
Council Financial loss	No impact on achievement of output targets, business can continue as normal. Localised failure only. Financial loss <1% operating budget.	Up to 1% impact on targets Limited to a single business area of the organisation Financial loss 1-3% operating budget.	Up to 5% impact on targets Financial loss 36% operating budget	Up to 10% impact on targets. Financial loss 6-10% operating budget. Impact to multiple and diverse areas of the organisation.	Greater than 10% impact on achievement of key performance targets. Financial loss >10% of operating budget.
Council Project completion delays	Total delay less than 6 months.	Total delay between 6 and 12 months.	Total delay between 1 and 3 years.	Total delay between 3 and 5 years.	Total delay more than 5 years.

Risk Treatment

The treatment of risk is dependent on a number of factors including Council's risk appetite and selection of risk control options.

- **Transfer the Risk transfer** – reducing exposure by transferring the risk to another party e.g. buy specific insurance coverage;
- **Avoid the risk** - avoid the identified risk by deciding not to proceed with the activity likely to generate risk (where this is practicable);
- **Reduce the likelihood** of occurrence through measures such as audit compliance, programmes, contract conditions, preventative maintenance, engineering controls, inspections, process policies and procedures; (*Proactive Control*)
- **Reduce the Impact** through measures such as contingency planning, disaster recovery plans, contractual arrangements, financial management controls and risk minimisation plans. (*Reactive Control*)
- **Accept the risk** – *Recognise that WDC may accept a certain level of risk where the likelihood is low or the cost prohibitive to treat.*

5.5 External Audit – Action Update Report

Meeting: Audit and Risk Committee
Date of meeting: 28 March 2018
Reporting officer: Emily Thompson (Audit and Risk Analyst)

1 Purpose

To report the status of outstanding actions from Councils' External Audits.

2 Recommendation

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

3 Background

External audits are performed annually by Audit New Zealand. This report is to show the progress on the actions highlighted from the external audit reports. These will not be closed by Audit NZ until the next annual audit.

Recommendations resulting from these audits have been reported to the Audit and Risk Committee.

4 Discussion

This is the regular six monthly cycle to report progress on external audit actions to the committee. There are currently thirteen 'open' actions. Attachment one provides a summary of the actions and their status. Since the last report, staff consider that they have completed two recommendations and have updated the spreadsheet accordingly. The actions which staff believed have been closed are:

1. Controls over employee Masterfile changes. This is now in place.
2. Hunterwasser Wairau Maori Arts Centre. This recommendation related to due diligence, review of CCO status and support for the procurements processes. Therefore, all of these recommendations have been addressed.

These will not be formally closed until Audit NZ completes their annual review.

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 report publication on the website.

6 Attachment

External Audit Actions Update March 2018

External Audit Issues - Action plan progress - Update with progress at 28 February 2018 for Audit and Risk Committee 28 March 2018.

Business Owner	Audit Ref	FY raised	Audit Recommendation	Current status and previous comments	Priority	Management's action plans	Implementation Timeframe	Progress @ 28 Feb 2018	Status
Rich Kerr	App 3	unsure	Accounting for the Bream Bay Land Owners Association (BBLOA) arrangement We recommend that the Council reviews the accounting treatment for balances and transactions resulting from this agreement to ensure that it is correctly reflected in the Council's financial statements, and that an appropriate accounting policy is adopted for the future. In addition, we ask that the Council keeps us informed of any significant developments under this agreement, and any similar arrangements entered into in the future.	Status: In Progress A review of the agreement is currently underway to potentially update it to reflect growth and HUE (Household Unit Equivalent) changes. The Council's BBLOA project manager has been advised to factor an accounting review into the review of the document before it is finalised and the decision was made not to undertake an accounting review through the annual report process. The review of this agreement had not been completed at our final visit.	Beneficial	BBLOA agreement currently being reviewed.	Jun-18	Work continues on review of the agreement. Council has been updated via briefing reports and staff are working with the BBLOA to finalise the agreement. It is proposed that details of any agreement be adopted by Council in its April 2018 meeting.	Open
Alan Adcock, Sue Miller	App 3	16-17	Procurement and contract management We have made a number of recommendations on procurement and contract management. Please see our prior year management report for details. FY - 15-16 Procurement and risk management The Procurement policy is due to be updated and we recommend: - assigning responsibility for updating the policy; - clarifying how late tenders will be handled; and - clarifying the policy about the handling of gifts or hospitality from suppliers. The Risk Management framework could be improved by making it clear who is responsible for ensuring that risk processes are being applied within the Council	Status: In Progress As part of our assessment of the Council's management control environment we reviewed the Council's Procurement policy and manual, and Risk Management framework. A contract management plan is already contained in the matrix in the policy, however the need to pursue less costly means is covered by the use of a variation to policy which must be signed off by a Leadership Team member which protects staff from taking an unauthorised route to procure. We will follow up again on the progress next year.	Beneficial	Council review of procurement policy in progress. Risk Management framework is adopted and in place.	Jul-18	Business Support Manager now in place. Internal Audit of procurement process is occurring in March 2018. Review of policy underway and scheduled to be in place by end of year.	Open
Rich Kerr	App3	16-17	Monthly Reconciliations The Council Should review the reconciliations process to ensure that reconciliations are correctly prepared and reviewed. We also recommend that the Council implements controls around the new digital reconciliations. Fixed Asset reconciliations We recommend regular reconciliations to ensure reconciling items and variances are addressed in a timely manner.	Status: In Progress The Council has reviewed the reconciliations process to ensure that reconciliations are completed accurately and reviewed in a timely manner by the appropriate level of staff. Balance sheet reconciliations have been prioritised as either high, medium or low. The frequency of the review of each reconciliation will be determined by its priority ranking. For example, those reconciliations classified as high will be reviewed monthly while those of low priority may only get reviewed on a quarterly / six monthly/ or annual basis. To ensure that reconciliations are prepared correctly, a standard template has been implemented. Reconciliations will also be peer-reviewed at least annually by the Financial Services Manager. The Council is currently looking to options for digital review sign-off. From our review of the reconciliations for the 2016/17 year, we have found that the creditor reconciliations were not prepared or reviewed in a timely manner. The reconciliations for the month of August and December 2016 were not reviewed.	Beneficial	Due to resource issues, the Financial Accountant that reviews the reconciliations was not able to review the reconciliations in a timely manner. Once an additional resource is hired this should allow the financial Accountant more time to review the reconciliations.	Apr-18	This is in the work flow planning to undergo a full review by the finance team in 2018. This will identify the required frequency of preparation and review of recs as well as who will prepare them.	Open
Jenny Antunovich	App 3	unsure	Review of employee Code of Conduct We recommend that the employee Code of Conduct is reviewed and updated.	Status: In Progress The review of the Code of Conduct is underway. Consultation with staff is about to commence. Council agree to the recommendation; the staff code of conduct review is In Progress but delayed. The elected member code of conduct is also being reviewed at the start of the term and it is important that both the staff code and the elected member code are aligned.	Beneficial	The elected members have not yet adopted their code of conduct - once they have we will progress to the next step and consult with employees. Elected members chose not to adopt their code of conduct.	Dec-18	The review of the staff code of conduct has recommenced following the decision of elected members not to adopt their proposed new code of conduct. Input has been sort to compile a preliminary document. This will form the basis for consultation with staff.	Open
Rich Kerr / Delyse Henwood	App 3	16-17	Digitisation of paper property records The accounting standards generally do not allow for the recognition of digitalised records as intangible assets, because digitisation of hard copy information does not result in new information or necessarily prolong the life of the information. We are currently working with management to assess if digitalised records can be capitalised as an intangible asset.	Status: In Progress The total cost of the digitalisation of paper records included in WIP is \$383k. Our view is that these costs should be expensed. The Council are going to review the digitisation of paper records are part of the LTP and seek accounting advice on this issue.	Necessary	The Council will seek accounting advice on this issue within the next financial year.	Mar-18	Councils Finance Manager is working with PwC and Audit NZ to consolidate accounting advice and move this forward. Finance hope to resolve this treatment as part of finalising the 2017-2018 Annual Report.	Open
Jeff Devine	App 3	unsure	Valuer's recommendations We recommend that the Council implements the recommendations identified by the Roding valuers in 2014, 2016 and 2017.	Status: In Progress This year Opus performed a valuation of the Council's roading asset class. A number of recommendations were made by the valuer, refer to Opus' valuation report Section 5 Improvement Recommendations for details. Addition for 2017 report: We also found that condition information is not included in the asset database and therefore not factored into the roading valuations. we recommend that condition information should be included in the RQMM database and incorporated into the valuations.	Beneficial	14 action plans at various stages of completion by end of March 2017. In report: The Council will continue to implement the valuers recommendations	Mar-18	9 of the 14 items have been completed. Of the remaining 5 items 4 items have been scoped and assigned resource to be completed prior to the Jun-18 valuation. Expected completion of these 4 items is May-18. The final item is a large project and is On Hold until later in the year pending scoping and resources.	Open

External Audit Issues - Action plan progress - Update with progress at 28 February 2018 for Audit and Risk Committee 28 March 2018.

Business Owner	Audit Ref	FY raised	Audit Recommendation	Current status and previous comments	Priority	Management's action plans	Implementation Timeframe	Progress @ 28 Feb 2018	Status
Alison Purchaux	3.2	16-17	Development contributions(DC)	Status: New During our review of the development contributions (DC), we identified that previously the Council had no accounting policy for DC's/ The Council has updated their accounting policies to include an accounting policy on DC's in line with the model financial statements. We have confirmed that this accounting policy is also consistent with actual recognition. We noted the revenue is recognised when the DC invoice is issued rather than when revenue is paid. There is a risk that a DC invoice could be issued and the revenue recognised and then the developer does not pay. we recommend that the council reviews its recognition of revenue to ensure that DC revenue is recorded in the correct period.	Beneficial	Management plans to review this as part of year end cut off in the next financial year	Jun-18	New revenue manager recruited and in place Sept 17. They will ensure that this process is reviewed and resolved by end of Financial Year.	Open
Rich Kerr	3.1	16-17	Funding impact statements	Status: New During our review of the funding impact statements, we noted differences between the allocation of fees and charges, other revenue and expenditure in the statement of comprehensive revenue and expenses and the allocation of fees and charges, other revenue and expenditure in the funding impact statements. In our view these differences are not material. We recommend as part of the LTP, the Council should review the allocation in the funding impact statements to ensure that the disclosures more closely align to those in the statement of comprehensive revenue and expenses.	Beneficial	Management plan to review as part of the work being completed for the LTP.	Mar-18	Finance have revised their funding impact statements to align with the Income Statement account criteria.	Open
Andrew Carvell	3.3	16-17	Statement of Service Performance: Flooding events performance measures	Status: New From our work performed on the flooding performance measures, we found that the reported results for these measures only captures those complaints that are reported to the Council and do not capture those complaints that are referred onto other agencies by residents. Other agencies could include the New Zealand Fire Service and insurance companies. The Council is unable to capture this information in the reported result and this has been disclosed in the 2016/17 annual report. We recommend that the Council , as part of the LTP, reconsiders how it measures and is able to capture the required information to report against this measure.	Necessary	Management plan to review as part of the work being completed for the Long Term Plan.	Jun-18	Management plan to review as part of the work being completed for the Long Term Plan and next years annual plan.	Open
Gary Scott	2.2	16-17	Valuation of Property, Plant and equipment	Status: New The Council revalued its roading and other infrastructure assets (such as water, wastewater, storm water, parks, solid waste and flood protection) as at 30 June 2017. We reviewed the scope of the valuation and are satisfied that the valuers and peer reviewers engaged were independent and appropriately qualified. We reviewed the assumptions and methodology applied in completing the valuations and discussed these assumptions with the valuers in order to gain comfort over the valuation movements. We recommend that asset condition data should be incorporated into the asset management system. This will ensure that the assets are consistently and objectively valued.	Necessary	Improvement of asset information is a continual process. Management will consider incorporating condition information in the asset management database to more fairly reflect asset condition as part of the future year revaluations.	Jun-18	The need for condition assessment data is a new Audit point for Hansen assets (Parks, Solid Waste, Flood Protection, Storm water, Waste and Waste). Improvement of asset information is a continual process. Management will consider incorporating condition information in the asset management database to more fairly reflect asset condition as part of operational practices.	Open
Paul Cook/ Kathryn Candy	3.4	16-17	Weathertightness contingent liability	Status: New We noted during our review of the contingency liability disclosure for weathertightness, that the Council had not updated the disclosure in line with legal confirmations. The difference between the amount recognised and the amount in the legal confirmations was only \$330K and was not considered material. We recommend as part of the year end disclosure review for the weathertightness contingency liability that disclosure is reviewed against the legal confirmation received to ensure completeness and accuracy of the disclosure.	Necessary	Management will review this as part of the next years annual report.	Sep-18	Management will review this as part of the next years annual report. Finance will liaise with Councils Legal advisors to ensure completeness.	Open
Kathryn Candy	App 3	unsure	Monitoring and reporting of legal matters We recommend that a formal system is implemented to centrally monitor and report all outstanding legal matters. This will help monitor and mitigate the Council's exposure to legal risks. We also recommend that reporting of significant legal matters is included in Council meeting agendas.	Status: Outstanding No change from prior year. Council agrees with the recommendation, however needs to address resourcing the legal area to enable it to implement such a monitoring and reporting programme. Council is currently performing a Section 17a review to assess resources. The Chief Executive provides monthly updates to Council of significant legal matters.	Beneficial	Section 17A review due to be completed by end of March 2017 which will address resourcing. This area is currently being reviewed. We expect the review will be completed within the next financial year. June 17 - New legal resource due to start September and further work will start once they are on board.	Jun-18	New Legal resource now in place. Work is beginning to look at these issues and identify practical approach to address this observation.	Open

External Audit Issues - Action plan progress - Update with progress at 28 February 2018 for Audit and Risk Committee 28 March 2018.

Business Owner	Audit Ref	FY raised	Audit Recommendation	Current status and previous comments	Priority	Management's action plans	Implementation Timeframe	Progress @ 28 Feb 2018	Status
Rich Kerr	E-2.2.2	15-16	Hundertwasser Wairau Maori Arts Centre As the HWMAC project progresses there are a number of issues that the Council and WAMT will need to consider including: - completing appropriate due diligence over the guarantee required under the draft peppercorn lease; - determining the accounting treatment of the land and buildings under the draft peppercorn lease; - reviewing the Trust's CCO status under the Local Government Act; - supporting the establishment of good practice over procurement and project management; and - considering the accounting recognition and disclosure of donated goods and services (if significant in the financial statements).	Status: In Progress The Council is in the process of determining the accounting treatment of the land and building under the lease with the Council. They will also completed due diligence over the guarantee and peppercorn lease. This will be looked at in preparation for preparing the 2017/18 financial statements. The Council is currently reviewing the procurement process around the initial HWMAC project. We understand that the Trust will go out for tender if the HWMAC project goes ahead.	Necessary	<ul style="list-style-type: none"> Council will agree the accounting treatment of the HWMAC leased land and buildings with WAMT as part of finalising the lease agreement. Council will complete due diligence over the guarantee as part of the process of formalising the peppercorn lease with WAMT. Council will discuss procurement & project management of the construction of the HWMAC with WAMT. August Comment: Work in progress while WAMT is confirming the final build cost to ensure that it has raised enough funds.	Once the funds are raised and the pre-conditions are met.	Activities are progressing and funding has been confirmed. Council due diligence has been completed and formalised. Under guidance from Council WAMT have appointed an independent advisor to assist them with the procurement process. CCO Status has been review and statement of intent is in progress. Controls are in place to provide oversight.	Completed - WDC
Jenny Antunovich	App 3	unsure	Controls over employee Masterfile changes We recommend that the 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.	Status: In Progress The Human Resources team currently operate a paper based one up approval for payroll changes and are working with TechOne to build a simple Masterfile change report to automate this process. Council agree to the recommendation; the Human Resources team currently operate a paper based one up approval for payroll changes and are working with Technology one to build a simple Masterfile change report to automate this process.	Necessary	We are currently reviewing the Masterfile change process that Technology One are proposing. June 2017 Comment: TechnologyOne are developing a new Masterfile process. We are waiting for delivering so we can test it	Mar-18	Closed - WDC We have received the updated Masterfile data audit report. The Manager - P&C will be signing it off monthly. The P&C Team Leader is working with Business Improvement to develop a variance report. This report will be signed off by P&C and Finance with each payrun.	Completed - WDC
Paul Cook	App 3	unsure	Building consent fees received in advance We recommend that old building consents are reviewed and refunded if appropriate.	Status: In Progress The Council has reviewing the treatment of this account. We have identified there is still \$2.2 million of building consent fees recognised as revenue in advance. The revenue is not released until a building inspection is performed. Some of the building consent fees held relate back to 1995. We have also noted in total there is \$0.9 million relating to prior year inspection fees that have still not been undertaken. The Council's view is that many of the prepaid fees are still in progress, so do not need refunding. The others are in a refund situation because the applicant have not applied for a code of compliance certificate (CCC). Giving a refund would be in contravention of the Building Act there is no time limit on obtaining a CCC.	Beneficial	Council has continued to deal with these on an application received basis. The Building Act remains unchanged in this area in reference to the owners needing to apply for a code compliance certificate. Council will consider the recommendation and take appropriate actions, however the Building Act does not identify a time limit for owners to complete or apply for a code compliance certificate. August 17 comment: Ongoing case-by-case basis when owners apply for Code Compliance Certificates, in addition to this WDC runs a two year review process to follow up on these accounts and deals with the fee and compliance aspects at this stage. This happens on a monthly basis for consent issued under the current Building Act 2004.	Ongoing case-by-case basis.	Fees for building consents are being actively managed since 2007 and undergo regular review in line with the 2004 Building Act. Historic applications (July 1992 - April 2007) will be dealt with on a case by case basis but there is currently no resource available to progress in any other way within Council. All appropriate consent fees are refunded. Council consider this completed as no further possible actions.	Completed - WDC
Alan Adcock, Jenny Antonovich, Sue Miller	3.5	16-17	Sensitive expenditure policy	Status: New The sensitive expenditure policy was updated in line with our audit recommendations made in prior years. We have noted some departures from the OAG best practice guidelines that Council should consider as part of the next review: No dollar limits have been set for meals when travelling; and Airports accrued by staff travelling are considered to be acceptable; this is not in line with OAG best practice guidelines. We recommend that the sensitive expenditure policy could be updated to include dollar limits for meals, and staff should not be allowed to accrue air points. This will ensure that the Councils policy is in line with OAG best practice guidelines.	Beneficial	Management will consider this as part of the next policy review.	Oct-17	1. In the course of business Council staff travel to various locations mainly in NZ but also overseas. There are variations in costs for meals at these locations so it is challenging to provide a workable dollar range, however Council will review and request a range from the General Manager Corporate. This will be a domestic limit with similar discretionary allowances for overseas travel. 2. Travelling by council staff from Whangarei can be logistically challenging and frequently requires travel in personal time. Consequently, council is comfortable allowing staff to earn loyalty rewards as a form of compensation for the inconvenience.	Completed - WDC
Kathryn Candy/Rich Kerr	App 3	unsure	Related party disclosures We recommend that management adopts robust procedures to ensure all transactions with related parties that are not at arms-length are disclosed in the accounts to ensure compliance with the accounting standards.	Status: Complete We recommend that a more thorough and substantive assessment is completed in relation to related party transactions to confirm that transactions are or are not at arm's length and to ensure that any potential related party transactions are disclosed in the annual report (if required) and any conflict of interest risks are mitigated. We have received a very high level assessment on related party transactions from the Council. Council accepted and considered recommendation; action completed with a process in place. 2017 update: The Council has made improvements to the information provided for related party disclosures. We continue to note that an assessment of all related party transactions (including debtor and creditors) to confirm that transactions are at arms length was not performed.	Necessary	Council accepted and considered recommendation; action completed with a process in place. 2017 update: The Council will further improve their process around related parties at year end.	Completed	WDC - Closed This process is now in place with a cross check completed by finance following receipt of annual disclosures. Therefore Council consider this point closed.	Completed - WDC

5.6 Bylaws update report

Meeting: Audit and Risk Committee
Date of meeting: 28 March 2018
Reporting officer: Shireen Munday – Strategic Planner

1 Purpose

To present the bylaws update reported as provided to the Planning and Development Committee in February 2018.

2 Recommendation

That the Audit and Risk Committee notes the bylaws update report.

3 Discussion

A request was made at the previous Audit and Risk Committee meeting to receive a report on the status of Council's bylaws. The status of bylaws is regularly reported to the Planning and Development Committee. The most recent report was provided to the Planning and Development Committee meeting on 22 February 2018 and a copy of this report is provided in Attachment 1.

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 the agenda publication on Council's website.

5 Attachment

Attachment 1 – Report to February 2018 Planning and Development Committee

5.1 Bylaws update report

Meeting: Planning and Development Committee

Date of meeting: 15 February 2018

Reporting officer: Shireen Munday – Strategic Planner

1 Purpose

To update the Committee on the status of Council bylaws and the work programme for 2018.

2 Recommendation

That the Planning and Development Committee notes the report.

3 Background

This report provides an overview of all of Council's bylaws as well as detailing the work programme for 2018.

For completeness, the two statutory policies of Council that are the responsibility of the Strategy Department are included in the report. The status of these, and all other policies of Council are also reported to Council's Audit and Risk Committee on a regular basis.

4 Discussion

The table below provides an overview of all bylaws and policies with some brief information on their status and review timeframes. For items highlighted in grey, please refer to the 2018 work programme in section 4.1 of this agenda item.

Bylaw/Policy	Status	Date last reviewed	Next Review due by	Business Owner	Commentary
Alcohol Fees Bylaw 2016	In force	NA	NA	Strategy	Bylaw made March 2016. No statutory review timeframes.
Animals Bylaw 2017	In force	NA	2022	Strategy	
Board Venue Policy	In force	2013	2016	Strategy	See 2018 work programme.

Bylaw/Policy	Status	Date last reviewed	Next Review due by	Business Owner	Commentary
Camping in Public Places Bylaw 2017	In force	NA	2022	Strategy	
Class 4 Gambling Policy	Adopted	2013	2016	Strategy	See 2018 work programme.
Control of Advertising Signs Bylaw 2014	In force	2014	2024	Strategy	See 2018 work programme
Dog Management Bylaw 2013	In force	2013	2023	Strategy	
Fires in the Open Air Bylaw 2015	In force	2015	2025	Strategy	See 2018 work programme.
Food Business Grading Bylaw 2016	In force	2015	2025	Strategy	
Hawkers Mobile Shops Stands and Stalls Bylaw 2005	Revoked	2005	2017	Strategy	See 2018 work programme.
Liquor Management Bylaw 2011	In force	2011	2018	Strategy	See 2018 work programme
Parking and Traffic Bylaw 2017	In force	NA	NA	Roading	No statutory review timeframes.
Public Places Bylaw 2014	In force	2014	2024	Strategy	See 2018 work programme.
Solid Waste Management Bylaw 2013	In force	2013	2023	Waste and Drainage	
Speed Limits Bylaw 2005	In force	2005	NA	Roading	No statutory review timeframes prescribed.
Stormwater Management Bylaw 2014	In force	2014	2024	Waste and Drainage	
Trade Waste Bylaw 2012	In force	2012	2022	Waste and Drainage	
Vehicles on Beaches Bylaw 2009	In force	2016	2026	Strategy	
Water Supply Bylaw 2012	In force	2012	2022	Water	
Wastewater Bylaw 2014	In force	2014	2024	Waste and Drainage	

4.1 2018 work programme

Bylaw/Policy	Comments
Liquor Management Bylaw 2011	Statutory review required prior to December 2018 in accordance with the Sale and Supply of Alcohol Act 2012.
Class 4 Gambling & Board Venue Policies	Three year review due in 2016, but no statutory timeframes for completion. Scheduled for completion by December 2018.
Fires in the Open Air Bylaw	Most of this Bylaw is now obsolete due to the commencement of the Fire and Emergency New Zealand Act 2017, which comes fully into force on 1 July 2018. Review scheduled for second half of 2018. No statutory review period.
Hawkers Mobile Shops Stands and Stalls Bylaw 2005 Public Places Bylaw Control of Advertising Signs Bylaw 2014.	As indicated to Council last year, the Hawkers etc. Bylaw was automatically revoked in December 2017. Permits for trading in public places are now being issued under the Public Places Bylaw. The project to develop a Trading and Events in Public Places Bylaw to combine the relevant aspects of the three bylaws was reported to Council in May 2017 and is now scheduled to commence, with completion by early 2019.

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 the agenda publication on Council's website.

5.7 Fraud and Whistleblowing Policy

Meeting: Audit and Risk Committee
Date of meeting: 28 March 2018
Reporting officer: Emily Thompson (Audit and Risk Analyst)

1 Purpose

To advise the committee of the updated Fraud and Whistleblowing Policy.

2 Recommendation

That the Audit and Risk Committee notes the updated Fraud and Whistleblowing policy

3 Discussion

Whangarei District Council is strongly committed to preventing, detecting and responding to any fraud or serious wrongdoing. It is important that all Council employees, elected members and contractors have the highest standards of honesty and integrity. Therefore, the Council has had policies on fraud and on protected disclosures for staff to understand the process for notification of any serious wrongdoing.

The following policies were under review:

- fraud policy (adopted 2014)
- protected disclosure policy (adopted 2015)

The team completing the review looked at industry best practice and practicalities before deciding that the most pragmatic course of action was to combine these two policies into a single "Fraud and Whistleblower Policy".

Another notable change includes a change in role from the previous Fraud Limitation Officer (FLO) to the use of specified roles and GM's. This provides a more consistent and recognisable reporting process.

This is an internal policy that has been approved via the internal policy approval process and is being presented to the committee for information.

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 report publication on the website.

5 Attachment

1. Fraud and Whistleblower Policy

Whangarei District Council Policy

Fraud & Whistleblower Policy

**Policy
0041**

Policy title			
Audience (Primary)	Internal *	Business Owner (Dept)	Audit & Risk
Policy Author	Emily Thompson	Review date	March 2021

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Policy title			
Audience (Primary)	Internal *	Business Owner (Dept)	Audit & Risk
Policy Author	Emily Thompson	Review date	March 2021

Purpose of this policy

Whangarei District Council is strongly committed to preventing, detecting and responding to any fraud or serious wrongdoing. If you think something is going wrong at Council or someone is misusing their authority, then we want to know. This policy gives you the information you need to make a complaint.

It tells you who you need to tell, how an investigation works and importantly how you will be protected throughout the process. We want to encourage an environment where you feel safe to speak out when things are not right. Your protection, including your right to remain anonymous, is our priority as is ensuring accountability to our community.

It is important to us that all Council employees, elected members and contractors have the highest standards of honesty and integrity and any report of serious wrongdoing is treated seriously. All complaints must be thoroughly investigated following the process outlined in this document and all credible suspicions of illegal activity will be referred to an appropriate law enforcement authority.

What is fraud and serious wrongdoing?

In this policy, fraud and serious wrongdoing refers to any unlawful, corrupt, or irregular use of funds or resources of a public sector organisation or individual.

It includes any act, omission or course of conduct:

- That poses a serious risk to public health or public safety or the environment; or
- That poses a serious risk to the maintenance of law, including the prevention, investigation, and detection of offences, and the right to a fair trial; or
- That constitutes an offence; or
- By a council official that is oppressive, improperly discriminatory, or grossly negligent, or that constitutes gross mismanagement.

It includes cases where an individual corruptly uses or discloses any information, acquired in their official capacity, to obtain, directly or indirectly, an advantage or a financial gain for themselves or any other person.

What is a whistleblower?

Employees have a vital role to play in exposing serious wrongdoing because of their detailed knowledge of an organisation. A whistleblower is someone who reports or exposes dishonest or illegal behavior within an organisation.

How will I be protected if I speak up?

Employees who speak up against suspected wrongdoing may be entitled to protection under the Protected Disclosures Act 2000. Under the Act "employees" include former employees, secondees, contractors, elected members and volunteers.

A whistleblower who chooses to make a protected disclosure under the Act may have immunity from civil, criminal, or disciplinary proceedings.

Policy title			
Audience (Primary)	Internal *	Business Owner (Dept)	Audit & Risk
Policy Author	Emily Thompson	Review date	March 2021

Policy objectives

This policy replaces the Fraud, Dishonesty & Corruption Policy (POLICY0041) and Protected Disclosure Policy.

This policy aims to ensure:

- All employees are treated fairly and in the same manner, regardless of their position or job role
- Employees do not use their positions for personal benefit
- Council is publicly accountable to our community
- Employees have the right to report a suspected serious wrongdoing without any negative consequences.

It also aims to ensure we follow a consistent process in all reported cases of suspected wrongdoing. This process includes:

- Starting a formal investigation as outlined in this document
- Treating any proven allegations as a serious misconduct or breach which may result in dismissal of an employee, or termination of contractors to Council
- Taking all reasonable steps to recover any lost funds or assets
- Referring any illegal activity to NZ Police
- Supporting and protecting any persons or employees who report suspected serious wrongdoing.

How do I make a report?

The first thing you should do if you suspect something is not right at Council is talk to someone you trust. This could be your direct manager or you may wish to speak directly, or put your concerns in writing to any of the Council appointed people listed below. They will tell you what the next step is in reporting your concerns. For your own protection, do not contact the suspected individual or conduct investigations yourself.

A formal report of a suspected serious wrongdoing should be made to any of the following people:

- The Audit and Risk Analyst
- The Democracy and Assurance Manager
- Council's Chief Executive, or in their absence any Council General Manager

It is important that all reports of serious wrongdoing at Council are treated in the same way. The flowchart on page 5 of this booklet sets out the process that all complaint investigations should follow.

If you consider that it is not appropriate to make a formal report to one of the persons identified above (for example if you believe that they are involved in the serious wrongdoing), or there are urgent or exceptional circumstances, report the matter directly to an external authority such as the NZ Police, the Serious Fraud Office, the Auditor General or the Ombudsman in accordance with section 9 of the Protected Disclosures Act 2000.

What if I want to remain anonymous?

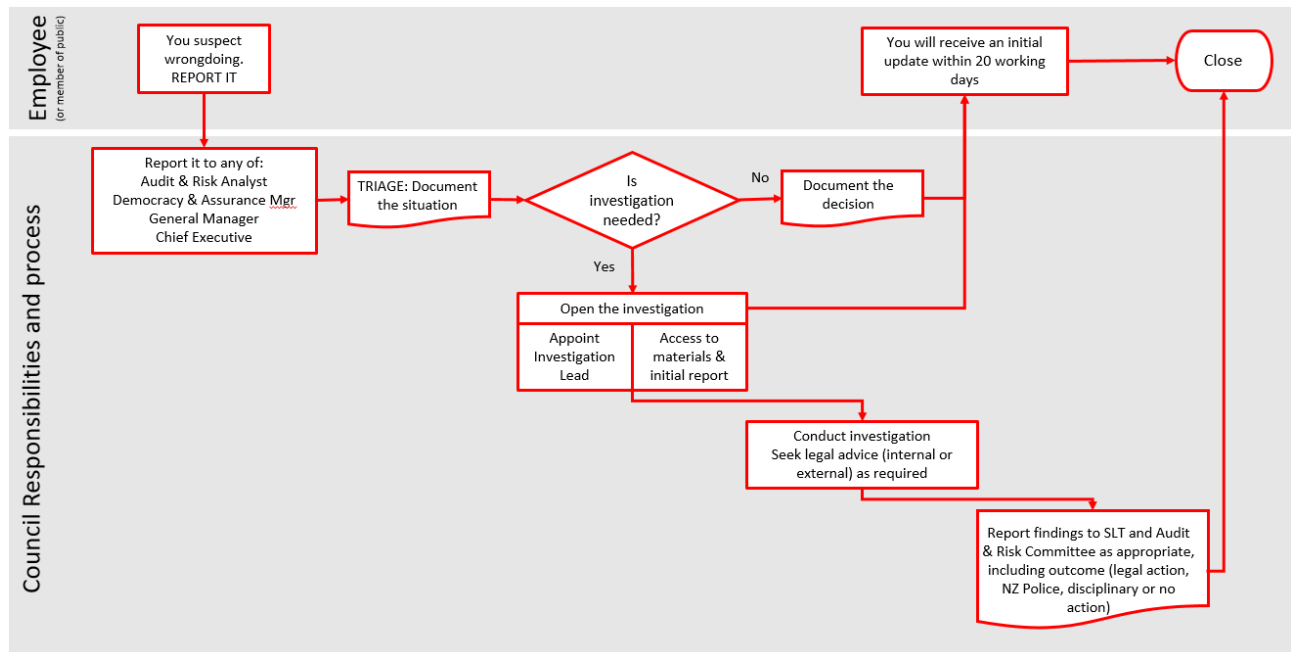
If you want to remain anonymous your right to do so is outlined in the Protected Disclosures Act 2000. You will generally be protected if:

- The information you are disclosing is about serious wrongdoing in or by Council, and
- You believe, on reasonable grounds, that the information is true or likely to be true, and
- You want to disclose the information so that the serious wrongdoing can be investigated.

Policy title			
Audience (Primary)	Internal *	Business Owner (Dept)	Audit & Risk
Policy Author	Emily Thompson	Review date	March 2021

However, your disclosure will not be protected under the Act if you make false reports of serious wrongdoing or otherwise act in bad faith.

Flowchart of Reporting Process:



What happens next?

Initially a triage process will be completed by either the Audit and Risk Analyst, the Democracy and Assurance Manager, or the Chief Executive.

The first step is to gather more information and see if an investigation is required. This should include completion of the document in Appendix A. If this suggests that there has been serious wrongdoing, then an official investigation will be opened.

During the investigation, the investigation lead will seek legal advice (internal and external) as required. This may result in reporting the complaint to NZ Police or the Serious Fraud Office (SFO) and ultimately to court action.

Investigations need to be carefully managed and the number of people involved in an investigation should be kept to a minimum to avoid inappropriate sharing of information.

As the person reporting the suspicion you should be advised of progress within 20 working days of making your complaint. You should be told how the matter has or is being dealt with or how it has been resolved subject to Council's responsibilities under the Employment Relations Act and Privacy Act.

At the close of an investigation, regardless of the outcome, documentation outlining the suspicion, the actions taken and the outcomes of any investigation must be completed and recorded confidentially on Kete.

What can I do if nothing happens?

If you make a disclosure in accordance with this policy but believe that Council has decided not to investigate your concerns, has not made sufficient progress or has not taken appropriate action, are entitled

Policy title			
Audience (Primary)	Internal *	Business Owner (Dept)	Audit & Risk
Policy Author	Emily Thompson	Review date	March 2021

to make your disclosure to the Ombudsman or a Minister of the Crown in accordance with Section 10 of the Protected Disclosures Act 2000.

Relevant Legislation

This policy is intended to meet Council's obligations under the following Acts:

- Local Government Act 2002
- Protected Disclosures Act 2000
- Employment Relations Act 2000

Related Policies and Documents

Below are key Council policies that relate to this policy, however there may be others within Council that are also relevant:

- Disciplinary Policy (POLICY0121)
- Employee Code of Conduct (08-4267)
- Elected Members Code of Conduct (2013)
- Sensitive Expenditure Policy (POLICY0119)
- Policy on Elected Members Allowances and Recovery of Expenses (POLICY0054)
- Procurement Policy (POLICY0086)

Acceptance

This Policy has been approved for acceptance by the Democracy & Assurance Manager and the Group Manager Strategy & Democracy

Jason Marris
Democracy & Assurance Manager

Via e-mail 13 March 2018
Date

Jill McPherson
Group Manager Strategy &
Democracy

Via e-mail 12 March 2018
Date

Policy formally accepted by Jill McPherson on 12 March 2018 and shared with OLT following that date.

Policy title			
Audience (Primary)	Internal *	Business Owner (Dept)	Audit & Risk
Policy Author	Emily Thompson	Review date	March 2021

Appendix A – Triage Document

The person receiving the report should use this document to determine if an investigation is required.

Date _____

Reported to _____

Questions to ask the person reporting the suspected serious wrongdoing. Additional blank sections are for questions arising from the initial inquiries.

What is the nature of the serious wrongdoing you suspect?	
How did you notice the wrongdoing?	
When did you notice the wrongdoing?	
Who do you think is involved?	
Do you think there may be further people involved (internal or external)?	
Do you have any evidence of the wrongdoing?	
Have you talked to anyone else about your suspicions?	
Notes space:	

Remind the person reporting the suspected wrongdoing that they have a right to anonymity under the protected disclosure act 2000.

Reported by (Do not complete if anonymity is requested) _____

5.8 Annual Audit Plan 2017/18: Audit New Zealand

Meeting: Audit and Risk Committee
Date of meeting: 28 March 2018
Reporting officer: Rich Kerr (Finance Manager)

1 Purpose

To inform the committee on the Audit NZ plan for their 2017/18 annual audit.

2 Recommendation

That the Audit and Risk Committee notes the draft plan from Audit NZ on their approach to the 2017/18 annual audit of Whangarei District Council.

3 Discussion

Audit New Zealand are the Council's external auditors who perform the annual audit function of the Whangarei District Council for the annual report, as well as our other requirements such as the Long-Term and Annual Plans.

Audit NZ have provided a draft plan which outlines their areas of focus, and the audit process for this years' audit. The draft plan is located at Attachment One. The letter was received last week and is being provided in draft form for information. Staff will work with Audit NZ to confirm the approach.

The format of this key planning document has changed to better reflect standard practice amongst audit firms. The Mayor used to co-sign the audit arrangements letter (which it was called previously) but now this is no longer required.

The purpose of the Plan is to outline:

- the main issues Audit NZ expect to deal with during the audit,
- the logistics and timing,
- audit process, and
- reporting protocols.

The timing and logistics are similar to last year, as are the issues. The main issues that Audit NZ expect the Council to proactively address and work with them on are related to the Hundertwasser Arts Centre with Wairau Maori Gallery (HAC) project which include a number of accounting technical issues that need to be worked through. These have been signalled in previous audit reports and are well known to management.

In addition to the interest in the HAC project, Audit NZ will continue to focus on:

- The accuracy of the work in progress account,
- The fair value assessment of revalued assets
- The valuation of investment property,
- The progress and management of significant projects (Whau Valley water treatment upgrade and the Civic Centre).

4 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 council website.

5 Attachment

1. Plan from Audit New Zealand on their approach to the 2017/18 Audit

Audit plan

Whangarei District Council

For the year ending 30 June 2018

Audit plan

I am pleased to present the arrangements for the audit of Whangarei District Council (the District Council) for the year ending 30 June 2018. The purpose of this audit plan is to discuss:

Audit plan	1
Audit risks and issues	2
Our audit process	7
Reporting protocols	10

The contents of this plan should provide a good basis for discussion when we meet with you.

We will be happy to elaborate further on the matters raised in this plan.

We are committed to delivering a high-quality audit. Our audit is risk based, which means that we focus on the areas that matter. Every member of the audit team will contribute to achieving the highest standard of professional excellence.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely

Athol Graham
Director
XX March 2018

Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, this table sets out the main audit risks and issues.

Audit risk/issue	Our audit response
Capitalisation of work in progress (WIP)	
<p>In the 2016/17 financial year, we noted that there was \$5.4 million of assets that were completed at balance date but had not been capitalised yet as the District Council was waiting on the final as-built plans.</p> <p>We understand the District Council will have a WIP balance at the end of the 2017/18 financial year. To the extent that these assets are completed we encourage the District Council to capitalise these assets and depreciate them to ensure they are correctly classified in the financial statements and are depreciated from the date they are ready to use.</p>	<p>Our audit work over the WIP balance this year will include:</p> <ul style="list-style-type: none"> • reviewing assets capitalised from WIP to ensure they meet the definition of an asset and have been correctly depreciated; and • reviewing any balances remaining in WIP to ensure they meet the definition of capital expenditure and are likely to be completed and capitalised.
Valuation of property, plant and equipment and investment properties	
<p>The District Council periodically values its infrastructure assets and investment properties. The accounting standards, specifically <i>PBE IPSAS 17: Property, Plant and Equipment</i>, requires that valuations are carried out with enough regularity to ensure that the carrying amount does not differ materially from its fair value while <i>PBE IPSAS 16 Investment Property</i>, requires the District Council to revalue their assets annually.</p> <p>The District Council's roading assets and investment properties will be revalued this year to ensure the carrying value of these assets reflects their fair value. For assets not being revalued the District Council will need to formally assess whether a revaluation is required to ensure the carrying value of these assets fairly reflects their fair value.</p>	<p>We will review the valuation methodology used to ensure it complies with generally accepted accounting practice and assess whether the District Council has correctly accounted for the valuation in its financial statements.</p> <p>We will review the District Council's assessment of whether there are any significant differences between the carrying amount and fair value of assets not revalued.</p>

Audit risk/issue	Our audit response
It is important that the District Council makes this assessment at an early stage as a full valuation may require a significant amount of time to complete if required.	
Hundertwasser Wairau Maori Arts Centre (HWMAC)	
<p>In the prior year, the Whangarei Art Museum Trust (the Trust) successfully raised \$21.7 million for the HWMAC project, surpassing the required \$16.3 million to be raised for the project to proceed. The project is proceeding with the foundation work design expected to be finalised in the upcoming months. A request for tender for the construction of the art centre is expected to be sent out upon finalisation of the foundation work.</p> <p>The following are the significant accounting issues that the Trust and the District Council will need to consider when preparing their 2017/18 annual report:</p> <ul style="list-style-type: none"> • The Trust will own the HWMAC building improvements but not the original building which will continue to be owned by the District Council. The Trust and the District Council should assess the substance of the ownership arrangements to determine how the HWMAC buildings and improvements should be accounted for, and by which entity. • Prosper Northland Trust is assisting the Trust in obtaining a guarantee to cover any future operating losses relating to the HWMAC. The Trust and the District Council will need to assess the accounting treatment and disclosure for any guarantee arrangement entered into. • The Trust has entered into an “intention to lease” agreement with the District Council for the HWMAC land and buildings, this is conditional on reaching the required level of funding and establishing the necessary guarantees. The intention to lease is set at a nominal 	<p>We will review the Trust and the District Council’s assessment of the accounting treatment and disclosure for these significant issues.</p>

Audit risk/issue	Our audit response
<p>annual rental of \$1 for 34 years and 11 months. The Trust and the District Council will need to consider the appropriate accounting treatment and disclosure for this lease.</p> <ul style="list-style-type: none"> The District Council will also need to ensure HWMAC related revenue is correctly accounted for in the Trust as it will significantly impact on the group's financial statements. 	
Significant projects – Whau Valley Water Treatment Plant and Council One Building Project	
<p>The District Council plans to progress the development of the Whau Valley Water Treatment Plant and the Council One Building Project.</p> <p>Because of the scale of these projects it is important that the District Council establishes the necessary procurement, project governance and management processes to ensure these projects are successful.</p>	<p>We will update our understanding of the two projects and consider the adequacy of:</p> <ul style="list-style-type: none"> project governance and management structures; procurement and project management processes applied; and risk management practices. <p>We will also consider the adequacy of systems in place for recording costs and commitments associated with the project. This includes reviewing the classification of expenditure on the project to make sure this has been accounted for in accordance with generally accepted accounting practice, identifying commitments and reviewing the District Council's impairment assessment at balance date.</p>
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> testing the appropriateness of selected journal entries; reviewing accounting estimates for indications of bias; and evaluating any unusual or one-off transactions, including those with related parties.

Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. In considering fraud risk, two types of intentional misstatements are relevant – misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. In this regard, we will discuss the following questions with you:

- What role does the Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to the Council? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform substantive audit procedures when applicable; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.govt.nz/reports/fraud-reports.

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Our audit process

Initial planning

Initial planning activities include verifying compliance with independence requirements and building the audit team.

Understand your business and environment

We use our extensive sector and business knowledge to make sure we have a broad and deep understanding of you, your business, and the environment you operate in.

Assess audit risk

We use our knowledge of the business, the sector and the environment to identify and assess the risks that could lead to a material misstatement in the financial statements and performance information.

Evaluate internal controls (interim audit)

During the interim audit, we update our understanding of internal control. This includes reviewing the control environment, risk assessment processes, and relevant aspects of information systems controls.

Finalise the audit approach

We use the results of the internal control evaluation to determine how much we can rely on the information produced from your systems during our final audit.

Gather audit evidence (final audit)

During the final audit we will be auditing the balances, disclosures, and other information included in the District Council's financial statements and performance information.

Conclude and report

We will issue our audit report on the financial statements and performance information. We will also report to the District Council covering any relevant matters that come to our attention.

Materiality

In performing our audit, we apply the concept of materiality. In the public sector, materiality refers to something that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and performance information; and
- influence readers' in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

Accounting standards also require the Council and management to consider materiality in preparing the financial statements. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective.

Whether information is material is a matter of judgement. We consider the nature and size of each item judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Materiality will be lower for some items due to their sensitivity.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and performance information. During the audit, we will provide details of any such misstatements we identify to an appropriate level of management.

We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from representatives of the District Council that specify the reasons why the corrections will not be made.

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements and performance information.

The term "opinion" reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything we are told at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

How we consider compliance with laws and regulations

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

Wider public sector considerations

A public sector audit also examines whether:

- Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by Council or by one or more of its members, office holders, or employees.

Reporting protocols

Communication with management and the District Council



We will meet with management and the District Council throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Reports to governors



We will provide a draft of all reports to governors to management for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the District Council.

We will also follow up on your progress in responding to our previous recommendations.

The report to governors will form the basis of a letter to the Minister, which will be cleared with Management by the OAG Sector Manager, Sarah Markley.

Audit logistics

Our team



Our senior audit team members are:

Athol Graham

Director

Leon Pieterse

Engagement Quality Control Director

Warren Auths

Audit Manager

Nikita Veaney

Assistant Manager

Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Timetable



Our proposed timetable is:

23 April 2018	Interim audit begins
11 May 2018	Draft interim management report issued (if required)
27 August 2018	Draft financial statements available for audit (including notes to the financial statements) with actual year-end figures
27 August 2018	Final audit begins
14 September 2018	Final financial statements available, incorporating all the amendments agreed to between us
21 September 2018	Verbal audit clearance given
19 September 2018	Annual report available, including any Chair's and Chief Executive's overview or reports
27 September 2018	Audit opinion issued
27 September 2018	Draft final detailed management report issued

Expectations



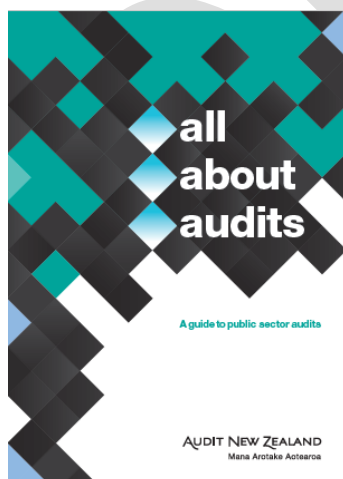
For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our Audit Engagement Letter dated 8 June 2017.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We have also published information to explain what to expect from your audit:



Health and safety



The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

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Level 6, 280 Queen Street
PO Box 1165, Auckland 1140, New Zealand
www.auditnz.govt.nz

RESOLUTION TO EXCLUDE THE PUBLIC

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

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

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

Resolution to allow members of the public to remain

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

Move/Second

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

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

Note:

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