

## Audit and Risk Committee Agenda

**Date:** Wednesday, 26 September, 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.

<b>1. Declarations of Interest</b>	
<b>2. Apologies</b>	
<b>3. Confirmation of Minutes of Previous Audit &amp; Risk Committee Meeting</b>	
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<b>7. Closure of Meeting</b>	

## Audit and Risk Committee – Terms of Reference

### Membership

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

### Purpose

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

### Key responsibilities include:

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

### Delegations

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



**Item 3.1****Audit and Risk Committee Meeting Minutes**

**Date:** Wednesday, 27 June, 2018  
**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 Crichton Christie  
Cr Shelley Deeming  
Cr Sue Glen  
Cr Cherry Hermon  
Cr Greg Innes

**Also present** Cr Stu Bell  
Cr Gavin Benney  
Cr Tricia Cutforth  
Cr Vince Cocurullo  
Philip Jones (Independent Adviser)  
Athol Graham (Audit NZ)  
Adelle Allbon and Hayden Keast (BDO)

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**1. Declarations of Interest****2. Apologies**

There were no apologies.

**3. Confirmation of Minutes of Previous Audit and Risk Committee Meeting****3.1 Minutes Audit and Risk Committee 28 March 2018**

**Moved By** Her Worship the Mayor

**Seconded By** Cr Sue Glen

That the minutes of the Audit and Risk Committee meeting held Wednesday 28 March 2018, having been circulated, be now adopted as a true and correct proceedings of that meeting.

**Carried**

**4. Information Reports****4.1 Reports by Audit NZ - Interim Management Report and Long Term Plan Consultation Document audit report**

**Moved By** Cr Greg Innes

**Seconded By** Cr Shelley Deeming

That the Committee note the reports.

**Carried**

*Cr Cocurullo joined the meeting at 9.24am during Item 4.1.*

#### **4.2 Internal Audit Report - Procurement May 2018**

**Moved By** Cr Sue Glen

**Seconded By** Cr Cherry Hermon

That the Audit and Risk Committee notes the findings of the internal auditors report on Council's procurement processes and policies.

**Carried**

#### **4.3 Financial Management Activity Update Report - June 2018**

**Moved By** Her Worship the Mayor

**Seconded By** Cr Greg Innes

That the Audit and Risk Committee:

- a. Notes the financial management activity over the previous three months
- b. Receives the Audit Plan and;
- c. Notes the pwc report.

**Carried**

#### **4.4 Health and Safety Report**

**Moved By** Cr Shelley Deeming

**Seconded By** Cr Sue Glen

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

**Carried**

*Cr Cutforth left the meeting at 10.31am during discussions on Item 4.4.  
A tea break was taken following Item 4.4 from 10.32am to 10.48am.  
Item 4.7 was taken following the tea break.*

#### **4.5 Risk Register June 2018 Update**

**Moved By** Cr Greg Innes

**Seconded By** Cr Sue Glen

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

**Carried**

**4.6 Policy Register Update June 2018**

**Moved By** Cr Sue Glen

**Seconded By** Her Worship the Mayor

That the Committee notes the status of the current internal and external policy register.

**Carried**

**4.7 ICT Disaster Recovery Report**

**Moved By** Cr Greg Innes

**Seconded By** Cr Sue Glen

That the Committee acknowledge the report and the prioritisations of the recommendations identified.

**Carried**

*Item 4.5 was taken after Item 4.7.*

**4.8 Internal Audit Action Update**

**Moved By** Cr Sharon Morgan

**Seconded By** Cr Greg Innes

That the Committee notes this report and the status of the internal audit actions.

**Carried**

**5. Public Excluded Business**

There was no business conducted in public excluded.

**6. Closure of Meeting**

The meeting concluded at 11.29am

Confirmed this 26<sup>th</sup> day of September 2018

Councillor Sharon Morgan (Chairperson)





## 4.1 2018 Procurement Policy

**Meeting:** Audit and Risk Committee  
**Date of meeting:** 26 September 2018  
**Reporting officer:** Sue Miller (Manager – Business Support)

### 1 Purpose

To present the final draft of the Procurement Policy for recommendation to Council for Adoption.

### 2 Recommendation

That the Audit and Risk Committee recommends the final draft of the Procurement Policy for adoption by Council.

### 3 Background

Council's Procurement Policy 2015 (Policy 0086) was developed to:

- inform Council's staff, contractors and consultants on behavior that it considers appropriate when conducting procurement activities;
- encourage a common understanding and consistent management practices across Council;
- capture Council's core values and guiding principles and support the delivery of Council's vision.

While there have been regular reviews of this policy, only incremental changes have been made. It was therefore decided a more comprehensive review was required to ensure it met the needs of the entire organisation and reflected best practice.

A Draft Procurement Policy was presented at a Council Briefing on 12 September 2018. Following the discussion, some amendments to the Draft Policy were agreed.

The final draft is attached and includes the amendments agreed to at the Council Briefing.

### 4 Discussion

Following the re-organisation of Council's resources the Business Support team has reviewed all documents of guidance and/or policy regarding procurement.

Draft iterations of the policy have been circulated internally for feedback, with various discussions leading to the development of a final draft.

The new draft policy has been informed by:

- the recommendations from the audit report of BDO in April 2018
- the feedback from the internal consultation
- Local Government Procurement Policies from other councils in New Zealand
- Recent procurement trends
- Feedback from the Northland Chamber of Commerce
- Feedback from Elected Members

#### **4.1 Financial/budget considerations**

Table 2 on page 12 of the final draft policy recommends that the minimum threshold for reporting to Council Committees is raised to \$100,000 per procurement. This table also refers to the reviews that are required by Council teams with specialist expertise.

#### **4.2 Policy and planning implications**

The following areas from the previous Policy have been removed:

- Reference to the Procurement Procedures Manual.
- The requirement to report Variations to the appropriate Committee.

The following areas have been added or significantly expanded:

- Exclusions (treasury management, grants, gifts and koha)
- Alignment with a number of policies, rules, guidelines and legislation
- Thinking strategically and acting as one organisation
- Effective market competition
- Emergency procurement
- Sustainability
- Encourage local supply
- The value of relationships
- Probity
- Health and Safety
- Ethical business practices
- Practical considerations
- Confidentiality and intellectual property
- Keeping records
- Audit and Risk Committee
- Clarification of responsibilities (Guidance Notes section)
- Authorisation / Notification processes (including to Elected Members)
- Risk Matrix (further details below).

The value matrix used in the previous policy has been replaced with a Risk Assessment approach that takes into account the risk related to the procurement, the business expertise and capacity of the staff involved and the value of the procurement. The thresholds have been adjusted to provide more approval discretion to staff with strong knowledge and experience of procurement processes.

## **5 Significance and engagement**

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

## **6 Attachment**

Final Draft - Procurement Policy (2018)



# Whangarei District Council Policy

**Procurement Policy 2018  
FINAL DRAFT**

*Policy #*

Policy title			
<b>Audience (Primary)</b>	Internal	<b>Business Owner (Dept)</b>	Business Support
<b>Policy Author</b>	Manager Business Support	<b>Review date</b>	June 2020

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<b>Policy Author</b>	Manager Business Support	<b>Review date</b>	June 2020

## 1 Introduction

Whangarei District Council (Council) is a territorial local authority with obligations to its ratepayers and the public as defined under the Local Government Act 2002.

This will be achieved by working in partnership with our communities; promoting sustainable management of natural and physical resources; using innovative, cost effective and technically excellent methods; and ensuring decision-making is based on high quality information.

Council recognises that it is a significant user of public money and the expenditure of this money has an impact on the local and domestic economy. As such Council seeks to ensure all procurement of goods, services and works are undertaken and managed in a way consistent with legislation, good practice and a sound business approach.

## 2 Purpose

The purpose of this Policy is to:

- Inform Council staff, and those acting on behalf of Council, of the principles required when conducting procurement
- Encourage a common understanding and consistent management practice across Council to realise procurement-related benefits
- Promote transparency in how Council manages its procurement
- Ensure procurement practices are always consistent with legislation
- Provide potential vendors with information on Council's procurement principles.

## 3 Definitions and Scope

Council requires the organisational procurement function to procure goods, services and works to deliver the levels of service and capital projects in the Long Term Plan, business as usual and emergency situations.

Procurement and contract management is a significant activity of the Council. Council procures a wide range of goods, services and works from an array of different markets. The requirements are diverse and complex, ranging from major and minor contracts with long term partnerships (e.g. roading, facilities management, recruitment and travel) to one off purchases.

From time to time in exceptional situations procurement may need to fall outside the rules of this policy. A variation to operate in this manner must be signed by the Chief Executive or delegate acting for the Chief Executive.

## 4 Exclusions

- Transportation work carried out under New Zealand Transport Authority (NZTA) procurement rules
- procuring permanent and fixed term employment contracts
- day to day treasury management
- grants
- gifts
- koha
- procurement during a state of emergency or time critical situation (see clause 6.5)
- disposal or acquisition of land and interests in land (including leases and licences)
- disposal of assets (other than land and interests in land).
- Projects when Council is engaged with other bodies, councils or consortiums.

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## 5 Alignment

The Procurement Policy is aligned to the following policies, rules and guidelines:

- Whangarei District Council Code of Conduct
- Whangarei District Council Sustainability Policy framework
- Whangarei District Council Health and Safety Policy
- Whangarei District Council Contractor Health and Safety Management Policy
- Whangarei District Council Training, Supervision and Information policy
- Whangarei District Council Delegated Financial Authority Policy
- Whangarei District Council Purchase Order terms and conditions
- Whangarei District Council Koha Policy
- Government Rules of Sourcing
- Controller and Auditor-General's Procurement Guidance for Public Entities, June 2008
- Mandatory Rules for Procurement by Departments (Endorsed by Cabinet 18/04/06)
- Policy Guide for Purchasers issued by the Ministry of Economic Development
- Principles of Best Practice: Construction Procurement in New Zealand issued by the New Zealand Construction Industry Council
- Any other relevant policy adopted by Council over time
- Any such other government policies on procurement which are applicable to local government bodies

Procurement processes and practices must be influenced by the following legislation:

- Local Government Act 2002
- Fair trading Act 1986
- Local Government Official Information and Meetings Act 1987
- Commerce Act 1986
- Public Records Act 2005
- Local Authorities (Members' Interests) Act 1968
- Public Finance Act 1989
- Contract and Commercial Law Act 2017.

## 6 Principles

Council expects all staff to ensure that the following principles are considered in every procurement of goods, services and works.

### 6.1 Transparency and accountability

Council is accountable for the use of public money through procurement, and must be able to give complete and accurate accounts of how public funds have been used and contracts awarded. This will be achieved by:

- Following consistent processes and procedures that are in line with accepted good practice for public sector organisations and allow for transparency of decision-making
- Maintaining appropriate records and minutes relating to procurement activities that allow for subsequent review of the decision-making process
- Conducting all procurement in a fair, consistent, accurate and unbiased manner, acting in good faith
- Considering all procurements in their own right, and the principles of the policy are adhered to
- Managing procurement in a timely manner so that where it is required, goods, services and works are provided seamlessly
- Goods, works or services are identified through the LTP / Annual Plan and budgeting process, or by specific Council resolution
- The procurement of non-budgeted goods, works or services must be approved by the appropriate delegated authority and documented accordingly
- All procurement decisions and commitments are in accordance with the delegated authorities recorded in the Delegations Register



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- Not accepting gifts or gratuities from prospective suppliers who are actively tendering or negotiating for Council contracts
- Declaring all personal interests that may affect (or could be perceived to affect) their impartiality. The conflict of interest declarations are required routinely at the beginning of the procurement process by everyone involved in the process, and again if you are a member of the evaluation team. The conflict or interest form is a template in the Procurement Templates file and when completed becomes a public record, and must be managed as such.

## 6.2 Value for money

Council has a responsibility to manage its resources in an effective and efficient manner. Council will seek the best possible outcome for the total cost of ownership (or whole of life cost). This will be achieved by:

- Basing procurement decisions on whole-of-life costs (or total cost of ownership) rather than just consideration of the lowest price
- Including an appropriate balance of financial and non-financial (eg. functional, technical, environmental, quality, performance, risk etc) evaluation criteria in procurement decision making
- Subjecting proposals and tenders received by suppliers to robust evaluation processes, including benchmarking, and / or comparison of value between proposals or bids
- Periodically reviewing and benchmarking Council's supply arrangements, to ensure best value is being achieved
- Selecting procurement methods and forms of contract that are appropriate to the scale (value risk and complexity) of the Council's requirements
- Ensuring that suppliers acknowledge and agree that any disbursements, surcharges or margins invoiced to Council must be an identifiable cost relating to the respective project and pre-approved by Council in writing.
- Utilisation of standardisation, standard templates and contracts as appropriate.

## 6.3 Thinking strategically and acting as one organisation

When making procurement decisions Council will consider long term benefits, economic impacts, consequences and implications to the whole organisation and wider community. Council departments are expected to act collaboratively, to leverage supply requirements and achieve best value. This will be supported by:

- Forward planning of procurement activities in conjunction with contract expiries to ensure that sufficient time and resources are available
- Ensuring that staff with the responsibility for managing and overseeing procurement activities are suitably skilled and experienced, and external advice and capability is utilised only when appropriate
- Ensuring that suppliers comply with Council's standard terms and conditions at all times. Any material terms and conditions proposed by suppliers and any material variations to Council's standard terms and conditions shall be reviewed and approved by Legal Services before Council execution.
- Ensuring that if Council engages a third party to procure goods, services or works on Council's behalf, that third party adheres to this Procurement Policy.
- Asking suppliers to apply innovative thinking and provide advice to Council to ensure continuous improvement of goods, services and works procured.

## 6.4 Effective market competition

Council recognises that the development of competitive supply markets will ensure sustainable sources of supply, and where mature markets exist a competitive procurement process is likely to result in a better procurement outcome for Council. Therefore, all preferred suppliers must have a reasonable opportunity to participate in all Council procurements. This will be achieved by:

- Ensuring that Council's position is to engage suppliers in good faith
- Ensuring that at the expiry of the contract term, the goods, services or works required by Council are retendered and the contract is not automatically rolled over unless there is good reason to do so and as such the rationale is clearly recorded and authorised by staff with the appropriate delegated authority.

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## 6.5 Emergency procurement

In an emergency or urgent situation, it may not be possible to satisfy these procurement principles. Parts of the procurement process may therefore be dispensed with to react quickly to genuinely unforeseen urgent circumstances. Relevant criteria are:

- Life, property or equipment are immediately at risk; or
- Standards of public health, welfare or safety need to be re-established without delay (such as disaster relief).
- Service interruption will have serious consequences

Council must still act lawfully and with integrity, be prepared to account for all emergency procurements and act within delegated authority.

## 6.6 Sustainability

The Local Government Act 2002 requires local authorities to take a sustainable approach when procuring goods, services and works.

Sustainable procurement is defined as meeting the needs for goods, services, utilities and works, not only on a private cost–benefit analysis, but with a view to maximizing net benefits for Council and the wider community. In doing so Council will incorporate extrinsic cost considerations into decisions alongside the conventional procurement criteria of price and quality. The sustainable impacts of a potential supplier's approach will also be assessed as a form of quality consideration. These considerations are typically divided thus: environmental, economic and social.

Council is committed to the implementation of a Climate Change Strategy, prioritising the reduction of greenhouse gas emissions, and will look for opportunities to positively act on the environmental, social, economic and cultural wellbeing of our communities.

## 6.7 Encourage local supply

Local suppliers should be given a fair opportunity to compete for Council business. Council will promote the local economy through providing full and fair opportunity to local suppliers to compete for Council business. This will be achieved by:

- Ensuring local suppliers are included within invitations to tender and quote whenever practical
- Publishing a schedule of planned procurement opportunities on the Council website, and publicly advertising tender opportunities when appropriate
- Considering potential commercial and practical advantages in purchasing locally produced goods and services
- Considering local economic implications when planning major procurement activities and packaging work for contracts
- Ensuring that all tender documents be worded in such a way as to enable a comparison between New Zealand and overseas produced goods and services, where relevant.

Where there are specific requirements for a supplier to have a local presence, this should be identified in the planning stage of the procurement and the evaluation weighted accordingly. Having given local suppliers a fair opportunity and assessed any commercial or practical advantages associated with local supply, staff are required to make purchasing decisions based on the evaluation criteria determined in the planning phase of the procurement.

## 6.8 The value of relationships

Council recognises the value of effective and honest relationships with suppliers and other stakeholders involved in procurement activities. Developing long term and mutually beneficial relationships with key suppliers and commercial partners will support Council in achieving best value. Council will actively manage contracts and relationships, to sustain and increase supplier performance through the full contract term.

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## 6.9 Fairness and lawfulness

As a public entity, Council's overriding and fundamental public law obligation is always to act fairly and reasonably. Council must comply with all relevant and applicable legislation. The Council must not, except to the extent required by law, disclose confidential information that would prejudice legitimate commercial interests of a particular supplier or might prejudice fair competition between suppliers, without the written authorisation of the supplier that provided the information. Staff should seek legal advice on how to reconcile duties of this nature with Council's contractual or common law obligations to maintain commercial confidentiality.

## 6.10 Risk Management

The Office of the Auditor General defines Procurement as;

"All the business processes associated with purchasing, spanning the whole cycle from the identification of needs to the end of a service contract or the end of useful life and subsequent disposal of an asset".

Risks associated with procurement are deemed to be associated with "Whole of Life" costs and staffs understanding of, and experience with, procurement.

The Risk Matrix (appendix 1) takes into account these aspects of procurement, thus determining a risk category for each specific procurement activity. In addition to specific procurement expertise there are times when risks are managed or reduced through the engagement of Financial and Legal reviews.

Irrespective of risk, all procurement must have approved budget prior to commencing the procurement process. The Delegated Financial Authority Policy applies in full to all Procurement.

The Business Support Manager can provide advice if there is any uncertainty around process.

## 6.11 Probity

For large and complex or potentially controversial contracts and in consultation with the Manager, Business Support, it may be appropriate for the appointment of a probity advisor. A probity advisor will provide external scrutiny and ensure the integrity of the process.

## 6.12 Professional Services

It is a requirement that the selection of Professional Services from contractors or consultants will be transparent and be managed to ensure value for money. The best consultant will be selected and a clear specification for the task to be undertaken. This must include timeframes for completion, rates of payment, and terms of payment. If there is only one possible avenue of engagement a variation to policy must be signed off by the Manager with the relevant delegated financial approval for the value of the engagement. The procurement process for goods and other services, equally applies to professional services.

# 7 Key Considerations

## 7.1 Approved budget, delegations and financial authority

Staff must not commit Council to any purchase unless there is an approved budget and they have the delegated authority for the expenditure. The budget must be sufficient to cover the total cost of purchase including any related or ongoing obligations such as maintenance.

## 7.2 Health and safety

Council is ultimately responsible for the health and safety of all staff and contractors working for Council. As such due care must be given to the assessment of contractors health and safety plans throughout the procurement and contract management process.

All new suppliers and contractors of good and services must go through Council's health and safety approval process.

Any new contractors working with asbestos, must also go through the Council's asbestos approval process.

Any new chemicals purchased must include a current copy of the Safety Data Sheet (SDS), which is to be made available to exposed workers, prior to use.

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### 7.3 Electronic business capabilities

Electronic business capability will be encouraged to maximise the efficiency and effectiveness (including cost-effectiveness) of Council's business processes and procurement activities. Suppliers will be required to;

- comply with Councils ICT policies
- use Council systems, information and business processes that relate to the sourcing, ordering, invoicing and payment of goods and services. This includes the purchase to pay process.
- use electronic business and e-commerce for ordering, invoicing or payment where this delivers clear business benefits
- encouraging the use of e-tenders as technology allows

### 7.4 Ethical business practices

Council is expected to operate ethically and expects that its suppliers will respect human rights and;

- Not use forced, bonded or compulsory labour
- Not use inappropriate child labour in the supply chain
- Refuse to accept unlawful discrimination of any kind in working relations
- Consider flexible working relationships to promote work/life balance
- Provide a healthy safe working environment for all employees in accordance with international standards and laws.

### 7.5 Practical considerations

- The procurement requirements and resulting contractual arrangements should be as simple and practical as possible, considering the amounts involved, the complexity, and the level of risk. It is appropriate to consider compliance costs for both parties, and seek to reduce them where possible.
- Where possible Industry Standard Tender and Contract templates to be utilised.
- The contractual arrangements may need to fit with the overall context of a more general relationship the external party may have with Council or other relevant local government and government organisations
- Council will identify the risks of the procurement process and contractual agreement and consider how to manage and or mitigate those risks. The key is to get the right balance between risk and expected benefit, and to do so consciously
- Where a significant risk is identified or there are significant issues with respect to contractual terms, staff are required to obtain guidance and approval from Council's Legal Services before proceeding with procurement.

### 7.6 Confidentiality and intellectual property

Confidentiality is an important aspect of any competitive procurement process and the council must take particular care when handling commercially sensitive information. Confidentiality obligations apply throughout the entire procurement process and also after the contract has terminated or expired.

This can include:

- not including information that is confidential to a particular supplier in the documents
- handling questions and answers during the process
- site visits and discussions with suppliers during the process
- evaluations of proposals – taking care about storage of documents and where they are reviewed
- not discussing proposals with people outside the decision-making process
- not sharing or releasing suppliers Intellectual Property.

Seek legal advice where Council needs to balance confidentiality requirements with statutory requirements for disclosure and consultation. For example; disclosure obligations under the Local Government Official Information and Meetings Act 1987 balanced with the protection of sensitive information.

### 7.7 Keeping records

Council must keep adequate records of all procurement decisions. The Public Records Act 2005 requires public entities to create and maintain full and accurate records of its activities as well as records of any functions of Council contracted out to another party.

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Key information to be managed as records should include:

- Significant draft information used in the decision making process
- show that it followed due process and observed the basic principles set out in this policy
- establish that it identified and appropriately managed potential conflicts of interest issues
- all key documents that were published to the open market or sent to suppliers
- questions from suppliers and corresponding answers
- all decisions
- record the outcomes of team evaluations and decisions
- provide evidence for accountability and audit purposes
- plan any subsequent procurement.

Council will keep procurement records in the approved enterprise management and content system(s). Documents will be retained or have disposal applied according to the retention and disposal schedule approved by Archives New Zealand.

## 8 Audit and Risk Committee

The Business Support Manager will report on policy adherence to the Audit and Risk committee.

## 9 Review

Council will review the Policy within 24 months of the date of adoption. Subsequent reviews will be completed on a triennial basis.

## 10 Adoption

This Policy has been approved for adoption by the Manager, Business Support and the General Manager Corporate Services.

\_\_\_\_\_  
Manager - Business Support

\_\_\_\_\_  
Date

\_\_\_\_\_  
General Manager - Corporate

\_\_\_\_\_  
Date

Policy adopted by Council Resolution on

Policy title			
<b>Audience (Primary)</b>	Internal	<b>Business Owner (Dept)</b>	Business Support
<b>Policy Author</b>	Manager Business Support	<b>Review date</b>	June 2018

## Appendix 1: Guidance Notes

- It is recommended that if you are unsure of the process to proceed, then contact the Procurement Coordinator or Manager Business support, prior to commencing any procurement. This ensures that all aspects of procurement are considered prior to commencement and mitigates risks for Council.
- The overall responsibility for the procurement process is the “procurement lead” identified prior to the commencement of the process. The procurement lead is likely to be the Project manager, Department Manager or Procurement Coordinator.
- The responsibility for the outcome of the procurement is generally the department manager. However, all procurements must be approved as per the delegated authority policy and appropriate approvals in place before any purchase is made. If the delegated authority sits with the General Manager they may take responsibility for the outcome of the procurement.
- Roles and responsibilities should be established within the project governance structure at the commencement of the procurement.
- In some instances, a business case is required for approval, and likewise in some instances there are valid reasons for completing a project plan as well as a procurement plan.
- All procurements require careful planning and engagement of key stakeholders.
- All procurement requires a service specification detailing the business needs and “the procurement”.
- A single-source contract is bypassing the competition, following a comprehensive review of all suppliers, to sign with a single company and pass up the opportunity to work with other suppliers. This is often related to the quality of the goods or services.
- A sole-source contract is when there is only 1 supplier option. It is recommended that the term of a contract with a sole-source supplier is for no longer than 2 years so that the market is revisited for supplier options.
- All documents are to be correctly filed in Kete.
- Contract templates are available in Kete.
- Any written evidence of market search against a purchase order should be stored with it (i.e quotes, brochures etc).
- All supplier credit information must be approved and in place before any purchase is made.
- Standardisation of purchase orders is achieved through the use of Council’s “Purchase to Pay” process. Consult with the Procurement Coordinator or Finance if further information on this process is required
- Health and safety conditions must be approved before commencement of work.

If you are unsure of ANY aspect of Procurement you can contact the following people for advice or recommendations:

- The Procurement Co-ordinator
- The Manager Business Support
- The Council Legal Advisor

Policy title			
<b>Audience (Primary)</b>	Internal	<b>Business Owner (Dept)</b>	Business Support
<b>Policy Author</b>	Manager Business Support	<b>Review date</b>	June 2018

## Appendix 2: Risk Matrix for Procurement of Goods or Services

Recommendations;

1. Determine the Whole of Life Costs for the Procurement (Y axis)
2. Is there expertise and/or capacity in the Department to lead and support the Procurement? (X axis)
3. Based on 1 & 2 and Table 1 below, determine the RISK
4. The Price Comparison determines the Procurement Process
5. Table 2 identifies the reviews required based on RISK, whole of life cost, and Delegated Financial Authorities (DFA's).

Table 1

PRICE COMPARISON	RISK MATRIX FOR PROCUREMENT of GOODS or SERVICES						
OPEN TENDER	WHOLE OF LIFE COST OF PROCUREMENT	>\$10mil	MODERATE RISK	HIGH RISK	HIGH RISK	EXTREME RISK	EXTREME RISK
OPEN TENDER		\$3.5mil-\$10mil	LOW RISK	MODERATE RISK	HIGH RISK	HIGH RISK	EXTREME RISK
OPEN TENDER		\$250,001- \$3.5mil	LOW RISK	LOW RISK	MODERATE RISK	HIGH RISK	HIGH RISK
3 or more quotations (QUOTE PACK)		\$100,001- \$250K	NEGLIGIBLE RISK	LOW RISK	LOW RISK	MODERATE RISK	HIGH RISK
sole source from pre-approved suppliers or subject matter experts		<\$100.000	NEGLIGIBLE RISK	NEGLIGIBLE RISK	LOW RISK	LOW RISK	MODERATE RISK
			EXTREME	HIGH	MODERATE	LOW	NEGLIGIBLE
			BUSINESS EXPERTISE AND CAPACITY TO LEAD AND SUPPORT PROCUREMENT				
			Frequent Procurement using Standard Templates	Occasional Procurement using Standard Templates	Occasional Procurement	Infrequent Procurement	Rarely involved in Procurement or Never

Policy title			
<b>Audience (Primary)</b>	Internal	<b>Business Owner (Dept)</b>	Business Support
<b>Policy Author</b>	Manager Business Support	<b>Review date</b>	June 2018

Table 2

RISK CATEGORY	GUIDANCE	FINANCE REVIEW	LEGAL REVIEW	Report to Council Committees
<b>NEGLECTIBLE RISK</b>	Proceed as per policy & INFORM Business Support	N/A	If amendments to standard contract terms (eg NZS3910) are proposed. If recommended by the Procurement Coordinator	\$100K- \$250K Inform relevant Council Committee of contracts approved under DFA Policy
<b>LOW RISK</b>	Proceed as per policy & CONSULT with Business Support	If Procurement in excess of \$250K, ensure financial expertise included in planning or alternatively contact Finance Department	If amendments to standard contract terms (eg NZS3910) are proposed If recommended by the Procurement Coordinator All procurement <\$3.5mil	\$100- \$3.5M Inform relevant Council Committee of contracts approved under DFA Policy \$3.5M - \$10M Report to relevant Council Committee for approval of Procurement Plan and approval to award contract
<b>MODERATE RISK</b>	CONSULT with Business Support prior to commencement	Procurement in excess of \$250K	If amendments to standard contract terms (eg NZS3910) are proposed If recommended by the Procurement Coordinator All procurement <\$3.5mil	\$100K- \$3.5M Inform relevant Council Committee of contracts approved under DFA Policy \$3.5M - \$10M Report to Council Committee for approval of Procurement Plan and approval to award contract. \$>10Mil report to Full Council for approval of Procurement Plan, and approval to award contract
<b>HIGH RISK</b>	CONSULT with Business Support prior to commencement	ALL Procurement	If amendments to standard contract terms (eg NZS3910) are proposed If recommended by the Procurement Coordinator All procurement <\$3.5mil	\$100K- \$3.5M Inform relevant Council Committee of contracts approved under DFA Policy \$3.5M - \$10M Report to Council Committee for approval of Procurement Plan and approval to award contract. \$>10Mil report to Full Council for approval of Procurement Plan, and approval to award contract
<b>EXTREME RISK</b>	CONSULT with Business Support prior to commencement	ALL Procurement	ALL Procurement	\$3.5M - \$10M Report to Council Committee for approval of Procurement Plan and approval to award contract. \$>10Mil report to Full Council for approval of Procurement Plan, and approval to award contract



## 5.1 Audit New Zealand – Verbal Report

**Meeting:** Audit & Risk Committee  
**Date of meeting:** 26 September 2018  
**Reporting officer:** Athol Graham (Audit NZ) / Emily Thompson (Audit and Risk Analyst)

### 1 Purpose

To provide an update to the committee on the recently completed external audit for 2017-18.

### 2 Recommendation/s

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

### 3 Background

The external audit has been completed for the financial year end June 2018. The final report is due to be provided to staff during the week of the Audit and Risk committee. This report will be presented in its entirety to the December meeting of this committee.

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

### 4 Significance and engagement

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



## 5.2 Financial Management Activity Update Report

**Meeting:** Audit and Risk Committee  
**Date of meeting:** 26 September 2018  
**Reporting officer:** Delyse Henwood (Finance Manager)

### 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.

### 3 Discussion

#### 2017-18 Annual Report

We are on track for Council adoption of the 2017-18 Annual Report at the 27 September 2018 Council meeting. Audit New Zealand commenced their final audit on 27 August. At the time of preparing this agenda the audit was progressing well with no material changes identified.

The Audit Plan for the 2017-18 Annual Report sets out the significant risks/issues identified by Audit NZ. The table below lists these risks and provides commentary on how they have been addressed for the 2017-18 year:

Audit NZ Risk/Issue	WDC's approach or response
<b>Capitalisation of work in progress (WIP)</b>  Ensuring completed assets are capitalised in a timely manner.	WIP balances are reviewed periodically throughout the year. At year end the remaining WIP balance was reviewed to ensure projects were capitalised once complete and final as-builts had been received.

Audit NZ Risk/Issue	WDC's approach or response
<p><b>Valuation of property, plant and equipment and investment properties</b></p> <p>Ensure valuations are carried out with enough regularity to ensure that the carrying amount does not differ materially from its fair value</p>	<p>Councils roading and investment properties were revalued this year in line with our accounting policies.</p> <p>Property market movements earlier on in the year indicated a likely material increase in the fair value of pensioner housing. Consequently, a revaluation of pensioner housing was undertaken this financial year (one year ahead of the standard 5 year revaluation cycle).</p> <p>Non-roading infrastructure was revalued last financial year and staff are comfortable that the carrying value is not materially different from fair value.</p>
<p><b>Hundertwasser Wairau Maori Arts Centre (HWMAC)</b></p> <ul style="list-style-type: none"> <li>• Building and improvements ownership</li> <li>• Disclosure of guarantee arrangements</li> <li>• Appropriate accounting treatment and disclosure of lease</li> <li>• Revenue recognition</li> </ul>	<p>We sought external advice to confirm our understanding of the correct accounting treatment surrounding the HWMAC transactions. In summary:</p> <ul style="list-style-type: none"> <li>• WAMT will control the HWMAC building, so for financial reporting purposes, the building will be recorded on WAMT's balance sheet.</li> <li>• Details of the guarantee arrangements are disclosed in the contingent assets and liabilities note to the financial statements.</li> <li>• The peppercorn lease is recognised on a straight-line basis over the lease term. Future IPSAS changes to the lease standard may require additional accounting treatment.</li> <li>• Pledges, grants and donations were analysed to determine the correct revenue recognition.</li> </ul>
<p><b>Significant projects – Whau Valley Water Treatment Plant and Council One Building Project</b></p> <p>Importance of necessary procurement, project government and management processes</p>	<p>Council will undertake appropriate actions to ensure adequacy of:</p> <ul style="list-style-type: none"> <li>• project governance and management structures;</li> <li>• procurement and project management processes applied; and</li> <li>• risk management practices.</li> </ul>

## Treasury Risk Management

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

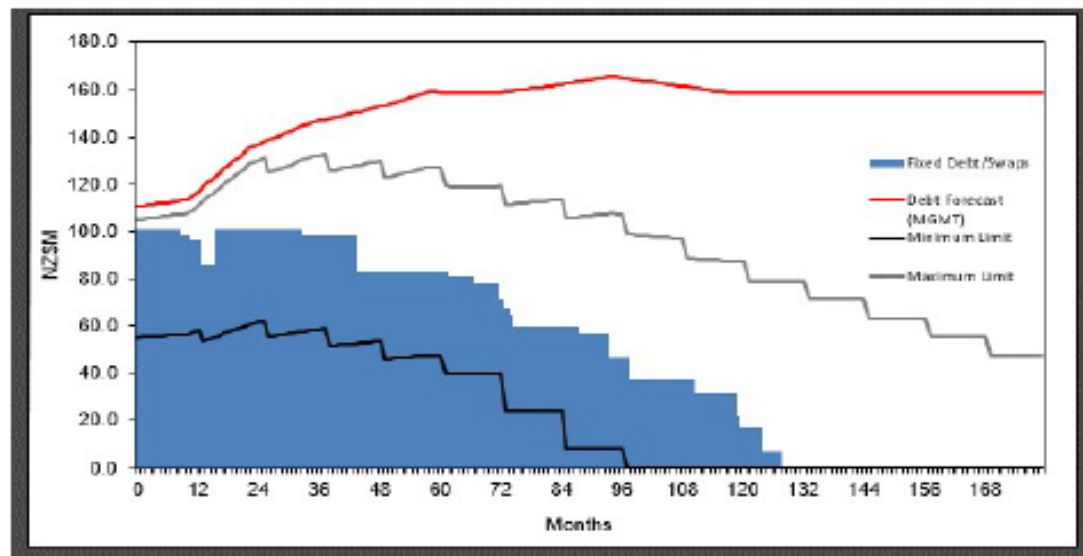
### TREASURY RISK REPORT

31 August 2018



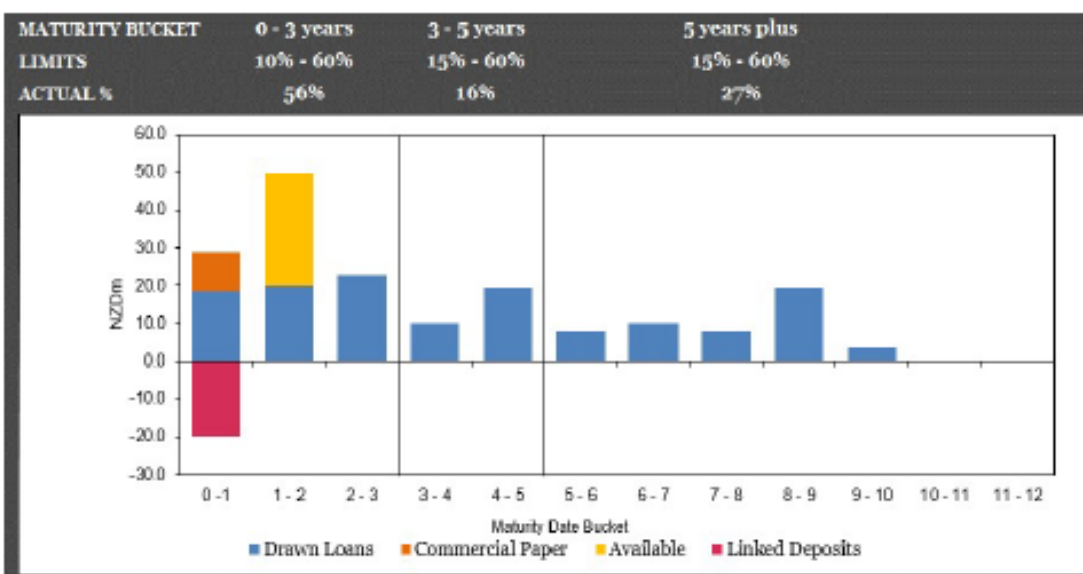
#### Fixed Interest Rate Hedge Position

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).

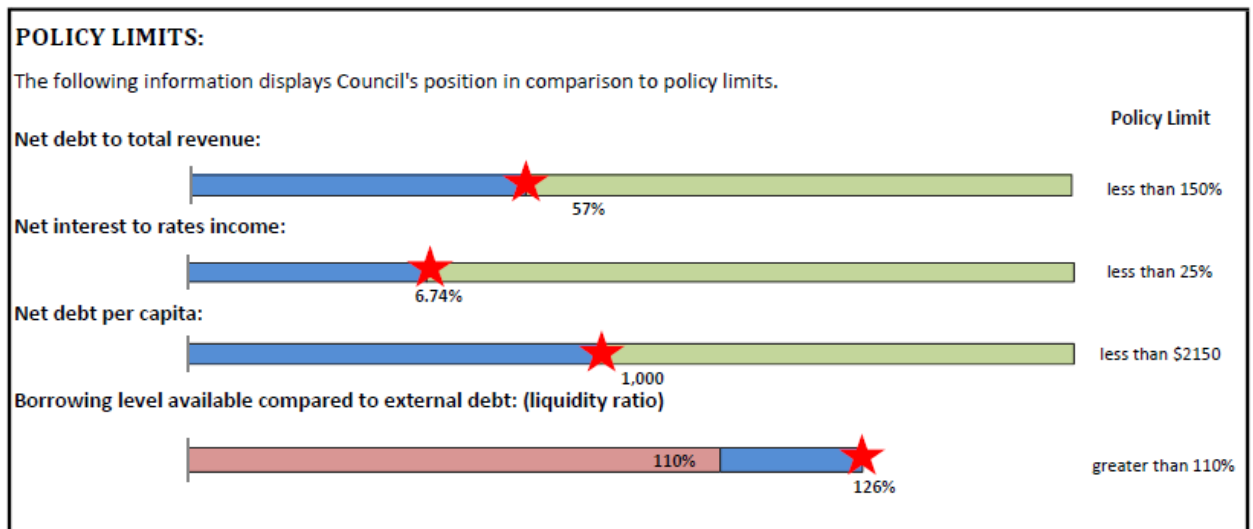


#### Funding Maturity

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	4.66
Weighted average duration of Swaps	7.43



### Internal audit

Staff have engaged BDO to undertake another internal audit of operational processes. The audit will focus on the revenue receipting and collection processes.

### Tax

Our external tax advisors PWC have lodged a voluntary disclosure on our behalf with Inland Revenue. This disclosure covered two adjustments:

- GST that was not returned on the sale of rubbish bags (\$140,380.90); and
- FBT on group life insurance that Council has for its employees covering a two year period (\$81,164.90).

Inland Revenue has not yet issued a notice of reassessment.

The property tax review is still in progress due to priority being placed on the prepared of the 2017-18 Annual Report. An update will be provided at the December Audit and Risk Committee meeting.

## 4 Significance and engagement

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

## 5.3 ICT Risk Report – September 2018

**Meeting:** Audit and Risk Committee  
**Date of meeting:** 26 September 2018  
**Reporting officer:** Alan Adcock – GM Corporate Services

### 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 Council's business operations. Governance of ICT risks is an executive and board level responsibility. This report 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 compared to last year. 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.

The most prevalent threat in New Zealand over the past month or two has been email hacking in order to send out false invoices. The hackers compromise corporate mail servers, setup new forwarding rules, and then send fake invoices to organisations in the hope that some of them will get paid into the hacker's bank accounts or crypto currency wallets.

Council operates a third-party mail firewall application that ensures forwarding rules cannot be externally manipulated.

All organisations need to have applicable financial controls to ensure they do not automatically pay invoices without appropriate checks. Council uses a purchase order number control to ensure we are not victims of this type of fraud.

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.

## **4.2 Typeform Breach**

The Typeform solution is used by many councils to gather feedback on consultations. Council uses this solution on:

- [momentum.co.nz](https://momentum.co.nz)
- [planchanges.heretowhere.co.nz](https://planchanges.heretowhere.co.nz)
- [heretowhere.co.nz](https://heretowhere.co.nz)

A third-party gained access to the Typeform servers and was able to access backups holding several customer's data. The breach was closed to the source within 30 minutes but some data had already been downloaded.

The Council data that was compromised only impacted six respondents' details and these details included name and email address. The respondents were contacted by the GM Corporate/CFO advising of the data breach. None of them responded with any concerns.

TypeForm immediately initiated a comprehensive review of their system security and have identified the source of the breach and have also addressed that security vulnerability. They continue to take significant measures to prevent this type of situation from happening in the future, including a full-scale review of their security. Their engineers closely monitored the platform, and have found no evidence of any recurrence of the incident to date.

Council has also reviewed our process in establishing what mandatory information is needed on our forms.

## **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 have tested our Disaster Recovery (DR) process by performing a production wide test in April. All critical services were "switched-over" to our DR site based in Auckland. The test was a huge success and puts Council at the forefront of testing DR plans. There were a few improvements highlighted during the post implementation review with the critical recommendations currently being actioned.



#### 4.4 Trilogy Phase 2 – Strategic Project Risks

The projects operating under the Trilogy Phase 2 programme maintain and manage a shared programme risk register. Key risks are 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 and cost overruns.	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.	Escalation process is underway at Technology One to review commitment, schedule and costs – outcome due 14 September and is looking favourable to WDC.	High
Corporate Performance Management (CPM)	Lack of buy in from stakeholders to perform key operational tasks required to enable Corporate Performance to be reported at planned levels.	Lack of engagement at Executive sponsorship level to drive the model and discipline to incorporate corporate performance reporting in regular operations.	Sponsor and Executive Sponsor to provide key leadership for the process changes, business value drivers and lead ongoing implementation of 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. Unplanned work.	Hold the line on the agreed 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 Health and Safety Report

**Meeting:** Audit and Risk Committee  
**Date of meeting:** 26 September 2018  
**Reporting officer:** Desarae Williams

### 1 Purpose

To provide the Audit and Risk Committee with information on key health and safety (H&S) risks, updates 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 highest H&S risks at the Whangarei District Council workplace. Fire and emergency has been added following heightened awareness of this risk through recent emergency training provided.

The committee queried in the last meeting, when reviewing traffic risks, whether people speeding through red lights was being sufficiently addressed. While largely a Police matter,

road safety is a key consideration and we work and collaborate with many agencies over traffic safety in general. However, poor driver behaviour is difficult for Council to control.

### **Injuries and reported incidents**

Table 1 below shows incidents and injuries in the last quarter. The upward trend of lost time injuries relates to manual handling injuries sustained by Northland Waste Ltd operators.

The upward trend of incident reporting is mainly from contractors. High incident reporting can be taken as a positive sign. This increase follows messages to our contractors regarding the requirement to report near misses, vehicle incidents and property damage that could have potentially caused harm.

Our council staff have also been reminded of the importance of reporting discomfort in the workplace due to workstation set ups and aggressive persons' events. Again, because of this, reporting is higher than previous years. Security events are increasing in the library where we are seeing a rise in people with mental health needs and who view the library as a safe place to stay during the day.

Staff have also being encouraged to report workplace 'stress' issues so they can be addressed. Staff have possibly felt less comfortable reporting this in the past, but with the support provided, solutions put in place to address the causes and more openness on this topic, staff may now feel more comfortable reporting now.

<b>Injury Type</b>	<b>Employee April – June 2018</b>	<b>Contractor April – June 2018</b>	<b>Public April – June 2018</b>	<b>Totals April – June 2018ls</b>	<b>Trend Since last quarter</b>
Injury event to WorkSafe NZ	0	0	0	0	Same
Lost time injury (injury needing days off)	0	3	0	3	↑
Medical treatment Injury (visited doctor or physio)	2	8	5	15	↓
Occupational health exposure	2	0	0	2	↑
Minor injuries (First Aid)	10	17	4	31	↓
Pain and Discomfort	10	6	0	16	↓
Incidents	23	131	3	157	↑

*Table 1: Council workplace injuries 1 April – 30 June, 2018*

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

The increased medical injury reporting comes from contractors. Not all of our contractors define medical treatment injuries in the same way we do. Our definition includes people who visit a doctor, physiotherapist or other medical practitioner for treatment. Some organisations have other parameters around this. e.g. that if the doctor did not touch the person then it is not interventive 'treatment'. Most injury reports come from Northland Waste Ltd., which undertake many high-risk tasks. It needs to be noted that both the number of severe injuries and the severity has been steadily decreasing over the last few years.

Minor injuries and pain and discomfort are slightly up, again mainly due to increased contractor reporting.

The increase in reporting could also be as a result of a recent improvement initiative which has made the process for reporting easier.

Due to the ever-present likelihood of human error, it is likely that we never reach a zero injury/incident state, although we should aim for that.

Incident Type	2013-2014	2014-2015	2015-16	2016-2017	1/7/17 to 30/6/18	Trend since previous year
Injury notifiable to WorkSafe NZ	3	6	2	3	0	↓
Lost Time Injuries	13	14	7	11	11	Same
Medical Treatment Injuries	37	19	46	51	77	↑
Occupational health exposure	0	0	0	11	4	↓
Minor Injuries	40	46	74	127	160	↑
Pain and Discomfort	9	18	84	109	138	↑
Incidents	137	116	382	283	389	↑

*Table 2: Council workplace injuries over last five financial years*

## Legislation

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

## Training

Table 3, overleaf, shows a summary of training undertaken since the last report.

We are now using a new training component in Tech One, to record and manage H&S training.

Internal training	External training
<ul style="list-style-type: none"> <li>• Several emergency evacuation training for Forum North based people</li> <li>• Various fire warden trainings and refreshers</li> <li>• Contractor H&amp;S management training</li> <li>• Inergen (fire suppressant) system risk awareness</li> <li>• Chemical inventory training</li> <li>• Tech one safety system training</li> </ul>	<ul style="list-style-type: none"> <li>• Confined Space Entry</li> <li>• Working at heights</li> <li>• Site Safe passports</li> <li>• H&amp;S Legislation</li> <li>• Customer Conflict and H&amp;S for Field Officers</li> <li>• Sleep, fatigue and shiftwork awareness</li> <li>• First Aid</li> <li>• Mental health 101</li> </ul>

*Table 3: Summary of health and safety training undertaken June 12 – September 5, 2018*

### **Emergency Systems**

There is an annual schedule of emergency drills for all sites and all types of emergencies for the coming year. So far in this quarter we have done drills on; emergency evacuation, first aid events, chemical spills, receipt of suspicious mail and parcels, armed robbery, dealing with aggressive customers and panic alarms.

### **Audits and monitoring**

In the last report, the committee were informed of a pending decision regarding external health and safety monitoring to replace the now defunct ACC Audit process. A decision to implement a future Worksafe/ACC Safeplus assessment has now been made, in the absence of any clear external direction. The committee will be advised of any future progress in this area.

## **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 publication on the website.

## **6 Attachment**

Highest Health and Safety Risks, September 2018.

## Attachment 1: Highest Health and Safety Risks in Whangarei District Council ‘workplaces’

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

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

Risk Description	Cause of the Risk	Consequence/ impact of an event happening	Inherent Risk Rating	Controls in Place	Residual Risk Rating	Future Controls	Future Risk Rating
	Poor driving behaviour of our workers, causing accidents and injuries.  <i>Note: Why this risk remains so high, is the lack of control we have as council in controlling the behaviour of the public.</i>			<ul style="list-style-type: none"> <li>Staff informed of requirements</li> </ul>			
Workplace stress and fatigue	Work overload, working long hours and overtime (for a long period of time), bullying and other unreasonable behaviours, including unresolved conflict.  This can be compounded by out of work issues.	WorkSafe NZ notifiable injury	Critical	<ul style="list-style-type: none"> <li>EAP (Employee Assistance Programme) system available</li> <li>Encouragement to early report and resolve issues</li> <li>Policies in place giving guidance</li> <li>Fatigue management processes in place and monitoring</li> <li>Leader awareness of issues, with individual plans to resolve</li> <li>Support of individuals from People and Capability team</li> <li>Monitoring of this area and reporting</li> </ul>	High		
Contractors creating risks in the workplace	Contractors injuring themselves and others when undertaking council work or while at council workplace.	Multiple fatalities WorkSafe NZ and likely prosecution, affecting workers	Critical	<ul style="list-style-type: none"> <li>Initial health and safety appraisal system, using a prequalification requirement of being SiteWise approved to 50% or more</li> <li>Annual review of existing contractors</li> <li>Stringent asbestos removal controls</li> <li>Monitoring processes</li> <li>Contractors informed of requirements and standards, with regular communication to contractors</li> <li>Council staff trained in requirements</li> </ul>	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"> <li>Contractor Management policy in place</li> <li>Permit to Work system in place</li> <li>Lockout system in place</li> <li>Induction of contractors</li> </ul>			
Slips and trips	Slippery surfaces, unrecognised trip hazards, people not paying attention	WorkSafe NZ notifiable injury affecting workers	High	<ul style="list-style-type: none"> <li>Encouragement of reporting and remedying of the risk as soon as possible</li> <li>Workplace inspections</li> <li>Worker awareness</li> </ul>	Medium		
Work at heights (WAH)	Falling from height	WorkSafe NZ notifiable injury affecting workers	High	<ul style="list-style-type: none"> <li>WAH training, with two-yearly refresher requirements</li> <li>WAH permit to work in place for high risk work at height</li> <li>WAH reviews and audits</li> <li>WAH Policy and procedures</li> <li>Fall prevention hardware, such as handrails and use of scaffolding</li> <li>Use of Elevated work platforms</li> <li>Assessments of risk and plans to work safely</li> <li>Supervision and monitoring</li> <li>WAH gear and equipment checked and certified</li> </ul>	Medium		
Confined space entries (CSE)	Entry into confined spaces where there is; insufficient oxygen, the risk of toxic or solvent chemicals, engulfment and energy sources or processes that could start up.	Multiple fatalities WorkSafe NZ Prosecution	High	<ul style="list-style-type: none"> <li>Requirement to use CSE permit to work and suitable procedures</li> <li>CSE policy and procedures</li> <li>Only trained workers to enter with a two-yearly refresher requirement</li> </ul>	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
		affecting workers		<ul style="list-style-type: none"> <li>CSE registers in place, making it clear what is a confined space</li> <li>Air &amp; gas monitoring requirements before and during entry</li> <li>Rescue plans planned in advance</li> <li>Monitoring and supervision</li> <li>Notification to our contractors about our standards and requirements</li> </ul>			
Fire and emergency in workplaces	<p>Unplanned fire, bomb threat, gas leak and similar causing the need to evacuate a building.</p> <p>Crowd control can become a risk in some workplaces, with the potential for crushing, if people panic.</p>	Multiple fatalities (But low probability)	High	<ul style="list-style-type: none"> <li>Drills held six monthly in most workplaces, or annual table top review in small workplaces</li> <li>Procedures in place, that are regularly reviewed and updated</li> <li>Trained fire wardens</li> <li>Sprinkled buildings</li> <li>Approved fire evacuation schemes in place</li> <li>Emergency lighting and systems in place</li> </ul> <p>Workers informed of risks and procedures to adhere to</p>	Medium	Hard wired smoke detectors	
Seismic risk at Kioreroa road Admin Building, Whau Valley Water Treatment building and Forum North	<p>Earthquake risk.</p> <p>The key aspect being, lack of compliance to new earthquake building standards, although not enforceable till 2025.</p>	Multiple fatalities (But note – very low probability)	High	<p>Nil, just awareness.</p> <p>Earthquake procedures available and two yearly drills arranged.</p>	Medium	Building new Water plant. One building concept – so staff not in at risk area. Remedial action at Waste plant	Eliminated

## 5.5 Business Continuity Update

**Meeting:** Audit and Risk Committee  
**Date of meeting:** 26 September 2018  
**Reporting officer:** Emily Thompson

### 1 Purpose

To update the committee on the progress of business continuity planning within Council.

### 2 Recommendation/s

That the Audit and Risk Committee note this report on the progress of business continuity planning within Council.

### 3 Background

Business continuity is the ability of an organization to maintain operational practices should an unexpected event occur.

A number of operational front line service areas of Council already have business continuity plans, specifically our water, waste and drainage and roading teams.

However, currently there is not one detailed plan for operational activities run from either the Forum North or Walton Plaza locations.

Addressing the gaps in contingency planning has been identified as an area to be developed since the adoption of the risk management framework.

### 4 Progress

On Wednesday 22<sup>nd</sup> August, a Business Continuity Scenario session was undertaken by the Strategic Leadership Team (SLT). This session looked at the challenges facing the organisation following a 'scenario exercise' based on an incident causing Forum North and surrounds to be evacuated and unavailable for some time.

The output of this session was a prioritised list of activities completed in both Forum North and Walton Plaza complexes, and a clear strategic direction for business continuity across the organisation.

Staff will now work with the prioritised list to create a SLT level Business Continuity Plan (or Crisis Plan) that dovetails into the structures used in civil defence. Following the completion of this plan staff will work with departments to develop detailed planning around completion

of tasks and movement of staff between locations, including working from home if appropriate.

The business continuity plans will also consider the communication expectations and mechanisms to ensure that key messages are consistent and distributed to all appropriate stakeholders in a timely manner.

It is expected that another scenario exercise will be held involving department managers within the next 6 months, to allow for a walk through of plans that are developed. Results from these sessions will be brought back to this committee.

## **5 Significance and engagement**

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

## **6 Attachment**

WDC SLT\_Scenario Session.ppt

# Business Continuity

SLT scenario session

22<sup>nd</sup> August 2018

# Agenda for today



Business Continuity

Objectives & Outcomes – 10 mins

Scenario – 1 hr

Debrief – 30 mins

# Business Continuity

## Definition

## Outcome

Respond to a scenario affecting one of the Key WDC sites

- Identify our operational priorities
- Identify our core BC strategy

# Objectives and Outcome for today

## Objective

Understand what we mean by Business Continuity

Explore Whangarei District Councils contingency options

## Outcome

Respond to a scenario affecting one of the Key WDC sites

- Identify our operational priorities
- Identify our high level BC strategy



# Scenario Rules

## DO:

- Use the opportunity to explore our response to an incident
- Accept the scenario – don't waste energy challenging what's happened
- Focus on the impacts that the scenario may have on operational processes

## DON'T:

- Make assumptions (ask a facilitator)
- **Any questions before we begin?**





# Scenario – starting point

8:00 am Wednesday 22<sup>nd</sup> August

As you approach Forum North to come to work you see a police barricade and cordon tape across the water street entrance to the car park.

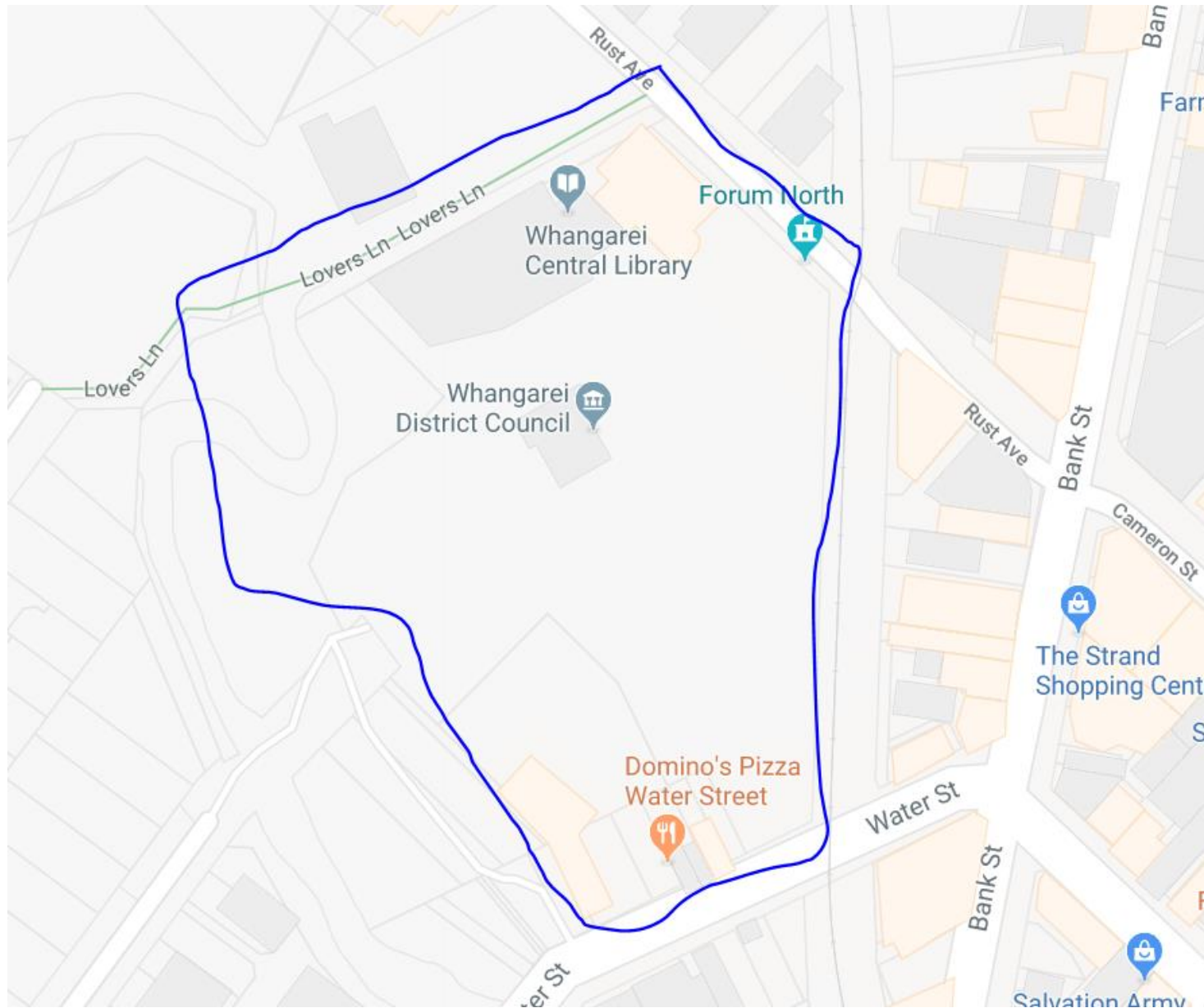
Write down the first 3 things that come to mind that YOU need to do.

Discuss

# Scenario – cordoned area

49

Slide 3



# Scenario

1 hrs later...

Have you considered...

- Impact on staff
- Communicating with Staff
- Communicating with Public
- Communication to Elected members
- Impact on operations (particularly customer facing operations)
- Operational priorities
- Return to BAU – Where & When?

# Scenario

4 hrs later...

Have you considered...

- Impact on staff
- Communicating with Staff & elected members
- Communicating with Public
- Impact on operations (particularly customer facing operations)
- Operational priorities
- Return to BAU – Where & When?

# Debrief

Round the room – don't repeat

- What were the key challenges?
- What were the key lessons?
- How do we want to take this forward?

Any other comments?

## 5.6 External Audit Actions Update Report

**Meeting:** Audit and Risk Committee  
**Date of meeting:** 26 September 2018  
**Reporting officer:** Emily Thompson, Audit and Risk Analyst

### 1 Purpose

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

### 2 Recommendation/s

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 only five 'open' actions, which is great progress, from the twelve reported to this Committee in March.

Attachment one provides a summary of the actions and their status. Since the last report, staff consider that they have completed three recommendations and have updated the spreadsheet accordingly. The actions which staff believed to have been closed are:

1. Statement of Service Performance: Flooding events performance measures.
2. Weathertightness contingent liability
3. Monitoring and reporting of legal matters

At the time of writing this report Audit NZ were completing their annual review and verbally confirmed that they consider the following actions closed, this should be reflected in the final report due to be presented to the next Audit and Risk Committee. The closed actions are:

1. Accounting for the Bream Bay Land Owners Associations (BBLOA) Arrangement
2. Digitisation of paper property records

3. Development Contributions (DC)
4. Hunterwasser Wairau Maori Arts Centre. This recommendation related to due diligence, review of CCO status and support for the procurements processes. Therefore, these recommendations have been addressed.

## **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 September 2018.pdf



## Action plan progress - audit issues identified during recent and prior audits - last updated 31 August 2018

Business Owner	Audit Ref	FY raised	Audit Recommendation	Current status and previous comments	Priority	Management's action plans	Implementation Timeframe	Progress @ 31 August 2018	Status
Alan Adcock, Sue Miller	App 3	16-17	<b>Procurement and contract management</b> We have made a number of recommendations on procurement and contract management. Please see our prior year management report for details. <b>FY - 15-16</b> <b>Procurement and risk management</b> 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	<b>Status: In Progress</b> 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.	Jun-18 Nov 18	Business Support Manager now in place. Internal Audit of procurement process has completed - report is available for audit if required. Review of policy underway and scheduled to go before Council in the Spring (Sept/ Oct).	Open
Jenny Antunovich	App 3	unsure	<b>Review of employee Code of Conduct</b> We recommend that the employee Code of Conduct is reviewed and updated.	<b>Status: In Progress</b> 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	People & Capability team are undertaking a review of the staff code of conduct, a preliminary document has been put together. Consultation with staff and deparmntnets has not yet started due to other priorities.	Open
Gary Scott	2.2	16-17	<b>Valuation of Property, Plant and equipment</b>	<b>Status: New</b> 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 Jun 19	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 proposed asset management database, as part of the AMS project, to more fairly reflect asset condition as part of operational practices.	Open
Jeff Devine	App 3	unsure	<b>Valuer's recommendations</b> We recommend that the Council implements the recommendations identified by the Roading valuers in 2014, 2016 and 2017.	<b>Status: In Progress</b> 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:	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	March-18 Dec 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. The final item is a large project and is On Hold until later in the year pending scoping and resources. We are awaiting Audit NZ update but expect this action to remain until all recommendations are completed.	Open
Jenny Antunovich	App 3	unsure	<b>Controls over employee Masterfile changes</b> 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.	<b>Status: In Progress</b> 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	March-18  Dec 18	Closed - WDC Masterfile: We have received the updated Masterfile data audit report. The Manager - P&C will be signing it off monthly.  Open Variance report: The P&C Team Leader are working with Business Improvement and finance to develop a variance report. This report will be signed off by P&C and Finance with each payrun.	Open

## Action plan progress - audit issues identified during recent and prior audits - last updated 31 August 2018

Business Owner	Audit Ref	FY raised	Audit Recommendation	Current status and previous comments	Priority	Management's action plans	Implementation Timeframe	Progress @ 31 August 2018	Status
Andrew Carvell	3.3	16-17	<b>Statement of Service Performance: Flooding events performance measures</b>	<b>Status: New</b> 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-19	As a part of the LTP 2018-2028 process, a review of the stormwater and flood protection measures was undertaken. It was determined that no additional measures were necessary in relation to flooding events and that data from other agencies would not be included. The primary reasons for this were: • Ability to validate the data supplied by other agencies (including the ability to segregate those flooding events that meet Councils definition of a flooding event) • Ability to access this information in a timely manner • Ability to maintain comparability of results with historical data <b>Notes:</b> A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor (Department of Internal Affairs, 2014). It does not therefore apply outside declared stormwater service areas, or to nonhabitable structures such as garages and sheds, or to flooding of yards, and Only calls to Council will be recorded as actual results , calls to Fire and Emergency New Zealand and to other agencies will not captured for flood event measures.	Completed - WDC
Paul Cook/ Kathryn Candy	3.4	16-17	<b>Weathertightness contingent liability</b>	<b>Status: New</b> 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 have reviewed this as part of the 17-18 annual report process. Finance are liaising with Councils Legal advisors to ensure completeness.  AuditNZ will provide electronic copies to WDC's Senior Financial Accountant of legal confirmations received.(to check in Audit report)	Completed - WDC
Kathryn Candy	App 3	unsure	<b>Monitoring and reporting of legal matters</b> 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.	<b>Status: Outstanding</b> 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	All legal matters are now captured in a spreadsheet which contains general legal issues, Local Government Official Information and Meetings Act requests and litigation. This spreadsheet also contains all completed matters. A regular meeting has been scheduled with the Chief Executive to monitor legal issues. The way that legal issues are monitored and reported is continually being reviewed to establish what works effectively to manage legal risk. (KC 23/06/18)	Completed - WDC
Delyse Henwood/ Nathan Wright	App 3	unsure	<b>Accounting for the Bream Bay Land Owners Association (BBLOA) arrangement</b> 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.	<b>Status: In Progress</b> 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 being reviewed.	Jun-18	Staff have been working with BBLOA and reached an agreement on July 18. this will be in place for the 17-18 annual report.	Closed- Audit NZ
Delyse Henwood	App 3	16-17	<b>Digitisation of paper property records</b> 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.	<b>Status: In Progress</b> 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	WDC will expense digitisation costs going forward. Amounts already in WIP will be written off to the income statement in the 17-18 year. (Check update in latest Audit report)	Closed- Audit NZ

## Action plan progress - audit issues identified during recent and prior audits - last updated 31 August 2018

Business Owner	Audit Ref	FY raised	Audit Recommendation	Current status and previous comments	Priority	Management's action plans	Implementation Timeframe	Progress @ 31 August 2018	Status
Delyse Henwood	3.2	16-17	<b>Development contributions(DC)</b>	<b>Status: New</b> 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. This is in hand for the 17-18 annual report.	Closed- Audit NZ
Delyse Henwood	E-2.2.2	15-16	<b>Hundertwasser Wairau Maori Arts Centre</b> 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).	<b>Status: In Progress</b> 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"> <li>• Council will agree the accounting treatment of the HWMAC leased land and buildings with WAMT as part of finalising the lease agreement.</li> <li>• Council will complete due diligence over the guarantee as part of the process of formalising the peppercorn lease with WAMT.</li> <li>• Council will discuss procurement &amp; project management of the construction of the HWMAC with WAMT.</li> </ul> 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. Awaiting report from PwC which will provide external advice prior to the final of the annual report 17-18.	Closed- Audit NZ



## 5.7 Delegations Register Review – Progress Update

**Meeting:** Audit and Risk Committee  
**Date of meeting:** 26 September 2018  
**Reporting officer:** Emily Thompson, Audit and Risk Analyst

### 1 Purpose

To update the committee with the progress of the Delegations register review.

### 2 Recommendation

That the Audit and Risk Committee note the report.

### 3 Background

Council's delegations register is reviewed and if appropriate updated on a tri-annual basis. The current delegations register was adopted by Council in March 2014, and the review of this register began in 2017.

This report is to provide a high-level overview of the status and approach to the review.

### 4 Review Update

The review of the delegations' register was initiated in May 2017, as reported to the Finance and Corporate Committee in the same month. An update was reported to full Council in June 2017, along with proposed changes to the format of the register. The phases for the review are again summarised below.

#### Phase 1

Delegations mapped to the new council structure.

#### Phase 2

Review of how we manage delegations. Following research on what other councils are doing, and looking at best practice for management of Council's, delegations it was decided to change the format of our register and policy so that the delegations from Council to the Chief Executive, and then from the Chief Executive to staff were more defined. This approach will provide clarity around what has been delegated and allow them to be managed more efficiently and effectively.

Phase 2 also included a review of delegations by relevant areas of the business, and a review of the systems and processes for retaining and updating delegations. As a result of

this review delegations are being migrated into the new SharePoint platform. This will allow all staff to be able to view and use 'live' delegations across the organisation. The testing for this new area is scheduled for the end of September.

### Phase 3

Present the updated delegations register to Council for adoption. The register is now in the process of being finalised and staff are expected to present this to full Council in October 2018.

## **5 Significance and engagement**

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

## 5.8 Risk Register Update – September 2018

**Meeting:** Audit and Risk Committee  
**Date of meeting:** 26 September 2018  
**Reporting officer:** Emily Thompson, Audit and Risk Analyst

### 1 Purpose

The purpose of this report is to provide an update on the status of the organisational wide risk register, highlight areas of high risk and strategic risk for Council.

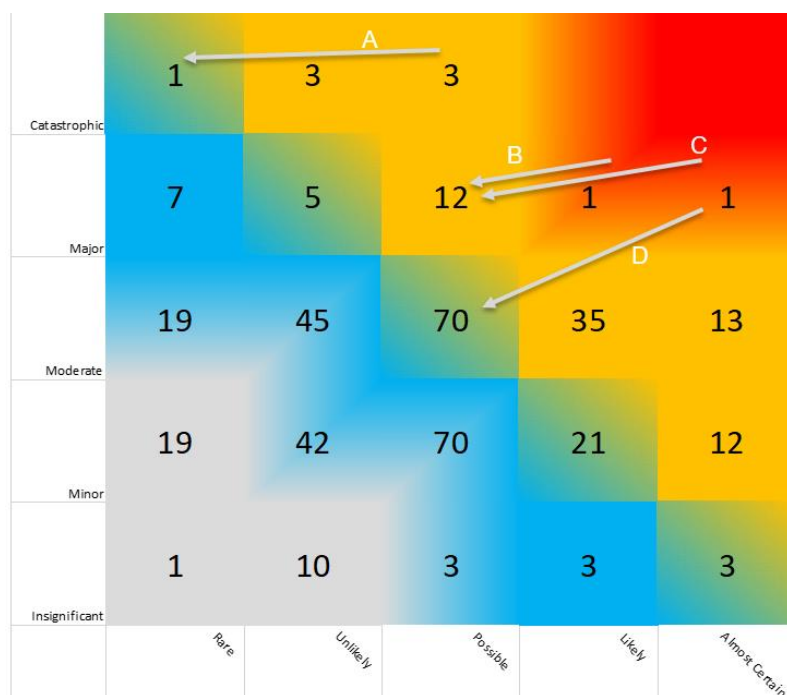
### 2 Recommendation

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

### 3 Overview of Operational Risk

The risk register process is maturing and we are noticing an increase in risks on all of the departmental risk registers. This is a good development as it shows that the operational departments are understanding the process and value of reporting our risks via the Council's risk management framework.

The picture below shows the movement in the key risks since the last reporting round in June:



Changes to key high risks (shown by the arrows) are:

Reference	Risk	What has changed
A	CBD flooding risk and perception that Kotuku dam will stop CBD flooding	This has been reviewed and the likelihood reduced from possible to rare. This is based on current knowledge
B	Construction assessment of vested assets	Updated controls to show the assessments and constructions inspections to be carried out. Project in place to address so likelihood reduced.
C	Climate Change	The impact has not changed but the knowledge is changing which means that this is becoming a managed risk as we understand more about the situation and the options. Climate change strategy initiated.
D	Development Contributions	Staff are finding ways to anticipate future networks upgrades for planning purposes. Likelihood and impact reduced.

No Change to the key risks of

- Cyber Attack
- MS patches not being applied leading to breaches in security for our systems
- District plan review
- Development and engineering approvals liability

Some risks that have been on the register but have not previously been rated (and therefore have come in at the high end of the matrix) are:

- Unsafe drinking water (particularly waterborne organisms)
- Inability to supply safe drinking water

## 4 Overview of Strategic Risks

Strategic risks have not changed for the organization and they remain as follows, however the table has been altered to show our treatment of these risks.

Treatment options are shown in the table, these options, in line with the WDC Risk Framework are:

- Avoid the risk,
- Reduce the likelihood,
- Reduce the impact,
- Accept the risk or
- Transfer the risk

Risks below that are treated as Accepted will be removed from the report for the next round and will only appear again if there is a change that affects the potential impact or the potential treatment of the risk.



Area	Risk	Risk Treatment	Mitigation
Data sets	Data sets across all systems and databases in Council are not currently aligned and interactive. This leads to lack of visibility of knowledge across management teams. Specific risk around GIS skill set within council	Reduce the likelihood	Current work on Trilogy part 2, and focus in multiple departments on development of better datasets to improve modelling and knowledge.
Way of working	Due to increase in the use of social media as a rate payer's communication tool, there is a risk that Council is not meeting the needs of the ratepayers in timely response to their concerns. This includes infrastructure real time maintenance information as well as 24/7 social media presence.	Reduce the likelihood	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.	Transfer (Insurance) And Accept	Limited. Litigations brought against Council are being dealt with on a case by case basis with external/expert legal support being engaged to mitigate as required.
Staffing	Recruitment and retention of staff in public sector in Whangarei, with specific concerns around specialist roles, contract termination clauses and loss of organisational knowledge.	Accept	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	The potential for the growth of the region to be greater than identified in current NZ stats data. Leading to lack of budget on development of core infrastructure and amenities to support the population.	Accept	Monitor and work with facts as they are identified. Understand capacity and impact on infrastructure if growth is higher than current projections.
Elections	That a local or government level of elections changes the nature of Council business.	Accept	Limited. Until changes occur we are not able to respond. However known changes will be managed on an individual basis.

## **5 Future development**

The next step on the risk journey is to review the risk management framework and ensure that it is appropriate and aligns to the way we work across Council. This is scheduled for the first half of 2019, and will be brought to this committee for review when ready.

Staff will continue to work with departments to identify and mitigate operational risks. Staff are also working across departments to ensure that we are not identifying risks in both the H&S risk register and in the operational risk register. Staff are mindful of the potential for future opportunities to align the whole of risk reporting across the organisation.

## **6 Significance and engagement**

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

**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.*