

# Audit & Risk Committee

## Open Agenda



Notice is hereby given that an ordinary meeting of Audit & Risk Committee will be held on:

**Date:** Tuesday 12 December 2017  
**Time:** 10:30am  
**Venue:** Council Chambers  
35 Kenrick Street  
TE AROHA

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### Membership

#### Chairperson

Sir Dryden Spring

Mayor Jan Barnes

Cr Neil Goodger

Cr Brian Hunter

Cr James Sainsbury

Cr Ash Tanner

Cr James Thomas, JP

Phone: 07-884-0060  
Address: PO Box 266, Te Aroha 3342  
Email: [chubbard@mpdc.govt.nz](mailto:chubbard@mpdc.govt.nz)  
Website: [www.mpdc.govt.nz](http://www.mpdc.govt.nz)



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**1 Meeting Opening**

**2 Present**

**3 Apologies**

At the close of the agenda no apologies had been received.

**4 Notification of Urgent Business**

Pursuant to clause 3.7.5 and 3.7.6 of the Standing Orders NZS 9202:2003 and Section 6A (7) of the Local Government Official Information and Meetings Act 1987, the Chairman to enquire from members whether there are any additional items for consideration which qualify as extraordinary or urgent additional business.

**5 Confirmation of minutes**

Minutes, as circulated, of the Ordinary Meeting of Audit & Risk Committee , held on 10 October 2017

# Long Term Plan 2018-28 - Audit Arrangements Letter and Fees

Trim No.: 1954902

Item 6.1

## Executive Summary

The Audit Arrangements Letter (AAL) for the 2018-28 Long Term Plan (attached) outlines the:

- terms of the audit engagement;
- approach to the audit;
- areas of particular audit emphasis;
- audit logistics; and
- professional fees.

While the substance of the (AAL) has been recommended by the Committee, the Committee requested more information on the appropriateness of the proposed fee.

## Recommendation

That:

1. The information be received;
2. Any views on the audit fees for the Long Term Plan 2018-28 are provided to Council.

## Content

### Background

Attached for the committee's information is the Draft AAL and a letter from the Office of the Auditor General regarding the approach expected of the auditors when setting fees for the Long Term Plan audit.

### Audit New Zealand

Audit New Zealand has provided further details on how the audit fees for Long Term Plans have historically been set, as the method differs from that used for setting fees for the Annual Report. Their comments are as follows:

The Annual Report fees are set using a "bottom up" approach.

The engagement team considers:

- the amount of time expected to complete the work and at what level that work should be completed by (note that it may differ from actual but no additional charges are recovered as a result of using a higher powered team that may complete the work quicker or a lower power team which may take longer); and
- any changes to the entity, risk profile, systems or reporting and auditing standards; and
- we also consider the previous years' experience and time taken to see if our expectation is correct.

Note: We prepare this on good client delivery as expected in our terms of engagement.

The OAG then compares these proposed fees across the sector to see if it is comparable to other similar sized entities with similar risks. They also consider the team mix to ensure that it is appropriate for the risk.

The Long-term plan fees are currently set on a “top down” approach.

The Auditor General made a decision that the audit fee envelop (the total audit fees across the Local Government Sector) for the 2018 year was to increase by 5% from the 2015 level. The 2015 LTP envelop was the same as 2012). It has also been agreed that Audit Service Providers – Audit NZ / Deloitte could decide on how the fee envelop was distributed across their portfolio’s Audit NZ has made the decision to largely agreed a flat increase across its client base.

Historically, the LTP fees were set on a bottom up approach but have not been amended since originally set and therefore the hours do not reflect consideration of actual time spent, changes in legislation or any auditing or reporting requirements

In essence the 5% increase is on the 2012 fee of \$74,000 (It may also be important to note that the fees in 2012 was actually \$80,080 - recovery of \$6,080)

Where Annual report work can be completed by testing balances and performed by lower level staff, an LTP requires a review of forecasting models and underlying assumptions and more professional judgement - generally held by senior level staff.

Audit has amended the team hours from the 2012 base, as they have a better estimate of how long it is likely to take, where as previously the allocated hours was based on 379 (listed as 548) This means our average charge out rate is \$142 p/h but the original budgeted hours reflects an average per hour rate of \$206 p/h. This represents the use of more higher level staff.

The average fee for an Audit New Zealand audited District Council is \$84,500.

Audit fee comparisons with councils within \$10 million revenue of MPDC

Staff have compiled a sample of audit fees from other councils with revenue within \$10 million of Matamata-Piako. These indicate that the fees proposed for Council are not outside the range for councils of this size.

Council	2015/16 Revenue*	2018-2028 LTP proposed fee	Disbursements & GST	Accepted	Comments
Central Otago	43,380	79,000	Exc	Yes	Have approved through Annual Plan process
Waitaki	45,317	77,000	Exc	Yes	Have approved already through LTP 2015-25 process
Horowhenua	46,036				Request due to be advised by 4/12
Manawatu	46,703	n/a			Have not received proposed fees from Audit as at 8/11/17
<b>Matamata-Piako</b>	<b>51,541</b>	<b>78,000</b>	<b>Exc</b>		
Upper Hutt	53,802	80,000	Exc		Estimate advised from Audit to use for

				budgeting, Audit to confirm once receives advice from OAG.
Kaipara	56,928			Request due to be advised by 14/12
Whakatane	56,933	n/a		Have not received proposed fees from Audit as at 14/11/17

\*Information from Annual Report

### Attachments

- A. Draft Audit Arrangements Letter LTP 2018-28
- B. OAG letter - approach to audit fees for the Long Term Plan 2018-28

### Signatories

Author(s)	Vicky Oosthoek <b>Corporate Strategy Administration Officer</b>	
Approved by	Michelle Staines-Hawthorne <b>Corporate Strategy Manager</b>	
	Don McLeod <b>Chief Executive Officer</b>	

# Long-Term Plan 2018-28, Rates Structure and Revenue and Financing Policy

Trim No.: 1954888

Item 6.2

## Executive Summary

Local government funding sits at the heart of the relationship between local councils and their communities. Local government funding decisions involve balancing levels of service, affordability and financial need, backed with economic and legal requirements. Under the Local Government Act 2002 (LGA) Council must adopt a Revenue and Financing Policy setting our Councils policies in respect of the funding of operating expenses and capital expenditure. Under the Local Government (Rating) Act 2002 (LGRA) Council can set rates, a taxation tool to help fund the services it provides.

This report provides the Committee with information on the rates structure and the draft Revenue and Financing Policy proposed for the Long-Term Plan 2018-28.

## Recommendation

That:

1. **The information is received.**

## Content

### Background

Council's financial framework falls in to four key areas:

- the Financial Strategy - what Council's debt and rates levels will be, along with some other important issues such as what investments Council holds and its reasons for holding them;
- the Revenue and Financing Policy (s102 LGA) - what activities Council fund from rates and other sources such as fees and subsidies;
- the Rates structure - the main funding tool setting out how Council will charge the ratepayer for some of the service Council provides. This is Council's main source of income;
- the Development Contributions Policy (s102 LGA) - if and how Council will charge developers for growth related costs. A previous report has been sent to Council on this policy and further work is being done on this.

In addition section 102 of the LGA also requires that local authorities adopt the following set of funding and financial policies:

- an investment policy
- a liability management policy
- a policy on remission and postponement of rates on Maori freehold land.

There are also two optional policies under section 102 of the LGA – policies on the remission and postponement of rates on categories of land other than Maori freehold land – this is currently used by Council as the framework for the remission on commercial properties subject to the Wastewater ‘Pan Charge’. These policies have been reviewed by Council as part of the Long Term Plan project.



## Issues

### Economic Concepts

In considering the Revenue and Financing Policy and how Council structures its rates, some useful economic concepts to keep in mind are:

- *incidence* – the distribution of the burden of rates. Two key things to distinguish are the legal incidence of the tax (who gets the bill) and the economic incidence (from whose pocket the money eventually comes)
- *the difference between income and wealth* – income is a flow concept. It measures the amount of money an individual receives from work or investment over a set period of time. Wealth, on the other hand is a stock concept and measures the level of financial and non-financial assets an individual has. Rates are a tax on one element of wealth
- *affordability, ability to pay, and willingness to pay* – this is the difference between ‘can’t pay’ and ‘don’t want to pay’. Affordability is a measure an individual’s true capacity to meet their contribution to community services. Willingness to pay relates more to the value an individual thinks they receive from council services
- *efficiency* – the degree to which local authority funding requirements affect production and consumption decisions
- *equity* – very much a subjective concept, equity relates to the ‘fairness’ of certain decisions
- *public/private goods* – a *public* good is an activity or service that is both non-rival (my consumption does not interfere with yours) and non-excludable (I cannot be prevented from consuming the service). Common examples in local government are civil defence and various planning functions. A private good is both rival and excludable.

### Revenue and Financing Policy

At their most basic level, funding and financial policies show who pays, for what, when. They are part of the package of material that supports the right debate and need to be transparent.

The Revenue and Financing Policy is a device for recording and explaining the policy decisions Council has made regarding the funding of its activities. Transparency in this document is especially important to demonstrate the link between dollars and value to the ratepayer. Much of the Revenue and Financing Policy will refer to the considerations in section 101(3) of the LGA, and Council’s application of those considerations. The analytical process is a sequential two-step process. The first step includes consideration at an activity level the rationale for service delivery, the beneficiary pays principle, the exacerbator pays principle, inter-generational equity, and the costs and benefits of separate funding. The second step of the analysis involves consideration of the results of the first step and their impact on community interests.

A clear rationale for service delivery is a vital piece of information to have when working through the section 101(3)(a) analysis. Knowing why Council is delivering the service can help sort out who benefits, when they benefit, and who any of the exacerbators are, as well as obtaining some idea of what impacts on community interests might arise from the way Council funds a service.

### Council’s current Revenue and Funding Policy

Council’s funding and options for change are set out in the Statement of Proposal and draft Revenue and Finance Policy. (circulated separately)



### Rating Structure

Although not a funding and financial policy as such, the funding impact statement (FIS) is a device for implementing the revenue and financing policy. Effectively the FIS acts as a link between this policy and the annual setting of rates and charges. The FIS should contain all of the information relating to the factors and matters that will be used to set rates. The LGRA gives Council four broad rating tools that can be used to set rates. The options are set out below in this report, followed by an overview of how Council's current rating system is structured.

### The General Rate

The general rate is a tool for funding those activities where Council has decided that all or part of the cost of a particular activity should be funded by the community as a whole. Councils have the choice of one of three bases for setting a value-based general rate. These are land (unimproved value), capital value (land and improvements) or annual value (either rentable values or 5 percent of the capital value).

Capital and annual value tend to be better proxies for ability to pay and use of council services than unimproved values. Capital and annual value are also thought to be less prone to sudden swings than unimproved values as location-based factors play a lesser role. On the other hand, to the extent that rates are a part of business cost structures, rating based on unimproved values can be more of an incentive for development. Annual value needs a large and active rental market to work effectively, and is not one of the well-used methods of apportioning the general rate.

Councils can use differential powers on their value-based rates i.e. charge one category of property a higher rate in the dollar than another. Differentials are a tool for altering the incidence of rates; they do not release new revenue in and of themselves. Use of differentials can create 'winners and losers' – it is therefore important that these policies are based on robust criteria.

Council has in the past considered that general rates are the 'public good' component which is available to be enjoyed equally by the whole community. General rates also used to pick up short-falls in cost recovery. For example, using the libraries example:

- The individual benefit is considered high,
- the community benefit considered medium
- General rate funds +80% as a significant increase in user fees will likely result in a drop-off in use

### The Uniform Annual General Charge (UAGC)

The UAGC is a flat dollar charge per property, or separately used/inhabited part of a property. The UAGC is a device for mitigating the impact of high property values, it can also be used as a tool to shift the incidence of rates between groups of rate payers (for example rural vs. urban). It is a regressive tax (you pay the same amount regardless of income or wealth) – this is one reason why the LGRA caps the use of this tool at 30%. Council policy is that the Uniform Annual General Charge can be set at a range between 75-100% of the maximum.

### Targeted Rates

Targeted rates are devices for funding those activities where Council has decided that:

- all or part of the cost of a particular activity should be met by particular groups or ratepayers; and/or
- there is some other advantage in funding the activity outside of the general rate.

Councils have access to a wide range of targeted rating powers including: property values (land value, capital value, annual value and the value of improvements). Local authorities can also set a targeted rate based on one or more of the following:

- a flat dollar charge
- the number of separately used or inhabited parts of a rating unit
- the number of water closets and urinals within the rating unit (pan charges)
- the number of connections the rating unit has to local authority reticulation
- the extent of provision of any service to the rating unit by the local authority (where this is capable of objective measure and independent verification)
- the total land area of the rating unit
- the total land area within the rating unit that is sealed, paved or built upon
- the total area of land within the rating unit that is protected by any facility provided by a local authority
- the total area of floor space within the rating unit.

In addition to these powers, a local authority can set a targeted rate for water consumption based on the volume of water consumption (water metering).

Council can set:

- more than one targeted rate to fund a particular activity (for example, many rural local authorities with more than one water or sewage scheme set a rate for each scheme, some city councils charge a base water supply rate and an additional fire protection rate to fund water supply) or
- a targeted rate to fund more than one activity (targeted works and services rates are a common example of this)
- a targeted rate over only some defined categories of property (such as CBD rate for security patrols, street-cleaning or development or a tourism rate over commercial property). The bases for constructing the categories are defined in Schedule Two of the Rating Act.
- a differential targeted rate – provided that the basis for constructing the categories is one of the matters listed in schedule two
- targeted rates using combinations of factors (a not uncommon use is to set a flat dollar charge and a value based rate)
- including a rate that uses different factors for different categories of property (so for example a targeted rate that is set on the basis of a flat dollar charge for residential property, a value based rate for commercial property and an area based rate for rural property)

#### Non-Rate Funding Tools

Councils also have the following non-rate funding tools available to them:

- User charges – a variety of powers exist, some set maxima on the levels of fees, others prescribe charging methods (for example dog registration fees);
- Development contributions – a tool for recovering the capital costs that are imposed by growth from development;
- Revenue from investments;
- Asset sales – for example the sale of surplus land;

- Funding from third parties (including but not limited to central government – for example subsidies for roading).

**Council’s rates funding structure**

<b>Rate</b>	<b>Description</b>
General Rate	Set under Section 13 of the LGRA on all rateable land based on cents in the dollar of capital value
Uniform Annual General Charge	Set under Section 15 of the LGRA on all rateable land as a fixed charge per rating unit.
Water Supply Targeted Rates (not metered)	A differential targeted rate for Water Supply set under Section 16 of the LGRA based on: <ul style="list-style-type: none"> <li>• A uniform charge for serviced and connected portions of rating units</li> <li>• A uniform charge (1/2 the rate of a connected property) per portion of a rating unit to which the service is available.</li> </ul>
Water Supply Targeted Rates (metered)	Targeted rates for metered Water Supply under Section 19 of the LGRA with different charges for: <ul style="list-style-type: none"> <li>• Metered water supplies</li> <li>• Te Aroha West</li> <li>• Braeside Aquaria</li> <li>• Matamata farm properties connected to the Tills Road trunk main</li> <li>• Inghams Factory, Waitoa</li> </ul>
Wastewater Targeted Rates	Differential targeted rates for Waste Water disposal under Section 16 of the LGRA: <ul style="list-style-type: none"> <li>• A uniform charge per connected rating unit in respect of each single residential house connected to the service.</li> <li>• A uniform charge (1/2 the rate of a connected property) per rating unit to which the service is available (but not connected).</li> <li>• A scale of charges for non-residential properties (1 pan, 2-4 pans, 5-10 pans, 11-15 pans and over 20 pans)</li> <li>• A uniform charge for Fonterra (Morrinsville)</li> <li>• A uniform charge for Greenlea (Morrinsville)</li> <li>• A uniform charge Tahuna (lump sum contributions for connected and non connected properties)</li> <li>• A uniform charge for Waharoa/Raungaiti (lump sum contributions for connected and non connected properties)</li> </ul>
Stormwater Targeted Rates	A targeted rate for Storm Water drainage disposal under Section 16 of the LGRA based on a uniform charge per rating unit within the townships of Matamata, Morrinsville, Te Aroha and Waharoa.
Waste Management Targeted Rates	A targeted rate for Waste Management under Section 16 of the LGRA based on a uniform charge per portion of a rating unit to which the service is available for a portion of the revenue for kerbside collection.
Rural Halls	Targeted rates for Rural Halls under Section 16 of the LGRA based on: <ul style="list-style-type: none"> <li>• Cents in the dollar of land value for Tauhei Hall, Hoe-O-Tainui Hall, Springdale Hall, Kiwitahi Hall, Patetonga Hall, Wardville hall,</li> <li>• a uniform charge per rating unit on all rating units for Mangateparu Hall, Kereone Hall, Tatuanui Hall, Walton Hall</li> <li>• cents per dollar on the capital value of all rating units for Okauia Hall, Hinuera Hall, Piarere Hall, Peria Hills Hall</li> <li>• a uniform charge on every separately inhabited part of all residential and/or farming rating units for Mangaiti Hall, Waharoa Hall, Waitoa Hall, Waihou Hall, Elstow Hall, Manawaru Hall, Te Poi Hall</li> </ul>

The general rate and UAGC provide either partial or total funding for the following activities, there are reflected in the funding sources identified in Council’s Funding and Revenue Policy.

<b>Activity</b>	<b>Approx % of general rate and UAGC used to</b>
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	<b>fund this activity</b>
Roading	31.79%
Aquatic facilities	12.08%
Community Development	10.38%
Parks & Reserves	8.49%
Council	6.93%
Libraries	6.85%
Planning Consent & Advisory Services	4.52%
Street furniture	3.32%
Corporate & Other Property	3.31%
Building Advisory	3.31%
Carparks	2.23%
Waste Management	2.21%
Cemeteries	1.08%
Emergency Management	1.06%
Health Inspection	1.00%
Land Drainage & Stormwater	0.81%
Animal Control	0.71%
Aerodrome	0.10%

**Analysis**

**Options considered**

Revenue and Finance Policy

Council can review the funding structure for its activities, any change in the way it funds activities should follow the process set out in the legislative section of this report. Some areas are not within Council's control, such as the final decision on the level of subsidies provided by NZTA for roading. Others are constrained, such as the use of development and financial contributions. Staff are seeking Council direction on whether the draft Revenue and Finance Policy is consistent with Councils direction for the next Long term Plan.

Rates Structure

Council can review structure for the Long Term Plan 2018-28.

**Analysis of preferred option**

There is no preferred option.

**Legal and statutory requirements**

When making funding policy Council will need to work through the process and matters set out in section 101(3) of the LGA, while having regard to the section 101(1) obligation to act prudently

and in the interests of the community. These requirements provide local authorities with a list of matters to consider as part of the development of a transparent revenue system.

The legislative requirements for the Revenue and Financing Policy are firstly to set out any policies Council has on the funding of operating and capital expenditure from the following sources:

- general rates (including the choice of valuation basis, differential rates and the use or otherwise of uniform annual general charges)
- targeted rates (but noting that the LGA 2002 does not specify any further disclosures – in other words, the revenue and financing policy need not disclose the basis on which the rates are set, and the basis for any differentiation)
- fees and charges
- interest and dividends from investments
- borrowing
- proceeds from asset sales
- development contributions
- financial contributions
- grants and subsidies
- any other source.

The second part of the requirement is that the policy must also show how the selection of funding sources in the policy complies with the funding policy process in section 101(3). The section 101(3) requirements recognise that funding policy is more than just a device for raising revenue, but subject to the prudence test, is also one of the instruments that Council may wish to use to promote community interests. While the results of section 101(3) analysis are presented in the revenue and financing policy they apply equally to other policies.

Specifically section 101(3) requires that the funding needs of Council must be met from those sources that it determines to be appropriate, following consideration of:

- in relation to each activity to be funded
  - the community outcomes to which the activity primarily contributes; and
  - the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
  - the period in or over which those benefits are expected to occur; and
  - the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
  - the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- the overall impact of any allocation of liability for revenue needs on the community.

When considering its rates structure Council should consider the following questions:

- What is Council's philosophy in setting rates?
- What rating tool(s) will help Council achieve its philosophy?
- Has Council considered:
  - the exacerbator pays principle?
  - issues regarding intergenerational equity?
  - integration with its financial strategy and other funding policies e.g. DCs Policy?
  - achievement of community outcomes?
  - private vs public good considerations?
- Does the proposed approach meet there requirements of the LGRA?
- Has Council met its decision making requirements under the LGA?

- Is the proposed approach financially prudent (including demonstrating certainty of income)?
- Is the proposed approach sustainable, reasonable and fair (equitable)?
- Is the proposed approach a transparent approach to funding Council activities?
- Is the proposal affordable? (Youth, elderly, community groups or other sectors of our community?)
- Is Council satisfied with the incidence of rates across the community?
- Are there any market forces or unintended consequences at work?
- Is the proposal practical and can it be implemented efficiently?
- Are there any outlying results? Can these be managed through a remission policy?

### **Impact on policy and bylaws**

Decisions made by Council will affect the Revenue and Financing Policy. Decisions regarding funding will also have a potential impact on the fees and charges set by Council and other policies, such as rates remissions policies.

### **Consistency with the Long Term Plan / Annual Plan**

The Revenue and Financing Policy and Rates structure review are key part of the development of the Long Term Plan 2018-28.

### **Impact on significance policy**

The Revenue and Financing Policy and Rates Structure are significant, and form a key part of the Long-Term Plan. Consultation will occur in conjunction with that that plan in 2018.

### **Communication, consultation and decision making processes**

Council must use the special consultative procedure in adopting or amending its:

- revenue and financing policy;
- policy on development contributions or financial contributions;
- policy on the remission and postponement of rates on Maori freehold land.
- rates remission policy;
- rates postponement policy.

### **Consent issues**

There are no consent issues.

### **Timeframes**

Staff intend to have the essential parts of the Long-Term Plan signed off in draft on 13 December 2017.

### **Contribution to Community Outcomes**

Healthy Communities - We encourage community engagement and provide sound and visionary decision making.

## Financial Impact

### i. Cost

The cost of developing the Revenue and Finance Policy and Rates Structure is funded as part of the Long Term Plan.

### ii. Funding Source

Council has provided a budget for the preparation of the Long Term Plan in its Annual Plan.

## Attachments

There are no attachments for this report.

## Signatories

Author(s)	Michelle Staines-Hawthorne <b>Corporate Strategy Manager</b>	
Approved by	Don McLeod <b>Chief Executive Officer</b>	
	Manaia Te Wiata <b>Group Manager Business Support</b>	



# Long Term Plan 2018-28 Project Update

Trim No.: 1954991

## Executive Summary

Council is required to prepare and adopt a Long Term Plan (LTP) under the Local Government Act 2002 (LGA) every three years. This report provides a progress update on the development of the LTP 2018-28.

### Recommendation

That:

1. The information be received.
2. The Committee considers whether to provide any feedback to Council.

## Content

### Background

Council is required to prepare and adopt a LTP under the LGA. The LTP sets out the activities, budgets, financial strategy and key financial policies of the Council for the next 10 years. The LTP 2018-28 must be adopted by Council by 30 June 2018 for implementation from 1 July 2018.

The LTP is a complex document covering all activities of Council, major strategic documents, financial policies, auditing and a large consultation component with the community. Due to its complexity and interrelationships between parts the timeline may be adjusted throughout the project. The dates for the External Audit process, consultation and adoption however cannot be changed.

Table 1 provides a high level overview of progress to date and upcoming milestones. The overall project is considered to be on track.

Table 1 – Project Timeline

Description	When	Progress
Demographic/Growth Assumptions	Feb-May 2017	Council has adopted the median growth projections. Major assumptions were reported to Committee in June.
Financial Assumptions	Feb-May 2017	A report was presented to the Committee in June. The full list of assumptions used for the LTP, Infrastructure Strategy and Financial Strategy was presented to Committee in October. The Committee requested further work on the inflation assumptions in particular, which will be discussed at the December Committee meeting.

Description	When	Progress
Community Outcomes Review	Apr-Jun 2017	Council approved its new vision and outcomes in April. These are being incorporated into the various activity plans, financial strategy and infrastructure strategy.
Rates Structure	Apr 2017-Jun 2018	Council has indicated a preference to maintain the current rating structure for the LTP 2018-28.
Activity Plans (including budgets)	Apr-Sep 2017	Activity managers presented their activity plans to Council workshops in May/June. The Activity Plans are now close to completion, subject to review by Council.
Right Debate (pre-consultation) if required	Apr-Aug 2017	<p>Pre-consultation on Waste minimisation initiatives occurred in June/July with 82 responses received. Council has asked staff to undertake further analysis of options relating to rubbish bag distribution and targeted vs general rates on waste management. This will be reported to Council in October.</p> <p>LTP Grants Proposals were called for in September, with a Hearing 18 October. Council resolved to increase the total grant budget to be including in the Draft LTP.</p>
Infrastructure and Financial Strategy	Apr-Oct 2017	Refer below
Asset Management Plans	Feb-Oct 2017	On track
Policy Review	Apr-Oct 2017	<p>The Significance and Engagement Policy was adopted 9 August</p> <p>The draft policies on Development Contributions, Draft Revenue and Financing Policy will be presented to Council for approval to consult on 13 December. The Draft Policy on Remission and Postponement of Rates was approved for consultation by Council at its November COC meeting.</p>
Council controlled organisation section	Jul-Nov 2017	On track.
Maori participation in decision making	Jul-Oct 2017	Refer below
Budgets/ Financials/ Notes	Jul-Dec 2017	First Cut Budgets was discussed with Council in July, including capital works spreadsheet. Second draft budgets were discussed with Council in November with a final draft for inclusion in Draft LTP scheduled to

Description	When	Progress
		be approved in December.
Document development and QA	Jul-Dec 2017	On track.
Communications Strategy	Jul-Dec 2017	On track.
External Audit Process	Jan-Jun 2018	Interim audit is scheduled for the week of 4 December. The auditors, may have some initial comments for the Committee on the outcomes of the interim at the 12 December meeting. Final audit of the draft CD is scheduled for 22 Jan 2018 Refer separate report on audit fees and audit arrangement letter for the LTP.
Special Consultative Procedure	Jan-Jun 2018	Scheduled for 28 March to 28 April 2018, with Hearing scheduled for 17-18 May.

Maori participation in decision-making

This section of the LTP 2018-28 is being developed in collaboration with the Forum. Traditionally it has included updates on Treaty of Waitangi settlements and associated legislation, a description of the functions of the Forum and also how Council engage with local iwi/hapu on matters relating to resource management. Recent changes to the Resource Management Act 1991 (RMA) may see some changes to how council engage with iwi/hapu on RMA matters. The Forum has also asked for a review of its Heads of Agreement. This is currently underway. Staff will continue to work with the Forum and elected members on this section of the LTP.

Financial Strategy and Infrastructure Strategy

The Financial Strategy and the Infrastructure Strategy form the backbone of the Long Term Plan. Staff have worked closely with the Finance team and Assets team to ensure the two strategies are aligned, and Council's new Vision and Outcomes are reflected in both strategies. Key drivers that affect both the financial and infrastructure strategies have been identified as well as the high level responses to those drivers. The Draft strategies will be discussed with Council in detail at a workshop 29 November and presented along with the Draft LTP to Council for approval to send to audit 13 December.

Copies of these draft documents will be circulated separately for the Committee. The impact of the draft budgets on rates will be updated by staff at the meeting – this is because at the time of writing this report, staff are still to discuss with Council in a workshop the final draft documents and budgets.

**Risk Management**

Risk management involves the identification and assessment, then avoidance, mitigation or elimination of risks.

A risk log is maintained and monitored by the Project Team (Refer attached).

## Analysis

### Legal and statutory requirements

Council is required to adopt a Long Term Plan under the Local Government Act 2002. The LGA also requires Council to establish and maintain processes to provide opportunities for Maaori to contribute to decision making.

### Impact on policy and bylaws

As part of the preparation of the LTP, Activity and Asset Management Plans will be checked against Council's key strategic and policy documents for strategic fit. The preparation of the LTP may lead to the review of some Council policy documents.

### Impact on Significance and Engagement Policy

The Long Term Plan is a significant document; consultation will be undertaken with the community.

### Communication, consultation and decision making processes

The Long Term Plan is subject to the special consultative process under the LGA. The special consultative process is a structured one month submission process with a hearing for those who have submitted and wish to speak to their submission.

The Long Term Plan project timeline also provides for a 'pre-consultation' process with the community referred to as the Right Debate where Council can ask for feedback on key issues it is considering for the Long Term Plan. Refer *Right Debate* above.

### Consent issues

There are no consent issues.

### Timeframes

The Draft Long Term Plan, its policies and Consultation Document must be approved for audit 13 December.

The Long Term Plan must be adopted prior to 1 July 2018.

### Contribution to Community Outcomes

## Financial Impact

### i. Cost

The total budget for the Long Term Plan 2018-28 is \$135,000 (funded \$45,000 per year) and \$90,000 for external audit fees (funded \$30,000 per year). This is broken down to external consultant on specific tasks (i.e. population projections), legal advice/peer review, design and printing, consultation, advertisement and external audit by Audit NZ.

ii. **Funding Source**

This is funded from existing budgets.

**Attachments**

A. LTP Risk log November/December 2018

**Signatories**

Author(s)	Ann-Jorun Hunter <b>Policy Planner</b>	
	Danny Anglesey <b>Finance &amp; Business Services Manager</b>	
	Niall Baker <b>Acting Senior Policy Planner</b>	

Approved by	Michelle Staines-Hawthorne <b>Corporate Strategy Manager</b>	
	Don McLeod <b>Chief Executive Officer</b>	
	Manaia Te Wiata <b>Group Manager Business Support</b>	

## Audit & Risk Committee - Self Evaluation 2017

Trim No.: 1953838

### Executive Summary

Each year as part of its work programme the Audit and Risk Committee completes a self-evaluation of its performance during the calendar year. This report provides information on the self-evaluation framework. The results of the evaluation will be discussed at the Committee meeting.

A copy of the last self-evaluation (completed in 2015) has been attached to this report for reference.

### Recommendation

That:

1. **The report and summary from the Committee Chair regarding the outcome of the self-evaluation be received.**
2. **Feedback on the self-evaluation and any recommended actions for improvement be provided to Council.**

### Content

#### Background

Each year as part of its work programme the Committee completes a self-evaluation of its performance during the calendar year.

The self-evaluation for 2017 involved a questionnaire, completed by the Committee members. These were then reviewed by the Committee Chair, who has provided further comments and recommendations as part of the evaluation process.

#### Issues

The Committee members were asked to complete the self-evaluation framework, the outcomes of this exercise are set out below in a report from the Committee Chair. The outcomes will be discussed at the Committee meeting.

#### Audit & Risk Committee Self Evaluation 2017 Chairman's Summary

The Evaluation Questionnaire has been completed by members as well as by Ben Halford and the Acting CEO. I have not completed the questionnaire in order to allow a clearer picture of member's views to emerge

The scores are generally very good although down slightly from the last evaluation which was in 2015. I do not believe that we can read much into that. The committee now has been enlarged and has six elected members, three of whom are new to the Committee. Generally the difference in scores between the two years is the difference between one member scoring a 4 instead of a 5. The 2015 Evaluation is attached for your information.

There are two low scores which are marked in red:

10. “Sufficient special tutorial sessions are held to educate Committee members about complex audit and financial reporting (including regulatory) issues”.

Since it was established the Committee has had little appetite for tutorial sessions, ironically during the period under review a tutorial was held on “risk” and there have been briefing sessions on several other important issues. **This needs to be continued.**

14. ‘The Committee understands the Councils Tax matters’.

Councils Tax affairs are neither complex or extensive, relating mainly to PAYE, Fringe Benefit Tax, Withholding Tax and GST. The payroll taxes (PAYE & FBT) were part of the Internal Audit of Payroll undertaken during the year.

**It would be useful for the Committee to have a briefing session on Tax in the near future.**

I am satisfied with the work of the Committee and the contributions from members. I consider it to be a useful component of Councils Governance framework. Council should consider whether the Committee should be further expanded either by another external appointment or additional elected members.

Audit & Risk Committee Self Evaluation Summary - October 2017

Number	Question	Score out of 5
1.	Responsibilities under the Committee’s Charter are clearly articulated and understood.	4.75
2.	The Audit Committee meets the duties/expectations set out in its Charter.	4.75
3.	The role of the Audit Committee Chairman is clearly understood.	4.88
4.	Members have an understanding of their role on the Committee.	4.5
5.	Agenda topics are appropriate and the Audit Committee does not address issues that should be dealt with directly by the Board or another Committee.	4.63
6.	The Committee has provided clarity on the escalation process for issues to be followed by management, the external auditor and Group Audit.	4.63
7.	The Committee Chairman:	
	(a) Is a good communicator	4.88
	(b) Builds trust	4.75
	(c) Encourages debate	4.75
	(d) Builds consensus	4.75
	(e) Fosters effective and efficient decision making.	4.75
8.	The balance and mix of skills of the Committee is appropriate.	4.38
9.	The Committee is sufficiently informed regarding audit and financial reporting (including regulatory) trends in the external environment which can affect the Council.	4.36
10.	Sufficient special tutorial sessions are held to educate Committee members about complex audit and financial reporting (including regulatory) issues.	3.43
11.	The Committee has sufficient resources available, both inside and outside the organisation, to allow it to carry out its function effectively.	4.57
12.	The Committee understands the organisation’s significant financial risks.	4.75
13.	The Committee understands the control systems in place to mitigate the organisation’s significant financial risks.	4.44
14.	The Committee understands the Council’s tax matters.	3.75
15.	The Committee ensures adequate co-ordination of activities between internal and external audit.	4.71
16.	The Audit Committee’s annual plan is well understood.	4.5
17.	The frequency of Audit Committee meetings is appropriate.	4.38



18.	The duration of Audit Committee meetings is appropriate.	4.75
19.	There is an appropriate balance between strategic, operational and governance agenda items.	4.63
20.	Committee agendas cover the right issues in a timely way.	4.75
21.	Committee papers are distributed to members with enough time for members to prepare for meetings.	4.43
22.	Committee papers are clear and provide meaningful insight.	4.57
23.	Conduct of meetings ensures open communication, meaningful participation and constructive dissent.	4.75
24.	The Committees use of time is effective - the time available is mostly allocated to the most important issues and there is sufficient time allocated for a full discussion.	4.63
25.	Enough time is allowed for discussion of more complex issues.	4.5
26.	Committee members have adequate opportunities to share views with each other without management present.	4.75
27.	The Committee makes efficient and effective decisions.	4.75

Member's comments:

- Pleased with Audit & Risk Process and Committee.
- We can always strive to upskill and improve our processes.
- Do we need another external member? (two members raised this)
- Council appreciates this committee's eyes and ears.
- There has not been much call for tutorial sessions since the committee has been established. The training that has been held has been useful and beneficial to the members of the committee
- There has not been much call for discussion of tax.
- Time is always available not restricted.
- Sometimes repeat of governance issues.
- Frequency of meetings – if a meeting is missed it is a long time to the next meeting.
- Staff consider the work of the Audit & Risk Committee provides a valuable and sharper focus for staff on financial issues, reporting and organisational risk management. There is a strong sense of satisfaction among staff when reports/issues have been scrutinised by the Committee and have been accepted/endorsed.
- Staff value the different perspective that the Audit & Risk Chair brings, the thinking/rethinking he promotes through the questions he asks and the clarity of purpose he drives the organisation to achieve.
- I consider the Audit & Risk Committee to be a very effective component of Governance at MPDC and personally rewarding.
- The Committee works well and has added considerable value to how the Council does its business.

## Attachments

A. Audit & Risk Committee Self-Assessment 2015

## Signatories

Author(s)	Caroline Hubbard <b>Committee Secretary</b>	
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Approved by	Michelle Staines-Hawthorne <b>Corporate Strategy Manager</b>	
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	Don McLeod <b>Chief Executive Officer</b>	
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# Review of Audit and Risk Committee Charter

Trim No.: 1954667

## Executive Summary

This report provides the Committee with a copy of its Charter (attached) as approved by Audit and Risk Committee in December 2016 and approved by Council. It also provides an opportunity for amendments to be recommended to Council for approval if required.

## Recommendation

That:

- 1. The Audit and Risk Committee recommend any amendments to Council for approval.**

## Content

### Background

The Office of the Auditor General (“OAG”) has resources available on their website regarding making the most of audit committees, guiding principles etc. These resources can be viewed at <http://www.oag.govt.nz/our-work/audit-committees>. These resources have replaced the previous good practice guide ‘Audit committees in the public sector’ which recommends that public sector entities should consider putting in place an Audit Committee. Hard copies of these resources can be supplied to members on request.

The OAG has identified four main benefits from operating an audit committee:

- increased scrutiny of certain aspects of Council’s governance, risk management, assurance and financial management practices;
- efficient use of resources - there can be a number of efficiencies at both the governing body and management levels from the individuals on the audit committee applying their specific expertise to the subject matter;
- increased focus on internal assurance - an effective audit committee often strengthens the existing internal audit function; and
- increased focus on accountability - audit committees can improve accountability mechanisms throughout an organisation. They require the management team and internal auditor to report on aspects of organisational activities and to be prepared to provide the rationale for their actions in an open and transparent environment.

The OAG recommends that the core responsibilities of an audit committee should include overseeing the effectiveness of:

- the risk management framework;
- the internal control environment;
- legislative and regulatory compliance;
- internal audit and assurance;
- external audit; and
- financial reporting.

Other areas that the OAG suggest could be included in the audit committee's mandate are:

- the effectiveness of governance arrangements;
- all external accountability reporting, including non-financial performance and the clarity of links between non-financial performance measures and strategy; and
- overseeing the risk management of significant projects.

### **Issues**

At Council's meeting on 13 November 2013 the Audit and Risk Committee was established and delegated the role of "ensuring Council has appropriate risk management and internal and financial control systems". Further to this Council resolved that the Audit and Risk Committee propose a work programme for consideration by Council for the fulfilment of this delegation. While not specifically requested by Council, the OAG recommends that a charter is developed to guide the work of the Committee.

The Charter was last reviewed at the Committee's December 2016 meeting, where no changes were recommended. The Charter is therefore the same as recommended to Council in February 2016.

OAG guidance states that a charter should formally document the accountability, authority, duties, membership, role, and responsibilities of the audit committee. The charter should be approved by the governing body and reviewed and confirmed each year.

The charter should include the audit committee's:

- objective (its role or purpose, the governance framework/context within which it operates, and how it relates to other governance mechanisms/committees);
- authority (the power or authority it has to fulfil its objectives);
- composition and tenure of members (the size of the audit committee, the sort of members it has, how new members are appointed and reappointed, how long members remain on the audit committee, and how members (including the chairperson) are removed in the event of non-performance);
- responsibilities;
- administrative arrangements (meetings, attendance and quorums, decision-making and voting, secretariat, conflict of interest provisions, induction);
- performance assessment arrangements; and
- systems and schedules for reviewing the charter.

## **Analysis**

### **Options considered**

The Committee should review the charter and consider whether in its view, the charter still meets the intent of the delegation from Council and is consistent with the good practice guidance issued by the OAG.

### **Legal and statutory requirements**

A charter for the Audit and Risk Committee is not a statutory requirement, it is recommended as good practice by the OAG.

### **Impact on policy and bylaws**

There are no policy or bylaw issues.

### **Consistency with the Long Term Plan / Annual Plan**

The Audit and Risk Committee will assist Council in ensuring it has appropriate risk management and internal and financial control systems across a wide range of functions provided for under the Long Term Plan/Annual Plan, for example the Council's Annual Report.

### **Impact on Significance and Engagement Policy**

This matter is not considered significant.

### **Communication, consultation and decision making processes**

Any amendments to the charter will be provided to Council for approval.

### **Consent issues**

There are no consent issues.

### **Timeframes**

The Audit and Risk Committee should seek approval of any amendments to its Charter as soon as reasonably possible. Council has a meeting scheduled for 13 December 2017 where a committee representative is scheduled to update Council on the Committee meeting.

### **Contribution to Community Outcomes**

2.c) Council's decision making will be sound, visionary, and consider the different needs of our community/Iwi

## **Financial Impact**

### **i. Cost**

The Audit and Risk Committee is funded from existing budgets.

### **ii. Funding Source**

There are no budgets specifically identified for the Audit and Risk Committee, budgets are provided for secretarial support of all council committees and individually for projects such as the Annual Report.

## **Attachments**

A. Audit and Risk Committee

Charter and Terms of Reference - Reviewed by the Audit and Risk Committee 16 February 2016 - Approved by the Corporate and Operations Committee 24 February 2016

### Signatories

Author(s)	Michelle Staines-Hawthorne <b>Corporate Strategy Manager</b>	
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Approved by	Don McLeod <b>Chief Executive Officer</b>	
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# Delegations - Hauraki District Council - Warranted and Statutory

Trim No.: 1955720

Item 6.6

## Executive Summary

Under the Local Government Act 2002, Council may delegate its statutory powers and its functions to Council Officers.

The Committee sought further assurances at its October meeting on the level of delegation given to Hauraki District Council staff. This report seeks to address those issues.

## Recommendation

That:

1. The information be received.
2. The Committee provide any feedback to the Council on the delegations prior to it being submitted to Council.

## Content

### Background

#### The Local Government Act 2002

Section 48 of the Local Government Act 2002 (LGA) provides that delegations must be carried out in accordance with Part 1 of Schedule 7 of the LGA. Clause 32(1) of Part 1 to Schedule 7 of the LGA provides that, for the purposes of efficiency and effectiveness in the conduct of a local authority's business, a local authority may delegate to a committee or other subordinate decision-making body, or member or officer of the local authority any of its responsibilities, duties, or powers excepting the powers specified under paragraphs (a)-(f) of that sub-clause.

These delegated powers fall broadly in to three categories:

- Financial
- Warranted powers
- Statutory

### Issues

#### Delegations Policy

The Policy focuses on two policy issues:

- Efficient and effective decision making
- Managing risk

Amendments made to Delegations Policy and Register 2017 were reported to the October Committee meeting, these included:

- Committee and Hearings Commission delegations.
- Financial delegations - updated as per details supplied from HR on staffing changes.
- Warrant and Statutory - Keys amended to reflect staff tier levels and position titles updated/added.
- Statutory delegations – reviewed alongside legislative compliance checklist.



The Committee sought further assurances at the October meeting on the level of delegation given to Hauraki District Council staff.

Staff propose restricting the delegations to Hauraki District Council staff by specifying that the delegations can only be exercised in accordance with the service level agreement between Council and Hauraki District Council. An extract from the delegations register of the proposed amendments are shown below and the shared services agreement with proposed amendments is attached to this report.

Matamata-Piako District Council does not have a shared services agreement with Thames Coromandel District Council for any Environmental Health or Alcohol Licensing function.

Staff also note that functions relating to the Forrest and Rural Fires Act 1977 should also have been deleted from the warranted powers of staff as this function has passed to FENZ. This Act had previously been removed from the legislative delegations.

**Warrants of Appointment delegations**

These are delegations of powers and responsibilities for warranted powers exercised on behalf of Council. The Council has delegated to the Chief Executive Officer the ability to warrant Council staff in accordance with the Delegations Policy and to update/amend warranted appointments below from time to time on this basis.

<b>Key to position titles/department groups</b>	
<b>Eteam</b>	
GMCD	Group Manager Community Development
GMSD	Group Manager Service Delivery
<b>Third tier</b>	
AMSP	Asset Manager Strategy & Policy
BCM	Building Control Manager
CSM	Customer Services Manager
DP	District Planner
KCM	Kaimai Consultants Manager
KVSM	Kaimai Valley Services Manager
HSQM	Health & Safety/Quality Manager
<b>Fourth tier</b>	
ACM	Animal Control Manger
BCTL	Building Control Team Leader
CSS	Customer Services Supervisor
PROM	Parks & Reserves Operations Manager
TLC	Team Leader Contracts
TLP	Team Leader Projects
TLRC	Team Leader Resource Consents
WOM	Water Operations Manager
WWOM	Waste Water Operations Manager

WM	Works Manager
<b>Fifth tier (inclusive contractors)</b>	
ACO	Animal Control Officer
APMO	Assets Project Management Officer (fixed term)
BCompO	Building Compliance Officer
BCO	Building Control Officer (inclusive senior)
CFP	Community Facilities Planner
COP	Coordinator Operations & Projects
CP	Consent Planner (inclusive of graduate)
CSA	Customer Services Advisor (inclusive of senior)
EA	Engineering Administrator
EHO	Environmental Health Officer
EOR	Engineering Officer - Rooding
EPP	Environmental Policy Planner
HSF	Health & Safety Facilitator
KC	Kaimai Consultants (Engineers, Surveyors, Property Services Officers)
KCO	Kaimai Consultants Officer
KVSW	Kaimai Valley Services Workers
KVSTA	Kaimai Valley Services Technical Advisor
MO	Monitoring Officer
MALO	Monitoring & Alcohol Licensing Officer
MEO	Monitoring & Engineering Officer
PMS	Property Maintenance Supervisor
PP	Policy Planner (inclusive of graduate)
RAE	Rooding Assets Engineer
RTL	Reticulation Team Leader
SCSR	Senior Contract Supervisor - Rooding
SUEA	Senior Utilities Engineer - Assets
WTL	Works Team Leader
	<b>Contractors:</b>
CR	Contractor - Rooding
EHOHDC	Environmental Health Officer Hauraki District Council <a href="#"><u>Note: delegations can only be exercised in accordance with the current shared services agreement between MPDC and HDC</u></a>
NCC	Noise Control Contractor
RSMHDC	Regulatory Services Manager Hauraki District Council <a href="#"><u>Note: delegations can only be exercised in accordance with the current shared services agreement between MPDC and HDC</u></a>
SSWCM	Shared Services Solid Waste Contract Manager
ACSC	Animal Control Security Contractor

Health Act 1956		Eteam	Third tier	Fourth tier	Fifth tier
Environmental Health Officer pursuant to sections 23 and 28 of the Health Act 1956	<p>Power to carry out all of the functions of an Enforcement officer pursuant to sections 23 and 28 of the Health Act 1956</p> <p><i>23 General powers and duties of local authorities in respect of public health</i></p> <p><i>Subject to the provisions of this Act, it shall be the duty of every local authority to improve, promote, and protect public health within its district, and for that purpose every local authority is hereby empowered and directed—</i></p> <p><i>(a)to appoint all such environmental health officers and other officers and servants as in its opinion are necessary for the proper discharge of its duties under this Act:</i></p> <p><i>(b)to cause inspection of its district to be regularly made for the purpose of ascertaining if any nuisances, or any conditions likely to be injurious to health or offensive, exist in the district:</i></p> <p><i>(c)if satisfied that any nuisance, or any condition likely to be injurious to health or offensive, exists in the district, to cause all proper steps to be taken to secure the abatement of the nuisance or the removal of the condition:</i></p> <p><i>(d)subject to the direction of the Director-General, to enforce within its district the provisions of all regulations under this Act for the time being in force in that district:</i></p> <p><i>(e)to make bylaws under and for the purposes of this Act or any other Act authorising the making of bylaws for the protection of public health:</i></p> <p><i>(f)to furnish from time to time to the medical officer of health such reports as to diseases, drinking water, and sanitary conditions within its district as the Director-General or the medical officer of health may require.</i></p> <p><i>Section 28 relates to the technical aspects of appointing a health officer.</i></p>	GMCD	DP		<p>EHO</p> <p>MALO</p> <p>MEO</p> <p>MO</p> <p>RSMHDC*</p> <p>EHOHDC*</p> <p><u>*Note: delegations can only be exercised in accordance with the current shared services agreement between MPDC and HDC</u></p>

Health Act 1956	Eteam	Third tier	Fourth tier	Fifth tier
<p>Power to, without further warrant, take a person failing to comply with an inform or neglected persons order and place them in the custody of the Medical Superintendent or manager or other person in charge of such hospital or institution</p> <p><i>126 Infirm and neglected persons</i></p> <p><i>(1)If any aged, infirm, incurable, or destitute person is found to be living in insanitary conditions or without proper care or attention, a District Court may, on the application of the medical officer of health, make an order for the committal of that person to any appropriate hospital or institution available for the reception of such persons.</i></p> <p><i>(2)An order under this section may be made in respect of any such person who habitually lives in any such conditions as aforesaid, notwithstanding that at the time of the application or of the order he may have been temporarily removed from such conditions or such conditions may have been temporarily remedied.</i></p> <p><i>(3)If any person in respect of whom an order is made under this section refuses to comply with that order, any environmental health officer under this Act or any constable may, without further warrant than this section, take that person and place him in the custody of the Medical Superintendent or manager or other person in charge of such hospital or institution as aforesaid, who shall have authority to detain him pursuant to the order of committal.</i></p>				
<p>Power to abate nuisance without notice pursuant to section 34 of the Health Act 1956</p> <p><i>34 Power to abate nuisance without notice</i></p> <p><i>(1)Where by reason of the existence of a nuisance on any premises within the district of any local authority immediate action for the abatement of the nuisance is necessary in the opinion of the engineer or environmental health officer of the local authority, the engineer or environmental health officer, with such assistants as may be necessary, and without notice to the occupier, may enter on the premises and abate the nuisance.</i></p> <p><i>(2)All expenses incurred in the abatement of a nuisance under this section shall be recoverable from the owner or the occupier of the premises in respect of which they are incurred, as a debt due to the local authority.</i></p>				

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Health Act 1956		Eteam	Third tier	Fourth tier	Fifth tier
	<p>Power to disinfect premises and destroy infected articles pursuant to sections 81 and 83 of the Health Act 1956</p> <p><i>81 Power of local authority to disinfect premises</i></p> <p><i>Where the local authority is of opinion that the cleansing or disinfection of any premises or of any article is necessary for preventing the spread or limiting or eradicating the infection of any infectious disease, the local authority may authorise any environmental health officer, with or without assistants, to enter on the premises and to carry out such cleansing and disinfection.</i></p> <p><i>83 Infected articles may be destroyed</i></p> <p><i>Where any article dealt with by a local authority or any environmental health officer under section 81 or section 82 is of such a nature that it cannot be effectively disinfected, the local authority or environmental health officer may cause the article to be destroyed.</i></p>				
	<p>Power to require a person to state their name and address pursuant to section 134 of the Health Act 1956</p>				
<p>Authorised Officer pursuant to sections 42, 45 and 128 of the Health Act 1956</p>	<p>Power to carry out the functions of an Authorised Officer to require repairs, issue and determine a closing order pursuant to sections 42 and 45 of the Health Act 1956</p> <p><i>A Local authority may require repairs and issue closing order for any dwellinghouse within that district is, by reason of its situation or insanitary condition, likely to cause injury to the health of any persons therein, or otherwise unfit for human habitation.</i></p>				

Health Act 1956		Eteam	Third tier	Fourth tier	Fifth tier
	<p>Power to at all reasonable times enter any dwelling house, building, land, ship, or other premises and inspect the same, and may execute thereon any works authorised under or pursuant the Health Act 1956 pursuant to section 128 of the Health Act 1956</p> <p><u>These powers shall only be exercised with the approval of the CEO or a group manager.</u></p> <p><i>128 Power of entry and inspection</i></p> <p><i>For the purposes of this Act any medical officer of health, or any health protection officer, or any other person authorised in writing in that behalf by the medical officer of health or by any local authority, may at all reasonable times enter any dwellinghouse, building, land, ship, or other premises and inspect the same, and may execute thereon any works authorised under or pursuant to this Act.</i></p>				

Sale and Supply of Alcohol Act 2012		Eteam	Third tier	Fourth tier	Fifth tier
Inspector pursuant to section 197 of the Sale and Supply of Alcohol Act 2012 with all of the functions, powers, and duties conferred on them by or under the Sale and Supply of Alcohol Act 2012	<p>Power to monitor licensees' compliance with the Sale and Supply of Alcohol Act 2012</p> <p>Power to issue infringement notices pursuant to section 262 of the Sale and Supply of Alcohol Act 2012</p> <p><i>262 Infringement notices</i></p> <p><i>(1) If a constable observes a person committing an infringement offence, or an inspector observes a person committing a specified infringement offence, or he or she has reasonable cause to believe that such an offence is being or has been committed by that person, an infringement notice in respect of that offence may be served on that person.</i></p> <p><i>(2) Any constable or inspector (not necessarily the person who issued the notice) may deliver the infringement notice (or a copy of it) to the person alleged to have committed an infringement offence personally or by post addressed to that person's last known place of residence.</i></p>		DP		<p>MALO</p> <p>MEO</p> <p>MO</p> <p>RSMHDC*</p> <p>EHOHDC*</p> <p><u>*Note: delegations can only be exercised in accordance with the current shared services agreement between MPDC and HDC</u></p>

Item 6.6

	<p>Power to enter licensed premises pursuant to section 267 of the Sale and Supply of Alcohol Act 2012</p> <p><i>267 Powers of entry on licensed premises</i></p> <p><i>(1)A constable or an inspector may at any reasonable time enter and inspect any licensed premises, or any part of any licensed premises, to ascertain whether the licensee is complying with the provisions of this Act and the conditions of the licence.</i></p> <p><i>(2)A constable or an inspector may at any time enter and inspect any licensed premises when he or she has reasonable grounds to believe that any offence against this Act is being committed on those licensed premises.</i></p> <p><i>(3)For the purposes of exercising the power conferred by this section, a constable or an inspector may—</i></p> <p><i>(a)require the production of any licence, or any book, notice, record, list, or other document that is required by this Act to be kept, and examine and make copies of it; and</i></p> <p><i>(b)require the licensee or manager to provide any information or assistance reasonably required by a constable or an inspector relating to any matter within the duties of the licensee or manager.</i></p>				
<p>Inspector pursuant to section 197 of the Sale and Supply of Alcohol Act 2012 with all of the functions, powers, and duties conferred on them by or under the Sale and Supply of Alcohol Act 2012</p>	<p>Power to seize samples of alcohol from any licensed premises pursuant to section 268 of the Sale and Supply of Alcohol Act 2012</p> <p><i>268 Power to seize samples of alcohol</i></p> <p><i>(1)This section applies where a constable or inspector has entered and is conducting an inspection of any licensed premises under section 267.</i></p> <p><i>(2)If a constable or an inspector has reasonable cause to suspect that any person on the premises has committed, is committing, or is attempting to commit any offence against this Act, he or she may seize, without warrant, for the purpose of analysis, any liquid (including the container holding the liquid) in the possession of that person that is suspected of being alcohol.</i></p> <p>Power to give notice in writing give to the appropriate territorial authority details of the respects in which a building or site work is believed not to comply with the Sale and Supply of Alcohol Act 2012 pursuant to section 279 of the Sale and Supply of Alcohol Act 2012</p>	<p>GMCD</p>	<p>DP</p>		<p>MALO MEO MO</p> <p>RSMHDC* EHOHDC*</p> <p><u>*Note: delegations can only be exercised in accordance with the current shared services agreement between MPDC and HDC</u></p>



	Power to apply to the licensing authority for the Variation, suspension, or cancellation of licences other than special licences pursuant to section 280 of the Sale and Supply of Alcohol Act 2012				
Chief Licensing Inspector pursuant to section 197 of the Sale and Supply of Alcohol Act 2012 with all of the functions, powers, and duties conferred on them by or under the Sale and Supply of Alcohol Act 2012	Power to seize samples of alcohol from any licensed premises pursuant to section 268 of the Sale and Supply of Alcohol Act 2012				EHO
	Power to give notice in writing give to the appropriate territorial authority details of the respects in which a building or site work is believed not to comply with the Sale and Supply of Alcohol Act 2012 pursuant to section 279 of the Sale and Supply of Alcohol Act 2012				
	Power to apply to the licensing authority for the Variation, suspension, or cancellation of licences other than special licences pursuant to section 280 of the Sale and Supply of Alcohol Act 2012				
Secretary of MPDC licensing committee pursuant to section 198 of the Sale and Supply of Alcohol Act 2012	Power to carry out all of the functions and duties of a licensing committee secretary pursuant to section 198 of the Sale and Supply of Alcohol Act 2012	GMCD or in absence of above delegate to GMBS or GMSD			

<b>Hazardous Substances and New Organisms Act 1996</b>		<b>Eteam</b>	<b>Third tier</b>	<b>Fourth tier</b>	<b>Fifth tier</b>
Enforcement Officer and District Hazardous Substances Officer pursuant to sections 98 and 100 of the Hazardous Substances and New Organisms Act 1996	Power to undertake the functions of a Enforcement Officer and District Hazardous Substances Officer pursuant to the Hazardous Substances and New Organisms Act 1996  <i>The purpose of this Act is to protect the environment, and the health and safety of people and communities, by preventing or managing the adverse effects of hazardous substances and new organisms.</i>	GMCD	DP		EHO MALO MEO MO  RSMHDC* EHOHDC*  <u>Note: delegations can only be exercised in accordance with the current shared services agreement between MPDC and HDC</u>

<b>Forest and Rural Fires Act 1977</b>	<b>Eteam</b>	<b>Third tier</b>	<b>Fourth tier</b>	<b>Fifth tier</b>
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Item 6.6

Principle Rural Fire Officer pursuant to section 13 of the Forest and Rural Fires Act 1977	Power to carry out all of the functions and duties of a Principle Rural Fire Officer pursuant to section 36 of the Forest and Rural Fires Act 1977	-	-	-	-EOR
	<p><i>36 Powers of Principal Fire Officers or Rural Fire Officers at fires</i></p> <p><i>For the purposes of fire control upon the outbreak of fire the Principal Fire Officer or Rural Fire Office may exercise wide ranging powers to control and extinguish fire, including entry of land or dwelling on fire, removal of vegetation, direction of fire service personnel and volunteers, shutting off of water mains, streets gas or electricity.</i></p>				
	<p>Power to direct people regarding the maintenance of apparatus for cutting timber pursuant to section 33 of the Forest and Rural Fires Act 1977</p> <p><i>The Principal Rural Fire Officer of any district may, from time to time, by notice in writing, require that any person who is felling trees for any commercial or industrial purpose or who is producing timber in a sawmill in that district shall provide and maintain in effective working order such apparatus and observe such other requirements as may be specified by the Principal Rural Fire Officer for the purpose of fire control among the standing trees or the debris of the tree felling operations or the refuse from the sawmilling operations.</i></p>				
Rural Fire Officer pursuant to section 13 of the Forest and Rural Fires Act 1977	Power to carry out all of the functions and duties of a Rural Fire Officer pursuant to section 36 of the Forest and Rural Fires Act 1977	-	-	-	SCSR-

## Analysis

### Options considered

The Committee has the option of recommending to Council further amendments to the delegations.

### Legal and statutory requirements

Details of the legislative framework have been set out above in this report.

### Impact on Significance and Engagement Policy

This matter is not considered significant.

### Timeframes

There are no timeframes, the delegations are expected to be updated as and when legislation is introduced or amended by central government.

### Financial Impact

There are no funding costs/impacts of this process.

## Attachments

- A. Shared Services Agreement between MPDC and Hauraki District Council for the delivery of Environmental Health Services

## Signatories

Author(s)	Michelle Staines-Hawthorne <b>Corporate Strategy Manager</b>	
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Approved by	Ally van Kuijk <b>District Planner</b>	
	Dennis Bellamy <b>Group Manager Community Development</b>	

## Proposed Meeting Dates For 2018

Trim No.: 1954831

### Executive Summary

The Audit & Risk committee are asked to give consideration to the meeting cycle which best suits their needs.

The schedule outlined below follows a similar schedule to that which was used in 2017.

It is proposed that meetings are held in the Council Chambers in Te Aroha and commence at 10.00am, with lunch provided at 12 noon.

The dates that have been proposed coincide with key dates in the Long Term Plan and Annual Report cycles. Any changes to these dates will need to be checked against the project dates that have been identified as part of the Committee work programme in a separate report.

MONTH	AUDIT & RISK	COUNCIL/COC
March 2018	6 March	7 March
June 2018	26 June	27 June
October 2018	9 October	10 October
December 2018	11 December	12 December

### Recommendation

That:

- The Audit & Risk meeting dates for 2018 be confirmed**

### Attachments

There are no attachments for this report.

### Signatories

Author(s)	Michelle Staines-Hawthorne <b>Corporate Strategy Manager</b>	
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Approved by	Don McLeod <b>Chief Executive Officer</b>	
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# Liability Management Policy Amendment

Trim No.: 1943487

## Executive Summary

Council's definition of 'net debt' in the current Liability Management Policy does not allow for investments of between 3 and 12 months to be included in the calculation. At 30 June 2017, Council had significant term deposits in this category. As such their exclusion from the net debt calculation in the Annual Report resulted in a reported net debt figure that, without further explanation, would have been quite misleading to the reader considering Council's overall financial position.

Council's current policy definition differs from the more commonly understood definition of 'net debt' and from the definitions we understand are used by most other Councils. Council's policy is also significantly more conservative than the definition used by the New Zealand Local Government Funding Agency (LGFA), where the majority of Council's loan funding is sourced. Staff propose that the definition of 'net debt' in Council's Liability Management Policy is updated to more closely align with the LGFA.

## Recommendation

That:

- The Committee review the proposed amendment to the definition of 'net debt' set out in the Liability Management Policy and make a recommendation to Council on the adoption of the amendment.**

## Content

### Background

'Net debt' is an indicator of an entity's ability to pay off all its debts, using its available cash and highly liquid assets. Net debt as a percentage of total revenue was selected to be used in the LTP as a benchmark against which to monitor and report Council's borrowing against budgets and prior periods.

### Council's current Liability Management Policy

In the current policy, Council, (with the guidance of our independent treasury advisors) have set a range of limits on borrowing which are considered to be conservative and prudent for a Council of our size and nature. The limits are as follows:

Item	Borrowing limit
Net external debt as a percentage of total revenue	<150%
Net interest on external debt as a percentage of total revenue	<15%
Net interest on external debt as a percentage of annual rates income (debt secured under debenture)	<20%

Council's policy defines 'net external debt' as "*total debt less unencumbered cash and cash equivalents*". Unencumbered cash and cash equivalents generally means cash held at the bank, plus any term deposits of terms less than 30 days. The 30 day cut-off relates to a minimum notice

period for early return of invested funds which Council could potentially invoke for financial hardship reasons.

### LGFA's financial covenants

99% of Council's current borrowings are sourced through the LGFA. The LGFA have a set of financial covenants with which Council must comply with in order to source funding. The LGFA's financial covenants include the following:

Financial covenant	Required performance
Net debt : Total revenue	<175%
Net interest : Total revenue	<20%
Net interest : Annual rates income	<25%

The LGFA define 'net debt' as "*gross debt less liquid financial assets and investments. Liquid financial assets and investments are defined as cash, bank deposits and any fixed interest and equity investments that are held (these need to be assets that the council could realise in the short term rather than strategic equity stakes in a company that is intended to be held for the long term).*"

The LGFA's definition of net debt is wider and less conservative than Council's policy, in that it allows for term deposits of up to 12 months to be included in the calculation.

### Issues

At 30 June 2017, net debt as a percentage of total revenue was reported in the Annual Report using our current definition of 'net debt' at 55%. At the time, we also held term deposits with maturities of between 3-12 months of \$18.3 million. With these deposits taken into account, the reported percentage would have been 18%. This difference was reported in the commentary.

In the annual return to the LGFA, the covenant was reported at 17.2% in line with their criteria.

## Analysis

### Options considered

Practical options are status quo or to update our policy definition in line with the LGFA definition.

### Analysis of preferred option

Staff recommend that the definition of 'net debt' in Council's Liability Management Policy is updated to more closely align with the LGFA - "external debt less liquid financial assets and investments. Liquid financial assets and investments are defined as cash, bank deposits and any fixed interest and equity investments that are held for other than strategic purposes".

### Legal and statutory requirements

Council is not required to consult on amendments to the Liability Management Policy unless they were considered to be matters of significance.

### Consistency with the Long Term Plan / Annual Plan

If Council were to amend the net debt definition, we would need to explain the change in definition in our future reporting.

### Attachments

There are no attachments for this report.

### Signatories

Author(s)	Larnia Weir <b>Deputy Finance Manager</b>	
Approved by	Danny Anglesey <b>Finance &amp; Business Services Manager</b>	
	Manaia Te Wiata <b>Group Manager Business Support</b>	

# Risk Policy and Risk Management Plan

Trim No.: 1955968

Item 7.2

## Executive Summary

The Audit and Risk Committee reviewed the Risk Policy at the October meeting and requested a number of additions.

An updated version of the policy is attached incorporating suggested changes for the Committee's review including some minor corrections.

The Committee is now scheduled to review the Risk Management Plan. The Policy changes are being incorporated into the Risk Management Plan and this report provides an update.

## Recommendation

That:

1. The information be received.
2. The updated Risk Policy be approved and be submitted to Council for adoption.

## Content

### Background

The Audit and Risk Committee reviewed the Risk Policy at the October meeting.

The Committee approved the revised policy subject to the inclusion of the following statements under the section on Risk Appetite:

- Council has zero appetite for contamination of Council water suppliers
- A minimum tolerance level for the Roothing activity as it is Council's largest activity (by asset value and spend)

The attached revision of the policy has proposed statements for the Committee's consideration. Other minor corrections have been included. The changes are coloured red in the attached policy (Version 2).

The Risk Management Plan is being re-drafted to incorporate the revised Policy.

The re-draft is not complete and the latest version incorporating changes to date will be circulated separately.

### Issues

#### Risk Appetite

#### Council Water Supplies

The following clause has been included:



*Council water supplies – Council has zero appetite for contamination that results in Council supplied water being unsafe to consume. Council expects that this risk is mitigated as low as practically possible.*

The statement has been worded to make the emphasis on contamination that would make water unsafe to consume. We have had occasions where water supplied to a town may be discoloured or “dirty” and yet it is still potable.

Roading

The following sections are from the Roothing Activity Plan:

### **Our vision and community outcomes**

*Council has developed a vision to make Matamata-Piako ‘The Place of Choice’ – Lifestyle – Opportunities – Home. Further details on this strategic vision are set out in Part 1 of this plan. Roothing contributes to this overall vision by providing transportation connections that enable our community to safely travel to and from their destination, transport goods and services and support economic growth.*

The following levels of service are included in the Activity Plan:

- We will provide a roading network that is safe for all users
- We will provide a roading network that is maintained and developed to provide smoothness and comfort
- We will provide a reliable roading network and will respond to customer service requests in a timely manner

There is a clear emphasis on providing transport connections and safety.

Two potential minimum tolerance levels are included below for consideration.

The first is based on a resilience level for road access and is taken from the New Zealand Transport Agency’s One Network Road Classification (ONRC) Guidelines.

The classification defines a hierarchy of roading based on the relative level of importance of a road. This is assessed taking into account traffic volumes, use (commercial, tourism, cycling and pedestrians), population served and connection to key destinations (eg ports).

The classifications that apply to Council roads (ie excluding State Highways) from highest importance to lowest are :

- Arterial
- Primary Collector
- Secondary Collector
- Access
- Low volume.

A map of the district with the classifications is attached (excluding urban detail ) to provide an indication of the coverage in the district

The underlying assumption is that the more important the road (eg Arterial versus Low volume) the higher the level of service.

The risk tolerances in the Policy are intended to describe Council's bottom-lines. These will then drive management actions if the bottom-lines cannot be achieved or are in danger of being compromised.

The following levels of service are taken from the NZ Transport Agency ONRC Guide-lines

- Primary\Secondary Collector – route is nearly always available except in major weather events or emergency event and alternatives may exist. Clearance of incidents affecting road users will have a moderate priority, Road users may be advised of issues and incidents.
- Access – route may not be available in moderate weather events and alternatives may not exist. Clearance of incidents affecting road users and road user information will have a lower priority.

The Committee is requested to consider whether this type of "Access" based risk tolerance level should be included in the Policy.

A second risk tolerance level is focused on safety:

No serious-injury or fatality accidents shall be attributable to road design or inadequate maintenance.

### **Risk Management Plan**

The following introduction has been included in the re-drafted Plan:

*This Risk Management Plan provides the linkage from the Risk Policy to the operation of the Risk Management process.*

*It defines the systems and processes for on-going Risk Management.*

*The plan contains Council's risk management framework. It should provide a clear, practical guide for staff to manage risks to reflect Council's approach to risk.*

*It is important that managers are fully conversant with the Risk Policy so that they can understand Council's requirements.*

*Managers can then guide staff to ensure risk management practice is consistent with the Policy.*

The intention is that the Plan will be the one point of reference for staff for risk management practice.

Sections of the Risk Policy have been included directly in the Plan so that staff do not have to look at two documents.

The opportunity is being taken to test the level of understanding of the re-drafted plan as Sections are being completed.

This approach is considered critical to the improvement of risk management in the organisation.

The latest version of the document with Sections still to be completed clearly marked will be separately circulated.

## Analysis

### Options considered

1. Approve the attached changes to the Risk Policy as per the attached Version 2.
2. Approve the attached changes to the Risk Policy as per the attached Version 2 with the exception that a Rooding Access based risk tolerance replaces the Safety focused statement,

### Analysis of preferred option

The risk tolerance statement for Road safety is favoured as:

- It is simple,
- Does not rely on any technical understanding of the roading network
- Is likely to be a community\vehicle user expectation anyway.
- Council has more direct control of the outcome as compared to an "Access" tolerance level.
- We would need to do further work to quantify the implications of access based risk tolerance.

With respect to the last point, developing an Access based risk tolerance level could be an enhancement for a future policy review.

### Legal and statutory requirements

There are no legal or statutory issues.

### Impact on policy and bylaws

There is no impact on policy and by-laws.

### Consistency with the Long Term Plan / Annual Plan

The proposed risk tolerances take into account Council's long term plan targets.

### Impact on Significance and Engagement Policy

The matter is not considered significant.

## Financial Impact

### i. Cost

There is no financial cost from the review.

ii. **Funding Source**

Not applicable.

**Attachments**

- A. Revised Draft Risk Policy 2017 Version 2
- B. MPDC ONRC Map 2016

**Signatories**

Author(s)	Manaia Te Wiata <b>Group Manager Business Support</b>	
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Approved by	Manaia Te Wiata <b>Group Manager Business Support</b>	
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## External ISO Quality Audit - October 2017

Trim No.: 1952468

Item 8.1

### Executive Summary

As part of being ISO 9001 certified Council is externally audited every twelve months by Telarc Limited. This will either be a surveillance audit to ensure we are on track or a triennial audit to determine if Council's ISO certification should continue.

Telarc Limited carried out their three day triennial audit on 9, 10 and 11 November 2017 to determine whether Council should be recertified against the new ISO 9001:2015 standard.

The audit resulted in 1 minor non-conformance and 18 opportunities for improvements and that Council ISO 9001 certification continues.

The audit report is attached for the Committee's information.

### Recommendation

That:

1. **The information be received.**

### Content

#### Background

The three day audit involved a Telarc auditor along with the Quality Coordinator visiting several departments within the organisation in both Te Aroha and Matamata.

Over those three days the following departments were visited:

- Entry meeting including changes and confirm assessment plan with Group Manager Service Delivery, Quality Coordinator and Health & Safety/Quality Manager
- Quality Management System Review
- Corporate Strategy
- Communications
- Asset Management – Strategy and Policy
- Monitoring and Enforcement
- Customer Services - Matamata
- Matamata Library
- Swim Zone Matamata
- Firth Tower – Matamata
- Kaimai Consultants – Project administration and support
- Kaimai Consultants – Contracts and monitoring
- Animal Control – Pound (onsite visit)
- KVS Depot – Administration and support

- KVS – Parks and Reserves
- KVS – Te Aroha Wastewater Treatment Plant (onsite visit)
- Review of the audit with Group Manager Service Delivery, Quality Coordinator and Health & Safety/Quality Manager

The audit resulted in 1 minor non-conformance and 18 opportunities for improvements and that Council ISO 9001 certification continues.

Telarc no longer issue areas of concern, they now have major non-conformance and minor non-conformance which are explained on page 3 of the audit report.

The minor non-conformance and opportunities for improvement have been recorded in Council's 'corrective actions' database and will be actioned over the next few months with all issues completed by the next audit.

Our next surveillance audit will therefore be due late 2018.

## Attachments

A. Telarc Audit Report - 9-11 October 2017

## Signatories

Author(s)	Raewyn Ellison <b>Quality Coordinator</b>	
Approved by	Sandy Barnes <b>Health &amp; Safety/Quality Manager</b>	
	Dennis Bellamy <b>Group Manager Community Development</b>	

# Update of Quality Internal Audits Completed to August 2017

Trim No.: 1952602

## Executive Summary

As part of ISO 9001 internal audits are scheduled throughout the year and allocated to our 18 internal auditors.

The Unit Managers have considered the “key risk areas” for their units which provide the basis for our internal audit schedule for 2017.

This calendar year 36 audits have been allocated to the 18 auditors. This doesn’t include the 15 cash handling audits that are done by 2 auditors from the Finance and Business Services Team.

From September to October 2017 staff have completed 10 audits including 3 cash handling ones. The audits prior to September were reported at the last Audit & Risk Committee meeting.

From the completed audits there was 5 areas of concern and 41 opportunities for improvement which have been recorded as corrective actions in the quality system and allocated to staff to complete.

## Recommendation

That:

1. The information be received.

## Content

### Background

Our internal auditors use the following classifications for any issues they believe need addressing. These are:

- OI – Opportunity for Improvement. These are suggestions for things that could be considered. They are not mandatory.
- AOC – Area of Concern. These are major issues which require urgent attention.
- NC – Non Conformance. These are issues that are major and staff are not following the procedure. These issues are likely to have serious implications if left unresolved.

Below are those which had “Areas of Concern” or “Non Conformances” noted by the auditors.

Department	Procedure	AOC/NC
Planning	Food Act 2014 Verification	<b>AOC-1:</b> Letter not being sent in initiating the process with the customer. Having the written record is important for record keeping as it’s more difficult to go back and know exactly what was said in a phone call. Suggest moving towards sending letters as soon as it’s practical.
KVS – Water	Te Aroha Water Treatment Plant	<b>AOC-1:</b> No record of intake mesh sizing – needs to be recorded in Operation manuals.
KVS – Water	Te Aroha Water Treatment Plant	<b>AOC-2:</b> We need to advise WRC (in the annual report) that it is impractical and unnecessary to monitor the

		Pohomihi discharge velocity.
KVS – Water	Te Aroha Water Treatment Plant	<b>AOC-3:</b> Daily pump hours for the Waihou River pumps need to be advised to WRC with other data.
KVS – Water	Te Aroha Water Treatment Plant	<b>AOC-4:</b> Visual clarity checks of discharges need to be undertaken occasionally and recorded. Note the remote location of the Pohomihi discharge does not alleviate this requirement at this site.

Listed below is a copy of the Internal Audit schedule for 2017.

<b>Department</b>	<b>Audit Scheduled</b>	<b>Month</b>	<b>Status</b>
Customer Services	CRM - How to Log a CRM / Reminders and Escalations of CRMs	Feb-17	Completed
Facilities Operations - TA Spas	Power Failure at Te Aroha Mineral Spas	Feb-17	Completed
Animal Control	Wandering Dog	Mar-17	Completed
Assets - Strategy & Policy	Generating playground safety inspections	Mar-17	Completed
Kaimai Consultants	Setting up a Contract or SFA (Short Form Agreement) in Authority	Mar-17	Completed
Kaimai Valley Services	Te Aroha Water Resource Consent	Mar-17	Outstanding
Assets - Strategy & Policy	New Water Meter Process For Building and Resource Consents	Apr-17	Completed
Finance and Business Services	AP Payroll PAYE Payments	Apr-17	Completed
Kaimai Consultants	Insurance Claims Procedure (excluding vehicles)	Apr-17	Completed
Animal Control	Infringement Processing	May-17	Completed
Human Resources	PAYE reporting and payment to IRD - mid month/month end	May-17	Outstanding
Kaimai Consultants	Bacterial Testing and Result Reporting for Council Water Supplies	Jun-17	Completed
Kaimai Valley Services	KVS Request PPE	Jun-17	Completed
Planning - Health	Food Premises Health Licence New and Renewal	Jun-17	Completed
Customer Services	Customer Complaints Procedure and Guidelines	Jul-17	Completed
Kaimai Valley Services	Matamata Wastewater Treatment Plant Resource Consent	Jul-17	Completed
Records	Scanning Building Consents	Jul-17	Outstanding
Kaimai Valley Services - Wastewater	Person Falling Into An Aerated Tank	Aug-17	Completed
Libraries	Notices to Users - All libraries	Aug-17	Completed
Planning	Food Act 2014 Verification	Aug-17	Completed
Assets - Strategy & Policy	Assets - New play equipment - Installation and Asset Handover	Sep-17	Completed
Finance and Business Services	Purchasing and Payments (OLR)	Sep-17	Completed
Information Technology	WebMap 6.1 Updates/Backup Restore SQL databases	Sep-17	Completed
Information Technology	Monthly Reviewing of System/Data Back Ups Procedure	Sep-17	Outstanding
Records	MPDC Information security and control	Sep-17	Completed
Communications	LGOIMA or OIA Request Management Overview	Oct-17	Completed
Corporate Strategy	Annual Plan	Oct-17	Outstanding
Facilities Operations - Pools	Sodium Hypochlorite Safety Procedure	Oct-17	Completed
Kaimai Valley Services	Morrinsville Water Resource Consent	Oct-17	Completed
Human Resources	Calculate ACC Liable	Nov-17	
Kaimai Consultants	Water Main Renewal (including procurement)	Nov-17	
Kaimai Valley Services - Water	Small Water Reticulation Repairs	Nov-17	
Libraries	How to deal with requests for information about library customers	Nov-17	
Animal Control	Maintaining Existing Records	Dec-17	
Kaimai Valley Services	Contract Management - Waihou Engineering	Dec-17	
Planning	Prepare and notify decision on proposed plan change	Dec-17	
Telarc SAI Audits	Twelve Monthly (Triennial Audit for 2017)	Oct-17	Completed
Health and Safety	WSMP Internal Audit	Sep-17	



**PROPOSED INTERNAL AUDITS TIMETABLE**

**Cash Handling - 2017**

<b>Site</b>	<b>Proposed Audit Date</b>	<b>Month</b>	<b>Status</b>
Visa Credit Cards	Monthly		
Timesheets – KVS	Annually	Feb-17	
Firth Tower	Annually	Apr-17	
Matamata Recycling Centre	Annually	Apr-17	
Te Aroha Mineral Spas	Annually	May-17	
Te Aroha i-SITE	Annually	May-17	
Swim Zone Te Aroha	Annually	Jun-17	
Swim Zone Matamata	Annually	Jun-17	
Timesheets – Community Facs	Annually	Aug-17	
Waihou Recycling Centre	Annually	Aug-17	
Morrinsville Recycling Centre	Annually	Sep-17	
Morrinsville Office	Bi-annually	Oct-17	
Morrinsville Library	Bi-annually	Oct-17	
Aerodrome	Annually	Nov-17	
Swim Zone Morrinsville	Annually	Dec-17	
Matamata Library	Bi-annually	Oct-18	
Matamata Office	Bi-annually	Oct-18	
Te Aroha Office	Bi-annually	Oct-18	
Te Aroha Library	Bi-annually	Oct-18	

**Attachments**

There are no attachments for this report.

**Signatories**

Author(s)	Raewyn Ellison <b>Quality Coordinator</b>	
Approved by	Sandy Barnes <b>Health &amp; Safety/Quality Manager</b>	
	Dennis Bellamy <b>Group Manager Community Development</b>	

## Progress on Review of Ecoli Detection in Water

Trim No.: 1952690

### Executive Summary

This report is to update the Audit and Risk Committee on work in progress on the recommendations in the Review of E.coli Detection in Water Supplies during 2016 Report by CH2M Beca.

#### Review of E.coli Detection in Water Supplies During 2016

The E.coli report has twenty three recommendations that have been considered, prioritised and is now work in progress. A colour coded system is being used to indicate progress on the work to date. The numbers in brackets are what had been completed and reported to the committee in October 2017.

**Green** (Completed): 11 [9] have been completed, of which 6 were identified as high priority: Most related to incident management, sampling and reticulation.

**Red** (Not Started): 0 [3] All items have begun and are underway.

**Blue** (Started): 8 [8] recommendations are underway. Most are high priority actions related to implementing reticulation procedures and updating the Water Safety Plans. Timeframes for completion are December 2017 – January 2018.

**Orange** (Ongoing): 4 [3] recommendations have been started and span more than a financial year. They relate to staff competency and training, and transferring Te Aroha West to reticulated supply.

The recommendations are continuing to be worked upon with an expected completion of most actions by December 2017. It is surmised that more actions will be added upon completion of the Havelock North Inquiry: Stage 2 report.

### Recommendation

That:

1. **The report be received**

### Content

#### Background

In 2016, there were six occurrences of Escherichia (E.coli) bacteria detected as part of Council's testing procedures for drinking water supplies. All samples taken had adequate chlorine residual and there was no logical cause for the presence of bacteria. However, the presence of E.coli is a serious matter and in December 2016, the Chief Executive requested an in depth investigation and report by an independent external professional CH2M Beca into the potential causes of E.coli being detected in our system.

In August 2016, the groundwater source supplying drinking water to the residents of Havelock North was contaminated with campylobacter bacterium that caused gastrointestinal illness. Following the incident, Central Government initiated an inquiry into the event, (currently ongoing)

and have released a Stage 1 report on the incident. The following is a high level summary of the findings in the Stage 1 report:

- Some 5,500 of Havelock North’s residents became ill, 45 of whom were hospitalised. It is possible that the outbreak contributed to three deaths.
- Sheep faeces were the likely source of the campylobacter that caused the outbreak. It is highly likely that contaminated water containing the faeces entered the aquifer from a pond about 90m from the Brookvale Road well 1.
- The Te Mata aquifer from which the water was abstracted is not confined, and had been penetrated by a significant number of disused or uncapped wells. The source is not secure.
- The Regional Council failed to meet its responsibilities to act as guardian of the aquifers under the Heretaunga Plains.
- Hastings District Council did not embrace or implement the high standard of care required of a water supplier. Its failings especially applied to its mid-level managers.
- There was a critical lack of collaboration between the Regional and District Council.
- The Drinking Water Assessors were too hands-off in the applying the Drinking Water Standards for New Zealand (DWSNZ).
- Council’s consultant failed to competently assess the security of the wellheads.

As a result of the Havelock North outbreak, the Chief Executive instigated the formation of a new Water and Waste Water unit to address operational and strategic practices, particularly dispersed management and accountability. Tasked with governance oversight in regards to quality control and compliance, the unit is also addressing the need for greater diligence and co-operation with the Health Board and Regional Council, which was a key finding in the Havelock North Inquiry Report.

This report updates the Audit and Risk Committee on progress on the E.coli Report.

### Issues

The following tables provide a high level summary of work in progress from the E.coli Report.

**Table 1: CH2M Beca Recommendations Progress**

High Level Aspect	Not Started	Started	On-Going	Completed	Comment
Plans, Policies and Procedures	0	1	0	0	OPUS consultants undertaking review of emergency response plan.
Water Safety Plans	0	5	0	0	All items started and 95% complete.
Reticulation	0	1	0	3	New process completed and training of staff scheduled.
Staff Competence and Training	0	0	2	1	All mainly relate to completion of LTO system.

<b>Sampling and Testing</b>	0	1	1	3	High priority sample taps installation on-going.
<b>Incident Management</b>	0	0	0	4	All completed.
<b>Post Treatment Processes</b>	0	0	1	0	Upgrade of Waihou water supply completed, and Te Aroha West on-going.
<b>Summary Tally</b>	<b>0</b>	<b>8</b>	<b>4</b>	<b>11</b>	

### Update of E.coli Detection in Water Supplies Report Actions

The recommendations from the review related to managing and reducing the presence of E.coli in the water supplies, thereby improving compliance with regulations and protecting public health. Work has begun on all the high priority risk actions, with the exception of a few that have dependencies upon completion of other actions.

The report updates of the 7 categories are:

- **Water Safety Plans (WSP's):** OPUS consultants are in the stage of reviewing and updating the plans. There has been a delay in completion of these plans due to the engineer who was working on the plans leaving OPUS, and additional content needed to be added to the catchment assessment reports (which feed into the WSP's). At all stages the District Health Board were kept informed and provided guidance for the completion of the assessment. It is expected to be completed by the mid-December and submitted to the Drinking Water Assessors. The updating of the asset management and LTP budgets have begun, but some budgets are dependent upon the completion of the WSP's.
- **Reticulation:** Identified as a high priority category the review of the policies, procedures and practices has progressed and is 95% complete. Training on the new procedures is due for completion before the 2017 Christmas holiday period.
- **Staff Competence and Training:** All 3 actions were prioritized as low-medium risks. 2 of the actions are on-going as they relate to the completion of the licence to operate (LTO) system. The simulation exercises for gross water pollution are being considered and development proposed as part of the Water and Waste Water restructure.
- **Sampling and Testing:** 3 of the 4 high priority actions have been completed. The other high priority action of replacing and relocation of the sample taps is due for completion in January. As of the writing of the report, 4 taps have been installed. The tap locations were ranked in terms of priority/risk (e.g. poor quality sites, end of line reticulation) and installation begun on all the high priority taps that pose a higher potential risk for sample contamination.
- **Incident Management:** All actions within this category have been completed.
- **Post Treatment Processes:** The Waihou KVS Depot has had UV disinfection units installed and they are now operating. This will add a level of protection against pathogenic microorganisms.

Of the ten actions identified as a high priority risk of E.coli contamination, 8 have been completed and 2 are on-going or have been started.

Of the 23 actions, all items have been started and it is expected most will be completed by the end of January 2018.

Work on the E.coli detection recommendations is progressing well. A holistic organisational approach is being applied to this work. The implications of recent events has resulted in a heightened awareness and urgency to ensure we can confidently say and demonstrate that we are doing all we can to provide the community with safe drinking water.

## Attachments

A. Sample Taps - Audit and Risk Meeting - 12 December 2017

## Signatories

Author(s)	Scott Collinge <b>Waste Water Operations Manager</b>	
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Approved by	Fiona Vessey <b>Group Manager Service Delivery</b>	
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## Specific Project Risk Management Review

Trim No.: 1956432

### Executive Summary

This report is to inform the Audit and Risk Committee the status of the top three council projects as identified by the Executive team which are the:

- Matamata-Piako Civic and Memorial Centre (MPC&MC) (under construction) - \$6.9 million
- Mt Misery Reservoir (under construction) - \$3.6 million
- Te Aroha - Matamata cycle trail (concept) - \$4.8 million

The report includes the highest risks of each project. More detailed risk registers have been compiled and these can be made available to the committee if required.

### Recommendation

That:

1. The information be received.

### Content

#### Background

##### Matamata-Piako Civic and Memorial Centre

The Matamata-Piako Civic and Memorial Centre risk register is regularly reviewed and updated.

The top two risks previously reported were:

- Level of funding
- Construction timeline

The level of funding risk remains similar at this stage of the project. On the 8 February Council approved the appointment of Stanley Construction Ltd to build the new Matamata-Piako Civic and Memorial Centre at a tender price of \$5,488,787 and a total project budget of \$6,923,787 including contingencies. Approximately eighty percent of the construction contingency has been allocated, it is not anticipated that there will be any high cost contract driven variations going forward. The client contingency has had higher than expected demands made on it.

In order to keep within the overall \$6,923,787 project budget a significant amount of existing furniture from the old Matamata Library, Offices and Memorial Hall will be reused. This includes seating, tables, cutlery, crockery and glassware.

The construction timeline remains a concern with the “float” in the programme effectively utilised. The target date of 22<sup>nd</sup> January 2018 for practical completion is now the target for disestablishment of the site with a further two weeks taken for final clean. Handover to the client is programmed for Wednesday 14<sup>th</sup> February 2018.

Planning for opening activities has commenced. This will include RSA, three iwi groups as well as elected members and executive. At this stage the formal opening will be around 16<sup>th</sup>-17<sup>th</sup> March 2018.

The construction risk register is available to the committee if required.

### Mt Misery Reservoir

The reservoir is in the process of being commissioned and it is currently 75% full. The access road in behind the reservoir has been constructed but requires resurfacing with rotten rock and some drainage installed.

There is minor seepage through the walls but not inconsistent with construction, specialists are confident that it will self-heal as initial calcium is leached from the fresh concrete. Retentions would cover the cost of rework if found necessary. The commissioning is expected to be complete at end of November with deconstruction of the existing reservoir completed before Christmas.

Operationally the procedures for access have been completed and access ladder installed.

### Te Aroha to Matamata Cycleway

There are no changes to the previous report

Risk	Mitigation
<u>Matamata-Piako Civic &amp; Memorial Centre:</u> Level of Funding	Council will be kept updated on the budget spend and will consider optional variations that would have longer term benefits, e.g. sustainability initiatives
Contamination of land or discovery of artefacts during construction	Demolition is complete and foundations removed. No artefacts or taonga have been discovered. Excavations for new foundations are relatively shallow therefore there is minimal risk of uncovering any artefacts.
<u>Construction Timeline</u>	The original practical completion date of 22 December 2017 has been moved out to 22 January 2018. The handover has been further moved out to 14 <sup>th</sup> February 2018 and client directed fitout will follow. Planning has just commenced for the opening of the new facility on 16/17 March 2018.
<u>MT Misery:</u> Financial risk of budget blowout	Strong management of potential variations. Monthly financial updates. Design & build contract removes some risk to Principal.  Tender price for construction was significantly under the initial funding provided for the project.
Operational Health & Safety	Specific process and procedure plans being compiled and documented. Contractors briefed on operational; hazards← and procedures. These will be reviewed on a regular basis.
<u>Te Aroha to Matamata Cycleway</u> Level of funding required – to secure MBIE funding. Currently have \$3m in budget and need to obtain rest from external sources like Ministry of Business Innovation and Employment	Design trail to align with MBIE criteria for ‘great ride’ so that it can qualify to receive funding. eg. break up big straights.
Easement over private land to secure route –	Land owners agreement obtained prior to final

<p>Project could halt if land owner does not agree to easement or land purchase as not alternative route</p>	<p>commitment from Council to advance project to physical construction.</p> <p>Have now signed up all critical land owners apart from one property owners for which land purchase or easement is desirable.</p>
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**Attachments**

There are no attachments for this report.

**Signatories**

<p>Author(s)</p>	<p>Roger Lamberth  <b>Kaimai Consultants Manager</b></p>	
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<p>Approved by</p>	<p>Fiona Vessey  <b>Group Manager Service Delivery</b></p>	
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# NZ Transport Agency Investment Audit Report

Trim No.: 1953627

## Executive Summary

The NZ Transport Agency contributes 51% of the funding needed to carry out most of the local roading activity across Matamata-Piako District. To ensure these funds are being well managed are providing value for money, NZTA have an Investment Assurance Programme and undertakes scheduled Investment Audits. Council's scheduled audit was undertaken in September 2017.

The audit reviewed four years of data. It found that procurement procedures comply with NZTA requirements, that contracts are effectively managed and that good processes are in place to ensure good value for money from in-house professional services.

The audit also found two areas of concern:

1. Council had claimed funding assistance for work not carried out, and
2. In 2015/16 and 2016/17 the retentions account was used to hold unspent money until work was completed in the following financial year.

The two areas of concern relate to the incorrect use of the retentions account to place money from the NZTA for work that had not been carried out. Once this was identified by NZTA, an internal investigation was initiated immediately to understand why this occurred and to ensure it does not happen again. The findings of the internal investigation identify gaps in process and procedures, communication and training.

Work has commenced on implementing the suggestions and recommendations in the NZTA Investment Audit Report and on the findings of the Internal Investigation. There will be internal and external costs associated with the identified improvements and these are currently being scoped.

## Recommendation

That:

1. **The report is received.**

## Content

### Background

This report is to inform the Committee of the recent audit carried out by the NZ Transport Agency (NZTA) in September 2017. NZTA carries out various audits on road controlling authorities, to provide assurance that their investment is being well managed and delivering value for money. The NZTA contributes 51% of the funding required to carry out most of the roading activity undertaken by Council. The 2017 Investment Audit covered Financial Management, Procurement, Contract Management, Professional Services and Multi Party Agreements for four financial years ending 30 June 2017.

### Issues

The Final NZ Transport Agency Investment Audit Report October 2017 is attached.

The audit rating assessment for Council as reported in Investment Audit Report October 2017:

	<b>Issue</b>	<b>Rating Assessment*</b>
Q.1	Previous audit issues	Effective
Q.2	Financial management	Significant Improvement Needed
Q.3	Procurement	Some Improvement Needed
Q.4	Contract Management	Effective
Q.5	Professional Services	Effective
Q.6	Multi- party Agreements	Some Improvement Needed

In summary the report finds that Council’s procurement procedures are compliant, that there are well established contract management procedures and that Council is receiving good value for money from the in-house professional services business unit (Kaimai Consultants).

The report also finds opportunities for improvement. The most significant improvement was identified under Q.2 Financial Management. This was a result of the incorrect use of the retentions account to place money claimed from NZTA for work not yet completed. This finding has resulted in an internal investigation that has identified a gap in current procedures and training.

The current relevant procedures for retentions and the NZTA claim need to be amended to provide clearer instructions for those managing contracts and the NZTA claim. There needs to be greater alignment between the Planning Investment Knowledge Base and internal process and procedures.

All suggestions and recommendations identified by the auditor are supported by staff who are in the process of actioning suggestions and recommendations.

**NZTA Investigation Audit Report Remedial Actions**

	<b>NZTA Suggestion(S)/ Recommendation(R)</b>	<b>MPDC Action</b>	<b>Status Timeframe</b>
Q.2 – S	That all claims for funding assistance be reconciled to Council’s general ledger records before submission to the Transport Agency.	See action in Q.2 – R	Completed
Q.2 – R	That Matamata-Piako District Council confirms that it will ensure that all future claims for funding assistance from the Transport Agency are based on actual work completed.	MPDC will formally write to the NZ Transport Agency and ensure all future claims for funding assistance are based on actual work completed.	Completed
Q.3 – R	That Matamata-Piako District Council: a) ensures that contract variation values are documented,  b) confirms it understands the road safety audit requirements and ensures	a) Roothing staff have been advised that contract variations values are to be documented. This will be monitored via the internal audit process to ensure it is being done.  b) An Independant Service Provider will be procured to	In Progress          In Progress

	<p>the procedures will be followed for future improvement and renewal activities; and</p> <p>c) confirms that it has sought endorsement from the Transport Agency for the policies contained in its Procurement Manual (5 September 2017) relating to Transport Agency funded activities.</p>	<p>apply the road safety audit procedure for roading improvement or renewal activities. If there is justification not to conduct a safety audit, then Council will complete and file an 'Exemption Declaration'. This will be monitored via the internal audit process to ensure it is being done.</p> <p>c) We are currently reviewing the Roading Section in the our Procurement Manual to align with the NZTA new released Procurement Manual (October 2017). There have been significant changes and updates to this manual since (5 September 2017) The aim is now to and will submit it to NZTA for Endorsement in time to meet the 1 March 2018 timeframe.</p>	In Progress
Q.4 – S	That Matamata-Piako District Council includes agreed times for the implementation of agreed actions with its contractors.	This suggestion relates to meeting minutes and agreed actions with the contractor. A new form is being developed to better capture this information. This will be monitored via the internal audit process to ensure it is being done.	In Progress
Q.6 – S	That Matamata-Piako District Council establishes written agreements with its neighbouring authorities for the management of boundary roads and bridges.	This matter has been discussed for many years with neighbouring authorities. Council will continue to work with neighbouring authorities to establish written agreements for boundary roads and bridges.	In Progress

As a result of the findings of the NZTA Investigation Audit Report, an internal investigation was immediately initiated as there was clearly an identified weakness in our control system which compromises our integrity. Specifically, the most significant weakness identified was in relation to the incorrect use of the retentions account and claiming NZTA funding for work commenced but not completed.

The following actions were undertaken as part of the internal investigation process:

- Interview of key staff that undertake and support the roading activity

- Review Promapp Procedures, NZTA Programme, Planning and Funding Manual in relation to retention monies and claiming NZTA funds
- Review Roothing Minutes
- Review previous NZTA Audits 2011, 2014 and 2017

The gaps highlighted as a result of this investigation include:

- Process and Procedures
- Communication
- Training

#### **Internal Investigation Proposed Remedial Actions:**

- Engage external expertise to review our procedures and documentation and provide advice on improvements required. This is a project and the plan is to engage external expertise to lead a project team (staff and NZTA) to review and amend our process and procedures to be relevant for the current and future environment. If we do not involve those who are doing the work and make the rules in this process we will continue to have a gap.
- Improving communication across the various teams managing the roading activity is required. Currently, there is some uncertainty in terms of roles and responsibilities as the roading activity is managed across three different teams Strategy and Policy, Kaimai Consultants and Finance. Those being asked to sign off contracts and payment certificates may not necessarily know exactly what they are signing off and a Warrant of Fitness process is being developed to close that gap. One organisation, one team approach.
- A training program is required for all staff involved in delivering the approved NZTA Programme of Works. NZTA training is required in the following areas: Planning and Investment Knowledge Base, Procurement Manual, Road Safety Audit Procedures, Professional Services Policy – In house Delivery and Transport Investment Online. Training is also required on internal processes, procedures and systems and how they integrate with NZTA requirements specifically Financial Management, Procurement, Contract Management and Professional Services. Current training is self-guided via various manuals and online systems with the information provided open to interpretation and spread across a number of documents. This makes it very difficult for the team to join the dots as the available information is not at the operational level of detail required to meet internal and external review requirements. Training needs to be continuous and ongoing.

In this particular instance it appears that staff have done the wrong thing with the intention of saving time without understanding the broader implications of their actions creating an unacceptable situation. The management of retentions and claiming of NZTA funds in 2015/16 and 2016/17 was incorrect. There was no intent to deceive Council or NZTA. Those involved are now very aware that their actions were incorrect and ensure it will not happen again.

## **Analysis**

### **Options considered**

The recommendations made in the NZ Transport Agency Investment Audit Report October 2017 are supported by staff and remedial actions are either underway or completed on suggestions or recommendations.

In addition a number of opportunities for improvement have been identified as part of the internal investigation. These opportunities require further consideration and prioritisation.

### **Legal and statutory requirements**

The NZ Transport Investment Agency Report is carried out under section 95(1)(e)(ii) of the Land Transport Management Act 2003.

### **Impact on policy and bylaws**

There are no policy or bylaw implications.

### **Consistency with the Long Term Plan / Annual Plan**

The roading activity is consistent with the Annual Plan/Long Terms Plan targets.

### **Impact on Significance and Engagement Policy**

The audit report does not trigger or impact on Councils Significance and Engagement Policy.

### **Communication, consultation and decision making processes**

The audit and investigation has identified there is room for improvement in terms of communication and decision making processes need to be reviewed and amended.

### **Consent issues**

There are no consent issues.

### **Timeframes**

Work on identified suggestions and recommendations from the NZTA Investment Audit commenced immediately and should be complete by May 2018.

Work on the findings of the internal investigation has also commenced. Timeframes for completion have not yet been developed.

### **Contribution to Community Outcomes**

The Roding Activity contributes to Community Outcomes.

## **Financial Impact**

### **i. Cost**

There will be staff and external resource costs to address the suggestions, recommendations and findings of the Investment Audit and Internal Investigation. These are currently being scoped.

ii. **Funding Source**

The funding source has been identified as existing Roothing budgets.

**Attachments**

A. NZTA Audit Final Report - October 2017

**Signatories**

Author(s)	Armindeep Singh <b>EA to Group Manager Service Delivery</b>	
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Approved by	Fiona Vessey <b>Group Manager Service Delivery</b>	
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## Draft Work Programme 2018

Trim No.: 1954861

### Executive Summary

This report provides for discussion by the Audit & Risk committee of its work programme for 2018.

### Recommendation

That:

1. **The Audit & Risk committee approve a Work Programme for the 2018 calendar year.**

### Content

#### Background

Prior to the commencement of each calendar year the Committee sets itself a work programme. While priorities can shift during the year as unexpected issues arise, the work programme is a useful tool to enable Committee members to set their direction and to allow staff to understand the work priorities that need to be achieved. The attached table sets out the work programme identified by the Committee in 2014, 2015 and 2016 as a reference for Committee members.

The Committee will also need to consider whether its draft work programme is consistent with its Charter (see separate agenda item) and whether the meeting dates proposed (see below and separate agenda item) meet its needs.

#### Issues

The following draft work programme is proposed for discussion by the Committee. The work programme identified issues which have been developed and reviewed on an annual basis as a suggested base work programme. There may be other matters that the Committee may wish to consider for inclusion or replacement in the work programme.

#### March 2018

- Annual Report – review of the Audit Arrangements Letter
- Annual Report – review of the six month report
- Treasury Policy Review
- Long Term Plan – review of audit of the Consultation Document
- BDO Internal Audit plan
- Standing item – Specific Project Risk Management Review
- Standing item – Review of any audit reports that have been completed
- Standing item – In committee auditor/committee member discussion
- Weathertight Buildings Update

#### 26 June 2017

- Annual Report – review of the report on the interim audit
- Annual insurance programme review
- Long Term Plan – review of interim/final management report and final Long Term Plan audit
- Annual risk management framework/analysis review
- Annual review of Accounting policies

**Item 9.4**

- Review of Fraud and Protected Disclosures Policies
- Standing item – Specific Project Risk Management Review
- Standing item – Review of any audit reports that have been completed
- Standing item – In committee auditor/committee member discussion

9 October 2017

- Annual Report – review of the final Annual Report, Summary, Audit Opinion and letter of representation
- Annual financial warrant of fitness assessment
- Annual legislative warrant of fitness assessment
- Annual review of delegations
- Self-evaluation of committee circulated
- Standing item – Specific Project Risk Management Review
- Standing item – Review of any audit reports that have been completed
- Standing item – In committee auditor/committee member discussion

12 December 2017

- Review of the Audit and Risk Committee Charter
- Proposed meeting dates for 2019
- Draft work programme for 2019
- Annual update of Quality External Audit (Telarc) and additional external audits being undertaken by Council
- Annual update on organisational culture - vision and values
- Annual Risk Policy review
- Self-evaluation of committee completed
- Standing item – Specific Project Risk Management Review
- Standing item – Review of any audit reports that have been completed
- Standing item – In committee auditor/committee member discussion

## **Attachments**

A. Audit and Risk Committee Work programmes of 2014, 2015, 2016 and 2017

## **Signatories**

Author(s)	Michelle Staines-Hawthorne <b>Corporate Strategy Manager</b>	
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Approved by	Don McLeod <b>Chief Executive Officer</b>	
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