



F13/13 – D20/33177

25 November 2020

AUDIT & RISK COMMITTEE MEETING

Notice is hereby given that the **Audit & Risk Committee Meeting of Council** will be held in the **Council Chambers, Stratford District Council, Miranda Street, Stratford** on **Tuesday 1 December 2020** at **3pm**.

Timetable for 1 December 2020 is as follows:

12pm	Lunch for Councillors
12.30pm	Workshop for Councillors <ul style="list-style-type: none">- Walking & Cycling Strategy- Revenue & Finance Policy- Economic Development Targeted Rates-
2.45pm	Afternoon tea for Councillors
3pm	Audit & Risk Committee meeting
4pm	Workshop for Councillors <ul style="list-style-type: none">- Emerging Risks

Yours faithfully



Sven Hanne
CHIEF EXECUTIVE

2020 - Agenda - Audit & Risk - December (01/12/2020)

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AUDIT & RISK COMMITTEE MEETING
TUESDAY 1 DECEMBER 2020 AT 3.00 PM

A G E N D A

1. **WELCOME**

2. **APOLOGIES**

3. **ANNOUNCEMENTS**

4. **DECLARATION OF MEMBERS INTEREST**

Elected members to declare any real or perceived conflicts of interest relating to items on this agenda.

5. **ATTENDANCE SCHEDULE**

Attendance schedule for 2020 Audit and Risk Committee meetings.

6. **PROGRAMME OF WORKS**

D20/33069 Page 7

RECOMMENDATION

THAT the Audit and Risk Committee's rolling programme of works up to the end of 2022 be received.

/_____
Moved/Seconded

7. **CONFIRMATION OF MINUTES**

7.1 **Audit and Risk Committee Meeting Minutes – 6 October 2020**

D20/28222 Pages 8-18

RECOMMENDATION

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 6 October 2020 be confirmed, with any amendments, as a true and accurate record.

/_____
Moved/Seconded

8. **MATTERS OUTSTANDING**

D18/27474 Page 19

RECOMMENDATION

THAT the matters outstanding be received.

/_____
Moved/Seconded

9. **INFORMATION REPORT – HEALTH AND SAFETY REPORT**

D20/32914

Pages 20-23

RECOMMENDATION

THAT the report be received.

Moved/Seconded

10. **INFORMATION REPORT – RISK REVIEW**

D20/33057

Pages 24-28

RECOMMENDATION

THAT this report be received.

RECOMMENDED REASON

To provide an update to the Audit and Risk Committee of any changes to the Council Risk Register and advise the Committee of any incidents in relation to the Top Ten Risk Register from the previous quarter.

Moved/Seconded

11. **INFORMATION REPORT – FINANCIAL RISK MANAGEMENT REPORT**

D20/33009

Pages 47-53

RECOMMENDATION

THAT the report be received.

Moved/Seconded

12. **INFORMATION REPORT – PRIVACY ACT CHANGES**

D20/31415

Pages 54-57

RECOMMENDATION

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of how Council has prepared for the upcoming changes to the Privacy Act. These come into effect on 1 December 2020.

Moved/Seconded

13. **INFORMATION REPORT – IANZ AUDIT**

D20/32892

Pages 70-73

RECOMMENDATION

THAT the report be received.

Recommended Reason

As an accredited Building Consent Authority the Stratford District Council must ensure its procedures and practices for building consent matters meet legal requirements.

Moved/Seconded

14. **GENERAL BUSINESS**



Health and Safety Message

In the event of an emergency, please follow the instructions of Council Staff.

Please exit through main entrance.

Once you reach the footpath outside please turn left and walk towards the Bell tower congregating on lawn outside the Council Building.

Staff will guide you to an alternative route if necessary.

If there is an earthquake – drop, cover and hold where possible. Stay indoors till the shaking stops and you are sure it is safe to exit or remain where you are until further instruction is given.

ATTENDANCE SCHEDULE

Attendance schedule for 2020 Audit and Risk Committee meetings.

<u>Date</u>	<u>17/12/19</u>	<u>17/03/20</u>	<u>19/05/20</u>	<u>21/07/20</u>	<u>06/10/20</u>	<u>01/12/20</u>
Meeting	A	A	A	A	A	A
Neil Volzke	✓	✓	✓	✓	✓	
Grant Boyde	✓	✓	✓	✓	✓	
Rick Coplestone						
Peter Dalziel	✓	✓	✓	✓	✓	A
Jono Erwood	✓	✓	✓	✓	✓	
Amanda Harris			✓			
Alan Jamieson	✓	✓	✓	✓	✓	
Vaughn Jones						
Min McKay	✓	✓	✓	✓	S	
John Sandford			✓		✓	
Gloria Webby					✓	
Kura Denness (Chair)	✓	✓	✓	✓		
Philip Jones (Chair)					✓	

Key	
A	Audit & Risk Meeting
	Non committee member
✓	Attended
A	Apology/Leave of Absence
AB	Absent
S	Sickness
(AV)	Meeting held by Audio Visual Link

Audit and Risk Committee - Programme of Works

	Dec-20	Mar-21	May-21	Jul-21	Sep-21	Nov-21	Mar-22	May-22	Jul-22	Sep-22	Nov-22	
Standing Items	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit NZ Matters raised**	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit NZ Matters raised	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit NZ Matters raised	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit NZ Matters raised	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit NZ Matters raised	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit NZ Matters raised	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report
Annual Items	-Committee Self-Review	-Cyber Risk prevention update	-Civil Defence Readiness	- Review of Insurances	-Annual Report	-Committee Self-Review	-Cyber Risk prevention update	-Civil Defence Readiness	- Review of Insurances	-Annual Report risk	-Committee Self-Review	
One-Off Items	- IANZ Audit - Long Term Plan - Infrastructure Delivery* - Privacy Policy review	- Internal Audit Report -Payroll Tax Audit Report (independent)	- Treasury Policy review	-Review Risk Management Policy, Risk Appetite Statement, and Risk Management Framework			- Independent GST Audit Report					

*This item has been removed from the agenda.

**The final management report for audit of the year ended 30 June 2020 has not yet been received from Audit New Zealand.

MINUTES OF THE AUDIT & RISK COMMITTEE MEETING OF THE STRATFORD DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, STRATFORD DISTRICT COUNCIL ON TUESDAY 6 OCTOBER 2020 AT 3.07 PM

PRESENT

P Jones (the Chair), the District Mayor N C Volzke, the Deputy Mayor A L Jamieson, Councillors P S Dalziel and J M S Erwood.

IN ATTENDANCE

The Deputy Chief Executive – Ms K Whareaitu, the Director Corporate Services – Mrs T Radich, the Director Environmental Services – Mr B Sutherland, the Director Assets – Mrs V Araba, Councillors G W Boyde, G M Webby, W J Sandford, the Administration & Communication Support Officer – Ms R Vanstone, the Health & Safety and Emergency Management Advisor – Mr M Bestall (*part meeting*), the Communications Manager – Ms G Gibson, the Corporate Accountant – Mrs C Craig (*part meeting*) and two members of the media (the Stratford Press & the Daily News).

1. WELCOME

The District Mayor Volzke introduced and warmly welcomed the Audit and Risk Committee’s new chair, Mr Philip Jones, well known throughout local government circles and an experienced audit and risk committee chairperson.

The Chair welcomed the District Mayor, Councillors and staff to the meeting.

2. APOLOGIES

An apology was noted from the Chief Executive – Mr S Hanne.

A motion for lateness was received for Councillor McKay who was attending the meeting via audio visual link due to illness.

RECOMMENDATION

THAT an apology be received from Councillor M McKay.

VOLZKE/JONES
Carried
A&R/20/34

It is noted that this recommendation was amended to an apology as Councillor McKay was unable to attend the meeting via audio visual link due to technical issues.

7.1

3. ANNOUNCEMENTS

The Chair thanked attendees for the welcome and noted that he has served on seven audit and risk committees and has acted in governance advisory roles to councils on many occasions. Mr Jones looked to encourage good participation from committee members.

4. DECLARATION OF MEMBERS INTEREST

The Chair requested councillors to declare any real or perceived conflicts of interest relating to items on this agenda.

There were no declarations of interest relating to items on this agenda.

5. ATTENDANCE SCHEDULE

The attendance schedule for Audit and Risk Committee meetings was attached.

6. PROGRAMME OF WORKS

D19/32844 (Page 8)

RECOMMENDATION

THAT the Audit and Risk Committee's programme of works for 2020 be received.

DALZIEL/ERWOOD
Carried
A&R/20/35

The Chair noted that he would review the programme of works in forthcoming meetings as he continues to assess the effectiveness of the committee. Mr Jones will work with the committee and staff to develop a robust work programme setting objectives for each meeting and for the remainder of the triennium.

7.1

7. **CONFIRMATION OF MINUTES**

7.1 **Audit and Risk Committee Meeting Minutes – 21 July 2020**
D20/20660 (Pages 9-17)

RECOMMENDATION

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 21 July 2020 be confirmed, with any amendments, as a true and accurate record.

DALZIEL/JAMIESON
Carried
A&R/20/36

7.1

8. **MATTERS OUTSTANDING**

D18/27474 Page 18

RECOMMENDATION

THAT the matters outstanding be received.

ERWOOD/DALZIEL
Carried
A&R/20/37

It was noted that with the completion of the chair's appointment process, there were no further matters outstanding.

It was noted that item 9 would be deferred to give Councillor McKay, unable to attend the meeting via audio visual link due to technical issues, an opportunity to email feedback to the Deputy Mayor.

11. **INFORMATION REPORT – RISK REVIEW**

D20/25498 Pages 154-176

RECOMMENDATION

THAT this report be received.

RECOMMENDED REASON

To provide an update to the Audit and Risk Committee of any changes to the Council Risk Register and advise the Committee of any incidents in relation to the Top Ten Risk Register since the last Audit and Risk Committee meeting, held in May 2020.

JONES/DALZIEL
Carried
A&R/20/38

The Director – Corporate Services noted the following points:

- Since the agenda was distributed, there has been a water main burst on Broadway on 30 September resulting in discolouration to water. This was resolved in a few hours and did not affect the safety or availability of water.

The Health & Safety and Emergency Management Advisor joined the meeting at 3.17pm.

Questions/Points of clarification:

- Councillor Jamieson sought clarification with reference to the contractor breach (risk 58) at the library where a faulty water cylinder valve was installed. He asked whether the same contractor was brought in to rectify the issue given the workmanship was questionable. The Director – Assets confirmed that the initial plumber’s work was not overseen or signed off and consequently another plumber from the same company made the repair (at their cost).
- Councillor Dalziel noted that pre-qualification would not have mitigated the risk in this case.
- The Chair advised the committee that a number of councils use an external expert to complete tax reviews. Mr Jones sought clarification on whether this route could be part of the audit programme of this Council in the future? The Director – Corporate Services advised that this has been looked into in the past but it was a very expensive exercise and the costs outweighed the benefits as there are some internal controls in place. It was also thought that the Council had the capability to do so as both the Director and the Corporate Accountant were experienced in the area of tax from their previous work with the Inland Revenue. Mr Jones commented on the complexities of tax and the costly consequences of getting it wrong. He considered in the least a reference group to bounce ideas off as valuable. The Director – Corporate Services agreed to look into this again in the new year.
- The Chair discussed generally the difference between raw and residual risk and commented that Council could ask itself whether it was doing everything that could possibly be done with the available resources, was a useful situational scan. He also questioned whether the residual risk was reflective of the controls in place.
- The Chair noted the example of a council succumbing to ransomware when a backup had not functioned as expected. Mr Jones considered that backup testing would be useful and he would like to see such testing completed at some stage.

10. INFORMATION REPORT – HEALTH AND SAFETY REPORT

D20/25332

Pages 150-153

RECOMMENDATION

THAT the report be received.

ERWOOD/JAMIESON

Carried
A&R/20/39

The Health & Safety and Emergency Management Advisor noted the following:

- The vehicle policy review has been bought in line with the Taranaki Road Safety Charter. It was noted that the policy applies to everyone driving a council vehicle.

Questions/Points of clarification:

- The Chair noted the dramatic drop off in reported near misses for the period. The Health & Safety and Emergency Management Advisor responded that the figures were relatively difficult to decipher. He was unsure whether the COVID 'break' was a plausible cause. Education into near miss reporting would continue.

The Health & Safety and Emergency Management Advisor left the meeting at 3.35pm.

9. **DECISION REPORT – ON-LENDING \$7,180,000 FOR LAND ACQUISITION**

D20/26367

Pages 19-149

RECOMMENDATIONS

1. THAT the report be received.
2. THAT based on the risk assessment within this report, the Committee endorses the proposed decision by Council to borrow up to \$7,180,000 to on-lend to the Stratford Agricultural and Pastoral Association (A&P Association) to purchase land for an independent local economic venture, subject to receiving positive community consultation plus in addition that before Council makes a final decision that it receives and considers that the following four conditions are met:
 - 2.1 A detailed business case, including sensitivities completed to Council satisfaction
 - 2.2 A second valuation addressed to Council.
 - 2.3 A detailed assessment on the impact of Council's future borrowing capacity.
 - 2.4 An economic assessment report which supports the business case, to be critiqued by an independent third party.

Recommended Reason

The endorsement of this decision by the Audit and Risk Committee will give Council assurance that the risks associated with the loan have been considered and satisfactory mitigations are able to be implemented.

VOLZKE/JAMIESON

Carried
A&R/20/40

The Director – Corporate Services noted the following points:

- This report was being brought to this committee for endorsement to help inform the Council decision. There are plans to release the decision for public consultation tomorrow for a period of four weeks and to go to hearing on 23 November.

- The report noted the key risks with the project, most significantly the credit risk should the A&P Association not meet the interest or loan repayments. The conditions of any loan contract would need to cover the above scenario, to enable Council to call in security.
- The Chair sought clarification on whether because of the financial leverage that Council would have over the A&P Association, it could be deemed a Council Controlled Organisation (CCO) and therefore having to be bought under Council's reporting regime. It was noted that these additional responsibilities could be onerous on the entity. Mr Jones considered that advice from the Office of the Auditor-General would be useful here.
- The District Mayor clarified that Council is not looking to assume control or influence over the A&P Association in any way. However he considered this a question that should be asked alongside other conditions and questions which Council could get specific answers to for consideration at the next meeting and after submissions have closed. Mayor Volzke clarified that Council had already decided to release the decision to support the A&P Association's proposal and seek community feedback on it. That feedback will begin tomorrow and there will be a period for people to be informed and understand and make comment, including attending a public meeting. When feedback closes off Council will consider what the community has said before final approval is given to a loan. What is decided today in this committee could be fed into the Council's final decision.
- Councillor Dalziel was concerned at the lack of information being made available to the public and the lack of financial viability analysis being provided to Council.
- Mayor Volzke noted that the time constraints put upon Council by the A&P Association were in line with the conditional purchase of land. This committee is interested in the risk component and identifying the information gaps and to have the information to make the final informed decision. There is time to achieve this.
- The Chair noted that this committee's role is to clearly articulate the risks that the Council must consider with this project, such as, what is the clear process should there be a default. There should be no surprises to the A&P Association or ratepayers that an agreed action is taken in such a situation. Mr Jones added that the recommendation from this committee be that the report is endorsed (or not) subject to specified risks being clearly investigated and mitigated as part of the final decision making process by Council.
- Councillor Boyde sought clarification on a series of questions including:
 - Who pays the rates (or is a remission applicable)?
 - Who funds the \$50,000 needed for a credit rating (to access the loan) and would this be written up in the loan contract?
 - What is the financial impact to 3-waters reforms?
 - Are the current valuations available?
- Mrs Radich confirmed that rates had not been factored into the financial statements prepared by Baker Tilley however the A&P Association currently receives rates remissions and it is expected that any newly acquired land would receive relief if it was used for the community benefit and as per the conditions of the rates remission policy. This committee could consider the credit rating fee question. No analysis has yet been done on the cost of water reforms and their effect as the reforms will not be finalised until at least 12 months time. Valuation estimates have been provided.
- The Chair noted that it would be useful to seek alternative valuations, which was supported by Councillor Dalziel who requested that separate valuations be addressed to the Council rather than the A&P Association.

- Mayor Volzke noted also that the A&P Association’s stage 2 feasibility study, currently in draft, should be completed and provided to the Council as well as the ability of the A&P Association to make repayments of the loan principal.
- Mayor Volzke read an emailed comment from Councillor McKay which acknowledged *“the large risk to the Council in approving the lending scenario – mostly mitigated by the land on the south side which is very valuable for future development. Ultimately, there is also significant risk in Council not being involved in the project. All going well the Stratford Park will bring many levels of economic growth potential to our district. Without something like this what else would we do? I support the approval of the lending. Obviously final approval will be made after we see the next stage of feasibility and community feedback”*.
- The Chair noted the Council’s ability to access future borrowing as a further risk and asked whether this would require a change to the long term plan (LTP).
- The Deputy Chief Executive responded that the consultation being undertaken met the guidance that Council had received from Simpson Grierson and met Council’s own Significance and Engagement Policy. The ability to borrow had been addressed and was explicit in the consultation document.
- Mrs Radich added that a change in conditions must be significantly different from the LTP to require an amendment and advice from Simpson Grierson was that this statutory requirement had not been triggered.
- The Chair noted that a business case with some analysis around whether this project would be good for the Stratford district must also be presented by the A&P Association.
- The following conditions were presented for consideration:
 1. A detailed business case completed to Council satisfaction which should indicate the A&P Association’s ability to make principal repayments and development costs including revenue opportunities over a time period. It would be expected that some sensitivities are noted as well as the impact on the A&P Association to perform and the source of development funding.
 2. A second valuation (paid for by the A&P Association) and addressed to Council.
 3. A detailed assessment on the impact of Council’s future borrowing capacity.
 4. An economic assessment report which supports the business case to be critiqued by an independent third party.
- Mayor Volzke speaking in favour of the recommendation, noted sufficient mitigation should the A&P Association be unable to repay the loan, would involve the ownership of the land reverting to Council to be sold, redeveloped or used for other purposes.
- Councillor Dalziel added that this is a very conditional endorsement. This was supported by the Chair who noted that the A&P Association should receive the clear message that they should not accept this as a done deal. Councillor Boyde also noted his support for the conditional endorsement.
- Deputy Mayor Jamieson clarified that this report would be bought back to Council.

The Corporate Accountant left the meeting at 4.10pm.

12. INFORMATION REPORT – FINANCIAL RISK MANAGEMENT REPORT

D20/25782

Pages 177-183

RECOMMENDATION

THAT the report be received.

ERWOOD/DALZIEL

Carried

A&R/20/41

7.1

The Director – Corporate Services noted the following points:

- There is some variation between the actual and budgets given that we are only two months into the financial year.
- Council currently has \$6 million with one bank invested in surplus cash.

Questions/Points of clarification:

- Councillor Boyde sought clarification on the outstanding debts which remain uncollectable. Mrs Radich responded that these debts are held by a person that Council could not collect from and the other is older than six years and therefore the debt collection service could not take any action. The total of both debts is under \$5,000.
- Mr Jones sought clarification on the risk of not spending capital expenditure this year and the consequences of that - a standard question he poses to councils. He added, specifically now that there is a significant capital works programme with new money added by central government. Is there enough capacity in the organisation to deliver the capital works programme in a timely manner? The Director – Assets confirmed her confidence in being able to spend the money - the pool development, bike park and second trunk main were all projects which were on track.
- Mayor Volzke noted that he had received notification from the TSB Community Trust that they would not fund any applications from councils in this financial year unless there was a strong alignment with Māori or youth funding streams. He asked how much Council had budgeted for and what impact this cut in funding would have on the community. The Acting Chief Executive, Ms Kate Whareaitu clarified that Council had applied for \$1.5 million for the pool development and a number of other community based projects. Council would endeavour to continue to provide events to the community, albeit 'watered down' versions. She was unsure of the effect on the Percy Thomson Gallery programme. There was also a likelihood that some projects could not be delivered on. Funding was also being sought from the Taranaki Electricity Trust (TET).
- Councillor Dalziel clarified that the TSB Community Trust intended to engage with the Chief Executives of each council early next year to work through their requirements for the following financial year. The decision to limit funds to councils was for this financial year only as trust income had been severely impacted by Reserve Bank decisions and a significant decrease in Fisher Funds projected revenue - some of which had been recovered. The Councillor suggested that Council go back to the trust to discuss the capital requirements on the pool development.

13. INFORMATION REPORT – ANNUAL REPORT 2018/19 – PROGRESS ON AUDIT ISSUES

D20/25487

Pages 184-190

RECOMMENDATION

1. THAT the report be received.
2. THAT the Audit & Risk Committee recommends that the reconciliation between general ledger and asset management system be undertaken on a quarterly basis.

Recommended Reason

This report informs the Committee of the issues identified in the final Audit New Zealand Management Report for the 2018/19 Annual Report, summarising the actions that have or intend to be taken by Council officers to respond to audit recommendation with respect to each issue raised.

JONES/DALZIEL

Carried

A&R/20/42

The Director – Corporate Services noted the following points:

- The Annual Report was ready to present to Council on 13 October and that there were no major issues.
- Outstanding issues are either being worked on or are a low priority.

Questions/Points of clarification:

- Mr Jones clarified that he would be satisfied with achieving a quarterly reconciliation (by June 2021) of asset values between AssetFinda and Authority, rather than a monthly one. He considered that a quarterly reconciliation to a higher standard was more efficient and effective for councils of this size.
- A recommendation was drafted with this outcome in mind. Speaking to this, Mr Jones said that a monthly reconciliation cycle meant that officers were in effect 'chasing their own tails'.
- Mrs Araba added that this outcome would ease pressure amongst Council officers.

7.1

14. INFORMATION REPORT – LONG TERM PLAN 2021-31 RISK MANAGEMENT/MINIMISATION

D20/25848

Pages 191-199

RECOMMENDATION

THAT the report be received.

Recommended Reason

To demonstrate fulfilment of the Committee’s responsibility to proactively assess, monitor, and provide governance oversight of risks – in this case, with regard to the risks directly associated with the preparation of the Long Term Plan 2021-31 (LTP).

DALZIEL/JONES

Carried
A&R/20/43

7.1

Questions/Points of clarification:

- Councillor Jamieson was satisfied to see that decision making was rated a number 1 with higher risk.
- Mayor Volzke noted that Council is fulfilling the requirement that the LTP be visionary, achieve community outcomes and not merely a compliance exercise.
- Mr Jones sought clarification on the risks and mitigation of Council’s Infrastructure Strategy and looked forward to this being brought back to the committee’s next meeting. Mrs Araba confirmed that this was covered, would be reviewed by elected members in workshop and brought back to the next meeting.
- Mr Jones clarified the risk of councils going beyond the statutory compliance date is that rates cannot be set until the LTP has been adopted.
- In referring to strategic alignment, Mr Jones noted that there was no relationship between change of land use and the district plan (referring to paragraph 6.3 on page 199) which can have a significant financial impact on councils.

Councillor Sandford left the meeting at 4.54pm.

15. AUDIT NEW ZEALAND CORRESPONDENCE

- Audit NZ – Interim Audit for year ended 30 June 2020
D20/25530 pages 200-218

RECOMMENDATION

THAT the correspondence be received.

JONES/ERWOOD

Carried
A&R/20/44

The Chair noted that this council should have a Sensitive Expenditure Policy, which would be discussed in due course.

16. GENERAL BUSINESS

No general business was discussed.

The meeting closed at 4.56pm.

P Jones

CHAIRMAN

Confirmed this 1st day of December 2020.

N Volzke

DISTRICT MAYOR

7.1

AUDIT & RISK COMMITTEE MATTERS OUTSTANDING INDEX

REF NO.	ITEM OF MATTER	MEETING RAISED	RESPONSIBILITY	CURRENT PROGRESS	EXPECTED RESPONSE
	Tax Review – external tax auditor or reference group (to be investigated in 2021)	6 October 2020	Tiffany Radich	Will conduct regular tax reviews.	March 2021
	Backup testing (in the future)	6 October 2020	Tiffany Radich	IT Manager to respond with full IT Risk report.	March 2021
	Infrastructure Strategy – information report (next meeting)	6 October 2020	Victoria Araba	Report to be withdrawn.	December 2020

INFORMATION REPORT



TO: Audit and Risk Committee

F19/13-D20/32914

FROM: Health and Safety/Emergency Management Advisor

DATE: 1 December 2020

SUBJECT: REPORT FOR THE AUDIT & RISK COMMITTEE

RECOMMENDATION

THAT the report be received.

/_____
Moved/Seconded

This report presents a summary of the three monthly progress and any highlights for the main areas of activity within for the period to 30 November 2020.

1. **HIGHLIGHTS**

No major injuries to date with staff or contractors.

2. **EXECUTIVE SUMMARY**

2.1 This report provides an overview of Council's health and safety performance through statistical data reported and recorded in the health and safety software (Vault) for the three months ending 30 November.

2.2 Results of data analysed since 30 September 2020 show that there have been a total of 22 events logged in Vault. This includes 14 pool events that are now being logged in Vault.

Incidents (30 September 2020 – 30 November 2020)

	Period 30 September 2020 – 30 November 2020	YTD (1 January 2020 – 31 December 2020)
Events	22	98
<i>Of which:</i>		
Injury	0	2
ACC Claims	0	1
Notifiable	0	1
Near Miss	3	21
Observations	2	10
Type of Incident		
Slips/Trips/Falls (no injury)	-	
Sprains/Strains	-	
Cuts/Abrasions/ Bleeding nose	6	
Bruising	2	
Near Miss	3	
Aggressive/Abusive Customer	1	
Vehicle Damage	2	
Insect Stings	-	
Other	8	
Level of Treatment		
No Treatment	12	
First Aid	10	
Medical Centre	-	
Hospital	-	
Level of Investigation		
No Investigation	17	
Formal Investigation	5	
WorkSafe Investigation	-	
Health and Wellbeing		
Workstation Assessments	0	
EAP Referrals	2	
Health Monitoring Assessments	19	
Health and Safety Committee Meeting	1	
Site Reviews	2	

2.3 Incidents

The numbers of reported incidents remains steady although there is now clearer visibility as all pool events are now logged in Vault. Previously all incident and events were paper based and although the numbers were always reported, mechanisms of injury were not. Having this available now allows for greater dissemination of events. Apart from those involving investigations the remaining incidents reported were minor in nature ranging from vandalism to property, faulty power-points, stubbed toes, bleeding noses and bouts of dizziness.

2.4 Civil Defence

Covid continues to ensure that we review our resurgence plans. Staff training in civil defence functions has been strong for the last quarter helping to build our capability to acceptable levels. The organisation took part in the nationwide earthquake initiative *Shake Out* on 15 October. This exercise, as well as being a safety requirement, gave staff an opportunity to learn and practice their workplace and home plans.

2.5 Contractors

Submissions from companies wanting to be pre-qualified for shovel ready projects has continued strongly and been a focus of the Advisor.

Investigations

There were five formal investigations. Two were vehicular incidents that resulted in no harm to the drivers but considerable damage to Council vehicles. Another involved a member of the public and a staff member. Contractors featured in the last two events where again there was no injury but the potential event outcome for both was major.

A contractor engaged to water blast the centennial restrooms was witnessed by a staff member in a knuckle-boom without a harness. The job was stopped and an investigation completed. Corrective actions include: hire company providing equipment and instructions including safety gear to be worn along with supervision ensuring procedures are followed.

The other incident involved a concrete truck that rolled back several metres whilst doing a pour on a pavement reinstatement. Whilst no one was injured on this occasion, the event had the potential to have gone horribly wrong resulting in injury or death. As this is a supplier to contractor scenario and the supplier is not pre-qualified with the contractor it has been difficult in establishing agreed corrective actions. Agreed actions so far include: wheel chocks being used by concrete suppliers when operating/parked on sloping ground for any projects undertaken for our contractors; a report from a supplier showing how often the agitator remotes are checked and/or tested and what options there are for agitator operation if the remote fails to work correctly; emphasising to all of our contractors the importance of stopping jobs if things are unsafe. While materials and rework can be refunded if necessary, there is a need to remind teams to think about other options to achieve the planned tasks for example, barrowing concrete at a pour instead of placing a truck in a compromising situation. This investigation is ongoing with further actions needing to be completed by the supplier.

2.6 Site Reviews

During this reporting period, two reviews were completed on contractor sites. Reviews are designed to ensure that our contractors are doing what they say they are going to do and ensure that Council is extending its duty of care. Topics covered include: all plant and equipment is in good condition and being used correctly; excavations and road work is being conducted under best practice and traffic management; our contractor's

staff are trained correctly and working under agreed processes; all notifiable work has been reported to Worksafe prior to commencement and forms are held on site; public safety is being adhered to by ensuring signage and barriers are in place along with hazards being updated regularly; all PPE is in good condition and being worn correctly within the parameters of the job; inductions are conducted providing information about the work being carried out, along with training and instructions that are designed to protect workers and visitors to site. Inductions provide people with the basic knowledge of work health and safety requirements such as the key risks on site they need to be aware of and what to do in an emergency.

The two reviews that have been carried out had no outstanding matters that needed attention which was a good result!

2.7 Wellbeing

Annual health assessments have been completed recently on our site sensitive staff. Health monitoring involves testing a person to identify any changes in their health status due to exposure to certain health hazards arising from their work, such as noise or contaminants in the air like hazardous dusts, fumes or vapours. It is a way to check if a worker's health is being harmed by the work they do, and aims to detect early signs of ill-health or disease. By doing health checks annually, Council can establish baselines for our staff to ensure that we are not exposing them to harm whilst they are at work.

2.8 Policy

Regarding Council's Vehicle Replacement Policy, we continue to replace and update our fleet with vehicles that are 5 star safety rated and equipped with GPS Smartrak. This allows visibility of our fleet and gives staff the reassurance that if they are by themselves they can get help. This also fits with the Roadsafe Charter which encourages that all members vehicles have a good safety rating and have GPS.



M Bestall
HEALTH AND SAFETY/ CIVIL DEFENCE ADVISOR



Approved by
Sven Hanne
CHIEF EXECUTIVE

DATE: 24 November 2020

INFORMATION REPORT



TO: Audit and Risk Committee

FROM: Director – Corporate Services

DATE: 1 December 2020

SUBJECT: RISK REVIEW

F19/13 – D20/33057

RECOMMENDATION

THAT this report be received.

RECOMMENDED REASON

To provide an update to the Audit and Risk Committee of any changes to the Council Risk Register and advise the Committee of any incidents in relation to the Top Ten Risk Register from the previous quarter.

_____/_____
Moved/Seconded

1. PURPOSE OF REPORT

This report is part of the Committee’s regular Programme of Works. It includes a review of any changes made to the Council’s Risk Register, and informs the Committee of any incidents in relation to the Top Ten Council risks since the last Audit and Risk Committee meeting, held in October 2020.

2. EXECUTIVE SUMMARY

The Council maintains a Risk Register within the online risk management software program *Vault*. The risks are reviewed at least monthly by the Senior Leadership Team (“SLT”) to ensure the risk scores are appropriate, and control measures are adequate.

Changes to the risk register are discussed and agreed to by SLT before coming into effect. In the past quarter, one new risk was added to the risk register – “Aerodrome – Unsafe Conditions”.

As changes are made to the register with new additions, amalgamation of risks, and changes to the risk ratings, there may also be changes to what is deemed to be a Top Ten Council risk. There have been no changes to the Top Ten Risk Register since the last Committee meeting.

3.

LOCAL GOVERNMENT ACT 2002 – SECTION 10

Under section 10 of the Local Government Act 2002, the Council’s purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future”			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:		Not directly	
Social	Economic	Environmental	Cultural

Active management and monitoring of council risks will enable more stable provision of public services for the community, and an improved ability to respond to risk events.

10

4. BACKGROUND

The Risk Register was first presented to the Audit and Risk Committee at the June 2018 meeting and subsequently adopted by Council. It followed the approval of the Council’s *Risk Management Policy* and *Risk Management Framework*, which details how the Council will manage and monitor risk.

The *Risk Management Framework* reads:

“Risk management happens every day and everywhere at the Stratford District Council. It is a key business process and a key leadership competency. Business as usual, initiatives and opportunities all require us to take risks. It is important to understand what those risks are, so that we can make informed decisions in areas of uncertainty.”

The Risk Register also includes control measures to mitigate the likelihood of a risk occurring, and/or the impact of an adverse event.

“The outcomes and benefits expected from applying effective risk management are:

- *Improved achievement of the Stratford District Council’s strategic direction, objectives and priorities.*
- *Reduced risks – significant risks are identified and managed and early warning of problems and emerging risks are addressed, with appropriate design and operation of internal controls.*
- *Improved decisions – decisions are made after analysis of risk.*
- *Improved planning and resource allocation – risks are prioritised and included in business planning so that resources are better managed.*
- *Increased accountability and transparency – clarity of key risks and the responsibility and accountability for their management.”*

The Top Ten Risk Register is solely for risks where the combination of severity and probability of occurrence gives a raw risk score rating of “very high”. These risks are monitored more regularly and in more depth than the other risks by SLT.

5.

INFORMATION SUMMARY5.1 **New Risks identified and added to the Risk Register**

No new risks have been added to the Council's risk register since the October 2020 Audit and Risk Committee meeting.

5.2 **Changes to the Top Ten Risks**

There have been no changes to the Top Ten Risks since the October 2020 Audit and Risk Committee meeting.

The SLT, with guidance from the Director – Assets, are currently reviewing *Risk 73 – Water Supply Network is Contaminated* as the risk mitigations currently in place do not effectively reduce the raw risk score. The water services team and building team are working together to identify high risk properties that do not have back flow preventers installed and rectify where possible. The residual risk score is likely to reduce as a result of this work.

5.3 **Incidents or Threats in relation to the Top Ten Risks****Risk 58 – Contractor Damage or Breach**

A Firth concrete truck was working for Council contractor Fulton Hogan completing pavement reinstatement. The driver started pouring concrete and was told to stop pouring the concrete as there was sand on top of the cement. The truck was parked on an incline and when the driver got back into the cab to manually stop the concrete flowing, the truck uncontrollably rolled back 4 meters, narrowly missing the site supervisor and came to rest by hitting a fence (no damage caused).

Corrective actions have been put in place including chocking the truck wheels when parked on an incline and ensuring regular vehicle safety checks are completed. Council's Health and Safety Advisor has requested a report as to why the remote control at the rear of the truck was not working causing the driver to get into the cab. He is still working through with Health & Safety team from Fulton Hogan and Firth to implement mitigations to prevent this reoccurring.

Risk 64 – Infectious Disease Outbreak / Pandemic

Although there are still cases of community transmission in New Zealand, the risk is largely focused in Auckland. Stratford District Council operations have been business as usual (with additional sign-in measures, QR codes etc) and there are no apparent significant negative impacts of Covid-19 on the well-being of the Stratford community. However, the local trades and contractor industries are starting to see project delays, caused by the delays in shipping goods into New Zealand as a result of the effects of Covid-19 in other areas of the world.

Risk 72 – Elected Members Decision Making

In November, elected members were asked to make a decision to lend \$7,180,000 to the Stratford Agricultural and Pastoral Association. A decision to go out for public consultation was first made in September 2020. The feedback has been overwhelmingly supportive of the decision (85% of online submissions, total submissions was 559). Council will be asked to make a final decision on 24

Risk 78 – Government Policy Impacting on Local Government

In early November it was brought to Council’s attention that the Liquor Bylaw had expired as a result of not completing a full Bylaw review by the date required by legislation. As a result, the Liquor Bylaw, including the liquor ban, is unenforceable and has been since early 2019. In December 2013, an amendment was made to the Local Government Act 2002 requiring existing alcohol control bylaws to be reviewed by December 2018, or they would expire.

The Regulatory Team are currently reviewing the Bylaw, with a draft expected to go to Council in February 2021, which will then need to go out for full public consultation. The Bylaw is expected to be in place and fully enforceable by the end of May 2021.

Council have recently established a Bylaw Register, but had been using the standard 10 years since initial review plus 2 years grace period as the timeframe for all bylaws and was not aware that this particular bylaw required an earlier review. This is expected to be a one-off situation.

6. STRATEGIC ALIGNMENT

6.1 Direction

Direction has been taken from the Council’s *Risk Management Policy* and *Risk Management Framework*, both of which have been approved by the Audit and Risk Committee.

6.2 Annual Plan and Long Term Plan

Not applicable.

6.3 District Plan

Not applicable.

6.4 Legal Implications

Not applicable.

6.5 Policy Implications

No changes are proposed to the *Risk Management Policy*.

Attachments:

Appendix 1 - Top Ten Risk Register

Appendix 2 - Council Risk Register



Tiffany Radich
DIRECTOR – CORPORATE SERVICES



Approved by
Sven Hanne
CHIEF EXECUTIVE

DATE: 24 November 2020

Top Ten Risk Register

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
12	Data and Information	Cyber Attack	IF the systems are compromised and subject to a cyber attack, THEN system downtime, loss of data, ransoms may be demanded, potential privacy breach, reputational damage, and potential loss of funds.	16 Very High	Council have several security measures in place such as enterprise grade firewalls, email filtering, backups, antivirus and device management. If a breach was detected Council would activate the insurance policy and engage an IT security company resource to assist with recovery.	3 Moderate
51	Operational	Natural Disaster or Fire - Response preparedness	IF a Natural Disaster or Fire causes significant damage to infrastructure and buildings THEN community welfare may be severely compromised, putting peoples lives at risk, and staff may be unable to access systems to carry out their day to day duties and functions.	15 Very High	Civil Defence Emergency Management plans are in place. Procedures following an emergency event are widely known by a number of staff due to Civil Defence Foundational training being rolled out to majority of council staff. Business Continuity Plans need to be in place and practiced regularly for all activities - Directors responsible for having a plan in place for each of their departments to ensure core functions can continue to be delivered.	12 Very High
64	Operational	Infectious Disease Outbreak / Pandemic	IF an infectious human disease outbreak / pandemic threatened NZ and reached the district, THEN this could impact staff availability, local services could temporarily close down, and the community access to healthcare is limited potentially resulting in population decline.	15 Very High	Health and Safety Advisor to keep aware of any public health notifications of disease outbreaks. Ensure there is a plan to respond to any notifications. Civil Defence covers infectious human disease pandemics and will take responsibility for local management. Follow Ministry of Health's NZ Influenza Pandemic Action Plan.	8 High
71	Operational	Critical Asset Failure	IF a critical asset (water treatment plants, stormwater, wastewater, reticulation, roading) failed, THEN unexpected financial burden may arise and there could be significant disadvantage and risk to the community.	15 Very High	Conduct 2 yearly Asset Criticality Review. Ensure there are established Civil Defence Emergency Management response procedures in relation to fixing critical assets in an emergency event. Management practices and staff training, retention to ensure appropriate skill level in critical asset maintenance.	4 High
11	Data and Information	Server Failure	IF the server failed THEN systems down, data unavailable, potential data loss	12 Very High	Restore from backup, backups stored off-site. Fail-over for Melbourne data centre replicates to Sydney data centre.	3 Moderate

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
32	Health, Safety, and Wellbeing	Lone Worker	IF a staff member is seriously injured or killed during field inspections/site visits, THEN possible health and safety breaches, death or serious injury.	12 Very High	Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities, Better use of council data/knowledge base on dangerous or insanitary sites before staff member deploys to site, Use of GPS tracking, mobile phone tracking. Compliance officers to wear body cameras when on duty.	3 Moderate
55	Reputational and Conduct	Building Control functions undertaken negligently	IF council issues building consent, code of compliance certificates, or other building function decisions negligently or without appropriate quality controls and the structural integrity of the building work fails or the work is unsafe THEN the property owner could demand compensation, and it could result in reputational damage, possible legal costs, and building industry distrust may result.	12 Very High	Quality assurance. Resourcing and ongoing training of competent staff. Low tolerance for poor quality documentation from consent applicants. Reporting of substandard work practices observed. More use of standard online templates for processing applications. Council has public liability insurance.	2 Moderate
58	Reputational and Conduct	Contractor Damage or Breach	IF Council and/or council contractors are found to be liable for public/environmental damage, or any actions that are unsafe or non-compliant with legislation and applicable policies and standards, THEN fines, possible injury, long-term damage, reputational damage could result.	12 Very High	Appropriate procedures and guidelines are in place to monitor contractor actions and our own including health and safety audits, contractor meetings/KPI's. The Council requires all physical works contractors to go through a thorough health and safety pre-qualification process and become approved before commencing any physical work. All relevant staff are kept up to date with pre-approved contractors register. Mini audits and random checks should be built into contracts. Contractor public liability insurance required for all major contracts.	3 Moderate
72	Reputational and Conduct	Elected Members - Decision Making	IF elected members make significant decisions based on inaccurate/insufficient information, "biased" influences, conflicts of interest not disclosed, or lack of understanding of the financial or legislative impacts, THEN there could be funding access difficulties, audit scrutiny, financial penalties, and/or community distrust in elected members. Potential breach of Local Authorities (Member's Interests) Act 1968, and Councillors may be personally financially liable under S. 47 of LGA 2002.	12 Very High	Relies on the accuracy and quality of the advice given by staff to elected members - ensure agenda, reports, and other papers are always reviewed by CEO, and Directors if appropriate. Elected members should receive initial induction training and attend LGNZ, SOLGM conferences where material is relevant to get a better understanding of governance decision making. Council has a Professional Indemnity insurance policy for all elected members and independent committee members.	4 High

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
78	Operational	Government Policy Impacting on Local Government	IF Government Policy significantly changes the services Council delivers or the way they are delivered, THEN this could put financial pressure on the district to fund investment in changes, or it may mean previous investment has become redundant.	12 Very High	Where a policy change may have a significant impact on the Council then we must ensure that the Council makes a submission challenging the change and suggesting alternative options. Council officers and elected members need to keep up to date with policy, and anticipate potential impacts of legislative changes and respond strategically, rather than being in a reactive position or being overly proactive. This could include joint collaboration with business and other councils, accessing alternative funding sources, or obtaining legal or professional advice.	8 High

Stratford District Council Risk Register - Detailed

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
1	Compliance and Legislation	Legislation Changes	IF changes to legislation or case law occur and are not implemented by staff, THEN council may be acting illegally and in breach of legislation.	4 High	Regular review and update Legislative Compliance Register. Staff training and attending relevant industry conferences. Regular policy review to ensure policies and procedures are in line with legislation changes.	2 Moderate
2	Compliance and Legislation	Incorrect Planning Advice	IF Council gives out wrong advice on LIM, or issues Resource Consent when it should not have, THEN it could be subject to a judicial review or similar form of dispute process involving legal costs, possible fines, and reputational damage.	3 Moderate	Quality assurance. Resourcing and ongoing training of competent staff. Low tolerance for poor quality documentation from consent applicants. Good quality legal counsel. Council has professional indemnity, public liability, and statutory liability insurance.	1 Low
3	Compliance and Legislation	Statutory Reporting Commitment	IF Council does not meet statutory commitments (eg for reporting to the national monitoring system) THEN it may be acting illegally and receive attention from Ministry which could result in financial penalty and council functions being removed, or elected members being replaced.	3 Moderate	Quality assurance. Resourcing levels maintained. Schedule of dates and commitments is regularly maintained and updated by Quality Assurance officer. Regular review and update of Legislative Compliance Register.	1 Low
4	Compliance and Legislation	Bylaws and Policies	IF Council fails to keep Policies and Bylaws up to date, THEN the Policies and Bylaws may become unenforceable and irrelevant, and council could be acting illegally, or the policy is not fit for purpose.	8 High	Quality assurance, Resourcing levels maintained, Regular Policy Schedule review by CEO. Regular review of Bylaw timetable maintained in Content Manager.	3 Moderate
5	Compliance and Legislation	Issue Regulatory Licence or Decision	Food/Health, Alcohol, Parking - IF Council issues a licence or decision that is not consistent with legislation, policy or bylaws, THEN Council may be subject to a judicial review or a similar form of dispute process.	3 Moderate	Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities. Compliance officer training. Keep bylaws and policies up to date with legislation.	1 Low

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
6	Compliance and Legislation	Three Waters - Non-Compliance	IF Council does not comply with its obligations under legislation (i.e. Resource Management Act, NZ Drinking Water Standards, Health and Safety at Work Act) THEN administrative fines and penalties may result, in addition to reputational damage if publicised.	3 Moderate	Ensure maintenance contractor and Council staff members are trained and up to date with legislative requirements through regular update of Legislative Compliance Register. Subscribe to regular email updates from local government and relevant industry bodies, council listserv to ensure staff are notified of legislation changes.	2 Moderate
7	Compliance and Legislation	Property and Parks - Non-Compliance	IF Council does not comply with its obligations under legislation (eg. Resource Management Act 1991, Building Act 2004, Health and Safety at Work Act 2015) THEN administrative fines and penalties may result, and reputational damage.	3 Moderate	Ensure maintenance contractor and Council staff members are trained and up to date with all legislative requirements impacting on property and park assets. Ensure maintenance contracts have robust out-clauses that cover a range of situations where non-compliance or unsatisfactory work is identified. Council has secured public liability insurance and statutory liability insurance.	Low
8	Compliance and Legislation	Annual Report Adoption and Publication	IF the Council's Annual Report is not adopted by 31 October and made publically available by 30 November, THEN there will be additional audit scrutiny and reputational damage within local government. Loss of community trust - the community is unable to assess Council performance in a timely manner.	2 Moderate	Set annual report timetable to ensure statutory deadline is met. Good project management by key staff. Keep updated of possible changes to legislation and plan accordingly. Good communication to all staff, and establish rapport with Audit NZ and respond in a timely manner to all queries.	1 Low
84	Compliance and Legislation	Tax Compliance Breach	IF the Council files incorrect or misleading tax returns (specifically GST, FBT and PAYE), then it may be liable for financial penalties, IRD audit scrutiny, and lack of auditor confidence.	4 High	Ensure staff are properly trained and stay up to date with tax legislation and current topical issues. All tax returns should be reviewed and signed off by someone other than the preparer of the tax return. All property purchases and sales should be reviewed by Finance specifically to check correct GST treatment. FBT on motor vehicles and private use should be reviewed at least annually. All entertainers and individual contractors must be reviewed for correct withholding tax treatment.	3 Moderate
9	Compliance and Legislation	LTP/Annual Plan	IF LTP/Annual Plan is not adopted by 30 June THEN council cannot set rates, statutory breach reported to Minister, unable to commence service delivery, additional audit scrutiny	8 High	Set a timetable to ensure statutory deadline is met. Good project management. Good quality data is provided. Keep abreast of possible changes to legislation and plan accordingly. Good communication to all staff and liaison with Audit NZ.	1 Low

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
10	Data and Information	Systems Down - Natural Disaster	IF there is a natural disaster THEN systems may be down temporarily, reduction in worker productivity, unable to respond to customers, data unavailable, potential permanent loss of data.	8 High	Backups done daily and stored off-site. Most critical data is in the cloud, data centre is overseas so workers can access system remotely from anywhere. Civil Defence will make hardware available for emergency response.	3 Moderate
11	Data and Information	Server Failure	IF the server failed THEN systems down, data unavailable, potential data loss	12 Very High	Restore from backup, backups stored off-site. Fail-over for Melbourne data centre replicates to Sydney data centre.	3 Moderate
12	Data and Information	Cyber Attack	IF the systems are compromised and subject to a cyber attack, THEN system downtime, loss of data, ransoms may be demanded, potential privacy breach, reputational damage, and potential loss of funds.	16 Very High	Council have several security measures in place such as enterprise grade firewalls, email filtering, backups, antivirus and device management. If a breach was detected Council would activate the insurance policy and engage an IT security company resource to assist with recovery.	3 Moderate
13	Data and Information	Communication to data centre	IF there is a loss of communication to the Data Centre (due to IT failure, power failure, or other damage to link) THEN systems downtime will cause temporary disruption. Council staff will be unable to access data and complete work and respond to customers satisfactorily.	4 High	Can access private link or an internet link - reroute the traffic. Backup generator if power supply lost.	3 Moderate
14	Data and Information	Uncontrolled access to Physical and Digital Records	IF there is uncontrolled or unauthorised access to archives, THEN records/ files could go missing, privacy breached, possible legislative breaches.	2 Moderate	Access to physical archives is limited to IM Specialist and IT Manager, door is locked at all other times. Digital records must be stored in IT approved repositories, with access restricted where necessary. Electronic access is restricted to staff who have a SDC login and have also been granted the relevant security permissions to access applications relevant to their job role.	1 Low
15	Data and Information	Records Handling	IF hard copy protected records are handled in a way that could cause damage, degradation or misorganisation, THEN this could lead to loss of protected records, non-compliance with legislation and potential financial penalties.	3 Moderate	Access to archives is limited to trained staff. Ensure the Information Management Specialist is fully trained in all areas of protected records management. Maintain a register of archived records, and a process by which records will be archived. Storage area must be restricted and temperature controlled.	Low
16	Data and Information	Unapproved online platforms used	IF unapproved online platforms are used for Council business, THEN Council sensitive information and individual private details could be hacked and made available publically.	3 Moderate	All Council information should only be stored on platforms that are approved by IT and gone through proper procedures and checks by IT.	1 Low

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
17	Financial	Roading Annual Work Programme	IF non-availability of labour and plant or weather events affect ability to complete annual programme of work, THEN risk of spend being under budget (over-rating) and unable to access NZTA claims originally budgeted for, and services being unavailable to the public.	3 Moderate	Encourage maintenance contractor to sub-contract out work if they do not have sufficient resources in-house. Ensure there is a clear understanding between Council and Contractor of completion timeframes, as per the Contract. Outsource work to another contractor - this has to be considered carefully due to contract obligations and commitments.	2 Moderate
18	Financial	Accessing Funding	IF incorrect assessment is made to determine required maintenance funding, all funding options are not sought, or insufficient funding is made available THEN Council may miss out on funding and Council has to fully fund projects.	3 Moderate	Ensure funding assessments are carried out by sufficiently experienced personnel and strong cases are made for funding. A system should be established to regularly monitor all available funding for council projects.	1 Low
19	Financial	Internal Financial Controls	IF internal financial controls are compromised and ineffective, THEN possible fraud, budget blowout, delayed service	6 High	Good quality controls. Implement annual external and internal audit recommendations. Adhere to Procurement and Delegations Policy. Communications of internal controls to all staff. Recommend internal audit conducted every year. Annual leave not to accrue > 2 years. Electronic signature images not to be relied upon.	1 Low
20	Financial	Creditor Payments	IF creditors are not paid correctly or on time THEN goods and services delayed, increased costs, reputational damage and possible fraud.	2 Moderate	Ongoing training of competent staff and appropriate staffing levels. Adhere to Procurement Policy. Good planning and time management Creditor statement reconciliations. Cash and treasury management.	Low
21	Financial	Assessment of Rates	IF rates are assessed incorrectly or inaccurately THEN ratepayers could legally challenge the rates assessment and Council could be forced into a legal battle.	4 High	Resourcing and training of competent staff. Test EOY prior to June. Have Civica rectify errors prior to 30 June. Re-test EOY after errors corrected. Check FIS and Rates Resolution align and legal advice taken.	2 Moderate
22	Financial	Rates Invoices Processing	IF rates invoices are not sent out accurately and on time THEN cashflow delayed, legal obligation not met. Can result in reputational damage with ratepayer community.	3 Moderate	Resourcing and training of competent staff. Clear accountability for rates invoicing and appropriate training in systems given. Timetables for processing and posting to be clarified ahead of due dates. Good communication with NZ Post.	2 Moderate
23	Financial	Debtors Outstanding	IF debts are not collected in a timely manner THEN cash flow delayed, and debt may need to be written off if delayed follow up	3 Moderate	Clear debt collection process, ensuring debt is chased as early as possible. Ensure debt collection procedures for all categories of debt are documented. Work towards getting all ratepayers on direct debit.	1 Low

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
24	Financial	Direct Debits	IF direct debits are not processed correctly, and on the due date, THEN cash flow delayed, and may result in public distrust of Council's direct debit process resulting in a reduction in ratepayers who choose to pay by direct debit.	2 Moderate	Direct debit processing treated as a daily priority done early as possible in the day. If any IT issues get onto it as soon as possible. Ensure at least 2 staff are trained in processing the direct debits.	1 Low
25	Financial	Procurement contracts	IF procurement contracts entered into are not cost-effective and do not comply with Council's Procurement Policies THEN council projects could go over budget and council procurement could be subject to industry, media, legal scrutiny.	6 High	Ensure procurement policy and procurement manual are appropriate, comply with legislation and good practice, and followed by all staff and significant contracts are reviewed by an independent professional.	1 Low
26	Financial	Credit Risk	IF Council is unable to increase borrowing to fund urgent capital or operational expenditure, or is unable to renew borrowing once it matures, or is called to repay a loan if covenants are breached THEN projects will not proceed, council may have to cease operations, possible replacement of councillors.	8 High	Regularly monitor debt covenants and cashflow forecasts reported monthly to Policy and Services Committee, and quarterly to Audit and Risk Committee.	4 Moderate
27	Financial	Significant Population Reduction	IF there is a significant population reduction, resulting in loss of ratepayer base and reduction in property values - THEN this could result in higher rates for others and significant cost reductions may be required.	5 High	Ensure variable costs are clearly identifiable, and therefore able to be isolated and adjusted if ratepayer base reduced. Council actions to align with council mission and vision to make Stratford a great place to live.	4 Moderate
28	Financial	Interest Costs	IF financing costs increase THEN this results in increased costs to council and budget being exceeded or increase to rates.	4 Moderate	Treasury management programme in place to ensure interest rate maturity risk profile is spread evenly over the next 5 plus years. Could investigate longer term swap options. Borrowings and investments must be maintained within treasury policy covenants. Regular reporting to Policy and Services committee meeting.	2 Moderate
62	Financial	New Regulations require Significant Investment	IF new environmental regulations or legislation imposed on councils requires a significant increase in capital expenditure, THEN ability to finance investment could be compromised and rates increases could breach limits.	6 High	Attempt to keep debt and expenditure low and achieve cost efficiencies regularly so that council can weather any necessary investment in order to be compliant with changing legislative environment.	4 High

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
63	Financial	Theft by Contractors	IF contractors have unrestricted access to council property and/or information, THEN there is an opportunity for theft and consequently loss of Council assets.	4 Moderate	All contractors must go through a pre-qualification process. Visitors to Council buildings must sign in. Access to the building has now been restricted with the use of fobs. Protected records are stored in a safe or locked storage room.	2 Moderate
74	Financial	Inadequate financial provision to fund asset replacement	IF there is inadequate financial provision in reserves to fund the replacement of assets, THEN the Council may have to borrow more than expected, or asset replacement may need to be delayed which may affect service level performance.	3 Moderate	Ensure annual depreciation is based on accurate fixed asset values (replacement cost) and accurate useful lives. Assets should not, unless necessary, be replaced before the end of their useful life.	1 Low
79	Financial	Bribery and Corruption	IF elected members or staff act in a way that is, or is perceived to be, influenced by Bribery or Corruption, THEN the Council's reputation could be damaged, there is potential for legal action against Council, increased scrutiny by the Office of the Auditor General. There is also the risk that Council could have lost financially, or in some other way, by entering into an unethical contract.	4 High	Ensure HR Policy, Procurement Policy, Anti-Fraud and Corruption Policy and Elected Members' Code of Conduct cover these areas sufficiently and that guidance is given to all staff and elected members at least annually on conflicts of interest, and Policies are widely distributed within Council and made available to all staff, particularly new staff. The Fraud Policy includes a process for reporting any suspected instances of bribery and corruption - ensure this is widely available and all staff are aware of reporting process.	3 Moderate
81	Financial	Management Override of Internal Controls	IF a Manager uses their unique position to override internal controls, THEN fraud may occur, resulting in theft of Council assets /funds and incorrect/misleading financial statements.	4 High	Audit and Risk Committee oversight. Internal and External audits annually. Fraud Policy awareness training for all staff at least three yearly. Regular review of policies to ensure in line with best practice. SLT to undergo ethics training. Prior to new employment, full reference checking of at least one recent, direct manager (particularly for financial and management roles). Zero tolerance for any bullying type behaviour.	3 Moderate
29	Health, Safety, and Wellbeing	Public Events	IF health and safety accidents or incidents occur during events THEN increased costs can occur to the events, reputation is damaged	4 High	Health and Safety plans are established well in advance to an event being planned. Physical hazards and risks are eliminated Hazard Identification records are kept. Events do not proceed without correct Health and Safety sign off. Good communication to all staff	2 Moderate
31	Health, Safety, and Wellbeing	Abusive Customers	IF abusive customers come into any of the Council's service centres, THEN there is the risk that council staff or the general public could be harmed or exposed to violence.	4 High	Staff have personal alert alarms if in danger, customer service training and policies on how to deal with situations so they do not escalate. Security cameras in place. Fob access required to access staff office area. Mayor's office is secured by glass entry way.	2 Moderate

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
32	Health, Safety, and Wellbeing	Lone Worker	IF a staff member is seriously injured or killed during field inspections/site visits, THEN possible health and safety breaches, death or serious injury.	12 Very High	Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities, Better use of council data /knowledge base on dangerous or insanitary sites before staff member deploys to site, Use of GPS tracking, mobile phone tracking. Compliance officers to wear body cameras when on duty.	3 Moderate
34	Health, Safety, and Wellbeing	Food / Health Safety	IF Council doesn't adequately respond to a complaint and a member of the public falls ill or dies, THEN Council is at risk of legal proceedings under the Food Act/Health Act.	4 High	Quality assurance standards and process in place and adhered to by staff. Ongoing training/awareness of HSE requirements and responsibilities. Ensure Food safety bylaw is regularly reviewed.	2 Moderate
35	Health, Safety, and Wellbeing	Parking control	In the process of administering the Parking function, IF a member of the public is injured or vehicle is damaged, THEN possible death or serious injury could result.	4 High	Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities. Body cameras to be worn by compliance officer when out on duty.	2 Moderate
36	Health, Safety, and Wellbeing	Council Vehicle accident	IF a staff member has an accident in a council vehicle, THEN this could result in possible death or serious injury and damage to motor vehicle asset.	4 High	All staff must have a full drivers licence, all staff are aware of procedures if there is an accident. Staff driver training to be provided to regular drivers. GPS and mobile phone tracking.	3 Moderate
37	Health, Safety, and Wellbeing	Staff under Stress	IF staff are affected by personal issues or by work pressures and experiencing high levels of stress, THEN work performance may decline and/or fatigue, illness, unsafe work practices may result.	5 High	Managers are responsible for being aware of the wellbeing of their direct reports. There are various options available for relieving the pressure of staff who are overworked including increasing staff or reallocating work. Ensure access to EAP service is widely known and communicated to all staff. Ensure all staff have a backup option available so they can take annual leave for at least a week at a time.	3 Moderate

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
38	Health, Safety, and Wellbeing	Exposure to Hazardous Substances	IF staff are affected by exposure to hazardous substances eg chemicals, liquids, fumes and other toxic substances THEN there are possible risks to staff health and wellbeing.	6 High	All hazardous substances are correctly labelled and stored according to best practice safety procedures and guidelines. Training is mandatory for all staff working with hazardous substances. Use appropriate PPE gear at all times in the vicinity of the hazardous substances. Regular health checks for staff. Regular testing of hazardous substances and chemicals LABELLING and STORAGE be carried out RANDOMLY. The Stratford Water Treatment Plant has site licences for the storage of chemicals, these must be kept up to date. Fire extinguishers are on site, all signage is current and covers off on all of the chemicals held on site, labels are all correct and current. We currently have 5 authorised handlers. Ixom also do site audits when their representative is in the immediate area.	3 Moderate
39	Health, Safety, and Wellbeing	Playground Equipment Failure	IF Playground equipment, or other recreational equipment fails THEN a member of the public could be seriously injured or killed.	8 High	Biennial playground inspection report and quarterly compliance checks by contractor to bring any issues to attention of council staff.	3 Moderate
40	Health, Safety, and Wellbeing	Swimming Pool Accident	IF a member of the public has an accident in the water or a medical emergency at the Stratford Pool, THEN this could result in possible death or serious injury.	4 High	Training and qualifications are mandatory for lifeguards, children and elderly are monitored by lifeguard/s at all times. More staff brought on at busier periods.	3 Moderate
41	Health, Safety, and Wellbeing	Workplace Bullying or Harrassment	IF Bullying and harrassment in the workplace occurs THEN it can have an impact on the health and wellbeing of staff subject to the bullying and other staff witnessing the behavior. This may impact on staff productivity and the ability of Council to attract good quality candidates.	4 High	Top down culture against bullying and harassment of any kind, policy is followed through by management, staff are aware of the reporting process. The reporting process to deal with bullying and harassment is fair, transparent, confidential and dealt with in a timely manner.	3 Moderate
61	Health, Safety, and Wellbeing	Asbestos Related Work	IF council buildings are contaminated with asbestos, THEN there is the possibility of asbestos exposure to staff and the public and increased risk of asbestosis and other lung and pleural disorders.	4 Moderate	Asbestos protocols need to be developed in line with the asbestos regulations. Community needs to be made aware of Asbestos disposal guidelines. Staff involved in building compliance or construction work should be appropriately trained in handling of asbestos materials.	2 Moderate

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
66	Health, Safety, and Wellbeing	Dog Attack	IF a dog attacks a member of the public and the dog control team have been slow or negligent in responding to complaints, THEN the the council may be liable for costs, and the public safety may be compromised.	4 High	Compliance officer to respond immediately to dog complaints. Ensure all dogs in the district are registered and the dog bylaw is complied with. Dogs are microchipped. Ensure dog pound is secure and access is restricted.	1 Low
67	Health, Safety, and Wellbeing	Muscular discomfort - Ergonomics	IF muscular pain or discomfort or eye strain occurs as a result of the work environment and setting, THEN this will impact on staff health and wellbeing and long term comfort at work.	2 Moderate	Apply ACC Habit At Work guidelines. Workstation assessments should be carried out to reduce the likelihood of onset of long term discomfort and pain conditions.	1 Low
68	Health, Safety, and Wellbeing	Armed Robbery	IF there is an armed robbery at any of council's services centres, THEN there is the potential for death or serious harm.	8 High	Establish emergency procedures, including use of panic buttons. Security cameras in place. Ensure staff are trained to deal with potential threat. Design / limit access to building so that threats are minimised.	4 Moderate
69	Health, Safety, and Wellbeing	Employee Substance Abuse	IF staff are affected by drugs or alcohol while at work, THEN there is an increased risk of an accident or injury, property damage, and reduced work performance.	8 High	Ensure staff are aware of drug and alcohol policy. Initial drug testing done prior to employment to filter out regular users. Utilise EAP.	2 Moderate
70	Health, Safety, and Wellbeing	Dangerous Roads due to weather events	IF there are dangerous road conditions that are not managed and communicated to the public appropriately, THEN there is a higher potential for car accidents and possible road fatalities.	2 Moderate	Ensure standard operating procedures are in place for potential weather events that may cause damage to the roads. This should include timely social media communications, installation of temporary barriers, cordons and signage in affected areas.	1 Low
73	Health, Safety, and Wellbeing	Water supply network is Contaminated	IF the Water supply network becomes contaminated THEN the public health is at risk and Council could be liable for financial penalties and will suffer reputational damage.	8 High	Backflow preventors to be installed for high risk properties (currently no programme to roll out across the district, due to cost and resource). Staff training in the use of chemicals.	8 High
80	Health, Safety, and Wellbeing	Fatigue Management	IF Fatigue affects an employee, as a result of working extraordinary hours, THEN the employee may have limited functionality which could result in personal injury or injury to others. It could also lead to stress and long term mental illness if it is reoccurring and could mean Council is in breach of the Health and Safety Act.	3 Moderate	Ensure employees take regular, quality rest breaks during the working day, in line with the Employment Relations Act (HR Policy requires this). Ensure all staff know their responsibilities in terms of managing fatigue. Ensure shift workers rostered times are manageable. The Vehicle Use Policy has limits on driving a Council vehicle after exceeding max number of work hours. Contractor fatigue management to be reported and monitored through regular contractor meetings.	1 Low

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
83	Health, Safety, and Wellbeing	Aerodrome - Unsafe Conditions	IF the Council fails to carry out its legislative responsibilities to ensure aircraft movements are restricted or prohibited in unsafe conditions/areas of the Aerodrome, THEN lives could be put at risk and property damaged.	4 High	Establish operational procedures specific to this risk, and regularly monitor compliance. Council has Airport Owner and Operators Liability insurance cover of up to \$10m for all related costs Council is legally obligated to pay for property damage or bodily injury including death.	2 Moderate
42	Operational	Payroll Processing	IF Staff are not paid correctly or on time THEN staff may become disgruntled and distrustful of their employer, work standards could drop and employment laws could be breached.	3 Moderate	Training of practices and legislation. Staff competent and levels appropriate. Good planning for staff leave in the finance team and time management. External notification of updates and changes. More than one staff member should be fully functional in payroll. Ensure facility available to access cash if Council is short.	1 Low
43	Operational	Roading - other work clashing	IF there is work being carried out by others on/in road reserve, e.g. Broadspectrum, THEN council may not be able to complete its own work programme.	3 Moderate	Co-ordination of planned works with other contractors in the area when planning physical works.	2 Moderate
44	Operational	Road Closures - unplanned	IF there are un-planned road closures due to collapse of culvert/bridges/landslides and so forth e.g. Wingrove Rd culvert collapse THEN access in/out of district could be lost and people could be injured as a result.	4 High	Asset criticality review to identify critical roading assets and increase monitoring activities. Ensure quality workmanship and contractors are aware of their obligations to report and repair any damages to roads. Resources diverted from other planned projects to remediate repairs to enable the road to be re-opened.	3 Moderate
45	Operational	Contractor - Damage to Property	IF maintenance contractor damages council or private property while carrying out contracted work, THEN council could be liable for damages and additional expenditure.	4 High	Stringent Operational procedures: Daily reporting of compliance. Regular liaison with contractor and regulators to monitor performance to ensure compliance. Contractor pre-approval process. Council has material damage insurance policy, excess \$5k.	3 Moderate
46	Operational	Other Contractors in Network Corridor	IF work by others in Network Corridor results in damage to components of the 3 waters infrastructure THEN services to the public may cease or become unreliable or compromised.	3 Moderate	Co-ordination between services before major projects begin. Ensure all works have Corridor Access Requests.	1 Low

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
47	Operational	Attracting Qualified Staff	IF Council is unable to attract suitably qualified personnel, THEN services may become under threat and may cease.	4 Moderate	Internal training and succession planning programs. Ensure market wages are offered for all high demand positions. Recruit off shore option should be available for high-demand positions. Make greater use of consultants if necessary and/or shared services with neighbouring Councils. Make Stratford District Council a great place to work - measure staff engagement and respond to any issues expediently.	2 Moderate
48	Operational	Maintenance Contractor fails to deliver	IF maintenance contractor fails to deliver contractual service necessitating termination of contract and re-tendering, THEN assets may become under threat, unreliable, or unable to meet community needs.	4 High	Careful assessment of tender to ensure contract price viable for contractor to deliver level of service. Regular liaison with contractor to monitor performance and ensure compliance. Contractor pre-approval process must not be bypassed.	3 Moderate
49	Operational	Property design /construction information	IF Council does not have adequate information on original design or construction of asset, THEN there is a greater potential for failure of future work and unsafe future construction.	3 Moderate	Carry out regular condition assessment of assets. Reassess use of asset or redesign to suit.	1 Low
50	Operational	Key Person risk	IF a key person in the organisation could not work for a significant period of time THEN this could affect council's ability to perform core functions and duties.	4 High	Ensure Promapp is up to date with all staff day to day processes, if known absence ahead of time ensure an appropriate training plan in place. Make use of local consultants where appropriate. Connect with colleagues from neighbouring three councils to share resource if needed.	2 Moderate
51	Operational	Natural Disaster or Fire - Response preparedness	IF a Natural Disaster or Fire causes significant damage to infrastructure and buildings THEN community welfare may be severely compromised, putting peoples lives at risk, and staff may be unable to access systems to carry out their day to day duties and functions.	15 Very High	Civil Defence Emergency Management plans are in place. Procedures following an emergency event are widely known by a number of staff due to Civil Defence Foundational training being rolled out to majority of council staff. Business Continuity Plans need to be in place and practiced regularly for all activities - Directors responsible for having a plan in place for each of their departments to ensure core functions can continue to be delivered.	12 Very High
64	Operational	Infectious Disease Outbreak / Pandemic	IF an infectious human disease outbreak / pandemic threatened NZ and reached the district, THEN this could impact staff availability, local services could temporarily close down, and the community access to healthcare is limited potentially resulting in population decline.	15 Very High	Health and Safety Advisor to keep aware of any public health notifications of disease outbreaks. Ensure there is a plan to respond to any notifications. Civil Defence covers infectious human disease pandemics and will take responsibility for local management. Follow Ministry of Health's NZ Influenza Pandemic Action Plan.	8 High

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
65	Operational	Biosecurity threat risk	IF there is a biosecurity threat to animals, or plant life THEN this could affect the economic wellbeing of the district and the ability of council to financially meet community needs.	4 High	Ensure council takes a proactive approach to working with Biosecurity NZ, MPI, TRC and the community where a threat is identified.	2 Moderate
71	Operational	Critical Asset Failure	IF a critical asset (water treatment plants, stormwater, wastewater, reticulation, roading) failed, THEN unexpected financial burden may arise and there could be significant disadvantage and risk to the community.	15 Very High	Conduct 2 yearly Asset Criticality Review. Ensure there are established Civil Defence Emergency Management response procedures in relation to fixing critical assets in an emergency event. Management practices and staff training, retention to ensure appropriate skill level in critical asset maintenance.	4 High
76	Operational	Heavy/Extreme Rainfall incidents	IF the Stratford District experiences heavy rainfall continually over a period THEN roads may flood, restricting accessibility, landslips and mudslides may restrict road access and cause property damage, productive land areas may flood reducing functions, Stormwater, Wastewater and Water Supply assets may fail from overburdening, and overflows from Wastewater system may result in untreated water entering the Patea River.	8 High	Asset Management Plans and Incident Control Response Plans to document critical asset areas and response plan in the event of heavy rainfall incidents.	3 Moderate
77	Operational	Terrorist Attack	IF a terrorist attack occurred in Stratford, THEN loss of life, property damage, and business discontinuity may result.	4 Moderate	Develop Lockdown procedures for all Council public sites i.e. Library, I-Site, Council Office, TSB Pool. Be alert and aware of potential threats, work closely with Police and establish plan to minimize damage to people and property.	4 Moderate
78	Operational	Government Policy Impacting on Local Government	IF Government Policy significantly changes the services Council delivers or the way they are delivered, THEN this could put financial pressure on the district to fund investment in changes, or it may mean previous investment has become redundant.	12 Very High	Where a policy change may have a significant impact on the Council then we must ensure that the Council makes a submission challenging the change and suggesting alternative options. Council officers and elected members need to keep up to date with policy, and anticipate potential impacts of legislative changes and respond strategically, rather than being in a reactive position or being overly proactive. This could include joint collaboration with business and other councils, accessing alternative funding sources, or obtaining legal or professional advice.	8 High

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
82	Operational	Failure of a Significant Contractor	IF a Contractor's financial situation deteriorates and impacts on their ability to deliver on a procurement contract, THEN the project may be left unfinished, Council may lose out on funds already spent, and may have to put contract out for tender again - resulting in project delays and additional cost.	4 High	Due Diligence required for all significant contracts that are required to go out for tender. Refer process in Procurement Manual (D19/33336), and Due Diligence Checklist (D18/35114).	2 Moderate
33	Reputational and Conduct	Animal Welfare	IF an animal that has been impounded is injured or dies due to maltreatment, THEN this could result in animal welfare agency scrutiny, possible court and legal costs, and reputational damage.	3 Moderate	Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities, Vet Care/Assessments. Ensure notification is given to new animals being impounded so that compliance officer ensures the animals are being cared for and regularly fed and have access to water. Monthly farm meetings to bring up any animal welfare issues. Property Manager to regularly visit farm and make visual assessment of cow welfare.	2 Moderate
53	Reputational and Conduct	Release of incorrect or confidential information	IF incorrect or confidential information was given out through social media, media releases, staff actions at the services desks, LGOIMA requests, council meetings, and/or functions THEN risk of damaged reputation, ratepayer distrust and actions from Local Government ministry and/or Privacy Commissioner.	8 High	All Media releases are to be checked off by Dir – Community Services, and signed off by CEO or Mayor. Social Media Policy in place for clear guidance of social media use. Front counter training needs and communication guidelines established - a resource centre (knowledge base) maintained for FAQ's from public. Consider implementing a Privacy Impact Assessment for how council handles personal information.	2 Moderate
54	Reputational and Conduct	Building Consent Authority (BCA) Accreditation	IF Council loses BCA accreditation, THEN council cannot perform its building control function and there is no approval process for construction work and building compliance for the Stratford district.	4 High	Ensure best practice processes and procedures are in place and staff numbers and skill levels in the building consents team are appropriate. IAANZ audit recommendations to be taken on board. QA process implemented.	1 Low
55	Reputational and Conduct	Building Control functions undertaken negligently	IF council issues building consent, code of compliance certificates, or other building function decisions negligently or without appropriate quality controls and the structural integrity of the building work fails or the work is unsafe THEN the property owner could demand compensation, and it could result in reputational damage, possible legal costs, and building industry distrust may result.	12 Very High	Quality assurance. Resourcing and ongoing training of competent staff. Low tolerance for poor quality documentation from consent applicants. Reporting of substandard work practices observed. More use of standard online templates for processing applications. Council has public liability insurance.	2 Moderate

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
56	Reputational and Conduct	Building Consent location	IF Council issues consent and/or code compliance and the location of the building or structure that council signs off on is found to be in the wrong location THEN reputation damage could result and legal action may be taken against Council.	4 Moderate	Quality assurance. Resourcing and ongoing training of competent staff. Low tolerance for poor quality documentation from consent applicants. Reporting of substandard work practices observed. Engage professional surveyor if considered high risk. Council has public liability insurance.	1 Low
57	Reputational and Conduct	Online Passwords	IF online passwords are shared or used inappropriately, THEN there is the risk that staff can access or hack Council owned systems and release sensitive information.	4 High	Ensure that where a staff member leaves and they have access to logins accessible online that the passwords are changed and access ceases. Limit use of online accounts.	2 Moderate
58	Reputational and Conduct	Contractor Damage or Breach	IF Council and/or council contractors are found to be liable for public/environmental damage, or any actions that are unsafe or non-compliant with legislation and applicable policies and standards, THEN fines, possible injury, long-term damage, reputational damage could result.	12 Very High	Appropriate procedures and guidelines are in place to monitor contractor actions and our own including health and safety audits, contractor meetings/KPI's. The Council requires all physical works contractors to go through a thorough health and safety pre-qualification process and become approved before commencing any physical work. All relevant staff are kept up to date with pre-approved contractors register. Mini audits and random checks should be built into contracts. Contractor public liability insurance required for all major contracts.	3 Moderate
59	Reputational and Conduct	CCO and other Out-sourced Functions	IF Council's non-core activities (farm, aerodrome) or CCO (Percy Thomson Trust) operate in a way that has potential for non-compliance with the law or potential for financial loss THEN there may be legal, financial, environmental and health implications.	4 High	Ensure regular meetings between council staff and external operators are held and there is good reporting and monitoring of key risks and KPI's by council staff. CCO's must report six-monthly to Council. Farm Business plan is prepared annually, separate to the Annual Plan, which contains all other council operations.	3 Moderate
60	Reputational and Conduct	Elected Members Communication	IF elected members disclose incorrect or confidential information to the public or talk about council negatively, THEN this could damage the reputation and public trust of elected members and council staff.	6 High	Ensure elected members have a good awareness and understanding of the SDC Code of Conduct. Induction for new councillors should be thorough and cover communication with the public, in private, and at Council meetings.	3 Moderate

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
72	Reputational and Conduct	Elected Members - Decision Making	IF elected members make significant decisions based on inaccurate/insufficient information, "biased" influences, conflicts of interest not disclosed, or lack of understanding of the financial or legislative impacts, THEN there could be funding access difficulties, audit scrutiny, financial penalties, and/or community distrust in elected members. Potential breach of Local Authorities (Member's Interests) Act 1968, and Councillors may be personally financially liable under S.47 of LGA 2002.	12 Very High	Relies on the accuracy and quality of the advice given by staff to elected members - ensure agenda, reports, and other papers are always reviewed by CEO, and Directors if appropriate. Elected members should receive initial induction training and attend LGNZ, SOLGM conferences where material is relevant to get a better understanding of governance decision making. Council has a Professional Indemnity insurance policy for all elected members and independent committee members.	4 High
75	Reputational and Conduct	Council employees abuse members of the public	IF Council employees, during the course of their Council duties abuse members of the public, particularly children, THEN the Council may suffer significant reputational damage and potentially be taken to court.	8 High	All staff in a public facing role, particularly where they must deal with children, must be police vetted before they commence work. Exception is where the role is urgent and requires immediate start - in these situations the employee should not be left alone at any time until a satisfactory police report has been received.	4 Moderate

INFORMATION REPORT



TO: Audit and Risk Committee

F19/13-D20/33009

FROM: Director – Corporate Services

DATE: 1 December 2020

SUBJECT: FINANCIAL RISK MANAGEMENT REPORT

RECOMMENDATION

THAT the report be received.

Moved/Seconded

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1.0 Financial Results Summary

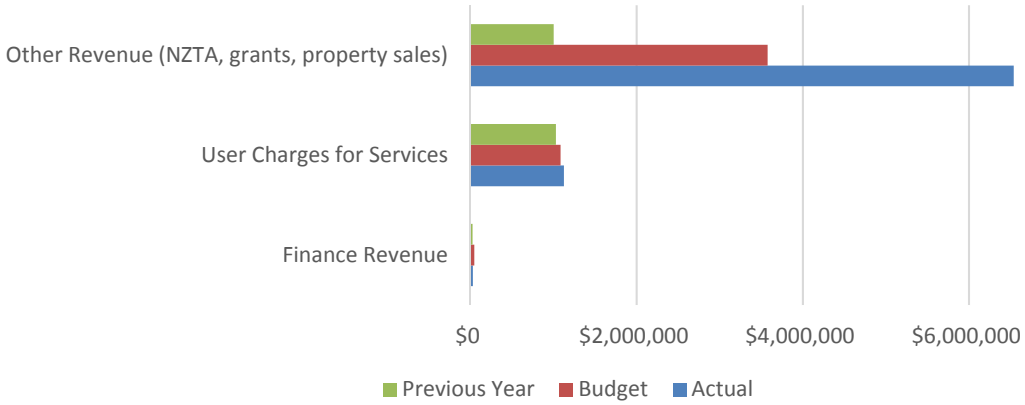
This report presents a summary of the financial results for the year ended 31 October 2020 (“YTD”). Overall YTD results show Revenue is up against budget by \$3,014,203, at \$10,940,617, and Expenditure is under budget by \$130,670, at \$6,430,165, with a YTD net surplus of \$4,510,452.

Full financial reports for October 2020 YTD have been provided to the Policy and Services Committee (November 2020 meeting).

1.1 Operational Results

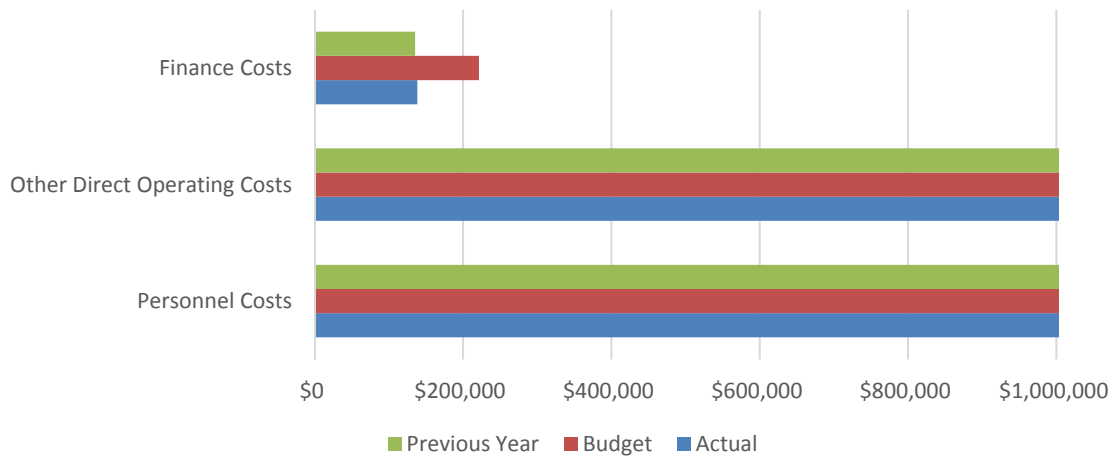
For all three non-rates revenue streams, revenue for the year to date is ahead of budget, and the previous YTD. The budget variance for Other Revenue is largely due to the receipt of Provincial Growth Funding for Roading and other projects that were not budgeted for. To date, \$2,660,627 has been received, with an additional \$8,418,088 remaining to be received (total \$11,078,715).

Revenue - Actual vs Budget October 2020 YTD



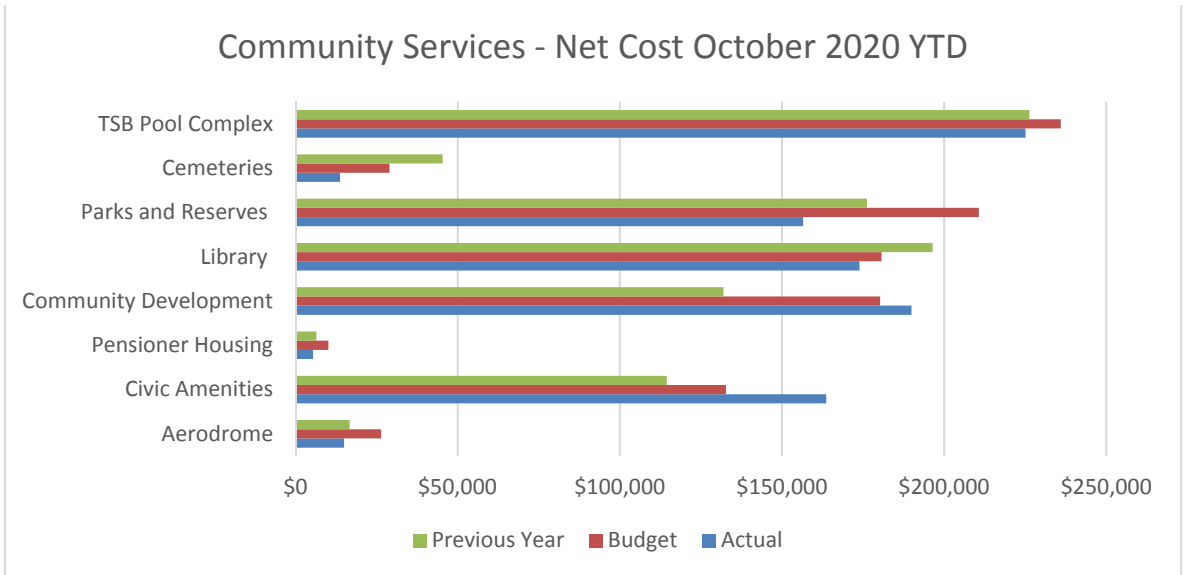
Operating expenditure is below budget for Finance Costs, Personnel Costs, and other Direct Operating Costs. In the YTD there have been some vacant positions, which have now been filled – this variance should reduce.

Expenditure - Actual vs Budget October 2020 YTD

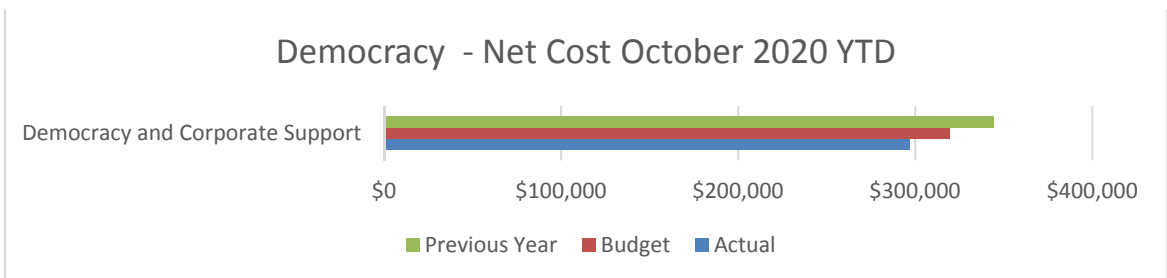


The graphs below are by Activity Groups, and show the net direct cost of the activity for October YTD, compared to budget and previous YTD. Net cost is direct operating expenditure less direct revenue (excluding New Zealand Transport Agency subsidies).

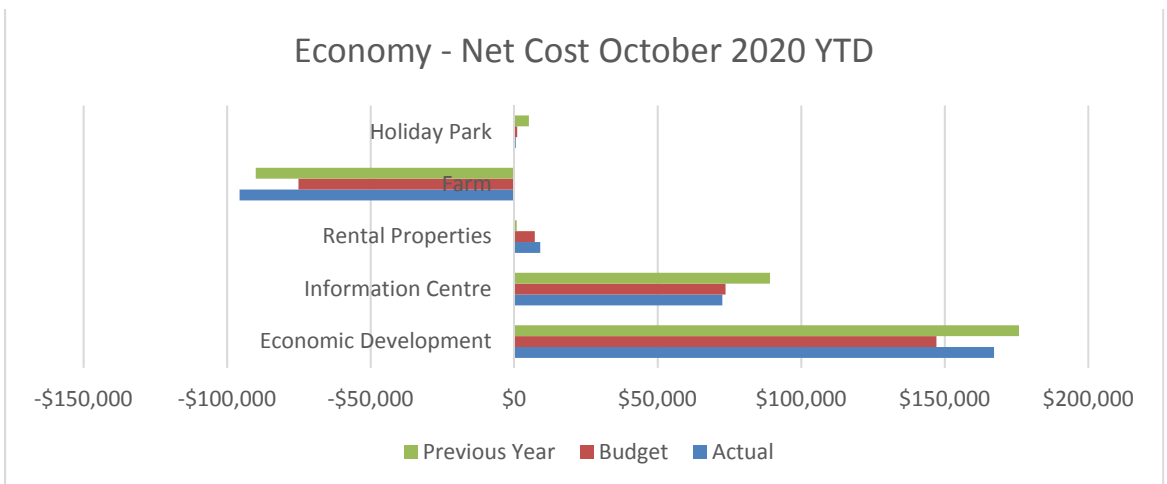
Community Services – Pool expenditure is down on budget and previous year due to staff vacancies in July and August. Cemeteries net cost is down on previous year and budget – contractor costs are lower, and net sales are higher. Civic Amenities net cost is higher as revenue from bookings is down and other costs such as insurance are higher than budgeted. Community Development net cost is up due to timing of expenditure, (some annual accounts paid earlier than previous year).



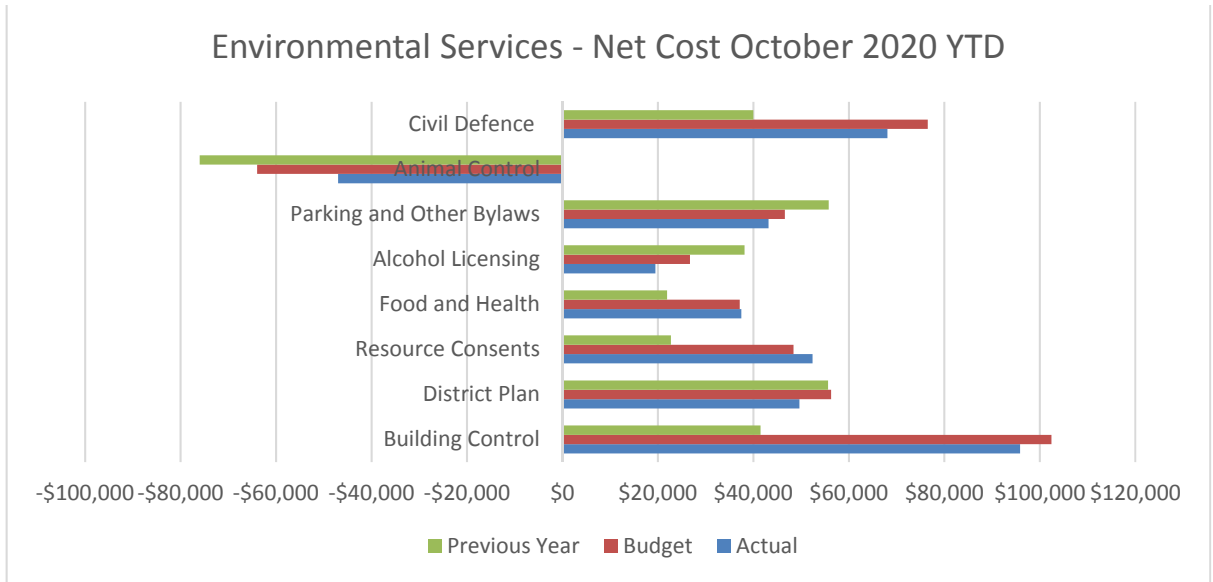
Democracy – Net cost is below budget and previous year actual. This is more due to the timing of certain expenditure.



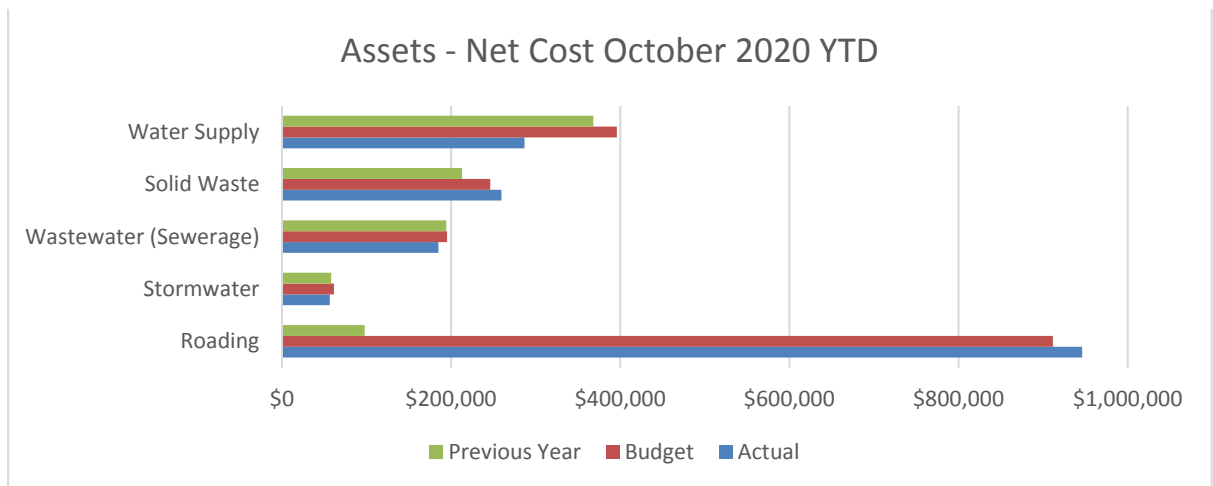
Economy – Farm net return is higher than previous YTD, reflecting the timing of repairs and maintenance expenditure, revenue is on track with the previous year.



Environmental Services – Animal Control revenue is down on YTD as registration revenue was not invoiced until November 2020 (later than previous year) as part of Council’s covid relief support. Building Control net cost is up on previous year due to the one-off cost of the IANZ audit (3 yearly audit). Resource consent net cost of activity is up on the previous year due to consultants expenditure and legal fees being up.



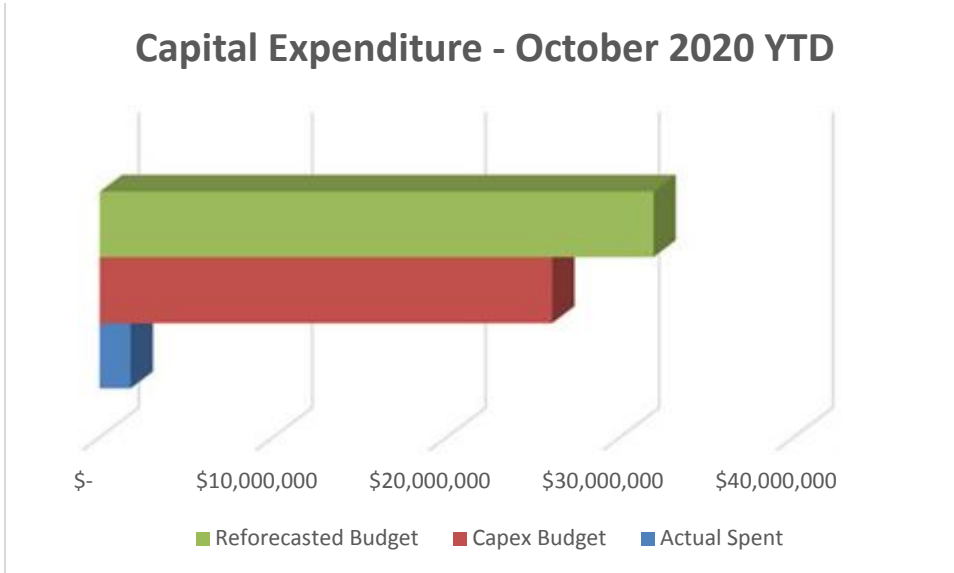
Assets – Roothing is much higher than budget and previous YTD due to drainage maintenance and water tabling work being carried out in recent months in eastern rural areas, particularly Puniwhakau Road. In the previous year, July 2019, Council took on a new roading contractor Fulton Hogan to deliver the roading maintenance (7 year contract) so the first few months expenditure was low as they began to build up a regular work programme.



1.2 Capital Expenditure

As at 31 October 2020, 7% of the capital expenditure budget (including approved capital expenditure brought forward from previous years) has been spent. Monthly status updates for each individual project are provided to the Policy and Services Committee for additional oversight and progress monitoring.

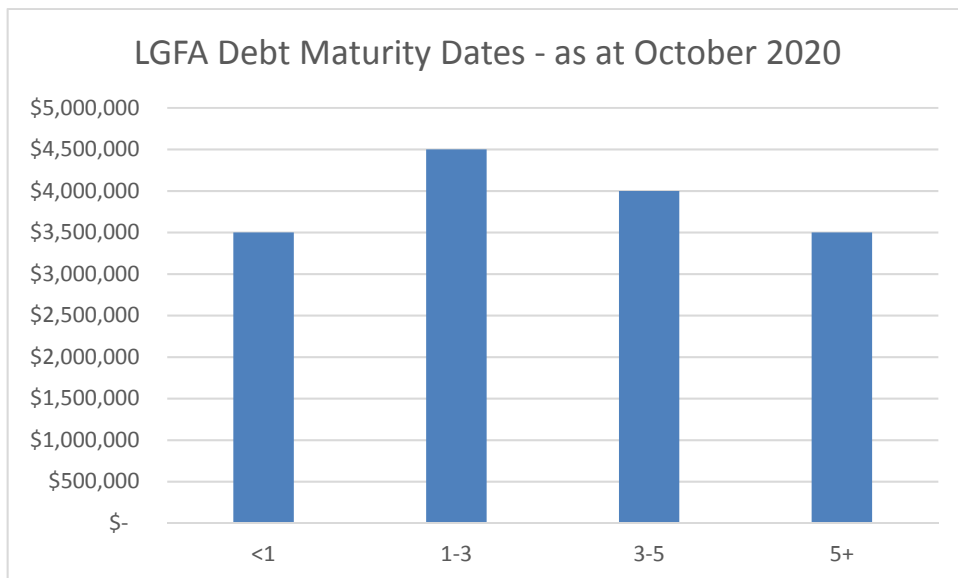
In October 2020, Council approved an increase in the budget for the new swimming pool by \$5,000,000 to \$20,000,000.



2.0 Treasury Report

2.1 Debt Maturities

The debt maturities are spaced out evenly over the next five years, with \$3,500,000 due to mature within the next 12 months. The maturity dates are compliant with the Treasury Management Policy. The current weighted average interest rate for gross borrowings is 2.53% with an average five year loan term (since loan start date).



2.2 Covenant Compliance

As at 31 October 2020, all treasury policy covenants were met.

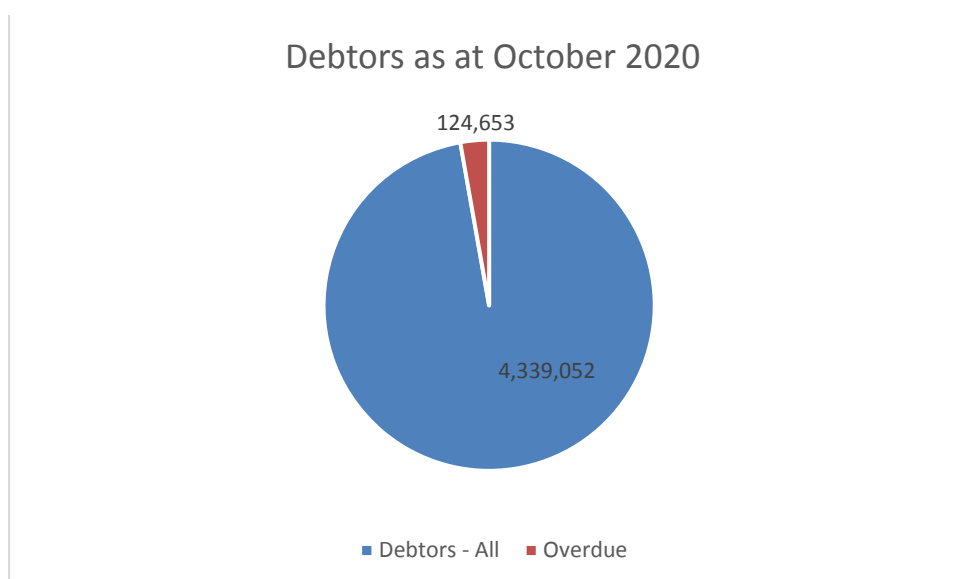
	Actual	Policy
Actual Fixed Debt	87%	>60%
Actual Floating Debt	13%	<60%
Fixed 1-3 years	19%	10-60%
Fixed 3-5 years	35%	10-60%
Fixed >5 years	23%	5-60%
Debt Matures 1-3 years	19%	10-60%
Debt Matures 3-5 years	35%	10-60%
Debt Matures > 5 years	23%	10-60%
Debt Servicing to Revenue Ratio	1%	<10%
Debt to Revenue Ratio	31%	<130%
Liquidity Ratio	153%	>110%
Net Debt per Capita	\$ 897	<\$3,000
Net Debt per Ratepayer	\$ 1,794	No specified limit

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4.0 Accounts Receivable

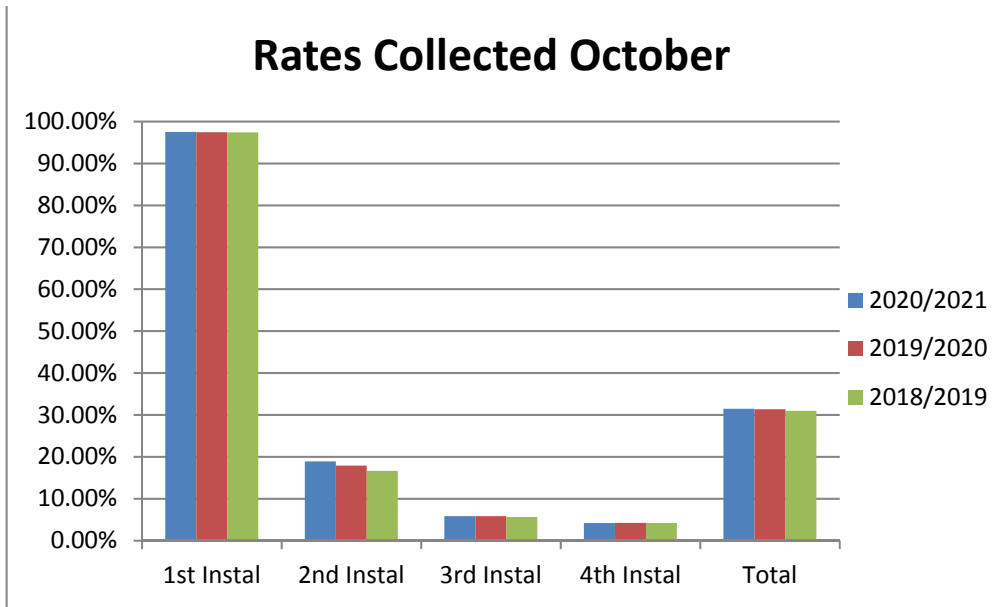
4.1 Debtors

Overdue debtors (excluding rates), at \$124,653, is largely made up of Infringements with the Ministry of Justice for collection (42%), Water Billing debtors (18%), and Wastewater Discharge accounts for users at the Esk Road discharge facility (15%). There are two bad debts to be written off, totalling \$2,940 – one is under Cemeteries and the other under Animal Control.



4.2 Rates

The rate collection percentage is slightly higher than previous years, there are no concerns about rates collection.



Tiffany Radich
DIRECTOR – CORPORATE SERVICES

Approved By:
S Hanne
CHIEF EXECUTIVE

DATE: 24 November 2020

INFORMATION REPORT



TO: Audit and Risk Committee

FROM: Information Management Specialist

DATE: 1 December 2020

SUBJECT: PRIVACY ACT CHANGES

F19/13 - D20/31415

RECOMMENDATION

THAT this report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of how Council has prepared for the upcoming changes to the Privacy Act. These come into effect on 1 December 2020.

Moved/Seconded

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1. **PURPOSE OF REPORT**

This report informs the Audit and Risk Committee of Council's commitment to adhere to the Privacy Act 2020 (the "Act"). In preparation for the changes that come into effect on 1 December 2020, Council has taken steps to ensure conformance with the increased focus on privacy breach notification.

2. **EXECUTIVE SUMMARY**

Council has developed an internal policy, guidelines, notification templates and a presentation for staff. These are all centred on ensuring internal processes and staff education are in place to prevent privacy breaches.

The updated Privacy Policy is in draft form and yet to be adopted by Council, pending any changes that may be requested by the Audit and Risk Committee.

3. **LOCAL GOVERNMENT ACT 2002: SECTION 10**

Under section 10 of the Local Government Act 2002, the Council’s purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future”.			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:		Not directly.	
Social	Economic	Environmental	Cultural

Compliant management of personal information provides quality public service. This assists in instilling trust in Council by members of the public who provide their personal information.

4. **BACKGROUND**

4.1 This report relates to the following risks in the register:

- 1. Compliance and Legislation – Legislation Changes
- 14. Data and Information – Uncontrolled Access to Physical and Digital Records
- 53. Reputational and Conduct – Release of Incorrect or Confidential Information

4.2 The act governs how individuals, organisations and businesses collect, use, disclose, store and give access to personal information. The 2020 amendment to the act provides greater powers to the Privacy Commissioner and new criminal offences.

Council has a responsibility to notify the Privacy Commissioner and affected parties of any serious privacy breaches. Failure to do could result in a fine of up to \$10,000.

The Privacy Commissioner has the power to issue compliance notices and binding decisions on access requests.

The Office of the Privacy Commissioner is committed to increasing knowledge of the importance of protecting personal information through public campaigns. It is vital that Council ensure we have compliant processes and policies in place to protect Council from any reputational damage that may result from non-compliance, in addition to litigation threats and financial penalties.

5. **INFORMATION SUMMARY**

5.1 To ensure Council is compliant with the act it is proposed that the existing Privacy Policy be amended to include Council’s commitment to preventing privacy breaches and our requirement to notify affected parties of any serious breaches.

To support this statement Council has developed the following documents (in addition to the Privacy Policy):

- An Internal Privacy Policy – provides guidance to staff regarding the collection, management and release of personal information, in the course of their duties on behalf of Council.
- Staff guidelines for release of information – a flowchart that guides staff through the steps required to be considered before information can be released.
- Staff guidelines for privacy breaches – a flowchart that illustrates the identification and internal notification of privacy breaches
- Privacy breach assessment guidelines for the Privacy Officer – assists the Privacy Officer to investigate privacy breaches and identify serious breaches that require notification (attached to this report).
- Staff presentation on the Act – explains Council’s responsibilities under the act.
- Privacy breach notification templates – assists Council to notify affected parties and the Privacy Commissioner with required information in a timely manner.

6 STRATEGIC ALIGNMENT

6.1 Direction

Compliant management of personal information provides quality public service.

6.2 Annual Plan and Long Term Plan

Not applicable

6.3 District Plan

Not applicable

6.4 Legal Implications

Supports Council’s compliance with the Act.

6.5 Policy Implications

External Privacy Policy has been amended to include privacy breach processes and Internal Privacy Policy developed to support these.

Attachments:

Appendix 1 - Privacy Policy

Appendix 2 - Privacy breach assessment guidelines for Privacy Officer



Anna Officer
INFORMATION MANAGEMENT SPECIALIST



Endorsed By
Tiffany Radich
DIRECTOR – CORPORATE SERVICES



Approved by
Sven Hanne
CHIEF EXECUTIVE

DATE: 24 November 2020

STRATFORD DISTRICT COUNCIL

SECTION: Corporate Services	
<u>POLICY: PRIVACY</u>	
RESPONSIBILITY: Chief Executive, Director Corporate Services	REVIEW DATE: October 2015
VERSION: 1	APPROVED DATE: November 2015
FILE NUMBER: D16/16748	NEXT REVIEW: March 2020
DELEGATIONS: Chief Executive	

PURPOSE

Stratford District Council (referred to in this Privacy Policy as "we", "our" or "us") is committed to ensuring that your privacy is protected. This Privacy Policy governs the collection, use and disclosure of your personal information by us through our website and has been prepared in accordance with our obligation and your rights set out in the Privacy Act 1993 (Act). We reserve the right to change this Privacy Policy from time to time and for any reason.

POLICY

1. What kind of personal information do we collect?

We collect only the personal information you give us including, but not limited to, your name, date of birth, addresses, email address, telephone numbers, gender, information on your use of services or facilities, including our payment services and any other information provided by you in connection with, or specifically related to your communications with us or, your use of our services or facilities. We may also keep a record of any information that you acquire from us in accordance with the Act.

2. Where we collect personal information from

We may collect personal information about you when you or someone acting on your behalf provides information to us directly, for example when you:

- a) correspond with us through our website;
- b) sign up to, and use, any of our online services or facilities, including our online payment service;
- c) subscribe to any of our newsletter or update services;
- d) indirectly provide information through the use of our website and the services and functionality offered through it;
- e) complete and submit forms provided for applications for consents, licences, approvals, permits, funding or other authorisations; and
- f) prepare and submit a written submission, request or other feedback in relation to applications for consents, licences, approvals, permits, funding or other authorisations, or in relation to any form of draft or proposed plan, policy, bylaw or other document.

We may also collect information from the agents and service providers that we may engage to assist with the provision of our products or services to you, or to carry out any of the functions mentioned above.

3. How we use personal information

We may use your personal information for the following purposes:

- a) to provide you with our online services or facilities;
- b) to positively confirm your identity to avoid inappropriate release or use of your information;
- c) to respond to correspondence or to provide you with information that you have requested;
- d) to process your application for any consent, licence, approval, permit or other authorisation for which you have applied;
- e) to process your application to use or register for any of our online services or facilities;
- f) to process online payments received by, or made by us;
- g) to respond to your requests, enquiries or feedback, or for customer care related activities;
- h) to provide to the agents and service providers that we may engage to assist with the provision of our online products or services to you, or to carry out any of the functions mentioned above;
- i) to comply with relevant laws and regulations;
- j) to carry out activities connected with the running of our business or operations such as personnel training, or testing and maintenance of computer and other systems;
- k) for any specific purpose which we notify you of at the time your personal information is collected; and
- l) for general administrative and business purposes.

4. Sharing your personal information

We may disclose personal information about you to:

- a) any person engaged by us to provide products or services to you on our behalf, where your personal information is necessary for the provision of those products or services;
- b) a third party if we are required to do so under any laws or regulations, or in the course of legal proceedings or other investigations;
- c) a third party if we determine that disclosure is necessary in connection with any complaint regarding use of our website;
- d) any person you authorise us to disclose your personal information to; and
- e) any person, if that information is held in a public register, e.g. information held on property files or the rating information database.

5. How long we hold personal information

We will keep your personal information only for as long as necessary to achieve the purpose we collected it for. If your personal information is no longer required by us, we will either delete it from our systems or de-identify it so it cannot be attributed to you personally.

The Public Records Act 2005 requires us to retain "protected records" indefinitely. In some circumstances, your personal information may be included within a protected record, including submissions you make in relation to bylaws, annual plans, and district or regional planning instruments.

6. What if you do not provide us with the personal information requested?

If you do not provide us with all of the personal information about you that we have requested from you, we may not be able to adequately respond to your correspondence, process any applications you have submitted, provide the services or facilities you have requested, process online payments or otherwise deal with any requests or enquiries you have submitted.

7. How we store personal information

We store personal information electronically and in paper form. The personal information is kept safe and secure using generally accepted standards of security. In some cases third party service providers may store personal information on our behalf.

No data transmissions over the internet can be guaranteed as being completely secure. Accordingly, we cannot warrant or guarantee the security of information transmitted from or to you. However, we will take such precautions to ensure the security of that information, as are reasonable to take in the circumstances, against loss, access, use, modification or disclosure except with our authority.

8. Cookies and log files

When you visit our website we may use "cookies" to provide you with access to tailored information and services on our website, and to serve you better when you return to it.

A cookie is a small data file that the website sends to your browser, which may then store it on your system for later retrieval by the website. Cookies track your movements through different websites; they do not record any other personal information about you. Cookies are widely used on websites to help with navigation and to help personalise your experience when you visit a website.

We do not use cookies to track your internet activity before or after you leave our website. Any activity while you are at our website may be monitored. No other company has access to our cookies.

We may also gather certain information automatically and store it in log files. This information may include internet protocol (IP) addresses, browser type, referring/exit pages, operating system, date/time stamp, and clickstream data.

We may use non-personalised statistics about the use of our website to monitor site traffic, analyse trends, to gather demographic information about our user base as a whole, improve our website and to improve customer service. These statistics do not comprise personal information.

9. **Third Party Websites**

Our website may contain links to third party websites. These websites have not been prepared by and are not controlled by us. They are provided for your convenience only and do not imply that we check, endorse, approve or agree with the privacy practices of the third party websites our website links to. We encourage you to be aware when you leave our website and to read the privacy statements of each and every website that collects personal information.

10. **Accessing and correcting your personal information**

You may access your personal information we hold by emailing us at stratforddc@stratford.govt.nz. Once we have verified your identity we will provide you with such confirmation and access to your personal information unless one of the grounds for refusal to do so under the Privacy Act 1993 applies.

You may request that the personal information we hold about you be corrected by emailing us at stratforddc@stratford.govt.nz. If we agree that your personal information is to be corrected we will provide you with an updated record of your personal information upon request. There may be a charge for providing you with the updated record.

Your rights of access to and correction of any personal information we hold about you are subject to the procedures set out in the Privacy Act 1993.

11. **Who you can contact for further information**

If you have any queries about this Online Privacy Policy or personal information we have collected please contact:

Privacy Contact Person: Chief Executive
Email address: stratforddc@stratford.govt.nz
Address: 61-63 Miranda Street,
STRATFORD 4332
Postal Address: PO Box 320
STRATFORD 4352

STRATFORD DISTRICT COUNCIL

PROCEDURE: <u>PRIVACY BREACH ASSESSMENT</u>	
DEPARTMENT: Corporate Services	RESPONSIBILITY: <ul style="list-style-type: none"> • Director Corporate Services
SECTION:	
REVIEW DATE: October 2020	NEXT REVIEW: October 2021
VERSION: 1	APPROVAL DATE: October 2020

PURPOSE

The Privacy Act 2020 provides for increased powers for the Privacy Commissioner. Council has a responsibility to notify the Office of the Privacy Commissioner of serious breaches. Failure to do so could result in the issuing of a compliance notice and/or a fine up to \$10,000.

The purpose of this document is to provide guidance to the Privacy Officer on what steps to take if a privacy breach occurs and to provide guidance in assessing whether notification to affected individuals is required. Not all steps may be necessary, or some steps may be combined.

WHAT IS A PRIVACY BREACH?

A privacy breach occurs when there is unauthorised access to or collection, use, or disclosure of personal information. Such activity is “unauthorised” if it occurs in contravention of the Privacy Act 1993 (or applicable code of practice issued under the Act).

Four key steps in responding to a privacy breach

There are four key steps to consider when responding to a breach or suspected breach:

- 1) Breach containment and preliminary assessment;
- 2) Evaluation of the risks associated with the breach;
- 3) Notification; and
- 4) Prevention.

STEP 1. BREACH CONTAINMENT AND PRELIMINARY ASSESSMENT

Once a breach is discovered or suspected to have occurred, the Privacy Officer will take immediate steps to limit the breach such as:

- 1.1 Immediately contain the breach. For example, stop the unauthorised practice, authorise recovery of the records, authorise a shut down of the system that was breached, authorise the revoking or change of computer access codes or correct weaknesses in physical or electronic security.
- 1.2 Designate an appropriate individual to lead the initial investigation. This individual should be in a position within the council to conduct the initial investigation and make initial recommendations. If necessary, a more detailed investigation may subsequently be required.
- 1.3 Determine the need to assemble a team that could include representatives from appropriate parts of the council. This may include internal or external subject matter experts.

- 1.4 Determine who needs to be made aware of the incident internally, and potentially externally, at this preliminary stage. Consider whether your insurer needs to be contacted at this point.
- 1.5 If the breach appears to involve theft or other criminal activity, notify the police.
- 1.6 Do not compromise your ability or the ability of the police to investigate the breach. Be careful not to destroy evidence that may be valuable in determining the cause or allow you to take appropriate corrective action.

STEP 2. EVALUATE THE RISKS ASSOCIATED WITH THE BREACH

To determine what other steps are immediately necessary, the Privacy Officer will assess the risks associated with the breach. The following factors will be considered in assessing the risks:

2.1 CONSIDER WHAT PERSONAL INFORMATION WAS INVOLVED

- What personal information has been breached?
- How sensitive is the information? Generally, the more sensitive the information the higher the risk of harm to individuals. Some personal information is more sensitive than other information. For example, health information, government-issued pieces of identification such as driver licence numbers, and financial account details such as credit or debit card numbers that could be used in combination for identity theft. A combination of personal information is typically more sensitive than a single piece of personal information.
- What is the context of the personal information involved? For example, a list of customers on a newspaper carrier's route may not be sensitive. However, the same information about customers who have requested service interruption while on vacation may be more sensitive. Similarly, publicly available information such as that found in a public telephone directory may be less sensitive.
- Is the personal information adequately encrypted, anonymised, or otherwise inaccessible?
- How can the personal information be used? Can the information be used for fraudulent or otherwise harmful purposes? The combination of certain types of sensitive personal information along with name, address and date of birth suggest a higher risk due to the potential for identity theft.
- An assessment of the type of personal information involved will help determine how to respond to the breach, who should be informed, including the Office of the Privacy Commissioner, and what form of notification to the individuals affected, if any, is appropriate.

2.2 ESTABLISH THE CAUSE AND EXTENT OF THE BREACH

- The cause of the breach will be determined and a risk assessment conducted of ongoing breaches or further exposure of the information.
- The extent of the unauthorised access to, use or disclosure of personal information, will be established. This will include the number and nature of likely recipients and the risk of further access, use or disclosure, including via mass media or on-line.
- Consider whether the breach was caused by a systematic problem or is an isolated incident.
- The Privacy Officer will record what steps have already been taken and whether the information has been recovered.

2.3 CONSIDER WHO IS AFFECTED BY THE BREACH

- The Privacy Officer will establish how many individuals' personal information was affected by the breach and identify who those individuals are.

2.4 IDENTIFY WHETHER HARM COULD FORESEEABLY RESULT FROM THE BREACH

In assessing the possibility of foreseeable harm from the breach, the Privacy Officer will consider the reasonable expectations of the individuals affected.

- What harm to the individuals could result from the breach? Examples include:
 - security risk, for example, physical safety
 - identity theft
 - financial loss
 - loss of business or employment opportunities, or
 - significant humiliation or loss of dignity, damage to reputation or relationships.
- What harm to the council could result from the breach? Examples include:
 - loss of trust in the council
 - loss of assets
 - financial exposure, or
 - legal proceedings.
- What harm could come to the public because of notification of the breach? Harm that could result includes:
 - risk to public health; or
 - risk to public safety.

STEP 3. NOTIFICATION

Notification can be an important mitigation strategy that has the potential to benefit both the council and the individuals affected by the breach. If a privacy breach creates a risk of harm to the individual, those affected should be notified. Prompt notification to individuals in these cases can help them mitigate the damage by taking steps to protect themselves.

The challenge is to determine when notices should be provided. Each incident needs to be considered on a case-by-case basis to determine whether privacy breach notification is necessary.

The key consideration in deciding whether to notify affected individuals will be whether notification is necessary in order to avoid or mitigate harm to an individual whose personal information has been inappropriately accessed, collected, used or disclosed. The Privacy Officer will also take into account the ability of the individual to take specific steps to mitigate any such harm. There may be situations where the individual cannot take any steps to mitigate potential harm, but the privacy breach was so material as to warrant notification.

3.1 NOTIFYING AFFECTED INDIVIDUALS

The Privacy Officer will consider the following factors when deciding whether to notify:

- What are the legal and contractual obligations?
- What is the risk of harm to the individual?
- Is there a reasonable risk of identity theft or fraud (usually because of the type of information lost, such as an individual's name and address together with government-issued identification numbers or date of birth)?

- Is there a risk of physical harm (if the loss puts an individual at risk of physical harm, stalking or harassment)?
- Is there a risk of significant humiliation or loss of dignity, damage to the individual's reputation or relationships, for example, when the information lost includes mental health, medical or disciplinary records?
- What is the ability of the individual to avoid or mitigate possible harm?

3.2 WHEN TO NOTIFY, HOW TO NOTIFY AND WHO SHOULD NOTIFY

When to notify:

Notification of individuals affected by the breach will occur as soon as reasonably possible following assessment and evaluation of the breach. However, if law enforcement authorities are involved, notification may be delayed to ensure that the investigation is not compromised.

How to notify:

The preferred method of notification is by letter or email to affected individuals.

Indirect notification – website information, posted notices, media – will generally only occur where direct notification could cause further harm, is prohibitive in cost or the contact information for affected individuals is not known. Using multiple methods of notification may be appropriate.

Who should notify:

The Privacy Officer will notify affected individuals using the template letter D20/29773.

The Privacy Officer will notify the Office of the Privacy Commissioner of any serious breaches through the NotifyMe function on their website. The information required is contained in template D20/29786.

3.4 OTHERS TO CONTACT

Police: if theft or other crime is suspected.

Insurers or others: if required by contractual obligations.

Professional or other regulatory bodies: if professional or regulatory standards require notification of these bodies.

Credit card companies, financial institutions or credit reporting agencies: if their assistance is necessary for contacting individuals or assisting with mitigating harm.

Other internal or external parties not already notified:

- Third party contractors or other parties who may be affected;
- Internal business units not previously advised of the privacy breach, for example, government relations, communications and media relations, senior management; or
- Union or other employee representatives.

STEP 4. PREVENTION OF FUTURE BREACHES

Once the immediate steps are taken to mitigate the risks associated with the breach, council will investigate the cause of the breach and develop a prevention plan. This plan may include the following:

- A security audit of both physical and technical security;

- A review of policies and procedures and any changes to reflect the lessons learned from the investigation and regularly after that, for example security policies, record retention and collection policies;
- A review of employee training practices; and
- A review of service delivery partners

The resulting plan may include a requirement for an audit at the end of the process to ensure that the prevention plan has been fully implemented.

APPENDIX 1

Privacy Breach Checklist

Incident Description

1. What was the date of the incident?
2. When was the incident discovered?
3. How was it discovered?
4. What was the location of the incident?
5. What was the cause of the incident?

Step 1: Breach Containment and Preliminary Assessment

- 1.1 Have you contained the breach (recovery of information, computer system shut down, locks changed)?
- 1.2 Have you designated an appropriate individual to lead the initial investigation?
- 1.3 Is there a need to assemble a breach response team? If so, who should be included, for example, privacy officer, security officer, communications, and risk management, legal?
- 1.4 Have you determined who needs to be made aware of the incident internally and potentially externally at this preliminary stage?
- 1.5 Does the breach appear to involve theft or other criminal activity? If yes, have the police been notified?
- 1.6 Have you made sure that evidence that may be necessary to investigate the breach is preserved?

Step 2: Evaluate the Risks Associated with the Breach

- 2.1 **WHAT PERSONAL INFORMATION WAS INVOLVED?**
 - What personal information was involved, for example, name, address, unique identifiers, financial, or medical information?
 - What form was the information in, for example, paper records, electronic database?
 - What physical or technical security measures were in place at the time of the incident, for example, locks, alarm systems, encryption, passwords?
- 2.2 **WHAT WAS THE CAUSE AND EXTENT OF THE BREACH**
 - Is there a risk of ongoing breaches or further exposure of the information?
 - Can the personal information be used for fraudulent or other purposes?
 - Was the information lost or was it stolen? If it was stolen, can it be determined whether the information was the target of the theft or not?
 - Has the personal information been recovered?
 - Is this a systemic problem or an isolated incident?
- 2.3 **HOW MANY INDIVIDUALS HAVE BEEN AFFECTED BY THE BREACH AND WHO ARE THEY?**
 - Establish who, and how many, individuals have been affected by the breach. For example, employees, contractors, public, clients, service providers, patients, other organisations.
- 2.4 **IS THERE ANY FORESEEABLE HARM FROM THE BREACH?**
 - What harm to the individuals could result from the breach? For example, security risk, identity theft, financial loss, loss of business or employment opportunities, physical harm, significant humiliation or loss of dignity, or damage to reputation or relationships.

- Do you know who has received the information and what is the risk of further access, use or disclosure?
- What harm to the council could result from the breach, for example, loss of trust, loss of assets, financial exposure, legal proceedings?
- What harm could come to the public as a result of notification of the breach, for example, risk to public health or risk to public safety?

Step 3: Notification

3.1 SHOULD AFFECTED INDIVIDUALS BE NOTIFIED?

- What are the reasonable expectations of the individuals concerned?
- What is the risk of harm to the individual? Is there a reasonable risk of identity theft or fraud?
- Is there a risk of physical harm? Is there a risk of humiliation or damage to the individual’s reputation?
- What is the ability of the individual to avoid or mitigate possible harm?
- What are the legal and contractual obligations of the council?

If you decide that affected individuals do not need to be notified, record your reasons.

3.2 IF AFFECTED INDIVIDUALS ARE TO BE NOTIFIED, WHEN, HOW AND WHO WILL NOTIFY THEM?

- What form of notification will you use? For example, phone, letter, email or in person, website, media.
- Who will notify the affected individuals? Do you need to involve another party?
- If law enforcement authorities are involved, does notification need to be delayed to ensure that the investigation is not compromised?

3.3 WHAT SHOULD BE INCLUDED IN THIS NOTIFICATION?

Depending on the circumstances, notifications could include some of the following, but be careful to limit the amount of personal information disclosed in the notification to what is necessary:

- Information about the incident and its timing in general terms
- A description of the personal information involved in the breach
- A general account of what your council has done to control or reduce the harm
- What your council will do to assist individuals and steps individuals can take to reduce the risk of harm or further protect themselves
- Sources of information designed to assist individuals in protecting against identity theft
- Contact information of a department or individual within your organization who can answer questions or provide further information
- Whether your council has notified the Office of the Privacy Commissioner
- Additional contact information to address any privacy concerns to your council, and
- Contact information for the Office of the Privacy Commissioner.

3.4 ARE THERE OTHERS WHO SHOULD BE INFORMED ABOUT THE BREACH?

- Should the Office of the Privacy Commissioner be informed?
www.privacy.org.nz/contact-us/
- Should the Police or any other parties be informed? This may include insurers; professional or other regulatory bodies; credit card companies, financial institutions or credit reporting agencies; other internal or external parties such as third party contractors, internal business units not previously advised of the privacy breach, union or other employee representatives)?

Step 4: Prevention of Future Breaches

- What short or long-term steps do you need to take to correct the situation, for example, staff training, policy review or development, audit?

INFORMATION REPORT



F19/13 – D20/32892

TO: Audit and Risk Committee

FROM: Director – Environmental Services

DATE: 1 December 2020

SUBJECT: BUILDING CONSENT AUTHORITY ACCREDITATION REPORT

RECOMMENDATION

1. THAT the report be received.

Recommended Reason

As an accredited Building Consent Authority the Stratford District Council must ensure its procedures and practices for building consent matters meet legal requirements.

_____/_____
Moved/Seconded

1. PURPOSE OF REPORT

- 1.1 This report provides the Audit and Risk Committee with a summary of the recent audit of the Council's Building Consent Authority by International Accreditation New Zealand ("IANZ").

2. EXECUTIVE SUMMARY

- 2.1 Between 27 and 30 July 2020 the Council's Building Consent Authority was audited by IANZ. Councils are required to be accredited to operate as Building Consent Authorities and regular auditing is one of the requirements for accreditation.
- 2.2 The audit identified several areas where changes are required to be made to achieve full compliance with the regulations in the Building Act 2004. Since the audit, an Action Plan identifying the specific changes to be made has been prepared, submitted to IANZ and approved. We are currently working our way through the actions identified in the Action Plan.
- 2.3 IANZ has recently reissued a Certificate of Accreditation to continue operating as a Building Consent Authority and will return in January 2021 for another audit.

3. **LOCAL GOVERNMENT ACT 2002 – SECTION 10**

Under section 10 of the Local Government Act 2002, the Council’s purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future”.			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:		Operating as a Building Consent Authority supports the economic and environmental wellbeing of the Stratford community.	
Social	Economic	Environmental	Cultural
	✓	✓	

4. **BACKGROUND**

- 4.1 The Council’s Building Consent Authority is required to be audited for compliance with the Building (Accreditation of Building Consent Authorities) Regulations 2006. Audits are a requirement of the Ministry of Business, Innovation and Employment and are undertaken on their behalf by IANZ.
- 4.2 Audits take place on a cycle with varying time periods between audits, but every Building Consent Authority must be audited at least two yearly in order to retain accreditation.
- 4.3 The audits involve examining each Building Consent Authority’s procedures and practices against the requirements in the regulations. Where either a procedure or a practice does not comply with the regulations the Building Consent Authority is required to remedy the non-compliance. Non-compliances are categorised as either serious non-compliances or general non-compliances.
- 4.4 The Council’s Building Consent Authority has been audited several times since 2006 and has successfully retained accreditation to operate following each audit. Each audit has identified a series of non-compliances that have required remediation.

5. **INFORMATION SUMMARY**

- 5.1 The audit ran between 27 and 30 July 2020, which was during a period of higher than usual building activity following the Covid 19- related lockdown. It was also undertaken at a time when the previous Quality Assurance Manager had left the organisation and recruitment of a replacement was still underway. The factors, coupled with the recent change to receiving and processing applications electronically made for a challenging audit environment.
- 5.2 As with past audits, at the conclusion of the audit some areas of non-compliance had been identified. These non-compliances were all general non-compliances; there were no serious non-compliances identified.

- 5.3 The specific areas that the non-compliances relate to are:
- Providing consumer information
 - Administrative procedures
 - Planning and undertaking training
 - Assessment of employees performing building control functions
 - Strategic planning and reporting
 - Internal auditing.
- 5.4 The process for addressing the non-compliances identified during an audit involves preparing an Action Plan which must identify how the non-compliances will be remedied and what evidence will be provided showing the remediation has taken place. The Action Plan must be submitted to IANZ for approval.
- 5.5 The Action Plan has been prepared and has been approved by IANZ. Since the Action Plan was approved we have been working on making the changes needed to our procedures and practices and are now mainly concentrating on gathering evidence that the changes have been made and they are successful.
- 5.6 Gathering evidence can be challenging for a small Council that receives a relatively low number of applications. Despite currently receiving more applications for building consent than we ordinarily would, sometimes quite a long time elapses between instances of a particular type of consent or event which makes gathering evidence of compliance more difficult than it otherwise might be. At this stage we are expecting to have all the evidence gathered and provided to IANZ by 11 January 2021.
- 5.7 While the audit has identified some areas where our procedures and practices need to be improved, this is a usual outcome of the audit process. We have retained our accreditation as a Building Consent Authority which enables us to continue providing these services to our community.

6. **STRATEGIC ALIGNMENT**

6.1 **Direction**

Retaining accreditation to operate as a Building Consent Authority is a requirement of the Building Act 2004 and enable the Council to perform a regulatory function.

6.2 **Annual Plan and Long Term Plan**

Operating as a Building Consent Authority is consistent with both the Annual Plan and Long Term Plan.

6.3 **District Plan**

This matter does not give rise to any conflict with the District Plan.

6.4 **Legal Implications**

There is no need for specific legal advice regarding this matter.

6.5

Policy Implications

This matter does not give rise to any conflicts with Council policies.



Blair Sutherland
DIRECTOR – ENVIRONMENTAL SERVICES



[Approved by]
Sven Hanne
CHIEF EXECUTIVE

DATE: 24 November 2020