



Our reference
F19/13/03-D21/26182

12 May 2022

Policy & Services Committee – hearing and Audit and Risk Committee – meeting

Notice is hereby given that a meeting of the **Policy and Services Committee** will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford** on **Tuesday 17 May 2022** beginning at **10.00am**. to hear and consider submissions to the *Draft 2022/23 Annual Plan and the Draft Revenue and Financing Policy*.

At this stage the meetings will be held in the Council Chambers, however should it be required due to the Covid Protection Framework, the meeting may be moved to an alternative venue or held virtually.

Timetable for 17 May 2022 as follows:

10.00am	Policy & Services Committee - Speakers to submissions - Deliberations
12noon	Lunch for Councillors
12.30pm	Policy & Services Committee continues - Deliberations
1.45pm	Afternoon tea for Councillors
2.00pm	Audit and Risk Committee
3.30pm	Workshop for Councillors - Site visit – trunk main

Yours faithfully

Sven Hanne
Chief Executive

2022 - Audit & Risk - May - Open

17 May 2022 09:00 AM - 05:00 PM



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14. General Business
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16. Resolution to Exclude the Public
17. Public Excluded Item
18. Closing Karakia

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AGENDA

Audit and Risk Committee



F19/13/05 – D22/16516

Date: Tuesday 17 May 2022 at 2 PM

Venue: Council Chambers, 63 Miranda Street, Stratford

The meeting location may change, or will be held via Audio Visual Link, if required due to current COVID-19 Alert Levels or Government Guidelines.

1. Welcome

- 1.1 Opening Karakia**
D21/40748 Page 8
- 1.2 Health and Safety Message**
D21/26210 Page 9

2. Apologies

3. Announcements

- 4. Declarations 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 Audit and Risk Committee meetings.
Page 10

- 6. Programme of Works**
D21/42807 Page 11

Recommendation

THAT the Audit and Risk Committee's rolling programme of works up to the end of 2023 be received.

/
Moved/Seconded

7. Confirmation of Minutes

- 7.1 Audit and Risk Committee – 15 March 2022**
D22/8876 Page 12

Recommendation

THAT the minutes of the Audit and Risk Meeting of Council held on Tuesday 15 March 2022 be confirmed as a true and accurate record.

/
Moved/Seconded

8. [Matters Outstanding](#)
D18/27474 Page 20

Recommendation

THAT the matters outstanding be received.

/
Moved/Seconded

9. [Information Report – Health and Safety](#)
D22/15813 Page 21

Recommendation

THAT the report be received.

/
Moved/Seconded

10. [Information Report – Capital Works Programme – Key Projects Update](#)
D22/15688 Page 25

Recommendation

THAT the report be received.

Recommended Reason

To present an update on the progress of our key capital projects in the 2021/22 financial year, as requested in the September 2021 Audit and Risk Committee meeting.

/
Moved/Seconded

11. [Information Report – Risk Review](#)
D22/16046 Page 32

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any significant risks and any incidents or threats in relation to significant risks on Council's risk register from the previous quarter.

/
Moved/Seconded

12. Information Report – Audit NZ Matters Outstanding
D22/15540 Page 59

Recommendation

THAT the report be received.

Recommended Reason

This report informs the Committee of the issues identified in the final Audit New Zealand Management Report for the 2020/21 Annual Report and Long Term Plan 2021-31, summarising the actions that have or intend to be taken by Council officers to respond to audit recommendations with respect to each issue raised.

/
Moved/Seconded

13. Correspondence

- Deloitte – Audit Engagement Letter – 4 May 2022
Page 65

14. General Business

15. Questions

16. Resolution to Exclude the Public

RECOMMENDATION

THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

Agenda Item No: 17

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

General subject of each matter to be considered	Reason for passing this resolution to each matter	Grounds under section 48(1) for the passing of this resolution
Cyber security	The withholding of the information is necessary to prevent improper gain or advantage.	The withholding of the information is necessary prevent the disclosure or use of official information for improper gain or improper advantage. Section 7(2) of the Local Government Official Information and Meetings Act 1987.

/
Moved/Seconded

17. Public Excluded Item

RECOMMENDATION

THAT the open meeting resume.

/
Moved/Seconded

18. Closing karakia

D21/40748 Page 74



Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai
Ā hauora
Ā haukaha
Ā haumāia
Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

I draw in (to my being)
The reviving essence
The strengthening essence
The essence of courage
Above, Below
Within, Around
Let there be peace.



Our reference
F19/13/03-D21/26210

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 War Memorial Centre congregating on the 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 until the shaking stops and you are sure it is safe to exit or remain where you are until further instruction is given.

Under the current Pandemic setting visitor access beyond the customer service centre is restricted. Mask wearing is mandatory in all public areas as well as any areas where social distancing cannot be consistently achieved, such as corridors, staff rooms and bathrooms.

We recommend mask wearing for the duration of meetings unless social distancing of a minimum of 1 metre can be consistently achieved.

5. Attendance schedule for 2022 Audit and Risk Committee meetings.

Date	15/03/22	17/05/22	19/07/22	20/09/22	15/11/22
Meeting	A	A	A	A	A
Neil Volzke	✓				
Grant Boyde	✓				
Rick Coplestone					
Peter Dalziel	AV				
Jono Erwood	✓				
Amanda Harris					
Alan Jamieson	AV				
Vaughan Jones					
Min McKay	A				
John Sandford					
Gloria Webby					
Philip Jones (Chair)	AV				

Key	
A	Audit and Risk Meeting
D	Meeting deferred
NC	Non-committee member
✓	Attended
A	Apology/Leave of Absence
AB	Absent
S	Sick
(AV)	Meeting held, or attended by, Audio Visual Link

Audit and Risk Committee - Programme of Works (D21/42807)

	May-22	Jul-22	Sep-22	Nov-22	Mar-23	May-23	Jul-23	Sep-23	Nov-23	Mar-24
Standing Items	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update - Audit NZ Matters Raised	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review - Audit NZ Matters raised status update	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report -Audit NZ Matters raised status update - LTP Capital Projects status update	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review - Audit NZ Matters raised status update - LTP Capital Projects status update	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review - Audit NZ Matters raised status update - LTP Capital Projects status update	-Audit NZ Correspondence Received -Health and Safety Report -Risk Management Review -Financial Report - Audit NZ Matters raised status update - LTP Capital Projects status update
Annual Items	-Cyber Risk prevention update	- Review of Insurances - Civil Defence Readiness - Internal Audit Plan 2022/23	-Annual Report 2021/22 update -Internal Audit Report (outcomes)	-Committee Self-Review	- Internal Audit (Plan for 2023, and status report on previous year audit) - Annual Plan 2023/24 update	-Civil Defence Readiness -Cyber Risk prevention update	- Review of Insurances	-Internal Audit Report (outcomes)	-Committee Self-Review (workshop) - Annual Report 2022/23 (final draft for approval)	- Internal Audit (Plan for 2024, and status report on previous year audit) - Annual Plan 2023/24 update
One-Off Items		- 3 Waters Reforms: risk identification and management - Section 17a Reviews	- Risk 32 - Lone Worker deep dive	- LTP Budget Modelling - assessment of options	- Climate Change resilience, strategic risk deep dive					

MINUTES

Audit and Risk Committee



F19/13/05 – D22/8876

Date: Tuesday 15 March 2022 at 2.02pm
Venue: Council Chambers, 63 Miranda Street, Stratford

Present

The District Mayor N C Volzke and Councillor J M S Erwood.

Via audio visual link: P Jones (the Chair), the Deputy Mayor A L Jamieson and P S Dalziel.

In attendance

Councillor G W Boyde, the Chief Executive – Mr Sven Hanne, the Director Environmental Services – Mr Blair Sutherland, the Communications Manager – Ms Gemma Gibson, and one member of the media (Stratford Press).

Via audio visual link: Councillor G M Webby, the Director Corporate Services – Mrs T Radich, the Director Assets – Mrs V Araba, the Director Community Services – Ms Kate Whareaitu, the Administration and Communication Support Officer – Ms R Vanstone, the Health & Safety/Civil Defence Advisor – Mr Mario Bestall, the Corporate Accountant – Mrs Christine Craig, the Roading Asset Manager – Mr S Bowden, the Service Asset Manager – Mr John Cooper, and the Audit Director, Audit New Zealand – Mr Chris Webby.

1. Welcome

- 1.1 The opening karakia 'Kia Uruuru Mai' was led by the District Mayor.
- 1.2 The Chair welcomed the District Mayor, Councillors, staff and the media to the meeting. The Chair noted the health and safety message and emergency procedures on page 7 of the agenda.

2. Apologies

Recommendation

THAT an apology be received from Councillor M McKAY.

JONES/JAMIESON
Carried
A&R/22/01

An apology was noted from Councillor W J Sandford.

3. Announcements

No announcements were made.

4. Declarations 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 noted.

6. Programme of Works

D21/42807 Page 9

Recommendation

THAT the Audit and Risk Committee's rolling programme of works, as amended, up to March 2023 be received.

ERWOOD/DALZIEL
Carried
A&R/22/02

The Chair proposed that the lone worker item be brought forward from September 2022 to the May 2022 reporting date. He expected that Resource Management Act ('RMA') reforms or local government reforms would fill the gap.

7. Confirmation of Minutes

7.1 Audit and Risk Committee Meeting Minutes – 16 November 2021

D21/41130 Page 10

Recommendation

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 16 November 2021 be confirmed as a true and accurate record.

DALZIEL/VOLZKE
Carried
A&R/22/03

Questions/Points of clarification:

- The Chair sought clarification on whether his own attendance via audio visual link required minuting. The Chief Executive confirmed this as Council practice.

8. Matters Outstanding

D18/27474 Page 17

Recommendation

THAT the matters outstanding be received.

ERWOOD/VOLZKE
Carried
A&R/22/04

The Director Corporate Services noted that Council would report on the lone worker item in May 2022, in line with the update to the programme of works.

9. Information Report – Building Consent Authority Accreditation Report
D22/7412 Page 18

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.

VOLZKE/DALZIEL
Carried
A&R/22/05

Questions/Points of clarification:

- Mayor Volzke noted that it was worth reflecting on the progress that had been made to get to this point. There had initially been a lot of concerns raised about the accreditation process, however it was now at an acceptable level and he acknowledged the efforts of staff, particularly the Director Environmental Services.
- The Chair added that IANZ's requirement to visit in November 2023 should be regarded as a very positive sign.

The Director Environmental Services left the meeting at 2.17pm.

10. Information Report – Health and Safety
D22/7619 Page 21

Recommendation

THAT the report be received.

ERWOOD/JAMIESON
Carried
A&R/22/06

The Health and Safety/Civil Defence Advisor noted the following points:

- There is a growing trend of increasingly aggressive and abusive customer interactions with staff.
- A near miss incident (1) involving a contractor and a gas main was the result of sheer luck, demonstrating the need to follow correct procedures.
- He had conducted an audit on the site in question (incident 2) a week before the incident occurred and was assured that there were no issues.
- Regarding the third incident, not even the most seasoned health and safety expert could have picked up the fire source. JSAs and other documentation had not been completed. Mr Hanne congratulated Mr Bestall on his perseverance as he had identified the likely sequence of events and had been able to identify the ignition source, contributing to many learnings.

Questions/Points of clarification:

- Councillor Boyde, referring to page 21 of the report, asked whether staff could be assisted more when dealing with increasingly aggressive customers, noting that 6 out of 8 incidents recorded over the entire year, have been recent.
- Mr Bestall clarified that the incidents were already higher than the entire previous year. He noted that regular de-escalation training is provided to staff, adding that a more experienced staff member would deal with such a customer quite differently.
- Mr Hanne added that Council had attempted to provide dedicated staffing to the facilities and administration building when it was felt that certain situations would escalate. Security guards were used when/where required also.

- Councillor Dalziel, referring to page 24 of the report on EAP referrals, asked if things were really as bad as was noted. Mr Bestall responded that the uncertainty around at the moment meant that some people's feelings were stuck on 'eternal'. He emphasised that it was difficult to correlate this with the covid situation but he is certainly seeing an increase. Councillor Dalziel asked what could be done.
- Mr Hanne considered that Council, as an employer, was trying to do its best to assist staff through this time and beyond. He felt that a healthy staff culture where people could depend on each other, helped. Council is in a good position to grant leave to staff, sick or not, to ease the immediate financial burden to families of close contacts. The split team structure and introduction of rapid antigen testing ('RAT') helped to reassure staff. The Council has been generous in making RATs available to staff and he was surprised at how positive staff felt about them.
- Councillor Dalziel asked if there was agreement with the concluding statement in the report.
- The Chair noted that he was seeing a lot of uncertainty in the employment area at present, not just covid related, but local government reforms had added to this. When people are struggling to deal with one area of change, several accumulating factors such as struggling to fill up the car with petrol, can result in some not being able to see the light at the end of the tunnel. Access to someone to talk about these sorts of situations does help. The important message here is to listen carefully to what people are really saying and not judge how they are feeling.
- The Chair asked Mr Bestall if there were any issues during the fire/evacuation of the administration building. Mr Bestall clarified while staff were evacuating, members of the public had attempted to enter the building. At the time, some fire wardens were not present. Council will look to train more fire wardens and provide refresher fire extinguisher training.
- The Chair, in commenting on the powerline incident (2), asked if the contractor acknowledged whether anything would have been done differently. Mr Bestall clarified that the contractor noted the suggestions in their toolbox meeting the following week.

The Audit Director joined the meeting at 2.30pm.

The Committee agreed that with the Audit Director having joined the meeting, the order of the meeting would change and that item 12 – Information Report - Audit NZ Matters Outstanding - would now be discussed.

12. Information Report – Audit NZ Matters Outstanding

D22/7505 Page 151

Recommendation

THAT the report be received.

Recommended Reason

This report informs the Committee of the issues identified in the final Audit New Zealand Management Report for the 2020/21 Annual Report and Long Term Plan 2021-31, summarising the actions that have or intend to be taken by Council officers to respond to audit recommendations with respect to each issue raised.

DALZIEL/VOLZKE

Carried

A&R/22/08

The Audit Director noted his thanks to Council management for their assistance during a smooth audit process. Audit NZ was satisfied that the revaluation of roading was materially correct. They found no issues with accounting for shovel ready funding and three waters reform stimulus funding. Three waters reform was appropriately disclosed in the Annual Report.

The Director Corporate Services in turn acknowledged Mr Webby and his team for their pragmatic approach to auditing at Council over the last few years.

Questions/Points of clarification:

- Councillor Dalziel agreed with Mrs Radich on the positive audit outcome adding that the quality and standard of audits had improved and that that was down to Mrs Radich and her team. Councillor Dalziel asked if there would be a handover to the new auditor, Deloitte New Zealand who he understood were not as experienced in local government audits.

- Mr Webby clarified that he would spend a day with Deloitte going over Council's audit file. Audits are conducted on behalf of the Auditor General so it is beneficial to be of as much assistance as possible to the new audit team.
- The Chair noted the clean audit letter adding that the change to a new auditor was not a reflection on Audit NZ but rather illustrative of the sector wide staff shortages. The Chair went on to thank Mr Webby on behalf of the Committee.
- Mr Hanne thanked Mr Webby and his colleagues on behalf of the organisation. They had worked together during positive times and through tense times. Mr Webby had always applied a practical perspective to the audit process.
- Mr Webby noted that the relationship with this council had improved as the audits have improved and that this was partly due to the ease of people in the organisation to work with.

The Director Audit departed the meeting at 2.46pm.

The Committee returned to item 11 in the order of the agenda.

11. Information Report – Risk Management

D22/7622 Page 25

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any significant risks and any incidents or threats in relation to significant risks on Council's risk register from the previous quarter.

MOVED/SECONDED
Carried
A&R/22/07

Questions/Points of clarification:

- The Chair noted that the RMA reforms would need to be added to be considered as a threat to Risk 78 in the future.
- The Chair is aware that some councils have been struggling to supply significant employment and other data around existing three waters contracts. The Director Assets clarified that this Council had received such a request from the Department of Internal Affairs ('DIA') and that data had been returned within the timeframe.
- The Chair added that there is no funding to backfill the lost positions in councils.
- Councillor Dalziel noted that staff poaching is a real risk given the current labour shortages in New Zealand, for the next 12-18 months. Staff retention should be a top 10 risk.
- Mr Hanne confirmed that the Senior Leadership Team will review the new risks and the current top 10 risks in relation to council infrastructure (with a view to merging risks 86 and 90) and staff recruitment and retention.
- The Chair suggested that the heading of risk 89 required a rework with the possible merge of the setting and application of rates through council policies. The Mayor was satisfied that these risks remain unchanged until after the review of the Rates Remission Policy.
- The Chair asked that any changes to the top ten risk list be highlighted, going forward.
- Councillor Dalziel, when considering the Global Risk Report, noted that cyber risk was scored as a 4 which he thought slightly 'underdone'. He considered that Council really needed to focus on cyber risk as an area to upskill both management and elected members. Mrs Radich clarified that the annual report to this Committee on cyber risk would be presented at the next meeting, covering the prevention and minimisation of risk. She asked members to advise her if there is anything specific they would like reported. Councillor Dalziel noted that cyber risk is fast moving and that part of the risk is that we don't know what is coming at us. The Chair added that a number of cyber breaches were occurring in councils but these were not being reported on because due to the embarrassment in publicising them.
- Councillor Boyde noted that the erosion of social cohesion is being seen at the front counter of this Council.

13. Information Report – Capital Works Programme – Key Projects Update

D22/7023 Page 185

Recommendation

THAT the report be received.

Recommended Reason

To present an update on the progress of our key capital projects in the 2021/22 financial year, as requested in the September 2021 Audit and Risk Committee meeting.

VOLZKE/DALZIEL
Carried
A&R/22/09

The Director Assets noted that Council aims to finish the second trunkline by the end of June 2022. Stage 1 has been awarded; stage 2 is about to be awarded; stage 3 will be the shortest stage.

Questions/Points of clarification:

- The Chair sought clarification of spend as a percentage of what was budgeted at year 1. The Director Assets noted that spend will be 90-95 per cent of the budget but that Council will not necessarily deliver on the entire scope.
- Mr Hanne added that this year's capital budget is twice what Council would normally get in a year. He noted that under these circumstances he would be satisfied with an outcome that saw Council manage to deliver 85 per cent of its projects. The Chair agreed adding that he is aware of one council which considered itself lucky to deliver 30 per cent of what they budgeted.

14. Information Report – Local Elections 2022

D22/7772 Page 192

Recommendation

THAT the report be received.

Recommended Reason

To give assurance to the Audit and Risk Committee that the Council is undertaking all necessary steps to manage the local elections of 2022 and the associated risks.

JONES/DALZIEL
Carried
A&R/22/10

The Director Corporate Services noted the following:

- There are risks associated with holding elections and this report provides some assurance that Council is managing those risks. As Deputy Electoral Officer, Mrs Radich is assisted by Dale Ofsoske, Electoral Officer from Election Services.
- The representation review is currently sitting with the Local Government Commission and is expected to be finalised shortly.
- One of the decisions elected members make each election cycle is how names will appear on the ballot paper. Mrs Radich recommended the continuation of alphabetical ordering unless an alternative view is suggested.

Questions/Points of clarification:

- With no comment received from elected members, the Chair noted the satisfaction of members with the status quo, and that this will be presented to (full) Council for agreement.

15. Information Report – Internal Audit Report 2020/21 – Update
D22/7129 Page 224

Recommendation

THAT the report be received.

Recommended Reason

The Audit and Risk Committee is tasked with reviewing and monitoring the internal audit activities of Council on behalf of elected members.

ERWOOD/JAMIESON
Carried
A&R/22/11

Questions/Points of clarification:

- Councillor Dalziel complimented the Corporate Accountant and the wider team on the internal audit outcomes and approach which gave him, as an elected member, some comfort that there were robust internal controls in place. This view was reinforced by the Chair who noted that not many councils of this size had an internal audit process in place.
- The Director Corporate Services noted that next year's internal audit plan would be presented to this Committee in July.

16. Correspondence

- Office of the Auditor-General – Change of Appointed Auditor, 2 February 2022

Page 230

- This matter was previously discussed under item 12 of the agenda. There were no further questions or explanations.
- The Director Corporate Services and the Chief Executive were to have a discussion with Deloitte. Mrs Radich noted that she would follow up on the handover and report back to this Committee in May. The Chair confirmed that he will bring this matter to the attention of the Assistant Auditor General later in the week.
- Mrs Radich noted that Taranaki Regional Council also utilise Deloitte as their auditor.
- Councillor Dalziel sought clarification on whether council would see a similar fee from Deloitte, moving forward. The Chair confirmed that the audit fee must be agreed by the Auditor General and that any inconsistent fee charging would be highlighted at that level.

17. General Business

- Mayor Volzke noted that the Chief Executive appointment process is progressing and can be expected to be concluded in the next week or two. As no appointment was made prior to the expiry of Mr Hanne's current contract on 9 March, an extension of three months from that date (or to the appointment of the Chief Executive – whichever comes first) was recommended and passed.
- Mayor Volzke noted the scathing report in the Taranaki Daily News about New Plymouth District Council's contract management processes, which identified a number of anomalies. He sought a report on this Council's contract management processes. This has been added to matters outstanding.

18. Questions

There were no questions.

19. Closing karakia

D21/40748 Page 232

The closing karakia 'Kia Uruuru Mai' was led by the District Mayor.

The meeting closed at 3.38pm.

P Jones
Chairman

Confirmed this 17th day of May 2022.

N C Volzke
District Mayor

Audit and Risk Committee Matters Outstanding Index

ITEM OF MATTER	MEETING RAISED	RESPONSIBILITY	CURRENT PROGRESS	EXPECTED RESPONSE
Lone Worker Solutions – review of products	21 September 2021	Mario Bestall	Underway	May 2022 Audit and Risk Committee meeting
Health and Safety Framework Review – including pre-qualified contractors	22 June 2021	Sven Hanne/Mario Bestall	Underway	May 2022 Audit and Risk Committee meeting
Follow-up on Audit NZ-Deloitte handover process	15 March 2022	Tiffany Radich		May 2022 Audit and Risk Committee meeting
Contractor Management Processes – review	15 March 2022	Tiffany Radich		

INFORMATION REPORT



F19/13/04 – D22/15813

To: Audit and Risk Committee
From: Health and Safety/Emergency Management Advisor
Date: 17 May 2022
Subject: Health and Safety Report

Recommendation

THAT the report be received.

 Moved/Seconded

1. Purpose of Report

- 1.1 This report presents a summary of a two monthly progress and any highlights for the main areas of activity within for the period to 30 April 2022.

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 two months ending 30 April.
- 2.2 Results of data analysed since 1 March show that there has been a total of 6 events logged in Vault. This incorporates 2 pool events that are now being logged in Vault.

3. Incidents

28 February 2022 – 30 April 2022

	Period 28 February 2022- 30 April 2022	Running YTD Balance (1 July 2021 – 30 June 2022)
Events	6	54
<i>Of which:</i>		
Injury	-	1
ACC Claims	-	1
Notifiable	-	-
Near Miss	1	5
Observations	-	4
Other	5	43
Type of Incident		
Slips/Trips/Falls (no injury)	-	1
Sprains/Strains	1	5
Cuts/Abrasions/ Bleeding nose	-	4
Bruising	-	5
Near Miss	1	5
Aggressive/Abusive Customer	1	9
Trespass	-	6
Vehicle Damage	-	4
Insect Stings	-	-
Plant/Equipment	2	5
Other	1	10

Level of Treatment		
No Treatment	5	19
First Aid	5	16
Medical Centre/ DR	-	-
Hospital	-	-
Level of Investigation		
No Investigation	6	44
Formal Investigation	-	10
WorkSafe Investigation	-	-
Health and Wellbeing		
Workstation Assessments	-	7
EAP Referrals	-	4
Health Monitoring Assessments	0	28
Health and Safety Committee Meeting	-	2
Site Reviews	2	8

- 3.1 The reported number of events reported was well down for the same period last year. Of the six events logged in Vault, the belltower demolition near miss came in as the most significant. A person that works for our daily paper was caught breaching the cordon to take an uninterrupted photo as the tower was being brought down. This was very disappointing as that person had been spoken to earlier in the day about the risk and was informed that going “inside the cordon” was not possible. Work had to be halted whilst the person was escorted out. There were four people employed by the demolition company to ensure no-one entered the area.
- 3.2 With the country now having moved to the orange traffic light setting, it is hoped that this will alleviate the aggressive customer component that Council has been experiencing. There was one case noted through the period at the TSB pool where a patron claimed that the Covid protocols were illegal and that they would be taking the matter further.
- 3.3 All Staff, (workers) have the right to come to work and go home every day without feeling unsafe. In the last year there has been 14 incidents noted in Vault regarding aggressive/ abusive customer transactions - this compares to 5 for the year before that (March 2020) when Covid was officially announced as present in the country.

4. Civil Defence

- 4.1 Training of staff remains stagnant with courses being postponed due to lack of attendance through the Covid outbreak.
- 4.2 Council through TEMO have continued to support the DHB and MSD in the Care in Community Model, coordinating delivery of oximeters, hygiene packs and kai packs.

5. Contractors

- 5.1 There has been no contractor events to mention.

6. Site reviews

- 6.1 Two site reviews have been conducted over the period with minor non-conformances noted and corrective actions issued.

7. EAP Referrals

- 7.1 There have been no new EAP requests reported in the portal for the period.

8. Lone Worker Solution

- 8.1 As per matters outstanding, Stratford District Council have committed to a company called Direct Safety for our lone worker solution. Direct Safety's standalone safety monitoring devices are a person-worn product that automatically monitors an individual's safety status. They also provide the wearer with the ability to manually request emergency assistance when needed.

Featuring wireless communication technology they maintain an always-connected data session with bi-directional communication to background services that continually monitor its safety devices. The wearer's location and status are continuously updated within an online user portal that conveys each monitored person's safety – continuously and in real-time.

Council has purchased three different hardware options from the standard pendant - I-help, Blackline G7C and also a G7X satellite option.

The I-help pendants will be the mainstay of the solution providing an intuitive product with an emergency button that makes it easy for the staff to instantly call for help when needed and are monitored 24/7. All pendant safety alerts are communicated through a cellular data connection to the portal application which includes the staff member's precise location and movement activity.

The G7C will be primarily used in the water treatment team and pool and works the same as the I-help pendant but with the added feature of being able to monitor gas exposure with different settings available.

The G7X user worn device comes with bridge portable uplink base unit meaning it can be shifted from vehicle to vehicle if working in areas without cellular range.

Directsafety



Fig 1. I-Help pendant

Fig 2. G7C

Fig 3. G7X satellite



M Bestall
Health and Safety/Civil Defence Advisor



[Approved by]
Sven Hanne
Chief Executive

Date: 9 May 2022

INFORMATION REPORT



F19/13/04 – D22/7023

To: Audit and Risk Committee
From: Projects Manager
Date: 17 May 2022
Subject: Capital Works Programme – Key Projects Update – May 2022

Recommendation

THAT the report be received.

Recommended Reason

To present an update on the progress of our key capital projects in the 2021/22 financial year, as requested in the September 2021 Audit and Risk Committee meeting.

/
Moved/Seconded

1. Purpose of Report

- 1.1 The purpose of this report is to provide the Audit and Risk Committee with an update on the progress of key capital projects in the 2021/22 financial year.
- 1.2 The intent is to track these projects and provide confidence both to the Council and our ratepayers that capital works programme will be delivered as indicated in the 2021-31 Long Term Plan (LTP).

2. Executive Summary

- 2.1 The Council, in the 2021-31 Long Term Plan, approved a total of \$28,534,970 for the delivery of capital expenditure for the 2021/22 financial year and in total LTP (over 10 years) \$125,463,814, with 40% of this to be delivered in the first three years of the LTP.
- 2.2 These projects are spread among Council departments, the majority of which are to be delivered through the Assets, Environmental Services, and the Community Development departments.
- 2.3 This report provides information to the Committee to enable the achievement of Section 2 of the Audit and Risk Committee Terms of Reference, specifically to allow the Committee *“To proactively assess, monitor and provide governance oversight of risks, and the internal controls instituted, including finance ... Contract Management, ... Quality Management ..”*
- 2.4 Council officers are proactively managing all aspects of risks being identified in the delivery of these capital projects, which are mainly:
 - Cost overruns;
 - Not delivering to timeframe; and
 - Not delivering what was expected.
- 2.5 As a result, Council officers are monitoring and mitigating the identified risks by:
 - Regular tracking of the project;
 - Tracking and reporting on the budget; and
 - Regular supervision through communication and meetings with contractor oversight by the respective project manager.
- 2.6 This Capital Works Programme report will be brought before the committee quarterly.

3. Local Government Act 2002

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:			
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

3.1 Good risk management and regular monitoring supports the Council's social, economic, environmental and cultural outcomes.

4. Background

4.1 This report is directly as a result of the request made by this Committee in the September Audit and Risk Meeting, to present an update on the progress of our key capital projects in the 2021/22 financial year.

5. Information Summary

5.1 Please refer to the Executive Summary and the Appendix 1, which shows that all year 1 projects have either commenced or are in the process of commencing.

5.2 All capital projects are now being vetted and/or are under the supervision of Council's Projects Manager (and Special Projects Manager), who has also produced a number of documents and tracking tools to support the successful project planning, procurement and management. These tools should satisfy Audit New Zealand's requirements in terms of action plans identified at their recent audit exercise.

5.3 Updates on key projects are provided below.

5.3.1 Bike Park

All physical works are finished. Installation of CCTV cameras and additional landscaping will complete this project.

5.3.2 Stratford Aquatic Centre

Construction is 79% complete and work onsite is continuing to progress well. Externally, the building envelope is completely enclosed. Internally, backfilling of the concourse around the main pools is underway along with the foundations for the toddlers’ pool and the splash pad. Dry side, the plastering is near completed with painters following on. Mechanical services and pool water trades are well into their respective first fixes in the plantroom spaces. The contractor remains confident of meeting completion ahead of the scheduled date notwithstanding some material supply issues being encountered and is aiming for the first pool water fill and test in July.

5.3.3 Stratford Duplicate Trunkmain

This is one of the shovel ready projects funded largely by central government. It is being completed in 3 stages due to the complexity of the project and the delays inherent in landowner negotiations.

Fulton Hogan was awarded Stage One through a competitive tendering process.

Fulton Hogan was awarded Stage Three through direct appointment using the same rates that were included in Stage One. Direct appointment was preferred due to the timing of funding requirements through the 'shovel ready' projects from DIA.

Council has met all deadlines set by DIA in terms of releasing of funds to complete this project.

Fulton Hogan was also awarded Stage Two by direct appointment for the same requirements as Stage Three. This stage included rates that were not part of Stages One and Two. The Project Team carried out due diligence on the pricing from Fulton Hogan to determine the rates were still competitive.

Stage One – Hunt Road to Pembroke Road/Brecon Road intersection – 90% complete with shutdowns and final testing to be completed.

Stage Two – Patea Bridge Section – Contractor has been awarded with Fulton Hogan scoping and sourcing materials for the construction. This section is expected to be completed in August 2022, subject to weather and Covid-19 restrictions.

Stage Three – Connection to the Water Treatment Plant – Construction is underway with good progress being made. We still anticipate a completion deadline of June 2022, subject to weather and Covid-19 restrictions.

This project was delayed due to Covid-19 lockdown restrictions, resulting in delays in negotiations with landowners regarding easements over their properties and supply of materials due to the international supply chain network. Project cost estimates have increased due to increase and availability of materials and contractor market demand during the Covid-19 pandemic. Original estimates completed in 2017-2018 financial year are proving to be a hard target to meet. Costs for materials and labour have increased significantly since March 2017 as a result of inflation and intensified with Covid-19 restrictions and supply shortages.

Fulton Hogan is receiving materials constantly from Humes and is happy with the supply and condition of materials as the contract has progressed.

5.3.4 Whangamomona Camping Ground Septic Tank

After initial investigations from staff, it is likely a resource consent is required for a full wastewater treatment system. The project has been split into two stages:

Stage 1: Site investigation, engineering comparison of two options:

Option 1 – Installation of a larger holding tank than present with associated repair of connecting pipework's. This option is an increase in capacity of the existing system. Effluent will then be transported to Stratford's Wastewater Treatment Plant.

Option 2 – Installation of a new wastewater system (commercial septic tank) to treat and dispose of wastewater on site. This will most likely require Horizon Regional Council consents and may include Reserves Act conditions.

Stage 2: Full design of installation of a wastewater system on site.

5.3.5 **Economic Development Strategy & Town Centre Plans**

Business Economic Research Limited (BERL) and Design Group Stapleton Elliot (DGSE) have been contracted to support the community development team to refresh and develop a series of plans and strategies which includes the town centre plans for Stratford and Whangamomona. The first round of stakeholder engagement discussions was completed at the end of February. BERL and DGSE issued early drafts of these plans for initial staff feedback in April. Staff with support from Venture Taranaki have reviewed these and provided feedback which is currently being incorporated into the draft plans.

5.3.6 **Stratford Schools Safety Projects**

Safety improvements for Stratford High School has been designed and are out for tender in May.

Staff attended a TRAFFINZ Conference to learn about the trials for variable speed limits around schools and what Waka Kotahi's expectations are. Four schools have been approached (Avon School, Makahu School, Midhirst School, and Pembroke School) and, along with Stratford High School, consultation will be held with neighbouring residents before going out to the wider community.

5.3.7 **Connecting our Communities Strategy**

The Connecting our Communities Strategy will help identify improvements in our networks to improve accessibility for residents and visitors to the Stratford District. A specific strategy will help Council to meet some funding requirements from Waka Kotahi for the transport network.

This strategy has been approved by the Policy and Services Committee to proceed to consultation with the public. A communications plan is currently being worked through so all interested parties are identified as well as the general public.

When approved, the strategy will help guide projects like the Stratford 2035 Town Centre Plans and School Safety Projects listed above.

6. **Strategic Alignment**

6.1 **Direction**

This report is consistent with our Long-Term Plan Outcomes and directly relevant to supporting the work of the Audit and Risk Committee.

6.2 **Annual Plan and Long-Term Plan**

This report is consistent with the Annual and Long-Term Plan outcomes.

6.3 **District Plan**

There is no direct relationship with the District Plan.

6.4 **Legal Implications**

There are no legal implications.

6.5 **Policy Implications**

The report is consistent with Council policies relating to service delivery.

Attachment:
Appendix 1 - Capital Work Projects Update



Steve Taylor
Projects Manager



Victoria Araba
Director – Assets



[Approved by]
Sven Hanne
Chief Executive

Date: 9 May 2022

APPENDIX 1

Budget - Y1	Actual Spent	Budget LTP	Project Status	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	
Recreation and Facilities																						
Stratford 2035 Projects	482,500	-	4,664,082																			
* LED Screen (southern entrance)	75,000					35,000	40,000															
<i>NZTA have declined proposed location, further investigation on other locations underway.</i>																						
* Installation of giant photoframes (Victoria and King Edward Park)	12,000					11,225																
<i>Completed December 2021</i>																						
* Discovery Trail (signage, glockenspiel upgrades, new features)	15,000						15,000															
<i>Elements of Project commenced</i>																						
* Purchase of land - Prospero Place	385,500						385,500															
<i>Officers to prepare an Options Assessment report to Council for a decision to progress the preferred option</i>																						
Demolish Bell Tower	30,000	-	30,000	15,000		34,500	34,500															
<i>Stage 1 commenced 1st April, where contractors removed surrounding garden, installed bracket on the lower portion of the tower, and created pilot holes. Stage 2 commenced 6,7th April, Contractors erected security fence around carpark and removed top portion of tower and secured bells. 8th April the tower was brought down, and bells removed and are stored in a safe location. Quotes are being sought to reinstate the former garden area with Bark or Chipseal. CCTV camera from the Bell Tower is to be installed on the Percy Thompson Building with power sourced from the toilets section of the building.</i>																						
Replace Storage Shed	70,000	-	70,000			50,000	20,000															
<i>Building and Resource consent have been approved. Demolition of the existing shed has been pushed out to the beginning of May due to covid. Payment for shed materials will be made once materials have been delivered to site.</i>																						
Upgrade Broadway Roundabout	60,000	-	60,000				60,000															
<i>Working in conjunction with Community Development Team/Broadway 2035. Awaiting the development of the Town Centre Plan before implementing the action plan identified</i>																						
Whangamomona Camp - septic tank	47,000	-	47,000			47,000																
<i>WSP is investigating two options: 1. Increasing the size of the holding tank with associated repairs to the connecting pipework. 2. Installation of an onsite wastewater treatment system to comply with Horizons Regional Council consents and determine if there are other planning requirements (Stratford District Plan, Reserves Act etc.)</i>																						
Trees of significance - access	35,000		35,000	20,000	15,000																	
<i>Liaising with key Stakeholders - work beginning this month on clearing and constructing paths</i>																						
New Swimming Pool	16,700,000	9,135,861	17,212,500	1,564,139	2,000,000	2,000,000	2,000,000															
<i>Construction underway and progressing in accordance with agreed timeline</i>																						
Victoria Park Bike Park	484,168	353,049	484,168	30,000	30,000	30,000	43,119															
<i>All physical works completed except for the installation of CCTV cameras and some additional landscaping in May.</i>																						
Community Development																						
Council Subdivision	1,200,000	6,025	3,274,000				1,193,975															
<i>Negotiating with land owner on Flint Road for purchase of land</i>																						
Install in-shed Feed system - farm	53,000	54,192	53,000																			
<i>Completed</i>																						
Environmental Services																						
Review District Plan	-	-	1,500,000																			
<i>Not required in this financial year, while the Government decides what the future of District Plan is.</i>																						
Roading																						
Walking and Cycling improvements	350,000	-	3,823,700		50,000	50,000	36,000															
<i>The Council share will be used to construct a shared cycleway/footpath on the northern side of Fenton Street as part of the Stratford High School Safety project. This is a key route that has been identified in the draft Walking and Cycling Strategy. In discussions with six schools regarding the location of speed zones outside their school.</i>																						
Brecon Road Bridge	-	-	13,022,683					30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000							
<i>Engaging a consultant as well as the development of the business case to Waka Kotahi</i>																						
Whangamomona Rd Upgrade	-	-	530,900																		75000	
<i>Upgrade works are programmed for 2023/24 year (year 3)</i>																						
Wastewater																						

APPENDIX 1

	Budget - Y1	Actual Spent	Budget LTP	Project Status	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Diatomix to enhance algae growth	500,000	30,735	500,000	Wastewater sampling has commenced, chemical and algal compositions supplied to consultants as the results are received. Seeding of pond to begin by 1 June 2022.	15,000	30,000	30,000	30,000	15,000	10,000	10,000	10,000	30,000	30,000	30,000	30,000	30,000	30,000	10,000	10,000	10,000	
Modelling	-	-	51,700	Year 2 of LTP: Proposal being drafted and will go to DHI New Zealand, Watershed, Beca and BTW as an offer to submit a Proposal.					20,000	20,000	10,000											
Inflow and infiltration programme	150,000	-	1,187,000	BTW engaged to undertake flow monitoring of an infiltration prone catchment within the network. Specialist contractor unable to commence sleeving of wastewater pipes until 1 July 2022 due to prior commitments. Contract being drafted and is due to be tendered in June 2022.	20,000	30,000	30,000	70,000														
Water Supply																						
Universal water metering implement	349,500	40,421	2,195,000	Electronic meters procured in conjunction with NPDC. 200 existing mechanical meters to be replaced by 30 June 2022.	40,000	100,000	100,000	69,079														
Second water trunk main	1,400,000	873,798	2,911,100	Stages 1 and 3 have commenced, stage 2 has been awarded and is due to commence in June. Easements with landowners have been obtained.	226,202	100,000	100,000	100,000														
Midhirst Resource Consent	100,000	6,460	309,700	Ongoing, Ecological Assessment and Hydrological Assessment Reports produced; Iwi Liaison continues; Awaiting Iwi to commission a Cultural Impact Assessment (CIA). Application lodged with the TRC, with processing pending the completion of the CIA.	23,540	20,000	20,000	30,000														
Toko Bore Membranes	-	-	134,500	Not required this year, Year 2 of LTP																		
	150,000	86,000	150,000	Replacement membranes have been delivered and are being installed as required. Further membranes are being procured.	86,000		64,000															

INFORMATION REPORT



F19/13 – D22/16046

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 17 May 2022
Subject: Risk Management

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any significant risks and any incidents or threats in relation to significant risks on Council's risk register from the previous quarter.

/_____
 Moved/Seconded

1. Purpose of Report

- 1.1 To provide a high-level update on Council risk, in accordance with Council's Risk Management Policy.

2. Executive Summary

- 2.1 The key risks to Council that have required active management by the Senior Leadership Team are *Risk 64 – Infectious Disease Outbreak / Pandemic*, *Risk 78 – Government Policy Impacting on Local Government*, and *Risk 47 – Attracting and Retaining Staff*, and *Risk 72 – Elected Members Decision-Making*.
- 2.2 There has been one new risk identified by the Senior Leadership Team and added to Council's risk register since the last Audit and Risk Committee meeting in March 2022.
- 2.3 *Risk 47 – Attracting and Retaining Staff* has been added to the top ten risk register, and *Risk 55 – Building Control Functions Undertaken Negligently* has been removed from the top ten risk register.

3. Local Government Act 2002

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:		Affects all four wellbeings in some way.	
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

- 3.1 Risk Management aims to protect all areas of Council operations and therefore indirectly meet the purpose of all four wellbeings.

4. Background

- 4.1 The Council maintains a full risk register, which currently has 89 risks. Of these, 10 of the highest risks in terms of likelihood and consequence are monitored and reported to the Audit and Risk Committee.
- 4.2 In August 2021, the Risk Management Policy was updated and one of the changes to the previous reporting system was that only high level risks would feature in this regular report to the Audit and Risk Committee.
- 4.3 The risk register includes a description of the risk, and evaluates the risk in terms of likelihood and consequence without any controls in place. Controls (risk reduction methods and mitigations) have been established for each risk, and then the risk is re-evaluated to get a residual risk score. In terms of what constitutes a significant risk, the raw risk score is taken into account rather than the residual risk as it is important that the Senior Leadership Team and the Audit and Risk Committee regularly monitor that the controls in place are appropriate and effective.

5. Information Summary

5.1 *Risk 64 – Infectious Disease Outbreak / Pandemic*

As of 9 May 2022, the Senior Leadership Team are aware of 9 staff out of 43 (based in the office administration building) who have contracted Covid-19.

The implementation of the split shift in Council referred to in the March risk report, has helped prevent the same staff in specific areas of Council become affected at the same time, which has ensured continued service delivery.

The number of staff Covid cases has stayed static around the average of three cases a week for the previous four weeks. No Council operations have been significantly affected by Covid sickness. The Senior Leadership Team will review the split shift system on a weekly basis and at this stage if case numbers trend downwards as was seen in the week ended 24 April, a decision will be made for all staff to return to the office as per normal days and hours. There is however a risk that the data of actual covid cases is unreliable and staff have been under reporting covid cases.

Risk 78 – Government Policy Impacting on Local Government

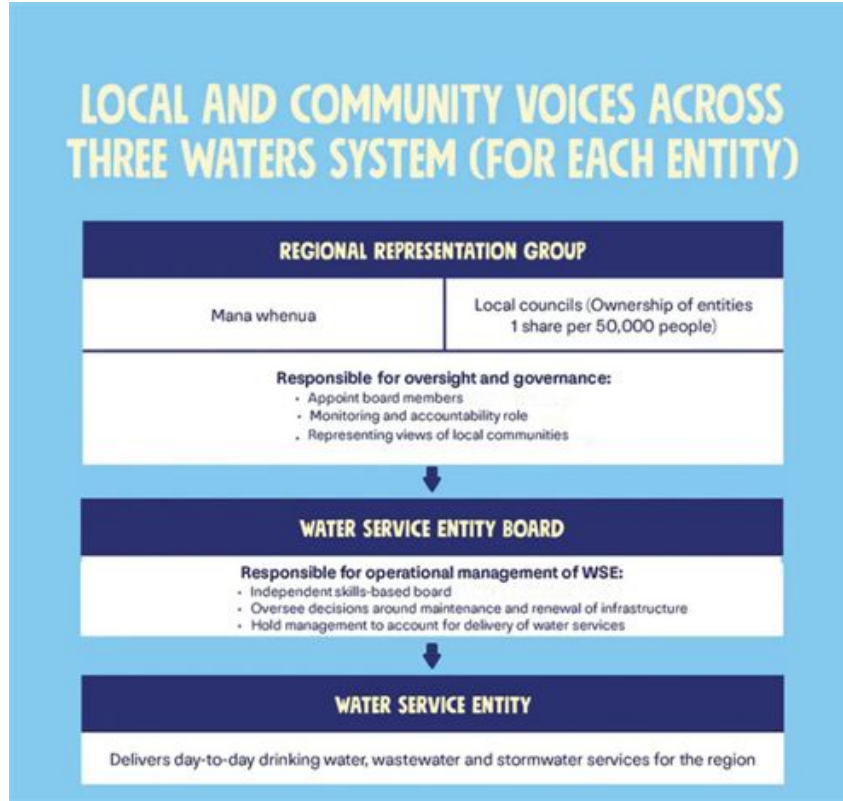
Three Waters Reforms

The government's plan to remove the Water, Wastewater, and Stormwater activities from Council control is moving ahead and the expectation remains that it will be in place by July 2024. Recent changes to the proposed model will see councils continue to own water entities through a shareholding model, with a two-tier system of regional representative groups and an independent entity board, the latter which makes the operational decisions.

A shareholding model will be introduced with one share per 50,000 people of a council's area, giving rights to vote on potential sales or mergers. There would also be an entrenchment proposed needing 75% support in Parliament to make legislation changes against privatisation. The Stratford District Council will receive one share as it has been confirmed that it will be rounded up for lower population sized districts.

Based on regional or geographical areas, the regional representative groups will have co-chairs and consensus decision making. There would be equal representation of mana whenua and councils. The groups set expectations, approve the strategic direction but have no involvement in operational decisions.

The below diagram shows how the structure is being proposed.



Resource Management Reforms

In June 2020 the Government released a comprehensive review of New Zealand’s resource management system. The review was undertaken by Honourable Tony Randerson QC and is the most significant review of the resource management system since the introduction of the Resource Management Act 1991 (RMA). The outcome of the review is that the Government intends to reform the resource management system. The reform is intended to repeal the RMA and replace it with three separate pieces of legislation:

1. The Natural and Built Environments Act
2. The Strategic Planning Act
3. The Climate Adaptation Act.

The new suite of legislation is expected to achieve the following:

- Protect and restore the environment and its capacity to provide for the wellbeing of present and future generations.
- Give proper recognition to the principles of Te Tiriti o Waitangi and provide greater recognition of Te Ao Māori including Mātauranga Māori.
- Better prepare for adapting to climate change and risks from natural hazards, and better mitigate emissions contributing to climate change.
- Improve system efficiency and effectiveness, and reduce complexity while retaining appropriate local democratic input.

The proposed Natural and Built Environments Act (NBA) is intended to be the primary piece of legislation to replace the RMA. Like the RMA, the NBA will be an integrated statute for both land use and environmental protection. It will work in tandem with the proposed Strategic Planning Act (SPA).

The NBA is intended to ensure people and communities use the environment in a way that not only supports their wellbeing but that of future generations. It would do this by promoting positive outcomes for both the natural and built environments and

ensuring that use, development and protection of resources can only occur within prescribed environmental limits.

The NBA will also improve recognition of te ao Māori and Te Tiriti o Waitangi. This includes reference to Te Oranga o te Taiao in the Act's purpose. This concept is intended to encapsulate the intergenerational importance of the health and wellbeing of the natural environment. Decision-makers would be required 'to give effect to' the principles of Te Tiriti, replacing the current RMA requirement to 'take into account' those principles.

Central government's proposed new National Planning Framework will provide a set of mandatory national policies and standards on specified aspects of the new system. These will include natural environmental limits, outcomes and targets.

The NBA is currently being developed and an exposure draft has been presented to a select committee who have presented their findings to parliament. There has been the opportunity to submit on the exposure draft but many parts of it are still to be confirmed and it is difficult to get much of a sense of how it will work at this stage. The Natural and Built Environments Bill will be formally introduced to parliament in 2022 and will follow a standard legislative and select committee process. The government intends for the NBA to be passed into law in the current parliamentary term.

The Strategic Planning Act (SPA) provides a strategic and long-term approach to how we plan for using land and the coastal marine area. The SPA will require long-term spatial strategies in each region which will identify areas that:

- will be suitable for development,
- need to be protected or improved,
- will need new infrastructure and other social needs such as hospitals and schools, and
- are vulnerable to climate change effects and natural hazards such as earthquakes.

The regional spatial strategies are intended to enable more efficient land and development markets to improve housing supply, affordability and choice, and climate change mitigation and adaptation.

The Government has established a new interdepartmental executive board, the Strategic Planning Reform Board, to oversee the development of the SPA but so far there is little other detail about its content. Like the NBA the SPA is intended to be passed into law in this parliamentary term.

The Climate Adaptation Act (CAA) will support New Zealand's response to the effects of climate change. It will address the complex legal and technical issues associated with managed retreat and funding and financing adaptation. The CAA is expected to be progressed in the current parliamentary term but does not share the same objective of having been passed into law by the end of the term as the NBA and SPA do.

At this stage it is difficult to quantify the level of effects that the new suite of legislation will have on the Council but it is clear that there will be some changes. At the very least it is likely that there will be a need for greater cooperation between the region's four Councils both in the development of long-term spatial strategies and through the creation of a single regional natural resources plan, which is included in the exposure draft of the NBA. Provisions for Māori participation are also likely to be strengthened and so strong working relationships with Iwi in our rohe will be important.

Risk 47 – Attracting and Retaining staff

This risk has recently been reassessed by the Senior Leadership Team as a top ten risk due to the increase in likelihood of the risk eventuating. The latest figures in the Lawson Williams National (NZ) Staff Turnover Survey Report 2022, show the average % Turnover rate NZ in 2020 was 18.5% and for Jan-June 2021 it was 10.4%. All commentary about the market is suggesting that turnover rates are now much higher

than 10.4%. Stratford District Council turnover for the 2020/21 year was 25%, and is looking to be 26% for the 2022/23 year, based on current resignations to date.

The high turnover rate has put pressure on current resources, service delivery, and staff wellbeing. Although the Senior Leadership Team is attempting to mitigate these pressures by reviewing its Wellbeing Strategy, recently running a Council wide staff survey, and reviewing the salary bands for all staff.

Due to Covid, the ability of being able to recruit staff internationally has reduced. Councils are competing for the same staff with unique skill sets. Advice from economist Tony Alexander is that unemployment will go below 3% in the coming months which will worsen the tight labour market situation.

Risk 72 – Elected Members Decision Making

The **Annual Plan 2022/23**, along with the Revenue and Financing Policy, went out for consultation in March/April for a month. Twenty two submissions were received. On 17 May, elected members will look to adopt the Annual Plan and Policy, after taking into account the submissions and hearings.

One of the more significant decisions is whether or not to proceed with the proposal to introduce a forestry differential to the roading targeted rate. There is a risk that this decision could lead to legal challenge. The majority of the submissions were either neutral or supportive of the differential. The Council did not receive a submission from New Zealand Forest Owners Association, who appears to be involved in legal challenges against councils for imposing higher rates on the forestry sector. All challenges against the rate appear to be from individual property owners themselves. Council sought legal advice from Simpson Grierson prior to and post consultation. Therefore, the likelihood of a risk of legal challenge, taking all the above into account, is minimal.

Three Waters (Better off support package) – Elected members will soon be asked how they would like to spend government funding, as part of the better off support package, to be received in two tranches: \$2.57 million, and \$7.7 million, to total \$10.27 million. Territorial authorities will be required to demonstrate that the use of this funding supports the three waters service delivery reform objectives and other local wellbeing outcomes and aligns with the priorities of central and local government, through meeting some or all of the following criteria:

- supporting communities to transition to a sustainable and low-emissions economy, including by building resilience to climate change and natural hazards;
- delivery of infrastructure and/or services that:
 - enable housing development and growth, with a focus on brownfield and infill development opportunities where those are available,
 - support local place-making and improvements in community wellbeing.

The decision on how to apply the funding will require prioritisation and ultimately result in trade-offs. It could also result in additional maintenance and depreciation costs if new Council owned capital assets are proposed, resulting in higher rates for future generations.

5.4 **New Risks Identified**

The following new risks have been added to Council's Risk Register:

86 Asset/Infrastructure Failure Causing Public Health Risk
 Raw Risk – High
 Residual Risk – Moderate.

If Council assets or infrastructure fail to work as intended, are unsafe, cause harm, public damage or endanger the public, THEN the public may be exposed to health, wellbeing or safety risks, that may put Council's reputation at risk, and Council could be subject to various penalties if found negligent.

With the risk control being:

Ensure asset replacement programmes are identified through physical checks of the individual assets. The capital investment required to replace these assets is aligned with a developed replacement programme which is included in the respective AMP. Identify any issues that may arise at the time of renewing existing resource consents. Maintain and update incident response plans for each asset group, including any public notification where required. Ensure staff and contractors are trained on the requirements of the incident response plans.

The below risk that was recently added has been removed, as there was close alignment with Risk 86.

90 Council Infrastructure Causing Harm
Very High

Risks 89 and 21: The two risks relating to rates remain as separate items due to the distinct risk areas they are addressing. New risk 89 – Council Rates are Applied Inconsistently, and risk 21 - Assessment of Rates. Risk 89 is about the creation of rates and the perceived fairness of them and alignment with Council's revenue and financing policy, and Risk 21 is about the actual application or execution of the rates once adopted and making sure they're applied accurately in line with Council's Rates Resolution, invoices are sent out on time and are accurate etc.

5.5 Changes to Top Ten Risks

Risk 47 – Attracting Qualified Staff

The risk description was amended to "Attracting and Retaining Staff".

The Raw Risk has been updated from Likely and Important to Likely and Major.

The Residual Risk updated from Unlikely and Important, to Possible and Serious.

The latest Strategic Pay health check informs the view that qualified staff are out there but have to be paid for, and historically Stratford District Council has not competed for staff by paying higher salaries. This presents a risk to budgeted costs for salaries and wages, and ultimately have an impact on rates. There is also the risk that new staff are being brought in on much higher salaries, to fill urgent gaps, however existing staff are being left behind on the pay scale and end up leaving, creating higher turnover. Council has consulted with an external provider to review pay scales for majority of staff positions, with the intent of moving all staff over to these new pay bands, dependent on other factors such as individual performance. This should help make the pay fairer for all staff, compared to internal and external salaries.

It is not only salaries that we are having to be competitive with for attracting staff, but also, working conditions, non-financial benefits, including working from home – or even working from entirely different regions. At this stage, the Senior Leadership Team is proposing a Flexible Working Arrangements Policy for implementation (currently in draft stage). However, Council is not considering employing staff from outside the region to work entirely from home.

Risk 55 - Building Control functions undertaken negligently

This risk has now been removed from top ten risk register. It was put on the top ten risk register while the Building Control team worked its way through the recommendations made by IANZ (International Accreditation New Zealand). Those recommendations have now been implemented. IANZ returned for an audit in December 2021 and the outcome of the audit was that we have now been classified as low risk.

Raw risk was 12 – very high with possible for likelihood and major for impact. This has now been updated to unlikely for likelihood and major for impact, with a new score of 8-high. The residual risk remains the same. Note – only the raw risk was required to be changed as the approval from IANZ of Council's building control processes has

now reduced the level of scrutiny over Council and therefore affects the risk prior to controls being implemented.

6. Strategic Alignment

6.1 Direction

Not applicable

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

This report is in line with 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: 9 May 2022

APPENDIX 1

Top Ten Risk Register

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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
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.	20 Extreme	Where a policy change may have a significant negative impact on the Council then staff and elected members should consider making a submission to suggest and encourage alternative options. Council officers and elected members need to keep up to date with proposed changes to legislation and govt 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. Council should aim to maintain a position where it can be adaptive and respond well to change, e.g. low to medium debt levels, diversification, good employment relationships.	6 High

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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.	4 High
47	Operational	Attracting and Retaining Staff	IF Council is unable to attract and retain suitably qualified personnel, THEN services may become under threat and may cease.	16 Very High	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.	4 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
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. Information related to decision making should be given to elected members in a timely manner. 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
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 encrypted, and stored off-site at approved data-centres (Tier 3). Fail-over for Melbourne data centre replicates to Sydney data centre.	3 Moderate

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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
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

APPENDIX 2

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

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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

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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 encrypted, and stored off-site at approved data-centres (Tier 3). 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.	4 High
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 publicly.	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

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Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
88	Data and Information	External (online) Communication Systems are not Functioning	IF external/online communication systems are not functioning temporarily, THEN Council may be unable to effectively deliver important messages to the community - resulting in public confusion and inadequate guidance on potentially important or emergency situations.	3 Moderate	Ensure alternative communication options are available when Facebook is unable to be used to communicate to the public. Use of Antenno app, Stratford Press, mailouts by post or email, the digital sign on Broadway, and Council's website are other options that are able to be used as alternative communication methods. Council website to be single source of truth.	Low
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

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Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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	Outstanding Debt	IF debts are not collected in a timely manner THEN cashflow delayed or is impacted on and bad debt may need to be written off resulting in expense to Council.	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
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

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Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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
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

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Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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
85	Financial	Failure of a Financial Investment	IF a Council financial investment fails or devalues significantly, Council's assets reduce, resulting in lower revenues in future and potentially higher rates increases.	12 Very High	Ensure security is taken over assets where applicable, regular reporting requirements and audits are met where applicable, and adhere to Treasury Management Policy at all times unless approved by Audit and Risk Committee.	8 High
89	Financial	Council Rates are Applied Inconsistently	IF Council Rates are perceived to be inconsistently applied by Council to ratepayers, THEN Council could be subject to legal or central government scrutiny, and/or reputational damage and community mistrust and disengagement.	6 High	Ensure legislation is complied with at all times to avoid legal action. Rates Remissions Policy and Rates Postponement Policy should be used to counteract some negative impact of rates. LTP workshops and Annual Plan workshops should refer to the Revenue and Financing Policy, which is the overarching guide in how rates will be used to fund Council Activities (this Policy may be reviewed at any time). Ensure any changes to rates are publically notified and subject to the Special Consultative Procedure (Annual Plan open for feedback instead). Seek expert legal advice where implementing a new rate or new way of applying an existing rate.	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

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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.	7 High	New Wellbeing Strategy implemented and regularly monitored by the Health and Safety Committee. 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 - regular wellbeing newsletters emailed out to all staff by H&S officer. EAP service is widely communicated to all staff. All critical staff have a backup option available so they can take annual leave for at least a week at a time.	3 Moderate

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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

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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	Implement regular (at least annually), systematic routine testing of raw AND treated water for a range of heavy metals. Backflow preventors to be installed for high risk properties. Relevant staff must be trained and qualified 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

APPENDIX 2

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 damage to culverts or bridges, or a landslide or for any other reason 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

APPENDIX 2

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
47	Operational	Attracting and Retaining Staff	IF Council is unable to attract and retain suitably qualified personnel, THEN services may become under threat and may cease.	16 Very High	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.	4 High
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

APPENDIX 2

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

APPENDIX 2

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.	20 Extreme	Where a policy change may have a significant negative impact on the Council then staff and elected members should consider making a submission to suggest and encourage alternative options. Council officers and elected members need to keep up to date with proposed changes to legislation and govt 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. Council should aim to maintain a position where it can be adaptive and respond well to change, e.g. low to medium debt levels, diversification, good employment relationships.	6 High
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
86	Operational	Asset / Infrastructure Failure causing Public Health risk.	If Council assets or infrastructure fail to work as intended, are unsafe, cause harm, public damage or endanger the public, THEN the public may be exposed to health, wellbeing or safety risks, that may put Council's reputation at risk, and Council could be subject to various penalties if found negligent.	6 High	Ensure asset replacement programmes are identified through physical checks of the individual assets. The capital investment required to replace these assets is aligned with a developed replacement programme which is included in the respective AMP. Identify any issues that may arise at the time of renewing existing resource consents. Maintain and update incident response plans for each asset group, including any public notification where required. Ensure staff and contractors are trained on the requirements of the incident response plans.	3 Moderate
87	Operational	Public Damage to Council Assets and Infrastructure	IF the public cause damage to Council assets and infrastructure, THEN existing service levels may discontinue and/or Council will incur financial loss.	6 High	Use security cameras for areas that are at high risk of vandalism or deliberate damage. Have insurance on Council assets and infrastructure (in accordance with the Insurance Framework) that is sufficient to cover replacement. Require insurance indemnity for organised events.	2 Moderate

APPENDIX 2

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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/s, 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.	8 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
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

APPENDIX 2

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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
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. Information related to decision making should be given to elected members in a timely manner. 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

APPENDIX 2

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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



F19/13 – D22/15540

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 17 May 2022
Subject: Audit NZ Matters Outstanding

Recommendation

THAT the report be received.

Recommended Reason

This report informs the Committee of the issues identified in the final Audit New Zealand Management Report for the 2020/21 Annual Report and Long Term Plan 2021-31, summarising the actions that have or intend to be taken by Council officers to respond to audit recommendations with respect to each issue raised.

/_____
 Moved/Seconded

1. Purpose of Report

1.1 To provide an update to the Committee of Audit NZ recommendations, that were identified as new or ongoing issues in the most recent Annual Report and Long Term Plan audits, and Council officer progress with each of these.

2. Executive Summary

2.1 The purpose of this report is to inform the Committee of the issues identified in the final Audit New Zealand Management Report for the most recent external audit/s, and summarises the actions that have or are to be taken by Council officers to respond to audit recommendations.

2.2 This is in line with the Audit and Risk Committee’s Terms of Reference which includes a responsibility *“To review the external audit findings and the annual financial statements and report back to the Council”*.

2.3 Note, Deloitte has now been appointed as Council’s external auditor. We are yet to receive a formal audit engagement letter, however the transition from Audit New Zealand to Deloitte has taken place. The next Audit Report with recommendations will be due following the Annual Report 2021/22 audit, and is expected to be delivered to the November 2022 Audit and Risk Committee meeting.

3. Local Government Act 2002

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:	Affects all four wellbeings in some way.

Social	Economic	Environmental	Cultural
✓	✓	✓	✓

4. Background

- 4.1 Audit New Zealand issued an unmodified audit opinion for the year ended 30 June 2021 on 14 December 2021. As a follow up, Audit New Zealand issued a Management Report setting out the findings from the audit, highlighting areas where Council is doing well, and making recommendations for improvement. The finalised Management Report is attached to this information report.
- 4.2 With regards to the Long Term Plan, the audit management report was finalised in June 2021, with the findings presented to the Audit and Risk Committee at the June 2021 meeting.
- 4.3 The auditor recommendations from these two audit reports have been summarised in Appendix 1, with an update on current status and timeframe for resolution where relevant.
- 4.4 Note – the recommendations that have been closed or completed (and accepted by Audit New Zealand as such) prior to receipt of the Management Report for the year ended 30 June 2021 have been removed from Appendix 1.

5. Information Summary

- 5.1 Refer to Appendix 1.
- 5.2 At the March 2022 Audit and Risk Committee meeting, the committee requested that a report be brought back to the committee in May presenting alternative options for annual budget preparation, rather than the use of excel. This report has been delayed as Stratford District Council is currently investigating options with the three other Councils in the Taranaki region for a region wide ERP (Enterprise Resource Planning) solution. The next regional meeting is on 13 May 2022, and an update will be given to the committee on where this investigation is at.

6. Strategic Alignment

- 6.1 **Direction**
- The Annual Report is a statutory requirement and must include an independent audit report. It is largely reporting historical information, whereas the Annual Plan and Long Term Plan are forward looking and direction setting.
- 6.2 **Annual Plan and Long Term Plan**
- Direct alignment with both of these documents.
- 6.3 **District Plan**
- Not applicable
- 6.4 **Legal Implications**
- Not applicable
- 6.5 **Policy Implications**
- There are no policy implications to consider directly. However, some of the audit recommendations may involve Council having to review particular policies.



Tiffany Radich
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date: 9 May 2022

APPENDIX 1**Schedule of Audit NZ Recommendations**

Recommendation	Current status	Comments	Timeframe
<p>Capital Expenditure do-ability The LTP forecasts \$127 million of capital expenditure over the 10 years of the LTP, with 40% of the forecasted projects to be delivered in the first three years. The assumption made is that the capital expenditure programme will be achieved.</p>	In progress	Council has recognised that there is a medium to high level of uncertainty around delivering 100% of its capital works programme over the next 10 years, and the LTP specifically discusses skill shortages, contractor availability, and cost certainty as factors that may impact on this. We will continue to monitor Council's progress on planned capital works on a monthly basis over the LTP.	Ongoing – report to every Audit and Risk Committee meeting
<p>Financial Budget Model The District Council's current financial model is entirely spreadsheet based with numerous formulas throughout. There is therefore an increased risk of error as spreadsheets can be easily changed and may lack certain control features.</p>	In progress	Council has committed to undertake a review of its ERP system by year 4 of the Long Term Plan and the RFP will also cater for an all-inclusive enterprise budgeting software. Access to the Master Version is limited to Director – Corporate Services and the Corporate Accountant. The spreadsheet financial model is reviewed annually, including integrity checks and fit for purpose testing. A report was to be brought to the May 2022 Audit and Risk Committee on alternative solutions for budget modelling, however this has been delayed as Stratford District Council is currently involved with a regional review of procuring an ERP system to cater for our combined needs.	Year 4 of LTP 2021-31

Recommendation	Current status	Comments	Timeframe
<p>Reconciliation between the general ledger and the asset management system Management should ensure that capital additions in the general ledger are reconciled to those capitalised in Asset-Finda on a monthly basis. This reconciliation should include a report on the depreciation charged.</p>	In progress	<p>Due to existing processes, the only time the two systems are reconciled is at asset revaluation dates. The Accountant and GIS Officer are continuing to work on a solution that enables monthly reconciliation of asset values between AssetFinda and Authority. The GIS officer has a work program relating to this area which is currently focusing on updating Assetfinda with Authority work order projects, and monthly meetings have been established with asset managers to ensure projects are capitalised on a timely basis.</p>	<i>On-hold awaiting appointment of new GIS Officer.</i>
<p>Assessment of asset condition be carried out at valuation cycles Having appropriate information over the condition of assets and taking this into account when revaluing will give the District Council a better picture of their assets. This will also mean the District Council will have better information for asset management planning.</p>	To consider for next infrastructure valuation.	<p>Asset condition is reviewed regularly to inform the programme of works. However, in terms of the three yearly asset valuations asset condition was not an essential consideration, due to the significant cost of adding this component and data already being held, collected by contractors, in relation to asset condition.</p>	<i>Infrastructure asset valuation occurred in October 2021 – asset condition was a minor part of this valuation.</i>
<p>Impairment of Receivables Given the increased economic uncertainty caused by the impact of Covid-19, we recommend that the District Council prepare a detailed impairment assessment of receivables going forward.</p>	Ongoing	<p>Council actively monitors all receivables on a monthly basis and keeps Council informed of any pending issues.</p>	N/A
<p>Contract management register Consider improvements to the contract management register and processes to include a whole-of-Council contract management system.</p>	In progress	<p>The new contracts register module in Authority is now being used by staff. However, work is being undertaken by IT to link work orders to contracts and set up workflows to enable more effective contract management.</p>	TBC

Recommendation	Current status	Comments	Timeframe
<p>Revaluation processes Process the roading revaluation in the roading asset register and perform the appropriate input review and reconciliations to the general ledger.</p> <p>Ensure the future fair value assessments are done early enough to identify any significant movements.</p>	Complete	<p>The valuation was scheduled for September 2021 completion, with an effective date of 1 July 2022. However, as the audit of the year ended 30 June 2021 didn't commence until October, and draft results were received in September, which indicated significant unit price increases, this meant the revalued figures had to be reflected in the earlier year due to the materiality of the revaluation increase and its effect on asset values and depreciation.</p> <p>To avoid issues in future, Council staff will revisit the next roading revaluation date and arrange for early in the calendar year, with an effective date of 1 January 2024, to be applied for the year ended 30 June 2024.</p>	N/A



Deloitte
24 Anzac Parade
Hamilton East
Hamilton 3216

PO Box 17
Waikato Mail Centre
Hamilton 3240
New Zealand

Tel: +64 838 4800
Fax +64 7 838 4810
www.deloitte.co.nz

4 May 2022

The Councillors
Stratford District Council
PO Box 320
Stratford 4352

Dear Councillors

AUDIT ENGAGEMENT LETTER

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all "public entities", including Stratford District Council, under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Pam Thompson, using the staff and resources of Deloitte Limited, under section 32 and 33 of the Act, to carry out the annual audits of the Stratford District Council (the District Council) and its subsidiary (the Group) financial statements and performance information. We will be carrying out this annual audit on the Auditor-General's behalf, for the year ending 30 June 2022.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the Mayor and Councillors ("Council") and me, as the Appointed Auditor, for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on the Council's and the Group's financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit. Typically those matters will relate to issues of financial management and accountability.

We will carry out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether the District Council's and the Group's financial statements and performance information are free from material misstatement. The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

Your responsibilities

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- having such internal control as determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and
- providing us with:
 - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;
 - all other information, in addition to the financial statements and performance information, to be included in the annual report;
 - additional information that we may request from the Stratford District Council for the purpose of the audit;
 - unrestricted access to Council members and employees that we consider necessary; and
 - written confirmation concerning representations made to us in connection with the audit.

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In addition, the Council is responsible:

- for the preparation of the summary financial statements and summary performance information;
- for making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- for including our audit report on the summary financial statements and summary performance information in any document that contains that information and that indicates that we have reported on that information.

The Council's responsibilities extend to all resources, activities, and entities under its control. We expect that the Council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;
- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the Council and/or the individuals within the Stratford District Council with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred - regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The Council has certain responsibilities relating to the preparation of the financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Annex 1. Annex 2 contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the Council to be familiar with those responsibilities and, where necessary, have obtained advice about them.

The Council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

Our responsibilities

Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements of Stratford District Council and the Group:

- present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - the results of the operations and cash flows for the year then ended;
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement, presents fairly, in all material aspects, the amount of funds produced from each source of finding and how the finds were applied as compared to the information included in the Council's Annual Plan.

We are also responsible for forming an independent opinion on whether the performance information of Stratford District Council:

- presents fairly, in all material respects, the performance for the year ended 30 June 2022, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service;
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Council's Annual Plan; and
- the funding impact statement for each group of activities, presents fairly, in all material aspects, the amount of funds produced from each source of funding and how the funds were applies as compared to the information included in the Council's Long-term plan.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.



During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the Council and the District Council have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the Council obtained and applied the resources of the District Council in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether the Council and the District Council have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

Our independence

It is essential that the audit team and Deloitte Limited remain both economically and attitudinally independent of Stratford District Council; including being independent of management personnel and members of the Council). This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and the Deloitte Limited.

To protect our independence, specific limitations are placed on us in accepting engagements with the Council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the Council and myself or Deloitte Limited.

Reporting

We will issue an independent audit report that will be attached to the financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report. In addition, we will issue an audit report that will be attached to the summary financial statements and summary performance information. This audit report will contain an opinion that provides the same level of assurance as the audit report on the full financial statements and full performance information.

We will also issue a management letter that will be sent to the Council. This letter communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the Council. Typically those matters will relate to issues of financial management and accountability. We may also provide other management letters to the Stratford District Council from time to time. We will inform the Council of any other management letters we have issued.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

Audit tools

You agree that, for the purpose of providing the services covered by this letter, we may use third parties, wherever located, to store and process information received from you or your agents; provided that such third parties are bound by confidentiality obligations similar to those contained in the Terms. For example, Deloitte uses a cloud services platform (currently Microsoft Azure), to host an integrated suite of audit tools which may be used as part of our engagement with you.

Use of audit staff based overseas

In the delivery of services we may engage other Deloitte Network Firms to assist with certain aspects of this engagement. We will at all times remain responsible for the work undertaken in the delivery of those services to you.



Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the enclosed copy of the letter in the space provided and returning it to me. The terms will remain effective until a new Audit Engagement Letter is issued.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If after contacting me you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours faithfully

A handwritten signature in blue ink that reads "Pam Thompson".

Pam Thompson
Appointed Auditor
On behalf of the Auditor-General

I acknowledge the terms of this engagement and that I have the required authority on behalf of the Council.

Signature:

Name:

Title: Date:



Annex 1 – Respective specific responsibilities of the Council and the Appointed Auditor

Responsibilities for the financial statements and performance information	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are required by legislation to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.</p>	<p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:</p> <p>present fairly, in all material respects:</p> <ul style="list-style-type: none"> - the financial position as at 30 June 2022; and - the results of the operations and cash flows for the year then ended; - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards. - the funding impact statement, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's Annual Plan; <p>We are also responsible for forming an independent opinion on whether the performance information of Stratford District Council:</p> <ul style="list-style-type: none"> - presents fairly, in all material respects, the performance for the year ended 30 June 2022, including: <ul style="list-style-type: none"> - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and - the reasons for any significant variation between the levels of service achieved and the intended levels of service. - complies with generally accepted accounting practice in New Zealand; and - the statement about capital expenditure for each group of activities, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Council's Annual Plan; and - the funding impact statement for each group of activities, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's Long-term plan. <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</p> <p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee's overall understanding of the financial statements and performance information.</p> <p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p>



	<p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> - the appropriateness of accounting policies used and whether they have been consistently applied; - the reasonableness of the significant accounting estimates and judgements made by those charged with governance; - the appropriateness of the content and measures in any performance information; - the adequacy of the disclosures in the financial statements and performance information; and - the overall presentation of the financial statements and performance information. <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> - the adoption of the going concern basis of accounting is appropriate; - all material transactions have been recorded and are reflected in the financial statements and performance information; - all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and - uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information. <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p> <p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p>
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Responsibilities for the accounting records	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> - correctly record and explain the transactions of the public entity; - enable you to monitor the resources, activities, and entities under your control; - enable the public entity's financial position to be determined with reasonable accuracy at any time; - enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and - are in keeping with the requirements of the Commissioner of Inland Revenue. 	<p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>

Responsibilities for accounting and internal control systems	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the public entity), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and - where applicable - performance information reporting.</p>	<p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</p> <p>We will report to you separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such</p>



	report will provide constructive recommendations to assist you to address those weaknesses.
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Responsibilities for preventing and detecting fraud and error	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the public entity) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within the Stratford District Council with delegated authority have a reasonable basis that suspected fraud has occurred - regardless of the amount involved.</p>	<p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p> <ul style="list-style-type: none"> - obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and - report to you any significant weaknesses in internal control that come to our notice. <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p>

Responsibilities for compliance with laws and regulations	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for ensuring that the public entity has systems, policies, and procedures (appropriate to the size of the public entity) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the public entity are complied with. Such systems, policies, and procedures should be documented.</p>	<p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> - the relevance of the law or regulation to the audit; - our assessment of the risk of non-compliance; - the impact of non-compliance for the addressee of the audit report <p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p> <p>We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.</p>

Responsibilities to establish and maintain appropriate standards of conduct and personal integrity	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a "Code of Conduct" and, where applicable, support the "Code of Conduct" with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted "Codes of Conduct" that apply to the public sector.</p>	<p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the public entity may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p>



	<p>The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p>
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Responsibilities for conflicts of interest and related parties	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.</p>	<p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.</p>

Responsibilities for publishing the audited financial statements on a website	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for the electronic presentation of the financial statements and performance information on the public entity's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p>	<p>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.</p>



Annex 2 – Health and safety of audit staff

The Auditor-General and Audit Service Providers take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015 we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai
Ā hauora
Ā haukaha
Ā haumāia
Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

I draw in (to my being)
The reviving essence
The strengthening essence
The essence of courage
Above, Below
Within, Around
Let there be peace.