



**STRATFORD  
DISTRICT COUNCIL**

61-63 Miranda Street  
PO Box 320, Stratford, 4352  
Phone 06 765 6099  
Fax 06 765 7500  
[www.stratford.govt.nz](http://www.stratford.govt.nz)

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Our reference:

12 March 2020

**AUDIT & RISK COMMITTEE MEETING**

Notice is hereby given that the **Audit & Risk Committee** meeting of Council will be held in the **Council Chambers, Stratford District Council, Miranda Street, Stratford** on **Tuesday 17 March 2020 at 4pm.**

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Sven Hanne', with a long horizontal flourish extending to the right.

Sven Hanne  
**CHIEF EXECUTIVE**

**Stratford District**  
In the heart of Taranaki

**TARANAKI**  
like no other

## 2020 - Agenda - Audit & Risk - March (17/03/2020)

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**AUDIT & RISK COMMITTEE MEETING**  
**TUESDAY 17 MARCH 2020 AT 4.00 PM**

**A G E N D A**

1. **WELCOME**
2. **APOLOGIES**
3. **ANNOUNCEMENTS**
4. **DECLARATION OF MEMBERS INTEREST**  
Elected members to declare any real or perceived conflicts of interest relating to items on this agenda.
5. **ATTENDANCE SCHEDULE**  
Attendance schedule for 2019 - 2020 Audit and Risk Committee meetings.
6. **PROGRAMME OF WORKS**  
D19/32844 (Page 8)

**RECOMMENDATION**

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

\_\_\_\_\_  
Moved/Seconded

7. **CONFIRMATION OF MINUTES**
  - 7.1 **Audit and Risk Committee Meeting Minutes – 17 December 2019**  
D19/34500 (Pages 9-19)

**RECOMMENDATION**

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 17 December 2019 be confirmed, with any amendments, 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. **COMMITTEE REVIEW 2017-2019**

D20/4135 (Pages 21-23)

**RECOMMENDATION**

THAT the Audit and Risk Committee's review for the period 2017- 2019 be received.

\_\_\_\_\_  
/\_\_\_\_\_  
Moved/Seconded

10. **DECISION REPORT – INTERNAL AUDIT PLAN 2019/20**

D20/2515 (Pages 24-31)

**RECOMMENDATIONS**

1. THAT the report be received.
2. THAT the Internal Audit Plan 2019/20 be approved.

**Recommended Reason**

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

\_\_\_\_\_  
/\_\_\_\_\_  
Moved/Seconded

11. **INFORMATION REPORT – RISK REVIEW**

D20/3572 (Pages 32-53)

**RECOMMENDATION**

THAT this report be received.

**RECOMMENDED REASON**

To provide an update to the Audit and Risk Committee of any changes to the risk register and advise of any incidents in relation to the Top 10 Risk Register from the previous quarter.

\_\_\_\_\_  
/\_\_\_\_\_  
Moved/Seconded

12. **QUARTERLY REPORT – HEALTH AND SAFETY**

D20/4087 (Pages 54-58)

**RECOMMENDATION**

THAT the report be received.

\_\_\_\_\_  
/\_\_\_\_\_  
Moved/Seconded

13. **INFORMATION REPORT — AUDIT NEW ZEALAND —  
PROCUREMENT RISK REVIEW**

D20/4084 (Pages 59-67)

**RECOMMENDATION**

THAT the Committee receives the Audit New Zealand report on the Procurement Risk Review, finalised in February 2020.

**Recommended Reason**

The Committee has a responsibility to receive all audit reports and make any recommendations as necessary to ensure Council is effectively managing risk.

\_\_\_\_\_  
Moved/Seconded

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

D20/4000 (Pages 68-78)

**RECOMMENDATION**

THAT the report be received.

\_\_\_\_\_  
Moved/Seconded

15. **INFORMATION REPORT – ANNUAL REPORT 2018/19 – AUDIT  
OUTCOMES**

D20/3968 (Pages 79-85)

**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 2018/19 Annual Report, and summarises their findings and the actions to be taken by Council officers to respond to audit recommendations.

\_\_\_\_\_  
Moved/Seconded

16. **INFORMATION REPORT – LOCAL GOVERNMENT ELECTION  
2019 DEBRIEF**

D20/3965 (Pages 86-93)

**RECOMMENDATIONS**

THAT the report and the attachments are received.

**Recommended Reason**

The Committee requested a debrief of the Local Government Election 2019, particularly in terms of the generic and specific risks associated with the election process.

\_\_\_\_\_  
Moved/Seconded

17. **GENERAL BUSINESS**

17.1 Insurance Claims



## **Health and Safety Message**

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

Please exit through main entrance.

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

Staff will guide you to an alternative route if necessary.

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

5. Attendance schedule for 2019 – 2020 Audit and Risk Committee meetings.

<b>Date</b>	<b>17/12/19</b>	<b>17/03/20</b>	<b>19/05/20</b>	<b>21/07/20</b>	<b>15/09/20</b>	<b>17/11/20</b>
<b>Meeting</b>	A	A	A	A	A	A
Neil Volzke	✓					
Peter Dalziel	✓					
Jono Erwood	✓					
Alan Jamieson	✓					
Min McKay	✓					
Kura Denness (Chair)	✓					

<b>Key</b>	
A	<b>Audit &amp; Risk Meeting</b>
	<b>Non committee member</b>
✓	<b>Attended</b>
A	<b>Apology/Leave of Absence</b>
AB	<b>Absent</b>
S	<b>Sickness</b>



## AUDIT & RISK COMMITTEE PROGRAMME OF WORKS - 2020

The Audit and Risk Committee meet five times a year in March, May, July, September and November. The items below are what the Committee will focus on in the 2020 calendar year.

1. Standing items will be discussed at every meeting against an established framework.
2. Specific items are one-off policies or processes that are expected to be addressed in 2020.

### Regular Standing Agenda Items

- Audit NZ Correspondence received – Director Corporate Services
- Insurance claims for previous quarter (verbal report) – Director Corporate Services
- Health & Safety Quarterly Report – Health and Safety Advisor
- Risk Management Report on top ten risks including any incidents and risk mitigation actions taken – Senior Leadership Team
- Financial Management Report – Director Corporate Services
- Audit NZ Matters raised in previous year audit – Accountant

### Annual Agenda Items

- Internal Audit – Accountant **MARCH**
- Civil Defence Readiness – Chief Executive **MAY**
- Review of Insurances – Director Corporate Services **JULY**
- Cyber Risk Review and Update – IT Manager **NOVEMBER**
- Self-Review – Chief Executive **NOVEMBER**

### Specific One-off Agenda Items

- Election 2019 Debrief on Risk Management - **MARCH**
- Procurement Risk Review – **MARCH**
- Bribery and Corruption (response to audit recommendations) - **JULY**
- Long Term Plan 2021-31 Risk Management/Minimisation – **SEPTEMBER**
- IANZ accreditation (Building Control Authority audit) **NOVEMBER**

*Note: This programme is flexible – dates may change, and additional reports may be added at the request of members of the Audit and Risk Committee.*

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**MINUTES OF THE AUDIT & RISK COMMITTEE MEETING OF THE STRATFORD DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, STRATFORD DISTRICT COUNCIL ON TUESDAY 17 DECEMBER 2019 AT 4.00 PM**

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7.1

**PRESENT**

K Denness (the Chairman), the District Mayor N C Volzke, the Deputy Mayor A L Jamieson, Councillors P S Dalziel, M McKay and J M S Erwood.

**IN ATTENDANCE**

The Acting Chief Executive – Ms K Whareaitu, the Director Corporate Services – Mrs T Radich, the Director Assets – Mrs V Araba, the Director Environmental Services – Mr B Sutherland, the Executive Administration Officer – Ms R Vanstone, Councillor G W Boyde, the Health & Safety /Emergency Management Advisor – Mr M Bestall (*part meeting*), the Corporate Accountant – Mrs C Craig (*part meeting*), the Roading Asset Manager – Mr S Bowden (*part meeting*), the IT Manager – Mr B Coles (*part meeting*), Mr A Michl and one member of the media (the Daily News).

**1. WELCOME**

The Chairperson Ms K Denness welcomed the District Mayor, Councillors and Staff and Mr A Michl from the Local Government Funding Agency.

**2. APOLOGIES**

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

**3. ANNOUNCEMENTS**

There were no announcements.

**4. DECLARATION OF MEMBERS INTEREST**

There were no declarations of interest.

**5. ATTENDANCE SCHEDULE**

The attendance schedule for 2019 – 2020 Audit and Risk Committee meetings was attached.

**6. PROGRAMME OF WORKS**

D19/32844 Page 8

**RECOMMENDATION**

THAT the Audit and Risk Committee's programme of works for 2020, including two additional items on Civil Defence Readiness and Self-Review, be received.

DENNESS/JAMIESON  
Carried  
A&R/19/23

The Chair noted that Civil Defence Readiness – an update report in July, and Self-Review – an annual report in November, be added to the Programme of Works for 2020.

Questions/points of clarification:

- Mayor Volzke had signalled in the Audit and Risk meeting of 17 September 2019, his intention to raise the issue of a stocktake of Council's environmental initiatives in order to assist in the development of a strategic document where Council's response to climate change could be monitored and improved. There was discussion about whether this should lie within the Audit and Risk Committee responsibilities. The Chair and the Director of Corporate Services agreed that a Climate Change Response Report be placed on matters outstanding for further discussion with the Chief Executive on the appropriate reporting forum.

**7. CONFIRMATION OF MINUTES**

**7.1 Audit and Risk Committee Meeting Minutes – 17 September 2019**  
D19/27273 (Pages 9-16)

**RECOMMENDATION**

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 17 September 2019 be confirmed, with any amendments, as a true and accurate record.

DENNESS/DALZIEL  
Carried  
A&R/19/24

The Executive Administration Officer undertook to make the following amendments:

- With regards to the last bullet point of Questions/points of clarification of item 11 Information Report – Treasury Report as at 31 August 2019 (page 13) noted incorrectly, “that the downward trench was unlikely to improve any time soon” – and should be amended to ‘trend’.

7.1

## Questions/points of clarification:

- The District Mayor sought clarification on whether there had been a response from the swim school with regard to information sharing following an incident where an instructor had experienced a seizure and fallen into the pool (page 12). Mr Bestall responded that he had endeavoured to get a response from the school for the incident which occurred in September and would follow up again.
- Mayor Volzke clarified that pool incidents (page 12), previously reported to the Policy and Services Committee, be reported to the Audit and Risk Committee.
- Mrs Radich clarified that money had been returned to Council following the joint landfill project (page 13).
- Mr Bestall clarified that no progress had been made on driver training under the Taranaki Road Safety Workplace charter.

**8. MATTERS OUTSTANDING**

D18/27474 (Page 17)

There were no matters outstanding.

**9. PRESENTATION – LOCAL GOVERNMENT FUNDING AGENCY**

D19/33100 (Pages 18-19)

Mrs Radich introduced Mr Andrew Michl, Senior Manager, Credit and Client Relations of the Local Government Funding Agency (LGFA) to present to the Audit and Risk Committee given that the council is moving toward becoming a guarantor so that it can borrow over the \$20 million threshold, particularly for the purpose of the pool development. Currently the council is a borrower. The costs of becoming a guarantor are approximately \$5-7,000 in legal costs.

Mr Michel noted the following points:

- The LGFA is a council-controlled organisation which operates under the Local Government Act 2002. It was established to assist central government with local infrastructure development.
- The LGFA specialises in financing the local government sector at favourable terms because it can raise money for lending at a cheaper rate than banks and has very high credit ratings at AA+ (the highest rated NZ bank has a credit rating of AA-).
- Central government is the largest shareholder at 20% and 30 councils hold an 80% shareholding. The LGFA is governed by a board of 6 directors – independent directors are elected by a Shareholders Council.
- There are fifty three guarantors – all of which receive a slightly lower interest rate. Sixty five councils are currently signed up as borrowers.
- Locally, the Taranaki Regional Council has just become a guarantor along with New Plymouth and South Taranaki District Councils’.

Questions/points of clarification:

- Mayor Volzke asked how a member council became a shareholder. Mr Michel clarified that in 2012 councils who wished to, became shareholders. LGFA does not need to issue shares so the only way of becoming a shareholder is to buy shares off one of the existing shareholders.
- Mr Michl clarified that shareholders receive an annual dividend of 2% over LGFA’s cost of funds. Where a council holds 100,000 shares, the dividend is \$4,000. The

interest savings that are of greatest benefit for council members. On a debt of between \$20-30 million, the council would save \$100,000 in interest compared with alternative financing sources.

- Councillor Boyde asked about the risk to Stratford District Council becoming a guarantor given that Auckland and Christchurch are two of the highest borrowers. Mr Michel clarified that councils are guaranteeing the financial obligations of LGFA (not the debt of other councils). No council has ever defaulted on its debt. If it did so, the LGFA has security over the council's rate income. Another mitigate is the financial covenants required to be complied with. For Stratford as at 2019, the net debt as a percentage of total revenue was 55%. In theory, Stratford District Council could treble their debt and still comply with the covenants. In addition, a statutory manager can be put in place and the money would be recoverable over time depending on affordability. The LGFA has many options available in terms of access to liquidity including crown money. The OAG and Department of Internal Affairs has oversight also.
- Mr Michl clarified that there are no restrictions on how borrowings can and can't be spent. There is an expectation of budget balancing through the LTP cycle though.
- Mrs Radich noted that some councils have credit ratings giving them access to even lower interest rates. She asked at what level of debt would it make sense to get a credit rating? Mr Michel clarified that a loan of \$40-50 million would justify a borrower to obtain a credit rating and further basis points.
- Mayor Volzke asked whether the government, as a 20 per cent shareholder, took 20 per cent responsibility for the guarantor. Mr Michl clarified that central government sits outside the guarantee but does sit on the Shareholders Council and lends LGFA other 'administrative' support.
- Councillor Dalziel commented that the banks could not compete and Councillor McKay added that array of mitigates and the history of nil defaults gave good confidence.
- Mayor Volzke suggested that this committee make a recommendation to commence the process to become a guarantor. Mrs Radich clarified that the Treasury Management Policy which was adopted in February 2019 did allow for council to become a guarantor and that the timing seemed appropriate to make this a reality.
- Mr Michl confirmed that it is possible to get out of the commitment however some time would need to pass before re-entering.

**RECOMMENDATION**

THAT the Audit and Risk Committee recommend to Council to commence the process to become a guarantor of the Local Government Funding Agency.

VOLZKE/DALZIEL

Carried  
A&R/19/25

10. **DECISION REPORT – AUDIT AND RISK COMMITTEE TERMS OF REFERENCE REVIEW**

D19/33115

(Pages 20-29)

**RECOMMENDATIONS**

1. THAT the report be received.
2. THAT the Terms of Reference for the Audit and Risk Committee be reviewed and amended to the proposed Terms of Reference as per **Appendix 1**.
3. THAT the Committee recommend to Council that the proposed changes to the Terms of Reference be adopted and incorporated into the Council's Delegations Policy.

ERWOOD/JAMIESON  
Carried  
A&R/19/26

**Recommended Reason**

The current Terms of Reference for the Audit and Risk Committee require a review of the Terms of Reference at least every two years.

The Director Corporate Services noted the timely review of the committee's terms of reference in this post-election phase and with a new committee membership in place.

- With regards to the proposed changes to the terms of reference, the following changes were discussed and agreed:
  - Electronic presence in meetings goes against Council's standing orders and therefore affects the quorum and would be changed.
  - The Audit and Risk Committee would meet 5 times a year as opposed to four.
  - Mayor Volzke welcomed the significant improvement which saw the appointment of a deputy chair when the chair is unavailable. He noted that the March 2019 meeting was cancelled due to the unavailability of the independent chair. The Chair added that she was in hospital at this time.
- Councillor Dalziel noted that the chair is appointed for a 3 year term. This Chair's term will expire in March 2020 and a reappointment process would commence.

7.1

**11. INFORMATION REPORT – RISK REVIEW**

D19/33129

(Pages 30-34)

**RECOMMENDATION**THAT the report be received.JAMIESON/ERWOODCarried  
A&R/19/27**RECOMMENDED REASON**

To provide an update of any changes to the risk register to the Audit and Risk Committee and advise of any incidents in relation to the Top 10 Risk Register from the previous quarter.

**7.1**

The Director Corporate Services noted that two new risks have been added to the risk register in the last quarter - bribery and corruption (of particular relevance in the procurement space – brought to our attention by Audit NZ) and fatigue management (a recommendation from the health and safety committee).

Points of clarification/questions:

- Councillor McKay sought clarification on the vehicle use policy. Mr Bestall confirmed that the policy is yet to be adopted, should apply to both council vehicles and those conducting council business in their own vehicle.
- Mayor Volzke sought clarification around the fraud officer role (page 32) which is currently held by the Director Corporate Services and responsible for receiving and investigating complaints on bribery and corruption. He noted that it appeared counter intuitive to have the Director with presumably the most awareness of the organisation's finances to hold the fraud officer role. Councillor Erwood recommended that the reporting line should also include the Chief Executive.
- In response, the Director Corporate Services added that the fraud policy outlines the responsibilities of the fraud officer and does state that others can be reported to including the Chief Executive, the District Mayor and the Chair of the Audit and Risk Committee. She also noted that bribery and corruption occurred most frequently by council officers responsible for granting contracts.
- It was clarified that the council farm and council controlled organisations should have a risk register. Mrs Radich clarified that the council risk register was reasonably high level but that there was an expectation that the farm would have its own health and safety policy and risk register.
- Councillor Dalziel sought clarification on the lone worker residual score of 3. He considered this to be too low, especially where the animal control officer or lone farm workers were concerned. Mr Bestall noted that he would revisit this point and investigate the effectiveness of controls in place for lone workers. Mrs Radich confirmed that an update would be provided to the next committee meeting.

12. **QUARTERLY REPORT – HEALTH AND SAFETY**

D19/33343

(Pages 52-54)

**RECOMMENDATION**

THAT the report be received.

McKAY/JAMIESON

Carried

A&R/19/28

7.1

The Health & Safety/Emergency Management Advisor noted the following points:

- Near miss reporting was steady and ten events were logged in the last quarter.
- It was pleasing to see that the positive reinforcement action of staff was also being reported as this started to build the organisational culture.
- Mr Bestall noted that contractors were a significant risk to the organisation.
- The Chair sought clarification on whether council systems had the capacity to identify the contractor involved when incidents were logged. Mr Bestall confirmed that this was the case.
- Councillor Boyde sought clarification on the health and safety policy of the aerodrome. It was noted that this matter would receive further attention at the Aerodrome and Farm Committee meetings.

*The Chair departed the meeting briefly at 5.31pm and the District Mayor took over chairing the meeting.*

13. **INFORMATION REPORT – STAFF WELLBEING**

D19/33345

(Pages 55-58)

**RECOMMENDATION**

THAT the report be received.

McKAY/ERWOOD

Carried

A&R/19/29

**Recommended Reason**

The report provides an update to the Audit and Risk Committee on staff wellbeing as per the 2019 work programme.

The Director Community Services noted the following points:

- This report provides the committee with an update on council's staff wellbeing work as per the 2019 programme of work. It follows this committee's adoption of health and safety wellbeing as a risk category but also the organisations desire to continue to be a good and best practice employer.
- Earlier this year council committed to establishing a wellbeing programme for staff and steps have been taken to establish a wellbeing strategy and action plan. This work is



being led by the Chief Executive and the Senior Leadership Team along with the staff Health and Safety Committee.

- To date the group has adopted a vision and completed a staff survey.
- There is a high level summary within the report on the survey (5.4). The data is yet to be fully analysed. The overall weighted average of 78% is being seen as favourable but there are definitely a few items to work on.
- The group met last Friday to hear a high-level overview and discussion on the initial results of the survey and they will meet again in January to finalise their thoughts to be built into the strategy and action plan.
- Some initiatives have started like staff garden in the court yard and wellness workshops however this piece of work is about putting a framework around the wellbeing activities.
- Next steps are covered under paragraph 5.5 and we are looking forward to reporting back to the committee on the progress being made.

*The Chair returned to the meeting at 5.34pm.*

Points of clarification/questions:

- The chair congratulated council on the progress made to date. The staff survey percentages were overall positive and staff seem to be positive about the initiatives.
- Councillor Boyde asked whether elected members, the Percy Thomson Gallery staff and the council farm contractors and staff are included in the initiatives. Ms Whareaitu clarified that the focus is on council employees only at present.

**14. INFORMATION REPORT – CYBER UPDATE**

D19/33332

(Pages 59-63)

**RECOMMENDATION**

THAT the report be received.

VOLZKE/DALZIEL  
Carried  
A&R/19/30

**RECOMMENDED REASON**

The report provides the Audit and Risk Committee with information on how cyber risk is currently being managed and outlines further work that can be done to reduce cyber risk.

*The IT Manager returned to the meeting at 5.39pm.*

The IT Manager noted the following points:

- A number of tasks were completed since the last report to the Audit and Risk Committee in June. A penetration test was completed gleaning positive results. An external company was engaged to identify entry points to council’s network. No methods of access were identified although some issues with the GIS software were highlighted. Work in this space will be resolved by the new year. This work will be useful to be conducted on an annual basis and consideration is being given to Wi-Fi testing also.

- Awareness of cyber issues and risks is highlighted in the regular staff newsletter and in testing scenarios. A live phishing scam recently went out to all elected members and staff and is being considered to be run on a regular basis.
- Cyber insurance comes up for annual review in the next quarter and the IT Technical Use Policy will be reviewed in January 2020.
- An audit of cloud providers has commenced.

Questions/points of clarification:

- Both the Chair and Councillor Dalziel commented on a good report which provided reassurance.
- Mr Coles clarified that phones, iPads and any other technology managed on a mobile device network were frequently monitored and checked and that filters prevented content of a certain type being access on council's IT systems.

*The IT Manager left the meeting at 5.51pm.*

## **15. INFORMATION REPORT – FINANCIAL RISK MANAGEMENT REPORT DECEMBER 2019**

D19/33332

(Pages 64-66)

### **RECOMMENDATION**

THAT the report be received.

DALZIEL/McKAY  
Carried  
A&R/19/31

The Director Corporate Services noted the following points:

- This report provides the committee with an update on council's financial risk at the end of November 2019.
- The Treasury Management Policy states that council will invest up to \$3 million with one bank. Council currently has \$4 million invested with Westpac who are returning the highest rates. These investments are on a one month rotation. In January \$1 million will come off term deposit, therefore the breach is only temporary.
- Mayor Volzke, in referring to appendix 1 on page 67, noted that it was reassuring and pleasing to see that council is compliant with its own benchmarks and policies. In addition, he noted appendix 2 on page 68 which references the sale of subdivision sections. He felt that it was an optimistic view to sell all sections by the end of 2020 and thought that this position should perhaps be reviewed early in 2020. The Chair shared this view.

**16. AUDIT NEW ZEALAND CORRESPONDENCE**

- Audit NZ – Report to the Council on the Audit of Stratford District Council  
D19/33147 (Pages 69-104)

**RECOMMENDATION**

THAT the correspondence be received.

DENNES/JAMIESON  
Carried  
A&R/19/32

- Councillor Erwood noted an error on page 88 of the report which refers to Southland District Council. Mrs Radich added that she had requested and received an amended report.

**17. INFORMATION REPORT - ANNUAL REPORT 2019/20 – AUDIT OUTCOMES**

D19/33146 (Pages 105-111)

**RECOMMENDATION**

THAT the report be received.

DENNESS/ERWOOD  
Carried  
A&R/19/33

**Recommended Reason**

This report informs the Committee of the issues identified in the final Audit New Zealand Management Report for the 2018/19 Annual Report, and summarises their findings and the actions to be taken by Council officers to respond to audit recommendations.

The Director Corporate Services noted the following points:

- Council had received an unmodified audit opinion at the conclusion of the 2018/19 audit. Several actions were outstanding and these would be updated at each Audit and Risk meeting.
- Council’s process for dealing with complaints is an urgent piece of work. A temporary solution has been set up with the service centre logging calls as they come in.

Questions/points of clarification:

- Mayor Volzke congratulated the team on the small number of relatively minor issues. He noted particularly the auditor’s comments on the variables – the appropriate accounting process around the subdivision for instance, and how issues were dealt with by council officers in relation to the central landfill.
- Councillor Dalziel sought clarification on the management override of potential fraud in the finding, as noted on page 84, and whether this should be an inclusion on the risk

7.1

*Audit & Risk Committee 17/12/2019  
D19/34500*

register? Mrs Radich confirmed that this would be discussed by the Senior Leadership Team.

- The Chair noted the useful publications for reading.

## **18. GENERAL BUSINESS**

The Chair wished all elected members and council staff a happy and safe festive season.

*The meeting closed at 6.04pm.*

K Denness  
**CHAIRMAN**

Confirmed this 17th day of March 2019.

N Volzke  
**DISTRICT MAYOR**

**7.1**

## AUDIT & RISK COMMITTEE MATTERS OUTSTANDING INDEX

REF NO.	ITEM OF MATTER	MEETING RAISED	RESPONSIBILITY	CURRENT PROGRESS	EXPECTED RESPONSE
	Climate Change Response Report (Mayor)	17 December 2019	Sven Hanne	<i>Mayor considering options</i>	
	Swim School response following pool instructor health incident (Mayor)	17 September & 17 December 2019	Mario Bestall	<i>Progress to be reported in H&amp;S report at 17/3 meeting</i>	
	Inclusion of management override of potential fraud in the risk register (Cr Dalziel)	17 December 2019	Tiffany Radich	<i>New risk to be added to risk register – report to 17/3 meeting</i>	
	Investigation of controls in place of lone worker status in the risk register (Cr Dalziel)	17 December 2019	Mario Bestall	<i>For investigation/report to A&amp;R</i>	
	An update on health and safety policy and risk register for aerodrome, council farm, council controlled organisations (Cr Boyde).	17 December 2019	Mario/Tiffany et al	<i>For discussion by SLT / report to A&amp;R</i>	
	Chair appointment process		Sven Hanne/Mayor		

# AUDIT & RISK COMMITTEE - REVIEW

## MARCH 2020

### BACKGROUND

In November 2016 the establishment of an Audit and Risk Committee was approved following a strong recommendation from Audit New Zealand. In May 2017 an independent Chairman, Kura Denness, was appointed.

### JUNE 2017

The first meeting of the Committee was held, and the Terms of Reference were approved. The Chairman had drafted a Statement of Risk Position, which was approved. The Committee expressed concern about the Water Metering System and the Chairman undertook to investigate.

### SEPTEMBER 2017

The first update of the Water Metering and Billing system was delivered by the Director – Corporate Services. The Chairman said the system itself appeared to meet the requirements.

### DECEMBER 2017

The first Programme of Works was approved. The Director – Corporate Services left in October 2017. The Water Metering and Billing System was reviewed again, and a number of errors were uncovered in the total debtors' balance. A decision report was presented about remission of some Water Metering charges. There was also a review of the Audit NZ management report from 2016/17 and progress on the outstanding issues. A staff member within the corporate Services department was tasked to work through outstanding matters and correct any errors with regards to water billing.

### MARCH 2018

The cash flow facility with TSB was approved following a cash flow report which highlighted gaps in cash flow in the coming months. There was a report on further remissions in Water Metering charges following an investigation into the veracity of debtor balances.

### JUNE 2018

The new Director – Corporate Services, Tiffany Radich, was appointed in April 2018. The Risk Management Policy, drafted by the Chairman, was approved. The Risk Register compiled by the Heads of Department was approved. These two documents enabled the Committee to focus more easily on the risks present.

### SEPTEMBER 2018

The Internal Audit Plan was approved. There was a review of Sexual Harassment and Bullying Behaviour policies. It was decided to await LGNZ's Code of Conduct for Elected Members

before any changes were made. There was also a review of Land Information Memorandum (LIM) documents.

## DECEMBER 2018

Following concerns expressed by the Chairman regarding legislative compliance and risk within the cyber environment the Committee approved the Legislative Compliance Register was approved and the first Cyber Risk update was presented. A high level update was provided by the IT Manager and members of the committee requested further information to be compiled into a further report. A review of the Audit NZ management report for 2017/18 including steps taken to meet the outstanding items. The performance measures not achieved from the 2017/18 Annual Report were reviewed and actions taken to date.

## JUNE 2019

The March 2019 Committee meeting was cancelled due to the ill-health of the Chairman. Following changes to accountabilities of the Council a review of the Civil Defence Readiness and Progress was presented to the Committee. A review of the Building Consent Authority Accreditation was presented. The Internal Audit 2019 Report was presented. The Committee was satisfied with the Report and any remedial actions. The final update of the Water Billing Review Report was received. A new Income Review Section had been created within the Finance section and confidence was expressed in their results. The Report was particularly thorough and gave the Committee a complete overview of Water Billing, both past and present. A report on the preparation for the 2019 Local Government Elections was delivered. A second Cyber Risk report was provided, which provided more assurance to the Committee.

## SEPTEMBER 2019

Following a presentation by the Council insurance representative previously the Insurance Framework was approved.

## DECEMBER 2019

Approval to become a guarantor for the Local Government Funding Agency enabling the Council to access funding more easily and at lower rates. The three-yearly review for the Terms of Reference, including some clauses which were at odds with the Council's broader requirements which required changes. The report on staff wellbeing was overall quite positive and provided a base on which to track future results. The third report on Cyber Risk was presented and detailed actions taken to mitigate future risks. The Audit NZ management report for 2018/19 was reviewed with the actions undertaken to date, or management's response to issues raised.

## OTHER

In addition, the Committee regularly reviews the following:

- Programme of Works
- Council insurances
- Audit NZ matters outstanding
- Monthly Health and Safety Report
- Financial and Treasury Report

D20/4135

- Council Risk Register Review
- Audit NZ correspondence.



# DECISION REPORT



**TO:** Audit and Risk Committee

F19/13/04 – D20/2515

**FROM:** Corporate Accountant

**DATE:** 17 March 2020

**SUBJECT:** INTERNAL AUDIT PLAN 2019/20

## RECOMMENDATIONS

1. THAT the report be received.
2. THAT the Internal Audit Plan 2019/20 be approved.

### Recommended Reason

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

\_\_\_\_\_  
Moved/Seconded

## 1. PURPOSE OF REPORT

The purpose of this report is to present the proposed internal audit programme for 2019/20 for approval by the Audit and Risk Committee. Following the audit, a further report will be presented to this Committee with the audit findings and recommendations.

## 2. EXECUTIVE SUMMARY

The Audit and Risk Committee have in its Terms of Reference, adopted in February 2020, an obligation to “*Agree the internal audit programme, review the findings of internal audits, and to monitor management response and implementation of their recommendations.*”

This report provides the Committee with the opportunity to action the obligations above.

## 3. LOCAL GOVERNMENT ACT 2002 - SECTION 10

How is this proposal applicable to the purpose of the Act?

- Is it for the provision of good quality local infrastructure? If so, why?; **OR**
  - Is it for the performance of a good quality regulatory function? If so, why?;
- OR**
- Is it for the performance of a good quality local public service?

**AND**

- Is it in a way that is most cost-effective to businesses and households? If so, why?

**Good quality** means, infrastructure, services, and performance that are efficient and effective, and appropriate to present and anticipated future circumstances.

**Local public service** means, a service provided for the community which is for the benefit of the District.

A local authority must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community (section 101 of the Local Government Act 2002 “the Act”). The internal audit process is a mechanism by which senior management and elected members can get some form of assurance that the Council is managing its assets prudently.

#### 4. **BACKGROUND**

##### 4.1 **Internal Audit Plan 2019/20**

A plan has been prepared for approval by the Audit and Risk Committee. The plan is attached to this report for Committee review and approval, subject to any amendments.

One key change to this internal audit from previous years is that it is to be conducted by council staff, rather than external parties. However all efforts have been made to ensure that the staff member auditing each risk is not involved in any way with the management of the risk. This method is beneficial for two reasons - it increases staff awareness of different areas of council, and can potentially assist in better identifying process improvements in such things as processes and documentation, and secondly it will achieve cost savings from not having to outsource the services of an internal auditor.

#### 5. **CONSULTATIVE PROCESS**

##### 5.1 **Public Consultation - Section 82**

Public consultation is not required.

##### 5.2 **Māori Consultation - Section 81**

As Māori are not directly or separately affected, consultation is not considered necessary.

#### 6. **RISK ANALYSIS**

Please refer to the Consequence and Impact Guidelines at the front of the reports in this agenda.

- Is there a:
  - financial risk;
  - human resources risk;
  - political risks; or
  - other potential risk?
- If there is a risk, consider the probability/likelihood of it occurring.

- Is there a legal opinion needed?

Potential internal audit risks:

- The auditors are not independent of the processes they are auditing.
- The auditors are not competent enough to perform the audit.
- Audit work does not appropriately reflect the risks of an organisation.

The internal audit plan addresses these risks by ensuring that there is an independent auditor from another part of the organisation conducting the audit. Eight risks have been selected from the council risk register, including two from the top ten risk register.

7. **DECISION MAKING PROCESS - SECTION 79**

7.1 **Direction**

	<b>Explain</b>
Is there a strong link to Council’s strategic direction, Long Term Plan/District Plan?	No
What relationship does it have to the communities’ current and future needs for infrastructure, regulatory functions, or local public services?	Ensuring protection of Council financial, infrastructure, and people assets

7.2 **Data**

- Do we have complete data, and relevant statistics, on the proposal(s)?
- Do we have reasonably reliable data on the proposals?
- What assumptions have had to be built in?

Additional data is not necessary.

7.3 **Significance**

	<b>Yes/No</b>	<b>Explain</b>
Is the proposal significant according to the Significance Policy in the Long Term Plan?	No	
Is it:	No	
• considered a strategic asset; or	No	
• above the financial thresholds in the Significance Policy; or	No	
• impacting on a CCO stakeholding; or	No	
• a change in level of service; or	No	
• creating a high level of controversy; or	No	
• possible that it could have a high impact on the community?	No	

In terms of the Council’s Significance Policy, is this proposal of high, medium, or low significance?		
<b>HIGH</b>	<b>MEDIUM</b>	<b>LOW</b>
		✓

7.4 **Options**

<p>An assessment of costs and benefits for each option must be completed. Use the criteria below in your assessment.</p> <ol style="list-style-type: none"> <li>1. What options are available?</li> <li>2. For <b>each</b> option: <ul style="list-style-type: none"> <li>• explain what the costs and benefits of each option are in terms of the present and future needs of the district;</li> <li>• outline if there are any sustainability issues; and</li> <li>• explain if the outcomes meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions?</li> </ul> </li> <li>3. After completing these, consider which option you wish to recommend to Council, and explain: <ul style="list-style-type: none"> <li>• how this option is the most cost effective option for households and businesses;</li> <li>• if there are any trade-offs; and</li> <li>• what interdependencies exist.</li> </ul> </li> </ol>
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The Committee has the following three options for consideration:

- Option 1:** Approve Internal Audit Plan 2019/20.
- Option 2:** Approve Internal Audit Plan 2019/20 with amendments.
- Option 3:** Recommend council staff not proceed with the Internal Audit 2019/20.

7.5 **Financial**

<ul style="list-style-type: none"> <li>• Is there an impact on funding and debt levels?</li> <li>• Will work be undertaken within the current budget?</li> <li>• What budget has expenditure come from?</li> <li>• How will the proposal be funded? eg. rates, reserves, grants etc.</li> </ul>
---

As this audit is undertaken by existing staff, there is no additional cost.

7.6 **Prioritisation & Trade-off**

<p>Have you taken into consideration the:</p> <ul style="list-style-type: none"> <li>• Council’s capacity to deliver;</li> <li>• contractor’s capacity to deliver; and</li> <li>• consequence of deferral?</li> </ul>
---

There are no prioritisation or trade-off issues.

7.7 **Legal Issues**

- |  |
|--|
| <ul style="list-style-type: none"><li>• Is there a legal opinion needed?</li><li>• Are there legal issues?</li></ul> |
|--|

There are no legal issues.

7.8 **Policy Issues - Section 80**

- |   |
|---|
| <ul style="list-style-type: none"><li>• Are there any policy issues?</li><li>• Does your recommendation conflict with Council Policies?</li></ul> |
|---|

There are no policy issues.

**Attachments:**

**Appendix 1** – Internal Audit Plan 2019/20 of risks to be reviewed

**Appendix 2** – Internal Audit Plan – Purpose, Objective, Framework, Expected Outcomes and Timeframe



Christine Craig  
**CORPORATE ACCOUNTANT**



Tiffany Radich  
**DIRECTOR – CORPORATE SERVICES**



Approved by  
Sven Hanne  
**CHIEF EXECUTIVE**

**DATE:** 10 March 2020

# APPENDIX 1

INTERNAL AUDIT PLAN - RISKS TO BE REVIEWED												
RISKS FROM COUNCIL'S RISK REGISTER												
Risk No.	Risk category	Risk subject	Risk description	Risk score raw	Control description	Residual risk score	Why this risk is to be reviewed	What auditor will be looking for	How will it be audited	Role and staff member responsible for activity	Staff member assigned the Internal audit	
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	To ensure that there is no situation where a decision relating to a consent can be challenged in the future for incorrect information or processes.	Check that all staff responsible for any planning work and issuing LIM's for council are fully trained, and have ongoing training plans for the future, and ensure that all consent application documentation is of good quality.	Document training received by respective staff members. Sample 1 in every 5 LIMs issued over the period September to November 2019, and 3 resource consents, to ensure data provided is accurate, in accordance with council records. To be completed by 30 April 2020.	Planner, Quality Assurance Officer, Quality Assurance Manager, and Director Environmental Services	Revenue Manager	
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	To ensure council is acting legally at all times when enforcing bylaws and policies.	Check when each bylaw or policy was last reviewed, in accordance with council's policy and bylaw register, and ensure that there are no bylaws or policies that are overdue for a review.	Check all policies have been reviewed within 3 years. Check all bylaws reviewed within 12 years. Ensure there are up to date Policy and Bylaw Registers.	Executive Administration Officer	Revenue Officer	
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	To ensure that all procurement contracts comply with the relevant policies to make sure that projects are kept within budget, and if there is an overexpenditure it is to be reported to council at the next Policy and Services Meeting.	Check council's contract register for compliance with the policies and also costs of each project are within the final contract price.	Select 2 contracts awarded between September and November 2019. Ensure the tender process was followed correctly, noting such things as the number of quotes obtained, and any potential conflict of interest declared. Check contract price, and compare to engineer's estimate.	Relevant contract managers	Finance and Business Improvement Officer	
31	Health and Safety 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	To ensure that there are procedures in place to protect both staff and the public should a customer become abusive on the premises.	Check there are procedures in place at each service centre location, that are appropriate for each individual site, and that all relevant staff are aware of these procedures.	Check what training has been provided to all staff at each location, and that this is recorded in a register. Check the procedures have been documented for each location for staff to follow should a situation arise, that they are fit for purpose, and that all relevant staff are familiar with it.	Respective customer service area team leaders	Health and Safety Advisor	
33	Health and Safety Wellbeing	Animal Welfare	IF an animal that has been impounded is injured or dies due to maltreatment, or animals are mistreated on the council farm THEN this could result in animal welfare agency scrutiny and possible fines.	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 Officer to regularly visit farm and make visual assessment of cow welfare.	2 Moderate	To ensure that council is acting responsibly regarding animal welfare, and is not subject to any external investigation and penalties or fines. This could compromise council's ability to impound animals in the future. To ensure the continuing welfare of the cows on council's farm, to enable milk production, and revenue, to be maintained.	Check that the Compliance Officer is aware of all HSE requirements, and has suitable training in the welfare of animals. Check if there is a register of animals that arrive in the pound, that also records all actions taken regarding their welfare. Check that the Property Officer provides regular written reports on the assessment of the cows on the farm.	Check what training has been provided for staff dealing with pound animals. Check the register of animals in the pound, to ensure it is up to date, and includes all animals in and out of pound, when food provided, sufficient drinking water at all times, when pound cleaned etc. Check that the Property Officer provides regular reports, e.g. monthly, on the welfare of the sharemilker's cows.	Property Officer, and Compliance Officer	IM Specialist	
36	Health and Safety 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	To ensure that the likelihood of any damage to property (including vehicles) and injury to people is minimised as much as possible.	Verify that all staff who drive, or are going to drive, council vehicles, have full drivers licences, and are suitably trained in driving specific vehicles and in specific conditions.	Check the register for all council staff who may drive a council owned vehicle, for a valid drivers licence, endorsements, and expiry dates. Check any staff that drive either off road or in a vehicle other than a passenger car, are fully trained in the type of vehicle and the conditions.	Health and Safety Advisor	IT Support Officer	
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	To ensure council has procedures in place to make sure there is no liability for damages or additional expenditure as a result of lack of reporting, monitoring and follow up.	Ensure that daily compliance reporting is being done, which must include records of liaison with contractors, and the outcomes of the monitoring.	Review the compliance reporting records for one maintenance contractor, for the period September to November 2019, including records of liaison with contractors, and the outcomes of the monitoring. Ensure all issues have been followed up on and resolved and performance aligns with the contract.	Roading Asset Manager, Services Asset Manager, Property Officer, Parks and Reserves Officer, and Director Assets	Director Corporate Services	
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	To ensure that there is no opportunity for theft by contractors.	Check access to council property and information that any contractor or third party may have access to.	Undertake 10 random spot checks over the next 2 weeks of any non-staff in the building, ensuring they have correctly signed in to the building, and out again, by viewing the visitors book. Also check the back door, as this is to be for staff use only, by monitoring it for a 15 minute period on three days, at different times of the day. Check procedures with the Property Manager for building cleaners, and weekend car cleaners, to ensure that procedures are followed, e.g for building alarm, etc. Check with the IM Specialist who has access to the Archives Room.	Roading Asset Manager, Services Asset Manager, Property Officer, Parks and Reserves Officer, and Director Assets	IT Manager	

## APPENDIX 1

AD-HOC AREAS NOT IDENTIFIED BY THE RISK REGISTER											
Risk No.	Risk category	Risk subject	Risk description	Risk score raw	Control description	Residual risk score	Why this risk is to be reviewed	What auditor will be looking for	How will it be audited	Role and staff member responsible for activity	Staff member assigned the internal audit
-	Financial	Credit card payments	IF customers paying by credit card at council's administration building front counter are not charged the merchant fee, THEN council is short of revenue and the cost will ultimately be borne by all ratepayers.	-	All payments made by credit card by customers at the administration building front counter must have the merchant fees added to the total amount paid. All staff must be made aware of the procedure to be followed to ensure that the correct fee is charged on each transaction where applicable.	-	To ensure that all customers that pay by credit card are charged the merchant fee, so there is no loss of revenue to council.	Check all receipts from daily banking sheets have the fee added on to the total payment.	Check the month of January 2020 daily cash up reports to ensure all customers paying by credit card at the main counter are charged the credit card fee.	Corporate Accountant	Junior IT Support Officer
-	Financial	Revenue from fees and charges	IF customers are charged a fee that is not in Council's approved Fees and Charges document, or is not set by relevant statute or legislation, or a separate stand alone agreement, THEN council can not legitimately charge this fee, it can be contested, and council would lose potential revenue, thus becoming a cost to the ratepayers.	-	Prior to a customer being required to pay any fees or charges, excepting rates, staff must first ensure that the relevant fee or charge is approved in the Fees and Charges document, or other relevant documentation. All staff to be made aware of the current document, and advised whenever there is a change of any sort.	-	To ensure that all revenue charged is in accordance with the fees and charges or other documents. Otherwise council could be challenged as to the validity of the charge, and may then lose potential revenue, as well as reputational damage.	That all invoices processed through the sundry debtors system for a specific period are in accordance with council's fees and charges manual, to ensure all charges are valid. Check payments taken at any service centre location are also in accordance with the fees and charges.	Check the months of November 2019 to January 2020 debtor invoices to ensure all charges are correct, and comply with the current fees and charges manual.	Revenue Officer and Revenue Manager	Corporate Accountant

## APPENDIX 2

### Stratford District Council Internal Audit Plan 2019/20

#### 1. Purpose

The purpose of this Internal Audit Plan is to give effect to the Internal Audit for the 2019/20 financial year and establish a framework for the audit.

#### 2. Objective

Regular internal audits ensure that the Council has procedures in place to manage its risks effectively and that Council staff are following those procedures. The audit will be carried out by existing staff, independent of the risk to be reviewed.

#### 3. Framework

The internal audit will be based around the Council's Risk Register in Vault<sup>1</sup> which comprises Health and Safety, Legislation and Compliance, Financial, Operational, and Reputational risks. There are currently over 70 individual risks in Vault that have been identified by Council staff and approved by the Audit and Risk Committee.

It would be costly and ineffective to review all risks in one internal audit - rather a random selection of two risks from the top in the register in addition to a review of other risks, including two ad hoc risks identified. The Corporate Accountant has selected the risks to be audited randomly and has taken them to the Senior Leadership Team meeting for approval. The risks to be audited are to be presented to the March 2020 Audit and Risk Committee meeting for final approval.

#### 4. Expected Outcomes

The internal auditors will be presented with details of their respective risk<sup>2</sup> to be audited, and develop and conduct specific audit tests. They will also be asked to provide feedback on each of the areas below:

1. How effective is the treatment option (risk mitigation strategy),
2. Are the treatment options being regularly observed by Council staff, and
3. What other risks have been identified during the audit that should be brought to management attention.

#### 5. Timeframe

It is proposed that the audit work commence in March 2020 and results are finalised by 30 April 2020 and presented to the Audit and Risk Committee in May 2020.

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<sup>1</sup> Stratford District Council's online risk management software platform.

<sup>2</sup> Including what the risk is, the effect it would have on Stratford District Council, Council's assumption of impact and likelihood and treatment options to mitigate the effects of the risk.



# INFORMATION REPORT



**TO:** Audit and Risk Committee  
**FROM:** Director – Corporate Services  
**DATE:** 17 March 2020  
**SUBJECT:** RISK REVIEW

F19/13/04 – D20/3572

## **RECOMMENDATION**

THAT this report be received.

## **RECOMMENDED REASON**

To provide an update to the Audit and Risk Committee of any changes to the risk register and advise of any incidents in relation to the Top 10 Risk Register from the previous quarter.

\_\_\_\_\_/\_\_\_\_\_  
Moved/Seconded

## **1. PURPOSE OF REPORT**

This report is part of the Committee’s regular programme of works. It includes a review of any changes made to the Council’s risk register, and informs the Committee of any incidents in relation to the Top Ten Council risks since the last Audit and Risk Committee meeting, held in December 2019.

## **2. EXECUTIVE SUMMARY**

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

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

As changes are made to the register with new additions, amalgamation of risks and changes to the risk ratings, there may also be changes to what is classified as the Top Ten Council risks. In the past quarter, the scoring review process resulted in a change to the Top Ten Council risks to reflect the seriousness and likelihood of the Covid-19 virus having an impact on Council operations.

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

How is the subject of this report applicable to the purpose of the Act?

- Is it for the provision of good quality local infrastructure? If so, why?; **OR**
- Is it for the performance of a good quality regulatory function? If so, why?; **OR**
- Is it for the performance of a good quality local public service? **AND**
- Is it in a way that is most cost-effective to businesses and households? If so, why?

**Good quality** means, infrastructure, services, and performance that are efficient and effective, and appropriate to present and anticipated future circumstances.

**Local public service** means, a service provided for the community which is for the benefit of the District.

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

### 4. BACKGROUND

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

The *Risk Management Framework* reads:

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

Compilation of the risk register was the first step in enabling more effective risk management across the council. The risk register also includes control measures to mitigate the likelihood of a risk occurring, and/or the impact of an adverse event.

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

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

The Top Ten Risk Register is solely for risks where the combination of severity and probability of occurrence gives a raw risk score rating of “very high”.

As the risk register is regularly reviewed by SLT, it is expected that the number and nature of risks in the risk register will evolve over time and the scoring will reflect the current environment.

## 5. INFORMATION SUMMARY

### 5.1 New Risks identified and added to the Risk Register

One new risk has been added to the Risk Register since the last Audit and Risk Committee meeting.

#### **Risk 81 – 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.

The raw risk score has been assessed as 4 – High, with a residual risk score of 3 – Moderate after control measures are put in place.

The control measures include:

- Audit and Risk Committee oversight.
- Annual Internal and External audits.
- Fraud Policy awareness training for all staff.
- Regular review of policies to ensure they reflect good 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.

	Minor	Important	Serious	Major	Catastrophic
Almost Certain	2-Moderate	5-High	7-High	20-Extreme	25-Extreme
Likely	2-Moderate	4-Moderate	6-High	16-Very High	20-Extreme
Possible	1-Low	3-Moderate	<b>4-High</b>	12-Very High	15-Very High
Unlikely	1-Low	2-Moderate	3-Moderate	8-High	10-Very High
Rare	Low	1-Low	1-Low	4-Moderate	5-High

### 5.2 Changes to the Top Ten Risks

#### **Risk 64 – Infectious Disease Outbreak / Pandemic**

SLT identified that, following the Covid-19 Coronavirus outbreak in China which has now reached many parts of the world, it is possible that it could affect the Stratford district and could potentially be catastrophic for the Council and the community. Therefore, it has now been added as a current Council Top Ten Risk with a raw risk score of 15, and a residual risk score of 8 with control measures in place.

**Risk 53** – Release of Incorrect or Confidential Information, was reviewed and the score was reassessed from a raw risk of 12 to 8 as it is seen as an unlikely risk to occur in the current environment.

### 5.3 **Incidents or Threats in relation to the Top Ten Risks**

#### **Risk 11** – Server Failure

On 7 February 2020, the Council experienced a number of network issues with services to the datacentre including printers, laptops not connecting to wireless, Intramaps, and syncing of mobile building consents. The issues pointed to a problem with a device in the datacentre managed by Telstra. The problem was resolved within an hour.

#### **Risk 78** - Government Policy impacting Local Government:

The government is currently working on a number of issues that could potentially affect legislation and Council’s existing procedures and resourcing:

- Justice Select Committee Inquiry into the 2019 Local Elections
- Urban Development Bill
- Review of the Burial and Cremation Act 1964
- Privacy Law Reform
- Infrastructure Funding and Financing Bill
- Three Waters Review and Taumata Arowai – the Water Services Regulator Bill
- Racing Industry Bill - *Submission made by Mayor on 10 February 2020*

#### **Risk 64** – Infectious Disease Outbreak / Pandemic

The Chief Executive gave advice to staff in an email dated 28 February 2020, particularly regarding overseas travel and self-isolation, and including reference to the Ministry of Health guidelines.

A Covid-19 regional briefing is to be held on 13 March 2020 with representatives from each of the Taranaki Councils, along with representatives from the Taranaki District Health Board, St John, Civil Defence and Police. This will provide an opportunity for the Council to be part of a regional approach to minimising and controlling the risk of a Covid-19 catastrophic event from occurring.

## 6 **STRATEGIC ALIGNMENT**

### 6.1 **Direction**

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

### 6.2 **Annual Plan and Long Term Plan**

Not applicable.

6.3 **District Plan**

Not applicable.

6.4 **Legal Implications**

Not applicable.

6.5 **Policy Implications**

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

**Attachments:**

**Appendix 1** - Top Ten Risk Register

**Appendix 2** - Council Risk Register



Tiffany Radich

**DIRECTOR – CORPORATE SERVICES**



Approved by

Sven Hanne

**CHIEF EXECUTIVE**

**DATE:** 10 March 2020

**APPENDIX 1**

## Top Ten Risk Register

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

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

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



**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
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
10	Data and Information	Systems Down - Natural Disaster	IF there is a natural disaster THEN systems may be down temporarily, reduction in worker productivity, unable to respond to customers, data unavailable, potential permanent loss of data.	8 High	Backups done daily and stored off-site. Most critical data is in the cloud, data centre is overseas so workers can access system remotely from anywhere. Civil Defence will make hardware available for emergency response.	3 Moderate
11	Data and Information	Server Failure	IF the server failed THEN systems down, data unavailable, potential data loss	12 Very High	Restore from backup, backups stored off-site. Fail-over for Melbourne data centre replicates to Sydney data centre.	3 Moderate

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Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
12	Data and Information	Cyber Attack	IF the systems are compromised and subject to a cyber attack, THEN system downtime, loss of data, ransoms may be demanded, potential privacy breach, reputational damage, and potential loss of funds.	16 Very High	Council have several security measures in place such as enterprise grade firewalls, email filtering, backups, antivirus and device management. If a breach was detected Council would activate the insurance policy and engage an IT security company resource to assist with recovery.	3 Moderate
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.	1 Low	Access to archives is limited to trained staff. Ensure the Information Management Specialist is fully trained in all areas of protected records management. Maintain a register of archived records, and a process by which records will be archived. Storage area must be restricted and temperature controlled.	Low
16	Data and Information	Unapproved online platforms used	IF unapproved online platforms are used for Council business, THEN Council sensitive information and individual private details could be hacked and made available publically.	3 Moderate	All Council information should only be stored on platforms that are approved by IT and gone through proper procedures and checks by IT.	1 Low
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

**APPENDIX 2**

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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 programme every year by independent contractor. Annual leave not to accrue > 2 years.	1 Low
20	Financial	Creditor Payments	IF creditors are not paid correctly or on time THEN goods and services delayed, increased costs, reputational damage and possible fraud.	2 Moderate	Ongoing training of competent staff and appropriate staffing levels. Adhere to Procurement Policy. Good planning and time management Creditor statement reconciliations. Cash and treasury management.	Low
21	Financial	Assessment of Rates	IF rates are assessed incorrectly or inaccurately THEN ratepayers could legally challenge the rates assessment and Council could be forced into a legal battle.	4 High	Resourcing and training of competent staff. Test EOY prior to June. Have Civica rectify errors prior to 30 June. Re-test EOY after errors corrected. Check FIS and Rates Resolution align and legal advice taken.	2 Moderate
22	Financial	Rates Invoices Processing	IF rates invoices are not sent out accurately and on time THEN cashflow delayed, legal obligation not met. Can result in reputational damage with ratepayer community.	3 Moderate	Resourcing and training of competent staff. Clear accountability for rates invoicing and appropriate training in systems given. Timetables for processing and posting to be clarified ahead of due dates. Good communication with NZ Post.	2 Moderate
23	Financial	Debtors Outstanding	IF debts are not collected in a timely manner THEN cash flow delayed, and debt may need to be written off if delayed follow up	3 Moderate	Clear debt collection process, ensuring debt is chased as early as possible. Ensure debt collection procedures for all categories of debt are documented. Work towards getting all ratepayers on direct debit.	1 Low
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

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

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Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
74	Financial	Inadequate financial provision to fund asset replacement	IF there is inadequate financial provision in reserves to fund the replacement of assets, THEN the Council may have to borrow more than expected, or asset replacement may need to be delayed which may affect service level performance.	3 Moderate	Ensure annual depreciation is based on accurate fixed asset values (replacement cost) and accurate useful lives. Assets should not, unless necessary, be replaced before the end of their useful life.	1 Low
79	Financial	Bribery and Corruption	IF elected members or staff act in a way that is, or is perceived to be, influenced by Bribery or Corruption, THEN the Council's reputation could be damaged, there is potential for legal action against Council, increased scrutiny by the Office of the Auditor General. There is also the risk that Council could have lost financially, or in some other way, by entering into an unethical contract.	4 High	Ensure HR Policy, Procurement Policy, Anti-Fraud and Corruption Policy and Elected Members' Code of Conduct cover these areas sufficiently and that guidance is given to all staff and elected members at least annually on conflicts of interest, and Policies are widely distributed within Council and made available to all staff, particularly new staff. The Fraud Policy includes a process for reporting any suspected instances of bribery and corruption - ensure this is widely available and all staff are aware of reporting process.	3 Moderate
81	Financial	Management Override of Internal Controls	IF a Manager uses their unique position to override internal controls, THEN fraud may occur, resulting in theft of Council assets /funds and incorrect/misleading financial statements.	4 High	Audit and Risk Committee oversight. Internal and External audits annually. Fraud Policy awareness training for all staff at least three yearly. Regular review of policies to ensure in line with best practice. SLT to undergo ethics training. Prior to new employment, full reference checking of at least one recent, direct manager (particularly for financial and management roles). Zero tolerance for any bullying type behaviour.	3 Moderate
29	Health and Safety 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 and Safety 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 and Safety 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
33	Health and Safety Wellbeing	Animal Welfare	IF an animal that has been impounded is injured or dies due to maltreatment, or animals are mistreated on the council farm THEN this could result in animal welfare agency scrutiny and possible fines.	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
34	Health and Safety 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 and Safety 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 and Safety 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 and Safety Wellbeing	Staff under Stress	IF staff are affected by personal issues or by work pressures and experiencing high levels of stress, THEN work performance may decline and/or fatigue, illness, unsafe work practices may result.	5 High	Managers are responsible for being aware of the wellbeing of their direct reports. There are various options available for relieving the pressure of staff who are overworked including increasing staff or reallocating work. Ensure access to EAP service is widely known and communicated to all staff. Ensure all staff have a backup option available so they can take annual leave for at least a week at a time.	3 Moderate

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Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
38	Health and Safety 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 and Safety 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 and Safety 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 and Safety 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 and Safety 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 and Safety 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 and Safety 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 and Safety 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 and Safety 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 and Safety 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 and Safety Wellbeing	Water supply network is Contaminated	IF the Water supply network becomes contaminated THEN the public health is at risk and Council could be liable for financial penalties and will suffer reputational damage.	8 High	Backflow preventors to be installed for high risk properties (currently no programme to roll out across the district, due to cost and resource). Staff training in the use of chemicals.	8 High
80	Health and Safety 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

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Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
42	Operational	Payroll Processing	IF Staff are not paid correctly or on time THEN staff may become disgruntled and distrustful of their employer, work standards could drop and employment laws could be breached.	3 Moderate	Training of practices and legislation. Staff competent and levels appropriate. Good planning for staff leave in the finance team and time management. External notification of updates and changes. More than one staff member should be fully functional in payroll. Ensure facility available to access cash if Council is short.	1 Low
43	Operational	Roading - other work clashing	IF there is work being carried out by others on/in road reserve, e.g. Broadspectrum, THEN council may not be able to complete its own work programme.	3 Moderate	Co-ordination of planned works with other contractors in the area when planning physical works.	2 Moderate
44	Operational	Road Closures - unplanned	IF there are un-planned road closures due to collapse of culvert/bridges/landslides and so forth e.g. Wingrove Rd culvert collapse THEN access in/out of district could be lost and people could be injured as a result.	4 High	Asset criticality review to identify critical roading assets and increase monitoring activities. Ensure quality workmanship and contractors are aware of their obligations to report and repair any damages to roads. Resources diverted from other planned projects to remediate repairs to enable the road to be re-opened.	3 Moderate
45	Operational	Contractor - Damage to Property	IF maintenance contractor damages council or private property while carrying out contracted work, THEN council could be liable for damages and additional expenditure.	4 High	Stringent Operational procedures: Daily reporting of compliance. Regular liaison with contractor and regulators to monitor performance to ensure compliance. Contractor pre-approval process. Council has material damage insurance policy, excess \$5k.	3 Moderate
46	Operational	Other Contractors in Network Corridor	IF work by others in Network Corridor results in damage to components of the 3 waters infrastructure THEN services to the public may cease or become unreliable or compromised.	3 Moderate	Co-ordination between services before major projects begin. Ensure all works have Corridor Access Requests.	1 Low
47	Operational	Attracting Qualified Staff	IF Council is unable to attract suitably qualified personnel, THEN services may become under threat and may cease.	4 Moderate	Internal training and succession planning programs. Ensure market wages are offered for all high demand positions. Recruit off shore option should be available for high-demand positions. Make greater use of consultants if necessary and/or shared services with neighbouring Councils. Make Stratford District Council a great place to work - measure staff engagement and respond to any issues expediently.	2 Moderate
48	Operational	Maintenance Contractor fails to deliver	IF maintenance contractor fails to deliver contractual service necessitating termination of contract and re-tendering, THEN assets may become under threat, unreliable, or unable to meet community needs.	4 High	Careful assessment of tender to ensure contract price viable for contractor to deliver level of service. Regular liaison with contractor to monitor performance and ensure compliance. Contractor pre-approval process must not be bypassed.	3 Moderate

**APPENDIX 2**

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

**APPENDIX 2**

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
76	Operational	Heavy/Extreme Rainfall incidents	IF the Stratford District experiences heavy rainfall continually over a period THEN roads may flood, restricting accessibility, landslips and mudslides may restrict road access and cause property damage, productive land areas may flood reducing functions, Stormwater, Wastewater and Water Supply assets may fail from overburdening, and overflows from Wastewater system may result in untreated water entering the Patea River.	8 High	Asset Management Plans and Incident Control Response Plans to document critical asset areas and response plan in the event of heavy rainfall incidents.	3 Moderate
77	Operational	Terrorist Attack	IF a terrorist attack occurred in Stratford, THEN loss of life, property damage, and business discontinuity may result.	4 Moderate	Develop Lockdown procedures for all Council public sites i.e. Library, I-Site, Council Office, TSB Pool. Be alert and aware of potential threats, work closely with Police and establish plan to minimize damage to people and property.	4 Moderate
78	Operational	Government Policy Impacting on Local Government	IF Government Policy significantly changes the services Council delivers or the way they are delivered, THEN this could put financial pressure on the district to fund investment in changes, or it may mean previous investment has become redundant.	12 Very High	Where a policy change may have a significant impact on the Council then we must ensure that the Council makes a submission challenging the change and suggesting alternative options. Council officers and elected members need to keep up to date with policy, and anticipate potential impacts of legislative changes and respond strategically, rather than being in a reactive position or being overly proactive. This could include joint collaboration with business and other councils, accessing alternative funding sources, or obtaining legal or professional advice.	8 High
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

**APPENDIX 2**

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
55	Reputational and Conduct	Code of Compliance issued negligently	IF council issues building consent and/or code of compliance negligently or without appropriate quality controls and the structural integrity of the building work fails THEN reputational damage, possible legal costs, and building industry distrust may result.	12 Very High	Quality assurance. Resourcing and ongoing training of competent staff. Low tolerance for poor quality documentation from consent applicants. Reporting of substandard work practices observed. More use of standard online templates for processing applications. Council has public liability insurance.	2 Moderate
56	Reputational and Conduct	Building Consent location	IF Council issues consent and/or code compliance and the location of the building or structure that council signs off on is found to be in the wrong location THEN reputation damage could result and legal action may be taken against Council.	4 Moderate	Quality assurance. Resourcing and ongoing training of competent staff. Low tolerance for poor quality documentation from consent applicants. Reporting of substandard work practices observed. Engage professional surveyor if considered high risk. Council has public liability insurance.	1 Low
57	Reputational and Conduct	Online Passwords	IF online passwords are shared or used inappropriately, THEN there is the risk that staff can access or hack Council owned systems and release sensitive information.	4 High	Ensure that where a staff member leaves and they have access to logins accessible online that the passwords are changed and access ceases. Limit use of online accounts.	2 Moderate
58	Reputational and Conduct	Contractor Damage or Breach	IF Council and/or council contractors are found to be liable for public/environmental damage, or any actions that are unsafe or non-compliant with legislation and applicable policies and standards, THEN fines, possible injury, long-term damage, reputational damage could result.	12 Very High	Appropriate procedures and guidelines are in place to monitor contractor actions and our own including health and safety audits, contractor meetings/KPI's. The Council requires all physical works contractors to go through a thorough health and safety pre-qualification process and become approved before commencing any physical work. All relevant staff are kept up to date with pre-approved contractors register. Mini audits and random checks should be built into contracts. Contractor public liability insurance required for all major contracts.	3 Moderate
59	Reputational and Conduct	CCO and other Out-sourced Functions	IF Council's non-core activities (farm, aerodrome) or CCO (Percy Thomson Trust) operate in a way that has potential for non-compliance with the law or potential for financial loss THEN there may be legal, financial, environmental and health implications.	4 High	Ensure regular meetings between council staff and external operators are held and there is good reporting and monitoring of key risks and KPI's by council staff. CCO's must report six-monthly to Council. Farm Business plan is prepared annually, separate to the Annual Plan, which contains all other council operations.	3 Moderate

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Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
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. Elected members should receive initial induction training and attend LGNZ, SOLGM conferences where material is relevant to get a better understanding of governance decision making. Council has a Professional Indemnity insurance policy for all elected members and independent committee members.	4 High
75	Reputational and Conduct	Council employees abuse members of the public	IF Council employees, during the course of their Council duties abuse members of the public, particularly children, THEN the Council may suffer significant reputational damage and potentially be taken to court.	8 High	All staff in a public facing role, particularly where they must deal with children, must be police vetted before they commence work. Exception is where the role is urgent and requires immediate start - in these situations the employee should not be left alone at any time until a satisfactory police report has been received.	4 Moderate

# QUARTERLY REPORT



**TO:** Audit and Risk Committee F19/13/04 – D20/4087  
**FROM:** Health and Safety/Emergency Management Advisor  
**DATE:** 17 March 2020  
**SUBJECT:** **QUARTERLY REPORT FOR THE AUDIT & RISK COMMITTEE**

**RECOMMENDATION**

THAT the report be received.

\_\_\_\_\_/\_\_\_\_\_  
 Moved/Seconded

12

This report presents a summary of the quarterly progress and any highlights for the main areas of activity within.

1. **HIGHLIGHTS**

There were no major injuries to staff or contractors.

2. **EXECUTIVE SUMMARY**

2.1 This report provides an overview of Council’s health and safety performance through statistical data reported and recorded in the health and safety software (Vault) for the three months ending 29 February 2020.

2.2 Results of data analysed since 30 November 2019 show that there have been a total 9 events logged in Vault. There were also a further 22 minor events recorded from the TSB pool ranging from bleeding noses, bent thumbs to bad behaviour.

Incidents (30 November 2019 –29 February 2020)

<b>Incidents 26 ( 43 YTD)</b>	<b>Injury 0 (1 YTD)</b>	<b>ACC Claims 0 (0 YTD)</b>
<b>Notifiable 0 (1YTD)</b>	<b>Near Miss 5 (17 YTD)</b>	<b>Observations 1 (7 YTD)</b>

## Types of Incidents and Injuries

**Type of Incident**

Slips/Trips/Falls (no injury)	3
Sprains/Strains	1
Cuts/Abrasions/ Bleeding nose	16
Bruising	1
Near Miss	5
Aggressive/Abusive Customer	2
Vehicle Damage	0
Insect Stings	-
Other	3

**Level of Treatment**

No Treatment	15
First Aid	16
Medical Centre	-
Hospital	-

**Level of Investigation**

No Investigation	28
Formal Investigation	3
WorkSafe Investigation	-

## Health and Wellbeing

<b>Workstation Assessments 1</b>	<b>Health Monitoring Assessments 0</b> <b>Baseline Monitoring 0</b>
<b>Wellness Initiatives:</b> <b>Flu Vaccinations in April</b>	<b>Health and Safety Committee Meeting 2</b>
<b>EAP Referrals 2</b>	<b>Site Reviews 2</b>

- 2.3 Of the nine events logged in Vault, three being near misses, three were of minor nature resulting in no formal investigations and no first aid required. There were however three incidents requiring further explanation.

A fully laden logging truck rolled over on Junction Road whilst our contractor was working on it. Whilst there was no injury to the driver or contractors this incident had the potential to be very serious drawing in on our contractor's management of the site and what was in place to mitigate this exact situation.

It is pleasing to know that our contractor had attempted to contact the logging companies several times prior to work commencing, to ensure that that did not take logs out of the area for the duration. Unfortunately the message did not get through. A Traffic Management Plan was in place and being adhered to correctly ensuring that there was no comeback from the logging company. The logging truck involved had already been through the site when he was empty and heading to get loaded on the day of the event and was familiar with the road conditions. On his loaded journey (just before the roll over), the driver was stopped by the traffic controller who spoke to him and advised him of the



conditions and he was allowed to proceed after consultation with grader operator.

After the logging truck had cleared the grader the team continued to grade and roll the road, approximately half a kilometre after the truck has passed them the grader had come around a corner to find the truck driver standing on the road with his truck down the bank. Work was stopped and the scene preserved until initial incident inspection could proceed. The vehicle was recovered several days later.

- 2.4 Another incident and ongoing theme at Council premises is the continued aggressive behaviour our staff are exposed to and have to work under. This time a member of the public took exception to the fact that he was not allowed to approach children of the swim school to talk about hate crime in New Zealand. This member of the public is known to most staff through most facilities and has been known to be aggressive.

In this particular instance he was encouraged to leave the pool area however he continued to make a nuisance of himself before finally leaving the premises. It was decided after discussion that it would be best if he was trespassed from all council facilities. This was completed several weeks later with the aid of the Police. Incidents such as these cause stress to staff unnecessarily yet seem to be an accepted part of the role.

- 2.5 The last incident that needs further explanation also occurred at the pool where a woman with baby and younger child was seen laying on her back in water seemingly incoherent with her baby going under the water as well. This occurred a number of times making staff very concerned about the safety of the baby. A senior member of staff was called in urgently to talk with the women who did not make any apologies for the situation or explanation to appease the concerns expressed by staff.

Assistance was offered to the woman in the form of a lift home as it was later in the evening. This was declined and the woman and children were picked up by another member of public.

It is pleasing that staff realised the situation could have turned for the worse and requested help from senior staff. While options around the screening of public do not go to this extent normally, it was recognised that the person was compromised and needed supervision and help. Further to this, options are being investigated as to what training can be given to staff to ensure that this type of situation does not occur again.

- 2.6 The Health and Safety Committee convened for its usual quarterly meeting on 28 February 2020 with health and wellbeing as one of the major topics. Representatives were asked to go back to their teams prior to the meeting returning with three main topics that they felt were areas of concern and aligned with the staff wellbeing survey questions from last year. The areas of concern were: sexual harassment/bullying, rewards and recognition and staff empowerment.

The staff wellbeing work is progressing well. The data from the survey has been analysed and reported back to staff. Officers are now working on the wellbeing targets and action plan.

As discussed in December's meeting, our investigation into a contractor having a Lost Time Injury was avoidable and corrective actions have been employed. These being: Where practicable, all works of this nature to be done mechanically; no person to be placed at risk when substrate is unknown; use paint instead of pegs; have an engineer inspect the construction prior to work beginning; and, as always, better communication to be had between the contractor and Council when an incident occurs.

- 2.7 One of our main contractors held a safety day in January, purposely held at this time to coincide with staff going back to work. Data analysed previously has shown staff are most at risk prior to going on holiday and essentially the first couple of days back. Topics covered included: staff wellbeing, driving, fatigue, hot weather and PPE along with messages from within their organisation on successful projects and what they did to make it a success. It is great to see that PCBU's such as our contractor are investing the time and money into staff to ensure a steady consistent message of safety.
- 2.8 There have been a total of two contractor audits completed for the quarter with no major non-conformances noted.
- 2.9 There has been a lot of information disseminated regarding Covid-19. Council's message to staff has been to follow all information as per Ministry of Health guidelines. Further briefings from the Taranaki District Health Board and Civil Defence are to take place on 13 March 2020. Flu vaccinations will be take place mid-April and although they will have no effect against the coronavirus, it is expected that staff uptake on these will be popular this year.
- 2.10 Overall, it has been a good start to the year with no major injuries to staff or contractors, Near miss reporting has been acceptable, noting that there is always room for improvement. Wellbeing initiatives are being discussed and explored with some already a reality. Staff have had training in the form of breathing apparatus to ensure compliance at water treatment plants along with practical fire extinguisher scenarios. Both were well attended. Further training is to be undertaken in the form of chemical handling (for pool staff) and customer conflict awareness in light of recent incidents.



Mario Bestall  
**HEALTH AND SAFETY/ CIVIL DEFENCE ADVISOR**



Approved By:  
S Hanne  
**CHIEF EXECUTIVE**

**DATE:** 10 March 2020

# INFORMATION REPORT



**TO:** Audit and Risk Committee

**FROM:** Director - Assets

**DATE:** 17 March 2020

**SUBJECT:** Audit New Zealand – Procurement Risk Review

F19/13/04 – D20/4084

## **RECOMMENDATION**

**THAT** the Committee receives the Audit New Zealand report on the Procurement Risk Review, finalised in February 2020.

## **Recommended Reason**

The Committee has a responsibility to receive all audit reports and make any recommendations as necessary to ensure Council is effectively managing risk.

\_\_\_\_\_  
Moved/Seconded

## 1. **PURPOSE OF REPORT**

- 1.1 It is important that all formal Audit New Zealand correspondence and reports are presented to the Audit and Risk Committee to ensure the Committee can effectively carry out its core function of managing and monitoring Council risk.
- 1.2 The report attached to this Council information report details what work was carried out by the Auditors, and their findings and recommendations. It also includes Council officers' responses to each of the recommendations.

## 2. **EXECUTIVE SUMMARY**

- 2.1 This report presents to Council the findings of the procurement review by Audit New Zealand, finalised in February 2020.
- 2.2 Three procurement contracts were selected for a full review of the relevant risk areas. The auditors found that "*the procurement processes followed by management met most of the requirements of good practice*". However, recommendations were made in the area of procurement planning, conflict of interest management and the evaluation of tenders.

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

How is the subject of this report applicable to the purpose of the Act?

- Is it for the provision of good quality local infrastructure? If so, why?; **OR**
- Is it for the performance of a good quality regulatory function? If so, why?; **OR**
- Is it for the performance of a good quality local public service?

**AND**

- Is it in a way that is most cost-effective to businesses and households? If so, why?

**Good quality** means, infrastructure, services, and performance that are efficient and effective, and appropriate to present and anticipated future circumstances.

**Local public service** means, a service provided for the community which is for the benefit of the District.

- 3.1 The purpose of the review was to highlight areas where the Council could improve its procurement processes to ensure that the Council continues to provide good quality infrastructure and services, in the most cost-effective way.

### 4. **BACKGROUND**

- 4.1 In 2018, the Officer of the Auditor-General announced that there would be a special focus on procurement over the next three years saying, *“this will lead to stronger public accountability for the use of public funds and improved awareness about the implications of poor procurement”*.
- 4.2 Procurement and Contract Management were identified by Audit New Zealand in May 2019 as significant risk areas for Stratford District Council, as they impact the Council’s ability to deliver essential services. The Council recently underwent a tender process for significant maintenance contracts. The contracts commenced in July 2019.
- 4.3 Following the annual audit of the Annual Report 2018/19, Audit New Zealand advised they would be carrying out a review of the Council’s procurement practices and processes, focusing specifically on the major contracts that had been recently awarded.
- 4.4 The audit work commenced in October 2019, with the final audit report issued to Council on 19 February 2020.

### 5. **INFORMATION SUMMARY**

- 5.1 Refer to the Audit New Zealand audit report attached to this report (Appendix 1), which includes Council responses to each of the recommendations raised.
- 5.2 Process improvements have been identified by Council officers, as a result of the audit, and most have already been implemented at the time of writing this report.

6. **STRATEGIC ALIGNMENT**

6.1 **Direction**

The procurement review and information reports relate to the Community Outcomes of Affordable, Quality Services and Infrastructure and Financial Strength.

6.2 **Annual Plan and Long Term Plan**

There is no direct correlation with the Annual Plan or Long Term Plan.

6.3 **District Plan**

There is no direct correlation with the District Plan.

6.4 **Legal Implications**

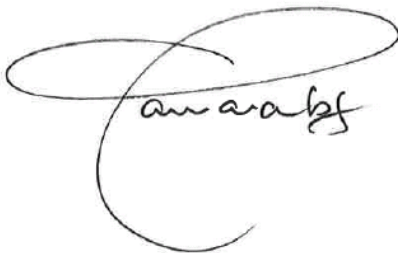
No legal implications were identified as a result of the procurement review.

6.5 **Policy Implications**

It is recommended that the Procurement Policy and Procurement Manual are reviewed within the next 12 months, however the auditors did not recommend any changes to the Procurement Policy.

**Attachments:**

**Appendix 1** - Audit New Zealand Report - Procurement and Contract Management



Victoria Araba  
**DIRECTOR – ASSETS**



[Approved by]

Sven Hanne

**CHIEF EXECUTIVE**

**DATE**

10 March 2020



## APPENDIX 1

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

19 February 2020

Sven Hanne  
Chief Executive  
Stratford District Council  
PO Box 320  
Stratford, 4352

Dear Sven

### Review of procurement and contract management relating to significant maintenance contracts

In our Audit Plan dated 22 May 2019 we identified procurement and contract management as audit risks that required specific focus during the audit. This was because both procurement and contract management are significant activities for the District Council (the Council). Risks associated with procurement and contract management could have a significant impact on the Council's ability to deliver essential services and achieve its goals.

At the time of writing our Audit Plan, the Council had just completed a tender process for significant maintenance contracts. The audit team engaged Audit New Zealand's in-house experts to review the procurement process and related contract management practices against good practice. This letter sets out our findings and recommendations.

The procurement processes followed by management met most of the requirements of good practice. However, we have made some recommendations for management to consider for future processes.

The following were selected for review:

No.	Goods procured	Contract awarded to	Value (\$)	Procurement approach
1.	General Roding Maintenance, Resurfacing, Rehabilitation and Roadmarking (1430)	Fulton Hogan	Circa. \$4.5m	Single stage open competitive tender, managed through Tenderlink

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No.	Goods procured	Contract awarded to	Value (\$)	Procurement approach
2.	Three waters maintenance (1434)	CityCare water	Circa. \$389,000	Single stage open competitive tender, managed through Tenderlink
3.	Open space maintenance (1432)	Downer Limited	Circa. \$639,000	Single stage open competitive tender, managed through Tenderlink

### Procurement

From our review of procurement practices we noted:

#### *Planning the procurement*

Planning documentation should provide the justification for the procurement and should describe the procurement approach and process to be followed.

- Procurement plans were not prepared for the three waters maintenance procurement and open spaces maintenance procurement. This is not in line with the Council's procurement policy, which provides both pro-forma long and short form procurement plan. A Road Network Procurement Strategy 2019-2022 (the Strategy) was however prepared as justification for the Roding procurement and was endorsed by the New Zealand Transport Agency (NZTA). This Strategy addressed the aspects we would expect of a procurement plan.
- Risk assessments were not prepared for the procurements that we reviewed. A risk assessment, proportionate to the value and risk of the procurement is important to understand the risks and the mitigations that may need to be in place to address the risks identified. Elements that may be addressed through the risk assessment could include aspects of a commercial, technical, legal, political, and/or financial nature. Risk can be identified and assessed in terms of their likelihood and consequence. Risks identified ought to be appropriately managed throughout the procurement process.

#### *Conflict of interest management*

There was a process in place for the management of conflicts of interest for all the procurements we reviewed. We noted that following as areas for improvement:

- For the roading maintenance and three waters maintenance procurements, conflict of interest declarations were not dated, hence we were unable to determine if these were completed in a timely manner. Evaluators' declarations were also not signed as evidence of review. We noted that there were no actual, potential or perceived conflicts declared, so there were no specific conflict of interest risks identified for the process. Evidence



## APPENDIX 1

supporting when documentation was prepared and reviewed demonstrates that a good practice conflict of interest management process has been followed. This supports accountability.

- For the open space maintenance procurement, conflict of interest declarations were not prepared in a timely manner. The RFT document was released to the market in February 2019, at which time evaluators were identified. Conflict of interest declarations were only completed in early April 2019, after tenders closed on 28 March 2019. As a result, a conflict of interest went undisclosed and there is no evidence of how the conflict was managed through the period when the tender was planned and live in the market. Good practice is for conflict of interest declarations to be made as soon as an individual becomes involved in a procurement. These declarations should be updated throughout the process at key stages. Management are of the view that the earliest a conflict can be determined is at the time a tender is opened and the tenderers and their staff/sub-contractors become known to evaluators.
- Regarding the open space maintenance procurement, one of the three evaluators declared a potential conflict of interest due to their spouse being contracted to provide services to one of the tenderers. This situation presented a probity risk to the Council as the evaluator would have a pecuniary interest in the tenderer's success, which would conflict with the evaluator's role representing the Council. Furthermore, there would have been a perception risk if the other tenderers became aware of this conflict. Such a conflict, without an appropriate conflict management plan in place to remove or reduce the probity risk, may undermine the integrity of the process. The tenderer in question was the preferred tenderer in this process. Management are of the view that the conflict was appropriately assessed and well managed during the process.

### *Evaluation of tenders*

Sufficient, appropriate documentation should be maintained to support the evaluation process, proportionate to the risk and value of the procurement and the approach taken.

- For all three of the procurements we reviewed, there were criteria where significant differences were noted in individual evaluator scoring. While this is not in itself an issue, it is important for the reasons to be robustly discussed and agreement to be reached by the evaluation team, rather than defaulting to an average score as the consensus score. It is unlikely that the average of divergent scores accurately represents the view of the evaluation team. Widely divergent scores can be indicative of incorrect scoring or unclear interpretation of the evaluation criteria and requirements.
- Pre-conditions were identified in the RFT for all three of the procurements. Management has confirmed that compliance checking against the pre-conditions was carried out, however, there was no documentation to support this.
- No evaluation or recommendation reports were prepared for the three procurements that described the procurement process followed and the outcome from the process. These are commonly described as either Evaluation reports or Recommendation to Award reports or

## APPENDIX 1

an equivalent description. In each case, the evaluation was carried out and contracts were signed with the preferred tenderers. Good practice is for a report to be prepared after the process has been completed and a preferred supplier/s identified. The report provides the decision-maker (the individual with the financial authority to award the contract) with a summary of the process followed and the outcome of the evaluation process, including aspects that were considered in arriving at the recommendations. This supports accountability.

- The Council's delegation policy states that the Chief Executive Officer (CEO) and one Director together have the financial delegation to incur costs over \$250,000. All three contracts were signed solely by the CEO rather than both officers.

### **Recommendation**

We recommend that the Council maintains appropriate documentation, proportionate to the value and risk of each procurement, to support planning, evaluation and conflict of interest management processes followed. Appropriate documentation is important to demonstrate that a robust process was followed, which supports accountability.

### **Management comments**

*Procurement plans - This is noted, thank you. Council will ensure to comply with the requirement of the Procurement Policy /manual for subsequent projects. The Council has recently prepared a Contract Procedure Process (draft copy attached) in PROMAP as a checklist to guide all staff involved in procurement. The Council has also prepared new templates for consistency of documentation. The new process map includes links to all the templates in our Document Management System (TRIM) required to satisfy the requirements of the Procurement Policy and Manual. The Procurement Policy and Manual will also be revised for completeness, as a result of the findings of this audit exercise.*

*Conflicts of interest - All the Conflict of Interests forms were completed by the Evaluation Team prior to the evaluation of the tenders. The Council will revise the Conflict Of Interest template to include the 'date' section as necessary. Are you suggesting an Independent Review of the Declaration? The Council considers the need for independent review as superfluous and will only get in the way of doing the actual job. However, if you can confirm that this is normal/ good practice at other Councils, SDC will look to include this in our Procurement Policy/Manual.*

*While our Procurement Policy/Manual may not specify exactly when conflicts should be declared, the Council are of the view that the earliest a conflict can be determined is at the time a tender is opened and the Tenderers and their staff/subcontractors become known to evaluators. This is consistent with the process undertaken for these procurements. In any case, SDC will look review these documents with a view to clarifying the timing of declarations to avoid confusion in the future.*

*While one of our Evaluators had declared their conflict for the Open Space Contract, this Conflict was assessed and well managed during the process, having been considered to be minor. This process was also reviewed by audit. The subject person was only a 'casual' labour staff, outsourced by Allied Work Force to Downers Limited, and not one of the key personnel required by the Contract. Also, the experience and expertise of that Evaluator who declared the conflict was considered crucial in the*

## APPENDIX 1

*successful evaluation of the tender, being the incumbent Contract Manager. SDC will in future, document the management processes of conflicts for audit/reference purpose.*

*For future contracts, the Council will record the date and time of the declarations as required in the revised Procurement Policy / Manual.*

*Evaluation - While not documented, there was robust discussion amongst the Evaluators on each of the criteria scores. Where there remained divergent views as evidenced in the scores, the team agreed to disagree. Each Evaluator was able to justify the scores and I can confirm that the divergence in scoring is not an indication of incorrect scoring. SDC will look to, in future, implement a process whereby justification for divergence in scoring is documented where required.*

*The Pre-condition was checked prior to evaluation. This again is a documentation issue. We have now developed a process map / checklists for our procurement process with indicative timeframes/triggers, in addition to the templates for completeness, consistency and future reference.*

*The Director of Assets was involved in the tender evaluation of all but one of the tenders. However, as noted, SDC will now modify its contract documentation to accommodate the Director as required.*

### Contract management

During our review of contract management practices, we noted that Contract Management Plans were not developed for the open spaces maintenance contract and the three waters maintenance contract. Most of the information we would expect to see in a Contract Management Plan was contained within each contract. One exception to this was a risk assessment for any contract-related risks that may need managing.

The Council's procurement policy and contract procurement process guidance note provide guidance to staff involved in managing contracts, but these are quite brief. We understand that the Council's Corporate Services Director is currently reviewing the procurement manual. Matters that the Council may consider including in its operating procedures in relation to contract management are:

- Principles and objectives of good contract management;
- Responsibilities for contract management;
- Reference to other applicable council policy, or good practice guidance;
- Delegation information, or suitable cross referencing to its delegations policy or listing;
- Requirements for contract management planning;
- Document retention policies;
- Reporting requirements where relevant; and
- Contract review and close out processes.

## APPENDIX 1

MBIE's website at <https://www.procurement.govt.nz/procurement/guide-to-procurement/manage-the-contract/> also has some useful guidance that could be incorporated into the Council's policy, guidance or procedures as appropriate.

### **Observation**

We understand that the Council is in the process of reviewing its procurement manual. We encourage the Council to consider incorporating sufficient good practice guidance for staff relating to contract management.

### **Management comments**

*Contract management plans - This was an omission on the part of the Consultant who prepared the 4 contract documents and an oversight on SDC's part for not picking up on this omission. The Consultant's brief was to provide a set of consistent documents, which clearly did not happen in this case. Notwithstanding, Council staff are in the process of developing Contract Management Plans for the affected contracts which we will socialise with our contractors with a view to adopting as a management tool. SDC will ensure that in future, Peer Review of works delivered by Consultants is undertaken to avoid a repeat of this situation.*

We would like to thank the Council and in particular the Director - Assets for their assistance and co-operation during our review.

Yours sincerely



Chris Webby  
Associate Director

# INFORMATION REPORT



**TO:** Audit and Risk Committee  
**FROM:** Director – Corporate Services  
**DATE:** 17 March 2020  
**SUBJECT:** FINANCIAL RISK MANAGEMENT REPORT

F19/13/04 – D20/4000

## RECOMMENDATION

THAT the report be received.

\_\_\_\_\_  
Moved/Seconded

## Financial Summary

### Operating Results – Year to Date January 2020

Total revenue is tracking over budget by \$36,452. Total expenditure is under budget by \$274,572, resulting in a positive variance against budget for the year to date (“YTD”) net surplus of \$311,023.

### Capital Expenditure Progress – Year to Date January 2020

Total capital expenditure budgeted in the Annual Plan 2019/20 is **\$7,467,000**. In addition, **\$1,964,621** has been carried forward from work not completed in previous years. This gives a combined total capital expenditure budget for 2019/20 of **\$9,431,621**. Total estimated capital expenditure for the year has been re-forecasted down to **\$7,318,921**, with some significant carry forwards to 2020/21 likely.

Actual expenditure for the year to date is **\$2,737,030**, with remaining capital expenditure for the five months to 30 June 2020 estimated to be **\$4,581,891**. This figure may need to be revised down when the capital expenditure program is reviewed in early March.

## Treasury Report

The last Treasury Report provided to the Audit and Risk Committee was as at November 2019. Since then, there has been no change to actual gross debt. Changes from November 2019 to February 2020 are summarised below:

- The weighted average interest rate on debt has reduced from 2.69 per cent to 2.66 per cent as there is \$3,000,000 on a floating rate and rates have fallen.
- The weighted average interest rate on investments has increased from 2.40 per cent to 2.60 per cent as the investment term averages 111 days, as opposed to 90 days.

The \$3,000,000 floating debt will mature in April 2020 and the plan is to refinance this through the Local Government Funding Agency. The current indicative rate for a two year fixed loan is 1.26 per cent.

As at 29 February 2020, all treasury covenants were met.

	<b>Actual</b>	<b>Policy</b>
Actual Fixed Debt	79%	>60%
Actual Floating Debt	21%	<60%
Fixed 1-3 years	24%	10-60%
Fixed 3-5 years	24%	10-60%
Fixed >5 years	24%	5-60%
Debt Matures 1-2 years	24%	10-60%
Debt Matures 2-4 years	24%	10-60%
Debt Matures > 4 years	24%	10-60%
Debt Servicing to Revenue Ratio	2%	<10%
Debt to Revenue Ratio	44%	<130%
Liquidity Ratio	136%	>110%
Net Debt per Capita	\$1,085	<\$3,000
Net Debt per Ratepayer	\$2,171	No specified limit

## Cashflow Forecast / Funding Requirements

### Assumptions:

- Sale of assets receipts depends on the ability to settle on property sales in the months specified. There is some uncertainty around whether deposits and settlements on the subdivision sections will materialise from March 2020 and flow through regularly from then on, as titles are yet to be issued.
- New Swimming Pool construction work will commence from January 2021.
- Interest rates on debt will remain at 2.7% over the next three years.
- Interest rates on investments will be 2.6%.

The three year cashflow forecast shows that gross debt is expected to increase to \$27,000,000 by 30 June 2021.

### Outstanding Debtors

The below table shows outstanding debtors as at 31 January 2020. There are no specific concerns with any outstanding debt.

Category	Total Outstanding	Overdue > 3 months	Notes relating to outstanding balances
Rates	\$93,978	\$26,298	The overdue balance for rates debtors is what is owed for previous financial years i.e. up to 30 June 2019. This amount includes some rates where legal proceedings have commenced. All outstanding rates are charged a 10% penalty on amounts outstanding at the end of each quarter.
Water Billing	\$78,896	\$17,728	All three outstanding debtors are being actively pursued. Arrangements have been made for two debtors. The other debtor paid early February.
NZTA	\$696,108	\$0	Roading claim.
Infringements	\$64,752	\$64,752	All debtors are overdue and with the Ministry of Justice for collection.
All Other Debtors	\$253,046	\$44,553	The overdue debtors relate to cemetery accounts, consents, and other one-off type invoices. The majority of overdue debtors are being actively pursued by debt collectors, unless they have entered into an approved payment arrangement.
<b>TOTAL</b>	<b>\$1,186,781</b>	<b>\$153,332</b>	

#### Attachments:

**Appendix 1** - Statement of Comprehensive Revenue and Expenses as at January 2020

**Appendix 2** - Capital Expenditure Report as at January 2020

**Appendix 3** - Treasury Report – as at February 2020

**Appendix 4** - Cashflow Forecast – Rolling 3 years



Tiffany Radich  
**DIRECTOR – CORPORATE SERVICES**



Approved By:  
S Hanne  
**CHIEF EXECUTIVE**

**DATE:** 10 March 2020



**APPENDIX 1****Statement of Comprehensive Revenue and Expense**

For the Period Ended 31 January 2020

	January '20 Actual YTD	January '20 Budget YTD	Variance YTD	Total Budget 2019/20	January '19 Actual YTD
<b>Revenue</b>					
Finance Revenue	\$57,175	\$73,500	(\$16,325)	\$126,000	\$62,575
NZTA Financial Assistance	\$1,929,292	\$2,182,250	(\$252,958)	\$3,741,000	\$2,783,979
Grants and Donations	\$163,322	\$0	\$163,322	\$124,000	\$28,504
Rates Revenue other than Water Supply Rate	\$6,187,821	\$6,172,500	\$15,321	\$12,345,000	\$5,918,889
Water Supply Targeted Rate	\$117,700	\$173,250	(\$55,550)	\$462,000	\$144,438
Sundry Revenue	\$36,343	\$32,500	\$3,843	\$41,000	\$33,356
Dividends	\$54,930	\$0	\$54,930	\$0	\$0
Financial Contributions	\$26,777	\$0	\$26,777	\$0	\$32,543
Sale of land	\$0	\$0	\$0	\$4,360,000	\$0
User Charges for Services	\$1,557,959	\$1,460,868	\$97,092	\$2,249,000	\$1,323,200
<b>Total Revenue</b>	<b>\$10,131,319</b>	<b>\$10,094,868</b>	<b>\$36,452</b>	<b>\$23,449,000</b>	<b>\$10,327,484</b>
<b>Operating Expenditure</b>					
Personnel Costs	\$2,358,497	\$2,061,346	(\$297,151)	\$3,573,000	\$1,991,166
Other Direct Operating Costs	\$5,564,742	\$6,057,399	\$492,657	\$10,104,000	\$5,945,196
<b>Total Operating Expenditure</b>	<b>\$7,923,239</b>	<b>\$8,118,745</b>	<b>\$195,506</b>	<b>\$13,677,000</b>	<b>\$7,936,362</b>
(See attached Breakdown to Activity Cost)					
<b>Other Operating Expenditure</b>					
Loss (Gain) on disposal of assets	\$0	\$0	\$0	\$0	\$0
Depreciation	\$2,551,216	\$2,513,175	(\$38,041)	\$4,308,300	\$2,564,670
Finance Costs	\$231,681	\$373,333	\$141,652	\$640,000	\$281,579
Impairment landfill costs	\$23,346	\$0	(\$23,346)	\$0	\$0
Sundry Expenditure	\$1,200	\$0	(\$1,200)	\$0	\$8,309
<b>Total Other Expenditure</b>	<b>\$2,807,443</b>	<b>\$2,886,508</b>	<b>\$79,065</b>	<b>\$4,948,300</b>	<b>\$2,854,558</b>
<b>Total Expenditure</b>	<b>\$10,730,682</b>	<b>\$11,005,254</b>	<b>\$274,572</b>	<b>\$18,625,300</b>	<b>\$10,790,920</b>
<b>Net Surplus (Deficit)</b>	<b>(\$599,363)</b>	<b>(\$910,386)</b>	<b>\$311,023</b>	<b>\$4,822,700</b>	<b>(\$463,436)</b>

**APPENDIX 2****CAPITAL EXPENDITURE SUMMARY BY ACTIVITY AS AT 31 JANUARY 2020**

Project	Total Available	Actual YTD Expenditure 2019/20	Projected year end expenditure	Projected under/(over) spend 2019/20	
<b>Roading</b>	<i>Level of service</i>	84,425	0	84,425	0
	<i>Replacements</i>	3,061,880	1,711,583	3,120,300	-58,420
<b>Stormwater</b>	<i>Level of service</i>	504,607	351,793	351,793	152,814
	<i>Replacements</i>	277,455	138,145	277,455	0
<b>Wastewater</b>	<i>Level of service</i>	1,159,380	41,098	195,000	964,380
	<i>Replacements</i>	510,978	5,103	410,978	100,000
<b>Water Supply</b>	<i>Level of service</i>	606,093	33,158	154,427	451,666
	<i>Replacements</i>	970,017	53,169	439,357	530,660
<b>Parks and Reserves</b>	<i>Level of service</i>	295,837	44,420	320,836	-24,999
	<i>Replacements</i>	0	0	0	0
<b>Solid Waste</b>	<i>Replacements</i>	40,800	0	0	40,800
<b>Animal Control</b>	<i>Level of service</i>	61,300	28,751	61,300	0
<b>Swimming Pool</b>	<i>Level of service</i>	43,900	20,632	49,684	-5,784
<b>Aerodrome</b>	<i>Level of service</i>	3,021	0	3,021	0
<b>Civic Amenities</b>	<i>Level of service</i>	188,900	69,840	189,326	-426
	<i>Replacements</i>	2,530	2,227	2,227	303
<b>Library</b>	<i>Replacements</i>	0	1,230	1,230	-1,230
<b>Miranda Street Office</b>	<i>Level of service</i>	0	5,200	5,200	-5,200
	<i>Replacements</i>	3,100	3,557	3,557	-457
<b>Farm</b>	<i>Level of service</i>	51,369	5,000	51,369	0
	<i>Replacements</i>	0	3,683	3,683	-3,683
<b>Economy</b>	<i>Growth</i>	1,060,839	110,810	1,060,839	0
<b>Pensioner Housing</b>	<i>Level of service</i>	12,250	0	12,250	0
<b>Pensioner Housing</b>	<i>Replacements</i>	22,460	0	22,460	0
<b>Communications</b>	<i>Replacements</i>	75,065	450	75,065	0
<b>Corporate Support</b>	<i>Replacements</i>	395,415	107,181	423,139	-27,724
<b>TOTAL</b>		<b>\$ 9,431,621</b>	<b>\$ 2,737,030</b>	<b>\$ 7,318,921</b>	<b>\$ 2,112,700</b>

**CAPITAL EXPENDITURE SUMMARY BY ACTIVITY AS AT 31 JANUARY 2020**

Council Activity	Project Description	2019/20 Annual Plan Budget (a)	Funds Carried Forward (b)	Total Funds Available (a + b)	2019/20 Actual Expenditure YTD	Projected year end forecast	2019/20 Projected under/(over) spend	Expected Project Completion Date	Comments
<b>GROWTH - to meet additional demand</b>									
Economy	Proposed Council subdivision	793,700	267,139	1,060,839	110,810	1,060,839	0	By 30 June 2020	Total cost to date for the entire project is \$3,483,459. It is anticipated that the final cost will be approximately \$4.5m.
<b>Total Growth Expenditure</b>		<b>793,700</b>	<b>267,139</b>	<b>1,060,839</b>	<b>110,810</b>	<b>1,060,839</b>	<b>0</b>		
<b>LEVEL OF SERVICE - to improve the level of service on an existing asset or provide an additional asset to increase a service level</b>									
Roading - Financially assisted NZTA	LED Lighting Upgrade	0	16,112	16,112	0	16,112	0	By 30 June 2020	Council has obtained a price from NPE-Tech to convert the ornate lights in Mercade Estate to LED.
Roading non-subsidised	Kerb & Channel Improvements	0	68,313	68,313	0	68,313	0	By 30 June 2020	This will be used for Mangaotuku Road improvements and Page Street kerb and channel.
Stormwater	Reticulation Capacity Increase	108,150	91,945	200,095	351,793	351,793	(151,698)	COMPLETED	This over spend was from the manhole lid safety screen budget in the line below. All lids on private property have been completed, and are now part of this the reticulation capacity increase programme of works, for the inlets and outlets in the pipe systems.
Stormwater	Manhole Lid Safety Screens	120,320	184,192	304,512	0	0	304,512	COMPLETED	See above
Wastewater	Camper van drainage facility	0	5,000	5,000	0	5,000	0	By 30 June 2020	
Wastewater	Reticulation capacity increase	102,520	75,980	178,500	11,571	120,000	58,500	CARRY FORWARD PROPOSED	This will be carried over as there is not enough resources to carry out the design work to enable the project to be tendered.
Wastewater	Safety screens	33,160	32,300	65,460	0	0	65,460	NOT REQUIRED	There are no longer any manholes on private property with no screens
Wastewater	Pump station telemetry	82,000	0	82,000	0	0	82,000	CARRY FORWARD PROPOSED	A carry forward is proposed to 2020/21 as other options of communication are being investigated
Wastewater	Bulk discharge	51,300	0	51,300	0	10,000	41,300	CARRY FORWARD PROPOSED	This is part of the project on the line above regarding communication options
Wastewater	Stage 2 treatment - Oxidation Pond	768,920	8,200	777,120	29,527	60,000	717,120	CARRY FORWARD PROPOSED	Council have now received a consent for a trial period of 3 years. The scope of the project will then be determined after this trial period ends.
Water Supply	Water Meter Installation	30,750	1,677	32,427	20,932	32,427	0	By 30 June 2020	
Water Supply	Zoning	307,500	184,166	491,666	12,226	40,000	451,666	CARRY FORWARD PROPOSED	This was carried forward from the previous year, as the tender received was unacceptable. The project has now been reviewed, as a bigger contract with 4 different job sites. Each site is to be done separately, in order to obtain a more favourable price, so will take longer to complete. The project went out for tender in January 2020.
Water Supply	Toko reservoir	51,250	0	51,250	0	51,250	0	By 30 June 2020	
Water Supply	Stratford street work rider mains	30,750	0	30,750	0	30,750	0	By 30 June 2020	
Parks and Reserves	Park Development	15,300	0	15,300	15,299	15,299	1	COMPLETED	
Parks and Reserves	Walkway development	15,300	0	15,300	0	15,300	0	By 30 June 2020	Whanga Walkway and Cardiff Walkway upgrades
Parks and Reserves	Walkway signs	10,200	10,000	20,200	0	20,200	0	By 30 June 2020	Waiting on template design and branding
Parks and Reserves	King Edward Park accessible path	46,000	0	46,000	16,999	46,000	0	By 30 June 2020	Final walkway to be completed in New Year

Council Activity	Project Description	2019/20 Annual Plan Budget (a)	Funds Carried Forward (b)	Total Funds Available (a + b)	2019/20 Actual Expenditure YTD	Projected year end forecast	2019/20 Projected under/(over) spend	Expected Project Completion Date	Comments
Parks and Reserves	Plantings and signs	12,250	10,212	22,462	0	22,462	0	By 30 June 2020	This was on hold until a template has been designed
Parks and Reserves	Victoria Park bike park	0	25,000	25,000	11,102	25,000	0	By 29 February 2020	Project design is well underway,
Parks and Reserves	Discovery Trail	102,100	49,475	151,575	1,020	151,575	0	By 30 June 2020	100% grant funded - waiting on design confirmation
Parks and Reserves	Half basketball court - grant \$25k	0	0	0	0	25,000	(25,000)	By 30 June 2020	Cost of \$25,000 is 100% grant funded. About to go out for tender now.
Swimming Pool	Various Pool improvements	43,900	0	43,900	14,848	43,900	0	By 30 June 2020	50% grant funding
Swimming Pool	Pool redevelopment	0	0	0	5,784	5,784	(5,784)	By 30 June 2020	
Aerodrome	Level operational area	0	3,021	3,021	0	3,021	0	By 29 February 2020	
Civic Amenities	Demolish ANZ building	76,600	0	76,600	30,039	62,000	14,600	By 29 February 2020	Work in Progress
Civic Amenities	Broadway / Prospero Place upgrade	112,300	0	112,300	3,899	91,424	20,876	By 30 June 2020	
Civic Amenities	LED Entrance way sign	0	0	0	35,902	35,902	(35,902)	COMPLETED	The total cost for this project (over two years) was \$90,876, of which \$70,000 was grant funded, and the overspend of \$20,000 is to be funded from the Broadway / Prospero Place upgrade project above.
Farm	Emergency generator	30,000	0	30,000	0	30,000	0	By 30 June 2020	Farm and Aerodrome Committee to make recommendation.
Farm	Landscaping / riparian planting	15,310	6,059	21,369	5,000	21,369	0	By 30 June 2020	Meeting with TRC - plants will be purchased in May and project finished by June 2020
Animal Control	New dog pound	61,300	0	61,300	28,751	61,300	0	By 30 June 2020	Work in Progress
Library	Information centre relocation	0	0	0	1,230	1,230	(1,230)	By 30 June 2020	
Miranda Street Office	Heating in archive room	0	0	0	5,200	5,200	(5,200)	COMPLETED	Required to meet record storage requirements
Pensioner Housing	Conservatories	12,250	0	12,250	0	12,250	0	By 30 June 2020	Tender process has commenced
<b>Total Level of Service Expenditure</b>		<b>2,239,430</b>	<b>771,652</b>	<b>3,011,082</b>	<b>601,122</b>	<b>1,479,861</b>	<b>1,531,221</b>		

**REPLACEMENTS - replaces an existing asset with the same level of service provided**

Roading - Financially assisted NZTA	Unsealed Road metalling	844,600	(44,600)	800,000	278,630	650,000	150,000	By 30 June 2020	Revised NZTA approved budget due to overspend in 2018/19
Roading - Financially assisted NZTA	Sealed Road resurfacing	800,000	(50,000)	750,000	219,240	810,000	(60,000)	By 30 June 2020	Revised NZTA approved budget due to overspend in 2018/19. Reseals commenced at the end of January 2020.
Roading - Financially assisted NZTA	Drainage Renewals	568,300	(43,300)	525,000	321,403	630,000	(105,000)	By 30 June 2020	Revised NZTA approved budget due to overspend in 2018/19. Reseals commenced at the end of January 2020.
Roading - Financially assisted NZTA	Pavement Rehabilitation	762,100	(19,320)	742,780	786,408	800,000	(57,220)	By 30 June 2020	Revised NZTA approved budget due to overspend in 2018/19. Monmouth Road rehabilitation has been completed.
Roading - Financially assisted NZTA	Structure Components Replacement	96,100	(16,100)	80,000	3,822	110,000	(30,000)	By 30 June 2020	Revised NZTA approved budget due to overspend in 2018/19. Lower Kohurtahi Road bridge repairs commenced in January 2020.
Roading - Financially assisted NZTA	Traffic Servcies Renewals	63,100	(13,100)	50,000	94,312	100,000	(50,000)	COMPLETED	Revised NZTA approved budget due to overspend in 2018/21
Roading - Financially assisted NZTA	Sealed Road resurfacing: Special purpose	52,000	49,800	101,800	7,768	8,000	93,800	CARRY FORWARD PROPOSED	It is proposed to carry forward this years budget to be done as one bigger project in 2020/21
Roading non-subsidised	Underverandah lighting	12,300	0	12,300	0	12,300	0	By 30 June 2020	
Solid Waste	Building renewals	40,800	0	40,800	0	0	40,800	CARRY FORWARD PROPOSED	Pending the recommendation of the building maintenance report, which will be completed by June 2020
Stormwater	Weather events emergency fund	2,560	0	2,560	0	2,560	0	By 30 June 2020	

Council Activity	Project Description	2019/20 Annual Plan Budget (a)	Funds Carried Forward (b)	Total Funds Available (a + b)	2019/20 Actual Expenditure YTD	Projected year end forecast	2019/20 Projected under/(over) spend	Expected Project Completion Date	Comments
Stormwater	Reticulation Renewals	54,330	220,565	274,895	138,145	274,895	0	By 30 June 2020	
Wastewater	Step / aerate treatment renewals	30,700	18,978	49,678	0	49,678	0	By 30 June 2020	
Wastewater	Treatment pond renewals	51,300	0	51,300	0	51,300	0	By 30 June 2020	
Wastewater	Reticulation renewals	410,000	0	410,000	5,103	310,000	100,000	By 30 June 2020	This project commenced in January 2020
Water Supply	Laterals	31,370	0	31,370	2,033	31,370	0	By 30 June 2020	
Water Supply	Stratford street work rider mains	210,000	0	210,000	6,174	210,000	0	By 30 June 2020	The main project will start in February 2020
Water Supply	Infrastructure general Stratford	25,620	25,000	50,620	0	50,620	0	By 30 June 2020	
Water Supply	Infrastructure general Midhirst	3,070	639	3,709	0	3,709	0	By 30 June 2020	
Water Supply	Infrastructure general Toko	1,600	0	1,600	0	1,600	0	By 30 June 2020	
Water Supply	Treatment plant replacements	0	37,023	37,023	30,127	37,023	0	By 30 June 2020	
Water Supply	Grit tank replacement	0	250,000	250,000	0	15,000	235,000	CARRY FORWARD PROPOSED	The project did not commence in 2018/19 and has been carried forward to this year. The tender will now be awarded before 30 June 2020 and the physical works will be carried out in 2020/21 year. As this is specialist work, there are limited contractors that are able to do the work.
Water Supply	Meter replacements	51,260	50,000	101,260	7,646	50,000	51,260	CARRY FORWARD PROPOSED	The balance of this project will be done in 2020/21 due to the unavailability of the contractor's resources, as it is a specialised task.
Water Supply	Patea delivery line	0	259,400	259,400	0	15,000	244,400	CARRY FORWARD PROPOSED	See above comments for the grit tank replacement. These two projects have been combined as the Patea delivery line feeds in to the grit tank.
Water Supply	Hydrants	15,170	9,865	25,035	7,189	25,035	0	By 30 June 2020	
Civic Amenities	WMC - replace furniture	2,530	0	2,530	2,227	2,227	303	COMPLETED	
Pensioner Housing	Appliance replacements	22,460	0	22,460	0	22,460	0	By 30 June 2020	Replacing in early 2020
Farm	Heat pump replacement	0	0	0	3,683	3,683	(3,683)	COMPLETED	
Miranda Street Office	Furniture Replacement	3,100	0	3,100	3,557	3,557	(457)	COMPLETED	
Communications	Website redevelopment	0	75,065	75,065	450	75,065	0	By 30 June 2020	This project was carried forward due to internal resourcing and re-prioritisation.
Corporate Support	Computers/Peripherals/ Software	140,000	65,915	205,915	49,781	205,915	0	By 30 June 2020	The balance carried forward is to be spent on laptops, Goget project, disaster recovery and software licensing,\$60k for AP system, Goget will be discussed with Michelle about timing of upgrade, Disaster recovery \$30K
Corporate Support	AssetFinda and GIS software replacement	15,000	0	15,000	0	15,000	0	By 30 June 2020	
Corporate Support	Telephone System	50,000	50,000	100,000	0	100,000	0	By 30 June 2020	Going out for tender then in RFP process, which will take approx 4 months
Corporate Support	Vehicle Replacement (after trade in)	54,500	0	54,500	28,672	54,500	0	By 30 June 2020	
Corporate Support	Traffic counters	0	0	0	27,724	27,724	(27,724)	COMPLETED	Current traffic counters are no longer compatible with software so replacements are required, to accurately count traffic volumes.
Corporate Support	Miscellaneous	20,000	0	20,000	1,004	20,000	0	By 30 June 2020	
<b>Total Replacement Expenditure</b>		<b>4,433,870</b>	<b>925,830</b>	<b>5,359,700</b>	<b>2,025,098</b>	<b>4,778,221</b>	<b>581,479</b>		
<b>TOTAL EXPENDITURE</b>		<b>\$7,467,000</b>	<b>\$1,964,621</b>	<b>\$9,431,621</b>	<b>\$2,737,030</b>	<b>\$7,318,921</b>	<b>\$2,112,700</b>		

**APPENDIX 3**

<b>LIABILITIES AND INVESTMENTS STATEMENT AS AT 29 FEBRUARY 2020</b>					
<b>Public Debt Statement</b>					
Lender	Amount	Interest Rate	Term (Years)	Date Drawn	Maturity Date
LGFA	\$ 3,000,000	1.53%	2	August 2018	April 2020
LGFA	\$ 1,000,000	1.99%	1	May 2019	May 2020
LGFA	\$ 1,500,000	2.62%	3	August 2018	May 2021
LGFA	\$ 2,000,000	2.81%	4	August 2018	April 2022
LGFA	\$ 1,500,000	3.47%	5	May 2018	May 2023
LGFA	\$ 2,000,000	2.53%	5	May 2019	May 2024
LGFA	\$ 2,000,000	3.38%	7	August 2018	April 2025
LGFA	\$ 1,500,000	3.65%	9	August 2018	April 2027
	<b>\$ 14,500,000</b>	<b>2.66%</b>			
<b>Internal Debt Register</b>					
Activity	Amount	Start Date	Term	Interest Rate	Details
Water	\$ 1,510,000	2013	N/a	2.66%	Water treatment plant
	<b>\$ 1,510,000</b>				
<b>Committed Cash Facilities</b>					
Lender	Facility Value	Outstanding	Rate		
TSB Bank	\$ 1,000,000	\$ -	BKBM* + 3%		
	<b>\$ 1,000,000</b>				
<b>Investment Statement</b>					
Bank / LGFA	Amount	Interest Rate	Term (Days)	Start	End
Westpac	\$ 1,000,000	2.70%	120	28/11/2019	27/03/2020
Westpac	\$ 1,000,000	2.74%	115	9/12/2019	2/04/2020
ANZ	\$ 1,000,000	2.30%	90	28/02/2020	28/05/2020
Westpac	\$ 1,000,000	2.68%	120	13/02/2020	12/06/2020
LGFA	\$ 32,000	2.13%	1827	10/05/2019	10/05/2024
LGFA	\$ 48,000	2.01%	597	27/08/2018	15/04/2020
LGFA	\$ 24,000	2.22%	992	27/08/2018	15/05/2021
LGFA	\$ 32,000	2.41%	1326	27/08/2018	14/04/2022
LGFA	\$ 24,000	3.06%	1826	24/05/2018	24/05/2023
LGFA	\$ 32,000	2.98%	2423	27/08/2018	15/04/2025
LGFA	\$ 24,000	3.25%	3153	27/08/2018	15/04/2027
	<b>\$ 4,216,000</b>	<b>2.60%</b>			
<b>Shareholdings Statement</b>					
	No. of Shares	Share Price	Value of Shares		
Fonterra	158,716	\$ 3.93	\$ 623,754		
Ravensdown	17,920	\$ 1.00	\$ 17,920		
Civic Assurance	65,608	\$ 1.59	\$ 104,317		
			<b>\$ 745,991</b>		
<b>Other Investments</b>					
	Date Drawn	Amount	Interest Rate	Details	
Loan to Stratford Health Trust	2010	\$ 40,000	Nil	Repay \$20,000 a year	

\*BKBM - The Bank Bill Market Rate is a short term interest rate used widely in NZ as a benchmark for pricing debt.

## APPENDIX 4

### ROLLING THREE YEAR CASHFLOW FORECAST - MARCH 2020

	2019/20		2020/21				2021/22				2022/23	
	Q1 -Mar	Q2 -Jun	Q3 -Sep	Q4 -Dec	Q1 -Mar	Q2 -Jun	Q3 -Sep	Q4 -Dec	Q1 -Mar	Q2 -Jun	Q3 -Sep	Q4 -Dec
<b>OPENING BALANCE</b>	<b>763,675</b>	<b>54,096</b>	<b>1,780,437</b>	<b>2,148,614</b>	<b>1,579,371</b>	<b>1,662,823</b>	<b>1,179,205</b>	<b>1,100,840</b>	<b>1,718,290</b>	<b>647,532</b>	<b>890,780</b>	<b>719,755</b>
Rates - General and Targeted	3,637,180	3,180,000	3,602,352	3,602,352	3,602,352	3,602,352	4,546,543	4,546,543	4,546,543	4,546,543	4,748,865	4,748,865
NZTA Refunds	1,041,900	1,580,000	1,067,200	1,067,200	1,067,200	1,067,200	1,200,000	1,200,000	1,200,000	1,200,000	1,300,000	1,300,000
Fees and User Charges	900,000	805,000	805,000	805,000	805,000	805,000	805,000	805,000	805,000	805,000	805,000	805,000
Sale of Assets (subdivision)	300,000	950,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Other Revenue	20,000	20,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
<b>Total Cash In</b>	<b>5,899,080</b>	<b>6,535,000</b>	<b>5,800,552</b>	<b>5,800,552</b>	<b>5,800,552</b>	<b>5,800,552</b>	<b>6,877,543</b>	<b>6,877,543</b>	<b>6,877,543</b>	<b>6,877,543</b>	<b>7,179,865</b>	<b>7,179,865</b>
Salaries and Wages - Staff	1,010,784	1,010,784	1,050,000	1,050,000	1,050,000	1,050,000	2,100,000	2,100,000	2,100,000	2,100,000	2,150,000	2,150,000
Payments to Suppliers - Operating	2,500,000	2,000,000	2,320,000	2,426,000	2,426,000	2,426,000	2,498,780	2,573,743	2,650,956	2,730,484	2,812,399	700,000
Major contract payments	2,500,000	2,000,000	1,575,000	3,250,000	8,500,000	8,500,000	1,750,000	1,750,000	2,500,000	2,000,000	1,750,000	1,750,000
Borrowing costs	97,875	97,875	97,875	97,875	148,500	182,250	182,250	182,250	182,250	182,250	182,250	182,250
GST Paid	500,000	(300,000)	389,500	(454,080)	1,092,600	(874,080)	424,878	(345,899)	515,096	(378,439)	456,240	(196,000)
<b>Total Cash Out</b>	<b>6,608,659</b>	<b>4,808,659</b>	<b>5,432,375</b>	<b>6,369,795</b>	<b>13,217,100</b>	<b>11,284,170</b>	<b>6,955,908</b>	<b>6,260,094</b>	<b>7,948,301</b>	<b>6,634,296</b>	<b>7,350,889</b>	<b>4,586,250</b>
(Increase)/Reduce Term Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing /(Repaying) Loans*	-	-	-	-	7,500,000	5,000,000	-	-	-	-	-	-
<b>CLOSING BALANCE</b>	<b>54,096</b>	<b>1,780,437</b>	<b>2,148,614</b>	<b>1,579,371</b>	<b>1,662,823</b>	<b>1,179,205</b>	<b>1,100,840</b>	<b>1,718,290</b>	<b>647,532</b>	<b>890,780</b>	<b>719,755</b>	<b>3,313,370</b>
Gross External Debt	14,500,000	14,500,000	14,500,000	14,500,000	22,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000

# INFORMATION REPORT



**TO:** Audit and Risk Committee

F19/13/04-D20/3968

**FROM:** Director – Corporate Services

**DATE:** 17 March 2020

**SUBJECT:** ANNUAL REPORT 2018/19 – AUDIT OUTCOMES

## **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 2018/19 Annual Report, and summarises their findings and the actions to be taken by Council officers to respond to audit recommendations.

\_\_\_\_\_  
Moved/Seconded

## **1. PURPOSE OF REPORT**

The purpose of this report is to inform the Committee of the issues identified in the final Audit New Zealand Management Report 2019, and summarises the actions to be taken by Council officers to respond to audit recommendations.

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. EXECUTIVE SUMMARY**

Audit New Zealand issued an unmodified Audit opinion for the year ended 30 June 2019 on 29 October 2019. 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.

**Appendix 1** lists each of the issues identified by Audit New Zealand that came with some form of recommendation, and current progress for each.



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

The Annual Report is an important way in which Council demonstrates its actions are aligned with Section 10 of the Local Government Act 2002. Audit matters raised should contribute to the above by ensuring the Annual Report is fit for purpose and compliant with legislation.

**4. BACKGROUND**

Audit New Zealand carried out their annual audit of Council's financial statements for the year ended 30 June 2019, on behalf of the Controller and Auditor-General, from September 2019 to October 2019.

An unmodified audit opinion was issued by Audit New Zealand. This means that, in the auditor's opinion, the financial statements and commentary within the annual report were presented, in all material respects, in accordance with legislation and the financial reporting standards.

The Annual Report 2018/19 was adopted by Council on 29 October 2019.

It is normal that the auditors will provide recommendations for improvement to ensure a high standard is maintained in terms of internal controls and accuracy in collecting and recording information that is required to be publically reported. A summary of the recommendations is provided in **Appendix 1** to this report. A progress update on these recommendations will continue to be provided to the Committee at each meeting.

**5. INFORMATION SUMMARY**

Refer to Appendix 1.

**6. STRATEGIC ALIGNMENT**

**6.1 Direction**

The Annual Report is a statutory requirement as is the Audit of that 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**

The Annual Report compares the actual results for the year ended 30 June 2019 against the budget as per Year 1 of the Long Term Plan.

**6.3 District Plan**

The Annual Report does not have a direct relationship with the District Plan.

**6.4 Legal Implications**

There are no legal implications - the Annual Report was completed in accordance with the Local Government Act 2002.

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.

**Attachments**

**Appendix 1 - Schedule of Audit Matters Outstanding**



Tiffany Radich  
**DIRECTOR CORPORATE SERVICES**



Approved by  
S Hanne  
**CHIEF EXECUTIVE**

**DATE** 10 March 2020

**APPENDIX 1****Audit matters raised from audit of Annual Report 2018/19**

<b>Recommendation</b>	<b>Current status</b>	<b>Comments</b>	<b>Timeframe</b>
<p><b>Reconciliation between the general ledger and the asset management system</b></p> <p>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	<i>This recommendation is not an unreasonable expectation, currently the only time the two are reconciled is at asset revaluation dates. The Accountant and GIS Officer are continuing to work on a solution that is acceptable to Audit New Zealand.</i>	01/07/20
<p><b>Support for status of completed assets</b></p> <p>Improve the documentation and processes confirming the status of work-in-progress as complete.</p>	In progress	<i>The Accountant is developing a new process for confirming completed assets at 30 June year end. WIP is now reconciled each month.</i>	01/07/20
<p><b>Bribery and Corruption</b></p> <p>The District Council should:</p> <ul style="list-style-type: none"> <li>• Send policy reminders to key staff members in high risk roles for example those involved in the procurement process.</li> <li>• Institute formal awareness related to the policies and guidance for bribery and corruption.</li> <li>• Undertake a formal risk assessment to identify where it is most at risk for bribery and corruption.</li> <li>• Ensure there is regular reporting on bribery and corruption and related activities.</li> <li>• Implement mechanisms to ensure the controls in relation to bribery and corruption are adequate.</li> </ul> <p>These could include - results from any investigations, staff surveys, feedback from training, targeted internal audits.</p>	In progress	<i>A plan to address each of these recommendations will be brought to the Audit and Risk Committee by July 2020.</i>	31/07/20

<b>Recommendation</b>	<b>Current status</b>	<b>Comments</b>	<b>Timeframe</b>
<p><b>Recording and reporting of mandatory measures not in line with Department of Internal Affairs (DIA) guidance</b></p> <p>Management should ensure the system for recording complaints includes all complaints received for each event.</p>	Temporary solution achieved	<p><i>Legislation imposes mandatory performance measures for complaints regarding water, stormwater, and wastewater to be measured individually. Front counter staff are now recording individual complaints on a spreadsheet to enable more accurate reporting until a long term automated solution can be implemented.</i></p>	Ongoing
<p><b>Assessment of asset condition be carried out at valuation cycles</b></p> <p>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 valuation	<p><i>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 in relation to asset condition.</i></p>	2021
<p><b>Verbal advice obtained on employment matter</b></p> <p>Management should ensure that advice obtained in relation to legal, compliance and employment related matters is in writing.</p>	One-off issue	<p><i>This recommendation has been passed on to Human Resources and the Senior Leadership Team.</i></p>	Complete

## Audit Matters raised in previous years' audits outstanding

<b>Recommendation</b>	<b>Current status</b>	<b>Comments</b>	<b>Timeframe</b>
<p><b>Contract management register</b></p> <p>Consider improvements to the contract management register and processes to include a whole-of-Council contract management system.</p>	In progress	<p><i>As at September 2019 the Contracts Register is 70% complete. Work is being undertaken by IT to link work orders to contracts and set up workflows to enable more effective contract management. Currently awaiting patch from Civica to resolve integration issues.</i></p>	30/06/20

<b>Recommendation</b>	<b>Current status</b>	<b>Comments</b>	<b>Timeframe</b>
<p><b>Fraud policy awareness and risk assessment</b></p> <p>Complete a formal fraud risk assessment taking into consideration the whole of Council and its operations as well as increase the level of awareness around its fraud policy.</p>	In progress	<i>The Anti-Fraud and Corruption Policy was reviewed, with significant changes, and approved by Council in July 2019. Fraud policy awareness is carried out fortnightly via the staff newsletter with different fraud issues highlighted and explained. Implementing a formal fraud risk assessment and fraud training will be the next areas to consider.</i>	31/03/20
<p><b>RAMM Database accuracy</b></p> <p>Recommended that council cleanse the RAMM database to ensure accuracy of asset data, in readiness for the 2018-28 LTP.</p>	Complete	<i>Council has been progressing this and assessed the data as sufficiently reliable for the 2018-28 LTP and the 2018/19 revaluation.</i>	Complete
<p><b>Impairment of property, plant and equipment</b></p> <p>The District Council puts in place a formal evidenced process for review of impairment indicators which is in line with the accounting standards. The process should also take in to account specific contract rates where applicable to obtain a more accurate reflection of any impairment. We also note that asset condition is not taken in to account in the valuation.</p>	Complete	<i>Council assets are assessed for impairment each year in the last quarter of the financial year, unless it is a revaluation year in which case an impairment assessment may not be required (depending on date of revaluation).</i>	Complete
<p><b>Capitalisation of assets</b></p> <p>Capital projects should be capitalised on the date that the asset becomes available for use and a quarterly review of work-in-progress balances be performed by the Asset Managers and the Financial Accountant. This review should focus on the validity of the total work-in-progress balances and whether any of this amount should be capitalised.</p>	Complete	<i>Most one-off capital items are capitalised as the invoice is entered. From the 2019/20 financial year, a new work order will be created for each capital project enabling clarity over project costs, and amount to capitalise is much easier to determine once the project is complete.</i>	Complete

Recommendation	Current status	Comments	Timeframe
<p><b>Implement a formal WIP review process</b></p> <p>The District Council should implement a formal system that easily identifies what makes up the work-in-progress at any given time.</p>	<p>Complete</p>	<p><i>Finance staff now prepare a monthly report of outstanding Work In Progress, reconciled to the WIP balance in the GL.</i></p>	<p>Complete</p>

# INFORMATION REPORT



**TO:** Audit and Risk Committee  
**FROM:** Director – Corporate Services  
**DATE:** 17 March 2020  
**SUBJECT:** Local Government Election 2019 Debrief

F19/13/04 – D20/3965

## **RECOMMENDATIONS**

1. THAT the report and the attachments are received.

### **Recommended Reason**

The Committee requested a debrief of the Local Government Election 2019, particularly in terms of the generic and specific risks associated with the election process.

\_\_\_\_\_  
Moved/Seconded

## 1. **PURPOSE OF REPORT**

- 1.1 The Local Government Election process is managed by local authorities themselves and comes with its own set of risks that must be managed before, during, and after the election process. This report has been brought to the Audit and Risk Committee to inform the Committee of the risks that were managed, and any actions resulting from that specific to Council. It is also a timely opportunity to advise the Committee of issues that other local authorities faced during the Local Government Election 2019.

## 2. **EXECUTIVE SUMMARY**

- 2.1 This report includes a summary of the issues that directly impacted the Stratford District Council during the local government election 2019 process. It also touches on other issues that may have had an impact.
- 2.2 It is recommended that the Signage Bylaw and/or District Plan are reviewed and updated to include specific guidance on election signage. It is also recommended that the candidate handbook is carefully reviewed for the 2022 local government election to ensure it is consistent with Council policies, plans and bylaws. Council officers should also review the cost allocation methodology between the Taranaki Regional Council, Horizons Regional Council, and the Taranaki District Health Board prior to the 2022 election.

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

How is the subject of this report applicable to the purpose of the Act?

- Is it for the provision of good quality local infrastructure? If so, why?; **OR**
- Is it for the performance of a good quality regulatory function? If so, why?; **OR**
- Is it for the performance of a good quality local public service?

**AND**

- Is it in a way that is most cost-effective to businesses and households? If so, why?

**Good quality** means, infrastructure, services, and performance that are efficient and effective, and appropriate to present and anticipated future circumstances.

**Local public service** means, a service provided for the community which is for the benefit of the District.

- 3.1 The local government election process contributes towards Council being able to provide a local public service.

4. **BACKGROUND**

4.1 The Local Government Election process began a year before the election with a Representation Review. This is required to be carried out by each local authority at least once every six years. The specific areas reviewed as part of this process were how Councillors were to be elected – either via a ward system or “at large”, if wards remained what the ward boundaries would be and the number of councillors that would represent each ward, and whether community boards were appropriate.

4.2 The review was undertaken in 2018, and the initial proposal that was consulted on resulted in only one change from the current representation system - to reduce the number of councillors to 8, 3 for rural and 5 for urban. After public consultation, the Council decided to retain the number of councillors at 10, 4 for rural and 6 for urban.

4.3 Following that, the Council was kept updated with the election timeline through a decision report to the Policy and Services Committee in February 2019 – also requiring elected members to decide on the ordering of candidate names on the voting numbers. Then again, updated through the Audit and Risk Committee in June 2019 with Election Protocols for Elected Members and an Election Readiness Checklist (template provided by SOLGM).

4.4 The election process was managed with risk mitigation at the forefront and there were no instances of non-compliance with legislative requirements and/or timeframes.

5. **INFORMATION SUMMARY**

5.1 **Local issues that arose, specific to the Stratford District election:**

- The Candidate Handbook differed to the public signage rules in the District Plan. Council does not currently have specific election signage rules. A complaint regarding signage was made by a candidate during the election,



however it was found that the signage complied with the District Plan and therefore complied with local rules. Council officers commit to undertaking a better review of the Candidate Handbook before it is published and distributed. A review of the Council's Signage Bylaw is currently underway and it will include a new section specifically in relation to election signage. The proposed rules will closely align with national election signage rules and election signage rules of other neighbouring districts.

- Online advertising lacked authorisation statements in some instances. Candidates were reminded by Council officers where it was identified, and were very cooperative when asked to amend their public posts.
- Local election costs – as only one candidate stood for the Taranaki Regional Council (TRC) Stratford constituency, costs able to be allocated to TRC using the SOLGM cost allocation model were significantly less than in previous elections, meaning Stratford District Council's share of the cost of Election 2019 came to \$31,667, versus Council's share of costs for Election 2016 which was \$17,567. As per Council's election contract with TRC, there was no ability to depart from the cost allocation model agreed to. This aspect will be considered prior to the 2022 election.

5.2 The recent legislative change in the Local Government Act 2002 allocating responsibility to the Chief Executive to increase electoral participation in the local government election was measured by the following two statistics:

- Elector Enrolment – 93.76 per cent (current, and above optimal rate of 92.3%).
- Voter Turnout – 51 per cent achieved (Rural 51.3%, Urban 50.8%). The national average voter turnout remained at 42 per cent (no change from 2016 election). Turnout appeared to increase in rural and provincial areas and drop in metropolitan areas.

The Stratford district is above average in both measures relating to electoral participation. This was a result of the combined efforts of Council, the Electoral Commission, the candidates themselves, and the local media. Some contributing factors include:

- Increased social media awareness campaigns, particularly via Facebook, the Council website and the newspaper.
- A record number of election candidates and a three mayor race increased the popularity of the election.
- Significantly increased election signage presence by candidates.
- Stratford Press engaging with candidates on topical issues.
- The public candidate briefing evening at the War Memorial Hall.
- Presence in the district by the Electoral Commission to increase the number of electors enrolled to vote, targeting residents not enrolled.

5.3 **Justice Select Committee into 2019 Local Body Elections:**

Submissions have recently closed (29 February 2020) for significant proposed changes to the current electoral system. Matters of importance include:

- Whether there is a case for centralisation of local elections administration through the Electoral Commission – similar to national elections.
- How low voter turnout can be addressed e.g. by introducing a compulsory civic course to the education curriculum.
- Addressing irregularities that could have compromised the fairness of the elections.

#### 5.4 **Consideration of Māori Wards:**

Section 19Z of the Local Electoral Act 2001 gives local authorities the right to resolve to establish Māori wards. However, it is not a requirement that it be considered. It is important that representation is reviewed regularly to ensure that there is adequate diverse representation on Council.

Recent figures released by the Local Government Commission, based on current 2018 census data and the Māori electoral roll show there are 744 Māori in Stratford out of a total population of 9,477. With ten Councillors this represents 0.79 Māori Ward representation. To date, Māori wards have not been considered by Council. However, if the proportion of Māori to total population increases to more than 1 per Councillor, then it is recommended that Council consider reviewing Māori ward representation.

#### 5.5 **By-elections:**

There have already been 15 by-elections across the country, as at February 2020. The cost of a by-election can be quite significant. The Council covers for this loss through personal accident insurance for all elected members so that if an elected member was permanently disabled or suffered an accidental death then the policy would provide cover of \$100,000.00 which would go towards covering the cost of a by-election.

#### 5.6 **Legal Issues encountered by other local authorities:**

- Petition of Inquiry declined in Christchurch – Section 98 of the Local Electoral Act 2001 was considered. The conduct related to publication of defamatory material during the election campaign. The Court found that the threshold of irregularity was not met, and there was no evidence that the conduct would have materially affected the outcome of the election.
- Recount applications for Queenstown Lakes and Whakātane District – both applications were granted as they met the two tests: that there are reasonable grounds to believe that the public declaration of votes is incorrect, and that on a recount the applicant may be elected.
- Recount application for Wellington City declined as the application was asking for a review contrary to the Regulations governing how the STV voting is to be counted.

## 6. **STRATEGIC ALIGNMENT**

### 6.1 **Direction**

This reports relates to the Local Government Election 2019 and therefore contributes to the Community Outcome of *Outstanding Leadership*.

### 6.2 **Annual Plan and Long Term Plan**

There is no direct correlation with the Annual / Long Term Plan.

### 6.3 **District Plan**

There is no direct correlation with the District Plan.

### 6.4 **Legal Implications**

All legal requirements have been met, no legal opinion is required.

6.5 **Policy Implications**

There is no specific Council policies in relation to the local government election.

**Attachments**

**Appendix 1** - Final Voter Turnout Results as at 12 October 2019

**Appendix 2** - Elector Enrolment figures as at 29 February 2020

**Appendix 3** - Māori Ward estimate figures published by the Local Government Commission February 2020



Tiffany Radich  
**DIRECTOR – CORPORATE SERVICES**



[Approved by]  
Sven Hanne

**CHIEF EXECUTIVE**

**DATE**

10 March 2020

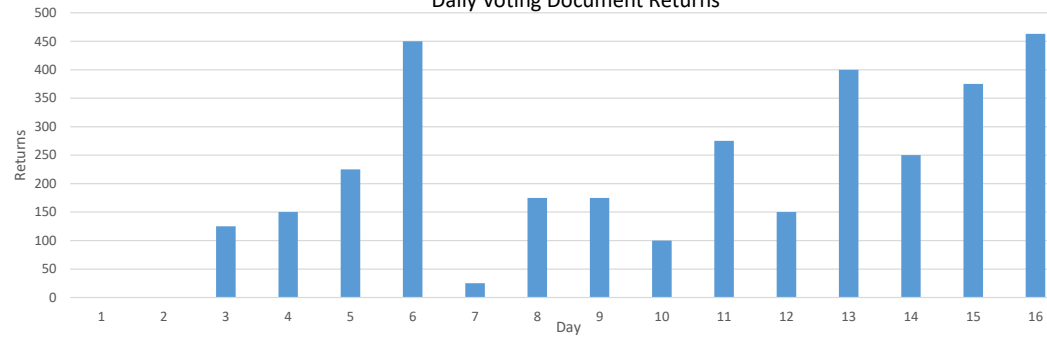
# APPENDIX 1



## VOTING DOCUMENT RETURNS - 2019 ELECTIONS

WARD/ELECTORS	ELECTION DAY															
	23-Sep	24-Sep	25-Sep	26-Sep	27-Sep	30-Sep	1-Oct	2-Oct	3-Oct	4-Oct	7-Oct	8-Oct	9-Oct	10-Oct	11-Oct	12-Oct
RURAL	0	0	0	100	50	150	0	75	75	25	100	75	125	125	150	224
<b>2482</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>150</b>	<b>300</b>	<b>300</b>	<b>375</b>	<b>450</b>	<b>475</b>	<b>575</b>	<b>650</b>	<b>775</b>	<b>900</b>	<b>1050</b>	<b>1274</b>
				4.0%	6.0%	12.1%	12.1%	15.1%	18.1%	19.1%	23.2%	26.2%	31.2%	36.3%	42.3%	51.3%
URBAN	0	0	125	50	175	300	25	100	100	75	175	75	275	125	225	239
<b>4063</b>	<b>0</b>	<b>0</b>	<b>125</b>	<b>175</b>	<b>350</b>	<b>650</b>	<b>675</b>	<b>775</b>	<b>875</b>	<b>950</b>	<b>1125</b>	<b>1200</b>	<b>1475</b>	<b>1600</b>	<b>1825</b>	<b>2064</b>
			3.1%	4.3%	8.6%	16.0%	16.6%	19.1%	21.5%	23.4%	27.7%	29.5%	36.3%	39.4%	44.9%	50.8%
TOTAL	0	0	125	150	225	450	25	175	175	100	275	150	400	250	375	463
<b>6545</b>	<b>0</b>	<b>0</b>	<b>125</b>	<b>275</b>	<b>500</b>	<b>950</b>	<b>975</b>	<b>1150</b>	<b>1325</b>	<b>1425</b>	<b>1700</b>	<b>1850</b>	<b>2250</b>	<b>2500</b>	<b>2875</b>	<b>3338</b>
	0%	0%	1.91%	4.20%	7.64%	14.51%	14.90%	17.57%	20.24%	21.77%	25.97%	28.27%	34.38%	38.20%	43.93%	51.00%
DAILY %																
2016 Returns	0.0%	0.0%	4.0%	9.1%	12.3%	16.2%	17.8%	21.4%	23.7%	26.1%	27.3%	29.3%	32.0%	38.0%	39.9%	45.6%

STRATFORD DISTRICT COUNCIL 2019 ELECTION  
Daily Voting Document Returns



**APPENDIX 2**

Enrolment statistics as at 29 February 2020

Show statistics for:

Stratford District 

**APPLY**

AGE	EST. ELIGIBLE POPULATION	GENERAL ROLL	MĀORI ROLL	TOTAL ENROLLED	DIFFERENCE	% ENROLLED
18 - 24	650	524	54	578	72	88.92%
25 - 29	570	432	34	466	104	81.75%
30 - 34	550	466	39	505	45	91.82%
35 - 39	530	426	30	456	74	86.04%
40 - 44	580	456	30	486	94	83.79%
45 - 49	640	515	26	541	99	84.53%
50 - 54	620	593	23	616	4	99.35%
55 - 59	680	633	30	663	17	97.5%
60 - 64	550	571	14	585	-35	106.36%
65 - 69	500	463	13	476	24	95.2%
70+	1,160	1,194	25	1,219	-59	105.09%
<b>Total</b>	<b>7,030</b>	<b>6,273</b>	<b>318</b>	<b>6,591</b>	<b>439</b>	<b>93.76%</b>

**APPENDIX 3**

District	Maori Electoral Population	General Electoral Population	Total Population	Total Members	Maori Ward Members	Maori Ward Members (Rounded)
Far North District	23,256	41,994	65,250	9	3.21	3
Whangarei District	17,397	73,563	90,960	13	2.49	2
Kaipara District	3,399	19,470	22,869	8	1.19	1
Auckland	105,969	1,465,752	1,571,721	20	1.35	1
Thames-Coromandel District	2,994	26,901	29,895	8	0.80	1
Hauraki District	2,874	17,145	20,019	13	1.87	2
Waikato District	13,917	61,704	75,621	13	2.39	2
Matamata-Piako District	3,825	30,576	34,401	11	1.22	1
Hamilton City	24,462	136,449	160,911	12	1.82	2
Waipa District	4,707	48,534	53,241	13	1.15	1
Ōtorohanga District	2,121	7,986	10,107	7	1.47	1
South Waikato District	5,238	18,804	24,042	10	2.18	2
Waitomo District	2,967	6,336	9,303	6	1.91	2
Taupo District	7,155	30,051	37,206	11	2.12	2
Western Bay of Plenty District	6,270	45,051	51,321	11	1.34	1
Tauranga City	14,025	122,688	136,713	10	1.03	1
Rotorua District	20,241	51,633	71,874	10	2.82	3
Whakatane District	12,126	23,574	35,700	10	3.40	3
Kawerau District	3,117	4,029	7,146	8	3.49	3
Ōpōtiki District	4,323	4,953	9,276	6	2.80	3
Gisborne District	17,562	29,955	47,517	13	4.80	5
Wairoa District	4,050	4,320	8,370	6	2.90	3
Hastings District	15,072	66,468	81,540	14	2.59	3
Napier City	8,304	53,940	62,244	12	1.60	2
Central Hawke's Bay District	2,184	11,958	14,142	8	1.24	1
New Plymouth District	8,007	72,672	80,679	14	1.39	1
Stratford District	744	8,733	9,477	10	0.79	1
South Taranaki District	4,782	22,752	27,534	12	2.08	2
Ruapehu District	3,603	8,706	12,309	11	3.22	3
Whanganui District	7,785	37,524	45,309	12	2.06	2
Rangitikei District	2,658	12,369	15,027	11	1.95	2
Manawatu District	2,889	27,273	30,162	10	0.96	1
Palmerston North City	8,898	75,741	84,639	15	1.58	2
Tararua District	2,646	15,294	17,940	8	1.18	1
Horowhenua District	4,626	28,635	33,261	10	1.39	1
Kapiti Coast District	4,380	49,293	53,673	10	0.82	1
Porirua City	7,632	48,927	56,559	10	1.35	1
Upper Hutt City	3,387	40,590	43,977	10	0.77	1
Lower Hutt City	11,322	93,210	104,532	12	1.30	1
Wellington City	8,844	193,896	202,740	14	0.61	1
Masterton District	3,108	22,449	25,557	10	1.22	1
Carterton District	627	8,574	9,201	8	0.55	1
South Wairarapa District	792	9,783	10,575	9	0.67	1
Tasman District	2,205	50,187	52,392	13	0.55	1
Nelson City	3,057	47,823	50,880	12	0.72	1
Marlborough District	3,288	44,052	47,340	13	0.90	1
Kaikoura District	489	3,423	3,912	7	0.88	1
Buller District	600	8,991	9,591	10	0.63	1
Grey District	657	12,687	13,344	8	0.39	0
Westland District	615	8,025	8,640	8	0.57	1
Hurunui District	549	12,009	12,558	10	0.44	0
Waimakariri District	2,448	57,054	59,502	10	0.41	0
Christchurch City	19,869	349,137	369,006	16	0.86	1
Selwyn District	2,229	58,332	60,561	11	0.40	0
Ashburton District	1,506	31,917	33,423	9	0.41	0
Timaru District	2,193	44,100	46,293	9	0.43	0
Mackenzie District	135	4,734	4,869	6	0.17	0
Waimate District	288	7,527	7,815	8	0.29	0
Chatham Islands Territory	246	420	666	8	2.95	3
Waitaki District	918	21,390	22,308	10	0.41	0
Central Otago District	825	20,733	21,558	11	0.42	0
Queenstown-Lakes District	942	38,211	39,153	10	0.24	0
Dunedin City	5,991	120,267	126,258	14	0.66	1
Clutha District	1,191	16,476	17,667	14	0.94	1
Southland District	1,743	29,124	30,867	12	0.68	1
Gore District	963	11,433	12,396	11	0.85	1
Invercargill City	4,791	49,419	54,210	12	1.06	1