



**STRATFORD
DISTRICT COUNCIL**

61-63 Miranda Street
PO Box 320, Stratford, 4352
Phone 06 765 6099
Fax 06 765 7500
www.stratford.govt.nz

Our reference:

14 May 2020

AUDIT & RISK COMMITTEE MEETING OF COUNCIL

Notice is hereby given that the **Audit & Risk Committee** meeting of Council will be held on **Tuesday 19 May 2020 at 4pm.**

Timetable for 19 May 2020 as follows:

3pm	Workshop for Councillors
4pm	Audit & Risk Committee meeting

Yours faithfully



Sven Hanne
CHIEF EXECUTIVE

2020 - Agenda - Audit & Risk - May (19/05/2020)

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AUDIT & RISK COMMITTEE MEETING
TUESDAY 19 MAY 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 7)

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 March 2020**
D20/7601 (Pages 8-16)

RECOMMENDATION

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 17 March 2020 be confirmed, with any amendments, as a true and accurate record.

Moved/Seconded

8. **MATTERS OUTSTANDING**
D18/27474 (Page 17)

RECOMMENDATION

THAT the matters outstanding be received.

Moved/Seconded

9. **INFORMATION REPORT - ANNUAL REPORT 2018/19 – AUDIT OUTCOMES**

D20/8187 (Pages 18-24)

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

10. **INFORMATION REPORT – RISK REVIEW**

D20/8094 (Pages 25-29)

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

11. **BI-MONTHLY REPORT – HEALTH AND SAFETY**

D20/7961 (Pages 48-51)

RECOMMENDATION

THAT the report be received.

Moved/Seconded

12. **INFORMATION REPORT - CIVIL DEFENCE UPDATE**

D20/8088 (Pages 52-58)

RECOMMENDATION

THAT the report be received.

Recommended Reason

It is a function of this committee to stay abreast of Council's readiness and ability to meet its requirements and obligations as laid out in the Taranaki Civil Defence Group's constituting agreement.

/_____
Moved/Seconded

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

D20/8096 (Pages 98-102)

RECOMMENDATION

THAT the report be received.

/_____
Moved/Seconded

14. **AUDIT NEW ZEALAND CORRESPONDENCE**

- Audit NZ – Letter to Local Authorities – Responding to Covid-19 & audit fees
D20/8158 (Pages 113-114)

RECOMMENDATION

THAT the correspondence be received.

/_____
Moved/Seconded

15. **GENERAL BUSINESS**

15.1 Insurance Claims

16. **QUESTIONS**

* * * *



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.

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

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

AUDIT & 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 Bi-Monthly 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

- 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

- 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.

MINUTES OF THE AUDIT & RISK COMMITTEE MEETING OF THE STRATFORD DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, STRATFORD DISTRICT COUNCIL ON TUESDAY 17 MARCH 2020 AT 4.00 PM

7.1

PRESENT

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

IN ATTENDANCE

The Director Community Services – Ms K Whareaitu, the Director Corporate Services – Mrs T Radich, the Director Environmental Services – Mr B Sutherland, Councillor G W Boyde, the Executive Administration Officer – Ms R Vanstone, the Health & Safety and Emergency Management Advisor – Mr M Bestall (*part meeting*), the Corporate Accountant – Mrs C Craig (*part meeting*), and one member of the media (the Daily News).

1. WELCOME

The Chairperson Ms K Denness welcomed the District Mayor, Councillors and staff.

2. APOLOGIES

An apology was noted from the Director Assets – Mrs V Araba.

RECOMMENDATION

THAT the apology be received.

DENNESS/DALZIEL
Carried
A&R/20/01

3. ANNOUNCEMENTS

The Health & Safety and Emergency Management Advisor advised all attendees of the COVID-19 ‘stop sign’ at the entranceway to the building and encouraged frequent handwashing.

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 be received.

DENNESS/ERWOOD

Carried
A&R/20/02

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.

DENNESS/McKAY

Carried
A&R/20/03

Questions/Points of clarification:

- Clarification was sought from the Chair on whether council could exit from the commitment of being a Local Government Funding Agency (‘LGFA’) guarantor. The Director – Corporate Services advised that clarification would be sought from the LGFA and requested that this be added to matters outstanding.
- Councillor Boyde clarified that the farm has a health and safety register and that the risk register for the farm and aerodrome is currently being reviewed.

7.1

8. MATTERS OUTSTANDING

D18/27474 (Page 20)

RECOMMENDATION

THAT the matters outstanding be received.

JAMIESON/DALZIEL
Carried
A&R/20/04

Questions/Points of clarification:

- With regards to the outstanding swim school response item, the Director – Community Services advised that council is working with the school to complete the necessary documentation by the second school term.
- There was discussion around the liability for council as the provider of the venue and lifeguards to a commercial operator.

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.

DENNESS/ERWOOD
Carried
A&R/20/05

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.

DENNESS/DALZIEL
Carried
A&R/20/06

The Chair took both recommendations at once.

The Corporate Accountant made the following points:

7.1

- The council plans on completing the internal audit plan for 2019/20 by internal staff. As well as a cost saving, an internal audit provides a training and development opportunity.
- The potential for conflict of interest has been eliminated as much as possible by removing the ability of staff involved in day-to-day activities to review their own activity.
- The first two risk activities identified for audit have come from council's top 10 risk register. The next six risks are reasonably topical and relevant to council and the wider world at present. The last two are not on the risk register but are possibly relevant to council's activities. The outcome of the review will determine whether these risks go into the register.
- The internal audit will commence once the minutes of this meeting are adopted. The audit results will be presented to this committee.

Questions/Points of clarification:

- Councillor McKay asked whether staff had a template structure to work from so if staff were not entirely knowledgeable about the area being reviewed, they would be aware of the relevant questions to ask. The Corporate Accountant clarified this adding that the template allowed for detail such as process changes or enhancements and cost savings to be identified. Councillor McKay asked if a peer reviewer step was included in the template. Mrs Craig confirmed this to be the case.
- Councillor Boyde asked whether the internal audit ought to be peer reviewed by an external party in the future. Mrs Craig responded that this could be considered moving forward. Mrs Radich clarified that a detailed report would be brought back to the Audit and Risk Committee and that in doing so, this forum would be peer reviewing the internal audit also. It was also thought that a peer review function could be shared across the three Taranaki councils at some point in the future.
- Councillor Dalziel, in identifying procurement contracts (item number 25 on Appendix 1), asked whether this required review having just been reviewed by the external auditors. Mrs Craig clarified that it was worthwhile to ensure that council is compliant. The Chief Executive noted that significant changes have been implemented since the previous external audit.
- The District Mayor commented that he liked the idea of an internal audit being carried out by staff periodically - one year out of three – as a possibility and he agreed that there were substantial savings to be made. An internal audit also gave staff a holistic view of the organisation whereas external auditors tended to focus on one issue.

11. INFORMATION REPORT – RISK REVIEW

D20/3572 (Pages 32-53)

RECOMMENDATION

THAT this report be received.

JAMIESON/McKAY
Carried
A&R/20/07

The Director – Corporate Services made the following points:

- Fraud related risk in terms of management overriding internal controls was added to the risk register having been raised at the last Audit and Risk Committee meeting and by the external auditor.
- Other changes to the top ten risk register include adding an infectious disease outbreak/pandemic risk in light of the corona virus outbreak, reducing the residual risk of the release of incorrect or confidential information and updating minor server failure and government policy impacting on local government and resourcing in light of occurrences in council.

In a pandemic update, the Chief Executive made the following points:

- Council had been busy on a daily basis adjusting to the ever evolving situation and understanding of the risks posed by COVID-19.
 - As an organisation council has increased cleaning measures across all of its facilities and has been working with neighbouring councils to provide a unified approach to service and communications.
 - Council continues to await legal, sector and wellbeing advice from organisations such as Local Government New Zealand, the Ministry of Health and Taranaki Health Board.
 - Taranaki Emergency Management ('TEMO') has been activated to ensure the flow of information through the region. At this stage, one council staff member has been seconded to TEMO and a second secondment is being considered from one of the councils. The scenario provides good experience and practice for staff. New Plymouth District Council have chosen to activate their own Emergency Operational Centre ('EOC'). At this stage Stratford have decided that there would be no benefit in activating a local EOC as it would draw resources out of our business as usual roles.
 - The organisation is working through business continuity plans. General indications are that there will be a 9-12 month pandemic 'tail' so the business as usual activities like paying bills and rates are being focused on. We are looking at ways of providing services by staff working from home. Over next few days we will do a full work from home test.
 - National advice is being stitched together by the Society of Local Government Managers ('SOLGM') regarding the opening of council facilities – we expect that some time next week.
 - A communication strategy for customer service advice to the public around social distancing etc. is being formulated. This would not include health advice.
 - We are in the process of setting up a 'hygiene bubble'. Hand sanitiser has been installed in a number of locations and is available at the front counter. Access to the back part of the building has been restricted to staff and contractors. The water technicians are temporarily based at the water treatment plant. Discussions are taking place with other councils about the cross-training of staff for essential services.
- Mayor Volzke will attend a health board facilitated meeting tomorrow with key agencies to receive an update and discuss a unified regional response. He expects a communique from that meeting.
- The Chair asked if council had considered remote meetings. Mr Hanne responded that at this stage, council chambers allows for safe distance working however this is likely to be reviewed if the current event progresses.
- The Chair asked if staff and elected members with underlying health conditions had been identified. Ms Whareaitu confirmed that staff had been asked to self-identify risk

factors including age, underlying illness, living with people with an underlying illness and to advise their managers.

Questions/Points of clarification:

- Councillor Dalziel expressed his concern for the lone worker. The Health & Safety and Emergency Management Advisor clarified that there had been robust discussion around the question of the lone worker and he was satisfied with the moderate risk scoring. He advised that he continues to explore the option of a security device for the lone worker. Councillor Erwood added recruitment and ongoing training as aspects of consideration for the lone worker. Mayor Volzke reiterated Councillor Dalziel's concerns adding that the legislation requires all reasonable and practicable steps to be taken.

The Corporate Accountant left the meeting at 4.58pm.

12. QUARTERLY REPORT – HEALTH AND SAFETY

D20/4087

(Pages 54-58)

RECOMMENDATION

THAT the report be received.

DENNESS/DALZIEL

Carried
A&R/20/08

The Health and Safety and Civil Defence Advisor made the following points:

- There have been three health and safety incidents in this quarter, including a major incident where a logging truck slid off the road. In this case the contractor did everything practicable leading up to and after the accident. There have been no further incidents with contractors.
- The biggest challenge lately has been dealing with the more unstable elements of the community that decide to visit council facilities. One person has been trespassed from all facilities.

Questions/Points of clarification:

- In referring to items 2.4 and 2.5, Councillor Erwood recommended dialling 111, not senior staff in the first instance. The Chief Executive responded that pool staff had called the police and it took them 45 minutes to respond.
- Councillor McKay asked if staff had been put through de-escalation training. Mr Bestall advised that all pool staff completed de-escalation training 1.5 years ago but there have been a lot of staff changes since then. Training was being considered again however.
- The Chair asked whether the council had considered security at the pool. The Director – Community Services responded that this had not been considered.

The Health and Safety and Civil Defence Advisor left the meeting at 5.06pm.

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.

DENNESS/ERWOOD
Carried
A&R/20/09

7.1

The Chief Executive made the following points:

- Audit NZ separately audited procurement due to its identification as a high risk activity for councils. This council's core procurement processes are sound however the report highlighted some areas for improvement including procurement planning, conflict of interest management and the evaluation of tenders in relation to the reviewed contracts for three waters maintenance, general roading maintenance and open spaces maintenance.
- Mayor Volzke clarified that the Office of the Auditor General and Audit NZ met with himself and the Chief Executive to discuss the previous audit and there was some focus on the procurement report. The auditors were satisfied with the responses given and there were no suggestions of impropriety.

14. **INFORMATION REPORT – FINANCIAL RISK MANAGEMENT
REPORT**
D20/4000 (Pages 68-78)

RECOMMENDATION

THAT the report be received.

McKAY/DALZIEL
Carried
A&R/20/10

Questions/Points of clarification:

- Mayor Volzke asked what the implications were in relation to underspent capital expenditure of \$2.1 million. The Director – Corporate Services suggested that \$7.3 million would need to be spent for the year and that water supply expenditure was the underspend area.
- Mr Hanne clarified that there was not enough free capacity to complete the design work for water supply zoning which council had proposed to elected members as part of a resilience discussion.
- Ms Radich added that other water supply projects were unlikely to be completed by the end of the financial year including the grit tank replacement and meter replacements. Mayor Volzke expressed his concern for the failure to deliver on elected members'

commitments to get the work done and this was not an insubstantial amount being talked about. Mayor Volzke ended by saying that council must make its best endeavours to spend the money because there is no guarantee that the budget will be rolled over.

- Mr Hanne added that council is committed to the work however the ability to deliver was proving more problematic.

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

D20/3968 (Pages 79-85)

RECOMMENDATION

THAT the report be received.

DENNESS/McKAY
Carried
A&R/20/11

16. INFORMATION REPORT – LOCAL GOVERNMENT ELECTION 2019 DEBRIEF

D20/3965 (Pages 86-93)

RECOMMENDATIONS

THAT the report and the attachments are received.

DENNESS/VOLZKE
Carried
A&R/20/12

The Director – Corporate Services made the following points:

- The Chief Executive was given a mandate to encourage voter participation following a legislative change. Electoral participation and voter participation in this district is notably higher than the average.
- Mayor Volzke commented on the election signage issue which saw inconsistencies between the Signage Bylaw and the District Plan. The Director – Environmental Services advised that the bylaw was being drafted and would come before elected members in this half of the year.
- Mayor Volzke clarified that Māori wards had been considered by this Council but were decided against. Mrs Radich confirmed that this would be corrected in the report.
- The Chair asked for a breakdown of voters by age group however this was not available from Election Services.

7.1

17. GENERAL BUSINESS

17.1 Insurance Claims

The Director – Corporate Services advised that five insurance claims, all for vehicle windscreen repairs have been made in the financial year to date.

The meeting closed at 5.33pm.

K Denness
CHAIRMAN

Confirmed this 19th day of May 2020.

N Volzke
DISTRICT MAYOR

7.1

AUDIT & RISK COMMITTEE MATTERS OUTSTANDING INDEX

REF NO.	ITEM OF MATTER	MEETING RAISED	RESPONSIBILITY	CURRENT PROGRESS	EXPECTED RESPONSE
	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&S report at 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&R</i>	
	Chair appointment process		Sven Hanne/Mayor		
	Clarification sought on whether Council can exit LGFA guarantor scheme.	17 March 2020	Tiffany Radich		

INFORMATION REPORT



TO: Audit and Risk Committee

F19/13/04-D20/8187

FROM: Director – Corporate Services

DATE: 19 May 2020

SUBJECT: ANNUAL REPORT 2018/19 – PROGRESS ON AUDIT ISSUES

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, summarising the actions that have or intend to be taken by Council officers to respond to audit recommendations with respect to each issue raised.

Moved/Seconded

1. PURPOSE OF REPORT

The purpose of this report is to inform the Committee of the issues identified in the final Audit New Zealand Management Report for the most recent year-end external audit, and summarises the actions that have or are 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 the current status.

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 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 2019/20 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 the Audit New Zealand management report, included in the Correspondence section of the December 2019 Audit and Risk Committee meeting agenda.

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: 12 May 2020

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

Recommendation	Current status	Comments	Timeframe
<p>Reconciliation between the general ledger and the asset management system</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>Due to existing processes, the only time the two systems are reconciled is at asset revaluation dates. The Accountant and GIS Officer are continuing to work on a solution that enables monthly reconciliation of asset values between AssetFinda and Authority.</i>	01/07/20
<p>Bribery and Corruption</p> <p>The District Council should:</p> <ul style="list-style-type: none"> • Send policy reminders to key staff members in high risk roles for example those involved in the procurement process. • Institute formal awareness related to the policies and guidance for bribery and corruption. • Undertake a formal risk assessment to identify where it is most at risk for bribery and corruption. • Ensure there is regular reporting on bribery and corruption and related activities. • Implement mechanisms to ensure the controls in relation to bribery and corruption are adequate. These could include - results from any investigations, staff surveys, feedback from training, targeted internal audits. 	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

Recommendation	Current status	Comments	Timeframe
<p>Assessment of asset condition be carried out at valuation cycles</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 infrastructure 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, collected by contractors, in relation to asset condition.</i></p>	2021
<p>Support for status of completed assets</p> <p>Improve the documentation and processes confirming the status of work-in-progress as complete.</p>	Complete	<p><i>WIP will be reconciled each month and confirmed by SLT – to ensure there are no completed assets sitting in WIP to be capitalised. The capital expenditure report is emailed to budget managers monthly to confirm if any projects are complete and require capitalisation..</i></p>	Complete
<p>Recording and reporting of mandatory measures not in line with Department of Internal Affairs (DIA) guidance</p> <p>Management should ensure the system for recording complaints includes all complaints received for each event.</p>	Complete - Temporary solution sufficient for long term	<p><i>Legislation imposes mandatory performance measures for complaints regarding water, stormwater, and wastewater to be measured individually. Front counter staff create a CRM task for every complaint associated with the three waters. A spreadsheet register is used where there are multiple complaints about the same issue affecting more than one property.</i></p>	Complete
<p>Verbal advice obtained on employment matter</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

Recommendation	Current status	Comments	Timeframe
<p>Contract management register</p> <p>Consider improvements to the contract management register and processes to include a whole-of-Council contract management system.</p>	In progress	<i>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>	30/06/20
<p>Fraud policy awareness and risk assessment</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>	30/06/20
<p>RAMM Database accuracy</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>Impairment of property, plant and equipment</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

Recommendation	Current status	Comments	Timeframe
<p>Capitalisation of assets</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
<p>Implement a formal WIP review process</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>	Complete	<i>Finance staff now prepare a monthly report of outstanding Work In Progress, reconciled to the WIP balance in the GL.</i>	Complete

INFORMATION REPORT



TO: Audit and Risk Committee

FROM: Director – Corporate Services

DATE: 19 May 2020

SUBJECT: RISK REVIEW

F19/13/04 – D20/8094

RECOMMENDATION

THAT this report be received.

RECOMMENDED REASON

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

_____/_____
Moved/Seconded

1. PURPOSE OF REPORT

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

2. EXECUTIVE SUMMARY

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

Changes to the risk register are discussed and agreed to by SLT before coming into effect. In the past quarter, one new risk was added to the risk register – “Failure of a Significant Contractor”.

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

3. LOCAL GOVERNMENT ACT 2002: SECTION 10

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.

10

4. BACKGROUND

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

The *Risk Management Framework* reads:

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

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

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

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

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

5. INFORMATION 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 82 – Failure of a Significant Contractor

IF a Contractor's financial situation deteriorates and impacts on their ability to deliver on a procurement contract, THEN the project may be left unfinished, Council may lose out on funds already spent, and may have to put the contract out for tender again - resulting in project delays and additional cost.

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 measure is that “*Due Diligence checking is required for all significant contracts that are required to go out for tender. Refer to the process in Procurement Manual (D19/33336), and use the Due Diligence Checklist (D18/35114).*”

	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	4-High	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

There have been no changes to the Top Ten Risk register since the last Committee meeting.

5.3 Incidents or Threats in relation to the Top Ten Risks

Risk 78 - Government Policy impacting Local Government:

- **COVID-19 Response Bill**

The COVID-19 Response (Further Management Measures) Legislation Bill was introduced on 5 May 2020 and is available online. The following changes relating to local government legislation are:

- *Streamlining the process for amending a long-term plan* – so that, where an amendment to the long-term plan is needed as a result of COVID-19 response or recovery before the 30 June 2020 deadline for adopting an annual plan, the consultation document can be adopted without an audit report if necessary to meet the deadline.
- *Public notices* - amending the Local Government Act 2002, Local Electoral Act 2001, Local Government (Rating) Act 2002 and the Local

Government Official Information and Meetings Act 1987 to remove the strict requirement that a public notice be placed in a newspaper circulating in the district, but requiring internet publication in all cases. There is a risk that disruption to local newspaper distribution during the COVID-19 response may make it unreasonably expensive or ineffective to publish in newspapers.

- *Special Consultative Procedure* - adding flexibility so that, to the extent that is reasonably necessary in the circumstances, the consultation period can be reduced below the current minimum of one month and/or hearings of submitters are not required.
- *Revocation of bylaws* – temporarily suspending the provisions in the Local Government Act 2002 and Freedom Camping Act 2011 that automatically revoke bylaws after 2 further years if they were not renewed within the required period. The suspension of these provisions will be in place until 30 June 2021 meaning that any bylaws that would be automatically revoked before this date will continue in force until then.

The Government is currently reviewing legislation that could affect how Council operates and Council's existing procedures and resourcing:

- Justice Select Committee Inquiry into the 2019 Local Elections
- Urban Development Bill
- Three Waters Review – amalgamation of water operations likely
- Resource Management Act 1991 – review panel established
- Racing Industry Bill - *Submission made by Mayor on 10 February 2020.*

Risk 64 – Infectious Disease Outbreak / Pandemic

COVID-19 and the government lockdown has had a major impact on Council operations since March 2020 and will continue to have an impact.

Refer to the Information Reports on Civil Defence Response, and the Health and Safety Report in this meeting's agenda for details on Council's response to managing this risk.

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: 12 May 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	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

APPENDIX 1

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

APPENDIX 1

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

APPENDIX 2

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

APPENDIX 2

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

APPENDIX 2

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

APPENDIX 2

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

APPENDIX 2

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

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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

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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
82	Operational	Failure of a Significant Contractor	IF a Contractor's financial situation deteriorates and impacts on their ability to deliver on a procurement contract, THEN the project may be left unfinished, Council may lose out on funds already spent, and may have to put contract out for tender again - resulting in project delays and additional cost.	4 High	Due Diligence required for all significant contracts that are required to go out for tender. Refer process in Procurement Manual (D19/33336), and Due Diligence Checklist (D18/35114).	2 Moderate

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Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
53	Reputational and Conduct	Release of incorrect or confidential information	IF incorrect or confidential information was given out through social media, media releases, staff actions at the services desks, LGOIMA requests, council meetings, and/or functions THEN risk of damaged reputation, ratepayer distrust and actions from Local Government ministry and/or Privacy Commissioner.	8 High	All Media releases are to be checked off by Dir – Community Services, and signed off by CEO or Mayor. Social Media Policy in place for clear guidance of social media use. Front counter training needs and communication guidelines established - a resource centre (knowledge base) maintained for FAQ's from public. Consider implementing a Privacy Impact Assessment for how council handles personal information.	2 Moderate
54	Reputational and Conduct	Building Consent Authority (BCA) Accreditation	IF Council loses BCA accreditation, THEN council cannot perform its building control function and there is no approval process for construction work and building compliance for the Stratford district.	4 High	Ensure best practice processes and procedures are in place and staff numbers and skill levels in the building consents team are appropriate. IAANZ audit recommendations to be taken on board. QA process implemented.	1 Low
55	Reputational and Conduct	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

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Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
58	Reputational and Conduct	Contractor Damage or Breach	IF Council and/or council contractors are found to be liable for public/environmental damage, or any actions that are unsafe or non-compliant with legislation and applicable policies and standards, THEN fines, possible injury, long-term damage, reputational damage could result.	12 Very High	Appropriate procedures and guidelines are in place to monitor contractor actions and our own including health and safety audits, contractor meetings/KPI's. The Council requires all physical works contractors to go through a thorough health and safety pre-qualification process and become approved before commencing any physical work. All relevant staff are kept up to date with pre-approved contractors register. Mini audits and random checks should be built into contracts. Contractor public liability insurance required for all major contracts.	3 Moderate
59	Reputational and Conduct	CCO and other Out-sourced Functions	IF Council's non-core activities (farm, aerodrome) or CCO (Percy Thomson Trust) operate in a way that has potential for non-compliance with the law or potential for financial loss THEN there may be legal, financial, environmental and health implications.	4 High	Ensure regular meetings between council staff and external operators are held and there is good reporting and monitoring of key risks and KPI's by council staff. CCO's must report six-monthly to Council. Farm Business plan is prepared annually, separate to the Annual Plan, which contains all other council operations.	3 Moderate
60	Reputational and Conduct	Elected Members Communication	IF elected members disclose incorrect or confidential information to the public or talk about council negatively, THEN this could damage the reputation and public trust of elected members and council staff.	6 High	Ensure elected members have a good awareness and understanding of the SDC Code of Conduct. Induction for new councillors should be thorough and cover communication with the public, in private, and at Council meetings.	3 Moderate
72	Reputational and Conduct	Elected Members - Decision Making	IF elected members make significant decisions based on inaccurate/insufficient information, "biased" influences, conflicts of interest not disclosed, or lack of understanding of the financial or legislative impacts, THEN there could be funding access difficulties, audit scrutiny, financial penalties, and/or community distrust in elected members. Potential breach of Local Authorities (Member's Interests) Act 1968, and Councillors may be personally financially liable under S.47 of LGA 2002.	12 Very High	Relies on the accuracy and quality of the advice given by staff to elected members - ensure agenda, reports, and other papers are always reviewed by CEO, and Directors if appropriate. 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
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

BI-MONTHLY REPORT



TO: Audit and Risk Committee F19/13/04 – D20/7961
FROM: Health and Safety/Emergency Management Advisor
DATE: 19 May 2020
SUBJECT: **HEALTH AND SAFETY BI-MONTHLY REPORT TO APRIL 2020**

RECOMMENDATION

THAT the report be received.

Moved/Seconded

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This report presents a summary of the bi-monthly progress and any highlights for the main areas of activity within for the period to April 2020.

1. **HIGHLIGHTS**

No major injuries to date with staff or contractors. As the period of this report aligns with COVID-19 lockdown normal elements of health and safety were either not being completed or running at minimal levels.

2. **EXECUTIVE SUMMARY**

2.1 This report provides an overview of Council’s health and safety performance through statistical data reported and recorded in the health and safety software (Vault) for the two months ending 30 April 2020.

2.2 Results of data analysed since 1 March 2020 show that there have been a total 5 events logged in Vault. There were also a further 4 minor events recorded from the TSB pool.

Incidents (29 February 2020 –30 April 2020)

Incidents 9 (52 YTD)	Injury 0 (1 YTD)	ACC Claims 0 (0 YTD)
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Notifiable 0 (1 YTD)	Near Miss 0 (17 YTD)	Observations 0 (7 YTD)
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Types of Incidents and Injuries

Type of Incident

Slips/Trips/Falls (no injury)	4
Sprains/Strains	0
Cuts/Abrasions/ Bleeding nose	3
Bruising	0
Near Miss	0
Aggressive/Abusive Customer	0
Vehicle Damage	0
Insect Stings	-
Other	2

Level of Treatment

No Treatment	1
First Aid	8
Medical Centre	-
Hospital	-

Level of Investigation

No Investigation	0
Formal Investigation	0
WorkSafe Investigation	-

Health and Wellbeing

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

- 2.3 Of the nine events logged, 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.
- 2.4 On Monday 23 March 2020, the Government in response to the COVID-19 pandemic moved the country to Alert Level 3 and announced that on 25 March it would be raised to Alert Level 4. The Audit and Risk Committee had only just met on 17 March.

The corona virus COVID-19 pandemic is the defining global health crisis of our time and the greatest challenge we have faced since the Second World War. We are in uncharted territory with uncertainty growing and no way of knowing when normality will return.

Throughout this time council has continued to operate in a limited capacity but still delivering on core essential services such as water, roading and refuse collection. As with the moving nature of COVID-19 and its requirements

through the levels it has been paramount to ensure staff safety and manage the associated risks as we move through the levels.

Prior to lockdown on the 25 March, council had already started planning for the different levels and how the delivery of essential services and needs of staff would be met.

Staff with immunocompromised conditions or family members were encouraged to stay at home and the entire “working from home” theme established with what each employee would need to achieve this. As the country went into lockdown all non-essential staff were already working from home securely in their “bubbles”.

Facilities such as the service centre, i-Site, library and pool were closed, with staff that were available to work being redeployed to the regional Civil Defence response where possible. The entire corporate and environmental departments worked from home and governance meetings cancelled. These have recently re-emerged with the aid of audio visual software, Zoom.

General guidance practices involve putting in place control measures to eliminate the risk of the spread of COVID-19 so far as is reasonably practicable. Such control measures currently promoted by the Government include: eliminating or minimising physical interaction, general hygiene and safety measures, contact registers and the use of PPE including sneeze guards.

Currently New Zealand is at Alert Level 3. Restrictions are in place for businesses to keep workers and customers safe and whilst the current status requires no close physical contact, no customers on premises, contactless trading and a safety plan, it is the coming out of level 3 and transition to level 2 that promotes interest to ensure our health and wellbeing is being met.

Our main contractors are being proactive and sending through return to work plans for compliance within level 3 and beyond. This is also a WorkSafe expectation. Our own staff have also been given return to work protocols including a health declaration that must be completed prior to returning to work. The information is obtained for evaluating and supporting current wellbeing.

Other initiatives that will ensure our staff are safe to return to work include the purchasing of sneeze guards that will be used on all counters for customer serving staff along with more sanitising stations. Masks, gloves, wipes and sanitisers will be issued to all staff to use with the expectation that all shared surfaces are cleaned. A thermometer and questionnaire will also be used to screen staff and any contractors entering the building. There is an expectation that staff will not present themselves for duty if they are suffering any cold-like symptoms.

The library has developed a system that will include minimal interaction between the public including the pick up and drop off of resources. The service centre along with all facilities will maintain manageable numbers within their buildings with social distancing protocols being observed. Anti-slip floor stickers to denote where people should stand will be applied to help with this.

As we anticipate what level 2 will look like in the upcoming weeks and Prime Minister Ardern's announcement on whether the country will leave level 3 on Monday 11 May, it is important that we ensure the safety of our staff by assuming that the risk of community transmission remains.

Under level 2, all businesses and public facilities will be allowed to open with a one metre social distance maintained and public health measures in place. Businesses are encouraged to use shift-based working, physical distancing, and flexible leave where possible. Staggered meal breaks will be encouraged whilst our older staff members or those with existing medical conditions will still be encouraged to stay home.

The current state of emergency order was extended on Tuesday 5 May to expire at 12.21pm on Wednesday 13 May. This can however be extended or cancelled at any time. There may no longer be a national state of emergency in place under Alert Level 2, but specific COVID-19 legislation to enforce such restrictions may be required.



Mario Bestall
HEALTH AND SAFETY/ CIVIL DEFENCE ADVISOR

Approved By:
S Hanne
CHIEF EXECUTIVE

DATE: 12 May 2020

INFORMATION REPORT



TO: Audit and Risk Committee

F19//13/04 – D20/8088

FROM: Chief Executive

DATE: 19 May 2020

SUBJECT: CIVIL DEFENCE PROGRESS AND READYNESS REPORT

RECOMMENDATIONS

THAT the report be received

Recommended Reason

It is a function of this committee to stay abreast of Council's readiness and ability to meet its requirements and obligations as laid out in the Taranaki Civil Defence Group's constituting agreement.

Moved/Seconded

1. **PURPOSE OF REPORT**

To update the Audit and Risk Committee on the current state of Stratford District Council's ('SDC') Civil Defence activity and progress made by Council since the adoption of the 'Morris Report' by the Taranaki Civil Defence Group in 2017/18, which fundamentally changed the responsibilities of the individual agencies operating in Taranaki in terms of Civil Defence, as well as delivery against recently revised national targets.

While it is outside the scope of this report to provide an update on the Civil Defence Emergency response to the COVID-19 Pandemic underway at the time of writing of this report, where appropriate, this report takes the opportunity to reflect on the performance of the regional and local Civil Defence arrangements from the unique perspective of a live event – particularly one the region (country) has no prior experience in.

2. **EXECUTIVE SUMMARY**

Longer Term Background – how did we get here:

- 2.1 Up until 2017, the three Taranaki Local Authorities ('TLA's') effectively operated an outsourced model for Civil Defence with the vast majority of related services provided by the Taranaki Regional Council (TRC) via TEMO (Taranaki Emergency Management Office).
- 2.2 Following a review undertaken by Brendan Morris in 2017 (known as the 'Morris Report'), it was acknowledged that the operational model was not appropriately

aligned with the Councils' responsibilities under the act and the recommendations of the report were adopted by the group.

- 2.3 The regional group office (TEMO) as well as the TRC and the three TLA's have been working through the required changes since the adoption of the report in 2017/18.
- 2.4 Since the adoption of the Morris Report, SDC has undergone two external assessments, carried out by TEMO staff for regional consistency, regarding readiness under the new model. While there is still a way to go to arrive at a long term acceptable level of readiness, notable improvements have been made in a reasonably short time frame. Furthermore, it is evident from the assessment that further improvements already underway, but not yet acknowledged in the most recent assessment (as not complete at the time of the second assessment) will deliver further notable gains.

Past 12 months – recent achievements:

- 2.5 Given the fact that recent regional restructure (the 'Morris Report') and subsequent significant changes to the Civil Defence nationally, the Taranaki Civil Defence Emergency Management ('CDEM') Group conducted an out-of-programme Monitoring and Evaluation ('M&E') process that commenced late 2019. This process has now completed and provides an evidence-based snapshot of current progress bench-marked against previous CDEM M&E's, and also provides comparison to CDEM best practice through assessment of relevant national guidance. The process run by an external contractor and moderated by the National Emergency Management Authority ('NEMA'), has been thorough, and received input from all stakeholders.
- 2.6 Despite considerable change across the Taranaki CDEM Group in recent years, the Group has maintained an advancing state with an overall score of 67.8 per cent (an increase of 6.9 the from the 2015 M&E). Of more importance is the highlighting of standout areas and areas for improvement. There are a total of ninety-six (96) recommendations across all CDEM Goals and Enablers, which are being considered and prioritised in balance with current work programmes and resourcing.
- 2.7 The most recent quarterly performance report prepared by TEMO is included to provide the committee with insight into the regional Civil Defence activity beyond the scope of this report. This report predates COVID-19.

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.

Civil Defence is governed by the Civil Defence Emergency Management Act 2002, which is recognised and referenced in the Local Government Act. It could be considered a local public service.

4. **BACKGROUND**

In Taranaki, Civil Defence responsibilities are split between the regional Group Office, TEMO, the TRC and the three TLA's with the separation of responsibilities set out in the group's constituting agreement.

Performance and ongoing improvements of the group and each TLA as well as the TRC are reported in the quarterly performance reports to the Taranaki CDEM Coordinating Executive Group. The most recent one is attached to this report for further information.

The following progress has been reported for SDC over the past 12 months. It is structured along the 4Rs of Civil Defence:

Reduction

- SDC participated in high level regional lifelines assessments via regional coordination, although of limited benefit as community size by default limits significance assessment.
- Own criticality assessments as per Asset Management Plans form the basis of understanding of vulnerability of our lifelines. Most significant risk item being water trunk main for Stratford. Duplication is scheduled in the LTP to mitigate risk. Resilience and where appropriate redundancy are standard design criteria for council infrastructure, specifically critical and lifelines assets.

Readiness – Staffing

- SDC has been building its volunteer base internally and externally and has a current volunteer base of 47, this includes SDC staff and community volunteers. This number is up 7 on the previous year's number – and has to be read as a combination of ongoing recruitment and training offset by losses sustained due to staff migration. While the increase in numbers is less significant than over previous periods, many of these staff members have undertaken additional training to increase their proficiency.
- Staff actively engage in training, exercising and regular subject specific meetings (controller, welfare, lifelines, etc).
- The Local Controller has completed the first half of the Response and Recovery Leadership Programme by MCDEM and is awaiting acceptance into the second course, which will complete the formal qualification.

- Following the departure of SDC's Alternative Controller, Blair Sutherland has been put forward for appointment. At the time of writing, CEG has recommended the appointment to the Joint Committee at its next meeting.
- Chade Julie, SDC's Community Development Manager has been appointed as the Alternate Group Welfare Manager. This is a regional role and his nomination recognises Chade's performance during the COVID-19 response.
- The SDC is represented on all of the working groups and committees and is working well with the regional EMO and TEMO Staff.
- At the time of writing, a total of 11 SDC staff members have directly worked a combined 148 days in the regional ECC during COVID-19 to date. Involvement ranged from general staffing roles to lead roles in individual work streams. Communications was lead throughout the event to date by Gemma Gibson, SDC Communications Manager; Chade Julie, SDC Community Development Manager, performed as Alternate Welfare Manager and SDC's Controller acted as one of the four controllers. Apart from the obvious support this provides to the immediate event, it created invaluable experience not practically achievable in training.
- A number of SDC staff provided delivery services for Civil Defence welfare deliveries to residents unable to access those services. This was coordinated by SDC's call centre, which was operational throughout the event and provided residents with useful information, reassurance, and sometimes a (virtual) shoulder to lean on.

Readiness – Facilities & Equipment

- The local EOC development had been fast-tracked at the on-set of COVID-19, when it was unclear whether a local response would be required and is ready for use. This is approximately six months ahead of the original programme, which had anticipated consultation with user groups currently displaying club memorabilia on walls required for the permanent installation of equipment. As this was not feasible with the onset of an event, we will now work with the affected group(s) post COVID-19 to find a suitable solution for their displays.
- Dedicated laptops, phones, vests, stationery kits have been procured and are ready to be deployed. Coordination of Software by all three councils have been completed and a maintenance strategy is in place. Some of this equipment has been utilised in the regional ECC as part of the response to COVID-19, on the understanding that it would be required to be returned should a local activation be required.
- No further EOC assessment has been completed since the second SDC EOC assessment by TEMO staff on 17 May 2019 as we were awaiting setup of the SDC EOC. The current score therefore remains at 73.4 per cent (measured out of 100 – but 100 is an unlikely target for SDC) but almost certain to increase once EOC has concluded its assessment. It is important to note that this is not simply a point-scoring exercise but needs to be focused on sensibly growing the operational capability of the EOC.
- SDC Business Continuity Plans had been updated prior to COVID-19 and have been re-assessed as part of their implementation. A further review will naturally occur on conclusion of the current Civil Defence Emergency to maximise the learnings from an actual event.

Response and recovery

- Information from TEMO is paramount and SDC's reliance on TEMO and neighboring authorities for response and recovery is still heavily weighted for even a small event. This is mainly due to the significant staffing numbers required to man all required functions.
- The current Civil Defence Emergency has illustrated the staff-heavy nature of staffing an EOC/ECC.
- The upcoming recovery from COVID-19 will be lead by Kelvin Wright, New Plymouth District Council's Chief Operations Officer and CDEM Group Recovery Manager. This will offer an incredible amount of learning as most (if not all) CDEM recoveries run in the recent past were significantly smaller and largely focused around repair and rebuild of critical infrastructure and reinstatement of private physical assets (largely farm fencing).

Lifeline utility responsibilities

- In attendance of Lifelines meetings.
- As per the *Reduction* section above, lifeline aspects are being taken into consideration in capital and renewal programs. Notable projects Council has on its books are the secondary water trunk main, improvements to controls (valving) in the drinking water network as well as an additional road bridge on Brecon Road.
- During COVID-19, SDC lifelines staff went into separate work patterns, giving effect to Business Continuity Plans (including increased hygiene and PPE procedures), with water treatment operators relocated from the building to minimise the risk of contamination should a team member become infected.
- Some other COVID-19 related lifelines aspects are already covered under the relevant sections above.

5. INFORMATION SUMMARY

- 5.1 Significant shift in responsibilities between regional CDO and TLA's due to review in 2016/17 (the 'Morris Report').
- 5.2 Morris Report recommendations have been implemented in Taranaki since 2017/18. Significant progress has been made on a regional basis as well as by each of the three TLA's. SDC's progress is listed in detail in the background section above.
- 5.3 The most significant steps taken since the last report were the determination of the location of the local Emergency Operations Centre ('EOC') and Welfare Centre. The EOC can therefore now be equipped with the relevant services and technology, including desired redundancy (eg: secondary internet, power generation, water storage, etc.). Any building specific work will be scoped and put forward for inclusion in the upcoming LTP and form part of further discussion with elected members.

- 5.4 The key IT elements have already been procured and are mobile to allow EOC location to be flexible based on type of event.
- 5.5 Council's internal and external volunteer base has seen significant growth and is undergoing ongoing training coordinated by TEMO.
- 5.6 Council's appointed local controller (Sven Hanne, Chief Executive Officer) is currently undergoing formal training by Ministry for Civil Defence and Emergency Management ('MCDEM') for this role. Initial week of residential training completed and awaiting acceptance into the second week of residential training to complete overall qualification. There is a mandatory period between week one and week two of the training of approximately 12 months.
- 5.7 Blair Sutherland, Director Environmental Services at SDC has been put forward for appointment by SDC and received a recommendation from the CEG. His appointment is awaiting adoption by the Civil Defence Joint Committee at the next meeting of this committee. Once successfully appointed, training towards formal qualification as Controller will be required.
- 5.8 Chade Julie, SDC's Community Development Manager has been appointed as the regional Alternate Group Welfare Manager.

6. **STRATEGIC ALIGNMENT**

6.1 **Direction**

Civil Defence meets the definition of a local public service.

6.2 **Annual Plan and Long Term Plan**

Civil Defence is reflected in Council's annual and long term plans and above mentioned local capability improvements and physical requirements of EOC and Welfare Centre will form part of the next LTP discussion.

6.3 **District Plan**

There is no direct link between the Civil Defence activity and the District Plan.

6.4 **Legal Implications**

Council has a statutory obligation to resource and undertake the Civil Defence activity.

There are a range of legal implications inherent within the Civil Defence activity, which are best mitigated through appropriate funding, resourcing and training of staff. Support provided by TEMO and MCDEM and insurance cover through the Taranaki Council's insurance scheme further help to mitigate these implications.

6.5 **Policy Implications**

There are no policy issues.

While not policy, the Morris Report (together with relevant legislation and other guidance provided by MCDEM) is the guiding document until the Taranaki

Civil Defence group has completed the required transition identified in the Morris Report.

Attachments

Appendix 1 - TEMO Performance Report Q2/2020

A handwritten signature in blue ink, appearing to read 'Sven Hanne', is centered on the page.

Sven Hanne
CHIEF EXECUTIVE

DATE: 12 May 2020

PERFORMANCE REPORT

Quarter Two

FOR FINANCIAL YEAR 2019/20

TARANAKI CDEM GROUP



Performance Report

Quarter Two – 2019/20

Author Sarah Gauden-Ing

Title CDEM Analyst

Date February 2020

Reviewer Craig Campbell-Smart

Title CDEM Regional Manager

Date February 2020

Authoriser Chair Sven Hanne

Title CEG Chair

Date February 2020

Version	Changes	Date
V1	Original Document	Feb 2020

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APPENDIX 1

Section 1 • Executive Summary

This is the second quarterly installment of performance reporting 2019/20 for the Taranaki Civil Defence Emergency Management Group (the Group), against statutory responsibilities, the Taranaki CDEM Group Plan, strategic priorities, and available resources.

The second quarter of 2019/20 has been a busy period for TEMO across all work streams. This has been driven by the Emergency Management System Reforms (EMSR), alongside an already full work programme to deliver the Taranaki Group Plan to timeframe.

The Capability Assessment Report 2020 has been delivered from the Monitoring and Evaluation (M&E) process that was conducted in 2019. This report identifies areas of standout performance, areas for improvement and includes 96 recommendations.

The EMSR programme continues unabated and an update on national progress is noted. TEMO looks forward to further clarity of the system reforms and guidance on national requirements. Uncertainty around the reforms continues to present a challenge in relation to aligning TEMO resources and requires ongoing agility.

The EMSR and M&E add to the workload. The review of current work programme and resourcing continues.

Progress against plan objectives remains steady.

There has been little change in reporting measures as the programme is now focused on ongoing enduring actions.

Four (4) objectives have slipped in timeframe delivery, but mitigation actions have been identified and taken.

The significant variation in budget continues, driven by reduction in internal charges. Controllable operational expenditure shows a 4% variance (YTD underspend).

Four significant projects are being delivered. Two projects have experienced delays, being ECC development (contractor delay) and Strategic Recovery Planning (resignation of Primary Group Recovery Manager).

Twenty (20) risks have been identified. Nineteen (19) of these have mitigation measures in place. One (1) item of extreme risk remains unchanged from previous reports, related to the number and capability of statutory role holders (Controllers and Recovery Managers).

Reporting against Council responsibilities continues.

A new measure in 2019/20 has been introduced - the total identified EOC/ECC staff assigned to CIMS role for the Taranaki region. A total of 391 have been assigned to roles, *an increase from an initial base of thirty (30)*. This is significant progress and reflects the training and people investment made by the Councils.

Section 2 • Dashboard

TEMO Performance Measures



Section 3 • Plan Progress

Group Plan Objectives

The CDEM Group Plan is a statutory document under the Civil Defence Emergency Management Act (2002) and is a high-level strategic document that sets out our vision, goals, principles and objectives for action over the next five years.

Local Authorities enable implementation of the Group Plan through providing resources and funding for CDEM activities via their Long-Term Plans.

Of the 43 Group Plan objectives listed over six priority areas, eight have been completed (19% completion).

Five (5) objectives remaining for future delivery.

The majority of objectives (71%) are tracking to plan and reflect significant and ongoing focus on the work programme.

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Summary of Progress – Group Plan

Completion

Eight (8) objective have been achieved over the life of the 5-year Group Plan, with no further objectives completed this quarter.

The remaining objectives are ongoing and enduring work items, so little movement will be seen in this indicator.

Progress

Of remaining thirty five (35) objectives:

- Twenty one (21) objectives are tracking to plan (71%) (*decline of 4*)
- Nine (9) objectives are not tracking to plan (14%), but mitigations are in place (*increase of 4*)
- Five (5) objectives are scheduled for future delivery (14%) within the 5-year work plan

APPENDIX 1

Implementation Concerns

The following implementation concerns are identified for consideration.
New concern items are in **bold**.

Governance

No.	Objective	Timeframe	Action taken	Progress
Gov 7	Governance arrangements across the full range of Taranaki CDEM activities will be reviewed by 1 July 2020 regarding the involvement and representation of Māori.	By 1 July 2020	Proposed presentation to the Taranaki Iwi Chairs forum initiated late 2019 and awaiting response.	

Organisational Resilience

No.	Objective	Timeframe	Action taken	Progress
OR 4	CDEM Group partner business continuity plans tested based on hazardscape and likely impact scenarios to improve the capacity and capability of organisations to cope with and recover from emergencies.	By June 2019	BCP best practice being considered by CDEM TA Managers.	
OR 5	Development and implementation of performance measures by 2020 to monitor the progress against the recovery programme of work, and ensure the actions are achieving the required outcomes.	By 31 December 2019	Group Recovery Manager appointed (however since resigned as of 1 February 2020), and recovery programme underway. Delay to strategy development experienced.	

Community Resilience

No.	Objective	Timeframe	Action taken	Progress
CR 2	Review and rationalise Civil Defence Centres to ensure they are fit for purpose.	By 30 June 2019	Review underway. Target for TAs to complete by June 2020.	
CR 3	Refine and continue delivery of our Community Resilience Strategy to ensure that its objectives of engaged, connected, resource and empowered communities is being achieved.	By 30 June 2019	Resilience Strategy scheduled for review following Group Welfare Plan adoption. Now commenced.	
CR 4	Develop and implement a public education and community engagement strategy focused on improving community preparedness to act in a coordinated and collaborative way during an emergency, and to strengthen their ability to adapt to change following an emergency.	Establish by 30 June 2018	Marketing / Communications Advisory temporary position to be established. Coordinated activity is reliant on additional staff resource.	
CR 5	500 community volunteers registered and trained in CIMS and other relevant topics to improve the level of skills in the sector.	Ongoing	Community volunteers concept is being refined through the People and Communities Resilience Strategy work stream.	

APPENDIX 1

Capability Development

No.	Objective	Timeframe	Action taken	Progress
CD 3	Plan and run at least one Tier 2 Exercise (whole of Group) to test and increase the capacity and capability of staff and volunteers.	By 30 June 2020	Table top exercises held at Advisory Groups to build familiarity of plans and arrangements. Participation and observation occurring with partner agency exercises. EMA Capability Development Advisor 0.5 FTE employed to undertake exercise component.	
CD 6	85% of CIMS function leads trained in relevant ITF Function Lead courses to ensure a sufficient skill level of critical staff.	By June 2023	Half of CIMS function courses are available from the Ministry. Activity remains focused on baseline training, with CIMS function courses scheduled.	

APPENDIX 1**Emergency Management System Reforms (EMSR)**

The Ministerial Review into Better Responses to Natural Disasters and Other Emergencies resulted in a Government decision “Delivering better responses to natural disasters and other emergencies, Government response to the Technical Advisory Group’s recommendations, August 2018’.

Implementation of the governments decisions are now referred to as the Emergency Management system reforms (the Reforms).

Despite the Taranaki CDEM Group being well positioned to give effect to the Emergency Management System Reforms (Reforms) within the existing Group Plan work programme, the Reforms have placed additional requirements on the Taranaki CDEM Group.

At present the EMSR impact are being managed within existing budget.

Summary of Progress – Emergency Management System Reforms**Completion**

Four (4) objectives have been completed to date, three were completed in Quarter 2.

Progress

Of remaining seven (7) objectives:

- Four (4) objectives are tracking to plan (57%) (*no change*)
- Two (2) objectives are not tracking to plan (29%), but mitigations are in place (*decrease of 2*)
- One (1) objective is not progressing, and has yet to have a mitigation plan in place (14%) (*no change*)

APPENDIX 1**Implementation Concerns – Emergency Management System Reforms**

The following implementation concerns are identified for consideration.

No.	Objective	Timeframe	Action taken	Progress
EMSR 1	Scope work needed to identify and upgrade suitable marae for emergency management purposes.	By 30 August 2019	<p>Marae engagement programme has been established, whereby TA Iwi Liaison staff will engage with marae to explore what relationship the marae may wish to have within a response.</p> <p>Marae GIS map layer completed.</p> <p>Clarified that TPK Oranga Marae programme is the vehicle to access Marae resilience funds, and this is developed nationally.</p> <p>Initial approach to Iwi Chairs forum made (and efforts continue) and are awaiting reply.</p>	
EMSR 2	Retire the name 'civil defence' and replace it with 'emergency management' to better reflect the broad and integrated nature of who the emergency management sector is and what it does.	Undefined	No activity undertaken to date.	
EMSR 11	Iwi representation on the CEG of each Group, to ensure iwi input into advice to the Group on governance and planning. How iwi are represented in areas where multiple iwi are present will also need to be worked through.	Longer term	<p>TEMO is working with the TRC Iwi Relations Adviser to determine the best method of engaging with the 8 iwi within Taranaki.</p> <p>Proposed presentation to the Taranaki Iwi Chairs forum initiated late 2019. Awaiting response.</p>	

APPENDIX 1

Morris Review

Civil Defence Emergency Management (CDEM) within Taranaki has been subject to ongoing review and development of a refreshed operational approach, informed by consultant review (the Morris report), and reports investigating CDEM regional coordination and local delivery.

Enhancements to CEG meetings with TA input achieved.

The focus for ongoing statutory member input ongoing. Of note is relationships established with FENZ and TDHB. Police Area Commander appointed and conversation to take place on CEG representation.

Review of CEG membership for advisory groups chairs is possibly needed, which could occur through the next Group Plan review.

This is the last quarter we will report on the Morris Review recommendations, from Quarter 3 we will be reporting on the recommendations of the Capability and Assessment Report 2019.

Corrective Action Plans

Corrective action planning is the process to identify lessons and to ensure those lessons are embedded within planning arrangements in anticipation of future emergencies, and incorporated, prioritised and actioned through work plans.

Following the response and recovery from emergency events and exercises, organisational audits and reviews, it is important to develop Corrective Action Plans to record continuous improvement actions.

All identified Corrective Action Plans have been completed.

APPENDIX 1

Performance Reporting Programmes & Targets

Group Office continues to make good progress against objectives.

Key performance indicators have been established to monitor progress against key areas of delivery, forming the basis of quarterly performance reporting to the Coordinating Executive Group and CDEM Group Joint Committee.

Strategic Priority	Measure	Year 2 Target	Status	Comment
Governance	Percentage member attendance at Advisory Group meetings	50% at year-end		
Governance	Quarterly reporting against annual budget	Within 10% of budget at year-end		<p>\$17,871 under operational (controllable) budget</p> <p>\$112,865 under budget including internal and finance charges.</p>
Disaster Risk Reduction	Percentage of contingency plans that are fully current	40% at year end		
Capability Development	Number of CDEM Centre staff trained	100 at year end		
Community Resilience	Number of people reached through social media posts	100,000 at year end		Target exceeded
Response & Recovery	Number of warning advisories received and responded to	-		<p>1,326 advisory warnings reviewed</p> <p>16.5 Duty Officer hours performed</p>

This Quarter
 Previous Quarters
 To be completed

APPENDIX 1

Council Performance Targets

Key performance indicators have been established to monitor progress against key areas of delivery, forming the basis of quarterly performance reporting to the Coordinating Executive Group and CDEM Group Joint Committee.

Strategic Priority	Measure	Year 2 Target	ECC/ Regional	NPDC	STDC	SDC	Quarter 2 progress
Capability Development	Number of CDEM Centre staff trained (per quarter) as per capability development plan						The focus (YTD) has been developing the training and exercise programme for delivery in 2020
Capability Development	Number of CDEM exercises and individuals participating per quarter						
Capability Development	Total number of response staff <i>(see next page for detail of identified per function)</i>	200 by year end	87	221	31	53	Total of 391 Response staff have been identified
Community Resilience	Completion of CDC reviews	100% at year end	N/A	50%	85%	100	Average of 78% of reviews complete
Community Resilience	Number of CDC facilities that are operational (completed the four step process)	1 per Territorial Authority	N/A	50%	25%	25%	A number of facilities have started on this process.
Community Resilience	Number of field teams available	1 per Territorial Authority	2	0	0	1	

APPENDIX 1

Response staff per function by council

Total identified EOC/ECC staff assigned to CIMS roles for the Taranaki region is 391. This is a significant increase from an initial base of thirty (30) and reflects the significant training and people investment made by the District Councils.

Further refinement of the data set is required to ensure accuracy of numbers, but this initial data presents a positive view of progress made.

Key points:

- Additional Controllers required to meet CIMS v3
- Additional Recovery Managers (Regional and Local) required
- Additional Controller Assistants to be appointed

Role	ECC	NPDC EOC	STDC EOC	SDC EOC	Total staff by role
Controller	2	3	2	1	8
Controller Assistant	1	0	0	0	1
Recovery Manager	1	2	1	2	6
Response Manager	4	5	1	3	13
Intelligence	12	30	3	7	52
Logistics	25	62	2	11	100
Operations	11	58	9	10	88
LUC	9	4	0	0	13
PIM	8	10	2	2	22
Planning	4	15	1	6	26
Welfare	9	32	10	11	62
Total staff by council	86	221	31	53	391

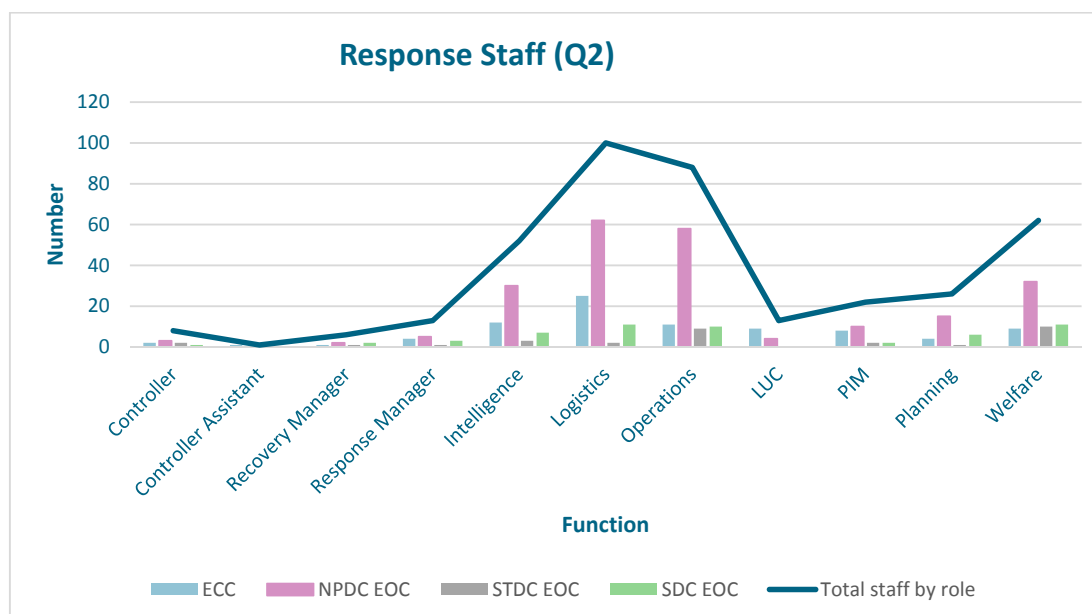


Figure 1: Response staff per EOC/ECC Quarter 2

APPENDIX 1

Significant Projects

A significant project is defined as one that, alone or in combination with other concurrent projects, is anticipated to cause sustained work impacts that are greater than what is considered tolerable for delivery within existing Group Office resource.

Four (4) significant projects are underway:

1. GIS scoping project
2. ECC Development project
3. Policy work programme
4. Strategic recovery plan

GIS Scoping Project – Resilience funding

Contributes to	Disaster Risk Reduction
Progress	

A successful outcome from the project funding application has been announced, with MCDEM matching funding of \$25,000, for a total budget of \$50,000. The project structure is now established, and the project has commenced.

In Quarter 2 we held first two workshops to help identify user requirements (1 October and 3 December 2019).

Worked through the GIS components of the Welfare Registration Needs Assessment Process and gave feedback to NEMA. Further personal information security issues identified means system is not yet live.

Created GIS web maps and apps based on already existing layers of information to ensure that we are more ready to respond in an emergency even before the strategy is completed. Note this does not mean that we are fully ready to respond in an emergency yet.

Ensured existing available ESRI software licenses were distributed to EOC computers.

Technical Assessment underway – developing a data dictionary and other components of strategy using ITIL principles.

Quarter 3 will focus on the drafting of the GIS Strategy and meeting with GIS staff from councils to understand their current systems and how information can best be shared across platforms.

ECC Building Development Project

Contributes to	Organisational Resilience
Progress	

The Robe St facility (Emergency Coordination Centre) was commissioned in the 1980s as a purpose-built facility for Civil Defence Emergency Management. A project to upgrade the facility has been approved, and a detailed project scope and outcomes developed.

Replacement of the flat pitch roof is required and approved by the Taranaki CDEM Joint Committee on the 18th June 2019 as an out of scope project. All elements of the project will be completed during the same construction period because of project efficiencies. This has required changes to the timing of planned building works.

Design, planning and consenting (phase 1) is now completed and consent documents lodged.

Construction start (phase 2) has been delayed due to the contractor missing pricing milestones. This will result in upwards of 2-4 weeks delay to construction start, pending receipt and quantity surveying approval of budget, internal project approval by NPDC, and completion of contract documentation.

The project risk remains moderate with full investigation completed.

Key Points

- Final project scope confirmed.
- Design completed and building consent lodged.
- Construction schedule in development, however delay to pricing milestone experienced.

APPENDIX 1

Policy Work Programme

Contributes to	Organisational Resilience
Progress	

The Policy Work Programme will ensure currency and fit-for-purpose of the following plan types, in accordance with a comprehensive emergency management approach.

Progress across all categories of plans, policies and procedures has been pleasing, however some challenges have been experienced which has created delays against the work programme.

Key Points

- Ongoing work on the Lifeline Utility Coordinator Procedures review
- Ongoing work on the Public Information Management Plan review
- Ongoing work on the Strategic Recovery Plan
- Ongoing work on the Tsunami Response Plan
- Ongoing work on the Community Resilience Strategy
- Commencement of Earthquake Response Plan
- Update of the Response Management Plan (to ensure compliance with CIMS v3)

Strategic Recovery Plan

Contributes to	Response & Recovery
Progress	

Good process continues to be made to the Strategic Recovery Project Plan approved by CEG in February 2019. Drafting of the Strategic Recovery Plan for Taranaki is underway, which aligns with legislative requirements (the CDEM Act) and the Group Plan 2018-2023 for Taranaki.

The Taranaki Emergency Management Office (TEMO) supports the legislative role of strategic recovery planning and capability development, through an Analyst position. It is noted this role in an advisory and support function, not recovery leadership and statutory appointment. The recent resignation of the Primary Group Recovery Manager will result in delays to the recovery work programme, and will not meet timeframes committed to with the Taranaki CDEM Group Plan.

The following key points describe progress against recovery activities:

- Completed actions:
 - Step 1: Develop a timeframe;
 - Step 2: recovery induction;
 - Step 3: Establish a recovery advisory group for the CDEM Region;
 - Step 4: Review what information TLAs have available in meeting the first requirement for strategic recovery development “1. Understand community values & priorities for recovery”;
 - Step 5: Engage with all recovery actors in Taranaki, and in consultation with the community to establish “Recovery vision and outcomes” specific to Taranaki. The visions and outcomes will then be embedded within the Group Plan;
 - Step 6: Implement a series of workshops across pre-existing CDEM advisory groups to socialise and explore the six (6) environments for ‘recovery’ which will aid in the creation of a recovery strategy;
- In progress actions:
 - Step 7: Complete the “Strategic Recovery Plan” for CDEM Taranaki;
 - Step 8: Ensure integration of recovery aspects into each specific CDEM Taranaki hazard response plan;
 - Step 9: Complete the “Recovery Concept of Operations Plan”.

APPENDIX 1

Section 4 • Council Responsibilities

The Taranaki CDEM Group local authorities are party to an agreed Constituting Agreement.

Taranaki Councils are responsible for local CDEM delivery.

Taranaki Regional Council supports regional CDEM coordination and is the Administering Authority.

TEMO provides regional coordination, policy and systems.

Regional Council responsibilities

The Taranaki Regional Council's responsibilities are essentially to support regional coordination for CDEM in Taranaki and for the provision of all the services of the administering authority necessary for effective and efficient delivery of CDEM across Taranaki (defined under section 24 of the Act), including any related services as determined by the CDEM Group.

This role will include the following functions and activities based on the 4Rs as well as the administering authority function:

Responsibilities	Q2 report
<p>Reduction</p> <ul style="list-style-type: none"> Provide regional hazards and risk monitoring management support and advice to TEMO as required by the Group, such as river flow, river height, wind speed and gust, rainfall, and soil moisture monitoring. Implement methods for natural hazards under section 11.1 of the Regional Policy Statement for Taranaki 2010. 	<p>Reduction</p> <ul style="list-style-type: none"> The Council continues to maintain live or near real-time environmental data to the public on rainfall intensity; river flows and levels; soil moisture; wind gust, average speed, and direction; and recreational water quality. Received 37 special weather watches and warnings from the MetService during the 2018/2019 year (compared to 62 in 2017/2018). There was no requirement to issue a flood warning during the 2018/2019 year (compared to five warnings issued in 2017/2018). YTD, 18 weather watches and 6 warnings have been received. The Council continues to implement in full [methods 1, 2, 4(a), 5, 6, 8, 9, 10, 11, 12] or in partnership with other agencies, methods 1-14 set out in Section 11.1 of the <i>Regional Policy Statement for Taranaki 2010</i> Hydrology and river control sections of the Council provide advice on Section 13 RMA consent applications (in-stream structures) The Council is participating in the delivery of research proposals focusing variously on the volcanic and seismic hazards, risks and cascade consequences for Taranaki, including research into transitioning Taranaki to a volcanic-activity dominated future.

APPENDIX 1

Readiness

- Support regional coordination at the Group ECC during response and recovery by support for TRC staff training and professional development.

Readiness

- Hydrology staff and inspectorate staff are on call 24 hours/day
- Flood monitoring will be undertaken as required, in accordance with the Flood Event Standard Operating Procedure.
- TRC has signed a MOU with NPDC through TEMO re staffing supply and training arrangements for TEMO and EOCs. ECC roles for TRC staffing have been identified and staff for various roles nominated to TEMO for training. Current staff capability remain available for ECC roles..

Response and recovery

- Provide CDEM personnel for regional coordination roles at the Group ECC during response and recovery.
- Provide support for fulfilling key CDEM Group appointments such as Group and alternate controllers, welfare managers and recovery managers.
- Provide EOC support for the region's district councils in local CDEM coordination and delivery as required.

Response and recovery

- TRC has signed a MOU with NPDC through TEMO re staffing supply arrangements for TEMO and EOCs. ECC roles for TRC staffing are being identified and staff for various roles nominated to TEMO for training. Current staff capability remain available for ECC roles.
- YTD no emergency river and control works have been required

Administering authority

- Provide secretariat services for the CDEM Group and CEG (convening meetings, providing venues, distributing agendas, providing minutes and catering)

Administering authority

- Secretariat services and being provided for CEG and Joint Committee agendas and meetings as required. There have been 2 CEG and 1 Joint Committee meetings convened during the year to date.

Prepared by Gary Bedford
 Director-Environment Quality
 17/01/2020

APPENDIX 1

Territorial Authority responsibilities

The responsibilities of the region's three district councils – the New Plymouth, Stratford and South Taranaki district councils – relate primarily to local CDEM coordination and delivery within their local authority areas. Territorial authorities also have lifeline utility responsibilities under the Act.

This role will include the following functions and activities based on the 4Rs as well as the lifeline utility responsibilities:

New Plymouth District Council

Responsibilities	Q2 report
Reduction	
<ul style="list-style-type: none"> Provide support and assistance for civil defence in Taranaki by linking district policy and planning to objectives with the CDEM Group Plan and the <i>Regional Policy Statement for Taranaki 2010</i> Undertake implementation of methods for natural hazards under section 11.1 of the <i>Regional Policy Statement for Taranaki 2010</i> 	<ul style="list-style-type: none"> CAPEX resilience project scope – We are currently exploring options as to how we can make our Civil Defence Centre's more resilient. We are considering portable generators, water supply and communication capability, and how this could be best delivered (trailer, portable container etc).
Readiness	
<ul style="list-style-type: none"> Develop and maintain capability and capacity to lead local CDEM coordination and delivery by: <ul style="list-style-type: none"> Provide leadership roles: controller, information gathering and planning, welfare manager and recovery manager and alternates, for either the Group or local level Supporting the region's district council staff to undertake professional development, training and participation in exercises Developing a local EOC capability and ensuring all systems and processes, and facilities and resources, are robust (such as communications, impact assessment, welfare delivery, local recovery management) Supporting TEMO in the preparation and delivery of community resilience programmes 	<ul style="list-style-type: none"> Exercise Puia – Planning and writing of exercise Puia (volcano): a scenario based on the impact of ash fall from an eruption of Taranaki Mouna, and the impact of ash on NPDC critical infrastructure – To be delivered on February 2020. ELT Exercise – Planning and writing of a similar (more strategic) exercise for NPDC's Executive Leadership team. Focusing on the wider impacts an eruption will have on NPDC. NPDC Business Continuity Planning review – Pre planning for a full review, alignment, and update of NPDC's Business Continuity. Staff preparedness survey – Following on from NPDC's "Sort Ya Kit Out" campaign, we undertook a Staff Preparedness Survey, to understand how prepared our staff are for an emergency. This survey closes at the end of January, and analysis will drive some internal preparedness activities. CDEM orientation – 20 new NPDC staff attended a CDEM Orientation at the Emergency Operations Centre, to better understand NPDC's role in CDEM, our local hazard scape, how to prepare, and how to be involved. Welfare Course delivered – CDEM Lead delivered a two day functional Welfare Course at TEMO.

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Response and Recovery

- Activate local CDEM response and recovery when required
- Provide CDEM personnel for coordination and delivery roles at the local EOC or regional ECC during response and recovery
- Provide support for fulfilling key CDEM Group appointments such as alternate controllers, welfare managers and recovery managers
- Provide liaison with TEMO
- Provide support for other territorial authorities and TEMO with CDEM delivery as required
- **Response** - No Responses to report between October 2019 and December 2019
- **Recovery** - NPDC Recovery Manager to attend Response and Recovery Leadership programme in 2020.

Lifeline utility responsibilities

- Fulfill responsibilities under section 60 of the Act to ensure territorial authority lifeline utilities are able to function to the fullest possible extent during and after an emergency.

APPENDIX 1**South Taranaki District Council**

Responsibilities	Q2 report
Reduction	
<ul style="list-style-type: none"> • Provide support and assistance for civil defence in Taranaki by linking district policy and planning to objectives with the CDEM Group Plan and the <i>Regional Policy Statement for Taranaki 2010</i> • Undertake implementation of methods for natural hazards under section 11.1 of the <i>Regional Policy Statement for Taranaki 2010</i> 	<ul style="list-style-type: none"> • Work continues with regional coordination to update information for district policy and planning. • TEMO have been holding workshops to identify ways that the 3 TLA's can work together regarding GIS mapping and planning as they do not all use the same software for this. • Continuing to strengthen the relationship with Whanganui EMA's has helped with sharing Emergency Planning templates and community messages.
Readiness	
<ul style="list-style-type: none"> • Develop and maintain capability and capacity to lead local CDEM coordination and delivery by: <ul style="list-style-type: none"> ○ Provide leadership roles: controller, information gathering and planning, welfare manager and recovery manager and alternates, for either the Group or local level ○ Supporting the region's district council staff to undertake professional development, training and participation in exercises ○ Developing a local EOC capability and ensuring all systems and processes, and facilities and resources, are robust (such as communications, impact assessment, welfare delivery, local recovery management) ○ Supporting TEMO in the preparation and delivery of community resilience programmes 	<ul style="list-style-type: none"> • 2020 has started with a focus on internal preparation within STDC. Planning is underway for communication with management and Civil Defence trained staff. A newsletter is also being investigated for external groups and organisations. • Identification of Function Managers and their roles, and selection of trained staff for Function teams. • Resources are being prepared with specific information and knowledge to the staff working in those EOC roles. • EOC preparation continues. Laptops and cell phones are stored in a secure charging trolley. Work will now focus on setting up printer with external modem and alternative internet sources. • With assistance from TEMO Emergency Management Advisor Staff training has been booked for 2020. There will be a focus on working across the TLA's with staff being encouraged to attend training sessions outside of STDC when it is appropriate. • The Welfare Training will be delivered, and training days are being organised now to start after February. • The Emergency Management Officer has been in contact with several industries based in South Taranaki regarding their Emergency Management Plans. • Three Major Hazardous Facilities are identified in South Taranaki and the EMO has completed an audit for one of these. A meeting was held with one other and further discussion will take place this year. These are important relationships to maintain as each Industry is well resourced in terms of Emergency Management and are willing to help the community where they can.
Response and Recovery	
<ul style="list-style-type: none"> • Activate local CDEM response and recovery when required • Provide CDEM personnel for coordination and delivery roles at the local EOC or regional ECC during response and recovery • Provide support for fulfilling key CDEM Group appointments such as alternate controllers, welfare managers and recovery 	<ul style="list-style-type: none"> • Marae engagement is continuing, and marae consultation meetings are being planned for 2020 to take place in South Taranaki. • Late in November 2019 the Taranaki Civil Defence Emergency Management (CDEM) Group requested that an out-of-programme CDEM Monitoring and Evaluation be conducted. This was across all the TLA's and carried out by staff from MCDEM (Ministry of Civil Defence and Emergency Management). The resulting information is due for release soon.

APPENDIX 1

managers

- Provide liaison with TEMO
- Provide support for other territorial authorities and TEMO with CDEM delivery as required

Lifeline utility responsibilities

- Fulfill responsibilities under section 60 of the Act to ensure territorial authority lifeline utilities are able to function to the fullest possible extent during and after an emergency.
 - TEMO are updating the Tsunami Response Plan for all of Taranaki. Information is being provided from South Taranaki in regards the local communities located on the coastline. It will also assist in highlighting local infrastructure that may be affected by a Tsunami event.
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APPENDIX 1**Stratford District Council**

Responsibilities	Q2 report
Reduction	
<ul style="list-style-type: none"> • Provide support and assistance for civil defence in Taranaki by linking district policy and planning to objectives with the CDEM Group Plan and the <i>Regional Policy Statement for Taranaki 2010</i> • Undertake implementation of methods for natural hazards under section 11.1 of the <i>Regional Policy Statement for Taranaki 2010</i> 	<ul style="list-style-type: none"> • Workshops held last quarter with all TA's to find a way to work together using GIS (Geographic Information System Mapping) to form a common operating picture that all can use during an emergency.
Readiness	
<ul style="list-style-type: none"> • Develop and maintain capability and capacity to lead local CDEM coordination and delivery by: <ul style="list-style-type: none"> ○ Provide leadership roles: controller, information gathering and planning, welfare manager and recovery manager and alternates, for either the Group or local level ○ Supporting the region's district council staff to undertake professional development, training and participation in exercises ○ Developing a local EOC capability and ensuring all systems and processes, and facilities and resources, are robust (such as communications, impact assessment, welfare delivery, local recovery management) ○ Supporting TEMO in the preparation and delivery of community resilience programmes 	<ul style="list-style-type: none"> • SDC volunteer base has had little movement with no booked training taking place before the end of year. New training calendar is out for 2020 with the normal Foundation and Intermediate courses programmed monthly along with specific Function courses. • Assessments of TET sports centre have taken place with the intention of using it as CDC. Currently waiting for NBS (National Building Standard) to take place and determine its earthquake risk rating. • Confirmation with security provider to ensure there is a presence for CDC/EOC during an emergency. These types of arrangements now also to be initiated with other providers. • Plans for War Memorial EOC upgrade are taking shape with ideas of how best to use the space and allocate resources for it. • Taranaki CDEM hosted its first conference for its advisory groups and partner agencies in November to share prominent developments, research and best practices across emergency management in Taranaki and nationally. • Welfare function training to be conducted in Stratford on 18th Feb with good responses from community indicated.
Response and Recovery	
<ul style="list-style-type: none"> • Activate local CDEM response and recovery when required • Provide CDEM personnel for coordination and delivery roles at the local EOC or regional ECC during response and recovery • Provide support for fulfilling key CDEM Group appointments such as alternate controllers, welfare managers and recovery managers 	<ul style="list-style-type: none"> • An Alternative Controller is still being sought.

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- Provide liaison with TEMO
 - Provide support for other territorial authorities and TEMO with CDEM delivery as required

Lifeline utility responsibilities

- Fulfill responsibilities under section 60 of the Act to ensure territorial authority lifeline utilities are able to function to the fullest possible extent during and after an emergency.
-

Section 5 • Risks

The Group Office is committed to managing risks that may impact on the delivery of the Taranaki CDEM Group activities and services, and/or the ability to meet its legal obligations.

Currently 20 risks have been identified, and are listed in the Risk Register (Appendix C).

Two (2) new risks have been added to the register.

One (1) has been removed.

Four (4) risks have been amended with a changing (increasing or decreasing) risk profile.

A total of twenty (20) risks have been identified. All, except one, have mitigation measures in place.

Two (2) new risks have been added to the risk register, related to:

- Inability to adequately plan and subsequently provide resourcing to meet future CDEM changing levels of service (at both Group and TAs).
- Lack of documented knowledge of ECC operational systems and redundancy resulting in unforeseen system failures during response and recovery.

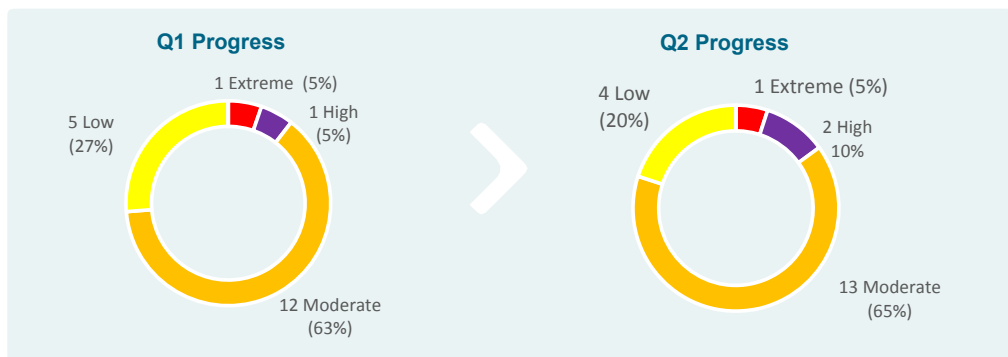
One (1) risk has been removed from the register.

Two (2) risks have increased in risk, Seventeen (17) remain steady and one (1) has decreased risk due to the additional mitigation measures in place.

The highest risks are:

- Number and capability of newly appointed statutory roles holders (Controllers and Recovery Managers), required to manage effective response and recovery;
- Lack of engagement with Iwi and future Iwi representation requirement at CEG.
- Inability to adequately plan and subsequently provide resourcing to meet future CDEM changing levels of service (at both Group and TAs).

Ratio of Risks (Post Mitigation)



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Extreme Risk

One item of extreme risk remains, relating to number and capability of newly appointed statutory role holders. This is currently being addressed through capability development and training, and attendance at the now established National Readiness and Response professional development programme.

Issue	Risk Rating	Controls	Residual Risk
Operations & service delivery			
Number and capability of newly appointed statutory roles holders (Controllers and Recovery Managers), required to manage effective response and recovery.	E	Statutory appointments continue for Group Office and TAs. Controller and Recovery Manager function meetings, induction and initial training provided on appointment and position holders are also progressing through ITF training pathways. Certification of competency for statutory position holders occurring through Response and Recovery national programme.	E

APPENDIX 1**Section 6 • Budget Performance**

Operational and Capital budget performance is reported for TEMO, funded under apportionment arrangements by the four Taranaki Councils as follows:

Taranaki Council	Percentage
Taranaki Regional Council	34%
New Plymouth District Council	40%
South Taranaki District Council	18%
Stratford District Council	8%
	100%

The second quarter financial report (ending 30 December 2019) is attached in Appendix D.

Budget analysis shows a favorable year to date result of \$112,865 (underspend), which includes internal charges and appropriations.

Controllable operational expenditure is within 4% variance YTD, with \$17,871 underspend.

The variance to budget is primarily the result of underspend in internal charges for labour allocation, and reduced depreciation charges due to capital costs of the building project not yet spent.

It is noted that fixed services charges will again be charged on actual consumption, however this yet to occur. A year end washup will take place and it is forecast that this will again be significantly underspend, resulting in a potential reserve accumulation.

Variance to budget is highlighted as follows:

Budget Line	Variance \$ (overspend)	Explanation
Operating Grants & Subsidies	\$191,510	1 - Unclaimed funding revenue from Ministry of Civil Defence Emergency Management (reimbursed on invoice) and reduction in invoiced Council contributions, with reduced revenue offset by operational reserve (operating appropriations).
Total Personnel Costs	(\$60,575)	2 - Temporary fixed term positions funded through operational offset.
Legal and Professional Fees	\$29,537	3 - Science and GIS technical project funding variance. Forecast to be spent by end of year.
Communications	\$20,584	4 - Underspend in operational systems licensing and maintenance. Offsetting additional personnel costs.
Engineering and Technical advice	\$20,500	5 - Budgeted but unutilized Contractor fee (Group Recovery Mgr), used to offset additional temporary personnel costs to meet legislated Recovery planning requirements.
Internal Charges	\$94,650	Underspend in internal charges for labour allocation, and reduced depreciation charges due to capital costs of the building project not yet spent. Internal charges yet to be calculated and year end underspend forecast.

Section 7 • Appendices

Appendix A: Group Vision



Taranaki CDEM Group Vision 2025



Vision Statement
Where we're going
Our Taranaki community shows resilience through periods of disaster, crisis and change



Core Purpose
Why we exist
We deliver professional disaster risk and emergency management for Taranaki



Core Values
What we stand for
Collective responsibility: Shared between National, Group and District level
Unified approach: CDEM partners work for the overall benefit of the Taranaki Community
Organisational resilience: Any part of the system can lend support seamlessly
Strong relationships: Strong effective coordination and integration

Strategic goals
The fulfilment of our vision is underpinned by delivering on our six strategic goals, under the leadership and accountability of the CDEM Joint Committee

Goal		Strategic measures	Responsibility
1	Governance	Our expectations from CDEM partners is clear and met through strong governance arrangements and accountability for delivery	Performance monitoring CDEM Joint Committee Coordinating Executive Group
2	Disaster risk reduction	The risks from hazards, their likelihood and impacts, are understood and managed to reduce our risk exposure	Risk priorities and reduction activities Group Office Local Councils
3	Organisational resilience <i>Readiness</i>	We build resilience into organisations and plan for the impacts from disaster and ensure our systems and arrangements are fit for purpose	Capability assessment Group Office Local Councils CDEM Partners
4	Community resilience <i>Readiness</i>	Community resilience is strengthened so that the impacts from disasters are reduced	Community engagement Group Office Local Councils Community
5	Capability development <i>Readiness, response and recovery</i>	We develop the capability of staff and volunteers to effectively carry out their roles in a disaster	Training completion Group Office Local Councils
6	Response and recovery	We enable well managed effective responses, and we support the community's journey of moving on from the impacts of disasters	Activity performance Group Office Local Councils Emergency Services Community

Note:
The vision of the Taranaki CDEM Group reflects the importance of integrated effort, partnership and cooperation within the CDEM sector agencies, so that we can work together with resilience and function at a high level during a disaster or emergency. The term 'resilience' means literally to 'spring back'. In the Civil Defence and Emergency Management sector resilience is described as the capacity to withstand and recover from the occurrence of a hazardous event

APPENDIX 1**Appendix B: Group Plan Objectives**

Strategic Goal	No.	Objective
Governance	Gov 1	A performance monitoring and evaluation framework for the CDEM Group (based on this Group Plan and other planning documents) will be established and implemented to ensure that the work of the Group remains on track to achieve the strategic goals outlined in this Plan, and to identify risks and issues that emerge over the course of the Plan that will need to be addressed.
	Gov 2	CDEM Group Financial Policy arrangements implemented to ensure accountability for delivery.
	Gov 3	Advisory Group work plans and priorities are established, implemented and contribute towards the 4 Rs
	Gov 4	Group Plan and annex documents review commenced 12 months prior to expiry to comply with legislative requirements.
	Gov 5	Review the Constituting Agreement within five years to ensure governance and delivery arrangements are fit for purpose.
	Gov 6	An annual report will be submitted by member councils to CEG and the CDEM Joint committee regarding actions undertaken to improve their preparedness and readiness to respond to and recover from emergencies.
	Gov 7	Governance arrangements across the full range of Taranaki CDEM activities will be reviewed by 1 July 2020 regarding the involvement and representation of Māori.
Disaster Risk Reduction	DRR 1	A survey of all current risk and hazard documents completed to create a better understanding of the hazardscape for Taranaki.
	DRR 2	Disaster Risk Reduction Advisory Group established to create a focal point for ensuring the implementation of risk reduction measures across the region.
	DRR 3	Disaster Risk Reduction priorities developed into a Disaster Risk Reduction Strategy to address priority hazards.
	DRR 4	The CDEM Group will seek out and encourage applied hazard science research to benefit risk reduction planning.
	DRR 5	Regional GIS (Geospatial Information System) system established for the CDEM Group to improve the understanding of risk exposure and to enable better situational awareness during a response and recovery.
	DRR 6	The CDEM Group will promote the integration of activities and a consistent CDEM risk reduction approach within work programmes such as Councils' Long Term Plans, Resource Management Plans, and other stakeholder agency work plans, to ensure they are informed by the likely post-event consequences on communities.
	DRR 7	Regional Lifeline vulnerability study undertaken to improve the understanding of lifeline utility exposure to natural hazards and to create a basis for a work programme for risk reduction measures.

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Strategic Goal	No.	Objective
Organisational resilience (readiness)	OR 1	Implement EMIS (Emergency Management Information System), or another suitable CDEM Group information system to improve the communications and record keeping of decisions made during emergency activations.
	OR 2	Audits of existing and proposed EOCs/ECC conducted to assess their capacity for response.
	OR 3	Training capability development plan developed and implemented to increase the number and capability of civil defence emergency management staff and volunteers.
	OR 4	CDEM Group partner business continuity plans tested based on hazardscape and likely impact scenarios to improve the capacity and capability of organisations to cope with and recover from emergencies
	OR 5	Development and implementation of performance measures by 2020 to monitor the progress against the recovery programme of work, and ensure the actions are achieving the required outcomes.
	OR 6	Continuous improvement practices are adopted and corrective action planning established and implemented following exercises and activations.
Community resilience (readiness)	CR 1	Develop and commence delivery of a Volunteer Management Strategy to increase the numbers and capability of volunteers.
	CR 2	Review and rationalise Civil Defence Centres to ensure they are fit for purpose.
	CR 3	Refine and continue delivery of our Community Resilience Strategy to ensure that its objectives of engaged, connected, resource and empowered communities is being achieved.
	CR 4	Develop and implement a public education and community engagement strategy focused on improving community preparedness to act in a coordinated and collaborative way during an emergency, and to strengthen their ability to adapt to change following an emergency.
	CR 5	500 community volunteers registered and trained in CIMS and other relevant topics to improve the level of skills in the sector.
	CR 6	10 Community Emergency Plans (including marae based) established and functioning to create local groups of prepared and skilled community volunteers to support communities to respond to and recover from emergencies.

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Strategic Goal	No.	Objective
Capability development (readiness, response and recovery)	CD 1	Adult Community Education (ACE) funds and other funding sources for volunteer training investigated and accessed to increase the number of people able to be trained.
	CD 2	Training records managed to record staff and volunteer training for both currency and proficiency to create better knowledge about the community's capacity to respond to and recover from emergencies.
	CD 3	Plan and run at least one Tier 2 Exercise (whole of Group) to test and increase the capacity and capability of staff and volunteers.
	CD 4	Participate in all Tier 4 national exercises to test and increase the capacity and capability of staff and volunteers.
	CD 5	500 CDEM centre staff trained to Integrated Training Framework (ITF) Intermediate CIMS to provide a sufficient pool of trained staff within the region.
	CD 6	85% of CIMS function leads trained in relevant ITF Function Lead courses to ensure a sufficient skill level of critical staff.

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Strategic Goal	No.	Objective
Response and recovery	RR 1	A Readiness and Response Advisory Group will be established (fulfilling Section 8 Guide to the National Plan requirement for and emergency services coordination committee) to improve the quality of communication and cooperation both between first responders and with Civil Defence Emergency Management.
	RR 2	All Group and Local Controllers complete National Controller Training Programme to improve decision making and emergency management skills.
	RR 3	Three district based EOCs and one regional ECC established to increase the capacity for response at a local level.
	RR 4	The accuracy and currency of all response plans and Standard Operating Procedures is assessed (and takes into account the response principles in this plan) and a programme for review developed.
	RR 5	Standard Operating Procedures established and kept up-to-date to ensure consistency of decision making and actions in an emergency.
	RR 6	The Recovery programme of work to be completed by 2020 will guide the activities of the Group to prepare for recovery ahead of an emergency, and enable the Group and partner agencies to achieve the recovery principles and policies. This work will include (but is not limited to): Engagement with priority communities likely to be affected by specific hazards to understand their values and priorities, the likely consequences and the support needed. This will allow the necessary capabilities, processes and arrangements to be identified. Identification of key recovery partners needed to support recovery activities, including across local, regional and central government, non-government organisations, private sector, and within communities. Identification and prioritisation of actions to address gaps in recovery preparedness
	RR 7	Hazard specific strategic recovery planning will be undertaken at the same time as hazard response contingency planning for the 15 Group Plan priority hazards over the life of this Group Plan to enable comprehensive emergency management.
	RR 8	A framework for the coordination of recovery activities and collaboration post emergency will be established by 2021.

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Appendix C: Risk Register

The register summaries the risks that have been identified, their rating, any mitigation and the residual risk after that

This quarter we have introduced trends to the register. These indicating whether a risk is:

-  Risk increase since last quarter
-  Risk remains steady
-  Risk decreased since last quarter




Summary

A total of twenty (20) risks have been identified. All, except one, have mitigation measures in place.

Since the last quarter:

- Two (2) have been increased in risk
- Seventeen (17) remain steady
- One (1) has decreased risk due to the additional mitigation measures in place.
- Two (2) new risks have been identified and added to the register (Planning and Strategy and Information Management)
- One (1) risk has been removed (People and Knowledge)

Risk Register

Issue	Controls & Residual Risk			
	Initial Risk Rating	Mitigation	Residual Risk Rating	Trend
People and Knowledge				
Inability to engage 'suitably qualified and experienced' person to the role of Group Recovery Manager.	M	Taranaki CDEM Group Recovery work programme resourced to meet statutory plan requirements in place. Voluntary Group Recovery Manager position was in place but now terminated.	M	
Lack of capacity for CDEM to manage field operations in emergency and disaster zones (i.e. cordon and movement management, welfare registration, CDC management).	M	Agreements with external agencies to conduct field activities, that are trained and exercised to appropriate standard. CDC training established and TAs working on operational capability.	M	
Health & Safety				
High workload for TEMO team over a sustained time to deliver work programme, leading to sickness, use of sick leave, decreased staff moral, and reduced capability of TEMO staff for response.	M	Re-focus and adjustment of TEMO work programme, prioritising key actions and extending or shifting other timeframes. External resource (contractors or temporary FTE) secured to augment TEMO service delivery. Maintain visibility of work programme priorities, and pressures,	L	

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		to CEG and staff.		
H&S of CDEM staff deployed into emergency and disaster zones.	M	Emerging understanding of exposure through hazard contingency planning.	M	⊖
Governance, reputation, legislative compliance and control				
Lack of engagement with Iwi and future Iwi representation requirement at CEG.	H	Marae engagement programme established.	H	⊖
Environment				
Inability to restrict public access to the Emergency Coordination Centre during activation.	M	Planning completed under the ECC development project.	M	⊖
Unclear processes for TEMO involvement in Major Hazard Facility (MHF) consultation, requiring operators to consult territorial authorities under MHF regulations.	H	Work with Taranaki HAZMAT Advisory Group to establish information sharing and consultation protocols. A national review has commenced into regulations for Major Hazard Facilities conducted by WorkSafe NZ. Roles and responsibilities of TAs and TEMO under existing HAZMAT regulations discussed advisory meetings. Major Hazard Facility SOP in draft and consultation underway with TAs.	M	⬇
Planning & Strategy				
Newly establish emergency response structure, and Emergency Operations Centres (x3).	H	Arrangements defined within the Group Plan (Statutory document), and Response Management Plan. Plans and arrangements regularly discussed with EOCs. Ongoing training for Controllers and Recovery Managers to understand roles and responsibilities. Major focus of TEMO workplan, and additional 0.5 FTE for exercising in place from August 2019. CIMS function meetings established, and table top exercises to test understanding of arrangements underway.	M	⊖
Inability to adequately plan and subsequently provide resourcing to meet future CDEM changing levels of service (at both Group and TAs).	H	Engagement with National Emergency Management Agency to communicate information needs in order to accurately forecast future requirements.	H	New
Financial				
Lack of transparency around operational reserve, accumulated due to year end underspend.	L	Policy around reserve approval process developed and included within the TEMO Group Office financial policies. Review by CEG and adoption by Joint Committee by March 2020.	L	⊖
Information management				
Lack of documented knowledge of ECC	M	Nil mitigation to date.		New

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operational systems and redundancy resulting in unforeseen system failures during response and recovery.				
Operations & service delivery				
Capability of newly appointed statutory roles holders (Controllers and Recovery Managers), required to manage effective response and recovery.	E	Statutory appointments continue for Group Office and TAs. Controller and Recovery Manager function meetings, induction and initial training provided on appointment and position holders are also progressing through ITF training pathways. Certification of competency for statutory position holders occurring through Response and Recovery national programme.	E	⊖
Number of trained and capable response staff for Emergency Management Centres.	H	Delivery occurring as per approved training and exercising plan, with a focus on TA capacity. Ongoing recruitment of EOC & ECC volunteer staff. MOU with TRC re staff release complete.	M	⊖
Lack of monitoring or forecasting of coastal inundation within Taranaki.	M	Unable to be mitigated.	M	⊖
Effectiveness of welfare delivery for affected communities, by Emergency Operation Centres.	M	Community Welfare Outreach review completed and findings included within Group Welfare Plan. TA's commencing actions to improve capability as part of 2019/20 TA work programme and performance measures.	M	⊖
An absence of a fit for purpose common operating picture system, for CDEM and responding agencies during emergencies, that is compatible with that national EM system.	M	Office 365 operating system and initial GIS system established. Taranaki GIS scoping project funded and commencing 2019/20. TEMO management of EOC devices under service contract. Operational enhancements to GIS system (quick wins) implemented. Planning for adoption and integration of national 'Awhina' GIS welfare system.	L	⊖
Property & assets				
Documented issues with the current design, functioning and age of systems for the Emergency Coordination Centre.	M	Minor enhancements to building systems effected. Maintenance contracts in place. Issues addressed within planning and design stage 2018/19 for ECC development project.	M	⊖
Significant building development project for construction in the 2019-20 financial year. Planning, design and consenting to occur in the 2018-19 financial year. Building investigations complete. Issue with flat pitch roof discovered and	H	Project Management structure in place. ECC development project concept and design completed. Various assessments completed (detailed seismic assessment, importance level 4 post disaster facility, asbestos survey and fire scheme assessment completed). Recent flat pitch roof issues	M	⊖

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additional funding secured and project included within current build project.		uncovered and additional design (\$40k) and replacement (\$330k) budget in place. Design finalised and building consent applied for.		
Identified risks with inadequate standard of existing Civil Defence Centres, and suitability of alternatives.	M	Implementation of CDC review through rationalisation and determining fit for purpose use of facilities and activation plan. Included in the 2019/20 TA work programme and performance measures.	M	⊖
Major region wide response occurring while TEMO/ECC operates out of a temporary building during ECC project works.	M	Development concept for a pop-up ECC and establish appropriate arrangements for alternative venue, equipment, IT, generation, connectivity, and critical supplies. Go/No go stage process established.	L	⊖

Risks removed from the register

Issue	Controls & Residual Risk		
	Initial Risk Rating	Mitigation	Residual Risk Rating
People and Knowledge			
Inability to retain skilled staff, due to salaries comparative to peer CDEM Groups.	M	Job levelling exercise completed, with corresponding Salary increases budgeted to enable market and performance movements. Salary reviews occur September, back dated to 1 July 2019.	I

APPENDIX 1**Appendix D: TEMO Q2 Financial Report**

Profit and Loss Summary Report for December 2020 for TEMO

	Actual YTD December	Budget YTD December	Variance YTD December	Note
Revenue				
Other revenue				
160 - User fees and charges	150	0	(150)	
169 - Other Operating incl Rebates & Recoveries	(487)	0	487	
Total Other revenue	(337)	0	337	
Subsidies and grants				
180 - Operating Grants & Subsidies	(406,341)	(597,852)	(191,510)	1
Total Subsidies and grants	(406,341)	(597,852)	(191,510)	
Total Revenue	(406,678)	(597,852)	(191,174)	
Expenses				
Personnel costs				
220 - Salaries and wages - Payroll Only	299,510	254,211	(45,299)	
223 - Other employee benefits - Payroll Only	5,940	6,681	741	
224 - Employee Development & Education	30,482	16,094	(14,389)	
225 - Employer contributions - Payroll Only	8,767	7,581	(1,186)	
229 - Other personnel costs	442	0	(442)	
Total Personnel costs	345,142	284,567	(60,575)	2
General operating expenditure				
231 - Insurances	3,146	8,889	5,743	
232 - Legal and professional fees	1,530	31,067	29,537	3
233 - Occupancy and utilities	12,933	7,905	(5,028)	
234 - Property Maintenance	4,723	0	(4,723)	
235 - Communications	2,366	22,950	20,584	4
236 - Advertising and Marketing	11,154	15,300	4,146	
237 - Hardware & Software	91	0	(91)	
238 - Travel and accommodation	1,085	0	(1,085)	
245 - Other general costs	13,698	1,275	(12,423)	5
Total General operating expenditure	50,726	87,386	36,660	
Direct costs of activities				
250 - Contracts	406	9,945	9,539	
251 - Engineering and Technical advice	0	20,500	20,500	6
253 - Services	1,297	0	(1,297)	

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APPENDIX 1

254 - Materials	198	0	(198)
255 - Fleet & Plant Consumables & Maintenance	3,072	6,441	3,369
Total Direct costs of activities	4,973	36,886	31,914
10 - Depreciation - operational assets	18,089	27,961	9,872
Total Expenses	418,929	436,801	17,871
EXTERNAL OPERATING (PROFIT)/LOSS	12,251	(161,051)	(173,302)
INTERNAL CHARGES			
310 - Labour allocation expense	0	10,200	10,200
315 - Fixed Amount Charge of Shared Services	160,880	160,880	0
320 - On-charges expense	3,985	0	(3,985)
330 - Interest allocation expense	10,284	10,284	0
INTERNAL RECOVERIES			
370 - On-charge recoveries	(3,960)	0	3,960
APPROPRIATIONS			
390 - Operating Appropriations	(260,000)	0	260,000
391 - Depreciation funding/ (unfunded)	(18,090)	(27,961)	(9,871)
395 - Capital Appropriations	0	25,863	25,863
TOTAL NET RESULT	(94,650)	18,215	112,865

NOTES

1 - Unclaimed funding revenue from Ministry of Civil Defence Emergency Management (reimbursed on invoice) and reduction in invoiced Council contributions, with reduce revenue offset by operational reserve (operating appropriations)

2 - Temporary fixed term positions funded through operational offset.

3 - Science and GIS technical project funding variance. Forecast to be spent by end of year.

4 - Underspend in operational systems licensing and maintenance. Offsetting additional personnel costs.

5 - Additional general costs to meet ECC requirements.

6 - Budgeted but unutilised Contractor fee (Group Recovery Mgr), used to offset additional temporary personnel costs to meet legislated Recovery planning requirements.

INFORMATION REPORT



TO: Audit and Risk Committee

FROM: Director – Corporate Services

DATE: 19 May 2020

SUBJECT: FINANCIAL RISK MANAGEMENT REPORT

F19/13/04 – D20/8096

RECOMMENDATION

THAT the report be received.

Moved/Seconded

Attachments (as at 30 April 2020):

1. Statement of Comprehensive Revenue and Expenses
2. Revenue for April 2020 by Activity
3. Capital Expenditure Report
4. Treasury Report
5. Cashflow Forecast – one year
6. NZX Announcement – Proposed Change to LGFA Policy Covenant

1.0 Financial Summary

1.1 Operating Results – YTD April 2020

Revenue

Total revenue is tracking over budget by \$544,927. However, the forecast for year end is that revenue will be under budget as all Council subdivision sections are not expected to be fully sold by year end, and user charges are expected to be significantly impacted in May and the first part of June 2020.

Expenditure

Personnel costs are over budget by \$375,297, but offsetting that is operational expenditure which is under budget by \$652,728 as Council has achieved savings in other areas, including procurement contract savings – particularly in relation to the Water Supply activity.

Other Expenditure

The loss on disposal of \$265,845 relates to the demolition of the ANZ building and the write-off of the carrying value of the building. Overall, other expenditure is under budget as interest rates are lower than anticipated, and depreciation is lower due to lower building values as per the recent Council property valuation as at 31 December 2019.

1.2 April 2020 Revenue vs Budget

A report for April 2020 revenue against budgeted revenue has been provided to the Audit and Risk Committee this month only, to disclose the extent to which the COVID-19 lockdown has had an impact on revenue, excluding rates.

The community centres, including Library, Swimming Pool, Information Centre and other Council facilities have taken the biggest hit with virtually no revenue for the month. NZTA revenue is significantly down, with part of that attributable to the lockdown in that non-essential roading work was unable to be carried out from the later part of March until early May. Also of note is the significant drop in Building Control and Dog Control revenue.

A similar trend is expected for May, with a likely return to normal revenue levels from the later part of June, however there is still a high level of uncertainty around these assumptions.

1.3 Capital Expenditure Progress – YTD April 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-forecast down to **\$6,755,221**, with some significant carry forwards to 2020/21 likely to be proposed for Council approval in June 2020.

Actual capital expenditure for the year to date is **\$4,338,490**, with remaining capital expenditure for the two months to 30 June 2020 estimated to be **\$2,416,731**, as advised by the relevant budget managers. This figure may need to be revised down when the capital expenditure program is reviewed in early June.

2.0 Treasury Report

2.1 Treasury Summary

The last Treasury Report provided to the Audit and Risk Committee was as at February 2020. Changes from February 2020 to April 2020 are summarised below:

- Gross Council debt has increased by \$1,000,000 to \$15,500,000.
- A \$3,000,000 loan matured in April 2020, this was floating.
- Council borrowed \$2,000,000 for one year floating (currently 1.31 per cent), \$1,000,000 for three years at 1.55 per cent, and \$1,000,000 for six years at 2.02 per cent.
- The weighted average interest rate on debt has reduced from 2.66 per cent to 2.60 per cent due to the refinancing, and new loan activity referred to above.
- Term deposits reduced from a total of \$4,000,000 to \$3,000,000 – temporary measure to ensure sufficient cash was on hand, and delay additional borrowing to May when it was anticipated interest rates would drop further.
- The weighted average interest rate on investments reduced from 2.60 per cent to 2.35 per cent.

2.2 Treasury Management Policy compliance

As at 30 April 2020, all treasury covenants were met.

	<i>Actual</i>	<i>Policy</i>
Actual Fixed Debt	100%	>60%
Actual Floating Debt	13%	<60%
Fixed 1-3 years	29%	10-60%
Fixed 3-5 years	23%	10-60%
Fixed >5 years	29%	5-60%
Debt Matures 1-2 years	29%	10-60%
Debt Matures 2-4 years	23%	10-60%
Debt Matures > 4 years	29%	10-60%
Debt Servicing to Revenue Ratio	2%	<10%
Debt to Revenue Ratio	52%	<130%
Liquidity Ratio	127%	>110%
Net Debt per Capita	\$ 1,295	<\$3,000
Net Debt per Ratepayer	\$ 2,590	No specified limit

2.3 Proposed Changes to LGFA

Two major changes are proposed to the LGFA and are likely to come into effect from 1 July 2020, these are:

- Ability for Council Controlled Organisations (CCO's) to borrow directly through the LGFA – a guarantee from Council would still be required. The purpose of this is to ease administration costs for Council intermediaries who borrow through LGFA to on-lend to their CCO's.
- Amendment of the Net Debt / Total Revenue financial covenant for Council borrowers with a long-term credit rating of 'A' or higher, from 250% to 300% for the next two years – refer attachment.

2.3 Matters Outstanding – Audit and Risk Committee meeting March 2020

At this meeting, a Committee member enquired as to whether Council could exit from becoming a guarantor with the Local Government Funding Agency ('LGFA'). Andrew Michl from LGFA has confirmed that Council could exit on the condition that:

- Council debt reduced to less than \$20,000,000 (currently \$14,500,000, but predicted to exceed \$20,000,000 by June 2021), and
- Council's commitment under the guarantee would only cease once the longest LGFA bond, at the time the Council ceases to become a guarantor with LGFA, matures (currently April 2033).

3.0 Cashflow Forecast / Funding Requirements

3.1 Cashflow Forecast Summary

Due to current uncertainties with forecast revenue receipts, and capital expenditure program (likely that some capital projects may be brought forward to stimulate the local economy), the cashflow report presented only provides a 12 month outlook. A three

year forecast will be prepared for the July Audit and Risk Committee meeting once more is known on the potential effects of the COVID-19 pandemic on Council's cash inflows and outflows.

3.2 Cashflow Assumptions:

- A decline in revenue receipts (from previous expectations) in May and June 2020 of approximately 20%.
- 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 be regularly collected from now on, however titles have now been issued for all sections, and as at the writing of this report 13 sections (of 33) have gone unconditional or are under contract.
- New Swimming Pool construction work will commence from January 2021.
- The weighted average interest rate on debt will remain at 2.6%.
- Interest rates on investments will be 2.3%.

4.0 Outstanding Debtors

4.1 Summary of Debtors

The below table shows outstanding debtors as at 30 April 2020. There are no particular areas of concern presently however, Council officers will keep a close eye on outstanding Water Billing and Rates debtors, particularly over the next couple of months. The priority will be to get those debtors that may be experiencing financial hardship onto a payment arrangement as soon as possible.

Category	Total Outstanding	Overdue > 3 months	Notes relating to outstanding balances
Rates	\$170,724	\$17,570	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	\$111,684	\$24,004	Four debtors are overdue, two debtors have entered into approved Council payment arrangements, and Council officers are chasing up the other two. A 10% penalty is applied on all amounts overdue each quarter.
NZTA	\$118,792	\$0	Roading claim.

Infringements	\$63,225	\$63,225	All debtors are overdue and with the Ministry of Justice for collection.
All Other Debtors	\$752,765	\$45,115	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.
TOTAL	\$1,216,690	\$149,913	



Tiffany Radich
DIRECTOR – CORPORATE SERVICES

Approved By:
 S Hanne
CHIEF EXECUTIVE

DATE: 12 May 2020

Statement of Comprehensive Revenue and Expense

For the Period Ended 30 April 2020

	April '20 Actual YTD	April '20 Budget YTD	Variance YTD	Total Budget 2019/20	April '19 Actual YTD
<u>Revenue</u>					
Finance Revenue	\$80,795	\$105,000	(\$24,205)	\$126,000	\$89,854
NZTA Financial Assistance	\$3,071,711	\$3,117,500	(\$45,789)	\$3,741,000	\$4,307,890
Grants and Donations	\$167,868	\$0	\$167,868	\$124,000	\$86,670
Rates Revenue other than Water Supply Rate	\$9,279,952	\$9,258,750	\$21,202	\$12,345,000	\$8,879,197
Water Supply Targeted Rate	\$262,048	\$288,750	(\$26,702)	\$462,000	\$259,494
Sundry Revenue	\$41,960	\$37,600	\$4,360	\$41,000	\$38,295
Dividends	\$54,930	\$0	\$54,930	\$0	\$0
Financial Contributions	\$43,842	\$0	\$43,842	\$0	\$56,673
Sale of land	\$1,298,736	\$1,053,912	\$244,824	\$4,360,000	\$0
User Charges for Services	\$2,038,544	\$1,933,947	\$104,597	\$2,249,000	\$1,900,500
Total Revenue	\$16,340,386	\$15,795,459	\$544,927	\$23,449,000	\$15,618,573
<u>Operating Expenditure</u>					
Personnel Costs	\$3,329,893	\$2,954,596	(\$375,297)	\$3,573,000	\$2,894,640
Other Direct Operating Costs	\$7,867,794	\$8,520,522	\$652,728	\$10,104,000	\$8,571,221
Total Operating Expenditure	\$11,197,687	\$11,475,118	\$277,431	\$13,677,000	\$11,465,861
(See attached Breakdown to Activity Cost)					
<u>Other Operating Expenditure</u>					
Loss on disposal of assets	\$265,845	\$0	(\$265,845)	\$0	\$195
Depreciation	\$3,405,685	\$3,590,250	\$184,565	\$4,308,300	\$3,689,417
Finance Costs	\$330,493	\$533,333	\$202,840	\$640,000	\$383,662
Impairment landfill costs	\$23,346	\$0	(\$23,346)	\$0	\$0
Sundry Expenditure	\$1,290	\$0	(\$1,290)	\$0	\$9,856
Total Other Expenditure	\$4,026,659	\$4,123,583	\$96,924	\$4,948,300	\$4,083,130
Total Expenditure	\$15,224,346	\$15,598,702	\$374,355	\$18,625,300	\$15,548,991
Net Surplus (Deficit)	\$1,116,040	\$196,758	\$919,282	\$4,822,700	\$69,582

Revenue in April 2020 - Actual vs Budget

Ledger Account	Description	April Budget	April Actual	Variance
1000.17	Library	-\$ 1,531.00	\$ -	-1,531.00
1105.17	Sports Fields	-\$ 731.00	\$ -	-731.00
1200.17	TSB Pool Complex	-\$ 19,410.00	\$ -	-19,410.00
1300.17	War Memorial Centre	-\$ 3,665.00	\$ -	-3,665.00
1305.17	Centennial Restrooms	-\$ 750.00	\$ -	-750.00
1310.17	Miscellaneous Civic Amenities	-\$ 1,206.00	-\$ 86.96	-1,119.04
1400.17	Pensioner Housing	-\$ 2,105.00	-\$ 2,253.32	148.32
1405.17	Elsie Fraser Housing	-\$ 3,189.00	-\$ 3,423.32	234.32
1505.17	Sport NZ Rural Travel Fund	-\$ 816.00	\$ -	-816.00
1510.17	Creative NZ	-\$ 891.00	\$ -	-891.00
4200.17	Information Centre	-\$ 8,480.00	-\$ 2,673.38	-5,806.62
4201.17	Accommodation Bookings	-\$ 133.00	\$ -	-133.00
4220.17	Tours/Activities	-\$ 167.00	\$ -	-167.00
4225.17	Bus Ticket Sales	-\$ 83.00	\$ -	-83.00
4230.17	Ticketing	-\$ 167.00	-\$ 6.52	-160.48
4235.17	DOC and Hut Passes	-\$ 42.00	\$ -	-42.00
4245.17	Train/Ferry Tickets	-\$ 250.00	\$ -	-250.00
4300.17	Holiday Park	-\$ 250.00	\$ -	-250.00
2151.17	District Roads - Urban	-\$ 27,617.00	-\$ 2,011.56	-25,605.44
2152.17	District Roads - Rural	-\$ 274,033.00	-\$ 106,937.94	-167,095.06
2160.17	Special Purpose Roads	-\$ 15,805.00	-\$ 1,806.00	-13,999.00
2165.17	Street Services	-\$ 5,317.00	-\$ 13,164.32	7,847.32
2300.17	Transfer Station	-\$ 6,769.00	-\$ 11,957.15	5,188.15
2400.17	Wastewater (Sewerage)	-\$ 5,953.00	-\$ 4,945.65	-1,007.35
2600.17	Water Supply - Stratford	-\$ 37,357.00	\$ 2,432.69	-39,789.69
2605.17	Water Supply - Toko	-\$ 4.00	-\$ 291.43	287.43
2610.17	Water Supply - Midhirst	-\$ 1,161.00	-\$ 2,084.83	923.83
2700.17	Aerodrome	-\$ 1,791.00	-\$ 3,903.14	2,112.14
2800.17	Cemeteries	-\$ 10,173.00	-\$ 3,547.82	-6,625.18
3700.17	Corporate Support	-\$ 4,999.00	\$ 397.07	-5,396.07
3800.17	Farm Investment	-\$ 42,028.00	-\$ 48,472.95	6,444.95
4410.17	Rental Properties	-\$ 2,858.00	-\$ 4,141.16	1,283.16
5000.17	Resource Consents	-\$ 2,638.00	-\$ 4,808.70	2,170.70
5010.17	Building Control	-\$ 21,797.00	-\$ 6,169.55	-15,627.45
5015.17	Environmental Health	-\$ 1,208.00	\$ -	-1,208.00
5020.17	Liquor Licensing	-\$ 2,884.00	-\$ 3,845.00	961.00
5025.17	Dog Control	-\$ 10,681.00	-\$ 1,433.69	-9,247.31
5030.17	Bylaws	-\$ 2,211.00	\$ 61.63	-2,272.63
6000.17	Assets Director	-\$ 2,499.00	-\$ 2,500.00	1.00
6005.17	Roading Asset Manager	-\$ 9,838.00	-\$ 10,137.33	299.33
6040.17	Corporate Services	-\$ 1,707.00	-\$ 166.67	-1,540.33
7000.17	P and L Items	-\$ 10,504.00	-\$ 7,363.86	-3,140.14
		-\$ 545,698.00	-\$ 245,240.86	-300,457.14

CAPITAL EXPENDITURE SUMMARY BY ACTIVITY AS AT 30 APRIL 2020

Project	Total Available	Actual YTD Expenditure 2019/20	Projected year end expenditure	Projected under/(over) spend 2019/20	
Roading	<i>Level of service</i>	84,425	3,071	56,112	28,313
	<i>Replacements</i>	3,061,880	2,677,933	2,893,768	168,112
Stormwater	<i>Level of service</i>	504,607	348,640	348,640	155,967
	<i>Replacements</i>	277,455	138,145	277,455	0
Wastewater	<i>Level of service</i>	1,159,380	43,011	86,571	1,072,809
	<i>Replacements</i>	510,978	150,377	410,978	100,000
Water Supply	<i>Level of service</i>	606,093	47,732	154,427	451,666
	<i>Replacements</i>	970,017	73,750	432,461	537,556
Parks and Reserves	<i>Level of service</i>	295,837	83,387	320,476	-24,639
	<i>Replacements</i>	0	0	0	0
Solid Waste	<i>Replacements</i>	40,800	0	40,800	0
Animal Control	<i>Level of service</i>	61,300	40,162	61,300	0
Swimming Pool	<i>Level of service</i>	43,900	31,257	60,309	-16,409
Aerodrome	<i>Level of service</i>	3,021	0	3,021	0
Civic Amenities	<i>Level of service</i>	188,900	92,536	189,326	-426
	<i>Replacements</i>	2,530	2,227	2,227	303
Library	<i>Replacements</i>	0	1,230	20,000	-20,000
Miranda Street Office	<i>Level of service</i>	0	5,200	5,200	-5,200
	<i>Replacements</i>	3,100	3,840	3,840	-740
Farm	<i>Level of service</i>	51,369	6,408	51,369	0
	<i>Replacements</i>	0	3,683	3,683	-3,683
Economy	<i>Growth</i>	1,060,839	412,274	962,274	98,565
Pensioner Housing	<i>Level of service</i>	12,250	0	7,500	4,750
Pensioner Housing	<i>Replacements</i>	22,460	18,898	22,460	0
Communications	<i>Replacements</i>	75,065	450	75,065	0
Corporate Support	<i>Replacements</i>	395,415	154,279	265,959	129,456
TOTAL		\$ 9,431,621	\$ 4,338,490	\$ 6,755,221	\$ 2,676,400

2020 - Agenda - Audit & Risk - May - Information Report - Financial Risk Management

CAPITAL EXPENDITURE SUMMARY BY ACTIVITY AS AT 30 APRIL 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
GROWTH - to meet additional demand									
Economy	Proposed Council subdivision	793,700	267,139	1,060,839	412,274	962,274	98,565	By 30 June 2020	Total cost to date for the entire project is \$3,581,000. It is anticipated that the final cost will be approximately \$4.2m.
Total Growth Expenditure		793,700	267,139	1,060,839	412,274	962,274	98,565		
LEVEL OF SERVICE - to improve the level of service on an existing asset or provide an additional asset to increase a service level									
Roading - Financially assisted NZTA	LED Lighting Upgrade	0	16,112	16,112	3,071	16,112	0	By 30 June 2020	NPE-Tech will complete the conversion this year
Roading non-subsidised	Kerb & Channel Improvements	0	68,313	68,313	0	40,000	28,313	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	348,640	348,640	(148,545)	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	12,151	11,571	166,929	CARRY FORWARD PROPOSED	There is not enough resources to carry out the design work to enable the project to be tendered. Part of the budget will be used for the Broadway upgrade in 202/21.
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	30,860	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	28,723	32,427	0	By 30 June 2020	
Water Supply	Zoning	307,500	184,166	491,666	16,009	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	3,000	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	4,944	15,300	0	By 30 June 2020	Whanga Walkway and Cardiff Walkway upgrades
Parks and Reserves	Walkway signs	10,200	10,000	20,200	3,182	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	45,640	45,640	360	COMPLETED	
Parks and Reserves	Plantings and signs	12,250	10,212	22,462	0	22,462	0	By 30 June 2020	This is on hold until a template has been designed

2020 - Agenda - Audit & Risk - May - Information Report - Financial Risk Management

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	Victoria Park bike park	0	25,000	25,000	13,302	25,000	0	By 30 June 2020	Project design is complete, and detail design and tender documentation preparation is 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. Tenders received were in excess of the budget, so funding is now under review.
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 development	0	0	0	16,409	16,409	(16,409)	By 30 June 2020	
Aerodrome	Level operational area	0	3,021	3,021	0	3,021	0	By 30 April 2020	
Civic Amenities	Demolish ANZ building	76,600	0	76,600	52,735	62,000	14,600	By 31 May 2020	Completed apart from site remediation
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	6,408	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	40,162	61,300	0	By 30 June 2020	
Library	Information centre relocation	0	0	0	1,230	20,000	(20,000)	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	7,500	4,750	By 30 April 2020	Tender process has commenced. The budget was for 2 conservatories but now only doing 1 as the remaining unit already has a back porch.
Total Level of Service Expenditure		2,239,430	771,652	3,011,082	702,634	1,364,251	1,646,831		

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	422,732	540,000	260,000	CARRY FORWARD PROPOSED	Revised NZTA approved budget due to overspend in 2018/19
Roading - Financially assisted NZTA	Sealed Road resurfacing	800,000	(50,000)	750,000	772,254	775,000	(25,000)	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	401,868	470,000	55,000	CARRY FORWARD PROPOSED	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	860,337	865,000	(122,220)	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	119,955	140,000	(60,000)	By 30 June 2020	Revised NZTA approved budget due to overspend in 2018/19. Lower Kohurutahi Road bridge repairs commenced in January 2020.
Roading - Financially assisted NZTA	Traffic Servcies Renewals	63,100	(13,100)	50,000	92,861	95,000	(45,000)	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	7,768	94,032	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	158	1,000	11,300	CARRY FORWARD PROPOSED	
Solid Waste	Building renewals	40,800	0	40,800	0	40,800	0	By 30 June 2020	Pending the recommendation of the building maintenance report, and also reseals to commence this year

2020 - Agenda - Audit & Risk - May - Information Report - Financial Risk Management

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	Weather events emergency fund	2,560	0	2,560	0	2,560	0	By 30 June 2020	
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	10,302	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	140,075	310,000	100,000	By 30 June 2020	This project commenced in January 2020
Water Supply	Laterals	31,370	0	31,370	3,388	31,370	0	By 30 June 2020	
Water Supply	Stratford street work rider mains	210,000	0	210,000	11,318	210,000	0	By 30 June 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	30,127	6,896	CARRY FORWARD PROPOSED	
Water Supply	Grit tank replacement	0	250,000	250,000	1,505	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	19,766	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	18,898	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	3,840	3,840	(740)	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	91,404	150,000	55,915	By 30 June 2020	
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	0	100,000	CARRY FORWARD PROPOSED	Currently out for tender then in RFP process
Corporate Support	Vehicle Replacement (after trade in)	54,500	0	54,500	28,672	54,500	0	By 31 May 2020	
Corporate Support	Traffic counters	0	0	0	26,459	26,459	(26,459)	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	7,744	20,000	0	By 30 June 2020	This includes civil defence equipment
Total Replacement Expenditure		4,433,870	925,830	5,359,700	3,223,582	4,428,696	931,004		
TOTAL EXPENDITURE		\$7,467,000	\$1,964,621	\$9,431,621	\$4,338,490	\$6,755,221	\$2,676,400		

LIABILITIES AND INVESTMENTS STATEMENT AS AT 30 APRIL 2020					
Public Debt Statement					
Lender	Amount	Interest Rate	Term (Years)	Date Drawn	Maturity Date
LGFA	\$ 1,000,000	1.99%	1	May 2019	May 2020
LGFA (floating)	\$ 2,000,000	1.31%	1	April 2020	April 2021
LGFA	\$ 1,500,000	2.62%	3	August 2018	May 2021
LGFA	\$ 2,000,000	2.81%	4	August 2018	April 2022
LGFA	\$ 1,000,000	1.55%	3	April 2020	April 2023
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	\$ 1,000,000	2.02%	6	April 2020	April 2026
LGFA	\$ 1,500,000	3.65%	9	August 2018	April 2027
	\$ 15,500,000	2.60%			
Internal Debt Register					
Activity	Amount	Start Date	Term	Interest Rate	Details
Water	\$ 1,510,000	2013	N/a	2.60%	Water treatment plant
	\$ 1,510,000				
Committed Cash Facilities					
Lender	Facility Value	Outstanding	Rate		
TSB Bank	\$ 1,000,000	\$ -	BKBM* + 3%		
	\$ 1,000,000				
Investment Statement					
Bank / LGFA	Amount	Interest Rate	Term (Days)	Start	End
TSB	\$ 1,000,000	2.15%	124	8/04/2020	10/08/2020
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	\$ 32,000	0.91%	378	7/04/2020	20/04/2021
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	\$ 16,000	1.15%	1103	7/04/2020	15/04/2023
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	\$ 16,000	1.62%	2199	7/04/2020	15/04/2026
LGFA	\$ 24,000	3.25%	3153	27/08/2018	15/04/2027
	\$ 3,232,000	2.35%			
Shareholdings Statement					
	No. of Shares	Share Price	Value of Shares		
Fonterra	158,716	\$ 3.67	\$ 582,488		
Ravensdown	17,920	\$ 1.00	\$ 17,920		
Civic Assurance	65,608	\$ 1.59	\$ 104,317		
			\$ 704,724		
Other Investments					
	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.

CASHFLOW FORECAST FOR THE YEAR ENDED APRIL 2021

		Apr-20	Apr-20 ACTUAL	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
OPENING BALANCE		1,816,379	1,816,379	2,157,169	2,631,752	2,006,418	1,473,534	3,970,200	2,909,866	1,854,863	3,337,554	2,271,220	268,336	692,002
Rates	1	224,000	356,389	1,500,000	320,000	400,000	3,280,000	540,000	350,000	2,800,000	400,000	370,000	2,900,000	400,000
NZTA Refunds		416,510	416,510	118,792	430,000	400,000	209,000	126,000	265,000	250,000	650,000	250,000	450,000	750,000
Fees and Charges	1	200,000	58,489	200,000	200,000	350,000	319,000	300,000	200,000	250,000	350,000	240,000	350,000	350,000
Sale of Assets	2	268,000	268,000	528,000	126,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Interest Revenue		8,633	9,966	8,666	8,666	8,666	8,666	8,666	8,666	8,666	8,666	8,666	8,666	8,666
Other Income	3	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000	1,000,000
Total Cash In		1,117,143	1,109,354	2,355,458	1,084,666	1,283,666	3,941,666	1,099,666	948,666	3,433,666	1,533,666	1,993,666	4,833,666	2,633,666
Salaries and Wages / Elected Members		390,000	377,137	390,000	410,000	410,000	240,000	350,000	440,000	400,000	400,000	300,000	340,000	400,000
Payments to Suppliers - Operating		400,000	235,062	600,000	500,000	800,000	730,000	790,000	550,000	700,000	800,000	400,000	370,000	950,000
Major contract payments		800,000	1,053,294	1,100,000	800,000	500,000	475,000	600,000	900,000	950,000	1,400,000	3,600,000	3,700,000	1,400,000
Interest Expense		107,404	103,071	90,875	-	6,550	-	-	113,669	70,975	-	6,550	-	-
GST Paid		-	-	(300,000)	-	100,000	-	420,000	-	170,000	-	190,000	-	250,000
Total Cash Out		1,697,404	1,768,564	1,880,875	1,710,000	1,816,550	1,445,000	2,160,000	2,003,669	1,950,975	2,600,000	4,496,550	4,410,000	3,000,000
(Increase)/Reduce Term Deposits	4	- 1,000,000	1,000,000	- 1,000,000	-	-	-	-	-	-	-	-	-	-
Borrowing /(Repaying) Loans*	5	1,000,000	-	1,000,000	-	-	-	-	-	-	-	500,000	-	-
CLOSING BALANCE		1,236,118	2,157,169	2,631,752	2,006,418	1,473,534	3,970,200	2,909,866	1,854,863	3,337,554	2,271,220	268,336	692,002	325,668
Net Debt		11,284,000	12,284,000	11,284,000	11,284,000	11,284,000	11,284,000	11,284,000	11,284,000	11,284,000	11,284,000	11,784,000	11,784,000	11,784,000

Notes re Cashflow Forecast:

1. Due to the Covid-19 lockdown, an assumption has been made that Rates and Fees and Charges Revenue will decrease by 20% until 01 July 2020 where it is expected to pick back up again.
2. Sale of Assets figures March 2020 onwards relates to the sale of the Council subdivision sections. Titles were issued in March and it is expected that at least 8 properties will be due for settlement in the next 3 months. 4 Sections Settle in May and 1 in June.
2. Remainder of Victoria Road sale \$81K to be paid in May 2020
3. Other income relates to grant income expected to fund \$3m of the cost of the pool (total budgeted cost \$15m).
4. A \$1m term deposit was required in April but reinvested in May. The decision was made to maintain \$4m invested in Term deposits as a cash buffer, and supporting reserve balances.
5. Council refinanced \$4m of loans through the LGFA in April. \$3m relates to loans maturing in April and \$1m relates to a loan maturing in May. In May council will increase its debt by a further \$1m to ensure there is always sufficient cash. This will be funded through



NZX Announcement

04 May 2020

PROPOSED CHANGE TO LGFA FOUNDATION POLICY COVENANT

The board of New Zealand Local Government Funding Agency Limited (LGFA) has reviewed the foundation policy financial covenants set out in its foundation policies and will recommend to shareholders at a Special General Meeting to be held in June 2020 to amend the net debt / total revenue foundation policy financial covenant that applies to local authority borrowers with a long-term credit rating of 'A' equivalent or higher. The proposed changes have been discussed with S&P Global Ratings Australia Pty Limited, Fitch Australia Pty Limited and LGFA's Shareholders' Council. The proposed changes to LGFA's foundation policies (as set out below) requires approval by a majority of shareholders.

Currently, local authority borrowers with a long-term credit rating of 'A' equivalent or higher are required to maintain net debt / total revenue below 250%, unless a higher ratio is approved by shareholders. In respect of this financial covenant, the proposed changes are:

- for the current financial year ending 30 June 2020, 250% to continue to apply;
- for the financial years ending 30 June 2021 and 2022, 300% will apply; and
- for each of the next four years financial years, a decrease of 5% until 280% will apply for and from the financial year ending 30 June 2026.

Note there are no other changes proposed to LGFA's foundation policies. In particular, no changes are proposed to any of the other foundation policy financial covenants that currently apply to the thirty local authority borrowers with a long-term credit rating of 'A' equivalent or higher, and there are also no changes proposed to any lending policy financial covenants that currently apply to thirty-seven local authority borrowers who do not have a credit rating.

An investor conference call to provide an update on the impact on local government sector finances from COVID-19 as well as outlining these proposed changes to LGFA's foundation policies is scheduled for Tuesday 5 May 2020 at 3.30pm NZT. Conference call details are set out below and a copy of the presentation is attached.

LGFA Investor Conference Call – Express Virtual Meetings

Tuesday 5th May 2020

New Zealand	0800 480 263	3.30pm
Australia	1300 254 410	1.30pm (AEDT)
Singapore	800 616 3060	11.30am
Hong Kong	800 968 788	11.30am
Japan	00531 25 0049	12.30am

International **+61 3 8687 0634**

Pin Code **10114637#**

ENDS

Released on behalf of New Zealand Local Government Funding Agency Limited by Mark Butcher,
Chief Executive.

Telephone +64 4 974 6744

Email mark.butcher@lgfa.co.nz

Website lgfa.co.nz



Level 2, 100 Molesworth Street, Thorndon 6011
PO Box 3928, Wellington 6140, New Zealand

Email: john.ryan@oag.parliament.nz
Telephone: +64 4 917 1500

Website: www.oag.parliament.nz www.auditnz.parliament.nz

23 April 2020

| John Ryan

Kia ora koutou

RESPONDING TO COVID-19 AND AUDIT FEES

I realise this is an extremely busy and challenging time for you and your organisation. I wish you, your staff, and your communities the very best in these unprecedented circumstances. The priority for us all is to maintain the health and well-being of our staff while responding to the COVID-19 pandemic and maintaining critical service delivery.

There has been a lot of information and advice distributed as the pandemic has spread. While I don't want to add to this unnecessarily, I did want to highlight a few key matters from my point of view that I hope will be of assistance to you.

The first is about maintaining sound governance practices and controls. While much of this is self-evident, we often see that failure to keep an eye on the basics is where problems occur. Earlier this month, I wrote to the chief executives of government departments and district health boards setting out some key governance and control matters they may wish to consider. This letter is available [on our website](#).

We have also written a blog about how [audit and risk committees](#) can be crucial to helping councils work through issues associated with the response to, and recovery from, the pandemic. Balancing risks and providing advice to councils when hard decisions are required is one of the key functions of an audit and risk committee, and one we strongly recommend you use their expertise for. We have already seen some excellent examples of this working in practice. Your committee will also play an important role in considering the many financial and performance reporting matters resulting from COVID-19.

I also wanted to update you on audit-related matters. I have made it clear publicly that I believe a quality audit is critical at all times, but even more so when there is a high level of uncertainty about the future. We recognise that some councils might be concerned about their ability to complete their statutory financial reporting requirements in the current environment. I am sympathetic to that. When my Office reports on statutory deadline breaches we will ensure that the context for any breach, such as COVID-19, is part of any reporting we do.

My Office is also committed to working with you to minimise any disruption that our audit work might have, while allowing us to deliver essential assurance to Parliament and the public during this time. I have asked my auditors to remain as flexible as they can as they work with you to carry out our audit work. However, it is important to note that in order to carry out an audit, auditors need the information they request and enough time to carry out the quality audit that I expect.

I have also carefully considered the matter of annual audit fees for those of you who do not currently have a contract in place. You might be aware that we have had, for a number of years, a significant and growing under recovery of audit fees across much of the local government sector. This reflects, in large part, the increased requirements on auditors, changes and growth within organisations, and changes in what needs to be audited, as well as the competitive market for audit staff. Because Parliament expects me to fund the cost of audits from audit fees, this is clearly not a sustainable position.

However, this is not the time to increase annual audit fees by the amount that might otherwise be warranted. There are significant pressures on council finances at this time, and while audit fees will need to increase more substantially in the future, I have decided that for the 2019/20 annual audit, audit fees that have not yet been negotiated are to be held at a 1.5% increase. This attempts to balance the very real cost pressures both of us face. In the meantime, I am allowing audit fees for many CCOs to be renegotiated, and some of those renegotiations will already be under way.

As signalled above, I expect that, because of the pandemic, governors and preparers will need to consider a range of potential effects on the financial and non-financial information reported in accountability documents. I expect that some of those matters might require additional audit work, and although I am holding fees for the underlying audit to 1.5% for the 2019/20 annual audit, my auditors will need to discuss recovery of costs for any additional work with you in due course.

I also recognise that we are leading up to the next long-term plan round and I will be in touch with you about that shortly. The need for long-term planning has never been more important than it is now. The recovery from COVID-19 will take a long time. Councils will need to be clear with their communities about their plans, and the implications of these, during this recovery. A long-term plan is an important mechanism for achieving this accountability and transparency.

Finally, there are a large number of uncertainties in all our operating environments at the moment and some way to go before any return to what we may consider a more normal world. If you have questions or matters you would like to raise with my Office at any time, please discuss these with your appointed auditor or your sector manager.

Ngā mihi nui



John Ryan
Controller and Auditor-General