



Our reference  
F19/13/03-D21/26182

9 May 2023

**Audit and Risk Committee**

Notice is hereby given that the Audit and Risk Committee of Council will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford** on **Tuesday 16 May 2023** beginning at 2.00pm.

**Timetable for 16 May 2023 as follows:**

|        |                               |
|--------|-------------------------------|
| 1.45pm | Afternoon tea for Councillors |
| 2.00pm | Audit and Risk Committee      |

Yours faithfully

Sven Hanne  
**Chief Executive**

# 2023 - Agenda - Audit and Risk - May

16 May 2023 02:00 PM - 04:00 PM



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# AGENDA

## Audit and Risk Committee



F22/55/05 – D23/19743

Date: Tuesday 16 May 2023 at 2.00PM  
Venue: Council Chambers, 63 Miranda Street, Stratford

1. Welcome
  - 1.1 **Opening Karakia**  
D21/40748 Page 8
  - 1.2 **Health and Safety Message**  
D21/26210 Page 9
2. Apologies
3. Announcements
4. **Declarations of members interest**  
Elected members to declare any real or perceived conflicts of interest relating to items on this agenda.
5. **Attendance Schedule**  
Page 10  
  
Attendance schedule for Audit and Risk Committee meetings.
6. **Programme of Works**  
D21/42807 Page 11

### Recommendation

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

/  
Moved/Seconded

### 7. Confirmation of Minutes

- 7.1 **Audit and Risk Committee – 14 March 2023**  
D23/9922 Page 12

### Recommendation

THAT the minutes of the Audit and Risk Meeting of Council held on Tuesday 14 March 2023 be confirmed as a true and accurate record.

/  
Moved/Seconded

8. **Matters Outstanding**

D18/27474

Page 18

**Recommendation**

THAT the matters outstanding be received.

/  
Moved/Seconded

9. **Information Report – Health and Safety**

D23/19263

Page 19

**Recommendation**

THAT the report be received.

/  
Moved/Seconded

10. **Decision Report – Internal Audit Plan 2022/2023**

D23/18291

Page 22

**Recommendations**

1. THAT the report be received.
2. THAT Internal Audit Plan 2022/23 be approved.

**Recommended Reason**

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

/  
Moved/Seconded

11. [Decision Report – Risk Appetite for Earthquake-prone buildings](#)  
D23/7802 Page 31

**Recommendations**

1. THAT the report be received;
2. THAT the Committee recommends Option 1,2,3 or 4 for the Wall Memorial Centre;
3. THAT the Committee recommends Option 1,2,3 or 4 for the TET Stadium;
4. THAT the Committee recommends Option 1,2 or 3 for the Clock Tower; and
5. THAT the Committee recommends Option 1,2,3 or 4 for the TSB Pool Building.

**Recommended Reason**

For the Committee to understand the risk associated with the earthquake-prone buildings and make the necessary decision that will minimise Council's exposure to the risk of injury or death from partial or total collapse of these buildings.

/  
Moved/Seconded

12. [Information Report – Capital Works Programme – Key Projects Update – April 2023](#)  
D23/18610 Page 43

**Recommendation**

THAT the report be received.

**Recommended Reason**

To present an update on the progress of our key capital projects in the 2022/23 financial year.

/  
Moved/Seconded

13. [Information Report – Audit Matters Outstanding](#)  
D23/18928 Page 65

**Recommendation**

THAT the report be received.

**Recommended Reason**

This report informs the Committee of the issues identified in the final Deloitte Audit Management Report for the 2021/22 Annual Report and, 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

14. Information Report – Risk Management  
D23/19261 Page 58

**Recommendation**

THAT the report be received.

**Recommended Reason**

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

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

15. Correspondence

15.1 Capitalising of Staff Time *Page 76*

15.2 Annual Audit Cost and administration *Page 79*

15.3 Asset Revaluation *Page 83*

16. General Business

17. Questions

18. Closing karakia

D21/40748 Page 86



**Our reference**  
F19/13/03-D21/40748

**Karakia**

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

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





**Our reference**  
F19/13/03-D22/17082

### **Health and Safety Message**

In the event of an emergency, unless guided to an alternative route by staff, please exit through the main entrance. Once outside the building please move towards the War Memorial Centre congregating on the lawn area outside the front of the council building.

If there is an earthquake, please drop, cover and hold where possible. Remain indoors until 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 2022/23 Audit and Risk Committee meetings.**

| Date                                 | 14/03/23 | 16/05/23 | 18/7/23 | 19/09/23 | 21/11/23 |
|--------------------------------------|----------|----------|---------|----------|----------|
| <b>Meeting</b>                       | A        | A        | A       | A        | A        |
| <b>Neil Volzke</b>                   | ✓        |          |         |          |          |
| Steve Beck                           | ✓        |          |         |          |          |
| <b>Grant Boyde</b>                   | ✓        |          |         |          |          |
| Annette Dudley                       | A        |          |         |          |          |
| <b>Jono Erwood</b>                   | ✓        |          |         |          |          |
| Ellen Hall                           | ✓        |          |         |          |          |
| Amanda Harris                        | ✓        |          |         |          |          |
| <b>Vaughan Jones</b>                 | ✓        |          |         |          |          |
| <b>Min McKay</b>                     | ✓        |          |         |          |          |
| John Sandford                        | A        |          |         |          |          |
| Clive Tongaawhikau                   | S        |          |         |          |          |
| Mathew Watt                          |          |          |         |          |          |
| <b>Philip Jones (External Chair)</b> | ✓        |          |         |          |          |

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

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

|                       | May-23                                                                                                                                                                      | Jul-23                                                                                                                           | Sep-23                                                                                                                                                                      | Dec-23                                                                                                                           | Mar-24                                                                                                                                                | May-24                                                                                                                           | Jul-24                                                                                                                                                                                    |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Standing Items</b> | -Auditor Correspondence Received<br>-Health and Safety Report Review<br>-Risk Management Review<br>-Audit matters raised - Deloitte<br>- LTP Capital Projects status update | -Auditor Correspondence Received<br>-Health and Safety Report<br>-Risk Management Review<br>- LTP Capital Projects status update | -Auditor Correspondence Received<br>-Health and Safety Report Review<br>-Risk Management Review<br>-Audit matters raised - Deloitte<br>- LTP Capital Projects status update | -Auditor Correspondence Received<br>-Health and Safety Report<br>-Risk Management Review<br>- LTP Capital Projects status update | -Auditor Correspondence Received<br>-Health and Safety Report<br>-Risk Management Review<br>-Financial Report<br>- LTP Capital Projects status update | -Auditor Correspondence Received<br>-Health and Safety Report<br>-Risk Management Review<br>- LTP Capital Projects status update | -Auditor Correspondence Received<br>-Health and Safety Report<br>-Risk Management Review<br>-Financial Report<br>-Audit matters raised - Deloitte<br>- LTP Capital Projects status update |
| <b>Annual Items</b>   | - Internal Audit 2023 Plan                                                                                                                                                  | - Review of Insurances<br>-Cyber Risk prevention update<br>- Civil Defence readiness                                             | -Internal Audit Report (outcomes)                                                                                                                                           | -Committee Self-Review (workshop)<br>- Annual Report 2022/23 (final draft for approval)                                          | - Internal Audit (Plan for 2024, and status report on previous year audit)<br>- Annual Plan 2023/24 update                                            | - Internal Audit (Plan for 2024, and status report on previous year audit)<br>- Annual Plan 2023/24 update                       | - Review of Insurances                                                                                                                                                                    |
| <b>One-Off Items</b>  | - Risk appetite for earthquake prone buildings                                                                                                                              | - Critical /significant assets nearing end of life, cost of replacement<br>- Risk Maturity and Emerging Risks (workshop)         | - Procurement Policy (workshop)<br>- Climate Change resilience, strategic risk - deep dive                                                                                  | - 3 Waters Reforms - update                                                                                                      | - Risk 32 - Lone Worker - deep dive                                                                                                                   |                                                                                                                                  |                                                                                                                                                                                           |

# MINUTES

## Audit and Risk Committee



F22/55/05 – D23/9922

**Date: Tuesday 14 March 2023 at 1.00pm**  
**Venue: Council Chambers, 63 Miranda Street, Stratford**

### Present

Mr P Jones (the Chair), the District Mayor N C Volzke, the Deputy Mayor M McKay, Councillors: G W Boyde, J M S Erwood and V R Jones

### In attendance

Councillors: E E Hall, A K Harris, S J Beck

The Chief Executive – Mr Sven Hanne, the Director – Corporate Services – Mrs T Radich, the Acting Director – Community Services – Mr C Julie, the Director Assets – Mrs V Araba, the Director Environmental Services – Mr B Sutherland, the Committee Advisor and Executive Assistant – Mrs E Bishop, the Health & Safety/Civil Defence Advisor – Mr M Bestall (*part meeting*), the Corporate Accountant – Mrs C Craig (*part meeting*), the Projects Manager/Engineer – Mr S Taylor (*part meeting*), the HR & Governance Administrator – Mrs C Reynolds (*part meeting*) and one member of the media (Stratford Press).

#### 1. Welcome

The opening karakia was read.

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

The Chair reiterated the health and safety message and emergency procedures.

#### 2. Apologies

Apologies were noted from Councillors W J Sandford, C M Tongaawhikau, A M C Dudley and S J Beck (lateness).

### Recommendation

THAT the apologies be noted.

P JONES/BOYDE  
Carried  
A&R/23/1

#### 3. Announcements

There were no announcements.

#### 4. Declarations of Members Interest

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

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

#### 5. Attendance Schedule

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

6. Programme of Works  
D21/42807 Page 10

**Recommendation**

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

P JONES/McKAY  
Carried  
A&R/23/2

The Chairman requested that a Risk Maturity Workshop be scheduled for later in the year following the Annual Plan adoption. This would be open to all councillors to attend and participate in.

7. Confirmation of Minutes

7.1 Audit and Risk Committee – 6 December 2022  
D22/47533 Page 11

**Recommendation**

THAT the minutes of the Audit and Risk Meeting of Council held on Tuesday 6 December 2022 be confirmed as a true and accurate record.

V JONES/McKAY  
Carried  
A&R/23/3

8. Matters Outstanding  
D18/27474 Page 19

**Recommendation**

THAT the matters outstanding be received.

ERWOOD/P JONES  
Carried  
A&R/23/4

9. Information Report – Health and Safety  
D23/7845 Page 20

**Recommendation**

THAT the report be received.

BOYDE/V JONES  
Carried  
A&R/23/5

Questions/Points of Clarification:

- It was clarified that the Health and Safety Advisor did not have a figure for the total cost for the Puniwhakau Bridge work and would be provided by the Roding Asset Manager. Officers would be unable to quantify the amount of time spent working with Worksafe and various vendors. Councillor Boyde noted that while council was trying to keep costs down and utilise resources better time has been dedicated to this work which was out of councils hands. It was noted that the request for an internal review was declined by Worksafe.

*Councillor Beck joined the meeting at 1.07pm*

- The Chairman thanked Mr Bestall for the inclusion of the summary of incidents and noted that the top five safety risks could form part of the discussion at the risk maturity workshop.
- It was clarified that the audits of contractors was referred to in item 6.1. Mr Bestall noted this was important to ensure contractors are doing what they say they will do. He confirmed if an audit raised concerns he would revisit.

10. Information Report – Internal Audit 2021/22 – Update

D23/7299 Page 24

**Recommendation**

THAT the report be received.

V JONES/McKAY  
Carried  
A&R/23/6

**Recommended Reason**

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

The Corporate Accountant noted that since this report was written officers have begun a stocktake at the pool.

Questions/Points of Clarification:

- Councillor Erwood noted that it was good to see staff involved in the internal audit as it provided an opportunity to upskill and expose themselves to individual activities.
- Councillor Jones requested a report on council's top critical assets which are nearing the end of their life or are at a stage they are due for replacement for councillors to understand ahead of time what projects are coming up and how that will impact budgets. The Director – Corporate Services noted this could initially be brought to the committee as a standalone report with regular updates to follow. Mrs Radich noted that failure of critical assets was on council's risk register.
- It was clarified that officers were investigating procurement software before reviewing the policy. The IT Manager was currently looking at the software available as well as looking at New Plymouth and South Taranaki District Councils as the three councils have a lot of the same providers. Once there is an understanding of how the programme will work then officers will be able to review the procurement manual and policy. The Chairman noted he was currently working with South Taranaki District Council on their Procurement Strategy which would provide a high level objective before reviewing the policy and then the procurement manual. It was anticipated that the policy will be taken to the Policy and Services Committee between July and September 2023. It was important to ensure that the manual gives clear guidance and that templates are easily accessible through the manual. The Chairman suggested a review of the policy and manual after 12 months would be appropriate to ensure it addresses what is needed and that it is being followed.

*The Health and Safety/Civil Defence Advisor left the meeting at 1.23pm*

11. Information Report – Capital Works Programme – Key Projects Update – February 2023

D23/6964 Page 34

**Recommendation**

THAT the report be received.

McKAY/ERWOOD  
Carried  
A&R/23/7

**Recommended Reason**

To present an update on the progress of our key capital projects in the 2022/23 financial year.

Questions/Points of Clarification:

- Councillor Boyde noted that the external funding from the Better Off Funding and Transport Choices was great but questioned if there was enough resourcing to deliver these projects without staff burning out or impacting their day to day tasks. The Director – Assets noted that the Assets Department are assessing the ability to deliver these in-house but also have consultants working with them. Project teams have been created for some of these projects and the team will review after a month how they are tracking. It is important to keep as much in-house as possible to be able to spend as much as possible on infrastructure.
- The Chief Executive noted it was important to note that it was unlikely to reach a similar percentage of capital works completed as last year, especially as there will be significant amount of resource dedicated to work needed in Hawkes Bay. The Chairman noted that at this stage the amount of work required in the Hawkes Bay was still to be understood.
- The Chairman asked how many local roads in the Stratford District were at risk during a weather event. The Chief Executive noted that council saw on a regular basis the damage caused by forestry and that some roads were purely access roads with no ability to build resilience into them. Even if seal extension was completed on forestry road then there is further damage caused by the on-going use.
- It was clarified that the antitheft device at the children's bike park was to stop the removal of the street signs. It is a clamp on the back of the signs which can only be undone with the correct tool.

12. Information Report – Annual Plan Update

D23/7919 Page 43

**Recommendation**

THAT the report be received.

VOLZKE/BOYDE  
Carried  
A&R/23/8

**Recommended Reason**

This report provides the Committee with an update on the status of the draft Annual Plan 2023/24, and an opportunity to comment on associated risks.

The Director – Corporate Services noted the following points:

- This report gives the committee an update of where officers are at with the Annual Plan 2023/24.
- The figures presented as if council continued to operate at existing levels of service with the same requirement of funding.
- The current rate increase is 16.35%. The biggest increases are listed on page 48 of the agenda with one of the biggest activity increases being the pool. Officers are looking at different options to reduce this increase and are working towards 6% which is the cap in council's financial strategy.
- The pool is one of the biggest activity increases and officers are looking at different options

Questions/Points of Clarification:

- It was clarified that the Director – Assets was currently working on a spreadsheet for capital works projects to capitalise staff time. Mrs Araba could not give an indication of a total savings but emphasised that it would be worth the time to collate the data. This has also been raised with council's auditors who have provided a list of what needs to be done and what processes need to be put in place to capitalise staff time.
- It was clarified that the use of Financial Contributions reserve was stipulated in the District Plan and allows council to use those funds for recreational and amenities open spaces and other areas for public use and community enjoyment. This has been spoken about in previous annual plans but is being suggested now due to such a high increase.
- It was clarified that there are some areas within the three waters rate requirement as this has not been fully explored due to the three waters reform. There are definitely some areas within this activity that can be reduced.
- The Deputy Mayor noted she was really keen to see a big operation reduction at the pool and an increase in revenue. She noted that council needed to really review each activity line by line to be really comfortable with what it is committing too. The Chief Executive noted that option 6 (a full review of capital projects) would be a substantial change and trigger a full consultation process. Councillor Boyde supported a detailed review of all activities.
- It was noted that interest rates would need to be recalculated. Council is looking to borrow \$4 million over the next year and will now be borrowing at a higher rate. It was noted that Cyclone Gabrielle was likely to be inflationary locally due to the amount of funds required for insurance payouts and therefore will increase local costs.
- The District Mayor noted his support for all options presented.

13. Information Report – Section 17a Reviews

D22/45421 Page 49

**Recommendation**

THAT the report be received.

ERWOOD/P JONES  
Carried  
A&R/23/9

**Recommended Reason**

To give an update to the Committee on the status of the Service Delivery (Section 17a) Reviews.

*The Corporate Accountant left the meeting at 1.51pm.*

14. Information Report – Risk Management

D23/8365 Page 63

**Recommendation**

THAT the report be received.

P JONES/BODYE  
Carried  
A&R/23/10

**Recommended Reason**

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



The Director – Corporate Services noted the following points:

- This report covers off the top ten council risks and includes the three water reforms and the submission made by council.
- It also updates the committee on the RMA reform and the submission by council.
- Cyclone Gabrielle did not have much of an impact on council property.
- A new addition to this report is a list of all decisions made by elected members which is Risk 72 on the register. This table of decisions will be included in all risk management reports going forward.

Questions/Points of Clarification:

- It was noted that installing cameras in the changing rooms at the swimming pool would be a serious invasion of privacy and would create lasting recordings of users undressing. In regard to the specific incident reported, had footage been requested from elsewhere then officers may have considered the request or offered to review footage ourselves. It was noted there had been a conflict of interest with the request that was received and this was not a good example to look at because of that conflict.
- It was clarified that the person hacking at the round-a-bouts during Americarna had not been identified. The person had been fully dressed in health and safety gear and brought hedge trimming equipment so it was likely to be a premeditated event.
- The Chairman noted the inclusion of the Global Risks Report which highlighted the cost of living increase. He questioned if any of the risks in this report would trigger a review of the top ten council risks. Mrs Radich noted that while these risks were relevant to us and our community the council risk register was internally developed with an internal perspective. Natural disasters were on the risk register as was rates increases which would relate to the cost of living crisis.
- It was clarified there were no changes to the risk register.

#### 15. Correspondence

- 1.1 LGFA Half Yearly Report
- 1.2 LGFA Statement of Intent

#### 16. General Business

#### 17. Questions

#### 18. Closing karakia

D21/40748 Page 220

The closing karakia was read.

*The meeting closed at 2.04pm.*

P Jones  
**Chairman**

Confirmed this 16<sup>th</sup> day of May 2023.

N C Volzke  
**District Mayor**

## Audit and Risk Committee Matters Outstanding Index

| ITEM OF MATTER                                                     | MEETING RAISED | RESPONSIBILITY           | CURRENT PROGRESS | EXPECTED RESPONSE                                         |
|--------------------------------------------------------------------|----------------|--------------------------|------------------|-----------------------------------------------------------|
| Health and Safety Framework Review – manual review                 | 22 June 2021   | Sven Hanne/Mario Bestall | Underway         | Update in item 9 – Information Report - Health and Safety |
| Risk Maturity Workshop                                             | 14 March 2023  | Tiffany Radich           |                  | To be scheduled later in the year.                        |
| Report - critical assets nearing end of life                       | 14 March 2023  | Victoria Araba           |                  | July Audit and Risk Committee                             |
| Treasury Policy review (review term deposit limit of \$6 million). | 28 March 2023  | Tiffany Radich           |                  | Workshop to be scheduled in September 2023.               |
|                                                                    |                |                          |                  |                                                           |

# INFORMATION REPORT



F22/55/04 – D23/19263

**To:** Audit and Risk Committee  
**From:** Health and Safety/Emergency Management Advisor  
**Date:** 16 May 2023  
**Subject:** Health and Safety Report

## Recommendation

THAT the report be received.

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

### 1. Purpose of Report

- 1.1 This report presents a summary of two-monthly progress and any highlights for the main areas of activity within for the period to 30 April 2023.

### 2. Executive Summary

- 2.1 This report provides an overview of Council's health and safety performance through statistical data reported and recorded in the health and safety software (Vault) for the three months ending 30 April 2023.
- 2.2 Results of data analysed since 1 March show that there has been a total of 35 events logged in Vault. This incorporates 22 pool events that are now being logged in Vault. There was 1 near miss reported and no positive observations noted.

### 3. Incidents

#### 1 March -2023 – 30 April-2023

|                                   | Report Period<br>1 Mar 23-<br>30 Apr 23 | Average amount of incidents<br>per month | Average amount incidents last<br>Quarter | Running YTD Balance<br>(1 July2022 –<br>30 June 2023) | YTD average amount of incidents |
|-----------------------------------|-----------------------------------------|------------------------------------------|------------------------------------------|-------------------------------------------------------|---------------------------------|
| <b>Events</b>                     | <b>35</b>                               | <b>17.5</b>                              | <b>23.3</b>                              | <b>155</b>                                            | <b>15.5</b>                     |
| <i>Of which:</i>                  |                                         |                                          |                                          |                                                       |                                 |
| Injury( to our staff/ Contractor) | 2                                       |                                          |                                          | 3                                                     |                                 |
| ACC Claims                        | -                                       |                                          |                                          | -                                                     |                                 |
| Notifiable                        | -                                       |                                          |                                          | -                                                     |                                 |
| Near Miss                         | 1                                       |                                          |                                          | 5                                                     |                                 |
| Observations                      |                                         |                                          |                                          | -                                                     |                                 |
| Other                             | 32                                      | 16                                       | 21.6                                     | 145                                                   | 14.5                            |
| <b>Type of Incident</b>           |                                         |                                          |                                          |                                                       |                                 |
| Slips/Trips/Falls                 | 2                                       |                                          | 7                                        | 15                                                    |                                 |
| Sprains/Strains                   | 3                                       |                                          | 2                                        | 11                                                    |                                 |
| Cuts/Abrasions/ Bleeding nose     | 5                                       |                                          | 20                                       | 31                                                    |                                 |
| Bruising                          | -                                       |                                          | 4                                        | 9                                                     |                                 |
| Rescues                           | 2                                       |                                          | 3                                        | 8                                                     |                                 |
| Contamination incidents (Pool)    | -                                       |                                          | 2                                        | 3                                                     |                                 |
| Aggressive/Abusive Customer       | 4                                       |                                          | 5                                        | 16                                                    |                                 |
| Trespass                          | -                                       |                                          |                                          | -                                                     |                                 |
| Vehicle Damage                    | 1                                       |                                          | 2                                        | 3                                                     |                                 |
| Non-compliance of process         | 1                                       |                                          | 1                                        | 3                                                     |                                 |
| Plant/Building/Equipment          | 3                                       |                                          | 6                                        | 11                                                    |                                 |
| Other                             | 11                                      |                                          | 14                                       | 37                                                    |                                 |

|                                     | Period<br>1 March 23- 30 April 2023 | Running YTD Balance<br>(1 July 2022 – 30 June 2023) |
|-------------------------------------|-------------------------------------|-----------------------------------------------------|
| <b>Level of Treatment</b>           |                                     |                                                     |
| First Aid /DR/ Medical Centre       | 33                                  | 56                                                  |
|                                     |                                     |                                                     |
| <b>Level of Investigation</b>       |                                     |                                                     |
| No Investigation                    | 19                                  | 91                                                  |
| Minor Investigation                 | 10                                  | 34                                                  |
| Formal Investigation                | 6                                   | 29                                                  |
| WorkSafe Investigation              | -                                   | -                                                   |
|                                     |                                     |                                                     |
| <b>Health and Wellbeing</b>         |                                     |                                                     |
| Workstation Assessments             | 3                                   | 10                                                  |
| EAP Referrals                       | 2                                   | 9                                                   |
| Health Monitoring Assessments       | -                                   | 25                                                  |
| Health and Safety Committee Meeting | -                                   | 3                                                   |
| Site Reviews                        | 2                                   | 5                                                   |

### 3. Events

- 3.1 The number of events reported was almost halved from what was experienced in the last reporting period although the current period was a month shorter. Abusive customers continue to be an issue for Council staff and whilst mechanisms are in place to ensure their safety, they do not mitigate all situations. Council staff perform a variety of vital functions for the community they serve, yet are subject to aggressive and threatening behaviour on a regular basis.
- 3.2 There has been a shift towards a new format of reporting key risks and incidents to council, with a focus on identifying and mitigating potential hazards before they escalate into incidents and or key outcomes from major investigations.

#### Incident 1

**Incident type:** Aggressive customer

**Investigation & event details:** Threatened staff member with violence in connection with license renewal at AA customer service counter

**Specific outcome:** Silent alarm was raised to alert escalations and monitoring company, person left without further complications

**Organisation-wide implications:** All customer facing staff are open to verbal aggression and this issue is not just a Council problem but nationwide with all sectors of retail reporting increased attacks. These actions are psychologically damaging and are considered forms of emotional and physical harm to the victim/s.

#### Incident 2

**Incident type:** Physical Injury – health & safety

**Investigation & event details:** A child on crutches fell over on newly painted concrete outside Wai O Rua entrance.

**Specific outcome:** Painting had still not been completed and bad weather had hampered the application of adding anti-slip coating. Child was taken to medical centre to have his already stitched knee re-assessed.

**Organisation-wide implications:** There were no organisational implications but this type of incident is not good for council reputationally.

#### Incident 3

**Incident type:** physical injury – staff member

**Investigation & event details:** injury obtained while undertaking tasks not familiar to staff member, failure to assess situational risk/undertake a step back 5x5

**Specific outcome:** risk assessment and subsequent discussion carried out after incident conclusively indicates that equipment specifically designed for the situation will minimise if not eliminate this type of incident from happening again.

**Organisation-wide implications:** refresh of newsletter article on undertaking unfamiliar tasks as well as fabrication of new equipment for task.

**4. Civil Defence**

4.1 Uptake of training has been promising recently with good numbers attending Foundation training here in Stratford last month and regionally on a whole. Stratford EOC staff now amount to 58 members. All these staff have been trained to Foundation standard as a minimum

**5. Contractors**

5.1 There have been no reported incidents with contractors in the past two months.

**6. Site reviews**

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

**7. EAP Referrals**

7.1 There has been two EAP requests reported in the portal for the period.

**8 Wellness Committee**

8.1 The Committee remain well engaged and committed to leading wellbeing across the Council. There has been two meetings held this year with the intention to meet quarterly.

**9 Matters Outstanding**

**9.1 Health and Safety Manual**

The review of the Health and Safety Framework has been undertaken as part of the overall Health and Safety Manual review which is needing to signed off. The first draft has been reviewed and final changes are now being implemented.



M Bestall  
**Health and Safety/Civil Defence Advisor**



[Approved by]  
Sven Hanne  
**Chief Executive**

**Date:** 5 May 2023

# DECISION REPORT



F16/1121 – D23/18291

**To:** Audit and Risk Committee  
**From:** Corporate Accountant  
**Date:** 16 May 2023  
**Subject:** Internal Audit Plan – 2022/2023

## Recommendations

1. THAT the report be received.
2. THAT Internal Audit Plan 2022/23 be approved.

### Recommended Reason

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

/  
Moved/Seconded

## 1. Purpose of Report

The purpose of this report is to present the proposed internal audit programme for 2022/23 for approval by the Audit and Risk Committee. Following the audit, a further report will be presented to this Committee with the audit findings and recommendations.

## 2. Executive Summary

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

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

## 3. Local Government Act 2002 – Section 10

Under section 10 of the Local Government Act 2002, the Council’s purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future”

Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:

Yes

| Social | Economic | Environmental | Cultural |
|--------|----------|---------------|----------|
|        | ✓        |               |          |

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

## 4. Background

### 4.1 Internal Audit Plan 2022/2023

A plan has been prepared for approval by the Audit and Risk Committee. The plan is attached to this report, Appendix 1, for the Committee review and approval, subject to any amendments.

The 2019/20, 2020/21 and 2021/22 internal audits were also completed in-house, by staff, rather than external consultants. All efforts have been made to ensure that the staff member auditing each risk is not involved in any way with the management of the risk. This method is beneficial for two reasons. Firstly, it increases staff awareness of different areas of council, and can potentially assist in better identifying improvements in processes and documentation. Secondly, it will achieve cost savings from not having to outsource the services of an internal auditor. Thirdly, it proved very beneficial for the staff undertaking the audit, to give them a better understanding of other areas in council.

The risks proposed to be reviewed are as follows:

1. Risk 18 – 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.
2. Risk 21 – Assessment of Rates - IF rates are assessed incorrectly or inaccurately THEN ratepayers could legally challenge the rates assessment and Council could be forced in to a legal battle.
3. Risk 40 – 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. Risk 49 – 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.
5. Risk 61 – 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.
6. Risk 66 – 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 council may be liable for costs, and the public safety may be compromised.
7. Risk 68 – Armed Robbery - IF there is an armed robbery at any of council's service centres, THEN there is the potential for death or serious harm.
8. 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 contract out for tender again – resulting in project delays and an additional cost.
9. Risk 83 – Aerodrome – Unsafe Conditions – IF the Council fails to carry out its legislative responsibilities to ensure aircraft movements are restricted or prohibited in unsafe conditions/areas of the Aerodrome, THEN lives could be put at risk and property damaged.
10. Risk 90 – Consultation and Engagement with Māori - IF Council does not effectively engage with Māori on matters of interest, THEN Council decisions will lack a māori perspective which may lead to substandard community outcomes, and decisions that may not be supported by māori which could harm relationships.

Procedures have been developed for each risk being audited, to focus on a specific aspect of the risk – refer to the attached Internal Audit Plan in **Appendix 1**.

## 5. Consultative Process

### 5.1 Public Consultation - Section 82

Public consultation is not required.

### 5.2 Māori Consultation - Section 81

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

## 6. Risk Analysis

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Refer to the Council Risk Register - available on the Council website.</p> <ul style="list-style-type: none"> <li>Does this report cover any issues that relate to any risks on the Council Risk Register, and if so which risks and what are the impacts and likelihood of eventuating?</li> <li>Does this report cover any issues that may lead to any new risks that are not on the Council Risk Register, and if so, provide some explanation of any new identified risks.</li> <li>Is there a legal opinion needed?</li> </ul> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- 6.1 This report directly relates to Council's Risk Register, to ensure that risks are relevant and appropriate, and sufficient mitigating factors are in place to reduce any potential risk to council.

Potential internal audit risks:

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

The internal audit plan addresses these risks by ensuring that there is an independent auditor from another part of the organisation conducting the audit. Ten risks have been selected from the council risk register that are considered topical at present.

## 7. Decision Making Process – Section 79

### 7.1 Direction

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

### 7.2 Data

|                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Do we have complete data, and relevant statistics, on the proposal(s)?</li> <li>Do we have reasonably reliable data on the proposals?</li> <li>What assumptions have had to be built in?</li> </ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Refer to the attached Internal Audit Plan.



7.3 **Significance**

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

| In terms of the Council's Significance Policy, is this proposal of high, medium, or low significance? |        |     |
|-------------------------------------------------------------------------------------------------------|--------|-----|
| High                                                                                                  | Medium | Low |
|                                                                                                       |        | ✓   |

7.4 **Options**

An assessment of costs and benefits for each option must be completed. Use the criteria below in your assessment.

1. What options are available?
2. For **each** option:
  - explain what the costs and benefits of each option are in terms of the present and future needs of the district;
  - outline if there are any sustainability issues; and
  - explain if the outcomes meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions?
3. After completing these, consider which option you wish to recommend to Council, and explain:
  - how this option is the most cost-effective option for households and businesses;
  - if there are any trade-offs; and
  - what interdependencies exist.

The Committee has the following three options for consideration:

- Option 1:** Approve Internal Audit Plan 2022/23.
- Option 2:** Approve Internal Audit Plan 2022/23 with amendments.
- Option 3:** Recommend council staff not proceed with the Internal Audit 2022/23.

7.5 **Financial**

- Is there an impact on funding and debt levels?
- Will work be undertaken within the current budget?
- What budget has expenditure come from?
- How will the proposal be funded? e.g. rates, reserves, grants etc.

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

7.6 **Prioritisation & Trade-off**

Have you taken into consideration the:

- Council's capacity to deliver;
- contractor's capacity to deliver; and
- consequence of deferral?

There are no prioritisation or trade-off issues.

7.7 **Legal Issues**

- Is there a legal opinion needed?
- Are there legal issues?

There are no legal issues.

7.8 **Policy Issues - Section 80**

- Are there any policy issues?
- Does your recommendation conflict with Council Policies?

There are no policy issues.

**Attachments:**

**Appendix 1** Internal Audit Plan 2022/23 of risks to be reviewed

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



Christine Craig  
**Corporate Accountant**



Tiffany Radich  
**Director – Corporate Services**



Approved by:  
Sven Hanne  
**Chief Executive**

**DATE:** 5 May 2023

## APPENDIX 1

**INTERNAL AUDIT PLAN - RISKS TO BE REVIEWED**

|    | Risk category                | Risk subject                               | Risk description                                                                                                                                                                                                                       | Risk score raw | Control description                                                                                                                                                                                                     | Residual risk score | Why this risk is to be reviewed                                                                                                                  | What auditor will be looking for                                                                                                                                                               | How will it be audited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Role and staff member responsible for activity            |
|----|------------------------------|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| 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               | To ensure that Council maximises its opportunities for funding, to reduce the impact on rates.                                                   | Check that all sources of external funding are accessed to the maximum allowable.                                                                                                              | <ul style="list-style-type: none"> <li>- Ascertain whether there is a register of all funding applications already made.</li> <li>- Ascertain whether there is a register held that lists all possible sources of funding that council could access.</li> <li>- If yes, review how often it is updated, and when it was last updated.</li> <li>- Look at the last 2 funding applications on the list of past applications, and follow up with respective staff member if the maximum was claimed.</li> <li>- If no register, ask Community Services Director what the last 2 applications were, then get assurance that the maximum was claimed.</li> </ul> | Community Services Director                               |
| 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 in to 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          | To ensure council is correctly charging rates on all assessments, to avoid any challenge by ratepayers, which can bring council in to disrepute. | That the Funding Impact Statement aligns with the rates resolution, as adopted by council. That the rates are in accordance with the Revenue and Financing Policy.                             | <ul style="list-style-type: none"> <li>- Check the Funding Impact Statement and the respective rates resolution for the 2022/23 Annual Plan align.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Revenue Manager                                           |
| 40 | Health, Safety and Wellbeing | Swimming Pool Accident                     | IF a member of the public has an accident in the water or a medical emergency at the Stratford Pool, THEN this could result in possible death or serious injury.                                                                       | 4 High         | Training and qualifications are mandatory for lifeguards, children and elderly are monitored by lifeguard/s at all times. More staff brought on at busier periods.                                                      | 3 Moderate          | To ensure safety of all patrons at the pool, with suitably qualified staff present at all times.                                                 | That appropriate records are kept regarding staff training and qualifications of all staff acting as lifeguards. That the recommended number of qualified lifeguards is poolside at all times. | <ul style="list-style-type: none"> <li>- For the month of February 2023, request records from the Aquatic Services Team Leader, or Lifeguard Co-ordinator, that shows the number of lifeguards on duty at any one time.</li> <li>- Review the register of qualifications to ensure all on duty were qualified.</li> <li>- If there were any rostered staff that were not qualified, ascertain the reason why.</li> <li>- When was the register last updated, and how often is it updated.</li> </ul>                                                                                                                                                        | Aquatic Services Team Leader and Lifeguarding Coordinator |
| 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               | To ensure that no council asset fails as a result of poor design and / or construction.                                                          | Whether there is any evidence in successful tender documents that have insufficient information regarding design and construction, that could lead to failure of an asset.                     | <ul style="list-style-type: none"> <li>- Select the months of February and March 2023, and review the tender evaluation documentation.</li> <li>- Ascertain whether there is any evidence that the design and construction phases have been adequately read and documented.</li> <li>- Check that the tender evaluation panel was suitably qualified, and there were 3 people on the panel.</li> </ul>                                                                                                                                                                                                                                                      | Project Manager                                           |

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|    |                              |                                     |                                                                                                                                                                                                                                                                                                                  |            |                                                                                                                                                                                                                                                                                |            |                                                                                                                                                   |                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                          |
|----|------------------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| 61 | Health, Safety and Wellbeing | Asbestos Related Work               | IF council buildings are contaminated with asbestos, THEN there is the possibility of asbestos exposure to staff and the public and increased risk of asbestosis and other lung and pleural disorders.                                                                                                           | 4 Moderate | Asbestos protocols need to be developed in line with the asbestos regulations. Community needs to be made aware of Asbestos disposal guidelines. Staff involved in building compliance or construction work should be appropriately trained in handling of asbestos materials. | 2 Moderate | To ensure no employees or members of the public are exposed to any level of asbestos.                                                             | Appropriate records are held for all council buildings that show whether they have been assessed for the presence of asbestos. | <ul style="list-style-type: none"> <li>- Review property register, and verify that the register is up to date.</li> <li>- Check that any assessment for asbestos is performed by a suitably qualified person.</li> <li>- Check whether there was any detection of asbestos in any council owned buildings.</li> <li>- Verify what action was taken when asbestos was found to be present.</li> </ul>                                                                                                                                                                                 | Property Asset Manager                                                                                                                   |
| 66 | Health, Safety and Wellbeing | Dog Attack                          | IF a dog attacks a member of the public and the dog control team have been slow or negligent in responding to complaints, THEN the 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      | To ensure that members of the public are safe at all times when dogs are present, on public or private property.                                  | That there is a register of all known dog attacks, or reported attacks.                                                        | <ul style="list-style-type: none"> <li>- Check that all reported dog attacks during the period November 2022 to February 2023 were responded to within the required timeframe, as recorded within the CRM system.</li> <li>- If they were not responded to in a timely manner, ascertain the reason why.</li> <li>- Obtain evidence that the respective dog was secured at all times until the matter was resolved.</li> <li>- From the register, does it appear that the action taken by staff was sufficient to solve the problem, and prevent any harm, to the public.</li> </ul> | Compliance Officer<br>Environmental Services Manager                                                                                     |
| 68 | Health, Safety and Wellbeing | Armed Robbery                       | IF there is an armed robbery at any of council's services centres, THEN there is the potential for death or serious harm.                                                                                                                                                                                        | 8 High     | Establish emergency procedures, including use of panic buttons. Security cameras in place. Ensure staff are trained to deal with potential threat. Design / limit access to building so that threats are minimised.                                                            | 4 Moderate | To ensure that all staff at customer service areas, or in public facing roles, are safe in the event of an armed robbery.                         | That all staff have completed training for an armed robbery, and are familiar with procedures should such an event take place. | <ul style="list-style-type: none"> <li>- Select the main administration building, pool, and library - i-site locations.</li> <li>- View the staff training register to ensure all staff have attended suitable training.</li> <li>- Verify when the last training took place, and whether that time delay appropriate.</li> <li>- Ensure procedures are in place for all sites, to make sure training is no more than 3 years old.</li> </ul>                                                                                                                                        | Customer and Leisure Services Manager<br>Customer Services Team Leader<br>Library and i-site Team Leader<br>Aquatic Services Team Leader |
| 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 | To ensure that council does not lose any funds already paid out, should a contractor become unable to deliver a project due to financial reasons. | Evidence that a successful tenderer's financial situation has been considered prior to awarding the contract.                  | <ul style="list-style-type: none"> <li>- Select 3 contracts awarded between the period November 2022 to January 2023 to ensure there is written evidence that the financial situation of the successful tenderer has been considered.</li> <li>- View the tender evaluation form to ensure that this is documented.</li> </ul>                                                                                                                                                                                                                                                       | Project Manager                                                                                                                          |

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|    |                              |                                        |                                                                                                                                                                                                                                                                  |                |                                                                                                                                                                                                                                                                                              |            |                                                                                                                                                      |                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                 |                        |
|----|------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 83 | Health, Safety and Wellbeing | Aerodrome - Unsafe Conditions          | IF the Council fails to carry out its legislative responsibilities to ensure aircraft movements are restricted or prohibited in unsafe conditions / areas of the Aerodrome, THEN lives could be put at risk and property damaged.                                | 4 High         | Establish operational procedures specific to this risk, and regularly monitor compliance. Council has Airport Owner and Operators Liability insurance cover of up to \$10m for all related costs Council is legally obligated to pay for property damage or bodily injury including death.   | 2 Moderate | To ensure that all aircraft operators and passengers, and members of the public on the ground, are safe a tall times, in all areas of the aerodrome. | Evidence that inspections of the aerodrome land are taking place at regular intervals to ensure that all areas are safe.   | <ul style="list-style-type: none"> <li>- View evidence of inspections, and their frequency.</li> <li>- If any inspections required remedial work, obtain evidence of what was done, and that it was all recorded.</li> <li>- Ascertain evidence of the process that would take place should any inspection show an unsafe area, and how would this be communicated to aerodrome users and visitors to the aerodrome.</li> </ul> | Property Officer       |
| 90 | Reputational and conduct     | Consultation and Engagement with Māori | IF Council does not effectively engage with Māori on matters of interest, THEN Council decisions will lack a Māori perspective which may lead to substandard community outcomes, and decisions that may not be supported by Māori which could harm relationships | 12 - Very High | Build and maintain strong relationships with all iwi in the Whakaahurangi rohe - between Chairs and Mayor, CEO levels, and between operational staff. All decision reports to Council must outline what consultation has been undertaken with Māori. Develop and iwi partnerships framework. | 3 Moderate | To ensure council's reputation is maintained to a high standard at all times when consulting and engaging with Māori.                                | That consultation and engagement with Māori was undertaken at all times where necessary, and that protocols were followed. | <ul style="list-style-type: none"> <li>- Obtain evidence of consultation with Iwi regarding 3 different consultation items since November 2022.</li> <li>-What was the outcome of the consultation and engagement?</li> <li>- Ascertain how the consultation and engagement processes were undertaken, and whether they were documented.</li> </ul>                                                                             | Communications Manager |

## APPENDIX 2

### APPENDIX 2

#### Stratford District Council Internal Audit Plan 2022/23

##### 1. Purpose

The purpose of this Internal Audit Plan is to give effect to the Internal Audit for the 2022/23 financial year and establish a framework for the audit.

##### 2. Objective

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

##### 3. Framework

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

It would be costly and ineffective to review all risks in one internal audit - rather a random selection of two risks from the top in the register in addition to a review of other risks, including two ad hoc risks identified. The Corporate Accountant has selected the risks to be audited randomly and has taken them to the Senior Leadership Team meeting for approval. The risks to be audited are to be presented to the September 2023 Audit and Risk Committee meeting for final approval.

##### 4. Expected Outcomes

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

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

##### 5. Timeframe

It is proposed that the audit work commence in June 2023 and results are finalised by 31 August 2023 and presented to the Audit and Risk Committee in September 2023.

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

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

# DECISION REPORT



F16/1280/05 – D23/7802

**To:** Audit and Risk Committee  
**From:** Director - Assets  
**Date:** 16 May 2023  
**Subject:** Risk Appetite for Earthquake-prone Buildings

## Recommendations

1. THAT the report be received;
2. THAT the Committee recommends Option 1,2,3 or 4 for the Wall Memorial Centre;
3. THAT the Committee recommends Option 1,2,3 or 4 for the TET Stadium;
4. THAT the Committee recommends Option 1,2 or 3 for the Clock Tower; and
5. THAT the Committee recommends Option 1,2,3 or 4 for the TSB Pool Building.

## Recommended Reason

For the Committee to understand the risk associated with the earthquake-prone buildings and make the necessary decision that will minimise Council's exposure to the risk of injury or death from partial or total collapse of these buildings.

/  
Moved/Seconded

## 1. Purpose of Report

- 1.1 The purpose of this report is 3-fold:
  - a. To provide the Committee with the seismic assessment findings for four (4) of Council's civic amenity buildings;
  - b. To gauge the Committee's risk appetite for these earthquake-prone buildings; and
  - c. To seek the Committee's recommendation on the preferred option to implement the findings of the seismic assessment reports for each of the 4 buildings.

## 2. Executive Summary

- 2.1 Four of Council civic buildings have recently been assessed for their seismic integrity, including the;
  - a. War Memorial Centre (WMC) building;
  - b. TET Stadium building;
  - c. Clock Tower building; and
  - d. TSB Pool building (Old Pool) building.
- 2.2 These buildings were constructed between 1954 and 2000 and are used for various activities in the district, including Civil Defence.
- 2.3 The Seismic assessment ratings have been derived by comparing each building against the standards of the current Building Code (BC). Under the current BC, a new building is assessed as 100% New Building Standard (100% NBS).
- 2.4 The Importance level (IL) of buildings is defined in Clause 3 of the BC and classifies buildings based on the importance of its failure to the Community, ranging from IL1 to IL5 (see Table 1).

Table 1: Building Importance Levels (IL), Clause 3 of the Building Code

| Importance Level (IL) | Description of Building Type                                                                                                                                                                                                                                                                                                                                                                            | Specific Structure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IL1                   | Buildings posing low risk to human life or the environment. Typically, small non-habitable buildings, such as sheds, barns, though they may have occupants from time to time.                                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>• Ancillary buildings not for human habitation</li> <li>• Minor storage facilities</li> <li>• Backcountry huts</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| IL2                   | Buildings posing normal risk to human life or the environment, These are typical residential, commercial, and industrial buildings.                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>• All buildings and facilities except those listed in importance levels 1, 3, 4, and 5</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| IL3                   | Buildings of a higher level of societal benefit or importance, or with higher levels of risk-significant factors to building occupants. These buildings have increased performance requirements because they may house large numbers of people, vulnerable populations, or occupants with other risk factors, or fulfil a role of increased importance to the local community or to society in general. | <ul style="list-style-type: none"> <li>• Buildings where more than 300 people congregate in 1 area</li> <li>• Buildings with primary school, secondary school, or day-care facilities with a capacity greater than 250</li> <li>• Buildings with tertiary or adult education facilities with a capacity greater than 500</li> <li>• Health care facilities with a capacity of 50 or more residents but not having surgery or emergency treatment facilities</li> <li>• Jails and detention facilities</li> <li>• Any other building with a capacity of 5 000 or more people</li> <li>• Buildings for power generating facilities, water treatment for potable water, wastewater treatment facilities, and other public utilities facilities not included in importance level 4</li> <li>• Buildings not included in importance level 4 or 5 containing sufficient quantities of highly toxic gas or explosive materials capable of causing acutely hazardous conditions that do not extend beyond property boundaries</li> </ul>                                                                                                                                                                                                                                                                                                                              |
| IL4                   | Buildings that are essential to post-disaster recovery or associated with hazardous facilities.                                                                                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>• Hospitals and other health care facilities having surgery or emergency treatment facilities</li> <li>• Fire, rescue, and police stations and emergency vehicle garages</li> <li>• Buildings intended to be used as emergency shelters</li> <li>• Buildings intended by the owner to contribute to emergency preparedness, or to be used for communication, and operation centres in an emergency, and other facilities required for emergency response</li> <li>• Power generating stations and other utilities required as emergency backup facilities for importance level 3 structures</li> <li>• Buildings housing highly toxic gas or explosive materials capable of causing acutely hazardous conditions that extend beyond property boundaries</li> <li>• Aviation control towers, air traffic control centres, and emergency aircraft hangars</li> <li>• Buildings having critical national defence functions</li> <li>• Water treatment facilities required to maintain water pressure for fire suppression</li> <li>• Ancillary buildings (including, but not limited to, communication towers, fuel storage tanks or other structures housing or supporting water or other fire suppression material or equipment) required for operation of importance level 4 structures during an emergency</li> </ul> |
| IL5                   | Buildings whose failure poses catastrophic risk to a large area (eg, 100 km <sup>2</sup> ) or a large number of people (eg, 100 000).                                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>• Major dams</li> <li>• Extremely hazardous facilities</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |



- 2.5 A summary of the seismic ratings for the 4 buildings is provided below and in Table 2:
- a. The WMC building seismic rating - 15% NBS (IL3). This is classified as a **Very high-Risk** building by the New Zealand Society for Earthquake Engineering (NZSEE). The WMC building was assessed for its potential as a Civil Defence building (IL4), as well as its current use as an IL3 building. The IL4 rating is assessed to be very, very low.
  - b. The TET Stadium building seismic rating - 20% NBS (IL3) and 14% NBS (IL4). This is classified as a **High Risk** IL3 building and **Very high-Risk** IL4 building for civil defence purposes. The TET Stadium building was also assessed for its potential as a Civil Defence building (IL4), as well as current use as an IL3 building.
  - c. The Clock Tower building seismic rating - 25% NBS (IL2), classified as a **High-Risk** building; and
  - d. The TSB Pool building seismic rating - <33% NBS (IL2). This is classified as a **High-Risk** building.

Table 2: Summary of Seismic Ratings

|                                                                                                                                                                                                                                                | Building     | Existing IL | Proposed IL | Seismic rating (NBS) based on Existing IL | Minimum Acceptable Rating for compliance with Building Code (NBS) Earthquake prone | Minimum Acceptable Rating for compliance with Industry min risk standard (NBS) Earthquake risk |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|-------------|-------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| 1                                                                                                                                                                                                                                              | War Memorial | IL3         | IL4*        | 15%                                       | 34%                                                                                | 67%                                                                                            |
| 2                                                                                                                                                                                                                                              | TET          | IL3         | IL4*        | 20%                                       | 34%                                                                                | 67%                                                                                            |
| 3                                                                                                                                                                                                                                              | Clock Tower  | IL2         | IL3**       | 25%                                       | 34%                                                                                | 67%                                                                                            |
| 4                                                                                                                                                                                                                                              | TSB Pool     | IL2         | IL3         | <33%                                      | 34%                                                                                | 67%                                                                                            |
| <p>* For Civil Defence purposes, required to be IL4; for Council purposes, IL3 suffices.<br/>                     ** Given the location and the proximity to pedestrians in the public place, it is proposed to upgrade to an IL3 building</p> |              |             |             |                                           |                                                                                    |                                                                                                |

- 2.5 The threshold, as defined by NZSEE, for:
- Earthquake-prone buildings is 34% NBS;
  - Earthquake- Risk buildings is 67% NBS; and
  - Any building to be used for civil defence purposes is 100% NBS (IL4).
- 2.6 While all 4 buildings are assessed as earthquake-prone, with seismic ratings of **high** to **very high**, the Building Act 2004 provides for:
- **25 years** for non-priority<sup>1</sup> buildings to carry out seismic work or demolition on the issue of an *Earthquake Prone Notice*; and
  - 12 ½ years for priority buildings to carry out seismic work or demolition on the issue of an *Earthquake Prone Notice*.
- 2.7 There are risk implications, however, of doing nothing for 12½ or 25 years, which require that the Committee consider the following:
- a. The continued use of the WMC building as an Emergency Operations Centre (EOC) for civil defence purposes, until appropriate seismic strengthening is completed, noting that seismic strengthening is not recommended by the Experts due to the likely costs and complexities in design and construction to upgrade to acceptable IL4 standard;
  - b. The continued use of the WMC building as an events centre, knowing that the building does not meet the minimum acceptable standard of 34% NBS IL3;
  - c. The continued/future use of of the TET building as a Community Civil Defence Centre (CDC) until appropriate seismic strengthening is completed;
  - d. The continued use of the TET building as a multi-purpose sports centre, knowing that the building does not meet the minimum acceptable standard of 34% NBS IL3;

<sup>1</sup> *Priority* buildings are defined in the Building Act to include buildings likely to be needed in an emergency for use as an emergency shelter, emergency centre or to provide emergency response, amongst others.

- e. The safety of the public in the vicinity of the Clock Tower building knowing that the building requires seismic strengthening to **safely** remain in that space; and
- f. The potential use of the TSB Pool as an approved public space.

2.8 This report seeks the committee’s decision, based on the options recommended, to guide the next actions for these earthquake-prone buildings.

**3. Local Government Act 2002 – Section 10**

|                                                                                                                                                                                                                                                                                    |                 |                      |                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------|-----------------|
| Under section 10 of the Local Government Act 2002, the Council’s purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future” |                 |                      |                 |
| Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:                                                                                                                                                                                     |                 |                      | Yes             |
| <b>Social</b>                                                                                                                                                                                                                                                                      | <b>Economic</b> | <b>Environmental</b> | <b>Cultural</b> |
| ✓                                                                                                                                                                                                                                                                                  | ✓               | ✓                    |                 |

**4. Background**

- 4.1 The Taranaki region is susceptible to various types of earthquakes, including shallow and deep earthquakes, the impacts of which can be significant, leading to potential loss of life and property damage.
- 4.2 Buildings constructed before the introduction of the current building code, which are earthquake prone, are of particular concern. It is important to confirm the Committee’s risk appetite for these earthquake-prone buildings, to guide the development of actions to minimize the risks associated with these buildings, taking into account public safety and associated cost of retrofitting.
- 4.3 It is important to consider that the community’s perception of risks associated with council-owned/public earthquake-prone buildings, will be influenced by their past experiences, including the Christchurch earthquakes in recent times.
- 4.4 Officers are concerned that the seismic ratings of these buildings will affect the delivery of certain levels of service, i.e., civil defence functions. If there is a willingness to invest in retrofitting these buildings, a major factor for consideration is cost and affordability. If cost or affordability is an issue, the most cost-effective option could be to demolish these buildings.
- 4.5 Four of Council civic buildings have recently been assessed for their seismic integrity, including the;
  - a. War Memorial Centre (WMC) building;
  - b. TET Stadium building;
  - c. Clock Tower building; and
  - d. TSB Pool building (Old Pool) building.
- 4.6 These buildings were constructed between 1954 and 2000 and are used for various activities in the district, including Civil Defence meetings.
- 4.7 While all 4 buildings are assessed as earthquake-prone, with seismic ratings of **high** to **very high**, the Building Act 2004 provides the following;
  - 25 years for non-priority buildings to carry out seismic work or demolition on the issue of an Earthquake Prone notice and
  - 12 and ½ years for priority buildings to carry out seismic work or demolition on the issue of an Earthquake Prone notice.

- 4.8 The threshold, as defined by NZSEE, for:
- Earthquake-prone buildings is 34% NBS;
  - Earthquake- Risk buildings is 67% NBS; and
  - Any building to be used for civil defence purposes is 100% NBS (IL4).

**The War Memorial Centre**

- 4.9 The sports stadium of the WMC building was built in 1953. In 1995 the WMC building was extended to incorporate meeting and function rooms and ancillary facilities such as kitchen and additional toilets. The WMC is a primary event centre in Stratford, catering for conferences, weddings, meetings and sports events. In addition, this centre is regularly used for several Civil defence meetings in Stratford as it is generally earmarked as the Emergency Operations Centre (EOC).



Figure 1: The War Memorial Centre building

- 4.10 The Detailed Seismic assessment (DSA) for the WMC building was carried out by BCD Group in January 2023. The DSA shows that the WMC building is 15% NBS (IL3). This is classified as **Very High-Risk** and corresponds to an **E Grade** building (Table 3), as defined by the NZSEE. This rating is less than the minimum threshold for earthquake prone buildings being 34% NBS (IL3).

Table 3: Earthquake Risk Building Grading Matrix

| Building Grade | Percentage of New Building Standard (%NBS) | Approximate Risk Relative to a New Building | Life-Safety Risk Description (Relative to a Similar New Building) |
|----------------|--------------------------------------------|---------------------------------------------|-------------------------------------------------------------------|
| A+             | >100                                       | < 1 time                                    | Low risk                                                          |
| A              | 80 – 100                                   | 1 – 2 times                                 | Low risk                                                          |
| B              | 67 – 79                                    | 2 – 5 times                                 | Low to medium risk                                                |
| C              | 34 – 66                                    | 5 – 10 times                                | Medium risk                                                       |
| D              | 20 – 33                                    | 10 – 25 times                               | High risk                                                         |
| E              | <20                                        | >25 times                                   | Very high risk                                                    |

- 4.11 The WMC building was also assessed for its potential as a Civil Defence building (IL4). The IL4 rating is assessed to be very, very low. For this building to be used for Civil defence purposes, it is important for the seismic rating to be a minimum of 100% NBS IL4.
- 4.12 While the Building Act 2004 provides building owners 12½ years to carry out seismic work or demolish the building, the Health and Safety at Work Act 2015 and Residential Tenancies Act 1986, require building owners to ensure that a building is safe. The continued use of the WMC as an EOC (IL4) and as a public space (IL3) is therefore, called into question - *what is the Committee’s appetite for a risk death or injury in the*

*event of a partial or complete collapse in the event of an earthquake?* The worst-case scenario is that the WMC building **may no longer** be used for civil defence purposes nor as a public events space, until appropriate seismic strengthening is completed.

- 4.13 The DSA findings, however, suggests that the building may not be strengthened to an IL4 standard due to the likely costs and complexities in design and construction.

#### The TET Stadium

- 4.14 The TET Stadium was built in the early 2000s and is currently leased to Stratford Community Sports Society Incorporated. It is home to many Stratford sports clubs i.e., *Darts, Gymnastics, Hockey, Indoor Football, Netball, Pool, Squash, Tennis and Volleyball*. The clubs are all managed independently by the respective clubs. The TET Stadium is also home the '**Stadium Bar and Bistro**'. Stadium Bar and Bistro is a full bar and restaurant that is open to the general public. The building also offers two meeting rooms for Council and other public meetings and is generally designated as the Community Civil Defence Centre (CDC).



Figure 2: The TET Stadium building

- 4.15 The DSA for the TET Stadium was carried out by BCD Group in April 2023. The DSA shows that the TET Stadium is 20% NBS (IL3). This corresponds to a **E Grade** building defined by the NZSEE. This rating is less than the minimum threshold for earthquake prone buildings being 34% NBS.
- 4.16 The TET was also assessed for its potential as a Civil Defence building (IL4). The IL4 rating is assessed to be 14% NBS (IL4). For this building to be used for Civil defence purposes, it is important for the seismic rating to be a minimum of 100% NBS IL4.
- 4.17 While the Building Act 2004 provides building owners 12½ years to carry out seismic work or demolish the building, the Health and Safety at Work Act 2015 and Residential Tenancies Act 1986, require building owners to ensure that a building is safe. The continued designation of the TET building a CDC (IL4) and as a public space (IL3) is therefore, called into question, as per above. The worst-case scenario is that the TET building **may no longer** be designated as a CDC nor can it be used as a multi-sports facility, until appropriate seismic strengthening is completed.
- 4.18 The BCD report suggests that the building may be strengthened to IL4 and IL3. The preliminary strengthening plan is being developed for this purpose.

### The Clock Tower

- 4.19 The clock tower was originally part of the old Stratford Post Office located south of Broadway. Considered an earthquake risk, the tower was demolished, and a new tower erected in 1960. In 1996 the Elizabethan Clocktower was erected surrounding the tower, and Romeo and Juliet glockenspiel was added. The Clock tower is a major tourist attraction to Stratford.
- 4.20 The Initial Seismic assessment (ISA) for the Clock Tower was carried out by Beca in April 2023. The ISA shows that the Clock Tower is 25% NBS (IL2). This corresponds to a **D Grade** building defined by the NZSEE. This rating is less than the minimum threshold for earthquake prone buildings being 34% NBS.
- 4.21 While the Building Act 2004 provides building owners 12½ years to carry out seismic work or demolish the building, the implication is that the Clock Tower building, being in a public space, requires seismic strengthening to safely remain in the public space.



Figure 3: The Clock Tower

### The TSB Pool

- 4.22 The TSB Pool is the disused pool on Page Street. It was first constructed in the early 1990's and subsequently enclosed in 1992. It has recently been replaced by the new pool on Portia Street. It is a community asset of interest to many groups in Stratford. It is important to understand its seismic rating to inform the possible options for redevelopment in the future.
- 4.23 The High-level seismic assessment (HLSA) was undertaken by Beca in April 2023. The HLSA shows that the TSB Pool is below 34% NBS (IL2). This corresponds to a **D Grade** building defined by the NZSEE. This is less than the minimum threshold for earthquake prone buildings being 34%NBS.
- 4.24 While the Building Act 2004 provides building owners 25 years to carry out seismic work or demolish the building, the implication is that the TSB Pool requires strengthening for any future use as a public space, irrespective of the approved future use.



Figure 4: The TSB Pool

- 4.25 There is a risk of public safety association with all of these buildings. It is important to note that this risk has high associated cost and reputational risk, in the event of a partial or total collapse.
- 4.26 To support this committee decision making, Officers provide options for consideration in Section 7.4 of this report, to guide the next phase of implementation of the approved actions for these earthquake-prone buildings.

## 5. Consultative Process

### 5.1 Public Consultation - Section 82

No need for public consultation, this is a matter of public safety and requires swift action to avoid unnecessary loss of life and/or damage to property damage.

### 5.2 Māori Consultation - Section 81

There is no need for consultation with Iwi.

## 6. Risk Analysis

- 6.1 The key potential risks are:
- Health, safety and wellbeing - In the event of injury or fatality to any member of the public, staff or contractors, as a result of a building collapse due to a natural disaster such as an earthquake
  - Reputational and Conduct associated with the injury or fatality event; and
  - Financial risk in the event of litigation either from WorkSafe New Zealand or any member of the public.
- 6.2 These risks are closely related to Risk 86 on the corporate Risk Register below:  
**Risk 86 - Asset / Infrastructure Failure causing Public Health risk.** *If Council assets or infrastructure fail to work as intended, are unsafe, cause harm, public damage or endanger the public, THEN the public may be exposed to health, wellbeing or safety risks, that may put Council's reputation at risk, and Council could be subject to various penalties if found negligent. This raw risk score is 6 High.*  
*Control Description, which reduces score to 3 Moderate include:*
- *Ensure asset replacement programmes are identified through physical checks of the individual assets.*
  - *The capital investment required to replace these assets is aligned with a developed replacement programme which is included in the respective AMP.*
  - *Identify any issues that may arise at the time of renewing existing resource consents.*
  - *Maintain and update incident response plans for each asset group, including any public notification where required.*
  - *Ensure staff and contractors are trained on the requirements of the incident response plans.*

## 7. Decision Making Process – Section 79

### 7.1 Direction

|                                                                                                                                                | Explain                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Is there a strong link to Council's strategic direction, Long Term Plan/District Plan?                                                         | Yes, this decision will directly affect the budget laid out in the 2021-2031 long term plan.                                                                                     |
| What relationship does it have to the communities current and future needs for infrastructure, regulatory functions, or local public services? | A direct and strong relationship with the communities current and future needs for infrastructure as this report seeks direction on the future of the Council's civic amenities. |

### 7.2 Data

|                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Do we have complete data, and relevant statistics, on the proposal(s)?</li> <li>Do we have reasonably reliable data on the proposals?</li> <li>What assumptions have had to be built in?</li> </ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Data supporting this report is as per Seismic Assessment reports commissioned by council for each of the council facilities has been used to form this report.

### 7.3 Significance

|                                                                                                       | Yes/No        | Explain                                                                                    |
|-------------------------------------------------------------------------------------------------------|---------------|--------------------------------------------------------------------------------------------|
| Is the proposal significant according to the Significance Policy in the Long Term Plan?               | No            |                                                                                            |
| Is it:                                                                                                | Yes           |                                                                                            |
| • considered a strategic asset; or                                                                    | No            |                                                                                            |
| • above the financial thresholds in the Significance Policy; or                                       | No            | N/A                                                                                        |
| • impacting on a CCO stakeholding; or                                                                 | No            |                                                                                            |
| • a change in level of service; or                                                                    | No            |                                                                                            |
| • creating a high level of controversy; or                                                            | No            | It is expected that the proposed changes will create a low to medium level of controversy. |
| • possible that it could have a high impact on the community?                                         | Yes           | These concern the safety of Council's civic amenities.                                     |
| In terms of the Council's Significance Policy, is this proposal of high, medium, or low significance? |               |                                                                                            |
| <b>High</b>                                                                                           | <b>Medium</b> | <b>Low</b>                                                                                 |
|                                                                                                       | ✓             |                                                                                            |

### 7.4 Options

The following are potential options for each building for consideration:

#### 7.4.1 War Memorial Centre

- Option 1 – Do Nothing**  
 This is **not** a preferred option; it would expose Council to safety and reputational risks, which are costly, as it retains Council's exposure to the risks described in Section 6 of this report.
- Option 2 – Demolish and rebuild to meet Civil Defence requirements 100% NBS IL4.**  
 Key consideration is cost and affordability. Is this the most cost-effective option?

- **Option 3** – Strengthen the building to above the minimum threshold for earthquake prone buildings being 34% NBS IL3.  
The DSA recommends strengthening the building to above the minimum threshold for earthquake prone buildings being 34% NBS IL3
- **Option 4** - Strengthen the building to above the minimum threshold for earthquake risk buildings being 67% NBS IL3.  
Key consideration is cost and affordability. Is there an alternative building for civil defence purposes? If not, is this the most cost-effective option? Based on the findings made in completion of the DSA, it is not recommended that the building is strengthened to IL 4 due to the likely cost and complexities in design and construction.

**Recommended Option is Option 3.**

#### **7.4.2 TET Stadium**

- **Option 1** – Do Nothing  
This is **not** a preferred option, it would expose Council to safety and reputational risks, which are costly, as it retains Council's exposure to the risks described in Section 6 of this report.
- **Option 2** – Strengthen the building above the minimum threshold for earthquake risk buildings being 100% NBS IL4 to meet Civil Defence requirements. This is the preferred option, if the building is favourable to be use as the Civil Defence building.
- **Option 3** - Strengthen the building to above the minimum threshold for earthquake prone buildings being 34% NBS IL3.  
The DSA recommends strengthening the building to achieve a minimum 34% NBS IL3.
- **Option 4** - Strengthen the building to above the minimum threshold for earthquake risk buildings being 67% NBS.

**Recommended Option is Option 2.**

#### **7.4.3 Clock Tower**

- **Option 1** – Do Nothing  
This is **not** a preferred option, it would expose Council to safety and reputational risks, which are costly, as it retains Council's exposure to the risks described in Section 6 of this report.
- **Option 2** – Complete a DSA to investigate or identify other potential weaknesses and to understand the building performance.  
The ISA recommends a High-Level Quantitative Analysis (HLQA) to be completed so that expected behaviour of the building can be further understood.
- **Option 3** –Demolish the Clock Tower and rebuild to IL3 standards.  
Key consideration is cost and affordability. Is this the most cost-effective option? Initial estimates for a rebuild suggests that the cost of rebuild to be significant.

**Recommended Option is Option 2**



### 7.4.3 TSB Pool building (Old Pool)

- **Option 1 – Do Nothing**  
This is **not** a preferred option, it would expose Council to safety and reputational risks, which are costly, as it retains Council's exposure to the risks described in Section 6 of this report.
- **Option 2 – Demolish the building and reinstate the land back to ground level for repurposing later.**
- **Option 3 – Strengthen the building to above the minimum threshold for earthquake prone buildings being 34% NBS IL2.**
- **Option 4 - Strengthen the building to above the minimum threshold for earthquake risk buildings being 67% NBS**

#### **Recommended Option is Option 2**

The HISA notes that any repurposing or change of use may trigger the requirement to bring the structure up to 100%NBS or as reasonable near as practicable.

There is no requirement to retain a secondary pool and to repurpose the building will trigger the requirement to bring the structure up the right NBS %, depending on its use. This would be at a high cost to Council.

### 7.5 Financial

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

Yes, there would be an impact on both funding and debt levels.

There is no current budget allocated for any of this work.

To date expenditure has come from the operational budget which has been reported on via the policy and services committee meetings.

### 7.6 Prioritisation & Trade-off

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

The council can deliver the proposed works through the Long-Term Plan process.

Deferral is not recommended due to the public safety and other associated risks and implications described in Section 6 of this report.

It is also important to understand the next course of action to obtain estimates for inclusion in the next LTP budget.

### 7.7 Legal Issues

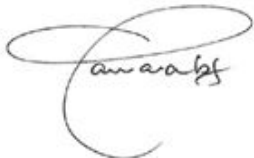
There is no legal opinion required.

There is potential legal liability if the proposed buildings aren't rectified by a certain time.

### 7.8 Policy Issues - Section 80

There are no policy issues related to this project.

This recommendation does not conflict with any Council policies.



Victoria Araba  
**Director - Assets**



[Approved by]  
Sven Hanne  
**Chief Executive**

**Date** 5 May 2023

# INFORMATION REPORT



F22/55/04 – D23/18610

**To:** Audit and Risk Committee  
**From:** Projects Manager  
**Date:** 16 May 2023  
**Subject:** Capital Works Programme – Key Projects Update – May 2023

## Recommendation

THAT the report be received.

## Recommended Reason

To present an update on the progress of our key capital projects in the 2022/23 financial year.

/  
Moved/Seconded

## 1. Purpose of Report

- 1.1 The purpose of this report is to provide the Audit and Risk Committee with an update on the progress of key capital projects in the 2022/23 financial year.
- 1.2 The intent is to track these projects and provide confidence both to the Council and ratepayers that the capital works programme will be delivered as indicated in the 2021-31 Long Term Plan (LTP).

## 2. Executive Summary

- 2.1 The Council, in the 2021-31 Long Term Plan, approved a total of \$11,764,000 for the delivery of capital expenditure for the 2022/23 financial year and \$10,183,000 for the 2023/24 financial year. The total LTP (over 10 years) is \$125,463,814, with 40% of this to be delivered in the first three years of the LTP.
- 2.2 The Government announced in April that Tranche 2 of the Better off Funding will not proceed. This amounted to \$7.7 million to SDC. Tranche 1 (\$2.57 million) is unaffected in this decision.
- 2.3 Stratford District Council was successful in an application to the Transport Choices Package for \$7.8 million to improve:
  - Walking and cycling outside schools
  - Walking and cycling connections between schools, Wai-O-Rua and the Bike Park
  - Walking and cycling connections across State Highways 3 and 43.
- 2.4 Council officers are proactively managing all aspects of risks being identified in the delivery of these capital projects, which are mainly:
  - Cost overruns;
  - Not delivering to timeframe; and
  - Not delivering what was expected.

**3. Local Government Act 2002**

|                                                                                                                                                                                                                                                                                    |                 |                      |                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------|-----------------|
| Under section 10 of the Local Government Act 2002, the Council's purpose is to "enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future" |                 |                      |                 |
| Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:                                                                                                                                                                                     |                 |                      | Yes             |
| <b>Social</b>                                                                                                                                                                                                                                                                      | <b>Economic</b> | <b>Environmental</b> | <b>Cultural</b> |
| ✓                                                                                                                                                                                                                                                                                  | ✓               | ✓                    | ✓               |

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

**4. Information Summary**

4.1 The Council, in the 2021-31 Long Term Plan, approved a total of \$11,764,000 for the delivery of capital expenditure for the 2022/23 financial year and \$10,183,000 for the 2023/24 financial year. The total LTP (over 10 years) is \$125,463,814, with 40% of this to be delivered in the first three years of the LTP.

4.2 Please refer to the Executive Summary and the Appendix 1, which shows that all year 2 projects are in progress, along with year 1 projects that were carried over from the 2021/22 financial year.

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

4.4 Council officers are proactively managing all aspects of risks being identified in the delivery of these capital projects, which are mainly:

- Cost overruns;
- Not delivering to timeframe; and
- Not delivering what was expected.

4.5 Updates on key projects are provided below.

**4.5.1 Connecting our Communities Strategy**

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

This strategy has been approved by the Policy and Services Committee in 2022 to proceed to consultation with the public. Consultation is completed and officers are working through the feedback received for present back to Council in 2023.

The Transport Choices Package has allowed for the overall cycling network for Stratford to be developed and is with Waka Kotahi to review. This network has been independently reviewed by Transport Planners.

Once reviewed by Waka Kotahi, this plan will be included in the Connecting our Communities Strategy. This will help to guide projects included in the Transport Choices and Better Off Funding packages as well as provide guidance for long term walking and cycling projects.

#### 4.5.2 **Better Off Funding Projects**

In 2022, Council received \$10.27 million for the Better off Funding in two instalments (\$2.57 million and \$7.7 million) which is to be spent by the end of the 2027 financial year. The Better off Funding Package is part of the 3 Waters Reform.

The Government announced in April that Tranche 2 of the Better off Funding will not proceed. This amounted to \$7.7 million to SDC. Tranche 1 (\$2.57 million) is unaffected in this decision .

SDC has allocated funding to the following projects:

- **Brecon Road Bridge – Business Case Development and Detailed Design**

The Brecon Road Bridge will provide a link across the Patea River on the west side of town. The only access from north to south (and vice versa) for residents living on the west side of Stratford is via the Patea Bridge on State Highway 3. It is a strategic connection for SDC's roading network, Transport Choices Package and the Connecting Our Communities Strategy.

A Request for Proposal (RFP) for the creation of a business case to submit to Waka Kotahi will be issued in the 2023/24 financial year. The objective of the business case is to apply for subsidised funding from Waka Kotahi when the opportunity arises.

- **Town Centre Project – Skate Park Development**

The Skate Park has been identified by the community as needing a refresh due to equipment refreshing the end of its life span (Skate Bowl etc.)

Construction is underway to install a new Skate Bowl in a new location. This bowl is mostly above ground to avoid issues that had occurred in the old skate bowl.

- **Town Centre Project – Victoria Park Drainage**

A contract was awarded for the upgrade of drainage of the main sportsground at Victoria Park. Physical works started in March 2023, once the cricket season finished.

Disappointingly, the Contractor has failed to deliver this project in the required timeframes. Due to the inability to provide a suitable solution to solve the concerns of both Council and Stratford Rugby Club, Officers have had to bring in a new contractor to complete the reinstatement of the rugby fields.

Stratford Rugby Club are reporting that this will adversely affect their income from bar sales. They have been using Field 2, but are unable to use Field 1 (next to the grandstand). We do not have a date at this time as to when they can use Field 1.

Verbal comments from members of the public have said that they have been unable to go to the rugby game as the grandstand was not available to sit in.

Officers are in the process of gathering information to take back to the original contractor and start the compensation process with the contractor.

- **Town Centre Project – Prospero Place and Broadway Beautification**

This project encompasses the Prospero Place development and Broadway Beautification projects (Better Off Funding) and crossing facilities of SH.3 (Transport Choices Package)

A project panel is to be formed in March / April 2023 to progress this project.

- **Stratford Park – Wastewater Enabling Infrastructure**

A three-year project has been commissioned to model the wastewater network in Stratford. This project is part of this modelling and is expected to be investigated in early 2024.

#### 4.5.3 **Transport Choices Package**

The Ministry of Transport issued a \$350 million package to improve walking and cycling as well as reducing carbon emissions as part of the VKT reduction programme.

Stratford District Council was successful in an application to the Transport Choices Package for \$7.8 million to improve:

- Walking and cycling outside schools
- Walking and cycling connections between schools, Wai-O-Rua and the Bike Park
- Walking and cycling connections across State Highways 3 and 43.

The success of this application is due to SDC being able to display a commitment to walking and cycling through the draft Connecting our Communities Strategy.

SDC staff and consultants are working through concept and project designs to submit to Waka Kotahi for approval. Once approved, the community will be consulted before installation.

Waka Kotahi visited in March 2023 so they can also get a better understanding of our roading network and the differences between a town like Stratford compared to a city like Auckland.

There is a very short timeframe in the delivery of this project (to be completed by June 2024). Council staff have raised concerns with Waka Kotahi regarding the importance of progressing this project due to the small pool of contractors that would be shared with NPDC that was allocated \$16 million.

Note: the Stratford Schools Safety Projects has been merged with the Transport Choices Package projects.

#### 4.5.4 **Other Key Projects**

- **TET Multi Sports Centre**

A tender for the replacement of doors at the TET Multi sports centre has been published on the Government Electronic Tender Service platform (GETS). This has closed on the 11th May and evaluation of tenders is underway. It is anticipated that works will begin in June with completion expected in July / August 2023.

- **Trees of Significance – access**

SDC is waiting on feedback from Whakaahurangi Marae for confirmation of signage. Once this is received, officers will progress with the installation. This is not expected until the 2023/24 financial year.

- **Whangamomona Camp – Septic Tank**

The concept design was completed by WSP in April 2023.

Due to the costs involved in investigating and completing the concept design along with the expected construction costs, the design and build of the septic tank has been included in the draft 2023/24 Annual Plan.

- **Kopuatama Cemetery entrance upgrade**

A tender for the upgrade of the has been published on GETS. This has closed on the 4th May and evaluation of tenders is underway. It is anticipated that works will begin towards the end of May, with completion expected in June / July 2023.

- **Low-cost, low risk roads**

Due to reduced funding from Waka Kotahi, the Beaconsfield Road improvements has been deferred until the 2023/24 financial year.

- **Low-cost, low risks roads – special purpose roads**

Upgrade plans for Dawson Falls carpark is with the Department of Conservation (DOC) for review. Feedback from DOC is not expected back in this financial year.

- **Stormwater Safety Improvements**

The rock armouring of the stormwater culvert on Pembroke Road has been deferred due to rising costs and contractor availability.

This budget is now assigned to the repair of a void that has recently opened up at the stormwater tunnel entrance on Celia Street / Portia Street.

- **Stormwater Reticulation Renewals**

The Brecon Road to Achilles Street Stormwater Replacement project has been awarded and works will start in May 2023. While it is expected that the works will be completed by the end of June 2023, works may continue into July due to inclement weather.

- **Street water rider mains – 3 waters scheme**

Two locations were identified for this financial year.

Surrey Street watermain upgrade was completed in September 2022.

Works for the Broadway watermain (Celia St to Romeo St) upgrade started in late April 2023. Works are expected to finish by end June 2023, but may continue into July 2023 due to inclement weather.

- **Reservoir overflow to pond**

Works for this project is waiting for the consolidation of the reinstated Second Trunkmain. This will avoid an unworkable working environment for inspections and physical works. It is likely this will start in the 2023/24 financial year.

- **Water Treatment Plant Membranes**

Procurement for membranes at the Water Treatment Plant is ongoing. The supplier has indicated that the membranes required may not be available this financial year. This is not expected to be a concern.

- **Raw Water Delivery Line and Analyser**

A workshop with key stakeholders to confirm the final design is planned for May. Once this has been completed, the design will undergo independent engineering review. Procurement and Tendering is expected to occur in the next financial year.

- **Generator for Treatment Plant**

The Generator and Storage Shed has been procured, SDC is waiting on a date for the installation of the concrete foundation before the Generator can be installed and shed completed.

## 5. Strategic Alignment

### 5.1 Direction

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

### 5.2 Annual Plan and Long-Term Plan

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

### 5.3 District Plan

There is no direct relationship with the District Plan.

### 5.4 Legal Implications

There are no legal implications.

### 5.5 Policy Implications

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

#### Attachment:

#### **Appendix 1 - Capital Work Projects Update**



Steve Taylor  
**Projects Manager**



Victoria Araba  
**Director – Assets**



[Approved by]  
Sven Hanne  
**Chief Executive**

**Date:** 18 May 2023



**APPENDIX 1**

|                                                                  | Category         | Budget Y2 | Actual Spent | Budget LTP | Project Status                                                                                                                                                        | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 |
|------------------------------------------------------------------|------------------|-----------|--------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Civic Amenities</b>                                           |                  |           |              |            |                                                                                                                                                                       |        |        |        |        |        |        |        |        |        |        |        |        |
| Stratford 2035 Projects                                          | Level of Service | 979,056   | -            | 4,664,082  | Ongoing.                                                                                                                                                              |        |        |        |        |        |        |        |        |        |        |        |        |
| TET Multi Sports Centre                                          | Level of Service | 51,300    | 20,697       | 554,400    | Door Upgrade tender issued. Proposed works completed July 2023.                                                                                                       |        |        |        |        |        |        |        |        |        |        |        |        |
| Demolish Bell Tower                                              | Replacements     | -         | 15,793       | 30,000     | Completed.                                                                                                                                                            |        |        |        |        |        |        |        |        |        |        |        |        |
| Storage Shed                                                     | Replacements     | 26,699    | 24,341       | 70,000     | Completed.                                                                                                                                                            |        |        |        |        |        |        |        |        |        |        |        |        |
| WMC - Kitchen and cabinetry upgrade                              | Level of Service | 12,481    | 8,852        | -          | Completed.                                                                                                                                                            |        |        |        |        |        |        |        |        |        |        |        |        |
| WMC - appliance upgrade                                          | Level of Service | 5,164     | 4,389        | -          | Completed.                                                                                                                                                            |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Parks, Reserves, and Cemeteries</b>                           |                  |           |              |            |                                                                                                                                                                       |        |        |        |        |        |        |        |        |        |        |        |        |
| Upgrade Broadway Roundabout                                      | Level of Service | 60,000    | -            | 60,000     | Working in conjunction with Community Development Team/Broadway 2035. Awaiting the development of the Town Centre Plan before implementing the action plan identified |        |        |        |        |        |        |        |        |        |        |        |        |
| Trees of significance - access                                   | Level of Service | 5,000     | -            | 35,000     | Waiting for iwi confirmation on signage                                                                                                                               |        |        |        |        |        |        |        |        |        |        |        |        |
| Walkway upgrade                                                  | Level of Service | 10,000    | 10,563       | 50,000     | Completed.                                                                                                                                                            |        |        |        |        |        |        |        |        |        |        |        |        |
| Parks upgrade                                                    | Level of Service | 6,000     | 7,147        | 34,300     | Completed.                                                                                                                                                            |        |        |        |        |        |        |        |        |        |        |        |        |
| Victoria Park - Exercise and Fitness Trail                       | Level of Service | 16,400    | -            | 84,300     | To be looked at in the next LTP.                                                                                                                                      |        |        |        |        |        |        |        |        |        |        |        |        |
| Whangamomona Camp - septic tank                                  | Replacements     | 45,699    | 20,186       | 47,000     | Concept plan complete. Due to cost, will be completed in next financial year.                                                                                         |        |        |        |        |        |        |        |        |        |        |        |        |
| Kopuatama Cemetery entrance upgrade                              | Level of Service | 76,800    | -            | 76,800     | Request for Tender issued with completion due end of June 2023.                                                                                                       |        |        |        |        |        |        |        |        |        |        |        |        |
| Victoria Park Drainage                                           | Level of Service | 60,000    | -            | -          | Drains installed. Reinstatement underway.                                                                                                                             |        |        |        |        |        |        |        |        |        |        |        |        |
| * LED Screen (southern entrance)                                 | Level of Service | 75,000    | -            | -          | NZTA have declined proposed location, further investigation on other locations underway.                                                                              |        |        |        |        |        |        |        |        |        |        |        |        |
| * Discovery Trail (signage, glockenspiel upgrades, new features) | Level of Service | 15,000    | -            | -          | Ongoing - yearly works.                                                                                                                                               |        |        |        |        |        |        |        |        |        |        |        |        |

|                                          | Category         | Budget Y2 | Actual Spent | Budget LTP                        | Project Status                                                                                               | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 |
|------------------------------------------|------------------|-----------|--------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Purchase of land - Prospero Place        | Level of Service | 385,500   | -            | Part of the Stratford 2035 budget | Officers to prepare an Options Assessment report to Council for a decision to progress the preferred option. |        |        |        |        |        |        |        |        |        |        |        |        |
| Skate Park Upgrade - Victoria Park       | Level of Service | -         | 14,088       | -                                 | Project underway. Six to eight weeks to construct the bowl.                                                  |        |        |        |        |        |        |        |        |        |        |        |        |
| Cemetery - Additional land purchase      | Level of Service | -         | 510,199      | -                                 | Waiting for Gazette notice and Title to be issued.                                                           |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Pool Complex</b>                      |                  |           |              |                                   |                                                                                                              |        |        |        |        |        |        |        |        |        |        |        |        |
| New Swimming Pool                        | Level of Service | 3,410,000 | 1,565,064    | 17,212,500                        | Completed.                                                                                                   |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Democracy</b>                         |                  |           |              |                                   |                                                                                                              |        |        |        |        |        |        |        |        |        |        |        |        |
| Computers and Peripherals                | Replacements     | 212,875   | 157,589      | 1,442,000                         | Ongoing - yearly works.                                                                                      |        |        |        |        |        |        |        |        |        |        |        |        |
| Vehicle replacements                     | Replacements     | 39,500    | -            | 342,500                           | Ongoing - yearly works.                                                                                      |        |        |        |        |        |        |        |        |        |        |        |        |
| Miscellaneous equipment                  | Replacements     | 20,000    | -            | 200,000                           | Ongoing - yearly works.                                                                                      |        |        |        |        |        |        |        |        |        |        |        |        |
| Furniture Replacement - Miranda Street   | Replacements     | 3,200     | 7,489        | 33,200                            | Ongoing - yearly works.                                                                                      |        |        |        |        |        |        |        |        |        |        |        |        |
| Furniture Replacement - WMC              | Replacements     | 3,200     | 1,554        | -                                 | Ongoing - yearly works.                                                                                      |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Economic Development</b>              |                  |           |              |                                   |                                                                                                              |        |        |        |        |        |        |        |        |        |        |        |        |
| Council Subdivision                      | Level of Service | 2,218,975 | 2,141,633    | 3,274,000                         | 41 Flint Road purchased. Waiting for new titles to be issued.                                                |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Rental and Investment Properties</b>  |                  |           |              |                                   |                                                                                                              |        |        |        |        |        |        |        |        |        |        |        |        |
| Farm - Landscaping and riparian planting | Level of Service | 3,500     | 200          | 38,900                            | Ongoing - yearly works.                                                                                      |        |        |        |        |        |        |        |        |        |        |        |        |
| Farm - Waterlines and trough upgrade     | Level of Service | 12,300    | 12,175       | 24,900                            | One trough to install.                                                                                       |        |        |        |        |        |        |        |        |        |        |        |        |
| Farm - Hot Water cylinder                | Replacements     | -         | 11,148       | -                                 | Completed.                                                                                                   |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Environmental Services</b>            |                  |           |              |                                   |                                                                                                              |        |        |        |        |        |        |        |        |        |        |        |        |
|                                          |                  | -         | -            | -                                 |                                                                                                              |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Roading</b>                           |                  |           |              |                                   |                                                                                                              |        |        |        |        |        |        |        |        |        |        |        |        |
| Walking and Cycling improvements         | Level of Service | 276,900   | 298,766      | 3,823,700                         | Completed.                                                                                                   |        |        |        |        |        |        |        |        |        |        |        |        |
| Brecon Road Bridge                       | Level of Service | 257,700   | -            | 13,022,683                        | Ongoing to June 2024.                                                                                        |        |        |        |        |        |        |        |        |        |        |        |        |
| Road to Zero                             | Level of Service | 917,831   | 722,524      | -                                 | Ongoing.                                                                                                     |        |        |        |        |        |        |        |        |        |        |        |        |
| Transport Choices                        | Level of Service | -         | 33,820       | -                                 | Ongoing to June 2024.                                                                                        |        |        |        |        |        |        |        |        |        |        |        |        |
| Unsealed Road Metalling                  | Replacements     | 840,000   | 657,261      | 10,480,208                        | Ongoing - Roading Maintenance Contract.                                                                      |        |        |        |        |        |        |        |        |        |        |        |        |

2023 - Agenda - Audit and Risk - May - Information Report - Capital Works Programme - Key Projects Update - April 2023

|                                                                           | Category         | Budget Y2 | Actual Spent | Budget LTP | Project Status                                                                                                                                                                            | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 |
|---------------------------------------------------------------------------|------------------|-----------|--------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Sealed Road resurfacing                                                   | Replacements     | 893,034   | 608,977      | 12,351,731 | <i>Ongoing - Roading Maintenance Contract.</i>                                                                                                                                            |        |        |        |        |        |        |        |        |        |        |        |        |
| Drainage Renewals                                                         | Replacements     | 700,000   | 950,141      | 7,634,676  | <i>Ongoing - Roading Maintenance Contract.</i>                                                                                                                                            |        |        |        |        |        |        |        |        |        |        |        |        |
| Pavement Rehabilitation                                                   | Replacements     | 750,000   | 1,164,044    | 7,531,118  | <i>Monmouth Road complete. Flint Road to be done.</i>                                                                                                                                     |        |        |        |        |        |        |        |        |        |        |        |        |
| Structure Component Replacement                                           | Replacements     | 647,000   | 99,839       | 6,277,706  | <i>3 retaining wall sites confirm. Consultant to design.</i>                                                                                                                              |        |        |        |        |        |        |        |        |        |        |        |        |
| Traffic Services                                                          | Replacements     | 113,000   | 51,173       | 1,243,036  | <i>Work less due to limited budget. Ongoing.</i>                                                                                                                                          |        |        |        |        |        |        |        |        |        |        |        |        |
| Footpath renewals                                                         | Replacements     | 170,000   | 224,371      | 1,944,901  | <i>Ongoing - Roading Maintenance Contract.</i>                                                                                                                                            |        |        |        |        |        |        |        |        |        |        |        |        |
| Low cost low risk roads                                                   | Replacements     | 521,142   | 172,582      | 5,270,000  | <i>Beaconsfield Road improvements deferred to 2023/24, Dunn's Bridge under construction.</i>                                                                                              |        |        |        |        |        |        |        |        |        |        |        |        |
| Sealed Road resurfacing - special purpose roads (100% Waka Kotahi funded) | Replacements     | 125,315   | 154,810      | 723,916    | <i>Approved allocation from Waka Kotahi – ongoing.</i>                                                                                                                                    |        |        |        |        |        |        |        |        |        |        |        |        |
| Low cost low risk roads - special purpose roads (100% Waka Kotahi funded) | Replacements     | 39,695    | -            | 210,000    | <i>Dawson Falls carpark - plans with DOC for review. Will not be completed this financial year.</i>                                                                                       |        |        |        |        |        |        |        |        |        |        |        |        |
| Drainage Renewals - special purpose roads (100% Waka Kotahi funded)       | Replacements     | 10,000    | -            | -          | <i>Approved allocation from Waka Kotahi.</i>                                                                                                                                              |        |        |        |        |        |        |        |        |        |        |        |        |
| Traffic Services - special purpose (100% Waka Kotahi funded)              | Replacements     | 5,000     | 10,097       | -          | <i>Installation of site rails - Approved allocation from Waka Kotahi – ongoing.</i>                                                                                                       |        |        |        |        |        |        |        |        |        |        |        |        |
| Unsealed Road resurfacing - special purpose (100% Waka Kotahi funded)     | Replacements     | 10,000    | -            | -          | <i>Approved allocation from Waka Kotahi – ongoing.</i>                                                                                                                                    |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Stormwater</b>                                                         |                  |           |              |            |                                                                                                                                                                                           |        |        |        |        |        |        |        |        |        |        |        |        |
| Pipework capacity increase                                                | Level of Service | 210,372   | 500          | 1,418,885  | <i>Ongoing - Modelling contract to June 2026.</i>                                                                                                                                         |        |        |        |        |        |        |        |        |        |        |        |        |
| Modelling                                                                 | Level of Service | 31,000    | -            | 31,000     | <i>Ongoing - Modelling contract to June 2026.</i>                                                                                                                                         |        |        |        |        |        |        |        |        |        |        |        |        |
| Safety improvements                                                       | Level of Service | 238,770   | 1,974        | 1,275,770  | <i>Rock armouring of stormwater culvert on Pembroke Road is deferred due to rising costs and TRC requirements. Repair of void around tunnel entrance at Celia Street / Portia Street.</i> |        |        |        |        |        |        |        |        |        |        |        |        |

|                                             | Category         | Budget Y2 | Actual Spent | Budget LTP | Project Status                                                                                  | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 |
|---------------------------------------------|------------------|-----------|--------------|------------|-------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Reticulation renewals                       | Replacements     | 101,983   | -            | 769,000    | <i>Achilles / Brecon Road construction to start mid-May.</i>                                    |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Wastewater</b>                           |                  |           |              |            |                                                                                                 |        |        |        |        |        |        |        |        |        |        |        |        |
| Pipework capacity increase                  | Level of Service | 222,581   | 10,305       | 1,187,000  | <i>Ongoing - Modelling contract to June 2026.</i>                                               |        |        |        |        |        |        |        |        |        |        |        |        |
| Modelling                                   | Level of Service | 51,700    | 141          | 51,700     | <i>Ongoing - Modelling contract to June 2026.</i>                                               |        |        |        |        |        |        |        |        |        |        |        |        |
| Infiltration renewals                       | Replacements     | 344,986   | 73,616       | 1,961,600  | <i>Ongoing - Sewer Lining Contract.</i>                                                         |        |        |        |        |        |        |        |        |        |        |        |        |
| Diatomix to enhance growth of good algae    | Level of Service | 394,979   | 68,885       | 500,000    | <i>Ongoing.</i>                                                                                 |        |        |        |        |        |        |        |        |        |        |        |        |
| Bulk discharge renewals                     | Replacements     | 31,000    | 814          | 55,300     | <i>Works planned to remediate areas around pump station that eroded during heavy rain.</i>      |        |        |        |        |        |        |        |        |        |        |        |        |
| Routine step / aerate renewals              | Replacements     | 50,800    | 46,753       | 343,800    | <i>Ongoing.</i>                                                                                 |        |        |        |        |        |        |        |        |        |        |        |        |
| Inflow and Infiltration programme           | Replacements     | 297,919   | 88,921       | -          | <i>Ongoing - Sewer Lining Contract.</i>                                                         |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Solid Waste</b>                          |                  |           |              |            |                                                                                                 |        |        |        |        |        |        |        |        |        |        |        |        |
| Transfer Station building renewals          | Replacements     | 10,300    | 11,900       | 70,100     | <i>Completed.</i>                                                                               |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Water Supply</b>                         |                  |           |              |            |                                                                                                 |        |        |        |        |        |        |        |        |        |        |        |        |
| Universal water metering implement          | Level of Service | 558,270   | 50,846       | 2,195,000  | <i>Ongoing.</i>                                                                                 |        |        |        |        |        |        |        |        |        |        |        |        |
| Second water trunk main                     | Level of Service | 1,024,650 | 664,906      | 2,911,100  | <i>Completed.</i>                                                                               |        |        |        |        |        |        |        |        |        |        |        |        |
| Street work rider mains                     | Level of Service | 301,700   | -            | 6,100      | <i>Craig Street identified due to recent failures - Ongoing - 3 Water Maintenance Contract.</i> |        |        |        |        |        |        |        |        |        |        |        |        |
| Pipe bridges                                | Replacements     | -         | -            | 103,500    | <i>Completed.</i>                                                                               |        |        |        |        |        |        |        |        |        |        |        |        |
| Midhirst Resource Consent                   | Replacements     | 197,040   | -            | 309,700    | <i>Awaiting lwi assessment report – Ongoing.</i>                                                |        |        |        |        |        |        |        |        |        |        |        |        |
| Hydrants                                    | Replacements     | 30,100    | 21,939       | 169,600    | <i>Ongoing - 3 Water Maintenance Contract.</i>                                                  |        |        |        |        |        |        |        |        |        |        |        |        |
| Laterals                                    | Replacements     | 62,200    | -            | 350,800    | <i>Ongoing - 3 Water Maintenance Contract.</i>                                                  |        |        |        |        |        |        |        |        |        |        |        |        |
| Meter renewals                              | Replacements     | 57,750    | -            | 4,338,800  | <i>Ongoing - 3 Water Maintenance Contract.</i>                                                  |        |        |        |        |        |        |        |        |        |        |        |        |
| Street water rider mains - 3 waters schemes | Replacements     | 368,900   | 383,650      | 2,993,100  | <i>Surrey Street completed. Broadway scheduled for February / March 2023.</i>                   |        |        |        |        |        |        |        |        |        |        |        |        |
| Toko Bore                                   | Replacements     | -         | -            | -          | <i>Ongoing, as required.</i>                                                                    |        |        |        |        |        |        |        |        |        |        |        |        |

2023 - Agenda - Audit and Risk - May - Information Report - Capital Works Programme - Key Projects Update - April 2023

|                                       | Category         | Budget Y2 | Actual Spent | Budget LTP | Project Status                                                                                                              | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 |
|---------------------------------------|------------------|-----------|--------------|------------|-----------------------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Reservoir overflow to pond            | Replacements     | 77,600    | 438          | 77,600     | <i>Waiting for Trunkmain reinstatement to take before investigations will begin.</i>                                        |        |        |        |        |        |        |        |        |        |        |        |        |
| Reservoir cleaning - 3 waters scheme  | Replacements     | 82,036    | 10,533       | 107,600    | <i>Cleaning requirement to be assessed - Ongoing.</i>                                                                       |        |        |        |        |        |        |        |        |        |        |        |        |
| Membranes                             | Replacements     | 150,000   | 3,957        | 150,000    | <i>Replacement membranes have been delivered and are being installed as required. Further membranes are being procured.</i> |        |        |        |        |        |        |        |        |        |        |        |        |
| Instructure general - 3 waters scheme | Replacements     | 33,500    | -            | 338,200    | <i>Ongoing as required.</i>                                                                                                 |        |        |        |        |        |        |        |        |        |        |        |        |
| Electronic water reading software     | Level of Service | 51,500    | 11,007       | 51,500     | <i>Due to be trialled once meters are installed.</i>                                                                        |        |        |        |        |        |        |        |        |        |        |        |        |
| Raw water delivery line               | Level of Service | 2,000,000 | 18,133       | 338,200    | <i>Final design with consultant.</i>                                                                                        |        |        |        |        |        |        |        |        |        |        |        |        |
| Raw water analyser                    | Level of Service | 95,000    | 4,007        | 95,000     | <i>Procurement progressing.</i>                                                                                             |        |        |        |        |        |        |        |        |        |        |        |        |
| Generator for Treatment plant         | Level of Service | 105,000   | 49,440       | 105,000    | <i>Generator purchased. Waiting on shed construction.</i>                                                                   |        |        |        |        |        |        |        |        |        |        |        |        |

**Key:**

|  |                                               |
|--|-----------------------------------------------|
|  | Completed                                     |
|  | As planned for financial year                 |
|  | May / Will extend into 2023/24 financial year |
|  | Deferred to 2023/24 financial year            |
|  | Over spend < 10 %                             |
|  | Over spend 10 % to 50 %                       |
|  | Over spend 50 % to 100 %                      |
|  | Over spend > 100 %                            |

# INFORMATION REPORT



F22/55/04-D23/18928

**To:** Audit and Risk Committee  
**From:** Director – Corporate Services  
**Date:** 16 May 2023  
**Subject:** Audit Matters Outstanding – Deloitte Year End Audit 2022

**Recommendation**

THAT the report be received.

**Recommended Reason**

This report informs the Committee of the issues identified in the final Deloitte Audit Management Report for the 2021/22 Annual Report and, summarising the actions that have or intend to be taken by Council officers to respond to audit recommendations with respect to each issue raised.

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

**1. Purpose of Report**

1.1 To provide an update to the Committee of auditor recommendations, that were identified as audit of the Annual Report 2021/22, and Council officer progress with each of these.

**2. Executive Summary**

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

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

**3. Local Government Act 2002**

|                                                                                                                                                                                                                                                                                    |                 |                      |                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------|------------------------------------------|
| Under section 10 of the Local Government Act 2002, the Council’s purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future” |                 |                      |                                          |
| Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:                                                                                                                                                                                     |                 |                      | Affects all four wellbeings in some way. |
| <b>Social</b>                                                                                                                                                                                                                                                                      | <b>Economic</b> | <b>Environmental</b> | <b>Cultural</b>                          |
| ✓                                                                                                                                                                                                                                                                                  | ✓               | ✓                    | ✓                                        |

#### 4. Background

- 4.1 Deloitte issued an unmodified audit opinion for the year ended 30 June 2022 on 13 December 2022. As a follow up, Deloitte issued a Management Report setting out the findings from the audit, highlighting areas where Council is doing well, and making recommendations for improvement. The finalised Management Report is attached to this information report.
- 4.2 The auditor recommendations from the audit report have been summarised in **Appendix 1**, with an update on current status and timeframe for resolution where relevant.

#### 5. Information Summary

- 5.1 Refer to Appendix 1.

#### 6. Strategic Alignment

##### 6.1 Direction

The Annual Report is a statutory requirement and must include an independent audit report. It is largely reporting historical information, whereas the Annual Plan and Long Term Plan are forward looking and direction setting.

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

Direct alignment with both of these documents.

##### 6.3 District Plan

Not applicable

##### 6.4 Legal Implications

Not applicable

##### 6.5 Policy Implications

There are no policy implications to consider directly. However, some of the audit recommendations may involve Council having to review particular policies.

#### Attachments:

**Appendix 1** Schedule of Audit NZ Recommendations



Tiffany Radich  
**Director – Corporate Services**



[Approved by]  
Sven Hanne  
**Chief Executive**

**Date: 5 May 2023**

## APPENDIX 1

## Schedule of Audit NZ Recommendations

| Audit Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Current status | Staff Comments                                                                                                                                                                                                                                                                                                                      | Timeframe |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <p><b>Resource Consent Reporting Measure</b><br/>During testing of the resource consent service reporting measures it was identified there was currently no system report able to be generated to outline all resource consents issued in a period, and the timeframe in which they were issued. Deloitte recommends there is a process in place to ensure there is a check for completeness and accuracy of data, and evidence is obtained to show how results were determined.</p>                                                                                                                 | In progress    | A report script within Authority is being developed for the next financial period which would allow for more accurate reporting of the measure directly from Authority. This will remove the manual calculation performed at month end by the team for each consent issued in the period and the time in which it was issued.       | TBC       |
| <p><b>Monitoring of Investments of the Percy Thomson Trust</b><br/>Deloitte noted that there is no discussion held over the monitoring of the performance of the investments not is there documented discussions regarding the compliance with the Trust's investment policy. The policy has no control on the monitoring of the investments. Deloitte recommends that the trust have a control in the policy for monitoring the investments against the trusts objectives and for diversification of investments. This should be minuted, and compliance monitored regularly at trust meetings.</p> | In progress    | A review of the Investment Policy will be undertaken in 2022/23. A fund manager for Craig's Investment Partners is reviewing both the Trust's investment policy and investments, and creating a portfolio for the Trust. A permanent agenda item for investment performance will be added to the Committee's standing agenda items. | TBC       |
| <p><b>Sensitive Expenditure – no tax invoice available</b><br/>Claims for expenditure should be accompanied by original tax invoices. Eftpos receipts are not sufficient and create a risk that the expenditure is not legitimate business expenditure.</p>                                                                                                                                                                                                                                                                                                                                          | Complete       | Tax invoices are now redundant under amended legislation, and our policy does not require a tax invoice. Instead, it requires original supporting documentation and a clear description of the business purpose of the expenditure.                                                                                                 | N/A       |



| Audit Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                          | Current status                          | Staff Comments                                                                                                                                                                                                                                                                                                                                                                                                                                      | Timeframe        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <p><b>Sensitive Expenditure – timeliness of expense claim submissions</b></p> <p>During testing of expense claims, Deloitte identified that some elected members expense claims were submitted a significant time (months) after the expenditure was incurred. Deloitte recommends that expense claims are submitted in a timely manner to ensure that they are appropriately accounted for and any potential issues are immediately raised and resolved.</p> | <p>Part complete / part in-progress</p> | <p>The Elected Members Expenses policy has been updated to require expense claims to be submitted within one month of incurring expenditure.</p> <p>The Sensitive Expenditure policy is due for review in 2022/23 and the review is underway.</p> <p>Staff have been given reminders of timeliness for submitting expense claims.</p>                                                                                                               | <p>July 2023</p> |
| <p><b>Timely Review of Policies</b></p> <p>The Human Resources Policy was due to be updated in April 2022 but by December 2022 it was still under review. Policies which are not reviewed and updated regularly may result in the policy not reflecting the changing circumstances and environment. Deloitte recommends that policies are reviewed on a timely basis.</p>                                                                                     | <p>In progress</p>                      | <p>Policies are generally reviewed every three years, or earlier if there are changes that require the policy to be updated, e.g. legislative or environmental expectations.</p> <p>Currently, there are a number of Council internal and external policies that are overdue for review.</p> <p>It is suggested that an information report on all policy due dates / status be brought back to the Audit and Risk Committee for prioritisation.</p> | <p>July 2023</p> |

# INFORMATION REPORT



F22/55 – D23/19261

To: Audit and Risk Committee  
From: Director – Corporate Services  
Date: 16 May 2023  
Subject: Risk Management

## Recommendation

THAT the report be received.

## Recommended Reason

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

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

## 1. Purpose of Report

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

## 2. Executive Summary

- 2.1 The key risks to Council that have required active management by the Senior Leadership Team are *Risk 78 – Government Policy impacting on Local Government*, and *Risk 72 – Elected Members Decision Making*.

- 2.2 It is recommended that the following risks are removed from the top ten risk register as the likelihood and impact of a risk event has significantly reduced:

- *Risk 47 – Attracting and Retaining Staff*
- *Risk 64 – Infectious Disease Outbreak / Pandemic*

These could be replaced with two of the following emerging / current risks:

- *Risk 9 – LTP / Annual Plan*
- *Risk 28 – Interest Costs*
- *Risk 74 – Inadequate financial provision to fund asset replacement*
- *Risk 37 – Staff under stress*
- *Risk 76 – Heavy / Extreme Rainfall incidents*

3. **Local Government Act 2002**

|                                                                                                                                                                                                                                                                                    |                 |                      |                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------|------------------------------------------|
| Under section 10 of the Local Government Act 2002, the Council's purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future” |                 |                      |                                          |
| Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:                                                                                                                                                                                     |                 |                      | Affects all four wellbeings in some way. |
| <b>Social</b>                                                                                                                                                                                                                                                                      | <b>Economic</b> | <b>Environmental</b> | <b>Cultural</b>                          |
| ✓                                                                                                                                                                                                                                                                                  | ✓               | ✓                    | ✓                                        |

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

2. **Background**

2.1 The Council maintains a full risk register, which currently has 91 risks. Of these, 10 of the highest risks in terms of likelihood and consequence are monitored and reported to the Audit and Risk Committee.

2.2 The risk register includes a description of the risk, and provides an evaluation of the risk in terms of likelihood and consequence without any controls in place. Controls (risk reduction methods and mitigations) have been established for each risk, and then the risk is re-evaluated to get a residual risk score. In terms of what constitutes a significant risk, the raw risk score is considered, rather than the residual risk, as it is important that the Senior Leadership Team and the Audit and Risk Committee regularly monitor that the controls in place are appropriate and effective.

5. **Information Summary**

5.1 **Risk Events in relation to the Top Ten Risk Register**

**Risk 78 – Government Policy Impacting on Local Government**

**Three Waters Reforms**

As it stands, the water services currently delivered by 67 councils across New Zealand will in the future be provided by 10 publicly owned, specialised water service entities. Drinking water, wastewater and most aspects of stormwater management will start to be delivered by the Water Service Entities from early 2025 and at the latest by 1 July 2026. While legal ownership will remain with councils, each Water Service Entity will be operationally and financially independent from local councils. The water services entity proposed for Taranaki includes the water services currently provided by New Plymouth District Council, South Taranaki District Council and Stratford District Council. Given the recent re-design of these reforms and the upcoming parliamentary election later this year, the final outcome of these reforms remains somewhat unclear.

**Resource Management Reforms**

The Government is repealing the Resource Management Act (1991) and enacting new laws to transform the way we manage the environment. The intention is to repeal the RMA through three bills. Two of these bills are now before Parliament and are at the select committee stage. This means that any decisions relative to amendments, updates or replacements of our District Plan need to consider the costs of these processes against the risk arising from these reforms, particularly in the light of a parliamentary election later this year, which adds further uncertainty to this process.

### **Risk 72 - Elected Members Decision Making**

Recent decisions made by Elected Members since the March 2023 Audit and Risk Committee meeting are below, with the risk section included.

|          |                                                                                                           |
|----------|-----------------------------------------------------------------------------------------------------------|
| 14/03/23 | Approve the new Vision, Goals and Objectives for the proposed Waste Management and Minimisation Plan 2023 |
| 21/03/23 | Farm - Approve the revised budget for 2022/23 (increase in expenditure)                                   |
| 21/03/23 | Farm - Approve the draft budget for Annual Plan 2023/24                                                   |
| 28/03/23 | Approve the Fees and Charges schedule for 2023/24                                                         |
| 28/03/23 | Approve the erection of fencing around the wastewater pond, up to a maximum of \$175,000                  |
| 11/04/23 | Proposed road closure of Miranda St for ANZAC day service                                                 |

Also, upcoming decision report to approve draft Annual Plan 2023/24 for release to the community for public feedback.

### 5.2 **Change in the Top Ten Risks**

The following top ten risks have been reviewed by the Senior Leadership Team. The updated raw risk rating for each has since changed since the last review and it is recommended that they be removed from the top ten risk register.

#### *Risk 47 – Attracting and Retaining Staff*

All key roles in Council have now been filled. Work is complete on the performance pay system and staff benefits and wellbeing programme. Staff turnover appears to have settled in recent months, and this risk is now a lower priority for risk management.

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

The number of covid cases has dropped dramatically with minimal, if any, known staff cases of Covid at any given time in recent months. As above, this risk is a lower priority to be actively managed from a risk perspective.

The following risks have been identified as more likely to impose serious threat to Council in the current environment. Feedback will be sought from the Committee on adding two of the following risks to the Council's Top Ten Risk Register, in place of the above two risks recommended to be removed.

#### *Risk 9 – LTP / Annual Plan*

Council is currently in the process of preparing its Annual Plan 2023/24, and once that is adopted work will immediately start on developing the Long Term Plan 2024-34. These processes create a significant amount of risk to Council in a number of areas, e.g. legislative timeframes and requirements, consultation, financial sustainability and doability, affordability for the community etc.

#### *Risk 28 – Interest Costs*

The interest rate on new borrowings has tripled in the past year, and with significantly higher debt, due to new capital expenditure projects, the Council is highly sensitive to the increases. This has an impact on cashflow, debt covenants, and rates going forward.

#### *Risk 74 – Inadequate financial provision to fund asset replacement*

The draft Annual Plan 2023/24 has depreciation for three waters rate funded at 75%, rather than 100%, and depreciation on the new swimming pool rate funded at 55%, rather than 100%. This will eventually create a shortfall in funding to replace three waters assets and any plant failures at the new swimming pool.

#### *Risk 37 – Staff under stress*

A number of positions that were planned for in 2023/24 have now been cut from the draft Annual Plan 2023/24 to reduce expenditure. As staff are being asked to deliver more for a larger ratepayer base, resources are not necessarily increasing in all areas proportionately and many staff are feeling the impact of this. Council's annual staff survey is currently out with all staff and the results of that are expected to demonstrate

this. Follow up recommendations will come out of the survey results once they are known.

*Risk 76 – Heavy / Extreme Rainfall incidents*

These events are becoming more common, with major impacts on Council infrastructure such as roads, bridges, wastewater network, water supply network, and stormwater network. Short term controls include having incident control response plans updated and having response plans prepared, with long term controls including investing more into resilience of the network and the use of strategic plans e.g. Asset Management Plans, District Plan, Structure Plan (none at this stage).

5.3 **New Risks Identified**

There have been no new risks identified since the last Audit and Risk Committee meeting.

6. **Strategic Alignment**

6.1 **Direction**

N/A

6.2 **Annual Plan and Long Term Plan**

N/A

6.3 **District Plan**

N/A

6.4 **Legal Implications**

N/A

6.5 **Policy Implications**

This report is in line with the Risk Management Policy.

**Attachments:**

**Appendix 1** Top Ten Risk Register

**Appendix 2** Full Council Risk Register



Tiffany Radich  
**Director – Corporate Services**



[Approved by]  
Sven Hanne  
**Chief Executive**

**Date 4 May 2023**

## Appendix 1

### Top Ten Risk Register

| Risk Alert Number | Risk Category        | Risk Subject                                     | Risk Description                                                                                                                                                                                                                                       | Risk Score Raw | Control Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Residual Risk Score |
|-------------------|----------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 78                | Operational          | Government Policy Impacting on Local Government  | IF Government Policy significantly changes the services Council delivers or the way they are delivered, THEN this could put financial pressure on the district to fund investment in changes, or it may mean previous investment has become redundant. | 20 Extreme     | Where a policy change may have a significant negative impact on the Council then staff and elected members should consider making a submission to suggest and encourage alternative options. Council officers and elected members need to keep up to date with proposed changes to legislation and govt policy, and anticipate potential impacts of legislative changes and respond strategically, rather than being in a reactive position or being overly proactive. This could include joint collaboration with business and other councils, accessing alternative funding sources, or obtaining legal or professional advice. Council should aim to maintain a position where it can be adaptive and respond well to change, e.g. low to medium debt levels, diversification, good employment relationships. | 20 Extreme          |
| 12                | Data and Information | Cyber Attack                                     | IF the systems are compromised and subject to a cyber attack, THEN system downtime, loss of data, ransoms may be demanded, potential privacy breach, reputational damage, and potential loss of funds.                                                 | 16 Very High   | Council have several security measures in place such as enterprise grade firewalls, email filtering, backups, antivirus and device management. If a breach was detected Council would activate the insurance policy and engage an IT security company resource to assist with recovery.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 4 High              |
| 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                                                                                                    | 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 12 Very High        |

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|    |                               |                             |                                                                                                                                                                                                                                                                                        |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |            |
|----|-------------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
|    |                               |                             | peoples lives at risk, and staff may be unable to access systems to carry out their day to day duties and functions.                                                                                                                                                                   |              | 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.                                                                                                                                                                                                                                                                                                        |            |
| 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 encrypted, and stored off-site at approved data-centres (Tier 3). Fail-over for Melbourne data centre replicates to Sydney data centre.                                                                                                                                                                                                                                                                                                                                                                                              | 3 Moderate |
| 32 | Health, Safety, and Wellbeing | Lone Worker                 | IF a staff member is seriously injured or killed during field inspections/site visits, THEN possible health and safety breaches, death or serious injury.                                                                                                                              | 12 Very High | Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities, Better use of council data/knowledge base on dangerous or insanitary sites before staff member deploys to site, Use of GPS tracking, mobile phone tracking. Compliance officers to wear body cameras when on duty.                                                                                                                                                                                                                                                         | 3 Moderate |
| 58 | Reputational and Conduct      | Contractor Damage or Breach | IF Council and/or council contractors are found to be liable for public/environmental damage, or any actions that are unsafe or non-compliant with legislation and applicable policies and standards, THEN fines, possible injury, long-term damage, reputational damage could result. | 12 Very High | Appropriate procedures and guidelines are in place to monitor contractor actions and our own including health and safety audits, contractor meetings/KPI's. The Council requires all physical works contractors to go through a thorough health and safety pre-qualification process and become approved before commencing any physical work. All relevant staff are kept up to date with pre-approved contractors register. Mini audits and random checks should be built into contracts. Contractor public liability insurance required for all major contracts. | 3 Moderate |

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|    |                          |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |            |
|----|--------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 72 | Reputational and Conduct | Elected Members - Decision Making      | IF elected members make significant decisions based on inaccurate/insufficient information, "biased" influences, conflicts of interest not disclosed, or lack of understanding of the financial or legislative impacts, THEN there could be funding access difficulties, audit scrutiny, financial penalties, and/or community distrust in elected members. Potential breach of Local Authorities (Member's Interests) Act 1968, and Councillors may be personally financially liable under S.47 of LGA 2002. | 12 Very High | Relies on the accuracy and quality of the advice given by staff to elected members - ensure agenda, reports, and other papers are always reviewed by CEO, and Directors if appropriate. Information related to decision making should be given to elected members in a timely manner. Elected members should receive initial induction training and attend LGNZ, SOLGM conferences where material is relevant to get a better understanding of governance decision making. Council has a Professional Indemnity insurance policy for all elected members and independent committee members. | 4 High     |
| 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.                                                                                                                                                                                                                             | 4 - 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.                                                                                                                                                                                                                                                          | 3 Moderate |
| 47 | Operational              | Attracting and Retaining Staff         | IF Council is unable to attract and retain suitably qualified personnel, THEN services may become under threat and may cease.                                                                                                                                                                                                                                                                                                                                                                                 | 3 - 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 |



## 2023 - Agenda - Audit and Risk - May - Information Report - Risk Management

### 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.                                                                                                                                                          | <b>4 High</b>     | 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.                                                                                                                                                                           | <b>2 Moderate</b>   |
| 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.                                                            | <b>3 Moderate</b> | 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.                                                                                                                              | <b>1 Low</b>        |
| 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.                   | <b>3 Moderate</b> | 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.                                                                                                                                                                             | <b>1 Low</b>        |
| 4                 | Compliance and Legislation | Council Bylaws, Strategies, Plans and Policies | IF Council fails to keep Bylaws, Strategies, Plans and Policies up to date, THEN the Bylaws, Strategies, Plans or Policies may become unenforceable and irrelevant, and council could be acting illegally, or the policy is not fit for purpose, or the Council may fail to secure available funding.     | <b>8 High</b>     | Quality assurance, Resourcing levels maintained, Regular Policy Schedule review by CEO. Regular review of Bylaw timetable maintained in Content Manager.                                                                                                                                                                                                                                       | <b>3 Moderate</b>   |
| 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.                                                                                 | <b>3 Moderate</b> | Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities. Compliance officer training. Keep bylaws and policies up to date with legislation.                                                                                                                                                                                                                     | <b>1 Low</b>        |
| 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.                                        | <b>3 Moderate</b> | 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.                                                       | <b>2 Moderate</b>   |
| 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.                                                                  | <b>3 Moderate</b> | 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. | <b>Low</b>          |
| 8                 | Compliance and Legislation | Annual Report Adoption and Publication         | IF the Council's Annual Report is not adopted by 31 October and made publicly 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. | <b>2 Moderate</b> | 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.                                                                                               | <b>1 Low</b>        |

## 2023 - Agenda - Audit and Risk - May - Information Report - Risk Management

| Risk Alert Number | Risk Category              | Risk Subject                                        | Risk Description                                                                                                                                                                                                                                                                 | Risk Score Raw      | Control Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Residual Risk Score |
|-------------------|----------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 84                | Compliance and Legislation | Tax Compliance Breach                               | IF the Council files incorrect or misleading tax returns (specifically GST, FBT and PAYE), then it may be liable for financial penalties, IRD audit scrutiny, and lack of auditor confidence.                                                                                    | <b>4 High</b>       | Ensure staff are properly trained and stay up to date with tax legislation and current topical issues. All tax returns should be reviewed and signed off by someone other than the preparer of the tax return. All property purchases and sales should be reviewed by Finance specifically to check correct GST treatment. FBT on motor vehicles and private use should be reviewed at least annually. All entertainers and individual contractors must be reviewed for correct withholding tax treatment. | <b>3 Moderate</b>   |
| 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                                                                                                | <b>8 High</b>       | 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.                                                                                                                                                                                                                                                              | <b>1 Low</b>        |
| 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.                                                                                       | <b>8 High</b>       | 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.                                                                                                                                                                                                                                                                                | <b>3 Moderate</b>   |
| 11                | Data and Information       | Server Failure                                      | IF the server failed THEN systems down, data unavailable, potential data loss                                                                                                                                                                                                    | <b>12 Very High</b> | Restore from backup - backups encrypted, and stored off-site at approved data-centres (Tier 3). Fail-over for Melbourne data centre replicates to Sydney data centre.                                                                                                                                                                                                                                                                                                                                      | <b>3 Moderate</b>   |
| 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.                                                                           | <b>16 Very High</b> | 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.                                                                                                                                                                                                                    | <b>4 High</b>       |
| 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. | <b>4 High</b>       | Can access private link or an internet link - reroute the traffic. Backup generator if power supply lost.                                                                                                                                                                                                                                                                                                                                                                                                  | <b>3 Moderate</b>   |
| 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.                                                                                                                              | <b>2 Moderate</b>   | 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.                                                                                                               | <b>1 Low</b>        |
| 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.                                               | <b>3 Moderate</b>   | 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.                                                                                                                                                                                          | <b>Low</b>          |
| 16                | Data and Information       | Unapproved online platforms used                    | IF unapproved online platforms are used for Council business, THEN Council sensitive information and individual private details could be hacked and made available publicly.                                                                                                     | <b>3 Moderate</b>   | All Council information should only be stored on platforms that are approved by IT and gone through proper procedures and checks by IT.                                                                                                                                                                                                                                                                                                                                                                    | <b>1 Low</b>        |

## 2023 - Agenda - Audit and Risk - May - Information Report - Risk Management

| Risk Alert Number | Risk Category        | Risk Subject                                                | Risk Description                                                                                                                                                                                                                                                           | Risk Score Raw    | Control Description                                                                                                                                                                                                                                                                                                                                                        | Residual Risk Score |
|-------------------|----------------------|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 88                | Data and Information | External (online) Communication Systems are not Functioning | IF external/online communication systems are not functioning temporarily, THEN Council may be unable to effectively deliver important messages to the community - resulting in public confusion and inadequate guidance on potentially important or emergency situations.  | <b>3 Moderate</b> | Ensure alternative communication options are available when Facebook is unable to be used to communicate to the public. Use of Antenna app, Stratford Press, mailouts by post or email, the digital sign on Broadway, and Council's website are other options that are able to be used as alternative communication methods. Council website to be single source of truth. | <b>Low</b>          |
| 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. | <b>3 Moderate</b> | 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.                   | <b>2 Moderate</b>   |
| 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.                                      | <b>3 Moderate</b> | 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.                                                                                                                                                    | <b>1 Low</b>        |
| 19                | Financial            | Internal Financial Controls                                 | IF internal financial controls are compromised and ineffective, THEN possible fraud, budget blowout, delayed service                                                                                                                                                       | <b>6 High</b>     | Good quality controls. Implement annual external and internal audit recommendations. Adhere to Procurement and Delegations Policy. Communications of internal controls to all staff. Recommend internal audit conducted every year. Annual leave not to accrue > 2 years. Electronic signature images not to be relied upon.                                               | <b>1 Low</b>        |
| 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.                                                                                                                                   | <b>2 Moderate</b> | 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.                                                                                                                                                                     | <b>Low</b>          |
| 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.                                                                                                            | <b>4 High</b>     | 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.                                                                                                                                                          | <b>2 Moderate</b>   |
| 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.                                                                                                     | <b>3 Moderate</b> | 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.                                                                                                                                 | <b>2 Moderate</b>   |
| 23                | Financial            | Outstanding Debt                                            | IF debts are not collected in a timely manner THEN cashflow delayed or is impacted on and bad debt may need to be written off resulting in expense to Council.                                                                                                             | <b>3 Moderate</b> | 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.                                                                                                                                                             | <b>1 Low</b>        |
| 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.                                   | <b>2 Moderate</b> | 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.                                                                                                                                                              | <b>1 Low</b>        |
| 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.                                 | <b>6 High</b>     | 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.                                                                                                                                                              | <b>1 Low</b>        |

## 2023 - Agenda - Audit and Risk - May - Information Report - Risk Management

| Risk Alert Number | Risk Category | Risk Subject                                             | Risk Description                                                                                                                                                                                                                                                                                                                                                                                           | Risk Score Raw      | Control Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Residual Risk Score |
|-------------------|---------------|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 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.                                                                                           | <b>8 High</b>       | Regularly monitor debt covenants and cashflow forecasts reported monthly to Policy and Services Committee, and quarterly to Audit and Risk Committee.                                                                                                                                                                                                                                                                                                                                                                                              | <b>4 Moderate</b>   |
| 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.                                                                                                                                                                                  | <b>5 High</b>       | 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.                                                                                                                                                                                                                                                                                                                        | <b>4 Moderate</b>   |
| 28                | Financial     | Interest Costs                                           | IF financing costs increase THEN this results in increased costs to council and budget being exceeded or increase to rates.                                                                                                                                                                                                                                                                                | <b>4 Moderate</b>   | 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.                                                                                                                                                                                                                          | <b>2 Moderate</b>   |
| 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.                                                                                                                                                                               | <b>6 High</b>       | 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.                                                                                                                                                                                                                                                                                                                                              | <b>4 High</b>       |
| 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.                                                                                                                                                                                                                                            | <b>4 Moderate</b>   | 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.                                                                                                                                                                                                                                                                                                       | <b>2 Moderate</b>   |
| 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.                                                                                                                                                                  | <b>3 Moderate</b>   | 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.                                                                                                                                                                                                                                                                                                                                             | <b>1 Low</b>        |
| 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. | <b>4 High</b>       | 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. | <b>3 Moderate</b>   |
| 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.                                                                                                                                                                                                                     | <b>4 High</b>       | 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.                                                                                                        | <b>3 Moderate</b>   |
| 85                | Financial     | Failure of a Financial Investment                        | IF a Council financial investment fails or devalues significantly, Council's assets reduce, resulting in lower revenues in future and potentially higher rates increases.                                                                                                                                                                                                                                  | <b>12 Very High</b> | Ensure security is taken over assets where applicable, regular reporting requirements and audits are met where applicable, and adhere to Treasury Management Policy at all times unless approved by Audit and Risk Committee.                                                                                                                                                                                                                                                                                                                      | <b>8 High</b>       |

## 2023 - Agenda - Audit and Risk - May - Information Report - Risk Management

| Risk Alert Number | Risk Category                 | Risk Subject                             | Risk Description                                                                                                                                                                                                                  | Risk Score Raw      | Control Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Residual Risk Score |
|-------------------|-------------------------------|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 89                | Financial                     | Council Rates are Applied Inconsistently | IF Council Rates are perceived to be inconsistently applied by Council to ratepayers, THEN Council could be subject to legal or central government scrutiny, and/or reputational damage and community mistrust and disengagement. | <b>6 High</b>       | Ensure legislation is complied with at all times to avoid legal action. Rates Remissions Policy and Rates Postponement Policy should be used to counteract some negative impact of rates. LTP workshops and Annual Plan workshops should refer to the Revenue and Financing Policy, which is the overarching guide in how rates will be used to fund Council Activities (this Policy may be reviewed at any time). Ensure any changes to rates are publically notified and subject to the Special Consultative Procedure (Annual Plan open for feedback instead). Seek expert legal advice where implementing a new rate or new way of applying an existing rate. | <b>3 Moderate</b>   |
| 29                | Health, Safety, and Wellbeing | Public Events                            | IF health and safety accidents or incidents occur during events THEN increased costs can occur to the events, reputation is damaged                                                                                               | <b>4 High</b>       | 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                                                                                                                                                                                                                                                                                                                                                                                            | <b>2 Moderate</b>   |
| 31                | Health, Safety, and Wellbeing | Abusive Customers                        | IF abusive customers come into any of the Council's service centres, THEN there is the risk that council staff or the general public could be harmed or exposed to violence.                                                      | <b>4 High</b>       | 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.                                                                                                                                                                                                                                                                                                                                                                                           | <b>2 Moderate</b>   |
| 32                | Health, Safety, and Wellbeing | Lone Worker                              | IF a staff member is seriously injured or killed during field inspections/site visits, THEN possible health and safety breaches, death or serious injury.                                                                         | <b>12 Very High</b> | 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.                                                                                                                                                                                                                                                                                                                                                        | <b>3 Moderate</b>   |
| 34                | Health, Safety, and Wellbeing | Food / Health Safety                     | IF Council doesn't adequately respond to a complaint and a member of the public falls ill or dies, THEN Council is at risk of legal proceedings under the Food Act/Health Act.                                                    | <b>4 High</b>       | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>2 Moderate</b>   |
| 35                | Health, Safety, and Wellbeing | Parking control                          | In the process of administering the Parking function, IF a member of the public is injured or vehicle is damaged, THEN possible death or serious injury could result.                                                             | <b>4 High</b>       | Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities. Body cameras to be worn by compliance officer when out on duty.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>2 Moderate</b>   |
| 36                | Health, Safety, and Wellbeing | Council Vehicle accident                 | IF a staff member has an accident in a council vehicle, THEN this could result in possible death or serious injury and damage to motor vehicle asset.                                                                             | <b>4 High</b>       | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>3 Moderate</b>   |
| 37                | Health, Safety, and Wellbeing | Staff under Stress                       | IF staff are affected by personal issues or by work pressures and experiencing high levels of stress, THEN work performance may decline and/or fatigue, illness, unsafe work practices may result.                                | <b>7 High</b>       | New Wellbeing Strategy implemented and regularly monitored by the Health and Safety Committee. Managers are responsible for being aware of the wellbeing of their direct reports. There are various options available for relieving the pressure of staff who are overworked including increasing staff or reallocating work - regular wellbeing newsletters emailed out to all staff by H&S officer. EAP service is widely communicated to all staff. All critical staff have a backup option available so they can take annual leave for at least a week at a time.                                                                                             | <b>3 Moderate</b>   |

## 2023 - Agenda - Audit and Risk - May - Information Report - Risk Management

| Risk Alert Number | Risk Category                 | Risk Subject                          | Risk Description                                                                                                                                                                                                                                                                          | Risk Score Raw    | Control Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Residual Risk Score |
|-------------------|-------------------------------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 38                | Health, Safety, and Wellbeing | Exposure to Hazardous Substances      | IF staff are affected by exposure to hazardous substances eg chemicals, liquids, fumes and other toxic substances THEN there are possible risks to staff health and wellbeing.                                                                                                            | <b>6 High</b>     | 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. | <b>3 Moderate</b>   |
| 39                | Health, Safety, and Wellbeing | Playground Equipment Failure          | IF Playground equipment, or other recreational equipment fails THEN a member of the public could be seriously injured or killed.                                                                                                                                                          | <b>8 High</b>     | Biennial playground inspection report and quarterly compliance checks by contractor to bring any issues to attention of council staff.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>3 Moderate</b>   |
| 40                | Health, Safety, and Wellbeing | Swimming Pool Accident                | IF a member of the public has an accident in the water or a medical emergency at the Stratford Pool, THEN this could result in possible death or serious injury.                                                                                                                          | <b>4 High</b>     | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>3 Moderate</b>   |
| 41                | Health, Safety, and Wellbeing | Workplace Bullying or Harrassment     | IF Bullying and harrassment in the workplace occurs THEN it can have an impact on the health and wellbeing of staff subject to the bullying and other staff witnessing the behavior. This may impact on staff productivity and the ability of Council to attract good quality candidates. | <b>4 High</b>     | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>3 Moderate</b>   |
| 61                | Health, Safety, and Wellbeing | Asbestos Related Work                 | IF council buildings are contaminated with asbestos, THEN there is the possibility of asbestos exposure to staff and the public and increased risk of asbestosis and other lung and pleural disorders.                                                                                    | <b>4 Moderate</b> | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>2 Moderate</b>   |
| 66                | Health, Safety, and Wellbeing | Dog Attack                            | IF a dog attacks a member of the public and the dog control team have been slow or negligent in responding to complaints, THEN the the council may be liable for costs, and the public safety may be compromised.                                                                         | <b>4 High</b>     | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>1 Low</b>        |
| 67                | Health, Safety, and Wellbeing | Muscular discomfort - Ergonomics      | IF muscular pain or discomfort or eye strain occurs as a result of the work environment and setting, THEN this will impact on staff health and wellbeing and long term comfort at work.                                                                                                   | <b>2 Moderate</b> | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>1 Low</b>        |
| 68                | Health, Safety, and Wellbeing | Armed Robbery                         | IF there is an armed robbery at any of council's services centres, THEN there is the potential for death or serious harm.                                                                                                                                                                 | <b>8 High</b>     | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>4 Moderate</b>   |
| 69                | Health, Safety, and Wellbeing | Employee Substance Abuse              | IF staff are affected by drugs or alcohol while at work, THEN there is an increased risk of an accident or injury, property damage, and reduced work performance.                                                                                                                         | <b>8 High</b>     | Ensure staff are aware of drug and alcohol policy. Initial drug testing done prior to employment to filter out regular users. Utilise EAP.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>2 Moderate</b>   |
| 70                | Health, Safety, and Wellbeing | Dangerous Roads due to weather events | IF there are dangerous road conditions that are not managed and communicated to the public appropriately, THEN there is a higher potential for car accidents and possible road fatalities.                                                                                                | <b>2 Moderate</b> | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>1 Low</b>        |

## 2023 - Agenda - Audit and Risk - May - Information Report - Risk Management

| Risk Alert Number | Risk Category                 | Risk Subject                          | Risk Description                                                                                                                                                                                                                                                                                                                         | Risk Score Raw      | Control Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Residual Risk Score |
|-------------------|-------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 73                | Health, Safety, and Wellbeing | Water supply network is Contaminated  | IF the Water supply network becomes contaminated THEN the public health is at risk and Council could be liable for financial penalties and will suffer reputational damage.                                                                                                                                                              | <b>8 High</b>       | Implement regular (at least annually), systematic routine testing of raw AND treated water for a range of heavy metals. Backflow preventors to be installed for high risk properties. Relevant staff must be trained and qualified in the use of chemicals.                                                                                                                                                                                                                             | <b>8 High</b>       |
| 80                | Health, Safety, and Wellbeing | Fatigue Management                    | IF Fatigue affects an employee, as a result of working extraordinary hours, THEN the employee may have limited functionality which could result in personal injury or injury to others. It could also lead to stress and long term mental illness if it is reoccurring and could mean Council is in breach of the Health and Safety Act. | <b>3 Moderate</b>   | 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. | <b>1 Low</b>        |
| 83                | Health, Safety, and Wellbeing | Aerodrome - Unsafe Conditions         | IF the Council fails to carry out its legislative responsibilities to ensure aircraft movements are restricted or prohibited in unsafe conditions/areas of the Aerodrome, THEN lives could be put at risk and property damaged.                                                                                                          | <b>4 High</b>       | Establish operational procedures specific to this risk, and regularly monitor compliance. Council has Airport Owner and Operators Liability insurance cover of up to \$10m for all related costs Council is legally obligated to pay for property damage or bodily injury including death.                                                                                                                                                                                              | <b>2 Moderate</b>   |
| 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.                                                                                                                                                         | <b>3 Moderate</b>   | 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.                                                                                                                                                     | <b>1 Low</b>        |
| 43                | Operational                   | Roading - other work clashing         | IF there is work being carried out by others on/n road reserve, e.g. Broadspectrum, THEN council may not be able to complete its own work programme.                                                                                                                                                                                     | <b>3 Moderate</b>   | Co-ordination of planned works with other contractors in the area when planning physical works.                                                                                                                                                                                                                                                                                                                                                                                         | <b>2 Moderate</b>   |
| 44                | Operational                   | Road Closures - unplanned             | IF there are un-planned road closures due to collapse of damage to culverts or bridges, or a landslide or for any other reason THEN access in/out of district could be lost and people could be injured as a result.                                                                                                                     | <b>4 High</b>       | 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.                                                                                                                                                           | <b>3 Moderate</b>   |
| 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.                                                                                                                                                                   | <b>4 High</b>       | 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.                                                                                                                                                                                                                                | <b>3 Moderate</b>   |
| 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.                                                                                                                                                          | <b>3 Moderate</b>   | Co-ordination between services before major projects begin. Ensure all works have Corridor Access Requests.                                                                                                                                                                                                                                                                                                                                                                             | <b>1 Low</b>        |
| 47                | Operational                   | Attracting and Retaining Staff        | IF Council is unable to attract and retain suitably qualified personnel, THEN services may become under threat and may cease.                                                                                                                                                                                                            | <b>3 - Moderate</b> | 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.                                                                      | <b>2 Moderate</b>   |

## 2023 - Agenda - Audit and Risk - May - Information Report - Risk Management

| Risk Alert Number | Risk Category | Risk Subject                                     | Risk Description                                                                                                                                                                                                                                                                                                                                                                                                                         | Risk Score Raw      | Control Description                                                                                                                                                                                                                                                                                                                                                                                                                                             | Residual Risk Score |
|-------------------|---------------|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 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.                                                                                                                                                                                                                               | <b>4 High</b>       | 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.                                                                                                                                                                                                                    | <b>3 Moderate</b>   |
| 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.                                                                                                                                                                                                                                                  | <b>3 Moderate</b>   | Carry out regular condition assessment of assets. Reassess use of asset or redesign to suit.                                                                                                                                                                                                                                                                                                                                                                    | <b>1 Low</b>        |
| 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.                                                                                                                                                                                                                                                                       | <b>4 High</b>       | 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.                                                                                                                                                                           | <b>2 Moderate</b>   |
| 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.                                                                                                                                                                 | <b>15 Very High</b> | 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. | <b>12 Very High</b> |
| 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.                                                                                                                                                        | <b>4 - High</b>     | 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.                                                                                                                              | <b>3 Moderate</b>   |
| 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.                                                                                                                                                                                                                                                 | <b>4 High</b>       | Ensure council takes a proactive approach to working with Biosecurity NZ, MPI, TRC and the community where a threat is identified.                                                                                                                                                                                                                                                                                                                              | <b>2 Moderate</b>   |
| 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.                                                                                                                                                                                                                    | <b>15 Very High</b> | 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.                                                                                                                                                 | <b>4 High</b>       |
| 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. | <b>8 High</b>       | Asset Management Plans and Incident Control Response Plans to document critical asset areas and response plan in the event of heavy rainfall incidents.                                                                                                                                                                                                                                                                                                         | <b>3 Moderate</b>   |
| 77                | Operational   | Terrorist Attack                                 | IF a terrorist attack occurred in Stratford, THEN loss of life, property damage, and business discontinuity may result.                                                                                                                                                                                                                                                                                                                  | <b>4 Moderate</b>   | 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.                                                                                                                                                                                                                        | <b>4 Moderate</b>   |



## 2023 - Agenda - Audit and Risk - May - Information Report - Risk Management

| 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.                                                            | <b>20 Extreme</b> | Where a policy change may have a significant negative impact on the Council then staff and elected members should consider making a submission to suggest and encourage alternative options. Council officers and elected members need to keep up to date with proposed changes to legislation and govt policy, and anticipate potential impacts of legislative changes and respond strategically, rather than being in a reactive position or being overly proactive. This could include joint collaboration with business and other councils, accessing alternative funding sources, or obtaining legal or professional advice. Council should aim to maintain a position where it can be adaptive and respond well to change, e.g. low to medium debt levels, diversification, good employment relationships. | <b>20 Extreme</b>   |
| 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.  | <b>4 High</b>     | 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).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>2 Moderate</b>   |
| 86                | Operational              | Asset / Infrastructure Failure causing Public Health risk. | If Council assets or infrastructure fail to work as intended, are unsafe, cause harm, public damage or endanger the public, THEN the public may be exposed to health, wellbeing or safety risks, that may put Council's reputation at risk, and Council could be subject to various penalties if found negligent. | <b>6 High</b>     | Ensure asset replacement programmes are identified through physical checks of the individual assets. The capital investment required to replace these assets is aligned with a developed replacement programme which is included in the respective AMP. Identify any issues that may arise at the time of renewing existing resource consents. Maintain and update incident response plans for each asset group, including any public notification where required. Ensure staff and contractors are trained on the requirements of the incident response plans.                                                                                                                                                                                                                                                  | <b>3 Moderate</b>   |
| 87                | Operational              | Public Damage to Council Assets and Infrastructure         | If the public cause damage to Council assets and infrastructure, THEN existing service levels may discontinue and/or Council will incur financial loss.                                                                                                                                                           | <b>6 High</b>     | Use security cameras for areas that are at high risk of vandalism or deliberate damage. Have insurance on Council assets and infrastructure (in accordance with the Insurance Framework) that is sufficient to cover replacement. Require insurance indemnity for organised events.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>2 Moderate</b>   |
| 33                | Reputational and Conduct | Animal Welfare                                             | If an animal that has been impounded is injured or dies due to maltreatment, THEN this could result in animal welfare agency scrutiny, possible court and legal costs, and reputational damage.                                                                                                                   | <b>3 Moderate</b> | 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.                                                                                                                                                                                                                                                                                                                                                                        | <b>2 Moderate</b>   |
| 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. | <b>8 High</b>     | 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.                                                                                                                                                                                                                                                                                                                                                                                          | <b>2 Moderate</b>   |
| 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.                                                                                                          | <b>4 High</b>     | Ensure best practice processes and procedures are in place and staff numbers and skill levels in the building consents team are appropriate. IAAZ audit recommendations to be taken on board. QA process implemented.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>1 Low</b>        |

## 2023 - Agenda - Audit and Risk - May - Information Report - Risk Management

| Risk Alert Number | Risk Category            | Risk Subject                                      | Risk Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Risk Score Raw      | Control Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Residual Risk Score |
|-------------------|--------------------------|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 55                | Reputational and Conduct | Building Control functions undertaken negligently | IF council issues building consent/s, code of compliance certificates, or other building function decisions negligently or without appropriate quality controls and the structural integrity of the building work fails or the work is unsafe THEN the property owner could demand compensation, and it could result in reputational damage, possible legal costs, and building industry distrust may result.                                                                                                 | <b>8 High</b>       | 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.                                                                                                                                                                                                                                                                                   | <b>2 Moderate</b>   |
| 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.                                                                                                                                                                                                                                                              | <b>4 Moderate</b>   | 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.                                                                                                                                                                                                                                                                                                | <b>1 Low</b>        |
| 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.                                                                                                                                                                                                                                                                                                                                         | <b>4 High</b>       | 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.                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>2 Moderate</b>   |
| 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.                                                                                                                                                                                                                        | <b>12 Very High</b> | 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.                          | <b>3 Moderate</b>   |
| 59                | Reputational and Conduct | CCO and other Outsourced 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.                                                                                                                                                                                                                                                | <b>4 High</b>       | 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.                                                                                                                                                                                                                                                              | <b>3 Moderate</b>   |
| 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.                                                                                                                                                                                                                                                                                                | <b>6 High</b>       | 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.                                                                                                                                                                                                                                                                                                                                                                   | <b>3 Moderate</b>   |
| 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. | <b>12 Very High</b> | Relies on the accuracy and quality of the advice given by staff to elected members - ensure agenda, reports, and other papers are always reviewed by CEO, and Directors if appropriate. Information related to decision making should be given to elected members in a timely manner. Elected members should receive initial induction training and attend LGNZ, SOLGM conferences where material is relevant to get a better understanding of governance decision making. Council has a Professional Indemnity insurance policy for all elected members and independent committee members. | <b>4 High</b>       |
| 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.                                                                                                                                                                                                                                                                                            | <b>8 High</b>       | All staff in public facing roles should undertake de-escalation training, customer service training, and possible social media training. Also use behavioural type interview questions to investigate how potential new employees would deal with customers. This should also cover contractors. Minimising stress levels at work and providing a good work place environment where reported behaviours are dealt with efficiently is necessary.                                                                                                                                            | <b>4 Moderate</b>   |

## 2023 - Agenda - Audit and Risk - May - Information Report - Risk Management

| Risk Alert Number | Risk Category            | Risk Subject                           | Risk Description                                                                                                                                                                                                                                                  | Risk Score Raw        | Control Description                                                                                                                                                                                                                                                                                                                                                                    | Residual Risk Score |
|-------------------|--------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 90                | Reputational and Conduct | Consultation and Engagement with Maori | IF Council does not effectively engage with Maori on matters of interest, THEN Council decisions will lack a Maori perspective which may lead to substandard community outcomes, and decisions that may not be supported by Maori which could harm relationships. | <b>12 - Very High</b> | Build and maintain strong relationships with all iwi in the Whakaahurangi rohe - between Chairs and Mayor, CEO levels, and between operational staff. All decision reports to Council must outline what consultation has been undertaken with Maori. Develop an iwi partnerships framework.                                                                                            | <b>3 Moderate</b>   |
| 91                | Reputational and Conduct | Maori Tikanga and Protocols            | IF Council representatives show disrespect or ignorance to Maori tikanga, customs, protocols and /or environment, THEN this may cause harm to Council's relationships with the Maori community and put Council into disrepute.                                    | <b>4 - High</b>       | Build and maintain cultural competency amongst Council representatives. Council staff lead initiatives to promote tikanga Maori and te reo in the workplace, by developing and maintaining a plan to encourage learning, and celebration, of tikanga Maori and te reo in the workplace. Seeking external advice and support where necessary to ensure tikanga is upheld appropriately. | <b>3 Moderate</b>   |

## Erin Bishop

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**From:** Erin Bishop  
**Sent:** Thursday, 4 May 2023 4:10 PM  
**To:** Erin Bishop  
**Subject:** FW: Capitalising of staff time  
**Attachments:** PBE IPSAS 17 - PPE.pdf

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**From:** van der Walt, Luke <[LuvanderWalt@deloitte.co.nz](mailto:LuvanderWalt@deloitte.co.nz)>  
**Sent:** Wednesday, April 19, 2023 9:19 AM  
**To:** Christine R Craig <[ccraig@stratford.govt.nz](mailto:ccraig@stratford.govt.nz)>  
**Cc:** Tiffany Radich <[tradich@stratford.govt.nz](mailto:tradich@stratford.govt.nz)>; Thompson, Pam <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Subject:** RE:Capitalising of staff time

Hi Christine,

Good to e-meet you. Thought it might be helpful to provide you with some useful references in PBE IPSAS 17 (attached) that will be important to consider.

The elements of cost to include/exclude are set out in paragraphs 30 – 36. The overarching principle is that the only costs which may be capitalised are those that are 'directly attributable' to that asset. The capitalisation of time spent by project managers on specific projects is something we do see applied in practice, usually through timesheeting detail as you have noted in your email.

There some core principles that I also wanted to highlight for your consideration:

- You had mentioned inclusion of a share of overheads. Para 33 states that administration and general overheads should not be capitalised to PPE. Understanding this can be a bit tricky to categorise, application guidance suggests thinking about costs that may be capitalised as only those unavoidable costs that are directly attributable to the project i.e. which costs could have been avoided if the related assets had not been constructed. Therefore any variable overheads specific to the PPE can be capitalised, but more general overheads should not be.
- For large projects there is usually a fair bit of upfront design time, assessing various options. Only time spent on the *final build* is capitalisable – any design time spent on scenarios or options that don't eventuate should be expensed.

Please do reach out if you'd like me to clarify the above or if you have any questions as you progress – happy to help where I can.

Kind regards,

**Luke van der Walt**

Associate Director | Assurance and Advisory

D: +64 4 470 3591 | M: +64 21 029 65205 | O: +64 4 470 3500 | F: +64 4 470 3501

**Deloitte.**

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**From:** Thompson, Pam <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Sent:** Tuesday, 18 April 2023 10:17 pm  
**To:** Christine Craig (External) <[ccraig@stratford.govt.nz](mailto:ccraig@stratford.govt.nz)>  
**Cc:** Tiffany Radich <[TRadich@stratford.govt.nz](mailto:TRadich@stratford.govt.nz)>; van der Walt, Luke <[LuvanderWalt@deloitte.co.nz](mailto:LuvanderWalt@deloitte.co.nz)>  
**Subject:** RE: Capitalising of staff time

Hi Christine

I hope you are well.

Thanks for the note below. The capitalisation of staff time is not uncommon for projects relating to a built capital item. I agree, keeping time records is important but I would also recommend that these are signed-off as being checked as part of your payroll/other business processes. Depending on the quantum capitalised for the year, one of our checks will be to agree to approved timesheets. So that an audit trail can be created we often find these capex adjustments are done in batches, I would recommend that these are either capitalised individually or if in a batch, a reconciliation is prepared for each batch.

In terms of the dollar value capitalised, I would recommend that a calculation as well as a paper be put together to show how this is determined (to support the \$100/hour). Since pay varies across individuals, it will need to be assessed on this basis. Similarly, the overheads capitalised would also need to be documented and assessed. PBE IPSAS 17 has some examples as to which costs can and cannot be capitalised, noting that it is not an exhaustive list. This paper and documentation would be critical to us if we selected a sample to select for testing.

I have cc'd Luke into this email as he will be managing the audit going forward.

Please reach out if you have any questions on the above.

Regards,

Pam

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**From:** Christine Craig <[CCraig@stratford.govt.nz](mailto:CCraig@stratford.govt.nz)>  
**Sent:** Monday, 17 April 2023 4:44 PM  
**To:** Thompson, Pam <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Cc:** Oon, Yan Yi <[yoon@deloitte.co.nz](mailto:yoon@deloitte.co.nz)>; Tiffany Radich <[TRadich@stratford.govt.nz](mailto:TRadich@stratford.govt.nz)>  
**Subject:** [EXT] Capitalising of staff time

Hi Pam

We have a proposal / suggestion, that we would like to run past you first for comments, before we go any further.

This is in relation to capitalising staff time when managing / working on capital projects, so we can get a true cost of a project.

I know a number of councils do it, and have been in discussions with a couple on their process.

We would not do it through payroll, but get each of the project managers, and any others that do significant work on capex projects, to keep a timesheet, and record any time spent, not sure yet whether we would have maybe one hour, or a half day, as a minimum.

Then we collate them each week, and at the end of the month we process a journal that charges the cost to the project, and credits, as a recovery, the general ledger code where the initial costs went to.

The suggested hourly rate would be \$100 per hour, which covers the rates that the managers are paid, plus a share of the overheads that they would utilise while working on these projects. We do not want to make it too high, or it could be more than what a consultant might charge. If we implement this, we would start it in the new financial year.

We would appreciate your comments please.

Thank you

Christine

Christine Craig  
**Corporate Accountant**  
Te Kaunihera ā Rohe o Whakaahurangi | Stratford District Council

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TE KAUNIHERA Ā ROHE O  
WHAKAAHURANGI  
**STRATFORD**  
DISTRICT COUNCIL

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## Erin Bishop

---

**From:** Erin Bishop  
**Sent:** Thursday, 4 May 2023 4:12 PM  
**To:** Erin Bishop  
**Subject:** FW: Stratford District Council Annual Report and Summary Annual Report -

---

**From:** Tiffany Radich  
**Sent:** Monday, May 1, 2023 3:39 PM  
**To:** 'Thompson, Pam' <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Cc:** 'Philip Jones' <[philip@pja.co.nz](mailto:philip@pja.co.nz)>; van der Walt, Luke <[LuvanderWalt@deloitte.co.nz](mailto:LuvanderWalt@deloitte.co.nz)>; Christine R Craig <[ccraig@stratford.govt.nz](mailto:ccraig@stratford.govt.nz)>  
**Subject:** RE: Stratford District Council Annual Report and Summary Annual Report -

Hi Pam

Just following up on your email, where are we at with this?

Thanks  
Tiffany

---

**From:** Thompson, Pam <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Sent:** Wednesday, March 8, 2023 3:02 PM  
**To:** Tiffany Radich <[tradich@stratford.govt.nz](mailto:tradich@stratford.govt.nz)>  
**Cc:** 'Philip Jones' <[philip@pja.co.nz](mailto:philip@pja.co.nz)>; van der Walt, Luke <[LuvanderWalt@deloitte.co.nz](mailto:LuvanderWalt@deloitte.co.nz)>  
**Subject:** RE:Stratford District Council Annual Report and Summary Annual Report -

Hi Tiffany

Apologies for the delay in sending the fees through, we are still working with the OAG on this. We hope to complete this in the next week or so.

I also wanted to let you know that Luke Van Der Walt will be the engagement manager on the job going forward, taking over from Yan. I have cc'd Luke into this note. We are in the process of completing our bookings for the remainder of the year and will reach out shortly regarding timings.

Regards,

Pam

---

**From:** Tiffany Radich <[TRadich@stratford.govt.nz](mailto:TRadich@stratford.govt.nz)>  
**Sent:** Monday, 6 March 2023 3:00 PM  
**To:** Thompson, Pam <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Cc:** 'Philip Jones' <[philip@pja.co.nz](mailto:philip@pja.co.nz)>  
**Subject:** [EXT] RE: Stratford District Council Annual Report and Summary Annual Report -

Hi Pam, any further update on where you are at with this?

Also, what is the date for our interim audit please.

Cheers  
Tiffany

---

**From:** Thompson, Pam <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Sent:** Thursday, 2 February 2023 5:56 p.m.  
**To:** Tiffany Radich <[TRadich@stratford.govt.nz](mailto:TRadich@stratford.govt.nz)>  
**Cc:** Sven Hanne <[SHanne@stratford.govt.nz](mailto:SHanne@stratford.govt.nz)>; Christine Craig <[CCraig@stratford.govt.nz](mailto:CCraig@stratford.govt.nz)>  
**Subject:** RE:Stratford District Council Annual Report and Summary Annual Report -

Hi Tiffany

I had a good break, thank you. I hope you did too? All the best for 2023!

Thanks for the note on the fees. We are working through the proposal and we are aiming to share it with you over the next couple of weeks. On the 2021/2022 fees where we briefly discussed the scope adjustments and our need to liaise with the OAG beforehand, apologies we are still working through this process and I hope to get back to you on this as soon as possible.

Regards,

Pam

**Pam Thompson**

Partner | Assurance and Advisory

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**From:** Tiffany Radich <[TRadich@stratford.govt.nz](mailto:TRadich@stratford.govt.nz)>  
**Sent:** Wednesday, 1 February 2023 2:02 PM  
**To:** Thompson, Pam <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Cc:** Sven Hanne <[SHanne@stratford.govt.nz](mailto:SHanne@stratford.govt.nz)>; Christine Craig (External) <[ccraig@stratford.govt.nz](mailto:ccraig@stratford.govt.nz)>  
**Subject:** [EXT] RE: Stratford District Council Annual Report and Summary Annual Report -

Hi Pam,



Happy new years, hope you and the team are doing well and managed to have a good break. Just wondering where this process is currently at and when we can expect to have a meeting with you to discuss the hours and costs proposed for the 2022/23 audit?

Regards  
Tiffany

---

**From:** Thompson, Pam <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Sent:** Tuesday, 20 December 2022 2:23 p.m.  
**To:** Tiffany Radich <[TRadich@stratford.govt.nz](mailto:TRadich@stratford.govt.nz)>  
**Subject:** RE:Stratford District Council Annual Report and Summary Annual Report -

Sorry Tiffany, I thought maybe you had been through this process before.

As we perform the audit on behalf of the OAG, we are required to let them know what our hours etc. are on each of our engagements (one of the measures we are required to report). Based on this there is then normally a discussion around the driver(s) of hours and where these have increased from last year. This discussion is to sense check the hours, rates and what our additional costs are before we engage with you. Once we have discussed the hours and costs with you, we then go back to OAG on what was agreed.

Let me know if you would like us to jump on a quick call to go through the process in more detail.

Regards,

Pam

---

**From:** Tiffany Radich <[TRadich@stratford.govt.nz](mailto:TRadich@stratford.govt.nz)>  
**Sent:** Tuesday, 20 December 2022 2:11 PM  
**To:** Thompson, Pam <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Subject:** [EXT] RE: Stratford District Council Annual Report and Summary Annual Report -

Thanks Pam, what do you mean by you are required to consult with OAG? We would like to be a part of that discussion also, as we did not agree to any scope increase or increase in hours before the decision was made to do so.

---

**From:** Thompson, Pam <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Sent:** Tuesday, 20 December 2022 2:04 p.m.  
**To:** Tiffany Radich <[TRadich@stratford.govt.nz](mailto:TRadich@stratford.govt.nz)>; Mendoza, Princess <[pmendoza@deloitte.co.nz](mailto:pmendoza@deloitte.co.nz)>  
**Cc:** Oon, Yan Yi <[yoona@deloitte.co.nz](mailto:yoona@deloitte.co.nz)>  
**Subject:** RE:Stratford District Council Annual Report and Summary Annual Report -

Hi Tiffany

Thank you.

When we last caught up Yan and I mentioned that we would pull an hours summary and scope adjustments together for this year's audit. Before we can share this with you, we are required to first consult with the OAG. We expect to have this consultation process more advanced in the New Year, after which Yan and I will be in touch.

All the best for New Year, I hope you have a good break. And thanks again to you and your team for all your help.

Regards,

Pam



## Erin Bishop

---

**From:** Tiffany Radich  
**Sent:** Thursday, 4 May 2023 10:01 AM  
**To:** Erin Bishop  
**Subject:** FW: Asset Revaluations - 30 June 2023

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Auditor correspondence – final one

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**From:** Tiffany Radich <tradich@stratford.govt.nz>  
**Sent:** Monday, April 24, 2023 10:05 AM  
**To:** 'Thompson, Pam' <pthompson@deloitte.co.nz>  
**Cc:** van der Walt, Luke <LuvanderWalt@deloitte.co.nz>; Christine R Craig <ccraig@stratford.govt.nz>; Victoria Araba <varaba@stratford.govt.nz>; 'Philip Jones' <philip@pja.co.nz>; Sven Hanne <shanne@stratford.govt.nz>  
**Subject:** RE: Asset Revaluations - 30 June 2023

Hi Pam

Our three waters assets were last revalued effective as at 1 July 2021, roading assets were 30 June 2021. So I am comfortable with doing a desktop revaluation for roading and three waters this year as at 30 June 2023 with a valuation uplift as required, and doing a full revaluation as at 30 June 2024.

We have initiated land and buildings asset revaluations as at 30 June 2023.

Regards  
Tiffany

---

**From:** Thompson, Pam <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Sent:** Wednesday, 12 April 2023 10:47 a.m.  
**To:** Tiffany Radich <[TRadich@stratford.govt.nz](mailto:TRadich@stratford.govt.nz)>  
**Cc:** van der Walt, Luke <[LuvanderWalt@deloitte.co.nz](mailto:LuvanderWalt@deloitte.co.nz)>; Christine Craig <[CCraig@stratford.govt.nz](mailto:CCraig@stratford.govt.nz)>; Victoria Araba <[VAraba@stratford.govt.nz](mailto:VAraba@stratford.govt.nz)>; 'Philip Jones' <[philip@pja.co.nz](mailto:philip@pja.co.nz)>; Sven Hanne <[SHanne@stratford.govt.nz](mailto:SHanne@stratford.govt.nz)>  
**Subject:** RE:Asset Revaluations - 30 June 2023

Hi Tiffany

Hope you had a good break over the long weekend.

Assuming that the revaluations for roading and three waters are intervening assessments (i.e. not required to be valued in accordance with the valuation cycle in FY23, which I don't think they are), then a desktop valuation would be sufficient. Happy for us to set up a time to discuss this further but since we are still seeing significant increase in value due to the high construction costs, we would recommend that an external expert provides input or reviews the indices in case a valuation uplift need to be performed.

On the revaluation cycles and with them now being aligned to year end, are you able to share with us when the next cycle for roading and water is expected to take place. If I recall the land and buildings revaluation was last performed on 1 January 2020 so it would have been 3.5 years since the last valuation. We agree on the alignment to year end but we may need to add some additional disclosures on the changes and impacts. Thinking aloud, there

would not have been any impacts since fair value is assessed at each reporting period. Happy to also discuss this when we next catch-up.

Regards,

Pam

---

**From:** Tiffany Radich <[TRadich@stratford.govt.nz](mailto:TRadich@stratford.govt.nz)>  
**Sent:** Thursday, 6 April 2023 3:31 PM  
**To:** Thompson, Pam <[pthompson@deloitte.co.nz](mailto:pthompson@deloitte.co.nz)>  
**Cc:** van der Walt, Luke <[LuvanderWalt@deloitte.co.nz](mailto:LuvanderWalt@deloitte.co.nz)>; Christine Craig (External) <[ccraig@stratford.govt.nz](mailto:ccraig@stratford.govt.nz)>; Victoria Araba <[VAraba@stratford.govt.nz](mailto:VAraba@stratford.govt.nz)>; 'Philip Jones' <[philip@pja.co.nz](mailto:philip@pja.co.nz)>; Sven Hanne <[SHanne@stratford.govt.nz](mailto:SHanne@stratford.govt.nz)>  
**Subject:** [EXT] Asset Revaluations - 30 June 2023

Hi Pam

Due to the significantly increased cost of a full asset revaluation, we are considering just doing a desktop revaluation for three waters and roading assets. With audit costs expected to increase, on top of the increase in many of the associated costs that provide limited value (in relation to the cost) to our community, we are having to make compromises on consultant related work, where there is some discretion.

We may consider revaluing roading assets, but do not intend to do a full revaluation for three waters infrastructure due to the high likelihood that we will have to do another full revaluation prior to 30 June 2024 for the transition of assets to the new water entity.

When we catch up next I would like to discuss the implications of this.

We have contracted Telfer Young to do the land and buildings revaluation as at 30 June 2023.

Have a great easter weekend.

Tiffany

Tiffany Radich  
**Director - Corporate Services**  
Te Kaunihera ā Rohe o Whakaahurangi | Stratford District Council

[tradich@stratford.govt.nz](mailto:tradich@stratford.govt.nz)

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**Our reference**  
F19/13/03-D21/40748

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

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