

I hereby give notice that an Ordinary meeting of the
Audit, Risk and Finance Committee

will be held on:

Date: Wednesday 13 June 2018
Time: 10.00 am
Venue: Meeting Room, Mangawhai Club – Molesworth Drive, Mangawhai

Agenda

Membership

Chair: Stana Pezic
Members: Councillor del La Varis-Woodcock
Councillor Geange
Councillor Larsen
Councillor Wade
Deputy Mayor Wethey

Staff and Associates:

Acting Chief Executive, General Manager Risk, IT and Finance, General Manager Community and Customer Service, IT Manager, Governance Advisor (Minute-taker).

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Ordinary Meeting of the Audit, Risk and Finance Committee

Wednesday 13 June 2018 in Mangawhai

1 Opening

1.1 Present

1.2 Apologies

1.3 Confirmation of Agenda

The Committee to confirm the Agenda.

1.4 Conflict of Interest Declaration

Committee Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a Committee Member and any private or other external interest they might have. It is also considered best practice for those members to the Executive Team attending the meeting to also signal any conflicts that they may have with an item before the Committee.

2 Confirmation of Minutes

2.1 Audit, Risk and Finance Committee minutes 14 February 2017

Administration Manager 1610.06

Recommended

That the Open minutes of the Audit, Risk and Finance Committee meeting held 14 February 2018 be confirmed as a true and correct record.

| | |
|----------------|--|
| Meeting | Audit, Risk and Finance Committee |
| Date | Wednesday 14 February 2018 |
| Time | The meeting commenced at 10.12am The meeting concluded at 12.23pm |
| Venue | Meeting Room – Mangawhai Club, Molesworth Drive, Mangawhai |
| Status | Unconfirmed |

Minutes

Membership

Chair: Stana Pezic
Members: Councillor del la Varis-Woodcock
Councillor Geange
Councillor Larsen
Councillor Wade
Deputy Mayor Wethey

Staff and Associates:

Acting Chief Executive, Acting General Manager Risk, IT and Finance, Treasury and Financial Services Manager, Regulatory Manager, Health and Safety Advisor, Administration Assistant (Minute-taker).

Linda Osborne
Administration Manager

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Minutes for Audit, Risk and Finance Committee
Wednesday 14 February 2018, Mangawhai
1 Opening
1.1 Present

Stana Pezic (Chair), Deputy Mayor Wethey and Councillors del la Varis-Woodcock and Wade.

In Attendance

| Name | Designation | Item(s) |
|----------------|---|---------|
| Peter Tynan | Acting Chief Executive | All |
| Robert Nelson | Acting General Manager Risk, IT and Finance | All |
| Rick Groufsky | Treasury and Financial Services Manager | All |
| Dean Nuralli | Regulatory Manager | All |
| Robert Maassen | Health and Safety Advisor | All |
| Lisa Hong | Administration Assistant | All |

1.2 Apologies

Moved Wethey/del la Varis-Woodcock

That the Audit, Risk and Finance Committee receives the apologies of Councillor Geange and Councillor Larsen.

Carried

1.3 Confirmation of Agenda

The Committee confirmed the Agenda, with the addendum as below.

Moved Wade/del la Varis-Woodcock

That the Audit, Risk and Finance Committee confirms the Agenda for 14 February 2018, with a meeting item 'General Business Discussion' being added after the Public Excluded session.

Carried

1.4 Conflict of Interest Declaration

Nil.

2 Confirmation of Minutes

2.1 Audit, Risk and Finance Committee minutes 01 December 2017

Democratic Services Manager 1610.06

Moved Wethey/del la Varis-Woodcock

That the minutes of the Audit, Risk and Finance Committee meeting held 01 December 2017 be confirmed as a true and correct record.

Carried

3 Papers

3.1 Treasury Management

Assistant Accountant 2304.15

Moved Wethey/del la Varis-Woodcock

That the Audit, Risk and Finance Committee receives the Assistant Accountant's report 'Treasury Management' dated 26 January 2018 and the information contained therein.

Carried

3.2 Treasury Management Policy

Treasury and Financial Services Manager 2304.15

Moved Wethey/Wade

That the Audit, Risk and Finance Committee:

- 1 *Receives the Financial Services Manager's report 'Treasury Management Policy' dated 31 January 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Recommends to Council the adoption of the Treasury Management Policy, with the following amendments having been made before it is brought to Council:*
 - *p.44 5.2.3 – forestry assets – this section is no longer required, to be deleted;*
 - *p.45 5.2.4 – reference to 6.3 to be changed to 6.5;*
 - *p.59 8.1 – formatting error to be corrected; and*
 - *p.41 4.6 – 'Before entering into a guarantee, Council officers shall conduct due diligence and be satisfied of the ability of the organisation to secure the loan' be added as a new sentence.*

Carried

3.3 Audit Action Update

Treasury and Financial Services Manager 2304.15

Moved del la Varis-Woodcock/Wethey

That the Audit, Risk and Finance Committee receives the Financial Services Manager's 'Audit Action Update' dated 31 January 2018, and the information contained therein.

Carried

3.4 Bills in Parliament: Legislation Progress

General Manager Finance and Brookfields Lawyers 2126.05

Moved Wethey/Wade

That the Audit, Risk and Finance Committee

- 1 *Receives the General Manager Finance's report 'Bills in Parliament: Legislation Progress' dated 07 February 2018, and the information contained therein; and*
- 2 *Directs Council officers to report to the Committee with an interim review of the legislative compliance reporting process.*

Carried

3.5 Health and Safety Report

Health and Safety Advisor 2209.12

Moved Wade/Wethey

That the Audit, Risk and Finance Committee:

- 1 *Receives the Health and Safety Advisor's report dated 07 February 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Notes the information presented in the above-mentioned report and its attachment; and*
- 4 *Directs Council officers to report to the Audit, Risk and Finance Committee with a review of contract management in regard to health and safety, including existing systems and options on improving oversight and monitoring of contractors and subcontractors.*

Carried

4 Public Excluded Committee Items 14 February 2018

Audit, Risk and Finance Committee went into Public Excluded session at 11.44am.

Moved del la Varis-Woodcock/Wethey

That the public be excluded from the following part of the proceedings of this meeting, namely

- *Risk Register*
- *Contract Monitoring and Reporting: Infrastructure, Community and Regulatory*

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

| General subject of each matter to be considered: | Reason for passing this resolution | Ground(s) under s48(1) for the passing this resolution: |
|--|---|---|
| <i>Risk Register</i> | <i>Section 7(2)(g) maintain legal professional privilege</i> | <i>Section 48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</i> |
| <i>Contract Monitoring and Reporting: Infrastructure, Community and Regulatory</i> | <i>Section 7(2)(i) enable any authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i> | <i>Section 48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</i> |

Carried

5 Open Audit, Risk and Finance Committee minutes 14 February 2018

The Committee came back into Open session at 12.23pm.

Moved Wethey/del la Varis-Woodcock

That the public be re-admitted to the meeting and resolutions made whilst in Public Excluded be confirmed in Open meeting.

Carried

5.1 Risk Register

Acting Chief Executive 2304.15

Moved del la Varis-Woodcock/Wethey

That the Audit, Risk and Finance Committee receives the Chief Executive's report 'Risk Register' and its Attachments 1-4, dated 31 January 2018 and the information contained therein.

Carried

5.2 Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory

COO and General Manager Infrastructure

General Manager Regulatory, Planning and Policy 4701.01

Moved Wade/Wethey

That the Audit, Risk and Finance Committee receives the General Manager Infrastructure's and General Manager Planning and Regulatory's report 'Contract Monitoring and Reporting: Infrastructure, Community and Regulatory' dated 30 January 2018; and notes the comments and information provided (Attachments 1-6 of above-mentioned report) in respect of the term contracts being reported on:

- CON705 Parks, Reserves and Public Toilets;
- CON682 Roding Network Maintenance;
- CON789 3-Waters Operations and Maintenance;
- CON706 Solid Waste;
- MCWWS Operating Deed; and
- CON824 Animal Management and Compliance Services.

Carried

6 Closure

6.1 General business

Councillors held a general discussion on Kaipara District Council rates versus those of adjoining authorities, and how to balance growth and rate affordability.

The meeting closed at 12.36pm.

Confirmed

Chair

Kaipara District Council

Dargaville

Unconfirmed

3 Decision

File number: 2206.0 **Approved for agenda**

Report to: Audit, Risk and Finance Committee

Meeting date: 13 June 2013

Subject: Customer Privacy Policy – recommend to Council to adopt

Date of report: 30 May 2018

From: Hannah Gillespie, General Manager People and Capability

Report purpose **Decision** **Information**

Assessment of significance **Significant** **Non-significant**

Summary

Council currently does not have a Customer Privacy Policy in place. This breaches the Privacy Act 1993. This paper introduces our new Customer Privacy Policy.

Recommendation

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager People and Capability's report 'Customer Privacy Policy – recommend to Council to adopt' dated 30 May 2018 and its Attachment 1, Customer Privacy Policy May 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Recommends Kaipara District Council to adopt the Customer Privacy Policy (Attachment 1 to the afore-mentioned report) [with any amendments made at the Audit, Risk and Finance Committee meeting to be held on 13 June 2018].*

Reason for the recommendation

Any entity holding personal information about any individual needs to comply with the Privacy Act 1993. In doing so Council has obligations to have a policy to inform our customer of our processes, reasons why we keep customer data, how we obtain, collect, keep, and use it. It is also required by the Privacy Act to have a privacy officer, which is outlined in this policy.

Reason for the report

This is to assist Council make a decision to adopt the proposed Policy, to meet the requirements to comply with the Privacy Act 1993, as it relates to guidelines around customer privacy.

Background

At Council we record customer information in various forms in our daily interactions. We need to ensure that customers are aware their information is being recorded, when this is happening and how we record

and store it. If Council customers have any queries in relation to any information recorded about them, under the Privacy Act 1993 they are able to do so. This is through a nominated privacy officer at Council.

Issues

We currently do not have a policy in place that defines clearly for customers when their information is being recorded and collected and for what purposes.

Factors to consider

Community views

The community will want to know why we collect information, record telephone calls, collect CCTV vision. They will at times also want to access information we have collected about them. This policy steps out a defined process on how to do this.

Policy implications

This is a new policy. There should be no implications, other than implanting a new policy.

Financial implications

There are financial and reputational consequences on privacy data breaches.

Legal/delegation implications

If Council decides to continue operating without a Customer Privacy Policy this would be in contravention of the Privacy Act 1993 and would have legal ramifications for Council.

Options

Option A: Continue operating with no Customer Privacy Policy – we cannot sustain this as we are in breach of the Privacy Act 1993.

Option B: Accepts the proposed Customer Privacy Policy May 2018 (DRAFT).

Recommended option


The recommended option is **Option B**.

Next step

Add to the June 2018 Council meeting agenda. Once adopted, make the Policy available to customers on Council's Website. Inform Council officers of the new Policy and our obligations under the Privacy Act 1993.

Attachments

- Customer Privacy Policy May 2018 (DRAFT)

| | | | | |
|--|------------------------|---|-------------------------|------------|
|  KAIPARA DISTRICT <small>The Ocean's Two Harbours</small> | Title of Policy | Customer Privacy | | |
| | Sponsor | Chief Executive | Authorised by | ET |
| | Author | Hannah Gillespie, General Manager People and Capability | Date authorised | 08/03/2018 |
| | Type of Policy | | Last review date | 07/03/2018 |
| | File reference | 2206.3 | Next review date | 08/03/2021 |
| | | | | |

| Document Control | | | |
|---------------------------|------------|-------------|--------------------------------|
| Version | Date | Author(s) | Comments |
| 1 st Commenced | 07/03/2018 | H Gillespie | |
| 1.0 | 30/05/2018 | H Gillespie | Periodic review, minor editing |
| | | | |

Your privacy is important to Kaipara District Council (referred to in this Privacy Policy as “we”, “our” or “us”). This Privacy Policy governs our collection, use and disclosure of your personal information (as defined in the Privacy Act 1993 (Privacy Act)) and has been prepared in accordance with our obligations and your rights set out in the Privacy Act. We may change this Privacy Policy from time to time.

1 What kind of personal information does Kaipara District Council collect?

The personal information we collect may include your name, date of birth, addresses, email address, telephone numbers, gender, information on your use of our services or facilities and any other information provided by you in connection with, or specifically related to your communications with us or, your use of our services or facilities.

2 Collecting your information

We may collect personal information about you as set out below:

- a) We may collect personal information about you when you or someone acting on your behalf provides information to us directly. For example when you:
- apply for employment with us;
 - correspond with us, whether in person, by letter, telephone, text, email, instant messages or other means of electronic communication;
 - complete and submit forms we provide for applications for consents, licences, approvals, permits, funding or other authorisations or for the use of any of our services or facilities, including signing up for and using our online services and apps, such as our online payment services;
 - prepare and submit a written submission, request or other feedback in relation to applications for consents, licences, approvals, permits, funding or other authorisations, or in relation to any form of draft or proposed plan, policy, bylaw or other document;
 - use any of our services or facilities;
 - subscribe to any of our newsletter or update services;
 - follow or post comments in response to our social media or other facilities such as Facebook, Twitter, LinkedIn, YouTube, etcetera;
 - request information. We may keep a record of any information that you acquire from us; and

- have a telephone conversation with us. We may monitor and record telephone calls made to or by us for quality control or staff training purposes. If a call you make to us, or that we may make to you, is to be monitored and recorded, you will be informed of this at the time of the call.
- b) We may collect personal information about you from other organisations, entities or persons, such as:
 - Our related organisations; and
 - Our suppliers which include organisations such as:
 - Land Information New Zealand;
 - Quotable Value;
 - Solicitors/conveyancers; and
 - The New Zealand Police, credit reporting agencies and other organisations, entities and persons where you have expressly authorised them to provide us with information.
- c) When you visit one of our websites, we may use technology solutions such as “cookies” to provide you with better access to tailored information and services on the websites and to better serve you when you return to them.
- d) Our internet service providers may also make a record of your visit and log information for statistical purposes. This information is only analysed on a bulk basis for broad demographic content. Individual use is not analysed. We do not attempt to identify users or their browsing activities unless they choose to give us personal information while using our website.
- e) “Closed Circuit Television” (CCTV) is used in our two front receptions in Mangawhai and Dargaville, and Dargaville Library.
 - Signage advising of CCTV equipment will give notice of areas covered by such equipment. CCTV footage will only be viewed by authorised people in accordance with the purpose noted above or for the purposes of regularly checking the system is operational. No attempt is made to identify individuals from CCTV footage except in relation to a reported or suspected incident requiring investigation.

3 Using your information

The personal information that we collect from you or someone acting on your behalf may be used for any of the following purposes:

- a) To provide you with services or facilities, including those you have requested.
- b) To positively confirm your identity. This is to avoid inappropriate release or use of your information.
- c) To respond to correspondence or to provide you with information that you have requested.
- d) To process your application for any consent, licence, approval, permit or other authorisation for which you have applied.

- e) To process your application to use or to register for any of our services or facilities, including our online services.
- f) To process payments received by, or made by Council.
- g) To respond to your requests, enquiries or feedback, or for customer care related activities.
- h) To comply with relevant laws and regulations.
- i) To carry out activities connected with the running of our business or operations such as personnel training, or testing and maintenance of computer and other systems.
- j) For any specific purpose which we notify you of at the time your personal information is collected.
- k) For general administrative and business purposes.

4 Sharing your information

We may disclose personal information about you to:

- a) Any person engaged by Council to provide products or services to you on our behalf, where your personal information is necessary for the provision of those products or services.
- b) A third party if we are required to do so under any laws or regulations, or in the course of legal proceedings or other investigations. This may include sharing CCTV footage with the New Zealand Police or other public sector agencies where criminal activity is reported or suspected. The New Zealand Police may also access live feeds from certain CCTV cameras from time to time, for law enforcement, investigation and emergency response purposes.
- c) Any person you authorise us to disclose your personal information to.
- d) Any person, if that information is held in a public register e.g. information held on property files or the rating information database.

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

If you do not provide us with all of the personal information about you that we request from you, we may not be able to adequately respond to your correspondence, process any applications you have submitted, provide the services or facilities you have requested, process payments or otherwise deal with any requests or enquiries you have submitted. In some circumstances, failure to provide information when requested may be unlawful, and/or result in legal consequences. These circumstances and the potential consequences will be explained to you when your personal information is collected.

6 Security and accuracy

We take reasonable steps to ensure personal information is:

- a) Protected against loss, damage, misuse and unauthorised access. We restrict access to personal information to those individuals who need access to this information in order to assist us in performing our duties and obligations.
- b) Accurate, up to date, complete, relevant, and not misleading.

7 How long we hold personal information

We may retain all personal information that we collect (on both our active systems and our archive systems), for as long as administratively necessary, in accordance with Council's information retention and disposal schedule.

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

Our Dargaville Library customer data is held in accordance with the Confidentiality of Library Records Policy.

8 Accessing and correcting your personal information

You may request confirmation of whether or not we hold any personal information about you and you may request access to your personal information that we hold by contacting our Privacy Officer on privacy@kaipara.govt.nz or otherwise contacting us, at the addresses provided below.

Once we have verified your identity we will provide you with such confirmation and access unless one of the grounds for refusal to do so under the Privacy Act applies. You may request that the personal information we hold about you be corrected by emailing us at privacy@kaipara.govt.nz. If we agree that your personal information is to be corrected we will provide you with an amended record of your personal information if requested.

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

9 Who you can contact for further information

If you have any queries about this Privacy Policy or personal data Kaipara District Council has collected, please contact:

Kaipara District Council Privacy Officer

Email address: privacy@kaipara.govt.nz

Postal Address: Private Bag 1001, Dargaville 0340

File number: 2206.0 **Approved for agenda**
Report to: Audit, Risk and Finance Committee
Meeting date: 13 June 2018
Subject: **Fraud Policy amendments**
Date of report: 29 May 2018
From: Hannah Gillespie, General Manager People and Capability
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

This report has been constructed to help Council to make a decision to adopt the amended Fraud Policy (**Attachment 1**) for Council Officers.

Recommendation

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager People and Capability's report 'Fraud Policy amendments' dated 29 May 2018 and its Attachment 1 and Attachment 2 (current Policy and updated Policy) May 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Recommends Kaipara District Council to adopt the updated Fraud Policy (Attachment 2 to the afore-mentioned report) with the two-year policy review date [with any amendments made at the Audit, Risk and Finance Committee meeting to be held on 13 June 2018].*

Reason for the recommendation

The updated Policy incorporates the Whistleblowing Policy reporting procedures for reporting fraudulent (or suspicious) activities, and adding in addition our obligation to inform the Office of the Auditor-General of any fraud at Council.

Reason for the report

This report is to provide the Committee with a description why we are updating our current Fraud Policy, what changes are being made, and set the next review period. It is important for the Audit, Risk and Finance Committee to be informed of changes to this Policy. The current Policy (**Attachment 2**) is out of date, in its review period, and needs changes.

Background

The Fraud Policy for Council Officers was last updated in September 2013, with a review date of May 2017. Since the first version of this Policy, there have been a number of changes to our process around

how we report fraudulent activities under our Whistleblowing Policy (adopted December 2017), and the need to inform the Office of the Auditor-General via our Auditor if there is any fraud detected. The Policy also refers to position titles that are redundant under the new structure.

Issues

Our current Policy does not have our current Whistleblowing Policy process that includes the Deloitte Whistleblowing service. This therefore does not correlate with the Whistleblowing Policy where it refers to the Policy “aiming to support and reinforce our Fraud Policy”. Informing the Office of the Auditor-General is not mentioned in the current Policy, it needs to be. We also need to detail that if an employee is involved in an investigation, we may suspend them as per their employment agreement. The current Policy does not state this.

Factors to consider

Community views

The community will have the opinion that we have a strong Policy in place to deal with fraud in Council; and have the right processes in place to deal with any allegations. We need to be seen to have investigated any fraud properly, with the right process over any inappropriate use of Council funds.

Policy implications

The amended Policy will be updated and part of our Council policy and process.

Financial implications

There will be no financial implications with this Policy amendment.

Legal/delegation implications

By not informing the Office of the Auditor-General via our Auditor we are not following our legal obligations.

Options

There are three options to consider for this report.

Option A: Retain current Policy.

Option B: Accept amended Policy with a five year review period, and recommends to Kaipara District Council to adopt.

Option C: Accept amended Policy with a two year review period, and recommends to Kaipara District Council to adopt.

Assessment of options

Option A: Keep the current Policy – Policy Fraud Sept 2013 and approve to continue this version with no amendments, review in five years. This Policy does not correlate with the Whistleblowing Policy or inform the Office of the Auditor-General.

Option B: Accept the proposed draft Policy – Policy Fraud May 2018 (DRAFT) and review in five years as per the current policy review period. Contains the new process which includes the Whistleblowing service, and need to inform the Office of the Auditor-General.

Option C: Accept the proposed draft Policy – Policy Fraud May 2018 (DRAFT) and amend the review period to two years. Contains the new process which includes the Whistleblowing service, and need to inform the Office of the Auditor-General.

Recommended option


The recommended option is **Option C**.

Next step

Present at the July 2018 Council meeting for Council adoption. Once adopted, Council Officers will be informed of the new Policy, and made available for viewing on our Policy Register. Training on the new Policy will be made available via our learning management system, Cognise, including an online learning module from Deloitte.

Attachments

- Policy Fraud May 2018 (DRAFT)
- Policy Fraud Sept 2013

| | | | | |
|---|------------------------|---|-------------------------|--------------------------|
|  | Title of Policy | Fraud Policy | | |
| | Sponsor | Hannah Gillespie, General Manager People and Capability | Adopted by | Council |
| | Author | Hannah Gillespie | Date Adopted | 30 September 2013 |
| | Type of Policy | Operational | Last review date | May 2018 |
| | File reference | 2206.03 | Next review date | May 2020 |
| | | | | |

| Document Control | | | |
|---------------------------|--------------------------|----------------------------------|--|
| Version | Date | Author(s) | Comments |
| 1 st Commenced | Sep 2013 | | |
| 1.0 | Jun 2016 | Peter Marshall | Periodic review, minor editing |
| 1.1 | May 2018 | Hannah Gillespie | Period review, minor editing |
| | | | |

1 Background

Fraudulent behaviour is unacceptable at Kaipara District Council. All reported incidents of alleged fraud must be treated seriously and will be investigated. Kaipara District Council is committed to maintaining the highest ethical principles and integrity in discharging our obligations to the community.

2 Objective

To ensure that the assets and reputation of Kaipara District Council and its Staff are protected from fraudulent behaviour.

3 Definition of Fraud

Fraud is the deliberate practice of deception in order to receive unfair or unlawful gain and, for the purposes of this Policy, includes forms of dishonesty.

Examples of fraud include, but are not limited to:

- Violation of Council's policies relating to employment, finance, equipment and other assets;
- Forgery or alteration of any document belonging to Kaipara District Council;
- Forgery or alteration of a cheque, bank draft or any other financial document;
- Theft of funds or other assets;
- Impropriety in the handling or reporting of money;
- Profiteering as a result of insider knowledge;
- Disclosing confidential information to outside parties;
- Accepting anything of material value from contractors, vendors or persons providing services/materials to Kaipara District Council, with the exception of gifts of minor value, in keeping with Council's policy;
- Bribery and corruption;
- Misrepresentation or failure to provide comprehensive information to decision-makers;
- Destruction, removal or inappropriate use of records and assets (furniture, fixtures and equipment); and
- Any similar or related inappropriate conduct.

4 Related Documents

- Code of Conduct [for Staff](#);



- Code of Conduct for Elected Members;
- Conflict of Interest;
- Gift Policy;
- Procurement Policy and Strategy; and
- Whistleblower Policy.

Deleted: Commissioners'

Deleted: Protected Disclosure Policy

5 Policy

At Kaipara District Council:

- There is a policy of "zero tolerance" in relation to fraud against Council or ratepayers, and standard practice will be to report instances of fraud to the Police.
- There is a commitment to the development and maintenance of processes and procedures to prevent and detect fraud, and provide for the investigation and management of fraudulent behaviour.
- Each Manager has the responsibility for ensuring that appropriate controls are in place at all levels to ensure safeguards against fraudulent activity and must take action to implement and maintain these controls. Further, Managers are responsible to ensure there are systems in place to regularly review transactions and activities that may be susceptible to fraud.
- Staff who become aware of, or suspect fraudulent behaviour must advise their Manager and/or General Manager immediately.
- All incidents of alleged fraud or dishonest practices must be reported to the People and Capability Business Partner as soon as practicable.
- Investigations will be undertaken or co-ordinated by the People and Capability Business Partner. Where any employee is involved the People and Capability Business Partner will inform the Chief Executive. The employee may be suspended while the investigation is being conducted in accordance with the terms of the employee's employment agreement.
- Appropriate regard will be given to all relevant employment law principles, including the concepts of natural justice, the right of reply and collection of adequate evidence.
- All alleged incidents of fraud will be investigated, reported to the Mayor, and, where an employee is found to have committed fraud, disciplinary action, in accordance with Human Resources policies, will be taken and reported to the Audit, Risk and Finance Committee.
- The recovery of lost money or other stolen property will be pursued wherever possible and practicable and all substantiated instances of theft will be reported to the Police.
- Kaipara District Council is required to report all incidents of fraud to the Office of the Auditor-General via our auditor.

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6 Responsibilities

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| All employees | Reading and adhering to the conditions of this policy. |
| Managers/General Managers | Ensuring employees are aware of this Policy. Taking appropriate action when breaches of this Policy occur. |
| People and Capability , Business Partner | Involvement in any investigation of alleged fraud concerning an employee by providing advice and guidance. Administering, revision, interpretation and application of this Policy. Taking appropriate action when breaches of this Policy occur. |

Deleted: Human Resource Manager

Deleted: Manager

7 Scope of Policy

This Policy applies to any fraud, or suspected fraud, involving employees as well as consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Kaipara District Council. This Policy has limited application in the following case:

- Theft of money or goods by any person not employed by Kaipara District Council. The theft must be reported to the police and/or security. The [People and Capability](#), [Business Partner](#) must be notified as soon as possible thereafter and be kept informed of any police investigation. For example, a robbery of a cash collection point.

Deleted: Human Resource Manager

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This policy does not apply to:

- Minor fraud perpetrated by the public against Kaipara District Council. For example, providing wrong information on a license application.
- Routine performance management issues that should be resolved by the General Manager [People and Capability](#) and [the People and Capability](#), [Business Partner](#).
- Conflict of Interest matters involving Councillors who are subject to provisions within the Local Authorities (Members' Interests) Act 1968, the Local Government Act 2002, and Kaipara District Council's Code of Conduct for Elected Representatives.

Deleted: Human Resources

Deleted: Manager

8 Investigations

The [People and Capability](#), [Business Partner](#) has the primary responsibility for the investigation of all suspected fraudulent acts as defined in this Policy. Where the alleged fraud involves an employee, the [People and Capability](#), [Business Partner](#) will be advised of the alleged fraud immediately so that they may provide advice and guidance. Any investigation carried out must comply with Human Resources policies to the fullest extent possible.

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Decisions to refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made by the Chief Executive in consultation with, as appropriate, the [People and Capability](#), [Business Partner](#). Kaipara District Council's solicitors may also be consulted on the final decision for disposition of the case.

Deleted: Human Resources Manager

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The [People and Capability](#), [Business Partner](#) (and anyone acting on their behalf) will have:

Deleted: Human Resources Manager

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- Free and unrestricted access to all Kaipara District Council records and premises.
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

The People and Capability Business Partner has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy, except where the suspected fraud may involve:

- The People and Capability Business Partner, in which case the Chief Executive will have primary responsibility for conducting the investigation;
- The Chief Executive, in which case the Mayor, in consultation with the Chair of the Audit, Risk and Finance, Committee will employ an appropriately qualified professional such as an external chartered accountant or external auditor who will have primary responsibility for conducting the investigation and reporting back to the Mayor, and the Chair of the Audit, Risk and Finance, Committee;
- The Mayor or an/Elected Member, in which case the Chief Executive and the Mayor or Chair of the Audit, Risk and Finance, Committee employs an appropriately qualified professional such as an external chartered accountant or external auditor who will have primary responsibility for conducting the investigation in consultation with the Chief Executive and the Mayor or Chair of the Audit, Risk and Finance, Committee.

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9 Reporting Procedures

Great care must be taken in the investigation of alleged fraud to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

[Any suspected fraudulent activities can be reported via the below contacts:](#)

[Deloitte Whistleblower Service \(external independent service\)](#)

- **Phone:**

- [Toll Free - 0800 403 478](#)

- **Facsimile:**

- [+61 3 9691 8182](#)

- **Email:**

- dwsnz@deloitte.co.nz

- **Online:**

- www.whistleblower.deloitte.co.nz

- [Username: whistleblower](#)

- [Password: Deloitte1#](#)

- **Post:**

- [PO Box 912028](#)

- [Victoria St West](#)

- [Auckland 1142](#)



[New Zealand](#)

- [Or to our Fraud Officer:](#)
[Attention: Fraud Officer](#)
[Kaipara District Council](#)
[42 Hokianga Road](#)
[Dargaville 0310](#)

- The employee or other complainant may remain anonymous;
- The employee or other complainant may follow the [Whistleblowing Policy](#) process;
- All enquiries concerning the activities under investigation from the suspected individual, his or her lawyer or representative, or any other enquirer should be directed to the [People and Capability Business Partner](#); No information concerning the status of an investigation will be given out except through the [People and Capability Business Partner](#) or the Chief Executive. The proper response to any enquiry is: "I am not at liberty to discuss this matter";
- Fraud perpetrated against Kaipara District Council will be reported to Council's Audit, [Risk and Finance](#) Committee, insurers, auditors and enforcement agencies, as required.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution;
- Do not discuss the case, facts, suspicions or allegations with anyone unless specifically asked to do so by the [People and Capability Business Partner](#), the Chief Executive or Council's solicitors.

10 Consequences

An investigation may result in a recommendation to terminate a supplier's or contractor's contract or, in the case of an employee, a commencement of a disciplinary process, the outcome of which may be dismissal of the employee where appropriate. The following applies as appropriate:

- Any decision to begin a disciplinary process, or to terminate an employee's employment at the conclusion of that process, will be made in accordance with Human Resources policies;
- Fraud perpetrated against Kaipara District Council will be reported to General Managers, Chief Executive and others as appropriate;
- Where suppliers are involved, any recommendation from the [People and Capability Business Partner](#) will be put forward and reviewed with representatives of Procurement (contracts) and with Council's solicitors as appropriate, before any action is taken;
- Where instances of fraudulent conduct are substantiated, any decisions will be referred to the relevant General Manager and the Chief Executive for adjudication.

11 Policy Review

The Policy will be reviewed every [two](#) years or earlier as required.

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|---|------------------------|--|------------------------------|-------------------|
|  <p>KAIPARA DISTRICT THE OCEAN THE HARBOUR</p> | Title of Policy | Fraud Policy | | |
| | Sponsor | Peter Marshall, Human Resource Manager | | |
| | Written By | Peter Marshall | Authorised/Adopted by | Council |
| | Type of Policy | Operational | Date Adopted | 30 September 2013 |
| | File Reference | 2206.03 | Review Date | 30 September 2016 |

1 Background

Fraudulent behaviour is unacceptable at Kaipara District Council. All reported incidents of alleged fraud must be treated seriously and will be investigated. Kaipara District Council is committed to maintaining the highest ethical principles and integrity in discharging our obligations to the community.

2 Objective

To ensure that the assets and reputation of Kaipara District Council and its Staff are protected from fraudulent behaviour.

3 Definition of Fraud

Fraud is the deliberate practice of deception in order to receive unfair or unlawful gain and, for the purposes of this Policy, includes forms of dishonesty.

Examples of fraud include, but are not limited to:

- Violation of the Council's policies relating to employment, finance, equipment and other assets.
- Forgery or alteration of any document belonging to Kaipara District Council.
- Forgery or alteration of a cheque, bank draft or any other financial document.
- Theft of funds or other assets.
- Impropriety in the handling or reporting of money.
- Profiteering as a result of insider knowledge.
- Disclosing confidential information to outside parties.
- Accepting anything of material value from contractors, vendors or persons providing services/materials to Kaipara District Council, with the exception of gifts of minor value, in keeping with Council's policy
- Bribery and corruption.
- Misrepresentation or failure to provide comprehensive information to decision-makers.
- Destruction, removal or inappropriate use of records and assets (furniture, fixtures and equipment).
- Any similar or related inappropriate conduct.

4 Related Documents

- Code of Conduct
- Commissioners' Code of Conduct
- Conflict of Interest

- Gift Policy
- Procurement Policy and Strategy
- Protected Disclosure Policy

5 Policy

At Kaipara District Council:

- There is a policy of “zero tolerance” in relation to fraud against Council or ratepayers, and standard practice will be to report instances of fraud to the Police.
- There is a commitment to the development and maintenance of processes and procedures to prevent and detect fraud, and provide for the investigation and management of fraudulent behaviour.
- Each Manager has the responsibility for ensuring that appropriate controls are in place at all levels to ensure safeguards against fraudulent activity and must take action to implement and maintain these controls. Further, Managers are responsible to ensure there are systems in place to regularly review transactions and activities that may be susceptible to fraud.
- Staff who become aware of or suspect fraudulent behaviour must advise their Manager and/or General Manager immediately.
- All incidents of alleged fraud or dishonest practices must be reported to the Human Resource Manager as soon as practicable.
- Investigations will be undertaken or co-ordinated by the Human Resource Manager. Where any employee is involved the Human Resource Manager will inform the Chief Executive.
- Appropriate regard will be given to all relevant employment law principles, including the concepts of natural justice, the right of reply and collection of adequate evidence.
- All alleged incidents of fraud will be investigated, reported to the Mayor/Chair of Commissioners and, where an employee is found to have committed fraud, disciplinary action, in accordance with Human Resources policies, will be taken and reported to the Audit and Risk Committee.
- The recovery of lost money or other stolen property will be pursued wherever possible and practicable and all substantiated instances of theft will be reported to the Police.

6 Responsibilities

| | |
|---------------------------|--|
| All employees | Reading and adhering to the conditions of this policy. |
| Managers/General Managers | Ensuring employees are aware of this Policy. Taking appropriate action when breaches of this Policy occur. |
| Human Resource Manager | Involvement in any investigation of alleged fraud concerning an employee by providing advice and guidance. Administering, revision, interpretation and application of this Policy. Taking appropriate action when breaches of this Policy occur. |

7 Scope of Policy

This Policy applies to any fraud, or suspected fraud, involving employees as well as consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Kaipara District Council. This Policy has limited application in the following case:

- Theft of money or goods by any person not employed by Kaipara District Council. The theft must be reported to the police and/or security. The Human Resource Manager must be notified as soon as possible thereafter and be kept informed of any police investigation. For example, a robbery of a cash collection point.

This policy does not apply to:

- Minor fraud perpetrated by the public against Kaipara District Council. For example, providing wrong information on a license application.
- Routine performance management issues that should be resolved by the General Manager and Human Resources.
- Conflict of Interest matters involving Councillors who are subject to provisions within the Local Authorities (Members' Interests) Act 1968, the Local Government Act 2002, and Kaipara District Council's Code of Conduct for Elected Representatives.

8 Investigations

The Human Resources Manager has the primary responsibility for the investigation of all suspected fraudulent acts as defined in this Policy. Where the alleged fraud involves an employee, the Human Resources Manager will be advised of the alleged fraud immediately so that they may provide advice and guidance. Any investigation carried out must comply with Human Resources policies to the extent possible.

Decisions to refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made by the Chief Executive in consultation with, as appropriate, the Human Resources Manager. Kaipara District Council's solicitors may also be consulted on the final decision for disposition of the case.

The Human Resources Manager (and anyone acting on their behalf) will have:

- Free and unrestricted access to all Kaipara District Council records and premises.
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

The Human Resources Manager has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy, except where the suspected fraud may involve:

- The Human Resource Manager, in which case the Chief Executive will have primary responsibility for conducting the investigation.

- The Chief Executive, in which case the Mayor/Chair of Commissioners in consultation with the Chair of the Audit and Risk Committee will employ an appropriately qualified professional such as an external chartered accountant or external auditor who will have primary responsibility for conducting the investigation and reporting back to the Mayor/Chair of Commissioners and the Chair of the Audit and Risk Committee.
- The Mayor/Chair of Commissioners/Elected Member/Commissioner, in which case the Chief Executive and the Mayor or Chair of the Audit and Risk Committee employs an appropriately qualified professional such as an external chartered accountant or external auditor who will have primary responsibility for conducting the investigation in consultation with the Chief Executive and the Mayor or Chair of the Audit and Risk Committee.

9 Reporting Procedures

Great care must be taken in the investigation of alleged fraud to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

- The employee or other complainant may remain anonymous.
- The employee or other complainant may follow the protected disclosure process.
- All enquiries concerning the activities under investigation from the suspected individual, his or her lawyer or representative, or any other enquirer should be directed to the Human Resources Manager.
- No information concerning the status of an investigation will be given out except through the Human Resources Manager or the Chief Executive. The proper response to any enquiry is: "I am not at liberty to discuss this matter".
- Fraud perpetrated against Kaipara District Council will be reported to Council's Audit and Risk Committee, insurers, auditors and enforcement agencies, as required.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions or allegations with anyone unless specifically asked to do so by the Human Resources Manager, the Chief Executive or the Council's solicitors.

10 Consequences

An investigation may result in a recommendation to terminate a supplier's or contractor's contract or, in the case of an employee, a commencement of a disciplinary process, the outcome of which may be dismissal of the employee where appropriate. The following applies as appropriate:

- Any decision to begin a disciplinary process, or to terminate an employee's employment at the conclusion of that process, will be made in accordance with Human Resources policies.
- Fraud perpetrated against Kaipara District Council will be reported to General Managers, Chief Executive and others as appropriate.
- Where suppliers are involved, any recommendation from the Human Resources Manager will be

put forward and reviewed with representatives of Procurement (contracts) and with the Council's solicitors as appropriate, before any action is taken.

- Where instances of fraudulent conduct are substantiated, any decisions will be referred to the relevant General Manager and the Chief Executive for adjudication.

11 Policy Review

The Policy will be reviewed every two years or earlier as required.

File number: 2111.16; 2304.15 **Approved for agenda**

Report to: Audit, Risk and Finance Committee

Meeting date: 13 June 2018

Subject: **Data and Information Compliance Policy – recommend to Council to adopt**

Date of report: 31 May 2018

From: Ian Fernandes, IT Manager

Report purpose **Decision** **Information**

Assessment of significance **Significant** **Non-significant**

Summary

The Data and Information Compliance Policy (**Attachment 1**) is established to ensure that management of Council information, whether electronic or physical, is undertaken in a manner that protects its value now and into the future as well meets all legal and industry standard requirements.

Recommendation

That the Audit, Risk and Finance Committee:

- 1 *Receives the IT Manager's report 'Data and Information Compliance Policy' dated 31 May 2018 and its Attachment 1; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Recommends to Kaipara District Council to adopt the draft ICT Data and Information Compliance Policy (Attachment 1 to the aforementioned report) [with any amendments made at the Audit, Risk and Finance Committee meeting to be held on 13 June 2018].*

Reason for the recommendation

To enable the Audit, Risk and Finance Committee to review the Data and Information Compliance Policy and make a recommendation to full Council.

Reason for the report

To enable the Audit, Risk and Finance Committee to receive details of Council's Data and Information Compliance Policy and provide guidance on any further actions that they consider might need to be taken.

Background

Establish a new Data and Information Compliance Policy pursuant to the framework provided by the Department of Internal Affairs, to enable Council to understand its data and information processes and successfully manage and control it.

Factors to consider

Community views

The community expects Council to follow ICT (Information and Communication Technology) policies that are based on current industry standards.

Financial implications

There are no financial implications as a result of this report.

Legal/delegation implications

This report is for recommendation to Council to adopt and does not trigger legal or delegation implications.

Options

The options available to the Committee are:

Option A: Recommend to full Council to adopt the Policy.

Option B: Ask for additional information or further clarification.

Assessment of options

These options are not necessarily mutually exclusive, however Option A is more immediate.

Assessment of significance


Receiving Data and Information Compliance Policy is a routine business practice and is not significant in terms of Council's Significance and Engagement Policy.

Recommended option

The recommended option is **Option A**, receive the report.

Attachments

- Attachment 1: ICT Data and Information Compliance Policy – May 2018 draft.

| | | | | |
|--|------------------------|--------------------------------------|-------------------------|-----------|
|  | Title of Policy | Data and Information Compliance | | |
| | Sponsor | General Manager Risk, IT and Finance | Adopted by | |
| | Author | Ian Fernandes, IT Manager | Date adopted | |
| | Type of Policy | IT | Last review date | Nov 2016 |
| | File reference | 2111.16.02 | Next review date | June 2019 |

| Document Control | | | |
|---------------------------|---------------|----------------------------|--------------------------------|
| Version | Date | Author(s) | Comments |
| 1 st Commenced | November 2014 | | From Auckland City |
| 1.0 | June 2015 | Bill Chow / Duncan McAulay | Periodic review, minor editing |
| 2.0 | May 2018 | I Fernandez | Periodic review, minor editing |
| | | | |

1 Purpose

The purpose of this Policy is to ensure Kaipara District Council (Council) meets all legal and industry standard requirements pertaining to information and data that is either generated or held within our operation.

This Policy applies to:

- Structured and unstructured data provided to Council;
- Structured and unstructured data generated by Council operations including that of Council Controlled Organisations and Contractors where applicable and required by relevant legislation;
- Information in any format including physical hardcopy; and
- Information generated by and retained within any third party system which is accessed through Council ICT (information and communications technology).

Council recognises that information in all forms is an asset and critical to its business operations, as such long term access to and consistent management is required.

The purpose of this Policy is to ensure that management of our information, whether electronic or physical, is undertaken in a manner that protects its value now and into the future as well as meeting the requirements of relevant legislation.

2 Principles

Information and data held within Council is categorised as follows:

| | |
|---|--|
| Public Information and Data | Available to the public, no access control or identification is required. |
| General Administrative Information and Data | Available and generated for general administration and used primarily for internal operations. Includes formal Council applications for regulatory functions. |
| Protected Information and Data | To be used only by individuals who require it directly to perform job functions. Not for wider dissemination or access without approval. |
| Restricted Information and Data | Containing sensitive personal or confidential information. |

Regardless of the category and storage location of data or information it is owned by Council rather than any individual, business unit or function.

This includes any data generated on behalf of Council or by staff and employees during the use of cloud-based applications, web-based applications and software as a service.

All practical steps will be taken to ensure security and management steps are taken to reflect the categories of information, however due to the complex nature and proliferation of information repositories this is not always possible.

To ensure we value and protect our information the following key principles apply:

- All data and information sources will have an identified business owner;
- All data and information will be accessed, generated and managed within approved IS services as per all IS Policies;
- Wherever possible data and information will be simple to create and use and actively reflect the situation for which it was created;
- Data and information will be readily available for legitimate business use and well protected from unauthorised use;
- The cost of data collection use and sharing must be optimised;
- Processes that create, modify or update information and data across Council will be standardised and consolidated wherever possible; and
- Data and information will only be collected and stored where there is a legitimate business need.

It is the responsibility of all Council Staff, Elected Members and Contractors to only access information that is delivered to them through access controls or that which is directly required to perform the functions of their roles.

It is also the responsibility of all Council Staff to minimise the duplication of data where possible or storage of additional duplicated data sets.

Council holds data and information in a number of formats and has in place appropriate controls and protection of this information.

2.1 Physical Information

- All physical information generated by or entrusted to Council is to be managed in a way that prevents the unauthorised access to, alteration of or destruction;
- Physical records that are required to be maintained in a formal series will be managed and maintained by the IS Department;
- Access to physical information will be granted as per the IS Access Policy;
- All reasonable steps will be taken to minimise damage to physical records as the result of moisture, dust or any other potential source of damage.

Where there is doubt as to the retention policies to be applied to a physical record, Staff are responsible for first seeking advice from the Records Officer to clarify disposal procedures or protocols.

2.2 Electronic and Digital Information

- All electronic and digital information generated by or entrusted to Council is to be managed in a way that prevents the unauthorised access to, alteration of or destruction;
- Wherever possible data must be simple to enter and must accurately reflect the situation for which it is being entered;
- Data and electronic transactions will be recorded in an auditable and traceable manner;
- Access to data and electronic information will be granted as per the IS Access Policy;
- Processes for data capture, validation and processing should be documented and documents kept current;
- Data and information must not be duplicated unless duplication is absolutely necessary and has the approval of the IT Manager;
- Data that is obtained/duplicated or manipulated for a single purpose must not be retained for any other use other than keeping a record of its use and wherever possible use of the data in the future will be disabled;
- Information and data that contain identifiable personal information will be managed in alignment with The Privacy Act 2005;
- All formal Council records will be saved into and managed within approved information stores with preference given to enterprise systems and file stores;
- Records and information held on personal P Drives must be moved to enterprise information repositories as soon as practically possible, or once the record has moved from a “draft” status.

Staff are responsible for checking all information and/or data attached to, or held within an email, to verify accuracy of the information and/or the recipients of the email are correct, before sending the email.

2.3 Third Parties to Information and Data Management

Council recognises the need to obtain from and supply to third parties. There is also recognition of some of the additional steps and protections that need to be in place for this:

- Supply of third party information into Council will be accompanied by a formal agreement wherever practically possible;
- Information and data that contains personal information will not be used, recorded, data matched or used for any other purpose other than for which it is provided;
- Information and data that contains personal information will be managed in alignment with The Privacy Act 2005;
- Access to supplied information and data will be protected and restricted as appropriate;
- Release of information and data to a third party of Council will only be made for the following reasons:
 - Normal release of information for regulatory and customer service requests and allowable for these requests;

- Information and data requested under LGOIMA and managed for release by the Executive Team in consultation with Legal Counsel where deemed prudent; and
- Information and data that is supported by a formal supply agreement.

All other requests for information supply to a third party, particularly information requested in bulk or raw format, must first be approved by the IT Manager and Records Officer.

2.4 Privacy Principles

Council is committed to ensuring the privacy of staff and customers is protected. Any personal information provided to Council will only be kept for as long as necessary or required by legislation.

Council is committed to adhere to the 12 information privacy principles as outlined in The Privacy Act 1993 which deals with the collection, holding, use and disclosure of personal information and the assigning of personal identifiers.

The Act applies to Council in its role as an agency. In compliance with this Act, Council holds certain information about ratepayers and residents of the Kaipara district. This information is required for lawful purposes used in the functioning of Council. This information is sourced in accordance with principle 2 of The Act.

Legal Counsel has the role of Privacy Officer at Council and any concerns regarding the use of private information will be raised directly with Legal Counsel.

Staff are responsible for understanding and acting within these principles. Inappropriate access is a disciplinary matter and will be dealt with in line with the Council's Code of Conduct Policy.

2.5 Recordkeeping Principles

Council is committed to excellence in recordkeeping and meeting the requirements of The Public Records Act 2005 which provides a framework to ensure records in any format are of sufficient quality to support the purpose of their creation.

All Council records must be:

- Complete: contain the structural and contextual information necessary to document Council activities and that of its contractors and Council Controlled Organisations;
- Authentic: records can be proved to be what they are presented to be by maintaining reliable evidence of creation, modification, sender, receiver and access;
- Reliable: records must be trusted as an accurate representation of the business activities and transactions carried out;
- Secure: all records regardless of format or repository are maintained in a manner that prevents unauthorised access, loss or alteration;
- Assessable: records will be easy to locate and retrieve without the loss of content, context or structure and made available to appropriate audiences.

3 Roles and Responsibilities

To support the good management of data and information within Council the following roles and responsibilities are in place.

| Role | Responsibility |
|---------------------------------|--|
| All staff | <ul style="list-style-type: none"> • Compliance with all policies relating to ICT and its use; • Actively manage information and data in a manner that ensures it meets the purpose of this policy; • To immediately report any concerns regarding Council information. |
| Contractors | <ul style="list-style-type: none"> • Compliance with all policies relating to ICT and its use; • To ensure that all records (regardless of format) are managed in compliance with this policy; • Provide protection to information in all formats; • To immediately report any concerns regarding Council information. |
| Team Leaders / Department Heads | <ul style="list-style-type: none"> • Ensure all staff have and understanding of this policy and the information and data management within their business units; • Induction for new staff or into new roles covers aspects of information and data management; • To actively discuss the management of information and data with Information Services; • To ensure that any information generated by or held by external contractors is returned to Council as part of the contract termination process; • To immediately report any concerns regarding Council information. |
| Information Services | <ul style="list-style-type: none"> • To provide systems, facilities, resources and support required for the successful and ongoing management of data and information within Council; • To ensure compliance with relevant legislation and Archives New Zealand Standards are met; • To provide ongoing discussion with business owners and suppliers of information to ensure accuracy, completeness and validity of the data is maintained; • Maintenance and review of Information Management policies; • Training and guidance for all Council staff and contractors in the management of information and data. |

| | |
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| <p>Governance</p> | <ul style="list-style-type: none"> • To provide Legal Counsel for information and data related items and fulfil the role of Privacy Officer; • To provide and support governance frameworks surrounding the use and dissemination of information and data; • To ensure that requests for information and data are supported through the LGOIMA process as required. |
| <p>Leadership Team and Chief Executive</p> | <ul style="list-style-type: none"> • To provide sound leadership in understanding the needs of information and data across Council and its use. |

4 Relevant Legislation

The Chief Executive of Kaipara District Council has the ultimate responsibility for ensuring compliance with the legislative requirements underpinning information and data management including:

- Public Records Act 2005;
- Privacy Act 1993;
- Local Government Official Information and Meetings Act 1987.

draft

File number: 2304.15 **Approved for agenda**
Report to: Audit, Risk and Finance Committee
Meeting date: 13 June 2018
Subject: **Audit Action Update**
Date of report: 06 June 2018
From: Sue Davidson, General Manager Risk, IT and Finance
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

Under the Local Government Act 2002 (LGA 2002) Council is required to have its Annual Report and Long Term Plans (including Long Term Plan Amendments) audited.

Council's auditors, Deloitte, have provided a Planning Report for their audit for the year ended 30 June 2018.

Following completion of the audits, Deloitte produces a report to Council detailing findings from each review and highlighting areas for improvement.

This report outlines the plan and areas of focus for the audit of the financial statements for Council year ended 30 June 2018.

Recommendation

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager Risk, IT and Finance's report 'Audit Action Update' and attachment dated 06 June 2018, and the information contained therein;*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Approves the scope of audit for the year ended 30 June 2018.*

Reason for the recommendation

It is appropriate that the Audit, Risk and Finance Committee monitors progress in addressing actions identified by Council's auditors and receives communications in relation to the audits conducted.

Reason for the report

To enable the Committee to review and agree the scope of the external audit to be conducted by Deloitte.

Background

Under the Local Government Act 2002 (LGA 2002), Council is required to have its Annual Report audited. This is completed by Deloitte on behalf of the Auditor-General.

The Planning Report (Attachment 1) produced by Deloitte outlines the audit scope and areas of focus for the audit of financial statement ended 30 June 2018.

Attachments

- **Attachment 1:** Kaipara District Council Planning Report to the Audit Committee for the year ended 30 June 2018

Deloitte.



Kaipara District Council
Planning Report to the Audit
Committee
for the year ended 30 June 2018

17 April 2018

Stana Pezic
Chair, Audit and Risk Committee
Kaipara District Council
Private Bag 1001
Dargaville

Dear Stana

Planning Report to the Audit and Risk Committee for the year ended 30 June 2018

In accordance with our normal practice, we include in the attached report all planning matters arising from our audit of the financial statements of Kaipara District Council for the year ended 30 June 2018 which we consider appropriate for the attention of the Audit and Risk Committee ("the Committee").

We look forward to the Committee meeting on 13 June 2018, when we will have the opportunity to discuss this report. In the interim, should you require clarification on any matter in this report, please do not hesitate to contact us.

This correspondence is part of our ongoing discussions as auditor in accordance with our engagement letter and master terms of business dated 9 May 2017 and as required by Office of the Auditor-General's (OAG) auditing standards. The ultimate responsibility for the preparation of the financial statements rests with the Council.

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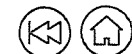
We have prepared this report solely for the use of the Committee and it would be inappropriate for this report to be made available to third parties. If such a third party were to obtain a copy without our prior written consent, we would not accept responsibility for any reliance that they might place on it.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit to date.

Yours faithfully

Peter Gulliver
Partner
for Deloitte Limited
On behalf of the Auditor-General

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Audit scope



Our key audit objective is to obtain reasonable assurance to enable us to form and express an opinion on the financial statements, performance information, and other requirements of schedule 10 of the Local Government Act 2002 (as amended) that are to be included in the Council's annual report for the year-ended 30 June 2018. The audit is to be completed in accordance with the terms of our contract with the Office of the Auditor-General (OAG), and our engagement letter with Council.

I would like to bring to your attention that I will have completed six audits at the end of 2018 and will be required to rotate off the engagement and will be replaced by Bryce Henderson for the 2019 year. We will ensure appropriate introductions are made during the 2018 audit.

The annual Local Government audit brief issued by the OAG requires us to focus on additional matters as outlined in section 2.2; we are required to report to the OAG any issues identified in relation to the matters in this section.

Materiality levels are calculated on the basis of total expenses, in line with guidance issued by the OAG and relevant auditing standards. We anticipate materiality based on expected results for the year to be \$1,372,000. We will report to the Council on all unadjusted misstatements greater than \$68,600 and other misstatements where they are qualitatively material.

Areas of focus



The areas of focus, which we have identified as part of our overall audit strategy are:

1. Development contribution revenue
2. Revaluation of infrastructure assets
3. Legislative compliance: rates revenue
4. Disclosure of severance payments

Additional sector wide areas of focus:

1. Fraud
2. Performance, waste, and probity
3. Managing conflicts of interest and related party transactions
4. Legislative compliance and more specifically of rates
5. Financial prudence



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Our audit approach requires us to obtain an understanding of an entity's internal controls, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error.

Other communications



Various matters are communicated in accordance with the requirements of New Zealand auditing standards:

- Independence
- Professional fees/relationships
- Consideration of fraud
- Management override of controls
- Group considerations

Timetable



This year's indicative timetable is set out in section 5.

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Our audit engagement team is detailed in section 6.

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Appendix A: Summary of prior year unadjusted and adjusted differences



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1. Audit scope

Purpose of report

This report has been prepared for Kaipara District Council’s Audit and Risk Committee (“Committee”) and is part of our ongoing discussions as auditor as required by the OAG’s Auditing Standards which incorporate the International Standards on Auditing (New Zealand). This report includes only those matters that have come to our attention as a result of performing our audit procedures to date and which we believe are appropriate to communicate to the Committee. The ultimate responsibility for the preparation of the financial statements rests with the Council.

Responsibilities

We are responsible for conducting an audit of Council’s financial statements, performance information, and other requirements of Schedule 10 of the Local Government Act 2002 for the year ended 30 June 2018 in accordance with the OAG’s auditing standards. Our audit is performed pursuant to the requirements of the Local Government Act 2002, with the objective of forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Council. The audit of the financial statements does not relieve management or the Council of their responsibilities.

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the ‘quantitative’ materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the ‘qualitative’ materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

For the 2018 financial statements, we have used the total expenditure per the 2017-18 Annual Plan as the benchmark for our quantitative materiality assessment as this benchmark is deemed to be a key driver of value, is a critical component of the financial statements and is a focus for users of those statements.

We have applied 3% to this benchmark to determine a planning materiality of \$1,372,000. This percentage takes into account our knowledge of the Council, our assessment of audit risks and the reporting requirements for the financial statements. We will update our materiality assessment once actual total expenditure for the 2018 year is determined.

The extent of our procedures is not based on materiality alone but also on the quality of systems and controls in preventing material misstatement in the financial statements, and the level at which known and likely misstatements are tolerated by you in the preparation of the financial statements.



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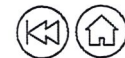
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2.1 Areas of focus

Audit risk

Our audit scope and approach emphasises careful planning and risk assessment to respond promptly to the risk of material misstatement, including engagement risk, significant risk and fraud risk factors. This approach helps to minimise year-end surprises and enhances the effectiveness of our audit.

Rather than treating all business activities as if they present equal risk, our procedures are designed to focus more attention on significant risk areas.

The following tables summarise our preliminary assessment of:

- the significant risks of material misstatement for our audit whether due to fraud or error; and
- other matters of significance which have not been identified as significant audit risks.

We continually update our risk assessment as we perform our audit procedures, so our areas of audit focus may change. We will report to you on any significant changes to our assessment as part of our final report to the Council.

These areas of audit focus were identified as a result of:

- the ongoing risk assessment process undertaken to date in planning the audit;
- discussions with management during the course of our audit
- our understanding of the risks faced by Council;
- the significant risks and uncertainties previously reported in the annual report and financial statements;
- our assessment of materiality; and
- the changes that have occurred in the business and the environment it operates in since the last annual report and financial statements were completed.

Based on our initial assessment, we will concentrate specific audit effort on the areas detailed below.

Management and Governance

We note there has been significant change and turnover of key leadership positions within Council over the last 12-18 months. In particular, since our last audit the following key changes have occurred:

- The CEO was replaced with an Acting CEO. We understand this role may be filled by a permanent appointment by the end of June 2018;
- A new Mayor was elected;
- A change in the General Manager of Corporate Services, with the current person in the role in an acting capacity;
- A new revenue manager; and
- A new financial accountant with the new person commencing in April 2018

For a relatively small Council this represents a significant change in key people, and accordingly introduces a number of risks in relation to the level of institutional knowledge lost. From our perspective this creates a performance risk during the process of preparing the 2018 financial statements which will need to be monitored.



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2.1 Areas of focus

Audit risk and proposed audit response

| Area of focus | Audit response |
|--|--|
| <p>Development Contribution Revenue</p> <p>There is a risk that development contribution revenue may be misstated if they are calculated incorrectly or revenue is recognised either early or late with respect to the appropriate accounting policy.</p> | <p>We plan to test a sample of development contributions for accuracy, and to review of the recognition policy and practice against relevant accounting standards to ensure the revenue is recognised at the right time.</p> |

| Area of focus | Audit response |
|---|---|
| <p>Revaluation of Infrastructure Assets</p> <p>Council accounts for revaluations of infrastructure assets on a class of asset basis. The asset classes include roads, land under roads, water reticulation, wastewater reticulation, stormwater systems and flood protection assets. Land associated with the wastewater system (particularly at Mangawhai) is also treated as a separate class of infrastructure asset.</p> <p>Management have adopted a rotation basis for revaluing the asset classes so the valuations are not all completed in the one year. The infrastructure assets to be revalued for the 2017/18 financial year are the roading and storm water assets.</p> <p>Consistent with the prior year, Council plans to engage independent third party valuation experts to undertake the valuation of these assets, as well as determine (on a desk top basis) whether there has been any material movement in the fair value of the infrastructure assets not subject to a full valuation in 2018.</p> <p>There is a risk that revaluations are not appropriate because of incorrect assumptions and/or data, and that revaluation movements are not adequately reflected in the financial statements.</p> | <p>In order to address this risk, we plan to:</p> <ul style="list-style-type: none"> • Obtain the independent valuations of the relevant infrastructure asset classes; • Obtain representations directly from the independent valuers confirming their valuation methodology; • Review the key underlying assumptions used by the independent valuers to determine whether these assumptions were reasonable and in line with NZ generally accepted accounting practice (NZ GAAP); • Hold various discussions with the valuers as appropriate; and • Determine whether the revaluation transactions are correctly accounted for and disclosed in the financial statements in compliance with NZ GAAP; • Obtain representations from management's experts as to impairment indicators and material fluctuations in value of assets not revalued in the current year. |



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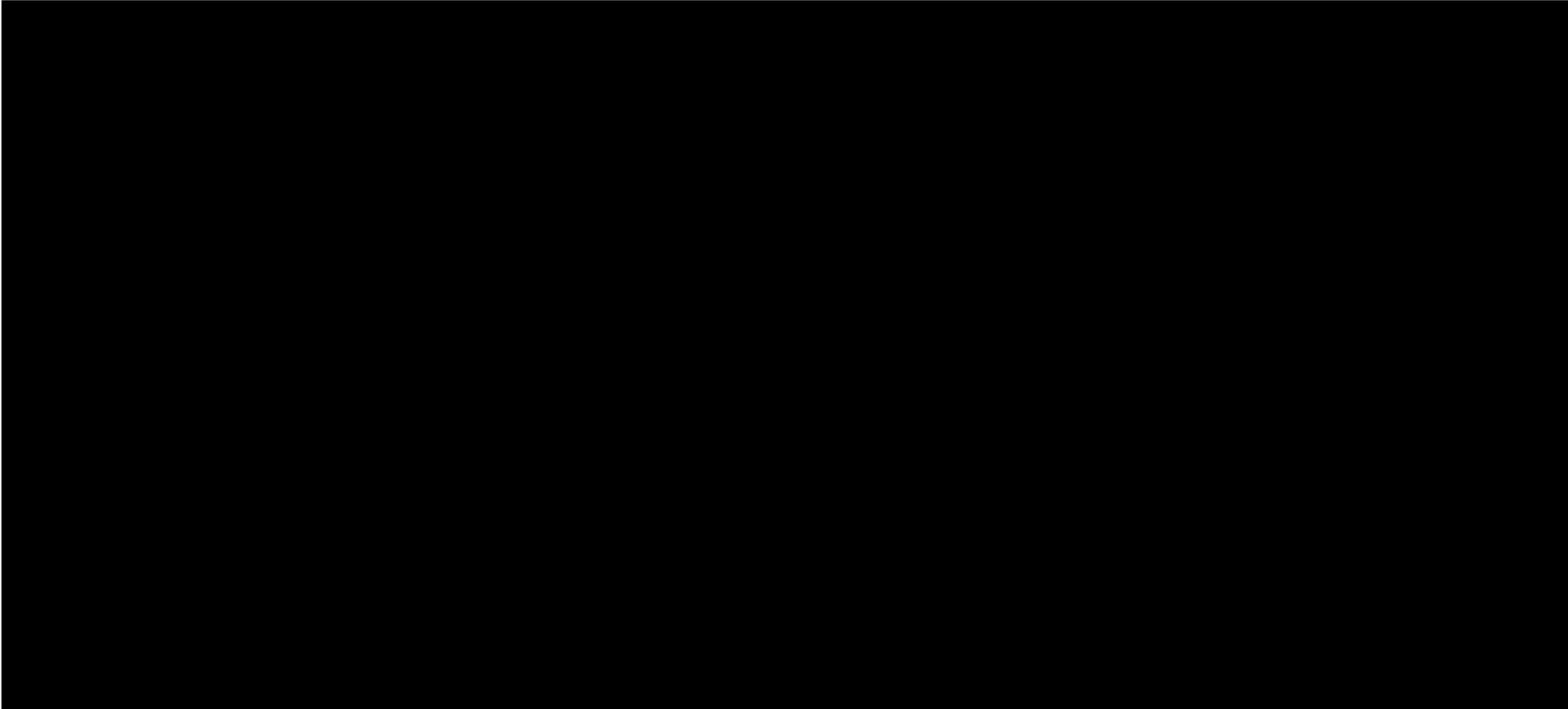


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2.1 Areas of focus - continued

Audit risk and proposed audit response

| Area of focus | Audit response |
|--|---|
| <p>Legislative Compliance: Rates Revenue</p> <p>Over recent years there have been a number of issues within the Local Government sector arising from rates not being set in accordance with the Local Government (Rating) Act 2002 (LGRA). Compliance with the detail of the LGRA is critical: if the rate is not within the range of options and restrictions provided for in that Act, it may not be valid which exposes the Council to legal action and may inhibit the ability to collect rates.</p> <p>Management and Council need to continue to ensure that the requirements of the LGRA are adhered to and that there is consistency between the rates resolution, the Funding Impact Statement for that year, and the Revenue and Financing Policy in the respective LTP or Annual Plan (AP).</p> <p>Council has been party to a number of legal actions in recent years in relation to its rates, and those of Northland Regional Council (NRC), with whom Council has an agreement to administer the rating function for NRC's rates collected in the Kaipara District. The most recent judgement occurred on 27 March 2018 where the Court of Appeal validated NRC's rates for the years 2011 to 2015 and KDC's penalties for the year 2013/14. Subject to any further appeal this concludes the historic rating issues and associated legal challenges in relation to KDC's rates.</p> | <p>As part of our audit we plan to:</p> <ul style="list-style-type: none"> • Test the controls around the rates setting process at Council; • Review the meeting minutes recording the adoption of the rates resolution, determining whether the rates are in accordance with the Revenue and Financing policy as well as reviewing any other information available with regard to rates; • Complete a 'rates questionnaire' compiled by the OAG, (similar to that completed in the prior year), to assist us in determining if rates have been set correctly; and • Obtain an update on any outstanding legal matters concerning rates. <p>We note that we are not legal experts and we recommend Council continue to have their legal advisor review the documentation supporting the setting of rates to confirm legislative compliance.</p> |



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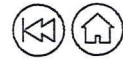
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2.2 Other areas of focus

OAG and other audit brief requirements and proposed response

| Area of focus | Audit response |
|---|---|
| <p>Fraud</p> <p>The primary responsibility for the prevention and detection of fraud rests with management and the Council, including designing, implementing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditor, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.</p> | <p>Throughout the financial year we remain alert for issues that indicate fraud. Any concerns will be raised with management for clarification in the first instance. The Council should be aware that Deloitte is required to inform the OAG immediately any fraud is discovered.</p> <p>Specifically our work will involve:</p> <ul style="list-style-type: none"> • Formal inquiries of the Council, management and others within the entity regarding the risks of fraud within the Council including the processes in place to mitigate those risks; • Documenting systems and internal controls used by the Council to prevent and detect fraud. In this area we will raise any weaknesses with management and the Council as applicable; • Remaining alert for the existence of any confidentially clauses in employment contracts that may prevent disclosure of information and thus reduce the level of transparency of spending of public monies; and • Reviewing the current fraud policy to ensure it follows OAG guidance and ensure management and employees are aware of the fraud policy and its content |



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2.2 Other areas of focus - continued

OAG and other audit brief requirements and proposed response

| Area of focus | Audit response |
|---|--|
| <p>Performance, waste and probity</p> <p>Ensuring that Parliament’s expectations are met with respect to use of rate payer funds is a key feature of any audit in the public sector.</p> | <p>Our audit approach will include a specific programme of work, as in previous years, covering the following aspects:</p> <ul style="list-style-type: none"> • Confirming Council has the appropriate policy framework for areas such as delegated authorities, fraud, conflicts of interest, code of conduct etc. • Ensuring we understand any changes made to such policies. • Testing certain areas of sensitive expenditure to ensure spending is appropriate and authorised in accordance with policy and best practice. • Reviewing areas such as credit card expenditure, fuel card expenditure, and mobile phone expenditure. |

| Area of focus | Audit response |
|---|---|
| <p>Managing conflicts of interest and related party transactions</p> <p>Councils are required to ensure that there are appropriate procedures in place to identify and manage conflicts of interest and that related party disclosures in the financial statements are complete.</p> | <p>Our audit procedures on related party disclosures include searching public records for potential related party relationships (such as the Companies Office website). We also ensure any entries in the interests register were individually assessed, and those which met the definition of a related party transaction during the year are disclosed in the Annual Report. This includes remuneration disclosures relating to the Councillors and key management personnel.</p> |

2.2 Other areas of focus - continued

OAG and other audit brief requirements and proposed response

| Area of focus | Audit response |
|--|--|
| <p>Legislative compliance and more specifically legality of rates</p> <p>The Council is subject to significant regulatory and legislative compliance requirements. The Council needs to have adequate systems in place to monitor compliance with legislation along with any changes occurring in the applicable legislation.</p> | <p>Our audit procedures will look at Council’s processes for ensuring legislative compliance. Including specifically testing compliance with legislation that materially impacts on the financial statements. This includes the Local Government Act 2002 and the Local Government (Rating) Act 2002. In particular extensive work is completed on the rates setting process, as outlined in the Areas of Focus section above.</p> |

| Area of focus | Audit response |
|---|---|
| <p>Financial prudence</p> <p>Councils are required to include appropriate benchmarking reporting in the Annual Report as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.</p> | <p>Our audit procedures will include review of the disclosures and recomputing key ratios to determine whether Council is in compliance with these regulations.</p> |



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3. Internal controls

Objective

Our audit approach requires us to obtain an understanding of an entity’s internal controls, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error.

Obtaining an understanding of internal control relevant to the audit

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of substantive audit testing required will be considered.

We plan to perform audit procedures on the following areas of internal control:

- Understanding the control environment, including understanding IT processes and controls
- Testing the design and implementation of key controls

Our audit is not designed to provide assurance as to the overall effectiveness of the controls operating within the Council, although we will report to management any recommendations on controls that we may have identified during the course of our audit work.



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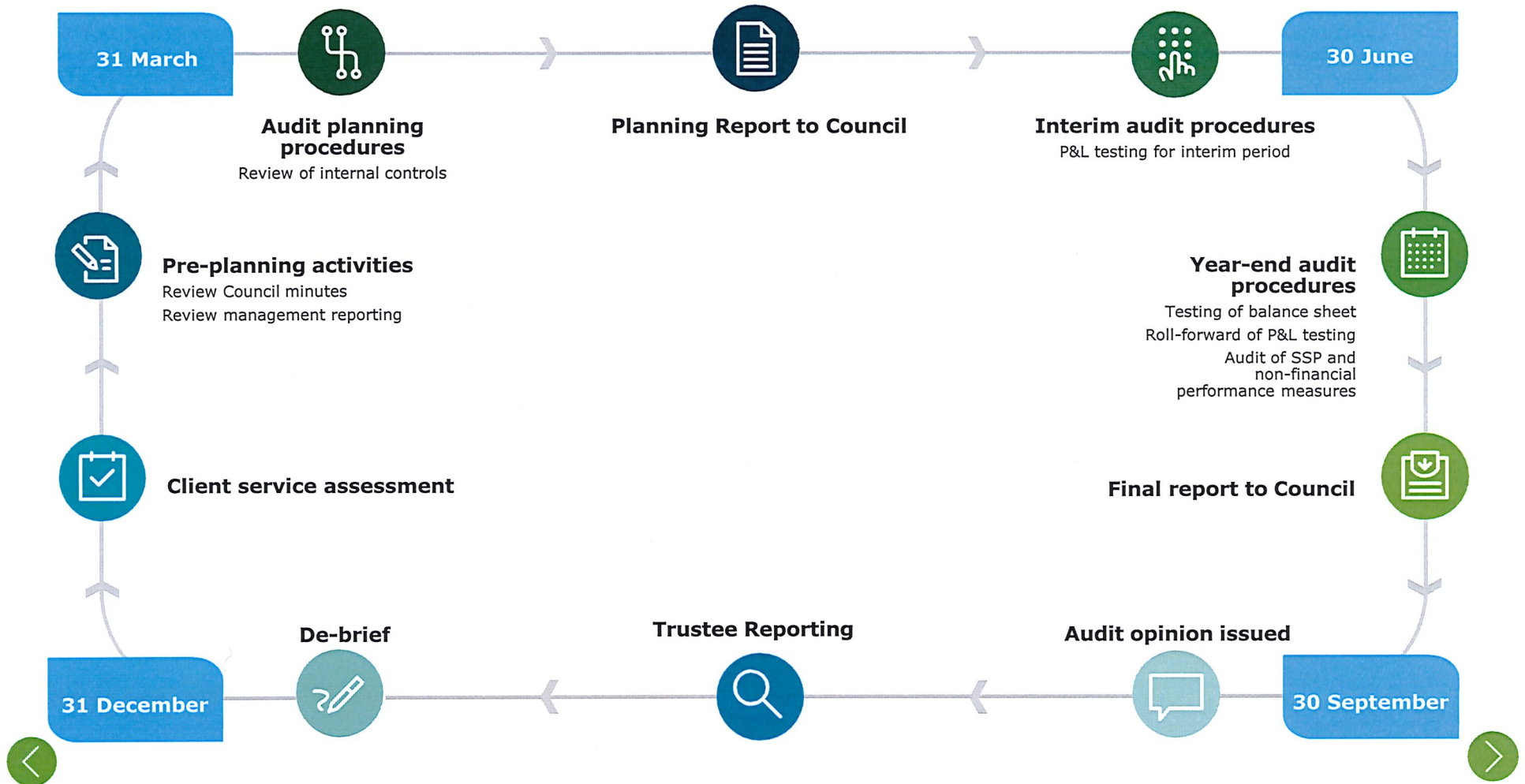
4. Other communications

The following matters are communicated in accordance with the requirements of the auditing standards:

| | |
|--|--|
| <p>Independence</p> | <p>We confirm that we have maintained our independence in accordance with the independence requirements of the OAG and <i>Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners</i> issued by the NZ Auditing and Assurance Standards Board and, in our professional judgement, we are independent and the objectivity of the audit engagement partner and audit staff are not compromised.</p> |
| <p>Professional fees/ Relationships</p> | <p>In performing our audit of Kaipara District Council for the year ending 30 June 2018 no relationships or other matters exist between the firm, network firms and the Council that, in our professional judgement, may reasonably be thought to bear on our independence. However for completeness we note that Deloitte is providing Council with a Whistle Blower Hotline service, and has undertaken the audit of Council’s Consultation Document and LTP (currently in progress).</p> <p>A summary of all proposed fees for the year ended 30 June 2018 for audit services provided by Deloitte Limited is included in Appendix A. We will update this disclosure to include fees for services other than the audit at the conclusion of the audit.</p> |
| <p>Management override of controls</p> | <p>We are required to design and perform audit procedures to respond to the risk of management’s override of controls which will include:</p> <ul style="list-style-type: none"> • having understood and evaluated the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements, test the appropriateness of a sample of such entries and adjustments and make enquiries about inappropriate or unusual activities relating to the processing of journal entries and other adjustments; • a review of accounting estimates for biases that could result in material misstatement due to fraud, including whether the judgements and decisions made in making the estimates included in the financial statements, even if individually reasonable, indicate a possible bias on the part of management. We will also perform a retrospective review of management’s judgements and assumptions relating to significant estimates reflected in last year’s financial statements; and • obtain an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of the entity and its environment. |

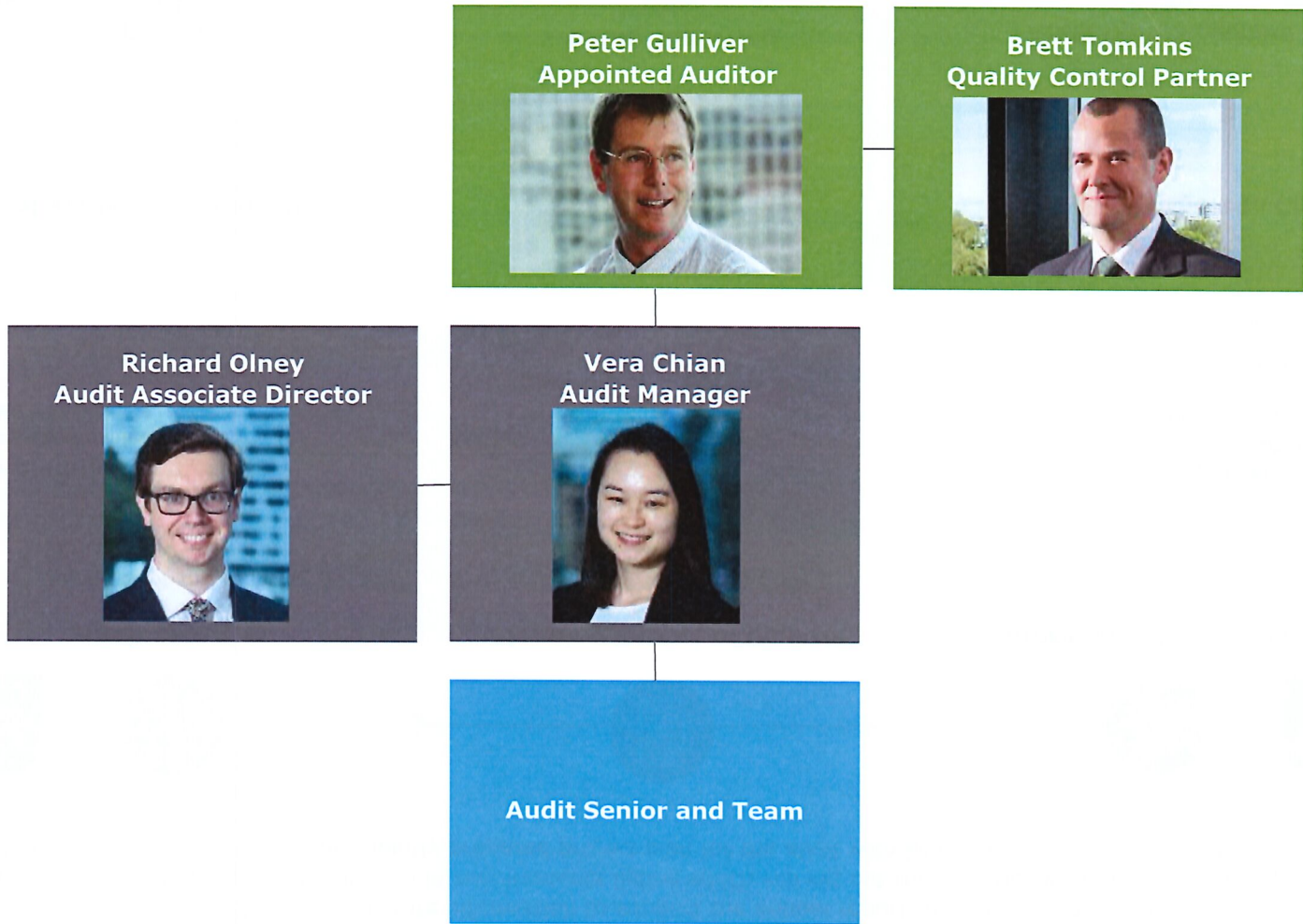
5. Plan and timetable

Our expectations of KDC largely revolve around setting and adhering to a timetable such as that which is set out below. As auditors we are only able to effectively and efficiently perform our role with management’s full co-operation which includes being proactive around advising us of relevant issues and providing complete and accurate information to support the annual report. In the coming months we will refine the timetable below with management and prepare a detailed audit requirements listing which will set out the specific information (including timing thereof) required from KDC. In this way we will have a jointly prepared project plan for the audit with key milestones for all stakeholders.



6. Our team

We have set out below our audit engagement team for 2018 PG7



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PG7

Brett is EQCR?
Peter Gulliver, 17/04/2018

7. Appendices

Appendix A: Analysis of professional fees
Appendix B: Summary of prior year differences

Appendix A: Analysis of professional fees

We summarise below our agreed audit fees and fees for other services performed during the current financial year. The fees below are exclusive of GST and disbursements

PG9

| | 2018 (\$) | 2017 (\$) |
|--|----------------|----------------|
| Fees payable to the Council’s auditors for the audit of the Council’s annual financial statements and summary financial statements | 152,000 | 149,000 |
| Audit of long term plan | 109,200 | - |
| Total audit related and other assurance fees | 261,200 | 149,000 |



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please format table
Peter Gulliver, 18/04/2018

Appendix B: Summary of prior year unadjusted and adjusted differences

Unadjusted differences

The following uncorrected misstatements were identified during the course of the prior year audit.

| Prior Year unadjusted misstatements identified | Assets Dr/(Cr) (\$ '000) | Liabilities Dr/(Cr) (\$ '000) | Equity Dr/(Cr) (\$ '000) | Profit or loss Dr/(Cr) (\$ '000) |
|---|--------------------------------|-------------------------------------|--------------------------------|--|
| Incorrect classification of overhead employee costs relating to Northern Transport alliance | | | 60 | (60) |
| Consultant fees relating to Consents were not calculated accurately | | | 50 | (50) |
| Total | | - | 110 | (110) |



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4 Information

File number: 2304.15 **Approved for agenda**
Report to: Audit, Risk and Finance Committee
Meeting date: 13 June 2018
Subject: Treasury Management
Date of report: 31 May 2018
From: Markus Schwarzer, Financial Services Manager
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

Council undertakes treasury management activities in accordance with its Treasury Management Policy and Treasury Operations schedule. Council is working closely with the PwC Treasury advisors.

Council management provides the Audit, Risk and Finance Committee (the Committee) with detailed operational Treasury reporting.

Tools and techniques that are used to manage debt and funding are:

- Daily cash flow forecasting, undertaken in-house;
- A treasury model, managed jointly by Council and PwC to monitor Council's debt management position at a given point; and
- PwC treasury advisors provide in-depth advice.

Council acceded to the Local Government Funding Agency (LGFA) on 24 March 2016. Since that time Council has progressively refinanced and repaid debt. At 30 April 2018 a total of \$42.7m was drawn.

The long term borrowing of \$3m and short term borrowing of \$9m was repaid in December 2017.

This was mainly facilitated through Council's forest sale of \$4.7m in November 2017.

However, long term borrowing was compensated through short term debt giving Council increased flexibility in servicing OPEX and CAPEX spending peaks.

Recommendation

The Audit, Risk and Finance Committee receives the Financial Services Manager's report 'Treasury Management' dated 31 May 2018.

Reason for the recommendation

The Committee needs to be informed and updated on treasury management activities. This enables the Committee to make informed decisions regarding Council's future debt and funding strategies.

Reason for the report

To provide the Committee with detailed treasury management information and to provide an opportunity to discuss strategic directions.

Background

Council's first industry standard treasury management policies were adopted in December 2011. Council's current Treasury Management Policy was adopted in February 2018.

Council's specialist treasury advisor is PwC (PwC, since 2011).

Treasury Management

Council management conducts treasury operations in conjunction with Council's advisors, PwC.

Tools and techniques that are used to manage debt are:

- Daily cash flow forecasting - projecting timing of cash movements over the course of the year;
- A treasury model, managed jointly by Council and PwC to monitor Council's debt management position at a given point. This tool records loans and swaps that have been entered into and monitors the position against policy limits. It reflects on the current positions and projects future positions. In summary, the tool generates:

Current Positions (31 May 2018): indicates whether or not Council is within treasury policy parameters and its current funding and liquidity risk position (**Attachment 1**):

Council's interest rate position:

- 81% of the portfolio is fixed;
- 19% of the portfolio is floating;
- Actual liquidity ratio is 154%;
- There were breaches of policy positions to report. Council's interest rate profile is outside of Policy parameters over multiple timeframes as a result of substantial reductions to the expected debt profile from previous forecasts.^{1*}

Projected Positions (30 Jun 2018): indicates whether or not Council is within treasury policy parameters and an summary of funding and liquidity risk position (**Attachment 2**):

- 81% of the portfolio is fixed;
- 19% of the portfolio is floating;
- Actual liquidity ratio is 154%;
- There are no further breaches of policy positions projected.
- Active advice and information from PwC in the form of a monthly telephone conference to discuss the current position in relation to the market and strategies going forward, ad hoc meetings or telephone conversations as required, general market bulletins and other material that is more specific to Kaipara District Council as required. General bulletins from PwC are supplemented by market material from banks.

In addition Excel tools have been provided to calculate the cost of funds for budgeting and forecasting purposes (undertaken jointly). A benchmark tool is also being developed and populated.

^{1*}At the Council meeting on 26 April 2018 Council "Approves the out-of-limit in terms of clause 6.3 of the Treasury Management policy (this to be reviewed in six months)..."

Guarantees

No guarantees have been entered into since 14 February 2018.

Factors to consider

Community views

The community would expect industry standard Treasury management practices.

Policy implications

This report is in line with Policy.

Financial implications

There are no financial implications as a result of this report.

Legal/delegations implications

This report is for information and does not trigger legal or delegation implications.

Options

The options available to the Committee:

Option A: Accept the report. Under this option the Committee would receive the information.

Option B: Ask for additional information or further clarification. Under this option the Committee could ask for additional information or further clarification.

Assessment of options

These options are not necessarily mutually exclusive, however Option A is more immediate.

Assessment of significance

Receiving Treasury information is a routine business practice issue and is not significant in terms of Council's Significance and Engagement Policy.

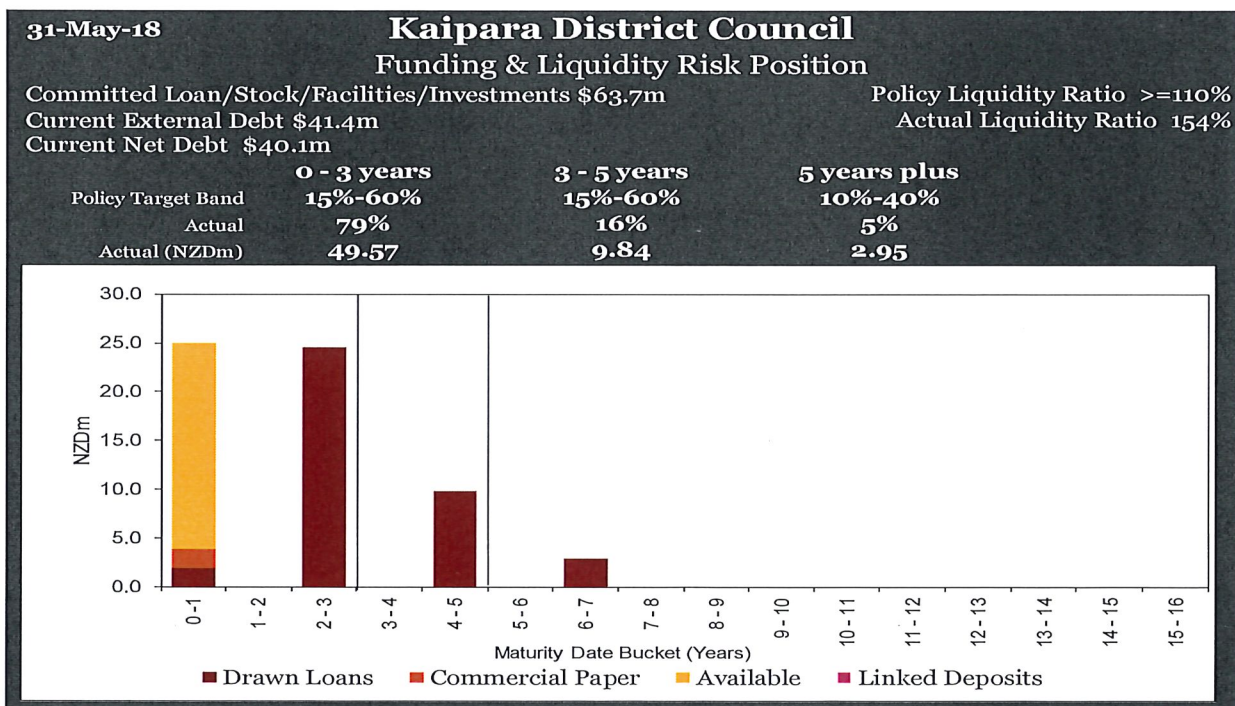
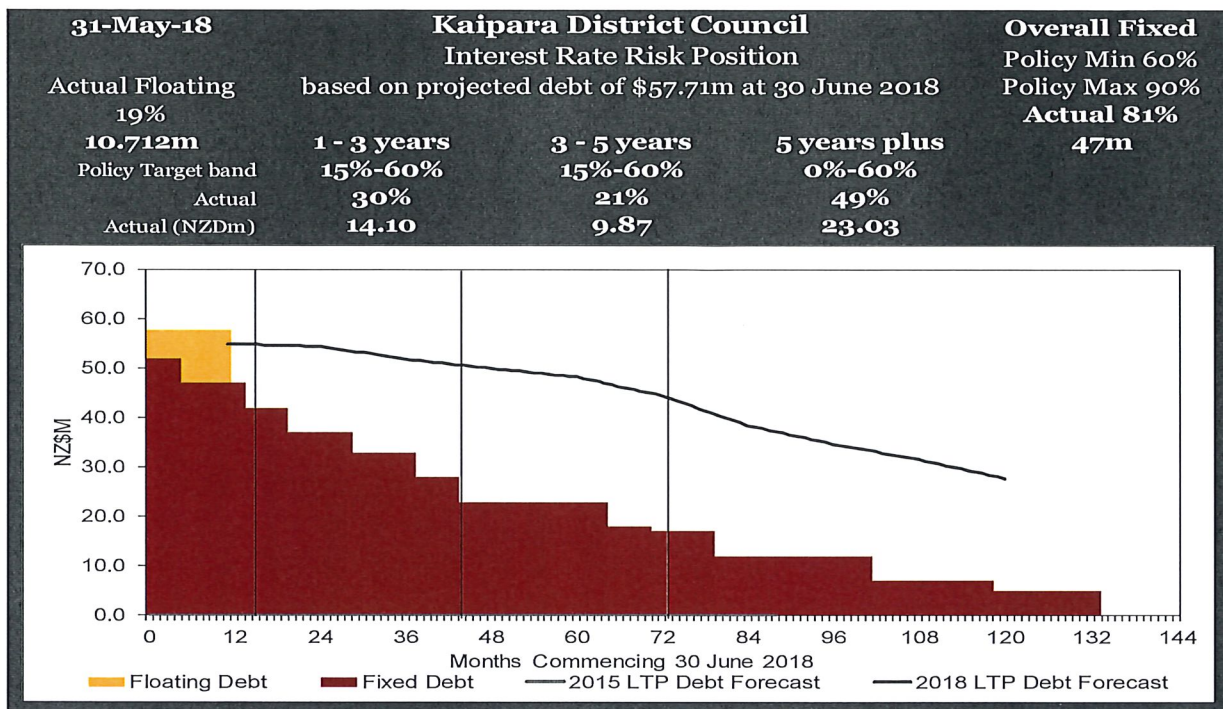
Recommended option

Option A, receive the report.

Attachments

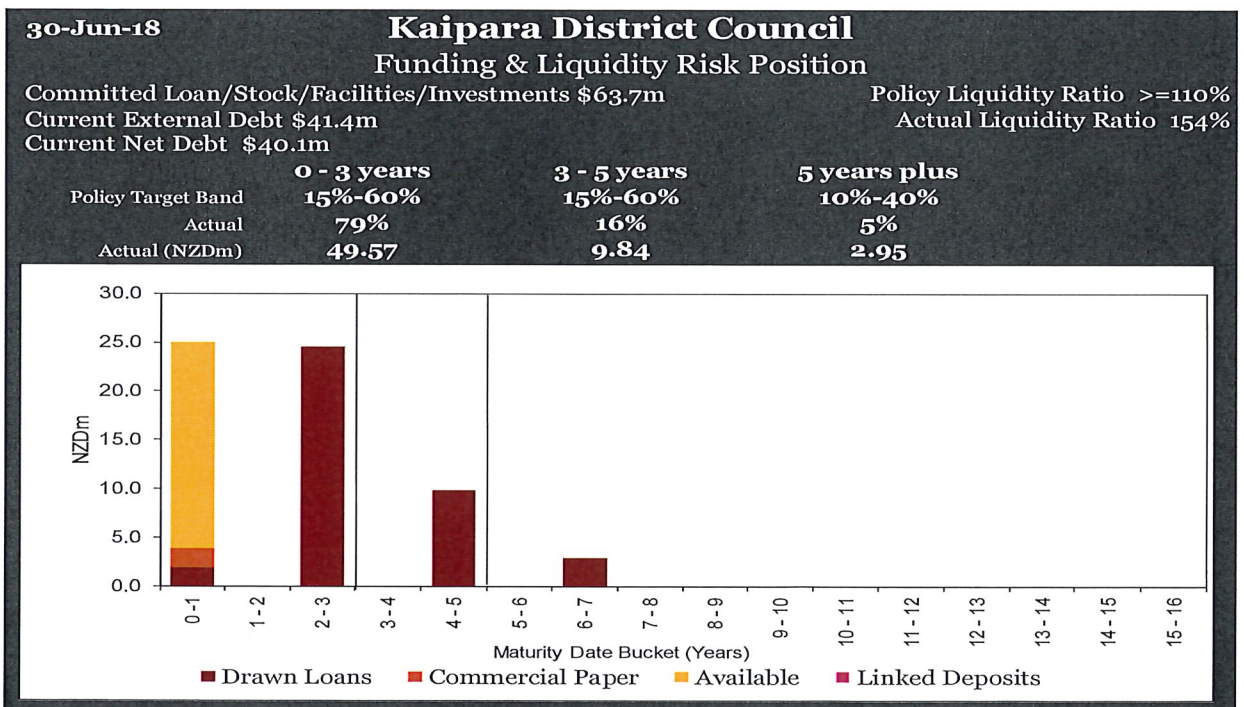
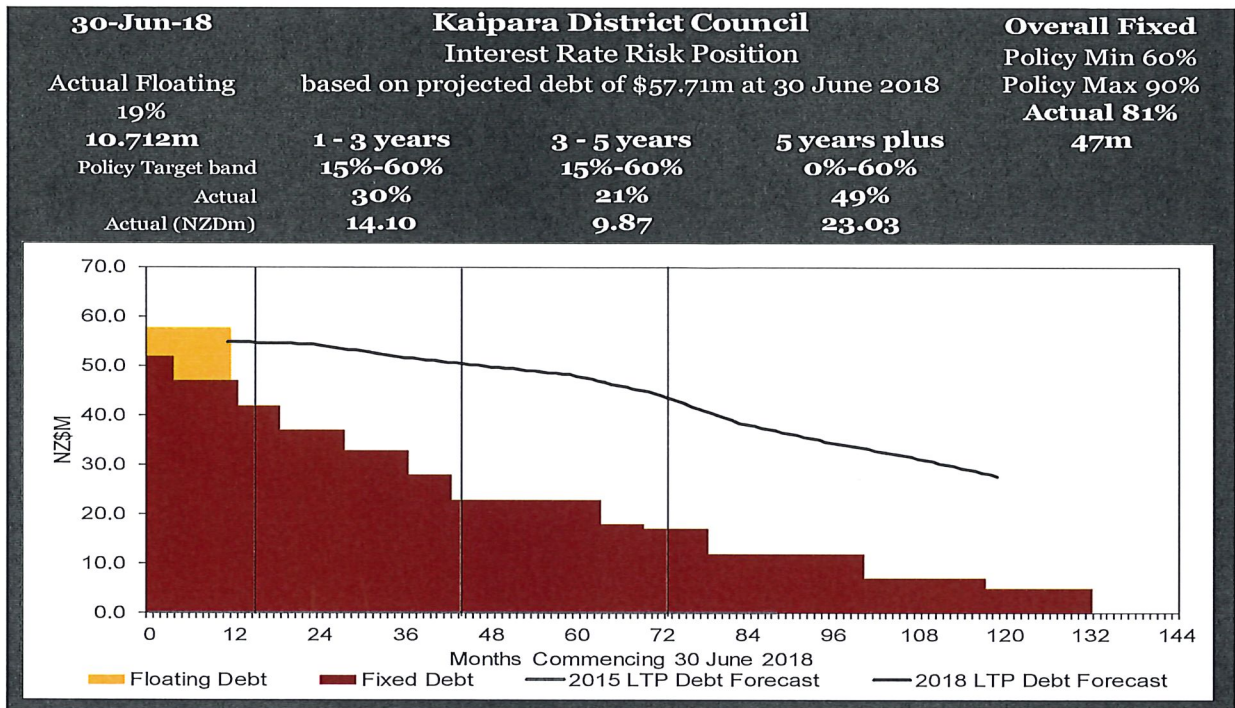
- **Attachment 1:** Kaipara District Council, Interest Rate Risk Position & Funding and Liquidity Risk Position, 31 May 2018
- **Attachment 2:** Kaipara District Council, Interest Rate Risk Position & Funding and Liquidity Risk Position, 30 June 2018

Current Positions



Attachment 2

Projected Positions



File number: 2209.0 **Approved for agenda**

Report to: Audit, Risk and Finance Committee

Meeting date: 13 June 2018

Subject: Health and Safety Update June 2018

Date of report: 06 June 2018

From: Curt Martin, General Manager Infrastructure

Report purpose **Decision** **Information**

Assessment of significance **Significant** **Non-significant**

Summary

This report summarises the OSH events and activities since December 2017, provides assurance to the Audit, Risk and Finance Committee that Council has an active Workplace Safety Management System, that legislative compliance is being met and that **critical risks** are being controlled effectively.

The Scorecard for the period 01 Jan 2018 to 31 March 2018 is **Attachment 1**.

There were no lost time for injuries or notifiable events reported by contractors or staff in this period. A number of minor incidents and accidents were reported, with commentary included regarding the investigation and any remedial action taken. The notifiable event recorded for the public was the drowning at the Lakes in January. While a death is notifiable to Police this unfortunate event was not required to be notified by Council through WorkSafe, as it would be for a workplace fatality.

Auditing the health and safety practices of Council contractors continues as an area of focus. Also see **Attachment 1** for the audits conducted during the period. Note that there have been a total of 39 audits undertaken over the reporting period which continues to demonstrate a level of momentum in the audit programme.

Other Initiatives

- Asbestos Containing Material removed from road reserve Mountain Road Kaiwaka;
- Ergonomics risk assessment developed and disseminated;
- LMS application "Cognise" will assist with management of OHS training;
- Asbestos Surveys underway - Hokianga Road Offices, Municipal Buildings and Dargaville library;
- Ongoing population of Risk Register occurring;
- Security provided for CSC staff during Tegel Chicken protests;
- Signage to warn of "change in depth" and buoyancy reduction at Kai Iwi Lakes developed and awaiting supply and placement;
- Extra office space approved for Mangawhai which will enable improved measures to control aggression risk to CSC staff;
- Focus on telematics and weekly vehicle behavior report dissemination is delivering steady reduction in incidence of over speed frequency and degree of over speed;
- No action to be taken by Worksafe regarding the concrete saw incident in December 2017 – legal privilege lifted and investigation report received from BRS;

- Dash-mounted emergency button in vehicles retrofit underway to strengthen lone work and aggression threat controls;
- Kaipara Safety Management Strategy drafted;
- Northland H&S Alliance meeting attended;
- SiteWise meeting attended;
- ACC seminar attended.

Recommendation

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager Infrastructure's report 'Health and Safety Update June 2018' dated 06 June 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Notes the update on health and safety performance; and*
- 4 *Notes the update on the development of Council's health and safety systems.*

Reason for the recommendation

To update the Committee on Council's health and safety performance and on the development of Council health and safety systems.

Reason for the report

To provide the Audit, Risk and Finance Committee with information on critical health and safety risks, the controls in place to manage those risks and the occurrence and nature of any Occupational Health and Safety (OHS) events at the Kaipara District Council (KDC) workplace.

Background

The Elected Members' role is to provide strategic direction to the business, to oversee the management of business risks and are thereby recommended to:

- Apply due diligence to ensure Council is meeting legal health and safety obligations;
- Ensure that health and safety risks have been identified and that KDC is meeting the legal obligation to lower the risk so far as is reasonably practicable; and
- Be confident that KDC is providing a safe workplace for its staff, contract workers, customers and visitors.

This report provides key information that addresses these matters at a governance level.

Legislative compliance

The Asbestos Regulations 2016

On 05 April 2018 an Asbestos Survey was conducted in Dargaville (Office, Town Hall, Municipal building and the Library). The survey found two locations in the Dargaville Office that contain asbestos. In accordance with regulations we have prepared an Asbestos Management Plan so that all necessary

precautions are being taken. The surveyor has assessed the risk of fibre inhalation as very low, based on the material composition and its current state.

Hazardous Substances Regulations 2017

Inventories of all hazardous substances procured by Council but used by our contractors to supply potable and wastewater treatment to the community have been sourced from our contractors. The substances and quantities have been entered into WorkSafe's Hazardous Substances Calculator Tool for the purposes of identifying all the regulatory controls so that we know and understand what those are and ensure that Council and its contractors are fully compliant.

Critical risks

Emphasis continues to be placed on reducing driving speeds in Council fleet. Weekly over-speed reports through the SmartTrak GPS system enable early intervention where data provides a cause for concern. Council needs to formalise its approach to disciplining drivers who demonstrate a propensity to traffic law infringement.

Taharoa Domain

Work is underway to bring greater focus to health and safety management at the Lakes. The winter period quiet time will provide an opportunity to review health and safety &S risks at the Lakes, and to implement a system of management that integrates with Council's SMS.

The signage to warn of the change of depth and lesser buoyancy than salt water have been supplied and erected. The signage looks good and should go a long way to raising awareness of water safety at the Domain.

Lag Indicators

Statistics are shown for Quarter 2 and 3 of the 207/2018 year. The trend arrow is compared with the previous quarter.

| Event Type | Council | Contractors | Public | Last QTR | Council | Contractors | Public | This QTR | Trend |
|--------------------------|---------|-------------|--------|----------|---------|-------------|--------|----------|-------|
| Environmental Incident | | 1 | | 1 | 1 | | | 1 | = |
| Notifiable Event | | 2 | | 2 | | | 1 | 1 | ↓ |
| Lost Time Injury | | 1 | | 1 | | | | 0 | ↓ |
| Medical Treatment Injury | | 1 | | 1 | | 1 | | 1 | = |
| First Aid Injury | | 6 | | 6 | | 3 | | 3 | ↓ |
| Occupational Illness | | | | 0 | | | | 0 | = |
| Pain or Discomfort | 1 | | | 1 | 1 | | | 1 | = |
| Property Damage | | 11 | | 11 | 1 | 14 | | 15 | ↑ |
| Near Miss | 1 | 3 | | 4 | 4 | 11 | 1 | 16 | ↑ |

Table 1: KDC OHS Events – 31 March 2018

Near Miss (NM) – An event that has occurred which had the potential to cause harm to a person(s) but did not due to the narrowest of margins.

Property Damage – An incident where any asset belonging to a person or entity has received damage but no injury to any person has resulted.

Pain or Discomfort – The onset of pain or discomfort generally caused by awkward postures or repetitive movements.

Occupational Illness – A condition that results from exposure in a workplace to a physical, chemical or biological agent to the extent that the normal physiological mechanisms are affected and the health of the worker is impaired.

First Aid Injury (FAI) – The provision of initial care for an illness or injury, including diagnostic tests or advice, which does not lead to treatment.

Medical Treatment Injury (MTI) – The carrying out of, by or under the supervision of a registered medical practitioner, an operation, the administration of a drug or other like substance, or any other medical procedure (not including diagnostic tests or advice that do not lead to treatment).

Lost Time Injury (LTI) – An injury that is attributable to work (including the aggravation, exacerbation or recurrence of a prior work related injury) that resulted in permanent disability, a fatality or time lost from work (excluding the day of incident) of one day/shift or more.

Notifiable Event – Any event that meets the threshold of the statutory reporting obligations under the Health & Safety at Work Act 2015, namely; a death, a notifiable illness or injury, a notifiable incident.

Environmental Incident – An incident that has or had the potential to cause harm (temporary or permanent) to any; natural receiving environment, flora or fauna and community or cultural value.

Lead indicators

Training

| Internal training | External provider |
|--------------------|---|
| 4 Staff Inductions | 4 staff Advanced Driver Training 8 NTA staff through Construct Safe Testing (NZTA) |

Table 2: Summary of OHS training undertaken 01 January - 31 March 2018

Hazards reported

| Hazard | Risk level | Closed out |
|--|------------|------------|
| Glare issue in office | Moderate | Yes |
| Sewerage discharge – potential drinking water cross contamination risk | Moderate | Yes |
| Internal door closing mechanism | Moderate | No |

Table 3: Summary of hazards reported for 01 January - 31 March 2018

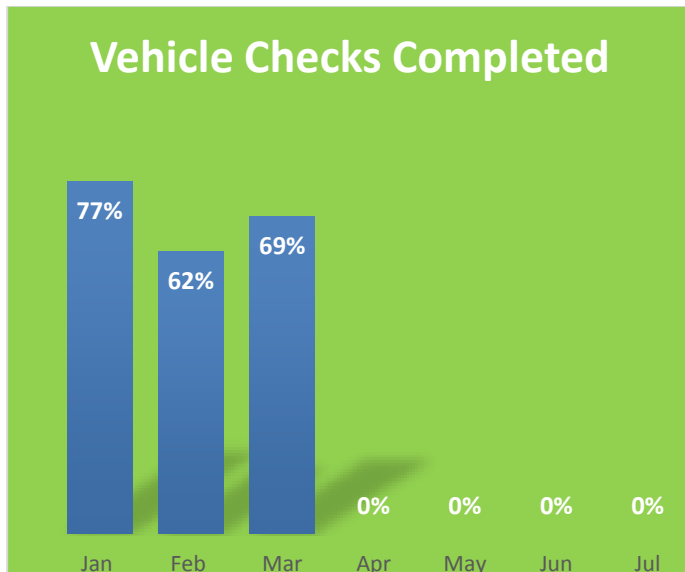
Monitoring activity

Contractor audits

| Audit type | Waters Contractors | Solid Waste Contractors | Roading Contractors | Regulatory Contractors | Parks and Reserves Contractors |
|------------------|--------------------|-------------------------|---------------------|------------------------|--------------------------------|
| Fixed Facilities | 1 | 1 | | | |
| Mobile Works | | | 21 | | 2 |
| TMP | | | 14 | | |

Table 4: Summary of contractor monitoring activity 01 January – 31 March 2018

Internal checks



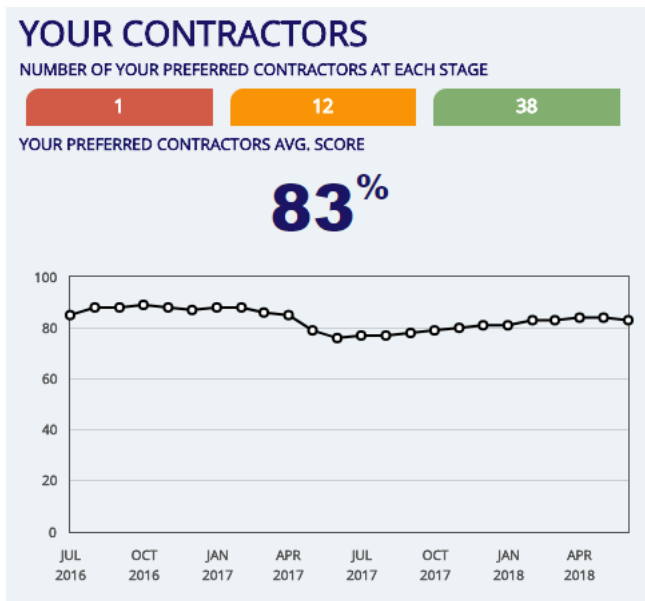
Meetings

There was a Health and Safety meeting in conducted in February.

Contractor Management

Council uses SiteWise to assess the health and safety competence of its contractors, on achieving an assessment score of 75% or more the contractor will be added to the preferred supplier list which will allow the contractor to proceed to the next stage of procurement. The below dashboard indicates the average score of our current preferred contractors.

CONTRACTOR ASSESSMENT SCORES



4 Public Excluded Committee Items 13 June 2018

Recommended

That the public be excluded from the following part of the proceedings of this meeting, namely

- *Public Excluded Audit, Risk and Finance Committee minutes 14 February 2018*
- *Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory*

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

| General subject of each matter to be considered: | Reason for passing this resolution | Ground(s) under Section 48 (1) for the passing this resolution: |
|---|--|---|
| <i>Public Excluded Audit, Risk and Finance Committee minutes 14 February 2018</i> | <i>Section 7(2)(g) maintain legal professional privilege Section 7(2)(i) enable any authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i> | <i>Section 48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</i> |
| <i>Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory</i> | <i>Section 7(2)(i) enable any authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i> | <i>Section 48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</i> |

5 Open Committee 13 June 2018

Closure

**Kaipara District Council
Dargaville**