

I hereby give notice of the following Ordinary meeting:

<b>Meeting</b>	Audit, Risk and Finance Committee
<b>Date</b>	Wednesday 12 June 2019
<b>Time</b>	10.00 am
<b>Venue</b>	Gateway North Conference Room – 1999 State Highway 1, Kaiwaka

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## **Open Agenda**

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### **Membership**

Chair:

Stana Pezic

Members:

Deputy Mayor Peter Wethey

Councillor Victoria del la Varis-Woodcock

Councillor Jonathan Larsen

Jason Marris  
**General Manager Governance, Strategy and Democracy**

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**Ordinary meeting of Audit, Risk and Finance Committee  
Wednesday 12 June 2019 in Kaiwaka**

**1 Opening**

**1.1 Karakia**

**1.2 Present**

**1.3 Apologies**

**1.4 Confirmation of agenda**

The Committee to confirm the Agenda.

**1.5 Conflict of interest declaration**

Elected members are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as Councillors 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 Council.



## 2 Minutes

### Confirmation of Open Audit, Risk and Finance Committee minutes 13 March 2019

General Manager Governance, Strategy and Democracy 1601.23

#### Recommended

*That the unconfirmed Open minutes of the Audit, Risk and Finance Committee meeting held 13 March 2019 be confirmed as a true and correct record.*



<b>Meeting</b>	Audit, Risk and Finance Committee
<b>Date</b>	Wednesday 13 March 2019
<b>Time</b>	The meeting commenced at 10.09am The meeting concluded at 12.29pm
<b>Venue</b>	Gateway North Conference Room – 1999 State Highway 1, Kaiwaka
<b>Status</b>	Unconfirmed

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## Minutes

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### Membership

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



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Unconfirmed



**Minutes of the Ordinary meeting of the Audit, Risk and Finance Committee**
**Wednesday 13 March 2019 in Kaiwaka**
**1 Opening**
**1.1 Present**

Stana Pezic (Chair), Mayor Jason Smith, Deputy Mayor Peter Wethey, Councillor del la Varis-Woodcock and Councillor Jonathan Larsen

The Chair advised the meeting that Councillor Julie Geange had resigned from the Audit, Risk and Finance Committee, effective prior to the meeting on 13 March 2019.

**In Attendance**

Name	Designation	Item(s)
Jason Marris	General Manager Governance, Strategy and Democracy	All (Minute-taker for 4.4— close)
Sue Davidson	General Manager Risk, IT and Finance	All
Matt Smith	Four Waters Planning and Design Engineer	1—4.2
Prue Miller	Health and Safety Advisor	1—4.2
Tanya Wilson	Governance Advisor	1—4.3
Lisa Hong	Governance Advisor	1—4.3 (Minute-taker for 1—4.3)

**1.2 Apologies**

**Moved Wethey/del la Varis-Woodcock**

That the apology of Councillor Wade be received.

**Carried**

**1.3 Confirmation of Agenda**

**Moved Smith/Wethey**

That the committee confirms the agenda with the inclusion of the item 'Verbal Update - Investigation' as item 4.4 in the Public Excluded session of the meeting.

**Confirmed**

#### 1.4 Conflict of Interest Declaration

Nil.

## 2 Confirmation of Minutes

### 2.1 Open Audit, Risk and Finance Committee minutes 12 December 2018

General Manager Governance, Strategy and Democracy 1610.07

Moved Smith/Wethey

*That the Open minutes of the Audit, Risk and Finance Committee meeting held 12 December 2018 be confirmed as a true and correct record, with the minor grammatical corrections.*

Carried

## 3 Open agenda items 13 March 2019

### 3.1 Quarterly Finance Report

General Manager Risk, IT and Finance 2304.15/AR&F 2018.2019/Mar

Moved Wethey/Larsen

*That the Audit, Risk and Finance Committee notes the General Manager Risk, IT and Finance's report 'Quarterly Finance Report' dated 20 February 2019.*

Carried

### 3.2 Legal Compliance update

General Manager Risk, IT and Finance 2304.15/AR&F 2018/2019/Dec

Moved del la Varis-Woodcock/Smith

*That the Audit Risk and Finance Committee notes the General Manager Risk, IT and Finance's report 'Legal Compliance update' dated 18 February 2019.*

Carried

### 3.3 Treasury Management

Finance Manager 2304.15/AR&F Sept 2018

Moved Smith/Wethey

*That the Audit, Risk and Finance Committee notes the Finance Manager's report 'Treasury Management' dated 25 February 2019.*

Carried

### 3.4 Stormwater asset data improvement

Waters and Waste Manager 44

Moved del la Varis-Woodcock/Smith

*That the Audit, Risk and Finance Committee notes the Waters and Waste Manager's report 'Stormwater asset data improvement' dated 27 February 2019.*

**Carried**

### 3.5 Health and safety update March 2019

Waters and Waste Manager 2209.09

Moved Smith/del la Varis-Woodcock

*That the Audit, Risk and Finance Committee notes the Waters and Waste Manager's 'Health and safety update March 2019' and Attachment A 'Second Quarter Scorecard'.*

**Carried**

Unconfirmed

#### 4 Public Excluded agenda items 13 March 2019

The meeting went into Public Excluded session at 11.48am.

Moved Smith/Wethey

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

- *Public Excluded Audit, Risk and Finance Committee minutes 12 December 2018;*
- *Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory;*
- *Potential claim*
- *Verbal update - Investigation*

*The general subject matter of each matter to be considered while the public is excluded and 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:*

<b>General subject of each matter to be considered:</b>	<b>Reason for passing this resolution</b>	<b>Ground(s) under Section 48 (1) for the passing this resolution:</b>
<i>Public Excluded Audit, Risk and Finance Committee minutes 12 December 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 local 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>Potential claim</i>	<p><i>Section 7(2)(g) maintain legal professional privilege.</i></p> <p><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></p>	<p><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></p>
<i>Verbal update - Investigation</i>	<p><i>Section 7(2)(a) protect the privacy of natural persons, including that of deceased natural persons</i></p>	<p><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></p>

**Carried**

Unconfirmed



**5 Open Committee meeting 13 March 2019**

The meeting returned to Open session at 12.29pm.

**Closure**

Meeting closed at 12.29pm

**Confirmed** .....

**Chair** .....

**Kaipara District Council**  
**Dargaville**

Unconfirmed

### 3 Reports





## **Audit, Risk and Finance Committee's Proposed Work Programme 2019-2020**

**Meeting:** Audit, Risk and Finance Committee  
**Date of meeting:** 12 June 2019  
**Reporting officer:** Sue Davidson, General Manager Risk IT and Finance

### **Purpose/Ngā whāinga**

To provide a draft work programme for 2019/2020 year.

### **Executive summary/Whakarāpopototanga**

This report provides the Audit, Risk and Finance Committee (the Committee) with a draft work programme (**Attachment A**) that will enable the Committee to fulfil its responsibilities as delegated by Council.

### **Recommendation/Ngā tūtohunga**

That the Audit, Risk and Finance Committee:

- a) Approves the proposed Audit, Risk and Finance Committee's Work Programme 2019-2020 as set out in Attachment A 'Audit, Risk and Finance Committee Agenda – Work Programme'.

### **Context/Horopaki**

The GM Risk, IT and Finance has referred to the Committee's Terms of Reference to ensure a programme of work is collated so the Committee can see what it needs to do to fulfil its responsibilities.

The purpose of the Committee covers overseeing:

- Risk management policy, framework, and procedures for effective identification and management of risk;
- Maintaining an effective internal control framework, and the appropriate systems, processes and controls to prevent, detect and investigate fraud;
- Audit functions – note and ensure management letters of significant audits are followed up;
- External reporting;
- Legal Compliance; and
- Monitoring financial performance.

### **Discussion/Ngā kōrerorero**

Meetings are proposed four times a year and work is allocated to each meeting and aligns to external reporting timeframes. This work programme is prepared for the June 2019 meeting in anticipation of the new financial year. The Committee should evaluate whether this programme of work will fulfil their responsibilities. One further issue that will be investigated in the 2019/2020 year is having an internal auditor performing checks on agreed parts of the system.

This has been part of validation in the past but seems to have ceased in 2017. The programme of work is evolving and can be added to.

### Options

**Option 1:** Approve the work programme.

**Option 2:** Add to and approve the work programme.

### Recommended option

The recommended option is **Option 1**.

### Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

### Next steps/E whaiake nei

Prior to each Committee meeting this work programme will be referred to, to ensure work is being completed for the Committee.

### Attachments/Ngā tapiritanga

	Title
A	Audit, Risk and Finance Committee's Proposed Work Programme 2019-2020

Sue Davidson, 15 May 2019

### Audit, Risk and Finance Committee Agenda – Work Programme

The table below outlines the tasks the Audit, Risk and Finance Committee (the Committee) will complete (and when) as part of its 2019/2020 work programme in accordance with its delegations.

Task	First Quarter September 2019	Second Quarter December 2019	Third Quarter February 2020	Fourth Quarter June 2020
<p><b>Work Programme</b> A work programme will be defined annually.</p>				Work Programme Developed
<p><b>Internal Control</b></p> <ul style="list-style-type: none"> <li>• <b>Audit:</b> Management will ensure all findings from reviews by external auditors of Council’s processes are report to the Committee with action plans to remedy identified deficiencies.</li> <li>• <b>Building Consent Authority Audit:</b> The Committee will review and note the management letter from IANZ and ensure management addresses the issues identified.</li> <li>• <b>Internal Audit (was PWC):</b> The Committee will review a work plan of audits and ensure management addresses the issues identified in any reports.</li> <li>• <b>NZTA:</b> The Committee will review reports and ensure management addresses the issues identified in any reports.</li> </ul>	<p>Annual audit report</p> <p>IANZ report (every 2 years)</p> <p>Annual</p> <p>Annual July</p>			
<p><b>Existing policies (specific to accounting and internal controls)</b> The Committee will review existing policies as they come due for review or as changes are made to significant policies.</p>	<p>Procurement and Contract Management Manual</p> <p>Risk Management Policy and Framework</p>	<p>As required</p> <p>Policy Register Review</p>	<p>As required</p> <p>Revenue and Finance Policy</p>	<p>As required</p> <p>Rates Postponement Policy 24 25 26</p>



Task	First Quarter September 2019	Second Quarter December 2019	Third Quarter February 2020	Fourth Quarter June 2020
<p><b>Audit Outstanding Items</b></p> <p>The Committee will review and note the management letters from the interim audit and final audit, and ensure that management addresses the issues identified.</p>	Outstanding items	Outstanding items	Outstanding items	Outstanding items
<p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>The Committee will approve arrangements for the annual external audit. The relationship between Council and the external auditor will be captured in an audit engagement letter that covers:               <ul style="list-style-type: none"> <li>➤ The responsibilities of the auditor and Council;</li> <li>➤ Reporting and meeting expectations (management and the Committee);</li> <li>➤ Annual audit timetable; and</li> <li>➤ Audit fees.</li> </ul> </li> </ul> <p>The Committee will discuss with management/external auditor the proposed materiality and scope of the audit, and input to scope.</p>				Approve arrangement for external audit
<p><b>Risk Management</b></p> <p>The Committee will review the management framework.</p>	Risk Management Framework			
<ul style="list-style-type: none"> <li>The Committee will review the risk management update report, with a focus on significant risks and how they are being treated.</li> <li>Insurance. The Committee will review the annual insurance programme.</li> <li>Health and Safety</li> </ul>	Risk Register	Risk Register	Risk Register Full Report	Risk Register
	Insurance review  H&S Report	H&S Report	H&S Report	H&S Report



Task	First Quarter September 2019	Second Quarter December 2019	Third Quarter February 2020	Fourth Quarter June 2020
<p><b>Compliance</b></p> <p>The Committee will oversee Council’s compliance with legal and regulatory requirements and monitor adherence to compliance.</p>	Compliance report	Compliance report	Compliance report	Compliance report New Legislation Review
<p><b>Long Term Plan/Annual Plan</b></p> <p>The Committee will provide advice on the development of the Long Term Plan.</p>			Financial Strategy (every 3 years)	
<p><b>Annual Financial Reporting</b></p> <p>The Committee will review the draft annual financial statements and recommend their adoption or otherwise to Council. Management will provide an annual financial reporting package including:</p> <ul style="list-style-type: none"> <li>• the draft financial statements;</li> <li>• a report identifying changes from previous years, and variances from expected performance;</li> <li>• a representation regarding the financial statement; and</li> <li>• the draft external audit report.</li> </ul> <p>At this meeting the Committee will have the opportunity to meet with the external audit director to discuss the results of the audit, and to provide any feedback on the conduct of the audit from the perspective of the Committee members.</p>	<p>Recommend Adoption Annual Report</p> <p>NTA Annual Report</p>			
<p><b>Financial Performance</b></p> <ul style="list-style-type: none"> <li>• Treasury – the Committee will review the external report to ensure compliance with the Treasury Management Policy. This will include reviewing any guarantees entered into.</li> </ul>	Treasury Report	Treasury Report	Treasury Report	Treasury Report



Task	First Quarter September 2019	Second Quarter December 2019	Third Quarter February 2020	Fourth Quarter June 2020
<ul style="list-style-type: none"> <li>Monitor Financial Performance.</li> <li>Monitor Contract Performance.</li> </ul>	Financial Report  Contract/ Supplier Performance Summary Report	Financial Report Forecast 1 Contract/ Supplier Performance Summary Report	Financial Report Forecast 2 Contract/ Supplier Performance Summary Report	Financial Report  Contract/ Supplier Performance Summary Report
<p><b>Special Investigations</b>            As required, the Committee will monitor special investigations, such as a possible fraud.</p>			As required	

## Quarterly Finance Report

**Meeting:** Audit, Risk and Finance Committee  
**Date of meeting:** 12 June 2019  
**Reporting officer:** Sue Davidson, General Manager Risk, IT and Finance

### Purpose/Ngā whāinga

To monitor financial performance.

### Executive summary/Whakarāpopototanga

There has been an improvement in the collection of land rate debtors and this will continue as Council approved an additional staff member. The items to note in the financial statements are that the revenues and costs are still running better than we originally provided for and that Capital expenditure is only at 58% of that reforecast. Infrastructure is still confident that a number of contracts are now committed to and will be finished by the end of June 2019.

### Recommendation/Ngā tūtohunga

That the Audit, Risk and Finance Committee:

- a) Notes the Quarterly Finance report dated 21 May 2019.

### Context/Horopaki

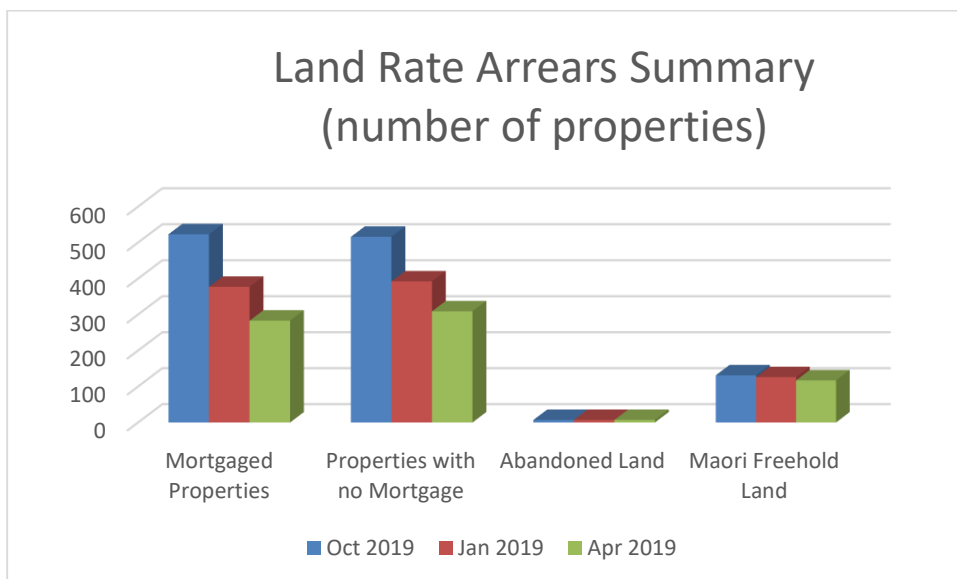
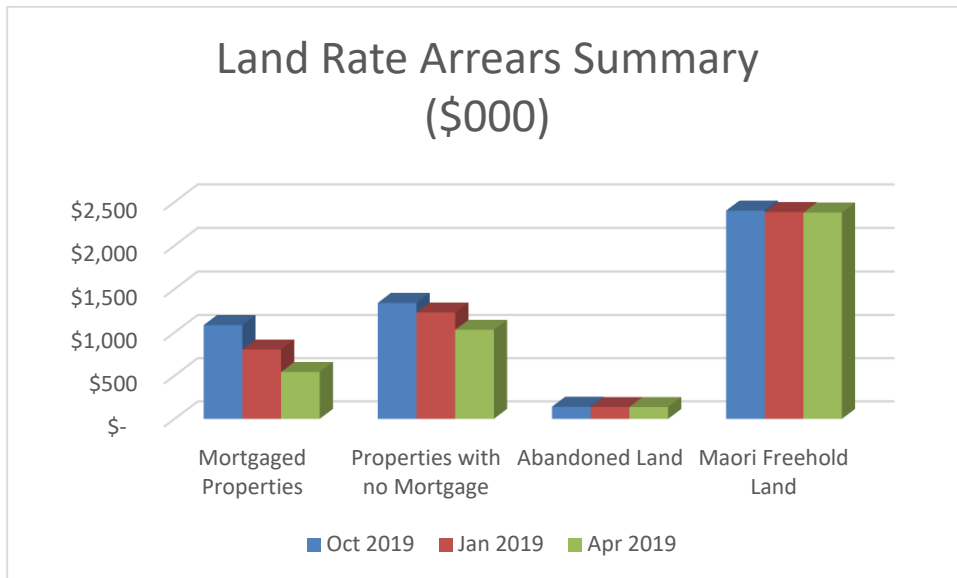
Each quarter Finance prepares information for the Audit, Risk and Finance Committee (the Committee) on the financial accounts to date and also on the debtors and collection thereof.

### Discussion/Ngā kōrerorero

There are 3.5 people processing rates and one person looks after sundry debtors. Collecting debt and responding to queries has been a priority.

## Rates Debtors as at 30 April 2019

### Land Rates Arrears (Prior Years) Summary



<b>Arrears debt</b>	<b>No</b>	<b>31 January 2019</b>	<b>No</b>	<b>30 April 2019</b>
<b>Mortgaged Properties</b>	377	802,445	283	541,916
<b>Properties with no Mortgage</b>	392	1,229,419	309	1,030,821
<b>Abandoned Land</b>	7	136,965	7	136,965
<b>Maori Freehold Land</b>	126	2,384,524	117	2,377,304
<b>TOTAL</b>	<b>902</b>	<b>4,552,353</b>	<b>716</b>	<b>3,325,989</b>

Significant effort has been directed towards reducing general land rates debt. This has resulted in a reduction in both the amount of arrears debt and the number of properties contributing towards that debt. Detailed information about the actions follows.



## **Stayed and Judgment Defendants**

Stayed defendants contribute \$76k towards the category 'properties with no mortgage' arrears debt shown above. A case management telephone conference between lawyers and the Court was recently held to determine the next steps required to obtain judgment in the cases where the arrears have not yet been paid in full. This work in progress continues and updates will be given.

Sealed judgements contribute \$200k towards the category 'properties with no mortgage' arrears debt shown above. Some payment arrangements have been entered into and are being monitored. Lawyers have been instructed to place charging orders on the remaining properties as the first step towards enforcing the judgment by way of rating sale. It is likely to take a further six months before the first rating sales will be through the Courts and able to be progressed.

## **Properties heading towards rates being time barred**

All general land properties that are heading towards having 2012/13 rate arrears statute barred will have Statement of Claims lodged in Court before 30 June 2019 to ensure that Council's interests are protected.

## **Mortgagee Category**

73 formal letters of demand were sent to mortgagees in April 2019. The majority of those demands have been paid as reflected in the table and graphs above. The debt in this category has reduced by \$260k between January and April 2019. There are a few demands outstanding, which are being followed up.

Staff are working on implementing more efficient processes to enable all of the properties with mortgages to be captured in the next cycle which will see letters of intent sent to mortgagees in August 2019, with formal demands for those being made in November 2019. These timeframes are in line with the provisions of the Local Government (Rating) Act 2002.

## **Abandoned Land**

11 properties have been publicly notified to try and find owners. Lawyers have advised that further searches are required before progressing to Court. Notification will be placed in the Law Society Newsletter in June 2019, this will cover off the required Will, High Court and Death Certificate enquires. Further site inspections and a renewed newspaper advertisement are also required. It is anticipated that these matters can be put before the Court in the early part of the 2019/20 financial year.

## **Maori Freehold Land**

Further investigation into this category is required. The debt in this category has reduced by \$6k between January and April 2019. Staff were to meet in March 2019 to discuss a way forward with communicating the current remission policy and to explore appropriate methods of requesting payment of rates on productive land. Other priorities resulted in this meeting being re-scheduled, with a meeting be held before 30 June 2019. The outcome of which will be reported to this committee.

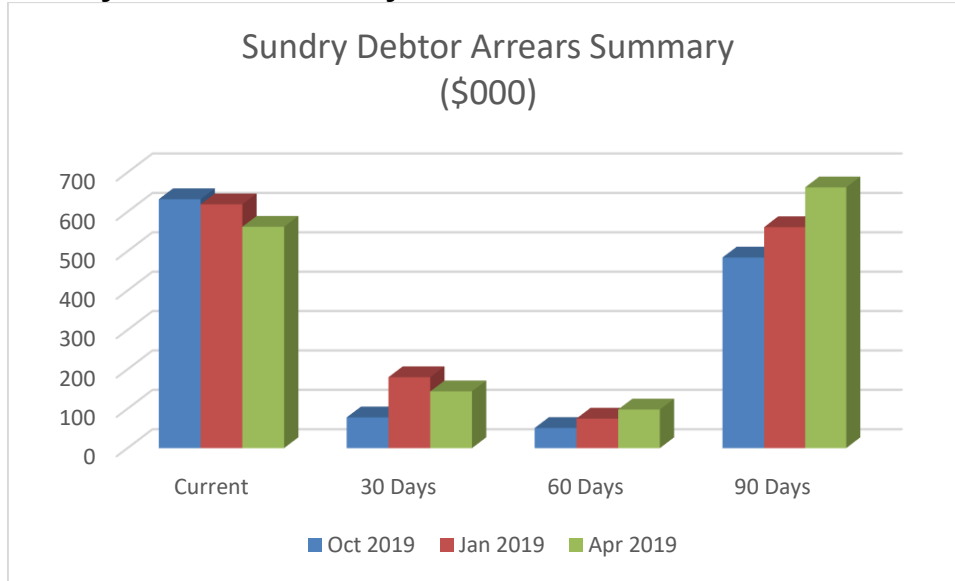
## **Other**

There has been a level of success in this area to date, with the debt reducing by \$200k between January and April 2019, as reflected in the table and graphs above. Staff have entered into a number of payment plan agreements and have also received lump sum payments in some cases.

Approximately 40 files have been sent to the Lawyers to register Statement of Claims with the District Court, with a further 20 almost ready to go. Once in the system the process will see Judgments being entered and if payment of the debt is not received these will be enforced by way of rating sale in due course.

## Sundry Debtors

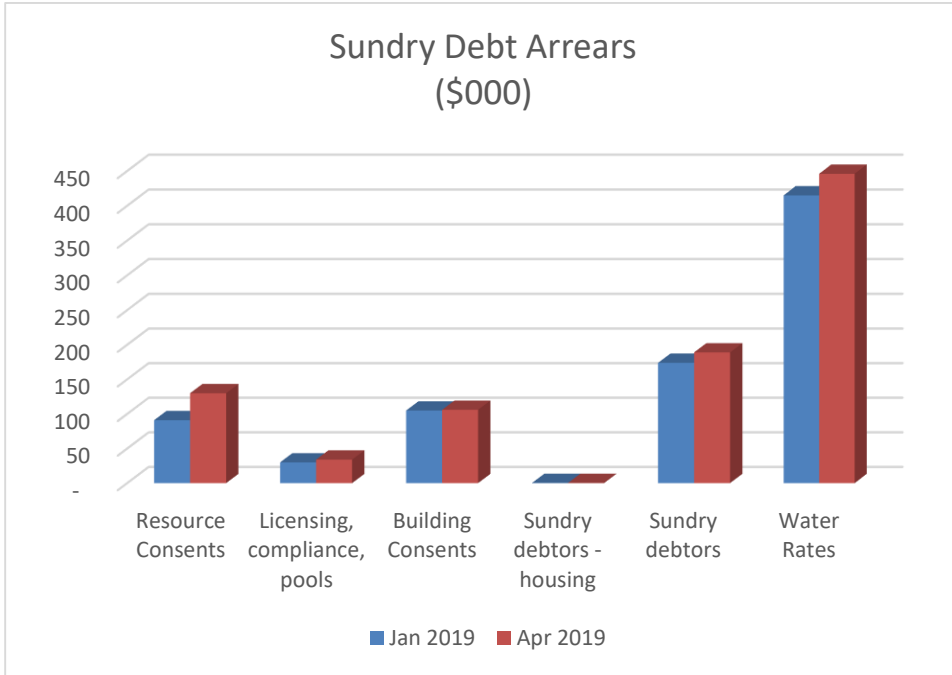
### Sundry Debtors Summary \$000



The above graph demonstrates a decrease in current and 30-day debt whilst 60 and 90-day debt has increased. Staff are investigating options for increasing the collection rate of older debt. They will liaise with third party debt collectors in the near future to consider the benefits of engaging their services.

### Summarising the aging of arrears for other debtors (\$000)

	Current	30 Days	60 Days	90 days	Total
<b>Month of April 2019</b>	562	144	98	662	1,466
<b>Aging Percentage</b>	38%	10%	7%	45%	100%
<b>Month of January 2018</b>	619	180	75	561	1435
<b>Aging Percentage</b>	44%	12%	5%	39%	100%
<b>Month of October 2018</b>	632	78	51	484	1245
<b>Aging Percentage</b>	51%	6%	4%	39%	100%



The majority of sundry debt relates to water rates. Staff continue to pursue water rates as part of the land rate collection processes. Future reports will see water rates reported with the land rates.

Other Debtors Aged Arrears at 30 Apr 19	30 Days		60 Days		90 days		Total Arrears	
	\$	Number	\$	Number	\$	Number	\$	Number
Resource consents	31	22	44	9	54	38	130	69
Licensing, compliance, pools	5.5	16	3	11	26	46	34	73
Building Consents	0.5	5	6	3	100	21	106	29
Sundry debtors – housing	-	-	-	-	.34	1	.34	1
Sundry debtors	35	10	19	4	135	23	189	37
Water rates	72	125	26	85	347	586	446	796
<b>Total</b>	<b>144</b>	<b>178</b>	<b>98</b>	<b>112</b>	<b>662</b>	<b>715</b>	<b>905.34</b>	<b>1,005</b>

There are also some loans that we are aware of that Council will need to account for and manage in the future relating to Kaihu water and loans for some development contributions for sewer connection. These loans will be more difficult to manage and come with some risk as Council is not set up as a bank and will not be able to charge default interest if ratepayers do not make payments on loans. These will increase sundry debtors.

## April 2019 Financial Report

### Statement of Operating and Capital Performance

	Year to Date April 2019			Indicator	Full Year Annual Plan \$000's
	Actual \$000's	Annual Plan \$000's	Variance \$000's		
Total Rates	29,238	29,303	(65)	●	35,029
Operating Subsidies and Grants	3,927	3,820	107	●	4,584
Activity Revenue and Other Income	5,681	4,678	1,002	●	5,544
<b>Total Operating Income</b>	<b>38,846</b>	<b>37,802</b>	<b>1,045</b>	●	<b>45,156</b>
Employee Benefits	9,138	9,017	(122)	●	10,819
Contractors	7,247	7,069	(178)	●	8,706
Professional Services	4,231	4,093	(138)	●	4,924
Repairs and Maintenance	2,597	2,768	170	●	3,348
Finance Costs	2,113	2,458	346	●	2,950
Other Operating Costs	4,675	4,637	(39)	●	5,317
<b>Total Operating Costs</b>	<b>30,002</b>	<b>30,042</b>	<b>40</b>	●	<b>36,063</b>
<b>Operating Surplus / (Deficit) before Depreciation</b>	<b>8,844</b>	<b>7,760</b>	<b>1,084</b>	●	<b>9,093</b>
Capital Subsidies	5,638	6,897	(1,259)	●	8,276
Contributions	3,377	2,078	1,299	●	2,494
Other Capital revenue	135	0	135	●	175
<b>Total Capital Revenue</b>	<b>9,149</b>	<b>8,975</b>	<b>175</b>	●	<b>10,945</b>
Capital Expenditure	13,550	15,709	2,159	●	23,529
<b>Total Capital Expenditure</b>	<b>13,550</b>	<b>15,709</b>	<b>2,159</b>	●	<b>23,529</b>
<b>Subtotal Capital</b>	<b>(4,401)</b>	<b>(6,734)</b>	<b>2,333</b>	●	<b>(12,584)</b>
<b>Surplus / (Deficit) before Loan Payments and Depreciation</b>	<b>4,443</b>	<b>1,026</b>	<b>3,418</b>	●	<b>(3,492)</b>

Water Services Revenue and other income is included in the operating income.

## Statement of Operating and Capital Performance

Comments on major variances

### Operating Income:

Account	Rationale	\$000
<b>Rates Revenue</b>	Rates General are tracking on budget for the month. Rates Targeted are tracking on budget for the month. Rates Targeted (Water by meter) - Fonterra is yet to contribute for reticulation costs and budget timing difference for Maungaturoto area. Penalties are continuing to be ahead of budget for the year to date due to arrears penalties applied.	  <b>(266)</b>  <b>211</b>
<b>Operating Subsidies and Grants</b>	Increase in Roding operating subsidies from NZTA as operational costs up on budget.	<b>107</b>
<b>Activity Revenue and Other Income</b>	<u>Community Parks</u> Mangawhai Camp - 25% share of camp ground revenue - timing difference MBIE TIF paid for Matakohe toilets and Footpath Receipt of MBIE Kai Iwi Lakes Visitor amenities Pest Plant / Acacia Removal Programme Kai Iwi Lakes Camp fees timing difference for summer season	 <b>43</b> <b>61</b> <b>30</b> <b>35</b> <b>63</b>
	<u>Solid Waste</u> Waste levy – timing difference  <u>District Leadership</u> Data supply agreement with Northland Regional Council	 <b>51</b>  <b>104</b>

**Operating Costs:**

<b>Account</b>	<b>Rationale</b>	<b>\$000</b>
<b>Employees</b>	Increase in Regulatory costs over budget due to increased resource consents, approved December 2018. Balanced by decrease in other department vacancies.	<b>122</b>
<b>Contractors</b>	Contactors cost are above budget across the activities. Increase in Roothing unsealed pavement maintenance spend. Increase of cost for removal of illegal refuse. Balanced by decrease in other departments.	<b>372</b> <b>55</b>
<b>Professional Services</b>	Costs overall are over budget. Regulatory is ahead of budget due to the higher levels of activity, but will be offset in other areas predominantly water services - who will have consultants in to get better asset management information later in the year - timing difference. Budget is also offset by District Plan costs not committed as yet-timing.	<b>872</b> <b>(427)</b> <b>(308)</b>
<b>Repairs and Maintenance</b>	Costs are below budget year to date April 2019.	<b>170</b>
<b>Finance Costs</b>	Below budget due to lower inter-period loan balances due to being behind capital expenditure programme.	<b>346</b>
<b>Other Operating Costs</b>	Costs overall are slightly over budget.	<b>39</b>

**Capital Revenue:**

<b>Account</b>	<b>Rationale</b>	<b>\$000</b>
<b>Capital Subsidies</b>	Lower due to less capital expenditure than budgeted.	<b>(1,259)</b>
<b>Contributions</b>	The financial and development contributions are continuing to be above budget for year to date.	<b>1,299</b>
<b>Capital Revenue</b>	Increase is due to sale of land on Tomarata Road.	<b>117</b>

**Public Debt:**

The public debt position at 30 April 2019 is \$45 million and the net debt position (debt less cash) is \$42.8 million.

**Activities Net Cost for the period to 30 April 2019**

Activity	Actual			Annual Plan - YTD	Annual Plan Whole Year	Explanation of variances
	Actual Operating Income \$000s	Actual Operating Costs \$000s	Net Operating Surplus/ (Deficit) \$000s	Net Operating Surplus/ (Deficit) \$000s	Net Operating Surplus/ (Deficit) \$000s	
Community Activities	4,667	4,130	537	282	312	Increase in activity revenue – Kai Iwi Lakes camp ground revenue increase during the holiday season. Further 25% share of revenue received from Mangawhai Heads Camp Ground. Overall lower expenditure – Grounds and drains maintenance works is scheduled for future months.
District Leadership	5,023	5,337	(314)	(1,660)	(2,150)	Finance costs remain below budget due to lower inter-period loan balances due to lower capital expenditure. Overall operating costs are lower than budget.
Regulatory Management	4,812	5,135	(323)	26	14	Income above budget due to increase in subdivisions consents income. Professional services costs are continuing to increase due to the higher levels of activities.
Roads and Footpaths	12,154	9,010	3,144	3,494	4,224	Increase in Roothing operating subsidies from NZTA. Contractors cost increase due to work done on unsealed roads surfacing. Professional services costs increase due to network management and design works for operational projects.
Flood control	628	439	189	178	200	Costs for professional services are lower than budget to date.
Wastewater	6,415	2,896	3,519	3,227	3,872	Costs for professional services costs are lower to date, but will be utilised later in year for consulting on impacts of growth.
Solid Waste	1,166	857	309	259	316	Tracking on budget.
Stormwater	1,348	581	767	627	713	Costs for professional services are lower to date but will be utilised later in the year.
Water Supply	2,633	1617	1,016	1,194	1,592	Fonterra is to pay for some reticulation this year and capital expenditure has not yet begun.
<b>Whole Council</b>	<b>38,846</b>	<b>30,002</b>	<b>8,844</b>	<b>7,627</b>		



**Capital Projects – By Activity**

Activity - Work in Progress	Year to Date March 2019			Full Year		Indicator	Explanation of variances
	Actual \$	Budget \$	Variance \$	Budget (Forecast Two) \$	Budget remaining \$		
Community Activities	543,629.00	655,000.00	111,371.00	2,031,901.00	1,488,272.00		Delays in stage 1 Coastal Walkways, Pearl Street to Sellars Carpark, from further community consultation has occurred. Staff are now looking to workshop with Councillors, Community Panel and subject matter experts. Restoration planting is underway at Taharoa Domain. Mangawhai Community Park, Urlich Cottage has been moved to site with building restoration work having started.
District Leadership, Finance and Internal Services	605,093.00	486,660.00	(118,433.00)	1,312,551.00	707,458.00		IT has completed the desktop hardware replacement programme and is now undertaking the larger infrastructure replacement programme. Due to the complexity and scope the data warehouse and IAAS projects are at the planning not implementation stage. Isovist, HRIS and the digital transformation projects are progressing according to schedule.
Flood Protection and Control Works	19,497.00	128,500.00	109,003.00	28,000.00	8,503.00		Te Hapai, Horehore, Sunnynook and Lawrie floodgates all completed. Murphy Bowers stopbank - no further progress.
Regulatory Management	0.00	0.00	0.00	0.00	0.00		
Sewerage and the Treatment and Disposal of Sewage	1,309,381.00	3,533,500.00	2,224,119.00	3,920,637.00	2,611,256.00		Procurement is in progress for Contract 918. PS VA site cleared and awaiting delivery of plant.
Solid Waste	386,365.00	800,000.00	413,635.00	529,553.00	143,188.00		Hakaru leachate quote received for the treatment trial. This quote is currently being reviewed. Bickerstaffe Road closed landfill remediation near completion.
Stormwater Drainage	1,033,326.00	20,000.00	(1,013,326.00)	1,352,682.00	319,356.00		Quail Way contract has been completed.
The Provision of Roads and Footpaths	9,076,633.00	7,959,812.00	(1,116,821.00)	12,352,278.00	3,275,645.00		Tomarata Bridge tender closed, however no conforming tenders were received. This contract will need to be re-tendered.
Water Supply	576,172.00	1,750,500.00	1,174,328.00	1,639,019.00	1,062,847.00		Dargaville High School completed. Maungaturoto Raw Water main project has commenced. Work is underway at Baylys Coast Road watermain.
<b>Grand Total</b>	<b>13,550,096</b>	<b>15,333,972</b>	<b>1,783,876</b>	<b>23,166,621</b>	<b>9,616,525</b>		

As at 30 April 2019 - 58.5% of the capital works programme has been completed which is behind budget.

### **Provincial Growth Fund(PGF)**

There is no further update this meeting. I have been advised that reporting on the PGF will be monthly through the Council meetings.

### **Policy and planning implications**

These reports are in line with the Terms of Reference for monitoring the finances of the Council.

### **Financial implications**

These are the latest Council reports and show that Capital expenditure is behind where it should be. This has had an impact on less funds needing to be borrowed which means lower interest costs.

### **Risks and mitigations**

Best value for the community would be delivering on the projects we said we would in the Long Term Plan. Satisfaction may be less than what it could be.

If the Council does not deliver on its projects and debt is not required as has been previously calculated, then there is a risk that this can impact on the advice our treasury advisers have provided and Council does not meet its treasury requirements.

### **Significance and engagement/Hirahira me ngā whakapāpā**

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Sue Davidson, 27 May 2019

## Treasury Management

**Meeting:** Audit, Risk and Finance Committee  
**Date of meeting:** 12 June 2019  
**Reporting officer:** Violeta Kayryakova, Finance Manager

### Purpose/Ngā whāinga

To provide the Audit, Risk and Finance Committee (the Committee) with detailed treasury management information and to provide an opportunity to discuss strategic directions.

### Executive summary/Whakarāpopototanga

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

Council management provides 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 funding and interest rate risk management position at a given point; and
- PwC treasury advisors provide in-depth advice on a monthly basis.

Council primarily borrows from the Local Government Funding Agency (LGFA) who provides the cheapest debt financing and longest maturity terms for debt financing available. Since 2016 Council has progressively refinanced and repaid debt. At 30 April 2019 a total of \$45m was drawn. \$5m of this is short term (due within one year).

### Recommendation/Ngā tūtohunga

That Audit, Risk and Finance Committee:

- a) Notes the Treasury Management report and its attachments.

### Context/Horopaki

Council's current Treasury Management Policy was adopted in February 2018. Council's specialist Treasury advisors are PwC, since 2011.

### Significance and engagement/Hirahira me ngā whakapāpā

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.

**Current Positions (30 April 2019):** Indicates whether or not Council is within Treasury Policy parameters and its current funding and liquidity risk position, **Attachment 1:**

Council's funding and liquidity risk position:

	Minimum cover to Maximum cover	Actual %	Compliance
0 to 3 years	15% to 60%	56%	Yes
3 to 5 years	15% to 60%	32%	Yes
5 years plus	10% to 60%	13%	Yes

- Actual liquidity ratio is 137%

Council's interest rate risk position, **Attachment 2:**

- 67% of the portfolio is fixed (based on a debt forecast level of \$55m).

**Projected Positions:** Indicates whether or not Council is within Treasury Policy parameters and a summary of funding and liquidity risk position, **Attachment 3:**

Council's funding and liquidity risk position (note that this position assumes existing funding maturities are repaid as they fall due):

Period	Minimum to Maximum Fixed	Actual %	Compliance
Less than 12 months	50% to 95%	84% Fixed	Yes
12-36 months	40% to 90%	62% Fixed	Yes
37 to 60 months	30% to 80%	45% Fixed	Yes
Greater than 60 months	Nil to 50%	36% Fixed	Yes

- There are no breaches of Policy parameters.

**Debt ratios and limits:**

Ratio	KDC Policy	LGFA Covenants	KDC as at 30 April 2019	Compliance
Net debt as a percentage of total revenue	<170%	<175%	84%	Yes
Net interest as a percentage of total revenue	<15%	<20%	4%	Yes
Net interest as a percentage of annual rates income	<20%	<25%	7%	Yes
Liquidity	>110%	>110%	137%	Yes

- Council is well within its policy limits as at 30 April 2019.

## Next steps/E whaiake nei

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

## Attachments/Ngā tapiritanga

Number	Name
1	Funding and liquidity risk position at 30 April 2019
2	Interest rate risk position at 30 April 2019
3	Debt Interest rate policy parameters at 30 April 2019

30-Apr-19

## Kaipara District Council Funding & Liquidity Risk Position

Committed Loans/Stock/Facilities/Investments \$60.8m

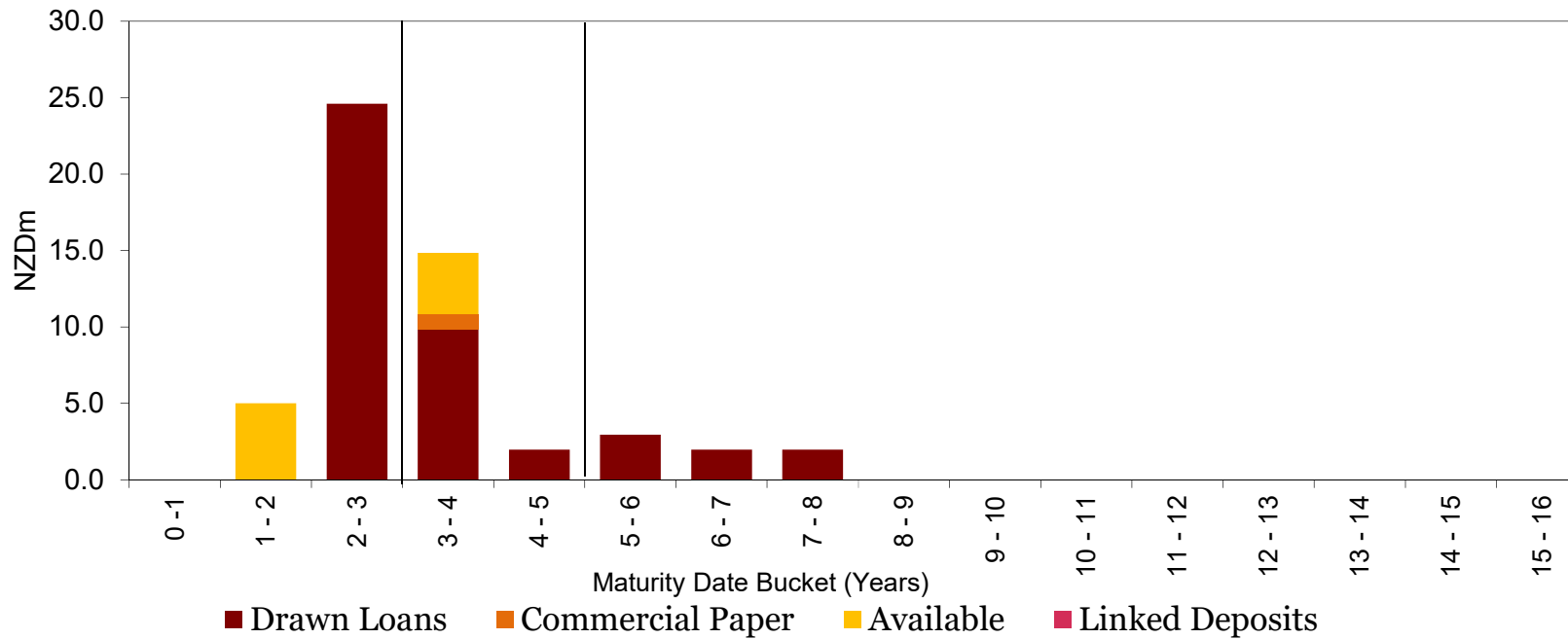
Current External Debt \$44.3m

Current Net Debt \$36.8m

Policy Liquidity Ratio  $\geq 110\%$

Actual Liquidity Ratio 137%

	<b>0 - 3 years</b>	<b>3 - 5 years</b>	<b>5 years plus</b>
Policy Target Band	<b>15%-60%</b>	<b>15%-60%</b>	<b>10%-60%</b>
Actual	<b>56%</b>	<b>32%</b>	<b>13%</b>
Actual (NZDm)	<b>29.60</b>	<b>16.81</b>	<b>6.89</b>





Attachment 2: Interest rate risk

30-Apr-19

**Kaipara District Council**  
Interest Rate Risk Position

**Overall Fixed**  
Policy Min 60%  
Policy Max 90%  
**Actual 67%**

Actual Floating  
33%  
**18m**

based on projected debt of \$54.97m 30 April 2020

**37m**

Policy Target band

**1 - 3 years**  
**15%-60%**

**3 - 5 years**  
**15%-60%**

**5 years plus**  
**0%-60%**

Actual

**38%**

**16%**

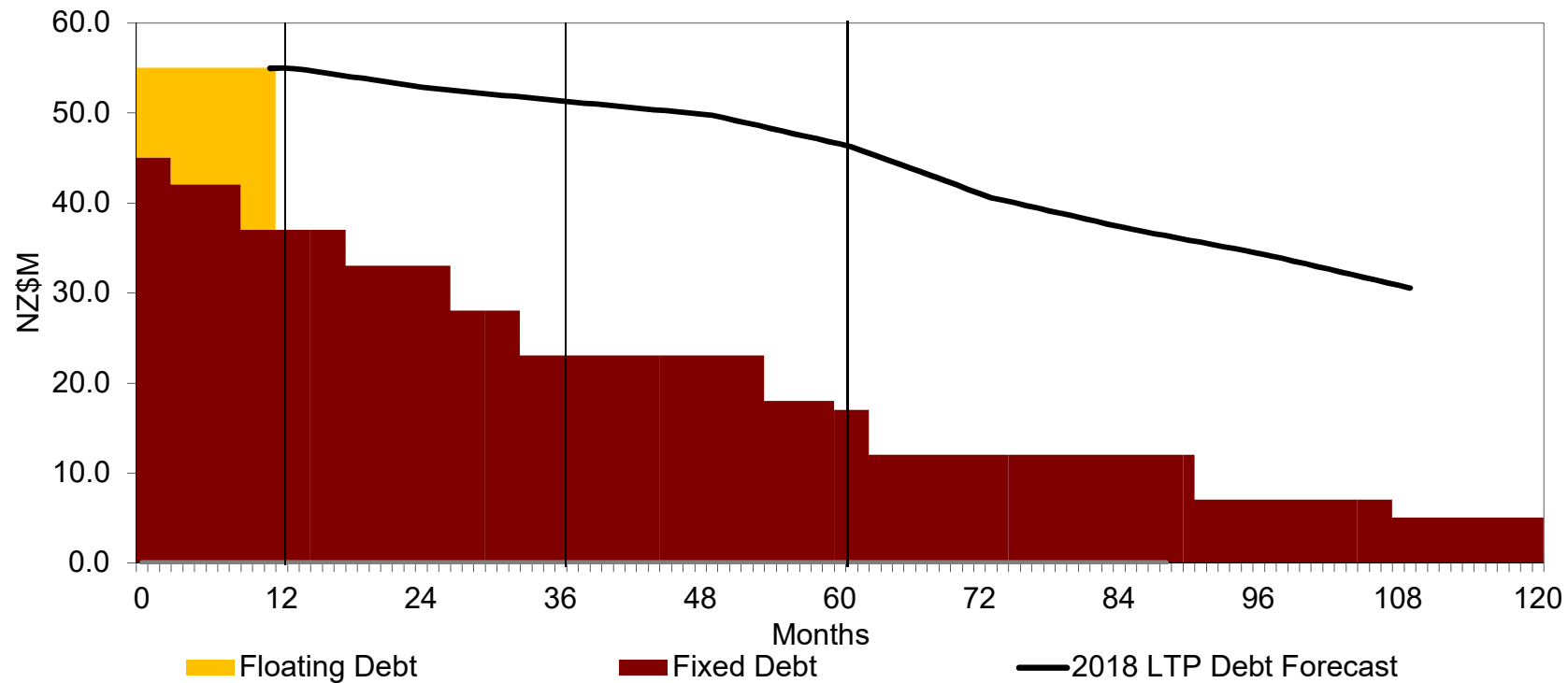
**46%**

Actual (NZDm)

**14.06**

**5.92**

**17.02**

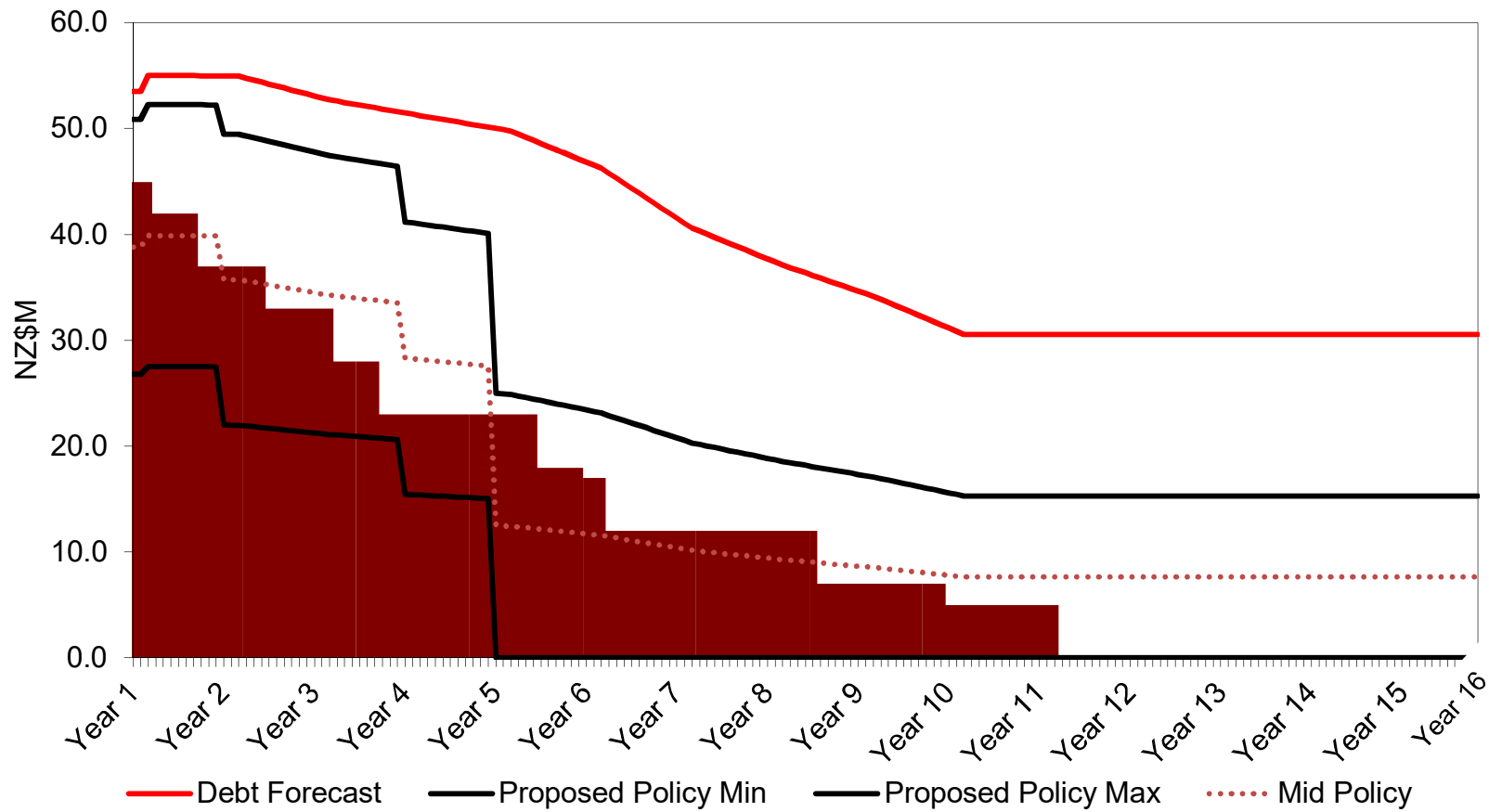






30-Apr-19

## Kaipara District Council Debt Interest Rate Policy Parameters (calculated on rolling monthly basis)





## Audit Action Update

**Meeting:** Audit, Risk and Finance Committee  
**Date of meeting:** 12 June 2019  
**Reporting officer:** Sue Davidson, General Manager Risk, IT and Finance

### Purpose/Ngā whāinga

The Audit, Risk and Finance Committee (the Committee) monitors progress in addressing actions identified by Council's auditors and received communications in relation to the audits conducted. This report enables the Committee to review and agree the scope of the external audit to be conducted by Deloitte.

### Executive summary/Whakarāpopototanga

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 auditor, Deloitte, has provided a Planning Report for their audit for the year ended 30 June 2019.

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

This report outlines the plan and areas of the focus for the audit of the financial statements for the Council year ended 30 June 2019.

### Recommendation/Ngā tūtohunga

That the Audit, Risk and Finance Committee:

- a) Approves Deloitte's scope of audit Planning Report for Council's financial statements for the year ending 30 June 2019.

### Context/Horopaki

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 A) produced by Deloitte outlines the audit scope and areas of focus for the audit of financial statement ended 30 June 2019.

### Significance and engagement/Hirahira me ngā whakapāpā

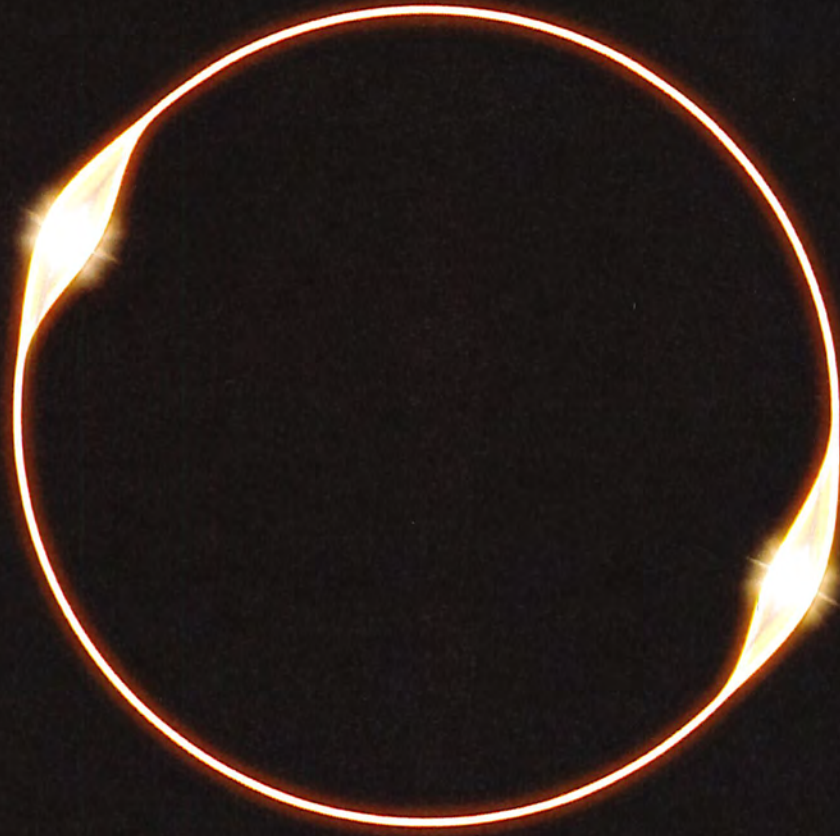
The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

### Attachments/Ngā tapiritanga

	Title
A	Kaipara District Council Planning Report to the Audit, Risk and Finance Committee for the year ended 30 June 2019.

Sue Davidson, 27 May 2019





**Kaipara District Council**  
Planning Report to the Audit Committee  
for the year ended 30 June 2019

14 May 2019

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 2019

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 2019 which we consider appropriate for the attention of the Audit and Risk Committee ("the Committee").

We look forward to the Committee meeting on 12 June, 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.

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.

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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



Bryce Henderson  
**Partner**  
for Deloitte Limited  
On behalf of the Auditor-General

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# Executive summary

## 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 2019. 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.

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

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
5. Financial prudence



Executive  
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Audit scope



Areas  
of focus



Internal  
controls



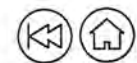
Other  
communications



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# Executive summary - continued

## Internal controls



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
- Management override of controls

## Timetable



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

## Appendices



Appendix A: Summary of prior year unadjusted and adjusted differences



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Areas of focus



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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 group financial statements, performance information, and other requirements of Schedule 10 of the Local Government Act 2002 for the year ended 30 June 2019 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 2019 financial statements, we have used the total expenditure per year one of the 2018-28 Long Term 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 preliminary materiality assessment once actual total expenditure for the 2019 year is determined.

The extent of our procedures is not based on materiality alone but also on local considerations of subsidiaries of the group, 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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Areas of focus



Internal controls



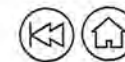
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## 2. Areas of focus

### 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.



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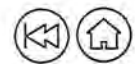
Other  
communications



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## 2.1 Areas of focus

### Audit risk and proposed audit response

Area of focus	Audit response
<p><b>Development Contribution Revenue</b></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 the recognition policy and practice against relevant accounting standards to ensure revenue is recognised at the right time.</p>
Area of focus	Audit response
<p><b>Revaluation of Infrastructure Assets</b></p> <p>The 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 plan for revaluing the asset classes so the valuations are not all completed in the one year. Assets that experience significant changes in fair value are revalued outside the rotation plan.</p> <p>The infrastructure assets to be revalued for the 2018/19 financial year are the roading, water reticulation, wastewater reticulation and flood protection 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 2019.</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"> <li>• Obtain the independent valuations of the relevant infrastructure asset classes;</li> <li>• Obtain representations directly from the independent valuers confirming their valuation methodology;</li> <li>• 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);</li> <li>• Hold various discussions with the valuers as appropriate; and</li> <li>• Determine whether the revaluation transactions are correctly accounted for and disclosed in the financial statements in compliance with NZ GAAP;</li> <li>• Review desk top reports from the valuers to identify any material fluctuations in value of assets not revalued in the current year; and</li> <li>• Obtain representations from management’s experts as to impairment indicators and material fluctuations in respect of assets not revalued in the current year.</li> </ul>



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Areas of focus



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## 2.1 Areas of focus - continued

### Audit risk and proposed audit response

Area of focus	Audit response
<p><b>Legislative Compliance: Rates Revenue</b></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>As part of our audit we plan to:</p> <ul style="list-style-type: none"><li>• Test the controls around the rates setting process at Council;</li><li>• Where applicable reviewing relevant legal documentation and correspondence with legal advisors;</li><li>• 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</li><li>• Obtain an update on any outstanding legal matters concerning rates.</li></ul> <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>

## 2.2 Other areas of focus - continued

### Other matters including OAG audit brief requirements and proposed response

Area of focus	Audit response
<p><b>Fraud</b></p> <p>The primary responsibility for the prevention and detection of fraud rests with management of 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>ISA (NZ) 240 <i>The auditor's responsibility to consider fraud in an audit of financial statements</i> requires us to obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud and the internal control that management has established to mitigate these risks.</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 where any fraud is discovered.</p> <p>Specifically our work will involve:</p> <ul style="list-style-type: none"><li>• 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;</li><li>• 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;</li><li>• Remaining alert for the existence of any confidentiality clauses in employment contracts that may prevent disclosure of information and thus reduce the level of transparency of spending of public monies; and</li><li>• 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</li></ul>



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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><b>Performance, waste and probity</b></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"> <li>• Confirming Council has the appropriate policy framework for areas such as delegated authorities, fraud, conflicts of interest, code of conduct etc.</li> <li>• Ensuring we understand any changes made to such policies.</li> <li>• Testing certain areas of sensitive expenditure to ensure spending is appropriate and authorised in accordance with policy and best practice.</li> <li>• Reviewing areas such as credit card expenditure, fuel card expenditure, and mobile phone expenditure.</li> </ul>

Area of focus	Audit response
<p><b>Managing conflicts of interest and related party transactions</b></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><i><b>This is particularly important in an election period to ensure that Councillors who are standing for re-election and other candidates don’t breach the \$25,000 threshold for related party transactions set out in the Local Authorities (Members’ Interests) Act 1968.</b></i></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
---------------	----------------

#### Legislative compliance

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.

The key pieces of legislation that Council needs to be compliant with, as it pertains to the Annual Report include:

- the Local Government Act 2002
- the Local Government (Financial Reporting and Prudence) Regulations 2014
- the Non-Financial Performance Measures Rules 2013
- the Local Government Borrowing Act 2011
- the Local Government (Rating) Act 2002
- the Local Government Official Information and Meetings Act 1987
- the Local Authorities (Members' Interests) Act 1978

Area of focus	Audit response
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#### Financial prudence

Councils are required to include appropriate benchmarking reporting in the Annual Report as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

Our audit procedures will include review of the disclosures and recomputing key ratios to determine whether Council is in compliance with these regulations.



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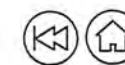
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# 3. Internal controls

## 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
- Testing the operating effectiveness of controls where applicable

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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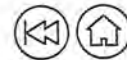
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## 4. Other communications

The following matters are communicated in accordance with the requirements of the OAG's and New Zealand auditing standards:

### Independence

We confirm that we have maintained our independence in accordance with the independence requirements of the OAG and *Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners* 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.

### Professional fees/ relationships

A summary of all proposed fees for the year ended 30 June 2019 for audit and non-audit services provided by Deloitte Limited and network firms to the date of this report are detailed in Appendix A.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of a limited assurance report pursuant to the Regional Council's Trust Deed and the audit of the Regional Council's maintenance of the Register of Security Stock. No other relationships or matters exist between the firm, network firms and the Council that, in our professional judgment, may reasonably be thought to bear on independence. Any services other than the audit have been approved by the OAG as not compromising our independence as auditor.

### Management override of controls

We are required to design and perform audit procedures to respond to the risk of management's override of controls which will include:

- 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.



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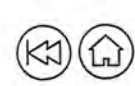
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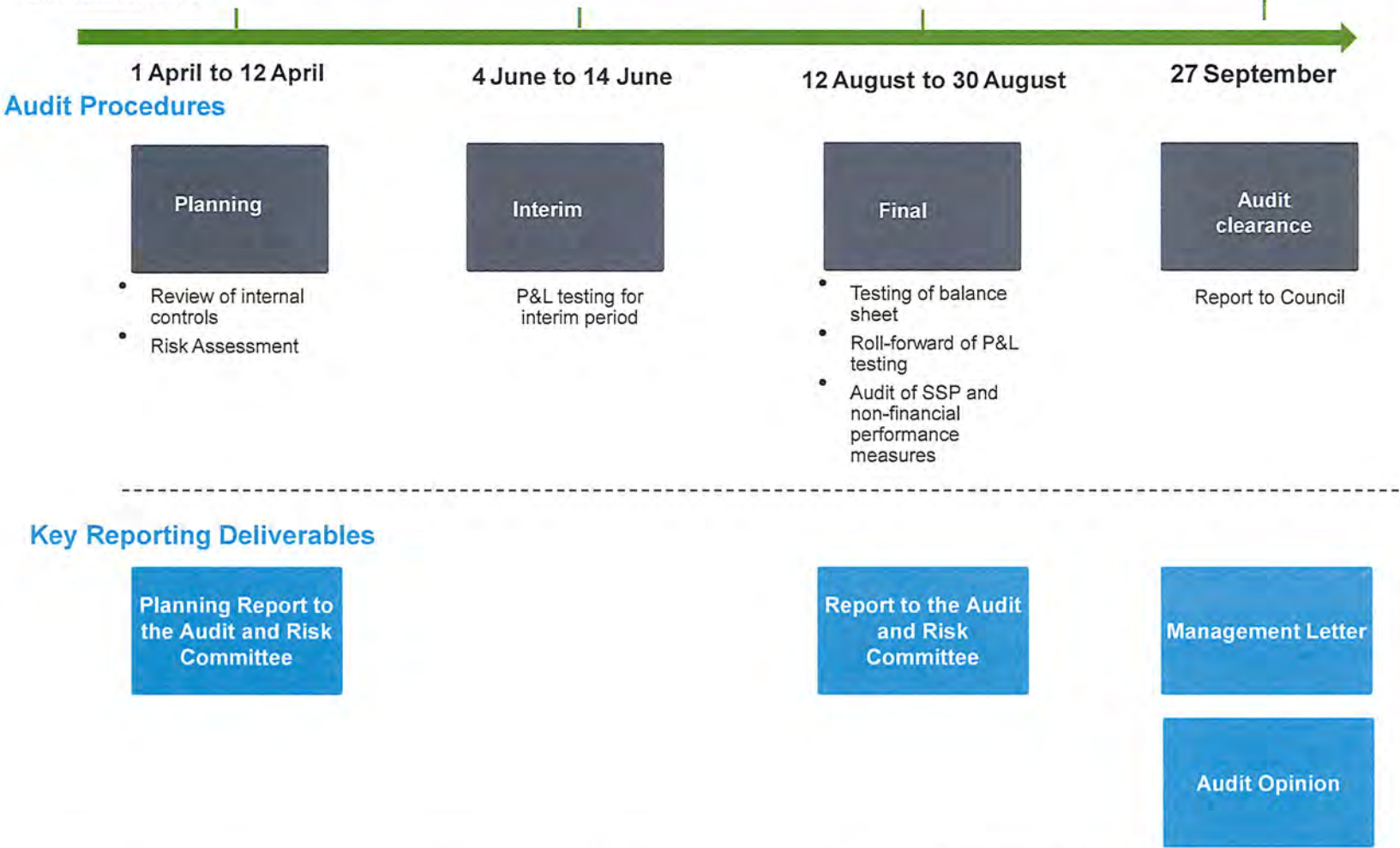
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# 5. Timetable

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.



# 7. Appendices

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

  
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# 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.

	2019 (\$)	2018 (\$)
Fees payable to the Council's auditors for the audit of the Council's annual financial statements and summary financial statements	155,000	152,000
Audit of long term plan	-	109,200
Other assurance engagements relating to the Debenture Trust Deed and audit of the Register of Security Stock	9,500	10,600
<b>Total audit related and other assurance fees</b>	<b>164,500</b>	<b>271,800</b>
Online fraud and Corruption Awareness Training	5,000	0
"Tip Off's" Whistleblower Service	7,800	4,550
Campground fraud investigation	TBC	-
<b>Total services</b>	<b>177,300</b>	<b>276,350</b>



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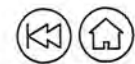
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# Appendix B: Summary of prior year unadjusted and adjusted differences

## 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)
<i>No uncorrected misstatements identified</i>				
<b>Total</b>	Nil	Nil	Nil	Nil

## Omitted disclosures assessed by management as not being material

In the prior year, no material uncorrected disclosure deficiencies were detected in the financial statements. The following omitted disclosures assessed by management as not being material remain uncorrected in the financial statements and management has determined that these do not result in the material misstatement of the financial statements or non-compliance with the applicable legislative framework:

Omitted disclosures assessed by management as not being material	Ref	Management's response
<i>Sensitivity of fair value of interest rate swaps to changes in interest rate have not been disclosed.</i>	<i>PBE IPSAS 30:47</i>	<i>Omitted disclosure deemed immaterial by management.</i>



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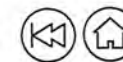
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## **Draft Annual Plan 2019/20 - Recommendation to Council**

**Meeting:** Audit, Risk and Finance Committee  
**Date of meeting:** 12 June 2019  
**Reporting officer:** Sue Davidson, GM Risk, IT and Finance

### **Purpose/Ngā whāinga**

To provide the Draft Annual Plan 2019/20 document for recommendation to Council, prior to adoption at the June 2019 Council meeting.

### **Executive summary/Whakarāpopototanga**

The rating increase proposed for 2019/20 will be as detailed in the Long Term Plan (LTP) 2018/28 which is 5.26% excluding water rates and allowing for 1% growth.

A key change to note is that growth continues to increase which is an enviable position for a Council to be in. This has meant provision of additional resource consent staff and consultants to cope with the increase and complexity of resource consents being received. This commitment should enable Council to meet the resource consent statutory deadlines. Other costs were reduced by Council at that time to compensate. There will also be additional financial contributions as a result of the increased growth for reserves projects.

The bridge structure capital expenditure project has been brought forward from 2021 specifically to allow the Tomarata Bridge on Insley Street to be remediated.

### **Recommendation/Ngā tūtohunga**

That the Audit, Risk and Finance Committee:

- a) Recommends to Council to approve the Annual Plan 2019/2020.

### **Context/Horopaki**

The Local Government Act 2002 requires Council to at all times have an LTP, in the years where an LTP is not reviewed then Council is required to adopt an Annual Plan. The Annual Plan for 2019/20 is the second year of the LTP.

Year two of the LTP was prepared from information available to Council and staff prior to 30 June 2018. With further information available, and to reflect updates in Council's finances each year's Annual Plan process enables updated information to be included by way of revised financial forecasts. These forecasts are then incorporated into a final Annual Plan by Council each June. Council has continued its strategic direction established in the LTP 2018/28. Any changes are largely as a result of timing changes in capital expenditure or changes in activity levels as well as the government announcement of the Provincial Growth Fund (PGF).

To recount events, Council discussed and made a decision in December 2018 that the changes required at the time did not require consultation with the public.

Since December 2018 key changes that have occurred are:

- Council has approved a \$300,000 contestable fund to come from financial contributions.

- Financial contributions have also increased so the budgeted revenue has been increased by \$500,000.
- Land drainage costs have been finalised.
- Central government has announced \$28.24 million of projects relating to Kai and Wharves investigation and development and roading initiatives. In this year's Annual Plan \$20.18 million has been provided for PGF projects.

## Discussion/Ngā kōrerorero

The draft Annual Plan includes the following high level messages:

- Increased growth and confidence in the district has meant exponential growth in building and resource consents. Council is wanting to ensure the Council meets its statutory deadlines.
- The increase in financial contributions means more projects and has allowed Council to create a contestable fund for the next two years.
- Summary of the PGF, the projects that have been agreed to be funded and how it fits in with the Annual Plan.
- Continuation of the District Plan work and what is planned in that area.
- Managing key growth projects in Mangawhai through the Mangawhai Community Plan and supporting the Mangawhai Central project.
- Discussion of the key Infrastructure projects occurring in the year, and the changes from the LTP. For example, Tomarata Bridge on Insley Street being brought forward in the work programme.
- Following consultation proposed service changes to how we manage waste and recycling.
- The community planning occurring, highlighting the two projects being completed as a result of partial funding from the Tourism Infrastructure Fund (TIF).
- Improving our services and what is planned for this year such as IT, services, regulatory management changes and Dargaville Town Hall remediation.

### Financial summary

The LTP stated that the rate increase would be 5.26%. There have been changes made to the plan at Forecast One and more recently but the rate has been kept at 5.26%.

The PGF projects of \$20.18 million are all funded by third parties (with the exception of \$10,000), either by the PGF or the NZ Transport Agency (NZTA) so there is no impact on Council resources. The immediate effect will be our balance sheet assets will have increased at year end.

Eventually there will be an impact on maintenance requirements. Our auditors confirm that only where the Council has to provide a share of previously uncommitted or planned expenditure that this could lead to consultation requirements.

The Auditor-General expects councils to utilise best financial practice in providing for renewals and fund depreciation unless there are good reasons not to. In this Annual Plan Council is increasing rates funding of depreciation from 67% to 83% on our stormwater, wastewater and water supply assets. Ultimately the Council needs to be able to meet the cost of renewals when they fall due. At the present time some renewal reserves are negative.

Some capital expenditure planned for this year e.g. Kaiwaka reticulation renewals and Mangawhai wastewater projects have been deferred to 2020/21. Capital projects in 2019/20 will now total \$25 million as it is likely \$6 million of projects will need to be carried forward from 2018/19. Additional resource has been provided in planning and management of capital projects so delivery should not be as challenging as it has been this year.



- Key Capital Projects
  - Remediation of the Insley Street bridge.
  - Start of the Mangawhai Coastal cycleway and walkway.
  - Intersection upgrades in Mangawhai to mitigate increased traffic.
  - Improvement of access, parking, and ambience of Wood Street Mangawhai.
  - Further investment in Mangawhai wastewater system for growth.
  - Kaiwaka and Te Kopuru wastewater to fix compliance issues.
  - Reinstate part of the Raupo stopbank.
- Provincial Growth Fund (PGF) - Kaipara Kickstart.
  - Kai hub for Kaipara.
  - Wharves reinstatement.
  - Upgrade of key roads.

### Key parameters

	LTP Year 2 (2019/20)	Annual Plan proposed 2019/20
Rates take	\$37,147	\$36,884
Rates increase	5.26%	5.26%
Total Revenue	\$57,496	\$78,745
Total Expenses	\$48,342	\$55,145
Capital Expenditure (excluding PGF)	\$19.9m	\$25 million
PGF projects (operating and capital)	N/A	\$20.18 million
Closing Debt 30 June 2020	\$47,416	\$48,257

While the Council has now budgeted for capital expenditure of \$45 million, debt will only increase approximately \$1 million on that anticipated in the LTP year two. This is because most capital projects will be financed by grants, subsidies or from reserves.

Public debt will reach \$48.3 million at the end of June 2020. The debt increasing on that forecast in the LTP is primarily due to the Tomarata bridge project being brought forward from 2021.

Council is well within the key debt ratio of “Net interest as a percentage of annual rates “at 7.5% whereas the KDC policy limit is 20%.

This year includes a challenging programme of work for Council to pursue but has been resolute in keeping rates at 5.26%.

### Policy and planning implications

The Annual Plan is a key planning document for the Council.

### Financial implications

The plan determines what capital works the Council will undertake this year and what the rates will be to undertake Council services.

### Risks and mitigations

The Annual Plan must be adopted annually prior to the rates resolution. If the adoption was delayed, then the new rates cannot be set.

## Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council’s Significance and Engagement Policy, and the public will be informed via agenda on the website.

There have been large changes in the capital expenditure due to the additional funds Council has received through the PGF. The Auditor-General and our auditors also concur that if the PGF has wholly funded the additional projects no further consultation is required.

### **Next steps/E whaiake nei**

Council adopts the Annual Plan 2019/20.

### **Attachments/Ngā tapiritanga**

	Title
A	Prospective Statement of Financial Position
B	Prospective Statement of Comprehensive Revenue and Expense

Sue Davidson, 27 May 2019

As at	Annual Plan	LTP	Annual Plan (draft)
30 June	2018-2019 \$'000	2019-2020 \$'000	2019-2020 \$'000

## Prospective Statement of Financial Position

### Net assets/equity

Accumulated comprehensive revenue and expense	412,449	423,221	425,697
Asset revaluation reserves	238,230	251,542	245,084
Restricted reserves	5,427	5,524	5,389
Council created reserves	-17,019	-18,735	-14,550

<b>Total net assets/equity</b>	<b>639,087</b>	<b>661,552</b>	<b>661,620</b>
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### represented by

#### Current assets

Cash and cash equivalents	500	563	563
Trade and other receivables	6,778	7,013	6,548
Accrued revenue	2,875	2,875	3,438
Other financial assets	115	115	115
Non current assets held for sale	186	186	186

<b>Total current assets</b>	<b>10,454</b>	<b>10,751</b>	<b>10,849</b>
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less

#### Current liabilities

Trade and other payables	10,015	10,313	13,329
Provisions	145	145	148
Employee entitlements	458	467	1,111
Public debt	226	606	600

<b>Total current liabilities</b>	<b>10,845</b>	<b>11,531</b>	<b>15,188</b>
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**Working capital/(deficit)**

<b>-391</b>	<b>-780</b>	<b>-4,340</b>
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plus

#### Non current assets

Property, plant, equipment	693,086	716,699	720,724
LGFA Borrower notes	643	643	704
Biological assets	500	500	1,017
Other financial assets	276	276	278

<b>Total non current assets</b>	<b>694,504</b>	<b>718,117</b>	<b>722,723</b>
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less

#### Non current liabilities

Public debt	46,044	46,810	47,657
Provisions	4,786	4,779	4,679
Derivative financial liabilities	4,196	4,196	4,427

<b>Total non current liabilities</b>	<b>55,026</b>	<b>55,785</b>	<b>56,763</b>
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### Net assets

<b>639,087</b>	<b>661,552</b>	<b>661,620</b>
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For the year ended:	Annual Plan	LTP	Annual Plan (draft)
30 June	2018-2019 \$'000	2019-2020 \$'000	2019-2020 \$'000

## Prospective Statement of Comprehensive Revenue and Expense

### Revenue

Rates	35,029	37,147	36,884
Subsidies and grants	12,860	12,154	32,005
Activity income	5,204	5,319	6,499
Contributions	2,494	2,531	3,019
Investments and other income	340	346	339
<b>Total revenue</b>	<b>55,926</b>	<b>57,496</b>	<b>78,745</b>

### Expenses

Activity costs	22,287	24,117	28,662
Employee benefits	10,828	11,022	12,692
Finance costs	2,950	2,780	2,780
Depreciation	9,882	10,423	11,010
<b>Total expenses</b>	<b>45,947</b>	<b>48,342</b>	<b>55,145</b>

### Surplus/(deficit) for the period

9,979	9,155	23,601
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### Other comprehensive revenue and expense

(Items that will not be reclassified subsequently to surplus or deficit)

Gain/(loss) on revaluation	13,036	13,311	13,311
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### Total comprehensive revenue and expense for the period

<b>23,015</b>	<b>22,466</b>	<b>36,912</b>
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## Legal Compliance Update

**Meeting:** Audit Risk and Finance Committee  
**Date of meeting:** 12 June 2019  
**Reporting officer:** Sue Davidson, General Manager Risk, IT and Finance

### Purpose/Ngā whāinga

This report summarises our legal compliance with Council’s statutory obligations. It provides oversight to the approach to risk and complying with regulatory and statutory requirements.

### Executive summary/Whakarāpopototanga

This report details instances of non-compliance with progress with addressing the instances of actual or potential non-compliance.

### Recommendation/Ngā tūhunga

That Kaipara District Council:

- a) Notes the Legal Compliance Update report dated 16 May 2019.

### Context/Horopaki

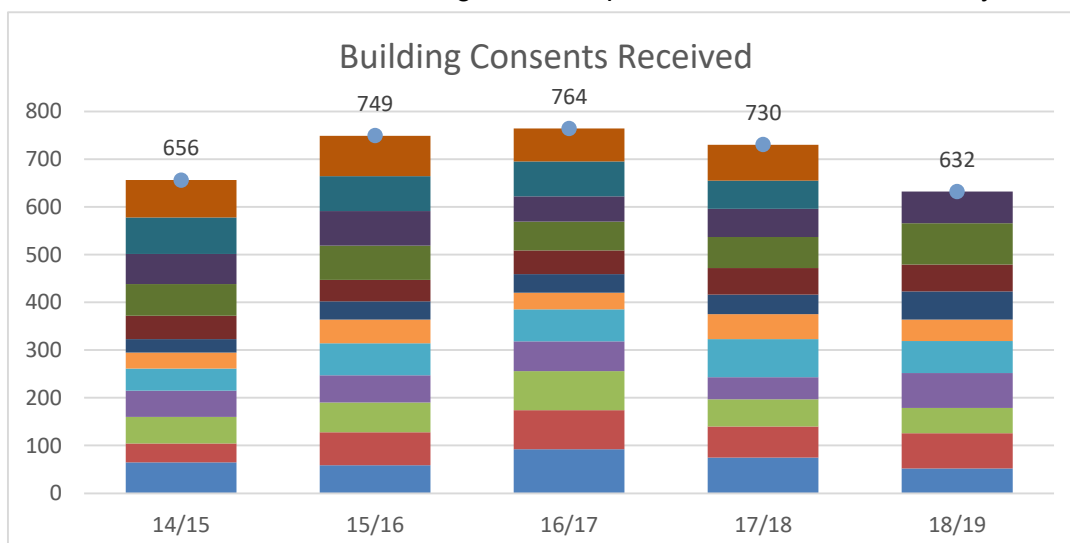
The Audit, Risk and Finance Committee (the Committee) is responsible for identifying and monitoring risks associated with legislative compliance. This report provides details where council is not complying and how this is looking to be remedied.

### Discussion/Ngā kōrerorero

This report details instances of non-compliance and progress with addressing the instances of actual or potential non-compliance. The council has provided the following information:

#### Building consents

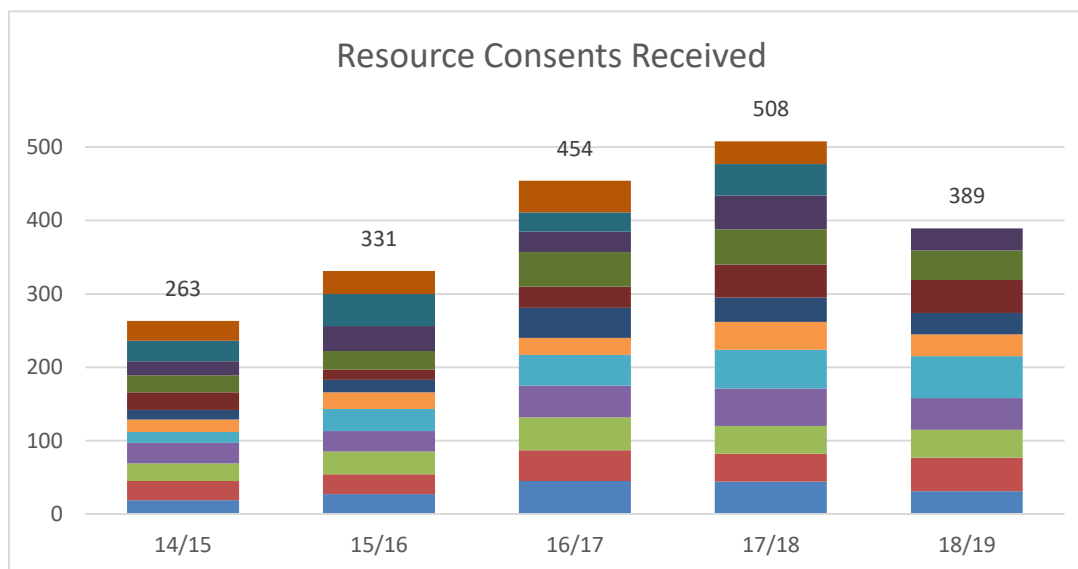
The aim is to have %100 of building consents processed within the statutory timeframe.



Percentage of building consents processed within statutory timeframes				
2014/2015	2015/2016	2016/2017	2017/2018	YTD
99%	99%	98%	97%	93%

## Resource consents

The aim is to have all non-notified land use and subdivision consents processed within the statutory timeframe.



Percentage of resource consents processed within statutory timeframes				
2014/2015	2015/2016	2016/2017	2017/2018	YTD
100%	99%	99%	87%	73%

## Environmental Health

The legal documents have been finalised for nine properties in Kaihu to take up the loan for a water tank on their property. Currently they are on a raw water supply. Staff will need to meet with the owners to explain the documentation and get it signed. Two of the properties have been identified on Maori land.

Council has a wastewater bylaw and is proactively monitoring a percentage of the district housing with onsite domestic wastewater systems. The monitoring being undertaken has resulted in several areas being identified where there could be an issue. Further facts are being collected and a briefing/workshop will be held with Council, likely in July 2019.

## Infrastructure

The discharges of treated effluent from the Kaiwaka and Te Kopuru WWTPs have been consistently outside of the discharge limits set by Northland Regional Council (NRC).

Investigations have been undertaken to identify what is causing these issues and what we can do to rectify them.

### Kaiwaka WWTP:

- a) KDC will take the consultant's report to NRC and outline our proposed way forward;



- b) KDC is looking for cost-effective alternative solutions (such as membrane filtration). If this is unsuccessful then chlorination is proposed to be installed with the consent of NRC, or alternatively a UV disinfection system (with a pre-filtration system) will be required.

**Te Kopuru WWTP:**

- a) KDC will take the consultant's report to NRC and outline our proposed way forward;
- b) KDC will apply to vary the existing consent to be more in line with the wastewater treatment system currently in place;
- c) A larger aeration unit will be installed to help better manage the ammoniacal nitrate levels within the pond.

**Significance and engagement/Hirahira me ngā whakapāpā**

The decisions or matters of this report do not trigger the significance criteria outlined in council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Sue Davidson, 16 May 2019



## Policy Register Review Programme Update

**Meeting:** Audit, Risk and Finance Committee  
**Date of meeting:** 12 June 2019  
**Reporting officer:** Linda Osborne, Administration Manager

### Purpose/Ngā whāinga

To update the Audit, Risk and Finance Committee (the Committee) on the review programme of the Policy Register.

### Executive summary/Whakarāpopototanga

The Policy Register contains 60 separate policies which are reviewed as they fall due. It is good practice that the Register is reported to Council on a regular basis. It is placed on the Committee's agenda for information. Since the last report four policies have been reviewed and updated, and staff have assessed other policies and updated the future review programme.

### Recommendation/Ngā tūtohunga

That the Audit, Risk and Finance Committee:

- a) notes the updated Policy Register.

### Context/Horopaki

Council currently maintains 60 separate policies, available at **Attachment A**. General Managers have the responsibility of periodically reviewing policies in their area and the General Manager Strategy, Governance and Democracy has an over-arching programme to ensure that happens. Some policies (operational) are authorised by the Chief Executive only, whereas others, in the interest of transparency, are adopted by Council.

The Policy Register is available on Council's intranet (SharePoint) which enables all staff easy access to 'a single source of truth'. Every six months the Policy Register's status is reported to the Committee.

### Discussion/Ngā kōrerorero

Since the last report in December 2018, four policies have been reviewed and updated. They are:

- Smokefree Kaipara.
- Class 4 Gambling Venues Policy.
- Application of Sales Proceeds to Debt Policy.
- Local Election Hoarding Policy.

The due dates for seven policies have been reviewed by staff and had their review date amended to be more realistic and to fit in with operational requirements. For example, the review dates for the Gifts for Elected Members Policy, Constituent Engagement Policy, Elected Members Allowances and Recovery of Expenses Policy, Code of Conduct Elected Members and Petitions Policy were adjusted to reflect the election programme.

Currently under review is the Policy on Dogs and Dog Management Bylaw and the Risk Management Policy and Framework. The Legislative Compliance Policy is on the agenda at the meeting.

### **Significance and engagement/Hirahira me ngā whakapapa**

The decisions or matters of this report do not trigger the significance criteria outlined in council's Significance and Engagement Policy, and the public will be informed via agenda on the website.













### **Next steps/E whaiake nei**













Staff will continue to review policies as and when they are due, and report updates to the Committee every six months.


### **Attachments/Ngā tapiritanga**












	Title
A	Policy Register 2019

Linda Osborne, 24 May 2019









Policy Name	Description	Status	Last Reviewed Date	Next Review Due	Comments	Policy Owner	RAG Status
<a href="#">Application of Sale Proceeds to Debt</a>	To ensure that the application of sales or other proceeds to debt is systematic, fair and transparent.	Adopted	28/03/2019	28/03/2022		GM Finance	
<a href="#">Bullying and Harassment Policy</a>	Provides guidance and information to staff on how to identify, report and help prevent bullying or harassment occurring at KDC.	Adopted	30/11/2015	30/11/2020		GM People & Capability	
<a href="#">Class 4 Gambling Venues Policy</a>	Controls the growth, integrity and fairness of gambling. The Policy provides the mechanism to limit opportunities for crime and dishonesty and ensures money from gambling benefits the community.	Adopted	30/09/2018	30/09/2021		GM Regulatory, Policy & Planning	
<a href="#">Code of Conduct - Staff</a>	Policy deals with the way we go about our business and provides guidance on the standards of behaviour that are to be observed to ensure that these values are upheld.	Adopted	3/04/2017	3/04/2020		GM People & Capability	
<a href="#">Community Assistance Policy</a>	The Policy sets out criteria to assist decision making when allocating funds for community assistance to competing requests.	Adopted	30/08/2017	30/08/2020		GM Regulatory, Policy & Planning	
<a href="#">Conflict of Interest - Staff</a>	The purpose of this document is to clarify for Council Staff and representatives what constitutes a Conflict of Interest, their obligation to declare any conflict when it arises, how conflicts will be managed and the potential consequences if Staff and/or representatives do not comply with their obligations.	Adopted	28/07/2016	28/07/2021		GM People & Capability	
<a href="#">Constituent Engagement Policy</a>	Outlines how Councillors will handle complaints, feedback and issues of some contention from constituents and provides clarity for Councillors, staff and the community.	Approved	30/11/2016	1/02/2020	Will be reviewed in the new electoral term	GM Governance, Strategy and Democracy	
<a href="#">Customer Privacy Policy</a>	This Policy governs Council's collection, use and disclosure of customers personal information (as defined in the Privacy Act 1993 (Privacy Act)) and has been prepared in accordance with Council's obligations and the customers rights set out in the Privacy Act.	Approved	8/03/2018	8/03/2021		GM People & Capability	
<a href="#">2018 Development Contributions Policy</a>	Sets out Council's policy on levying and spending Development Contributions including how much will be levied for each activity in each catchment.	Adopted	23/02/2018	23/02/2021	Adopted in conjunction with Council's Long Term Plan	GM Finance	
<a href="#">Disposal of Operational Assets Policy</a>	The objective of this policy is to provide clear guidelines on the circumstances in which operational assets may be disposed of and the methods that can be used in such disposal.	Approved	28/09/2017	28/09/2020		GM Governance, Strategy and Democracy	
<a href="#">Early payment of rates for subsequent years Policy</a>	States Council's policy with regard to the early payment of rates and zero discounts. Also payment of subsequent years rates in relation to the MCWWS.	Adopted	30/11/2017	30/11/2020	Adopted in conjunction with Council's Long Term Plan	GM Finance	
<a href="#">Easter Sunday Shop Trading Policy 2017</a>	This Policy is to allow shops the choice to trade on Easter Sunday if they wish to. The Policy neither requires shops to open, employees to work or individuals to shop on Easter Sunday.	Adopted	14/03/2017	14/09/2021		GM Regulatory, Policy & Planning	
<a href="#">Elected Members allowances and recovery of expenses Policy</a>	This Policy sets out rules on the claiming of expenses by elected members and the resources that will be available to them during their term of office.	Adopted	27/09/2018	30/08/2019	Will be reviewed if required in 2019 to adjust to Remuneration Authority current national review of elected member salaries	GM Governance, Strategy and Democracy	

<a href="#">Code of Conduct Elected Members</a>	Provides guidance on standards of behaviour that are expected from the Mayor and elected members of the Kaipara District Council.	Adopted	16/12/2016	1/02/2020	Will be reviewed in the new electoral term	GM Governance, Strategy and Democracy	
<a href="#">Flexible Working Arrangements Policy</a>	This Policy supports employees with personal responsibilities, for example; family obligations, study and personal health. The policy aims to accommodate the reasonable requirements of staff members' work, life and family requirements, wherever practicable.	Approved	31/10/2016	31/10/2019		GM People & Capability	
<a href="#">Fraud Policy</a>	Objective is to ensure that the assets and reputation of Kaipara District Council and its Staff are protected from fraudulent behaviour.	Adopted	30/05/2018	30/05/2020		GM People & Capability	
<a href="#">Gift Register Policy</a>	The objective of this policy is to provide clear parameters for Council staff to ensure they are not open to influence or public criticism in relation to the receipt of gifts, hospitality and other personal benefits.	Adopted	31/08/2016	31/08/2021		GM People & Capability	
<a href="#">Gifts for Elected Members Policy</a>	Provides clear guidance for Elected Members when considering whether to accept or decline a gift or hospitality. The policy also ensures the community has a clear sense of the Mayor's and Councillors decisions on these matters.	Adopted	30/11/2016	1/02/2020	Will be reviewed in the new electoral term	GM Governance, Strategy and Democracy	
<a href="#">Health and Safety Policy</a>	Sets out Health and Safety requirements for staff, managers, Health and Safety Committee members and representatives.	Adopted	6/12/2016	6/12/2019		GM People & Capability	
<a href="#">ICT Contractor Engagement and Exit</a>	The purpose of this policy is to ensure that risk to our systems, software and hardware is minimised and the business remains operational and that the correct processes and procedures are employed when contracting IT services.	Approved	30/06/2017	30/06/2022		GM Finance	
<a href="#">ICT Crime and Incident Policy</a>	The purpose of this Policy is to ensure that the impact and risks associated with an event of IT crime or a security incident are minimised and contained, in order for Kaipara District Council (KDC) to continue business as usual. This policy should be read in conjunction with all other ICT policies.	Approved	31/05/2017	30/04/2022		GM Finance	
<a href="#">ICT Equipment Purchases and BYOD (Bring Your Own Device)</a>	The purpose of this policy is to ensure that the correct processes and procedures are employed when purchasing, deploying, maintaining and replacing hardware and other equipment.	Approved	31/05/2017	31/05/2022		GM Finance	
<a href="#">ICT IT Asset Refresh Policy</a>	The purpose of this policy is to ensure that all desktop equipment is continually refreshed.	Approved	30/06/2017	31/07/2022		GM Finance	
<a href="#">ICT Staff Moves, Additions and Changes Policy</a>	The purpose of this policy is to ensure staff and contractors have access to ICT tools and systems they need to complete their work in a timely manner and ensure that the organisation has an accurate view of its ICT Equipment and Software asset base.	Approved	31/05/2017	31/05/2022		GM Finance	
<a href="#">ICT Staff Moves, Additions and Changes</a>	The purpose of this policy is to ensure staff and contractors have access to ICT tools and systems they need to complete their work in a timely manner and ensure that the organisation has an accurate view of its ICT Equipment and Software asset base.	Approved	31/05/2017	31/05/2022		GM Finance	

<a href="#">IT Change Control Policy</a>	Outlines the change management process for IT changes to ensure risk and costs are controlled	Approved	19/07/2017	19/07/2022		GM Finance	
<a href="#">Legislative Compliance Policy</a>	To ensure that compliance with relevant statutes and regulations are met while undertaking the functions and duties of Local Government.	Adopted	21/04/2016	21/04/2019	To be adopted at June 2019 Audit, Risk and Finance Meeting	GM Finance	
<a href="#">Local Election Hoardings Policy</a>	Provides additional clarity to those wishing to erect election hoardings in addition to those guidelines contained in the District Plan Rules.	Adopted	23/04/2019	23/04/2022	Approved by ET	GM Governance, Strategy and Democracy	
<a href="#">Maori Freehold Land Rates Postponement and Remission Policy</a>	This Policy is to ensure the fair and equitable collection of rates occurs from all sectors of the community. It is important to also recognise that Māori freehold land has particular conditions and ownership structures which may make it appropriate to provide relief from rates.	Adopted	30/11/2017	30/11/2020	Adopted in conjunction with Council's Long Term Plan	GM Finance	
<a href="#">Misconduct and Disciplinary Policy</a>	Provides Staff with an understanding of what constitutes misconduct and Council's disciplinary process to manage it.	Adopted	13/07/2016	13/07/2021		GM People & Capability	
<a href="#">Mobile Phones Policy</a>	The purpose of this policy is to establish clear and consistent guidelines for the issuance and use of mobile/cell (mobile) phones to conduct official business on behalf of the Council	Approved	31/10/2016	31/10/2019		GM People & Capability	
<a href="#">Parental Leave Policy</a>	This Policy outlines to all staff, Council's approach to parental leave and the obligations we have to the employee and the employee has to Council.	Adopted	30/08/2016	30/08/2021		GM People & Capability	
<a href="#">Performance Management Policy</a>	The purpose of the Performance Management Policy is to outline our procedure for resolving poor, non-effective or unsatisfactory performance via informal and formal performance management mechanisms.	Approved	31/10/2016	31/10/2019		GM People & Capability	
<a href="#">Petitions Policy</a>	Sets out definition and procedures around petitions in order to strengthen and improve Council's decision-making through community involvement	Adopted	31/10/2016	1/02/2020	Will be reviewed in the new electoral term	GM Governance, Strategy and Democracy	
<a href="#">Photocopier Usage Policy</a>	Outlines the access and use of the photocopiers within the organisation	Adopted	27/10/2016	27/10/2021		GM People & Capability	
<a href="#">Policy on Dogs and Dog Management Bylaw</a>	Sets out responsible dog ownership and community awareness to promote an environment where dogs and people can happily co-exist.	Adopted	30/07/2009	30/07/2019	Currently at deliberations stage	GM Regulatory, Policy & Planning	
<a href="#">Procurement and Contract Management Manual</a>	Covers activities associated with purchasing goods and services by the Council.	Adopted	30/09/2014	30/09/2019		GM Finance	
<a href="#">Professional Development and Training Policy</a>	This Policy provides guidelines for administering professional development and training.	Adopted	31/10/2016	31/10/2019	Remuneration Committee to review in future	GM People & Capability	
<a href="#">Protected Disclosures Policy</a>	Outlines the disclosure and investigation of matters of serious wrongdoing and protecting Staff who make disclosures of information about serious wrongdoing.	Adopted	27/05/2013	30/10/2019		Chief Executive	

<a href="#">Rates Postponement and Remission Policy</a>	This Policy is to: provide financial assistance and support to ratepayers address rating anomalies address matters related to wastewater charges address matters related to excessive water rates	Adopted	17/11/2017	17/11/2020	Adopted in conjunction with Council's Long Term Plan	GM Finance	
<a href="#">Recruitment and Selection Policy</a>	Policy ensures all candidates applying for opportunities at Council are treated in the same way.	Adopted	30/08/2016	30/08/2021		GM People & Capability	
<a href="#">Reserves Contributions (Use of) Policy</a>	Defines Council's priorities for use of reserve contributions and uses these priorities to guide the development of a programme of works. A works programme will be consulted on as part of each year's Annual Plan process.	Adopted	23/05/2018	16/12/2020		GM Regulatory, Policy & Planning	
<a href="#">Revenue and Finance Policy</a>	This Policy sets out how Council funds each activity it is involved in and why. It forms part of the LTP.	Adopted	30/06/2018	30/03/2021		GM Finance	
<a href="#">Risk Management Policy and Framework</a>	Outlines the ongoing requirement for all staff to identify opportunities that may enhance Council's objectives and to address risks that may negatively impact on the achievement of Council's objectives.	Approved	15/12/2012	15/12/2017	Currently under review	GM Finance	
<a href="#">Roading Policy</a>	Provides guidelines and rules for Kaipara's roading network.	Adopted	30/09/2002	30/11/2016	Review will be undertaken pending the filling of vacancies at the NTA to resource the completion of the review of the policy.	GM Infrastructure	
<a href="#">Sensitive Expenditure Policy</a>	This Policy controls sensitive expenditure and ensure that the standards of probity and financial prudence expected of a public entity are met and the expenditure is able to withstand public scrutiny.	Adopted	23/03/2017	23/03/2020		GM People & Capability	
<a href="#">Significance and Engagement Policy</a>	Guides the assessment of significance during decision-making and provides direction on the consideration of community views and the level of community engagement that might be desirable to enable Council to develop a clearer understanding of community views and preferences on an issue or proposal.	Adopted	30/12/2017	30/12/2020	Must be reviewed as part of the LTP process.	GM Governance, Strategy and Democracy	
<a href="#">Smokefree Kaipara Policy</a>	The object of this Policy is to outline how Council will be proactive and demonstrate leadership by promoting a smokefree lifestyle as being desirable throughout the Kaipara district.	Adopted	16/12/2016	16/12/2021		GM Regulatory, Policy & Planning	
<a href="#">Smokefree Workplace Policy</a>	This Policy supports the health and well-being of their employees and, indirectly, their families/whanau through providing an environment that fully supports its employees to become and remain smokefree.	Approved	12/06/2016	12/06/2021		GM People & Capability	
<a href="#">Staff Induction Policy</a>	To enable all new employees to become effective and efficient in their role as quickly as possible they are supported through an on-boarding programme, The New Employee Journey, which covers their first three months of employment.	Adopted	30/07/2016	30/07/2021		GM People & Capability	



<a href="#">Staff Involvement in Political Process Policy</a>	Sets out requirements staff need to be aware of given their position as local authority officers.	Adopted	21/01/2016	30/06/2019	Will be reviewed prior to 2019 election pre-election period	GM Governance, Strategy and Democracy	
<a href="#">Staff Procurement Policy</a>	Provides Council employees guidelines on their ability to access procurement benefits through their employment relationship with Council.	Adopted	29/07/2014	29/07/2019	Next approval by Remuneration Committee	GM People & Capability	
<a href="#">Totalisator Agency Board (TAB) Venue Policy</a>	Council is required to develop and implement policies relating to stand-alone TAB venues. Consent is required to establish new TAB venues (other than TAB agencies where the main business carried on in the premises is not racing betting or sports betting). Limiting the number of TAB venues that can be established gives Council the opportunity to exercise control over the impact of gambling within the District.	Adopted	27/07/2018	27/07/2021	Currently under review	GM Regulatory, Policy & Planning	
<a href="#">Treasury Policy</a>	This Policy also incorporates the Liability Management and Investment Policies. It outlines approved policies and procedures in respect of all treasury activities undertaken by Council.	Adopted	28/02/2018	28/02/2022		GM Finance	
<a href="#">Vehicle Procedures Policy</a>	The purpose of this Policy is to provide a guide that outlines the procedures for operating and maintaining a Council vehicle. This Policy needs to be read in conjunction with Council's Remuneration Policy and with employees individual employment agreements.	Approved	31/10/2016	31/10/2019		GM People & Capability	
<a href="#">Wastewater Drainage Policy and Bylaw 2016</a>	The purpose of this Policy is to state Council's position and provide the statutory framework for protecting Council's wastewater assets and preventing unacceptable discharges of wastewater. The bylaw provides the mechanism to enforce the Policy.	Adopted	30/09/2016	30/09/2026		GM Infrastructure	
<a href="#">Citizens Awards Policy</a>	This Policy provides an assessment framework to assist the Citizens Awards Committee when determining successful recipients from the pool of nominees.	Adopted	30/06/2018	1/05/2021		GM Governance, Strategy and Democracy	
<a href="#">Staff Uniform Policy</a>	The objective of this policy is to define the provision of Council-funded clothing for Council officers	Approved	6/11/2018	6/11/2023		GM People & Capability	
<a href="#">ICT Data and Information Compliance</a>	The purpose of this Policy is to ensure Council meets all legal and industry standard requirements pertaining to information and data that is either generated or held within our operation.	Adopted	30/06/2018	30/06/2019		GM Finance	
<a href="#">Private Road Seal Extension Policy</a>	The objective of this Policy is to set out, in a clear and transparent manner, Council's criteria for considering private seal extension requests from ratepayers and/or residents.	Adopted	29/11/2018	29/11/2023		GM Infrastructure	



## **Legislative Compliance Policy Council to Adopt**

**Meeting:** Audit, Risk and Finance Committee  
**Date of meeting:** 12 June 2019  
**Reporting officer:** Sue Davidson, GM Risk, IT and Finance

### **Purpose/Ngā whāinga**

The Audit, Risk and Finance Committee (the Committee) is providing guidance to staff as to their expectations to Legal Compliance.

### **Executive summary/Whakarāpopototanga**

The policy is to give guidance to staff as to what processes they require to meet legal compliance. In addition, GM Risk, IT and Finance has created a timetable for reporting linked to the Committee's Terms of Reference and this ensures their duties which encompass legal compliance is understood and reported on to the Committee.

### **Recommendation/Ngā tūhunga**

That the Audit, Risk and Finance Committee:

- a) Recommends to Council that the Legislative Compliance Policy is adopted.

### **Context/Horopaki**

This document outlines how Council will meet compliance and what actions will be taken if non-compliance is identified.

### **Discussion/Ngā kōrerorero**

The policy is **Attachment A**. One change is proposed that I believe will be more valuable to staff and that is looking at the changes that impact on local government for the year however this does rely on our solicitors compiling the list. All staff within the organisation have this list distributed to them.

#### **Policy and planning implications**

This is a policy around understanding how we can minimise the risk around compliance.

#### **Financial implications**

There are no financial implications.

#### **Risks and mitigations**

Any non-compliance and the risks associated with this are discussed at Audit, Risk and Finance Committee.


### **Significance and engagement/Hirahira me ngā whakapāpā**

The decisions or matters of this report do not trigger the significance criteria outlined in council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

## Attachments/Ngā tapiritanga

	Title
A	Legislative Compliance Policy

Sue Davidson, 20 May 2019

	<b>Title of Policy</b>	Legislative Compliance Policy		
	<b>Sponsor</b>	<del>Sue Davidson</del>	<b>Authorised/adopted by</b>	Audit, Risk and Finance Committee
	<b>Written By</b>	<del>Sue Davidson</del>	<b>Date Adopted</b>	21 April 2016
	<b>Type of Policy</b>	Finance	<b>Review Date</b>	<del>30 June 2022</del>
	<b>File Reference</b>	2304.15	<b>Date</b>	<del>12 June 2019</del>

- Deleted:** Glennis Christie
- Deleted:** and
- Deleted:** Shelley Paniora
- Deleted:** 30 April 2019
- Deleted:** 6 April 2016

## 1 Background

There are many pieces of legislation which impact on Council in its function as a local government organisation.

## 2 Objective

The scope of this policy is to document and assist Council in ensuring that compliance with relevant statutes and regulations occurs while undertaking the necessary functions and duties of local government. It outlines how Council will meet compliance and what actions will be taken if non-compliance is identified.

## 3 Procedure

To meet compliance Council will:

- ~~Get advice on the legislation changes during the year that affect Council and ensure staff are made aware of these changes.~~ Twice a year engage with senior staff regarding awareness of obligations and endeavours in the performance of Council functions.
- Key staff will be asked to sign a statement listing any non-compliances, if any, that their group is aware through an internal audit process.
- Engage General Legal Counsel on matters arising in day to day management of Council duties when necessary and any new legislative requirements.
- Seek legal advice on Statutory Planning Documents, including but not limited to Council's Long Term Plan, Annual Plan and Rates Resolutions.
- Advise the Audit, Risk and Finance Committee of any areas of non-compliance or exposure to risk from breaches or claims identified, as soon as practical.

- Deleted:** Establish and maintain a List of Key Legislation
- Deleted:** ¶

Should non-compliance be identified:

- The non-compliance will need to be brought to the activity manager's attention (if they are not already aware of this).
- Discussion to activity managers' General Manager to occur. The General Manager may request a report be written by the activity manager of the non-compliance issue. This may be undertaken at the time of analysis.
- Analysis of the non-compliance to be undertaken by the activity manager.
- Rectification through system changes or training will take place.
- Report to the Audit, Risk and Finance Committee of the non-compliant activity and the steps taken to address this.

- Deleted:** and

- Deleted:** and



Notes

Some legislation may cover several activity areas for which responsibility falls on different staff. In these circumstances, staff members with primary responsibility for this activity will need to ensure legislative compliance.

DRAFT

## Legislative Compliance – Awareness of Obligations

**Meeting:** Audit, Risk and Finance Committee  
**Date of meeting:** 12 June 2019  
**Reporting officer:** Sue Davidson, GM Risk, IT and Finance

### Purpose/Ngā whāinga

This report to the Audit, Risk and Finance Committee (the Committee) is to detail the internal control steps undertaken to ensure staff are aware of the requirements and obligation as prescribed through Acts of Parliament, Regulations and Standards applicable for the Local Government environment.

### Executive summary/Whakarāpopototanga

Every six months managers are asked to read and sign an Awareness of Obligations and Endeavour to Meet Statement. In addition, Simpson Grierson has reviewed new and amended legislation and council staff have been advised of the changes in **Attachment 1**.

### Recommendation/Ngā tūhunga

That the Audit, Risk and Finance Committee:

- a) Notes the Legislative Compliance report dated 16 May 2019 and its attachment 'Legislative changes relevant or potentially relevant to Kaipara District Council, April 2018 - March 2019'.

### Context/Horopaki

Council has a system for requesting managers to acknowledge their awareness and endeavour to meet the requirements of the relevant Acts of Parliament, Regulations and Standards applicable to their duties. In this statement, managers are asked to verify that, to the best of their knowledge, they are complying and operating within the legislative requirements.

Council requests our solicitors to provide an annual summary of changes to legislation. This is part of the process to ensure managers are aware of the seriousness and commitment to compliance with legislation.

### Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

### Attachments/Ngā tapiritanga




Number	Title
1	Legislative Changes April 2018 – March 2019

Sue Davidson, 16 May 2019





## Legislative changes relevant or potentially relevant to Kaipara District Council, April 2018 - March 2019

Key	
Major change	
Minor change	
Nominal change	

DATE	NEW / AMENDING LEGISLATION	AMENDED LEGISLATION	CHANGE	WHAT THE CHANGE MEANS						
1 June 2018	Civil Defence Emergency Management Amendment Act 2016	Civil Defence Emergency Management Act 2002	Section 49 of the Civil Defence Emergency Management Act 2002 was amended, as from 1 June 2018, by the Civil Defence Emergency Management Amendment Act 2016.	<p>The Civil Defence Emergency Management Group's (CDEM) emergency management group plan must now state and provide for the arrangements for giving notice of a <i>local transition period</i>.</p> <p>A <i>local transition period</i> might be declared following a state of emergency. A <i>transition period</i> is normally declared if it is necessary to carry out urgent recovery activities – during this time, extraordinary powers can be used for directing and coordinating personnel and resources.</p> <p>The Kaipara District has a Civil Defence Emergency Management Officer who is part of the Northland CDEM, and will be subject to the Northland Civil Defence Emergency Management Plan.</p> <p>Both the Council and the Officer should be aware of this requirement, especially because the Mayor (or an elected member of the Council) could be required to give notice of a <i>local transition period</i>. Notice should be given in accordance with the arrangements set out in the CDEM plan.</p>						
1 July 2018	Local Government Members (2018/19) (Local Authorities) Determination 2018		The Local Government Members (2018/19) (Local Authorities) Determination 2018 came into force on 1 July 2018 and will	<p>Sets out annual remunerations.</p> <table border="1"> <tbody> <tr> <td>Mayor</td> <td>\$100,857</td> </tr> <tr> <td>Deputy Mayor</td> <td>\$58,938</td> </tr> <tr> <td>Taharoa Domain Governance Committee Chairperson</td> <td>\$35,363</td> </tr> </tbody> </table>	Mayor	\$100,857	Deputy Mayor	\$58,938	Taharoa Domain Governance Committee Chairperson	\$35,363
Mayor	\$100,857									
Deputy Mayor	\$58,938									
Taharoa Domain Governance Committee Chairperson	\$35,363									

DATE	NEW / AMENDING LEGISLATION	AMENDED LEGISLATION	CHANGE	WHAT THE CHANGE MEANS								
			expire on 30 June 2019.	<table border="1"> <tr> <td>Mangawhai Community Park Governance Committee Chairperson</td> <td>\$35,363</td> </tr> <tr> <td>Regional Land Transport Portfolio Holder</td> <td>\$35,363</td> </tr> <tr> <td>Representative Sport Northland</td> <td>\$32,762</td> </tr> <tr> <td>Councillor</td> <td>\$29,470</td> </tr> </table>	Mangawhai Community Park Governance Committee Chairperson	\$35,363	Regional Land Transport Portfolio Holder	\$35,363	Representative Sport Northland	\$32,762	Councillor	\$29,470
Mangawhai Community Park Governance Committee Chairperson	\$35,363											
Regional Land Transport Portfolio Holder	\$35,363											
Representative Sport Northland	\$32,762											
Councillor	\$29,470											
1 July 2018	Fire and Emergency New Zealand Act 2017	Local Government Act 2002	Sections 183 and 184 of the Local Government Act 2002 were repealed, as from 1 July 2018, by section 200 of the Fire and Emergency New Zealand Act 2017.	<p>KDC is no longer able to require the owners of land to cut down, eradicate, or remove any growth on the land or to remove or destroy any matter on the land if the growth or matter is likely to become a source of danger from fire.</p> <p>Under section 65 of the Fire and Emergency New Zealand Act 2017, the power now sits with Fire and Emergency New Zealand.</p>								
	Rates Rebate (Specified Amounts) Order 2018	Rates Rebate Act 1973 Rates Rebate (Specified Amounts) Order 2017	<p>Section 3 of the Rates rebate Act 1973 was amended, and the Rates Rebate (Specified Amounts) Order 2017 was revoked, as from 1 July 2018, by the Rates Rebate (Specified Amounts) Order 2018.</p> <p>This Order was revoked, as from 1</p>	<p>Formerly, a ratepayer who, at the commencement of a rating year, was the ratepayer of a residential property was entitled to a rebate of whichever amount is the lesser of:</p> <ul style="list-style-type: none"> <li>- Two-thirds of the amount by which those rates exceeded \$160, reduced by \$1 for each \$8 by which the ratepayer's income for the preceding tax year exceeded \$24,790; or</li> <li>- \$620.</li> </ul> <p>The amounts have been amended; the threshold for the ratepayer's income is now \$25,190, and the alternative amount is now \$630.</p>								

DATE	NEW / AMENDING LEGISLATION	AMENDED LEGISLATION	CHANGE	WHAT THE CHANGE MEANS
			July 2018, by the Rates Rebate (Specified Amounts) Order 2018.	
1 October 2018	Customs and Excise Act 2018	Shop Trading Hours Act 1990	Section 4 of the Shop Trading Hours Act was amended, as from 1 October 2018, by the Customs and Excise Act 2018.	Subsection (1)(b)(ii) was amended by substituting “an export warehouse or a duty-free store” for “an export warehouse”. The terms are defined in the Customs and Excise Act 2018.  To our knowledge there are no duty-free stores in the Kaipara district, so this change is unlikely to have any effects.
9 November 2018	Local Government Members (2018/19) (Local Authorities) Amendment Determination 2018	Local Government Members (2018/19) (Local Authorities) Determination 2018	Clause 11 of the schedule to the Local Government Members (2018/19) (Local Authorities) Determination 2018 was amended, as from 9 November 2018, by the Local Government Members (2018/19) (Local Authorities) Amendment Determination 2018.	Amended the allowances payable to members eligible for travel on and after 1 December 2018.  The allowance payable to a member for eligible travel on and after 1 December 2018 is,— <ul style="list-style-type: none"> <li>(a) for a petrol or diesel vehicle,— <ul style="list-style-type: none"> <li>(i) 76 cents per kilometre for the first 14,000 kilometres of eligible travel during the term of this determination; and</li> <li>(ii) 26 cents per kilometre after the first 14,000 kilometres of eligible travel during the term of this determination:</li> </ul> </li> <li>(b) for a petrol hybrid vehicle,— <ul style="list-style-type: none"> <li>(i) 76 cents per kilometre for the first 14,000 kilometres of eligible travel during the term of this determination; and</li> </ul> </li> </ul>

DATE	NEW / AMENDING LEGISLATION	AMENDED LEGISLATION	CHANGE	WHAT THE CHANGE MEANS								
				<ul style="list-style-type: none"> <li>(ii) 18 cents per kilometre after the first 14,000 kilometres of eligible travel during the term of this determination:</li> <li>(c) for an electric vehicle,—               <ul style="list-style-type: none"> <li>(i) 76 cents per kilometre for the first 14,000 kilometres of eligible travel during the term of this determination; and</li> <li>(ii) 9 cents per kilometre after the first 14,000 kilometres of eligible travel during the term of this determination.</li> </ul> </li> </ul>								
12 November 2018	Land Transfer Act 2017	Key terminology changes – these apply throughout the LTA 2017 and other legislation.		<table border="1" data-bbox="1240 679 1939 1082"> <thead> <tr> <th data-bbox="1240 679 1715 772">Old term</th> <th data-bbox="1722 679 1939 772">New term</th> </tr> </thead> <tbody> <tr> <td data-bbox="1240 777 1715 895">Computer Register and Certificate of Title</td> <td data-bbox="1722 777 1939 895">Record of Title</td> </tr> <tr> <td data-bbox="1240 900 1715 986">Registered Proprietor</td> <td data-bbox="1722 900 1939 986">Registered Owner</td> </tr> <tr> <td data-bbox="1240 991 1715 1082">Unit</td> <td data-bbox="1722 991 1939 1082">Unit Title</td> </tr> </tbody> </table> <p data-bbox="1240 1114 2056 1209">References to “certificate of title” were amended to “record of title” and references to the “Land Transfer Act 1952” were amended to the “Land Transfer Act 2017”.</p>	Old term	New term	Computer Register and Certificate of Title	Record of Title	Registered Proprietor	Registered Owner	Unit	Unit Title
Old term	New term											
Computer Register and Certificate of Title	Record of Title											
Registered Proprietor	Registered Owner											
Unit	Unit Title											
		Local Government (Rating) Act 2002	Sections 5 (land transfer register), 11, 32, 83 and 90 and pt 1 of sch 1 of the Local Government (Rating) Act 2002 were amended, as from 12									

DATE	NEW / AMENDING LEGISLATION	AMENDED LEGISLATION	CHANGE	WHAT THE CHANGE MEANS
			November 2018, by the Land Transfer Act 2017.	
		Rating Valuations Act 1998	Sections 5A, 5B and 5C of the Rating Valuations Act 1998 were amended, as from 12 November 2018, by the Land Transfer Act 2017.	References to “certificate of title” were amended to “record of title” and references to the “Land Transfer Act 1952” were amended to the “Land Transfer Act 2017”.
		Local Government Act 2002	Sections 208, 220 and sch 9, cl 3 of the Local Government Act 2002 were amended, as from 12 November 2018, by the Land Transfer Act 2017.	References to “the Statutory Land Charges Registration Act 1928” were amended to “subpart 5 of Part 3 of the Land Transfer Act 2017”.
		Building Act 2004	Sections 10, 74, 75, 78, 79, 80, 81, 82, 83, 125, 133AL, 155, 392 of the Building Act 2004 were amended, as from 12 November 2018, by s 250 of the Land Transfer Act 2017.	References to “certificate of title” were amended to “record of title” and references to the “Land Transfer Act 1952” were amended to the “Land Transfer Act 2017”.  References to “mortgage, charge, or lien” were amended to “mortgage or charge”.



## Health and Safety Update – June 2019 (Qtr 3)

**Meeting:** Audit, Risk and Finance Committee  
**Date of meeting:** 12 June 2019  
**Reporting officer:** Hannah Gillespie, General Manager People and Capability

### Purpose/Ngā whāinga

This report summarises the health and safety events and activities since 01 January 2019.

### Executive summary/Whakarāpopototanga

The Scorecard for the period 01 January to 31 March 2019 is **Attachment A**.

This report covers the quarter where there had been a person sitting in the health and safety role for only three weeks of this quarter. Whilst every effort has been made to track down data and reporting, there could still be variances in the actual information filed by Infrastructure staff. Registers have been developed in consultation since to assist in collection of this information for the future reporting so as to ensure that this is not continue. Performance reporting KPI's are noted in the draft of future business plans and assigned against the relevant responsible manager/s.

### Recommendation/Ngā tūhunga

That the Audit, Risk and Finance Committee:

- a) Notes the Health and Safety update June 2019 report and Attachments A-G accordingly.

### Context/Horopaki

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 Council is meeting the legal obligation to lower the risk so far as is reasonably practicable; and
- Be confident that Council is providing a safe workplace for its staff, contract workers, customers and visitors.

This report and its Attachments A-G provide key information that addresses these matters at a governance level and addresses items raised at the December 2018 Audit, Risk and Finance Committee (the Committee) meeting where the Committee asked for further information on incidents and near misses with potential for serious damage or injury or illness.

Report on outstanding actions from previous meetings:

- Reporting format to be reviewed
- Audits, scheduling and reporting
- Incident, near miss and hazard classification, notification and escalations.

## Discussion/Ngā kōrerorero

### Risks and mitigations

#### *Critical risk – Occupational driving*

Emphasis continues to be placed on reducing driving speeds in the Council fleet. Weekly overspeed reports through the SmartTrak GPS system enable intervention where data shows a cause for concern. Council is in the process of formalising its approach to correcting at risk driving behaviours from GPS reports and infringements notices. Weekly reporting is disseminated and a marked improvement is occurring although there continues to be some concerning speeds recorded, the offenders are being called to account for their actions however and a steady improvement is being noted. Whilst current reporting only monitors overspeeds exceeding 110 kph, there has been a review of the other speed limits and driver overspeeds for this category. A meeting is scheduled with key internal stakeholders for 11 June 2019 to address this along with vehicle selection, guidelines around management action and including a review of the current risk controls.

### Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

### Next steps/E whaiake nei

Document the gaps identified to date in the ongoing review of the Health and Safety Management System (HSMS) and include areas for improvement when developing the 2019/20 People and Capacity - Health and Safety Strategic Plan. Integral to this success will be the integration of the HSMS into all of Council's business systems.

Health and safety gaps will be addressed as Action Items (a living document) and carefully monitored and reported on using maturity statements wherever possible.

A concentrated effort has been made in the last three months to consult with staff with an aim to close the gap in quality assurance and oversight which includes both organisational and contractor reporting and review.

### Attachments/Ngā tapiritanga

	Title
A	Lag indicators - third quarter scorecard – 01 January – 31 March 2019
B	Incidents, near miss or hazards with potential to cause a serious outcome
C	Lead indicators - Organisational
D	Contractor Management – Prequalification Pre-requisite
E	Contractor Management – Quality Assurance/Oversight update
F	Fleet management inspections and Driver Behaviour
G	Infrastructure H&S Performance Reporting

Prue Miller, 27 May 2019



## Attachment A - Lag indicators – period 01 January – 31 March 2019

	KDC	Contractor	Public	QTR 1	KDC	Contractor	Public	QTR 2	KDC	Contractor	Public	QTR 3
<b>Environmental Incident</b>	0	1	0	1	0	0	0	0	0	2	0	2
<b>Notifiable Incident</b>	0	0	0	0	0	1	0	1	0	0	0	0
<b>Lost time injury</b>	1	0	0	1	0	1	0	1	0	0	0	0
<b>Medical treatment only</b>	1	1	0	2	0	0	0	0	1	2	0	3
<b>First Aid only</b>	1	6	0	7	1	1		2	0	3	0	3
<b>Occupational Illness</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Pain and discomfort</b>	1	1	0	2	0	0	0	0	0	0	0	0
<b>Property Damage (other)</b>	0	9	0	9	2	1	0	3	4	14	0	18
<b>Near Miss (other)</b>	3	14	0	17	2	12	0	14	2	13	0	15
<i>Property damage (Motor vehicle) including driving</i>	<i>Not currently being reported on *will be in the last quarter</i>								3	0	0	3
<i>Near Miss (Motor vehicle) including driving</i>									1	0	0	1
<i>Occupational Violence/Threats</i>									2	0	0	2

## Attachment B - incidents, near miss or hazards with potential to cause a serious outcome

Incident/Near involving:	Miss/Hazard	Details	Potential
<b>Dangerous Event</b>		Excavator operating within the MAD	Electrocution
<b>Workplace incident</b>		Sharp object (post) came into contact with eye goggles on a maintenance job	Penetration of another part of the body
<b>Driving incident</b>		Motor vehicle accident – sun affected ability to see oncoming car, collision	Fatality
<b>Security/IT threat</b>		Library – anti Islamic protesting post Christchurch	Terrorism/physical harm
<b>Traffic Management incident</b>		Multiple advices where TMP's have failed to control traffic hazard Cadet working on hydrant stopped work due to traffic concerns	Fatality
<b>Occupational violence/threat</b>		Library staff threatened	Physical/grievous bodily harm
<b>Equipment</b>		Three multiple advices where contractors have failed to secure/connect plant or equipment on their vehicles	Serious harm/injury to other road users/staff operating plant
<b>Property damage</b>		Excavator contacted with Telecom cable Hand tool came into contact with telecom cable	Loss of communications
<b>Environmental</b>		Sewer spill	Environmental damage
<b>Hazardous exposure</b>		Contractor employee was overcome by fumes Chemical spill (unknown location) *	Serious illness/affect to exposed person

## Attachment C - Lead indicators – organisational

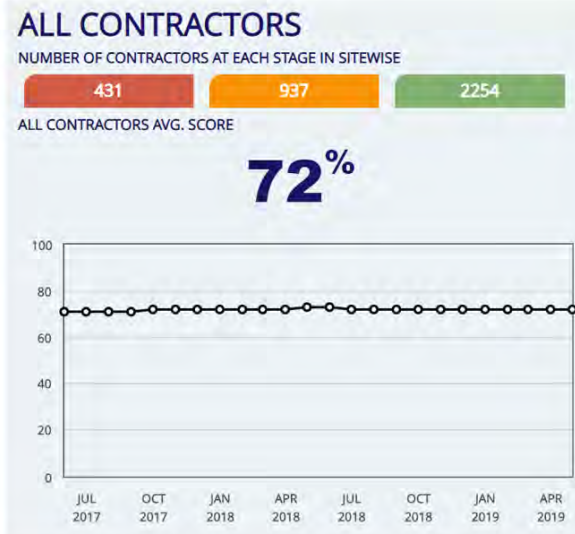
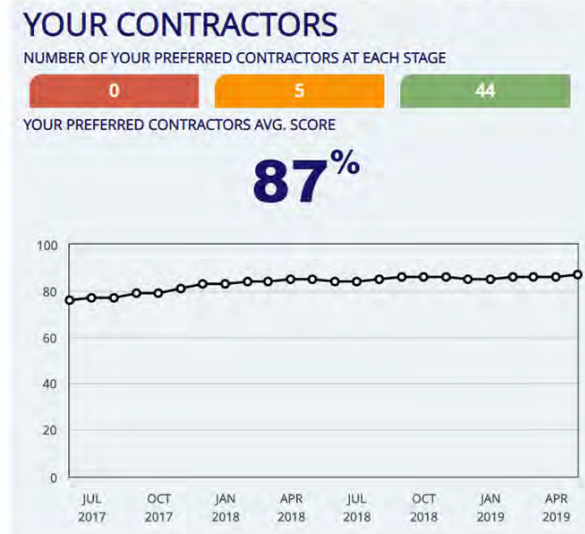
Activities	Due/reported	Actioned/completed	Comments
<b>Business activities/tasks risk assessed Hazards identified/reported Nil reported</b>	Nil reported for the qtr	N/A	*Issues papers to be provided when escalating hazards unable to be mitigated to an acceptable level – H&S notification and escalation protocols are currently under review
<b>H&amp;S KDC workplace inspections 3 x libraries, town hall, Dargaville and Mangawhai office</b>	6	4	KPI's will be included in each business units plan along with an overall reporting requirement in the P&C business plan. HSR's to commence these duties periodically
<b>HS&amp;E audits due</b>	None scheduled for this qtr	N/A	*Will be a KPI in next year's P&C business plan, H&S strategy
<b>New staff inductions</b>	18	6	*Backlog still exists from having position vacant for extended period – scheduling group inductions to catch up
<b>H&amp;S training needs analysis</b>	<b>DRAFT REGISTER HAS BEEN DEVELOPED - WIP</b>		We have requested information from infrastructure and NTA as these areas are prioritised for H&S competencies

# Attachment D - Contractor management - prequalification pre-requisite

## Sitewise – Prequalification



## CONTRACTOR ASSESSMENT SCORES



## Contractor Exceptions – Prequalification

\*work is underway planning with key stakeholders on a way to assist the volunteer groups and associations who conduct minor works for council under other types of agreements i.e. NOT high risk construction work activities

*GM Infrastructure has agreed in principle to trial the procurement prequalification for these small groups however warns the procurement team which includes H&S of already overstretched workload and the potential for this to create more work*  
*\*these agreements are over 1 year outside their contract i.e. groups are doing the work without executed contracts because they can't get 75% sitewise accreditation*

## Attachment E - Contractor management - quality assurance/oversight

A future review of contractor management oversight activities will consider the following:

Hazards identified	Hazards closed out
Incidents / near miss reported	Review of investigations and lesson learnt
Contractor inductions scheduled	Contractor inductions completed
Incident investigations conducted/reviewed	Root cause analysis Cars and close out Lessons shared/learnt
Contractor service delivery and performance reviews	Procurement and contract reviews
Quality assurance / oversight activities	HS&E audits HS&E performance reviews Service delivery reviews Quality control
PCBU relationships assessments in preplanning phase of contract	Will determine the type of contract conditions and the frequency of audits/assessments based on the risk profile of the contractor or supplier

\*these will be KPI's in the future business plans

\*\*currently no methodology around frequency and types of audits – this needs review factoring in the risk profile of the contractor/consultant...

# Attachment F - Fleet management inspections and driver behaviour

## Overspeeds

Kilometres travelled this period 158,048  
 Total time travelled this period 3278 hours  
 Maximum Overspeed Recorded - 123 kph

*\* Does not include staff using their own vehicles for business travel*

Note: Maximum overspeed monitoring and management to date has only addressed the 110+kph overspeeds as reported to Executive Team in May 2019



58 Overspeed Events 110+ kph  
 56,370 km travelled this period  
 29.07 km in total distance travelled over speed of 110+kph

Total time in overspeed 110+ kph – 16mins 08 sec



79 Overspeed Events (>100 kph)  
 102,599 km travelled this period  
 52.85 km in total travelled overspeed >100 kph

Total time in over speed >100 kph – 30 minutes 01 sec

## Fleet management

KDC fleet vehicle inspections	84	*nothing supplied since September 2018	Meeting to be held 11 June 2019 to assign responsibility for this along with establishing the accountability for fleet management
Grey fleet *	Register to be developed along with guidelines for managers to approve the use of private vehicles prior to staff claiming mileage *report has been requested for finance to review how many people use their private vehicles		

## Attachment G - Infrastructure health and safety performance reporting

Business Unit	Type of Assurance Activity e.g. H&S inspections, Enviro, Quality	Comments	# audits planned	# audits/inspections/ assessments conducted/qtr	Corrective Actions assigned	CAR reviewed and closed out
Roading - Mobile works	<i>To be captured in future reporting</i>		12 10	12 10	<i>To be captured in future reporting</i>	
Roading – Traffic management			22	22		
Waters fixed facilities			4	4		
Parks and reserves and volunteer groups Cemeteries, public toilets, buildings and gardens			25	14		
Solid waste fixed facilities			2	1		
Regulatory (animal control)			Not supplied	0	Action item – clarify this for next period	
Land drainage			Not supplied	0	Action Item – clarify for next period	
Waters			7	7	10 MINOR	MONITORING





## 4 Public Excluded agenda items 12 June 2019

### Recommended

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

- *Confirmation of Public Excluded Audit, Risk and Finance Committee minutes 13 March 2019*
- *Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory*
- *Potential Claims*

*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 s48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:*

<b>General subject of each matter to be considered:</b>	<b>Reason for passing this Resolution</b>	<b>Ground(s) under Section 48(1) for the passing this resolution:</b>
<i>Confirmation of Public Excluded Audit, Risk and Finance Committee minutes 13 March 2019</i>	<i>LGOIMA Part 1, Section 7(2)(i) to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). LGOIMA Part 1, Section 7(2)(a) to protect the privacy of natural persons, including that of deceased natural persons.</i>	<i>S48(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>LGOIMA Part 1, Section 7(2)(i) to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</i>	<i>S48(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>Potential Claims</i>	<i>LGOIMA Part 1, Section 7(2)(i) to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</i>	<i>S48(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 agenda 12 June 2019**

### **Closure**

**Kaipara District Council  
Dargaville**