

Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee



Kaupapataka Wātea | Open Agenda



Notice is hereby given that an ordinary meeting of Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee will be held on:

Ko te rā | Date: Tuesday 12 September 2023
Wā | Time: 9.00am
Wāhi | Venue: Council Chambers
35 Kenrick Street
TE AROHA

Ngā Mema | Membership

Tiamana | Chairperson

Jaydene Kana

Independent Member

Joanne Aoake

Koromatua | Mayor

Adrienne Wilcock, JP

Koromatua Tautoko | Deputy Mayor

James Thomas

Kaunihera ā-Rohe | District Councillors

Bruce Dewhurst

Kevin Tappin

Gary Thompson

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1 Whakatūwheratanga o te hui | Meeting Opening

Chairperson to welcome members and open the meeting.

2 Karakia

The opening karakia is to be performed.

3 Ngā whakapāha/Tono whakawātea | Apologies/Leave of Absence

At the close of the agenda no apologies had been received.

4 Pānui i Ngā Take Ohore Anō | Notification of Urgent/Additional Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and
- (b) The presiding member explains at the meeting, at a time when it is open to the public,-
 - (i) The reason why the item is not on the agenda; and
 - (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
 - (i) That item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

5 Whākī pānga | Declaration of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

6 Whakaaetanga mēneti | Confirmation of Minutes

Minutes, as circulated, of the Ordinary meeting of Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee, held on 13 June 2023

7 Pūrongo me whakatau | Decision Reports

7.1 Chair's Update

CM No.: 2765627

Te Kaupapa | Purpose

The purpose of this report is for the Chairperson to update the committee on activities following the last committee meeting.

Rāpopotonga Matua | Executive Summary

Risk and Assurance Committee Chairperson, Jaydene Kana, in attendance to present the Chair's Update report (attached).

Tūtohunga | Recommendation

That:

1. The information to be received.

Ngā Tāpiritanga | Attachments

[A↓](#). MPDC - RAC - Chairperson Report - 310823



Ngā waitohu | Signatories

Author(s)	Kuljeet Kaur Governance Support Officer	
Approved by	Sandra Harris Placemaking and Governance Team Leader	
	Erin Bates Strategic Partnerships and Governance Manager	

TE KAUNIHERA AA-ROHE O MATAMATA-PIAKO DISTRICT COUNCIL
KOMITI O TE MOOREAREA ME TE TUUMARU/RISK AND ASSURANCE COMMITTEE
CHAIR REPORT

Kia ora koutou,

On the 4th of August I had the opportunity to represent MPDC at the “Audit and Risk Committee Chairs Forum”. This Forum was facilitated by the Office of the Auditor-General and joined by **Mark Maloney** (Assistant Auditor General, Local Government), who discussed areas of emphasis for the audits of the 2024-34 consultation documents and long-term plans, and what risks should be on the radar of audit and risk committees. Takeaway points included:

- A **consultation document** that is fit for purpose including:
 - Easy to read
 - Statutorily compliant
 - Consulting the community on matters important to them so they can understand
 - Providing practical options on affordability
 - This [link](#) also outlines the Controller and Auditor-General Office observations on 2021-31 consultation documents
- A **long-term plan** that is consistent with Council’s Financial and Infrastructure strategies, and:
 - Reflects key assumptions and risks associated with them
 - Reflects underlying assumptions of asset management plans
 - Ability to maintain service levels
 - Ability to deliver capital projects
 - This [link](#) also outlines the Controller and Auditor-General Office observations on 2021-31 long-term plans

The Risk and Assurance Committee’s role in relation to the long-term process is outlined in section 6.5.1 of its Charter – Review the effectiveness of Councils’ framework to identify, treat, monitor, and report on risks to Council’s activities, Annual Plan and Long-Term Plan. I am looking forward to the robust Committee discussions to support this process.

In my previous Chair report, I mentioned continuous improvement. In that spirit, and in section 7.5 of its Charter, one of the Risk and Assurance Committee’s responsibilities is to:

- review its performance against its Charter covering financial reporting, external audit, internal audit, compliance with laws and regulations, risk, and internal controls
- provide recommendations to management on improved content or presentation of reports.

This self-assessment process is included in the agenda for the Risk and Assurance Committee’s September hui and I look forward to the results of the self-assessment to improve our performance in assisting the Matamata-Piako District Council in fulfilling its responsibilities.

Recommendation

That the Risk and Assurance Committee receives the report.

Jaydene Kana
Chair, Risk and Assurance Committee
31 August 2023

7 Pūrongo me whakatau | Decision Reports

7.2 Safety and Wellness Reports

CM No.: 2765670

Te Kaupapa | Purpose

The purpose of this report is to provide the Committee with safety and wellness reporting.

Rāpopotonga Matua | Executive Summary

The Annual Safety & Wellness report for 2022/2023 is attached to the agenda, together with the April-June Quarterly Safety & Wellness, and the May and July Safety & Wellness Updates. Kate Stevens, Safety & Wellness Team Leader, in attendance to discuss the reports with the committee.

Tūtohunga | Recommendation

That:

1. The information be received.

Ngā Tāpiritanga | Attachments

A  Annual Safety and Wellness Report 2022-2023



B  Safety and Wellness Quarterly Report April-June 2023



C  May 2023 Safety and Wellness Update

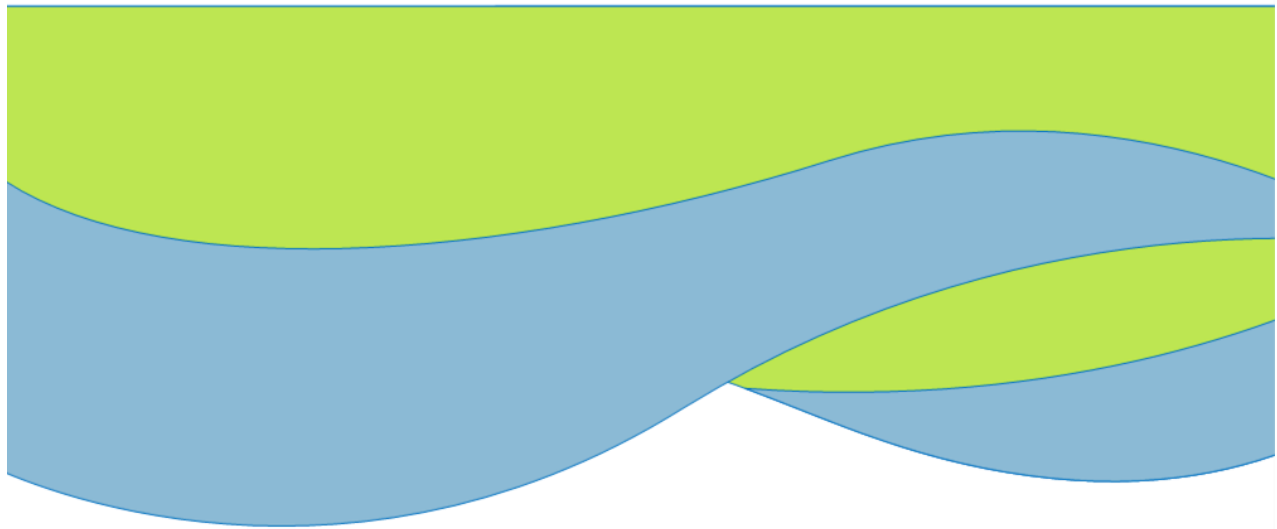


D  July 2023 Safety and Wellness Update



Ngā waitohu | Signatories

Author(s)	Kate Stevens Safety and Wellness Team Leader	
Approved by	Kelly Reith People, Safety and Wellness Manager	
	Don McLeod Chief Executive Officer	



Safety & Wellness

Annual Safety & Wellness Report: 2022/2023

Together we create a healthy, safe workplace where we thrive.

1. Introduction

Our vision for the S&W team is:

We create a healthy, safe workplace together where we thrive.

Our three over-arching strategic priorities for the 2022/2023 financial year were:

1. **Building partnerships (with contractors, volunteers and between MPDC Teams):** strengthening relationships through collaboration and sharing of information.
2. **Using the hierarchy of control:** looking for prevention strategies to keep people safe and well, rather than just mitigation when things have gone wrong.
3. **Using the processes that work and challenging those that don't:** decluttering our paperwork. Streamlining how we do things and focusing on the things that make a difference.

There were a couple of changes to the Safety and Wellness Team over the last year. The Site Safety Coordinator role, held by Laine, was modified to provide additional safety and wellness support for the Three Waters Team. Our Safety and Wellness Coordinator, Stacey, left the organisation and was replaced in June by Mibin Matthew. We made good progress with many of our objectives and an update on these is included at the end of this report.

MPDC have faced various external challenges this year: seismic, weather-related and the ongoing Covid pandemic. The 5.1 magnitude earthquake 5km south of Te Aroha in January, and weather events such as Auckland Anniversary and Cyclone Gabrielle required a significant amount of work aside from business as usual, but also provided an opportunity to learn and improve our processes. Covid controls gradually relaxed, with the Covid Protection Framework traffic light settings repealed in September, and case numbers amongst staff dropped in the second half of the year.

Internally, the Takatū Anamata | Future Ready Organisational Review that commenced this year has the potential to have an impact on safety and wellness, both in terms of staff wellbeing (the process is potentially stressful for some staff), and in terms of the risks associated with changing team structures, resourcing levels and ways of working. These changes are compounded by uncertainty around the Three Waters Transition. A significant amount of work has been done to ensure that staff are consulted, informed and able to participate in the process so that potential impacts can be considered early on.

The quarterly safety and wellness reports and monthly updates provide detail about specific projects and risks. This report does not aim to duplicate this information, but highlights trends over the course of the year and progress on our objectives.

2. Risk Management

2.1 Reviewing and Monitoring of Risks

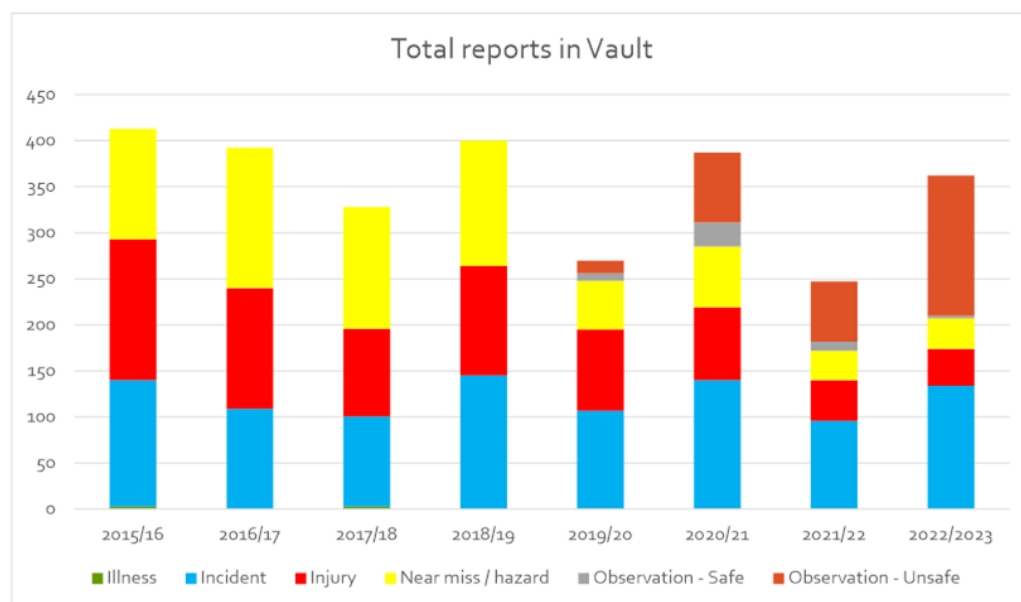
This year we reviewed the Plant and Equipment Critical risk, and risks to Mental Health and Wellbeing (as part of the Psychosocial Critical Risk). Work commenced on organisation-wide review of the risk of Violence or Aggressive Behaviour and also Working Over/Near Water (in relation to Three Waters sites); both of these will continue into 2023/2024.

Site risk registers were scheduled for review at least annually, providing an important assurance activity and an opportunity for managers and team leaders to check that the appropriate controls are in place and effective. We monitored progress on reviews and continued to provide support and encourage teams to complete these on a regular basis.

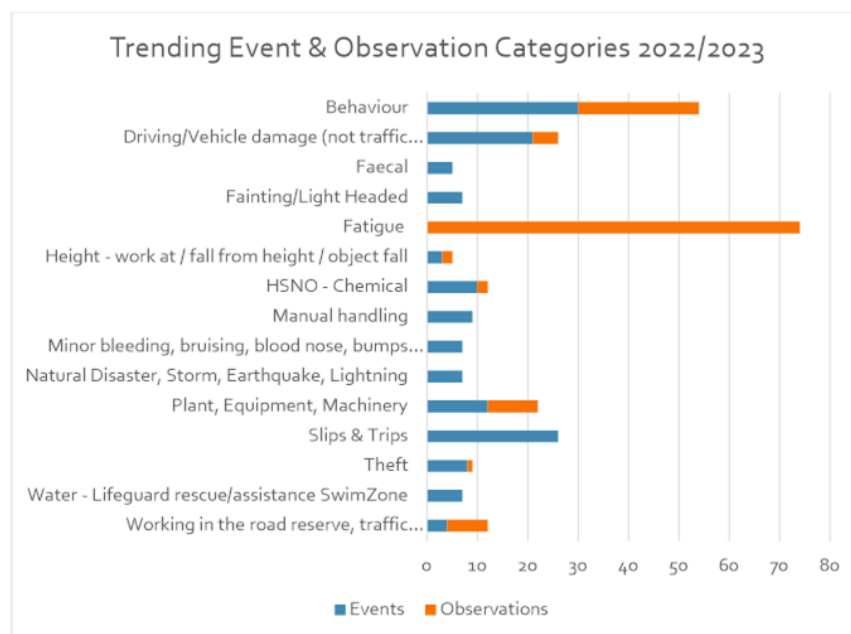
2.2 Event Reporting

Trends in reporting:

The graph below shows total reports in Vault, including events and observations. The introduction of the 'Observation' category in 2020 has not significantly changed overall reporting levels but it does reduce the amount of administrative work required in the system.

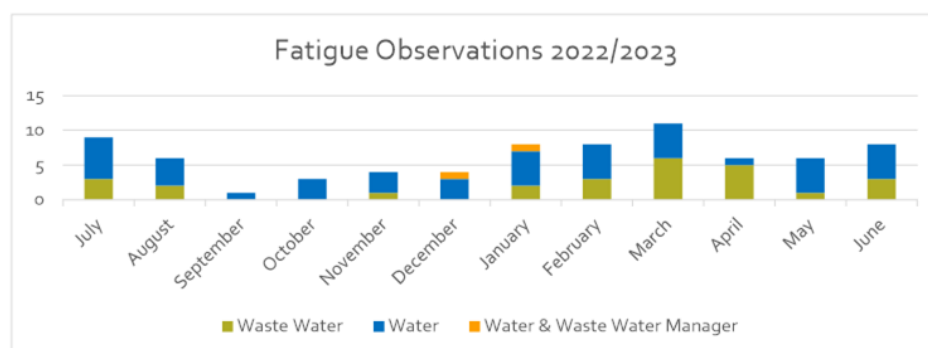


The graph below shows trending categories for events combined with observations. The most frequently-reported categories are behaviour (all categories relating to behaviour combined) and fatigue. These are discussed further below.



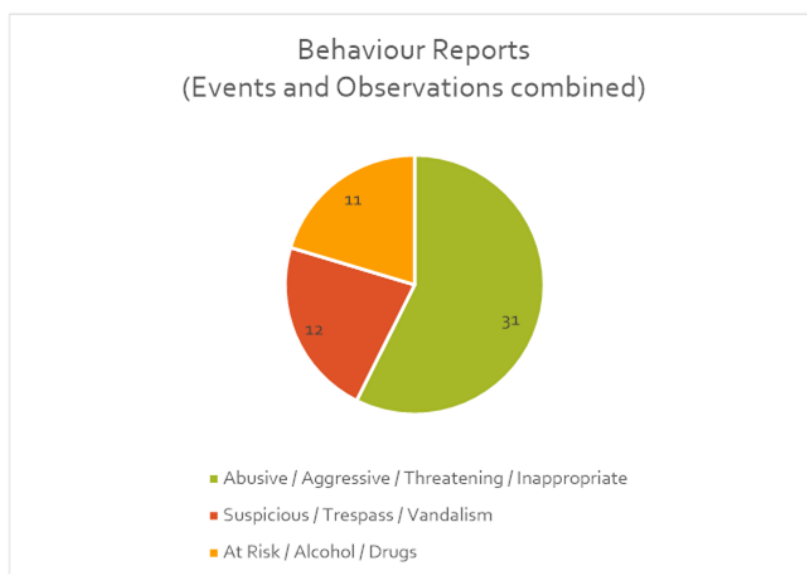
Reports relating to fatigue

There were 74 observations related to fatigue and excessive hours of work. As part of our fatigue monitoring process all on-call work exceeding 56 hours without an overnight break from on-call is entered into Damstra as an observation. Where there are concerns about lack of opportunity for sufficient sleep the timesheets are escalated to the Group Manager. Many of the reported observations relate to weather events which impact on water and waste-water processes, with the highest number of fatigue reports occurring January to March 2023.



The Three Waters team are working on several strategies to address this issue, including: SCADA system upgrade (to improve capacity for plants to be adjusted remotely), formalisation and review of Standard Operating Procedures, additional resourcing to assist with internal training, more formalised training to improve proactive response to events, and plans to strengthen ties with Hauraki District Council to develop resilience. There has also been a commitment to an additional resource to assist with formalising plant and equipment maintenance routines and coordinating maintenance work by contractors.

Reports relating to behaviour



Angry customers being verbally abusive towards staff is the most common form of abusive/aggressive/threatening/inappropriate behaviour reported. The majority of reports in the other two categories related to activity at the Firth Tower public car park (which has a public toilet and provides overnight parking for motorhomes), and the Te Aroha Office car park (in relation to vehicles staying in the car park overnight). The issues at Te Aroha Office car park appear to have been resolved, and the Firth Tower team continue to monitor this risk. We continue to provide customer conflict training to customer-facing staff, and personal safety and self-defence training to field staff.

We have also seen an increase in the number of break-ins and theft at Council offices and facilities, and additional security measures have been installed.

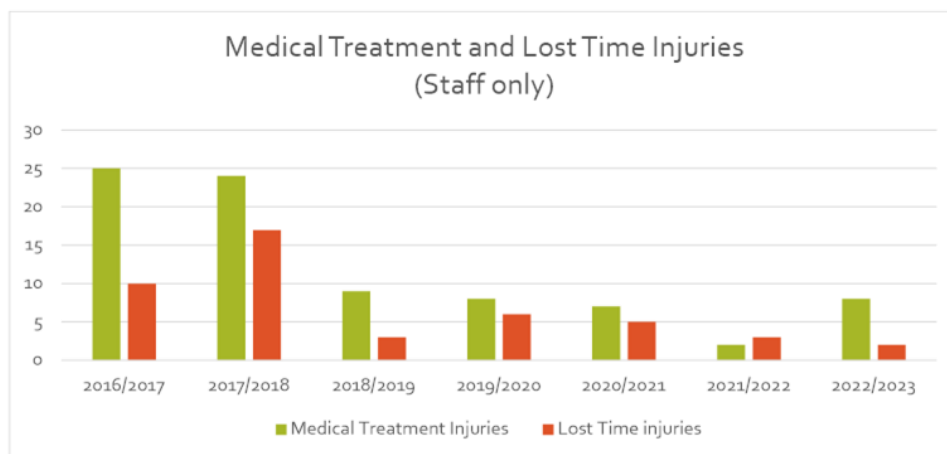
In August 2022 we engaged Fear Free Security Solutions to undertake an independent security review of the Matamata Civic and Memorial Centre and provide recommendations on further risk reduction measures. Whilst they found the overall security of this facility to be reasonable, there were some opportunities to improve our processes, including lockdown using a security zones model.

Work on these processes has provided an excellent opportunity for collaboration between three of our customer-facing teams (libraries, customer services and facilities) to review controls and create processes that are consistent across sites. This work will continue into the next financial year.

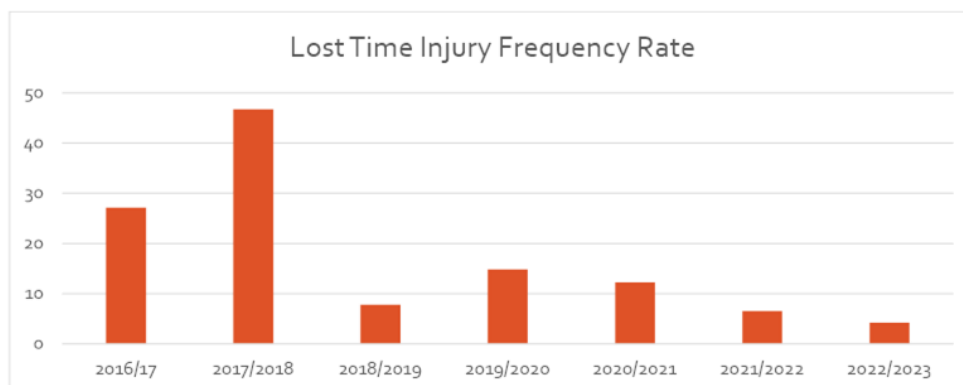
Customer Conflict training was also provided to Elected Members, and work commenced on reviewing safety planning and controls for both Council Meetings and public meetings.

Injury data

The following graphs provide retrospective ('lag') information regarding staff injuries. A Lost Time Injury (LTI) is an injury or illness resulting in one work shift or more off work. A Medical Treatment Injury is an injury that required medical intervention (i.e. doctor, hospital). The 2022/2023 medical and lost time injuries were commonly related to manual handling tasks (moving furniture, lifting rubbish bags and using a wheelbarrow) and slips and trips (on wet/muddy ground).

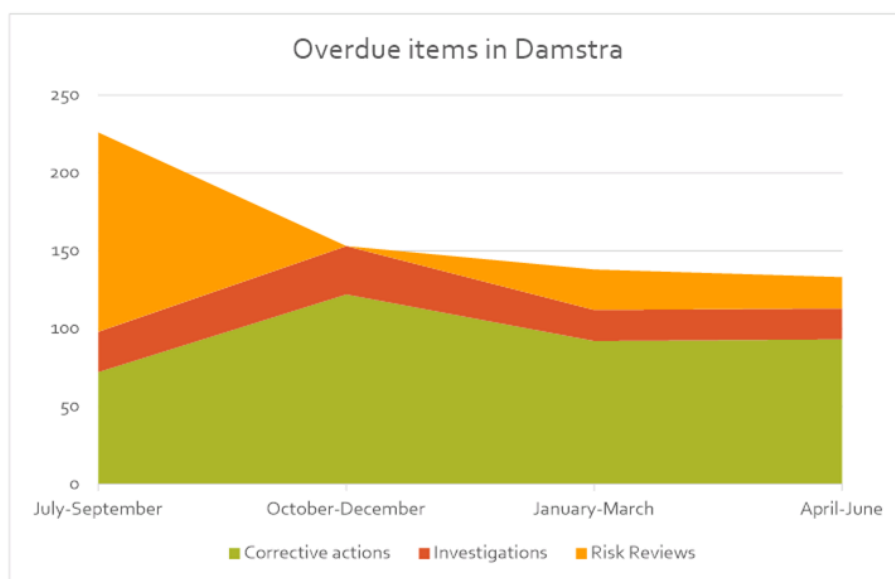


The Lost Time Injury Frequency Rate is calculated taking into account the total number of hours worked across the organisation, providing for better comparison from year to year. Note that both of these graphs provide information on staff injuries only. The rate has remained relatively low over the last four years.



2.3 Damstra

Our safety and wellness management system Damstra (formerly Vault) enables us to assign corrective actions to ensure that follow up from event investigations and risk reviews is completed. We also use the system to track risk review due dates and investigation status. As can be seen in the graph below, we have made significant progress with reducing overdue risk reviews, but keeping corrective actions and investigations up to date continues to be a challenge. In some cases the work has been done but is not updated in the system, or the time taken to complete the action is longer than anticipated.



The Facilities Team have explored the capabilities of the Vault Check mobile phone app, and are now using this to record site inspections, checks and internal training. This reduces paperwork and also makes it easy to ensure that any actions arising are tracked in the system.

2.3 Health Monitoring

We provide health monitoring where appropriate to ensure that the controls we have in place are effective. Spirometry (lung function testing) was provided for staff who are at risk of exposure to silica or asbestos dust or hazardous substances. Asbestos surveillance questionnaires are also used to monitor staff who are at risk of exposure to asbestos. There were no instances of reduced lung function due to work.

Audiometry (hearing tests) was provided for staff who are at risk of exposure to high noise levels at work. Whilst some staff show signs of historic noise induced hearing loss, there were no instances of notifiable hearing loss since baseline testing. Skin checks and musculoskeletal checks were also

performed where applicable, and staff who attend health monitoring are also provided with voluntary health checks such as blood pressure and cholesterol.

3. Overlapping Duties

We reviewed our key contractor safety and wellness processes and documents, including the contractor information booklet and prequalification requirements. This included transitioning to a more flexible approach to contractor prequalification. We also commenced annual safety and wellness review meetings with our high-risk frequently used contractors, and have received positive feedback from both contractors and contract managers on this process. Our Site Safety Coordinator provided ongoing support for MPDC contract managers with review of site specific safety plans and pre-start meetings.

A group of staff from across the organisation reviewed existing volunteer management processes and commenced work on a system that provides consistency across the organisation. This work was put on hold due to other commitments but the Safety and Wellness team continue to provide support with reviewing safety plans for volunteer activities as required.

4. Engagement and Participation

Our Health and Safety Committee met quarterly, and the five newly-elected health and safety representatives attended external training, and completed an 'engagement plan' with their manager to clarify their role and arrange for any support needed.

Less formalised methods of engagement and participation this year included focus groups and workshops, learning teams, involving staff in risk reviews and discussion at team meetings.

We asked our staff to complete the Taitaurā Health, Safety and Wellbeing survey and had a participation rate of 51% (149 participants). We were pleased to see that our overall average score was 75%, which is 6% higher than the Local Government benchmark. Positive feedback was received as well as some feedback that we can continue to work on.

5. Governance and Leadership:

Councillors attended regular Due Diligence workshops on critical risks such as working over/near water, driving, hazardous substances, risks to mental health and wellbeing, height and energy risks, roading risks and confined space entry.

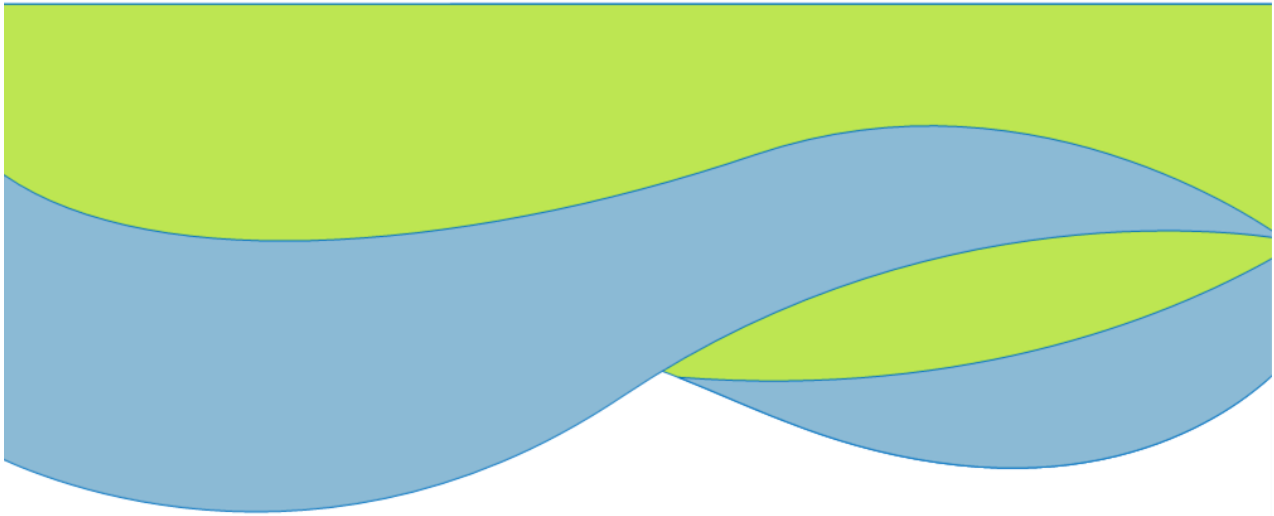
Safety and wellness remains a weekly item on the Executive Team agenda with discussion including updates on risk reviews, projects and events.

Progress on objectives

Objectives	Goals	Strategies	Specific details/tasks	Deliverables	Status
Building partnerships	Strengthen relationships with contractors, collaborate and share information	Face to face contact, email, phonecalls, site meetings	Identify our contractors, compile a list, set up an email group, schedule site visits, attend pre-start meetings and annual reviews, coordinate MPDC contract managers	Member of S&W team attends pre-start meeting or annual review with 15 of our main/regularly used contractors. Repeat the '3C's' Contractor Survey' to determine progress.	Completed 10 Annual reviews and more than 5 pre-start meetings. Initial survey completed in June 2022. Repeat survey to be conducted in August 2023.
	Strengthen relationships with volunteers, collaborate and share information	Attend meetings, site visits, inductions	Review induction process and content. Site visits to understand the work our volunteers do and determine how we can support their safety and wellness.	Induction process has been reviewed. Ten of our main volunteer groups have had an induction this year and/or at least one site visit.	Review of induction process underway but project is on hold until September 2023.

	Promote sharing of information and collaborative working between teams within the organisation	Focus groups, H&S reps attend other team meetings, site visits.	S&W team to arrange focus groups relating to project or critical risk review work, facilitate site visits where applicable, H&S Reps are encouraged to attend other team meetings or assist with a risk review on another site. Key staff invited to attend E-team when an item relevant for their team is discussed.	At least eight meetings are held in which teams are required to collaborate.	Completed. Examples include learning teams, volunteer review team, ANZAC Day debrief, Security review, Focus groups (Hauora Mental Health and Wellbeing Strategy, Working over/near water, Plant & Equipment risk reviews), Contractor Annual Reviews.
Using prevention strategies to keep people safe and well	Looking for prevention strategies to keep people safe and well, rather than just mitigation when things have gone wrong.	Promote hierarchy of control, tell success stories, monthly promotions, training for managers/team leaders	Share case studies, include review of controls as part of policy and risk reviews.	Risk control strategies are based on the hierarchy of control, such as the Hauora Mental Health and Wellbeing Strategy and the Plant and Equipment Risk Review.	Completed. Also incorporated into the working over/near water risk review.
Streamlining how we do things.	Focusing on the things that make a difference, having processes that work, challenging those that don't.	Remove documents that don't add value. Consult with staff about what works. Simplify/improve	For all project/review work: critically consider whether documents/processes are effective. Change or review those that are not.	Staff are consulted when key processes/documents are reviewed.	Ongoing. Examples include: Facilities Team used Vault Check to streamline their

		documents that are retained.			<p>inspection and internal training processes.</p> <p>Staff were consulted and involved in review of the Vehicle Policy and the Mental Health Strategy. We will continue this work through 2022/2023.</p>
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Safety & Wellness

Quarterly report:

April - June - March 2023

Together we create a healthy, safe workplace where we thrive.

Executive summary

There have been some staffing changes to the Safety & Wellness Team this quarter, with Stacey Blake (Safety & Wellness Coordinator) leaving the organisation to join a local health and safety consultancy. We are pleased to welcome Mibin Matthews who filled this position in June. He comes to us with experience in a similar role at another council and prior experience of working in the oil and gas industry.

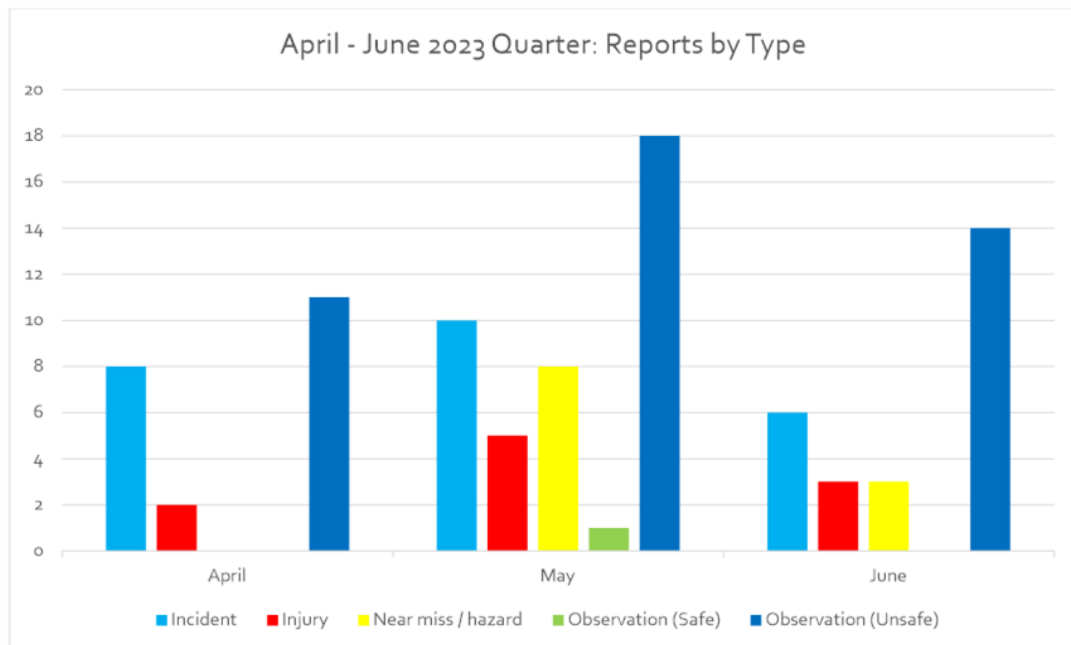
We have focussed on two risks this quarter: working over/near water (for Three Waters) and aggressive/threatening behaviour towards staff and elected members. We engaged Fear Free Security Services to run a workshop for elected members on managing customer conflict, and work is underway to review the controls we have in place for public meetings.

Events

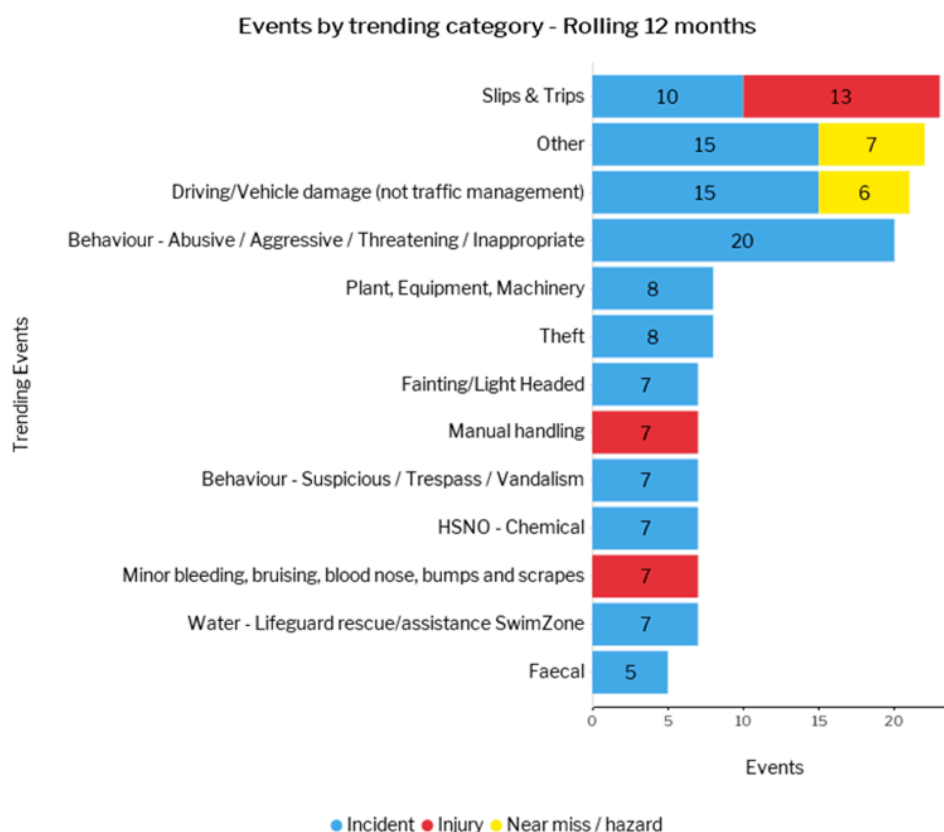
There were no notifiable events and no lost time injuries this quarter.

The graphs below provide summary data from Vault.

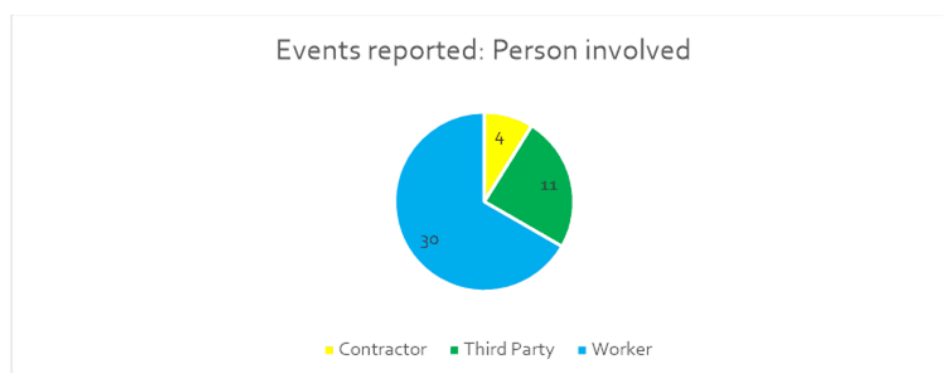
Number of events and observations this quarter:						
Incidents	Injuries/illness	Near Miss/ Hazards	Observations (Unsafe)	Observations (Safe)	Notifiable Events	Lost Time Injuries
24	10	11	43	1	0	0



The graph below shows events from the last twelve months that have occurred five or more times.



The graph below sets out the number of events reported according to the person involved.

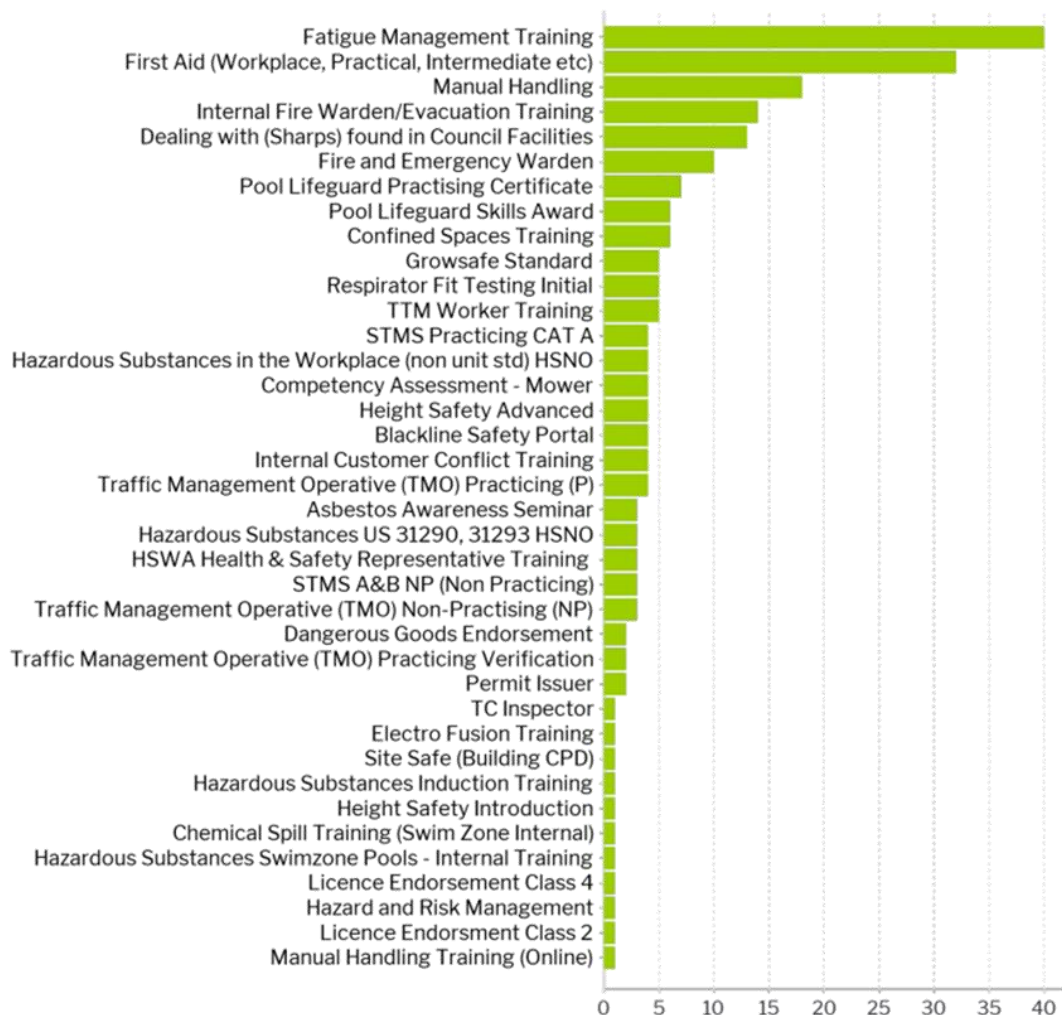


Event Investigations completed this quarter	30	Overdue Investigations at end of quarter	20
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Learning & Development

The graph below shows training (both internal and external) completed this quarter.

Training this Quarter:



Co-lab are creating E-Learning modules to assist member Councils to deliver consistent and cost effective in-house training. This quarter the S&W Team Leader assisted the Co-Lab Learning and Development team to create a Hazardous Substances training module.

Risk management

Council has identified “Top 10” critical risks as follows:



Critical risk updates:



Hazardous Substances:

- WorkSafe have extended the Provisional Improvement Notice on the Morrinsville WTP chlorine gas room until the 25th August.



Working on the road:

- At the end of April Waka Kotahi released the [New Zealand Guide to Temporary Traffic Management](#) (NZGTTM), setting out a new approach to managing road work sites. The new guidance is based on managing the specific risks for each site, rather than the previous compliance-based approach of the Code of Practice for Temporary Traffic Management (CoPTTM). Further information is available in the April Safety & Wellness Update.
- The Traffic Management Coordinator for Waka Kotahi met with KVS Managers to discuss recommendations for improvement following some audits he had completed on State Highways. Areas highlighted included pedestrian management and safety zones. KVS are looking at options for additional mentoring and working with their teams to ensure they have sufficient traffic management equipment.
- We held a debrief with one of our traffic management contractors following the Anzac Day Service in Te Aroha. This provided some good opportunities for us to look at improvements for the service next year.



Psychological wellbeing:

- This quarter we drafted the Hauora | Wellbeing Strategy, with reference to two resources: Te Whare Tapa Whā and the Business Leaders Health and Safety Forum document, Protecting Mental Wellbeing at Work. We then sought feedback from staff on the proposed strategy. Further information about the process we used is provided in the May Safety & Wellness Update.
- Our next steps are to finalise the strategy and timeframes for actions, and determine how we will measure success.

- Takatū Anamata – Future Ready Organisation Review continues, with a focus on early consultation and consistent communication to protect the mental health and wellbeing of staff during this time of change.
- The Transformation team continues to meet monthly and to ensure an overview of all reforms affecting MPDC. The team ensures staff are kept informed, especially Three Waters staff to protect their mental health and wellbeing.
- In May we celebrated Pink Shirt Day, with many staff getting together to share morning tea. This day is about working together to stop bullying by celebrating diversity and promoting kindness and inclusiveness.



Driving on the Roads:

- The Three Waters Operators have raised some concerns about their vehicle set up (in relation to 4WD capacity, seating and storage). Our Fleet Manager is working with the team to address these issues.
- In May we promoted safe driving as our theme of the month.



Plant, Equipment & Machinery:

- The court case relating to [collapse of a large inflatable slide](#) prompted us to review our own processes. We continue to:
 - Require a Safety Management Plan for all events where there is a bouncy castle/inflatable, for review by the Safety & Wellness Team
 - Provide event organisers with the WorkSafe [Bulletin about Land-Borne Inflatables](#)
 - We will now also require all land-borne inflatables (regardless of size i.e. including smaller bouncy castles) to meet the Australian Standard AS 3533.
- The Aquatics team also reviewed the risk associated with their waterborne inflatable device, and have updated the controls they have in place.



Working over/near water:

- Review of this critical risk for Three Waters continues.
- A group of staff (including the CEO) visited the Morrinsville Dam to review the risk on site.
- The Three Waters team are working on several areas for improvement – refer to the April S&W report for further detail.
- The Site Safety Coordinator attended water rescue training as a trial. At this stage we are not intending to send our staff on this training but we will explore other options, including internal training.

Other key risks:

Fatigue:

We engaged Fatigue Management Solutions to run a 'Stay Alert' Fatigue Management education workshop: 40 staff who either work at night or could be required to work extended hours attended the workshop.

Violent or aggressive behaviour:

As part of our annual risk review at Te Aroha Office we identified some opportunities for improved security and some changes have already been implemented. The Communications Team and Strategic Partnerships and Governance Team are reviewing the controls they have in place to manage this risk for public meetings. Fear Free Security Services ran a workshop for elected members on managing customer conflict.

Corrective actions:

Completed this quarter	Overdue end of this quarter	Trend for overdue actions
128	93	↑ From 92 last quarter

Risk reviews:

Completed this quarter	Overdue end of this quarter	Trend for overdue reviews
262	20	↓ From 26 last quarter

Health Monitoring

Data for health monitoring and respirator fit testing for the quarter is shown below.

Annual health monitoring completed	21	Exit health monitoring completed	0
Overdue health monitoring	1	Respirator Fit Testing* completed	8
Pre-employment health monitoring	12	Respirator Fit Testing Overdue	7

Approximately 60 staff had flu vaccinations funded by MPDC.

Emergency management

We have been collaborating with the managers from libraries, facilities and customer services teams to clarify our plan for managing a 'lockdown' situation. As part of this process we are also reviewing our Emergency Action Plan (a flip chart of simple instructions used across all of council).

The Safety Team took part in the Cyclone Gabrielle Civic Defence activation assessment; this provided an opportunity to reflect on what went well and what we might focus on in the future.

Contractor management

Our Site Safety Coordinator completed four Annual Contractor Safety and Wellness Review meetings: with PlumbCo, Directionz (road signage), McKays (Streetlighting), and Laser Plumbing.

The Site Safety Coordinator has also continued to provide support for contract managers with activities such as review of contractor safety plans and pre-start meetings.

Volunteers

Work on review of our Volunteer Management processes is on hold this quarter due to change in personnel in the role of Safety and Wellness Coordinator. We will re-evaluate this next quarter.

Policy

Legal advice was obtained on the Drug and Alcohol Policy to ensure that it is up to date from a legal perspective.

Celebrating success

One of the KVS Mower Operators raised concerns about difficulty getting tools in and out of a high shelf on the rear of the truck. KVS were able to provide a better storage option by securing tools on the trailer to prevent musculo-skeletal injury.

Employee Engagement & Participation

Fifteen people attended the H&S Committee meeting in May. The meeting included a refresher for H&S Reps on how to report incidents in Vault, and some good discussion on management of the 'Working over/near Water' risk at Morrinsville Dam.

H&S Reps were invited to comment on the Hauora | Mental Health Strategy along with those that took part in the focus group.

Governance

Three safety and wellness due diligence workshops were held for Council: Confined Space Entry, Working over/near Water (with a focus on Three Waters) and Mental Health.

Assurance activities

Annual risk reviews were completed at the three libraries, Te Aroha and Matamata Offices, Water Treatment Plants (Morrinsville, Hinuera, Rolleston Street and Burwood Road), and Morrinsville Waste Water Treatment Plant.

These reviews provide a good opportunity to check that the risk controls are working effectively and to identify any opportunities for improvement.

Safety and Wellness Objectives

We had three over-arching strategic priorities for the financial year ending 30 June. Below are some examples of activities we have undertaken this quarter that align with these priorities.

1. Building partnerships (with contractors, volunteers and between MPDC Teams) - strengthening relationships through collaboration and sharing of information:

- Collaboration between libraries, customer services and facilities to improve our processes for responding to aggressive customers, with input from the Property and KVS teams.
- Work is underway with Communications and Strategic Partnerships and Governance Teams on safety controls for public meetings.
- Safety & Wellness Team provide on-site support to KVS on a weekly basis and visit other sites on a regular basis.

2. Using the hierarchy of control—looking for prevention strategies to keep people safe and well, rather than just mitigation when things have gone wrong.

- The Mental Health Strategy includes a focus on designing 'healthy work'
- We will be installing tapping bands on the water storage tank at Te Aroha which will allow the sampling to be done in a safer way. This initiative was identified as part of the critical risk review for working over/near water.

3. Using the processes that work and challenging those that do not—decluttering our paperwork. Streamlining how we do things and focusing on the things that make a difference.

- The S&W Administration Officer met face to face with managers to review the annual training plan for their teams, reducing time spent on emails and ensuring that we schedule the correct training for the coming year.

Safety & Wellness Update May 2023

Developing our wellbeing strategy

We know that mental health and wellbeing is a concern across all of New Zealand. Statistics NZ's wellbeing indicator survey in 2021/22 suggests that 11% of New Zealanders aged 15 years and over had experienced high or very high levels of psychological distress in the four weeks prior to the survey. External factors such as Covid have had an impact, and recent weather events and financial pressures will further contribute to this. Within our organisation we are facing significant change, with the transition to the Three Waters entity and an organisational review; these can also have an impact on staff wellbeing.

Mental health and wellbeing have increasingly been an focus for our organisation and we have done a significant amount of work to foster wellbeing and help our people thrive. We wanted to take some time to reflect on what we have in place, identify what further can be done, and draw this together in a strategy that gives us direction for the future.

In developing this strategy we referred to two resources: Te Whare Tapa Whā (described further below) and the Business Leaders Health and Safety Forum document Protecting Mental Wellbeing at Work (see over page).

11.2%

of New Zealanders aged 15 years and over had experienced high or very high levels of psychological distress in the past four weeks in 2021/22.

We used a variety of methods to capture different perspectives and ideas:

Bow tie risk analysis

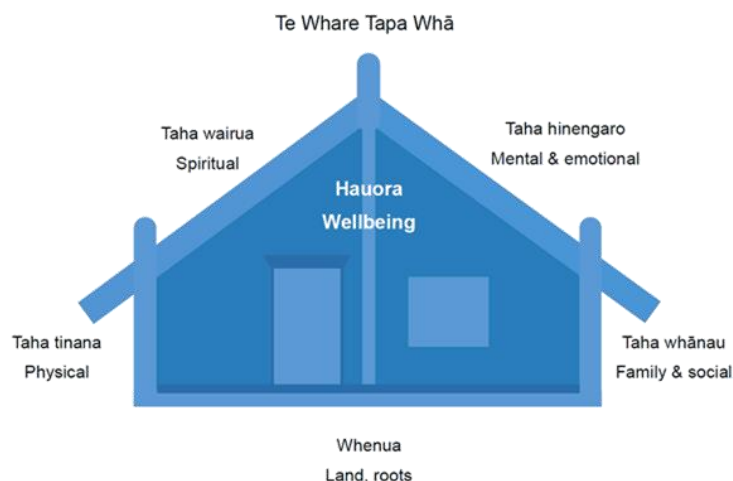
Review of staff survey results

Focus Group of 16 people from across the organisation

Feedback from the Focus Group and H&S Reps on the draft strategy

Te Whare Tapa Whā

Te Whare Tapa Whā is a model developed by leading Māori health advocate Sir Mason Durie in 1984. It describes health and wellbeing as a whareniui/meeting house with four walls and a foundation. When all these things are in balance, we thrive.



Taha wairua—our spiritual, cultural and environmental connections and experiences

Taha hinengaro— our mind, heart, conscience, thoughts and feelings.

Taha tinana—our physical wellbeing, how our body feels and how we care for it

Taha whānau—the people we care about and share our lives with: family, friends, workmates and community

Whenua—our connection to the land and a place of belonging

Together we create a healthy, safe workplace where we thrive.

Draft Hauora | Wellbeing Strategy

The Business Leaders Forum Guide [Protecting Mental Wellbeing at Work](#) provides a framework that incorporates four approaches to addressing mental wellbeing at work: protect, foster, support and reclaim. The guide recommends using a 'Mental Wellbeing by Design' process to create 'good work' that supports people to thrive, using protective factors to protect and enhance mental wellbeing.

We met with a Focus Group of 16 people from across the organisation and asked them to provide feedback on four areas of 'work design' (tasks, organisational, individual and social) from the framework, to tell us whether they saw these factors as protective or harming on the spectrum below.



Focus group feedback:

The lower scoring areas were:

- Staffing levels
- Workload
- Pace of work
- Inadequate/insufficient equipment

Higher scoring areas included:

- Clear and transparent communication
- Supportive work relationships
- Leaders value wellbeing
- Job security

Draft Strategy and Action Plan

We used the four approaches above and the feedback from the Focus Group to draft a one-page strategy document titled our 'Hauora | Wellbeing Strategy'.

We also developed an action plan, describing how we intend to meet the goals set out in the Hauora | Wellbeing Strategy and identifying areas where additional work is needed. We wanted to ensure that our plan incorporated the five aspects of Te Whare Tapa Whā, so for each action we also identified which aspects of the model it relates to. At the end of May we provided the draft strategy and action plan to the Focus Group and H&S Representatives for feedback.

Our next steps are to:

- Review this initial feedback and update the strategy and action plan as needed
- Discuss the strategy and actions with the Executive Management Team
- Seek feedback from staff
- Finalise the strategy and timeframes for actions, and determine how we will measure success.

Together we create a healthy, safe workplace where we thrive.

Safety & Wellness Update July 2023

Emergency Action Plan review

In July we reviewed the MPDC Emergency Action Plan. This is a flip chart displayed at all sites that describes the main actions to take in an emergency. We added a new section to the plan, describing what to do in a lockdown situation. This forms part of a wider review of security measures that the library, facilities and customer service teams have been involved in.

We will do further work during the coming months to identify suitable safe spaces in our offices and facilities and to ensure that staff are aware of the procedures to follow in a lockdown.

Lockdown

A lockdown is used if there is a significant threat to safety and it is safer to remain inside the building than to be evacuated.

Detailed lockdown procedures are provided in the Promapp process "Security Lockdown". In summary:

- Lock external doors (if the threat is outside).
- Quietly move away from the line of sight and into a safe space (if available).
- If it is safe to do so, quietly notify other people in the building to do the same.
- Lock the door.
- Turn your phone to silent. Maintain a media blackout. No social media postings.
- Dial 111: emphasize urgency. Describe location, situation and number of people involved.
- Remain in place unless there is a life and death situation and escaping is sensible and safe.
- Await the 'all clear' from the CEO or delegate, or instruction from Emergency Services to evacuate.

Emergency action plan flip chart:

Emergency Action Plan

In an emergency dial **111** for Fire/Police/Ambulance

Assembly point: _____

Defibrillator location: _____

First aid kit: _____

Site address: _____

Always ensure your own safety first.
Report any emergency to your supervisor/manager as soon as possible.
Do not discuss any emergency situation with the media.
Refer to Promapp for detailed procedures.

Version: 5 Date: 11/07/2023

Evacuation

Emergency Contacts

First Aid

EQ—Tsunami

Storm—High Wind—Flood—Volcanic Eruption

Fire—Gas Leak—Haz Subs Spill

Bomb Threat—Suspicious Mail/Object

Security Threat—Aggressive Behaviour

When identifying a safe space we consider:

- How is access controlled?
- Is it a suitable safe space for an extended period of time, e.g. Toilet? Water?
- Is there limited visibility from outside e.g. blinds/curtains?
- What means of communication are available?

Together we create a healthy, safe workplace where we thrive.



We are.
Local Government.

7 Pūrongo me whakatau | Decision Reports

7.3 Risk Management Update

CM No.: 2765822

Te Kaupapa | Purpose

Update on Risk Management activities

Rāpopotonga Matua | Executive Summary

Risk Appetite:

- The Risk Appetite process has evolved through testing the process on the Spa project, Transport Choices Project and Safety & Wellness categories.

Risk Registers:

- Risk Registers are currently excel based, this poses the risk of not being able to create suitable reports due to the large number of individual Risk Registers.

Tūtohunga | Recommendation

That:

- The information be received

Horopaki | Background

Risk Appetite:

- The Risk Appetite process has been evolving over the last 9 months and is now at a stage that it will be taken to the Executive Team and the Management Group meetings scheduled for 5th and 7th of September.

Risk Registers:

- Numerous excel based Project Risk Registers are in use which impacts on the ability to easily generate reports.

Ngā Take/Kōrerorero | Issues/Discussion

Risk Appetite:

- Is aligned with MPDC's Strategic Direction and Priorities (Community Outcomes) and Long Term Plan activities
- An excel tool has been created to guide users through setting tolerances and measures to ensure progress towards the desired outcome remains within an "acceptable" range.
- The more adverse we are towards Risk the more mitigations will be required ie time, cost, and resources. The more flexible we are towards Risk less stringent mitigations are required.
- Risk Appetite = Comfort zone.
- Going forward Business Cases and Projects will need to include a Risk Appetite Statement, determine and set appropriate Tolerances and Measures.

- Where an opportunity is identified as having high well-being benefits and it is in line with Councils Strategic Objectives, opportunities can be agreed and pursued, provided more rigorous controls, tolerances and measures are put in place to mitigate the risk.

Risk Registers:

Currently reliant on reviewing the status of “top risks” during project meetings ie Risk that rate High, Very High and Extreme.

The Top Risk Report format has been finalised refer attached Transformation Project Risk Report.

MPDC’s requirements in relation to Risk Assessment Software have been determined. Nine providers were reviewed and 3 options have been selected for testing (Promapp, Camm’s and KnowRisk).

The next steps are:

- Confirming the options and costs, that meet MPDC’s requirements.
- Piloting the shortlisted options.


Mōrearea | Risk

Example Top Risk Report – Transformation Project

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The Risk Assessment Software hasn’t been budgeted for, request for funds will be raised once the pilot has been completed.

Ngā Tāpiritanga | Attachments

 Transformation Top Risk Report



Ngā waitohu | Signatories

Author(s)	Lesley Steeples Risk Manager	
Approved by	Dennis Bellamy Group Manager Community Development	

Top Risk Report (High/Very High residual risk rating)





Likelihood/ Consequence	Low	Moderate	High	Very High	Extreme
Almost Certain	High	High	V High	Extreme	Extreme
Likely	Moderate	High	V High	Extreme	Extreme
Possible	Low	Moderate	High	V High	V High
Unlikely	Low	Moderate	Moderate	High	V High
Rare	Low	Low	Low	Moderate	High


Code	Risk	Trend
1 PSW 03	Demotivation of Staff due to potential uncertainty and confusion occurring during the change programme	↔
2 PSW 05	Increased Staff turnover	↔
3 OP 04	Customer and stakeholder service issues	↔
4 OP 11	Ability to maintain BAU during a time of significant change.	↔
5 OP 12	Ability to maintain BAU during a time of significant change.	↔

Risk Rating improving, staying the same or increasing?

6 7 8 9


Risk	Inherent	Residual
Extreme	0	0
Very High	7	2
High	2	3
Moderate	3	6
Low	1	2
Total	13	13



Top Risk Report	Date	21/7/23	
Risk Category: People Safety & Wellness	Extreme	V High	High
Owner(s): E-Team, PSW, Managers & Team Leaders			
Risk description: PSW 3 Demotivation of staff due to potential uncertainty and confusion occurring during the change programme.			
Risk Appetite: (consider Strategic areas: Annual Plan, LTP, Projects or Operational) 			
Key Controls: Change Management programme.			
Key Risk Indicators: Customer Complaints/feedback reports			
Significant Consequences: People Safety & Wellness: Reduction in morale impacting on engagement and productivity. Increased staff turnover. Environmental/Operational: Reduced operational performance Assets/Financial/Procurement: Reputation/Brand: Strategic: Legal & Regulatory: Project:			
Likelihood Possible			
New/ Updated Controls: (Strategic, Operational, LPT or Project) Proactive change management programme. Focus on regular staff engagement and communication of change progress and next steps Staff Surveys			Status *On Track
Comments/Update: The April 2023 Government reset of the Water Reform has extended the go live date to 1 July 2026 - this will have more of an impact on Three Waters staff. The outcome of the Election is also unknown. High level design launched in late June to reengage staff and continued input into the process (3/7 including managers meetings, team meetings etc to encourage engagement).			*Trend 

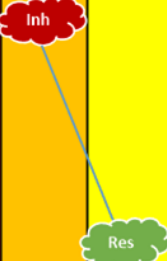

Top Risk Report	Date	21/7/23	
Risk Category: Operational	Extreme	V High	High
Owner(s): Managers & Team Leaders			
Risk description: Op04 Customer and stakeholder service issues			
Risk Appetite: (consider Strategic areas: Annual Plan, LTP, Projects or Operational) <div><div>Flexible</div><div>Justified</div><div>Measured</div><div>Conservative</div><div>Averse</div></div>			
Key Controls: <ul style="list-style-type: none">Proactive change management program.			
Key Risk Indicators: <ul style="list-style-type: none">Customer Complaints/ feedback reports			

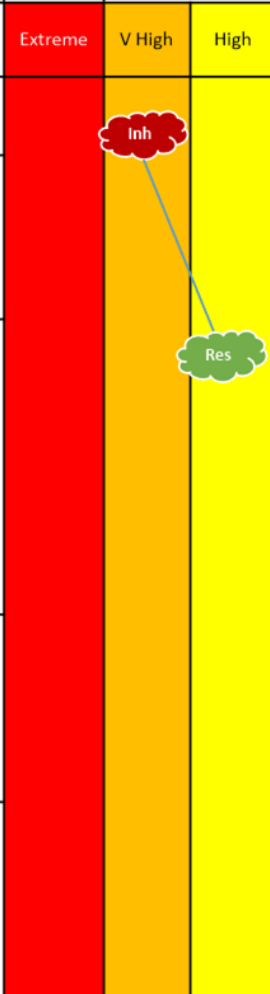
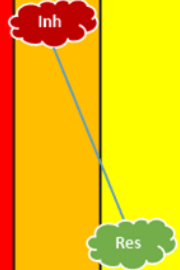

Significant Consequences: Environmental/Operational: Reduction in service levels. Increased Governance oversight. Assets/Financial/Procurement: Reputation/Brand: Strategic: Legal & Regulatory: Project:	Likelihood Possible
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------

New/ Updated Controls: (Strategic, Operational, LPT or Project) Monitoring of service delivery Feedback surveys Regular Staff Updates	Status *On Track
-------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------

Comments/Update: Communication and engagement with managers and staff essential through out program of change.	*Trend 
--------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------

Top Risk Report	Date	21/7/23	
Risk Category: People Safety & Wellness	Extreme	V High	High
Owner(s): E-Team, PSW, Managers & Team Leaders			
Risk description:			
PWS 05 Increased Staff turnover			
Risk Appetite: (consider Strategic areas: Annual Plan, LTP, Projects or Operational) <div><div>Flexible</div><div>Justified</div><div>Measured</div><div>Conservative</div><div>Averse</div></div>			
Key Controls: <ul style="list-style-type: none">Proactive change management programmeRegular Staff EngagementCommunication of change process and next steps			
Key Risk Indicators: <ul style="list-style-type: none">Staff TurnoverStaff Survey results			
Significant Consequences: Operational: Inability to properly resource service functions internally and externally Assets/Financial/Procurement: Increased costs People Safety & Wellness: Reputation/Brand: Strategic: Legal & Regulatory: Project:			
Likelihood Likely			
New/ Updated Controls: (Strategic, Operational, LPT or Project) <ul style="list-style-type: none">Proactive change management programme.Proactive monitoring of customer and stakeholder servicesRegular Staff Updates and surveys			Status *On Track
Comments: Communication and engagement with managers and staff essential through out programme of change, monitoring of service delivery essential			*Trend 

Top Risk Report	Date	21/7/23	
Risk Category: Operational	Extreme	V High	High
Owner(s): E-Team, PSW, Managers & Team Leaders			
Risk description: Op11 Ability to maintain BAU during a time of significant change			
Risk Appetite: (consider Strategic areas: Annual Plan, LTP, Projects or Operational) <div><div>Flexible</div><div>Justified</div><div>Measured</div><div>Conservative</div><div>Averse</div></div>			
Key Controls: <ul style="list-style-type: none">Staff engagement processStaff SurveysEngagement of Managers and Staff in the organisational redesign			
Key Risk Indicators: <ul style="list-style-type: none">Staff turnover			
Significant Consequences: People Safety & Wellness: Staff Turnover increased Environmental/Operational: Errors, decline in performance measures. Reduction in morale impacting on engagement and productivity. Reputation/Brand: Strategic: Legal & Regulatory: Project:		Likelihood Likely	
New/ Updated Controls: (Strategic, Operational, LPT or Project) Staff Engagement process Understanding of change monitored through a combination of regular surveys and managers/team leads engaging with staff on this question. Engagement of managers and staff in organisation redesign to build ownership of change process and resilience in dealing with it. Continued messaging from the CEO providing reassurance. Feedback on the high level org design due 14 July - will review to assess any impact on potential staff turnover.		Status *On Track	
Comments/Update: 3/7/23 - check in on ability to maintain BAU is undertaken at the monthly Transformation meeting (a number of teams are represented at this meeting and all GMs), also raised at the monthly management group meetings		*Trend 	

Top Risk Report	Date	21/7/23		Significant Consequences: People Safety & Wellness: Staff confusion and uncertainty. Environmental/Operational: Reduction in morale impacting on engagement and productivity. Assets/Financial/Procurement: Reputation/Brand: Strategic: Legal & Regulatory: Project:	Likelihood Likely
Risk Category: Operational	Extreme	V High	High		
Owner(s): E-Team, PSW, Managers & Team Leaders					
Risk description: Op12 Reform slowed, delayed or cancelled					
Risk Appetite: (consider Strategic areas: Annual Plan, LTP, Projects or Operational) Flexible Justified Measured Conservative Averse					
Key Controls: <ul style="list-style-type: none">Communicate opportunities and WIIFM					
Key Risk Indicators: <ul style="list-style-type: none">Staff Surveys	New/ Updated Controls: (Strategic, Operational, LPT or Project) Communication and engagement with Managers and Staff through out change programme. Staff Surveys Monitor outputs			Status *On Track	
Comments: Communication and engagement with managers and staff, proactive change management program to support staff struggling with change. The April 2023 Government reset of the Water Reform has extended the go live date to 1 July 2026 - this will have more of an impact on Three Waters staff. The outcome of the Election is also unknown. High level design launched in late June to reengage staff and continued input into the process (3/7 including managers meetings, team meetings etc to encourage engagement).				*Trend 	

7 Pūrongo me whakatau | Decision Reports

7.4 Transformation Team Update

CM No.: 2767518

Te Kaupapa | Purpose

The purpose of this report is to provide an update on work undertaken by the Transformation Team and MPDC's Takatū Anamata | Future Ready organisation review. It's recommended this information is received.

Rāpopotonga Matua | Executive Summary

This report provides an update on work undertaken by the Transformation Team – the internal team set up to support the organisation through the current local government reform programme. This report also provides an update on MPDC's Takatū Anamata | Future Ready organisation review, which is now at the detailed organisation design stage after having recently completed the high level organisation design stage.

Tūtohunga | Recommendation

That:

1. The information is received.

Horopaki | Background

The Local Government sector is undergoing significant reform and this has the potential to impact MPDC's ability to deliver both business as usual as well as the activities contained in the 2021-31 Long Term Plan. The reform agenda includes Three Waters, RMA and Future for Local Government.

The MPDC Executive Team identified that a dedicated team is required to lead the organisation through change and support the transformation process.

This report provides the latest update on work undertaken by the Transformation team as well as work undertaken on MPDC's Takatū Anamata | Future Ready organisation review – this review is about making sure MPDC is future ready and fit for purpose whatever the future may look like.

Ngā Take/Kōrerorero | Issues/Discussion

Latest update:

The Transformation Team continues to meet regularly to ensure there is an overview of all three reform areas and staff are kept well informed. This includes monitoring the impact on the organisation - ensuring risks are reviewed, the ability to maintain business as usual is monitored and any resourcing issues are raised.

Three Waters:

Following the April announcement the National Transition Unit (NTU) have been focussing on Entity A (Northland and Auckland) who are planning to transition on 1 July 2024. The NTU have recently released a preliminary recommended schedule for establishment dates for all entities and have recommended a go live date of 1 July 2025 for Entity B (Waikato).

The upcoming general election has resulted in some uncertainty on the future of the Three Waters reform; however, we continue to operate under current legislation.

Requests for information (RFIs) continue to be worked through. Senior leaders have recently attended the Local Transition Teams (LTT) meeting to ensure they remain up to date.

Thirty-four staff (11 staff, 23 managers) recently took part in change management training run by the NTU in June. Staff were encouraged to take part in this training to equip them with the tools to deal with change and support their resilience. Managers also gained skills to better support their teams. The NTU is planning two more training opportunities shortly; Te Mana o Te Wai and Career Coaching and we will ensure these are made available to staff.

Results from the second He Ata Staff Sentiment survey were recently received. This is a survey undertaken by the NTU and provides an opportunity for three waters staff to reflect and share how things are going for them. Seventeen of our three waters staff completed the survey during April - May and some results of interest are below:

Question	Agree	Slightly Agree	Neutral	Slightly Disagree	Disagree
I feel informed based on what the water services transition will mean for me	41%	18%	35%	0%	6%
I know where to get the support I need during the water services transition	35%	35%	18%	6%	6%

These results enable us to reflect on what we can do as an organisation to keep staff informed as much as possible and ensure they are aware of support available.

Staff were also asked “I feel ____ about any potential change to my role and career as a result of the water services transition” and we received the following results. We have also compared these to the results of the first survey undertaken in December.

How do staff feel about the change?

Period	Excited	Positive	Relaxed	Uncertain	Anxious
April/May 2023	9%	23%	4%	41%	23%
December 2022	8%	17%	25%	42%	8%

The number of staff who reported feeling anxious about their role and career has increased from 8% to 23% since December. Comments from our staff related to lack of certainty.

Our results are in line with national results. The NTU found this appears to be linked to a lack of clarity at this time following the Government’s refocus, a desire for more specificity on when key

transition activities would happen for them, the upcoming General Election and uncertainty caused for some in the Position Review consultation process.

As a result, the NTU have sent out a monthly newsletter that we have shared with our staff. We continue to ensure our staff have access to information as it becomes available and continue to share the support options available.

RMA – the Spatial Planning Bill and the Natural and Built Environment Bills were given royal assent on 24 August. The Climate Adaptation Bill (being the last piece of legislation proposed as part of the Resource Management Reform) is still to be released and consulted on.

In relation to the implementation of the Natural and Built Environment Act, the RMA project team are currently reviewing the provisions that have immediate effect such as fast tracked consenting for certain housing and infrastructure developments (based on the Covid 19 process), a new maximum duration for new freshwater-related consents, changes to council enforcement powers and penalties, changes to the management of contaminated land and changes to aquaculture management.

It is noted that the majority of these are not applicable to Council however; the new maximum duration for freshwater consents will have an impact on Council's infrastructure team.

Takatū Anamata | Future Ready organisation review

The Takatū Anamata | Future Ready organisation review process has continued.

A two stage consultation process was undertaken on the high level organisation design with the majority of staff agreeing with the proposal at each stage. A final decision has been made which will result in two new Group Manager positions being created to share workload, increase collaboration and enable Council to better achieve its objectives.

Manager input is now being sought before developing a draft detailed organisation design for consultation.

Recruitment for the new Group Manager roles is underway and will allow these roles to have input to the detailed design for their new team.

Mōrearea | Risk

The uncertainty of the Three Waters reform creates a significant risk to our Long Term Plan. A number of key documents are being prepared under current legislation, meaning three waters related infrastructure (and associated expenditure, revenue and debt) is only planned for until 1 July 2026. A change to the reform and subsequent legislation may require us to review the Long Term Plan and associated documents to plan beyond 1 July 2026, with very little time and push out the re-drafting, auditing and consultation of these key documents. This may compromise the adoption timeline.

We are not able to fully mitigate the risk of this, as resources do not allow us to manage two separate processes and documents. To reduce the risk we are developing our own Asset Management Plans (AMPS) instead of using the new Entity's combined AMP so that we can specifically look at MPDC issues, risks and investment going forward. Even if it is only for two years, we will have some of the information available. The 10 year financials will be put together following the legislation applicable at the time, but informally a broad scenario analysis may be run alongside this to map how changes may affect key financial measures such as debt and rate limits.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

The reforms will impact across the organisation.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

The Communications Manager is part of the Transformation Team to ensure robust communications. The Internal Communications Coordinator ensures information is shared with staff on a regular basis.

We recently surveyed staff to gain feedback on how well the organisation review process has been communicated, and an average score of 3.5 was received (5 being excellent). We asked for suggestions of improvement and will take these ideas into consideration during the next phase, suggestions included less reliance on technology and too many emails.

Ngā take ā-lhinga | Consent issues

Not applicable.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

Not applicable.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Kelly Reith People, Safety and Wellness Manager	
Approved by	Don McLeod Chief Executive Officer	

7 Pūrongo me whakatau | Decision Reports

7.5 Quarterly Procurement Report 22/23 Third & Fourth Quarter January 2023 - June 2023

CM No.: 2767030

Te Kaupapa | Purpose

The purpose of this report is to provide information to the Risk & Assurance Committee on the summary of procurement compliance performance over the Third and Fourth Quarters, January 2023 – June 2023.

Rāpopotonga Matua | Executive Summary

The report also compares performance to past quarters for comparison and monitoring any positive or negative changes and track progress. Potential opportunities are highlighted and performance of initiatives is to be reported in future. It should be noted that this spend analysis in this report is based off purchase orders (PO) and excludes progress payments unless stated otherwise.

Tūtohunga | Recommendation

That:

1. The information be received.

Ngā Tāpiritanga | Attachments

[A↓](#). R&A Third & Fourth Quarter Procurement Report 22 23



Ngā waitohu | Signatories

Author(s)	Rachel Norman Project Delivery Lead	
Approved by	Fiona Vessey Group Manager Service Delivery	



Quarterly Procurement Report
22/23 Third & Fourth Quarter
January 2023 – June 2023

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1. Introduction

This report summarises procurement compliance performance over the Third and Fourth Quarters whilst also comparing performance to past quarters for comparison and monitor any positive or negative changes and track progress. Potential opportunities are highlighted and performance of initiatives is to be reported in future.

2. Compliance Process

Procurement Manual, Contract Manual, Processes and Templates have been developed to provide MPDC with consistent repeatable methods pending value to manage procurement regardless of nature to achieve objectives and strategies outlined in MPDC Business and Strategic Plans.

MPDC Procurement Policy, Procurement Manual and related processes were adopted in October 2019 and due for review, this process will commence towards the end of 2023.

Currently only samples of purchase orders over \$5,000 are audited monthly and occurs after orders have been raised and approved by management within their relevant financial delegation. Compliance is heavily dependent on due diligence by financial delegated authorities to ensure staff have followed the correct procurement process, scrutinize probity to reduce council's exposure to unnecessary or foreseeable risk.

Audit findings are reported to managers to discuss with their staff providing an opportunity to raise awareness for staff to improve future procurement and reduce non-compliance whilst also reminding those approving requisitions, what to look for reviewing a requisition for approval.

Procurement evaluation compliance result classifications have been reviewed and updated as follows:



3. Procurement Audit Findings: Third and Fourth Quarter 22/23

124 purchase orders over the \$5,000 threshold were audited for compliance during the third and fourth quarter, trends show on average 71% of non-compliance occurs in purchases between \$5,000 and \$20,000, followed by approximately 17.5% between \$20,000 – \$50,000

Note: some purchases have been split and have more than one purchase order so percentages below could be slightly skewed towards purchases between \$5,000 and \$20,000.

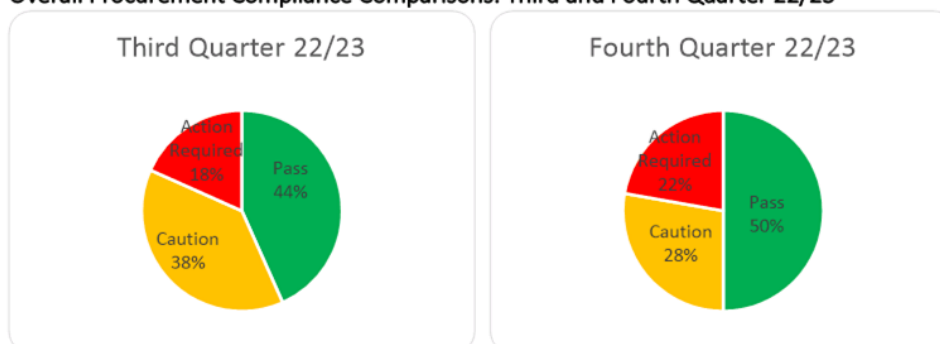
Key elements for improvement realisation are for staff to seek guidance, advice and follow the relevant procurement process to increase their procurement knowledge and reduce instances of non-compliance.

Recommendations for financial delegated authorities; increased accountability and due diligence approving requisitions to ensure probity and correct procurement process has been used. All requisitions that are non-compliant need to be addressed at this point e.g. ensure quotes are attached, sufficient quotes have not been sourced, IFS if used has been referenced or attached to the requisition, (currently there are IFS contracts being used that are expired) and purchases not attached to valid contracts.

These are important steps to reduce risk of possible disputes, investigations or litigation to council, as once the requisition is approved it is often too late to make changes.

There will always be some non-compliance due to new staff learning and unforeseen circumstances. However, the aim is to have con-compliances sitting at under 10%.

Overall Procurement Compliance Comparisons: Third and Fourth Quarter 22/23



Graph 1 & 2: Overall Compliance, samples of Third and Fourth Quarter purchase ordering

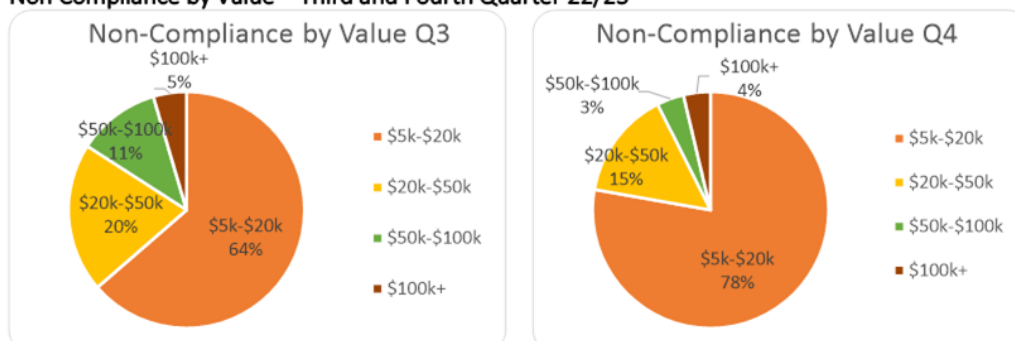
Summary of Findings

Third Quarter Concerns/Action Required increased 8%, Minor Issues/Caution decreased 17% and Pass increased 9% compared to second quarter's results.

Fourth Quarter Action Required increased 4%, Caution decreased 10%, Pass decreased 4% compared to third quarter's results.

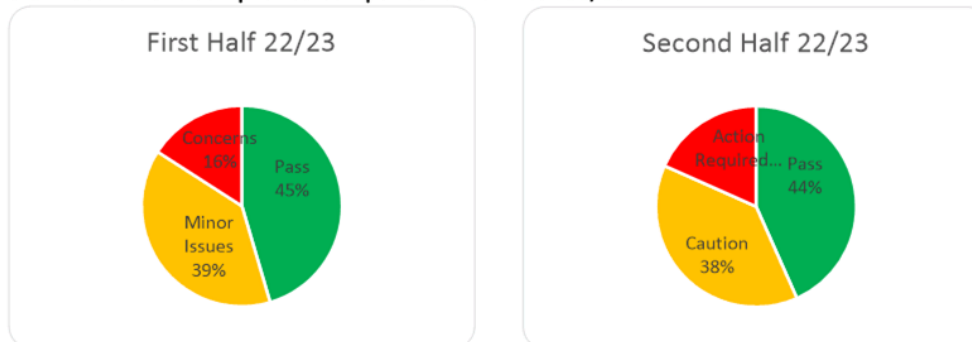
Note: Action Required now includes recurring non-compliance causing this area to steadily increase e.g. orders are continuing to be raised and approved with the same non-compliance comments and advice given to departments for future procurement, this has prompted results from one-off Caution non-compliance to escalate to Action Required i.e. recurring insufficient quotes sourced, not attached, contract not referenced etc.

Non Compliance by Value – Third and Fourth Quarter 22/23



Graph 3 & 4: Non-Compliance by Value, samples of Third and Fourth Quarter purchase ordering

3.1 Procurement Compliance Comparisons: Half Year 22/23

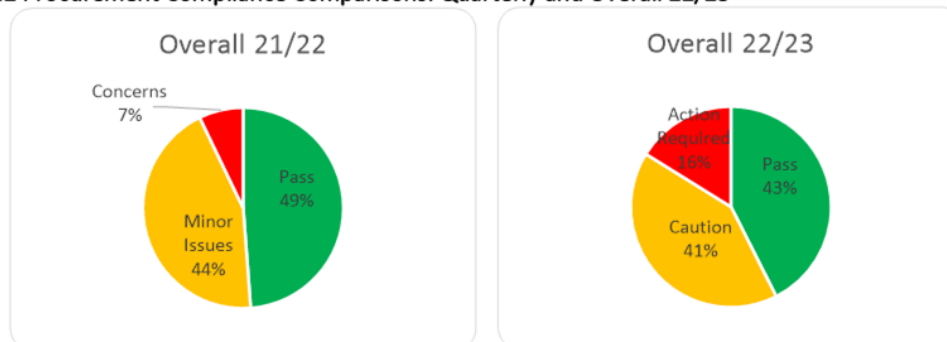


Graphs 5 & 6: Compliance from samples of purchase ordering by half year 22/23

Summary of Findings

First and Second Half results show little movement in compliance, Action Required results increased by 2% on first half results, Caution decreased by 1% and Pass decreased by 1% compared to last half.

3.2 Procurement Compliance Comparisons: Quarterly and Overall 22/23



Graph 7 & 8: Overall Compliance Auditing results 21/22 & 22/23

Summary of Findings

Comparisons show between 21/22 and 22/23 there has been little movement in overall compliance compared to previous year.

	Pass	Caution	Action
Q4 21/22	49%	45% ▼	6% ▲
Q1 22/23	45% = 4% ▼	39% = 6% ▼	16% = 10% ▲
Q2 22/23	35% = 10% ▼	55% = 16% ▲	10% = 6% ▼
Q3 22/23	44% = 9% ▲	38% = 17% ▼	18% = 8% ▲
Q4 22/23	50% = 6% ▲	28% = 10% ▼	22% = 4% ▲

Table 1: Compliance Auditing results compared to previous Quarter 22/23

	Pass	Caution	Action Required
Overall 21/22	49%	44%	7%
Overall 22/23	43% = 6% ▼	42% = 3% ▼	16% = 9% ▲

Table 2: Compliance Auditing results compared to previous year 21/22, 22/23

Non-compliance Summary of Findings

Procurement non-compliance results for the Third and Four Quarters were analysed and categorised into common types of non-compliance.

Below in the table, the most common issue is quotes not being attached and frequently used services that require a contract to be set up, more emphasis needs to be placed on delegated authorities to reject requisitions or go back to staff and request attachment of quotes. If requisitions continue to be approved that are in breach of procurement and audit requirements, behaviours will not change and we will see minimal improvement if any in future.

Reason for non-compliance	Number of occurrences
Contracts need to be set up and added to Register - on-going service	18
Insufficient quotes/quotes not attached	36
Specialised process not followed	12
PO exceeds IFS value or IFS expired	6
PSP process not followed - IFS not done/in CM	6
PO needs to be raised against contract in the register	13

3.3 Future Opportunities

General observations and analysis of procurement indicates reactive works, community demand, political pressure and staff capacity increase the probability of non-compliance as pressure is placed on staff and management to expedite procurement in the effort to secure services or attain goods in the desire to satisfy an objective or outcome, this inherently increases risk by limiting the time required to plan and assure due diligence and probity has taken place.

As the organisation matures, initiatives will follow a series of integrated processes to enhance decision making abilities by management and council.

- The introduction of MPDC's high level Risk Appetite will highlight any real or perceived potential risks to raise awareness for potential mitigation requirements, i.e. the lower the risk appetite is to proceed with an initiative, the higher the mitigation requirements will need to be. Risk is assessed across the following categories: Financial, Resource, Strategic, Operational, Environmental, Legal/Regulatory, Brand/Reputation, Information and Technology.
- The Project Management Framework will highlight the level of risk to council (accessed on the categories above for the individual project and on the level of complexity to deliver a project. i.e. Procurement, Cost, Time, Scope, Quality, Stakeholders, Communication, Human Resources, Relationships)
- The Procurement Policy, Procurement Manual review and related processes will commence towards the end of 2023, opportunities for continuous improvement will include investigating initiatives to streamline the procurement process into the future, these could include changing some of the requirements for procurement, i.e. increased thresholds for

procurement, MPDC approved panel of preferred suppliers, contractors, thresholds to be agreed, reviewed and approved annually, all PSP contractors for all disciplines added into our systems and Contracts Register for ease of use for staff.

- The current Professional Services Panel (PSP) is due to end at the end of July 2024. Previously participating Councils worked with Co-Lab to establish a panel of professional services providers. The PSP covers consultancy inputs for professional services (not physical works) for a range of Council services related to infrastructure and development. The PSP must be used for any consultancy service that falls within any of the included disciplines. It is anticipated another panel will be established following a competitive open RFP process in accordance with the Government Procurement Rules and evaluation will be undertaken by a panel members of council subject matter experts.
- Procurement below \$5,000 is not currently audited

To successfully deliver procurement for any project, programme or business as usual activity, any high risk, complex or high value procurement will require mitigation and allowances need to be made for any the following: cost, resourcing and/or timeframes. E.g. procurement may require external expertise for contract specifications or tender which would incur additional cost and additional time.

Future improved integration of these processes aim to enhance visibility of risk, projects and procurement across the organisation, assisting staff, management and stakeholders to understand the requirements for procurement and any associated costs, resourcing and/or timeframes, why they are needed to enable forward planning and managing procurement into the future.

4. Suppliers

4.1. Suppliers identified for review – implementing new contracts or panel

Future opportunities to investigate procurement options with staff for possible contracts or panel to be utilised and expedite the procurement process. All suppliers with spend more than \$100,000 with on an annual basis should be under a contract or panel (excluding one off purchases).

The table below outlines suppliers who we spent over \$100,000 last financial year (22/23) that need to be reviewed.

Supplier	Value	Volume of PO's	Comments
Environmental Research & Technological Services	411,672	95	3 Waters to look at setting up of CFS
Solutions Team Limited	333,678	304	Contract is in the process of finalising
Supreme Group Limited	218,696	20	Contract is in the process of finalising
Select Alarms	207,554	132	KVS to look at CFS
Pump R & M Ltd	199,847	35	3 Waters to look at setting up of CFS
Wireless Information Technologies Ltd	193,256	30	It to look at CFS
Atrax Group New Zealand Limited	176,104	8	Solid Waste to look at CFS
Ron Johnston Drainlayer	171,253	45	Investigate Contract or Panel
Laser Plumbing	169,925	74	Investigate Contract or Panel
Waihou Engineering & Mechanical Services	167,304	6	Contract is in the process of finalising

Brickhouse Technologies	162,541	4	3 Waters to look at setting up of CFS
Kaiser AG Ltd	123,111	94	3 Waters to look at setting up of CFS
Parklink Ltd	118,770	10	3 Waters to look at setting up of CFS
Genus Pest Management Limited	118,052	157	Contract - CFS1040 but is only Water & Wastewater \$20,000 not all of council
Mokena Construction Group Limited	108,084	5	Community Services to look at setting up CFS

4.2. Top 10 Suppliers – Transactions

The following table outlines the top 10 suppliers who had the most transactions and total spent this half. Red indicates a high volume of transactions, down to green which is an acceptable number. A transaction is an invoice. There may be many transactions/invoices for one purchase order.

Supplier	No of transactions	Spend	Avg per transaction
GENUS PEST MANAGEMENT LIMITED	348	\$59,667	\$171
SOLUTIONS TEAM LIMITED	237	\$168,354	\$710
OFFICEMAX NEW ZEALAND LTD	195	\$104,388	\$535
WAIHOU ENGINEERING & MECHANICAL SERVICES LTD	151	\$99,648	\$660
JAMES BENNETT PTY LTD	144	\$52,905	\$367
SELECT ALARMS LTD	116	\$124,822	\$1,076
MITRE 10 MATAMATA	109	\$16,540	\$152
WESFARMERS INDUSTRIAL AND SAFETY (NZ) LTD	97	\$25,381	\$262
WASTE MANAGEMENT NZ LTD HAMILTON	84	\$18,603	\$221
MEA MOBILE LTD	73	\$29,169	\$400

4.3 Top 10 Suppliers – Spend

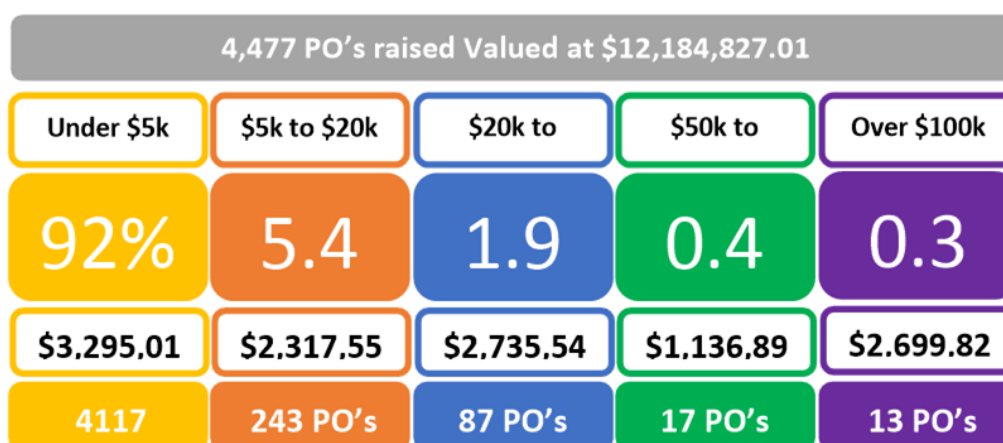
The following table outlines the top 10 suppliers who had the most spend this half, total purchase orders, number of contracts and number of transactions.

Supplier Name	No of POs	No of contracts	No of transactions	Amount
FULTON HOGAN (WAIKATO) LTD	5	1	12	\$4,121,235
FIBRE NETWORKS NZ LTD	19	3	29	\$2,396,814
FILTEC LTD	22	2	33	\$2,038,852
J SWAP CONTRACTORS LTD	8	3	21	\$2,008,497
HEB CONSTRUCTION LTD HEAD OFFICE	0	1	4	\$1,274,122
SMART ENVIRONMENTAL LTD	3	1	9	\$999,696
GENESIS ENERGY LTD HAMILTON	0	0	12	\$805,506
EPIC SYSTEMS LTD	42	2	64	\$691,741
GHD LTD MANUKAU	33	2	48	\$493,980
RELIN NZ LIMITED	0	1	6	\$463,124

5. Purchase Orders

During the third and fourth quarter 4477 purchase orders were raised totalling over \$12.1M. See below for threshold breakdown. As detailed below 92% of PO's raised fall under the \$5,000 threshold and are not currently audited. 88 purchase orders were cancelled during this period.

Compliance below the \$5,000 threshold is heavily dependent on due diligence by financial delegated authorities to ensure staff have followed the correct procurement process and scrutinized the purchase for probity to reduce council's exposure to unnecessary or foreseeable risk. This will also form part of the review process of the Procurement Policy, Procurement Manual.



340 PO's were raised in the second half valued at \$50 or under.

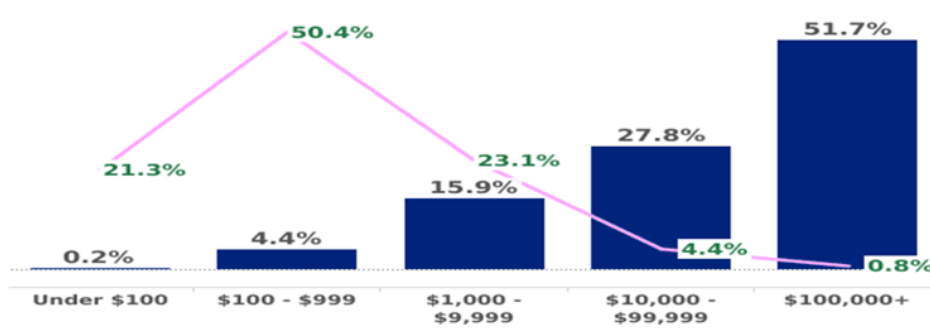
The table below contains the suppliers we have raised 10 or more PO's with under \$50 this half.

Supplier	Volume of PO's under \$50
Mitre 10 Matamata	38
Officemax New Zealand Ltd	18
Morrinsville Mitre 10	17
Kinsey Kydd Building Supplies Limited	17
J T Carter (Plumbers) Limited	14
Corporate Traveller Hamilton	12
Williams Furniture & Hardware	11
Andrew Lowe Limited T/A Workplace	10

71.7% of all transactions are under \$1,000 but it only equates to 4.6% of the total spend.

The graph below compares the volume of transactions (PO's and progress payments) compared to the total spend in each value range.





6. Tenders

3 Tenders Advertisted on GETS

Responses Recieved

10 NTT Issued

7. Contracts

All contracts should be entered into the contracts register regardless of value. The following provides an overview of the contracts register at the end of the fourth quarter (excluding the PSP). Noted for continuous improvement, the information in the register needs to be reviewed for accuracy and updated as required. i.e., status of contract, contract manager updated etc.

84 of 108

- Actively used contracts in the register (requires review)

\$72.1Mil

- Total value of active contracts

29

- Capital and Renwal

12

- Maintanace and Operations contracts

67

- Consultancy/Services contracts

7.1.Contracts Starting/Ending

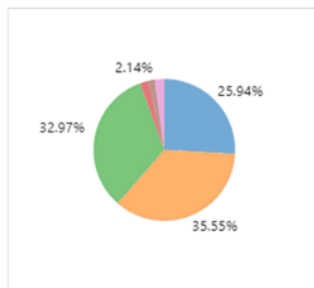
Contracts Started This Half	Start date	Contracts Ended or Ending This Half	End date
Roading			
Smith Street AWT	09/01/2023	Smith Street AWT	28/02/2023
Pioneer Rd Bridge Repair	09/05/2023	Pioneer Rd Bridge Repair	12/05/2023
		Works Programme (Package 2) 2021/2022	11/05/2023
		Works Programme 2022-23	17/03/2023
Tills Road Realignment	01/02/2023		
Footpath Renewals	08/05/2023		
3 Waters			

Lockerbie Gravity Sewer Stage 2	08/03/2023	Lockerbie Gravity Sewer Stage 2	04/08/2023
Morrinsville WTP Chlorine Room	09/06/2023	Morrinsville WTP Chlorine Room	19/11/2023
		Construction of the Allen Street Wastewater	13/03/2023
		HDC Chemical Supplies Panel - STM	01/03/2023
		HDC Chemical Supplies Panel - Ixom	01/03/2023
		HDC Chemical Supplies Panel - Chemiplas	01/03/2023
		HDC Chemical Supplies Panel - CHEMTREX	01/03/2023
		Te Aroha WTP Sludge Recovery	09/06/2023
		Water Line Renewals 2020 - 2023	22/12/2023
		Lockerbie Water Treatment Plant	27/11/2023
		Water Line Renewals 2020 - 2023	22/12/2023
Solid Waste			
		Eastern Waikato Solid Waste Services Contract	31/08/2023
Planning			
Resource Consent Processing 2022-2023	23/03/2023	Resource Consent Processing 2022-2023	31/07/2023
Plan Change 58 - Avenue Business Park	20/04/2023	Plan Change 58 - Avenue Business Park	30/07/2023
		RMA Policy Planning Assistance	30/06/2023
		Plan Change 54 - Papakainga	19/06/2023
		Plan Change 49 - Waharoa Zoning and Development	30/06/2023
		Food Premises Auditing	30/06/2023
		Resource Consent Processing 2022-2023	31/07/2023
		Engineering Services for Resource Consents	30/06/2023
		Waikato Regional Council Healthy Rivers PC	30/06/2023
		Private Plan Change 55 - Fonterra DCP	28/12/2023
		Private Plan Change 56 - Lockerbie Estate	30/06/2023
		Plan Change 57 - Calcutta	19/08/2023
Resource Consent Processing 2023-24	01/07/2023		
Resource Consent Processing 2023-24	01/07/2023		
Engineering Assistance 2023-24	01/07/2023		
Property			
		After Hours Noise, Security and Animal Control	30/06/2023
Community Facilities			
		Project Management - Te Aroha Spa Development	30/06/2023
Legal			
		Additional Water and Architectural Work	30/04/2023
		Deloitte - Capital raising, Te Aroha Spa Project	30/06/2023

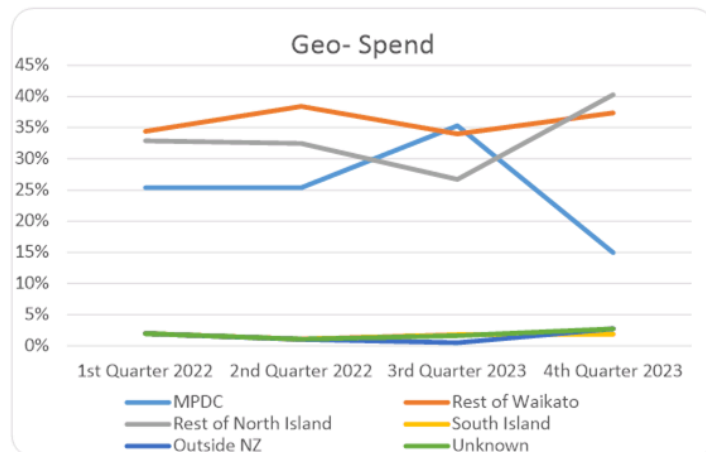
		Electoral Officer & Election Services 2022	31/08/2023
IT			
		ICT Network Switch/Router Renewal/Upgrade	31/01/2023

8. Geographical Spend

Changes were implemented to encourage the use of local suppliers, purchase locally and support the local economy. The graph below shows 61.49 % of purchases have been undertaken in the Waikato region in the last half. 25.94 % within Matamata-Piako District and a further 35.55% in the rest of the Waikato. MPDC area trended upwards in the third quarter and downwards in the last quarter, with spend in the rest of the Waikato area remaining relatively steady.



■ Matamata-Piako
■ Rest of Waikato
■ Rest of North Island
■ South Island
■ Outside New Zealand
■ Unknown address



7 Pūrongo me whakatau | Decision Reports

7.6 Quarterly Project Management Compliance Report April - June 2023

CM No.: 2768888

Te Kaupapa | Purpose

The purpose of this report is to present to the Committee the first Project Management Compliance Report.

Rāpopotonga Matua | Executive Summary

The project management compliance report represents the Project Management Framework, Process, Templates and tools compliance for Matamata-Piako District Council (MPDC) and compares results from Initial and Subsequent audits during the Fourth Quarter, March – June 2023.

Auditing of the Project Management Process is structured to align with MPDC's Project Management Framework. Audits are conducted each month and findings provide a baseline for comparing Initial and Subsequent results to monitor any positive or negative changes in compliance for the quarter. The audits are focused to raise awareness for project management and enable support while the project is in progress, with the objective to repeat positive results, reduce areas of risk and non-compliance.

Tūtohunga | Recommendation

That:

1. The Project Management Compliance report be received.

Horopaki | Background

MPDC delivers a large number and variety of projects as part of its usual business and identified a need to improve its project delivery process to reduce the number and scale of incidences of scope and cost creep. The objective should be that the outturn cost of a project is within timeframes and approved budget.

Effective project management requires early engagement of a project manager with the necessary skills and knowledge appropriate to the risk and complexity of a project to comprehensively initiate, plan, deliver and finalise. Historically, projects experience additional costs and overrun largely due to limited capacity and internal oversight, Staff are unaware of their role and responsibilities for a project, objectives and scope are not clearly defined, planning is rushed and emphasis is quickly moved to the delivery stage with little to no finalisation. Delivery team resources are frequently used to manage projects and by default become the "project manager". This approach fails to provide sufficient capacity, skills and knowledge for the management and oversight of the project as a whole to balance the forces that affect a project: priority, scope, time, cost, and quality.

Project managers should not implement, they are responsible and accountable for day to day management and coordination of the project leading the team that executes the collective work activities throughout the phases of a project/program to achieve the project objectives.

- Along with the Director or Project Leadership Team, Sponsor, Stakeholders and Customer, helps create the Project Brief during the Initiation phase of the project.
- Develops the Project Plan with the project team and manages the team's performance of project activities/tasks
- Responsible for planning, organizing, managing, monitoring, controlling and communicating on all phases of a project
- Status reporting, risk management, tracking the financials
- Escalation of issues that cannot be resolved within the team
- Responsible for finalising the project and obtaining customer sign-off for the project handover document to formally close the project

The Project Delivery Lead has developed and in the infancy stages of implementing the Project Management Framework, processes, procedures, templates, training and auditing. The objective is to improve the project management process and provide organisational guidance and reduce risk however, if there is not a project manager assigned early or resource available to deliver, project management overall will continue to be at a high level of risk to deliver our operational and strategic objectives.

Ngā Tāpiritanga | Attachments

[A↓](#). R&A - Quarterly Project Management Compliance Report April - June 2023



Ngā waitohu | Signatories

Author(s)	Rachel Norman Project Delivery Lead	
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Approved by	Fiona Vessey Group Manager Service Delivery	
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Quarterly Project Management Compliance Report

22/23 Fourth Quarter
April 2023 – June 2023



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Background information:

MPDC is striving for continuous improvement in project management for clarity of projects and how they are being managed now and into the future. There are many opportunities for continuous improvement and the introduction of the Project Management Framework, Process, Templates and Tools are the beginning of the journey.

Definitions:

Project >> A project is a management environment that is created for the purpose of delivering one or more business products or services, according to a specified Project Brief or Business Case.

It is a **temporary** endeavour undertaken to create a **unique** product or service, has a **definite beginning** and **end**.

The end is reached when the project's objectives have been achieved or when the project is terminated because its objectives will not or cannot be met, or when the need for the project no longer exists.

Project Management >> the coordination of resources and application of knowledge, skills, tools, and techniques to a project or program to meet the requirements and to obtain benefits and control not available if tasks are managed individually. Project management is accomplished through the appropriate application and integration of the PMF process, which is categorised into four process groups or "stages" in council. These four process groups are:

- » Initiate
- » Plan
- » Deliver
- » Finalise

1. Introduction

This report represents the Project Management Framework, Process, Templates and tools compliance for Matamata-Piako District Council (MPDC) and compares results from Initial and Subsequent audits during the Fourth Quarter, March – June 2023.

Auditing of the Project Management Process is structured to align with MPDC's Project Management Framework. Audits are conducted each month and findings provide a baseline for comparing Initial and Subsequent results to monitor any positive or negative changes in compliance for the quarter.

2. Compliance Process

Project Management Process, Templates and Tools have been developed to provide MPDC with a consistent repeatable method to manage projects regardless of size or nature to achieve objectives and strategies outlined in MPDC Operational and Strategic Plans.

Initial and Subsequent project management compliance is evaluated against criteria for the 4 Stages and 11 Key Areas of a project used as performance indicators (KPI's) as shown in *Appendix A – Project Management Audit - Stage/Area/Element and Items* to provide the basis of assessment and substantive evidence if the project Management Framework, Process, Templates and Tools are being followed by staff and management to deliver projects successfully. The criteria have been specifically designed so a project can be audited at any stage, not only when completed.

All audit findings and identified non-compliance for projects are reported to the Project Manager for comment, rectification or mitigation where possible with the objective to repeat positive results in future and reduce areas of risk and non-compliance.

Any identified "Caution" and/or "Action Required" can be addressed after initial audit to reduce non-compliance, risk and/or project failure. Subsequent audits are performed to monitor any improvement or decline in compliance and risk throughout the project.

Project Governance Team to be notified if "Subsequent" audit show no improvement after Project Manager has been given the opportunity for comment, rectification or mitigation where possible.

The compliance audits intent is to increase awareness and enable support, minimise risk and non-compliance while the project is in progress. Developing skills and experience to manage and monitor more closely and effectively for future projects will facilitate continuous improvement.

Evaluation results for Project, Stage and Key Area compliance are classified as follows:

PASS

Project meets audit requirements, with minimal to low areas of risk. Progress as expected, positive results, monitored and managed effectively.

CAUTION

Project has moderate areas of risk or non-compliance increasing risk to project and Council. Assistance required/opportunities available to manage and monitor effectively.

ACTION REQUIRED

Project has multiple areas of risk or significant non-compliance. Action required to reduce risk to Council or failure of project. Close attention required to manage and monitor effectively and deliver project successfully.

N/A

Not applicable for this piece of work at time of auditing or not required to complete project successfully.

3. Audit Findings

Initial and Subsequent audit findings are compared for Overall Project Compliance, Stage Compliance and Area Compliance: Pass, Caution and Action Required. N/A results are excluded in this report.

MPDC currently has 19 projects in the Projects Register. A total of 16 audits were undertaken on 6 projects by the Project Delivery Lead during the fourth quarter. Audits have only been undertaken for the Initiation and Planning stages of projects due to the early stages of introducing and implementing the project management framework's process, templates and tools.

Breakdown of audits as follows:

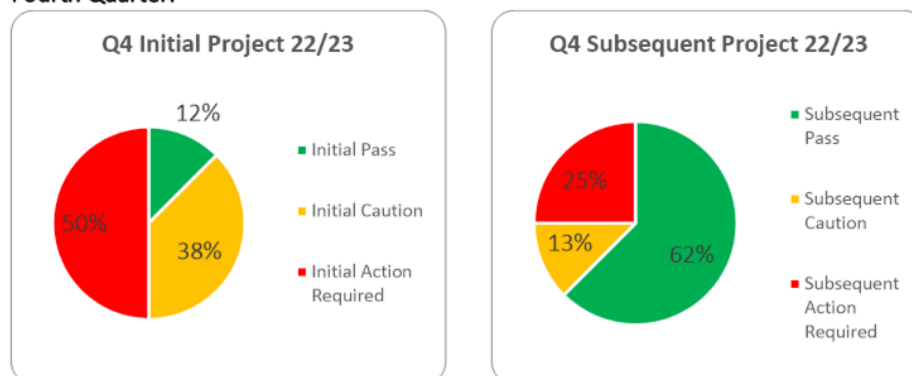
- 6 Projects
- Initiation Stage - 6 Initial, 6 subsequent
- Planning Stage - 2 Initial, 2 Subsequent

General observations of non-compliance predominantly occur during *Initiation* and *Planning* stages of projects impacting on the *Areas* and delivery of a project. To improve results more emphasis needs been placed on anyone who has received approval and direction to commence a project to seek guidance, advice and follow the project process at the beginning to minimise future risk. Identifying and engaging with anyone who may be impacted positively or negatively (stakeholders) at the beginning is a critical step to identify any potential issues and reduce scope, budget or time creep developing later in the project. Stakeholders are then aware of any constraints from the onset of the project and can raise any relevant ideas, issues or concerns they have for consideration during Initiation.

Staff are encouraged to use the project process, seek guidance and advice once approval has been given for a project to commence.

There will always be some non-compliance due to unforeseen circumstances and staff building knowledge, skills and experience. However, initially within 12 months the intent is to have project non-compliances sitting at under 25%.

3.1 Overall Project Management Compliance - Initial and Subsequent Results for the End of the Fourth Quarter.



Graph 1: Initial, Subsequent compliance results

	Pass	Caution	Action Required
Q4	50% ▲	22% ▼	25% ▼

Table1. Overall Project Compliance results



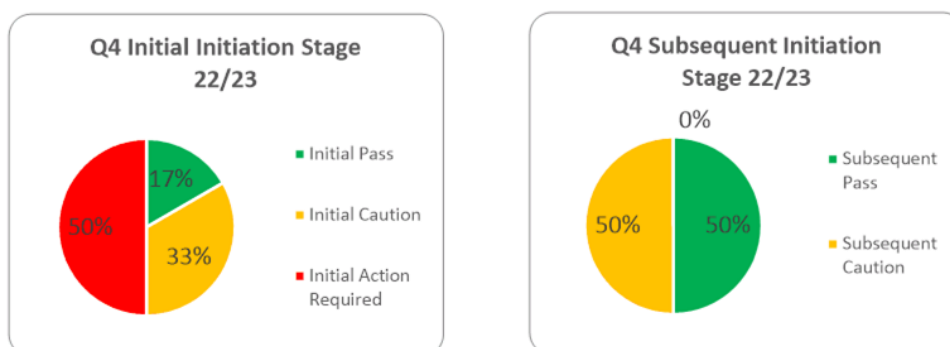
Overall Project Management Results - Summary of Findings

Overall Project results show a positive increase in compliance comparing Initial to Subsequent results, Pass has increased, Caution and Action Required has decreased.

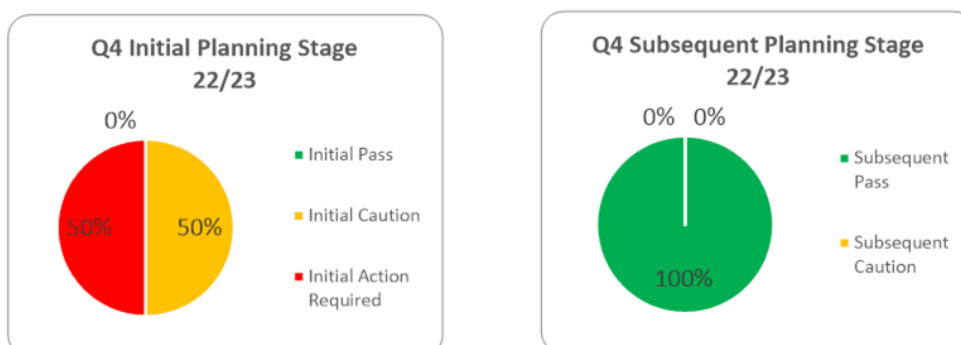
Positive results are attributed to project managers working through their audit results and seeking advice to rectifying or mitigating areas where possible

3.2 Stage Compliance Results - Initial and Subsequent Results for the End of the Fourth Quarter.

Findings below are Initial and Subsequent results for Stages of a project: Initiation and Planning only. No auditing results for Delivery and Finalisation, these will be provided in future reporting as projects progress through the stages.



Graph 2: Initial Stage compliance results categorised by Initiation



Graph 3: Subsequent Stage compliance results categorised by Planning

	Pass	Caution	Action Required
Initiation	33% ▲	17% ▲	50% ▼
Planning	100%	50% ▼	50% ▼
Delivery	No results to report	No results to report	No results to report
Finalisation	No results to report	No results to report	No results to report

Table 2: Stage compliance results categorised by Initiation, Planning, Delivery and Finalisation

Stage Results - Summary of Findings

Overall Initiation and Planning Stage show a positive increase in compliance comparing Initial to Subsequent results, Pass has increased, Action Required has decreased creating an increase in Caution.

Stage: Results Strengths

Subsequent results show a positive increase in compliance revealing project managers and governance are addressing non-compliance actions to reduce risk of project failure.

Stage: Top Focus for Improvement – Initiation

It is critical to allow sufficient time to Initiate and Plan projects thoroughly to minimise risks, scope creep, timeframes, financial and/or resource implications in preparation for ease of delivery and finalisation.

Initiation: this is all about setting up the project for success.

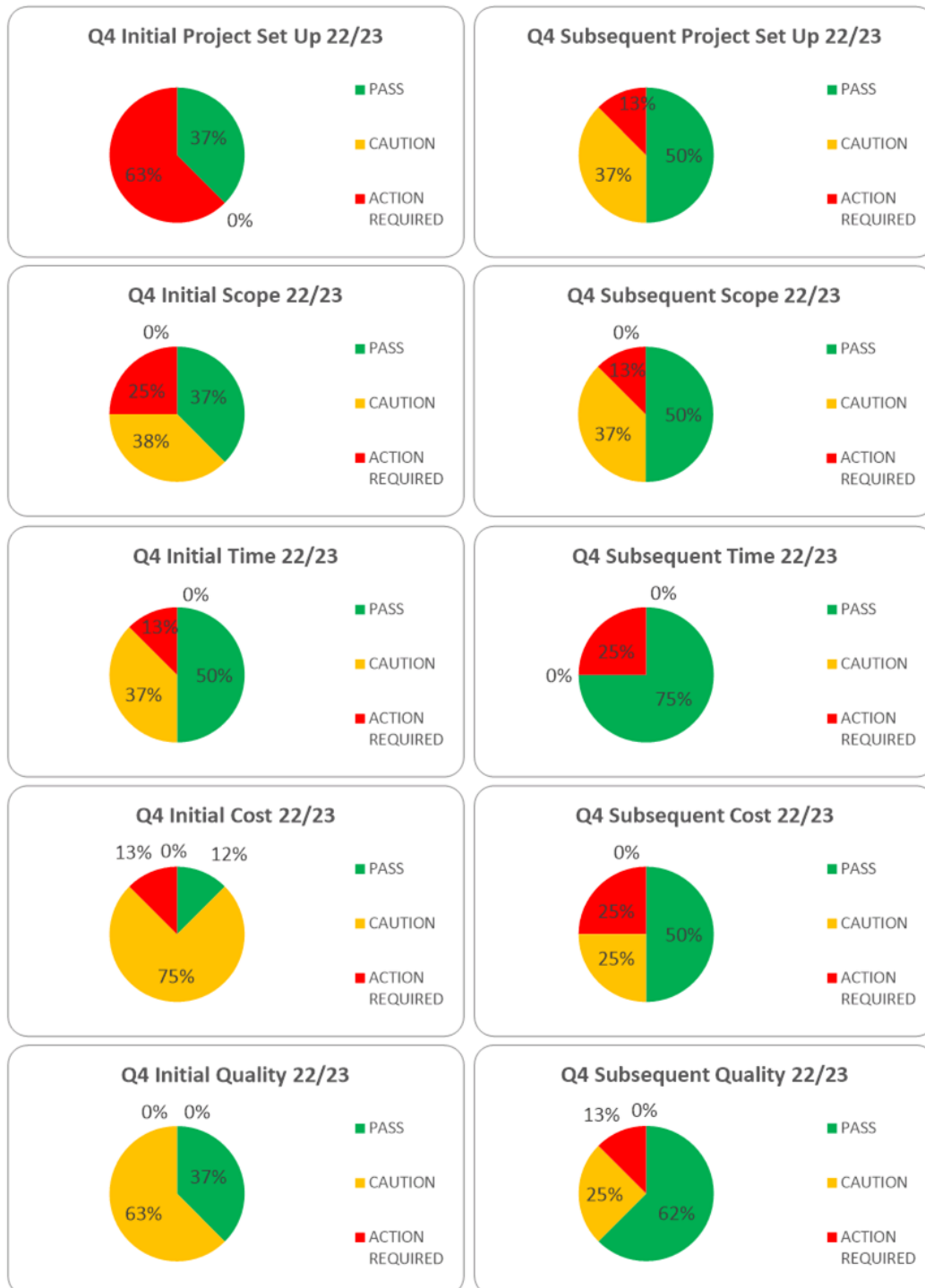
- **Project Manager:** Early engagement assigning a suitable Project Manager that has a clear understanding of what their role and responsibilities are from Initiation through to Finalisation of a project is key. The project manager is the central point of contact for the project and reporting, they manage and lead the project team.
- **Stakeholder Engagement:** (anyone who could be affected positively or negatively) need to be included in discussions and preparation of the Project Brief.
Project prioritisation and project constraints need to be carefully considered and communicated during this time, commencing projects without appropriate stakeholder engagement or consideration for other projects already scheduled and underway can cause strain and affect new or existing projects. E.g. MPDC has limited budget, resources and time to achieve objectives, if constraints are not considered, prioritised or the scope is not clearly defined there will be an impact and increase one or all of the following; timeframes, risks, costs and resources, quality and reputation may also be negatively impacted.
- **Project Brief:** If a Business Case has not been prepared and approved previously, it is essential that additional time is allowed so that the project manager can gather key information from their customer, sponsor and stakeholders to complete a Project Brief. The Project Brief further investigates and estimates initial and future costs, time and resource required, explores viable options to address identified need/s and is fit for purpose. It provides the need and reasons why the project is necessary and the objectives it is to achieve. It defines the project scope requirements, reviews the link to the organisation's strategic goals and objectives, and describes the justification for setting up a project.
- **Approval – Project Gateway:** The Project Brief needs to be agreed to and approved by the Project Sponsor (ensuring stakeholders engagement has been appropriately conducted) before the project continues and provide clear direction to the following:
 - What the project is (what's in, what's out)
 - What its targets are (timeframes, budget,)
 - What are the objectives/benefits (what it is we want to achieve)

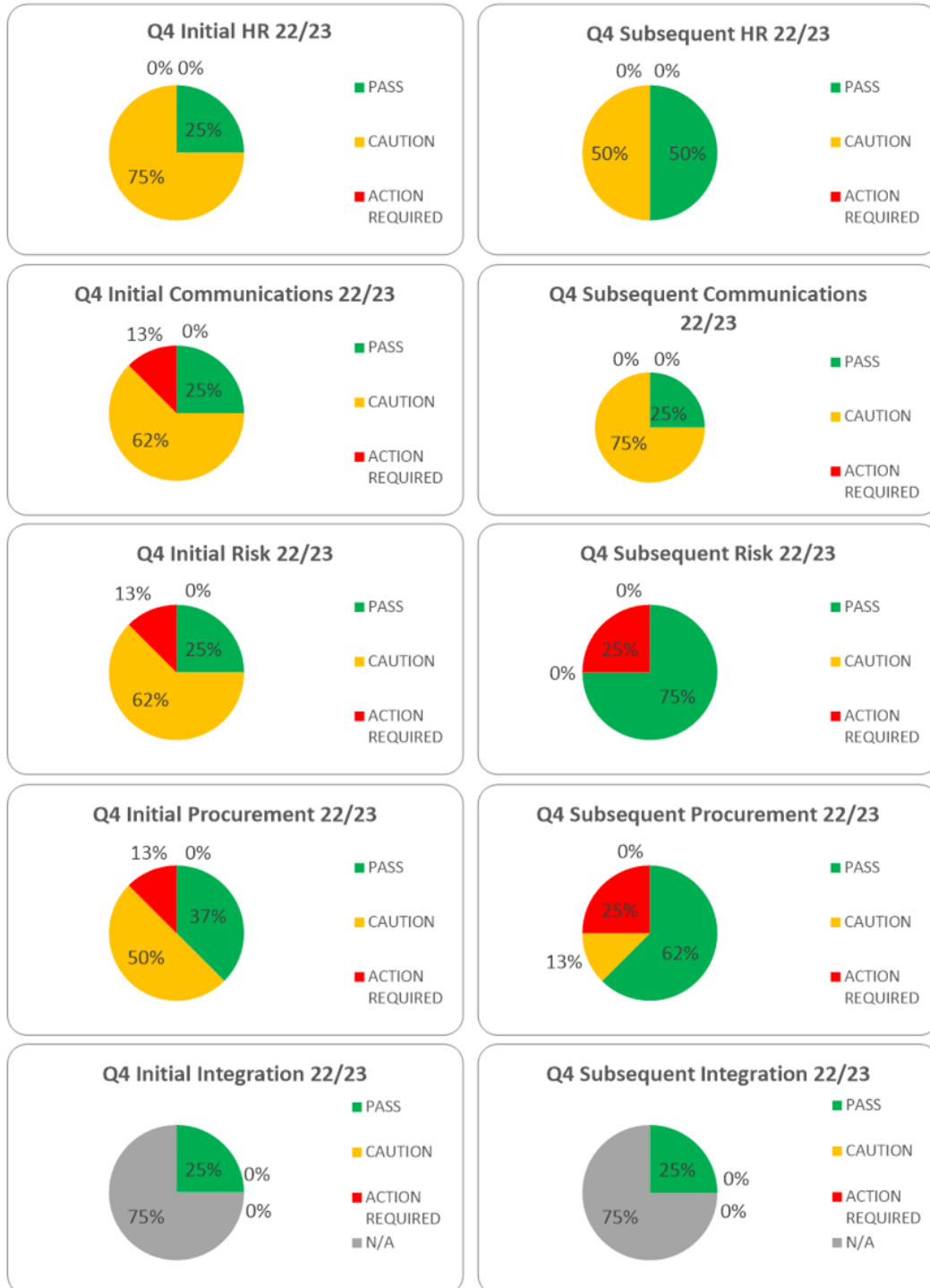
This is best practice and ensures due diligence for informed decision making and prioritisation.

Note: MPDC has limited project management resources, regularly delivery teams become “default” project managers, unaware of the skills and experience required for the role of Project Manager or the responsibilities involved for managing a project. Consultants are often used to manage projects; this can create additional risk if the consultant is not managed well, lack of stakeholder engagement, process and procedure non-compliance especially if the consultant does not manage the project from beginning to end. Key mitigations recommended: The Project Sponsor is responsible for assigning a suitably skilled and experienced project manager to ensure due diligence for the project. Any skills and experience gaps should be identified and steps put in place to support to the project manager whether staff or a consultant. E.g. put a support network in place for project manager to seek advice and guidance for following relevant processes, procedures, policies, privacy and legislative requirements E.g. Project Management, Procurement, Risk, Health & Safety, Communication and administration support.

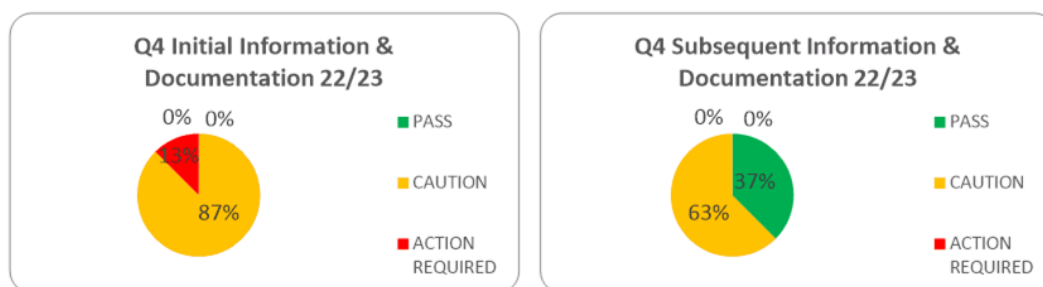
3.3 Area Compliance Results – Initial and Subsequent Results for the End of the Fourth Quarter.

Findings below are Initial and Subsequent results for the Area of a project: N/A results are included.





Item 7.6



Graph 4: Initial and Subsequent Stage Auditing results categorised by Area: Project Set Up, Scope, Time, Cost, Quality, HR, Communication, Risk, Procurement, Integration, Information & Documentation.

Attachment A

	Pass	Caution	Action Required	N/A
Project Set Up	13% ▲	37% ▲	50% ▼	0%
Scope	13% ▲	1% ▼	12% ▼	0%
Time	25% ▲	37% ▼	12% ▲	0%
Cost	38% ▲	50% ▼	12% ▲	0%
Quality	25% ▲	38% ▼	13% ▲	0%
HR	25% ▲	25% ▼	0%	0%
Communication	0%	13% ▲	13% ▼	0%
Risk	50% ▲	62% ▼	12% ▲	0% ▼
Procurement	25% ▲	37% ▼	12% ▲	33% ▼
Integration	0%	0%	0%	0%
Information & Documentation	37% ▲	24% ▼	13% ▼	0%

Table 3: Area auditing results percentage changes categorised by Project Set Up, Scope, Time, Cost, Quality, HR, Communication, Risk, Procurement, Integration, Information & Documentation.

Area Results - Summary of Findings.

Majority of Area results show a positive increase in compliance.

Area: Result Strengths:

Subsequent results generally show a positive increase in compliance revealing project managers and governance are addressing non-compliance actions to reduce risk of project failure.

Area: Top Focus for Improvement – Top 5:

- Project Set Up:** A Project Manager is assigned early to a project; project details are entered into the Project Register in Authority. The Project Manager completes a Project Level Assessment (PMF012) for risk and complexity of project, the (PMF002) Minimum Documentation Guidelines, RACI & Stakeholder Impact to identify and access any stakeholder's impact on a project, the project governance structure is established and roles and responsibilities confirmed. The (PMF010) Project Document Register is started to provide an overview of all the project documentation for easy future reference.
- Scope:** Project Briefs (PMF014 or PMF015) – There needs to be a clear understanding and agreement of the Project Brief. What's in, what's out of the project and communicated to relevant stakeholders (PMF002) after consultation to ensure fit for purpose, what the targets are (timeframes, milestones) what the objectives/benefits are (deliverables). Clarity of roles and responsibilities within a project, approved budget and where to charge costs. Future monthly project reporting (PMF019) needs to be determined to monitor progress and consistency against Project Brief objectives of what was agreed to and approved, aids in communication and will highlight any issues or risk requiring escalation, decisions to progress, defer or terminate project.
- Time:** Projects Schedules need to established and regularly reviewed to ensure consistency with timeframes. Any changes to scope or objectives, a Change Request template (PMF020) is to be completed. Any changes can impact on timeframes, costs, quality, resource requirements and availability. A Change Request highlights benefits, impacts and constraints for informed decision making to approve or reject any requested changes.
- Quality:** Consideration for any required standards or specifications and verification that the project deliverable/s conform to the quality standards from the onset of projects. All risks, testing/training is identified, reviewed, tested, and meet acceptance criteria.
- Procurement:** More emphasis required from the onset for any procurement a project may require or if there is a need for a procurement plan. E.g. If a tender process is required, sufficient time needs to be allowed in the schedule or if PSP can be used to obtain quotes for direct appointment. This is usually done too late in a project and can cause scheduling issues, increases timeframes and procurement non-compliance.

4. Auditing Findings Previous Quarter Comparisons

Below is a baseline for future quarterly results to compare:

	Pass	Caution	Action Required
Q4 22/23	50% ▲	22% ▲	25% ▼
Q1 23/24			

Table 4: Overall Project auditing results quarterly comparisons

5. Project Register

All projects should be entered into the projects register. The following provides an overview of the project register at the end of the Fourth Quarter. Noted for continuous improvement the accuracy of the information is dependent on project managers updating as the projects progress.

19	• Active projects in the register
3	• Total Pre-Project - Identify
11	• Total projects - Initiation
3	• Total projects - Planning
2	• Total Projects - Delivery
0	• Total Projects - Finalisation
0	• Total Projects - Deferred
2	• Total Projects - Terminated

6. Project Management Framework, Process, Templates, Tools

The Project Management Framework (PMF) has been developed and recently introduced to provide MPDC with a consistent repeatable method to managing projects regardless of size or nature to achieve objectives. The PMF includes a methodology, roles and responsibilities, approval processes, templates tools and guidelines for managing projects. It is supported by the organisation's principles for continuous improvement using project management within its business operations.

The PMF includes a high level process and a more detailed process (Project Management Manual for Level 1 Projects) for staff to follow. Staff are encouraged to gain, share knowledge, skills, experience, learnings from past projects of what worked well and want to continue doing and what did not work well and want to avoid in future projects. All feedback and suggestions are encouraged on our journey for continuous improvement.

Each quarter there will be a focus on specific areas of the PMF and Project Management Process starting with the process, templates and tools for Initiating a project. Early stakeholder identification and engagement is crucial, noting a stakeholder may or may not be directly involved in a project but they may be positively or negatively impacted from a project.

Opportunities to Focus on Going Forward

Supporting templates in the project management process for key areas of focus for future improvement

- Project Manager Assigned - PMF013
- Project Level Assessment - PMF012
- Project Minimum Documentation Guidelines, RACI & Stakeholder Impact - PMF002
- Project Brief - PMF014 or PMF015 for larger, high risk or high complexity project
- Project Document Register - PMF010
- Monthly project reporting - PMF019

Appendix A – Project Management Audit – Stage/Area/Element and Items

Project Management Audit - Stage/Area/Element and Items			
Stages - Overall Management of Stage Audited - Based on the Project Stage Audited and the overall "Health Status" of the areas assessed below give an overall "Health Status" for the stage			
This is intended to highlight the areas for improvement for each stage	Project Management Framework & Process	1.0	Initiation: Has the Project Management Process been adhered to, Governance identified, PM assigned, Stakeholder Engagement
		2.0	Planning: has sufficient planning been undertaken taking into consideration the risk and complexity of the project
		3.0	Delivery: have the necessary resources been included in the initiation and planning stage, have the necessary resources to complete the work within the scheduled timeframe
		4.0	Finalisation: Has all necessary documentation, handover/training and lessons learned completed for the project (financials, assets, capitalisation, residual risk etc)
Key Areas			
Area of Audit	Element	Item	Project Check Criteria (*Note various elements will only apply to various stages of the project, in the instance please select n/a)
1. Project Set Up			
Key Documentation: * PMF010 Project Manager Assigned * PMF012 Level Assessment * PMF002 RACI & Stakeholder Impact * PMF010 Project Register	1.1 Project Set Up	1.1.1	Has a Project Manager been assigned to the project
		1.1.2	Has the Project been entered in Authority Project Register
		1.1.3	Has the Project Level Assessment been completed or reviewed
		1.1.4	Have stakeholders been identified and impact assessed
		1.1.5	Has the RACI been completed and governance structure in place
		1.1.6	Has the Project Document Register being maintained
OVERALL Project Set Up			
2. Plan and Manage Scope			
Key Documentation: * Project Brief	2.1 Define the project context	2.1.1	Have work orders been raised, project budget approved and future operational/maintenance costs identified

* WBS * Project Reporting * Lessons Learned/Learning Teams * Budget/Work Order/Financial Sheets * Change Requests * Meeting Minutes	(Collect Requirements, Define Scope)	2.1.2	Are project objectives clearly defined and communicated
		2.1.3	Are deliverables defined for each stage of the project
		2.1.4	Are the project acceptance criteria clearly defined after consultation with key stakeholders? (Acceptance criteria represent defined project deliverables that are accepted by the customer before a project can be approved to commence and a specific list of conditions that need to be met for the project to be considered complete)
	2.2 Guide the development of project scope definition activities (Create WBS, Verify/validate Scope)	2.2.1	Have lessons learned from previous projects been reviewed and applied where applicable
		2.2.2	Are project assumptions, constraints and dependencies defined in consultation with key stakeholders
		2.2.3	Are project exclusions clearly defined in consultation with key stakeholders
		2.2.4	Is a scope management plan in place and being maintained? Is the scope being managed.
		2.2.5	Are work breakdowns to task or work package level in place and being maintained (WBS)
	2.3 Implement scope controls (Control Scope)	2.3.1	Are the Project progress and outcomes being regularly reviewed and evaluated against scope definitions, and key performance indicators (Regular reporting)
	OVERALL Scope		
3. Plan and Manage Time			
Key Documentation: * WBS * Project Reporting * Change Requests * Risk Register * Meeting Minutes	3.1 Determine project schedule	3.1.1	Is a Project Schedule covering duration and effort, sequence and dependencies of tasks in place and maintained (listing of activities, deliverables, and milestones within a project, may be part of WBS)
	3.2 Implement project schedule	3.2.1	Are there processes or mechanisms to measure, record and report progress of activities in relation to the agreed schedule and plans (reporting)
		3.2.2	Is the Projects Schedule being regularly reviewed to ensure consistency with changing scope, objectives and constraints related to time and resource availability (change requests)
		3.2.3	Are schedule changes approved and consistent with changing scope, objectives, constraints and risks (change requests, risk registers)
OVERALL Time			
4. Plan and Manage Cost			
Key Documentation: * Budget/Work	4.1 Determine project budget	4.1.1	Are project costs and budgets being regularly reviewed ensuring appropriate contingency allowances are made

Order/Financial Sheets * Quotes * Project Reporting * Change Requests * Purchase Orders/Invoices/ IFS * Handover Report/Assets * Financial Reporting * Meeting Minutes		4.1.2	Confirm the cost estimates are effective by using methods appropriate and acceptable to the organisation and the project
	4.2 Monitor and control project budgets and costs	4.2.1	Are agreed project budget monitoring and control processes in place and being applied
		4.2.2	Is project expenditure and project cash flow against current project budget forecasts being updated
		4.2.3	Analyse budget variations, determine causes and recommend actions to control budget within constraints
		4.2.4	Are payments to suppliers reflecting services performed and products delivered
	4.3 Conduct project financial completion activities	4.3.1	Are appropriate project financial close-out procedures in place and defined i.e. WIP to Capital
		4.3.2	Are financial management processes, procedures and tools effective and being utilised
OVERALL Cost			
5. Plan and Manage Quality			
Key Documentation: * Project Brief - Specific Requirements * Consents / Compliance /Standards * Inspections/Auditing * Meeting Minutes * Training / Documentation	5.1 Determine quality requirements	5.1.1	Are agreed quality requirements in the project brief/project plan and being implemented as a basis for performance measurement
	5.2 Implement quality assurance	5.2.1	Are quality measures in place to monitor and measure: 1- Results of project activities (time, risk etc.) 2 - Product compliance with agreed quality standards
		5.2.2	Are inspections of quality processes and quality control results being actioned
	5.3 Implement project quality improvements	5.3.1	Review project progress, issues and outcomes to determine the effectiveness of quality management processes, procedures and tools
	OVERALL Quality		
6. Plan and Manage Human Resources			
Key Documentation: * Meeting Agenda/Minutes * WHS documentation, risk	6.1 Implement human resource and stakeholder planning activities	6.1.1	Is a project meeting/catch ups in place for regular discussions for the project and resourcing (schedule, tasks, risks, issues etc.)
		6.1.2	Are appropriate resources, OH&S requirements in place and being utilised
		6.1.3	Are Team Relationships Amicable and Positive (Internal Team, Stakeholders, Contractors)

	6.2 Manage the project team and stakeholders	6.2.1	Are stakeholder expectations being regularly reviewed in line with expectation and project objectives
OVERALL Human Resources			
7. Plan and Manage Communication			
Key Documentation: * Comms Plan * Evidence of communications * Project Brief * Stakeholder Engagement * Project Reporting * Meeting Agenda/Minutes	7.1 Plan communications processes	7.1.1	Are communication plans, requirements, and actions clearly and being applied
		7.1.2	Is a communication plan in place with appropriate structure and procedures and being utilised for identifying all the information the project stakeholders need to make informed decisions? (is there a systematic process of creating, identifying, collecting, organising, sharing, adapting, and using project information.)
	7.2 Guide the development of project scope definition activities	7.2.1	Has the project been communicated to the project stakeholders, the project team and organisational representatives
	7.3 Manage information	7.3.1	Is there appropriate project information and communication in place to ensure relevant owners (stakeholders) are aware that responsibility/maintenance etc. is to be transferred at project close out
	7.4 Manage project reporting	7.4.2	Are required reports/communications and audience clearly identified and being actioned (Stakeholders, Funding authority, etc.) Time, Cost, Schedule, Quality)
OVERALL Communication			
8. Plan and Manage Risk			
* Risk Management	8.1 Determine project risk events	8.1.1	Is a risk register in accordance with organisational requirements in place and being regularly actioned
		8.1.2	Is a risk management plan in place and being communicated to key stakeholders to ensure clarity of understanding and ongoing management of risk factors
	8.2 Monitor and manage opportunities	8.2.1	Are project opportunities being monitored in consultation with team members and stakeholders
	8.3 Monitor and manage project risk	8.3.1	Are project risks, being managed including external factors that could impact the project.
OVERALL Risk			

9. Plan and Manage Procurement			
* Procurement Management	9.1 Determine procurement requirements	9.1.1	Is an agreed procurement management plan and strategy in place including consultation with stakeholders
	9.2 Conduct contracting and procurement activities	9.2.1	Is an effective management plan in place to support a positive and effective working relationship with contractors and suppliers
	9.3 Implement contract and/or procurement	9.3.1	Are procurement issues and changes being managed to ensure timely completion of tasks, resolution of conflicts and achievement of project objectives within the legal framework of the contract
OVERALL Procurement			
10. Plan and Manage Project Integrative Processes			
* Integration	10.1 Manage integration of all project management functions	10.1.1	Is the project management plan in place, current and being reviewed in order to meet stakeholder expectations and deliver the desired outcomes
	10.2 Implement project activities throughout life cycle	10.2.1	Are finalisation plans, procedures and activities in place Design, As built , operational, asset and financial, completion reports, funding finalisation etc.
OVERALL Integration			
11. Plan and Manage Information & Documentation			
Key Documentation: * Project Document Register * Content Manager * Authority Project Register	11.1 Project documentation	11.1.1	Is the project documentation saved appropriately in council systems, in the Project Containers in CM created by Records team.
		11.1.2	Is the project documentation linked appropriately in council systems (property files, assets, contracts register etc.)
	11.2 Manage Project Register	11.2.1	Is the Project Register up to date with current information (stage, budget, PM etc)
		11.2.2	Are Project Management templates being used from the Project Register (up to date version, not previously saved and copied)
OVERALL Information & Documentation			

7 Pūrongo me whakatau | Decision Reports

7.7 Risk and Assurance Self-Assessment 2023

CM No.: 2768372

Te Kaupapa | Purpose

The purpose of this report is to request members undertake a self-assessment, to enable the Matamata-Piako District Council's Risk and Assurance Committee to fulfil Section 7.5 of its Charter. This section relates to the committee demonstrating its readiness to embrace continuous learning, MPDC staff members support provision, and improving performance in the committee's delivery of its responsibilities.

Rāpopotonga Matua | Executive Summary

In line with the establishment of the new Risk and Assurance Committee on 9 November 2022 for the 2022-2025 triennium and subsequent revised Charter, the self-assessment has also been revised and updated.

The self-assessment is to be undertaken annually by the committee and includes a questionnaire followed by a rating system with comments. A survey monkey link will be distributed for those who wish to complete the self-assessment online.

Tūtohunga | Recommendation

That:

1. Committee members complete the self-assessment by 6 October 2023.

Horopaki | Background

Each year as part of its work programme the Risk and Assurance Committee completes a self-assessment of its performance during the calendar year.

All members of the Risk and Assurance Committee and Audit New Zealand will be asked to complete the assessment

The assessment is to be circulated through a Survey Monkey link prior to the meeting on 24 October 2023. The results will be reviewed by the Committee Chair, who will provide further comments and recommendations as part of the assessment process.

A copy of the self-assessment questions circulated in the Survey Monkey link for 2023 is attached to the agenda.

Ngā Tāpiritanga | Attachments

[A↓](#). MPDC - RAC - Self-Assessment



Ngā waitohu | Signatories

Author(s)	Stephanie Hutchins	
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	Governance Support Officer	
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Approved by	Erin Bates Strategic Partnerships and Governance Manager	
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TE KAUNIHERA AA-ROHE O MATAMATA-PIAKO DISTRICT COUNCIL
KOMITI O TE MOOREAREA ME TE TUUMARU/RISK AND ASSURANCE COMMITTEE
SELF-ASSESSMENT 2023

Kia ora koutou,

Thank you in advance for completing this self-assessment, to enable the Matamata-Piako District Council's Risk and Assurance Committee to fulfil Section 7.5 of its Charter, demonstrate its readiness to embrace continuous learning, and alongside MPDC staff members supporting the Committee, improve performance in delivery of its responsibilities.

The self-assessment should take less than 15 minutes to complete.

For each **question**, please provide a rating from 1 to 5 in the relevant shaded box:

- 1 – Strongly Agree
- 2 – Somewhat Agree
- 3 – Neither Agree nor Disagree
- 4 – Somewhat Disagree
- 5 – Strongly Disagree

For each **section**, please provide comments for the MPDC Team and Risk and Assurance Committee members to improve the RAC papers and performance.

#	Question	Rating
CHARTER AND ANNUAL PLAN		
1	The Risk and Assurance Committee (RAC) Charter is clear in articulating the Committee's responsibilities	
2	The RAC Annual Work plan ensures the Committee can meet its responsibilities outlined in the Charter	
Please share any comments on improving the RAC Charter or Annual Work plan :		
PAPERS		
3	The RAC papers are received with sufficient time for members to prepare for Committee meetings	
4	The RAC papers contain the right amount and quality of information for members to make decisions and meet its responsibilities outlined in the Charter	
Please share any comments on improving the RAC papers timeframe or content:		

MEETINGS		
5	The frequency of RAC meetings is appropriate	
6	The duration of RAC meetings is sufficient for members to discuss and conclude the agenda without undue pressure	
7	The RAC Chair enables an environment where members are given the opportunity to voice their comments before recommendations presented in the papers are voted on	
Please share any comments on improving RAC meetings , including improvements in chairing RAC meetings:		
PERFORMANCE		
8	The RAC is effective in reviewing:	
	A. the integrity of Council's financial management and reporting processes	
	B. the scope, time and effectiveness of Council's internal audit programme	
	C. the scope and timeliness of Council's external audit activity	
	D. Council's process for monitoring compliance with laws and regulations	
	E. Council's risk management activities and their effectiveness	
Please share any comments on improving the RAC's performance :		
SUPPORT		
9	Information sessions are provided to RAC members to support their understanding of Council's Finance, Internal Audit, External Audit, Compliance and Risk Management activities	
Please share any comments on support needed to improve the RAC's performance:		
Please share any other comments not previously shared above:		

Recommendation

That the Risk and Assurance Committee receives the report and consider any changes to the self-assessment.

Jaydene Kana
Chair, Risk and Assurance Committee
31 August 2023

7 Pūrongo me whakatau | Decision Reports

7.8 Final report to Council on the Audit for the year ended 30 June 2022

CM No.: 2765967

Te Kaupapa | Purpose

The purpose of this report is to provide committee members with an overview of the internal control and financial/non-financial reporting matters identified by Audit NZ during the final audit for the year ended 30 June 2022 and outline how Council is addressing the matters.

Rāpopotonga Matua | Executive Summary

Audit New Zealand is Council's external auditor appointed by the Office of the Auditor-General to conduct the audit on their behalf. Audit NZ issues reports to the Council on how the council can enhance and improve our processes, procedures and disclosures.

A report has been issued which outlines issues identified and makes recommendations for significant items that need to be addressed. This year, the report includes priority ratings for recommendations, being urgent, necessary and beneficial. The report is attached.

Tūtohunga | Recommendation

That:

1. The information be received.
2. Note the matters identified by the Audit New Zealand in its report to Council for the year ended 30 June 2022, and management responses to those matters.

Horopaki | Background

Audit New Zealand is Auckland Council's external auditor appointed by the Office of the Auditor-General to conduct the audit on their behalf. Audit New Zealand works with the council throughout the year reviewing our internal controls, and auditing our annual report.

Audit NZ reports to the council with recommendations on how the council can enhance and improve our processes, procedures and disclosures.

Audit New Zealand earlier provided a draft report to management on the audit for the year ended 30 June 2022 and this was presented to the Committee at its 13 June meeting. At the time staff had not had an opportunity to discuss the Auditors' initial findings and assessments and make comment on these. The draft was provided for information only at that point with the intention of discussing any progress on this report at the meeting. Staff felt it was appropriate to share the report with the Committee in its very raw format at that time, given the 2023 Annual Report and audit would be commenced before this Committee meeting.

Following the June Risk and Assurance meeting further discussions have taken place with audit, management responses have been provided and a final report has been issued which outlines issues identified and makes recommendations for significant items that need to be addressed. This year, the report includes priority ratings for recommendations; being urgent, necessary and beneficial. The report is attached.

Ngā Take/Kōrerorero | Issues/Discussion

The report sets out Audit NZ recommendations and their priority.

Mōrearea | Risk

There is a risk that actions undertaken by management to address internal control deficiencies may not be considered sufficient or appropriate to address Audit New Zealand's concerns.

In order to mitigate this risk, the financial control and risk teams have regular open discussions with Audit New Zealand to ensure that matters are being progressed to Audit New Zealand's satisfaction.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

There are no legal issues arising directly arising from the information contained in the report.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision-making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	Options are addressed above in this report.
Section 78 – requires consideration of the views of Interested/affected people	
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a low level of significance.
Section 82 – this sets out principles of consultation.	

Policy Considerations

1. To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

No communications is planned. Council will continue to work on resolving and clearing the outstanding issues.

Ngā take ā-lhinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

The relevant Community Outcomes are set out below:

Connected Infrastructure	Infrastructure and services are fit for purpose and affordable, now and in the future.	Quality infrastructure is provided to support community wellbeing.	We have positive partnerships with external providers of infrastructure to our communities.
Economic opportunities	We are a business friendly Council	Our future planning enables sustainable growth in our District.	We provide leadership and advocacy is provided to enable our communities to grow.
Healthy communities	Our community is safe, healthy and connected.	We encourage the use and development of our facilities.	We encourage community engagement and provide sound and visionary decision making.
Environmental Sustainability	We support environmentally friendly practices and technologies.	Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs	We engage with our regional and national partners to ensure positive environmental outcomes for our community.
Vibrant Cultural values	We promote and protect our arts, culture, historic, and natural resources	We value and encourage strong relationships with Iwi and other cultures, recognising wāhi tapu and taonga/significant and treasured sites and whakapapa/ ancestral heritage.	Tangata Whenua with Mana whenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

There are no financial implications directly arising from the information contained in the report as no financial decision is sought.

Ngā Tāpiritanga | Attachments

A.  Matamata-Piako District Council - Report to Governors - Final (*Under Separate Cover*)

Ngā waitohu | Signatories

Author(s)	Niall Baker Policy Team Leader	
	Anne Gummer Policy Advisor	
Approved by	Erin Bates Strategic Partnerships and Governance Manager	

7 Pūrongo me whakatau | Decision Reports

7.9 Audit New Zealand Audit Proposal Letter for years ending 30 June 2023, 2024 and 2025

CM No.: 2765945

Te Kaupapa | Purpose

The purpose of this report is to provide the Committee an opportunity to discuss the Audit proposal letter for the years ending 30 June 2023, 2024 and 2025.

Rāpopotonga Matua | Executive Summary

Audit New Zealand have provided their audit fee proposal for the audit of the financial years ending 30 June 2023, 2024 and 2025.

The audit proposal letter contains the statutory basis for the audit and how audit fees are set, the entities covered by this proposal, team members and hours planned to be spent and proposed fees.

René van Zyl, Audit Director and Claudia Brink, Audit Manager will be in attendance to answer any questions the committee may have in relation to this letter.

Tūtohunga | Recommendation

That:

1. The information be received.
2. The Committee provide any feedback on the Audit proposal letter for the years ending 30 June 2023, 2024 and 2025.

Horopaki | Background

The Annual Report contains information regarding the Council's financial and non-financial performance for that year against budgets and specified performance targets. The Annual Report is required to be audited by independent auditors. The auditors appointed to audit Council by the Auditor-General are Audit New Zealand (Audit NZ).

An audit engagement provides readers with a high level of assurance that the financial statements fairly reflect the group's financial position, performance and cash flows for the period.

The audit proposal letter provides details on the audit fee budget for the financial years ending 30 June 2023, 2024 and 2025 and outlines areas that may result in an increase in fees over and above budgeted fees.

Ngā Take/Kōrerorero | Issues/Discussion

The audit proposal letter generally provides information on:

- audit fees
 - the statutory basis for the audit
 - how audit fees are set
 - assumptions relating to the fees

- the proposed fees for the audit for the three financial years covered by the engagement letter
- reasons for any changes to fees
- what the Office of the Auditor-General (OAG) overhead charge covers
- audit hours
 - hours Audit New Zealand and the Office of the Auditor-General plan to spend on the audit for the financial years ending 30 June 2023 - 2025
 - reasons for any changes to hours
- entities covered by the proposal
- key members of the audit team.

The letter lists examples of items that could potentially cause an increase in the proposed fees.

The previous fees for 2022 and proposed audit fees for the financial years 2023, 2024, and 2025 are as follows:

Total audit fees	2022 actual \$	2023 budgeted \$	2024 \$	2025 \$
Total audit costs including estimated disbursements	222,123	217,549	233,501	250,567

Mōrearea | Risk

The key risk related to this letter is a potential increase in audit fees. This could occur if there is a significant increase in the audit scope which would require extra audit effort, such as ongoing work in relation to asset revaluations, costs related to the implementation of three waters reform legislation etc.

To mitigate this risk, Audit New Zealand and Council staff meet regularly to discuss audit issues to ensure they are managed and resolved efficiently. Council staff are also discussing internally and with Audit New Zealand how the annual audit can be made more efficient.

Ngā Whiringa | Options

There are no options.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy

The requirement for the Annual Report to include an audit opinion is a statutory requirement under the Local Government Act 2002.

Section 98 of the Local Government Act 2002 requires Council to prepare and adopt in respect of each financial year an annual report.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	There are no options to consider – the Committee is asked to give any feedback and on the audit proposal.
Section 78 – requires consideration of the views of Interested/affected people	The audit is a statutory requirement. There is no community impact.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a low level of significance.
Section 82 – this sets out principles of consultation.	There is no consultation regarding the audit process.

Policy Considerations

1. To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

Council staff have confirmed and finalises the council and Audit New Zealand's delivery timelines, to ensure a timely and efficient annual audit process.

Ngā take ā-lhinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

The relevant Community Outcomes are set out below:

Connected Infrastructure	Infrastructure and services are fit for purpose and affordable, now and in the future.	Quality infrastructure is provided to support community wellbeing.	We have positive partnerships with external providers of infrastructure to our communities.
Economic opportunities	We are a business friendly Council	Our future planning enables sustainable growth in our District.	We provide leadership and advocacy is provided to enable our communities to grow.
Healthy communities	Our community is safe, healthy and connected.	We encourage the use and development of our facilities.	We encourage community engagement and provide sound and visionary deci-

			sion making.
Environmental Sustainability	We support environmentally friendly practices and technologies.	Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs	We engage with our regional and national partners to ensure positive environmental outcomes for our community.
Vibrant Cultural values	We promote and protect our arts, culture, historic, and natural resources	We value and encourage strong relationships with Iwi and other cultures, recognising wāhi tapu and taonga/significant and treasured sites and whakapapa/ ancestral heritage.	Tangata Whenua with Mana whenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The proposed audit fees are detailed above.

Funding is allocated in each Long Term Plan/Annual Plan to produce and audit the Annual Report.

i. Cost

The production of the Annual Report and Summary has a budget of \$7,000 (excluding audit costs) for production of the Annual Report and Summary.

Audit fees have a budget of \$145,000. In view of the audit proposal letter, the budget will need to be reviewed.

ii. Funding Source

The Annual Report cost is provided for within the strategies and plans activity budgets. The Annual Report and audit are funded from general rates.

See separate report on Audit Proposal letter for 2023 Audit fees.

Ngā Tāpiritanga | Attachments

[A](#). Matamata-Piako District Council - Audit Proposal Letter_31.08.23



Ngā waitohu | Signatories

Author(s)	Niall Baker Policy Team Leader	
	Anne Gummer Policy Advisor	
Approved by	Niall Baker	

	Policy Team Leader	
	Erin Bates Strategic Partnerships and Governance Manager	



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

31 August 2023

Adrienne Wilcock
Mayor
Matamata-Piako District Council
PO Box 266
Te Aroha 3342

Ref: EN/LCA/3-0025 H616
Copy: Director Auditor Appointments
Office of the Auditor-General
PO Box 3928
Wellington 6140

Dear Adrienne

Proposal to conduct the audit of Matamata-Piako District Council on behalf of the Auditor-General for the 2023, 2024, and 2025 financial years

1 Introduction

As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit of Matamata-Piako District Council for the three financial years ending 30 June 2023, 2024, and 2025.

The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities and assurance engagements covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fees for the audit for the financial years ending 30 June 2023, 2024, and 2025;
- assumptions relating to the proposed audit fees, including what we expect of your Council;
- what the OAG Audit Standards and Quality Support charge provides;
- certification required by the Auditor-General; and
- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.

2 Statutory basis for the audit and how audit fees are set

The audit of Matamata-Piako District Council is carried out under section 15 of the Public Audit Act 2001, which states that “the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited”.

Fees for audits of public entities (including Councils) are set by the Auditor-General under section 42 of the Public Audit Act 2001. However, your Council and I can reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

The Public Audit Act 2001 requires the Auditor-General to make sure that audit fees are “reasonable” for the auditors and for each of the entities audited. Parliament has indicated that it expects the cost of annual audits under the Act (which include an OAG Audit Standards and Quality Support charge) to be funded by public entities.

Over recent years, audit fees for many public entities have not kept pace with the real costs of the audit for a range of reasons, including the effect of new accounting and auditing standards and the changing scale and complexity of many public entities’ activities. A general concern about low fees impacting on auditors’ ability to maintain consistent audit quality has also been raised by regulatory bodies here in New Zealand and overseas.

Low fees are unsustainable and need to be rectified. The Auditor-General has decided to allow fee increases to a level that reflects the real time and cost of the audit. The size of increases will vary depending on the reasonableness of the current fee paid by each entity and any changes that have occurred since the last fees were agreed. We acknowledge that in many instances significant increases will be required, and in those instances we are open to discuss how to phase in the increases in a manner that is fair for both parties.

Our fees will take account of the nature and extent of the audit requirements for each Council. The audit hours in this proposal reflect the time required to complete a high-quality public sector audit efficiently.

The fees are based on charge-out rates that will ensure we can maintain the capacity needed to complete your audits. The global and local auditor shortage is having a continuing impact and has resulted in significant salary inflation. The current economic uncertainty and general inflation have also contributed to charge out rates increasing significantly.

Our proposed audit fees are set out in this letter and include an estimate of the reasonable cost of disbursements (including travel and accommodation where necessary).

The Office of the Auditor-General will be monitoring the outcome of the negotiations to ensure that fees are reasonable.

Councils can take actions to ensure the efficiency of their audit. This includes being well prepared for audit, ensuring complex judgement issues are addressed early, regularly communicating with your auditor about any changes that might impact your reporting or the audit, having tidy systems and controls, and ensuring that relevant people are available to assist the auditors as they carry out their audit work. I welcome further discussion with you on opportunities for reducing the time and costs of your audit.

3 Entities covered by this proposal

This proposal covers the audit of Matamata-Piako District Council for the next three years.

A separate Engagement Letter and fee proposal will be provided for the Debenture Trust Deed audit.

Any additional reviews or agreed upon procedures that we are requested to complete will also be covered by a separate fee proposal or engagement letter.

4 Key members of the audit team

Appointed Auditor	René van Zyl
Engagement Quality Reviewer	Athol Graham
Audit Manager	Claudia Brink
Tax Director	Jason Biggins
Information Systems Specialist	Parakum Pathirana

5 Estimated audit hours

We estimate that the following hours will be required to carry out a quality public sector audit for your Council efficiently. We have also included some information to help you understand how this compares with budgeted and actual data from the previous financial years):

Audit team member	2021 actual*	2022 budget	2022 actual*	2023	2024	2025
Appointed Auditor	81	50	113	80	80	80
Engagement Quality Reviewer (EQR)**	13	10	27	0	0	0
Audit Manager	200	95	273	115	115	115
Other CA qualified staff	294	120	530	241	241	241

Audit team member	2021 actual [*]	2022 budget	2022 actual [*]	2023	2024	2025
Non-CA qualified staff	513	444	522	524	524	524
Sector specialist support	0	7	7	7	7	7
Information systems specialists	24	20	37	29	29	29
Tax	1	2	0	2	2	2
Total audit hours	1,126	748	1,509	998	998	998

***Note** – actual hours have been adjusted to eliminate any hours that were due to auditor inefficiencies. The actual hours that remain are the reasonable hours that were attributable to the audit in that year.

The main reason for the difference for actual audit hours for 2022 being different to budget for that year was due to the additional work required which was outside the scope of the Audit Plan. Recoveries were sought for these in 2022:

- **Fair Value Assessment**

Robust fair value assessments for land and buildings were not prepared which resulted in additional audit work. The fair value assessment performed on three water assets indicated significant movements in aggregate with movements for land and buildings which required adjustments to be made to the financial statements for three water assets.

- **Prior period error**

MPDC performed their 2022 roading valuation as at 1 July 2021 and 30 June 2022. There was a material movement between the 1 July 2021 valuation and the 30 June 2021 authorised financial statements. This was confirmed to be a prior period error for roading assets. Additional audit work was undertaken in considering the accounting treatment and disclosures in the financial statements.

As Council performed two revaluations within 2022 for roading, the audit team had to perform work over both valuations.

- **Quality financial statements, performance reporting and supporting information**

There were numerous misstatements and other disclosure deficiencies noted throughout the financial statements and performance reporting. The quality of the information as support for the financial statement information was not always at the appropriate standard.

**** Note** – For 2023, an EQR Director is assigned to this audit due to prior risks noted. We have not included proposed hours for the EQR Director. This will be reassessed each year.

5.1 Reasons for changes in audit hours

The major reasons for the changes in hours for your organisation's audit are:

Reasons for increased audit hours compared to previous period <i>budgeted</i> hours:	2023	2024	2025
<p>Changes within your Council, or in its environment:</p> <ul style="list-style-type: none"> Additional areas of or additional work on high-risk accounting estimates: <ul style="list-style-type: none"> The auditing standards (<i>ISA 540: Auditing Accounting Estimates and Related Disclosures</i>) requires additional work around estimates including revaluation and fair value assessments which has increased our work to get the required assurance mainly for property, plant and equipment that is revalued. Additional material performance measures. The impact of growth: <ul style="list-style-type: none"> Rates have increased in recent years which results in additional audit work over performance reporting, revenue and expenditure. 	120	0	0
<p>Changes to applicable accounting or financial reporting standards which result in additional audit work:</p> <ul style="list-style-type: none"> PBE IFRS 48: <i>Service Performance Reporting</i> replaced that part of PBE IPSAS 1 Presentation of Financial Statements that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the Council, it is for the year ending 30 June 2023. This will result in additional audit work to ensure compliance with this standard. PBE IPSAS 41: <i>Financial Instruments</i> is effective for periods beginning on, or after 1 January 2022. There are differences that we will need to be consider this year resulting in additional audit work. ISA (NZ) 315 (Revised 2019): <i>Identifying and Assessing the Risks of Material Misstatement</i>, is effective for the audit of your financial statements for the first time this year. There will be additional work required on your audit compared to previous years. 	74	0	0
Additional hours required for us to complete a high-quality public sector audit efficiently.	56	0	0
Total increase in audit hours	250	0	0

5.2 Other matters that may impact the scope of the audit and actual audit hours

There are several emerging reporting and auditing challenges in the sector that will potentially require additional audit effort and cost over the next three years. At this point the impact of these on your Council is unknown, so we have not included any allowance in our audit hours or fees. They include:

- the impact of extreme weather events including the January/February 2023 flood events;
- the impact of implementation of new legislation, including that relating to three waters reform, and/or Resource Management Act reforms;
- the impact of any climate reporting requirements, or Greenhouse Gas (GHG) performance measures;
- out of cycle, additional revaluations, including as a result of continued movements in property values and infrastructure construction costs;
- the impact of future growth of your Council, including changes within your Council's group structure; and/or
- changes in the number of material measures, for example, new water loss measures.

Where costs related to these issues cannot be absorbed within the agreed fee, we will inform management and seek additional fee recoveries through our normal processes.

6 Proposed audit fees

Our proposed fees for the next three audits (compared to budgeted and actual data from the previous financial years) are:

Structure of audit fees	2021 actual	2022 budget	2022 actual *	2023	2024	2025
	\$	\$	\$	\$	\$	\$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	189,562	128,957	376,219	188,568	203,666	219,839
OAG Audit Standards and Quality Support charge	11,440	12,041	12,041	18,981	19,835	20,728

Structure of audit fees	2021 actual	2022 budget	2022 actual *	2023	2024	2025
	\$	\$	\$	\$	\$	\$
Total audit fee (excluding disbursements)	201,002	140,998	388,260	207,549	223,501	240,567
Estimated disbursements**	1,936	2,000	7,371	10,000	10,000	10,000
Costs absorbed by Audit New Zealand	(67,677)	0	(95,375)	0	0	0
Audit recoveries charged	0	0	(78,133)	0	0	0
Total billable audit fees and charges (excluding GST)	135,261	142,998	222,123	217,549	233,501	250,567

* **Note** – Our estimated audit fee on a full recovery basis for 2023 is \$280,549 before disbursements. This also considers unavoidable travel time as section 6.1.

These audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support charge.

** **Note** – We have estimated the reasonable cost of disbursements (including travel and accommodation where necessary).

We may also need to engage external experts to assist with certain specialist areas of valuation or estimation (such as complex accounting treatments). These costs will be included as a disbursement. While these are the usual audit areas where we would use experts there may be other complex estimates where additional expertise maybe necessary. In such situations, we will discuss this with management.

Disbursement costs are indicative only and will be charged on an actual and reasonable basis.

6.1 Reasons for changes in audit fees

In table 5.1 we showed the factors that have resulted in a change of audit hours. The cost impacts of those changes are shown in the table below.

Reasons for increased audit fees compared to previous period <i>budgeted</i> fees.	2023	2024	2025
<p>Changes within your Council, or in its environment:</p> <ul style="list-style-type: none"> Additional areas of or additional work on high-risk accounting estimates: <ul style="list-style-type: none"> The auditing standards (<i>ISA 540: Auditing Accounting Estimates and Related Disclosures</i>) requires additional work around estimates including revaluation and fair value assessments which has increased our work to get the required assurance mainly for property, plant and equipment that is revalued. Additional material performance measures. The impact of growth <ul style="list-style-type: none"> Rates have increased in recent years which results in additional audit work over performance reporting, revenue and expenditure. 	\$18,121	\$0	\$0
<p>Changes to applicable accounting or financial reporting standards which result in additional audit work:</p> <ul style="list-style-type: none"> PBE IFRS 48: <i>Service Performance Reporting</i> replaced that part of PBE IPSAS 1 Presentation of Financial Statements that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the Council, it is for the year ending 30 June 2023. This will result in additional audit work to ensure compliance with this standard. PBE IPSAS 41: <i>Financial Instruments</i> is effective for periods beginning on, or after 1 January 2022. There are differences that we will need to be consider this year resulting in additional audit work. 	\$17,070	\$0	\$0

Reasons for increased audit fees compared to previous period <i>budgeted</i> fees.	2023	2024	2025
<ul style="list-style-type: none"> ISA (NZ) 315 (Revised 2019): <i>Identifying and Assessing the Risks of Material Misstatement</i>, is effective for the audit of your financial statements for the first time this year. There will be additional work required on your audit compared to previous years. 			
Additional hours required for us to complete a high-quality public sector audit efficiently.	\$11,814	\$0	\$0
Unavoidable travel time – in the previous audit we had numerous Audit staff complete work remotely due to the timing of the audit. We have not taken this into account in the audit fee increase.	\$0	\$0	\$0
Predicted charge out rate movements.	\$12,606	\$15,098	\$16,173
Total increase in audit fees	\$59,611	\$15,098	\$16,173

7 Assumptions relating to our audit fee

You are responsible for the production of Matamata-Piako District Council financial statements and anything else that must be audited. Our proposed audit fees are based on the assumption that:

- you will provide to us, in accordance with the agreed timetable, the complete information required by us to conduct the audit;
- your staff will provide us with an appropriate level of assistance;
- your Council's annual report and financial statements (including Statements of Service Performance) will be subject to appropriate levels of quality review by you before being submitted to us for audit;
- your Council's financial statements will include all relevant disclosures;
- we will review up to two sets of draft annual reports, one printer's proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website);
- there are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us);
- there are no significant changes to mandatory accounting standards or the financial reporting framework that require additional work (other than as specified in tables 5.1 and 6.1);
- there are no significant changes to mandatory auditing standards that require additional work other than items specifically identified in the tables above; and
- there are no significant changes to the agreed audit arrangements (set out in the audit plan) that change the scope of, timing of, or disbursements related to, this audit.

If the scope changes and/or the amount of work we do increases, we will discuss this with you and potentially seek additional fees from you. The Office of the Auditor-General will be monitoring these recoveries to ensure that they are reasonable.

8 What the OAG Audit Standards and Quality Support charge provides

Parliament has indicated that it expects the cost of annual audits under the Public Audit Act (including an OAG Audit Standards and Quality Support charge) to be funded by public entities.

The OAG Audit Standards and Quality Support charge partially funds a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;
- technical support for auditors on specific accounting and auditing issues;
- ongoing auditor training on specific public sector issues;
- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG Audit Standards and Quality Support charge portion of the audit fee, to the OAG.

9 Certifications required by the Auditor-General

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and
- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

10 Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with

the Auditor-General to carry out the audit of your organisation as the agent of the Auditor-General.

Yours sincerely



René van Zyl
Appointed Auditor

I accept the audit fees for the audit of the three financial years as stated above.

Full name: _____ Position: _____

Authorised signature: _____ Date: _____

Entity name: _____

Actions to take when agreement has been reached:

- 1 Make a copy of this signed proposal and keep it for your file.
- 2 Send the original to: René van Zyl
Appointed Auditor
Auckland 1140

7 Pūrongo me whakatau | Decision Reports

7.10 Audit Engagement Letter

CM No.: 2766532

Te Kaupapa | Purpose

This purpose of this report is to consider the Audit Engagement Letter received from Audit New Zealand covering the audit for the year ending 30 June 2023.

Rāpopotonga Matua | Executive Summary

Audit New Zealand have provided a letter outlining the terms of the engagement and the individual responsibilities for the 2022-23 audit.

Tūtohunga | Recommendation

That:

1. The Audit engagement letter be received.

Horopaki | Background

As previously reported to this committee the Office of the Auditor General has appointed Audit New Zealand as the Council's auditors for the years ending 2023. Their letter outlining the terms of the engagement and the individual responsibilities is attached.

This letter while being rather procedural in nature is important as it sets out the nature of the appointment and the responsibility of Audit NZ to the Council and vice versa. This letter also sets the basis for determining the audit fee that will be set.

Ngā Tāpiritanga | Attachments

[A](#). Signed Audit Engagement Letter_MPDC

Ngā waitohu | Signatories

Author(s)	Niall Baker Policy Team Leader	
Approved by	Erin Bates Strategic Partnerships and Governance Manager	



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

7 June 2023

Level 14, Shortland & Fort
88 Shortland Street, Auckland 1010
PO Box 1165, Auckland 1140

Adrienne Wilcock
Mayor
Matamata-Piako District Council
PO Box 266
Te Aroha 3342

Dear Adrienne

Audit Engagement Letter

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all “public entities”, including Matamata-Piako District Council (the District Council), under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, René van Zyl, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Act, to carry out the annual audits of the District Council’s financial statements and performance information. We will be carrying out these annual audits on the Auditor-General’s behalf, for the years ending 30 June 2023 to 30 June 2025.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the Council and me, as the Appointed Auditor, for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on the District Council’s financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit (typically those matters will relate to issues of financial management and accountability).

We will carry out the audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether the Matamata-Piako District Council’s financial statements and performance information are free from material misstatement. The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

A business unit of the Controller and Auditor-General | www.auditnz.parliament.nz

The council's responsibilities

Our audit will be carried out on the basis that the council, as the governing body, acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- having such internal control as determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and
- providing us with:
 - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;
 - all other information, in addition to the financial statements and performance information, to be included in the annual report;
 - additional information that we may request from the District Council for the purpose of the audit;
 - unrestricted access to council members and employees that we consider necessary; and
 - written confirmation concerning representations made to us in connection with the audit;

In addition, the council is responsible for:

- the preparation of the summary financial statements and summary performance information;
- making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- including our audit report on the summary financial statements and summary performance information in any document that contains that information and that indicates that we have reported on that information.

The council's responsibilities extend to all resources, activities, and entities under its control. We expect that the council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;

- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the council and/or the individuals within the District Council with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred – regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The council has certain responsibilities relating to the preparation of the financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Appendix 1. Appendix 2 contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the council to be familiar with those responsibilities and, where necessary, have obtained advice about them. We expect members of the council to be familiar with those responsibilities and, where necessary, have obtained advice about them. Appendix 3 outlines respective responsibilities when using Audit New Zealand's client portal tool.

The council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

Our responsibilities

Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements of the District Council:

- present fairly, in all material respects:
 - its financial position; and
 - its financial performance and cash flows for the financial year;
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

We are also responsible for forming an independent opinion on whether the performance information of the District Council:

- presents fairly, in all material respects, the performance for the financial year, including:
 - its performance achievements as compared with the intended levels of service for the financial year; and
 - its actual revenue and expenses as compared with the forecasts included in the Long-Term Plan and Annual Plan for the financial year; and
- complies with generally accepted accounting practice in New Zealand.

In addition to the above we are also responsible for forming an independent opinion whether:

- the funding impact statement of the District Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Long-term plan or annual plan; and
- the statement about capital expenditure for each group of activities of the District Council, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Long-term plan or annual plan; and
- the funding impact statement for each group of activities of the District Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Long-term plan.

We are also required to report on whether the District Council has:

- complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the council and the District Council have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the council obtained and applied the resources of the District Council in an economical manner, and whether any resources are being wasted;

- be alert for issues of a lack of probity – in particular, whether the council and the District Council have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

Our independence

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of the District Council; including being independent of management personnel and members of the council. This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and the Audit New Zealand.

To protect our independence, specific limitations are placed on us in accepting engagements with the council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the council and me or Audit New Zealand.

Reporting

We will issue an independent audit report that will be attached to the financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report.

In addition, we will issue an audit report that will be attached to the summary financial statements and summary performance information. This audit report will contain an opinion that provides the same level of assurance as the audit report on the full financial statements and full performance information.

We will also issue a report that will be sent to the council. This report communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the council. Typically, those matters will relate to issues of financial management and accountability. We may also provide other reports to the District Council from time to time. We will inform the council of any other reports we have issued.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the letter in the space provided and returning a copy to me. The terms will remain effective until a new Audit Engagement Letter is issued.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If, after contacting me, you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours sincerely



René van Zyl
Appointed Auditor
On behalf of the Auditor-General

I acknowledge the terms of this engagement and that I have the required authority on behalf of the council.

Signature:



Date:

16/6/23

Name:

Adrienne Wilcock

Title:

Mayor

Appendix 1: Respective specific responsibilities of the Council and the Appointed Auditor

Responsibilities of the council	Responsibility of the Appointed Auditor
Responsibilities for the financial statements and performance information	
<p>You are required by legislation to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.</p>	<p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:</p> <ul style="list-style-type: none"> present fairly, in all material respects: <ul style="list-style-type: none"> the financial position; and the financial performance and cash flows for the financial year; comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards. <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> presents fairly, in all material respects, the performance for the financial year, including: <ul style="list-style-type: none"> the performance achievements as compared with the intended levels of service for the financial year; and the actual revenue and expenses as compared with the forecasts included in the long-term plan and annual plan for the financial year. complies with generally accepted accounting practice in New Zealand. <p>In addition to the above we are also responsible for forming an independent opinion whether:</p> <ul style="list-style-type: none"> the funding impact statement of the District Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the long-term plan or annual plan; and

Responsibilities of the council	Responsibility of the Appointed Auditor
	<ul style="list-style-type: none"> the statement about capital expenditure for each group of activities of the District Council, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the long-term plan or annual plan; and the funding impact statement for each group of activities of the District Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the long-term plan. <p>We are also required to report on whether the District Council has:</p> <ul style="list-style-type: none"> complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report; and made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014. <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</p> <p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee's overall understanding of the financial statements and performance information.</p>

Responsibilities of the council	Responsibility of the Appointed Auditor
	<p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> the appropriateness of accounting policies used and whether they have been consistently applied; the reasonableness of the significant accounting estimates and judgements made by those charged with governance; the appropriateness of the content and measures in any performance information; the adequacy of the disclosures in the financial statements and performance information; and the overall presentation of the financial statements and performance information. <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> the adoption of the going concern basis of accounting is appropriate; all material transactions have been recorded and are reflected in the financial statements and performance information; all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information. <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p>

Responsibilities of the council	Responsibility of the Appointed Auditor
	<p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p>
Responsibilities for the accounting records	
<p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> correctly record and explain the transactions of the District Council; enable you to monitor the resources, activities, and entities under your control; enable the District Council's financial position to be determined with reasonable accuracy at any time; enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and are in keeping with the requirements of the Commissioner of Inland Revenue. 	<p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>
Responsibilities for accounting and internal control systems	
<p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the District Council), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and performance information reporting.</p>	<p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</p> <p>We will report to you separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.</p>

Responsibilities of the council	Responsibility of the Appointed Auditor
Responsibilities for preventing and detecting fraud and error	
<p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the District Council) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within the District Council with delegated authority have a reasonable basis that suspected fraud has occurred – regardless of the amount involved.</p>	<p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p> <ul style="list-style-type: none"> • obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and • report to you any significant weaknesses in internal control that come to our notice. <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p>

Responsibilities of the council	Responsibility of the Appointed Auditor
Responsibilities for compliance with laws and regulations	
<p>You are responsible for ensuring that the District Council has systems, policies, and procedures (appropriate to the size of the District Council) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the District Council are complied with. Such systems, policies, and procedures should be documented.</p>	<p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> the relevance of the law or regulation to the audit; our assessment of the risk of non-compliance; the impact of non-compliance for the addressee of the audit report. <p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p> <p>We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.</p>
Responsibilities to establish and maintain appropriate standards of conduct and personal integrity	
<p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a "Code of Conduct" and, where applicable, support the "Code of Conduct" with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted "Codes of Conduct" that apply to the public sector.</p>	<p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the District Council may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p>

Responsibilities of the council	Responsibility of the Appointed Auditor
	The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.
Responsibilities for conflicts of interest and related parties	
<p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.</p>	<p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.</p>
Responsibilities for publishing the audited financial statements on a website	
<p>You are responsible for the electronic presentation of the financial statements and performance information on the District Council's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p>	<p>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.</p>

Appendix 2: Health and safety of audit staff

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015 we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

Appendix 3: Respective responsibilities when using Audit New Zealand's client portal tool

Audit New Zealand has engaged Audit Dashboard Incorporated to provide a client portal, AuditDashboard.

AuditDashboard is a secure online tool that will make it easier for files to be shared between Audit New Zealand and the District Council and for your people to work with us. We will request and receive files from your organisation through AuditDashboard.

For more information, please refer to: <https://auditnz.parliament.nz/working-with-your-auditor/portal/>.

Your organisation's obligations when using AuditDashboard

AuditDashboard implements industry standard encryption and security controls to keep your organisation's data safe. However, each user of AuditDashboard is responsible for ensuring these controls can operate. Your organisation is responsible for your users' use of AuditDashboard.

Upon registering, each user will be required to read and accept individual Terms of Use. These are aligned with your organisation's obligations in this letter. The Terms of Use can be viewed at auditnz.auditdashboard.com/Account/Terms.

We expect you to ensure that AuditDashboard users in your organisation know that they must only access AuditDashboard using devices that have been approved for work purposes by your organisation. By using approved devices in conjunction with complying with your organisation's own policy on computer use, users are more likely to comply with the Terms of Use that each user must agree to.

We expect your organisation to provide an environment that supports AuditDashboard users in your organisation to:

- use a secure network with firewall protection;
- use a modern, up-to-date browser, and an operating system that features integrated anti-virus and anti-malware software;
- use their own unique user account each time they access AuditDashboard, and comply with the password security measures in the Terms of Use;
- take the same precautions when using AuditDashboard as they would with other secure online transactions, such as ecommerce and banking;
- logout of AuditDashboard, lock their system and secure their computer when left unattended;
- not misuse AuditDashboard.

Your organisation must inform Audit New Zealand if a user leaves, or if a change in circumstances (for example, a change in role) means that a user should no longer have access to AuditDashboard. Once we have been informed, we will remove access for that user.

Your organisation must inform Audit New Zealand of any information that should be restricted so it can only be viewed by specified users, such as payroll data.

Your organisation must notify Audit New Zealand immediately of any unauthorised use of an AuditDashboard account or in the event that a user's account details are compromised.

We expect your organisation to maintain the confidentiality and integrity of the content and technology of AuditDashboard to at least the same level of care required by your organisation in respect of its own confidential information, but in no event using less than a reasonable standard of care.

Your obligations when your agent uses AuditDashboard

Your organisation might engage an agent ("your agent") to perform some financial functions, for example, an external accountant to prepare your organisation's financial statements. In such circumstances, your agent might hold files, on behalf of your organisation, that are relevant to your organisation's audit.

If your organisation requests Audit New Zealand to add your agent as an AuditDashboard user, your organisation is wholly responsible for your agent's use of AuditDashboard. Accordingly, your organisation must ensure that your agent:

- is aware of your organisation's obligations to Audit New Zealand;
- is aware that they must agree to and abide by the Terms of Use that apply to AuditDashboard users;
- is required to be subject to a computer use policy, and work in a secure environment, that enables them to comply with the Terms of Use; and
- agrees to notify your organisation immediately of any unauthorised use of an AuditDashboard account.

Our responsibilities

We are responsible for the security of the data provided by you to us for the purpose of an audit engagement.

We are responsible for obtaining assurance that AuditDashboard is secure for the classification and sensitivity of data that is involved. When we engaged AuditDashboard, we considered risk, security, privacy, functionality and business requirements. These are all fundamental requirements for information governance and assurance.

Audit New Zealand does not guarantee the availability of AuditDashboard. We reserve the right to withdraw AuditDashboard at our discretion. Where possible, we will notify your organisation in advance.

If our contract with AuditDashboard is terminated, AuditDashboard will delete your organisation's data, except if you request its return, or such data is required by Audit New Zealand to perform the audit engagement.

7 Pūrongo me whakatau | Decision Reports

7.11 Audit Plan for the year ending 30 June 2023

CM No.: 2766005

Te Kaupapa | Purpose

The purpose of this report is for the Committee to receive the draft Audit Plan for the year ending 30 June 2023 and to provide feedback. The proposed Audit Plan has the final audit scheduled for 11 September 2023.

Rāpopotonga Matua | Executive Summary

Audit NZ have provided an audit plan for the audit for the year ending 30 June 2023. The purpose of this audit plan is to discuss audit risks and issues, audit process, reporting protocols, audit logistics and expectations.

Tūtohunga | Recommendation

That:

1. The information be received.
2. The Committee receive the draft Audit Plan for the year ending 2023 and provide any feedback.

Horopaki | Background

Section 98 of the Local Government Act 2002 requires Council to prepare and adopt in respect of each financial year an annual report. The annual report contains information regarding the Council's financial and non-financial performance for that year against budgets and specified performance targets. The annual report is required to be audited by independent auditors. The auditors appointed to audit Council by the Auditor General are Audit New Zealand.

Ngā Take/Kōrerorero | Issues/Discussion

Attached to the report is the draft 2023 Audit Plan, which formally sets out arrangements for this year's audit.

The Audit Plan outlines the proposed approach to the audit, matters of particular interest in the audit approach (both for Council specifically and the local government sector in general), fees and timeline.

There will be additional audit focus area on the pecuniary interests register, materiality and the performance measures.

Ngā Whiringa | Options

The Committee has the option of providing feedback to Council on the Audit Plan for the year ending 30 June 2023.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Section 98 of the Local Government Act 2002 requires Council to prepare and adopt an annual report each financial year.

There are no policy or bylaw issues.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	There are no options to consider – the Committee is asked to give any feedback on the audit plan.
Section 78 – requires consideration of the views of Interested/affected people	The audit is a statutory requirement. There is no community impact.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a low level of significance.
Section 82 – this sets out principles of consultation.	There is no consultation regarding the audit process.

Policy Considerations

1. To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

There are no communication or consultation issues.

Timeframes

The proposed Audit plan contains the final audit programme. Adoption of the Annual Report is scheduled for 25 October 2023 Council meeting.

Ngā take ā-lhinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

The relevant Community Outcomes are set out below:

Connected Infrastructure	Infrastructure and services are fit for purpose and affordable, now and in the future.	Quality infrastructure is provided to support community wellbeing.	We have positive partnerships with external providers of infrastructure to our communities.
Economic opportunities	We are a business friendly Council	Our future planning enables sustainable growth in our District.	We provide leadership and advocacy is provided to enable our communities to grow.
Healthy communities	Our community is safe, healthy and connected.	We encourage the use and development of our facilities.	We encourage community engagement and provide sound and visionary decision making.
Environmental Sustainability	We support environmentally friendly practices and technologies.	Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs	We engage with our regional and national partners to ensure positive environmental outcomes for our community.
Vibrant Cultural values	We promote and protect our arts, culture, historic, and natural resources	We value and encourage strong relationships with Iwi and other cultures, recognising wāhi tapu and taonga/significant and treasured sites and whakapapa/ ancestral heritage.	Tangata Whenua with Mana whenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

Funding is allocated in each Long Term Plan/Annual Plan to produce and audit the Annual Report.

i. Cost

The production of the Annual Report and Summary has a budget of \$7,000 (excluding audit costs) for production of the Annual Report and Summary.


Audit fees have a budget of \$145,000. The budget for the Long-Term Plan 2024-34 is currently being developed and the audit fees budget will need to be reviewed as part of this.

ii. Funding Source

The Annual Report cost is provided for within the strategies and plans activity budgets. The Annual Report and audit are funded from general rates.

See separate report on Audit Proposal letter for 2023 Audit fees.

Ngā Tāpiritanga | Attachments

A.  Audit Plan - draft 31 Aug 2023 (*Under Separate Cover*)

Ngā waitohu | Signatories

Author(s)	Anne Gummer Policy Advisor	
	Niall Baker Policy Team Leader	

Approved by	Niall Baker Policy Team Leader	
	Erin Bates Strategic Partnerships and Governance Manager	

7 Pūrongo me whakatau | Decision Reports

7.12 Draft Annual Report 2022-23

CM No.: 2766439

Te Kaupapa | Purpose

The purpose of this report is for the Committee to review the draft Annual Report. The document will be circulated separately.

Rāpopotonga Matua | Executive Summary

The Local Government Act 2002 (LGA) requires Council to adopt its Annual Report and Summary by 31 October each year. The draft report and summary is circulated separately.

Tūtohunga | Recommendation

That:

1. The draft Annual Report and Summary be received.

Horopaki | Background

The LGA requires Council to adopt the Annual Report and Summary by 31 October each year. The Summary must be published within one month of its adoption. The Annual Report and Summary must be audited, and an opinion on the Annual Report and Summary provided to Council and the report's readers.

The following items will be provided to Council once the Annual Report is to be adopted later this year:

- a. the final Annual Report and Summary 2022-23
- b. the draft Audit Opinions for the Annual Report and Summary 2022-23
- c. the warrant of fitness for the Annual Report and Summary 2022-23
- d. the letter of representation for the Annual Report and Summary 2022-23 and staff review of representations made
- e. the misstatement schedule from the Annual Report final audit
- f. the draft management report on the Annual Report 2022-23
- g. the Chief Executive's Reporting Certificate for the Debenture Trust Deed
- h. the Auditor's Independent Assurance Report for the Debenture Trust Deed
- i. the letter of representation for the Debenture Trust Deed and staff review of representations made.

Ngā Take/Kōrerorero | Issues/Discussion

Under the Local Government Act 2002 Council is required to obtain an audit of its Annual Report and Summary. Auditing on the Annual Report and Summary 2023-24 commenced on 12 June with the first interim audit. Final auditing begins on 11 September.

Council has a 15% interest in Waikato Regional Airport Limited (WRAL). Their audit has not been complete. Audit have indicated they will be focusing on the airport's investment property. MPDC's subsequent sign off will be dependent on whether there are any significant changes to the WRAL accounts.

Audit requires that any material events after balance date be reported to enable an assessment as to whether it needs to be reflected in Council's accounts. This will continue until the Annual Report

adoption. Any material events could require additional auditing and financial updates (depending on the situation) and could further affect the adoption date.

PBE FRS 48 is a new reporting standard that Council are required to apply to its performance reporting in this year's Annual Report. It applies to public benefit entities and came into effect for annual financial reports covering periods after 1 January 2022. The standard applies to Section 3 of the Annual Report which reports on the performance of each of Council's groups of activities. The way Council apply this new standard is a particular focus of this year's Annual Report audit. The standard is attached to this report.

The new reporting standard requires an entity to present information that enables users to understand and assess an entity's service performance for the year.

PBE FRS 48 – recap of key requirements

PBE FRS 48 requires an entity to present information that enables users to understand and assess an entity's service performance for the year.

An entity is required to disclose:

Contextual information



- Why the entity exists
- What it intends to achieve in broad terms
- How it goes about this

Information about what the entity has done



- Select an appropriate mix of performance measures and/or descriptions
- May be based on outputs, activities, achievements, outcomes, and/or impacts

Disclose judgements



- How the service performance information presented was selected and measured

Required to provide information that is **appropriate and meaningful** in explaining the entity's service performance.

There are three key qualitative characteristics to keep in mind when considering what service performance information to present:

- Faithful Representation – to be useful, service performance information must be faithfully representative of the entity's service performance. To provide users with confidence that service performance information is presented in an unbiased manner that reports both favourable and unfavourable aspects of an entity's service performance, the users need information to understand how each reported performance measure has been measured and/or evaluated.
- Understandability – for users to be able to form an assessment of an entity's performance it should be clear what each performance measure means and how it is being measured or evaluated. More complex measures or descriptions will likely require increased disclosure to explain the measurement basis and how it was applied.

- Verifiability – to ensure an entity's service performance information is reliable, and faithfully representative, the reported service performance measures must be capable of independent verification. To be verifiable, the measurement bases or evaluation methods need to be made available to the intended users so that users can understand the extent to which the performance claims can be substantiated.

Staff are currently in the process of working with Audit to ensure Council's performance reporting is presented in line with this new standard.

Financial Summary

A Draft Annual Report is due to be submitted to Audit on 6 September 2023.

In 2022-23, Council has focused on maintaining its services to support the community. Council delivered an extensive range of activities and services to similar levels as detailed in the Long Term Plan 2021-31 and at a similar standard as previous years. Comparisons to both targets and previous year's results are available in the full Annual Report.

There are a total of 58 performance measure targets which Council reports on in the Annual Report. Council achieved its target performance for 37 of these.

Council partially achieved its target on one measure, and did not achieve its target on 19 measures. Two measurement results are pending.

One performance measures was not measured; the footpath level of service which is measured by an assessment due in 2023-24.

Mōrearea | Risk

There is a risk register in place.

Ngā Whiringa | Options

The Committee may wish to provide comment on the draft report.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

The LGA requires Council to adopt the Annual Report and Summary by 31 October each year.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give	Options are addressed above in this report.

consideration to the reasonable practicable options available.	
Section 78 – requires consideration of the views of Interested/affected people	There are no affected persons; this is a statutory audit process.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a low level of significance.
Section 82 – this sets out principles of consultation.	There is no consultation planned.

Policy Considerations

1. To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.
2. This recommendation is 'significantly inconsistent' with adopted policies and plans. This means Council needs to clearly identify:
 - a. the inconsistency; and
 - b. the reasons for the inconsistency; and
 - c. any intention of Council to amend the policy or plan to accommodate the decision.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

The Final Annual Report and report on Audit of the Annual Report will be presented to the Audit & Risk Committee 30 November, with Council adopting the Annual Report at its December meeting.

The 2022-23 Annual Report Summary will be available to the public on Council's website following adoption. An E-newsletter will be sent to those who have indicated an interest in the Annual Report and Summary.

Ngā take ā-lhinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

The relevant Community Outcomes are set out below:

Connected Infrastructure	Infrastructure and services are fit for purpose and affordable, now and in the future.	Quality infrastructure is provided to support community wellbeing.	We have positive partnerships with external providers of infrastructure to our communities.
Economic opportunities	We are a business friendly Council	Our future planning enables sustainable growth in our District.	We provide leadership and advocacy is provided to enable our communities to grow.


Healthy communities	Our community is safe, healthy and connected.	We encourage the use and development of our facilities.	We encourage community engagement and provide sound and visionary decision making.
Environmental Sustainability	We support environmentally friendly practices and technologies.	Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs	We engage with our regional and national partners to ensure positive environmental outcomes for our community.
Vibrant Cultural values	We promote and protect our arts, culture, historic, and natural resources	We value and encourage strong relationships with Iwi and other cultures, recognising wāhi tapu and taonga/significant and treasured sites and whakapapa/ ancestral heritage.	Tangata Whenua with Mana whenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The production of the Annual Report and Summary has a budget of \$7,000. Annual Report audit fees have a budget of \$155,000.

The Annual Report cost is provided for within the Strategies and Plans activity budgets. The Annual Report and audit are funded from general rates.

Ngā Tāpiritanga | Attachments

A.  PBE FRS 48 Service Performance Reporting - PBE FRS 48 Jan22 (*Under Separate Cover*)

Ngā waitohu | Signatories

Author(s)	Niall Baker Policy Team Leader	
	Anne Gummer Policy Advisor	
Approved by	Erin Bates Strategic Partnerships and Governance Manager	

7 Pūrongo me whakataua | Decision Reports

7.13 Limited Assurance Engagement in respect of the Council's Debenture Trust Deed

CM No.: 2766028

Te Kaupapa | Purpose

The purpose of this report is to receive a copy of the audit assurance engagement letter for Council's Debenture Trust Deed.

Rāpopotonga Matua | Executive Summary

Council, in common with other local authorities and commercial entities, uses a debenture trust deed to secure its debt.

Council is required by the trustees to have an annual audit of its debenture trust deed processes.

Attached to the report is the Confirmation of Engagement – Limited Assurance Report in respect of the Matamata-Piako District Council's Debenture Trust Deed.

Tūtohunga | Recommendation

That:

1. **The Limited Assurance Engagement Letter for the Council's Debenture Trust Deed be received.**

Horopaki | Background

Council has put a Debenture Trust Deed in place. As a shareholder of the New Zealand Local Government Funding Agency (LGFA), Council is required to have a Debenture Trust Deed to be able to participate as a borrower and a shareholder of the LGFA and take advantage of the lower interest rate margins.

One of the key advantages of the Debenture Trust Deed is that it is recognised as an industry standard for local authorities. A Debenture Trust Deed is a deed entered into between a local authority and a trustee under which the Council grants a security interest in its rates and rates revenue to the trustee to hold on behalf of holders of "stock" issued under the Debenture Trust Deed. The Council can then issue "stock" to creditors which has the benefit of the security granted to the trustee.

Under the Debenture Trust Deed, Council grants this same security to its financiers by issuing either "Security Stock" or "Debenture Stock". Debenture Stock is a type of debt instrument (for example, a bond) which also grants its holders the benefit of the security over rates granted to the trustee.

Ngā Take/Kōrerorero | Issues/Discussion

The Confirmation of Engagement – Limited Assurance Report in respect of the Matamata-Piako District Council's Debenture Trust Deed was received on 28 August. This confirms the terms of the Limited Assurance Engagement and the nature of, and limitations to the services that Audit NZ will provide.

Mōrearea | Risk

N/A

Ngā Whiringa | Options

The Committee has the option of providing feedback on the Report provided.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

There are no legal or policy matters.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	There are no options to consider- the report is for information.
Section 78 – requires consideration of the views of Interested/affected people	<Insert text> There is no community impact.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a low level of significance.
Section 82 – this sets out principles of consultation.	<Insert text> There is no consultation regarding the assurance report.

Policy Considerations

1. To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

There are no communication, consultation issues.

Ngā take ā-lhinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes


The relevant Community Outcomes are set out below:

Connected Infrastructure	Infrastructure and services are fit for purpose and affordable, now and in the future.	Quality infrastructure is provided to support community wellbeing.	We have positive partnerships with external providers of infrastructure to our communities.
Economic opportunities	We are a business friendly Council	Our future planning enables sustainable growth in our District.	We provide leadership and advocacy is provided to enable our communities to grow.
Healthy communities	Our community is safe, healthy and connected.	We encourage the use and development of our facilities.	We encourage community engagement and provide sound and visionary decision making.
Environmental Sustainability	We support environmentally friendly practices and technologies.	Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs	We engage with our regional and national partners to ensure positive environmental outcomes for our community.
Vibrant Cultural values	We promote and protect our arts, culture, historic, and natural resources	We value and encourage strong relationships with Iwi and other cultures, recognising wāhi tapu and taonga/significant and treasured sites and whakapapa/ ancestral heritage.	Tangata Whenua with Mana whenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The estimated fee for this Limited Assurance Engagement is \$7,700.

Ngā Tāpiritanga | Attachments

- A.  Matamata-Piako District Council D23 -Tri-partite engagement letter - Debenture Trust Deeds (*Under Separate Cover*)

Ngā waitohu | Signatories

Author(s)	Niall Baker Policy Team Leader	
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	Anne Gummer Policy Advisor	
Approved by	Erin Bates Strategic Partnerships and Governance Manager	
	Larnia Rushbrooke Finance and Business Services Manager	

8 Ngā Pūrongo Whakamārama | Information Reports

8.1 Long-Term Plan 2024-34 Update

CM No.: 2765488

Te Kaupapa | Purpose

The purpose of this report is to provide the Committee with an update on the Long Term Plan 2024-34 (LTP) project to Council.

Rāpopotonga Matua | Executive Summary

We are at the “crunchy” time of developing the Long Term Plan. While this is always a multi-faceted project with lots of moving parts, a number of teams have been affected by additional Annual Report and Annual Plan work which has made the timeframes even more critical.

The timeline for the project centres on key dates for completion of the draft documents in December 2023, auditing in January / February 2024 and consultation in March / April 2024.

Tūtohunga | Recommendation

That:

1. The information be received.
2. The Committee provide feedback on the Long-Term Plan 2024-34 project.

Horopaki | Background

Council is required to prepare and adopt a LTP under the LGA. The Long Term Plan sets out the activities, budgets, Financial Strategy and key financial policies of the Council for the next 10 years and the Infrastructure Strategy for the next 30 years. The LTP is required to be updated every three years, with the last LTP being approved in 2021 (available online <https://www.mpd.govt.nz/plans/long-term-plan>).

The LTP:

- describes the type of district our communities have told us they want – our community outcomes
- identifies the key projects to take place over the next 10 years
- provides an overview of each activity we will carry out and the services we will provide for the next ten years determines how much this will cost and how it will be funded.

It also provides communities the opportunity to have a say on where Council are heading and to ensure planning is robust. In completing the plan Council are required to do a number of things, including:

- take a sustainable development approach and promote community interests
- carry out our business in a clear, transparent and accountable manner
- operate in an efficient and effective manner, using sound business practices
- take into account community views by offering clear information and the opportunity to present views
- provide opportunities for Māori to contribute to decision making
- collaborate and co-operate with other agencies and councils to achieve desired outcomes.

The LTP is a complex document covering all activities of Council, major strategic documents, financial policies, auditing and a large consultation component with the community.

The LTP must be adopted prior to 30 June 2024. The project timeline for LTP is typically 18 months or more, and involves staff across the whole organisation, elected members and the community. A high level overview of the timeline is set out under Communication and Timeline heading below.

Ngā Take/Kōrerorero | Issues/Discussion

Council workshops are scheduled on a weekly basis on a Wednesday (other than when formal Council meetings occur) through to December 2023 to provide adequate opportunities for members to discuss and consider issues relevant to the project.

We are at the “crunchy” time of developing the Long Term Plan. While this is always a multi-faceted project with lots of moving parts, a number of teams have been affected by additional Annual Report and Annual Plan work which has made the timeframes even more critical.

Overall timeline

The timeline for the project centres on key dates for completion of the draft documents in December 2023, auditing in January / February 2024 and consultation in March / April 2024. The Project on a Page (attached) provides an overview of the different building blocks and the associated timelines for the project. The below table provides a summary of key milestones and timelines.

Audit





Audit NZ have requested a meeting with Council staff to discuss the LTP. The indicative audit timelines are for audit planning from 11 to 14 December 2023, and auditing from 15 January to 1 March 2024.



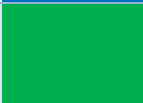
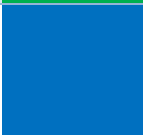




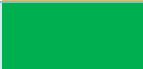
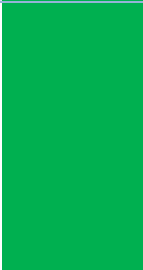

A detailed audit delivery timeline has been requested. The detailed timeline should include for example, when the following quality reviewed documents will be available for audit:

- Consultation document
- Infrastructure strategy
- Financial strategy
- Financials
- Performance framework
- Other key information

At the time of preparing this report, the meeting with Audit NZ staff had not taken place. A verbal update can be provided at the Committee meeting.

Key

	= in progress / on track
	= completed
	= completion delayed / some issues
	= not on track / not started

Description	Start	Finish	Comments	Status
Briefing Papers	Mid-2022	January/ February 2023	Completed and distributed to elected members	
Demographic/Growth/Economic/Assumptions - NIDEA/ - FutureProof (demographic projections) - Infometrics (economics)	Oct 2021	May 2023	Completed - Workshop with technical experts held on 9 August. Te Ngira: Institute for Population Research Prof. Michael Cameron (demographic projections) Alchemists: Tony Fenton (for land use projections)	
Revaluation of Assets	Jan 2023	June 2023	Ongoing – due for completion mid-September 2023.	
Community Outcomes/Vision Review	February 2023	June 2023	Completed – new strategic direction has been formally adopted by Council	
Rates Structure	April 2023	June 2023	Workshop held 2 nd August. Direction to be confirmed by Council	
Activity Plans (including budgets)	April 2023	Aug/Sep 2023	Work underway	
Right Debate (pre engagement – possible level of service review)	April 2023	Aug 2023	No longer planned	
Infrastructure and Financial Strategy	April 2023	Oct 2023	Work underway	
Asset Management Plans (excluding 3 water assets)	Feb 2023	Oct 2023	Work underway	
Policy Review	April 2023	Oct 2023	Significance and engagement policy has been adopted. Workshops on revenue and financing policy workshops scheduled in September 2023.	
Council controlled organisation section	July 2023	Nov 2023	Not yet commenced.	

Description	Start	Finish	Comments	Status
Māori participation in decision making	July 2023	Oct 2023	Iwi aspirations have been discussed with Te Mana Whenua Forum and Council – further engagement between Council and Forum to occur.	
Budgets/ Financials/ Notes	July 2023	Dec 2023	Budgeting is scheduled for September/ October 2023	
Document development	July 2023	Dec 2023	Work underway	
Quality checks and administration	July 2023	Dec 2023	Not yet commenced.	
Communications Strategy and implementation	Feb 2024	Dec 2024	The engagement approach will be determined by the topics of the Consultation Document.	
External Audit Process	Jan 2024	June 2024	Not yet commenced, audit dates to be confirmed with Audit NZ. Meeting with Audit NZ scheduled for early September 2023.	
Special Consultative Procedure	Jan 2024	June 2024	Engagement will be undertaken in early 2024.	

Three Waters

The Government's Water Services Reform (previously known as Three Waters) aims to improve the safety, affordability and reliability of drinking water, wastewater and stormwater services. It involves a new service delivery model, and quality, economic and consumer protection regulation for the sector.

The Water Services Entities Act 2022 established the Water Services Entities and their functions, objectives and accountability arrangements. It also sets transitional oversight arrangements with the Department of Internal Affairs (DIA) to review and where applicable confirm local government decisions if these will prejudice the water services reform, or have a negative impact on assets or liabilities that will be transferred to the new entities. These oversight arrangements have now taken effect.

The Government announced a reset of the reform in April 2023. The changes include increasing the number of water services entities from four to ten and establishing them in a staged approach from 2024 to 2026 (i.e. 'go live' between 1 July 2024 and 1 July 2026).

The new water services entity that will serve Matamata-Piako District are scheduled to transfer to a new entity on 1 July 2025.

Three other Bills to implement the reform and incorporate the reset have now completed the Parliamentary process: The Water Services Entities Amendment Bill, the Water Services Legislation Bill and the Water Services Economic Efficiency and Consumer Protection Bill.

The key features of the transitional arrangements with respect to the LTP are:

- The transitional provisions include planning and reporting obligations reflect that council responsibilities for water services will continue for part of the period covered by the 2024-34 LTP, and detailed information would only be required for the first two financial years.
- The 2024-34 LTP, and associated consultation document, must explain to communities that water services are to be transferred to a water services entity during the 2024/25 or 2025/26 financial years; the implications of, and any significant risks associated with, the transfer; and how the council is planning to deal with these implications and risks.
- The transitional provisions set out the minimum information that needs to be included about water services in the LTP, for up to two years, only – ensuring there is continued transparency and accountability to communities about things like proposed levels of service and expenditure.
- Transitional provisions inserted into the Local Government (Rating) Act clarify that local authorities should set and that local authorities should set and collect rates for water services the whole financial year. If responsibilities are transferred to a entity part-way way through that year, any unapplied rates revenues would also be transferred to entity.

Provisions affecting the 2024-34 LTP

- Must plan to at least maintain existing levels of service
- The LTP must include information in Schedule 10 for groups of activities –for the first two years:
 - capital expenditure for groups of activities (Schedule 10 of the Local Government Act 2002, clause 3)
 - statement of intended levels of service provision (Schedule 10, clause 4)
 - funding impact statement for groups of activities (Schedule 10, clause 5)
 - forecast financial statements (Schedule 10, clause 12)
 - funding impact statement (Schedule 10, clause 15)

[This information is not required for 2025/26 if responsibilities are being transferred on/before 1 July 2025].

Councils are not required to:

- include information on DIA non-financial performance measures for water services (though still need to comply with PBE FRS48 Service Performance Reporting)
- include information on water services in infrastructure strategies
- estimate the effects of any uncertainty relating to water services reforms

In addition, Councils are not required to amend an adopted LTP to deal with any change or decision on entity establishment dates.

Mōrearea | Risk

Risk management involves the identification and assessment, then avoidance, mitigation or elimination of risks. An LTP risk register has been developed, and will be monitored and updated throughout the project.

The Project Team is also maintaining an Issues Register to capture issues as they arise and ensure issues are considered and reviewed in a timely manner as they relate to the project.

A key risk for the LTP remains the transition phase for the water reform. Also, the Water Services Reform may be repealed or significantly changed if there is a change in government following the general election.

Ngā Whiringa | Options

Council may wish to consider providing any feedback or comments on the Project Plan and timeline.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Requirement for a Long Term Plan

The preparation of the LTP is a requirement under the Local Government Act 2002. [Schedule 10](#) of the LGA sets out the requirements for a LTP. The LTP must include information about;

- Community Outcomes
- Groups of Activities
- Capital Expenditure for groups of activities
- Statement of service provision
- Funding impact statement for groups of activities
- Variation between territorial authority's longer term plan and assessment of water and sanitary services and waste management plans
- Council controlled organisations
- Development of Māori capacity to contribute to decision-making processes
- Financial strategy and Infrastructure Strategy
- Revenue and financing policy
- Significant and engagement policy
- Forecast financial statements
- Financial statements for previous year
- Statement concerning balancing of budget
- Funding impact statement
- Rating base information
- Reserve funds
- Significant forecasting assumption

Mayoral Powers

Under LGA [s41A](#), *"it is the role of a mayor to lead the development of the territorial authority's plans (including the long-term plan and the annual plan), policies, and budgets for consideration by the members of the territorial authority."*

Council policies and strategies

As part of the preparation of the LTP, Activity and Asset Management Plans will be checked against Council's key strategic and policy documents and wider regional and national documents for strategic fit. The preparation of the Long Term Plan may lead to the review of some Council policy documents.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	This report provides the Committee with an update; there are no options to consider at this stage.
Section 78 – requires consideration of the views of Interested/affected people	The LTP is subject to a consultative process
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a Low level of significance, as this report is an information update. The LTP overall has higher significance
Section 82 – this sets out principles of consultation.	<Insert text> The LTP is subject to a consultative process and these principles will be considered as part of the consultation/communications plan.

Policy Considerations

1. To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

The Long Term Plan project is one of Council's key opportunities to engage with our communities to find out what their aspirations and priorities are.

The LTP is subject to the special consultative process under the LGA ([s83](#)). The special consultative process is a structured one month submission process with a hearing for those who have submitted and wish to speak to their submission.

A Communication and Engagement Strategy for the project will be discussed with Council in the latter part of 2023. This strategy will set out how we plan to engage with and get our communities involved in the development of the LTP. There is no pre-engagement planned prior to the development of the consultation document.

Ngā take ā-lhinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

The relevant Community Outcomes are set out below:

Connected	Infrastructure and	Quality infrastructure is	We have positive part-
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Infrastructure	services are fit for purpose and affordable, now and in the future.	provided to support community wellbeing.	nerships with external providers of infrastructure to our communities.
Economic opportunities	We are a business friendly Council	Our future planning enables sustainable growth in our District.	We provide leadership and advocacy is provided to enable our communities to grow.
Healthy communities	Our community is safe, healthy and connected.	We encourage the use and development of our facilities.	We encourage community engagement and provide sound and visionary decision making.
Environmental Sustainability	We support environmentally friendly practices and technologies.	Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs	We engage with our regional and national partners to ensure positive environmental outcomes for our community.
Vibrant Cultural values	We promote and protect our arts, culture, historic, and natural resources	We value and encourage strong relationships with Iwi and other cultures, recognising wāhi tapu and taonga/significant and treasured sites and whakapapa/ ancestral heritage.	Tangata Whenua with Mana whenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The development of and consultation on the Long Term Plan is funded from the Strategy and Engagement Activity Operating budget.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Niall Baker Policy Team Leader	
Approved by	Erin Bates Strategic Partnerships and Governance Manager	

8 Ngā Pūrongo Whakamārama | Information Reports

8.2 Review of progress with external and internal audit recommendations

CM No.: 2768516

Te Kaupapa | Purpose

To update the Committee on progress with recent external and internal audit recommendations

Rāpopotonga Matua | Executive Summary

Recent audit reports include;

- Audit New Zealand's Report to the Council on the audit of Matamata-Piako District Council for the year ended 30 June 2022 (issued August 2023), and
- KPMG's internal audit report on cash handling and non-cash refund processes (issued May 2023).



Progress with the recommendations made in these reports is presented in the attached document.

Tūtohunga | Recommendation

That:

1. The information is received.

Ngā Tāpiritanga | Attachments

  Update on progress with recommendations made by external and internal audit reviews – as at 28 August 2023

Ngā waitohu | Signatories

Author(s)	Larnia Rushbrooke Finance and Business Services Manager	
Approved by	Don McLeod Chief Executive Officer	

Update on progress with recommendations made by external and internal audit reviews – as at 28 August 2023

Focus area/issue	Reference to report	Recommendations	Priority	Status	Comments
Matters raised in Audit NZ Management report for the year ended 30 June 2022					
Quality of performance information and financial statements	2.8.1 2.8.2	That a quality review process of the performance reporting and the financial statements be undertaken prior to submission for audit.	Urgent – due to the imminent commencement of the 2023 audit	In progress	Staff are currently pulling the performance information and financial statements together, and intend to include QA reviews before the documents are submitted for audit. The PPE valuations, while not yet finalised, have to date gone smoother, so we are not anticipating a repeat of issues encountered last year. Performance reporting results have been collated and staff have been working closely with Auditors to ensure we are on track reporting against the new accounting standards.
Fraud risk assessment	3.1	That Council updates its fraud risk assessment, which was last reviewed in 2018, to gain a better understanding of the fraud risks that may impact the District Council.	Necessary	Not yet progressed	Some work has been undertaken during 2023 in the area of assessing the fraud risks associated with cash-handling in preparation for the internal audit that was completed over cash-handling in May 2023. It is unlikely that we will be able to complete a full review of the fraud risk assessment in 2023/24 due to other priorities. This will be placed on the schedule of corporate priorities to be timetabled.
Payroll Controls - Timely review of Masterfile changes	3.2	Management should ensure that the Masterfile changes are reviewed on a regular basis or at least once every month to prevent any unauthorised changes to the Masterfile not being detected and corrected in a timely manner. This should be an independent review by someone who does not have	Urgent - Due to the risk that the Council should mitigate.	In progress	As set out in the management comments to the Audit Report, we have a differing opinion on the potential for risk in ur existing procedures, and are comfortable that our processes are robust. We have however identified opportunities to further refine our process and will look to implement these during the 2023/24 year.

		financial statements when it is available for use			June 2023 and are in the process of capitalising these 'on the books' to ensure that they are accounted for in the correct line of the PPE note to the financial statements, and depreciated from the correct date.
Local Government Members Determination	6.1	We recommend that the District Council ensure that processes are put in place to ensure the limits stated in the Local Government Members (2021/22) Determination 2021 are complied with in a financial year.	Necessary	Resolved	The issue described was a result of incorrect advice provided by the Remuneration Authority. The ambiguity was resolved by clarification provided in the subsequent determination issued. Our process has also been strengthened with additional approval for claims being sought from the Governance Team Leader or Governance Manager.
Sensitive expenditure - approval delegations	6.2	We recommend the District Council ensures it has evidence to support one up approval for sensitive expenditure as required by its policy.	Necessary	Disagree with recommendation	<p>While our policy has not been reviewed for some time, staff are confident that the existing policy, its principles and overriding intent, and processes are sufficiently robust to prevent the mis-management of sensitive expenditure.</p> <p>We may have some differing views from Audit NZ on the practical application of the policy. For example, one of the principles of our policy is that 'expenditure incurred should be reviewed and approved on a 'one-up' basis. At the same time, our policy sets some very specific limits on what is an acceptable level of expenditure for specific situations – eg amount that can be spent on catering for internal meetings, including Council meetings.</p> <p>Our current process is that Governance staff responsible for organising catering for Council meetings, do so within the policy limits. Approval of</p>

					<p>this expenditure follows our purchasing system rules, and goes to the Governance Team leader for approval. In approving the purchase, they check that the purchase is in line with policy limits, and within overall budget limits. As a secondary control, Accounts Payable staff also check catering costs to ensure policy limits are not breached at the time of entering invoices. Staff feel that this is an appropriate level of control.</p> <p>Audit NZ's expectation is that there is still one-up approval for this expenditure– ie that the Mayor approve the expenditure for catering of Council meetings (noting that this could be retrospective).</p> <p>Staff will of course take instruction from Risk and Assurance Committee and/or Council to implement the controls as recommended by Audit NZ if they feel this additional step is necessary. They should be guided by the expectation that all Council expenditure should be reasonable and subject to a standard that would be expected of a local authority and be able to withstand public scrutiny, (the “front page of the newspaper” test).</p> <p>In the future review of Council's Sensitive Expenditure Policy, we may wish to be more explicit about the expected lines of approval for specific items of expenditure, so that we are striking a balance between policy that is practical to administer and leads to appropriate safe-guards and outcomes.</p>
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Status of previous recommendations (from Audit NZ Management report 30 June 2022)					
Timing of revaluations	Appendix 1	Council reconsider the timing of the District Council's valuations. If the District Council decide to continue with the current practice of carrying out valuations effective 1 July, it is important that fair value assessments carried out as at balance date are robust, completed early, and do not rely solely on indices.	Necessary	Resolved	All valuations are now undertaken with an effective date of 30 June
Valuation of property, plant, and equipment – valuers' recommendations for improvement	Appendix 1	<p>The District Council should:</p> <ul style="list-style-type: none"> • Implement the external roading valuer's recommendations to improve the overall completeness and accuracy of data used for valuations. • Consider the recommendations included in the peer review of Three Waters infrastructure and implement an action plan to address these. <p>Consider applying these recommendations to other asset classes held on a revaluation basis.</p>	Necessary	In progress	For the 2023 valuations that are currently in progress, staff will ensure that they confirm the importance of the recommendations made by the valuers before the valuation is finalised.

Roading valuation process	Appendix 1	The District Council should review the data within the RAMM database before each valuation to provide greater assurance over assumptions used for the asset revaluation. Various assets in the Council's RAMM database did not have construction dates. The valuer stated in their report that where asset age is unknown and engineering judgement and local knowledge had to be used to assign a construction date. The data supporting valuations needs to be improved by MPDC.	Necessary	Disagree with recommendation	We are confident that the extensive condition rating process for our roading assets negates any risk to the valuation from missing construction data.
Fair value assessments	Appendix 1	Management should consider factors beyond national cost indices when completing fair value assessments. For example, information from recent construction contracts and construction estimates should be used to understand whether there could be a significant change in the base unit rates used in the previous valuation.	Necessary	In progress	<p>Staff have utilised publicly available market information on property sales and applied it in the assessment of the fair value of our land assets for 30 June 2023. Roothing, utilities and buildings are being revalued.</p> <p>As agreed with Audit NZ, a further fair value assessment is to be performed on 3 water projects that should have been capitalised during 2023, but were not capitalised in time to be included within the revaluation. The FV assessment will assess whether there is a material difference between the capitalised value of the assets and their FV at 30 June 2023. Unit rate information from the 30 June 2023 valuation will be utilised to undertake this assessment.</p>

Property, plant, and equipment – Depreciation	Appendix 1	We recommend management consult with other local authority users of AssetFinda, or the software company itself, to better understand the rationale for the AssetFinda approach to depreciation and confirm this remains appropriate.	Necessary	Disagree with recommendation	We do not agree that the current calculation would result in a material error in the financial statements.
Capital works programme	Appendix 1	Continuous monitoring should be carried out to ensure levels of service are maintained.	Necessary	In progress	Historically Council achieves around 73% of the annual capital programme, which is in line with the LG sector in NZ. Council completed 69% of the capital works programme for the year ended 30 June 2023. This included spending of \$28.2m on capital work (our highest level of annual spend to date) against a budget of \$41m.
Suspense account reconciliations not prepared and reviewed monthly	Appendix 1	Monthly reconciliations of suspense accounts should be prepared and independently reviewed.	Necessary	In progress	Significant progress has been made during 2022/23. This has included significant work to resolve a backlog of unreconciled transactions, and there has been improved control and follow-up of items put to suspense throughout the year. A formalised reconciliation and independent review process will commence from September 2023.
Test organisational business continuity and disaster recovery plans	Appendix 1	The District Council should document and test its organisational business continuity and IT disaster recovery plans. IT has developed an IT Disaster Recovery Plan (DRP) and we understand that Council has	Necessary	In progress	Major IT infrastructure upgrades are underway with other improvements planned for 2023/24. We expect that this will allow us to be in a position to more thoroughly\fully test the IT disaster recovery plan in 2024/25.

		started work to develop a (BCP). Neither the BCP nor DRP have been tested.			
Sensitive expenditure policies	Appendix 1	We recommend management update sensitive expenditure policies to include recent guidance	Necessary	Not yet progressed	The review of the Sensitive Expenditure Policy has been delayed due to competing priorities. With the LTP and other projects currently underway, the most realistic timing for the work to undertake this review is April-May 2024, unless other resourcing options are identified.
Fraud policy recommendations and Bribery and corruption	Appendix 1	The fraud policy should be updated to align with guidance points set out by the Ministry of Justice and to align with policy review timelines.	Necessary	Resolved	The Fraud Policy was updated in 2023, and aligned with the Ministry of Justice guidelines.
Asset, project, and contract management	Appendix 1	The District Council should review processes and controls to align with good practice.	Beneficial	In progress	The new Project Management framework is being rolled out across the organisation. It will take time to bed in.
Policies to update	Appendix 1	The following policies should be updated to ensure they align with current practice: • Council Vehicle Policy (updated in June 2014).	Beneficial	Resolved	The Council Vehicle Policy was updated in December 2022.
		• Capitalisation Policy (updated in 2012).	Beneficial	Not yet progressed	The review of the Capitalisation Policy has not progressed due to competing priorities. We have not yet earmarked a date for this review.

Matters raised in KMPG's Internal audit of Cash-handling report May 2023					
Physical security of cash	1	Restrict access to safe/keys to authorised personnel, and store keys in secure locations only known to authorised personnel.	High	Resolved	Immediate action was taken to implement the recommendations on the physical security of cash at these sites where possible: <ul style="list-style-type: none"> Morrinsville Office – staff have been instructed to keep the safe locked at all times, and access to the room where the safe is kept has been restricted to necessary staff. Te Aroha Mineral Spas – the key to the safe has been relocated to a secure spot in a different room.
Physical security of cash	2	Ensure staff understand safes are required to be locked at all times, when not in use.	High	Resolved	
Physical security of cash	3	Increase the frequency the Morrinsville library deposits cash into the office safe to reduce cash held in the locked cupboard	High	Not yet progressed	No immediate resolution has been identified for the Morrinsville Library at this point. Regularly moving cash from the library to the available office safe requires staff to pass through public access areas, which staff feel would pose more risk to the staffs' physical security than the current risk of loss from a locked cupboard. The same issue applies to the Te Aroha library. We note that the amount of cash is low and will continue to reduce as fines for overdue items were removed from 1 July. Staff will investigate practical options to improve the security of the cash but these will need to be balanced with the risks of staff safety and financial loss at these sites.
Physical security of cash	4	Investigate opportunity to install a security camera in the Swim Zone Te Aroha office	High	In progress	A business case has been submitted for review and approval covering the installation of cameras at all Swimzone facilities

Point of sale transaction processing	1	Investigate the opportunity and costs for an updated POS system like the one in use at Swim Zone Te Aroha to be installed and used across sites.	High	Resolved	Te Aroha Mineral Spas have implemented a new POS system (IBIS) that also incorporates the recommended capabilities
				Not yet progressed	<p>The Customer Service offices receipt directly into Authority. Camera footage is available over all tills. There is currently not a function in Authority to have an integrated till, however we will keep a watch for any future updates to Authority that may offer this functionality.</p> <p>For the libraries, the issue is one of practicality and cost. The cash drawers are currently operated through the Library Management System, WorkFlows. Due to the length of time it takes to log into the MPDC system, and then into WorkFlows, individual sign-ons for each transaction are not practical, as staff are often moving around the library and are not stationed at a single desk for extended periods of time. All of the libraries have self-service kiosks which are utilised for the majority of transactions using Eftpos. The majority of cash-handling at the library counters is for printing, and is very low value. Staff will consider these factors in determining whether an improved POS system would be beneficial or what other controls could be put in place to minimise risk.</p>
Armourguard cash hand off process	1	Update the Armourguard cash hand off process to ensure all sites are evidencing Armourguard collecting the cash from their sites as the Morrinsville Office do.	High	Resolved	Immediate action was taken to implement the recommendations on the Armourguard cash hand off processes across all sites. The process is now working well except we've noticed variation between sites in the standard of training provided in this process when new staff begin. We will look to make improvements, possibly including an induction for new staff with the

Armourguard cash hand off process	2	Update processes to include guidance for what staff are required to do when the Armourguard automatic scanners are not working, ensure it includes what information is required to be retained by the site and for how long.	High		Finance team focussed on the cash up and receipting process.
Increase monitoring of cash handling processes	1	Develop a formal QA methodology which provides guidance and clarity on responsibilities, coverage, reporting and other expectations regarding the 'Cash Handling Audit'.	Medium	Not yet progressed	An initial focus for the Finance team will be to work with the offices and facilities to standardise the cash-handling processes across Council. Once this is established, we will look to develop the QA methodology as recommended, and implement the QA framework across the offices and facilities. As the process will be standardised across facilities, we will look to use facility staff to undertake the QA review of other facilities. Reviewing, reporting and monitoring of progress with matters raised would be assigned to a central overseeing role, most likely with in the Finance team.
Increase monitoring of cash handling processes	2	Implement the updated 'Cash Handling Audit' QA framework across sites ensuring adequate reporting and action completion to address issues which arise.	Medium		
Cash-handling process inefficiencies	1	Update cash up processes and process guidance across sites to incorporate the following: - All sites are to use the same cash up form and clarifying which form this is to be.	Medium	Not yet progressed	The Finance team will work with the offices and facilities to standardise the cash-handling processes and forms across Council. This will include guidance on where and how to store required information. As discussed earlier, we will also look to make improvements in how staff are trained in these processes, both initially and possibly including an

		- Provide direction for what is to be saved on CM, where, and how.			induction for new staff with the Finance team focussed on the cash up and receipting process.
Cash-handling process inefficiencies	2	For sites which do not currently use CM, provide training on how to use CM based on updated guidance as a point of reference.	Medium		

8 Ngā Pūrongo Whakamārama | Information Reports

8.3 Risk and Assurance Work Programme 2023 - Update September 2023

CM No.: 2765632

Te Kaupapa | Purpose

The purpose of this report is to provide an update to the committee on the work programme as confirmed for 2023.

Rāpopotonga Matua | Executive Summary

The Work Programme for the Committee is attached. It is intended this is a standing item for each Committee meeting.

Tūtohunga | Recommendation

That:

1. The information be received.

Horopaki | Background

Prior to the commencement of each calendar year the Committee sets a work programme.

While priorities can shift during the year as unexpected issues arise, the work programme is a useful tool to enable Committee members to set their direction and to allow staff to understand the work priorities that need to be achieved.

Ngā Tāpiritanga | Attachments

[A↓](#). Risk and Assurance Committee Work Programme 2023 - Update September 2023



Ngā waitohu | Signatories

Author(s)	Stephanie Hutchins Governance Support Officer	
Approved by	Sandra Harris Placemaking and Governance Team Leader	

Risk and Assurance Committee Work Programme 2023



Meeting Date	Scheduled Reports	Status – included in agenda	Comment
12 September 2023	<ul style="list-style-type: none"> Annual Report – review of the final Annual Report, Summary, Audit Opinion and letter of representation <i>(if available)</i> 	✓	
	<ul style="list-style-type: none"> Long Term Plan – <i>project update</i> 	✓	
	<ul style="list-style-type: none"> Annual financial warrant of fitness assessment 	X	Due to staff resourcing this report will be addressed at the next available meeting
	<ul style="list-style-type: none"> Weathertight Buildings Update 	X	Not addressed previous meeting – not available at this time, will be considered at next available meeting
	<ul style="list-style-type: none"> Annual review of delegations 	X	Due to staff unavailability this report will be addressed at the next available meeting
	<ul style="list-style-type: none"> Annual review of legislative compliance assessment 	X	Due to staff unavailability this report will be addressed at the next available meeting
	<ul style="list-style-type: none"> Self-evaluation of committee circulated (<i>Survey Monkey</i>) 	✓	
	<ul style="list-style-type: none"> Policies raised in interim management report 	X	Due to staff unavailability this report will be addressed at the next available meeting
	<ul style="list-style-type: none"> Web Security Audit 	X	Report not available this time for web security. Likely will commence an external audit between January and June next year
	<ul style="list-style-type: none"> Transformation Team Update 	✓	
	<u>Standing Items</u>		
	<ul style="list-style-type: none"> Specific Project Risk Management Review <i>(if required)</i> 	X	Nothing to report
	<ul style="list-style-type: none"> Review of any audit reports that have been completed <i>(if required)</i> 	X	Nothing to report
	<ul style="list-style-type: none"> Policy review <i>(if required)</i> 	X	Nothing to report
	<ul style="list-style-type: none"> Quarterly procurement report 	✓	
	<ul style="list-style-type: none"> Review of progress with external and internal audit recommendations 	✓	