

Ōtorohanga District Council's Risk and Assurance Committee

Notice is hereby given that an ordinary meeting of the Ōtorohanga District Council's Risk and Assurance Committee will be held in Waikōwhitiwhiti (Council Chambers), Ōtorohanga District Council, 17 Maniapoto Street, Ōtorohanga on Monday, 10 March 2025 commencing at 10.00am.

Tanya Winter, Chief Executive

4 March 2025



OPEN TO THE PUBLIC AGENDA

Risk and Assurance Committee membership

Independent Chairperson	Peter Stubbs
Deputy Chairperson and Kāwhia-Tihiroa Councillor	Kit Jeffries
His Worship the Mayor	Max Baxter
Deputy Mayor	Annette Williams
Ōtorohanga Councillor	Steve Hughes
Wharepūhunga Councillor	Cathy Prendergast

All attendees at this meeting are advised that the meeting will be electronically recorded (audio and video) for the purpose of webcasting to the ŌDC's YouTube channel. Every care will be taken to maintain individuals' privacy however attendees are advised they may be recorded as part of the general meeting proceedings.

Opening formalities**Ngā tikanga mihimihi**

Commencement of meeting	Te tīmatanga o te hui	4
Apologies	Ngā hōnea	4
Late items	Ngā take tōmuri	4
Declaration of conflict of interest	Te whakapuakanga pānga taharua	4
Confirmation of minutes	Te whakaū i ngā meneti	5

Decision reports**Ngā pūrongo whakatau**

No reports.

Information only reports**Ngā pūrongo mōhiohio anake**

Item 81	Health, Safety and Wellbeing quarterly report	14
Item 82	Quarterly risk report	19
Item 83	Capital projects report for the month ending 28 February 2025	29
Item 84	Outstanding management letter points from 2023/24 Annual Report	33
Item 85	Outstanding debtors report	41

Closing formalities**Ngā tikanga whakakapi**

Meeting closure	Katinga o te hui	45
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Workshops**Hui awheawhe**

Risk deep dive – Legislative compliance	Open to the public
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This Open Agenda was prepared by PA to Group Managers, Cathy Plowright and approved for distribution by Group Manager Business Enablement, Graham Bunn on 4 March 2025.

Commencement of meeting**Te tīmatanga o te hui**

The Chairperson will confirm the livestream to YouTube is active then declare the meeting open.

Apologies**Ngā hōnea**

A Member who does not have leave of absence may tender an apology should they be absent from all or part of a meeting. The meeting may accept or decline any apologies. For clarification, the acceptance of a Member's apology constitutes a grant of 'leave of absence' for that specific meeting(s).

Should any apologies be received, the following recommendation is made: *That the Risk and Assurance Committee receive and accept the apology from ... for ... (non-attendance, late arrival, early departure).*

Late items**Ngā take tōmuri**

Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be dealt with at a subsequent meeting on the basis of a full agenda item. It is important to note that late items can only be dealt with when special circumstances exist and not as a means of avoiding or frustrating the requirements in the Act relating to notice, agendas, agenda format and content.

Should a late item be raised, the following recommendation is made: *That the Risk and Assurance Committee accept the late item due to to be heard*

Declaration of conflict of interest**Te whakapuakanga pānga taharua**

Members are reminded to stand aside from decision making when a conflict arises between their role as an elected member and any private or external interest they may have.

A conflict can exist where:

- The interest or relationship means you are biased; and/or
- Someone looking in from the outside could have reasonable grounds to think you might be biased.

Should any conflicts be declared, the following recommendation is made: *That the Risk and Assurance Committee receive the declaration of a conflict of interest from for item ... and direct the conflict to be recorded in Ōtorohanga District Council's Conflicts of Interest Register.*

Confirmation of minutes

Te whakaū i ngā meneti

The unconfirmed Minutes of the previous meeting is attached on the following page.

Staff recommendation

That the Risk and Assurance Committee confirm as a true and correct record of the meeting, the open Minutes of the meeting held on 11 December 2024 (document number 795026).

Ōtorohanga District Council's Risk and Assurance Committee

Open Minutes of an ordinary meeting of the Ōtorohanga District Council's Risk and Assurance Committee held in Waikōwhitiwhiti (Council Chambers), Ōtorohanga District Council, 17 Maniapoto Street, Ōtorohanga on Wednesday, 11 December 2024 commencing at 10.00am.

Tanya Winter, Chief Executive

18 December 2024



OPEN TO THE PUBLIC

Attendance register

Independent Chairperson	Peter Stubbs	Attended
Deputy Chairperson and Kāwhia-Tihiroa Councillor	Kit Jeffries	Attended
His Worship the Mayor	Max Baxter	Attended
Deputy Mayor	Annette Williams	Attended
Ōtorohanga Councillor	Steve Hughes	Attended
Wharepūhunga Councillor	Cathy Prendergast	Attended

Senior staff in attendance

Chief Executive	Tanya Winter	Attended
Group Manager Business Enablement	Graham Bunn	Attended
Group Manager Engineering & Assets	Mark Lewis	Attended
Group Manager Regulatory & Growth	Tony Quickfall	Apology
Group Manager Strategy & Community	Nardia Gower	Attended
Chief Advisor	Ross McNeil	Attended

Opening formalities**Ngā tikanga mihimihi**

Commencement of meeting	Te tīmatanga o te hui	4
Apologies	Ngā hōnea	4
Late items	Ngā take tōmuri	4
Declaration of conflict of interest	Te whakapuakanga pānga taharua	4
Confirmation of minutes	Te whakaū i ngā meneti	4

Decision reports**Ngā pūrongo whakatau**

No reports.

Information only reports**Ngā pūrongo mōhiohio anake**

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Item 77	Capital Projects Report for the month ending 30 September 2024	5
Item 78	Outstanding Management Letter Points from 2023/24 Annual Report	6
Item 79	Outstanding debtors report	6
Item 80	Quarterly risk and legal update	7

Public excluded**Take matatapu**

No reports.

Closing formalities**Ngā tikanga whakakapi**

Meeting closure	Katinga o te hui	8
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Workshops	Hui awheawhe
Organisational capability/capacity	Open to the public
Legislative compliance	Open to the public
Quarterly discussion with the Chief Executive ¹	Public not permitted

These Open Minutes were prepared by Manager Governance, Kaia King and approved for distribution by Group Manager Business Enablement, Graham Bunn on 17 December 2024.

¹ Withheld under the Official Information Act 1982 in accordance with clause s9(2)(g)(i).

Commencement of meeting**Te tīmatanga o te hui**

Chairperson Stubbs declared the meeting open at 10.00am.

Apologies**Ngā hōnea**

There were no apologies as all Members were present.

Late items**Ngā take tōmuri**

There were no late items.

Declaration of conflict of interest**Te whakapuakanga pānga taharua**

Chairperson Stubbs advised he has been appointed to the Montana Group Board (a catering company in Waikato and Auckland).

Confirmation of minutes**Te whakaū i ngā meneti**

Resolved R87: That the Risk and Assurance Committee confirm as a true and correct record of the meeting, the open Minutes of the meeting held on 21 October 2024 (document number 792242).

Chairperson Stubbs | Councillor Hughes

Matters arising

Chairperson Stubbs requested an update on the previous Debtors report which included outstanding Development Contributions. ŌDC's Brendan O'Callaghan, Manager Finance, advised that staff were still in discussions and a report would be presented for ŌDC consideration in the New Year if required.

Decision reports**Ngā pūrongo whakatau**

There were no reports.

Information only reports**Ngā pūrongo mōhiohio anake****Item 76 – Health, Safety and Wellbeing quarterly report**

ŌDC's Noah Lockett-Turton, Manager People and Capability, stated the training metrics were not at 100% as one staff member needed to do further training. He also noted the planned fire drill before holiday period had been completed.

Councillor Jeffries referred to point 4.23 relating to the audit of the community facilities shed, and Mr Lockett-Turton stated the audit had been completed for Health and Safety (H&S) with a hazardous substance audit programmed for early 2025. Councillor Jeffries queried if there was adequate Personal Protective Equipment (PPE) for a chemical spill and Mr Lockett-Turton advised PPE gear was issued to the trained staff. The PPE gear was under review with a possible change from a chlorine mask with filters to full breathing apparatus.

Councillor Hughes spoke on the 'near misses' trending down and the use of 'good catches' verses 'near misses' reporting which reduced staff from being ultra-sensitive.

Chairperson Stubbs queried if the Health, Safety and Wellbeing Committee (HSWC) kept minutes and actions arising from their meetings and Mr Lockett-Turton advised actions arising were monitored and followed up by the HR team. He noted the H&S system currently being set up has a two check process with HR providing a double check. Chairperson Stubbs noted apps were increasingly being used in H&S. Mr Lockett-Turton noted the culture and reporting within the main ŌDC building were strong although low response rates (near misses) reporting outside that building needed to be reviewed as it could be a high H&S focus by outside staff or a lack of reporting.

Councillor Hughes noted leadership for field teams was important and queried if Mr Lockett-Turton was happy with the safety leadership in the field. Mr Lockett-Turton advised a community staff member was on the HSWC and was a strong advocate. He noted a Team Leader was being recruited for the Waters department which would be responsible for H&S in the field. He noted staff were welcome to discuss any concerns directly with the HR team but due to the close relationships with the teams, staff often spoke to their HSWC representative instead.

Councillor Jeffries queried the extent of contractor monitoring of H&S and Mr Lockett-Turton advised all contractors had to be pre-qualified via the SHE system, so all H&S checks had been confirmed. Councillor Prendergast noted that community first response groups had appropriate AED, systems and networks available for access for contractors working on rural water schemes if required.

Item 77 – Capital projects report for the month ending 30 September 2024

ŌDC's Mark Lewis noted the waters report presented to ŌDC the previous day (Item 199 - Assessment of Water Services delivery on a standalone basis) had been received and the second waters report (Item 200

– Heads of Agreement – Waikato Waters Done Well) had resulted in ŌDC agreeing to be a signatory to the draft Heads of Agreement.

Mr Lewis advised staff were working through sludge issues at the Ōtorohanga wastewater treatment plant's pond with the latest survey revealing more sludge than anticipated. He noted staff were reviewing the contract and looking at the quantity able to be removed within existing budgets. He also noted staff were looking at options for disposal in alignment with the solid waste programme going forward. His Worship the Mayor queried if there were any impacts on the 25/26 budgets from the sludge and Mr Lewis stated staff were hoping to complete the removal in the 24/25 budget, estimated at \$30-40K. He noted staff were looking at options to use the dredge while onsite, particularly around the inlet zone, and also looking at the sludge profile.

Councillor Jeffries queried if Taumata Arowai had provided a formal response to the intent to reduce the Arohena rural water supply scheme to stock only and Mr Lewis advised no official response had been received. He noted a meeting was scheduled with the Area Manager to discuss the Request for Information.

Councillor Jeffries provided his compliments on the work done on Ngutunui Road and Mr Lewis advised the project was a good example of the timeline efficiencies and cost reduction of closing a road to carry out significant work. Councillor Hughes noted the positive comments in local media for the works.

Chairperson Stubbs queried if there were any new material risks and Mr Lewis confirmed there were none other than those detailed in the report.

Item 78 – Outstanding Management Letter points from 2023/24 Annual Report

ŌDC's Brendan O'Callaghan, Manager Finance advised that the Management Responses had been completed and submitted to our Auditors. Chairperson Stubbs queried if staff were confident that outstanding actions would be completed by the next audit and Mr O'Callaghan confirmed he was confident.

Councillor Jeffries queried points 3 and 4 of the outstanding points and Mr O'Callaghan noted the Conflicts of Interest Register for staff (point 3) could be flagged as orange as it was in process whereas the Masterfile changes (point 4) was mostly resolved.

Item 79 – Outstanding debtors report

ŌDC's Brendan O'Callaghan, Manager Finance was joined by Theresa Goulding, Rates Officer. In response to a query from Councillor Jeffries, Mr O'Callaghan confirmed the rates table was showing both overdue and unpaid.

Chairperson Stubbs queried whether Maori freehold land could be subject to a rating sale and Mr O'Callaghan advised that it cannot be sold. Ms Goulding advised there were three rating sales lodged with debt recovery company, DMC.

In response to a query from Chairperson Stubbs, Ms Goulding stated DMC were a great support, and she had a contact at Far North District Council who was an expert on Māori Freehold Land. Councillor Prendergast queried if there was enough resource to recover rates. Mr O'Callaghan advised ŌDC had one resource who had support of other Finance team members and DMC. He noted a further resource was ŌDC's Manager Property who understood the relevant legislation.

Councillor Prendergast queried how ŌDC might encourage people to pay by direct debit and Mr O'Callaghan noted ŌDC could only encourage via promotion of the option. Ms Goulding noted staff at the Pop-Up Council events were encouraging direct debit payments and rates rebate applications.

Councillor Jeffries queried how the percentage of rates unpaid would be affected by the large rating increases for 24/25 and 25/26. Mr O'Callaghan stated in dollar terms the rates unpaid were about the same as the 23/24 financial year.

Chairperson Stubbs queried the growth of the ratepayer base by year and Mr O'Callaghan advised that we were experiencing moderate growth, particularly with the additional lots created by the Westridge subdivision. ŌDC's Nardia Gower noted Waikato University's estimates had been used for the Long Term Plan growth planning. ŌDC's Ross McNeil noted the estimates used census data and local information. He noted the delay in the timing of release of census data means growth forecasting cannot be updated for another twelve months. He noted growth was tracking at 1% per annum. In response to a further query from Chairperson Stubbs, he indicated the building team were trying to get a sense of consented capacity versus actual development occurring on the ground noting there was always a lag.

Chairperson Stubbs adjourned the meeting for a short break at 10.56am and recommenced the meeting at 11.04am.

Item 80 – Quarterly risk and legal update

ŌDC's Graham Bunn advised David Robson from AON had been contracted as Risk Advisor for two years. Mr Robson had met with ŌDC's Leadership Team and would undertake in the New Year to focus on improving risk reporting to both the Committee and the Leadership Team. Mr Bunn advised Mr Robson would attend Committee meetings if required for particular items.

Mr Bunn advised a number of reports had been presented to the Committee and also ŌDC on the Ōtorohanga Kiwi House. He advised ŌDC had approved a short term loan the previous day with a further report expected to be presented in the New Year. He advised staff were comfortable with where the ŌKH were at. Chairperson Stubbs advised he had had an individual conversation with consultant Stephen Hamilton.

Resolved R88: That the Risk and Assurance Committee receive the Information Only reports presented in the agenda.

Chairperson Stubbs | Councillor Prendergast

Public excluded

Take matatapu

There were no reports.

Meeting closure

Katinga o te hui

Chairperson Stubbs declared the meeting closed at 11.11am.

Workshops/briefings/discussions

The following items were held.

Risk Deep Dive: Legislative compliance	Presentation	Open
Risk Deep Dive: Organisation Capacity & Capability	Presentation	Open
Review of performance and effectiveness of the Committee	Screen shared	Open
Quarterly discussion with the Chief Executive	N/A	Public not permitted

Decision reports**Ngā pūrongo whakatau**

There are no reports.

Information only reports**Ngā pūrongo mōhiohio anake**

DISCLAIMER: The reports attached to this Open Agenda set out recommendations and suggested resolutions only. Those recommendations and suggested resolutions DO NOT represent Ōtorohanga District Council policy until such time as they might be adopted by formal resolution. This Open Agenda may be subject to amendment either by the addition or withdrawal of items contained therein.

Item 81 Health, Safety and Wellbeing quarterly report

To Risk and Assurance Committee

From Noah Lockett-Turton, Manager People and Capability

Type **INFORMATION REPORT**

Date 10 March 2025



1. Purpose | Te kaupapa

1.1. To provide an update on progress being made to improve health, safety and wellbeing covering 3 December 2024 to 19 February 2025.

2. Executive summary | Whakarāpopoto matua

2.1. In summary, the report outlines the progress to improve health, safety and wellbeing at Ōtorohanga District Council. It highlights the key activities across seven key areas.

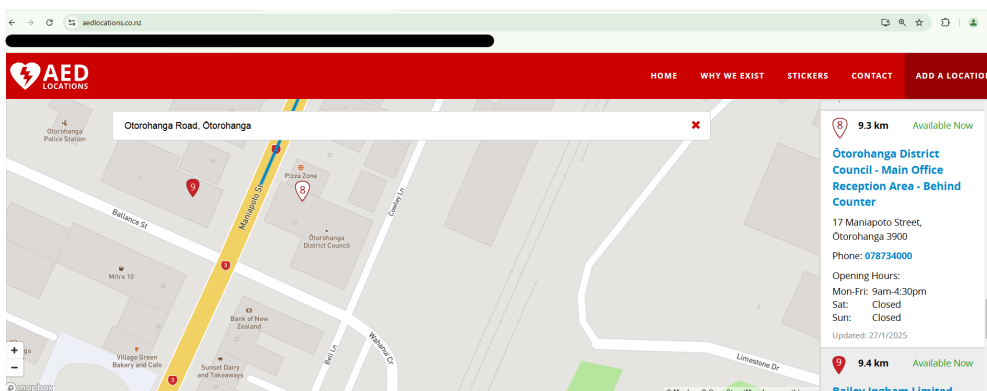
3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee receive the report titled ‘Health, Safety and Wellbeing quarterly report’ (document number 808861) from Noah Lockett-Turton, Manager People and Capability.

4. Discussion | He Kōrerorero

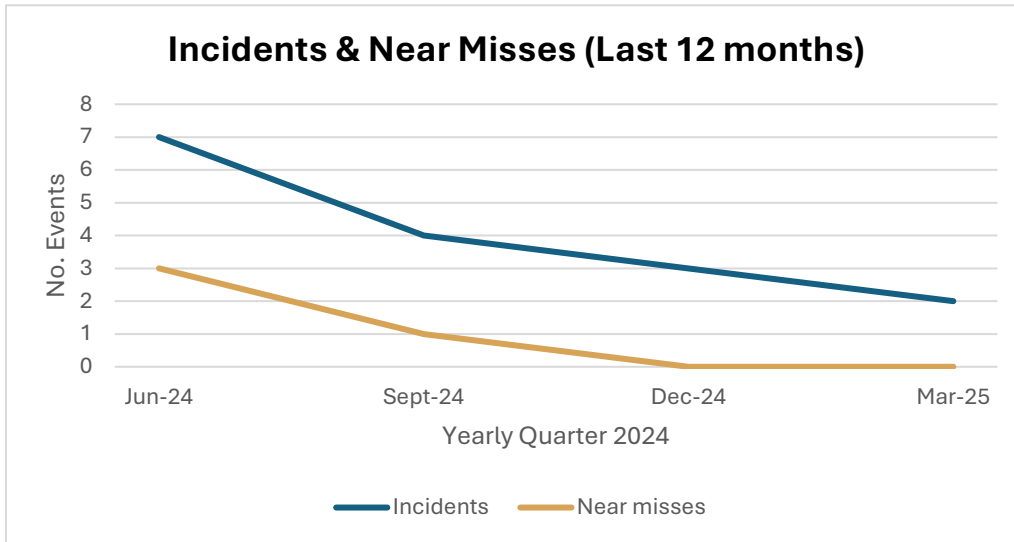
Previous Actions

4.1. At the October 2024 Risk and Assurance Committee meeting, it was requested by the Committee to ensure the Council’s AED was registered with an AED locations site. Confirmed it is now registered with ‘AED Locations’ and Hato Hone | St John.



HSW events (accidents, incidents, near misses)

4.2. Over the past quarter, we have had two incidents and no near misses.



4.3. The Christmas break period and increased annual leave over the last quarter would have helped contribute to this result. Although it must be noted that staff would have had to have been focusing on their health, safety and wellbeing (HSW), especially during the month of December given they were likely more tired, and that is when incidents and near misses are more likely to happen.

4.4. We had a report from a contractor of an incident that occurred travelling between our sites. The incident was serious in nature but did not result in any serious injuries to which we are aware. Two members of the public were taken to the hospital to have a check-up. WorkSafe requires us to notify them should someone be hospitalised as an in-patient for any length of time. In consultation with the contractor, given we could not confirm that the members of the public were not then admitted as inpatients, we proactively notified WorkSafe.

Risk management

4.5. There have been no new risks identified in the previous quarter.

4.6. The critical risks are due for review in the early part of 2025. The current critical risks are:

- a. Driving on the roads
- b. Aggressive members of the public
- c. Using contractors
- d. Working on/near roads
- e. Working when under the influence of drugs or alcohol
- f. Working over/near water

4.7. As will be discussed below in 4.21, we are refreshing/updating our contractor list and ensuring they have the necessary HSW documents. Furthermore, we will be standing up a procedure on hiring new contractors from a HSW perspective. These actions further strengthen critical risk (c).

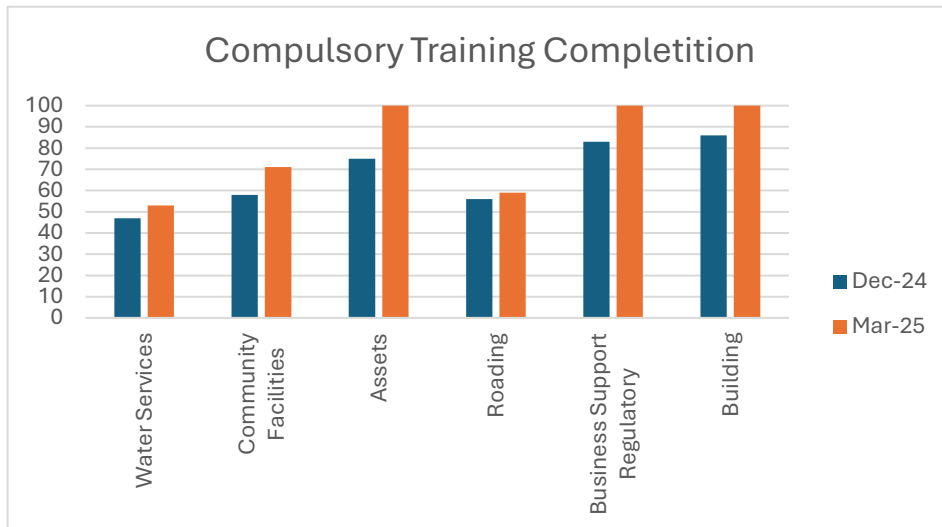
- 4.8. As will be discussed below in 4.21, the additional training that has been identified by our Traffic Management Coordinator is in relation to traffic management, specifically with people working in 'live lanes'. Hence, we are training the relevant staff to ensure greater safety when working on or near roads which further strengthens our commitment to managing risk (d).
- 4.9. The Manager People and Capability has been in contact with an agency to assist the Council with a review of our current Drug and Alcohol Policy and processes. The further support will assist in strengthening the critical risk (e).

Audits

- 4.10. Over the last quarter, we have completed two of the 10 planned audits (20% completion) with four more expected to be completed by the end of February (60% completion).
- 4.11. The audit schedule increased the frequency last year with the main areas going from three monthly audits to monthly – had the audit schedule stayed the same we would have 100% completion rate. The reason for the increased frequency was to ensure corrective actions were being completed and the act of completing the audit helps to build a culture of HSW in the workplace with staff observing audits being completed.
- 4.12. We have started to see changes in the audits of the main office; previously having many corrective actions to the latest audit only having one. Though we have not quite met the monthly frequency of the audit, it has still increased and as such our last audit saw a significant reduction of corrective actions.

Training

- 4.13. The People and Capability Advisor has continued working to ensure everyone has completed the required training for their role. Further required training has been identified and added to the training matrix.
- 4.14. To date the percentage of compulsory training completed for the respective areas are:
- a. Water Services 53%
 - b. Community Facilities 57%
 - c. Assets 100%
 - d. Roding 59%
 - e. Business Support Regulatory 100%
 - f. Building 100%



4.15. The aim is to have all staff having completed or booked on all compulsory training by the beginning of April 2025.

4.16. Beyond specified role training, the People and Capability Advisor has been working to ensure fire wardens are appropriately trained; including fire warden training, first aid and fire extinguisher. All Fire Wardens training will be up to date by the end of April 2025.

4.17. All staff have been offered optional AED and CPR training, which is being held later in March 2025.

Hazardous substances

4.18. The hazardous substances register is in the process of being updated.

4.19. There have been no concerns in relation to our hazardous substances.

Contractor management

4.20. Since the start of the year, we have been building a list of contractors being used across the organisation. The list is still in progress, but is becoming more substantive, and aims to be completed by the end of April 2025.

4.21. As the list is developing, we are reviewing whether the appropriate contractors have completed the HSW pre-work; provided evidence of their commitment to HSW and relevant procedures/documents. As of 24 February 2025, we have 27% of relevant contractors that have completed the pre-work.

Emergency procedures

4.22. In the previous quarter, we have held a test for our duress alarms. The learning from the test was that the system doesn't text the relevant people that the alarm has been activated. The provider of the system has been contacted and we are working to correct the issue.

4.23. It was good to note that staff were aware of the 'blue lights' that are activated as part of the test, and the purposes of those lights. This demonstrates that the duress process is known throughout staff.

4.24. We are planning to run another fire drill for the main office before the mandated six month window in order to retest our new evacuation process and ensure the system is working.

4.25. We will run a fire drill at the main library in the coming month.

4.26. The Crisis Management Team have discussed the lockdown process and the need to socialise the approach/run a drill. They are working on this at this time.

HSW Committee Meetings

4.27. In the previous quarter, we have held two HSW Committee meetings. We did not hold one in January 2025 due to the break and leave during the period and allowing people to ease back into work.

Item 82 Quarterly Risk Report

To Risk and Assurance Committee

From Graham Bunn, Group Manager Business Enablement

Type **INFORMATION REPORT**

Date 10 March 2025



1. Purpose | Te kaupapa

1.1. To present the Quarterly Risk Report

2. Executive summary | Whakarāpopoto matua

- 2.1. Since the previous report to the Risk and Assurance Committee, Ōtorohanga District Council has invested in a new approach to its risk management framework and delivery through the engagement of an external provider under a shared service arrangement with other councils. The purpose of this relationship will be to review the existing approach with a view to enhancement and improvement. A draft road map is included in this report for discussion.
- 2.2. The first step of this journey is a revised approach to reporting to this Committee. This will include updates on progress, a focus on new and emerging risks, and activities which support the risk management framework.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee receive the report titled 'Quarterly risk report' (document number 809383) from Graham Bunn, Group Manager Business Enablement.

4. Discussion | He kōrerorero

Risk Management Update

- 4.1. A Plan has been developed which identifies the key deliverables for the current reporting year. This plan is informed by the findings of the risk maturity exercise against an industry standard matrix (see Appendix 1)

Deliverable	Summary
Risk Maturity Assessment	Gauge current levels of risk maturity to inform the 2025 Risk Management Plan
Risk Register Review	Review format and content of current arrangements
Risk Management Framework (RMF)	Evaluate current policy level documentation and consider if a RMF would be suitable alternative to standard management policy
Business Continuity Management	Business Continuity Plan has been developed and an Emergency Management team has been established. Mock exercises are undertaken and effectiveness is continually reviewed.

Risk Maturity Exercise

- 4.2. The goal of the risk maturity self-assessment is to measure ŌDC’s risk maturity against an industry standard maturity matrix (Appendix 1) with a 5 level scale. The assessment was carried out by the senior leadership team and the following table provides the findings.

Criteria	Level
Strategy and Governance	Level 2
Process	Level 2
Systems and Intelligence	Level 1
Monitoring and Review	Level 2
Culture	Level 2

- 4.3. The findings indicate that ŌDC is largely operating at a tier 2 ‘defined’ level. This is an appropriate Level for a small council as defined in the maturity assessment criteria in Appendix 1. It is a self-assessment by Council’s Leadership Team and collectively we believe that we can lift Systems and Intelligence to a Level 2 and Culture to a Level 3 when this is reassessed in the future.
- 4.4. The areas scoring as level 2 include Strategy and Governance which is a positive indication of senior leadership’s ‘tone at the top’ and how risk informs planning. These can be difficult areas to achieve and/or slow to develop, so this is very much a positive. With level 1 associated with organisations that are at an initial/entry level of risk management, level 2 provides assurance that ŌDC’s risk management programme is effective and at a standard comparable to similar councils across Aotearoa New Zealand.
- 4.5. The findings inform the risk management plan, and progress made on building organisational risk culture will be presented in future reporting to this Committee.

Emerging Risks Update

4.6. This summary provides an example from our Risk Consultant of potential emerging operational risks at the time of reporting. Emerging risks consider risk trends across the sector via professional networks, the local environment and from a national and global perspective. Ratings are based on the potential risk exposure to ŌDC, and a full risk analysis would be undertaken once sufficient knowledge is available. The summary is for discussion only and the items may not present a risk for ŌDC.

Risk	Rating & Movement	Key Responses
Self-certified buildings	Medium	Government has proposed building reforms, which will see building professionals able to self-certify their own work for low-risk, basic residential dwellings. This will streamline the building consent process, but ODC needs to understand what constitutes as 'low risk' and will need some assurance that appropriate checks, balances and strict quality control to be in place. Also, issues can take a long time to manifest, and councils are normally the last man standing. No indication of how this will be managed/reduce the risk as yet.
Low voter turnout	Medium	Average rate across councils is 36%. An Electoral Reform Group paper sets out key issues affecting voter participation including voting methods and declining postal voting, public awareness, poor understanding of candidates and their policies, how local elections are promoted and administered, and how local government could transition to a four-year term. This risk continues to be monitored/
The Treaty Principles Bill	Medium	A draft submission on the Bill adopted in an 8-5 vote which calls for its abandonment because it fails to uphold the principle of partnership derived from Treaty settlements. ODC operational success relies on building partnerships with iwi and hapū, including those established under Treaty settlement legislation. These relationships underpin co-governance arrangements and collaborative initiatives.

4.7. In addition to these Emerging Risks our consultants have prepared a full Risk Analysis of the two options being considered by Ōtorohanga District Council for Water Reform.

4.8. The two options have been considered against our seven strategic Risks. In addition to these we have also considered the two options against four additional specific risks of governance, economies of scale, community engagement and Council reputation.

4.9. The table in Appendix 2 assesses consequences of each risk and the proposed mitigation to be put in place.

Operational Risks Update

4.10. Council’s Leadership Team monitors Operational Risks and these are reviewed weekly at Leadership Team meetings. It is worth noting that most of these items are Issues or Issues that may become Risks.

4.11. The following is a brief description of the difference between Risks and Issues.

Risks vs Issues

4.12. An issue is something that **IS** happening and a risk is something that **MIGHT** happen. With an issue, the focus is on how to resolve it now in order to move forward. With a risk, mitigation actions are identified to eliminate the possibility of the risk occurring or reduce the impacts if it does occur.

Council’s Risk Register

Council has purchased Risk Management software which is an add-on to our Flowingly Process Mapping Tool. This is still in the development stage and staff are currently setting this up and undergoing training. It will be used as a register for all Operational and Emerging Risks.

4.13. It is envisaged that an assessment of each risk is undertaken using a simple matrix based on a score of 1-5 for Likelihood and a score of 1-5 for Consequence. Multiplying the two factors together gives a total score. This can then be used to indicate whether we should be mitigating the risk. The table below reflects potential risk appetite with a score of 12. We are in the early stages of developing this and further work needs to be undertaken to link with our Risk Management Framework.

Likelihood/ Frequency		Consequence to Council				
		Insignificant	Minor	Moderate	Major	Significant
		1	2	3	4	5
Almost Certain	5	5	10	15	20	25
Likely/ Probable	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Highly Unlikely	1	1	2	3	4	5
Risk Appetite is	12					
<i>Apply mitigation when Likelihood/ Consequence is 12 or greater</i>						

4.14. Once we have developed the model, we will report to the Committee on the top five Operational Risks in each quarterly report. In the interim Council’s Leadership Team is treating everything we have identified as a current Issue and appropriate plans of action are developed to address the situation.


Internal Audit Update

4.15. Council has recently entered into a contract through Co-Lab for Strategic Internal Audit Services. This is being provided by PricewaterhouseCoopers (PwC) and replaces the previous contract with KPMG. There is no cost to Council unless we utilise any of the services they can provide. PwC will provide us with an information pack and will arrange an in-person catch up. We will then put a plan together for what we would like to achieve in 2025. These could be in-house reviews or something more substantial through PwC. An example would be the review KPMG undertook of our payroll system or the internal review we completed on our water billing process. We will provide an update to the Committee once the internal audit programme is in place when they are planned to be completed/ reported.

5. Appendices | Ngā apitihanga

Number	Title	Document number
1	Risk Maturity Assessment Criteria	
2	Waikato Water Reform Risk Assessment	

APPENDIX 1 – MATURITY ASSESSMENT MATRIX

	Assessment Criteria	Strategy and Governance	Process	Systems and Intelligence	Monitoring and Review	Culture
 Maturity	Optimised	Leading edge aligned risk management and mitigation strategies in place. Accountability and responsibilities for risk management functions clearly defined. Audit and risk committee are committed to regular assessment of the risk management function. Three lines of defence articulated and implemented. Risk management incorporated into daily operations. Risk appetite and tolerance levels are communicated.	Loss prevention and risk management processes are standardised and integrated organisation wide. A proactive audit program of stress testing is conducted regularly on all key risks. Risk management process is auditable. Key risk indicators are used extensively across the organisation.	Highly automated and reliable information sharing which enables organisational-wide quick response, remediation, and mitigation of risk incidents/issues. Fully integrated and advanced enterprise risk management system. Use of sophisticated tools and data collection to quantify risks. Predictive analytics used extensively across the risk management framework.	Aligned strategic methodologies that emphasise continuous improvement. Fully implemented formal escalation process for all key risks across the organisation on a real time basis is fully implemented and working. Risk appetite delegations exist for all levels of the organisation and used as a basis for risk acceptance or rejection. Governance and executive oversight and monitoring is visible.	Risk profiles are aligned to corporate and strategic goals. Governance and executives leading in risk management consciousness. Leading in key risk indicators which are related to strategic and corporate goals. There is clear ownership of all risks and controls. Risk is considered an opportunity as well as a threat. Risk management is seen as an enabler. Staff have some component of their personal KPIs related to risk.
	Consistent - Implemented	Strategic and risk management plans and policies drive actions in all levels of the organisation. There is organisational buy-in of risk management procedures. A dedicated Risk Manager or equivalent is appointed.	Risk management processes are standardised and enforced at all levels. Stress testing used in risk quantification and contingency planning. Risk management practices deliverables sustained, and key risk indicators are used as an early warning system.	A single main risk management system. High quality reporting of risk incidents and issues available through enabling technology solutions depending on the size and needs of the organisation. Improved controls and compliance reporting available for resource deployment and decision making.	Targeted and specialised programs focussing on elimination of root causes of loss/risk incident implemented. Exception reporting and predictive analysis improves resource allocation.	Governance has a specific focus on risk management in all audit and risk committee meetings. Risk incidents are dealt with consistently. Risk management is an explicit part of business planning. Effective education and communication strategies are integrated into organisational governance and risk programs.
	Consistent – Designed	Annual risk management plan is created. Risk appetite and risk tolerance is established. An articulated risk management methodology/policy. The three lines of defence are recognised across the organisation.	Risk and risk components are defined. Risk management processes defined at unit or divisional level.	There is some availability of risk incidents, issues, and trends reports. Risk analytics processes not fully implemented across the organisation.	Formalised risk monitoring and review methodologies allow improved analysis and response for critical decision making. Effective system of formal risk incident reporting and tracking. Formal escalation process for risk related matters exists but not fully operational.	Systematic risk monitoring. The risk management framework includes the requirement for all risks and controls to have an assigned owner. Most employees are neutral regarding the value of risk management as it is not fully understood or practised.
	Defined	A high-level risk management methodology is articulated. Internal audit and risk are unconnected functions. Risk appetite is articulated qualitatively.	Risk management processes and control management applied inconsistently. There is a small use of risk management and control assessment templates and risk register. Controls testing on an ad-hoc basis.	A range of systems used with minimum tailoring capability. No integration of risk systems. Limited analytics on historical data. Performance is measured manually on an annual basis.	Simple tools used inconsistently. Risk management captured but with control strategies reliant on verbal assurance. There are areas of the organisation use risk incidents to develop actions but are applied inconsistently.	Governance discusses a range risk matters but there is no specific agenda item for risk. There are risks that are not allocated specific owners. Poorly communicated/reported risk management which could be taken as conservatism/risk avoidance.
	Initial	Risk is not addressed as a strategic opportunity. The organisation provides minor risk management direction.	No standard risk management practices and procedures. No definition formalised and communicated to staff. Lack of operational controls leads to uncontrolled risk loss. Risk management is often ad-hoc and reactive. No formal process to track current levels of risk.	No capacity to track risk management and exposure through incidents and events. Risk controls and performance measured sporadically. Manual reporting with limited data integrity. No capability to conduct analytics.	Governance and executive management have no, or low level of involvement in risk related matters. No risk compliance or performance monitoring methodology. No process for continuous improvement for risk management.	No formal risk management and mitigation strategy. No clear ownership of risks and controls. Risk management is considered a hindrance and an overhead.

Assessment of Risk Management Maturity

Initial	There is no or minimal awareness of risk management and there are no associated processes in place across the organisation. Risk management is usually left to the individual and performed on an ad-hoc basis. Risk management is reactive rather than proactive.
Inconsistent	There is organisational awareness of the importance of risk management. There are some formal processes in place for a few risks. There is limited standardisation of risk management processes and risk management is conducted inconsistently across each risk and across each business unit.
Consistent – Designed	An enterprise risk management framework exists covering all major risks. Standardised risk management principles are defined and documented, and basic training is conducted. Consistent risk management processes with communication and accountability exists throughout the business but not all processes have been fully implemented.
Consistent – Implemented	Enterprise risk management is fully implemented across the organisation, consistently applied, and used in decision making and day-to-day management. Risk management processes are measured, evaluated, and fed back into continuous improvement. Principles and policies are implemented and aggregated reports are prepared and reported governance. Risk management is proactive, and key risk indicators are collected and monitored consistently.
Optimised	Risk management is fully addressed and embedded into day-to-day management. Sophisticated and advanced risk management processes are used for all major risk types. Risk management is used as a key value driver supporting decision making and pursuit of opportunities. Risks, including emerging risks, are proactively identified and monitored through key risk indicators and predictive risk analytics.

APPENDIX 2 – WAIKATO WATER REFORM RISK ASSESSMENT

Risk Assessment of the two options being considered by Otorohanga District Council for Waters Reform.						
Option 1, Enhanced Status Quo						
The risk assessment is based on the organisations current Strategic Risk Summary. Essentially should Otorohanga District Council continue to be viable under this option there is no change the risk profiles to that already assessed for the council. However should the Beca analysis suggest the Enhanced Status Quo option is not viable on financial grounds, new risks will result.						
Option 2, Establishment of a Waikato Waters Done Well (WWDW) Council Controlled Organisation (CCO)						
Should the water and wastewater activities be transferred away from Otorohanga District Councils management and control to a WWDW CCO the risk assessment assumes the new entity takes full responsibility for these risks once established. The risk for Otorohanga is having confidence in the ability for the CCO to manage these risks prior to making their decision to adopt option 2 as their preferred delivery option						
Otorohanga District Council Residual Organisation						
With option 2, the transfer of water and wastewater activities to a CCO will result in stranded services and costs. In particular back-office support teams that has a significant;y reduces workload as the waters activities shift to a CCO. Additional risk assessment has been included in the table below.						
New specific risks relating to the considering of the two options, specifically governance, economies of scale, community engagement and council reputation have been included in the risk table.						
Risk Category	Water delivery option	Description	Consequences	Mitigation	Inherent Risk	Current Mitigated Risk
Iwi Liaison and obligation to honour Te Tiriti o Waitangi	Enhanced Status Quo	No change to the ODC Strategic Risk Summary	Refer to ODC Strategic Risk Summary	Refer to ODC Strategic Risk Summary	Extreme	Moderate
	WWDW	The Strategic Risks transfer to the new entity	The assumption is that once a WWDW CCO is formed, these risks transfer to the CCO and not the responsibility of ODC. As long ODC is confident the CCO proposal adequately manages these risks.	ODC confidence that the CCO model intends to capture this risk during their establishment phase.	N/A	N/A
Organisational Capability/Capacity	Enhanced Status Quo	Same as the ODC Strategic Risk Summary	Refer to ODC Strategic Risk Summary	Refer to ODC Strategic Risk Summary	High	Moderate
	WWDW	The Strategic Risks transfer to the new entity	The assumption is that once a WWDW CCO is formed, these risks transfer to the CCO and not the responsibility of ODC. As long ODC is confident the CCO proposal adequately manages these risks.	ODC confidence that the CCO model intends to capture this risk during their establishment phase.	N/A	N/A
	ODC Residual Organisation	Should stormwater activity be retained withing ODC	Stormwater is currently managed within ODC's waters activity. Therefore it becomes an orphan such only water and wastewater activities be managed by a regional CCO.	ODC establishes a stormwater activity (alongside land drainage) within the residual organisation or have it report to another council department such as Transportation or Parks.	High	Moderate

Capital programme delivery failure	Enhanced Status Quo	In addition to risks identified in the ODC Strategic Risk Summary, retaining the waters activity in house will result in additional capital works and some existing projects to be brought forward to meet new compliance standards.	Need to increase organisational capacity to deliver increased capital works programme	ODC increases its capacity in-house capacity within engineering services and support eg procurement, as well as the likely need for additional consultant and contractor services.	High	Moderate
	WWDW	The Strategic Risks transfer to the new entity	The assumption is that once a WWDW COO is formed, these risks transfer to the COO and not the responsibility of ODC. As long as ODC is confident the COO proposal adequately manages these risks.	ODC confidence that the COO model intends to capture this risk during their establishment phase.	N/A	N/A
	ODC Residual Organisation	Should stormwater activity be retained within ODC	Need to deliver the stormwater capital programme	Project delivery is added to capital works within the transportation and parks projects	High	Moderate
Financial loss (internal)	Enhanced Status Quo	In addition to risks identified in the ODC Strategic Risk Summary, retaining the waters activity in house will result in increased debt and higher operational costs due to meeting new compliance standards.	Increased debt and potentially exceeding council debt cap. Increased rates to fund additional debt servicing and operational costs.	Seek government approval to defer projects to smooth out capital costs.	Extreme	Extreme
	WWDW	Based on confidence in the forecasts provided by CoLab, ODC makes an informed decision to change to a WWDW delivery model.	Loss of trust and confidence by councillors and the community in the WWDW model being able to deliver on the promises made. In particular community affordability.	CoLab report on the WWDW option provides sufficient information to understand the likely impacts in Otorohanga communities and confidence in the assumptions and forecasts. Also councillor workshops where elected members engage with WWDW proponents to get clarity and understanding	Extreme	moderate
	ODC Residual Organisation	The waters activity makes up a significant portion of council business and therefore contributes to organisational overheads.	The residual organisation will have significant stranded costs. From the support services within council potentially resulting in higher rates and/or organisational restructuring.	Work is underway to understand the impact of stranded costs. Should this analysis show that ODC is not viable under this scenario, rates may need to increase or ODC would need to share services (eg IT, customer services etc) with other council or consider council amalgamations.	Extreme	Extreme

Effects of climate change	Enhanced Status Quo	Same as the ODC Strategic Risk Summary	Refer to ODC Strategic Risk Summary	Refer to ODC Strategic Risk Summary	Extreme	Moderate
	WWDW	The Strategic Risks transfer to the new entity	The assumption is that once a WWDW COO is formed, these risks transfer to the COO and not the responsibility of ODC. As long as ODC is confident the COO proposal adequately manages these risks.	ODC confidence that the COO model intends to capture this risk during their establishment phase.	N/A	N/A
	ODC Residual Organisation	As it relates to stormwater, the same as the ODC Strategic Risk Summary	Refer to ODC Strategic Risk Summary	Refer to ODC Strategic Risk Summary	Extreme	Moderate
Health, safety and wellbeing of our people	Enhanced Status Quo	Same as the ODC Strategic Risk Summary	Refer to ODC Strategic Risk Summary	Refer to ODC Strategic Risk Summary	Extreme	Moderate/High
	WWDW	The Strategic Risks transfer to the new entity	Potentially a lot of uncertainty, concern about job security, new working arrangements etc	ODC confidence that the COO model intends to capture this risk during their establishment phase.	Extreme	Extreme
	ODC Residual Organisation	This is a major change to the organisation and therefore all staff are likely to be impacted directly or indirectly.	Potentially a lot of uncertainty, concern about job security, new working arrangements etc	Good communication, where possibly job assurances/guarantees.	Extreme	Extreme
Compliance to changes to governmental legislation	Enhanced Status Quo	In addition to risks identified in the ODC Strategic Risk Summary, retaining the waters activity in house will result in new and additional compliance requirements to meeting water and wastewater standards within tighter timeframes.	Meeting new and additional compliance requirements will result in additional costs and need for additional resources to deliver the larger capital works programme and subsequent operational costs.	As above, ODC will need to increase its resource capacity and increase rates to cover increased costs	Extreme	Extreme
	WWDW	The Strategic Risks transfer to the new entity	The assumption is that once a WWDW COO is formed, these risks transfer to the COO and not the responsibility of ODC. As long as ODC is confident the COO proposal adequately manages these risks.	ODC confidence that the COO model intends to capture this risk during their establishment phase.	N/A	N/A
	ODC Residual Organisation	As it relates to stormwater, the same as the ODC Strategic Risk Summary	Refer to ODC Strategic Risk Summary	Refer to ODC Strategic Risk Summary	Extreme	Moderate

Additional risks directly relating to establishment of a WWDW CCO						
Governance	WWDW	With a large number of councils forming the CCO there is a greater emphasis needed on the council "CCO Owners" working collaboratively and supporting the CCO	Potentially tensions and a breakdown in the relationships, poor communication and coordination between CCO and other council activities.	Maintaining relationships between each of the Council owners as well as effective leadership and communication with the CCO board and TLA councillors/Executive.	High	Moderate
Economies of Scale	WWDW	The basis of the current WWDW model is based on seven of the Waikato Councils forming the CCO	Should fewer councils opt in the costs to each council increase to cover fixed overheads and establishment costs.	Having the ability to review the viability of the WWDW option should the economies and scale suggest the WWDW option is not viable.	Extreme	High
Community engagement and Council reputation	Enhanced Status Quo and WWDW options	This is a major change to how ODC does business and is likely to impact the community with increased costs and different water service delivery model.	Importance of messaging that informs and gives the community confidence that the Council is making the best decision for the Ōtorohanga community. Failure to do so has reputational risks and may result in the community rejecting Council's decision. This is of particular concern in a LG election year.	Provision of a high level of clarity on the options being considered by councillors. A robust methodology of the options analysis and selection process. Good communication and engagement through the community consultation process.	Extreme	High

Item 83 Capital projects report for the month ending 28 February 2025

To Risk and Assurance Committee

From Mark Lewis, Group Manager Engineering and Assets

Type **INFORMATION REPORT**

Date 10 March 2025



1. Purpose | Te kaupapa

- 1.1. To provide assurance on the delivery of the capital projects programme, outline any material risks that may affect the programme and how the risks are mitigated for the 24/25 financial year. The threshold for this report is projects valued over \$500,000 or where there may be a high level of public interest.
- 1.2. To highlight any other risk areas within the Engineering and Assets activity.

2. Executive summary | Whakarāpopoto matua

- 2.1. The 2024-25 capital programme is well underway with most of the projects occurring in the roading activity while the 3 waters projects are either nearing completion or in pre-tender phase and expected to go out for tender in March.
- 2.2. The Ōtorohanga Wastewater Treatment plant is consistently meeting compliance within the required parameters which is pleasing news, and the desludging programme is now completed and awaiting solids removal testing to confirm actual quantities removed.
- 2.3. The second wet cell rehabilitation work at the wastewater treatment plant is completed and will be online this month which improves our phosphorus and suspended solids removal.
- 2.4. The 2021-24 wastewater renewal programme was completed in December and final claims are now being worked through.
- 2.5. Although the 3 waters renewals capital work is slightly behind in timing it is expected that the programme will be delivered within the three years LTP cycle.
- 2.6. LWDW is advancing rapidly, putting considerable strain on our existing staff resources. This could potentially affect the capital delivery, as senior management is focusing more on reform rather than delivering the capital programme.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee receive the report titled ‘Capital projects report for the month ending 28 February 2025’ (document number 809374) from Mark Lewis, Group Manager Engineering and Assets.

4. Discussion | He Kōrerorero

Local water done well

- 4.1. The Local Government Water Services Bill is currently with the select committee and submissions closed on 23 February 2025. This is the last of the collection of legislative changes to the delivery of waters services.
- 4.2. Ōtorohanga District Council (ŌDC) supported the Taituarā, Waikato Regional Council and Waikato Water Done Well (WWDW) submission which was adopted by ŌDC retrospectively on 25 February. Staff had direct input into the WWDW submission.
- 4.3. Reports and workshops with ŌDC are ongoing regarding the two options ŌDC is considering: Enhanced Status Quo and the multi-regional CCO option, WWDW. A preferred model report is expected to be submitted to Council by April 8.
- 4.4. A table of risks and mitigations associated with the two options is attached to the Quarterly Risk Report for the Risk and Assurance Committee.
- 4.5. The ongoing reforms are straining our staff resources as we try to meet LWDW's statutory deadlines. Even with the added support from consultants, the time and effort required from our staff to manage these tasks, on top of their regular duties, is significant. Fortunately, we are still using government funding from the previous 3 waters to cover all costs associated with the reform.

Land transport (Roading)

- 4.6. The 2024/25 construction season is proceeding as planned, with all projects currently on schedule. We anticipate completing five of the seven area-wide treatments (rehabilitations), with Harbour Road and Okupata Road deferred to the next year due to insufficient funds and Waipapa Road being a higher priority. Deferring Harbour and Okupata Road carries little risk, as both roads remain in reasonable condition to support the delay
- 4.7. In February, the New Zealand Transport Agency (NZTA) announced additional targeted funding for low-cost, low-risk projects that align with the NZTA GPS and are valued at \$2 million or less. We have submitted applications for \$400,000 in the 2024/25 fiscal year and \$760,000 in the 2025/26 financial year. Although this funding is not guaranteed, it is crucial that we have our local share available to secure the funding. We will receive notification about this funding in May which will line up nicely with the Council decision on local share to retain in this year's annual plan.

Three waters

- 4.8. Securing an experienced Team Leader for the waters team has proven to be challenging. Despite completing two rounds of recruitment, no suitable candidates were identified. Consequently, we will re-advertise the position. The absence of this role may place potential strain on current operators and the Waters Manager. We are mitigating this risk by utilising contractors where feasible.

Water Supply

Arohena water supplies closure

- 4.9. The closure project is running to the indicative timeline with a public meeting held with the Arohena community on 19 February. The meeting went well with plenty of discussion and support from the attendees for the direction ŌDC is taking. The next step is the survey of existing users and onsite assessments if needed. (Section 134 LGA).
- 4.10. Keeping to the timeline is important as we must have the electoral process started by 1 August to meet the November referendum date. Failure to meet this deadline will delay the referendum into 2026.
- 4.11. Prior to 1 August we need to report back to Taumata Arowai on the section 134 LGA criteria, which the surveys will complete.

Ōtorohanga water treatment plant

- 4.12. Very low river levels in the Waipā River have enabled a condition assessment of the weir to take place and it has shown substantial deterioration of the structure. The weir is classified as a flood protection asset but enables water to be abstracted for the Ōtorohanga water plant.
- 4.13. The deterioration is to the tops of the sheet piling eroding which has reduced the height of the weir by roughly 200-400mm in places. There is also movement of the rock armour upstream and downstream which has disrupted the fish passage.
- 4.14. A budget of \$50,000 has been placed into the Annual Plan to enable a repair plan and cost estimate to feed into the next Long Term Plan. There will be immediate work done to stabilise some of the rock armour when the river channel dredging is carried out by the intake structure to the water plant in the coming weeks.
- 4.15. Although visual checks are conducted, this is the first full condition assessment to take place in the last 10 years since the last upgrades in 2013.

Wastewater

Ōtorohanga Wastewater Treatment Plant

- 4.16. Staff continue to make improvements to the Ōtorohanga Wastewater Treatment Plant in receipt of the abatement notice in February 2024 and are consistently meeting our consent conditions.
- 4.17. We now have nine bags in the Geopad area that will need to be disposed of to approved land fill in the next three to five years. This will require a staging bunker to be constructed to allow removal from the bag and storage for loading out by trucks.
- 4.18. Access to the plant has been greatly increased with the new track constructed over the new Council farm which will allow access for large truck and trailer units to loaded.
- 4.19. Rehabilitation of the second wet cell is completed and will be commissioned in March; this will greatly improve the phosphorus and suspended solids removal from the final treatment section of the plant.

C1131 – Wastewater upgrades 2021

4.20. The 2021-24 major wastewater upgrade's physical works were completed in December 2024, with final claims yet to be determined. We are currently \$118,000 (2.7%) over the original contract value, due to approved variations, but remain within the allocated budget for this project. We anticipate staying within budget upon completion of the final claims.

C1147 ŌDC Water services renewals 2024

4.21. As with the previous LTP, we are combining numerous projects into one contract to have scale and reduce process costs. The proposed physical works contract includes wastewater and water renewals across the Ōtorohanga District.

4.22. Currently in pre-tender phase, the physical works package is programmed to go out for tender at the end of March. Although later than anticipated, the size of the renewal programme is significantly smaller than the last LTP and completion within the three year programme is achievable.

Resource Consents

4.23. Council currently has several resource consent renewals that are ongoing, the Combined Stormwater Discharge Consent (CSDC) for Ōtorohanga and Kāwhia, the Tihiroa Rural Water Take Consent and the Aotea Seawall Consent.

4.24. Both the stormwater and water take consents are ongoing and the Aotea Sea Wall consent is nearing completion with final conditions undergoing final review by staff and legal. It is anticipated that the consent will be in place early in the next month.

Item 84 Outstanding Management Letter Points from 2023/24 Annual Report

To Risk and Assurance Committee.

From Brendan O’Callaghan, Manager Finance.

Type **INFORMATION REPORT**

Date 10 March 2025



1. Purpose | Te kaupapa

1.1. This report updates the Risk and Assurance Committee on the actions and status of actions that arose from the 2023/24 Annual Report audit.

2. Executive summary | Whakarāpopoto matua

- 16 items were identified during the 2023/24 Annual Report audit.
- Of these, five have been addressed with seven in various stages of being addressed.


3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk & Assurance Committee receive the report titled ‘Outstanding Management Letter Points from 2023/24 Annual Report’ (document number 809077) from Brendan O’Callaghan, Manager Finance.


4. Discussion | He kōrerorero

- 4.1. As part of the audit of the 30 June 2024 Annual Report, our auditors issue an opinion and raised management report recommendations on items that require further action. This report provides management’s response to those recommendations and the latest update on the status of the follow up action.
- 4.2. This report breaks the management recommendations down into three categories using a traffic light system. Green items are those that have been addressed since the previous report and should be removed, subject to approval from Deloitte as part of the 2023/24 Annual Report audit. Orange items are those that are currently being addressed and should be completed in time for the next audit.
- 4.3. Overall a total of 16 items were identified by Deloitte. Of these, Council believes that five have been addressed. Seven are in the process of being addressed and four are not likely to be addressed.
- 4.4. The items not likely to be addressed have been removed from the table of progress below, but are listed to keep them recorded within this report:

- Payment signatory restrictions through online banking
- Formalising the process for identifying and managing legislative matters
- MagiQ support users with access to the MagiQ database server
- Finance personnel with access to modify system configuration.

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
 Items Completed Since last report (subject to Deloitte sign-off)				
Insufficient segregation of duties in payroll processing	As part of payroll controls testing that a Finance team member has access to the payroll module within MagiQ and that team member is also a reviewer of payroll reports.	We recommend that access to certain payroll functions should be restricted to read-only to ensure that there is appropriate segregation of duties between the preparer of information and the reviewer.	We agree with the recommendation and will look at amending access rights where possible.	The plan is to remove the Finance Manager access to make changes, which will resolve this issue. We are currently checking that this will not create any potential issues before making that change. March Update: The Finance Managers payroll change access rights have been removed, and they are now undertaking the checking.
Utilisation of asset addition and disposal forms	Fixed asset additions forms and disposal forms are not being utilised by Council. In addition to this, all assets are currently captured into a work in progress account during the year and these assets are only capitalised at year end.	All additions and disposals should be appropriately supported by a fixed asset addition or disposal form. These forms should provide further details on the transaction such as the date of the transaction, depreciation rates and evidence of approval. Assets recorded in work in progress should be capitalised frequently throughout the year. Generally, entities would be expected to capitalise assets monthly.	We agree with this and are happy that the process that has been developed just prior to year end will resolve these issues.	Forms are now being used, and monthly capitalisation is being processed now. March Update: This process is continuing to be used and continuous process improvements are being identified.
Masterfile changes	During our testing of controls in the current year we noted that exception reports providing detail of changes to the masterfile for payroll, creditors and	Deloitte recommends that an independent person to the preparer of the exception reports reviews these reports on a monthly basis.	We agree with the recommendation and will look at amending access rights where possible.	As discussed above, we are looking at the payroll access rights to resolve that issue. We are also looking at removing the change access rights for debtors and creditors and are currently

	<p>debtors for the month are produced and checked for reasonableness, however there is a risk that the report is not always reviewed by someone independent of the process. Through our testing we noted that the Finance Manager is the primary reviewer but also has access to make changes to details which is to be reviewed by the GM Business Enablement. The GM Business Enablement does not review the exception report each month and only when notified that the Finance Manager has made a change during that month.</p>	<p>The report should be signed off by the reviewer or appropriate evidence is maintained that the review has occurred by the appropriate reviewer.</p> <p>Management should also ensure that the established processes for controls are adhered to and, if required, appropriate adjustments in processes are made for the processes to operate effectively in a remote working environment.</p>		<p>considering all the implications of making that change.</p> <p>March Update: The access rights have been amended, meaning that the Finance Manager is now able to sign-off these reports as they cannot make any changes.</p>
<p>Sensitive expenditure</p>	<p>During our review of sensitive expenditure and credit card testing, we identified some instances where expenses of the process of submitting them was outside of Council’s policy and not in line with our expectation. These related to the following:</p> <ul style="list-style-type: none"> - An approved expense claim that extended over a 15-month period for over \$7k related to mileage - An expense claim submitted in the financial year related to the 2023 financial year. - Five instances where expense claims did not follow the correct one-up approval process or were 	<p>We recommend that a timeframe for expense claim submissions is established within Council’s policies. It would generally be expected for an expense claim to be submitted no later than one month after that expense has been incurred.</p> <p>We also recommend ensuring all members of staff are aware of the one-up approval process and that the claim approvers have the appropriate independence and are not subject to a conflict of interest.</p> <p>For accommodation spend, whilst we understand that there may be mitigating circumstances to the</p>	<p>We agree with the finding. There is mention of timeframes in the sensitive expenditure policies, as well as the requirement for one-up approval. We will reiterate this to staff and elected members to ensure they are all aware of their requirements.</p> <p>For accommodation, our policy does outline the need to be mindful of spend, however for last minute things sometimes this is not always possible, but staff should endeavour to do their best to keep spending to the minimum possible.</p>	<p>We have identified some of those responsible for the issues identified through the sample testing and have reiterated to them individually the importance of following the sensitive expenditure policies. We will also reiterate this to all staff in the new year.</p> <p>March Update: A reminder to staff about the importance of sensitive expenditure will be given at the March all staff meeting.</p>

	<p>not approved by the appropriate individual.</p> <ul style="list-style-type: none"> - A single expense for a night's accommodation in Auckland that may have been perceived as excessive. 	<p>spend being incurred, it is important that Council ensures that the principles of the sensitive expenditure policy are adhered to.</p>		
Metered water	<p>When completing our understanding of the metered water revenue business process that no audit evidence is maintained for the comparison that is done between the previous and current water meter readings. No evidence is maintained for significant variances or anomalies investigated.</p>	<p>Deloitte recommends that management evidence when a review is performed over the water meter reading to identify any significant variances and also when variances are resolved.</p>	<p>We agree with the recommendation and have developed a process to record review of the reading information.</p>	<p>A Flowingly workflow has been developed and in use when readings are processed. This provides for evidence of the review being undertaken by an independent person. This along with the service requests that are raised when re-readings are required after review of the variances should be sufficient to address this recommendation.</p> <p>March Update: This process has been working for a few billing cycles now, and the review process and evidence should satisfy audit requirements.</p>
<p> Items in progress</p>				
Maintenance of the fixed asset register	<p>During our testing of the fixed asset controls, the fixed asset register was not maintained on a regular basis. The fixed asset systems which consists of Assetfinda and RAMM are only recorded into MagiQ at year end. It was also identified the MagiQ functions are not being fully utilised.</p>	<p>We recommend that the fixed asset register is reconciled to the general ledger on a regular basis to ensure it is appropriately maintained as well as evidence of review of the reconciliation being retained. We also recommend management use MagiQ's functions where possible.</p>	<p>We acknowledge the finding, and with the development of asset addition and disposal forms, we will look at implementing a process for reconciling the two databases.</p>	<p>As the asset forms are getting used, we are now in the process of developing a process for reconciling the MagiQ FAR with the RAMM and Assetfinda databases.</p> <p>March Update: This process is still being worked on. Given that the data within RAMM has recently being updated to a new data standard, which means different categorisation of some assets, it is likely that this process will be held</p>

				until the revaluation of roading is undertaken effective 30 June 2025.
Lack of conflicts of interest register for staff	An interest register for staff is not maintained currently by Council. We acknowledge that there is an interest register maintained appropriately for Councillors and key management personnel. This finding is limited to staff only.	Similar to the Councillors and the Executive Leadership Team, a conflicts of interest register should be maintained and reviewed on a frequent basis. This ensures that the register is maintained and up to date allowing Council to effectively manage any potential conflicts that may arise.	We acknowledge the finding, and are currently investigating the best method to implement this going forward.	We are in the processing of trialing an option available through MBIE, and if the trial works then we will look at rolling it out for use by all staff. March Update: A staff conflict of interest register is being developed and will be rolled out to staff in the near future.
Policies overdue review	During review of policies, it was noted two policies have not been reviewed and approved by the scheduled review date as outlined on each policy. The policies are: -Code of Conduct Policy, while the draft was accepted in February 2023, no final version has been adopted. - Prevention of Fraud and Corruption Policy, due for review in October 2023.	It is recommended management ensures they are reviewing and adopting policies on a frequent basis, and if any policies exceed the predetermined review date they are updated and amended in a timely manner.	We agree with the finding. These were overlooked and will be reviewed in the near future. Processes are also being developed to ensure this issue does not occur with future policy reviews.	The Prevention of Fraud and Corruption Policy will be reviewed and brought to the Committee at the March 2025 meeting. March Update: Due to timing constraints, the Prevention of Fraud and Corruption Policy will now be brought to the June 2025 meeting.
Review of statement of service performance measure results	We noted through our testing of the Statement of Service Performance measures that there was a lack of evidence of review of the reports and data utilised in the reporting of results of the performance measures.	We recommend that all reports and calculations for performance measures are reviewed prior to being included in the Statement of Services Performance reporting and the evidence of the review should be retained. It would also be best practice for reviews to occur during the year. This ensures that	We agree with the finding. While the reviews are occurring, there is no evidence of this recorded. We will look at developing a workflow to capture this review evidence.	We have identified a process that can be used which will cover this recommendation, as well as improving the general Statement of Service Performance process for the Annual Report. This process will be developed within Flowingly and rolled out prior to the 2024/25 Annual Report. March Update: Work on developing the process map and workflow is progressing, and should

	<p>This includes any reports that flow into the performance measures during the year.</p>	<p>measures are appropriately reported on and to help ensure that any inconsistencies and errors are identified and corrected. As well as appropriate review process through a one-up approval process.</p>		<p>still be ready in time for the development of the 2024/25 Annual Report.</p>
<p>Fair value assessment – indices used</p>	<p>We reviewed the fair value assessment prepared by the Council for roading and three water assets and noted that incorrect indices had been utilised for roading assets. Instead of using June 2023 indices to determine fair value movement for roading assets, Council has used June 2022 indices.</p> <p>We note that an out of cycle revaluation in the prior year has caused Council to use the wrong dates accidentally. While we note this is incorrect, there was not a significant difference in indices during this period. Therefore, the calculations performed by management were not materially incorrect, for the purposes of the assessment undertaken to consider whether the fair value of these roading assets was appropriate.</p>	<p>It is important for the Council to utilise appropriate indices to ensure the accuracy of the fair value assessment and for the Risk and Assurance Committee to review the assessment in detail as it determines the need for valuation.</p>	<p>We agree with the finding. As discussed, this was an oversight due to the out of cycle revaluation of the roading assets. We will ensure that appropriate indices are used in future fair value assessments.</p>	<p>This recommendation will be considered when the fair value assessment is undertaken for the 2024/25 Annual Report.</p> <p>March Update: The fair value assessment will be provided to the Committee at the June 2025 meeting for their consideration, and this recommendation will be taken into account when preparing that assessment.</p>
<p>Lack of segregation of duties</p>	<p>During our internal controls testing, in particular journal entry controls, we observed that the Finance Manager and Group Manager Business Enablement both have access to post</p>	<p>We recommend the team member posting the journal is different to the team member who is reviewing the journals to ensure Council</p>	<p>We agree with the finding. While there is no way to prevent someone from approving their own journals, our process is to get one-up approval for any</p>	<p>To provide comfort around this issue, we will develop a report that will be reviewed by someone independent of the journal process, showing the preparer and approver for journals.</p>

	<p>and review journals. Thus, creating a lack of segregation between the journal creator and the journal approver.</p> <p>Furthermore, within our understanding the financial accounting business process we identified one journal which was posted and reviewed by the Finance Manager further confirming the lack of segregation among the finance team.</p>	<p>maintains an appropriate level of segregation.</p>	<p>journals processed. To be able to approve journals you also need to be able to create them in the system, which makes removing access to get around this issue difficult. This is something we will discuss as an enhancement with MagiQ.</p>	<p>March Update: A report has been written, the next step is identifying someone independent of the journal process to review the report and ensure that all journals are following the correct segregation of duties.</p>
<p>Lack of monitoring on the changes made to the database</p>	<p>Council does not have any process in place to test or monitor changes made to the database by the MagiQ vendor.</p>	<p>Management should consider periodically reviewing the changes made to the database layer and assessing its impact on the data stored within the database, as inappropriate modifications to the database could impact the accuracy, reliability, and security of the financial information stored.</p>	<p>We agree with the finding, and are investigating the best way to implement this review with MagiQ.</p>	<p>This is currently being worked through with our account manager as to the best way to ensure that there is sufficient review in place.</p> <p>March Update: Due to the retirement of our previous account manager, this item has been on hold while the new account manager got up to speed, but will be discussed with the new manager in the near future.</p>

Item 85 Outstanding Debtors Report

To Risk and Assurance Committee

From Brendan O’Callaghan, Manager Finance

Type **INFORMATION REPORT**

Date 10 March 2025



1. Purpose | Te kaupapa

1.1. To advise members of the value of outstanding rates, water and sundry debtors as at 28 February 2025.

2. Executive summary | Whakarāpopoto matua

2.1. Overall outstanding debts at the end of February 2025 is \$5.809m compared to November in \$1.66m, and \$2.748m in February 2024.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk & Assurance Committee receive the report titled ‘Outstanding Debtors Report’ (document number 809122) from Brendan O’Callaghan, Manager Finance.

4. Discussion | He kōrerorero

Overall Debtors Information

4.1. Overall debtors across the three debtor types (Debtors, Water and Rates) at the end of February is \$5.809m compared to \$2.443m at the end of November 2024. Of this balance, the increase relates to the second rates instalment as well as water billing.

Debtors

4.2. This report details the level of debt relating to the following revenue streams:

- Building consents
- Resource consent
- Licences
- Trade waste
- Water and sewerage connections
- Other sundry invoices

- 4.3. The 90 days balance can include unpaid building consent and development contribution invoices for projects that may be ongoing or on hold.
- 4.4. Overall debtors to the end of February are at \$377k, compared to \$448k at the end of November 2024. This also compares with \$164k debtors at the end of February 2024.
- 4.5. Within the >90 days balance is a number of debtors who have payment arrangements for large invoices.

Debtors Report as at 27 February 2025					
	Current Month	Comparison of Previous Report	Comparison of Previous Report	Comparison of Previous Report	Comparison of Previous Report
Aged Analysis report	February	November	September	May	February
Current	-\$70,117.79	\$48,178.61	-\$133,143.26	-\$178,781.14	-\$173,353.00
30 - 60 days	\$44,815.37	\$62,690.96	\$26,169.64	\$30,649.51	\$237,975.71
60 - 90 days	\$48,906.63	\$34,601.79	\$852.00	\$8,173.19	\$8,442.02
>90 days	\$354,331.85	\$302,096.87	\$315,574.38	\$91,861.91	\$90,629.69
Outstanding Debtors Closing Balance	\$377,936.06	\$447,568.23	\$209,452.76	-\$48,096.53	\$163,694.42
Debtors Action Report - Debtors over 90 days with Balance >\$250					
	February	November	September	May	February
With Debt Collection Agency	\$907.00	\$1,100.00	\$0.00	\$2,296.00	\$23,663.00
Paying by Arrangement	\$17,301.07	\$13,267.00	\$19,951.00	\$71,870.86	\$15,572.00
Negotiating Payment Arrangement	\$334,578.88	\$286,110.08	\$16,003.13	\$12,893.77	\$44,535.00
Debts in Dispute/ On hold	\$0.00	\$0.00	\$277,229.00	\$0.00	\$0.00
Payments since month end taken off above amounts	\$0.00	\$0.00	\$0.00	\$0.00	\$90.00
Sub-Total	\$352,786.95	\$300,477.08	\$313,183.13	\$87,060.63	\$83,860.00
Various Debtors with Balances <\$250	\$1,544.90	\$1,619.79	\$2,391.25	\$4,821.28	\$6,769.69
Over 90 days Outstanding Total	\$354,331.85	\$302,096.87	\$315,574.38	\$91,881.91	\$90,629.69

Rates

- 4.6. 2024/25 rates for the first instalment unpaid as at 27 February 2025 is \$270k. This represents 3% of the total of the first instalment. This does include those people who are paying by direct debit, as well as those who pay by automatic payment that can be eligible for penalty remission at the end of the year.
- 4.7. As at 27 February, \$4.2m of rates for the second instalment were unpaid. However, as the due date is 28 February, and a large number of people pay on the due date, this is not considered a large amount. Given the timing of sending this report out, it was not possible to wait until after the due date to check this information, but a verbal update will be provided at the meeting.
- 4.8. As at the end of June 2024, a total of \$496k of 2023/24 rates were outstanding, of which \$137k was penalties charged, including the arrears penalty charged in July 2024 of \$66k. Of these outstanding rates, \$246k has been paid since the beginning of this financial year.
- 4.9. Currently 1,608 ratepayers pay their rates by direct debit, representing 30.9% of rateable properties. The number of direct debits has increased slightly from the previous report, which was 1,605 or 30.8%.

Rate Arrears Aged Balance Report as at 27 February 2025							
Year		Current Rates Due	Rates Arrears	Total Arrears (30/11/2024)	Total Arrears (30/09/2024)	Total Arrears (31/05/2024)	Total Arrears (29/02/2024)
Current Year Arrears							
2024-2025		\$ 4,200,733.83	\$ 269,798.86	\$ 782,172.95	\$ 1,572,218.13	\$ 0.00	\$ 0.00
2023-2024			\$ 0.00	\$ 0.00	\$ 0.00	\$ 509,243.13	\$ 1,809,833.47
		\$ 4,200,733.83	\$ 269,798.86	\$ 782,172.95	\$ 1,572,218.13	\$ 509,243.13	\$ 1,809,833.47
Previous Year Arrears	Total Arrears (01/07/2024)	Rate Arrears Received Year to Date	Total Arrears (27/02/2025)	Total Arrears (30/11/2024)	Total Arrears (30/09/2024)	Total Arrears (31/05/2024)	Total Arrears (29/02/2024)
2023-2024	\$496,211.44	-\$246,285.52	\$249,925.92	\$345,424.08	\$381,671.44	\$0.00	\$0.00
2022-2023	\$142,665.33	-\$51,154.47	\$91,510.86	\$116,639.67	\$122,298.35	\$161,222.51	\$191,918.24
2021-2022	\$113,194.81	-\$34,535.74	\$78,659.07	\$101,962.83	\$103,565.06	\$117,586.03	\$134,636.02
2020-2021	\$62,197.08	-\$20,500.14	\$41,696.94	\$55,723.79	\$57,923.79	\$64,016.21	\$69,462.72
2019-2020	\$64,279.31	-\$13,928.94	\$50,350.37	\$63,274.36	\$63,384.36	\$66,257.96	\$68,152.55
2018-2019	\$57,393.11	-\$12,308.37	\$45,084.74	\$56,048.31	\$56,343.31	\$58,544.96	\$58,544.96
2017-2018 & Prior	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$34,052.53	\$34,752.53
Total	\$935,941.08	-\$378,713.18	\$557,227.90	\$739,073.04	\$785,186.31	\$501,680.20	\$557,467.02
Total Rates Arrears			\$827,026.76	\$1,521,245.99	\$2,357,404.44	\$1,010,923.33	\$2,367,300.49

4.10. Further progress is being made on getting payment plans in place with ratepayers with outstanding balances, as can be seen from the decrease in rates arrears by \$182k between November and February.

4.11. Council is still proceeding with the rating sale and abandoned land processes that were previously identified. The abandoned land has come back and asked for a settlement figure, but payment has not yet been received.

Water

4.12. Current water debtors total \$404k, compared to \$475k at November. This decrease is due to some people paying their water bills that were invoiced in November for the rural schemes and late December for the Ōtorohanga water supply.

4.13. A bulk of the greater than 90 day balance is actually water rates that are due on 28 February 2025, so are not classified as overdue at the time of writing the report. This is a quirk of the reporting from Magiq with regards to water billing where it uses days from invoice date as opposed to due date for reporting purposes.

4.14. The credit balance in the current balance is due to people who pay by direct debit on a fixed amount, so end up in credit prior to each billing taking place.

Water Billing Debtors Report as at 27 February 2025					
	Current Month	Comparison of Previous Report	Comparison of Previous Report	Comparison of Previous Report	Comparison of Previous Report
Aged Analysis report	February	November	September	May	February
Current	-\$ 55,600.61	\$ 287,277.57	-\$ 70,359.54	-\$ 60,107.17	-\$ 16,270.65
30 - 60 days	\$ 90.00	\$ 1,165.00	\$ 205.00	\$ 690.65	\$ 40.00
60 - 90 days	\$ 106,691.30	\$ 72,493.90	\$ 669.23	\$ 54,318.24	\$ 103,016.62
>90 days	\$ 352,343.93	\$ 113,621.88	\$ 172,069.48	\$ 79,879.35	\$ 130,316.18
Outstanding Debtors Closing Balance	\$ 403,524.62	\$ 474,558.35	\$ 102,584.17	\$ 74,781.07	\$ 217,102.15
Debtors Action Report - Debtors over 90 days with Balance >\$250					
	November	September	May	February	October
With Debt Collection Agency	\$ 10,079.00	\$ 9,561.00	\$ 6,882.00	\$ 15,445.00	\$ 14,329.00
Paying by Arrangement - excludes Direct Debits	\$ 329,392.00	\$ 71,113.00	\$ 107,315.67	\$ 31,006.00	\$ 74,301.00
Negotiating Payment Arrangement	\$ 4,876.93	\$ 26,705.20	\$ 50,441.00	\$ 25,128.49	\$ 9,411.48
Debts in Dispute	\$ -	\$ -	\$ -	\$ -	\$ -
Payments since month end taken off above amounts				\$ -	\$ 20,212.70
Sub-Total	\$ 344,347.93	\$ 107,379.20	\$ 164,638.67	\$ 71,579.49	\$ 118,254.18
Various Debtors with Balances <\$250	\$ 7,996.00	\$ 6,242.68	\$ 7,430.81	\$ 8,299.86	\$ 12,062.00
Over 90 days Outstanding Total	\$ 352,343.93	\$ 113,621.88	\$ 172,069.48	\$ 79,879.35	\$ 130,316.18

Public excluded

Take matatapu

There are no reports.

Meeting closure

Katinga o te hui

The Chairperson will declare the meeting closed.

Workshops

Hui awheawhe

Risk deep dive – legislative compliance (open to the public).