

# 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 Wednesday, 11 December 2024 commencing at 10.00am.

Tanya Winter, Chief Executive

6 December 2024



## 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 76	Health, Safety and Wellbeing quarterly report	18
Item 77	Capital Projects Report for the month ending 30 September 2024	22
Item 78	Outstanding Management Letter Points from 2023/24 Annual Report	27
Item 79	Outstanding debtors report	36
Item 80	Quarterly risk and legal update	39

**Public excluded****Take matatapu**

No reports.

**Closing formalities****Ngā tikanga whakakapi**

Meeting closure	Katinga o te hui	41
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<b>Workshops</b>	<b>Hui awheawhe</b>
Legislative compliance	Open to the public
Organisational capability/capacity	Open to the public
Quarterly discussion with the Chief Executive <sup>1</sup>	Public not permitted

This Open Agenda was prepared by Manager Governance, Kaia King and approved for distribution by Group Manager Business Enablement, Graham Bunn on 6 December 2024.

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

**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 21 October 2024 (document number 792242).

# 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 Monday, 21 October 2024 commencing at 9.00am.

Tanya Winter, Chief Executive

6 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
Wharepūhanga Councillor	Cathy Prendergast	Attended

### Senior staff in attendance

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

### Auditors in attendance

Deloitte	Matt Laing	Attended for Item 68
Deloitte	Ben McLeod	Attended for Item 68

<b>Opening formalities</b>		<b>Ngā tikanga mihimihi</b>	
Commencement of meeting		Te tīmatanga o te hui	9
Apologies		Ngā hōnea	9
Late items		Ngā take tōmuri	9
Declaration of conflict of interest		Te whakapuakanga pānga taharua	9
Confirmation of minutes		Te whakaū i ngā meneti	9

<b>Decision reports</b>		<b>Ngā pūrongo whakatau</b>	
Item 67	Land and Buildings valuation adoption		9
Item 68	Annual Report: Recommendation on adoption		10
Item 64	Meeting dates for 2025		10
Item 65	Risk and Assurance Committee 2024/25 workplan		11
Item 66	Insurance renewal update		11

<b>Information only reports</b>		<b>Ngā pūrongo mōhiohio anake</b>	
Item 69	Health, Safety and Wellbeing quarterly report		11
Item 70	IANZ audit update – August 2024		13
Item 71	Capital Projects Report for the month ending 30 September 2024		13
Item 72	Organisational Strategic Risk Register update		14
Item 73	Outstanding debtors report		14
Item 74	Update on network redundancy options		15

<b>Public excluded</b>		<b>Take matatapu</b>	
Item 75	Resolution to exclude the public for Item 6: Ōtorohanga Kiwi House		15

**Closing formalities****Ngā tikanga whakakapi**

16

**Workshops****Hui awheawhe**

There were no scheduled workshops.

This Open Minute was prepared by Manager Governance, Kaia King and approved for distribution by Chief Advisor, Ross McNeil on 6 December 2024.



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

Chairperson Stubbs declared the meeting open at 9.00am.

**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 was a member of the Waikato Regional Airport Limited Board since 1 August 2024.

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

Resolved R74: That the Risk and Assurance Committee confirm as a true and correct record of the meeting, the open Minutes of the meeting held on 12 June 2024 (document number 752286).

Chairperson Stubbs | Deputy Chairperson Jeffries

**Decision reports****Ngā pūrongo whakatau****Item 67 Land and Buildings valuation adoption**

ŌDC's Brendan O'Callaghan, Manager Finance, took the report as read but noted ŌDC's Auditor's Deloitte had completed their Annual Report review.

Resolved R75: That the Risk and Assurance Committee adopts the Quotable Value Limited (QV) land and building valuation report (document number 785734) included as Appendix 1 of the staff report.

Deputy Chairperson Jeffries | Councillor Prendergast

**Item 68** Annual Report: Recommendation on adoption

ŌDC's Brendan O'Callaghan, Manager Finance took the report as read noting the draft Annual Report as included in the agenda had several changes since distribution. He advised there were no substantial changes. The changes including a rounding error and an amendment in the non-financial performance measures from achieved to partially achieved. He confirmed there were no changes to the financial numbers in the agenda version.

Deloitte's representative, Matt Laing advised the final sign off of the Annual Report was pending but no issues were expected to arise. Deputy Chairperson Jeffries stated he had provided questions and comments via email, and he was comfortable with the subsequent responses.

Resolved R76: That the Risk and Assurance Committee recommend to Ōtorohanga District Council that it adopt the 30 June 2024 Annual Report and authorise His Worship the Mayor, Max Baxter to sign the associated Representation Letter.

Councillor Hughes | His Worship the Mayor

Matt Laing and Ben McLeod presented their report noting there was positive movement in the underlying findings from the previous report. Mr Laing noted one area was the Ōtorohanga Kiwi House, where Deloitte highlighted additional oversight was required and ŌDC had put in place measures to address the matter.

Deputy Chairperson Jeffries noted a number of issues had been identified in the previous report but not yet addressed. He sought discussion on the timing for the resolution of matters raised. Chairperson Stubbs noted this matter would be discussed

Resolved R77: That the Risk and Assurance Committee received the report from Deloitte.

Deputy Chairperson Jeffries | Councillor Hughes

Chairperson Stubbs acknowledged Matt Laing who was being rostered out as the Director responsible for ŌDC.

**Item 64** Meeting dates for 2025

Councillor Prendergast advised she was unable to attend the proposed meeting on 19 March. ŌDC's Tanya Winter suggested an additional meeting be held just prior to the Local Government Election. Chairperson Stubbs stressed the importance of all Members being present for meetings and requested the Chief Executive work with Members to confirm the additional date and an amendment for the March meeting.

**Item 65 Risk and Assurance Committee 2024/25 workplan**

Chairperson Stubbs requested the workplan include a refocusing of strategic risks, inclusion of the identification of emerging risks where those risk have the potential to become material. He also requested deep dives into each of the strategy risks at least once per year which equated to two risks per meeting. He sought the deep dives to consider whether the risk is adequately scoped in terms of definition and consequences and if the Committee was still comfortable with the pre-mitigation risk, risk appetite and tracking of mitigation actions.

Resolved R78: That the Risk and Assurance Committee approve the 'Risk and Assurance Committee Workplan 2024/25'.

Chairperson Stubbs | Councillor Hughes

**Information only reports****Ngā pūrongo mōhiohio anake****Item 66 Insurance renewal update**

ŌDC's Brendan O'Callaghan, Manager Finance took the report as read and noted the value of ŌDC assets had doubled.

In response to a query from Councillor Prendergast, Mr O'Callaghan stated that AON provided advice on the insured asset values of similar councils. He noted that ŌDC were the lowest for those values, but each council had to determine their own values. Chairperson Stubbs noted the decision as to insurance costs was within the delegation of the Chief Executive.

Councillor Hughes queried the renewal and alignment with other insurance policies and in response Mr O'Callaghan advised all policies are now with AON as the agent. In response to a query from Deputy Chairperson Jeffries, Mr O'Callaghan noted the infrastructure insurance did not cover roads, and that buildings were under material damage. He noted the insurance also includes three critical bridges.

Resolved R79: That the Risk & Assurance Committee receive the report titled 'Insurance Renewal Update' (document number 785608) from Brendan O'Callaghan, Manager Finance.

Councillor Prendergast | Deputy Chairperson Jeffries

**Item 69 Health, Safety and Wellbeing quarterly report**

ŌDC's Noah Lockett-Turton, P&C Manager advised the report had moved away from Key Performance Indicators (KPIs) based reporting to an analysis of the entire system. Chairperson Stubbs queried why the change had been implemented and Mr Lockett-Turton noted that previous reports had five KPIs but this

was known to encourage staff to not report in order to achieve compliance. He stated the report now focused on the supporting systems, identifying any flaws and continuous improvement. Chairperson Stubbs advised the Committee had adopted an approach of 'trust but verify' and the verification was about providing assurance to all elected members that progress was being made in areas that were important to the organisation. He queried how the report will demonstrate that the activities undertaken are having a position impact. Mr Lockett-Turton noted no system was perfect and the report was designed to ensure awareness of the flaws, and this was the benefit of showing the full story of the environment.

His Worship the Mayor queried the hazardous substance 'chlorine gas' and Mr Lockett-Turton advised the concerns around that substance had been addressed by the Group Manager and new Waters Manager through processes to ensure staff were aware and had the correct Personal Protective Equipment (PPE). He noted two staff members were fully trained and other staff were not handling the substance.

Councillor Hughes stated bar graphs were a helpful snapshot over time of the incidents and queried the newly installed AED unit. Mr Lockett-Turton advised the AED had been installed and registered with emergency services and there was no need for training as the AED provided the required information at each stage of use.

ODC's Tanya Winter queried what reporting the Committee required to ensure trust and confidence in staff on what is occurring on a daily basis. She advised the Leadership Team reviewed risk matters at their weekly meetings. Chairperson Stubbs requested Mr Lockett-Turton and the Leadership Team explore what metrics would provide assurance that the system was working.

Deputy Chairperson Jeffries noted the fire brigade were experts in the use of PPE and queried if staff had considered using the brigade as a training resource. Mr Lockett-Turton stated staff would look into that opportunity. In response to a second query, he advised the Aggressive, abusive and threatening (AAT) behaviour policy was in the final stages of drafting. Ms Winter noted this was an internal policy, but she would share with councillors for information.

Councillor Prendergast noted she was keen to see the next steps of the culture changes around Health, Safety and Wellbeing and Chairperson Stubbs stated he was interested in a reflection of Ms Winter's thoughts on the progress of the culture since she became the Chief Executive.

Resolved R80: That the Risk and Assurance Committee receive the report titled 'Health, Safety and Wellbeing quarterly report' (document number 785626) from Noah Lockett-Turton, Manager People and Capability.

Chairperson Stubbs | His Worship the Mayor

Chairperson Stubbs adjourned the meeting for a short break at 9.58am and recommenced the meeting at 10.07am.

**Item 70 IANZ audit update – August 2024**

ŌDC's Tony Quickfall took the report as read. Chairperson Stubbs noted the report indicates that IANZ had increased the standards required and queried if Mr Quickfall was confident that staff could meet increasing demands. Mr Quickfall indicated he had confidence in the Building team noting options around a possible shared service with Waipā and Waitomo district councils were being assessed. This would ensure quality control and alignment across all three councils similar to the current shared service agreement for civil defence emergency management. In response to a query from Chairperson Stubbs, Mr Quickfall advised ŌDC had a quality control manager, quality management system, IANZ audits and CoLab audits to provide assurance.

Resolved R81: That the Risk and Assurance Committee receive the report titled 'IANZ audit update - August 2024' (document number 784682) from Phil Saunders, Manager Building Control.

Councillor Prendergast | Deputy Chairperson Jeffries

**Item 71 Capital Projects Report for the month ending 30 September 2024**

ŌDC's Mark Lewis stated the investigation into the Waipa Rural Water Scheme supply would not be progressed. He noted there were potential cost increases relating to the sludge removal programme although a different method was now being used which may have a cost benefit due to the removal being every 2-3 years rather than annually as was previously undertaken.

Deputy Chairperson Jeffries expressed his disappointment that the NZTA funding was not provided and queried if ŌDC would be advising the community if any projects indicated in the Long Term Plan would be reduced or removed. Mr Lewis stated that the LTP signalled that the community would be advised of the outcome of the NZTA funding and noted a report would be presented to ŌDC at their November meeting on options for projects.

In response to a query from Chairperson Stubbs, Mr Lewis advised the term 'potholes' as an activity area was misleading as it was actually rehabilitation of the surface to prevent potholes (maintenance and renewals).

Resolved R82: That the Risk and Assurance Committee receive the report titled 'Capital Projects Report for the month ending 30 September 2024' (document number 785923) from Mark Lewis, Group Manager Engineering and Assets.'

Deputy Chairperson Jeffries | Councillor Hughes

**Item 72 Organisational Strategic Risk Register update**

ŌDC's Ross McNeil took the report as read but commented on the drivers to move from top risks to strategic risks and how that focuses on anything which impacts the ability to achieve the Council's statutory purpose.

In response to a query from Deputy Chairperson Jeffries, Mr McNeil noted some risks were addressed in multiple ways, for instance the capital works programme needed to consider business continuity, cyber-attack etc. Chairperson Stubbs noted strategic risk was overseen by the Committee whereas operational risk was overseen by the Chief Executive noting he would like the next strategic risk report to contain a statement that there no material changes in the operational risk. Chairperson Stubbs requested an update on the risk appetite once confirmed by ŌDC. He noted the Committee were less interested in knowing the system and process in place, but how to measure the impact of mitigations (impact not activities).

Resolved R83: That the Strategic Risk Register, as reviewed, is endorsed by the Risk and Assurance Committee.

Councillor Hughes | Councillor Prendergast

**Item 73 Outstanding debtors report**

ŌDC's Brendan O'Callaghan, Manager Finance took the report as read and in response to a query from Chairperson Stubbs, he advised staff were no actively pursuing overdue development contributions collection. He stated this would be on hold until a report to ŌDC was presented on development contributions.

Deputy Chairperson Jeffries referred to table 4.7 and queried the increase in total arrears from June to July. Mr O'Callaghan advised the report included the previous years' rates. On 31 May, the figures from 23/24 were not included but the recent report included those figures. Deputy Chairperson Jeffries queried if a July to July comparison could be made to ensure proper comparison. In response to a query from Chairperson Stubbs, Mr O'Callaghan advised he was not concerned at the level of total arrears noting staff were focussed on the older ones and had initiated rating sales. He noted properties with total arrears often had mortgages and therefore the money could be recovered by the bank. He advised the next report would see the total reduced.

Resolved R84: That the Risk and Assurance Committee receive the report titled 'Outstanding Debtors Report' (document number 785581) from Brendan O'Callaghan, Manager Finance.

Chairperson Stubbs | Deputy Chairperson Jeffries

**Item 74 Update on network redundancy options**

ŌDC's Billy Michels, Manager Information Services took the report as read noting confirmation had been received that the queried support fee would have to be paid monthly, even if the service was unused for years. He noted it was cheaper overall to go with the Spark package. Deputy Chairperson Jeffries noted the Kāwhia/Aotea/Ōpārau communities lost all connectivity during events and queried if Ōtorohanga lost power how that would affect the Spark service. Mr Michels confirmed there was a generator in the building for civil defence purposes and assuming the correct connections were installed, the service would be used. Councillor Hughes queried if there was a difference in speeds between residential and commercial packages and Mr Michels confirmed they were similar however as ŌDC was a business only a business package could be used.

Resolved R85: That the Risk and Assurance Committee receive the report 'Update on network redundancy options' (document number 785936) from Billy Michels, Manager Information Services.

His Worship the Mayor | Councillor Hughes

**Public excluded****Take matatapu****Item 75 Resolution to exclude the public for Item 6: Ōtorohanga Kiwi House**

Resolved R86: That the Risk and Assurance Committee exclude the public from the following parts of the proceedings of this meeting confirming:

- a) This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 7 of that Act where a risk of prejudice is minimised by the holding of the whole or the relevant part of the proceedings of the meeting in public; and
- b) The general subject of each matter to be considered while the public is excluded and the reason for passing this resolution in relation to each matter and the specific grounds for the passing of this resolution are as follows:

<b>General subject of each matter to be considered</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>	<b>Interest</b>
Item PE6: Ōtorohanga Kiwi House risk update	Section 9(2)(b)(ii)	Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information;

Chairperson Stubbs | Councillor Prendergast

The public were excluded at 10.49am and readmitted at 11.10am.

### **Meeting closure**

### **Katinga o te hui**

Chairperson Stubbs declared the meeting closed at 11.11am.

### **Workshops**

### **Hui awheawhe**

Quarterly discussion with the Chief Executive.



**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 76** Health, Safety and Wellbeing quarterly report

**To** Risk and Assurance Committee

**From** Noah Lockett-Turton, Manager People and Capability

**Type** **INFORMATION REPORT**

**Date** 11 December 2024



## 1. Purpose | Te kaupapa

1.1. To provide an update on progress being made to improve health, safety and wellbeing covering 4 October to 2 December 2024.

## 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 785626).

## 4. Discussion | He Kōrerorero.

### Previous Actions

- 4.1. At the previous Risk and Assurance Committee meeting, a new way of reporting was presented with the feedback being that the Committee wanted greater transparency of the effectiveness of our HSW system. Hence, the Manager People & Capability was tasked with adjusting the report, especially to include more metrics and graphs where applicable.
- 4.2. The Council and the Leadership team are considered ‘officers’ under the Health and Safety at Work Act 2015, though their level of influence on the organisation differs hence their requirements in terms of reporting differ.
- 4.3. For governance, it is essential to have assurance that the HSW system is functioning effectively. Governance bodies, such as the Council who have delegated the HSW oversight to the Risk and Assurance Committee, need to be confident that the system is robust and capable of identifying and mitigating risks. If there are concerns about a particular aspect of the system either not functioning or being effective, they are able to direct the Chief Executive to resolve the concerns.

- 4.4. On the other hand, the Leadership Team must understand and proactively influence the HSW system. They need to ensure that the system is comprehensive, and that staff adhere to the system. The Leadership Team can influence the system through directing resources, setting organisational direction to support HSW and develop a HSW environment. By doing so, leadership can ensure that the HSW system is dynamic and continuously improving, ultimately leading to a safer and healthier workplace.
- 4.5. The Leadership Team have implemented monthly reporting directly to them to ensure they stay abreast of the system to allow for early intervention.
- 4.6. The proposed metrics that would be introduced to assure the respective groups of Ōtorohanga District Council’s HSW system is compliant and to identify risks early are outlined below.

HSW Area	Leadership Team	Council
Events – Incidents, accidents, near misses	Total number of events by impacted location on the body and location of the event.	Total number of events in their subcategories – incidents, accidents, near misses
Risk Management	Report on any other risks that have caused issue or concern.	Report on any concerns related to our top 5 (we currently have 6) risks.
Audits	The number and nature of corrective actions, and their completion percentage.	Audit completion statistics for the quarter, i.e. 98% of scheduled audits completed
Hazardous Substances	New hazardous substances or concerns related to any hazardous substances.	Report on any concerns related to our top 2 or 3 hazardous <u>substances</u>
Training	Percentage of compulsory training that is up to date by team.	Percentage of compulsory training that is up to date.
Emergency Preparedness	Number of findings from the tests, and the correction of the findings.	Outline the learnings from the testing of the systems, i.e. fire drills
Contractor Management	Number of contractor site audits being completed.	Percentage of Contractors with SHE Prequal accreditation.
Other	HSW Committee Meeting held.	

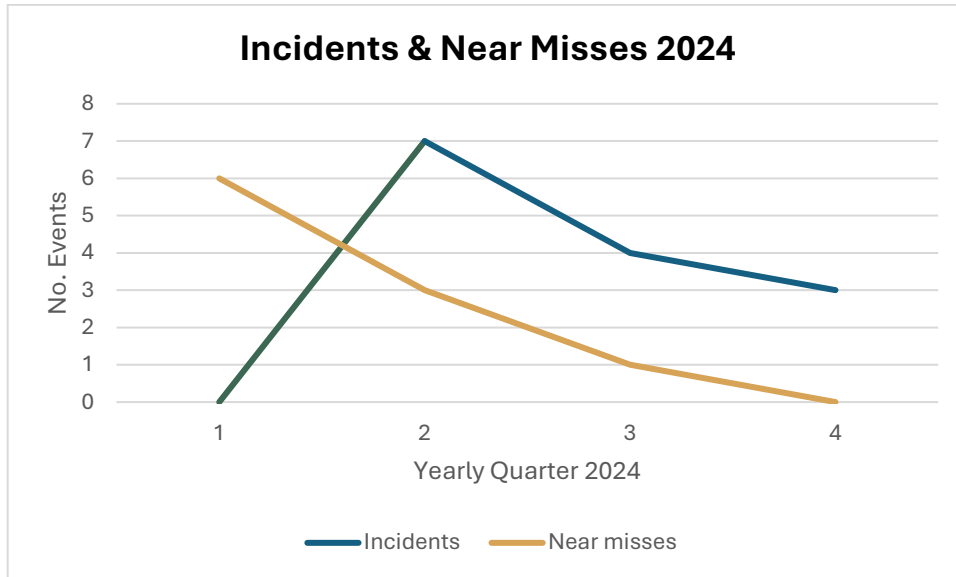
- 4.7. The metrics/information provided on the seven key areas would provide evidence towards the success of the current area. There would also be a graph for the events section showing the difference over the past 12 months.
- 4.8. The metrics/information would be stood up over time as we manage to collate the information into one easy to manage place, i.e. an Excel spreadsheet.
- 4.9. Finally, there would continue to be commentary to provide further insight, assuring each group that Ōtorohanga District Council are focused on ensuring our HSW system is effective and working.

**HSW events (accidents, incidents, near misses)**

- 4.10. Over the past quarter we have had two incidents. We have had no near misses.
- 4.11. One of the incidents was a medical event at work, and though the person was transported to the medical centre, staff responded quickly, and it was reassuring having the AED available in case it was required. Thus, demonstrating previous continuous improvement has been worthwhile.

4.12. Over the past 12 months we have seen the number of ‘near misses’ trend downwards – this result is a positive sign of staff focusing more on their HSW.

4.13. While with incidents, we have tended to average 3.5 per quarter. Though incidents have tended to occur, they have been relatively minor in nature.



**Risk management**

4.14. The risk register continues to be an area in which needs to be reviewed. It is on the work programme for 2025.

4.15. No new risks were identified in the last quarter.

**Audits**

4.16. Over the last quarter, audits have been conducted on all the water services sites. The outcomes of the audits were the main Ōtorohanga based water plants needed to have a few corrective actions to ensure they are compliant. The corrective actions have been actioned or are a work in progress. The smaller sites were fully compliant with the exception to two minor corrective actions.

4.17. The main office and library audits have fallen off, hence added focus will be given to ensure they are audited this month.

4.18. An audit schedule for 2025 is being completed to assist the HSW Committee to focus on completing audits.

**Training**

4.19. The People and Capability Advisor has communicated the approach for compulsory training to people leaders and has started work to ensure everyone has completed the required training.

4.20. The People and Capability Advisor has informed managers to work with their teams to ensure that training is complete. To date the percentage of compulsory training completed for the respective areas are:

- a. Water Services 47%
- b. Community Facilities 58%

- |    |             |    |                                 |
|----|-------------|----|---------------------------------|
| c. | Assets 75%  | e. | Business Support Regulatory 83% |
| d. | Roading 56% | f. | Building 86%                    |

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

#### **Hazardous substances**

4.22. The hazardous substances register requires updating. As discovered through the auditing process, some sites have hazardous substances on their register that are no longer held on site.

4.23. The Community Facilities shed requires an audit given the volume of substances held on the site. The site is managed by two HSW focused staff. There is not any concern, rather a focus on good practice and updating/checking the register. The audit of the facility will occur early in 2025.

#### **Contractor management**

4.24. Contractor management continues to be an area in which needs more time and focus to ensure we remain compliant. No further activity has occurred to review the current process for contractor management, but the review will occur in the first half of 2025.

4.25. Council is still receiving audit sheets from contractors working on sites around the district.

#### **Emergency procedures**

4.26. A review of the fire evacuation process in the main office (17 Maniapoto Street, Ōtorohanga) has been completed with the outcome being to decrease the number of zones, and ensure the Council has sufficient number of fire wardens and coverage for the working day.

4.27. The fire wardens met on 2 December 2024 to discuss the changes, and all necessary training will be completed early in the 2025.

4.28. A fire drill with the new evacuation procedures will be conducted before the end of the year.

#### **Aggressive, abusive and threatening (AAT) behaviour**

4.29. As previously mentioned, the Manager People & Capability was conducting a review of Council's approach in the space of in aggressive, abusive and threatening behaviour.

4.30. Having looked to develop procedures and a policy, it was discovered the Business Continuity Plan (BCP) contained the Council's approach to managing such situations. Having already being developed, the approach continues to sit with the BCP.

4.31. The lead for the BCP, Group Manager Regulatory & Growth has taken steps to discuss the BCP at the All Staff meeting and is planning to continuously run drills to ensure the approaches effectiveness.

**Item 77** Capital Projects Report for the Month Ending 30 September 2024

**To** Risk and Assurance Committee

**From** Mark Lewis, Group Manager Engineering & Assets

**Type** **INFORMATION REPORT**

**Date** 11 December 2024



## 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 last capital report was in October so there has not been a lot of change since that report.
- 2.2. The Ōtorohanga Wastewater Treatment plant is consistently meeting compliance within the required parameters which is pleasing news, and Ōtorohanga District Council (ŌDC) will continue to see improvements after the desludging programme.
- 2.3. Desludging programme of the main wastewater pond is about to commence with the contractor establishing before Christmas. Sludge is presenting to be a significant challenge for council as seen by the latest sludge survey, detailed later in the report.
- 2.4. Wastewater Renewal programme is nearing completion with only one section to complete.
- 2.5. The 2024-25 capital programme is underway with most of the projects occurring in the roading activity while the 3 waters projects are still in design phase.
- 2.6. All present risks are being mitigated by good communication and early signally by activity managers. All significant risks are relayed to the Leadership Team as and when required and if needed through to council. All activity managers' report quarterly to council and there should be no surprises.

## 3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee receive the report titled 'Capital Projects Report for the Month Ending 30 November 2024' (document number 743584).

**4. Local Water Done Well**

- 4.1. The Local Government (Water Services Preliminary Arrangements) Act became law on the 2 September 2024, the act lays the foundation for a new approach to water services management.
- 4.2. Two reports will be presented to council on the 10 December, the first report is seeking ŌDC approval to sign the Heads of the Agreement for the next phase on the Waikato Water Done Well (WWDW). The second report is the final Beca report on the viability and sustainability option to continue with the status quo (standalone) option for the delivery of water services. Given the timing of the ŌDC meeting and the Committee meeting, a verbal update will be given.
- 4.3. ŌDC continues to run two options in parallel as part of the requirements under the Water Service Preliminary Act. In February staff will be putting forward a preferred option on which to consult with the community. To do this ŌDC need to compare at least two options, the first option being the status quo option, referred to as the status quo plus, and the aggregated model with other Waikato Councils, the WWDW option.
- 4.4. ŌDC are only required to consult on the preferred option but, in doing so must provide all the options analysis on all the options consider (at least 2) so that there are reasons behind the preferred option chosen.
- 4.5. Beca have been engaged to continue on with the work building on from the viability and sustainability work to deliver our Water Services Delivery Plan (WSDP). They are also preparing the comparative data for the status quo plus model. Irrespective of the delivery model chosen in the future ŌDC are still required to deliver the WSDP by the 3 September 2025, and it is important this work continues.
- 4.6. The Government will introduce a third Local Water Done Well Bill in December 2024 which will complete the suite of legislation.

**5. Land Transport (Roading)**

- 5.1. The roading activity is underway for the 24/25 construction season and is going to plan currently.

**Area Wide Treatments (Rehabs)**

Road	Start	End	Distance (Km)	Estimate
Ngutunui Rd	1.20	3.80	2.6	\$785k
Harbour Rd	6.80	7.80	1	\$380k
Okupata Rd	0.30	1.10	.8	\$380k
Aotearoa Rd	7.00	8.40	1.4	\$375k
Waipapa Rd	7.67	8.19	1.46	\$205k
Waipapa Rd	11.62	12.08	1.3	\$140k

- 5.2. Staff are planning to bring forward budget for the 25/26 year to improve more road surfaces this year in time for next winter.

- 5.3. The new reseals contract has been awarded and 45kms of reseals are planned for this season. Along with the asphalt resurfacing under the rail underpasses at Huiputea Drive. Works will be disruptive and need planning to reduce impacts. This is the only HGV (over 44 tonne) route through Ōtorohanga. Stormwater improvements to control gravel and silt entering the system have been completed.
- 5.4. One of the significant risks to the roading activity for this LTP was the \$10.7 million in reduced funding.
- 5.5. To mitigate this ŌDC resolved in November to apply a portion of the unmatched 'local share' from the 2024/25 roading budget to selected unmatched capital (\$600,000) and operating projects (\$70,000) that align with ŌDC's Land Transport Asset Management Plan.
- 5.6. ŌDC will also retain \$375,000 of surplus operating funding and \$275,000 of surplus capital funding in reserve to provide the 'local share' should additional NZTA funding become available to maintain the local share of the reduced funding from NZTA.
- 5.7. Although there is reduced funding, staff are still confident ŌDC can meet the normal operational demands in the roading activity with sufficient budgets in operations and maintenance activities.

**6. Three Waters**

- 6.1. Recruiting has started in the 3 waters activity to recruit a new Team Leader Role to provide much needed day to day operations management. This is a new role created as part of the review of two vacancies. Although not successful in the first round, recruitment will continue into next year.
- 6.2. The project team continue to close out the wastewater project and are now busy preparing for the next 3 year programme as detailed later in the report.

**Arohena Water Supplies Closure**

- 6.3. The Taumata Arowai Request for Further Information (RFI) has been completed, and a follow up meeting is planned to take place in second week of December.
- 6.4. Currently, staff have still not had any formal support for the proposed closure of the three supplies from Taumata Arowai but are keeping to the indicative timeline.

Action	Date Completed
Inform Taumata Arowai of our intention to close water supplies	July 2024
Support for closure from Taumata Arowai to proceed	Dec 2024
Information to supply users and onsite assessment	Jan - Mar 2025
Postal Referendum	July 2025
Closure of supplies	Oct – Dec 2025

**Wastewater**

- 6.5. The Ōtorohanga Wastewater Upgrade is nearing full completion, Rangitahi Street is due to be resealed in the first week of December. The only remaining portion is the last section of relining across the railway line on Kakamutu Road. This has been delayed while the KiwiRail permissions were in place.
- 6.6. Currently the budget is still sufficient to complete all the work, and ŌDC will have accurate cost to complete forecasts shortly.



**Ōtorohanga Wastewater Treatment Plant**

- 6.7. 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.
- 6.8. The desludging programme is about to start, and staff plan to remove 7000m<sup>3</sup> of liquid and solids solution from the pond, the cost of the programme is \$250,000. The process involves removing the liquid and solids in suspension then separating the liquid from the solids through the dewatering bags, often referred to as geo bags.
- 6.9. The recent survey taken of the main pond has revealed more build-up of sludge in the inlet zone and between zones 2 and 3 than anticipated, this is where the desludging will focus.
- 6.10. It was planned to remove circa 300 ton of dry solids from the storage area at the plant prior to the desludging, but staff have been unable to arrange a bulk disposal. This has required a rethink on this process and in the short term staff intend to stack the next dewatering bags on top of the existing.
- 6.11. Sludge is a significant cost to the treatment process and now that land disposal is not available, we need to rethink our processes. The difficulty ŌDC are faced with is the time between removal and transportation and this may require the construction of a new bunker to provide the flexibility needed. There is no urgency on this solution as the sludge will sit in the bags for several years, which will give staff time to come up with a viable solution. The changes will form part of our review of the biosolids management plan and feed into future budgets. The disposal of biosolids will be incorporated into our waste minimisation plans in the future as part of our managed waste streams within council operations.

**C1147 ŌDC Water Services Renewals 2024**

- 6.12. As with the previous LTP staff 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.
- 6.13. Currently in design phase, the physical works package is programmed to commence early in the 2025 calendar year. The renewal programme is smaller than the previous LTP.
- 6.14. Having a smaller programme was decided through the LTP process, having almost completed a large program of works it is important to reassess the renewal program and asset data, but it is also necessary to keep moving forward. While staff review the data a smaller program has been put in place.

Project	Water/Wastewater	Budget
Cannon Road (Tihiroa Rural Water Scheme)	Water	\$400,000
Tūrongo Street, Main North Road, Hinewai Street and Huiputea Drive (Ōtorohanga Urban)	Water	\$500,000
Te Kawa Street rising main, Glendon Place (Ōtorohanga Urban)	Wastewater	\$500,000

## 7. Resource Consents

- 7.1. The Combined Stormwater Discharge Consent (CSDC) for Ōtorohanga and Kāwhia is no longer on hold with a Section 92 request for further information (RFI) received from Waikato Regional Council (WRC).
- 7.2. WRC acknowledges the good work that ŌDC has undertaken in preparing the CSDC application to date. However, they are trying to ensure that a consistent approach is being taken throughout the renewals process of all councils. This includes the requirement of further supporting information. The RFI request includes Stormwater Management Strategy, Stormwater Network Management Plan, Stormwater Device Operation, Maintenance & Monitoring Plan, Stormwater and Receiving Environment Monitoring Plan and Stormwater & Receiving Environment Implementation Plan. ŌDC must have these plans back to WRC in draft by the 20 December 2024.
- 7.3. To date the process has cost \$285,000 of the \$400,000 available budget. Consultants have been engaged to carry out the RFI S92 request with an expected to cost circa \$60,000.
- 7.4. The consent process started in 2021 and although the consents are now expired, staff continue to operate under the conditions of the existing consents as allowed under the Resource Management Act.
- 7.5. As part of the process staff have re-engaged with iwi and awaiting any response to complete the iwi consultation of the consents.
- 7.6. It is anticipated that once the consent is in place staff can start to plan for any infrastructure improvements that may be required, some minor placeholder budgets were included in the LTP.
- 7.7. The Tihiroa Rural Water Take Consent project has started with all the technical experts engaged for the application.
- 7.8. The Aotea Seawall Consent is still ongoing with a report taken to the Kāwhia Community Board on the 5 December. Staff have received draft conditions for the consent that are under review. It is anticipated that the consent will be in place early in the new year.
- 7.9. The seawall has required some emergency repairs this year and there is a new slump evident eastward of the last repair that staff will be looking to repair soon. The first repair cost \$106,000 and the next repair is likely to be similar estimated at \$125,000. The risk to ŌDC at this point is continued slumping that will require piecemeal repairs. Once the consent is in place a longer term plan can be put in place for the repairs which will be in line with the condition assessments.
- 7.10. Resource Consenting and renewals are significant financial risk to ŌDC as staff try to meet the needs and requirements set by the Resource Management Act. The driver of the costs is around the requirement for technical experts in the various fields to conduct and prepare the various plans, strategies, assessments and ecological testing. It is not possible to have this level of expertise on staff and the needs are specialised and varied.
- 7.11. The other consideration that can drive the costs is that the process can extend over lengthy periods of time and there is little ability for ŌDC to deviate from the process. Managing the costs requires careful consideration not only within the process but the implications of any future conditions placed on ŌDC. To help mitigate these risks all resource consents renewals are monitored directly by the Group Manager Engineering & Assets and legal reviews are incorporated into applications and conditions.

**Item 78** Outstanding Management Letter Points from 2023/24 Annual Report

**To** Risk and Assurance Committee

**From** Brendan O’Callaghan, Manager Finance

**Type** INFORMATION REPORT

**Date** 11 December 2024



## 1. Purpose | Te kaupapa

1.1. To provide an update on the actions, and status of actions, from the 23/24 Annual Report audit.

## 2. Executive summary | Whakarāpopoto matua

2.1. Sixteen 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 and Assurance Committee receive the report titled ‘Outstanding Management Letter Points from 2023/24 Annual Report’ (document number 791276).

## 4. Discussion | He kōrerorero


4.1. As part of the audit of the 30 June 2024 Annual Report, our auditors issue an opinion and raise 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 2024/25 Annual Report audit. Orange items are those that are currently being addressed, and Red items are those where we are not planning to address.

4.3. Overall a total of 16 items were identified by Deloitte. Of these, Council believes that 5 have been addressed, 7 are in the process of being addressed and 4 are not likely to be addressed.

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
 <b>Items completed since last report (subject to Deloitte sign-off)</b>				
<b>Insufficient segregation of duties in payroll processing</b>	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.
<b>Utilisation of asset addition and disposal forms</b>	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.
<b>Lack of conflicts of interest register for staff</b>	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	We acknowledge the finding and are currently investigating the best method to implement this going forward.	We are in the process of trialling an option available through MBIE, and if the trial works then we will look at rolling it out for use by all staff.


Matter	Observation	Recommendation	Ōtorohanga Response	Progress
		manage any potential conflicts that may arise.		
<b>Masterfile changes</b>	<p>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 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>Deloitte recommends that an independent person to the preparer of the exception reports, reviews these reports on a monthly basis. 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>We agree with the recommendation and will look at amending access rights where possible.</p>	<p>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 considering all the implications of making that change.</p>
<b>Metered water</b>	<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>

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
 <b>Items in progress</b>				
<b>Maintenance of the fixed asset register</b>	<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 consist of Assetfinda and RAMM are only recorded into MagiQ at year end. It was also identified that 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>
<b>Policies overdue review</b>	<p>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.</p> <p>The policies are:</p> <ul style="list-style-type: none"> <li>-Code of Conduct Policy, while the draft was accepted in February 2023, no final version has been adopted.</li> <li>- Prevention of Fraud and Corruption Policy, due for review in October 2023.</li> </ul>	<p>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.</p>	<p>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.</p>	<p>The Prevention of Fraud and Corruption Policy will be reviewed and brought to the Committee at the March 2025 meeting.</p>
<b>Review of statement of service performance measure results</b>	<p>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. This</p>	<p>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</p>	<p>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.</p>	<p>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.</p>

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
	<p>includes any reports that flow into the performance measures during the year.</p>	<p>the year. This ensures that 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><b>Sensitive expenditure</b></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"> <li>- An approved expense claim that extended over a 15-month period for over \$7k related to mileage</li> <li>- An expense claim submitted in the financial year related to the 2023 financial year.</li> <li>- Five instances where expenses claims did not follow the correct one-up approval process or were not approved by the appropriate individual.</li> <li>- A single expense for a night’s accommodation in Auckland that</li> </ul>	<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 spend being incurred, it is important that Council ensures that the principles of the sensitive expenditure policy are adhered to.</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>

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
	<p>may have been perceived as excessive.</p>			
<p><b>Fair value assessment – indices used</b></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><b>Lack of segregation of duties</b></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 and review journals. Thus, creating a lack of</p>	<p>We recommend the team member posting the journal is different to the team member who is reviewing the journals to ensure Council maintains an appropriate level of segregation.</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 journals processed. To be able to approve journals you also need</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 invoices.</p>



Matter	Observation	Recommendation	Ōtorohanga Response	Progress
	<p>segregation between the journal creator and the journal approver.</p> <p>Furthermore, within our understanding of 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>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><b>Lack of monitoring on the changes made to the database</b></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> <b>Items that will not be addressed</b></p>				
<p><b>Payments through online banking</b></p>	<p>During our testing of the expenses business cycle controls, it was identified that there was a total of four signatories loaded on the online banking application. These four signatories consisted of</p> <ul style="list-style-type: none"> <li>- Group Manager Business Enablement (Management role)</li> </ul>	<p>It is recommended that, if possible, a rule be loaded on the banking application, requiring that at least one of the two signatories releasing payments should be management. Otherwise, the Council should consider detailing in its policies that</p>	<p>While we understand the recommendation, there is currently no easy way to implement either the signatory requirements or reporting through our current online banking. If this becomes possible in the future then we will look to</p>	<p>No further work being done in this area, unless the online banking changes to allow us to implement any of these recommendations.</p>

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
	<ul style="list-style-type: none"> <li>- Finance Manager (Management role)</li> <li>- Finance Accountant (Non-management role)</li> <li>- Finance Officer (Non-management role)</li> </ul> <p>Any combination of two signatories have the authority to release payments on the banking application. This means that the two non-management role personnel are able to approve and release payments on the banking application, without management’s approval or oversight.</p>	<p>one of these authorised signatories should be that of management.</p> <p>This should also be coupled with extracting an approval report from the online banking system (if available), indicating the signatories on the transaction so a monthly or quarterly review of this report can be performed to ensure that at least one management role personnel was a signatory on each transaction.</p>	<p>implement these recommendations.</p>	
<b>Formalising the process for identifying and managing legislative matters</b>	<p>Council currently does not have a formalised process to identify and manage new or existing legislative requirements. Even through Ōtorohanga District Council is a small entity, it is important for the Council to formalise this process moving forward.</p>	<p>We recommend that a formal process should be put in place to ensure that all new and existing legislation is considered and managed accordingly.</p>	<p>While we understand the recommendation, we believe that current processes in place are sufficient.</p>	<p>Currently information is provided to staff and elected members by Taituarā and LGNZ respectively, and we believe this is sufficient. Taituarā currently send out a Friday email of upcoming legislative changes, which staff keep updated on. We do not believe that putting these informal channels into a formal process policy would be beneficial.</p>
<b>Significant users with access to MagiQ database server</b>	<p>A significant number of MagiQ Third-party users (46 users) have access to the MagiQ AWS server which could enable them to modify the database, impacting the accuracy, reliability, and</p>	<p>MagiQ should limit the users who have permanent access to the database. The list of users who have access to the MagiQ AWS server should be shared with the</p>	<p>While we understand the finding, given the complexity of the MagiQ software, several consultants require access for different modules, as no consultant understands all</p>	<p>No further work is being done here, as we believe that MagiQ is better placed to maintain this access as they see fit.</p>

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
	<p>security of the financial information stored.</p>	<p>Ōtorohanga District Council periodically for visibility.</p> <p>Alternatively, MagiQ could also consider reviewing the activity logs of the users who have access to the MagiQ AWS server periodically. Evidence of the review should be shared with the Ōtorohanga District Council for oversight.</p>	<p>aspects of the software. While we could remove them and get them added as needed, this does add a time factor of getting someone to add the user, which may cause delays with time sensitive issues. Historically, MagiQ had one login for their whole organisation, so we believe that the current model is actually a better control, as we can see which support person makes changes to the database if we have any issues or queries.</p>	
<p><b>Finance personnel with access to modify system configurations</b></p>	<p>Brendan O’Callaghan, a Finance module administrator, has been given access to change system settings.</p>	<p>Management should consider revoking access of any Finance team member who can modify system configurations. This should be restricted to IT personnel to ensure that segregation of duties is maintained.</p>	<p>While we understand the finding, the MagiQ software ties a lot of Finance required actions (ability to backup, roll month, renumbering GL accounts, adjust GL Trees) into the administrator account, as well as the system settings, and there is no way to separate them. These actions rightly sit with the Finance staff rather than IT, so we don’t believe making this change will be beneficial to the organisation.</p>	<p>No further work is being done here, as we do not believe that removing these access rights would be beneficial.</p>

**Item 79** Outstanding Debtors Report

**To** Risk and Assurance Committee

**From** Brendan O’Callaghan, Manager Finance

**Type** **INFORMATION REPORT**

**Date** 11 December 2024



**1. Purpose | Te kaupapa**

1.1. To advise of the value of outstanding rates, water and sundry debtors as at 30 November 2024.

**2. Executive summary | Whakarāpopoto matua**

2.1. Overall debtors at the end of November is \$1.661m compared to \$1.097m at the end of September 2024. Of this balance, the increase relates to current water billing and some recent debtors billing, offsetting deposit received for resource consents.

**3. Staff recommendation | Tūtohutanga a ngā kaimahi**

That the Risk and Assurance Committee receive the report titled ‘Outstanding Debtors Report’ (document number 791282).

**4. Discussion | He kōrerorero**

**Debtors**

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

- Building Consents
- Resource Consents
- Licences
- Trade waste
- Water and Sewerage Connections
- Other Sundry Invoices

4.2. The 90 days balance can include unpaid building consent and development contribution invoices for projects that may be ongoing or on hold.

4.3. Overall debtors to the end of November are at \$448k, compared to \$206k at the end of September 2024.

4.4. Within the >90 days balance is a number of debtors who have payment arrangements for large invoices.

Debtors Report as at 30 November 2024					
	Current Month	Comparison of Previous Report	Comparison of Previous Report	Comparison of Previous Report	Comparison of Previous Report
<b>Aged Analysis report</b>	November	September	May	February	October
Current	\$48,178.61	-\$133,143.26	-\$178,781.14	-\$173,353.00	-\$152,351.00
30 - 60 days	\$62,690.96	\$26,169.64	\$30,649.51	\$237,975.71	\$15,960.00
60 - 90 days	\$34,601.79	\$852.00	\$8,173.19	\$8,442.02	\$15,397.00
>90 days	\$302,096.87	\$315,574.38	\$91,861.91	\$90,629.69	\$401,616.00
Outstanding Debtors Closing Balance	\$447,568.23	\$209,452.76	-\$48,096.53	\$163,694.42	\$280,622.00
<b>Debtors Action Report - Debtors over 90 days with Balance &gt;\$250</b>					
	November	September	May	February	October
With Debt Collection Agency	\$1,100.00	\$0.00	\$2,296.00	\$23,663.00	\$21,283.00
Paying by Arrangement	\$13,267.00	\$19,951.00	\$71,870.86	\$15,572.00	\$342,690.00
Negotiating Payment Arrangement	\$286,110.08	\$16,003.13	\$12,893.77	\$44,535.00	\$34,100.00
Debts in Dispute/ On hold	\$0.00	\$277,229.00	\$0.00	\$0.00	\$0.00
Payments since month end taken off above amounts	\$0.00	\$0.00	\$0.00	\$90.00	\$0.00
<b>Sub-Total</b>	\$300,477.08	\$313,183.13	\$87,060.63	\$83,860.00	\$398,073.00
Various Debtors with Balances <\$250	\$1,619.79	\$2,391.25	\$4,821.28	\$6,769.69	\$3,543.00
<b>Over 90 days Outstanding Total</b>	\$302,096.87	\$315,574.38	\$91,881.91	\$90,629.69	\$401,616.00

**Rates**

- 4.5. 2024/25 rates for the first instalment unpaid as at 30 November 2024 is \$663k. This represents 7.6% 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.
- 4.6. 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, \$151k has been paid since the beginning of this financial year.
- 4.7. Currently 1,605 ratepayers pay their rates by direct debit, representing 30.8% of rateable properties. The number of direct debits has decreased slightly from the previous report, which was 1,608 or 30.9%. This decrease may relate to sales, where the new owner has not set up a direct debit.

Rate Arrears Aged Balance Report as at 30 November 2024							
Year	Total Arrears (01/07/2024)	Rate Arrears Received Year to Date	Total Arrears (30/11/2024)	Total Arrears (30/09/2024)	Total Arrears (31/05/2024)	Total Arrears (29/02/2024)	Total Arrears (31/10/2023)
2023-2024	\$496,211.44	-\$150,787.36	\$345,424.08	\$381,671.44	\$0.00	\$0.00	\$0.00
2022-2023	\$142,665.33	-\$26,025.66	\$116,639.67	\$122,298.35	\$161,222.51	\$191,918.24	\$261,565.41
2021-2022	\$113,194.81	-\$11,231.98	\$101,962.83	\$103,565.06	\$117,586.03	\$134,636.02	\$160,676.99
2020-2021	\$62,197.08	-\$6,473.29	\$55,723.79	\$57,923.79	\$64,016.21	\$69,462.72	\$75,552.55
2019-2020	\$64,279.31	-\$1,004.95	\$63,274.36	\$63,384.36	\$66,257.96	\$68,152.55	\$75,099.25
2018-2019	\$57,393.11	-\$1,344.80	\$56,048.31	\$56,343.31	\$58,544.96	\$58,544.96	\$63,184.68
2017-2018 & Prior	\$0.00	\$0.00	\$0.00	\$0.00	\$34,052.53	\$34,752.53	\$36,863.42
<b>Total</b>	<b>\$935,941.08</b>	<b>-\$196,868.04</b>	<b>\$739,073.04</b>	<b>\$785,186.31</b>	<b>\$501,680.20</b>	<b>\$557,467.02</b>	<b>\$672,942.30</b>

- 4.8. 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 \$46k between September and November.

4.9. Council has commenced rating sale processes through our debt collection agency on previously identified properties. One of these properties has been identified by the debt collectors as being better processed as abandoned land. Some further properties have been identified that are currently being collated for passing onto the debt collection agency to add to the process.

**4.10. Water**

4.11. Current water debtors total \$475k, compared to \$103k in September. This is due to the rural invoicing being processed in late November, which is why the current balance has increased.

4.12. Given the decrease in the greater than 90 day balance, it is reasonable to see a decrease in the various categories of payment. Overall greater than 90 day balances has decreased by 34% from September, which matches the decrease in paying by arrangement.

Water Billing Debtors Report as at 30 November 2024					
	Current Month	Comparison of Previous Report	Comparison of Previous Report	Comparison of Previous Report	Comparison of Previous Report
<b>Aged Analysis report</b>	November	September	May	February	October
Current	\$ 287,277.57	-\$ 70,359.54	-\$ 60,107.17	-\$ 16,270.65	-\$ 48,817.92
30 - 60 days	\$ 1,165.00	\$ 205.00	\$ 690.65	\$ 40.00	\$ 122,973.47
60 - 90 days	\$ 72,493.90	\$ 669.23	\$ 54,318.24	\$ 103,016.62	\$ 190.10
>90 days	\$ 113,621.88	\$ 172,069.48	\$ 79,879.35	\$ 130,316.18	\$ 103,432.21
Outstanding Debtors Closing Balance	\$ 474,558.35	\$ 102,584.17	\$ 74,781.07	\$ 217,102.15	\$ 177,777.86
<b>Debtors Action Report - Debtors over 90 days with Balance &gt;\$250</b>					
	November	September	May	February	October
With Debt Collection Agency	\$ 9,561.00	\$ 6,882.00	\$ 15,445.00	\$ 14,329.00	\$ 4,130.00
Paying by Arrangement - excludes Direct Debits	\$ 71,113.00	\$ 107,315.67	\$ 31,006.00	\$ 74,301.00	\$ 38,261.00
Negotiating Payment Arrangement	\$ 26,705.20	\$ 50,441.00	\$ 25,128.49	\$ 9,411.48	\$ 53,637.21
Debts in Dispute	\$ -	\$ -	\$ -	\$ -	\$ -
Payments since month end taken off above amounts			\$ -	\$ 20,212.70	\$ -
<b>Sub-Total</b>	\$ 107,379.20	\$ 164,638.67	\$ 71,579.49	\$ 118,254.18	\$ 96,028.21
Various Debtors with Balances <\$250	\$ 6,242.68	\$ 7,430.81	\$ 8,299.86	\$ 12,062.00	\$ 7,404.00
<b>Over 90 days Outstanding Total</b>	\$ 113,621.88	\$ 172,069.48	\$ 79,879.35	\$ 130,316.18	\$ 103,432.21

**Item 80** Quarterly risk and legal update

**To** Risk and Assurance Committee

**From** Graham Bunn, Group Manager Business Enablement

**Type** **INFORMATION REPORT**

**Date** 11 December 2024



**1. Purpose | Te kaupapa**

1.1. To update the Committee on the current risk activity and any emerging risks.

**2. Executive summary | Whakarāpopoto matua**

2.1. The purpose of this report is to give an update on:

- a) Strategic Risk Activity
- b) Emerging Risks.

2.2. This report outlines initiatives that in staff’s view provide members of the Committee with confidence that risks are being well managed across the organisation and there is continuous improvement in the management of risk at Council.

2.3. The Committee reviewed and endorsed the top 7 Strategic Risks at their October meeting. The strategic risks had been consolidated from the 11 Strategic Risks adopted in 2023. Council’s Leadership Team subsequently assessed the risk appetite for each of these risks and the Strategic Risks were then adopted by Council in November.

**3. Staff recommendation | Tūtohutanga a ngā kaimahi**

That Ōtorohanga District Council receive the report titled ‘Quarterly Risk and Legal Update’ (document number 791931).

**4. Discussion | He kōrerorero**

4.1. Since the September Risk and Assurance Committee meeting, Councils Leadership Team have discussed our top key risks and any emerging risks. The Leadership Team was aware that we were considerably under-resourced in the Risk Management area and have contracted David Robson from Aon to assist in his capacity as a risk expert. This is a two-year contract for a fixed amount of \$10K per annum.

4.2. The Risk and Assurance Committee have defined a *material risk* as one where, if it occurred, the consequences would imperil the Council’s ability to deliver on its strategy. While the Leadership Team

believe there are no emerging legal risks, there is a financial and reputational risk around the Ōtorohanga Kiwi House.

#### **Ōtorohanga Kiwi House - \$2M Loan**

- 4.3. Members of the Risk and Assurance Committee met with Stephen Hamilton, Horwath HTL in November to discuss emerging risks around the Ōtorohanga Kiwi House. Since Stephen's involvement the previous year, when he prepared an updated Business Plan, the Trust has had difficulty securing funding to complete the redevelopment and they have experienced short-term cashflow issues. The external project management and fundraising support arrangements have also been terminated.
- 4.4. Stephen has been contracted again by Council to work with the ŌKH Trust to consider an alternative way forward. A revised plan ('Plan B') focussing on establishing adequate temporary visitor facilities in the short to medium term is required. Improved Trust leadership and management, including adequate project management is also necessary. The summary report will be addressed to Council prior to the Risk and Assurance meeting in March 2025.
- 4.5. Stephen met with key members of the Trust, OKH CEO and the GM Business Enablement on 2 December. A summary of that meeting from one of the trustees is as follows.

Stephen engaged by Council. Main objectives are:

- a) Get an understanding of the capital works programme which differed from what was approved and any downstream effects of this.
- b) Consider the rationale behind an application to Council for bridging finance for Animal Nutrition Centre until IRG funding received.
- c) Discuss the options to increase visitor numbers, enhance visitor experience, and increase the value of the experience based on the stage they are at now.
- d) Get a sense of what they consider is the appropriate future improvements to the front of house to take increased visitor numbers, the cost and timeline.
- e) Get a sense of the capacity within Trustees and Management to complete the works within budget, on time to move the business forward.

- 4.6. The Horwath HTL report will be a revised version of the earlier report showing financials representing approximately 90,000 visitors per year. By the time the report is prepared early next year, staff hope to have a plan in place that will minimise the risk to Council. This will form the basis of a report to the Risk and Assurance Committee in March with a more detailed Risk assessment undertaken, including reputational risk as well as financial risk.



**Public excluded**

**Take matatapu**

There are no reports.

**Meeting closure**

**Katinga o te hui**

The Chairperson will declare the meeting closed.

**Workshops**

**Hui awheawhe**

Refer to page 3 for further information.