AUDIT AND RISK COMMITTEE

AGENDA

Meeting to be held

FRIDAY 16 AUGUST 2019
8.30AM

In the Manawatū District Council Chambers,
135 Manchester Street, Feilding

Dr Richard Templer
Chief Executive
MEMBERSHIP

Chairperson
Councillor Stuart Campbell

Deputy Chairperson
Councillor Barbara Cameron

Members
Her Worship the Mayor, Helen Worboys
Councillor Barbara Cameron
Councillor Stuart Campbell
Councillor Hilary Humphrey
Councillor Phil Marsh
Councillor Howard Voss

External Member – John Fowke
ORDER OF BUSINESS

1. MEETING OPENING

2. APOLOGIES

3. CONFIRMATION OF MINUTES

Draft resolution
That the minutes of the Audit and Risk Committee meeting held 17 May 2019 be adopted as a true and correct record.

4. DECLARATIONS OF INTEREST

Notification from elected members of:

4.1 Any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting; and

4.2 Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members’ Interests) Act 1968

5. NOTIFICATION OF LATE ITEMS

Where an item is not on the agenda for a meeting, that item may be dealt with at that meeting if:

5.1 The Council by resolution so decides; and

5.2 The Chairperson explains at the meeting at a time when it is open to the public the reason why the item is not on the agenda, and the reason why the discussion of the item cannot be delayed until a subsequent meeting.

6. PRESENTATIONS

There are no presentations scheduled for this meeting.

7. OFFICER REPORTS

7.1 HEALTH AND SAFETY STRATEGY
Report of the General Manager – People and Culture dated 07 August 2019

7.2 NZ TRANSPORT AGENCY INVESTMENT AUDIT REPORT
Report of the General Manager – Infrastructure dated 09 August 2019

7.3 INTERNAL AUDIT PROGRAMME 2019/20
Report of the General Manager – Corporate and Regulatory dated 13 August 2019
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
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<tbody>
<tr>
<td>7.4</td>
<td>INTERNAL AUDIT REPORT PROCUREMENT – PART 2</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>Report of the General Manager – Corporate and Regulatory dated 05 August 2019</td>
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<tr>
<td>7.5</td>
<td>INTERIM MANAGEMENT REPORT FROM AUDIT NEW ZEALAND</td>
<td>67</td>
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<td></td>
<td>Report of the General Manager – Corporate and Regulatory dated 13 August 2019</td>
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<td>7.6</td>
<td>FOURTH QUARTER REPORT TO 30 JUNE 2019</td>
<td>91</td>
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<td>Report of the General Manager – Corporate and Regulatory dated 29 July 2019</td>
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<tr>
<td>8.</td>
<td>CONSIDERATION OF LATE ITEMS</td>
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<td>9.</td>
<td>NOTIFICATION OF ITEMS FOR NEXT MEETING</td>
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<tr>
<td>10.</td>
<td>MEETING CLOSURE</td>
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</table>
Minutes of a meeting of the Audit and Risk Committee held on Friday 17 May 2019, commencing at 8.30am in the Manawatū District Council Chambers, 135 Manchester Street, Feilding.

PRESENT:  
Cr Stuart Campbell (Chairperson)  
Cr Howard Voss  
Cr Barbara Cameron  
Mr John Fowke  
Mayor Helen Worboys

APOLOGIES:  
Cr Phil Marsh  
Cr Hilary Humphrey

IN ATTENDANCE:  
Cr Michael Ford  
Cr Alison Short  
Richard Templer (Chief Executive)  
Shayne Harris (General Manager – Corporate and Regulatory)  
Hamish Waugh (General Manager – Infrastructure)  
Frances Smorti (General Manager – People and Culture)  
Brent Limmer (General Manager – Community and Strategy)  
Paul Stein (Communications Manager)  
Colleen Morris (Chief Financial Officer)  
Nichole Ganley (Governance Support Officer)  
Mat Bayliss (Community Facilities Manager)

ARC 19/153  MEETING OPENING

The Chairperson declared the meeting open.

ARC 19/154  APOLOGIES

RESOLVED

That the apologies from Councillor Hilary Humphrey and Councillor Phil Marsh be accepted

Moved by: Councillor Howard Voss  
Seconded by: John Fowke  
CARRIED

ARC 19/155  CONFIRMATION OF MINUTES

RESOLVED

That the minutes of the Audit and Risk Committee meeting held 15 February 2019 be adopted as a true and correct record.

Moved by: Councillor Howard Voss  
Seconded by: Her Worship the Mayor Helen Worboys
CARRIED

ARC 19/156 DECLARATIONS OF INTEREST

There were no declarations of conflicts

ARC 19/157 NOTIFICATION OF LATE ITEMS

There were no items of late business notified.

ARC 19/158 PRESENTATION

There were no presentations scheduled for this meeting.

ARC 19/159 EMPLOYEE ENGAGEMENT SURVEY


RESOLVED

That the Audit and Risk Committee receives the results of the 2019 Employee Engagement Survey.

Moved by: Her Worship the Mayor Helen Worboys
Seconded by: Councillor Barbara Cameron

CARRIED

ARC 19/160 THIRD QUARTER REPORT TO 31 MARCH 2019


RECOMMENDED

That the Council receives the Third Quarter Report and the Capital Expenditure Report for the period ended 31 March 2019.

Moved by: Her Worship the Mayor Helen Worboys
Seconded by: John Fowke

CARRIED
ARC 19/161 UPDATE ON INTERNAL AUDIT

General Manager – Corporate and Regulatory gave a verbal update on the progress of Internal Audit. The procurement audit is underway and will be available at the next meeting, as well as recommendations for next year’s audit programme.

RESOLVED

That the Audit and Risk Committee receives the verbal update from General Manager – Corporate and Regulatory on the progress of Internal Audit.

Moved by: Councillor Stuart Campbell
Seconded by: John Fowke
CARRIED

ARC 19/162 CONSIDERATION OF LATE ITEMS

There were no late items for consideration.

ARC 19/163 NOTIFICATION OF ITEMS FOR NEXT MEETING

- Health and Safety Strategy

ARC 19/164 MEETING CLOSURE

The meeting closed at 9.38am

Approved and adopted as a true and correct record:
Health and Safety Strategy

Purpose

The purpose of this report is to present the draft Health and Safety Strategy for consideration and endorsement by the Audit and Risk Committee.

Significance of Decision

The Council’s Significance and Engagement policy is not triggered by matters discussed in this report.

Recommendations

That the Audit and Risk Committee endorses the 2019-2022 Health and Safety Strategy.

Report prepared by:
Frances Smorti
General Manager - People and Culture

Approved for submission by:
Richard Templer
Chief Executive

1 Contribution to the Council Vision and Council Outcomes

1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

<table>
<thead>
<tr>
<th>Connected, vibrant and thriving Manawatū District – the best lifestyle in New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manawatū District protects the natural environment through stewardship of the District’s natural and physical resources.</td>
</tr>
</tbody>
</table>
2 Background

2.1 In December 2018 the Manawatū District Council undertook a SafePlus audit, the results of which were reported to this Committee in February 2019.

2.2 In summary, MDC achieved the “performing” rating for 5 of the 10 categories of the assessment. The assessors were impressed with the calibre of Council staff with whom they met and the strong health and safety culture within the organisation, but identified the lack of a formal strategy as an area for improvement.

3 Discussion and Options considered

3.1 The Health and Safety Committee has worked through the feedback and recommendations from the SafePlus audit along with our own observations and have created the draft 2019-2022 Health and Safety Strategy in response.

3.2 The strategy articulates the work plans and projects that will achieve a step improvement in the management of health and safety within MDC. It sets out our philosophies and values in relation to health and safety.

3.3 The strategy also sets out a significantly more comprehensive approach to the due diligence requirements of the Health and Safety at Work Act (2015). This approach involves a greater focus from the Audit and Risk Committee on health and safety matters.

3.4 The draft strategy has been contributed to by our Health and Safety Representatives, all team leaders and managers, and the Executive Team. It has also been peer reviewed by an independent health and safety consultant, who made several minor suggestions but commented:

*The strategic plan provides the key information in a very concise, engaging format. It provides the right amount of detail while pointing to where additional information can be found. It provides an engaging read for people who are not health and safety ‘experts’ and gives them a clear, jargon-free commentary of MDC’s road map to greater excellence in health and safety.*

4 Operational Implications

4.1 All planned activities within the strategy can be actioned within existing resources.

5 Financial implications

5.1 All planned activities can be actioned within existing budgets.

6 Statutory Requirements

6.1 The Council must meet the requirements of the Health and Safety at Work Act (2015) and all associated regulations.
7 Delegations

7.1 The Audit and Risk Committee has responsibility to ensure the appropriateness of the risk management and systems of internal controls, including those related to Health and Safety.

8 Consultation

8.1 There are no consultation requirements associated with this report.

9 Cultural Considerations

9.1 While no external iwi consultation is necessary, there are cultural considerations in relation to health and safety. Health and Safety staff work closely with the Principal Advisor – Māori wherever appropriate.

10 Conclusion

10.1 This strategy articulates an ambitious but appropriate health and safety work programme for the coming triennium. It will achieve a step change in the management of health and safety for our organisation.

11 Attachments

Work safe, home happy
Marutau ki te mahi, manahau ki te kāinga

Health and Safety Strategy
Oct 2019 – Oct 2022
He aha te mea nui o te ao?
He tāngata, he tāngata, he tāngata.

What’s the most important thing in the world?
The people, the people, the people.
Vision

The Manawatū District Council health and safety vision is:

Work safe, home happy.

Marutau ki te mahi, manahau ki te kāinga.

Developed by our Health and Safety Representatives (HSRs) in 2018 with input from all staff, this vision expresses our rounded view of health and safety, encompassing mental and spiritual health alongside our physical safety and wellbeing, at work and at home.
Introduction

The health and safety of the people here at MDC and those we interact with is my number one priority. And I mean that literally – it’s the first performance objective in my annual KPIs.

I want our Council to be a place where people want to come to work, feel safe doing so, and are happy to raise concerns and put forward their ideas.

I am pleased to endorse this health and safety strategy. It reflects the progress we have made to date and sets out our future plans and ambitions.

The Executive Team are committed to the continuous improvement of our health and safety and are pleased to work alongside our enthusiastic H&S Committee, the People and Culture team and all the staff and managers of the organisation.

Richard Templer
Chief Executive

Providing infrastructure and an environment that are safe and resilient is one of Council’s core functions. Our vision is for the Manawatū District to be connected, vibrant and thriving – and a key part of this is our community and staff feeling safe and healthy in the spaces our Council provides.

As elected members, we play an important governance role overseeing health and safety at MDC, in particular via our Audit and Risk Committee.

This strategy sets out how we will meet our due diligence requirements. It describes how we will make sure that elected members are well equipped to contribute, that we understand the risks and controls in place, and that we check processes are being used effectively.

Helen Worboys
Mayor

Health and Safety Performance Objective

All employees at Council have the following as part of their annual performance objectives:

Contribute to MDC being a safe and healthy workplace for all our staff and visitors:

- Take care of your own health and safety and don’t cause harm to others
- Follow MDC’s health and safety instructions, policies and procedures

HSRs and staff with technical health and safety responsibilities have additional health and safety related objectives.
Values

We care about the health and safety of our people. Our people look out for each other and those we work with – our partners, suppliers, contractors and members of the community. We have a family-friendly attitude in everything we do. We provide appropriate resources and equipment, and we have an approach of compassion and empathy.

Our leadership take health and safety seriously and we continually work to improve our health and safety systems and processes. Our H&S leaders including our HSRs are approachable, reliable and maintain confidentiality. We provide ongoing health and safety training and development to all staff and we engage expert independent advice where appropriate.

We proactively support our people to develop their wellbeing. We provide practical support (such as flu vaccinations, Vitae counselling and generous sick leave provisions) and we regularly run health initiatives to encourage our people to focus on their physical and mental health. Our HSRs actively support their workgroups, helping them navigate processes, find information and share ideas.

We are not the fun police. We take a light tone in our communications and we work alongside our colleagues rather than dictate to them. We take our work seriously but not ourselves, and we use humour and laughter to build bridges and engage people. We celebrate our health and safety successes, we balance work and home life, and we face challenges with optimism.
**Context**

Health and safety in New Zealand is governed by the Health and Safety at Work Act (2015) and associated regulations, including the Health and Safety at Work (General Risk and Workplace Management) Regulations 2016.

New Zealand suffers from a poor health and safety record when compared with similar countries, with our “she’ll be right” attitude leading to risk-taking and short-cuts that don’t always end well.

WorkSafe (Mahi Haumaru Aotearoa) is the Crown agency established by the government in response to the Pike River mine tragedy in 2010, where 29 New Zealanders lost their lives due to woefully inadequate workplace health and safety.

WorkSafe, tasked with lifting New Zealand’s health and safety performance, created SafePlus in 2017. This performance framework sets out ten factors under three performance areas: Leadership, Worker Engagement and Risk Management.

Councils provide a unique challenge in managing health and safety, due to the breadth of activities the organisation both undertakes itself and is responsible for overseeing via contractors and volunteers. This diversity means that often there is not a one-size-fits-all solution; health and safety processes must be flexible and responsive to the needs of the particular team.
We are also mindful of the government’s Health and Safety At Work Strategy 2018-28, which sets out New Zealand’s core principles regarding health and safety.

In particular this strategy puts workers at the heart of system and outlines two key goals:

- **Focusing on what will make the biggest impact to reduce harm**
  - Work-related health, including mental health
  - Businesses with greater need: sectors with highest harm and small businesses
  - Workers with greater need: Māori and other workers at greatest risk

- **Building everyone’s capability to do this well**
  - Encourage leaders at all levels to integrate health and safety
  - Enable workers to be represented, engaged and to participate
  - Lift capability of health and safety practitioners
  - Develop and share better data and insights to improve decision making
Goals and Indicators

These health and safety goals and indicators have been developed by our HSRs in conjunction with senior leadership and governance. They are designed to move us towards our health and safety vision, to be in line with our values and to address our areas for improvement both from our own observations and those identified in the SafePlus audit. Our plan for delivery is set out in Appendix 1: Strategic Activity Plan.

2019-22 Health and Safety Goals:

1. Improve risk management processes
2. Improve contractor management processes
3. Create a mental health framework
4. Create a H&S recognition process
5. Establish remote worker policy and practices
6. Establish a PPE register and process
7. Establish a training/competency matrix and process
8. Establish a health monitoring process
9. Build on the new H&S system
10. Improve communication with Rangitikei District Council shared service staff

2019-20 Lead and lag indicators:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Type</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of notifiable incidents</td>
<td>Lag</td>
<td>0</td>
</tr>
<tr>
<td>Percentage of health and safety inductions complete for new people</td>
<td>Lead</td>
<td>100%</td>
</tr>
<tr>
<td>Percentage of teams who have undertaken a risk review during 2019-20</td>
<td>Lead</td>
<td>100%</td>
</tr>
<tr>
<td>Percentage of active contractors pre-qualified</td>
<td>Lead</td>
<td>100%</td>
</tr>
<tr>
<td>Employee health and safety engagement score</td>
<td>Lead</td>
<td>80%+</td>
</tr>
</tbody>
</table>

We intend to update these indicators on an annual basis in line with the Chief Executive’s performance agreement.

We will be successful when:

- Health and safety is everyone’s business as usual
- Our people are engaged and take personal responsibility
- Our people are competent to identify hazards and control risks
- We accept that errors can occur and always learn to prevent reoccurrences
- Our systems and tools support our continuous improvement
- Our contractors, suppliers and stakeholders work with us in a collaborative and cooperative manner
Measuring Progress

Progress against the following measures will be reported quarterly to the Health and Safety Committee, Executive Team, and Audit and Risk Committee:

- Lead and lag indicators (page 8)
- Progress towards or achievement of actions set out in the Strategy Activity Plan (pages 14-16)
- Due Diligence Plan (pages 18-20)

Communication

We encourage all staff to proactively raise their health and safety ideas and concerns, whether informally with their manager, colleagues or HSR or formally using our H&S processes.

Our planned outward communication in addition to activities mentioned elsewhere in this strategy include:

- An article related to health and safety in each fortnightly staff newsletter (rotated amongst the HSRs)
- An email update to team leaders and managers following each H&S Committee meeting of key decisions and information
- Topical health and safety related posters available for display
- Regular Jarvis (intranet) banners and announcements supporting wellbeing initiatives.
Leadership and Due Diligence

Under the Health and Safety at Work Act (2015), those in senior governance roles and those with the ability to exercise significant influence over the management of the business must exercise due diligence to ensure the Council complies with our duties.

Elected members of the Council are officers under the Act and while they are exempted from committing an offence for failure to comply with the due diligence requirements, good governance practice requires them to meet the requirements nonetheless.

The Chief Executive is by definition an officer and the senior leadership team should also demonstrate the due diligence requirements.

Due diligence is defined in section 44(4) of the Act as taking reasonable steps to:

- acquire and update knowledge of health and safety matters
- gain an understanding of the operations carried out by the organisation and the hazards and risks generally associated with those operations
- ensure the Council has, and uses, appropriate resources and processes to eliminate or minimise those risks
- ensure the Council has appropriate processes for receiving and considering information about incidents, hazards and risks and for responding to that information in a timely way
- ensure there are processes for complying with any duty and that these are implemented
- verify that these resources and processes are in place and being used.

In the 2019-22 governance term, all elected members will receive training on health and safety and their due diligence requirements as part of the incoming council induction.

The Audit and Risk Committee takes lead responsibility for health and safety governance. One elected member from that committee will be appointed the governance health and safety champion for the 2019-22 term. This elected member will work with the General Manager – People and Culture to refresh and update the Health and Safety Strategy, before it is endorsed by the Committee and Council.

The appendices of this strategy include:

- Governance Health and Safety Charter (Appendix 2)
- Due Diligence Plan (Appendix 3)

“\textit{The Chief Executive and Executive Leadership Team are committed to health and safety and show genuine care for workers. They apply governance principles including understanding the hazards and risks workers face, staying up to date on health and safety matters and monitoring hazards and risks.}”

\textit{SafePlus report, Dec 2018}
Worker Participation

Worker participation in health and safety is governed by the Health and Safety At Work (Worker Engagement, Participation and Representation) Regulations 2016.

MDC currently has 11 HSRs who look after more than 200 staff, contractors and volunteers.

Formal elections were last held in December 2016, and will be re-held at the close of the 3-year term, in December 2019.

The HSRs also make up our enthusiastic and proactive Health and Safety Committee. This group meets monthly to review progress against health and safety goals, discuss incidents and accidents that have occurred, propose ideas and raise concerns. Our union, the PSA, is also represented within this group, and all major H&S policies, documents and changes are discussed with the union.

Our HSRs are also responsible for the H&S induction of new staff into their workgroups.

Workgroups as at August 2019:

- Makino Aquatic Centre (2 HSRs)
- Reticulation Team
- Treatment Team
- Information Management, Community & Strategy (general & management), Chief Executive
- Infrastructure Support & Management, Utilities
- Roading, Finance
- Animal Control, Building Services, Native Plant Nursery
- Planning, Parks & Property, Compliance & Enforcement
- Library, IT
- Customer Contact Centre, Regulatory Support, Governance, People & Culture, Mayor’s Office

Full details of the HSR role is provided in Appendix 4: Health and Safety Representative Role Overview.

“[MDC has] an environment that encourages people to report and discuss issues...

There is a no-blame culture and discussions are solution-focused.”

SafePlus report, Dec 2018
Health and Safety System

The MDC health and safety system launched in May 2019. It aims to make it easy for people to find the information they need and carry out the various health and safety processes, such as reporting an incident or identifying a new risk.

The system is modular and is designed so that over time we can add automated processes within each module. For example we are looking forward to the addition of an automated risk management process, which will track progress against specified actions and provide an audit trail of what was done and when.

Policies

Our policies provide an important framework for how we manage health and safety here at MDC. Our H&S related policies include:

- Health and Safety Policy (provided in Appendix 5)
- Aggressive and Threatening Situations Policy
- Drug and Alcohol Policy
- Eye Care Policy
- Harassment and Bullying in the Workplace Policy
- Incapacitation Policy
- Leave Policy
- Stress Management Policy
- Vehicle Policy
Continuous Improvement

We undertook our first SafePlus assessment in December 2018. While we came out with an overall maturity rating of “developing” we were pleased to score at the “performing” level for five of the ten factors:

This strategy is designed in part to address the areas identified by the assessment as needing improvement.

Following the advice of the report, we intend to undergo an independent reassessment after two years, in December 2020.
## Appendices

### Appendix 1: Strategic Activity Plan

#### Goal 1: Improve risk management processes

<table>
<thead>
<tr>
<th>Objective</th>
<th>Activity</th>
<th>When</th>
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</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Build Jarvis automated risk workflow</td>
<td>2019-20</td>
</tr>
<tr>
<td>1.2</td>
<td>Facilitate teams to revisit risk register</td>
<td>2020-21</td>
</tr>
<tr>
<td>1.3</td>
<td>Train all staff in risk assessment process (eg bow tie method)</td>
<td>2021-22</td>
</tr>
<tr>
<td>1.4</td>
<td>Build Jarvis risk register</td>
<td>2019-20</td>
</tr>
<tr>
<td>1.5</td>
<td>Design process for regular monitoring of controls</td>
<td>2020-21</td>
</tr>
<tr>
<td>1.6</td>
<td>Design mobile risk identification process, specific to each activity (involve each team in design)</td>
<td>2021-22</td>
</tr>
<tr>
<td>1.7</td>
<td>Review risk management process from various demographic lenses: age, ethnicity, gender</td>
<td>2021-22</td>
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#### Goal 2: Improve contractor management processes

<table>
<thead>
<tr>
<th>Objective</th>
<th>Activity</th>
<th>When</th>
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</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Complete pre-qualification of all in-use contractors</td>
<td>2019-20</td>
</tr>
<tr>
<td>2.2</td>
<td>Review H&amp;S training for staff overseeing contractors; provide additional training if appropriate</td>
<td>2020-21</td>
</tr>
<tr>
<td>2.3</td>
<td>Design or select a contractor platform</td>
<td>2021-22</td>
</tr>
<tr>
<td>2.4</td>
<td>Design a mobile tool for inducting and regular auditing of contractors</td>
<td>2021-22</td>
</tr>
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#### Goal 3: Create a mental health framework

<table>
<thead>
<tr>
<th>Objective</th>
<th>Activity</th>
<th>When</th>
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</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Add mental health training for staff to the regular MDC Academy programme</td>
<td>✓</td>
</tr>
<tr>
<td>3.2</td>
<td>Rewrite “Stress Management Policy” into a mental health policy</td>
<td>2021-22</td>
</tr>
</tbody>
</table>
Goal 4: Create a H&S recognition process

<table>
<thead>
<tr>
<th>Objective</th>
<th>Activity</th>
<th>When</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Trial H&amp;S recognition awards from the H&amp;S committee</td>
<td>✓</td>
</tr>
<tr>
<td>4.2</td>
<td>Continue or adapt process based on feedback from staff and HSRs</td>
<td></td>
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</tbody>
</table>

Goal 5: Establish remote worker policy and practices

<table>
<thead>
<tr>
<th>Objective</th>
<th>Activity</th>
<th>When</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>Trial inReach (or similar) device</td>
<td></td>
</tr>
<tr>
<td>5.2</td>
<td>Write remote worker policy</td>
<td></td>
</tr>
<tr>
<td>5.3</td>
<td>Review need for lone workers</td>
<td></td>
</tr>
<tr>
<td>5.4</td>
<td>Establish appropriate remote worker practices for those teams with remote workers</td>
<td></td>
</tr>
<tr>
<td>5.5</td>
<td>Review how practices are working and adapt if appropriate</td>
<td></td>
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</table>

Goal 6: Establish a PPE register and process

<table>
<thead>
<tr>
<th>Objective</th>
<th>Activity</th>
<th>When</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Capture the current state of all PPE</td>
<td></td>
</tr>
<tr>
<td>6.2</td>
<td>Create matrix for PPE needed for every role in Council</td>
<td></td>
</tr>
<tr>
<td>6.3</td>
<td>Create process within Jarvis for reviewing state of PPE, ordering new PPE etc</td>
<td></td>
</tr>
<tr>
<td>6.4</td>
<td>Review how practices are working and adapt if appropriate</td>
<td></td>
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</tbody>
</table>

Goal 7: Establish a training/competency matrix and process

<table>
<thead>
<tr>
<th>Objective</th>
<th>Activity</th>
<th>When</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>Capture the H&amp;S training/competency needed for every role in Council</td>
<td></td>
</tr>
<tr>
<td>7.2</td>
<td>Design process for regular review of critical competencies for every role</td>
<td></td>
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</tbody>
</table>
### Goal 8: Establish a health monitoring process

<table>
<thead>
<tr>
<th>Objective</th>
<th>Activity</th>
<th>When</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1</td>
<td>Capture the health monitoring needed for every role in Council (for example vaccinations, hearing checks, lung function testing)</td>
<td>2019-20 - 2021</td>
</tr>
<tr>
<td>8.2</td>
<td>Design process for regular monitoring of health for every role</td>
<td></td>
</tr>
</tbody>
</table>

### Goal 9: Build on the new H&S system

<table>
<thead>
<tr>
<th>Objective</th>
<th>Activity</th>
<th>When</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1</td>
<td>Run survey asking staff for feedback on the system</td>
<td>2019-20 - 2021</td>
</tr>
<tr>
<td>9.2</td>
<td>Add videos for various elements</td>
<td>2019-20 - 2021</td>
</tr>
<tr>
<td>9.3</td>
<td>Create system for regular review and update of the sections</td>
<td>2019-20 - 2021</td>
</tr>
<tr>
<td>9.4</td>
<td>Work with Jarvis team to establish programme of automating various elements</td>
<td>2019-20 - 2021</td>
</tr>
</tbody>
</table>

### Goal 10: Improve H&S communication with Rangitikei District Council shared service staff

<table>
<thead>
<tr>
<th>Objective</th>
<th>Activity</th>
<th>When</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Ask RDC staff what would work for them</td>
<td>2019-20 - 2021</td>
</tr>
<tr>
<td>10.2</td>
<td>Make it happen</td>
<td>2019-20 - 2021</td>
</tr>
<tr>
<td>10.3</td>
<td>Review progress, adapt if necessary</td>
<td>2019-20 - 2021</td>
</tr>
<tr>
<td>10.4</td>
<td>Review communication with other Councils</td>
<td>2019-20 - 2021</td>
</tr>
</tbody>
</table>
Appendix 2: Governance Health and Safety Charter

Vision

1.1. Manawatū District Council’s health and safety vision is “Work safe, home happy – Marutau ki te mahi, manahau ki te kāinga”. This means that every person who comes to work at or with the Council goes home each day safe, healthy and happy.

2. Purpose

2.1. Elected members have a governance role in providing leadership and oversight on all matters relating to health and safety.

2.2. Elected members are committed to ensuring the Council complies with its health and safety duties arising out of its operations.

2.3. Elected members are committed to supporting management in implementing and maintaining a health and safety management system that meets good practice standards.

2.4. This charter sets out the responsibilities of elected members in relation to health and safety.

3. Responsibilities

3.1. Each elected member will exercise due diligence to ensure the Council complies with its health and safety duties under relevant health and safety legislation. Each elected member will take all reasonably practicable steps to:

3.1.1. acquire and update their knowledge of health and safety matters

3.1.2. gain an understanding of the operations carried out by the organisation, and the hazards and risks associated with those operations

3.1.3. ensure Council has, and uses, appropriate resources and processes to eliminate or minimise those risks

3.1.4. ensure Council has appropriate processes for receiving and considering information about incidents, hazards and risks, and for responding to that information in a timely way

3.1.5. ensure there are processes for complying with health and safety duties under relevant legislation and regulations, and that these are implemented

3.1.6. verify these resources and processes are in place and being used.

4. Review of charter

4.1. The objectives and responsibilities set out in this charter will be reviewed at least every three years to ensure it adequately sets out elected member’s governance role in health and safety and the Council’s commitment to a safe, healthy and happy workplace.

____________________________________   ____________________
[Elected member name]     Date
Appendix 3: Due Diligence Plan

This Due Diligence Plan was prepared in accordance with the Health and Safety Guide: Good Governance for Directors (March 2016). Rather than aim to meet the recommendations of that Guide in their entirety, this plan aims to achieve a significant improvement in due diligence.

A key part of this plan is the “Deep dive H&S exploration” sessions. The intent of these sessions is for the key staff, managers and HSR responsible for each area to present to the Audit and Risk Committee the nature of their operations, the hazards and risks associated with those operations, and their health and safety approach and processes to eliminate or minimise those risks. Where appropriate, a site visit will be scheduled as part of this process.

<table>
<thead>
<tr>
<th>Scheduled activities</th>
<th>Who</th>
<th>Due diligence element</th>
<th>When</th>
</tr>
</thead>
<tbody>
<tr>
<td>H&amp;S Briefing for new Council induction</td>
<td>All elected members, Chief Executive</td>
<td>Policy &amp; Planning</td>
<td>Nov/Dec 2019</td>
</tr>
<tr>
<td></td>
<td>and Executive Team</td>
<td>Delivery</td>
<td></td>
</tr>
<tr>
<td>H&amp;S Governance training for Audit and Risk Committee</td>
<td>Audit &amp; Risk elected members, Chief</td>
<td>Policy &amp; Planning</td>
<td>Feb 2020</td>
</tr>
<tr>
<td></td>
<td>Executive and Executive Team</td>
<td>Delivery</td>
<td></td>
</tr>
<tr>
<td>Appoint Governance H&amp;S Champion</td>
<td>Audit and Risk Committee</td>
<td>Policy &amp; Planning</td>
<td>Feb 2020</td>
</tr>
<tr>
<td>Institute of Directors Advanced H&amp;S Governance training</td>
<td>H&amp;S Champion, GM – People &amp; Culture</td>
<td>Policy &amp; Planning</td>
<td>Mar/Apr 2020</td>
</tr>
<tr>
<td>Review H&amp;S charter, strategy, reporting and policy</td>
<td>H&amp;S Champion, GM – People &amp; Culture</td>
<td>Policy &amp; Planning</td>
<td>Mar-May 2020</td>
</tr>
<tr>
<td>Endorse H&amp;S charter and strategy</td>
<td>Audit and Risk Committee, Council</td>
<td>Policy &amp; Planning</td>
<td>May 2020</td>
</tr>
<tr>
<td>Deep dive H&amp;S exploration sessions: MAC, Library</td>
<td>Audit and Risk Committee, Chief Executive and Executive Team</td>
<td>Policy &amp; Planning</td>
<td>Aug 2020</td>
</tr>
<tr>
<td>Sessions: Parks and Property, Native Plant Nursery</td>
<td>Audit and Risk Committee Chief Executive and Executive Team</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>SafePlus Assessment</td>
<td>Whole organisation</td>
<td></td>
<td>•</td>
</tr>
<tr>
<td>SafePlus report to A&amp;R</td>
<td>Audit and Risk Committee Chief Executive and Executive Team</td>
<td>•</td>
<td></td>
</tr>
<tr>
<td>Review H&amp;S charter, strategy, reporting and policy following SafePlus feedback</td>
<td>H&amp;S Champion GM – People &amp; Culture</td>
<td>•</td>
<td></td>
</tr>
<tr>
<td>Session: Roading</td>
<td>Audit and Risk Committee Chief Executive and Executive Team</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>Sessions: Operations Treatment &amp; Reticulation</td>
<td>Audit and Risk Committee Chief Executive and Executive Team</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>Sessions: Customer Contact &amp; Animal Control</td>
<td>Audit and Risk Committee Chief Executive and Executive Team</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>Session: Utilities</td>
<td>Audit and Risk Committee Chief Executive and Executive Team</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>Sessions: Consents, Compliance &amp; Monitoring, Building Services</td>
<td>Audit and Risk Committee Chief Executive and Executive Team</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>Sessions: Internal office-based teams</td>
<td>Audit and Risk Committee Chief Executive and Executive Team</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>Review H&amp;S term, prepare new strategy for 2022-25 term</td>
<td>H&amp;S Champion GM – People &amp; Culture</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>Regular activities</td>
<td>Due diligence element</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>----------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>What</strong></td>
<td><strong>Who</strong></td>
<td><strong>Policy &amp; Planning</strong></td>
<td><strong>Delivery</strong></td>
</tr>
<tr>
<td>Quarterly H&amp;S Report</td>
<td>Audit and Risk Committee Chief Executive and Executive Team</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full report to Audit and Risk Committee of serious/notifiable incidents or accidents</td>
<td>Audit and Risk Committee Chief Executive and Executive Team</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weekly discussion of H&amp;S incidents and matters</td>
<td>Chief Executive and Executive Team</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review of monthly H&amp;S Committee minutes</td>
<td>Chief Executive and Executive Team</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attend H&amp;S Committee meetings</td>
<td>GM – People &amp; Culture GM – Infrastructure Chief Executive GM – Corporate &amp; Regulatory GM – Community &amp; Strategy</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discuss H&amp;S matters in own departments</td>
<td>GMs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide updates/training on H&amp;S matters</td>
<td>As appropriate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 4: Health and Safety Representative Role Overview

INTRODUCTION:
Health and Safety is all about making sure we all go home to our loved ones at the end of each day safe and healthy. Our vision for health and safety here at MDC is Work safe, home happy; Marutau ki te mahi, manahau ki te kāinga. Our Health and Safety Representatives (HSRs) play an important role in making this a reality for us and we appreciate their enthusiasm, experience and wisdom making our workplace a health and safe place to be.

DEFINITION OF A HEALTH AND SAFETY REPRESENTATIVE:
Under the Health and Safety at Work Act 2015 (HSWA), a Health and Safety Representative is defined as a worker who has been formally elected by members of their work group to represent them on health and safety matters.

OVERVIEW OF ROLE:
- Represent the staff of your work group on health and safety matters. At a practical level this means:
  o Understanding the nature of the operations within your workgroup
  o Making regular contact with members of your workgroup, asking about ideas or concerns, and communicating back to the workgroup after the Committee meetings
  o Helping staff to report incidents or near misses
  o Supporting or contributing to investigations within the workgroup
  o Participating in audits taking place within the workgroup
- Be an active member of MDC’s Health and Safety Committee
- Make recommendations on health and safety
- Monitor health and safety measures taken by the organisation
- Induct new staff into your workgroup
- Carry out the functions and appropriately use the powers given to HSRs by the HSWA (details of which are set out below)

TIME COMMITMENT:
- Two hours for the Health and Safety Committee each month
- Approximately two hours of additional health and safety work each month (including gathering input from staff before the Committee meeting and sharing updates after the meeting)
- Up to two days training per year
- Additional time may be required for serious accident/incident investigations or if we undertake health and safety audits. In this case we will communicate the additional requirements to the HSR and their manager.
THE TERM:
The term of office for a Health and Safety Representative is three years, unless you resign (either from the organisation or from your HSR role), change workgroup, or are removed from your HSR role.

ABOUT YOU:
To be a successful Health and Safety Representative you’ll need the following:
- An interest in your colleagues’ health, safety and wellbeing
- A desire to learn more about health and safety in the New Zealand workplace, under the HSWA
- A positive and proactive attitude
- The confidence to represent your workgroup, including bringing the health and safety issues from your workgroup to the Committee, and communicating the decisions, updates and actions of the Committee back to the workgroup.

You don’t need to have any prior experience or training in health and safety matters. We’ll make sure you’re equipped with all the right training, support and guidance.

FUNCTIONS AND POWERS:
The HSWA gives HSRs certain powers, which are normally used within their workgroup.

Request information
An HSR may request that the business provide any information necessary that helps the HSR perform their functions or exercise their powers, including information related to:
- Hazards at the workplace and their associated risks
- The health and safety of workers (except personal information unless consent is given).

Inspect a workplace
An HSR may, at any reasonable time, enter and inspect any area of a workplace to perform the role of an HSR. The HSR must give notice of an intended inspection unless the HSR is inspecting the workplace in the event of an incident or any situation involving serious risk to the health of a worker.
Attend interviews
With the consent of the workers involved, an HSR may attend an interview concerning work health and safety between a worker (or group of workers) that they represent and an inspector. The inspector may refuse to allow the HSR to be present if they believe that their presence would prejudice the maintenance of the law.

Attend training
HSRS are given an annual training entitlement to attend training. An HSR may choose what training to go on (in consultation with the organisation) but the organisation may decline that training due to the cost or disruption to operations. Organisations must fund the HSR training and allow access to the training as soon as is practicable, but must respond no later than three months from receipt of the request.

Additional powers
HSWA gives additional powers to HSRs only after they have completed initial or additional HSR health and safety training specified in the Regulations for Worker Engagement, Participation and Representation.

These powers include:
- Issuing Provisional Improvement Notices (PINs) to address a health or safety problem, and
- Directing a worker to cease work that would expose them to serious risk arising from an immediate or imminent exposure to a hazard, which supports the existing right for a worker to cease work in this situation.

Issue a Provisional Improvement Notice (PIN)
An HSR may issue a provisional improvement notice (PIN) if they believe that a person is breaking the law, or is likely to break the law, a provision of HSWA or of the Regulations. The PIN can be issued to any person, including the business the HSR works for, a worker or another business. A PIN gives direction to a duty holder (the business) to remedy a specific aspect of their work activity or workplace that is non-compliant. It advises what needs to be changed and sets a timeframe for the change to be made. Note: initial HSR training must be completed before an HSR can issue a PIN or direct a worker to cease unsafe work.

Direct a worker to cease unsafe work
An HSR may direct a worker (who is in their work group) to cease work if they reasonably believe that carrying out the work would expose the worker, or any other person, to a serious risk arising from an immediate or imminent exposure to a hazard. The HSR should consult with the business about the matter before giving the direction. If, after a reasonable time, the business does not act appropriately, they can then give the direction. However if the risk is serious enough, the HSR may direct the worker to cease work immediately without consulting the business. The HSR must notify the business that a direction has been given.

This power supports the general right of all workers to cease work in this situation. A worker does not need to wait for a direction from an HSR. The HSR, business or worker may ask WorkSafe to assist in resolving an issue with the cessation of work.
MORE INFORMATION:
You can read more about Health and Safety Representatives on the WorkSafe website:
If you have any questions or would like to talk to someone about the Health and Safety Representative roles, please contact Frances Smorti, General Manager – People and Culture.
Appendix 5: Health and Safety in the Workplace Policy

1 Obligations

1.1 The Chief Executive, the Executive Team and managers of the Manawatū District Council (the Council) are committed to enabling all work activities to be carried out safely. All reasonably practicable measures will be taken to reduce risk of injuries and to increase the health, safety and welfare of workers, contractors, visitors, and members of the public who may be affected by our operations.

1.2 The Council is committed to ensuring management, staff, contractors and suppliers comply with the Health and Safety at Work Act 2015, the Hazardous Substances and New Organisms Act 1996, the Land Transport Act 1998, all relevant regulations and codes of practice, and other relevant acts and legal requirements.

2 Responsibilities

2.1 The Executive Team and managers are committed to increasing and improving health and safety practices and compliance by:

- providing a safe working environment
- providing safe systems of work
- ensuring the Executive Team and managers keep up to date with health and safety acts and regulations
- ensuring property and equipment is in a safe working condition
- ensuring safe use and management of chemicals
- provision and supply of correct personal protective equipment (PPE)
- ensuring emergency procedures are in place
- providing facilities for the welfare of workers
- ensuring all vehicles are maintained in a safe warrantable condition
- providing reasonably necessary instruction, training, and supervision to ensure that each worker is safe from injury and risks to health

2.2 The Council has a commitment to consult and co-operate with workers, unions and external agencies in all matters relating to health and safety in the workplace and has a commitment to continually improve performance through effective safety management and systems.

3 Employees and Contractors

3.1 All employees and contractors have an obligation to comply with safe work practices, with the intent of avoiding injury to themselves, others and damage to property and equipment by:

- following instruction, directions, and policies to prevent incidents or injuries
• taking reasonable care of the health and safety of themselves and others
• wearing PPE and suitable clothing where necessary
• not misusing or interfering with any health and safety related equipment or signage
• accurately reporting all accidents and incidents on the job as soon as possible on the day of the incident, no matter how trivial
• reporting all known, new or observed risks to their manager, Health and Safety Representative or the Health and Safety Advisor

4 Application of this Policy
4.1 The Council requires the co-operation of all workers, customers, suppliers, and visitors. The Council encourages suggestions for achieving our health and safety objectives to create a safe working environment. This policy applies to all business operations and functions, including those situations where workers are required to travel or work off-site.
NZ Transport Agency Investment Audit Report

Purpose

To provide Council with the findings of the NZ Transport Agency Investment Audit that was carried out in June 2019.

Significance of Decision

The Council’s Significance and Engagement policy is not triggered by matters discussed in this report.

Recommendations

That the report on the NZ Transport Agency Investment Audit be received.

Report prepared by:
John Jones
Roading Manager

Approved for submission by:
Hamish Waugh
General Manager - Infrastructure

1 Contribution to the Council Vision and Council Outcomes

1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

<table>
<thead>
<tr>
<th>Manawatū District protects the natural environment through stewardship of the District’s natural and physical resources.</th>
<th>Manawatū District attracts and retains residents and businesses.</th>
<th>Manawatū District develops a broad economic base from its solid foundation in the primary sector.</th>
<th>Manawatū District is connected via quality infrastructure, services and technology.</th>
<th>Manawatū District’s built environment is safe, resilient and attractive.</th>
<th>Manawatū District Council is a customer-focussed and efficient organisation.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
<td></td>
</tr>
</tbody>
</table>
2 Background

2.1 The NZ Transport Agency carried out an ‘Investment Audit’ in June 2019. The audit focused on the procurement of Roading Capital Projects between 1st July 2015 to 30th June 2018.

2.2 The objective of this audit was to provide assurance that the New Zealand Transport Agency’s (NZTA) investment in Manawatū District Council’s land transport programme was well managed and delivering value for money.

2.3 NZTA made a number of recommendations and suggestions for administrative improvements.

3 Discussion

3.1 The leading issue driving the performance rating was inconsistent procurement practices across all infrastructure teams. Where the Utilities Team were the principal lead on joint infrastructure projects, the procurement of suppliers followed Council’s Procurement Policy however this approach was not entirely aligned with NZTA’s Procurement Rules.

3.1.1 One example of this discrepancy was the requirement for the use of ‘Relevant Experience’ as a non-price criteria whereas the Council procurement documentation referred to ‘Track Record’. Whilst this is essentially the same thing the Council terminology was inconsistent with the NZTA terminology.

3.1.2 The second example of a discrepancy is the NZTA work category of ‘Minor Improvement’. This work category had a maximum value threshold of $300,000 and has been superseded by a new work category of “Low Cost / Low Risk’ which has a maximum value threshold of $1,000,000. One project had a ‘Minor Improvement’ line item with a value of $456,871 which the auditor deemed as immaterial given the changes to the work categorisation.

3.1.3 The third example of a discrepancy is the direct appointment process for subsequent stage works where the initial stage was won via a competitive tender process. This is allowed for in both the Council Procurement Policy and the NZTA Procurement Rules however because the Council tender documentation did not specifically state this intention, the NZTA audit determine this was inconsistent with the NZTA procurement methodology. The contract in question was C4 / 16068 – Pharazyn Street Reconstruction Stage 3 and this contract was approved by Council resolution on 15 December 2016 reference MDC 16/054.

3.2 Infrastructure procurement practices going forward will reflect a unified approach underpinned by both NZTA Procurement Rules and the Council Procurement Policy which was based initially on the Ministry of Business, Innovation & Employment (MBIE) Government Rules of Public Sector Procurement.

4 Operational Implications

4.1 Procurement of suppliers for financially assisted contracts must comply with approved Transport Agency procedures.

4.2 Document follow-up action and decisions to close-out road safety audit reports. Where road safety audits are not considered necessary during project development, an audit exemption declaration should be completed. This has been adopted going forward.
5 Financial implications

5.1 A low cost, low risk roading improvement project cost must be claimed under NZTA work category 341. This does not impact on the overall roading budget.

6 Statutory Requirements

6.1 Land Transport Management Act 2003

7 Delegations

7.1 The Audit and Risk Committee has the delegated authority to receive this report.

8 Consultation

9 Cultural Considerations

9.1 There aren’t any cultural considerations.

10 Conclusion

10.1 Council will take on board all of the NZTA Investment Audit recommendations and incorporate the suggested changes in the Council procurement approach.

10.2 Council will consolidate its infrastructure procurement practices into a common strategy document aligned with NZTA procurement requirements where any subsidised roading budget is involved.

11 Attachments

- NZ Transport Agency Investment Audit Report
NZ TRANSPORT AGENCY INVESTMENT AUDIT REPORT

Monitoring Investment Performance


<table>
<thead>
<tr>
<th>Approved Organisation (AO):</th>
<th>Manawatu District Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ Transport Agency Investment (2018 – 2021 NLTP)</td>
<td>(budgeted programme value $22,561,000)</td>
</tr>
<tr>
<td>Date of investment audit:</td>
<td>10 – 13 June 2019</td>
</tr>
<tr>
<td>Investment Auditor:</td>
<td>Ron Wheeler</td>
</tr>
<tr>
<td>Report No:</td>
<td>RARWI–1838</td>
</tr>
</tbody>
</table>

OBJECTIVE

The objective of this audit is to provide assurance that the New Zealand Transport Agency’s investment in Manawatu District Council’s land transport programme is being well managed and delivering value for money. We also seek assurance that the Council is appropriately managing risk associated with the Transport Agency’s investment. We recommend improvements where appropriate (for audit programme refer appendix A).

EXECUTIVE SUMMARY

Manawatu District Council’s procedures and management controls for the land transport programme require significant improvement. The leading issue driving the performance rating is the failure of Council’s procurement practices to consistently meet Transport Agency requirements.

There are issues with direct appoint procurement of suppliers for joint infrastructure projects. Council has inconsistent procurement practices across its infrastructure teams. Its procurement practices ought to reflect a unified approach underpinned by both Transport Agency and Government Rules of Sourcing requirements.

An issue with Council splitting low cost/low risk project expenditure to outputs other than the low cost/low risk programme does not meet funding requirements. This matter needs to be addressed.

Road safety audit procedures need to be consistently delivered, including documenting decisions for closing-out recommendations. Exemption declarations must be completed and filed when it has decided a road safety audit is unnecessary.

DISCLAIMER

While every effort has been made to ensure the accuracy of this report, the findings, opinions, and recommendations are based on an examination of a sample only and may not address all issues existing at the time of the audit. The report is made available strictly on the basis that anyone relying on it does so at their own risk, therefore readers are advised to seek advice on specific content.
Audit: Manawatu District Council

Council’s land transport disbursement account is correctly established, and management of its financial claims processes supports the delivery of its planned land transport outcomes. Council actively collaborates with neighbouring councils to leverage joint resources. Management activities are appropriately documented, and suitable recordkeeping systems are in place.

AUDIT RATING ASSESSMENT

<table>
<thead>
<tr>
<th>Issue</th>
<th>Rating Assessment*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Previous Audit Issues</td>
<td>N / A</td>
</tr>
<tr>
<td>2  Financial Processes</td>
<td>Effective</td>
</tr>
<tr>
<td>3  Procurement Procedures</td>
<td>Significant Improvement Needed</td>
</tr>
<tr>
<td>4  Contract Management &amp; Administration</td>
<td>Some Improvement Needed</td>
</tr>
<tr>
<td>5  Professional Services</td>
<td>Effective</td>
</tr>
</tbody>
</table>

Overall Rating: Significant Improvement Needed

* Key to rating assessment – refer appendixC

RECOMMENDATIONS SUMMARY

That Manawatu District Council:

<table>
<thead>
<tr>
<th>Section</th>
<th>Recommendations</th>
<th>Implementation Target Date</th>
</tr>
</thead>
</table>
| 3       | a) Confirms the three required non-price attributes will be used for evaluating proposals.  
          b) Confirms all Low Cost / Low Risk project expenditure will be claimed against work category 341 in future.  
          c) Confirms procurement of suppliers for financially assisted contracts will comply with approved Transport Agency procedures. | a) Completed  
          b) 08 July 2019  
          c) 08 July 2019 |
| 4       | a) Documents its audit recommendations follow-up action decisions to close-out road safety audit reports.  
          b) Confirms road safety audits will be considered at key stages of projects development, and audit exemption declarations completed where it has decided an audit is unnecessary. | a) 08 July 2019  
          b) 08 July 2019 |

<table>
<thead>
<tr>
<th>Section</th>
<th>Suggestions</th>
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<tbody>
<tr>
<td>2</td>
<td>Includes an additional column in its contract retentions monitoring spreadsheet to denote indicative dates when a contract commences or terminates.</td>
</tr>
<tr>
<td>3</td>
<td>Considers consolidating its infrastructure procurement practices into a common strategy document aligned with Transport Agency requirements.</td>
</tr>
<tr>
<td>4</td>
<td>Develops a process to validate financial data reported in TIO.</td>
</tr>
</tbody>
</table>

Note: Before being finalised this report was referred to Manawatu District Council for comment. Council’s responses are included in the body of the report.
**FINDINGS**

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<thead>
<tr>
<th>Section 1:</th>
<th>What issues, if any, remain unresolved from the previous audit?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Findings</td>
<td>The procedural component of the previous joint audit report from October 2015 made five recommendations. These related to end-of-year expenditure claims, contract retentions, qualified tender evaluators, contract management, and business unit depreciation. These matters were reviewed as part of this audit and all have been addressed.</td>
</tr>
</tbody>
</table>

* * *

<table>
<thead>
<tr>
<th>Section 2:</th>
<th>Financial Processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Findings</td>
<td>Council’s land transport disbursement account is correctly established within the general ledger and effective controls are in place to ensure Council is appropriately managing the Transport Agency’s investment. Sufficient qualifying expenditure was identified to successfully reconcile financial assistance claims for the three years ending 30 June 2018 and clear audit trails are evident. Expenditure transactions sampled from 2017/18 were coded to the land transport disbursement account and eligible for financial assistance. Work is progressing on a backlog of previously identified contract retentions requiring remedial action. A payment error affecting retentions deducted for contract C4/1562 – Wellington Street Urban Reconstruction was found during audit testing. A journal correction was made to the account to correct the error. The account is monitored, and reconciliations are carried out monthly. Since Council changed its processes for allocating contract numbers, there is no indicative date to assist the finance team to monitor the status of old or neglected retentions being withheld. As an additional control measure we suggest another column be added to the spreadsheet to denote when a contract either begins or is scheduled to terminate.</td>
</tr>
<tr>
<td>Suggestion</td>
<td>That Manawatu District Council includes an additional column in its contract retentions monitoring spreadsheet to denote indicative dates when a contract commences or terminates.</td>
</tr>
<tr>
<td>Manawatu DC response</td>
<td>The Manawatu District Council has implemented many new processes over the past year in relation to procurement, contracts and retentions. We have introduced the NZTA Appendix E Contract Tracking Spreadsheet, which includes indicative dates for contract commencement and termination. We have also created a retentions spreadsheet within Infrastructure to track final retention release dates. Other automated processes are being worked through in relation to tracking the final release of retentions.</td>
</tr>
</tbody>
</table>

* * *
Section 3: Procurement Procedures

Findings

Non-compliance issues were found with non-price proposal evaluation attributes, splitting of low cost/low risk project expenditure, and direct appointment procurement procedures. Refer appendix C for contracts reviewed for compliance with Transport Agency procurement procedures.

Contract C4/1562 – Wellington Street Urban Reconstruction was evaluated using the Price Quality Method but did not include ‘Relevant Experience’ as one of the required non-price attributes (refer section 10.14 of the Transport Agency’s Procurement Manual). For any supplier selection method, an approved organisation must evaluate proposals using the following three non-price attributes as a minimum:

- Relevant experience
- Relevant skills
- Methodology

The review of contract C4/1114 – Awahuri – Feilding Road Safety Improvements – Stage 1 Lees Road, disclosed Council’s practice of splitting project expenditure to numerous work categories in breach of Transport Agency rules. The project budget forecast was as follows:

- $456,871 to Minor Improvements (72% of project value)
- $128,000 to Drainage Renewals (20% of project value)
- $ 50,000 to Pavement Rehabilitation (8% of project value)

At the time, the maximum minor improvement project cost was limited to $300k including professional services costs. Any amount above the cap should have been funded by Council. In the interim the maximum cap is increased to $1m for low cost/low risk projects so this is no longer material. However, the requirement prohibiting the splitting of low cost/low risk expenditure across multiple work categories is still a condition. Council needs to confirm it will claim all subsidised low cost/low risk expenditure against work category 341 in future.

Contract C4/16068 – Pharazyn Street Reconstruction – Stage 3 was let using direct appoint procurement procedures, to the supplier for the Stage 2 contract (C4/1522). There was no provision in the stage 2 contract for any extensions or separable portions. The Transport Agency would have expected the stage 3 procurement (contract C4/16068) to commence as an open competitive process, given its estimated $1.4M value. Council’s procurement procedures for direct appoint did not meet the Transport Agency’s requirements. Council’s procurement policy permits direct appointment of suppliers for contract estimates not exceeding $500k. This policy does not align with the Transport Agency’s policy which sets the maximum direct appointment threshold at $100k.

Council’s non-roading ‘Utilities’ team, within the ‘Infrastructure’ services group, was the principal lead for both Pharazyn Street projects. Council has partially addressed section 10.11 Procurement Procedures requirements but needs to ensure it satisfies the requirements in full. Publication requirements for the direct appointment were disregarded in this instance. Approved organisations procuring outputs required to deliver activities funded under section 20 of the Land Transport Management Act 2003 (LTMA), must follow the rules set out in the Transport Agency’s Procurement Manual.
<table>
<thead>
<tr>
<th>Council must confirm procurement procedures for future financially assisted contracts will comply with Transport Agency requirements. Procurement practices across Council’s infrastructure group could be improved by consolidating its policies and procedures into a common strategy document aligned with Transport Agency requirements. Transport Agency endorsement of Council’s roading procurement strategy is due to expire on 1st February 2020.</th>
</tr>
</thead>
</table>
| Recommendations | That Manawatu District Council:  
  a) Confirms the three required non-price attributes will be used for evaluating proposals.  
  b) Confirms all Low Cost / Low Risk project expenditure will be claimed against work category 341 in future.  
  c) Confirms procurement of suppliers for financially assisted contracts will comply with approved Transport Agency procedures. |
| Suggestion | That Manawatu District Council considers consolidating its infrastructure procurement practices into a common strategy document aligned with Transport Agency requirements. |
| **Manawatu DC response** | Manawatu District Council has invested a large amount of staff time over the past year to improve our procurement and Contract Management Processes. The anticipated result of this is a more streamlined process with all Infrastructure staff utilising identical documents. Much discussion has been had regarding all Contracts utilising the NZTA rules regardless of nature of the contract.  
From hereon in all LCLR projects costs will be claimed under work category 341.  
Already we have removed Track Record and replaced with Relevant Experience from our Procurement documents. We are now in the process of amending relevant procurement documents to more accurately reflect NZTA requirements and will discuss with the relevant staff the necessary amendments to the procurement policy to align with NZTA guidelines. |
| Implementation Target Date | a) Completed  
b) 08 July 2019  
c) 08 July 2019 |

---

**Section 4: Contract Management and Administration**

**Findings**

**Contract Management and Administration**

Contract activities and management decision making processes are appropriately documented, and effective performance and management reporting procedures are in place. Administration of contract files and recordkeeping systems are suitably organised and key documents were readily available for audit.

**Road Safety Audits**
A post-construction road safety audit was carried out for contract C4/1114 – Awahuri / Feilding Rd Safety Improvements – Stage 1. However, there were no responses or follow-up actions to the recommendations on the filed copy. Council needs to document its recommendation decisions to close out the audit.

Road safety audits need to be considered at key stages of a projects development and exemption declarations consistently documented where Council has decided an audit is unnecessary.

**Transport Investment On-line**

Council’s reported maintenance costs in its TIO 2017/18 annual achievement return showed some inconsistencies when compared to its general ledger and claims data (refer appendix D). Council had commented in the achievement return that its finance system was not aligned for accurate reporting of the costs. We encourage Council to develop a workable process to improve the accuracy of its reported financial data.

**Recommendations**

That Manawatu District Council:

a) Documents its audit recommendations follow-up action decisions to close-out road safety audit reports.

b) Confirms road safety audits will be considered at key stages of projects development, and audit exemption declarations completed where it has decided an audit is unnecessary.

**Suggestion**

That Manawatu District Council develops a process to validate financial data reported in TIO.

**Manawatu DC response**

Manawatu District Council will initiate procedures to document any follow up actions as identified in road safety reports.

Manawatu District Council will also initiate procedures to show when/if audits were considered at key stages and document where we consider an audit unnecessary.

**Implementation**

Target Date

a) 08 July 2019

b) 08 July 2019

---

**Section 5: Professional Services**

**Findings**

Council delivers professional services activities in-house, which includes bridge inspection capability. External consultants are engaged to supplement as and when additional capacity or specialist expertise is required.

In-house activities charged to Council are time-costed charge-out rates. Overhead and administration costs appear reasonable. Expenditure claimed under work category 151 (Network and Asset Management), which includes external professional services, averaged 27% of maintenance and operations outputs over the previous three years. While this appears disproportionately high, Council explained its costs include professional services activities delivered by its network maintenance contractor claimed under this work category. In the 2018/19 financial year
<table>
<thead>
<tr>
<th>Manawatu DC response</th>
<th>Manawatu District Council strives to keep costs down on behalf of all its stakeholders including NZTA.</th>
</tr>
</thead>
</table>

Council has taken positive steps to lower its in–house costs by condensing resources and associated overheads.

Council has documented its management structure for its in–house operations and the methodology covering how costs for in–house services, including associated overheads and administration, are determined in accordance with Transport Agency requirements.
APPENDIX A

Audit Programme

1. Previous audit October 2015
2. Land Transport Disbursement Account
3. Final Claims for 2015/16, 2016/17 and 2017/18
4. Transactions (accounts payable) – 2017/18
5. Retentions Account
6. Procurement Procedures
7. Contract Variations
8. Contract Management & Administration
9. Professional Services
10. Transport Investment On-line (TIO) Reporting
11. Other issues that may be raised during the audit
12. Close out meeting
### APPENDIX B

#### AUDIT RATING TABLE

<table>
<thead>
<tr>
<th>Rating</th>
<th>Definition</th>
</tr>
</thead>
</table>
| **Effective**           | **Investment management** – effective systems, processes and management practices used.  
                          | **Compliance** – Transport Agency and legislative requirements met.  
                          | **Findings/deficiencies** – opportunities for improvement may be identified for consideration.                                         |
| **Some Improvement Needed** | **Investment management** – acceptable systems, processes and management practices but opportunities for improvement.  
                          | **Compliance** – some omissions with Transport Agency requirements.  
                          | **Findings/deficiencies** – error and omission issues identified which need to be addressed                                          |
| **Significant Improvement Needed** | **Investment management** – systems, processes and management practices require improvement.  
                          | **Compliance** – significant breaches of Transport Agency and/or legislative requirements.  
                          | **Findings/deficiencies** – issues and/or breaches must be addressed, or on-going Transport Agency funding may be at risk. |
| **Unsatisfactory**      | **Investment management** – inadequate systems, processes and management practices.  
                          | **Compliance** – multiple and/or serious breaches of Transport Agency or legislative requirements.  
                          | **Findings/deficiencies** – systemic and/or serious issues must be urgently addressed, or on-going Transport Agency funding will be at risk. |
## APPENDIX C

### (From Question 3)

### CONTRACTS AUDITED

<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Tenders Received</th>
<th>Date Let</th>
<th>Description</th>
<th>Contractor</th>
<th>Estimate Let Price</th>
<th>Final Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>C4/16068</td>
<td>Direct Appoint</td>
<td>Dec 2016</td>
<td>Pharazyn St – Stage 3 Reconstruction</td>
<td>Higgins Contractors</td>
<td>$1,419,081</td>
<td>$1,451,281</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Unable to verify</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$519,617</td>
</tr>
<tr>
<td>C4/1315</td>
<td>3</td>
<td>Jul 2016</td>
<td>Halcombe – Ferguson Road Safety Improvements</td>
<td>Downer</td>
<td>Estimate Let Price</td>
<td>Final Cost</td>
</tr>
<tr>
<td></td>
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<td>$542,947</td>
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<td></td>
<td></td>
<td>$592,637</td>
</tr>
<tr>
<td>C4/1523</td>
<td>6</td>
<td>Nov 2016</td>
<td>Arapata Road Bridge Replacement</td>
<td>Bailey Civil</td>
<td>Estimate Let Price</td>
<td>Final Cost</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,101,467</td>
<td>$1,051,842</td>
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<td>$1,043,781</td>
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<td>$213,075</td>
<td>$244,517</td>
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<td>$221,020</td>
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<td>C4/1552</td>
<td>4</td>
<td>May 2016</td>
<td>Makoura Rd, Apiti – Stage 1 Rural Roading Improvements</td>
<td>McIntyre Contracting</td>
<td>Estimate Let Price</td>
<td>Final Cost</td>
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<tr>
<td></td>
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<td>$297,780</td>
<td>$245,210</td>
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<td></td>
<td>$212,456</td>
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<tr>
<td>C4/1562</td>
<td>4</td>
<td>Sep 2016</td>
<td>Wellington St Urban Reconstruction</td>
<td>Higgins Contractors</td>
<td>Estimate Let Price</td>
<td>Final Cost</td>
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<td>$806,975</td>
<td>$781,364</td>
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<td>$855,213</td>
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<tr>
<td>MC1050</td>
<td>1</td>
<td>May 2018</td>
<td>Pohangina Rd Resilience Project – Bridge Installation</td>
<td>Emmets Civil Construction</td>
<td>Estimate Let Price</td>
<td>Final Cost</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>$197,938</td>
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<td></td>
<td></td>
<td>$524,078</td>
</tr>
</tbody>
</table>
Investment Audit of Manawatu District Council
Report Number: RARWI – 1838
July 2019

Prepared by: ..........................................................
Rohn Wheeler, Senior Investment Auditor

Approved by: ..........................................................
Jenny Fildes, Practice Manager Audit and Assurance
Internal Audit Programme 2019-20

Purpose

To present for approval the proposed Internal Audit Programme for the 2019-20 year.

Significance of Decision

The Council’s Significance and Engagement policy is not triggered by matters discussed in this report.

Recommendations

That the Audit and Risk Committee recommends:

That the Council approves the Internal Audit Programme for the 2019-20 year as set out in Appendix 1 to the report of the General Manager – Corporate and Regulatory dated 13 August 2019.

Report prepared by:
Amanda Calman
Chief Financial Officer

Approved for submission by:
Shayne Harris
General Manager - Corporate and Regulatory

1 Contribution to the Council Vision and Council Outcomes

1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

Connected, vibrant and thriving Manawatū District – the best lifestyle in New Zealand

<table>
<thead>
<tr>
<th>Manawatū District protects the natural environment through stewardship of the District’s natural and physical resources.</th>
<th>Manawatū District attracts residents and businesses.</th>
<th>Manawatū District develops a broad economic base from its solid foundation in the primary sector.</th>
<th>Manawatū District is connected via quality infrastructure, services and technology.</th>
<th>Manawatū District Council is a customer-focussed and efficient organisation.</th>
</tr>
</thead>
</table>


52
2 Background

2.1 Each year the Council undertakes a number of internal audits. For this to occur an audit programme needs to be agreed by the Audit and Risk Committee.

2.2 The programme proposed for the 2019-20 year has been developed through refreshing the Internal Audit Strategy and the following approach:

- Coverage of material risks;
- Identify and prioritise internal audit plan;
- Review by Chief Executive; and
- Presentation to Audit and Risk Committee for approval.

3 Discussion and Options considered

3.1 The proposed Internal Audit plan is set out in Appendix 1 to this report,

- The annual audit programme has scope for 2-3 projects this year; and
- Three items have been identified as the proposed projects for 2019-2020 year; and
- There may be capacity to add a fourth item should Council decide.

4 Operational Implications

4.1 There are no capital / operating expenditure implications or maintenance costs associated with this paper.

5 Financial implications

5.1 There are no financial implications, the time required to undertake the programme is factored into the Internal Auditors twelve month work schedule and budget.

6 Statutory Requirements

6.1 The approach to internal audit includes reviewing the Council’s compliance with applicable statutory requirements and regulations.

7 Delegations

7.1 The Audit and Risk Committee’s Terms of Reference sets out its responsibility for considering the scope of work for its internal audit. The Committee does not have delegated authority for decision making therefore recommendations are made to Council for adoption.

8 Consultation

8.1 There are no community consultation requirements associated with this paper.
Cultural Considerations

There are no cultural considerations associated with this matter.

Conclusion

The proposed Internal Audit Plan for 2019-20 has been developed is set out in Appendix 1 to this report for approval of the committee.

Attachments

Appendix 1 – Proposed Internal Audit Plan 2019-20
<table>
<thead>
<tr>
<th>Review</th>
<th>Completed</th>
<th>Status</th>
<th>Auditor</th>
<th>Comments</th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraud Awareness Review</td>
<td>Proposed 19/20</td>
<td></td>
<td>Cotton Kelly Smidt</td>
<td>Raised in Audit NZ Management Reports</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td>Proposed 19/20</td>
<td></td>
<td>Cotton Kelly Smidt</td>
<td>Internal auditors are providing this audit to other MWLass clients 19/20</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Handling and Receipting Processes</td>
<td>2013/14</td>
<td>Proposed 19/20</td>
<td>Cotton Kelly Smidt</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement</td>
<td>Jun-19</td>
<td>Completed</td>
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<td>Completed and presented to Audit and Risk Committee 16/8/2019</td>
<td></td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Mt Lees</td>
<td>2017/18</td>
<td>Completed</td>
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<td></td>
<td></td>
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<tr>
<td>Sensitive Expenditure</td>
<td>Nov-17</td>
<td>Completed</td>
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<td>Feilding Waste Water Treatment Plant Project</td>
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<tr>
<td>Contract Management</td>
<td>Dec-14</td>
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<td>Legislative Compliance</td>
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<tr>
<td>Conflicts of Interest</td>
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<td>Risk Management</td>
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<tr>
<td>Business Continuity and Disaster Recovery</td>
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<tr>
<td>Stakeholder Engagement</td>
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</tr>
<tr>
<td>Project Management (specific)</td>
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<td></td>
</tr>
<tr>
<td>IT Performance Management - Third Parties</td>
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<td></td>
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<tr>
<td>Asset Management</td>
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<tr>
<td>Resource Recovery Centre</td>
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</tr>
<tr>
<td>Projects – Transparency and Access to Financial Information</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Parks and Property</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solid Waste Procurement</td>
<td>On Hold</td>
<td></td>
<td></td>
<td>Contract has been let</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Sanson Water Treatment Plant</td>
<td>Do not complete</td>
<td></td>
<td></td>
<td>Project is nearing completion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Revaluation Review</td>
<td>On Hold</td>
<td></td>
<td></td>
<td>1 July 2019 valuation well be independently peer reviewed by Brian Smith.</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Native Plant Nursery</td>
<td>On Hold</td>
<td></td>
<td></td>
<td>To be reviewed internally by the Special Projects Accountant</td>
<td></td>
<td></td>
<td></td>
</tr>
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<td></td>
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</tr>
<tr>
<td><strong>External Audits Performed (outside of MWLass agreement)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Security</td>
<td>Apr-17</td>
<td></td>
<td>Independent IT Specialist</td>
<td>Penetration review soon to be carried out by Advantage Computers. Plan security review after the completion of the Office 365 implementation</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Health and Safety</td>
<td>Dec-18</td>
<td>Completed</td>
<td>Independent H&amp;S Specialist</td>
<td>SafePlus audit externally completed every three years</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Audit and Risk Committee

Meeting of 16 August 2019

Business Unit: Corporate and Regulatory
Date Created: 05 August 2019

Internal Audit Report Procurement - Part 2

Purpose

To present the internal audit report, “Internal Audit Project – Compliance with Manawatū District Council’s Procurement Policies and Financial Delegations Policy (goods and services with tendering focus)”

Significance of Decision

The Council’s Significance and Engagement policy is not triggered by matters discussed in this report.

Recommendations

That the Audit and Risk Committee receives the Internal Audit Report resulting from the part two of their procurement review.

Report prepared by:
Amanda Calman
Chief Financial Officer

Approved for submission by:
Shayne Harris
General Manager - Corporate and Regulatory
### Contribution to the Council Vision and Council Outcomes

1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

*Connected, vibrant and thriving Manawatū District – the best lifestyle in New Zealand*

<table>
<thead>
<tr>
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<th>Manawatū District develops a broad economic base from its solid foundation in the primary sector.</th>
<th>Manawatū District is connected via quality infrastructure, services and technology.</th>
<th>Manawatū District’s built environment is safe, resilient and attractive.</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td></td>
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</tr>
</tbody>
</table>

### Background

2.1 Council engages their internal auditor through a joint contract with MW LASS. The appointed contractor is Cotton Kelly Smit Limited.

2.2 A review of Council’s procurement processes was approved as a part of 2018-19 financial year’s internal audit programme. Due to time constraints, the review was been split into two parts. Phase one covered contracts over $500,000. Phase two reviewed smaller contracts between $100,000-$499,999.

### Discussion and Options considered

3.1 No significant concerns were found.

3.2 Recommendation was received to improve the documentation of procurement decisions, including were an opt-out or exemption applies.

### Operational Implications

4.1 Minor systems improvements have been noted in the report.

### Financial implications

5.1 There are no financial implications associated with this report.

### Statutory Requirements

6.1 There are no statutory requirements associated with this report.

### Delegations

7.1 The Audit and Risk Committee has the delegation to receive this report.

### Consultation

8.1 There are no consultation requirements associated with this report.
9 Cultural Considerations

9.1 There are no cultural considerations associated with this report.

10 Conclusion

10.1 As a result of the internal audit review process staff will be reminded of the need to document procurement decisions and line them to the requirements of the procurement policy.

11 Attachments

- Internal Audit Project – Compliance with Manawatū District Council’s Procurement Policies and Financial Delegations Policy (goods and services with tendering focus) – Phase Two.
Internal Audit Project -2018-19

Compliance with Manawatu District Council’s Procurement Policies and Financial Delegation Policies

Phase Two: procurements between $100,000 and $499,999

2nd August 2019
## Contents

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Approach and Work Done .............................................................................................................................. 5  
Detailed Findings............................................................................................................................................ 6  

1. Procurement Policy Compliance - Documenting the decision........................................................ 6  
Appendix A – MDC Distribution List............................................................................................................ 7  
Appendix B – Ratings Definitions.................................................................................................................. 8
Executive Summary

The completed phase one of the procurement review covered procurements in excess of $500,000, eleven of which were identified and individually reviewed. Phase two, the topic of this report, reviewed a random sample of ten procurements with values, based on their purchase order total for the period 1 January 2018 – 5 November 2018, of between $100,000 and $499,999. Once those procurements that had already been captured in phase one had been removed from the population, the sample reviewed represented approximately a third of the total population of the procurements with purchase order totals of between $100,000 and $499,999.

All procurements in the sample had been authorised at the appropriate level as per the Financial Delegations Policy. One exceeded the delegated level for the CE and had been approved by Council. Where a situation was considered to be sensitive or requiring an extra level of transparency, the matter was taken to Council. There were three of these in the sample of ten: a property purchase, a rollover of Council partnership funding; and a decision to not carry out a Section 17A\(^1\) review for the provision of animal control services, which is run jointly with Rangitikei District Council.

Evidence of the use of Section 17A reviews was also apparent in the procurement of IT services which had been subject to a Section 17A review in recent years.

The sample reviewed was a good illustration of the wide range of procurement situations of Council and was catered for in the procurements policy. One particular challenge faced by Council (and also other organisations in New Zealand), due to New Zealand’s relatively small size, was the shortage of suppliers in some areas, limiting available competition in the market place.

No significant concerns arose out of the review. One suggestion to improve this process however is to clarify decisions reached in relation to compliance with the procurement policy. This suggestion is further discussed in the Detailed Findings section of this report.

The support and assistance of the staff and senior management team of the Manawatu District Council during the review process and their input on matters identified and included in this report, is appreciated.

\(\text{This (phase 2) report was finalised on the 2}^{\text{nd}} \text{ August 2019.}\)

\(^1\) 17A Delivery of services ... review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions
Introduction and background

The 2018-19 Internal Audit Plan included a planned review of Procurement. As agreed in the Internal Audit Services Engagement Letter dated 2nd November 2018 we have now completed the second phase of this work.

The procurement policy lists seven situations where valid opt-out of procurements applies. These include Council to Council negotiated agreements, conditional grants, where unique or specialist services or proprietary technology applies, and if the purchase is land and buildings or other immovable property. The sample included an example of an agreement with another council, purchase of an immovable property and, via the rollover of partnership funding, the provision of a conditional grant.

Instead of open advertising, procurements between $100,000 and $500,000 may be procured using a closed competitive process with a minimum of three known suppliers. In addition, there are a range of situations in which exemptions apply, such as where there is only one supplier with no reasonable alternative or substitute, or the procurement is additional goods, services and works to an original requirement and specified conditions are met. An example from the sample of use of a single supplier as being the only option was the provision of bulk loads of aluminum sulfate for waste water treatment.

The difficulties of complying with a closed competitive process with a minimum of three known suppliers in a small marketplace was evident in three of the procurements reviewed. In one situation there were only two suppliers in New Zealand to choose from. An overseas supplier was not a suitable option, so only two quotes could be obtained. In a second procurement two suppliers were too busy and not interested in bidding for the work and in a third, three suppliers declined to submit. In spite of these externally imposed limitations, our review showed in each case, evidence of the steps being taken to obtain best value procurement.
Objective and Scope

During phase one of the internal audit of procurement we agreed with management to extend the work in phase two to include a review of whether procurements between $100,000 and $499,999 were compliant with Council’s Procurement Policy and Financial Delegations Policy. The scope of the review was not to test the appropriateness of the procurement.

The review will also comment on any other matters considered useful to report on at this time.

The review excluded testing for multiple purchase orders being created for a single procurement; as this was covered in Phase One of the review.

Approach and Work Done

The approach for this review included the following:

- Reviewing the Procurement Policy and the Financial Delegations Policy;
- Examining a sample of ten invoices and supporting documents for amounts of $100,000 and $499,999 extracted from the purchase order system (Ozone), of purchase orders approved between 1st January and 5th November 2018. Purchase orders for procurements that had already been captured in phase one were removed from the population being tested;
- Meeting with key personnel to gather further information and obtain explanations;
- Sighting evidence from internal and external sources.
1. Procurement Policy Compliance - Documenting the decision

**Rating: Beneficial**

**What we found:**
The reports, both to Council and to Council Officers with delegated authority, outlining the background, purpose, options considered, discussion and recommendations for each procurement provided good background information as to how the procurement decision or recommendation was reached. What was not specifically stated in all cases however was what procurement policy rule or rules were being compiled with and/or exemptions or opt-outs involved if applicable.

**Recommendations**

It is recommended that for the absence of doubt regarding compliance with the procurement policy, including where an opt-out or exemption applies, that the relevant link is made in the report between the procurement and the wording of the procurement policy.

**Management comment**

*Your comments are noted. Staff will be reminded of the need to document procurement decisions and link them to the requirements of the procurement policy.*
Appendix A – MDC Distribution List

**Draft copy, for management comment**

- Richard Templer - Chief Executive Officer
- Brent Limmer - General Manager – Community and Strategy
- Hamish Waugh - General Manager – Infrastructure
- Shayne Harris - General Manager - Corporate and Regulatory
- Frances Smorti - General Manager - People and Culture
- Colleen Morris - Chief Financial Officer

**Final copy, including management comment**

- Stuart Campbell - Audit & Risk Committee Chair
- Helen Worboys - Her Worship the Mayor
Appendix B – Ratings Definitions

Individual finding ratings

<table>
<thead>
<tr>
<th>Rating</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority</td>
<td>Needs to be addressed urgently. These recommendations relate to a significant deficiency that exposes the Council to significant risk or for any other reason need to be addressed without delay.</td>
</tr>
<tr>
<td>Necessary</td>
<td>Address at the earliest reasonable opportunity, generally within six months These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.</td>
</tr>
<tr>
<td>Beneficial</td>
<td>Address, generally within 6 to 12 months These recommendations relate to areas where the Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.</td>
</tr>
</tbody>
</table>
Audit and Risk Committee

Meeting of 16 August 2019

Business Unit: Corporate and Regulatory
Date Created: 13 August 2019

Interim Management Report from Audit New Zealand

Purpose

That the Audit and Risk Committee receive the Interim Management Report from Audit New Zealand for the 2018-19 financial year.

Significance of Decision

The Council's Significance and Engagement policy is not triggered by matters discussed in this report.

Recommendations

That the Audit and Risk Committee receives the Interim Management Report from Audit New Zealand for the 2018-19 financial year and notes the points raised within the document along with the management responses.

Report prepared by:
Amanda Calman
Chief Financial Officer

Approved for submission by:
Shayne Harris
General Manager - Corporate and Regulatory
1 Contribution to the Council Vision and Council Outcomes

1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

*Connected, vibrant and thriving Manawatū District – the best lifestyle in New Zealand*

<table>
<thead>
<tr>
<th>Manawatū District protects the natural environment through stewardship of the District’s natural and physical resources.</th>
<th>Manawatū District attracts and retains residents and businesses.</th>
<th>Manawatū District develops a broad economic base from its solid foundation in the primary sector.</th>
<th>Manawatū District is connected via quality infrastructure, services and technology.</th>
<th>Manawatū District’s built environment is safe, resilient and attractive.</th>
<th>Manawatū District Council is a customer-focussed and efficient organisation.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
</tbody>
</table>

2 Background

2.1 Audit New Zealand complete two visits per year, an interim visit prior to balance date and a final visit to substantiate the Annual Report. An Interim Management Report has been received following their interim visit.

3 Discussion and Options considered

3.1 Four issues are raised within the report. Management have responded to these issues and Audit New Zealand have included the responses in the report. Audit New Zealand will follow up these issues during their final audit.

4 Operational Implications

4.1 There are no operational implications at this point.

5 Financial implications

5.1 There are no financial implication as a result of this report.

6 Statutory Requirements

6.1 There are no statutory requirements resulting from this report.

7 Delegations

7.1 The Audit and Risk Committee have delegation to receive this report.

8 Consultation

8.1 No consultation is require as a result of this report.

9 Cultural Considerations

9.1 There are no cultural considerations as a result of this report.
10 Conclusion

10.1 The four points raised have been noted and responded to by management. Audit New Zealand have included these comments in the report. Audit New Zealand will follow up the management responses at their final visit. No actions are required at this point.

11 Attachments

- MDC Report to Governors – Interim 19J
Report to the Council on the interim audit of
Manawatu District Council
For the year ended 30 June 2019
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key messages</td>
<td>3</td>
</tr>
<tr>
<td>1 Recommendations</td>
<td>4</td>
</tr>
<tr>
<td>2 Assessment of internal control</td>
<td>6</td>
</tr>
<tr>
<td>3 Useful publications</td>
<td>11</td>
</tr>
<tr>
<td>Appendix 1: Status of previous recommendations</td>
<td>13</td>
</tr>
<tr>
<td>Appendix 2: Disclosures</td>
<td>20</td>
</tr>
</tbody>
</table>
Key messages

We have completed our interim audit for the year ended 30 June 2019. This report sets out our findings from the interim audit.

We have performed a high level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

Our assessment is that the elements of the control environment provide an appropriate foundation for other components of internal control. Overall, the controls in each system are capable collectively of preventing or detecting and correcting material misstatements.

We identified some control weaknesses that should be addressed. These are summarised in section 1.1 and detailed in section 2.

Thank you

We would like to thank management and staff for assistance received during the audit, and preparedness for audit, as appropriate.

Clint Ramoo
Appointed Auditor
13 August 2019
1 Recommendations

Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommendations.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urgent</td>
<td><strong>Needs to be addressed urgently</strong></td>
</tr>
<tr>
<td></td>
<td>These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.</td>
</tr>
<tr>
<td>Necessary</td>
<td><strong>Address at the earliest reasonable opportunity, generally within six months</strong></td>
</tr>
<tr>
<td></td>
<td>These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.</td>
</tr>
<tr>
<td>Beneficial</td>
<td><strong>Address, generally within six to 12 months</strong></td>
</tr>
<tr>
<td></td>
<td>These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.</td>
</tr>
</tbody>
</table>

1.1 New recommendations

The following table summarises our recommendations and their priority.

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Reference</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sensitive Expenditure Policy and System</strong></td>
<td>2.3</td>
<td>Necessary</td>
</tr>
<tr>
<td>We recommend that where possible expenditure is approved on a one up basis. For example, the Chair of the Audit Committee should approve the Mayor’s expenditure and his expenditure should then be approved by the Deputy Mayor. We recommend that with the next update of the sensitive expenditure policy, consideration be given to incorporating the OAG guidelines.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Recommendation

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Reference</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Masterfile change reviews</td>
<td>2.4</td>
<td>Necessary</td>
</tr>
<tr>
<td>A report, of all Masterfile changes made since the Finance Officer left, should be run and reviewed by an independent person with no edit access to the payroll system. An alternative back-up should be arranged that does not have edit access to ensure the review is done by an independent person.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal assessment of fair value or impairment of infrastructure assets at year end</td>
<td>2.5</td>
<td>Necessary</td>
</tr>
<tr>
<td>As part of the year end procedures, a formal fair value assessment, using the latest contract rates, should be completed and documented. A formal assessment of any potential impairment of assets should be prepared, taking in to account information asset condition information.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure control - work flow for 3 way check bypassed</td>
<td>2.6</td>
<td>Necessary</td>
</tr>
<tr>
<td>We recommend that the work flow process is not bypassed by management as this is evidence of the three way review control.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous year’s recommendations in detail.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Urgent</th>
<th>Necessary</th>
<th>Beneficial</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open</td>
<td>1</td>
<td>8</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Implemented or closed</td>
<td></td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Matters that will be followed up during our final audit visit</td>
<td>1</td>
<td>7</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>17</td>
<td>3</td>
<td>22</td>
</tr>
</tbody>
</table>
2 Assessment of internal control

The Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information. We review internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

2.1 Control environment

The control environment reflects the overall attitudes, awareness and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy, and is the context in which the accounting system and control procedures operate. Management, with the oversight of the Council, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high level assessment of the control environment, risk management processes, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the Council and management to establish and maintain effective management procedures and internal controls.

We consider that a culture of honesty and ethical behaviour has been created. The elements of the control environment provide an appropriate foundation for other components of internal control.

2.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented and maintained by the Council and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

Overall, the controls in each system are capable collectively of preventing or detecting and correcting material misstatements. We identified some control weaknesses that should be addressed, which are outlined below.
2.3 Sensitive Expenditure Policy and System

We recommend that where possible expenditure is approved on a one up basis. For example, Chair of the Audit Committee should approve the Mayor’s expenditure and his expenditure should then be approved by the Deputy Mayor.

We recommend that with the next update of the sensitive expenditure policy, consideration be given to incorporating the OAG guidelines.

Background

Currently the Chief Executive and Mayor review and approve each other’s expenditure. This creates a reciprocal relationship risk and is not in line with good practice.

Upon review of the Council’s Sensitive Expenditure System we also noted several sections that do not align with OAG’s Best Practice Guidelines.

These are detailed below.

<table>
<thead>
<tr>
<th>Good practice guidelines on sensitive expenditure policies</th>
<th>Audit assessment of policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Travel, meals and accommodation expenditure</strong></td>
<td></td>
</tr>
<tr>
<td>The entity should have travel policies and procedures that require at least all international travel to have prior written approval.</td>
<td>No mention of prior written approval required for travel in the sensitive expenditure policy.</td>
</tr>
<tr>
<td>Cash advances. When an employee without an entity’s credit card but is required to travel overseas. Individual cash advances are provided if the entity’s policies and procedures should allow for this, cash advances should be properly documented and accounted for.</td>
<td>No mention of cash advances for travel in the sensitive expenditure policy.</td>
</tr>
<tr>
<td><strong>Entertainment and hospitality expenditure</strong></td>
<td></td>
</tr>
<tr>
<td>The policies state the type of meal and cost per head that is covered.</td>
<td>No mention of meal costs in the entertainment and hospitality section (9) the Sensitive Expenditure Policy</td>
</tr>
<tr>
<td>Policies on entertainment related expenditure include clear guidance on whether alcohol will be paid for by the entity, and, if so, the circumstances and limits that apply.</td>
<td>No mention of alcohol costs in the entertainment and hospitality section (9) of the Sensitive Expenditure Policy</td>
</tr>
</tbody>
</table>
Good practice guidelines on sensitive expenditure policies

| Policies on entertainment related expenditure include clear guidance about what is an acceptable level of expenditure, if any, on seasonal occasions such as a Christmas event. | No mention of seasonal costs in the entertainment and hospitality section (9) of the Sensitive Expenditure Policy |
| Policies on entertainment related expenditure require expenditure to be substantiated by appropriate documentation that includes receipts, names of parties entertained, and the reasons for the entertainment and hospitality. | Section 9.3.1 of the Sensitive Expenditure Policy is vague. |

Management comment

Your comments are noted and will be taken into account during the review of the Sensitive Expenditure Policy.

2.4 Payroll masterfile change reviews

We recommend that a report of all masterfile changes made, since the Finance Officer left, should be generated and reviewed by an independent person with no edit access to the payroll system.

An alternative back-up should also be put in place that involves a person who does not have edit access to the payroll system to ensure the review is done by an independent person.

Background

As part of our walkthrough of the payroll system, we noted that masterfile changes had been reviewed by the HR Officer who is a back-up/alternate reviewer. This is not appropriate as the HR Officer also has edit access and can make changes to the system. This creates a self-review threat.

Management comment

There are multiple review stages to our payroll process:

- Payroll is prepared by the HR Administrator.
- A detail check is performed by the Senior Finance Officer.
- As a part of this process, all masterfile changes are available on the Updating Report at the time of her review. Changes are checked back to the supporting
documentation as part this review. This check is evidenced by signing the Updating Report.

- The Accounting Operations Manager reviews documentation for reasonableness and to ensure there is evidence of the detailed checks taking place. As a part of this process she also reviews the Updating Report for reasonableness and to ensure there is evidence that the check has been done. This review is evidenced on the documentation. The Accounting Operations Manager is a signatory and authorises the payment.

- The General Manager – People and Culture also review payroll for reasonableness and also authorises the payment. In her absence one of the other account authorisers performs this function.

The HR Officer requires full edit access to payroll as she is the only backup to the HR Administrator to process payroll and pull selected reports.

In the absence of the Senior Finance Officer, their checking procedure is usually performed by HR Officer. The Accounting Operations Manager then does the detailed check of masterfile changes and checks all changes made by the HR Officer back to supporting documents. This ensures there is an independent check of all masterfile changes (detailed in the Updating Report).

Therefore, as a minimum, there are three levels of checking and all masterfile changes are checked by an independent person (i.e. a person without edit access to the payroll system).

2.5 No formal assessment of fair value or impairment of infrastructure assets at year end

We recommend that as part of the year end procedures a formal fair value assessment, using the latest contract rates, should be completed and documented. Management should prepare a formal assessment of any potential impairment of assets, taking into account information about condition.

Background

No formal assessment is completed for the impairment of assets. There is also no formal assessment completed for the fair value of assets at year end, to assess if there is a material difference between the carrying value at year end and the fair value. While infrastructure assets are revalued each year, this is completed at the start of the financial year and therefore an assessment should be made at year end, in line with accounting standards.
Management comment

At the time of preparing the infrastructural asset revaluations, the impairment of any assets was considered. In line with our normal practise, we will review all assets for indicators of impairment at balance date.

2.6 Expenditure control - work flow for 3 way check bypassed

We recommend that the work flow process is not bypassed by management as this is evidence of the three way review control.

Background

The District Council implemented a workflow process in September 2018 for expenditure payment review/approvals.

As part of the approval and release of payment, the authorisers are required to complete a three way check of the total payment to be made to the Qube Report, Direct Credit Schedule Listing and the Accounts Payable Register Report to ensure all details are correct. This review is evidenced by a system signoff and date stamp of two authorised signatories.

AS part of our walkthrough of the system, we identified that the work flow was bypassed and as a result there is no evidence that the three way check of the payment occurred.

We plan to determine the quantum of payments where the work flow has been bypassed during the final audit to assess the impact of this weakness in the system and our ability to rely on the control.

Management comment

The workflow provides the direct credit schedule to the signatories. The signatories approve the workflow as evidence that they have done their checks and approved the payment run in BNZ Online. In the instance noted above the workflow was not able to be initiated at the time and we reverted back to the signatories signing a paper copy of the direct credit as evidence. This was provided to the audit team.
3 Useful publications

Based on our knowledge of the District Council, we have included some publications that the Council and management may find useful.

<table>
<thead>
<tr>
<th>Description</th>
<th>Where to find it</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Client updates</strong></td>
<td>In March 2019, we hosted a series of client updates. The theme was “Improving trust and confidence in the public sector”. These included speakers from both Audit New Zealand and external organisations. On our website under publications and resources. Link: <a href="#">Client updates</a></td>
</tr>
<tr>
<td><strong>Model financial statements</strong></td>
<td>Our model financial statements reflect best practice we have seen to improve financial reporting. This includes: significant accounting policies are alongside the notes to which they relate; simplifying accounting policy language; enhancing estimates and judgement disclosures; and including colour, contents pages and subheadings to assist the reader in navigating the financial statements. On our website under publications and resources. Link: <a href="#">Model Financial Statements</a></td>
</tr>
<tr>
<td><strong>Client substantiation file</strong></td>
<td>When you are fully prepared for an audit, it helps to minimise the disruption for your staff and make sure that we can complete the audit efficiently and effectively. We have put together a tool box called the Client Substantiation File to help you prepare the information you will need to provide to us so we can complete the audit work that needs to be done. This is essentially a tool box to help you collate documentation that the auditor will ask for. On the OAG’s website under publications and resources. Link: <a href="#">Client Substantiation File</a></td>
</tr>
<tr>
<td>Description</td>
<td>Where to find it</td>
</tr>
<tr>
<td>-------------</td>
<td>-----------------</td>
</tr>
<tr>
<td><strong>Good practice</strong></td>
<td></td>
</tr>
<tr>
<td>The OAG’s website has been updated to make it easier to find good practice guidance. This includes resources on:</td>
<td>On the OAG’s website under good practice. Link: <a href="#">Good practice</a></td>
</tr>
<tr>
<td>• audit committees;</td>
<td></td>
</tr>
<tr>
<td>• conflicts of interest;</td>
<td></td>
</tr>
<tr>
<td>• discouraging fraud;</td>
<td></td>
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<tr>
<td>• good governance;</td>
<td></td>
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<tr>
<td>• service performance reporting;</td>
<td></td>
</tr>
<tr>
<td>• procurement;</td>
<td></td>
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<tr>
<td>• sensitive expenditure; and</td>
<td></td>
</tr>
<tr>
<td>• severance payments.</td>
<td></td>
</tr>
<tr>
<td><strong>Earthquake accounting matters</strong></td>
<td></td>
</tr>
<tr>
<td>The District Council may have buildings that are impacted by earthquake assessments.</td>
<td>On our website under publications and resources. Link: <a href="#">Earthquake accounting</a></td>
</tr>
<tr>
<td><strong>Post-implementation reviews</strong></td>
<td></td>
</tr>
<tr>
<td>The OAG have recently completed a review of Auckland Council’s post-implementation review process. While many aspects of the report are specific to Auckland Council, it documents the process that Auckland Council uses, and includes a post-implementation review checklist.</td>
<td>On the OAG’s website under publications. Link: <a href="#">Post-implementation review process</a></td>
</tr>
<tr>
<td><strong>Reporting fraud</strong></td>
<td></td>
</tr>
<tr>
<td>The OAG have released data from 2012-2018 on fraud in public entities. This includes how the fraud was detected, the type of fraud and the methods and reasons for the fraud. The graphs show the high-level sector, and this can be broken down further into sub-sectors by opening the spreadsheets available.</td>
<td>On the OAG’s website under data. Link: <a href="#">Reporting Fraud</a></td>
</tr>
</tbody>
</table>
Appendix 1: Status of previous recommendations

Open recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>First raised</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Urgent</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Lack of robust review for journals posted</strong></td>
<td>June 2016</td>
<td>There has been no change in the journals system. The matter is still outstanding.</td>
</tr>
<tr>
<td>It is recommended that staff are given approve only access if they are reviewing journals, and that the preparation of journals is restricted to specific staff members only. Also - approval of journals involve checking the prepared journal back to supporting documentation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue undercharged for Development Contributions</strong></td>
<td>June 2017</td>
<td>To be followed up during the final audit.</td>
</tr>
<tr>
<td>We recommended that the District Council implements a formal review process to ensure that changes made to fees and charges are accurate and that the District Council is collecting all of the revenue it is entitled to collect.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Necessary**

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>First raised</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Information Systems (IS) Policies</strong></td>
<td>June 2015</td>
<td>The updated IS policies are still awaiting approval by the General Manager. This needs to be expedited.</td>
</tr>
<tr>
<td>IS policies need to be adopted and staff made aware of the new policies. Policies need to be available in an easily accessible space and as part of their induction new staff need to be trained on these policies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Procurement Policy</strong></td>
<td>June 2016</td>
<td>The District Council still has not developed organisation wide procedures and templates to support the Procurement policy. We note that this has also been identified by the internal auditor.</td>
</tr>
<tr>
<td>We recommended that Council continues to develop the policies, processes and templates required to support the procurement policy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommendation</td>
<td>First raised</td>
<td>Status</td>
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<td>--------------------------------</td>
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</tr>
<tr>
<td><strong>Contract management</strong></td>
<td>June 2016</td>
<td>To be followed up during the final audit.</td>
</tr>
<tr>
<td>We continue to recommend that</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the Council develops an</td>
<td></td>
<td></td>
</tr>
<tr>
<td>organisation-wide contract</td>
<td></td>
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<tr>
<td>management system. We further</td>
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<tr>
<td>recommended that Council</td>
<td></td>
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<tr>
<td>develops appropriate policies</td>
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<tr>
<td>and procedures to facilitate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the oversight of contracts.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>**No fraud risk assessment</td>
<td>June 2017</td>
<td>No formal fraud risk assessment performed.</td>
</tr>
<tr>
<td>performed**</td>
<td></td>
<td></td>
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<tr>
<td>We recommended that the</td>
<td></td>
<td></td>
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<tr>
<td>District Council perform a</td>
<td></td>
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<tr>
<td>formal fraud risk assessment</td>
<td></td>
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<tr>
<td>and clearly document:</td>
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<tr>
<td>• what procedures were</td>
<td></td>
<td></td>
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<tr>
<td>performed;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• results of the process;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• how often council plans to</td>
<td></td>
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<tr>
<td>perform this assessment; and</td>
<td></td>
<td></td>
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<tr>
<td>• people involved in the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>fraud risk assessment process.</td>
<td></td>
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</tr>
<tr>
<td><strong>Work-in-Progress Classification</strong></td>
<td>June 2017</td>
<td>To be followed up during the final audit.</td>
</tr>
<tr>
<td>We recommended that capital</td>
<td></td>
<td></td>
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<tr>
<td>projects be capitalized on</td>
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<tr>
<td>the date that the asset</td>
<td></td>
<td></td>
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<tr>
<td>becomes available for use.</td>
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<tr>
<td>This capitalization is to</td>
<td></td>
<td></td>
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<tr>
<td>occur within the relevant</td>
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<tr>
<td>asset management system</td>
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<tr>
<td>(RAMM/AssetFinda) as well as</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the Fixed Asset Register</td>
<td></td>
<td></td>
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<tr>
<td>within the financial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>reporting system.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Perform a review of capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>work-in-progress at least</td>
<td></td>
<td></td>
</tr>
<tr>
<td>quarterly;</td>
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<td></td>
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<tr>
<td>• Transfer completed assets,</td>
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<tr>
<td>from capital projects, to</td>
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<tr>
<td>their respective asset</td>
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<tr>
<td>categories and commence</td>
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<tr>
<td>charging depreciation when</td>
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<tr>
<td>the assets become available</td>
<td></td>
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<tr>
<td>for use.</td>
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</tr>
<tr>
<td>Recommendation</td>
<td>First raised</td>
<td>Status</td>
</tr>
<tr>
<td>----------------------------------------------</td>
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<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Unit rates in Roading valuation</strong></td>
<td>June 2017</td>
<td>A review is undertaken on the rates used in RAMM on a rolling basis to the contract rates paid by the District Council. Some work was done on the drainage assets this year to bring them more in line with the actual contract rates paid by Council. For some assets the RAMM rate is still being used with no review as Council is yet to review those asset classes in detail.</td>
</tr>
<tr>
<td><strong>Non-compliance with drinking water standards</strong></td>
<td>June 2017</td>
<td>To be followed up during the final audit.</td>
</tr>
<tr>
<td><strong>Scope of peer review</strong></td>
<td>June 2017</td>
<td>No peer review for this valuation.</td>
</tr>
<tr>
<td><strong>Completeness of assets subject to valuation</strong></td>
<td>June 2017</td>
<td>Issue outstanding – this will be reviewed when the District Council next performs a revaluation over land and buildings.</td>
</tr>
</tbody>
</table>
Recommendation

**Review of Makino Aquatic Centre redevelopment project**

We have made a number of recommendations on project management arising from the review of this project.

We recommend the guidance associated with these practices is formalised soon to mitigate the risk of variable practices and possible loss of knowledge through staff movement/attrition.

The commencement of any project should be supported by a project plan which sufficiently clearly defines and confirms the scope of the project, how it can be delivered and managed together with defined roles and responsibilities.

Clear project critical success factors should be determined at the project justification stage and monitored against throughout and at the end of the project. It is essential that a project has specific, well defined and measurable benefits identified so that the District Council can ensure the benefits used to justify the investment in the project are delivered in practice.

Consider the use of formal independent Project Quality Assurance arrangements to help provide comfort that the project is being conducted appropriately and complies with management standards and policies.

Clearly define change management approval processes including where appropriate the definition and application of tolerance levels for such changes or deviations from plan.

Ensure the governance and accountability structure in place for the project continues through to the formal project closure approval.

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>First raised</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Review of Makino Aquatic Centre redevelopment project</strong></td>
<td>June 2017</td>
<td>To be followed up during the final audit.</td>
</tr>
<tr>
<td>Recommendation</td>
<td>First raised</td>
<td>Status</td>
</tr>
<tr>
<td>--------------------------------------------</td>
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<td>---------------------------------------------</td>
</tr>
<tr>
<td><strong>Asset Management Plans</strong></td>
<td></td>
<td>To be followed up during the final audit.</td>
</tr>
<tr>
<td>We recommend that council continue work to improve their Asset Management Plans to ensure accuracy of data relating to condition and performance.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Review Ozone users and their access levels</strong></td>
<td>June 2015</td>
<td>In progress</td>
</tr>
<tr>
<td>We recommended that a full review of users on the network be performed.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Test Business Continuity and IT Disaster Recovery</strong></td>
<td>June 2018</td>
<td>No testing has been performed this year</td>
</tr>
<tr>
<td>The District Council tests its Business Continuity and IT Disaster Recovery plans and updates the plans to correct issues arising during testing.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cut off</strong></td>
<td>June 2018</td>
<td>To be followed up during the final audit.</td>
</tr>
<tr>
<td>All District Council staff involved in purchasing are made aware of the importance of following up invoices from creditors which are overdue.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Procurement of consultants</strong></td>
<td>June 2018</td>
<td>To be followed up during the final audit.</td>
</tr>
<tr>
<td>• Deliver training to all staff involved in procurement on documenting a procurement plan, estimating the total value of procurement over the life of the project, and how to correctly apply the exemptions in the procurement policy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Develop an organisation wide set of standard templates for documenting the various aspects of the procurement process.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Update the procurement policy to make it clear that the financial limits, which dictate the type of procurement process that is required, be considered first, and then other policy exemptions.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommendation</td>
<td>First raised</td>
<td>Status</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>--------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td><strong>Beneficial</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Retentions under investigation</strong></td>
<td>June 2017</td>
<td>To be followed up during the final audit.</td>
</tr>
<tr>
<td>We recommended that the District Council establishes a formal process to investigate and resolve retention balances that it is withholding from contractors.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Update fraud policy to align with best practice guidance</strong></td>
<td>June 2017</td>
<td>Policy still to be reviewed.</td>
</tr>
<tr>
<td>That the fraud policy is updated to align with the Office of the Controller and Auditor General’s (OAG) best practice guidance.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Implemented or closed recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>First raised</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advising IT of new and leaving staff</strong></td>
<td>June 2018</td>
<td>Our testing this year noted that IT are now being advised of users’ starting and leaving.</td>
</tr>
<tr>
<td>Management and human resources follow the correct procedures for advising IT about staff and contractors starting and leaving so that access to the network and all systems remains appropriate and up to date.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revaluation of infrastructure assets</strong></td>
<td>June 2018</td>
<td>Council has decided not to implement this recommendation. We consider this matter closed.</td>
</tr>
<tr>
<td>The District Council review the frequency of its valuations and the benefits thereof. It should also consider the appropriateness of unit rates used to assess for any material movements between 1 July and the reporting date.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Kiwitea Water Scheme not included in asset revaluation</strong></td>
<td>June 2016</td>
<td>Management does not believe this is material enough to move to a new asset class. We consider this matter closed.</td>
</tr>
<tr>
<td>We recommend that the District Council revalues all assets within a class in compliance with PBE IPSAS 17 Property Plant and Equipment. In order to achieve this it would be practical to remove assets that are not revalued into a separate asset class.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Appendix 2: Disclosures

<table>
<thead>
<tr>
<th>Area</th>
<th>Key messages</th>
</tr>
</thead>
</table>
| **Our responsibilities in conducting the audit** | We carry out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information. This responsibility arises from section 15 of the Public Audit Act 2001.  
  The audit of the financial statements does not relieve management or the Council of their responsibilities.  
  Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.                                                                                     |
| **Auditing standards**                         | We carry out our audit in accordance with the Auditor-General’s Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining systems of controls for detecting these matters. |
| **Auditor independence**                      | We are independent of the District Council in accordance with the independence requirements of the Auditor-General’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners*, issued by New Zealand Auditing and Assurance Standards Board.  
  To date, in addition to the audit we have carried out a Debenture Trust Deed audit, which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with or interests in the District Council. |
| **Fees**                                       | The audit fee for the year is $147,208, as detailed in our Audit Proposal Letter. To date, no other fees have been charged in this period.                                                                                                                                                                                                 |
| **Other relationships**                       | To date, we are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council that is significant to the audit.  
  We are not aware of any situations to date where a staff member of Audit New Zealand has accepted a position of employment with the District Council during or since the end of the financial year.                                                   |
Audit and Risk Committee

Meeting of 16 August 2019

Business Unit: Corporate and Regulatory
Date Created: 29 July 2019

Fourth Quarter Report to 30 June 2019

Purpose

To provide a summary to 30 June 2019 of the Council’s performance against the first year of the Long Term Plan 2018-28.

Significance of Decision

The Council’s Significance and Engagement policy is not triggered by matters discussed in this report.

Recommendations

That the Audit and Risk Committee receive the Fourth Quarter Report and the Capital Expenditure Report for the period ended 30 June 2019.

Report prepared by:
Amanda Calman
Chief Financial Officer

Approved for submission by:
Shayne Harris
General Manager - Corporate and Regulatory

1 Contribution to the Council Vision and Council Outcomes

1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

| Connected, vibrant and thriving Manawatū District – the best lifestyle in New Zealand |
|---|---|---|---|---|
| Manawatū District protects the natural environment through stewardship of the District’s natural and physical resources. | ✔ | ✔ | ✔ | ✔ |
| Manawatū District attracts and retains residents and businesses. | ✔ | ✔ | ✔ | ✔ |
| Manawatū District develops a broad economic base from its solid foundation in the primary sector. | ✔ | ✔ | ✔ | ✔ |
| Manawatū District is connected via quality infrastructure, services and technology. | ✔ | ✔ | ✔ | ✔ |
| Manawatū District’s built environment is safe, resilient and attractive. | ✔ | ✔ | ✔ | ✔ |
| Manawatū District Council is a customer-focussed and efficient organisation. | ✔ | ✔ | ✔ | ✔ |
2 Background

2.1 Quarterly governance reports provide interim updates towards end of year results to be published in the Annual Report 2018/19. The Annual Report accounts for how Council performed against the first year of the Long Term Plan 2018-28, including the Council’s financial performance and position, progress on major projects, levels of service performance and reasons for significant differences from what was planned.

3 Discussion and Options considered

3.1 This report is for information purposes. Any matters that require resolution would be reported separately to Council.

4 Operational Implications

4.1 There are no capital or operating expenditure implications, or maintenance costs associated with this paper.

5 Financial implications

5.1 Any financial implications would be reported separately to Council.

6 Statutory Requirements

6.1 Quarterly governance reports provide an overview of results towards the Annual Report, which will be prepared and audited in accordance with the requirements of the Local Government Act 2002.

7 Delegations

7.1 The Audit and Risk Committee’s Terms of Reference includes the responsibility for financial reporting, including the following:

- long term planning including the financial strategy;
- appropriateness of accounting policies;
- annual report; and
- internal report (monthly and/or quarterly).

8 Consultation

8.1 There are no consultation requirements associated with this matter.

9 Cultural Considerations

9.1 There are no cultural considerations associated with this report.
10  Conclusion

10.1 The quarterly reports are a mechanism of transparently reporting against progress towards achieving targets set in the Annual Plan and the Long Term Plan.

11  Attachments

- Quarter Four Report
- Capital Expenditure Report for the period ended 30 June 2019
Key Indicators
For the period ended 30 June 2019

Capital Expenditure
- $18.1m
- $9.0m
- $9.0m
- $0.0m

Loans Raised (excluding refinancing loans)
- $7.0m
- $3.5m
- $27.1m
- $0.0m

Total External Debt
- $38.4m
- $10.4m
- $19.2m
- $0.0m

Total Operating Revenue (excluding rates)
- $7.4m
- $14.1m
- $11.1m
- $0.0m

Total Operating Expenses
- $28.5m
- $14.0m
- $4.1m
- $0.0m

Total Council
- $13.9m
- $11.1m
- $4.1m
- $0.0m

Key Performance Indicators

Key
- Annual Plan
- YTD/h/c revise Budget
- Actual - On Track
- Actual - Needs Monitoring
- Actual - Not achieving
Overall Council Summaries
For the period ended 30 June 2019

Comments:
During the year a total of $3m as drawn down from the BNZ to meet short term cash flow needs. These draw downs were repaid within 2mths. The short term advances are not reflected in the Loans dial. Council borrowed $7m in December. In March 2019, through the LGFA tender process $10.5m was refinanced at a lower interest rate.

During the rates season a temporary breach of investment policy occurred due to a higher level of funds in the transactional account over a weekend period. This was corrected on the Monday. (Policy states a max of 50% to be with the transactional bank)
Revenue was received from rates and user fees and charges.

Cemeteries were $40k favourable to budget, due to a higher number of interments and plot reservations than expected.

The two week closure of the indoor pool over the peak summer period contributed to the $41k unfavourable variance against budget.

Makino - $22k favourable variance due to staff vacancies combined with efficiencies within the maintenance contract of the facility.

Halls and Recreation Complexes - finished very close to budget with no variances of concern.

Parks and Sports Grounds - favourable due to efficiencies achieved with the Recreational Services Contract for Parks and Open Spaces.

Cemeteries $20k favourable and Public Conveniences $20k favourable due to efficiencies with contractor.

The capital expenditure report contains the progress of individual projects.

Makino Aquatic Centre (MAC) - The results of the residents survey showed that 95% of the 452 respondents were satisfied with their overall experience at the facility. A total of 58,064 customers have participated in water activities. The annual target is 50,000.

Property - Survey results show residents satisfaction with Council owned property is 95% (from 452 respondents). This exceeds the target of 85%.

Halls and Recreation Complexes - Hall reports have not been received, so confirmation of halls usage numbers is unable to be reported.

(Continued Page 15)
District Development
For the period ended 30 June 2019

Income is primarily from rates and a small portion from Interest.

Economic Development - The Ultra Fast Broadband project ($212k) is on hold, pending other decisions on the Turners Road development. Economic Development opportunity and collaboration ($186K) not completed in this financial year. A request for carry forward will be made.

Community Projects - $204k unfavourable to budget, due to four below budget areas; Community Planning Project $88k, Community Committee Funds $56k, Community Development Funds $50k, Creative Communities $10k. Requests for carry forward will be made.

There is no capital expenditure for this activity.

Economic Development - CEDA has reported the achievement of 72% of its 25 performance measures (target 80%).

The achievement of the activated initiative in the Economic Development Strategy Action Plan are still being assessed.

(Continued Page 15)
Emergency Management

For the period ended 30 June 2019

Income is primarily received through rates.

Expenditure very close to budget with no significant variances to note.

Capital expenditure planned for this activity has been deferred to the 2019/20 financial year. Carry forward of funding request will be made.

Civil Defence - Of the 452 respondents to the residents’ survey 73% were satisfied with the community preparedness for civil defence emergencies and 80% were satisfied with the response to civil defence emergencies. The two surveys were averaged to give the overall result of 77% satisfaction. This does not meet the target of a 2% increase on the prior year’s satisfaction of (77%).
Governance and Strategy
For the period ended 30 June 2019

Income is received through rates.

Payments to staff and suppliers were lower than budget by $71k. Variances to budget include conference expenses and training $22k, other remuneration (Audit and Risk Committee) $13k, photocopying $9k, subscriptions $5k, consultants $5k, other expenses $17k.

There is no capital expenditure planned for this activity.

The residents’ survey showed that 69% of the 452 respondents were satisfied with opportunities Council provides for community involvement in decision making (target 80%).

The limit for rates increases for the year is 5.0% (excluding increases as a result of growth or new levels of service) with a planned 4.8% increase in year one of the 2018-28 Long Term Plan. Actual rates revenue (excluding water by meter and revenue increases resulting of growth) is 4.7% greater than last year.

The borrowing limit in the for the year is $86 million with $77 million planned in the Annual Plan. Year-end borrowing is $70 million.
Dog registration revenue was $17k ahead of budget due to a higher number of dogs registered than budgeted.

Building Control revenue $128k ahead of budget, reflecting increased growth in the district. District Planning fees are $214k ahead of budget as a result of an increased number of applications.

Alcohol Licensing Fees ($20k down) and Environmental Health ($15k above) have variances as renewal dates are spread unevenly during the year. The annual budget is expected to be met. Compliance contract revenue has not met annual target, as the level of work from PNCC is less than expected.

Building Control - $317k additional expense for building consultants, due to the increased number of applications. This cost is partially offset by increased building control revenue. Earthquake prone building project $154k lower than budget, pending the appointment of an engineering resource. Legal expenses $34k above budget due to a leaky home claim.

Environmental Health and Monitoring costs behind budget $20k due to staff vacancy during the year. The District Plan project consultant costs are $453k behind budget. This project is being reassessed. Request for carry forward will be made.

The capital expenditure report contains the progress of individual projects.

Building Control - The first available inspection exceeded the four day target between March and June 2019 where the booking time was between 4.5 and 7 working days of the request (target 90%).

90.4% of the 314 Code Compliance certificates for fixed fee consents were processed within 10 working days (target 95%). Including fixed fee consents, 704 Code Compliance certificates were issued, 95% within 20 working days (target 95%).

(Continued page 15)
Revenue is received through rates and NZTA subsidies.

Subsidy revenue is lower than budget by $537k, as a result of delays to the maintenance programme ($277k), necessary to allow for emergency works. $260k of Emergency Works subsidies have been declared surplus to requirements to NZTA.

The volume of emergency work has caused delays in delivery of the maintenance and renewal programmes, final emergency work costs are lower than initial estimates, $358k of surplus budget has been declared to NZTA at the end of the financial year.

The maintenance programme completed this financial year is $661k under budget. No requests for carry forward of unspent budgets to the 2019/20 financial year will be made.

The capital expenditure report contains the progress of individual projects.

Requests for carry forward of unspent budgets to the 2019/20 financial year will be made.

There were 18 serious injury crashes and 3 fatal crashes this year. Based on a population of 30,300 this results in 0.00067 crashes per capita. This met the target of a decrease in crashes per capita in the previous financial year (0.0007 based on a population of 28,500)

115 urgent requests have been received. 93.9% of these were responded to within the targeted timeframe (target 90%).

978 non-urgent requests have been received. 93.5% of these were responded to within the targeted timeframe (target 90%).

91% of the 452 residents surveyed were satisfied that the roading network was easy to navigate and there was adequate signage (target 85%).

Key

<table>
<thead>
<tr>
<th>Key</th>
<th>Annual Plan Forecast</th>
<th>YTD Actual - favourable OR unfavourable &lt; 5% budget</th>
<th>YTD Actual - unfavourable 5-15% budget</th>
<th>YTD Actual - unfavourable &gt; 15% budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>On Track</td>
<td>Needs Monitoring</td>
<td>Not achieving</td>
<td></td>
</tr>
</tbody>
</table>
Solid Waste
For the period ended 30 June 2019

Revenue is primarily from rates, gate takings at the transfer station and blue bag sales.

Transfer station gate takings were $112k ahead of budget, due to accepting more commercial waste at the transfer station.

Refuse bag sales are $136k behind budget. Bag sales are $51k better than last year, as Budget Waste have withdrawn their yellow bags from the market.

Disposal costs are overall $201k greater than budget. These costs are partially offset by additional transfer station gate takings.

Waste volumes (above the existing contracted limit of 208 tonnes per month) have triggered cost escalations.

Waste Minimisation Education expenditure is on hold, pending a review of the programme. Currently $52k below budget. No request for carry forward of expenditure will be made.

The capital expenditure report contains the progress of individual projects.

The capital costs associated with the Kerbside Recycling Collection are for bin purchases.

The capital costs associated with Solid Waste Collection and Disposal are for the Resource Recovery Centre. Initial planning costs are ahead of schedule. Construction of the Resource Recovery Centre will be deferred to the next financial year. Requesting carry forward of capital expenditure.

Council supports three waste education programmes this year.
- Enviro Schools – 12 schools enrolled
- Zero Waste Education – 8 schools with 944 participants
- Para Kore – 1 marae

Council has also created a link to website information on rural recycling. A number of the participants of a rural waste survey have been provided more industry specific information.

176 complaints were received during the year. There were 545,594 collections made. The results in 32.3 complaints per 100,000 collections (target is less than 20).
Stormwater
For the period ended 30 June 2019

All revenue is sourced from rates.
Operational spend has met budget.
Higher staff costs due to more hours worked.
Asset revaluations have resulted in higher depreciation costs.

The capital expenditure report contains the progress of individual projects.
A number of projects have been carried forward from last financial year, since the Annual Plan was adopted. Requests for carry forward of unspent budgets to the 2019/20 financial year will be made.

Iwi consultation and Horizons consent requirements have resulted in delays before commencing physical works.

53 complaints have been received. Based on the 6,896 connections this equates to 7.7 complaints per 1,000 connections to date (target is less than six).
No flooding of habitable dwellings has been reported.
No abatement notices, infringement notice, enforcement orders, or convictions have been received.

Key
- Annual Plan
- Year End Forecast
- YTD Revised Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

Key
- On Track
- Needs Monitoring
- Not achieving
Revenue is from rates, trade waste charges and volumetric charges.

Trade waste charges have been adjusted in consultation with industry. Revenue is consequently less than budgeted. Additional revenue streams from other trade waste customers are being investigated.

Operational spend has exceeded budget. Additional costs relate to signage at FWWTP for Health & Safety, electricity costs, laboratory expenses (to meet additional compliance requirements), resource consents (to meet compliance requirements). Reticulation maintenance is done on an as needs basis.

Higher staff costs due to higher hours being worked in this area.

The capital expenditure report contains the progress of individual projects.

Requests for carry forward of unspent budgets to the 2019/20 financial year will be made.

Feilding wastewater treatment plant received one infringement notice for exceeding Soluble Inorganic Nitrogen (SIN) consent limits for the in-pipe standard. Council are in the process of appealing this notice as the assessment methodology Horizons has adopted is not consistent with the Environment Court decision.

17 system blockage complaints and 3 system fault complaints were received. This is 2.9 complaints per 1,000 connections (target is less than 20 complaints per 1,000 connections).

There were eight overflows with the median attendance time was 0.2 hours (target less than 2 hours) and median resolutions time was 2.0 hours (target less than 9 hours).
Revenue is from rates and metered water.

Annual operational spend has met budget.

Higher staff costs due to higher hours worked in this area.

The capital expenditure report contains the progress of individual projects.

A number of projects have been carried forward from last financial year, requests for carry forward of unspent budgets to the 2019/20 financial year will be made. Awaiting consents before physical works can commence.

27 urgent call-outs were received. The median attendance time was 0.6 hours (target less than 2 hours) and median resolutions time was 1.3 hours (target less than 9 hours).

Sanson is not meeting protozoa compliance with the current river source. The new water treatment plant is scheduled to be commissioned in August 2019. All other plants were compliant.

All samples taken showed the water is safe to drink and posed no risk to public health i.e. no E-coli detected in the water supply.

(Continued page 15)
Health and Safety
For the period ended 30 June 2019

Notifiable events this quarter
Notifiable: 0  Not Notifiable: 26
This quarter our contractors reported 2 notifiable events:
• a waratah was driven through a gas pipe
• a contractor was served an environmental abatement notice for silt control failure

Significant incidents this quarter
Three separate incidents where young boys have got their arm stuck between the rail and wall (minor injuries) at the Learn to Swim pool. It is unknown why this is suddenly happening. During the pool shut down in July, the rail is going to be moved to prevent more serious injuries in the future.

H&S audits
• 5 MDC WTP
• 2 MDC Water bores
• 3 MDC WWTP
• 3 RDC WTP
• 4 RDC WWTP
• 1 RDC water bore
• RDC Marton Dam

Wellness initiatives
• 7 Workstation assessments:
• 2 Pre-employment drug and alcohol tests
• 4 Eye tests
• 60 Flu Shots
New Health and Safety Equipment:
• Epi Pen at the MAC for anaphylactic reactions
• AED Defibrillator at the Fielding WWTP

Communication and education
• Fatigue - What’s the problem?
• The Biggest Loser Finale
• New Health & Safety System
• Fatigue
• S.A.D DIY Remedy
• Noise-Induced Hearing Loss
• Launch of our online H&S system to make finding and using H&S documents easier for all staff

Training and inductions
• 17 New staff H&S inductions
• Core Conversations
• First Aid Refresher
• First Aid Level 1 and 2
• Mindwell Mental Health

Rolling injuries
Abrasion / scratch / graze 16
Bleeding nose 4
Bruise/contusion 20
Burn/scold 1
Chemical splash 2
Dermatitis/skin rash 1
Dislocation 2
Emotional 3
Fractured bone 2
Friction Burn 1
Illness Toxic 4
Insect or Spider bite 1
Laceration, cut 20
Puncture wound 3
Sprain, strain 16
Static Shock 1
Total 98

Lost time (days) year to date
Community Facilities

Library - There has been a total of 55,012 digital users during the year (target 55,000). The Library has conducted a total of 1,419 events (target 920) with 19,232 participants (target 13,800). Total issues per capita for the year, based on a population of 30,000, is 8 (target 8).

Public Conveniences - There were five complaints received this year that related to inadequate maintenance or cleaning (target is less than 10).

Cemeteries - No complaints have been received about late or inadequate interment services. This residents' indicated 96% satisfaction from 452 respondents (target 90%).

Parks, Reserves and Sports Grounds - The resident's survey indicated that 97% of the 452 respondents were satisfied with their overall experience of parks, reserves and sports grounds (target 90%).

Regulatory

District Planning and Policy -
77% of the 310 non-notified resource consents were processed within 20 working day (target 90%).

There has been one limited notified resource consent issued this year. This was processed in 65 working days (target within 50 working days).

64 controlled activity resource consents have been received this year. 9.4% were processed within the 10 day timeframe (target 90%).

Compliance and Monitoring -
All licensed premises and health registered premises that were due to be carried out by Council have been completed.

Animal Control -
There have been 191 priority one, 273 priority two and 841 priority three requests received. All measures met the target of 90% of notifications being responded to within targeted timeframe.

District Development

Community Development -
The residents' survey indicated 57% of 452 respondents were satisfied that the Council funds and supports key community organisations. This met the target of a 2% increase on the prior years result (55%).

Council received the 2017/18 Accountability Reports from the 13 organisations who currently have contracts of service through the Partnership Fund. All organisations had met their obligations under their respective contracts. During the year 19 recipients of a representative grants reported to Council.

Water Supply

There were 108 complaints received: 35 clarity; 15 taste; 2 odour; 29 pressure and 27 continuity of supply. This is 14.8 complaints per 1,000 connections (target less than 20 per 1,000 connections).
### Community Facilities

#### Cemeteries
- **Fielding Cemetery Extension**: $22,14, YTD 15, Variance 8%, Committments 0, Physical Completion 15, Carried Forward Requested 0. The project has been completed. Additional expenditure was required to complete new burial beams.

#### District Libraries
- **Library Caksellson Purchases**: $211, YTD 103, Variance -8%, Committments 0, Physical Completion 10, Carried Forward Requested 0. All purchases have been completed.

#### Library New Works
- **Library Renewals**: $8, YTD 8, Variance 0%, Committments 0, Physical Completion 10, Carried Forward Requested 0. Renewals have been completed.

#### Makino Aquatic Centre

#### Makino Pool Renewals
- **206, YTD 283, Variance -27%, Committments 0, Physical Completion 10, Carried Forward Requested 0. Work has been completed on the Glulam Columns and the condition assessment of the outdoor pool pipes. A request for a carry forward has been made to complete the renewal of the outdoor pool pipes.**

#### Indoor Pool Renewals
- **125, YTD 163, Variance -23%, Committments 0, Physical Completion 10, Carried Forward Requested 0. Plant room upgrades completed. A request has been made to carry forward unspent budget to the 2019/20 financial year.**

#### Indoor Pool Interior Painting
- **20, YTD 20, Variance 0%, Committments 0, Physical Completion 10, Carried Forward Requested 0. All interior painting has been completed.**

#### Fielding Little Theatre Roof
- **17, YTD 20, Variance -20%, Committments 0, Physical Completion 10, Carried Forward Requested 0. Works on the Little Theatre roof have been completed.**

#### Hall Renewals
- **9, YTD 7, Variance 30%, Committments 0, Physical Completion 10, Carried Forward Requested 0. Emergency lighting has been installed at the Te Kawu Recreation Centre.**

#### Parks, Reserves and Sports Grounds

#### Makino Park Playground and Skate
- **378, YTD 655, Variance -42%, Committments 85, Physical Completion 70, Carried Forward Requested 277. Concept design has been completed for the Skate Park, with detailed designs underway. Work is nearly complete on the beautification project. A request has been made to carry forward the remaining funds for landscaping and beautification around the proposed skate park and Rata Street Waylay.**

#### Parks and Reserves Community Planning Projects
- **11, YTD 11, Variance 9%, Committments 0, Physical Completion 10, Carried Forward Requested 0. Project has been completed.**

#### Awahuri Forest - Kiltester Park Carpark and Entrance Development
- **68, YTD 66, Variance 2%, Committments 0, Physical Completion 10, Carried Forward Requested 0. The carpark entrance and rescaling has been completed.**

#### Districtcape Reserves New Works
- **10, YTD 10, Variance 0%, Committments 0, Physical Completion 10, Carried Forward Requested 0. The walkways in Hakombe domain have been completed.**

#### Feilding CBD New Works
- **18, YTD 14, Variance 28%, Committments 0, Physical Completion 10, Carried Forward Requested 0. Irrigation has been installed and project has been completed.**

#### Himatangi Beach Reserve New Works
- **22, YTD 22, Variance 0%, Committments 0, Physical Completion 10, Carried Forward Requested 0. Project has been completed.**

#### Johnston Park New Works
- **61, YTD 64, Variance -3%, Committments 0, Physical Completion 40, Carried Forward Requested 0. Projects to resolve facade drainage issues and upgrade the road reserve from Johnston Park to Awa Street have been completed.**

#### Tangimoana Beach Coastal Reserves - New Works
- **12, YTD 12, Variance 0%, Committments 0, Physical Completion 10, Carried Forward Requested 0. Project has been completed.**

#### Timana Park New Works
- **218, YTD 218, Variance 0%, Committments 0, Physical Completion 100, Carried Forward Requested 0. Project included the purchase and installation of Exelo toilets, development of changing rooms and the chip seal of park roads.**

#### Kitchen Park Capital Works
- **5, YTD 4, Variance -28%, Committments 0, Physical Completion 100, Carried Forward Requested 0. Physical works on the project have been completed.**

#### Railway Land Beautification
- **346, YTD 413, Variance -16%, Committments 30, Physical Completion 80, Carried Forward Requested 68. Work has been completed on the car park upgrade with new lighting and rescaling. Crossing points are now being installed. A request has been made to carry forward unspent budget to the 2019/20 financial year.**

#### Sanson Playground
- **100, YTD 158, Variance -37%, Committments 58, Physical Completion 50, Carried Forward Requested 58. Playground is being constructed in conjunction with public toilet. Project completion has been delayed by technical and legal issues. A request has been made to carry forward unspent budget to the 2019/20 financial year.**

### Property

#### Strengthen Earthquake Prone Buildings
- **30, YTD 115, Variance -73%, Committments 0, Physical Completion 10, Carried Forward Requested 84. Project will not commence in 2018/19 as the third party funding is being sourced to complete the refit of the Little Theatre. A request has been made to carry forward unspent budget to the 2019/20 financial year.**

#### Manfeild Park Development
- **106, YTD 412, Variance -74%, Committments 3, Physical Completion 15, Carried Forward Requested 301. Project is for the development of South Street and Kawakawa Road land. A request will be made to carry forward the balance.**

#### New Storage Facilities and Holding Bays
- **0, YTD 103, Variance -100%, Committments 0, Physical Completion 103. Budget based on the sale of the South Street depot which is in the early stages of negotiations with a potential buyer. Works for this will begin when land has progressed to a point when relocation of Recreational Services is required. A request has been made to carry forward the balance.**

#### Districtcape Property Renewals Provision
- **12, YTD 15, Variance 20%, Committments 0, Physical Completion 100, Carried Forward Requested 0. Project has been completed.**

### Public Conveniences

#### Sanson Public Toilets
- **153, YTD 214, Variance -28%, Committments 0, Physical Completion 90, Carried Forward Requested 60. Toilets have been delivered and are awaiting installation. A request to carry forward the remaining balance of the budget has been made so that installation can be carried out.**

#### Cheltenham Public Toilets
- **1, YTD 102, Variance -99%, Committments 0, Physical Completion 25, Carried Forward Requested 100. Physical work will begin later in the 2019/20 Financial year. Land acquisition has just been completed. A request has been made to carry forward unspent budget to the 2019/20 financial year.**

### Total Community Facilities
- **2,567, YTD 5,287, Variance 51%, Committments 319, Physical Completion 483, Carried Forward Requested 5,577.$ 109

### Regulatory

#### Animal Control New Works
- **10, YTD 10, Variance 0%, Committments 0, Physical Completion 100, Carried Forward Requested 0. Construction of Auxiliary Storage Area has been completed.**

#### Animal Control Renewal Projects
- **3, YTD 3, Variance 0%, Committments 0, Physical Completion 100, Carried Forward Requested 0. Painting of the new shed and pound exterior has been completed. A concrete pad has been installed in the dog yard.**

### Emergency Management

#### CDEM radio repeater
- **7, YTD 9, Variance -21%, Committments 0, Physical Completion 100, Carried Forward Requested 0. Equipment for the radio system upgrade has been purchased.**

#### Alternate EOC Fibre Connection and Cabling
- **24, YTD 36, Variance -32%, Committments 0, Physical Completion 100, Carried Forward Requested 0. EOC Trailer has been purchased and fit out has taken place.**

#### Radio Tower Upgrade and VHF Replacement
- **0, YTD 7, Variance -100%, Committments 0, Physical Completion 0, Carried Forward Requested 0. Project was not undertaken.**

### Total Emergency Management
- **32, YTD 52, Variance -40%, Committments 0, Physical Completion 0, Carried Forward Requested 0.**
Roading Growth
- Design work for precinct 4 and 5 is underway.
- Negotiations for land purchase has commenced for precinct 5 (Turners Road).
- A carry forward has been requested for the balance of budget to enable physical works to be completed in the 2019/20 financial year.

CBD Redevelopment Projects
- This project did not receive Council approval to proceed. A carry forward will not be requested.

Subsidised Minor Improvement New
- The following projects have been complete: Flag lighting installation (Himatangi Block Road and Rongotua Road).
- Awahuri Festival Road Stage 2, Mahine Short Road Intersection safety improvements, 2018-19 Safety Schools Programme, Aranoa Road/Rongotua Road intersection enabling works (with the guard rail project being programmed for 2019-20).
- New footpath works in Port Street were completed as part of the approved 2019-2021 NZTA subsidised work programme. Safety improvements at Makino Road/North Street intersection have been deferred to 2019/20 due to delay in the reusal programme, which must be completed before this project can proceed.
- A carry forward will be requested for this project.

Subsidised Cycle Facilities
- Fielding to Palmerston North cycleway single stage business case is complete.
- Funding for the pre-implementation has been applied for but NZTA has requested further information.
- A carry forward will be required to cover additional works required to complete the business case to NZTA’s satisfaction.

Subsidised Road Improvements New
- This project is for improvements that are made in conjunction with Subsidised Minor Improvement Projects.
- Physical works on Spur Road and other area wide treatments are all complete. The overspend is due to stabilisation trial in Kimber Street, Hakombe.

Subsidised Unsealed Road Metalling
- Chip seal sites are complete. The asphaltic concrete resurfacing programme has been affected by external stakeholder delays. This has resulted in the deferral of some work to 2019/20.
- A carry forward of unspent funds has been requested.

Subsidised Sealed Road Resurfacing
- The Gillispies Line and Rongotea Road box culvert replacements design and consultation phase is complete.
- The surplus budget is requested to be carried forward to contribute to the cost of construction.
- Delays in funding approval for NZTA for the Manawatu Bridge replacement has caused an extended timeframe for bridge design, consultation and land acquisition. The optimistic forecast for completion of this phase is November 2019. A carry forward request has been submitted to fund this phase in 2019/20.

Subsidised Bridge Renewals
- The Otara Bridge (boundary bridge) strengthening project was completed under budget, however further corrosion treatment work was identified. A carry forward of $10,000 has been requested to fund this work in 2019/20.

Subsidised Drainage Renewals
- The majority of planned drainage renewal work was completed by June 2019.

Subsidised Structures Renewals
- The intersection improvement work project at Rongotua Road/Green Road has spanned 2018/19 and 2019/20 financial years.
- The requested carry forward is required to fund the remaining work in 2019/20.

Subsidised Traffic Services Renewal
- Pohangina Road (Grand Canyon) steel bridge, Mangamako Road Bridge corrosion protection work and Wilsom Road guard railing are all complete. The overspend is balanced out by underspending in other subsidised renewal programmes.

Subsidised Pavement Rehabilitation
- The overspend is due to higher than expected road marking costs. These will be balanced out by underspending in other subsidised renewal programmes.

Subsidised Accelerated LED Renewals
- This project is for the design and installation for stage 3 LED replacements (high use roads) in Feilding.

Roading District Footpath Renewal
- Design and procurement of 300 LED luminaires is complete. Delivery of the luminaires has been delayed until July/August 2019. Unspent funds will be requested to be carried forward.

Non Subsidised Road Renewal
- This project was carried out in conjunction with rehabilitation and maintenance contracts work.

Non-Subsidised Accelerated LED Renewals
- The Otara Bridge (boundary bridge) strengthening project was completed under budget, however further corrosion treatment work was identified. A carry forward of $10,000 has been requested to fund this work in 2019/20.

Total Roading
- Bin movements out to the community on an as needs basis.
- This is the net movement of inventory - new bin purchases and the issue of bins out to the community.
- Bin movements were not required to be made.
- Minor improvements were not required to be made.
- Minor improvements were not required to be made.
- Design work for precinct 4 and 5 is underway. Negotiations for land purchase has commenced for precinct 5 (Turners Road).
- A carry forward has been requested for the balance of budget to enable physical works to be completed in the 2019/2020 financial year.

Total Windfall
- Design work for precinct 4 and 5 is underway. Negotiations for land purchase has commenced for precinct 5 (Turners Road).
- A carry forward has been requested for the balance of budget to enable physical works to be completed in the 2019/2020 financial year.

Total Stormwater
- Design work for precinct 4 and 5 is underway. Negotiations for land purchase has commenced for precinct 5 (Turners Road).
- A carry forward has been requested for the balance of budget to enable physical works to be completed in the 2019/2020 financial year.

Total Solid Waste
- Design work for precinct 4 and 5 is underway. Negotiations for land purchase has commenced for precinct 5 (Turners Road).
- A carry forward has been requested for the balance of budget to enable physical works to be completed in the 2019/2020 financial year.

Total Waste
- Design work for precinct 4 and 5 is underway. Negotiations for land purchase has commenced for precinct 5 (Turners Road).
- A carry forward has been requested for the balance of budget to enable physical works to be completed in the 2019/2020 financial year.
<table>
<thead>
<tr>
<th>Project Description</th>
<th>Actual</th>
<th>Revised</th>
<th>Variance</th>
<th>Commitments</th>
<th>Annual Plan 2019</th>
<th>Physical Completion</th>
<th>Carried Forward</th>
<th>Full Year Revised Budget reflects the amounts carried forward from 2018/19 after the Annual Plan was prepared.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastewater</td>
<td></td>
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<tr>
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<td>Desulphating Ossidation</td>
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<tr>
<td>Total Wastewater</td>
<td>4,757</td>
<td>7,003</td>
<td>(2,246)</td>
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<td>298</td>
<td>6,721</td>
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<tr>
<td>Water</td>
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<tr>
<td>Fielding Water Treatment Plan Renewals</td>
<td>323</td>
<td>3,277</td>
<td>(2,954)</td>
<td>(90)%</td>
<td>2,369</td>
<td>3,291</td>
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<tr>
<td>Fielding Reticulation Renewals</td>
<td>116</td>
<td>204</td>
<td>(88)</td>
<td>(43)%</td>
<td>0</td>
<td>204</td>
<td>50%</td>
<td>$000</td>
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<tr>
<td>Fielding Water Supply Growth</td>
<td>153</td>
<td>405</td>
<td>(252)</td>
<td>(62)%</td>
<td>0</td>
<td>328</td>
<td>40%</td>
<td>$000</td>
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<tr>
<td>Fielding Water Pressure Zones</td>
<td>35</td>
<td>158</td>
<td>(122)</td>
<td>(78)%</td>
<td>38</td>
<td>20</td>
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<tr>
<td>Water Supply New Connections</td>
<td>1</td>
<td>25</td>
<td>(24)</td>
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<td>25</td>
<td>0%</td>
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<tr>
<td>Himatangi Water Asset Renewals</td>
<td>0</td>
<td>10</td>
<td>4</td>
<td>40%</td>
<td>0</td>
<td>10</td>
<td>100%</td>
<td>$000</td>
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<tr>
<td>Himatangi Water Supply New Work</td>
<td>37</td>
<td>216</td>
<td>(179)</td>
<td>(83)%</td>
<td>0</td>
<td>152</td>
<td>20%</td>
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<tr>
<td>Sanzen Water Asset Renewal</td>
<td>0</td>
<td>13</td>
<td>(13)</td>
<td>(100)%</td>
<td>0</td>
<td>0</td>
<td>0%</td>
<td>$000</td>
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<tr>
<td>Sanzen Water Treatment Plant New Works</td>
<td>829</td>
<td>1,100</td>
<td>(271)</td>
<td>(25)%</td>
<td>377</td>
<td>335</td>
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<td>Stanwhay/Halcombe Water Treatment Plant New Works</td>
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<td>350</td>
<td>(350)</td>
<td>(100)%</td>
<td>0</td>
<td>290</td>
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<tr>
<td>Stanwhay/Halcombe RWS Intake and Capacity Improvements</td>
<td>83</td>
<td>143</td>
<td>(59)</td>
<td>(42)%</td>
<td>0</td>
<td>143</td>
<td>60%</td>
<td>$000</td>
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<tr>
<td>Waituna West RWS Renewals</td>
<td>33</td>
<td>10</td>
<td>23</td>
<td>229%</td>
<td>0</td>
<td>33</td>
<td>100%</td>
<td>$000</td>
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<tr>
<td>Unplanned Village Renewals</td>
<td>2</td>
<td>31</td>
<td>(28)</td>
<td>(93)%</td>
<td>0</td>
<td>31</td>
<td>100%</td>
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</tr>
<tr>
<td>Total Water Supply</td>
<td>1,629</td>
<td>5,961</td>
<td>(4,332)</td>
<td>(73)%</td>
<td>2,784</td>
<td>4,884</td>
<td>4,287</td>
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<tr>
<td>Support Services and Other</td>
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<tr>
<td>Motor Vehicle Renewals</td>
<td>217</td>
<td>209</td>
<td>(17)</td>
<td>(8)%</td>
<td>0</td>
<td>209</td>
<td>90%</td>
<td>$000</td>
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<tr>
<td>Computer Hardware Renewal</td>
<td>287</td>
<td>(30)</td>
<td>(30)</td>
<td>(100)%</td>
<td>5</td>
<td>282</td>
<td>100%</td>
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<tr>
<td>Software - Document Management</td>
<td>75</td>
<td>123</td>
<td>(48)</td>
<td>(39)%</td>
<td>0</td>
<td>46</td>
<td>23%</td>
<td>$000</td>
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<tr>
<td>Other IRW Renewal Projects</td>
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<td>19</td>
<td>(2)</td>
<td>(10)%</td>
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<td>17</td>
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<td>Software Replacement</td>
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<td>(100)%</td>
<td>0</td>
<td>53</td>
<td>0%</td>
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<tr>
<td>Administration Building New Works</td>
<td>16</td>
<td>17</td>
<td>(1)</td>
<td>(6)%</td>
<td>0</td>
<td>17</td>
<td>100%</td>
<td>$000</td>
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<td>Administration Building Renewals</td>
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<td>26</td>
<td>1</td>
<td>3%</td>
<td>0</td>
<td>28</td>
<td>100%</td>
<td>$000</td>
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<td>Call Centre Analogue</td>
<td>0</td>
<td>4</td>
<td>(4)</td>
<td>(100)%</td>
<td>0</td>
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<td>0%</td>
<td>$000</td>
</tr>
<tr>
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<td>14</td>
<td>22</td>
<td>(9)</td>
<td>(8)%</td>
<td>0</td>
<td>22</td>
<td>100%</td>
<td>$000</td>
</tr>
<tr>
<td>General New Assets</td>
<td>4</td>
<td>23</td>
<td>(19)</td>
<td>(84)%</td>
<td>0</td>
<td>0</td>
<td>100%</td>
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<td>Total Support Services and Other</td>
<td>561</td>
<td>833</td>
<td>(272)</td>
<td>(43)%</td>
<td>578</td>
<td>674</td>
<td>81%</td>
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<tr>
<td>TOTAL CAPITAL EXPENDITURE</td>
<td>18,471</td>
<td>36,153</td>
<td>(16,682)</td>
<td>(46)%</td>
<td>7,262</td>
<td>12,411</td>
<td>10,020</td>
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<tr>
<td>Actual YTD</td>
<td>Full Year Revised Budget YTD</td>
<td>Variance YTD</td>
<td>Variance %</td>
<td>Commitments</td>
<td>Annual Plan 2019</td>
<td>Physical Completion</td>
<td>Carried Notes/Comments</td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td>------------------------------</td>
<td>--------------</td>
<td>------------</td>
<td>-------------</td>
<td>------------------</td>
<td>---------------------</td>
<td>-----------------------</td>
<td></td>
</tr>
<tr>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>%</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td></td>
</tr>
</tbody>
</table>

- Red triangle: Greater than 15% of budget
- Yellow triangle: Between 5-15% greater than budget
- LOS = Level of Service

Forward Full Year Revised Budget reflects the amounts carried forward from 2018/19 after the Annual Plan was prepared.