

AUDIT AND RISK COMMITTEE

AGENDA

Meeting to be held

FRIDAY 11 AUGUST 2017

8.30am

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

A handwritten signature in black ink that reads "R.G. Templer".

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

	PAGE
1. MEETING OPENING	
2. APOLOGIES	
3. CONFIRMATION OF MINUTES	5
<i>Draft resolution</i>	
<i>That the minutes of the Audit and Risk Committee meeting held 19 May 2017 be adopted as a true and correct record.</i>	
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. OFFICER REPORTS	
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Report of the General Manager – Corporate and Regulatory dated 31 July 2017.	
6.2 MANAWATU DISTRICT COUNCIL RISK REGISTER	32
Report of the General Manager – Corporate and Regulatory dated 4 August 2017.	
6.3 INSURANCE POLICIES HELD	51
Report of the General Manager – Corporate and Regulatory dated 4 August 2017.	

6.4 FRAUD POLICY AND SENSITIVE EXPENDITURE POLICY

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Report of the General Manager – Corporate and Regulatory dated 7 August 2017.

7. CONSIDERATION OF LATE ITEMS**8. NOTIFICATION OF ITEMS FOR NEXT MEETING****9. PUBLIC EXCLUDED BUSINESS****COMMITTEE TO RESOLVE:**

That the public be excluded from the following parts of the proceedings of this meeting, namely:

- a) Confirmation of minutes

That the general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution
a) Confirmation of minutes of re Underground Infrastructure Insurance	Section 7(2)(c)(ii) Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest; and Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	Section 48(1)(a) - the public conduct of the relevant part of the proceedings would be likely to result in a disclosure of information for which good reason for withholding that information would exist, under Section 7 of the Local Government Official Information and Meetings Act 1987.

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as specified above.

10. MEETING CLOSURE

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	FRIDAY 19 MAY 2017	8.30AM

Minutes of a meeting of the Audit and Risk Committee held on Friday 19 May 2017, commencing at 8.30am in the Manawatu District Council Chambers, 135 Manchester Street, Feilding.

PRESENT:	Cr Stuart Campbell	(Chairperson)
	Cr Barbara Cameron	
	Cr Hilary Humphrey	
	Cr Phil Marsh	
	Mayor Helen Worboys	
	Mr John Fowke	
IN ATTENDANCE:	Cr Alison Short	
	Cr Michael Ford	
	Richard Templer	(Chief Executive)
	Shayne Harris	(General Manager – Corporate and Regulatory)
	Brent Limmer	(General Manager - Community and Strategy)
	Hamish Waugh	(General Manager – Infrastructure)
	Frances Smorti	(General Manager – People and Culture)
	Michael Hawker	(Project Delivery Manager)
	Colleen Morris	(Chief Financial Officer)
	Danielle Balmer	(Communications Officer)
	Nichole Ganley	(Governance Support Officer)

ARC 17/012 MEETING OPENING

The Chairperson declared the meeting open.

ARC 17/013 APOLOGIES

There were no apologies

ARC 17/014 CONFIRMATION OF MINUTES

RESOLVED

That the minutes of the Audit and Risk Committee meeting held 10 February 2017 be adopted as a true and correct record.

Moved by: Mayor Helen Worboys

Seconded by: Councillor Barbara Cameron

CARRIED

ARC 17/015 DECLARATIONS OF INTEREST

There were no declarations of conflict of interest.

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	FRIDAY 19 MAY 2017	8.30AM

ARC 17/016 NOTIFICATION OF LATE ITEMS

It was agreed to include a short discussion on following items of additional business:

External Audit
Cyber Security – WannaCry Ransomware Attack
Schedule of meetings.

RESOLVED

That the Audit and Risk Committee receives the late items for discussion.

Moved by: Councillor Phil Marsh

Seconded by: Councillor Barbara Cameron

CARRIED

ARC 17/017 THIRD QUARTER REPORT TO 31 MARCH 2017

Report of the General Manager – Corporate and Regulatory dated 12 May 2017 presenting for information a summary to 31 March 2017 of the Council's performance against 2016/17 Annual Plan.

RECOMMENDED

That the Council receives the Third Quarter Report to 31 March 2017.

Moved by: Councillor Phil Marsh

Seconded by: John Fowke

CARRIED

ARC 17/018 CONSIDERATION OF LATE ITEMS

EXTERNAL AUDIT – All of the members of the Audit and Risk Committee are invited to attend a meeting with Councillor Stuart Campbell and Mayor Helen Worboys and the external auditors. Councillor Stuart Campbell to advise of date and time.

CYBER SECURITY - Councillor Stuart Campbell wished to note the conversation he had had with the Chief Executive in regards to Manawatu District Councils cyber security in light of the recent global WannaCry Ransomware Attack, set out in questions and answers below:

Does Council have a formal security risk management process? Yes

Does Council have a robust security assurance process to provide ongoing comfort over the effectiveness of our cyber security controls? Yes and Council underwent an external audit of its security systems in April 2017.

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	FRIDAY 19 MAY 2017	8.30AM

Who is responsible for cyber security issues? Chief Executive Officer to General Manager Corporate & Regulatory to Master Business Systems to staff member Bruce McKay who is the Systems & Networks Manager.

Does the Council meet all its regulatory and legal requirements for securing information? That I'm aware of, Yes. The General Manager Corporate and Regulatory commented that the implementation of JARVIS is to ensure our requirements under the Public Records Act are met. This isn't a security issue but internal assurance of how and where our documents are stored.

The Chief Executive also noted the robust security systems and back up measures Council had in place to protect itself against cyber-attacks. The General Manager Corporate and Regulatory noted the Council does have Cyber Insurance.

The Committee requested this information be brought to the next Council meeting.

SCHEDULE OF MEETINGS

RESOLVED

That the Audit and Risk Committee hold bi-monthly meetings.

Moved by: Councillor Barbara Cameron

Seconded by: Mayor Helen Worboys

CARRIED

ARC 17/019 NOTIFICATION OF ITEMS FOR NEXT MEETING

Draft year-end financial statements to review
 Risk Management Register
 Review of Council Insurance Cover
 Fraud Policy and Sensitive Expenditure Policy – suggested the Committee view an index of the Governance Policy register and the Management Policy register.

The meeting adjourned at 9.50 am and reconvened at 9.58am.

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	FRIDAY 19 MAY 2017	8.30AM

ARC/020 **PUBLIC EXCLUDED BUSINESS**

RESOLVED:

That the public be excluded from the following parts of the proceedings of this meeting, namely:

- a) Underground Infrastructure Insurance

That the general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution
a) Underground Infrastructure Insurance	<p>Section 7(2)(c)(ii) Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest; and</p> <p>Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	Section 48(1)(a) - the public conduct of the relevant part of the proceedings would be likely to result in a disclosure of information for which good reason for withholding that information would exist, under Section 7 of the Local Government Official Information and Meetings Act 1987.

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as specified above.

Moved by: Councillor Barbara Cameron

Seconded by: Councillor Phil Marsh

CARRIED

The meeting went into public excluded session at 10.12am and resumed open session at 10.39am. For items ARC 17/021 to ARC 17/023 refer to public excluded minutes.

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	FRIDAY 19 MAY 2017	8.30AM

ARC 17/024 MEETING CLOSURE

The meeting closed at 10.40am

Approved and adopted as a true and correct record:

.....
CHAIRPERSON

.....
DATE

Audit and Risk Committee

Meeting of 11 August 2017

Business Unit: Corporate and Regulatory

Date Created: 04 August 2017

Fourth Quarter Report to 30 June 2017

Purpose

To provide a summary to 30 June 2017 of the Council's performance against 2016/17 Annual Plan.

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 2017.

Report prepared by:
Colleen Morris
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 Manawatu – the best rural lifestyle in New Zealand

Manawatu District will improve the natural environment, stewarding the district in a practice aligned to the concept of kaitiakitanga.	The Manawatu will attract and retain residents.	Manawatu district develops a broad economic base from its solid foundation in the primary sector.	Manawatu and its people are connected via quality infrastructure and technology.	Manawatu's built environment is safe, reliable and attractive.	Manawatu District Council is an agile 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 2016/17. The Annual Report accounts for how Council performed against the 2016/17 Annual Plan and the non-financial measures included in the second year of the 2015-25 Long Term Plan. The reports summarise Council's financial performance, progress on capital 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 2017

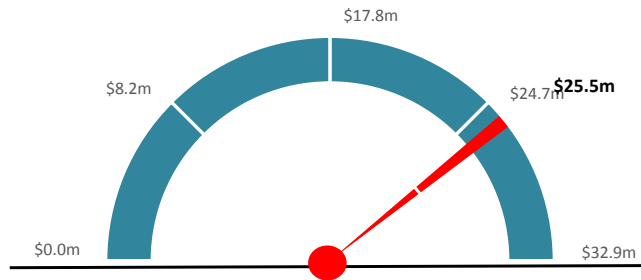
Attachment 1

Key Indicators

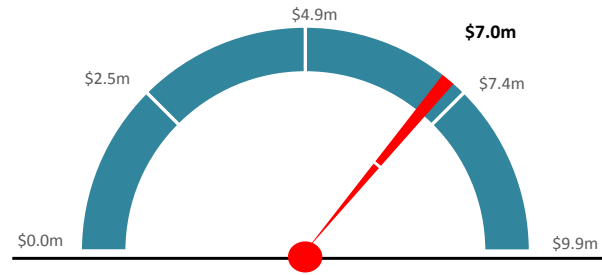
For the period ended 30 June 2017



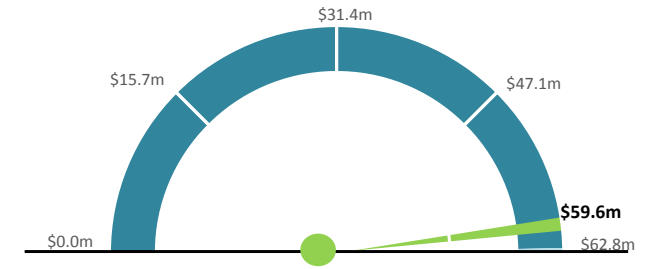
Capital Expenditure



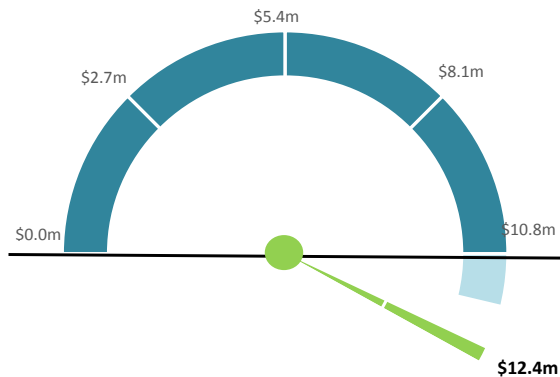
Loans Raised (excluding refinancing loans)



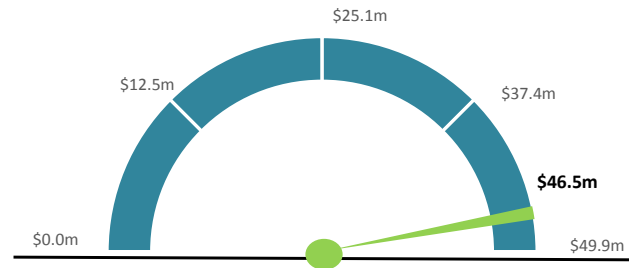
Total External Debt



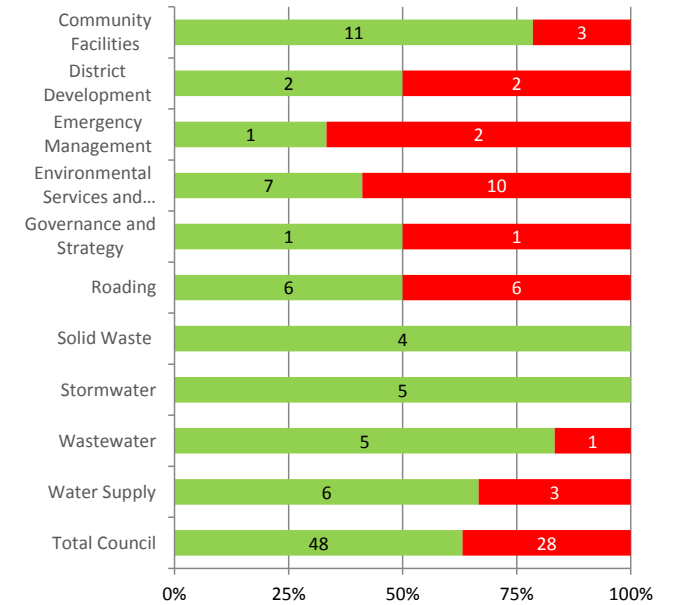
Total Operating Revenue (excluding rates)



Total Operating Expenses



Key Performance Indicators



Key

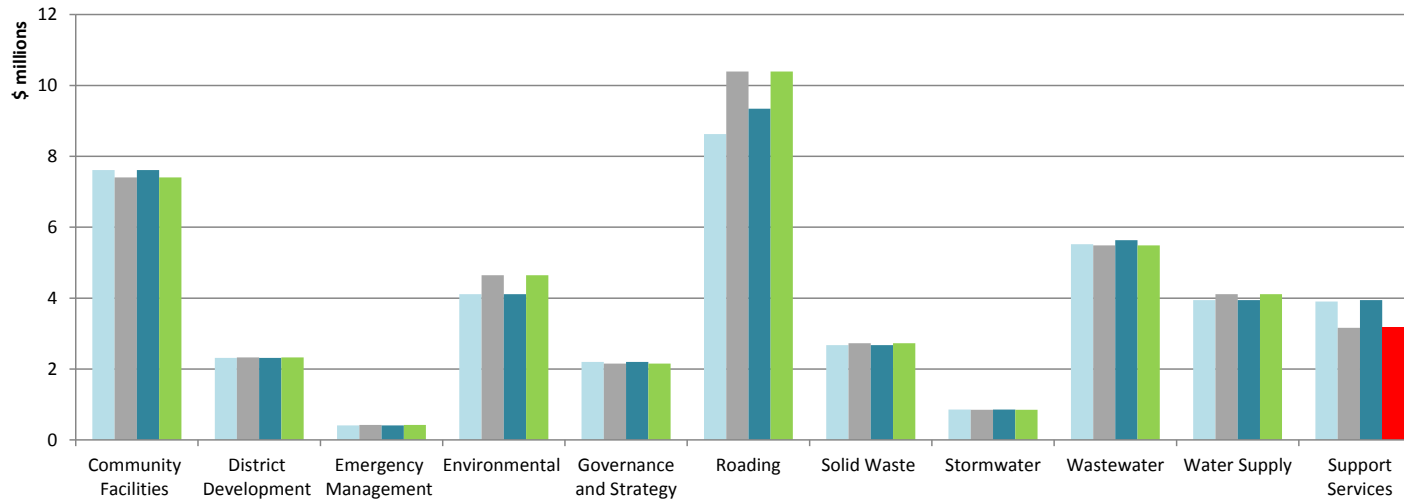
■ Annual Plan
 ■ YTD Budget
 ■ Actual - On Track
 ■ Actual - Needs Monitoring
 ■ Actual - Not achieving

Overall Council Summaries

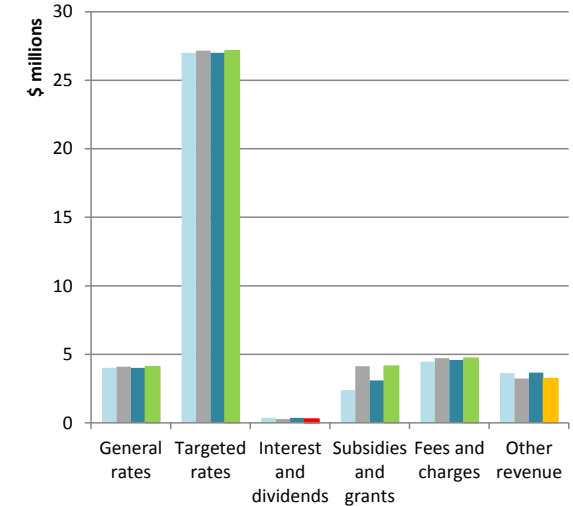
For the period ended 30 June 2017



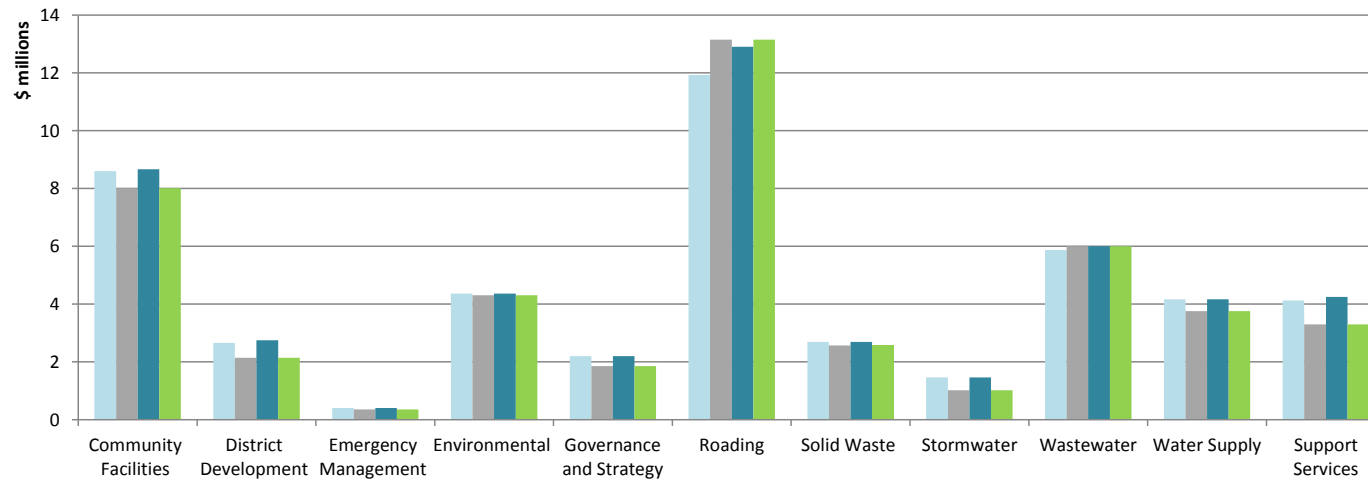
Operating Revenue - by activity



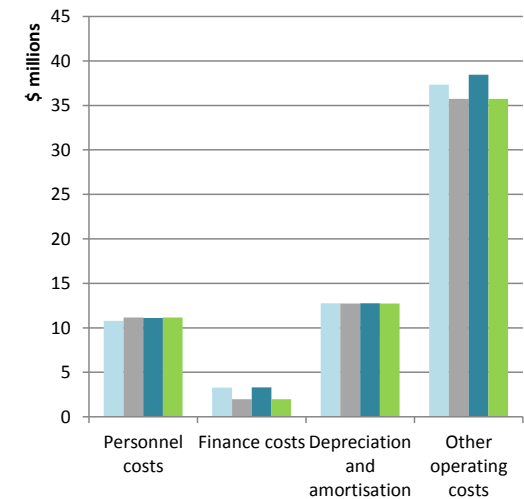
Operating Revenue - by type



Operating Expenditure - by activity



Operating Expenditure - by type



Key

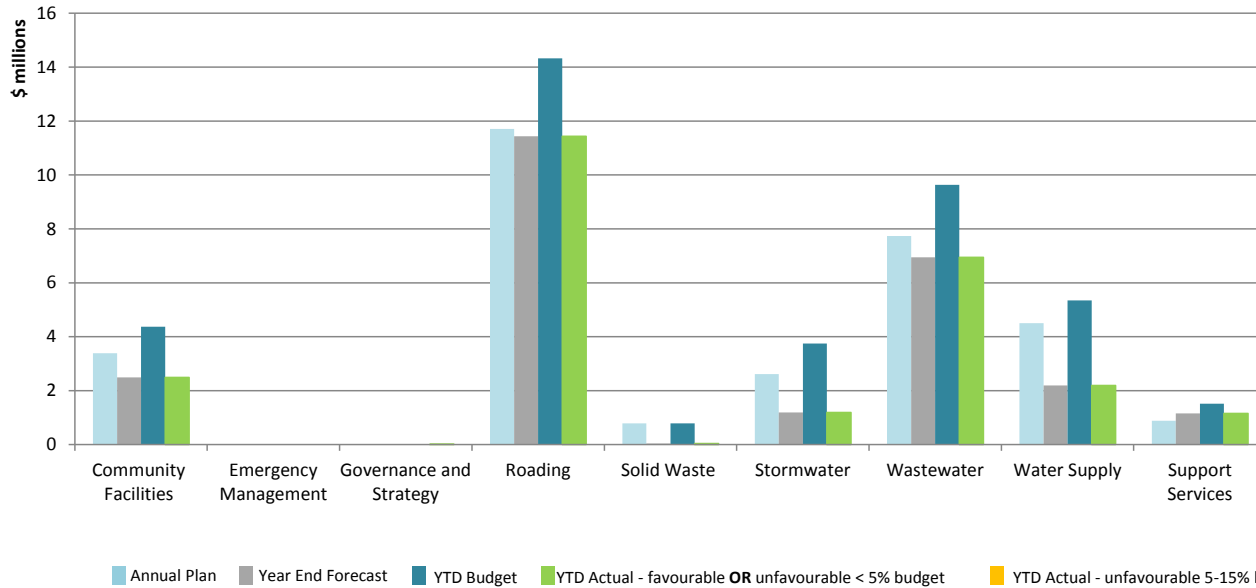
■ Annual Plan
 ■ Year End Forecast
 ■ YTD Budget
 ■ YTD Actual - favourable OR unfavourable < 5% budget
 ■ YTD Actual - unfavourable 5-15% budget
 ■ YTD Actual - unfavourable > 15% budget

Overall Council Summaries

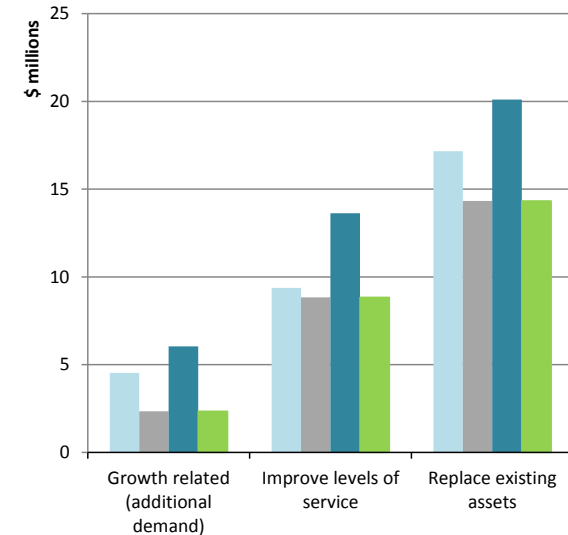
For the period ended 30 June 2017



Capital Expenditure - by activity

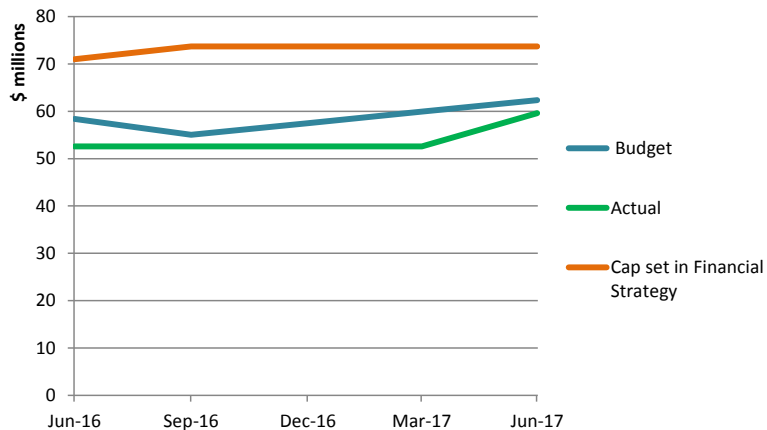


Capital Expenditure - by type

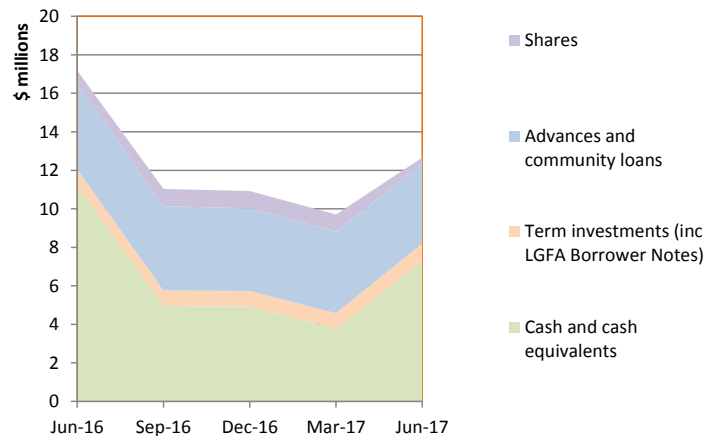


Legend: Annual Plan (light blue), Year End Forecast (grey), YTD Budget (dark blue), YTD Actual - favourable OR unfavourable < 5% budget (green), YTD Actual - unfavourable 5-15% budget (yellow), YTD Actual - unfavourable > 15% budget (red)

External Borrowings



Investments - by type



Comments:

In April 2017 we utilised our BNZ borrowing facility and raised \$3m short-term. In May we raised \$7m from the LGFA. A portion of this was used to repay the short term borrowing. In addition the Bowen St loan of \$1.8m was refinanced in April.

The capital expenditure includes projects carried over from the 2015/16 year subsequent to the Annual Plan process.

In June all Fonterra shares were sold for \$629k.

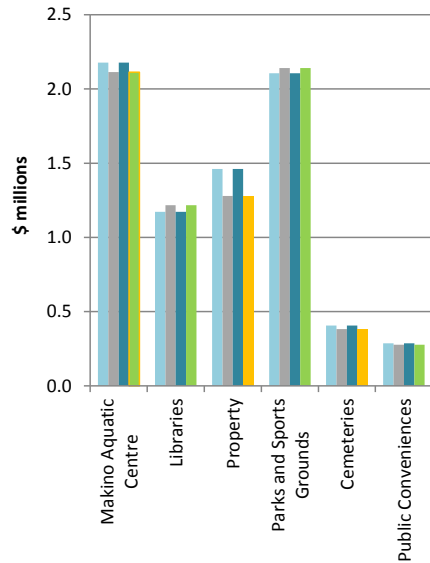
Support Services - continued on page 15

Community Facilities

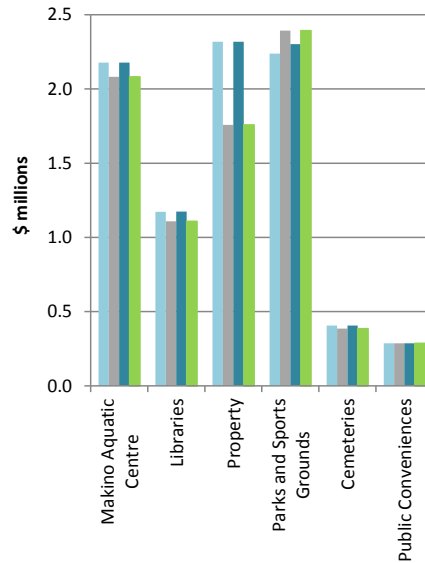
For the period ended 30 June 2017



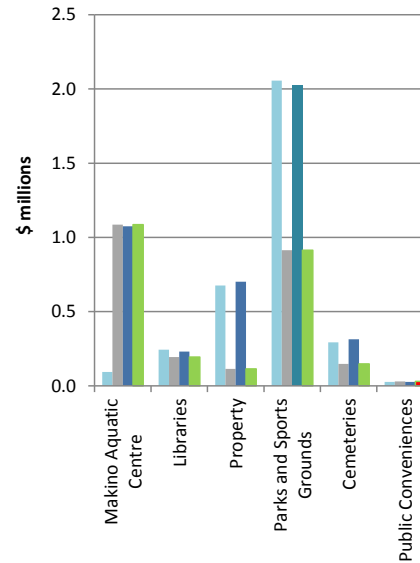
Operating Revenue



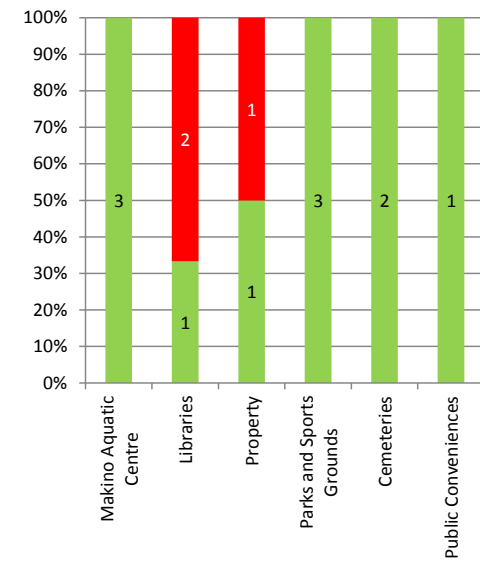
Operating Expenditure



Capital Expenditure



Key Performance Indicators



Revenue is from rates and user fees and charges.

MAC revenue budget was conservative due to the capital project. The Makino was closed for the first month of the first quarter.

No property sales transactions occurred.

Rental relief has reduced income on Feilding Depot.

Cemetery revenue is down as a result of less interments than anticipated. The corresponding costs are also below budget.

Expenditure is expected at planned levels for all activities for the year.

The property activity budget included a grant to the Bunnythorpe Hall committee of \$240k that was committed through the boundary change agreement with PNCC. This grant has not been made and has been carried forward to the 2017/18 financial year. Financing costs are lower than planned as the work associated with the South Street development has not taken place and therefore the loan has not been raised.

\$1m for the MAC redevelopment was carried forward from 2015/16 outside the Annual Plan process.

No work has been planned for the South Street/Kawakawa Road land development (budget \$459k). This is part of the property activity.

Parks growth projects did not proceed and have been carried forward to the 2017/18 financial year. These include Greenspine, Railway land beautification, Makino Park and walkway linkages.

The capital expenditure report contains the progress of individual projects.

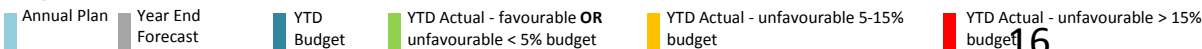
Makino - The Poolsafe Certificate was issued in April and is on display in the Makino's Main Entrance.

Libraries - A total of 8.2 issues per capita was achieved for the year (target 12).

While 925 library events were held (target 920) only 13,212 participants attended these events (target 18,300). More robust information is now available and these targets are being addressed in the next LTP.

Property - Six hall reports were returned. Only Sanson hall has provided usage data (47 times for the year). We are proactively chasing and working with halls to provide this data.

Key



Key

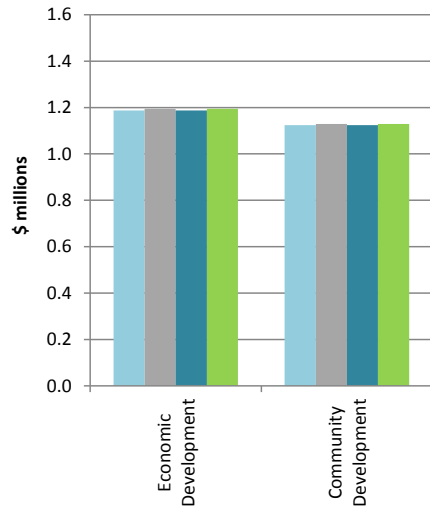


District Development

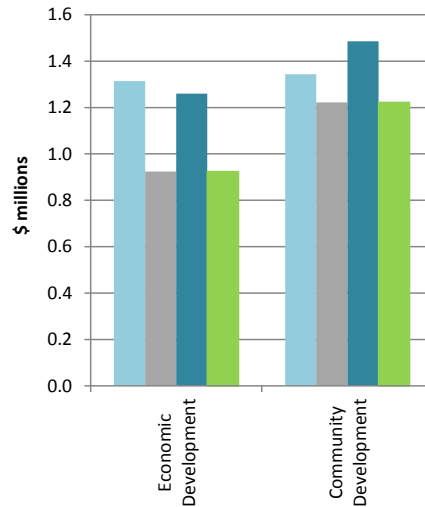
For the period ended 30 June 2017



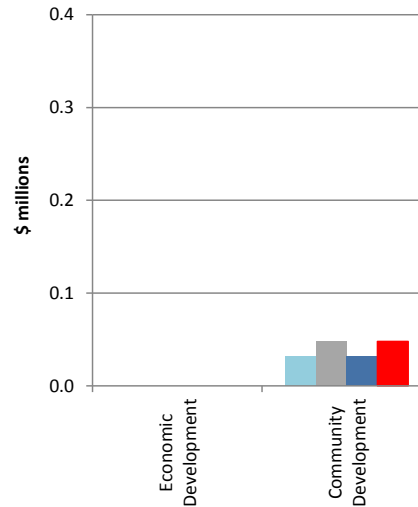
Operating Revenue



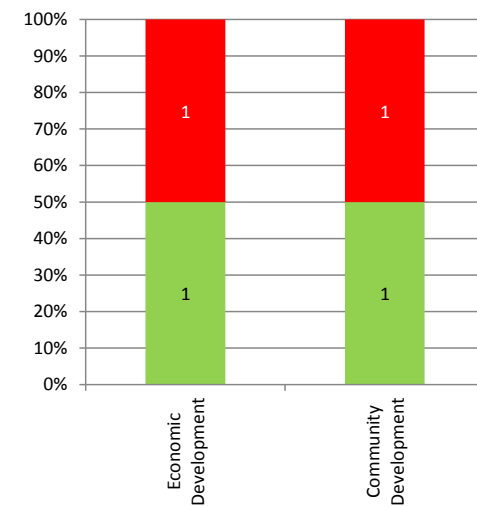
Operating Expenditure



Capital Expenditure



Key Performance Indicators



Income is primarily from rates.

Some Community Committees have experienced delays with project planning and won't be in a position to progress projects until later this year. Remaining unspent Community Committee Project Funds (\$62,000 from a total budget of \$96,520) was carried forward to 2017/18 financial year.

Other projects, such as Community Development Fund, Community Committee Project Funds, Village Community Plans and the Spatial Plan have also been carried forward to the 2017/18 financial year.

The budget was for the Rangiwahia Hall toilets. Actual costs totalled \$48k (budget \$32k). External funding of \$2k was received.

Economic Development - Satisfaction with economic development services has increased from 63% to 76% this year (target 80%).

The Central Economic Development Agency (CEDA) is a key agent for Council's economic development strategy. Economic growth in the district to the year ended March 2017 exceeded growth at both the regional and national levels.

Community Development - Satisfaction with the Community Development delivery and services has increased from 51% to 71% over the past year (target 90%).

Key

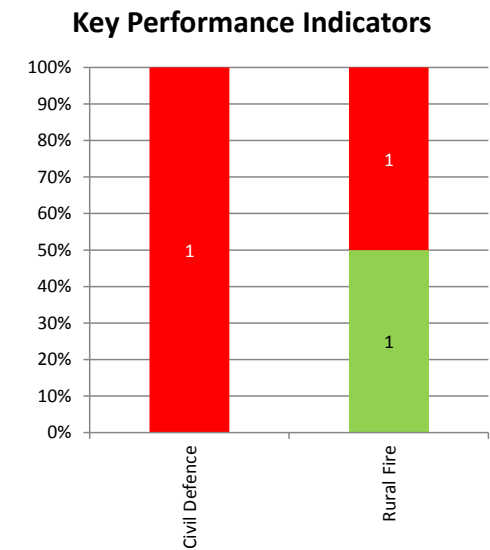
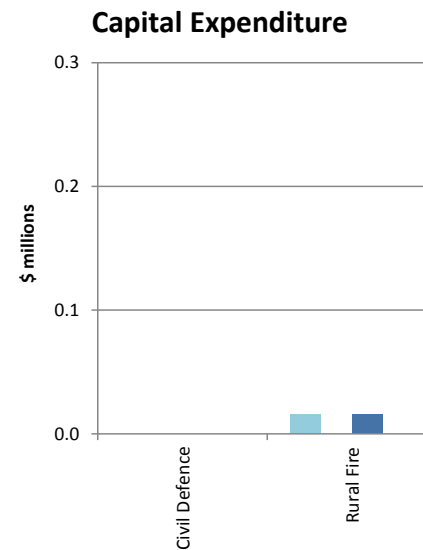
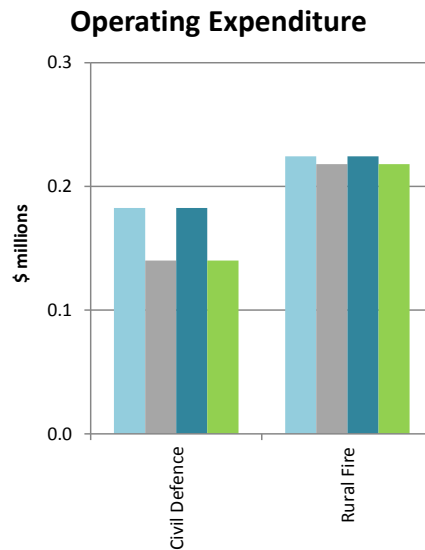
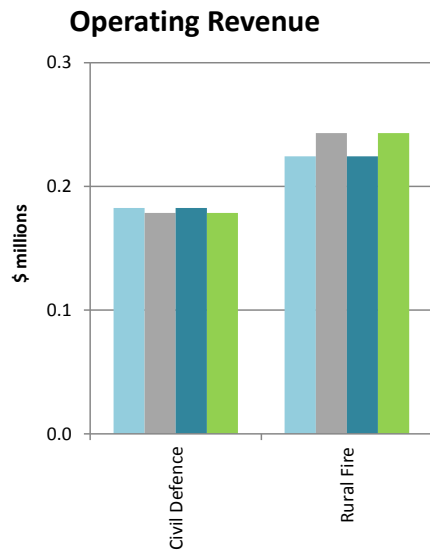
- Annual Plan
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- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

Key

- On Track
- Needs Monitoring
- Not achieving

Emergency Management

For the period ended 30 June 2017



Income is primarily received through rates.

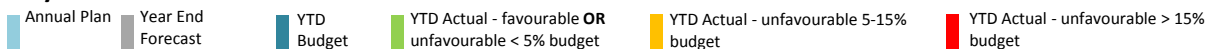
The budget includes a small allowance for unexpected events. No such events have occurred this quarter.

The planned capital expenditure for the year is \$16k, for equipment renewals. Due to the transfer of this activity to FENZ, the expenditure was not considered necessary.

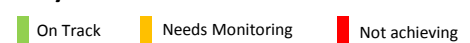
Civil Defence - The community survey carried out in May 2017 showed that 72% were satisfied with the Civil Defence services provided (target 90%, prior year 69%).

Rural Fire - The community survey carried out in May 2017 showed that 63% were satisfied with the Rural Fire services provided (target 90%, prior year 65%).

Key



Key

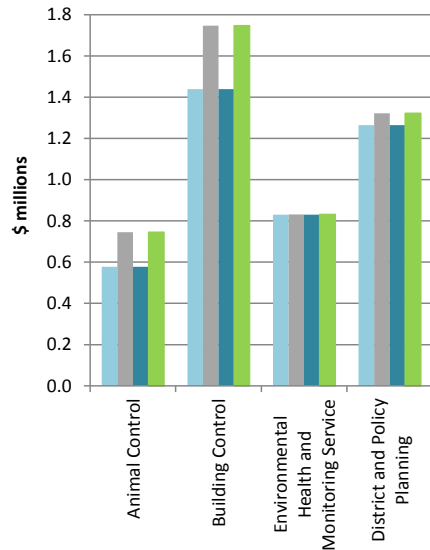


Environmental Services and Monitoring

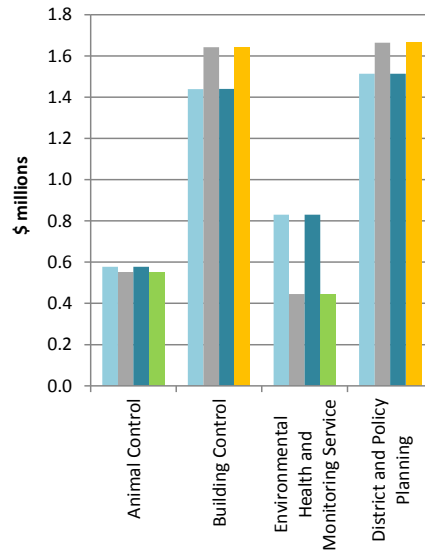
For the period ended 30 June 2017



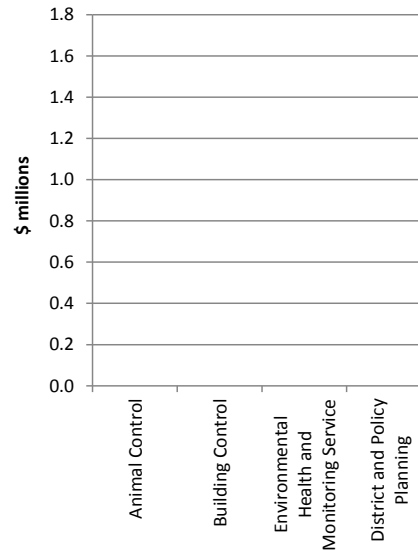
Operating Revenue



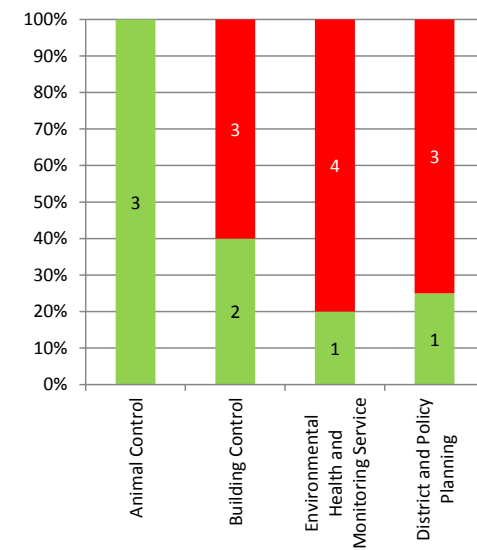
Operating Expenditure



Capital Expenditure



Key Performance Indicators



Building Control revenue is greater than anticipated as a result of increased numbers of building consents applications.

Animal Control - a greater number of dogs were registered than anticipated.

Building Control - support costs are higher than budgeted due to additional time required to process the increased applications. This is funded by the additional building control revenue.

District Planning - the costs associated with Precinct 4, urban growth plan change for Pharazyn St are \$38k greater than budgeted.

At the time of setting the budget, staff time was allocated through support services. Staff began completing timesheets which resulted in a shift of costs from Environmental Health and Monitoring Services to District Planning and Policy, mainly in relation to resource consent and by-law monitoring.

There is no capital expenditure planned for this activity.

Building Control - Targets for building consent (BC) and code of compliance certificate (CCC) processing within the agreed timeframes were not met.

- 654 BCs issued - 85% compliance
- 827 CCCs issued - 95% compliance
- 77 fast track BCs issued - 76% compliance

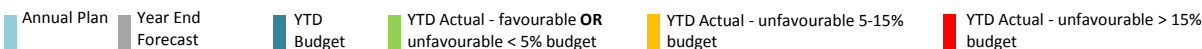
For three months of the year the average waiting time for inspections exceed four days (target 90% booked within four days).

Environmental -Two of the targets not met relate to achieving the agreed response times 90% of the time:

- Eight food hygiene practice complaints that endanger public health - 88% responded to within 24 hours of notification.

(continued on page 15)

Key



Key

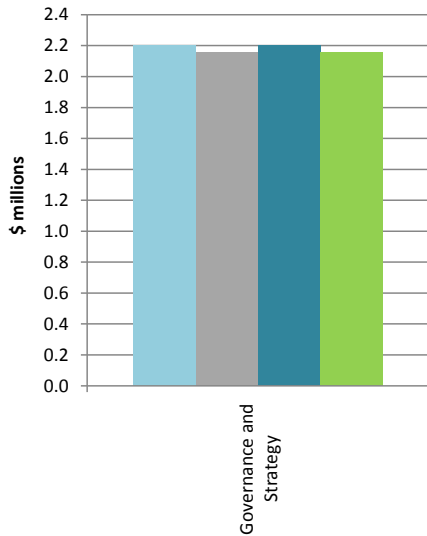


Governance and Strategy

For the period ended 30 June 2017

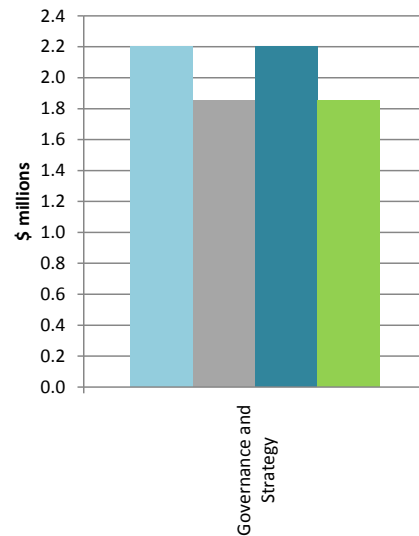


Operating Revenue



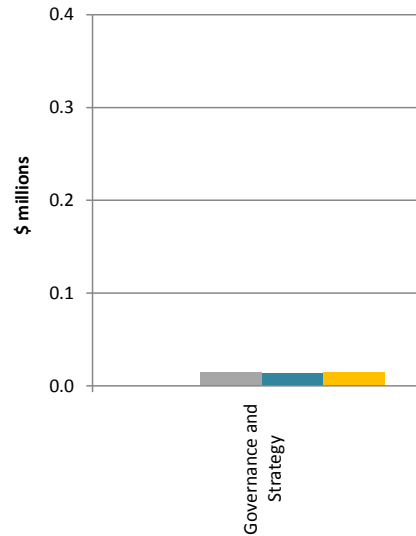
Income is received through rates and election cost recoveries from Mid Central Health and Horizons

Operating Expenditure



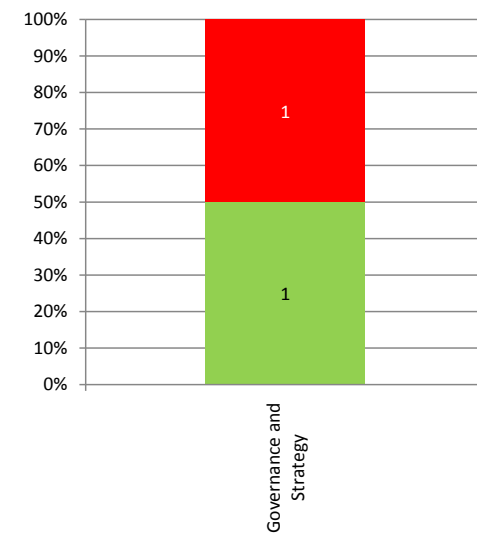
Support services costs are lower than budgeted.

Capital Expenditure



In 2015/16 the upgrade of the Council wing was planned. The purchase of furniture was delayed until July 2016 (total \$15k).

Key Performance Indicators



There have been no breaches of the rating or debt limits set in the Financial Strategy. The limit for rates increases (as defined in the Financial Strategy) for the 2016/17 year is 5.9%. The rates set resulted in a 4.6% increase. The borrowing limit for the 2016/17 year is \$74m. The proposed borrowing at the end of the year is \$63m with year end borrowing at \$59.6m.

The community survey carried out in May 2017 showed that 64% of ratepayers surveyed were satisfied with the opportunities for the community involvement in decision-making (target 80%). Satisfaction has increased from 48% in the previous year.

Key

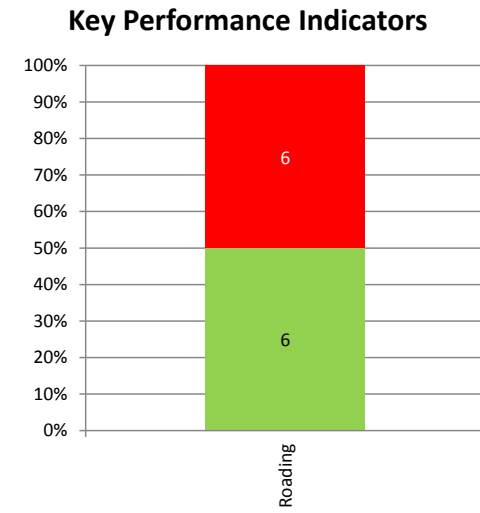
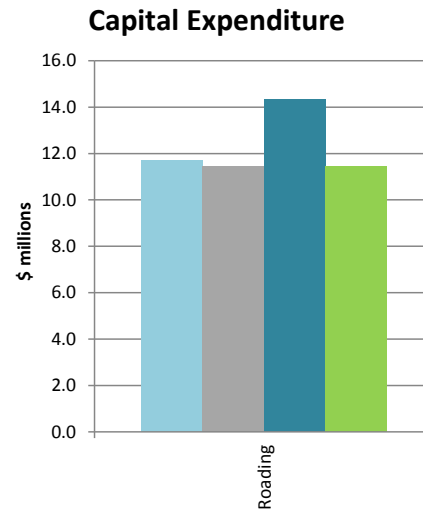
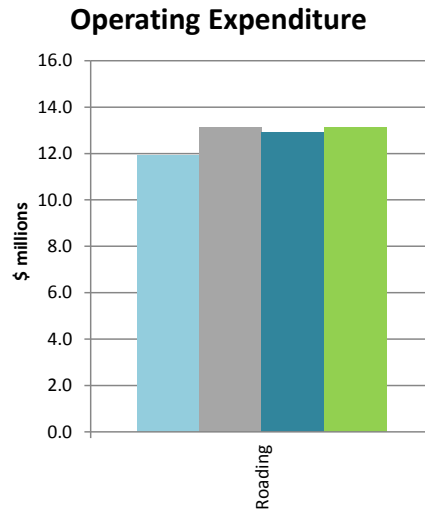
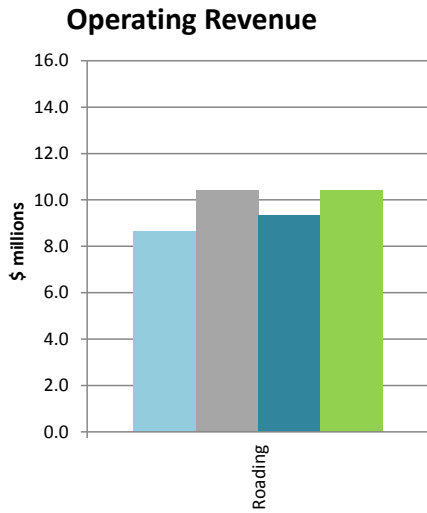
- Annual Plan
- Year End Forecast
- YTD Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

Key

- On Track
- Needs Monitoring
- Not achieving

Roading

For the period ended 30 June 2017



Revenue is received through rates and NZTA subsidy. The increased subsidy is a result of the increased expenditure.

The June 2015 flood put the 2015/16 programme behind schedule. Significant amounts were carried over to 2016/17 and projects are now being completed.

A number of projects (totalling \$2.9m) have been carried forward to the 2017/18 financial year. Of these \$1.5m related to growth projects and \$0.6m bridge replacement as a result of flooding.

The capital expenditure report contains the progress of individual projects.

Three of the measures that have not been achieved relate to the customer satisfaction survey (all targets were 90% satisfaction):

- roads will get them safely to their destination - 77%
- quality of the ride, condition of the roads - 70%
- ease of navigation and adequacy of signage - 88%

Five measures relate to the timeliness of responses to customer requests. The targets were not met for the following (all targets are 90% of the stated time):

- Contractor on-site within one hour of receiving notification of an urgent request - 64%

(continued on page 15)

Key

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

Key

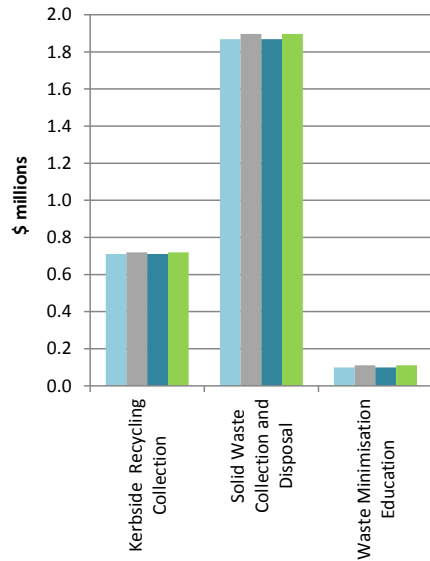
- On Track
- Needs Monitoring
- Not achieving

Solid Waste

For the period ended 30 June 2017



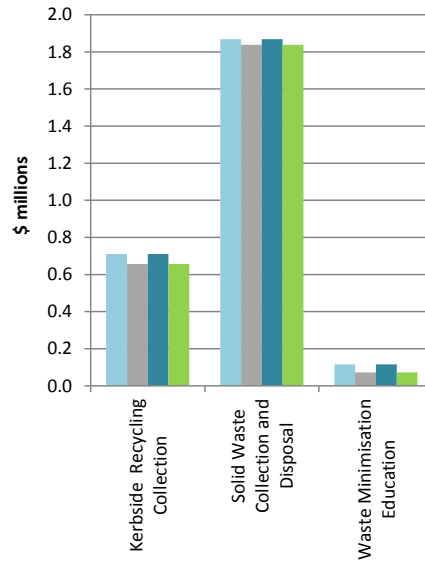
Operating Revenue



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

Increased volumes through the Feilding Transfer Station have resulted in revenue above budgeted levels.

Operating Expenditure

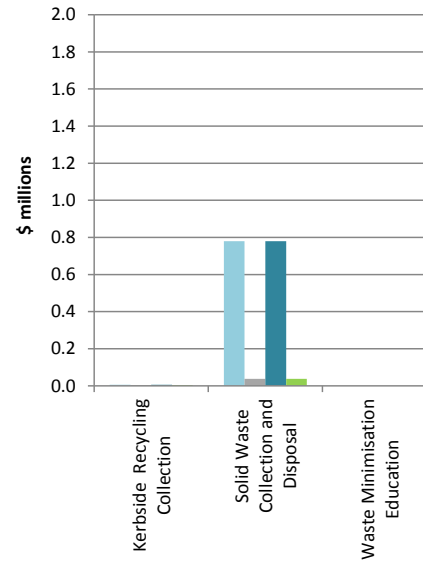


Increased volumes through the Feilding Transfer Station have resulted in expenditure above budgeted levels. This has also resulted in a corresponding increase in revenue.

Overhead costs have reduced as the result of an internal reallocation of support costs.

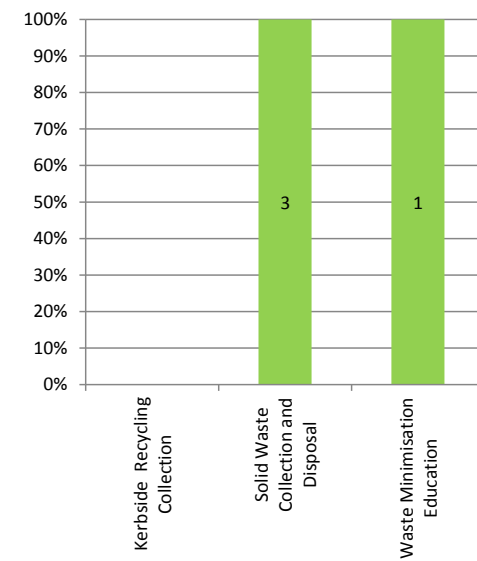
Financing costs are \$65k lower than budgeted as the Resource Recovery Centre has not commenced and the loan has not been required.

Capital Expenditure



The main capital expenditure item budgeted for this activity is a Resource Recovery Centre. The construction estimates are higher than the budget. The business case is being re-assessed and this project is not likely to be completed this year.

Key Performance Indicators



All targets have been met.

Council adopted a new Waste Management and Minimisation Plan in June 2017 which increased the provision of Mobile Recycle Centre's to Halcombe and Apiti. These will be installed early in the 2017/18 financial year. Council is also planning to trial a Mobile Recycle Centre in Cheltenham in the 2017/18 financial year.

Key

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

Key

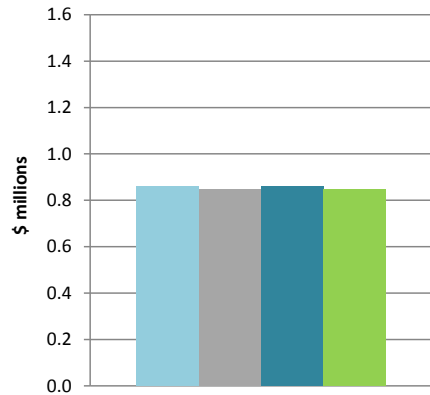
- On Track
- Needs Monitoring
- Not achieving

Stormwater

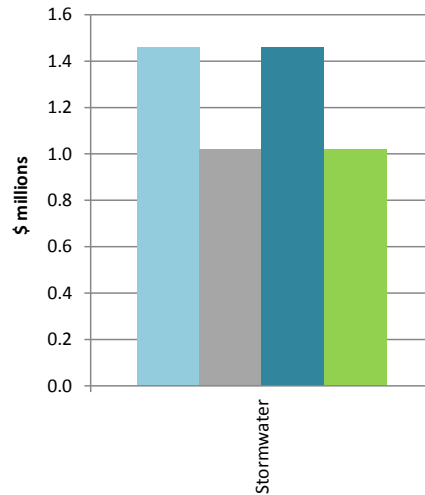
For the period ended 30 June 2017



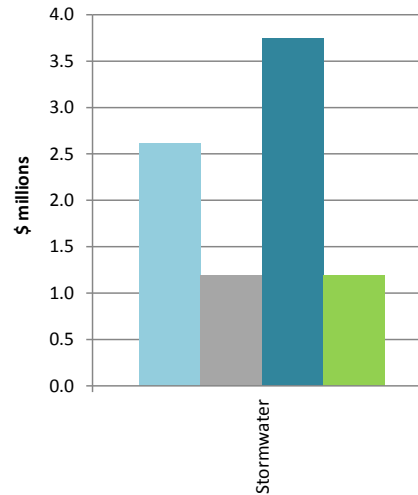
Operating Revenue



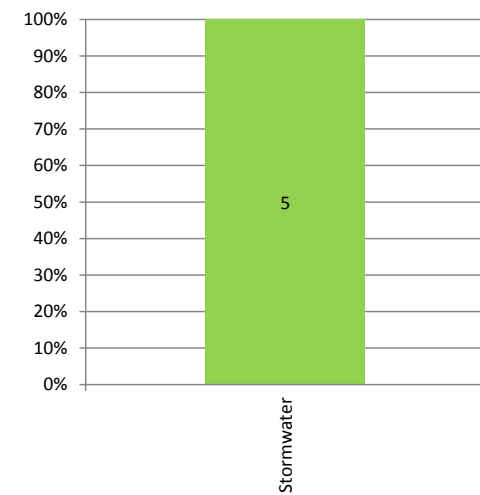
Operating Expenditure



Capital Expenditure



Key Performance Indicators



All revenue is sourced from rates.

Operating revenue does not include development contributions. \$362k of the operating expenditure is funded from development contributions or transfers from the growth fund.

Operational costs are currently below budget (\$286k). The weather has caused delays in work commencing. The scope of maintenance work required for all schemes in the last quarter will see actual expenditure increase. Some funds will be carried forward to the 2017/18 financial year.

Unbudgeted savings have been made by bringing the three waters maintenance and operating services in-house.

Financing costs are \$121k lower than budgeted as the capital expenditure is lower than anticipated and the associated loans have not been raised.

Planned expenditure relating to growth is in the design stage. \$2m for growth and renewal expenditure has been carried forward to the 21017/18 financial year.

The capital expenditure report contains the progress of individual projects.

All targets have been met.

Key

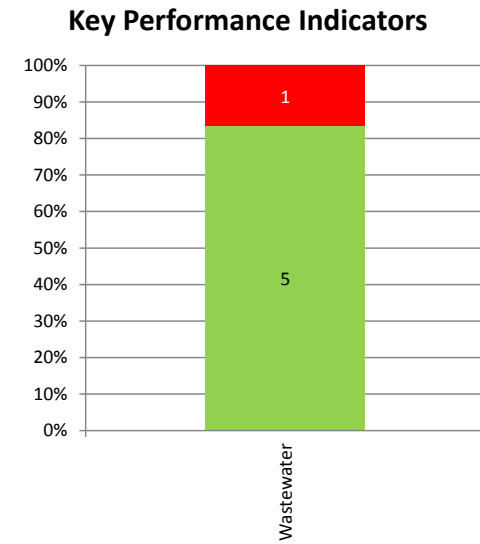
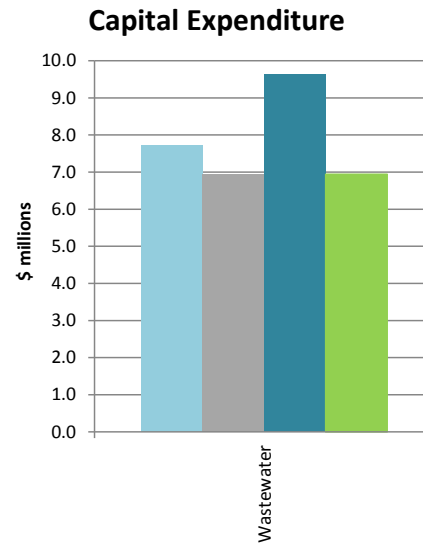
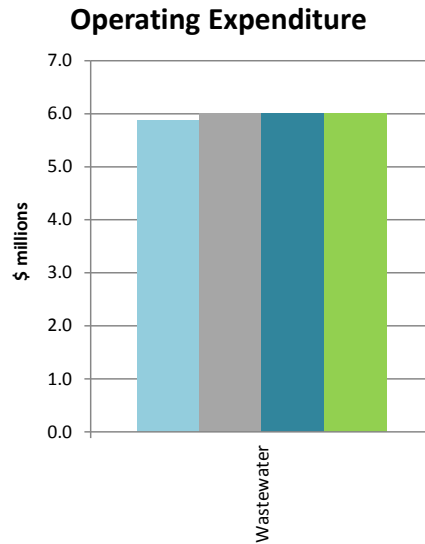
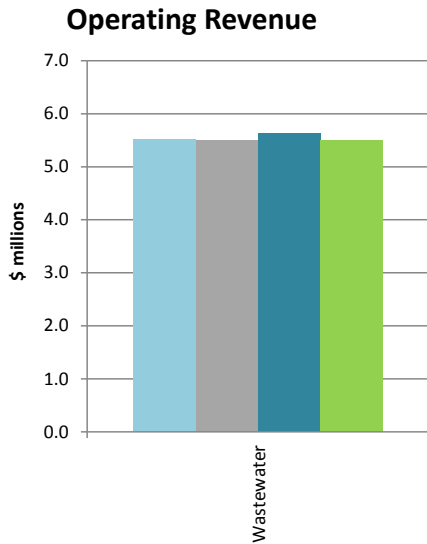
- Annual Plan
- Year End Forecast
- YTD Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

Key

- On Track
- Needs Monitoring
- Not achieving

Wastewater

For the period ended 30 June 2017



Revenue is from rates, tradewaste charges and volumetric charges.

Bringing the three waters maintenance and operating services in-house has resulted in savings. Savings have been reinvested into the network.

The All Of Government power pricing contract has resulted in savings on electricity costs that were not budgeted.

Financing costs are \$70k lower than budgeted as the capital expenditure is lower than anticipated and the associated loans have not been raised.

Final resource consent conditions for the Feilding WWTP upgrade were granted on 24 November 2016, and these determine the design of irrigation. Some of the costs for irrigation have been deferred until the 2017/18 financial year. Trial irrigator construction is underway and a wastewater buffer lagoon is being built.

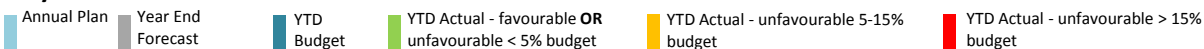
The Halcombe and Cheltenham WWTP discharge consent has been lodged, and we are waiting for feedback from Horizons.

The capital expenditure report contains the progress of individual projects.

A total of eight dry weather overflows were recorded in Feilding. The target is less than six per scheme.

All other targets were met.

Key



Key

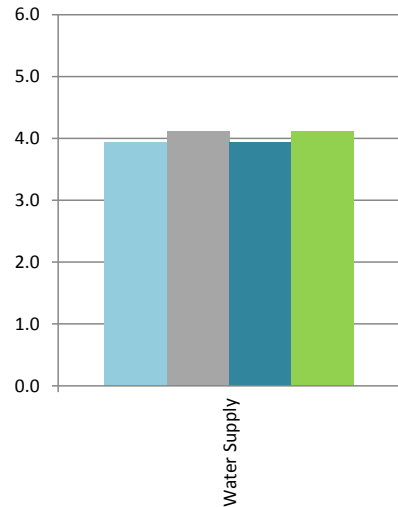


Water Supply

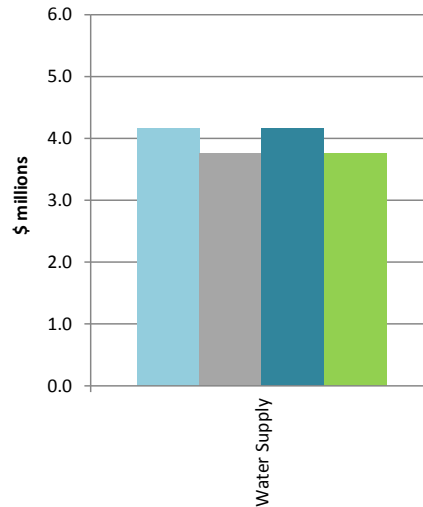
For the period ended 30 June 2017



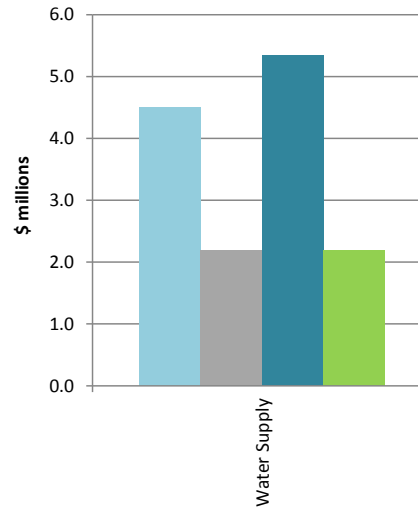
Operating Revenue



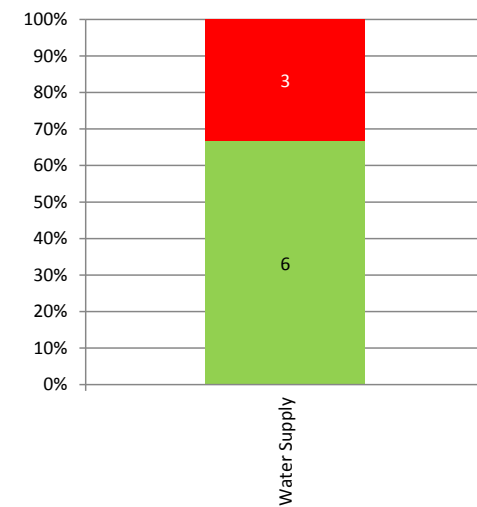
Operating Expenditure



Capital Expenditure



Key Performance Indicators



Revenue is from rates and metered water.

Bringing the three waters maintenance and operating services in-house has resulted in savings.

Financing costs are \$130k lower than budgeted as the capital expenditure is lower than anticipated and the associated loans has not been raised.

A number of projects have been carried forward to the 2017/18 financial year. These include Feilding treatment plant renewals, the Sanson storage and treatments.

The capital expenditure report contains the progress of individual projects.

Bacterial compliance -All samples taken indicate the water was safe i.e. no positive E. coli results. However there was technical non-compliance as not enough samples were taken during the year or there were interruptions to Feilding's continuous monitoring system.

Protozoa compliance - Feilding did not demonstrate compliance in March and May. No treatment was in place for Himatangi Beach and Rongotea but secure bore status was achieved for both schemes toward the end of the year. Waituna West has secure bore status and is not required to demonstrate compliance. Sanson and Stanway-Halcombe do not comply but projects are in place to ensure future compliance.
(continued on page 15)

Key

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

Key

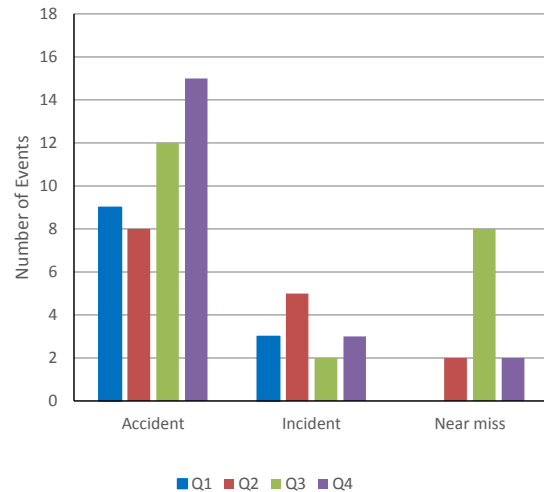
- On Track
- Needs Monitoring
- Not achieving

Health and Safety

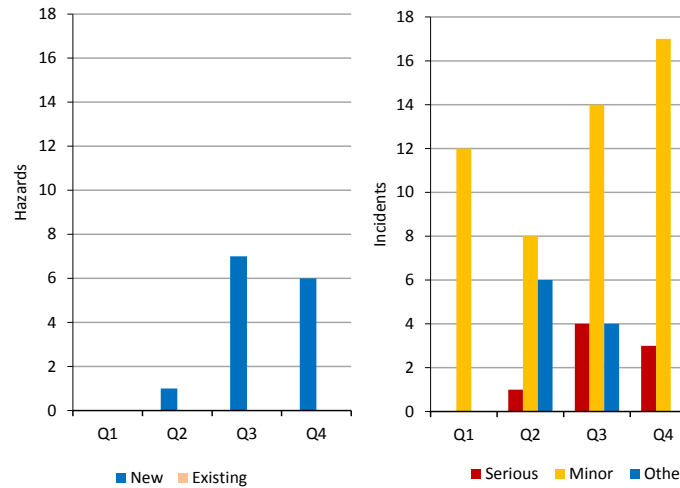
For the period ended 30 June 2017



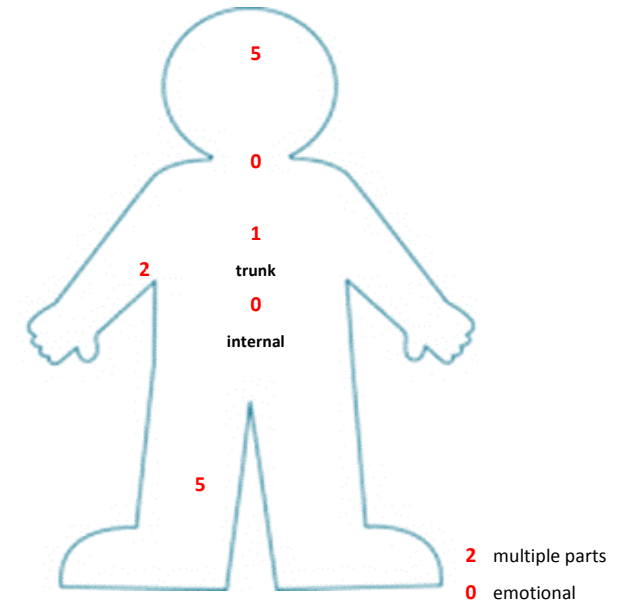
Events reported



Hazards and incidents



Injuries sustained



Notifiable events this quarter

Notifiable: 0 Not Notifiable: 20

Status of hazards this quarter

Open: 0 Resolved: 6

Serious incidents this quarter

- Near drowning, child playing on the inflatable, the hose came off the inflatable, she was instructed to get off and struggled to swim to the wall
- Makino boiler pivot controller came apart causing gas leak
- Leaving vehicle to get bucket of water for the frozen windscreen, slipped on moss fell to the ground receiving multiple injuries

Policy and procedures this quarter

- Reviewed and updated the following:
- Remote lone worker policy
 - Fatigue policy
 - Chemical management audit on water and wastewater sites

Wellness initiatives this quarter

These initiatives are designed to support staff and promote wellness in the workplace.

- Initiatives undertaken:
- Hepatitis vaccination
 - Workstation assessments
 - Drug and alcohol checks
 - Flu vaccinations

Trainings and inductions this quarter

- First aid training
- Incident investigation training
- Risk Management training
- Advance HSNO training
- NZISM seminar Health & Safety at Work Act 2015 "The Journey"
- Safety guard conference better conversations
- Inductions completed for: 7 people

Lost time (days) this quarter



26

Communication and education this quarter

The following communications went out to staff:

- Staff newsletters
- Cold or flu
- Everything you need to know about the DeFib
- Got the winter blues?
- If a disaster occurs...
- Your winter driving tips
- Our health clinic has had a bit of a makeover this week

Comments Continued



Environmental Services and Monitoring (from page 7)

Environmental -

- 507 requests for service for other issues not endangering public health - 85% were responded to within 48 hours of notification.

Due to the transitional requirements in the Food Act, Food Control Plans relating to on-licences were required to be transferred by 30 June 2017, therefore these cannot be inspected until the next financial year, making this target unachievable. The target is for all premises to be inspected annually.

Licensed Premises - A total of 55 out of 56 licensed premises selling alcohol were inspected during the year (target 100%). The one not visited was a club and no contact could be made.

District Planning and Policy - All targets relate to achieving the agreed response times 100% of the time:

- 1 notified and limited notified consent proceeded to hearing and took 189 days to process (target 70 working days)
- 210 non-notified consent - 79% completed within 20 working days
- 70 controlled activities resource consents - 8% processed within 20 working days.

Increased numbers of consents has put pressure on resourcing. Consultants were utilised to assist with the increased volume.

Currently controlled activities can be complex to process. We are reviewing the activity rules to ensure compliance within the 10 day timeframe required under the Resource Management Amendment Act can be achieved from October 2017.

Roading (from page 9)

- When requested, notifying the customer of the road reinstatement within one hour of receiving confirmation - 79%

- Responding to, acknowledging and resolving non-urgent request within five days - 45% (under the contract non-urgent work can be programmed for repair within three months or as instructed by Council)

It is acknowledged that the targets set are impractical and will be reviewed as a part of the Long Term Plan.

Water Supply (from page 13)

Response times - The target of one hour response time for urgent requests was exceeded. 43 urgent requests were made with a median response time of 1.1 hours

Support Services (from page 2)

Support Services revenue is less than budgeted. This is primarily due to:
Revenue from shared services is \$475k less than budgeted. This includes the infrastructure shared service and the internal audit service.

Interest and dividends are \$83k less than budgeted as a result of using available funds instead of borrowing. Borrowing costs are considerably lower than planned.

Capital Expenditure
For the period ended 30 June 2017

	Actual	Budget	Variance	Full Year	Physical	Annual Plan	Carried Forward	Notes/Comments
	YTD	YTD	YTD	Revised Budget	Completion	2017	In 2017/18	Budget YTD reflects the amounts carried forward from 2015/16 after the Annual Plan was prepared.
	\$000	\$000	\$000	\$000	%	\$000	Annual Plan	
							\$000	
Community Facilities								
Feilding Cemetery Extension	96	264	(169)	264	40%	273	110	The project is progressing, Delays have occurred as a result of poor construction weather. The second phase is the installation of the cemetery beams, the balance of funds for this work has been carried over and will be undertaken in the 2017/18 year.
Halcombe Cemetery Extension	35	34	1	34	100%	5	0	Project is complete
Rongtea Cemetery - New Works	5	5	0	5	100%	5	0	Project is complete
Cemetery Renewal Works	12	10	2	10	100%	10	0	Project is complete
Feilding Little Theatre - Roof	0	20	(20)	20	0%	20	20	The project is to be undertaken as part of the Feilding Little Theatre strengthening project. Balance of funding to be carried over to the 2018/19 Year, as the Theatre Trust needs to source additional funding.
Library Collection Purchases	172	197	(25)	197	100%	197	0	Content replacement programme has been completed for the year.
Library Review Project	25	34	(9)	34	50%	46	14	To develop options for the modernisation of the Feilding Library and undertake minor modernisation projects. Options were presented to Council in June 2017 with a further option currently being assessed.
Makino Redevelopment	1,082	1,044	38	1,044	100%	62	0	Budget includes carry over from 2015/16 year. Pool cover costs are included as part of the project. Project is now complete. The overspend is funded by the pool cover budget below.
MAC New pool covers	4	31	(27)	31	100%	31	0	Pool covers were replaced as a part of the redevelopment project above.
Public Conveniences Renewals	29	26	3	26	100%	26	0	Project is complete. Work included the renewal of the Feilding Cemetery toilets.
Strengthen Earthquake Prone Buildings	70	183	(113)	183	25%	183	118	Developed design is underway for the Feilding Theatre. Completion of the project will depend on the Theatre Trust seeking additional. The project has been carried forward to the 2017/18 financial year and further discussion regarding the level of Council support for this project will be required.
Manfeild Park Development	1	426	(425)	426	0%	426	420	This project is for Kawakawa Rd / South St development. No expenditure is anticipated until section sales arise.
Makino Park Growth	1	0	1	0	0%	335	335	This project is for the Makino Precinct. This project is currently on hold, pending further wider strategic conversations for the precinct. Unspent budget has been carried over to coincide with additional funding in the 2017/18 year.
Property Renewal Projects	44	72	(28)	72	80%	99	62	This project includes general property renewals, renewal of Feilding Square lighting and street furniture renewals. Unspent funding for the lighting project has been approved to be carried forward to the 2017/18 year. Despite being programmed since December, the contractor is unable to achieve this work until July 2017.
Parks and Reserves - Kowhai Park	33	127	(95)	127	7%	123	97	Developed design is complete. A detailed design is planned for later this year with construction late in the 2017 calendar year to coincide with additional funding requirements in the 2017/18 year.
Parks and Reserves - New Projects	31	37	(5)	37	100%	16	0	Installation of new signage at Himatangi Beach completed, also includes completion of bollards at Himatangi. Project is complete.
Parks and Reserves - Refurbish Victoria Park	9	3	6	3	100%	29	0	Project is complete
Parks Growth - Timona Park	163	169	(6)	169	100%	175	0	Project is complete
Parks and Reserves - Walkway / Linkages	121	120	1	120	75%	456	309	This project is made up of walkway linkages (Railway Rd to Johnston Park), Kowhai to Kitchener Park, and Stonebridge Reserve. The budget has been carried over to the 2017/18 year the project will be connected with both the Greenspine and Kowhai Park projects. Construction is planned late in the 2017 calendar year. Stonebridge Reserve is 80% complete, with the last portion of the project being linking the Greenspine to the reserve being undertaken next financial year.
Parks and Reserves - Playground Renewal	119	106	13	106	100%	106	0	This project is made up of the Tangimoana playground, Timona Park playground and general playground renewals. The project is complete.
Parks Renewal Projects	30	36	(5)	36	100%	36	0	This is the James Palmer Park project. The project is complete.
Feilding CBD Park Benches	42	41	1	41	100%	41	0	Project is complete
Kitchener Park Capital Works	16	51	(35)	51	40%	53	35	The work is for Kitchener Park flood protection. Costs cover the preliminary scoping work undertaken by the Awahuri Forest/Kitchener Park Trust.
Makino Park Playground and Skate Park	4	47	(43)	47	0%	99	40	This project is for the Makino Precinct. This project is currently on hold, pending further wider strategic conversations for the precinct. Unspent budget has been carried over to coincide with additional funding in the 2017/18 year.
Mt Lees Trails	0	0	0	0	100%	15	0	Annual Plan budget was revised as was fully expended in 2015/16 year.
Railway Land Beautification	45	579	(534)	579	0%	555	540	The project is for the Greenspine development and is progressing through a review of the design in consultation with NZTA and Kiwi Rail. Construction is programmed for late 2017.
Himatangi Beach Access Carpark	23	21	2	21	100%	21	0	Project is complete
Parks and Reserves - Renewal Projects	292	250	42	250	100%	207	0	The project is for Raumai Reserve toilets replacement, fencing at Johnston and Timona parks, and Rongotea park refurbishment. Raumai Reserve was completed in the second quarter, and fencing projects completed in the fourth quarter. Overspend has been approved by the Chief Executive for the Raumai toilets through the reallocation of project funding.
Parks and Reserves - Railway Reserve	2	371	(369)	371	5%	371	369	The project is for the Greenspine development, and is progressing through a review of the design in consultation with NZTA and Kiwi Rail. Construction is programmed for late 2017.
Parks - New Projects	0	7	(7)	7	0%	7	0	The project is for the Pohangina Domain and walkway and funding has been carried forward to 2017/18 as a part of community projects.
Sanson Playground	0	0	0	0	0%	156	156	The project is part of the Sanson development. Timing is dependent on the Sanson development being finalised.
Londons Ford Toilet	33	57	(25)	57	100%	57	0	The project was completed in the second quarter. Remainder in budget covers the shortfall in the development of Raumai toilets above.
Total Community Facilities	2,541	4,370	(1,830)	4,370		4,241	2,625	

	Actual	Budget	Variance	Full Year	Physical	Annual Plan	Carried Forward	Notes/Comments
	YTD	YTD	YTD	Revised Budget	Completion	2017	In 2017/18	Budget YTD reflects the amounts carried forward from 2015/16 after the Annual Plan was prepared.
	\$000	\$000	\$000	\$000	%	\$000	Annual Plan	
							\$000	
Emergency Management								
Rural Fire - Equipment Renewal	0	16	(16)	16	0%	16	0	Capital expenditure was not required. All Rural Fire assets will transfer to Fire and Emergency New Zealand (FENZ) on 1 July 2017.
Total Emergency Management	0	16	(16)	16		16	0	
District Development								
Community Planning - Renewal	48	32	16	32	100%	32	0	Project covers Rangiwahia toilets. Project is complete. Funding from a third party (\$2k) now received.
Total District Development	48	32	16	32		32	0	
Governance and Strategy								
Council Chamber Asset Purchase	15	13	2	13	100%	0	0	Carried over from 2015/16 year and the project is complete.
Total Governance and Strategy	15	13	2	13		0	0	
Roading								
CBD Redevelopment Projects	0	80	(80)	80	0%	0	0	The budget represents carry overs from last year. No projects have been identified to date.
Sub Unsealed Road Metalling	793	746	47	746	100%	614	0	Projects complete. This includes the preparation for stage 3 Makoura Rd seal extension which been deferred to 2017/18 year.
Sub Sealed Road Resurfacing	1,932	1,892	40	1,892	100%	1,892	0	All sites are complete.
Subsidised Bridge Renewals	1,433	1,932	(499)	1,932	60%	1,332	565	Two bridge replacements are completed. Resource consent obstacles have forced delays with Nannestad Line bridge replacement. Additional NZTA emergency work funds will be needed in 2017/18 to complete this project.
Sub Cycle Facilities	0	38	(38)	38	0%	38	38	NZTA has indicated that funding may be available in the 2018/21 National Land Transport Programme. Funds to be carried forward as a detailed business case is to be undertaken in 2017/18 for the Feilding to Palmerston North cycleway.
Sub Minor Improvements	18	105	(87)	105	60%	53	0	Work is programmed in conjunction with new subsidised minor improvement projects and was not expended due to project deferrals. The surplus will be used to fund over spends in other subsidised renewal jobs
Roading Growth	616	1,949	(1,333)	1,949	40%	1,458	1,469	Costs relate to stage 2 and 3 of Pharazyn St reconstruction works, stage 3 Pharazyn St works will span 2016/17 and 2017/18. The remainder of the carry forward amount is for the economic and financial case for the Turners Rd extension project which was not expended in 2016/17.
Sub Drainage Renewals	674	229	445	229	100%	229	0	The over spend is due to renewals associated with this year's pavement rehabilitation projects. Other rehabilitation projects have been amended or deferred. This overspend is funded by an underspend in other renewal activities.
Sub Structures Renewals	803	330	473	330	100%	281	0	Budget over spend will be offset by underspend in other renewal projects.
Sub Traffic Services Renewal	87	290	(203)	290	100%	310	0	The unspent funds have been used to fund over spends in other subsidised renewal jobs. Methodology for road marking has been reviewed with remarking being undertaken on a bi-annual rather than annual basis.
Sub Associated Improvements	27	62	(35)	62	44%	53	0	Work is programmed in conjunction with new subsidised minor improvement projects and has not been expended due to project deferrals. Surplus is used to fund over spends in other subsidised renewal jobs
Sub Pavement Rehabilitation	2,757	3,886	(1,130)	3,886	90%	3,270	530	The programme has been delayed and reduced due to inclement weather impacting on achievement. The surplus has been used to fund the over spends in other subsidised renewal jobs, with remainder to be carried over to fund delayed projects and the 2017/18 pavement renewals.
Sub Minor Improvement New	690	1,089	(399)	1,089	70%	819	318	Due to weather related delays Lees/Awahuri Rd intersection improvement project will span 2016/17 and 2017/18 financial years.
Subsidised Accelerated LED Ren	180	200	(20)	200	0%	0	0	This job was separated from traffic services renewals and attracts specific LED funding from NZTA. Costs are for the purchase of the luminaire only which are to be installed in 2017/18. A request will be made to carry forward the unspent expenditure.
Non Sub Road Reconstruction	729	840	(112)	840	90%	871	0	Projects have been delayed by inclement weather. A request will be made to carry forward all remaining unspent funds.
Non Sub Seal Extension	312	145	167	145	100%	145	0	Stage 3 of the Makoura Rd seal extension has been deferred to 2017/18. The overspend will be partially offset by an under spend on new footpaths.
Non Sub Roding New Footpaths	66	165	(99)	165	100%	165	0	The project is complete. Budget underspend is offset by over spend for non-subsidised seal extensions.
Non Sub Footpath Renewals	155	158	(4)	158	100%	78	0	Project is complete
Non Subsidised Roding Renewal	166	191	(25)	191	100%	99	0	To be used in association with Seddon St and Wellington St non-subsidised reconstruction projects and footpath renewals.
Total Roding	11,436	14,327	(2,891)	14,327		11,707	2,920	

	Actual	Budget	Variance	Full Year	Physical	Annual Plan	Carried Forward	Notes/Comments
	YTD	YTD	YTD	Revised Budget	Completion	2017	In 2017/18	Budget YTD reflects the amounts carried forward from 2015/16 after the Annual Plan was prepared.
	\$000	\$000	\$000	\$000	%	\$000	Annual Plan	
							\$000	
Solid Waste								
Purchase of New Recycling Bins	9	6	3	6	75%	6	0	Bin movements
Recycling Inventory	(5)	0	(5)	0	75%	0	0	Bin movements - bins issued from inventory
Resource Recovery Centre	38	779	(742)	779	5%	779	750	Subdivision consent has been granted with the land use consent in progress. Due to construction estimates being considerably higher than budgets, the business case is being re-assessed and is now planned for the 2018/19 year .
Total Solid Waste	42	785	(743)	785		785	750	
Stormwater								
Stormwater Growth Feilding	655	2,388	(1,733)	2,388	25%	1,541	1,549	A design for Port St has been completed. The Kawakawa Rd/Turners Rd (Precinct 5) stormwater design is underway. Pharazyn St stage 2 is complete and stage 3 is underway. No physical work has taken place this financial year. Needs for growth work have increased during this year.
Stormwater New Work Feilding	150	211	(61)	211	75%	211	60	The new stormwater in Wellington Rd is under construction as part of the roading improvements. Poplar Grove and Mahi Grove investigations as a result of existing flooding issues will be resolved once landowner engagement is complete.
Stormwater Unplanned Renewals	375	1,144	(769)	1,144	40%	863	400	Design for McCorkindale St and Derby St improvement underway. West St is complete. Pipe inspections for other jobs indicate assets do not require replacement.
Stormwater Asset Renewal Tangimoana	8	0	8	0	100%	0	0	Investigation work for Tangimoana. Project still in progress.
Total Stormwater	1,187	3,742	(2,555)	3,742		2,615	2,009	
Wastewater								
Desludging Oxidation Ponds	0	139	(139)	139	0%	139	139	Sanson ponds de-sludging on hold pending future decisions on the consent .
Feilding WWTP Asset Renewal	1,524	2,181	(657)	2,181	75%	2,161	152	Detailed seismic strengthening design for administration building is complete, monitoring bores are being installed, sedimentation tank chains and scrapers requirements are confirmed, and the master programmable logic controller replacement completed. Digester replacement tender awarded, and the composting trial is complete. Physical works on the digester replacement fully committed but not completed. Balance of physical works to be completed 2017/18 year.
Feilding WWTP Upgrade	1,597	1,682	(84)	1,682	99%	1,580	225	Construction of effluent storage pond complete. Final requirements for the pumping and pipework to fill the ponds are being confirmed.
Feilding WWTP - Irrigation	2,625	3,152	(527)	3,152	50%	1,803	1,200	Expenditure to be spread over the next two years due to consent conditions requiring one irrigator to be trialled during 2016/17 year. Irrigation contract and design yet to be finalised. Trial irrigator works are complete. Additional land was purchased in May 2017 (\$1.1m).
Feilding WWTP Growth	203	160	43	160	80%	300	83	Inlet screen works completed. Grit removal chamber is in the design phase.
Feilding Wastewater Growth	246	200	46	200	100%	200	85	Churcher St sewer main project has been completed The increased demand is a result of rapid growth within Precinct 4.
Feilding WWTP Nursery New Work	250	104	146	104	70%	104	30	The actual results includes \$164k increase in the value of plants held as inventory (work in progress for the irrigation project)
Feilding WWTP Sludge Disposal	1	0	1	0	100%	0	0	Late costs of 2015/16 project, now complete
Feilding Reticulation Renewals	34	0	34	0	100%	0	0	Costs are for the completion of minor items associated with sewer renewals from the 2015/16 year.
Wastewater New Connections	124	0	124	0	100%	0	0	New connections installed. Costs are demand driven and are funded by connection fees received.
Wastewater Pump Station Renewals	19	74	(55)	74	20%	74	0	
Rongotea Renewals	50	520	(471)	520	10%	462	165	A consultant has been engaged to assist with the consent renewal application. There is a holding consent pending review of future options. New aerator has been installed.
Himatangi Sewerage New Work	(12)	0	(12)	0	0%	0	0	A late credit note raised by pump station supplier for 2015/16 year.
Sanson Renewals	37	601	(564)	601	0%	475	0	A consultant has been engaged to assist with the consent renewal application. Irrigation renewals are designed and are subject to the consent application. Horizons are reviewing the irrigation design to ensure that any renewal works meet their requirements. The irrigation system has reached the end of its life and needs total replacement. A feasibility review is underway subject to consent requirements and pending the wastewater strategy outcomes. This is a holding consent pending review of future options.
WW Unplanned renewals-Villages	2	0	2	0	100%	0	0	Work as required
Cheltenham Wastewater Renewal	27	243	(216)	243	0%	252	0	Awaiting information from Iwi and Horizons for consent notification. There is a holding consent pending review of future options.
Rongotea Wastewater Reticulation	164	250	(86)	250	100%	0	0	Project was the renewal of the Trent St rising main. The project is complete.
Awahuri WWTP Renewals	5	20	(16)	20	0%	20	20	Surveyor to confirm site area prior to works starting. This is a holding consent pending review of future options.
Kimbolton Wastewater Treatment	15	50	(35)	50	100%	50	0	SCADA/electrical works completed.
Halcombe WWTP Renewals	0	0	0	25	0%	98	25	Project on hold pending consent compliance and a centralisation of the reticulation network.
Halcombe WWTP Discharge Consent	16	163	(147)	163	0%	113	0	Consent application lodged and awaiting final comments from Iwi and Horizons. Final costs depend on hearing requirements. A feasibility review is underway subject to consent requirements and pending the wastewater strategy outcomes. This is a holding consent pending review of future options.
District WWPS Telemetry	0	94	(94)	94	0%	0	0	Unspent budget carried forward from 2015/16 year. Works has been deferred.
Total Waste Water	6,927	9,633	(2,707)	9,658		7,830	2,124	

	Actual	Budget	Variance	Full Year	Physical	Annual Plan	Carried Forward	Notes/Comments
	YTD	YTD	YTD	Revised Budget	Completion	2017	In 2017/18	Budget YTD reflects the amounts carried forward from 2015/16 after the Annual Plan was prepared.
	\$000	\$000	\$000	\$000	%	\$000	Annual Plan	
							\$000	
Water								
Feilding WTP Renewals	127	1,345	(1,218)	1,345	10%	1,217	880	Report has been received on water treatment options for bores and is under consideration. Contractor for Awa St programmable logic controller works has been engaged. The Feilding Water Strategy will confirm a future pathway for the development of the water supply and will require completion of a business case. Other work has been deferred to the 2017/18 year in accordance with the revised water strategy.
Feilding Reticulation Renewals	680	893	(213)	893	80%	893	210	Completed projects include Bowen St, Dalzien Place, Haggitt St and Windsor Tce is currently in the design phase. Sandon Rd water main has been completed.
Feilding Water Supply Growth	310	732	(422)	732	50%	389	210	South St upgrades completed, West St complete (works carried over from 2015/16). Works in Pharazyn St (stage 3) is underway.
Feilding Water Pressure Zones	39	240	(201)	240	25%	100	100	The pump station for MacDonald Heights has been designed and the pipe configuration around the reservoir is confirmed, and the pump supply and pipe installation is due to commence.
Feilding Water Metering/Backflow	11	74	(63)	74	1%	42	0	Work is in the design stage
Almadale WTP Optimisations	3	0	3	0	100%	0	0	Costs are for safety improvements to the treatment room. No further costs required.
Water Supply New Connections	8	0	8	0	100%	0	0	Costs are demand driven and funded by connection fees received.
Himatangi Water Asset Renewals	122	482	(360)	482	15%	380	50	The reservoir has been delivered and site works are underway.
Himatangi Water Supply New Work	9	43	(34)	43	12%	55	66	This project is for the security fences and access legalisation. Both projects are in progress.
Sanson Water Asset Renewal	0	13	(13)	13	0%	13	0	
Sanson WTP New Works	487	1,248	(761)	1,248	30%	1,180	350	Drilling works for the new bore is complete. Awaiting test results to determine level of treatment required.
Rongotea Water Scheme	5	0	5	0	100%	0	0	Costs are demand driven and funded by connection fees received.
Water Supply Unplanned Renewals -Villages	7	0	7	0	100%	0	0	Replacement of valves and hydrants as and when needed.
Stanway/Halcombe WTP New Works	221	99	122	99	100%	94	0	Work was re-scoped to meet scheme committee requirements and funded from their existing funds.
Stanway/Halcombe RWS Renewals	50	84	(35)	84	50%	49	0	Bundled with capacity improvements works below
Stanway/Halcombe RWS Intake and Capacity Improvements	87	49	38	49	100%	84	0	Second stage of pipeline from Pryce's Line to booster reservoir completed. Bundled with renewals budget.
Waituna West RWS Renewals	21	40	(19)	40	100%	40	0	Work as required
Total Water Supply	2,188	5,343	(3,155)	5,343		4,537	1,866	
Support Services and Other								
Motor Vehicle Renewals	309	260	49	260	100%	260	0	Revised budget has an approved carry over from 2015/16 year. The forecast includes the replacement for the stolen digger which is funded from insurance proceeds.
Computer Hardware	172	191	(19)	191	100%	191	0	The renewal programme is complete. Under budget due to savings on items purchased.
Software - Document Management	312	608	(296)	608	60%	608	296	Project underway and scheduled for completion in December 2017
Software Replacement	23	111	(88)	111	100%	52	0	Cost upgrade to Creative Cloud not going ahead. Costs are for Trapeze licence upgrade. Budget carry over from 2015/16 year is unlikely to be required due to cost savings in the Go-Shift project.
Boiler Replacement	32	30	2	30	95%	0	0	The project will be completed in July 2017
Establishment of the Three Waters Reticulation Team	228	261	(33)	261	100%	0	0	Unspent budget carried over from last financial year
Infrastructure Refurbishment	19	0	19	0	100%	0	0	Project complete
Infrastructure Computers	18	0	18	0	100%	0	0	Project complete
General Renewals	40	23	18	23	100%	23	0	Costs are for file room mobile shelving units replaced after the earthquake. \$13k funded from the Insurance Reserve. May costs are for new desks required as part of office relocations.
General New Assets	27	28	(2)	28	80%	23	0	Cost are for wall removal in Community and Strategy area, two new laptops for new parks and property staff, and additional computers for regulatory team and records team, commitment includes building alterations costs.
Total Support Services and other	1,180	1,512	(332)	1,512		1,156	296	
TOTAL CAPITAL EXPENDITURE	25,564	39,773	(14,210)	39,798		32,919	12,590	

◆ Greater than 15% of budget

● Less than 5% greater than budget

LOS = Level of Service

Audit and Risk Committee

Meeting of 11 August 2017

Business Unit: Corporate and Regulatory

Date Created: 04 August 2017

Manawatu District Council Risk Register

Purpose

To present the Manawatu District Council’s Risk Register for information.

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 report of the General Manager – Corporate and Regulatory dated 4 August 2017 presenting the Manawatu District Council’s Risk Register for information.

Report prepared by:
Allie Dunn
Governance Team Leader

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 Manawatu – the best rural lifestyle in New Zealand

Manawatu District will improve the natural environment, stewarding the district in a practice aligned to the concept of kaitiakitanga.	The Manawatu will attract and retain residents.	Manawatu district develops a broad economic base from its solid foundation in the primary sector.	Manawatu and its people are connected via quality infrastructure and technology.	Manawatu’s built environment is safe, reliable and attractive.	Manawatu District Council is an agile and efficient organisation.
					✓

2 Background

- 2.1 At its meeting held 21 April 2016, the Council adopted its Risk Appetite Statement to support its decision-making and option assessment.

3 Discussion and Options considered

- 3.1 The Risk Appetite Statement is a tool that is used to:

- Guide decision-making;
- Assist staff in assessing options; and
- Prioritise internal controls for risks and the audit programme to assess those controls.

- 3.2 A copy of this statement is attached in Appendix 1 to this report.

- 3.3 Following the adoption of the Risk Appetite Statement, the Council's Risk Management Framework was updated.

- 3.4 A copy of the Council's Risk Framework Risk-Rating Criteria is attached in Appendix 2 to this report.

- 3.5 The Council's Draft Risk Register is attached in Appendix 3 to this report. The draft Risk Register sets out for each Business Unit risk information which details the risk description, cause of risk occurring, the possible impact or consequence of risk occurring and the MDC Strategic Objectives affected.

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 direct financial implications associated with this paper.

6 Statutory Requirements

- 6.1 There are no statutory requirements associated with this paper. However the practice of identifying risks and determining how risks will be managed assists Council in maintaining legal compliance. In developing its Risk Appetite Statement, the Council recognised the need to place high importance on compliance, regulation and public protection and determined that it had no appetite for breaches in statute and regulation.

7 Delegations

- 7.1 The Terms of Reference for the Audit and Risk Committee include the responsibility for Risk management and the system of internal controls, including setting the Council's appetite for risk, understanding the key risk areas including likelihood and consequences, considering the effectiveness of internal controls; and fraud risk and procurement risk.

8 Consultation

8.1 There are no community consultation requirements associated with this report.

9 Cultural Considerations

9.1 There are no cultural considerations associated with this report.

10 Conclusion

10.1 The Council's Risk Appetite Statement developed in April 2016, along with the Councils Risk Framework Risk-Rating Criteria and draft Risk Register are presented to the Audit and Risk Committee for information.

11 Attachments

- Appendix 1 – Manawatu District Council – Risk Appetite Statement April 2016
- Appendix 2 – Manawatu District Council's Risk Framework Risk-Rating Criteria
- Appendix 3 – Manawatu District Council's Draft Risk Register

Attachment 1

Manawatu District Council – Risk Appetite Statement April 2016

Risk appetite is the level of risk we are willing to accept in the pursuit of our strategic objectives. Our aim is to consider all options to respond to risk appropriately and make informed decisions that are most likely to result in successful delivery whilst also providing an acceptable level of value for money.

The acceptance of risk is subject to ensuring that all potential benefits and costs are fully understood and that appropriate measures to manage risk are established before decisions are made. We recognise that the appetite for risk will vary according to the activity undertaken and hence different appetites and tolerances to risk apply.

Specifically, our approach is to minimise exposure to financial and compliance risk, whilst accepting and encouraging an increased degree of risk in other areas in pursuit of our strategic objectives as illustrated in the diagram and statements below.

We at Manawatu District Council (MDC) expect all decision-makers to take the following into account:

MDC Strategic Objectives	Averse	Minimalist	Cautious	Open	Hungry
Build people and culture					
Achieve purposeful growth and development					
Achieve service levels					
Achieve strategic organisational transformation					
Maintain public confidence					
Deliver work programmes					
Maintain legal compliance					
Operate within financial targets					

Operate within financial targets – The Council has **no appetite** for risk in maintaining its long term financial viability and its overall financial strength. It will not trade-off this objective for gains in other objectives. It aims to achieve its strategic and financial objectives subject to the following criteria:

- The Council sets a balanced overall budget and GM’s must then contain net expenditure within approved levels;
- To hold rate increases to the Local Government Cost Index (for the previous year), plus four percent in any one year; and
- The Council’s maximum level of debt servicing is set at 10% of planned revenue.

Maintain Legal Compliance – The Council recognises the need to place high importance on compliance, regulation and public protection and has **no appetite** for breaches in statute, regulation, professional standards, ethics, bribery or fraud. But it is prepared for **minimal risk** to seek benefits where aspects of compliance are negotiable.

Deliver Work Programmes – The Council accepts a **cautious level of risk** to deliver its complete work programme but only when non-delivery can be limited and any benefits heavily outweigh any non-delivery.

Maintain Public Confidence – It is regarded as important that the Council maintains public confidence in its actions and performance, however it is prepared to defend actions with a good reward despite negative response. Hence it has set a **cautious appetite** for risk in the conduct of any of its activities that puts its reputation in jeopardy but where it can justify the reward from those activities.

Achieve Strategic Organisational Transformation – The environment the Council works in is continually changing through both its internal operations and the services it provides. Change projects provide the Council with an opportunity to be an agile and effective Council and also to establish benefits for the longer term. The Council recognises that this may require high levels of risk and is **open** to accepting the risk subject to always ensuring that impacts are appropriately managed.

Achieve Service Levels – The Council is **open to a high level of risk** arising from the nature of the Council’s business operations and service delivery to deliver an appropriate level of service at value for money, whilst managing any impact.

Achieve Purposeful Growth and Development – The Council has a continuing obligation to invest in the development and growth of the District in a purposeful and planned manner. To achieve progressive and innovative development the Council has an **open risk appetite** whilst ensuring that benefits are assessed and risks are fully scrutinised and appropriately treated before developments are authorised.

Build People & Culture – The Council recognises that its staff are critical to achieving its objectives and therefore the support and development of staff is key to making the Council an enjoyable and safe place to work. It has a **very high appetite** for decisions that involve staffing or culture to support transformational change and ensure the Council is continually improving even if there is a chance of failure.

Attachment 2

Illustrative Likelihood Rating Scale¹

Likelihood Rating	Descriptor	Definition	Indicative Frequency
5	Almost certain	The consequence is expected to occur on an annual basis	Every year or more frequently
4	Likely	The event has occurred several times or more throughout history of the organization	Every three years
3	Possible	The event might occur once in the organization	Every ten years
2	Unlikely	The event does occur from time to time	Every thirty years
1	Very Unlikely	Heard of something like that occurring elsewhere	Every 100 years

Illustrative Consequence Rating Scale

The categories below are a guide only – the organization should adopt categories specific to its risk universe.

Consequence Rating	Financial Impact	People Effects	Reputation	Service Outputs	Legal & Compliance	Management Impact
5	<\$3m	One or more fatalities or severe irreversible disability to one or more people	National media coverage; Significant impact on funding for several years; long-term loss of clients	Total cessation of multiple services for many months	Major litigation costing >\$3m; Investigation by regulatory body resulting in long term interruption of operations	Restructuring of organisation with loss of many senior managers
4	\$1m - \$3m	Extensive injury or impairment to one or more persons	State media coverage; CEO departs affecting funding or causing loss of clients for many months	Disruption of multiple services for several months	Major breach of regulation with punitive fine, and significant litigation involving many weeks of senior management time and up to \$3m legal costs	Significant disruption that will require considerable senior management time over several weeks
3	\$300k - \$999k	Short term disability to one or more persons	Local media coverage over several days; senior managers depart; noticeable loss of clients for many months	Total cessation of one service for a few months	Breach of regulation with investigation by authority and possible moderate fine, and litigation and legal costs up to \$999k	Disruption that will require senior management time over several weeks
2	\$10k - \$299k	Significant medical treatment; lost injury time <2 weeks	Local media coverage, and complaint to management	Some service disruption in the area	Breach of regulations; major fine or legal costs; minor litigation	Will require some senior management time over many days
1	<\$10k	First aid or minor medical treatment	No media coverage; complaint to employee	Minimal disruption	Minor legal issues or breach of regulations	Will require some management attention over several days

¹ Descriptions for likelihood and consequence have been adapted from SA/SNZ HB 436:2013 Risk Management Guidelines – Companion to AS/NZS ISO 31000:2009

Illustrative Description of Risk Levels

Risk Level	Description
Extreme	Requires ongoing executive level oversight. The level of risk warrants that all possible mitigation measures be analysed in order to bring about a reduction in exposure.
High	Action plans and resources required. The level of risk is likely to endanger capability and should be reduced through mitigation strategies where possible.
Moderate	
Guarded	This level of risk should not automatically be accepted for risk mitigation but rather a cost-benefit analysis is required to determine if treatment is necessary.
Low	Treatment when resources are available. The risk should be able to be managed via existing controls and normal operating procedures.

Illustrative Likelihood and Consequence Matrix

Likelihood	5		Medium (5)	High (10)	Very High (15)	Very High (20)	Very High (25)
	4		Low (4)	High (8)	High (12)	Very High (16)	Very High (20)
	3		Low (3)	Medium (6)	Medium (9)	High (12)	Very High (15)
	2		Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
	1		Low (1)	Low (1)	Low (3)	Medium (4)	High (5)
			1	2	3	4	5
			Consequence				

MDC Risk Matrix

Likelihood Guide	Likelihood of Occurrence			Risk Rating Level				
Is expected to occur in most circumstances	Every year or more frequently	Almost Certain	5	Guarded (5)	Moderate (10)	High (20)	Extreme (40)	Extreme (80)
Will probably occur in most circumstances	Every 3 years	Likely	4	Guarded (4)	Moderate (8)	High (16)	Extreme (32)	Extreme (64)
Might occur at some time	Every 10+ years	Possible	3	Guarded (3)	Guarded (6)	Moderate (12)	High (24)	Extreme (48)
Could occur at some time	Every 30+ years	Unlikely	2	Low (2)	Guarded (4)	Moderate (8)	High (16)	High (32)
May occur only in exceptional circumstances	Every 100+ years	Rare	1	Low (1)	Low (2)	Guarded (4)	Moderate (8)	High (16)
				1	2	4	8	16
			Risk Impact	Minor	Moderate	Major	Severe	Worst Case
Objective Impacted			Risk Appetite Level					
Build people and culture			Hungry	Isolated incidents of short term decline in individual confidence/ morale Lack of suitable candidates (internal/external) to fill key operational roles within a reasonable timeframe	Some short term decline in staff confidence/ morale Difficulty recruiting or replacing personnel in critical or key positions within a reasonable timeframe	Frequent decline in staff confidence/ morale Inability to attract and retain key personnel in identified high demand roles	Long term decline in staff confidence/ morale Low retention rates of key personnel/positions	Ongoing lack of staff confidence and low staff morale across the organisation Unplanned loss of a number of key personnel
Achieve purposeful growth and development			Open					
Achieve service levels			Open	Temporary disruption to delivery of products, services or systems No measurable impact on business delivery or activities	Minor disruption to delivery of products, services or systems Short term interruption to delivery of some activities	Restrictions or disruption to delivery of products, services or systems Longer term interruption to delivery of some activities	Severe delays or restrictions to key products, services or systems Restricted ability to continue delivering activities	Non-delivery or loss of critical products, services or systems Inability to deliver activities Regular incidents of misinformation conveyed to community, stakeholders and staff Long term and permanent loss of critical assets/ building Non-recoverable loss of critical data, files or records
Achieve strategic organizational transformation			Open					
Maintain public confidence			Cautious	Some attention from minor stakeholders with little to no publicity, but able to be	Limited damage to the Council's reputation; minor one-off negative local publicity or visible	Some negative publicity or short-term damage to the Council's reputation at	Negative publicity or damage to the Council's reputation at a national or regional	Significant and sustained negative publicity or damage to the Council's

				resolved by routine management processes without impact to the Council's reputation	dissatisfaction with the Council by local stakeholder groups	a region-wide level resulting in internal inquiry, potential for serious political questions or disruption to some core Council services or loss of public confidence in the Council's processes	level resulting in external inquiry, possible review of the administration of Council, disruption to major Council services or loss of public confidence in the Council	reputation at a global, national or regional level; resulting in government/ ministerial censure, senior staff resignations/ removals, parliamentary inquiry or significant long-term damage to public confidence in the Council
Deliver work programmes			Cautious	No key projects late; >85% of non-critical work completed	1-3 key projects late; >85% of non-critical work completed	3-5 key projects late; 70-85% of non-critical work completed	5-10 key projects late; 50-70% of non-critical work completed	>10 key projects late; <50% of non-critical work completed
Maintain legal compliance			Minimalist	Breaches of a technical nature that do not expose the Council to legal action and can be managed through routine activities	Breach resulting in exposure to civil action	Breach resulting in threats of: legal action (civil and criminal), investigation by an administrative body, registrations, licenses or permits being revoked, adverse comments made in relevant inspections, reports or inquiries	Breach resulting in ministerial inquiry, warnings to senior management, fines or litigation greater than \$500,000, registrations, licences or permits being revoked or closure of a few key services	Breach resulting in parliamentary scrutiny, prosecution, imprisonment, fines or litigation greater than \$1 million or closure of multiple services
Operate within financial targets			Averse					

Control Effectiveness Rating

Control Rating	Descriptor	Definition
3	High	Control operating effectively, no deficiencies noted
2	Medium	Some deficiencies in the control have been identified however there are compensating controls to cover identified faults
1	Low	Significant control deficiencies have been identified

Attachment 3

RISK INFORMATION								
Business Unit	Risk Description/Risk Event Statement	Cause of Risk Occurring	Possible Impact/Consequence of Risk Occurring	MDC Strategic Objectives Affected	Risk Category	Risk Owner	Source of Risk	Page No
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Community Facilities Group	Inadequate facilities and assets to meet future demand	Insufficient funding for major capital projects. Escalating costs of retaining and maintenance Facilities	Reduction in business and economic development impacted by the region becoming less attractive.				LTP 2015	P25
Community Facilities Group	Uneconomical to retain Council Facilities e.g. Halls	Reduced demand for facilities due to service provided by other means e.g. private sector involvement or local interest no longer sustains ownership requirements. Building age usually aged 50 years, deficient in aspects such as efficiency, accessibility with little modernisation and therefore reduces utilisation. Advancing technology replacing need for physical social interaction.	Deteriorating buildings and loss of cultural wellbeing of the community.				LTP 2015 CF AMP	P25 P113
Community Facilities Group	Lack of support and revenue to support up to date technology requirements	Lack of innovation and forward thinking.	Township less attractive to businesses				LTP 2015	P25
Community Facilities Group	Increased requirement and cost to satisfy building standards	Impact of Building Act 2014 and Building (Earthquake-Prone Buildings) Amendment Bill	Uneconomical to upgrade or repair				LTP 2015	P 53
Community Facilities Group	Meeting the needs of the significant increase in the ageing population.	Increase in older people occurring at a faster rate than previously forecasted. Change in demand for specific and relevant services including additional requirement for access improvements, transport etc.	Affordability and delivery of services. Council will come under increasing pressure to limit rate increases.				LTP 2015	P25& P212
Community Facilities Group	An increase in burials demands	Change in demand for burial options	Inability to secure enough land to sustain number of burial plots				LTP 2015 CF AMP	P25 p212
Community Facilities Group	Inadequate maintenance and insufficient cleaning of public conveniences.	Cuts in spending. Insufficient clear contract specifications and lack of monitoring. Inaccurate asset data.	Reduced in levels of service and does not meet user expectations. Public conveniences are unavailable/closed because of asset failure.				CF AMP	P220
District Development Group	Increased population growth.	An increase in the attractiveness of the district as a place to live and work.	Greater investment in economic development, recreation and community support activities required to support business development.				LTP	P39& P211
District Development Group	Benefits of single Economic Development Agency unrealised.	Inability for two Councils to agree a shared vision for both Communities	Economic growth of the region and reduction in rate payer confidence in new initiatives				LTP	P41
Emergency Management Group	Insufficient information and education in connection with Emergency Management	Insufficient resources and lack of awareness	Increase risk, decrease readiness in response to a emergency event.				LTP	P47
Environmental Services & Monitoring Group	Increase dog population.	Population growth	Greater demands on ACO resource and increased costs in the administration requirements.				LTP	P53
Environmental Services & Monitoring Group	Inability to provide necessary provision of facilities for the older population.	Increase in ageing population on fixed incomes	Increased requirement for rest homes, doctors surgeries, health centres, cafes and construction of community centres. An increase in costs per property to pay for these expensive services				LTP	P53
Environmental Services & Monitoring Group	Increases in the Menacing Dog Classification.	Dog Owners acting unresponsively	Increase in enforcement by ACO's and resource impacts responding to complaints.				LTP	P53
Environmental Services & Monitoring Group	Short timeframes to identify EQP buildings	Enforcement of The Building (Earthquake Prone Buildings) Amendment Act 2016 - High Risk Areas	2.5 years for TA's to identify priority buildings, 7.5 years for owners to strength/demolish buildings Resource impact required to assess structural rating of all				LTP	P53
Environmental Services & Monitoring Group	Failure to maintain BCA Audit	Unable to perform the functions required by the Building Act 2004 due to attracting experience staff and retaining staff.	Loss of revenue of fees and impact on economic growth in the region					
Environmental Services & Monitoring Group	Failure to obtain/maintain environment health service	Failure to obtain Accreditation of new Food Act 2014 and perform regulatory authority	Inability to protect and promote food safety practices within the District by ensuring all food businesses meet requirements under the legislation				LTP	P53
Environmental Services & Monitoring Group	Inability to meet demands for processing of building consent authority within agreed legislative timeframes.	Population Growth and lack of skilled building officers	Economic growth in region and accreditation as BCA.				LTP	P53
Governance and Strategy Group	Ageing population - issue of affordability of maintaining Governance						LTP	P65
Governance and Strategy Group	Lack of engagement of Community	Ineffective delivery and method of communication.	Out of touch with the Community. Decisions made that do not meet the needs and interests of the community				LTP	P65
Governance and Strategy Group	Democratic deficit	Low voter turnout, local authority elections are deemed "less important" than a General Election.	Bias can be severe with reduced minority representation. Lack of understanding of community views					
Governance and Strategy Group	Inability to recoup loan for installation of ultra fast broadband in industrial area	Insufficient business to pay the targeted rate.	Outstanding debt				LTP	P67
Roading Group	Increase in vehicles	Increased traffic growth	Excessive noise, fumes, vibration and visual impact on public health and well-being				LTP	P71
Roading Group	Increase in effluent disposal discharged onto roads	Increased traffic growth	Public health, safety and enjoyment of the roading network				LTP	P71
Roading Group	Structural damage from HPMV overloading on old road networks/pavements.	Increase in heavy vehicles using roads not designed to handle heavy goods usage	Costs and interrupted levels of service to enable repairs to be carried out.				LTP AMP	P72 P303
Roading Group	Nationally Consistent Road Classification System.	One Network Road Classifications introduced by NZTA following outcome of Central Government Review.	Affordability of maintaining increased levels of service dependent of revised classifications.				LTP	P72
Roading Group	Bridges unable to cope with future demands of traffic	On-going maintenance of Bridges without Finance assistance from Central Government	Sustainability				LTP	P72
Roading Group	Pavement widths, loading and safety are under pressure.	Conversion of land use to dairy herds - increase in heavy vehicles e.g. dairy tankers	Increase in maintenance costs				LTP	P128
Solid Waste Group	Transporting solid waste and recyclable waste for disposal	No open landfills in the District	Costs and environmental impacts of transporting solid waste				LTP	L79
Solid Waste Group	Inappropriate disposal of solid waste	Increase in fly-tipping and stock piling	Environmental and budget impacts				LTP	P79

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Solid Waste Group	Changes in public attitudes to solid waste	Public more aware of the need to reduce landfill	Affordability of service as cost of processing recycling is more expensive				LTP	P80
Solid Waste Group	Increase of tonne rate for waste taken to the landfill	Unique Emissions Trading Scheme - current rate of \$5 per tonne	Increased costs to rate payers if rate per tonne increases				LTP	P80
Solid Waste Group	Inadequate collection systems for solid waste	Insufficient number of recycling services to minimise waste in the District	Public health				LTP	P79
Solid Waste Group	Inadequate collection systems for solid waste	Population Growth - increases waste services	Public health and increase in the operational expenditure for provision of service under Waste Minimisation Act 2008				LTP	P80
Stormwater Group	Inadequate systems for safe collection and disposal of stormwater to protect built environment	Inadequate renewal and upgrade programme	Flooding of properties and impact on environment generally				LTP	P85
Stormwater Group	High rainfall events and greater rainfall intensities	Inappropriate upgrades and relaxation of standards. Lack of education and working with Private Property Owners and Developers to deal with on-site stormwater issues. Less tolerance for surface flooding.	Flooding of buildings and downstream properties. Influx of discharging stormwater containing contaminants.				LTP	P85
Stormwater Group	Contaminants entering Stormwater System	Climate Change - increased frequency of high intensity storm event	Impact on life-supporting capacity of ecosystems and environment generally. Unable to satisfy resource consent conditions.				LTP	P85
Stormwater Group	Storm Surges and inundation would damage the districts coastal areas	Climate Change - increased frequency of high intensity storm event	Affect on sea levels and localised ponding and frequency of heavy rain would cause erosion of areas of land on the west coast of the district and Himatangi and Tangimoana beaches				LTP	P85&P119
Stormwater Group	Increase in Urban developments becomes more intense	Population growth	Increase in surface water due to increase in paved surfaces and urban growth extending into areas previously used as rural land				LTP	P86
Water Supply Group	Inadequate management systems of potable water supply not in place	Malfunction of utility installations e.g. water treatment plants, non-renewal of aged and defective pipes and untreated dirty water.	Inability to meet residential/industrial/commercial, fire-fighting and agricultural needs. Including negative impact on Public Health				LTP	P91
Water Supply Group	Infrastructure unable to meet increased demands	Population Growth - increase in subdivision development including industrial growth and insufficient capacity to extend the network	Inability of community to pay for levels of service and insufficient capacity to extend the system network to meet the needs of the area.				LTP	P91
Water Supply Group	Affordability of maintaining robust and safe water supply	Ageing population with fixed incomes	Inability to pay for service				LTP	P91
Water Supply Group	Reduction in the quality of water e.g. clarity, taste and water pressure	Aged utility installations and frequent repairs to network - compromising system.	Levels of customer satisfaction reduced and risk to public health				LTP	P91
Water Supply Group	Unable to comply with drinking water standards	Increasing faults or unplanned interruptions to network, compromising quality standards of the water	Levels of customer satisfaction reduced and risk to public health				LTP	P92
Wastewater Group	Inadequate management systems for the disposal and treatment of wastewater	Wastewater overflows from heavy rainfall, blockages and malfunction of utility installations	Compromise resource consent conditions of RMA				LTP	P97
Wastewater Group	Costs to communities in providing and improving wastewater infrastructure.	Aged Population & population growth	Fixed income levels. Insufficient revenue generated				LTP	P97
Wastewater Group	Affordability to renew assets to meet desired levels of service	Average condition scores inaccurate.	Assets not as long lasting as documented in the AMP.				LTP	P97
Wastewater Group	Inability to improve quality of wastewater discharges	Increase in volume due to flooding events and/or failure/malfunction of Treatment Plan	Compromise resource consent conditions of RMA and increased negative effects discharging to Oroua River				LTP	P99
Financial Strategy	Inability to fund loans by future development contributions	Reduction in economic growth, downturn in construction. Non-payment of development contributions or miscalculation.	Reduced levels and quality of service				LTP	P107
Financial Strategy	Ability to meet the costs of rising standards	Aged Population on fixed incomes	Impact on the types of service offered and the way these are delivered				LTP	P108
Financial Strategy	Incorrect considering of rates setting	Insufficient information/data to perform correct calculations	Reduced levels and quality of service				LTP	P109
Financial Strategy	Increase costs of external borrowing to fund acquisition of assets	Significant increase in interest rates over the term of the debt	Increased costs to the rate payer				LTP	P110
Financial Strategy	Inability to payback loans within a suitable timeframe	Lack of forecasting or take up of the benefit	Increased liability for Council				LTP	P110
Financial Strategy	Rise in debt servicing charge	Overspending/borrowing to the maximum debt limit.	Rates affordability for ratepayers				LTP	P110
Financial Strategy	Unable to access or significant reduction in the level of borrowing facilities	Unexpected circumstances - natural disaster	Inability to fund acquisition of assets. Capital works deferred and reduce level of service				LTP	P110
Forecast Assumption	Significant increase in interest rates over the term of the debt	Reduction of Treasury Functions, increase in borrowing from external sources	Affordability				LTP	P221
Financial Strategy	Inability to maintain adequate liquid funds.	Decline in investment levels	Unable to meet expected payments - cashflow problems				LTP	P111
Financial Strategy	Operating costs including depreciation are not covered by operating revenue	Timeliness of capitalisation of completed infrastructure projects	Current users of the service are not paying for the benefits they receive.				LTP	P114
Forecasting Assumptions	Reduction of depreciation reserves	Varying and unknown knowledge of the detailed conditions of infrastructure assets	Unable to fund the renewals of assets. Shortfall in funds would reduce service levels, increase debt and rates.				LTP	P209 & P222
Financial Strategy	Reduction in the level of Services for Water, Wastewater and Stormwater	Rising standards for water quality and management set by Central Government and Horizons Regional Council.	Inadequate planned income to fund unexpected increases in levels of service				LTP	P114
Financial Strategy	Unable to maintain our levels of service	Rising standards as a result of legislation changes requiring new levels of service	Inadequate planned income to fund unexpected increases in levels of service				LTP	P114
Financial Strategy	Unable to maintain our levels of service	Rising commodity prices	Inadequate planned income to fund unexpected increases in levels of service				LTP	P114
Financial Strategy	Unable to maintain our levels of service	Retaining and attracting skilled staff	Service delivery across Council				LTP	P114
Financial Strategy	Unable to maintain our levels of service	Ineffective partnerships and collaborations.	Reduction in the level of customer satisfaction and trust reduced.				LTP	P114
Infrastructure Strategy	Unable to facilitate future growth and delivery of agreed levels of service and affordability	Inadequate balance of infrastructure spending	Block economic growth and health and safety risk of residents and visitors				LTP	P115

RISK INFORMATION

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Infrastructure Strategy	Inadequate scale of investment	Unbalance between possible growth and employment targets	Future operation costs and debt levels				LTP	P115
Infrastructure Strategy	Increase or changes in National Standards	Changes by Central Government or through resource consent conditions	Increased minimum level of services will impact budgets, Council spending and enhancement of quality of life and attracting people to Manawatu				LTP	P115
Infrastructure Strategy	Large investments become mandatory regardless of affordability or the asset condition.	Changes in Government regulations and standards	Affordability issues with rate increases.				LTP	P116
Infrastructure Strategy	Increased infiltration in wastewater reticulation	Ineffective procedures to minimise leakages in the water reticulation and stormwater network	Unable to meet resource consent conditions				LTP	P116
Infrastructure Strategy	Changes in resource conditions set by the Environment Court	Changes in Government and legislation	Significant costs to upgrade WWTP to meet new requirements.					
Infrastructure Strategy	Inability to meet new resource consent standards for Feilding and Manawatu River Accord commitments for all urban areas.	Failed components of WWTP	Public health and environmental outcomes				LTP	P117
Infrastructure Strategy	Inadequate capacity to support the development of the wider Manawatu Food HQ for NZ						LTP	P117
Infrastructure Strategy	Over-investing of assets that may be obsolete in a few years	Poor forecasting of the appropriate value of existing assets	Affordability issues				LTP	P118
Infrastructure Strategy	Inability to provide infrastructure services to the District	Natural Hazard	Damage and interrupting delivery of underground services.					
Infrastructure Strategy	Inability to provide infrastructure services to the District	Natural Hazard	Damage and interrupting delivery of above ground assets e.g. reservoirs					
Infrastructure Strategy	Flooding Risk - particular in Oroua and Manawatu Floodplains.	Flooding	Significant impact on ability of Council to continue to deliver its service				LTP	P120
Infrastructure Strategy	Inability to provide Feilding Township with water	Failure of Almadale Water Reservoir due to need for replacement of reservoir and truck main	Significant impact on Feilding township and businesses.				LTP	P135
Infrastructure Strategy	Large Scale Flood Event	Flooding	Damage to infrastructure assets and interruption to delivery of services				Risk Register	Vicki completed
Forecasting Assumptions	Significant increase in interest rates not forecasted within the Long Term Plan	Economic Changes	Return on investments will be considerably reduced compared to that forecasted				LTP	P209
Forecasting Assumptions	Major Net Loss of Residents	A lack of employment opportunities within the area, decline in population growth.	Level of service would be severely affected due to reduction in rating base				LTP	P210
Forecasting Assumptions	Household Growth Predictions assumptions incorrect	Number of households in Urban Areas does not increase as predicted.	Planned environmental services levels in Three Waters Network Connections will be higher per connection.				LTP	P211
Forecasting Assumptions	Current and planned infrastructure capacity will not meet future demand	Capacity based on incorrect assumption on forecast population, household and business growth.	Urban growth would require additional 3 waters infrastructure capacity to be invested by Council via loan funding, development contributions and reserves.				LTP	P213
Infrastructure Strategy	Shared Services Model with Rangiteki District Council becomes dysfunctional	Changes in direction of Council vision, ineffective relationships and reduction in shared benefits	Reduced collaboration with neighbouring councils				LTP & Risk Register	P213 and Vicki completed
Forecasting Assumptions	Significant Changes in Resource Management Act in relation to health and safety policies	Change of Government and Government Policies	District Plan Structure resulting in significant costs to Council				LTP	P214
Forecasting Assumptions	Amalgamation with one or more neighbouring councils	Change in Government and view of forced amalgamations	Reduces the number of councillors across the region including a period of uncertainty while the new council becomes established. Has the potential to impact on council staff employment				LTP	P214
Forecasting Assumptions	Amalgamation with one or more neighbouring councils & regional council	Change in Government and view of forced amalgamations	Recognises and reflects the common interests across the Region. Provides greater scale and capacity to achieve desired outcomes for the community. Brings together both regional council and territorial authority responsibilities for better coordinated economic, social and environmental decision making for the Region.				LTP	P214
Infrastructure	Maintaining resource consent compliance measurements.	Ineffective wastewater treatment operations, extra overflow due to periods of heavy rain	Resource Consent set by Horizons Regional Council compliance not met. Operating in breach of consent with legal implications.				Identified at Council Workshop	4/08/2016
Infrastructure	Extreme weather conditions particularly severe winds	Interruption to Irrigation Centre Pivot performance	Preventing of discharging treated wastewater to land. Compromised water quality benefits of Oroua River.				Identified at Council Workshop	4/08/2016
Forecasting Assumptions	Increase in the number of Three Waters Network connections and demand for infrastructure	Household growth occurring faster than forecasted in Urban Areas due to ageing population and lower occupancy rates.	Increase in the number of three waters network connections				LTP	P211
Forecasting Assumptions	Increased frequency of Storm Damage on Infrastructure assets	Increased periods of heavy flooding due to Climate Change	Stormwater standards not met and an increase in costs from repair works and possibly lead to increasing levels of service				LTP	P215
Forecasting Assumptions	Reduction in access to Government support in the event of natural disasters	Criteria for Government Funding may be reviewed	Increased insurance costs, requirement to have a greater ability to borrow. Series of natural disasters may exhaust Council reserves and prudent borrowing ability.				LTP	P216
Forecasting Assumptions	Changes in NZTA and Central Government Funding	NZTA currently reviewing funding arrangements including a new Roading Classification	Roading is a significant activity of Council and will have a major impact on activity funding.				LTP Roading AMP	P217 P300

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Forecasting Assumptions	Major changes to resource consent conditions for new/upgraded infrastructure and also renewed resource consent	Changes to One Plan and/or government policy changes may result in consents issued with higher standards or tightening of existing consent conditions above those contained in the Council Asset Management Plans.	Additional Financial Costs to meet ongoing consent conditions or the process to apply for new consents. Operating in breach of consents would involve legal implications and potential fines. Changes to levels of service and model of operation. Extra conditions may mean new works are delayed.				LTP AMP	P218 P209
Forecasting Assumptions	Increased Costs	Inflation rates differ significantly from forecasts	Viability of major projects.				LTP	P219
Forecasting Assumptions	Increased Costs	Prevailing Interest rates increase/decrease	Significant increase will impact infrastructure and community activities with major upgrades or planned asset renewals				LTP	P219
Forecasting Assumptions	Incorrect asset deterioration assessment	External events or inadequate condition rating. Gaps in the information on the condition of known assets.	Insufficient depreciation funding for renewals or council rating too high for depreciation affects service reliability with increasing asset failures.				LTP	P220
Forecasting Assumptions	Unbudgeted capital and/or maintenance expenditure	Incorrect assessment of asset conditions particular major assets	Finances by requiring funding via borrowing (for renewals), using reserves or rates increase.				LTP	P220
Forecasting Assumptions	Increased valuations of infrastructure	Value of infrastructure and land buildings increases at a faster rate than the relevant inflation category over the same time	Increased valuations results in higher depreciation requirements impacting on Council's level of services due to inability to deliver within the forecasted funding limits				LTP	P221
Infrastructure Strategy	Infrastructure assets (roading and utilities assets) would be damaged and delivery of services interrupted	Major Event	Health risks to communities from the absence of water and sanitary services. Compromise of network roads restricting emergency accessibility				Vicky's Risk Register/LTP Roading AMP	P120 P299
Infrastructure Strategy	Ground rupture, liquefaction and ground deformation would damage buildings, structures and infrastructure	Major Event - Earthquakes	Deviation of above and below ground infrastructure in developed areas across the district				Vicky's Risk Register/LTP	P120
Infrastructure Strategy	A 2-4m sized tsunami above mean sea level will inundate the west coast of the district	Major Event - Tsunamis	Varies greatly depending upon the type and size of the event, local topography and in the case of human life and safety, the time of day.				Vicky's Risk Register/LTP	P120
Infrastructure Strategy	Volcanic Eruption	Natural Hazard	Cause significant adverse effects and pose risk to people and property				Vicky's Risk Register/LTP	P120
Roading Group	Increase in Ageing population	Population and Household Demand	Need to make provision for older drivers to ensure they do not compromise road safety and mobility				Vicky's Risk Register	
	High quality water and wastewater generation are unable to be provided	Commercial/Industrial Growth	New food related factories reliant on large volumes of high quality water and wastewater generation will not be able to be attracted or retained				Vicky's Risk Register	
	Farming is no longer a significant contributor to District's economy	Commercial/Industrial Growth	Council's objective to ensure this industry is not adversely affected is not met				Vicky's Risk Register	
	A lack of variety of employment opportunities	Commercial/Industrial Growth	Council's outcome to attract and retain residents would not be met				Vicky's Risk Register	

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	Ineffective decision making in asset management systems	Varying knowledge of the detailed condition of infrastructure asset or lack of planning process	Asset Management Plan renewal forecasts not accurate. Undetected deterioration or poor maintenance				Roading AMP 2015	P298/P299
	Feilding Wastewater & Water network's useful life of component assets are older than first thought	State of Infrastructure - Three Waters	Budgets to renew Feilding Wastewater network component assets brought forward				Vicky's Risk Register	
	Feilding Wastewater & Water network's useful life of component assets are older than first thought	State of Infrastructure - Three Waters	Depreciation funding requirements				Vicky's Risk Register	
	Roading network asset condition fails to be regularly monitored and evaluated	Condition of Roding Assets	Road closures, damage to roading network asset and condition rating trashes Council reputation and brand				Vicky's Risk Register	
	NZTA financial assistance for road work is lost or reduced	Condition of Roding Assets	Increase in rates per household as Council would have to fully fund road work				Vicky's Risk Register	
	Council not meeting is conditions set by Agency	Condition of Roding Assets	Loss or reduction in financial assistance for road work from NZTA				Vicky's Risk Register	
	Shared services model with Rangitikei DC becomes dysfunctional	Asset Renewals - Roding	Engineering Resources are not shared equally				Vicky's Risk Register	
	Shared services model with Rangitikei DC becomes dysfunctional	Asset Renewals - Roding	Management of planning, operations, maintenance and renewal of Roding network is not carried out				Vicky's Risk Register	
	Shared services model with Rangitikei DC becomes dysfunctional	Asset Renewals - Roding	Monitoring of Network performance is not conducted				Vicky's Risk Register	
	Shared services model with Rangitikei DC becomes dysfunctional	Asset Renewals - Roding	Community is not communicated with				Vicky's Risk Register	
	Shared services model with Rangitikei DC becomes dysfunctional	Asset Renewals - Roding	Communities expectations not met				Vicky's Risk Register	
	Roding Contract documents fail to document technical standards, define response times and cyclic inspection periods	Asset Renewals - Roding	Day to day maintenance of the network is not carried out				Vicky's Risk Register	
	Shared services model with Rangitikei DC becomes dysfunctional	Asset Renewals - Three Waters	The 3 waters network and treatment facilities day to day maintenance, monitoring compliance with resource consents, attending to customer requests for service would not be undertaken				Vicky's Risk Register	
	No centralised maintenance schedule	Asset Renewals - Three Waters	Basic servicing tasks conducted based on operator experience				Vicky's Risk Register	
	Mechanical breakdowns and faults	Asset Renewals - Three Waters	Unplanned maintenance				Vicky's Risk Register	
	Changes in political views	Disposal of assets and deferral of expenditure	Discontinue Infrastructure asset management shared services contract with Rangitikei District Council				Vicky's Risk Register	
	Resource Conditions requirements set by Horizons Regional Council One Plan or growth related projects change	Levels of Service	Resource consent conditions not met				Vicky's Risk Register	
	Rural roading network grows at more than 3% per annum	Increased localised residential and commercial development	Increased road users and traffic flows on local roading infrastructure				Vicky's Risk Register	
	Increase in demands placed on main arterial and collector roads connecting Feilding to Palmerston North	Increased traffic growth	Increased road users and traffic flows on main arterial and collector roads				Vicky's Risk Register	
	Rural roading network does not grow at 3% per annum	Decline in demand for service						

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	Increase in water demand on rural water schemes	Dairy farmers investing in automated wash-down facilities for milking sheds to improve cleanliness	Uses significantly more water than older milking sheds.				AMP 3 Waters	P50
	Increased inflow and infiltration on the WWTP	High volume of stormwater results in wastewater contaminating streams and rivers					AMP 3 Waters	P50
	Increased exfiltration	Wasterwater entering groundwater from cracked pipes and contaminates water supplies	Increased demand on WWTP and environmental factors				AMP 3 Waters	P50
	Inability to access infrastructure assets	Assets crossing private land without appropriate easements.	No access for maintenance and repairs				AMP 3 Waters	P97
	Unreliable date on 3 water assets	Quality of data held. Assets not mapped via surveys or GPS. Reliance on old plans	Reduced understanding of asset capabilities and limitations.				AMP 3 Waters	P81
	Properties in neighbouring areas not connected to reticulation.	Population growth - no extra capacity of the system for future growth.					AMP 3 Waters	P111
	Rural water scheme demands exceeding consented water in-take.	Lack of maintenance of flow restrictors. Property owners able to draw more water than what they are allowed	Water shortage particularly during the summer period				AMP 3 Waters	P111
	Increase demand for water	Change in land use e.g. to diary farming					AMP 3 Waters	P122
	Ineffective management of Feilding Wastewater Scheme.	High level inflow and infiltration due to the age of the pipes, high water table	Environmental and budget impacts				AMP 3 Waters	P122
	Poor Treatment Plant Performance	High flows caused by stormwater infiltration	Increased operating costs e.g. electricity and chemicals. Breaching of resource consent conditions.				AMP 3 Waters	P122
	Ineffective processes for ability for land based disposal of effluent discharge	Large variations in flow and nutrient loadings in aerated lagoons and inadequate aeration.	Breaching resource consent conditions				AMP 3 Waters	P125
	Impeded biological trickling filters	Impeded by hydraulic propulsion type distributors lacking specific dosing cycles.	Impact on disposal of effluent to land				AMP 3 Waters	P125
	Poor Performance of Water Schemes	Delayed maintenance work or work carried out to poor standards	Quality of water service delivery				AMP 3 Waters	P168
Water Supply Group	Council Scheme not available for properties in Feilding/Himatangi Beach		Properties are not connected to reticulation, legislation is breached and/or drinking water is unsafe.				AMP 3 Waters	P231
Water Supply Group	Council Scheme not available for properties in Sanson		Properties are not connected to reticulation, legislation is breached and/or drinking water is unsafe.				AMP 3 Waters	P231
Water Supply Group	Council Scheme not available for properties in Stanway-Halcombe		Properties are not connected to reticulation, legislation is breached and/or drinking water is unsafe In Stanway-Halcombe				AMP 3 Waters	P232
Water Supply Group	Council Scheme not available for properties in Waituna West		Properties are not connected to reticulation, legislation is breached and/or drinking water is unsafe In Waituna West				AMP 3 Waters	P232
Water Supply Group	Targeted rates are unfair and unreasonable		Cost of water is unaffordable, household finances suffer, businesses relocated outside the District, development is not encouraged.				AMP 3 Waters	P233
Water Supply Group	Water activity is not managed within budget		Council's financial position becomes less secure across all schemes				AMP 3 Waters	P234
Water Supply Group	Unmotivated and unhelpful staff		Poor customer service leads to disaffected customers, and issues are not resolved.				AMP 3 Waters	P234
Water Supply Group	Health Hazards to residents in the Feilding, Himatangi Beach and Sanson areas.		Human health is compromised by unsafe drinking water.				AMP 3 Waters	P234
Water Supply Group	Health Hazards to residents in the Stanway-Halcombe areas.		Human health is compromised by unsafe drinking water.				AMP 3 Waters	P235

RISK INFORMATION

Business Unit	Risk Description/Risk Event Statement	Cause of Risk Occurring	Possible Impact/Consequence of Risk Occurring	MDC Strategic Objectives Affected	Risk Category	Risk Owner	Source of Risk	Page No
E.G. MDC Business Unit	A risk event statement states (i) what might happen in the future and (ii) its possible impact on the project. "Weather" is not a risk event statement. "Bad weather may delay the project" is a risk event statement.	e.g. Major event	E.g. Major damage to infrastructure	List 8 strategic objectives from risk appetite statement Build People & Culture, Achieve purposeful growth and development, Achieve Service Levels, Achieve Strategic Organisational Transformation, Maintain public confidence, Deliver work programmes, Maintain legal compliance Operate with financial targets	Financial, Human Resources, Service Delivery, Business Continuity, Reputation, Strategic, Legal Compliance	Name or title of team member responsible for risk		
Water Supply Group	Health Hazards to residents in Waituna West areas.		Human health is compromised by unsafe drinking water.				AMP 3 Waters	P235
Water Supply Group	Not enough water in the right place to fight a fire across Feilding and Himatangi Beach		Premises are damaged/destroyed because water was not available for firefighting.				AMP 3 Waters	P235
Water Supply Group	Not enough water in the right place to fight a fire across Sanson, Stanway-Halcombe and Waituna West		Premises are damaged/destroyed because water was not available for firefighting.				AMP 3 Waters	P236
Water Supply Group	Water quality poor with unpleasant colour/odour across Feilding		Customers unhappy with quality of water they receive from council supplies, they believe it is unsafe.				AMP 3 Waters	P236
Water Supply Group	Water quality poor with unpleasant colour/odour across Himatangi Beach, Sanson and Stanway-Halcombe		Customers unhappy with quality of water they receive from council supplies, they believe it is unsafe.				AMP 3 Waters	P236
Water Supply Group	Water quality poor with unpleasant colour/odour across Waituna West		Customers unhappy with quality of water they receive from council supplies, they believe it is unsafe.				AMP 3 Waters	P236
Water Supply Group	Water pressure and flow unsuitable for home use across Feilding		Water pressure and flow are insufficient for customers' needs, or pressure is too high and damages internal plumbing				AMP 3 Waters	P237
Water Supply Group	Water pressure and flow unsuitable for home use across Himatangi Beach		Water pressure and flow are insufficient for customers' needs, or pressure is too high and damages internal plumbing				AMP 3 Waters	P237
Water Supply Group	Water pressure and flow unsuitable for home use across Sanson, Waituna West		Water pressure and flow are insufficient for customers' needs, or pressure is too high and damages internal plumbing				AMP 3 Waters	P238
Water Supply Group	Water pressure and flow unsuitable for home use across Stanway/Halcombe		Water pressure and flow are insufficient for customers' needs, or pressure is too high and damages internal plumbing				AMP 3 Waters	P238
Water Supply Group & Stormwater Group	Untimely response to service 3 Water complaints across all areas		Poor response leads to disaffected customers, and issues are not resolved, minor issues with the network become major ones.				AMP 3 Waters	P239 & P247
Water Supply Group	Water shortage across Feilding		Supply of water is not sufficient to meet demand				AMP 3 Waters	P242

RISK INFORMATION

Business Unit	Risk Description/Risk Event Statement	Cause of Risk Occurring	Possible Impact/Consequence of Risk Occurring	MDC Strategic Objectives Affected	Risk Category	Risk Owner	Source of Risk	Page No
E.G. MDC Business Unit	A risk event statement states (i) what might happen in the future and (ii) its possible impact on the project. "Weather" is not a risk event statement. "Bad weather may delay the project" is a risk event statement.	e.g. Major event	E.g. Major damage to infrastructure	List 8 strategic objectives from risk appetite statement Build People & Culture, Achieve purposeful growth and development, Achieve Service Levels, Achieve Strategic Organisational Transformation, Maintain public confidence, Deliver work programmes, Maintain legal compliance Operate with financial targets	Financial, Human Resources, Service Delivery, Business Continuity, Reputation, Strategic, Legal Compliance	Name or title of team member responsible for risk		
Water Supply Group	Water shortage across Himatangi Beach		Supply of water is not sufficient to meet demand				AMP 3 Waters	P242
Water Supply Group	Water shortage across Sanson		Supply of water is not sufficient to meet demand				AMP 3 Waters	P243
Water Supply Group	Water shortage across Stanway-Halcombe		Supply of water is not sufficient to meet demand				AMP 3 Waters	P244
Water Supply Group	Water shortage across Waituna West		Supply of water is not sufficient to meet demand				AMP 3 Waters	P244
Stormwater Group	Stormwater not available for properties - Feilding, Rongotea, Sanson		New connection is restricted by the system capacity				AMP 3 Waters	P245
Stormwater Group	Targeted rates are unfair and unreasonable - Feilding, Rongotea and Sanson		Upgrades to current system may be required to cope with higher intensity storms predicted with Climate Change and Global Warming				AMP 3 Waters	P245
Stormwater Group	Assets not managed within budget - Feilding, Rongotea and Sanson		Higher capital and operation cost due to market fluctuations				AMP 3 Waters	P245
Stormwater Group	Health Hazard to residents - Feilding, Rongotea and Sanson		Unidentified hazards and non activated mitigation				AMP 3 Waters	P245
Stormwater Group	New Subdivisions are built in unprotected flood prone areas		Poorly located subdivisions will not be able to be protected from design storm flooding				AMP 3 Waters	P247
Stormwater Group	Unexpected disruptions to service		Dissatisfaction due to blockage or unavailability to discharge				AMP 3 Waters	P248
Stormwater Group	Maximum impact of stormwater discharge on downstream conditions		Future loss of the use of the river for recreational activities				AMP 3 Waters	P248
Stormwater Group	Inability to deliver adequate information to Maori and the Community		Maori or interested parties are not informed.				AMP 3 Waters	P248
Stormwater Group	Inadequate consultation is conducted with Maori and the Community		Major or interested parties are not consulted				AMP 3 Waters	P248
Community Facilities Group	Redundancy/Obsolescence of Facilities	Unable to comply with current or forecast regulatory requirements. Proximity of an equivalent/better facility	Uneconomical to retain and upgrade				CF AMP	P62
Community Facilities Group	Asset life shortened	Insufficient maintenance					CF AMP	P65
Community Facilities Group	Major failure of old facilities	Insufficient maintenance and regular inspections	Meeting building regulations and health and safety regulations becoming unaffordable				CF AMP	P65 & P112
Community Facilities Group	Major failure of old facilities	Natural Disaster					CF AMP	P65

RISK INFORMATION

Business Unit	Risk Description/Risk Event Statement	Cause of Risk Occurring	Possible Impact/Consequence of Risk Occurring	MDC Strategic Objectives Affected	Risk Category	Risk Owner	Source of Risk	Page No
E.G. MDC Business Unit	A risk event statement states (i) what might happen in the future and (ii) its possible impact on the project. "Weather" is not a risk event statement. "Bad weather may delay the project" is a risk event statement.	e.g. Major event	E.g. Major damage to infrastructure	List 8 strategic objectives from risk appetite statement Build People & Culture, Achieve purposeful growth and development, Achieve Service Levels, Achieve Strategic Organisational Transformation, Maintain public confidence, Deliver work programmes, Maintain legal compliance Operate with financial targets	Financial, Human Resources, Service Delivery, Business Continuity, Reputation, Strategic, Legal Compliance	Name or title of team member responsible for risk		
Community Facilities Group	Loss of access to a building for more than 1 month	Fire or vandalism					CF AMP	P65
Community Facilities Group	Poor asset design	Safety issues	Attacks in public conveniences				CF AMP	P66
Community Facilities Group	Drowning at one of the facilities	Lack of training of staff, insufficient lifeguards to meet minimum requirement.	Death or serious injury				CF AMP	P66
Community Facilities Group	Mature Trees falling	Windy weather. Lack of routine maintenance or closure of reserves	Injury				CF AMP	P66
Community Facilities Group	Poor water quality (cryptosporidium or similar)	Poor operations procedures and insufficient water testing carried out	Pool users are sick. Bad publicity for the Council				CF AMP	P67
Community Facilities Group	Chemical Spillage at Swimming Pools	Inadequate chemical handling procedures and inadequate monitoring and testing	Hazardous to users of the pool				CF AMP	P67
Community Facilities Group	Not having a full knowledge of the condition and remaining useful life assessments of its assets	Insufficient resources or systems in place for on-going collection and maintenance of data for community facilities	Ineffective asset management which results in unclear picture of asset register, performance or condition.				CF AMP	P238
Community Facilities Group	Limitations on the opportunities for the delivery and implementation of future library services and programmes	Ineffective management software infrastructure, unable to keep up to date with rapid changes in technology and meeting customer demands and changing customer expectations	Library is not relevant to the wider community and does not achieve the targeted level of service or service targets for participation.				CF AMP	P100
Community Facilities Group	Funding cuts for Social Services	Change in Government policies, views	Reduction in the level of service				CF AMP	P100
Community Facilities Group	Library Facility Failure	Poorly maintenance or not structurally sound to meet required seismic assessment	Loss of service and important community facility				CF AMP	P100
Community Facilities Group	Reserve Land not being used for the purposes consistent with the Reserves Act 1977	Classification of Reserve Land not clearly identified	Not meeting Reserves Act 1977				CF AMP	P112
Community Facilities Group	Vandalism on parks, reserves, public conveniences and cemeteries	Lack of engagement with youth, poor lighting and no camera surveillance in the area	Reduced demand due to safety of community and reduced opportunity to enjoy the area				CF AMP	P192 P212
Community Facilities Group	Public conveniences have insufficient capacity to meet demand particularly at peak usage times.	Facilities not originally intended for current usage. Poor design, constant blockages.	Environmental contamination from building operations (effluent disposal). Reduced service delivery for community.				CF AMP	P220
Roading Group	Ineffective lifecycle management plans	Poor data or lack of planning process						
Roading Group	Shortage of local contractors and consultants	Local market diminished due to monopoly supplier and bundling of regional contracts	Cost increases, delayed work due to overburden on reduced supply.				Roading AMP	P300
Roading Group	Handover of low-quality assets	Works not constructed to appropriate standards prior to vesting as Council's assets	Short duration service failure due to inferior quality of materials				Roading AMP	P300
Roading Group	Inadequate Project Management	Private development and public works not constructed to appropriate standards.	Covering up of interior materials leading to premature failure. Non-compliance with Health and Safety practices leading to serious harm and injury.				Roading AMP	P300
Roading Group	Inadequate maintenance contract management	Programming of works not in alignment with forward works programming.	Premature failure of pavements due to poor quality works. Incomplete works, or unattended work sites from poor planning and monitoring				Roading AMP	P301
Roading Group	Inadequate procurement practices	Procurement not in accordance with Council procurement policy	Audit investigation due to perception of procurement process not adhered too.				Roading AMP	P301
Roading Group	Inadequate street lighting	Lack of investment in maintaining street light network	Increased safety and security risks due to inadequate lighting levels				Roading AMP	P302
Roading Group	Inadequate road maintenance	Lack of investment in periodic road maintenance programme	Premature failure or collapse of assets due to lack of ongoing maintenance. Significant levels of public complaints/dissatisfaction. Increased whole of life costs.				Roading AMP	P302
Roading Group	Inadequate Footpath Accessibility	Poor quality maintenance of footpath surfaces. Failure to recognise changing modal choice e.g. mobility scooter use.	Health and safety and reduced service delivery.				Roading AMP	P302
Roading Group	Inadequate Signage/markings	Maintenance and renewal of assets not undertaken.	Accidents and information not provided to road users through permanent and temporary warning signage.				Roading AMP	P302
Roading Group	Inadequate condition/performance assessments	Incomplete condition assessments	Poor decision making and programming. Premature failure or partial collapse of assets due to the condition				Roading AMP	P301

Audit and Risk Committee

Meeting of 11 August 2017

Business Unit: Corporate and Regulatory

Date Created: 04 August 2017

Insurance Policies Held by Council

Purpose

To present information on the insurance policies held by Council.

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 report.

Report prepared by:

Shayne Harris

General Manager - Corporate and Regulatory

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 Manawatu – the best rural lifestyle in New Zealand

Manawatu District will improve the natural environment, stewarding the district in a practice aligned to the concept of kaitiakitanga.	The Manawatu will attract and retain residents.	Manawatu district develops a broad economic base from its solid foundation in the primary sector.	Manawatu and its people are connected via quality infrastructure and technology.	Manawatu's built environment is safe, reliable and attractive.	Manawatu District Council is an agile and efficient organisation.
					✓

2 Background

- 2.1 Manawatu District Council's (MDC) insurances portfolio is negotiated as a shared service through the Manawatu-Wanganui Local Authority Shared Service (MWLASS).
- 2.2 The core seven the Councils collaborate together to source the most cost-effective insurance as a single entity but each Council has its own portfolio.
- 2.3 The Councils tender and appoint a broker to represent them and give advice over a three year term. The current broker is Aon New Zealand.

3 Discussion and Options considered

MDC Insurance Framework

- 3.1 The biggest insurance cover for Council is the material damages cover. It extends over a large range of assets and some years ago an assessment was carried out on the claims that were being made against the cover. The results indicated that we were not making significant claims. This prompted us to review the deductible threshold for this cover against the premiums being paid.
- 3.2 A decision was made to raise the deductible to \$100,000 and to self-insure to that level. That threshold was judged to be the most cost effective between self-insurance risk and savings in premium.
- 3.3 MDC has a separate insurance fund that covers the material damages claims up to \$100,000.

Council Cover

Coverage	\$ Amount	\$ Deductible
Material Damage (Fire)	30,000,000	100,000
Statutory Liability	2,000,000	500
Business Interruption	3,850,000	nil
Employee Liability	2,000,000	nil
Material Damages	Various up to 1,000,000	various
Motor vehicle	To market value	500
Crime	1,000,000	25,000
Public / General liability	50,000,000	2,000
Professional indemnity	50,000,000	10,000
Personal accident and illness	25,000	nil
Underground assets	200,000,000	Up to \$1,000,000 but could be more

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 unbudgeted financial implications associated with this paper.

6 Statutory Requirements

- 6.1 Although there is no significant legal requirement for the Council to provide adequate insurance cover for its assets, it is considered prudent to make best endeavours to provide appropriate and cost effective levels of cover to enable Council to demonstrate good stewardship of its assets.

7 Delegations

- 7.1 The Council delegated to the Audit and Risk Committee the responsibility for:

Risk management and the system of internal controls, including:

- a. setting the Council's appetite for risk;
- b. understanding the key risk areas including likelihood and consequences;
- c. effectiveness of internal controls; and
- d. fraud risk and procurement risk.

8 Consultation

- 8.1 There are no community consultation requirements associated with this report.

9 Cultural Considerations

- 9.1 There are no cultural considerations associated with this report.

10 Conclusion

- 10.1 This report provides an update to the Audit and Risk Committee on the level of insurance cover held by the Council.

11 Attachments

- There are no attachments.

Audit and Risk Committee

Meeting of 11 August 2017

Business Unit: Corporate and Regulatory

Date Created: 07 August 2017

Manawatu District Council Fraud Policy and Sensitive Expenditure Policy

Purpose

To present the Manawatu District Council's Fraud Policy and Sensitive Expenditure Policy for information.

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 report of the General Manager – Corporate and Regulatory dated 7 August 2017 presenting the Manawatu District Council's Fraud Policy and Sensitive Expenditure Policy for information.

Report prepared by:
Allie Dunn
Governance Team Leader

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 Manawatu – the best rural lifestyle in New Zealand

Manawatu District will improve the natural environment, stewarding the district in a practice aligned to the concept of kaitiakitanga.	The Manawatu will attract and retain residents.	Manawatu district develops a broad economic base from its solid foundation in the primary sector.	Manawatu and its people are connected via quality infrastructure and technology.	Manawatu’s built environment is safe, reliable and attractive.	Manawatu District Council is an agile and efficient organisation.
					✓

2 Background

- 2.1 As part of its suite of management policies, the Council has a Fraud Policy and a Sensitive Expenditure Policy.
- 2.2 Every employee of Manawatu District Council is required to read each of the policies and to sign that they have read and understood these.
- 2.3 The Audit and Risk Committee asked that the Fraud Policy and the Sensitive Expenditure Policy be reported to them for review.

3 Discussion and Options considered

- 3.1 The Council’s Fraud Policy was last updated in May 2012. A copy of the current version is attached for information.
- 3.2 The Council’s Sensitive Expenditure Policy was last updated in August 2015. A copy of the current version is attached for information.

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 direct financial implications associated with this paper.

6 Statutory Requirements

- 6.1 There are no statutory requirements associated with this paper. However the practice of identifying risks and determining how risks will be managed assists Council in maintaining legal compliance. In developing its Risk Appetite Statement, the Council recognised the need to place high importance on compliance, regulation and public protection and determined that it had no appetite for breaches in statute and regulation.

7 Delegations

- 7.1 The Terms of Reference for the Audit and Risk Committee include the responsibility for Risk management and the system of internal controls, including setting the Council's appetite for risk, understanding the key risk areas including likelihood and consequences, considering the effectiveness of internal controls; and fraud risk and procurement risk.

8 Consultation

- 8.1 There are no community consultation requirements associated with this report.

9 Cultural Considerations

- 9.1 There are no cultural considerations associated with this report.

10 Conclusion

- 10.1 The Council's management policies relating to fraud and sensitive expenditure are provided for information purposes.

11 Attachments

- Appendix 1 – Manawatu District Council – Fraud Policy
- Appendix 2 – Manawatu District Council – Sensitive Expenditure Policy

Fraud Policy

Original Policy Dated: 10/06/2008

Policy Updated/Reconfirmed: 8/05/2012 (U)

Policy

The purpose of this policy is to ensure that any cases of suspected fraud or corruption are dealt with appropriately, in order to protect the assets, reputation and staff of Manawatu District Council.

Unauthorised possession (theft/robbery), unauthorised use, misappropriation, fraud, corruption, impropriety and dishonesty are unacceptable at the Manawatu District Council. Council treats this behaviour seriously and will investigate all suspected instances whether these involve Council employees or representatives, or external parties.

The Manawatu District Council Employment Policies and Information and in particular the House Rules outline the behaviours expected of staff at all times. Fraud is regarded and treated as a serious breach of House Rules and will be subject to disciplinary action which may result in dismissal.

Definitions

Fraud is the deliberate practice of deception in order to receive unfair, unjustified or unlawful gain and, for the purposes of the policy, includes forms of dishonesty. Within this definition, examples of fraud may include, but are not limited to:

- unauthorised possession or use, or misappropriation of funds or other assets
- impropriety in the handling or reporting of money or financial transactions
- forgery or alteration of any document or computer file/record belonging to the Manawatu District Council
- forgery or alteration of a cheque, bank draft or any other financial instrument
- bribery, corruption or coercion
- destruction, removal or inappropriate use/disclosure of records, data, materials, intellectual property or assets for gain
- any similar or related inappropriate conduct

Corruption is the lack of integrity or honesty (especially susceptibility to bribery) or the use of a position of trust for dishonest gain. Examples of when corrupt conduct occurs include:

- a member of staff improperly uses, or tries to improperly use, the knowledge, power or resources of their position for personal gain or the advantage of others
- a member of staff acts dishonestly or unfairly, or breaches public trust
- a member of the public influences, or tries to influence, a member of staff to use their position in a way that is dishonest, biased or breaches public trust

All agreements for/with all agency staff, seconded personnel, contractors and consultants should contain an express obligation on them to comply with this policy.

This policy distinguishes between fraud and error. Within this definition, “error” refers to an unintentional misstatement of information, such as financial information, including the omission of an amount or a disclosure.

If there is any question as to whether an action constitutes fraud, unauthorised possession or corruption, contact the Support Services Group Manager.

Application

This policy applies to:

- staff of Manawatu District Council
- any contractor or consultant who agrees to be covered by this policy under the terms of their engagement agreement
- temporary staff supplied through an agency
- seconded personnel

All agreements relating to agency staff, seconded personnel, contractors and consultants should contain an express obligation on them to comply with policy.

This policy does not apply to:

- minor fraud perpetrated by the public against Manawatu District Council. For example, providing wrong information on a licence application
- Councillors, who are subject to provisions within the Local Authorities (Members' Interests) Act 1968, the Local Government Act 2002, and Manawatu District Council's Code of Conduct for Elected Representatives

This policy should be read alongside the Council's Protected Disclosure policy.

Principles

Employees and representatives of Manawatu District Council must have, and be seen to have, the highest standards of honesty, propriety and integrity in discharging their obligations to the community.

The Manawatu District Council will treat all suspected instances of Fraud or Corruption by Council employees, representatives or external parties very seriously, and:

- will investigate all suspected instances of Fraud or Corruption by Council employees, representatives or external parties. Any proven allegations of Fraud or Corruption will be treated as serious misconduct and/or serious breach (as applicable), and may result in summary dismissal of an employee, or the immediate termination of a representative's contract with the Council

- will seek to recover funds/assets lost through this behaviour wherever possible and practicable
- where the behaviour could amount to an illegal activity, will refer that behaviour to the NZ Police at an appropriate time during the investigation process and/or any subsequent disciplinary process
- is committed to developing and maintaining processes and procedures to prevent and detect fraud and corruption

Auditing

Internal audits will be carried out.

Procedures for reporting and investigating allegations of fraud

- 1 Any person to whom this policy applies, who believes on reasonable grounds that fraud is being, or has been, committed in the Manawatu District Council, shall report the matter following the procedure set out in the Manawatu District Council's **Protected Disclosure Policy**. (NB: This policy was developed to comply with the statutory provisions of the Protected Disclosures Act 2000).
- 2 A person who believes that fraud is being, or has been committed in the Manawatu District Council must not attempt to conduct an investigation personally or to conduct any interviews or interrogations personally.
- 3 The authorities and procedures for the investigations of allegations of fraud are set out in the Manawatu District Council's **Protected Disclosure Policy**.
- 4 The protections in respect of staff who report allegations of fraud under this policy are as set out in the Manawatu District Council's **Protected Disclosure Policy**.
- 5 In dealing with allegations and cases of fraud, the Manawatu District Council will take account of the principles and procedures advocated by Audit New Zealand wherever appropriate.
- 6 Any cases of suspected fraud will be reported by the Chief Executive, via the Support Services Group Manager, to the Manawatu District Council's external auditors as soon as practicable.

Attachment 2

Sensitive Expenditure Policy

Original Policy Dated: 23 April 2012

Policy Updated/Reconfirmed: 08/05/2012 (U); 18/08/2015 (U)

Purpose

This policy addresses issues referred to in the Controller & Auditor-General's good practice guide, 'Controlling sensitive expenditure: Guideline for public entities' (February 2007).

The purpose of this policy is to:

- set out clearly the principles and decision guidelines for sensitive expenditure
- set out clearly defined parameters for sensitive expenditure
- ensure that sensitive expenditure is assessed, authorised and reviewed consistently for all staff and elected members

Definitions

Conflicts of interest exist when staff duties or responsibilities to Council could be, or could be perceived to be, affected by some other separate interest or duty. Conflicts of interest can have both legal and ethical dimensions.

Credit card has the normal meaning, but should be read as applying to vehicle fleet cards, purchase cards, and equivalent cards used to obtain goods and services before payment is made.

Proper and prudent behaviour, in relation to expenditure, includes identifying and managing conflicts of interest (or situations with the potential to be perceived as conflicts of interest); being fair, honest, transparent, circumspect, and careful to avoid undesired consequences; and being accountable for complying with organisational controls over expenditure.

Sensitive Expenditure is expenditure by Council that provides, has the potential to provide, or has the perceived potential to provide a private benefit to an individual staff or elected member, that is additional to the business benefit to Council of the expenditure. It also includes expenditure by Council that could be considered unusual for Council's purpose and/or functions.

Application

This policy applies to:

- staff of Manawatu District Council
- any contractor or consultant who agrees to be covered by this policy under the terms of their engagement agreement
- temporary staff supplied through an agency
- seconded personnel

All agreements relating to agency staff, seconded personnel, contractors and consultants should contain an express obligation on them to comply with policy.

This policy does not apply to:

- items of sensitive expenditure specifically provided for by employment agreements
- severance payments
- the tax implications, if any, of either private or organisational benefits obtained from sensitive expenditure
- Councillors, who are subject to provisions within the Local Authorities (Members' Interests) Act 1968, the Local Government Act 2002, and Manawatu District Council's Code of Conduct for Elected Representatives

This policy should be read alongside the Council's Protection Disclosures policy.

Policy

1. Principles applicable to sensitive expenditure

Council is spending public money – it is not the property of staff or elected members to do with as they please. Consequently, all expenditure should be subject to a standard of probity and financial prudence that is to be expected of a local authority and be able to withstand public scrutiny.

Those standards apply the principle that expenditure decisions:

- have a justifiable business purpose.
- preserve impartiality.
- are made with integrity.
- are moderate and conservative, having regard to the circumstances.
- are made transparently.
- are appropriate in all respects.

In practice, an authorised staff member will make the decision on and/or payment for each item of sensitive expenditure. They will need to exercise careful judgement in accordance with these principles and this policy. This will always be about balance in the particular context. The principles must also be applied as a set as all are equally important.

2. Deciding when sensitive expenditure is appropriate

The quantity of money spent on an item of sensitive expenditure may be small relative to Council's total expenditure. However, each sensitive expenditure decision is important, because improper expenditure could harm the reputation of, and trust in, the Council as well as local authorities in general.

In deciding what appropriate sensitive expenditure is, Council staff and elected members need to take account of both individual transactions and the total amount of sensitive expenditure.

Even when sensitive expenditure decisions can be justified at the item level, the combined amount spent on a category of expenditure may be such that, when viewed in total, the entity could be criticised for extravagance and waste.

3. The responsibilities of the Mayor, Councillors and Executive Team

To be truly effective, this sensitive expenditure policy, procedures and other controls must be embedded in the Council's values, practices and business processes. When this occurs, everyone at Council becomes involved in the proper and prudent management of sensitive expenditure.

Overall responsibility for this policy rests with those at the top of Council, the Mayor, Councillors and Executive Team. This group must make it clear to staff what is and is not acceptable sensitive expenditure. This group also must model those behaviours to the highest standard.

4. Good controls and judgement

Overall responsibility for this policy rests with those at the top of Council, the Mayor, Councillors and Executive Team. This group must make it clear to staff what is and is not acceptable sensitive expenditure. This group also must model those behaviours to the highest standard.

While the good controls at Council will assist good sensitive expenditure decisions, good judgement will also be required. This is because it is not possible or desirable to attempt to set rules for every possible situation that may arise. In the absence of a specific rule for a given situation, the Mayor, Councillors and the Executive Team are expected to exercise good judgement by taking the principles in this policy into account in the context of the given situation.

The Mayor, Councillors and the Executive Team are required to ensure transparency in both sensitive expenditure and remuneration systems, to avoid any trade-off between the two. Items of expenditure that may not be justified under the principles of this policy should not be included as part of an employee's remuneration for the purposes of avoiding scrutiny against sensitive expenditure principles.

5. General controls for sensitive expenditure

Approval of sensitive expenditure

Approval of sensitive expenditure should be:

- given only where the person approving the expenditure is satisfied that a justified business purpose and other principles have been adequately met
- given before the expenditure is incurred, wherever practical
- made within delegated authority in accordance with the **Delegations Manual** and only where budgetary provision exists
- given by a person senior to the person who will not benefit or might be perceived to benefit from the expenditure, wherever practical. Where this is not possible, this fact should be recorded, and any such expenditure should be subject to some form of monitoring
- given only where the person approving the expenditure is satisfied the expenditure support the Council's Vision and Values

In the case of the Executive Team the 'one-up' principle must be applied to the maximum extent possible. However, there will be some instances where an alternative approach will be required because there is no more senior person. In such instances, it is essential that there should be no

reciprocal arrangement for approving sensitive expenditure. For the Chief Executive, the Mayor will sign off the credit card expenditure. The Mayor does not have a credit card.

In the case of expenditure incurred by the Mayor or other elected officials (not explicitly approved by Council), this is subject to review by the Chief Executive for compliance with this policy.

Claims relating to sensitive expenditure

Claims relating to sensitive expenditure need to:

- clearly state the business purpose of the expenditure - where this is not clear from the supplier documentation supporting the claim, a written statement of the purpose should be included as part of the claim
- be accompanied by adequate original (not photocopied) supporting documentation, such as tax invoices or other validating documentation – credit card statements and EFTPOS receipts do not constitute adequate documentation for reimbursement
- document the date, amount, description, and purpose for minor expenditure (<\$20) when receipts are not available
- be submitted promptly after the expenditure is incurred. Except in exceptional circumstances, this means within one month of the expenditure being incurred

The Mayor, Councillors and staff are, in accordance with the principles of this policy, required to exercise prudent judgement regarding all Council related expenditure.

6. Issue and operation of Council credit cards

Using credit cards is not a type of sensitive expenditure but is a common method of payment for such expenditure. This policy is designed to minimise the risks associated with their use namely:

- inappropriate business-related expenditure (in both quantity and type)
- to obtain cash for a business purpose, with subsequent expenditure being poorly documented or justified
- for personal benefit, by obtaining cash or paying for personal items

Eligibility for credit cards

The following sets out who is eligible for a credit card:

- the Chief Executive and General Managers authorised under this policy
- the Chief Executive may approve the issue of additional cards to staff where that is appropriate. Before authorising the issuing of additional cards the Chief Executive must be satisfied that they are strictly necessary to cover either regular travel or are to be used for administrative efficiencies eg. payment of properly authorised purchases from overseas

Use of credit cards

- In approving the issue of a card, the Chief Executive will confirm the approved credit limit. The credit limit will be set based on the minimum amount necessary to enable the cardholder to undertake their Council duties. The credit card limit for the Chief Executive shall be set at \$10,000 and \$5000 for General Managers.
- The Chief Executive will be responsible for monitoring all credit card use on a monthly basis. The approval process must be structured in accordance with Section 5. The cardholder will code items for posting in the accounting system. Credit card payments must be authorised like other invoices and in accordance with the **Delegation Manual**.
- On the card holder's termination of employment the card will be returned to the Principal Financial Adviser who will arrange with the bank to cancel the card, physically destroy the card and confirm this to the Chief Executive.
- The use of Council credit cards for private expenditure or credit is prohibited except in exceptional circumstances, where prior approval is required from the Chief Executive. In these rare cases, the expenditure is to be fully reimbursed to Council prior to the monthly credit card payment being due.
- All credit card transactions must be supported by original documentation to explain and collaborate transactions. The business reason and other parties (if any) must be recorded along with the purpose of the meeting for all entertainment and travel transactions.

Credit cards may not be used to obtain cash advances unless:

- cash is required in an emergency (usually related to travel on Council business).
- cash is required for official purposes (in rare circumstances) and there has been express prior approval. This approval process must be structured in accordance with Section 5 above
- the unauthorised use or the misuse of a Council credit card is treated as a serious misconduct that will result in formal disciplinary action being taken. For repeat offenders or where the breach of this policy is significantly serious, the card will be automatically cancelled and subject to procedures under Council's Discipline Policy

Credit card payments over the internet need to reflect good security practice:

Credit card payments over the internet need to reflect good security practice, such as purchasing from only established reputable companies known to Council. The cardholder must keep a copy of any online order forms and invoice to support the payment.

Online purchases must comply with Council's normal purchasing policies and controls.

7. Travel and accommodation expenditure

Principles

Elected officials and Council staff may need to incur travel and accommodation costs while conducting Council business elsewhere in New Zealand or overseas. The principles of a justified business purpose, moderate and conservative expenditure, are particularly relevant for travel and accommodation expenditure.

Travel and accommodation expenditure should be economical and efficient, having regard to purpose, distance, time, urgency and personal health, security and safety considerations.

Where travel arrangements are extended to accommodate personal arrangements, all costs in addition to those that would be expected for the business component of the trip are the responsibility of the staff member or elected official. Travel costs of accompanying spouses, partners, or other family members will be the personal responsibility of the staff member or elected official.

Air travel

To the extent practical, air travel is to be booked well ahead of the actual travel date, so the expenditure is the most cost-effective possible.

Discounted economy or economy class and/or a discount airline is to be the first choice for journeys where the uninterrupted flight time is at least four hours or less, except where the distance or hours travelled, work schedule on arrival, or personal health, safety or security reasons make business class preferable. In all circumstances, first class travel is prohibited.

Council payment for membership of airline travel clubs e.g. Koru Club requires the express approval of the Chief Executive. Membership must be supported by a clear business purpose and reviewed annually.

Air points (from loyalty schemes) accruing to staff and elected officials carrying out their official duties remain the benefit of the Council, provided the use of carriers supplying air points does not result in Council incurring additional costs. Air points may be used by individuals as a quid pro quo for time of travel outside work hours and in recognition that membership of air points is an individual choice. Staff are required to book travel through the centralised travel process administered by Customer Services.

Meals and accommodation when travelling

To the extent practical, accommodation is to be booked well ahead of the actual travel date, so the expenditure is the most cost-effective possible. This must take into account the location of the accommodation relative to the event, the standard of the accommodation and security issues.

Where Elected officials and Council staff choose to stay privately and where this will not significantly result in extra travel or other costs being incurred, a daily allowance of \$50 per night may be claimed to allow a gift or contribution to be given to the host.

Council will not reimburse mini-bar/video expenses.

All charges for business related telephone calls, faxes, email and internet access made by Council staff or elected official while travelling on Council business will be reimbursed. Council will also pay for one toll call home (10-15 minutes) each day while staff are travelling on Council business.

Accommodation 'check out' times are to be observed. In the absence of extenuating circumstances, any additional costs incurred as a result of failing to check out on time are the responsibility of the staff member or elected official.

Reasonable expenses will be met for unexpected events eg. overnight expenses due to a cancelled plane flight.

Where meals are required while travelling, 'actual and reasonable' meal expenses may be claimed which includes alcoholic drink (generally one or two drinks). Claims need to be supported by receipts. Separate meal expenses may not be claimed if a meal has been provided as part of the meeting, conference, training etc.

8. Motor Vehicles and Taxis

Council requires that the most economical type and size of rental car be used, consistent with the requirements (including the distance and number of people) of the trip. Rental cars are only available for business conducted outside the district. Any fines (parking or traffic offences) incurred while using a rental vehicle are the responsibility of the driver.

Private use of a rental car is only permitted in exceptional circumstances (such as reasonable weekend use when the driver is away from home and undertaking work for Council before and after the weekend) and requires the express approval of a General Manager or Chief Executive. All additional costs as a result of private use are the responsibility of the employee or elected official.

Council expects the use of taxis to be moderate, conservative and cost effective relative to other transport options. Wherever practicable shuttle or bus services are to be used in lieu of taxis. Council funded taxis are not available for travel between home and office.

Taxi cards are only to be issued in an individual's name and require the express approval of a General Manager or Chief Executive. All use of taxi cards/chits is to be transparent with the purpose of each trip recorded on the account.

Council vehicles (except those provided explicitly under a remuneration arrangement) are not available for private use. Any fines (parking or traffic offences) incurred while using a Council vehicle are the responsibility of the driver unless the fines relate to an aspect of the condition of the vehicle outside the driver's control. Full details on the provision of use of Council vehicles are contained in the Council's '**Vehicle Policy**'.

Generally, Council will not pay for travel by private motor vehicle where travel by other means is more practical and cost effective. Staff are expected to use a Council vehicle for Council business if one is available. Approval in advance via e-mail from the General Manager is required in all instances where reimbursement by Council is claimed. Where the General Manager has approved use of a private vehicle, mileage reimbursement for running costs will be made in accordance with the current Council '**Vehicle Policy**'. All reimbursement claims for use of a private motor vehicle must be made on Council's expenses claim form located on the intranet (under Finance). Staff should attach the 'approval e-mail' to the expense claim.

The vehicle owner must ensure that they have appropriate insurance cover for the vehicle while it is being used on Council business. Any fines (parking or traffic offences) incurred while using a private vehicle on Council business are the responsibility of the driver.

Council vehicles may be provided explicitly under a remuneration arrangement. In most instances, Council vehicles will be attached to a particular position and not to an individual (and therefore will not be provided for explicitly under a remuneration arrangement). In those cases, the following provisions apply in addition to those in Council's '**Vehicle Policy**':

- a vehicle provided to the Chief Executive (or any replacement) require the express approval of the Mayor. This approval will confirm the capital expenditure amount
- vehicles (or replacements) provided to other staff require the express approval of the Chief Executive. In determining whether a vehicle is provided and the type of vehicle, the Chief Executive will consider specific industry practices, market requirements, the job function, and Council's vehicle replacement policy
- Any fines (parking or traffic offences) incurred while using a Council vehicle provided under a remuneration arrangement are the responsibility of the driver unless the fines relate to an aspect of the condition of the vehicle outside the driver's control

9. Tipping

The probity issue associated with tipping is that it is discretionary and usually undocumented expenditure. Tipping should not in any circumstances be extravagant. The principle of moderate and conservative expenditure is particularly relevant.

Council will not reimburse staff or elected officials for tipping while they are on business in New Zealand. Council will reimburse staff and elected officials for low to moderate tipping during international travel only in places where tipping is local practice.

10. Other travel issues

The use of communication technology

Council expects that the use of communication technology equipment eg. cell phones, telephones, email and internet access should be moderate. Reasonable private use to clear email and communicate with family members is permitted.

Private travel linked with official travel

Staff and elected officials with the express approval of the Chief Executive or Mayor (as applicable) may undertake private travel before, during or at the end of Council travel, provided there is no additional cost to Council and the private travel is only incidental to the business purpose of the travel.

Travelling spouses, partners, or other family members

As a general principle, travel cost for accompanying spouses, partners or other family members are a personal expense and will not be reimbursed by Council. In those rare instances where the involvement of a spouse directly contributes to a clear business purpose and pre-approval has been obtained from the Chief Executive, then Council may contribute to all or part of the additional costs

The cost of stopovers

Council will only reimburse the cost of any stopover where they are pre-approved by the Chief Executive and have a clear business purpose.

11. Entertainment and hospitality expenditure

Entertainment and hospitality can cover a range of items from tea, coffee and biscuits to catering, such as meals and alcohol. It also includes non-catering related items, such as Council funded entry to sporting or cultural events.

Expenditure on entertainment and hospitality is sensitive because of the range of purposes it can serve, the opportunities for private benefit and the wide range of opinions on what is appropriate.

Business purposes of entertainment and hospitality

Five business purposes of entertainment and hospitality have been identified:

- building relationships
- representing the organisation
- reciprocity of hospitality where this has a clear business purpose and is within normal bounds – acceptance of hospitality is expected to be consistent with the principles and guidance for provision of hospitality
- recognising significant organisation achievement
- building revenue

In occasional circumstances, supporting the Council's internal organisational development may also be a legitimate business purpose for moderate expenditure.

Given the many non-commercial functions of Council, there will only be limited justification for expenditure under some of the five purposes of entertainment and hospitality above, except in commercial business units.

The principles of a justified business purpose, moderate and conservative expenditure are particularly relevant to Council. Council requires tight control of expenditure and transparent reporting.

Entertainment and hospitality expenditure

Where practical, pre approval via email from the General Manager on all entertainment and hospitality expenditure is required. Approvals require clear documentation including the date, venue, costs, recipients and benefits derived and/or reasons for the event. The most senior person present should approve and confirm the expenditure as being appropriate.

12. Goods and services expenditure

Disposal of surplus assets

This section covers obtaining, disposing or using goods and services that are not covered by the terms and conditions of employment.

As part of normal business Council will from time to time dispose of assets. Typically, this is when the assets have become obsolete, worn out or surplus to requirements. Council's disposals are intended to be both transparent and fair.

Council will not dispose of assets to staff or elected officials or related parties at a discounted rate if a greater net value is likely to be realised by an alternative method of sale.

The principles of preserving impartiality and integrity are particularly relevant. Council expects staff disposing of assets not to benefit personally from the disposal. All disposals are to be handled in a manner that ensures the staff's personal judgement or integrity are not compromised.

To ensure transparency, fairness and receipt of best value for Council, the disposal of assets, which have become obsolete, worn out or surplus to requirements, shall normally be conducted on the open market or by way of trade-in on a replacement asset.

Where disposal to officers or elected officials is approved by the Chief Executive (or delegated by the Chief Executive), the following principles shall apply:

- Officers involved in disposing of the asset shall not benefit from the disposal
- All assets identified for disposal to officers shall be valued and subject to a tender or other process that is appropriate to the value of the asset
- Assets shall not be sold at a discounted rate to officers or elected officials if a greater value could be realised by an alternative method of disposal.

Gifts and Loyalty Rewards

For the purposes of this policy, 'gift' shall refer to any gift, loyalty reward or inducement.

A gift is usually given as a token of recognition of something provided by the recipient. The giving of gifts must be appropriate, transparent and reasonable.

The giving of gifts by Council requires the prior approval of the General Manager.

The receiving of a gift is not strictly 'sensitive expenditure'; nevertheless, it is a sensitive issue. It is especially important that receiving a gift does not alter Councils or a staff member's decision-making, as this could be perceived as acting without impartiality or integrity.

Any Staff contractor, who works on behalf of Council, or elected member, shall not accept any gift, reward or inducements arising from any transaction on behalf of Council. They shall be viewed as Council property and reported to the Chief Executive or General Manager and shall not be used for personal benefit or gain. This is to protect both the individual and the organisation from any perceived impartiality or potential inappropriate advantage.

The Chief Executive or General Manager shall consider the following points to determine the appropriate disposal of any gift, reward, discounts or inducements:

- If the value of the 'gift' is less than \$ 100 for elected members, or less than \$50 for staff, the Chief Executive/General Manager may allow the elected member/employee to keep the gift if considered appropriate.
- If the value of the gift is more than the value prescribed above, or is considered inappropriate for personal distribution (as above), the gift shall be registered with Human Resources. The Chief Executive/General Manager in conjunction with Human Resources may then distribute any such gifts including;
 - Internal staff rewards such as competition prizes where all staff have the opportunity of benefiting from the gift
 - Not for profit Community Groups and charity organisations
 - Discretionary allocation of a gift over \$100/\$50 to an elected member/staff member may be decided by the Chief Executive/General Manager. They will consider equity, association with provider and appropriateness of the person receiving the gift.

Under no circumstances should a gift be accepted from an organisation or individual who is involved in the process of negotiating or tendering for the supply of goods or services to the Council.

Private use of Council assets

Any physical item owned, leased or borrowed by Council is considered an asset for the purpose of this policy. This includes photocopiers, telephones, cell phones, laptops, iPads, cameras, means of accessing the Internet, and stationery.

The principles of transparency, moderate and conservative expenditure, are particularly relevant. Private use for personal purposes will only be permitted in limited circumstances. Staff should refer any proposed use to his/her General Manager to authorise private use.

Payment for the cost of personal use of assets is to be reimbursed to Council, unless the General Manager deems it is impractical or uneconomic to separately identify those costs. Staff should quote the correct GL code and make payment through Council's Customer Services, attaching the receipt of payment to the account.

The use of Council assets in any private business that any employee or elected official may operate is strictly prohibited.

Staff provided with IT hardware and software to be housed at their place of residence to assist with Business Continuity Planning are permitted reasonable levels of private use of such equipment.

Council use of private assets

Council may decide that reimbursing staff for use of private assets is appropriate for reasons such as cost, convenience or availability. Council may also decide to do this in circumstances where it would not fully use an asset of the same type if it acquired it directly. Examples include private motor vehicles, private cell phones and private computers.

The main issue associated with Council's use of private assets is the risk of the Council paying or reimbursing amounts that inappropriately benefit the staff member or elected official. Therefore, approval by the General Manager is required. In assessing the request, the General Manager will pay particular attention to the principles of a justified business purpose and preserving impartiality and integrity.

Staff members must not approve or administer payments to themselves for the Council's use of their private assets.

Private use of Council suppliers

As staff may have access to some Council suppliers on the same basis as Council, they may receive preferential access to goods or services, and potentially at a preferential price, which is not available to the public (this is treated as private use of official procurement processes). The risk is that the availability of the discount to staff will influence the choice of Council suppliers. Council's selection of suppliers must be in Council's interest and decisions should not be affected by the availability or possibility of purchasing privileges for staff.

Staff may make use of any preferential access to goods or services through Council's suppliers under the following conditions:

- Prior approval of the supplier by a General Manager is required
- Staff involved in the selection of preferred suppliers require General Managers express approval for all orders
- All purchases are to be processed through the Council's purchase order system and coded to a specific GL number for reconciliation purposes
- All orders are to be issued on a cash sale basis only and the staff member must pay in full for the goods and services when invoiced from the supplier
- Council is not to be used as a source of credit
- Staff may not use Council purchasing privileges on behalf of any third party. This includes family members or friends

In rare circumstances, a Council order may cover expenditure with a personal component eg. Travel or accommodation booking. In this case, payment to Council for the personal component must be made on the confirmation of the cost or the receipt of the invoice from the supplier, whichever is received earliest.

Elected officials may have preferential access to goods or services through Council's suppliers on the same basis as staff, provided there is no real or perceived conflict of interest.

13. Staff support and welfare expenditure

Clothing

Other than approved corporate clothing as per Council's Corporate Uniform policy or health and safety-related clothing, staff will not be clothed at the Council's expense, when they are engaged in a normal business activity.

Council guidelines on the provision of subsidy on Council branded clothing are contained in the Council's 'Corporate Uniform Policy'.

Care of dependants

The Chief Executive may authorise in exceptional circumstances – such as when the staff member is unexpectedly required to perform additional duties at very short notice, or a dependant unexpectedly requires additional care that the staff member cannot provide because of the essential nature of their duties at the time – the reimbursement of actual and reasonable costs. In all other instances, care of dependants is to be treated a personal and private expense of the staff member.

Financing Social Club activities

Staff social clubs typically provide the opportunity for staff to have social interaction with both immediate work colleagues and other people in Council with whom they would not normally have contact. Social clubs may also assist staff to gain a better understanding of the wider roles and functions of Council and its business units.

Council may make a prudent and reasonable monetary contribution to a social club(s). The contribution may be in the form of an all-purpose grant towards the club's annual budget or it may be a grant or subsidy for a specific event.

Before approving a grant to be made the Chief Executive must be satisfied that there is a justified business purpose for the contributions. This purpose would typically be connected with organisational development and staff welfare.

Farewells and retirements

Expenditure on farewells and retirements includes spending on functions, gifts and other items when staff are leaving or retiring from Council.

Expenditure on farewells and retirements should not be extravagant or inappropriate to the occasion. The principle of moderate and conservative expenditure is particularly relevant.

Expenditure on farewells or retirements is to be pre-approved by the General Manager or Chief Executive.

Sponsorship of staff or others

Staff taking part in an activity that is not part of their job, such as a sporting event, may be sponsored by Council through the provision of, or payment for, goods or services (for example, a t-shirt or an entry fee).

Sponsorship should have a justified business purpose. This could include publicity for the Council and its objectives and organisational development. The cost to Council must be moderate and conservative. If the sponsorship does not have a justified organisational purpose, the cost is a donation.

In normal circumstances, sponsorship will be provided through a social club rather than directly to the staff member.

Sponsorship of people who are not staff must be undertaken in a manner that is transparent. It is also preferable that, if non-staff are sponsored, the sponsorship is of an organisation they belong to, rather than directly of the individual.

14. Other types of expenditure

Donations

A donation is a payment (in money or by way of goods or services) made voluntarily and without the expectation of receiving goods or services in return.

Council requires donations to be:

- lawful in all respects
- disclosed in aggregate in the Council's annual report
- made to a recognised organisation by normal commercial means (not to an individual)
- not in cash
- non-political

The detailed policy and monetary limits are included in the Council 'Grants Policy'.

Koha

Koha payments must be approved in accordance with the 'Koha Policy'.

Communications technology

Communications technology, such as cell phones, tablets, iPads, laptops, telephones, email and internet access is widely used in the Council workplace. While some personal use of this technology may be unavoidable, excessive use incurs costs, including lost productivity to Council and the direct cost of the technology.

Council's policies on general and personal use of communications equipment is contained within Council's 'Communication Technology Policy'.

Where it is administratively possible and cost effective Council will require reimbursement of personal use.