



TE KAUNIHERA-Ā-ROHE O TARATAHI  
**CARTERTON**  
DISTRICT COUNCIL

# **AGENDA**

## **Audit and Risk Committee Meeting**

**Date: Wednesday, 12 May 2021**

**Time: 9:30am**

**Location: Carterton Events Centre  
50 Holloway Street  
Carterton**

Chair P Jones

Deputy Chair R Cherry-  
Campbell

Mayor G Lang

Deputy Mayor R Vergunst

Iwi Representative C Kawana

Iwi Representative M Sebire



**Notice is hereby given that an Audit and Risk Committee Meeting of the Carterton District Council will be held in the Carterton Events Centre, 50 Holloway Street, Carterton on:**

**Wednesday, 12 May 2021 at 9:30am**

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## **Order Of Business**

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**1 KARAKIA TIMATANGA**

*Mai i te pae maunga, raro ki te tai*

*Mai i te awa tonga, raro ki te awa raki*

*Tēnei te hapori awhi ai e Taratahi.*

*Whano whano, haramai te toki*

*Haumi ē, hui ē, tāiki ē!*

**2 APOLOGIES**

**3 CONFLICTS OF INTERESTS DECLARATION**

**4 PUBLIC FORUM**

## **5 CONFIRMATION OF THE MINUTES**



### **5.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 3 MARCH 2021**

#### **1. RECOMMENDATION**

1. That the Minutes of the Audit and Risk Committee Meeting held on 3 March 2021 are true and correct.

**File Number:** 127455

**Author:** Casey Spencer, Democratic Services Coordinator

**Attachments:** 1. Minutes of the Audit and Risk Committee Meeting held on 3 March 2021

**MINUTES OF CARTERTON DISTRICT COUNCIL  
AUDIT AND RISK COMMITTEE MEETING  
HELD AT THE CARTERTON EVENTS CENTRE, 50 HOLLOWAY STREET, CARTERTON  
ON WEDNESDAY, 3 MARCH 2021 AT 9:40AM**

**PRESENT:** Chair Philip Jones, Deputy Chair Robyn Cherry-Campbell, Mayor Greg Lang, Deputy Mayor Rebecca Vergunst, Iwi Representative Marty Sebire (by video link)

**IN ATTENDANCE:** Cr Rob Stockley, Cr Brian Deller, Jane Davis (Chief Executive), Dave Gittings (Infrastructure, Services and Regulatory Manager), Carrie Mckenzie (Community Services Manager), Geri Brooking (People and Wellbeing Manager), Elisa Brown (Communications and Engagement Coordinator), Jody Dalziel (Health, Safety and Wellbeing Advisor), Casey Spencer (Democratic Services Coordinator)

**1 KARAKIA TIMATANGA**

The meeting was opened with a Karakia lead by Iwi Representative Marty Sebire.

**2 APOLOGIES**

An apology was received from Iwi Representative Charmaine Kawana.

Cr Robyn Cherry-Campbell / Mayor Greg Lang

**CARRIED**

**3 CONFLICTS OF INTERESTS DECLARATION**

There were no conflicts of interest declared.

**4 PUBLIC FORUM**

There was no public forum.

**5 CONFIRMATION OF THE MINUTES**

**5.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 18 NOVEMBER 2020**

**MOVED**

That the Minutes of the Audit and Risk Committee Meeting held on 18 November 2020 are true and correct.

Deputy Mayor Rebecca Vergunst / Deputy Chair Robyn Cherry-Campbell

**CARRIED**

## **6 REPORTS**

### **6.1 FINANCIAL REPORT FOR THE 6 MONTHS ENDING 31 DECEMBER 2020**

#### **PURPOSE**

To present the financial results for the financial year to 31 December 2020.

#### **MOVED**

That the Committee:

**Receives** the report.

**Notes** the results for the half year to 31 December 2020.

Deputy Chair Robyn Cherry-Campbell / Chair Philip Jones

**CARRIED**

### **6.2 COVID-19 RESURGENCE READINESS**

#### **PURPOSE**

For the committee to receive information on the readiness of the organisation for the consequences of a resurgence of the COVID-19 virus a community lockdown.

#### **MOVED**

That the Committee:

**Receives** the report

**Notes** the actions taken to ensure the Council is prepared for another COVID-19 lockdown.

Deputy Mayor Rebecca Vergunst / Deputy Chair Robyn Cherry-Campbell

**CARRIED**

**Due to an unstable video link connection, the meeting ajourned at 10:10am and recomenced at 10:14am.**

### **6.3 KAIPAITANGATA AND LINCOLN ROAD POTABLE WATER**

#### **PURPOSE**

For the committee to be informed of the two separate but single elevated E.coli readings from treated water.

#### **MOVED**

That the Committee:

**Receives** the report.

**Notes** the action taken in response to the elevated readings.

Deputy Mayor Rebecca Vergunst / Deputy Chair Robyn Cherry-Campbell

**CARRIED**



#### 6.4 2021-2031 LONG TERM PLAN PROCESS UPDATE

##### PURPOSE

For the committee to receive advice on the process for preparing the 2021-2031 Long Term Plan.

##### MOVED

That the Committee:

**Receives** the report.

**Notes** the process followed to date to prepare the 2021-2031 Ten Year Plan.

**Agrees** that the 2021-2031 Ten Year Plan financial planning assumptions are reasonable.

Chair Philip Jones / Deputy Chair Robyn Cherry-Campbell

**CARRIED**

#### 6.5 THREE WATER REFORM UPDATE

##### PURPOSE

For the committee to be updated on the three waters reform programme.

##### MOVED

That the Committee:

**Receives** the report.

Mayor Greg Lang / Chair Philip Jones

**CARRIED**

#### 6.6 HEALTH, SAFETY AND WELLBEING REPORT

##### PURPOSE

For the Committee to receive an update on recent health, safety and wellbeing (HS&W) activities.

##### RECOMMENDATION

That the Committee:

**Receives** the report.

**Notes** the health, safety and wellbeing activities described in this report.

Deputy Mayor Rebecca Vergunst / Cr Robyn Cherry-Campbell

**CARRIED**

**6.7 RISK REGISTER UPDATE****PURPOSE**

To advise the Audit and Risk Committee on changes to the Carterton District Council Risk Register.

**MOVED**

That the Committee:

**Receives** the report.

Chair Philip Jones / Deputy Chair Robyn Cherry-Campbell

**CARRIED**

**7 KARAKIA WHAKAMTUNGA**

The meeting was closed with a Karakia lead by Cr Rob Stockley.

**The Meeting closed at 11:15am.**

**Minutes confirmed:** .....

**Date:** .....

## 6 REPORTS



### 6.1 AUDIT NEW ZEALAND REPORT ON THE 2019/20 ANNUAL REPORT

#### 1. PURPOSE

To present the report prepared by Audit New Zealand on the 2019/20 Annual Report for the Committee's consideration.

#### 2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

#### 3. REPORTING BY AUDIT NEW ZEALAND

Audit New Zealand formally conveys a detailed reporting of their audit of Council's Annual Report and the financial statements shortly after conclusion of the audit and release of an audit report. This report is attached as **Attachment 1** (including management comment).

Management can incorporate comment on the findings of Audit New Zealand, regarding processes and control systems operated by Council. In this year's report, there are three new areas where comment was sought. Comment has been provided back to Audit New Zealand on these matters.

#### 4. CONSIDERATIONS

N/A

##### 4.1 Tāngata whenua

N/A

##### 4.2 Financial impact

N/A

##### 4.3 Community Engagement requirements

No considerations as this relates to Carterton District Council's internal management.

##### 4.4 Risks

N/A

#### 5. RECOMMENDATION

That the Committee:

1. **Receives** the report.
2. **Notes** the Management comment.

**File Number:** 127580

**Author:** Kelly Vatselias, Corporate Services Manager

**Attachments:** 1. Audit New Zealand Report [↓](#)

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

# **Report to the Council on the audit of**

**Carterton District Council**

For the year ended 30 June 2020

## Contents

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## Key messages

We have completed the audit for the year ended 30 June 2020. This report sets out our findings from the audit and draws attention to areas where the Carterton District Council (the District Council) is doing well and where we have made recommendations for improvement.

This report should be read in conjunction with our 2019/20 interim audit findings that were included in our interim report to the Council (dated 7 September 2020). Our interim report included audit findings relating to the areas of audit focus and progress against previous recommendations.

### Audit opinion

We issued an unmodified audit opinion with the inclusion of an emphasis of matter paragraph to draw the readers' attention to the relevant notes in the annual report that describe the overall impact of Covid-19 on the District Council, which given the significance of the pandemic, is a standard addition to audit opinions issued on behalf of the Auditor-General for public entities with a 30 June 2020 balance date.

### Matters identified during the audit

We have raised new recommendations which are summarised in section 1.1 of this report.

### Business risks and areas of focus

In our audit plan we identified areas that we consider to be a significant risk or specific areas of audit focus for the 2019/20 audit. They are as follows:

**Impact of Covid-19:** Since Covid-19 was declared a pandemic in the early part of 2020, it has had and continues to have an impact on the operations and financial results of the District Council.

The District Council prepared an assessment of the impact on its operations including, changes to internal controls, activities, financial and performance results, the assumptions around the fair value of assets and possible impairment. We have reviewed this assessment and related information.

We assessed the Council's disclosure in the financial statements and statement of service performance around these impacts and concluded that it was appropriate.

**Revaluation of infrastructure assets:** The District Council revalued its roading infrastructure assets for the 2019/20 financial statements. It used an independent external valuer to perform this work in accordance with the District Council's internal policies and the financial reporting framework.

We reviewed the valuation methodology used by the independent external valuer and assessed the methodology and underlying assumptions as reasonable. The independent valuer has raised recommendations for the District Council to work through for future valuations.

**Waste water treatment plant project:** The District Council continues construction with approximately \$2.5 million expenditure incurred for 2019/20. We are satisfied that the costs to date

are appropriately classified and that there are no indications of impairment for work in progress costs recognised. Additional earthworks have been required for stage 2 of the project and due to resultant delays the expected cost may be impacted, see section 3 for more details.

We will continue to monitor the project, and during the 2020/21 audit, we will review expenditure incurred on the project and, where capital expenditure has been incurred, whether the expenditure meets capitalisation criteria as set out in the accounting standards.

### **Thank you**

We would like to thank the Council, management and staff for their assistance during the audit.



John Whittal  
Appointed Auditor  
13 April 2021



## 1 Recommendations



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

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

### 1.1 New recommendations

The following table summarises our recommendations and their priority.

| Recommendation  | Reference | Priority   |
|---|-----------|------------|
| <b>Revaluation of Property, Plant and Equipment</b><br>The independent valuer has raised recommendations for the District Council to work through for future valuations. These recommendations should be implemented and monitored to ensure the valuations remain appropriate. | 3         | Necessary  |
| <b>Infrastructure contribution fee</b><br>The schedule of fees and charges is updated for the infrastructure contribution fee for each type of service.   | 4.1       | Necessary  |
| <b>Expenditure approval</b><br>Consider an alternate approver for the Mayor's expenditure.  | 4.2       | Beneficial |

## 1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 2 sets out the status of previous recommendations in detail.

| Priority              | Priority |           |            |           |
|-----------------------|----------|-----------|------------|-----------|
|                       | Urgent   | Necessary | Beneficial | Total     |
| Open                  | -        | 12        | 3          | 15        |
| Implemented or closed | 1        | 1         | -          | 2         |
| <b>Total</b>          | <b>1</b> | <b>15</b> | <b>3</b>   | <b>17</b> |

## 2 Our audit report

### 2.1 We issued an unmodified audit report



We issued an unmodified audit report on 9 December 2020. This means we were satisfied that the financial statements and statements of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

We issued an unmodified audit opinion with the inclusion of an emphasis of matter paragraph to draw the readers' attention to the relevant notes in the annual report that describe the overall impact of Covid-19 on the District Council, which given the significance of the pandemic, is a standard addition to audit opinions issued on behalf of the Auditor-General for public entities with a 30 June 2020 balance date.

### 2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. There were no significant misstatements identified during the audit that required correcting.

### 2.3 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the District Council. This includes the draft annual report with supporting working papers.

At the start of the audit we were provided with a draft annual report, and supporting working papers. These were generally of reasonable quality. We recommend however that a thorough quality assurance is completed over the annual report prior to being provided to the audit team. This will ensure basic errors are corrected early, which means the audit and finance teams can focus on more significant matters.

### 3 Matters raised in the audit plan



In our audit plan of District Council, we identified the following matters as the main audit risks and issues (Procurement and contract management were reported in interim report):

| Audit risk/issue  | Outcome  |
|---|--|
| <b>The risk of management override of controls</b>  |  |
| There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.   | <p>We updated our understanding of systems and controls over key financial systems within the District Council and related controls. During the final audit visit, we focused our substantive audit testing on inherently high-risk areas, including journal entries and accounting estimates. We did not identify any unusual or one-off transactions, including those with related parties for further evaluation.</p> <p>In completing our procedures, we did not identify any evidence of management override.</p> <p>We continue to recommend that the finance team should ensure that there is a process for independent review of journals, even if on a sample basis, and the evidence of this review is adequately documented.</p>                                      |
| <b>Asset revaluations and fair value assessments</b>  |  |
| <p>The District Council has adopted a policy to revalue its infrastructure, and land and building assets on a cyclical basis. The District Council last revalued its roading assets during the 2016/17 financial year, water assets (2018/19) and land and building assets (2017/18).</p> <p>We understand that the District Council will revalue its roading assets as at 30 June 2020. There is increased risk of material misstatement in the financial statements due to the judgemental nature and large value of the assets.</p> <p>As this is a non-revaluation year for water and land and building assets, the District Council will need to formally assess whether a revaluation is required to ensure</p> | <p>The District Council revalued its roading infrastructure assets for the 2019/20 financial statements. It used an independent external valuer (WSP) to perform this work in accordance with the District Council's internal policies and the financial reporting framework.</p> <p>We have reviewed the methodology used by the valuer (including assumptions applied and relevant factors considered) and confirmed these are appropriate and reasonable.</p> <p>The valuations were completed in line with the relevant accounting standard, PBE IPSAS 17 Property, Plant and Equipment.</p> <p>We have reviewed how the valuation results have been reflected in the District Councils financial statements and the associated disclosures in the annual report. We are</p> |

| Audit risk/issue  | Outcome  |
|---|--|
| <p>the carrying value of these assets fairly reflects their fair value.</p> <p>It is important that the District Council makes this assessment at an early stage as a full valuation may require a significant amount of time to complete if required.</p>  | <p>satisfied that these comply with the requirements of PBE IPSAS 17 Property, Plant and Equipment and are fairly stated in the District Council's financial statements.</p> <p>From the work completed roading infrastructural assets were fairly stated however the independent valuer did raise recommendations for the District Council to work through for future valuations. We <b>recommend</b> that these recommendations should be implemented and monitored to ensure the valuations remain appropriate.</p> <p><b>Management comment</b></p> <p><i>We will review the Valuers recommendations and implement changes as appropriate</i></p> <p>Our review of the fair value assessments for those asset classes not revalued this year, confirmed that the carrying value of the assets was not materially different than the fair value of the assets.</p>                      |
| <b>Waste water treatment plant project</b>  |  |
| <p>Over the course of the last 10 years the District Council have been working to upgrade the wastewater treatment plant. The project has taken this long due to the fact the District Council have only recently obtained a 35 year resource consent after obtaining only interim consents from early 2009 onwards.</p> <p>During this time, as the scope of the projects has continued to increase to accommodate growing resource consent requirements, the expected costs have also increased.</p> <p>The District Council are now in full construction phase with a significant element of expenditure budgeted, with a cost of \$6.6 million (initial stages) being incurred between 2018/19 and 2023/24.</p> | <p>We have reviewed the waste water treatment plant procurement and associated contract management practices and compared them to good practice and compared them to good practice and the District Council's own procurement policy. Project management practices were outside the scope of our review.</p> <p>Our findings were reported in our interim report to the Council.</p> <p>The District Council continues to progress the project. In the current year, despite the impacts of Covid-19, good progress was made against the waste water treatment plant upgrade. We considered the capitalisation of works to date to be appropriate and in accordance with accounting standards.</p> <p>Stage 2 and 3 is expected to be completed by August 2021, we understand that the 2021 costs for completion of these stages is expected to be \$4.4 million. There is possibility</p> |

| Audit risk/issue | Outcome   |
|------------------|---|
|                  | <p>of stage 3 costs to increase, due to delay costs, if stage 2 is not completed by end of March. The Council will need to consider the reason for the delay costs and if these can be capitalised. Overall project costs have increased due to additional earth works required and resultant delays.</p> <p><b>Management comment</b></p> <p><i>We are closely managing and monitoring this project. We will ensure items capitalised meet the appropriate accounting standards.</i></p> <p>We will review progress and capitalisation of costs during our 2021 audit, we will also discuss with management the revised budget after stage 2 is completed and the overall impact on the expected costs to completion.</p> <p>We will review progress and capitalisation of costs during our 2021 audit, we will also discuss with management the revised budget after stage 2 is completed and the overall impact on the expected costs to completion.</p> |



## 4 Issues noted during the audit



The following are the new items noted during the audit that we draw to your attention.

### 4.1 Fees for Infrastructure Contributions

We noted that the Infrastructure Contribution fee of \$ 5,750.00 ( incl GST) specified in Appendix A – Schedule of Fees and Charges 2019/20, in the CDC Annual Plan for 2019-20 is not usually charged in full but partially depending on the type of service (water, stormwater and sewage) provided. Charging fees which are not clearly specified in the CDC Annual Plan may increase the risk of developers challenging the CDC fee calculations.

**We recommend** that the schedule of fees and charges is updated for the infrastructure contribution fee for each type of service.

#### **Management comment**

*We will ensure our fees and charges schedule reflects our charging methodology.*

### 4.2 Improving one-up approval process of expenditure

The District Council's sensitive expenditure policies include a requirement for the Chief Executive's expenses to be approved by the Mayor. The policies also require for the approval of the Mayor's expenses to be approved by the Chief Executive. A circular approval relationship is therefore created.

Expenditure should be approved on a one-up basis and to avoid reciprocal arrangements, where possible. We recommend the District Council consider an alternate approver for the Mayor's expenditure (such as the Audit and Risk Chair).

#### **Management comment**

*To avoid this circular process, and with the aim of administrative efficiency, we will delegate this responsibility to the Corporate Services Manager role. While this is not necessarily one over one, expenditure is not usually significant and will fall within the current financial delegations' authority (the chair of Audit and risk does not hold financial delegations). If there are any issues with any claims being made, these can be discussed with the Chair of the Audit and Risk Committee for guidance.*

## 5 Public sector audit



The District Council is accountable to their local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the District Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the District Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the District Council carrying out its activities effectively and efficiently;
- the District Council incurring waste as a result of any act or failure to act by a public entity;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the District Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by a public entity or by one or more of its members, office holders, or employees.

We did not identify issues in any issues to bring to your attention in relation these areas.



## 6 Useful publications



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

| Description  | Where to find it  |
|--|---|
| <b>Covid-19 Impact on Public Sector Reporting</b>  |   |
| <p>The state of emergency in response to the Covid-19 coronavirus has significantly impacted most public sector entities. The consequences for the completion of annual reports and the annual financial statements are one part of this impact.</p> <p>We have developed a series of Bulletins in response:</p> <ul style="list-style-type: none"> <li>• revaluations of Property, Plant and Equipment and investment property;</li> <li>• service performance reporting; and</li> <li>• financial reporting.</li> </ul>  | <p>On our website under good practice.</p> <p>Link: <a href="#">Covid-19 bulletins</a></p>          |
| <b>Client updates</b>  |   |
| <p>As part of our response to the Covid-19 situation, we developed online client updates to replace the in-person sessions that were cancelled.</p> <p>This year's material is accessible via video presentations on our website. You can explore the material at a pace that takes account of your busy schedule.</p> <p>The themes respond to challenges that our clients now face, such as planning for unexpected events or dealing with additional reporting requirements related to Covid-19 and climate change.</p> | <p>On our website under publications and resources.</p> <p>Link: <a href="#">Client updates</a></p> |

| Description  | Where to find it  |
|--|---|
| <b>Model Financial Statements</b>  |   |
| <p>Our Model Financial Statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes:</p> <ul style="list-style-type: none"> <li>• significant accounting policies are alongside the notes to which they relate;</li> <li>• simplifying accounting policy language;</li> <li>• enhancing estimates and judgement disclosures; and</li> <li>• including colour, contents pages and subheadings to assist the reader in navigating the financial statements.</li> </ul> | <p>Link: <a href="#">Model Financial Statements</a></p>   |
| <b>Tax matters</b>   |   |
| <p>As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.</p> <p>This includes new guidance on the reduction in deferred tax on buildings that was reintroduced as part of the Covid-19 response package.</p>  | <p>On our website under good practice.</p> <p>Link: <a href="#">Tax Matters</a></p> <p>Link: <a href="#">Reduction in deferred tax on buildings</a></p> |
| <b>Client Substantiation File</b>  |   |
| <p>When you are fully prepared for an audit, it helps to minimise the disruption for your staff and make sure that we can complete the audit efficiently and effectively.</p> <p>We have put together a tool box called the Client Substantiation File to help you prepare the information you will need to provide to us so we can complete the audit work that needs to be done. This is essentially a tool box to help you collate documentation that the auditor will ask for.</p>   | <p>On our website under good practice.</p> <p>Link: <a href="#">Client Substantiation File</a></p>  |

| Description  | Where to find it  |
|--|---|
| <b>Long-term plans and consultation documents</b>  |   |
| <p>Having audited long-term plans (LTPs) since 2006, we understand the significant effort that councils invest in preparing an LTP.</p> <p>We want to make the audit process for the 2021-31 LTPs and consultation documents as straightforward as possible, so we have put together some information to help councils to:</p> <ul style="list-style-type: none"> <li>• understand our responsibilities and our main focus areas in the audit;</li> <li>• prepare better documents for their communities; and</li> <li>• develop project plans that make their LTP process go smoothly.</li> </ul> | <p>On our website under good practice.</p> <p>Link: <a href="#">Long-term plans and consultation documents</a></p>                |
| <b>Conflicts of interest</b>   |   |
| <p>The Auditor-General has recently updated his guidance on conflicts of interest. A conflict of interest is when your duties or responsibilities to a public organisation could be affected by some other interest or duty that you have.</p> <p>The update includes a printable A3 poster, an animated video on predetermination and bias, gifts and hospitality, and personal dealings with a tenderer. There is also an interactive quiz.</p> <p>These can all be used as training resources for your own employees.</p>   | <p>On the Office of the Auditor-General's website under 2019 publications.</p> <p>Link: <a href="#">Conflicts of interest</a></p> |
| <b>Severance payments</b>  |   |
| <p>Because severance payments are discretionary and sometimes large, they are likely to come under scrutiny. The Auditor-General has released updated good practice guidance on severance payments. The guide is intended to help public sector employers when considering making a severance payments to a departing employee. It encourages public organisations to take a principled and practical approach to these situations. The update to the 2012 good practice guidance reflects recent case law and changes in accounting standards.</p>  | <p>On the OAG's website under 2019 publications.</p> <p>Link: <a href="#">Severance payments</a></p>                              |

| Description   | Where to find it   |
|---|--|
| <b>Good practice</b>  |  |
| <p>The OAG's website has been updated to make it easier to find good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> <li>• audit committees;</li> <li>• conflicts of interest;</li> <li>• discouraging fraud;</li> <li>• good governance;</li> <li>• service performance reporting;</li> <li>• procurement;</li> <li>• sensitive expenditure; and</li> <li>• severance payments.</li> </ul> | <p>On the OAG's website under good practice.</p> <p>Link: <a href="#">Good practice</a></p>      |
| <b>Procurement</b>  |  |
| <p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.</p>   | <p>On the OAG's website under publications.</p> <p>Link: <a href="#">Procurement article</a></p> |

## Appendix 1: Status of previous recommendations

### Open recommendations

| Recommendation  | First raised  | Status   |
|---|---------------|--|
| <b>Necessary</b>  |               |  |
| <b>Procurement</b><br>The District Council maintains appropriate documentation, proportionate to the value and risk of each procurement, to support planning, evaluation and conflict of interest management processes followed.  | Interim 19/20 | <b>In progress.</b><br>We will review progress against this during our 2021 audit. |
| <b>Revaluation of Property, Plant and Equipment (Roading)</b><br>The District Council work to implement recommendations raised by the valuer in respect of: <ul style="list-style-type: none"> <li>continuing to maintain, develop and improve the asset component register; and</li> <li>developing a database for recording construction/renewal cost data.</li> </ul> To be followed up when roading revaluation next occurs – expected in 2020.   | 2017/18       | <b>In progress.</b><br>Refer to section 3 for update for the current valuation.    |
| <b>Building Consent – number of days</b><br>19 J Comments:<br>During our walkthrough of the building consent process, we noted that Magiq counted the days as 8 days while a manual recalculation by audit and confirmed by the Infrastructure Services and Regulatory Manager, and Building Services Team Leader, counted 9 days. While this is not an issue for a majority of the Building Consents issued as these fall well under the 20 day limit, it is an issue for those which fall on the 20 day | 2018/19       | <b>In progress.</b><br>We will review progress against this during our 2021 audit. |

| Recommendation   | First raised | Status   |
|--|--------------|--|
| <p>deadline as they may have actually been issued at day 21.</p> <p>20J update:</p> <p>MagiQ counts the days as 10 days while a manual recalculation by audit and confirmed by the Building Services Team Leader, counted 11 days. It is an issue for those which fall on the 20 day deadline as they may have actually been issued at day 21.</p> |              |  |
| <p><b>Annual leave balances</b></p> <p>Consider putting in place formal leave plans for staff with high annual leave balances.</p>   | 2017/18      | <p><b>In progress.</b></p> <p>Management have advised that the HR manager provides leave balances to the relevant managers with a view to encourage people to take leave.</p> <p>We understand some progress is being made, however some annual leave balances remain high.</p>  |
| <p><b>Bank reconciliations</b></p> <p>Both the preparer and reviewer sign and date the bank reconciliations to demonstrate independent review was carried out and reconciling items have been checked to supporting documentation.</p>   | 2018/19      | <p><b>Outstanding.</b></p> <p>During the audit, we reviewed a sample of monthly bank reconciliations and found that signoffs were not completed consistently.</p> <p><b>Management comment</b></p> <p><i>We will ensure signoffs are completed in a consistent and timely manner. The recent lack of a Corporate Services Manager has resulted in some systems partially falling down.</i></p> |
| <p><b>Lack of review of timesheets</b></p> <p>Timesheets should be signed by the relevant cost centre manager as evidence of approval for work performed by the employee.</p>  | 2018/19      | <p><b>Outstanding.</b></p> <p>We reviewed a number of timesheets and noted several instances where the approval was not evidenced. Management should ensure that all timesheets are approved.</p> <p><b>Management comment</b></p> <p><i>We will contact managers to ensure this task is carried out and monitor to ensure compliance</i></p>  |

| Recommendation  | First raised | Status   |
|---|--------------|--|
| <b>Independent review of creditor masterfile changes</b><br><br>Creditor masterfile change reports should be independently reviewed within a timely manner.   | 2018/19      | <b>Outstanding.</b><br><br>During our interim visit, management were in the process of retrospective review however this review should be completed regularly.<br><br><b>Management comment</b><br><br><i>This will form part of the month end procedures when the full time Corporate Service Manager commences</i>   |
| <b>Independent Review of the changes in the Rating Information Database (RID)</b><br><br>Implement independent review of changes made to the RID to ensure all changes are made correctly.  | 2018/19      | <b>In progress.</b><br><br>Processes have not changed since the previous financial year. During the visit, we provided some guidance and advice to management on a method to address this recommendation.<br><br><b>Management comment</b><br><br><i>We would like to discuss this matter further with you.</i><br><br><i>We agree some form of review is necessary, however the volume of updates to the RID means reviewing all changes is not practical, or perhaps necessary in some cases. We would like to agree what matters should be the subject of review.</i> |
| <b>Expenditure processes</b><br><br>Implement improvements to the expenditure process, including: <ul style="list-style-type: none"> <li>detailing a dollar amount on purchase orders; and</li> <li>documenting the receipt of goods or services on invoices approved for payment.</li> </ul> | 2018/19      | <b>Outstanding.</b><br><br>Processes have not changed since the previous financial year.<br><br><b>Management comment</b><br><br><i>We have substantially implemented an electronic purchase order system which incorporates internal controls of this nature. We will be monitoring this system to ensure appropriate controls are followed.</i>  |
| <b>Controls over journals</b> <ul style="list-style-type: none"> <li>A system generated list of all manual journals for the period is included with the journals for review.</li> </ul>   | 2018/19      | <b>Outstanding.</b><br><br>Processes have not changed since the previous financial year.<br><br>We continue to recommend that the finance team should ensure that there is a   |



| Recommendation  | First raised  | Status   |
|---|---------------|--|
| <ul style="list-style-type: none"> <li>The reviewer is someone who is unable to post journals but understands the concept of them.</li> </ul>   |               | <p>process for independent review of journals, even if on a sample basis, and the evidence of this review is adequately documented.</p> <p><b>Management comment</b></p> <p><i>We do not disagree with this comment, we will review the systems around journals, however finding a suitable person may be problematic given our size</i></p> |
| <p><b>Month-end review practices</b></p> <p>Prepare and review journals, reconciliations and other month-end processes in a timely manner. We expect this review to occur within the month following the period under review.</p>   | 2018/19       | <p><b>Outstanding.</b></p> <p>Processes have not changed since the previous financial year.</p> <p><b>Management comment</b></p> <p><i>Once senior manager (CSM) resourcing is reinstated, matters of this nature will be addressed.</i></p>   |
| <p><b>Segregation of duties</b></p> <p>We recommended a review of access to all systems occurs to ensure that access is given only to those who need it and that reviewers have read only access where appropriate.</p> <p>Also where the process currently involves one staff member, another is added to the process to ensure appropriate segregation of duties.</p>   | 2018/19       | <p><b>Outstanding.</b></p> <p>Processes have not changed since the previous financial year.</p> <p><b>Management comment</b></p> <p><i>Once senior manager (CSM) resourcing is reinstated, matters of this nature will be addressed.</i></p>   |
| <b>Beneficial</b>   |               |  |
| <p><b>Contract Management</b></p> <p>Overall our review found that the majority of expectations of contract management processes were met.</p> <p>We noted however that there was a lack of a District Council specific contract management policy and guidance available to contract managers. When management are next reviewing the suite of policies, if policy or guidance on contract management was considered useful, the MBIE website has resources at <a href="https://www.procurement.govt.nz/procurement">https://www.procurement.govt.nz/procurement</a></p> | Interim 19/20 | <p><b>In progress.</b></p> <p>We will review progress against this during our 2021 audit.</p>  |



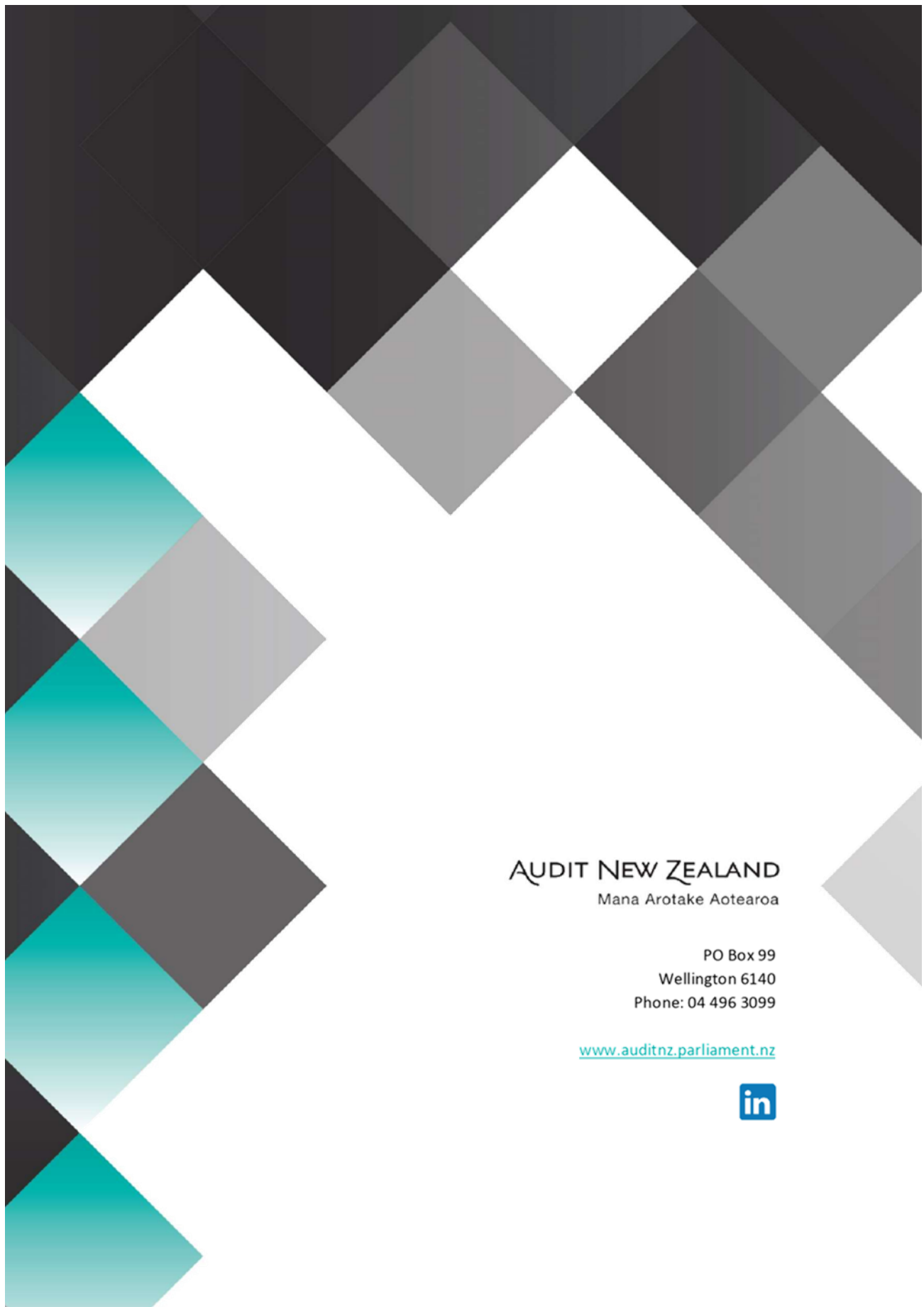
| Recommendation  | First raised  | Status  |
|---|---------------|---|
| <a href="#">ement/guideto-procurement/manage-the-contract/</a> that could be used as a basis.   |               |   |
| <b>Sensitive expenditure policies</b><br>When the District Council next updates the sensitive expenditure policies, the areas we have identified against the OAG good practice guidelines are considered for inclusion. | Interim 19/20 | <b>In progress.</b><br>We will review progress against this during our 2021 audit.  |
| <b>Review of invoices created</b><br>Undertake a post-creation review to ensure all invoices issued by the District Council are correct.  | 2017/18       | <b>Outstanding.</b><br>Processes have not changed since the previous financial year.<br><b>Management comment</b><br><i>Once senior manager (CSM) resourcing is reinstated, matters of this nature will be addressed.</i> |

### Implemented or closed recommendations

| Recommendation   | First raised | Status  |
|--|--------------|---|
| <b>Local Authority (Members Interest) Act 1968 approval</b><br>Address the areas raised in the letter from the Auditor-General. It is important that the District Council ensure compliance with the Local Authority (Members Interest) Act 1968, and seeks pre-approval in situations where the value of contracts elected members have an interest in, is likely to exceed the \$25,000 limit. | 2018/19      | No further issues, appropriate system in place. |
| <b>Valuation of Manuka crop</b><br>Consider engaging an expert to value the Manuka crop in the future. This will become particularly important as the crop grows, and value increases.   | 2018/19      | Valuation completed.                            |

## Appendix 2: Disclosures

| Area   | Key messages  |
|--|---|
| Our responsibilities in conducting the audit | <p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the District Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the District Council.</p>   |
| Auditing standards                           | <p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The District Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>   |
| Auditor independence                         | <p>We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit we have carried out engagements in the audit of the Debenture Trust Deed, which are compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with, or interests in, the District Council.</p> |
| Fees   | <p>The audit fee for the year is \$93,747, as detailed in our Audit Proposal Letter.</p>  |
| Other relationships                          | <p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council that is significant to the audit.</p> <p>We are aware of one previous staff member of Audit New Zealand that has accepted a position of employment with the District Council during or since the end of the financial year.</p>  |





## 6.2 POTABLE WATER TRANGRESSIONS

### 1. PURPOSE

For the Committee to be informed of the actions taken following the recent potable water transgressions.

### 2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

### 3. BACKGROUND

#### 3.1 Carterton's supply and treatment

The Carterton drinking water supply is classified under the Drinking-Water Standards for New Zealand, as a minor sized urban community supply providing water to the urban population.

Water is provided from two sources, the Kaipaitangata Stream, eight kilometres west of the Carterton township and the Frederick Street bores in Carterton.

Water from the Kaipaitangata Stream is treated at the Kaipaitangata Water Treatment Plant and stored in two reservoirs, a concrete storage reservoir (513m<sup>3</sup>) and a timber storage reservoir (960m<sup>3</sup>). The water supply comes into the urban network down a water supply trunk main from the WTP storage tanks to the urban reticulation network via Brooklyn Road where it tees into the reticulation at Lincoln Road.

At the top end of the trunk main, five properties are connected into the water supply and therefore the Kapi WTP must remain in operation to supply these properties. When the Fredrick Street WTP is in operation a Bermad Valve closes (keeping the Kaipaitangata watermain separated from the Fredrick Street water supply).

Water from the Fredrick Street bores is treated at the Fredrick Street Water Treatment Plant and stored into two timber tanks. The water supply is then connected into the reticulation network at Lincoln Road.

#### 3.2 Escherichia coli

Escherichia coli (E. coli) was identified in 1885 by the German paediatrician, Theodor Escherich. E. coli is widely distributed in the intestine of humans and warm-blooded animals and is the predominant anaerobe in the bowel and part of

the essential intestinal flora that maintains the physiology of the healthy host, including humans.

Most E. coli bacteria are harmless however, some strains can cause illness. The presence of E. coli in a drinking water sample usually indicates recent faecal contamination. That means there is a greater risk there are bugs that can cause illness being present in the water e.g. campylobacter, giardia, cryptosporidium.

E. coli O157:H7 is the most frequently isolated serotype from those becoming ill.

When a drinking water sample is reported as “E. coli present,” it does not mean that O157:H7 is present. However, it does indicate recent faecal contamination. Boiling or disinfecting contaminated drinking water destroys all forms of E. coli, whether or not they can cause illness in humans.

#### 4. EVENTS

On Tuesday the 9th March 2021, a testing point in the network failed to meet the E-coli Maximum Allowable Variation (MAV) limit of <1 MPN per 100ml in accordance with the Drinking-Water Standards for New Zealand 2005 (Revised 2018). The result was 2 MPN per 100ml.

In response to the failed test a text alert was sent to the Council. The Ministry of Health was also included in the text alert notifications and contact was made with them soon after the alert at approximately 3pm. It was agreed to undertake another sample at the testing point and that afternoon the sample was delivered directly to the testing laboratory in Seaview, Eurofins ELS Limited. The re-testing in response to a transgression in a drinking-water supply distribution zone is in accordance with the Drinking-Water Standards for New Zealand.

The subsequent re-test result was processed, and the Council was notified on Wednesday afternoon as meeting the MAV limit of <1 MPN per 100ml.

On Friday the 12th March 2021, two testing points in the network failed to meet the E-coli MAV limit with the retest process being repeated and daily sampling commenced along with a boiled water notice being issued.

A total of eight E-coli detections were found all within the network as shown below in table 1.

| Date Notified | Location                   | Reading     |
|---------------|----------------------------|-------------|
| 9th March     | Fisher Place               | 2 MPN/100mL |
| 12th March    | Park Road                  | 3 MPN/100mL |
|               | Kent Street                | 1 MPN/100mL |
| 17th March    | Hilton Road                | 1 MPN/100mL |
|               | Brooklyn Road (bottom end) | 6 MPN/100mL |
| 18th March    | Brooklyn Road (top end)    | 5 MPN/100mL |
| 28th March    | Brooklyn Road Underpass    | 2 MPN/100mL |
| 1st April     | Fisher Place               | 1MPN/100mL  |

Table 1: dates, locations, and recorded levels of E. coli readings

A map of Council testing sites is attached (**Attachment 1**).

During March CDC was using a mix of both the Frederick Street water treatment plant (2<sup>nd</sup> – 12<sup>th</sup> March as well as 23<sup>rd</sup> March - ongoing) and the Kaipaitangata Water Treatment Plant (13<sup>th</sup> – 22<sup>nd</sup> March). At no time during this period was there a recording of E. coli from either of the plants.

## **5. LIFT AND RE-SET OF THE BOILED WATER NOTICE**

The first boiled water notice was issued on the afternoon of Friday 12<sup>th</sup> March, on the advice of Regional Public Health. The Drinking-Water Standards require a water provider to have three clear days of testing prior to lifting a boiled water notice. Council staff were aware of the disruption that a notice causes and also of the low-level nature of the E. coli readings.

On Thursday 25<sup>th</sup> March the intention to lift the boiled water notice was communicated to Regional Public Health, provided the Friday's test results were clear. The results were not due back from the laboratory until Saturday 27<sup>th</sup>. The results were late in being provided and were not emailed until late Saturday night when a decision was made to make the announcement of the lift Sunday morning, which was followed.

An alert from Eurofins lab was received on the afternoon of Sunday 28<sup>th</sup> March as a result of Saturday's testing identifying an E. coli reading of 2 MPN/100mL and the boiled water notice was re-instated. The notice was finally lifted on 16 April 2021 after discussions with our Drinking Water Assessor and Regional Public Health. This followed 15 days of clear results.

## **6. PUBLIC INFORMATION**

When the boiled water notice was first issued, at 3pm on Friday 12<sup>th</sup> March, a media statement was immediately sent to local radio and national news media outlets. A set of frequently asked questions was developed and posted on the CDC website and social media channels (CDC and Information Centre) along with a copy of the media statement.

The electronic notice board at Carrington Park carried the notice and local hospitality businesses were contacted via email and in person visits were undertaken with poster drop off, a physical copy of the media statement and FAQs.

Emails were sent to Age Concern Wairarapa, Digital Seniors, Wairarapa Community Networks, Neighbourhood Support, all Carterton schools and preschools, the District Health Board, neighbouring Councils, Wellington Region Emergency Management Office and Regional Public Health.

New World agreed to place posters with a QR code that linked to our website and FAQs. The automatic question and answer function via Facebook messenger was updated to allow instant answers to questions regarding the boiled water notice.

Wellington Region Emergency Management Office advised Council that we could not make use of the text message alert system in place for emergencies as we did not meet the threshold of imminent life endangerment.

Fulton Hogan and Higgins were both approached to hire the trailer based electronic notice boards. None were available so two large print signs were placed at each end of town.

Emails weren't sent to urban ratepayers for the first boil water notice as potential privacy issues were raised but were sent from 15<sup>th</sup> March onwards. An initial subscription base of just over 100 people increased to 400 on CDC's newsletter and these were also emailed with any communications and FAQs.

Articles were published in the April Crier, April Midweek and April quarterly newsletter which goes out with rates accounts to request email addresses so we can notify people directly if further circumstances require us to do so.

With the second boil water notice, a large rubber bladder was gratefully accepted on loan from Upper Hutt City Council.

## **7. ACTIONS UNDERTAKEN TO ADDRESS TRANSGRESSION**

On the evening of Friday 12th March, following the second positive E. coli reading from Park Road and Kent Street, CDC was contacted by Wellington Water's Chief Advisor Potable Water, Network Development and Delivery, Laurence Edwards and CEO of Lutra, Jason Colton, offering advice and guidance. This offer was gratefully received, and a zoom conference call was organised for the following afternoon to discuss the situation and potential steps to be taken.

Following the conference call both Wellington Water and Lutra agreed to conduct an onsite high-level review of the Frederick Street plant. Following this visit adjustments to the start-up procedure for the Frederick Street plant were made to alter the sequence of valve opening and closing while flushing water to waste while the UV reactors warmed up. Improvements to the plant were also suggested by Lutra and all work that could be done immediately was undertaken.

Service agents were requested to inspect the UV reactors and chlorine dosing pumps at the Kaipaitangata. The chlorine dosing pump was inspected at Frederick Street and a new chlorine analyser installed and verified as it was coming due for replacement. The UV control cabinet was replaced at Kaipaitangata while the servicing was taking place.

Supervisory Control and Data Acquisition (SCADA) is a system of software and hardware elements that allows the monitoring and processing of real-time data that interact with devices such as sensors, valves, pumps, and motors. The SCADA data for both water treatment plants was reviewed by Lutra and Wellington Water for any obvious errors in either plants workings.

Sampling of the treatment plants, as well as the reticulation system, moved from the normal weekly tests to daily. The sample points used for testing increased from 9 to 18. Sampling from Saturday 13th March was doubled to make a mirrored sample run to two different testing laboratories. One set of tests were sent to Eurofins in Petone and the other to Central Environmental Labs in Palmerston North. This was to rule out any potential false positive responses.

On Monday 15th March flushing throughout the network was undertaken, one of the Frederick Street reservoirs was drained, inspected, and cleaned with a super

chlorinated spray mix. The existing mesh anti-vermin grates were replaced with stainless steel. On the Tuesday the other reservoir was drained, inspected, and cleaned with a super chlorinated spray mix. Both tanks were tested for ground leaks. All known backflows on the reticulation network and in the commercial sector were retested.

Eurofins laboratory General Manager, Rob Deacon, undertook a review of sampling techniques used by CDC staff and advised on improvements that could be made. These were immediately introduced with refresher training for all sampling staff to be undertaken the following week. It was also recommended that sampling points used were dedicated and secure. A design was offered (see Figure 1 below) and an order was placed for manufacture.

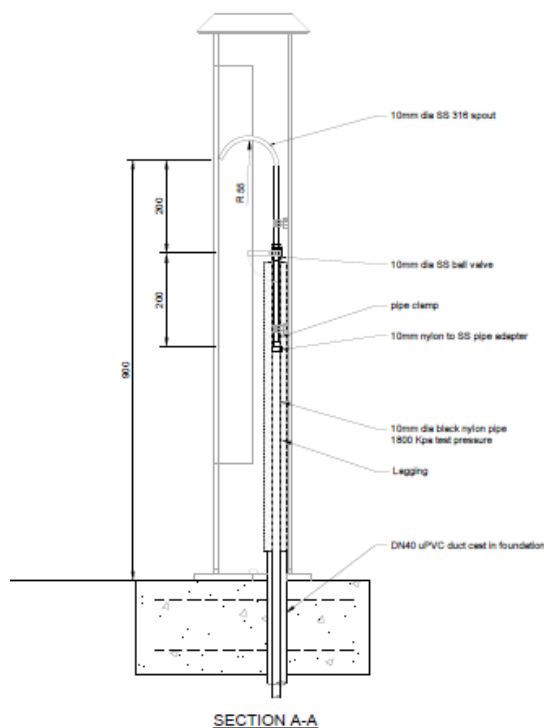


Figure 1: Schematic of dedicated and secure potable water sampling points

Disappointingly, CDC's existing flushing plan had not been updated for some time. This was identified in the first week of the response, corrected and flushing again undertaken. The previous flushing plan had not been altered to reflect the growth in town and old flushing points needed to be moved and new ones added to encompass all dead ends. The number of flushing points moved from 44 to 66. Flushing times were derived from the pipe size and calculated to move three times the amount of water through the pipe. When an extensive flush was undertaken the reservoirs at the Kaipaitangata were nearly drained requiring the development of a three-level flushing plan based on the water treatment plant in use at the time and free chlorine measurements taken prior, and during, flushing.

Late on Thursday 18th March 2021 Council identified a potential point of contamination to the drinking water supply. Approximately 200m from the



Kaipaitangata treatment plant, along the water trunk mains leading into town there is a disused scour valve. At some point in the past 2 decades a culvert that crossed under the road was installed. Also created was a sump that incorporated the scour valve outlet (Figure 2). Critically, the scour valve outlet was at a level below both the culvert inlet and outlet creating a pool in which the disused scour valve outlet sat (Figure 3). The pressure at this high end of the Kaipaitangata main trunk line is surprisingly light at approx. 20psi and with a potential of a failure of the scour valve allowing for the ponded and stagnant water to enter the main trunk line.



*Figure 2: The foreground shows the culvert sump with the outlet of the culvert seen in the picture.*



*Figure 3: A view of the culvert (top left) and the scour valve visible at the base of the trench.*

On the morning of Friday 19th March, the sump was dug out and piping installed (Figure 4) to remove any discharge and eliminate any contamination potential with headworks being completed in the following week. Extensive reticulation flushing was undertaken commencing the afternoon of Friday 19th March and completed on Saturday 20th.



*Figure 4: Pipe extension attached to both the culvert and replaced scour valve outlet.*

While the scour valve points to a likely source of contamination staff continued to seek out any potential source of contamination and to make improvements wherever they could be identified.

A scour valve on Lincoln Road was found to not have been installed as required from a recent development and was recognised as leaving a potential 70m of pipe work without a flushing point.

The line has been flushed and the scour valve is being installed immediately.

An air valve along Brooklyn Road was dismantled, inspected, super chlorinated and returned. The concrete reservoir at the Kaipaitangata was drained, inspected, and cleaned with a super chlorinated mix.

All smart meter data was examined and a new reading was conducted to identify any potential backflow issues. Some negative numbers on the readings were physically checked and found to be replacement meters on some previous faulty meters. The new meters started at a zero count and were less than the old meters and showed up as potentially allowing for backflow, but this was eliminated as a potential source.

On 1 April 2021 a further low-level E. coli reading was reported at Fisher Place.

At the Lincoln road end of the main trunk line there are several valves to stop water entering onto the reticulation system from the Kaipaitangata when the Frederick Street bores are in use. Two valves had been closed to prevent this happening. Both the pressure reducing Bermad valve and butterfly valve were inspected to ascertain if there were any water passing from the main trunk line into the reticulation system. The Bermad valve position indicator was replaced but there was no physical water movement found between the main trunk line and the reticulation system.

Leak Detection Services were engaged to seek out any leaks in the network that may present an avenue for possible contamination. Leak Detection Services use audio detection techniques to identify constant water flow, and combined with a pressure drop, a potential source of contaminant egress. These services are regularly employed by CDC to survey the reticulation system and were last on site in January 2021. Any audio identification of an underground leak can mask any others that may be in the area and it was for this reason Leak Detection Services were asked to return. The reticulation system had not had any reduction in pressure across the entire time period making leak egress a low possibility of contamination.

CDC were notified of a leak on the corner of Lincoln/Victoria which was immediately repaired.

Some of the contamination readings and timings of those readings coincided with sub-division water connections. It is possible that during connections when water mains are turned off (and therefore no pressure drop detected) and new lines connected contaminants could enter the system if the new lines had not properly been treated. When one of these connections was transferred to Council ownership and Council undertook a precautionary flush of the line, particulate matter was

identified in the water. Contractors are now only permitted to connect to the Council water mains if they have pre-approval to do so.

## **8. FREDERICK STREET PLANT UPGRADE**

Council are mid-way through a planned upgrade of the Frederick Street treatment plant. The timing of the upgrades has been constricted due to the requirements of having to rely on supply through the Kaipaitangata treatment plant while working on the Frederick Street plant.

The Kaipaitangata is a surface take that we cannot use if flows are below 83 litres per second and will also shut down with high turbidity readings. The window for work to be undertaken on the Frederick Street plant needs to fit within the window of water availability, i.e. outside summer months and weather forecasting. Heavy rain will increase the turbidity of the water and trigger an automatic shutdown of the UVs. We are reluctant to rely on weather event forecasting for any more than 3 or 4 days in advance therefore work on the Frederick Street plant needs to be staged so that each tranche of work must be in a 3 to 4-day window.

Furthermore, the availability of supplies is currently not easily sourced. All parts and potential parts (should other items be identified during a particular tranche of work) must be on-hand prior to work commencing.

The upgrade of the Frederick Street plant was identified by CDC as a suitable funding mechanism for the Three Waters funding received by Council in November 2020. Council had received \$300,000 plus its own planned capex expenditure to undertake the work.

This work is a high priority and will be accelerated as much as possible within the limitations described. The upgrades include the installation of a new power supply, new cabinets and wiring for SCADA. New variable speed drives for the reticulation pumps, automatic switch overs to generator during a power outage, new chlorine dosing pumps and SCADA control. All plant, equipment, and controls have been incorporated into new schematics.

## **9. FURTHER STEPS**

New sampling storage procedures have already been put in place requiring the purchase of a dedicated sample fridge and separate area to hold sampling equipment.

A database for collation and centralisation of sampling data has been obtained to aid in trend identification and will hold all Council testing data.

Epro NZ has been contracted to undertake CDC's Drinking Water Safety Plan in line with new Drinking water Standards as outlined by Taumata Arowai. The Drinking water standards are still in draft form and the plan will be submitted at the end of the year when more certainty of the requirements are known.

CDC has reduced to twice weekly testing as advised by the Drinking Water Assessor, coupled with real time monitoring and recording for free chlorine levels with daily flushing.

Lutra have been tasked to provide a detailed review of the Kaipaitangata plant to ascertain what, if any, upgrade requirements may be necessary in the future.

## 10. CONSIDERATIONS

### 10.1 Climate change

There are no climate change considerations for this report.

### 10.2 Tāngata whenua

There are no impacts specific to Tāngata whenua in this report.

### 10.3 Financial impact

The costs associated with the E. coli response were not budgeted for and are yet to be collated for unbudgeted expenditure considerations.

### 10.4 Community Engagement requirements

This report summaries high-level responsive work already undertaken and there is no consultation required.

### 10.5 Risks

There are no risks with this report.

## 11. RECOMMENDATION

That the Committee:

1. **Receives** the report.
2. **Notes** the events in relation to elevated E-coli in the Carterton drinking water supply.
3. **Notes** the responses to the E-coli, and **agrees** the responses were appropriate for the circumstances.

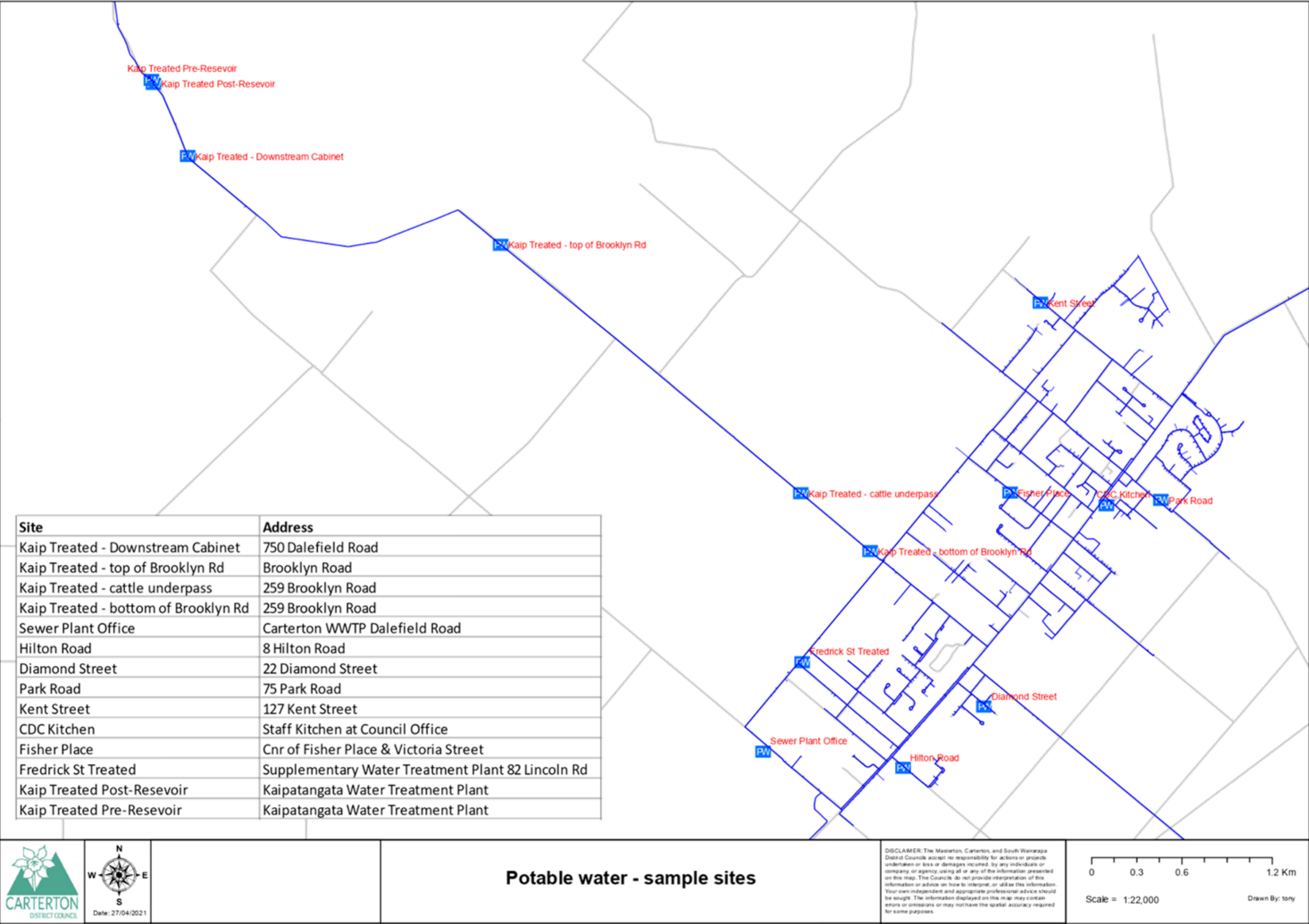
**Notes** the Frederick Street treatment plant upgrade and the further steps being taken will enable the Council to meet the Drinking Water Standards.

**File Number:** 127456

**Author:** Dave Gittings, Infrastructure, Planning and Regulatory Manager

**Attachments:** 1. Testing Sites Map [↓](#)







## 6.3 WASTEWATER TREATMENT PLANT UPGRADE PROJECT UPDATE

### 1. PURPOSE

For the committee to receive an update on the progress with the wastewater treatment plant upgrade project.

### 2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

### 3. BACKGROUND

Prior to 2014 the Council had operated a traditional sewerage treatment and discharge regime, with treated wastewater being discharged into the Mangatāre Stream on a regular basis when the flows were high. The method of wastewater treatment and disposal included tertiary treatment processes located on the Council's land fronting Dalefield Road. The three stage treatment process was followed by seasonal irrigation of a relatively small proportion of the final effluent on approximately 3.0ha of land adjacent to the treatment plant, with a larger proportion discharged to an unnamed drain upstream of its confluence with Mangatāre Stream.

The neighbouring Daleton Farm property was purchased in 2012 with the view to developing a land discharge system. The wastewater treatment plant upgrade project started in earnest in 2013, following the granting to the Council of short term consents for the discharge of treated wastewater and related discharges. All consents expired in 2017. The Council was required to renew the consents by April 2017.

Early in 2014, Council adopted a long term vision of removing all effluent discharges to water other than in exceptional circumstances. The project to develop Daleton Farm then began, underpinning information collection to support the 2017 consent renewal process.

The Council sought a further short term consent to allow the discharge of treated wastewater onto land (Daleton Farm) using a pivot irrigator. This allowed deficit irrigation, over an area of approximately 20ha via a "smart" centre pivot irrigator, installed in 2014.

The short term consents allowed the Council to gather data and carry out investigations on the land discharge option.

The Council then spent the next three years designing the upgraded treatment and disposal project and preparing resource consent applications. In December 2016 the Council adopted a strategy for the upgrade, which formed the basis of the applications. In summary the strategy was:

|                      |   |
|----------------------|---|
| Stage 1 (2015-2017)  | <ul style="list-style-type: none"> <li>– Continue inflow &amp; infiltration investigations.</li> <li>– Continue network condition assessment, rehabilitation &amp; replacement.</li> <li>– More tightly manage trade wastes.</li> <li>– Implement the 2014 consent for Stage 1 irrigation to land on Daleton Farm.</li> <li>– Install UV disinfection.</li> <li>– Operate and monitor the environmental effects of land irrigation</li> <li>– Prepare application for replacement consents informed by monitoring data (for lodgement April 2017).</li> <li>– Develop sustainable land use practices on Daleton Farm</li> <li>– Pilot scale test and design Sequential Batch Reservoirs</li> <li>– Line the inlet and outlet channels and replant the existing wetlands</li> </ul>  |
| Stage 2 (2018-2025)  | <ul style="list-style-type: none"> <li>– Construct on-site Sequential Batch Reservoir treatment and storage on Daleton Farm (100,000m<sup>3</sup>).</li> <li>– Relocate the existing stream discharge to the lower reach of Mangatāre Stream immediately above the State Highway 2 bridge and close to the confluence with the Waiohine River.</li> <li>– Install second centre pivot and extend on-site irrigation area.</li> <li>– Discharge to stream during high stream flows (except in rare events when extreme weather conditions overwhelm on-site storage capacity).</li> <li>– Further develop amenity wetlands.</li> <li>– Continue inflow &amp; infiltration investigations including interception and lowering of shallow groundwater.</li> <li>– Continue network condition assessment, rehabilitation &amp; replacement.</li> <li>– Continue to tightly manage trade wastes.</li> <li>– Progressively investigate opportunities for supplementary land for additional storage and irrigation.</li> <li>– Develop sustainable arrangements that facilitate long term security of tenure over privately owned land available and suitable for irrigation.</li> </ul> |
| Stage 3 (2026-2045+) | <ul style="list-style-type: none"> <li>– Progressively expand supplementary bulk storage capacity for treated wastewater off-site as land becomes available and is affordable (land additional to Daleton Farm).</li> </ul>   |



|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>– Extend irrigation to land additional to Daleton Farm as suitable private and/or Council-owned land becomes available and is affordable.</li> <li>– Continue irrigating treated wastewater to Daleton Farm.</li> <li>– Continue high-flow stream discharge until an alternative option was implemented.</li> <li>– Continue inflow &amp; infiltration investigations.</li> <li>– Continue network condition assessment, rehabilitation &amp; replacement.</li> <li>– Continue tightly managing trade wastes.</li> <li>–</li> </ul> |
|--|--|

The issues the strategy was seeking to address included:

- High infiltration rates entering the pipe network, necessitating an ongoing programme of investigations, assessment, interception of groundwater and/or repair and replacement to reduce unwanted inflows to the wastewater treatment plant;
- Meeting forecast future increased wastewater generated by residential growth;
- The impact of trade wastes on treated effluent quality;
- A tightening of environmental standards signalled in the GWRC Proposed Natural Resources Plan and early outputs from the Whaitua planning process; and
- The importance of using existing wastewater facilities as efficiently as practicable by optimising the capacity of the existing WWTP and Daleton Farm; and
- The importance of achieving a high degree of certainty in giving effect to the Strategy.

In the Council's 2015-2025 Long Term Plan a capital budget allocation of \$2,753,720 was included for the majority of the Stage 1 work and for Stage 2 of the project. In 2016, through the 2016/17 Draft Annual Plan process, the Council decided to advance the project by one year and increase the reservoir capacity by an additional 100,000m<sup>3</sup>, giving a storage capacity of 200,000m<sup>3</sup>. This was budgeted to cost an additional \$500,000.

Consents were sought and granted in 2017 as planned. The consents have a 35 year period. Subsequent to the consents being granted the project team further developed the detailed design work and budgets. The 2017/2018 Annual Plan included a revised budget estimate of \$8.1M for the project post the initial preliminary land purchase and short term consent and up to the end of Stage 2.

Since that time how the project has been described has changed and is now described as the following 4 stages (the previous Stage 2 now being split into Stages 2 and 3):

Stage 1: Activities up to granting of the 35 year consents

Stage 2: Construction of the reservoirs and on-site earthworks, including the moving of the ephemeral stream

Stage 3: Pipework and pumps, including the stream outfall.

Stage 4: Total removal of the stream discharge,

**4. CONSTRUCTION OF STAGES 2 AND 3**

A detailed construction plan, procurement plan and risk register were prepared in mid-2018, ahead of tendering the construction.

The stopping of treated wastewater discharges into surface water, is now referred to as Stage 4.

**4.1 Project oversight**

At the beginning of the construction period the Council established a Governance Group to oversee the project and guide the project manager. The Governance Group included elected members as well as the Chief Executive and Manager Infrastructure and Services. The group has met regularly through the construction phase, receiving regular reports from the project manager and reviewing the contract and project progress.

**4.2 Stage 2 works*****Tender process***

A tender process for the stage 2 works ran in October 2018. Three tenders were received. The pre-tender estimate for the work, inclusive of the completion of the ephemeral stream relocation work and inclusive of a 10% contingency allowance, was \$4,326,500 GST excl. In addition to the fixed price there was also a number of rates for additional works included in the tender, as requested in the Request for Tender.

The Council's construction supervision costs were estimated to cost \$150,000 - \$200,000.

The Tenders Committee considered the tenders at a meeting on the 21st November 2018. Three tenders were received, ranging from \$3,431,718 through to \$5,603,276. Only one tender price was within the cost estimate. The recommendation from the contracted advisor was to accept the lowest price tender, noting that there were associated risks. These risks would be mitigated by the bond and retention provisions in the contract, and due diligence having been undertaken on the company.

The Committee discussed the risks and concluded they could be even further mitigated by frequent and regular communications between the Council's project manager and the contractor, the presence of the principal onsite and keeping some contingency in the Council's budget (i.e. assuming for budgeting purposes the original budget estimate).

The Tenders Committee were also notified that there may be delays to the start of the contract arising from mudfish relocation, and that this could incur additional costs to the Council.

The tender was subsequently awarded to Central Hawkes Bay Earthmovers (CHB) Ltd. It was expected Stage 2 would be completed by 30th May 2019.

***Progress with Stage 2***

The project to date has had five issues:

- i. Mudfish relocation
- ii. Unsuitable material and additional drainage works
- iii. Contractor time delays
- iv. COVID-19 time delays
- v. Ephemeral channel relocation.

These are discussed briefly below.

*i. Mudfish relocation*

Following the contractor establishing on site the first task was the mudfish relocation. Translocating the mudfish from the farm drains on the property at the location of the planned reservoirs, was a condition on the resource consent.

A survey undertaken in 2017 found 25 brown mudfish and three short-finned eels in the drains. The assumption was that the translocation process would therefore be straightforward and quick.

In May 2018 an external peer review report had been prepared for the Council on the methodology for mudfish translocation. The proposal was to move the fish from the drains into the amenity wetland at the south-eastern corner of the farm. Some modifications to the wetland had been made to improve the likelihood of the wetland habitat being suitable, including the placing of logs in the wetland. The report confirmed the Council's proposed methodology.

When the translocation exercise started in late 2018 two things quickly became apparent: there were many more mudfish in the drains than had been predicted, and the wetland did not provide a suitable habitat for the mudfish. This resulted in a significant time delays and costs to the project. The costs included:

- Ecologists and their costs of \$160,305 (of which approximately \$60,000 was already budgeted for the mudfish translocation)
- Meeting the Regional Council's requirement for the 600m of drains to be recreated between the wetland and reservoirs \$49,000
- Claims by CHB. Until the mudfish translocation had been completed the earthworks for the reservoirs was delayed. The total mudfish exercise delayed the project by an estimated two months and cost the project an additional \$132,862 in claims.

In total, the additional mudfish costs were in the order of about \$280,000.

*ii. Unsuitable material, additional drainage works, etc*

The second issue for the project was the unforeseen conditions on the farm. This required the removal and replacement of 62,150m<sup>3</sup> of suitable fill within the footprint of the new reservoirs but has resulted in a safer dam.

It is well known that the costs and risks inherent in this type of earthworks project depend upon the knowledge and understanding of below-ground conditions. It was in the interests of the council to thoroughly consider putting in

place a plan to control the potential risks with insufficient ground investigations. Council did this by employing an experienced Geotechnical Engineer with a proven track record and relevant experience and who also had the specialist staff with the necessary technical skills.

The detailed geotechnical investigations were completed in mid-2016 by Tonkin and Taylor (T&T) in conjunction with the Council's first project team. However, before this and during the previous stages of ground investigations for the Daleton Farm the Council project team had also completed eleven trial pits, four of these were located within the footprint of the reservoirs, and they showed suitable material. The information from these pits was used to assist T&T in their planning of where to conduct further investigations. In total three machine boreholes (up to 12m deep), sixteen test pits, and twenty-five cone penetration tests were undertaken across the site to investigate the underlying soils. Due to boggy conditions, some locations could not be tested as it was not practical for the test equipment.

This was a highly complex subsurface stratum, where over time, not only natural changes but possible human intervention may have altered aspects of expected geological characteristics resulting in less predictability for the Engineers when inferring subsurface data. Various vanes of suitable and unsuitable littered the site and much like a Waffle. As an example, the construction team discovered organic deposits in the form of old totara trees that had fallen and were in a decomposed condition.

Upon review, any decision to increase the spending on the geotechnical investigation would have only added to the overall costs of removing unsuitable materials.

Following the review by Wellington Water in June 2018, the Council re-activated T&T, engaging them to proceed with the detailed design.

Areas of unsuitable material were identified at the time of tender, and an allowance made of 8,870m<sup>3</sup> along with a 10% tender contingency (\$343,171). However, a significant quantity of suitable material within the footprint of the new reservoirs was necessary, a result of the underestimated unsuitable material volume due to limitations on the pre-construction site investigation discussed above. Once removed additional drains had to be installed to deal with the high flows and needed to be installed before placement of good fill. The tender covered for over pumping to a depth of 2m, however, excavations went another 4m and this was treated as a variation. This additional dewatering equipment was required to remain operational while the fill was placed, and until they could be linked into the collector drain system.

The Engineer's assessment of time extensions recognised that work was likely to have been slower than anticipated. There was a resulting loss of productivity due to the unsuitable material which the Engineers estimated to be 50% and therefore tendered rates were adjusted.

CHB's speed to move the material was significantly less than the rate they included in the tender for the cut to fill on-site. The extensions of time applied

for by CHB were evaluated by the T&T Engineer and CHB was awarded a 2-month time extension.

Given the total cost paid to CHB for the unsuitable material, and the time delays caused by the slower than expected performance of the contractor, officers ran a calculation to compare the costs that would have been incurred had the next lowest tenderer been awarded the contract. The following is the cost comparison:

|                      |                    |
|----------------------|--------------------|
| CHB's costs          | \$1,601,687        |
| Next lowest Tenderer | \$2,686,179        |
| <b>Difference</b>    | <b>\$1,084,492</b> |

What this shows that, while CHB's slow productivity has caused major time delays, the cost savings of opting for the lowest tenderer on the unsuitable material costs alone are significant.

### *iii. Contractor time delays*

All extensions of time applied for by Central Hakes Bay Earthmovers (CHB) for which are the responsibility of the Council have been evaluated by the Engineer at T&T. On top of the mudfish and unsuitable material issues, other delays that affected critical path work have been awarded to CHB, for example, but not limited to inclement weather, borrow source fill, tree removal, and drainage blanket. This resulted in CHB receiving an eight-month extension, moving the contract completion date from the 30th May 2020 to the 21st February 2021.

CHB's poor contract performance has culminated in a further 12-month delay for which CHB has been taking responsibility at no cost to the council. CHB is currently reporting to Council a completion date of early June 2021.

The CHB delays have caused consequential project supervision costs. Following the completion of the design and tendering of the reservoirs, T&T was engaged in the daily site monitoring, supervision, contractual management. Following the tender report recommendations Council supplied our project manager for three days a week as the Engineer's Representative's assistant to complete the daily site observations and reporting to the Engineer.

Initial costs were forecasted at \$136,000 to June 2019, however, two years on costs are forecasted to be \$550,000 to June 2021. Under the general conditions of the contract, there is a provision for time-related damages (against the CHB) of \$6,460 per week to cover this additional cost.

There was one benefit from the discovery of the unsuitable material. The second pivot irrigator receiving area was highly undulating providing a place to deposit unsuitable material. By landscaping low lying areas that would have been susceptible to ponding, it increased the amount of water that can be used to irrigate. It also reduced potential cartage and dump costs of removing the material to farther areas.

### *iv. COVID-19 time delays*

NZ moved to COVID-19 Alert Level 4 on 26 March. Most active construction and infrastructure worksites were closed down for an initial period of four weeks. This had consequences on the timing and costs for delivery of this project. According to the terms of CHB's contract with the council, CHB was entitled to recover dis-establishment / re-establishment and the additional safety costs. The Engineer awarded them \$16,731, but as the contract completion date was before lockdown, they were not entitled to recover time and other related costs resulting from the 4 week lockdown period.

Weather conditions during lockdown were suitable for earthmoving. This, therefore, was a critical loss of productive time, and re-commencing in less desirable conditions resulted in further delay. Though a winter shut down was expected CHB chose to work through their second winter.

*v. Ephemeral channel relocation*

Included in the resource consent was the relocation of an existing ephemeral channel running between the southern boundary of the existing WWTP and Gallon Road. The work involved filling the old channel and excavating a new channel along the western boundary of the farm.

The work to relocate the channel was started in early 2018, but at the time the volume of material involved was significantly underbudgeted, and therefore the budget of \$100,000. A contractor engaged to do the work stopped after the budget was spent, with around a third of the project completed. At that point the work was halted and rolled into the CHB contract when it was awarded, using the CHB material volume tender rate. This work was again stopped partway due to the contractor's poor performance. A third contractor was then engaged to complete the relocation.

CHB had included in their claims for the ephemeral stream relocation some work to smooth the ground under the proposed second pivot. This has meant considerable time and effort has been used to extrapolate exact costs for pivot work and ephemeral stream relocation work.

In total, the cost of the ephemeral channel relocation was \$300,000.

**4.3 Stage 3 works (including 2<sup>nd</sup> pivot irrigator)**

The design work for stage 3 pipework, pumps, electrical, and controls were completed between November 2018 and April 2020. The tender was openly advertised on the council's public tender link in May 2020. Two tenders were received. The pre-tender estimate for the work was \$2,987,559 GST excl. Council construction supervision costs were planned to be carried out in-house were estimated to save the council \$100,000 - \$150,000.

The Tenders Committee considered the tenders at a meeting on the 8th July 2020. Two tenders were received, ranging from \$3,537,313 through to \$3,684,503. Neither price was within the cost estimate. It was reported in the tender report *"we are seeing a lower project risk appetite in a fragile construction sector and therefore it appears that uncertainty had been priced into the tender as it was 18% above the Engineer's estimate."*

The pipe supply, mechanical, electrical, and controls costs were all higher, indicating a higher risk and complexity than the Engineer's estimate.

It was advised that a do-nothing approach was not an option as the Council needed to achieve the new consent deadline of Jan 2023. Further two options were presented.

*Option 1: going back to the market*

Choosing not to award and going back to the market was identified as having an element of risk as we did not understand the long-term effects of COVID-19 and what this meant moving forward. The DIA's Agile Procurement report at the time identified that, in the water sector, market conditions had potentially turned the market from a 'buyers' market to a 'sellers' market. Should this option have been considered by the governance committee then it was advisable to reconsider an alternative approach to the market however, this would have required further time and costs to develop.

*Option 2: Negotiating with the preferred tenderer*

Accept the preferred tenderer and negotiate with a view that both parties will commit to a collaborative approach in achieving both parties' outcomes. We consider that the tenderer would be open to this approach and that further value-added solutions, innovation, and risk-sharing are available for some parts of the contract works. We advise that this approach will increase the possibility of eliminating the need for the 10% contingency provision and also lessen the risk for escalation of project costs.

The committee discussed these options and agreed on Option 2. Ordish and Stevens (O&S) were approached and agreed to enter into negotiations with a view to contract. Value-added solutions were considered, and the tender was eventually awarded to O&S for \$3,244,592.33 GST excl GST.

It was expected Stage 3 would be completed by 30th April 2021.

**5. ESTIMATED COMPLETION OF CONSTRUCTION**

We are getting closer to the completion of the wastewater treatment plant reservoirs with the lining of the three ponds. This is scheduled to be completed by early June although the work is, and has been, heavily weather dependant. Mild winds or light rain can, and have, delayed the preparation or installation of the liner.

Pipework to the new reservoirs was installed between September and November 2020. The remaining work connecting to the reservoirs can commence once the reservoirs are completed. Based on CHB's program pushing the completion date into winter a shutdown will be necessary, but the reservoirs can still be connected by the end of next summer within the consent timeframe.

**6. PROJECT FINANCIAL SUMMARY**

The preliminary stages involved the Daleton farm purchase in 2012, initial short term consents, the planting of the shelterbelt and power. The total expenditure during this stage was \$4,044,585.

The Stages 1 through to 3 budgets and expenditure are set out below. The budget figures reflect Annual Plan provisions over the period 2014-2021. The expenditure reflects actual expenditure over the period to 2019/2020, and projected current year expenditure 2020-2021.

| <b>Activity</b>  | <b>Budget</b>       | <b>Expenditure</b>  |
|--|---------------------|---------------------|
| <b>Stage 1 Development</b> <ul style="list-style-type: none"> <li>Investigation and design</li> <li>Wetlands refurbishment</li> <li>Upgrade existing treatment plant</li> <li>First pivot irrigator</li> <li>35 year consents</li> </ul> | \$4,500,180         | \$2,678,560         |
| <b>Stage 2 Reservoirs and ephemeral stream relocation</b> <ul style="list-style-type: none"> <li>Investigation and design</li> <li>Reservoir construction</li> <li>Wetland refurbishment</li> <li>Ephemeral stream relocation</li> </ul> | \$5,067,930         | \$5,503,480         |
| <b>Stage 3 Pumping and pipeworks</b> <ul style="list-style-type: none"> <li>Investigation and design</li> <li>Pumps and pipes</li> <li>Second irrigator</li> </ul>   | \$2,694,260         | \$3,504,350         |
| <b>Construction total</b>  | <b>\$12,262,370</b> | <b>\$11,326,390</b> |

The estimated costs to complete (2021-2022) is \$400,000. The current draft 10YP include provision for \$106,000. The additional \$300,000 will be included in the final 10YP to be adopted in June. The additional provision will have a negligible impact on borrowing levels and will add \$18,000 annually to the rates.

## 7. NEXT STEPS

The project is not yet completed, but we are still within the time period of our consents to have the reservoirs operating. Once the physical works on the site are completed the upgraded plant will be commissioned. This will be led by the Council's Operations Manager (a qualified wastewater engineer) with assistance from external specialists if required. The Council's Project Manager will manage the commissioning.

The Council is currently in talks with a third party who is likely to lease part of the farm and use the treated wastewater. A decision on this alternative arrangement



to the planned second pivot irrigator is expected to be made by the end of the current financial year.

Stage 4 is currently being investigated, with the possibility of bringing this stage forward. This will be the subject of a report to the Council at its meeting on 12th May.

It is recommended, given the size of this project, a full independent review is undertaken at the conclusion of the project to identify any shortfalls on the Council's part with the project, and any lessons we can learn for future projects.

## **8. CONSIDERATIONS**

### **8.1 Climate change**

The matters for consideration in this report do not impact on climate change however, the wastewater treatment plant upgrade has considerable positive effects on the environment by being able to dramatically reduce wastewater discharge to the Mangatārerere Stream and associated water bodies.

### **8.2 Tāngata whenua**

There are no matters in this report that are of particular relevance to tāngata whenua. Mana whenua representatives have been involved with the project throughout its progress.

### **8.3 Financial impact**

See sections above.

### **8.4 Community Engagement requirements**

The matters for consideration in this report do not require community engagement.

### **8.5 Risks**

Risks have been managed through the project, including the maintenance of the project risk register.

## **9. RECOMMENDATION**

That the Committee:

1. **Receives** the report.
2. **Notes** the progress and timelines associated with the project and the financial results.
3. **Agrees** to undertake a review of the project once it is completed.

**File Number:** 127524

**Author:** Jane Davis, Chief Executive

**Attachments:** Nil



## 6.4 REVIEW OF CLOCKTOWER EARTHQUAKE STRENGTHENING PROCESS

### 1. PURPOSE

For the committee to receive a report on the procurement and contract management process to earthquake strengthen the Carterton Clocktower.

### 2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

### 3. BACKGROUND

The Carterton clocktower was found to be earthquake prone in 2015. Included in the 2016/17 Annual Plan process was consultation around whether the community wished to retain or remove the clocktower. The consultation included the cost estimate of \$270,000 to strengthen the clocktower, with an alternative option to demolish it. Strengthening the clocktower was confirmed in the Plan.

The Council undertook a tender process to identify a contractor to carry out the works. The company awarded the contract left the project part-way through and another tenderer was contracted to complete the strengthening works.

Paul Crimp was asked to review the process for the procurement of the strengthening works, and the oversight of the works. The purpose of the review was to identify any lessons the Council can learn from the process. Excluded from the review were all matters relating to the colour scheme and the development of the park under the clocktower. Paul is an accountant and has been an auditor, which made him suitably qualified to carry out the review. At the time he was in the Council's Corporate Services Manager role, in a temporary capacity.

### 4. DISCUSSION

**Attachment 1** contains the review.

### 5. NEXT STEPS

The review findings will be applied to future procurement processes. At its June 2021 meeting the Policy and Strategy Committee will also consider an amendment to the current Procurement Policy to clarify the Council's preference for quality of service, overall cost and timeliness (in that order) when awarding of contracts.

### 6. CONSIDERATIONS

**6.1 Climate change**

Climate Change considerations form part of the Council's Procurement Policy.

**6.2 Tāngata whenua**

N/A

**6.3 Financial impact**

The review of the clocktower strengthening process will assist with managing budgets for significant projects in future.

**6.4 Community Engagement requirements**

N/A

**6.5 Risks**

The review of the clocktower strengthening process will assist with managing risks for significant projects in future.

**7. RECOMMENDATION**

That the Committee:

1. **Receives** the report.
2. **Notes** the review of the clocktower procurement and contract management process.

**File Number:** 127563

**Author:** Jane Davis, Chief Executive

**Attachments:** 1. Clocktower Earthquake Strengthening Project Procurement Review [↓](#)

## **Review of the procurement of the strengthening of the Carterton Clocktower**



**Purpose:**

This is a review of the process and outcomes in relation to the procurement of the strengthening and refurbishment of the Carterton District Council clocktower.

**Executive Summary**

- Earthquake strengthening analysis was undertaken within the statutory timeframes
- Consultation on a project of this nature met the requirements of the Local Government Act, and the incorporation of this process in the Annual plan ensured appropriate financial approvals were in place.
- External professional expertise was retained to source and manage the procurement
- Appropriate due diligence was carried out prior to the acceptance of the M B Brown Ltd tender, matters identified during the tender evaluation phase were clarified prior to acceptance of the tender.
- The project was complicated by the discovery, part way through the project, of poorly compacted concrete, which then led to reinforcing steel corrosion requiring additional remediation.
- Project timeframes were extended due to M B Brown Ltd project management team's difficulty in finalising a plan describing how they would deliver the project. This was further complicated by the discovery of the concrete issue discussed above
- Project management systems and process implemented for this project identified issues the contractor was experiencing; the collective decision was that termination was the best course of action
- The exit of M B Brown Ltd, and commencement of Holmes Construction Ltd did not in and of itself require any additional work to be undertaken by Holmes Construction Ltd
- Due to the issues experienced by M B Brown Ltd, and the transition to Holmes Construction Ltd, additional professional advisors' fees were incurred.
- The national Covid 19 restrictions hindered progress as can be expected.
- The procurement process aligns to and follows Councils Procurement Policy
- Inhouse contract management has improved with the appointment of the Project, Contract, and Procurement Officer
- A Code of Compliance should be applied for to complete the project

**Background:**

During May 2015, the clocktower was assessed as earthquake prone, being approximately 20% of the requisite standard.

This assessment triggered the requirement to remediate, or remove, within 15 years.

Included in the 2016/17 Annual Plan process was consultation around whether the community wished to retain or remove the clocktower. The consultation included the cost estimate of \$270,000.

Following this consultation process, Council resolved to retain the clocktower and strengthen the structure to meet the required standards.

A review of this procurement process has been requested.

## Review Process

During the course of this review, reference was made to:

- Procurement Policy
- Best practice guides
- Document (including documents held electronically) review
- Review of email correspondence
- Discussions with advisors LGE and WSP Opus
- Discussions with relevant CDC staff

## Discussion

The contemporary view on procurement is that procurement is not just the actual purchasing of a good or service, but includes problem identification and definition, procuring the goods or services, ensuring the goods or services are to a good standard (contract and / or project management), and on key projects, reviewing the process for learnings.

Procurement at Carterton District Council is guided by the current Procurement Policy (The Policy). The Policy was due for review November 2021 (currently under review) however was current and operative for most of the procurement process.

There are best practice guides available from the Office of the Controller and Auditor General.

The Policy defines procurement as:

*Procurement refers to all of the business processes associated with the purchase of goods, services, and works by Carterton District Council. Procurement spans the whole cycle from identification of need through to the end of a service contract or the end of the useful life and the subsequent disposal of an asset*

For a procurement of this value and complexity, The Policy indicates:

*\$150,000 and more All purchases with a total value equal to or greater than \$150,000 must be by way of open tender in accordance with a procurement plan.*

*Notwithstanding the above requirements, the Chief Executive may exempt the requirement for quotes, or from open tender, if there is good reason to do so, for example where there is a specialist supplier, or urgency. This decision must be documented.*

The Policy is quite broad and wont be replicated here, however there are a number of principles that are incorporated including Value for money, Openness, Fairness, Accessibility, Integrity matters like buying local, and sustainable procurement.

This review covers the process identified in the definition

**Key Milestones**

## 2015

- May - Clocktower assessed as eqp at approximately 20% by LGE
  - 15 year window to effect remediation or remove

## 2016

- Annual Plan, consultation as to options, strengthen, or removal (funding included in 2017/18 annual plan at \$270,000)
- Cost estimate based on quotation for the work required.
- October - seismic structural drawings received

## 2017

- 31 March - building consent issued
- 28 June - Incorporated in draft 17/18 annual plan for consultation, adopted 28 June 2017 (\$270,000 approved)

## 2018

- January - Tenders let
- 22 May - tender price of \$224856.00 received from MBB
- 13 June - Tender acceptance letter sent
- July - Project commenced, 10 week programme

## 2019

- 11 March - work commenced
- 31 March - Progress claim 1 received period ended 31/03/2019
- 12 April - report from WSP re additional work required due to reinforcing steel deterioration, causing concrete to weaken
- 29 November - notice to terminate

## 2020

- 18 March - Additional funding approved of \$290,000 (making total approvals of \$560,000)
- 14 April - contract signed with Holmes Construction
- 4 May - Holmes take possession of the site

## 2021

- 18 January - practical completion certificate signed by WSP Opus
- April - CCC not yet applied for



**The Observed Procurement Process:**Problem definition

The clocktower was assessed as being earthquake prone May 2015

Decision

The community were consulted on the future of the clocktower, retain or remove.

Following consultation Council resolved to retain and strengthen, budget \$270,000 approved

Procurement

WSP Opus were appointed as advisors, and to undertake the procurement process

Three local suppliers, who were deemed capable of undertaking the project, were provided details of the project. Two formal tenders were received

The tenders were reviewed by a tender's review committee comprising Opus representatives Andrew Mason and Paulette Stewart, and the Carterton District Council Infrastructure, Services and Regulatory Manager David Gittings.

Following the above review, Opus clarified matters raised by the review committee directly with the tenderers.

The review group ultimately recommended M B Brown Ltd.

Project Delivery

M B Brown Ltd's tender was accepted July 2018. During July 2018 a 10-week programme of works was submitted outlining M B Brown Ltd approach.

When this programme was received, considerable discussion ensued as the programme seemed short on detail. This discussion, undertaken by our professional advisors added cost to the project.

This was not around executing the design, but the approach to how the work would be carried out.

M B Brown Ltd commenced work March 2019.

During April 2019, after removing some internal façade material, it was found inadequate concrete compaction (during the initial construction of the clocktower) had led to steel reinforcing corroding. This required further planning and design.

During the period April to November 2019, limited progress was made, due to the lack of a plan as to how to undertake the work.

As a result of this lack of progress and following discussions with M B Brown Ltd project managers, the decision was taken to terminate the contract.

Holmes Construction Ltd, as the only other tenderer were approached to ascertain their availability, and if available submit updated tender pricing.

This new pricing was in line with Holmes Construction Ltd initial tender (apart from an adjustment for inflation), adjusted downwards for the work M B Brown had already undertaken.

During April 2020 a contract was signed with Holmes Construction Ltd and construction commenced shortly thereafter.

The work progressed well, and in January 2021 the practical completion certificate was signed by the project managers.

A Code Compliance Certificate needs to be applied for.

## Project Management

Project management was observed to be appropriate for a project of this nature. In fact, CDC advisors involvement, particularly in the initial stages of the project was more than would be normally required.

This additional oversight was required to assist the contractor identify the actual program of works.

Regular onsite and offsite project meetings were held, attended by a minimum of Carterton District Council representative, and one or two Opus representatives (who were responsible for project management) MB Brown, and LGE. In addition, contractors attended the meetings as required depending on the stage of the project.

A number of additional meetings were required in relation to the transfer of the contract from MBB to Holmes. These meetings were felt to be appropriate in the circumstances.

Contract progress payment certificates, and contract variations were managed appropriately.

## Project costs and budget

|  |           |
|--|-----------|
| Total budgetary provision (\$270,000 + \$290000) | \$560,000 |
|--|-----------|

|              |                 |
|--------------|-----------------|
| Opex budgets | <u>\$55,000</u> |
|--------------|-----------------|

\$615,000

|               |           |
|---------------|-----------|
| Costs to Date | \$613,000 |
|---------------|-----------|

Excluded in the above cost summary is the cost for painting, my analysis shows this was originally to be undertaken separately from the main project (i.e. it was not included in the main tender). However, while the scaffolding was in situ, it made sense to have the painting completed at that time, accordingly Holmes Construction were asked to undertake this aspect. The cost of this amounted to \$55,000

## Recommendations

It is somewhat difficult to identify any recommendations in regard to the procurement process as the writer believes the process was robust and undertaken to a good standard.

The above said, there were significant issues in the delivery of this project.

The analysis of the correspondence, and there was quite a lot for this project, did not uncover any discussions prior to termination with the Principals of M B Brown Ltd, as soon as the issues in regards to the problems M B Brown Ltd project team had identifying the work programme .

While this should not be the responsibility of the client (or would even be deemed standard approach), as a local authority in a small community this should be a consideration.

Paul Crimp

## Corporate Services Manager

May 2021





## 6.5 IT SECURITY COMPROMISED ON INTERNAL COUNCIL SYSTEMS

### 1. PURPOSE

For the committee to be aware of an information technology security issue that has occurred and the implications.

### 2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

### 3. BACKGROUND

Carterton District Council depends on information technology. The technology that provide these services are complex in terms of the software and hardware. From time to time software (and hardware) suppliers become aware of issues with their IT. These have become known as “zero-day issues”.

Due to the nature of IT networks, an exploit on one service could mean that other services could be exposed to possible access. This includes the full MAGIQ Enterprise Solution, Asset Information, GIS Information, Water Services etc.

Because of this Carterton District Council subscribes to security alerts from CERT NZ, and other organisations that provide reliable information about potential issues, as well as continually reviewing IT security, reminding staff about their responsibilities, and maintaining contacts with other security departments across local and central government.

### 4. E-MAIL SERVER SECURITY SUMMARY

On the 24 March 2021, a central government team, which was running a response to recent zero-day issue, contacted Carterton District Council informing that that the onsite Microsoft Exchange server was likely to have been compromised.

Following analysis of data provided by the Council, the presence of malicious files was confirmed. We engaged the relevant teams within central government to provide incident response services to assess the scope and nature of the compromise.

Various network monitoring equipment was deployed, and forensic work was done on the Exchange Server.

It was determined that there had been no loss of data, even though the environment had been exploited.

**5. TIMELINE OF THE EXPLOIT**

The following is a timeline of the exploit:

1. Microsoft released the notice about the zero-day issue on the 3 March 2021.
2. The Carterton District Council Servers were patched by the 9 March 2021.
3. 24 March 2021 the response team contacted Carterton District Council.
4. Response team determined that the system had been compromised on the 28 February, before the zero-day issue had become public knowledge
5. Initial recommendations from security response team were quickly implemented to ensure that the exploit could not be used by third parties any more
6. Investigation followed by an Incident Analysis Report was completed on the 5 May 2021. It was determined that no data appears to have been transferred from the Carterton District Council network.

**6. NEXT STEPS**

The Incident Analysis Report will be reviewed to confirm the full nature of the compromise and determine if any recommendations need to be implemented.

The Incident Analysis Report supplied by central government is a restricted document due to the sensitive nature of some of the information that is contained within.

Any work that needs to be implemented will need to be reviewed to determine if it can be completed within the overall budget that exists for the IT environment.

The Privacy Commission will be informed about the result of the investigation.

Implementation of fixes, with respect to the future issues, will continue to be prioritised and implemented as needed, as was the case with four more issues with the Exchange Server which were announced during April 2021.

**7. CONSIDERATIONS****7.1 Climate change**

Nothing in this report is specific to climate change migration.

**7.2 Tāngata whenua**

Nothing in this report is of specific interest to Maori.

**7.3 Financial impact**

The items in this report are covered by existing budgets.

**7.4 Community Engagement requirements**

There are no decisions in this report that require community input.

**7.5 Risks**

The risks that still exist for the Council is a reputational risk. The breach is still a subject of the Privacy Act 2020 investigation and as such it has been reported to the Privacy commission.

**8. RECOMMENDATION**

That the Committee:

1. **Receives** the report.
2. **Notes** that IT security is an ongoing exercise against a moving target.

**File Number:** 127457

**Author:** David Johnson, IT Advisor

**Attachments:** Nil

## **6.6 HEALTH, SAFETY AND WELLBEING REPORT**

### **1. PURPOSE**

This report is to update the Audit and Risk Committee on recent health, safety and wellbeing (HS&W) activities.

### **2. SIGNIFICANCE**

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

### **3. NEW SINCE THE LAST REPORT**

The main focus for this reporting period, 4 March 2021 to 3 May 2021, continued to be the recruitment and induction of new staff, and the review of the 2018-2021 Health & Safety Strategy.

#### **NEW STAFF**

We have recruited 5 new permanent, and 6 casual and fixed term staff members since 4 March 2021. The casual and fixed term employees include Work and Income Project in the Community Workers, licenced Event Centre venue staff, and existing casual librarians backfilling permanent staff seconded to the National Library Programme. Robust processes are in place to ensure all new staff are appropriately welcomed, inducted, and feel and act safely in their new roles.

#### **HEALTH & SAFETY STRATEGY**

We are reviewing the 2018-2021 Health & Safety Strategy which includes a review of the strategy framework, an assessment of the progress and achievements, and the development of the 2021-2024 Strategy.

As part of the progress assessment and future strategy development, we will be undertaking a SafePlus survey with all staff. SafePlus offers a Government-endorsed model of what “good” health and safety practices and performance look like and initiates positive and ongoing change. By enabling in-depth conversations that include people at all levels of the organisation, the SafePlus toolkit supports organisations in developing a culture that includes everyone’s health and safety practices and ideas, to build a collective ownership of performance. The staff survey will help us assess our health and safety performance and provide tailored advice and guidance on improvements and focus areas.

## 4. HEALTH AND SAFETY STATISTICS

### Reporting period incidents

For this reporting period:

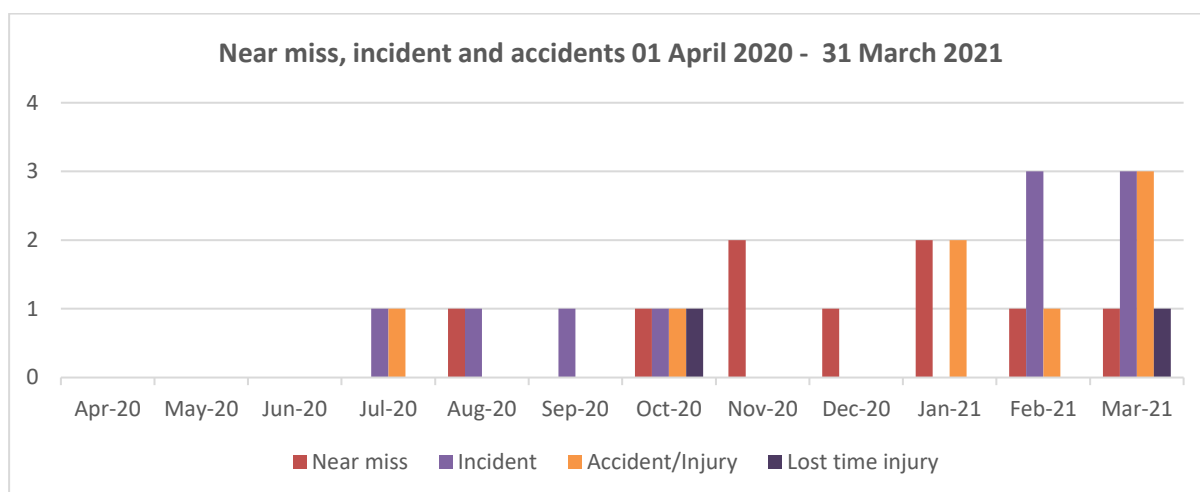
- 1 near miss has been reported
- 1 non-injury accidents/incidents has been reported
- 0 accidents resulting in minor injury have been reported

We are satisfied that the H&S Committee, and the responsible managers and team leaders, are taking appropriate actions in each case. None of the accidents have highlighted major systemic failings.

### Annual statistics

During the 12month period 1 April 2020 to 31 March 2021, 29 incidents were reported:

- 9 near miss incidents
- 10 non-injury incidents
- 8 incidents resulting in minor injury
- 2 lost time injury incidents



### Staffing

For this reporting period:

- 5 permanent staff members have left the organisation
- 5 permanent staff have joined the organisation
- 3 positions are currently open for recruitment.

## 5. ENGAGING WITH OUR PEOPLE

### Training

In March, 17 frontline and library staff attended customer service training to enhance their knowledge, understanding, and services for disabled and older

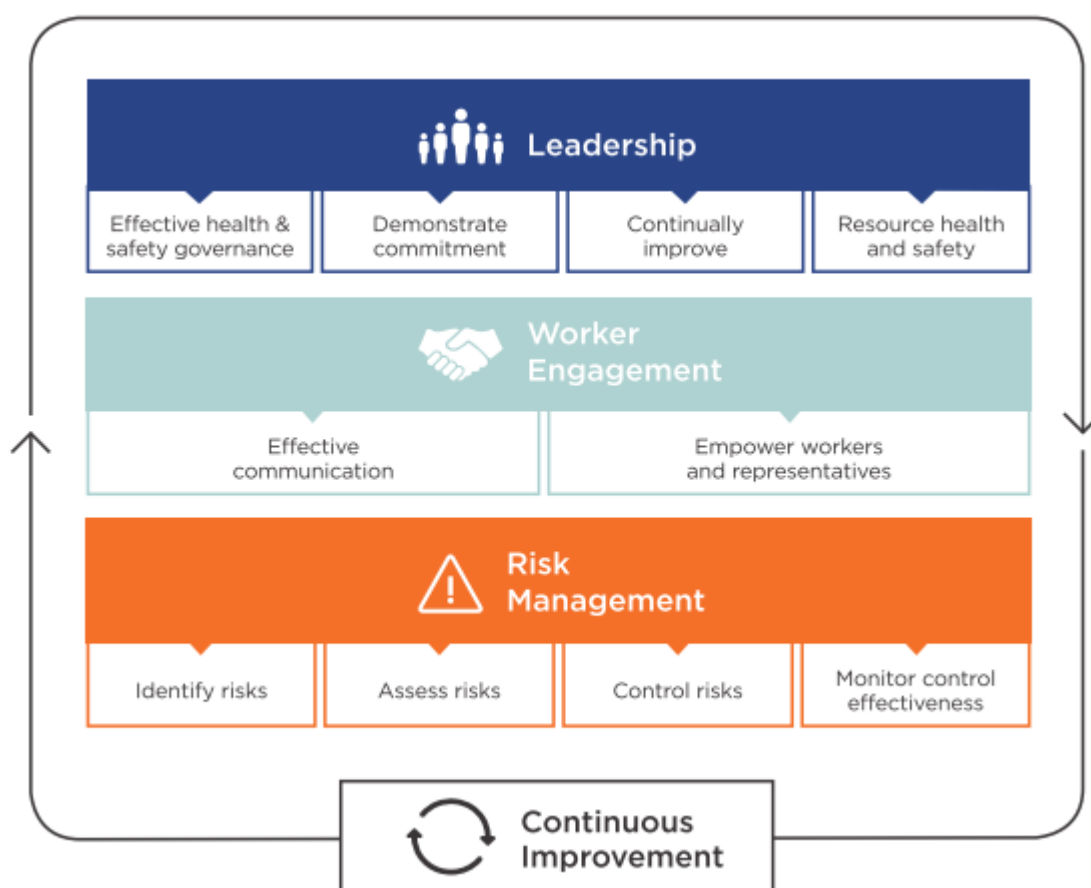


persons. The training was coordinated by the Positive Ageing Strategy Coordinator and delivered through CCS Disability Action. The training will support staff to identify and respond to any particular needs for older and disabled persons including providing safe accessibility to council facilities and services.

### SafePlus Survey

As explained above, we will be undertaking a survey to engage with staff, measure the progress and achievements of the current Strategy, and provide focus areas for the 2021-2024 Strategy.

The survey is designed for all staff and teams across the council. While primarily in a multi-choice, online format, we will work with staff where needed to complete the survey in a format best suited to them. The responses are anonymous and once completed, the assessment, which only takes a quick 6-10 minutes, goes back to SafePlus who collate the responses into a report. This report will identify the strengths in the three key elements of Leadership, Worker Engagement, and Risk Management, as well as identifying perceived gaps.



### Health & Safety (H&S) Committee

The Committee remain well engaged and committed to leading HS&W across the Council. Supported by the Health, Safety & Wellbeing Advisor, the Committee meet bi-monthly to report on HS&W issues, and to review

incidents, near misses and hazards. They are also currently involved in reviewing the Health & Safety Strategy, the annual review Hazard Register, and the development of the Wellbeing Strategy and Action Plan.

## 6. WORKING WITH OUR CONTRACTORS

We continue to work with our contractors to ensure that we have all the necessary H&S information to satisfy ourselves that they understand their obligations, they know what they are doing, and have competent employees doing it. We are also ensuring contractors' COVID 19 safety plans and protocols are aligned with council protocols and MOH guidelines.

## 7. FIVE BIGGEST HEALTH AND SAFETY RISKS

The five biggest Health and Safety risks are identified below with details about how they will be reduced, and when reduction measures will take place.

As reported at the last meeting, the H&S Committee have recommended a new risk to replace the 'Chemicals' risk previously monitored. The new risk is 'Staff Wellbeing' which has been endorsed by the Executive Leadership Team.

We have previously highlighted the importance of staff wellbeing in the development of our Wellbeing Strategy, however the responsibility to provide a work environment that is without risk to physical and mental health and safety, is quite clear in the Health and Safety At Work Act 2015.

Adverse staff wellbeing can result in stress and fatigue impacting on work performance and leading to poor judgement and decisions, mistakes, and work-place accidents.



WorkSafe's view of work-related health and wellbeing intervention

The H&S Committee have raised staff wellbeing as one of our biggest risks due to the exceptional circumstances that have impacted on the council over the past 12 months. These circumstances include the COVID-19 pandemic, a high number of staff vacancies, and increased work and service demands

such as the development of the Long-Term Plan, E-Coli response, and the building industry growth.

The updated five biggest risks are:

1. Contractors
2. Working alone and remotely
3. Under reporting
4. Behaviour
5. Staff wellbeing

## Health and Safety Risks

| Risk               | Description of Risk  | Controls and reduction measures  | Actions  |
|--------------------|--|--|--|
| <b>Contractors</b> | <p>Council hires contractors because it doesn't always have the expertise or capacity to undertake the activities.</p> <p>Contractors pose a risk principally because we have little control over their staff and their work standards while they are on the job. It is not possible for us to supervise them at a micro level. We are reliant on them to employ staff who are trained and competent to undertake the work assigned while at all times observing safe practices and their obligations under the Health and Safety at Work Act.</p> | <p>All contractors used by the council will have satisfied us that they have robust health and safety systems in place and that they understand their health and safety obligations to us and their staff. Discussions will be held with contractors before they commence any tasks and staff are expected to have had and recorded health and safety conversations.</p> | <p>Contractors have been asked to provide details of their health and safety systems. Information provided is being checked and accredited by council. Approved providers will be required to sign a contractor agreement. <b>ONGOING</b></p> <p>Briefing and induction processes including hazards and present controls are developed and are provided to appropriate council staff. <b>COMPLETE</b></p> <p>Site safety Checklists have been developed and are provided to appropriate council staff. Checklists modified to include what meets expectations and doesn't meet expectations. <b>COMPLETE</b></p> <p>Staff have attended the contractor management training and we are working with them on improvements to our system. We are currently trialling a simple app on phones which will help in recording health and safety interactions, conversations and monitoring of contractors. <b>ONGOING</b></p> <p>Contractor COVID 19 safety plans and protocols are reviewed to ensure alignment with council protocols and MOH guidelines. <b>ONGOING</b></p> |

| Risk                              | Description of Risk  | Controls and reduction measures  | Actions   |
|-----------------------------------|--|--|---|
| <b>Working Alone and Remotely</b> | Being such a small organisation, it is often impossible for staff to work in teams or even in pairs. Often staff are required to work alone and remotely where in some cases poor cell phone coverage is an additional factor. | All staff who work remotely or alone will be provided with in car radio transmitters and/or cell phones. They will be required to sign out before they leave, including their intended location and expected time of return. This will be monitored, and action taken in line with an emergency response plan if help is summoned or they fail to return by the expected time. They will be required to sign in when they return. They will be provided with a device to summon assistance which does not require cell phone coverage. | <p>All staff who work remotely or alone have a car radio transmitter and/or cell phones. <b>COMPLETE</b></p> <p>Sign out/in system in place but usage needs addressing. <b>ONGOING</b></p> <p>Monitoring of sign out/in system to be assigned. <b>ONGOING</b></p> <p>Remote contact devices have been distributed to teams who have people who work alone or remotely. We will continue to work with the teams on monitoring team members when they are out and about and using the information from the Garmin device. <b>ONGOING</b></p> <p>Guardian Angel offer lone worker protection services to Councils including monitoring and the ability to regularly test our Garmin device SOS function and response. After due consideration we have decided not to use their services because much of this we can do in house. <b>COMPLETE</b></p> |

| Risk                   | Description of Risk   | Controls and reduction measures   | Actions  |
|------------------------|---|---|--|
| <b>Under Reporting</b> | While there is a good level of reporting any physical accidents, we believe there are still issues with the reporting of near misses. The appears to be a combination of staff thinking “nothing happened so why report it” and an issue with having to write out information where writing is not their preferred method of communication. | We need to remind staff of the importance of notifying any near miss so that we are able to both consider patterns and to take pre-emptive action to put in place safety measures where necessary. Wherever possible we need to make it easier for staff to report near misses. | <p>We have provided all Operations staff with a pocket-sized notebook to instantly record near misses.</p> <p><b>COMPLETE</b></p> <p>The “Sh!t That Was Close” initiative is a descriptor of a near miss that is relevant to our staff who are the most likely to observe such things. We have a designated email address <a href="mailto:stwc@cdc.govt.nz">stwc@cdc.govt.nz</a> and text number set up to make it easy for staff to communicate health and safety matters. We are currently re-invigorating this campaign to increase the reporting of accidents, incidents and near misses. <b>ONGOING</b></p> <p>Managers and Team Leaders are backing the reporting message at team meetings through a formal agenda item, talking about near misses and reminding staff to report those that they see. <b>ONGOING</b></p> <p>We are working with the Health and Safety Committee on how we can promote STWC and reporting. <b>ONGOING</b></p> |

| Risk             | Description of Risk   | Controls and reduction measures   | Actions   |
|------------------|---|---|---|
| <b>Behaviour</b> | <p>An unintended consequence of changes in our environment has seen Carterton district council having to manage situations where people's behaviours pose a risk of somebody threatening or assaulting them, possibly with a weapon. With potential of a fatality.</p> <p>Introduction of a range of services and experiences such as Wi-Fi, together with external environmental factors such as transition of mental health patients into the community, troublesome youth, drug and alcohol abuse have potential to result in an increase in problematic individuals frequenting CDC premises and dealing with CDC staff in the community.</p> <p>Cash held on premises also presents potential for robbery.</p> | <p>It is important all our staff know how to keep themselves and others safe when dealing with each other and members of the public. Skilled staff are able to deal with interactions with difficult customers, before they escalate to situational violence. We need to provide all staff with training to give them the skills to deal with situations before they escalate to harm.</p> <p>We need to ensure there are appropriate security measures in place to protect staff from persons entering premises with the intent of causing harm. This includes equipping people working in our community with cameras and communication devices.</p> <p>We need to continue migration of customers to payment mechanisms that do not rely on cash.</p> <p>Concern for underreporting of near misses involving people's behaviour, is being addressed separately. The risk of threats or violence to staff working alone or in remote areas is also being addressed separately.</p> | <p>Staff continue to encourage payment of accounts online or by direct debit. We are seeing a good uptake with 50% of ratepayers now paying rates by direct debit. <b>ONGOING</b></p> <p>Restrict public access to secure staff only areas. Ensure staff escorts visitors to non-public areas in all three council sites. <b>ONGOING</b></p> <p>Undertake regular engagement with Police, community patrol groups and community groups supporting youth and mental health to ensure an awareness of what is happening in the community with potential to impact Council staff and others. <b>ONGOING</b></p> <p>After a recent behavioural incident, we have reviewed physical security in council office, staff ability, guidelines and tools to assist staff in managing difficult behaviour. Our front-line staff area happy with the results. <b>COMPLETE</b></p> <p>All our staff have attended a seminar by Total Risk Limited covering Personal safety, Conflict Resolution, Cash Handling and Robbery Preparedness. We are working to incorporate the messaging and tips into our guidelines and tools. We have now rolled out guidelines and tools to assist staff when dealing with difficult people. <b>COMPLETE</b></p> <p>We have partnered with MDC and SWDC to run additional sessions by Duncan Holland of Total Risk to ensure all staff have received this training. With the number of new staff, we will run another session mid-2021. <b>ONGOING</b></p> |

|  |  |  |  |
|--|--|--|--|
|  |  |  | <p>We have seen continued uptake of payment of accounts online or by direct debit with over 50% of ratepayers now paying rates by direct debit, with others paying through online banking and automatic payment.</p> <p>We are currently setting up an online payment portal and we will continue to encourage people to pay online. <b>ONGOING</b></p> <p>We are fostering a healthy and safe team culture through gender balance, more robust onboarding process and the implementation of the COC Wellbeing Strategy. We are promoting a culture where staff feel safe raising any concerns and know their concerns will be addressed appropriately.<br/><b>ONGOING</b></p> |
|--|--|--|--|



| Risk                   | Description of Risk  | Controls and reduction measures  | Actions   |
|------------------------|--|--|---|
| <b>Staff Wellbeing</b> | <p>Being a small organization and having departments under-staffed is placing some teams under pressure and the need to work long hours. Staff under pressure pose a risk to themselves, the organization, and customers. Staff under pressure can lead to burnout, stress, fatigue, all leading to both mental/physical and social affects, contributing to lower performance levels.</p> <p>Working long hours under pressure can lead to poorer mental health including stressful feelings, an increase in anxiety, depression and lower quality sleep patterns. This will contribute to a higher number of accidents occurring, bad decisions being made, irritability and concentration/memory issues.</p> <p>Employees physical health can be compromised with the increased risk of a stroke, heart problems, high cholesterol and high blood pressure.</p> | <p>Managers and staff need to be able to recognise the early symptoms of stress, fatigue and burnout.</p> <p>We need to ensure we have an environment where staff feel they are trusted and can talk with their manager or a senior staff member about how they are feeling.</p> <p>Stress awareness, fatigue information and the symptoms of burnout will be communicated to all staff so early symptoms can be recognised across the team.</p> <p>Staff will be reminded of the free and confidential counselling service offered through EAP.</p> <p>Clearly defined position descriptions and resourcing are key for reducing this risk. Clearly defined boundaries and jobs that are achievable.</p> <p>Managers and Team Leaders need to encourage their teams to take adequate breaks and monitor work hours to ensure they comply with the Hours of Work and Fatigue Policy.</p> | <p>Development of staff Wellbeing Strategy and action plan. <b>IN PROGRESS</b></p> <p>Implementation of managed sick leave policy. <b>COMPLETE</b></p> <p>Good mental health, stress awareness, fatigue information and good wellbeing is communicated to all staff through posters, and the fortnightly staff newsletter. <b>ONGOING</b></p> <p>Managers and team leaders regularly check in with their teams and provide support where needed. <b>IN PROGRESS</b></p> <p>EAP information communicated to all staff through posters and the fortnightly staff newsletter. <b>ONGOING</b></p> <p>New screens installed in staffrooms to provide wellbeing messages. <b>IN PROGRESS</b></p> <p>Work with other councils to combine services and/or provide relief staff. <b>ONGOING</b></p> <p>Filling of vacant roles. <b>ONGOING</b></p> |

**1.**

**8. CONSIDERATIONS****8.1 Climate change**

There are no issues reported in this paper that are considered to have climate change implications.

**8.2 Tāngata whenua**

There are no decision implications for tāngata whenua.

**8.3 Financial impact**

All work undertaken is within planned budgets.

**8.4 Community Engagement requirements**

No community engagement is required.

**8.5 Risks**

There are no identifiable risks associated with the decisions required in this report.

**9. RECOMMENDATION**

That the Committee:

1. **Receives** the report.
2. **Notes** the health, safety and wellbeing activities being undertaken.

**File Number:** 127564

**Author:** Geri Brooking, People and Wellbeing Manager

**Attachments:** Nil





## 6.7 RISK REGISTER UPDATE

### 1. PURPOSE

To advise the Audit and Risk Committee on changes to the Carterton District Council Risk Register.

### 2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

### 3. RISK MANAGEMENT FRAMEWORK

On the 23 November 2017 the Audit and Risk Committee was presented with the Council's Risk Management Framework. The risk management framework outlines Council's risk appetite and informs the ranking for the risk register.

### 4. RISK REGISTER

Since its development the Carterton District Council risk register has been regularly reviewed and updated when necessary (**Attachment 1**).

The Register contains 30 identified risk items each with a risk colour associated with a risk score as per the approved Risk Management Framework. The number of unmitigated items is recorded in the first column where the second identifies risk scores once mitigated.

The changes identified from the previous presentation of the risk register are:

Item 1: Reputational damage - Added to the possible cause is 'reputational damage' and the raw level moved to orange and the mitigated level to yellow

Item 2: Lapses of health and safety - Added to the possible cause is 'Staff mental wellbeing adversely affected by stress and fatigue' with mitigations also added of; wellbeing initiatives implemented and monitoring of staff workloads including cover for extraordinary circumstances and staff vacancies.

The raw and mitigated score has not changed.

Total number and categorisation of risks are as below.

| Risk Score (unmitigated) | Risk Score (mitigated) | Level of Risk    |
|--------------------------|------------------------|------------------|
| 11                       | Zero                   | Extreme risk     |
| 14                       | 1                      | Significant risk |
| 5                        | 14                     | Moderate risk    |
| Zero                     | 16                     | Low risk         |

## 5. EMERGING RISKS

### Legislative change – Taumata Arowai

Further to the report 3 March 2021 submissions on the Water Services Bill closed on 2nd March 2021 with the report due back from select committee on 8th June 2021.

### Legislative change – Resource Management Act

Further to the report 3 March 2021 an exposure draft which includes the most important sections of the Bill such as the overall purpose of the Bill and what it aims to achieve, the Treaty clause, the National Planning Framework and region-wide plans will be considered by a select committee inquiry in the second half of 2021.

### Local Government Review

On 23 April 2021 the Minister of Local Government established a review into the future for Local Government. The review is to consider, report and make recommendations on this matter to the Minister.

The scope of the review encompasses what local government does, how it does it, and how it pays for it. The scope includes, but not be limited to, a future looking view of the following:

- roles, functions and partnerships
- representation and governance
- funding and financing.

An interim report presented to the Minister signalling the probable direction of the review and key next steps is due 30 September 2021. Draft report and recommendations to be issued for public consultation are due in October 2022 and final report May 2023.

## 6. CONSIDERATIONS

### 6.1 Climate change

None for the Risk Register.

### 6.2 Tāngata whenua

None for the Risk Register.

### 6.3 Financial impact

There are no budgetary implications for the Risk Register.

#### **6.4 Community Engagement requirements**

None for the Risk Register.

#### **6.5 Risks**

None for this report.

### **7. RECOMMENDATION**

That the Committee:

1. **Receives** the report.
2. **Notes** the changes to the Risk Register, in Attachment 1.

**File Number:** 127454

**Author:** Dave Gittings, Infrastructure, Planning and Regulatory Manager

**Attachments:** 1. CDC Risk Register [↓](#)

| COUNCIL RISK                   | POSSIBLE CAUSE   | MITIGATION  | Raw RS | Mitigated RS |
|--------------------------------|--|---|--------|--------------|
| 1) Reputational damage         | <ul style="list-style-type: none"> <li>Poor communication</li> <li>Poor performance</li> <li>Misinformed public</li> <li>Poor media relationship</li> <li>Conflicts of interest or perception of conflicts not managed</li> <li>Inappropriate behaviour of staff</li> <li>Sector damage</li> </ul>   | <ul style="list-style-type: none"> <li>Code of Conduct and/or appropriate policies</li> <li>Leadership by example</li> <li>Media training</li> <li>Appointment of media liaison advisor</li> </ul>  |        |              |
| 2) Lapses of health and safety | <ul style="list-style-type: none"> <li>Contractors carrying out work on Council's behalf without correct health and safety plans</li> <li>Event Centre venue hirers without health and safety plans</li> <li>Staff working alone in remote working areas</li> <li>Staff interacting with troubled or difficult people who may react badly</li> <li>Equipment misuse/failure</li> <li>COVID 19 outbreak through Council Staff or from a Council run venue</li> <li>Staff mental wellbeing adversely affected by stress and fatigue</li> </ul> | <ul style="list-style-type: none"> <li>Health and Safety requirements instigated across Council</li> <li>Create evacuation guide to be given to hirers and placed in main areas of high visibility</li> <li>Adequate training for staff in high risk areas</li> <li>Equipment is maintained and regularly serviced</li> <li>Personal camera for animal control</li> <li>Policy not to work alone where possible danger exists</li> <li>Use of Garmin In Reach devices for remote workers</li> <li>All council vehicles have GPS tracking</li> <li>Pandemic response plan</li> <li>Wellbeing initiatives implemented</li> <li>Monitoring of staff workloads including cover for extraordinary circumstances and staff vacancies</li> </ul> |        |              |
|                                |  |   |        |              |



| COUNCIL RISK  | POSSIBLE CAUSE  | MITIGATION  | Raw RS | Mitigated RS |
|---|---|---|--------|--------------|
| 3) Poor natural disaster response (Lack of preparation) | <ul style="list-style-type: none"> <li>• Council overwhelmed in a major incident</li> <li>• Inappropriate decisions being made</li> <li>• Lack of compliance with policies and processes</li> <li>• Lack of capability, knowledge and ability</li> <li>• Lack of well-defined or practiced processes</li> <li>• Lack of community resilience</li> </ul> | <ul style="list-style-type: none"> <li>• Emergency Management planning and practices</li> <li>• Regular adequate training</li> <li>• Policies and procedures in place and followed</li> <li>• Good relationship with WREMO and other Councils</li> <li>• Ensure staff are aware of what is required and what their role is</li> <li>• Asset Infrastructure resilience (e.g. purchasing of pipe work, joints and introduction of practices that have shown to be more resilient in the Christchurch earthquakes)</li> <li>• On-going relationship with 'Resilient Carterton'</li> <li>• Public information and education</li> <li>• Focus on potential earthquake prone buildings within the district</li> </ul> |        |              |
| 4) Data management system loss                          | <ul style="list-style-type: none"> <li>• Sole source of information coming from data management system</li> <li>• Information not captured</li> <li>• Information and data not restored after loss</li> </ul>   | <ul style="list-style-type: none"> <li>• Firewalls, passwords, and other security measures</li> <li>• Back up processes</li> <li>• Disaster recovery processes in place and working</li> <li>• Use of MagiQ Documents</li> <li>• Use of authorised systems only</li> </ul>  |        |              |
| 5) Loss of key employees                                |   | <ul style="list-style-type: none"> <li>• Cross training for some work items with the wider team.</li> </ul>   |        |              |

| COUNCIL RISK                         | POSSIBLE CAUSE   | MITIGATION   | Raw RS | Mitigated RS |
|--------------------------------------|--|--|--------|--------------|
|                                      | <ul style="list-style-type: none"> <li>• Small Council with limited human resources resulting in a single staff member in key Council areas</li> <li>• Serious accident</li> <li>• Prolonged illness (non-accident)</li> <li>• Retirement</li> <li>• Disaffected staff resigning</li> <li>• Pandemic affecting staff or their families or pandemic response preventing staff from being at work</li> <li>• Water Services Bill - as per its first reading placing personal strict liability on Council officers</li> </ul> | <ul style="list-style-type: none"> <li>• Contract availability from outside agencies</li> <li>• Operations manuals/Desk Files</li> <li>• Job Descriptions</li> <li>• Document extraordinary tasks</li> <li>• Duplicate training across staff</li> <li>• Succession plans where appropriate</li> <li>• Availability of Contractors and/or Consultants</li> <li>• Investment in our people</li> <li>• Regular communication with staff</li> <li>• Engaged staff</li> <li>• Keeping jobs interesting</li> <li>• Upskilling</li> <li>• Pandemic Policy</li> <li>• Business Continuity Plan</li> <li>• Continuing evaluation of water services being handed to a regional body</li> </ul> |        |              |
| <b>Human Resources</b>               |  |  |        |              |
| 6) Industrial action                 | <ul style="list-style-type: none"> <li>• Unhealthy organisational culture</li> <li>• Autocratic management style</li> <li>• Workplace practices</li> <li>• Poor employment practices</li> <li>• Lack of communication</li> <li>• Legal action against Council</li> </ul>   | <ul style="list-style-type: none"> <li>• Education and awareness of rights</li> <li>• Managing conflict and resolving disputes in the workplace</li> <li>• Effective communication with staff</li> <li>• Bargaining parties effectively represented</li> <li>• Organisational commitment to effective/peaceful bargaining</li> <li>• Demonstrating respect</li> <li>• Good communication with staff</li> </ul>   |        |              |
| 7) Unethical/inappropriate behaviour | <ul style="list-style-type: none"> <li>• Inappropriate computer use</li> </ul>   |  |        |              |

| COUNCIL RISK                              | POSSIBLE CAUSE   | MITIGATION   | Raw RS | Mitigated RS |
|---|--|--|--------|--------------|
|   | <ul style="list-style-type: none"> <li>• Time misuse</li> <li>• Harassment and/or bullying of staff</li> <li>• Lack of policies or policies not enforced</li> <li>• Poor work place culture</li> <li>• Lack of effective procedures and systems</li> <li>• Theft and fraud and other illegal acts</li> </ul> | <ul style="list-style-type: none"> <li>• Create Code of Conduct and/or appropriate policies</li> <li>• Lead by example</li> <li>• Reinforce consequences</li> <li>• Show appreciate to employees</li> <li>• Create checks and balances</li> <li>• Hire for values</li> </ul>   |        |              |
| 8) Unfair treatment of council staff      | <ul style="list-style-type: none"> <li>• No framework in place to support pay, leave, overtime activities and transactions and benefits and/or bonuses</li> <li>• No formalised hiring processes in place</li> <li>• Unequal compensation and benefits</li> </ul>  | <ul style="list-style-type: none"> <li>• Training</li> <li>• Policies and procedures in place and followed</li> <li>• Checks and balances in place</li> <li>• Documented delegated authorities/signing authority</li> <li>• Multiple signatures required</li> <li>• Collective agreements in place</li> <li>• Council Drive for a positive culture</li> </ul>  |        |              |
| 9) Hiring of unsuitable/ unsafe personnel | <ul style="list-style-type: none"> <li>• Discriminatory practices</li> <li>• Poor interviewing practices</li> <li>• Negligent reference checks</li> <li>• Hiring staff who lack capability and or knowledge</li> </ul>   | <ul style="list-style-type: none"> <li>• Staff training in interviewing or accompanied by experienced interviewer</li> <li>• Employment Agreements comply with all employment law</li> <li>• Induction process in place and used</li> <li>• Employees required to sign off on important policies and procedures</li> <li>• Set paperwork as required by law completed</li> <li>• Dedicated HR manager position</li> <li>• Hiring procedure in place</li> <li>• Collective Employment Agreements</li> </ul> |        |              |

| COUNCIL RISK                         | POSSIBLE CAUSE  | MITIGATION  | Raw RS | Mitigated RS |
|--------------------------------------|---|---|--------|--------------|
|                                      |   | <ul style="list-style-type: none"> <li>Proactive culture that allows people to speak up</li> </ul>  |        |              |
| 10) Breach of employment legislation | <ul style="list-style-type: none"> <li>Lack of knowledge/ awareness of employment law</li> <li>Applicable law not complied with</li> <li>Required records not kept</li> </ul> | <ul style="list-style-type: none"> <li>Managers assisted by human resource understand basic employment law</li> <li>Managers briefed by HR staff when laws changes are made</li> <li>Employment Agreements drafted that comply with all terms and conditions of employment required by law</li> <li>Management non-compliance not tolerated</li> <li>Managers are aware of the records that need to be kept</li> <li>Managers and human resources monitor all staff to ensure working conditions are appropriate and are not exploitative.</li> </ul> |        |              |
| <b>Operations</b>                    |   |   |        |              |
| 11) Water supply contamination       |   | <ul style="list-style-type: none"> <li>Sand filtration</li> </ul>   |        |              |

| COUNCIL RISK                                       | POSSIBLE CAUSE   | MITIGATION   | Raw RS | Mitigated RS |
|--|--|--|--------|--------------|
|  | <p>Multiple potential points of contamination:</p> <ul style="list-style-type: none"> <li>• Failure of chlorine dosing and pH adjustment</li> <li>• Failure of UV disinfection</li> <li>• Contamination of treated water storage</li> <li>• Contamination of ground water bores</li> <li>• Frederick Street reticulation pressure pump contamination</li> <li>• Failure of any of the distribution system connections allowing contaminant ingress</li> <li>• Untrained/unsupervised or poorly trained staff</li> <li>• Lack of monitoring</li> <li>• Response delays</li> </ul> | <ul style="list-style-type: none"> <li>• Bag filtration</li> <li>• UV disinfection (x2)</li> <li>• pH adjustment</li> <li>• Chlorination</li> <li>• Daily monitoring</li> <li>• Weekly cleaning of filters</li> <li>• Drinking-water supply - Water Safety Plan</li> <li>• Supplementary supply</li> <li>• Ability to isolate sections of supply (contain contaminants)</li> <li>• External auditing</li> </ul>  |        |              |
| 12) Failure of asset/infrastructure (three waters) | <ul style="list-style-type: none"> <li>• Lack of investment in maintenance and renewal of assets</li> <li>• Lack of knowledge of asset state</li> <li>• Natural disaster (flood / earthquake) causing equipment breakage</li> <li>• Significant loss of IT or stored data not triggering warning alert</li> <li>• Loss of Power PLC / Telemetry</li> </ul>   | <ul style="list-style-type: none"> <li>• Renewal programmes</li> <li>• Staff knowledge of asset condition</li> <li>• Reporting of faulty plant/equipment</li> <li>• Updated and adhered to asset management plans</li> <li>• Increased monitoring</li> <li>• Back-up water supply</li> <li>• Back-up generators</li> <li>• Use of more resilient materials and procedures in replacement and new pipework</li> <li>• Council investment in wastewater plant upgrade</li> </ul> |        |              |

| COUNCIL RISK   | POSSIBLE CAUSE  | MITIGATION   | Raw RS | Mitigated RS |
|--|---|--|--------|--------------|
|  |   | <ul style="list-style-type: none"> <li>• Back-up computer server</li> <li>• Back-up of telemetry data</li> <li>• Regular updating of telemetry &amp; PLCs</li> <li>• Staff capable and trained to carry out repairs</li> <li>• Supplementary supply stocked up with chemical for a prolonged event.</li> <li>• Material in stock to carry out any foreseeable repairs</li> </ul> |        |              |
| 13) Wastewater plant failure                             | <ul style="list-style-type: none"> <li>• Lack of trained staff leading to asset break or environmental damage</li> <li>• pipe failure leading to environmental contamination</li> </ul>   | <ul style="list-style-type: none"> <li>• Staff knowledge of asset condition</li> <li>• Reporting of faulty plant/equipment</li> </ul>  |        |              |
| 14) Poor building/asset security                         | <ul style="list-style-type: none"> <li>• Theft or damage to assets</li> <li>• Theft or damage to critical machinery</li> </ul>  | <ul style="list-style-type: none"> <li>• CCTV</li> <li>• Alarms fitted to vital buildings</li> </ul>   |        |              |
| 15) Non-compliance with GWRC consents                    | <ul style="list-style-type: none"> <li>• Significant loss of IT or stored data or data telemetry</li> <li>• Lack of trained personal</li> <li>• Lack of systematic monitoring</li> </ul>  | <ul style="list-style-type: none"> <li>• Regular monitoring as per consent requirements</li> <li>• Back up staff trained in sampling techniques</li> <li>• Back-up computer server</li> <li>• Back-up of telemetry data</li> </ul>   |        |              |
| 16) Poorly run roading contracts and contracting process | <ul style="list-style-type: none"> <li>• In document contractual errors</li> <li>• No oversight on contractual work</li> <li>• Poor contractual service (delays / poor work)</li> <li>• Cost overruns</li> <li>• No or poor asset condition monitoring</li> </ul> | <ul style="list-style-type: none"> <li>• Employment of CDC roading manager for project oversight</li> <li>• Asset engineer /roading manager/ops manager closer working relationship</li> <li>• Best practice contractual arrangements</li> </ul>   |        |              |

| COUNCIL RISK   | POSSIBLE CAUSE   | MITIGATION   | Raw RS | Mitigated RS |
|--|--|--|--------|--------------|
|  | <ul style="list-style-type: none"> <li>Roads and footpaths not fit for purpose leading to accident/injury</li> </ul>   |  |        |              |
| 17) Wastewater treatment plant upgrade cost overrun or non-performance | <ul style="list-style-type: none"> <li>Lack of a detailed project plan</li> <li>Incorrect design</li> <li>Lack of Governance and project management oversight</li> <li>Project specific risks not identified and addressed</li> </ul>  | <ul style="list-style-type: none"> <li>Project has Governance Group, project management, design detail, and risk register.</li> </ul>  |        |              |
| <b>Reserves and Buildings</b>  |  |  |        |              |
| 18) Unsafe Council buildings or grounds in use                         | <ul style="list-style-type: none"> <li>Failure of specified systems (air conditioning system, fire detection, fire suppression etc.)</li> <li>Disturbance of asbestos in or on the building without appropriate safety procedures</li> <li>Failure of fire evacuation procedures</li> <li>Earthquake prone buildings in use</li> <li>Uncontrolled building access</li> </ul> | <ul style="list-style-type: none"> <li>Building warrant of Fitness closely monitored</li> <li>All suspected asbestos material identified and tested</li> <li>Regular fire evacuation procedures practised for events centre and administration building</li> <li>Any EQP buildings operated under Legislative requirements</li> <li>CCTV in place and used</li> <li>Register of all access keys and fobs in development</li> </ul> |        |              |
| 19) Injuries/death at the swimming pool                                | <ul style="list-style-type: none"> <li>Uneven /wet surfaces causing slips and falls</li> <li>Oversubscribed admission to the pool overtaxing life guards</li> <li>Incorrect dosing of chlorine pool water (poor water quality)</li> <li>Untrained or undertrained lifeguards</li> </ul>  | <ul style="list-style-type: none"> <li>Safety matting provided</li> <li>Manhole covers flush with surrounding paths</li> <li>Chemical handling certificates and training in pool dosing for all staff undertaking the work</li> <li>Contracted trained lifeguards</li> </ul>   |        |              |
| 20) Injuries at council parks  |  | <ul style="list-style-type: none"> <li>Play equipment checked 6-monthly</li> </ul>   |        |              |

| COUNCIL RISK                                 | POSSIBLE CAUSE  | MITIGATION  | Raw RS | Mitigated RS |
|--|---|---|--------|--------------|
|  | <ul style="list-style-type: none"> <li>Children play equipment becoming or installed as unsafe</li> <li>Incompatible activities on existing equipment</li> <li>Incorrect mower or power tool use around public</li> </ul>                                     | <ul style="list-style-type: none"> <li>Clear signage of intended use</li> <li>Training and supervision of inexperienced staff</li> </ul>  |        |              |
| 21) Incorrect or delayed cemetery interments | <ul style="list-style-type: none"> <li>Interments in the wrong site</li> <li>Interment site unprepared on time</li> <li>staff and public falling into prepared graves</li> <li>Heavy machinery use in public area</li> </ul>                                  | <ul style="list-style-type: none"> <li>Burial warrants sent to four different staff to ensure action</li> <li>Training and supervision of inexperienced staff</li> </ul>                                  |        |              |
| 22) Improper chemical use                    | <ul style="list-style-type: none"> <li>Incorrect storage or use of chemical sprays</li> </ul>   | <ul style="list-style-type: none"> <li>GroSafe handling certificate for staff</li> </ul>  |        |              |
| <b>Planning and Regulatory</b>               |   |   |        |              |
| 23) Statutory non-compliance                 | <ul style="list-style-type: none"> <li>IT system providing false time keeping information</li> <li>Unable to complete all required statutory tasks</li> <li>Lack of resources to follow regulations</li> <li>Procedures inadequate or not followed</li> </ul> | <ul style="list-style-type: none"> <li>Close monitoring of time frames with contractual arrangements in place for overflow</li> <li>Regular in-house audits</li> </ul>                                    |        |              |
| 24) Non-compliance of CDC animal facility    | <ul style="list-style-type: none"> <li>Animal facility below MPI minimum code of welfare standards</li> </ul>   | <ul style="list-style-type: none"> <li>Funding for new pound in Annual plan 2019/20 for approval</li> </ul>   |        |              |
| 25) Poor regulatory decision making          | <ul style="list-style-type: none"> <li>Inexperienced staff</li> <li>Lack of care and diligence</li> </ul>   | <ul style="list-style-type: none"> <li>New staff closely supervised by competent staff</li> <li>Annual competency assessments of BCOs</li> <li>Peer review of technical decisions for each BCO</li> </ul> |        |              |



| COUNCIL RISK   | POSSIBLE CAUSE   | MITIGATION   | Raw RS | Mitigated RS |
|--|--|--|--------|--------------|
| 26) Operational below standard food establishment      | <ul style="list-style-type: none"> <li>Lack of regular inspections by Environmental Health Officer (EHO)</li> <li>No competent EHO available in Council</li> </ul> | <ul style="list-style-type: none"> <li>Qualified EHO employed</li> </ul>   |        |              |
| 27) Disease spread by poor animal management practices | <ul style="list-style-type: none"> <li>Placement of wandering diseased stock into areas that were disease free</li> </ul>  |  |        |              |
| <b>Corporate services</b>                              |  |  |        |              |
| 28) Inadequate financial controls                      | <ul style="list-style-type: none"> <li>Not following legislative or policy financial systems and processes</li> </ul>  | <ul style="list-style-type: none"> <li>Separate passwords required for each approval stage</li> <li>Segregation of duties</li> <li>Source documentation retained</li> <li>Delegations policy</li> <li>Procurement policy</li> <li>Audit trails</li> <li>Budget holder review processes</li> <li>Dunning processes</li> <li>All receipts through Debtors</li> <li>Receipts given to all customers</li> <li>Subsidiary systems reconciled</li> <li>POs pre-numbered, sequential, and signed for</li> <li>System controls</li> <li>Invoices require manager approval</li> </ul> |        |              |

| COUNCIL RISK                      | POSSIBLE CAUSE  | MITIGATION  | Raw RS | Mitigated RS |
|-----------------------------------|---|---|--------|--------------|
|                                   |   | <ul style="list-style-type: none"> <li>• Mileage claims through payroll</li> <li>• Only 2 credit cards (CE, CSM)</li> <li>• Approval required before use</li> <li>• Clear policy and guidelines</li> <li>• Small number on payroll – everyone known to staff</li> <li>• All changes reviewed and checked</li> <li>• Manager approves timesheets</li> <li>• Electronic timesheet approves annual leave in advance</li> <li>• Overtime authorised in advance</li> </ul> |        |              |
| 29) Unable to obtain loan funding | <ul style="list-style-type: none"> <li>• Loss of bank confidence</li> </ul>                               | <ul style="list-style-type: none"> <li>• strong financial management</li> <li>• relationship with account manager</li> <li>• funding through LGFA</li> </ul>  |        |              |
| 30) Local Body elections          | <ul style="list-style-type: none"> <li>• Electoral fraud</li> <li>• Errors in election process</li> </ul> | <ul style="list-style-type: none"> <li>• Employ appropriate elected service supplier</li> <li>• Security measures around voting booths</li> <li>• Elected officer declaration</li> </ul>  |        |              |

## **7 KARAKIA WHAKAMUTUNGA**